Booklet #1
June 30, 2009

EAST HAMPTON'S HOUSING NEEDS

EAST HAMPTON

Overview

The 2006 Plan of Conservation and Development recommended that East Hampton address the changing housing needs of the community. This booklet is intended to look at some ways this might be accomplished.

This booklet is the first in a series of booklets intended to evaluate how addressing housing needs might be done in ways that will enhance economic growth for the Town and be consistent with the overall strategies of the 2006 Plan:

- Protecting Important Resources,
- Guiding Appropriate Development, and
- Addressing Community Needs.

Housing

… the human right of every man, woman, youth and child to a secure place to live in peace and dignity is a prerequisite of social justice ...

United Nations

Meet Housing Needs

Meet Housing Needs

Protect Important Resources

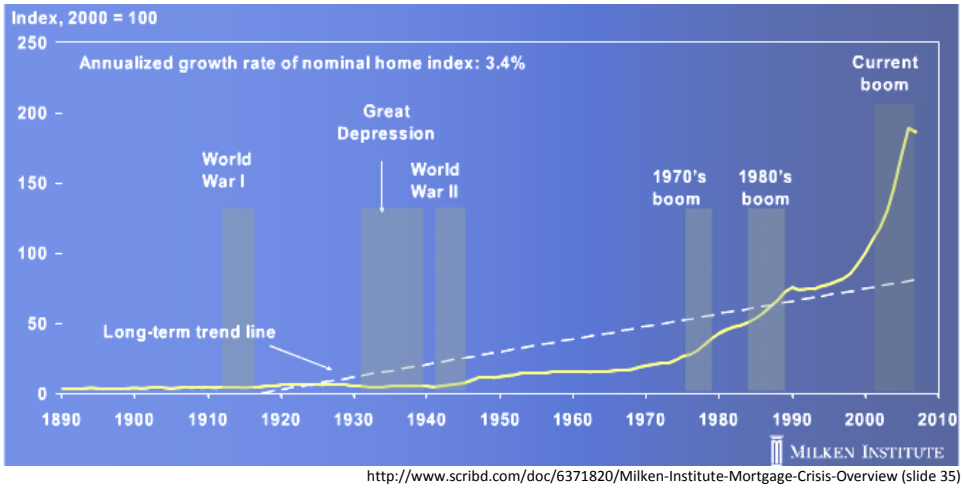
Guide Appropriate Development

Why Is Housing A Concern?

Shelter is a basic human need. In recent years, there has been a growing awareness that not enough housing may be available to meet people's needs – the demand for housing exceeds the supply. As a result, housing has become very expensive and this has impeded economic development and had other socio-economic impacts.

Housing Affordability

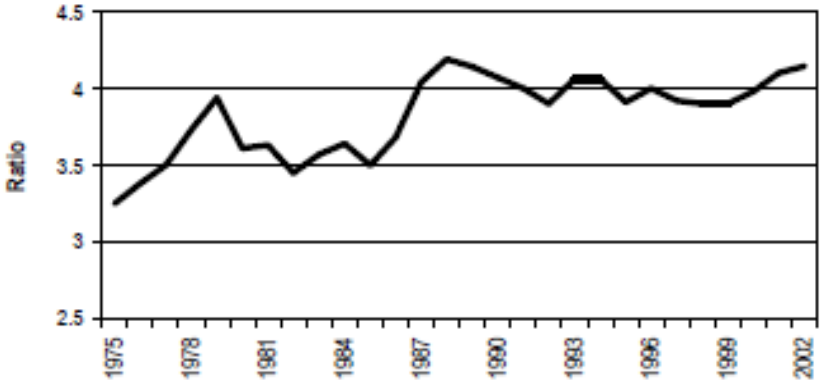
The following chart shows the historic trend for housing prices and the times when price escalation was "extraordinary" (note the number of times since 1975 when the price escalation was steeper than the long term average).



http://www.scribd.com/doc/6371820/Milken-Institute-Mortgage-Crisis-Overview (slide 35)

According to economists, a lack of affordable housing results in lower economic growth and a more fragile housing market. This becomes even more pronounced as energy costs rise since people are less able to afford to travel to jobs, especially if they are lower paying jobs as might exist for some service businesses.

