

Final Report
of the
HOUSING STUDY COMMITTEE
to the
Board of Selectmen

Washington, Connecticut

June 2002

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COMMITTEE MEMBERS

John Boyer
Chairman

Don Brigham

Alan Chapin

Christopher Charles

Pat Desmond

Patte Doran

Paul Frank

Robert Futh

Elaine Luckey

Phillip Markert

Kenneth Phillips

Marguerite Purnell

Andrew Shapiro

Linda Spak

Judith Stevens

David Werkhoven

Roderick Wyant III

I. Housing Study Committee

A. Formation and Mission.

On February 29, 2000, in its final report to the Board of Selectmen, the ten appointed members of the Open Space Steering Committee recommended to the Board, among many other things, that they "should appoint a Steering Committee to address the issue of senior and affordable housing in Washington."

To address that issue, the Board of Selectmen, in December 2000, voted to appoint an eleven-member Housing Study Committee. The Selectmen later agreed, in February 2001, to broaden the composition of that committee to a "community-wide ad hoc group," with membership open to anyone and everyone.

The mission of the Committee was "to conduct an organized, comprehensive written evaluation of housing needs and to develop a long-term housing plan for the Town."

B. Organization.

The ad hoc Committee first assembled on February 27, 2001, and continued to meet throughout the next year and a half, roughly on a monthly basis. The Committee divided itself into four working subcommittees:

- (1) *Needs Assessment* – to assess the housing needs of Town residents and workers;
- (2) *Locations* – to investigate and identify potential sites for future housing in Town;
- (3) *Rental/Ownership* – to investigate different rental and ownership options that might work best for the Town; and
- (4) *Finance* – to assess the financing realities faced by residents who need housing as well as the financial options available to construct housing.

During 2001, the Committee was chaired by then First Selectman Alan Chapin. In 2002, Jack Boyer assumed the chairmanship.

In May 2002, the Committee circulated a draft of its final report among selectmen, land-use commissions, civic groups, and others, and posted it on the Town's website (www.washingtonct.org). On June 19, a public hearing on the draft report was held in Town Hall. Based on the feedback received, the draft report was amended where necessary and finalized. The final report was

submitted to the Board of Selectmen and offered to the Planning Commission for its consideration in long-range planning for Washington.

C. Town-wide Survey

In October 2001, the Committee's Needs Assessment subcommittee sent out a 4-page housing needs assessment survey to each of the 2,679 postal patrons in Town as an insert in the *Washington Times* newsletter. Additional surveys were given to employers in Town for distribution to their employees. Copies were also available at the Gunn Memorial Library and Town Hall.

By the end of November, 133 surveys (representing 123 different households and 273 individuals) were returned and the results tabulated. (The results are referred to throughout this report and appear, along with the survey itself, in **Appendix B.**)

While the survey responses are too few to provide a conclusive basis for town-wide viewpoints, they do, nonetheless, afford a credible source of Town opinion that: there is a need for affordable housing with support from the Town; the need is of a dimension that calls for a multi-year effort; and the need is for several different types of housing (including stand-alone ownership, cluster units, rentals, and condos).

A strong sentiment was also expressed for more housing options for middle-income residents who may not be eligible for "affordable" housing, as defined by the State, but who find current median home prices and rental rates beyond their means. The survey reflected a widely shared goal of accomplishing diversity of housing options while maintaining the Town's rural character.

II. Summary of Recommendations

The Committee makes the following key findings and recommendations:

1. There is a clear need for more affordable housing options in Town in order to maintain an open and diverse community – representing different viewpoints, ages, and degrees of affluence – and prevent Washington from becoming a “gated community,” where only the very affluent can afford to live.

2. Washington should develop a ten-year plan for a minimum of 95 new units of affordable housing (140 total including the 33 current and 12 planned affordable units). The plan should focus on meeting the specific housing needs of two population segments with annual incomes under \$50,000 and even up to \$75,000:

--Seniors who live or have lived here; and

--Low/moderate income people who live or work here.

The plan should give priority to single-family units, clustered single-family units and rental opportunities.

3. Funding for affordable housing should be sought from a variety of sources, including private donations, an annual Town budget line-item, and possibly state or federal grants. The Committee proposes an annual Town appropriation of up to \$50,000 over five years for a total of \$250,000. The Committee advocates holding a Town referendum on applying a part of the mill rate to create this fund as permitted by State law.

4. Washington should also consider taking steps to promote moderately priced housing options to meet the needs of young adults with incomes ranging up to the area median income of \$98,100 (for a family of four) who cannot afford the median cost of Washington homes (\$395,000).

5. To promote moderately priced housing, Washington should consider adopting zoning regulations permitting limited-density condominiums, townhouse-clustered and detached multi-family housing for moderate-income families, with inducements for open space, while preserving the integrity of the Town’s soil-based zoning system and rigorously enforcing its wetlands regulations.

6. Washington should maintain its current regulations favoring attached and detached accessory apartments.

7. Affordable housing units should be scattered throughout the Town wherever land is available with priority for existing developed sites and town centers. Location of affordable housing units on farmland or forestland is to be assigned the lowest priority.

8. To assure the preservation of factors that make housing attractive in Washington, our land-use commissions should consider development of appropriate Town regulations to maintain and improve rural character when assessing proposed affordable housing. Criteria might include quiet, trees, traffic volume, traffic speed, nearby open space, lighting restrictions, and the architectural character of the neighborhood.

III. Washington's Housing Needs

FINDING: There is a clear need for more affordable housing options in Town in order to maintain an open and diverse community – representing different viewpoints, ages, and degrees of affluence – and prevent Washington from becoming a “gated community,” where only the very affluent can afford to live.

A. Washington's Current Housing Stock

As of 2000, according to the United States Census, Washington possessed 1764 housing units, which represented a 5 percent decrease from its 1990 count of 1856 units.

Town officials dispute the 2000 Census figure as an undercount, because numerous residents did not receive census forms by mail. According to these officials, as of 2000, Washington possessed 2098 total housing units, based on a detailed tabulation. This number represents an increase of 242 units (or 7.3 percent) over the 1856 units that existed in 1990.

