

**ECONOMIC AND COMMUNITY DEVELOPMENT OF THE COMMON COUNCIL
AD HOC AFFORDABLE HOUSING COMMITTEE OF THE COMMON COUNCIL
125 East Avenue
P.O. Box 5125
Norwalk, CT 06856**

TO: MEMBERS, ECONOMIC AND COMMUNITY DEVELOPMENT COMMITTEE OF THE COMMON COUNCIL; MEMBERS, AD HOC AFFORDABLE HOUSING COMMITTEE

FROM: JOSH GOLDSTEIN, CHAIRMAN; JALIN SEAD, CHAIRMAN

DATE: JULY 26, 2024

RE: SPEICAL MEETING NOTICE OF A JOINT MEETING OF THE ECONOMIC AND COMMUNITY DEVELOPMENT COMMITTEE AND THE AD HOC AFFORDABLE HOUSING COMMITTEE

The Special Joint Meeting of the Economic & Community Development Committee and the Ad Hoc Affordable Housing Committee is scheduled for Thursday, August 1, 2024, at 7:00pm. To allow public access, anyone may access a meeting by telephone, Zoom, and/or the City of Norwalk YouTube channel. Specific instructions and links can be found at www.norwalkct.org/meetings.



Members of the public may call in to participate. Callers will not be able to see the meeting participants. All participants will be muted upon entering the meeting. To speak, dial *9 on the phone and you will be called on by the host of the meeting during the public comment section. All speakers must state their name and address. Comments must be on a topic on the agenda and are limited to three minutes. Anyone disrupting the orderly conduct of the meeting, including by using threatening, hateful, or sexually explicit language, will be removed. Please find the information using the link above.



Members of the public who wish to provide "live comments" may also use the Zoom meeting platform. All participants will be muted upon entering the meeting. To speak, click the "raise your hand indicator" and you will be called by the host of the meeting during the public comment section. All speakers must state their name and address. Comments must be on a topic on the agenda and are limited to three minutes. Anyone disrupting the orderly conduct of the meeting, including by using threatening, hateful, or sexually explicit language, will be removed. Please find the information using the link above.



Members of the public who wish to view the meeting, but are not participating, can view a live stream on the City of Norwalk YouTube channel. This stream is delayed by approximately 20 seconds. Please find the information using the link above. The meeting recording and minutes will be posted on the City of Norwalk website within seven (7) days after the meeting.



Members of the public who wish to provide public comment are encouraged to submit those via email in advance of the meeting. For these comments to be included into the record, they must be submitted by 12:00 p.m. the day of the meeting. Please email Sabrina Godeski at sgodeski@norwalkct.gov with the subject line "Public Comment" to provide written public comment prior to the meeting.

**ECONOMIC AND COMMUNITY DEVELOPMENT COMMITTEE
AD HOC AFFORDABLE HOUSING COMMITTEE
SPECIAL JOINT MEETING
AUGUST 1, 2024 @ 7:00PM
AGENDA**

CALL TO ORDER

ROLL CALL

PUBLIC PARTICIPATION

I. NEW BUSINESS

A. DISCUSSION

1. Review and update on the Affordable Housing Plan

II. OLD BUSINESS

ADJOURNMENT



Memorandum

August 1, 2024

To: Common Council, Economic and Community Development Committee & Ad Hoc Affordable Housing Committee

From: Michelle Andrzejewski, Senior Planner

Re: Norwalk Affordable Housing Plan – AKRF- Ashley Ley & Kevin Dwarka

Common Council Members,

The State of Connecticut had required all towns and cities to adopt an affordable housing plan. The City's Planning and Zoning Department has procured a consulting firm to help assess the City's affordable housing needs and provide guidance on how to achieve those demands. We are providing you a status on this process as it will be beneficial to keep you informed as the plan progresses into its final stages and for smooth transition for adoption in the Fall. To summarize the plans goals are to provide:

- An inventory of the City's existing housing stock
- An analysis of housing needs, cost, and affordability
- Trends in housing costs and housing development
- A projection of housing needs for the medium – (next 5 years) and long – term (10 years).
- A comparison between housing trends and housing needs
- An analysis of the City's housing programs and tools, including a gap analysis, their effectiveness in meeting goals, how well they are targeted towards housing needs and how they can be improved
- Strategies to safeguard housing affordability and increase economic opportunity for current and future residents
- Comprehensive implementation strategy and timeline, based on the affordable housing scenarios
- Guidebook to affordable housing in Norwalk for residents and government officials

Thus far we have formed the Affordable Housing Plan Committee that has helped drive and shape the plan. Conducted multiple outreach events, interviews and meetings with the community. The latest milestone we have completed is the housing needs assessment that will direct the next phase we have started which includes polices and implementation concepts to help us achieve more affordable housing.

Learn more here at [Norwalk Tomorrow](#).

NORWALK HOUSING NEEDS ASSESSMENT

Working Draft

June 20th, 2024

Prepared for the City of Norwalk

Kevin Dwarka LLC, Pace Land Use Law Center, AKRF
145 West 79th Street, NY, NY 10024
kdwarka@kevindwarka.com



Table of Contents

KEY FINDINGS	3
INTRODUCTION.....	13
Technical Approach.....	13
SECTION I: COMMUNITY INPUT	14
Public Engagement	14
Housing Stakeholders	17
Relevant Findings from Norwalk Redevelopment Agency Housing Survey	17
SECTION II: DEMOGRAPHIC TRENDS	18
Population Trends	18
Household Trends	18
Age Composition.....	20
Racial Composition.....	21
Income Levels.....	21
Poverty Levels	23
SECTION III: EMPLOYMENT AND COMMUTING PATTERNS	24
Total Number of Jobs in Norwalk.....	24
Sectoral Composition of Norwalk’s Economic Base	24
Wages of Norwalk Workers	25
Inflow and Outflow of Workers.....	25
Places of Employment and Residence	25
Commuting Distance	26
Mode Choice.....	26
Vehicular Access.....	27
SECTION IV: HOUSING INVENTORY AND CONDITIONS	28
Housing Supply	28
Density of Residential Buildings.....	30
Types of Housing Units	30
Homeownership Levels	30

Occupancy Trends 31

Affordability Trends 34

Housing Cost Burden Analysis 37

Cost of Living Burden..... 40

Homelessness 40

SECTION IV: HOUSING MARKET TRENDS 42

 Homeownership Market 42

 Rental Market..... 43

SECTION V: POTENTIAL POLICY RESPONSES TO HOUSING NEEDS 47

 Local Zoning and Regulatory Changes 47

 Public Private Partnerships 47

 Tax and Financing Innovations 47

 Administration and Implementation 48

 Federal and State Advocacy 48

DRAFT

KEY FINDINGS

1. The City has a critical need to provide more affordable housing, social services, and economic pathways for its very low-income households.

Although Norwalk has a relatively high median income of \$98,000 compared to \$92,000 for Connecticut, a large share of its population remains low-income. As shown in the table below, almost 40% of all residents earn below 83% of Connecticut’s State Median Income (“SMI”). Of greatest concern, however, are the very-low income households making less than 55% of SMI. Approximately 37% of the city’s renters and 15% of its homeowners are within this income band, making less than \$50,000 a year.

Norwalk Residents by Income Band, 2022			
Income Band	All Households	Renters	Owners
Below 22% SMI [Less than \$20,000]	10%	17%	4%
23% SMI - 39% SMI [\$20,000 to \$34,999]	8%	11%	5%
40% SMI - 55% SMI [\$35,000 to \$49,999]	7%	9%	6%
56% SMI - 83% SMI [\$50,000 to \$74,999]	14%	16%	13%
Over 83% SMI [\$75,000 or more]	61%	47%	72%
Under 83% SMI [Below \$75,000]	39%	53%	28%

Source: US Census, ACS

Although some of the households within this income bracket are housed in Norwalk Housing Authority units or receive housing choice vouchers, there are ultimately very few housing options for Norwalk’s very low income population. Some of the housing on the open market that is naturally affordable to very low-income residents is provided at a sub-standard level of condition. The City is limited in its legal ability to proactively inspect these homes and ensure their compliance with building codes. As such, very low-income residents are vulnerable not only to poor living conditions but also displacement and homelessness.

Meeting the housing needs of low-income households is challenging because of limited governmental funding for public housing; long waiting lists and low turnover rates for Housing Authority units and vouchers; limited development sites, and the financial infeasibility of private developers constructing deeply affordable housing without substantial capital and operational subsidies.

However, none of these challenges mean that Norwalk cannot explore options for expanding its supply of housing for very low-income households. Continued advocacy for more governmental funding for public housing; partnerships with non-profit developers; and capitalizing affordable housing funds are all strategies that the City can

use to house to ensure housing security for its most economically challenged residents. However, these housing approaches need to be interlinked with expanded anti-poverty strategies including social service provisions, financial counseling, vocational training, and job search assistance. The effectiveness of supportive services was demonstrated by the significant reduction of chronic homelessness in Norwalk over the last 10 years thanks to a broad range of homelessness prevention programs supported with federal and state monies and implemented by local organizations.

2. Renters and homeowners of all income levels are financially burdened by the high cost of housing in Norwalk.

A large segment of Norwalk’s households pays more than 30% of their household income toward their housing costs. These households, considered to be housing cost burdened, represent 39% of the city’s 36,149 households and include both renters and homeowners. As shown in the table below, almost 14,000 Norwalk households were cost burdened in 2022. The rates of cost burden are notably higher for lower-income households. Approximately 85% of the households earning below 83% of Connecticut’s State Median Income (SMI) are cost burdened compared to only 17% of households making more than 83% of SMI. Moreover, almost every single household making less than 40% SMI is housing cost burdened.

Housing Cost Burdened Households in Norwalk (2022) Including Renters and Owners		
Households by Income Band	#	%
Total Occupied Housing Units	36,149	100%
Total Cost Burdened Units	13,986	39%
Below 22% SMI [Less than \$20,000]	3,988	99%
23% SMI - 39% SMI [\$20,000 to \$34,999]	1,870	100%
40% SMI - 55% SMI [\$35,000 to \$49,999]	1,816	92%
56% SMI - 83% SMI [\$50,000 to \$74,999]	2,387	60%
Over 83% SMI [\$75,000 or more]	3,925	17%
Under 83% SMI [Below \$75,000]	10,061	85%

Source: US Census, ACS

3. The City needs to significantly expand the supply of rental housing that are affordable to households earning incomes less than 83% of Connecticut’s median income.

Although Norwalk residents are broadly cost-burdened, a much greater share (57%) of the city’s 14,000 cost burdened households are comprised of renters than homeowners (43%). As shown in the table below, nearly half (47%) of Norwalk’s approximately 17,000 renters were cost burdened in 2022. And as is the case with all residents generally, the rates of cost burden are notably higher for renters who are low-income. Approximately 85% of the renters earning below 83% of Connecticut’s SMI are cost burdened compared to only 14% of households making more than 83% of SMI. Moreover, almost every single renter making less than 40% SMI is housing cost burdened.

Housing Cost Burdened Renters in Norwalk (2022)		
Households by Income Band	#	%
Total Occupied Rental Units	16,996	100%
Total Cost Burdened Rental Units	7,994	47%
Below 22% SMI [Less than \$20,000]	3,205	99%
23% SMI - 39% SMI [\$20,000 to \$34,999]	1,294	100%
40% SMI - 55% SMI [\$35,000 to \$49,999]	919	89%
56% SMI - 83% SMI [\$50,000 to \$74,999]	1,395	57%
Over 83% SMI [\$75,000 or more]	1,181	14%
Under 83% SMI [Below \$75,000]	6,813	85%

Source: US Census, ACS

The number of cost burdened households represents a gap between the need for affordable rental housing and the available supply of appropriately priced units. As such, to close the gap, Norwalk would need to provide close to 8,000 units of affordable rental housing. Specifically, Norwalk needs 3,205 rental units for households under 22% SMI; 1,294 rental units for households between 23% and 39% SMI; 919 rental units for households between 39% and 55% SMI; 1,395 units for households between 55% and 82% SMI; and 1,811 units for households earning 83% SMI and above.

Neither affordable housing providers nor the private housing market is closing this gap in housing need. There is a vast shortage of income restricted housing such as those offered by the Norwalk Housing Authority. Meanwhile, the prices of Norwalk rental units on the open market are not serving households making less than 83% SMI:

- Approximately 76% of the 29 currently listed studio apartments are priced over \$1800, a rental cost requiring a minimum household income of \$72,000.

- Approximately 86% of the 131 currently listed one-bedroom apartments are priced over \$2,000, a rental cost requiring a minimum household income of \$80,000.
- Approximately 92% of the 90 currently listed two-bedroom apartments are priced over \$2,600, a rental cost requiring a minimum household income of \$104,000.

Even though there is a supply of 250 rental units currently on the open market, these units are not affordable to a significant share of Norwalk's population. Over the last ten years, Norwalk's median income has risen significantly (16%), climbing to \$98,000 in 2022. The median income for all renters is only \$71,000, an income level which is lower than the income needed for a large majority of rental units on the market. In addition, there are wide racial disparities in the income levels of Norwalk residents. For example, White households earn a median income of \$112,143, about \$40,000 higher than the median incomes of Black and Hispanic households. Brokers report that when rental units affordable to households making less than 83% SMI come to market, these units are almost immediately rented. With zero fluidity in the affordable rental market, these households have no choice but to search for housing in other localities.

For Norwalk to close the gap in its rental market and redress racial disparities in housing access, the City should contemplate a broad variety of tools for expanding the production of affordable rental housing including deeper levels of affordability in the City's workforce housing regulations; zoning changes that would enable higher levels of density in exchange for deeper levels and amounts of affordable rental housing; significant reduction or elimination of parking requirements for new transit-oriented rental development; streamlining the approval process for affordable housing developments; and tax abatements for affordable rental developments.

4. The City needs wider and more affordable options for homeownership

Homeownership in Norwalk has fallen considerably both in proportional and absolute terms. Between 2012 and 2022, the homeownership rate fell from 65% of households to 55% of households. During this same period, the actual number of homeownership units dropped by 16% from 22,714 units to 19,513 units. Homeownership units are especially low for Black householders (44%), Asian householders (42%), and Hispanic householders (36%).

The fall in homeownership likely stems from a multiplicity of factors including the increased demand for rental housing, higher mortgage eligibility requirements, rising home values, and limited housing inventory. Barriers to building more homeownership units include limited availability of land for the construction of new single family; federal financing limitations, specifically access to FHA loans; tax policies that favor rental buildings; higher levels of liability for condo developers that in turn translate to increase costs; and the ambivalence of capital markets to finance condominiums given the risk exposure relative to rental buildings.

Amidst these supply constraints, the median sales price for a single family home in Norwalk rose between rose by 41% from \$413,000 in September 2015 to \$700,000 in September 2023 while inventory plummeted by 81%. These trends are consistent with the surrounding region. During the same time period, Fairfield County’s median sales price for single family homes rose by 55% while inventory declined by 74%.

Though owners are not as cost burdened as renters, just over 30% of Norwalk’s homeowners pay more than 30% of their household income toward their housing costs. As shown in the table below, almost 6,000 Norwalk homeowners were cost burdened in 2022. The rates of cost burden are notably higher for lower-income homeowners. Approximately 85% of the households earning below 83% of Connecticut’s State Median Income (SMI) are cost burdened compared to only 18% of households making more than 83% of SMI. Moreover, every single homeowner in Norwalk making less than 40% SMI is housing cost burdened.

Housing Cost Burdened Owners in Norwalk (2022)		
Households by Income Band	#	%
Total Occupied Owner Units	19,153	100%
Total Cost Burdened Owner Units	5,992	31%
Below 83% SMI		
Below 22% SMI [Less than \$20,000]	783	100%
23% SMI - 39% SMI [\$20,000 to \$34,999]	576	100%
40% SMI - 55% SMI [\$35,000 to \$49,999]	897	96%
56% SMI - 83% SMI [\$50,000 to \$74,999]	992	65%
Over 83% SMI		
Over 83% SMI [\$75,000 or more]	2,744	18%
Under 83% SMI [Below \$75,000]	3,248	85%

Source: US Census, ACS

Norwalk needs a greater amount and variety of sales units at different price points to help residents reap the investment benefits of homeownership and ensure long-term housing security. To make it easier and more affordable for residents to own their homes, the City will need to explore more regulatory tools such as zoning changes and lot size

requirements that could enable a wider variety of homes including accessory units, townhomes, duplexes, or small cooperatively owned apartment buildings. Broader advocacy at the state and federal level is needed to overcome the institutional, financing, and tax code barriers to multi-family ownership buildings including condominiums and limited equity coops. Other potential pathways include the creation of community land trusts for ownership units that include income restrictions and resale limitations. Tax abatements for affordable ownership buildings may be another tool for helping developers overcome the financing barriers to condominium development. Lastly, affordable ownership units should be fast-tracked through the development approval process.

5. Norwalk needs more housing to accommodate its workers including retail workers, public safety personnel, teachers, and hospital workers.

Approximately 75% of workers employed within Norwalk do not live within the city. These workers contribute not only to the local economy but also are essential workers critical to the provision of public services. However, a large share of Norwalk workers cannot afford to live in the City. About a third of Norwalk workers make less than \$40,000 a year.

Further compounding the housing challenges of Norwalk workers is the lack of affordable rental housing in the communities surrounding Norwalk. As a result, lower income workers are forced to live further distances away from Norwalk, thereby taxing the local and regional road networks and contributing to higher levels of congestion and commuting times.

Meanwhile, the lack of affordable housing makes it harder for Norwalk's employers to secure labor or grow their businesses. Between 2011 and 2021, the number of jobs in Norwalk fell by 16% from 44,446 jobs to 38,352 jobs.

Norwalk needs more workforce housing not only for the benefit of its workforce but also to nourish its local economy and commercial tax base. In order to make it easier for local workers to secure housing in Norwalk, the City needs to explore not only the above mentioned approaches for increasing the production of affordable rental housing but also examine options for prioritizing affordable housing for essential workers.

