

**Exhibit C**

**Need**

**Lower Connecticut River Valley Council of Governments**

**Describe your efforts so far to identify, address, mitigate, or remove barriers to affordable housing production and preservation.**

In September 2021, the Lower Connecticut River Valley Council of Governments (RiverCOG) in partnership with its 17 member municipalities, adopted its first Regional Plan of Conservation and Development (RPOCD). The RPOCD is a 10-year regional land use policy plan that analyzes regional trends and challenges and proposes a blueprint to achieve a broad regional vision.

Through the creation of the RPOCD, it became apparent that the region was at a precipice. Data analysis showed, and public engagement confirmed, that the region lacked infrastructure and amenities to support an increasingly older population. There is a dearth of smaller, more affordable housing units and rentals, and an overall sprawling and segmented pattern of large lot development that makes owning a car and the ability to drive almost essential and limits access for large portions of the population. These same conditions have limited the vibrancy and vitality of the region's town centers, which has impeded the region's ability to attract and retain young people and discouraged economic investment. Faced with this shrinking and aging population, slow job growth, and limited interest in new development, the region recognized the need to course-correct and identify new opportunities.

Four interconnected themes emerged from the RPOCD to guide the region's future growth and development: Sustainable, Innovative, Connected, and Community. These themes envision a region that preserves its natural resources, focuses development in and around our existing town centers, invests in vibrant, accessible neighborhoods with a wide variety of housing options, and connects everything through a multi-modal transportation network to reduce car trips. Creating more housing opportunities in the region is a key component of the regional vision, and conducting a further study of housing needs and solutions was a priority goal.

Recognizing this priority, the region immediately began work on its Regional Housing Plan (RHP), which was adopted in July 2022. This plan, a first of its kind for the state, was completed in two parts – a regionwide framework that analyzed regional housing data in the context of the RPOCD goals, and 14 municipality specific affordable housing plans that assessed the existing affordable housing stock, needs, and opportunities at the local level. The RHP, which received recognition as a model for regional housing efforts from the Connecticut Chapter of the American Planning Association, looks at how the region's housing supply needs to grow holistically and how to ensure that affordable housing is integrated, and addressed in that growth.

Because the regional council of governments does not have implementation power of regulatory changes at the municipal level or control over municipal land use decisions, three regional recommendations emerged from the RHP that focus on improving municipal capacity and coordination in addressing housing issues. Implementation of each of these recommendations is already underway.

Recommendation 1: Create a Regional Housing Toolkit. Many implementation measures from the municipal affordable housing plans require regulatory or policy changes. Because the region's municipalities are small, many do not have full-time planning staff. This creates a challenge for regulatory changes, which require significant resources to research and draft, and then to solicit

public engagement, and shepherd proposed regulations through the planning and zoning commission process. The toolkit is intended as a resource for municipalities to aid in this process by taking the proposed regulatory changes from the municipal plans and creating a web-based portal with summaries, benefits and challenges, best practices, and templates with prompts for creating the regulations. The toolkit components are already being developed and, although the website is not yet live, materials have been provided to individual municipalities with RiverCOG providing ongoing assistance.

Recommendation 2: Establish a Regional Housing Commission. Because of the region's size and relative lack of resources, the Regional Housing Plan recognized the need to build capacity and coordination. The Regional Housing Commission was envisioned as a forum for ongoing collaboration on housing issues between member municipalities with the goal of improving housing diversity and opportunity. Key functions include providing resources and educational material to residents, commissioners, developers, and landlords, building and fostering partnerships between municipalities, non-profits, private sector developers, and federal, state, and local officials, and conducting ongoing analysis of housing needs and recommendations, including monitoring of progress and support of efforts toward implementation of housing goals. RiverCOG worked with regional state legislators during the last session of the Connecticut General Assembly on enabling legislation to allow for the establishment of regional housing commissions. Legislation did not pass, but RiverCOG will stay engaged on this proposal into the future. Much of what was envisioned in a Regional Housing Commission can be accomplished under the voluntary framework of RiverCOG and a Regional Housing Committee of the COG was pursued. The Regional Housing Committee (RHC) was established in May 2023 through an amendment to the RiverCOG bylaws and has been working actively to advance its missions. Currently, the RHC has been meeting monthly to run several working series – 1) regulation changes (tied into the housing toolkit); 2) future partners; and 3) housing entities. After its first year of operation, the RHC can petition the board to expand operations to include a land bank, land trust, and/or housing authority.

