

DRAFT

HOUSING

KEY FINDINGS

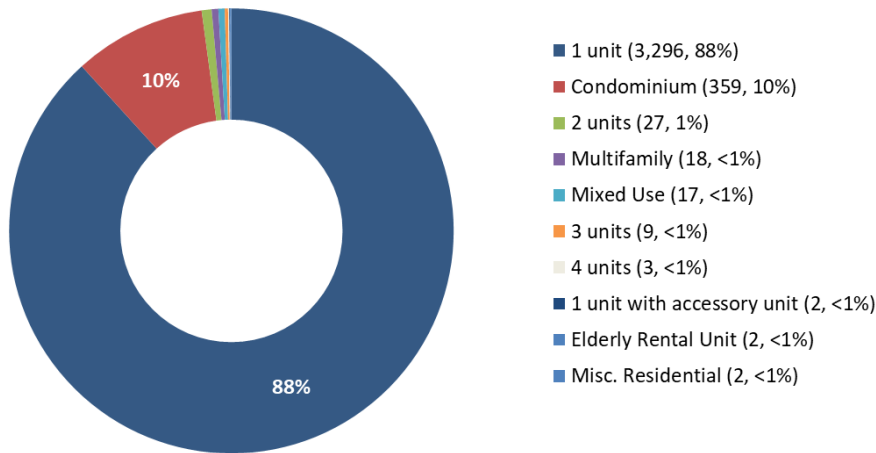
- Single family homes represent nearly 90% of the town’s housing stock, and condos, 109%.
- More than three quarters of the total housing stock was owner occupied in 2010, decreasing from 81% owner-occupied in 1990 to 77% in 2010. The percentage of renter occupied units has remained at about 13% since the 1990s.
- Roughly 1/3 of Cape Elizabeth households are paying more than 30% of their income for housing. As of 2015, nearly half of all renter households in Cape Elizabeth were cost-burdened¹ and about 28% of homeowner households were cost-burdened.
- In 2013, the median home price in Cape Elizabeth was \$375,000 and the household in the county earning the median income would only be able to afford a \$200,000 home. At this time, 55% of Cape Elizabeth residents were unable to afford the Town’s median home price.
- Between 2003 and 2013 the median home price in Cape Elizabeth increased by nearly 40%, compared to just over 20% for Cumberland County and many surrounding communities. Over the same time period Cape Elizabeth home prices have remained, on average, 49% higher than the county, second only to Falmouth, which was at 70% above the county average.
- In 2010, about 21% of seniors lived alone. From 2000 to 2010 this number increased by 11%, from 347 to 385. In the future, the growing number of seniors living alone may demand more housing that is smaller and more accessible.

¹ Cost-burdened is the financial assessment when a household must spend more than 30% of household income on housing costs. Housing costs for renters include rent plus basic utility and energy costs. Housing costs for home owners include mortgage principal and interest payments, mortgage insurance costs, homeowner's insurance costs, real estate taxes, and basic utility and energy costs.

Housing Stock

According to Cape Elizabeth’s assessing database, single family homes represent about 88% of all housing units. Condominiums are the second most dominant, representing 10% of the town’s housing stock. Two-family units represent 1% of the housing stock, and all other housing types combined account for the remaining 1% of housing units.

CAPE ELIZABETH HOUSING TYPE 2017



Source: 2017 Cape Elizabeth Assessing Data

In ~~As of~~ 2010, Cape Elizabeth has 3,963 housing units. From 2000 to 2010, the housing stock in Cape Elizabeth increased by 6%, or 239 units. Based on 2017 assessment data it is reasonable to assume that the majority of this new construction was single family homes. Compared to similar neighboring communities, housing in Cape Elizabeth grew at a relatively slow rate in the first decade of the 2000s. However, assessing data show that there are currently only 390 vacant parcels zoned for residential development, so there may not be much room in Cape Elizabeth for this pattern of single family housing growth to continue.

REGIONAL HOUSING GROWTH 2000-2010

	2000	2010	NET CHANGE	
			#	%
Cape Elizabeth	3,724	3,963	239	6%
Cumberland	2,945	2,902	-43	-1%
Falmouth	4,169	4,751	582	14%
Portland	31,862	33,836	1,974	6%
Scarborough	7,233	8,617	1,384	19%
South Portland	10,349	11,484	1,135	11%
Yarmouth	3,704	3,819	115	3%
Cumberland County	122,600	138,657	16,057	13%
Maine	651,901	721,830	69,929	11%

Source: US Census

Housing Occupancy

As of 2010, 90% of the housing units in Cape Elizabeth were occupied and the remaining 10% were vacant. Of the vacant housing units, 6% of these were occupied seasonally and the rest were temporarily vacant due to a transition between tenants or owners, renovations, or other factors. According to the US Census, the number of seasonally occupied housing units has more than doubled since 1990. The American Community Survey (ACS) has a high margin of error due to the small sample size in Cape Elizabeth, which means these numbers may be overstated. Even so, an increase in seasonal housing may have an impact on housing affordability in the community, particularly for renters. However, it could also have a positive impact on the local tourism economy and municipal tax base.

