

**NOTE TO READERS:** This is a *draft* of the Kennebunk Comprehensive Plan. The Comprehensive Plan provides us with a description of the town today in a range of categories, and identifies issues and recommendations for the future. The final version will include an introduction, be professionally formatted and contain multiple photographs. As a town resident, you are encouraged to look at this draft in this early format. **We are now looking for comments and opinions on its contents**, especially the *Issues & Implications* and *Recommendations* sections at the end of each chapter.

The Town will make changes to this draft based on the comments and opinions received, and residents will vote whether or not to accept the final Plan in June 2019.

## **Chapter B: Housing**

Kennebunk’s 2001 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. Most of this data can be found in the 2010 U.S. Census with updates from Southern Maine Planning and Development Commission.

Since the adoption of the last Comprehensive Plan, the number of housing units has grown at a faster rate than the population, but both housing and population growth slowed significantly after 2010 and population growth projections remain low.

In 2014, there were 6,039 housing units in Kennebunk, with 80% occupied. Of the 4,795 occupied units, 77% were owner-occupied and 23% rented on a seasonal/recreational/occasional basis.

There has been a small increase in the percentage of multi-family units, from 19% to 22% of the total stock, primarily due to the construction of 300 market-rate multi-family housing units, some age restricted and mostly for purchase. In 2015, 25% of all Kennebunk households were inhabited by a single person. There is a need to develop trend data for these measures to better understand the impact of the aging population in the Town.

The median income of Kennebunk residents has risen relatively more quickly than housing prices, with the so-called affordability index rising from .64 to .72 from 1990 to 2017. That means in 2017 a household earning the median income could afford 72% of the price of a median priced household unit.

In the 1991 Comprehensive Plan, the Town adopted a goal of 10% of new housing being “affordable,” referring to housing for those with low incomes. That goal appears to have been met, through a combination of the density bonus system, additional accessory apartments and multifamily housing. Additional discussion is needed to decide if that goal is adequate going forward.

### **Housing Stock**

Table 2B-1 presents information on housing supply for Kennebunk from 1990-2014. Table 2B-2 shows changes in single family vs. multi-family units for 1990-2014.

Table 2B-1. Housing Supply, 1990 – 2014

<b>Year</b>	<b>Total</b>	<b>Owner Occupied</b>	<b>Renter Occupied</b>	<b>Total Vacant</b>	<b>Seasonal Use</b>
1990	3,985	3,118	2,402	716	867
2000	4,985	4,229	3,362	867	756
2010	5,906	4,689	3,623	1,066	1,217
2014	6,039	4,795	3,705	1,090	1,244

Source: US Census Bureau 2010

Table 2B-2 Housing Unit Type, 1990 – 2014

<b>Year</b>	<b>Total</b>	<b>% Change</b>	<b>Single Family</b>	<b>% Change</b>	<b>Multi Family *</b>	<b>% Change</b>
1980	2,985	n/a	2,477	n/a	507	n/a
1990	3,985	33.5%	3,248	31.1%	737	45.4%
2000	4,985	25.1%	4,057 **	24.9%	928 **	25.9%
2010	5,906	18.5%	4,585 **	13.0%	1,321 **	42.3%
2014	6,039	2.3%	4,688 **	2.2%	1,351 **	2.3%

\*\*Source: U.S. Census Bureau, 2010

There were 2,054 units added to Kennebunk’s housing stock between 1990 and 2014, an increase of 52%. In the same period the population grew by 3,107, from 8,004 to 11,111, an increase of 38%. Both these rates slowed significantly after 2010, probably due to the lagged impact of the 2008-2009 recession, and population growth projections remain low. In 2014, 934, or 15.5% of the housing units, were classified as seasonal/recreational or occasional, vs. 623 or 12.5% in 2000. The vacancy rate from 1990-2014 has been stable in the low 20’s.

According to Census Bureau data released in December of 2017, Kennebunk has a 2.7 average household size, compared to a 1990 household size of 2.27. This is likely due to the rising portion of older people living independently in single households, as well as increased longevity, lower birth rates and higher divorce rates. Compared to York County, the proportion of Kennebunk’s population in the 20-34-year-old range is below average and the 65+ range is well above average and growing, showing the profile of an aging community.

In the 2013-2014 period, 11% of Kennebunk residents 75 years or older moved to Kennebunk from elsewhere. The ability of out-of-town retirees to pay premium prices has put younger families who want to live in Kennebunk at a competitive disadvantage in terms of housing price.

