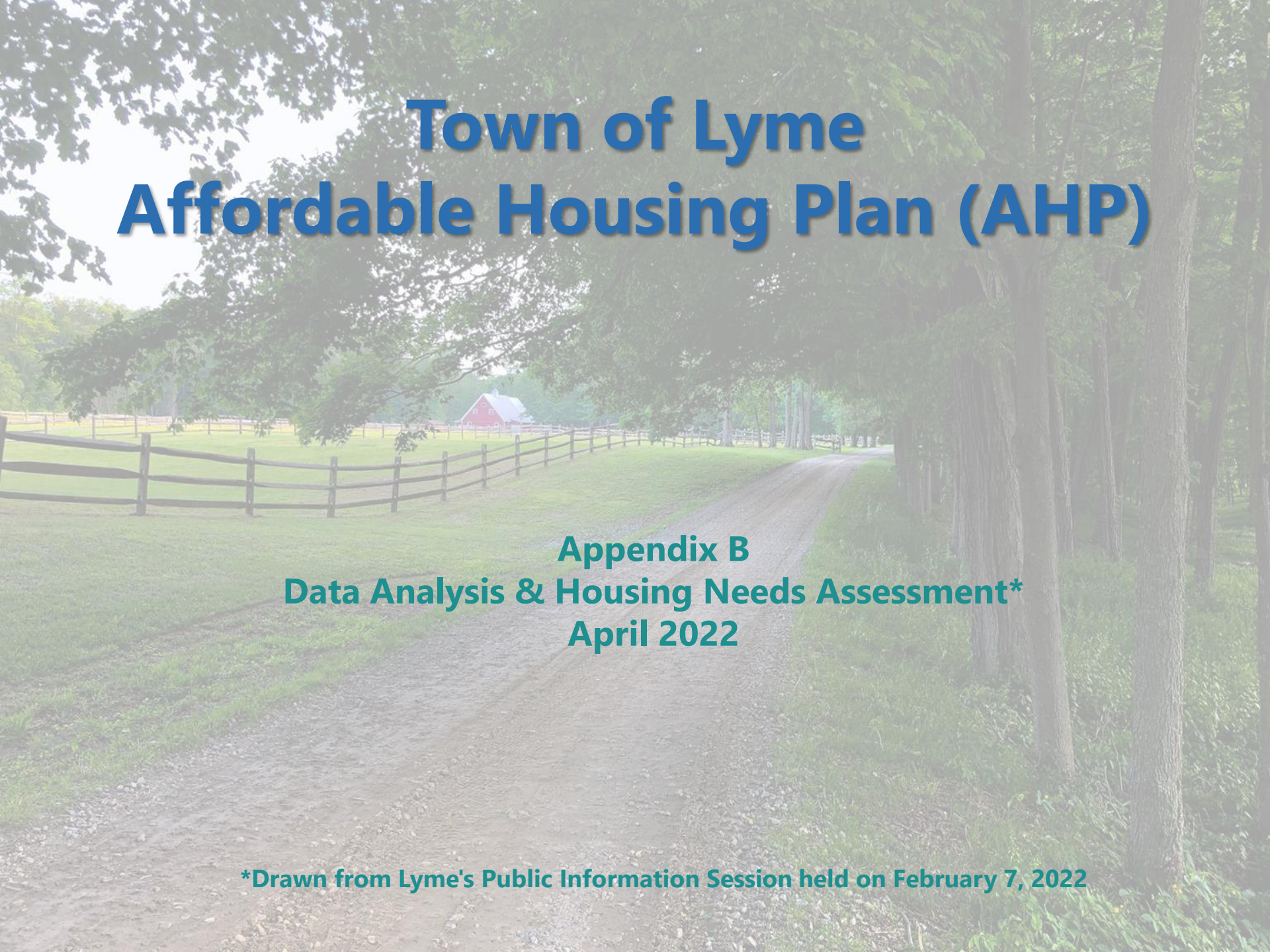


Town of Lyme
Affordable Housing Plan (AHP)

Appendix B
Data Analysis & Housing Needs Assessment*
April 2022

*Drawn from Lyme's Public Information Session held on February 7, 2022

ACRONYMS AND DEFINITIONS

Definitions

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

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

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

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

Acronyms:

ACS – American Community Survey

AMI – Area Median Income

CTSDC – Connecticut State Data Center

DECD – Department of Economic Community Development

HUD – US Department of Housing and Urban Development

NOAH – Naturally Occurring Affordable Housing

POCD – Plan of Conservation and Development

PSC – Partnership for Strong Communities

RPA – Regional Plan Association

COMMUNITY SURVEY RESULTS

About the Respondents

- Survey conducted in September – October 2021
  - Left open through 2021 but did not receive much subsequent response

- **52 responses – unique IP addresses**

- 50% of respondents have lived in Lyme for 20+ years, 11% for 10 to 20 years
- 98% live in single family detached homes
- 90% own their home
- 18% are couple households with children in residence
- 21% are empty nesters
- Older adults are oversampled compared to Town population (90% 55+ vs. 43% in Census)
- 48% are retired
- 73% of respondents live in 1- or 2-person households – higher than Census figure (26%)
- 62% report over $100,000 in annual household income

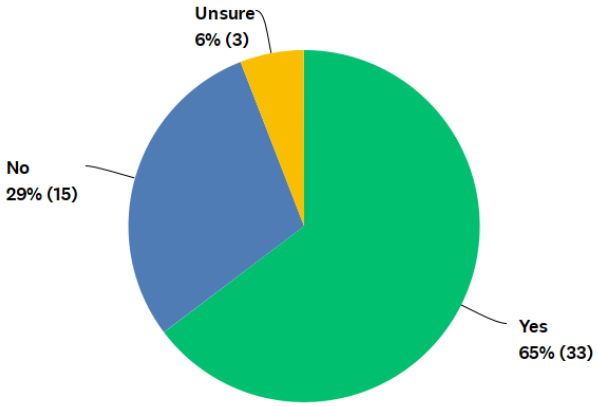
About the Respondents

- 72% see themselves having the same sized household in 5 years
- 90% of respondents indicated remaining in their current home in 5 years
- 8% are likely looking to downsize in 5 years
  - into a smaller single-family home, condo/townhome, multifamily, senior living, or ADUs
- 57% of respondents are aware of households who would benefit from more affordable housing in the community.
- 48% know some one who struggles with housing costs
- Only 12% personally struggle with housing costs
- 63% are aware of affordable housing
  - *Feedback Loop* – If community lacks options, people seeking those options will leave/not move in, and respondents would not know them.
- 62% agree housing in CT is too expensive
- 66% agree housing in the Region is too expensive
- 72% agree housing in Lyme is too expensive

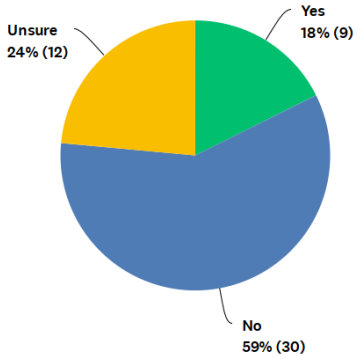
Housing Needs

- 65% think housing is an important component in community longevity
- 59% do not think that the current housing options available meet residents' needs
- 45% do not think the existing housing stock is adequate to satisfy future market demands

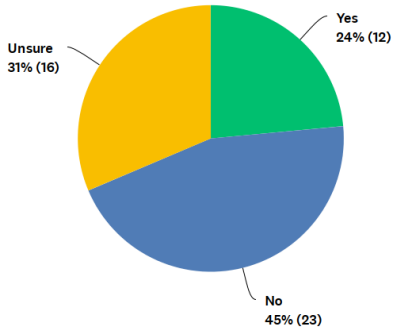
Do you think affordable or attainable housing is an important component of your community's longevity?



Thinking of the types of housing in your community do you think there are enough options to meet residents' current needs?



Do you think that the existing housing stock is adequate to satisfy future market demands?



