Deficiencies in the Ledyard Affordable Housing Plan

Eric Treaster
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Miscellaneous Deficiencies

1. Page 7 of the Affordable Housing Plan states that *"The need for affordable housing options **in many communities** is urgent, and requires action on local, state, and regional levels."* However, it does not state that the Town of Ledyard *has an urgent need* for more affordable housing.

   The housing plan also fails to define what constitutes an "urgent need" for affordable housing, or what will happen if more affordable housing is not developed.

   The plan is confusing because, on page 10, in the bottom-left corner, it states, *"The decline, in population, is expected to continue over the next 20 years."* Page 13 states that Ledyard's population has been decreasing for a number of years.

   The question then becomes, why does Ledyard require more affordable housing if its population has declined and is expected to continue to decline? The premise that Ledyard requires more affordable housing is not supported by the data in the plan.

2. Page 11, at the top, states that aging residents seeking to remain in town **may** create a demand for smaller, less expensive, and lower-maintenance housing opportunities. Similarly, page 12 states that "Ledyard should work to provide diverse housing options to its various cohorts."

   The premise that aging residents **may** create a demand for smaller and less expensive housing may not be correct. Many seniors are content living in their home and their neighborhood, do not want to incur the stress and costs of moving away from their friends, and prefer to remain in their homes for as long as possible, especially if their homes do not have a mortgage and is not near a short-term rental.

   Before adopting policies intended to result in more affordable housing, a survey should be taken to see how many Ledyard seniors would move into significantly smaller homes, especially when considering the cost and stress of making the move. The survey should include non-resident seniors who would move to Ledyard if more affordable housing were available. Most seniors would decide that the benefits of such a move do not justify its financial and emotional costs.

3. Page 14 – 1st paragraph: states that *"Despite the ongoing vaccination campaign and anticipated return of relative normalcy, communities that are well-positioned to support remote workers are in turn well-prepared to handle many more years of a pandemic."*

   The proposed affordable housing plan does not recognize that the pandemic is over. The vaccination campaign is now history, and most communities, including Ledyard, are well positioned to support remote workers. Why is the subject of the pandemic and remote workers in the housing plan? It is unnecessary and not helpful.

4. Page 16 states, *"An aging housing stock **<u>can</u>** be an indicator of poor housing quality, and the related expenses for upkeep **<u>can</u>** be onerous. Therefore, the age of Ledyard's housing stock should be monitored and considered as part of the Town's overall approach to developing affordable housing."*

   Page 17 states, "*As these houses age, the maintenance and repairs are often burdensome, especially for those who may be restricted by age, disability, or income."*

   "*With a general understanding of the existing housing conditions in Ledyard, we can look more closely at the affordability in Ledyard and the surrounding area."*

   The word, *<u>quality</u>*, is not defined. The age of a home is not, by itself, an indicator of its quality. For example, the housing near Ocean Beach in New London, which has slate roofs, high ceilings, ornate staircases, multiple fireplaces, and brick construction, is of a better quality than most new housing. But even if true, the plan does not include any examples of policies that should be adopted if the average age of homes in Ledyard is 50 years old versus 100 years old versus 10 years old? Property taxes and the cost of heat, electricity, water, and sewer may be more of a burden than the costs of housing maintenance and housing repairs caused by the aging of a home.

5. Page 20 shows a photo of a modern mobile manufactured home in Stonegate Village, which is a land lease community with 6000' lots. Stonegate Village is Ledyard's 10th largest taxpayer, and because it is age restricted, creates virtually no burden on town services or our schools. All of its units are affordable. However, the proposed affordable housing plan is silent regarding land lease communities, 6000' building lots, and age-restricted developments. It is not clear why land lease communities are omitted from the housing plan. Either the housing plan should encourage land lease communities and manufactured housing as examples of desirable affordable housing, or it should include reasons they are not desired.

Policy Deficiencies

The proposed "Ledyard Affordable Housing Plan" contains 12 recommended policies and technically satisfies the state's requirement for an affordable housing plan. However, even if all 12 policies are adopted, the plan will not result in any more new affordable housing than what would be developed if the 12 policies were not adopted. For example:

The first recommended policy [#1] is to *create a municipal webpage* about town policies regarding housing development, including funding opportunities and informational resources.

Most real estate agents are knowledgeable regarding funding opportunities and informational resources for affordable housing. As such, creating and maintaining a new municipal webpage about town polices regarding housing development and funding will not result in additional affordable housing, but it will increase the cost of government.

The second proposed policy [#2] is *to promote USDA and CHFA financing* support programs. Again, most residential real estate agents are knowledgeable regarding USDA, CHFA, and other types of financing. As such, the town's promotion of various financing support programs *will not* encourage development of *more* affordable housing in Ledyard.

The third proposed policy [#3] is a recommendation for the town to establish *a standing housing committee.* It is not clear in the plan as to what would be the housing committee's mission statement, its authority, or how a standing housing committee would provide more affordable housing.

The fourth proposed policy [#4] is to *empower the standing housing committee's coordination with other key municipal staff*.

Again, it is not clear as to how an *empowered* municipal *housing point person* would result in more affordable housing, unless the point person had the power to force developers to ignore the free market and build affordable housing – which will not happen.

The fifth proposed policy [#5] is to *use surplus town owned land* for the development of affordable housing, and *to increase the staff* of the Ledyard Housing Authority to manage it.

This policy might be successful if a significant number of surplus conforming parcels are given to developers free of charge, with the condition that the developers would build affordable housing on the free lots.