6. The City has a growing supply of new rental housing that serves the regional housing market but also fulfills local housing, quality of life and economic development needs.

As mentioned above, Norwalk has a healthy supply of rental housing units on the open market that are affordable to median income households. Moreover, the city's rental housing supply is expected to grow by hundreds of market-rate units over the next three years as approved rental buildings are constructed and come to market.

During the public outreach process for the housing needs assessment, many residents expressed the view that more market rate units are not needed because they are already in abundant supply. Other residents claimed that newer developments fulfill the housing needs of more affluent newcomers to Norwalk rather than long-time cost burdened residents. Some residents speculated that high-priced market rate units contribute to the elevation of all rental prices through the city.

While it is true that Norwalk does indeed have an adequate and growing supply of rental units that serve the regional market, these units are also providing a broad variety of local benefits that may not be readily discernible to all residents. First, the expanded supply of market rate units does in fact serve a sizeable segment of Norwalk's local population, a large share of which can in fact afford apartments priced at median income or higher. Over 35% of Norwalk renters earn more than \$100,000 a year. Higher income residents in turn enhance the city's consumer base for local businesses while also serving as a valuable labor supply for companies and organizations seeking to grow within the city. The production of new rental buildings, often built as part of broader redevelopment plans, has also helped to revitalize key parts of the City, especially South Norwalk and the Route 7 corridor. The redevelopment of empty or distressed sites in these areas has not only helped to enhance the overall livability and vitality of the city but also served to expand and diversify Norwalk's fiscal base. Lastly, the development of new rental buildings also resulted in the production of at least some affordable units through enforcement of workforce housing regulations generally mandating 10% of new units be affordable to households at 80% SMI.

Whether or not the newer higher priced rental units are more broadly increasing demand for housing in Norwalk and therefore inflating housing prices is less clear. There is no question that Norwalk's rental prices, as has occurred throughout the surrounding region, have risen considerably in recent years. Between 2017 and 2022, the median rent for all housing units in Norwalk increased by 16% from \$1,575 to \$1,840 per month. During this same period, Norwalk increased its supply of rental units by 755 units.

It is difficult, though, to determine the extent to which these new housing units are truly responsible for heating Norwalk's rental market and elevating citywide housing prices. Besides the fact that the new housing generally represents a unique rather than competing or even complementary market segment, a broad range of regional and demographic factors have also placed pressure on Norwalk's older rental stock. Specifically, a rising demand for multi-family apartment rentals has grown throughout the region as younger families have sought more affordable alternatives to homeownership and seniors have sought to downsize from single family homes.

Rising rental prices in New York City and Westchester has in turn placed increased pressure on cities like Norwalk that offer an urban residential environment with diverse housing choices. Meanwhile, Norwalk's neighboring communities have remained predominantly low-density and single family with little to no increases in rental supply. This mismatch between regional housing demand and regional housing needs has likely had a far greater impact on Norwalk's rental housing prices than its production of market rate units. Moreover, as mentioned, the City's market rate housing generated at least some level of affordable housing as a result of workforce housing regulations.

To better meet its local housing needs, Norwalk should explore ways that it can address underserved segments of the housing market. Revising the City's workforce housing regulations to require more affordable units and at deeper levels of affordability could help attract developers to Norwalk who are better equipped at developing truly mixed-income projects and qualifying for affordable housing financing programs. Additionally, mixed-income projects with strong economic development benefits as well as deep levels of affordability should be fast-tracked through the development approval process, receive tax abatements, and granted density bonuses.

Norwalk should also continue to advocate for increased production of rental housing at all price points by other localities in its surrounding region. This is not to suggest that Norwalk cannot or should not continue to increase its own housing supply. But if the rental housing supply increased regionally, it would help Norwalk maintain a higher available inventory of its older housing stock at lower price points.

7. All kinds of rental housing are needed but there is an especially acute need for affordable 2BR rental apartments.

Input gathered from renters and real estate brokers along with analysis of listings data suggests a shortage of affordable rental apartments for all unit types including studios, one-bedroom apartments, and two-bedroom apartments. However, it is noteworthy that affordable two-bedroom apartments are especially in rare supply and that the median price of a two-bedroom has increased by 31% from \$1,950 in 2014 to \$2,825 in 2023.

During the outreach process for the housing needs assessment, both residents and real estate brokers broadly emphasized the undersupply of affordable two-bedroom apartments and their desirability amongst young couples and starter families without the means to purchase a home. Another growing market for two-bedrooms are senior who represent almost 1/5th of the city's population. Between 2012 and 2022, the city's senior population grew by 30% or 3,830 individuals. Facing diminishing incomes and rising tax burdens, two bedroom rentals are an ideal housing type for seniors seeking to reduce overhead expenses and have room for other family members, visitors, or live-in caretakers.

It should not be overlooked, however, that almost 40% of Norwalk's renters live alone. Interviews with housing providers observed that lower-income singles are in great need for affordable studio apartments.

Norwalk has limited ability to control the unit mix of private housing development. However, in its disposition of City-owned land and forging of development partnerships with the Redevelopment Agency, Norwalk Housing Authority, and the non-profit housing developers, the City has an opportunity to pursue higher-density rental buildings with a mix of units that represents the diversity of household types living in Norwalk.

8. The City needs to continue advancing housing linked to transit, walkable neighborhoods, and economic development strategies

The housing needs assessment did not include an evaluation of potential development sites for new housing. And during the outreach process, neither residents nor stakeholders offered many suggestions for specific sites they thought should be redeveloped as housing. However, both residents and stakeholders broadly expressed a strong need for expanded mass transit options and the interlinking of new housing development with frequent and fast transit connections to both local and regional destinations. With current levels of transit utilization under 2% for work trips to Norwalk job sites, the city is far from being transit accessible.

The City's move toward creating transit-oriented districts and completion of the new Merritt 7 rail station are steps in the right direction of enabling transit supportive densities. However, the City will need to dramatically increase the speed and coverage of its local transit service and integrate job-generating commercial development with housing development in order to expand housing supply without worsening traffic levels. More robust transit service would also help to reduce the transportation costs for households by reducing their need for an automobile while also allowing developers to build new housing with less parking and thereby bring down housing costs.

DRAFT

INTRODUCTION

The Norwalk Housing Needs Assessment has been prepared as part of the City's Affordable Housing Plan. Based on extensive community input as well as data analysis, the assessment is aimed at identifying the need for housing at all price points for all income levels. The assessment also provides initial recommendations for closing the gap in housing including units offered through affordable housing programs as well as units offered on the open market. Four key objectives governed production of the assessment.

- Engage the Norwalk community and housing stakeholders in robust dialogue about current and future housing needs
- Compile demographic, housing, and market data to identify the factors, trends, and shifts that are impacting housing needs
- Identify disparities and the unique needs of different sub-populations including certain lower-income households, racial groups, or age groups.
- Serve as a tool for housing policy and program design, the next phase in the Norwalk Affordable Housing Plan.

Technical Approach

Community Input

The housing needs assessment included a broad community outreach process aimed at collecting qualitative observations about housing needs. This process included an extensive public engagement process; interviews with local housing stakeholders; and collaboration with the Norwalk Redevelopment Agency on a housing preference survey.

Demographic Trends

Drawing primarily on the most recently available data from the US Census Bureau's American Community Survey (1-year data from 2022), the assessment analyzes both local and regional shifts in demographic composition and considers how these shifts may be impacting changes in the types of housing needed or identify the reasons behind certain housing challenges.

Housing Inventory & Conditions

Drawing upon census data as well as additional data provided by the City of Norwalk, the assessment includes a detailed presentation of the existing supply of housing in Norwalk as well as trends related to housing cost burden.

Market Trends

Shifts in the demand for sales and rental housing for both the locality and the region are presented in the assessment in order to show how housing costs have been rising while available inventory has been plummeting.

SECTION I: COMMUNITY INPUT

Public Engagement

The City of Norwalk, in partnership with a consultant team, organized a series of public engagement efforts to gather input on current and future housing needs. The first community wide event was a listening session that was held in-person on November 16th, 2023. The second session was held online via Zoom on November 30th, 2023.

The consultant team also collected input via direct engagement at City libraries and through targeted engagement at family-oriented events. Engagement efforts also included attendance at programs for seniors, sessions with community providers and the individuals they serve, and classes for those for whom English is a second language.

During these various engagement efforts, residents frequently noted the high cost of the current housing stock and a strong desire for a new housing stock that can meet the needs of current and future residents. They expressed a desire to make the housing stock more diverse, affordable, and inclusive of services. Community members also shared a willingness to be a model for housing reform and opportunity in the State. Below is a summary of the questions asked at the various community engagement efforts and the input received.

Does the current housing stock meet the needs of current residents?

Input provided consistently indicated that the current housing stock does not meet the needs of residents. Many residents indicated that Norwalk has become unaffordable, including current homeowners who shared that they would not be able to buy a home in the city today. Overall, residents noted that Norwalk is becoming a less accessible community to live in.

Some tenants also described deficiencies in the quality of certain housing units including those maintained by the Norwalk Housing Authority. Some of the building condition issues

cited were pests, building facades, mold, faulty plumbing, broken fixtures, or malfunctioning appliances. Others observed an insufficient amount of nearby or on-site parking.

Who are we trying to house?

Residents indicated that young adults, students, and first-time home buyers struggle to find housing in Norwalk that meet their needs and/or income level. Many residents expressed concerns that their children would not be able to afford a home in Norwalk later in life. In addition, residents expressed a need for housing that accommodates large family units and the local workforce/public servants. Many residents stressed the importance of being able to live and work in Norwalk in order to help shorten commute times and to foster economic development in the City. Finally, it was noted that the aging population, individuals with mental and physical disabilities, immigrants, and the homeless population also lacked housing.

What type of housing should be built to serve housing needs?

Many residents expressed disenchantment by the narrow choice between single-family housing units and high-end multi-unit rental apartment complexes. Community members expressed a need to increase the housing supply and build a variety of housing types that meet different income levels. The following housing types were identified:

Duplexes and Townhouses: Residents expressed a desire for duplexes and townhouses. Norwalk residents felt that duplexes could be well-designed and promote a sense of community while at the same time fit into available parcels of land especially when built densely.

Units with 2 Plus Bedrooms: Residents expressed a need for units designed with families in mind that included two or more bedrooms.

Accessory Dwelling Units: Norwalk residents supported the inclusion of accessory dwelling units (ADUs) to expand housing options where there are single family homes.

Small/Micro-Units: Some residents were receptive to the idea of smaller housing units or micro-units to support housing availability for young people and students.

Supportive and Transitional Housing: Residents noted a need for both transitional and supportive housing, including housing with wrap-around services and units designed to accommodate people with special needs.



Senior Housing: Residents expressed a need for low-cost quality senior housing.

What are the obstacles to addressing the housing need?

A common issue raised by residents is the stigma around affordable housing. According to residents there is a vocal minority who are resistant to proposals for zoning reform, density, and affordable housing developments. Community members expressed a need to change the vocabulary and educate citizens on the benefits of affordable housing. Other residents observed a lack of sufficient information on public housing, rental assistance, and resources for housing discrimination. Residents consistently noted that high taxes in the City contributed to the high cost of housing.

What are some solutions or opportunities?

Many residents acknowledged the need to monitor planning and zoning efforts to ensure that they align with housing needs. In addition, they noted a desire to partner with developers to build the needed housing stock and incorporate creative options. Community members also expressed that housing developments need to be linked with improvements to the public transit system and transit accessibility as well employment and educational opportunities. Finally, a few residents suggested clustering tiny homes on single-family lots. Residents focused on the need to create homeownership opportunities, especially for first-time homebuyers. They proposed solutions that include multiple housing types at a range of price points for purchasers, including single-family homes and condominiums. In addition, community members suggested that the City provide guidance on home buyer programs, such as financial counseling and downpayment programs.

They also expressed a need to improve communications between the Housing Authority and those seeking housing and residents of the public housing units.

In addition, community members indicated that some of the housing stock is old and needs rehabilitation. They suggested programs to assist not only new home buyers, but existing homeowners, with improvements to their housing condition. Rehabilitation programs and building code enforcement should be utilized to address building condition issues in rental units/developments.

In addition, residents suggested that the City take steps to support the development of Accessory Dwelling Units (ADUs) by relaxing restrictions, targeting outreach to current homeowners, and providing incentives for current homeowners to build ADUs.

Are there sites that you can imagine as housing?

Residents identified some specific sites/areas that could be future locations for housing. Corporate offices, vacant commercial, City-owned lots, industrial sites, and religious

institution property were suggested as possible locations to be adaptively reused for housing.

Housing Stakeholders

The consulting team engaged the city's housing stakeholders by meeting with Norwalk City Staff, the Norwalk Affordable Housing Committee, and the Norwalk Community Service Providers. In addition, stakeholder interviews were conducted with representatives from the Norwalk Planning Department, the Norwalk Housing Authority, the Norwalk Redevelopment Agency, and Open Doors. Additional conversations were held with representatives from the real estate development and brokerage community.

Whereas the public engagement effort was focused on identifying housing needs, the conversations with housing stakeholders were mainly focused on collecting information and data that would help enhance both the outreach efforts as well as the quantitative analysis.

Relevant Findings from Norwalk Redevelopment Agency Housing Survey

In February 2024, the Norwalk Redevelopment Agency drafted a survey aimed at gathering public opinions on a proposed mixed-income development near South Norwalk train station. The survey was completed by 580 residents. Presented below are three findings from the survey that may be relevant to the housing needs assessment.

Need for More Housing Development

Survey participants were asked if they believed that the City needed more housing development. One third of the respondents agreed that more housing was needed while half of the respondents disagreed and 15% were neutral.

Threat of Displacement

Almost half of the survey respondents concurred that housing costs would require them to leave Norwalk and find another place of residence.

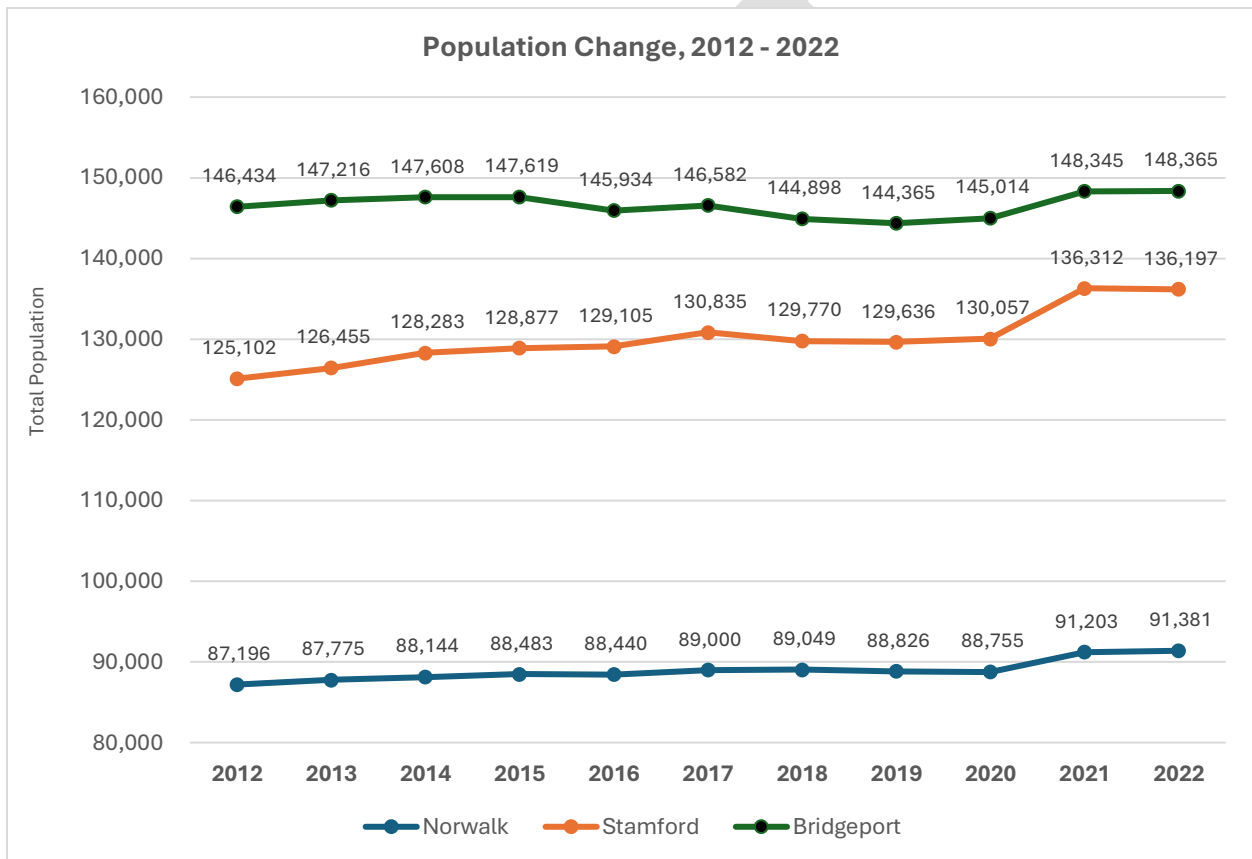
Support for Social Equity and Affordability

Two-thirds of respondents expressed support for improving social equity and affordability of housing and public services.

SECTION II: DEMOGRAPHIC TRENDS

Population Trends

One indicator of future housing needs is population growth. Between 2012 and 2022, Norwalk’s population increased by 5% from 87,196 to 91,381. However, for most of the last decade, the city’s population remained relatively stable, more demonstrably rising between 2020 and 2021. Norwalk’s rate of growth is lower than that of Stamford’s (9%) and higher than that of Bridgeport (1%). Norwalk’s rate of growth is more similar to that of Fairfield County whose population increased by 4% between 2012 and 2021.



