

Housing Needs Analysis and Assessment

Town of Kennebunkport, ME

Meeting 2

November 6, 2017

Agenda

I

Purpose

II

Findings from Data Analysis

III

Tools and Strategies

IV

Feedback and Discussion

Project Scope

- ▶ Meeting 1 - Preliminary Findings
- ▶ Data Analysis & Interviews
- ▶ Meeting 2 - Data Findings and Strategies
- ▶ Synthesis & Recommendations
- ▶ Final Report
- ▶ Meeting 3 - Final Presentation

Key Findings



- ▶ Housing becoming increasingly expensive, particularly owner-occupied homes
- ▶ High land values and large-lot zoning limits potential for affordable units
- ▶ Small number of rental units, difficult to find year-round rentals
- ▶ High percentage of seasonal vacancy poses challenges for maintaining a steady population
- ▶ Without action, age and income will continue to rise
- ▶ Differing opinions on how big of a problem housing affordability is
- ▶ Solutions will include policies and partnerships to reduce development costs

Housing Stock Summary

- ▶ 3,057 total housing units
 - ▶ 55% permanently occupied
 - ▶ 39% seasonally occupied
 - ▶ 6% vacant
- ▶ 83% single-family detached homes (69% in York County)
- ▶ New home permits since 2007: 191
- ▶ Permanently occupied housing units
 - ▶ Kennebunkport: 81% owner / 19% renter
 - ▶ York County: 71% owner / 28% renter

Ownership Affordability

- ▶ Median income household cannot afford median home in Kennebunkport
- ▶ Required income nearly double County
- ▶ 27% of Port homeowners with mortgage spend more than 30% of income on housing costs
- ▶ Home prices in Port much higher than nearby communities and York County as a whole

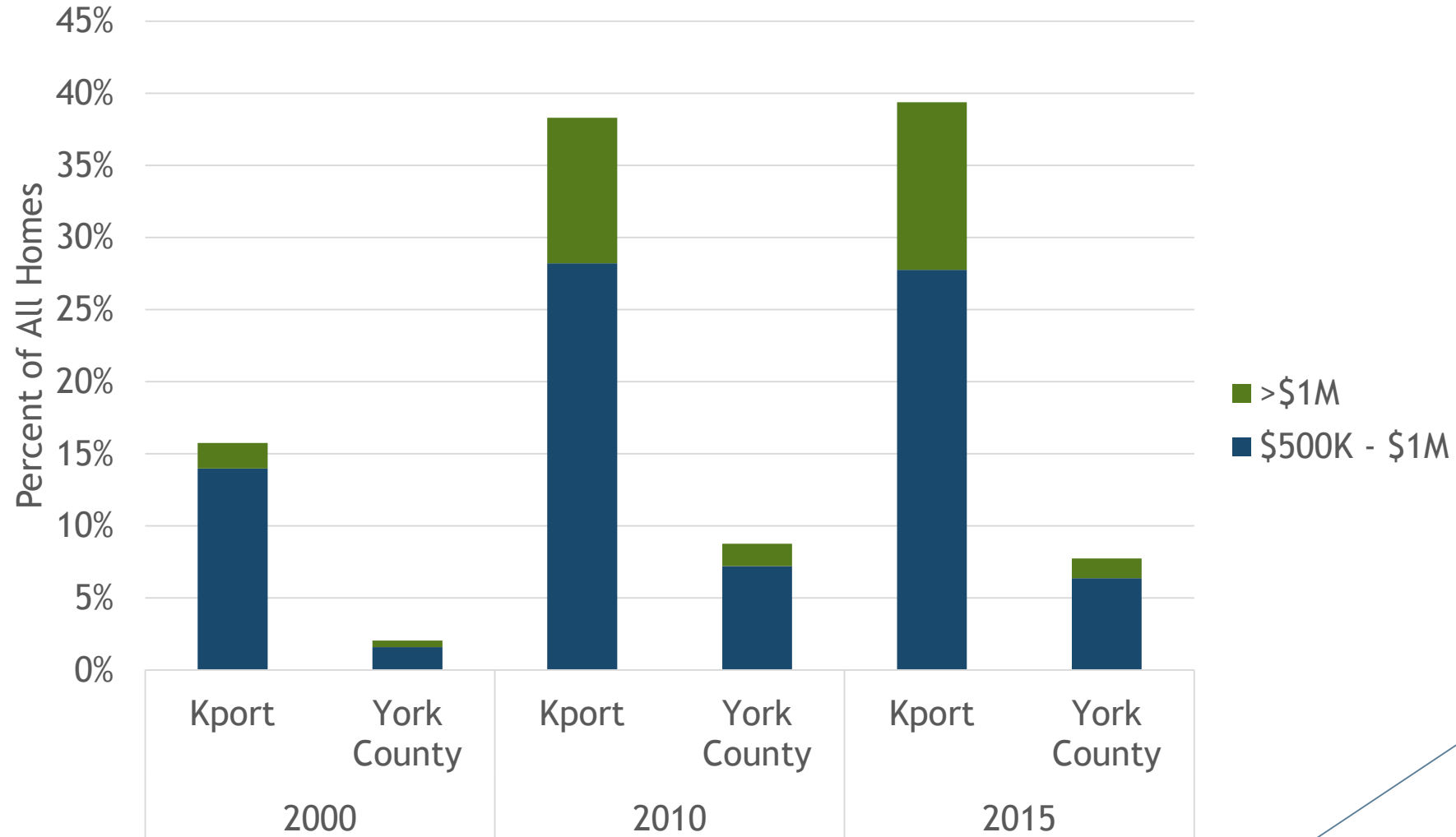
Home Ownership Affordability, 2015		
	Kennebunkport	York County
Median Household Income	\$ 71,834	\$ 60,612
Median Home Value	\$ 473,718	\$ 251,150
Income Required to Afford Median Home	\$ 95,280	\$ 50,520

Average Home Sale Price, 2017 YTD	
Kennebunkport	\$ 695,834
Kennebunk	\$ 425,196
Wells	\$ 304,464

Source: Local realtor



Percent of Homes Valued over \$500,000





Home Ownership Affordability			
	2000	Current	Pct. Increase
Median Household Income	\$ 54,219	\$ 71,834	32%
Median Home Value	\$ 234,200	\$ 473,718	102%
Income Required to Afford Median Home	\$ 47,120	\$ 95,280	102%

