SELECTMEN'S MINUTES
MONDAY MAY 16, 2022

Present: John Kiker, David Lahm, and Steven Mattson with Ken McKeever and Mary Powell-St Louis

The meeting was called to order at 3:31 P.M. and the minutes of the previous meeting were accepted.

Board reviewed the Affordable Housing Plan developed by the Affordable Housing Commission and presented to the residents at a communications meeting held on May 2, 2022. The board voted to adopt the plan and a copy is attached to these minutes.

The bord set the time and date for the Annual Town Meeting for 6pm May 26, 2022, in town hall. The agenda will include acceptance of the town report for fiscal year 2020/21, a resolution to accept the donation of the Thurston/Holbrook Cemetery, an ordinance to replace the Board of Assessors with a single appointed Assessor, an amendment of the town's driveway ordinance to include activities within the town road right-of-way, and the budget proposed for fiscal year 2022/23. Selectman Kiker reviewed the communication plan in support of the town meeting.

The board voted to enter an executive session at 4:52 pm, and invited Attorney McKeever to participate, to discuss pending litigation and personnel items. The board ended its executive session at 5:14pm and no action was taken.

There being no further business, the meeting was adjourned at 5:15 P.M.

Respectfully submitted,
Steven Mattson
For the Board of Selectmen

Town of Lyme

Affordable Housing Plan

Board of Selectmen

Adopted [insert date here]

Completed in Partnership with

Town of Lyme Affordable Housing Commission

Lower Connecticut River Valley Council of Governments (RiverCOG)

Consultants

Tyche Planning & Policy Group

SLR International Corporation

Table of Contents

Community Values Statement....3
Introduction....4
What is Affordable Housing?....4
Why is Affordable Housing Important?....5
Plan Development Process....5
Affordable Housing in Lyme....7
Protected Affordable Housing....7
Connecticut Housing Finance Authority Programs....7
Private Affordable Housing....7
Background and Housing Planning Efforts in Lyme: A Report of the Affordable Housing Commission....8
Housing Needs Assessment....10
Land Use & Zoning Assessment....13
Infrastructure and Natural Constraints Assessment....14
Objectives, Strategies and Action Steps....16

Appendices

Appendix A: Questionnaire Results
Appendix B: Data Analysis and Housing Needs Assessment

Community Values Statement

Lyme is a rural community with 12,000 of its 22,000 acres in conservancy, very little commercial activity, and no industrial use. Lyme strives to maintain a land use balance between meeting the housing needs for a diverse population in a range of incomes and stages of life and the protection and preservation of our prized natural resources and agricultural heritage. At the heart of future planning should be equilibrium between the need for housing expansion and our desire to retain a low-density community where town residents can live in quiet enjoyment of their lives and property.

Introduction

The Town of Lyme has developed this Affordable Housing Plan, which identifies strategies to grow the number of affordable housing units, including both state-defined restricted units and naturally-occurring, lower cost market units, over the next five years in a manner that aligns with community values. This plan is intended to satisfy the statutory requirements under CGS Section 8-30j, though the Town of Lyme views this topic as an ongoing topic of critical importance.

What is Affordable Housing?

The State defines Affordable Housing as housing that costs 30% or less of household income for households making less than 80% of state or Area Median Income (AMI), whichever is lower. (Affordable Housing Land Use Appeals Act, General Statues §§ 8-30g [Public Act 17-170]). As of 2021, a family of four making less than $79,900 per year, three-person household making less than $71,950, a two-person household making less than $63,950 or an individual making less than $55,950 per year could qualify for affordable housing in Lyme. Income limits are updated on an annual basis by the U.S. Department of Housing and Urban Development (HUD). According to data from the HUD, about 344 of Lyme's households, 32% overall, make less than 80% of Area Median Income and may be eligible for affordable housing programs.

Affordable housing, as the State defines it, typically only includes protected units that are reserved for low-income households through deed restrictions or through governmental assistance programs such as housing vouchers or subsidized mortgages. According to 2021 data published by the Connecticut Department of Economic and Community Development (DECD), 13 units, or 1.07% of Lyme's total housing units were state-defined, protected affordable units. Approximately 10% of Lyme's owner-occupied homes represent naturally occurring affordable housing (NOAH) units. In addition, approximately 9% of Lyme's houses have Accessory Dwelling Units (ADU) such as garage apartments or mother-in-law suites, which may provide some additional NOAH. While these units may be affordable to low-income households today, they may not be affordable in the future if rents or home sale prices increase.