Source: US Census, American Community Survey

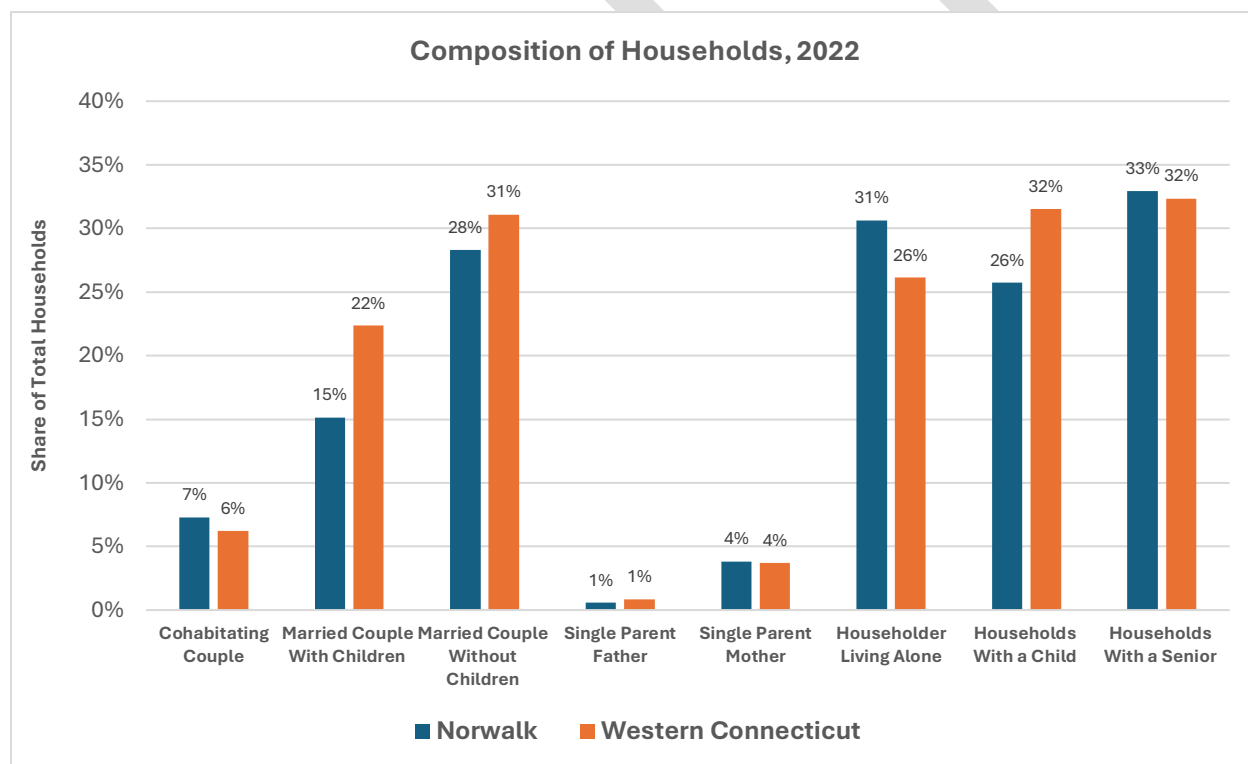
Household Trends

As noted in table below, the number of households in Norwalk has not shifted dramatically over the past ten years, rising only by 3% from 2012 to 2022. Similarly, household size grew only by 2% from an average of 2.47 persons per household to 2.51 persons per household. But what has changed substantially over the last decade is the composition of households. Over the last decade, there was a 23% increase in households with at least one senior person in residence with an 8% drop in households with at least one child.

Shifts in Norwalk's Household Composition, 2012 - 2022			
	2012	2022	Change 2012 - 2022
Total Households	34,957	36,149	3%
Householder Living Alone	10,610	11,068	4%
Household with a Senior (Age 65+)	9,700	11,909	23%
Household with Children	10,058	9,303	-8%
Average Household Size	2.47	2.51	2%

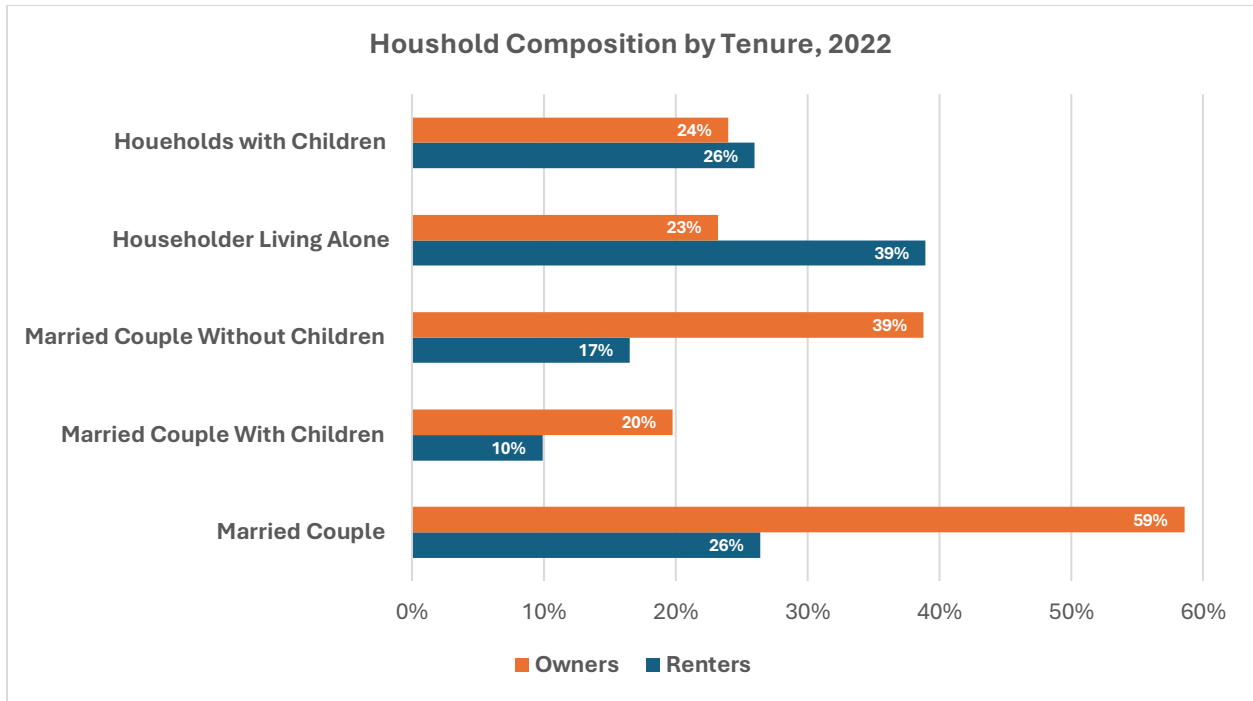
Source: US Census, American Community Survey

The wide variety of Norwalk households is represented in the bar graph below, showing that the married couples with children represent only 15% of total households in Norwalk with a broad range of other household configurations. The graph also reveals that compared to the Western Connecticut Planning Region, Norwalk has a lower share of married couples or households with children while a greater share of households living alone.



Source: US Census, American Community Survey; Western Connecticut refers to the planning region that is coterminous with the localities represented by the Western Connecticut Council of Governments.

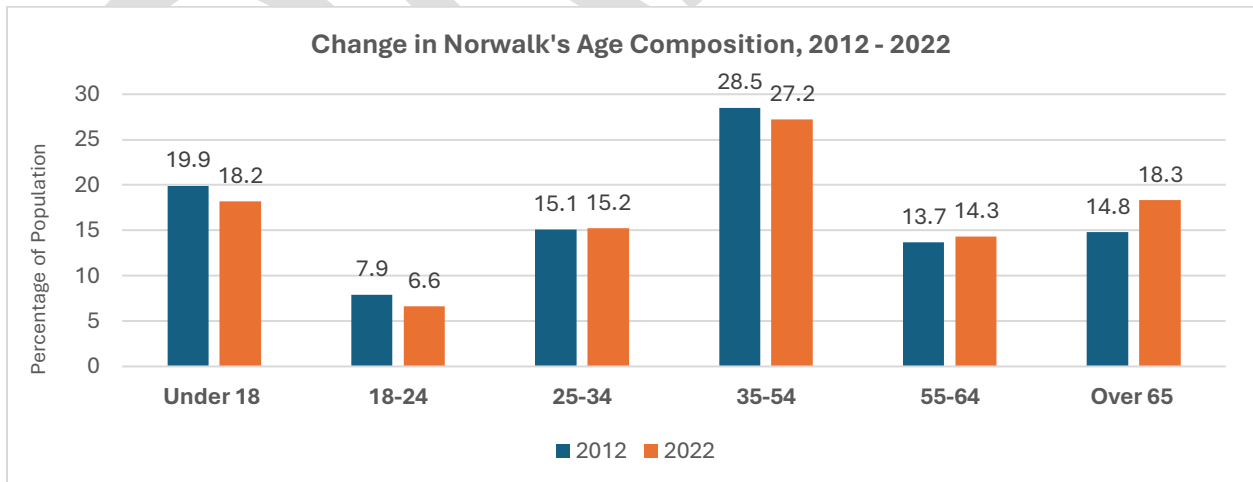
More striking variations in household composition occur on the basis of housing tenure. As shown below, renters are more likely to live alone and owners are more likely to be married.



Source: US Census, American Community Survey

Age Composition

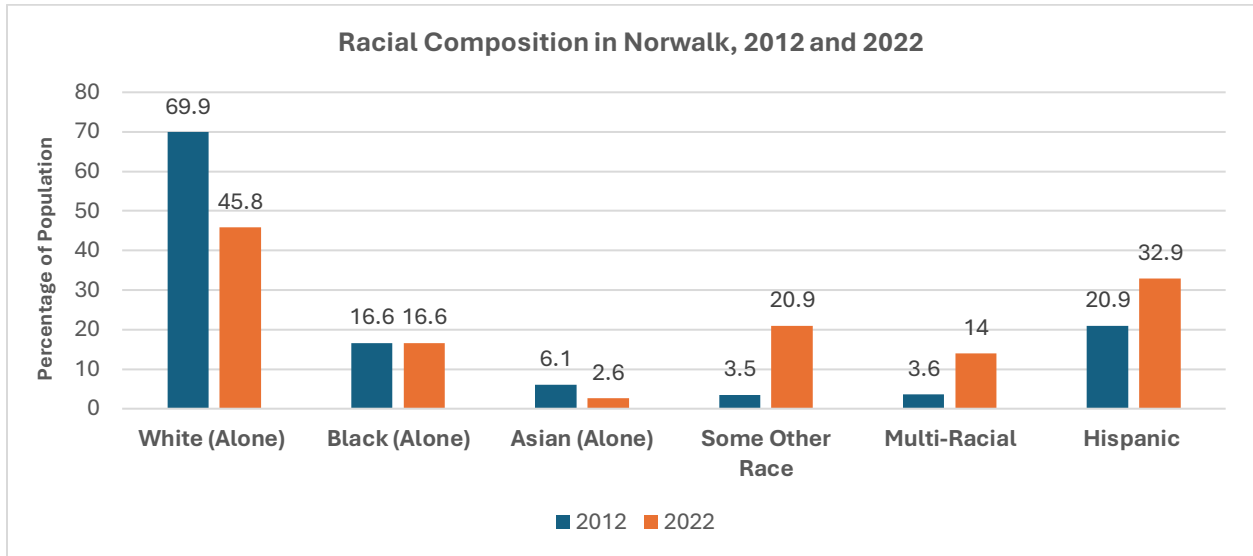
In general, Norwalk’s age composition did not change considerably over the past decade, with the median age slightly increasing from 40.5 in 2012 to 41.7 in 2022. The most palpable shift during this period occurred in the senior population whose share of the population increased from 14.8 % in 2012 to 18.3% in 2022. This increase in the population over the age of 65 suggests a rising need for senior housing.



Source: US Census, American Community Survey

Racial Composition

As shown in the chart below, the way in which Norwalk residents identify racially has changed substantially over the past decade. Since 2012, the percentage of residents as identifying as White has fallen from 70% to 46% while the Hispanic population has increased from 21% to 33%.

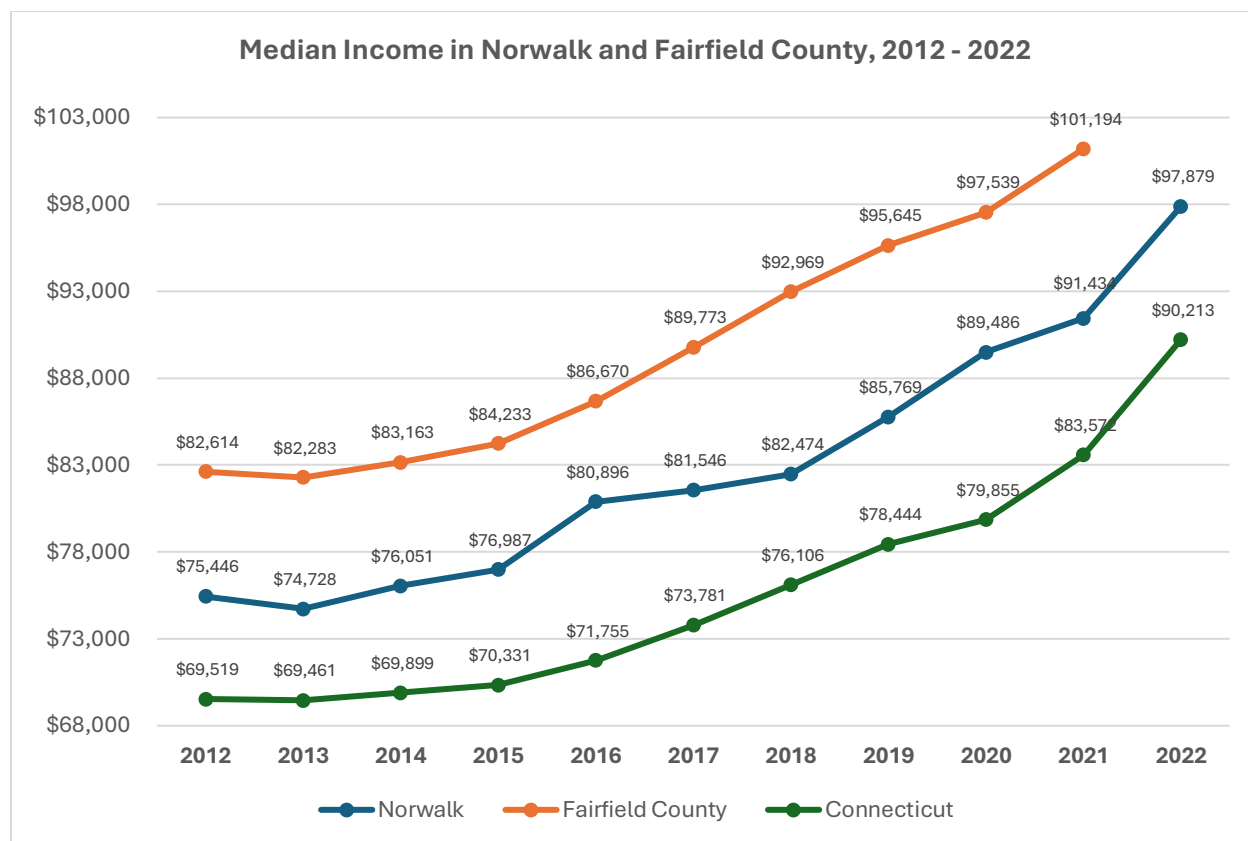


Source: US Census, American Community Survey

Income Levels

A household's housing cost burden is shaped by the monthly cost of housing as well as income levels. While higher income levels might suggest the potential for households to spend more on housing and experience a lower cost burden, higher income levels may also reveal a broader socio-economic transformation occurring in a community that in turn elevates the market price for rental and sales housing.

As shown below, the median income (unadjusted for inflation) increased in Norwalk by 23% between 2012 and 2022, and grew in lockstep with a similar increase in Fairfield County.



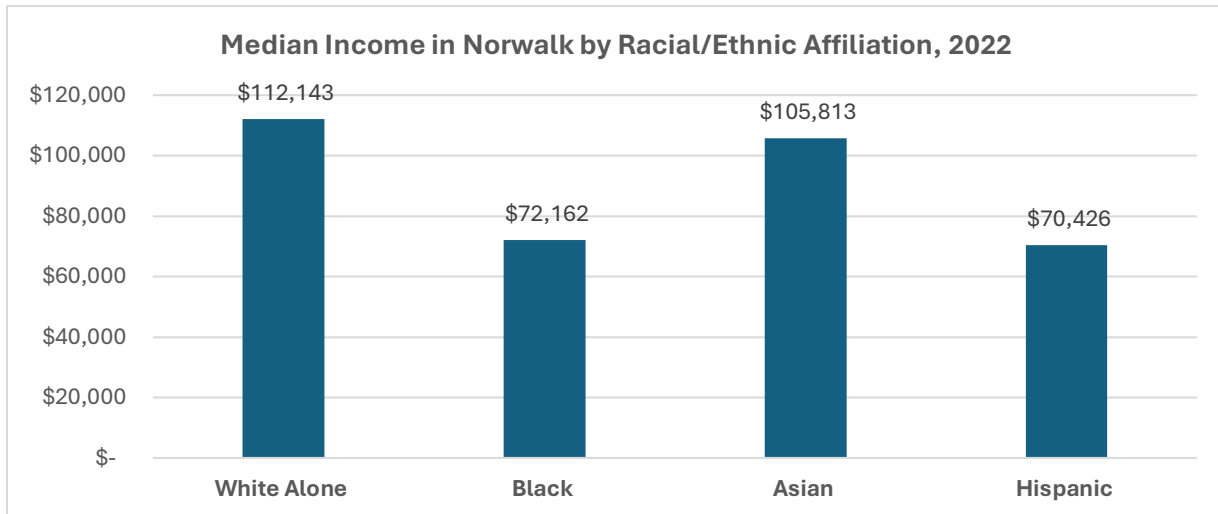
Source: US Census, American Community Survey

In spite of Norwalk’s relatively high median income, the city retains a large population with less spending capacity. As shown in the table below, a quarter of Norwalk’s population earns less than \$50,000 and so would be in need of lower priced housing options.