The 2098 units represent 1959 single-family homes (232 with attached or detached accessory apartments), 44 multi-family buildings, 74 condominiums and 21 units considered affordable under current state standards. (Twelve additional units of affordable senior housing are under construction, at Riverwoods on River Road, and are scheduled for occupancy in July 2002.)

State law (CT Gen. Statutes sec. 8-39a) defines “affordable housing” as “housing for which persons and families pay thirty per cent or less of their annual income, where such income is less than or equal to the area median income for the municipality in which such housing is located, as determined by the United States Department of Housing and Urban Development.” As of December 10, 2001, HUD lists Fiscal Year 2002 median family income for the Danbury area (which includes Washington) as \$98,100 for a family of four.

33 Affordable Units

<i>Location</i>	<i>Units</i>
Ellsworth Apartments (in Town center)	7
Dodge Farm (Brinsmade Road)	14
Riverwoods (River Road)	<u>+12</u>
Total	33

The Ellsworth Apartments are operated on a non-profit basis by the First Congregational Church of Washington for tenants of all ages with affordable rents based on tenant income.

Dodge Farm, a state-financed moderate-income rental family housing development, is operated by the Washington Community Housing Trust (WCHT).

Riverwoods, rental housing for Seniors (62 or older) of moderate income, is also operated by WCHT.

It should be noted that an additional 12 apartments of community rental housing for moderate-income tenants of all ages are under consideration at the site of the Montessori School in New Preston. Funding for this housing would be provided entirely by a group of generous donors. Approval from the Zoning Commission is required before development on this proposed housing can proceed.

B. Survey Finds More Options Needed

The Committee's October 2001 survey confirmed the need for housing by population segments that respondents deemed to be important to the Town. Most respondents believe "Washington should encourage affordable housing" (86.92 percent responded yes, while only 13.08 percent responded no). 79.20 percent of respondents believe there are too few housing options now, with just 12.80 percent saying the options are just right and 3.20 percent saying there are too many. Housing is considered expensive or extremely expensive (90.83 percent), with just 9.10 percent saying it was reasonable.

In answer to the essay question regarding priorities for Washington's housing situation, the most often mentioned issue is "affordability" with 61.86 percent of the responses listing the need for affordable housing for young families, senior citizens and those who work in Washington as a top priority. Considerable concern is expressed as to whether current residents, both young and old, will be able to continue living in Washington if and when they need to change their living circumstances.

75 percent agreed that more housing options should be available for those with annual incomes of \$25,000 to \$49,999. More housing options are endorsed for people with smaller annual incomes. Those favoring more options are: under \$25,000 (57.26 percent in favor), \$25,000-49,999 (75 percent in favor), while a smaller percentage favored options for higher incomes (39.52 percent favor options for those with annual incomes from \$50,000-74,999).

C. More Options Promote Diverse Population

Affordable housing is a prime asset in fostering diversity of Town life and was recognized as an unfulfilled need in the 1993 Plan of Development. Affordable housing is needed in Washington because it will:

1. respond to the needs of older people who have lived here, younger families who grew up here, and other people who now work here who do not have the incomes to afford housing in Washington;
2. prevent the Town from becoming a "gated community" available only to the very affluent;
3. energize a healthy, open and diverse community, with a variety of viewpoints, backgrounds, ages, and degrees of affluence, by easing the path to home ownership and affordable rentals to the people who, for example, work for the Town, are teachers, artists, home builders, and homemakers, and who volunteer as firefighters and EMTs; and
4. reduce the possibility of an outside developer overriding local Zoning and Planning Commissions with plans that are not appropriate to the rural character of Washington (see para. E, below, "Connecticut's Affordable Housing Appeals Act")

D. Census Data and Real Estate Trends

The 2000 Census provides significant data on Washington's population. The number of older adults increased, while the number of younger adults decreased. Most startling is the decrease in the number of very young children and young adults. The number of children age 4 years or under decreased from 257 to 152, a 40.9 percent drop, and the number of adults age 25-34 years decreased from 524 to 324, a 38.2 percent drop. The lack of affordable housing may have been a factor in these changes.

The 2000 Census and other recent real estate data suggest the following trends for Washington:

1. Housing prices are rising rapidly in all price categories.
2. Moderately priced housing is declining significantly as a percentage of sales.

3. Housing units are getting larger at the same time that fewer residents are occupying them.
4. It is difficult for people with moderate incomes to find housing in Washington.
5. Population trends indicate a dramatic decrease in young families living in Washington and a significant increase in older adults living in Washington.
6. Many people who were born here cannot afford to live here.
7. Many people who commute to work here cannot afford to live here.
8. Washington is far from meeting the State's target of 10 percent affordable housing.
9. A continuation of recent trends would produce
 - a. a housing increase to 2,792 units by 2020 (continuing the 33.1 percent increase over the past 20 years)
 - b. a community of many wealthy older people in expensive large houses
 - c. a de facto 'gated community' with fewer young families and workers
 - d. a community that relies on workers from out of town for teaching, fire department, ambulance, construction, maintenance and other services
 - e. a suburb with little diversity of residents

According to Town records, housing units increased 33.1 percent from 1980 to 2000 (1,576 to 2,098). A continuation of a 33.1 percent housing growth rate every 20 years would lead to 2,792 units in 2020, 3,716 in 2040, and 4,946 units by 2060. The Ad Hoc Conservation Committee's Natural Resource Inventory Report and Recommendations (November 2000) projects Town "build-out" at approximately double the number of current building lots (2,069 lots in 1999 to maximum lot yield of 4,425) and a population increase to a maximum estimate of 10,198 (approximately 2.5 times the 1999 population), all based on zoning guidelines in force at that time. The implications of Washington becoming a town with 4,500 housing units and 10,000 people are obvious.