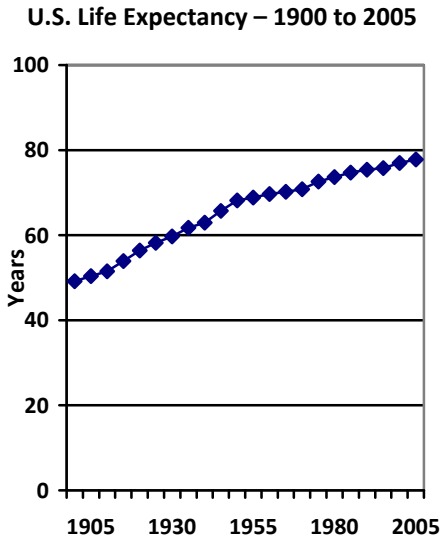
Research has shown that housing affordability becomes an issue when the median priced home sells for more than 3.5 times the median income for the area. As can be seen from the following chart, this ratio has consistently been above 3.5 nationally since 1986.



www.milkeninstitute.org/pdf/HousingAffordability.pdf

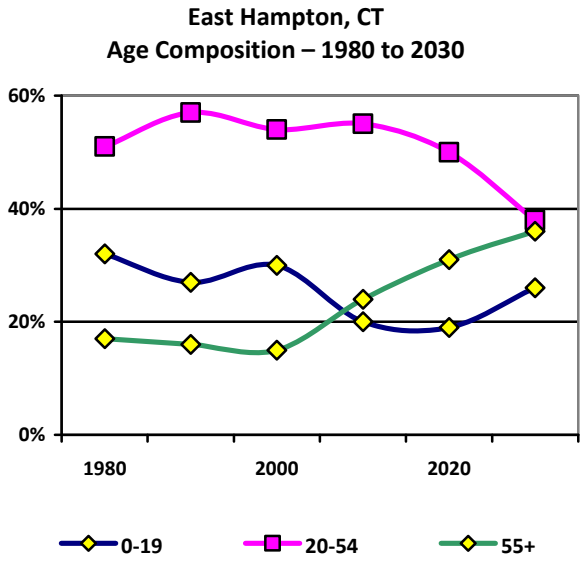
Mix of Housing

In addition to affordability concerns, there is also a concern about whether the mix of housing types available in East Hampton and other communities will meet the future needs of residents. Through the first 200 years of our nation's history, the age distribution of the population was dominated by younger residents. Now, with the great strides that have been made in health, medicine, and occupational safety, people are living longer than ever before. While somebody born in the United States the year 1900 had a life expectancy of about 49 years, a person born today has a life expectancy of about 78 years.



Not surprisingly, the housing needs of a young couple are different than those of a mature family and both are different than the housing needs of older people. Having a more diverse housing portfolio helps to ensure that appropriate housing is available for us, our children, our parents, our friends, and other people important to our lifestyle and quality of life.

According to the 2006 Plan of Conservation and Development, East Hampton may be a community where, in 2020, more than one-third of the population will be over the age of 55. Since most communities have not experienced the type of age composition changes expected, it is difficult to anticipate what future housing needs may be.



"Housing Ladder"

The term "housing ladder" refers to the concept of how people's housing situations may change over time as their lifestage (age, family status, etc.) or lifestyle (income, family size, etc.) may change.

