GOMAN +YORK

DONALD J. POLAND, PHD, AICP

SENIOR VP AND MANAGING DIRECTOR, URBAN PLANNING

PHONE: 860.655.6897 – E-MAIL: dpoland@gomanyork.com – www.gomanyork.com

Town of Ellington
Housing Needs Assessment

August 24, 2018

Introduction

In accordance with Public Act 00-000, this document is a housing need~~ed~~s assessment aimed at determining the affordability of and need for housing in Ellington. To accomplish this, the assessment primarily utilizes U.S. Census data on the characteristics of housing, household income, and housing purchase and rent values in Ellington. Simply put, household income is compared to the availability of housing types at corresponding values/rents. Additional data from HUD, DECD, ESRI, and MLS were consulted to augment the Census data and evaluate the affordability of housing in Ellington.

Housing affordability is a complex concept and challenging problem. One of the challenges regarding housing affordability, is that it can be defined in several ways. For example, affordable housing, as defined by the Connecticut General Statutes, Chapter 126a Affordable Housing Land Use Appeals, Section 8-30a narrowly defines housing affordability as:

> **Assisted housing:** means housing which is receiving, or will receive, financial assistance under any governmental program for the construction or substantial rehabilitation of low and moderate-income housing, and any housing occupied by persons receiving rental assistance under chapter 319uu or Section 1437f of Title 42 of the United States Code;
>
> **Set-aside development:** means a development in which not less than thirty per cent of the dwelling units will be conveyed by deeds containing covenants or restrictions which shall require that, for at least forty years after the initial occupation of the proposed development, such dwelling units shall be sold or rented at, or below, prices which will preserve the units as housing for which persons and families pay thirty per cent or less of their annual income, where such income is less than or equal to eighty per cent of the median income. In a set-aside development, of the dwelling units conveyed by deeds containing covenants or restrictions, a number of dwelling units equal to not less than fifteen per cent of all dwelling units in the development shall be sold or rented to persons and families whose income is less than or equal to sixty per cent of the median income and the remainder of the dwelling units conveyed by deeds containing covenants or restrictions shall be sold or rented to persons and families whose income is less than or equal to eighty per cent of the median income;

The 8-30g definition of housing affordability is narrow because it only considers and includes housing units and households receiving government assistance through specified programs or housing units that are specifically deed restricted as affordable through set-aside developments. For example, 364 housing units or 5.46% of Ellington's housing stock qualifies as affordable housing as defined by 8-30g. What 8-30g does not consider or define as affordable, is the overall affordability of market rate housing—housing units that are not subsidized or deed restricted as affordable yet are affordable to low- and moderate-income households.

CHFA defines affordability based on a percent of area median family-income and the number of persons in the family/household. CHFA uses the Hartford Metropolitan Statistical Area, which Ellington is in, and the median family income at $96,600. For example, moderate income would 80% of median family income ($96,600), or $77,280. The MSA median household income—80% moderate, 60% low, and 30% very low income—is also used by some government agencies as the measure for housing affordability. The Hartford MSA median household income is $72,559, approximately $6,000 less than Ellington local median household income of $79,917.

Other means of defining housing affordability include how much a household can spend to purchase housing or the percent of household income spent on housing—purchase or rent. Both approaches will be explained below and will be utilized as a means of calculating housing affordability, and ultimately, housing need in Ellington. In the form of a question, we can ask, is housing in Ellington affordable in comparison to household income?

To determine housing affordability and housing need—the aim of this assessment—we need to determine the overall affordability of housing in Ellington. The two common methods for calculating housing affordability, as discussed above, compare housing costs (purchase value and rent value) to household income. The first, typically applied to home purchase and home ownership, is to calculate what a household can afford to purchase—the maximum purchase price of house that household can afford. The commonly agreed upon metric is that a household can afford the purchase of a housing unit that valued at 2.6 to 3.0 times their gross household income. The lower limits of affordability being 2.6 and the maximum limit of affordability being 3.0. For example, a household earning $75,000 can afford to purchase a housing unit up to a valued between $195,000 (2.6 x income) and $225,000 (3.0 x income). For this report, we will split the difference and use 2.8 as the affordability multiplier on home purchases/ownership.

The second method of calculating housing affordability is based on HUD's threshold of 30% of household income. From the perspective of this approach, if a household pays more than 30% of their income for housing, then housing deemed to not be affordable—if the household pays less than 30% of their household income, then housing is deemed to be affordable. For example, if the same household earning $75,000 per year is spending more than $22,500 (30%) per year or $1,875 (30%) per month on housing, then such housing is deemed to be unaffordable for said household. This 30% of household income threshold can be applied to both rental and ownership housing but will be used for rental housing in this report.

While these measures or thresholds provide a means for calculating the affordability of housing and will be utilized in the assessment of housing need, it is important to note that there are limits as to how these measures inform use about personal circumstances and housing costs.

Affordable housing is a problem of income or lack of income—a household does not earn enough to afford housing. This is what creates housing need. In this regard, spending more than 30% of household income on housing is not a choice, but a harsh reality. This creates a significant financial burden and hardship for the household. However, that does not mean that every household spending more than 30% of their income on housing has a need for more affordable housing. Some households, for reasons of personal choice, spend above 30% of their income on housing. Therefore, such households do not suffer from the same burden and hardship that households of lesser means who cannot find housing for less than 30% of their income. So, while such measures of housing affordability provide a metric by which we can measure housing affordability, they fall short of informing us about the personal circumstances, choices, and needs that are captured in the calculations and that effect housing affordability.

Housing Characteristics

To start, and before getting to income and housing cost data, it is important to assess and discuss the characteristics of Ellington's housing stock. The characteristics of housing stock are important because they provide context to understanding housing value, housing costs, and housing affordability. Therefore, the characteristics of housing also inform us about demand and how demand is organized in regard to housing product and location. Understanding the housing characteristics, their influence of demand, market strength, and housing affordability, provide insight into housing need and the strategies required to address housing need.

