

Volume 2: Housing Creation Goals

Town of Cape Elizabeth, Maine Housing Diversity Study

June 21, 2022



Prepared by





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1. INTRODUCTION

ABOUT THIS HOUSING DIVERSITY STUDY

The Town of Cape Elizabeth has commissioned a Housing Diversity Study to assess current housing conditions and provide options to create affordable housing in the community. Conducting such a study emerged as a recommendation in the Town's 2019 Comprehensive Plan:

Recommendation #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 Metro Coalition."

The scope of this Housing Diversity Study is divided into three major tasks:

1. Housing Data Package. The purpose of Task 1 is to collect, analyze, and present relevant data and information on the Town's current housing situation, including data on community demographics, housing inventory, and affordability; an evaluation of recent housing market trends; and an assessment of the regulatory environment and development opportunities and challenges. This task is intended to provide a foundation of data and information to inform goal creation and strategy recommendations.

2. Housing Creation Goals. Task 2 puts forth a range of goals for diversifying Cape Elizabeth's housing stock and increasing affordable housing options for target populations, such as young adults, young families, seniors, displaced commuters, and/or existing residents who are housing cost-burdened. These recommended goals have been developed based on foundational data from Task 1 and additional analysis of the town's housing needs. The goals are intended to generate discussion among community leadership and the general public.

3. Housing Diversification Strategy Options. Task 3 will offer a menu of strategies that the Town may undertake to achieve housing creation goals laid out in the previous task. Strategies will reflect various municipal policy options, including changes to land use regulations and other actions the Town can take to encourage affordable housing production in the community.

Three report volumes will be produced (one for each task) and presented to the Town Council in a series of public workshop meetings. Upon completion of the process, all volumes will be combined into a final report that will serve as a reference document for the Town as it proceeds with future decision-making related to housing policy.

1A. SUPPLEMENTAL VOLUME 1 DATA

Included in this section is supplemental data and analysis that has been added in response to input received at the first public workshop meeting that was held on May 23, 2022. In the finalized report, this section will be moved to Volume 1.

HOUSING UNIT SIZE BY YEAR BUILT

The size of homes built in Cape Elizabeth has varied over time. Assessment data on living area (square feet) and year built was tabulated for existing residential properties to determine the median size of homes built in the town by decade.

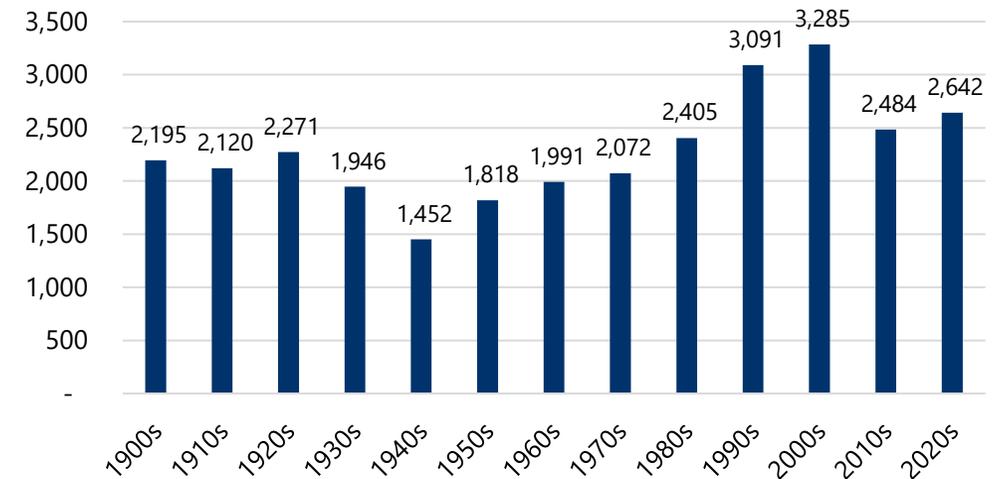
The data suggests that home size has trended upward from the 1940s through the 2000s. Homes built in the 1940s had a median home size of about 1,450 sq. ft., while the median size of those constructed in the 2000s decade was more than double, at 3,285 sq. ft.

Home size fell substantially in the 2010s decade, dropping by 800 sq. ft. to a median of 2,484 sq. ft. Homes built in the 2020s (to date) point to a slight uptick in size.