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

Why is Affordable Housing Important?

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

Lyme has historically built a strong spirit of community through volunteers performing essential and important functions—fire fighters, ambulance drivers and workers, stewards and monitors of open space and members of commissions, committees and organizations that assure the town's welfare and enrichment. Its residents are very proud of this tradition, and it has helped stabilize the town's expenses. However, some of the folks who volunteer in the ambulance and fire departments live out of town because they can't afford to buy a home here. Making it possible for new people, particularly younger people, to move into affordable housing in our town will hopefully maintain and enhance that spirit of volunteerism.

Additionally, Lyme is experiencing a decline in volunteers due to its aging population. Some of these older residents are struggling to maintain properties they can no longer manage. Affordable housing may allow them to remain in Lyme, where they want to live.

Plan Development Process

Regional Housing Plan

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

A small-scale community questionnaire ran from July through September 2021 and gathered input from 52 residents responding to the Lyme portion on community values and housing needs (by yearend, a total of 57 responses were recorded). The results of this limited questionnaire generally reflected an awareness of the current lack of lower-cost housing and a willingness to see some policy change to encourage expanded options.

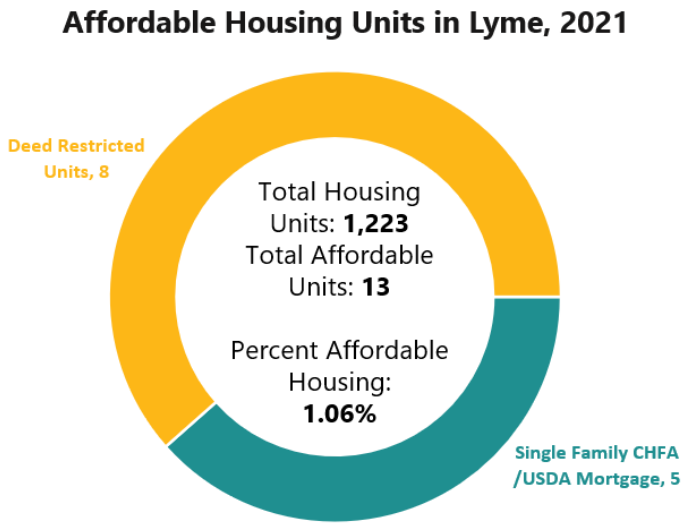
Regional public workshops were held on October 5, 2021, and January 24, 2022, which presented the housing needs assessment, community questionnaire results, case studies and potential strategies. Participants were asked to provide input on potential strategies for the region.

Municipal Affordable Housing Plan Annexes

An Affordable Housing Plan "Annex" was then created for each of the member municipalities of RiverCOG to provide supplemental data and information as well as objectives and strategies that are unique to each community. A virtual public workshop was held separately for each community between February 2022 and March 2022 to gather feedback that was specific to each town. Lyme's municipal workshop took place on February 7, 2022. The outcomes of these public workshops helped shape the content of each Affordable Housing Plan Annex. We encourage readers of this Annex plan to also read the Regional Housing Plan for more information on the context of housing background and context for the Lower River Valley region.

Affordable Housing in Lyme

The different types of state-defined affordable housing in Lyme today are described in the sections below.



Source: DECD Affordable Housing Appeals List, 2021

Protected Affordable Housing

As of 2021, 13, or 1.06% of Lyme's 1,223 total housing units are protected affordable units. This includes 5 USDA or CHFA mortgages and 8 deed-restricted units. Lyme has a smaller share of protected affordable units than its peer communities in the Lower Connecticut River Valley region.

Connecticut Housing Finance Authority Programs

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

Private Affordable Housing

Private housing on the open market may be affordable to low-income households. It is sometimes referred to as Naturally Occurring Affordable Housing (NOAH). This housing has no deed restriction or subsidy, but still costs a low-income household no more than 30% of their income. However, low-income households must compete with other more affluent households to occupy these units. As prices rise, the affordability of these units may disappear.

Data from 2019 indicates that 9.8% of Lyme's current housing units were valued at below $299,000. Lyme experienced an increase in property values over the Covid-19 pandemic that threatens the continued existence of this affordable housing stock, whether as NOAH or qualified Affordable Housing.