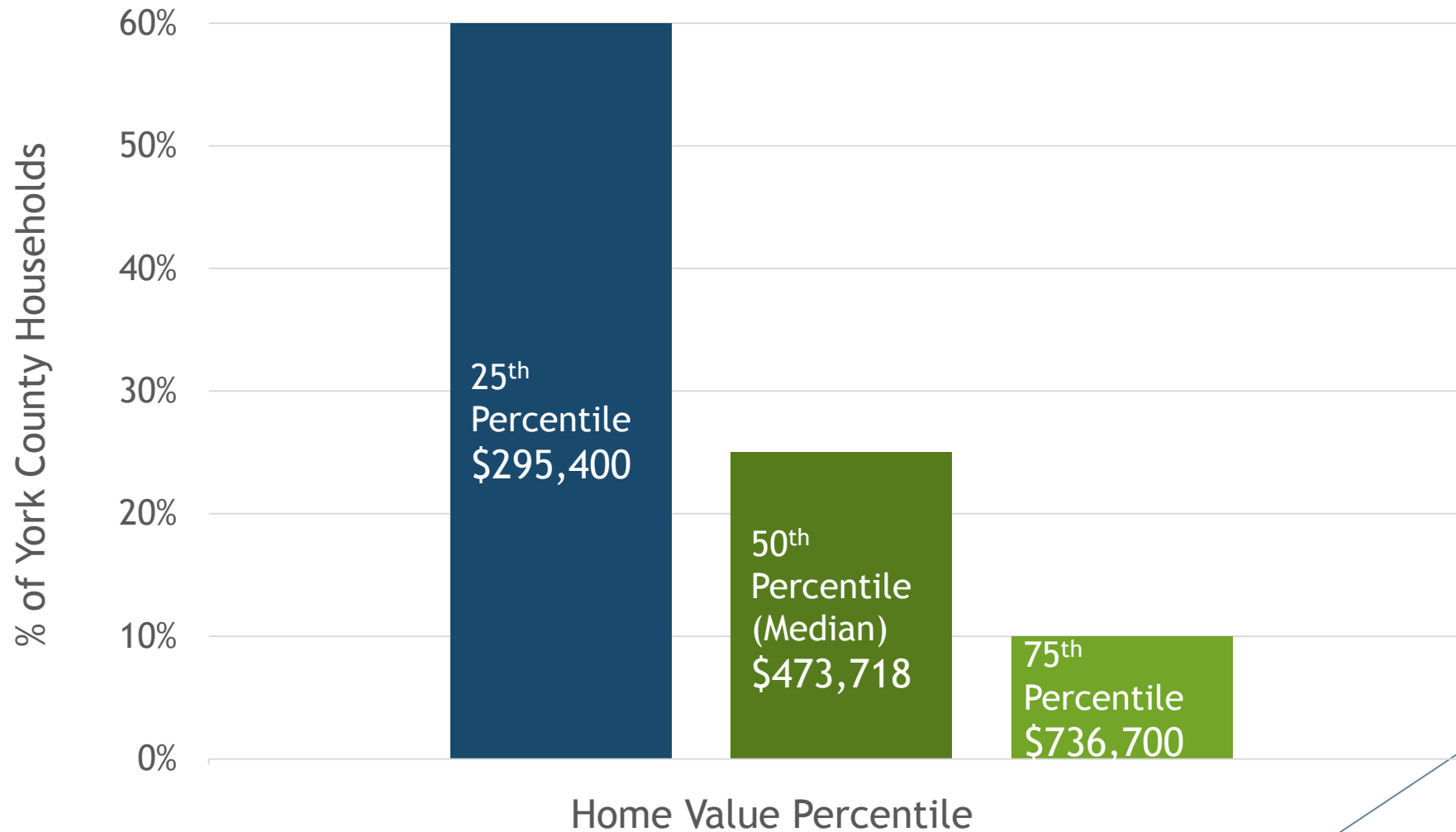
Source: Census, ACS

Home values have doubled since 2000,
while incomes have grown by just 32%

Affordability



Percent of York County Households Who Can Afford Kennebunkport Homes



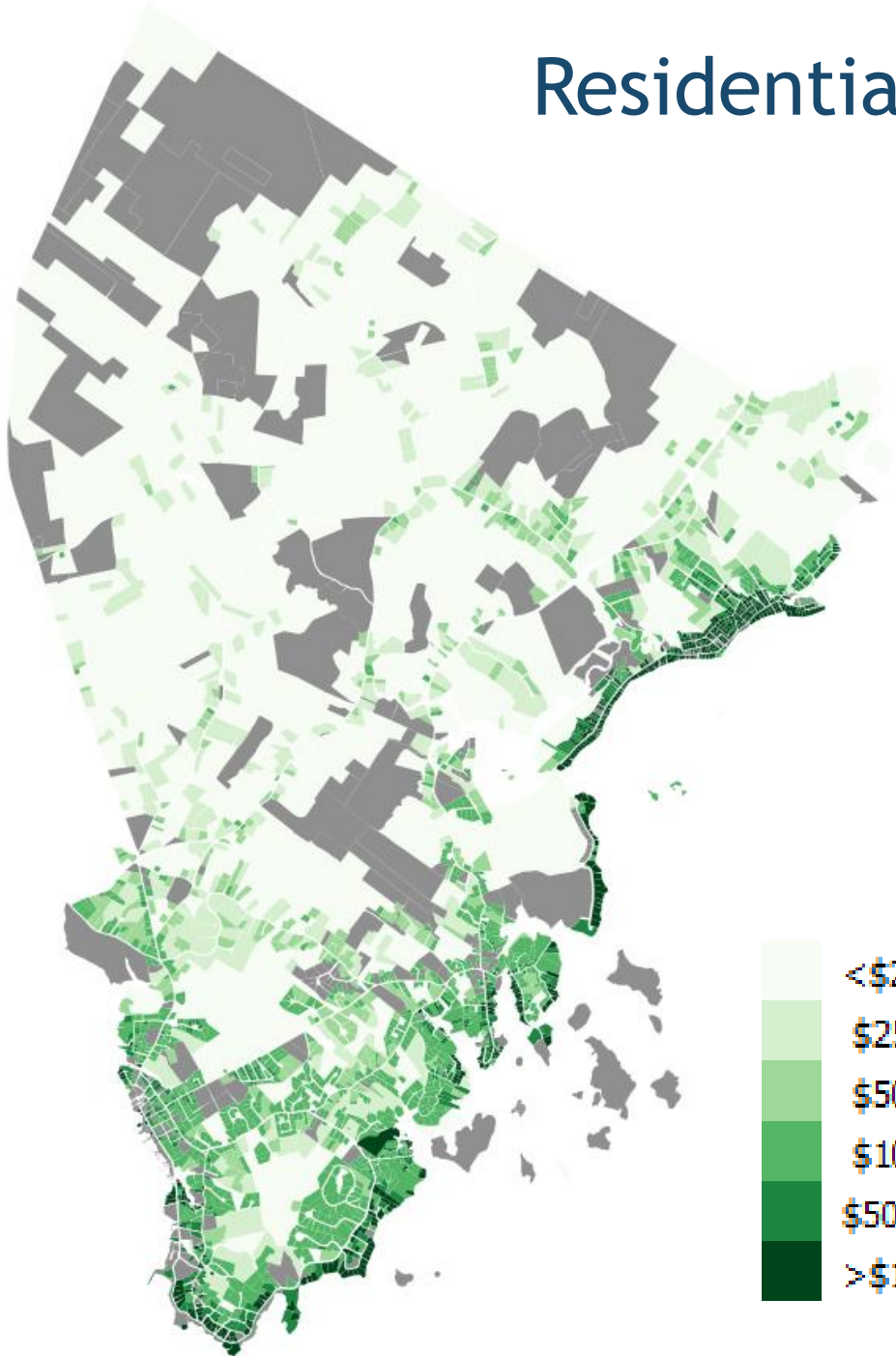


Only 10% of county households
can afford to purchase a
Kennebunkport home priced in
the 3rd quartile

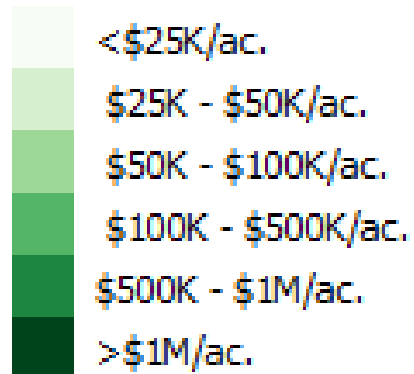


About ¼ of county
households can afford a
Kennebunkport home at
median price

Residential Land Values per Acre



- ▶ Undeveloped land: Median land value of \$38,500 per acre
- ▶ Developed land: Median land value of \$269,000 per acre
- ▶ Highest values along coast
- ▶ Lower values inland



How much to build a home?

1-Acre Lot

\$38,500

\$200,000

+ 25% profit

\$318,000

3-Acre Lot

\$115,500

\$200,000

+ 25% profit

\$421,000

▶ Land cost (based on median cost of \$38,500/acre)

▶ Construction cost (1,600 SF home + garage)

▶ Developer gross profit

▶ Selling price

Compare to median home sale in York County since last year: \$245,000

- ▶ Kennebunkport 30% more expensive for house on 1-acre lot
- ▶ 72% more expensive for house on 3-acre lot
- ▶ Large-lot zoning increases land purchase price
- ▶ Larger, more expensive homes built to offset high land costs
- ▶ Modest, affordable homes do not make sense in the market

Rental Housing

- ▶ 19% of non seasonally occupied housing is rental housing
- ▶ Median rent as reported by ACS is \$871/month
 - ▶ Sampled throughout year - includes peak and off-peak rental rates
 - ▶ Includes below-market rents (e.g. renting to family members)
- ▶ Market asking rents are considerably higher
 - ▶ Year-round rentals difficult to find
 - ▶ List prices - \$1,200-\$1,500 for 2-bedroom
- ▶ Impacted by home shares (Airbnb, etc.)

