

# New London Affordable Housing Plan



## **Purpose of the New London Affordable Housing Plan**

The state legislature established a requirement for each of the 169 municipalities in Connecticut to adopt an “affordable housing plan” by June 2022 under CGS Section 8-30j. The plan is required to:

- At least once every five years, every municipality must prepare or amend and adopt an affordable housing plan.
- The plan must specify how the municipality intends to increase the amount of affordable housing within the municipality.
- The municipality may hold public informational meetings or organize other activities to inform residents about the plan development process.
- The municipality must provide at least 35 days notice for a public hearing on adoption of the plan and must make the draft plan available to the public for review prior to such public hearing.
- Following adoption, the municipality must regularly review and maintain their affordable housing plan.

The City of New London’s Affordable Housing Plan is intended to provide a meaningful sense of the housing market, an understanding of key housing issues, housing goals for the future, and a list of strategies for implementation. The report should serve as a platform for making calculated policy and programmatic decisions. The information in the report is intended to offer residents, municipal staff, community leaders, and housing partners a basis for formulating community-specific housing priorities, policy alternatives, intervention strategies including land use and zoning decisions, and allocation of city and other resources.

As a framework for evaluating housing needs and determining appropriate action steps, this document is not meant to be a prescriptive list of to-do’s but rather a flexible plan that can shift with changes in New London’s local marketplace. The actions in this document also point to timeframes to help the city identify the most critical steps it should take in the short-term and those that may be more appropriate as partners and funding are secured.

Recognizing that market supply and demand will shift with time and as the city begins to act on the recommendations, it is important to track progress and periodically update the data depicted in this study. Tracking progress on unit counts, tenure, sale prices, rent rates, affordability, etc. are important indicators in determining whether the current path of implementation is effecting change in a positive and equitable way. Plans should be treated as living documents to be evaluated and updated over time.



Over the past decade the City of New London has experienced population decreases, which may in part be linked to the rising costs of housing within the city. Despite these population decreases over the past decade; New London is projected to reverse trends and once again see population growth over the next two decades leading into 2040. Driven by millennial households and an increasing aging population, housing preferences and demand for smaller residential units have driven up both home prices and rents within the city and broader region. These cost increases have also been exacerbated by the impacts of the COVID-19 pandemic and recent inflationary trends.

Initiated in 2021, the New London Affordable Housing Plan aims to both meet the state's requirement of creating an affordable housing plan but also to better understand the housing supply, demand, and pricing across the spectrum of New London's housing stock. In New London, along with the household changes, the city has seen increases in demand for family-sized units, particularly on the rental side. Furthermore, rising housing costs and an aging housing stock underscore the importance of expanding rehab program capacity and providing various support mechanisms to households particularly in communities of color and those impacted by urban renewal. Recognizing that housing and land use policies are core social determinants of health and sources of wealth building, a diverse array of housing options can both support the growth of new households to the city as well as improve health outcomes and wealth generation among existing residents.

New London already exceeds the states 10% requirement for affordable housing meaning that the goals and strategies outlined in this plan serve as a guide to invest in improving the quality of existing naturally occurring and deed-restricted housing stock as well as to preserve what already qualifies as affordable. The goals of this plan are to not only provide a diverse array of housing options for all the city's households but also to address the furthering fair housing and housing choice as well as uplifting local neighborhoods particularly in communities of color and those impacted by urban renewal.

## WHAT DOES HOUSING AFFORDABILITY MEAN?

Simply put, affordable housing is housing that costs a household no more than 30% of their income. The U.S. Department of Housing & Urban Development (HUD) has set the maximum affordability payment at 30% based on the reasoning that, for most households, particularly those in the lower half of the income spectrum, the remaining 70% of income is vital to pay for sufficient expenditures on food, clothing, transportation, healthcare, childcare, and other necessities.

Those spending more than 30% of their income on housing needs – and thus having less than 70% of their income remaining for other necessities – are considered “burdened” by their housing costs. In Connecticut, about 48% of renter households and 32% of owner households are considered to be burdened by their housing costs because the cost of renting or owning a home in the state is so expensive relative to incomes.

Cost burdening is a challenge households face across the income spectrum but those who are most affected are households who earn 80% or less than the area median income. Area Median Income (AMI) is defined by HUD and refers to the midpoint of a region’s income distribution where half the households in a region earn more than the median and half earn less than the median. For housing, AMI thresholds set the limits for households eligible for income-restricted housing units and how much those units can be rented or sold for. In New London County, 80% of AMI equates to households earning no more than \$71,950 (3-person households). Similarly, renters at 80% of AMI earn no more than \$63,950 annually (2-person households).



Outlined in the CGS § 8-30g The Affordable Housing Land Use Appeals Procedure issue brief, affordable housing that counts toward the 10% minimum is defined to include:

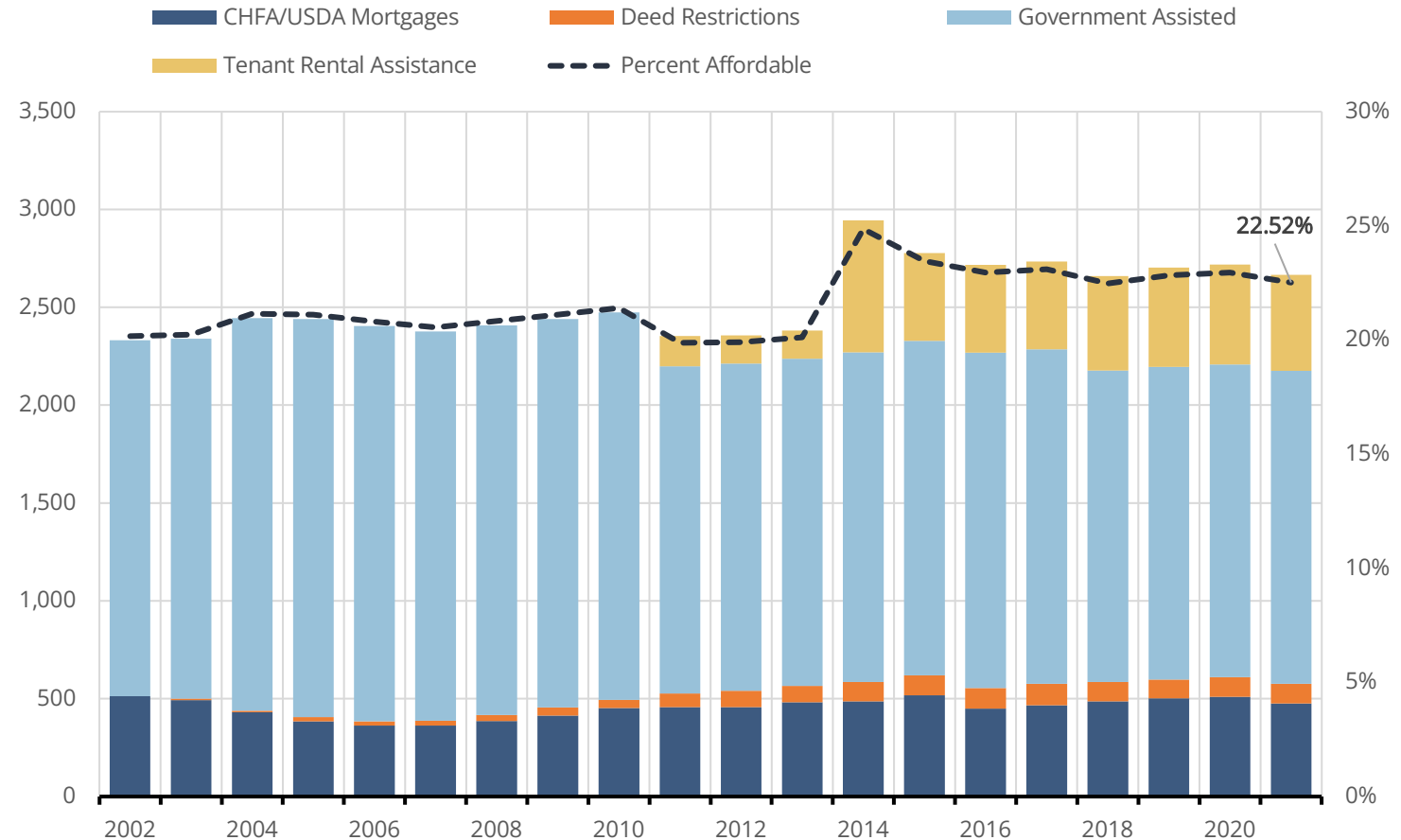
- “Assisted housing”
- Housing currently financed by CHFA mortgages
- Housing subject to deeds and conditions restricting its sale or rental to low- and moderate-income people
- Mobile homes or accessory apartments subject to similar deed restrictions

[CGS § 8-30g The Affordable Housing Land Use Appeals Procedure Issue Brief](#)

The figure to the right summarizes New London’s subsidized housing inventory over the last two decades. As of the 2021 DOH Appeals List, New London has 22.52% of housing units that qualify as affordable.

**New London Subsidized Housing Inventory**

Source: CT DOH, CT Data Collaborative (2002 – 2021)



# Content:

## Demographic & Market Conditions

- Population, Age, Race/Ethnicity
- Population Change, Geographic Mobility
- Household Composition
- Education and Income
- Employment
- Housing Stock
- Housing Tenure
- Vacancy
- Home Values & Sales
- Rents
- Evictions
- Cost Burden
- Assisted Housing

## Affordability Gap Analysis

## Housing Goals

## Strategies



## Key Findings

### **NEW LONDON IS PROJECTED TO GROW.**

Over the past decade, New London saw a 1.6% decrease in total population. Despite these declines in population over the past decade, CT State Population Projections estimate that New London will experience continued population growth over the next two decades. These projections estimate that the city's population will grow by 18% or 4,907 residents by 2040.

### **NEW LONDON'S POPULATION IS DIVERSIFYING AND WITH IT COMES INCOME DISPARITY.**

Despite population decreases over the past decade, New London's population has continued to become more racially and ethnically diverse. This has been driven by both a decline in White residents and an influx of Latinx residents. Across race, ethnicity and household incomes, all races and ethnicities saw increases in median household income over the past decade except for Black and African American households who saw declines.

### **SENIORS AND MILLENIALS ARE DRIVING GROWTH.**

Similar to state and regional trends, New London has experienced increases in residents aged 55 and older as well as ages 35 – 44. These increases are coupled with decreases in residents ages 18 – 34 who may not be able to afford prices in New London.

### **NEW LONDON RESIDENTS ARE MORE EDUCATED AND HAVE HIGHER HOUSEHOLD INCOMES THAN BEFORE.**

New London saw its percentage of households earning over \$200,000 a year increase by 117% over the past decade. In fact, every income cohort earning above \$75,000 grew. This correlates with the rapid rise in educational attainment. Residents with Bachelor's degrees or higher increased by 11%.

### **HOUSEHOLD INCOME FOR OWNERS IS GROWING AT THE HIGHEST INCOME LEVELS.**

Over the past decade, New London has seen increases in owner households earning \$75,000 or more and in renter households earning \$50,000 or more. In absolute terms the largest changes in households by income and tenure are the increases in owner households earning more than \$100,000 (458) and the decreases in renter households earning less than \$25,000 (842).

### **THE SHARE OF OWNER HOUSING HAS INCREASED.**

Over the past decade, New London saw a 5% increase (175) owner households and a 3% decrease (213) in renter households netting a loss in total households. Despite these changes across tenure, the majority of households in New London are renter households at 63%.

### **MEDIAN SALES PRICES ARE RISING.**

Over the past decade, median sale prices in New London have increased from \$125,000 in 2012 to \$251,000 in 2021. This marks a little over a 100% increase in median sale price, with particularly high percentage increases in sale price over the last three years. Price increases in the more recent years can be linked to the impacts of the COVID-19 pandemic. Following the contraction of the housing market in March 2020, the summer of 2021 saw sales growth outpace the for-sale inventory which has led to higher demand and consequently higher price increases than previous years.

### **RENTS ARE INCREASING RAPIDLY IN NEW LONDON.**

Gross rent, which is rent plus utilities, has increased 12.3% between 2011 and 2019 to a high of \$987 per month.

Based on rental data by unit type for the past seven years, rents across all unit types in New London have increased. Median rents have increased by 30% - 60% depending on unit type. The highest rent growth was in 1-bedroom units, which saw a 60% increase in price over the last seven years.

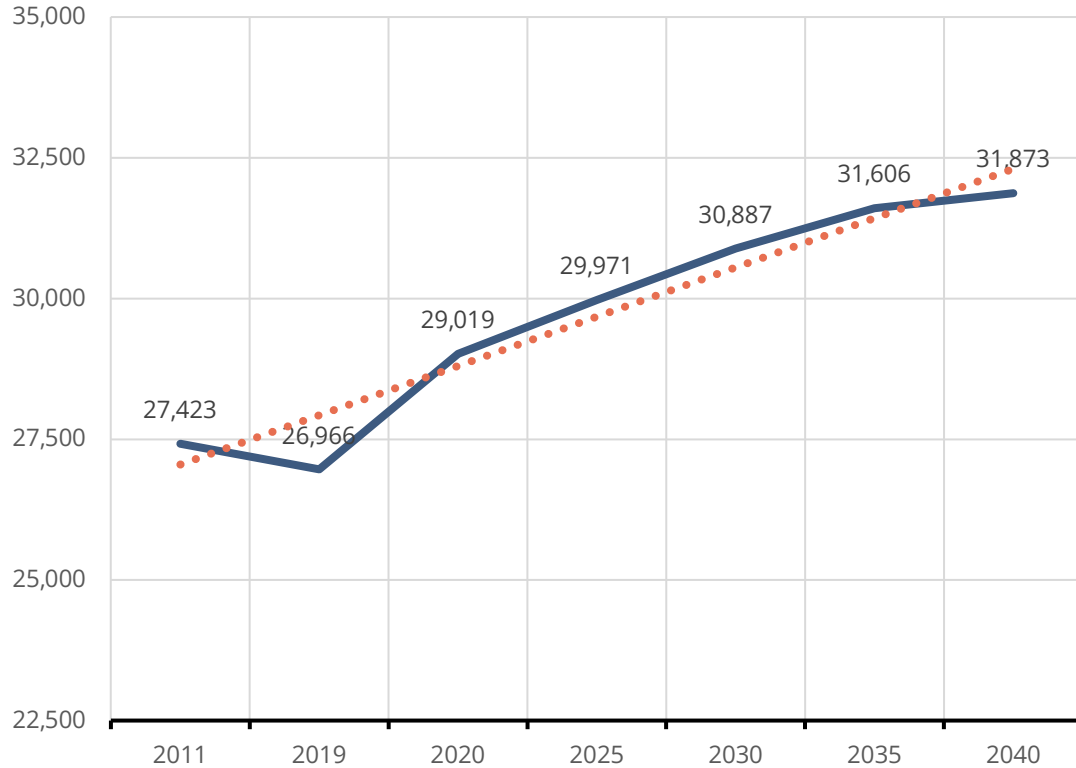
### **NEW LONDON HAS A HIGH EVICTION RATE FOR ITS SIZE.**

New London has one of the highest eviction rates for its renter household size. As housing costs continue to increase in New London, high eviction rates could suggest that a large portion of renter households are living on the threshold of eviction meaning their earning barely enough to support the cost of rent and utilities much less other basic needs.

## Population and Age

### Total Population Change 2011-2040, City of New London

Source: CT State Data Center, ACS 5-Year Estimates

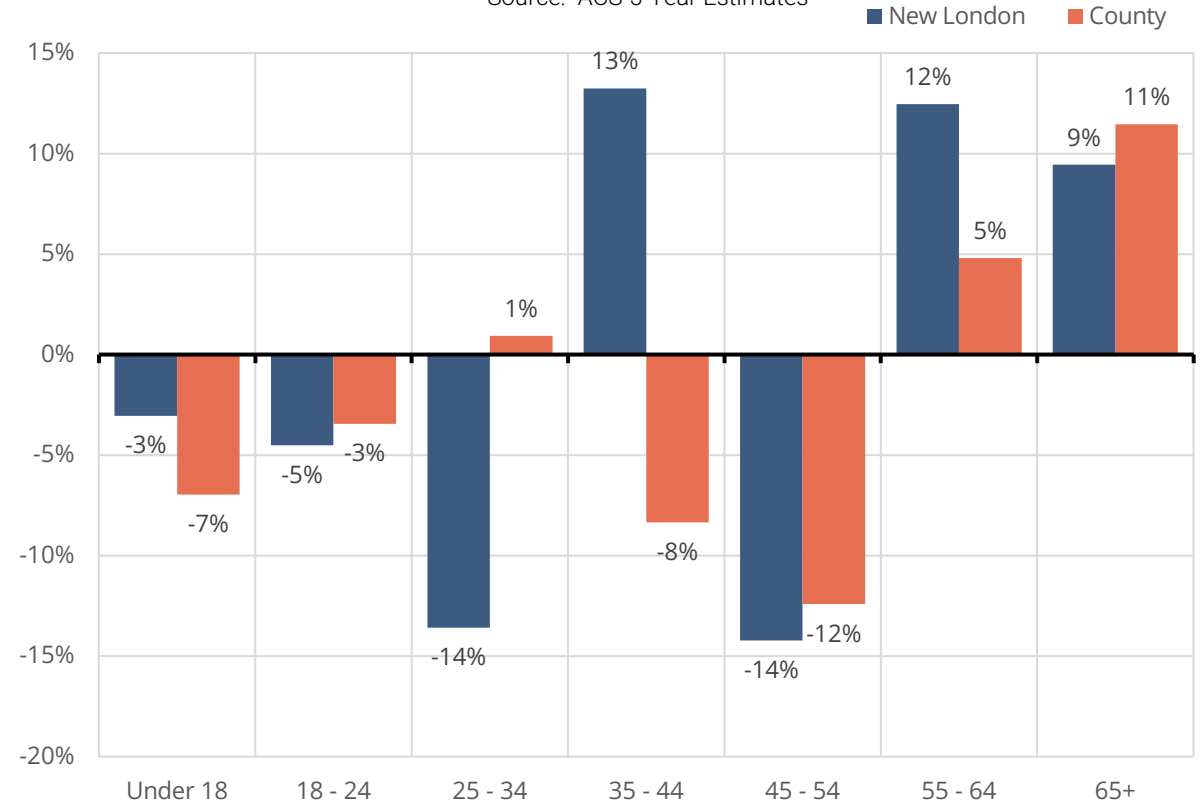


### NEW LONDON IS PROJECTED TO GROW THROUGH 2040.

Over the past decade, New London saw a 1.6% decrease in total population. Despite these declines in population over the past decade, CT State Population Projections estimate that New London will experience continued population growth over the next two decades. These projections estimate that the city's population will grow by 18% or 4,907 residents by 2040.

### Change in Population by Age 2011 - 2019

Source: ACS 5-Year Estimates



### NEW LONDON HAS AN INCREASINGLY AGING POPULATION

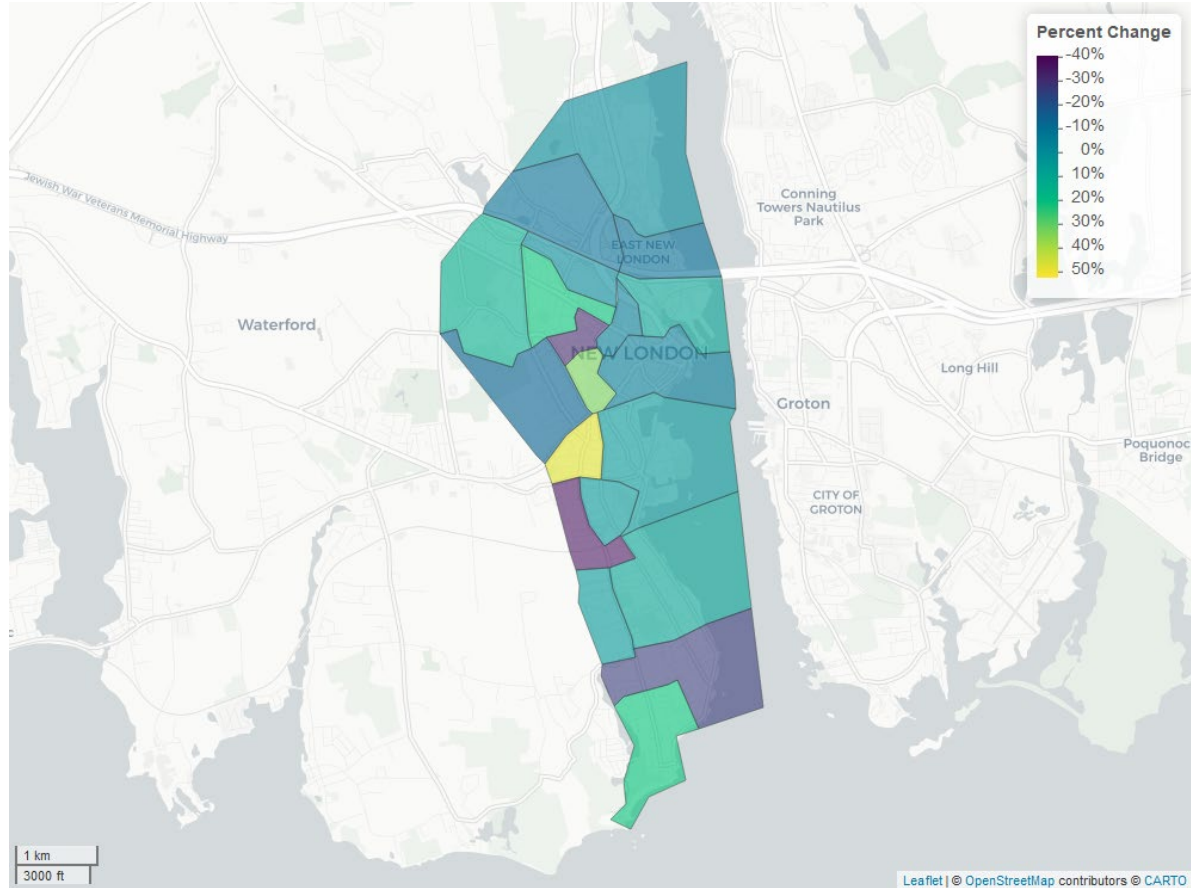
Similar to state and regional trends, New London has experienced percentage decreases in populations aged 18 and under, 18 – 24, 25 – 34, and 45 – 54. Furthermore, like the county and state, New London has experienced percentage increases in populations ages 55 and older. These changes in population by age are common among communities across the state. They indicated an increasing share of senior populations and net decreases in youth and typical family aged households.



## Population Change & Migration

### Population Change, 2011-2019

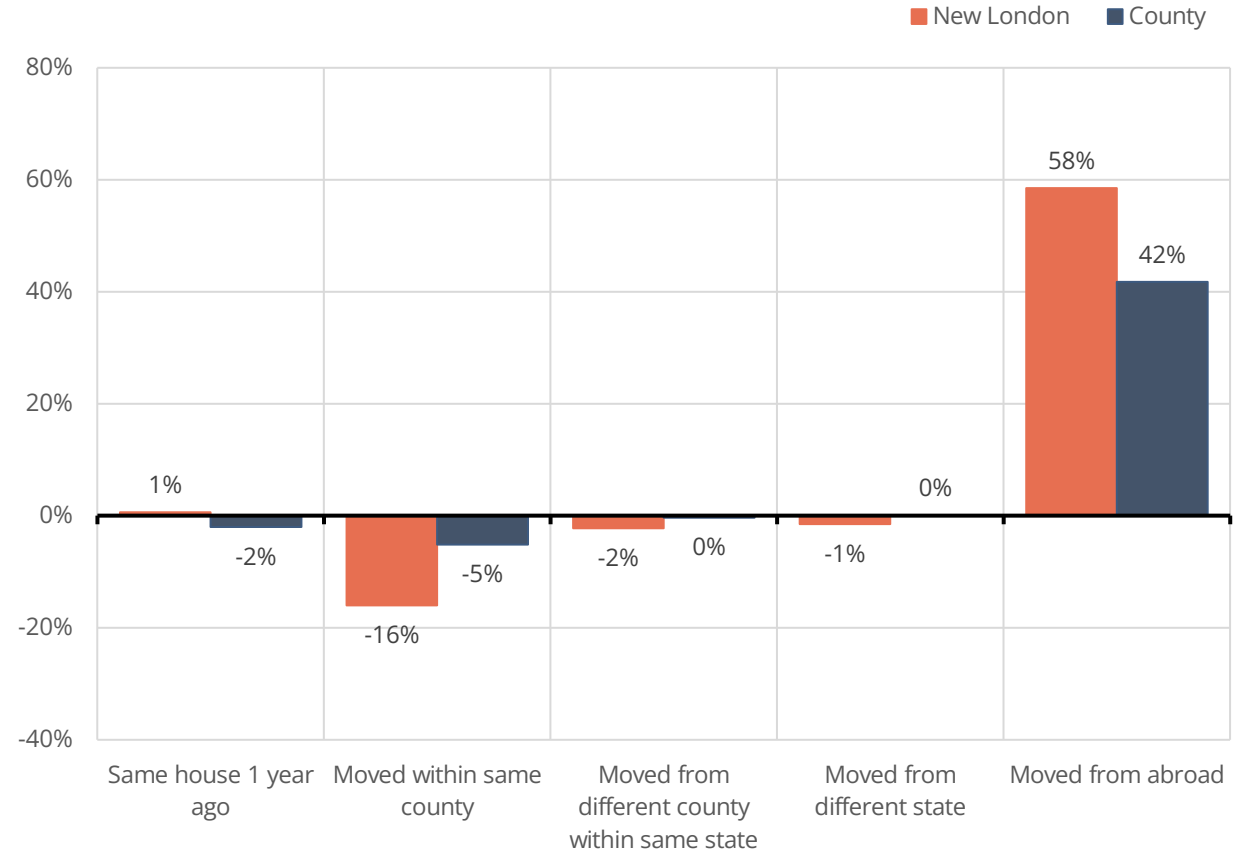
Source: ACS 5-Year Estimates



Over the past decade, New London has experienced a net population decrease. Across the city, most population losses occurred in census block groups along the shoreline as well as in the central downtown neighborhoods south of I-95. New London has also experienced some population growth in neighborhoods bordering Waterford and in East New London south of the Connecticut College campus.