Background and Housing Planning Efforts in Lyme: A Report of the Affordable Housing Commission

Lyme has long recognized the need for more affordable housing for young families and its all-volunteer fire and ambulance services and to create incentives to maintain or increase the number of NOAH units. In that connection, in 2005, Lyme revised its zoning regulations to allow and encourage accessory apartments to serve that need. More recently, the focus has also turned to its elderly residents preparing to downsize, as well as local service workers such as home caregivers, housekeepers, residential caretakers, nurses, teachers, and teaching assistants on whom our community relies.

Over time, it has become clear that Lyme needs to consider ways to develop housing that is meant to be available at affordable rates and periodically available to new applicants and to create incentives to maintain and increase the number of naturally-occurring affordable homes. The Commission recognizes that these considerations align with the more general action goal of the Town's 2015 Plan of Conservation and Development to "Continue town efforts to increase the availability of affordable housing including rental considerations for less affluent residents".

The Commission also recognizes the importance of developing housing that meets the state's definition of affordable housing. Units that meet its definition are counted towards the state's stated goal that at least ten percent of all dwelling units in each town are affordable. If a town meets or exceeds this threshold, the town is then protected from attempts by developers to use the state's land use appeals process to override local zoning regulations.

In fiscal year 2020-2021 which saw the Commission grow from five members to a total of nine, the Commission worked to develop an affordable housing rental model that would both satisfy the state's definition and take advantage of the availability of accessory apartments (e.g., garage apartments). However, even with the suggestion of a financial incentive, the response of homeowners with these units to such a program was tepid. The likely explanation was the state's requirement that a deed restriction be attached to the entire property. The deed restriction at that time would restrict the rental accessory apartment unit to affordable housing for at least one year. Under recent legislation signed into law in June of 2021 (PA 21-29), this period was increased to 10 years, undercutting this program entirely.

On a more positive note, PA 21-29 also includes language that *promotes* Lyme's goal of increasing the availability of affordable housing. Specifically, the law requires that local zoning regulations adopted pursuant to state statute provide for opportunities for affordable housing and multifamily dwellings. In this context, the Commission is continuing to explore non-traditional housing that is sensitive to the stewardship of our natural resources, as well as regulatory demands, market economics, social change, and the needs of our community. The Commission has also embarked on a program to gauge demand for this housing through an ongoing survey of potential residents who are likely interested in affordable housing options.

In connection with the Commission's more traditional home ownership model, development of the Ruth Young parcel was put on hold for the time being. This decision reflected a combination of factors, not the least of which related to the site's predevelopment costs.

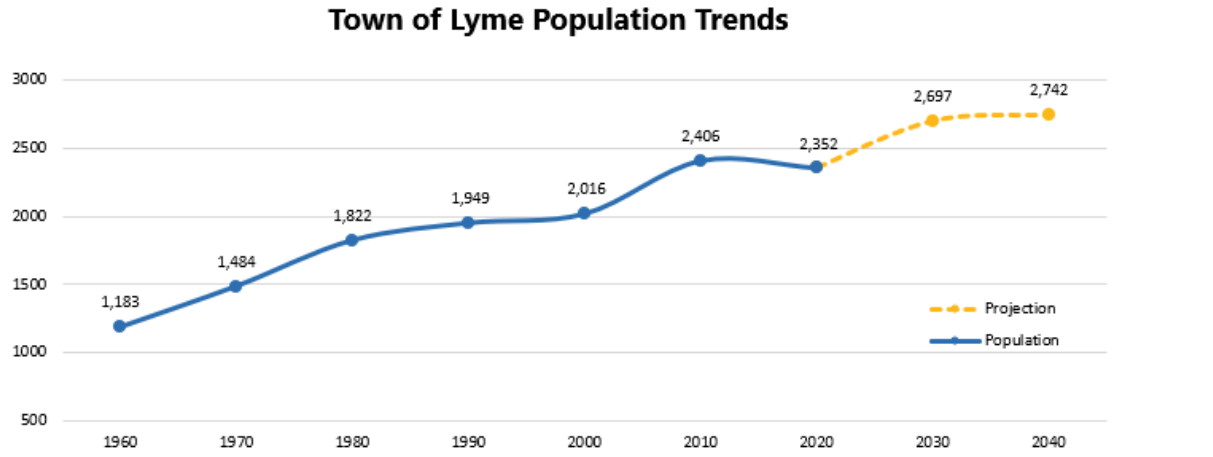
As a part of its efforts to further advance affordable housing, the Commission has also focused on a public education initiative. This initiative has included highlighting special state affordable housing financing programs on the Commission's webpage. In addition, the Commission took on the task of addressing common misconceptions around affordable housing through the use of an online survey.

