



Town of Old Lyme

Affordable Housing Plan May 2022

Old Lyme Board of Selectmen

Adopted May 25, 2022

Prepared by

Town of Old Lyme Affordable Housing Commission



in Partnership with

Lower Connecticut River Valley Council of Governments (RiverCOG)



**Lower Connecticut River Valley
Council of Governments**

Consultant

SLR International Corporation



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Values and Principles Statement

The residents of Old Lyme take great pride in a rich history that includes a long-standing commitment to the arts, an excellent system of public education, a strong spirit of community volunteerism, and continuing efforts to preserve the environmentally sensitive land and waters that cover and surround the town. The community appreciates the benefits of living in a small, charming, quiet, and safe town. Its location on Long Island Sound and the east bank of the Connecticut River, the only major river in the Northeastern United States without a commercial port at its mouth, provides unparalleled natural beauty and recreational opportunities.

In preparing this plan, the Affordable Housing Commission has examined potential solutions to the real problems presented by the shortage of affordable housing in Old Lyme. Relevant data, policies and practices as well as all statutory requirements were considered. The Old Lyme Plan of Conservation and Development adopted in 2021 and the Economic Development Study prepared for the Old Lyme Economic Development Commission in 2019 were used as input. Experts, stakeholders, and the community at large were consulted. Recommendations are and will continue to be focused on meeting the unique needs of present and future residents of the town in all stages and walks of life rather than achieving arbitrary goals and thresholds. Ultimately, we will endeavor to meet those needs while preserving Old Lyme as an essentially small town. Recognizing that adoption of this plan is the beginning of a long process, the Commission will continue to engage stakeholders, partners, and the community at large in an ongoing conversation about the need for additional affordable housing and the best ways to achieve that end.

Introduction

The Town of Old Lyme has developed this Affordable Housing Plan, which specifies a strategy to increase the number of affordable housing developments in Old Lyme in a manner that aligns with community values. This plan is intended to satisfy the statutory requirements under CGS Section 8-30j. Affordable Housing Plans must be updated every five years per state statute.

What is Affordable Housing?

In CGS 8-30g, the State defines Affordable Housing as housing that costs 30% or less of household income for households making less than 80% of state or Area Median Income (AMI), whichever is lower. As of 2021, a family of four making less than \$79,900 per year or an individual making less than \$55,950 per year could qualify for affordable housing in Old Lyme. Income limits are updated on an annual basis by the U.S. Department of Housing and Urban Development (HUD). According to data from the HUD, about 29% of Old Lyme households make less than 80% of area median income and may be eligible for affordable housing programs.

Affordable housing, as the State defines it, typically only includes protected units that are reserved for low-income households through deed restrictions or through governmental assistance programs such as housing vouchers or subsidized mortgages. According to 2021 data published by the Connecticut Department of Economic and Community Development (DECD), 83 or 1.65% of Old Lyme's total housing units were protected affordable units.

Old Lyme also has naturally occurring affordable housing (NOAH) units, defined as housing on the open market may be offered for sale or rent at a cost that is affordable to low-income households. These units are not protected by a deed restriction or subsidized, are not recognized by the State of Connecticut, and therefore do not contribute to the stock of qualified affordable housing under C.G.S. Sec. 8-30g. While these units may be affordable to low-income households today, they may not remain affordable in the future if rents or home sale prices increase.

A common myth around affordable housing is that it consists only of higher density apartments. This is not true. Affordable housing can be like any other type of housing and comes in many forms, shapes and sizes ranging from single-family homes to duplexes and from townhomes to apartments. It can be owner-occupied or rented. It can house seniors, families with children, single individuals, or persons with disabilities. It can also come in a range of architectural styles making it virtually indistinguishable from other housing types. While some affordable housing units are owned and managed by public entities, most are privately owned and managed.

Why is Affordable Housing Important?

Affordable housing provides many benefits to the community. Growing the number of affordable housing units would allow those with roots in the community to continue living here, regardless of their economic status. Affordable and diverse housing choices would allow young adults to move back to the community, in which they grew up. Seniors would be able to remain in the community after they retire and have opportunities to downsize, should they choose. Households that experience a loss of income due to economic circumstances, disability, divorce, or loss of a spouse, will not be displaced from the community, due to the inability to pay for housing. Workers in essential jobs such as teachers, grocery store workers, home health aides, childcare workers, restaurant workers, and first responders would have an opportunity to live where they work. Affordable housing can also support businesses by providing housing choices for entry level workers, medical residents, and lower wage workers at major employers.

Plan Development Process

Regional Housing Plan

This Affordable Housing Plan for Old Lyme was developed in conjunction with the Lower River Valley Council of Government's Regional Housing Plan. The Regional Housing Plan was created as a high-level view and analysis of the affordable housing landscape for the communities that make up RiverCOG to capture common regional themes, housing data, objectives, and strategies. The Regional Plan was developed in collaboration from LVRCOG staff over a 12-month period and provided opportunities for community participation. A project website was launched to engage and educate residents of the Region on different types of affordable housing, share project updates, and solicit feedback through online surveys.

A community survey ran from July through September 2021 and gathered input from 100 residents of the Region on community values and housing needs. The key findings of the survey were:

- 52% of respondents were not aware of any affordable housing in Old Lyme today
- 73% of respondents felt housing in Connecticut is too expensive
- 65% agreed that housing in Old Lyme is too expensive
- 61% of respondents think housing is an important component in community longevity
- 60% do not think that the current housing options available meet residents' needs

- 79% of respondents cited that there are not enough housing options for young adults
- 76% cited that there are not enough housing options for seniors
- 76% of respondents cited that there are not enough housing options for low-income households

Additional survey results can be found in *Appendix A*

Regional public workshops were held on October 5, 2021, and January 24, 2022, which presented the housing needs assessment, community survey results, case studies and potential strategies. Participants were asked to provide to input on potential strategies for the region. Participants showed support for a range of strategies, including inclusionary zoning for new multi-family developments with a fee-in-lieu option, expansion of the cooperative homeownership program, and reducing restrictions on accessory dwelling units.

Municipal Housing Plans

An Affordable Housing Plan “Annex” to the Regional Housing Plan was then created with each of the member municipalities of RiverCOG to provide supplemental data and information as well as objectives and strategies that are unique to each community.

The Old Lyme Affordable Housing Commission hosted two virtual public workshops in February and March 2022 to share the plan as it evolved and gather feedback. The outcomes of these public workshops helped shape the content of this Affordable Housing Plan. We encourage readers of this plan to also read the Regional Housing Plan for more information on the context of housing background and context for the Lower Connecticut River Valley region.

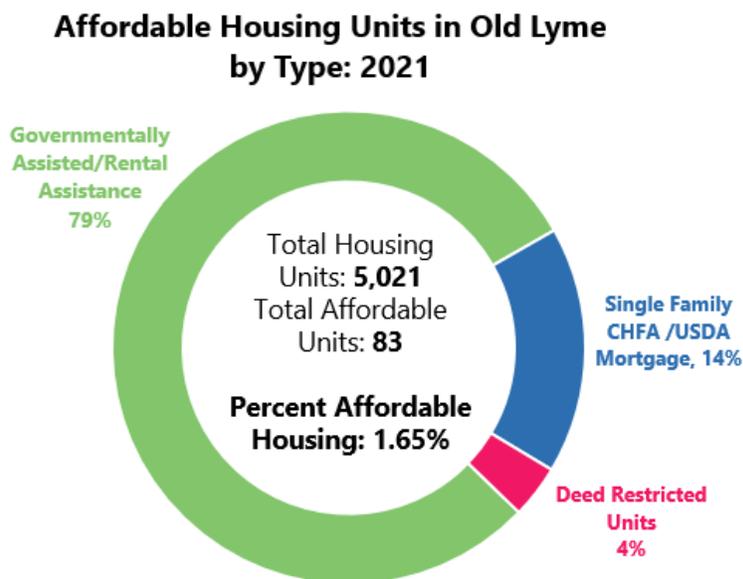
In addition, Old Lyme launched a StoryMap website to share updates on the Affordable Housing Plan process, provide background information on affordable housing concepts and approaches, as well as previous work by the Affordable Housing Commission, and its predecessor, the Affordable Housing Exploratory Committee.

Introduction to Old Lyme

Old Lyme is a shoreline town of 7,628 residents located in the southwest corner of New London County. As of the 2019 American Community Survey, Old Lyme has 3,162 households with a median household income of \$105,417.

Old Lyme is known for its beach communities, historic downtown district and thriving arts community.

History of Affordable Housing in Old Lyme



Source: DECD Affordable Housing Appeals List, 2021

Protected Units

As of 2021, 83 or 1.7% of Old Lyme’s total housing units are protected affordable units. This includes 64 governmentally assisted units, 2 units receiving tenant rental assistance, 14 USDA or CHFA mortgages, and 3 deed restricted units. Old Lyme has a smaller share of protected affordable units than its peer communities in the Lower Connecticut River Valley region.

Since 2002, Old Lyme has gained only 5 protected

affordable housing units and its overall affordable housing percentage has remained the same. The different types of affordable housing in Old Lyme today are described in the sections below.

Connecticut Housing Finance Authority Programs

The Connecticut Housing Financing Authority (CHFA) is a self-funded, quasi-public organization. Its mission is to alleviate the shortage of housing for low- to moderate-income families and persons in this state and, when appropriate, to promote or maintain the economic development of this state through employer-assisted housing efforts. Mortgages through CHFA are available for first time homebuyers purchasing homes that are within the CHFA Sales Price Limits who have a gross income that is within the Income Limits. Over the past five years, six households in Old Lyme have utilized a CHFA mortgage to purchase a home.

Naturally Occurring Affordable Housing

Naturally occurring affordable housing in Old Lyme is represented by the approximately 125 rental units with a rent of less than \$1000 (2019 ACS) and the

approximately 500 units of owner-occupied homes with a value of less than \$200,000 (2019 ACS) out of the approximately 5000 total housing units in town. However, rapidly increasing rents and home values since 2018-2019 when those numbers were collected have likely eroded the naturally affordable housing stock significantly. This was recently demonstrated by the loss of 6 out of 20 units of affordable housing in Old Lyme between 2020 and 2021 that were qualified on the basis of CHFA financing.

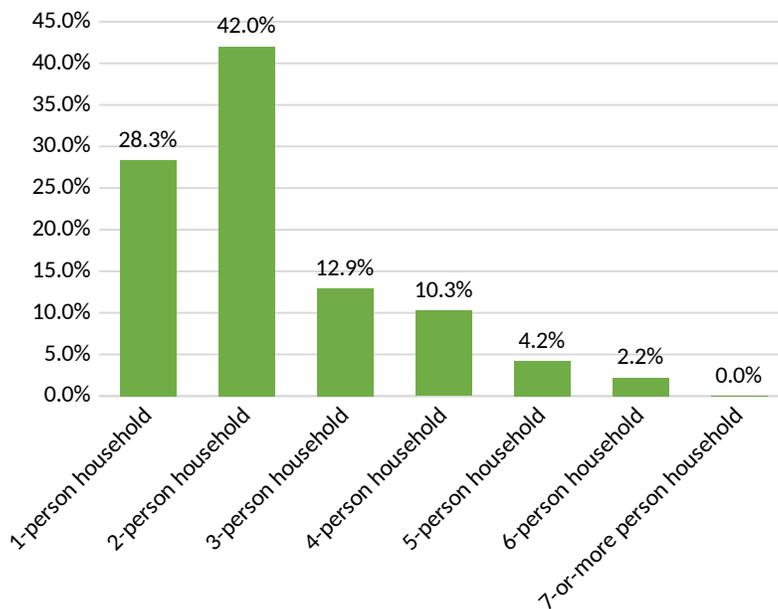
Housing Needs Assessment

This section presents a summary of the key findings from the Housing Needs Assessment. For the complete Housing Needs Assessment, please see *Appendix A*.

Demographics

- Old Lyme’s population has been mostly stable since 2000 and has grown only 3% from 7,406 to 7,628 over the past 20 years.
- Projections from the Connecticut State Data Center predict that there will be a sharp decline in Old Lyme’s population over the next 20 years.
- By 2040, population is projected to decline by 20% to 6,041.
- Old Lyme’s senior population is growing while younger population groups are shrinking.
- Between 2010 and 2019, all age cohorts under age 44 saw either no growth or decline.
- Age groups above 55 all saw growth during the same time period and the percent of the population above age 65 grew from 14.6% in 2000 to 19.1% in 2019.
- Old Lyme has a greater percentage of married-couple families than New London County and the State. 58% of households in Old Lyme are married couples.
- 28% of households are individuals living alone.
- In 2019, 70% of Old Lyme households are made up of one or two people which indicates that there is a need for smaller housing units.

Old Lyme Household Size Distribution



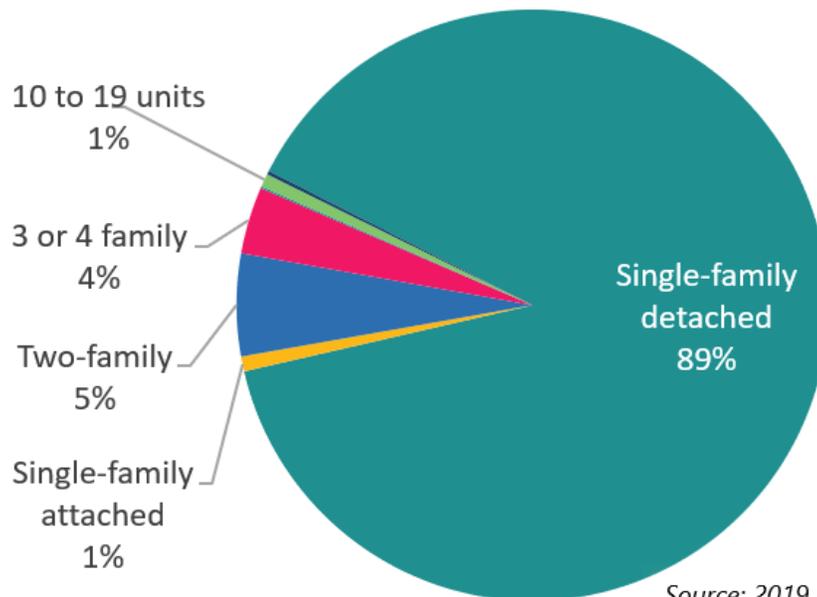
Source: 2019 American Community Survey

Housing Stock

- 80% of homes in Old Lyme are owned and 20% are rentals. There are fewer rental options in Old Lyme than in New London County as a whole.
- 89% of dwellings in Old Lyme are single-family homes which results in a limited number of multi-family options and ultimately impacts affordability. Of the 11% of multi-family housing, about 5% of units are two-family dwellings and 4% are 3 or 4 family dwellings.