E. Connecticut's Affordable Housing Appeals Act

To a limited extent, there is some legal pressure on Washington, as well as every other town in Connecticut, to produce a certain

amount of affordable housing. It comes from a state law enacted in 1989, Connecticut's Affordable Housing Land Use Appeals Act (section 8-30g of the Connecticut General Statutes).

The act does not actually require any town to provide affordable housing. However, it nudges towns in that direction. It does so by making it easier, under certain circumstances, for developers to force a town to accept affordable housing that the town opposes.

The act accomplishes this by basically turning the tables on local planning and zoning commissions. Here's how: assume a developer applies locally to build some affordable housing – usually in combination with market-rate housing – and gets turned down. Under the act, the developer then has the right to appeal from a local commission's rejection directly to state superior court.

In court, the local commission will find that it must shoulder a difficult burden of proof. To justify its denial of the developer's application, the commission must prove that the denial was made in the public interest and that it was not outweighed by the need for affordable housing. Not only is this often tough to prove, but also it stands the usual burden of proof on its head (ordinarily, that burden would be on the developer who appeals, not on the commission).

What if a local commission fails to sustain its burden of proof? The act gives state superior court fairly sweeping authority. A judge is empowered to "wholly or partly revise, modify, remand or reverse" the commission's decision. Exercise of this power can cast a judge in the dicey role of second-guessing the commission regarding difficult local policy determinations, like balancing a local public interest (in health, safety, open space, etc.) against the need for affordable housing.

Just knowing how the act may override a local commission's decision, and how it thus lowers the barrier to entry for developers seeking a foothold in a town, does exert some pressure on a town to produce its own affordable housing, rather than be forced in court to accept a developer's scheme.

The act also offers an inducement for towns to provide more affordable housing. Once 10 percent of a town's housing units qualifies as "affordable" (as defined by the act), the town is exempt from the act's coverage – that is, developers no longer get any break in court on the burden of proof.

For the purposes of this exemption, the act defines "affordable" housing as housing that:

- (1) gets financial assistance from government, or

(2) is currently financed by Connecticut Housing Finance Authority mortgages, or

(3) must be sold or rented at or below prices that will preserve it as housing for which persons and families pay 30 percent or less of their annual income, where such income is less than or equal to 80 percent of either the area median income or the state median income, whichever is less (Note: This last criterion is much stricter than the standard definition of affordability, because the state median income is less than the area median income – \$74,000 vs. \$98,100 – and only 80 percent of that income may be counted.)

Achieving the 10 percent threshold would mean around 210 units for Washington, assuming our total number of units was 2098 in 2000 – or 279 units if total housing units increase to 2792 in the coming twenty years. (This 10 percent threshold, which merely exempts a Town from having to shoulder a difficult burden of proof in court, is often misunderstood as a *requirement* that 10 percent of a Town's housing stock must be affordable.)

Even if a town like Washington does not become exempt, it can be granted a 3-year moratorium (4 years as of October 1, 2002) from difficult-to-prove affordable housing appeals if at least 2 percent of its housing stock qualifies as affordable, or if the Town earns sufficient "housing equivalent points" under a complex formula set up by the act. The plan for 95 new affordable housing units over 10 years, which this Committee advocates, could well keep the Town's status under the act within the protection of a series of successive 4-year moratoriums.

IV. 95 New Affordable Units Over 10 Years

RECOMMENDATION: Washington should develop a ten-year plan for a minimum of 95 new units of affordable housing (140 total including the 33 current and 12 planned affordable units). The plan should focus on meeting the specific housing needs of two population segments with annual incomes under \$50,000 and even up to \$75,000:

- Seniors who live or have lived here;
and
- Low/moderate income people who live or work here.

The plan should give priority to single-family units, clustered single-family units and rental opportunities.

A. Goal of 95 Units

Washington should develop a 10-year plan for producing a minimum of 95 new units of affordable housing – not including existing units or those currently in the works. (As mentioned earlier, “affordable housing” is defined by State statute as “housing for which persons and families pay thirty per cent or less of their annual income, where such income is less than or equal to the area median income for the municipality in which such housing is located.”) This goal would be achieved by proceeding in phases – perhaps 10 to 15 units at a time – as land and appropriate financing become available.

Our survey shows that 62.16 percent of respondents think that Washington should have between 50 and 100 affordable housing units in 10 years. One-hundred or more units are favored by 59.46 percent.

Connecticut’s “Affordable Housing Land Use Appeals Act” (section 8-30g of the Connecticut General Statutes) sets a target – not a strict legal requirement – for each town or city of having 10 percent of its housing stock be affordable. While it is unlikely that Washington could achieve that goal in the next 10 years, it might well get halfway there, which is essentially what the Committee proposes.

As of 2000, Washington had 2098 total housing units. Of those, only 33 (or 1.6 percent) are currently affordable (including 12

units for seniors under construction at Riverwoods). An additional 12 units are now in the planning stage. Assuming Washington's housing stock were to increase from 2,098 to 2,500 by 2012, adding 95 new affordable units by then (for a total of 140) would result in 5.6 percent of the Town's housing stock being affordable.

B. Diversity of Housing Types

The 95 units of affordable housing envisioned by the Committee would consist of a diversity of types, including single-family housing, clustered single-family units, condominiums, and rental opportunities.

Not surprisingly, the highest endorsement for new housing in our survey is for more single-family housing (79.21 percent Agree/Strongly Agree vs. 16.83 percent Disagree/Strongly Disagree). It is also worth noting that there is very high support for more rental opportunities (77.45 percent vs. 16.67 percent), and more clustered single-family housing (70.91 percent vs. 27.27 percent). Both of these types of housing rank right up there with the traditional single-family home.

A majority of respondents also approve detached multi-family housing (51.06 percent vs. 40.43 percent), as well as condominiums (59.05 percent vs. 35.24 percent). Both would require changes in the current zoning regulations.

C. Cost of Land

The main obstacle to affordable home ownership in Washington is the unusually high cost of land. One way to control this cost is through some form of a limited-equity housing program, which separates ownership of land from a long-term interest in it and the homes or apartments constructed on it. Under such a program, the land is owned by a non-profit organization (like our own Washington Community Housing Trust) or a Town-run housing group, which acquires it in the first place either through donations, trading existing Town property, or opportunistic purchases.