Distribution of Household Median Income, 2022						
	Norwalk All Households		Owner Households		Renting Households	
	#	%	#	%	#	%
Less than \$20,000	3,457	9.7	776	4.0	2,681	16.8
\$20,000 - \$34,999	2,823	8.0	1,024	5.3	1,799	11.3
\$35,000 - \$49,999	2,598	7.4	1,103	5.7	1,495	9.4
\$50,000 - \$74,999	4,953	14.0	2,470	12.8	2,483	15.6
\$75,000 to \$99,999	4,090	11.6	2,337	12.1	1,753	11.0
\$100,000 to \$149,999	6,084	17.2	3,337	17.2	2,747	17.2
\$150,000 or more	11,267	31.9	8,298	42.9	2,969	18.6
Under \$35,000 (39% SMI)	3,457	9.7	776	4.0	2,681	16.8
Under \$50,000 (55% SMI)	8,878	25.1	2,903	15.0	5,975	37.5
Under \$75,000 (83% SMI)	13,831	39.1	5,373	27.8	8,458	53.1
Median Household Income	97,879		126733		70624	

Source: US Census, American Community Survey

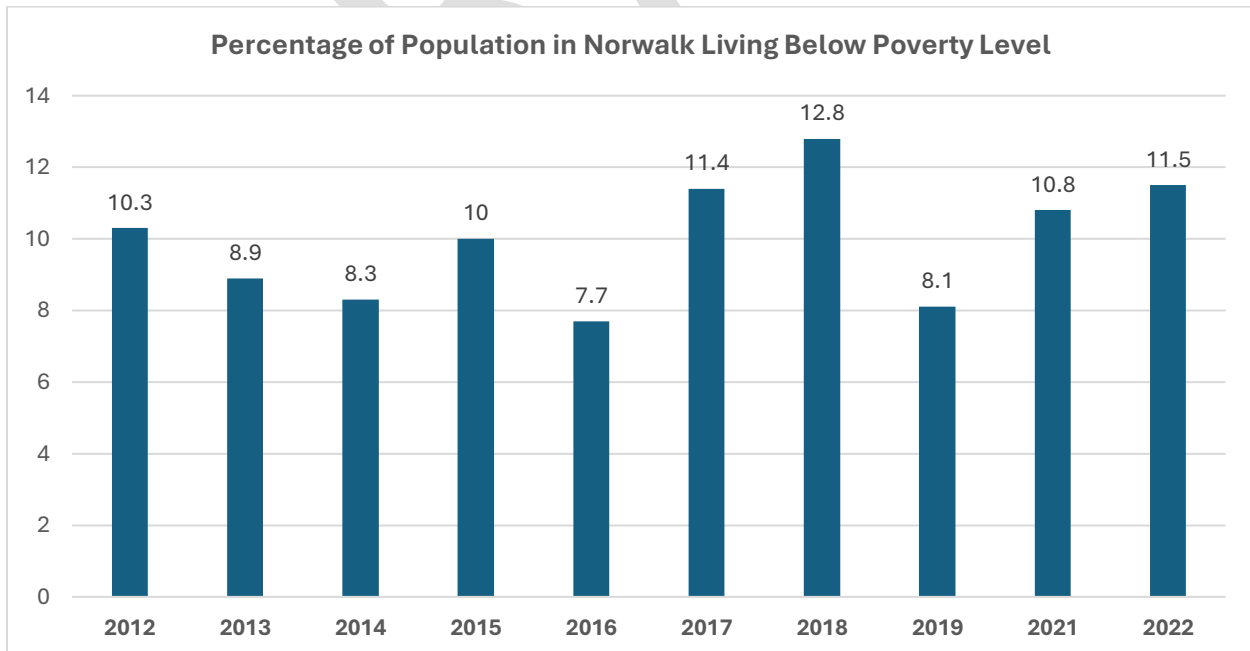
Median income levels in Norwalk vary considerably by race, with White households earning \$112,143, about \$40,000 higher than the median incomes of Black and Hispanic households.



Source: US Census, American Community Survey

Poverty Levels

While income levels have risen, the percentage of the population in Norwalk living below the poverty levels was higher in 2022 (11.5%) than it was in 2012 (10.3%). Also notable are the higher levels of poverty for the Black and Hispanic population, 13.2% and 18.2% respectively, than for the White and Asian Population, 6.2% and 4.9% respectively,

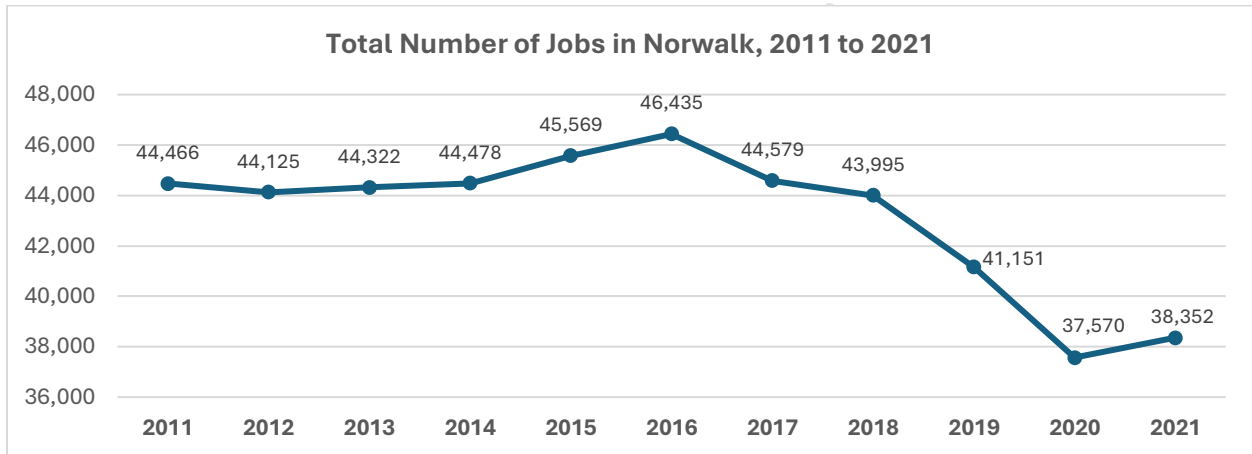


Source: US Census, American Community Survey

SECTION III: EMPLOYMENT AND COMMUTING PATTERNS

Total Number of Jobs in Norwalk

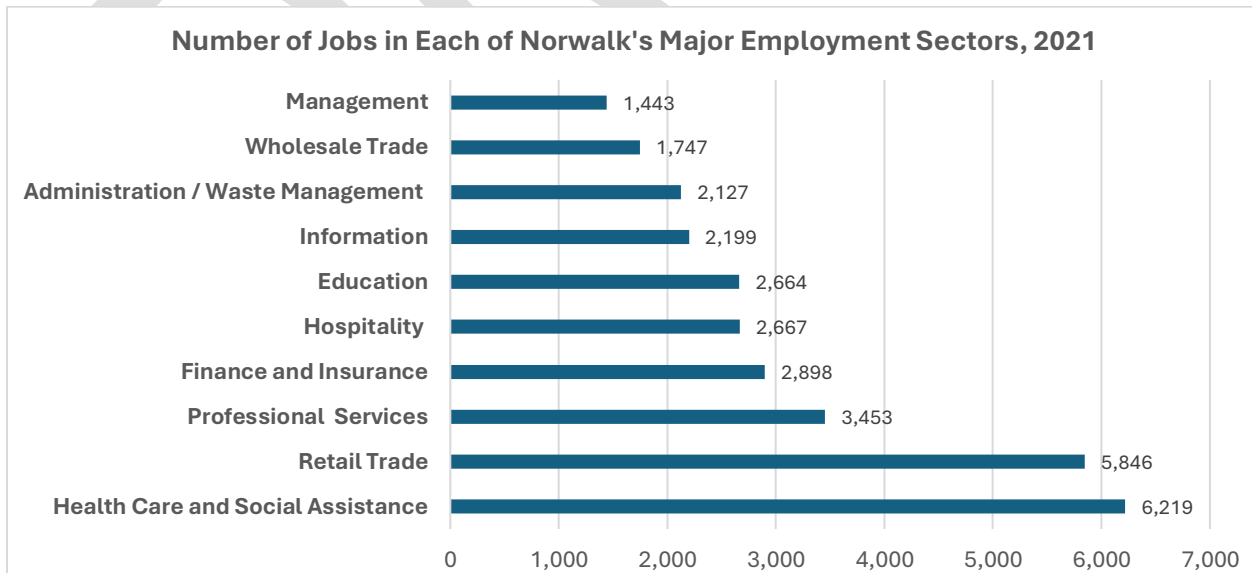
Based on US Census Longitudinal Employment Household Data, there has been a notable contraction of Norwalk’s employment base. Between 2011 and 2021, the number of jobs in Norwalk fell by 16% from 44,446 jobs to 38,352 jobs. The number of jobs in Norwalk began to drop in 2016, a few years before the onset of the Covid-19 pandemic.



Source: US Census, Longitudinal Employment-Household Dynamics Data

Sectoral Composition of Norwalk’s Economic Base

The three largest employment sectors within Norwalk are Health Care and Social Assistance; Retail Trade; and Professional Services. Combined, these sectors constitute more than 40% of all jobs located within Norwalk.



Source: US Census, Longitudinal Employment-Household Dynamics Data

Wages of Norwalk Workers

Approximately one-third of the jobs in Norwalk offered total annual wages in 2021 that were less than \$40,000 a year.

Inflow and Outflow of Workers

As shown in the labor inflow / outflow diagram below, 28,867 or 75% of Norwalk's total workers commute into the city from other locations.

Similarly, 33,256 or 78% of Norwalk residents commute to job sites outside of Norwalk.

Only 9,477 workers employed in Norwalk, representing a quarter of the city's total workers, also reside within Norwalk. This high level of asymmetry between places of work and places of residence is at least partially indicative of the high cost of housing within Norwalk and also serves to explain the high level of traffic congestion on the city's local and regional road network.



Source: US Census, Longitudinal Employment-Household Dynamics Data

Places of Employment and Residence

The municipalities housing the greatest number of Norwalk workers are Norwalk (24.7%); Stamford (9.3%); and Bridgeport (7.6%). The municipalities employing the greatest number of Norwalk residences are Norwalk (22.2%); NYC (14.3%); and Stamford (13.9%).

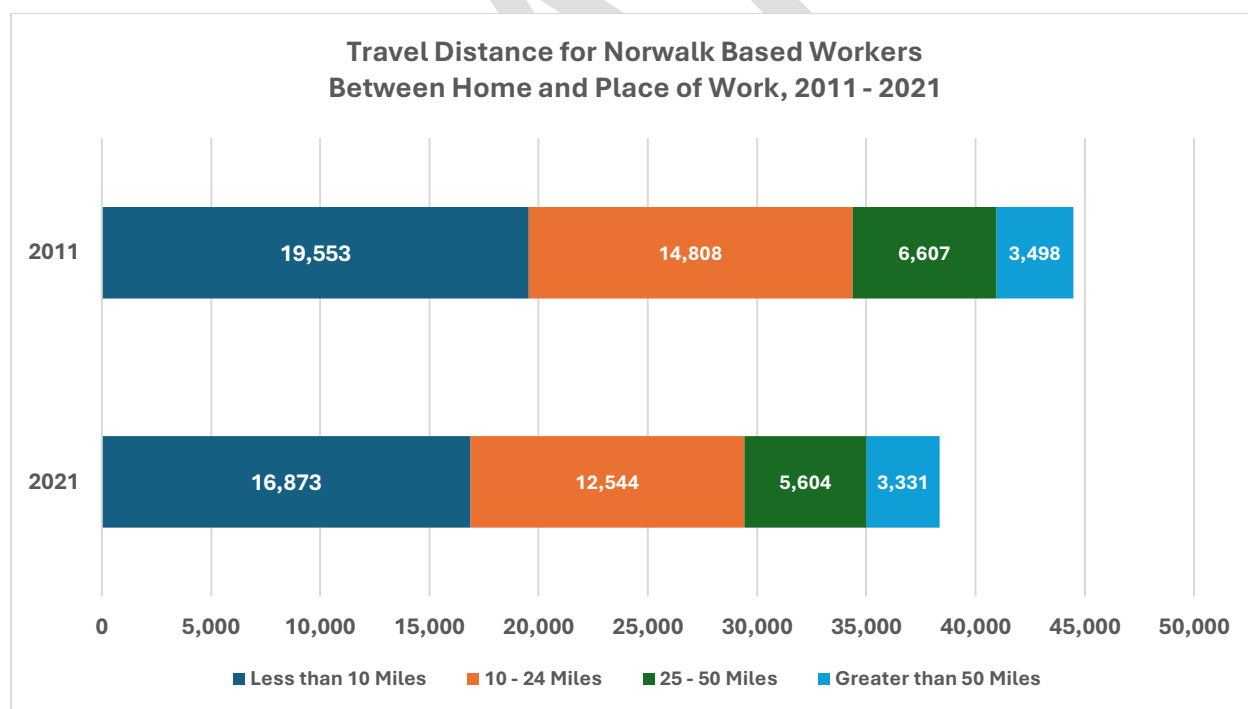
Residential Locations of Norwalk Workers, 2021		
Location	#	%
Norwalk	9,476	24.7%
Stamford	3,562	9.3%
Bridgeport	2,898	7.6%
Danbury	844	2.2%
NYC	798	2.1%
Shelton	772	2.0%
West Haven	498	1.3%
Milford	461	1.2%

Places Employing Norwalk Residents, 2021		
Location	#	%
Norwalk	9,476	22.2%
NYC	6,092	14.3%
Stamford	5,929	13.9%
Greenwich	1,300	3.0%
Bridgeport	1,159	2.7%
Danbury	896	2.1%
South Wilton	620	1.5%
New Canaan	619	1.4%

Source: US Census, Longitudinal Employment-Household Dynamics Data

Commuting Distance

Between 2011 and 2021, there was not a dramatic change in the community distances for Norwalk workers with 44% of workers travelling less than 10 miles; 33% of workers travelling 10-24 miles; 15% travelling 25-50 miles; and 9% travelling more than 50 miles. As shown in the below graphic, the absolute number of commuters fell for all distances over this ten-year period.



Source: US Census, Longitudinal Employment-Household Dynamics Data

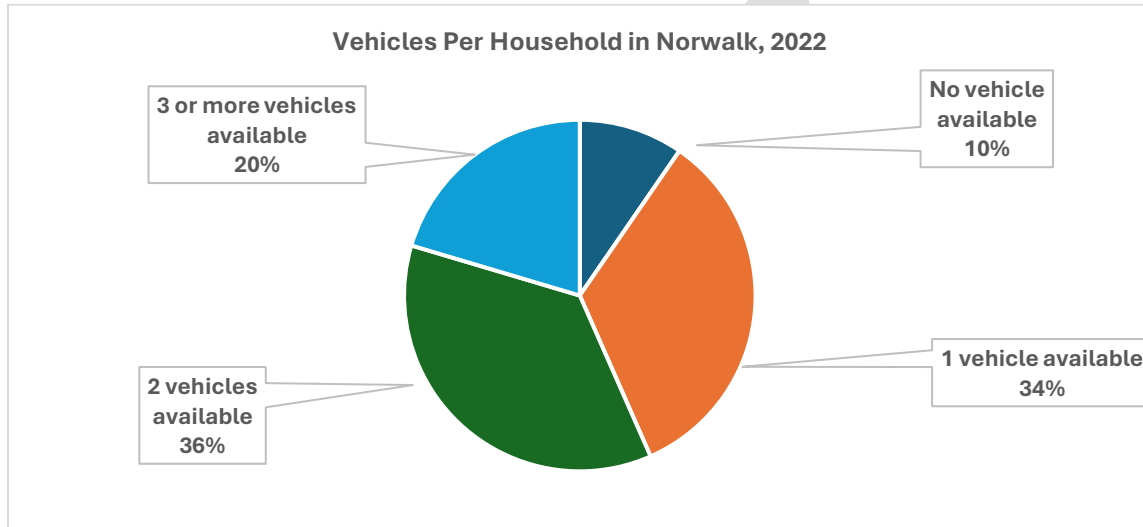
Mode Choice

Based upon a commute analysis using the location-based service data provider, Replica, approximately 90% of workers employed within Norwalk are arriving to their place of work by an automobile. Less than 2% of workers employed in Norwalk arrive by public transit.

However, Norwalk residents who live and work within Norwalk do not have notably different modal behavior from Norwalk workers as a whole. Of Norwalk residents who work within Norwalk, 87% of them reach their place of work by automobile and less than a half percent of them use public transportation.

Vehicular Access

Although Norwalk is served by multiple rail stations and bus routes, approximately 90% have access to at least one vehicle.