Vacation Rentals

- ▶ Airbnb and other vacation rentals can constrain year-round rental supply and drive up the cost of rental housing
- ▶ Homeowner can obtain a higher profit from Airbnb than renting to a local resident

Airbnb Rental

10 weeks/year @
\$250/night =
**\$17,500 total rental
income**

Year-Round Rental

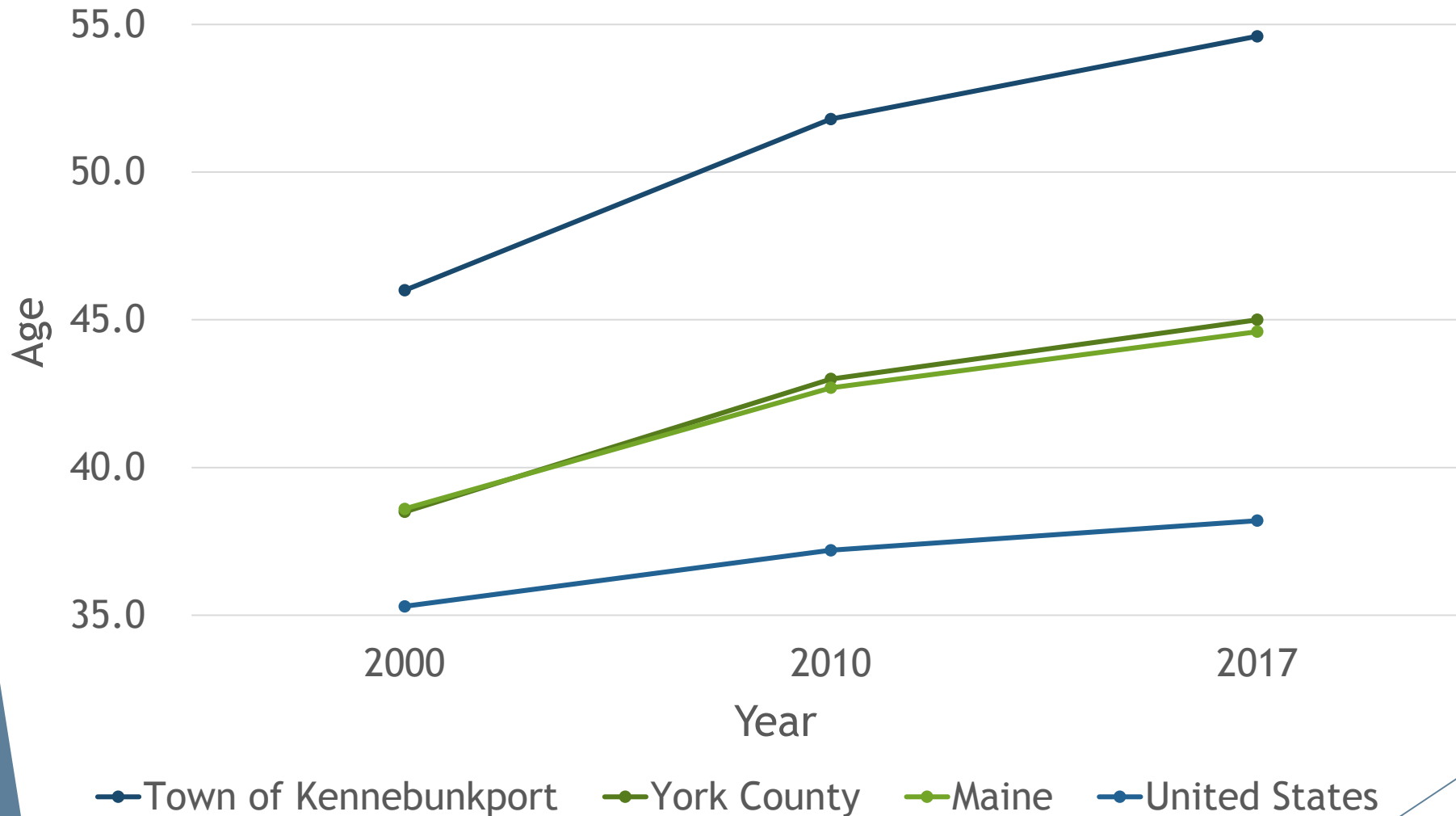
12 months @
1,400/month =
**\$16,800 total rental
income**



How does housing affect
demographics?