People may skip steps on the ladder and may decide to move down the ladder at some points in their lives

- Nursing home
- Assisted living
- Congregate housing
- Accessory unit
- Large home
- Modest home
- Starter home
- Large condominium
- Small condominium
- Large apartment
- Small apartment
- Live in dormitory
- Live with family

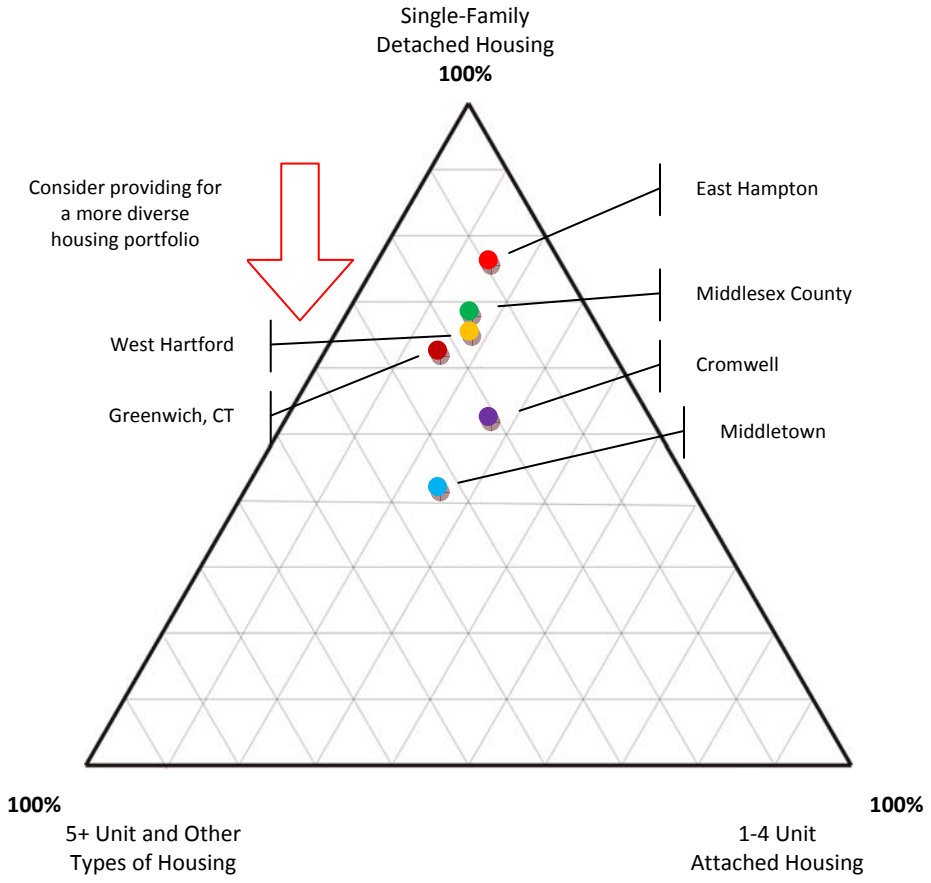
What Should East Hampton Do?

Strive To Diversify Our Housing Portfolio

Over the long term, it makes sense for East Hampton to consider diversifying its housing "portfolio." Investors in financial markets have learned over time that a diversified approach within their investment portfolio provides the best opportunity for overall success.

For a similar reason, East Hampton should consider allowing or providing for alternative housing types within its overall portfolio.

While East Hampton will clearly stay focused on single-family detached houses, there are opportunities to provide for other housing types to meet community needs.



Rather than focus almost exclusively on single-family detached homes, East Hampton may wish to consider allowing:

- smaller units to accommodate smaller households (1-2 people)
- units with services to meet the needs of an aging population (shared maintenance, recreation, meals, health assistance, etc.)
- less expensive units for people on lesser incomes

Strive To Become a More Sustainable Community

As noted in the 2006 Plan of Conservation and Development, East Hampton has both the smallest jobs-to-housing ratio and the smallest jobs-to-worker ratio among neighboring communities. This means that East Hampton residents generally rely on jobs in surrounding areas to support their lifestyles.

