

ECONOMIC DEVELOPMENT DIVISION UPDATE

January 2024

The following summarizes Economic Development Division activities for January 2024.

Additional news specific to Groton Economic Development is found

here: <http://www.exploremoregroton.com/news-and-media/news>

Economic Development Activities:

- Small Business Pivot Grant: Staff is reviewing Groton Business Pivot grant applications. Awards are anticipated in February. Maximum awards up to \$5,000 may be awarded to existing businesses. This program is funding through the allocation of \$100,000 in American Rescue Plan Act (ARPA) funding.
- Community Challenge Grant: Staff coordinated the execution of the final project legal agreement with Connecticut DECD for the “Poquonnock Bridge Village Revitalization” project. The agreement was joined with the recently state approved \$6.4 million project budget for the Poquonnock neighborhood to add housing (51 units at Grasso Gardens) and public infrastructure upgrades (sidewalks, boardwalk, and walkways). Next steps include drafting and executing a supplemental legal agreement with the Groton Housing Authority. The state will allow three years to initiate program expenses and up to five years for final expenditure.
- Groton Housing Market: Staff has been communicating with Camoin regarding the updated Groton Housing Market study. A final copy has been received and is attached. The original study was completed in 2021, but there was a desire to have the most recent data for Groton in preparation for the upcoming Plan of Conservation and Development update. In short, the demand for housing units has increased significantly to over 6,000 units by year 2030. Also, existing housing vacancy has declined to less than 3% as a result of inventory shortage. The combination of housing demand and lack of supply continues to drive rental and ownership prices higher. The updated Groton Housing Market Study provides an easily understood infographic illustration helping to describe Groton’s housing challenge.
- American Rescue Plan Act (ARPA): Staff has finalized most of the ARPA legal agreements. Payments to projects are being made as they meet specified thresholds. Funding is being made available to non-municipal recipients on a reimbursement basis.
- CEDAS Membership: Groton has renewed membership with the CT Economic Development Association (CEDAS) for economic development staff and the Groton Economic Development Commission (EDC). CEDAS offers significant educational and resource benefits. <https://cedas.org/membership/>
- CT Economic Summit Outlook (CBIA): Staff attended the CBIA “Economic Summit Outlook” in Hartford on January 18th. Governor Lamont presented state priorities including workforce training, business, childcare, workforce housing, and matching jobs with those seeking

ECONOMIC DEVELOPMENT DIVISION UPDATE

January 2024

employment through the launch of <https://jobs.ct.gov/>. Of significant note was that Connecticut gained 57,000 net people in 2023 which is far better than neighboring New England states.

- Economic Development Specialist Position: Groton has been accepting and reviewing submitted applications for the currently vacant Economic Development Specialist position. Interviews are anticipated to occur shortly.

Public Property Redevelopment:

- Public Property Redevelopment (former Groton Heights School): Staff has prepared the draft RFP to be heard at the February 13th COW meeting. Staff coordinated the completion of an updated appraisal. Groton staff have maintained discussions with the Bill Memorial Library regarding a potential land swap as a part of the overall project. The previously held TOPE meeting recommended support for this project including advancing a future RFP to the Town Council. Developers were notified that a Request for Proposals (RFP) for Groton Heights will soon be issued. As a result, several property tours are being conducted with various groups. Numerous investors and developers have expressed interest in this property.
- Public Property Redevelopment (517/529 Gold Star Highway): PJ&A, holder of the land option agreement, has progressed in finalizing terms with a multi-family use developer. The Town Council granted an 18 month extension to the option agreement. The project had envisioned a multi-family housing development on 17.75 acres encompassing four lots (two town-owned and two private-owned). Anticipated tax benefits will be in the order of \$1 million annually. <https://ctexaminer.com/2022/05/11/groton-council-greenlights-324-unit-apartment-complex-on-former-town-land/>
- Triton Square (former Seely School): Photos of the ongoing construction are provided as an attachment to this report. Don Mar Development continues with the construction of a 305 unit residential development. Structural walls are now visible from I-95 and Route 12. Targeted future tenants are both young professionals and “empty-nesters.” Anticipated future property tax revenue is in the magnitude of \$1 million annually. <https://www.seelyschool.com/>
- Public Property Redevelopment (former Colonel Ledyard School): Bellsite, LLC requested and was provided a permit for interior demolition in January. He is next preparing for construction. The town and Bellsite, LLC completed the sale for the property on September 14, 2023. The project will include 64 residential units (multi-family) within close proximity to Electric Boat. Phase I will modify the existing school building for residential unit development. Phase II will include new buildings and apartments on the rear of the site. <https://www.theday.com/local-news/20230623/plans-for-apartments-at-former-groton-city-school-approved/>
- Public Property Redevelopment (former Pleasant Valley School): Staff has prepared the draft