### Change In Geographic Mobility of Population, 2011-2019

Source: ACS 5-Year Estimates



Similar to the County, New London has experienced percentage increases in new residents from abroad, while experiencing percentage decreases in the number of new residents from other states, and counties within Connecticut. New London also saw an increase in the number of residents residing in the same home that they did a year ago.

## Population and Age

### NEW LONDON'S POPULATION IS DIVERSIFYING.

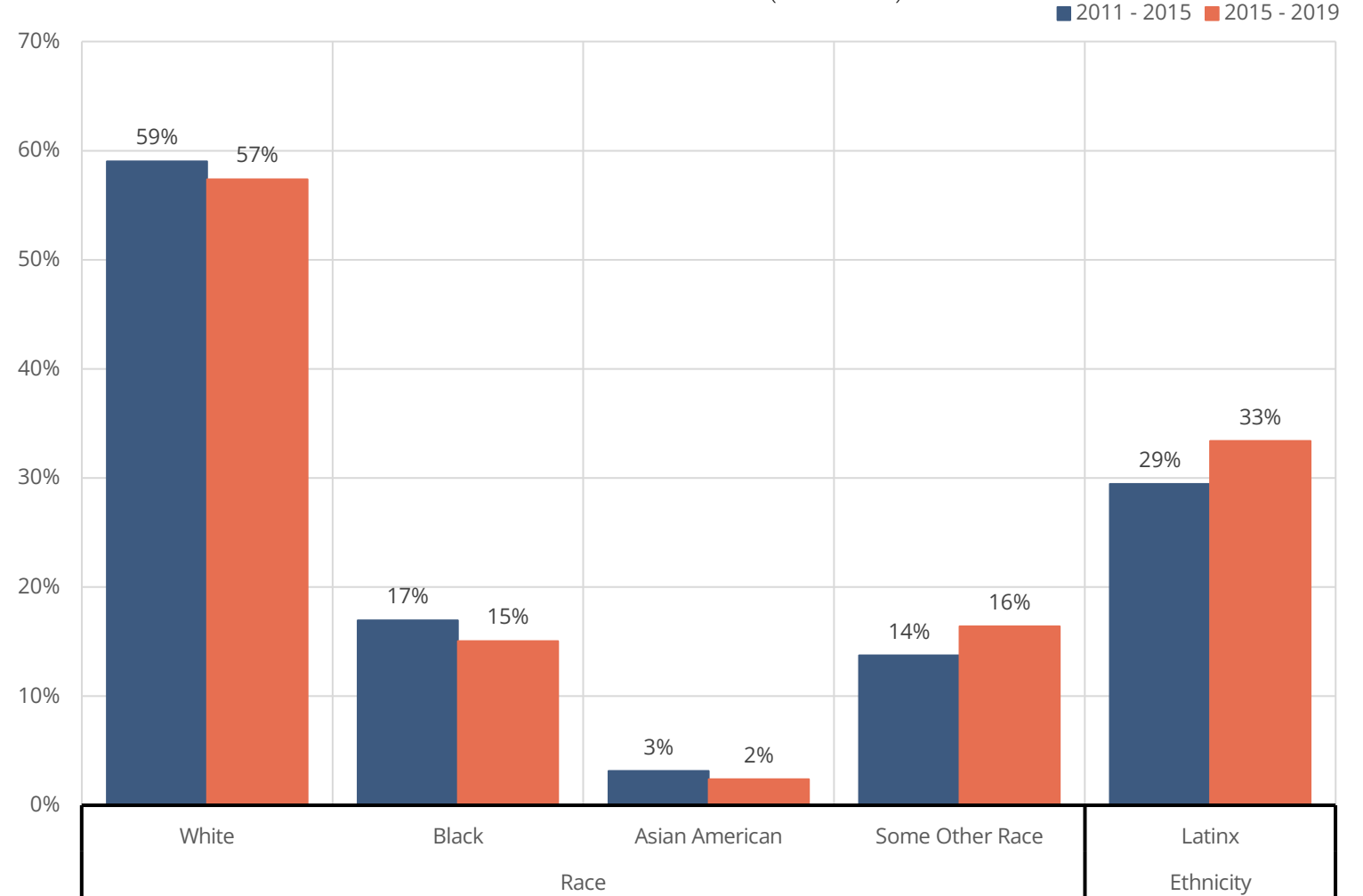
Despite population decreases over the past decade, New London's population has continued to become more racially and ethnically diverse.

Over the last decade, New London lost 714 residents who identified as White and gained 927 residents who identified as a race or ethnicity other than White. The majority of growth was driven by Latinx residents, who saw an increase of 11.5%

New London also saw an increase of 659 residents identifying as Some Other Race. In contrast, New London's Black and African American as well as Asian American population experienced decreases of 13% and 25% respectively.

### Population by Race/Ethnicity

Source: ACS 5-Year Estimates (2011 – 2019)



## Population and Age

### LATINX & RESIDENTS THAT IDENTIFY AS SOME OTHER RACE ARE DRIVING CHANGE

Over the past decade, the largest percentage increases by age, race and ethnicity were in Latinx and Some Other Race residents under the age of 18 as well as over the age of 65.

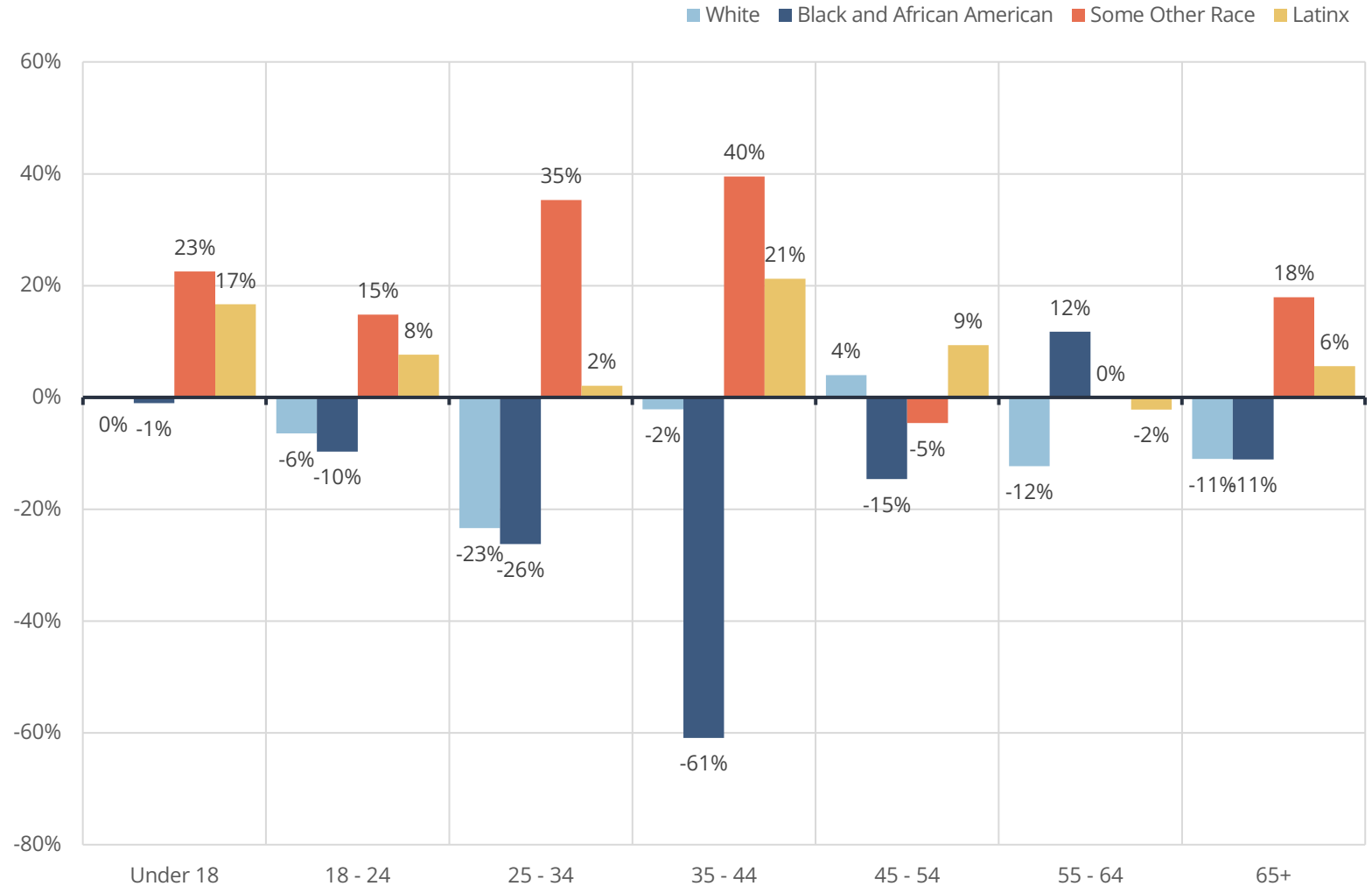
These same races and ethnicities are also driving the largest growth in residents ages 25 – 44, which coupled with the growth in residents under the age of 18 could indicate growth in family households.

Common with many communities within the region, White and Black and African American residents over the age of 65 hold a large share of the aging population in the city.

Despite these changes in population by age, race and ethnicity, the White population is still the largest share of the population although these demographic changes indicate population diversification across both age and race.

### Population Change by Age, Race & Ethnicity (2011 – 2019)

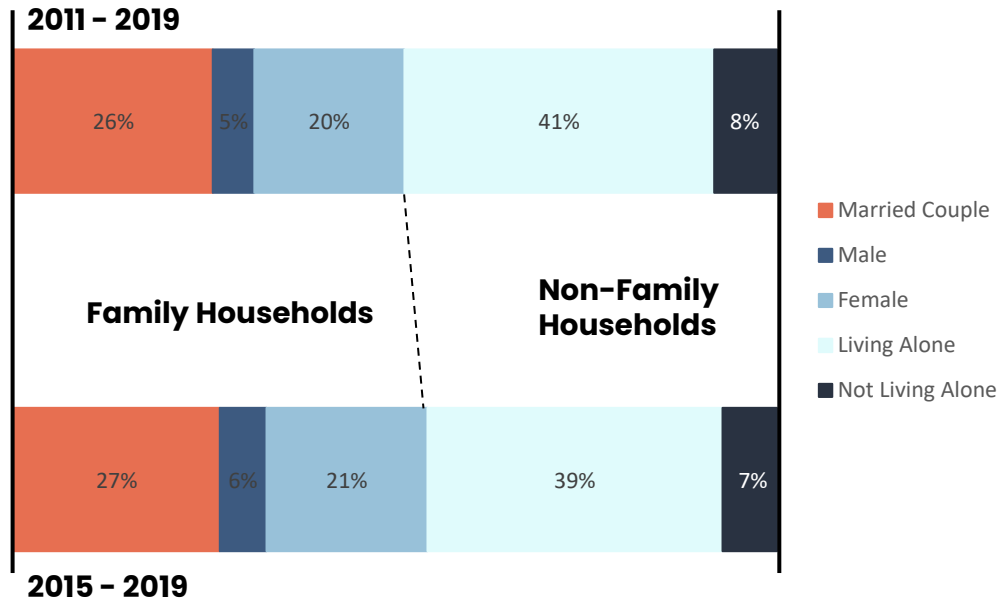
Source: ACS 5-Year Estimates



## Household Composition

### Change in Household Composition 2011-2019

Source: ACS 5-Year Estimates



### FAMILY HOUSEHOLDS ARE ON THE RISE.

Over the past decade, New London saw a 0.35% drop (38) in total households. More specifically, New London saw a 7% decrease in non-family households (345) and a 6% increase in family households.

The Census defines a family household as a household maintained by a householder who is in a family. A family is any two or more related people residing together.

### Change in Households 2011-2019

Source: ACS 5-Year Estimates



### Households by Size and Tenure 2011-2019

Source: ACS 5-Year Estimates



### Households by Age of Householder 2011-2019

Source: ACS 5-Year Estimates



### POPULATION DECLINED MORE THAN HOUSEHOLDS.

Over the past decade, New London has seen its total population decline at a higher rate than total households. This can be linked to the changes in population by age, which suggest that the majority of the population is shifting to older residents as well as those ages 35 to 44. The later being those that are typically in family households correlating to the increase in family households over the last ten years.

### GROWTH DRIVEN BY 3-PERSON HOUSEHOLDS.

Three-person renter and owner households increased by 281 (37%) and 155 (29%), respectively. Overall, renter households decreased by 3% while owner households increased by 5%. Across household sizes, for both renter and owner, New London increased in 3- and 4- person households as well as 1- person owner households.

### OLDER RESIDENTS ARE DRIVING HOUSEHOLD CHANGE.

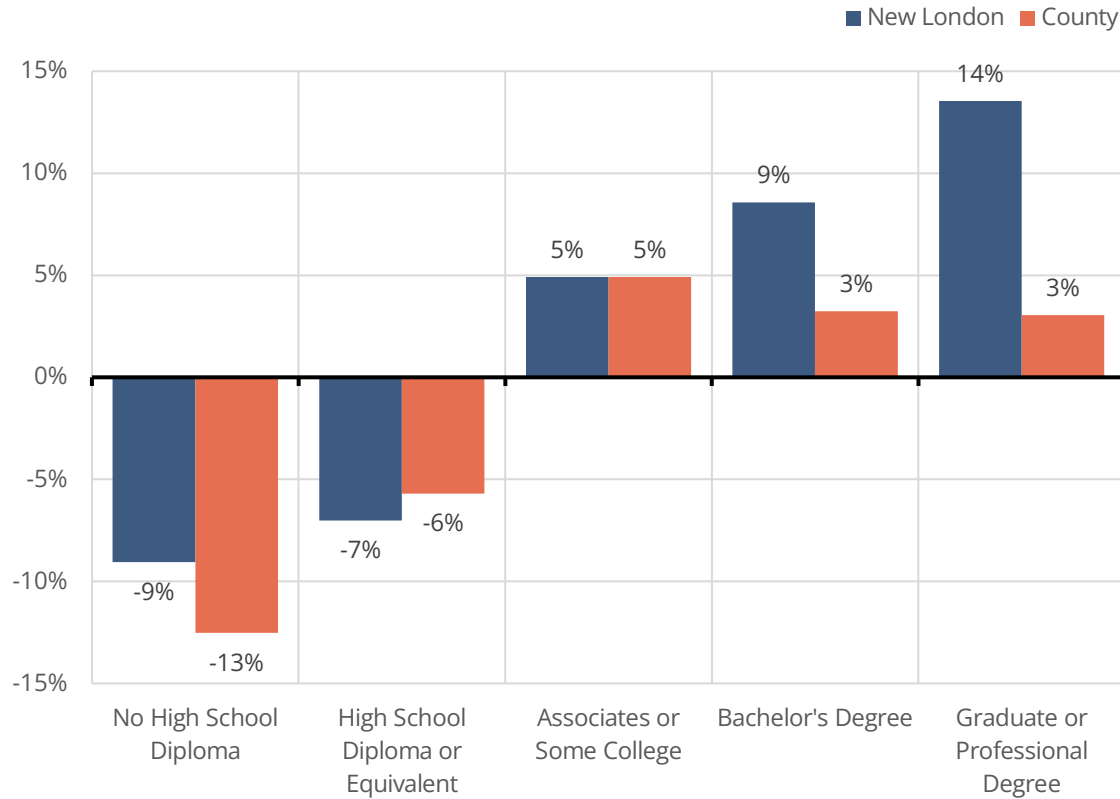
Across tenure and age of householder the majority of household growth for both renters and owners is driven by residents 65 years and older.



**Education and Income**

**Change in Educational Attainment 2011 - 2019**

Source: ACS 5-Year Estimates

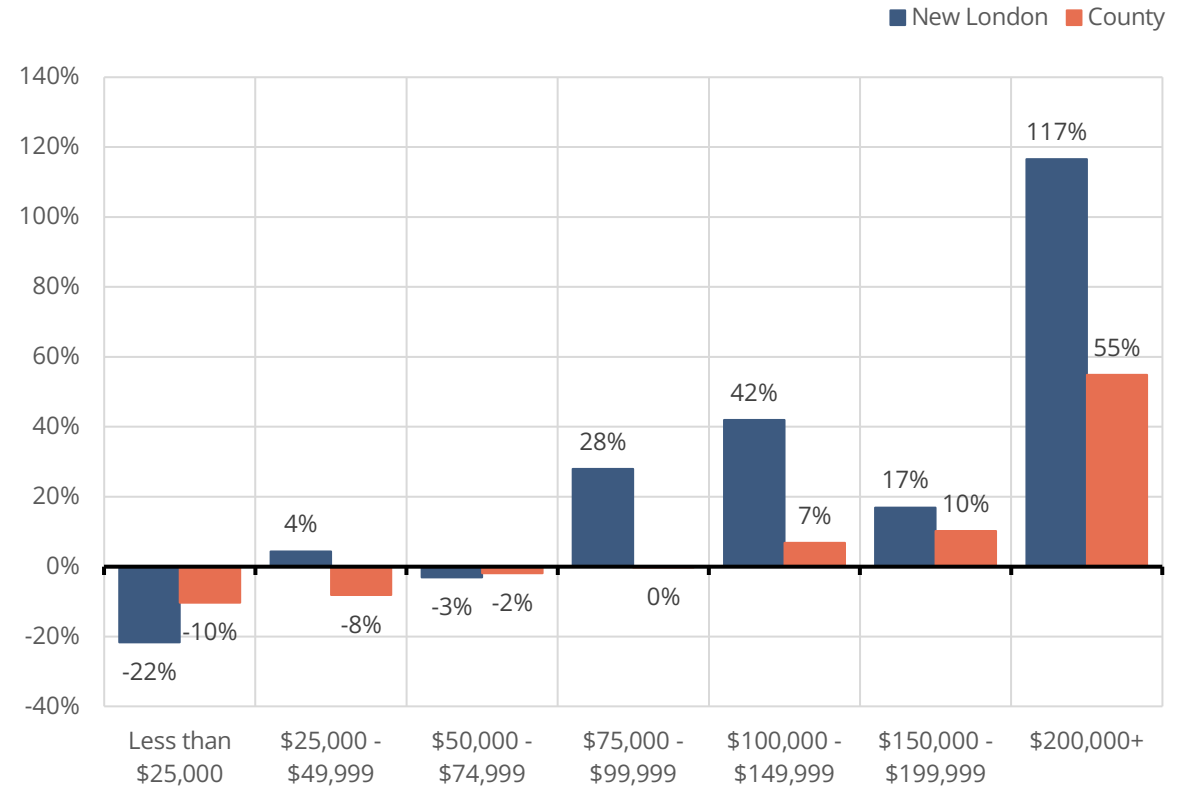


**NEW LONDON RESIDENTS ARE ADVANCING THEIR EDUCATION.**

Over the last decade, New London, like the rest of the county, experienced increases in residents with some college, and bachelor’s degree or higher. Similarly, New London saw decreases in residents with a high school diploma or less. There is a strong correlation between educational attainment and income. With these increases in residents with higher education, New London has also seen increases in household incomes.

**Change in Household Income 2011 – 2019**

Source: ACS 5-Year Estimates



**HIGHER INCOME HOUSEHOLDS ARE BECOMING MORE PREVALENT IN NEW LONDON.**

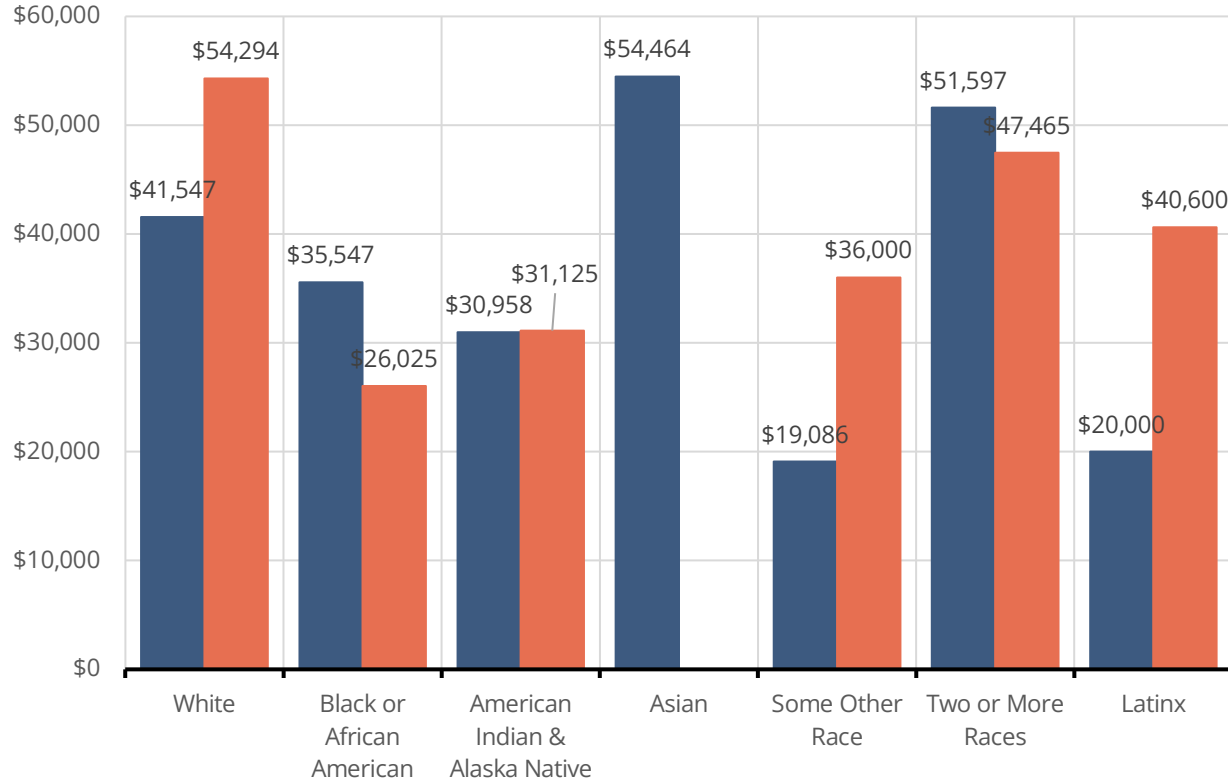
New London households have become increasingly wealthier with the fastest growth occurring in households earning more than \$200,000 per year. Since 2011, New London saw a 43% increase (546) in households earning more than \$100,000 and a 14% decrease (820) in residents earning less than \$50,000.

