

MEMORANDUM

TO: Cape Elizabeth Ordinance Committee
FROM: Maureen O'Meara, Town Planner
DATE: May 17, 2021
SUBJECT: Comprehensive Plan Affordable Housing references

Introduction

A Town Councilor has asked for a summary of the [2019 Comprehensive Plan](#) references to affordable housing.

Comprehensive Plan

The comprehensive plan is organized into chapters that mirror the state rule on what a comprehensive plan must include. Chapter topics often intersect and overlap each other. This plan, as much as possible, attempts to cover an issue in one chapter, and then reference that chapter as needed. The bulk of affordable housing data and recommendations are located in the Housing chapter, although affordable housing is recognized as a significant challenge in the Executive Summary and Future Land Use Plan.

Page Summary

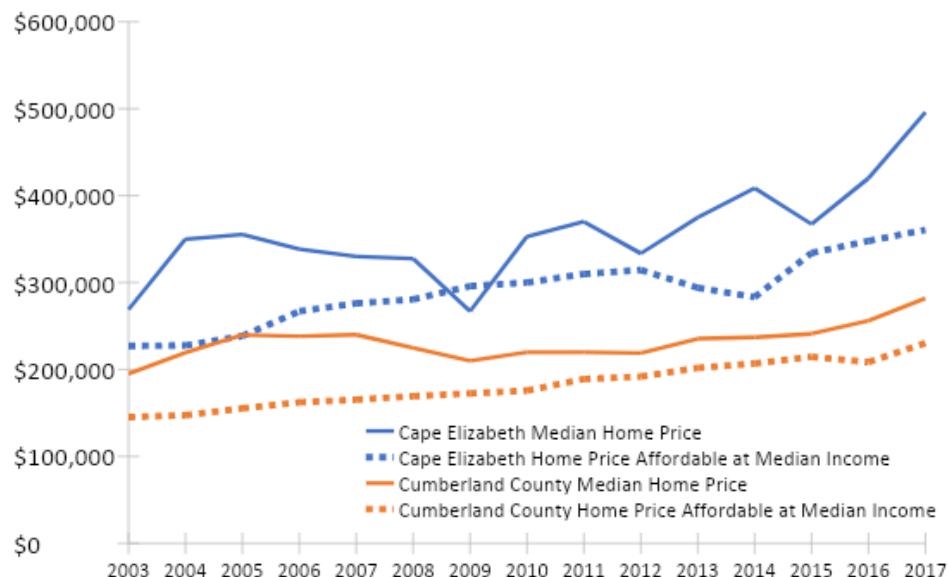
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| 4 | Executive Summary: Significant issues identified by the plan that may require shifts in town policy include affordable housing, tourism, school and municipal infrastructure, and efforts to moderate increases in the tax rate. This plan recommends further investigation, action and funding in these areas to prepare the town for expected changes in demographics, climate, and national trends. |
| 5 | Vision Statement: We strive to encourage citizen engagement; support excellence in our schools; diversify housing choices; create a vibrant town center; preserve our open space, farming and natural resources; and connect neighborhoods through a safe pedestrian network. |
| 19 | Demographics/Household composition: The number of one person households increased by 12.4%, and in 2010 represented just under a quarter of all Cape Elizabeth households. Of the 3,616 households in town, 365 are a senior living alone (an 11% increase). Three-quarters of the households in Cape Elizabeth are comprised of families (with and without school age children), representing a change of just 0.6% from 2000 -2010 (compared to a 4.5% increase in Cumberland County). |

About one in three households in Cape Elizabeth has children, and this percentage decreased by more than 6% from 2000 to 2010.

