

CHAPTER 9

RESIDENTIAL TRENDS AND HOUSING OPPORTUNITIES

A Residential Town

Over the past century, as small home enterprises and farming declined in Fairfield County and as transportation technology made longer commutes possible, the portion of Redding outside the village of Georgetown has become steadily more fully dedicated to residential uses. Redding's natural beauty and quality of environment initially made the town an attractive weekend refuge for urban dwellers including artists, writers and other creative persons, and the town has gradually evolved into a permanent home for commuters, despite its relatively long distance from jobs and urban centers.

Since 1950, with the rise of suburban centers of professional employment, Redding along with neighboring towns has experienced a large influx of new residents seeking homes in peaceful, spacious, semi-rural surroundings. In 1950 the town, including Georgetown, contained fewer than 600 dwellings; as of July, 1 2017, the number of all dwellings is approximately 3,892. Of this number roughly 93% are detached single-family dwellings on individual lots.

About 89.5% of Redding's land surface lies on the watersheds of four public water supply reservoirs and one well field, all operated by the Aquarion Water Company¹. Protection of this vital water resource, which serves a regional population of approximately 520,000 persons, is a fundamental necessity of Town land use policy as well as an imperative expressed in the State Policies Plan 2004-2009 and policies of the several regional plans of the area. Much of Redding's land area, moreover, is characterized by steep slopes and shallow soils over ledge, interspersed with numerous wetlands. In recognition of these limitations, 97.4% of the town's area is zoned for single-family residential use on minimum lots of two acres or larger.

The sensitive lands located within the public water supply watershed serve to limit Redding's housing density in most of the town. And yet, the portion of Redding that is permitted to use these public water resources is limited to the 5% of town land area comprising the central part of the village of Georgetown, (Georgetown lies within the Norwalk River valley and hence is not within a public water supply watershed area). This abundance of protected watershed and Redding's hilly, ledge-strewn landscape with highly permeable, stratified drift aquifer soils in its valleys directly influences the difficulty Redding has in adhering to the State's mandate for higher densities of affordable housing, (See Chapter 3).

Within central Georgetown, since the time of the 1998 *Town Plan* the public water supply franchise area has been enlarged and a sanitary sewer system has been installed, both to resolve longstanding environmental issues in the business district and to facilitate residential and mixed-use development on specific, targeted sites. The sewage disposal plant that serves the Georgetown business district and the Meadow Ridge assisted living complex was redesigned and expanded by Georgetown Land Development Company (GLDC) to serve the currently stalled redevelopment of the former Gilbert and Bennett factory site.

Within Georgetown, the 88 acres comprising the RV (Village Residential) and HMC (Historic Mill Center) Zones, residential townhouses and apartments are permissible at a

¹ In addition to the Saugatuck Reservoir in Redding and Weston, these include the Aspetuck, Hemlocks and Easton Lake Reservoirs in Easton and Coleytown well field in Westport.

density of 7 to 8 units per gross acre of site area. Surrounding this old village center are approximately 200 acres of R-1/2 and R-1 Zone (single family residential at one-half acre and one acre per lot, respectively), both zones nearly fully developed. (See Chapter 10)

Redevelopment planned for the former Gilbert and Bennett site in Georgetown was expected to create more than four hundred new dwelling units, including freestanding houses, attached town houses, conventional apartments, and loft apartments. Fifty-five dwelling units were scheduled to conform to State guidelines for the creation of officially-certified affordable housing, though in formulating a new master plan, this number should be reviewed to reflect changes in area demographics and real-estate demand trends.

Throughout the town, the Redding Zoning Regulations have since the 1980's authorized the creation, by special permit, of a 600 square-foot apartment accessory to a single-family dwelling in any residential zone. At present Redding has 164 accessory residential apartments, of which 94 are attached to a principal dwelling and 70 are in detached structures, according to records of the Town Assessor. Properly counting many of these toward the stock of state-certified affordable units should be prioritized, and their legal qualification by property owners incentivized.

As noted in earlier chapters new residential construction in Redding peaked during the period between 1960 and the latter 1980's. New houses erected in that era were typically single-family dwellings containing three or four bedrooms, most with attached one-car or two-car garages. In following years however, rapidly escalating land values and construction costs had inflated average dwelling prices to more than twice the 1980 levels. The consequent result led to a shift in the type of dwelling then currently being constructed in Redding to a luxury style residence, much larger than formerly and typically with five or six bedrooms, a three-car garage and many special features.

Redding's Present Housing Complexion

Although more current data will not be available until after the next census in April 2019, the 1990–2000 data clearly portray several significant and longstanding trends. Reflecting the town's desirability and growth in new homes, the proportion of home ownership increased by 4%. Average household size continued its forty-year trend of decline, albeit only slightly in the 1990-2000 period. Not surprisingly, household incomes shifted upward, but disproportionately. Low income households, those under \$20,000 (8.1%) remained virtually the same as in 1990 (8.9%) while the proportion of high income households, those above \$100,000 (53.2%) increased substantially over 1990 (36.6%). Over the same period the cost of housing tended to increase faster than incomes for both owners and renters. Homeowners paying 30% or more of their income for housing rose from 28.8% to 30.6%, and renters paying 30% or more of income rose from about 34% to 37%.