**Income**

**Median Household Income by Race/Ethnicity**

Source: ACS 5-Year Estimates

■ 2011 - 2015 ■ 2015 - 2019

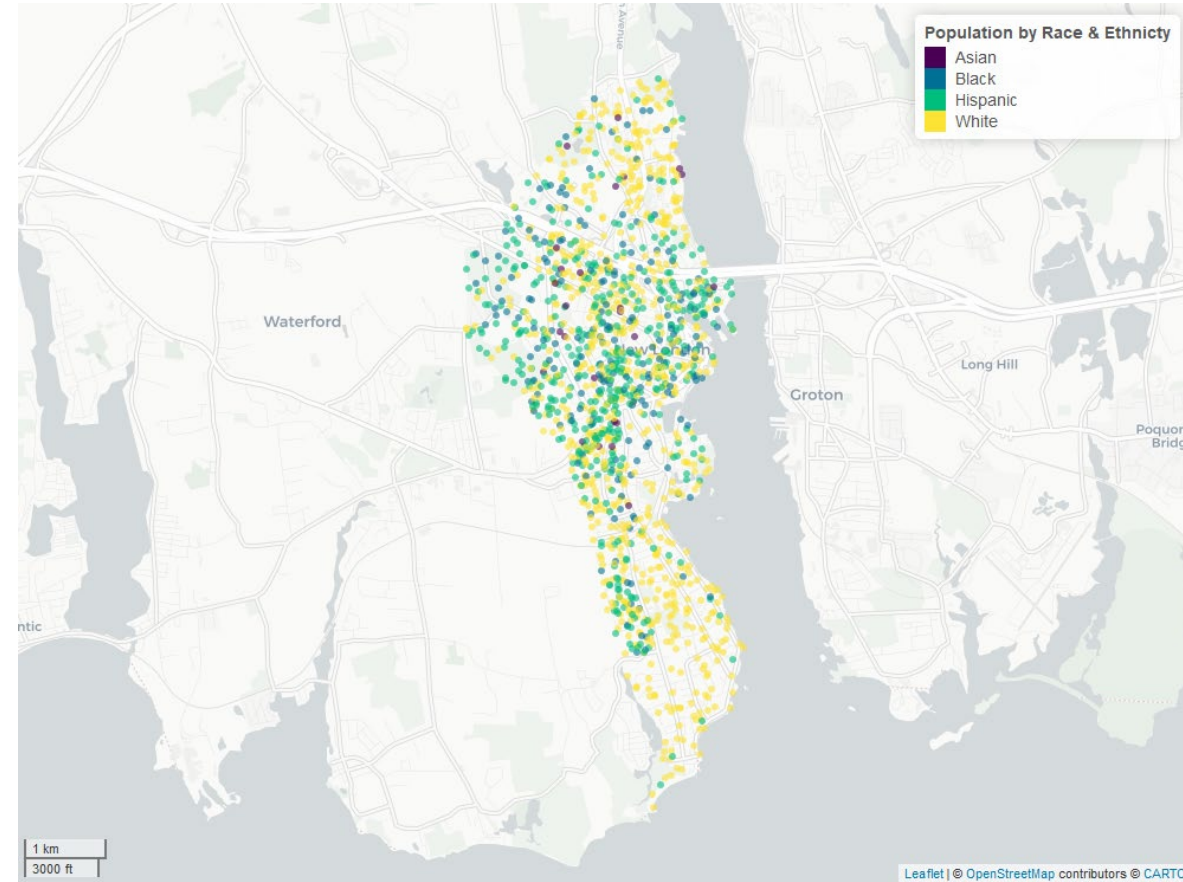


**MEDIAN HOUSEHOLD INCOME OF WHITE HOUSEHOLDS IS HIGHER THAN ALL OTHERS.**

White and Asian American households in New London have higher household incomes than other households of color. Median household incomes of Black households have declined over the past decade, widening the income gap. This greatly impacts their ability to pay rents and mortgages, contain cost burdening as prices escalate, and find affordable housing options in the city. It may also be impacting their ability to enter the homeownership market over time as prices continue to rise.

**New London Demographic Dot Density**

Source: ACS 2019 5-Year Estimates (1 Dot ~ 20 People)

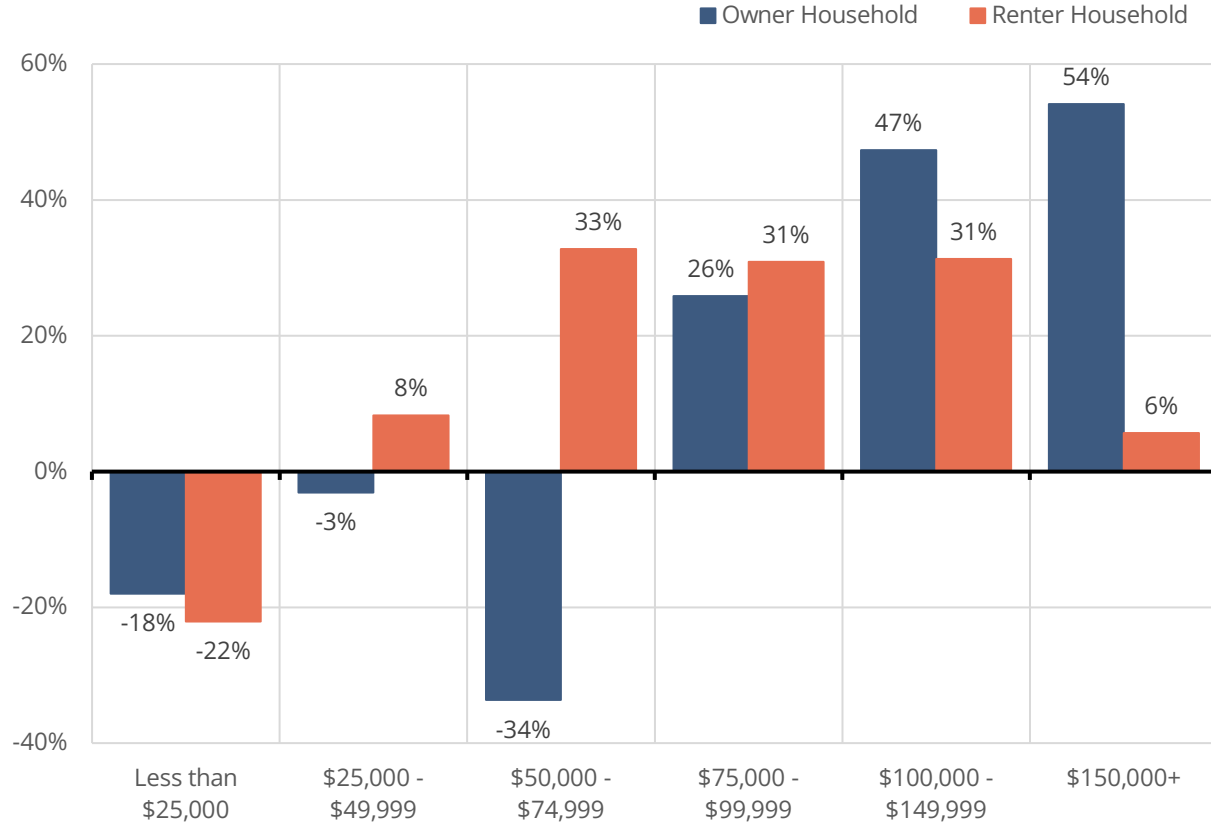


Higher percentages of non-white residents concentrate in the central part of New London where median household incomes range from \$20k - \$50k. To the North and South of downtown the population is predominantly White, with median incomes >\$100,000. Residents in the southern portion of the city are predominately homeowners while the population in the northern portion of the city represents the campus for Connecticut College.

**Income**

**Change in Household Income by Tenure 2011-2019**

Source: ACS 5-Year Estimates

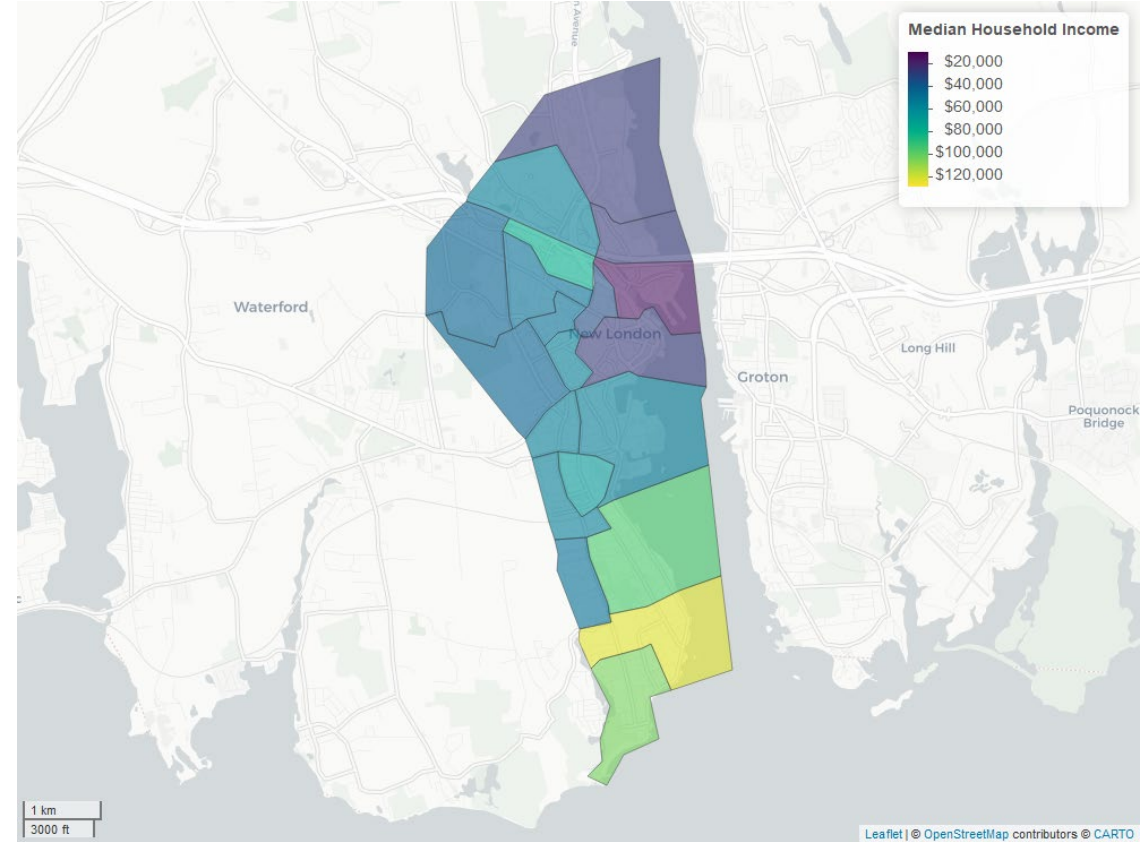


**NEW LONDON IS SEEING AN INCREASE IN INCOMES ACROSS TENURE.**

Over the past decade, New London has seen increases in owner households earning \$75,000 or more and in renter households earning \$50,000 or more. In absolute terms the largest changes in households by income and tenure are the increases in owner households earning more than \$100,000 (458) and the decreases in renter households earning less than \$25,000 (842).

**Median Household Income**

Source: ACS 2019 5-Year Estimates



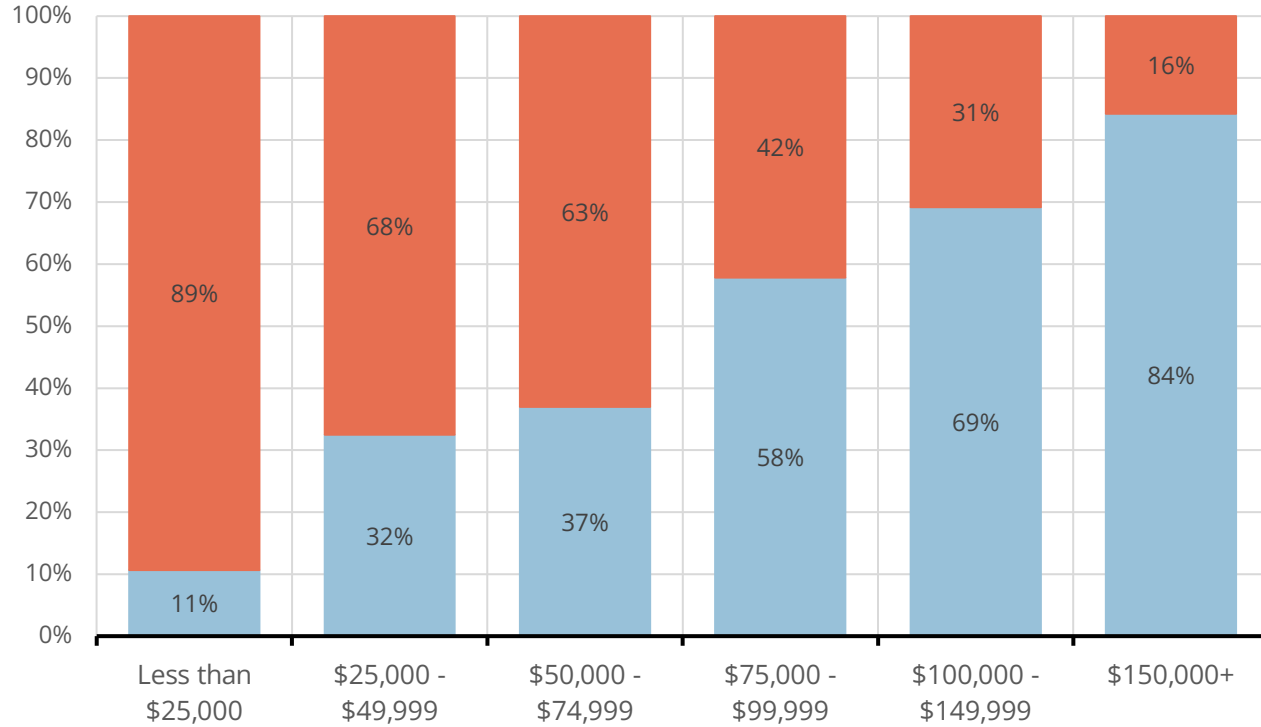
Across New London, the highest median household incomes are located along the shoreline, in the southern part of the city while median household incomes in the central neighborhoods of the city range from \$20,000 to \$50,000.

## Income & Home Value

### Share of Households by Tenure & Income 2011-2019

Source: ACS 5-Year Estimates

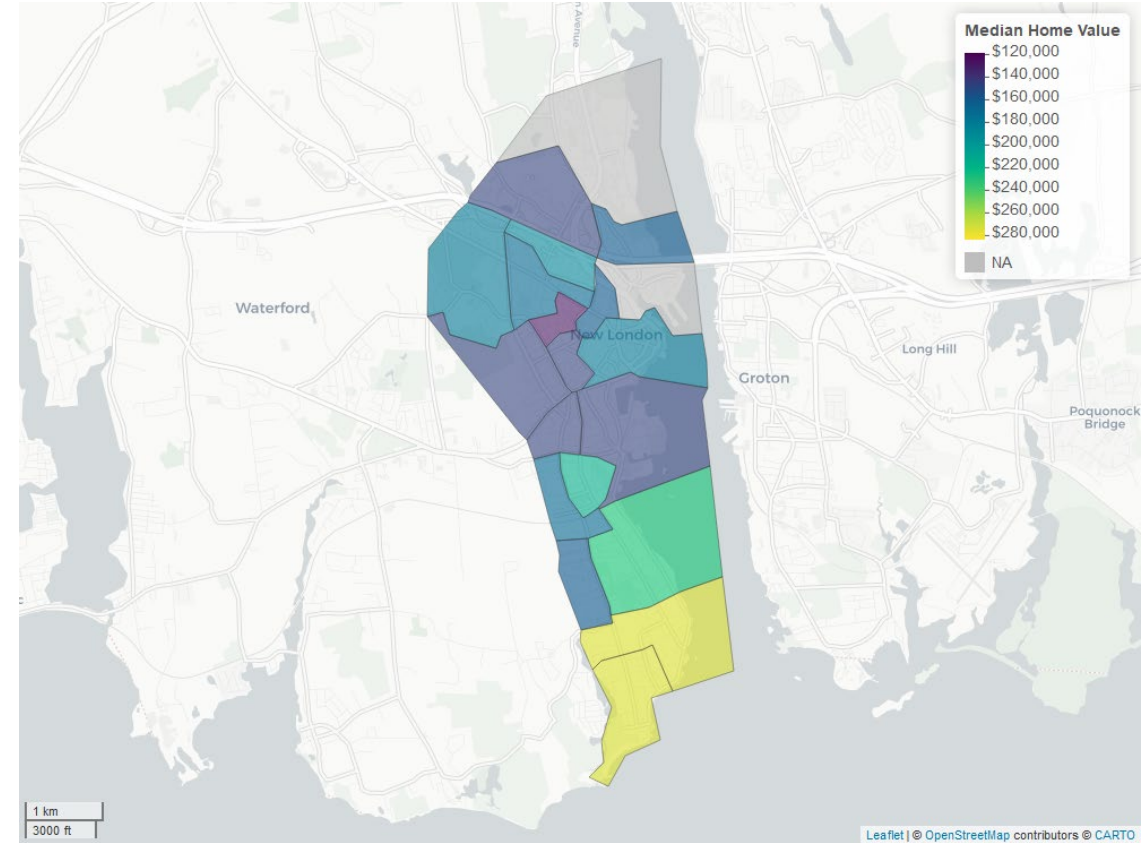
■ Owner Household ■ Renter Household



Total HH's	3,324	2,423	1,812	1,347	1,116	710
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### Median Home Value

Source: ACS 2019 5-Year Estimates



Similar to the distribution of median household incomes, the highest median home values are located along coastal neighborhoods in the southern part of the city. Median Home values are lower in the central parts of the city particularly in neighborhoods south of I-95.

### RENTERS COMPOSE OF A HIGHER SHARE OF LOWER INCOME HOUSEHOLDS.

Across the three lowest income brackets, renters dominate comprising over 60% of households in each category. Lower income renter households face numerous challenges ranging from paying rent, containing cost burdening as prices escalate and finding affordable housing options in an increasingly expensive market. It may also be impacting their ability to enter the homeownership market over time as prices continue to rise.



## Employment and Wages

### Top Ten Largest Employment Sectors 2021

Source: EMSI 2021.4 – QCEW Employees

Industry Sector	2021 Jobs	2021 Avg. Earning
Health Care and Social Assistance	2,993	\$72,082
Manufacturing	1,519	\$222,451
Government	1,404	\$86,449
Retail Trade	1,335	\$47,041
Accommodation and Food Services	984	\$26,290
Professional, Scientific, and Technical Services	939	\$107,659
Information	774	\$87,541
Educational Services	760	\$67,187
Administrative and Support and Waste Management and Remediation Services	641	\$64,260
Transportation and Warehousing	441	\$80,359

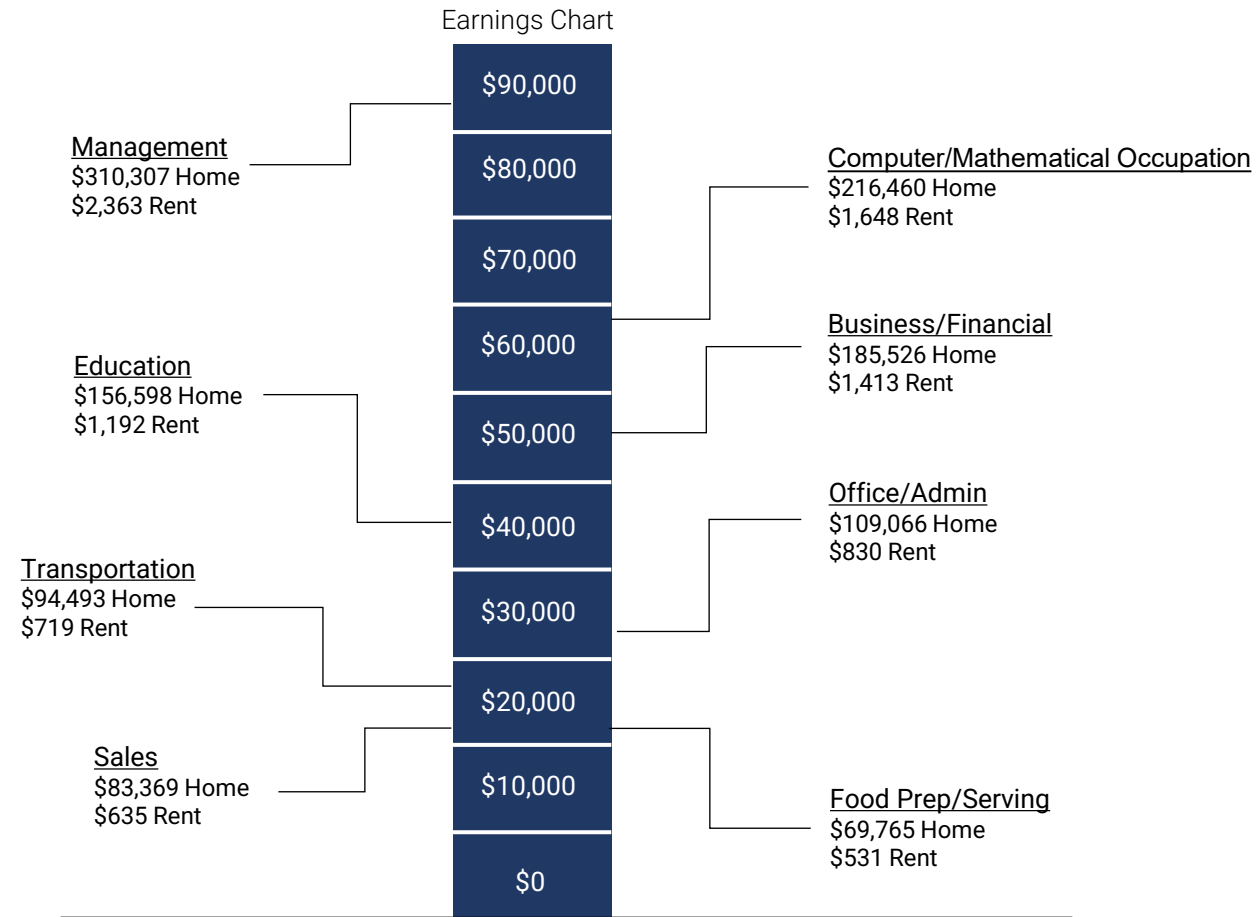
### Top Ten Largest Occupation Categories 2021

Source: EMSI 2021.4 – QCEW Employees

Occupation Category	2021 Jobs	2021 Adjusted Median Annual Earnings
Office and Administrative Support Occupations	1,532	\$33,216
Healthcare Practitioners and Technical Occupations	1,209	\$63,110
Sales and Related Occupations	1,103	\$25,390
Management Occupations	1,071	\$94,504
Food Preparation and Serving Related Occupations	1,050	\$21,247
Educational Instruction and Library Occupations	937	\$47,692
Transportation and Material Moving Occupations	876	\$28,778
Healthcare Support Occupations	680	\$25,988
Computer and Mathematical Occupations	640	\$65,923
Business and Financial Operations Occupations	639	\$56,502

### What Can Different Jobs/Earnings Afford in New London?

Source: EMSI 2021, HUD, RKG Associates



### LOWEST PAYING JOBS IN NEW LONDON CANNOT AFFORD RENT OR HOME PURCHASE AT NEW LONDON'S MEDIAN PRICES.

With a median gross rent of \$987/month and a median home value of \$229,949 , 60% - 65% of employees in New London's top ten largest occupations can't afford units at those prices.

## Employment and Wages

### Top Five Employment Growth Sectors 2010-2021

Source: EMSI 2021.4 – QCEW Employees

Industry Sector	2010-2021 Jobs	2021 Avg. Earning
Health Care and Social Assistance	+226	\$72,082
Information	+53	\$87,541
Construction	+6	\$77,983
Administrative and Support and Waste Management and Remediation Services	+5	\$64,260
Utilities	+3	\$121,029

### Top Five Employment Growth by Occupation 2010-2021

Source: EMSI 2021.4 – QCEW Employees

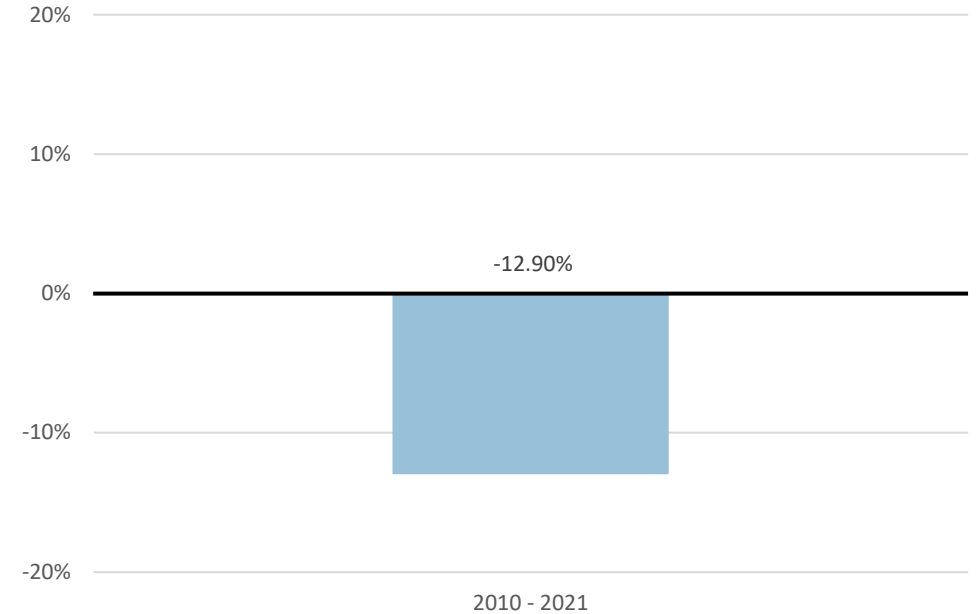
Occupation Category	2010-2021 Jobs	2021 Adjusted Median Annual Earnings
Healthcare Support Occupations	+147	\$25,988
Community and Social Service Occupations	+7	\$39,658
* All other major occupation categories experienced job losses		

## TOTAL EMPLOYMENT IN NEW LONDON FELL BY 12% OVER THE PAST DECADE.

Across industry sectors Health Care and Social Assistance as well as the Information sector contributed the greatest number of jobs in New London, while by single occupation the only two to experience growth were in Health Care and Social Services. All other QCEW defined occupations at the 2-digit level experienced net losses over the past decade.