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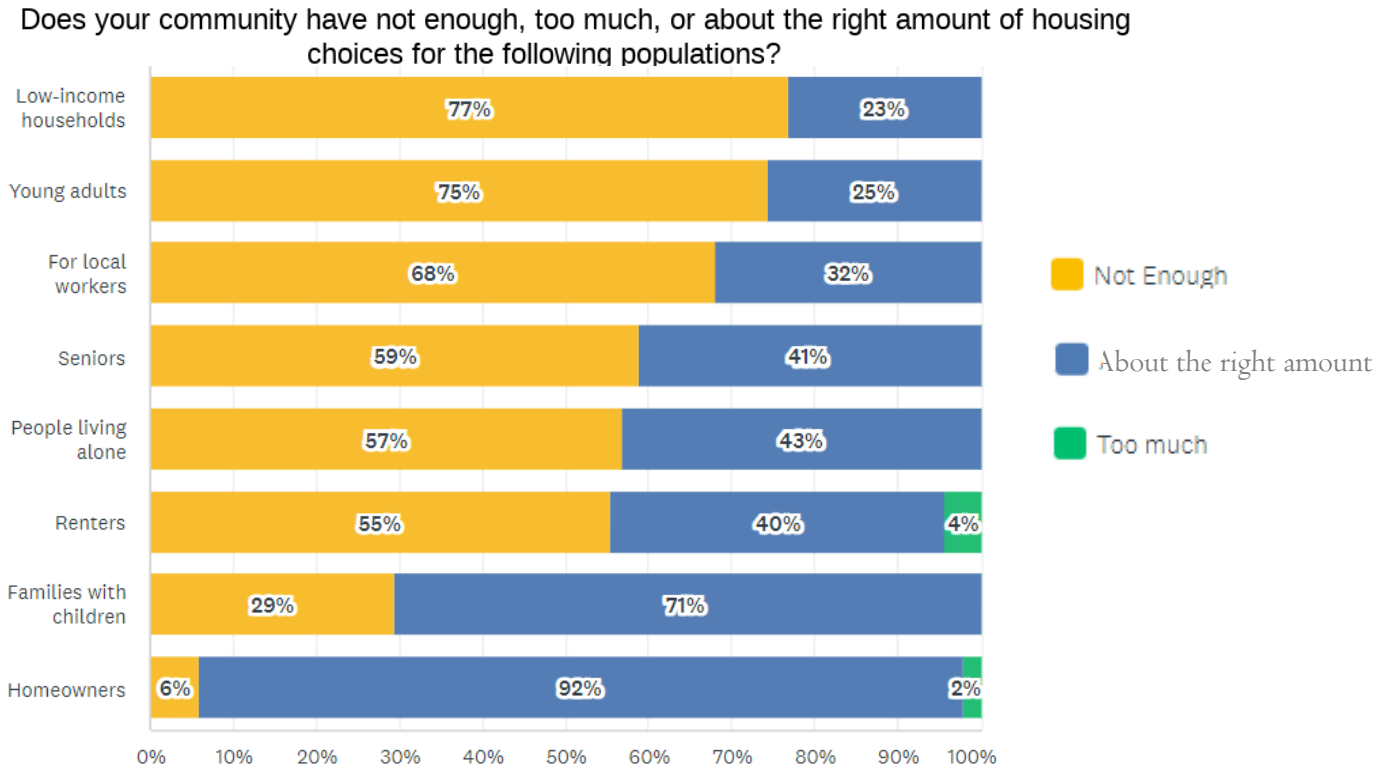
Housing Choices

- Respondents most frequently cited that there are not enough housing choices for:
  - Low-income households (77%)
  - Young Adults (75%)
  - Local workers (68%)
  - Seniors, People living alone, and renters (59%, 57%, 55%)
- Respondents felt that Lyme has about the right amount of housing for homeowners, and families with children.



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Potential Benefits of Housing Diversity

- 51% (26) of respondents said housing diversity would have a positive impact.
  - 16% of respondents said housing diversity would have a negative impact.
- When asked what the benefit of housing diversity would be in Lyme, 25 respondents identified at least one benefit.

Top Benefits

1) Increased diversity of residents (socioeconomic, cultural, racial, age, etc.)
2) Enable younger people to remain in town
3) Improve the community and its longevity
4) Enable employees in Lyme to live where they work

EXISTING CONDITIONS: PLANNING & ZONING REVIEW

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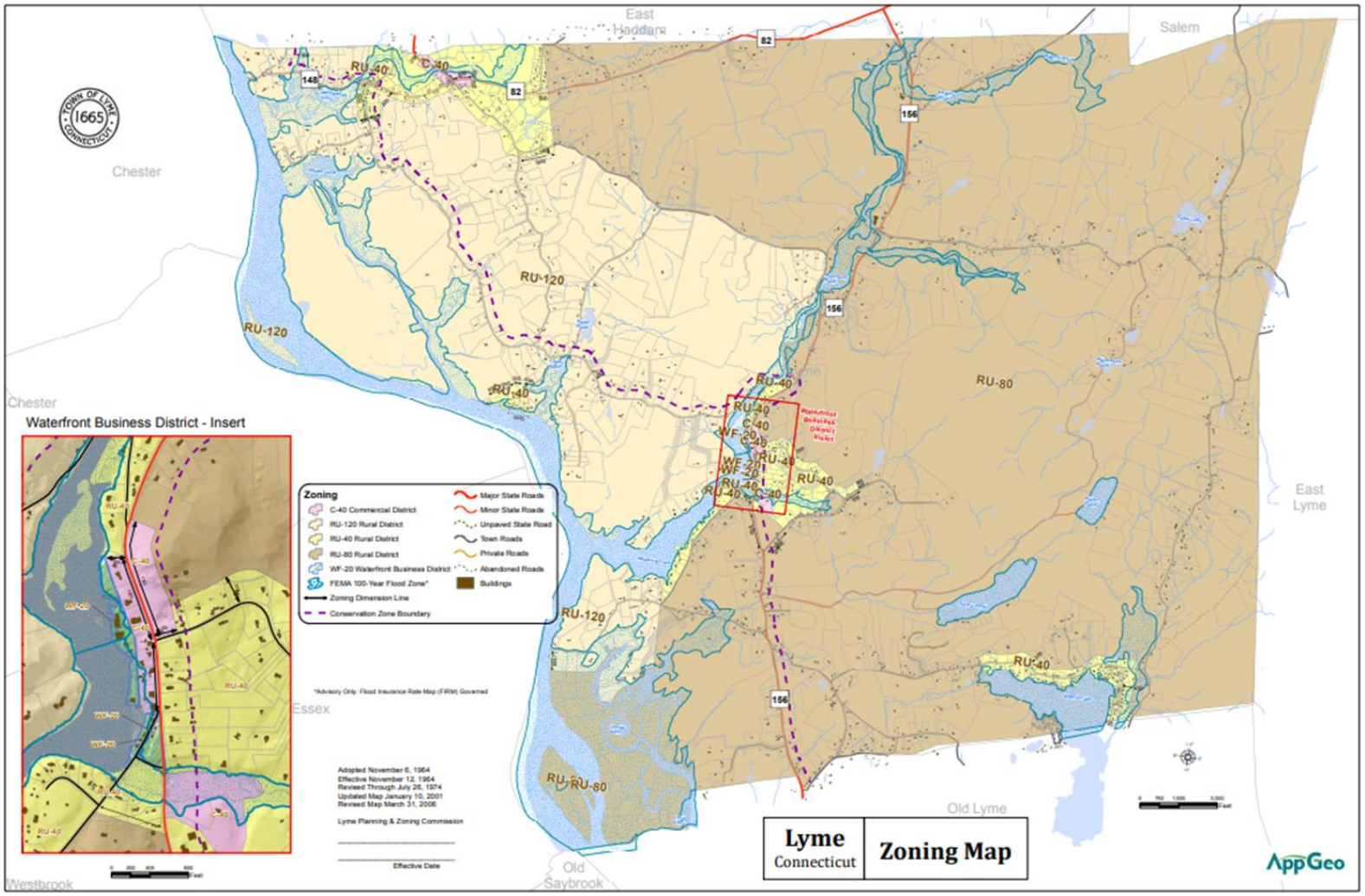
Council of Governments

Zoning

- Three types of Rural Districts (RU-40, RU-80, RU-120) that allow residential development on various lot sizes
  - Multifamily development is capped at two units
  - Minimum gross lot areas:
    - RU-120: 120,000 square feet (2.75 acres)
    - RU-80: 80,000 square feet (1.8 acres)
    - RU-40: 40,000 square feet (.9 acres)
  - Accessory dwelling units allowed in all rural districts, but permitted in RU-40 by special permit only