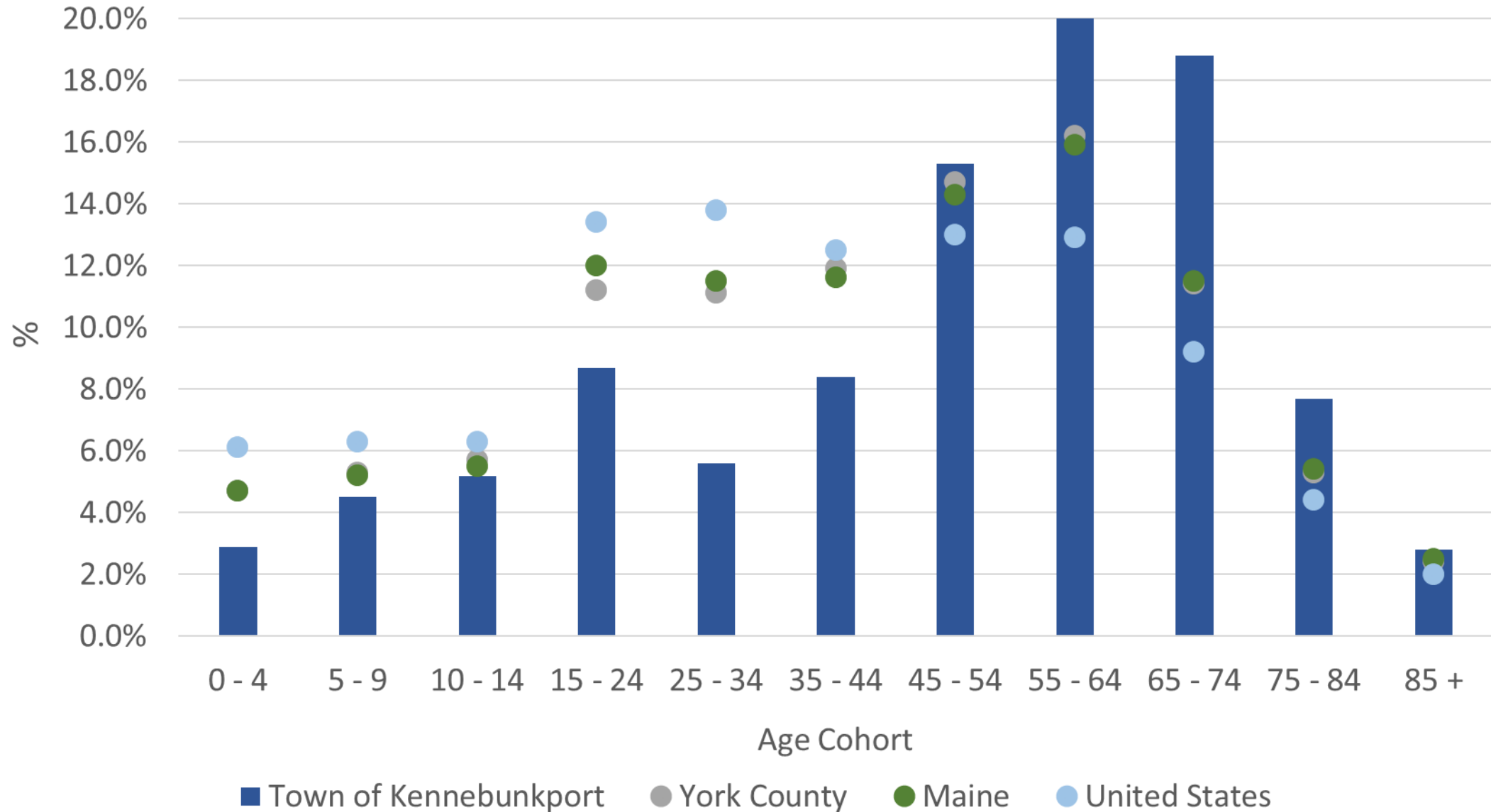
Demographics

Median Age Comparison



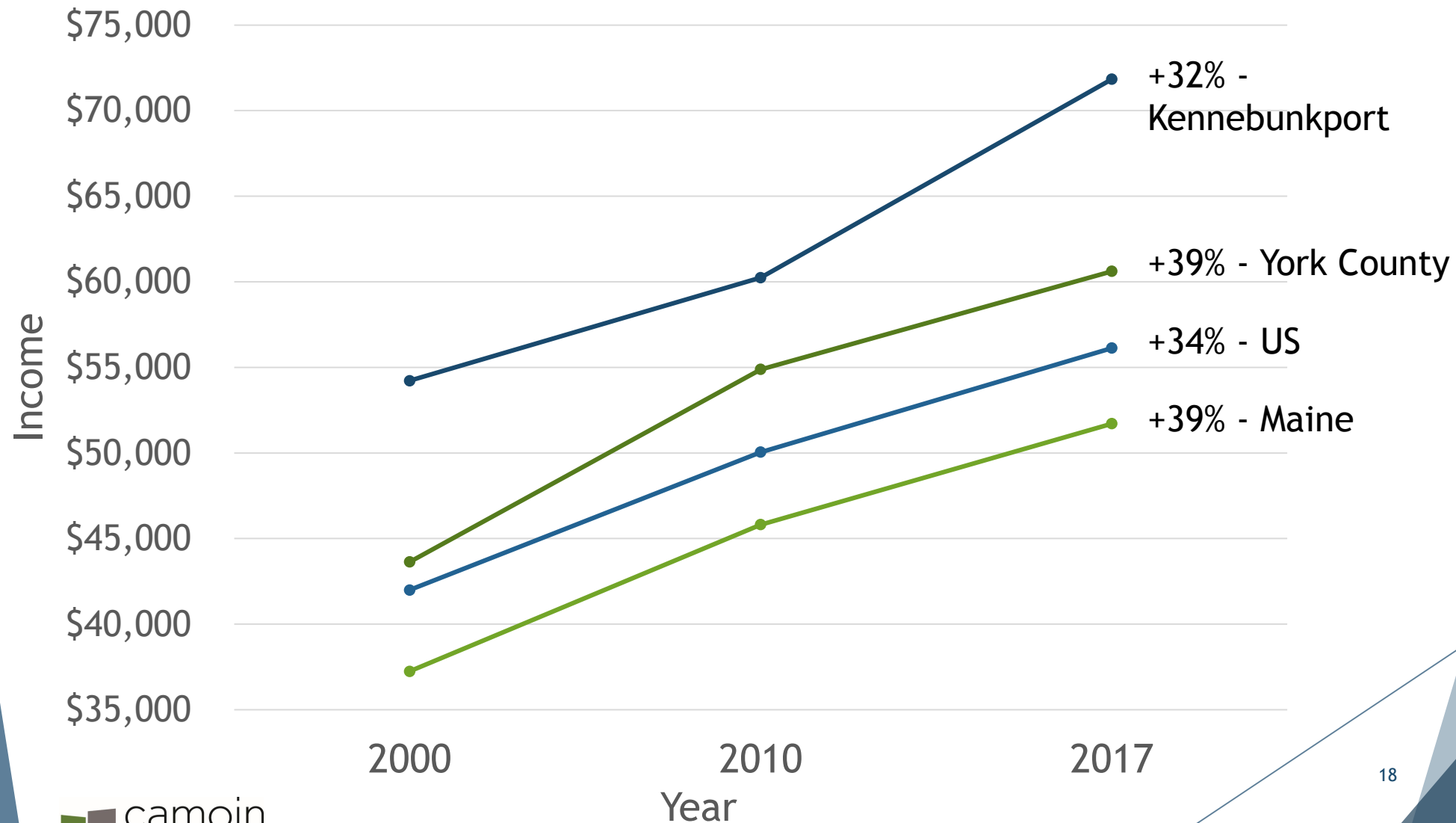
Demographics

Age Distribution, 2017



Demographics

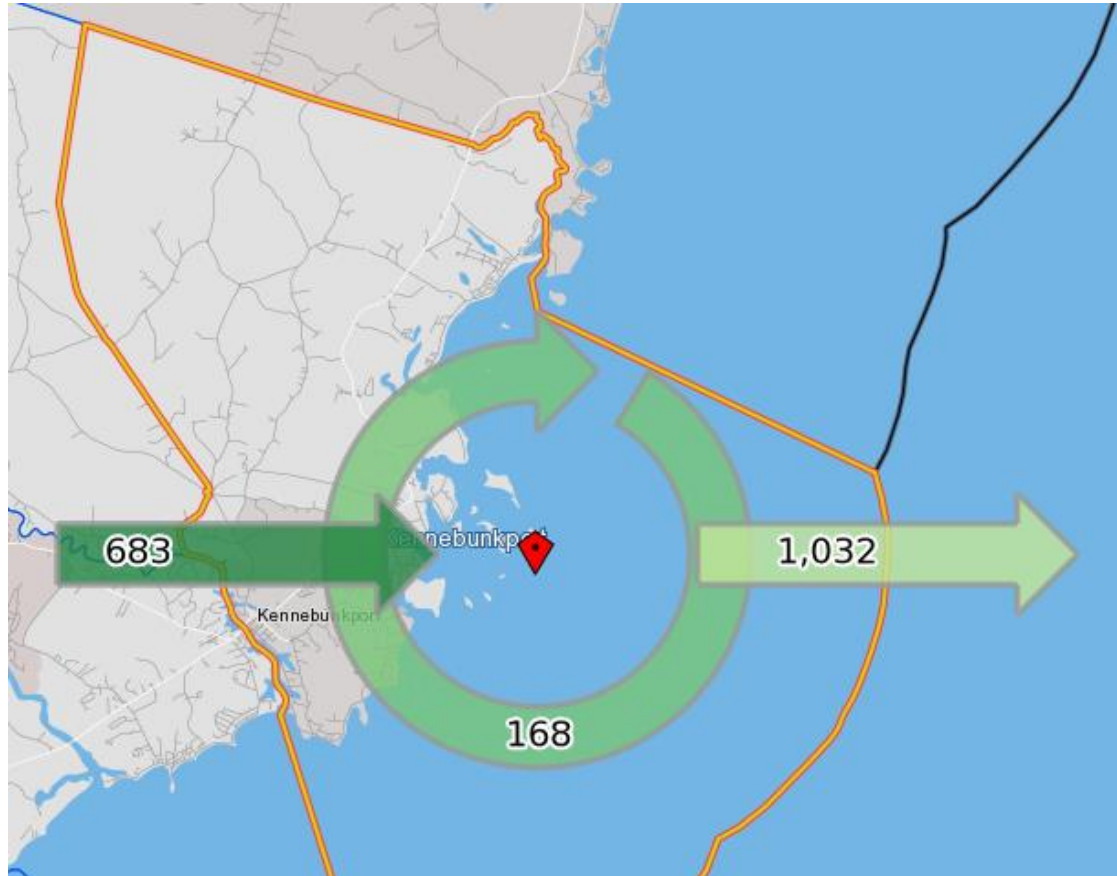
Median Household Income Growth, 2000-2017



Commuting Trends



2015 Commuter Inflow/Outflow

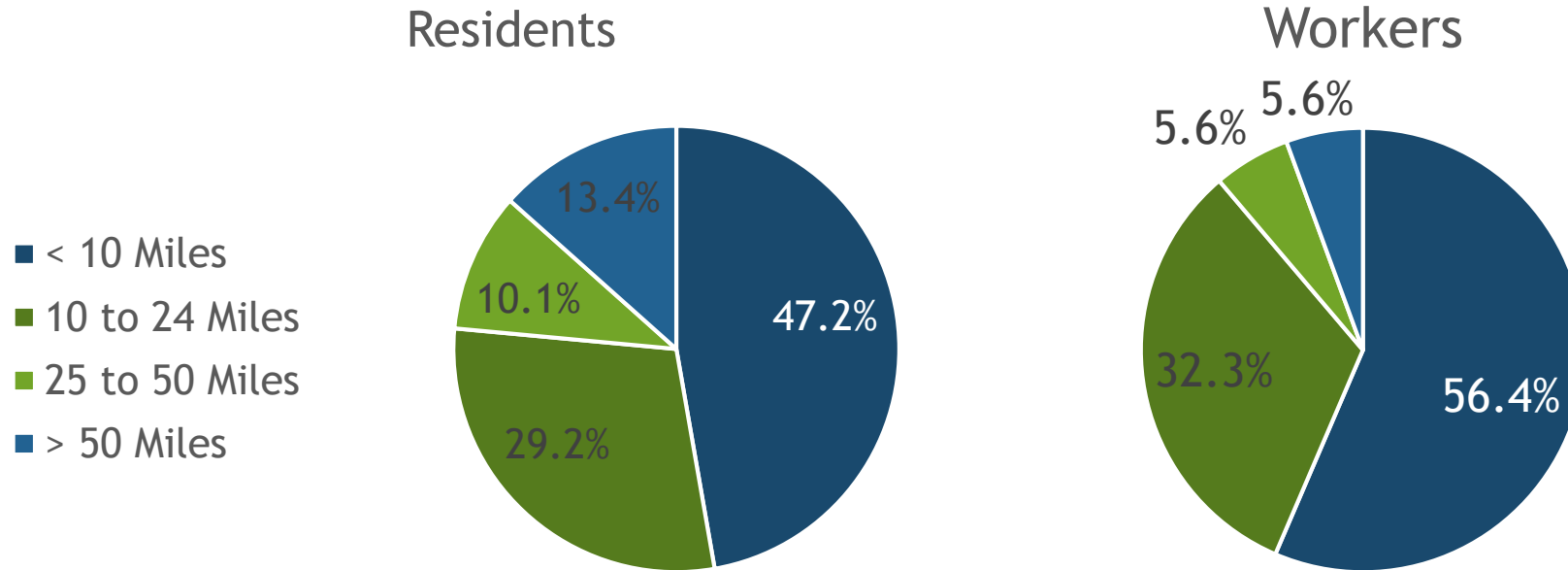


Commute Trends			
	2005	2010	2015
Employed and Living in Town	171	188	168
Workers Commuting into Town	766	635	683
Residents Commuting out of Town	1,021	942	1,032
Percent of Workers In-Commuting	82%	77%	80%
Percent of Residents Out-Commuting	86%	83%	86%