### **Housing Affordability**

In the town-wide Resident Survey that preceded this update of Kennebunk's Comprehensive Plan, the question was asked, "Does the Town adequately provide for the housing needs of Kennebunk's low and moderate income families?" To this, 51% of respondents said no, 20% said yes, 27% had no opinion, and 2% did not respond. Compared to many of the other responses, this indicated that a relatively large percentage of residents believe that Kennebunk does not have sufficient housing for low and moderate-income families.

This is not surprising in view of the fact that Kennebunk has a higher median income and a higher median home value than many other Maine communities. While the Town appears to have met the 1991 goal of ensuring that 10% of all new housing is affordable, this goal does not help the young teachers, police force members and businesspeople who might want to live and work here. That's because that "affordability" number was based on Kennebunk's (high) median income and (high) housing prices, which are more than many young families earn and can afford. If Kennebunk residents want to continue to live in a well-rounded community with a range of ages and incomes, more needs to be done.

There is also much confusion around housing affordability terms. Subsidized housing, which qualifies for state subsidies, is defined based on a percentage of median income. Affordable, or workforce housing, is a more general term and is typically not subsidized. Workforce housing is created to be affordable by virtue of having smaller square footage, a smaller lot size, and/or designed as a multi-family structure. Those who want to learn more about housing definitions and how Kennebunk fits in should read the boxed information starting below.

*(Indented copy below to be formatted in separate box)*

At present, the Town has 224 restricted income housing units. Income restricted housing can be defined as private rental housing subsidized by the Maine State Housing Authority. A portion of the tenant's monthly rent and utilities are paid directly to their landlords. The amount of rental assistance is determined through a schedule provide by the Maine State Housing Authority and is generally 30-40% of the household's adjusted gross income.

The Kennebunk Zoning Ordinance defines "affordable housing" as decent, safe and sanitary dwelling units that can be afforded by households with **annual incomes no greater than 120% of the median household income in non-metropolitan York County**, as established by the U.S. Department of Housing and Urban Development. A renter-occupied unit is affordable to such households if the unit's monthly housing costs, including rent and basic utility costs (the costs of heating and of supplying electricity to the unit plus the cost, if any, of supplying public water and public wastewater disposal

service to the unit), do not exceed 30% of gross monthly income. An owner-occupied unit is affordable to such households if its price results in monthly housing costs that do not exceed 28% of gross monthly income for principal, interest, insurance, and real estate taxes. Estimates of mortgage payments for a unit are to be based on down payment amounts, and on rates of interest that are generally available in the area to low and moderate income households.

The U.S. Department of Housing and Urban Development (HUD) defines Very Low, Low, and Moderate income levels and Maine Housing (MH) uses this framework to provide data for all of Maine, broken down by town and county.

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

- Very Low income is defined as less than 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 2017, the median household income level for York County was \$60,328 and for Kennebunk, \$71,749. To measure housing affordability, MH calculates for each municipality in Maine each year all the costs of housing—mortgage amount, interest rates, property taxes, utilities, etc. For 2017, the income-to-price ratio for York County was 28%, meaning that a household earning the county median income was able to afford a home priced at \$212,364. For Kennebunk, the comparable income price ratio showed that a household earning the median income was able to afford a house priced at \$250,880. In 2017, the actual median price of a Kennebunk housing unit was \$347,000.

Based on household income and housing price data, MH calculates an Affordability Index. At the end of 2003, the Affordability Index for York County was 0.78, meaning that a household earning the County's median household income level (\$48,522) could only afford 78% of the purchase price of a home selling for the County's median home sale price (\$184,000). By the end of 2017, the Affordability Index for all of York County had risen to 0.83 meaning that a household earning the County's median household income level (\$60,328) could afford 83% of the purchase price of a home selling for the County's median sale price (\$255,000).

The Kennebunk index also improved from 2003 and 2017, from .64 to .72. This means that a family earning the Kennebunk median household income of \$71,749 in 2017 could afford 72% of the purchase price of a home selling for the Kennebunk median home sale price of \$347,000. This a much broader indicator of affordability than that used for restricted income housing units, such as those built by Avesta Housing, but has limited use as a planning tool.

Another measure for characterizing the adequacy of existing housing stock is the availability of middle market housing, also known as workforce housing - defined locally as Affordable Housing. This generally refers to housing that is available for households at 80% to 120% of the area median income. In Kennebunk, with a \$71,749 median income, the median income range would be \$57,399 to \$86,090. Taking the .28 MH multiplier, the middle market housing price would be in the range of \$212,468 to \$318,704. Data is

needed to compare the number of household units within the 80-120% median income range with available housing stock in Kennebunk and surrounding communities to assess the adequacy of middle income housing available for Kennebunk residents.