- 70% of housing units in Old Lyme have 3 or more bedrooms which results in a mismatch with the current average size of households.
- Only 7% of units are studios or one-bedroom units.

Old Lyme Housing Types

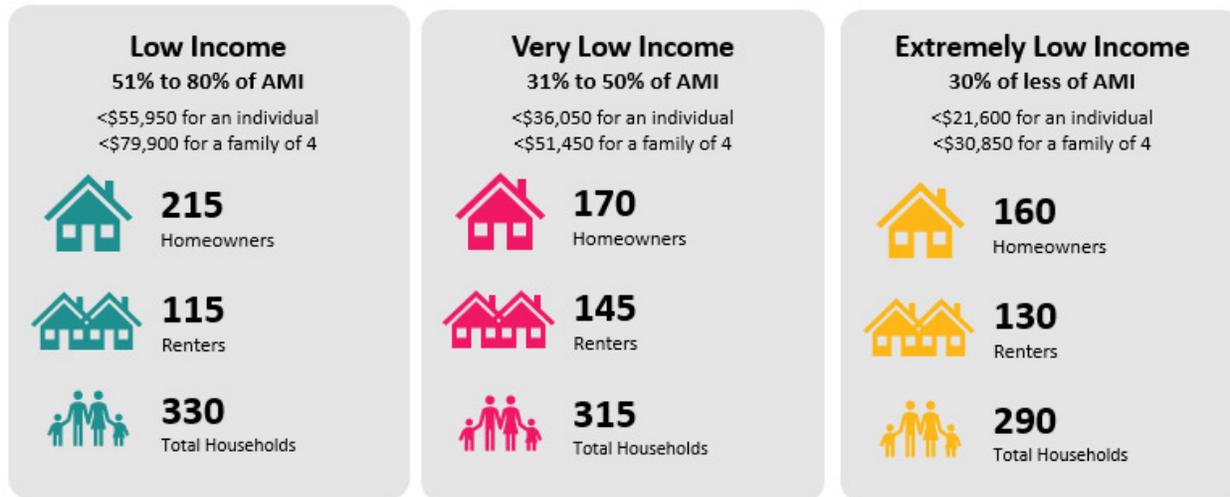


Source: 2019 American Community Survey

- Home prices in Old Lyme provide some naturally affordable options but there are also many homes in expensive price ranges.
- Only 10% of homes are valued under \$200,000
- 5.1% of homes are valued over \$1 million and 22.6% are between half a million and \$1 million.
- Home sales in Old Lyme have been relatively stable for the past ten years. The number of home sales had recovered to pre-2008 levels by 2020.
- Sale prices reached an all-time high in 2021, with a median sale price of \$475,106 for single-family homes.
- Condominium prices have fluctuated greatly over time and have recently dropped to a median sale price of \$275,000.
- Rental costs range across a variety of price points in Old Lyme. 15.6% of rental units are under \$1,000.
- Naturally affordable rental options exist but this does not mean all need is currently being met particularly because there are very few rental options overall.

Housing Needs

How many Old Lyme Families Need Affordable Housing?



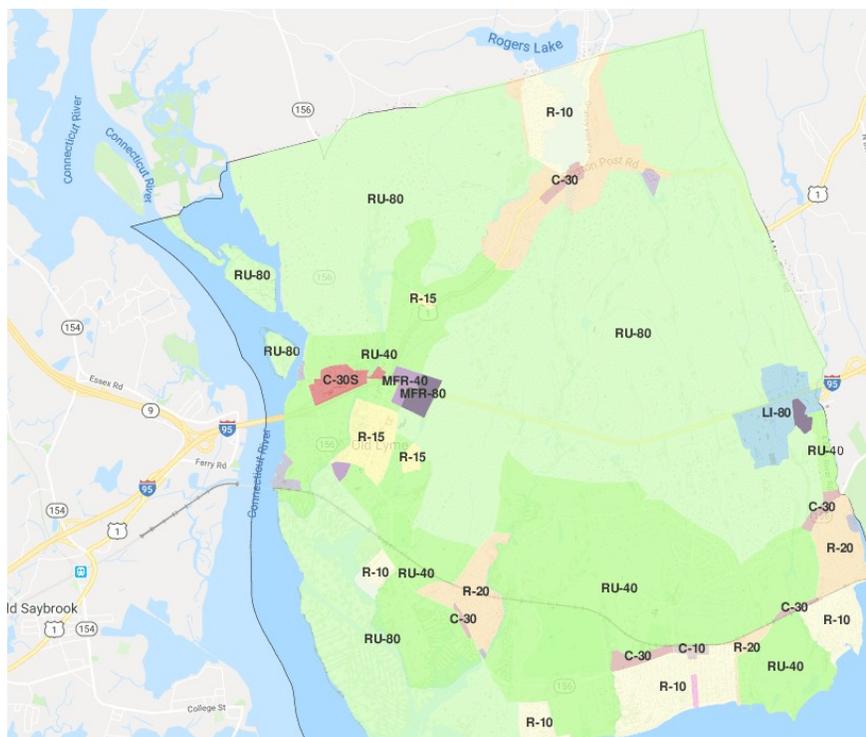
Source: U.S. Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Survey (CHAS): 2014-2018

- Cost burdened households spend greater than 30% of their income on housing and may have difficulty affording other necessities such as food, clothing, transportation, and medical care. About 68% of Old Lyme’s low-income households are cost burdened. Renters and seniors over age 65 are disproportionately cost burdened compared to the total population.
- A housing gap analysis was performed comparing the supply of “naturally occurring” affordable housing to local demand.
- In Old Lyme, an existing housing gap (lack of supply) was identified across all sectors of the analysis except for families who earn between 50 and 80% of AMI. For those making less than 50% of AMI, there is a current housing gap for renters and owners. For individual households, there is a gap for all income levels, owners, and renters.
- For the full housing gap analysis, please see *Appendix A*.

Land Use & Zoning Assessment

This section presents a summary of the key findings from the Planning and Zoning Review. For more details, please see *Appendix A*.

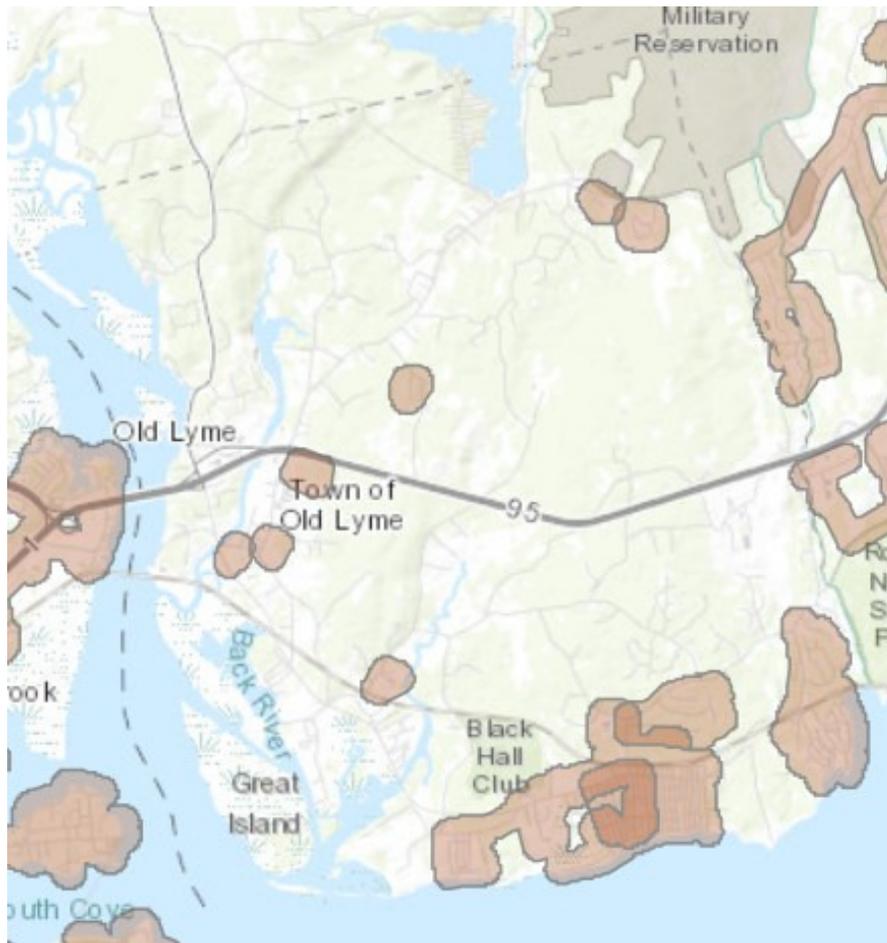
- The vast majority of land area in Old Lyme (over 80%) is zoned rural residential (RU-80 and RU-40) with low density single family detached homes as the primary allowed use.
- Smaller single-family residential districts are located near commercial areas and near the shoreline.
- Smaller multi-family residential zoning districts (MFR-80, MFR-40, MFR-20) allow multi-family dwellings via Special Permit approval on approximately 1% of the total town land area.
- Old Lyme's 2021 Plan of Conservation and Development (POCD) recommended that the town create more housing options and opportunities:
 - Assure that zoning regulations make adequate provision for a diversity of housing types, including smaller apartments for young and old residents, singles, and elderly.
 - Develop regulations to allow life care and independent living facilities for the elderly or disabled, within residential districts by special permit.
 - Create Zoning Regulations for Accessory Housing that are less restrictive to encourage and allow for multigenerational living.



Source: Town of Old Lyme Online GIS

Infrastructure Assessment + Buildable Land

- Old Lyme has no municipal sewers except for some shoreline communities.
- Only beach areas are serviced by Connecticut Water Company. All other areas of Old Lyme receive water from private wells.
- These limitations constrain development options.
- About 20% of land is protected from development through deed restriction, conservation easements, state- and town-owned restricted areas and parcels owned by the Old Lyme Land Trust and the Nature Conservancy.



Source: Town of Old Lyme Online GIS

Development Capacity Assessment

A development capacity assessment was performed to generate an estimate of the remaining available land area in Old Lyme that could potentially be suitable for new residential development. This assessment is an important consideration in determining a strategy and setting goals for increasing affordable housing.

The analysis was performed in GIS based on local and statewide data provided to SLR Consulting by RiverCOG and the Town of Old Lyme. These included natural and environmental constraints such as tidal and inland wetlands, flood hazard zones, and natural habitat corridors, in addition to rights of way and designated open space. Unconstrained vacant land was aggregated to create an estimate of the maximum number of lots potentially suitable for new development based on current zoning regulations.

The assessment results show that the baseline of available land is reduced to about half of the approximately 16,000 total acres of land in Old Lyme by environmental considerations alone. When all constraints and existing development are factored in, less than 20% of the total land area in town remains potentially available for future development. Under current zoning regulations, and making basic assumptions about the presence of ledge, terrain, and other factors that could affect the suitability of the remaining land for development, this translates into an estimated maximum of just under 400 new units of housing.

It is important to note that this is a conceptual estimate for planning purposes, and that future development will occur at the discretion of the landowners.

Detailed results of the Development Capacity Assessment are in *Appendix B*.

A Strategy for Progress

A successful strategy to increase the availability of affordable housing in Old Lyme will, in addition to considering the Old Lyme Plan of Conservation and Development, need to be informed by several important defining and limiting factors, including:

- Demand - The housing study described above has determined that a deficit of approximately 400 affordable homes exists in Old Lyme, especially for lower income ranges, seniors, single income households, and renters. Demographic projections indicate an increasing gap driven by an aging population and a generational shift toward smaller households that will drive up demand for the smaller homes and rentals that currently constitute only a small fraction of the homes in Old Lyme.
- Capacity - Land availability is a limiting factor in planning for future development in Old Lyme, as shown by the development capacity assessment described above. The limitation on available land means that a successful affordable housing strategy for Old Lyme will need to emphasize efficient land use.
- Public Water and Sewer Infrastructure - Public water and sewer systems are limited to a few areas along the shoreline. Extended use of the existing sewer systems for new development, including affordable housing, is subject to restrictions imposed by funding under the provisions of the Clean Water Act.
- Local Zoning - Current Old Lyme zoning regulations allocate most of the 15,930 acres of land in Old Lyme to residential districts, with low density single family detached homes as the primary allowed use for over 80% of the land area. The creation of accessory dwelling units is allowed only as a special use in a few residential districts, requiring additional steps in the application process and costs that can be a disincentive. Only 119 acres constituting less than 1% of the land area are zoned for multifamily use. As a result, 70% of the housing stock in Old Lyme is in the form of large, 3+ bedroom, detached single family homes.
- C.G.S. Section 8-30g Provisions - set-aside developments can be qualified under 8-30g with as few as 30% of the units set aside as affordable. The impact of this provision is that in such developments, more market rate units can be created than affordable units. This has the effect of consuming additional land, water, and sewage disposal resources which are already in short supply, thereby reducing the capacity for future development of affordable housing. It also has the effect of disproportionately increasing the baseline of total units against which the percentage of affordable housing in town is calculated, which adversely affects the impact of such projects on progress as recognized by the State of Connecticut. Under those provisions, Old Lyme could need to develop as many as 2000 or more additional housing

units in town – an increase of 40% over the current housing stock – in order to meet the 10% exemption threshold under 8-30g. This is a clearly impracticable outcome that limits the role of new deed-restricted set-aside developments as an element of a successful strategy and the feasibility of achieving the threshold for 8-30g exemption.

Approaches to create affordable housing were evaluated against those defining and limiting factors. The results of that evaluation are summarized in the following table:

| Approach | Pros/Cons |
|--|--|
| <ul style="list-style-type: none"> • Smaller “starter” detached single-family, individual or in small clusters • 2-3-4 unit multiplex | <ul style="list-style-type: none"> • Scaled to work within limitations on land, water, sewer • Tend to be naturally affordable due to smaller size |
| <ul style="list-style-type: none"> • Accessory Dwelling Units • Adaptive reuse of existing commercial or residential properties | <ul style="list-style-type: none"> • Work within an existing land and infrastructure footprint • Efficient, cost effective, environmentally friendly |
| <ul style="list-style-type: none"> • Mixed commercial and residential use • Open space set-aside for “conservation clusters” of affordable homes | <ul style="list-style-type: none"> • Opportunity for partnering within town government to create win-win solutions • Depend on an economic development project or open space acquisition |
| <ul style="list-style-type: none"> • Large-scale single or multifamily set-aside developments under C.G.S. Sec. 8-30g | <ul style="list-style-type: none"> • Likely to be challenged by limitations on land, sewer, and water availability • Set-aside projects under 8-30g can add more market rate than affordable units |

Strategy

A strategy for progress, considering the above factors and options, is as follows:

- Create opportunities for additional accessory, “middle”, and starter housing to meet the needs of seniors, young people, and smaller households

This includes “in-law apartments”, small-mid scale multifamily such as duplexes, as well as smaller single-family homes, individual and in clusters. Rental as well as owner-occupied units should be encouraged. For owner-occupied starter homes, promote assisted mortgages from CHFA or USDA that will ensure that occupants are qualified by income, and that the sale price is qualified as affordable.