### Change in Total Employment 2010-2021

Source: EMSI 2010-2021- QCEW Employees



**Employment and Wages**

**New London is an employment destination that attracts people commuting from outside.**

**Top Ten Places of Residence for People Employed in New London, 2019**

Source: OnTheMap 2019

County	Job Count	Share
New London (New London, CT)	2,492	17.9%
Waterford (New London, CT)	1,417	10.2%
Groton (New London, CT)	1,376	9.9%
Norwich (New London, CT)	722	5.2%
East Lyme (New London, CT)	721	5.2%
Montville (New London, CT)	659	4.7%
Ledyard (New London, CT)	503	3.6%
Stonington (New London, CT)	443	3.2%
Westerly (Washington, RI)	204	1.5%
Griswold (New London, CT)	190	1.4%

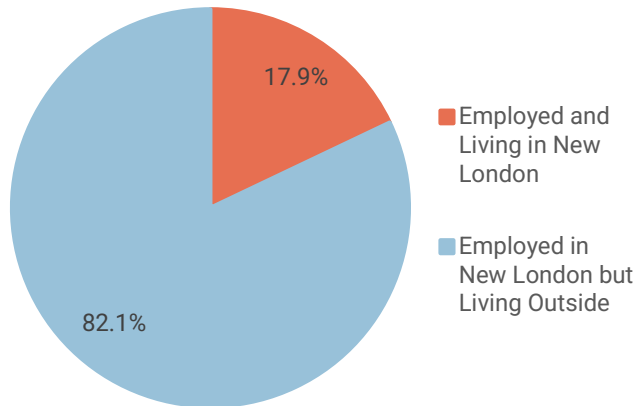
**Top Ten Work Destinations of New London Residents, 2019**

Source: OnTheMap 2019

County	Job Count	Share
New London (New London, CT)	2,492	21.3%
Groton (New London, CT)	1,556	13.3%
Waterford (New London, CT)	1,008	8.6%
Montville (New London, CT)	590	5.0%
Ledyard (New London, CT)	539	4.6%
Norwich (New London, CT)	533	4.6%
Stonington (New London, CT)	311	2.7%
East Lyme (New London, CT)	274	2.3%
Hartford (Hartford, CT)	232	2.0%
Old Saybrook (Middlesex, CT)	181	1.5%

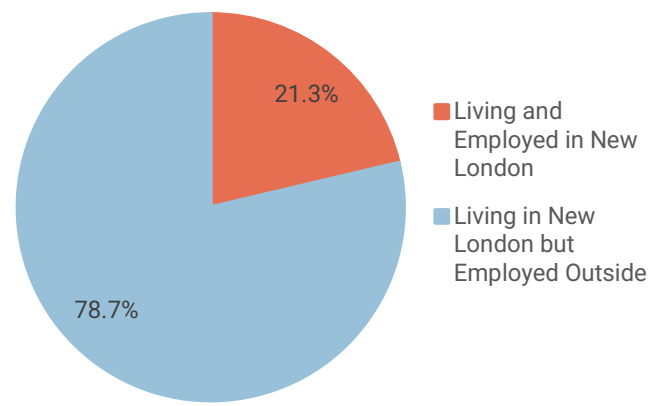
**Employment Efficiency (All Jobs) Among People Employed in New London, 2019**

Source: OnTheMap 2019



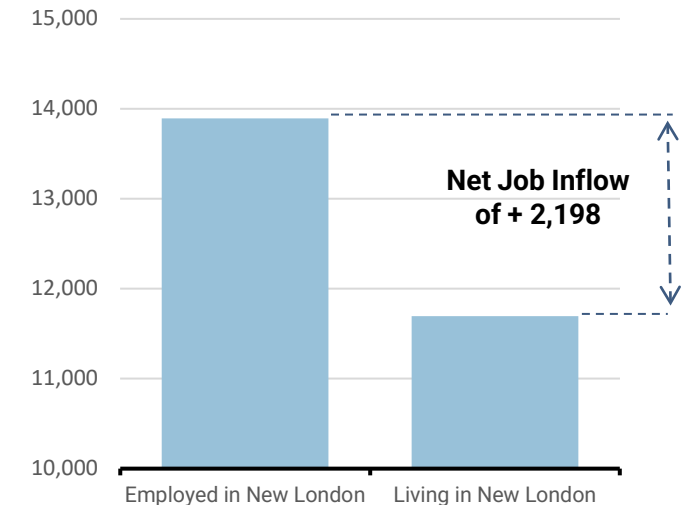
**Labor Force Efficiency (All Jobs) Among People Living in New London, 2019**

Source: OnTheMap 2019



**Labor Market Size (All Jobs), 2019**

Source: OnTheMap 2019



## Housing Stock

### NEW LONDON'S HOUSING STOCK IS CHANGING TO ACCOMMODATE SHIFTING DEMOGRAPHICS AND PREFERENCES.



#### HOUSING UNITS IN NEW LONDON DECLINED, BUT GROWTH OCCURRED FOR STRUCTURES WITH 2-UNITS.

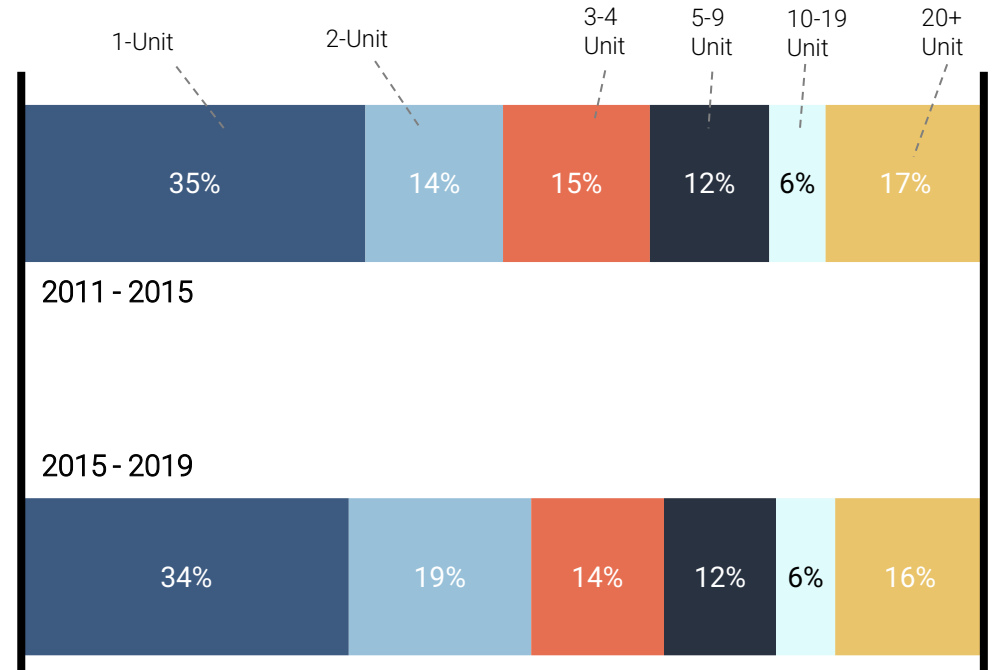
Over the past decade New London has netted a loss of 46 units. Across unit types, New London saw a 5% decrease in single units (229) and 10% decrease in 3-4 units (182). In contrast, New London saw a 32% increase in 2-unit residential (560), which offset the declines in other unit types.



Examples of housing types in New London.

#### Units in Structure (2011 – 2019)

Source: ACS 5-Year Estimates



#### NEW LONDON'S HOUSING STOCK IS FAIRLY DIVERSE.

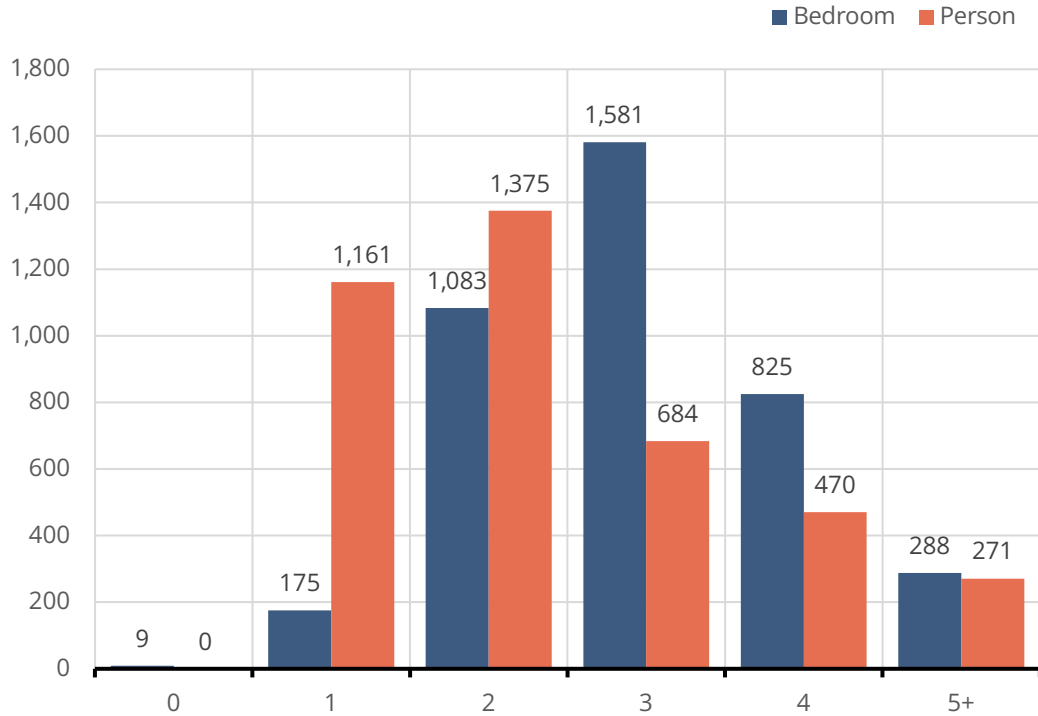
Compared to other towns and counties within Connecticut, New London's proportion of single-family housing is less dominant with only 34% of housing stock considered 1 unit attached or detached in 2015 - 2019 estimates. Significant increases in 2-unit structures further contributes to the diversification of New London's housing unit portfolio.



## Housing Stock

### Number Bedrooms and Household Size: Owner Occupied

Source: ACS 5-Year Estimates

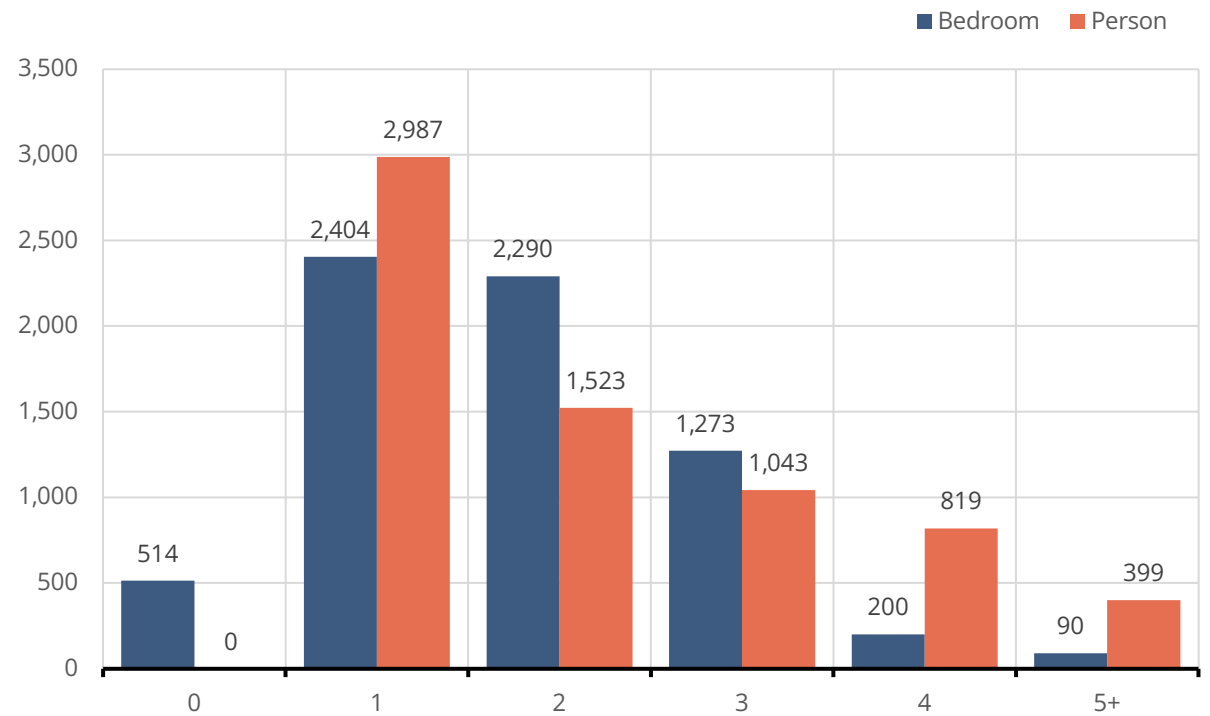


### MAJORITY OF OWNER HOUSEHOLDS ARE 1 & 2 PERSON

Typical of many aging communities within the region, there is a large number of single person owner households. Many of these residents may wish to age in place but there is a deficit in smaller owner-occupied housing types such as townhomes and condos as well as one-bedroom rentals that many of these households may seek to downsize.

### Number Bedrooms and Household Size: Renter Occupied

Source: ACS 5-Year Estimates



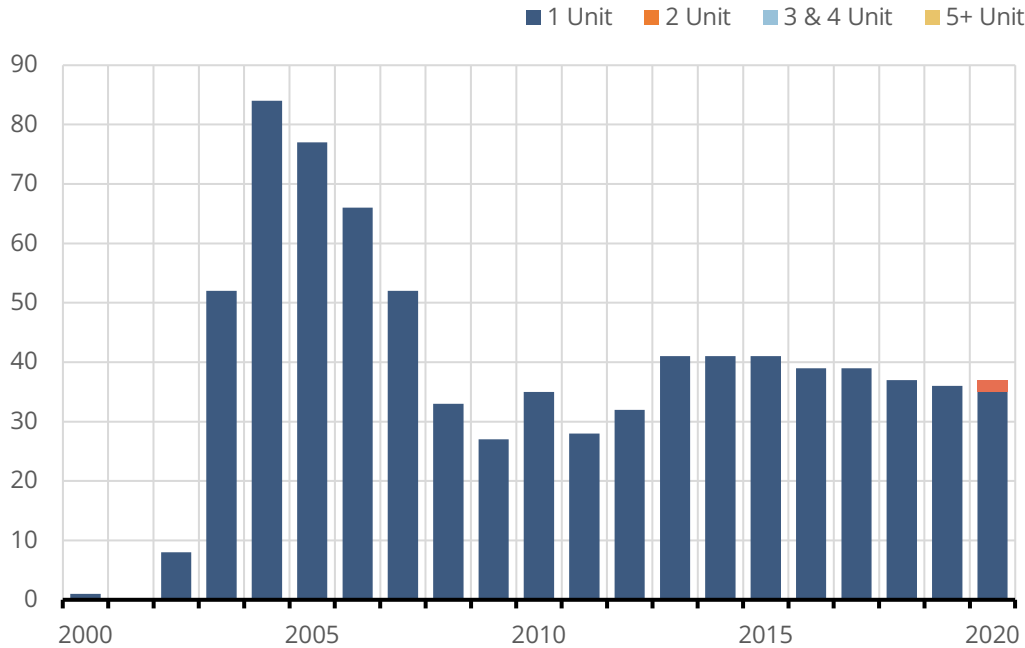
### THERE IS A DEFECIT IN LARGER FAMILY RENTAL UNITS

According to ACS 5-Year Estimates, there are a total of 1,218 households with 4 or more people and only 290 rental units with 4 or more bedrooms. This suggests that for many rental households, particularly large family households, they must rent units with a fewer number of bedrooms than there are people.

## Housing Stock

### Housing Permits Issued Annually by Units in Building, New London, CT (2000 – 2020)

Source: CT Department of Economic and Community Development

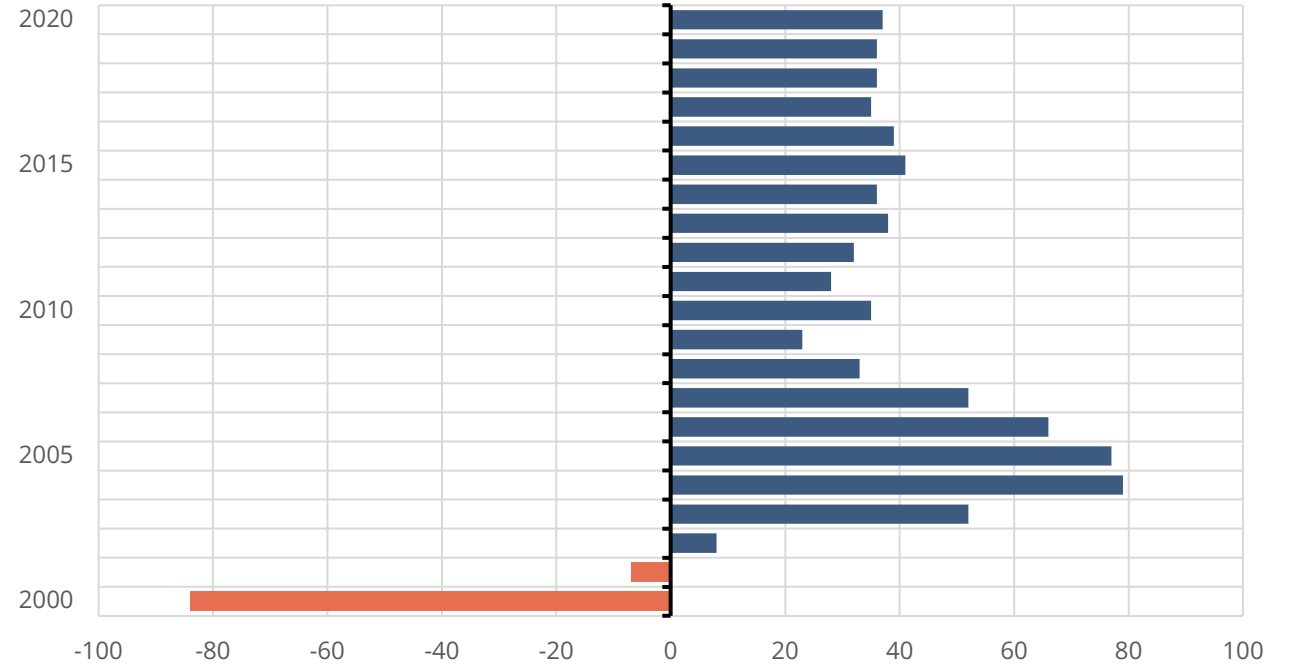


### CONSTRUCTION PERMITTING LARGELY SINGLE FAMILY.

Looking at the changes in supply and demand of housing over the past two decades provides insight into the dynamics that affect housing market prices and affordability. Over the past two decades, housing production activity based on building permits issued for new construction were higher prior to 2008 but then dropped off in the years leading into and after the Great Recession. Permitting has not returned to pre-recession levels but has remained consistent since 2013.

### Net Change in Total Housing Units (2000 – 2020)

Source: CT Department of Economic and Community Development



### NEW LONDON HAS EXPERIENCED NET INCREASES IN HOUSING UNITS SINCE 2002.

Data from the CT Department of Economic and Community Development has tracked new construction permits issued as well as the number of demolitions issued providing an estimate for the net change in units over the course of each year over the past two decades. New London has consistently seen increases in available housing units since 2002.

## Housing Tenure

### Housing Tenure 2015 - 2019

Source: ACS 5-Year Estimates

**37% Owner Occupied**

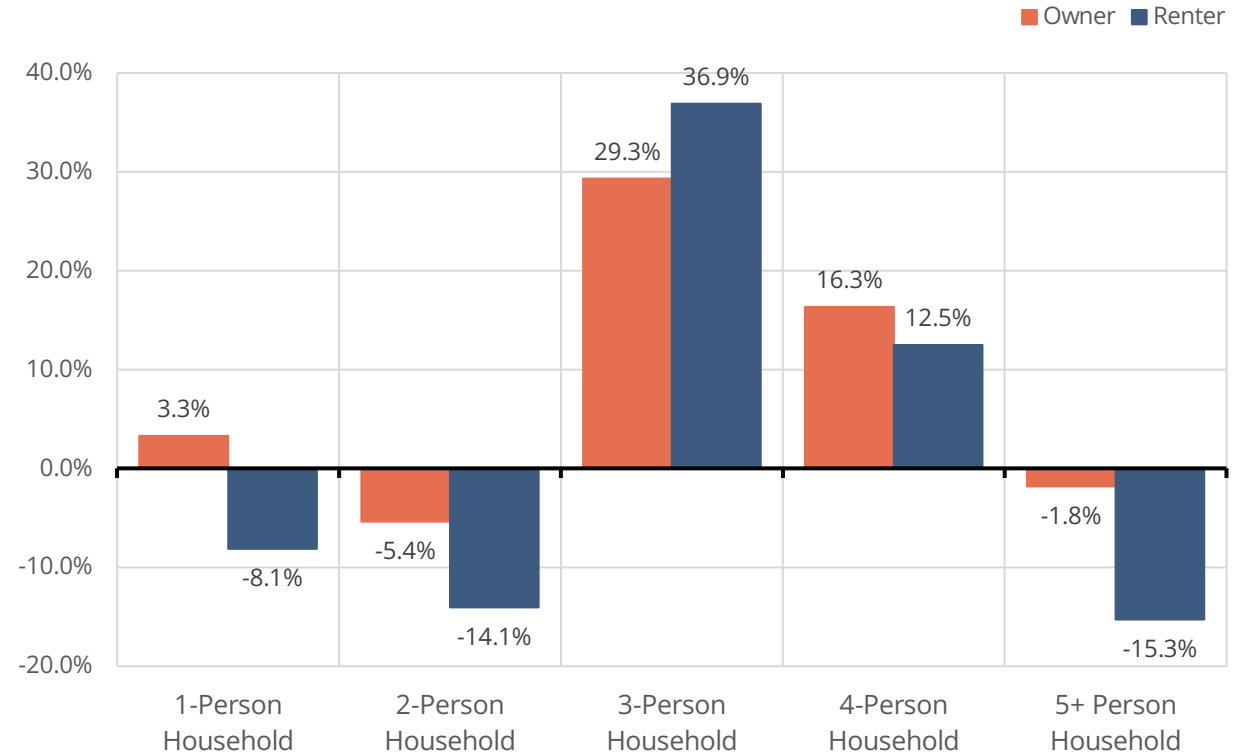
**63% Renter Occupied**

### THE SHARE OF OWNERSHIP HOUSING IN NEW LONDON HAS INCREASED.

Over the past decade, New London saw a 5% increase (175) owner households and a 3% decrease (213) in renter households netting a loss in total households. Despite these changes across tenure, the majority of households in New London are renter households at 63%

### Change in Households by Tenure and Size 2011 - 2019

Source: ACS 5-Year Estimates



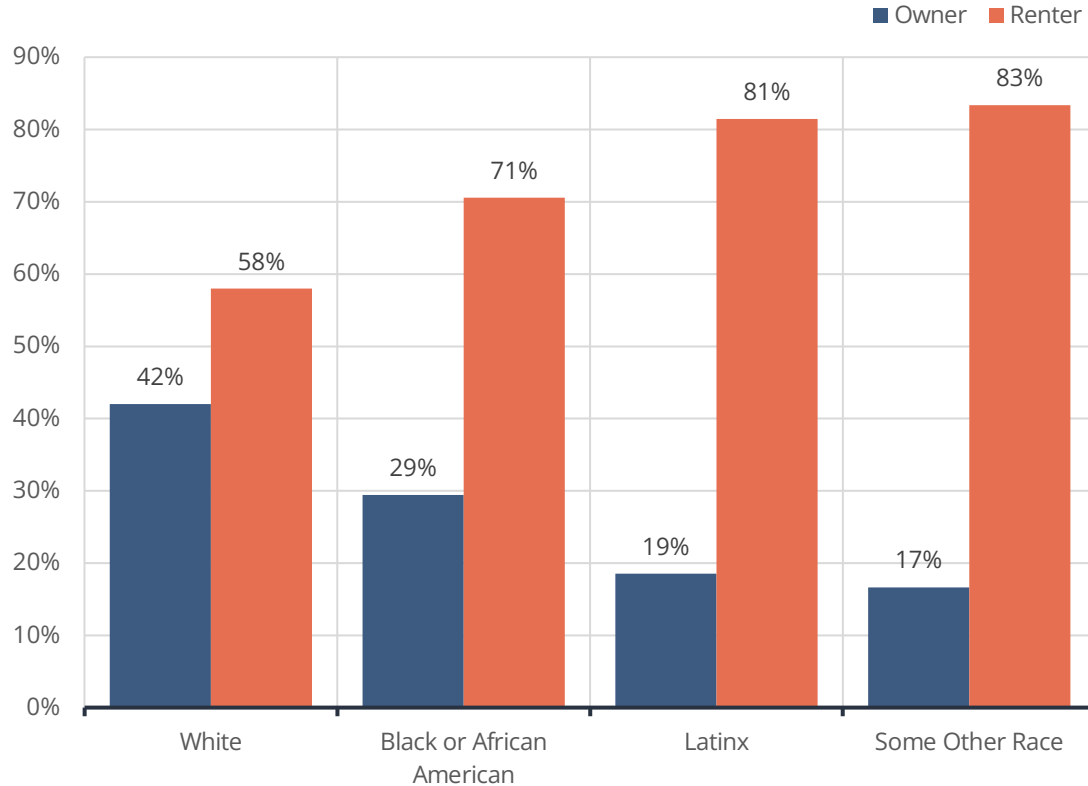
### 3- AND 4-PERSON HOUSEHOLDS ARE DRIVING CHANGE.