ECONOMIC DEVELOPMENT DIVISION UPDATE

January 2024

RFP for the February 13th COW meeting. Staff coordinated the completion of an updated appraisal. The previously held TOPE meeting recommended support for this project including advancing a future RFP to the Town Council. Developers were notified that a Request for Proposals (RFP) for Pleasant Valley will soon be issued. As a result, several property tours are being conducted with various groups. Numerous investors and developers have expressed interest in developing this property.

- Public Property Redevelopment (former S.B. Butler School): Staff participated in the Town Owned Excess Property Committee (TOPE) meeting on November 15, 2023. The TOPE opened a discussion regarding the future excessing of the former S.B. Butler School. Public comments were taken during the meeting. Several developers have approached the town indicating interest in the property.

An article with an update on all town owned properties ran in The Day on May 27, 2023.

<https://www.theday.com/local-news/20230527/a-look-at-grotons-unused-town-owned-properties/>

Economic Development Metrics:

Trade Name Metrics:

- There were 4 trade name certificates received this month in the Town of Groton.

Social Media Metrics:

- 995 Facebook followers, 1.6% increase from December.
** Please follow the Facebook page and share our posts to your network: <https://www.facebook.com/GrotonEconomicDevelopment/>
- 119 followers to our LinkedIn page, no change from December.
** Please follow the LinkedIn page and share our posts to your network: <https://www.linkedin.com/company/groton-economic-development/>
** Please like and SHARE posts on social media to expand the reach!
- Website Metrics www.exploremoregroton.com – Not available this time period.
- GreaterGroton.com Activity (Dec. 4-Jan. 2) www.greatergroton.com
 - Total Visits 1,526
 - Max. Visitors Per Day 132
 - New Registrations 11
 - Engaged Visitors 68
 - Informed Visitors 527
 - Aware Visitors 1106

ECONOMIC DEVELOPMENT DIVISION UPDATE

January 2024

- Unemployment Data (Percent %)

	Groton	Norwich-New London- Westerly Labor Market	Connecticut
October 2022	4.2	4.2	4.0
November 2022	3.4	3.7	3.5
December 2022	3.0	3.2	3.1
January 2023	3.5	4.1	4.2
February 2023	3.8	4.5	4.6
March 2023	3.8	4.1	4.3
April 2023	2.8	2.9	3.0
May 2023	3.3	3.6	3.7
June 2023	3.3	3.7	4.0
July 2023	3.2	3.6	3.9
August 2023	2.9	3.2	3.5
September 2023	2.6	2.7	3.0
October 2023	2.9	3.2	3.4
November 2023	3.1	3.2	3.5
December 2023	3.4	3.7	3.9

Keep up to date on town meetings including agendas, minutes etc. by visiting the Calendar on the town's website here: <http://www.agendasuite.org/iip/groton>

Click here for events going on around Groton: <https://www.exploremoregroton.com/events/?v=list>

Keep up to date on news pertaining to Groton & Economic Development by going to the website here: <http://www.exploremoregroton.com/news-and-media/news>

An aerial photograph of Groton, Connecticut, showing a dense residential area with various house styles, including a prominent white house with a steeple in the center. The image is overlaid with a semi-transparent teal banner.