According to the ACS in 2010, more than three quarters of the total housing stock was owner occupied in 2010. The percentage of renter occupied units has remained at about 13% since the 1990s. The vacancy rate measures the percentage of vacant homes, excluding seasonally occupied units, and this rate has also remained stable since the 1990s, at about 3%. Such a small vacancy rate generally leads to higher prices for both home ownership and rentals.

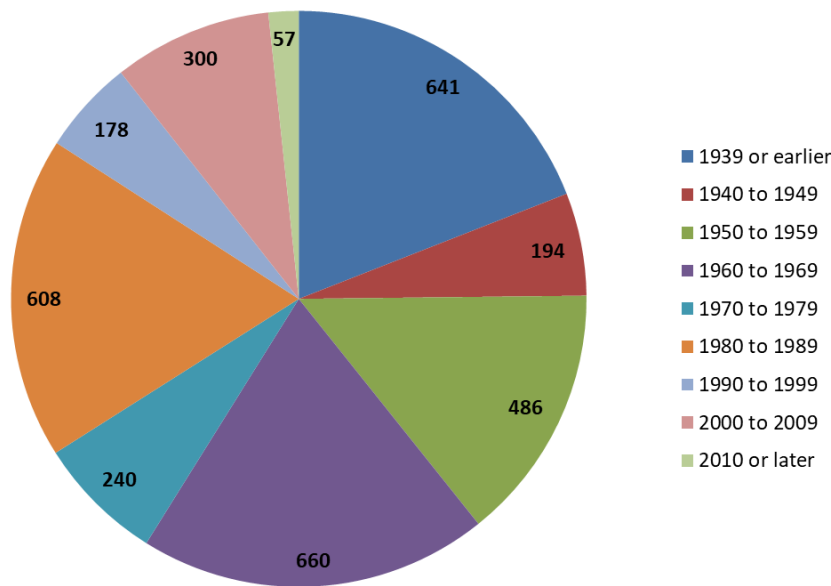
CAPE ELIZABETH HOUSING OCCUPANCY 1990-2010

	1990		2000		2010	
	#	%	#	%	#	%
Total Housing Units	3,456		3,724		4,027	
Occupied	3,257	94%	3,488	94%	3,632	90%
Owner	2,796	81%	3,064	82%	3,094	77%
Renter	461	13%	425	11%	538	13%
Vacant	199	6%	236	6%	395	10%
Seasonal	92	3%	140	4%	257	6%
Vacancy Rate		3%		3%		3%

Source: U.S. Census, 2006-2010 ACS 5-year estimates

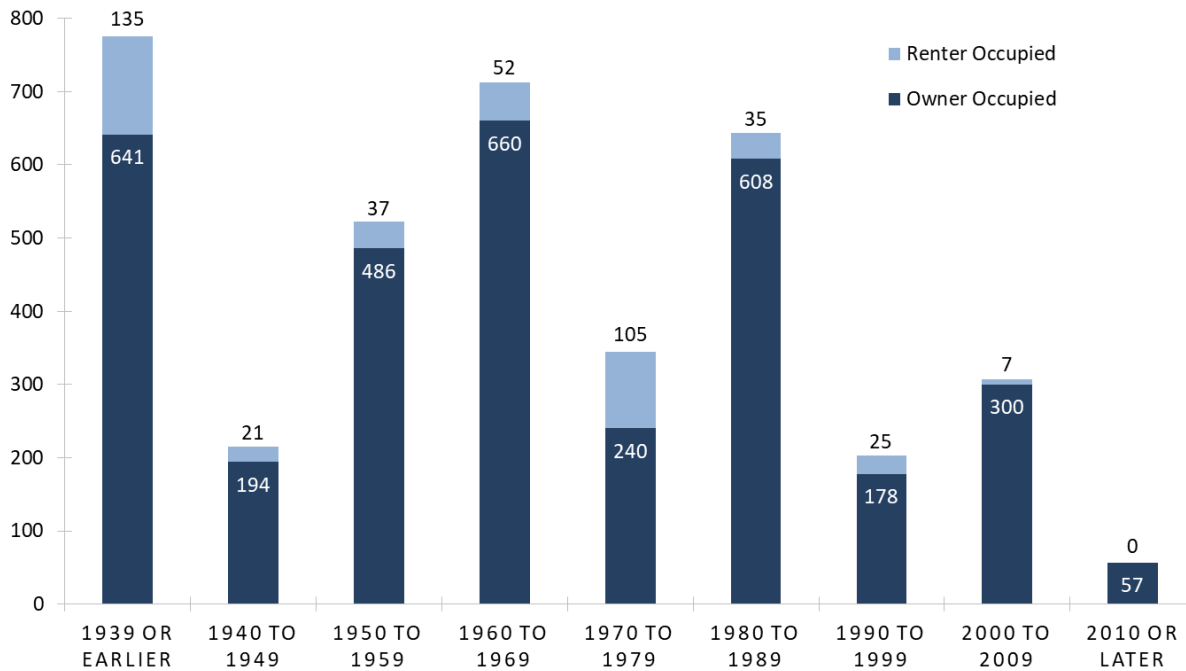
From 2000-2015, 364 new housing units were constructed in Cape Elizabeth, with 357 owner occupied homes and 8 rental units. Most of the year-round housing stock in Cape Elizabeth is fairly new. Only one third of owner occupied housing was built in 1949 or earlier. New home construction peaked in the 1960s with 712 units, followed by the 1980s, with 643 units. A majority of the renter occupied housing units in Cape Elizabeth are relatively new, with over half built since 1960. The largest shares of rental housing were constructed before 1930 (135 units), and in the 1970s (105 units).

