

Affordable Housing Plan

Town of Lisbon

May 2022

Prepared by Southeastern Connecticut Council of Governments Staff for the Lisbon Planning & Zoning Commission

Contents

Introduction	1
What is Affordable Housing?	1
Why Plan For Affordable Housing?	2
Regulatory Background.....	2
Purpose of Affordable Housing Plan	4
Housing Conditions in Lisbon and Southeastern Connecticut.....	6
Affordability	6
Local and Regional Housing Market.....	7
The Impacts of Changing Demographics on Housing Demand.....	7
Housing Production and Regulation in Lisbon	10
Construction Trends.....	10
Zoning	10
Plan of Conservation and Development	13
Community Input	14
Action Plan	16

Introduction

What is Affordable Housing?

Generally, housing is considered affordable housing if its occupants are low- or moderate-income households who pay no more than 30% of their income for their housing, including mortgage, rent, property tax, and utilities. While some housing may be “naturally” affordable, in that the housing is currently renting or selling at a relatively low price, it may be occupied by higher-income households or still be un-affordable to its occupants. “Qualified” affordable housing created or maintained under government subsidies or programs is usually intended for occupancy by households earning no more than 80% of area median income, and typically has a 30-year deed restriction in that requires the housing to remain affordable to its occupants.

The U.S. Department of Housing (HUD)’s calculations for the Norwich-New London area define a family of four earning up to \$82,160 per year as low-income under HUD’s 80% Area Median Income calculations. For this family of four, an affordable home would cost up to \$2,383 per month for rent and utilities, or mortgage, property tax, and utilities, and a single person with an income of \$57,512 a year could afford up to \$1,438 a month in housing costs. 2020 ACS Census estimates show that the median household income in Lisbon is lower than the Area Median Income, at \$86,641. An estimated 42% of households in Lisbon have incomes less than \$75,000. Many of these households would likely qualify for affordable housing were it available.

HUD Metro Area	Area Median Household Income	Income Category		Persons in Family			
				1	2	3	4
Norwich-New London Metro	\$ 102,700	80% AMI	Annual Household Income	\$ 57,512	\$ 65,728	\$ 73,944	\$ 82,160
			Monthly Housing Budget	\$ 1,438	\$ 1,849	\$ 2,054	\$ 2,383
		60% AMI	Annual Household Income	\$ 43,134	\$ 49,296	\$ 55,458	\$ 61,620
			Monthly Housing Budget	\$ 1,078	\$ 1,232	\$ 1,386	\$ 1,541

Sources: HUD FY 2022 Income Limits, Calculations per DOH procedures.

There are multiple way to increase the availability of affordable housing. Supportive local regulations can permit multifamily housing and smaller lot sizes for single-family homes, which reduces the cost per constructed unit. Federal and State subsidies are available to underwrite the cost of construction, while requiring that housing receiving funds be maintained as affordable to qualified low-income occupants. Affordable housing can also be constructed as a result of inclusionary zoning requirements, where the cost of maintaining units as affordable is borne by what would otherwise be developer profit. Inclusionary zoning usually provides incentives to developers to participate, such as increased allowed building densities. Programs can also reduce the cost of housing through direct payments to landlords or households, such as through subsidized mortgage programs, down payment assistance, or rental vouchers that supplement the tenant payment.

Why Plan For Affordable Housing?

Regulatory Background

Connecticut General Statutes (CGS) grant municipalities the authority to regulate land use development through local zoning regulations, which establish rules for the location and type of housing that can be constructed in Connecticut (Title 8 of the Connecticut General Statutes). State statutes specify the conditions under which municipalities may adopt local land use plans and regulations.

CGS § 8-2 outlines the authorities municipalities are granted to adopt local zoning regulations, while CGS § 8-23 establishes a requirement for municipalities to adopt local Plans of Conservation and Development, which document policies and goals for the physical and economic development of a municipality. Both § 8-2 (zoning) and § 8-23 (planning) direct municipalities to consider the need for affordable housing, both locally and at the regional level, and to adopt zoning that encourages the development of multifamily dwellings and housing at different price points. Both 8-2 and 8-23 have been in place, with modifications, since 1949. Additional statutes were put in place relating to housing in 1989, 2017, and 2021, discussed below.

2017 Affordable Housing Plan Statute

Lisbon’s Affordable Housing Plan is developed in satisfaction of CGS § 8-30j, added in 2017, which established an additional obligation for municipalities to adopt Affordable Housing Plans that will specify how the municipality will increase the number of local “affordable housing developments.” Municipalities must adopt their initial Affordable Housing Plan by June 1, 2022 and amend it at least every five years thereafter.

§ 8-30j(a): “At least once every five years, each municipality shall prepare or amend and adopt an affordable housing plan for the municipality. Such plan shall specify how the municipality intends to increase the number of affordable housing developments in the municipality.”

The 8-30j Affordable Housing Plan statute references the definition of *affordable housing developments* included in CGS § 8-30g, which defines them as *assisted housing* that receives government subsidies to provide affordable housing for low and moderate households, or a *set-aside development* where deed restrictions ensure that at least 30% of the housing units are occupied by low-income households at affordable rates for at least 40 years. This definition of housing would include any deed-restricted affordable housing created as part of a mixed-income development, as well as affordable housing built or preserved with the support of state or federal programs.