For comparison, according to the US Census Survey of Construction, the median size of a new single-family homes completed in the Northeast in 2020 was 2,261 sq. ft., down slightly from a peak of 2,492 sq. ft. in 2015.

Note that the data reflects the current size of the town's homes, and not their original size when constructed. The data likely overstates home size as originally built, particularly for earlier years, as many older homes have been expanded over time.

Median Home Size (sq. ft.) by Decade Built, Cape Elizabeth



Source: Town Assessor Database

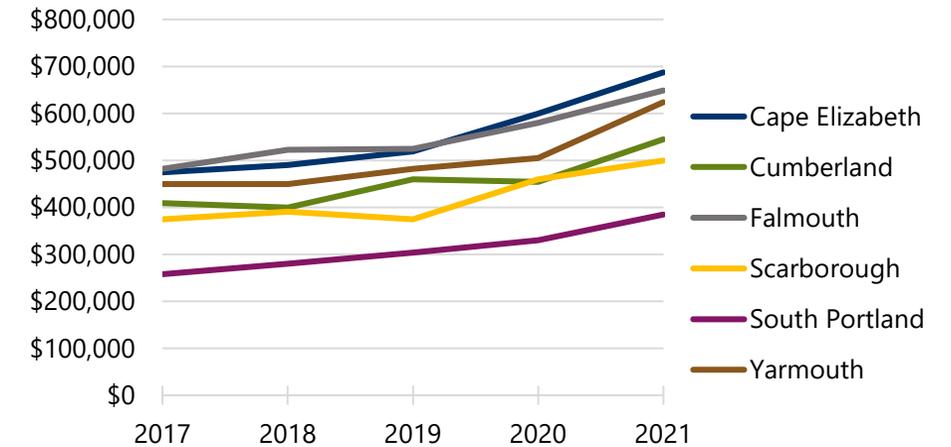
SALE PRICE – COMMUNITY COMPARISON

Multiple Listings Service (MLS) data on home sales provided by Maine Listings allows for comparison of home sales over time and among communities.

As of 2021, Cape Elizabeth had the highest median sale price of the six peer communities, reaching \$687,500. Since 2020, the town has surpassed Falmouth, which previously rank first on this metric. Yarmouth ranks second, followed by Cumberland and Scarborough, respectively.

Prices in South Portland are considerably more affordable than in other communities. While South Portland also showed the highest growth in median price between 2017 and 2021 (+49%), its 2021 median of \$385,000 was still about 44% lower than that of Cape Elizabeth.

Median Sale Price



Source: Maine Listings

Median Sale Price

Year	Cape Elizabeth	Cumberland	Falmouth	Scarborough	South Portland	Yarmouth
2017	\$475,000	\$409,500	\$482,450	\$375,000	\$257,875	\$450,000
2018	\$490,000	\$400,000	\$522,500	\$391,200	\$280,000	\$450,000
2019	\$519,495	\$460,000	\$525,000	\$375,000	\$304,000	\$482,000
2020	\$600,000	\$454,750	\$580,000	\$460,000	\$330,000	\$505,000
2021	\$687,500	\$545,000	\$649,000	\$500,000	\$385,000	\$624,000
Change, 17-21	\$212,500	\$135,500	\$166,550	\$125,000	\$127,125	\$174,000
Pct. Change	45%	33%	35%	33%	49%	39%

Source: Maine Listings

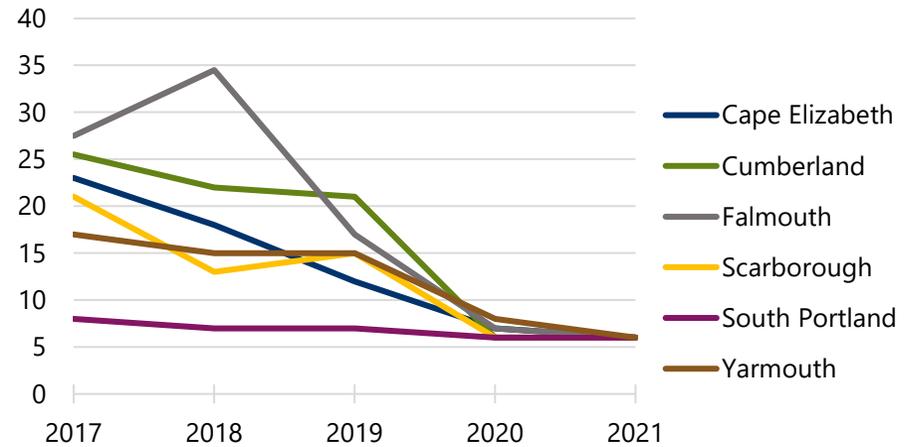
DAYS-ON-MARKET – COMMUNITY COMPARISON

Days-on-market (or DOM) refers to the number of days between the time a home is listed and the time it is sold. A low DOM values indicates high housing demand and points to a “seller’s market,” in which homes sell quickly and buyers have minimal bargaining power.