CAPE ELIZABETH AGE OF HOUSING



Source: US Census, 2011-2015 ACS 5-year estimate

CAPE ELIZABETH AGE OF HOUSING BY TENURE



Source: US Census, 2011-2015 ACS 5-year estimate

Group Quarters

Few nontraditional housing opportunities, known as group quarters, are located in the Town of Cape Elizabeth. According to the 2000 Census, there were 101 persons living in group quarters, all of them in nursing homes. Because the Census does not classify group quarters as housing units, neither they nor their occupants are represented in any of the housing or household data. According to the Town's 2017 assessing data, there are two group quarters in Cape Elizabeth. Village Crossings is a congregate care facility located at 78 Scott Dyer Rd. It was built in 1999 and has 60 elderly housing units. Cape Memory Care is a nursing home located at 126 Scott Dyer Rd. In 2010, it replaced an earlier nursing home on the site and has 72 beds.

Housing Affordability

One of the ten State Goals established in the Growth Management Law is to "encourage and promote affordable, decent housing opportunities for all Maine citizens." Affordable housing is defined as a decent, safe and sanitary dwelling, apartment or other living accommodation for a household whose income does not exceed 80% of the median income for the region (Cumberland County). The Rule requires that comprehensive planning policies strive to achieve that at least 10% of new units, or whatever greater percentage is necessary to meet the need, shall be affordable to households earning less than or equal to 80% of the area's median household income.

According to the US Census and HUD (U.S. Department of Housing and Urban Development), cost-burdened households are those paying more than 30% of their income for housing. For renters, housing costs are defined as rent plus basic utility and energy costs. For owners, housing costs are defined as

mortgage principal and interest payments, mortgage insurance costs, homeowners' insurance costs, real estate taxes, and basic utility and energy costs, with monthly mortgage payments to be based on down payment rates and interest rates generally available to low and moderate income households.

As of 2015, nearly half of all renter households in Cape Elizabeth were cost-burdened and about 28% of homeowner households were cost-burdened. Across the board a larger proportion of renter households are cost-burdened than homeowners, even though renters represent a much smaller proportion of households in Cape Elizabeth. In general, lower income households tend to have a higher cost burden regardless of whether they rent or own. However, the proportion of renter households that are cost burdened tends to decrease as income increases, while this is not always the case for owner households.

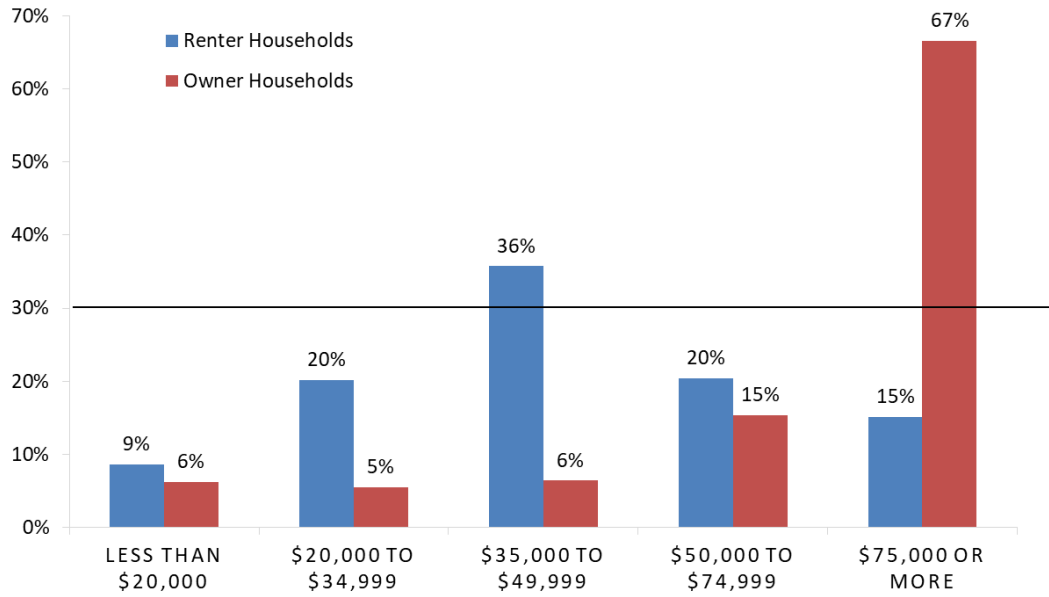
Additionally, owner households on average have higher wages. As of 2015, 67% of owner households were making more than \$75,000 per year, compared to just 15% of renter households. Almost one-half (48%) of home owners with household incomes between \$50,000 - \$74,999 are housing cost-burdened. This data suggests that roughly 1/3 of Cape Elizabeth households are paying more than 30% of their income for housing.

