

ARTICLE 101 Workforce Housing Regulation Section

118-1050. Workforce Housing Regulation. [Added effective 1-16-1987; amended effective 12-30-1988; 1-26-2007; 11-27-2009; 7-27-2012; 2-27-2015; 2-26-2016; effective 4-27-2018; 6-14-2019; 2021-12 R, effective 5.15.21]

- A. Purpose and intent. It is recognized that a shortage of affordable workforce housing exists in Norwalk for persons of moderate income; that such shortage is detrimental to the public health, safety and general welfare and to economic development; and that existing housing programs, by themselves, are insufficient to meet the needs of the workforce and moderate-income households. The purpose of this regulation is to provide for a full range of workforce housing options, with a priority given to ownership housing, and to increase the supply of workforce housing units affordable to persons of moderate incomes by encouraging the construction of such housing units within specified multifamily and mixed use developments. It is intended that private developers who construct developments with moderately priced workforce housing units pursuant to these regulations will realize a reasonable profit therefrom.
- B. Authority. This section is adopted under the authority of Section 8-2i of the Connecticut General Statutes and is consistent with the requirements of Section 8-30g.
- C. Definitions. As used in this section, the following terms shall have the meanings indicated:

WORKFORCE HOUSEHOLD -- A household with an annual income which does not exceed eighty percent (80%) or, where required, sixty percent (60%) or one hundred percent (100%), of the State of Connecticut Median income, as adjusted for family size, as published by the United States Census Bureau and periodically updated by the U. S. Department of Housing and Urban Development (HUD). Household eligibility determinations shall be made in accordance with the income criteria in Section 8-30g-8 of the regulations of Connecticut State Agencies.

WORKFORCE HOUSING UNIT -- A dwelling unit occupied by a workforce household where the maximum sales price or rent shall be restricted in perpetuity for the life of the unit in accordance with the maximum housing payment calculations as described in Section 8-30g-8 of the regulations of Connecticut State Agencies.

RESALE -- Any transfer of original ownership interest in a workforce housing unit to a new owner other than an original owner's spouse or co-owner.

D. Regulations for Workforce Housing.

- (1) All zoning permits for the construction of multi-family or mixed-use developments containing three (3) to nine (9) dwelling units, shall either include one workforce housing unit, affordable to households, earning no more than eighty percent (80%) of the state median income or be accompanied by an inclusionary zoning fee of ten dollars \$10.00 per one thousand dollars \$1,000 of residential construction cost, to be paid into a fund to be used to construct rehabilitate or repair affordable housing for individuals or families of lower income levels, whose annual income does not exceed 60% of the state median income.
- (2) All zoning permits for the construction of multi-family or mixed-use developments containing ten (10) or more dwelling units shall designate:
 - a) a minimum of ten percent (10%) of the total number of dwelling units as workforce housing units, affordable to households, earning no more than sixty percent (60%) of the state median income; or,

- b) a minimum of ten percent (10%) of the total number of dwelling units as workforce housing units, affordable to households earning no more than eighty percent (80%) of the state median income. In addition, these applications shall be accompanied by an inclusionary zoning fee of ten dollars (\$10.00) per one thousand dollars (\$1,000) of residential construction cost to be paid into a fund to be used to construct rehabilitate or repair affordable housing for individuals or families of lower income levels, whose annual income does not exceed 60% of the state median income. Developments that utilize this provision are not required to provide more than one parking space per dwelling unit and may reduce recreation space to 100 square feet per unit. (Added effective 4-27-2018); and
 - c) if the total number of workforce housing units required does not equal a whole number, the applicant shall either designate one (1) additional unit as a workforce unit or pay an inclusionary zoning fee of ten dollars (\$10.00) per one thousand dollars (\$1,000) of residential construction cost on the fractional remainder, to be paid into a fund to be used to construct rehabilitate or repair affordable housing for individuals or families of lower income levels, whose annual income does not exceed 60% of the state median income (Added effective 5-15-2021).
- (3) Existing multi-family or mixed-use developments that do not contain designated workforce units and are proposing additional dwelling units shall comply with §118-1050 D1 or D2 for all proposed new residential construction (Added effective 5-15-2021).
- (4) Any three-bedroom dwelling unit, designated as a workforce housing unit, complying with §118-1050 D2 or D3, may count each three-bedroom unit as two workforce housing units for purposes of complying with the ten percent (10%) requirement, provided that the aggregate number of three-bedroom dwelling units in such a development that are counted as two affordable dwelling units shall not exceed the aggregate number of market-rate three-bedroom dwelling units in such development.
- (5) The workforce housing units shall be offered for sale or rent to workforce households, or to a municipal agency or a nonprofit housing agency, who shall offer the workforce housing units to workforce households, in accordance with the following priority designations:
- a) Existing tenants displaced by the proposed new development or the immediate past tenants that previously occupied any of the properties where existing housing units are to be removed. (Added effective 2-26-2016)
 - b) Employees of the City of Norwalk and the Norwalk Board of Education; Residents of the City of Norwalk who have resided in the City of Norwalk a minimum of one (1) year prior to the issuance of a certificate of occupancy; and Persons employed in the City of Norwalk.
 - c) All others.
- (6) The annual income of workforce households shall be reviewed and certified by the Commission, or its designee, in accordance with a procedure established in advance and approved by the Commission.
- (7) The Commission, or its designee, shall maintain a list of eligible workforce households in each category. Applicants shall be selected by lottery, conducted in accordance with a procedure established in advance of said lottery and approved by the Commission.