The non-profit owner then leases this land to individuals or families on a long-term basis (e.g., 99-year terms). Typically, these leases may be renewed or transferred to the leaseholder's heirs. The leaseholders have only limited equity in their homes, because they do not own the underlying land; and the amount of compensation they can earn from a sale of their interest is limited by their lease – typically to a fair return on their investment, labor, and improvements, plus a cost-of-living inflator, but nothing approaching a free-market profit.

This limited-equity approach assures the ongoing existence of affordable housing in a community, because the underlying land is never resold at market value.

Members of the Housing Study Committee visited the nearby site of a limited-equity development in Litchfield, called Tannery Brook, which was developed ten years ago by the non-profit Litchfield Housing Trust (LHT).

The LHT was formed in 1989. It received a donation of 35 wooded acres on which to build affordable housing. With \$1.5 million in grants and loans from the State, the LHT built 16 units of limited-equity cooperative apartments: 12 are contained in a series of attached multi-family townhouses; the other 4 are in a single-story building (2 of these are handicapped accessible).

The owners of these co-op units were required to contribute 300 hours of sweat equity (as a down-payment for their units), which was equivalent to \$1,500. As in all co-ops, the residents take care of day-to-day maintenance of their property. Maintenance funds are included in the monthly fee that residents pay. This fee is based on the residents' income.

In addition to the 16 limited-equity co-op units, there are also 11 single-family homes at Tannery Brook. Here, the residents bought their houses for prices ranging from \$67,000 to \$72,500 (in 1992). As in all limited-equity developments, the residents do not own the land on which their houses sit; they hold 99-year leases on their building lots, which are held in perpetuity by the LHT. (A similar parcels program is in effect in Cornwall.)

The LHT retains the first option to buy back the house of any resident who leaves before their 99-year lease ends. The LHT will pay the original price plus a small amount of appreciation, thereby making sure that the homes will remain affordable to future residents.

D. Focus on Two Population Segments

Seventy-five percent of respondents to the Committee's October 2001 survey favored more housing options being made available for those with annual incomes from \$25,000 to \$49,999. Nearly forty percent favored more options for those with incomes from \$50,000 to \$74,999. Eighty-seven percent favored subsidized housing for seniors. (Fewer than 50 percent of survey respondents favored subsidized housing for those who do not live or work in Town — be they seniors, workers or low/moderate income people in general.)

Our interviews with Town officials indicate that Town employee salaries range from \$20,800 for an entry-level clerk up to the

top Town salary of \$54,000. A new teacher in the school system could earn \$30,000, and the average certified teacher's salary is over \$60,000. If such employees were to spend only 30 percent of their income on housing, they would have, respectively, \$520, \$1,350, \$750 and \$1,500 per month for housing in Washington.

Our Survey asked: 'How much would you be willing to spend on housing when you moved?' Answers from 93 respondents showed:

under \$400	7%
\$400-\$799	29%
\$800-\$1,199	30%
\$1,200-\$1,599	9%
\$1,600-\$1,999	8%

There are revealing data about the number of people who work in Washington but do not live here. According to *Town Profiles (1998-1999)*, prepared by the Connecticut Department of Economic and Community Development, based on commuting patterns from 1990, commuters to Washington were numerous. These included 513 from just the top 9 towns - 140 from New Milford, 85 from Litchfield, 55 from Torrington, 45 from Kent, 44 from Warren, 41 from Sherman, 35 from Morris, 34 from Woodbury and 34 from Roxbury. It seems likely that most of Washington's commuters would choose to live here if affordable opportunities were available (**see Appendix B, town survey Q. 17a**). Total employment in Washington was 1,430 (1997), so a large portion, perhaps half, of those who work in Washington historically have not lived here.

V. Financing New Housing in Washington

RECOMMENDATION: Funding for affordable housing should be sought from a variety of sources, including private donations, an annual Town budget line-item, and possibly state or federal grants. The Committee proposes an annual Town appropriation of up to \$50,000 over five years for a total of \$250,000. The Committee advocates holding a Town referendum on applying a part of the mill rate to create this fund as permitted by State law.

A. Funding Options for Affordable Housing

Non-profit rental properties in Washington that are affordable currently provide 14 units at Dodge Farm Apartments, 12 units for seniors at Riverwoods, and 7 Ellsworth apartments owned by the First Congregational Church since the 1970s.

An additional 12 apartments of community rental housing for moderate-income tenants of all ages are in early development at the site of the Montessori School in New Preston. If the Zoning Commission approves, groundbreaking is anticipated for the spring of 2003.

Dodge Farm is a state-funded moderate-income family housing project to which \$65,000 of start-up costs were contributed by the Town and \$85,000 by private donation. State financing consisted of about \$1.8 million of which \$1.3 million was a grant and some \$500,000 is in the form of a 40-year mortgage at 1 percent interest. The State repaid the Town \$50,000 of the start-up funds and \$24,000 under an incentive program to towns to encourage affordable housing.

Riverwoods has received no state or federal funding. The sum of \$550,000 was contributed in the forms of: an interest-free loan of \$240,000 from the First Congregational Church of Washington, a \$250,000 grant from the Town, and some \$60,000 from private sources. The balance of construction costs (\$750,000) is funded by a commercial mortgage from a local bank. In addition, the Town abated property taxes for the term of the mortgage and provided a

fund to supplement rent payments for seniors unable to pay the standard rent.

Funding for the proposed moderate-income community housing in New Preston is being provided entirely by a group of generous donors.

The elapsed time between the State's preliminary approval of Dodge Farm for funding and the rent-up of the project was about four years.

Riverwoods was completed in just over 12 months after Town funding and about 24 months from approval by the Zoning Commission.

As the need may be established in the future for additional rental housing at affordable rates (and subject to locating suitable sites) the possible funding sources include at least the following:

1. Federal Sources - HUD, including F.H.A.; USDA- Rural Development Housing; Federal Housing Tax Credit Program.
2. State of Connecticut - Dept. of Economic & Community Development (Housing grants and funds administrated by DECD); CT Housing Finance Authority (State Tax Credit programs and low-interest mortgage lending).
3. Town - Taxpayer supported assistance to the acquisition and financing of limited-equity single-family homes and rental housing through grants or low-interest loans.
4. Private Sources - Private donations and investment by local residents or businesses in federal and state tax credit programs.

Based on results of the survey conducted by the Committee, the respondents reflected a pressing need for single-family home-ownership opportunities for younger households, particularly first-time homebuyers. Property values for both improved and unimproved building sites have escalated to the point where Washington's first-time young homebuyers are essentially precluded from the market without funding assistance.

For example, the standards widely applied for local bank mortgages require a 20 percent of appraised value down-payment and a monthly housing expense-to-income ratio of no more than 28 percent. Fixed-rate 30-year mortgages at 7.125 percent would require a monthly payment of \$6.7371 per each \$1000 of mortgage amount.

Applying these figures to a \$200,000 property purchase requires a down-payment of \$40,000 and a monthly amortization of \$1078. Applying the 28 percent standard requires a household income of

\$46,200 per year. These standards exceed the means of a substantial portion of younger families in Town even where the down payment of \$40,000 can be met - often the largest impediment to home ownership. Moreover, properties in "move-in" condition listed for \$200,000 or less have become extremely rare.

To meet the need for affordable single-family ownership opportunities, Washington should develop a limited-equity parcels program such as those successfully operating in Litchfield, Cornwall and Torrington. The basic structure of the program takes the value of raw land out of the financing formula and assures the long-term affordability of the property while closely fulfilling the values of single-home ownership. By retaining ownership of a building parcel, a non-profit or Town housing group can grant long-term leases to first-time homeowners at moderate lease rates and assist them in below-market mortgage financing (including the down-payment). At the same time, the lease can assure that, upon sale by the homeowner, only a fair return of the family's investment in the building and its improvements, plus a modest profit, is received but not the full appreciation of real estate values that are driven by scarcity and speculation. Acquisition of existing properties, including existing buildings, by the Town or a non-profit could also be converted into limited-equity homes for eligible buyers.

Under the U.S. Department of Agriculture's Rural Development Section 502 Direct Loan Program, individuals or families receive financial assistance directly from the Rural Housing Service in the form of a home loan at an affordable interest rate.

Most of the loans made under the Direct Loan Program are to families with income below 80 percent of the median income level in the communities where they live. As of the spring of 2002, the median income that applies to Washington is \$78,700 for a three-person family. The 80 percent limit would, therefore, be \$62,960. Since RHS is able to make loans to those who will not qualify for a conventional loan, the RHS Direct Loan program enables many more people to buy homes than might otherwise be possible. Direct loans may be made for the purchase of an existing home or for new home construction in amounts up to \$125,000.

B. Taking Land Cost Out of the Financing Formula

To see what a difference can be made in terms of affordability when the cost of land is taken out of the financing formula, consider the following hypothetical example. It assumes the construction of a basic three-bedroom single-family house in three different sizes (1500, 1650 or 1800 square feet). The land is provided through the Town or a non-profit by a 99-year ground lease at no more than the assessed property tax for the land, which could be abated by a Town meeting vote.

Affordable Single-Family Housing: Hypothetical cost of ownership

This example assumes all commercial costs, no property tax relief, and no cost of land

Basic house (1500 SQ FT approx.)

Room	SQ FT
2 bedrooms	200
1 master bedroom	150
2 baths	80
halls/stairs	75
Living room	225
Dining room	150
Kitchen/laundry	140
2-car garage	400
TOTAL SQ FT	1500

	1500 SQ FT	1650 SQ FT	1800 SQ FT
Construction @ \$50/SQ FT*	\$ 75,000	\$ 82,500	\$ 90,000
Septic/well/site work**	+ 30,000	+ 30,000	+ 30,000
	105,000	112,500	120,000
Insurance	500	500	500
Tax	+ 1,000	+ 1,000	+ 1,000
Total cost of basic house	\$ 106,500	\$ 114,000	\$ 121,500
Less down-payment (20%)	- 21,300	- 22,800	- 24,300
Amount to be financed	\$ 85,200	\$ 91,200	\$ 97,200

30-yr mtg @ 7.125% (mo pmt) \$ 574 614 655

30 % of after-tax income
on \$35,000 (at 22% tax) \$ 682 682 682

* \$50/SQ FT cost based on modular construction project done in Danbury CT in 2000 by Steven Winter Associates (Norwalk CT)

**Septic/well/site-work breakdown:

Septic	\$ 8,000
Well	6,000
Site work	16,000
	<u>\$ 30,000</u>

Under this example, as in the earlier case of the straight land purchase, a 20 percent down-payment would also be required. Since the land is only being leased by the homeowner – not purchased – the down-payment would be 20 percent of appraised value less land value. Using the total cost of the house as a basis, that would mean down payments ranging from \$21,300 (1500 square feet) to \$24,300 (1800 square feet).

Applying the monthly housing expense-to-income ratio of no more than 28 percent to the mortgage payments cited in the example, requires a household income ranging from \$24,600 (on monthly payments of \$574) to \$28,071 (on monthly payments of \$655). Clearly, a major step toward affordable home ownership is made when the cost of land is removed from the financing formula.

VI. Promote Moderately Priced Housing Options

A. Facilitate More Moderately Priced Housing

RECOMMENDATION: Washington should also facilitate more moderately priced housing options to meet the needs of young adults with incomes ranging up to the area median income of \$98,100 (for a family of four) who cannot afford the median cost of Washington homes (\$395,000).

The Committee did not confine its housing study only to housing that meets the State's statutory definition of affordability (i.e., "housing for which persons and families pay thirty per cent or less of their annual income, where such income is less than or equal to the area median income for the municipality in which such housing is located"). The Committee also considered the need for more moderately-priced housing, even though it might not be regarded, strictly speaking, as "affordable."

This need became clear to the Committee from its study of the 2000 Census and recent real estate sales trends. Housing prices in the Washington market have risen significantly and rapidly over the past decade and the relative share of moderately priced housing has fallen significantly. Current real estate prices are by all counts clearly getting beyond affordability for most people.

The *Commercial Record* shows that in the first quarter of 2001 the median price ($\frac{1}{2}$ above/ $\frac{1}{2}$ below) for residential sales between \$25,000 and \$1 million, not including condominiums was \$145,000 for all Litchfield County and \$395,000 for Washington.

The United State Department of Housing and Urban Development (HUD) calculated \$98,100 to be the 2002 median family income (family of four) for the Danbury area, which includes Washington. But in Washington, itself, the median household income was reported to be only \$65,288 in the 2000 Census (**see Appendix C**). It is unrealistic to expect a family to support a down-payment and mortgage costs for a median-priced home in Washington on a \$65,288 income.

B. Condominiums and Clustered Housing

RECOMMENDATION: To promote moderately priced housing, Washington should consider adopting

zoning regulations permitting limited-density condominiums, townhouse-clustered and detached multi-family housing for moderate-income families, with inducements for open space, while preserving the integrity of the Town's soil-based zoning system and rigorously enforcing its wetlands regulations.

The Committee gives priority to the addition of more affordably priced single-family homes, clustered single-family units and rental opportunities. At the same time, however, the Committee sees a need for middle-income condominiums financed by the commercial market.

We believe that the Town should consider adopting zoning regulations that permit limited-density condominiums, townhouse-clustered and detached multi-family housing for middle-income families as long as such housing strictly complies with the Town's soil-based zoning system and does not violate wetlands regulations or adversely impact traffic patterns and volume.

By recommending "limited-density" condominiums, the Committee envisions that any regulatory change that might be made would be carefully restricted so as not to permit large-scale condominium development, which the Committee opposes. To achieve limited density, any such regulatory change might be drafted to limit the scale of a condominium development according to its size (e.g., not exceeding 10 acres) or number of units (e.g., not more than 20) or both.

VII. Other Housing Concerns

A. Maintain Accessory Apartment Rules

RECOMMENDATION: Washington should maintain its current regulations favoring attached and detached accessory apartments.

The Committee believes that accessory apartments do provide some housing for Town residents of modest means, even though such apartments do not meet the current legal standards for affordable housing.

It is worth noting, however, that a recent amendment to Connecticut's Affordable Housing Appeals Act (discussed in III. E. above) allows certain accessory apartments to count toward each town's percentage of affordable housing. Under Public Act No. 02-87 (effective October 1, 2002), certain attached accessory apartments can count, but only if they are subject to binding recorded deeds containing covenants, which require them to be rented at affordable rates for at least 10 years.

B. Location of New Housing

RECOMMENDATION: Affordable housing units should be scattered throughout the Town wherever land is available with priority for existing developed sites and town centers. Location of affordable housing units on farmland or forestland is to be assigned the lowest priority.

The Committee recommends scattering the housing it proposes throughout the Town, wherever appropriate land can be acquired. Our survey did indicate some preference for locating housing either in "existing developed sites" or in "town centers." The Committee believes that locating housing on farmland or forestland should be assigned a low priority and approved only in the absence of practical alternatives. The Committee is reluctant to bar farmland or forestland as a possible site in view of the fact that the only affordable housing built in Town during the

last 40 years, Dodge Farm and Riverwoods, are located in part on former farmland and forestland, respectively.

C. Preserving Rural Character

RECOMMENDATION: To assure the preservation of factors that make housing attractive in Washington, our land-use commissions should consider development of appropriate Town regulations to maintain and improve rural character when assessing proposed affordable housing. Criteria might include quiet, trees, traffic volume, traffic speed, nearby open space, lighting restrictions, and the architectural character of the neighborhood.

The Committee's survey indicates that the people of Washington feel passionately about their Town, its housing and its rural character. There was overwhelming support in the survey for the importance of related factors that make housing attractive in Washington:

- Rural Character 83.85%
- Quiet 78.46%
- Trees 68.46%
- Traffic Volume 67.69%
- Traffic Speed 61.54%
- Nearby Open Space 50.77%
- Lighting Restrictions 44.61%
- Architectural guidelines 43.08%

The committee believes that the appropriate Town agencies should consider taking steps that will preserve and enhance these factors when facilitating a diversity of new, more affordable housing stock.

To help realize this dual goal, the Committee advocates development of appropriate Town regulations to maintain and improve rural character when assessing proposed affordable housing. Criteria might include quiet, trees, traffic volume, traffic speed, nearby open space, lighting restrictions, and the

architectural character of the neighborhood. Most of these criteria are already being applied in the Zoning Commission's special permit proceedings for affordable housing applications (see Section 13.1.B of Washington Zoning Regulations).

Such regulations will enable the Town's elected leadership and land-use commissions to have input on the style, location and appearance of new affordable housing – where the Town's funding justifies such control – to assure that it blends well with the Town's traditions and character. It should be noted that the Committee believes there is no legal basis for applying architectural guidelines to private housing construction other than in "historic districts" and "village districts" under sections 7-147 and 8-2j of the Connecticut General Statutes.

The principal controls available to the Town to preserve rural character are soil-based zoning and wetlands enforcement, as enhanced by opportunistic open-space acquisitions.

Appendices

A. Sources

Throughout its tenure, the Committee sought to educate itself on housing alternatives. During its year-long study, the Committee as a whole, or via its subcommittees, met with the following leaders in the field of affordable housing:

--Dan McGuiness, Executive Director, Northwest Council of Governments, who described various projects undertaken during the 1990s by the Torrington Affordable Housing group;

--Ted Scheidel, First Selectman of Burlington, who described how his town acquired land and arranged financing for a 24-unit complex of affordable senior housing;

--Joyce Briggs, of the Litchfield Housing Trust, who gave us a guided tour of Tannery Brook, a community-land-trust-based development just outside of Litchfield center;

--Terrence Floyd and Effie Lucas, of Hartford-based Co-Opportunity, Inc., which works with non-profit organizations to guide them in the development and management of affordable housing cooperatives;

--Mike Skrebutenas and Kent Lewis, of Community Builders, Inc., a national non-profit corporation that guides community-based organizations through all the steps of developing, financing, and managing affordable housing;

--Bill Bachrach, of Kent Affordable Housing, Inc., which hired Community Builders (listed above) to raise funds, assist in acquisition, construction, and management of 24 units of affordable rental housing in Kent;

--Kenneth Keskinen, president of Cornwall Affordable Housing and chairman of Northwest Connecticut Regional Housing Council;

--In addition, some Committee members attended meetings in Warren of the Northwest Connecticut Regional Housing Council and two day-long seminars on affordable housing conducted by the Connecticut Housing Coalition.

B. Town-Wide Survey

Below is the full text of the town-wide survey conducted by the Committee, along with the tabulated responses to each question:

Washington Housing Survey Results Tabulation - 133 Responses 1/8/02

1) What do you think about the current housing situation in Washington?

1a) In terms of housing options:

Too Few	79.20%
Just Right	12.80%
Too Many	3.20%
No Opinion	4.80%

1b) In terms of the cost to rent or own:

Inexpensive	0.83%
Reasonable	8.33%
Expensive	52.5%
Ext. Expensive	38.33%

1c) More housing options should be available for those with annual incomes:

Under \$25K	57.26%	of respondents
25,000-49,999	75.00%	
50,000-74,999	39.52%	
75,000-99,999	13.71%	
100,000 & over	5.64%	

2) Which of the following are important to your view of housing:

Quiet	78.46%	of respondents
Rural Character	83.85%	
Traffic Speed	61.54%	
Traffic Volume	67.69%	
Nearby Open Space	50.77%	
Trees	68.46%	
Architectural Guidelines	43.08%	
Lighting Restrictions	44.61%	

3) [Note: This question elicited essay-type answers on “top priorities” housing.]

4) Washington should provide more:

4a) Single Family Housing:

Strongly Agree	50.50%
Agree	28.71%
Disagree	9.90%
Strongly Disagree	6.93%
No Opinion	3.96%

4b) Clustered Single Family Housing:

Strongly Agree	40.91%
Agree	30.00%
Disagree	10.91%
Strongly Disagree	16.36%
No Opinion	1.82%

4c) Detached Multi Family Housing:

Strongly Agree	13.83%
Agree	37.23%
Disagree	19.15%
Strongly Disagree	21.28%
No Opinion	8.51%

4d) Attached Multi Family Housing:

Strongly Agree	14.89%
Agree	28.72%
Disagree	26.60%
Strongly Disagree	22.34%
No Opinion	7.45%

4e) Mobile Homes:

Strongly Agree	0.00%
Agree	2.00%
Disagree	17.00%
Strongly Disagree	77.00%
No Opinion	4.00%

4f) Detached Accessory Apartments:

Strongly Agree	15.69%
Agree	51.96%
Disagree	9.80%
Strongly Disagree	18.63%
No Opinion	3.92%

4g) Attached Accessory Apartments:

Strongly Agree	11.88%
Agree	53.47%
Disagree	8.91%
Strongly Disagree	18.81%
No Opinion	6.93%

4h) Apartment Buildings:

Strongly Agree	5.00%
Agree	20.00%
Disagree	27.00%
Strongly Disagree	43.00%
No Opinion	5.00%

4i) Condominiums:

Strongly Agree	20.00%
Agree	39.05%
Disagree	17.14%
Strongly Disagree	18.10%
No Opinion	5.71%

4j) Rental Opportunities:

Strongly Agree	35.29%
Agree	42.16%
Disagree	3.92%
Strongly Disagree	12.75%
No Opinion	5.88%

4k-i) Subsidized Housing for Low/Moderate income people who live or work here:

Strongly Agree	49.57%
Agree	36.52%
Disagree	5.22%
Strongly Disagree	6.09%
No Opinion	2.61%

4k-ii) Subsidized Housing for Low/Moderate income people in general:

Strongly Agree	18.89%
Agree	22.22%
Disagree	25.56%
Strongly Disagree	24.44%
No Opinion	8.89%

4k-iii) Subsidized Housing for Young Adults who live or work here:

Strongly Agree	48.21%
Agree	37.50%
Disagree	7.14%
Strongly Disagree	3.57%
No Opinion	3.57%

4k-iv) Subsidized Housing for Young Adults in general:

Strongly Agree	18.18%
Agree	29.55%
Disagree	22.73%
Strongly Disagree	20.45%
No Opinion	9.09%

4k-v) Subsidized Housing for Seniors who live here or have lived here:

Strongly Agree	59.50%
Agree	27.27%
Disagree	5.79%
Strongly Disagree	3.31%
No Opinion	4.13%

4k-vi) Subsidized Housing for Seniors in general:

Strongly Agree	20.69%
Agree	27.59%
Disagree	19.54%
Strongly Disagree	22.99%
No Opinion	9.20%

4l) Assisted Living or Life Care Opportunities:

Strongly Agree	32.41%
Agree	37.96%
Disagree	12.96%
Strongly Disagree	8.33%
No Opinion	8.33%

5) What would be the ideal housing pattern 20 years from now?

Predominantly higher priced housing	4.55%
Mostly higher priced housing	6.82%
Mixture of diverse housing	84.85%
Other	3.79%

6) Should the number of new housing units per year be limited, to the extent possible?

Yes	75.42%
No	24.58%

6a) If Yes, what type of limits should be put in place?

Stop all future housing development	9.38%
Limit new housing to 25% recent growth (5 units/yr)	23.96%
Limit new housing to 50% recent growth (10 units/yr)	34.38%
Limit new housing to 75% recent growth (15 units/yr)	7.29%
Limit new housing to 100% recent growth (20 units/yr)	7.29%
Other	17.71%

7) Should the size of additions to existing homes be limited, to the extent possible?

