

Booklet #5b  
November 16, 2009

WESTBROOK

5b

# HOUSING NEEDS

## Overview

Connecticut has identified that there are changing housing needs in the State and has developed the Incentive Housing Zone legislation to encourage communities to assess housing needs and strategies. This booklet is intended to look at some ways this might be accomplished.

This booklet is the second 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:

The information in this Booklet is research and discussion material intended to provoke thought and discussion on the part of the Plan of Conservation and Development Steering Committee.

The information in this Booklet has been prepared by Planimetrics for the use of the Town and does not represent any official policy or decision of the Town of Westbrook.

### Meet Demographic Needs



### Provide Opportunities



### Protect Resources



### Guide Development

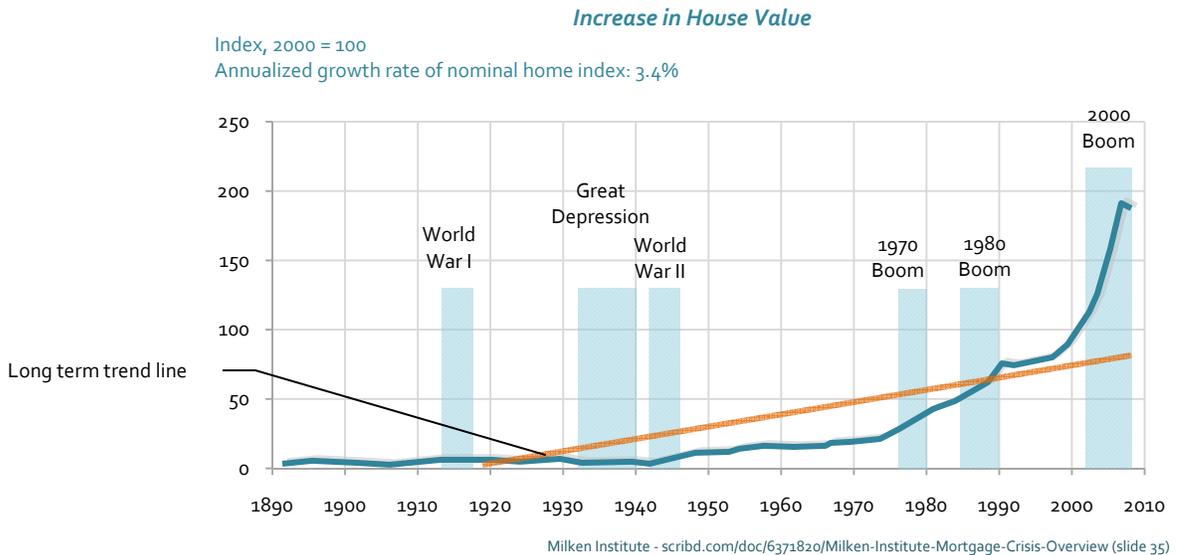


## Why Is Housing A Concern?

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.

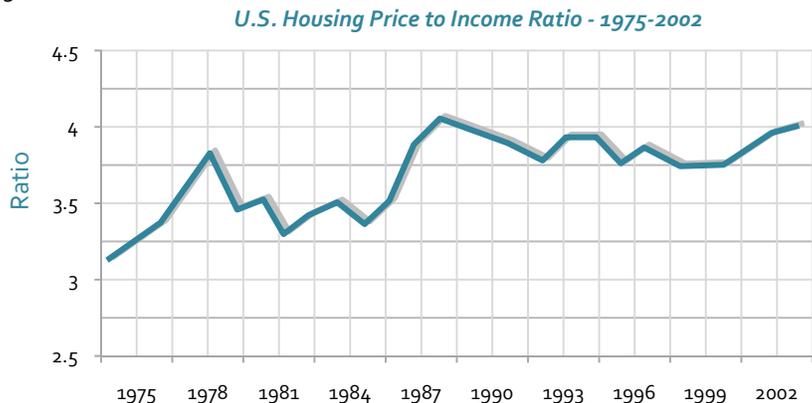
### Housing Affordability

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).



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.