CAPE ELIZABETH HOUSING COSTS RELATIVE TO HOUSEHOLD INCOME 2015

	HOUSEHOLD INCOME					Total
	Less than \$20,000	\$20,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 or More	
RENTER HOUSEHOLDS						
Housing Costs as Percent of Household Income						
Less than 20%	0%	0%	0%	60%	51%	20%
20% to 29%	0%	24%	38%	32%	49%	32%
30% or More	100%	76%	62%	8%	0%	49%
OWNER HOUSEHOLDS						
Housing Costs as Percent of Household Income						
Less than 20%	0%	5%	37%	30%	57%	45%
20% to 29%	7%	12%	29%	22%	30%	26%
30% or More	93%	83%	34%	48%	13%	28%

Source: 2011-2015 ACS 5-year estimate

CAPE ELIZABETH INCOME BY HOUSING TENURE 2015



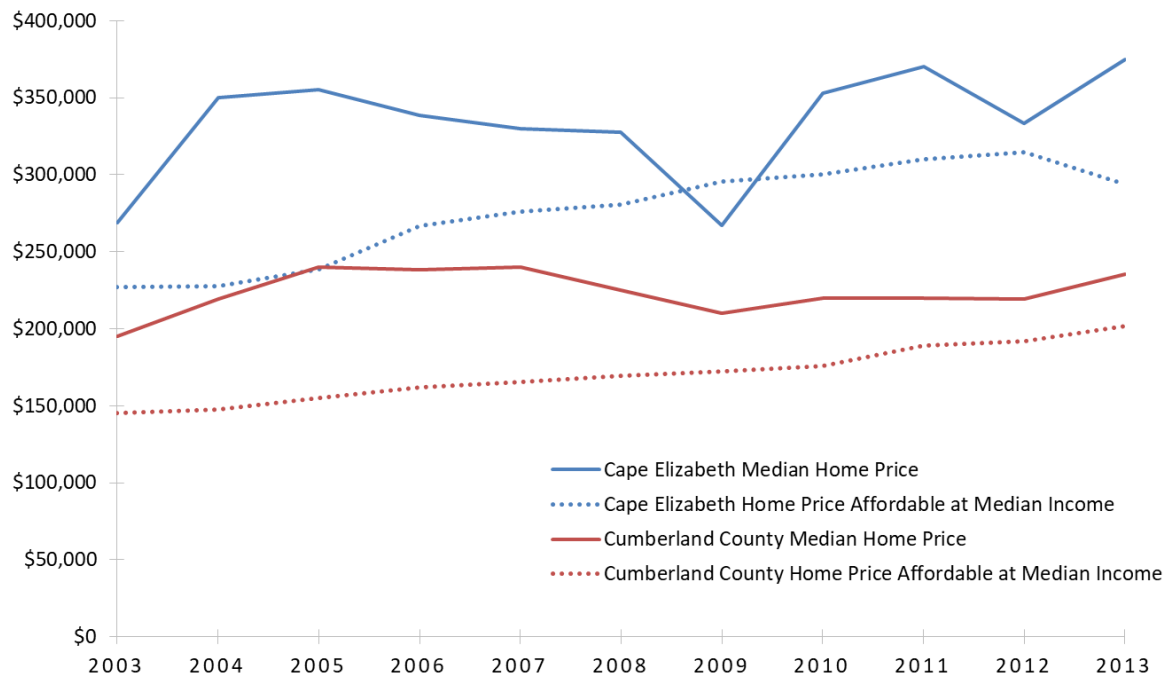
Source: US Census, 2011-2015 ACS 5-year estimate

Owner-Occupied Housing Affordability

According to the Maine State Housing Authority, the home price affordable at median income will cost a household 30% or less of their income. Between 2003 and 2013, the median home price in Cape Elizabeth has been far out of reach for a household in Cumberland County earning the median income. In fact, the only time during this timeframe when the median home price in Cape Elizabeth was affordable to the average Cape Elizabeth household was during the 2009 recession.