According to the U.S. Census (2017 estimates), Ellington has a total of 6,847 housing units, 98.1% (6,717) of which are occupied and 1.9% of which are vacant (Table 1.). Vacancy rates of less than 10%, especially in the rental housing market, indicate strong demand and often signal the need for new supply. Vacancy of less than 5% in both the rental and homeownership markets indicate very strong market and that the vacancies are most likely the result of natural turnover.

Table 1. Housing Occupancy

Housing Occupancy	Ellington, Connecticut	
	Estimate	Percent
Total housing units	6,847	100
Occupied housing units	6,717	98.1%
Vacant housing units	130	1.9%
Homeowner vacancy rate	0.5	---
Rental vacancy rate	2.5	---

Ellington's housing stock is dominated by single-unit detached housing—commonly known as single-family housing. Including single-unit attached housing, 65.4% of Ellington's housing stock in considered single-family housing—a housing stock that is favorable to homeownership (Table 2). The remaining 34.6% of housing stock is in various forms of multi-family housing with a diversity of units per structure. Overall, Ellington's housing stock provides a diversity of housing types and tenue (forms of owner/rental housing).

Table 2. Units in Structure

Housing Units in Structure	Ellington, Connecticut	
	Estimate	Percent
UNITS IN STRUCTURE		
Total housing units	6,847	100%
1-unit detached	4,095	59.8%
1-unit attached	381	5.6%
2 units	384	5.6%
3 or 4 units	422	6.2%
5 to 9 units	863	12.6%
10 to 19 units	351	5.1%
20 or more units	351	5.1%
Mobile home	0	0.0%
Boat, RV, van, etc.	0	0.0%

The high percent (65.4%) of Ellington's single-unit (single-family) housing stock lends itself to homeownership and explains the 65.6% homeownership rate in Ellington—a near mirror image of the single-unit housing (Table 3.). The average household size of owner-occupied units is 2.62 persons per unit compared to 1.87 persons per rental unit. The difference in persons per unit between owner and rental housing is most likely driven by the number bedrooms available—sing-unit owner-occupied housing typically has three or more bedrooms per unit, while rental housing typically has three or fewer—often one and two bedrooms—per unit. As a result, single-unit housing and owner-occupied housing typical attract more families and more children than multi-family and rental housing.

Table 3. Housing Tenure

Housing Tenure	Ellington, Connecticut	
	Estimate	Percent
Occupied housing units	6,717	6,717
Owner-occupied	4,408	65.6%
Renter-occupied	2,309	34.4%
Average household size of owner-occupied unit	2.62	(X)
Average household size of renter-occupied unit	1.87	(X)

The median number rooms per housing unit is 5.8 with 54.4% of Ellington's housing stock having six rooms or more (Table 4). More rooms typically indicate larger homes and more bedrooms per housing unit. 56% of Ellington's housing stock has three or more bedrooms and nearly 20% of the housing stock has four or more bedrooms (Table 5).

Table 4. Rooms

Rooms Per Housing Unit	Ellington, Connecticut	
	Estimate	Percent
Total housing units	6,847	100%
1 room	133	1.9%
2 rooms	305	4.5%
3 rooms	723	10.6%
4 rooms	923	13.5%
5 rooms	1,036	15.1%
6 rooms	1,100	16.1%
7 rooms	1,055	15.4%
8 rooms	818	11.9%
9 rooms or more	754	11.0%
Median rooms	5.8	---

Table 5. Bedrooms

Bedrooms	Ellington, Connecticut	
	Estimate	Percent
Total housing units	6,847	100%
No bedroom	133	1.9%
1 bedroom	1,433	20.9%
2 bedrooms	1,447	21.1%
3 bedrooms	2,504	36.6%
4 bedrooms	1,225	17.9%
5 or more bedrooms	105	1.5%

Ellington's housing stock is relatively young, with 43.1% of the housing stock being built since 1980 and 16.8% of housing being built since 2000 (Table 6.). A young housing stock indicates that the housing stock has modern amenities that mostly likely make the housing product competitive in the overall market place. This may help to explain, at least in part, the low vacancy rate and strong occupancy.

Table 6. Year Structure Built

Year Structure Built	Ellington, Connecticut	
	Estimate	Percent
Total housing units	6,847	100%
Built 2014 or later	43	0.6%
Built 2010 to 2013	137	2.0%
Built 2000 to 2009	969	14.2%
Built 1990 to 1999	917	13.4%
Built 1980 to 1989	883	12.9%
Built 1970 to 1979	909	13.3%
Built 1960 to 1969	1,052	15.4%
Built 1950 to 1959	881	12.9%

Built 1940 to 1949	366	5.3%
Built 1939 or earlier	690	10.1%

Ellington's householders are mostly new to the community. Over 90% of the householders moved into their housing unit since 1980 and 63.8% have moved in since 2000. This is consistent with the age of the housing stock and overall movement patterns of householders, especially the rental population.

Table 7. Year Householder Moved into Unit

Year Householder Moved into Unit	Ellington, Connecticut	
	Estimate	Percent
Occupied housing units	6,717	100%
Moved in 2015 or later	276	4.1%
Moved in 2010 to 2014	2,016	30.0%
Moved in 2000 to 2009	1,993	29.7%
Moved in 1990 to 1999	1,393	20.7%
Moved in 1980 to 1989	393	5.9%
Moved in 1979 and earlier	646	9.6%

Housing Cost Characteristics

To understand housing affordability and housing need, it is imperative to understand the cost of housing. This section reviews housing value and costs for owner-occupied and renter-occupied housing. Table 8. Presents the value of owner-occupied housing, which can be assumed to be mostly single-unit (single-family) housing. Ellington's median value of housing is $264,100 with over 75% of owner-occupied housing valued above $200,000. In addition, 39.8% of the owner-occupied housing is valued above $300,000. To afford the median owner-occupied home at $264,100 in Ellington, a household needs to have a household income of $73,948 ($264,100 x 0.28). [*It should be noted, if we used 0.30 x $264,100, the result would be $79,230, almost identical to Ellington's median household income—it is interesting that Ellington's median income and median owner-occupied housing value are almost identical.*] Of the 4,408 owner-occupied housing units, 72.4% (3,191 units) have a mortgage (Table. 9).

