



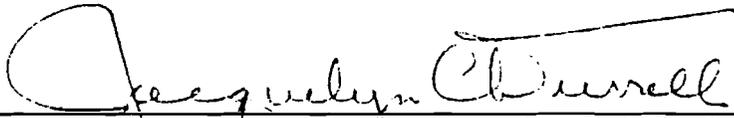
Affordable  
Housing  
Plan for  
Fairfield



Dear Citizens of Fairfield:

The affordability of housing for residents of Fairfield will become the most important concern of this administration in the coming years. The current disparity between current market values for housing and the incomes of many of Fairfield's young adults and elderly has generated a serious community need for affordable housing.

The Affordable Housing Plan seeks to highlight the many ways Fairfield can pursue affordable housing opportunities for all. I trust you will join with me and the Board of Selectmen to reach beyond our traditional means and address a very serious community problem with which this town is presently faced—affordable housing.

  
\_\_\_\_\_  
Jacquelyn C. Durrell  
First Selectman

  
\_\_\_\_\_  
Carl J. Dickman  
Selectman

  
\_\_\_\_\_  
Eunice S. Postol  
Selectman



## WHAT IS AFFORDABLE HOUSING?

**A**FFORDABLE HOUSING IS SAFE and appropriate shelter that can be attained for a reasonable percentage of a person(s) income. The median income household should be able to afford to buy/rent the median income home/apartment.

In an economically healthy and attractive community such as Fairfield, we rarely consider housing as a community concern with which the Town must deal.

The Town can admit to a vibrant real estate market which, although sluggish at times, has seen consistent increases in real estate property values across the board and a steady stream of new or "upgrading" residents willing and able to afford higher priced homes.

But have we erased "affordable housing" from our vocabulary? Have we forgotten that segment of our population who are on fixed incomes or

whose wages do not approach those of higher salaries so visible throughout the county?

The Federal Department of Housing and Urban Development issued a publication called *Citizen Action for Affordable Housing* which suggests ways we can become more in touch with affordable housing and its impacts on the health of a community. The publication poses some interesting questions about affordable housing which are particularly germane to Fairfield.

*If you wanted to sell your current home and move into another one in the same neighborhood, could you really afford it?*

*If your grown son or daughter wanted to move into this community, could they afford to?*

*Could your elderly parents find an affordable home nearby?*

The Affordable Housing Plan for Fairfield attempts to define "affordable housing," to show why we now have so little of it, and to suggest what this community can do about facilitating its resurgence. Previously, affordable housing opportunities were never easy, but were always available. Recall what the housing market was like just a few years ago when you were young and starting a family, left home for that first apartment and started to save for your first home, or when your parents needed to move to smaller quarters from the large family home. Affordable housing affects everyone.

# WHY IS THERE NO AFFORDABLE HOUSING IN FAIRFIELD?



**1** THE INCREASE IN REAL ESTATE values has accelerated beyond the capacity of families to purchase housing in their price range.

Family incomes increased over 200% in Fairfield since 1970. The cost of a home in Fairfield during that same period increased 629%, three times the increase in family income.

"The median household income, in Fairfield is (between) \$50,000 and \$60,000."

Fairfield Population Study  
Mt. Vernon Associates—1986

A family with an annual income of \$55,000 cannot afford to purchase the median priced home in Fairfield even if it were available. Using average underwriting criteria, that income could afford a \$165,000 mortgage. How many people do you know who can afford a \$165,000 mortgage?

**2. The lack of available land and the structure of residential zoning have created a weak supply/strong demand market which places premium values on available land and homes.**

Fairfield has a very diverse residential zoning structure, permitting home construction on lots ranging from 5,000 sq. ft. to two acres in size. Based on the present development level of the Town, only 7% of all multi-family zoned land remains available for new development. This represents only 28 acres in scattered parcels throughout a community comprised of over 19,000 acres.

"According to the *1985 Annual Housing Market Report*, 'Land continued to be the single most expensive component in new housing construction. With an increase of 10 percent over last year, it represented 31.4 percent of total construction cost.' The rise in the cost of land is expected to continue. Increased costs, coupled with its diminishing availability clearly poses a problem that can no longer be ignored."

Connecticut Department of Housing

The remaining, available land for new housing production are single family lots presently ranging in cost from \$125,000 to \$400,000 per building

lot (not per dwelling—per building lot). High prices preclude affordable housing opportunities to most prospective homeowners attempting to enter the housing market.

**3. The recently strong housing market which resulted from lower borrowing costs created a demand "frenzy" which increased values across the board for all types and locations of housing.**

The five year period between 1975 and 1980 saw a rise in home mortgage rates from 7¼% to 17%. The production of housing stock, suppressed during this period, began a resurgence as interest rates fell to new lows and mortgage products became innovative and flexible. A particularly strong housing market in Fairfield between 1980 and 1987 saw the average price of a single family home *more than double*. Although recent sluggishness in home sales has inhibited substantial increases in value, new thresholds for the cost and value of real estate have been established.

"Home prices are not expected to decline over the next five years. Home prices in certain areas of the State, such as the Naugatuck Valley, the Connecticut shoreline, Northeastern Connecticut, and the urban areas of Litchfield County are expected to experience continued price increases. As a consequence, young families are finding it extremely difficult to purchase even modest, starter homes."

Connecticut Department of Housing

These thresholds, which function as new benchmarks for appraisals and value, exacerbate the difficulties with which new or re-entry home buyers at median or less incomes have in generating sufficient down payments or sustaining extremely high mortgage notes which are mandatory in buying a home.