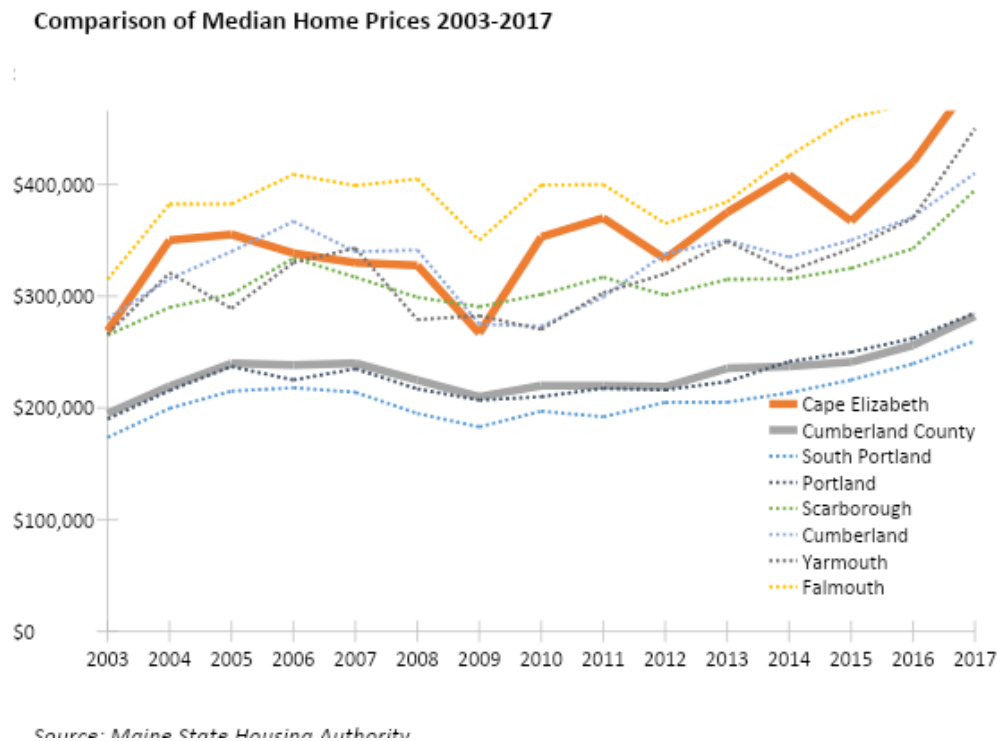
- 34 Economy/Wages: As of 2014, average wages for jobs located in Cape Elizabeth were lower than the state and county-wide average. Average weekly pay was \$775, compared to \$939 in Cumberland County.
- 38 Economy/Town Center: The current TC zoning limits residential uses in mixed use buildings to upper floors in order to preserve capacity for business uses in the town center.
- 62 Housing Chapter/Key Findings: •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.
- 62 Housing Chapter/Key Findings: 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.
- 62 Housing Chapter/Key Findings: •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.
- 62 Housing Chapter/Key Findings: •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.
- 62 Housing Chapter/Key Findings: •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.

- 62 Housing Chapter/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.
- 67 Housing Chapter/Housing Affordability: As of 2015, nearly half of all renter households in Cape Elizabeth were cost-burdened and about 28% of homeowner households were cost-burdened.
- 67 Housing Chapter/Housing Affordability: 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.
- 68 Housing Chapter/Owner-Occupied Housing Affordability: 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.

Comparison of Median Home Price Affordable at Median Income 2003-2017



69 Housing Chapter/: Between 2008 and 2017, the median home price in Cape Elizabeth increased by over 50%, compared to just over 25% for Cumberland County. Over the same time period, Cape Elizabeth home prices have remained, on average, 58% higher than the county, second only to Falmouth, which was at 76% above the county average.



	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

71 Housing Chapter/Renter-Occupied Housing Affordability: 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

- 74 Housing Chapter/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.
- 74 Housing Chapter/Affordable Housing: 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.
- 74 Housing Chapter/Senior Housing: 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.

- 74 Housing Chapter/Mandatory Affordable Housing Provisions: summary of existing ordinance requirements
- 76 Housing Chapter/Infill lots: Some of these vacant lots could be built upon if the minimum nonconforming lot size of 10,000 sq. ft. were reduced, especially if infill lots of less than 10,000 sq. ft. were required to be served by public sewer and water. The small size of the lots also has the potential for construction of more affordable homes.
- 77 Housing Chapter/Infill lots: In 2005, the planning board recommended that the minimum size for nonconforming lots be reduced to 7,500 sq. ft, and that lots of less than 10,000 sq. ft. must be in compliance with the Mandatory Affordable Housing provisions. These changes were not adopted by the town council.
- 77 Housing Chapter/Infill lots: From an affordable housing perspective, the small size of infill lots will limit the size of the new home. Nevertheless, Cape Elizabeth's compact neighborhoods have a history of retaining and increasing in value. If allowing development on undersized lots is intended to promote affordable housing, permanent affordable housing requirements should be attached to lot buildability.
- 78 Housing Chapter/Cottage Housing: Similar to infill lots, if cottage housing is intended to provide affordable housing, permanent affordable housing requirements should be formally imposed on the new housing.
- 79 Housing Chapter/Multiplex Housing in Residential Districts: Multiplex housing may be a good option to address needs for senior housing, affordable housing and workforce housing. One approach to increase the availability of multiplex housing while minimizing vacant land development is to convert existing, large single family homes. Conversion is currently allowed, but minimum lot size and maximum density standards are likely barriers to conversion.
- 81 Housing Chapter/Goals: **Goal 1: The town should promote a diversity of housing types to accommodate residents of all age groups and household sizes.**
- 81 Housing Chapter/Goals: 22. Continue to allow the development of multi-family housing units in mixed use buildings located in the town business districts.