- (8) The Commission, or its designee, shall exhaust all qualified applicants in a given category of priority before proceeding to a lower category of priority.
- (9) The selected workforce household shall reside in the designated workforce housing unit.
- (10) Workforce housing units for sale shall not exceed the maximum purchase price as calculated in accordance with the maximum housing payment calculations in set-aside developments as per Section 8-30g-8 of the regulations of Connecticut State Agencies, as adjusted for family size.
- (11) Workforce housing units for rent shall not exceed the maximum monthly rent as calculated in accordance with the maximum housing payment calculations in set-aside developments as per Section 8-30g-8 of the regulations of Connecticut State Agencies, as adjusted for family size. However, within the **CBD and SSDD**, should household earning increase after initial tenancy, such unit shall be considered to be in compliance with the provisions of this regulation, provided eligible household income does not exceed eighty (80) percent of state median income. [Amended effective 6-14-2019]

E. Bonus Provisions.

- (1) Where the workforce housing units are located in one of the zones listed below and constructed on the same site and as an integral part of a new market rate development, the Commission shall allow an increase in the permitted number of dwellings (density) by not more than twenty percent (20%), provided that such bonus units shall comply with the bonus unit criteria shown below: [Amended effective 4-27-2018]

Central Business Design District
 South Norwalk Business District
 Washington Street Design District
 Reed-Putnam Design District

| Density Bonus Provisions | Maximum Household Income Criteria | Ratio of Bonus market rate units to Bonus workforce units |
|------------------------------------|-----------------------------------|---|
| Up to Additional 20% bonus density | 60% of State Median Income | 2 market rate: 1 workforce unit |
| | 80% of State Median income | 1.5 market rate: 1 workforce unit |

- (2) Once the above criteria is met, the Commission shall allow an increase in the permitted number of dwellings (density) by an additional ten percent (10%), up to thirty percent (30%) maximum, provided that the bonus units may comply with the bonus unit criteria shown below:

| Density Bonus Provisions | Maximum Household Income Criteria | Ratio of Bonus market rate units to Bonus workforce units |
|--------------------------|-----------------------------------|---|
| Additional 10% | 100% of State Median income | 1 market rate: 1 workforce unit |

- (3) In developments where such bonus units are proposed, the Commission shall modify the yard, building area and floor area ratio requirements of the zone in which the property is located, up to a maximum of ten percent (10%) and, permit one (1) additional story, solely where the applicant has demonstrated and the Commission determines that such modifications will not adversely affect adjacent properties or the public health, safety and welfare.

F. Additional standards.

- (1) Workforce Housing Affordability Plan: Workforce housing units shall be reasonably dispersed throughout the development and shall contain, on average, the same number of bedrooms and the same quality of construction as the other units in the development, as detailed in an Affordability Plan submitted by the applicant. Such plan may allow for equity sharing.

For properties located in the CBD or SSDD, the plan should include a reference to the one (1) percent fee, based on residential construction cost, that is paid to the City of Norwalk, and placed into a fund to be used exclusively for the construction or rehabilitation of affordable housing for individuals of lower income levels or families whose annual income does not exceed sixty percent (60%) SMI. [Amended effective 6-14-2019]

- (2) Workforce housing units shall be developed simultaneously with or prior to the development of the other units.
- (3) Workforce Housing Deed Restrictions: In order to maintain workforce housing units as affordable in perpetuity for workforce households, the following restrictions shall apply:
 - a) Workforce housing units for sale shall be restricted by title to require that, in the event of any resale by the owner or any successor, the resale price shall not exceed the then maximum sales price for said workforce housing unit, as determined in accordance with Subsection D(10) above or the sum of the original purchase price and the cost of any documented fixed improvements made by the owner, whichever is greater.
 - b) Workforce housing units for rent shall be restricted by title to require that the rents for said units shall not exceed the maximum rent as determined in accordance with Subsection D(11) above.
- (4) Where these regulations result in a fraction, the result shall be rounded up to the nearest whole number.