**4. The availability of buildable land remains concentrated in lower density areas which, traditionally, represent the higher priced end of the housing scale and sustain higher values across town proportionately.**

The Town's Annual Report indicates the distribution of residential zones by acreage. It is clear that the availability of larger lot, lower den-

sity land for housing is much greater than smaller lot, higher density parcels. In many areas, multi-family zones have been completely developed with no available lots remaining.

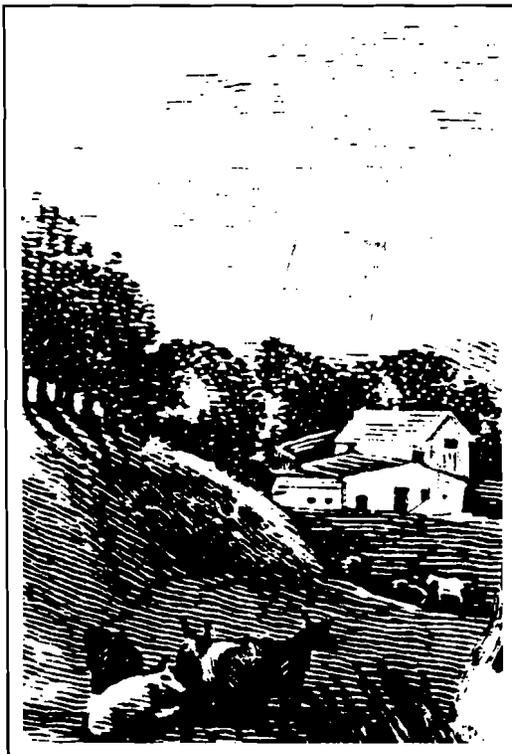
"However, a high proportion of this housing is made up of single family units, shown previously to have the lowest growth potential. In addition, the town is already well developed and many of the remaining lots of vacant land (most lying in the northwest, 2 acre zoning area) are made up of wetlands and steepland. At this time, there are no major housing development projects planned, though some moderately sized condominium projects might be initiated within the next few years."

Fairfield Population Study  
Mt. Vernon Associates—1986

With larger lots generating higher prices (\$180,000 and up), creating more affordable housing by increasing density of units per acre is nearly impossible. As the higher density vacant parcels are built upon, single family home values will increase commensurate with land costs over time. This condition widens the gap between affordable housing and its supply for those in need, not only today, but far into the future.

**5. Fairfield has become more of a bedroom community for transitory white collar employees with higher incomes capable of paying current housing values.**

Fairfield's location with respect to New York and other major employer destinations combined with its strong amenities and "quality of life" has produced an attractive bedroom community for upper income employees. The Fairfield Population Study, conducted by Mt. Vernon Associates in November, 1986 generated a profile of new residents to Fairfield with interesting results.



"91% of new residents live in single family homes."  
"The median income for the new residents is more than \$70,000."

"Most common reason for an owner to move from Fairfield is 'job relocation' (17.0%) compared with 'housing expense' for renters (36.2%)."

"19.5% say they will stay in their current residence for five years or less."

"The median market value for their new homes is \$200,000 to \$300,000. While 10% say their homes are valued at \$400,000 to \$500,000."

Nearly 1/3 of all new residents will stay in their current residence for 5 years or less, half of which will leave for job relocation reasons."

Fairfield Population Study  
Mt. Vernon Associates—1986

At least 82% of new residents to Fairfield are 40 years old or older and married, the age group and income level able to afford market priced homes. By and large, new residents are not the young family/first time home buyers.

**6. The community had not contemplated the abrupt change in the housing market and was not prepared to provide affordable housing opportunities to "starter" families.**

The abrupt change in the housing market that we speak of was largely recognized and/or accepted as a positive and healthy real estate condition for real estate in general. The abruptness of the acceleration in housing values between 1980 and 1987 caught those saving for down payments unprepared, as the price of what was perceived to be "starter" housing quickly increased along with all other real estate to the price of second homes or beyond.

"Today in Fairfield, multi-family units and, perhaps, some apartments are the option for larger growing families which tend, demographically speaking, to be on the lower income scale."

Fairfield Population Study  
Mt. Vernon Associates—1986

The Town's desire to somehow create "affordable housing" within a healthy real estate market actually became more intense even as the community benefited from such a "prosperous" time for real estate values.

**7. The supply and cost of housing is not in line with the changes in family size and structure.**

According to information generated by the Mt. Vernon Study, one in four households in Fairfield has four bedrooms and a "no-growth" family, such as senior adults with older children or adults not planning more children. Further, 87% of households with no children have three or more bedrooms. In contrast, only 7.1% of those living in single family homes are start-ups (no children now but planning for some in the future).

Despite a smaller family size, larger homes have become the desired living environment for most of Fairfield's population. The production and



maintenance of larger homes perpetuates a higher priced inventory which in turn makes smaller homes proportionately higher priced due to "decreasing" supplies.

**"The economic reality is that new and rehabilitated housing must have rent levels high enough to support the property. However, these rents are frequently too high for low and moderate income families to afford."**

**Connecticut Department of Housing**

Our "no-growth" households are either able to afford larger homes or presently own a larger home, purchased some years ago. This condition is seen as a serious dilemma for Fairfield's younger families trying to break into the single family housing market.

**8. The cost of land, zoning structure and profit margin associated with market rate housing provides no incentive to private sector developers to offer "affordable" housing.**

Disparities between land costs, zoning and the "business" of housing production has been brewing for many years. It has to do largely with supply and demand and why builders build.