### **Rental vs. Owned Housing**

In 2014, there were approximately 1,090 occupied rental units in Kennebunk, with a 10% vacancy rate. According to data supplied by MH, 58% of the renter households in Kennebunk have incomes that qualify as Low or Very Low income and an additional 41% qualify as Moderate income. MH reports that there are 169 income-restricted rental units in Kennebunk. Of these, 74 are reserved for elderly residents. Except for a handful of accessory apartments, there has been limited construction of new rental housing in the Town in the past ten years.

### **Housing Data Summary**

- Median Price of a Kennebunk housing unit in 2017 was about \$347,000
- The Affordability index was .72.
- Kennebunk housing stock grew by 921 units between 2000 and 2010, relatively faster than in neighboring towns, but has significantly slowed since then.
- In 2014, the Census identified 6,039 housing units; Of the 4,795 units identified as occupied, 77% were owner-occupied and 23% renter-occupied.
- In 2014, 21% of all housing units in Kennebunk were vacant, 19% were for seasonal use, and 60% were occupied year-round.
- In 2014, 78% of the units in Kennebunk were single family units and 22% were multiple family units.
- 25% of the households are single person.
- There are 156 assisted living units in Kennebunk, plus 140 units for those requiring special nursing care.

### **Issues and Implications**

- The 1991 Comprehensive Plan identified a goal of ensuring that at least 10% of all housing built during the next decade was affordable for low income residents whose annual income does not exceed \$48,262 (80% of York County average median income \*2017 MH). Kennebunk has a median income almost \$20,000 more (\$71,749) than what is considered affordable by Maine Housing for low income residents, leading to a much higher median home price of \$285,576. To achieve the goal, it recommended several zoning changes and other policies, such as the density bonus system and encouraging accessory apartments. Further analysis of existing housing stock in relation to demographic and economic trends is necessary to determine if this goal has been met and if it is adequate.
- Accessory apartments offer an opportunity for young families to move to Kennebunk and provide the retirement-aged population the opportunity to age in place near their families. Continued support for these types of units is warranted and should be reviewed in terms of what other towns are doing to determine what would be most appropriate for Kennebunk.

- The lack of sewer extension west of the Turnpike, where land for new housing is relatively more available and less expensive, is a constraint on further development of smaller lots and multi-family units.
- Housing both reflects and contributes to the demographic and economic profile and prosperity of the Town. A comprehensive housing plan would match housing stock and household income data, present and future, with local and regional demographic and economic profiles. It also would include a range of housing options including single and multi-family units, owner-occupied and rental, low income, and middle income and full market. It also could include examining the demand for, and availability of assisted living facilities in the town. This data would then enable the Town to develop a plan aimed at providing appropriate housing for the people living in the Town and those whom the Town might want to attract.

**Recommendations:**

- The Town should establish a Housing Committee with appropriate town staff support, to address the described data and political issues and to formulate a Housing Plan consistent with economic and demographic projections as described above. As part of this, the Town should facilitate a town-wide discussion of what blend of housing is desirable. Data to understand the characteristics of the vacant, rented and seasonal housing and their impact on the Town, should be part of the housing plan.

Suggestions to be considered under a Housing Plan include:

- The Town should create a plan for the development of middle market affordable housing available for households at 80% to 120% of the area median income. The plan would include creative plans to leverage private and governmental funds, facilitating zoning ordinances and a commitment to providing appropriate housing (“income restricted” “affordable,” and “market”) to meet the needs of the entire population of the town as well as those the town would like to attract.
- The Town should consider the Sustain Southern Maine Center of Opportunity Village model, with a mix of housing that provides easy (walkable) accessibility to downtown areas, and is multi-generational and neighborhood oriented. Such housing is especially important for retired families with limitations on transportation and heightened concerns for safety, but is also suited for working-age families. Solutions to affordable housing issues may well depend on regional cooperation.
- The Town should identify zoning incentives to promote affordable housing, including mixed-age housing developments. Incentives to consider are density bonuses, and zoning overlay districts to permit higher density where public services are available or may be extended.
- Kennebunk has been encouraging development of accessory housing units and it is recommended that the Town should continue to do so in order to encourage the largest number of residents who qualify.