The number of 3- and 4-person households have increased for both owners and renters. In both percentage and absolute terms, the number of 3-person households have increased more than any other household size with a 29.3% (155) increase in owners and 36.9% (281) increase in renters. 1 person owner households have also increased within New London, by 3.3% (37) likely driven by the increases in those over the age of 65.

## Housing Tenure

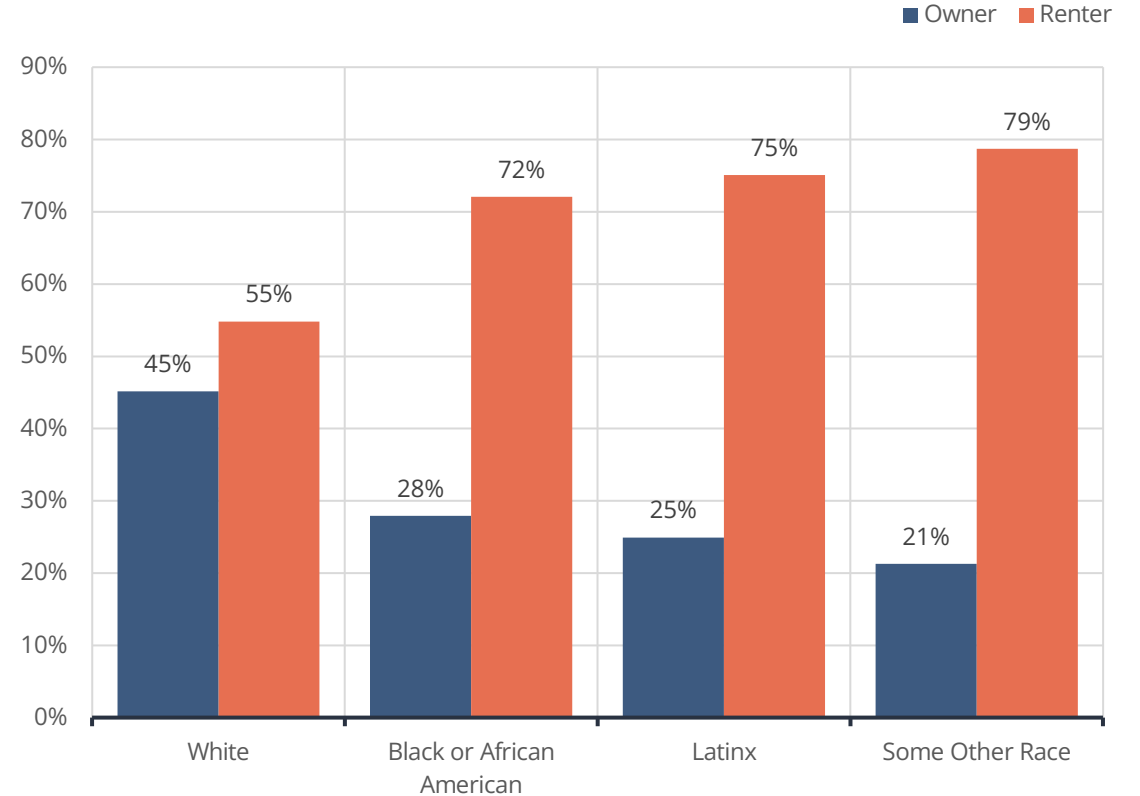
### Tenure by Race & Ethnicity (2011 – 2015)

Source: ACS 5-Year Estimates



### Tenure by Race & Ethnicity (2015 – 2019)

Source: ACS 5-Year Estimates



### NEW LONDON IS PRIMARILY RENTERS ACROSS RACE & ETHNICITY

Over the past decade the majority of households by race and ethnicity are renters. Over this period, homeownership rates increased for White, Latinx and Some Other Race residents but fell for Black and African American households. This could be partially driven by the population declines in Black and African Americans in at prime homebuying age. This is also most likely linked to the changes in median income by race and ethnicity. All households by race and ethnicity saw increases in median household income with the exception of Black and African American households. With rising home prices and rent rates, cost burdening most impacts those households at the lower end of the income spectrum which in the case of New London consists of a high proportion of Black and African American households.

## Housing Tenure

### **BLOCK GROUPS WITH HIGHER PERCENTAGES OF RENTERS ALSO HAVE LOWER MEDIAN INCOMES.**

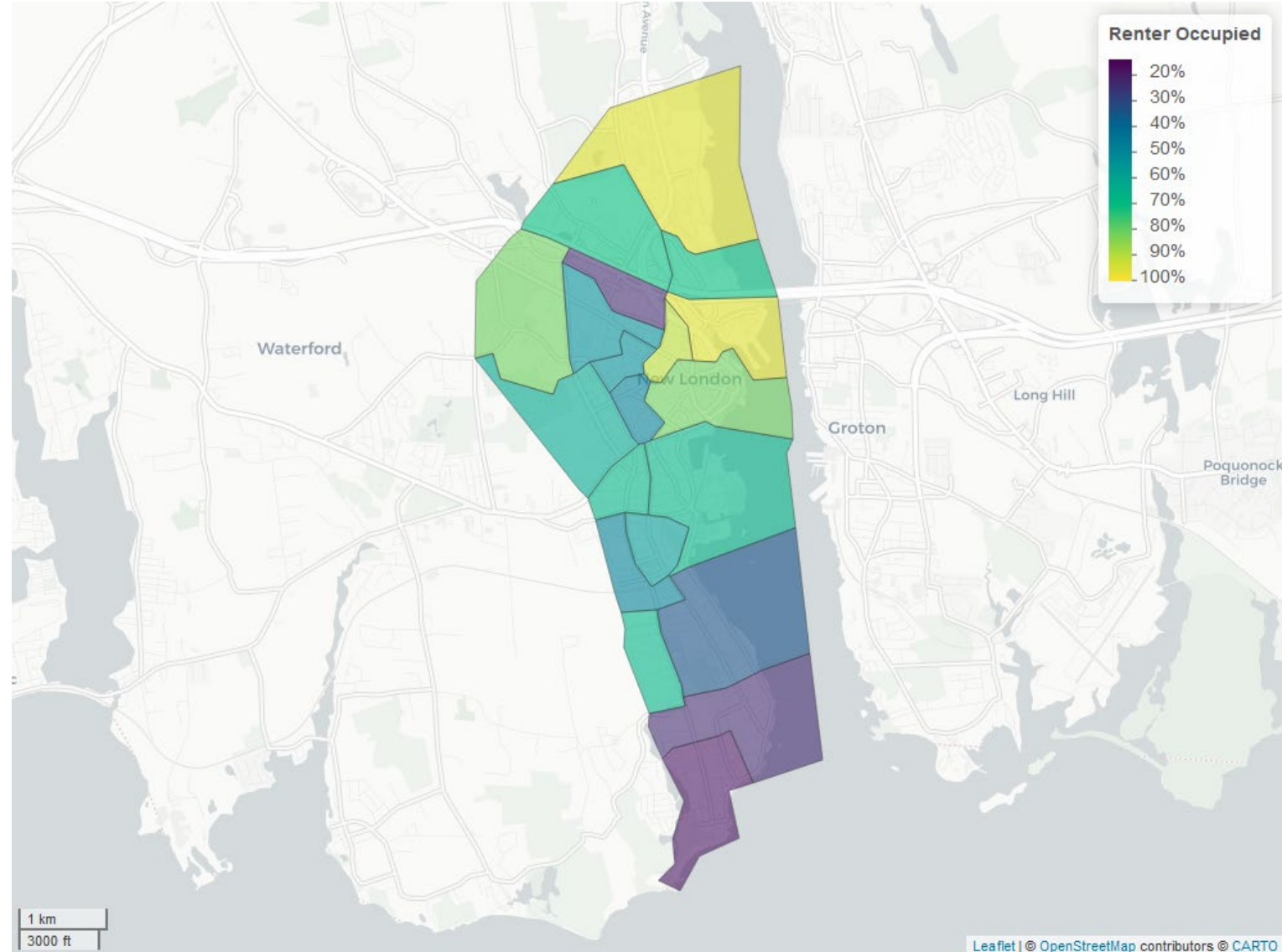
Across New London, census block groups with higher proportions of renters tend to have lower median household incomes.

Common among communities throughout the county and state, renters face an increasingly expensive housing market and continue to shoulder high housing cost burdens.

The median household income in New London is \$46,298. For many renter households in these majority renter household neighborhoods, median household incomes range from \$20,000 - \$30,000 placing the majority of these households below the citywide median annual income.

## Percent of Renter Households

Source: ACS 2019 5-Year Estimates





## Vacancy

### HOUSING VACANCY IN NEW LONDON IS RELATIVELY LOW.

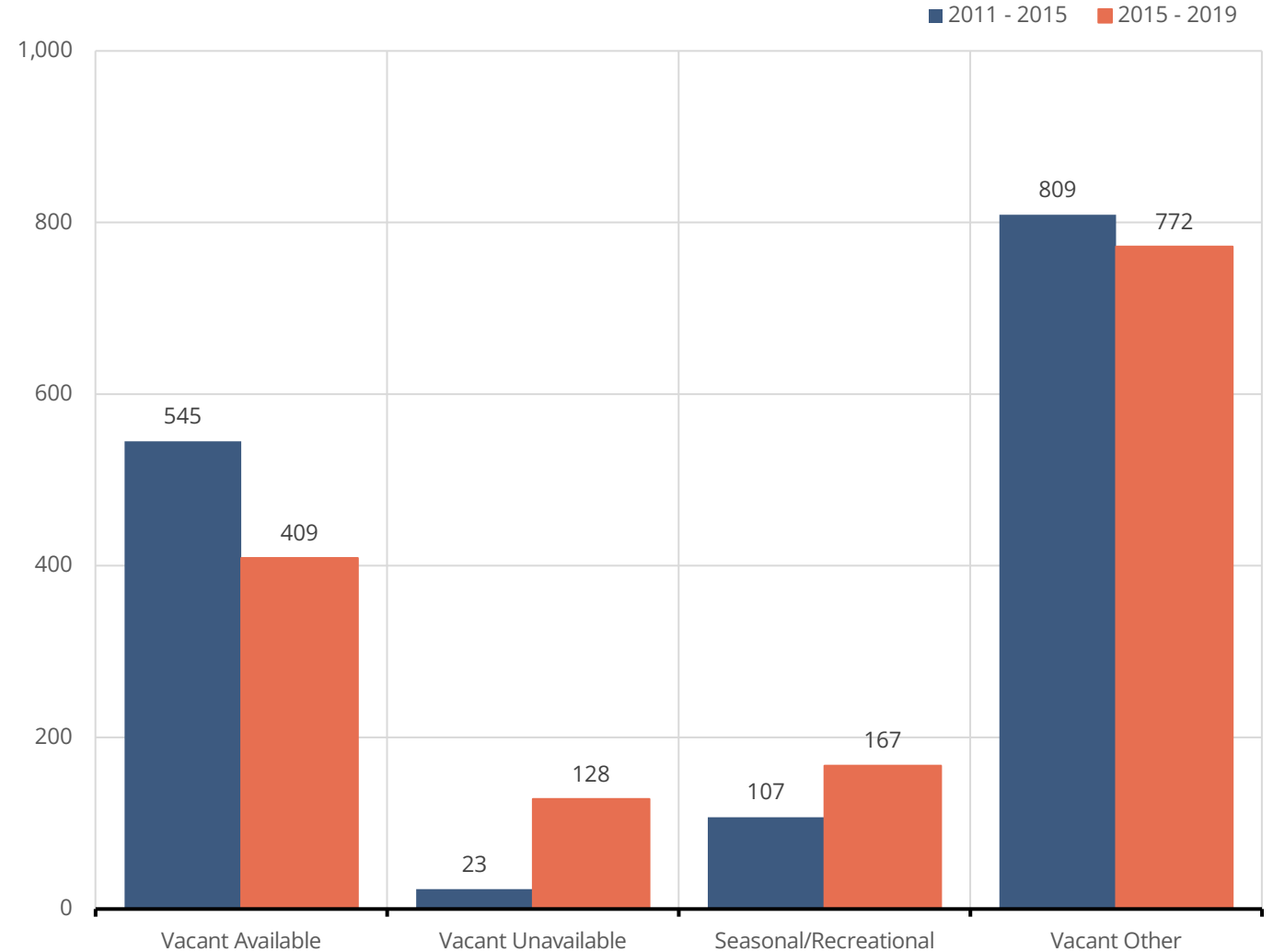
In 2019, New London's total vacancy was around 12.1%. The Census records vacant units a few different ways to comprise the total vacancy count for a particular geography. Housing vacancy is captured in four different categories by the Census, which includes: vacant available, vacant unavailable, seasonal, and vacant other.

- Vacant available refers to unoccupied units that are currently for sale or for rent.
- Vacant unavailable refers to off market for sale and for rent units.
- Seasonal and recreation refer to housing units that are not occupied year-round such as second homes, beach houses etc.
- Vacant Other which refers to units that are not available for rent or sale and are off the market for different reasons. These include undergoing substantial rehab, uninhabitable units, foreclosure, among others.

In 2019, New London's vacancy rate for units actively listed as for sale or for rent was 3.35%. A healthy vacancy rate for a community is typically between 4% to 6%. Maintaining a healthy vacancy level is important, because the available for sale and for rent units allow households to move in and out of the community and across housing types within the market. This dynamic typically offers some degree of insulation for owners and renters to fluctuations in regional prices because an available supply of units can help buffer against sharp rises in price that a tighter market could experience as has been the case in communities across the state.

### Vacant Housing Units by Category 2011 - 2019

Source: ACS 5-Year Estimates



**Home Values & Sales**

**Ownership Units by Age of Structure**

Source: ACS 2019 5-Year Estimates

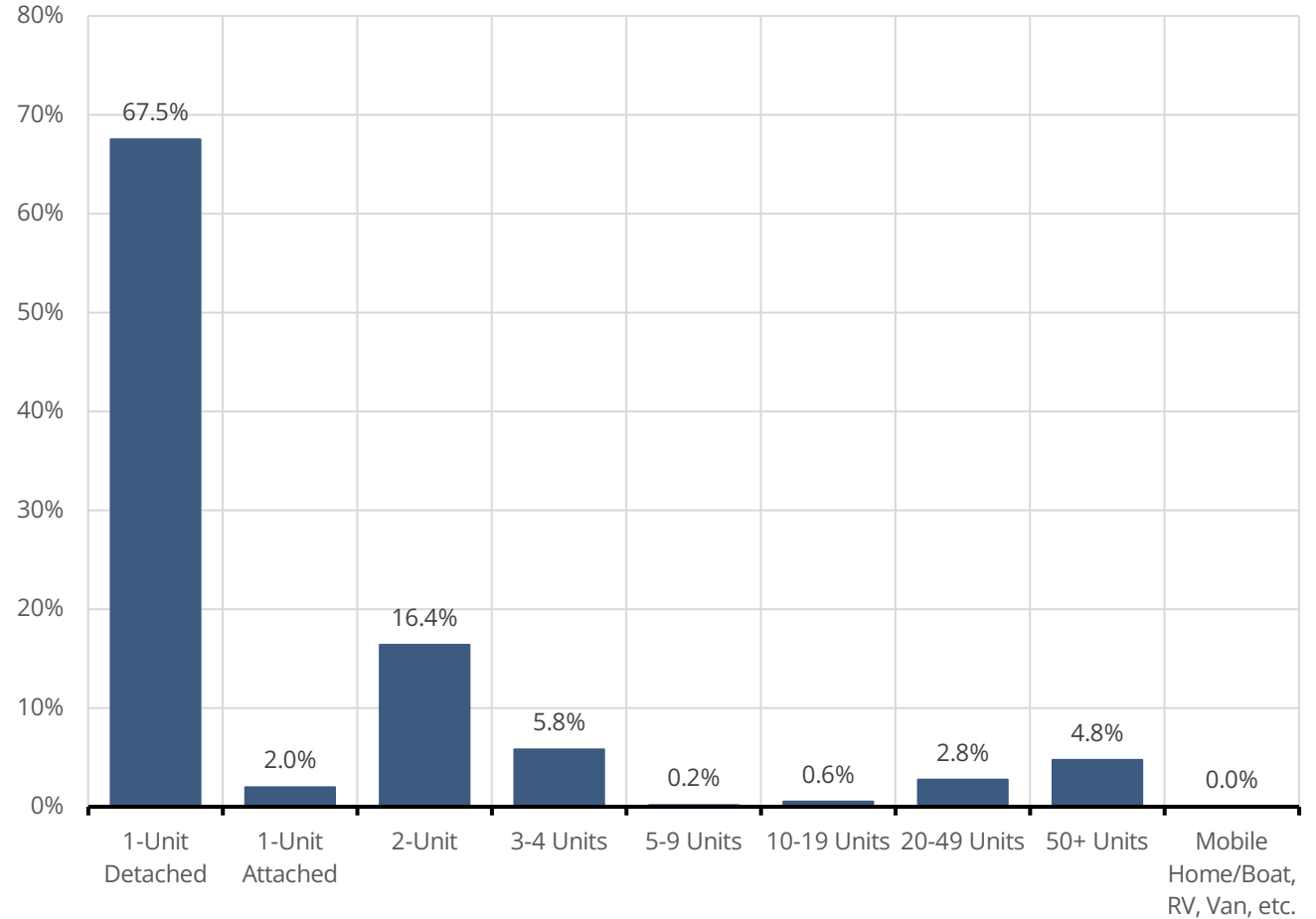
Age	Units	% of Total
Built 2000 or later	288	7%
Built Between 1980 and 1999	180	5%
Built Between 1960 and 1979	567	14%
Built 1959 or earlier	2,926	74%

**MOST OWNERSHIP UNITS WERE CONSTRUCTED BEFORE 1959.**

In New London, 74% of all owner-occupied units were constructed before 1959. 84% of all owner-occupied units are more than 40 years old, constructed before 1980. By New England standards, New London’s housing stock is fairly typical. One of the challenges is to address the older housing stock. **One opportunity in New London is to focus on housing rehab within neighborhoods that could help preserve that housing stock longer term, particularly where that housing stock is supporting naturally occurring affordable units.**

**Ownership Units by Structure Type**

Source: ACS 2019 5-Year Estimates



**OWNERSHIP UNITS ARE CONCENTRATED IN SMALLER STRUCTURES.**

Not surprisingly, a large majority (69.5%) of owner-occupied units are found in single unit structures whether attached or detached. Taking both one- and two-unit structures together that percentage jumps to 85.9% of all ownership units. Very few units are in structures larger than ten units, which might indicate a couple larger condominium developments.

## Home Values & Sales

### MEDIAN HOME VALUE HAS INCREASED IN NEW LONDON.

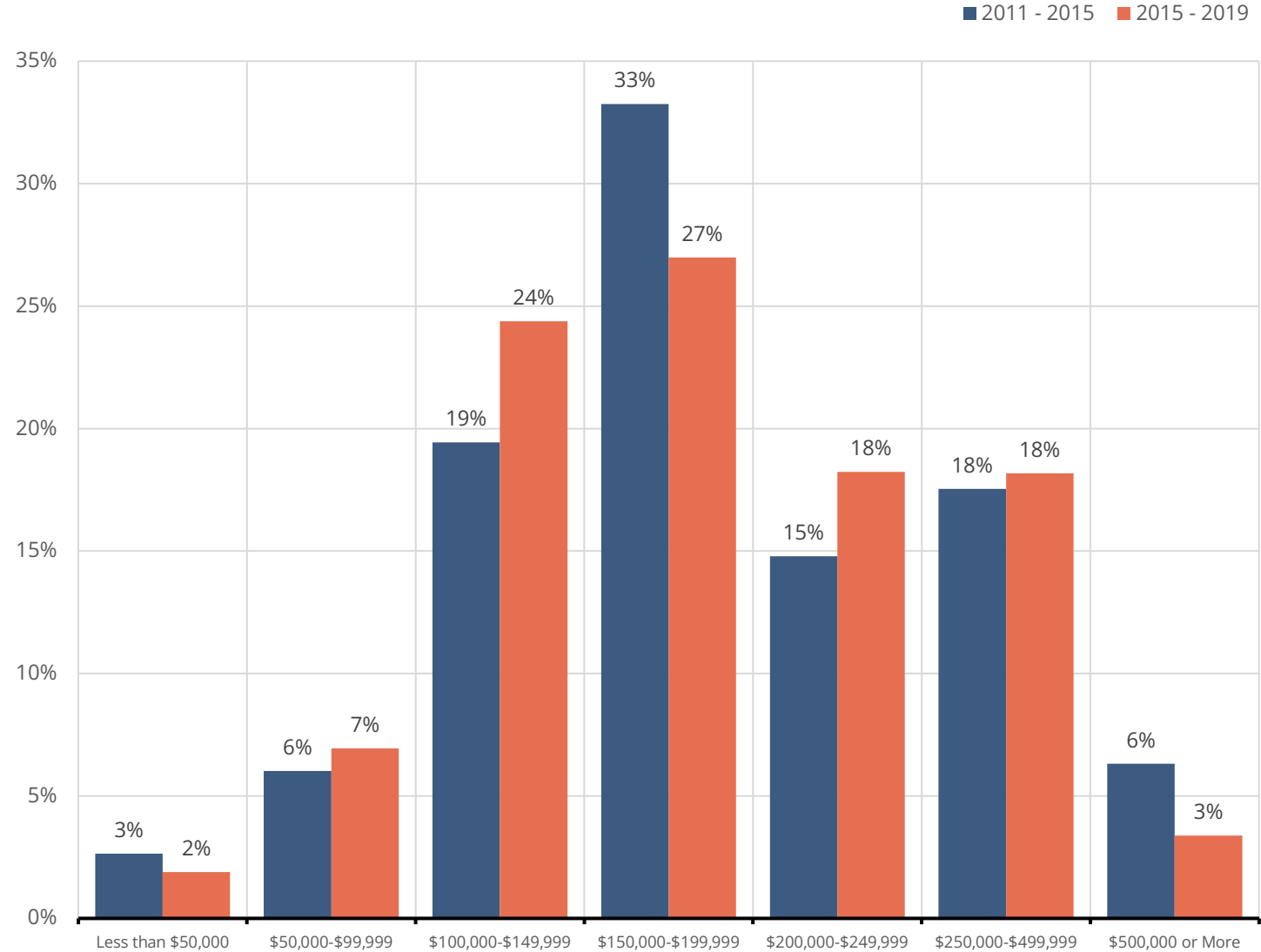
Approximately 39% of New London’s owner-occupied housing stock is valued at or above \$200,000. Over the past decade the number of homes valued at \$200,000+ has increased by 7.7%. The largest growth occurred for homes valued between \$100,000 - \$149,999, which increased by 31% (230 homes).