Table 8. Value – Owner-Occupied Housing

Value	Ellington, Connecticut	
	Estimate	Percent
Owner-occupied units	4,408	4,408
Less than $50,000	124	2.8%

$50,000 to $99,999	136	3.1%
$100,000 to $149,999	193	4.4%
$150,000 to $199,999	613	13.9%
$200,000 to $299,999	1,582	35.9%
$300,000 to $499,999	1,594	36.2%
$500,000 to $999,999	157	3.6%
$1,000,000 or more	9	0.2%
Median	**$264,100**	---

Table 9. Mortgage Status

Mortgage Status	Ellington, Connecticut	
	Estimate	Percent
Owner-occupied units	4,408	4,408
Housing units with a mortgage	3,191	72.4%
Housing units without a mortgage	1,217	27.6%

Table 10. provide the Selected Monthly Owner Costs (SMOC) for housing units with a mortgage and Table 11. provides the SMOC for housing units without a mortgage. The SMOC, as explained by the U.S. Census, "are calculated from the sum of payment for mortgages, real estate taxes, various insurances, utilities, fuels, mobile home costs, and condominium fees." The median SMOC for housing units with a mortgage is $2,025 and $902 for housing units without a mortgage.

Table 10. Monthly Owner Costs – With Mortgage

Selected Monthly Owner Costs (SMOC)	Ellington, Connecticut	
	Estimate	Percent
Housing units with a mortgage	3,191	3,191
Less than $500	15	0.5%
$500 to $999	251	7.9%
$1,000 to $1,499	596	18.7%
$1,500 to $1,999	693	21.7%
$2,000 to $2,499	801	25.1%
$2,500 to $2,999	451	14.1%
$3,000 or more	384	12.0%
Median	$2,025	---

Table 11. Monthly Owner Costs – Without Mortgage

Selected Monthly Owner Costs (SMOC)	Ellington, Connecticut	
	Estimate	Percent
Housing units without a mortgage	1,217	1,217
Less than $250	0	0.0%
$250 to $399	25	2.1%

$400 to $599	159	13.1%
$600 to $799	350	28.8%
$800 to $999	358	29.4%
$1,000 or more	325	26.7%
Median (dollars)	902	---

Table 12. below provides the Selected Monthly Owner Costs as a Percentage of Household Income (SMOCAPI). The U.S. Census explains, the SMOCAPI "is used to measure housing affordability and excessive shelter costs. For example, many government agencies define excessive as costs that exceed 30 percent of household income." Based on the SMOCAPI, 26.7% of Ellington's households with a mortgage and 27.4% of households without a mortgage are paying 30% or more of their household income on housing costs. It is a bit surprising that such a high percentage of households without a mortgage paying 30% or more of their household income for housing. However, this is likely being driven by older and retired households with lower fixed-incomes. Based on this SMOCAPI, approximately 27% (or 1,176) of Ellington's owner-occupied housing is unaffordable.

Table 12. Monthly Owner Costs as Percent of Household Income

Selected Monthly Owner Costs as a Percentage of Housing Income (SMOCAPI)	Ellington, Connecticut	
	Estimate	Percent
Housing units with a mortgage	3,191	3,191
Less than 20.0 percent	1,201	37.6%
20.0 to 24.9 percent	613	19.2%
25.0 to 29.9 percent	526	16.5%
30.0 to 34.9 percent	206	6.5%
35.0 percent or more	645	20.2%
Housing unit without a mortgage	1,185	1,185
Less than 10.0 percent	407	34.3%
10.0 to 14.9 percent	196	16.5%
15.0 to 19.9 percent	141	11.9%
20.0 to 24.9 percent	92	7.8%
25.0 to 29.9 percent	24	2.0%
30.0 to 34.9 percent	50	4.2%
35.0 percent or more	275	23.2%
Not computed	32	(X)

Table 13. presents the Gross Rent paid for occupied rental units and Table 14. provides the Gross Rent as a Percentage of Household Income (GRAPI). The median gross rent is $1,161 and 28.4% of the households pay more than $1,500 per month for rent. However, 913 (or 41.3%) of the rental households are spending 30% or more of their household income on rent—the unaffordable housing threshold set by government standards.

Table 13. Gross Rent

Gross Rent	Ellington, Connecticut	
	Estimate	Percent
Occupied units paying rent	2,276	2,276
Less than $500	23	1.0%
$500 to $999	754	33.1%
$1,000 to $1,499	852	37.4%
$1,500 to $1,999	421	18.5%
$2,000 to $2,499	226	9.9%
$2,500 to $2,999	0	0.0%
$3,000 or more	0	0.0%
Median (dollars)	$1,161	---
No rent paid	33	---

Table 14. Gross Rent as Percent of Household Income

Gross Rent as a Percentage of Household Income (GRAPI)	Ellington, Connecticut	
	Estimate	Percent
Occupied units paying rent (excluding units where GRAPI cannot be computed)	2,211	2,211
Less than 15.0 percent	340	15.4%
15.0 to 19.9 percent	459	20.8%
20.0 to 24.9 percent	376	17.0%
25.0 to 29.9 percent	123	5.6%
30.0 to 34.9 percent	249	11.3%
35.0 percent or more	664	30.0%
Not computed	98	---

Based on owner- and renter-occupied housing unit costs and percent of household income being spent on housing costs, 2,089 (31.1%) of the 6,717 occupied housing units have households spending 30% or more on housing. This indicates that Ellington is faced with a housing affordability challenge. However, this does not inform us specifically as to housing need.

Household Income

To better understand and determine housing need, this section will further analyze household income and housing costs. The aim will be to determine, generally, what segments of the housing market are most challenged by housing affordability—at what incomes and price point is housing most needed. To accomplish this, household income, housing value, rent values, and types of household will be analyzed to determine what segments of the housing market are underserved by housing. This will help to inform us and better understand housing need.

Table 15. (Income by Household) presents a breakdown of households and household incomes by Total Households, Family Households, Married-Couple Family Households, and Non-Family Households. The Census defines each of these household categories as follow:

> **Household [Total]:** consists of all the people who occupy a housing unit.
>
> **Family Household:** contain at least one person related to the householder by birth, marriage, or adoption.
>
> **Married-Couple Family:** is a husband and wife enumerated as members of the same household. The married couple may or may not have children living with them. The expression "married-couple" before the term "family" indicates that the household or family is maintained by a husband and wife.
>
> **Nonfamily Household:** consists of a householder living alone (a one-person household) or where the householder shares the home exclusively with people to whom he/she is not related.