- Promote re-use and re-purposing of existing properties as affordable housing.

This approach is particularly attractive as it requires no new land or infrastructure and could be used to convert large owner-occupied homes that are projected to be in decreasing demand to multiplex units and rentals. Town-owned and bank-owned properties, both commercial and residential, could present opportunities for adaptive re-use projects. This approach could also help provide a solution to the problem of blight in Old Lyme that has been discussed over the past several years.

- Seek opportunities for mixed commercial/residential use as part of economic development projects and setting aside space for ecologically friendly affordable housing as part of open space acquisitions.

Recent examples include the Halls Road Village District project, and the McCulloch Family Open Space acquisition.

- Support selected opportunities for larger scale set-aside developments under C.G.S. Sec. 8-30g that can successfully work within limitations on land, water, and sewer availability, and that will add a minimum of market rate units along with affordable units.

No single element of this strategy will be sufficient for success, but in concert and in combinations, there is an opportunity for meaningful progress. In addition, for this strategy to be successful, an environment more conducive to developing additional housing options, including affordable, will need to be created in Old Lyme. This will require a number of changes to the status quo, including:

- Building a network of partnerships within the Old Lyme community and town government, with neighboring towns and regional councils, with funding agencies, with not-for-profit organizations, and with private developers.
- Adopting changes to zoning regulations, consistent with the Old Lyme Plan of Conservation and Development, to enable some increased density within residential districts. Such changes include removing restrictions on accessory

dwelling units and expanding the allowed use of multiplex and clusters for affordable housing in residential districts. Consideration should also be given to creating incentive and opportunity overlay zones for affordable housing and adopting an inclusionary zoning regulation that could provide for a minimum set-aside for affordable housing in new developments or funding for affordable housing.

- Creating promotion and incentive programs for re-purposing existing properties as affordable housing, building starter homes that qualify for assisted CHFA and USDA mortgages, and developing affordable rental units.

These changes will need to be the subject of continuing discussion among stakeholders, partners, and the community at large as this Affordable Housing Plan is implemented.

Initial Action Plan

The following actions are recommended as first steps toward implementing this plan. Success in these first steps should result in a subsequent round of more specific and actionable recommendations, and in projects that will deliver on the overall objective to increase the availability of affordable housing in Old Lyme. Throughout this process, maintaining open lines of communication within town government, with stakeholders and partners, and with the community at large will be of paramount importance.

1. Follow Up on Open Items

1.1 Review the development capacity assessment (Affordable Housing Commission, Planning Commission, Zoning Commission)

1.2 Recommend timelines and targets for additional affordable housing development (Affordable Housing Commission)

2. Partner Network (Affordable Housing Commission)

2.1 Maintain an ongoing community outreach program aimed to continue the conversation about the need for affordable housing in Old Lyme, and what the community can do to meet that need.

2.2 Establish an exchange of information and ideas with the Planning and Zoning Commissions to facilitate regulatory changes that will enable affordable housing development.

2.3 Continue conversations with the Economic Development and Open Space Commissions to identify new opportunities for collaboration resulting in mixed use development and additional open space set-asides for affordable housing.

2.4 Maintain an ongoing partnership with RiverCOG.

2.5 Identify public and private funding agencies/organizations and monitor for opportunities.

2.6 Open/maintain lines of communication with Habitat for Humanity and the HOPE Partnership; identify and establish contact with other not-for-profit affordable housing development organizations.

2.7 Encourage formation of an Old Lyme-based private not-for-profit affordable housing organization as a partner.

2.8 Compile a list of local developers and prepare a survey to assess their interest and recommendations for creating a more attractive environment for affordable housing development in Old Lyme.

3. Zoning Changes (Affordable Housing, Planning, Zoning Commissions)

3.1 Initiate a dialogue about changes to zoning regulations needed to enable affordable housing development, including those outlined in the above strategy; prepare and advance specific recommendations and proposals during the second half of 2022.

4. Promotion and Incentive Programs (Affordable Housing Commission)

4.1 Identify partners and establish a program to systematically identify opportunities for adaptive re-use projects, including opportunities for blight remediation.

4.2 Collect input from stakeholders, partners, developers, and the community at large on the topic of incentives. Use that input to prepare recommendations for incentive programs to attract affordable housing development in general, and rental units specifically.

4.3 Create an information/promotion program for assisted mortgages.

5. Other Items

5.1 Prepare a list of recommended changes to state and federal legislation and regulations, both standing and proposed, including C.G.S. Sec. 8-30g, and advance those recommendations to the appropriate representatives through the Board of Selectmen and RiverCOG. (Affordable Housing Commission, Planning Commission, Zoning Commission, Board of Selectmen)

5.2 Explore options for private on-site sewage disposal systems using advanced technology that could enable increased development density without the need for public sewer systems. (Affordable Housing Commission, Water Pollution Control Authority)

APPENDICES

Housing Data and Needs Assessment

Development Capacity Assessment



Town of Old Lyme

Affordable Housing Plan

May 2022

Appendix A: Housing Data and Needs Assessment

An aerial photograph of Old Lyme, Connecticut, showing a coastal town with a sandy beach and the ocean. The town is densely packed with houses and buildings, and the beach is a prominent feature. The ocean is visible on the right side of the image, and the sky is blue with some clouds.

Town of Old Lyme

Affordable Housing Plan (AHP)

**Data Analysis +
Housing Needs
Assessment**

April 2022

ACRONYMS AND DEFINITIONS

Definitions

American Community Survey (ACS) – The ACS is a data collection program overseen by the U.S. Census Bureau that collects demographic and housing data for individuals and households. The ACS surveys approximately 3 million households across the nation per year (roughly 2.5% of households) and aggregates the data on multi-year intervals. Because it is based on a multi-year sample, it is not directly comparable to the Decennial Census, which is based on a 100% population count every ten years.

Affordable Housing - Affordable housing is generally defined as housing on which the occupant is paying no more than 30 percent of gross income for housing costs, including utilities.

Protected Affordable Housing – housing which, due to deed restriction or subsidy, costs a low-income household no more than 30% of their income, and is reserved for occupancy by a low-income household.

Naturally Occurring Affordable Housing (NOAH) – housing *without* deed restriction or subsidy and costs a low-income household no more than 30% of their income but is not reserved for only low-income households.

Market Rate Rent - The prevailing monthly cost for rental housing. It is set by the landlord without restrictions.

Acronyms:

ACS – American Community Survey

AMI – Area Median Income

CTSDC – Connecticut State Data Center

DECD – Department of Economic Community Development

HUD – US Department of Housing and Urban Development

NOAH – Naturally Occurring Affordable Housing

POCD – Plan of Conservation and Development

PSC – Partnership for Strong Communities

RPA – Regional Plan Association

COMMUNITY SURVEY RESULTS

ABOUT THE RESPONDENTS

- Survey conducted in September – October 2021
- **100 responses – unique IP addresses – small sample size (1.3%)**
- 57% of respondents are long-term residents +20 years, 25% 10-20 years
- 74% of respondents are 65 years or older
- 70% of respondents are retired and 16% work full time
- Of those who work, 91% work in Old Lyme
- 34% live in adult couple households with adult children, 26% are couples without children, 21% live alone
- 56% live in a two-person household
- 95% live in a single-family house
- 93% own their home
- 66% of respondents see themselves living in the same size home in 5 years and 75% in their current home

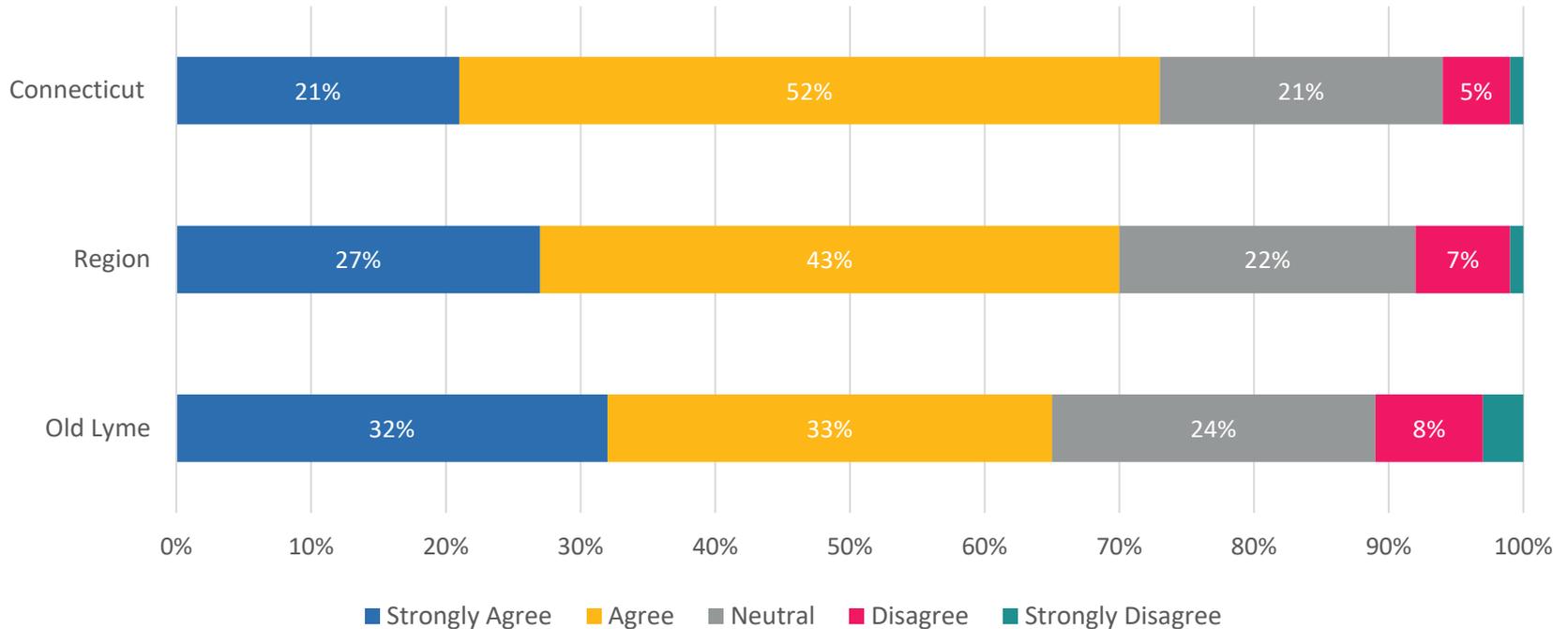
ABOUT THE RESPONDENTS

- 46% of respondents know someone who would stay in or move to Old Lyme if it were more affordable
- 38% know family, a friend or neighbor who struggle with housing costs
- 88% said they do not personally struggle with housing costs
- 52% of respondents are not aware of any affordable housing in Old Lyme
 - *Feedback Loop* – If community lacks options, people seeking those options will leave/not move in, and respondents would not know them.

HOUSING NEEDS

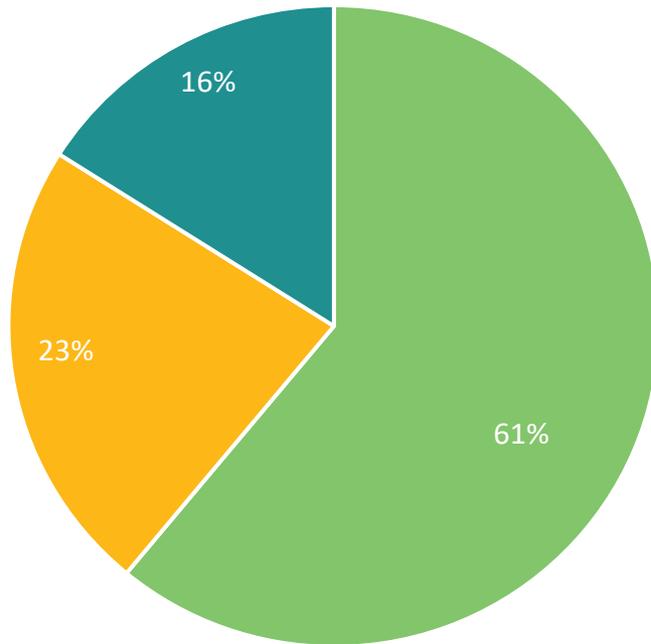
- 73% agree housing in Connecticut is too expensive
- 70% agree housing in the Region is too expensive
- 65% agree housing in Old Lyme is too expensive

Housing in _____ is too expensive



HOUSING NEEDS

Do you think affordable or attainable housing is an important component of your community's longevity?



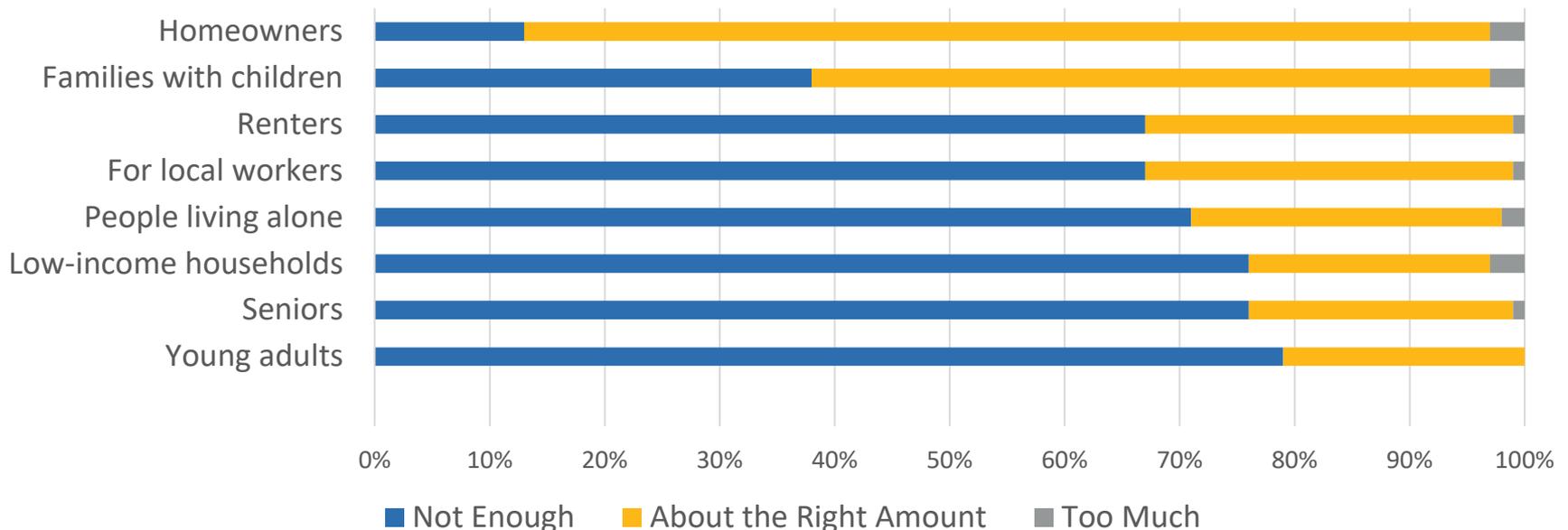
■ Yes ■ No ■ Unsure

- 61% think housing is an important component in community longevity
- 60% do not think that the current housing options available meet residents' needs
- 55% do not think the existing housing stock is adequate to satisfy future market demands

HOUSING CHOICES

- Respondents most frequently cited that there are not enough housing choices for:
 - Young Adults (79%)
 - Seniors (76%)
 - Low-income households (76%)
 - For local workers (67%)
 - Renters (67%)
- General agreement that Old Lyme has about the right amount of housing for families with children and homeowners.