Zoning



Source: Lyme Zoning Regulations

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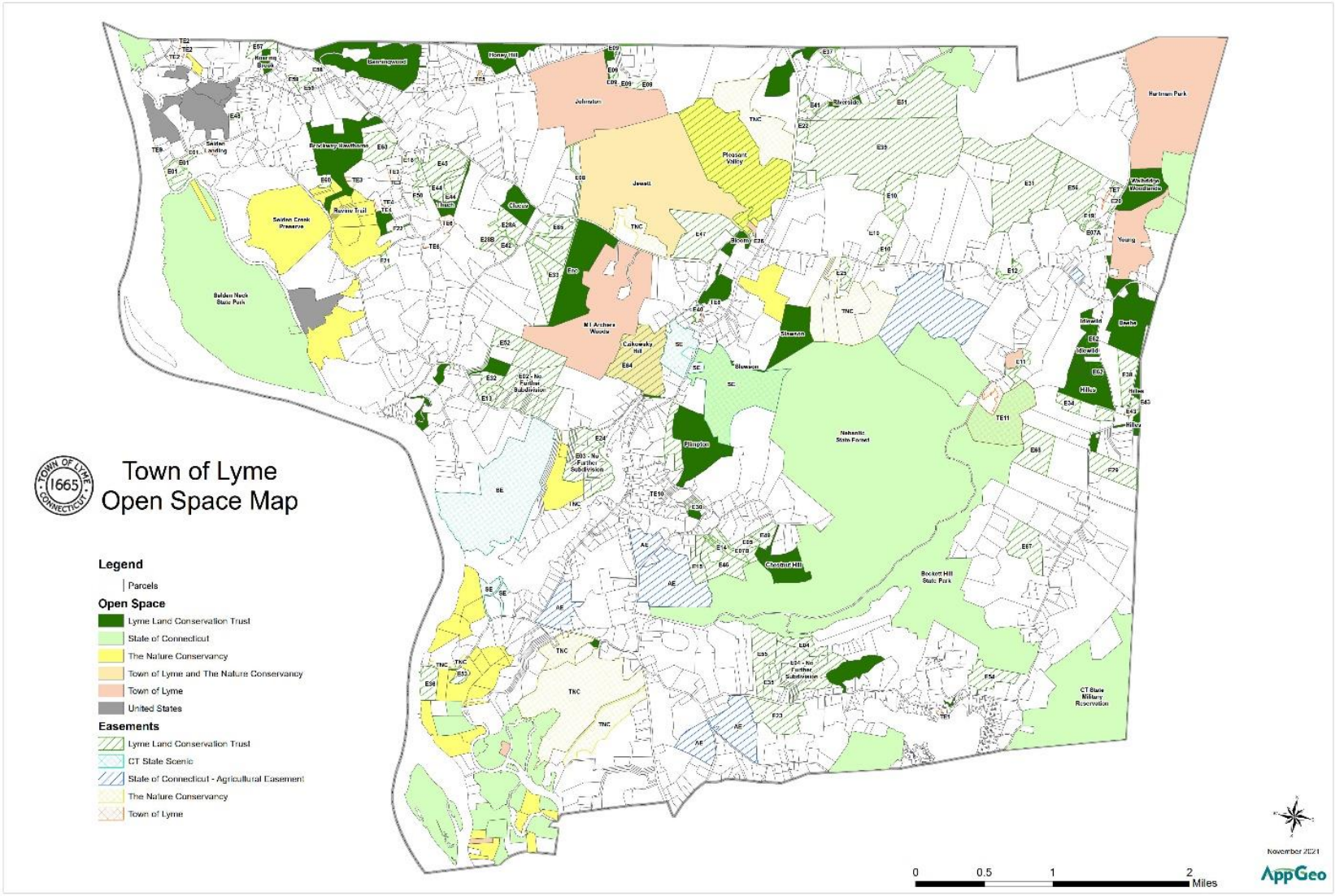
Infrastructure & Buildable Land

- Lyme's residents rely on well water and septic
  - Requires well-draining soil and a minimum amount of land to be viable – limiting the number of homes the land can support
- Not all the land in Town can be used for development. Restrictions on development include:
  - Environmentally sensitive areas such as watercourses, wetlands, and their buffers
  - unique scenic, ecological, scientific and historic values which the CT River contributes for public enjoyment, inspiration and scientific study, and to prevent the deterioration of the natural or tradition river scene
- The 2015 POCD estimated about 83% of Lyme's land is undeveloped
  - a large portion of this land is committed to open space

Infrastructure & Buildable Land



Source: Town of Lyme

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Housing Opportunities from POCD

- Adopted in 2015
- POCD discusses enabling the development of a diversity of housing in Lyme while respecting existing character and natural environment.
  - "Town officials and local citizens have struggled to find a way to create or retain affordable housing that is compatible with a rural, rather than urban setting. The Affordable Housing Committee has had success in creating four new affordable homes, and hopes to continue the effort in the future. One lot devoted to affordable housing remains as of the beginning of 2015."
  - "Encouraging all new development to choose a scale and design which is compatible with the rural landscape.
- In community surveys, opposition was strong to most types of affordable housing besides accessory apartments and elderly housing
  - Opinions on accessory apartments resulted in zoning regulations allowing the use

EXISTING CONDITIONS: DEMOGRAPHIC TRENDS

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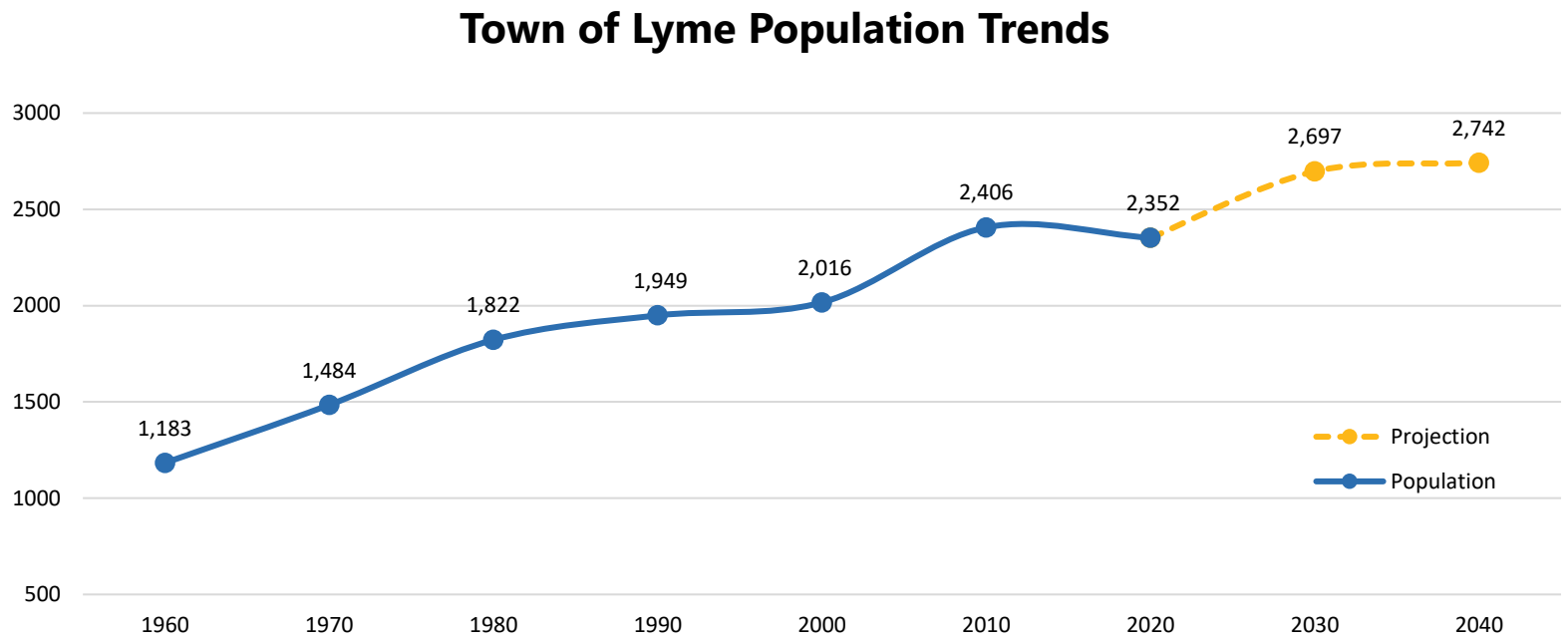
DATA NOTE

- **Not all Census Data for 2020 is available at this time**
- The most current published sources of data are being utilized, of which many sources provide estimates
- All data sources and analysis on demographics and housing market trends is in accordance with DOH Guidance for AHP's

POPULATION TRENDS



Source: Decennial Census 1960-2020, CT Data Center Projections

- After a peak in 2010, the population has been on a slow decline, with a -1.5% change in the last three years
- **Future population drivers will likely include housing turnover,** followed by housing construction, including new dwelling units, additions, and expansions