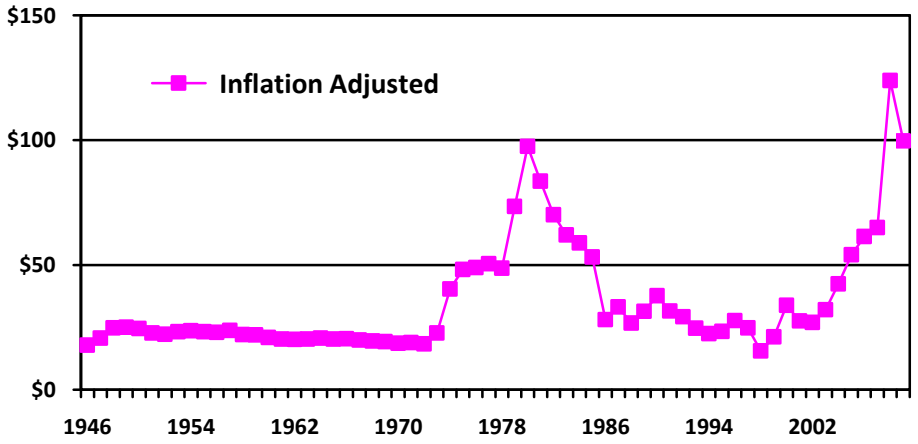
In addition, about half of the jobs in East Hampton are filled by residents from other communities. Since the annual average wage in East Hampton in 2005 was $32,213 (http://www.ctdol.state.ct.us/lmi/ces/emp_by_town_2005_E-H.htm) while the median household income is $83,465, it can be seen that most residents do not work locally.

Further, with local wages of $32,213 and a median house sales price of $273,825 in 2007, it can also be seen that few local workers can afford to live in East Hampton. A home price to worker income ratio of 8.5 far exceeds what local workers could afford – even on two incomes.

In other words, East Hampton employers have to import workers from surrounding areas to provide local services. This includes police, public works employees, and administrative staff.

While this situation might have been acceptable historically, it may not be sustainable in the future especially if energy costs return to recent high prices.

Annual Average Domestic Crude Oil Prices: 1946-Present



Providing more housing options and opportunities may be important for East Hampton:

- For an aging population to be able to find what they need here (services, care),
- For a younger population may to find what they want or need here (jobs, housing, opportunities)
- For local workers to find housing and services here
- To support local services staffed by volunteers (fire, ambulance, etc.)
- To provide for public service employees (teachers, police, public works, etc.)

Jobs-Housing Balance

Middletown	1.50
Connecticut	1.22
Glastonbury	1.19
Portland	0.92
Colchester	0.66
Marlborough	0.60
Haddam	0.50
East Haddam	0.45
East Hampton	0.37

Source: DECD 2001 Town Profiles

Where Residents Work:

Middletown	23%
East Hampton	17%
Hartford	9%
East Hartford	4%
Portland	3%
Glastonbury	3%
Rocky Hill	2%
Berlin	2%
Newington	2%
Marlborough	2%
Other	33%
Total	100%

Source: 2000 Census

Where Employees Live:

East Hampton	52%
Middletown	5%
Haddam	3%
Colchester	3%
Essex	3%
Marlborough	3%
Portland	2%
Clinton	2%
East Haddam	2%
West Hartford	1%
Other	24%
Total	100%

Source: 2000 Census

Strive To Enhance Our Community

Over the past 50 years or so, development in East Hampton has generally been dominated by the construction of single-family homes on subdivided lots and improvement of homes around Lake Pocotopaug. During this period, development of commercial uses has also occurred along Route 66 in a linear automobile-oriented pattern and in ways that have not always enhanced the overall sense of community.

Perhaps we can try an alternative.

As part of our development strategy for the future, perhaps we can encourage development in locations and in patterns that enhance the heritage and character and sense of place in East Hampton.