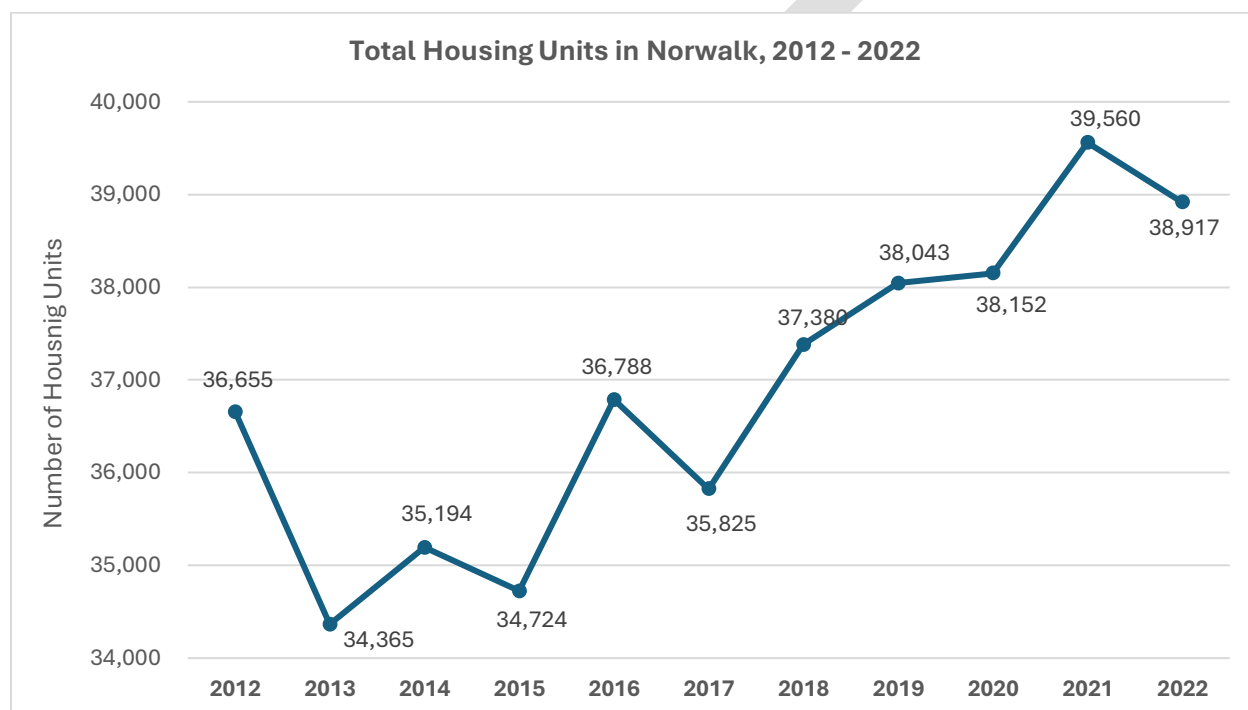


Source: US Census, American Community Survey

SECTION IV: HOUSING INVENTORY AND CONDITIONS

Housing Supply

Between 2012 and 2022, the number of housing units in Norwalk increased by 6% from 36,655 units to 38,917 units. This rate of increase is higher than the rate of increase (5%) of the city’s population during the same period. It should be noted that total unit counts may decline in certain years as a result of demolitions performed to enable the construction of additional housing. The City is continuing to track and project its total housing inventory.



Source: US Census, American Community Survey

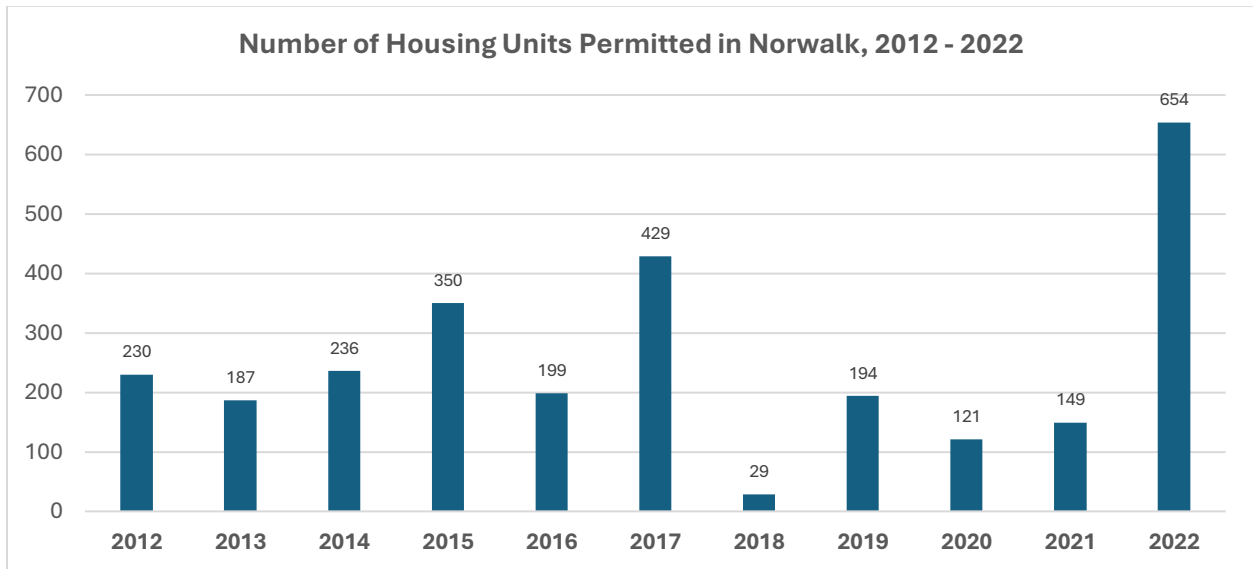
The vast majority of Norwalk’s housing supply was built before the year 2000, with more than a fifth of the housing supply constructed prior to 1940.

Time of Residential Unit's Construction				
Type of Building	Norwalk		Western Connecticut	
	Units (#)	Units (%)	Units (#)	Units (%)
2020 or later	-	0	2,027	0.9
2010 to 2019	2,421	6.7	19,306	8.2
2000 to 2009	2,346	6.5	22,512	9.6
1980 to 1999	6,435	17.8	44,989	19.1
1960 to 1979	10,140	28.1	65,608	27.9
1940 to 1959	7,138	19.7	43,804	18.6
1939 or earlier	7,669	21.2	36,980	15.7

NORWALK HOUSING NEEDS ASSESSMENT: **WORKING DRAFT (JUNE 20th, 2024)**

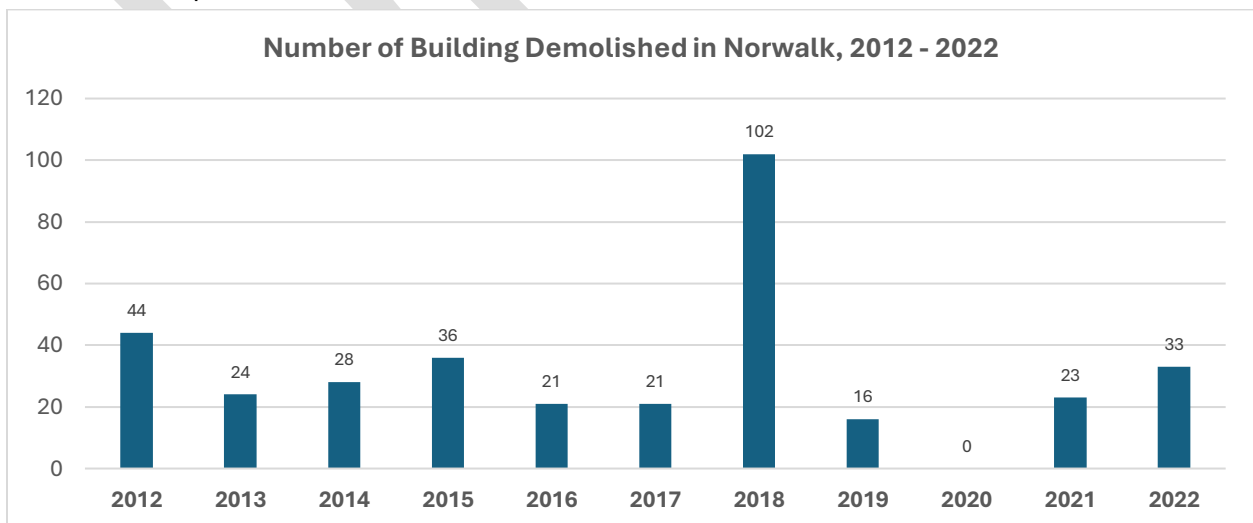
Source: US Census, American Community Survey

Over the last ten years, the annual number of building permits granted for the construction of residential units reached its highest (654 units) in 2022. The vast majority (96%) of the housing permits granted in 2022 were for multi-family units in buildings with more than 5 units.



Source: Connecticut Department of Community and Economic Development

Since 2012, Norwalk has demolished a total of 348 buildings representing an unknown number of units. The data presented below shows that the number of demolitions (102) was greatest in 2018, possibly coinciding with the tear down of Washington Village. In many cases, the demolition of a building was followed by the construction of a larger multi-family building with more units than the original building. This pattern may explain the rise and fall of total building units in Norwalk during the same time period.



Source: Connecticut Department of Community and Economic Development

Density of Residential Buildings

As in the Western Connecticut Region, the majority of housing units (53%) in Norwalk are single family homes, whether attached or detached. However, the share of multi-family units is notably higher in Norwalk (46%) compared to Western Connecticut (34%).

Number of Units by Type of Residential Building, 2022				
Type of Building	Norwalk		Western Connecticut	
	Units (#)	Units (%)	Units (#)	Units (%)
Single Family Detached Home	16,379	45.3	136,547	58
Single Family Attached Home	2,896	8	17,677	7.5
Two-unit Home	3,587	9.9	13,882	5.9
Three or Four Unit Apartment Building	4,577	12.7	14,294	6.1
Five to Nine Unit Apartment Building	1,687	4.7	7,254	3.1
Apartment Building with 10+ Units	6,907	19.1	44,403	18.9

Source: US Census, American Community Survey

Types of Housing Units

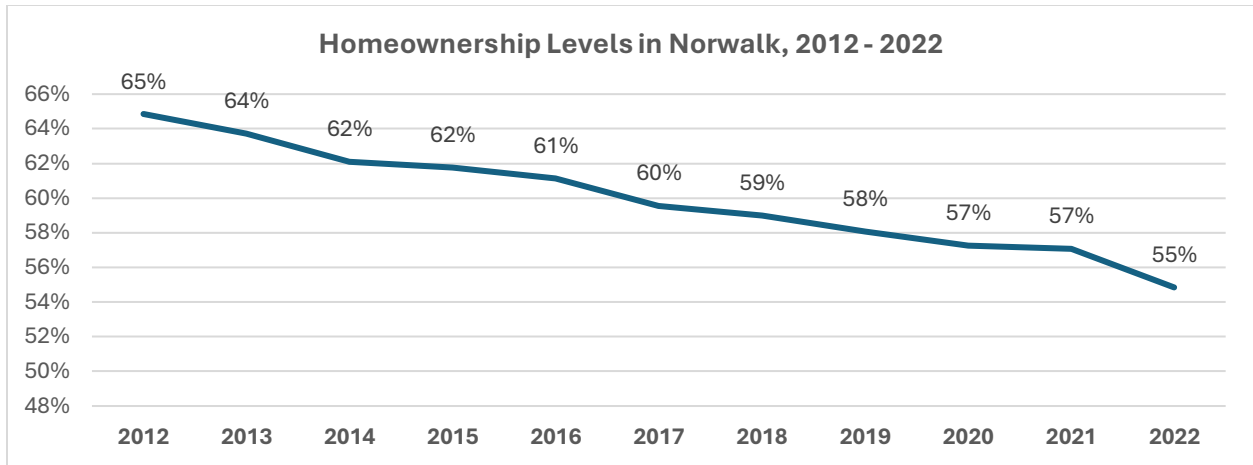
The vast majority (74%) of housing units in Norwalk consist of homes with at least two bedrooms.

Number of Bedrooms in Norwalk Housing Units				
Type of Building	Norwalk		Western Connecticut	
	Units (#)	Units (%)	Units (#)	Units (%)
No bedroom	1259	3.5	7142	3
1 bedroom	7914	21.9	32308	13.7
2 or 3 bedrooms	19143	53	117747	50.1
4 or more bedrooms	7833	21.7	78029	33.2

Source: US Census, American Community Survey

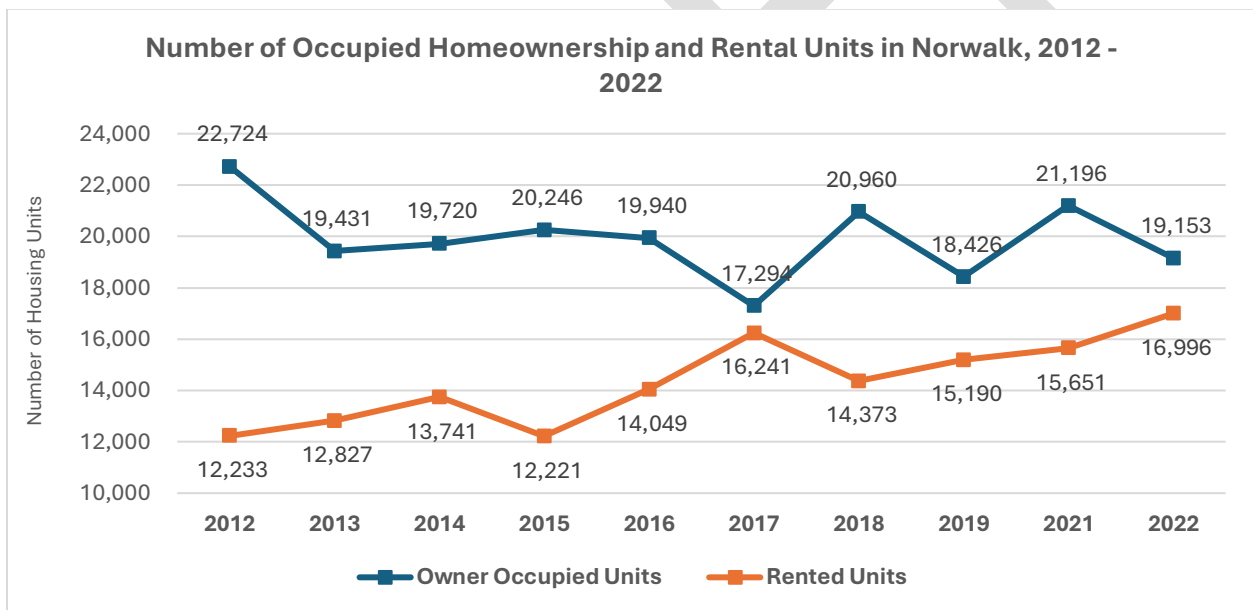
Homeownership Levels

Between 2012 and 2022, the percentage of total housing units occupied the owner fell steadily from 65% to 55%. Homeownership rates are highest for householders identifying as White (68%) compared to other racial or ethnic groups including Black (44%), Asian (42%), and Hispanic (36%).



Source: US Census, American Community Survey

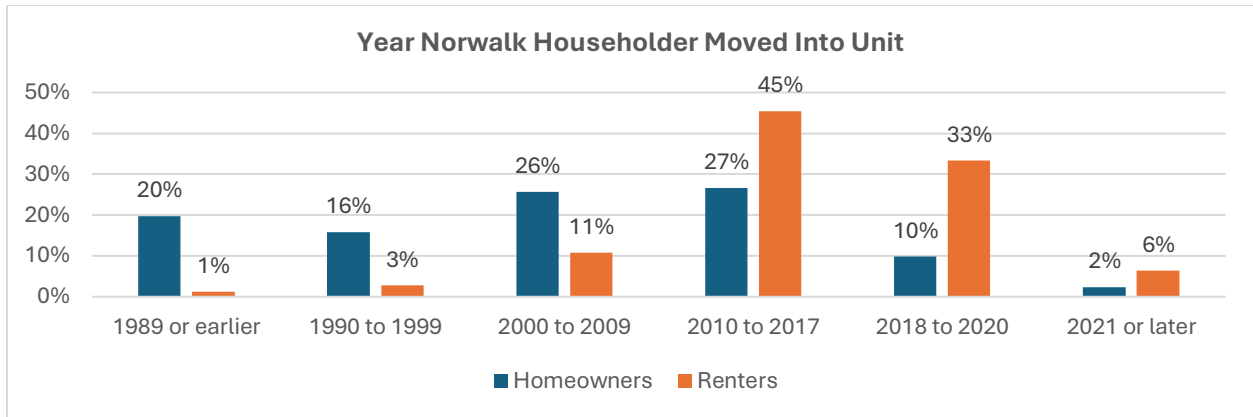
In raw numbers, the number of occupied owner units fell by 16% from 22,724 units in 2012 to 19,153 units in 2022. During this same period, the number of occupied rental units increased by 39% from 12,233 units in 2012 to 16,996 in 2022.



Source: US Census, American Community Survey

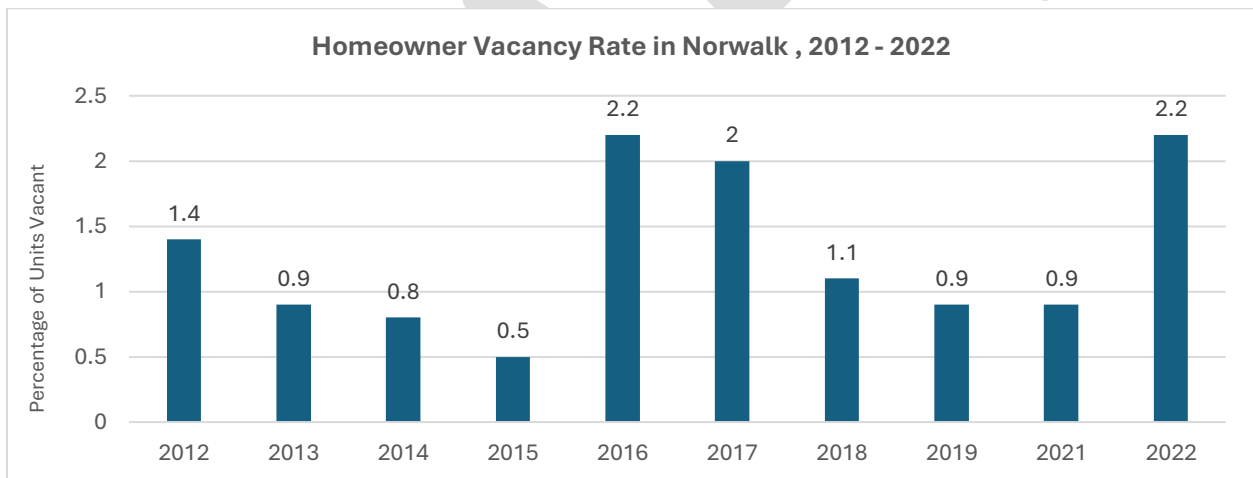
Occupancy Trends

Indicative of the fluidity in Norwalk’s rental market is the high percentage (39%) of renters who moved into their units after 2018. In contrast, only 12% of homeowners moved into their homes after 2018.

