

## **Section 2: Inventory/ Analysis/ Mapping**

### **B. Housing**

#### **Introduction**

Kennebunk's 1991 Comprehensive Plan contained a detailed analysis of the housing stock in the town, including supply, condition, cost and affordability. This update presents information on changes since that time. This chapter is being written in January 2002. Some data from the 2000 federal decennial census has been released but detailed information on housing characteristics is not expected to be available until July 2002. This chapter will be updated as the Census Bureau releases these data.

Since the adoption of the comprehensive plan, there was substantial growth in the housing supply in town, with the number of occupied housing units growing at a faster rate than the population. There has also been a change in the type of housing being built in the town as there have been about 300 multifamily housing units constructed, most of which are designed for the elderly.

The price of housing continues to be of concern in the community. Though there was a slowdown in the growth of home prices during the early part of the decade, housing costs have risen during the 1990s. As a result, young families and low and moderate income households in Kennebunk frequently have difficulty finding safe, decent affordable housing in the town. There also continues to be a lack of decent affordable rental housing.

#### **THE HOUSING STOCK**

##### **Census Data- Housing Supply**

According to the US Census Bureau, there were 1,000 units added to Kennebunk's housing stock between 1990 and 2000. This is the same number as the housing stock increased during the 1980s. The total housing supply in 2000 was reported as 4,985. Table 2B-1 presents information on housing supply for Kennebunk for the past ten years.

Table 2B-1. Housing Supply, 1990-2000

| Year | Total | Occupied | Owner Occupied | Renter Occupied | Total Vacant | Seasonal |
|------|-------|----------|----------------|-----------------|--------------|----------|
| 1990 | 3,985 | 3,118    | 2,402          | 716             | 867          | 478      |
| 2000 | 4,985 | 4,229    | 3,362          | 867             | 756          | 623      |

Source: US Census Bureau

Table 2B-2 summarizes trends in the type of housing units in Kennebunk based upon census data and building permit data.

Table 2B-2 Housing Unit Type, 1980-2000

| Year | Total | Single Family | Multi Family * |
|------|-------|---------------|----------------|
| 1980 | 2985  | 2477          | 507            |
| 1990 | 3985  | 3248          | 737            |
| 2000 | 4985  | 4057 **       | 928 **         |

\* includes residential condos  
estimate from building permit records

Source: US Census\*\*

## HOUSING AFFORDABILITY

### Housing Affordability Defined

A housing unit is considered affordable if the residents do not have to pay more than about one third of their income towards their housing expenses. The 1990 Census reported that approximately 23% of Kennebunk households paid 35% or more of their income towards housing expenses, an increase from 16% in 1980. For a family owning the home, the combined costs of the mortgage, utilities, heat, and property taxes are included in the calculations. For a rental unit, the costs of rent, heat, and utilities are included. The state's comprehensive plan requires that municipalities develop policies and strategies to assure that a minimum of 10% of the new housing units are affordable to households with very low, low, and moderate incomes.

The definition of these income groups is based on the median income of all households in the area. For Kennebunk, the area that should be considered is the non-metropolitan portion of York County. A very low income household is one whose income is less than 50% of the area median income. A low income household has an income between 50% and 80% of the median and a moderate income household has an income of between 80 and 150% of the median income. The most recent median income for the non-metropolitan portion of York County is \$45,400.

### Number of Very Low, Low and Moderate Income Households

Any analysis of housing affordability must look at not just one municipality, but also a broader area. Below are figures for Kennebunk, the 9-town Biddeford housing market in which Kennebunk is located, and York County. Table 2B-3 presents data from the 1990 Census and for 2000 from a private data company. The Maine State Housing Authority has provided the 2000 data.

Table 2B-3. Number and Percent of Households at Various Income Levels 1990, 2000

| Income Level       | Kennebunk   |             | Biddeford<br>Housing Market |             | York<br>County |              |
|--------------------|-------------|-------------|-----------------------------|-------------|----------------|--------------|
|                    | 1990        | 2000        | 1990                        | 2000        | 1990           | 2000         |
| median income      | \$38,227    | \$47,445    | \$32,212                    | \$39,865    | \$32,432       | \$40,531     |
| very low income(a) | 579 (19%)   | 681 (18%)   | 5,114 (21%)                 | 5,701 (21%) | 12,697 (20%)   | 13,639 (21%) |
| low income(b)      | 602 (19%)   | 737 (20%)   | 4,217 (17%)                 | 4,862 (18%) | 10,758 (18%)   | 12,977 (18%) |
| moderate income(c) | 1,155 (38%) | 1,522 (41%) | 9,243 (38%)                 | 9,684 (49%) | 23,394 (38%)   | 24,371 (49%) |

Source: Maine State Housing Authority, US Census Bureau

**note:** (a) very low= $\leq$  50% of median income  
 (b) low= $\leq$  80% of median income  
 (c) moderate= $\leq$  150% of median income

From Table 2B-3 one can see that though there is a statutory requirement for the town to seek to achieve 10% of the new housing be affordable to very low, low, and moderate income households, these households comprise more than three quarters of the households in the area.