Source: US Census OnTheMap

- ▶ Includes all workers employed during Q1 and Q2
- ▶ Snapshot of all jobs held on April 1 of the reference year
- ▶ Captures mostly non-seasonal workers
- ▶ High degree of cross-commuting
- ▶ Trend has held steady over past 10+ years

Commute Distance, 2015



- ▶ Nearly half of residents commute less than 10 miles to work
 - ▶ 13%+ “super-commuters” - those traveling more than 50 miles
- ▶ 56% of workers commute less than 10 miles to reach jobs in K-port
- ▶ Residents tend to commute farther than workers

Town Employees

Kennebunkport Town Employees by Place of Residence

Place of Residence	FT	PT Year-Round	PT Seasonal	All Employees
Kennebunkport	25.5%	67.8%	36.6%	49.4%
Kennebunk	23.4%	12.2%	22.0%	17.4%
Other	51.1%	20.0%	41.5%	33.1%
Total	100.0%	100.0%	100.0%	100.0%

n=178

- ▶ 26% of full-time Town Employees live in Kennebunkport
- ▶ 68% of year-round part-time
 - ▶ PT includes pay-per call fire personnel - (median age of 54)
- ▶ 49% of all employees overall, including seasonal

School District

- ▶ RSU 21 - includes Kennebunkport, Kennebunk, Arundel
- ▶ Enrollment has grown in every school except Kennebunkport Consolidated (K-5)
- ▶ However, district-wide, projected declines at all K-12 grade groupings driven by:
 - ▶ Smaller resident enrollment in past 5-10 years
 - ▶ Lower resident births
 - ▶ Projections may not consider upward pressure on enrollments due to in-migration as well as persons moving to other communities in district but choosing to send kids to Kport elementary

School District Employees		
Place of Residence	Employees	Pct. of Total
Kennebunkport	35	7%
Kennebunk	209	43%
Arundel	44	9%
Other	200	41%
Total	488	100%

Source: RSU 21

Out-of-Town Property Owners

Residential Properties by Owner Address		
Mailing Address	Properties	Share
Kennebunkport*	1,432	56.2%
Other Maine	151	5.9%
Massachusetts	440	17.3%
New Hampshire	80	3.1%
Connecticut	80	3.1%
Florida	71	2.8%
New York	67	2.6%
Other	227	8.9%
Total	2,548	100.0%

*Includes Cape Porpoise addresses

Source: Town of Kennebunkport Property Database

- ▶ 44% of residential property is owned by out-of-towners
- ▶ Homes owned by out-of-towners are valued 58% higher
 - ▶ Kennebunkport owner avg. home value: \$515,000
 - ▶ Out-of-Town owner avg. home value: \$813,000

Seasonal Population

2017 permanent population: 3,657 (Esri estimate)
+ Estimated population in seasonal homes: 3,000 +/-
Total peak population living in housing units: 6,000 to 7,000

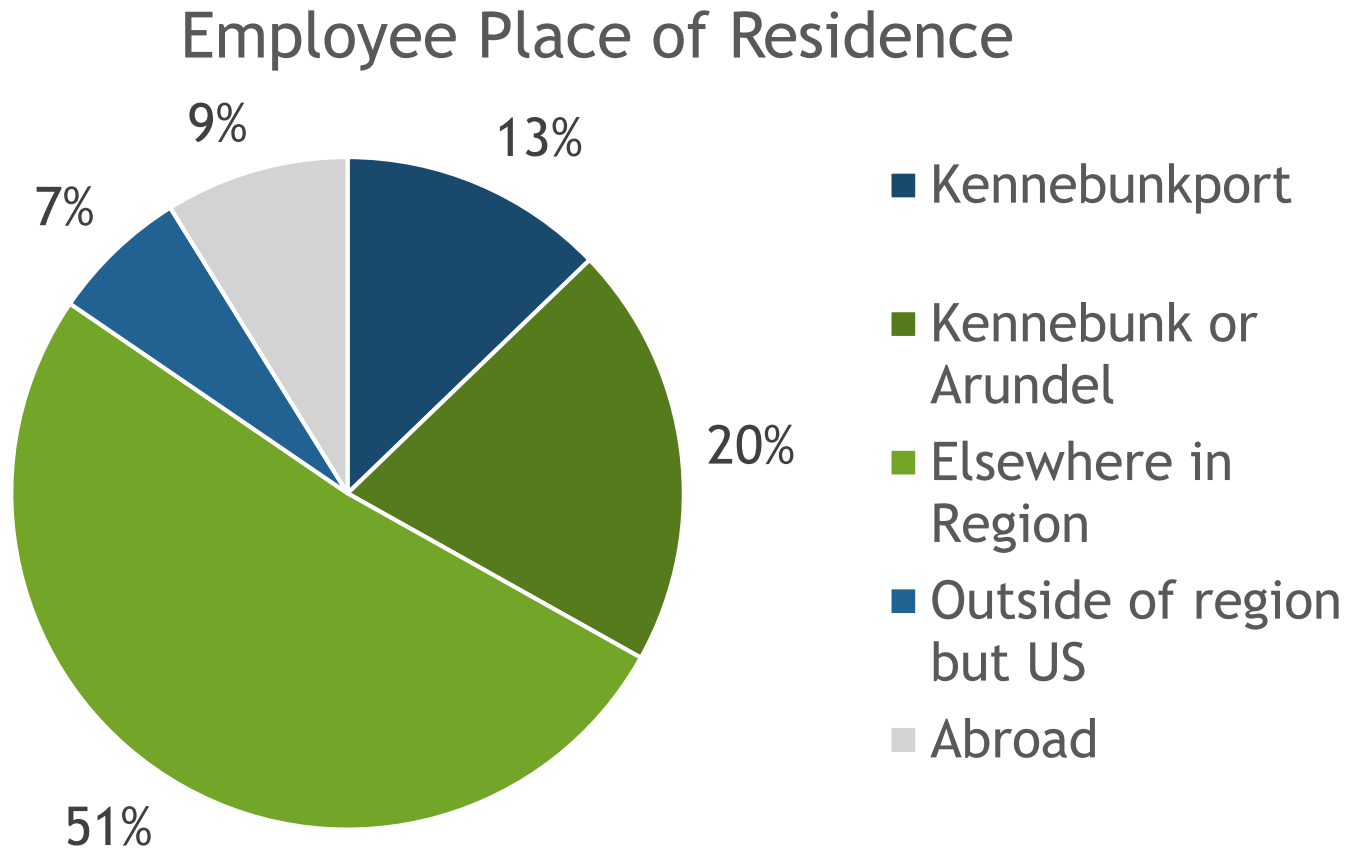
- ▶ Estimated based on:
 - ▶ 44% of residential property is owned by out-of-towners
 - ▶ 39% of housing units seasonally vacant
- ▶ Does not include hotel guests, residents' overnight guests, or day trippers

Kennebunkport Workforce & Housing Survey

- ▶ Online survey distributed to Kennebunkport business owners
- ▶ 50 responses to date, closes today
- ▶ Largest response groups: retail, restaurant, health care, construction