- 81 Housing Chapter/Goals: 27. Evaluate options to increase density and related provisions to potentially allow conversion of a large single family home into multiplex units and to allow Cottage Housing development.
- 81 Housing Chapter/Goals: **Goal 2: The town should increase the amount of affordable housing through methods that minimize administrative burdens on town administration.**

Recommendations:

28. Retain the Mandatory Affordable Housing Regulations.
29. Waive or reduce fees for low-income, affordable housing units.
30. Evaluate reducing the minimum lot size for existing, vacant, nonconforming lots to allow construction on infill lots between 5,000 and 10,000 sq. ft. in size that will be served by public sewer and water and will comply with the Mandatory Affordable Housing provisions for low-income housing.
- 88 Public Facilities Chapter/School Enrollment: Planning Decisions Inc. has speculated that the turnover of existing housing may have a greater impact on school enrollment than new home construction. To examine this further, home sales data from September 2015 to August 2016 was collected. 230 qualified sales (including 29 condominiums) occurred during this period. Prior to the sale, there were 9 children enrolled in the school system from these homes. After the sale, there were 20 children enrolled in the school system. This data suggests that home sales tend to be by empty-nesters and likely buyers are families with children. Compared with a similar analysis in 2005, however, the data also suggests that in-migration of families with children is declining.

Home Sales/Enrollment Comparison, 2005 and 2016					
Analysis year	Number of Sales	School enrollment before sale	School enrollment after sale	Percentage increase in enrollment	Median home sales price
2005	158	30	116	387%	\$302,500
2016	230	9	20	220%	\$407,500

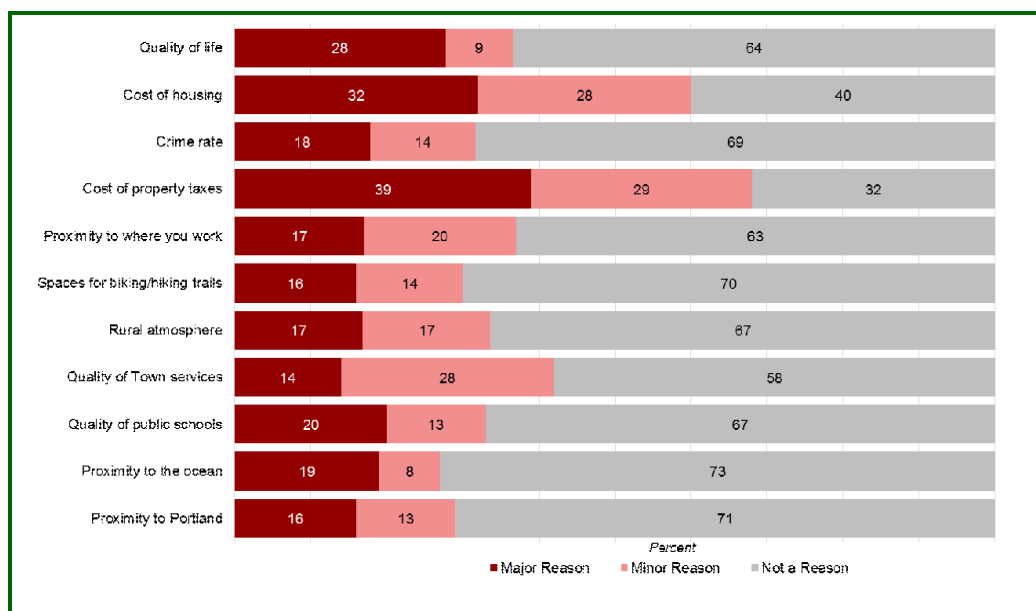
- 94 Public Facilities Chapter/Fire Department Personnel: Fourteen of the 18 Cape Cottage Station firefighters are residents of South Portland. Many of

these volunteers grew up in Cape Elizabeth but are unable to afford housing in town.