This measure fell drastically in most communities between 2017 and 2021, converging at 6 days in 2021 across all size communities. In Cape Elizabeth, median DOM plummeted from over 3 weeks (23 days) to less than 1 week (6 days).

South Portland has consistently had a low DOM value compared to the other communities, remaining below 9 days over this period. As a community with considerably less expensive home prices, this points to consistent robust demand for affordably priced homes in this market.

Median Days on Market



Source: Maine Listings

Median Days on Market

Year	Cape Elizabeth	Cumberland	Falmouth	Scarborough	South Portland	Yarmouth
2017	23	26	28	21	8	17
2018	18	22	35	13	7	15
2019	12	21	17	15	7	15
2020	7	6	7	6	6	8
2021	6	6	6	6	6	6
Change, 17-21	-17	-20	-22	-15	-2	-11
Pct. Change	-74%	-76%	-78%	-71%	-25%	-65%

Source: Maine Listings

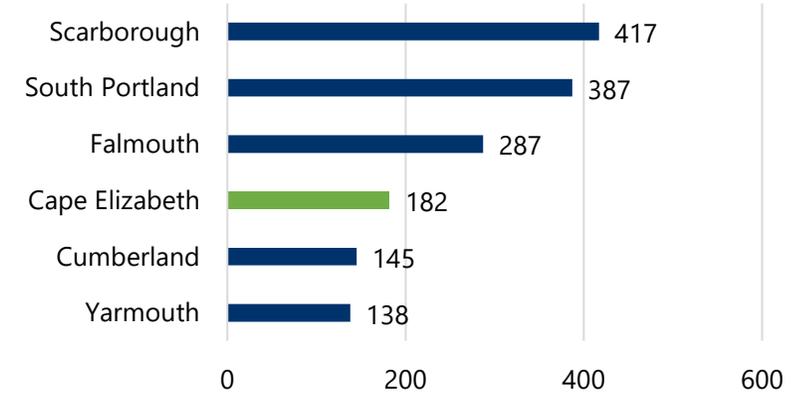
HOMES SOLD AND HOME SIZE – COMMUNITY COMPARISON

The number of homes sold in each location is generally consistent with the overall size of the community, with the larger communities of Scarborough and South Portland exhibiting more home sales in 2021 than their smaller peers.

Cape Elizabeth had the fourth highest number of sales (182 homes) and is also the fourth largest in terms of population.

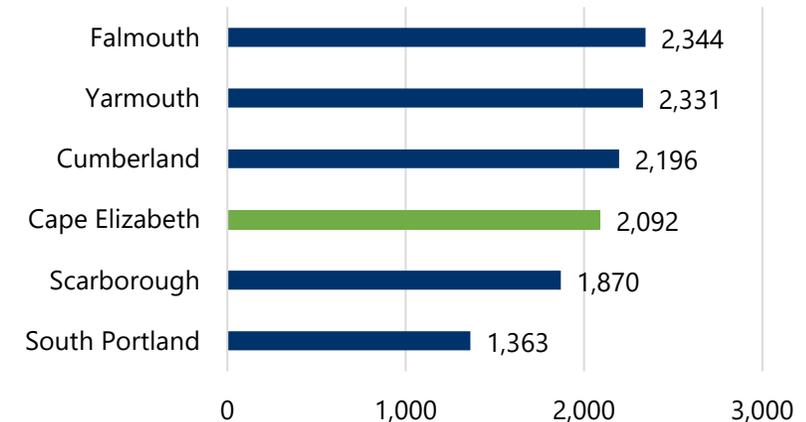
The median size for homes sold in Cape Elizabeth in 2021 was 2,092 sq. ft. Four of the six communities had median sizes above 2,000 sq. ft. Homes were largest in Falmouth, with a median size of 2,344 sq. ft., and smallest in South Portland, at 1,363 sq. ft.