Survey

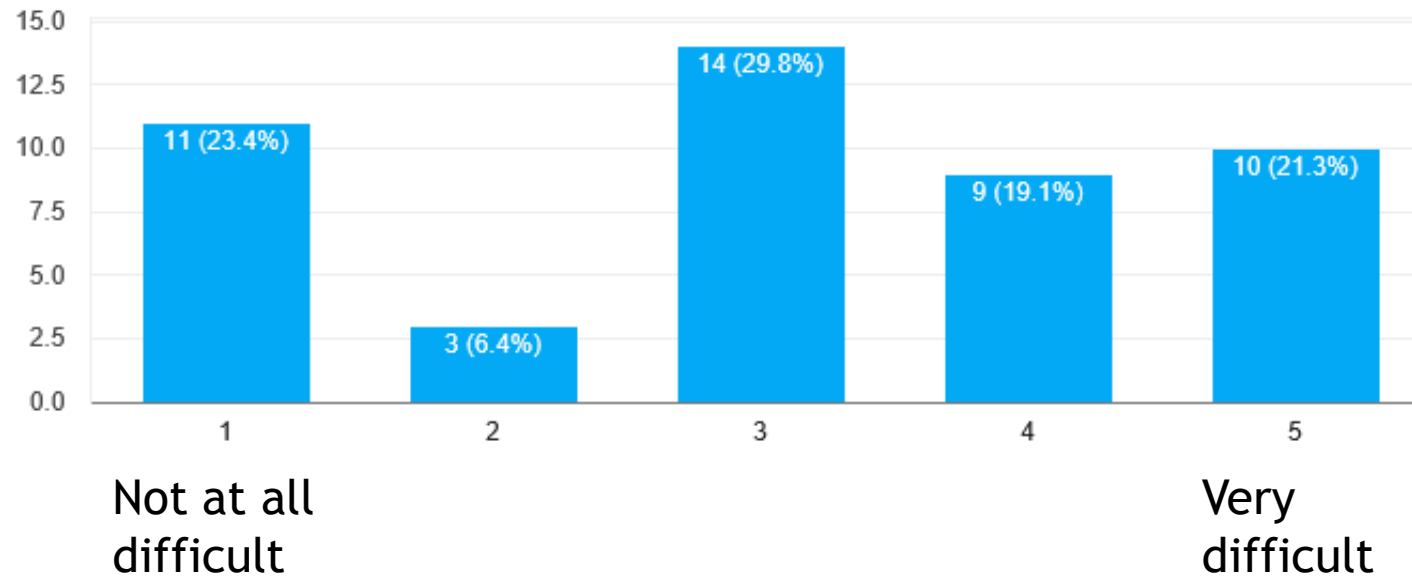
- ▶ Considering all workers employed by your company in 2017, estimate the percentage of employees who are permanent residents of the following:



Survey

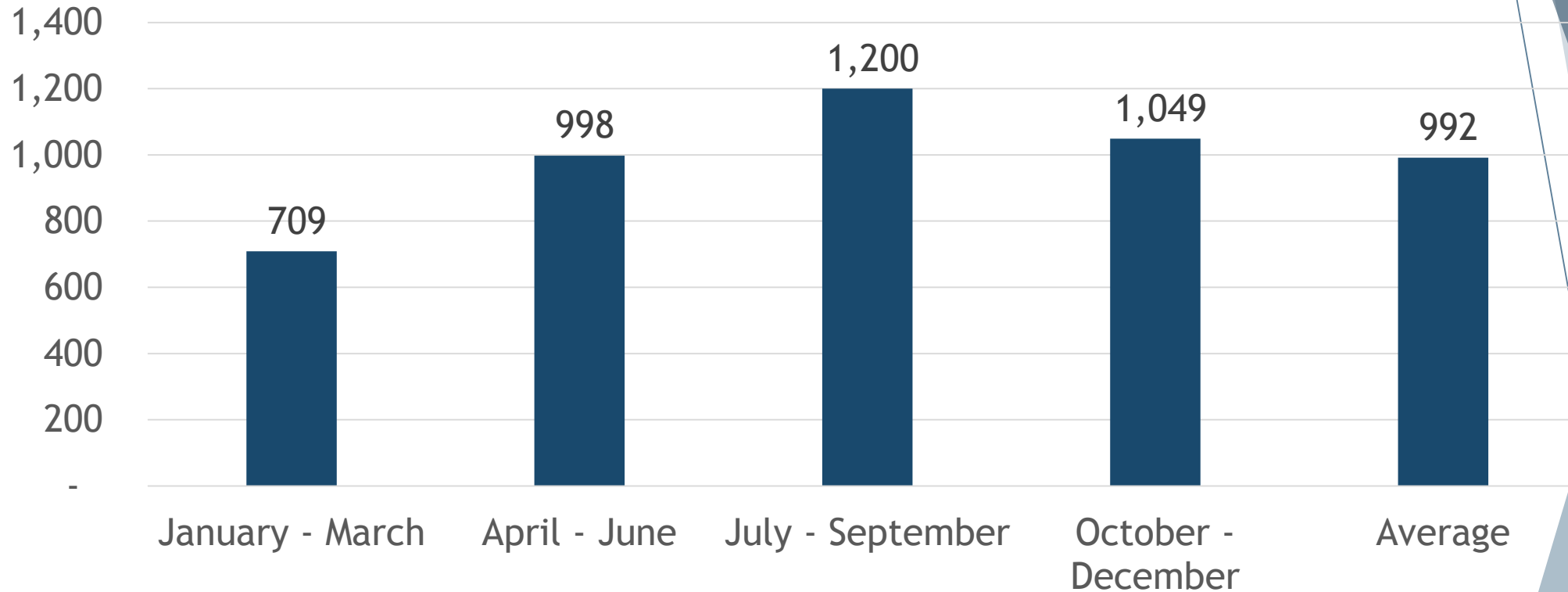
On a scale of 1 to 5, how difficult is it for you to attract and retain employees?

47 responses



Survey

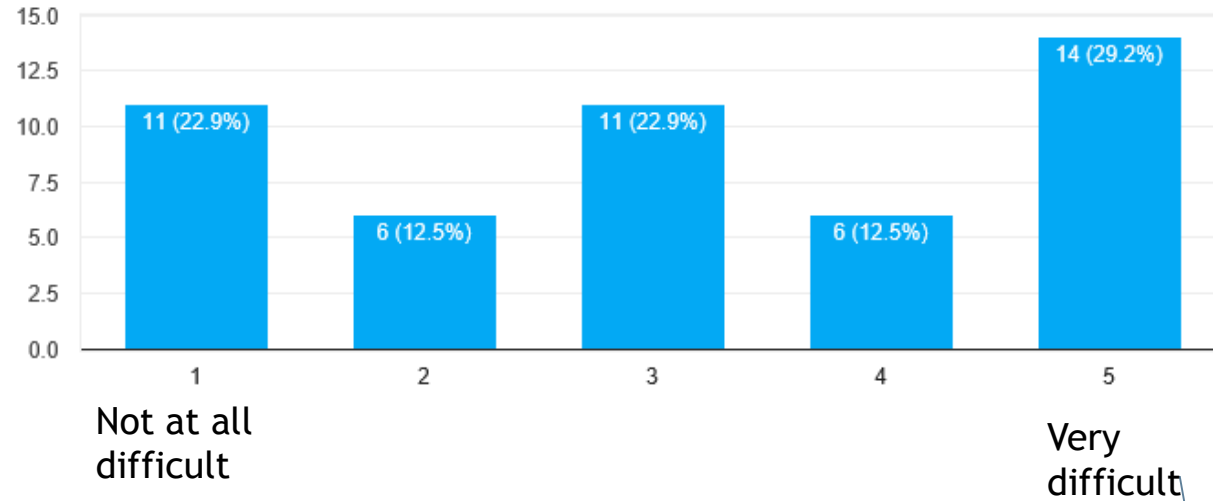
2017 Employees by Quarter



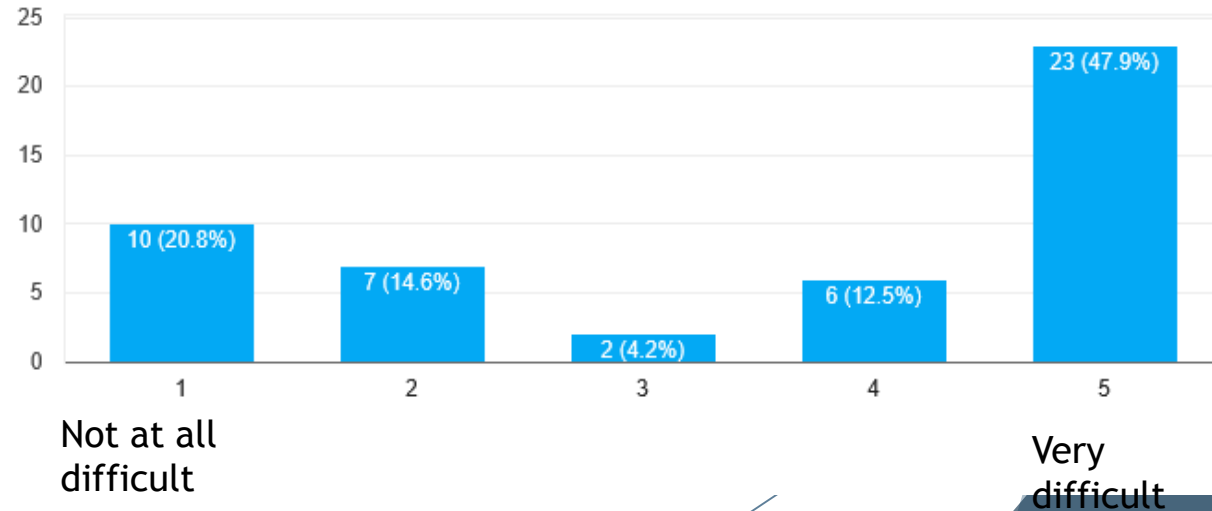
- ▶ In 2017, how many **ADDITIONAL** workers would you have hired if labor was more readily available?
 - ▶ 145 total, or 15% above quarterly average

Survey

- To the best of your knowledge, how difficult is it for your workers to find adequate housing (in Kennebunkport or elsewhere)?

