

CHAPTER 2: HOUSING

As one of the principal land uses within a community, housing and housing-related issues affect all residents. The form, layout, condition, and cost of housing available within a community are key to the quality of life within a community. Prospect's current housing status will be examined in this chapter to determine what housing needs exist and to formulate courses of action to address those needs in the coming decade.

Current and past housing data comes from several sources. The US Census Bureau collects housing data in its decennial census via comprehensive surveying methodology. It has released housing data relating to total numbers of vacant and occupied housing units for the most recent (2010) Census. These numbers are shown in Table 6. It has not yet released more detailed housing data from the 2010 Census, so in its place, data from the Census Bureau's American Community Survey (ACS) has been used. This data is collected from a far smaller survey group than the decennial census, and is therefore generally less accurate; however, general trends can be ascertained. To supplement both data sets, building permit data from the CT Department of Economic and Community Development has been used. While these data sets are not considered entirely accurate, they are used together to present an overall idea of housing characteristics and changes in Prospect.

EXISTING HOUSING CHARACTERISTICS

The 2010 Census recorded 3,474 housing units in Prospect. Ninety-six point six percent (96.6%) of the housing units were occupied leaving a 3.4% vacancy rate. Of the total 3,357 occupied housing units, 92.4% were owner-occupied and the remaining 7.6% were renter-occupied units. According to Census counts, 117 housing units were vacant.

Table 6 depicts the housing unit characteristics of Prospect compared to its neighboring communities, New Haven County and the State of Connecticut. The Town's vacancy rate of 3.4% was lower than the New Haven County and State rates of 7.6% and 7.9%, respectively. In terms of local communities, Prospect at 3.4% had the lowest vacancy rate, with the more urbanized Waterbury having the highest and Naugatuck the second highest. The towns with a similar high percentage of single family housing units all had very low vacancy rates, well below the State and County rates.

Prospect's percentage of rental units (7.6%) is considerably lower than the New Haven County and State of Connecticut rates. The communities in the immediate region all have renter percentages that are much higher than Prospect with the exception of Bethany, which has an even lower rental rate than Prospect. Thus, Prospect has a housing stock whose composition in terms of occupancy of units is characteristic of a small community in the region. This fact is indicative of Prospect's single family dominant housing stock, and the lower percentage of rental stock may also be explained by the high number of rental units in surrounding communities that satisfy much of the demand for rental housing in the immediate area.

TABLE 6

Housing Unit Characteristics: 2010 Prospect and Surrounding Communities						
	Total Housing Units	% Occupied	% Vacant	Total Occupied Units	% Owner Occupied	% Renter Occupied
PROSPECT	3,474	96.6%	3.4%	3,357	92.4%	7.6%
Cheshire	10,424	96.3%	3.7%	10,041	86.7%	13.3%
Waterbury	47,991	89.1%	10.9%	42,761	47.0%	53.0%
Naugatuck	13,061	94.5%	5.5%	12,339	67.9%	32.1%
Bethany	2,044	96.4%	3.6%	1,971	92.9%	7.1%
New Haven County	362,004	92.4%	7.6%	334,502	63.4%	36.6%
Connecticut	1,487,891	92.1%	7.9%	1,371,087	67.5%	32.5%

Source: U.S. Bureau of the Census, Decennial Census.

DEVELOPMENT TRENDS

Prospect's housing stock of 3,397 units, as enumerated by the 2011 American Community Survey and shown in Table 7, consisted of 90.1% single family detached housing; 2.0% single family attached (generally Town Homes); 1.5% multi-family housing (5 units or more); 2.5% two, three and four family housing; and 4.0% mobile home or other.

Zones that allow for single family residential use are illustrated on Map 4, *Land Zoned for Single Family Residential Use*, and housing density is illustrated in Map 5, *Housing Density by Block Group*. The densest areas of housing in Prospect are generally found in the northern and eastern parts of the town.