The general characteristics of Redding's housing stock, as measured by the U.S. Census in 1990, 2000 and 2010, are summarized in Table 9-A⁵

⁵ It should be noted that Census-based housing data are not as current as some of the other data sources used in the *Town Plan*, but the Census as a source provides a greater statistical validity on certain types of data including housing data.

Table 9A - HOUSING CHARACTERISTICS - 1990 and 2000
 Town of Redding, Connecticut, per US Census Data

	1990		2000		2017	
	Number	Percent	Number	Percent		
Dwelling Units						
Single-family	2,843	95.10%	2,945	95.40%	3323	86.5%
Other: 2 or more families per unit or dwelling + apartment	147	4.90%	141	4.60%	512	13.5%
Total	2,990	100.00%	3,086	100.00%	3793	100.0%
Ownership and Tenancy						
Owner-occupied	2,429	81.20%	2,629	85.20%	2898	83.9%
Renter-occupied	341	11.40%	289	9.40%	557	16.1%
Vacant (for sale, for rent)	220	7.40%	168	5.40%	393	8.9%
Total	2,990	100.00%	3,086	100.00%	3793	100.0%
Average Household Size:	1990		2000		2017	
	Persons		Persons		Persons	
Owner-household	2.93		2.89		2.68	
Renter household	2.39		2.30		2.27	
Town Average	2.86		2.83		2.62	
Household Occupancy By Type:						
Single person	13.40%		13.50%		21.3%	
Married couple family	75.50%		75.70%		66.3%	
Other family/unrelated persons	11.10%		10.80%		12.4%	
Total Households	100.00%		100.00%		100.0%	
Household Incomes						
Below \$10,000	2.30%		1.50%		3.6%	
\$10,000 - \$24,999	6.60%		6.60%		5.7%	
\$25,000 - \$49,999	20.60%		10.50%		8.8%	
\$50,000 - \$99,999	33.90%		28.20%		20.0%	

\$100,000 - \$149,000	18.20%	23.90%	17.0%
\$150,000 and over	18.40%	29.30%	44.9%
	100.00%	100.00%	100.0%
Housing Cost as Proportion of Household Income			
Owner Households:			
Less than 20%	49.50%	44.40%	34.3%
20% to 29.9%	21.70%	25.00%	27.4%
30% and over	28.80%	30.60%	38.3%
	100.00%	100.00%	100.00%
Renter Households:			
Less than 20%	16.80%	38.20%	35.3%
20% to 30%	41.80%	24.80%	14.8%
30% and over	34.50%	37.00%	49.8%
Not reported	6.90%	n/a	0.01%
	100.00%	100.00%	100.0%

During the period since the great recession of 2008, land values and the prices of both existing and newly-constructed houses fell sharply as buyers were scarce. Still, living expenses stayed high and without a rise in personal incomes, and the value of their land and homes falling, a financial strain was placed on many residents. Current statistics would show that Redding's residents are expending steadily-larger portions of their resources on shelter, while tax rates have been generally forced to stay high, with State support for some town services diminishing in recent years.

Of 2847 homeowners reporting in the American Community Survey of 2017, 2,024 (71.1%) carried mortgages, about one-fourth for \$500,000 or more. Slightly over 10% of Redding householders had resided in the same dwelling for 30 years or more and nearly 38% had resided in the same dwelling for less than 5 years.

The age of Redding's dwellings closely parallels the periods of town growth. Of the 3,086 dwelling units counted in 2000 approximately 9% were constructed between 1990 and 2000, and over half, 54%, were constructed in the thirty-year period between 1960 and 1990. Approximately 20% of Redding dwellings pre-date World War II (1939 and earlier). Fewer than 15% of Redding dwellings could be termed "small" (5 rooms or less). Larger dwellings, 8 rooms or more, constitute over 40% of homes in Redding.

Diversity and Affordability, a Challenge

The current construction trend toward larger and more costly homes, in Redding as well as in neighboring towns, presents several concerns related to the demographic diversity that has long been part of Redding's tradition. For example, the median sale price for house sales in 2007 represented more than five times the size of the median household income. Despite Redding's relative affluence this price level exceeds normal standards of affordability for the median household. For lower-income Reddingites, including especially the town's oldest and youngest households, current price levels are simply out of reach.

The State of Connecticut has documented similar trends throughout the state, representing a key challenge in sustaining a high quality of life and in attracting young people to remain in Connecticut's workforce. Statewide, recent-year statistics are readily accessible and they bode ill for the state's towns and cities (source of data- CT Partnership for Strong Communities):

- Housing prices stayed flat between 2010 and 2018 and have not appreciated significantly despite a national rebound since recovery from the recession.
- Nearly 21,000 one- and two-bedroom dwellings have been lost since 2000, while four-, five-, and six-bedroom houses have increased by 31,000.
- A higher percentage decrease of population in the 25-34-year-old age group has occurred in Connecticut than in any other state. A primary challenge to Redding's housing policy, and one noted as long ago as the 1971 Town Plan, is to offer housing for a variety of family incomes and age brackets, thereby providing a more diverse town. Of immediate concern is the fact that most dwellings in Redding are priced out of reach of many persons who serve the community in essential ways, such as police, trades people and volunteer firefighters – not to mention the sons and daughters of

local families seeking a first home or senior citizens unable to afford to remain in their longstanding family home.

