

**KENNEBUNKPORT HOUSING INITIATIVE**  
**Produced by the Kennebunkport Housing Committee**

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**HOUSING INITIATIVE UPDATE: SEPTEMBER, 2018**

**INTRODUCTION**

In response to the “Housing Needs and Assessment Study”, the Board of Selectmen appointed a Housing Committee to look at possible ways to address the housing component of the problems Kennebunkport faces with a declining year-round population. With input from that study, Town Staff, the Kennebunkport Board of Selectmen (BOS), individual citizens and other affordable housing programs in Maine, the Housing Committee has been working to determine how best to provide or cause to be provided enough affordable housing in the long term which will assure that the number of key groups that would live year-round in Kennebunkport are served:

- A. Families with children attending Consolidated School - I.e., families with, or likely to have, young children.
- B. People of modest incomes like town workers, teachers, first responders (volunteer and otherwise), lobstermen, civic volunteers and others whose presence is important to the functioning and character of the Town.
- C. Current senior residents who wish to downsize and remain living in Kennebunkport.

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## **HOUSING COMMITTEE PRELIMINARY FINDINGS:**

- The housing initiative should seek to provide housing that is affordable for families and individuals in a wide range of with annual incomes: from the mid-\$20s/low \$30s to those nearer \$100 thousand. Beyond the \$100,000 level, families are reasonably served by at present market priced homes in Kennebunkport.

Examples of typical wages for Kennebunkport families in need of housing:

<b>Family Size</b>	<b>Adults</b>	<b>Children</b>	<b>Typical Wages (000)</b>	<b>Typical Professions</b>
4	2	2	\$38 to \$43	Teacher/Real Estate Broker
5	2	3	\$57	Construction Supervisor
2	1	1	\$27	Retail
2	2	0	\$36	Retired

For a more complete list of Family Sizes/Wages/Occupations and the Average Median Income for each occupation, please refer to **Chart 1 – Typical Twenty: Prototype Profiles of Families Served** in the Exhibits/Charts Section of this report.

- The initial focus will be on creating several single-family homes with prices affordable by qualified people in the upper segment of this income range. The housing study estimated house prices between \$250,000 and \$380,000 would work within this target group.
- To build quality, affordable homes in this price range given current land prices in Kennebunkport, the cost of land and possibly site development costs will need to be offset or minimized. To serve the rest of the target range will require a greater level of financial support.
- Finding resources for affordable housing:
  - One way to offset land costs is through donated land. Potential sources include: Town-owned land, as well as donations or swaps from other organizations or individuals land owners in the Kennebunkport. There are some Town-owned sites (particularly tax-acquired) which may be suitable for affordable housing.
  - Lot preparation costs could be paid by the buyer - depending on the combined cost of lot preparation and home construction or it could be paid for by other means, like grants and/or donations. For larger

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housing developments, infrastructure costs could be covered by a developer in exchange for something like land to build market value homes.

- Qualifying families or individuals in these initial groups are likely to be able to secure mortgage financing (based on input from local banks).
- Several local banks have expressed interest in supporting this initiative.
- The Housing Committee expects that most housing projects will involve working with a variety of partners, including other Not-for-Profits, developers, and financial institutions
- Ongoing administrative costs and ways to cover them are yet to be determined.
- To be truly successful, the Housing Committee also believes that the Housing Initiative will need financial support, in part, by the community:
  - Donations in the form of donated or reduced cost land and other monetary tax-free types of donations will be necessary.
  - There may also be other sources of revenue in the long run from rentals, partnerships with businesses, etc.

### **Housing Committee Recommendations**

At this point, the Housing Committee feels confident in recommending the following to the Board of Selectmen:

1. The Town approves the establishment of a stand-alone Not-for-Profit (NFP) Housing Organization which the Housing Committee believes would be the most purposeful way to oversee and administer the Housing Initiative for the Town. This approach has worked well in other Maine towns.

Members of the to-be-created Not-for-Profit, a Board of Directors (BOD), be drawn from, at a minimum, representatives from Town Staff and/or Selectmen, interested citizens and representatives from ongoing partner organizations.

The Housing Initiative should apply for and obtain 501(c)3 Internal Revenue designation(s) and should also consider a 501 (c) 4 to serve all

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the Housing Initiative targeted groups. A 501(c)3 will enable tax deductible donations for support to those slightly below the area median income level, while a 501(c)4 will allow the development of housing to those nearer or slightly above the area median income level.