A home in New London with a listed sales price of around \$289,000 on Zillow.com

### Change in Home Value Distribution 2011-2019

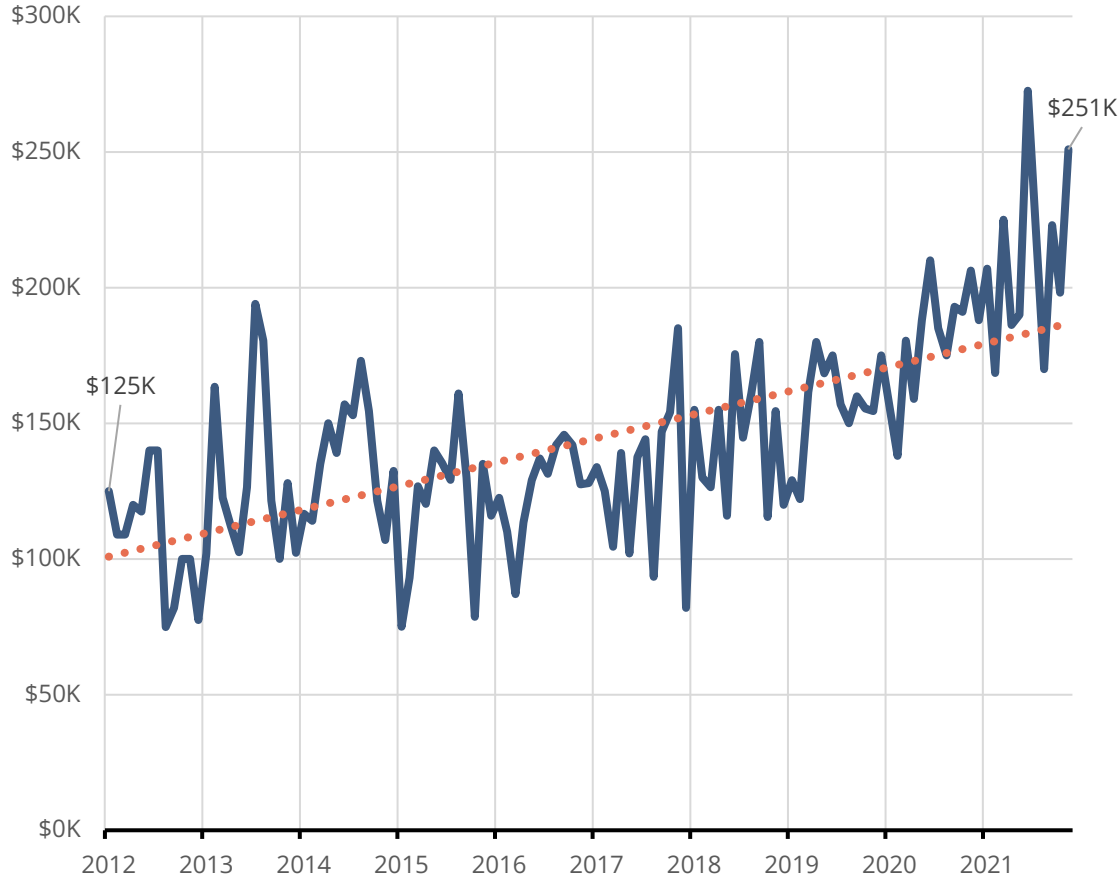
Source: ACS 5-Year Estimates



## Home Values & Sales

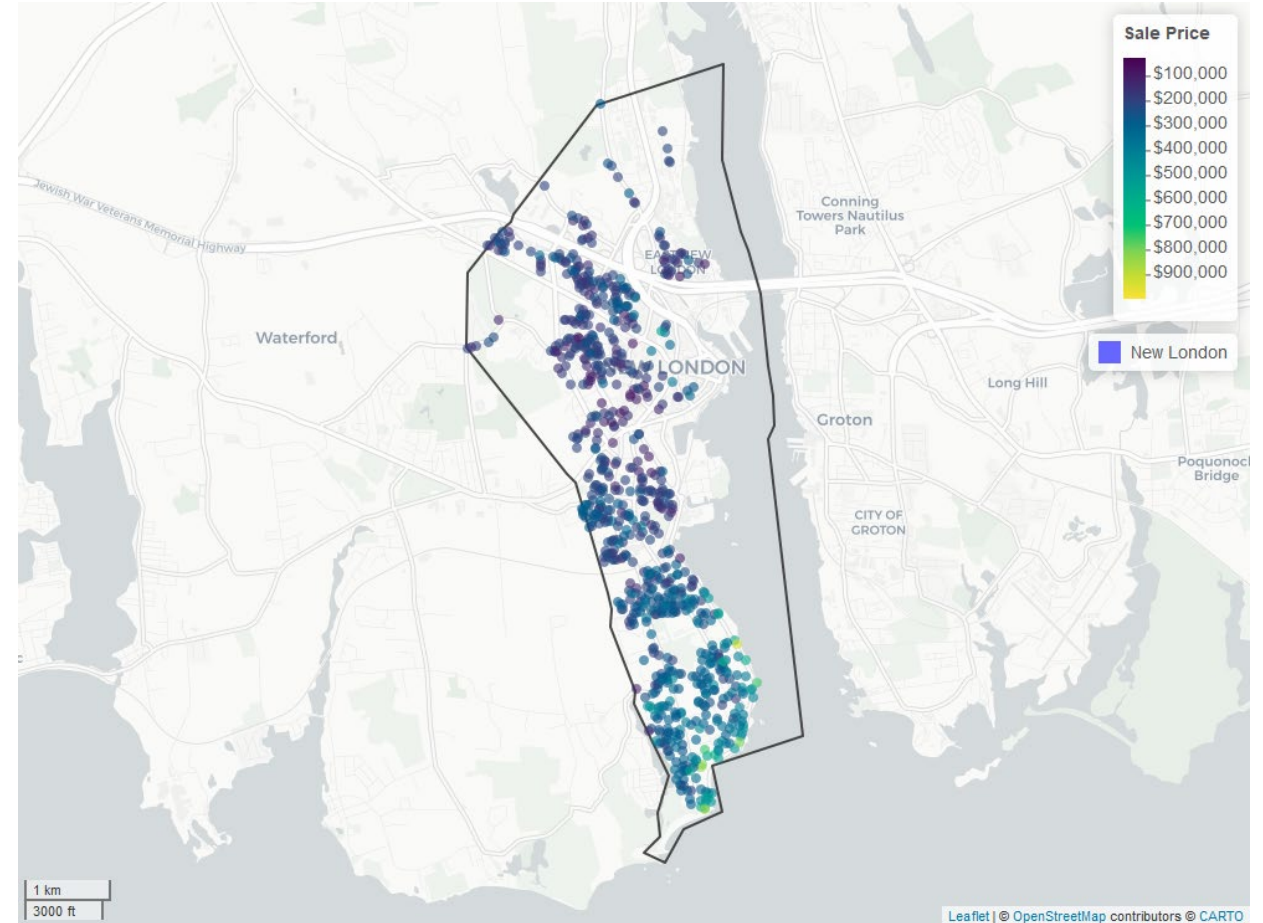
### Median Sales Prices of All Homes

Source: Redfin 2012-2021



### Single Family Home Sales

Source: Redfin 2017 - 2022



### MEDIAN SALE PRICES ARE RISING.

Over the past decade, median sale prices in New London have increased from \$125,000 in 2012 to \$251,000 in 2021. This marks a little over a 100% increase in median sale price, with particularly high percentage increases in sale price over the last three years. Price increases in the more recent years can be linked to the impacts of the COVID-19 pandemic. Following the contraction of the housing market in March 2020, the summer of 2021 saw sales growth outpace the for-sale inventory which has led to higher demand and consequently larger price increases than previous years.



**Rents**

**RENTS ARE INCREASING IN NEW LONDON.**

Gross rent, which is rent plus utilities, has increased 12.3% between 2011 and 2019 to a high of \$987 per month.

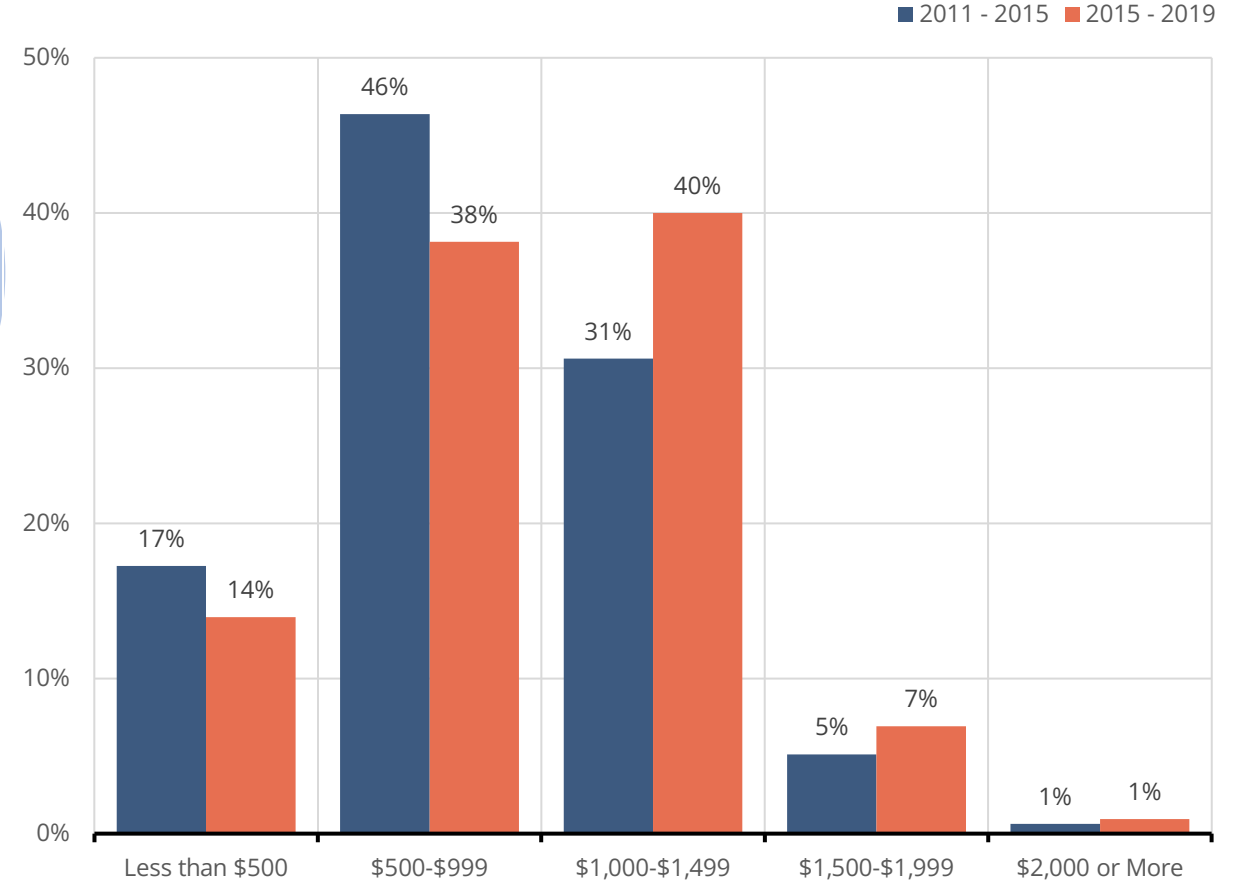
**2019:  
Median Gross Rent  
\$987 per Month**



Multifamily property in New London.

**Change in Gross Rent Distribution 2011-2019**

Source: ACS 5-Year Estimates



**THE DISTRIBUTION OF GROSS RENT IS SHIFTING TO HIGHER RENTS.**

Over the past decade, New London has seen an increase in the share of rental units priced at \$1,000 or more from 37% to 48% of all rental units. New London has seen an increase in higher income renter households over the past decade, which could be driving rental demand and consequently rent prices upwards.



**Rents**

**Rental Units by Age of Structure**

Source: ACS 2019 5-Year Estimates

Age	Units	% of Total
Built 2000 or later	109	2%
Built Between 1980 and 1999	919	14%
Built Between 1960 and 1979	1,946	29%
Built 1959 or earlier	3,797	56%

**MOST RENTAL UNITS ARE IN BUILDINGS PRE-1980.**

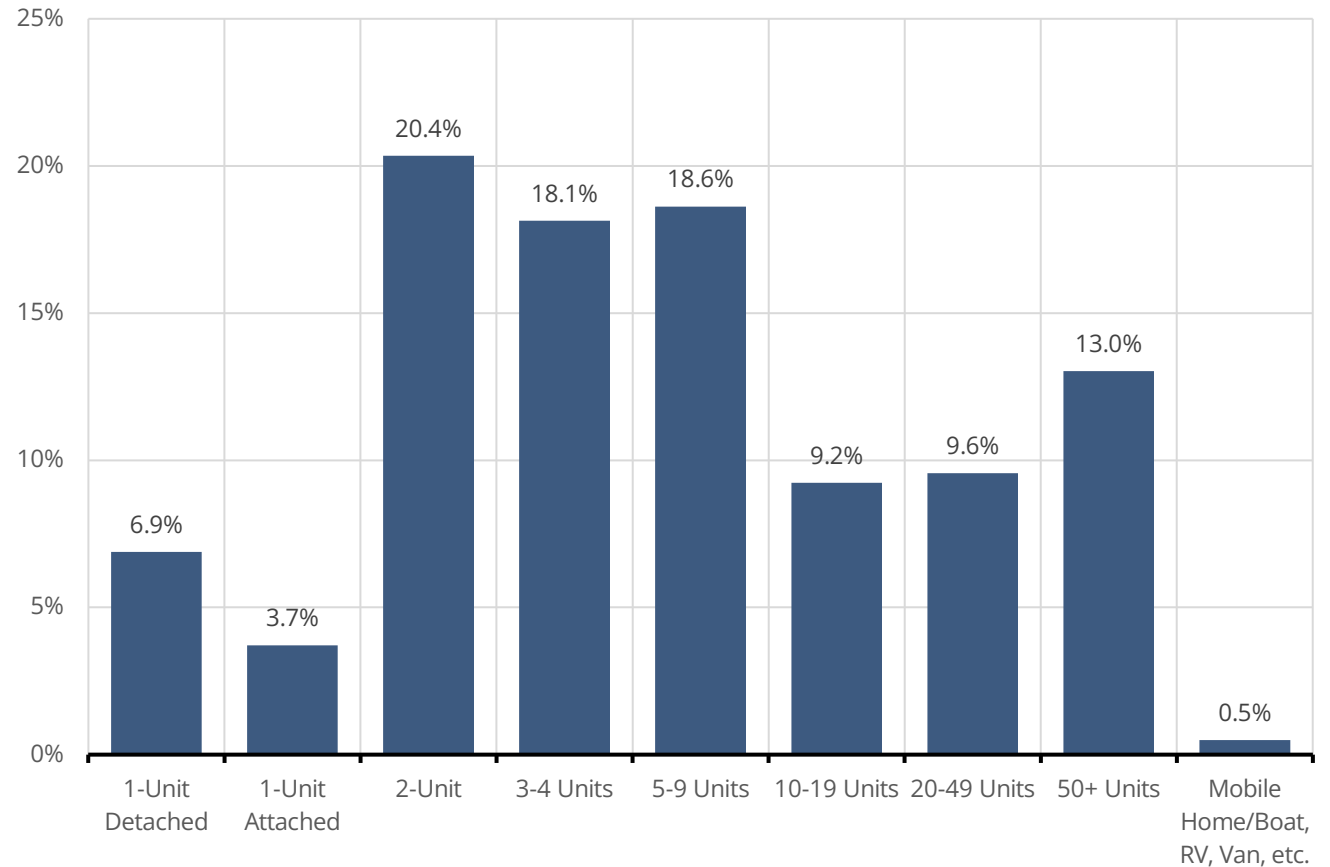
In New London, 85% of all rental units are in structures built prior to 1980; 56% of which were constructed before 1960.

While these older buildings can be a key component of the naturally-occurring affordable rental stock in New London, they may have some long-term maintenance challenges and potentially interior and exterior finishes not appealing to today’s renters.

As new amenity-driven rental housing stock comes on the market, there may be added pressure placed on these older buildings to raise rents or redevelop to compete with newer product, especially as the rental housing demand continues to rise throughout the city.

**Rental Units by Structure Type**

Source: ACS 2019 5-Year Estimates



**RENTAL UNITS IN NEW LONDON ARE SPREAD ACROSS A WIDE RANGE OF STRUCTURES.**

New London has a good diversity of building typologies among rental units. The highest shares of rental units are 2-unit, 3-4-unit and 5-9 unit. New London also has a larger share of 50-or-more unit rental structures as well as smaller shares of 1-unit, 10-19 and 20-49 unit. This diverse mix of housing options is typical among communities with large proportions of renter households.

**Rents**

**RENTS FOR ALL UNIT TYPES ARE ON THE RISE.**

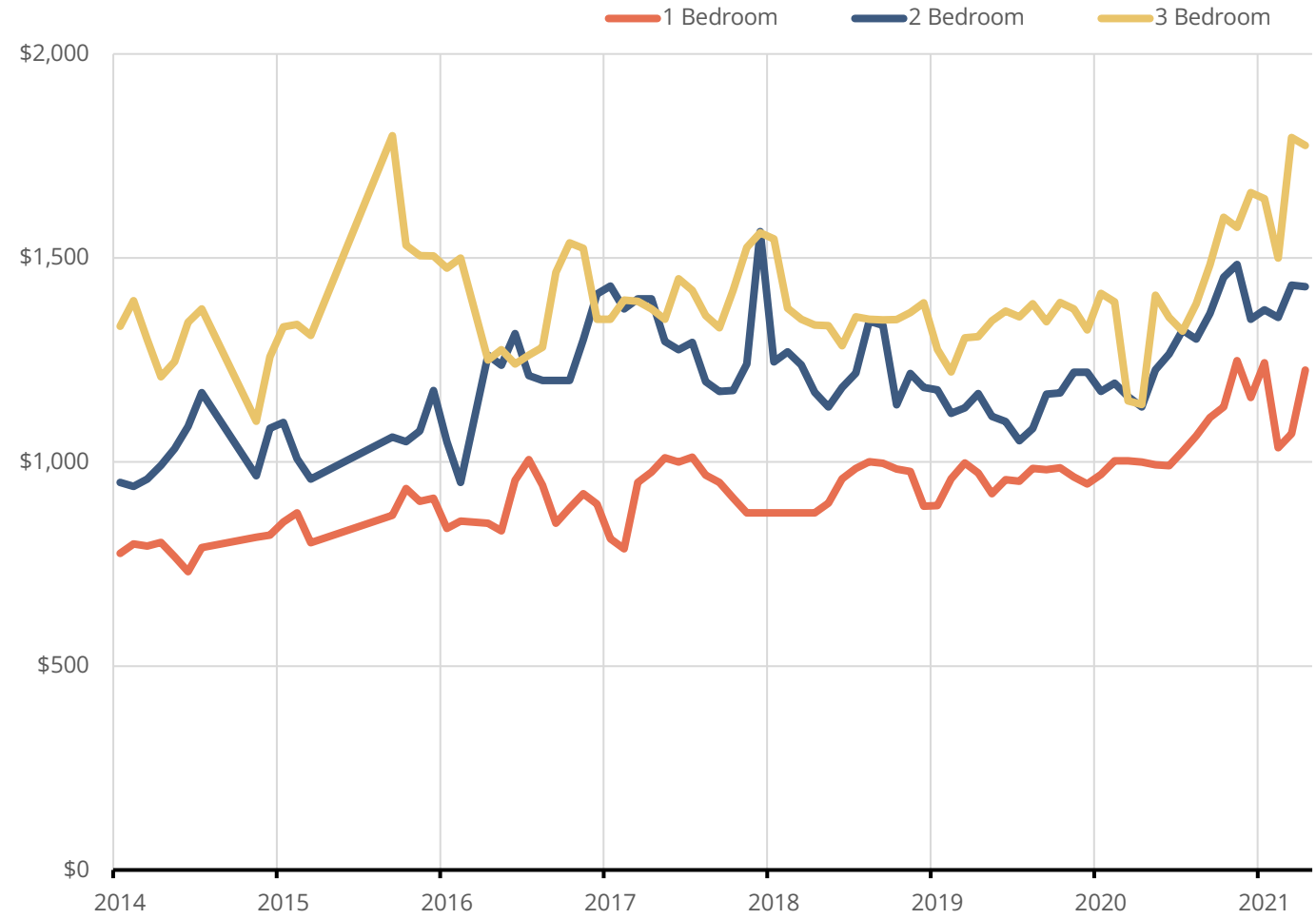
Zumper rental data tracks median rents by number of bedrooms. Based on rental data by unit type for the past seven years, rents across all unit types in New London have increased. Median rents have increased by 30% - 60% depending on unit type. The highest rent growth was in 1-bedroom units, which saw a 60% increase in price over the last seven years.



Multifamily property in New London.

**New London's Change in Rent by Unit Type**

Source: Zumper, 2014-2021



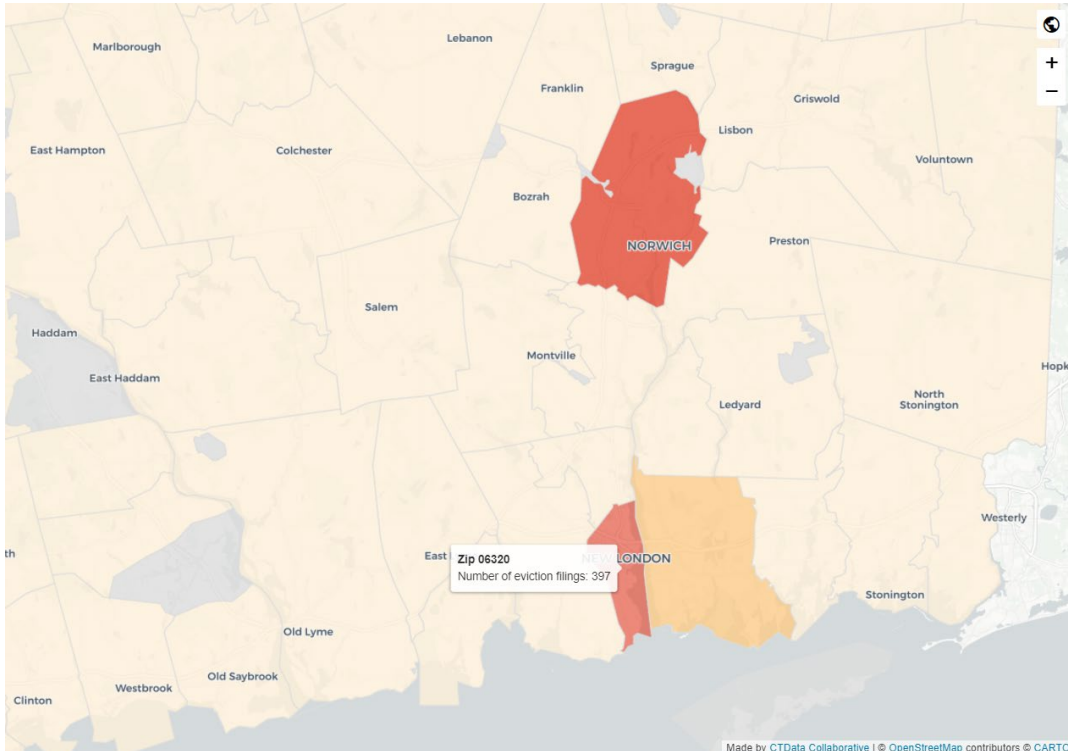
## Evictions

### NEW LONDON HAS A HIGH RATE OF EVICTIONS FOR ITS SIZE

The CT Data Collaborative and the Connecticut Fair Housing Center have analyzed five years of eviction court filings to better understand the eviction crisis in CT. Based on this data aggregation, New London has one of the highest eviction rates for its renter household size. As housing costs continue to increase in New London, high eviction rates could suggest that a large portion of renter households are living on the threshold of eviction meaning their earning barely enough to support the cost of rent and utilities much less other basic needs.

