

Southeastern Connecticut Housing Alliance

FY2007 Annual Report

Submitted to
Connecticut Department of Economic & Community Development
July 9, 2007

I: STATUS

In 2002, a study was conducted to evaluate housing needs in Southeastern Connecticut. *Housing in Transition: An Analysis of Housing Needs in Southeastern Connecticut, 2000-2005* demonstrated a need for between 4,300 and 5,100 new housing units between 2000 and 2005. A 2004 update of the Study predicted a need for as many as 8,000 new units by 2010 in spite of a 60% increase in housing permits since 2000. For several reasons, the increase in housing permits issued during this period did not begin to solve the housing shortage; in fact, the problem continues to intensify.

Housing Permits Southeastern CT Council of Governments Planning Region

2000	731
2001	699
2002	859
2003	1141
2004	1232
2005	1131
2006	960
TOTAL	6793

Source: DECD

A close look at the mix of the new housing stock indicates that the critical needs cited in the report have not been met. Not enough of the increase consists of multi-family rental or affordable owner-occupied units. In 2005 (most recent data), for example, only 21.8% of the permits issued were for multi-family projects. Though this represents a slightly higher portion for multi-family than in past years, it is not as high as it needs to be or even as high as the 35% share of our total housing stock in 2002. Furthermore, much of the multi-family construction is age-restricted housing (over 55) and/or high end condos, neither of which meets the needs of working families. Urban towns (Norwich, New London, and Groton) continue to account for 33% of the total housing permits in the 18 town region.

Housing Permits by Type – 2005

New London County	
1-unit	945
2 or more units	263
Total	1,208

Source: DECD

Note: In addition to the SCCOG towns, NL County includes Lyme, Old Lyme and Lebanon
An analysis of home sale prices for 2006 shows that only 23.7% of sales were for properties priced under \$200,000; the price at which these homes would be accessible to buyers earning up to 80% of median income in the region.

Distribution of New London County House Sales – 2006

Less than \$100,000	119
\$100,000-\$199,000	588
\$200,000-\$299,000	1,313
\$300,000-\$399,000	546
\$400,000 or More	426

Source: DECD Town Profiles

Note: In addition to the SCCOG towns, NL County includes Lyme, Old Lyme and Lebanon

Impact on job growth and the regional economy

Southeastern Connecticut is a region currently undergoing dramatic growth in employment opportunities for a range of positions, including highly skilled scientists, health care workers, public employees and service and hospitality industry workers. Pfizer is challenged to attract 1000 Ann Arbor Michigan employees who were offered transfers to the Groton-New London sites. We are aware that real estate values are causing “sticker shock” and that some of the prospective transfers are deciding to seek employment with other companies within the industry rather than to pay what they consider unreasonable home prices. As of June 30, 2007, 500 have decided to relocate to the Groton-New London site. These are the type of jobs that Connecticut works very hard to attract. Even when we are successful and a company like Pfizer decides to expand here, housing costs undo some of the benefit by discouraging recruits.

Foxwoods Resort and Casino currently employs 10,500 and is in the process of a significant expansion that will result in 1500 additional jobs. Mohegan Sun Resort now employs 10,000 workers and anticipates hiring another 2000 to accommodate their planned growth. With an unemployment rate of 3.9% in the Norwich-New London LMA, many of these workers will have to be new arrivals. Where will we house those additional workers?

Our hospitals are suffering a shortage of nurses and support staff. Many of our school systems are unable to recruit the teachers they need. These positions pay salaries that place families firmly in the middle class but without the necessary income to support a home purchase within a reasonable commuting distance from the jobs.

Many workers will need to travel greater distances to find affordable housing, thereby further taxing our interstate and highway systems that are already overburdened. With this added vehicular congestion comes additional pressure on our natural environment, which for many is a primary reason they choose to locate here.

Additionally, municipal social service agencies are experiencing an increased demand for their services, noting a rising trend in the number of two income families struggling to maintain housing. A lack of affordable housing in the region has also contributed to children being the fastest growing sector of the homeless population.

Faced with these unmet workforce needs, we must also acknowledge that our immigrant population will continue to grow, bringing with them the challenges to provide services to adults and children.

Though a regional phenomenon, these populations place a disproportionate burden on our urban towns where public services and affordable housing are concentrated.

Awareness/Publicity

General awareness and understanding of the issue has improved dramatically as a result of our efforts and a few highly publicized proposals in the region. The New London Day and the Norwich Bulletin have published numerous articles and editorials on the subject. Beginning on March 25, 2007, the New London Day published a 2-day series called "\$14.23" which emphasized the need for housing that is affordable for the 47,000 people and 83 occupations in the region that pay less than the \$14.23 per hour needed to meet the minimal costs of housing. On Dec 13, 2006, the Norwich Bulletin estimated the wage necessary to afford a two-bedroom apt in New London County at \$16.48.