2. Keep the finances of the Housing Initiative independent of the Town's annual budget.
3. Assuming the Town wishes to go forward, the initial housing projects should most likely be a few modest-sized home developments. Larger developments (which could include a mix of affordable and market priced homes) and developments serving the rest of the targeted income range would be pursued as resources and opportunities are identified.
4. When looking at the longer term, the new Housing Organization may consider including townhouses and/or rentals in the mix.
5. The Town and BOS continue to authorize the allocation of Town resources in the form of paying for legal fees and CEO staff time to support the start of this initiative.
6. The Town and BOS be prepared to approve the transfer of suitable land to the new Housing Organization. Specific site evaluation and recommendations will be forthcoming. The Housing Committee understands that tax-acquired land may be transferred with BOS approval.
7. At this point we do not know whether it will be necessary to ask for up front budgetary support for the new Housing Organization.

#### **NEXT STEPS:**

Should the BOS decide to move forward with a Housing Initiative, based on the Housing Committee findings and recommendations this far, the Committee will then:

- a. Formalize a proposal for the Housing Organization, including, a Charter, Bylaws, Board of Directors, Staffing, Funding, appropriate documents and will seek all necessary BOS and Town approvals.
- b. Seek input from the public, from developers and from potential applicants.

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- c. Complete a legal review of the organization and the housing initiative by Town Counsel.
- d. Work with Town staff to evaluate potential sites for an initial development and should one or more sites seem suitable, revert to the BOS with a request to transfer the site(s) to the new NFP.
- e. Determine funding for site preparation.
- f. Undertake discussions with potential partners.
- g. Once these steps are well underway or completed, the BOD and Staff of the new NFP would develop process guidelines, applicant evaluation criteria, line up prospective lenders, begin the process of seeking applicants, line up potential contractors and/or suppliers of modular housing and generally undertake the steps necessary to provide affordable houses on the selected sites.
- h. Establish housing affordability goals for the targeted groups.
- i. Determine the need to modify the Kennebunkport Land Use Ordinance.

### **GENERAL CHARACTERISTICS THAT WOULD APPLY TO AFFORDABLE HOUSING IN KENNEBUNKPORT**

Applicants would have to meet certain standards for income established in each case based on financial feasibility but within the range identified above.

- A. The houses would remain affordable when resold under covenants agreed to by the owner.
- B. Certain standards of maintenance and upkeep would apply to all owners.
- C. Dwelling units would have to meet certain design standards (compatibility with neighborhood, building quality, energy efficiency).
- D. Owners must live full-time in the dwelling unit.
- E. Incentives directed toward attracting individuals for example, that work in the Town, that volunteer, or have children attending Consolidated may be considered.

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**EXHIBITS/CHARTS**

***Chart 1 – Typical Twenty: Prototype Profiles of Families Served***

HOUSEHOLDS			OCCUPATIONS	WAGES. (\$000)	AMI.* (\$000)	PCTG. Inc. of AMI
Fmly	Adults	Kids				
4	2	2	School Teacher; Landscaper	38;30.	72	94%
2.	1.	1.	Retail Worker.	27.	58.	47%
3.	2.	1.	Health Care Worker; Clerical.	35;25.	65.	92%
5.	2.	3.	Construc Spvsr; Admin Asst.	57;36.	72.	129%
1.	1.	0.	Retired.	35.	50.	70%
4.	2.	2.	Librarian; Student.	50.	72.	69%
5.	2.	3.	Machine Operator; Secretary.	40;35.	78.	96%
2.	2.	0.	Retired.	36;19.	58.	95%
2.	1.	1.	Childcare Administrator.	53.	58.	91%
4.	2.	2.	Hospitality Wkr; Constr Laborer	25;26.	72.	71%
5.	2.	3.	Town Equip Oper; Paralegal.	49;48.	78.	124%
1.	1.	1.	Retired.	25.	50.	50%
5.	2.	3.	Wastewater Operator; At Home.	50.	78.	64%
3.	1.	2.	Social Worker.	46.	65.	71%
2.	2.	0.	Retired.	18;17.	58.	60%
3.	1.	2.	Artist.	30.	65.	46%
4.	2.	2.	Real Estate Broker; Carpenter.	43;40.	65.	128%
1.	1.	0.	Lobster Fisherman	37.	50.	74%
3.	2.	1.	Hair Stylist; Custodian.	26;26.	65.	80%

Note: Wages derived from averages published by Bureau of Labor Statistics, Social Security Administration and other data bases.

\* AMI = Area Median Income