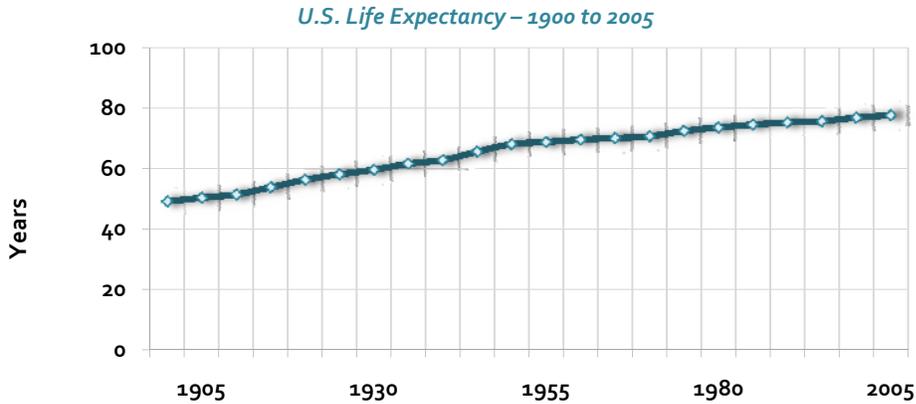
Research has shown that housing affordability becomes an issue when the median priced home sells for more than 3.5 times the median income for the area. As can be seen from the following chart, this ratio has consistently been above 3.5 nationally since 1986.



### Mix of Housing

In addition to affordability concerns, there is also a concern about whether the mix of housing types available in Westbrook 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.

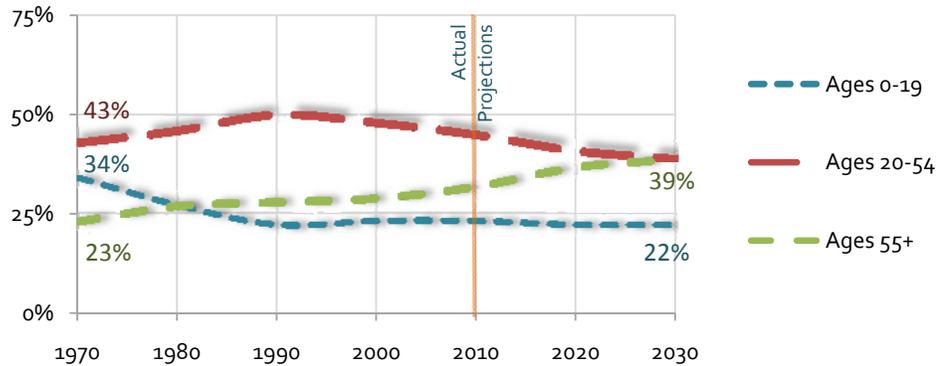
Not surprisingly, the housing needs of a young couple are different than those of a mature family and both are different than the housing needs of older people. Having a more diverse housing portfolio helps to ensure that appropriate housing is available for us, our children, our parents, our friends,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



## Local Trends

According to the Connecticut State Data Center, Westbrook 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.

**Westbrook Age Composition – 1970 to 2030**  
Percent of Total Population

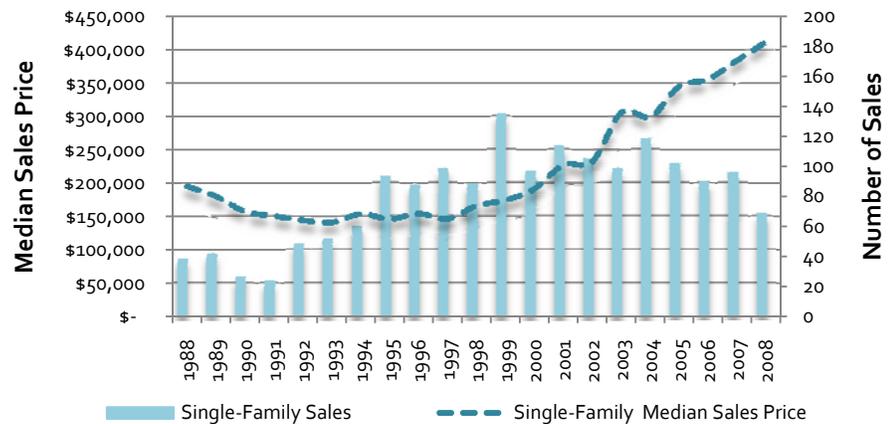


1970 - 2000 CENSUS  
Projections by CT Data Center (2007)

## Housing Prices

Sales data from the Warren Group shows that the median sales price of single-family houses in Westbrook increased steeply from 2002 to 2004. For single-family houses, the median sales price peaked at \$412,500 in 2008.