The 8-30j requirement for Affordable Housing Plans was added by the state legislature in 2017 in recognition of increasing challenges for Connecticut residents in finding adequate affordable housing. In the last twenty years, the share of Connecticut renters who pay more than 30% of their income towards housing rose from 37% (in 2000) to 46% (in 2019). Homeowners with mortgages also saw their budgets stretched, with 20% of homeowners housing cost-burdened in 2000 and 31% in 2019. In Southeastern Connecticut, one in four households earns less than 80% of the area median income and is housing cost-burdened, paying more than 30% of their income towards housing costs. In 2020, the Connecticut Department of Housing worked with the Regional Plan Association to develop guidance on how

municipalities might approach the development of Affordable Housing Plans (https://portal.ct.gov/-/media/DOH/AHPP-Guidebook_RPA_120120.pdf), and provided small grants to support municipal work to prepare plans.

Since 2020, the region and the nation have seen skyrocketing housing costs in the wake of the COVID-19 pandemic, in part due to material and labor shortages in the production of new housing and fierce competition over the limited supply of apartments for rent or homes for sale. From 2019 to 2020, median home sales prices in Lisbon increased by 9% and remained high throughout 2021. The beginning of 2022 has also seen rising inflation and higher gas prices, putting further strain on household budgets. In 2021, the legislature passed Public Act 21-29, “An Act Concerning The Zoning Enabling Act, Accessory Apartments, Training For Certain Land Use Officials, Municipal Affordable Housing Plans And A Commission On Connecticut’s Development And Future,” which established additional expectations for local zoning regarding housing and affordable housing. Several portions of this new public act will require changes to Lisbon’s existing zoning code, and have been addressed in proposed Action Plan options.

Affordable Housing Appeals Act (§ 8-30g)

While 2017’s C.G.S. § 8-30j requirement for municipalities to adopt Affordable Housing Plans is mostly independent of Connecticut’s Affordable Housing Land Use Appeals statute, C.G.S. § 8-30g, any conversation about municipal policies regarding affordable housing should include consideration of how § 8-30g plays a role in housing production. Connecticut’s 8-30g Affordable Housing Land Use Appeals was established in 1988 to enable the development of affordable housing in municipalities where zoning regulations would otherwise prevent its construction. Municipalities are subject to § 8-30g of the Connecticut General Statutes unless more than 10% of the municipal housing stock meets the statute’s definition of affordable. The statute encourages development approvals for deed-restricted affordable housing by requiring that upon appeal of a development proposal for affordable housing that is rejected by a municipality subject to 8-30g, the municipality must demonstrate that public interests in health, safety, or other matters clearly outweigh the need for affordable housing.

The State of Connecticut’s 2021 Housing Appeals List shows that about 3.5% of housing in Lisbon counts as affordable housing for the purpose of determining the applicability of the § 8-30g statute. In determining the percent of affordable housing present in a municipality, the CT Department of Housing counts:

- ***Assisted housing units or housing receiving financial assistance under any governmental program*** for the construction or substantial rehabilitation of low and moderate income housing that was occupied or under construction by the end date of the report period for compilation of a given year’s list. Recent public investments in affordable housing in southeastern Connecticut include Stonington’s Spruce Meadows (new mixed-income apartments), Waterford’s Victoria Gardens (mixed-income elderly apartments), and Groton’s Branford Manor (capital improvements to existing 100% affordable apartments). Common sources of funding include the Federal Government’s Low Income Housing Tax Credit Program and the State of Connecticut’s Competitive Assistance for Multifamily Properties (CHAMP) program. Different funding programs can target different types of housing or affordability for households at

different income levels. Most affordable housing developments that depend on government subsidies receive funding from multiple State of Connecticut or federal programs.

- **Rental housing occupied by persons receiving rental assistance** under C.G.S. Chapter 138a (State Rental Assistance/RAP) or Section 142f of Title 42 of the U.S. Code (Section 8). These Housing Choice Vouchers are a program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private rental market. Recipients typically pay 30% of their income with the voucher paying the landlord the difference in rent.
- **Ownership housing purchased with CHFA/USDA loans**, or housing currently financed by the Connecticut Housing Finance Authority (CHFA) and/or the U.S. Department of Agriculture (USDA). This program allows qualifying first-time homebuyers to access a low-interest 30-year fixed rate mortgage, and may also provide down-payment assistance.
- **Deed-restricted properties** or properties with deeds containing covenants or restrictions that require such dwelling unit(s) be sold or rented at or below prices that will preserve the unit(s) as affordable housing as defined in C.G.S. Section 8-39a for persons or families whose incomes are less than or equal to 80% of the area median income. These are often seen in larger single-family subdivisions or multifamily developments, where a percentage of units are set aside as deed-restricted affordable housing and subsidized by the market rate units.

Of the 60 qualifying homes in Lisbon, 58 have single-family CHFA/USDA mortgages, 2 are government assisted, and there are no tenant rental assistance or deed restricted units.

As mentioned, municipalities that have 10% or more of their housing inventory falling into the above categories are exempt from § 8-30g appeals. An additional 127 qualifying affordable homes would exempt Lisbon from 8-30g applications. Municipalities may also be granted four-year temporary exemptions by demonstrating progress in facilitating new affordable housing. The threshold for achieving a moratorium is new affordable housing created equal to the greater of two percent of existing housing, or housing earning 75 “Housing Unit Equivalent” points. New housing qualifies for between ½ and 3 Housing Unit Equivalent points based on the size of the unit (more bedrooms earn more points), restrictions on occupancy (senior-only housing earns fewer points), and the affordability level of the unit (affordability to lower income levels earns more points). The Town of Lisbon could achieve a moratorium with as few as 25 new affordable homes (three bedroom family units affordable to families at 40% Area Median Income, 3 points each) or as many as 150 homes for senior-citizens at 80% Area Median Income (1/2 point each). It is important to note that Affordable Housing Plans are not required or expected to include a goal of meeting the 10% threshold for 8-30g exemption.

