

# New Canaan

*May 2022*

*Annex to the 2022 Western Connecticut Regional Affordable Housing Plan*

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## **Executive Summary**

The Town of New Canaan has been working to add to its affordable housing stock for many years, dating to prior to the enactment of 8-30g. The last twenty years have included comprehensive planning processes such as the 2011 Housing Opportunities Study and the 2014 Plan of Conservation and Development which have involved strategies– such as increasing the number of affordable housing units in New Canaan by at least 2% of the number of housing units indicated in the most recent decennial census. Thus the Town has prioritized pursuing §8-30g moratoria – which allows the Town more freedom in developing affordable housing projects in locations that the Town desires as well as appropriate sized projects that are designed to fit into the community seamlessly. Some notable projects have included publicly-supported affordable housing with several phases of Millport Apartments and Canaan Parish. Similarly, New Canaan was one of the first communities in the state to take advantage of Sect. 8-2i of the Connecticut General Statutes in establishing an inclusionary zoning fee that is collected for all Zoning Permits for any new building construction or addition in any zone. Monies collected from this fee have helped fund the development of affordable housing in New Canaan. Despite the hard work, New Canaan doesn't have a 10% affordable housing stock, which is the State's goal for all municipalities. Hurdles to this goal include lack of appropriate sites, cost of land, higher construction costs due to smaller sites

and access to funding incentives afforded to larger communities. Additionally, the Town has a significant gap in its housing stock between affordable and market rate, which makes it difficult for the Town to maintain a middle-income population. The Town is flush with over-sized housing units, but lacks smaller-sized units appropriate for seniors, young families and young adults.

This plan recommends five main strategies for addressing the affordable housing issues facing the Town:

1. Maintain a "rolling" §8-30g moratorium so that New Canaan can manage the type, form and location of affordable housing.
2. Encourage the public sector support for affordable housing via appropriate public private partnerships and other opportunities facilitate the moratoria.
3. Encourage private construction of housing that services the need for affordable, workforce, senior and special needs populations.
4. Perform additional studies that inform where existing housing stock should be conserved, where higher density housing stock should be developed and identify partners to assist with construction, financing, development, asset management and maintenance.
5. Finally, we need to educate residents about affordable housing issues, regulations, mandates and strategies.

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# Town History Relating to Affordable Housing

## *Planning History*

Even before the implementation of CGS §8-30g in 1989, New Canaan (the Town) has been actively studying and implementing appropriate ways to add to its affordable housing stock. Canaan Parish was constructed in 1979-1980 and the Town had some affordable units constructed in the 1950's. Throughout the late 1990s and into the early 2000s, the Town added 67 affordable units in the form of the Schoolhouse Apartments, New Canaan Group Home (6 bed residential single family cottage), and the Avalon. The 2003 Plan of Conservation and Development (POCD) set a goal that "New Canaan should seek to provide for a diversity of housing types, opportunities, choice and costs consistent with community conditions and constraints." In 2007, the Town was one of the first in the State to utilize the permissions of CGS §8-2i to charge an inclusionary zoning fee (Section 7.6a Town of New Canaan Zoning Regulations) on all zoning permits,, for any new building construction or addition in any zone; the monies collected are held in a Housing Trust Fund and utilized exclusively for construction, rehabilitation and repair of affordable housing units.

## **2011 Housing Opportunities Study**

One of the Town's most formative steps towards affordable housing came in 2011, when it used a grant from the State Office of Policy and Management to study the costs and benefits of applying the Incentive Housing Program (IHP) created by CGS §8-13m-x. While the subsequent report concluded that the IHP was not a good fit for New Canaan, it also identified a list of fifteen alternative strategies the Town could apply to achieve more diversity in housing. These strategies continue to provide a roadmap ten years later. They include:

- **Build Additional Public Housing**—The report suggested redeveloping and expanding the number of affordable units on land owned/operated by the Housing Authority of New Canaan (HANC) on Millport

Avenue and at Canaan Parish. Further, it identified the “Lumberyard” parking lot at the New Canaan Train Station and the Schoolhouse Apartments as potential sites for new and/or expanded affordable housing.

- **Enable New Private Affordable Housing**—Strategies identified included the creation of a housing opportunity overlay zone and possible application of the zone to specific sites, such as the Merritt Apartments site (corner of Park St. and Maple St.) and/or 173 East Avenue, as well as other areas of town near transit with public water and sewer service.
- **Establish an §8-30g Moratorium**—The report recommends for New Canaan to plan for and manage the future construction of affordable housing by regularly securing a “Certificate of Affordable Housing Completion” from the State Department of Housing. The Certificate initiates a four-year moratorium on applications under the Affordable Housing Appeals Procedure of §8-30g, thereby eliminating the threat that private developers will seek to circumvent local zoning in pursuit of affordable housing development.
- **Implement Other Strategies**— Finally, the report suggested implementing other strategies which included; a) adopting inclusionary zoning regulations; b) the establishment of a non-profit housing trust; c) extending the time frame on affordability restrictions for existing set aside units; d) purchasing and establishing deed restrictions on existing housing units; e) adopting a model housing affordability plan; e) work with housing projects, such as senior housing, to include affordable units.

### **2014 Plan of Conservation and Development**

The Town furthered its affordable housing policy with the development of the 2014 POCD. One of the many goals of the POCD is to “enhance livability” by providing “for a diverse housing portfolio.” Actions identified to achieve this aim included:

- Increasing Housing in and Near Downtown;
- Providing Housing Choices for an Older Population
- Providing for Workforce Housing
- Seek Solutions which do not Invoke CGS §8-30g.

## Strategy History

Since 2014, the Town has been hard at work implementing the strategies of the 2011 Housing Opportunities Study and the 2014 POCD.