Table 15. Income by Household

Income	Ellington, Connecticut			
	Households	Families	Married-Couple Fam	Nonfamily
Total	6,717	4,188	3,380	2,529
Less than $14,999	6.0%	1.6%	0.7%	13.4%
$15,000 to $24,999	8.4%	2.4%	1.0%	19.2%
$25,000 to $34,999	4.2%	1.9%	2.4%	8.0%
$35,000 to $49,999	12.3%	7.9%	7.2%	19.7%
$50,000 to $74,999	13.2%	9.1%	8.9%	20.0%
$75,000 to $99,999	15.8%	24.0%	17.5%	4.5%
$100,000 to $149,999	23.8%	30.9%	35.6%	9.6%
$150,000 or more	16.1%	22.3%	26.9%	5.5%
Median income	$79,917	$104,836	$114,960	$41,330

The breakdown of income by household groups reveal meaningful differences in household income. While the median household income in Ellington for all households is $79,917, family median income is $104,836, married-couple family median income is $114,960, and non-family median income is $41,330. For sake of comparison, households, families, and non-family households will be used. Married-couple families, since they are a sub-set with the families' category, will not be used. However, we should keep in mind that that married-couple families—as part of family-households—have the highest median household income.

Families or family-households account for 62.3% of households and non-family households 37.7% of households. Of the family households, 77.2% earn $75,000 (the approximate median household income of $79,917) or more per year compared to the 80.3% of non-family households that earn less than $75,000 per year. This indicated that non-family-households are more likely to experience housing affordability challenges than family-households. However, it should not be assumed that non-family households are of lesser socio-economic status, since 32.1% (2,156) of Ellington's households (22.2% of owner-occupied and 50.8% of renter-occupied housing) are 1-person (or 1-income households).

This difference in family and non-family income by percent of households above and below median household income ($79,917) is dramatic, but not surprising based on the number of 1-person households and the characteristics of Ellington's housing stock. For example, regarding housing characteristic, 59.8% (or 4,095 units) of Ellington's housing stock is single-unit detached housing—nearly a mirror image of 4,188 family households. The fact is, single-unit detached housing is commonly occupied by families. In addition, based on the value of owner-occupied housing—75.9% of Ellington's owner-occupied housing stock is valued over $200,000, 40% is valued over $300,000, and the median value is $264,100—it is understandable that family-households have higher incomes than non-family households.

At this point, it is fair to assume based on family and married-couple family median incomes ($104,836 and $114,960, respectively) that most, not all, family households can secure housing in Ellington that is affordable, even though some family households may be paying more than 30% of their household income on housing. It is possible that some or all the family-households paying more than 30% of their household income are doing so by choice, not by need. It is also fair to assume that non-family households, based on a relatively low median household income of $41,330, face the greatest housing affordability challenges in Ellington. In addition, it is possible that some or many non-family households paying more than 30% of their household income are doing so out of need, not by choice. However, at this point, these assumptions are simply reasonable speculations based on what we know so far about housing costs and household incomes.

Assessing Housing Need

The aim of this assessment is to determine housing need. To accomplish that, this section will analyze household income by household type (total households, family-households, and non-family households) in comparison to Ellington's existing housing stock by tenure (owner-occupied and renter-occupied). The method employed, presents the Household Income (Table 15) data in eight cohorts ranging from less than $15,000 per year to $150,000 or more per year. Then, based on the higher end of each household income cohorts, the affordable housing value is calculated at 2.8 times household income for owner-occupied housing (mostly likely single-family homes) and the affordable rent value is calculated at 30% of household income.

Census data (Table 15) on the percent (converted to a raw number) of household by income was utilized to determine the number of households in each income cohort. In addition, the Census data (Table 8) was used to determine the number of housing units in the eight housing value cohorts ranging from less than $50,000 to $1,000,000 or more for owner-occupied housing. The number of housing units valued within the household income cohort was then assumed to represent the number of households within that income cohort being served by those housing units. The same approach was used for rental housing, gross rents, and the number of units in each gross rent cohort as household (Table 13).

To calculate housing need, the number of households with incomes adequate to afford the estimated affordable home value or rent value were subtracted from the existing housing units at the approximate value or rent. The result of the calculation is the 'Units Available Vs Adequate Income' line in the tables below. A negative value indicates fewer units available at the given price point than households with the income to afford them. A positive value indicated more units available than households with the income to afford them. The negative values indicated housing need—regarding affordability—at that price point and housing income segment of the housing market.

[Method Note: It should be noted that this method and approach is not perfect. Census household income cohorts do not perfectly match housing and rent value cohorts. In addition, calculating home value affordability or rent value affordability at a specific income, does not capture the affordability of the entire income cohort. That said, the calculations do provide a general understand of the relationship between income and housing value/rent and distribution of household income and housing value/rent. Therefore, it does provide insight as to the segments of the housing market where households are and are not being served by housing affordability.]

Tables 16 (A & B) present the calculations for all households and housing units in Ellington. Table A presents owner-occupied housing and Table B presents rental housing. Tables 17 (A & B) present the calculations for family-households in Ellington. Table A presents owner-occupied housing and Table B presents rental housing. Tables 18 (A & B) present the calculations for non-family-households in Ellington. Table A presents owner-occupied housing and Table B by rental housing.