II. ACTIVITIES

Funding/Staffing

In August of 2006, SECHA acted on their view that progress required a full-time staff person and hired Jeff Sattler. However, in December 2006, Mr. Sattler resigned.

Crucial to our ability to sustain a full-time staff person has been the aggregation of private and public sector financial support. In addition to seed money provided by the Dime Bank, Pfizer and Mohegan Sun, SECHA has received State funding as a result of a request by the Governor's Commission on Economic Diversification of Southeastern CT. Reflecting broad support in the region among municipal leaders, the Southeastern Council of Governments voted in April 2007 to provide administrative oversight for the full-time position and to cover the costs of employee benefits. A Memorandum of Agreement between SCCOG and SECHA was executed on April 25, 2007 to formalize this relationship. As an initial sponsor of the 2002 Housing Study, SCCOG has long been a leader on housing issues, but there is now a direct and financial relationship between SECHA and the SCCOG. SECHA hired Jane Dauphinais on April 30, 2007.

Publicity

Significant progress has been made to improve awareness throughout the region of the scope and implications of the affordable housing shortage. SECHA has worked successfully with both major newspapers to accomplish this. Marketing materials and Op-ed articles have been developed and published that address the misconception that the presence of affordable housing results in disproportionate education cost increases and declining property values in surrounding areas, as well to "put a face on" those individuals served by affordable housing. As a result of this effort, more towns are willing to discuss their role in finding solutions and more developers have "discovered" the market for affordable housing in New London County. Coverage of the issue includes but is not limited to the following:

Housing Too High for Young Buyers. Connecticut Post, May 22, 2007

State Pricing Out Younger Workers. Connecticut Post Editorial, May 22, 2007

Bill Aimed at Keeping Jobs, Youth in the State, The Day, May 22, 2007

Affordable Housing Key to Keeping Young Professionals. WNPR, May 21, 2007

Sunrise Special. WTIC 1080 News Talk, May 22, 2007 and news updates throughout the day

Cost of Buying Houses in Conn. Rises. WVIT Channel 30, May 21, 2007 news segment
WTNH Channel 8 - 5/21 news segment

Bill Aimed At Keeping Jobs, Youth in the State. The Day, May 22, 2007
Dauphinis Named Director of Regional Housing Alliance. The Day, May 5, 2007
Housing alliance names Director. Norwich Bulletin, May 5, 2007
Affordable housing plan is welcome in Montville. The Day, April 27, 2007
Affordable housing leadership. The Day. April 17, 2007
Dimes Bank's Cronin champions affordable housing. The Day, March 2007
Apartments don't crowd classrooms, study says. Norwich Bulletin, September 17, 2006
Wauregan breaks 'affordable' mold. Norwich Bulletin September 2006
New advocate for affordable housing admits challenge ahead. The Day, August, 2006
Achievable housing. The Day, August 2006
No Houses, No Workers for Casinos, The Courant, April 7, 2006

Partnerships

We continue to reach out to all the region's partners who have purview over housing issues or whose prosperity depends on an adequate supply of workforce housing. These include municipalities, developers, State and non-profit agencies, Planning & Zoning Commission chairmen and members, Chambers of Commerce, employers, service clubs and media outlets. We are working with developers to insure that they are aware of and have access to all of the programs available. We are connecting towns and developers with non-profits that can assist in the financing and management of facilities. We are sharing best practices in zoning regulations among towns. We are currently working to advance six projects, initiate others and to draft enabling zoning regulations in several towns.

Affordable housing projects currently under consideration

North Stonington – 400 total units, 123 affordable
East Lyme – 1600 units on Oswagatchie Hills, 320 affordable
Montville – 4000 units, 10-20% affordable.
Waterford – 2 parcels in discussion
Groton – 300 units of “workforce” housing*
**May meet affordable price points*

We are working with the Mohegan Tribe, one of our major funders, to target housing assistance for their workforce. A success will serve as a positive example to other large employers in the region and encourage their investment in housing and support of SECHA.

Events

In an effort to maximize alternatives for prospective Pfizer transfers, SECHA is working to sponsor a “Realtors Day” in Norwich for agents involved with Pfizer’s visiting scientists. In addition to speaking at various forums sponsored by other groups (local service groups, Native American Economic Impact Summit-June 14, 2007), SECHA is planning to sponsor forums in the fall of 2007. These will be targeted to developers (financing), local officials and interested residents (need, costs/benefits and incentive programs).

III: RECOMMENDATIONS

Funding

SECHA has grown up. Having evolved from an all volunteer group of community-minded participants, SECHA understands the need to have a paid staff person who can be proactive and

available to respond on a timely basis to issues and proposals as they arise, to be at local P&Z meetings and in Hartford enough to make a difference.