Recommendation 3: Conduct TOD Studies and Create Plans for Commuter Train Stations. The RHP noted three opportunities for increased housing density around the region's three Shoreline East Commuter Train Stations in the coastal towns of Old Saybrook, Westbrook, and Clinton. Each of these stations is currently underutilized, with only 15% zoned mixed use and 30% zoned low density residential. In addition, the stations are predominately accessible by only car, have challenging environmental and topographical conditions, and are not served by public sewers. The RHP proposed studying these areas to understand the land capacity, creating a Transit Oriented Development plan with broad public engagement, and drafting the regulations that would allow the plan to occur. In April 2023, RiverCOG was notified of its selection to participate in the USDOT Thriving Communities Program and will be receiving technical assistance to complete this work. The project is currently in the scoping phase and will run for two years. It also expanded to incorporate the bus terminal in the City of Middletown. Furthermore, RiverCOG received a USDOT Safe Streets and Roads for All grant to create a Comprehensive Safety Action Plan for all users of the transportation network. This work is starting in the fall of 2023 and will, in part, look at how to make our train stations, transit stops, and town centers safer for users.

## **Do you have acute demand for affordable housing? What are your remaining affordable housing needs and how do you know?**

The region and its municipalities are not “priority areas” according to the program criteria. However, there is an acute demand for affordable housing. The RPOCD and RHP noted this need based on statistical data, supported by anecdotal evidence.

Demographics. The region is aging and declining in population. As of 2020, the region had a population of 174,225 people. This is a 1% decline from 2010 and represents a 20% loss in young people under the age of 18. The median age in the region has increased to 46.6 years (up almost 20% from 2000) and is higher for most municipalities. The region is also homogenous, with an 89% white population. Ten of the region's municipalities were 95% or more white.

Housing Age and Type. The region’s housing supply is aging with limited new supply being built. Approximately 63 percent of the region’s housing stock was built prior to 1980, and 20 percent was built prior to 1940. Further, between 2000 and 2020, every municipality, except for Clinton and Old Saybrook, saw the number of new houses being built drop by 50 percent or more. The region also lacks diversity in housing type. Residential zoning dominates the region at approximately 243,515 acres or 86%. Of that, 60% is zoned at very low density, or less than one dwelling unit per acre. Only about 5% of residential zoning allows for more than two dwelling units or more per acre. Of the existing housing supply, 71% of units are detached single family – this is more than twice any other type of unit combined. Rentals only make up 26% of housing stock and 47% of those units are in the City of Middletown.

Dichotomy Between Residents and Workers. The region is on the periphery of the Hartford, New Haven, and New London labor market areas. Commuting patterns reflect that 68% of the region’s residents leave the region for employment, predominately for these destinations. Conversely, most of the region’s workforce needs are met by workers from outside the region. This is in part because the housing supply does not match the needs of the region’s workers. Wages for the region’s jobs tend to be lower than the income of the region’s residents. Two of the top employment sectors in the region (retail trade and accommodation and food services) pay well below the regional average of \$62,000 per year. In many cases, workers in the region must live farther from their jobs because of the lack of housing variety and rental units.

### Affordability and Cost Burdened Households.

Less than 10% of the region’s existing housing stock (6,733 units as of 2020) is considered affordable pursuant to state statute. This includes units that are publicly assisted, financed by CHFA (Connecticut Housing Finance Authority) or USDA mortgage, and housing subject to deed restriction as affordable to those earning less than 60% or 80% AMI. Most of these units (71%) are in Middletown. Deed restrictions on these units expire after 40 years and many of the existing units will revert to market rate in the near future.

The table below shows the number of qualifying low-income households in the region.