G. Location of workforce units.

Workforce housing units shall be built on the same site as the proposed development, as provided herein. [Amended effective 2-27-2015]

H. Fee-In-Lieu Payment

- (1) Alternative method of Compliance: Pursuant to an application for a Special Exception, the Commission shall allow an alternative method of satisfying the workforce housing requirement, including the payment of an appropriate in-lieu housing fee.
- (2) The workforce housing unit requirement may be satisfied, in whole or in part, through the payment of a "Fee-in-lieu" cash contribution to a City of Norwalk fund, or other Commission approved non-profit or for-profit organization dedicated to affordable housing initiatives. Off-site workforce housing units created with such funds shall be maintained as affordable in perpetuity and in the same manner as on-site workforce housing units. The cash contribution to be provided shall be calculated based on the applicable State of

Connecticut median income, as periodically revised, and on the unit (bedroom) size as described in the Affordability Plan, and on the following criteria:

- a) Units affordable to households earning sixty percent (60%) of the applicable median income shall require a cash contribution not less than three hundred and seventy percent (370%) of the State Median Income*
- b) Units affordable to households earning eighty percent (80%) of the applicable median income shall require a cash contribution not less than two-hundred and seventy percent (270%) of the State Median Income*
- c) Units affordable to households earning one hundred percent (100%) of the applicable median income shall require a cash contribution not less than two-hundred and twenty percent (220%) of the State Median Income*

Sample 2006 cash contribution for a workforce housing unit:

Units for households @ 60% of state median income: $\$81,000 \times 370\% = \$299,700$

Units for households @ 80% of state median income: $\$81,000 \times 270\% = \$218,700$

Units for households @ 100% of state median income: $\$81,000 \times 220\% = \$178,200$

- (3) Where the contribution is targeted to assist an identified off-site project providing affordable workforce housing, the Commission shall condition the issuance of certificates of occupancy for the development project with the completion of the off-site workforce housing units and/or establish other reasonable performance conditions necessary to insure that the off-site work force housing units will be built in a timely manner.
- (4) The in-lieu fee shall be paid according to the following schedule:
 - a) Twenty-five percent (25%) prior to the issuance of a building permit.
 - b) Twenty-five percent (25%) prior to the renting or sale of twenty-five percent (25%) of the dwellings.
 - c) Fifty percent (50%) prior to the renting or sale of fifty percent (50%) of the dwellings.

Bonus Density for Multifamily Development by Zoning District

[Amended effective 2-26-2016; 10-28-2016; 4-27-2018; 6-14-2019]

| Zone | Existing Density for Multifamily Development | Density with bonus |
|--|---|---|
| SoNo Station Design District [Amended effective 4-27- 2018] | 87 units/acre 500 sf of lot area per dwelling unit | 10% 95 units/acre 20% 104 units/acre 30% 113 units/acre |
| South Norwalk Business District | 26 units/acre 1,650 sf of lot area per dwelling unit | 10% 29 units/acre 20% 32 units/acre 30% 34 units/acre |

| | | |
|---|--|--|
| <p>Central Business Design District</p> <p>[Amended effective 2-26-2019; 10-28-2016; 6-14-2019]</p> | <p>87 units/acre</p> <p>500 sf of lot area per dwelling unit</p> | <p>10% 95 units/acre Subareas A & B</p> <p>20% 104 units/acre Subareas A & B</p> <p>30% 113 units/acre Subareas A & B</p> |
| <p>Washington Street Design District</p> | <p>No density limit: 600 sq ft of building area devoted to such uses</p> | |
| <p>Reed-Putnam Design District</p> | <p>62 units/acre</p> <p>700 sf of lot area Subarea D</p> <p>29 units/acre</p> <p>1,500 sf of lot area Subareas C & E</p> | <p>10% 69 units/acre Subarea D</p> <p>32 units/acre Subareas C & E</p> <p>20% 75 units/acre Subarea D</p> <p>35 units/acre Subareas C & E</p> <p>30% 81 units/acre Subarea D</p> <p>38 units/acre Subareas C & E</p> |

Link to Department of Housing (DOH) Affordable Housing Appeals Act Regulations; scroll down to 8-30g-8 Maximum Housing payment calculations:

https://portal.ct.gov/-/media/SOTS/regulations/Title_08/030gpdf.pdf?la=en