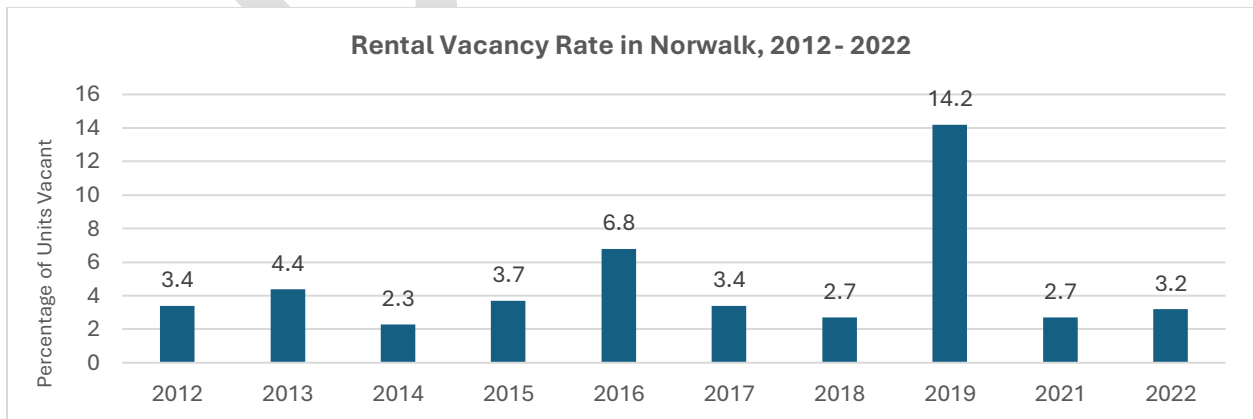


Source: US Census, American Community Survey

The vacancy levels in 2022 for Norwalk’s homeownership buildings (2.2%) and rental buildings (3.2%) is not significantly different from these rates in 2012. Overall, for both rentals and ownership units, the level of vacancy in Norwalk has been consistently low, indicative of the great challenge that all households face when seeking housing units as well as the unique threat of displacement experienced by lower income households.

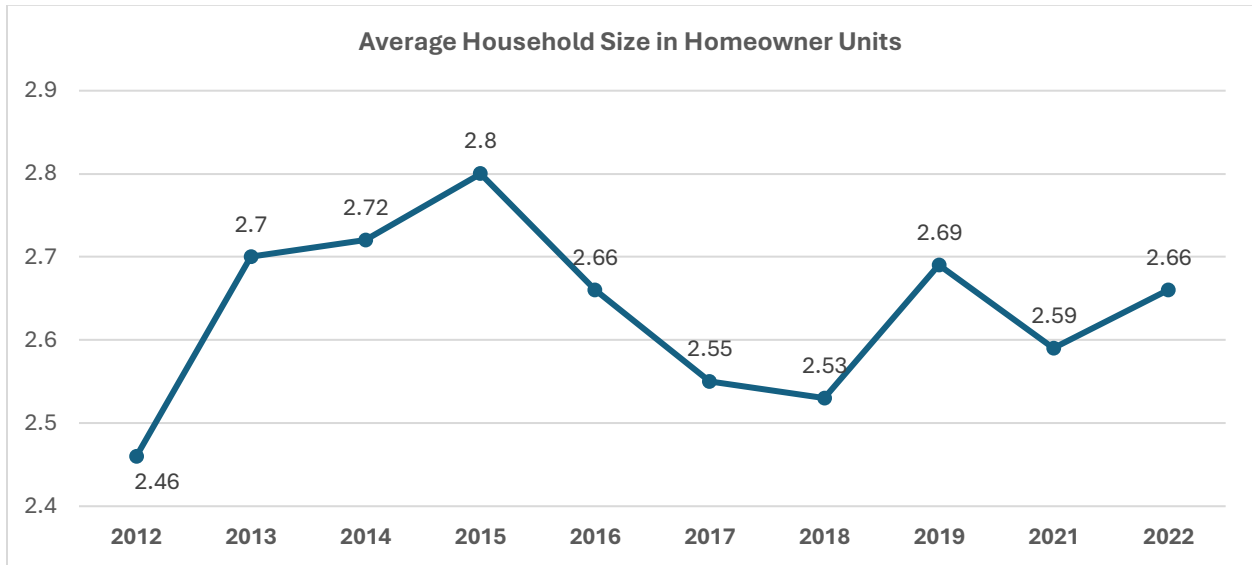


Source: US Census, American Community Survey

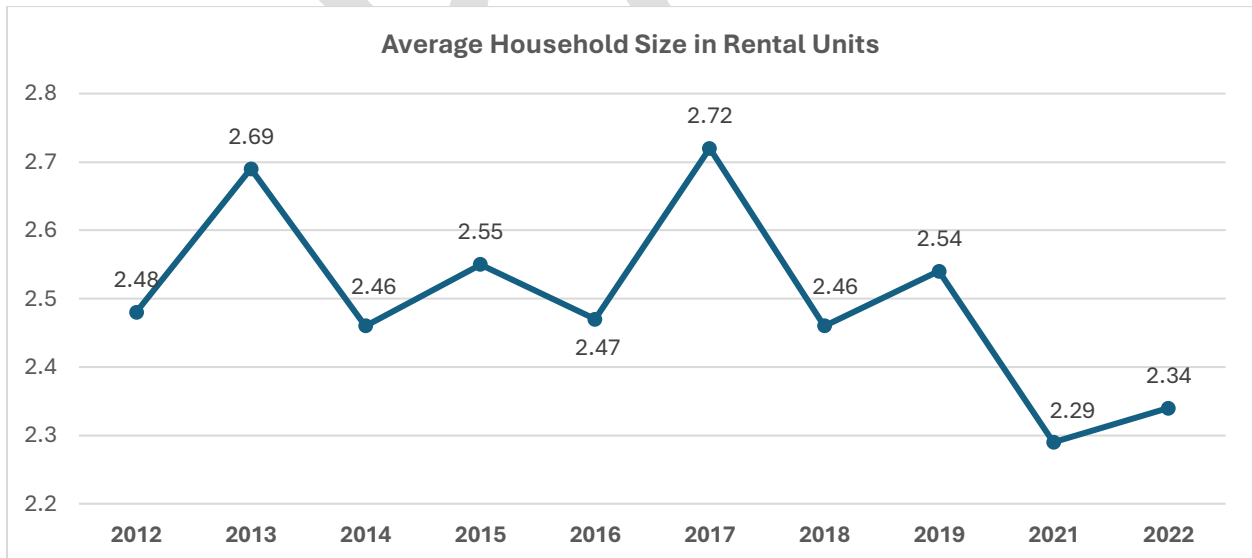


Source: US Census, American Community Survey

As shown in the tables below, the average household size for homeownership units in Norwalk increased from 2.46 persons in a household in 2012 to 2.66 persons. The rental market followed a different trend that perhaps reflects the increased occupancy of rental units by singles, young couples, and seniors without children at home. The average household size of a rental unit in Norwalk fell from 2.48 persons in 2012 to 2.34 persons in 2022.



Source: US Census, American Community Survey; 2020 Data is not available.



Source: US Census, American Community Survey; 2020 data is not available

Affordability Trends

Affordable Units

Norwalk’s housing inventory includes units that are considered “affordable” for the purposes of compliance with Connecticut’s affordable housing requirements as specified under Connecticut General Statute 8-30g. Under the statute, Connecticut localities can be subject to a state appeals process for proposed affordable housing development if their total inventory of affordable units represents less than 10% of the localities’ total supply.

It should be noted that the definition of “affordable” under this statute includes a variety of units including (1) “assisted housing”; (2) housing currently financed by Connecticut Housing Finance Authority mortgages or by US Department of Agriculture; (3) housing subject to deeds and conditions restricting its sale or rental to low-and moderate-income people, and (4) mobile homes or accessory apartments subject to certain deed restrictions.

Housing units may be considered affordable even for households with incomes at 80% of state median income so long as they are paying no more than 30% of their income toward housing. Meanwhile, housing units that may be naturally affordable to a household whether due to market forces, long-term tenure, or paying off a mortgage are not factored within the inventory performed for 8-30g compliance. As such, the inventory of 8-30g units, as presented in the table below, is an imprecise representation of affordability conditions within a locality. Based upon data provided by the City of Norwalk, approximately 13.7% of the city’s total housing stock is considered affordable. As such, Norwalk is exempt from the 8-30g appeals process.

HOUSING UNITS CONSIDERED AFFORDABLE AS PART OF SECTION 8-30G COMPLIANCE	
Type of Unit	Number of Units
Housing Authority Units	
Senior Housing Units	429
Family Units	848
Soundview Landing Units (Affordable only)	208
Deed Restricted Units	
Workforce Units	240
Other Units	466
Government Assisted Units (excluding Soundview)	2,080
Housing Vouchers	1,061
Total “Affordable” units	5,332
Total Housing Units in Norwalk (2022 ACS)	38,917
Percentage Affordable Units	13.7%

Source: City of Norwalk

Although the inventory of 8-30g units does not offer an accurate assessment of the affordability of all units within a community, it is helpful to compare the level of compliance of Norwalk with those of its neighboring communities. As shown below, Norwalk's share of affordable units (13%) is higher than that of all of the smaller communities that immediately surround it.

Percentage of Units Deemed "Affordable" Under 8-30G Compliance Process	
Norwalk	13%
Stamford	14%
Darien	5%
New Canaan	4%
Wilton	4%
Westport	4%
Fairfield	3%
Bridgeport	21%

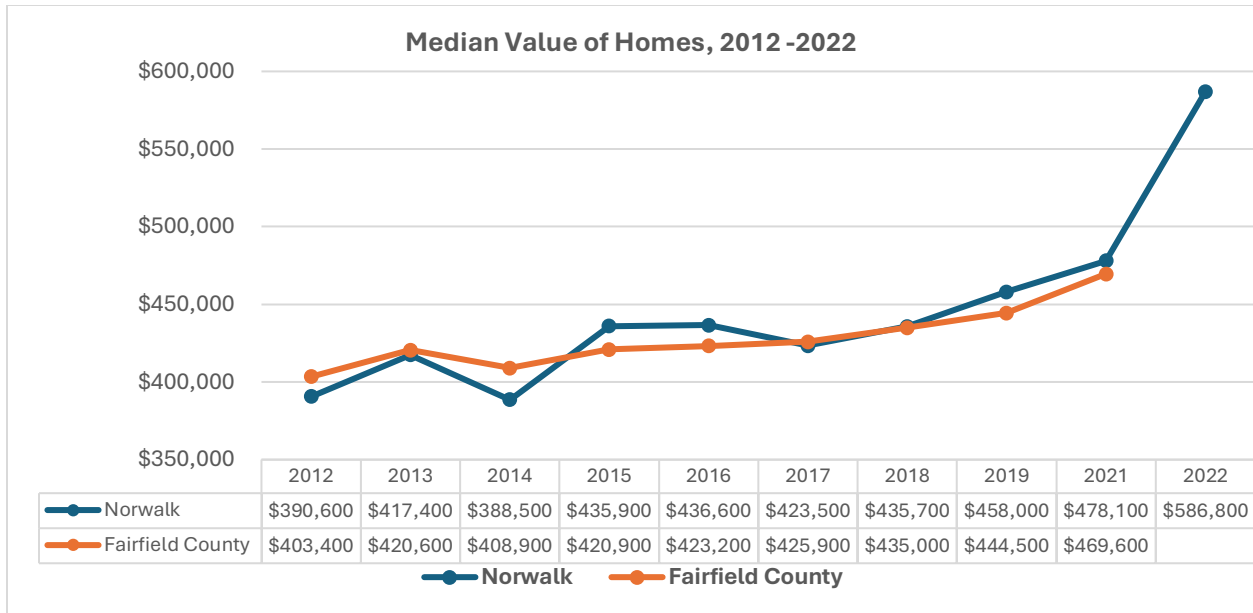
Source: Connecticut Department of Housing, 2023

Norwalk Housing Authority Units and Vouchers

The Norwalk Housing Authority (NHA) serves just over 2,000 low-income families either through Section 8 housing vouchers income or through income restricted housing units that it either owns or operates. There are a large number of households (1,896) on the waiting list for NHA's units including its public housing, senior, Colonial Village, and 16 School Street units. Waiting lists are generally closed due to the large number of applicants waiting for an available NHA unit. Currently, waiting lists are only open for senior housing units and for two bedroom apartments at Colonial Village. The turnover for the Authority's housing units is under 18 units per year for any kind of unit. Similarly, a very low number of housing vouchers (under 25) becomes available to new residents in any given year due to low turnover rates for voucher holders as well as the lack of increase in the net number of vouchers. The Authority is currently increasing the supply of income restricted units through the construction of 60 additional affordable units at Colonial Village and the addition of two additional units at Meadow Gardens upon completion of its rehabilitation.

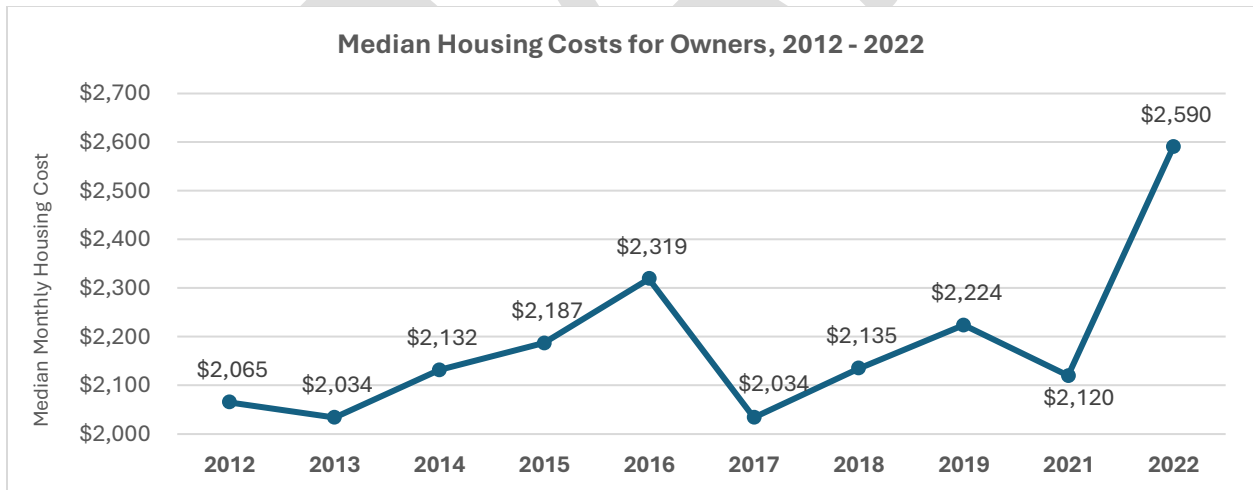
Housing Costs for Homeowners

Over the last ten years, the value of homes in Norwalk (not just homes on the market but all homes occupied by owners) gradually increased and then soared from 2021 to 2022, reaching a median value of \$586,800. Note that this data refers to the entire universe of homes within Norwalk. Data related to the listing prices of homes on the market is presented in the forthcoming section on market trends.



Source: US Census, American Community Survey; Data is not available for 2022 for Fairfield County.

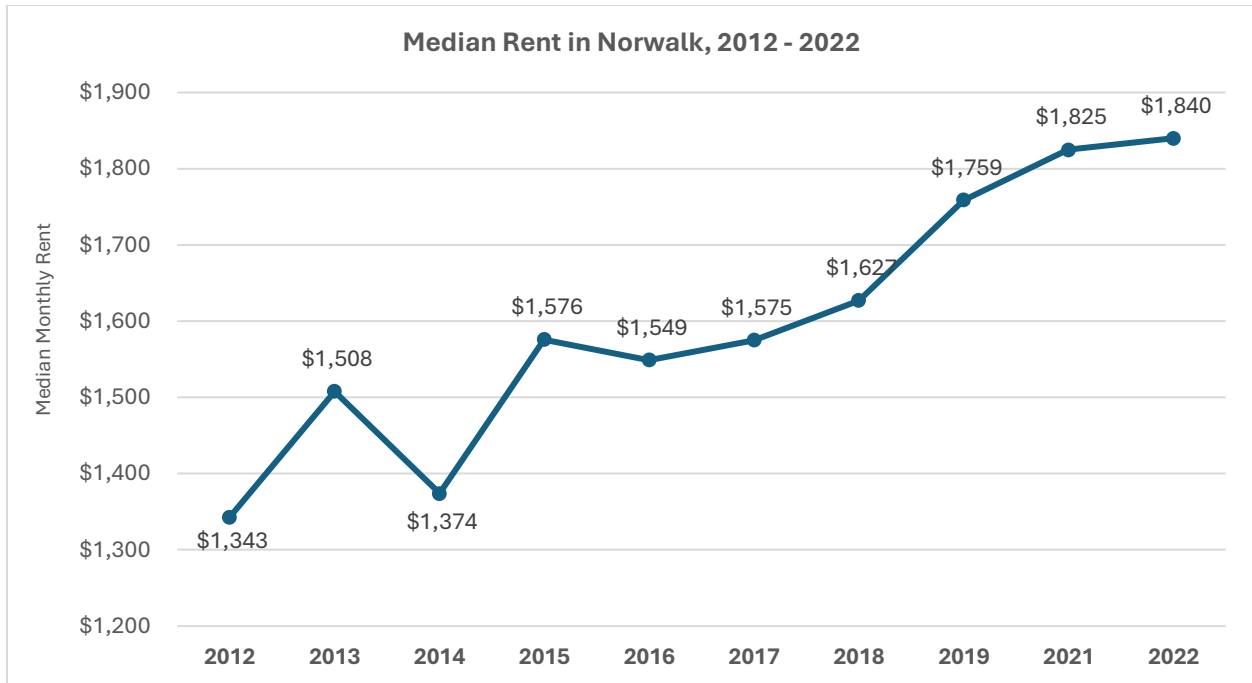
These higher values of Norwalk’s homeowner units correlate with higher monthly housing costs for homeowners which similarly jumped from a median monthly cost of \$2,120 to \$2,590. These monthly housing costs include mortgages or other property debts, rent, real estate taxes, property insurance, utilities, and fuels.