Purpose of Affordable Housing Plan

The Affordable Housing Plan is an opportunity for municipalities to more closely examine housing needs and review how existing housing inventories and land use policies do or do not address those needs. It asks municipalities to outline how they intend to increase the supply of affordable housing, so the planning process also prompts a review of potential actions that municipalities may take that would enable or promote the development of housing that is affordable and accessible to lower-income residents. The development of the Affordable Housing Plan is an opportunity for stakeholders to ask questions about how different programs related to affordable housing and how they might operate

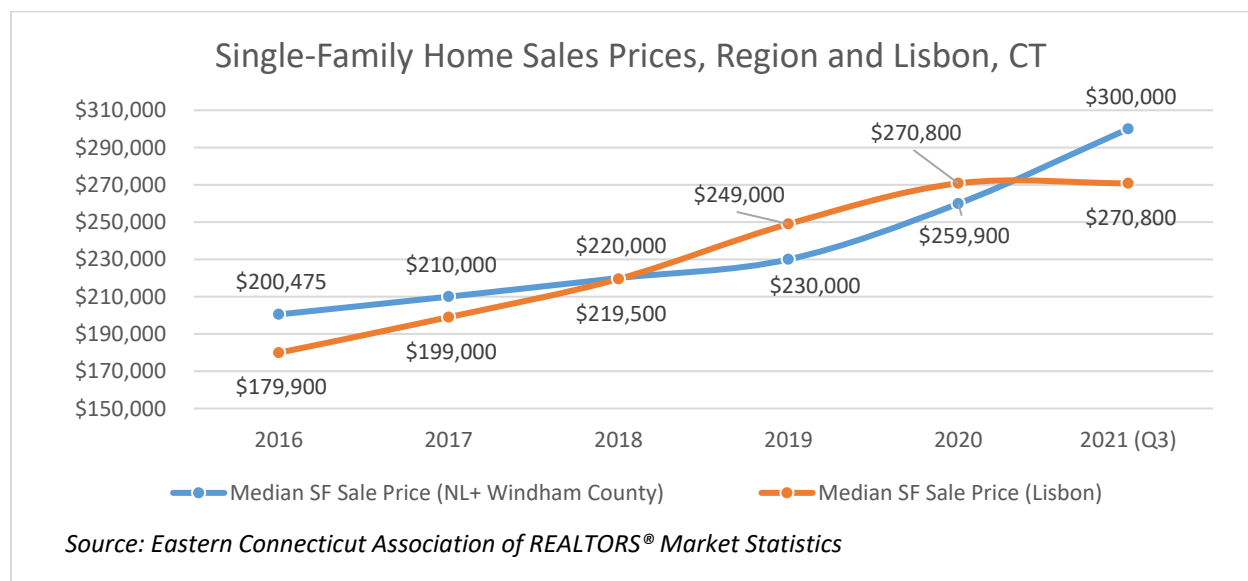
locally. It provides an opportunity to establish community goals and objectives, and identify potential actions that would advance these objectives. The plan should also define a process for implementation and for monitoring progress going forward.

Housing Conditions in Lisbon and Southeastern Connecticut

Affordability

A 2018 review of housing conditions in southeastern Connecticut prepared by the Southeastern Connecticut Council of Governments (SCCOG) in partnership with the Southeastern Connecticut Housing Alliance (SECHA) showed that demand is most acute in southeastern Connecticut for lower-cost housing and rental housing. The portion of southeastern Connecticut households that can afford the housing they live in has dramatically decreased in the last twenty years. Since 2000, the share of renters who cannot afford their housing, and are therefore housing-cost-burdened, increased from 31% to 46%. As previously mentioned, as of 2018, 29,000 households in southeastern Connecticut earned less than 80% of the area’s median income and were housing cost-burdened, or one in four households.