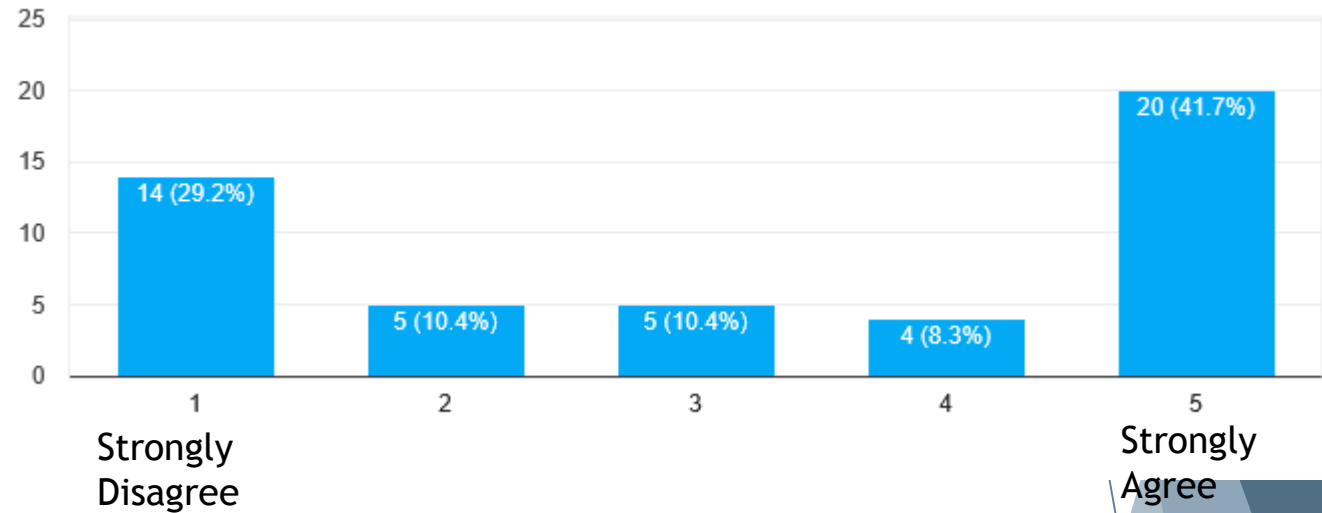


- To the best of your knowledge, how difficult is it for your workers to find adequate housing **within** Kennebunkport?

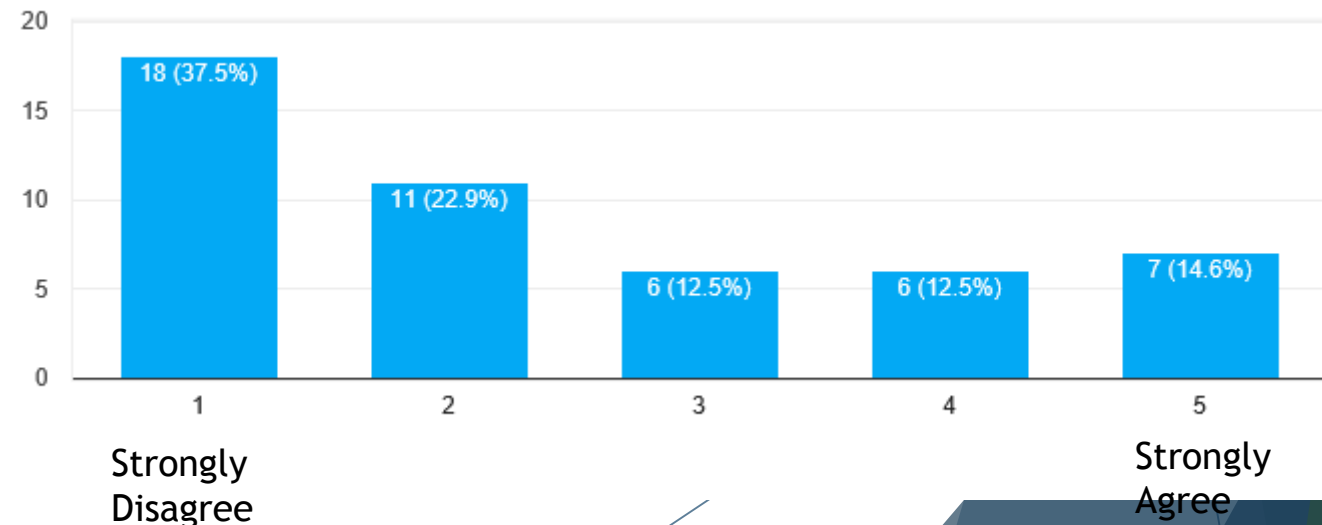


Survey

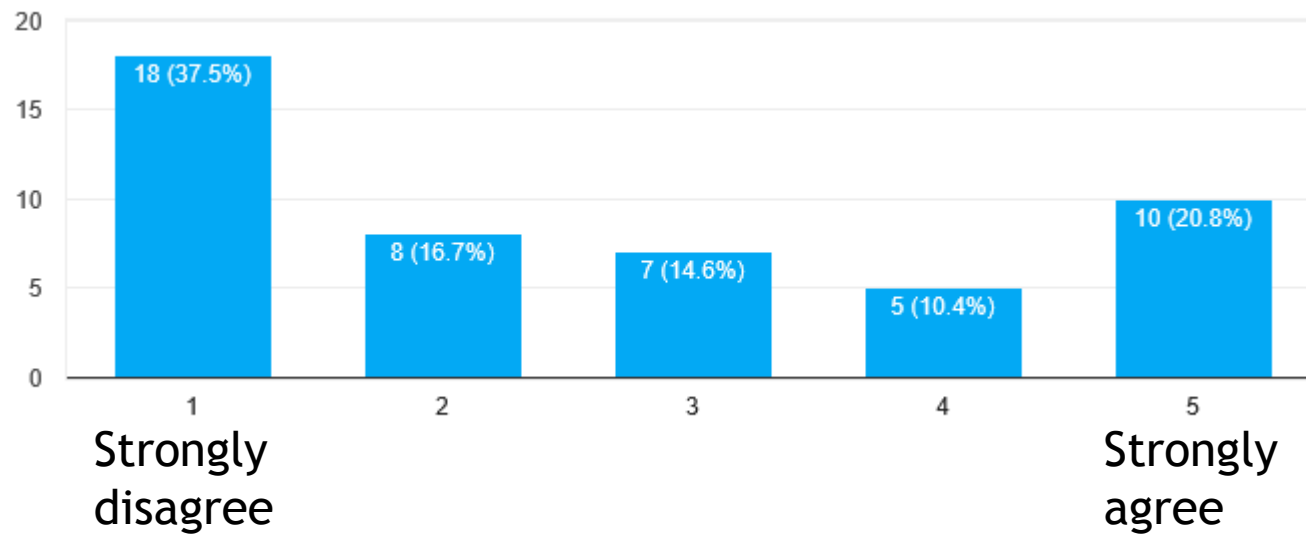
- ▶ Finding adequate housing that is affordable is a major challenge for my employees.



- ▶ Access to transportation is a major challenge for my employees.



- The lack of affordable housing options in Kennebunkport negatively impacts my business.



Survey

- ▶ More detailed survey analysis to be conducted
- ▶ Full results in final report



Why is addressing housing affordability important?