We understand that high land costs in Fairfield exist due to a healthy real estate market, depleting supply and sustained demand. Combined with where geographically available land exists, the cost of housing becomes influenced by high land values.

Enter the developer. Developers develop for the economic incentives inherent to the industry. If the primary objective in a business is to maximize profit or return in relationship to expense and effort, the private sectors' choice to not develop affordable housing is strongly influenced by initial development costs, actual construction costs, and the necessity to attain a reasonable profit over expenses.

**"Low and moderate income housing has been successfully developed by the private sector in recent years due to a number of incentives, or financial advantages, that this real estate product has held over conventional real estate. Many of these financial advantages were provided through the tax code including depreciation, amortization, capital gains and ownership instruments. The Tax Reform Act of 1986 dramatically limits these tax benefits in most ways."**

**Connecticut Department of Housing**

Although new tax-related instruments are available, if the private sector does not adjust to them, affordable housing production is expected to decrease rapidly. Without an acceptable financial incentive attached, affordable housing "cru-

saders" may have lost an important and active ally in the production of affordable housing within the private sector development circle.

**9. The Town offers no incentive to the private sector to develop "affordable housing."**

Like many Connecticut communities, Fairfield has considered the upward shifts in real estate values as a sign of positive growth and, at the same time, private sector real estate developers have taken advantage of this strong real estate environment at a time when interest rates, new starts and active sales were leaning in their favor. But unlike some communities, the provisions of government incentives to maintain a segment of the housing stock as "affordable" did not exist.

Fairfield has come to realize that a significant portion of its population is unable to afford housing at market rates. Without some form of incentive or encouragement, the private sector supply/demand, profit motivated environment will continue to function without interruption and without any desire to consider the advantages of pursuing the creation of affordable housing. Incentive alone will not produce a dramatic change in the affordable housing stock inventory. The availability of tools and the willingness of the Town to provide incentives to the private sector, however, may help establish a common ground and understanding from which to achieve new affordable housing opportunities.

**10. The community has not accepted the Town's role in providing or supporting the development of rental or for sale housing at below market rates.**

There are very mixed feelings in the community as to whether the Town should be contributing towards the creation of affordable housing opportunities. Although affordable housing advocates have existed for many years, the movement has been concentrated among an interested few.

As the situation changes from "concern" to "severe", the Town has more strenuously sought to discover the problems' origins and what to do about it. The community response seems divided. Some remind us that they didn't need help when they purchased (rented) their housing. Others point out that the Town's administrative responsibilities should not include housing, or are concerned about the Town's involvement in a traditionally private sector business.

**"The Town should be concerned with whatever concerns its people."**

**John J. Sullivan  
Fairfield First Selectman**



Many people do not understand the relationship between affordable housing opportunities, a heterogeneous community and the economic health of a community beyond housing issues.

**"The shortage of affordable housing has an impact not only on families and individuals seeking it, but also on the economic health of the (Community) as a whole. Affordable housing in proximity to jobs is one of the most significant factors effecting continued economic growth. A 1985 survey of business leaders and CEO's in lower Fairfield County reveals that the greatest impediment to economic expansion was the shortage of affordable housing. Companies are having difficulty finding people to fill necessary jobs because workers cannot afford to live anywhere near their place of employment."**

Connecticut Department of Housing

The Town's concern over affordable housing certainly pertains to those directly in need. But additionally, the Town understands a more holistic relationship between a diversified housing stock and what that means within a community.

**11. The community's understanding of the affordable housing population is limited.**

Much of what is written about the affordable housing issue revolves around an understanding of who in Fairfield needs affordable housing. An understanding as to who the housing problem affects will help to educate those not realizing how close to home affordable housing truly is and help to break down the resistance to becoming involved in solving the problem.

The Fairfield Population Study is very clear as to future demographic trends in our community. These trends follow two major veins. As younger residents leave high school or college and seek employment, Fairfield is out of reach as a place to live due to high living costs which are reducing Fairfield's demographic profile to older people with homes already, older or middle aged people able to afford homes in Fairfield's market, or younger people with higher incomes able to sustain housing prices.

This same situation is confronting our elderly population. As elderly couples or single elderly who reside in Fairfield become unable to sustain living in larger homes, few affordable alternatives are available. Beyond limited subsidized rental or expensive nursing home care, elderly residents often have little choice but to leave Fairfield.

**"We are still able to manage, but the loss or illness of one of us could make a difference. It would be a blessing to know help would be available. More senior housing for low income for those alone is needed."**

Elderly Needs Assessment Committee  
Survey Report, May 1986

Fairfield residents entering or leaving the job market are often unable to compete in the current housing market along side upper income families. The affordable housing need-population in Fairfield are **Fairfielders**. Without the communities' acceptance of the situation and willingness to help those who have been backed into an economic corner through processes beyond their control, the social devastation Fairfield is likely to go through as a result will be formidable.



# WHAT ARE FAIRFIELD'S AFFORDABLE HOUSING NEEDS?

**T**HE TOWN'S AFFORDABLE HOUSING needs can be categorized by 1) the population in need, 2) the types of forms of housing they are in need of and, 3) the conditions which determine, control or influence affordable housing opportunities.

## Who needs affordable housing?

### Our Elderly

Residents of Fairfield who are at or approaching retirement age grew up in a small but growing community whose residents wore as many blue collars as they wore white and commuted to nearby Bridgeport as well as Stamford or New York City.