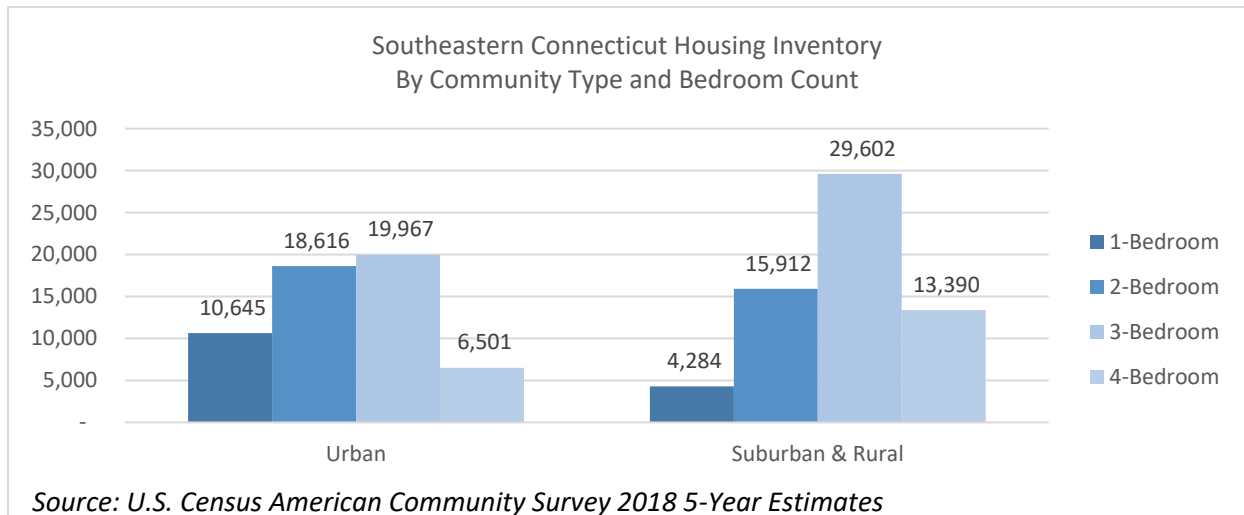
The rise in housing challenges is linked to a growing mismatch between incomes and housing costs. Adjusted for inflation, income growth in the region has been stagnant, growing less than 1% between 2000 and 2019, while for-sale housing prices and rents have increased 23% and 19%, respectively. In New London and Windham counties, median single-family sale prices rose from \$230,000 in 2019 to \$259,900 in 2020, and increased further in 2021 to \$290,000, a \$60,000 increase in two years. In contrast, median single-family sale prices were already higher than the region in 2019 at \$249,000, and after an increase to \$270,800 in 2020 has stayed at the same level for 2021.



As reported in 2020 ACS Census data, Lisbon had 1,872 housing units, with 4,195 people in 1,759 households, of which approximately 89% are owner-occupied. The median sale price of a single-family home in Lisbon was \$270,800 in 2021, about \$20,000 under the median value for homes sold in New London and Windham County that year. Median household income is approximately \$86,641. According to the Connecticut Department of Housing, there are 58 homes financed with CHFA loans/USDA and two units receiving housing government assistance funds. Median gross rent in New London County is \$1,099.

Local and Regional Housing Market

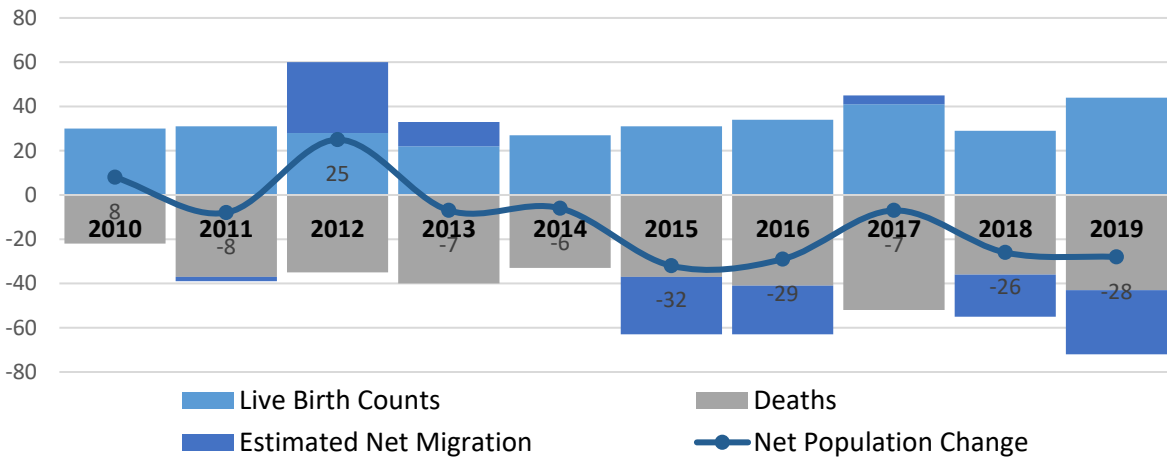
Housing in southeastern Connecticut’s suburban and rural municipalities tends to be larger single-family homes, while one-bedroom units are concentrated in the region’s urban centers. Many of the region’s suburban and rural communities have few alternatives to the single-family home, with single-family housing making up over 90% of housing in some communities. Homeownership is also more common in rural/suburban towns, with urban households slightly more likely to rent (54%) than own, and suburban/rural households much more likely to own their homes (80.1%).



The Impacts of Changing Demographics on Housing Demand

Lisbon, like many communities in Connecticut, is aging. The average age of residents in Lisbon was 44.5 in 2020, about 3 years older than the region as a whole. From 2010 to 2020 the population has decreased slightly, falling 3% overall (143 people). While the over-age-18 population increased by 18 adults, the number of children living in Lisbon decreased by 161, a trend felt in many other southeastern Connecticut communities. CT Department of Health Vital Statistics from 2010 to 2019 indicate that over the last decade, the population has decreased due to more deaths than births on average and increasing out-migration. We do not currently have data to see how the COVID-19 pandemic may have impacted 2020 and 2021.