Table 16-A. Households by Income Compared to Existing (Owner-Occupied) Housing Stock by Value

Household Income	<$15,000	$15,000-$24,999	$25,000-$34,999	$35,000-$49,999	$50,000-$74,999	$75,000-$99,999	$100,000-$149,999	$150,000+
Households @ Income	403	564	282	826	867	1,061	1,599	1,081
Est. affordable home Value (HH Income x 2.8)	$41,997	$69,997	$97,997	$139,997	$209,997	$279,997	$419,997	$420,000+
Existing Housing (Household) Units	124 (1.8%)	136 (2.0%)	193 (2.9%)	613 (9.1%)	1,582 (23.5%)	1,594 (23.7%)	157 (2.3%)	9 (0.001%)
Households w/Adequate Income	403 (6.0%)	564 (8.4%)	282 (4.2%)	826 (12.3%)	867 (12.9%)	1,061 (15.8%)	1,599 (23.8%)	1,081 (16.1%)
Units Available Vs Adequate Income	**-279**	**-428**	**-89**	**-213**	**715**	**533**	**-1,442**	**-1,072**
Total Households	6,717	6,717	6,717	6,717	6,717	6,717	6,717	6,717

Table 16-A compares all households in Ellington, by household income, to the owner-occupied housing stock by value. The table shows that there are more housing units available than household with incomes between $50,000 and $99,999, indicating that there is not a housing affordability challenge or need for owner-occupied housing valued between $150,00 and $300,000. At incomes above $100,000 and housing valued above $300,000 there are fewer housing units available than households that can afford such housing. As a result, there is a housing affordability challenge at this higher-end segment of the housing market. However, this does not mean there is a 'housing need' at this higher end segment of the owner-occupied housing market. It is not that these households can't afford housing, nor are they suffering hardship from a lack of affordable housing. These households can afford housing in Ellington (and elsewhere) at lower values, below $300,000.

It is the lower-income cohorts with household incomes below $50,000 (approximately 60% of local median household income) where housing need is the greatest with 1,009 fewer ownership housing units available than the total number of households in this market segment who can only afford housing valued below $150,000. Most concerning, the households at incomes below $25,000 (approximately 30% of local median household income) total 707 more households than available ownership housing units. This signifies that the greatest need for housing—affordable housing—is at and below 30% local median household income or ownership housing valued below $80,000. This may, in part, explains why 26.7% of Ellington's households with a mortgage and 27.4% of households without a mortgage are paying 30% or more of their household income on housing costs (Table 12). Approximately 15% of Ellington's households, in the lower-income cohorts, cannot afford owner-occupied housing in Ellington.

It is, however, important to note that Table 16-A is focused on ownership housing (primarily single-unit/single-family housing) compared to all household in Ellington. This means that some of those 15% of lower-income household who can't afford owner-occupied housing, may be able to afford rental housing. Table 16-B provides the same comparisons and calculations as above but aimed at rental housing. In this table, the greatest housing affordability challenge is at incomes over $75,000, where there are no rental housing units available at rents over $2,500 per month. As stated above, this does not signify housing affordability need, but it does alert us to affordability challenges in the higher income segments of the rental housing market.

The area of greatest concern in Table 16-B is at incomes below $15,000 (approximately 20% of median household income) where there are 380 fewer housing units available than households that can afford housing in this very low-income market segment. While some of these households may already being served by housing assistance programs, it is still safe to assume there is a great need at this lowest income segment of the market.

Table 16-B. Households by Income Compared to Existing (Rental) Housing Stock by Value

Household Income	<$15,000	$15,000-$24,999	$25,000-$34,999	$35,000-$49,999	$50,000-$74,999	$75,000-$99,999	$100,000-$149,999	$150,000+
Households @ Income	403	564	282	826	867	1,061	1,599	1,081
Est. affordable monthly rent Value (HH Income x 0.30)	$375	$625	$875	$1,250	$1,875	$2,500	$3,750	$3,750+
Existing Housing (Household) Units	23 (1.0%)	754 (33.1%)	852 (37.4%)	421 (18.5%)	226 (9.9%)	0 (0%)	0 (0%)	0 (0%)
Households w/Adequate Income	403 (6.0%)	564 (8.4%)	282 (4.2%)	826 (12.3%)	867 (13.2%)	1,067 (15.8%)	1,599 (23.8%)	1,081 (16.1%)
Units Available Vs Adequate Income	**-380**	**190**	**570**	**-405**	**-641**	**-1,067**	**-1,599**	**-1,072**
Total Households	6,717	6,717	6,717	6,717	6,717	6,717	6,717	6,717

Tables 17-A and B focus on family-households, the households with the highest local median income of $104,863. Table 17-A compares family-households in Ellington, by household income, to the owner-occupied housing stock by value. The data in this table demonstrate that there are no affordability challenges or housing need for families seeking ownership housing below $100,000 in Ellington. However, at household incomes above $100,000 and owner-occupied housing above $300,000, there are 2,062 fewer housing units available than households that can afford such units. This means there are housing affordability concerns in this high-incomes segment of the housing market. However, as stated above, this does not necessarily mean there is a housing affordability need, since such high-income household can afford housing of lesser value. In addition, it is likely that the greater affordability challenge in this above $100,000 household income and above cohort is the greatest below household incomes of $150,000 and owner-occupied housing above $300,000 and below $400,000—the likelihood that the majority of household are at the lower end of the income cohort.

Table 17-A. Family-Households by Income Compared to Existing (Owner-Occupied) Housing Stock by Value

Household Income	<$15,000	$15,000-$24,999	$25,000-$34,999	$35,000-$49,999	$50,000-$74,999	$75,000-$99,999	$100,000-$149,999	$150,000+
Households @ Income	67	101	80	318	381	1,005	1,294	934
Est. affordable home Value (HH Income x 2.8)	$41,997	$69,997	$97,997	$139,997	$209,997	$279,997	$419,997	$420,000+
Existing Housing (Household) Units	124 (1.8%)	136 (2.0%)	193 (2.9%)	613 (9.1%)	1,582 (23.5%)	1,594 (23.7%)	157 (2.3%)	9 (0.001%)
Households w/Adequate Income	67 (1.6%)	101 (2.4%)	80 (1.9%)	318 (7.9%)	381 (9.1%)	1,005 (24.0%)	1,294 (30.9%)	934 (22.3%)
Units Available Vs Adequate Income	57	35	113	295	1,201	589	-1,137	-925
Total Family-Households	4,188	4,188	4,188	4,188	4,188	4,188	4,188	4,188

DONALD J. POLAND, PHD, AICP
SENIOR VP AND MANAGING DIRECTOR, URBAN PLANNING
PHONE: 860.655.6897 – E-MAIL: dpoland@gomanyork.com – www.gomanyork.com

Table 17-B demonstrates there is no rental housing available at household incomes above $75,000 and rents above $2,500 per month—a possible affordable housing challenge, but not a housing affordability need. However, a housing affordability need is demonstrated at incomes below $15,000 (or 20% median household income). This further demonstrates the greatest housing need is most evident at the lower and lowest income segments of the market. However, overall family-households are not suffering greatly from the burden and hardship of affordability challenges and housing need.