Our elderly raised families during much different economic times where family incomes rose proportionately with cost of living and home prices. At that time, real estate development appeared as neighborhood creation, not speculation, zone "busting" or over development.

Enter the 1980's. The economy flourishes. Real estate values sky rocket and taxes rise proportionately. Inflation establishes new thresholds for basic living expenses and then stabilizes.

And imagine the situation most of our elderly are faced with: fixed incomes determined by pensions which exist at 1950-1970 salary levels; the maintenance of the family home at a cost beyond their means; the cost of health care to somehow juggle with regular living expenses. Having to deal with contemporary economic conditions, which they had no say in and would have wanted no part of, has become a difficult situation for our elderly citizens.

*Our elderly need affordable housing.*

### Our Young People

Many Fairfield families with children in high school or college may have purchased their home in Fairfield before real estate values exploded to more recent levels. Their mortgage rates may be reasonable (7% in 1970) and their monthly payments manageable or even "low".

But what about the children. They grow up here, go to school, play football, make cheerleading, graduate with honors, and prepare themselves for life's challenges. The Town educates them, recreates them, keeps their ballfields groomed and beaches clean. However, when it's time to start a family or get a job, Fairfield can see them only for Sunday dinners, holidays and summer weekends.



Our young people, in whom this community has invested much effort, attention and pride, are unable to remain in their hometown due to the high cost of for-rent or for-sale housing.

Due to the strong economy and its effect on housing values, most young adults wishing to remain in Fairfield or return to Fairfield upon completing college are unable to do so. One of the most sobering statistics generated during the Town's affording housing planning efforts is the relationship between the median family income and the median home price in 1987. If our \$55,000 median income family cannot afford to buy into the "median" priced housing market, how can we expect our young people entering the job market to approach for-sale housing or even for-rent housing at \$700—\$950 per month in Fairfield on starting salaries?

It becomes quite clear why demographic projections for Fairfield point towards an older population. The children of our residents are unable to afford to remain here, for reasons beyond their control, and must leave Fairfield to find more affordable housing.

*Our young people need affordable housing.*

### Our Single Population

Regardless whether an individual is young or older, male or female, the lack of availability of housing for single people with one income virtually eliminates them as potential residents of the community. Family structures have undergone their own dramatic shifts in recent years. Today's dual income, no-kids families are better able to accommodate today's cost of living. Another product of the changing family structure, the divorced population of now-single men and women, some with children, who are forced to survive on substantial reductions in income and are often reduced to substantial changes in living environment.

Fairfield's single population of unwed, divorced or widowed residents have extreme difficulties in securing affordable housing within the limits of their single income capabilities. Single residents seeking rental housing or for-sale housing are faced with the same disparity between market values and income levels. Single people will always exist and always need a form of housing attainable within their means.

*Our single population needs affordable housing.*



### Our Homeless

One of the Town's most pressing but seemingly invisible housing problems involves the homeless. Through the recent community wide effort to make Operation Hope, Fairfield's first homeless shelter, a reality, the community was awakened to the conditions of homelessness in Fairfield.

For whatever the reason, whether it be economic, social, emotional or other, a homeless population exists and will continue to exist in the community. As the need expands, so should our concern and response. We have learned that Fairfield's homeless are largely our own. And we understand our concern must expand beyond shelter care into counseling services, employment training and other social opportunities designed to reorient our homeless population into society.

*Our homeless population needs affordable housing.*

### What types of affordable housing are needed?

The distribution of affordable housing opportunities should be no different than the diversity of housing styles, sizes and locations available in the open market. Many of the need groups we identified earlier associate with a particular forms of housing. For example, our elderly residents are inclined to occupy smaller units closer to shopping or services, while younger families are attracted to larger homes near schools or recreation facilities. It is important to understand that a diverse housing mix will be important to satisfy all types of need, and that the distribution of affordable housing within the community should be broad. With this in mind, we can define the types of affordable housing needed in Fairfield generally as follows:

#### Affordable Rental

There is an inherent shortage of rental housing in Fairfield due to the relationship between traditional rental housing types and our local zoning structure. Basically, a majority of the Town is zoned for varying degrees of single family residences with proportionately little zoned for multi-family. Although single family homes make up a small percentage of the Town's rental stock, multi-family homes (two, three and four family) have traditionally supported the Town's rental market.

The relatively small number of rental units and this rapidly rising market value places most rents well above the "affordable" level. With local rents averaging from \$700 to \$950 per month, the average young family, single or older individual is hard pressed to exist on whatever money is left after rent, utilities and other related expenses are paid.



Our affordable rental stock should include unit sizes from single room occupancy (SRO) or efficiencies, to multiple bedroom units for families with children. We also need to note the condominium conversion trend which reduces the available rental stock and places a further premium on those rental units remaining.

#### Affordable Sale

The American Dream of home ownership is a vital component of Fairfield's affordable housing needs. The development of affordable sale housing and its long term maintenance as "affordable" is a serious concern with which we must deal. The present market forces not only control the availability of affordable housing but further inhibit the imposition of necessary controls to keep it within affordable levels for subsequent buyers. The open market system of profit and gain becomes available only to those having access to the market initially. It is important that our needs assessment address the issue of continuing affordability without tampering with the open real estate market in general.

#### Limited Care Facilities

Limited care facilities provide both affordable housing and support services to our elderly citizens who have difficulty living without some limited assistance. These facilities are multiple unit complexes comprised of small individual living units, as well as group dining facilities and around-the-clock attention. Limited care facilities encourage independent living but in a group environment which allows a sharing of costs along with the presence of a non medical staff.