### Public Sector Projects

The Housing Authority of New Canaan (HANC) has been the Town’s exclusive vehicle for public sector development of affordable housing. New Canaan Neighborhoods Inc. is a non-profit organization formed to provide housing to moderate income individuals, is an excellent example of a public private partnership that has teamed up with HANC on housing projects. The mission of the New Canaan Housing Authority (NCHA) is to provide decent, safe, fair and affordable housing and to accept and process applications in accordance with the applicable laws and regulations for vacancies as they become available. Over the last ten years, HANC has developed 173 units of affordable housing, with another 40 units currently under development. Specifically:

- **Mill Apartments:** Completed in 2011, this project saw redevelopment of 16

Strategies from 2011 Housing Opportunities Study

<b>Build Additional Public Housing</b>	<ol style="list-style-type: none"> <li>1. Expand Millport</li> <li>2. Expand / redevelop Canaan Parish</li> <li>3. Consider other locations</li> </ol>
<b>Enable New Private Affordable Housing</b>	<ol style="list-style-type: none"> <li>4. Adopt an overlay zone</li> <li><del>5. Merritt Apartments</del></li> <li>6. East Street at Millport</li> <li>7. Consider other locations</li> </ol>
<b>Establish CGS 8-30g Moratoria</b>	<ol style="list-style-type: none"> <li><del>8.</del> Apply for a four-year moratorium under CGS 8-30g</li> <li>9. Seek to establish a rolling moratorium</li> </ol>
<b>Implement Other Strategies</b>	<ol style="list-style-type: none"> <li><del>10.</del> Require an affordable housing set-aside as part of any new residential development</li> <li>11. Consider establishment of a housing trust</li> <li>12. Extend affordability restrictions on existing affordable housing set-aside units</li> <li>13. Deed restrict other existing housing units</li> <li>14. Adopt a Model Housing Affordability Plan (for HOZ or CGS 8-30g) applications</li> <li>15. Consider other sites to meet housing needs</li> </ol>

“bungalows” for veterans at 41 & 65 Millport Avenue into 40 affordable units.

- **Millport Apartments:** Completed in 2018, this project involved the demolition and re-development of affordable apartment buildings originally built in the 1980s into 73 affordable units in 4 buildings located at 33, 35, 57 & 65 Millport Avenue.
- **Canaan Parish:** Phase I of the Canaan Parish redevelopment (186 Lakeview Avenue) was completed in October 2021 and consisted of 60 affordable units. Phase II – another 40 units – is scheduled to be completed in 2022.

All of these HANC projects were funded, in part, by money collected into the Housing Trust Fund via the inclusionary zoning fee established in Section 7.6a of the Town’s Zoning Regulations. In addition, New Canaan has utilized financing from Low Income Housing Tax Credit programs and State Department of Housing.

Upon completion of the Canaan Parish redevelopment, the Town’s options for public sector affordable housing development are limited and creative solutions will need to be identified for continued HANC projects. This is especially true if the Town wishes to plan for and manage how, where and how much affordable housing is developed; newly constructed affordable housing will be continually needed to attain a “rolling 8-30g moratorium.”

### **Private Sector Projects**

Strong market demand, supportive zoning regulations, and existing water, sewer and transit infrastructure have facilitated construction of numerous housing units by the private sector in and near downtown, as recommended by the 2014 POCD. Such developments include:

- 21 Forest Street, which includes 7 dwelling units and a retail/restaurant component (approved 2012);
- 42 Forest a 7 dwelling unit development that includes 5 town homes and 2 flat style apartments (approved 2018);

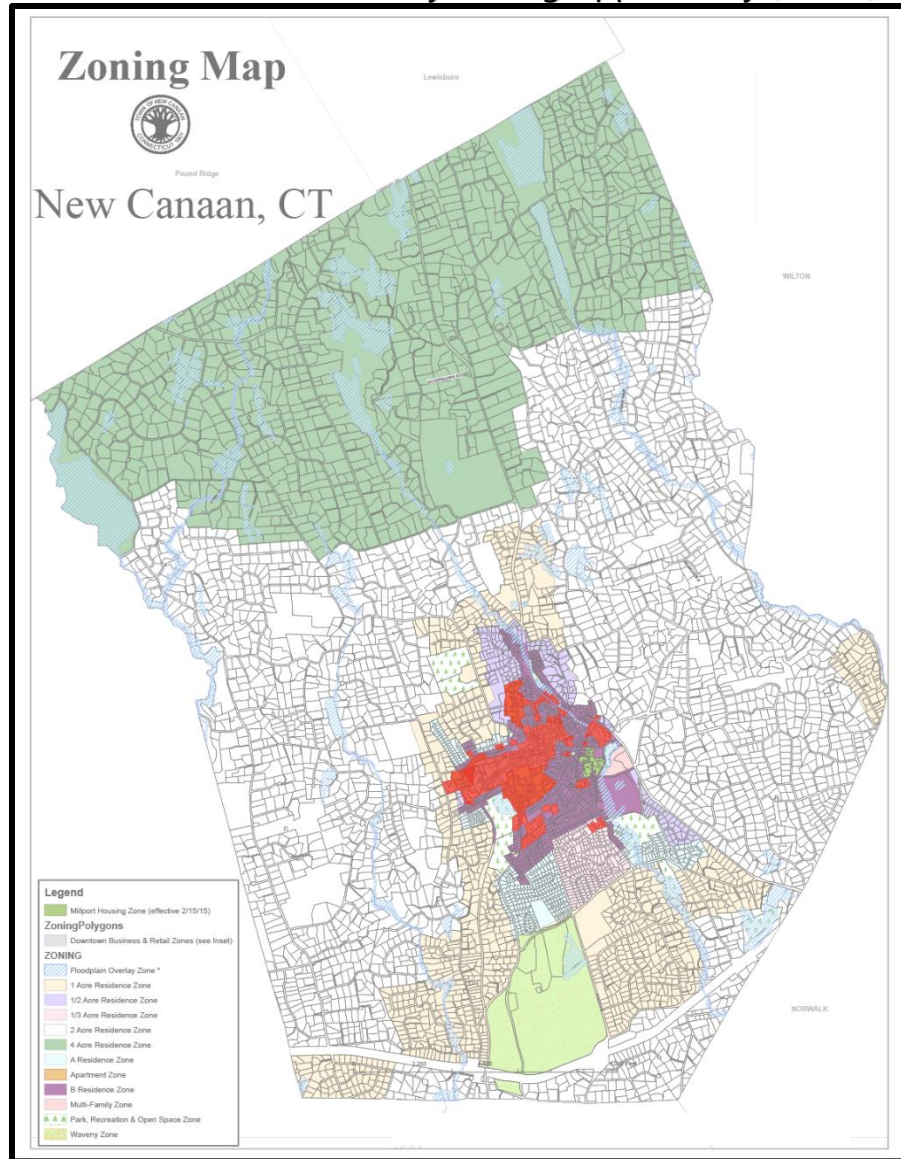
- 162 Park Street (the “Vue”), which includes 99 dwelling units and is half rental and half condominium project (approved 2017); and
- 8 and 10 Husted Lane is a twelve (12) unit multi-family development (approved 2020).