Housing Needs Assessment

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

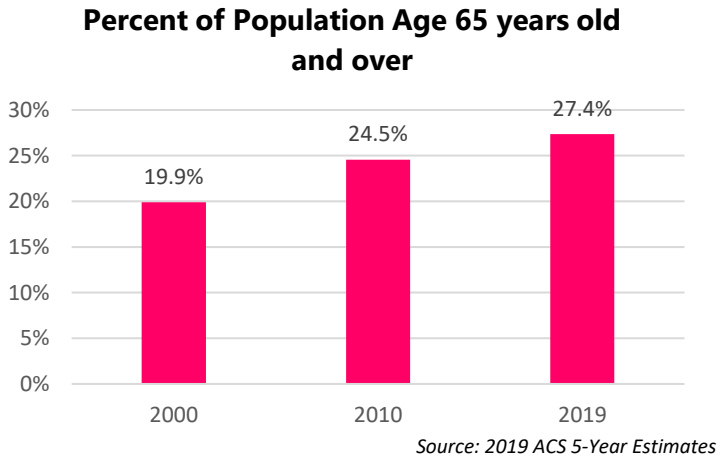
Demographics

- After a peak in 2010, Lyme's population has been on a slow decline. Future population drivers will likely include housing turnover, followed by housing construction, including new dwelling units, additions, and expansions. Despite that recent decline, according to population projections from the Connecticut State Data Center, Lyme's population is projected to increase gradually to 2,742 residents by 2040.



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

- Lyme has an aging population. The share of Lyme's 65+ age group has grown consistently since 2000, reaching 27.4% of the total population in 2019. Correspondingly, from 2010 to 2019 the Town saw a loss of 136 residents between the ages of 20 and 65. Most important for our future, in that period the Town lost 174 residents between the ages of 20 and 30. This is equivalent to 7.4% of our 2020 population.