A related - and sometimes disturbing - challenge in regard to housing diversity had been the "teardown" phenomenon in which older dwellings are fully or substantially demolished in order to build much larger replacements on the same sites. This trend toward replacement reflected an economic cause and effect that occurs when land of high value underlies structures that are fully depreciated, in need of substantial renovation, and of a size and type that cannot achieve maximum economic value.

While teardowns are understandable on an economic level, and while they do serve to renew the investment in and condition of the town's housing inventory, this practice disrupts the fabric of the community. Smaller and older houses traditionally have provided housing opportunities for young families and for people of moderate means, and high land values make the creation of new housing of this type unlikely on a conventional market basis. In addition, while many of the teardowns are development houses from the 1950's and 1960's that have no established historical or architectural value, other towns have seen sizeable numbers of historic dwellings lost to the teardown phenomenon. While Redding has lost only a small number of historic homes so far, these losses are not reversible and they serve to discard the long continuum of a community's history, turning the town into a monument to short-term real estate market factors. Thus the teardown phenomenon, inevitable though it may seem, is in large measure an economically and culturally destructive trend for the community at large, and should be discouraged at all costs)

State Framework for Affordable Housing:

Connecticut's General Statutes (Section 8-23) require each municipality to address housing concerns in preparing its *Plan of Conservation and Development (Town Plan)*. The *Town Plan* must "... make provision for the development of housing opportunities for multifamily dwellings, consistent with soil types, terrain and infrastructure capacity" The same law requires the *Town Plan* to "...promote housing choice and economic diversity in housing, including housing for both low and moderate income households..."

Most initiatives for creating affordable and workforce housing opportunities are based upon utilizing higher densities than exist generally in Redding. Thus Georgetown, where sewer, water, and transportation resources make higher-density housing more feasible, is the locale where most higher-density housing attention has been focused for Redding in recent years, and this focus continues.

The State of Connecticut has two affordable housing frameworks established by statute that require the town's attention. These programs, with Redding's approaches in utilizing them, are as follows:

1. Connecticut "Affordable Housing Land Use Appeals Act (CGS Sec 8-30g).

Since 1989, housing diversity and affordability have been mandated by the State of Connecticut's "Affordable Housing Land Use Appeals Act" (General Statutes, Section 8-30g). Under this law, the term "Affordable Housing" has become a legal term of art reflecting the specific incentives and sanctions arising from the statute. In brief, state-certified Affordable Housing units are dwellings that are either: a) part of an income-limited public housing project, or b) owner-occupied and financed by a CHFA (Connecticut Housing Finance Authority) mortgage, or c) income-regulated within an Affordable Housing Development. Each town in Connecticut is mandated to work toward a goal of having 10% of its total inventory of housing units as certified Affordable Housing units.

In Redding there are no public housing projects, and price levels in Redding generally exceed the maximums for use of CHFA mortgages. Thus the focus in Redding, as in other area towns, has been construction of Affordable Housing Developments. These developments must be designed, constructed, and managed according to formulas set forth in the statute setting requirements for the percentage of total housing units that must be certified as Affordable, the income levels for which the units must be priced, and management standards for how the Affordable Housing units are to be advertised, marketed, and leased or sold.

The statute's development standards generally make Sec. 8-30g inapplicable to existing dwellings, and instead they create incentives for private for-profit and non-profit development of newly constructed multi-family townhouse and apartment-style dwellings at very high suburban densities of 12-18 units per acre.

Sec. 8-30g provides for several differing types of Affordable Housing Developments, with differing requirements regarding income targets, mixes of market-rate and affordable units, and the lengths of the required deed restrictions. Among the housing types set forth in the statute are conventional family housing, age-limited elderly housing, and accessory apartments within single-family dwellings. In Redding, a typical family-housing project under Sec. 8-30g must dedicate 30% of its housing units to Affordable Housing, with half of the affordable units limited to families having incomes at 80% of State Median Income and half at 60% of State Median Income. Deed Restrictions are required to codify the projects' requirements, as well as to set expiring time periods for the requirements (this time period is 40 years in most cases, 10 years for Accessory Apartments).

As a sanction for towns that might resist approving Affordable Housing Developments, an applicant whose land use application has been denied approval has the right to appeal the denial to a state court whose judicial mandate is modified by statute to: a) place the burden of proof upon the town, and b) favor approval unless the town can demonstrate a compelling health and safety need, the importance of which supersedes the acknowledged need for affordable housing.

As a positive incentive for accepting Affordable Housing Developments, under current rules a town earns a three-year moratorium from appeals under Sec. 8-30g when a qualifying Affordable Housing Development is completed.

The Affordable Housing Land Use Appeals Act has been controversial through almost twenty years of operation, since it provides for a critical need but in so doing may foreclose the possibility of considering broader planning issues. Modifications have been studied by two Blue Ribbon Commissions and by numerous interest groups including small towns such as the Town of Redding.