None of the foregoing projects included affordable units and consequently, while implementing one or more facets of the 2014 POCD, they have set the Town behind in achieving another. In order to continue to achieve §8-30g moratoria, New Canaan must accumulate enough “housing unit equivalenc” (HUE) points equal to two percent of all dwelling units in the municipality, as reported in the most recent United States decennial census.” As New Canaan has increased the number of dwelling units through mid-size and larger multi-family projects in downtown, it has increased the denominator of this equation without increasing the numerator, setting the Town further behind on future moratoria and achieving the objectives of §8-30g.

#### 8-30G Moratorium Requirement

$$\text{Total Number of Housing Units} \times .02 = \text{HUE Points}$$

## New Canaan Inclusionary Zoning Applicability (in red)



With this in mind, in 2021 New Canaan revised Section 7.6 of its Zoning Regulations to provide inclusionary zoning requirements for all projects that create five or more units in the Multi-family zone, the Apartment Zone and any of the Business Zones. In exchange for providing the minimum of 15% of all dwelling units as affordable housing, eligible projects may request modifications to building coverage, landscaped area, floor area ratio, building height, parking and building lines. The objective of this regulation is to balance the 2014 POCD objective to add housing diversity in and near downtown with the goal of providing workforce and income restricted housing.

### **Moratoria**

As recommended in the 2011 Housing Opportunities Study and 2014 POCD, the Town has sought to control the development of affordable housing outside the Affordable Housing Appeals Procedure of §8-30g. In 2017, the Town applied for, and received, its first "Certificate of Affordable Housing Completion" from the State Department of Housing. To achieve this designation the Town used HUE points for affordable units in the Avalon,



the Schoolhouse Apartments, the New Canaan Group Home, the Mill Apartments and the Millport Apartments. . In order to obtain subsequent moratoria, New Canaan had to (and will continue to have to) demonstrate that since the last moratorium, it has added enough affordable housing units to meet the HUE point requirement to obtain a Certificate of Housing Completion. Affordable dwelling units previously counted towards a moratorium may not be used for subsequent moratoria. As of October 2021, when Phase I of the Canaan Parish redevelopment was completed, the Town once again has sufficient HUE points to apply for a second "Certificate of Affordable Housing Completion," and such application is currently underway.

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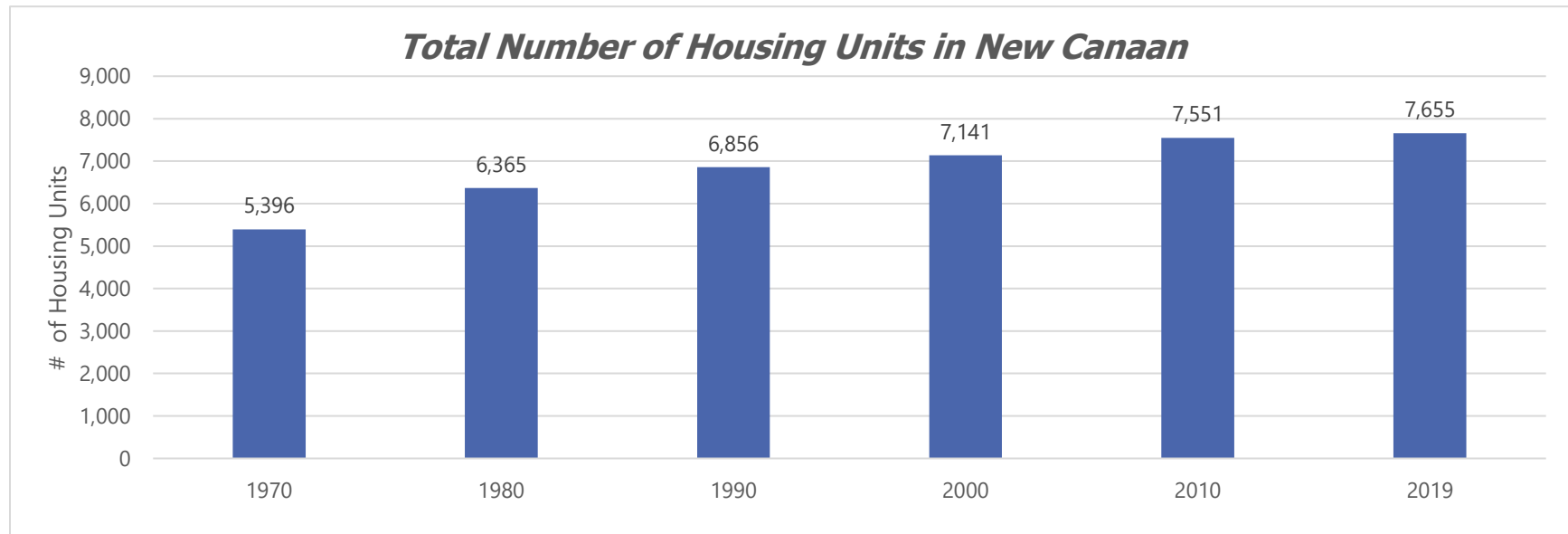
## Community Values Statement

New Canaan should “enhance livability” by “providing for a diverse housing portfolio,” which offers a variety of “housing types, opportunities, choice and costs consistent with community conditions and constraints. Opportunities to encourage the development of less expensive housing should be explored.”

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## Housing Market Trends, Needs & Issues

***Issue #1: New Canaan will never meet the State's 10% affordable housing target.***



Source: 1970 to 2020 Decennial Censuses; 2015-2019 American Community Survey

Over the last twenty years, New Canaan has added nearly 100 units of affordable housing to its total housing stock. At the same time, it added approximately 500 total housing units. This puts New Canaan's current rate of development of affordable housing stock somewhere between 20-25% of total housing construction. Yet, despite this high rate of affordable housing development, the Town is still below the 10% target as set out by the State in the §8-30g statute, as shown in the Table, below.