## **Supply of Affordable Housing**

Using the non-metropolitan York County median income estimate of \$45,400, a very low income household has an annual income of \$22,700 and can afford to spend up to \$401 per month for rent and utilities under the state guidelines. If this household were looking to purchase a home, they could afford a home priced at about \$75,000. Low income households have incomes between \$22,700 and 36,320. They can afford up to \$1,000 per month on rent and utilities. When purchasing a home, they can afford a home with a price of up to \$121,000. A moderate income household has an income of \$68,100. Allowing up to 33% of this household's income for housing costs allows them to buy a home with a price of up to \$150,500.

Data from all sales activity in Kennebunk between April 1, 2000 and April 1, 2001 were obtained through the Assessors department and analyzed to determine the supply of affordable single family homes in the town. During that one-year period, there were approximately 700 real estate transactions. When sales of commercial property, vacant land, and non-market transactions were removed from the sample, there were just over 300 sales of single family homes that appeared to be market driven, arms-length transactions. The range in sales prices during this time was between \$25,000 and \$2,400,000. The median sales price was \$167,225. One quarter of the sales was for \$135,000 or less.

There were 14 sales (4.5%) that would have been affordable to a very low income family. Ten of these sales were condominium units on Fletcher Street, Brown Street or Water Street, selling in the range of \$65,000 to \$75,000. None of these appear to be new homes.

There were 41 additional sales (13%) that would have been affordable to a low income family. Approximately one quarter of these homes are condominiums, on Powder Mill Drive and elsewhere. Though it cannot be determined with certainty, it appears that very few, if any, of these were new homes.

There were 181 homes (59%) that sold at a price affordable to a moderate income family. Almost half (81) of these homes were condominiums. Most of these condominiums (52 of the 81) were new units. There were nine new homes in this group.

There are approximately 920 rental units in Kennebunk according to the 2000 Census. The Census reported a 5% vacancy rate for rental units. According to data supplied by the Maine State Housing Authority, 57% of the renter households in Kennebunk have incomes that qualify as low or very low income and an additional 36% qualify as moderate income. The Housing Authority reports there are 88 subsidized or affordable rental units. Of these, 68 are reserved for elderly residents.

There is a widely acknowledged shortage of rental housing in the town. With the exception of the handful of accessory apartments, there has been limited construction of new rental housing in the town in the past ten years. Even with programs designed to assist lower income households purchase first homes, many lower income households are not in the market to purchase a home and there continues to be a need for new rental housing in the town in order to meet the needs of these households.

## **AFFORDABLE HOUSING ANALYSIS**

This section evaluates Kennebunk's current and future needs for affordable housing. The basic premise of the section is that the Town of Kennebunk intends to provide its fair share of the region's housing supply.

### **DEFINITIONS OF AFFORDABILITY**

The starting point for this analysis is to define affordability and examine how affordable or unaffordable Kennebunk's housing stock currently is. Affordability will be defined by a combination of HUD's definitions of very low, low and moderate incomes and Maine State Housing Authority (MSHA) data for the Town of Kennebunk and York County.

HUD's affordability definitions are tied to regional median household income levels:

- Very Low income is defined as below 50% of the regional median;
- Low income is defined as 50-80% of the regional median; and
- Moderate income is defined as 80-120% of the regional median

As of 2003, York County's median household income level was \$48,522, so the 50%, 80% and 120% thresholds are applied to that figure (see below)

The next step is to define the relationship between household income and housing affordability. MSHA calculates this information for each municipality in Maine each year by using a formula that includes all of the costs of housing—mortgage amount, interest rates, property taxes, utilities, etc. For 2003, the income to price ratio for York County was 33.75%, with a household earning the county median able to afford a home priced at \$143,754.

Using the combination of HUD and MSHA data, the income and home price levels for households in Kennebunk are assumed to be:

- Very Low: Income below \$25,000, home price below \$74,000
- Low: Income from \$25,000 to \$40,000, home price from \$74,000 to \$118,000
- Moderate: Income from \$40,000 to \$60,000, home price from \$118,000 to \$178,000

MSHA also reports each year on affordability by town, comparing the affordable level for a household earning the town's median income with the median home sale price in the town. By this measure, Kennebunk was one of the least affordable towns in York County in 2003, with the median-earning household in the town (\$56,267) able to afford a home priced at about \$165,848—just 64% of the town's median sale price for the year of \$260,000. By comparison the countywide ratio is 78%.

### **CURRENT AFFORDABLE HOUSING NEED—GAP ANALYSIS**

The current affordable housing gap is measured by comparing Kennebunk's present population's income profile with that of York County. The central assumption in this analysis is that each community in the county should have an equal share of low to moderate income residents and thus bear its fair share of the region's affordable housing need.

Table 1 compares 2000 Census data on very low, low and moderate-income households for Kennebunk and York County to illustrate where the gaps exist.