Homes Sold (Closed), 2021



Source: Maine Listings

Median Home Size (sq. ft.), 2021 Home Sales



Source: Maine Listings

2. HOUSING ATTAINABILITY GAP

This chapter provides context for the town's level of housing cost burden and metrics for measuring the housing attainability gap. This data is useful for determining the appropriate price points for meeting affordability housing need based on income.

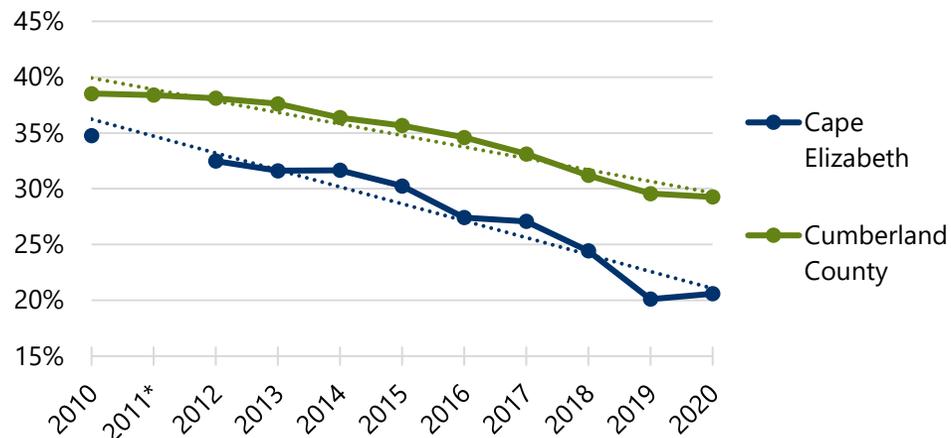
COST-BURDENED HOUSEHOLDS OVER TIME

The number and share of cost-burdened households declined between 2010 and 2020 in both Cape Elizabeth and Cumberland County, for both owner- and renter-occupied units. This was consistent with the national trend and driven by a number of causes, including but not limited to:

- Rising incomes in the wake of the Great Recession
- Historically low interest rates keeping mortgage costs down
- Stricter credit requirements, meaning that homeowners are not being given mortgages they cannot afford

Note that this data pre-dates steep increases in home prices and rents seen over last two years, and they are from ACS 5-year estimates (e.g., 2020 data reflects the period from 2016 to 2020).

Share of Total Households that are Cost-Burdened



*2011 estimates not available for Cape Elizabeth

Source: Camoin Associates tabulation of ACS 5-year estimates

Cost-Burdened Households, 2010-2020

Year	Cape Elizabeth			Cumberland County		
	All Occupied	Owner-Occupied	Renter-Occupied	All Occupied	Owner-Occupied	Renter-Occupied
2010	1,217	987	228	43,848	25,887	17,845
2011	-	-	-	43,810	25,747	18,158
2012	1,131	968	164	43,752	25,237	18,674
2013	1,099	936	157	42,953	24,163	18,600
2014	1,151	932	216	41,679	23,297	18,359
2015	1,134	942	195	40,646	22,299	18,421
2016	1,036	882	159	39,723	21,320	18,403
2017	1,027	835	192	38,355	21,073	17,282
2018	905	692	213	36,462	19,841	16,621
2019	740	621	119	34,805	18,832	15,973
2020	756	688	68	35,236	19,257	15,979

Note: 2011 data for Cape Elizabeth not available

Source: Camoin Associates tabulation of ACS 5-year estimates

Share of Total Households that are Cost-Burdened, 2010-2020

Year	Cape Elizabeth			Cumberland County		
	All Occupied	Owner-Occupied	Renter-Occupied	All Occupied	Owner-Occupied	Renter-Occupied
2010	35%	32%	51%	39%	33%	52%
2011	-	-	-	38%	32%	52%
2012	32%	31%	44%	38%	32%	53%
2013	32%	30%	49%	38%	30%	53%
2014	32%	29%	53%	36%	29%	52%
2015	30%	28%	49%	36%	28%	52%
2016	27%	26%	43%	35%	27%	52%
2017	27%	25%	45%	33%	26%	50%
2018	24%	21%	49%	31%	24%	48%
2019	20%	19%	32%	30%	23%	46%
2020	21%	21%	20%	29%	22%	47%