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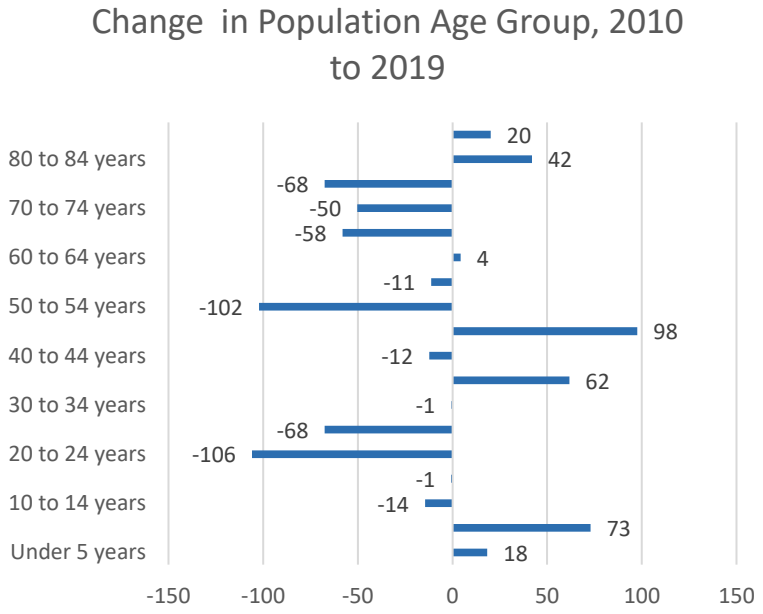
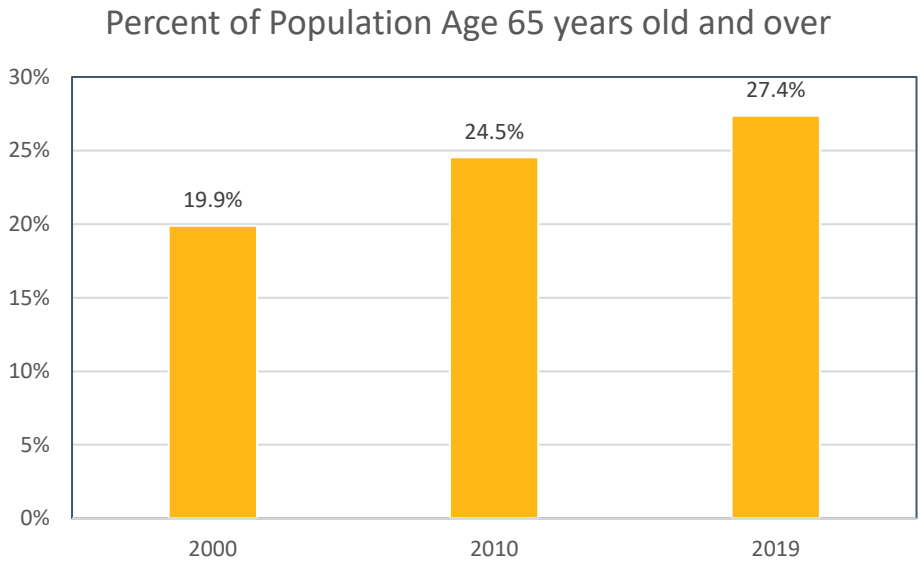
AGE DISTRIBUTION

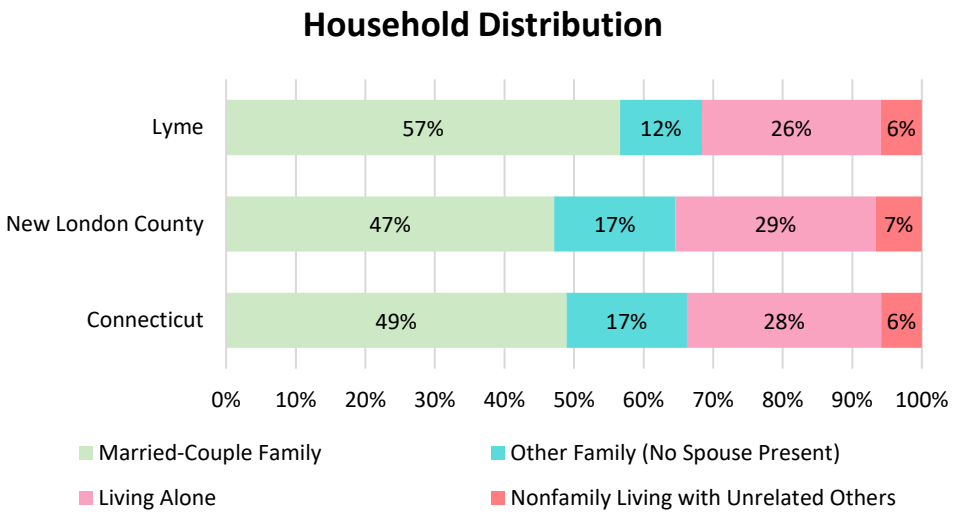


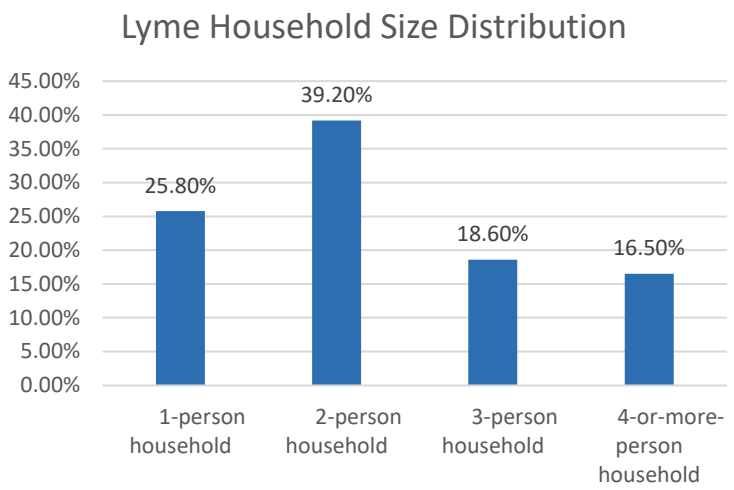


Source: 2000 and 2010 decennial census; 2019 ACS 5-Year Estimates, Table B01001

- Aging of large "baby boomer" cohort coinciding with growth in population 65 and over
- Share of population 65 years old and over has consistently grown since 2000, reaching 27.4% of the total population in 2019
- Drop in children and 20-24 age range since 2010, may indicate lack of housing turnover to bring new families and young adults into community
  - Sales in 2020 may reverse this trend

HOUSEHOLD COMPOSITION





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

- **In 2019, 65% of Lyme households are made up of one or two people**
  - Indicates trend to empty nester households

DEMOGRAPHIC TRENDS: TAKEAWAYS

- Population has stabilized
- Aging community – growing share of population age 65 years old and over
- 65% of Lyme households made up of 1 or 2 people

EXISTING CONDITIONS: HOUSING MARKET TRENDS

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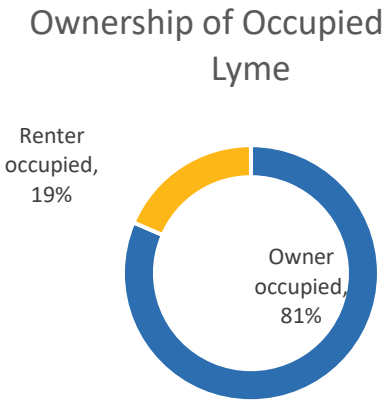
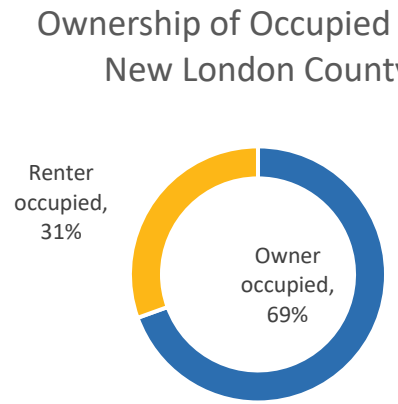
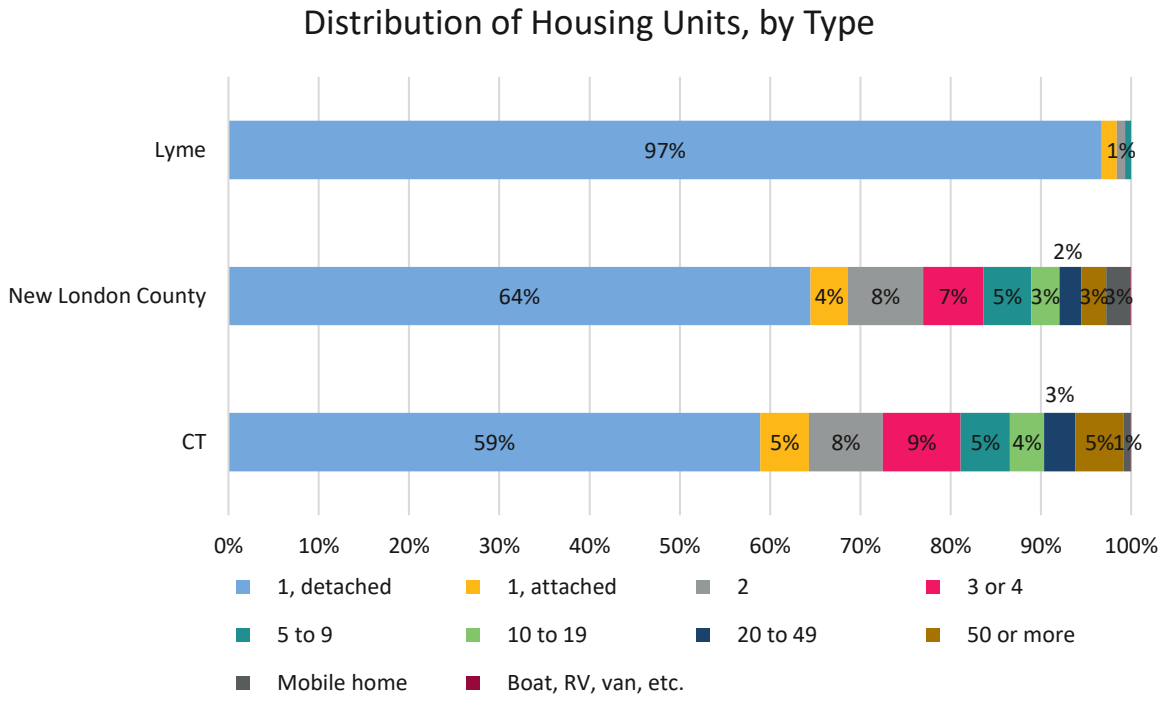
Council of Governments