***Progress Towards 10% Affordable Housing (8-30g):***

<b>YEAR</b>	<b>GOVERNMENTALLY ASSISTED UNITS</b>	<b>TENANT RENTAL ASSISTANCE</b>	<b>CHFA/USDA MORTGAGES</b>	<b>DEED RESTRICTED</b>	<b>TOTAL ASSISTED</b>	<b>CENSUS HOUSING UNITS</b>	<b>PERCENT AFFORDABLE</b>
<b>2002</b>	127	-	3	-	130	7,141	1.82%
<b>2005</b>	145	-	1	31	177	7,141	2.48%
<b>2010</b>	146	-	3	31	180	7,141	2.52%
<b>2015</b>	132	10	3	23	199	7,551	2.64%
<b>2020</b>	175	21	5	21	222	7,551	2.94%

*CT DEPARTMENT OF HOUSING, AFFORDABLE HOUSING APPEALS LISTS*

At its current rate of affordable housing development, New Canaan will not reach the State’s 10% target. The reasons for this are two-fold: (1) first, the total number of housing units continues to increase, which over time increases the number of affordable units we need to meet 10% and (2) the affordability deed restrictions expire after 40 years, which constantly reduces the number of affordable units that count towards 10%.

Therefore, if achieving the State’s mandated 10% affordable housing was New Canaan’s goal it would need to significantly ramp up the ratio of construction of affordable units to total units. Assuming a steady growth rate in total housing stock, New Canaan could conceivably meet the 10% requirement in 2080, if approximately 35-40% - or approximately 300 units every twenty years - of all new housing units are deed restricted as affordable.

***Issue #2: New Canaan has a significant need for affordable housing, but also has a large gap between affordable and market rate housing.***

As defined by CGS §8-30g, affordable housing is housing for which persons and families pay thirty percent or less of their annual income, where such income is less than or equal to eighty percent of the median income. Median income is defined as the lesser of the state or area median income; in New Canaan the State Median Income (SMI) is the lesser and in 2021 the SMI was \$102,600 for a family of four. Area Median Income (AMI) in 2021 was \$151,800. Therefore, those who qualify for affordable housing in New Canaan would need to make less than \$82,320 per year as of 2021.

<b>MONTHLY HOUSING COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME IN THE PAST 12 MONTHS</b>	<b>Occupied housing units</b>	<b>%</b>	<b>Owner-occupied housing units</b>	<b>%</b>	<b>Renter-occupied housing units</b>	<b>%</b>
<b>Less than \$20,000</b>	200	2.8%	113	2.0%	87	5.8%
<b>Less than 20 percent</b>	0	0.0%	0	0.0%	0	0.0%
<b>20 to 29 percent</b>	45	0.6%	0	0.0%	45	3.0%
<b>30 percent or more</b>	<b>155</b>	<b>2.2%</b>	<b>113</b>	<b>2.0%</b>	<b>42</b>	<b>2.8%</b>
<b>\$20,000 to \$34,999</b>	447	6.3%	203	3.6%	244	16.2%
<b>Less than 20 percent</b>	15	0.2%	0	0.0%	15	1.0%
<b>20 to 29 percent</b>	82	1.2%	20	0.4%	62	4.1%
<b>30 percent or more</b>	<b>350</b>	<b>4.9%</b>	<b>183</b>	<b>3.3%</b>	<b>167</b>	<b>11.1%</b>
<b>\$35,000 to \$49,999</b>	304	4.3%	76	1.4%	228	15.1%
<b>Less than 20 percent</b>	0	0.0%	0	0.0%	0	0.0%
<b>20 to 29 percent</b>	0	0.0%	0	0.0%	0	0.0%
<b>30 percent or more</b>	<b>304</b>	<b>4.3%</b>	<b>76</b>	<b>1.4%</b>	<b>228</b>	<b>15.1%</b>
<b>\$50,000 to \$74,999</b>	628	8.8%	440	7.8%	188	12.5%
<b>Less than 20 percent</b>	27	0.4%	27	0.5%	0	0.0%
<b>20 to 29 percent</b>	91	1.3%	34	0.6%	57	3.8%
<b>30 percent or more</b>	<b>510</b>	<b>7.2%</b>	<b>379</b>	<b>6.8%</b>	<b>131</b>	<b>8.7%</b>

<b>\$75,000 or more</b>	5,395	75.8%	4,770	85.0%	625	41.5%
<b>Less than 20 percent</b>	3,223	45.3%	2,878	51.3%	345	22.9%
<b>20 to 29 percent</b>	1,010	14.2%	859	15.3%	151	10.0%
<b>30 percent or more</b>	<b>1,162</b>	<b>16.3%</b>	<b>1,033</b>	<b>18.4%</b>	<b>129</b>	<b>8.6%</b>
<b>Zero or negative income</b>	8	0.1%	8	0.1%	0	0.0%
<b>No cash rent</b>	134	1.9%	(X)	(X)	134	8.9%

### ***Cost Burdened Households***

Based on §8-30G requirements (10% of housing stock), there is significant need in New Canaan for affordable housing for those making less than 80% SMI. Another methodology for assessing housing need is by looking at those who are cost burdened; those who spend more than 30% of their income on housing related costs, including rent, mortgage payments, utilities, taxes, insurance, etc. According to the 2015-2019 American Community Survey, 34.9% of the households in New Canaan are cost burdened; 18.6% of them are households earning less than 80% of SMI. As shown in the table, above, on Cost Burdened Households, those 18.6% of households equate to a need for approximately 1,097 affordable housing units.

*Source: 2015-2019 American Community Survey*

This is significant because the average annual wages of those who are employed in the Town of New Canaan fall below 80% of SMI. These are the teachers, healthcare workers, retailers and restaurant employees who service New Canaanites everyday, but may not be able to afford to live where they work. Many of them commute from Norwalk (1,062 people), Stamford (894 people), Fairfield (252 people), and Bridgeport (250 people).<sup>1</sup> Most drive to work, making the jobs-housing imbalance not just an equity issue, but an environmental one as well.