Note: 2011 data for Cape Elizabeth not available

Source: Camoin Associates tabulation of ACS 5-year estimates

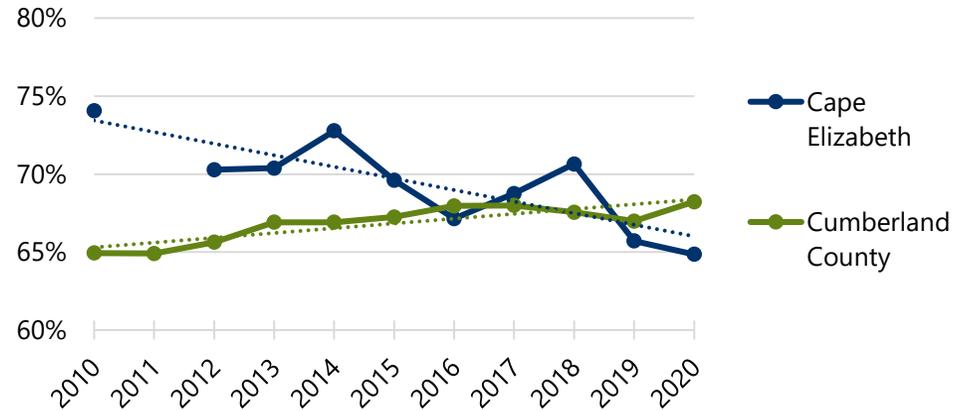
COST-BURDENED HOUSEHOLDS OVER TIME

For households with incomes under \$50,000, the number of cost-burdened households declined between 2010 and 2020 in both Cape Elizabeth and Cumberland County, for both owner- and renter-occupied units. Expectedly, the overall number of \$50,000 households has also declined as nominal incomes rise over time.

While number of lower-income cost-burdened households has fallen, the rate of cost burden for these households at the county level increased from 65% to 68%. This was driven by renter households, whose rate of cost burden rose from 68% to 78%. Meanwhile, the share of owner households that are cost burdened has remained steady.

Cape Elizabeth shows an opposite trend, with the rate of cost burden for lower-income households declining over time. This is partially explained by the town's high rate of homeownership. Lower-income residents who have had the opportunity to buy into the Cape Elizabeth housing market have seen decreasing rates of cost burden; their mortgage payments comprise a diminishing share of rising incomes, and long-time residents have been able to pay off their homes.

Share of Households with Income under \$50,000 that are Cost-Burdened



*2011 estimates not available for Cape Elizabeth

Source: Camoin Associates tabulation of ACS 5-year estimates

Cost-Burdened Households with Income under \$50,000, 2010-2020

Year	Cape Elizabeth			Cumberland County		
	All Occupied	Owner-Occupied	Renter-Occupied	All Occupied	Owner-Occupied	Renter-Occupied
2010	716	535	180	32,186	15,101	17,037
2011	-	-	-	31,627	14,463	17,254
2012	626	528	100	32,344	14,661	17,812
2013	580	463	112	32,508	14,802	17,592
2014	600	426	172	31,817	14,441	17,381
2015	597	410	188	31,509	14,234	17,393
2016	537	379	159	31,000	13,814	17,186
2017	559	367	192	29,294	13,438	15,856
2018	532	319	213	27,160	12,150	15,010
2019	458	339	119	25,601	11,545	14,056
2020	454	386	68	25,610	11,805	13,805

Note: 2011 data for Cape Elizabeth not available

Source: Camoin Associates tabulation of ACS 5-year estimates

Share of Households with Income under \$50,000 that are Cost-Burdened, 2010-2020

Year	Cape Elizabeth			Cumberland County		
	All Occupied	Owner-Occupied	Renter-Occupied	All Occupied	Owner-Occupied	Renter-Occupied
2010	74%	71%	84%	65%	62%	68%
2011	-	-	-	65%	61%	69%
2012	70%	74%	55%	66%	61%	71%
2013	70%	71%	67%	67%	61%	72%
2014	73%	73%	72%	67%	62%	72%
2015	70%	69%	72%	67%	62%	73%
2016	67%	66%	69%	68%	62%	73%
2017	69%	66%	75%	68%	63%	73%
2018	71%	65%	81%	68%	61%	74%
2019	66%	66%	65%	67%	61%	73%
2020	65%	68%	52%	68%	61%	76%

Note: 2011 data for Cape Elizabeth not available

Source: Camoin Associates tabulation of ACS 5-year estimates

ATTAINABILITY OF RECENT HOME SALES

The nearly complete lack of for-sale housing today at a price point affordable to households at lower income levels (\$167,000 affordable home price for a household earning \$50,000) means few will have a similar opportunity to build wealth in town in the future. If current trends continue, the town's rate of cost burden will continue to fall, but only because the town's residents will be increasingly comprised of wealthy households. Owned housing units currently occupied by lower-income residents will be sold to higher-income buyers once those residents age into alternative housing or pass on. Meanwhile, as rents on rental units rise, the already-small existing renter population could be forced to move to more affordable communities.