Although very few applications have been made in Redding for Affordable Housing Developments, and although two Affordable Housing Developments have been approved without as yet reaching fruition, Redding currently is the only town in Connecticut having no DECD (Dept of Economic and Community Development)-certified Affordable Housing units. Not coincidentally, Redding's neighboring town of Easton also has a very low count of Affordable Housing units, and these towns are among the Connecticut communities most heavily dominated by lands within public water supply watersheds. The rugged landscape of Redding, the lack of public utilities within the town, and the presence of development constraints on behalf of the water resources of other communities, make an environment seemingly recognized by the town and by developers alike as problematic for the kinds of large-scale, high-density suburban multifamily housing projects incentivized by Sec 8-30g.

This special challenge, which Redding faces in complying with legislative affordable housing mandates while respecting natural resource limitations, is amplified by the policies of adopted State and regional plans. The State Conservation and Development Policies Plan 2013 – 2018 and the 2009 HVCEO (Housatonic Valley Council of Elected Officials) regional plan, (as adopted by WESTCOG upon its formation,) both recognize Redding as being part of the low-density residential rural fringe significant to the preservation of regionally important watershed, natural habitat, and open space resources. Nevertheless, Redding is required to meet the conflicting goal of accommodating high-density new-construction housing developments of the type incentivized by Sec. 8-30g.

2. Connecticut Housing Program for Economic Growth

In 2007, in response to a growing perception that the Connecticut economy was being jeopardized by high housing costs and that Section 8-30g was failing to resolve the problem, the Connecticut General Assembly enacted a new initiative sponsored by the “Home Connecticut” campaign to promote affordable workforce housing. The keystone of this new approach, which is based on well-established Smart Growth principles and is titled the "Connecticut Housing Program for Economic Growth", is the provision of incentives to municipalities to voluntarily create Incentive Housing Zones (IHZ's). The statute requires that IHZ areas be designated in town centers or where Smart Growth considerations are present such as access to transportation and services.

At of the time of the writing of this *Town Plan*, the statutory requirements for IHZ's include ensuring that at least 20% of the housing units in each development will be affordable for residents earning 80% or less of Area Median Income (this is in distinction to Sec. 8-30g, in which a lower figure for Statewide Median Income governs eligibility in Redding). In addition, IHZ dwellings must be deed-restricted to sustain affordability for at least 30 years. The maximum size for any IHZ is 10% of a town's total land area, and the maximum for all IHZ's taken together is 25% of the town's land area.

Predictably, the use of increased housing densities is a part of this program. At present the minimal densities qualifying for grants and for certification as Affordable Housing in an IHZ are:

- For single-family detached houses: 6 units per acre;
- For Duplexes or Townhouses: 10 units per acre;
- For multifamily apartments: 20 units per acre.
- In any IHZ: IHZ overlay must increase density by at least 25%.

In contrast to Sec. 8-30g, this new legislation gives municipalities control over the location, quantity and design standards for the new housing, and is intended to facilitate locally-based planning to position needed housing in Smart Growth locations where essential infrastructure is available, or can be economically provided, to support greater densities in keeping with Redding's historical character

Along with creative planning and design solutions, the legislation encourages the use of non-profit housing development and assistance organizations. For example, if a project is built on land owned by the town or by a specialized non-profit entity, and is to contain entirely Affordable Housing units, then the town may request to waive the density requirements. This may be a key ingredient in successful implementation of an IHZ plan in Redding.

The State of Connecticut's Office of Policy and Management has begun a program of direct grants to localities to provide incentives for the creation of IHZ districts and the implementation of housing within those districts. These grants presently include:

- *Planning Grants* to initiate local planning for Incentive Housing Zones. This program has a streamlined application procedure and few pre-ordained requirements as to the outcome of the planning process.
- *Zone Adoption Grants* to reward the enactment of Incentive Housing Zones. These grants are structured as a dollar amount for each unit allowable in the IHZ
- *Building Permit Grants* to reward the actual construction of Affordable Housing units. These grants are structured as a dollar amount for each building permit issued within the IHZ. (Have any of these grants been, or can be granted?)

The use of Incentive Housing Zones incorporating Smart Growth development techniques may also call for the use of Cluster Development techniques. State statute requires the Town to consider the appropriate use of Cluster Development in its town plan. It has been longstanding policy in Redding to see a history containing both environmental benefit, or abusive intent in the implementations of cluster housing in the state, and so previous Town Plans have endorsed cluster concepts within very strict limits.

Cluster development is acknowledged as a means for achieving the conservation of open space land, consistent with the Town's goals for housing diversity, environmental sensitivity, and the preservation of underlying cultural resources such as historical and archaeological artifacts. However, in Redding much of the land has an already-low carrying capacity for development, and so it has been

town policy that cluster development should be implemented only if shown to be a means of increasing the environmental quality of development, rather than as a means of justifying densities higher than those conventionally reached through existing Planning, Zoning, and Conservation regulations. Clustering may be of more immediate utility in Redding if residential densities are increased in certain areas of the town through the use of an IHZ plan. Clustering would, in effect, assure that along with sufficient land for the placement of dwellings, a development site would also have adequate areas of environmental buffer to avoid negative impacts.

For Redding, the formulation of its IHZ plan represents a significant step in simultaneously addressing its housing needs and to further applying the Smart Growth principles that underlie such recent Town initiatives as the currently stalled redevelopment plans for central Georgetown, and support for expansion of the Metro North rail service.

Because of the development constraints outlined earlier in this chapter - related to public water supply watershed, lack of public water and sewer in most areas of Redding, rugged terrain, and a rudimentary road network - the locations of Incentive Housing Zones have been carefully studied. Higher density housing units should be located in the limited areas where they can meet the program's goals of Smart Growth and Transit-Oriented Design and can avoid the incursion of excessive urbanization on the public water supply watershed.

Local Initiatives for Meeting State Affordable Housing Goals

1. A Self-Perpetuating Problem:

The arithmetic of affordable housing in Redding represents a self-perpetuating problem, in which even the prescribed solutions begin by enlarging the degree of difficulty involved. The arithmetic can be daunting. Redding today has 3,410 dwelling units, of which 341 are mandated to be affordable under Sec 8-30g and the existing inventory of such dwellings is zero,

341 may seem like a large number of new dwellings for the town to absorb, but in reality the challenge is much larger than this. Since the state mandate requires only 30% of the units in an Affordable Housing Development to be Affordable Dwelling Units, 70% of the newly-constructed dwellings will be market-rate, profit-making housing. Thus the real-world outcome is that to achieve its mandated goal Redding would have to permit the construction of 1,137 dwelling units, all of them in the form of dense, urbanized apartment and condominium housing. This would increase the Town's housing inventory not by 10% but by roughly a third

But the problem does not stop there. As 341 affordable dwellings and 796 market-rate dwellings are added to the town, the total housing inventory rises to 4,457 units. Now, the 10% affordable calculation calls for the town to have 445 Affordable Housing Units... and in meeting that goal by building more housing, the same 30% affordable/70% market rate will apply, bringing the requisite 104 new affordable units along with 346 new market-rate units. No matter how hard the town might try to meet the state Affordable Housing goals, these goals will remain maddeningly just beyond its reach.

When the fact that 89.5% of Redding's land area is sensitive public water supply watershed land is factored into this housing supply equation, it becomes clear the associated environmental problem of dramatically urbanizing the town and in particular its public water supply watershed lands are at odds with sensible stewardship of the watershed.

2. Solving the Problem:

The preceding discussion may seem like a textbook policy matter in which the broad public interest in drinking water resources would predominate. Unfortunately, this is not true; Redding continues to be at risk for successful Affordable Housing appeals under Sec. 8-30g because the risk of negative impact on regional health and safety resources such as the public water supply watershed has not as yet become fully recognized in the case law or statute related to land use appeals under Sec. 8-30g.

Because Sec. 8-30g is a statute aimed at appeals on land use decisions (i.e. planning and zoning decisions), environmental concerns - especially those related to the impact of intensive development in public water supply watershed areas - are difficult to bring to bear in defending a local decision. Despite the State of Connecticut's recent advances in pursuing Responsible Growth, and Low-Impact Development, Affordable Housing appeals are being lost more than they are being won by towns that seek to protect fragile and essential natural resources. It is untenable that it will fall to Redding with its limited budget to embark on continued legal action to defend the sources of region's water supply against constant attempts to build densely in these sensitive lands.

The 1998 Town Plan dealt with this affordable housing conundrum by recommending that the Town work toward modifications to Sec. 8-30g, and that it take small but creative steps to build an inventory of DECD-certified housing units. This has not been a successful strategy. Thus, while these features are included in the 2008 Town Plan, a new town initiative on affordable housing also is recommended in which the major focus must be on the production of Town-initiated, non-profit Affordable Housing Developments consisting of 100% affordable units. The affordable housing should be constructed on town-owned land, and deed restricted in perpetuity to preserve affordability. This may in fact be the only way to generate an adequate number of DECD-certified affordable units without excessive urbanization of the town's sensitive lands.

Moreover, each time a successful Affordable Housing Development is completed in conformance with the Town Plan, a 3-year moratorium on appeals under Sec. 8-30g is generated. Thus a successful series of town-sponsored Affordable Housing Developments will inoculate the community against forced failure of its stewardship role in the public water supply watershed by permitting the Town of Redding to control how, where, and in what form its Affordable Housing will take shape.

The choice for Redding is stark and simple: provide DECD-certified Affordable Dwelling Units as required by statute, or others will provide them for you in a form that will do damage to the Town's most basic planning priorities.

The use of Incentive Housing Zones appears to be the best means by which Redding might provide affordable housing tailored to the town-center locations envisioned by the statutory language of the Connecticut Housing Program for

Economic Growth. Application for a planning grant under the IHZ program is recommended as the first step in utilizing the IHZ concept, but as a key part of this recommendation it is noted that the creation of Incentive Housing Zones must be undertaken with extraordinary care to avoid unanticipated consequences. Careful study, budgeted adequately to assure thoroughness, is an essential ingredient for Redding in responding to the attractive opportunity of the Connecticut Housing Program for Economic Growth.

In Redding, even areas that are deemed appropriate for higher densities because of proximity to services and transportation may be subject to environmental challenges. For this reason Incentive Housing Zones should be configured in Redding only in one of the following two ways:

- as an overlay for carefully crafted, self-limiting zone areas related to priorities of smart growth, transit oriented development, and environmental management.
- as a more broadly defined overlay zone for sites under Town of Redding ownership and for use only with non-profit or publicly-financed development of projects having 100% Affordable Housing. The town of Redding should include in its capital-expense planning an ongoing program of seeking, evaluating, and purchasing sites appropriate to this class of IHZ affordable housing.

It is recommended that the town create a series of town-owned Affordable Housing Developments, utilizing non-profit development and containing 100% Affordable Housing Units. These must be carefully situated throughout the town, in varying densities, but with a particular focus on the use of Smart Growth techniques, transit oriented neighborhoods, and sustainable technologies. The end-users of these dwellings could be renters and/or purchasers, in a manner conforming to the provisions of Sec. 8-30g.

It is Redding's intention to move ahead with development of a significant number of affordable units where feasible. Using funds from a State grant, Redding has proactively studied multiple suitable sites for Town-driven development of significant numbers of affordable units. The study examined all factors, including the impact of larger scale sewage discharge, (tightly constrained in our watershed-limited environment), potable water requirements, suitable transit-oriented location as urged by the State, and others. In conclusion, the study determined that two sites in the Norwalk river valley were the only ones suitable. Redding residents then ratified the creation of two IHZ overlay zones for these sites as a first step, and an IHZ committee was formed to develop plans and acquire lands for this buildout.

The next steps will be to secure Town ownership of one of the sites, and on the other site, to garner the support of a group of individual commercial property owners who would benefit from the expanded use of their holdings in such a build-out. Land acquisition will be necessary, and a small administrative infrastructure will be needed. Affordable housing cannot be built without subsidies of some kind, and under this recommended plan the subsidies will have to come from the Town of Redding. To some extent, the use of non-profit development will provide a subsidizing effect in lowering the cost of development, but bond funding is likely to be required. It should be noted also that money spent on affordable housing is an investment, not a dead expense. Most of the funds invested will return to the town from either operating income or resale of the affordable dwelling units.

If these Town-owned Affordable Housing Developments are absorbed by the Town at a reasonable pace over time, the resulting completions should generate moratoria on Affordable Housing Appeals by others under Sec. 8-30g, and this will sustain the Town's goal of exercising prudent stewardship over its sensitive lands and open space resources, along with its role in protecting the public water supply watershed.

3. Locally-Applied Techniques to Supplement State Framework:

To aid in responding to the State of Connecticut's mandates for housing diversity and affordability, Redding's Town Plan includes a number of recommendations for local Town action intended to function alongside the formalized state programs. These recommended actions represent a determined local response to housing needs, mindful of the unique considerations that apply to a semi-rural town, with very limited areas served by public sewer and water and with difficult land forms and roads of limited capacity.

In using any locally-developed Affordable Housing programs, however, it is critically important that the Town be mindful of state-sourced definitions. Along with the real need for housing diversity in Redding, there is a concurrent need to achieve an inventory of dwellings that are certifiable for inclusion on the DECD Affordable Housing list. These two needs are not completely consistent with each other, but it is recommended during the period of applicability of this *Town Plan* that the DECD list take precedence.

In discussing techniques outside the realm of existing state-mandated programs, it should be noted again that affordable and workforce housing cannot be built in our region without some form of subsidy. The two major state programs envision this subsidy arising from the development process itself: higher density is permitted in order that the profit on the additional housing units can be used to provide a limited number of less-expensive units. A key limitation in Redding, given the town's environmental limitations and lack of infrastructure, is that densities are difficult to meet. This the key reason why Redding has failed to provide certifiable housing units based upon the process set forth in Sec. 8-30g. It is recognized in Redding that alternative techniques of subsidy must be found, before substantial numbers of affordable dwellings will be found in the town. Among the techniques under study that do not rely solely upon increased density are the following:

- a) *Seek Changes to Sec. 8-30g Provisions for Accessory Apartments:* In the 1998 *Town Plan*, the Town of Redding recognized that affordable accessory apartments might be a promising avenue for realistically achieving Affordable Housing, since the town already has a large inventory of accessory apartments, with rents that in many cases already meet the standards set by the Affordable Housing Land Use Appeals Act. Redding currently has 70 “in home” or attached apartments, and over 90 detached accessory apartments in its single-family zones. The town identified the state-required deed restriction as a key reason why homeowners had not availed themselves of this concept.

Redding has actively worked with other small towns as well as with the Housatonic Valley Council of Elected Officials (HVCEO) to propose legislative changes that would permit non-deed-restricted accessory apartments to be certified as Affordable Housing units. This would require the creation of an

alternative means of administering limits relating to rent levels, tenant income levels, etc. Such a modification would achieve a solution more feasible to the particular environment of Redding and other towns like it, and could lead to the certification of and regulation of a significantly enlarged pool of Affordable Accessory Apartments.

Although this proposal has not been successful, Redding intends to continue pursuing innovations along these lines. It is clear, though, that other solutions relevant to the town of Redding must be sought, and active collaboration will continue to be necessary with HVCEO, state legislative representatives, and the other small towns and watershed towns throughout the state.

- b) *Seek changes to Sec. 8-30g related to Public Water Supply Watershed Lands:* The Town of Redding has supported past legislative efforts, and should support future efforts, to exclude public water supply watershed lands from land use appeals under Sec. 8-30g. Since public water supply watershed lands represent a key resource for the overall development of the state, and since high-density residential development has been shown to be incompatible with the fragile character of the watershed, this initiative would resolve a key conflict between Sec. 8-30g and current "best practices" as commonly recognized for Smart Growth/Responsible Growth. Further, to enact such an exclusion would bring the 20-year-old language of Sec. 8-30g into coordination with the State of Connecticut's more-recent Affordable housing initiative, the Connecticut Housing Program for Economic Growth (the more recent program specifically excludes a wide variety of fragile and rural lands as being incompatible with best practices for Smart Growth).

The proposal to exclude public water supply watershed areas from appeals under Sec. 8-30g is an active and on-going initiative in Connecticut's legislature, although it has not been successful up to now. This initiative, however, is parallel to a successful initiative to exclude certain types of industrially-zoned lands from Sec. 8-30g appeals. It is a reasonable expectation that, with vigorous efforts by affected towns such as Redding, the state's legislators eventually will see the future-oriented wisdom of more fully protecting the shared water resources upon which the economic viability of the state will increasingly depend.

- c) *Changes to Local Regulations for Accessory Apartments:* The Town's regulations related to Accessory apartments predate the Affordable Accessory Apartment provisions of Sec 8-30g, and so there is no coordination among the provisions of these two sources of regulation. It would be a significant benefit if the Town's Zoning Regulations could be fully coordinated with state Affordable Accessory Apartment standards.

Along with this, it would be possible to provide a model of the Town's proposals for changes to Sec. 8-30g by creating a renewable, locally administered "affordability covenant" by which to assure that affordable accessory apartments will achieve stated goals including rent levels and tenant income levels consistent with State Affordable Housing statutes, along with owner occupancy of the primary residence. To provide further incentive for owners to create and maintain such apartments, the Town's assessment policy could be modified to value accessory apartments governed by "affordability covenants" at lower rates, in recognition of their contribution to Town housing needs.

- d) *Aging in Place:* Nationwide polls confirm that aging in one's own home is the preferred choice of the elderly population. As a group, these households in Redding pay considerably more in taxes than they consume in services. Tax relief, assisting the non-affluent elderly to remain in their homes, represents substantial savings when compared to the development cost associated with proposals for publicly owned senior housing. At the same time the town benefits from the skills and enthusiasm of retired residents who offer their wisdom and energy to the town's governance and its charitable institutions at the highest rate of any age group.

And yet, in a high-housing-cost environment such as Redding, older people on fixed incomes face particular difficulty staying in their homes. Even if they own their homes outright, the cost of real estate taxes can be a key impediment in a time of rapidly-escalating land values.

The Town can have a significant impact on this problem. Redding has long maintained a Senior Citizen tax credit, by which real estate taxes are reduced for older homeowners irrespective of need. This credit should be sustained, and its value should be reviewed on a regular basis to assure that its relevance is sustained as housing costs escalate. It is recommended that this credit be matched by a rent assistance grant for older residents who rent their homes.

Consideration also should be given to home-sharing for the non-affluent elderly. Under this concept, existing elderly residents would be permitted to share their homes with one or two elderly in-home tenants.

In addition, a proposal is recommended for review by the Town as a whole, to provide deeper assistance based upon need. Under this proposal, older residents with demonstrated need would be entitled to obtain relief from all property tax payments, with the Town assuming equity in their home in an amount equal to the amount of relief. Residents who avail themselves of such a program would be permitted to remain in their homes until the ends of their lives, with the Town recouping its equity in a required sale (or buyout by heirs) after the death of the resident owner.

- e) *Direct Purchases of Existing Dwellings by the Town:* Another program worthy of further study - especially for family and workforce housing - is the direct purchase by the Town of existing dwelling units, and rental or (preferably) resale to families or individuals qualifying for Affordable Housing. It would be possible under a program such as this to create certifiable Affordable Housing units under Sec 8-30g without having to enter into the difficult process of finding sites for new construction of high-density development projects. Deed restrictions on income levels of the residents, and of rental and/or resale values, should meet the standards set in Sec. 8-30g.

It should be noted that a purchase/resale or purchase/rental program to meet affordable housing needs would be a locally-funded housing subsidy, requiring substantial funding from the town. However this funding may be less than will be required to provide town services to larger Affordable Housing developments, which can be imposed by the actions of developers independent of the town's planning priorities.

End-users for this housing could include rental tenants, or preferably would be purchasers under the CHFA mortgage program. Dwellings incorporated into the

program could include blocks of apartments in existing developments, or scattered single-family houses. This program could be of particular value if mortgage foreclosures due to current economic conditions bring hardship to Redding's households.

Another important use for this program would be the preservation of existing smaller homes, which may become "teardown" sites if not preserved through appropriate subsidy.