HOUSING TYPOLOGY







Source: ACS 5-Year Estimates, Table B25008, B25041

- 81% of units in Lyme are owner-occupied, compared to only 69% in New London County overall
- Lyme has one of the highest share of single-family homes among neighboring communities – 97%
  - Nearly two-thirds of housing units in New London County are single-family homes

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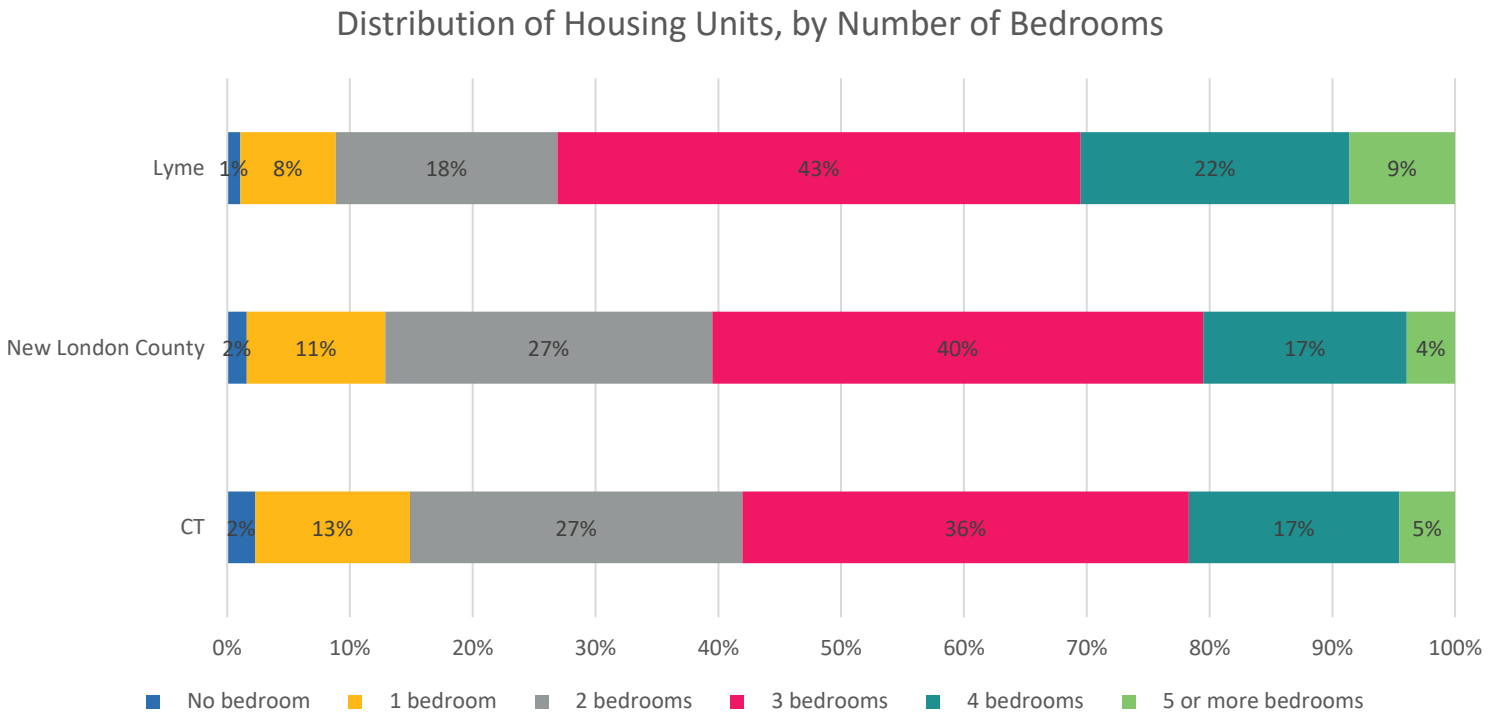
HOUSING TYPOLOGY

Distribution of Housing Units, by Number of Bedrooms



- Over 71% of housing units in Lyme are 3, 4, or more bedrooms
  - In 2019, 65% of households had two people or fewer
- Size of units largely suited to families with children, 83% of housing units have 2, 3, or 4 bedrooms

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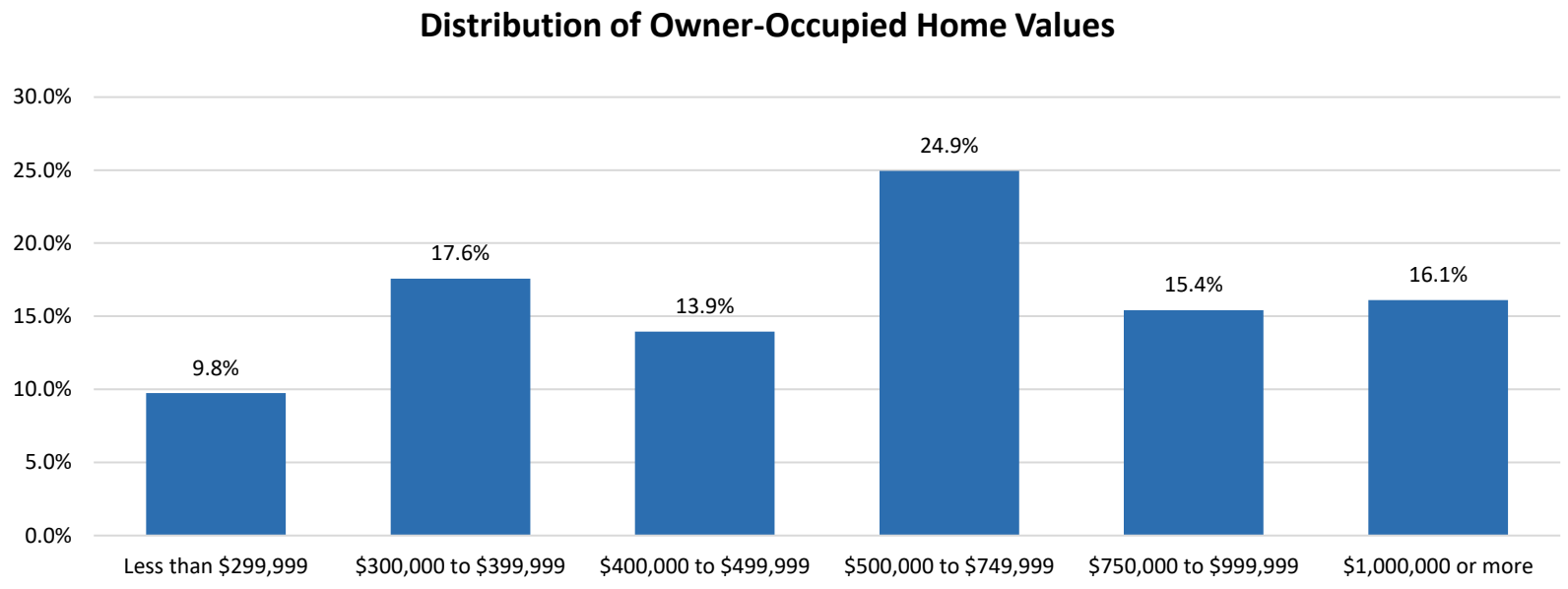
HOME VALUE DISTRIBUTION (OWNER-OCCUPIED UNITS)



Source: 2019 Amerian Community Survey, 5-Year Estimates, table B25075

- Over 50% of all homes (or 498 properties) were valued over $500,000 (ACS 2019)