Limited care facilities can serve between 4 and 40 or more elderly individuals or couples depending on the location and size of accommodations, and are maintained as rental units at values commensurate with lower, fixed elderly incomes.

Fairfield does not have limited care facilities within the community presently. The diversification of elderly housing opportunities beyond single family living or nursing home care is surely needed in Fairfield. The many advantages inherent to the limited care concept make it a sound objective as one of Fairfield's affordable housing need types.

#### Shelters

We identify the need for homeless shelters as a continuing housing opportunity for those individuals or even families whose situation warrants such assistance. As the development of homeless facilities increases commensurate with the demand for temporary shelter over time, the community must remain aware that shelters are included as a needed form of (temporary) housing. Its sensitivity to the problem will insure the needs of Fairfield's homeless will always be addressed.

#### Special Needs Housing

There are many forms of housing opportunities which don't fall within traditional definitions or labels. Many of what we can refer to as special needs housing involves a unique occupant or occupancy type and addresses specific concerns which exist in addition to the affordability of



housing in Fairfield.

Special needs housing can include group homes for retarded individuals, housing for handicapped or physically impaired individuals and also different types of home ownership such as mutual housing, cooperative and other ownership types which seek to address special economic or social circumstances which may be difficult to achieve under traditional means.

Special Needs housing is the most challenging of the affordable housing problems, and often requires the most innovative approach due to the special needs of those requiring such housing. Although the Town has not taken an active role in creating special needs housing opportunities, it must incorporate this component into the Plan to meet the needs of that segment of our resident population.

**What will influence or control affordable housing opportunities?**

1. The most finite determinant to affordable housing development is the *availability of land* on which to generate opportunities. The supply of undeveloped or underdeveloped land becomes a key issue within a community where available land for any form of development is not only scarce but at an extreme premium. The control of land, in general, for affordable housing opportunities will significantly influence our affordable housing objectives.

Closely associated with the availability of land are the *cost/value of land* and the *availability of funding sources* with which to acquire land. The Affordable Housing Plan makes continuous reference to the extremely high value of raw land or building lots available for sale in Fairfield. We additionally stress that the location of these parcels tend to be in less dense areas. Land costs become an immobile component of overall development costs because the finished product price or value becomes so dictated by land costs that unless extreme densities are achieved to offset the high land basis, the affordability of housing becomes unachievable from the start. The ability to secure land at reasonable prices will thus control our affordable housing production.



Further, we have determined that the availability of land *acquisition funding sources is extremely limited* and may control the rate, intensity and success of affordable housing projects over time. Because of the high cost of land and the difficulty in justifying a high per unit land cost, it is very difficult to convince local funding sources to invest, since there is little opportunity for return on their investment. Other governmental sources, including grant funds for affordable housing, are similarly inaccessible due to their concentration on construction costs only. Combined with the new tax law and its impact on low and moderate income housing investments, land availability, cost and acquisition resources represent one of Fairfield's most important needs in securing affordable housing opportunities.

2. The other major area which will influence the production of affordable housing opportunities is the *community's acceptance of the problem* and willingness to address it through whatever means are available. This responsibility includes Town government, local media, neighborhood organizations and even local legislators. Much of the dialogue thus far on housing has focused on an undefinable need, as advocated by few, and an air of apprehension from the community, in subtle ways, of the Town's role in the housing issue or even refusal to believe that a housing problem exists.

Community acceptance and aggressive response to the affordable housing situation is one of those intangible determinants that tends to gain or lose momentum very quickly. The problem of affordable housing is so widespread and touches so many parts of this community that without total commitment to pursue solutions, efforts will appear token at best and never approach the severity of the problem.

The Planning and Zoning Commission, through its planning gestures and zoning decisions concerning affordable housing, will play an important role in our commitment. Particularly sensitive will be the ability of the Town Plan and Zoning to *weigh the community-wide planning merits of affordable housing against the site specific zoning merits* of a particular project. And always of interest is the interpretation of neighborhood response during the zoning process and whether a balance exists between community benefit and neighborhood impacts in the eyes of the decision makers.

Our commitment will involve, among other things, *the expenditure of money*, the *collaboration with private developers*, and the participation of the Town in what is generally considered a private sector business.

Affordable housing is one issue that will truly reflect back the attention paid to it not just by policy actions and newspaper editorials but by construction and/or preservation of real life affordable housing opportunities. The acceptance of the problem and willingness to pursue an answer is the very first step towards generating affordable housing. Without the emotional support of the community behind it, the Town's attempt to address the situation will fall very short of ever becoming a reality.

# WHERE ARE FAIRFIELD'S AFFORDABLE HOUSING OPPORTUNITIES?



**I**N SPITE OF WHAT MAY APPEAR AS insurmountable reasons why there are so few affordable housing opportunities in Fairfield, there are a variety of both proven and as yet attempted directions for the Town to take toward achieving its ultimate goal. *The most important objective of the Affordable Housing Plan will be the production of affordable housing units.* Actual production will represent a measure of commitment which the Town can evaluate as it proceeds.

Affordable housing productivity in today's economy will require *creativity, innovation, and new thinking.* The creation of affordable housing opportunities in the open real estate market will not be an easy task. Additionally, the means by which the Town is accustomed to generating financing and implementing municipal functions. It is sometimes difficult to move swiftly and be cautious at the same time.