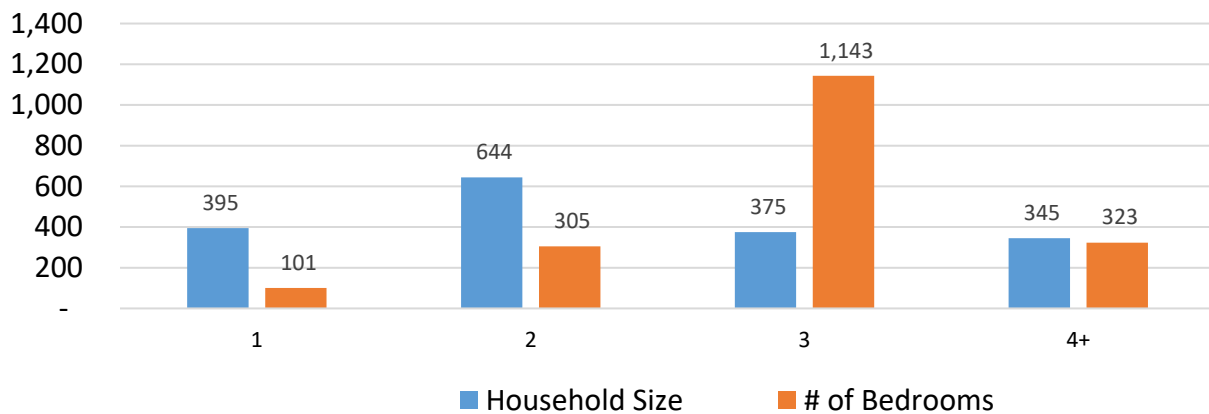
Elements of Population Change in Lisbon, CT from 2010 to 2019



Source: CT DPH Vital Statistics

In Lisbon, 22% of households are people living alone and 37% are households of two people, yet only 23% of units in Lisbon are one or two bedrooms. About half of people living alone in Lisbon are over the age of 65. Many retirees and empty-nesters may be living in larger, older homes that may become increasingly hard to take care of as they age. Potential issues that they face can include a need for assistance with maintenance and repairs while living on a fixed income, or a need to eventually downsize into a more manageable home or one-bedroom apartment or assisted living facility.

Number of Bedrooms vs. Household Size, Lisbon

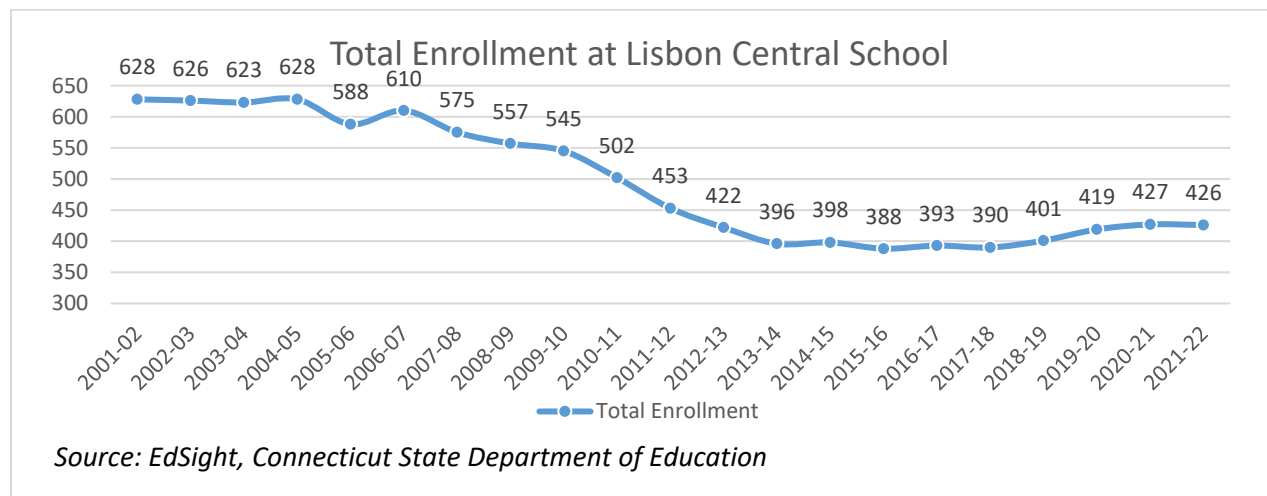


Source: U.S. Census American Community Survey (ACS) 2020 5-Year Estimates

SCCOG’s projections of future housing needs estimate that based on the expected demographics of future southeastern Connecticut households, demand will continue to increase for lower-cost and multifamily housing. Of the approximately 7,000 additional households expected by 2030, more than

half are expected to be low-income, partially due to growth in the number of senior citizens, as baby boomers continue to age into retirement, as well as young workers who typically earn lower wages. New housing production of a little more than 500 units per year would satisfy expected new need for housing, but not address existing unmet needs.

A common concern is that adding additional housing in town will result in many more school children in the district, potentially overwhelming the school system and requiring a new school. However, demographic changes in Lisbon and throughout the nation point to much lower birth rates and much smaller families than in decades past. 22% of all households in town consist of just one person. Only 34% of all households in Lisbon have any children under the age of 18, with 65% of owner-occupied housing and 68% of renter-occupied housing having no children under the age of 18 at all. While enrollments at Lisbon Central School have gone up in recent years, the school still has 200 fewer students than the total enrollment in 2001.



A recent report, “Residential Demographic Multipliers in New London County,” prepared by the Southeastern Connecticut Council of Governments in 2020 and using 2018 ACS Census data, estimated that the average number of school-aged children in a three-bedroom single-family owner-occupied house in New London County was 0.37 (or 3.7 school children per ten homes) and 0.54 per four-bedroom house and 1.01 per five-bedroom house. For renter-occupied multifamily apartments, there are an estimated 0.03 school children per one-bedroom apartment, 0.25 school children per two-bedroom apartment, and 1.09 school children per three-bedroom apartment.