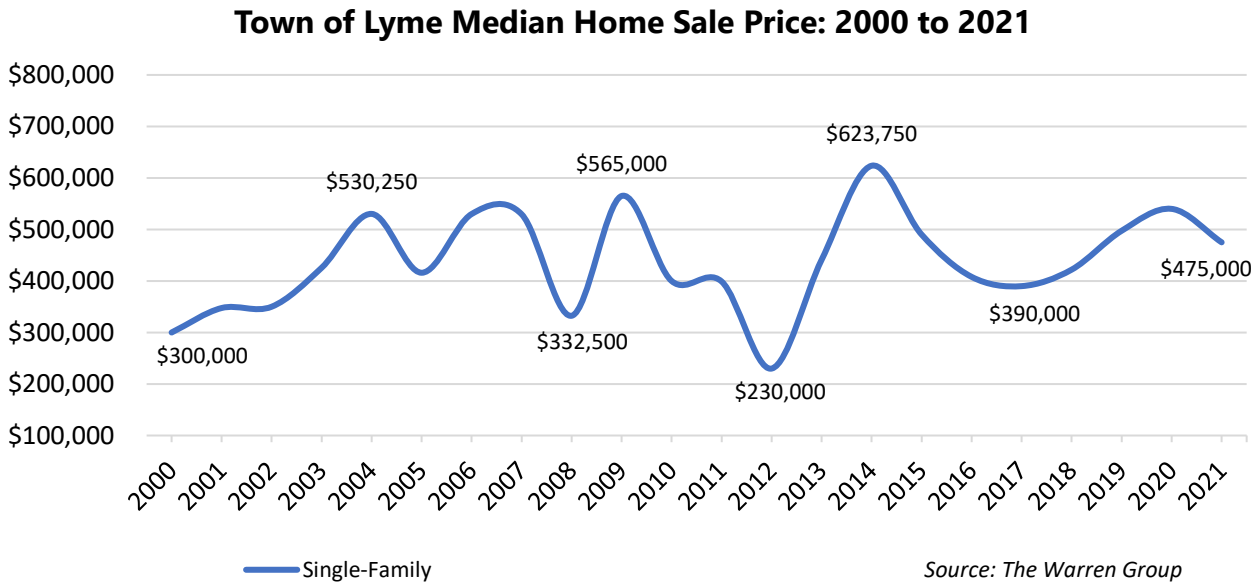


Source: 2019 ACS 5-Year Estimates

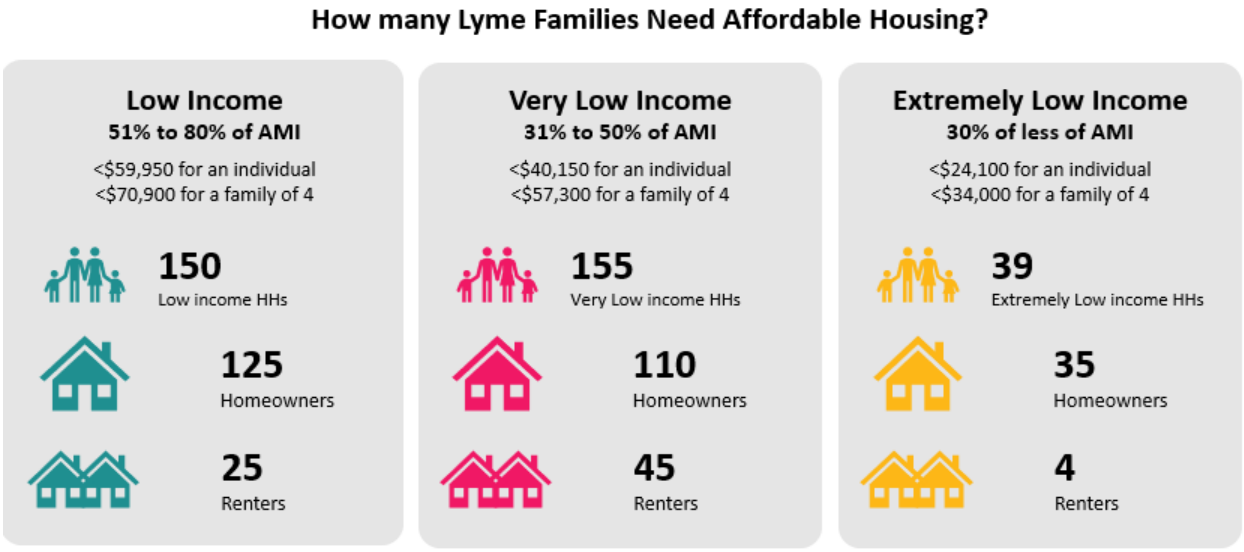
- Household sizes in Lyme have been shrinking, with 65% of households made up of one or two people in 2019. Most houses in Lyme are built for larger families; 71% of the housing units in Lyme have 3, 4, or more bedrooms.

Housing Stock

- Lyme's housing stock is extremely homogeneous, with 97% of its housing comprised of single-family detached homes.
- 71% of housing units have 3 or more bedrooms
- The vast majority (81%) of homes in Lyme are owner-occupied.
- From 2016-2019 home sales were generally stable averaging about 29 per year.
- Median home sales price for single-family homes in Lyme have decreased since a historic high in 2014. Prices began to increase in 2018 but began decreasing again in 2020, dropping from $530,000 to $501,250 between 2020 and 2021.
- For the years 2019-2021, 28 houses sold for less than $355,000. Eighteen of those sold for less than $300,000.
- Housing permit activity has dropped off since in the mid-2000s.



Housing Need



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

- **344 households in Lyme (32% of total) meet the definition of a low-income household.**
- Cost-burdened households spend more than 30% of their income on housing, and therefore struggle to afford other necessities like food, clothing, transportation, and medical care. About 61%, or 165, of Lyme's low-income, owner-occupied households are cost burdened. About 73%, or 54, of Lyme's low-income, renter-occupied households are cost burdened.
- Seniors (65+) are more likely to be cost burdened than middle aged householders or renters. While the extent of the existing need for affordable senior housing in Lyme needs to be further quantified, we know that there is over a two-year waiting list at the Lymewood elderly housing project that Lyme and Old Lyme jointly support.
- A housing gap analysis was performed comparing the supply of "naturally occurring" affordable housing to local demand. There is an existing need among residents for affordable housing units for households of various sizes (See *Appendix B*).