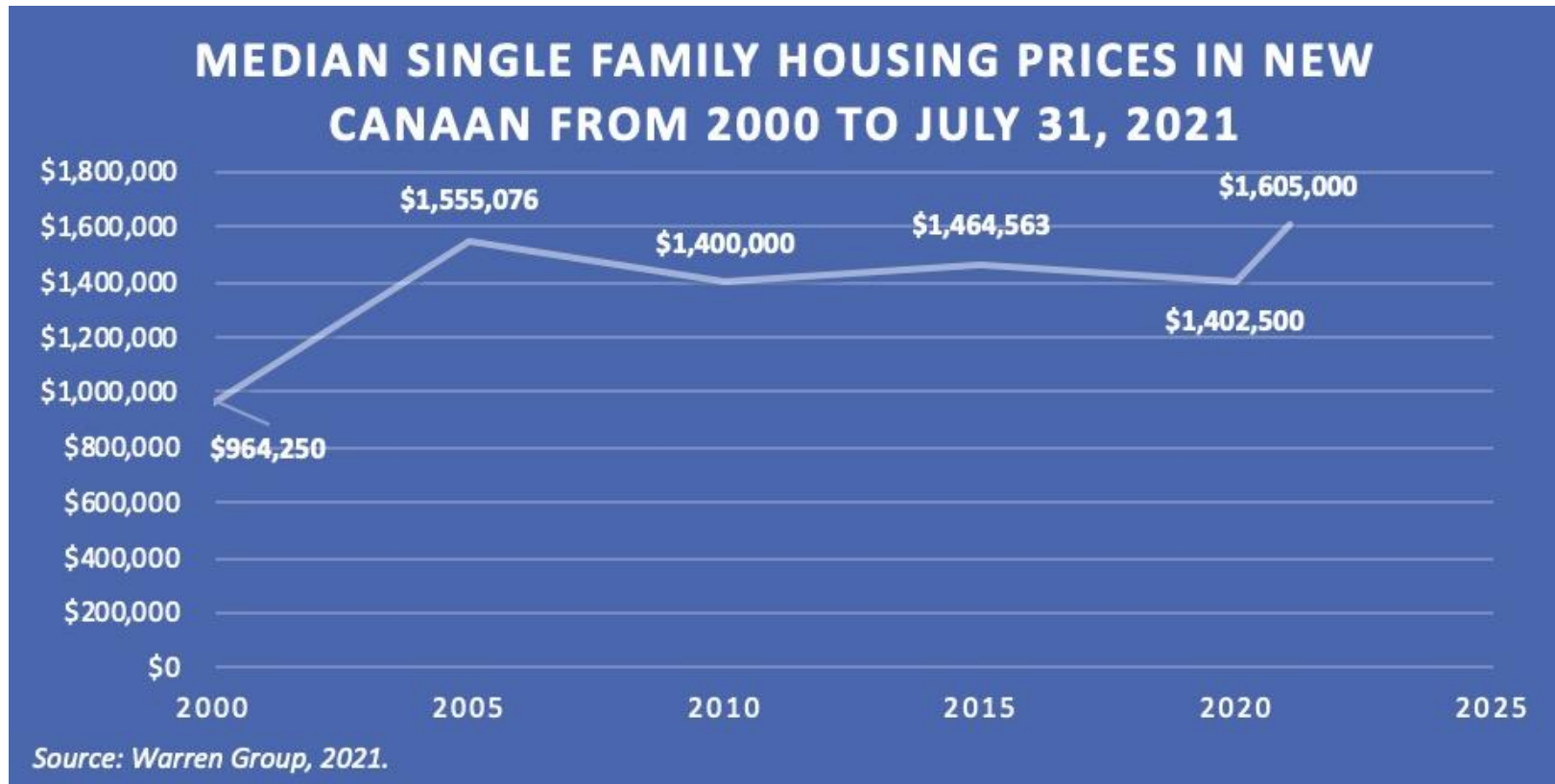
New Canaan faces a serious challenge to meet the affordable housing need for those earning below 80% SMI. However, this is only one piece of New Canaan’s affordable housing puzzle.

Average Annual Wages of Workers in Town	
Local Government (Includes Teachers) .....	\$72,914
Healthcare .....	\$56,760
Other Services .....	\$35,914
Retail .....	\$42,240
Accommodation/ Food Service .....	\$33,213

*Source: 2021 Town Profile New Canaan, AdvanceCT/CTdata*

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<sup>1</sup> Connecticut Economic Resource Center (CERC) Town Profile, New Canaan, CT (2019)



As of 2021, the median value of owner-occupied housing is \$1,355,800. The median price of a single-family home in New Canaan is \$1,605,000. To purchase a home in New Canaan means that the 'not-cost-burdened' household is annually earning between 226% and 265% of SMI.. This leaves a huge gap in New Canaan of



households who are unable afford to purchase market rate homes and to do so without spending more than 30% of their income.

Many of those who cannot afford to purchase homes opt to rent. Twenty-one percent (21%) of New Canaan's

**New Canaan needs to provide "workforce" housing opportunities for those between 80% and 226% of SMI**

households are renters. The median rental price in New Canaan in 2021 was \$2,228 per month<sup>2</sup>. In order to be able to afford the median monthly rental price and not be cost-burdened a household would need to earn

94% of SMI.

By continuing to focus solely on State and Federal definitions of affordability, New Canaan is creating an on-going gap in housing affordability. The Town has worked hard to build rental units for those below 80% SMI, while market rates have soared to 226% SMI. Those who fall between those two extremes have gone unnoticed and unsupported.

<b>New Canaan Age Distribution</b>	
>/= 19 years old .....	32%
20-34 years old .....	7%
35-54 years old .....	28%
55-74 years old .....	25%
</= 75 years old .....	8%