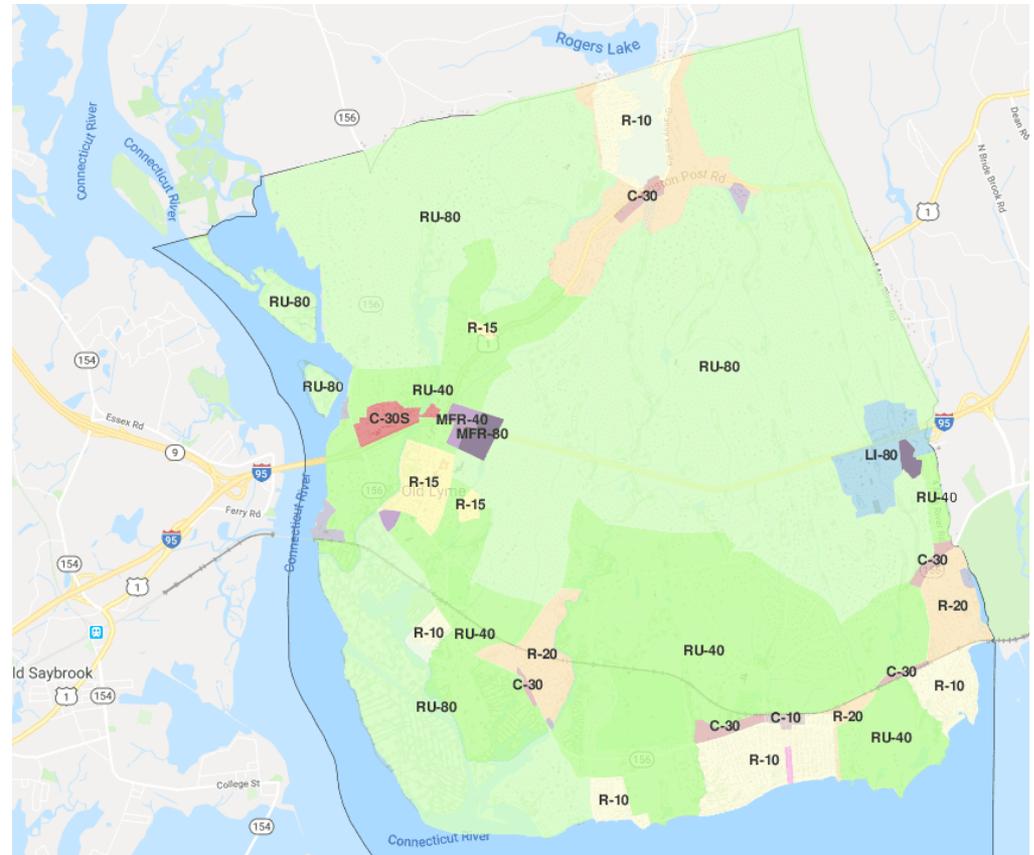
How much housing does Old Lyme have for each of the following?



EXISTING CONDITIONS:
Planning + Zoning Review

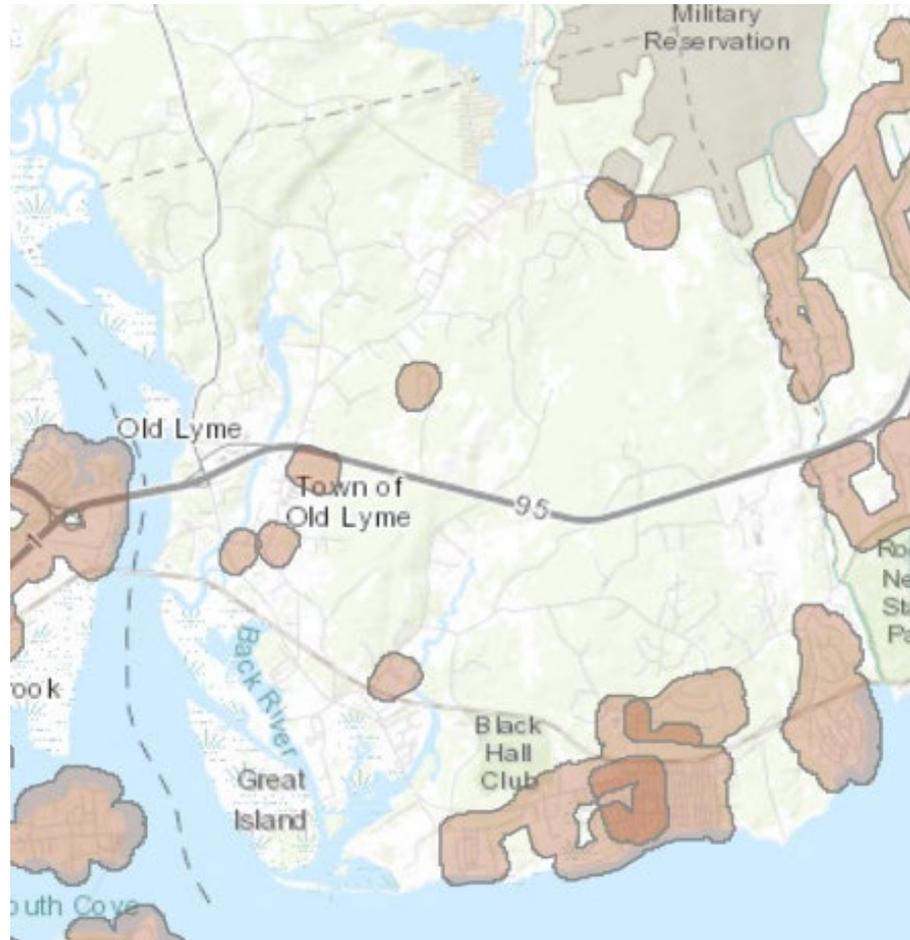
ZONING

- Rural Residence RU-80
- Rural Residence RU-40
 - Comprises vast majority of land area
- Residence R-20
- Residence R-15
- Residence R-10
 - Smaller single-family districts near commercial and shoreline
- Multi-Family Residence MFR-80
- Multi-Family Residence MFR-40
- Multi-Family Residence MFR-20
 - Allow multi-family dwellings via special permit



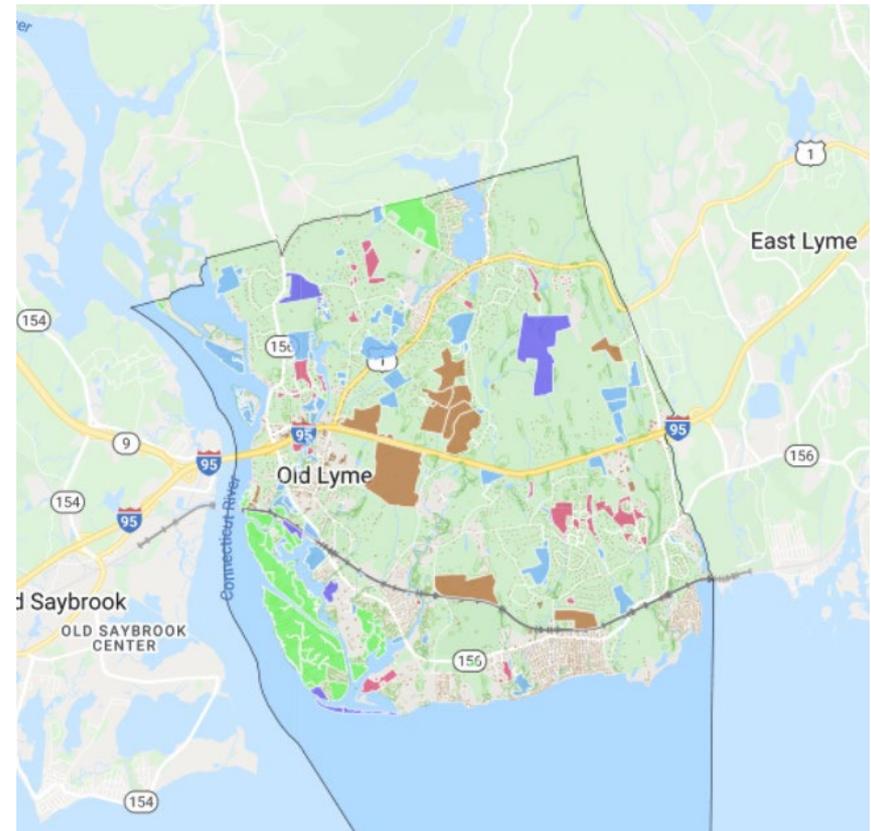
INFRASTRUCTURE

- Old Lyme has no municipal sewers except for some shoreline communities
- Only beach areas are serviced by Connecticut Water Company. All other areas of Old Lyme receive water from private wells.
- These limitations constrain development options



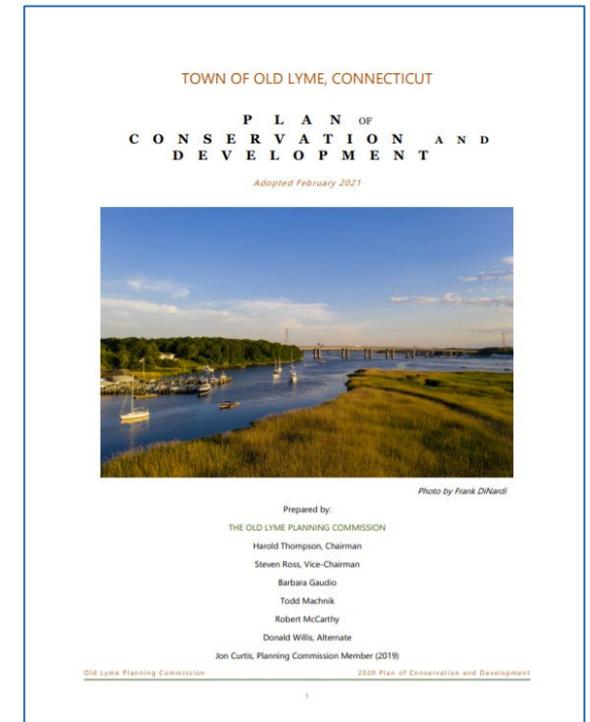
BUILDABLE LAND & SUITABLE LAND

- Not all the land in Town can be used for development. Restrictions on development include:
 - Floodplains of the Connecticut River
 - Aquifer Protection Areas
 - Inland Wetland Soils
 - Natural Diversity Database
 - Steep Slopes
- About 20% of land is protected from development through deed restriction, conservation easements, state- and town-owned restricted areas and parcels owned by the Old Lyme Land Trust and the Nature Conservancy.



POCD OPPORTUNITIES

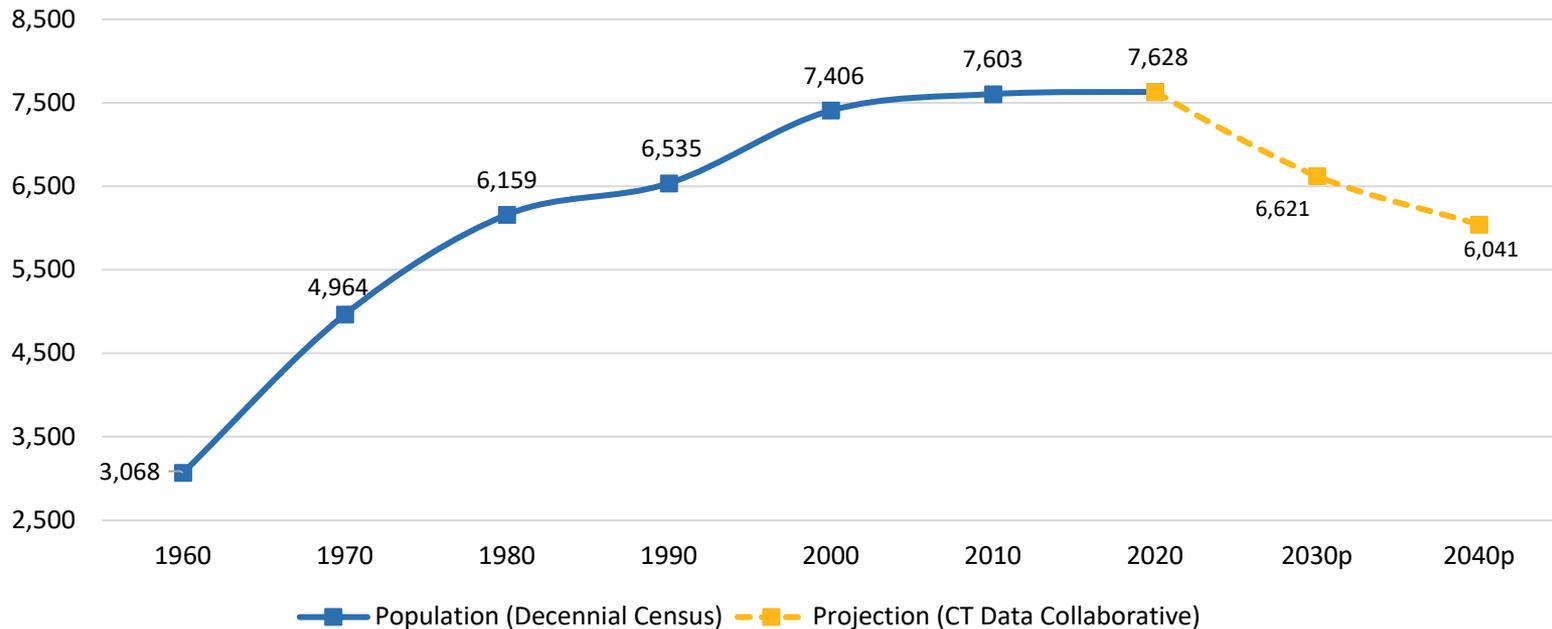
- Old Lyme's 2021 Plan of Conservation and Development (POCD) outlined several housing opportunities:
 - Assure that zoning regulations make adequate provision for a diversity of housing types, including smaller apartments for young and old residents, singles and elderly
 - Develop regulations to allow life care and independent living facilities for the elderly or disabled, within residential districts by special permit
 - Create Zoning Regulations for Accessory Housing that are less restrictive to encourage and allow for multigenerational living