Land Use & Zoning Assessment

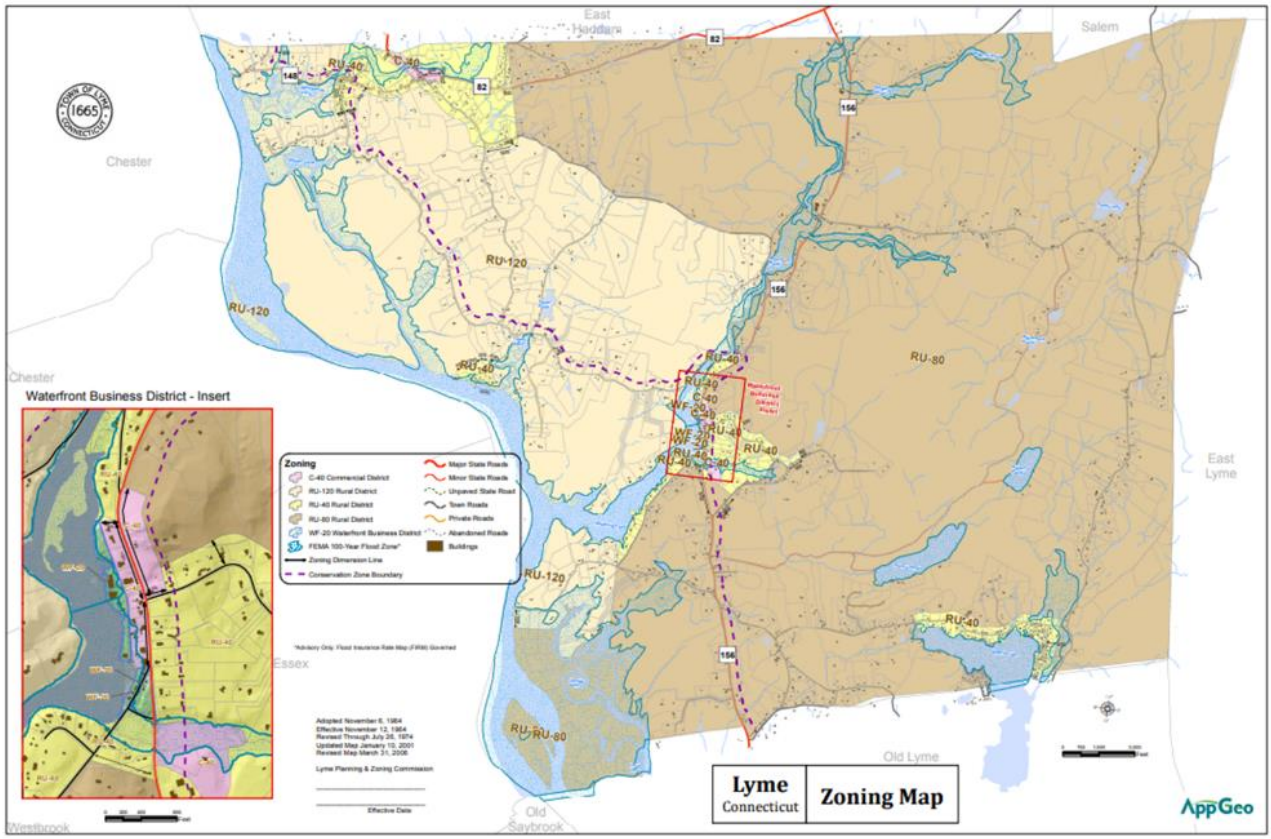
This section presents a summary of the key findings from the Planning and Zoning Review. For more details, please see *Appendix B*.

- Lyme's zoning regulations are generally focused solely on single-family development, and do not allow for many diverse housing types.
- There are three types of Rural Districts (RU-40, RU-80, and RU-120) that allow residential development on various lot sizes. These districts allow single family homes, a conversion to a two-family home if the construction of the home was 20+ years ago and meets certain lot size requirements, and accessory dwelling units.

  - The largest of the rural districts, RU-120, has a minimum gross lot area of 120,000 square feet, or 2.75 acres.

  - The RU-40 has the smallest minimum gross lot area at 40,000 square feet, which is just under one acre.

- Accessory dwelling units are allowed in all Rural Districts but are permitted in RU-40 by special permit only.



Source: Town of Lyme

- Lyme's 2015 Plan of Conservation and Development 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" (Pg. 20). To date, eight affordable homes have been built: six by the Town and two by the Lyme Compact, a 501(c)(4) private organization.

  - "Encouraging all new development to choose a scale and design which is compatible with the rural landscape." (Pg. 23)

Infrastructure and Natural Constraints Assessment

This section presents a summary of the key findings from the Infrastructure and Natural Environment Review. For more details, please see *Appendix B*.

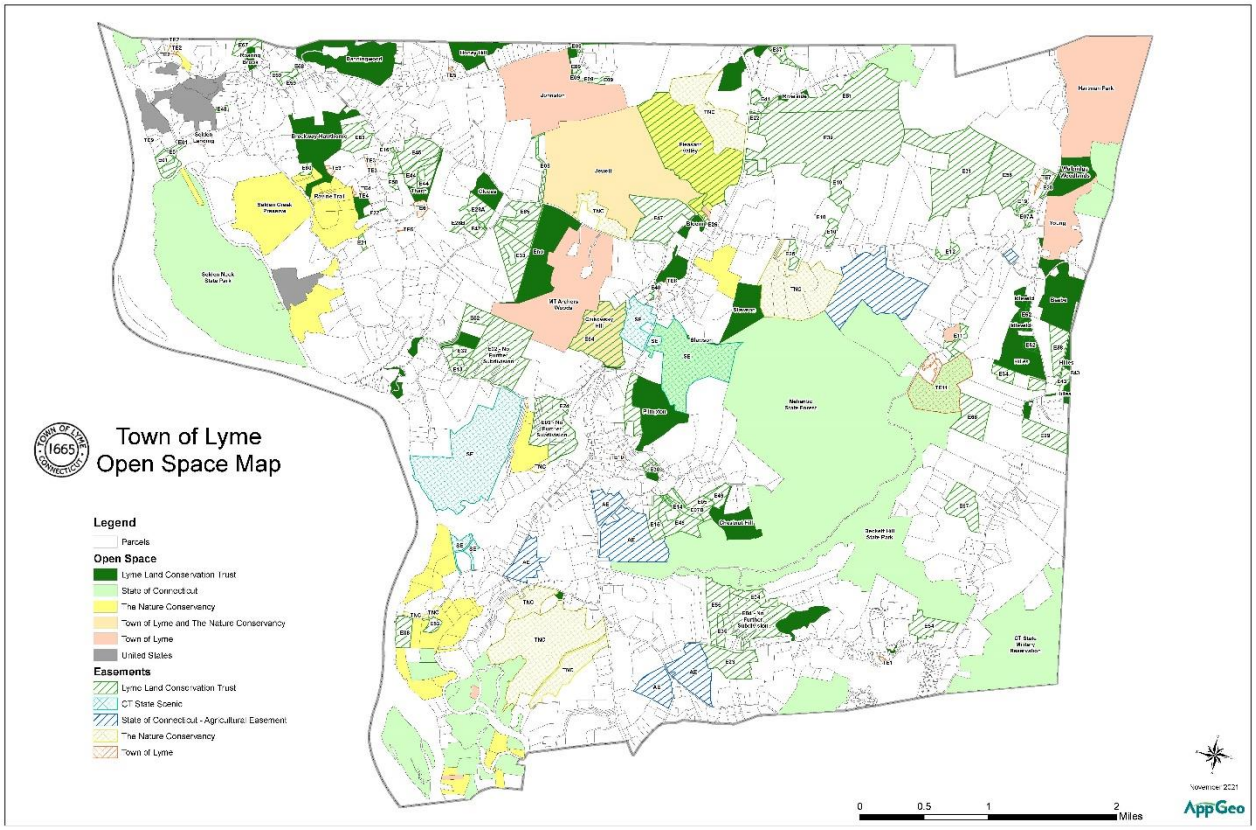
- Residents of Lyme rely on well water and septic, which restricts the intensity of development that can occur on a given lot. Developing land in Lyme means that there must be well-draining soil and a minimum amount of land to be viable, which therefore limits the number of homes that the land can support.
- Not all land in the Town can be used for development. For example, while Lyme's 2015 Plan of Conservation and Development estimated that approximately 83% of the Town's land is identified as undeveloped, 55% of Lyme's total acreage is perpetually protected open space or land otherwise unavailable to housing development because of agricultural easements and other restrictions (e.g., public enjoyment of its extensive trail system), leaving only approximately 28% available for development. That remaining 28% faces additional restrictions and limitations to development arising from natural conditions and other, competing, clearly identified state and national policies, including:

  - Environmentally sensitive areas such as watercourses, wetlands, and their buffers

  - Geologically restricted land limited by bedrock and other challenging subsurface conditions

  - Protection of the unique, nationally recognized, scenic, ecological, scientific, and historic values of the Connecticut River and the Eight Mile River systems that benefit the entire region.

