

## **Draft Windsor Affordable Housing Assessment and Plan Executive Summary**

The CT Legislature recently adopted a comprehensive update of the planning and zoning statutes and included several mandatory measures to promote affordable housing. One such measure is that every town must adopt an affordable housing assessment and plan by July of 2022 and update it at least every five years thereafter. The Town Planning and Zoning Commission (TPZC or the Commission) is responsible for adopting this plan.

Windsor's population and its housing stock are extremely diverse, with an abundance of older smaller homes. Despite this diversity and inherent affordability, there are still Windsor residents that struggle with housing affordability due to financial obstacles and lack of affordable housing options. This plan is meant to provide affordable housing for hard working and retired individuals, families, and households already living in our community, who do the jobs that keep Windsor livable and our economy moving. We are talking about workforce housing scattered throughout the community, indistinguishable from other dwellings in their neighborhood, that allow the people we interact with on a daily basis to live in comfort and dignity without the stress of choosing between food on the table or a roof over their head.

This plan will assess their affordable housing needs and provide strategies to address them, in keeping with the town's mission statement: "To create an environment where dreams can come true for individuals, families, and businesses." Removing housing stress, helping those residents who wish to achieve home-ownership, and allowing aging residents to stay in Windsor with their social network will go a long way towards creating that environment.

### **Affordable Housing Needs Assessment**

When it comes to affordable housing statistics, Windsor is an enigma: at once relatively well off by almost every measure, yet too many households are experiencing housing stress. According to Census estimates, Windsor's median household income is \$92,199, yet there are an estimated 1,260 residents living below the poverty line, which equates to almost 500 households.

When looking at poverty status by age group, it becomes clear that there are not substantial numbers of children living in poverty. Young adults and those 55 and older comprise the bulk of those living under the poverty line, indicating that single-family housing should not be the primary focus of Windsor's affordable housing strategy.

The Partnership for Strong Communities estimates that Windsor's housing wage (the hourly wage needed to afford a two-bedroom apartment without paying more than 30% of household income) is \$23.65 an hour, which is \$49,192 a year. For comparison, an individual earning the minimum wage of \$14/hr. (likely without benefits) would earn only \$29,120 a year for a 40-hour workweek, requiring double-income households and/or multiple jobs to make ends meet.

Windsor has an older population with 60% aged 35 and over and one-third over the age of 55. Only 9.8% of residents are in the career starting age of 18-24 years of age, due in part to many college students being counted at their campuses. Only 21.3% of residents are in the family-forming years of 18 to 35.

Windsor's housing affordability numbers are equally perplexing. According to the Partnership for Strong Communities, 17% of Windsor households without mortgages are experiencing housing stress, spending 30% or more of their household income on housing costs, and 6% are spending 50% or more, leaving little for other expenses like food, transportation, child care, and health care. Even worse, 37% of Windsor homeowners with mortgage payments are experiencing housing stress, with 14% spending 50% or more of household income on housing, which is confounding considering that the vast majority of Windsor's single-family homes are valued below \$300,000, placing them within the range of households earning 80% of the regional median household income, with more than 1,100 valued under \$200,000. There are a total of 1,703 condominiums and similar units in Windsor, with all but 26 of them priced below \$300,000 and 1,164 priced below \$200,000, placing them well within the range of households earning 80% or less of the regional median household income.

Renters are most impacted by housing stress, with 41% of Windsor renters paying 30% or more of their household income on housing costs and 18% of renters paying 50% or more, clearly indicating that a lack of affordable rental units lies at the core of Windsor's affordability problem. Until recently, there had not been any new apartments constructed in Windsor in nearly 40 years, due in part to an obscure zoning regulation that limited new apartment development. The Windsor Housing Authority maintains 136 elderly, disabled, and active-adult apartments in three complexes and manages HUD's Section 8 housing voucher program but there are long waiting lists for both programs.

### **Factors Affecting the Cost of Affordable Housing**

Land, materials, labor, and financing costs all contribute to making affordable housing difficult to produce in CT. Land prices in CT have skyrocketed over time, even as CT was slow to recover from several housing market collapses. Not only has raw land gone up in price, but so has the cost of labor and infrastructure such as roads, water, sewer, and storm drainage systems. Planning and zoning are not blameless either. Large-lot AA-zoned development requires 66% more roads, and utilities than a small-lot R-11 development, all of which ends up being built into the cost of every building lot. Market-rate housing developers often have to turn to a mix of banks and private equity firms, making countless compromises to make their projects attractive to investors. Adding affordable units into the mix lowers profit margins and has the potential to stigmatize the development, lowering even the market-rate rents. In Windsor Center, even market-rate apartment and condo developments with densities as high as 20 dwelling units per acre have relied on bargain land deals, tax abatements, and other incentives to make them happen in the interest of creating transit-oriented development that revitalizes the center commercially, residentially, and socially. Developers able to finance their own developments can save on borrowing costs to outside investors, keeping at least this one cost factor down.