Table 17-B. Family-Households by Income Compared to Existing (Rental) Housing Stock by Rent

Household Income	<$15,000	$15,000-$24,999	$25,000-$34,999	$35,000-$49,999	$50,000-$74,999	$75,000-$99,999	$100,000-$149,999	$150,000+
Households @ Income	67	101	80	318	381	1,005	1,294	934
Est. affordable home Value (HH Income x 2.8)	$375	$625	$875	$1,250	$1,875	$2,500	$3,750	$3,750+
Existing Housing (Household) Units	23 (1.0%)	754 (33.1%)	852 (37.4%)	421 (18.5%)	226 (9.9%)	0 (0%)	0 (0%)	0 (0%)
Households w/Adequate Income	67 (1.6%)	101 (2.4%)	80 (1.9%)	318 (7.9%)	381 (9.1%)	1,005 (24.0%)	1,294 (30.9%)	934 (22.3%)
Units Available Vs Adequate Income	-44	653	772	103	-155	-1,005	-1,294	-934
Total Family-Households	4,188	4,188	4,188	4,188	4,188	4,188	4,188	4,188

In Tables 18-A and B (non-family households) is where some of the greatest affordability challenges and housing need are evident. Table 18-A demonstrates that ownership housing is mostly unaffordable to non-family-households at incomes above $100,000 (ownership housing over $300,000) and at low household incomes below $35,000 (ownership housing under $100,000). This means there are housing affordability concerns in the high-income segment of the housing market and housing affordability need in the lower-income segments of the housing market for non-family-households. This is not surprising, as discussed previously, since there are many 1-person (1-income) non-family-households and a local media non-family-household income of $41,330.

Table 18-A. Non-Family-Households by Income Compared to Existing (Owner-Occupied) Housing Stock by Value

Household Income	<$15,000	$15,000-$24,999	$25,000-$34,999	$35,000-$49,999	$50,000-$74,999	$75,000-$99,999	$100,000-$149,999	$150,000+
Households @ Income	338	486	202	498	506	113	243	139
Est. affordable home Value (HH Income x 2.8)	$41,997	$69,997	$97,997	$139,997	$209,997	$279,997	$419,997	$420,000+

Existing Housing (Household) Units	124 (1.8%)	136 (2.0%)	193 (2.9%)	613 (9.1%)	1,582 (23.5%)	1,594 (23.7%)	157 (2.3%)	9 (0.001%)
Households w/Adequate Income	338 (13.4%)	486 (19.2%)	202 (8.0%)	498 (19.7%)	506 (20.0%)	113 (4.5%)	243 (9.6%)	139 (5.5%)
Adequate Income Vs Units Available	-214	-350	-9	115	1,076	1,483	-86	-130
Total Non-Family Households	2,529	2,529	2,529	2,529	2,529	2,529	2,529	2,529

Table 18-B demonstrates there is no rental housing available at household incomes above $75,000 and rents above $2,500 per month. In addition, there is substantial housing need at incomes below $15,000 (or 20% median household income). Furthermore, there are rental housing affordability challenges at incomes between $35,000 and $75,000. What Tables 18-A and 18-B demonstrate, is that the greatest affordability challenges and greatest housing need exist with the non-family-households, which is understandable with the low median household income in this cohort.

Table 18-B. Non-Family-Households by Income Compared to Existing (Rental) Housing Stock by Rent

Household Income	<$15,000	$15,000-$24,999	$25,000-$34,999	$35,000-$49,999	$50,000-$74,999	$75,000-$99,999	$100,000-$149,999	$150,000+
Households @ Income	338	486	202	498	506	113	243	139
Est. affordable home Value (HH Income x 2.8)	$375	$625	$875	$1,250	$1,875	$2,500	$3,750	$3,750+
Existing Housing (Household) Units	23 (1.0%)	754 (33.1%)	852 (37.4%)	421 (18.5%)	226 (9.9%)	0 (0%)	0 (0%)	0 (0%)
Households w/Adequate Income	338 (13.4%)	486 (19.2%)	202 (8.0%)	498 (19.7%)	506 (20.0%)	113 (4.5%)	243 (9.6%)	139 (5.5%)
Adequate Income Vs Units Available	**-315**	**268**	**650**	**-77**	**-280**	**-113**	**-243**	**-139**
Total Non-Family Households	2,529	2,529	2,529	2,529	2,529	2,529	2,529	2,529

Table 19 provides a summary of the findings Tables 16 through 18. Shown together, the results of each household group and tenure, reveal that the greatest affordability challenges exist at the higher-income levels—household incomes above $100,000 and housing values over $300,000 and rents over $2,500 per month. As previously stated, housing affordability challenges in these higher-income segments of the market are not about housing need, as these households can afford less expensive house. That said, this does not mean the affordability challenges do not need to be addressed.

Unfortunately, the lack of housing availability in these high-income segments of the market, may be creating downward pressure on housing affordability in the $75,000 to $99,999 (housing valued at $225,000 to $299,997) household income segment. For example, there are

2,680 households will incomes over $100,000, most of whom are not being served by this segment of the market. If we push half those households, 1,340 into the $225,000 to $299,999 housing market—the segment of the market with housing available that these households can afford—the units available in the $75,000 to $99,999 household income in the total households (Table 16) and family households (Table 17) categories become negative. This further demonstrates the housing affordability challenges in the higher-income cohorts and market segment.