Town of Groton, CT

HOUSING MARKET STUDY

2023 Update

Executive Summary

In 2021, the Town of Groton commissioned a housing market study to identify the development potential and need for new housing in the community. The study identified housing demand for over 5,200 new housing units in the Town over the next decade with housing demand being driven by a range of factors, including strong economic growth led by Electric Boat.

This 2023 market study update re-examines Groton's local and regional housing market to provide up-to-date information on housing demand in the community based on how market trends and demand has changed in recent years.

Key 2023 Findings

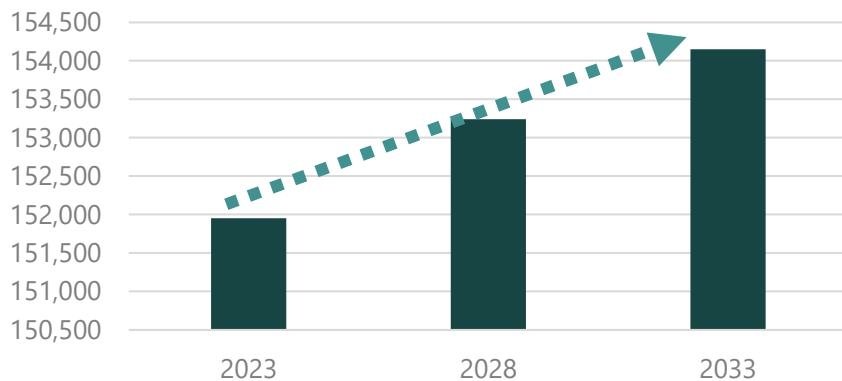
- Overall, there is housing market demand for up to **6,450 new units in the Town of Groton over the next decade.**
- The housing market potential for the Town has grown by **23%** since the 2021 housing market study was completed.
- Increased job growth projections, including strong hiring expectations at Electric Boat, are a significant driver of the growing housing demand.
- Groton's housing market has continued to tighten, indicating the housing market is becoming more misaligned. Apartment vacancy rates are extremely low at **2.3%** and the lack of rentals has driven rents up by **19%** since the pandemic. Meanwhile, the median single-family home price has grown to nearly \$350,000 in the Town putting home ownership beyond the reach of many local households and workers.
- The Town continues to "underproduce" housing to keep pace with local and regional demand. At the same time, surrounding communities are advancing projects and capitalizing on housing demand while Groton continues to "miss out."
- Supporting new housing Groton will provide critical benefits, including:
 - Sustaining an aging and future declining population
 - Supporting enrollment in the School District, which has been falling
 - Attracting desirable new quality businesses by bringing in new residents with purchasing power
 - Providing options for downsizing empty nesters and seniors so they can remain in Groton
 - Conserving land through more efficient housing development
 - Converting daily commuters to town into residents

Demographic + Economic Trends

What is driving demand for housing in Groton?

Population Growth

Regional Household Growth Projection



Source: Esri

The greater region is experiencing strong economic growth and projections indicate over **6,250 new jobs** will be created from 2023 through 2031. This economic growth will drive new demand for housing to accommodate the needed influx of workers.

What's Changed?

With the onset of the Covid-19 pandemic, job projections had previously been more pessimistic with a loss of nearly 2,870 jobs projected during the 2023 to 2031 time period. The updated data shows stronger job growth and housing demand associated with that job growth.