**Trends in Single Family Sales – 1988 to 2008**



The Warren Group

The Connecticut Economic Resources Center (CERC) provides comparisons of the median sales prices for all units in Westbrook to the State. In 2007, Westbrook's median sales price for all units was \$385,000; this was higher than the State median of \$295,000.

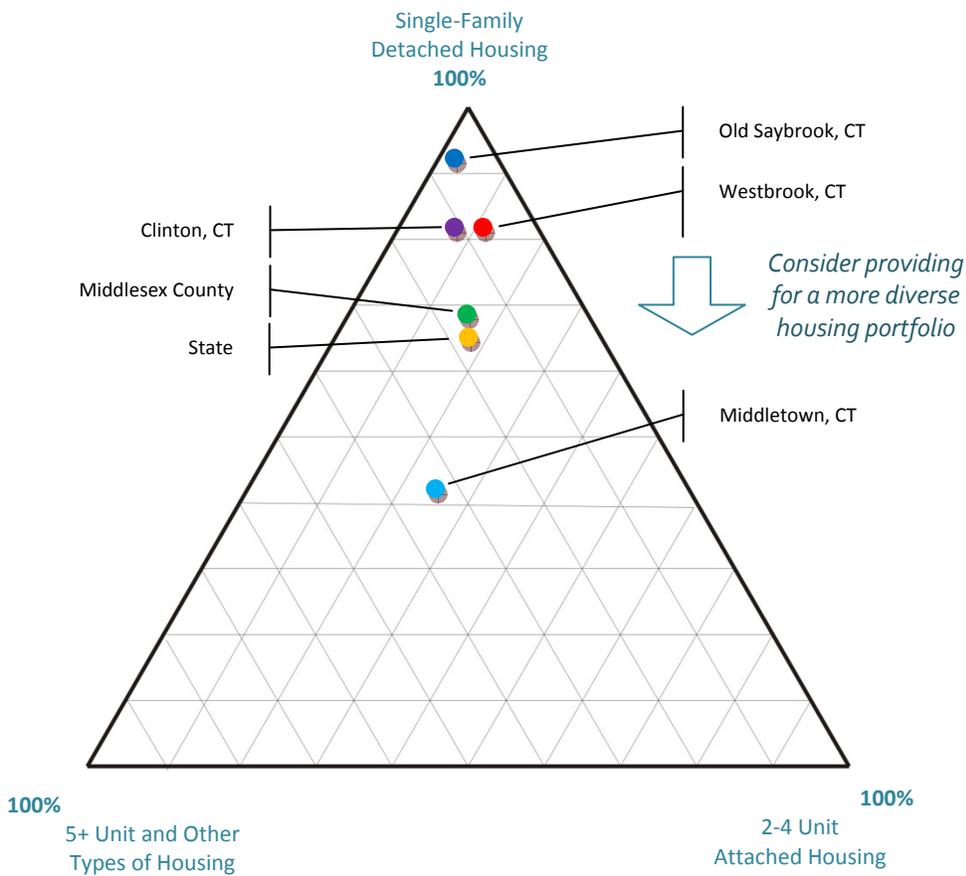
## What Might Westbrook Do?

### Strive To Diversify Our Housing Portfolio

Over the long term, it makes sense for Westbrook 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, Westbrook should consider allowing or providing for alternative housing types within its permitted uses.