This requires a commitment of approximately \$100,000 per year to fund salary and benefits and to have a modest budget for supplies and marketing material. (See attached budget.) At this point the SECHA mission does not include the ownership or management of properties. Without revenues that would derive from such activity, we will remain dependent of public and private funding.

Public and private sector (corporate) funding will only be justified by measurable results. For employers, targeted housing assistance for employees of one of our major supporters (Mohegan Tribe) will serve as an example for other potential private sector funders. We believe that a program of targeted housing assistance can be a significant factor for businesses to attract and retain a workforce. For the SCCOG and the State of Connecticut we will demonstrate a positive role in the advancement of affordable housing developments and in zoning regulations to enable it.

Governance

Connecticut's "home rule" governance structure creates a disconnect between the causes of and solutions to the state's housing crisis. Our affordable housing challenges impact all 169 municipalities, with systemic causes that are statewide as well as regionally driven. However, under our current government structure, the solutions must be achieved on a town-by-town basis where elected officials and appointed board and commission members are responsible to local constituencies each with dramatically different concerns. Residential development is perceived to generate local taxpayer costs therefore making them reluctant to contribute to a regional solution. In order to reduce tax burdens, municipalities have adopted plans and regulations that encourage the construction of bigger single-family homes on larger lots and contribute to sprawl, a term that has become too common in our land use vernacular. This disconnect only continues to accelerate the housing crisis and, in the towns where there is no control of the state's tax structure or of the regional economy, there is little incentive to solve the problem. Suburban and rural residents have no means of investing in their city but they do have an incentive to allow development wherever and whenever it adds to the grand list. Regional planning is only "advisory" in nature and is superseded by local boards and commissions. As with other statewide and regional challenges, our local governments are therefore uninvolved at best and at worst regularly at odds with state and regional public policy needs.

Housing issues could be better addressed at the state and regional level. At a minimum, a **regional structure** needs to be put in place with the authority to influence the local regulatory process. The solution must include a mechanism to address the need for sustainable funding. Legal entities such as a Regional Asset District based at a specific property, a SECT Housing Trust Fund or SECT Community Development Fund, with authority to solicit and generate revenues, should be considered at the regional level and sanctioned by the state. This would provide a means of sharing the benefits as well as the costs of regional development patterns.

Potential revenue sources - % of permitting and conveyance fees, % of large scale development property taxes, % of hotel/motel tax revenues, corporate & community funds, state and federal funds % of Pequot Fund revenues. **Critical in this discussion is the fact that we are not supporting an increase in revenues, but rather, a reallocation of existing receipts to the region in which they were generated and that which is impacted.**

Potential revenue uses - incentives for municipalities (infrastructure improvements, education costs), homebuyers and renters (access, education, down payment assistance), developers (land acquisition, predevelopment costs, construction financing), public info/education campaign and administrative costs.

Streamline permitting and approval process in towns and at state agencies.

It is estimated that 13% of the costs of housing development is attributable to regulatory compliance. To reduce this cost and uncertainty of development, many jurisdictions around the country impose tighter review and approval timeframes on their land use commissions for projects that incorporate affordable housing. In addition, the implementation of new form-based zoning standards for development combine more meaningful guidance with greater predictability as well as more public input and debate leading to higher quality and coordinated development in appropriate locations.

We are aware that developers and housing advocates are frustrated by the time required for review of funding proposals (2+ years) presented to CHFA and at DECD as well as the uncertainty surrounding funding sources. Because “time is money,” efforts to streamline that process and provide greater predictability of funding would be effective in reducing the costs of developing affordable housing.

Consolidate and Streamline Housing grant and loan programs under one roof at the state level.

IV: SUMMARY

Over the last year SECHA has seen much progress in staffing, in coordination with local government and in improving the public awareness of the affordable housing shortage. We have leveraged initial private sector funding to broaden our funding base. We have improved access to information and programs. We have supported regulatory and legislative proposals that have proven to be effective in towns and in other states in creating affordable housing with positive economic impact.

We remain convinced that the primary barriers to increasing the supply of affordable housing are fiscal; *it's about the money* and targeting public and private dollars effectively. For municipalities, it is concern about higher costs of school and municipal services. For developers, it is profitability with the least amount of bureaucracy. For both, infrastructure costs are a factor. For the people of our state it is about affordability and quality of life, employment opportunities and housing alternatives for themselves and their family members, young and old.

We look forward to leveraging additional state funding to promote, support and facilitate the establishment of more affordable housing in southeastern Connecticut. We continue to rely on the financial support of the State of Connecticut to execute our Strategic Plan during the next year.

Attachments: Board of Directors Meeting Minutes
Original Personal Service Agreement
Memorandum of Agreement between SECHA and SCCOG