Source: 2019 American Community Survey, 5 year estimate

***Issue #3: New Canaan needs smaller housing units for young adults and seniors***

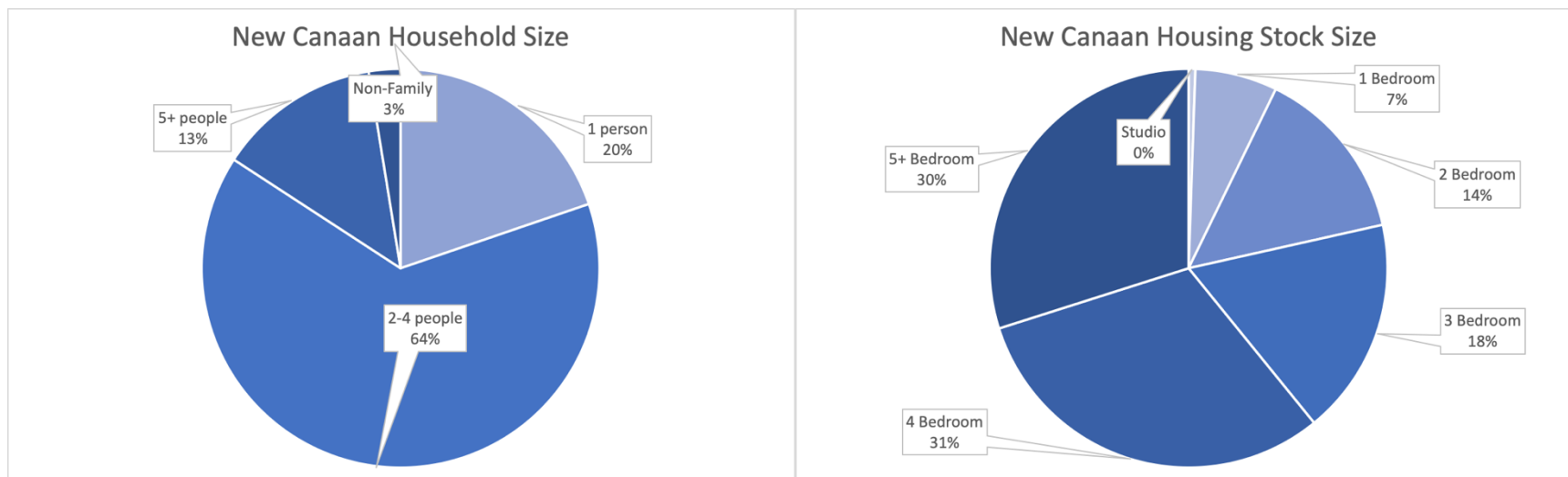
New Canaan is a town of families. People relocate here with children because of the Town's main asset: its schools. This causes the age demographic to be dominated by children

<sup>2</sup> 2021 Town Profile New Canaan, Advance CT/CTdata

under 19 and householders ages 35-54. This age demographic distributes itself in the form of small family households; those containing 2-4 people (64%), whom tend to live in single family homes (82.6% of the housing stock).

However, New Canaan's housing stock is oversized for the need of these households. The majority of New Canaan's housing stock is 4+ bedrooms in size (61%). The super-sized nature of the housing stock is a primary contributor to the high cost of purchasing a home in New Canaan. Larger homes cost more to build and maintain and require more land.

In the inverse, New Canaan's housing stock is low on studio, one bedroom and even two bedroom units. These are the type of units that young adults who want to return to their hometown after graduation would seek. The same type that empty-nesters who desire to age in their community pursue when it comes time to down-size from their family home. The lack of these smaller units becomes self-reinforcing: because they are harder to find, young adults and seniors move elsewhere and we continue to be a community of school-aged families. When



Source: Household Size is from American Communities Survey; Housing Stock is from Regional Plan Association Fairfield County Housing Needs Assessment, 2020

these types of dwelling units become available, developers often purchase them, demolish them and build larger dwellings on the land.

By right-sizing housing units to the needs of its population, New Canaan and the private market could start to close the affordability gap and begin to diversify its housing and demographic portfolio.

# Strategies

<b>NEW CANAAN'S AFFORDABLE HOUSING STRATEGIES - 2022</b>	
Maintain a "rolling" §8-30G moratorium	<ol style="list-style-type: none"> <li>1. Be prepared to apply for a new moratorium every four years</li> <li>2. Create a consolidated housing database to track inventory and eligibility of units for HUE points</li> </ol>
Continue to prioritize public construction of affordable housing	<ol style="list-style-type: none"> <li>3. Inventory, identify potential sites (Town owned and privately owned) and assess feasibility of acquiring, developing and/or redeveloping the land and/or structures for publicly owned affordable housing</li> <li>4. Continue to collect Affordable Housing Trust Fund fees, while refining their amount, source and use</li> </ol>
Continue to enable private construction of housing that meets a variety of types, opportunities, choice and costs	<ol style="list-style-type: none"> <li>5. Seek ways for the Town and/or HANC to partner with private developers constructing affordable units</li> <li>6. Continue to refine Section 7.6 of the Zoning Regulations (Inclusionary Zoning) to ensure they are resulting in affordable units that fit the needs and character of the community</li> <li>7. Revise the Zoning Regulations to incentivize the creation of senior, special needs and workforce housing</li> <li>8. Seek ways to allow for housing opportunities in large lot zones while respecting the character of those zones</li> <li>9. Evaluate the efficacy of eliminating or modifying square footage minimums</li> </ol>
Continue studying alternative strategies	<ol style="list-style-type: none"> <li>10. Perform a study to define, identify and map "naturally occurring affordable housing" and evaluate methods for preserving it</li> <li>11. Perform a land use and zoning assessment to identify areas that may be able to accommodate higher density housing</li> <li>12. Recruit or create a non-profit partner to create and maintain affordable units</li> </ol>

There are a number of strategies that New Canaan can employ to address the issues identified in the prior sections. For the sake of consistency, they have been organized in a manner similar to the 2011 Housing Opportunities Study and summarized above.

### ***Strategy: Maintain a "rolling" §8-30G moratorium***

#### **1. Be prepared to apply for a new moratorium every four years**

As discussed in Issue #1, it is highly unlikely that New Canaan will meet the State's §8-30G requirement of 10% affordable housing. This puts the Town at risk for developer's constructing "hostile" §8-30G projects that meet the State's requirements, but ignore local zoning and local planning and design. The best mechanism for New Canaan to plan for and manage its affordable housing stock is to regularly pursue §8-30G moratoria. To be clear, this strategy is not intended to prevent affordable housing from being built, it is to allow the Town to guide and plan for the type, form and location of affordable housing so that it will best meet the needs of the community.

As discussed in the history section, to qualify for a moratorium, a Town must demonstrate that it has HUE points greater than or equal to 2% of its housing stock. For New Canaan, this means the Town must be able to collect approximately 150 HUE points, or approximately 75 affordable units, every four years. It is recommended that upon submittal of one moratorium, the Town simultaneously draft a plan for completion of the next moratorium.