EXISTING CONDITIONS: Demographic Trends

POPULATION TRENDS

Old Lyme Historic and Projected Population: 1960 to 2040

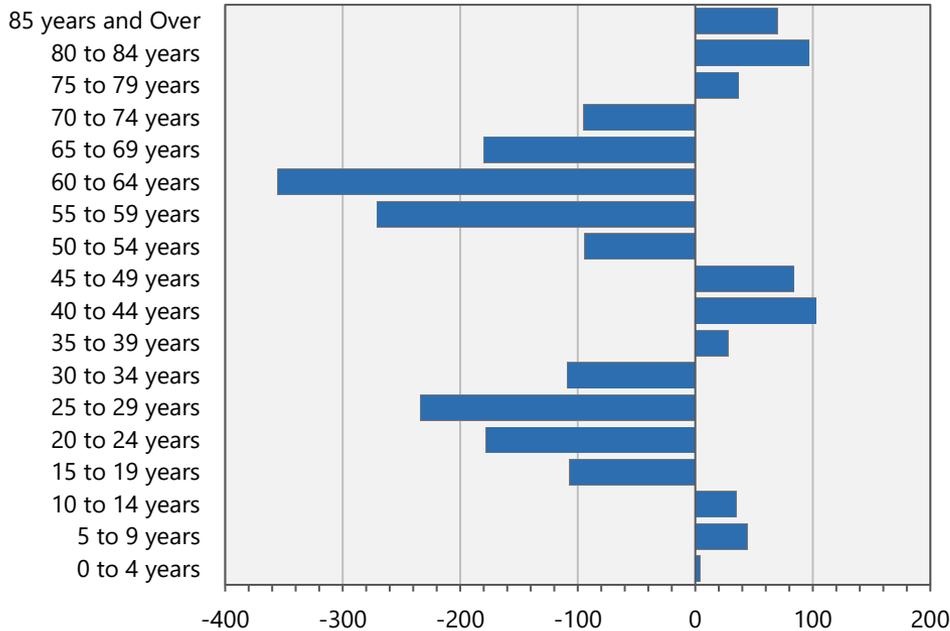


Source: 1960 - 2020 Decennial Censuses; CT Data Collaborative projections

- Old Lyme's population has been stable since 2000 with 3% growth
- Current projections indicate it will decrease sharply by 2040 – 20% loss
- Could be related to lack of housing options

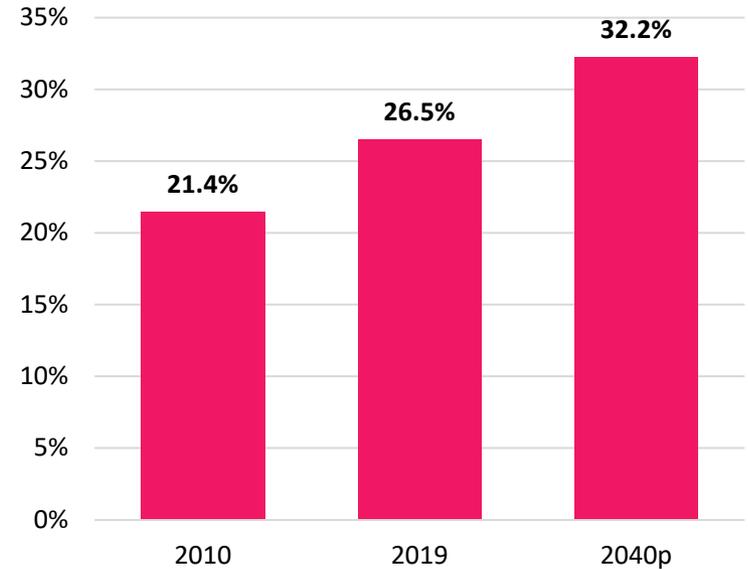
AGE DISTRIBUTION

**Population Change, by Age Group
2020p to 2040p**



Data Source: CT State Data Center, 2020 and 2040 projections

**Percent of Population Age 65 years old
and over**

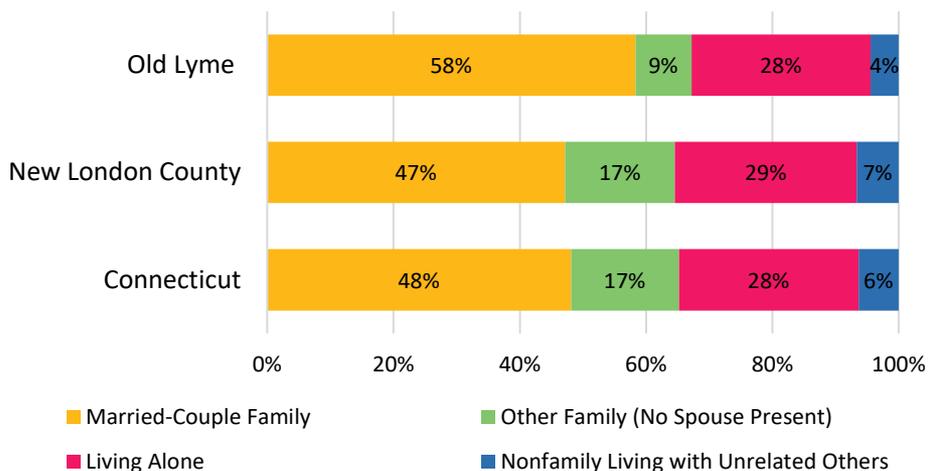


Source: 2000 and 2010 Decennial Census; 2019 ACS 5-Year Estimates, Table B01001

- Over the next 20 years, most population groups are expected to continue to decline.
- Today's baby boomers will reach their mid 70s to late 80s, resulting in an increase in these oldest age groups
- Young population expected to show some growth in the 5-to-14-year old age range
- 32.2% of the population is expected to be over 65 by the year 2040

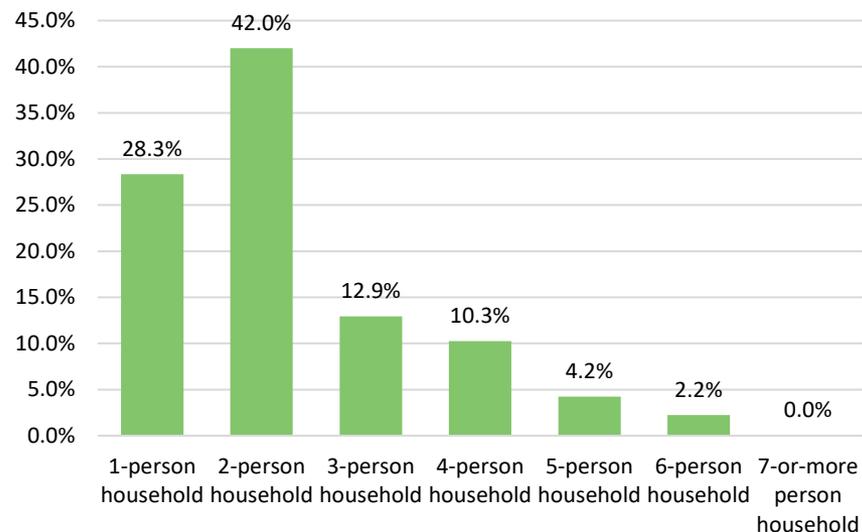
HOUSEHOLD COMPOSITION

Old Lyme Household Distribution



Source: 2019 ACS 5-Year Estimates, Tables B01001, B11016

Old Lyme Household Size Distribution



- Old Lyme's household has more married couples and fewer "other family" types than the County or State
- Almost 60% of households are married couples
- People living alone make up almost 1/3 of the households in Old Lyme
- **In 2019, 70% of Old Lyme households are made up of one or two people**
 - Indicates trend to empty nester households

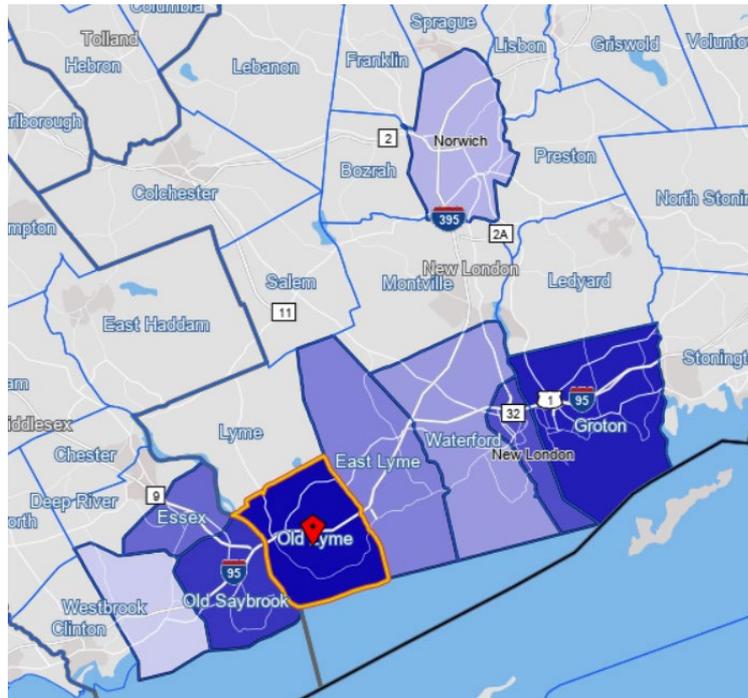
HOUSING WAGE

- The “housing wage” in Old Lyme is **\$22.90/hour**
- “Housing wage” is the wage needed to **afford a 2-bedroom rental home** without paying more than 30% of income on housing (per the National Low Income Housing Coalition).
- According to indeed.com, estimated average salaries in Old Lyme are:
 - Elementary teacher (entry level): **\$19.96/hour**
 - Nurse: **\$27.32/hour**
 - Grocery clerk: **\$18.60/hour**

PEOPLE WHO WORK IN OLD LYME

Major Employers (CERC 2021)

- Kellogg Marine Supply
- Neumann USA
- Sennheiser Electronic Corp
- Old Lyme Country Club Inc
- READCO



Where People Who Work in Old Lyme Live (ACS 2019)

| Place | Count | Share |
|--------------|-------|--------|
| All | 2,559 | 100.0% |
| Old Lyme | 332 | 13.0% |
| Groton | 256 | 10.0% |
| Old Saybrook | 204 | 8.0% |
| New London | 168 | 6.6% |
| Essex | 118 | 4.6% |
| East Lyme | 104 | 4.1% |
| Waterford | 97 | 3.8% |
| Norwich | 76 | 3.0% |
| Westbrook | 67 | 2.6% |

Many people employed in Old Lyme are commuting from places with more affordable housing such as New London, Norwich and Groton.

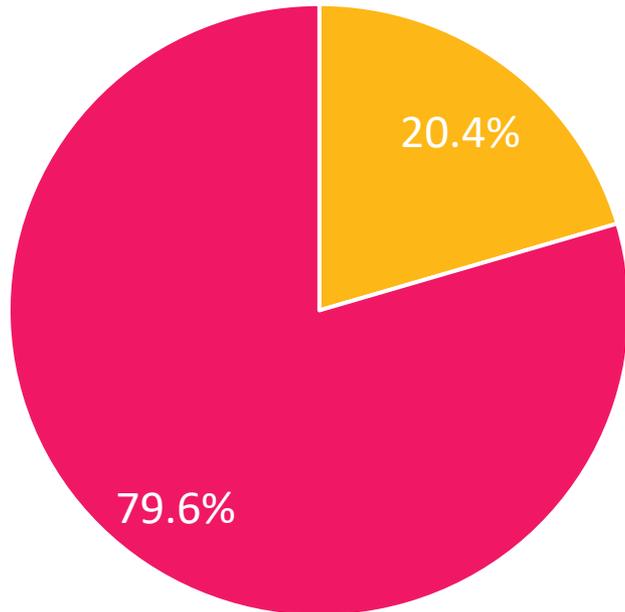
DEMOGRAPHIC TRENDS: TAKEAWAYS

- Population is predicted to decline
- Population is aging and not being replaced with young residents
 - If seniors cannot find housing to downsize to, they may have to leave Old Lyme
 - Indicates Old Lyme is struggling to attract and retain young residents
 - Currently does not have the housing supply that younger people are looking for – rentals and small units
- Majority of residents are living in one- or two-person households but most homes are single-family units

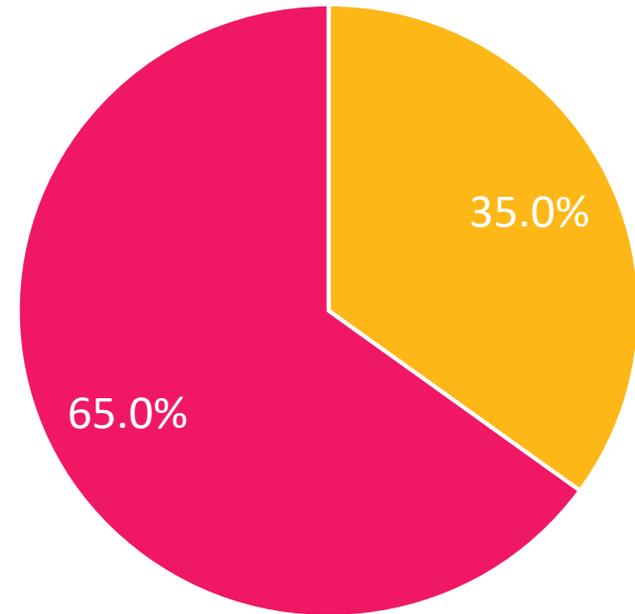
EXISTING CONDITIONS: Housing Market Trends

HOUSING TENURE

Old Lyme Housing Tenure, 2019



New London County Housing Tenure, 2019

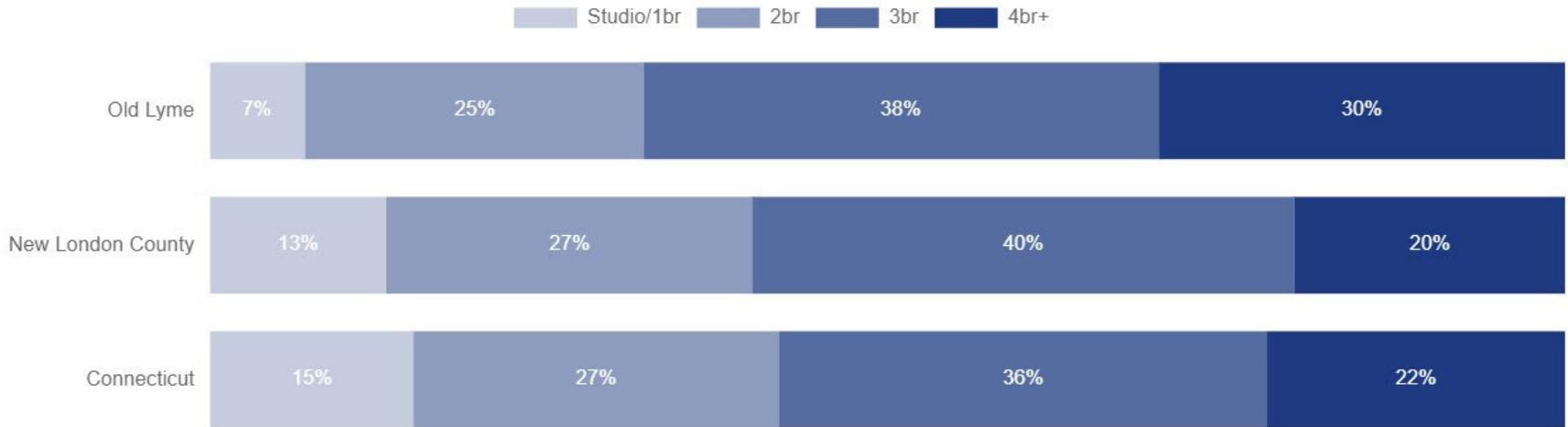


■ Renter-Occupied
■ Owner-Occupied

- Old Lyme has a larger percentage of homeowners than New London County as a whole and a smaller portion of renters – only 20.4%.
- Correlates with the predominance of single-family homes in Old Lyme and the limited multi-family and apartment-style housing options.