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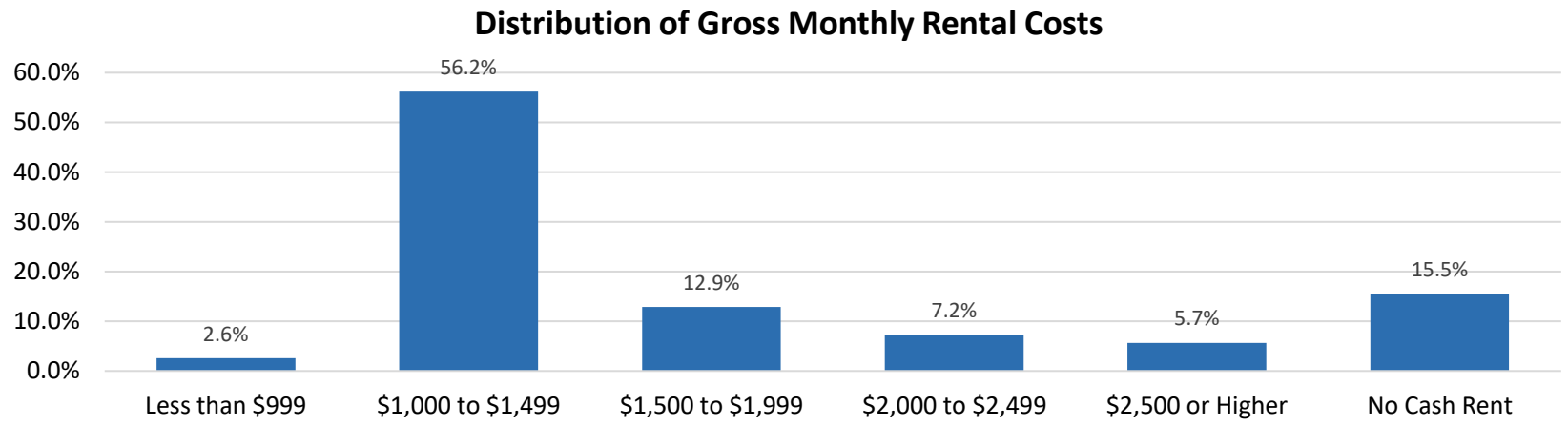
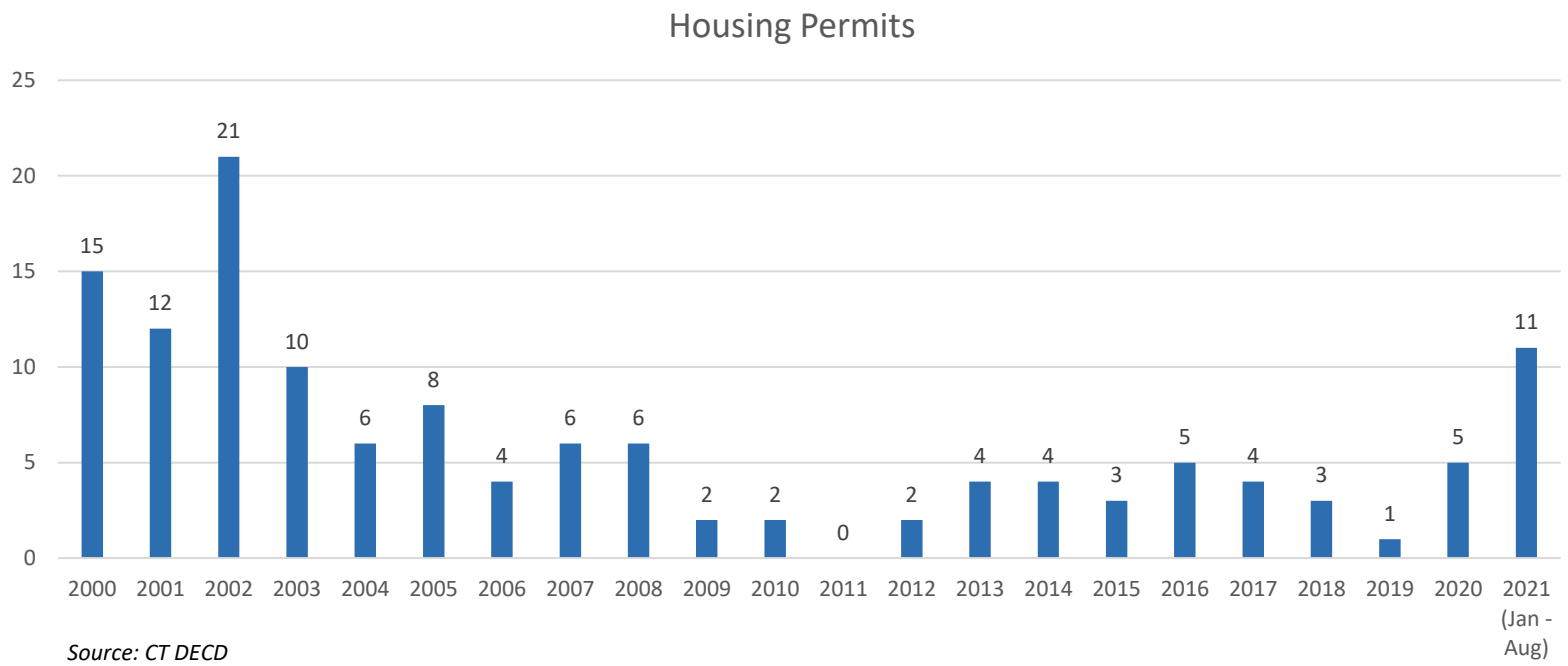
GROSS RENT DISTRIBUTION



2019 American Community Survey 5-Year Estimates, Table B25063

- Median gross monthly rent in Lyme is $1,381, which is higher than both New London County ($1,130) and Connecticut ($1,180)
- Most rental units (56.2%) are between $1,000 to $1,499 a month
- Less than 3% of rental units are less than $1,000 a month

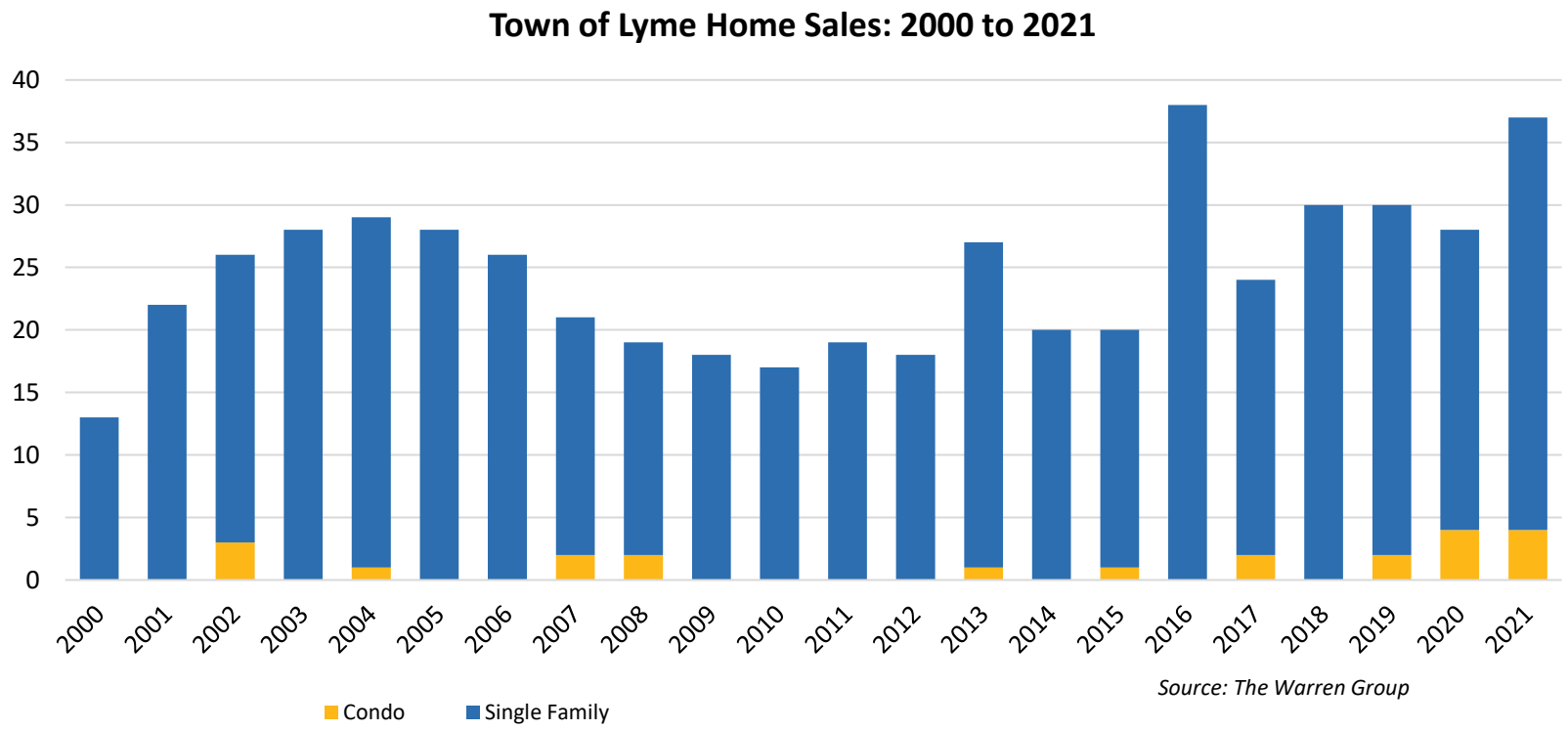
HOUSING PERMITS



Source: CT DECD

- Housing permit activity dropped off since in the mid-2000s, indicating lack of available land and economic conditions
- Since 2015, Lyme has averaged about 4 building permits annually
  - In the first eight months of 2021, Lyme has issued 11 new permits –possibly a short-term bump
- Housing permits do not include additions, renovations, nor reinvestment