Source: US Census, American Community Survey; Data is not available for 2020.

Housing Costs for Renters

As with homeowners, renters also faced rising monthly housing costs over the last ten years. Between 2012 and 2022, the median rent in Norwalk rose from \$1,343 to \$1,840.



Source: US Census, American Community Survey; Data is not available for 2020.

Housing Cost Burden Analysis

A household paying more than 30% of its household income toward housing costs is considered to be housing cost burdened. In order to measure the degree to which Norwalk households are cost burdened, data was analyzed from the US census for different income bands for all residents, homeowners, and renters. The table below summarizes the findings from the analysis. Income bands are presented as a percentage of the Connecticut State Median Income in 2022. The data helps to reveal the wide gap between the number of affordable units available to Norwalk residents and the supply of these units.

Percentage of Households Cost Burdened by Income Level in Norwalk (2022)						
Income Band	Owner					
	All Occupied Units		Occupied Units		Rental Units	
	36,149		19,153		16,996	
Below 22% SMI [Less than \$20,000]	3,988	99%	783	100%	3,205	99%
23% SMI - 39% SMI [\$20,000 to \$34,999]	1,870	100%	576	100%	1,294	100%
40% SMI - 55% SMI [\$35,000 to \$49,999]	1,816	92%	897	96%	919	89%
56% SMI - 82% SMI [\$50,000 to \$74,999]	2,387	60%	992	65%	1,395	57%
Over 83% SMI [\$75,000 or more]	3,925	17%	2,744	18%	1,181	14%
Total Cost Burdened Units	13,986		5,992		7,994	
Percentage of All Units Cost Burdened	39%		31%		47%	

Source: US Census, ACS

Housing Cost Burden for All Residents

The data shows that almost 14,000 or 39% of all Norwalk households are paying more 30% of their income toward housing costs in 2022. Notably, the overall cost burden rate for all residents in 2012 was actually higher at 43%. As is always the case, cost burden levels increase as income levels falls. As such, the majority of households making less than 83% SMI are cost burdened while less than one-fifth of households making more than 85% SMI are cost burdened. The need for more affordable housing is especially acute for households making less than 56% SMI. To meet the most pressing affordable housing needs for Norwalk's population at large, there would need to be 7,674 units affordable to households making less than 56% SMI.

Housing Cost Burden for Homeowners

The data shows that almost 6,000 or 31% of Norwalk homeowner households are paying more 30% of their income toward housing costs in 2022. Notably, the overall cost burden rate for homeowners in 2012 was significantly higher at 43%. The significant decline in cost burdened homeowners over this past decade may be attributable to the general decline in homeownership and the rising representation of homeowners by high income households better able positioned to meet more rigid lending requirements.

As with households in general, the affordability gap is highest for lower income households. Whereas the majority of owners making less than 83% SMI are cost burdened, less than 1/5th of owners making more than 83% SMI are cost burdened. Cost burdens for owners are especially acute for households making less than 56% SMI. In order to close the affordability gap for these residents, there would need to be 2,256 homeownership units affordable to households making less than 56% SMI.

Housing Cost Burden for Renters

Compared to homeowners, a much greater number and share of renter are cost burdened. Almost 8,000 households, representing 47% of all renters in 2022 are cost burdened. Unlike owners, the share of cost burdened renters has increased over the last decade. In 2012, only 44% of renters or 5,358 households were cost burdened. To close the gap for the most cost-burdened income bands, those households making less than 56% SMI, there would need to be 5,418 affordable apartment rentals.

Share of Total Cost Burdened Households by Different Income Bands

The preceding analysis focused on the number and share of cost burdened households within each income class. Another way of analyzing cost burden data is to analyze the entire universe of cost burdened households, summing to almost 14,000 households, and identify

its composition by different income bands and tenure classes. This approach allows us to identify the sub-populations most in need of an increased supply of affordable housing.

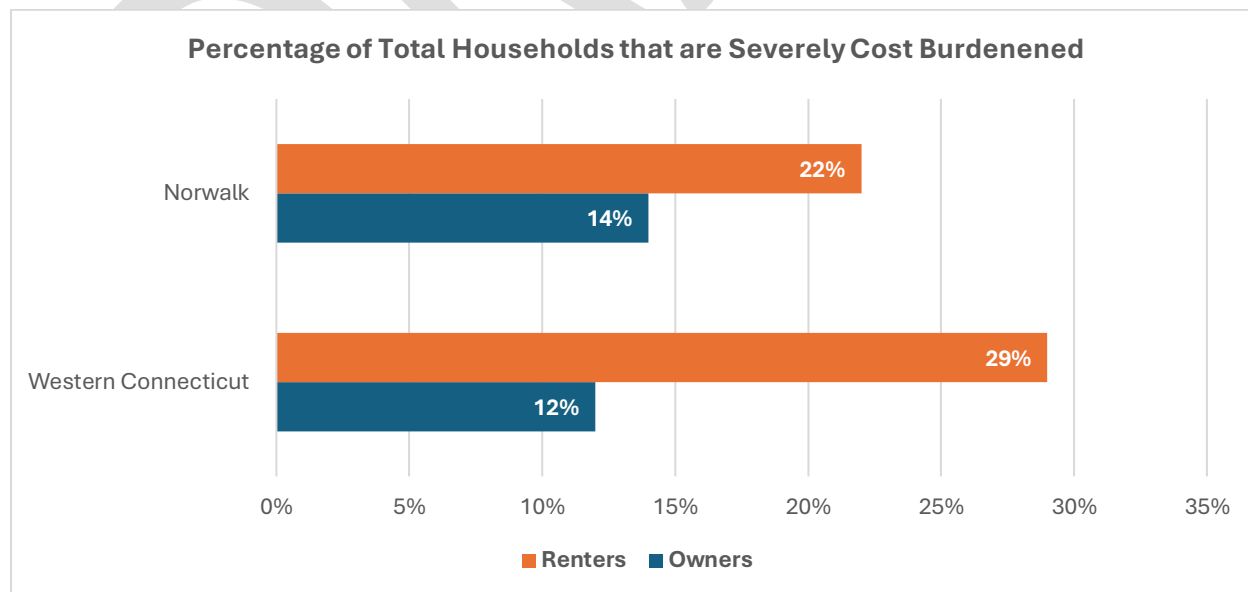
The table below shows that 72% of all cost burdened households in Norwalk consist of households making less than 83% SMI. Moreover, 57% of the City’s cost burdened households are renters. The sub-population that represents the greatest share of total cost burdened are renters making less than 22% SMI. This sub-population, constituting 3,205 households, is also at greatest risk of experiencing homelessness or displacement as a result of their high level of housing cost burden.

Share of Cost Burdened Households by Income Level in Norwalk (2022)			
	All Units	Owner Units	Rental Units
Below 22% SMI [Less than \$20,000]	29%	6%	23%
23% SMI - 39% SMI [\$20,000 to \$34,999]	13%	4%	9%
40% SMI - 55% SMI [\$35,000 to \$49,999]	13%	6%	7%
56% SMI - 83% SMI [\$50,000 to \$74,999]	17%	7%	10%
Over 83% SMI [\$75,000 or more]	28%	20%	8%
Under 83% SMI	72%	23%	49%
Share of Total Cost Burdened Households	100%	43%	57%

Source: US Census, ACS

Severely Cost Burdened Households

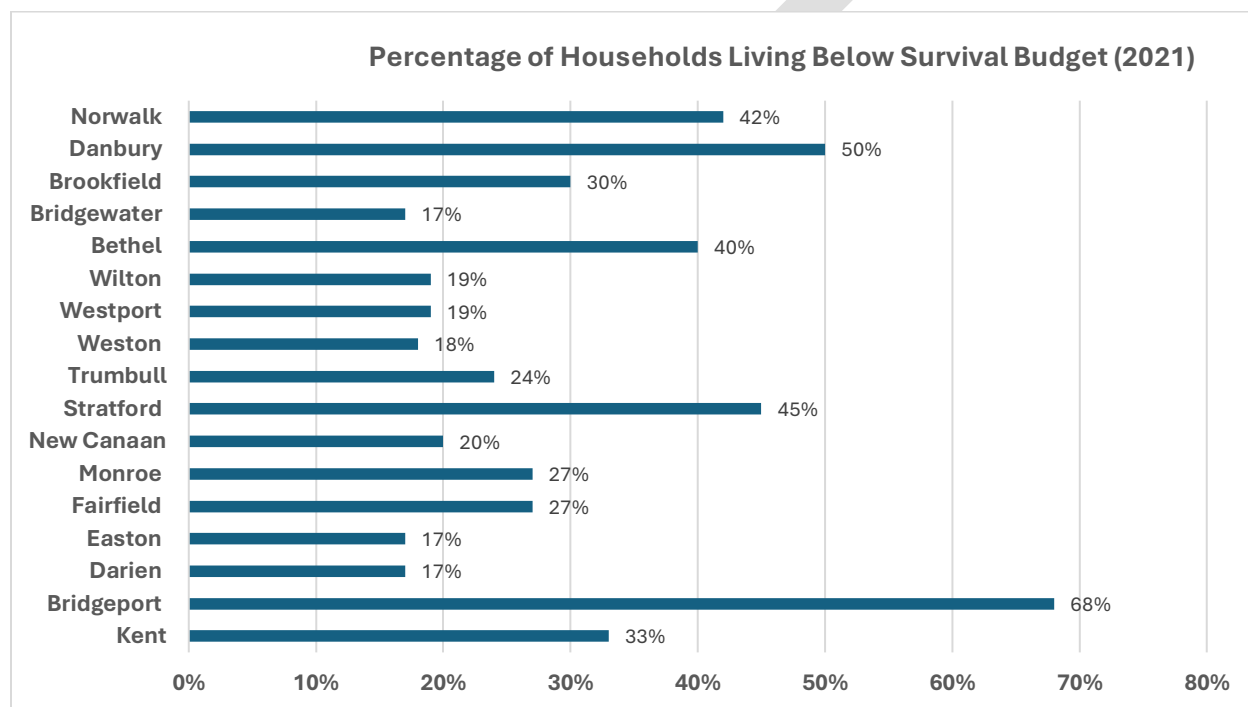
Households spending more than 50% of their income are considered to be severely cost burdened. The chart below shows that 22% of Norwalk’s renters and 14% of its owners are severely cost burdened.



Source: US Census, ACS

Cost of Living Burden

Housing cost burden data from the census only includes housing costs and does not estimate the degree to which households are burdened by additional costs of living including childcare, food, transportation, utilities, and taxes. To more accurately determine the degree to which households are burdened not only by housing costs but also the broader costs of living, the United Way determines the percentage of households that are living below an estimated survival budget within each municipality. The table below shows that 44% of Norwalk households are living below the survival budget.



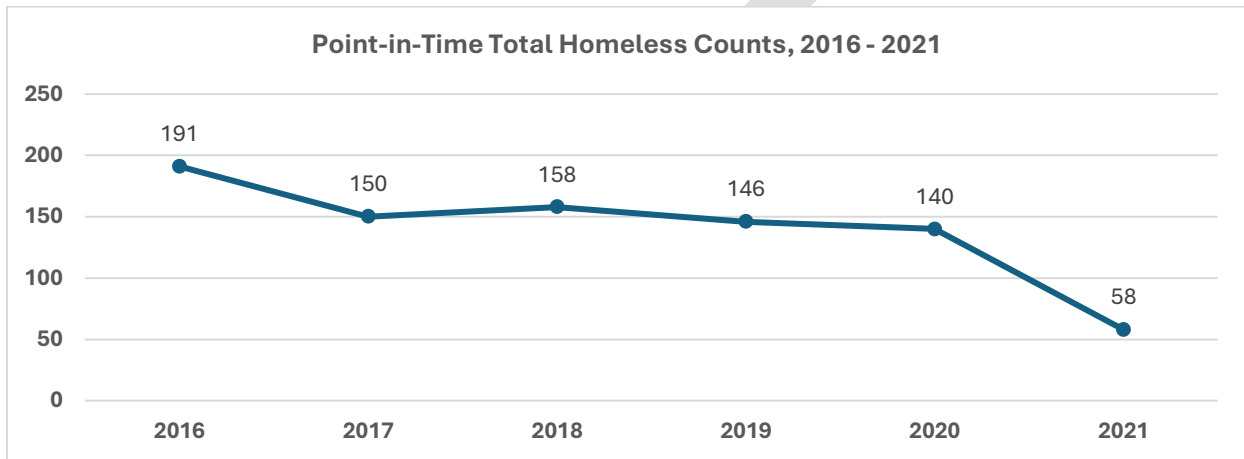
Source: US Census, ACS

Homelessness

Homeless counts, derived from Point-in-Time data collection efforts, shows that the homeless population in Norwalk fell by 70% from 2016 to 2021. This dramatic drop is attributable to a combination of factors including the aggressive intervention of homeless service providers such as Open Doors; housing and vouchers provided by the Norwalk Housing Authority; Connecticut’s Zero, 2016 state initiative to end homelessness; and robust federal funding support for homeless prevention programs and shelters.

While this positive trend points to Norwalk’s success in curbing chronic homelessness, there are enduring challenges related to housing security in Norwalk. Not all homeless persons are captured by the point-in-time data. Moreover, the long-term effects of the Covid

pandemic including the expiration of eviction protections alongside the significant shortage of housing for very low-income households have increased the risk of homelessness. Over the last year, there has been an increased spike in the homeless population in Connecticut generally, which has in turn translated into increased demands on Norwalk’s shelter system. In fiscal year 2023, Open Doors served 149 homeless individuals compared to 153 individuals it has served just the first five months of fiscal year 2024. Rising rents and reduced inventory are raising concerns that Norwalk’s very-low income households, such as those earning less than 50% of area median income, are becoming increasingly vulnerable to homelessness or at least displacement from the City.

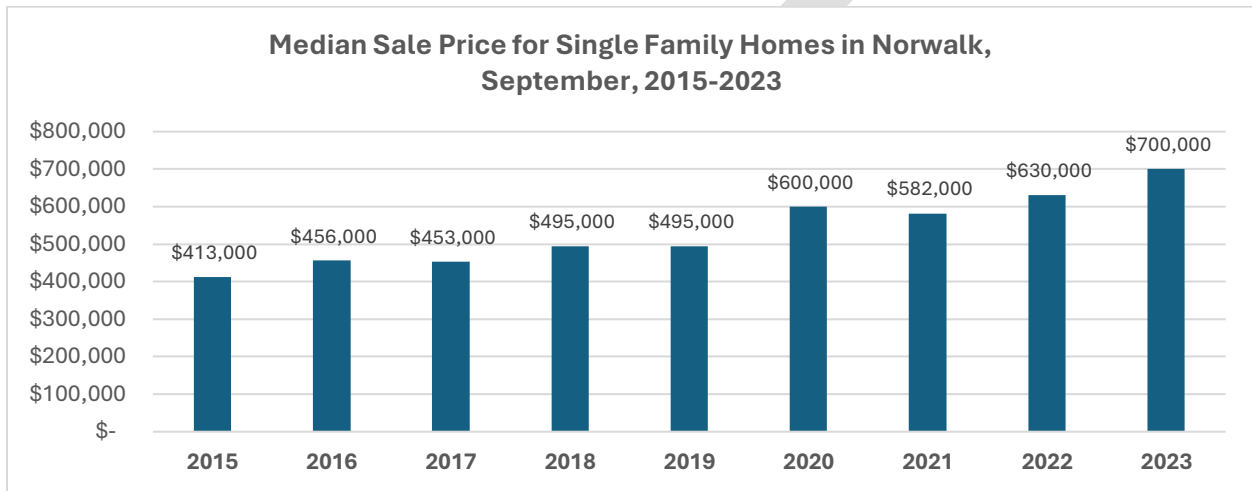


Source: Connecticut Coalition to End Homelessness

SECTION IV: HOUSING MARKET TRENDS

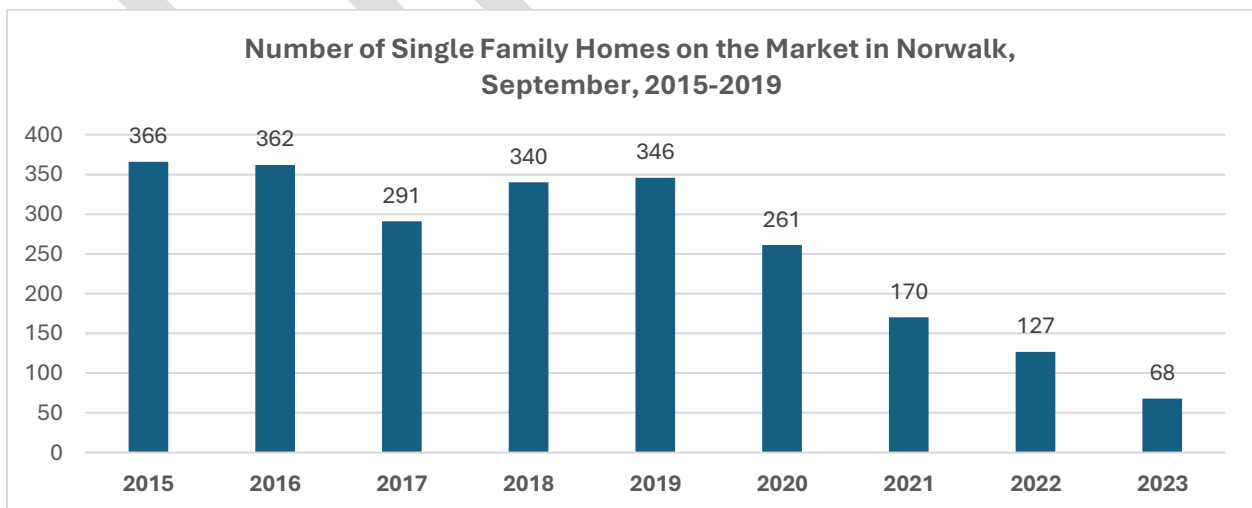
Homeownership Market

Since 2015, there has been a steady increase in the median sales price for single family homes in Norwalk, rising by 41% from \$413,000 in September 2015 to \$700,000 in September 2023. During this same period, the median sales price for single family homes in Fairfield County grew even more dramatically, rising by 55% from \$367,000 in 2015 to \$570,000 in 2023.