HOUSING TYPOLOGY

Distribution of Housing Units, by Number of Bedrooms

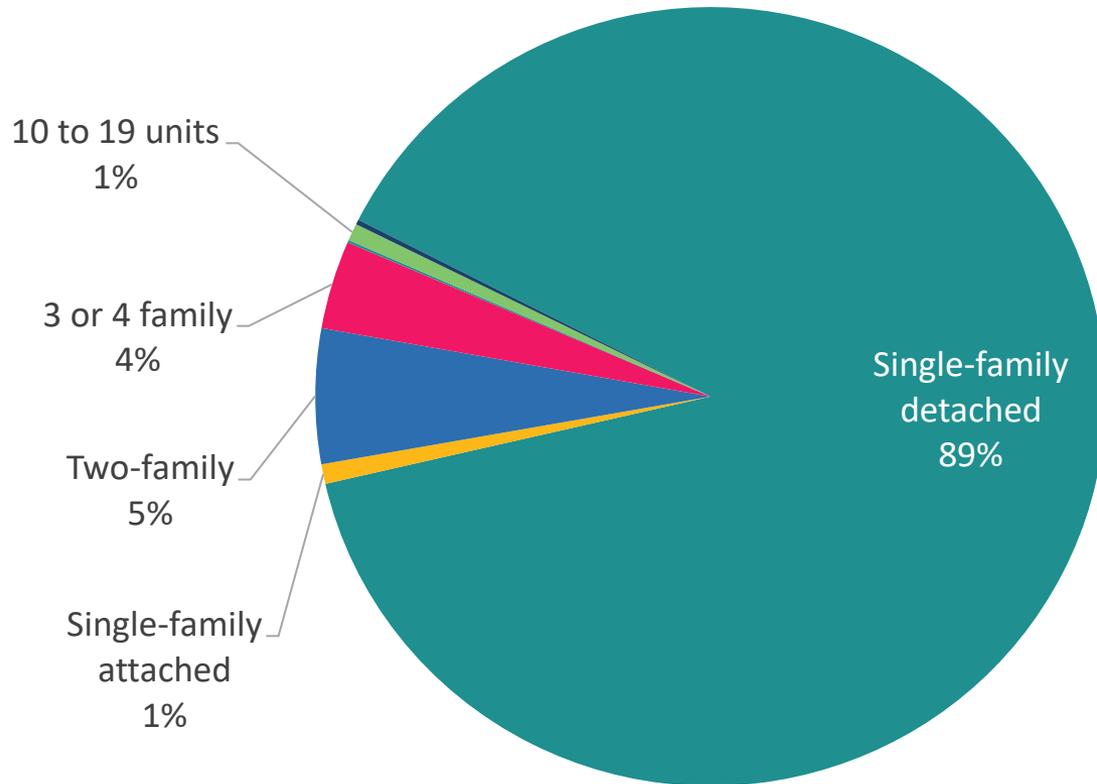


Source: American Community Survey 2018, 5-year estimates, Table B25041
Visualization created by [CTData Collaborative](#)

- 68% of housing units in Old Lyme have 3 or more bedrooms
 - Size of units largely suited to families with children which are declining
- The number of two-bedroom units is comparable with the County and State
- The number of one-bedroom options is low – shows lack of multi-family unit types

HOUSING TYPOLOGY

Old Lyme Housing Types

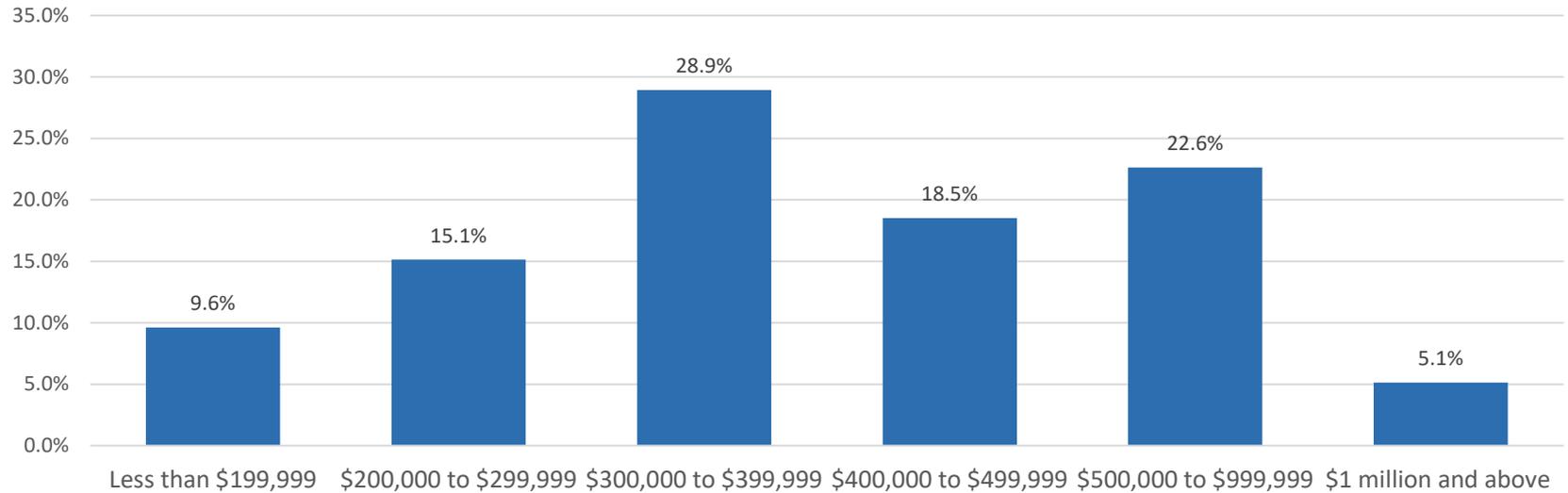


- 89% of dwellings are detached single-family homes
- All types of multi-family units make up the remaining 10% percent of which the most common type is two-family dwellings
- Limited options for multi-family impacts choice and affordability

Source: 2019 American Community Survey, 5-Year Estimates, Table B25075

HOME VALUE DISTRIBUTION

Distribution of Owner-Occupied Home Values

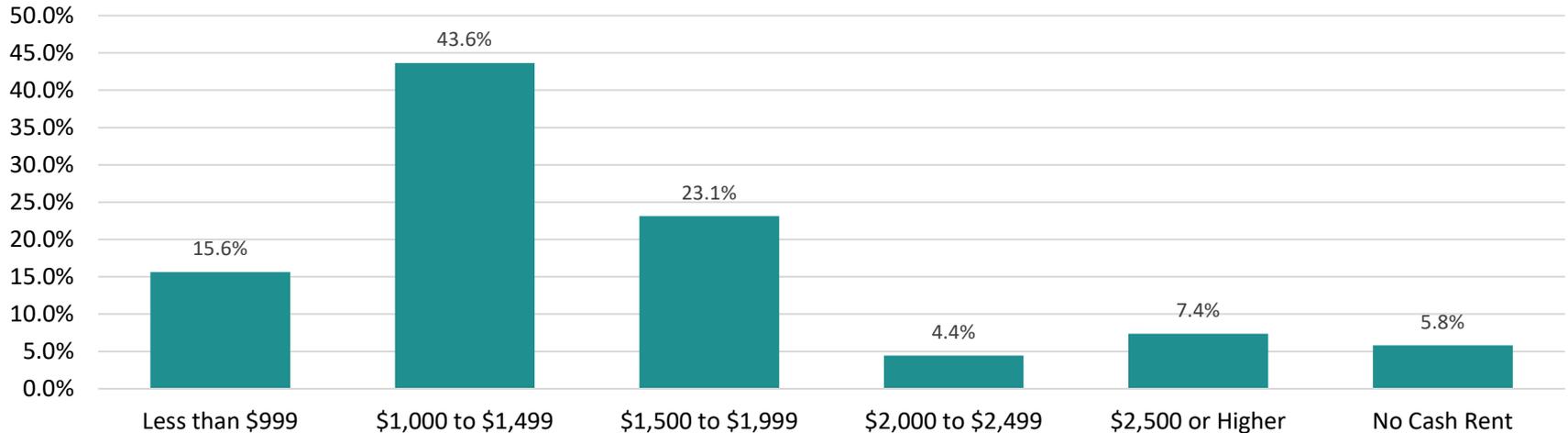


Source: 2019 American Community Survey, 5-Year Estimates, Table B25075

- Home prices provide some naturally affordable options but there are also many homes in expensive price ranges
- Only 25% of homes are valued under \$299,000
- 5.1% of homes are valued over \$1 million

GROSS RENT DISTRIBUTION

Distribution of Gross Monthly Rental Costs

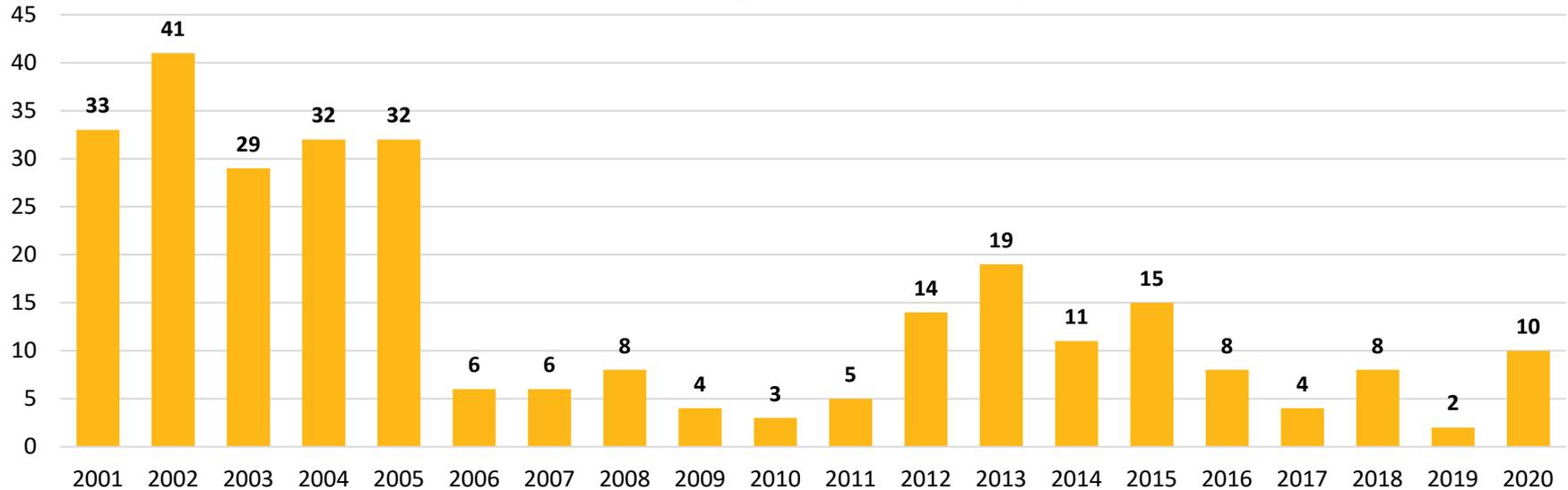


Source: 2019 American Community Survey 5-Year Estimates, Table B25063

- Rental costs range across a variety of price points in Old Lyme
- 15.6% of rental units are under \$1,000
- Naturally affordable rental options exist but this does not mean all need is currently being met

HOUSING PERMITS

Town of Old Lyme Housing Permit Activity: 2001 to 2020

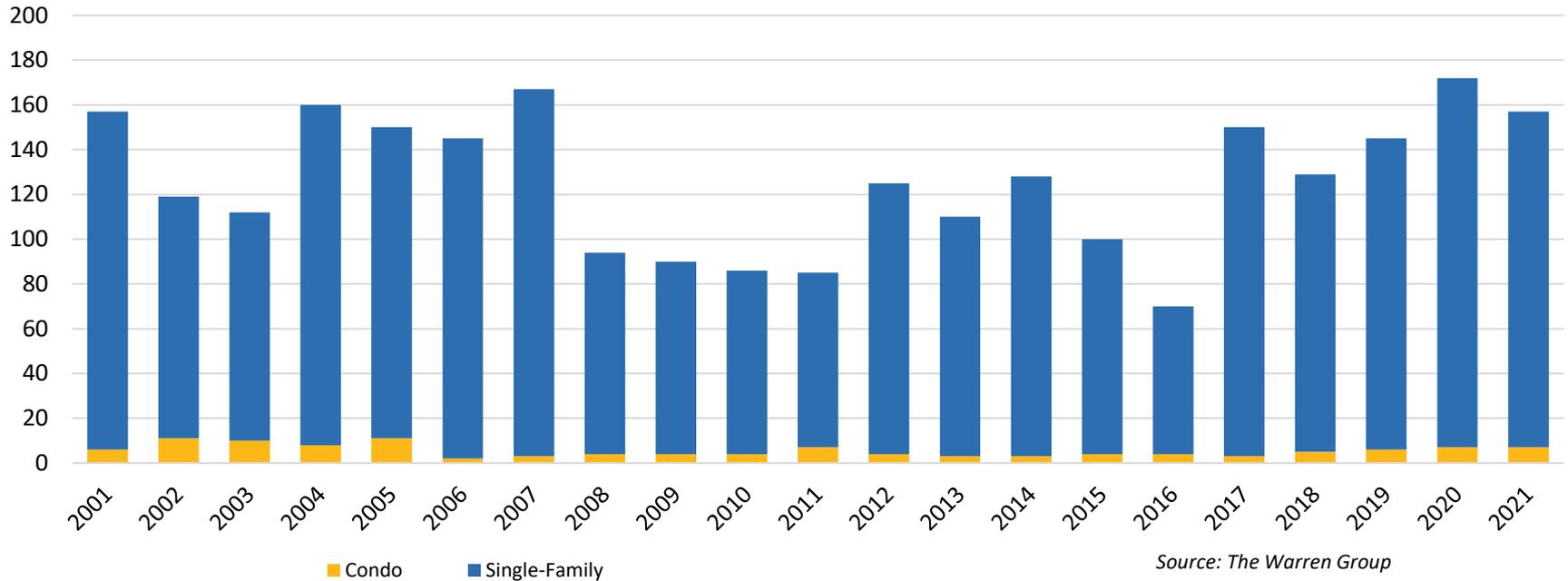


Source: CT Department of Economic and Community Development

- New housing construction fluctuates significantly year to year in Old Lyme but has dropped off since after 2005 – no year has been more than 20 permits since then
- Some more active years between 2012 and 2015 followed by another drop off