HOME SALES



- Nearly exclusive single-family market
- From 2016 to 2019, home sales were generally stable, averaging about 29 per year
- 2021 has seen a slight jump from previous years in home sales

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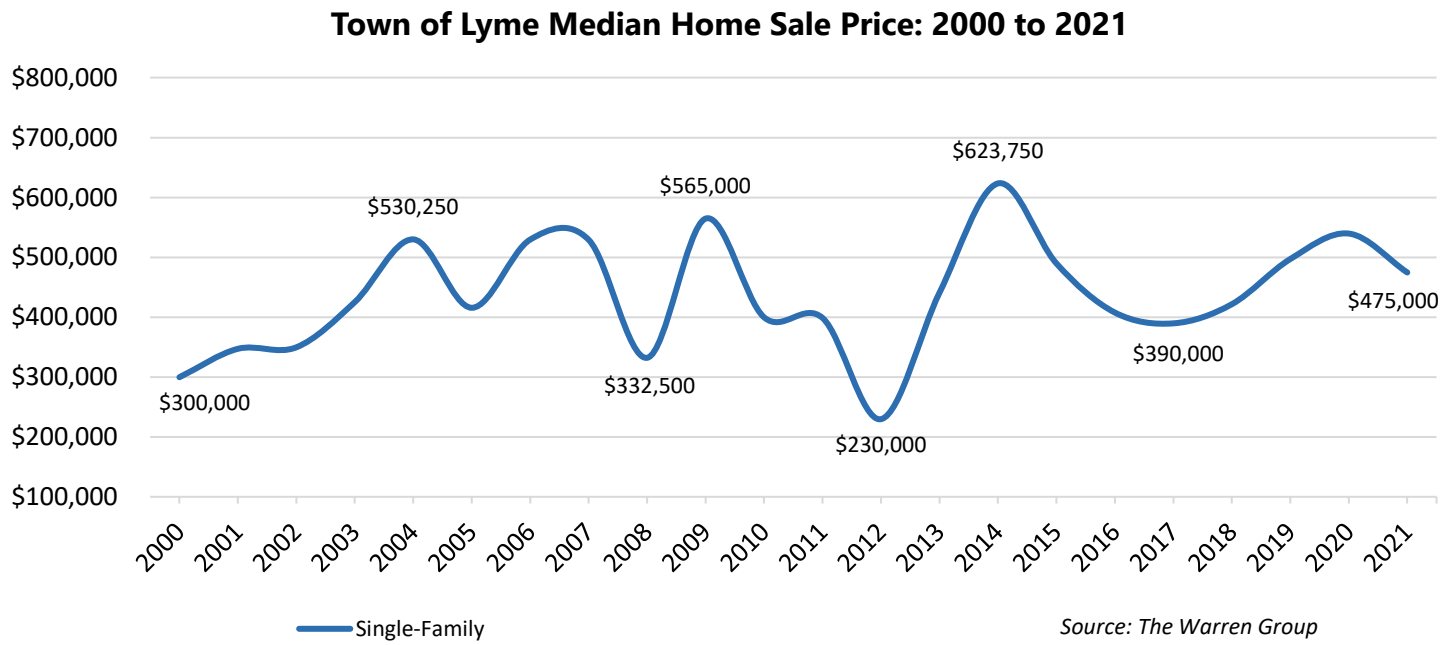
HOME SALE PRICES



- Median sale price for single-family homes in Lyme have decreased since historic high in 2014;
  - Prices did begin to increase starting in 2018
- 2020 median sales price decreased by over $30k

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HOUSING MARKET TRENDS: TAKEAWAYS

- Homogenous housing stock
  - Primarily single-family, owner-occupied units
- Housing costs are skewed towards higher price points. Reflects housing stock and high cost of land
- Downsizers are likely to seek housing outside of Lyme
  - Housing stock dominated by 3+ bedroom units

HOUSING NEEDS ASSESSMENT

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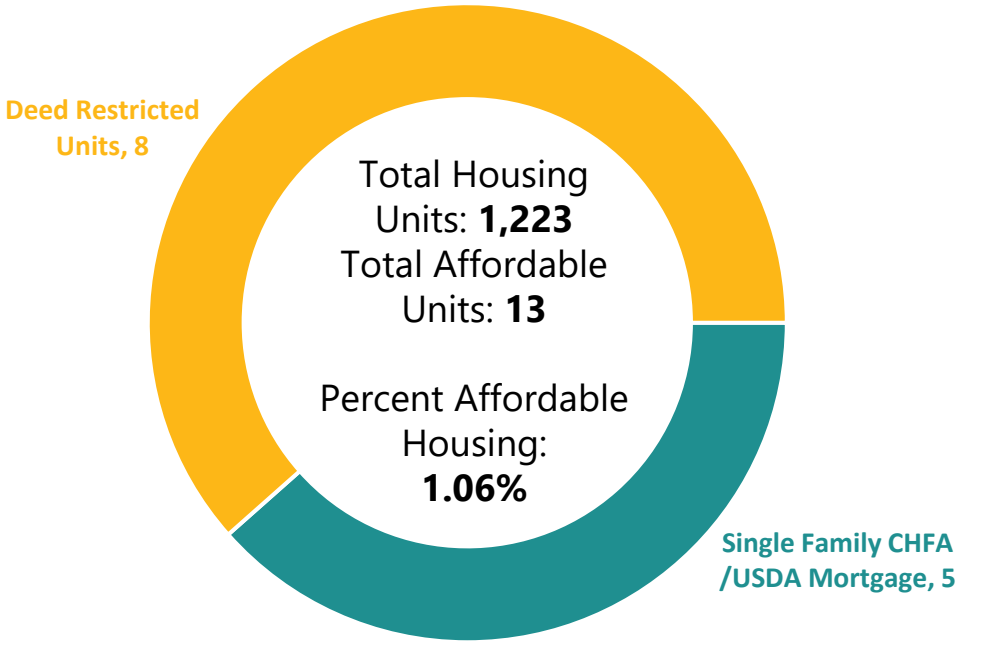
Council of Governments

Protected Affordable Housing

- **Protected Affordable Housing Units** meet the statutory definition of affordable housing and are restricted to households that make less than 80% of AMI, so that they spend less than 30% of their income on housing

- **As of 2021, Lyme had 13 protected affordable housing units.**

Affordable Housing Units in Lyme, 2021



Source: DECD Affordable Housing Appeals List, 2021

Affordable Housing Needs

How many Lyme Families Need Affordable Housing?

Low Income
51% to 80% of AMI

<$59,950 for an individual
<$70,900 for a family of 4

150
Low income HHs

125
Homeowners

25
Renters

Very Low Income
31% to 50% of AMI

<$40,150 for an individual
<$57,300 for a family of 4

155
Very Low income HHs

110
Homeowners

45
Renters

Extremely Low Income
30% of less of AMI

<$24,100 for an individual
<$34,000 for a family of 4

39
Extremely Low income HHs

35
Homeowners

4
Renters

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

- There are 344 households in Lyme (32% of total) who meet the definition of low income (household income <80% of AMI)
- Primarily homeowners

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Affordable Housing: Renter Needs

<u>Maximum</u> Monthly Costs for Low Income Renters

Low Income
51% to 80% of AMI

<$59,950 for an individual
<$70,900 for a family of 4

$1,398/month
for an individual

$1,863/month
for a family of 4

Very Low Income
31% to 50% of AMI

<$40,150 for an individual
<$57,300 for a family of 4

$936/month
for an individual

$1,136/month
for a family of 4

Extremely Low Income
30% of less of AMI

<$24,100 for an individual
<$34,000 for a family of 4

$562/month
for an individual

$753/month
for a family of 4

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

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

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Affordable Housing: Homeowner Needs