TABLE 7

Change in Housing Units by Structure Type: 2000 to 2011 Prospect, CT						
Type Of Structure	Total Housing Units 2000 Census	% of Housing Stock	Total Housing Units 2011 ACS*	% of Housing Stock	Change in Units 2000-2011	% Change Between 2000-2011
1 unit, detached	2,847	92.0%	3,059	90.1%	212	7.4%
1 unit, attached	22	0.7%	67	2.0%	45	204.5%
2 to 4 units	78	2.5%	85	2.5%	7	9.0%
5 or more units	17	0.5%	50	1.5%	33	194.1%
Mobile home, trailer, other	130	4.2%	136	4.0%	6	4.6%
TOTALS	3,094		3,397		303	9.8%

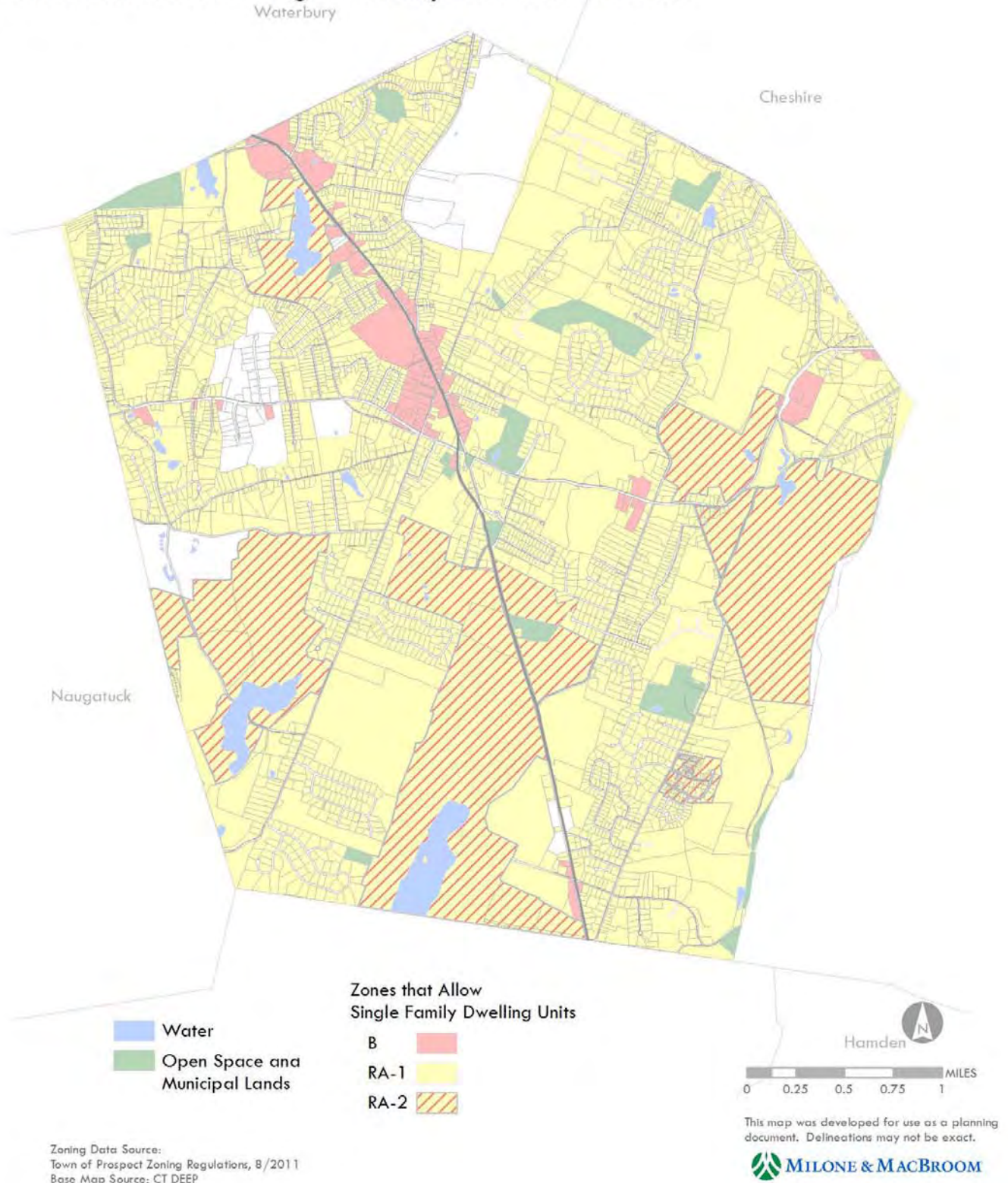
Source: U.S. Bureau of the Census, ACS

Table 7 illustrates changes that have occurred in the Town's housing stock between the 2000 Census and 2011. According to available data from the 2000 Census and the 2011 ACS 5-Year Estimates (which are based on a 5-year rolling average of estimates between 2007 and 2011), between 2000 and 2011 the number of housing units in single family detached structures increased by an estimated 212 units. Single family attached units increased by 45 units or 204.5% and multi-family housing (50 or more units) increased by 33 units or 194.1%. Both of these large percentages represent very small changes in the total number of units, but nevertheless show a decline in the overall percentage of single-family detached units, and an increase in those housing units that either single family attached, or buildings with five or more units. It can be assumed that a majority of the attached units are in the Toll Brothers development. The total estimated number of housing units in Prospect as of 2011 was 3,397. Figures 6 and 7 display these statistics in graphic form.

Town of Prospect

Plan of Conservation & Development

Land Zoned for Single Family Residential Use



Town of Prospect

Plan of Conservation & Development

Housing Density by Block Group

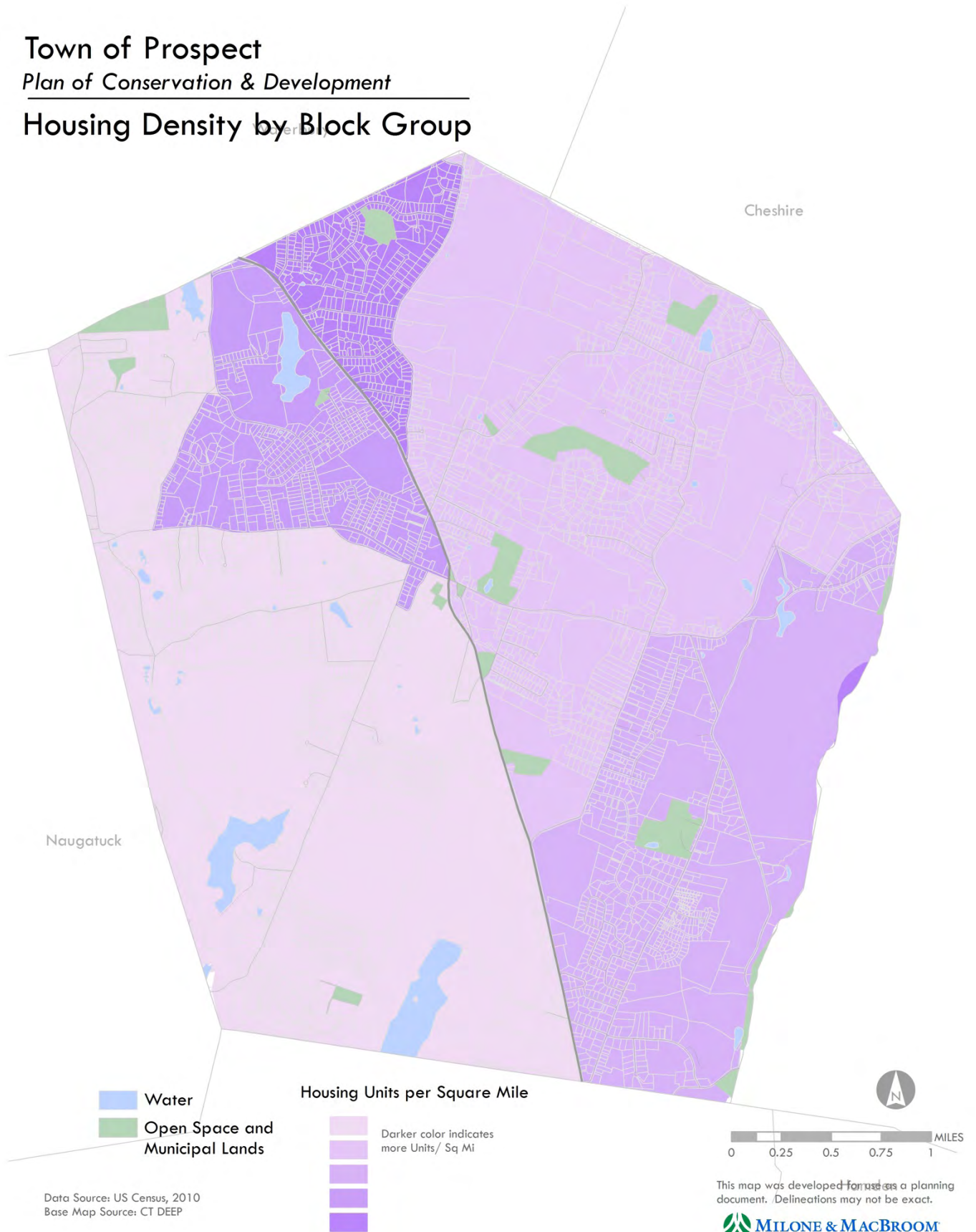


FIGURE 6

2000 Housing Stock Characteristics Prospect, CT

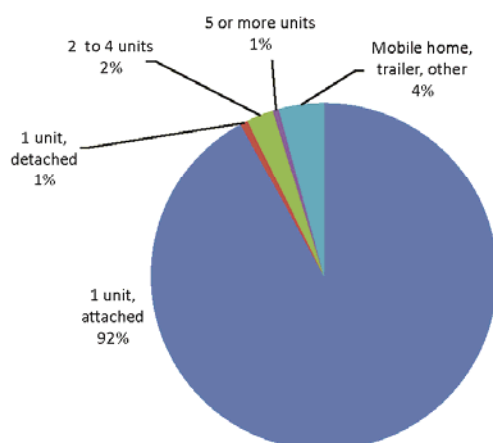
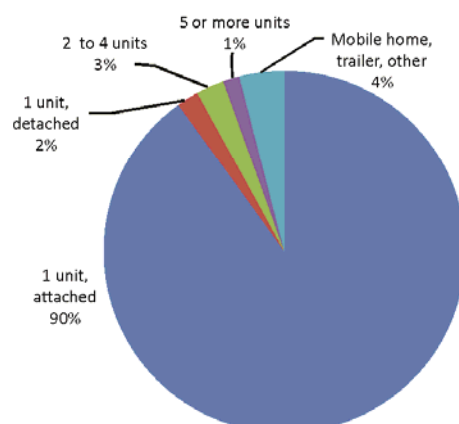


FIGURE 7

2011 Housing Stock Characteristics Prospect, CT



Based upon these figures, most of the increase in housing units since the 2000 Census have been in single family detached structures (212 out of 303).

In addition to the U.S. Census data, the State Department of Economic and Community Development (DECD) maintains an annual inventory of permits for housing units issued by town, current to 2011. As of 2011, DECD reported that Prospect had an estimated 3,411 housing units, an issuance of 564 permits since the 2000 Census. Of these units, 3,154 (92.5%) were single family attached and detached units, 73 (2.1%) were in two family structures, 2,058 (11.3%), and 39 (1.1%) were in structures with five units or more. There were no three or four family structures. There were also 145 mobile homes. It should be noted that often building permits are issued but the units are not built. This was specifically true with the burst of the housing bubble.

To quantify the housing unit growth that occurred in the Town during the last 10 years, statistics from the State of Connecticut Department of Economic and Community Development were used to determine housing construction authorizations by structure type by year. These statistics are presented in Table 8. All of Prospect's new housing development during the last decade was in the form of single-family detached housing and single-family town homes. Although 372 new housing permits were issued in Prospect between 2002 and 2011, the Town only experienced a net gain of 261 units during this period due to a number of demolitions. Since 2008, the Town ranked in the top twenty of Connecticut communities in terms of annual net gain in housing permits. Housing construction has remained extremely steady in Prospect, even as the number of net housing units Statewide has dropped.

TABLE 8

Housing Units & Construction Activity Authorized: 2002-2011								
Town of Prospect								
Year	Total Units Authorized	1 Unit	2 Unit	3 & 4 Units	5 or More	Demolitions	Net Gain	Rank in State by Net Gain
2011	49	49	0	0	0	0	49	12
2010	48	48	0	0	0	2	46	14
2009	36	36	0	0	0	1	35	16
2008	57	57	0	0	0	na	na	na
2007	39	39	0	0	0	na	na	na
2006	14	14	0	0	0	6	8	67
2005	33	33	0	0	0	2	31	104
2004	37	37	0	0	0	0	37	90
2003	28	28	0	0	0	0	28	103
2002	31	31	0	0	0	4	27	110
Totals	372	372	0	0	0	15	261	

Source: State of CT Department of Economic and Community Development, "Connecticut Housing Production and Permit Authorized Construction Report."

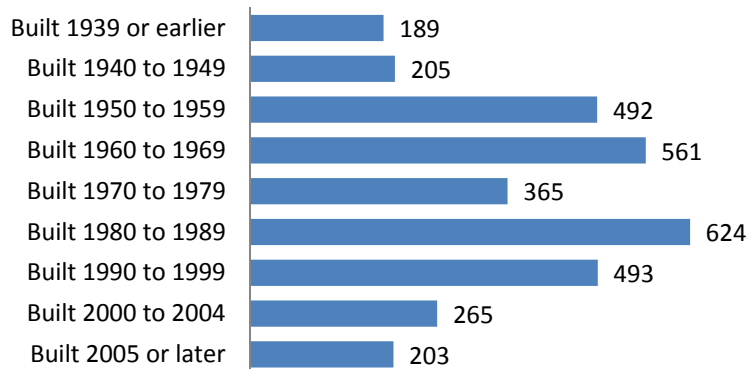
Prospect has very little diversity in housing stock and type. The Town almost entirely consists of single family detached housing built after middle of the twentieth century. There is a mix of moderately-valued residential structures with a mix of higher-end residential structures, although most structures are moderate in size and value. This value balance often has housing implications, including situations where a household experiences a decrease in income or size, and is in the market for a new home that is smaller or more affordable. Such units may be more difficult to find in Prospect; however, they are often abundant in surrounding communities, which may lead households in Prospect with shrinking sizes to leave the Town for more desirable housing stock in the surrounding towns.

An indicator of housing condition and housing variety in a community is the age of the housing stock. The age of housing stock generally affects both aesthetic appeal as well as the availability of a variety of housing types. As shown in Figure 8, only 26.1% of Prospect's housing stock was built before 1960. The number of housing units produced has been relatively stable every decade since then. 13.8% of the Town's total housing stock (468 units) was built from 2000 to the present.

FIGURE 8

Age of Housing Units, Prospect, CT

Total Units: 3,397



Source: US Census

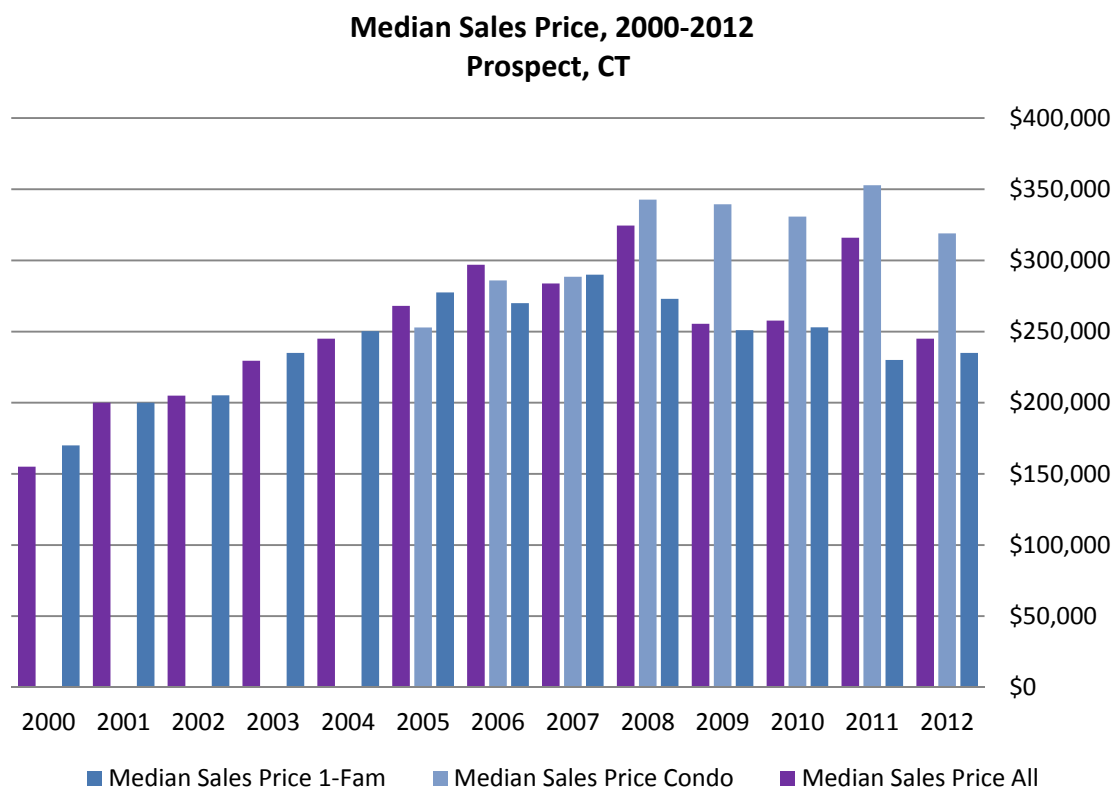
AFFORDABILITY OF HOUSING

The issue of housing affordability is a state-wide problem but is most acute in towns with a majority of single family housing built after the middle part of the twentieth-century. Affordability on a regional basis is also complex and defies simple solutions. The cost of housing is the result of a variety of factors including, but not limited to, the demand for a specific location, availability of buildable land, interest rates, and labor and material costs. Other factors, such as the age and quality of the existing housing stock as well as the introduction of new product to the market greatly affect the cost of housing. Other factors independent of housing cost, such as job growth and local economic conditions, all work together to influence the cost and availability of housing. Most of these factors are beyond the control of local governments.

The State of Connecticut requires that the issue of affordable housing be addressed in each community's Plan of Conservation and Development. Development over the years in Prospect has resulted in a housing stock that is not diverse in terms of housing types, density, and styles. Current zoning regulations do not allow much flexibility in terms of providing a wide range of allowable densities and housing types.

According to recent real estate market statistics for the period of 2002 to 2011 from The Warren Group, an average of 81 single family homes per year were purchased in Prospect. As shown in Table 9 & 10 and **Figure 9** median single-family residential sales prices were on an upward trend until 2007, and have since decreased and leveled off.

FIGURE 9



Source: The Warren Group

TABLE 9 & 10

Number of Sales & Median Sales Price in Prospect Single Family Homes, 2002-2012		
Year	Number of Sales	Median Sales Price
2002	114	\$205,250
2003	88	\$234,950
2004	102	\$250,250
2005	74	\$277,500
2006	92	\$269,950
2007	97	\$290,000
2008	77	\$273,000
2009	73	\$251,000
2010	55	\$253,000
2011	45	\$230,000
2012	77	\$235,000

Source: The Warren Group

Number of Sales & Median Sales Price in Prospect Condos, 2002-2012		
Year	Number of Sales	Median Sales Price
2002	-	
2003	-	
2004	-	
2005	16	\$252,900
2006	11	\$285,900
2007	6	\$288,500
2008	38	\$342,756
2009	40	\$339,399
2010	24	\$330,730
2011	34	\$352,833
2012	23	\$319,000

Source: The Warren Group

Compared to adjacent communities, over the past several years Prospect's median single-family sales prices have remained considerably lower than the comparable communities as shown in Table 11. Bethany is the highest-priced town in the immediate area. Although its sales prices were on par with Cheshire and Prospect in 2002, Bethany far outpaced both through 2007. Bethany's median sale price has dropped most precipitously since, although it is still nearly \$100,000 more than Prospect. Between 2002 and 2012, the median sales price in Prospect increased by 14.5%, while Cheshire increased by 18.8% and Bethany by 34.0%. Housing prices in Naugatuck, which has very different housing stock and housing characteristics, has decreased by 1.9%.

TABLE 11

Comparison of Median SF Home Sale Prices Prospect and Surrounding Communities, 2002-2012											
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Prospect	\$205,250	\$234,950	\$250,250	\$277,500	\$269,950	\$290,000	\$273,000	\$251,000	\$253,000	\$230,000	\$235,000
Bethany	\$242,500	\$335,000	\$320,000	\$372,500	\$415,000	\$435,000	\$362,500	\$314,000	\$317,500	\$300,000	\$325,000
Cheshire	\$261,000	\$290,000	\$329,000	\$344,000	\$360,500	\$342,250	\$327,000	\$339,900	\$307,000	\$335,000	\$310,000
Naugatuck	\$158,000	\$169,900	\$195,000	\$235,000	\$239,900	\$234,900	\$220,000	\$176,000	\$177,000	\$165,500	\$155,000

Source: The Warren Group

Much of the housing development in Prospect since 2007 has been the construction of new town homes developed by Toll Brothers in the northern part of the Town. Since 2008, town homes prices have outpaced single-family housing prices, as seen in Table 9 & 10. In 2012, the median sale price for a condominium/ town home in Prospect was directly on par with the single-family housing prices in Cheshire and Bethany. For comparison, the median sales prices of a condominium/ town homes in Cheshire was \$173,500 in 2012, while it was \$319,000 in Prospect. This is attributed to the newer, higher quality units within the Toll Brothers development. All such units in Prospect were in 55 adult communities.

Like many communities in Connecticut, Prospect experienced a dramatic climb in home sales prices from the latter half of the 1990s to 2007. A strong residential market had numerous positive impacts on communities like Prospect, such as rising assessments of residential properties (and thus increasing tax revenues from these properties) and attracting new residents to the Town.

Table 12 illustrates the number of single-family town home sales listings for the last week of December 2012 in Prospect. The vast majority of properties, 79% of the homes listed for sale, are clustered between \$200,000 and \$499,999. There were only 9 properties listed below \$200,000 and none below \$100,000 which creates a significant affordability barrier.

TABLE 12

Single Family Town Home Real Estate Listings by Price: December 2012		
	# of Listings	% of Listings
Less than \$100,000	-	0.0%
\$100,000-\$199,999	9	16.4%
\$200,000-\$299,999	20	36.4%
\$300,000-\$499,999	24	43.6%
\$500,000 or more	2	3.6%
Total	55	100.0%
<i>Source: Realtor.com (2012); compiled by MMI</i>		

With an average home sales price of \$303,646 and a 20% down payment to avoid mortgage insurance, a new homeowner would need a mortgage of \$243,000 and a down payment of nearly \$61,000. At an assumed interest rate of 4%, a \$243,000 mortgage would result in principal and interest payments of approximately \$1,054 per month. Assuming roughly \$1,000 per year in homeowner's insurance and a mil rate of 27.58, an additional \$572 per month in taxes and insurance would be added, leading to a total monthly housing cost of \$1,626. Using the standard calculation of 30% of gross household income for housing costs, a household would need to earn approximately \$65,040 per year to afford an average home in Prospect. This income level is 30.5% lower than Prospect's 2011 median household income (\$93,631), which itself is 49.8% more than the median household income for New Haven County as a whole (\$62,497).

On a regional basis, Prospect has the seventh highest median home sales price of the 13 municipalities in the Central Naugatuck Valley Council of Governments (COGCNV) for which data is available. In addition, statistics provided by HOMEConnecticut, an initiative of the Partnership for Strong Communities organization, indicate that Prospect has only a small "gap" in terms of raw dollars between its median household income and the qualifying income needed to purchase a home at the median sales price in the Town. Prospect's median household income is relatively high, as previously stated, and therefore many residents will have the average qualifying income needed to purchase a home. It should be noted that the median household income represents households already in place. The barrier to affordability in Prospect may be, therefore, in retaining the new households created by current residents (by providing smaller units, for example) or in attracting new residents to move into Prospect, especially given the high expected down payment.

In a community such as Prospect, an additional barrier to affordability is the lack of diversity of housing stock. Housing is almost entirely larger, single family detached homes. Even though the prices in Prospect are affordable for families seeking this type of housing, the lack of small units and rental units which appeal to both new families and downsizing families, limits the diversity in population, and the overall affordability of Prospect. Because the income levels are relatively high, this may simply be a supply side problem. The addition of more units, and more diversity of units could expand affordability without reducing existing housing value significantly.

Detailed housing figures from the 2011 American Community Survey included statistics on gross rent for renter-

occupied units. With 169 specified renter-occupied units, Prospect's median rent in 2011 was \$893. As shown in Table 13, this rent level is the second lowest among the surrounding communities, including the more urban community of Naugatuck. This suggests that the quality of rental units in Prospect may be lower than surrounding communities that receive higher median rents. As to be expected, Naugatuck and Waterbury contain the vast majority of the area's rental housing. In 2011, 34.2% of the area's rental units fell within the \$750 to \$999 gross rent cohort, followed by 32.5% of the units falling within the \$1,000 to \$1,499 gross rent cohort. Units renting for \$1,500 or more per month in the area accounted for 6.0% of the area's total.

TABLE 13

Gross Rent for Specified Renter-Occupied Units: 2011										
Prospect and Surrounding Communities										
	Bethany		Cheshire		Naugatuck		Prospect		Waterbury	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent	Units	Percent
Occupied units paying rent	66		1,260		3,586		169		20,505	
Less than \$200	0	0.0%	50	4.0%	17	0.5%	0	0.0%	988	4.8%
\$200 to \$299	0	0.0%	20	1.6%	32	0.9%	0	0.0%	880	4.3%
\$300 to \$499	0	0.0%	83	6.6%	297	8.3%	0	0.0%	1,221	6.0%
\$500 to \$749	0	0.0%	78	6.2%	523	14.6%	28	16.6%	3,756	18.3%
\$750 to \$999	8	12.1%	197	15.6%	1,100	30.7%	74	43.8%	6,908	33.7%
\$1,000 to \$1,499	6	9.1%	427	33.9%	1,407	39.2%	60	35.5%	5,976	29.1%
\$1,500 or more	52	78.8%	405	32.1%	210	5.9%	7	4.1%	776	3.8%
No Cash Rent	29		121		226		33		951	
Median Rent	\$1,738		\$1,238		\$966		\$893		\$881	

Source: US Census, American Community Survey

HUD publishes, on an annual basis, a schedule of Fair Market Rents for counties and metropolitan areas across the United States. HUD's FY 2013 Fair Market Rents provide a better picture of actual rents in these areas at the present time. Fair Market Rents are based upon Census data that is updated through various rental housing survey tools. For 2013, the Fair Market Rents for the Waterbury, CT HUD Metro FMR area (of which Prospect is a part) was \$572 for a studio apartment, \$772 for a one-bedroom apartment, \$942 for a two-bedroom apartment, \$1,173 for a three-bedroom apartment and \$1,275 for a four-bedroom apartment. These numbers are far below fair market rents in all other metropolitan areas in the State, and are less than half of the rents for the highest Metropolitan area of Stamford-Norwalk. Norwich- New London, which has the second lowest fair market rent levels in the State, is at least \$100 higher per month than the Waterbury area for a comparable unit.

To supplement Census and HUD data on market rents, a survey of units currently for rent were examined. Data sources included the Republican American rental listings, Craigslist.com rental listings, Rent.com and Apartmentguide.com listings. There were no complexes with rental available found in the Town of Prospect, and overall, only two private houses for rent. This suggests that of the 169 rental units in Prospect, most are long-term, private rentals.

The 2011 ACS statistics indicate that 181 owner-occupied households in Prospect, or 20.4%, paid thirty percent or more of household income for monthly housing costs. Rental households paying thirty percent or more of household income for gross rent were 112 households or 69.2% of total renter households. These households do not meet State and Federal housing affordability guidelines, which mandate housing affordability as paying less than 30% of one's income for housing expenses. The disparity between the percentage of owner and renter occupied units not meeting the affordability guideline suggests that many households who cannot afford to own a house in Prospect leave the town, and those that remain and choose to rent instead, have limited incomes. As previously stated, the rents in Prospect are generally lower than the surrounding communities, and therefore the high percentage of renters who do not meet affordability guidelines is a particular concern.

MULTIFAMILY HOUSING AND HOUSING FOR AGING DEMOGRAPHICS

Of the 3,397 housing units in Prospect, only 1.5% are multifamily units (buildings with 5 or more units), but an additional 2.5% of the inventory is in 2 to 4 unit structures. Currently, multifamily dwellings are not permitted by the zoning regulations in Prospect, except specifically age restricted units, with a minimum of 15% of the units designated as age-restricted, affordable. Such housing is currently permitted in any Residential (RA-1 or RA-2) or Commerce Park (CP) zone, and as a single parcel with a minimum of 5 acres, although not more than 8 units per acre can be built, and no building shall contain more than eight units.

Housing for an aging population is a critical concern for most communities. As the population ages, it is important that a community provide alternative living arrangement options. This gives the population opportunities to continue to reside in the community where they have spent the majority of their years and not be forced out by escalating housing prices. Housing product can include a range of types and supporting services, from conventionally designed housing units intended to promote mobility (e.g., one-level, grab bars, ramps, etc.) to provision of medical and support of daily living functions, there are many variations of housing product. The main distinguishing characteristics of the housing types are the level of medical assistance and the extent of communal facilities provided.

Future demand for housing in Prospect will depend upon market conditions, the economy and similar outside forces that cannot be predicted. However, with almost 34% of Prospect's population being between the ages of 45 and 64, it is reasonable to expect the demand for housing options for older persons in Prospect will increase over the next decade.

When thinking about multifamily housing and housing for aging demographics in Prospect, it is important to consider Prospect's unique character, density and urban design elements to establish reasonable criteria for multifamily housing to increase the supply of affordable housing. Careful planning for the future possibility of these types of units can guide developments to areas in Prospect which meet these criteria.

HOUSING ISSUES, TRENDS AND IMPLICATIONS

In terms of planning for the next ten years and beyond, several housing issues and trends in Prospect have future implications. These include:

- An aging population will increase the demand for smaller, age in place units;
- A minimal diversity of housing type, size, age, and design in the existing housing stock may require an expansion of the type of units cited above;
- A shortage of rental units resulting in low vacancy rates and very little turnover of units will limit the opportunities for older households desiring a downsizing as well as younger persons who grew up in Prospect and desire to remain in the community;
- A shortage of areas zoned to permit multifamily housing, which limits the potential to diversify the housing stock.