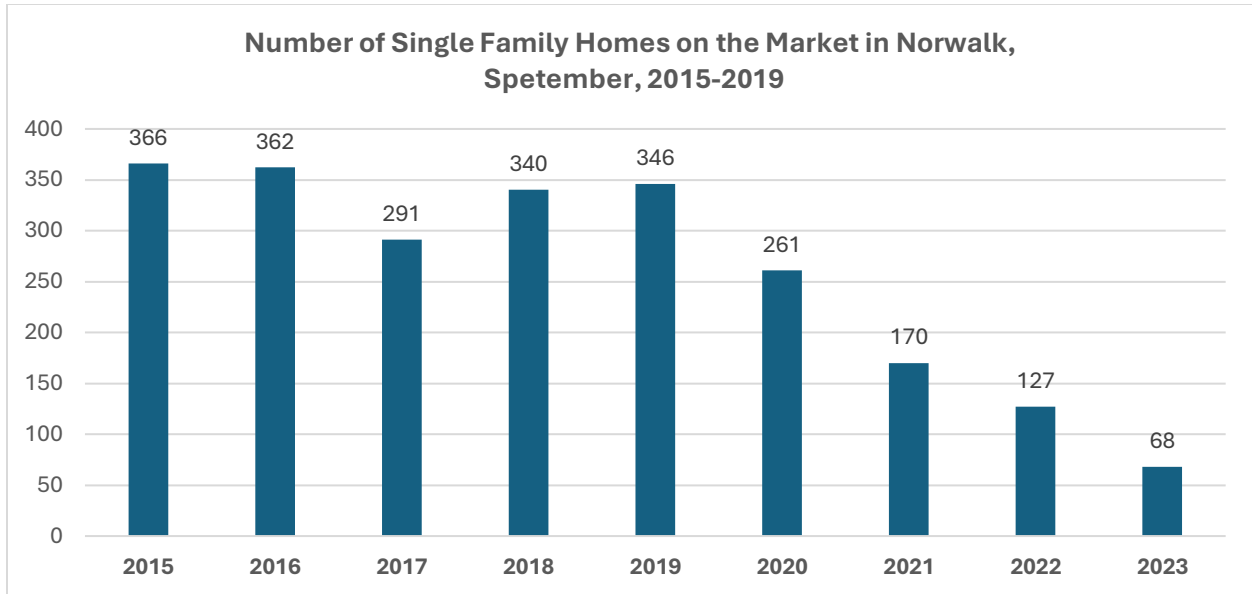
Source: RedFin

This housing market trend is further reflected by the plummeting of the sales inventory on the market. The number of single family homes on the market in Norwalk fell by 81% from 366 units in September 2015 to only 68 units in September 2023. During this same period in Fairfield County, the inventory declined by 74%



Source: RedFin

Single family homes do not stay on the market very long in Norwalk. Whereas the average number of days that a home was on the market was 100 days in September 2019, the average was only 27 days in September 2023. In Fairfield County, the average number of days on the market fell during this same period from 90 days to 37 days.

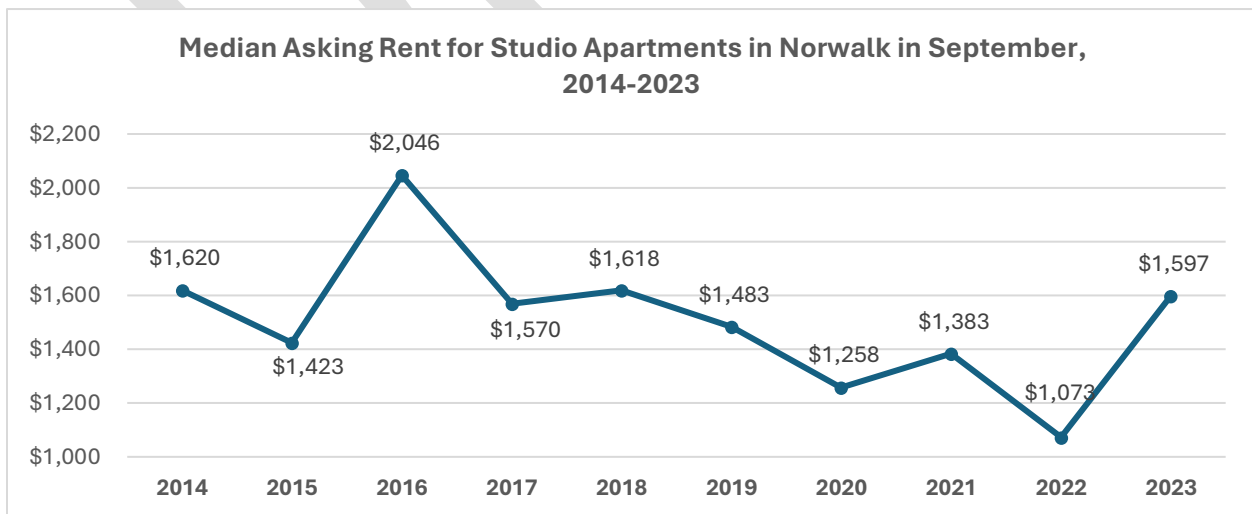


Source: RedFin

Rental Market

Studio Apartments

In spite of the overall rise in housing costs in Norwalk, the median asking rent for studio apartments was actually higher in 2014 (\$1,620) than it was in 2023 (\$1,597). It should be noted, however, that median rental data becomes increasingly distorted as the total inventory declines.



Source: Rent Café

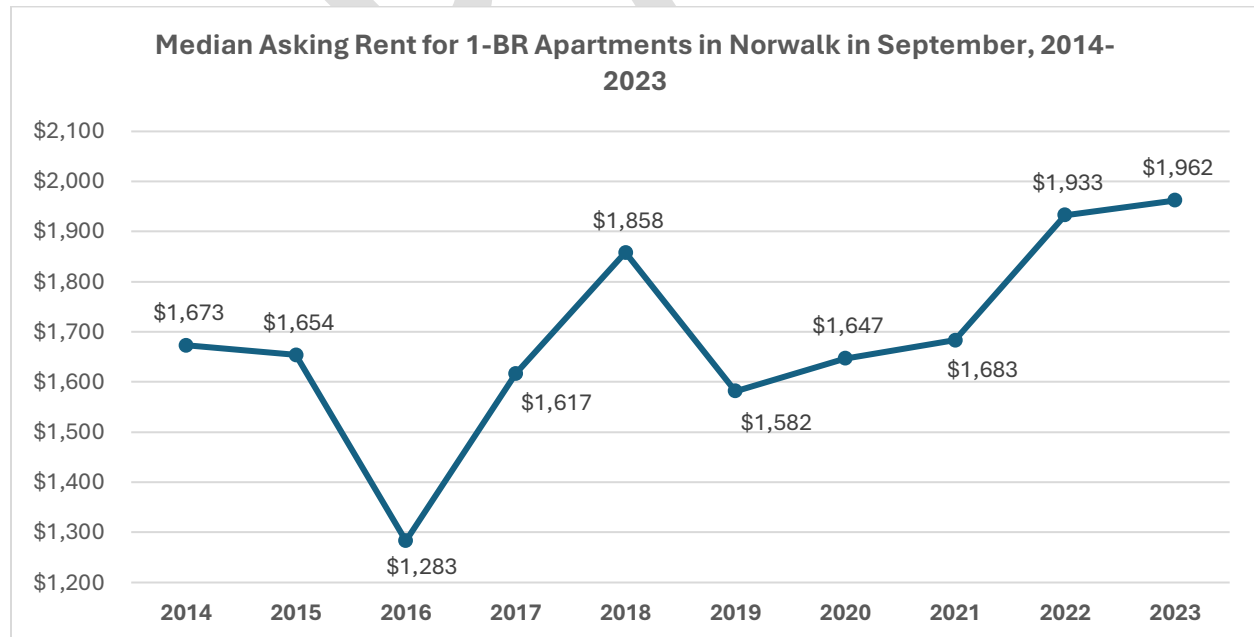
Based on listings data collected from Zillow in April 2024, there are currently 29 studio apartments in Norwalk that are on the market. Approximately 75% of these studio apartments are priced over \$1800. A household’s annual income would need to be at least \$72,000 to afford \$1800 in rent and not be cost burdened as measured by paying more than 30% of pre-tax income toward housing costs.

Distribution of Listed Prices for Studio Apartments Currently on the Market in Norwalk (April 2024)		
Price Range	Number of Listings	Percentage of Total Listings
\$1000 - \$1199	1	3.4%
\$1200 - \$1399	1	3.4%
\$1400 - \$1599	1	3.4%
\$1600 - \$1799	4	13.8%
\$1800 - \$1999	9	31.0%
\$2,000 - \$2,199	10	34.5%
\$2,200 - \$2,399	0	0.0%
\$2,400 - \$2,599	2	6.9%
\$2,600 - \$2,799	0	0.0%
\$2,800 - \$3,000	1	3.4%

Source: Zillow

One-Bedroom Apartments

The price of one bedroom apartments rose from \$1,673 in 2014 to \$1,962 in 2023.



Source: Rent Café

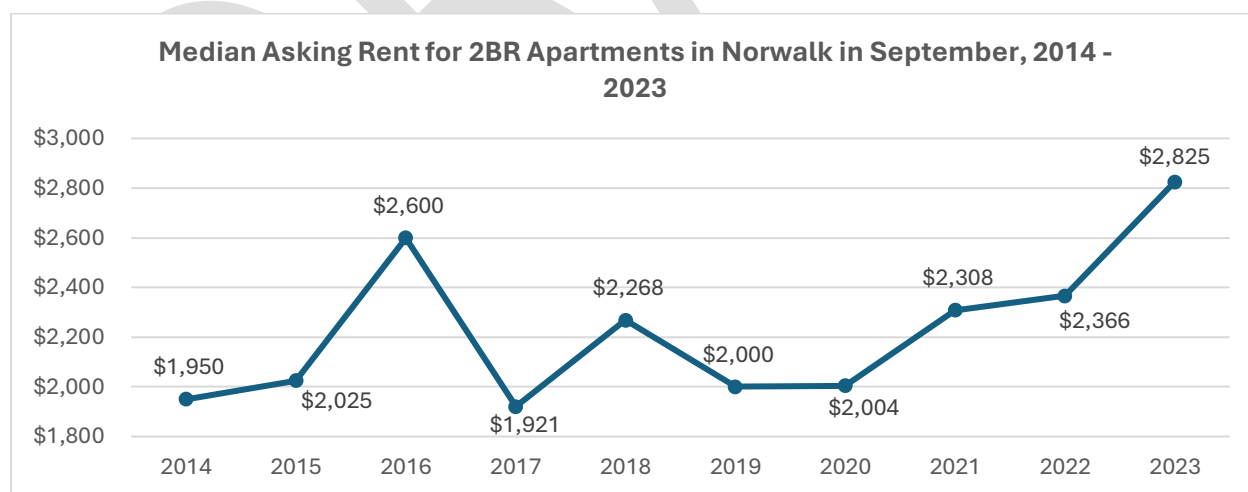
Based on listings data collected from Zillow in April 2024, there are currently 131 one-bedroom apartments in Norwalk that are on the market. The vast majority (86%) of these studio apartments are priced over \$2,000. A household’s annual income would need to be at least \$80,000 to afford \$2000 in rent and not be cost burdened as measured by paying more than 30% of pre-tax income toward housing costs.

Distribution of Listed Prices for 1-Bedroom Apartments Currently on the Market in Norwalk (April 2024)		
Price Range	Number of Listings	Percentage of Total Listings
\$1000 - \$1199	1	0.8%
\$1200 - \$1399	3	2.3%
\$1400 - \$1599	1	0.8%
\$1600 - \$1799	7	5.3%
\$1800 - \$1999	7	5.3%
\$2,000 - \$2,199	14	10.7%
\$2,200 - \$2,399	31	23.7%
\$2,400 - \$2,599	45	34.4%
\$2,600 - \$2,799	12	9.2%
\$2,800 - \$2,999	6	4.6%
\$3,000 - \$3,200	4	3.1%

Source: Zillow

Two-Bedroom Apartments

The most dramatic increase in prices in recent years has been in two-bedroom apartments, rising by 31% from \$1,950 in 2014 to \$2,825 in 2023.



Source: Rent Cafe

Based on listings data collected from Zillow in April 2024, there are currently 90 two-bedroom apartments in Norwalk that are on the market. The vast majority (92%) of these studio apartments are priced over \$2,600. A household’s annual income would need to be

at least \$104,000 to afford \$2,600 in rent and not be cost burdened as measured by paying more than 30% of pre-tax income toward housing costs.

Distribution of Listed Prices for 2-Bedroom Apartments Currently on the Market in Norwalk (April 2024)		
Price Range	Number of Listings	Percentage of Total Listings
\$1,800 - \$1,999	1	1.1%
\$2,000 - \$2,199	1	1.1%
\$2,200 - \$2,399	2	2.2%
\$2,400 - \$2,599	3	3.3%
\$2,600 - \$2,799	12	13.3%
\$2,800 - \$2,999	11	12.2%
\$3,000 - \$3,199	11	12.2%
\$3,200 - \$3,399	14	15.6%
\$3,400 - \$3,599	10	11.1%
\$3,600 - \$3,799	11	12.2%
\$3,800 - \$3,999	3	3.3%
\$4,200 - \$4,399	4	4.4%
\$4,600 - \$4,799	6	6.7%
\$5,000 - 5,200	1	1.1%

Source: Zillow

DRAFT

SECTION V: POTENTIAL POLICY RESPONSES TO HOUSING NEEDS

The housing needs assessment, which included extensive public engagement and stakeholder meetings and comprehensive demographic and market research, identified a need to increase the supply of housing at all income levels. The following section outlines potential policy responses to address the critical housing needs of Nowalk residents. Note that the pathways suggested below are purely preliminary. Using the housing needs assessment as a tool, the consulting team will be generating a complete policy framework with more specific actions and implementation steps.

Local Zoning and Regulatory Changes

The City can implement additional zoning and regulatory tools to encourage the development of affordable housing. Potential tools include expansion of the workforce housing requirements; increasing density bonuses for the provision of affordable housing units; further incentivizing family-sized affordable housing and workforce housing units; allowance to alternative housing types such as single-room occupancy buildings; and increasing permitted density to facilitate increased supply of all housing types. In addition, the City can further explore transit oriented development incentives, reduction of parking requirements, and reducing the limitations on accessory dwelling units (ADUs). Lastly, the City could streamline the development review and approval process for affordable developments, which decreases the development costs for the applicant and could advance projects in a more efficient manner.

Public Private Partnerships

Underutilized city-owned land could be redeveloped for affordable housing, including family sized and deeply affordable units, through public private partnerships. Through a Request for Proposals process the City could seek development proposals with specific criteria to meet identified housing needs and community goals on identified underutilized parcels. Through this competitive solicitation process, the City could identify a preferred development program that could be implemented through a mix of public land, public funds (e.g., grants), and private capital.

Tax and Financing Innovations

The City can utilize financing innovations to facilitate affordable housing development, as well as the preservation and rehabilitation of existing affordable housing. Financing innovations include micro-grants, community land trusts, and tax abatements. Mico-grants could be used to facilitate capital improvements on existing developments. Community land trusts utilized for ownership units to facilitate income restrictions and resale limitations. Tax abatements can be utilized to incentivize affordable housing development.

Administration and Implementation

To realize the policies and implementation measures identified in the Affordable Housing Action Plan, it will be important for the City to track progress. The Affordable Housing Action Plan will identify key policy strategies, implementation measures, responsibility for the action item, and anticipated timeline. To document progress, the City should implement a tracking system for annual housing starts and demolitions to chart annual shifts in its housing supply.

Federal and State Advocacy

A barrier to certain types of affordable and missing middle housing—in particular, home ownership units—are the tax and financing policies at the state and federal level. Norwalk can utilize its state and federal delegations to lobby for policy changes needed to overcome the institutional, financing, and tax code barriers to multi-family ownership buildings including condominiums and limited equity coops. Such policies that encourage rental over ownership units include the federal IRC §42 Low Income Housing Credit Program. At the state level, programs such as the Department of Housing Homeownership Initiative (PA 22-118) could be expanded. In addition, the City can continue to advocate for more governmental funding for public and affordable housing.