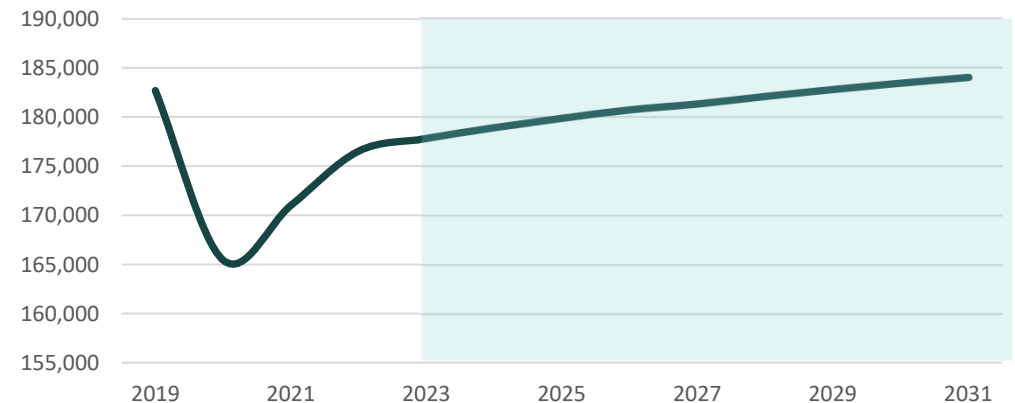
The greater region is growing and is expected to add over **2,200** households over the next decade representing **14%** growth overall.

What's Changed?

Population growth between 2020 and 2023 has been greater than originally projected, resulting in increased housing demand.

Growing Economy

Regional Job Growth Projection



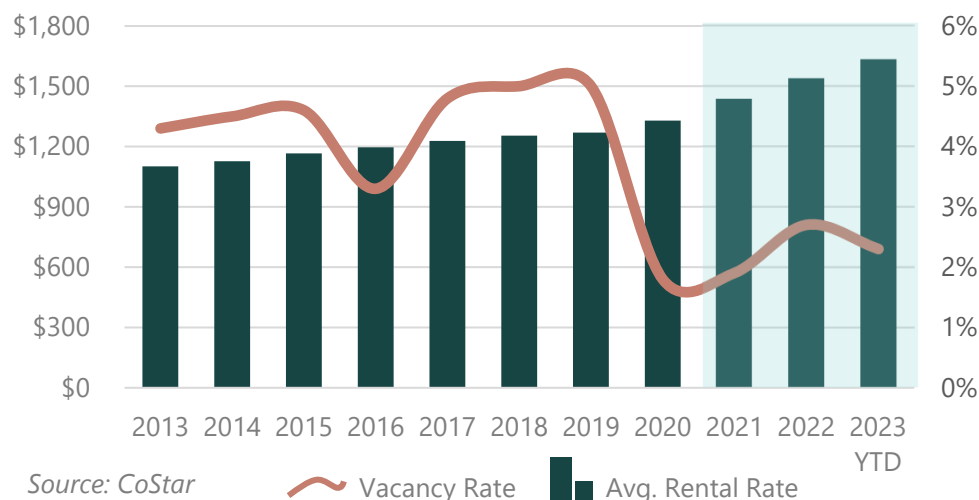
Source: Lightcast

Groton's Current Housing

Is the current housing in Groton meeting demand?

Decreasing Availability of Rental Units

Local Market Area Apartment Vacancy Rate and Average Rent Increase



The apartment vacancy rate in the local Groton area dropped significantly after Covid-19 struck – falling from a healthy level of 5% in 2020 to an extremely low **2.3%** in 2023 indicating virtually no availability of rental units. As a result, average rents have rapidly escalated in the local Groton Market Area – increasing by **19%** between 2020 and 2023 from **\$1,329 to \$1,632**.

What's Changed?

In 2021, vacancy levels had just dropped to below healthy market levels. The update data shows that the low vacancy rate has persisted – an indication of demand far outpacing supply.

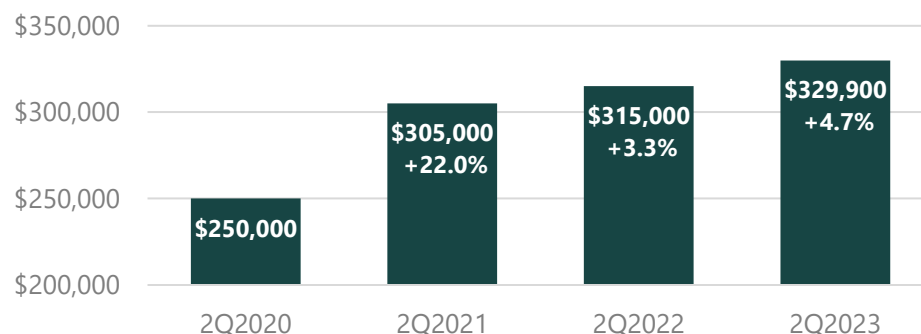
Single-Family Homes Further Out of Reach

What's Changed?

In 2021, first quarter data indicated a median sale price of \$270,000, which had already increasingly significantly over the previous year. The updated data shows continued price escalation which has constrained affordability and increased demand for rental units.

As the housing market has continued to tighten, the price of single-family homes have escalated significantly. In New London County the median sale price grew **32%** from 2020 to 2023 where it stood at nearly **\$330,000** as of the midpoint of the year.

Single-Family Median Sale Price – New London County



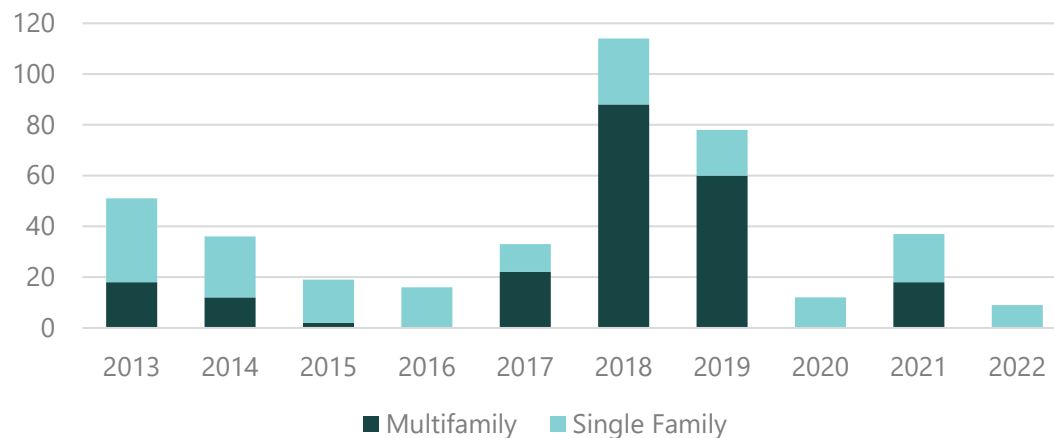
Source: Redfin

Groton's Current Housing Cont'd

Is the current housing in Groton meeting demand?

Underproduction of Housing

Building Permits Issued in Town of Groton (# of Units)



Source: HUD

Only **405** units have been permitted in Groton from 2013 to 2022, which has not kept pace with housing demand and needs in the community.

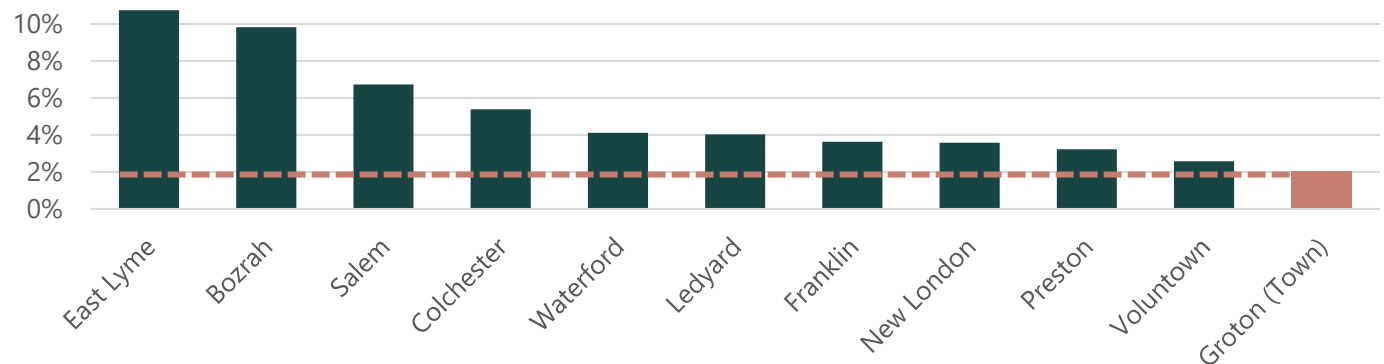
What's Changed?