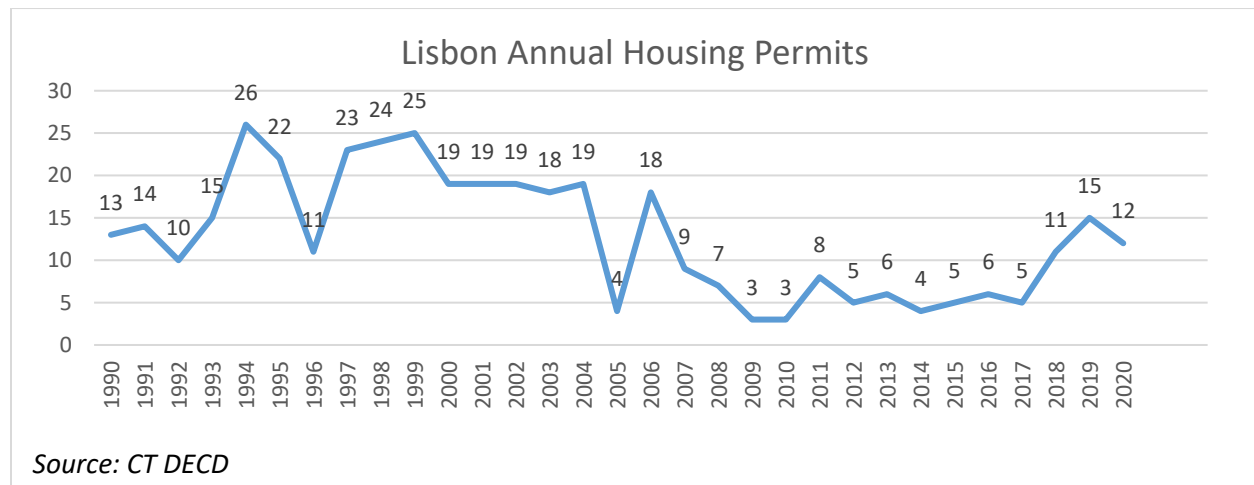
Bedrooms in Home/ Home Type	One	Two	Three	Four	Five
Owner-Occupied Single Family	0.07	0.07	0.37	0.54	1.01
Renter-Occupied Multifamily	0.03	0.25	1.09	n/a	n/a

Average Number of Children in Southeastern Connecticut Housing. Source: SCCOG, Residential Demographic Multipliers in New London County.

Housing Production and Regulation in Lisbon

Construction Trends

Housing construction in southeastern Connecticut has remained sluggish since the 2008 recession began, with annual production hovering around 300 units per year. Housing construction has traditionally focused on the production of single-family homes in suburban and rural municipalities. Building permit data reported to the Connecticut Department of Economic and Community Development (DECD) show a period between 1990 and 2006 where 10-25 housing permits were typically granted a year in Lisbon, then followed by the housing crash and Great Recession in 2008. Following a decade of housing development being below pre-2008 levels, permit applications were just beginning to rise again in 2018 to 2020. Low supply, as well as other factors caused or exacerbated by COVID-19 such as the price of lumber, have increased housing sale prices dramatically in the last few years.



Zoning

SCCOG's 2018 Regional Housing Needs Assessment reviewed zoning regulations and the availability of vacant land in all of its member municipalities. The review revealed that large-lot, residential zoning is the most common in the region, based on overall land area. New opportunities for single-family homes exist in all towns, while 14 of the region's towns have opportunities for multifamily development on land in or close to sewer service areas, and an additional four municipalities enable multifamily development in areas not served by sewer.

Much of the land in Lisbon is zoned for single-family housing development (R-40, R-60, R-80). As of 2020, residential zones now allow 2-family homes and Accessory Dwelling Units. Lisbon does not currently permit multifamily developments in town unless they are senior housing developments. There is also a Golf Course Community floating zone that would allow 55+ multifamily in conjunction with commercial recreation.

Summary of Lisbon Housing Production Regulations (from 2018 Southeastern Connecticut Regional Housing Needs Assessment)

Town of Lisbon

Single-Family: Permitted in all the R-40, R-60, and R-80 residential zones (all residential zones).

Two-family: Permitted in all residential zones.

Clustered Development: Allowed in residential zones by Special Permit.

Other: The Golf Course Community floating zone allows for the creation of multi-family units for persons 55 and older by Special Permit.