- The Town's strong desire to protect its farms and its remaining prime farmland soils and soils of statewide importance competes with the use of those developable soils for housing development.



Source: Town of Lyme

Objectives, Strategies and Action Steps

In order to increase the availability of affordable housing and broader housing opportunities in Lyme, the Town will undertake the following:

1. Build upon the work of the RiverCOG Regional Housing Plan to develop a more in-depth understanding of Lyme's population and housing conditions to build a strong case for action within Lyme.

1.1 Refine understanding of conditions, including population loss, low income households, the presence and condition of current "naturally occurring affordable housing," home sales and values, availability of rental units and costs of rent, current cost burdens for renters and owners, senior housing needs, and prevalence and challenges of the use of reverse mortgages. In addition, the town will seek to gain an understanding of how the emergence of short-term rentals may be undercutting the availability of affordable housing.

1.2 Engage in broad public outreach and seek public input at appropriate steps to build grass roots level support for expanding housing opportunities, including: town wide mailings; posting periodic reports on town and community websites; outreach through social media and community meetings with groups such as the Fire Department, the Ambulance Association, and the Library, Regional District 18 teachers, road and or neighborhood associations, and non-profit organizations, and holding public hearings and informational sessions.

1.3 Work with Town leaders, including the Planning & Zoning Commission and the Board of Finance, to implement a long-term plan that gives the Town the greatest possible opportunity to address needs and take meaningful action as opportunities arise.

1.4 Continue evaluation and revision of the Plan to ensure that the Town's identified strategies will be implemented, including

- **a.** Encouraging the Planning & Zoning Commission to revise the existing regulations to permit implementation of the Plan and to build the public support necessary to incorporate more proactive housing policies into the Town Plan of Conservation and Development;
- **b.** Working with the Selectmen and Board of Finance to develop a larger, sustainable Affordable Housing fund; and
- **c.** Ensuring an informed public and a broad base of public support.

2. Once a consensus framework for the type and extent of the need for affordable housing has been established, investigate potential policy changes for efficacy in expanding opportunities.

2.1 Encourage owners of current and newly-created accessory dwelling units, through tax incentives or other inducements, to restrict their rental units to low- and moderate-income tenants at affordable rates for a period of 10 years. In addition, the Town could create property tax incentives for any owner of a rental unit that confirms that it has rented an accessory dwelling unit at or below identified low income rents.

2.2 Undertake a thorough review of the Lyme Planning and Zoning Regulations to identify change that allow the creation of qualified affordable housing and NOAH in a manner consistent with Lyme's Community Values Statement. For example, allowing:

- A separate single-family residence on a conforming lot if it is deed restricted to qualified affordable housing or is limited to a square footage size that is likely to be rented as NOAH;
- Owner occupied duplex residences; or
- Allowing 2-4 unit residences or multiple "town house" single family residences in qualified affordable housing developments developed by or in partnership with the Town or the Lyme Compact.

2.3 Work with the Lyme Compact (if reconstituted), the Lyme Land Conservation Trust, and other local nonprofit groups on creative partnerships to develop housing opportunities.

2.4 Continue promoting the funding of Lyme's Affordable Housing Trust Fund through municipal and private contributions (current balance is approximately $200,000).

2.5 Seek opportunities within the context of the Community Values Statement to develop, with government and nonprofit partners, senior housing to accommodate the Town's aging population.

2.6 Through close coordination with the Board of Selectmen, develop techniques for preserving stock of lower-cost entry-level housing through strategic acquisition or through other financial incentives.

2.7 Modify the form of the Town's Affordable Housing Ground Lease so that the future new leases do not disincentivize future affordable housing residents from graduating to market-rate homes, thereby encouraging the units to stay available to lower-income households.

2.8 Stay alert to opportunities to repurchase existing deed restricted affordable housing units in order to return them to the affordable housing market as either rental residential units or owner-occupied homes with a new form of ground lease which will protect them as housing that serves low-income families.

2.9 Incorporate rural cluster housing concepts and transfer of development rights policies into the Town's regulations to seek ways to achieve the dual goals of open space preservation and promotion of housing opportunity.

2.10 Consider supplementing the work done by the Affordable Housing Commission with a paid part-time Affordable Housing Coordinator to focus on plan implementation.