Table 19. Tables 16 – 18 Summary of Findings

	<$15,000	$15,000-$24,999	$25,000-$34,999	$35,000-$49,999	$50,000-$74,999	$75,000-$99,999	$100,000-$149,999	$150,000+
Table 16. Households								
A. Ownership Units Available Vs Adequate Income	-279	-428	-89	-213	715	533	-1,442	-1,072
B. Rental Units Available Vs Adequate Income	-380	190	570	-405	-641	-1,067	-1,599	-1,072
Table 17. Family Households								
A. Ownership Units Available Vs Adequate Income	57	35	113	295	1,201	589	-1,137	-925
B. Rental Units Available Vs Adequate Income	-44	653	772	103	-155	-1,005	-1,294	-934
Table 18. Non-Family Households								
A. Ownership Units Available Vs Adequate Income	-214	-350	-9	115	1,076	1,483	-86	-130
B. Rental Units Available Vs Adequate Income	-315	268	650	-77	-280	-113	-243	-139

The Table 19 summary also reasserts what has been evident throughout this assessment. The greatest need, the greatest housing affordability need, is in the less than $15,000 household income cohort, followed by the $15,000 - $24,999 cohort. These lower-income segments of the housing market represent ownership housing below $80,000 and rental housing below $700 per month. These are the most vulnerable households, those most likely suffering the greatest affordability hardship, with the greatest need. Based on overall assessment of household and housing data, a fair estimate is that there are between 300 and 400 households (4.5% to 6% of Ellington's occupied housing) that need affordable housing in these lower-income cohorts and market segment.

Housing Need Versus Demand

It is important to be clear that need and demand are not the same. Just because there is a need for affordable housing at certain price point, does not mean there is actual demand for the construction of new housing at that price point. Housing demand in driven by job growth, population growth, and ultimately, household formations—new households being formed from growth in jobs, growth in population, or splits of existing households into two or more households (e.g. divorce, adult children moving out of parents, etc.). Connecticut and the Hartford Metropolitan Region have experience stagnant job and population growth over the past 30-years. Therefore, the housing demand-drivers overall are weak and housing demand—for new housings—has been driven mostly by household formations, functional obsolescence of existing housing units, and the replacement of demolished housing units.

To understand demand in Ellington, specifically the absorption of new housing into the Ellington housing market, we reviewed the DECD housing permit date from 1997 to 2017 (a 21-year period). During this period, a total 2,018 new housing units we constructed. Of these 2,018 units, 1,357 (0%) were 1-unit dwellings, 8 were 3&4-unit dwellings, and 653 we multi-family (5+) unit dwellings. A total of 48 units were demolished, resulting in a net gain of 1,970 housing units. This results in an absorption rate of 93.8 or 94 (rounded up) units per year over the 21-year period. The highest year was 1998 with 162 units constructed and the lowest year was 2010 with 27 units constructed—the average of the high and low year is 94.5 units, almost identical to the 21-year average. This 21-year history, includes periods of economic growth, stagnation, and decline, provides confidence in projecting approximately 94 units of housing construction/growth per year over the next 5 to 10 years—the effective period of the new Plan of Conservation and Development.

Table 20. Ellington Housing Permits by year

Permits	Total Units	1 Unit	2 Unit	3 & 4 Units	5 Units or More	Demo	Net Gain
2017	100	42	0	0	58	6	94
2016	90	40	0	0	50	4	86
2015	112	41	0	0	71	3	109
2014	84	44	0	0	40	0	84
2013	40	40	0	0	0	0	40
2012	36	36	0	0	0	0	36
2011	108	28	0	0	80	0	108
2010	27	27	0	0	0	0	27
2009	72	32	0	0	40	0	72
2008	87	47	0	0	40	4	83
2007	95	71	0	0	24	2	93
2006	120	96	0	0	24	0	120
2005	122	90	0	0	32	9	113
2004	74	74	0	0	0	0	74
2003	122	122	0	0	0	3	119
2002	143	111	0	0	32	2	141

2001	84	84	0	0	0	3	81
2000	129	129	0	0	0	1	128
1999	138	94	0	0	44	10	128
1998	162	50	0	8	104	0	162
1997	73	59	0	0	14	1	72
Total	**2,018**	**1,357**	**0**	**8**	**653**	**48**	**1,970**

This not only provides us with a planning period of 10 years and new housing construction estimates 100 units per year or 1,000 units over the next 10-years, but it also provides a means of estimating the market capacity and planning for the creation of new affordable housing units aimed at addressing housing need. To accomplish this, the first objective should be ensuring that enough affordable housing is created each year to not decrease the percent (5.4%) of qualified units in accordance with 8-30g. The second objective should be working toward meeting the 10% threshold of qualified housing unit in accordance with 8-30g. Today, the 5.4% equals 364 housing units. To achieve 10%, based on the existing 6,717 occupied housing units, Ellington would need 672 qualified housing unit (or 308 more qualified units than exist today). Keeping in mind that numerator and denominator are moving targets, Ellington would need to create approximately 41 affordable qualified housing units per year (a total 410 new qualified units) over the next 10 years, if 1,000 new housing units were built over that period. Adding 41 affordable qualified units per year or 410 such units over 10-years, equals 41% of the project housing to be constructed (per year or total).

It would unreasonable to assume that 41% of new housing per year or over 10-years in Ellington could or would be qualified affordable housing units—that is even more than the 8-30g qualifying application minimum of 30%, which most developers and towns deem to be excessive. An aspirational goal would be 20% or 20 affordable qualified units per year, with a realistic expectation of hitting 15% or 15 affordable qualified units per year. This would produce between 15 and 20 affordable qualified units per year and 150 to 200 affordable qualified units over the next years. That is about half of the housing affordability need, the 300 and 400 households in need.

A Housing Strategy to Address Housing Need

The problem of affordable housing and affordable housing need is more a problem of income than housing. So long as there are household with low incomes, there will be a need for affordable housing. Recognizing the problem of low-income, means solving the problem of affordable housing is a greater challenge than simply providing affordable housing. In fact, there really are only two ways to solve affordability when we recognize the problem is more about income and less about housing. The first is to raise the income of low-income households so that they can afford housing—easier said than done. Because of the limits to increasing low-income household income, the common government approach is fix the housing cost based on a percent of income and subsidize the balance of the cost—the typical housing voucher program. Such programs are costly and typically administered at governmental levels above the local level.