HOME SALES

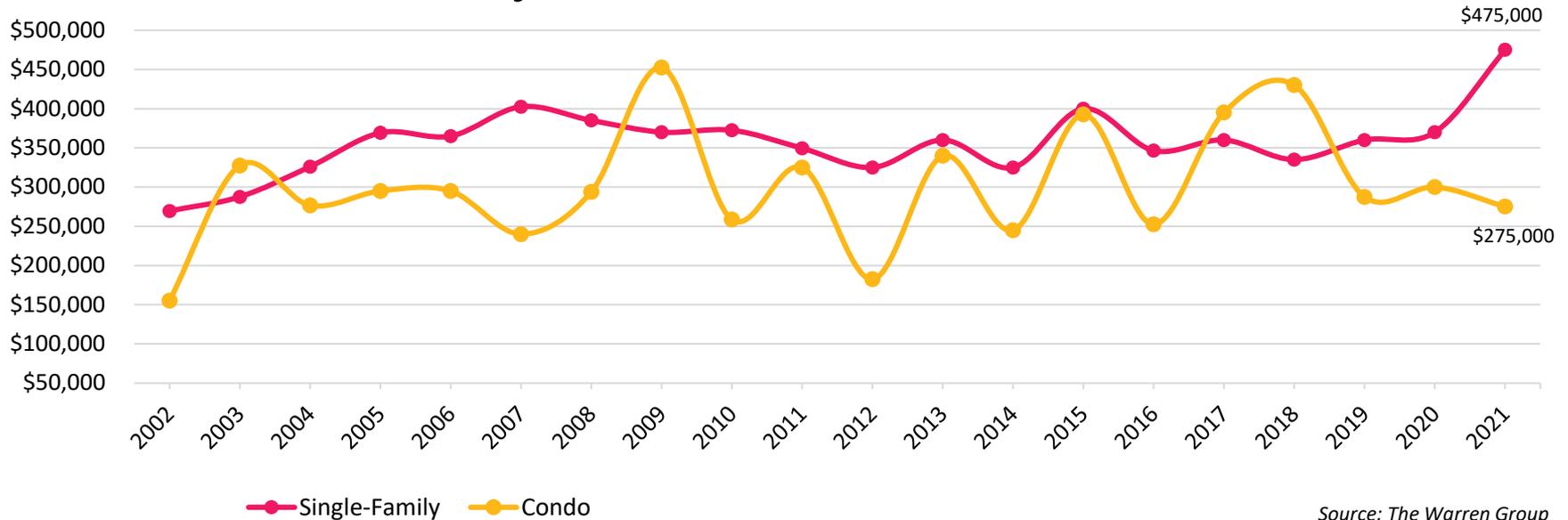
Town of Old Lyme Home Sales: 2001 to 2021



- Single-family home sales have been consistently stable and have risen overall since a low range between 2008 and 2011
- Have reached comparable sales to the early 2000s
- Very minimal condo sales indicate predominance of single-family homes

HOME SALE PRICES

Town of Old Lyme Median Home Sale Price: 2002 to 2021



- Single-family home prices have been relatively stable with a large spike in 2021 – possible COVID-related
- Condo home prices have fluctuated consistently and recently dropped
- Increasing single-family sale prices may encourage more current owners to sell

HOUSING MARKET TRENDS: TAKEAWAYS

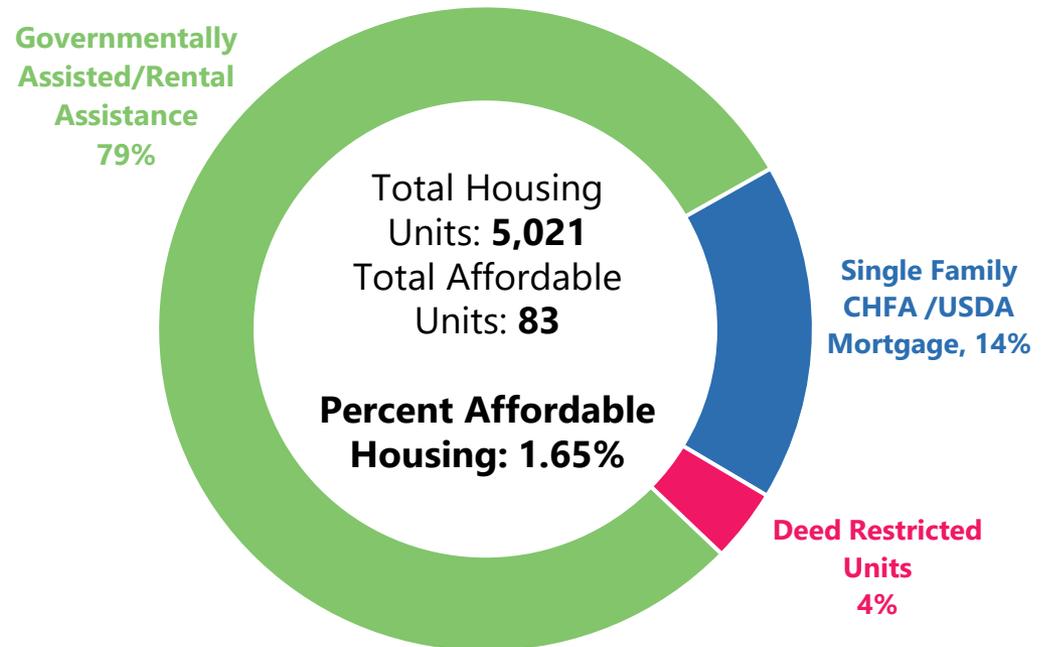
- Old Lyme's housing stock is dominated by single-family homes
- Very little no new housing is currently being built in Old Lyme
- There are minimal options for the following:
 - Multi-family units
 - Rental units
 - Lower priced single-family homes
 - Studios or one-bedroom units for individuals or couples

HOUSING NEEDS ASSESSMENT

PROTECTED AFFORDABLE HOUSING

- **Protected Affordable Housing Units** meet the statutory definition of affordable housing and are restricted to households that make less than 80% of AMI, so that they spend less than 30% of their income on housing
- **As of 2021, only 83 units, or 1.65% of Old Lyme's total housing units were protected affordable units.**
- The State has a goal for all towns to reach 10%

**Affordable Housing Units in Old Lyme
by Type: 2021**



Source: DECD Affordable Housing Appeals List, 2021

AFFORDABLE HOUSING NEEDS

How many Old Lyme Families Need Affordable Housing?

Low Income

51% to 80% of AMI

<\$55,950 for an individual
<\$79,900 for a family of 4



215

Homeowners



115

Renters



330

Total Households

Very Low Income

31% to 50% of AMI

<\$36,050 for an individual
<\$51,450 for a family of 4



170

Homeowners



145

Renters



315

Total Households

Extremely Low Income

30% of less of AMI

<\$21,600 for an individual
<\$30,850 for a family of 4



160

Homeowners



130

Renters



290

Total Households

Source: U.S. Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Survey (CHAS): 2014-2018

- There are **935 households in Old Lyme (29% of total)** who meet the definition of low income (household income <80% of AMI)
- More homeowner need than rental need, but this is likely due to lack of rental options

AFFORDABLE HOUSING: HOMEOWNER NEEDS

Maximum Home Value Affordable to Low Income Homeowners

Low Income

51% to 80% of AMI

<\$55,950 for an individual
<\$79,900 for a family of 4



\$204,000
for an individual



\$291,000
for a family of 4

Very Low Income

31% to 50% of AMI

<\$36,050 for an individual
<\$51,450 for a family of 4



\$131,000
for an individual



\$187,000
for a family of 4

Extremely Low Income

30% of less of AMI

<\$21,600 for an individual
<\$30,850 for a family of 4



\$78,000
for an individual



\$112,000
for a family of 4

Source: U.S. Department of Housing and Urban Development (HUD) Income Limits. Based on income limits for the Hartford, CT HUD Metro FMR Area Calculation assumes 20% down payment, 30-year mortgage at 5% interest, annual property tax payments, and 1.5% carrying costs for insurance and utilities

30% Rule: HUD recommends that households spend no more than 30% of their income on housing costs including rent or mortgage payments, property taxes, utilities, HOA fees, and maintenance costs

AFFORDABLE HOUSING: RENTER NEEDS

Maximum Monthly Costs for Low Income Renters

Low Income

51% to 80% of AMI

<\$55,950 for an individual
<\$79,900 for a family of 4



\$1,230/month

for an individual



\$1,757/month

for a family of 4

Very Low Income

31% to 50% of AMI

<\$36,050 for an individual
<\$51,450 for a family of 4



\$792/month

for an individual



\$1,131/month

for a family of 4

Extremely Low Income

30% of less of AMI

<\$21,600 for an individual
<\$30,850 for a family of 4



\$475/month

for an individual



\$678/month

for a family of 4

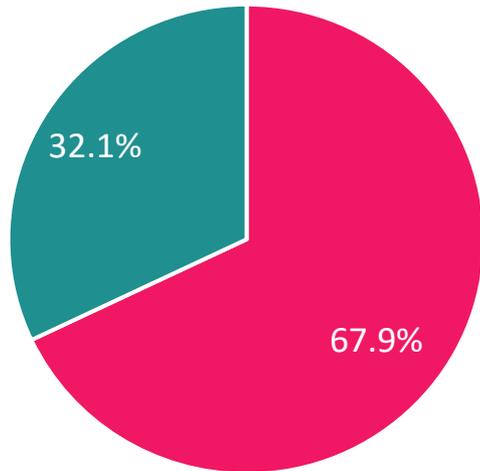
Source: U.S. Department of Housing and Urban Development (HUD) Income Limits. Based on income limits for the Hartford, CT HUD Metro FMR Area

30% Rule: HUD recommends that households spend no more than 30% of their income on housing costs including rent or mortgage payments, property taxes, utilities, HOA fees, and maintenance costs

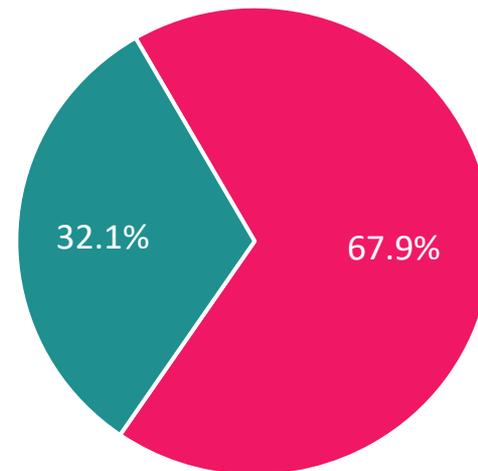
COST BURDENS: EXISTING CONDITIONS

Cost Burden for Low Income Households in Old Lyme

Low-Income Renters by Portion of Income Spent on Housing



Low-Income Homeowners by Portion of Income Spent on Housing



■ Spending More Than 30% of Income
■ Spending Less Than 30% of Income

Source: U.S. Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Survey (CHAS): 2014-2018

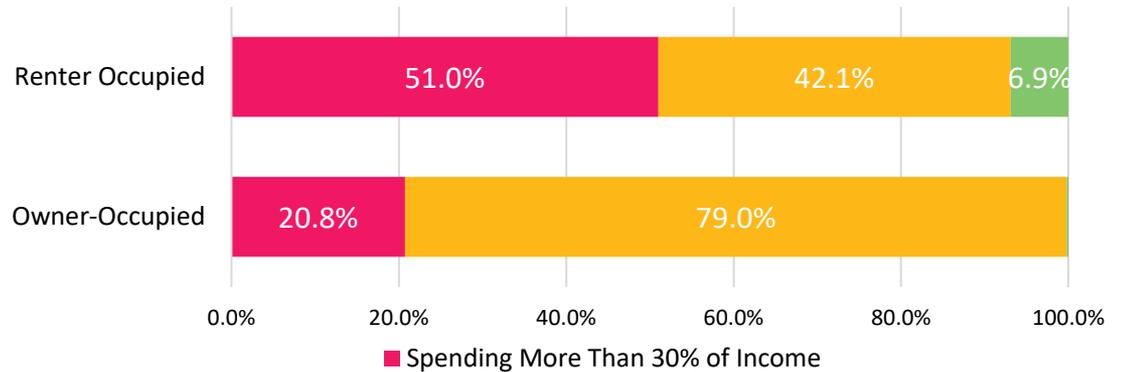
- **Cost Burden** is defined as households that spend greater than 30% of their income on housing. These households may have difficulty affording necessities such as food, clothing, transportation, and medical care
- In 2018, about 68% of Old Lyme's low-income households are cost-burdened
 - Compares to 10% for households who are not considered low-income