However, developers will not build affordable housing on the free land unless they can make a better return on their investments of time and money compared with building market rate housing. For example, would a developer make more money building a $600,000 market rate custom home that costs $400,000 to build, or would he make a better return on his investment if he builds three affordable $200,000 homes that each costs $150,000? The plan fails to show that a developer, even with free land, will have a better return on his investment and time making affordable housing than if he develops market rate housing.

Another problem is that, except for parcels that are designated as open space, Ledyard has only a limited number (if any) of surplus conforming lots, or parcels of land that can be divided into conforming lots. Most surplus lots are well under 20,000', and it is unlikely the ZBA would grant variances to allow homes on nonconforming lots. In addition, tiny homes on undersized nonconforming lots would not be compatible with the character of Ledyard, and such proposals would likely be met with public resistance.

The fifth proposed policy also conflicts with the council's policy of transferring ownership of large town owned parcels into land trusts to prevent the land from ever being developed.

The fifth proposed policy also recommends that the Ledyard Housing Authority staff be increased to manage any additional affordable housing created by giving town-owned land to affordable housing developers. Additional staff for the housing authority means that one or more additional town employees will have to be paid with taxpayer dollars, which may not be an effective use of the town's tax dollars.

However, even if usable surplus land is available, a developer will continue to be limited to building only one home per lot, which will not be enough density to cause developers to compete against each other, and without competition, there will be little or no new affordable housing.

The sixth proposed policy [#6] is to *work with nonprofit providers of affordable housing* and encourage the pursuit of low-income housing tax credit projects.

There is a difference between affordable housing and low-income housing. Although careful development of well-designed affordable housing by the free market system may be OK, subsidized low-income housing designed and managed by the government is not a good idea for Ledyard.

More importantly, most developers are knowledgeable about nonprofit providers of affordable housing and low-income housing tax credits. As such, policy #6 is unnecessary at best, and if it is adopted and results in government subsidized low-income housing, it may be harmful.

The seventh proposed policy [#7] is *to investigate the potential of public-private partnerships* with employers to develop workforce housing or down payment assistance programs.

However, the plan is not clear if the workforce housing would be limited to just the employees of the private company that enters into partnership with the town, or if it would be available to non employees. It is also not clear as to what the town's contribution, as a partner, would be. The affordable housing plan should include examples of successful public-private partnerships. For example, it should show what the town would contribute, and what the private businesses would contribute, towards the development and management of new affordable or workforce housing. The proposed policy will do no harm, but it will also not result in any new workforce housing.

The eighth proposed policy [#8] is to *engage and partner with land banks* to ensure that foreclosed properties are sold and developed with the long-term interest of the community and surrounding property owners in mind.

This also sounds great. However, the plan is silent regarding what Ledyard's long-term vision and interests are, which is a critical omission. The proposed policy also does not provide examples of *compatible long-term interests of surrounding property owners*. Unless paid to do otherwise, it is unlikely a bank that is holding a foreclosed property will sell that property to anyone other than to the highest bidder, and the highest bidder will only buy the property if it results in a better return on his time and investment. It is unlikely he will use the land to develop affordable or low-cost housing if development of market rate housing is more profitable.

The ninth proposed policy [#9] is to *require inclusionary zoning* on developments over a certain size, and to *establish a housing trust fund*.

The problem with policy #9 is that it does not increase the return on a developer's time and investment compared to a traditional market rate real estate development. Unless there is a better return on the investment, developers will not build affordable or low-income housing.

The tenth proposed policy [#10] is to *conduct public outreach to educate the community* on changes made to the Zoning Regulations, and to *address public opposition* to the development of Affordable or workforce housing.

Even if the public is educated and overwhelmingly supports the development of affordable housing, the concern with policy #10 is that affordable housing will still not be developed unless the regulations are changed, so developers make a better return developing affordable housing than by developing market rate housing.

The eleventh proposed policy [#11] is to *pursue funding opportunities to extend water and sewer utilities* into areas suitable for multifamily and middle housing, and determine appropriate locations for package treatment plants or the feasibility of tying-in existing systems for the development of denser housing.

However, finding funding opportunities, and determining locations for package treatment plants, will not necessarily result in the development of more affordable housing. However, new water and sewer lines are necessary for the development of affordable housing.

The twelfth proposed policy [#12] is to *permit conversions of existing single-family homes of a certain size into micro-assisted living facilities*.

The affordable housing plan states that the Ledyard Zoning Regulations do not permit conversions of this kind. However, this is incorrect. §8.4 in the zoning regulations allows a single family home to be converted into an assisted living facility if the home is on five or more acres. However, the 12th proposed policy, even if adopted, will not be helpful because there are few, if any, homes in Ledyard that are large enough to be converted into an economically viable assisted living facility.

Recommendation

The only approach that will result in a meaningful amount of new affordable single-family housing is *to adopt regulatory changes that will allow developers to realize a better return on their time and investment dollars if they develop new affordable housing than if they develop market rate housing*. This will require two or more of the following (in order).

1. Increase the density of single-family dwellings by rezoning large parcels of land to allow subdivisions with 6,000' lots and minimal setbacks, and provide public water and sewer to such properties. (This would be the same density as the homes in Stonegate Village, which is about seven 1,100' – 1,650' homes per acre.)

2. Allow multisection mobile manufactured homes on 6000' lots.

3. Allow single-section mobile manufactured homes on 6000' lots.

4. Allow land lease communities (mobile home parks), with 6000' lots established by lease lines.