258 Future Land Use Plan/Low Growth Impacts: With the decreasing amount of new housing expected, the supply of housing will be only minimally increased. This will exacerbate the existing lack of affordable housing. The town assessor reports that the average home sale price for Cape Elizabeth in 2017 is about \$500,000. The lack of affordable housing is impacting a significant portion of resident seniors, who cannot transition out of single family homes because there are no affordable options within the town. Young families, most of whom cannot afford a new home, also do not have available to them existing family homes owned by seniors. A major consequence is the decrease in school age children, resulting in falling enrollment in the highly rated Cape Elizabeth schools. A lack of affordable workforce housing will also impact municipal workforce hiring and volunteer based services.

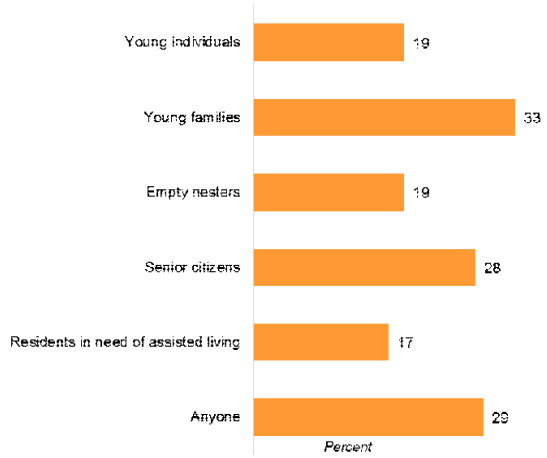
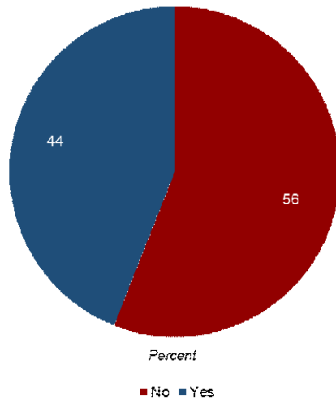
258 Future Land Use Plan/Goals: 83. Undertake a Housing Diversity Study that evaluates current housing costs, needs, impacts on services and other relevant elements and recommends actions to create more affordable opportunities for seniors to downsize, and for young adults and young families to move to Cape Elizabeth. At a minimum, options to evaluate should include incentives to create permanently affordable housing and municipal purchase of land for construction of affordable housing, and coordination of regional efforts with the Metro Coalition.

277 Appendix 1/Public Opinion Survey: Reasons for Possibly Choosing to Move out of Cape Elizabeth.



283 Appendix 1/Public Opinion Survey: Do you think there is adequate moderate income housing in Cape Elizabeth?

Do you think there is adequate moderate income housing in Cape Elizabeth?



Question: What actions should the town take to increase affordable housing in Cape Elizabeth?



Most commented facts from the discussion:

Trying to define what is our town center area, how much building potential there is, and whether citizens would favor more density close to the center or spread out through infill lots throughout town. Other comments included what families/age groups are most likely to take advantage of affordable housing and what the implications for school funding and services might be. A side conversation involved the relationship between public transportation and location of affordable housing, plus whether that would be widely used by Cape citizens.

Issues identified:

Discussion focused on need for new, affordable housing, where it would best be located, and what the benefits and negative consequences might be. Issues seem to be: how feasible is it to encourage affordable housing, concentrating development for efficiency of land use and services, proximity to town center, convenience for seniors. On the other hand, people expressed concern that development in the or near the center might destroy the rural character and small-town feel that attracted people to Cape. Some discussion of public transportation and disagreement on whether that's a priority for the town. The participants seemed interested in considering Cape's relationship to Portland—are we a suburb, a separate entity, in danger of becoming an extension of the city, etc.

Some interesting ideas:

Provide incentives for parking facilities under the buildings, and disincentives for adjacent surface parking.

If you allow infill, adding apartments to existing single-family homes, and/or subdividing large houses to make multi-family residences, that would go a long way to increasing affordable housing.

Let housing changes in Portland play out before taking on any more development in Cape. The plea for diversity and affordability is laudable, but not timely.

Explore ways to allow empty nesters to convert their large houses into a few units, thereby allowing them to stay in the house and creating affordable housing without the need for more development.