The second solution is to lower the cost of housing to make it more affordable to lower-income household. Such programs typically subsidize or restrict the value of the housing unit, rather than subsidizing the household. Unfortunately, neither of these approaches solve the problem of low-income, but simply mitigate the housing affordability needs of the low-income households.

Other approaches to affordable housing often focus on the production of housing, a supply-side approach. The idea being that if more housing built/added to the market, housing prices will decrease, making housing more affordable. While all these approaches have value, they also have real and substantial costs to government. This is not to imply that government should not spend or invest in housing affordability and housing need. It should. Addressing housing need for the most vulnerable households is exactly the safety net that government should provide. However, the political realities or the limited political appetite to fund housing assistance programs constrains our ability to meet the housing needs and solve the housing affordability problem suffered by households of lesser means.

The aim of the above introduction to this section is intended to provide context to the challenge of addressing housing affordability and housing need—a challenge that is the greatest at the local level of government. If addressing affordability is so challenging, this begs the question, how can Ellington—a local municipality—address affordability and housing need? To intervene in the housing market with the aim of addressing affordability and housing need, Ellington needs to be intentional and strategic in its interventions. Being intentional means that Ellington must want to address housing need and affordability—having the political will to embrace and help those most vulnerable households. Being strategic means that Ellington must adopt policies and programs aim specifically at the outcome of improving housing affordability.

To accomplish, I believe there are number of strategic interventions that Ellington can adopt and employ that will improve housing affordability, without creating the negative implications that are often assumed to result from affordable housing. Therefore, I recommend strategies that target zoning, permitting, and taxes.

Zoning Strategies

DONALD J. POLAND, PHD, AICP
SENIOR VP AND MANAGING DIRECTOR, URBAN PLANNING
PHONE: 860.655.6897 – E-MAIL: dpoland@gomanyork.com -- www.gomanyork.com

The following are zoning strategies designed to intentionally intervene in housing affordability and housing need:

- **Inclusionary Zoning:** Create an inclusionary zoning provision that require 6% of housing, in any housing development, to meet the requirement of affordable housing under 8-30g.
  - This, at the very least, will encourage and provide affordable housing, while ensuring that the percent of qualified affordable units (5.46% today) does not further decline.
  - At a rate of 7% of units in any housing development, the inclusion of affordable housing will not be noticeable, nor will it create any negative impacts. For small housing developments of 10 or 20 units, the actual effective percentage of units will be approximately 10% and would stabilize the existing 5.46% of qualified affordable units.
- **Workforce Housing:** Provide for greater flexibility regarding the Dimensional and Area Standards (Section 3.6.6 of the Zoning Regulations) in the 'Workforce Housing Provision' (Section 3.6.7 of the Zoning Regulations).
  - Change the Allowing, and stating, modifications to all or most of the dimensional requirements in Section 3.6.6 will create a real incentive utilize this provision.
  - Reduce the 1 garage per unit to 0.5 or 0.75 garages per unit with density bounce for 'workforce housing'.
  - Reduce the workforce housing percentage required from 20% to 15%.
- **Elderly Housing:** Allow private market elderly housing and include an affordability provision, 20% or 30% affordable and compliant with 8-30g.
  - There is need, overall, for elderly housing in Ellington and the greater regional market. The Town can satisfy that need and at the same time provide afford housing for a population that needs affordable housing options.
- **8-30g Application:** Create a 'friendly' 8-30g zoning regulation (preferably an overlay zone) that allows for and establishes a process for 8-30g development application.
  - The idea is to be proactive. Rather than having an 8-30g application forced upon you, create an 8-30g zoning provision that allow an 8-30g compliant development designed by the Town, not the developer.
- **Mixed-Use Development:** Create a mixed-use development housing provision that requires housing in mixed use developments to provide 15% workforce housing.

- Mixed-use developments, specifically the housing in such developments, appeals most to non-family households. Therefore, such housing provides a good opportunity to provide affordable options.
- For mixed-use housing, specifically those units above first floor commercial use, allow smaller unit sizes: studio = 500 sf, 1-bedroom = 650, 2-bedroom = 900 sf. I would not focus on (or allow) 3-bedroom units is such situation.

Permitting Strategies

The following are permitting strategies designed to intentionally intervene in housing affordability and housing need:

- **Permitting Fees:** Provide reduced permitting fees for affordable housing units. This could include land use applications, zoning, and building permits.
    - Entitlements and permitting create real costs for housing development. The entitlement processes can cost 3% to 6% of the total development cost. While such percent's sound low, they are meaningful when the return-on-investment run between 12% and 15%. Reducing fees can be a viable means of incentivizing affordable housing.

Tax Strategies

The following are tax strategies designed to intentionally intervene in housing affordability and housing need:

- **Tax Incentives:** Provide tax incentives for affordable units in workforce, elderly, and mixed-use developments.
    - On the developer side, the barrier to providing affordable units is the reduced return-on-investment. The cost to construct such units, if they are to be to same standard of market units, is as much as the market units. Therefore, reduced sales value or rents can and do undermine the financial feasibility of affordable units and the whole development.
    - Tax incentives, as with reduced permitting fees discussed above, can provide a real incentive to constructing affordable housing units.
    - Tax incentives could range from 10% to 100%, from 1 to 10 years, and could be for the affordable units or the whole development. Note, tax incentives have become common for multi-family residential development. Over the past three years I have worked on four projects with tax incentives in three towns (Bloomfield, Canton, and Wethersfield).

- Recommended Incentive Structure: 100% of post-occupancy taxes for the first two-years, 50% in year three, and 25% in years four and five.

The above strategies are more than capable producing 15 to 20 units of qualified affordable housing per year. With an aggressive approach including tax incentives and aimed at elderly housing—Town-owned or private market—more units per year could be achieved—exceeding the goal of 20 affordable qualified units per year. The would provide a 10 to 20-year plan to provide affordable qualified housing (8-30g 10%) and meet the housing needs of the most vulnerable and burdened populations. In addition, adding market-rate housing aimed at the $75,000 to $125,000 household income levels (owner-occupied housing between $210,000 and $350,000) would go a long way to ease the affordability challenges at the higher-income segment of the Ellington housing market.