Municipality	Low (51% - 80% AMI)	Very Low (31% - 50% AMI)	Extremely Low (30% or less AMI)	Total Low Income Households
Chester	180	155	165	500
Clinton	420	945	730	2,095
Cromwell	795	460	435	1,690
Deep River	235	220	230	685
East Haddam	450	260	365	1,075
East Hampton	605	330	370	1,305
Essex	280	380	350	1,010
Killingworth	210	195	130	535
Lyme	150	155	39	344
Middletown	3,005	2,260	3,025	8,290
Old Lyme	330	315	290	935
Portland	405	365	360	1,130
Total	7,065	6,040	6,489	19,594

In addition to statutorily defined low-income households, approximately 1/3 of the region’s existing households are cost burdened, spending over 30% of their income on housing related expenses. This includes 48% of renters. According to the United Way Asset Limited Income Restrained Employed (ALICE) Report, 28% of residents in Middlesex County (which does not include Lyme and Old Lyme) have income levels below the threshold for survival. When the cost associated with commuting, which is all but required in the region, is added to housing costs, a significant number of the region’s residents face housing related cost burden.

Need for Current and Future Residents. While the housing burden of existing residents is an important indicator of housing needs, the region is also concerned with providing opportunities to those groups that have historically been excluded, intentionally or unintentionally, from the region. This includes providing housing that is accessible to the region’s workforce and opportunities for increasing the racial and ethnic diversity of residents. Historically, housing programs have focused on providing funding to cities with a diverse population and substantial need, but the region, while more rural, provides a high quality of life and is seeking to provide an opportunity for new and diverse residents.

**What key barriers still exist and need to be addressed to produce and preserve more affordable accessible housing?**

While the region has been actively working over the past several years to remove barriers and proactively increase the amount and type of housing units, progress has been slow.

Physical Barriers. The seventeen municipalities in the region are organized around the Connecticut River, rather than a major city. With an important natural resource at its center, it is unsurprising

that the region is defined by its abundance of natural resources. These natural resources provide a draw for residents and tourists, however, protection of the environment, while critical, can create challenges for growth and development. A majority of the region maintains a rural or low-density suburban development pattern in order to maintain large swaths of natural open space. There is limited sewer and public water infrastructure for similar reasons. On an individual municipal level, there is not significant growth potential outside of the City of Middletown. However, taken as a whole, the region has several nodes of opportunity, in the town centers. The regional focus on sustainable infill development is intended to balance the housing and economic development needs with the importance of environmental preservation, but still requires analysis of physical limitations, such as septic capacity and environmentally sensitive site design, in order to proceed. Further, many high opportunity sites include legacy brownfields from manufacturing operations dating back to the 19<sup>th</sup> century. These structures require costly remediation making renovation and redevelopment difficult.

Financial/Market. Financial and market conditions are limiting new housing construction, regardless of zoning changes. The primary drivers of the housing market (jobs, income, population growth, household formation), have been slow or in decline over the last several years. Due to the symbiotic nature of these conditions, the region will need to simultaneously attract businesses and new residents in order to stimulate construction and grow its housing supply. Marketing new opportunities will also be important once the planning and regulatory frameworks are in place. The region will also need to find ways to offset the high cost of housing construction in order to achieve greater levels of affordability.

Regulatory/Legislative Barriers. The region is actively working to update its regulations in targeted opportunity areas, which often do not allow multi-family and mixed-use development or require lengthy permitting procedures; however, these efforts have progressed on an ad hoc basis. This is because while the RHP focused on housing needs and general areas of opportunity, it did not take the further step of creating a plan and vision for how those opportunity areas would develop. The municipalities, in partnership with the region, would substantially benefit from a robust public engagement effort to develop a vision and plan for the opportunity areas, which would then provide a roadmap for the regulatory changes that need to occur.

Education of the Public. While there has been general recognition across the region that there is a need for more affordable housing and general housing variety, evidenced by extensive public feedback and unanimous adoption of previous planning efforts, there is still a degree of concern and skepticism when it comes to specific housing projects. This is partly due to the lack of a plan in place to guide the housing development and a distrust of a developer driven process. There is also a level of unconscious bias when discussing affordable or fair housing, which could be addressed through additional public engagement and education.

Capacity. Many of these challenges could be addressed with additional staff and funding resources. Many of the municipalities in the region do not have full-time staff planners. In addition, the planners in the region are responsible for both current and long-range planning with little additional time for new projects. RiverCOG staff leads these regional efforts and supplements

municipal staff where possible, but progress is slow moving. Additional funding for consultant work and staff time is instrumental in moving these housing initiatives forward.