The Town must begin to think, react and take action at speeds more consistent with private sector real estate. We will be moving in the faster-paced, profit-motivated business arena and we must do so with the same aggressiveness and tact our profit motivated competition applies.

The Town must also accept the fact that it will not be able to generate affordable housing opportunities by itself. Although we will be "competing" in the open market for basic housing production, *working with the private sector for each party's mutual gain* should become a common consideration for the Town to accept. Our independence as a municipal government or through a municipal agency will only be as effective as our ability to recognize and work with private sector development motivations and financial objectives.

Lastly, the structure and composition of affordable housing initiatives will very often involve ownership, partnership, legal, financing and investment components which are very foreign to the municipality and the way it generally conducts its business. The community must remain cognizant that the administration's support of affordable housing development is different from routine functions of the Town such as maintenance (i.e. public works), decision making (i.e. planning and zoning, etc.) fiscal functions (i.e. tax collecting, etc.) and recording (i.e. town clerk, etc.). If the commitment to affordable housing in Fairfield is sincere, we will scrutinize every option and every project as we always

have but with the understanding that our traditional approach must remain flexible, open-minded and committed to our overall objective.

*The Affordable Housing Plan has not been prepared to expose specific projects or possible locations. It has been structured as a recipe of ingredients necessary to generate new opportunities under known conditions.*

The following are offered as examples of the types of mechanisms seen effective in generating various forms of affording housing. Not every mechanism will apply in every case nor do those mentioned represent the only opportunities available to secure affordable housing. Fairfield's affordable housing opportunities are projected to originate from within the following categories.

## Public/Private Partnerships

The value of working *with* the private sector on affordable housing will be the availability of opportunities and responsiveness inherent to private real estate development on the open market. While the private sector will be afforded some stability and a "comfort factor" by generating development projects "along with the Town". *Any form of joint development between the Town and a private sector entity will have to remain sensitive to the private sector profit motive.* The Town will also have to prove, to a certain extent, its competency in taking on development projects and earn the confidence of the private sector as a reputable "partner" with which to deal. A large part of the Town's reputation will be *the admission that some private entity making a profit on an affordable housing joint development project is an acceptable "condition"* of the affordable housing game.

Affordable Housing proposals generated between public and private entities will involve many of the details cited earlier as "foreign" to traditional government functions. We can expect to entertain projects which include *land leases of both raw land and/or buildings, air rights development over an existing ground level use and other traditional and non-traditional forms of routine transactions to secure property.*

Another product of joint development between the public and private sectors will be to assist one another in creating affording housing opportunities where presently none exist. As an example, *the contributions of private sector dollars into Fairfield's Municipal Housing Trust*



*Fund* will generate matching dollars from the State Department of Housing. The Municipal Housing Trust Fund is a reserve fund, established by State legislation, to attract public and private contributions towards the development of affordable housing opportunities. This presently underutilized fund could provide the means through which many public/private initiatives are begun.

**Project design programs**, where initial design costs are borne by both parties having an affordable housing component, will help encourage private participation in the Town's affordable housing movement. The negotiation of **resale value caps** on residential projects, where new construction resales are controlled to remain affordable or even **second mortgage reversions** to the Municipal Housing Trust Fund upon resale, are becoming a part of the new thinking associated with preserving affordable housing in the future. These "provisions" associated with resale are often agreeable to developers as long as resale conditions to second or third parties do not effect first party profits or returns. Such arrangements are pre-negotiated and committed prior to project approvals. This particular mechanism provides for open market development with an affordable housing "investment" built in for later benefit.

The **transfer of development rights** between different properties is a little known technique which, by special zoning provision, would permit the displacement of specific land use rights from one property to the other. This process requires pre-established guidelines within our zoning structure and could become a valuable mechanism for new housing production in our designed business districts should those provisions become commonplace.

#### Public Initiatives

The Town can independently pursue affordable housing opportunities through its own administrative, financial and real estate resources. Most of the Town's administrative strength is in its policy and regulatory powers. These can greatly contribute toward creating affordable housing opportunities. **The Affordable Housing Plan** itself establishes immediate direction for the Town to take and for the community to understand relative to affordable housing. Other fiscal and zoning related powers will fortify policy directives associated with affordable housing. **The Affordable Housing Task Force and the Fairfield Housing Authority** will become two very important program development, financing project management resources which have the capacity to contribute more than just policies to the affordable housing problem. These groups should be used to their fullest extent and considered the lead agencies in public project development.

Fairfield's fiscal capabilities as a municipality provides an expansive opportunity for directing existing or generating new funding sources toward affordability housing. **Leveraging** other investments or using Town funds to leverage public or private initiatives will expand local housing dollars even further.

Affordable housing fund generation will be a continuous concern for new and ongoing efforts. **Tax-increment financing** represents a fund raising mechanism that directs increases in real estate property taxes toward affordable housing programs such as the Municipal Housing Trust Fund or others. Tax-increment financing has been a common investment tool for financing redevelopment projects and has not been widely applied as a means to generate revenues for affordable housing.

**Linkage programs**, which require a contribution of dollars based on project size toward affordable housing, is a popular tool in larger municipalities across the country. Lump sum payments or actually affordable housing set-a-sides are transacted at building permit to begin a regeneration of affordable housing opportunities either on-site, off-site or sometimes both. Other communities have effectively applied linkage programs in the form of conveyance taxes on real estate. Many options to associate market rate development with affordable housing can be devised without over burdening open market costs. Ensuring a balance of below-market housing opportunities takes place.