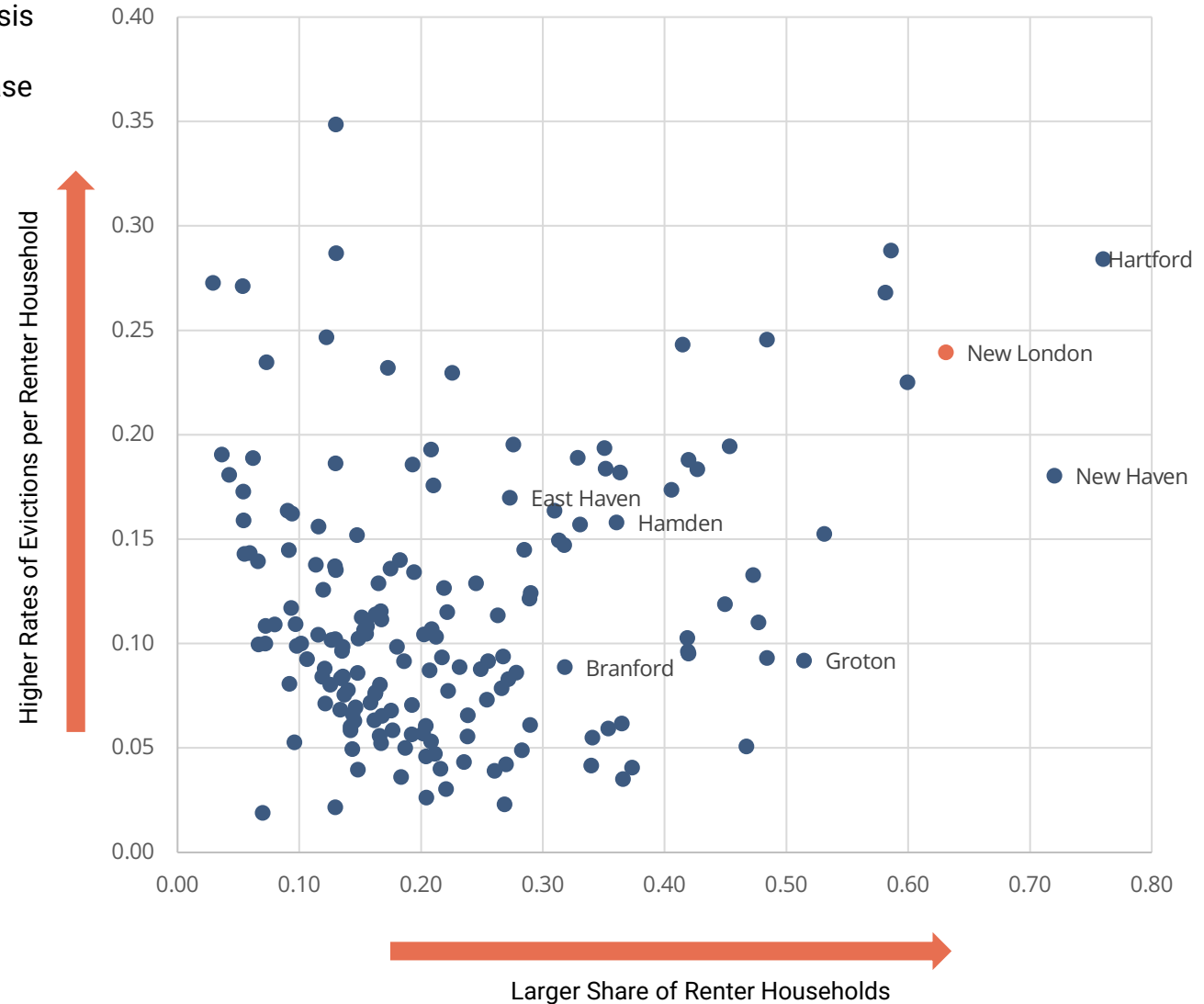
#### Total Evictions from 2020 – Feb 20, 2022

Source: CT Data Center, ACS 5-Year Estimates



### Eviction Rates and Renter Households by Municipality

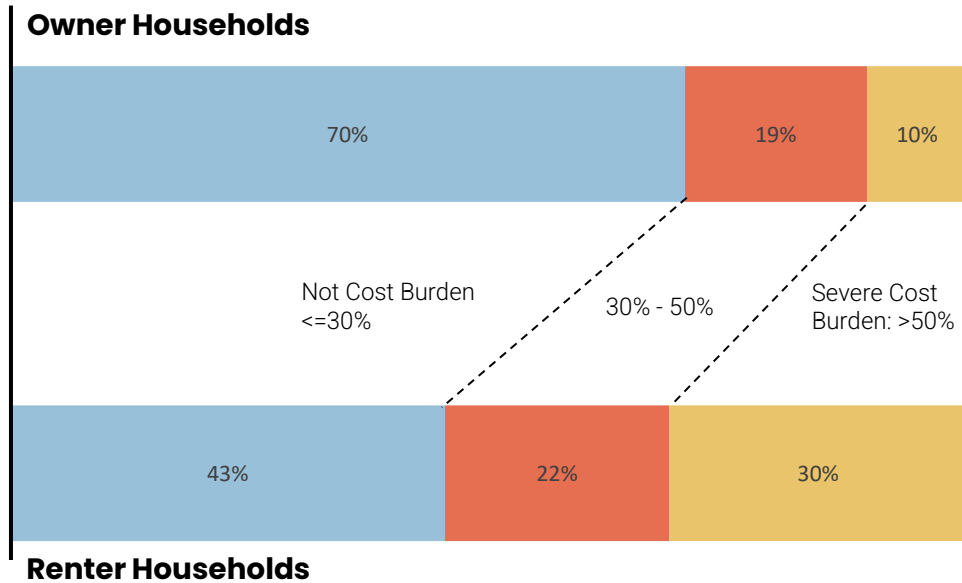
Source: CT Data Center, ACS 5-Year Estimates



**Cost Burden**

**Cost Burdened Owner vs. Renter Households 2018**

Source: CHAS 2018

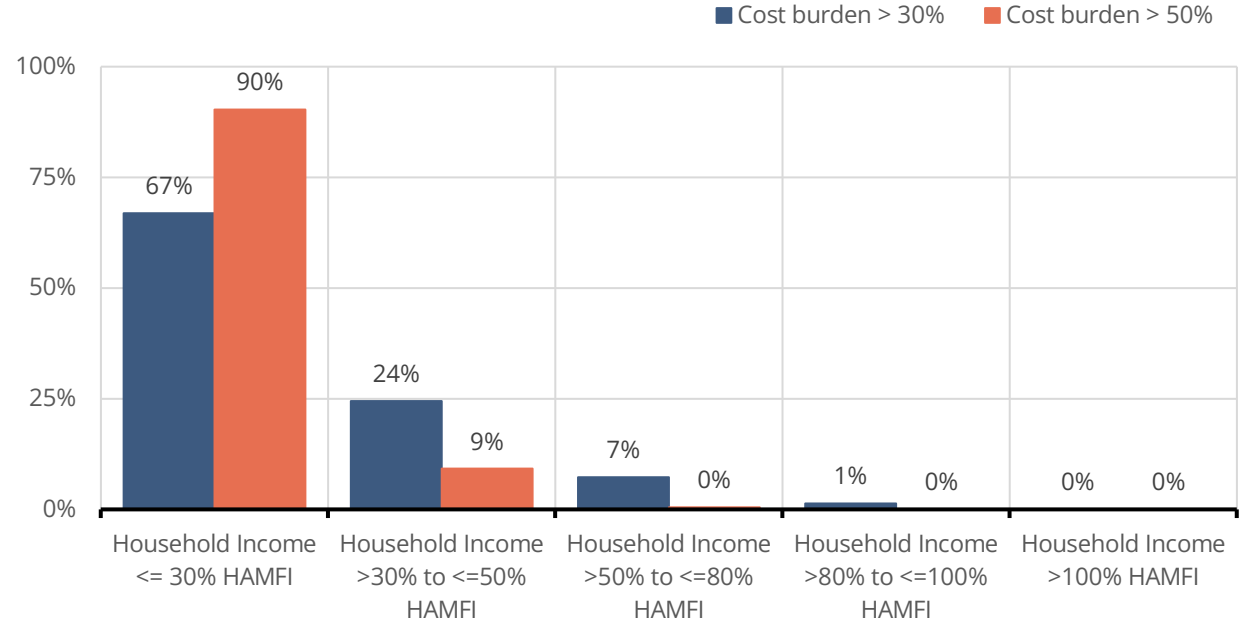


**RENTERS IN NEW LONDON ARE MORE LIKELY TO BE COST BURDENED COMPARED TO OWNERS.**

HUD considers a household to be cost burdened if they are spending more than 30% of their monthly income on housing costs. In New London, about 52% of renter households are cost burdened. According to HUD's Comprehensive Housing Affordability Strategy data (CHAS), 19% of homeowners spend between 30% and 50% of their income on housing costs, and 10% spend greater than 50%. For renters, the percentage of households spending more than 50% of their incomes on housing costs is 30%.

**Income by Cost Burden Renters**

Source: CHAS 2018



**MANY LOWER INCOME RENTER HOUSEHOLDS IN NEW LONDON ARE CONSIDERED COST BURDENED.**

The challenge for households spending more than 30% of their income on housing costs is that it leaves significantly less money for spending on other necessities such as food, transportation, education, healthcare, and childcare.

Renters in New London face an expensive housing market and continue to shoulder high housing cost burdens. Across all income brackets, New London has households facing housing cost burdens. Furthermore, as rents continue to rise across the region, existing residents may face challenges meeting the rising costs of renting in New London.

## Subsidized Housing by Type

### Subsidized Housing by Type (2021)

Source: CT Department of Housing

#### AFFORDABLE HOUSING APPEALS ACT

The Affordable Housing Appeals Act or Connecticut General Statutes 8 – 30g, provided an avenue for additional affordable housing in Connecticut. The aim of this law is to commit each municipality to provide no less than 10% of total housing stock as affordable housing.

The table to the right highlights the Connecticut Department of Housing's 2021 Affordable Housing Appeals List for New London. The '% of Assisted Housing' represents the percentage of total housing considered affordable by CT DOH.

Housing Type	New London
CHFA/USDA Mortgages	475
Deed Restrictions	101
Government Assisted	1,600
Tenant Rental Assistance	490
<b>Total Assisted</b>	<b>2,666</b>
<b>Total Housing Units</b>	<b>11,840</b>
<b>% of Assisted Housing</b>	<b>22.52%</b>



# HOUSING AFFORDABILITY GAP ANALYSIS



**Housing Affordability for New London Households, 2019**

Source: HUD 2021, ACS 2019, RKG Associates

**THERE IS STILL A GREAT NEED FOR AFFORDABLE HOUSING IN NEW LONDON.**

In New London, about **58.9% of the renter households and 24.5% of the owner households earn less than 50% of the area median income (AMI), totaling 4,962 households.** These households often experience housing instability, may rely on housing assistance, and are typically spending more on housing as a percentage of their overall income.

Area Median Income (AMI) refers to the midpoint of a region’s income distribution where half the households in a region earn more than the median and half earn less than the median. For housing, AMI thresholds set the limits for households eligible to live in income-restricted housing units and how much those units can be rented or sold for.

Area Median Income Threshold	Income	Owner Households		Affordable Home Purchase Price			
		#	%	FHA		Conventional	
				Single Family	Condo	Single Family	Condo
30% AMI (Extremely Low Income)	\$27,250	403	10.2%	\$76,098	\$35,398	\$89,476	\$40,015
50% AMI (Very Low Income)	\$45,450	565	14.3%	\$126,923	\$86,224	\$149,236	\$99,775
80% AMI (Low Income)	\$67,950	655	16.5%	\$189,757	\$149,057	\$223,116	\$173,655
100% AMI (Moderate Income)	\$90,900	684	17.3%	\$253,847	\$213,147	\$298,473	\$249,012
120% AMI (Moderate Income)	\$109,080	424	10.7%	\$422,294	\$365,871	\$541,508	\$466,729
Above 120% AMI (Middle Income +)	\$109,081+	1,230	31.1%	\$422,295+	\$365,872+	\$541,509+	\$466,730+

Area Median Income Threshold	Income	Renter Households		Affordable Monthly Rent
		#	%	
30% AMI (Extremely Low Income)	\$24,200	2,847	42.0%	\$605
50% AMI (Very Low Income)	\$40,400	1,147	16.9%	\$1,010
80% AMI (Low Income)	\$60,400	1,086	16.0%	\$1,510
100% AMI (Moderate Income)	\$80,800	799	11.8%	\$2,020
120% AMI (Moderate Income)	\$96,960	367	5.4%	\$2,424
Above 120% AMI (Middle Income +)	\$96,961+	525	7.8%	\$2,425+

## Housing Affordability Gap

### Supply and Demand Gap for Ownership Housing Units, New London

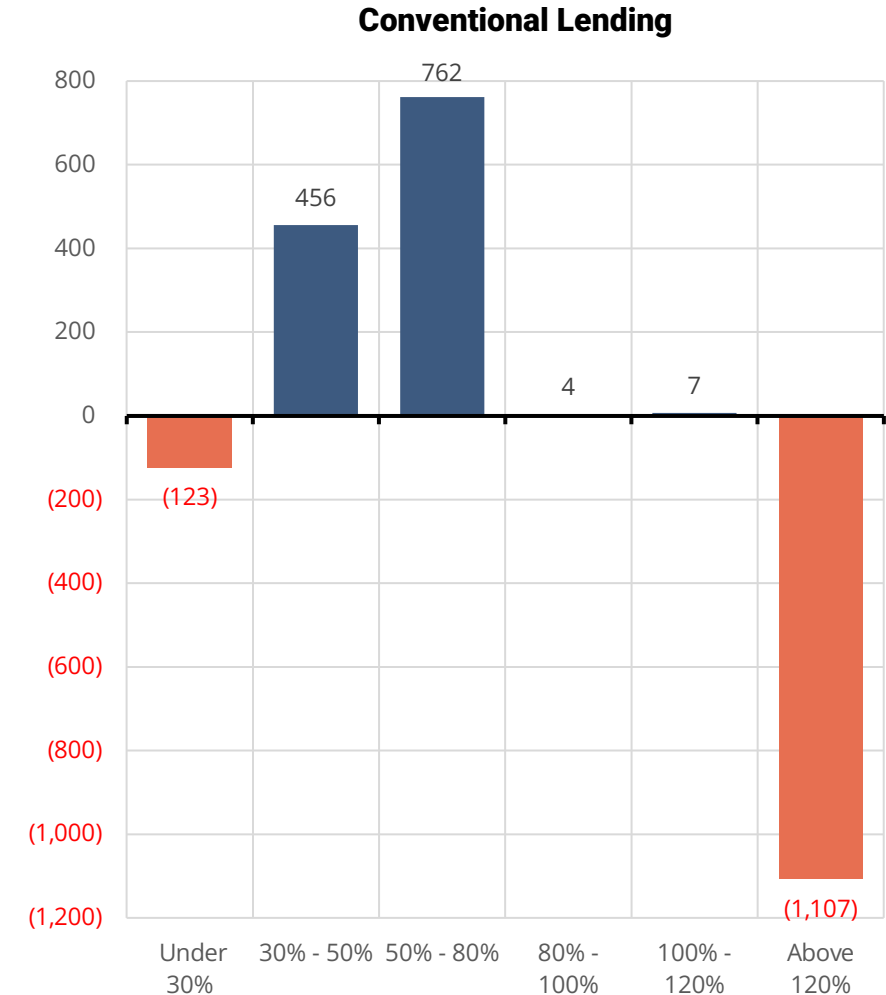
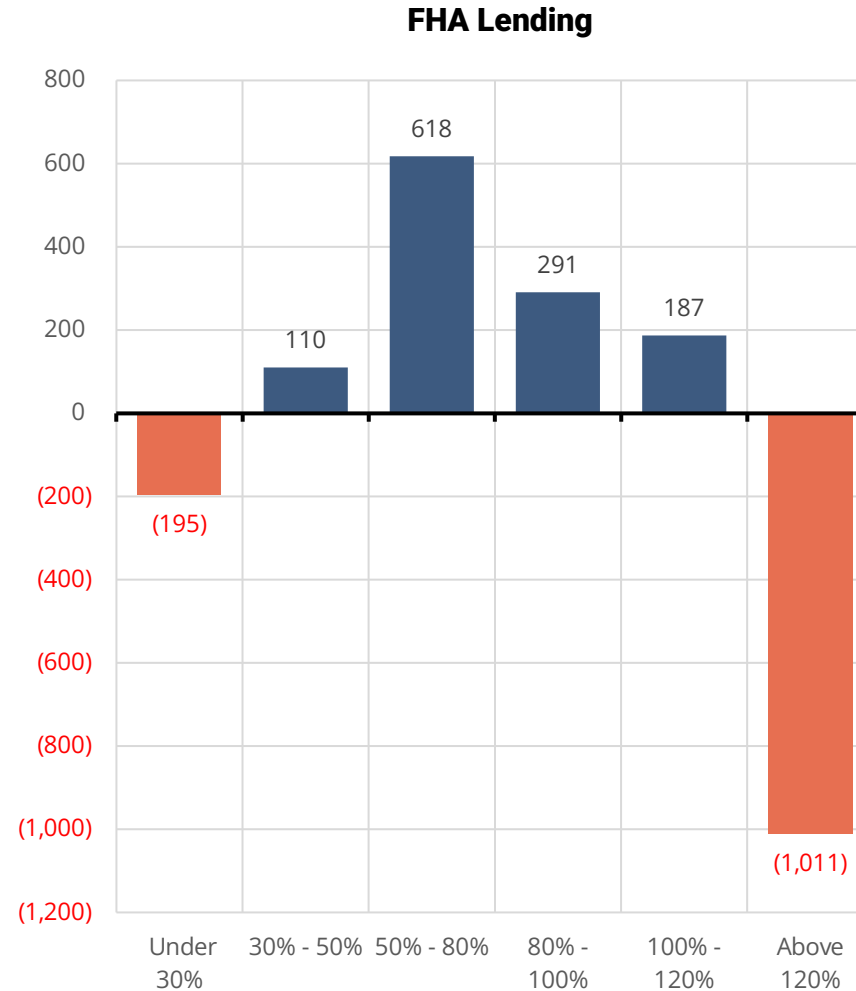
Source: HUD & ACS 5-Year 2019 Estimates

#### THERE ARE MORE POTENTIAL BUYERS IN HIGHER INCOME BRACKETS THAN THERE ARE HOUSING UNITS THAT MATCH THEIR PRICE POINTS.

For households earning at or below 50% of AMI, there is a surplus of 333 housing units in the conventional lending scenario, and a shortage of 85 units in the FHA lending scenario.

For units valued between 50-100% of AMI there is a net surplus of 909 units in the FHA scenario, and 766 units in the conventional lending scenario, indicating higher income households are likely buying down in New London's market.

For units valued more at 100% - 120% of AMI, there is a surplus of 187 units in the FHA scenario and a surplus of 7 units in the conventional lending scenario. For units values above 120% of AMI there is a deficit of 1,011 units in the FHA scenario and 1,107 units in the conventional scenario. This indicates a potential market for new higher priced housing that could ease the competition for high-to-moderate income units.



## Housing Affordability Gap

### THE RENTAL SUPPLY IS TIGHT AT BOTH THE LOWEST END AND HIGHEST END OF THE INCOME SPECTRUM.

For extremely low-income renter households, the supply of affordable and available units is tight. There are 1,686 more households earning less than 30% of AMI than available affordably priced units with monthly gross rents at or below \$605.

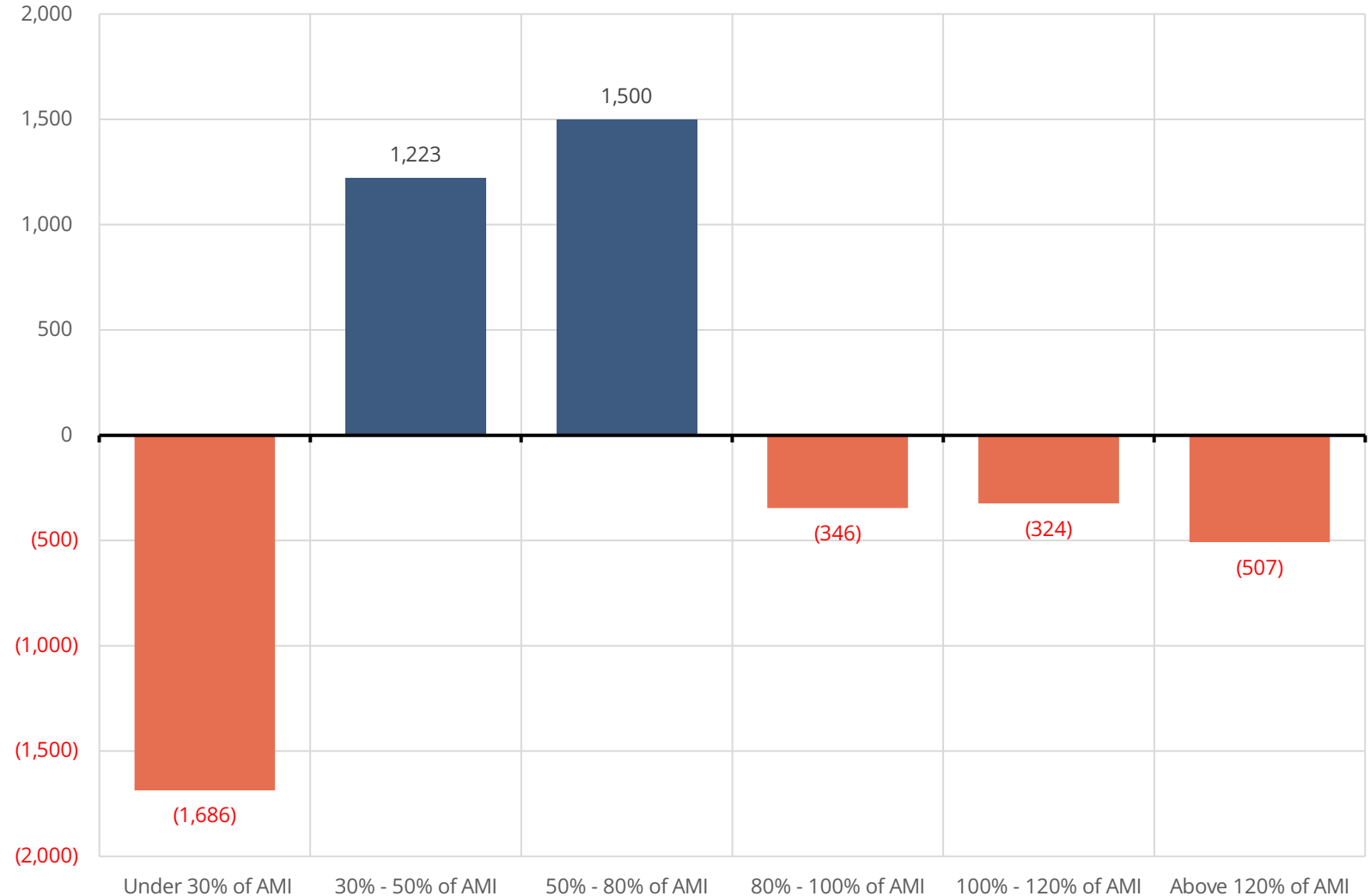
Units priced between 50-100% of AMI account for a **surplus of 1,154 units** that are likely rented by households with lower incomes who are likely spending more than they should on housing costs.

**The gap between demand and supply for households above 100% AMI is 831 units.**

**The lack of higher priced rental units in New London puts downward pressure on the supply of housing priced for lower income households.** Higher income households have more choices in the housing market and are likely renting units at a lower price point than they could otherwise afford.

### Rental Supply and Demand Gap, New London

Source: HUD & ACS 5-Year 2019 Estimates



# HOUSING GOALS





To address the housing needs within the City of New London, a broad set of goals were created. Goals were informed by the housing data in the existing conditions report, a review of past planning efforts including the POCD, and discussions with city staff and the affordable housing plan committee. The intention of the goals is to chart a course for New London and guide future regulatory, policy, and programmatic decisions as they relate to housing. The goals for New London's Affordable Housing Plan are as follows:

- 1. COMMIT TO AFFIRMATIVELY FURTHERING FAIR HOUSING AND HOUSING CHOICE.**
- 2. INVEST IN IMPROVING THE QUALITY OF THE EXISTING NATURALLY-OCCURRING AND DEED-RESTRICTED HOUSING STOCK TO MAINTAIN SAFE, ACCESSIBLE, AND AFFORDABLE HOUSING.**
- 3. PRESERVE THE CITY'S EXISTING DEED-RESTRICTED AFFORDABLE HOUSING STOCK.**
- 4. INCREASE AFFORDABLE HOMEOWNERSHIP OPPORTUNITIES, PARTICULARLY FOR COMMUNITIES OF COLOR AND THOSE IMPACTED BY URBAN RENEWAL.**
- 5. INCREASE THE AVAILABILITY OF AFFORDABLE FAMILY-SIZED UNITS.**
- 6. PROVIDE SUPPORT TO THE HOUSING AUTHORITY TO MAINTAIN AND EXPAND THE AVAILABILITY OF DEEPLY AFFORDABLE HOUSING.**
- 7. SUPPORT TOOLS SUCH AS FAIR HOUSING TRAINING, TENANT/LANDLORD EDUCATION, AND HOUSING COUNSELING PROGRAMS.**
- 8. ENSURE HOUSING AND LAND USE POLICIES RECOGNIZE THAT HOUSING IS A SOCIAL DETERMINANT OF HEALTH OUTCOMES.**
- 9. EDUCATE LOCAL RESIDENTS, PROPERTY OWNERS, MUNICIPAL STAFF, AND ELECTED AND APPOINTED OFFICIALS ON THE IMPORTANCE OF AFFORDABLE HOUSING AND ENSURE MATERIALS ARE AVAILABLE IN MULTIPLE LANGUAGES.**
- 10. CONTINUE TO EXPAND AND CULTIVATE PARTNERSHIPS THAT FURTHER AFFORDABLE HOUSING.**

# HOUSING STRATEGIES



## SUMMARY OF RECOMMENDATIONS

### MATRIX KEY:

This matrix shows the recommendations organized by groupings of the goals by aim and provides a suggested timeline for implementation.

RECOMMENDATIONS	TIMELINE		
	SHORT TERM (0-2 Years)	MID TERM (3-5 Years)	LONG TERM (6-10 Years)
<b>Increase affordable homeownership opportunities, particularly for communities of color and those impacted by urban renewal</b>			
Expand Down Payment And Closing Cost Assistance	X	-	-
Establish Housing Trust Fund	X	-	-
Promote Shared Equity Housing Program	-	X	-
<b>Provide for a Diversity of Housing Types particularly family-sized units.</b>			
Encourage Missing Middle Housing Option	-	X	-
Review and Amend Accessory Dwelling Unit (ADU) Policies	X	X	-
Review Existing Zoning to Remove Barriers to Housing Production/Increase Housing Production	-	X	-
<b>Invest in improving the quality of the existing naturally occurring and deed-restricted housing stock to maintain safe, accessible, and affordable housing.</b>			
Encourage Rehab/Redevelopment without Displacement	X	-	-
Promote Rental Assistance Program	-	X	X
Expand Housing Rehab Program	-	X	-
Create and Maintain Rental Registry and Inspection Process	X	X	-
<b>Ensure housing and land use policies recognize that housing is a social determinant of health outcomes.</b>			
Implement Inclusionary Zoning	X	-	-
Leverage Public Land for Affordable Housing Production	-	X	X
Explore Appraisal Gap Financing Programs	X	-	-
<b>Support tools such as fair housing training, landlord/resident education, housing counseling programs, and ensure materials are available in multiple languages.</b>			
Establish Housing Counseling program	X	X	-
Create and Expand Tenant And Landlord Education Programs	X	X	-
Promote Fair Housing Education for Real Estate Professionals And Renters And Homebuyers	X	X	-
Consider Establishing Fair Rent Commission	X	-	-
Continue To Expand And Cultivate Partnerships For Affordable Housing	On - Going		

**INCREASE AFFORDABLE HOMEOWNERSHIP OPPORTUNITIES,  
PARTICULARLY FOR COMMUNITIES OF COLOR AND THOSE  
IMPACTED BY URBAN RENEWAL**

# Expand First Time Homebuyer Program

Down payment and closing cost assistance helps low- and moderate-income families overcome one of the most common barriers to homeownership—accumulating sufficient savings to make a down payment and pay for closing costs on a mortgage.