- ▶ Avoid losing a long-standing sense of community
- ▶ Create opportunities for middle income workers to live in the community where they work
- ▶ Maintain a pool of volunteers for local organizations, community services (e.g. firefighters, etc.)
- ▶ Ensure steady enrollment at elementary school

Multiple Target Demographics

Permanent Residents

- Aging, many retired - want to age in place
- Newer residents are high income
- Middle-income long-time residents purchased homes when they were more affordable

Year-Round Workers

- Younger, middle-income
- Young families seeking first home
- Employed by Town, School District, service industries, construction, landscaping, etc.
- Commute in to town
- Difficult to find affordable housing

Seasonal Residents

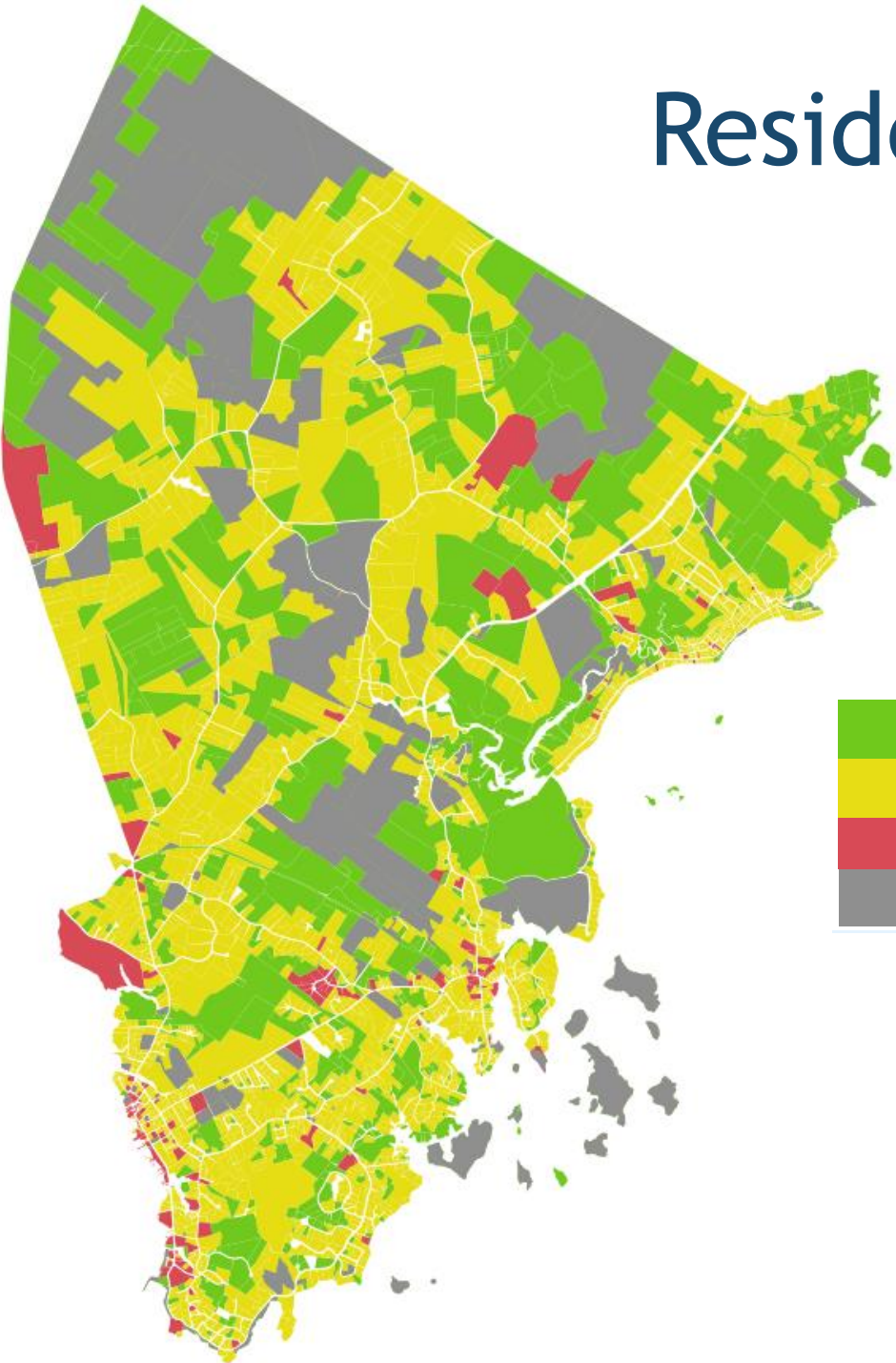
- High-income
- Live in Kennebunkport during peak season
- Long-term renters and seasonal home owners

Seasonal Workers

- Work in service industries during peak season
- Modest incomes
- Seek affordable, short-term rental housing

- Different strategies for different target demographics

Residential Land Use



Residential Acreage		
Land Use Category	Acres	Percent
Undeveloped Residential	4,111	25%
Developed Residential	6,442	40%
Non-Residential	3,048	19%
Undeveloped, owned by Town, US, or Conservation Trust	2,620	16%
Total	16,221	100%

Residential Land Use

- ▶ Considerable land potentially available for housing
 - ▶ Privately owned - 4,000+ acres
 - ▶ Conservation Trust - 2,000+ acres
- ▶ Much of undeveloped land located in zoning districts with large lot minimums - 1-acre, 3-acre
- ▶ Policies and strategies can dedicate some of this land to affordable housing development

Affordable Housing Strategy Options

- ▶ Donation of Land to Developer or Housing Entity
- ▶ Community Land Trusts
- ▶ Partnerships with Housing Entity - i.e. Habitat for Humanity
- ▶ Affordable Housing Tax Increment Financing
- ▶ Zoning and zoning policies - such as clustering, additions, etc.
- ▶ Working with surrounding communities

Strategy Example:

Community Land Trusts

- ▶ Nonprofit, community-based organizations whose mission is to provide affordable housing in perpetuity by owning land and leasing it to those who live in houses built on that land
- ▶ Currently there are approximately 160 community land trusts operating in every region of the country.
- ▶ Source:
<http://www.lincolnst.edu/publications/articles/community-land-trusts>



Strategy Example:

Scarborough Partnership with Habitat for Humanity

- 13-home mixed income neighborhood
- 20 acre parcel includes 15 acres of conservation land.
- Of the 13 single-family homes, eight will be Habitat program homes and five will be affordable homes sold through the Scarborough Housing Alliance
- The project is financed by Gorham Savings Bank and the Genesis Community Fund.



Strategy Example:

Cumberland Proactive RFQ

- ▶ Town wants to partner with developer to build an entire neighborhood of up to 100 homes for people of various ages and income levels on 31.7 acres of Town-owned property.
- ▶ Town issued a request for qualifications (RFQ), to gauge developer interest in the proposed project.
- ▶ The project's goal would be to build 75 to 100 dwellings with a mix of one-, two- and three-bedroom units. It would include a mix of single-family homes, duplexes, townhouses and apartments, along with dedicated space for a senior assisted living facility with at least 50 beds



Strategy Example:

Webster Point in Orono - Affordable Housing TIF

- ▶ 14 condos, 9 market rate and 5 affordable
- ▶ Developer use of 85% of TIF revenues for debt service on construction and site work, and on-site public recreational improvements.
- ▶ Town use of 15% of TIF revenues for proportional share of infrastructure improvements (road, sidewalk, sewer) required by conditional re-zoning



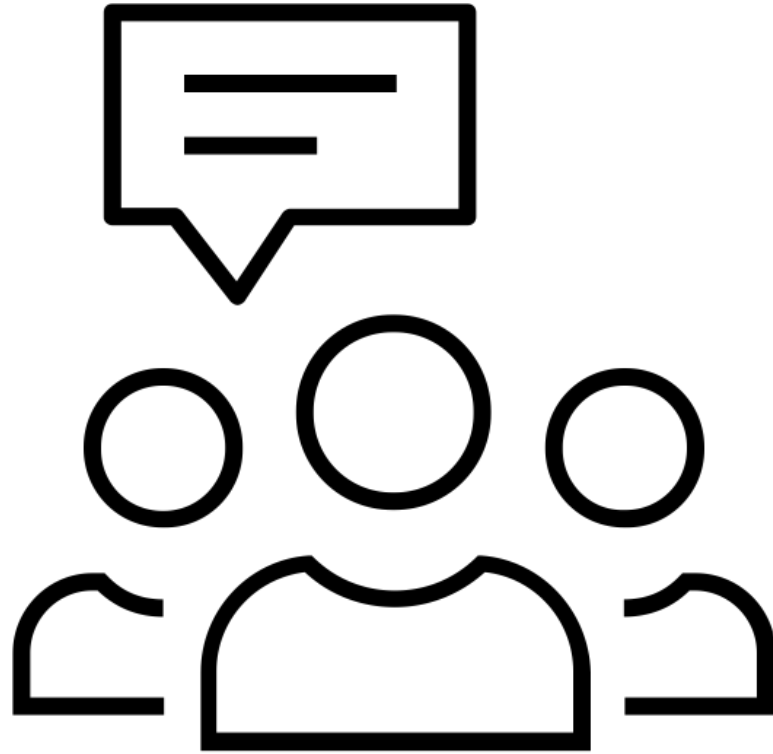
Strategy Example:

Emory School in Biddeford - Affordable Housing TIF

- ▶ 24 units of senior rental housing, 20 one-bedroom units and 4 two-bedroom units. Thirteen units will be fully handicapped accessible.



Questions?



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