**Municipal investment funds**, which traditionally go to notes, bonds, certificates and other accepted investment instruments, may find a new home in affordable housing development. Noting the fiscal stability of the Town is its highest priority, even short term commitments such as **construction financing** (where permanent mortgaging is eminent) or **land acquisition** for appreciation as a part of a public or public/private venture, may offer an attractive return.

**Pension funds** as another financing mechanism, have provided the State of Connecticut with "deep pockets" for some of its agency mortgaging programs with known success. Although the investment of municipal dollars in areas other than an acceptable market instrument is foreign, the accessibility of investment funds for affordable housing opportunities could become an incredible resource for our efforts.

Additionally the Town's inventory of **municipally owned land** offers a starting point for addressing the low availability-high cost condition present in the open market for land. We stress that the appropriate use of Town land where availability and use for affordable housing is consistent with the Town's outstanding policies for recreation, public works, zoning and the environment remain paramount in making decisions on affordable housing development which will obviously secure town property for such use for a long time in the future.

**Innovations, incentives and supporting direction through the planning and zoning** will significantly influence new affordable housing production. This responsibility includes the structure of our existing regulations and potential modification to codes and to thinking in terms of

the relationship between zoning and affordable housing.

Provisions within our existing zoning regulations for multi-family development, from Res. C to DRD, represents the only opportunities presently available for affordable housing to compete with the Town's high land cost. Any move to substantially reduce an already limiting multi-family "window" by decreasing allowed densities or eliminating entire zones will cripple affordable housing production. This "multi-family" potential includes elderly housing, family housing or any other.

Conversely, more innovative zoning provisions which would provide incentives to public or private sector housing developers who incorporate affordable housing opportunities in their proposals may entice new affordable housing production in an otherwise market rate environment. Incentive provisions including density, coverage/bulk, height or other development "bonuses" could make affordable housing components within market rate projects routine. Other innovative approaches involve affordable unit set-asides which ask multiple unit housing projects to assign a small percent of the total project as affordable. Local communities have used this approach to provide housing opportunities to municipal employees as is the case in Wilton, Connecticut.

Construction cost-cutting through zoning and subdivision standards has also been advocated as a means to reduce overall development costs which could then be passed on to the potential user. Design elements such as road widths, sidewalk and curb dimensions and materials and even the permit process duration are elements with which the Town has complete jurisdiction and inherently has the capacity to make more cost effective.

The application of zoning provisions and the zoning decision process is the last but probably the most important concern within which affordable housing must function. Our zoning process in Fairfield has become a form of growing tension between proponents, opponents and decision makers of additional development in the community. This "zoning triangle", whether we admit to it or not, places an apprehensive air over any substantial development proposal which seeks to take full advantage of the zoning regulations this Town has adopted and is charged with administering.

Affordable housing proposals will not be immune to this apprehension. We cannot, though, allow affordable housing to get caught up in the "bad habits" which are consistently reoccurring in the current zoning climate. Neighborhood opposition has not only grown from casual to common but also more intense and more emotional. At the same time, most projects entering the zoning process undergo some form of "surgery," never really coming out the same (if they survive at all) and; developers, who have become so keen to all this, learn to scope their projects a little taller, a little wider and a little more dense in preparation for what they now know as the inevitable. This system severely prejudices the sincere project.

Our zoning process, from applicant to commis-

sion, lacks trust and sincerity and an environment which takes each project on its own merits, outside of our "conveyor belt" system and one that affordable housing will need in order to compete for a portion of the housing stock in Fairfield. Our zoning philosophy and supportive direction may become the most constructive ally of affordable housing we can generate.

#### Private Initiatives

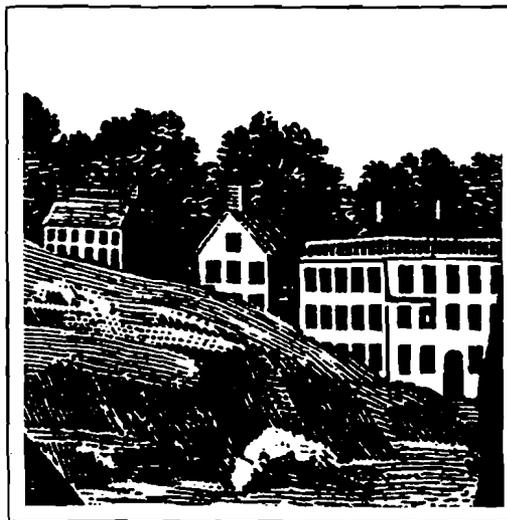
Opportunities to generate affordable housing are also available through other public, quasi-public and private sector agencies and resources. Although they appear to be less in number, private initiatives may represent a very important commitment to affordable housing with ability to sustain sensitivity and motivation outside the public domain.

Non-profit development corporations such as New Samaritans, have become recognized as leaders in affordable housing production all over Connecticut. Their legal structure is such that many project financing avenues are opened to non-profit organization who frequently act the "front man" for affordable housing development projects with other for-profit or public partners.

As an extension of the non-profit development corporation two leaders in the private sector financing of affordable housing are the Connecticut Housing Finance Authority (CHFA) and Connecticut Equity Fund (CEF).

CHFA is a quasi-public financing arm formed to provide a resource for affordable housing development funds. CHFA offers a variety of borrowing programs at below-market rates to first-time homebuyers, non-profit organizations, public agencies and even for-profit development interests willing to meet certain criteria for affordable end-user benefits. CHFA is also the state-designated agency to administer the new low income tax credit program established by the 1986 federal tax law.