The city currently has \$150,000 in available funding and will need to evaluate the type of program they would like to offer and the most effective way to continue to fund that program. There are several approaches to structuring an assistance program, which include:

- A lump sum grant which avoids the longer-term administrative costs of a loan and tracking and processing repayment. These are most effective for small assistance amounts of less than \$5,000.
- A forgivable loan which requires the homeowner to meet milestones such as living in the home for a period of time before the loan is partially or completely forgiven.
- A low- or no-interest rate loan which could require repayment over a certain period or at sale or refinance of the home. Establishing some level of repayment could also help recapitalize the loan fund over time and serve more households.
- A shared-appreciation loan which is typically used for high down payment assistance amounts (\$15,000-\$25,000) where when the home is sold the city would have the loan repaid in full plus a percentage share of the home appreciation.

This strategy both recognizes New London's current effort to distribute funds through a First Time Homebuyer Program, but also to ensure the program can continue helping new owner households close financial gaps related to closing costs and down payments when purchasing a home.



# Create an Affordable Housing Trust Fund

Affordable Housing Trust (AHT) funds are a flexible source of funding that can be used to support many different affordable housing initiatives. The money that is generated for the fund is typically created and administered at the municipal level and are not subject to restrictions like other state and federal housing funds. The money in the fund can be designed to address local needs and priorities, such as those noted throughout this study.

The entity administering the fund would work to define priorities and eligible activities money in the fund could be used for. Examples of funding areas might include:

- Emergency rental assistance
- Gap financing for new construction of affordable units
- Repairs/rehabilitation of older affordable homes/units
- Weatherization program to lower utility costs
- Down payment and closing assistance
- Foreclosure prevention
- Lead abatement program

Once the AHT is established the community will need to determine who will be administering the fund. Typically, these funds are administered by existing public office that have experience working in partnership with housing developers, administering grants, and overseeing a competitive application process for funding. Placing the oversight of the AHT within the Planning and Development Department would also create synergy with the community's POCD, development permitting, and connections with other housing partners.

The entity responsible for managing the housing trust fund will need to make a variety of administrative decisions about the fund's operation:

1. How will awards be structured—as grants, low-interest or forgivable loans, credit guarantees, or in some other form? This decision will be guided in large part by the activities to be funded.
2. How will the application process be structured? Should it be on a rolling basis, annual, or semi-annual? Should submission timelines be coordinated with other funding programs?
3. How will applications be evaluated? Will priority be given to any types of projects, or projects with certain characteristics?
4. How will long term monitoring be handled for affordable units?

The community will also need to establish other rules and guidelines regarding administration of the housing trust fund, including establishing the agency or department responsible for day-to-day management of the fund and expectations for reporting on housing trust fund activities. Many communities also establish an advisory body composed of stakeholders from diverse backgrounds to help guide trust fund administration and provide program oversight.

EXAMPLE: [Somerville Affordable Housing Trust Strategic Vision Plan & Guidelines](#)

# Promote Shared Equity Programs

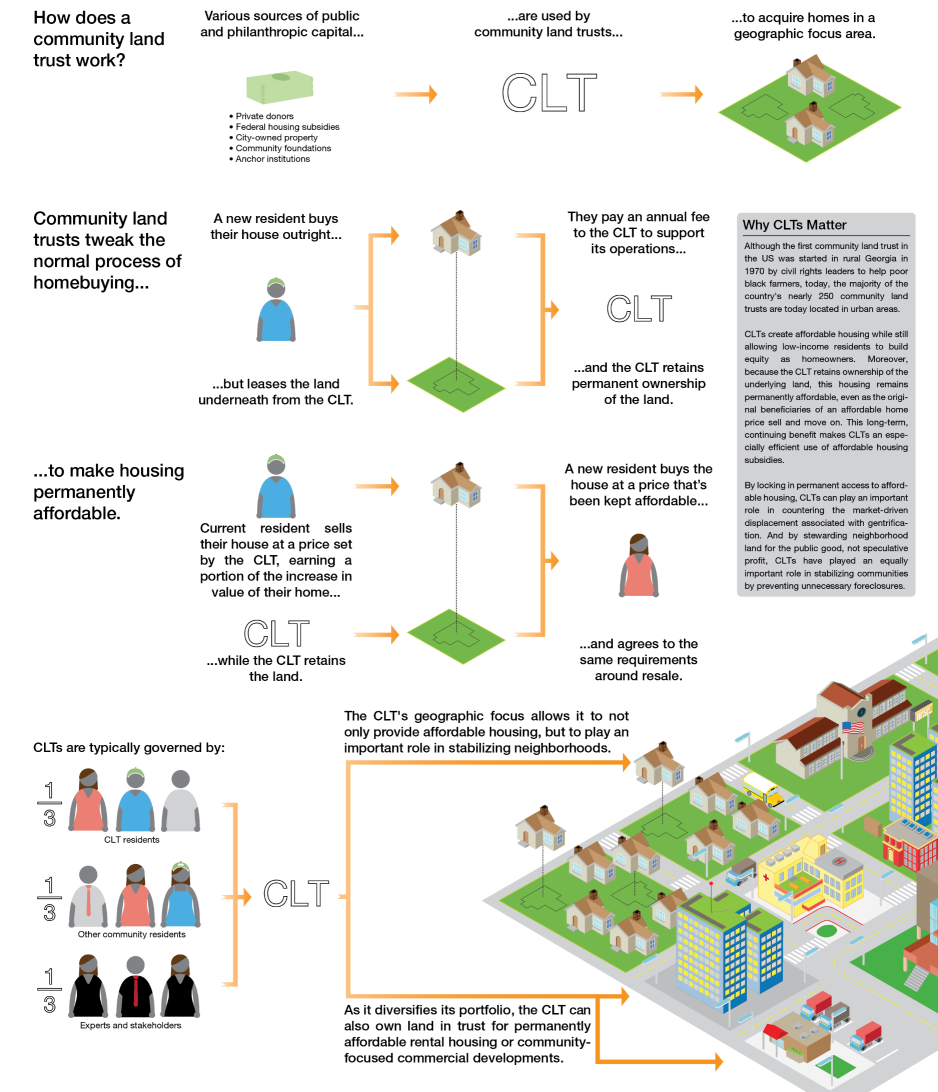
The City should support efforts to pilot the Community Land Trust model in neighborhoods that are experiencing significant appreciation that could lead to the displacement of lower-income residents. This effort could include a supportive partnership with Southeastern Connecticut Community Land Trust.

A Community Land Trust (CLT) is a structure under which a community-based organization, such as a local housing nonprofit or community development corporation, makes an upfront investment of funds to “ the affordability of homes in perpetuity for low to moderate income households CLTs operate under a shared equity model whereby the community-based organization can create permanently affordable housing and low to moderate income residents can build equity.

The community can partner with an existing community-based organization that has the capacity to operate a CLT or they could establish a new entity to manage the CLT.

EXAMPLE: [Champlain Housing Trust, VT](#)

## Community Land Trusts



For more information on Community Land Trusts, see: [community-wealth.org/clts](http://community-wealth.org/clts)  
 Designed by Benjamin Yi



Source: [Democracy Collaborative](#)

# **PROVIDE FOR A DIVERSITY OF HOUSING TYPES PARTICULARLY FAMILY-SIZED UNITS**



# Encourage Missing Middle Housing Options

To address the need for more diverse housing types and price points in some of New London’s neighborhoods, the city should review its zoning districts and explore adding new use definitions and design guidelines for 3-4-unit buildings or 3-10-unit buildings. The city may also want to consider using this density “bonus” as an incentive to encourage homeownership. The city could tie the allowance of a higher density building to a restriction on the units that they be owner-occupied and not rented for short- or long-term use. A deed restriction could be attached to the unit or a covenant in the homeownership association which makes prospective buyers or future owners aware of the restriction on the unit. For larger buildings, the city could also consider tying affordability restrictions in using inclusionary zoning for example.

The city may also want to consider creating design guidelines or pre-approved designs so new structures more closely resemble the form and function of the neighborhood.

## APARTMENT HOUSE

*Small multifamily that just fits*

The Apartment House is a context sensitive approach to adding density gently into an existing neighborhood. From the street, the building presents as a 1.5-story single-family house. Within the building, three modest but dignified apartments offer a variety of sizes and amenities.

Unlike similarly sized buildings that provide separate sleeping areas with a common kitchen and living area, the apartment house has three fully independent housesleeping units with only a small stairwell shared between them. Separate living units reduce the building's individual household size to numbers that are more consistent with small families living in typical existing neighborhoods.

**INCLUDED OPTIONS**

1. Shed Dormer Apartment House
2. Gable Dormer Apartment House
3. Low Slope Apartment House



Shed Dormer Apartment House



Option 1  
Gable Dormer Apartment House



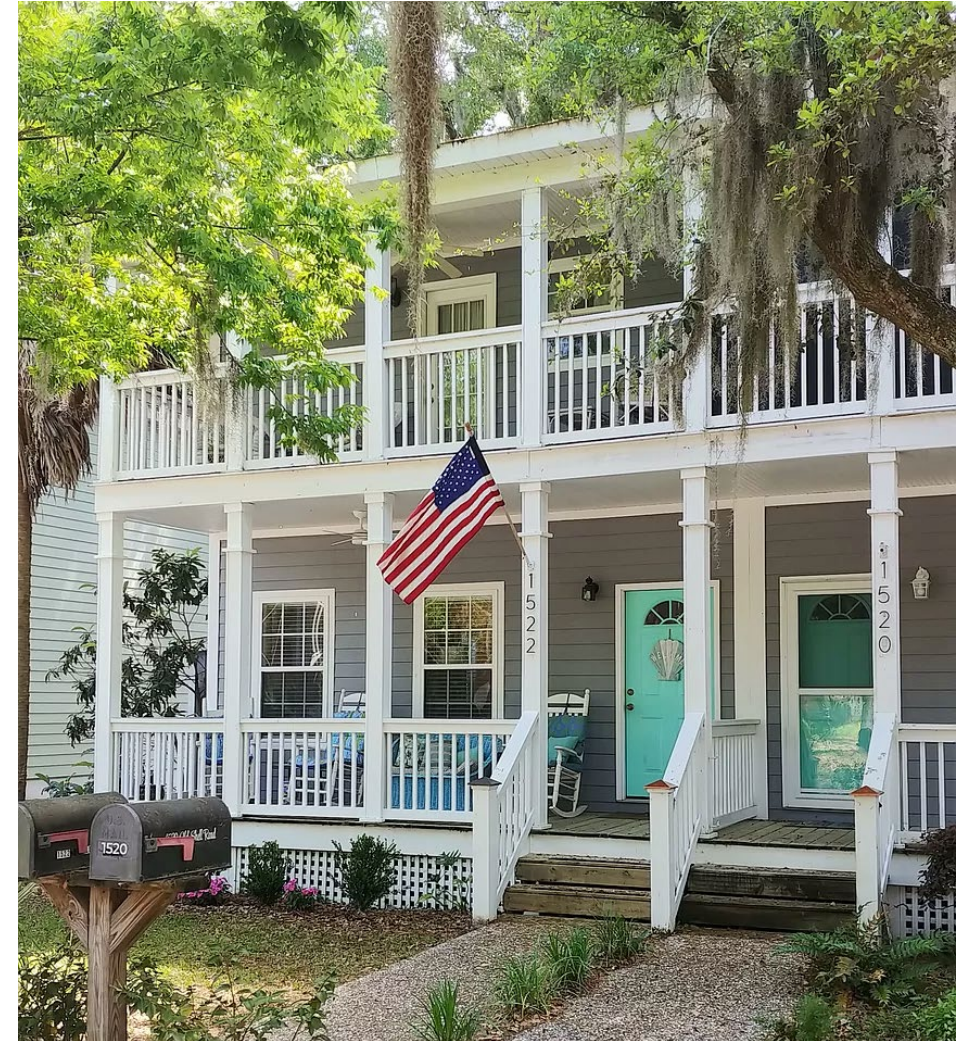
Option 2  
Low Slope Apartment House



Option 3  
Shed Dormer Apartment House



Approved Variation  
Shed Dormer Apartment House in Brick



Example of designing with density in a single-family neighborhood.



# Reduce Barriers for Accessory Dwelling Units

An accessory dwelling unit (ADU) is an independent residential living area that is on the same property as a larger, primary dwelling unit. The term “accessory” is purposely meant to describe the unit as secondary to the primary unit, in the same way a garage is of secondary importance to the home. These units cannot be sold separately and are typically limited in size to help reduce impacts on neighbors and blend in with surrounding homes. These units can help meet a wide range of living arrangements, provide an affordable housing option to family or friends, or create an opportunity for the primary homeowner to generate additional income through rent. The passage of Connecticut’s HB 6107 in 2021 legalized accessory dwelling units and created more consistent regulations, including allowing units up to 1,000 square feet in size or 30% of the main dwelling unit.

The City of New London already allows ADUs to be constructed, as either an attached or detached unit. While the city has seen some ADU activity, it would be desirable to find ways to continue to reduce barriers and have more constructed over time. Some recommendations for easing restrictions and incentivizing ADU construction could include:

- Allow an ADU to encroach on the rear setback. This could provide a larger building envelope on lots that may have setback constraints thereby restricting ADUs. Allowing some encroachment into the setback could provide additional room to construct the ADU. This should be reviewed by Planning staff on a district-by-district basis to determine the appropriate encroachment amounts as setbacks vary by district as does built form of each district/neighborhood.
- The city could also consider the following ADU Incentives:
  - Approach local lenders or state agencies to create a zero percent interest rate loan pool for detached ADUs that are income restricted to 80% AMI or 60% AMI and below.
  - Connect homeowners with architects for consultation, design or site plan.
  - Reduce or remove permit fees, hook up fees, inspection fees for ADUs.
- The city could also consider changing ADU permitting requirements from Special Permit to By-Right. Special Permits have the potential to create barriers to development, where property owners decide not to risk time and money on a permitting process that might not yield a permit. By-Right permitting for ADU’s could help reduce risk and permit timelines, which could in turn encourage further development of ADUs.



Example of an attached ADU.



Example of detached ADU.



# Review Existing Zoning to Remove Barriers to Housing Production/Increase Housing Production

Review existing zoning district boundaries, allowable uses, and dimensional regulations to reduce barriers to housing production such as:

- Use Restrictions
- Dimensional Requirements
- Open Space Requirements
- Height Restrictions
- Lot Area And Lot Area Per Dwelling Unit Requirements
- Parking Requirements

The city could also look for opportunities to create flexible zoning regulations in areas where housing is to be encouraged.

A review of existing zoning districts and regulations also offers the opportunity to align the Affordable Housing Plan with the strategies already identified in New London's Plan of Conservation and Development.



**PRESERVE AND MAINTAIN EXISTING DEED-RESTRICTED AFFORDABLE HOUSING; IMPROVE QUALITY OF EXISTING HOUSING STOCK TO CREATE SAFE, ACCESSIBLE AND AFFORDABLE HOUSING**

## Encourage Rehab/Redevelopment without Displacement

As rehabilitation or redevelopment of existing residential structures and properties continues over time, the city should consider strategies that help mitigate negative impacts on existing residents. Policies and best practices can be put in place to mitigate displacement of current residents as a result of new investment to ensure they are included in the future success stories of New London. Policy measure could include:

- Tax abatements or tax freezes on rehabbed or redeveloped property in exchange for affordability restrictions
- Working with non-profits or equity-minded developers to ensure affordable housing and anti-displacement measures are utilized
- The city could purchase units in the new development using funding through the Housing Trust Fund and income-restrict the units
- Continue the existing rehab program which is focused on low- and moderate-income households. Continue to offer no interest and favorable repayment periods for low-income households.
- Consider creating a workforce training program for skilled trades where local residents could benefit directly from rehab dollars but also from learning new skills through on-the-job training.

## Promote Rental Assistance in New London

With the rising cost of rent in New London, the City should look at ways of providing additional assistance to existing renter households through a rental assistance program. Federal and state funds, or local funds through a Housing Trust Fund could be used to offer rental assistance to struggling households. This was a very common strategy for many municipalities during the pandemic to ensure our most vulnerable households could remain housed even during very difficult financial times.

In addition, the City could work with the Housing Authority on promoting tenant/voucher educational materials and promoting residential properties that proactively accept vouchers and have rents that align with affordability standards for voucher holders. Often voucher holders can have a difficult time finding properties or units that will accept vouchers and units that match affordability standards which are tied to the voucher.

## Expand Housing Rehab

The City should continue to promote and expand the restoration and rehabilitation of the existing housing stock as a way to ensure neighborhoods maintain value over time, a quality housing stock is available, and naturally-occurring affordable housing remains available and attainable for New London's residents.

New London's Housing Conservation Program has deferred, and repayment loads available for rehab projects at owner-occupied properties with up to four units. The program offers deferred loads up to \$10,000 for single-family, owner-occupied properties. These loans are forgiven at the rate of 10% per year for 10 years. Repayment loans are also offered at 3% - 6% to qualified property owners. Since 2015, New London has invested \$2,519,747 in housing rehabilitation projects for 111 properties, which includes 143 units.

One way of further expanding existing housing rehab programs could be through targeting investor-owned properties with units priced above 80% of AMI. For higher income households or investor units, the city could also consider stricter repayment terms or charge a higher interest rate compared to lower-income units or households. The city could also treat the fund as a revolving loan which is repaid over time in order to continually repopulate and grow fund over time.

## Create and Maintain Rental Registry and Inspection Process

Given the high percentage of rental properties and the older housing stock in New London, the creation of a rental registry and rental inspection process may help improve the quality of the rental housing stock over time. The creation of a rental registry is an important step in identifying rental units and holding property owners accountable for violations to community ordinances and codes. Without a robust rental registry, the community may lack the necessary information to identify owners and tenants, quantify the number of rental units, track property turnover, and ensure compliance with all residential codes.

A rental registry is, generally, a low-cost way for a community to track and regulate rental units. The component pieces of establishing a rental registry are enacting the local ordinance, defining the registration parameters, delegating responsibility to administer the program, establishing a registration fee which covers administrative costs, and determining the type and severity of penalties for non-compliance.

# **INCREASE THE AVAILABILITY OF AFFORDABLE UNITS & ENSURE HOUSING POLICIES ADDRESS LINKAGES BETWEEN HOUSING AND HEALTH EQUITY**



# Implement Inclusionary Zoning Regulations

Inclusionary Zoning (IZ) is a policy used to create affordable housing by requiring developers to include a specific percentage set aside of below-market units as part of a market-rate rental or ownership development. The IZ policy effectively leverages private market investment to create new affordable units with very little (if any) public subsidy.

IZ is also an effective way of integrating affordable units across a community to provide opportunities for housing choices in neighborhoods where lower-income households may not have otherwise been able to afford. Resource-rich areas/neighborhoods may have access to better schools, healthcare options, transportation choices, and open spaces.

Diversifying the locations of affordable housing may offer new opportunities to households who previously had limited choice.

Inclusionary zoning policies are typically classified as one of two types: mandatory or voluntary.

- Mandatory policies, affordable units must be included in all proposed developments that fit within the parameters of the policy.
- Voluntary policies rely on negotiations and offsets which function as incentives to encourage developers to provide affordable units.

# Leverage Public Land for Housing Production

Disposing of available publicly-owned properties to support housing production, particularly mixed-income or affordable housing, can be an effective way of partnering with developers to address housing needs. Land is a cost borne by the development, but when publicly owned, could be offered at a steeply discounted rate to improve the financial viability of a proposal that includes an affordable housing component.

The offering of publicly-owned land for private development also allows the municipality to be in the driver's seat and define development goals and outcomes in return for public incentives such as discounted land, tax abatements, or infrastructure funding.

Addressing housing production, particularly affordable housing, could be one public benefit achieved through the land disposition process. Developing clear criteria for evaluating the responses to public land bids will help developers understand the goals of the project and provide transparency for the community when evaluating each proposal.

## Considerations for Potential Properties

**Minimum Lot Size:** Over 5,000 square feet, but preference for larger sites that could accommodate multi-family units.

**Use of Property:** Ensure there are no other competing public uses for the property, and no plans by other municipal or school district departments for future use of the property. The use/housing type should be compatible or not conflict with existing neighborhood character.

**Zoning:** Property should be in an existing residential or mixed-use district or overlay district. Community could also adopt form-based code or a hybrid code to influence design.

**Infrastructure Capacity:** Property should be served by existing water, sewer, and transportation infrastructure. Capacity should be available to serve the development.

**Property Location:** Ideally, the property is located near amenities residents could take advantage of such as parks and open space, schools, childcare facilities, and shops and grocery options.

**Environmental Considerations:** Property should not be located within a floodplain, have significant wetland encumbrances, or environmental remediation issues.

## **Create a Program that Offers Forgivable Gap Financing for Purchase-Rehabilitation Projects**

In many communities, the combined costs of purchasing and rehabilitating an older property may be greater than the resulting appraised value of the property, especially in communities with exceptionally older housing stock. This makes financing incredibly challenging to procure leading to a self-reinforcing cycle of deteriorating housing stock.

The provision of appraisal gap financing can help facilitate rehabilitation in circumstances in which it might otherwise be infeasible. These forms of subsidy can also be used to facilitate the financing of properties whose market values exceed their appraised values.

Appraisal gap policies can be designed to contribute to improved housing quality, preserve market-affordable housing, improve community development outcomes, and in some cases create dedicated affordable housing.

EXAMPLE: [Hartford Housing Preservation Loan Fund](#)

**SUPPORT TOOLS SUCH AS FAIR HOUSING TRAINING,  
LANDLORD/RESIDENT EDUCATION, HOUSING COUNSELING  
PROGRAMS AND ENSURE MATERIALS ARE AVAILABLE IN  
MULTIPLE LANGUAGES**

## Establish Housing Counseling Program

Create or enhance support for effective housing counseling programs for potential homeowners. Housing Counseling programs prepare low-income households to become successful homeowners through one-on-one or groups sessions covering topics such as the home purchasing and loan qualification processes, building credit, down payments, and more.

These programs may also help connect future homeowners with lenders and financial assistance. The City should seek to partner with local organizations to expand outreach for housing counseling programs as well as support capacity for educational materials and/or staff that can accommodate multiple languages.



## Create and Expand Landlord and Resident Education

To assist homeowners, homebuyers, renters, and landlords with ensuring housing regulations and policies are closely followed, the community should consider creating educational materials and programs that can be provided in both print and digital format as well as offerings in multiple languages. These materials could include information on:

1. Housing Assistance Programs – additional outreach and education materials as programs in community evolve and funding becomes available
2. The benefits of providing housing at all price points in community.
3. Housing as a form of economic development and how the two support each other.





# Promote Fair Housing Education for Real Estate Professionals and Homebuyers/Renters

A Fair Housing Education Program can serve two primary aims:

1. Ensure that potential homeowners and renters know their rights under the law
2. Ensure that real estate professionals and landlords understand their obligations so that they remain compliant with fair housing laws

Fair housing education geared toward the general public can help renters and homeowners as well as homebuyers understand their rights under federal, state and local laws. These education programs can range from general public messaging to informational materials posted on the municipal website as well as hosting seminars and workshops at various community centers. These educational programs are often done in partnership with local non-profits and education programs can offer materials and information in multiple languages to ensure that all residents understand their rights.

Similarly, educational programs geared towards real estate professionals (e.g., landlords, realtors, lenders etc.) and municipal boards and committees aim to boost awareness and understanding of their responsibilities and avoid discriminatory actions. These workshops and informational materials can be offered and developed by the municipal government or in partnership with local and state fair housing organizations.

## Consider Establishing Fair Rent Commission

The City of New London should consider establishing a Fair Rent Commission. Under Connecticut law (CGS § 7-148b) any municipality has the authority to establish a fair rent commission for the city/town, by an act of the city/town legislative body. A fair rent commission has the authority to receive and investigate rent complaints, issue subpoenas, hold hearings, and order landlords to reduce rents for specific reasons.

When a commission finds that rental housing does not meet the local or state health or safety requirements for housing, the commission may suspend rent payments until the housing is brought into compliance. Also, a commission may order a landlord to stop any retaliation against a tenant who makes a complaint to the commission. A fair rent commission has this authority only within the boundaries of the city/town that established it. (See [Fair Rent Commissions: Duties & Obligations](#) for more information)

Fair Rent Commissions are a way of ensuring fair and equal access to housing. It discourages discriminatory housing practices and enforces quality standards for existing rental units.

## Continue To Expand And Cultivate Partnerships For Affordable Housing

Many local and regional non-profit organizations have expressed interest in addressing the housing challenges faced in New London. Programs offered by a number of these organizations include:

- Rental Programs
- Home Repair Workshops
- Housing Counseling
- Home Building
- Homeownership Loan Programs

Exploring and Expanding partnerships with local organizations are an effective way of building capacity to implement the city's affordable housing strategies as well as encouraging actions that encompass a broad array of community stakeholders. Some possible or existing partnerships include:

- [H.O.P.E., Inc.](#)
- [Southeastern Connecticut Community Land Trust](#)
- Eastern Connecticut Housing Opportunities Inc.
- [Habitat](#)



**AFFORDABLE HOUSING PLAN FOR  
THE CITY OF NEW LONDON, CONNECTICUT**

May 2022