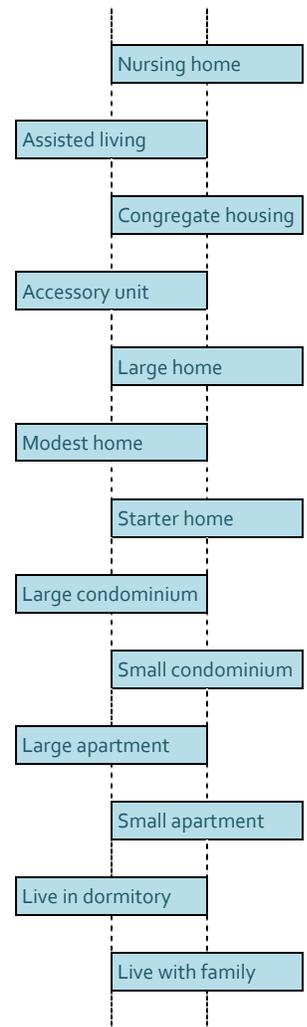
While Westbrook will clearly see more single-family detached house development, there are opportunities to provide for other housing types to meet community needs.



### "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



Rather than focusing almost exclusively on 3-4 bedroom single-family detached homes, Westbrook 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

**Jobs-Housing Balance**

Middletown	1.45
Essex	1.21
Old Saybrook	1.18
<b>Westbrook</b>	<b>1.05</b>
Clinton	0.73
Deep River	0.66
Killingworth	0.22

CERC Town Profiles 2009

**Strive To Become a More Sustainable Community**

Westbrook has both a good jobs-to-housing ratio and a good jobs-to-worker ratio where compared to neighboring communities. This number can be misleading, because only 26 percent of Westbrook residents work in Westbrook.

Three-quarters of the jobs in Westbrook are filled by residents from other communities and about three quarters of Westbrook residents commute to other communities for work.

**Jobs-Worker Balance**

Middletown	1.48
Old Saybrook	1.18
<b>Westbrook</b>	<b>1.03</b>
Essex	1.00
Clinton	0.79
Deep River	0.50
Killingworth	0.15

CERC Town Profiles 2009

The annual average wage in Westbrook in 2008 was \$40,025, according to the Connecticut Department of Labor, and the median household income is \$69,302. With local wages of \$40,025 and a median house sales price of \$385,000 in 2007, it can also be seen that few local workers can afford to live in Westbrook. Both the *home price to average worker income ratio* of 9.6 and the *home price to median household income ratio* of 5.5 – far exceeds what local workers could afford.

In other words, Westbrook employers have to import workers from surrounding areas to provide local services. *Why can't people who work here afford to live here?* This includes teachers, emergency responders, public works employees, outlet workers and town administrative staff.

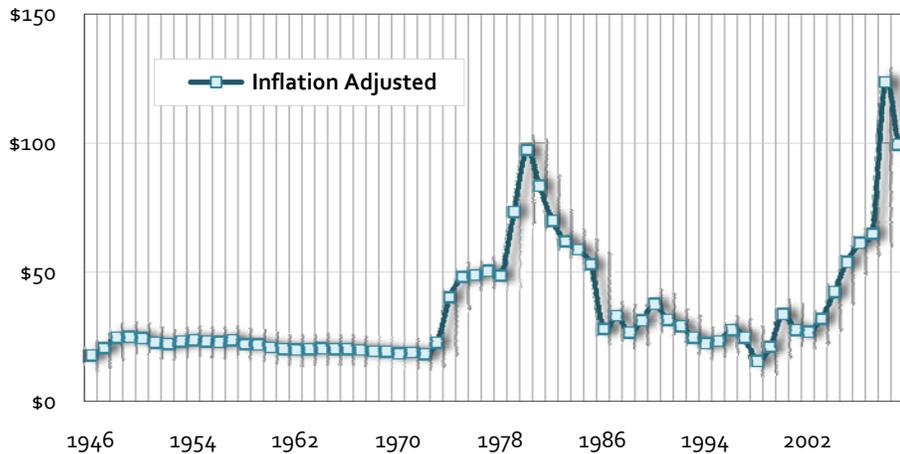
**Where Residents Work:**

<b>Westbrook</b>	<b>26%</b>
Old Saybrook	12%
Clinton	6%
Essex	6%
Middletown	6%
New Haven	4%
Guilford	4%
Branford	2%
Groton	2%
Madison	2%
Waterford	2%
Other	28%
Total	100%

2000 Census

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*



**Where Employees Live:**

<b>Westbrook</b>	<b>26%</b>
Clinton	13%
Old Saybrook	7%
Madison	6%
Middletown	4%
Old Lyme	4%
Deep River	3%
Essex	3%
Killingworth	2%
Other	32%
Total	100%

2000 Census

Providing more housing options and opportunities may be important for Westbrook:

- For an aging population to be able to find what they need here (services, care),
- For a younger population 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, emergency responders, public works, etc.)