In 2013, the median home price in Cape Elizabeth was \$375,000 and a household earning the county-wide median income would only be able to afford just over a \$200,000 home. At this time, 55% of Cape Elizabeth residents were unable to afford the Town's median home price. On the other hand, in 2013 the average household in Cape Elizabeth could afford almost 125% of the purchase price of the average home in Cumberland County.

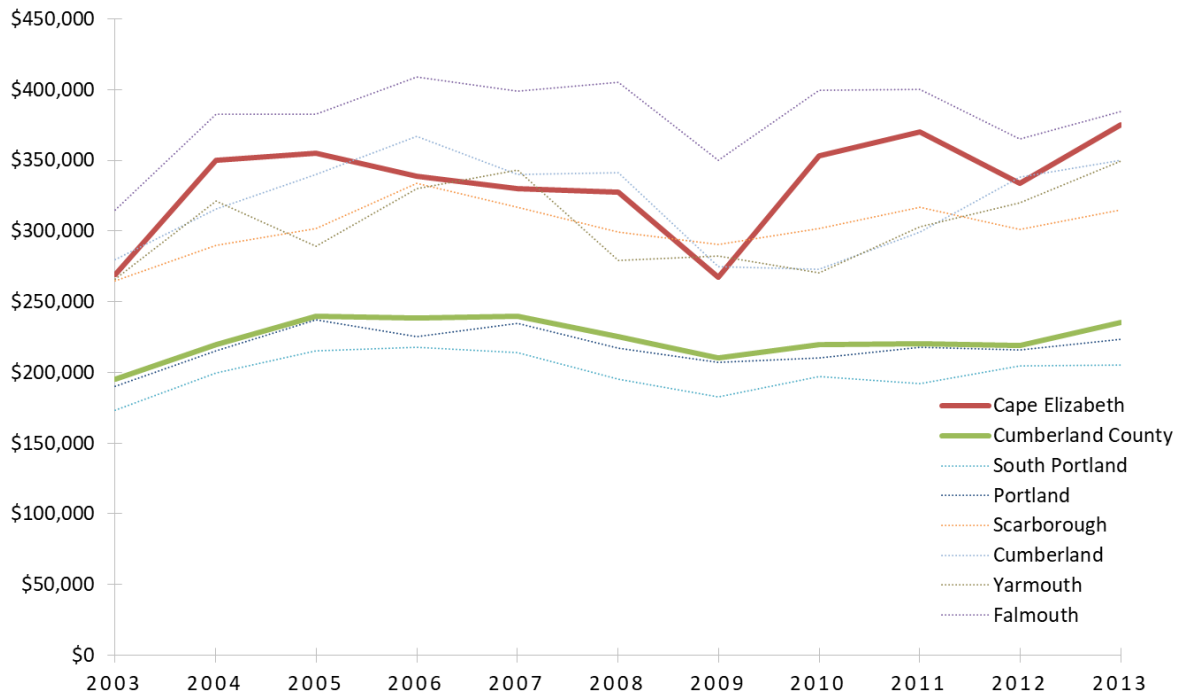
COMPARISON OF MEDIAN HOME PRICE AFFORDABLE AT MEDIAN INCOME 2003-2013



Source: Maine State Housing Authority

Between 2003 and 2013 the median home price in Cape Elizabeth increased by nearly 40%, compared to just over 20% for Cumberland County and many surrounding communities. Over the same time period, Cape Elizabeth home prices have remained, on average, 49% higher than the county, second only to Falmouth, which was at 70% above the county average. As with many other communities, there was a significant dip in home prices in 2009 as a result of the recession. This dip in home prices is most pronounced in the communities with the highest median home prices, including Cape Elizabeth and Falmouth. In 2009, the median home price in Cape Elizabeth was closer to the median home price county-wide than it has been in quite some time before or since.

COMPARISON OF MEDIAN HOME PRICES 2003-2013



Source: Maine State Housing Authority

The affordable selling price represents the maximum purchase price that a household earning the median income can afford, assuming the household puts down 5%, qualifies for a 30-year mortgage at the prevailing interest rate, and does not spend more than 30% of their gross income on housing. When median home costs are compared to the affordable selling price, an affordability index can be constructed (affordable selling price divided by the median sales price). An affordability index number of more than 1 is affordable, and an index of less than 1 is unaffordable.

In 2000, the affordability index in Cape Elizabeth was 0.81. This means that a household earning the median income could afford only 81% of the purchase price of the median priced home in Cape Elizabeth. At the same time, the affordability index in Cumberland County was 0.91. During the 2009 recession, the affordability index for the average household in Cape Elizabeth improved to 1.11 and fell to 0.82 county-wide. By 2013, however, housing prices sprung back to pre-recession levels and continued to grow.

The affordable purchase price for households earning 80% of median income was calculated as 80% of the affordable purchase price for a household earning median income. However, given the nature of mortgages and insurance, home ownership is often more of a financial burden for those with lower incomes. Therefore, these numbers may over-estimate the affordability of home ownership for this group. For households earning 80% of median household income, home ownership has become less achievable in Cape Elizabeth with the affordability index dropping from 0.67 in 2009 to 0.63 in 2013. During this same time period, the Cumberland County affordability index for those earning 80% of median income increased from 0.66 to 0.69.