#### **2. Create a consolidated housing database to track inventory and eligibility of units for HUE points**

To date, most of the units that have garnered HUE points have been publicly constructed by HANC. It is assumed in the near future the HANC units will make up the bulk of the moratorium points, but with the inclusionary zoning requirements of Section 7.6 there will likely be privately developed units contributing as well. As New

Canaan expands its affordable housing stock, it becomes necessary to better track all of the units in its affordable housing inventory. A database should be maintained that tracks, at a minimum, the following data:

- Project name / unit identification;
- Developer/owner;
- Unit type (affordable, senior, special needs, workforce);
- HUE point eligibility and amount;
- Income limit (80% SMI, 60% SMI, etc.);
- Responsible party for compliance and associated contact information;
- Annual certifications.

If the Town desires and has the resources, the database could be expanded in the future to provide a single clearinghouse for the availability of special housing units in town and verified, eligible tenants.

***Strategy: Continue to prioritize public construction of affordable housing***

**3. Inventory, identify potential sites (Town owned and privately owned) and assess feasibility of acquiring, developing and/or redeveloping the land and/or structures for publicly-owned affordable housing.**

As discussed in Issue #2, New Canaan needs between 533 and 1,097 additional affordable units. Considering the challenges, New Canaan has done a remarkable job of providing publicly-constructed affordable units to date. However, after completion of the redevelopment of Canaan Parish, HANC does not have future projects identified. To obtain a rolling moratorium as discussed in the foregoing strategy, HANC will need to continually study the inventory of publicly and privately-owned potential sites and assess the feasibility of acquiring and/or developing such sites for affordable housing. In the past, town owned parking lots, such as the Lumberyard Lot at the train station, the Locust Avenue Lot and even the Talmadge Hill lots have been considered. In addition to

obtaining land for construction of new affordable units, HANC or a private partnership, could begin to analyze the purchase, renovation and deed restriction of existing housing stock. For instance, properties under tax or mortgage foreclosure may be ideal for this type of purchase. The Town should invest in these on-going real estate analyses and feasibility studies so that the public affordable housing pipeline continues to flow.

#### **4. Continue to collect Affordable Housing Trust Fund fees, while refining their amount, source and use**

An integral component of the public affordable housing pipeline has been collection of the inclusionary housing fee, which is assessed on all Zoning Permits for any new building construction or addition, into the Affordable Housing Trust Fund. This Fund has filled portions of the financing gap in multiple HANC projects and needs to continue to be replenished. The Town should continue to investigate best practices to grow, maintain and utilize the Housing Trust Fund. The investigation may include:

- Regularly evaluating the appropriateness of the fee, which is currently charged at \$10 per \$1,000 of construction value;
- Studies of additional revenue streams to grow the Housing Trust Fund, such as demolition or enlargement fees on naturally affordable housing stock or requiring payment of fee in lieu of construction costs for multi-family projects under five units that are not subject to Section 7.6 of the Zoning Regulations;
- Discussions of the most efficient use of the monies in the Housing Trust Fund, including whether it is appropriate to be providing funding to private projects. Ultimately, it may be valuable to establish a committee that develops policies and criteria for the use of the Housing Trust Fund and evaluates projects requesting funds.

***Strategy: Continue to enable private construction of housing that meets a variety of types, opportunities, choices and costs***

## **5. Seek ways for the Town and/or HANC to partner with private developers constructing affordable units**

Given the heavy lift required to effectuate the number of affordable units the Town of New Canaan needs, it is appropriate to put some of the responsibility on the private sector. The private sector is more efficient and effective at land acquisition and housing construction. However, because the provision of affordable units represents both a cost to the developer and a public good for the community, the Town holds some responsibility for footing the bill. The Town should be creative in finding ways to partner with the private sector for affordable housing construction. Ideas to explore include:

- Refining Section 7.6 of the Zoning Regulations to fine tune the bonuses offered in exchange for affordable units;
- Offering publicly-owned land through competitive processes in exchange for private development of affordable units;
- Providing infrastructure assistance to projects creating affordable units;
- Offering financing via the Housing Trust Fund to projects creating affordable units;
- Buying down units in multi-family projects for the purpose of deed restricting them as affordable;
- Offering or directing residents to financing programs available to those who are eligible for affordable housing, such as USDA and CHFA mortgages or Section 8 vouchers.

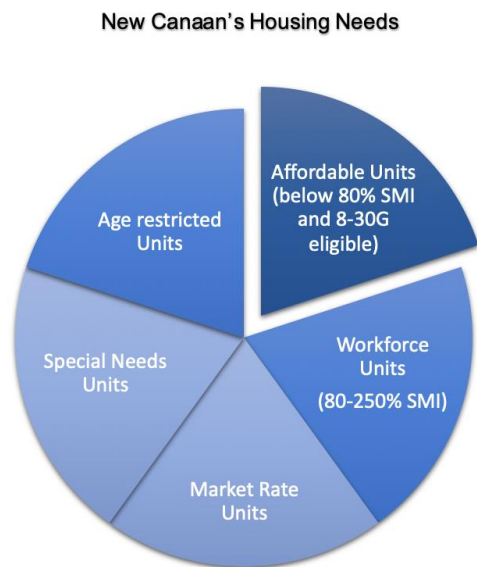
## **6. Continue to refine Section 7.6 of the Zoning Regulations (Inclusionary Zoning) to ensure they are resulting in affordable units that fit the needs and character of the community**

With regard to refining Section 7.6 of the Zoning Regulations, not only should the bonuses be evaluated for their adequacy in incentivizing construction of affordable units in balance with the needs and character of the community, the Town may want to consider the following changes:

- Fine tune the fee in lieu of calculation to make sure it incentivizes construction over payment;



- Consider whether the goal is the number of units constructed or the number of HUE points obtained;
- Consider whether to alter the bonuses to incentivize certain size units (smaller versus larger);
- Consider whether to alter the bonuses to incentivize stratified levels of affordability (60% SMI or 30% SMI);



**7. Revise the Zoning Regulations to incentivize the creation of senior, special needs and workforce housing**

As discussed in Issue #2, to truly diversify New Canaan's housing stock, the need is greater than solely creating affordable units. New Canaan needs to create below market rate units in the form of workforce housing for families making between 80% and 226% SMI, offer age restricted units for seniors and universally designed units for people with special needs. The Town should consider adding zoning regulations, similar to the inclusionary zoning regulations of Section 7.6, for each of these categories.