### Strive To Enhance Our Community

Over the past 30 years or so, development in Westbrook has generally been dominated by the construction of single-family homes on subdivided lots and improvement of homes along the coast.

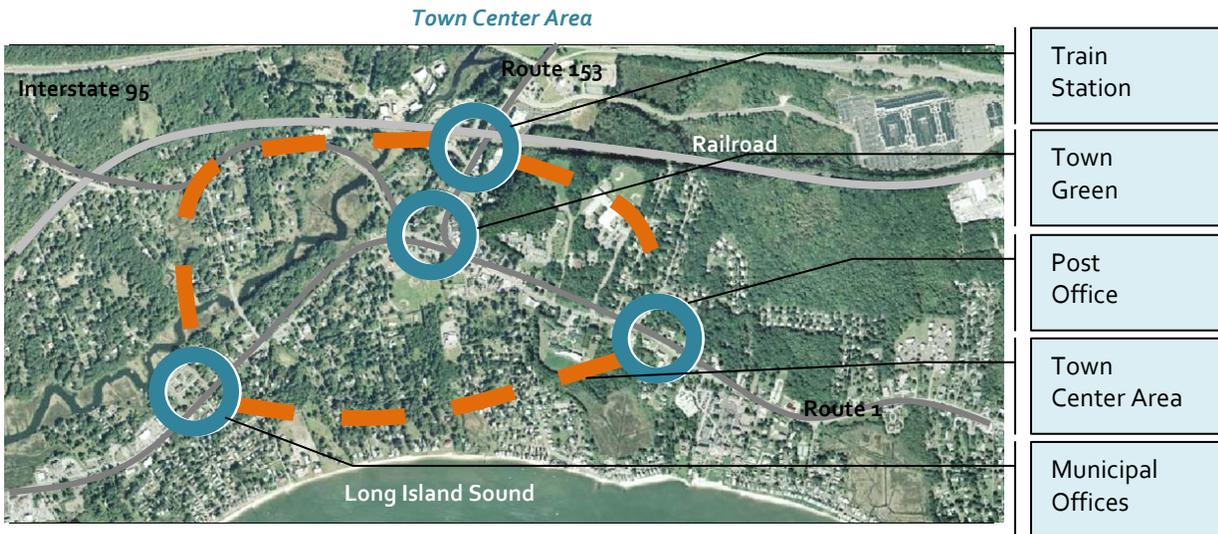
During this period, development of business uses has also occurred along Route 1 in a linear automobile-oriented pattern and in ways that have not always enhanced the overall sense of community.

### Perhaps Westbrook Can Try An Alternative

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

Housing as a component of mixed-use development in the village center has been recommended as part of Town Center revitalization efforts. Perhaps goals to improve the vitality of the area can also serve to increase the diversity of housing available in Westbrook. As seen below, expanding housing opportunities in the village center also makes sense due to its proximity to the train station as well as other transportation options, available infrastructure and services within walking distance.

Westbrook has already encouraged housing diversity in this area with the construction of Westbrook Manor. Vacant and underutilized properties should be evaluated to determine their potential for housing including the creation of second story apartments over commercial uses. Creative solutions to wastewater management and parking will be needed to support this type of development.



## What Strategies Are Available?

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### 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 8-309) 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 (such as Incentive Housing Zones (see Booklet 5A)).

### 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?

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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 Westbrook.

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 Westbrook.

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 to create appropriate housing diversity.

Westbrook 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 work-force population.

This funding opportunity is beneficial for Westbrook 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 Westbrook 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 Westbrook.

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