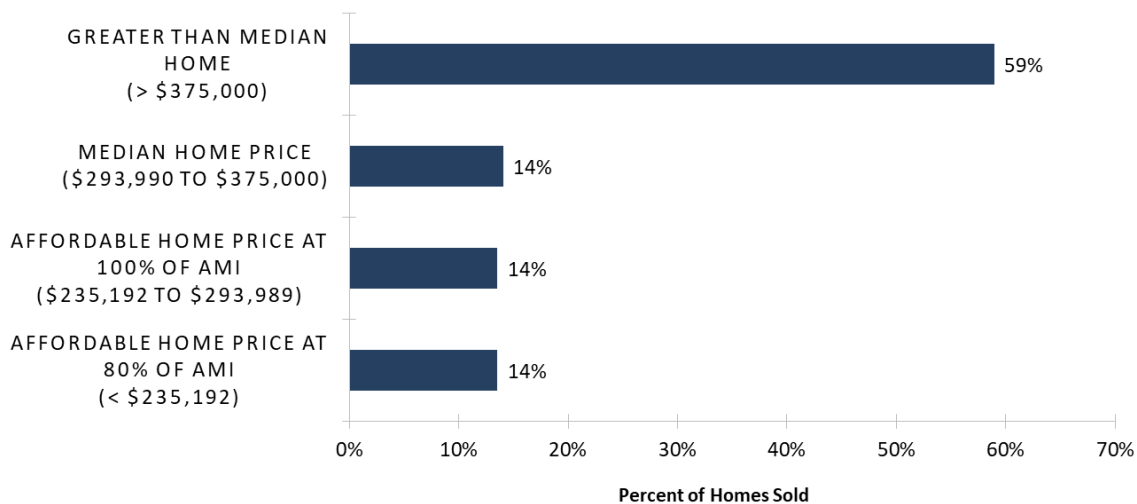
HOUSING OWNERSHIP AFFORDABILITY COMPARISON 2009-2013

	CAPE ELIZABETH			CUMBERLAND COUNTY		
	2009	2013	2016	2009	2013	2016
Median Home Sales Price	\$267,000	\$375,000	\$420,000	\$210,000	\$235,500	\$256,000
Median Household Income	\$ 96,918	\$ 86,868	\$101,563	\$ 57,540	\$ 58,500	\$ 59,748
Affordable Purchase Price	\$295,829	\$293,990	\$347,817	\$172,477	\$201,839	\$208,484
Affordability Index	1.11	0.78	0.83	0.82	0.86	0.81
80% Median Household Income	\$ 77,534	\$ 69,494	\$ 81,250	\$ 46,032	\$ 46,800	\$ 47,798
Affordable Purchase Price	\$220,841	\$235,192	\$278,254	\$137,982	\$161,471	\$166,787
Affordability Index	0.67	0.63	0.66	0.66	0.69	0.65

Source: Maine State Housing Authority

Recent home sales data from the Cape Elizabeth Assessor shows that nearly 60% of homes sold in 2016 had sales prices above the 2013 median home sales price. According to the 2016 assessor's home sales data the median home sales price in Cape Elizabeth was \$425,500, which was an increase of 13.5% since 2013.

CAPE ELIZABETH 2016 HOME SALES



Source: Cape Elizabeth Assessor's Data

Renter-Occupied Housing Affordability

Overall, renting from 2010 to 2013 was more affordable to the average earning family and families earning 80% or more of median income in both Cape Elizabeth and Cumberland County. About 13% of the housing stock in Cape Elizabeth (538 units) are rentals. Between 2009 and 2013, renting has become

more expensive both in Cape Elizabeth and Cumberland County as a whole, but Cape Elizabeth rents are becoming less affordable more quickly than the county-wide average.

HOUSING RENTAL AFFORDABILITY COMPARISON 2010-2013

	CAPE ELIZABETH		CUMBERLAND COUNTY	
	2010	2013	2010	2013
Median Rent	\$ 1,703	\$ 1,883	\$ 1,111	\$ 1,171
Median Household Income	\$52,292	\$55,125	\$29,823	\$31,035
Affordable Monthly Rent	\$ 1,307	\$ 1,378	\$ 746	\$ 776
Rental Affordability Index	0.77	0.73	0.67	0.66
80% Median Household Income	\$41,834	\$44,100	\$23,858	\$24,828
Affordable Monthly Rent	\$ 1,046	\$ 1,103	\$ 596	\$ 621
Rental Affordability Index	0.61	0.59	0.54	0.53

Sources: Maine State Housing Authority, US Census, 2006-2010 and 2011-2015 ACS 5-year estimates

Housing Subsidies

Housing rents can be subsidized through direct rent subsidies provided through HUD Section 8 vouchers and through government subsidy of the construction of rental units in order to keep those units available at below market rate. According to the Maine State Housing Authority, in 2013 Cape Elizabeth had 22 project-based senior housing units located at Colonial Village on Starboard Drive. Non-project based or Section 8 vouchers are issued to income-qualified families, elderly people and disabled people who apply for them. These vouchers can be redeemed by the landlord for rental subsidies provided by MSHA to make up the difference between the rent paid by the tenant and the market rate rent for the unit. In 2013, there was just 1 voucher in use in Cape Elizabeth.

