

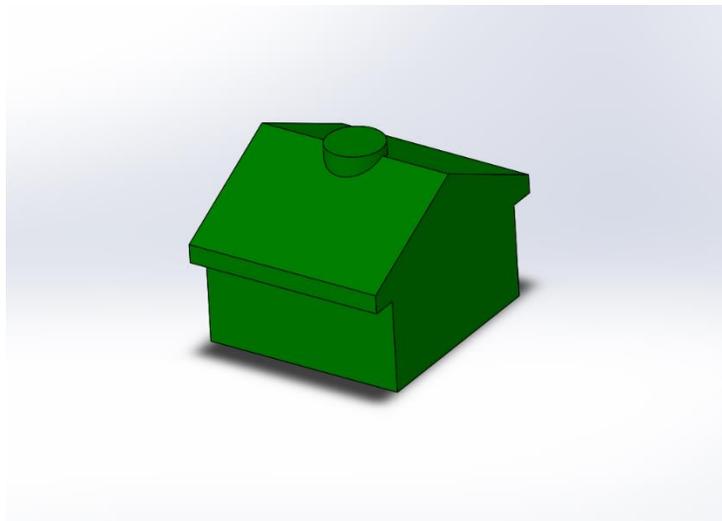


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OPINION

Today's Business: Confronting the affordable housing crisis

By Leonard Braman, Contributing Writer
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A toy house from a Monopoly game.

Like most of the country, Connecticut is dealing with an affordable housing crisis — there are many more people who need homes than there are affordable homes. According to current studies, 13 percent of middle-income households in Connecticut (and 77 percent of very low-income families) are “cost-burdened,” spending more than 30 percent of their income on rent and utilities alone. Cities and towns have been trying to address this through several means, and whether you’re a developer looking to build housing or a resident looking to rent or buy a home, each of those approaches is worth knowing about.



Attorney Leonard Braman.
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First, municipalities are creating or enhancing requirements in their zoning regulations that require a percentage of units in all new multifamily housing developments to be affordable. For instance, Stamford zoning rules generally require 10 percent of new housing to be “below market rate” and affordable to households making 50 percent of Area Median Income. (Fairfield, Westport, and other towns have similar, slightly different requirements in a number of their zones.)

Since the current median income for the Stamford area is about \$150,000 a year for a family of three, “below market rate” units there have to be affordable to three-person households making roughly \$75,000 a year. But what exactly does “affordable” mean? It means that the household will have to spend no more than 30 percent of their income on rent and basic utilities — in other words, will not be “cost-burdened.” This comes to about \$1,400 a month in rent for a two-bedroom apartment in the Stamford area. Similarly, Fairfield’s Transit-Oriented Development Park zone near the Fairfield Metro train station requires that 12 percent of new units be affordable to those making 80 percent of Bridgeport area median income, that is, about \$84,000 for a family of three. That translates into about \$1,600 a month for a two-bedroom.

Second, municipalities are adding to affordable housing “trust funds” — special accounts set aside for creating affordable housing. These accounts are generally

funded with fees paid to the local governments by developers for zoning approvals. Fairfield's trust fund has accumulated over \$2 million in five years; Stamford's earned a little over \$3 million in three years; Westport and Norwalk each just started one. The money in these funds can then be used by the local government to buy properties and convert them into affordable housing. For example, Fairfield has used its trust fund to buy properties in a former U.S. Navy housing development, to replace existing single-family homes with new affordable duplexes and triplexes.

Lastly, local governments create their own affordable housing developments — sometimes by partnerships between private organizations and local housing authorities that are affiliated with, but legally separate from, the local government. These housing developments, however, require significant capital to construct, and often use funding from the federal or state government. And they are in very short supply. When the Fairfield Housing Authority opened its wait lists a few years ago, in just two weeks it received more than 7,000 applications for an affordable home. This is similar to the scarcity of privately owned, government-subsidized housing: the State Department of Housing hasn't opened its wait lists for the Rental Assistance or Section 8 Housing Choice Voucher Programs since 2007, when it received 48,000 applications.

Small towns have a particular incentive to add new affordable housing. Under the state's "8-30g" affordable housing law, developers get to bypass all local zoning regulations when they build housing so long as 30 percent of the units are affordable for those earning 40-60 percent of the community's median income. The intricacies of this controversial law are complex. However, a town that makes progress in creating its own affordable housing can get a four-year "moratorium" from application of the law.

These are just some of the ways that governments at the local level in Connecticut are trying to increase the supply of affordable housing, as demand continues to soar.

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