COST BURDENS: EXISTING CONDITIONS

Cost Burden for Other Populations in Old Lyme

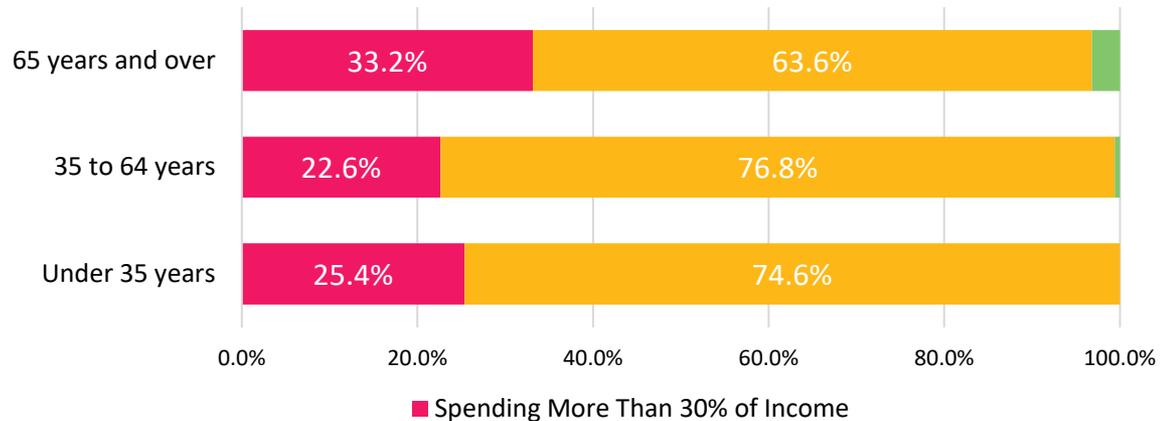
- Renters are much more likely to be cost-burdened than homeowners (51%)
- Seniors 65 years+ are the most likely age group to be cost-burdened
- Income only includes monthly income, not assets so need could be overstated, particularly for seniors

Portion of Income Spent on Housing, by Tenure



Source: ACS 5-Year Estimates, Table B25072, 25093

Portion of Income Spent on Housing, by Age



Source: ACS 5-Year Estimates, Table B25072, 25093

HOUSING GAP ANALYSIS: METHODOLOGY

Affordable Housing Demand:

- Low-income household estimates provided by U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Survey (CHAS)
- Income limits provided by U.S. Department of Housing and Urban Development (HUD)

Affordable Housing Supply:

- Naturally occurring affordable housing calculated using 2019 American Community Survey 5-Year Estimates.
 - Home Value Distribution
 - Distribution of Gross Rent
- SLR calculation of units affordable to low-income households based on HUD income limits

Housing Gap:

- Compares housing demand to housing supply
- Two representative case studies for a family of four and a single-person household. These households have different income limits according to HUD

HOUSING GAP ANALYSIS: FAMILY OF 4

Owner-Occupied Units

| Income Group | Max Home Value (Family of 4) | Cumulative Owner Households in Income Range | Cumulative Owner-Occupied Units in Price Range | Owner Gap |
|------------------------------------|------------------------------|---|--|-----------|
| Extremely Low Income (<30% of AMI) | \$112,000 | 160 | 38 | (122) |
| Very Low Income (<50% of AMI) | \$187,000 | 330 | 185 | (145) |
| Low Income (<80% of AMI) | \$291,000 | 545 | 578 | 33 |

Source: HUD Income Limits; Comprehensive Housing Affordability Survey (CHAS): 2014-2018; ACS Five-Year Estimates B25075

Renter-Occupied Units

| Income Group | Max Monthly Rent (Family of 4) | Cumulative Renter Households in Income Range | Cumulative Renter-Occupied Units in Price Range | Renter Gap |
|------------------------------------|--------------------------------|--|---|------------|
| Extremely Low Income (<30% of AMI) | \$678 | 130 | 78 | (52) |
| Very Low Income (<50% of AMI) | \$1,131 | 275 | 189 | (86) |
| Low Income (<80% of AMI) | \$1,757 | 390 | 465 | 75 |

Source: HUD Income Limits; Comprehensive Housing Affordability Survey (CHAS): 2014-2018; ACS Five-Year Estimates B25063

HOUSING GAP ANALYSIS: INDIVIDUALS

Owner-Occupied Units

| Income Group | Max Home Value (Individual) | Cumulative Owner Households in Income Range | Cumulative Owner-Occupied Units in Price Range | Owner Gap |
|------------------------------------|-----------------------------|---|--|-----------|
| Extremely Low Income (<30% of AMI) | \$78,000 | 160 | 38 | (122) |
| Very Low Income (<50% of AMI) | \$131,000 | 330 | 47 | (283) |
| Low Income (<80% of AMI) | \$204,000 | 545 | 253 | (292) |

Source: HUD Income Limits; Comprehensive Housing Affordability Survey (CHAS): 2014-2018; ACS Five-Year Estimates B25075

Renter-Occupied Units

| Income Group | Max Monthly Rent (Individual) | Cumulative Renter Households in Income Range | Cumulative Renter-Occupied Units in Price Range | Renter Gap |
|-------------------------------------|-------------------------------|--|---|------------|
| Extremely Low Income (<30% of AMI) | \$475 | 130 | 57 | (73) |
| Very Low Income (30% to 50% of AMI) | \$792 | 275 | 86 | (189) |
| Low Income (50% to 80% of AMI) | \$1,230 | 390 | 254 | (136) |

Source: HUD Income Limits; Comprehensive Housing Affordability Survey (CHAS): 2014-2018; ACS Five-Year Estimates B25063

HOUSING NEEDS ASSESSMENT: TAKEAWAYS

- 29% of residents qualify as low-income per State definitions
- Low-income homeowners and renters are equally cost burdened in Old Lyme – 67.9% pay more than 30% of income to housing
- Substantial housing needs across all areas. Particular areas of need include:
 - Renters
 - Seniors
 - Individual or single-income households
- Old Lyme currently lacks the housing units to meet these needs



Town of Old Lyme

Affordable Housing Plan

May 2022

Appendix B: Development Capacity Assessment



➔ **Old Lyme
Buildout Analysis**

April 28, 2022

global **environmental** and **advisory** solutions

DRAFT

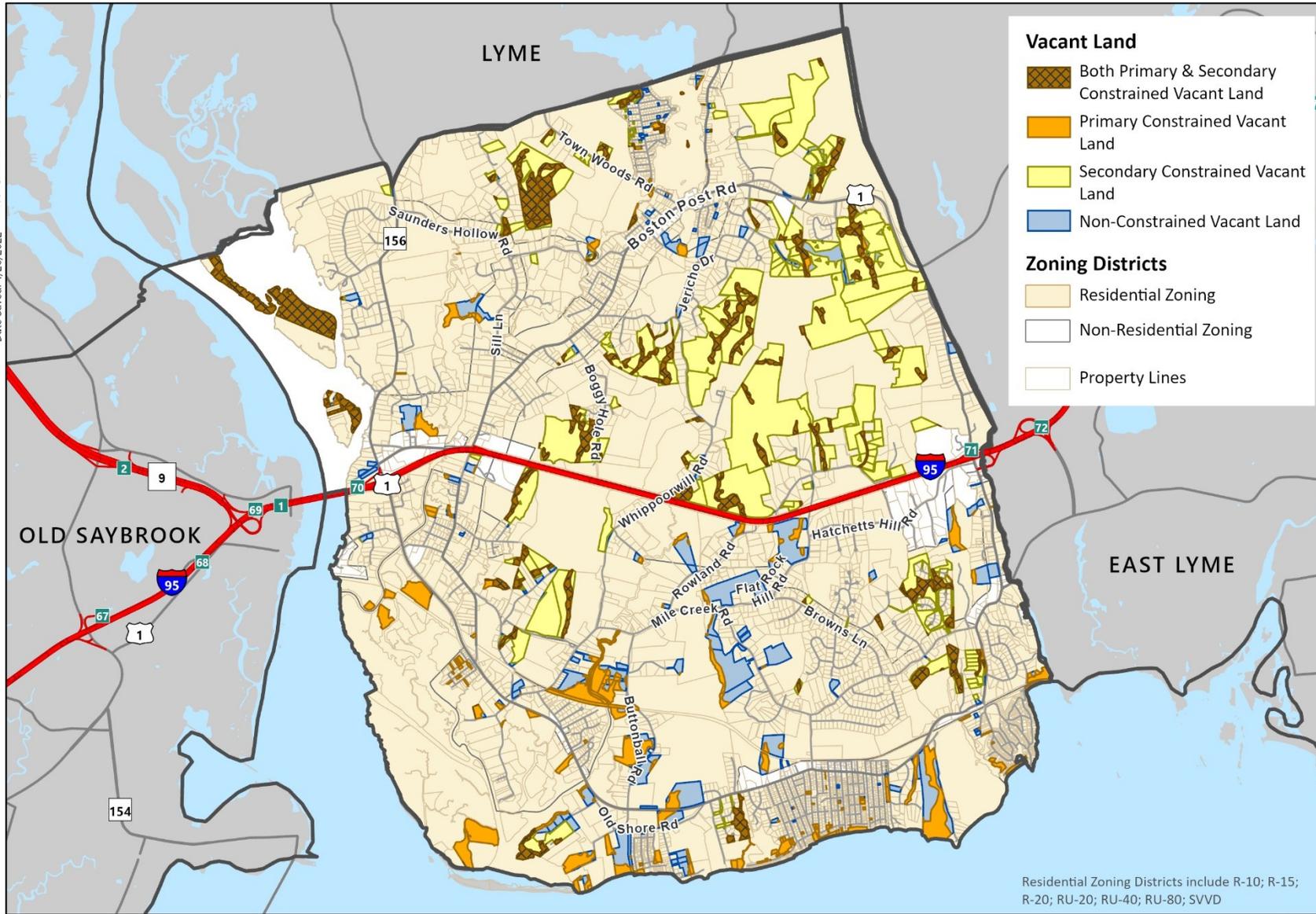


SLR 

Analysis Description

- A buildout analysis was conducted to determine the potential maximum residential buildable lots within Old Lyme. Factors taken into consideration were environmental constraints and vacant parcels within residentially-zoned areas. Calculations were generated in GIS, based on local and statewide datasets that were provided to SLR by RiverCOG.
- Environmental constraints were split into two separate categories: primary constraints and secondary constraints, and calculated separately. **Primary Constraints** are natural and environmental constraints. **Secondary Constraints** were identified as land that is important for Old Lyme to protect but that do not currently have a legal or regulatory protection.
- The following layers were overlaid to create the **Primary Constraints** layer: FEMA Special Flood Hazard Area, Protected Open Space properties provided by RiverCOG, High Tide 50-ft Buffer area, Tidal Wetlands, Inland Wetland Soils, and Road Right-of-Way area. Steep slopes were also analyzed but no slopes met the threshold to be included.
- The following layers were overlaid to create the **Secondary Constraints** layer: Old Lyme Designated Open Space properties provided by Old Lyme via RiverCOG staff and Natural Habitat Corridors
- Each of these environmental constraints were intersected with the parcels of **Vacant land** to determine how much area was considered developable or constrained. Vacant parcels were then aggregated to create a total estimate of the **maximum number of potential developable lots** based on local zoning regulations. These estimates are to be used for conceptual planning purposes only.

Date Saved: 4/26/2022 Copyright SLR Consulting - 2022



Vacant Land by Residential Zoning District
Buildout Analysis

Environmental Constraint
Primary Constraints -- FEMA SFHA, Protected Open Space properties, High Tide 50-ft buffer, Tidal Wetlands, Inland Wetland Soils, and Road ROW
Secondary Constraints -- Old Lyme Designated Open Space properties, Natural Habitat Corridors



SLR
 99 REALTY DRIVE
 CHESHIRE, CT 06410
 203.271.1773

Constrained Area on Vacant Land by Residential Zone

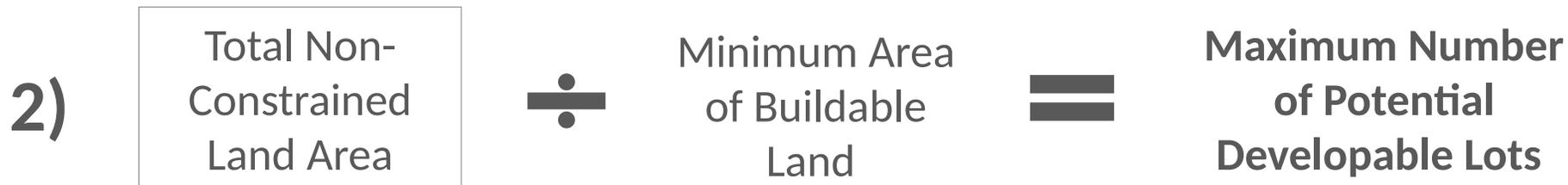
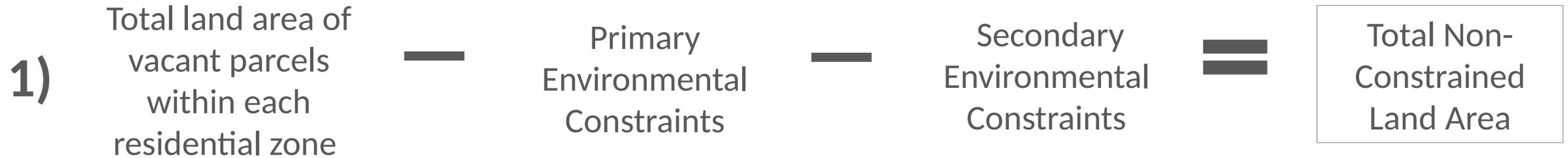
Old Lyme Vacant Land in Residential Zones

| Zoning Districts | Total Vacant Land | Primary Constraints | Secondary Constraints | Total Non-Constrained Land | Percent Non-Constrained Land | Minimum Area of Buildable Land | | Maximum Number of Potential Developable Lots | 10% Lot Reduction (for ROW, etc.) * |
|------------------|-------------------|---------------------|-----------------------|----------------------------|------------------------------|--------------------------------|--------|--|-------------------------------------|
| | acres | acres | acres | acres | | acres | feet | acres | |
| R-10 | 58.2 | 42.6 | 1.5 | 14.0 | 24% | 0.25 | 10,000 | 56 | 50 |
| R-15 | 6.7 | 4.3 | 0.0 | 2.3 | 35% | 0.35 | 15,000 | 6 | 5 |
| R-20 | 57.8 | 24.6 | 10.3 | 22.9 | 40% | 0.50 | 20,000 | 45 | 40 |
| RU-20 | 7.0 | 6.4 | 0.0 | 0.6 | 8% | 0.50 | 20,000 | 1 | 0 |
| RU-40 | 492.8 | 184.5 | 52.9 | 255.4 | 52% | 1.00 | 40,000 | 255 | 229 |
| RU-80 | 2,010.7 | 502.8 | 1,340.3 | 167.5 | 8% | 2.00 | 80,000 | 83 | 74 |
| SVVD | 0.9 | 0.8 | 0.0 | 0.1 | 7% | | | | |
| Total | 2,634.0 | 766.0 | 1,405.1 | 462.9 | 18% | | | 446 | 398 |

* 10% lot reduction is based on best management practices for additional unaccounted factors including but not limited to right-of-way access, infrastructure access, etc.

- Primary Constraints include the following layers: FEMA SFHA, Open Space properties, High tide 50-ft buffer, Tidal Wetlands, Inland Wetland Soils, and Road ROW
- Secondary Constraints include the following layers: Other Open Space properties, Primary and Connecting Wildlife Corridors

Methodology of Lot Calculations





Town of Old Lyme

Affordable Housing Plan

May 2022

End of Appendices