Housing Projections

According to the Maine Office of Policy and Management, Cape Elizabeth's population is projected to grow by about 2.2% per decade until 2034, an increase of 337 people over 19 years. Given this and the fact that the average household size decline seen country-wide over the past two decades is predicted to moderate moving forward, housing growth in Cape Elizabeth most likely will be modest. Assuming the average household size in Cape Elizabeth declines by 2.2% per decade, as it did between 2000 and 2010, and 10% (including seasonal housing) remain vacant, the Town will need to add about 176 units by 2035. This translates to an average of 88 units per decade, or 9 units per year.

Affordable Housing

According to the Maine State Growth Management Law, comprehensive planning policies should strive to ensure at least 10% of new units, or whatever greater percentage is necessary to meet the need, are affordable to households earning 80% of the region's (Cumberland County) median household income or less. Assuming 88 new housing units are built in Cape Elizabeth over the next decade, this means at least 9 of these units should be affordable to that demographic. ~~However, the demand for affordable housing is difficult to estimate.~~

In 2015, Cape Elizabeth's median household income was \$101,068, and at least 40% of households earned less than 80% of this median income. Although these households can be classified as low to moderate income, not all households are actively seeking housing in the market at any given time. Many current homeowners and renters have been in their current living situation for long enough that they either entered the market at a lower price point, or their income has caught up with their payments. Although these residents may earn less than median income, they still pay less than 30% of their income for housing.

But for anyone entering the market, such as first time homebuyers, housing costs pose a severe challenge. For Cape Elizabeth to assess its fair share, and define its share of the solution, would require an extensive study of the region's needs, assessing the degree of need for each of the different income groups, for both rental housing and homeownership.

Senior Housing

The population of seniors in Cape Elizabeth will continue to grow as the cohort of Baby Boomers, who began to turn 65 in 2011, age. As of 2015, there were an estimated 1,817 people in Cape Elizabeth aged 65 and over, representing about 20% of the Town's population. In 2010, about 21% of seniors lived alone. From 2000 to 2010 this number increased by 11%, from 347 to 385. In the future, the growing number of seniors living alone may demand more housing that is smaller and more accessible. Also, as people age housing costs often consume an increasing share of a fixed income which increases the cost-burden of housing for many seniors.

Local Housing Provisions

Mandatory Affordable Housing Requirements

In 1992, following preparation of an Affordable Housing Report, the Town of Cape Elizabeth adopted Mandatory Affordable Housing Requirements. The requirements apply to major subdivisions (more than 5 lots or units), and do not include rental housing. The provisions require that 5% of a development be affordable to low-income families or 10% of the development be affordable to moderate income families. Low-income is defined as housing affordable to households with an income of 50% to 80% of the median income in the Portland metropolitan statistical area. Median-income* is defined as housing affordable to households with an income of 80% to 120% of the median income in the Portland metropolitan statistical area.

*The median income definition originally extended to 150% of median income. The Town Council lowered the upper limit to 120% (the more common definition of moderate income affordability) in 2016 when 3 condominium units were released from the affordable requirement when they failed to sell after marketing for one year. All developments subject to the affordable housing requirements have included affordable housing in the residential project.

The Mandatory Affordable Housing requirements create both a mandatory requirement and incentives for creation of affordable housing. It was also important to the town that the requirements' administrative burden be low and not require the creation of a housing authority. The designation of affordable lots/units is handled by the Planning Board as part of development review. Sale of affordable units is the same as for market rate housing, with 2 exceptions. The buyer of an affordable home must provide documentation to the Town, usually the town manager, that the buyer's income does not exceed the maximum for moderate or low income, depending on the unit. Documentation is usually the most recent federal tax return, although other documentation of income has been provided when there has been a significant lifestyle change since the last tax filing. The affordable home sale price must not

exceed the maximum affordable home cost. Recorded with the deed for the home is an affordable housing agreement that sets out the terms of affordability. The town planner coordinates with the Maine State Housing Authority to provide up-to-date affordable income and housing costs and the town assessor monitors the home sale price as part of the review of all property sales. A model affordable housing agreement preserving permanent affordability has been approved by the town attorney, and all buyers have chosen to use that agreement rather than prepare and submit for approval a unique agreement.

Under this program, 14 affordable housing homes have been created and 2 more are expected. The small number of permanently affordable homes is directly the result of the town's overall slow growth rate. Although allowed by town ordinance, there has been no proposal to build an affordable housing neighborhood.