The low income tax credits, which are available as credits to developers of income eligible housing projects, encouraged the establishment of the Connecticut Equity Fund. CEF is a consortium of Connecticut for-profit banks who are interested in becoming construction equity partners in affordable housing projects in order to take advantage of the new tax credit program.



This private sector initiative borne out of for-profit motivations, may encourage similar efforts state wide as an example of how affordable housing can be promoted in a profit motivated environment.

Other individual efforts capable of facilitating affordable housing opportunities may involve *voluntary set-a-sides* of affordable units within both single and multi-family projects. The application of *new business zone regulations pertaining to upper floor residential development* which are in place but yet tried, may open new opportunities for including affordable units alongside market rate housing.

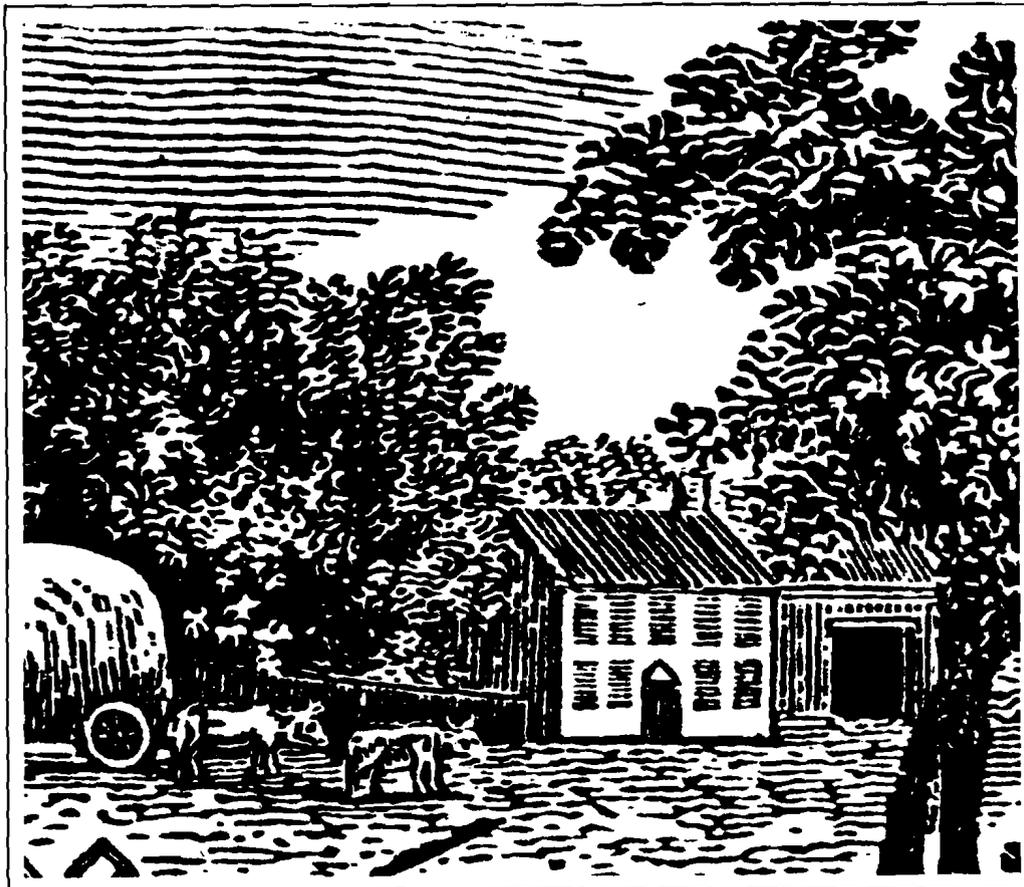
The *accessory apartment provisions* of the Town's zoning regulations will eventually find a niche in our inventory of housing alternatives. They could become an important supply of affordable housing should sufficient assistance, guidance or incentive be provided along side an expose of availability and existence.

A property by property assessment of the degree to which *single family homes situated within two, three and four family zones* will afford many families an additional living unit by right without the need for zoning changes or large scale effort. An excellent opportunity exists for families or extended families to help themselves provide affordable housing by adding on to the homes they have presently, at costs which associated more with construction and less with land. Assistance from the Town to help identify such opportunities is ready and waiting. *Variations to this opportunity may include some form of owner built housing* on individual lots, scattered all over town but organized and structured on the "sweat equity" cost savings concept.

The Connecticut Department of Housing (DOH) is fast becoming an invaluable resource of funds, technical assistance and support for affordable housing to Fairfield. The Town's commitment to affordable housing will attract the interest of State grant and loan dollars available through DOH programs. The participation of DOH in local programs is seen as an important move toward recognizing the problem and seeking help to correct it. The Connecticut Department of Housing will become an important partner in many programs aimed at affordable housing in Fairfield.

The most important private sector initiative towards affordable housing will be to join with the Town in its efforts to provide affordable housing opportunities in Fairfield. This action can be expressed in many ways. *Willingness to cooperate in joint development or partnerships with the Town will open new doors for both parties. From the developers, to the realtors, to the bankers to the contractors, affordable housing needs a team of committed enterprises to get off the ground and keep off the ground in the years to come.*

*The Town recognizes that it cannot address the affordable housing needs of the community alone. We have all somehow contributed towards the dilemma, and we must all somehow unite to reverse its effects. The capacity to arrest the problem exists. We need only to understand the problem, to commit our resources and to approach the situation as one very large committed and united front.*





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