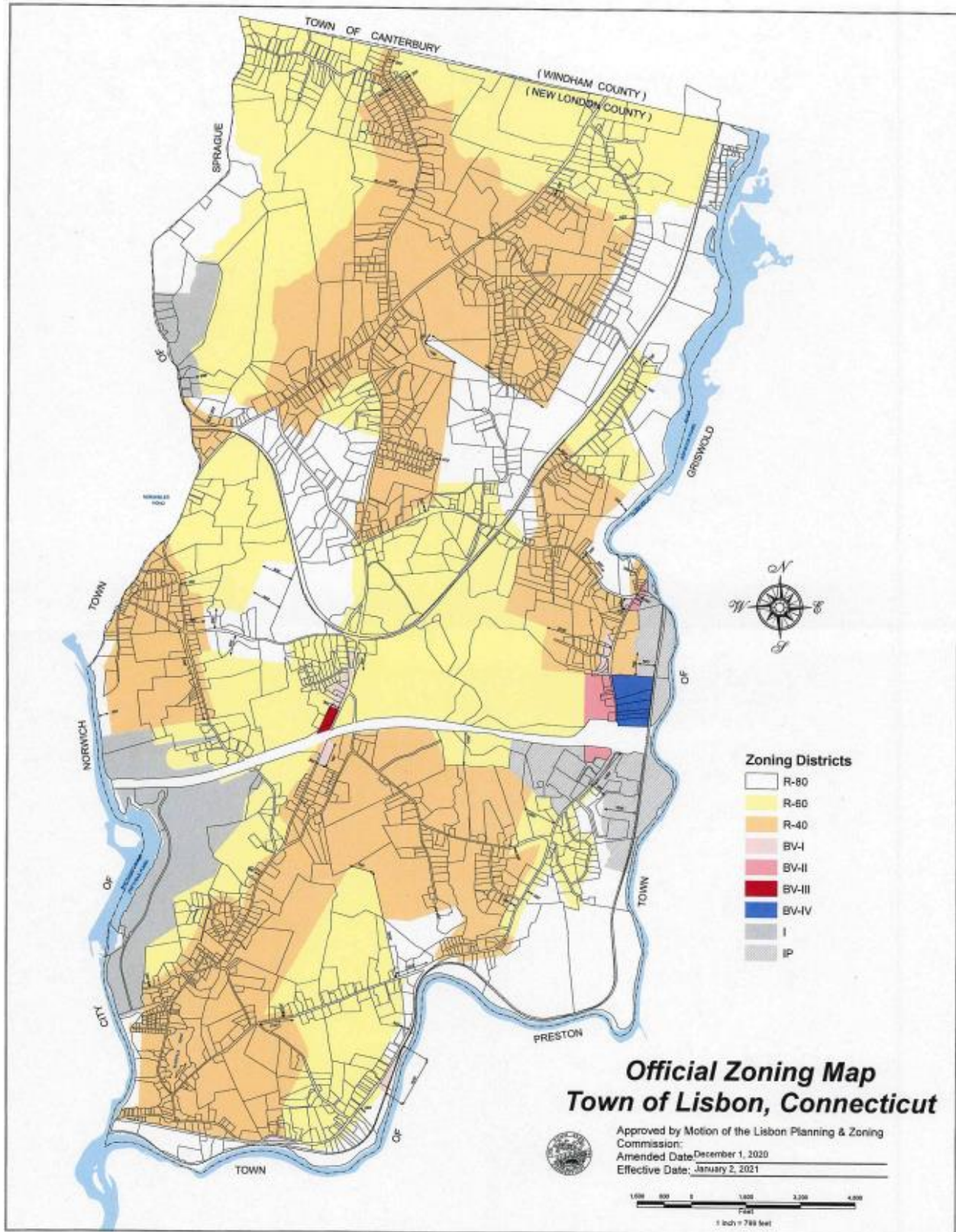


Figure 1: Town of Lisbon Zoning Map.

Plan of Conservation and Development

The most recent Plan of Conservation and Development in Lisbon is from 2016. The Goals and Objectives for housing in that plan are as follows:

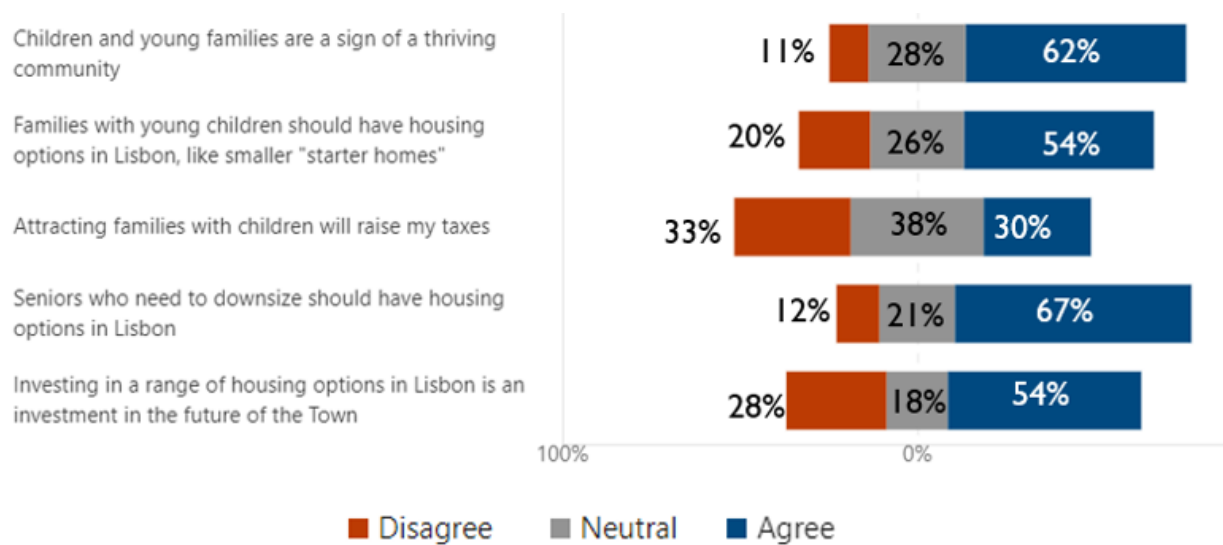
Goal: Promote Housing Diversity

- Evaluate regulatory standards to encourage affordable housing and promote housing diversity.
- Consider regulation revisions to encourage housing options, such as mixed residential uses in village areas or commercial corridors.
- Support public and private efforts to develop elderly housing.
- Consider residential developments as part of a comprehensive Corridor Study Plan for the Route 12 Corridor.