Yes	54.03%
No	45.97%

8) Should architectural guidelines be developed for the following:

New Housing	Yes	59.32%	No	40.68%
New Additions	Yes	57.39%	No	42.61%
New Affordable Housing	Yes	77.69%	No	22.31%

9) Should Washington encourage affordable housing?

Yes	86.92%
No	13.08%

10) In 10 years how many affordable housing units should Washington have?

30 total (no change)	9.01%
50 total	28.83%
100 total	31.53%
150 total	7.21%
200 total	9.01%
200 +	11.71%

[Note: 1.80% combined answers “50 total” & “100 total;” while 0.90% wanted to get rid of the 33 units we presently have.]

11) Where should affordable housing be located?

Anywhere	54.69%
Town Centers	32.81%
Existing Developed Sites	47.66%
Farmland	3.91%
Forestland	3.13%
Wherever	32.03%
Other	14.84%

[Note: all 4 who checked forest also checked farmland.]

12) Which of the following ways of providing affordable housing do you support?

Federal Grants or Subsidies	32.23%
State Grants or Subsidies	38.02%
Annual Line Item in the Budget	54.55%
Fund Drives	42.15%
Donations-Private Individuals	64.46%
Donations-Non Profit Groups	63.64%
No Opinion	8.26%
Other	16.53%

13) Are you a resident of Washington?

Yes	90.98%
No	9.02%

13a) Do you reside:

Year Round	95.90%	[Note: The 11 that did not respond to this question are all non-residents]
Summer	0.82%	
Weekend	2.46%	
Occasional	0.82%	[Note: non-resident]

13b) Do you intend to become year round?

Yes	80.00%
No	20.00%

14) How many years have you lived in Washington?

1-5	16.81%
6-10	14.29%
11-15	16.81%
16-20	7.56%
21-25	12.61%
26-30	9.24%

31-35	5.04%
36-40	4.20%
41-45	4.20%
46-50	0.84%
51-55	2.52%
56-60	1.68%
61-65	0.84%
66-70	2.52%
71-75	0.84%

[Note: This is an initial grouping, the data can be grouped in larger or smaller categories.]

15) Do you work in Washington?

Yes	52.5%	[9.52% of respondents who work in Washington are non-residents.]
No	47.5%	

16) How many years have you worked in Washington?

1-5	26.23%
6-10	16.39%
11-15	13.11%
16-20	13.11%
21-25	9.84%
26-30	8.20%
31-35	1.64%
36-40	8.20%
41-45	3.28%

[Note: Same comment as for Q14]

17) If not a Washington resident, where do you live?

Harwinton	8.33%*	
Litchfield	8.33%*	
Middlebury	16.66%*	[Note: * indicates that 1 individual from the
town works		in Washington - 6 in total]
New Milford	33.33%*	
NYC	8.33%	
Torrington	8.33%	
Warren	8.33%*	
Woodbury	8.33%*	

17a) Would you be interested in living in Washington?

Yes	91.67%
No	8.33%

17b) Have you ever lived in Washington?

Yes	58.33%
No	41.67%

17b-1) How many years did you live in Washington?

1-10	42.86%
11-20	14.29%
21-30	42.86%

17b-2) How long ago did you move out of Washington?

0- 5	80.00%
6-10	20.00%

17b-3) Why did you move from Washington?

No rentals	20.00%
Married	20.00%
Too costly	60.00%

18) What is your present housing type?

Single Family House	79.55%
Multi Family House	5.30%
Apartment	8.33%
Condominium	6.82%

18a) In your present housing do you currently:

Own	78.63%
Rent	16.03%
Live w/ Family or Friends	3.82%
Live in Employee Housing	1.53%
Other	0.00%

[Note: 6 are MFH, 7 SFH and 8 A]

18b) In the future would you like to:

Own	82.93%
Rent	10.98%
Live w/ Family or Friends	0.00%
Live in Employee Housing	0.00%
Other	6.10%

[Note: 6 of the 66 might Rent as well]

[Note: 2 of the 9 might Live w/ Family or Friends]

18c) When would you like to change housing?

As soon as possible	12.90%
Within the next 5 years	24.19%
In 6-10 years	16.13%
In 11 or more years	11.29%
Never	35.48%

18d) If you moved, how many bedrooms would you need?

One	12.12%
Two	49.49%
Three	33.33%
Four	5.05%
Five or more	0.00%

18e) How much would you be willing to spend on housing when you moved?

up to \$400/month	7.53%
\$400-\$799/month	29.03%
\$800 -\$1,199/month	30.11%
\$1,200-\$1,599/month	9.68%
\$1,600-\$1,999/month	8.60%
\$2,000-\$2,399/month	6.45%

\$2,400-\$2,799/month	3.23%
\$2,800 or more/month	5.38%

19) How many people are in your household*?

1	19.51%
2	56.10%
3	10.57%
4	11.38%
5	1.63%
6	0.81%

[*Note: based upon actual # of households responding to survey.]

19a) How many household members fall within each of the following age brackets?

0-5	10
6-11	12
12-17	15
18-25	10
26-35	31
36-45	24
46-55	44
56-65	51
66-75	62
76-85	20
86-95	8
>96	0

20) What is your household income per year?

under \$25,000	7.14%
\$25,000-\$49,999	25.89%
\$50,000-\$74,999	23.21%
\$75,000-\$99,999	16.96%
\$100,000 and over	26.79%

21) Do you have any additional comments/suggestions/ideas about the housing situation in Washington?

22) Would you be interested in meeting with committee members to discuss housing?

Yes	53.49%
No	44.19%

C. 2002 Census Data (Household Income)

While the extent of the undercount of Washington households in the 2000 Census is not yet known, the published data below indicates that 18.5 percent of households in Town had annual incomes less than \$25,000 in 1999 and 24.7 percent had less than \$35,000. Also the median household income in Town was \$65,288.