2017 Affordable Housing Incomes/Sale price

<u>Housing</u>	<u>Maximum Income</u>	<u>Maximum Sale Price</u>
Low-income households	\$61,450	\$214,913
Moderate-income households	\$92,175	\$322,369

Accessory Dwelling Units

Creation of an accessory dwelling unit is allowed in all residential districts. The accessory dwelling unit must be subordinate to and located within a single family home, and the single family character of the structure must be maintained. To accomplish this, accessory dwelling units must be no larger than 600 sq. ft. or 25% of the floor area of the single family home, whichever is less. Among other requirements, the single family home must be at least 1,500 sq. ft. in size and be on a lot of at least 12,000 sq. ft. Accessory dwelling units are not allowed in accessory structures and cannot be combined with a home business.

Multi-family units in Business Districts

Multi-family units (apartments) are encouraged on the upper floors of mixed use buildings in the Town Center and Business A Districts. Single use multi-family buildings are not allowed in the business districts in order to preserve a dedicated area for business uses in the town. Rooming houses and elderly housing are also allowed in the Town Center and Business A Districts.

There are 3 existing multi-family dwelling units in the Town Center. Under construction is a mixed used building on Hill Way that will include first floor office space and 10 townhouse dwelling units on the upper 2 floors. Also proposed on Shore Rd is a mixed use building with office and retail on the first floor and 8 dwelling units on the upper 2 floors.

In the Business A District on Ocean House Rd, a restaurant has been constructed with a single dwelling unit on the second floor. The Business A District on Shore Rd has 5 existing multi-family units.

Multiplex Housing in Residential Districts

Multiplex housing, which is housing with 2 or more attached dwelling units, is permitted in all residential districts.

Residential Zoning Districts Multiplex Summary

District	Minimum Lot Size	Density/unit	Public Sewer
RA	10 acres	66,000 sq. ft.	optional
RB	Not applicable	60,000 sq. ft. 20,000 sq. ft.	optional required
RC	5 acres	15,000 sq. ft.	required

As part of the implementation of the 2007 Comprehensive Plan recommendations, the Town adopted new standards for multiplex development, which include a 45% open space preservation requirement and design and architectural requirements. In 2017, the Town [approved] Maxwell Woods, a 38 condominium unit and 2 apartments buildings (a total of 8 multi-family dwelling units) using the updated provisions.

Condominium Mini-survey

A significant portion of multiplex housing in Cape Elizabeth are condominiums (est. 359 units). Condominiums are typically occupied by residents with no children and are considered an important housing option one approach to meeting the needs of for the town's growing senior population. ~~In a survey of condominium owners conducted by the Comprehensive Plan Committee in September, 2017, the survey results demonstrate ...~~ The Comprehensive Plan Committee mailed a mini-survey to condominium owners to learn more about condominium owners. The results of the survey are based on a 52% response rate. Over one-half of respondents live in a Cape Elizabeth condominium as their primary residence. The average length of time living in the condominium is 10 years. Almost forty percent of condominium dwellers lived in Cape Elizabeth before moving to their condominium. Of the 61% who did not live in Cape Elizabeth, about 1/3 came from the comparison communities¹.

In what town did you previously live?

<u>Comparison Communities</u>	<u>32%</u>
<u>New England States</u>	<u>22%</u>
<u>Outside New England</u>	<u>22%</u>
<u>Other Cumberland County Towns</u>	<u>16%</u>
<u>Outside Cumberland County, Maine</u>	<u>11%</u>

¹ Comparison communities are Cumberland, Falmouth, Scarborough, South Portland, Yarmouth

In choosing a condominium, 80% stated that ease of maintenance was very important. For most, quality of the structure and affordability were also very important, however, condominium residents in the older and less costly condominium neighborhoods identified affordable cost as the second most important influence in choosing their condo. Ninety-five percent identified proximity to Portland as very

or somewhat important in choosing a condominium in Cape Elizabeth, followed by proximity to shopping/services and then town open space.

Housing Goals

Goal 1: The Town should promote a diversity of housing types to accommodate residents of all age groups and household sizes.

Recommendations: [the following will be renumbered sequentially in the plan at completion of plan]

1. ~~Allow~~**Encourage** the development of multi-family housing units in mixed use buildings located in the town business districts;
2. Retain the current regulations providing for the construction of mobile homes and mobile home parks in accordance with state law.
3. Retain the accessory dwelling unit regulations that provide for small apartments to be integrated into single family homes.
4. Retain the current multiplex housing regulations in the residential districts.
5. Preserve the predominant single family nature of the town's residential areas.

Goal 2: The Town should increase the amount of affordable housing through methods that minimize administrative burdens on town administration.

Recommendations:

6. Retain the Mandatory Affordable Housing Regulations.
7. Waive or reduce fees for low-income, affordable housing units.

Goal 3: