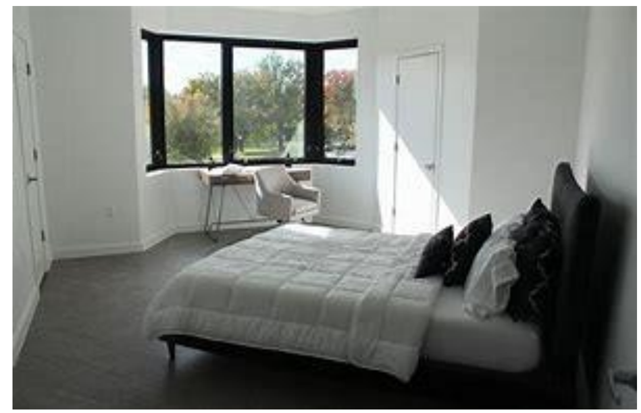
Housing Market Study

Lower Connecticut River Valley Region



Prepared for the

Lower Connecticut River Valley Council of Government

June 27, 2022

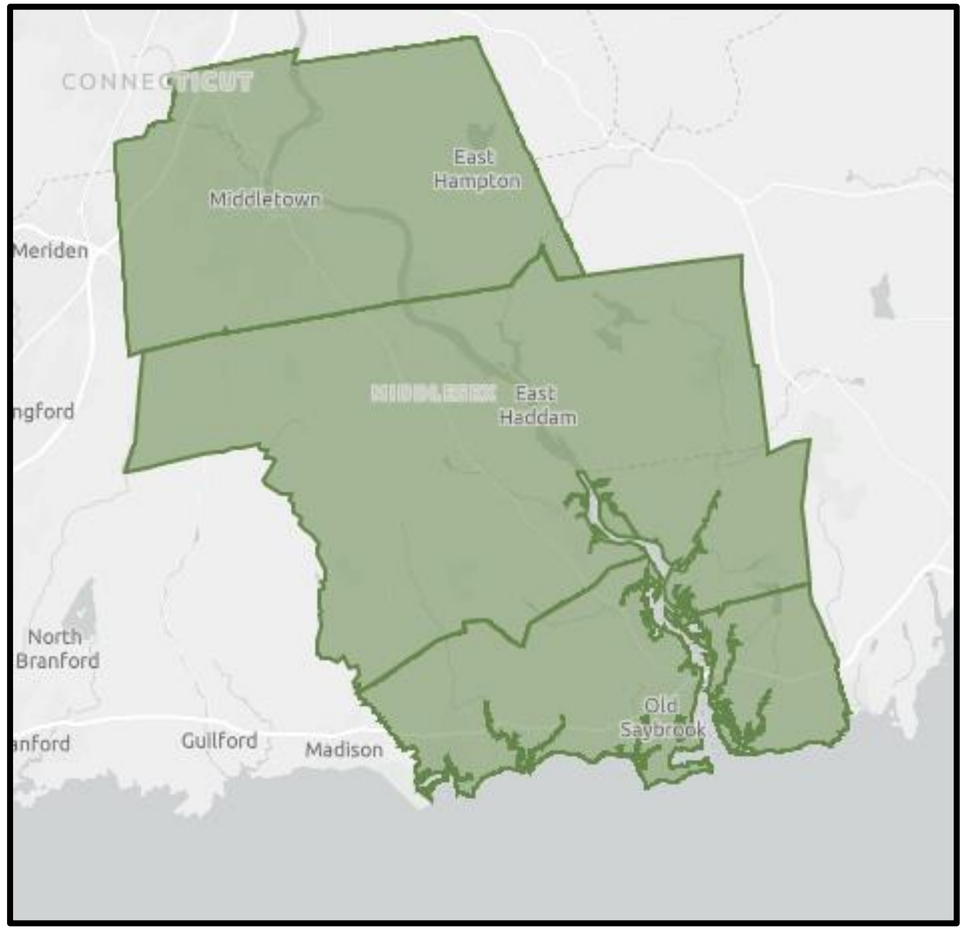
GOMAN +YORK ADVISORY SERVICES

1137 Main Street
East Hartford, CT 06108
Tel: (860) 841-3271
Fax: (877) 741-7210
gomanyork.com

Table of Contents

Housing Market Study – Lower Connecticut River Valley Region

Lower Connecticut River Valley Region



Introduction

GOMAN+YORK

Introduction

Lower Connecticut River Valley Region

Lower Connecticut River Valley Region Housing Market Study

This study analyzes the regional housing market, provides housing market date, and sets the foundation of the Regional Housing Plan. To accomplish this, the study provides the analysis of the regional housing market by focusing on the regional housing market geographies and the demand drivers that determine the strength of the housing market.

What is Affordable Housing

The U.S. Department of Housing and Urban Development's (HUD) explains that housing is unaffordable when a household pays more than 30% of their income for housing. For example, a household earning $75,000 spending more than $22,500 (30% gross income) per year on housing, then such housing is unaffordable.

The Connecticut General Statutes (CGS), Chapter 126a Affordable Housing Land Use Appeals, Section 8-30g for the purpose of zoning, defines *qualified affordable housing* as:

- Assisted Housing: housing which receives financial assistance under any governmental program for low- and moderate-income households.
- Set-aside Development: a development with 30% of the units conveyed by deeds containing restrictions which require that, for at least 40 years, such housing units be sold or rented at or below prices which households pay 30% or less of their income, where such income is less than or equal to 80% of the median income.

Why Housing Matters

There is a symbiotic relationship between economic development and housing—*housing is where jobs go at night*.

- If the Region does not have a housing stock to meet the needs (and wants) of the workforce, it will be difficult to retain and attract jobs.
- To remain competitive, the Region must provide a housing stock that that meet the needs and wants of consumers.
- Affordable housing is critical for fostering economic prosperity, generational wealth, and upward mobility.

Why Affordable Housing?

- Quality affordable housing provides social and economic stability for households, families, and communities.
- Quality affordable housing is key to social and economic prosperity.
- Diversity—social, economic, and cultural—is the corner stone of resilience. Resilient communities can withstand shock and disturbance.
- Past generations benefited from affordable housing and the associated wealth creation. Future generations deserve the same opportunity and benefit.
- When the market does not meet the needs of society, government has a role to assist those in need.

Housing Market Geography

GOMAN+YORK

Housing Market Geography

Lower Connecticut River Valley Region

Understanding the Geography of Housing Markets

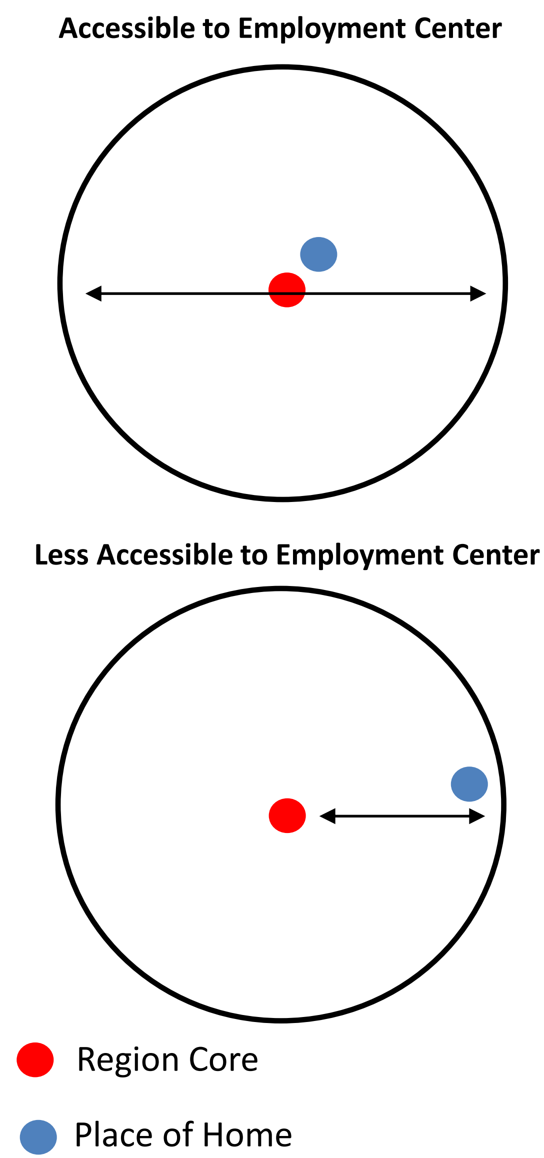
Housing markets are organized at the metropolitan scale and include regional submarkets. Metropolitan regions are labor markets—persons and firms locate in metropolitan areas for employment opportunities. This creates a symbiotic relationship between the place of home and place of work--h*ousing is where jobs go at night.*

The spatial organization and location of housing—and the spatial organization of transportation networks—within the metropolitan region determines accessibility to employment opportunities.

The more centrally located the place of home, the more accessible to employment opportunities within the metropolitan area. Therefore, commuter times—an average of 24 minutes in Central Connecticut—frame the extent of the regional and subregional housing market. To put it another way, the distance from large employment centers within a region define the accessibility of employment opportunities from the place of home.

The Lower Connecticut River Valley Region (LCRVR) is a peripheral region at the fringe of the Hartford, New Haven, and Norwich-New London metropolitan areas. The Hartford metropolitan region is the largest in terms of employment, housing, and population, dominating the housing market geography of Lower Connecticut River Valley Region.

Housing near or at the metropolitan fringe is less accessible to employment opportunities than housing near the core of the region. The result—housing market demand—in terms of land/rent value—is greatest nearest the core and least nearest the periphery. That is, central locations and locations nearest to the transportation network are the most accessible to employment opportunities.



Housing Market Geography

Lower Connecticut River Valley Region

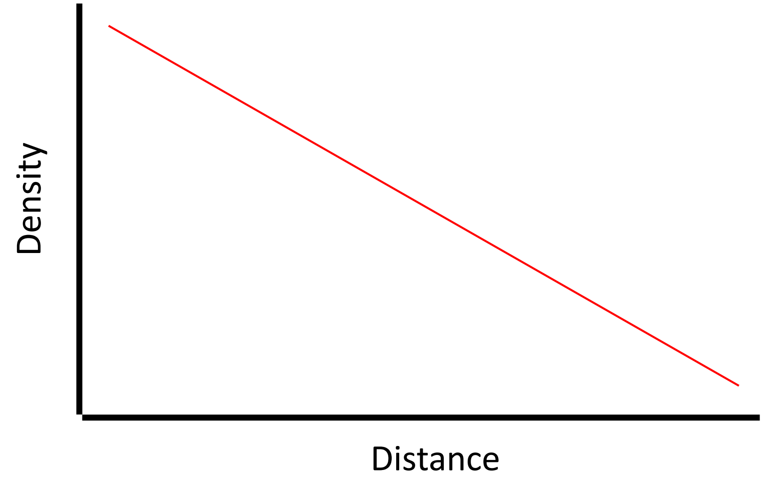
Spatial/Economic Organization of the Housing Market

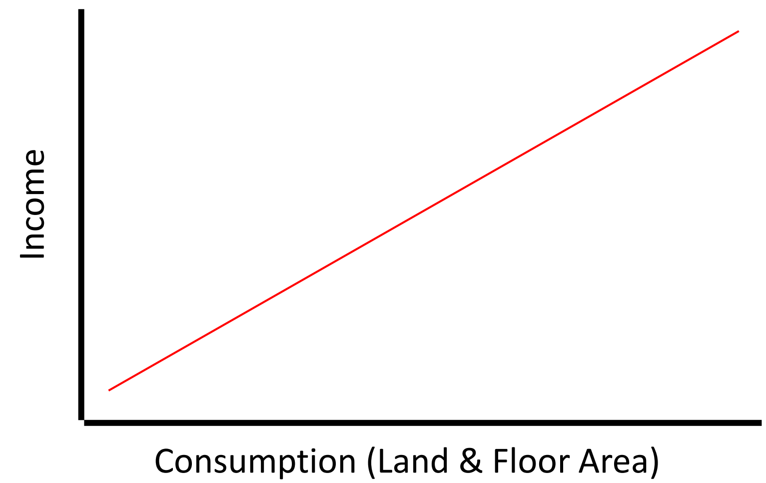
Density is highest at the metropolitan center and generally decreases as distance from the center increases—density is lowest near the periphery and furthest from the transportation network.

As household income increases, land consumption and floor area consumption increase. This means that wealthy households typically consume more land and/or more floor area than households of lesser means.

There are exceptions or distortions to the spatial organization of the metropolitan housing markets. The most common causes of these distortions are proximity to the transportation network, smaller subregional centers toward the periphery of the region, and the amenity value of some communities.

- **Proximity to Transportation Network:** Places more distant from the center may experience higher densities if they have good accessibility to the transportation network.
- **Subregional Center:** Subregion centers that are distanced from center, yet have higher density, larger populations, and meaningful employment opportunities. (Middletown is a subregional center.)
- **Amenity Value:** Desirable or undesirable locations can and do impact density and income patterns.





Housing Market Geography

Lower Connecticut River Valley Region

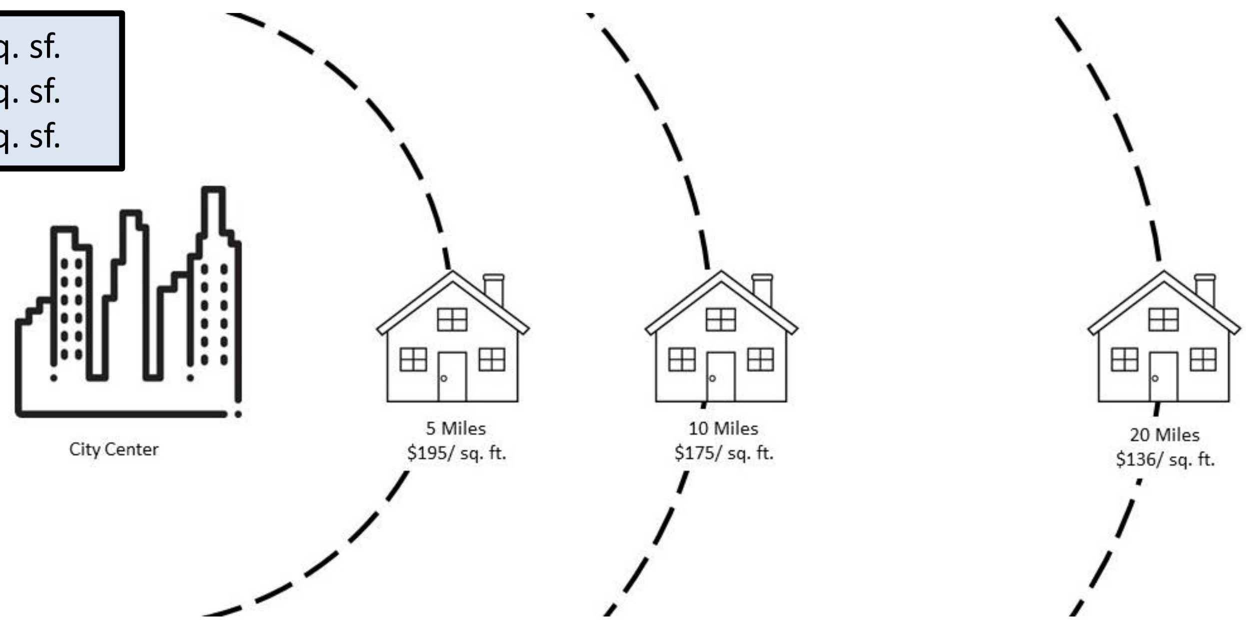
Spatial/Economic Organization of Housing Market

Land/Rent Value: land/rent value is highest near the metropolitan center due to accessibility to employment opportunities and land/rent value is lowest near the periphery due to limited accessibility to employment opportunities. Therefore, a household at a given income can access a larger home on more land further from the center and nearest to the periphery. The value of land and rent, the value of housing, adjusts for the location within the region—the regional housing market. The housing market adjusts value for accessibility to employment opportunities.

Using the Hartford metropolitan market as an example, comparable homes (i.e., style, size, number of bedrooms, bathrooms, etc.) differentiated by distance will adjust for accessibility to employment opportunities. A 2,220 square foot custom Cape with three bedrooms, two and a half bathrooms, and a two-car garage in Stafford Springs—a 30-minute from Downtown Hartford is valued at less per square foot than comparable properties in South Windsor and West Hartford—the highest per square foot value being nearest the metropolitan center.

Comparable Home Value by Location

Stafford Springs (30-Minutes)	= $136/sq. sf.
South Windsor (15-Minute)	= $175/sq. sf.
West Hartford (10-Minutes)	= $195/sq. sf.



Housing Market Geography

Lower Connecticut River Valley Region

Spatial/Economic Organization of Housing Market

The Lower Connecticut River Valley Region is at the periphery of three metropolitan and labor market areas:

- Hartford
- New Haven
- New London

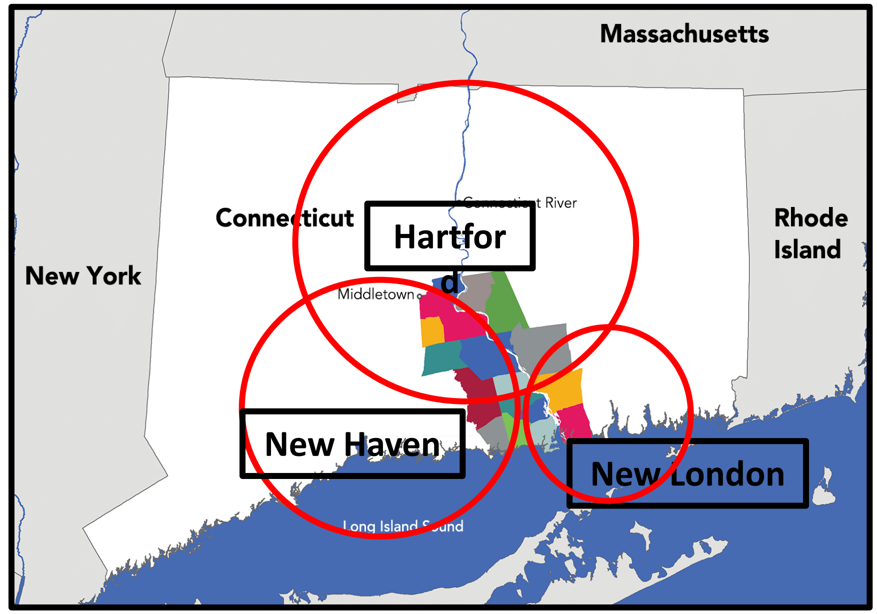
The Region's housing market is defined by location and distance from the cores of the three metropolitan areas. The Region's housing market is mostly distance from the metropolitan employment centers with limited accessibility to the greater labor markets.

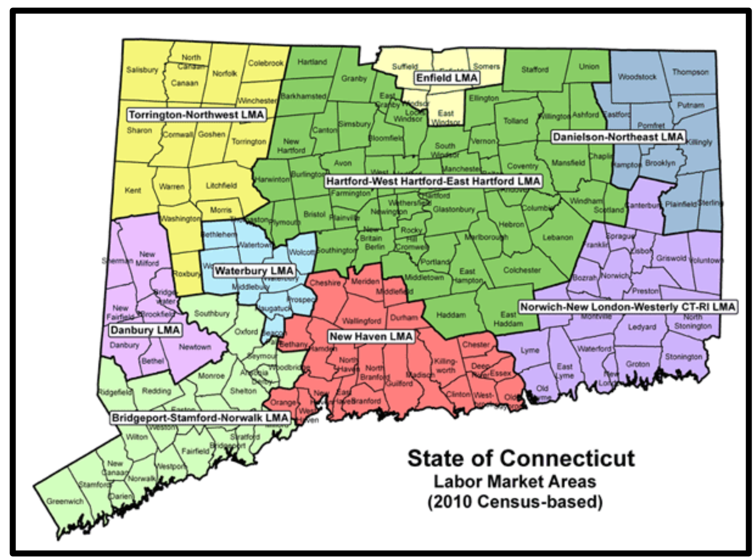
The northern portion of the Region is best positioned as it is part of the Hartford labor market. Middletown is smaller urban center and the Region's core employment center.

Market values organize around accessibility to the labor market and the transportation network and corridors . The primary corridors are I-91, Route 9, Route 2, Route 66, I-95, and Route 1.

Middletown functions as a subregional center in the metropolitan Hartford region, proving an employment center for the region, especially its neighboring communities. The interior area of the Region housing market is defined as a periphery, distanced from employment centers, while the shoreline housing market is defined by the amenity value of the coastal communities.

Market Geography and the Region as Periphery

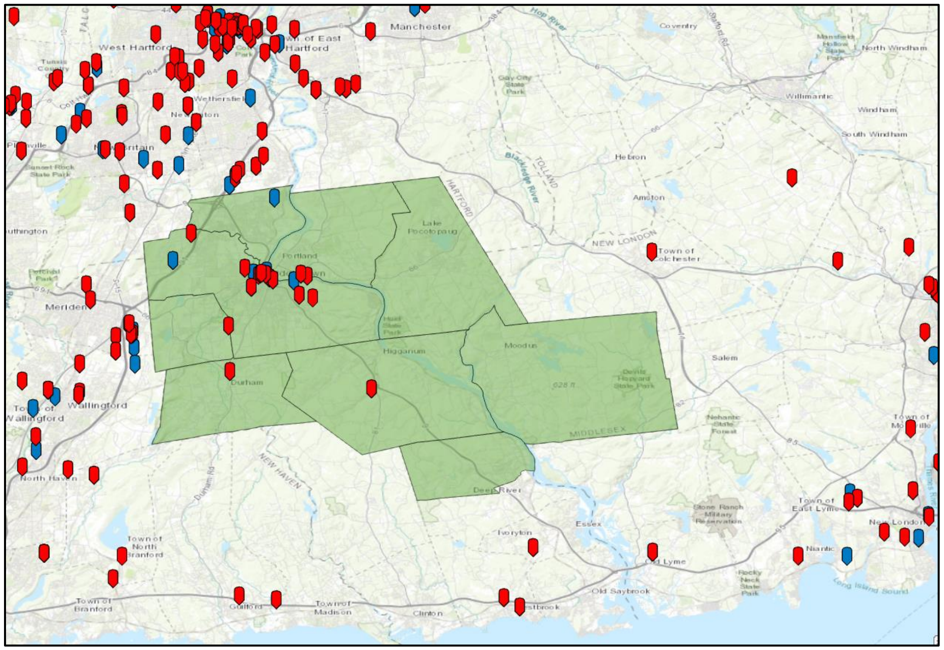




Housing Market Geography

Lower Connecticut River Valley Region

Hartford FMA



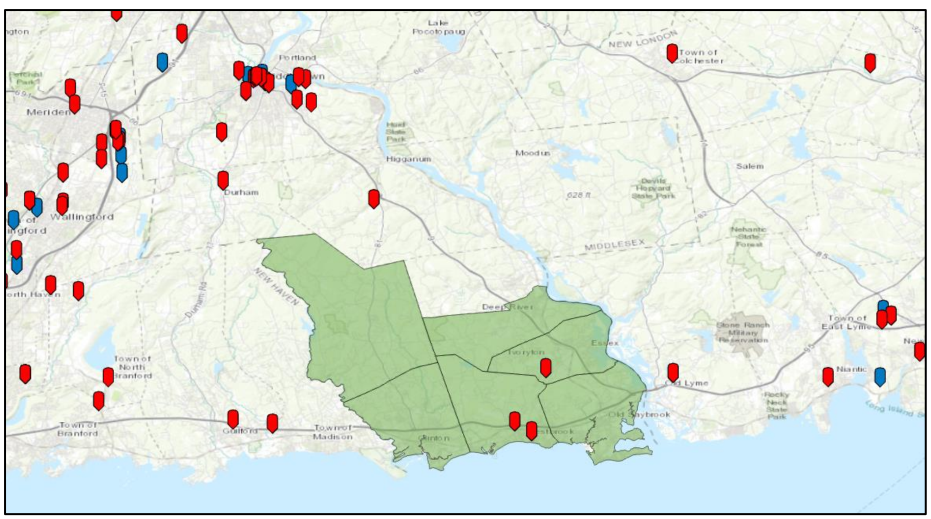
Lower Connecticut River Valley Region

The periphery and fringe dynamic of the Region is evidence by the distribution of large employers—employment centers.

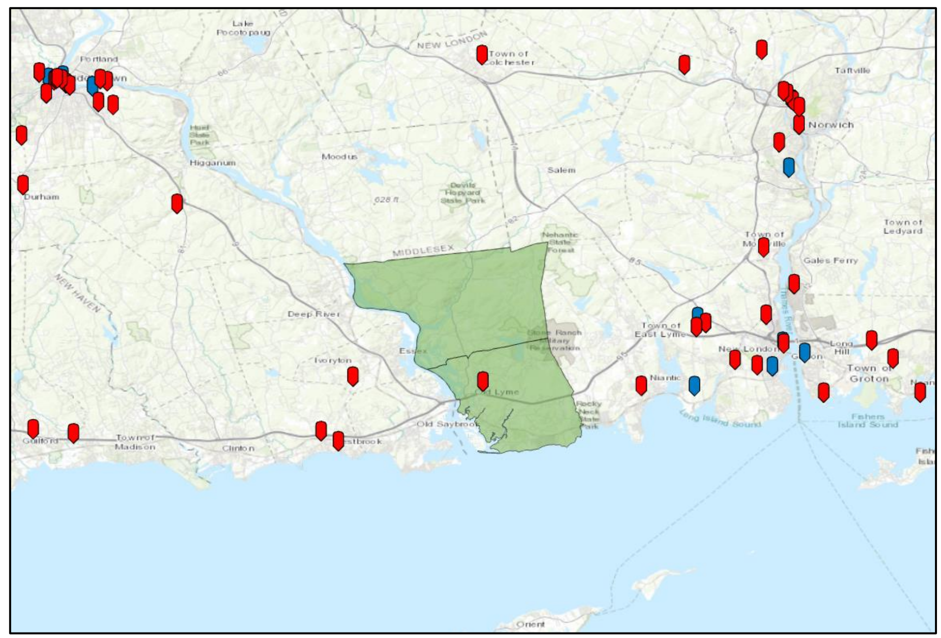
Large Employers

- 250+ Employees
- 1,000+ Employees

Southern Middlesex FMA



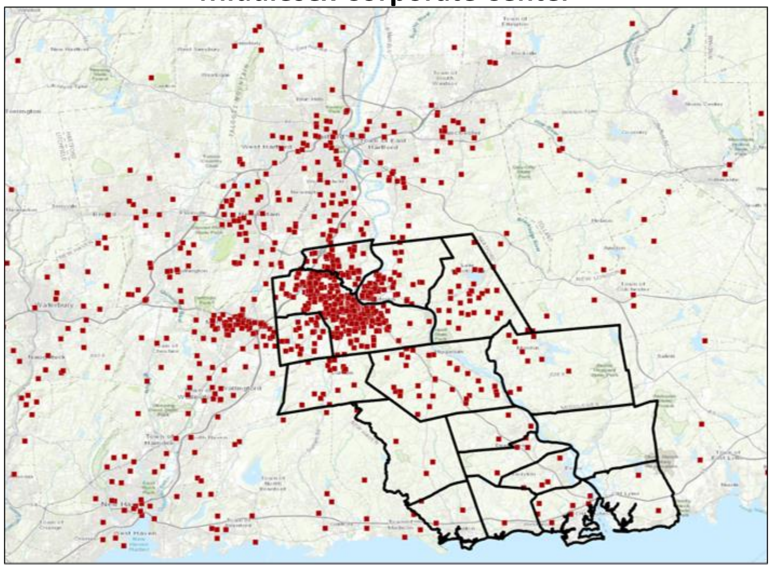
Norwich-New London FMA



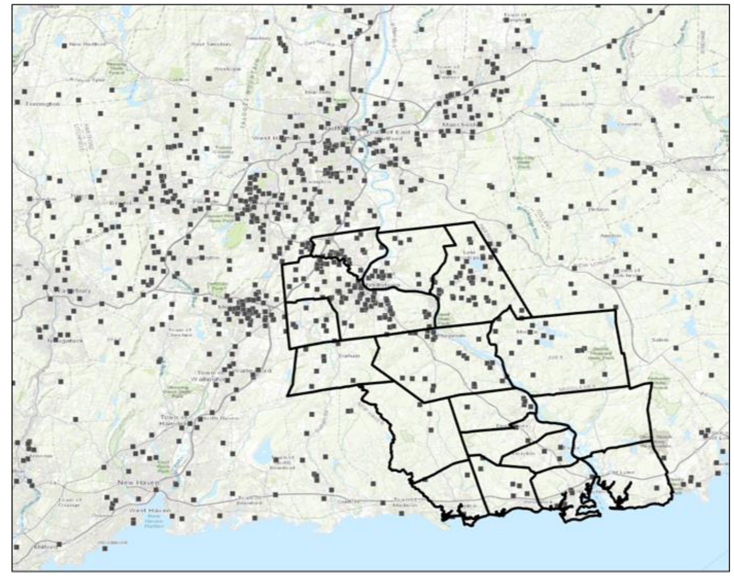
Housing Market Geography

Lower Connecticut River Valley Region

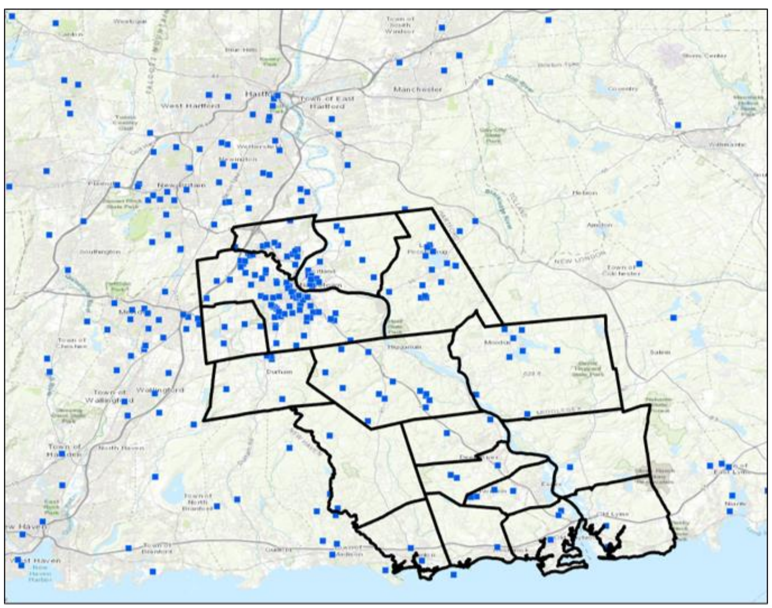
Middlesex Corporate Center



Pratt & Whitney Middletown



Middlesex Hospital



Lower Connecticut River Valley Region

To analyze and demonstrate the spatial organization of the housing market as a function of the labor market and the Lower Connecticut River Valley Region as periphery location, geofencing data from cell phone network pings was used to analysis the likely place of home for employees at three large employment centers.

The maps show three key findings:

1. The Lower Connecticut River Valley Region is most tethered to Hartford metropolitan region and labor market.
2. Middletown is a subregional center to the Hartford region and the dominate employment center to LCRVR.
3. Confirms and demonstrates that LCRVR is a periphery location with limited accessibility to the job market.

Major Employment Destinations

Lower Connecticut River Valley Region by Sub-Markets

Northern Market Area

Business	Location	# Employees
Wesleyan University	Middletown	3,520
Middlesex Memorial Hospital	Middletown	3,042
Lawn Surgeon	Cromwell	1,714
Amazon Fulfilment Center	Cromwell	1,100
Whiting Forensic Hospital	Middletown	1,000
Futurity First Insurance Group	Middletown	448
CT Juvenile Training School	Middletown	436
Zygo Corporation	Middletown	302
Albert J Solnit Psychiatric Center	Middletown	281
Middlesex Community College	Middletown	268
Godfrey Memorial Library	Middletown	265
National Health Care Associates	Middletown	250

Interior Market Area

Business	Location	# Employees
Durham Manufacturing Company	Durham	450
Regional School District 13	Durham	203
Hobson & Motzer Inc	Durham	195
Haddam Killingworth Middle School	Killingworth	165
Silgan Plastics	Deep River	150
New Haven Raccoon Hunters Club	Durham	144
Brain House Inc	Haddam	112
Goodspeed Opera House	East Haddam	111
Deep River Plastics	Deep River	100
Precision Lock & Safe	Deep River	100

Shoreline Market Area

Business	Location	# Employees
Middlesex Hospital	Essex	586
Newco Strategies LLC	Westbrook	300
Waters Edge Resort	Westbrook	273
Saybrook Point Inn	Old Saybrook	242
Medoption Behavioral Health	Old Saybrook	220
Essex Meadows Health Center	Essex	215
Gladeview Health Care	Old Saybrook	176
HR.BLR.com	Old Saybrook	170
Mill River Media	Old Lyme	150
Business & Legal Reports	Old Saybrook	147
Evapco	Essex	146
Lee Company	Westbrook	141
Infiltration Water Technologies	Old Saybrook	140
Apple Rehab	Old Saybrook	132
Vista Vocational Life Center	Westbrook	131
Kevin Russell Associates	Old Saybrook	130
Kohl's Department Store	Old Saybrook	123
Beard Lumber	Old Saybrook	120
Jiggy Unlimited	Old Lyme	115
Connecticut Water Service	Clinton	114
LEARN	Old Lyme	114
Valley Railroad Company	Essex	111
Shoreline Medical Center	Westbrook	111
The Morgan School	Clinton	111
Old Saybrook, Town	Old Saybrook	109
Griswold Inn	Essex	100

Housing Market Analysis: Submarket Geographies

GOMAN+YORK

The Regional Housing Market Geography

Lower Connecticut River Valley Region

Two Geographies of the Region

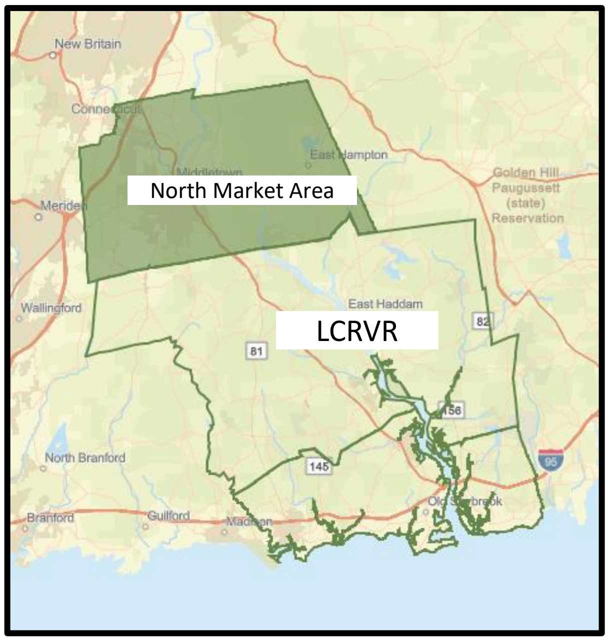
To conduct the analysis of the regional housing market, the Lower Connecticut River Valley Council of Governments administrative area was divided into two similar, yet different, submarket geographies. The first approach divides the Region into three submarkets: the North Market Area, Interior Market Area, and Shoreline Market Area. This submarket delineation is based on the unique difference of these areas—accessibility to the labor market in the northern area, coastal amenities in the shoreline area, and the rural location and character of the interior area. It is this submarket geography that is the preferred geography for guiding housing market planning and strategies to intervene in the Regional housing market.

The North Market Area (Middletown, Cromwell, Middlefield, Portland, and East Hampton) is recognized as functionally part of the metropolitan Hartford labor market and Middletown as a subregional job center in metropolitan Hartford. The areas physical character is more suburban than rural. The Interior Market Area (Durham, Haddam, East Haddam, Killingworth, Chester, Deep River, and Lyme) recognizes the rural aesthetic of these communities and their location at the periphery of the Hartford, New Haven, and Norwich-New London Metropolitan Areas. The Shoreline Market Area (Clinton, Westbrook, Old Saybrook, Essex, and Old Lyme) recognizes the coastal character of these communities, tourism economy, and the seasonal housing market. The demographic and socioeconomic trends for the submarket geographies are shown on the following page (also see Appendix I. for more detail data).

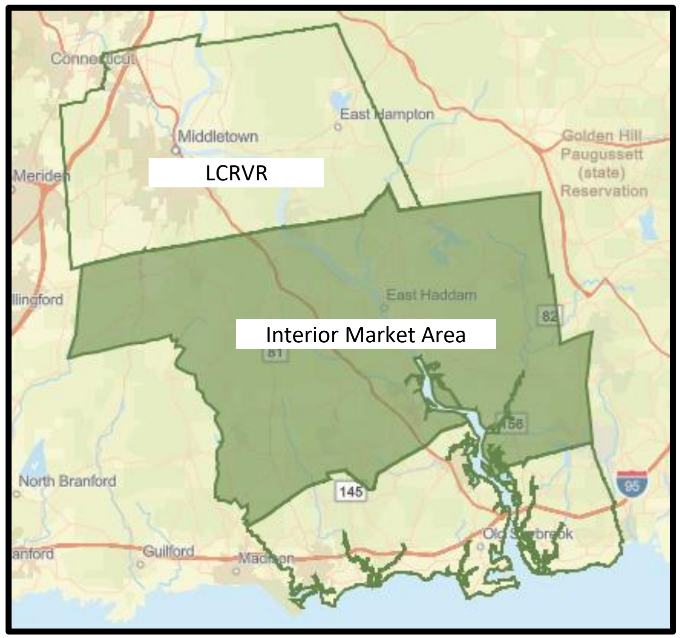
Planning Submarket: North Market Area

Source: ESRI & US Census

	North Market Area	Interior Market Area	Shoreline Market Area	LCRVR AREA
Population	88,712	42,599	45,185	176,496
Households	36,475	16,813	18,968	72,256
Median Age (years)	42.6	48.7	51.6	46.6
Average Household Size	2.31	2.51	2.36	2.37
Med. Household Income	$70,115	$96,491	$79,085	$78,221
Med. Home Value	$257,157	$332,036	$363,143	$293,266
Med. Year Housing Built	1971	1973	1967	1970



The North Market Area contains the following areas: Middletown, Middlefield, Cromwell, Portland, East Hampton



The Middle Market Area contains the following areas: Durham, Haddam, East Haddam, Chester, Killingworth, Deep River, Lyme

The Shore Market Area contains the following areas: Clinton, Westbrook, Old Saybrook, Old Lyme, Essex

The Regional Housing Market Geography

Lower Connecticut River Valley Region

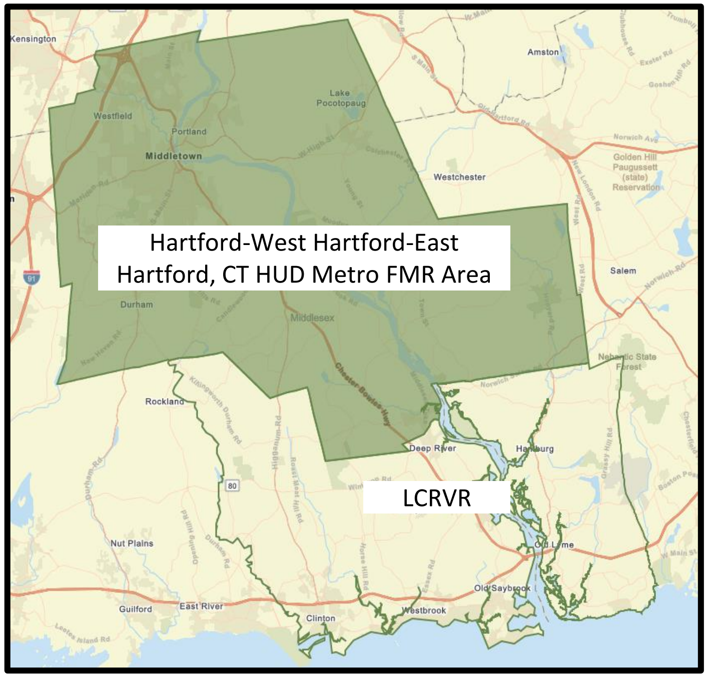
Two Geographies of the Region

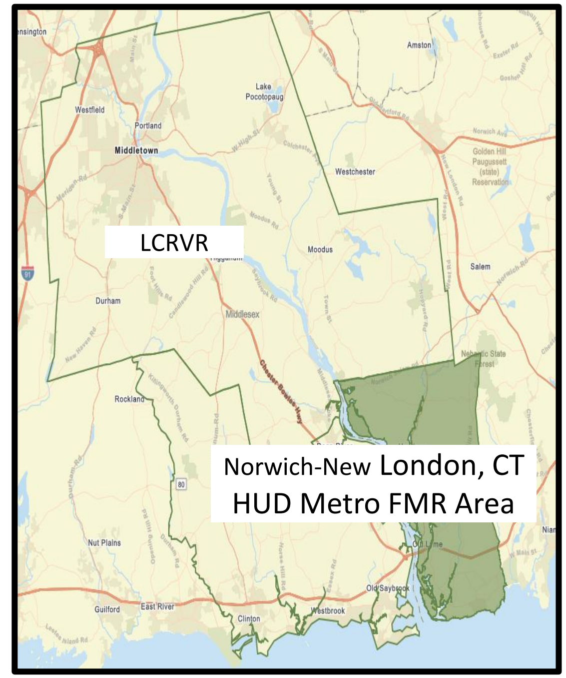
The second approach to housing submarket delineation was utilized to provide context to the consideration of housing market affordability and fair market rents. This submarket geography provides the preferred approach for guiding planning and strategies related to affordable housing. The three submarket geographies are based on the HUD Fair Market Rent (FMR) Areas: Hartford-West Hartford-East Hartford FMR Area, Lower Middlesex County FMR Area, and the Norwich-New London FMR Area. The Hartford FMR Area includes Middletown, Cromwell, Middlefield, Portland, East Hampton, Durham, Haddam, Chester, and East Haddam. The Lower Middlesex County FMR Area includes Killingworth, Deep River, Essex, Clinton, Westbrook, and Old Saybrook. The Norwich-New London FMR Area includes Lyme and Old Lyme. The demographic and socioeconomic for the submarket geographies are shown below (also see Appendix I. data).

	Hartford FMR Area	Southern Middlesex FMR Area	Norwich-New London FMR Area	LCRVR
Population	118,031	48,508	9,962	176,496
Households	47,897	20,102	3,812	72,256
Median Age (years)	44.0	50.7	53.8	46.6
Average Household Size	2.37	2.39	2.34	2.37
Med. Household Income	$76,627	$77,214	$100,024	$78,221
Med. Home Value	$309,157	$350,464	$430,638	$293,266
Med. Year Housing Built	1972	1969	1963	1970

Fair Market Rent Submarkets

Source: Department of Housing and Urban Development (HUD)





The Hartford-West Hartford-East Hartford, CT HUD Metro FMR Area contains the following areas: Durham, Haddam, East Haddam, Chester, Middletown, Middlefield, Cromwell, Portland, East Hampton

The Southern Middlesex County, CT HUD Metro FMR Area contains the following areas: Clinton, Westbrook, Old Saybrook, Essex, Deep River, Killingworth

The Norwich-New London, CT HUD Metro FMR Area contains the following areas: Lyme, Old Lyme

Submarket Geography Comparison

Source: ESRI & US Census

	North Market Area	Hartford FMR Area	Interior Market Area	Southern Middlesex FMR Area	Shoreline Market Area	Norwich-New London FMR Area	LCTRVR
Population	88,712	118,031	42,599	48,508	45,185	9,962	176,496
Households	36,475	47,897	16,813	20,102	18,968	3,812	72,256
Median Age (years)	42.6	44.0	48.7	50.7	51.6	53.8	46.6
Average Household Size	2.31	2.37	2.51	2.39	2.36	2.34	2.37
Med. Household Income	$70,115	$76,627	$96,491	$77,214	$79,085	$100,024	$78,221
Med. Home Value	$257,157	$309,157	$332,036	$350,464	$363,143	$430,638	$293,266
Med. Year Housing Built	1971	1972	1973	1969	1967	1963	1970

Regional and Submarket Geography Findings:

The following demographic characteristic are concerning for the Region (and submarkets):

- LCRVR’s population is aging—older than the U.S. median age of 37.8 and the Connecticut median age is 40.8.
  - An aging population indicates fewer young person and family household—older household spend less on consumer goods and services, reducing overall economic activity, constraining job, and limiting vibrancy.
- Average household size in all three market geographies is lower than State average of 2.54.
  - This signals increases in one- and two-person households—creating a disconnect with the existing housing stock (larger single-family detached/owner-occupied housing) that is waning in desirability with smaller and younger households.
- The Region’s housing stock is also aging—this signals a lack of (or limited) modern housing with modern amenities and risks a competitive disadvantage in the housing market.
- Home values above 4 times median income typically indicates a housing affordability issue.

Fair Market Rents & Housing Need

GOMAN+YORK

LCRVR Affordable Housing Demand

Methodology Overview

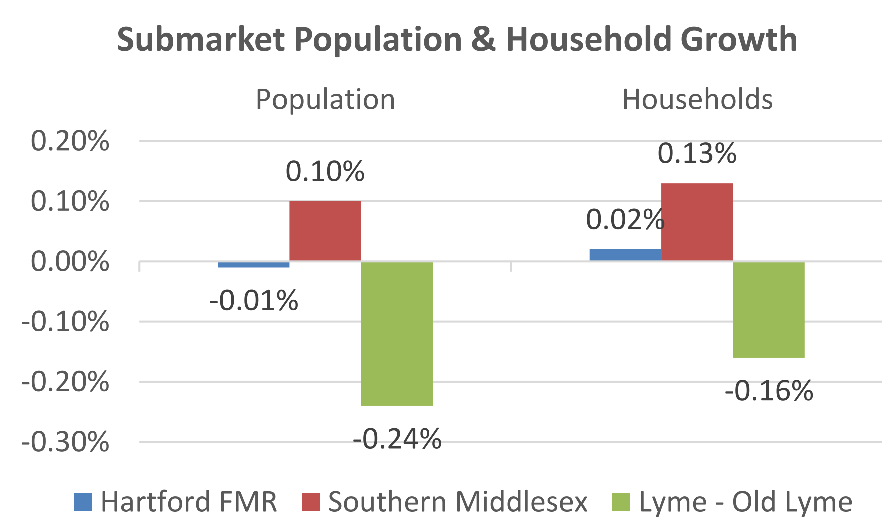
To determine overall market demand for affordable housing, we first obtained the latest HUD Fair Market Rents (FMR) for the LCRVR FMR areas (Hartford-West Hartford-East Hartford, Norwich-New London, Southern Middlesex County) which are based on 30% of area median incomes. These FMR are then broken down further by household size between 1- & 7-person households and income limits for Extremely Low Income (30% of FMR), Very Low Income (50% of FMR) and Low Income (80% of FMR).

Publicly accessible Census data for the LCRVR does not include household incomes broken down by household size. We used the Census's PUMS data (Public-use Microsample) for Middlesex County & South New London, which is based on the 2015-2019 American Community Survey (ACS) to estimate area household size – income breakdowns. We then normalized the data to each of the three (3) submarkets based on overall household size & household incomes as compared to the PUMS area.

What are HUD's Small Area Fair Market Rents?

A 2016 rule from the Department of Housing and Urban Development (HUD) required state and local housing agencies in 23 metropolitan areas to start using small area fair market rents (SAFMRs) — a promising policy approach that ties housing voucher subsidies to market rents in individual zip codes — in their voucher programs in 2018. SAFMRs are designed to enable families with vouchers to rent housing in a wider range of neighborhoods, and research shows that SAFMRs are more effective at helping low-income families move to high-opportunity neighborhoods than HUD's longstanding approach of setting a single fair market rent for an entire metro area.

The table below shows weak population and household growth—two key demand drivers for projecting housing market demand. Therefore, while the need for affordable housing is real, market demand for the construction of new housing units is weak. This means it will be challenging to provide affordable housing and that the renovation and conversion of existing housing units into affordable housing should be part of any affordable housing strategy.



Hartford-West Hartford-East Hartford, CT HUD Metro FMR Area

Source: Department of Housing and Urban Development (HUD)

The Hartford-West Hartford-East Hartford, CT HUD Metro FMR Area contains the following communities: Durham, Haddam, East Haddam, Chester, Middletown, Middlefield, Cromwell, Portland, East Hampton

Fair Market and "Affordable" Rents; Income Limits by Unit Size and Family Size

Source: Department of Housing and Urban Development (HUD), Hartford-West Hartford-East Hartford CT FMR Area

Final FY 2021 & 2020 FMRs By Unit Size

Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2021	$889	$1,091	$1,347	$1,675	$1,958
FY 2020	$801	$993	$1,230	$1,533	$1,757

Affordable Housing Rents

Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2021	$711	$873	$1,078	$1,340	$1,566
FY 2020	$641	$794	$984	$1,226	$1,406

HUD Gross Income Limits

	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2021	$28,448	$34,912	$43,104	$53,600	$62,656
FY 2020	$25,632	$31,776	$39,360	$49,056	$56,224

FY 2021 Income Limit Area	Median Family Income	FY 2021 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Hartford-W. Hartford – E. Hartford HMFA, CT	$104,300	Extremely Low Income Limits ($)*	21,950	25,050	28,200	**31,300**	33,850	36,350	40,120	44,660
		Very Low (50%) Income Limits ($)	36,550	41,750	46,950	52,150	56,350	60,500	64,700	68,850
		Low (80%) Income Limits ($)	55,950	63,950	71,950	79,900	86,300	92,700	99,100	105,500

Southern Middlesex County, CT HUD Metro FMR Area

Source: Department of Housing and Urban Development (HUD)

The Southern Middlesex County, CT HUD Metro FMR Area contains the following communities: Clinton, Westbrook, Old Saybrook, Essex, Deep River, Killingworth

Fair Market and “Affordable” Rents; Income Limits by Unit Size and Family Size

Source: Department of Housing and Urban Development (HUD), Southern Middlesex County CT FMR Area

Final FY 2021 & 2020 FMRs By Unit Size

Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2021	$1,004	$1,155	$1,522	$2,178	$2,635
FY 2020	$944	$1,100	$1,449	$2,090	$2,544

Affordable Housing Rents

Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2021	$803	$924	$1,218	$1,742	$2,108
FY 2020	$755	$880	$1,159	$1,672	$2,035

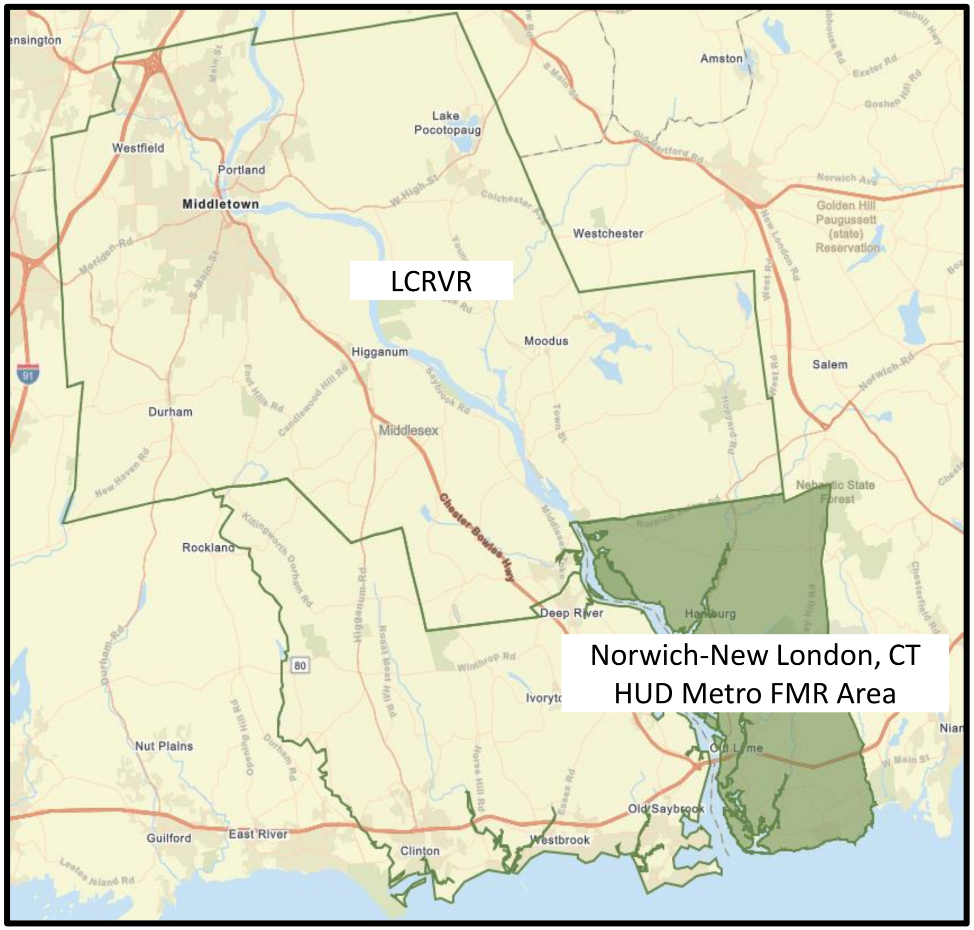
HUD Gross Income Limits

	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2021	$32,128	$36,960	$48,704	$69,696	$84,320
FY 2020	$30,208	$35,200	$46,368	$66,880	$81,408

FY 2021 Income Limit Area	Median Family Income	FY 2021 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Southern Middlesex County, CT	$114,600	Extremely Low Income Limits ($)*	24,100	27,550	31,000	34,400	37,200	39,950	42,700	45,450
		Very Low (50%) Income Limits ($)	40,150	45,850	51,600	57,300	61,900	66,500	71,100	75,650
		Low (80%) Income Limits ($)	55,950	63,950	71,950	79,900	86,300	92,700	99,100	105,500

Norwich-New London, CT HUD Metro FMR Area

Source: Department of Housing and Urban Development (HUD)



The Norwich-New London, CT HUD Metro FMR Area contains the following communities: Lyme, Old Lyme

Fair Market and "Affordable" Rents; Income Limits by Unit Size and Family Size

Source: Department of Housing and Urban Development (HUD), Norwich - New London CT FMR Area

Final FY 2021 & 2020 FMRs By Unit Size

Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2021	$810	$976	$1,227	$1,584	$2,027
FY 2020	$815	$938	$1,191	$1,542	$1,908

Affordable Housing Rents

Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2021	$648	$781	$982	$1,267	$1,622
FY 2020	$652	$750	$953	$1,234	$1,526

HUD Gross Income Limits

	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2021	$25,920	$31,232	$39,264	$50,688	$64,864
FY 2020	$26,080	$30,016	$38,112	$49,344	$61,056

FY 2021 Income Limit Area	Median Family Income	FY 2021 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Norwich – New London, CT FMR	$88,600	Extremely Low Income Limits ($)*	24,100	27,550	31,000	34,400	37,200	39,950	42,700	45,450
		Very Low (50%) Income Limits ($)	40,150	45,850	51,600	57,300	61,900	66,500	71,100	75,650
		Low (80%) Income Limits ($)	55,950	63,950	71,950	79,900	86,300	92,700	99,100	105,500

Local ‘For Rent’ Housing Market (October 2020 – October 2021)

Hartford FMR, Southern Middlesex County FMR, Old Lyme & Lyme FMR

Hartford FMR		
	Monthly Rent	**Days on Market**
1 Bedroom (78)		
Average	$1,056	32
Median	$1,073	
2 Bedroom (107)		
Average	$1,384	27
Median	$1,363	
3 Bedroom (57)		
Average	$1,735	29
Median	$1,650	
4 Bedroom (15)		
Average	$1,928	16
Median	$1,750	

Southern Middlesex County FMR		
	Monthly Rent	**Days on Market**
1 Bedroom (46)		
Average	$1,284	20
Median	$1,200	
2 Bedroom (50)		
Average	$1,881	26
Median	$1,650	
3 Bedroom (41)		
Average	$3,250	33
Median	$2,300	
4 Bedroom (16)		
Average	$5,000	46
Median	$2,840	

Old Lyme & Lyme FMR		
	Monthly Rent	**Days on Market**
1 Bedroom (3)		
Average	$1,100	8
Median	$1,250	
2 Bedroom (8)		
Average	$1,994	23
Median	$1,925	
3 Bedroom (11)		
Average	$2,294	38
Median	$1,950	
4 Bedroom (5)		
Average	$2,708	50
Median	$2,300	

Submarket Rents and Findings:

The market rents for the Region and FMR Submarket are strong and mirror the spatial organization of the owner-occupied housing market with Southern Middlesex County (including the shoreline) being the highest value. In addition, days on the market are low, indicating ample demand and limited supply.

The high rent values for three- and four-bedroom units in the Southern Middlesex County and Old Lyme and Lyme submarkets indicates a limited supply of such units overall, therefore higher rents are the market adjusting to the constrained or limited supply.

The Hartford FMR or Norther Market Area are where the most affordable rents are located. This is the result of more adequate supply and lesser demand as a periphery location within the Metropolitan Hartford region.

Local 'For Sale' Housing Market (October 2021)

Hartford FMR, Southern Middlesex County, Old Lyme & Lyme

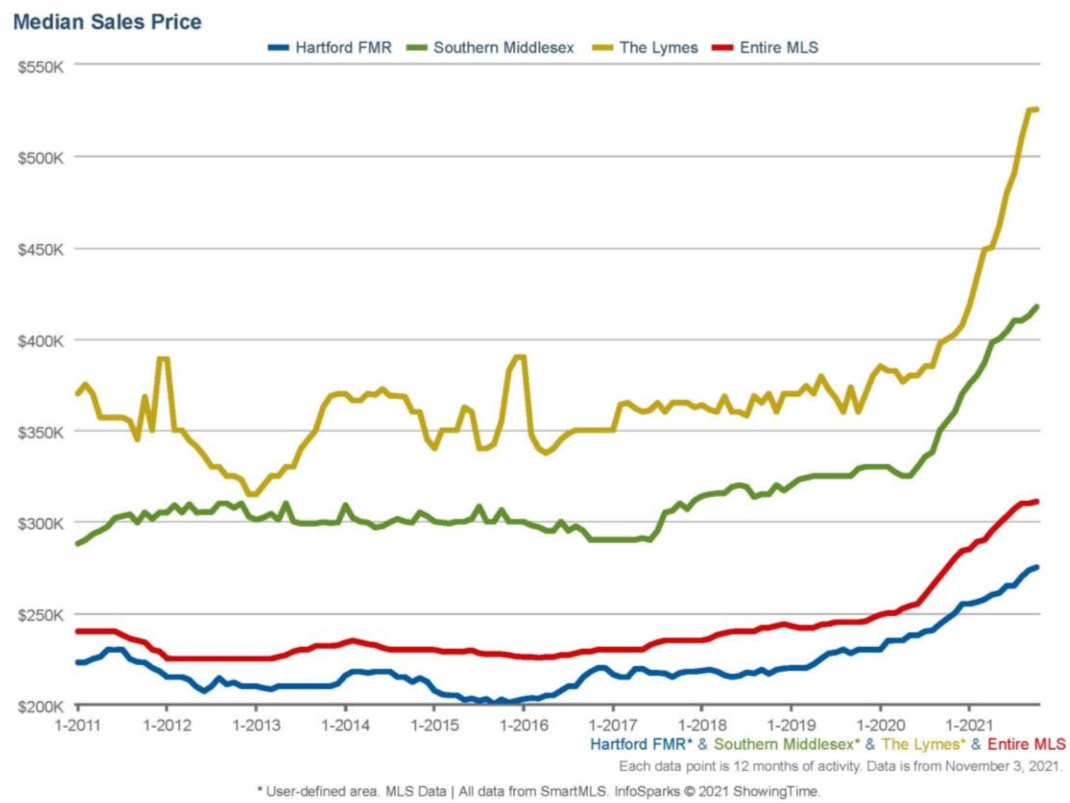
Owner-occupied housing in the Southern Middlesex & Old Lyme-Lyme market areas is considerably more expensive compared to the CT average. However, in the Hartford FMR area, owner-occupied housing is slightly less expensive.

Since January 2020, in each studied market area the median sales price has increased by:

- Hartford FMR: +19.6%
- Southern Middlesex: +26.4%
- Old Lyme – Lyme: +36.4%
- Connecticut: +24.8%

This recent increase is the result of pandemic housing market. Prices are anticipated to stabilize and contract over the next year.

Median House Sales Price – October 2021	
Hartford FMR	$275,000
Southern Middlesex	$417,000
Old Lyme - Lyme	$525,000
Connecticut	$311,000



Fair Market and "Affordable" Rents; Income Limits by Unit Size and Family Size

Source: Department of Housing and Urban Development (HUD), Norwich - New London CT FMR Area

Area Units & % Affordable	Owner with Mortgage	Owner without Mortgage	Owner All Units	Renter with >$0 Rent	Total Occupied Units
Hartford FMR Area	24,746	10,601	35,347	11,701	46,805
>30%	7,386 (30%)	1,794 (16.9%)	9,135 (25.8%)	5,537 (47.3%)	14,737 (31.5%)
S. Middlesex FMR Area	10,889	5,353	16,242	3,688	19,930
>30%	7,386 (30%)	984 (16.9%)	8,370 (51.5%)	1,843 (50%)	6,442 (32.3%)
Norwich-NL FMR Area	2,051	1,447	3,498	752	4,250
>30%	655 (32.4%)	173 (11.9%)	828 (23.7%)	384 (51.1%)	1,222 (28.7%)
Total Unaffordable	**11,003 (29.4%)**	**2,951 (16.9%)**	**18,333 (33.3%)**	**7,764 (48.1%)**	**22,511 (31.7%)**

Housing Affordability Conclusions:

The Lower Connecticut River Valley Region and all its member communities, other than Middletown, have a housing affordability issue. However, the affordability issue is nuanced and does not track with what is typically find in other Connecticut communities. For example, unaffordable housing exists across all household income levels and tenure, and the amount of unaffordable owner-occupied housing, especially in incomes over $75,000, is higher than what is typically found in other communities. These nuanced differences indicate the implications of an aging population; retired households on fixed incomes with and without mortgages. Therefore, this owner-occupied affordability characteristic may not be an actual affordability issues, since the Region is wealthy. Income for retired household is measured as earn income and does not reflect total household wealth.

At the regional scale, 8.37% of the housing stock is qualified affordable housing (8-30g Affordable Housing Appeals List). However, Middletown accounts for 71% of all qualified affordable housing. Without Middletown, the qualified affordable housing in the region drops to 3.31%.

8-30 Affordable Housing Appeals List

Source: State of Connecticut Department of Housing (2020)

Year	2010	2020	2020	2020	2020	2020	2020
Town	**Units**	**Gov. Asst.**	**Rental Asst.**	**CHFA/USDA**	**Deed Rest.**	**Total**	**Percent**
Chester	1,923	23	3	16	0	42	2.18%
Clinton	6,065	105	8	66	0	179	2.95%
Cromwell	6,001	212	11	198	0	421	7.02%
Deep River	2,096	26	6	32	0	64	3.05%
Durham	2,694	36	1	2	0	65	2.41%
East Haddam	4,508	73	3	63	0	139	3.08%
East Hampton	5,485	70	6	91	25	192	3.50%
Essex	3,261	58	2	17	16	93	2.85%
Haddam	3,504	22	1	31	0	54	1.54%
Killingworth	2,598	0	0	18	5	23	0.89%
Lyme	1,223	0	0	5	8	13	1.06%
Middlefield	1,863	30	3	21	1	55	2.95%
Middletown	21,223	3,019	1,123	543	25	4,710	22.19%
Old Lyme	5,021	60	2	20	3	85	1.69%
Old Saybrook	5,602	50	15	25	73	163	2.91%
Portland	4,077	185	94	70	0	349	8.56%
Westbrook	3,937	140	5	30	29	204	5.18%
LCRVR	**81,081**	**4,109**	**1,283**	**1,182**	**185**	**6,672**	**8.23%**

Demographics and Socioeconomics

GOMAN+YORK

The Housing Market: Demographics and Socioeconomics

Lower Connecticut River Valley Region

Housing Markets: Understanding Demand Drivers

When analyzing housing markets, it is important to understand demand drivers—what drives demand for housing. The demand drivers for real estate development (i.e., commercial, industrial, and residential development) are jobs, population, household formations, and income. Jobs are the primary driver of demand. Typically, if jobs are increasing, then population, household formations, and income are increasing.

For residential (housing) development, if population is increasing, then new household formations are also increasing. However, household formation can also increase, even when jobs and population are stagnant or declining. Household formations have been the primary demand driver for housing in Connecticut for the past 30 years—a period when job growth has been stagnant and population growth has been anemic. Household formations in Connecticut, and to a degree nationwide, have mostly been driven by the increased number of single- and two-person households. This increase in single-person household has resulted in new household formations, driving housing demand since the 1960s, even though job growth had been stagnant and population growth has been anemic since 1990.

Real Property Demand Drivers

- ***Jobs (Employment)****: Growth in jobs drivers demand for residential, commercial, and industrial space (real estate).*
- ***Population****: Growth in population (driven by job growth) drives demand for residential and commercial (retail and office) space.*
- ***Household Formations****: Growth in households, new household formations, drives demand for residential and commercial space.*
- ***Income, Household and Per Capita****: Income (growth in income) drives the price point of where demand is realized. A reasonable measure of demand for residential and commercial space.*

The Housing Market: Demographics and Socioeconomics

Lower Connecticut River Valley Region

Demand Drivers - Jobs

Connecticut's housing demand drivers are weak to say the least. The primary demand driver, jobs, as shown to the right has been mostly stagnant since 1990. Stagnant job growth, the primary driver of housing demand, has resulted anemic population growth and modest household formations.

From 1990 to 2020, Connecticut's population grew by only 318,828 persons or approximately 159,414 households. Connecticut's net gain in housing (after demolitions) was 194,365 units. Subtract the 159,414 new household from the 194,365 new housing units and the remaining 34,951 new households can be attributed to other household formations such as divorce. With weak demand drivers, Connecticut's housing market is weak to soft at best.

STATE OF CONNECTICUT TOTAL EMPLOYMENT (Seasonally Adjusted)

	1985	1990	1995	2000	2005	2010	2015	2020
Jan	1,614,600	1,720,300	1,657,800	1,721,200	1,687,700	1,712,600	1,788,400	1,850,700

Connecticut Department of Labor - Office of Research

STATE OF CONNECTICUT NONFARM EMPLOYMENT (Seasonally Adjusted)

	1985	1990	1995	2000	2005	2010	2015	2020
Jan	**1,549,800**	**1,653,200**	**1,567,300**	**1,689,800**	**1,666,600**	**1,601,000**	**1,683,900**	**1,698,000**

Connecticut Department of Labor - Office of Research

30 Years of Stagnation

For example, *in the five-year period from 1985 to 1990, Connecticut's total employment (jobs) increased by 105,700 and nonfarm employment increased by 103,400*. By comparison, in the 30-year period from 1990 to 2020, Connecticut's total employment increased by 130,400 and nonfarm employment increased by only 44,800.

Population Change – Total Population 2010 to 2020

Source: U.S. Census (2020)

Demand Drivers – Population:

Since 1990, Connecticut's population growth has been anemic, gaining only 318,828 persons. With decades of anemic population growth, stagnant job growth, and modest household formations, Connecticut's demographic trajectory has caught up with the Lower Connecticut River Valley Region. From 2010 to 2020, the Region lost 1% of its population or 1,641 persons. Old Saybrook faired the best with 2% population growth, while most communities' lost population. Chester faired the worst with 6% population loss.

This loss of population, while small today, threatens the Region's housing market and socio-economic wellbeing. If Connecticut's population growth remains stagnant and the Region continues to loss population, demand for housing will decrease. Simply put, the status quo in Connecticut and the Region is not working and if nothing changes, the 2030 Census of Population will be even bleaker.

TOTAL POPULATION	Population 2010	Population 2020	Population Change 2010 - 2020	% Population Change 2010-2020
Connecticut	3,574,097	3,605,944	31847	1%
Hartford County	894,014	899,498	5484	1%
Middlesex County	165,676	164,245	-1431	-1%
New London County	274,055	268,555	-5500	-2%
Chester	3.994	3.749	-245	-6%
Clinton	13,260	13,185	-75	-1%
Cromwell	14,005	14,225	220	2%
Deep River	4,629	4,415	-214	**-5%**
Durham	7,388	7,152	-236	**-3%**
East Haddam	9,126	8,875	-251	**-3%**
East Hampton	12,959	12,717	-242	-2%
Essex	6,683	6,733	50	1%
Haddam	8,346	8,452	106	1%
Killingworth	6,525	6,174	-351	**-5%**
Lyme	2,406	2,352	-54	-2%
Middlefield	4,425	4,217	-208	**-5%**
Middletown	47,648	47,717	69	0%
Old Lyme	7,603	7,628	25	0%
Old Saybrook	10,242	10,481	239	2%
Portland	9,508	9,384	-124	-1%
Westbrook	6,938	6,769	-169	-2%
LCRVR	**175,685**	**174,225**	**-1,461**	-1%

Population Change – Age Under 18 from 2010 to 2020

Source: U.S. Census (2020)

Demand Drivers – Population (Continued):

The Lower Connecticut River Valley Region loss 19.4% or 7,199 persons under the age of 18. This substantial loss of young persons confirms the declining household size, contracting young/family household, and an aging population. This should raise concerns of the Region's ability to compete for young person, families, and workforce. This loss of young persons is likely foreshadowing future population loss. In addition, the loss of young persons/families should raise the question, who will be the Region's next generation of homebuyers?

Weak demand drivers and a soft housing market do have policy implications. For example, if the housing market continues to weaken, home values will decline, resulting in lower grand list value, and increased tax burden. Another example, the loss of school age children and an aging population indicates potential shifts in government service needs from education to senior and emergency services.

Loss of Person Under 18 Years Old

- The LCRVR represents 5% of the State's population but accounted for 10% of the State's loss of population under the age 18.

POPULATION UNDER 18	Population 2010	Population 2020	Pop. Change 2010 - 2020	% Change 2010-2020
Connecticut	817,015	736,717	-80298	-10%
Hartford County	204,043	186,073	-17970	-9%
Middlesex County	35,098	28,262	-6836	-19%
New London County	59,599	51,633	-7966	-13%
Chester	787	557	-230	**-29%**
Clinton	2,891	2,262	-629	**-22%**
Cromwell	2,914	2,743	-171	-6%
Deep River	975	735	-240	**-25%**
Durham	1,944	1,448	-496	**-26%**
East Haddam	2,047	1,597	-450	**-22%**
East Hampton	2,980	2,537	-443	**-15%**
Essex	1,390	949	-441	**-32%**
Haddam	1,967	1,697	-270	**-14%**
Killingworth	1,561	1,106	-455	**-29%**
Lyme	437	339	-98	**-22%**
Middlefield	1,006	731	-275	**-27%**
Middletown	9,082	7,645	-1437	**-16%**
Old Lyme	1,610	1,345	-265	**-16%**
Old Saybrook	2,033	1,480	-553	**-27%**
Portland	2,179	1,835	-344	**-16%**
Westbrook	1,342	940	-402	**-30%**
LCRVR	**37,145**	**29,946**	**-7,199**	**-19.4%**

School District Enrollment – 2008 & 2021 Compared

Source: State of Connecticut Department of Education (2021)

Demand Drivers – Population (Continued):

To better understand the policy implications of changes in demographic structure, the Region's school district enrollments were also analyzed. The Region's school district enrollments reflect the changing demographic structure—loss of children under 18 years old and an aging population.

While the Region loss 1% of population since 2010 and 19% of persons under the age 18, the Region loss 21.4% of school district enrollments since 2008. In fact, every school district in the Region experienced declining enrollments. This substantial loss in school enrollments confirms and reflects the loss of persons under the age of 18 and the change in the Region's demographic structure. The Lower Connecticut River Valley Region is aging—growing older. This means the region is not only losing person under the age of 18, but also young adults, young families, and the workforce population, while it is increasing its share of older adults and retiaries.

Projecting this change in demographic structure into the future—if nothing changes—will result in further, and likely more substantial, population loss in the 2030 Census. Prolonged losses in population will likely translate in stagnant or declining household formation, resulting is a weaker housing market with depreciating property values, grand list values, and taxes. Such a prolonged decline is not sustainable.

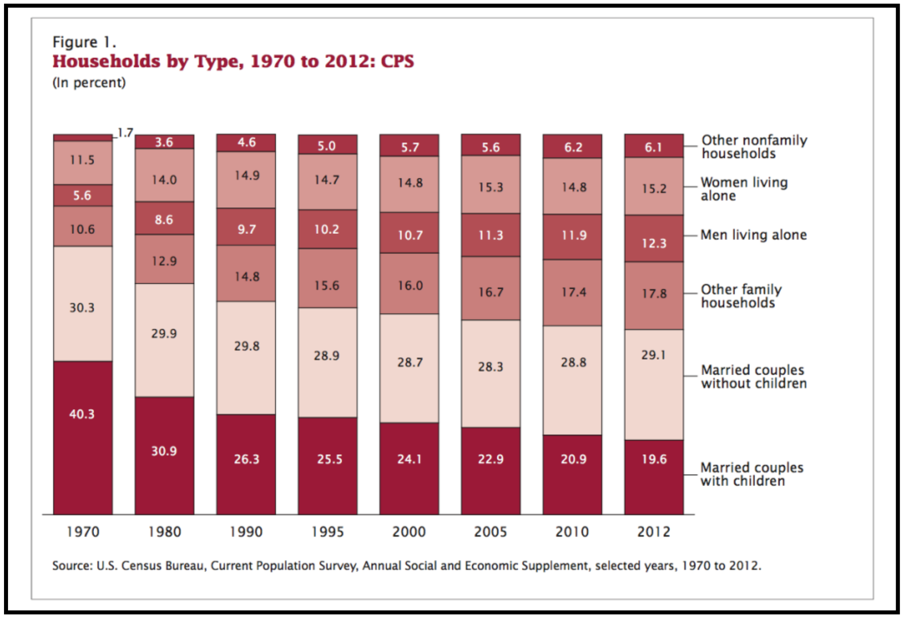
Declining School Enrollments

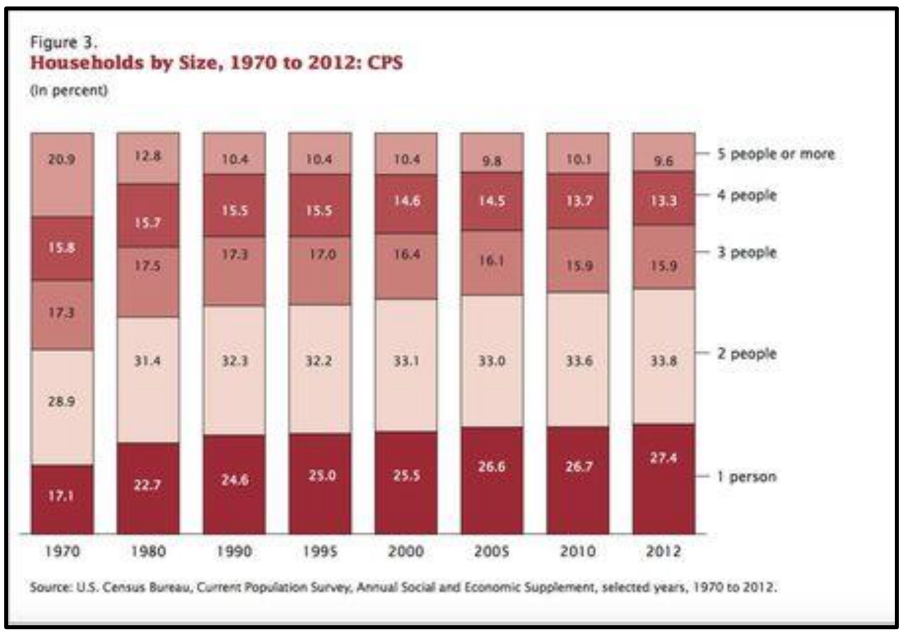
- Since 2008, the LCRVR loss 21.4% (-5,263) of public school district enrollments—confirming the substantial loss in populations under 18 years of age since 2010.

SCHOOL DISTRICT ENROLLMENTS	Enrollment 2008	Enrollment 2021	Enrollment Change	Enrollment 2021 % of 2008
Connecticut	574,848	513,079	-61,769	-10.8%
Chester	341	201	-140	41%
Clinton	2,113	1,570	-543	-25.7%
Cromwell	2,000	1,989	-11	-0%
Deep River	389	218	-171	-46%
Durham (R-13)	2,156	1,440	-716	-33.2%
East Haddam	1,433	935	-498	-34.8%
East Hampton	2,087	1,824	-263	-12.6%
Essex	551	313	-238	-43.2%
Haddam (R-17)	2,562	1,849	-713	-27.8%
Killingworth (R-17)	2,562	1,849	-713	-27.8%
Lyme (R-18)	1,538	1,283	-255	-14.6%
Middlefield (R-13)	2,156	1,440	-716	-33.2%
Middletown	5,088	4,409	-679	-13.4%
Old Lyme (R-18)	1,538	1,283	-255	-14.6%
Old Saybrook	1,621	1,074	-547	-33.7%
Portland	1,433	1,279	-154	-10.7%
Westbrook	985	650	-335	-34%
LCRVR	**24,297**	**19,034**	**-5,263**	**-21.4%**

Median Age (2019) and Demographic Structure

Source: U.S. Census and Advance CT (2020)





Demographic Structure:

The Lower Connecticut River Valley Region is older than Connecticut and Connecticut is older than the United States. An aging population is often the outcome of stagnating economics—stagnating job growth—as the lack of growth results in little in-migration and meaningful out-migration.

Nationally, as in Connecticut and the Lower Connecticut River Valley Region, the demographic structure of population and households are changing—this change in demographic structure is also driving changes in the housing market.

The tables on the right show, Nationally, that household structure has been changing for decades and continues to change. The share of single person households is increasing (men and women living alone) and the share of married couple with children is decreasing. In addition, single and two person households are increasing, while three person and large households are decreasing.

These changes mean that the consumer (household) preference for housing are also changing (see next page). With smaller households, more one- and two-person household, and fewer family households, demand for larger, 3+ bedroom homes, and homeownership housing units are waning—meanwhile demand for smaller, fewer bedrooms, and rental housing (i.e., multi-family housing) is increasing.

Demographics, Generations, and the Housing Market

Source: National Association of Realtors

2021 Home Buyers and Sellers Generation Trends Report

- **Key Findings Relevant to LCRVR:**
  - The most common type of home purchase continued to be the *detached single-family* home, which made up *81 percent* of all homes bought. It was most common among all generations.
    - *Buyers 22 to 30 purchased townhomes at higher shares than other age groups.*
  - *Millennials were more likely than other buyers to purchase in urban areas*. Convenience to their job and commuting costs were both more important to this group.
  - There was only a median of 15 miles from the homes that recent buyers previously resided in and the homes that they purchased. The median distance moved was highest among buyers 66 to 95 at 35 miles, *while the lowest was among those 22 to 55 at 10 miles*.
  - The typical home recently purchased was *1,900 square feet*, had three bedrooms and two bathrooms, and was built in *1993*. The size of homes for buyers 41 to 55 years was typically larger at 2,100 square feet, *compared to buyers 22 to 30 at 1,650* and buyers 75 years and older at a median of 1,850. *Buyers 66 to 74 typically purchased the newest homes, with the median home being built in 2000.*
  - *For buyers 22 to 29 years, commuting costs were very important at 44 percent*. Compared to buyers 65 to 73, windows, doors, and siding were also very important at 33 percent.

	Median Age
United States	38.0
Connecticut	41.0
Hartford County	40.4
Middlesex County	38.6
New London County	41.4
Chester	50.0
Clinton	46.6
Cromwell	43.7
Deep River	47.1
Durham	47.1
East Haddam	48.2
East Hampton	45.2
Essex	54.6
Haddam	48.3
Killingworth	48.0
Lyme	51.7
Middlefield	48.4
Middletown	**37.0**
Old Lyme	52.7
Old Saybrook	51.8
Portland	46.4
Westbrook	54.2
LCRVR	**46.7**

Building Permits by Year and Unit Type – 1997 - 2017

Source: State of Connecticut Department of Economic and Community Development (2021)

Housing Production: Past Demand & Absorption

Region	Less Middletown
1997-2017 = 494 units/year	369 units/year
1997-2007 = 769 units/year	581 units/year
2008-2017 = 191 units/year	136 units/year

Middletown accounts for:

- 25.2% of regional net gain
- 81% of multi-family

Less Middletown, the Region is as follows:

- 93.3% new construction is single-family.
- 4.1% new construction is multi-family.

Declining Demand/Absorption:

1997-2007: 81.6% (8,464 units) of net gain—stronger market
2008-2017: 18.4% (1,913 units) of net gain—weaker market
1997-2017: Multi-family = **16.1%** market share
1997-2007: Multi-family = **14.6%** market share
2008-2017: Multi-family = **30.2%** market share

Lower Connecticut River Valley Region Building Permits 1997-2017

LCRVR	Total Units	1-Unit	2-Unit	3-4-Unit	5+ Unit	Demo	Net Gain
2017	242	155	4	0	83	29	213
2016	225	169	8	6	42	30	195
2015	320	159	4	11	146	53	267
2014	243	179	10	4	50	37	206
2013	257	213	2	3	36	61	196
2012	179	137	4	16	22	41	138
2011	143	125	6	12	0	74	62
2010	212	204	8	0	0	55	158
2009	230	167	2	3	58	55	175
2008	190	203	4	3	141	49	303
2007	561	404	0	0	157	46	515
2006	633	482	6	4	141	77	556
2005	794	619	4	4	167	67	727
2004	1028	828	0	0	200	21	1007
2003	848	729	0	0	119	41	807
2002	871	728	2	3	138	24	847
2001	833	756	0	0	77	52	781
2000	893	791	14	6	82	44	846
1999	900	845	0	0	55	29	871
1998	957	779	0	76	102	66	891
1997	661	659	2	3	0	45	616
Total	**11,220**	**9,331**	**80**	**154**	**1,816**	**996**	**10,377**
Percent	100%	83.2%	0%	1.3%	16.1%	8.9%	92.5%

Building Permits by Year and Unit Type – 1997 - 2017

Source: State of Connecticut Department of Economic and Community Development (2021)

Housing Production: Past Demand & Absorption

Geography and Spatial Organization of Market:

The new housing permit data reflects that the Lower CT River Valley Region is at the nexus of the Hartford, New Haven ad New London labor and housing markets with no core city, other than the small subregional center of Middletown.

The Region's housing market is dominated by Metropolitan Hartford and the I-91, Route-9, Route-2, and Route-66 corridors. Cromwell, East Hampton, Middletown, Middlefield, and Portland account for 52.7% of the Region's new housing units and 86.7% new multi-family housing units.

Housing Absorption Rates:

The 21 years of historic housing permit data provide a means of projecting future absorption rates. The 1997-2007 period provides a high estimate of 769 units per year, 2008-2017 provides a low estimate of 191 units per year, and 1997-2017 period provides a middle estimate of 494 units per year.

For planning purposes, we recommend a low of 200 units per year (if nothing changes) and a high of 600 units per year for the Region. The fact is, 200 units per year is a favorable projection considering the stagnant job growth, population loss, aging households, and the substantial losses of persons under the age of 18.

Lower CT River Valley Region Building Permits

LCRVR	Total Units	1-Unit	2-Unit	3-4-Unit	5+ Unit	Demo	Net Gain
2017	242	155	4	0	83	29	213
2016	225	169	8	6	42	30	195
2015	320	159	4	11	146	53	267
2014	243	179	10	4	50	37	206
2013	257	213	2	3	36	61	196
2012	179	137	4	16	22	41	138
2011	143	125	6	12	0	74	62
2010	212	204	8	0	0	55	158
2009	230	167	2	3	58	55	175
2008	190	203	4	3	141	49	303
2007	561	404	0	0	157	46	515
2006	633	482	6	4	141	77	556
2005	794	619	4	4	167	67	727
2004	1028	828	0	0	200	21	1007
2003	848	729	0	0	119	41	807
2002	871	728	2	3	138	24	847
2001	833	756	0	0	77	52	781
2000	893	791	14	6	82	44	846
1999	900	845	0	0	55	29	871
1998	957	779	0	76	102	66	891
1997	661	659	2	3	0	45	616
Total	**11,220**	**9,331**	**80**	**154**	**1,816**	**996**	**10,377**
Percent	100%	83.2%	0%	1.3%	16.1%	8.9%	92.5%

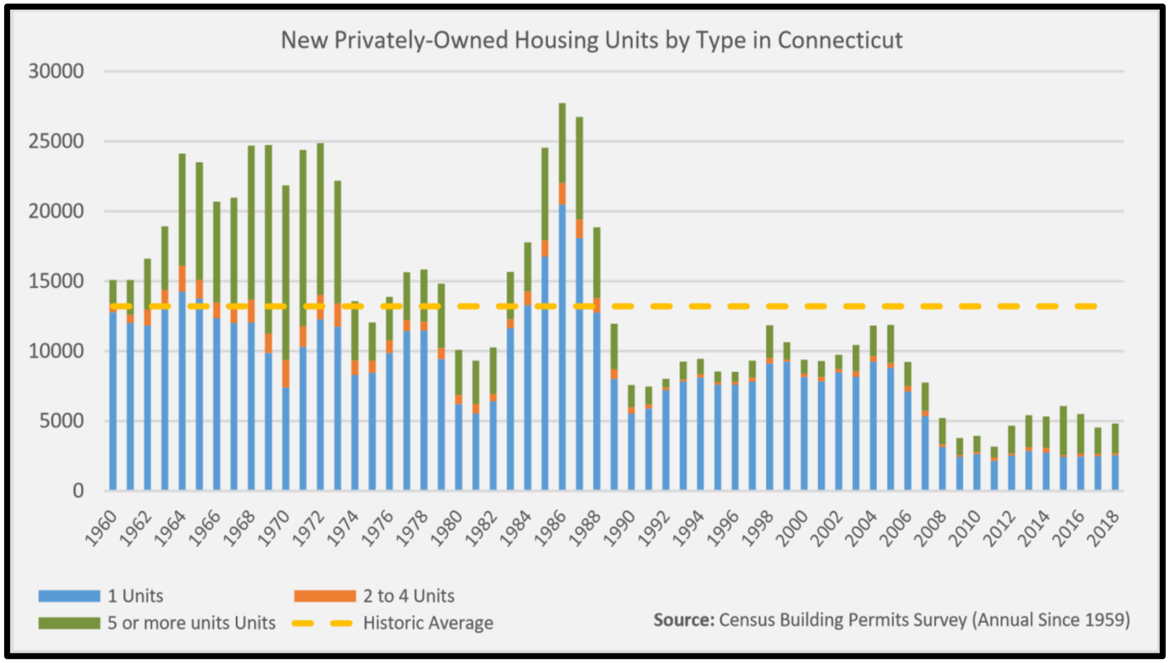
Connecticut Building Permits by Year and Unit Type – 1960 - 2018

Source: U.S. Census

New Housing Construction

Prior to 1990, Connecticut was a moderate to high growth state with substantial new housing construction. However, since the early 1990s, Connecticut's become a stagnant to slow-growth state with anemic new housing construction. Connecticut's anemic housing construction reflects the stagnant job growth and anemic population growth—weak demand drivers.

The chart (right) not only shows the contraction in new housing construction, but it also shows the changes in new multi-family housing construction. For example, prior to 1990, a meaningful portion of Connecticut's new housing was multi-family housing. However, after 1990 less than 20% of new housing was multi-family. In recent years, this trend has changed. Since 2013 multi-family housing has grown to approximately 47% of total new housing construction. This reflects the changes in demographics and demographic structure and demonstrates the influence of those changes on the housing market.



Housing Characteristics and the Housing Market

Source: U.S. Census Bureau

Housing Characteristics

The Lower Connecticut River Valley Region's housing stock is dominated by single-family detached housing units, outpacing the State's single-family detached housing by 11%. In addition, the Region's percent of multi-family housing is 61% less than the State's multi-family housing. In fact, other than single-family detached housing, the Region lags the State in all forms of housing.

This lack of diversity in housing stock indicates future challenges for the Region to retain and attract households—especially younger person and families—as consumer needs and wants change. Stated another way, the Region's housing stock is not keeping pace with the shifts in the housing market, nor is the housing stock in line with changing consumer preference. The Region must diversity its housing stock and add more multi-family housing if it to retain and attract young persons, families, and even empty nesters.

Lower CT River Valley Region Housing Characteristics

	LCRVR	Percent	State of Connecticut	Percent
Total housing units	82,463	100%	1,516,629	100%
1-unit detached	58,808	**71.3%**	893,531	58.9%
1-unit attached	3,016	*3.7%*	81,832	5.4%
2 units	4,874	*5.9%*	124,082	8.2%
3 or 4 units	3,563	*4.3%*	130,863	8.6%
5 to 9 units	4,022	*4.9%*	82,695	5.5%
10 to 19 units	2,797	*3.4%*	57,281	3.8%
20 or more units	4,482	**5.4%**	134,093	8.8%
Mobile home	894	1.1%	11,826	0.7%
Boat, RV, van, etc.	7	0%	426	0%

Affordable Housing and Housing Need

Source: U.S. Census Bureau

Affordable Housing:

The need for affordable housing in the Region is real and providing affordable housing is important to the long-term social and economic vitality to the Region. Between the lack of housing diversity and the need for affordable housing, the Region is confronted with the challenge of remaining competitive in an ever-changing housing market.

The need for affordable housing can be explained by the following data points:

- 31.1% of households pay more than 30% of income on housing.
  - 26.7% of homeowner households
  - 48.4% of rental households
- The greatest need for affordable homeownership is at incomes between $50,000 and $75,000 or 64% and 96% region median income ($78,221).
- The greatest need for affordable rental housing is at household incomes below $50,000 or below 64% region median income ($78,221).

Inclusionary zoning can help to address housing need at incomes above 60% regional median income (RMI). Inclusionary zoning cannot address housing affordability needs below 60% AMI. Therefore, other strategies and interventions are required to address housing needs at lower income levels.

Households Spending Over 30 of Income on Housing

LCRVR	Household Income & % of Gross Income for Housing: Owner with Mortgage		Owner without Mortgage		Renter with >$0 Rent		Total Occupied Units	
	# Units	%	# Units	%	# Units	%	# Units	%
Less than $20,000	**954**	**1.3%**	**1,842**	**2.6%**	**4,440**	**6.3%**	**7,236**	**10.2%**
<20%	58	0%	966	1.3%	557	1%	749	1.1%
20% - 29%	58	0%	226	0%	868	1.2%	1,054	1.5%
>30%	**818**	**1.1%**	**1,482**	**2.1%**	**3,159**	**4.5%**	**5,432**	**7.7%**
$20,000 - $34,999	**1,675**	**2.4%**	**1,624**	**2.3%**	**2,243**	**3.2%**	**5,569**	**7.8%**
<20%	0	0%	212	0%	166	0%	378	0.5%
20% - 29%	7	0%	470	0%	268	0%	745	1.0%
>30%	**1,668**	**2.3%**	**941**	**1.3%**	**1,836**	**2.6%**	**4,118**	**5.8%**
$35,000 - $49,999	**2,367**	**3.3%**	**1,875**	**2.6%**	**2,279**	**3.2%**	**6,521**	**9.1%**
<20%	4	0%	589	1%	147	0%	740	1.0%
20% - 29%	282	0%	881	1.2%	616	1%	1,800	2.5%
>30%	**2,081**	**2.9%**	**405**	**0.6%**	**1,496**	**2.1%**	**3,982**	**5.6%**
$50,000 - $74,999	**5,058**	**7.1%**	**2,838**	**4.0%**	**3,015**	**4.2%**	**10,911**	**16.4%**
<20%	276	0%	2,069	2.9%	592	1%	2,937	4.1%
20% - 29%	1,392	2.0%	655	1.%	1,356	2.0%	3,403	4.8%
>30%	**3,392**	**4.8%**	**114**	**0.01%**	**1,067**	**1.5%**	**4,573**	**6.4%**
$75,000+	**27,362**	**38.5%**	**9,222**	**13.0%**	**4,164**	**5.9%**	**40,748**	**57.4%**
<20%	14,757	20.8%	9,048	12.7%	2,750	3.9%	26,555	37.4%
20% - 29%	8,896	12.5%	165	0%	1,162	1.6%	10,223	14.4%
>30%	**3,709**	**5.2%**	**9**	**0%**	**252**	**0.3%**	**3,970**	**5.6%**

Housing Market Conclusions

Source: U.S. Census (2020)

Conclusion:

Demographic decline, more than housing affordability, threatens the Lower CT River Valley Region overall housing market and the socio-economic wellbeing of the region. The Region's demand drivers—jobs, population, and household formations—are stagnant at best. When a region stagnates, the population ages from the inability to attract and retain younger households. This is what's occurring in the Lower Connecticut River Valley Region. If nothing changes related to job growth and population growth, the Lower Connecticut River Valley Region will continue to age, and the population will continue to decline.

Unfortunately, at this point and based on the data presented above, there is no reason to believe these demographic trends will change—Connecticut has been a slow-to-no-growth state for 30 years. If job growth remains stagnant and the population continues to age and decline, the housing market will suffer. The aging housing stock signals that the market may be past it prime—providing a housing product of decades and generations of the past. The Region's housing product (i.e., type, tenue, and housing amenities) is likely less appealing to younger generations, homebuyers, and renters, placing the Region at a competitive housing market disadvantage.

The good new is, demographics do not have to the Region's destiny. If the Region and member communities, change what they are doing and focus on growing jobs, providing new and a more diversified housing stock, and on attracting young persons and families, the Region can move the housing market and create a change the Region's demographic trajectory. However, this means the Region must make changes to land use policy and socially, the Region must embrace younger persons, households, and school age children.

Special Topics

GOMAN+YORK

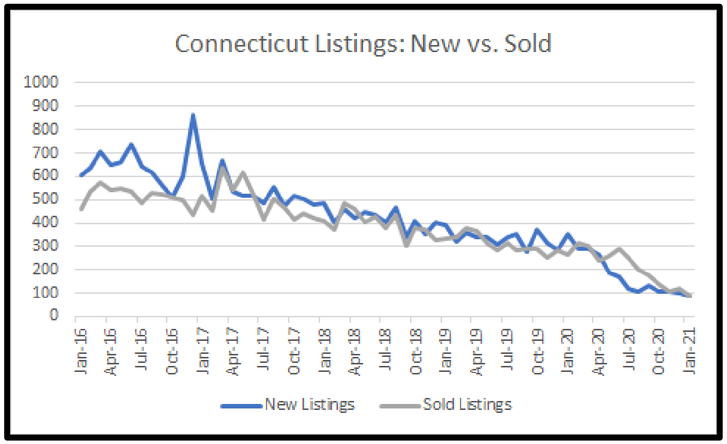
COVID-19 and the Housing Market

Source: Goman+York Property Advisors

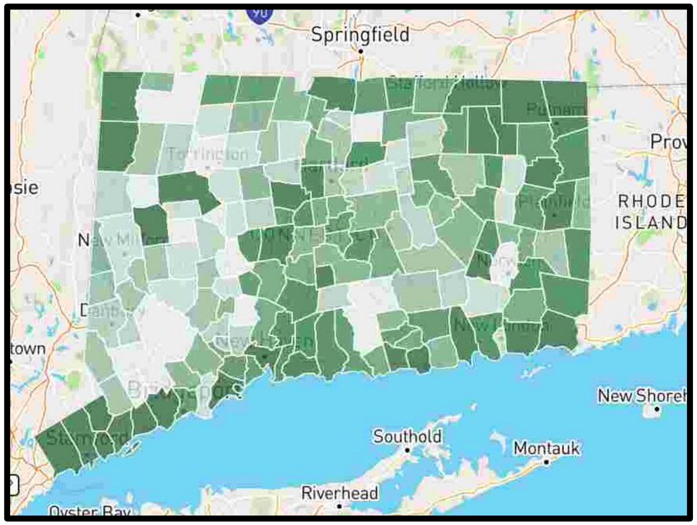
COVID and Post-Covid Housing Market:

The pandemic has impacted the Connecticut housing market. The following are some housing market considerations:

- Demand for single-family detached housing is up and prices are rising.
  - COVID relocations and the desire for space (floor area and land) has contributed to overall demand.
  - Millennials entering the homebuying market—at the same time as COVID—is also contributed to demand.
  - Low interest rates and a limited supply of home for sale are further increasing sales price and home values.
- Price appreciation is greatest in communities with good accessibility and amenities.
- First and second ring suburbs have benefited the most—will continue to benefit the most—from the trends noted above.
- The COVID housing market is softening, will continue to soften, and values will contract over time as supply and demand come back into balance.
- Meaningful long-term benefits to the Region's housing are unlikely. However, Millennial first-time homebuyers should prevent a sudden or dramatic drop in home values.



Source: Reid Real Estate Group



Source: Neighborhoodscout.com

Seasonal and Short-term Rentals

Source: U.S. Census Bureau & Goman+York

Seasonal Homes and Housing Market:

In recent years, short-term rental have attracted much attention from both vacationing consumers interested in alternatives to conventional hotel accommodations and local policy makers concerned regarding the impact of such units on the local housing market and community.

The four coastal communities in the Region have a meaningful tourist economy, seasonal populations, and seasonal housing stock. Therefore, consideration must be given to the impact of seasonal housing, including short term rentals.

Seasonal housing makes up 17.5% of the coastal community housing market:

- Clinton: 501 units or 8%
- Old Saybrook: 1,062 or units or 18.1%
- Westbrook: 836 units or 21%
- Old Lyme: 1,305 units or 26.2%

These costal communities are desirable tourist (and retirement) destinations with greater demand for second homes, seasonal rentals, and other short-term rentals than most Connecticut and Lower Connecticut River Valley Region communities. Demand for these *destination-dwellings* creates greater pressure on the local housing market by further constraining supply. However, based on the short tourism season and predominance of second homes, it is unlike demand for short-term rentals can outperform (i.e., return on investment) seasonal or long-term rentals, and further constraining the market through new demand for conversions to short-term rentals.

The impact of the seasonal *destination-dwellings* is that they create competition with the conventional housing market, constraining supply, and driving up demand and value. Therefore, the coastal communities need to work harder and be more intentional in its efforts to provide and maintain housing affordability. The solution is not to constrain short-term rentals.

Regional Housing Market Strategy

GOMAN+YORK

Housing Policy, Affordability, and Moving Forward

Introduction

If you read the headlines, the United States is experiencing a housing crisis and Connecticut, to some degree, is not immune. This is a crisis of housing affordability (i.e., the need for affordable housing) and the social and economic ramifications bestowed upon lower-income, working- and middle-income households who are unable to access affordable housing. Both nationally and locally, the cost of housing has outpaced income growth, especially for low-income households. This has undermined access to quality housing proximate to transportation infrastructure and economic opportunities at affordable prices.

However, Connecticut's housing crisis is more nuanced and more complicated—the same is even more true of the Lower Connecticut River Valley Council of Governments administrative area. While housing affordability is a real concern and policy challenge, demographic and economics complicates Connecticut's housing market and housing policy. While Connecticut benefits from a high quality of life and standard of living, Connecticut is harmed by a high costs of living. In addition, stagnant job growth and anemic population growth further complicate the housing market with weak demand drivers. This results a more nuanced housing crisis, a crisis not simply of housing affordability but a crisis of stagnation and possible decline.

Connecticut's demand drivers for housing are weak at best and declining at worst. Therefore, it becomes challenging to construct new housing, let along affordable housing, when the drivers of demand do not justify the investments in housing. However, housing markets are dynamic and subject to the forces of functional obsolescence—housing as a commodity.

Housing as a Commodity

To best understand housing and housing markets, we need to understand that housing is unique and different than other commodities. Recognizing housing as a unique and different commodity helps to inform us about shifts and changes in the housing market. Housing is fixed in locations, durable, temporal, and subject to creative destruction. The following are brief discussions and explanations of each of these unique characteristics:

- **Fixed Location:** Real estate, parcels, buildings, and specifically, housing units are fixed in locations—they are non-moveable. Therefore, the utility and value of housing are tied to their location and neighborhood conditions. Most important, location and conditions are subject to change. What was a desirable location, or a well-maintained neighborhood yesterday, today may not be as desirable or well-maintained? As a result of this, the value of housing is influenced by investment behaviors in each community and neighborhood.

Housing Policy, Affordability, and Moving Forward

- **Durable:** Housing is long lasting and expensive to construct. Housing requires continuous investment to maintain quality and value. In addition, housing is highly susceptible to changes in investment behavior, the location of investment, and *consumer preferences*. Unlike other commodities, housing remains on the landscape for long periods of time, while investor behaviors and consumer preferences change over time. What was desirable housing product in 1950 or 2000, may not be as desirable in 2021.
- **Temporal:** Housing is constructed at specific moments in time (and space/location), often in large numbers (i.e., large developments, subdivisions, or neighborhoods), and designed to meet the consumer preferences at that moment in time. This means that the moment a housing unit is completed, it is competing with newer housing product that has a competitive advantage at better serving the changing preferences of consumers (homebuyers).
- **Creative Destruction**: Is the phenomenon of innovation (i.e., new methods, materials, techniques, designs, and amenities of housing) that destroy the housing product that was previously provided. Housing is continually being creatively destroyed by newer/modern product. For example, the 1950s 1,000 square foot ranch, on a quarter acre lot, with one bathroom, three bedrooms, small closets, and a one car garage has been creatively destroyed by 2,500+ square foot Colonials on acre lots (or more), with two and a half baths (one en-suite with the master bedroom), three or more-bedrooms, large closets, open floor plans, and two car garages.

Most commodities are not fixed in location or as durable as housing. However, other commodities are temporal and susceptible to creative destruction. For example, when the Sony Walkman is creatively destroyed by the MP3 player, the Walkman goes away, while the 1950s house remain as part of the landscape and housing market, possibly functionally obsolescent and competing with newer housing product. Therefore, it is important for communities to continuously add new housing and a diversity of housing product to the overall housing stock. This creates a competitive housing market with the community.

The Lower Connecticut River Valley Region housing stock is aging, little new housing had been built since 2008, and much of the past and newer housing stock in not proportionately matched to recent shifts and trends in the housing market and consumer preferences. However, since housing markets are dynamic, even with weak demand drivers, the Lower CT River Valley Region does have the ability to better position itself to compete in the greater housing market. Most notably, if the Region can provide a newer housing stock with modern amenities, the Region would be well positioned to capture market share.

Housing Policy, Affordability, and Moving Forward

Therefore, if the Region is to solve its demographic problem—the primary problem harming the region—then housing should be a key lever of change. The Lower Connecticut River Valley Region, while a periphery location, is desirable and should be able to effectively compete, as it has in the past. The Northern Market Area is well positioned and accessible to the metropolitan Hartford labor marks and the subregional employment center in Middletown. The Interior Market Area with its rural aesthetic is highly desirable, even though is distanced and less accessible to the metropolitan Hartford and New Haven labor markets. The Shoreline Market Area with its coastal aesthetic and tourism appeal is also highly desirable.

The three greatest challenges to positioning the Region's housing market to compete for investment and younger persons and families are, in ranked order:

1. Political will to embrace change, growth, and development. The Region must be willing to change, specifically to change what is doing work constantly and intentionally to embrace growth, development, and younger populations
2. Limited availability of public water and sewer infrastructure. The limited availability of public infrastructure will require for housing and development to be targeted into those areas with infrastructure and capacity.
3. Economic, specifically, job growth. The must be willing to embrace economic development aimed at retaining and attracting jobs across all economic sectors.

The fact is, even with weak demand drivers, there is always a degree of demand for new housing, specifically a modern housing stock with modern amenities. Therefore, by strategically and intentionally adding a modern housing product, market share can be capture. Based on the small amount of housing produced in the Region in recent years and the even smaller amounts of multi-family housing produced in the Region, historically and recently, it is likely that the Region is missing out on potential market share—new housing and housing investment. Most important, missing on the market share, if likely evidenced in the demographic data—the loss of population, persons under 18 years of age, and young person and family household.

Key to confronting and addressing each of these challenges is land use planning at both the regional and local level governance. The recently adopted Lower Connecticut River Valley Plan of Conservation and Development 2021-2030 provides a regional land use plan and framework for targeting housing and economic development into the areas with infrastructure and capacity. This Plan should guide the Region's, including the local plans, efforts to create change and embrace housing and economic growth.

Housing Policy, Affordability, and Moving Forward

Political will—meaning the will of elected officials, appointed officials, commissions, boards, and the residents of the region as a whole—is the critical to the success of reversing the economic, demographic, and housing market tends that are and will continue to harm the Region's economic vitality and prosperity. If the Region and its community's do not embrace the need to change the Region's trajectory, then the likelihood of success of success is limited, at best. Targeting housing and economic investment, based on the limited availability of public water and public sewer infrastructure we be best addressed through land use planning. The recently adopted Lower Connecticut River Valley Plan of Conservation and Development 2021-2030 already provides the regional land use plan and development framework for targeting housing and economic development into the areas with infrastructure and capacity. This Plan should guide the Region's, including the local plans, efforts to create change and embrace housing and economic growth. While economic and job growth are more of a State problem and issue for the to address, the Region can play a role, at least the regional scale, in creating environment conducive to economic prosperity. This will require the Region to embrace growth and economic development. The framework for doing so is also outlined in the recently adopted Lower Connecticut River Valley Plan of Conservation and Development 2021-2030.

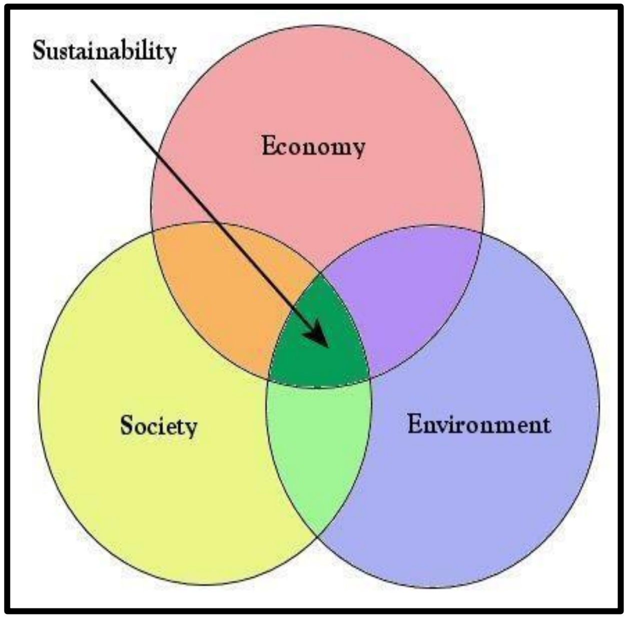
The following pages provide a framework for strategically and intentionally working to reposition the Lower Connecticut Rive Valley Region to compete for housing, population, young person and families, and economic prosperity. The approach begins with Sustainability and Resiliency as overarching principals to guide the Region's housing market strategy. A framework for organizing the strategy is provide and followed by specific considerations for implementing such a strategy.

Housing Policy, Affordability, and Moving Forward

A Sustainable and Resilient Region

The widely accepted definition (United Nations 1987 Brundtland Report - World Commission on the Environment and Development) explains sustainability as follows:

> *Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Doing so must integrate and balance economic, environmental, and social goals.*



The symbiotic relationship of the three core elements (economic, environmental, and social) is important to recognize—for a community to be sustainable, the community must *work to find balance* between the three core elements.

Unfortunately, in community and regional planning, too often we favor and privilege environmental sustainability. While environmental sustainability is important, especially in the Region's shoreline communities, social and economic sustainability are as important and critical to the Region's future. Demographics, jobs (the demand drivers), housing market, and housing affordability are social and economic issues. Therefore, the Region must embrace sustainable development and find a balance between the three core elements.

Housing Policy, Affordability, and Moving Forward

A Sustainable and Resilient Lower Connecticut River Valley Region

Like sustainability, resiliency is also predominately conceptualized as environmental resilience. However, resilience is also about social and economic resiliency. In the context of the Lower Connecticut River Valley Region, resiliency also needs to include social and economic resilience. Resilience is defined as the capacity of a community (or Region) to absorb shock or disturbance and still retain its basic function and structure. The Lower Connecticut River Valley Region is experiencing the shock and disturbance of decades of stagnant job growth and anemic population growth. Therefore, a resilience approach is in order and starts with:

- *embracing change,* the *simple notion that things change*
- recognizing communities are *always shifting* and that change is neither continuous or gradual, but *episodic*
- not *presuming sufficient knowledge, but recognizing our ignorance*
- *keep options open*, fostering *novelty* and *experimentation*, while not trying to resist or constrain *change*
- not assuming that future events are expected, *but that they will be unexpected*
- embracing *diversity,* in all its forms
- paying close attention to *slow moving variables* of change
- embracing and encouraging *redundancies*, *overlapping responsibilities*, and incorporating both *top-down* and *bottom-up structures*,
- recognizing the *regional context* and scale to fit the local context
- not focusing on *capacities to predict or preordain the future*, but on the *capacity to devise systems that can absorb and accommodate future events in whatever unexpected form they may take*.

A Resiliency Approach

The Lower CT River Valley Region must:

- embrace change, and not resist new commercial and residential development.
- keep options open through flexible zoning regulations that allow and encourage new density and forms of development.
- embrace diversity, in housing—size, tenure, multi-family, etc.
- paying close attention to and monitor the slow-moving variables demographics and housing market signals.
- embrace the redundancies and overlapping responsibilities of local government, while viewing the housing market at a regional scale.
- not focusing on capacities to predict or preordain the future, but on the capacity to devise systems—plans and regulation—that can absorb and accommodate future events in whatever unexpected form they may take.

Housing Policy, Affordability, and Moving Forward

Regional Housing Planning Policy Framework:

- The Region must encourage new housing development and embrace new residents—especially young persons, families, and children—with the aim of embracing population growth.
    - Discourage fiscal zoning aimed at limiting or excluding school-age-children and school district enrollments.
- New housing development must embrace and include:
    - Higher density housing development
    - Multi-family rental housing
    - Rental housing
    - Missing-middle housing
        - Semi-attached (duplex & townhouse).
        - Semi-attached (duplex) allow in cluster subdivision.
        - Public health code allows up to 12 or 16 bedrooms before community septic—to govern density.
    - Modest (smaller) single-family housing

Housing Policy, Affordability, and Moving Forward

Regional Housing Planning Policy Framework:

- **Housing Market Geography:**
  - **Northern Market Area:** This area dominates the Region's housing market (and labor/employment market). Therefore, from the perspective of planning, it is reasonable to recognized and assume that this area will continue to dominate the housing market. In addition, the Northern Market Area is best positioned to absorb new housing. This is true of market rate, affordable, and multi-family housing. Middletown has dominated the Region's and the Northern Market Area, and it will continue to dominate the housing market. However, Cromwell, Portland, and to some degree, East Hampton, are well positioned to absorb a greater share of new housing.
  - **Interior Market Area:** This area is the lowest density area with the Region and is dominated by a rural aesthetic. Based on this low-density character, limited public sewer and water, and distance from the core employment centers, this submarket is not positioned well to absorb new housing, nor is it ideal for high density multi-family housing. However, regardless of the distance location and rural aesthetic that define this area, this are does have the potential to provide modest increases in housing density and can absorb more missing middle housing. Higher density multi-family housing can be absorbed in the limited locations where public infrastructure exists.
  - **Shoreline Market Area:** This area is unique in that it has a substantial seasonal housing market, tourism economy, and coastal aesthetic. Physically, the market is mostly built-out, with limited developable land available due to environmental constraints. Therefore, the capacity for the market to absorb new housing is constrained and much of the recent housing development appears to be driven by teardowns. The area most suitable for new housing is the Route 1 commercial corridor. This corridor could absorb modest multi-family and mixed used development.

Housing Policy, Affordability, and Moving Forward

Regional Housing Planning Policy Framework:

- **The Regional Plan of Conservation and Development:**
    - The Regional Plan of Conservation and Development, specifically the Future Land Use Plan Strategies provide a good framework for the spatial organization of new housing development. Specifically, the Connected Composite Map and Innovative Composite Map provide a guide to the locations best positioned for investment and development. These locations are highlighted and positioned in the plan based on the existence of public infrastructure and to physical character of the area.
- **Housing and Land Use:**
    - Changes in planning, economic development, and private market development have emerged in response to changing consumer preferences. Most notable, mixed-used and village style development have emerged meaningful trends in recent decades as consumers, communities, and developers have embraced thus more compact form of development. Mixed-use and village style development provide meaningful opportunities to adapt housing into the Region’s landscape and economy.
    - With shifts and changes in retail, ecommerce, and the way-we-work, housing—especially multi-family housing—provides a unique opportunity to reinvent and reposition commercial areas—especially retail corridors, town, and village centers.
    - Housing has a symbiotic relationship with commercial office (the places of work) and retail (the places of amenities). In fact, the most common approach to reposition retail—large shopping centers and regional malls—has been to incorporate housing development.

Housing Characteristics and Housing Need

New Housing Characteristics

The Lower Connecticut River Valley Region's housing stock is dominated by large single-family detached housing units. However, as the demographic structure of household has shifted away family household to one- and two-person household, the housing market has shifted toward smaller and multi-family housing—this includes a shift from owner-occupied to renter occupied housing. Therefore, if the Lower CT River Valley Region's housing market is to remain competitive, new housing must be aimed at satisfying the consumer preferences—the needs and wants of renters and homebuyers.

The tables below provide percent targets for new housing characteristics and unit mix of bedrooms for multi-family housing.

Lower CT River Valley Region Housing Characteristics

	LCRVR	Percent	State of Connecticut	Percent
Total housing units	82,463	100%	1,516,629	100%
1-unit detached	58,808	**71.3%**	893,531	58.9%
1-unit attached	3,016	*3.7%*	81,832	5.4%
2 units	4,874	*5.9%*	124,082	8.2%
3 or 4 units	3,563	*4.3%*	130,863	8.6%
5 to 9 units	4,022	*4.9%*	82,695	5.5%
10 to 19 units	2,797	*3.4%*	57,281	3.8%
20 or more units	4,482	**5.4%**	134,093	8.8%
Mobile home	894	1.1%	11,826	0.7%
Boat, RV, van, etc.	7	0%	426	0%

New Housing Characteristics – No Change

Status Quo – Low Estimate	Future Housing Need
Total housing units	200 Units/Year & 2,000/10 Years
1-unit detached	20%
1-unit attached	15%
2 units	5%
3 or 4 units	5%
5 to 9 units	5%
10 to 19 units	5%
20 or more units	45%
Mobile home	0%
Boat, RV, van, etc.	0%

New Housing Characteristics – A New Future

Future Growth – High Estimate	Future Housing Need
Total housing units	600 Units/Year & 6,000/10 Years
1-unit detached	30%
1-unit attached	10%
2 units	5%
3 or 4 units	5%
5 to 9 units	5%
10 to 19 units	5%
20 or more units	40%
Mobile home	0%
Boat, RV, van, etc.	0%

Target Unit Mix

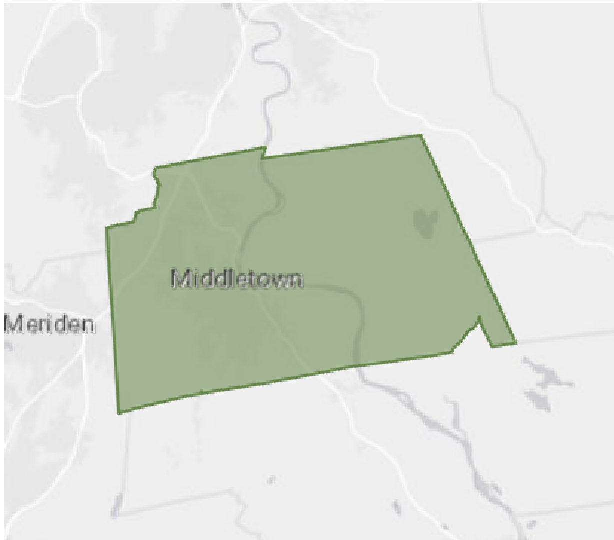
Units	Mix
Studio	10-15%
One-Bedroom	30-40%
Two-Bedroom	35-45%
Three=Bedroom	10-15%

Appendix I. Housing Market Analysis: Submarket Geographies

GOMAN+YORK

Population and Housing Market Trends

of North Market Area, Connecticut



POPULATION TRENDS AND KEY INDICATORS

North Market Area

88,712	36,475	2.31	42.6	$70,115	$257,157	116	118	46
Population	Households	Avg Size Household	Median Age	Median Household Income	Median Home Value	Wealth Index	Housing Affordability	Diversity Index

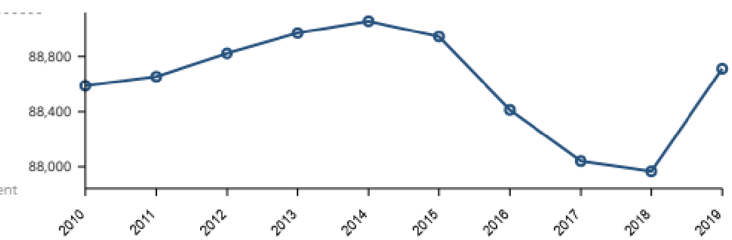
HOUSING STATS

$257,157
Median Home Value

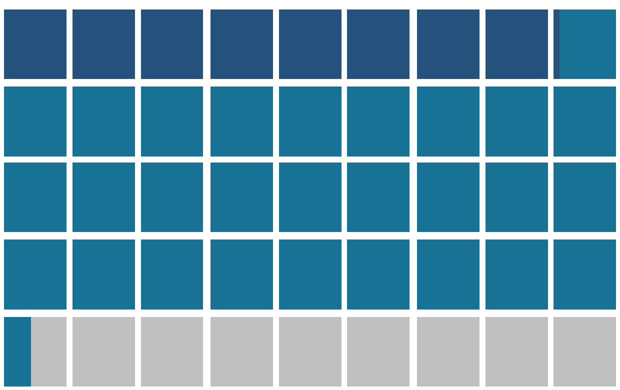
$11,249
Average Spent on Mortgage & Basics

$1,006
Median Contract Rent

Historical Trends: Population



POPULATION BY AGE



Under 18 (18%) | Ages 18 to 64 (63%) | Aged 65+ (19%)

POPULATION BY GENERATION

7.3%
Greatest Gen: Born 1945/Earlier

23.4%
Baby Boomer: Born 1946 to 1964

21.2%
Generation X: Born 1965 to 1980

22.4%
Millennial: Born 1981 to 1998

21.2%
Generation Z: Born 1999 to 2016

4.5%
Alpha: Born 2017 to Present

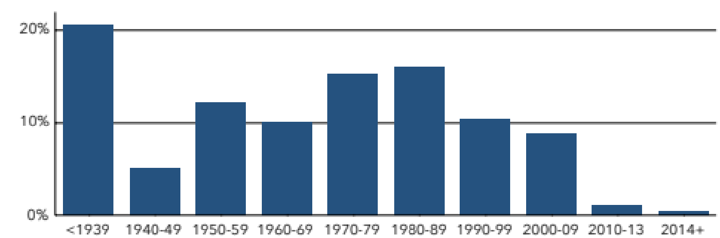
HOUSING UNIT COMPOSITION

24,350
2021 Owner Occupied Housing Units (Esri)

12,125
2021 Renter Occupied Housing Units (Esri)

3,204
2021 Vacant Housing Units (Esri)

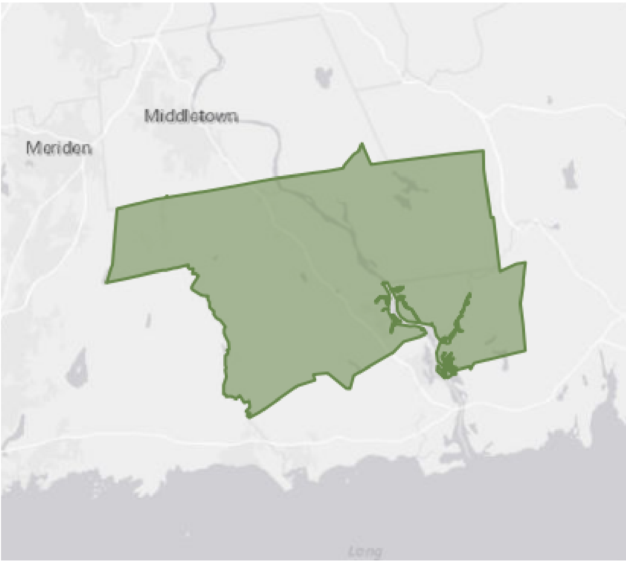
Housing: Year Built



esri THE SCIENCE OF WHERE U.S. Census Bureau, Esri forecasts for 2019 and 2024, Esri Vintage 2019 Time Series

Population and Housing Market Trends

of Interior Market Area, Connecticut



POPULATION TRENDS AND KEY INDICATORS

Middle Market Area

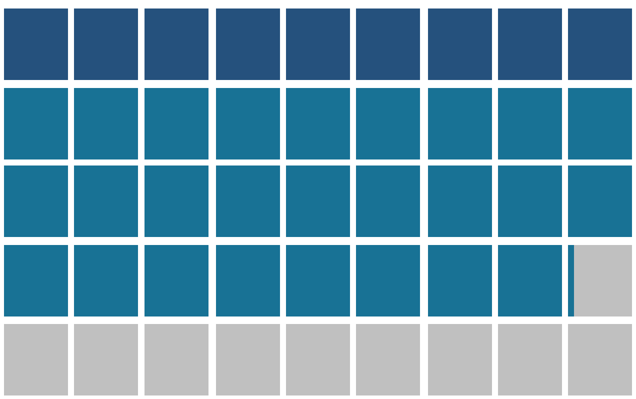
42,599	16,813	2.51	48.7	$96,491	$332,036	180	132	17
Population	Households	Avg Size Household	Median Age	Median Household Income	Median Home Value	Wealth Index	Housing Affordability	Diversity Index

HOUSING STATS

$332,036	$16,019	$981
Median Home Value	Average Spent on Mortgage & Basics	Median Contract Rent

Historical Trends: Population

POPULATION BY AGE



Under 18 (20%) Ages 18 to 64 (58%) Aged 65+ (22%)

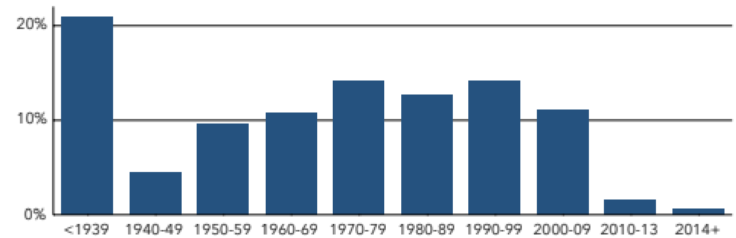
POPULATION BY GENERATION

7.7%	28.5%	24.1%
Greatest Gen: Born 1945/Earlier	Baby Boomer: Born 1946 to 1964	Generation X: Born 1965 to 1980
15.6%	**20.2%**	**3.9%**
Millennial: Born 1981 to 1998	Generation Z: Born 1999 to 2016	Alpha: Born 2017 to Present

HOUSING UNIT COMPOSITION

14,384	2,429	2,307
2021 Owner Occupied Housing Units (Esri)	2021 Renter Occupied Housing Units (Esri)	2021 Vacant Housing Units (Esri)

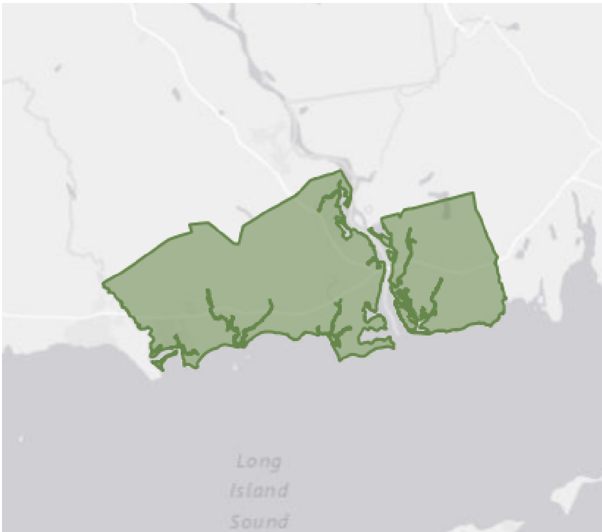
Housing: Year Built



esri THE SCIENCE OF WHERE U.S. Census Bureau, Esri forecasts for 2019 and 2024, Esri Vintage 2019 Time Series

Population and Housing Market Trends

of Shoreline Market Area, Connecticut



POPULATION TRENDS AND KEY INDICATORS

Shore Market Area

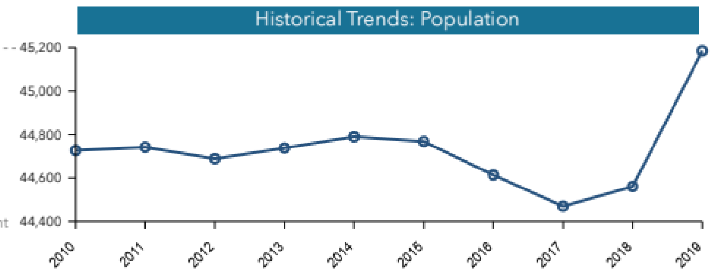
45,185	18,968	2.36	51.6	$79,085	$363,143	174	107	23
Population	Households	Avg Size Household	Median Age	Median Household Income	Median Home Value	Wealth Index	Housing Affordability	Diversity Index

HOUSING STATS

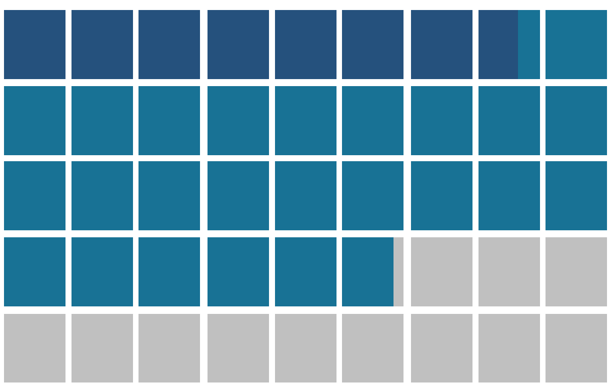
$363,143
Median Home Value

$14,513
Average Spent on Mortgage & Basics

$1,139
Median Contract Rent



POPULATION BY AGE



POPULATION BY GENERATION

10.7%
Greatest Gen: Born 1945/Earlier

30.7%
Baby Boomer: Born 1946 to 1964

21.4%
Generation X: Born 1965 to 1980

15.7%
Millennial: Born 1981 to 1998

17.9%
Generation Z: Born 1999 to 2016

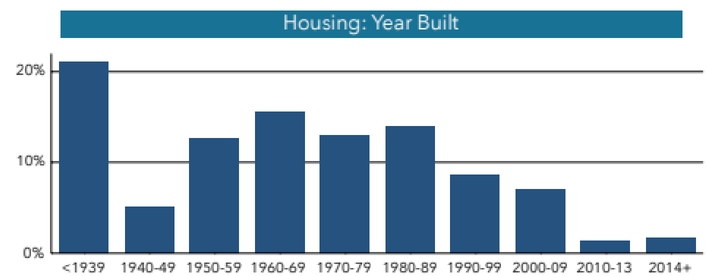
3.6%
Alpha: Born 2017 to Present

HOUSING UNIT COMPOSITION

15,333
2021 Owner Occupied Housing Units (Esri)

3,635
2021 Renter Occupied Housing Units (Esri)

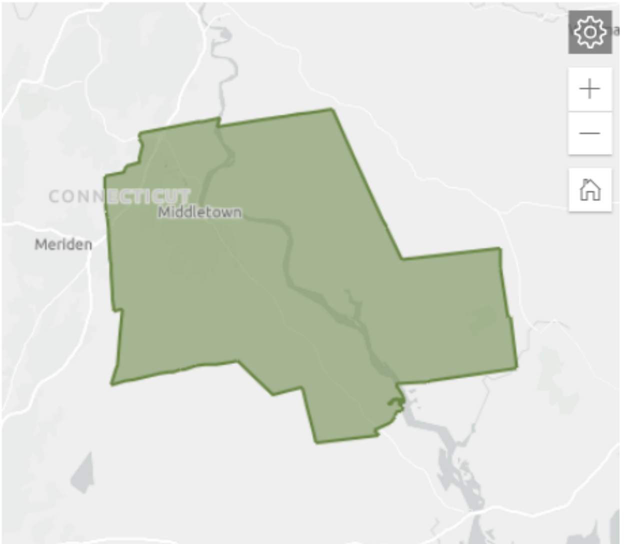
5,724
2021 Vacant Housing Units (Esri)



esri THE SCIENCE OF WHERE
U.S. Census Bureau, Esri forecasts for 2019 and 2024, Esri Vintage 2019 Time Series

Fair Market Rent Submarket: Hartford-West Hartford-East Hartford

Source: Department of Housing and Urban Development (HUD)



POPULATION TRENDS AND KEY INDICATORS

Hartford Metro FMR Area

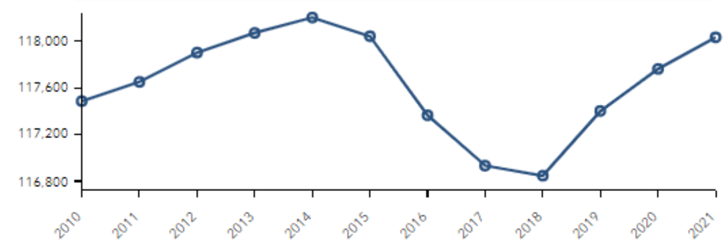
118,031	47,897	2.37	44.0	$76,627	$275,146	130	121	39
Population	Households	Avg Size Household	Median Age	Median Household Income	Median Home Value	Wealth Index	Housing Affordability	Diversity Index

MORTGAGE INDICATORS

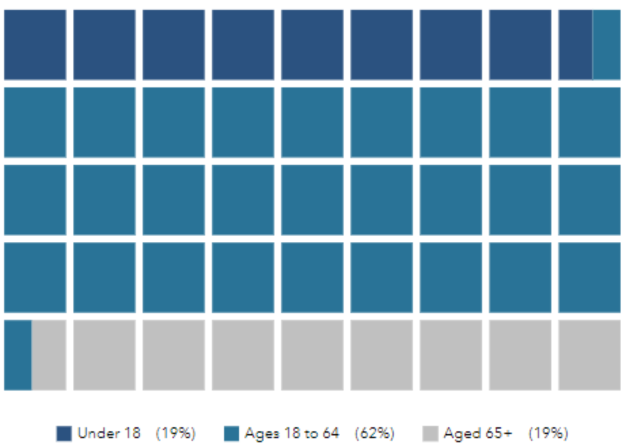
$12,267
Avg Spent on Mortgage & Basics

15.1%
Percent of Income for Mortgage

Historical Trends: Population



POPULATION BY AGE



POPULATION BY GENERATION

7.3%
Greatest Gen: Born 1945/Earlier

24.4%
Baby Boomer: Born 1946 to 1964

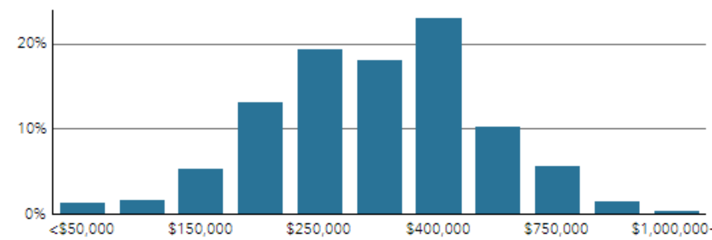
21.9%
Generation X: Born 1965 to 1980

20.9%
Millennial: Born 1981 to 1998

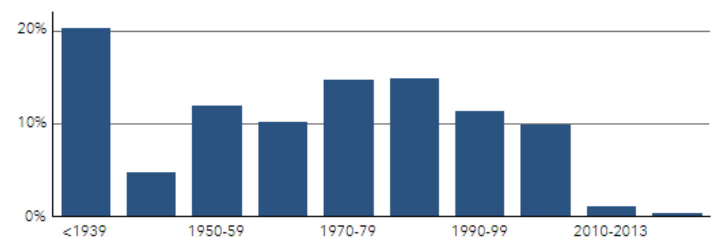
21.0%
Generation Z: Born 1999 to 2016

4.4%
Alpha: Born 2017 to Present

Home Value

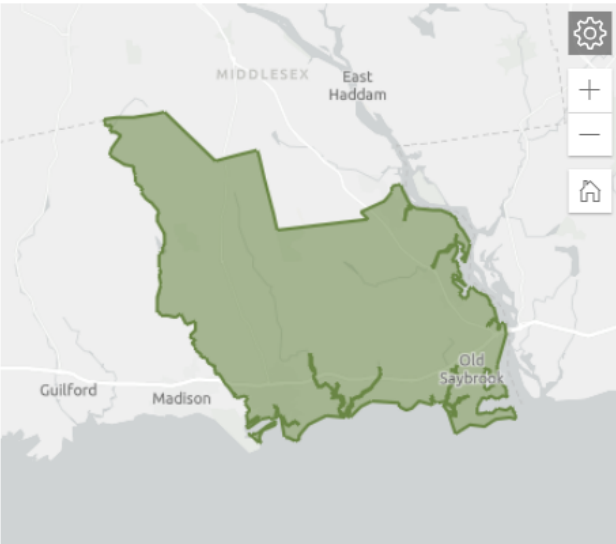


Housing: Year Built

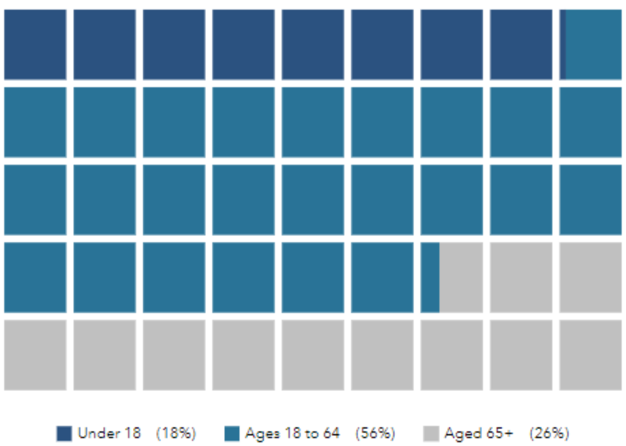


Fair Market Rent Submarket: Southern Middlesex County

Source: Department of Housing and Urban Development (HUD)



POPULATION BY AGE



POPULATION TRENDS AND KEY INDICATORS

Southern Middlesex County FMR Area

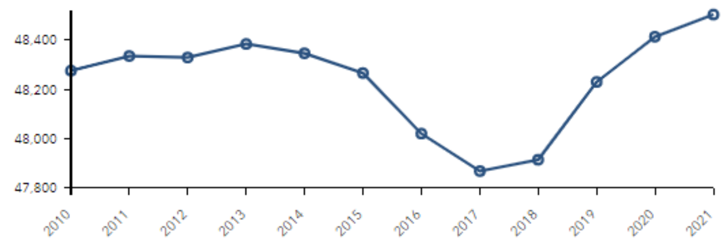
48,503	20,102	2.39	50.7	$77,214	$350,464	165	106	23
Population	Households	Avg Size Household	Median Age	Median Household Income	Median Home Value	Wealth Index	Housing Affordability	Diversity Index

MORTGAGE INDICATORS

$14,121
Avg Spent on Mortgage & Basics

19.0%
Percent of Income for Mortgage

Historical Trends: Population



POPULATION BY GENERATION

9.8%
Greatest Gen: Born 1945/Earlier

30.2%
Baby Boomer: Born 1946 to 1964

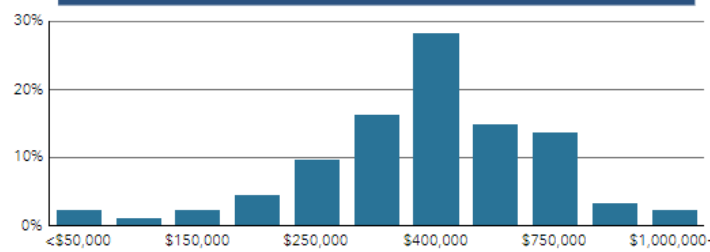
22.1%
Generation X: Born 1965 to 1980

15.8%
Millennial: Born 1981 to 1998

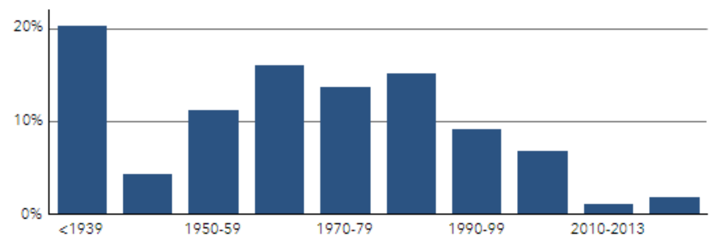
18.5%
Generation Z: Born 1999 to 2016

3.7%
Alpha: Born 2017 to Present

Home Value

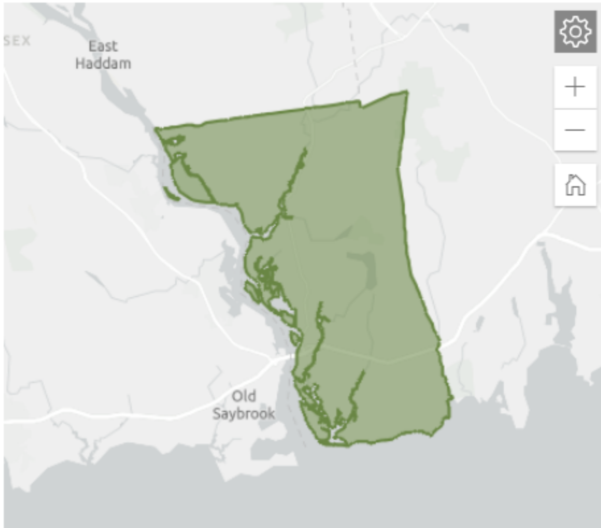


Housing: Year Built



Fair Market Rent Submarket: Southern Middlesex County

Source: Department of Housing and Urban Development (HUD)



POPULATION TRENDS AND KEY INDICATORS

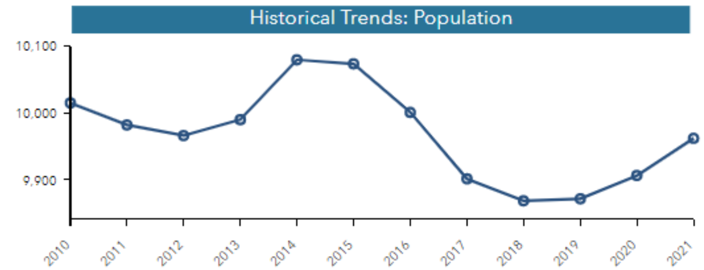
Norwich – New London Metro FMR Area

9,962	4,257	2.34	53.8	$100,024	$430,638	244	119	15
Population	Households	Avg Size Household	Median Age	Median Household Income	Median Home Value	Wealth Index	Housing Affordability	Diversity Index

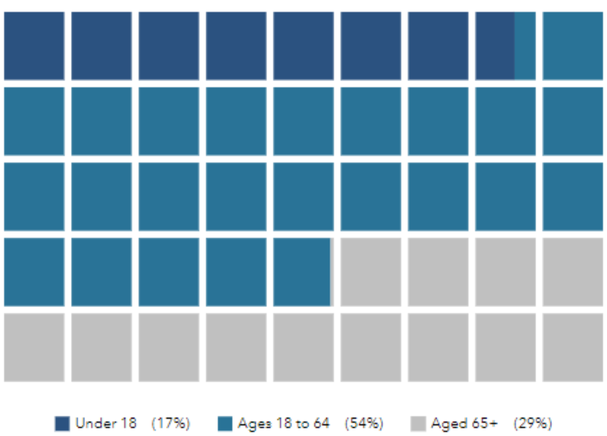
MORTGAGE INDICATORS

$18,963
Avg Spent on Mortgage & Basics

18.1%
Percent of Income for Mortgage



POPULATION BY AGE



POPULATION BY GENERATION

11.1%
Greatest Gen: Born 1945/Earlier

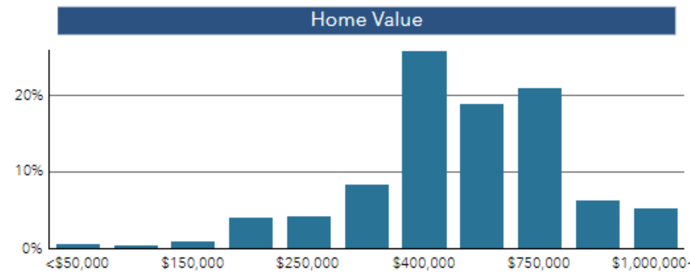
33.5%
Baby Boomer: Born 1946 to 1964

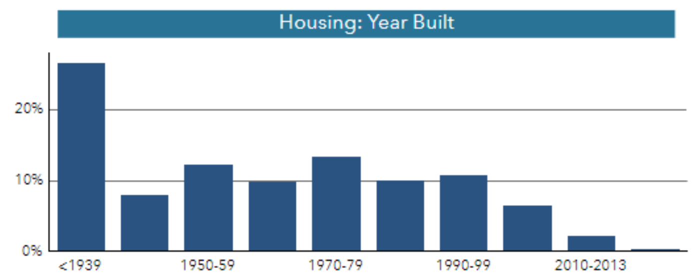
22.0%
Generation X: Born 1965 to 1980

12.7%
Millennial: Born 1981 to 1998

17.6%
Generation Z: Born 1999 to 2016

3.1%
Alpha: Born 2017 to Present



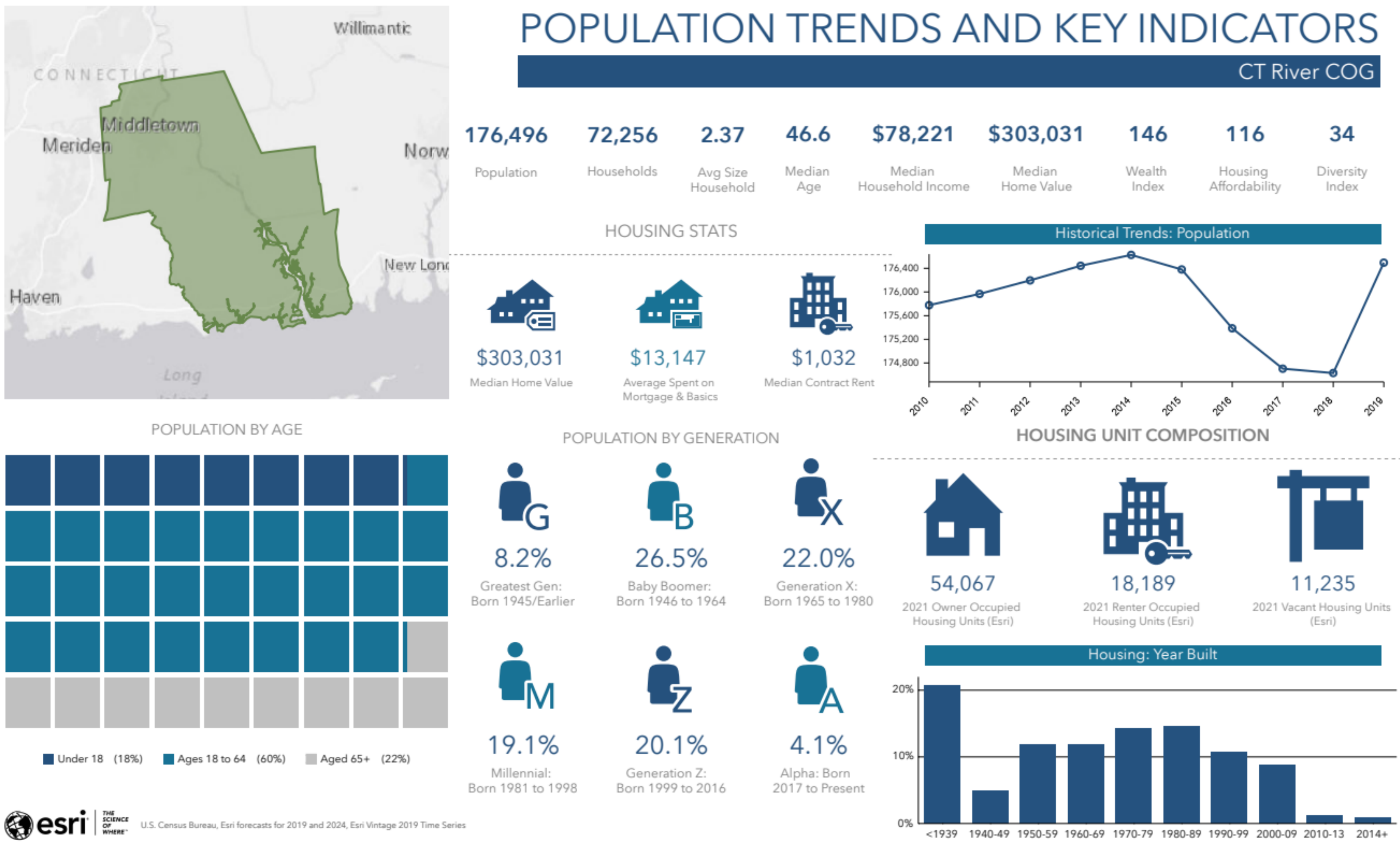


esri THE SCIENCE OF WHERE

This infographic contains data provided by American Community Survey (ACS), Esri, Esri and Bureau of Labor Statistics. The vintage of the data is 2015-2019, 2021, 2026.

The Region: Population and Housing Market Trends

Lower Connecticut River Valley Region Fair Market Rents Area



The Lower Connecticut River Valley Region Fair Market Rents Area contains the following communities:
Middletown, Middlefield, Cromwell, Portland, East Hampton, Clinton, Westbrook, Old Saybrook, Old Lyme, Essex, Durham, Haddam, East Haddam, Chester, Killingworth, Deep River, Lyme

Appendix II.
Fair Market Rents & Housing Need

GOMAN+YORK

Fair Market and "Affordable" Rents; Income Limits by Unit Size and Family Size

Source: Department of Housing and Urban Development (HUD), Hartford-West Hartford-East Hartford CT FMR Area

Hartford FMR Area	Owner with Mortgage		Owner without Mortgage		Renter with >$0 Rent		Total Occupied Units	
	# Units	%	# Units	%	# Units	%	# Units	%
Occupied housing units	**24,476**	**100.0%**	**10,601**	**100.0%**	**11,728**	**100.0%**	**46,805**	**100.0%**
Less than $5,000	195	0.8%	219	2.1%	544	4.6%	958	2.0%
$5,000 - $9,999	65	0.3%	312	2.9%	855	7.3%	1,232	2.6%
$10,000 - $14,999	196	0.8%	297	2.8%	985	8.4%	1,478	3.2%
$15,000 - $19,999	163	0.7%	438	4.1%	1,089	9.3%	1,690	3.6%
$20,000 - $24,999	331	1.4%	293	2.8%	500	4.3%	1,124	2.4%
$25,000 - $34,999	525	2.1%	524	4.9%	885	7.5%	1,934	4.1%
$35,000 - $49,999	1,427	5.8%	1,099	10.4%	1,573	13.4%	4,099	8.8%
$50,000 - $74,999	3,358	13.7%	1,808	17.1%	2,244	19.1%	7,410	15.8%
$75,000 - $99,999	4266	17.4%	2,646	25.0%	1,444	12.3%	8,356	17.9%
$100,000 - $149,999	5828	23.8%	1,992	18.8%	1,077	9.2%	8,897	19.0%
$150,000 or more	8,122	33.2%	973	9.2%	532	4.5%	9,627	20.6%

Hartford FMR Area	Owner with Mortgage		Owner without Mortgage		Renter with >$0 Rent		Total Occupied Units	
Monthly Housing Costs	# Units	%	# Units	%	# Units	%	# Units	%
Less than $300	0	0.0%	171	1.7%	728	5.3%	899	1.9%
$300 - $499	26	0.1%	568	5.7%	838	6.1%	1,432	3.1%
$500 - $799	353	1.5%	4,158	41.7%	1,285	9.4%	5,796	12.4%
$800 - $999	623	2.7%	2,154	21.6%	2,089	15.2%	4,866	10.4%
$1,000 - $1,499	3,596	15.6%	2,275	22.8%	5,748	41.9%	11,619	24.8%
$1,500 - $1,999	6,328	27.4%	513	5.1%	2,298	16.8%	9,139	19.5%
$2,000 - $2,499	5,541	24.0%	88	0.9%	435	3.2%	6,064	13.0%
$2,500 - $2,999	3,395	14.7%	38	0.4%	101	0.7%	3,534	7.6%
$3,000 or more	3,245	14.0%	16	0.2%	192	1.4%	3,453	7.4%

Fair Market and "Affordable" Rents; Income Limits by Unit Size and Family Size

Source: Department of Housing and Urban Development (HUD), Hartford-West Hartford-East Hartford CT FMR Area

Household Income & % of Gross Income for Housing

Hartford FMR Area	Owner with Mortgage		Owner without Mortgage		Renter with >$0 Rent		Total Occupied Units	
	# Units	%	# Units	%	# Units	%	# Units	%
Less than $20,000	**619**	**1.3%**	**1,266**	**2.7%**	**3,473**	**7.4%**	**5,358**	**11.4%**
<20%	33	0.1%	924	0.2%	443	0.9%	568	1.2%
20% - 29%	33	0.1%	157	0.3%	610	1.3%	801	1.7%
>30%	**533**	**1.2%**	**1,017**	**2.2%**	**2,420**	**5.2%**	**3,989**	**8.5%**
$20,000 - $34,999	**856**	**1.8%**	**817**	**1.7%**	**1,358**	**3.0%**	**3,058**	**6.5%**
<20%	0	0.0%	106	0.2%	106	0.2%	212	0.5%
20% - 29%	4	0.0%	242	0.5%	169	0.4%	415	0.9%
>30%	**852**	**1.8%**	**468**	**1.0%**	**1,110**	**2.4%**	**2,431**	**5.2%**
$35,000 - $49,999	**1,427**	**3.0%**	**1,099**	**2.3%**	**1,573**	**3.4%**	**4,099**	**8.8%**
<20%	0	0.0%	339	0.7%	99	0.2%	438	0.9%
20% - 29%	175	0.4%	519	1.1%	436	0.9%	1,130	2.4%
>30%	**1,252**	**2.7%**	**241**	**0.5%**	**1,038**	**2.2%**	**2,531**	**5.4%**
$50,000 - $74,999	**3,358**	**7.2%**	**1,808**	**3.9%**	**2,244**	**4.8%**	**7,410**	**15.8%**
<20%	179	0.4%	1,319	2.8%	444	0.9%	1,942	4.1%
20% - 29%	917	2.0%	422	0.9%	1,013	2.2%	2,352	5.0%
>30%	**2,262**	**4.8%**	**67**	**0.1%**	**787**	**1.7%**	**3,116**	**6.7%**
Greater Than $75,000	**18,216**	**38.9%**	**5,611**	**12.0%**	**3,053**	**6.5%**	**26,880**	**57.4%**
<20%	9,822	21.0%	5,521	11.8%	2,013	4.3%	17,356	37.1%
20% - 29%	5,907	12.6%	89	0.2%	858	1.8%	6,854	14.6%
>30%	**2,487**	**5.3%**	**1**	**0.0%**	**182**	**0.4%**	**2,670**	**5.7%**

Fair Market and "Affordable" Rents; Income Limits by Unit Size and Family Size

Source: Department of Housing and Urban Development (HUD), Southern Middlesex County CT FMR Area

Southern Middlesex County	Owner with Mortgage		Owner without Mortgage		Renter with >$0 Rent		Total Occupied Units	
	# Units	%	# Units	%	# Units	%	# Units	%
Occupied housing units	**10,889**	**100.0%**	**5,353**	**100.0%**	**3688**	**100.0%**	**19,930**	**468.9%**
Less than $5,000	73	0.7%	145	2.7%	206	5.6%	424	2.1%
$5,000 - $9,999	42	0.4%	66	1.2%	202	5.5%	310	1.6%
$10,000 - $14,999	82	0.8%	105	2.0%	268	7.3%	455	2.3%
$15,000 - $19,999	67	0.6%	256	4.8%	224	6.1%	547	2.7%
$20,000 - $24,999	196	1.8%	158	3.0%	284	7.7%	638	3.2%
$25,000 - $34,999	432	4.0%	505	9.4%	417	11.3%	1,354	6.8%
$35,000 - $49,999	663	6.1%	565	10.6%	505	13.7%	1,733	8.7%
$50,000 - $74,999	1,446	13.3%	862	16.1%	668	18.1%	2,976	14.9%
$75,000 - $99,999	1,395	12.8%	746	13.9%	428	11.6%	2,569	12.9%
$100,000 - $149,999	2,891	26.6%	943	17.6%	308	8.4%	4,142	20.8%
$150,000 or more	3,602	33.1%	1,002	18.7%	178	4.8%	4,782	24.0%

Southern Middlesex County	Owner with Mortgage		Owner without Mortgage		Renter with >$0 Rent		Total Occupied Units	
Monthly Housing Costs	# Units	%	# Units	%	# Units	%	# Units	%
Less than $300	0	0.0%	25	1.7%	40	5.3%	65	1.5%
$300 - $499	2	0.1%	82	5.7%	46	6.1%	130	3.1%
$500 - $799	31	1.5%	603	41.7%	70	9.3%	704	16.6%
$800 - $999	56	2.7%	312	21.6%	115	15.3%	483	11.4%
$1,000 - $1,499	319	15.6%	330	22.8%	314	41.8%	963	22.7%
$1,500 - $1,999	562	27.4%	74	5.1%	126	16.8%	762	17.9%
$2,000 - $2,499	492	24.0%	13	0.9%	24	3.2%	529	12.4%
$2,500 - $2,999	301	14.7%	6	0.4%	6	0.8%	313	7.4%
$3,000 or more	288	14.0%	2	0.1%	11	1.5%	301	7.1%

Fair Market and "Affordable" Rents; Income Limits by Unit Size and Family Size

Source: Department of Housing and Urban Development (HUD), Southern Middlesex County CT FMR Area

Household Income & % of Gross Income for Housing

Southern Middlesex County	Owner with Mortgage		Owner without Mortgage		Renter with >$0 Rent		Total Occupied Units	
	# Units	%	# Units	%	# Units	%	# Units	%
Less than $20,000	**221**	**1.1%**	**495**	**2.5%**	**833**	**4.2%**	**1,549**	**7.8%**
<20	12	0.1%	36	0.2%	106	0.5%	154	0.8%
20 - 29	12	0.1%	62	0.3%	146	0.7%	220	1.1%
>30	**197**	**1.0%**	**397**	**2.0%**	**581**	**2.9%**	**1,175**	**5.9%**
$20,000 - $34,999	**669**	**3.4%**	**701**	**3.5%**	**727**	**3.6%**	**2,097**	**10.5%**
<20	0	0.0%	91	0.5%	56	0.3%	147	0.7%
20 - 29	3	0.0%	207	1.0%	89	0.4%	299	1.5%
>30	**666**	**3.3%**	**403**	**2.0%**	**582**	**2.9%**	**1,651**	**8.3%**
35,000 - 49,999	**815**	**4.1%**	**688**	**3.5%**	**603**	**3.0%**	**2,106**	**10.6%**
<20	0	0.0%	212	1.1%	38	0.2%	250	1.3%
20 - 29	100	0.5%	325	1.6%	167	0.8%	592	3.0%
>30	**715**	**3.6%**	**151**	**0.8%**	**398**	**2.0%**	**1,264**	**6.3%**
50,000 - 74,999	**1,460**	**7.3%**	**861**	**4.3%**	**655**	**3.3%**	**2,976**	**14.9%**
<20	78	0.4%	628	3.2%	130	0.7%	836	4.2%
20 - 29	399	2.0%	201	1.0%	295	1.5%	895	4.5%
>30	**985**	**4.9%**	**32**	**0.2%**	**230**	**1.2%**	**1,247**	**6.3%**
Greater Than $75,000	**7,724**	**38.8%**	**2,608**	**13.1%**	**870**	**4.4%**	**11,202**	**56.2%**
<20	4,166	20.9%	2,566	12.9%	574	2.9%	7,306	36.7%
20 - 29	2,504	12.6%	41	0.2%	244	1.2%	2,789	14.0%
>30	**1,054**	**5.3%**	**1**	**0.0%**	**52**	**0.3%**	**1,107**	**5.6%**

Fair Market and "Affordable" Rents; Income Limits by Unit Size and Family Size

Source: Department of Housing and Urban Development (HUD), Norwich - New London CT FMR Area

Old Lyme & Lyme	Owner with Mortgage		Owner without Mortgage		Renter with >$0 Rent		Total Occupied Units	
	# Units	%	# Units	%	# Units	%	# Units	%
Occupied housing units	**2,051**	**100.0%**	**1,447**	**100.0%**	**752**	**100.0%**	**4,250**	**100.0%**
Less than $5,000	36	1.8%	14	1.0%	21	2.8%	71	1.7%
$5,000 - $9,999	12	0.6%	20	1.4%	33	4.4%	65	1.5%
$10,000 - $14,999	36	1.8%	19	1.3%	38	5.1%	93	2.2%
$15,000 - $19,999	30	1.5%	28	1.9%	42	5.6%	100	2.4%
$20,000 - $24,999	58	2.8%	38	2.6%	57	7.6%	153	3.6%
$25,000 - $34,999	92	4.5%	68	4.7%	101	13.4%	261	6.1%
$35,000 - $49,999	125	6.1%	88	6.1%	103	13.7%	316	7.4%
$50,000 - $74,999	240	11.7%	169	11.7%	116	15.4%	525	12.4%
$75,000 - $99,999	333	16.2%	473	32.7%	114	15.2%	920	21.6%
$100,000 - $149,999	455	22.2%	356	24.6%	85	11.3%	896	21.1%
$150,000 or more	634	30.9%	174	12.0%	42	5.6%	850	20.0%

Old Lyme & Lyme	Owner with Mortgage		Owner without Mortgage		Renter with >$0 Rent		Total Occupied Units	
Monthly Housing Costs	# Units	%	# Units	%	# Units	%	# Units	%
Less than $300	0	0.0%	30	2.1%	44	5.9%	74	1.7%
$300 - $499	1	0.0%	123	8.5%	32	4.3%	156	3.7%
$500 - $799	48	2.3%	504	34.8%	78	10.4%	630	14.8%
$800 - $999	86	4.2%	429	29.6%	137	18.2%	652	15.3%
$1,000 - $1,499	437	21.3%	257	17.8%	298	39.6%	992	23.3%
$1,500 - $1,999	574	28.0%	73	5.0%	116	15.4%	763	18.0%
$2,000 - $2,499	389	19.0%	26	1.8%	34	4.5%	449	10.6%
$2,500 - $2,999	220	10.7%	5	0.3%	7	0.9%	232	5.5%
$3,000 or more	296	14.4%	0	0.0%	6	0.8%	302	7.1%

Fair Market and "Affordable" Rents; Income Limits by Unit Size and Family Size

Source: Department of Housing and Urban Development (HUD), Norwich - New London CT FMR Area

Household Income & % of Gross Income for Housing

Old Lyme & Lyme	Owner with Mortgage		Owner without Mortgage		Renter with >$0 Rent		Total Occupied Units	
	# Units	%	# Units	%	# Units	%	# Units	%
Less than $20,000	**114**	**2.7%**	**81**	**1.9%**	**134**	**3.2%**	**329**	**7.7%**
<20%	13	0.3%	6	0.1%	8	0.2%	27	0.6%
20% - 29%	13	0.3%	7	0.2%	13	0.3%	33	0.8%
>30%	**88**	**2.1%**	**68**	**1.6%**	**112**	**2.6%**	**268**	**6.3%**
$20,000 - $34,999	**150**	**3.5%**	**106**	**2.5%**	**158**	**3.7%**	**414**	**9.7%**
<20%	0	0.0%	15	0.4%	4	0.1%	19	0.4%
20% - 29%	0	0.0%	21	0.5%	10	0.2%	31	0.7%
>30%	**150**	**3.5%**	**70**	**1.6%**	**144**	**3.4%**	**364**	**8.6%**
$35,000 - $49,999	**125**	**2.9%**	**88**	**2.1%**	**103**	**2.4%**	**316**	**7.4%**
<20%	4	0.1%	38	0.9%	10	0.2%	52	1.2%
20% - 29%	7	0.2%	37	0.9%	34	0.8%	78	1.8%
>30%	**114**	**2.7%**	**13**	**0.3%**	**60**	**1.4%**	**187**	**4.4%**
$50,000 - $74,999	**240**	**5.6%**	**169**	**4.0%**	**116**	**2.7%**	**525**	**12.3%**
<20%	19	0.4%	122	2.9%	18	0.4%	159	3.7%
20% - 29%	76	1.8%	32	0.8%	48	1.1%	156	3.7%
>30%	**145**	**3.4%**	**15**	**0.4%**	**50**	**1.2%**	**210**	**4.9%**
Greater Than $75,000	**1,422**	**33.5%**	**1,003**	**23.6%**	**241**	**5.7%**	**2,666**	**62.8%**
<20%	769	18.1%	961	22.6%	163	3.8%	1,893	44.5%
20% - 29%	485	11.4%	35	0.8%	60	1.4%	580	13.6%
>30%	**168**	**4.0%**	**7**	**0.2%**	**18**	**0.4%**	**193**	**4.5%**

Bibliography

Bibliography of Sources

A Guide to Small Area Fair Market Rents (SAFMRs), Center for Budget and Policy Priorities, MAY 4, 2018
Housing Voucher Policy Designed to Expand Opportunity Targets Areas That Need It | Center on Budget and Policy Priorities (cbpp.org)

United States Census Bureau, American Community Survey, 5-year Averages, 2019.
United States Census Bureau, Census of Population, 2020.
Connecticut, State of, Department of Economic and Community Development, Housing Permit Data, 1997-2021.
Connecticut, State of, Department of Housing, Housing Programs and Income Qualifications, 2021.
Connecticut, State of, Department of Housing, Housing Utility Costs, 2021.
ERSI, Tapestry Segmentations, 2021.
Internal Revenue Service, SOI Tax Statistics, 2018-2019
UM Vista Location Insights, Accessed October 2021

Thank You!

GOMAN +YORK

1137 Main Street
East Hartford CT 06108

Tel: (860) 841-3271
Fax: (877) 741-7210

http://gomanyork.com