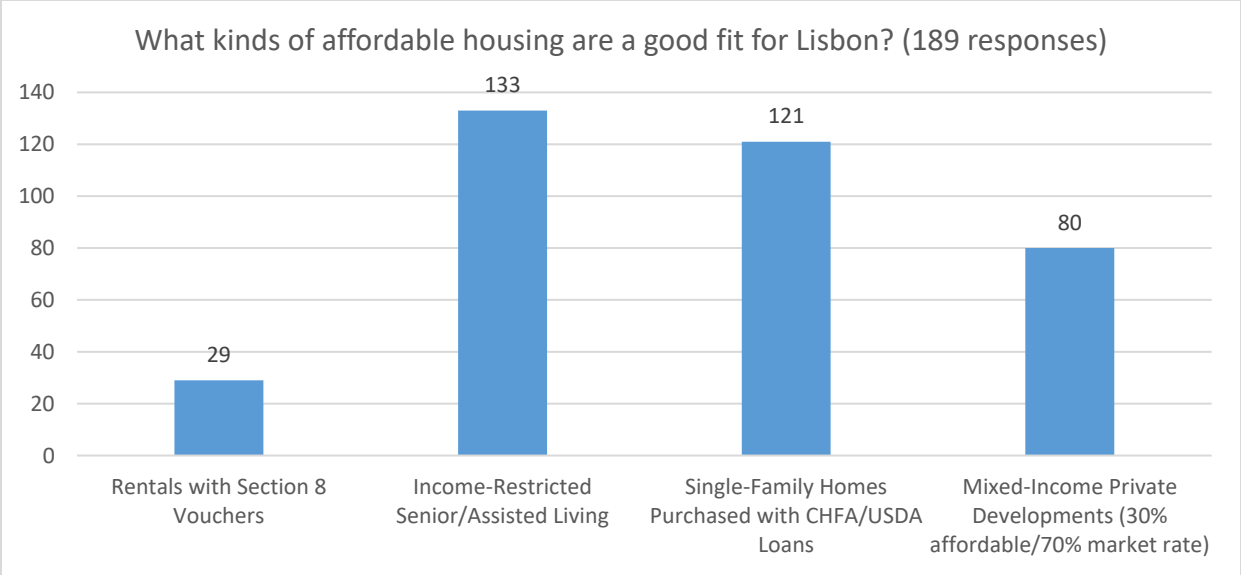
Community Input

As part of community outreach efforts for the Affordable Housing Plan, an online survey asked residents for their views on housing needs in their community. The survey had 207 responses. Respondents broadly agreed that seniors who need to downsize should have affordable options in Lisbon, and that children and young families are a sign of a thriving community. When asked what kinds of affordable housing are a good fit for Lisbon, income-restricted senior housing, single-family CHFA/USDA loans, and private developments with affordable set-aside units had roughly equal support.

Respondents also answered open-ended questions. When asked, “Did you have challenges buying or renting in Lisbon? What were they?” some themes in responses included low inventory in town, inflation rising higher than wages, few rental options, and very competitive market for buyers. People who reported buying property in town prior to 2019 reported fewer problems. In response to, “Have you, or any friends or neighbors in Lisbon, had a hard time paying your rent or mortgage or other housing bills in the last year?” themes from residents experiencing hardship included inflation on fixed incomes, high fuel costs, and loss of income.



Source: Lisbon Affordable Housing survey results



Source: Lisbon Affordable Housing Online Survey Results

Action Plan

Connecticut municipalities have flexibility in determining how they act to improve access to affordable housing. This plan outlines actions appropriate to the Town of Lisbon consistent with the other development and conservation goals of the Town. Proposed objectives and actions include the following:

Increase Options for Elderly Residents

Existing Supportive Policies/Programs:

- Favorable zoning allowing the construction of multifamily elderly housing.
- Town Elderly/Disabled Tax Relief Program.

Additional Strategies:

- Inventory town-owned properties that may be suitable for development of housing.

Support First-Time Home-Ownership

Existing Supportive Policies/Programs:

- 58 CHFA mortgages in town.

Additional Strategies:

- Work with local realtor community to publicize availability of USDA and CHFA low-interest home loans. Consider adding a “Prospective Homebuyers” page to the website that advertises these programs.

Encourage Diverse Housing Supply

Existing Supportive Policies/Programs:

- Two-family homes permitted in residential zones.
- Accessory Dwelling Units permitted in residential zones.

Additional Strategies:

- Consider allowing multifamily developments in the Route 12 corridor.
- Consider using Small Cities Grant funds to establish an affordable housing fund.
- Work with housing land trusts or other non-profits to acquire and rehabilitate existing housing for deed-restricted affordable housing.

Commissioner Training in Affordable and Fair Housing issues

- Support the continuing education of Planning and Zoning Commission members with ongoing training on: affordable housing issues, process and procedures, the Freedom of Information Act, interpretation of site plans, and the impact of zoning on the environment, agriculture, and historic resources on a biennial basis, per the requirements of PA 21-29.

Support On-Going Implementation

- Include an Affordable Housing Plan Progress Report on Commission meeting agendas quarterly to ensure that proposed actions are initiated and to review any new opportunities prior to the next revision by 2027.