- f) *Affordable Lots in Subdivisions:* In larger subdivisions, (encompassing more than ten lots), a program of special Affordable Housing Lots could be set aside. This program could be treated as an alternative to the town's existing open space set-aside program by which the impact of development is offset by providing a public benefit component in the subdivision. Houses built on these Affordable Lots would be required to meet the requirements to be certified as Affordable Housing Units under Sec. 8-30g, including income levels, resale price restrictions, and a deed restriction in perpetuity for the Affordable Housing provisions to remain in effect. A suggested program could provide for 10% of lots to be designated for Affordable housing, just as the norm for open space set-aside's calls for a dedication of 10% of the land area.
- g) *Real Estate Conveyance Tax:* The State of Connecticut's real estate conveyance tax brings a stream of unrestricted income to the Town of Redding, largely related to residential transactions. Each of the other housing initiatives noted in the Town Plan will require at least some degree of funding, and so it could be seen as a fitting dedication of the Conveyance Tax income, or a portion of it, to use it as the core of a fund for use in meeting the Town's need for housing diversity and affordability.

Recommendations

- 1) **Enhanced Residential Fire Safety-** Study potential changes to the life-safety provisions of Redding's land use regulations, including the following:
 - a) Amend the Subdivision Regulations, and suggest coordinated changes to the Zoning Regulations, to increase the availability of water storage for fire-fighting in proximity to all newly-constructed houses.
 - b) Work with the Zoning Commission to study Regulation changes requiring that newly-constructed dwelling units having higher risk of loss from fire (i.e. large houses, isolated sites, long driveways, high-density zones, etc.) be protected by automatic fire suppression (i.e. sprinkler) systems.
- 2) **Provide Town-Initiated Affordable Housing using our Incentive Housing Zones-** Create a Town-administered program, adequately funded for operational overhead, by which to initiate and execute non-profit Affordable Housing Developments on Town-owned land. This program should include the following:
 - a) Initial planning studies have lead to adoption of two Incentive Housing Zones under the Connecticut Housing Program for Economic Growth. The IHZ's development should be planned and their differing characteristics should govern their initial stages of development:
 - i. Land acquisition by the Town of the State-owned site on Ethan Allen Highway
 - ii. Formation of a property owners' working group to coordinate with the Town on the planning process for a coherent end result.
 - b) The Town should seek grant funding to the maximum extent applicable from the Connecticut Housing program for Economic Growth as well as from other relevant sources.
 - c) IHZ's should be configured to apply to Town-owned properties or to properties having potential for town purchase, using non-profit forms of development, and with 100% of dwellings created under the IHZ being deed-restricted in perpetuity as Affordable Housing Units.
 - d) The town of Redding should include in its capital-expense planning an ongoing program of seeking, evaluating, and purchasing sites for the creation of non-profit IHZ affordable housing.
- 3) **Work to modify Affordable Housing Statutes-?** Encourage legislative changes in the State of Connecticut's statutes related to Affordable Housing, in order to recognize the special needs of small towns and watershed environments such as Redding. The following currently active proposals are noted to be of particular importance:
 - a) Support proposals that recognize existing accessory apartment units as certifiable Affordable Housing Units under Sec. 8-30g. A key goal is to achieve less-onerous deed restriction requirements, such that existing accessory apartments can be certified on a calendar-term basis rather than through deed restriction, and a more-realistic incentive will exist for the creation of additional certifiable units.

- b) Support legislative proposals to enhance the Connecticut Housing Program for Economic Growth by restoring the provisions that were a part of the originally-proposed statute but were not included in the version that was finally enacted. These included a 15-year reimbursement to towns for additional school costs resulting from implementation of an IHZ plan, and a project-based 30-year rental assistance plan for IHZ projects that price 25% of their housing units to be affordable by residents earning 50% of the Area Median Income or less.
- c) Continue to support legislative proposals to exclude lands within public water supply watershed areas from land use appeals under Sec. 8-30g.
- 4) Survey Existing Lower-Cost Housing Units- Conduct periodic surveys to obtain the accurate number of dwelling units, for rent or sale in Redding, that meet the cost-of-housing standards of the State of Connecticut's Affordable Housing programs.
- 5) Housing Support Programs- Conduct a study to determine how many people are in need of various forms of assistance and methods which have been used elsewhere to provide economic support of housing for elderly individuals.
- 6) Pursue Local Initiatives for Housing Diversity and Affordability- Fully develop a program of local initiatives for Housing Diversity and Affordability as outlined herein. These initiatives are noted briefly as follows:
 - a) Property tax relief for Aging in Place, including sustaining the existing Senior Citizen Tax Credit, extending this credit to apply to renters, permitting home-sharing by the non-affluent elderly, and potential reverse-equity mortgages for low-income seniors.
 - b) Direct purchase and resale and/or rental of existing dwelling units, with local subsidy to establish these dwellings as Affordable Housing Units under state definitions.
 - c) Designation of 10% of the lots in subdivisions of 10 units or more as "Affordable Housing" lots with the resulting houses to meet state definitions for certification under Sec. 8-30g.
 - d) To provide a more fully-developed model for suggested changes to Sec. 8-30g, coordinate the Town's zoning provisions for Accessory Apartments with state definitions for Affordable Accessory Apartments. Along with this, provide for a renewable "Affordability Covenant" as an alternative model for sustaining the dwelling unit as an affordable unit.
 - e) To provide further incentive for owners to create and maintain such apartments, the Town's assessment policy could be modified to value accessory apartments governed by "affordability covenants" at lower rates, in recognition of their contribution to Town housing needs.
 - f) Apply local revenues from the state Real Estate Conveyance Tax to create a fund for achieving the housing diversity and affordability initiatives outlined herein.