**TABLE 1  
VERY LOW, LOW AND MODERATE INCOME HOUSEHOLDS, 2000**

|                     | Kennebunk    |             | York County   |             |
|---------------------|--------------|-------------|---------------|-------------|
|                     | Number       | Percent     | Number        | Percent     |
| Very Low (<\$25K)   | 835          | 19.8%       | 19,503        | 26.2%       |
| Low (\$25-40K)      | 781          | 18.5%       | 14,150        | 19.0%       |
| Moderate (\$40-60K) | 806          | 19.1%       | 15,965        | 21.4%       |
| Market (>\$60K)     | 1,789        | 42.5%       | 24,910        | 33.4%       |
| <b>Total</b>        | <b>4,211</b> | <b>100%</b> | <b>74,527</b> | <b>100%</b> |

*Source: US Census; SMRPC*

The “gap analysis” conducted to determine Kennebunk’s present affordable housing shortage was a matter of determining how many more very low, low and moderate-income households would need to be housed in the Town in order for its income profile to match that of York County. Table 2 illustrates the gap analysis.

**TABLE 2  
AFFORDABLE HOUSING GAP ANALYSIS**

|                       | Current Affordable Units | Units Needed to Match County Ratios | Affordable Housing Gap (Units) |
|-----------------------|--------------------------|-------------------------------------|--------------------------------|
| Very Low (<\$74K)     | 835                      | 1,102                               | 267                            |
| Low (\$74-118K)       | 781                      | 799                                 | 18                             |
| Moderate (\$118-178K) | 806                      | 902                                 | 96                             |
| <b>Total</b>          | <b>2,422</b>             | <b>2,803</b>                        | <b>381</b>                     |

*Source: US Census; SMRPC*

As Table 2 shows, Kennebunk’s present affordable housing shortage is estimated to be 381 units, with the majority being in the very low-income range. Of the total need, 267 out of 381 are in this price range (70%). Just 18 are in the low-income range (5%) and 96 are in the moderate-income range (25%).

**FUTURE AFFORDABLE HOUSING NEEDS**

The Maine State Planning Office (SPO) projects that Kennebunk’s year-round population will increase by 2,654 persons for the period spanning 2000 to 2015. Using the Town’s 2000 average household size of 2.44 persons, this translates to a net change of 1,088 year-round housing units.

Maine’s Comprehensive Planning statutes mandate that local Comprehensive Plans ensure that at least 10% of new housing units in each municipality are targeted for affordable housing. Applying that standard to the expected change of 225 units, this would translate to 109 additional affordable units over a 15-year period, or an average of about 7.25 per year.

Adding together the current gap and future needs for housing, the total need for affordable housing in Kennebunk through the year 2015 is estimated to be 490 units. This averages out to about 33 units per year.

**TOTAL HOUSING NEEDS: RENTAL VS. FOR-SALE**

According to 2000 Census data, 79.5% of units in Kennebunk were owner-occupied and 20.5% were renter-occupied. This compares with a countywide owner-renter ratio of 73/27. In order to ensure that Kennebunk shoulders its fair share of affordable rental housing, a good benchmark would be to aim for future affordable rental housing to be of a similar profile to the county. Thus, aiming for a 73/27 ratio in Kennebunk is a reasonable planning goal.

Applying this ratio to the total 2000-2015 need of 490 units, the total need by type is:

Owned units @ 73% of total:            358 total, 24 per year

**Rented units @ 27% of total:            132 total, 9 per year**

Total units:                                490 total, 33 per year

**D. HOUSING: ISSUES AND IMPLICATIONS**

Housing is a critical part of the way a community grows. No single type of housing can serve the varied needs of a truly diverse community with diverse households. The 1991 Comprehensive Plan identified an important goal of creating at least 10% of all housing built during the next decade was to be “affordable” according to the state’s definition of affordable.

Based upon a sample review of sales data for the period between 4/2000-4/2001, although there appears to be several condo resales in the “affordable” range, there were very few, if any, new homes built to serve the very low and low income household. In addition, no new multi-family rentals have been developed since 1990 except for an elderly congregate on Ross Road and this has resulted in not only a shortage of rentals but also a shortage of affordable rentals.

Kennebunk can expect to see 1,000 to 1,500 new housing units during the next decade. The State’s comprehensive planning law requires the town to seek to have 10%, or 100-150 of them be “affordable.” The 1991 Comprehensive Plan recommended several zoning changes which were aimed at encouraging the development of more affordable housing in the town, including the addition of a density bonus system for developing a percentage of a residential development as affordable, the addition of accessory apartments as a permitted use in all residential zones, and the increase in allowable density for multi-family housing in certain areas. Kennebunk needs to continue to take additional steps toward easing those land use standards which may be discouraging the development of affordable housing in the community.

Kennebunk needs to decide whether we still consider the creation of affordable housing to be an important local goal and if so, we must search for additional methods of achieving that goal- i.e.:

- **Requiring** that a percentage of all new residential dwelling units which are built to meet the definition of affordable

(or)

- **Require** that a per lot, per dwelling unit affordable housing fee be implemented and used in the creation of affordable housing.
- Consider making changes to affordable housing zoning standards in order to permit the higher density provision for lots other than subdivision lots
- Discuss with public utility districts the possibility of granting reduced impact fees for affordable housing
- Consider using Kennebunk median income figure rather than York County non-SMA figure in calculating affordable house price