One of the biggest barriers to entry into affordable single-family ownership is making a 20% down payment. To avoid costly primary mortgage insurance, which can run as high as \$240 a month for a \$290,000 home that a moderate-income household can afford, that household would have to put down \$58,000. With rents as high as \$2,504 a month for renting a two-bedroom apartment and the household already under housing stress, how are they supposed to save that amount? The answer is they do not. They put down as little as 3% and buy mortgage insurance that protects the lender. Not only that, but they have to pay interest rates as much as 1½ points higher than a household with just an average credit score, compounding the cost of the house to well above what that average household would pay. The VA, CHFA, and USDA have loan programs to help some of these qualifying first-time homeowners.

### **Affordable Housing Strategies**

- Continue to cooperate with HUD and the Department of Economic and Community Development to provide low-interest loans to low-income households to make emergency repairs, allowing them to stay in their homes.
- Expand public housing options for low-income senior and handicapped residents.
- The Windsor Housing Authority should continue to administer HUD's Section 8 Certificate program for the town, which provides rent relief to qualifying households based on fair-market rental rates for the region.
- Continue to provide tax relief programs that help maintain affordability for qualifying elderly households with fixed incomes.
- Continue to abate increases in property taxes associated with repairs, renovations, or additions to houses that are older than 25 years old for seven years.
- Continue to use and enhance Design Development Districts to provide more significant density bonuses for transit-oriented and workforce housing in close proximity to employers and services.
- Expand the use transfers of residential density to preserve farmland and open space while encouraging senior and workforce housing in appropriate locations.
- Continue to allow conversion of commercial properties into a mix of commercial uses and apartments in Wilson and Windsor Center as well as higher-density infill development.
- Promote the new state laws encouraging accessory apartments and temporary "granny flats" on all single-family properties.
- Provide more robust public assistance in the form of density bonuses, bargain land sales, tax abatements, infrastructure cost-sharing, and other forms of public assistance.
- Consider reductions in average minimum apartment sizes in return for comprehensive packages of common resident amenities.
- Add affordability requirements in return for added flexibility in density and building heights in Windsor Center and Wilson and examine other opportunities to make similar shifts towards bedroom-based densities.
- Consider adapting the transfer of residential density program to offer even higher densities for creating affordable housing.

- Consider allowing the conversion of historic multi-family homes back to their original densities and allow accessory apartments where appropriate by special use.
- Create an affordable housing land trust or community development corporation to facilitate, create, and ensure long-term affordable housing.
- Mandate a minimum ratio of affordable housing in all new developments by providing density bonuses and/or reducing lot sizes.
- Allow judicious use of fees-in-lieu of mandatory affordable housing to ensure that it is equitably distributed throughout town.

### **Affordable Housing Goals**

The tangible goal of 288 additional affordable dwelling units to achieve the state goal of 10% affordability is a starting point. To eliminate all residents living in moderate to severe housing stress would take 3,460 units, which is beyond feasible. Addressing homeowners and renters living in severe housing stress would take approximately 1,315 units, which is just over 1/3 as many but still an unlikely goal to achieve.

As eluded to throughout the plan, the solution to Windsor's affordable housing issue lies primarily with multi-family attached-housing with its higher densities, lower land costs, lower labor, material, and maintenance costs compared to single-family housing, though that should not be ruled out as a component of our overall affordable housing strategy. That multi-family attached-housing strategy will need a senior/handicapped housing component to address the high percentage of older residents living in severe housing stress.

Then there are the small-scale multi-family homes, beginning with the new accessory apartment regulation, which can accommodate young singles that could not otherwise afford to live and work in CT as well as seniors that want to live with family or live independently in a small, carefree apartment. Relaxing the regulations on building conversions and infill development in the villages and even some suburban neighborhoods where appropriate, can create scattered affordable housing indistinguishable from its neighbors.

On the single-family side, we need new, affordable starter homes for newly formed households looking to move out of rental apartments, start families, and begin building equity towards a bigger home. Windsor's existing housing stock is full of excellent starter homes but they are currently in high demand by households of all means. The solution is again a combination of zoning mandates and associated zoning and financial incentives outlined herein to offset the cost of building affordable houses indistinguishable from their market-rate neighbors.

How many affordable multi- and single-family homes we ultimately need to build is a moving target, impacted by numerous socioeconomic forces, but we should at least have an aspirational goal that addresses those residents living in severe housing distress, empty nesters that need smaller housing options, and the children of Windsor residents looking to return to Windsor to live and work, ensuring a strong future for Windsor.