For several decades now, East Hampton has talked about possible strategies to reinvigorate the village center area. One of the ways to do this might be to look at this area as having the potential to accommodate housing and other uses in ways that will enhance the overall sense of community. Development of new housing in the village center area will reinvigorate this area, support the expansion of utility services, and create a stronger sense of place.

Protect Farmland

Avoid Strip Development

What Strategies Are Available?

Passive Approaches

Free Market Approach

1. Wait to see if market forces provide housing alternatives.
2. Wait to see if developers propose using the Affordable Housing Appeals procedure (CGS 8-30g) to provide housing alternatives.

Education Approach

3. Educate property owners, developers, institutions, and others about housing needs and desired alternatives.
4. Identify other organizations which might help address housing needs and encourage and assist them with this effort.

Intermediate Approaches

Municipal/Institutional Assistance (Helping)

5. Provide services that will help an aging population age in place if they so choose (home maintenance, transport, nutrition, recreation, etc.).
6. Encourage preservation of existing housing that sells or rents at affordable prices (naturally occurring affordable housing).
7. Promote housing that is configured to meet the needs of an aging population (naturally occurring retirement communities).
8. Encourage preservation of existing units that are counted as affordable housing (assisted housing, CHFA financed, deed-restricted).

Regulatory Approaches (Encouraging / Enabling)

9. Promote adaptive reuse of existing structures, accessory apartments, shared housing, and other approaches to addressing housing needs.
10. Encourage the creation of additional housing types on the "housing ladder" (apartments, condominiums, starter homes, age-appropriate housing, retirement housing, assisted living, life care facilities, nursing homes, etc.).
11. Provide density bonus or other incentives for providing for housing diversity.

More Active Approaches

Regulatory Approaches (Requiring)

12. Require that all new development make provision for housing diversity (set-aside units, fee payment, etc.).

Municipal/Institutional Provision (Providing)

13. Develop housing that sells or rents at affordable prices (including deed-restricted).
14. Develop housing that is configured to meet the needs of an aging population.
15. Develop assisted housing.
16. Establish shared equity arrangements for municipal workers or other persons.
17. Provide mortgage financing or interest rate subsidies.
18. Provide down payment assistance in exchange for shared equity.
19. Obtain state/federal funding to provide housing that will meet local needs.

What Strategies Are Recommended?

Solving the housing dilemma will require multiple actions over time.

At this time, however, it is clear that a passive approach (free market or education) has not created the housing units needed in East Hampton. In addition, the Affordable Housing Appeals procedure (CGS 8-30g) has created a lot of anxiety and anger through the lack of community involvement in finding appropriate solutions.

Intermediate approaches (municipal/institutional assistance and regulatory approaches) should be evaluated and undertaken. While it is unclear how many units this might create, these approaches will help start to address housing needs in East Hampton.

Some of the more active approaches may take time to evaluate. However, the time is right to look at the concept of providing a density bonus or other incentives for providing for housing diversity.

In October 2008, the Town Council authorized the filing of a grant application under the Housing for Economic Growth Program referenced in Section 8-13(m-x) of the Connecticut General Statutes (the Incentive Housing Program). This grant funding provides municipalities funding to evaluate ways to address housing needs and also with incentive payment for the establishment of residential housing units specifically set aside to be affordable to the workforce population.

This funding opportunity is beneficial for East Hampton to consider because it:

- Provides funding for the Town to evaluate housing opportunities,
- The program is voluntary and cooperative,
- It provides for additional funding if the Town of East Hampton elects to proceed with the program,
- The overall goals of the grant program are consistent with the interests of the Town and the Plan of Conservation and Development.

Additional booklets in this series will investigate the applicability of the Incentive Housing Program for East Hampton.

The preparation of this report is supported by a grant from the State of Connecticut – Office of Policy and Management as part of the Incentive Housing Program.

Planimetrics
31 Ensign Drive, Avon, CT 06001 860-677-5267