Maximum Home Value Affordable to Low Income Homeowners

Low Income
51% to 80% of AMI

<$59,950 for an individual
<$70,900 for a family of 4

$214,000
for an individual

$285,000
for a family of 4

Very Low Income
31% to 50% of AMI

<$40,150 for an individual
<$57,300 for a family of 4

$143,000
for an individual

$205,000
for a family of 4

Extremely Low Income
30% of less of AMI

<$24,100 for an individual
<$34,000 for a family of 4

$86,000
for an individual

$121,000
for a family of 4

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

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

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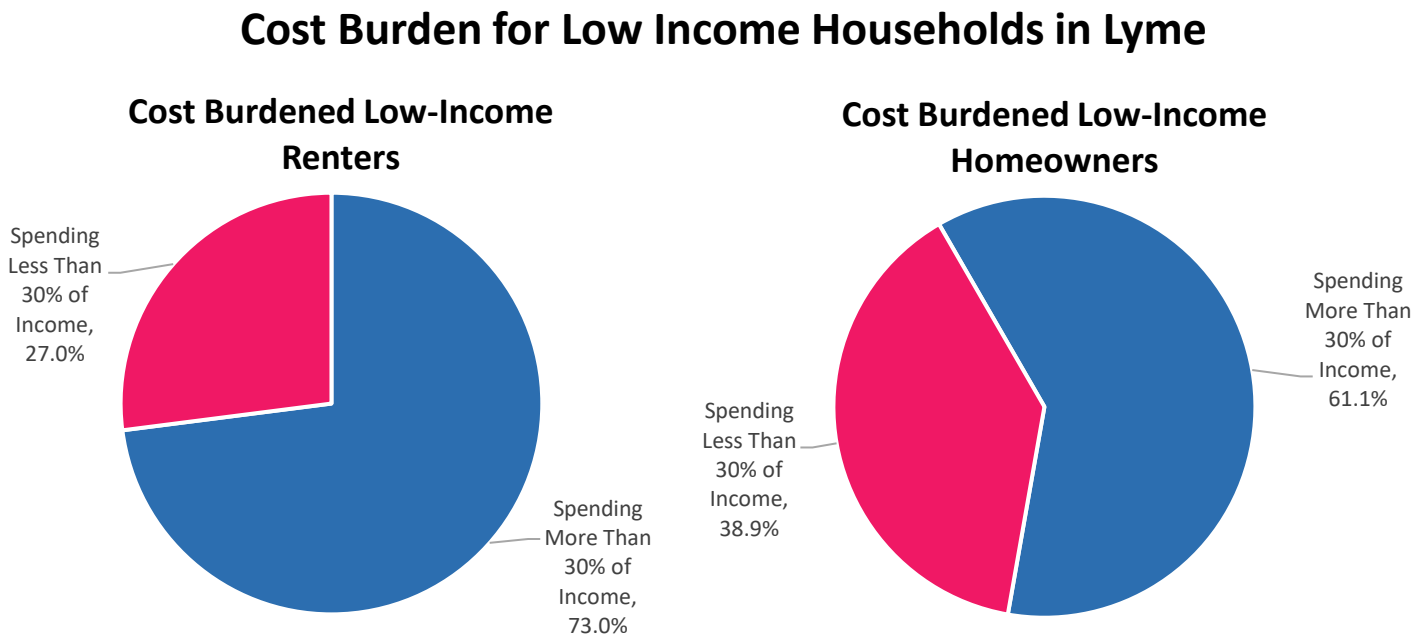
Cost Burdens: Existing Conditions



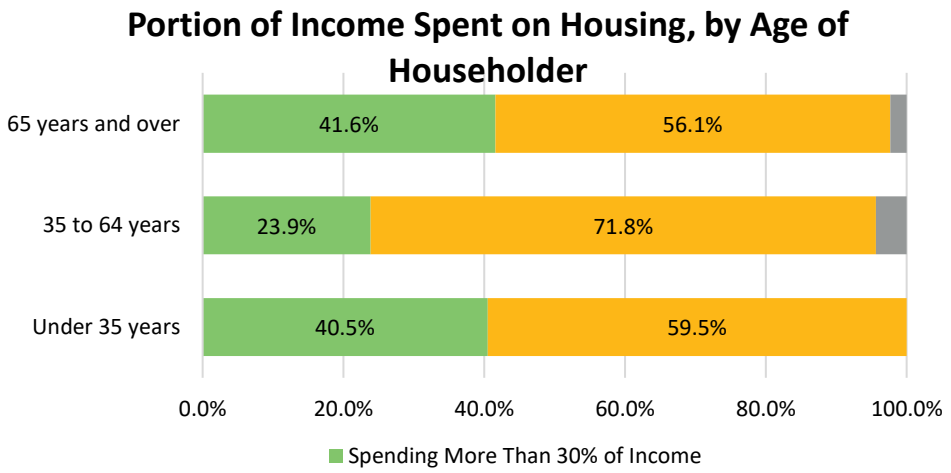
Source: U.S. Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Survey (CHAS): 2014-2018

- **Cost Burden** is defined as households that spend greater than 30% of their income on housing. These households may have difficulty affording necessities such as food, clothing, transportation, and medical care
- **In 2018, about 61% of Lyme's low-income households are cost-burdened**
  - **Compares to 15.6% for households who are not considered low-income**

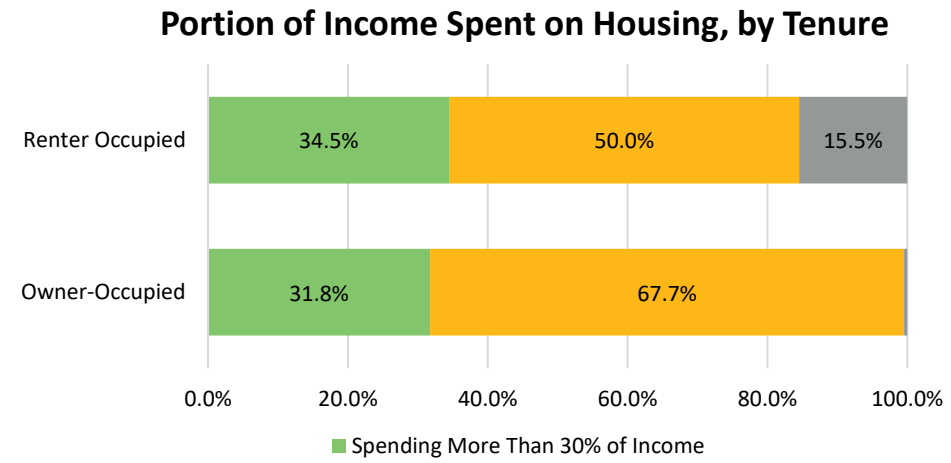
Cost Burdens: Existing Conditions

Cost Burden for Other Populations in Lyme

- Renter are slightly more likely to be cost-burdened compared to owners
- Seniors and young professionals are more likely to be cost burdened than middle aged householders



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



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

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Housing Gap Analysis: Methodology

- **Affordable Housing Demand:**
- Low-income household estimates provided by U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Survey (CHAS)
- Income limits provided by U.S. Department of Housing and Urban Development (HUD)
- **Affordable Housing Supply:**
- Naturally occurring affordable housing calculated using 2019 American Community Survey 5-Year Estimates.
  - Home Value Distribution
  - Distribution of Gross Rent
- SLR calculation of units affordable to low-income households based on HUD income limits
- **Housing Gap:**
- Compares housing demand to housing supply
- Two representative case studies for a family of four and a single-person household. These households have different income limits according to HUD

Housing Gap Analysis: Family Of 4

Owner-Occupied Units

Income Group	Max Home Value (Family of 4)	Cumulative Owner Households in Income Range	Cumulative Owner-Occupied Units in Price Range	Owner Gap
Extremely Low Income (<30% of AMI)	$121,000	35	7	(28)
Very Low Income (<50% of AMI)	205,000	145	16	(129)
Low Income (<80% of AMI)	285,000	270	71	(199)

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

Renter-Occupied Units

Income Group	Max Monthly Rent (Family of 4)	Cumulative Renter Households in Income Range	Cumulative Renter-Occupied Units in Price Range	Renter Gap
Extremely Low Income (<30% of AMI)	$753	4	0	(4)
Very Low Income (<50% of AMI)	$1,136	49	27	(22)
Low Income (<80% of AMI)	$1,863	74	127	53

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

Housing Gap Analysis: Individuals

Owner-Occupied Units

Income Group	Max Home Value (Individual)	Cumulative Owner Households in Income Range	Cumulative Owner-Occupied Units in Price Range	Owner Gap
Extremely Low Income (<30% of AMI)	$86,000	35	3	**(32)**
Very Low Income (<50% of AMI)	$143,000	145	13	**(132)**
Low Income (<80% of AMI)	$214,000	270	20	**(250)**

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

Renter-Occupied Units

Income Group	Max Monthly Rent (Individual)	Cumulative Renter Households in Income Range	Cumulative Renter-Occupied Units in Price Range	Renter Gap
Extremely Low Income (<30% of AMI)	$562	4	0	**(4)**
Very Low Income (30% to 50% of AMI)	$936	49	5	**(44)**
Low Income (50% to 80% of AMI)	$1,398	74	43	**(31)**

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

Housing Needs Assessment: Takeaways

- Significant affordable housing needs within Lyme
  - 344 households (32% of total) are classified as low income and could be eligible for affordable housing
- 33% of households are spending more than 30% of their income on housing costs (cost burdened)
- Town has only 8 protected affordable units
- Shortage of units affordable to households across all household sizes and housing types
- Populations with disproportionate cost burdens and housing needs include:
  - Low-income households making less than 80% AMI
  - Senior households
  - Renters
  - Single-person/ single-income households