Building activity has continued to be slow in 2021 and 2022. Only 9 housing units were permitted in 2022. The update data indicates that the pace of housing continues to slow and will not keep pace with demand.

Despite being the **2nd largest** municipality in the county, Groton was the **11th fastest growing** community adding nearly **130 fewer** housing units than would be expected to keep pace with county growth.

Groton is Missing Out on Regional Housing Development

Percent Increase in Housing Units Among Fastest Growing Municipalities in New London County (2010-2023)



Housing Demand

Who are the households with housing demand in Groton?



Living in Obsolete Units

545 units

(+285 units from 2021 analysis)



New Workers in Region

320 units

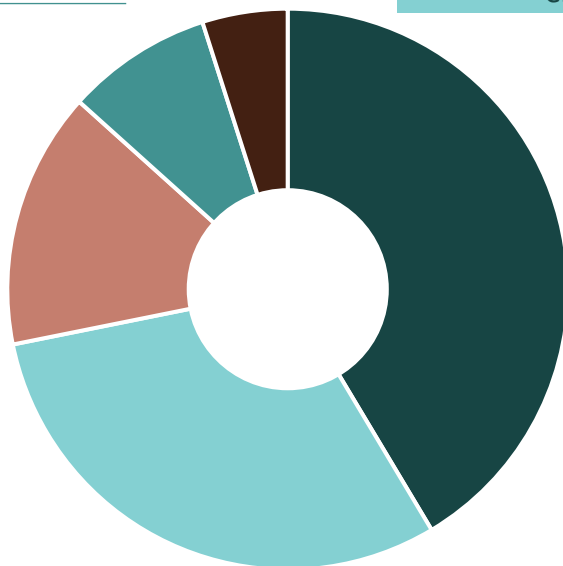
(+20 units from 2021 analysis)



Incoming Commuters

1,200 units

(Unchanged from 2021 analysis)



Over the Next Decade (2023-2033) There is housing market potential for up to **6,450 units** in the Town of Groton

This represents an increase of 1,190 units from the previously estimated demand potential of 5,260 in 2021.



New Electric Boat Workers

2,680 units

(+780 units from 2021 analysis)



Rental Upgraders

1,970 units

(+170 units from 2021 analysis)

The Importance of New Housing

Why Should Groton Support Housing Development?



Sustain the Population

Groton is aging and is projected to lose population in the future. Providing modern housing for professionals allows them to build roots in the community and establish families.



Supports the School District

The School District has sufficient capacity for new students from new housing development with a nearly 20% loss of enrollment over the past decade. New housing and students will provide needed support to the District.



Rentals are Urgently Needed

Homes are increasingly unaffordable which has driven demand for rentals. High quality apartments are also in high demand among many professional households looking for housing in the region.



Attract Businesses

"Retail follows rooftops" is a proven adage. To attract new and higher quality restaurants, stores, and businesses, the Town will need to grow its population and attract residents with new spending power.



Efficient Use of Land

Land is a limited commodity and multifamily building is a more efficient use of land on a per acre basis than single-family housing development. Denser development is a way to conserve the Town's land.



Rentals provide options for Seniors

The Town is seeing an increase in empty nesters and seniors – many of whom don't want or can't live in single-family homes any longer but don't have alternative options in Groton due to the lack of rentals.