**8. Seek ways to allow for housing opportunities in large lot zones while respecting the character of those zones**

**lot zones while respecting the character of those zones**

Traditionally, the Town has constructed the bulk of affordable, workforce, senior and special needs housing in areas with adequate services and infrastructure support. However, given the extensive large lot zoning in New Canaan, it is prudent for the Town to also explore opportunities to facilitate a diversity of housing in these areas. This may look like:

- Considering tax abatement, or other incentives or concessions, for property owners who elect to put an affordability deed restriction on their accessory dwelling unit;
- Revising zoning to allow for the long-term rental of rooms in single family zones (i.e. boarding house) outside the Residence B zone;
- Allow for conversion or use of large, single-family homes for “de-institutionalized” senior housing;
- Allow for the renovation and reuse of existing single family structures into deed restricted multi-family affordable units;
- Identify ways to incentivize the use of accessory dwelling units for seniors, special needs and workforce housing;
- Identify ways to incentivize multi-generational housing.

### **9. Evaluate the efficacy of eliminating or modifying square footage minimums**

As identified in Issue #3, New Canaan’s housing stock is oversized for the needs of its residents. Smaller units are needed to add a diversity of housing opportunities – and demographics – to the Town. One common way to achieve smaller units in strong markets where luxury housing prevails is to establish unit square footage maximums. New Canaan already does this in its retail and business zones; the Retail A Zone restricts dwelling units to a maximum of 750 square feet, the Retail B and all Business Zones restrict dwelling units to 1,500 square feet. However, in its Apartment and Multi-family Zones, the Town sets square footage minimums of 750 square feet. This encourages developers to construct larger – likely less affordable – units. If New Canaan is serious about adding smaller sized, more affordable units to its housing stock eliminating square footage minimums and perhaps instituting more square footage maximums should be considered.

***Strategy: Continue studying alternative strategies***

**10. Perform a study to define, identify and map “naturally occurring affordable housing” and evaluate methods for protecting it**

New Canaan has a fair amount of smaller, older homes in the “in-Town” neighborhoods, which may compose what is termed “naturally occurring affordable housing.” This portion of the housing stock is not income restricted or deed restricted, so it would not garner HUE points for an §8-30G moratorium, but it does fill a housing need in a community of larger, newer, more expensive housing. As an alternative to continually constructing new housing to fill the affordable housing gap, New Canaan could look for ways to preserve what already exists. New Canaan should consider conducting a study to define “naturally occurring affordable housing,” identify how many units of this type exist and map it to locate it in Town. From there the Town should evaluate an array of strategies to protect it. These may include:

- Enacting demolition fees on naturally occurring affordable housing paid to the Housing Trust Fund. This would both disincentivize its destruction and help to off-set lost units with new affordable housing;
- Down-zoning neighborhoods of naturally occurring affordable housing to reduce the gap between existing construction and development potential;
- Use an overlay zone to set square footage maximums for housing units, again to dissuade the potential for demolition/rebuild or additions to increase building size;
- Focusing on acquisition and land banking of housing units in these neighborhoods for the purpose of deed restricting as affordable units

## **11. Perform a land use and zoning assessment to identify areas that may be able to accommodate higher density housing**

The 2014 POCD recognizes that high-density development is necessary to promote desired development patterns and to help support the vitality of New Canaan's downtown. A higher density development pattern is also desired to support the additional affordable, workforce, senior and special needs housing units the Town wishes to create. In order to identify the optimal location for higher density development, the Town should undertake a study to assess land with high redevelopment potential (typically defined as land value greater than housing value) that is serviced by existing infrastructure and evaluate whether it would be appropriate for higher density housing. For sites or areas determined to be the best fit for higher density development patterns, the study should also discuss the types of regulatory changes that should be made to accommodate that development pattern (i.e. minimum floor area ratios) and also the auxiliary infrastructure that would be needed to support additional units, such as para-transit, car sharing, retail and services.

## **12. Recruit or create a non-profit partner to create and maintain affordable units**

The third leg of the affordable housing development stool is non-profit entities. Non-profits complement the work done by both the public sector and the private sector. Where the public sector may be better at setting policy and incentives and the private sector may excel at cost-effective construction, non-profit entities tend to be better long-term managers of affordable housing development because they are mission driven. New Canaan should explore how HANC and New Canaan Neighborhoods can better partner with the Town as a non-profit entity that operates in New Canaan to further facilitate the development and maintenance of affordable units.

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## Conclusion

While New Canaan has made commendable progress and has even been a leader in its development of affordable housing strategies and unit creation over the last twenty years, there is significant work left to be done. Given the need to focus on State mandated housing goals, and in a world of constrained resources, a tradeoff has resulted. The Town has had to prioritize state defined affordable housing over a broader definition that includes workforce, senior and special needs housing among other needed types of housing availability.

Going forward the Town will focus on two objectives that are complementary in terms of needed housing stock, but are unfortunately competitive for resources. The challenge will therefore be how to meet both objectives.

The first will be to continue to supply affordable housing as defined by the State by regularly qualifying for 8-30g moratoria. Which translates to increasing the number of affordable housing units in New Canaan by at least 2% of the number of housing units indicated in the most recent decennial census. This goal acknowledges that it will be extremely difficult for the Town to achieve a 10% allocation of its housing stock that meets the 8-30g criteria.

The second goal will be to develop and implement a strategy to target the provision of workforce, senior and special needs housing stock. The Town needs to assist middle income residents to enter and live in the community and to help prevent the exodus of Town seniors.

For both objectives, the Town will need to be creative in terms of strategies, which should include the consideration of public/private partnerships, the potential for Town and other public and non-profit supported financing, and 'tool box' incentives in the Town's land use Regulations. The Town should carefully also consider what town-owned properties could assist in achieving these objectives.

To advance this agenda, the Town should: 1) Consider the establishment of an on-going affordable housing committee that should include representation from the Planning and Zoning Commission, the New Canaan Housing Authority, Town Hall leadership, and other public and private stakeholders; 2) To assist the committee, the Town's Planning Department should endeavor to provide tracking of the complexion of the Town's housing stock; 3) In the short term, to jump start the committee's efforts, to provide outside consulting support to examine the ideas already proposed, provide a fresh look at the challenges and coalesce a plan of action.

The objectives of this plan include the outline of the history of New Canaan's efforts in providing affordable housing and to provide a status, and more importantly, to propose a construct for how we should define and achieve progress going forward towards affordable housing goals.