The tables at right show recent Cape Elizabeth home sales by sale price and the attainability of these homes compared to income levels of town and county households. Only six (6) homes sold in 2021 (3% of all homes sold) were priced below \$300,000, down from 20 (11%) in 2020. Barely a quarter (27%) of homes sold for under \$500,000 in 2021.

As shown in the lower table to the right, 27% of households in Cape Elizabeth and 49% of county households have incomes of \$75,000 or below. A household earning \$75,000 can afford a home price at up to \$250,000 without being cost burdened. A household at this income level could have afforded just 1% of homes sold in town in 2021. A household earning \$200,000 could have afforded 48% of homes sold, less than half.

This data suggests that 93% of households who moved into Cape Elizabeth homes in 2021 had incomes over \$100,000, and 52% had incomes over \$200,000. It is acknowledged, however, that this may be somewhat overstated given that lower interest rates at the time allowed for buyers to purchase more house for their money. Additionally, some buyers may have opted to spend more than 30% of their income on housing.

Cape Elizabeth Home Sales by Sale Price

	2020		2021	
	Count	Share	Count	Share
<\$200K	0	0%	0	0%
\$200K to \$299K	20	11%	6	3%
\$300K to \$399K	26	14%	22	12%
\$400K to \$499K	17	9%	22	12%
\$500K to \$599K	26	14%	24	13%
\$600K to \$699K	25	14%	27	15%
\$700K to \$799K	14	8%	26	14%
\$800K to \$899K	19	10%	8	4%
\$900K to \$999K	10	6%	17	9%
\$1M to \$1.9M	19	10%	27	15%
\$2M+	5	3%	5	3%
Total	181	100%	184	100%

Source: Town Assessor

Attainability of Cape Elizabeth Home Sales by Income Level and Price Point

Household Income Threshold	Share of Households with Income Below Threshold, 2021		Maximum Attainable Home Price	Share of Cape Elizabeth Home Sales Attainable	
	Cape Elizabeth	Cumberland County		2020	2021
\$15,000	4%	7%	\$50,000	0%	0%
\$25,000	6%	14%	\$83,000	0%	0%
\$35,000	9%	22%	\$117,000	0%	0%
\$50,000	17%	32%	\$167,000	0%	0%
\$75,000	27%	49%	\$250,000	4%	1%
\$100,000	38%	62%	\$333,000	18%	6%
\$150,000	61%	80%	\$500,000	35%	27%
\$200,000	74%	89%	\$667,000	59%	48%

Note: Percentages are cumulative.

Source: Esri; Town Assessor

HOUSING AFFORDABILITY CALCULATIONS

Housing affordability price points used throughout this report are calculated under the “rule of the thumb” as employed by the U.S. Department of Housing and Urban Development (HUD) that a household should spend no more than 30 percent of its income on housing costs.

An example calculation of the minimum income required to afford the median home in Cape Elizabeth is shown at right. It begins with the median home sale price or value, and then calculates applicable ownership costs, assuming a 10% down payment, a mortgage interest rate of 5.25%, insurance (including homeowners insurance and private mortgage insurance (PMI)), property taxes specific to Cape Elizabeth, and an estimate of utility costs.

Note that at the time of this writing, mortgage rates are rising quickly as the Fed hikes rates to curb inflation. All else being equal, as interest rates increase, the minimum income required to afford a home at a given price point also increases.

For a sale price of \$687,500 (the median in Cape Elizabeth), the total monthly ownership cost is estimated at \$5,065, annualized to \$60,780. For this amount not to exceed 30% of household income, a minimum income of \$202,619 is required. The original home price is 3.39 times this amount (this multiplier varies with interest rates and fluctuations in other costs). For simplicity, we assume the maximum home price affordable to a given household is equal to 3.33 times the household’s annual income level, or conversely, minimum income is 30% of home price. For example, a household with an income of \$100,000 can afford a home with a sale price of up to \$333,000. Note that under a lower interest rate of 3% (readily available from mid-2020 through 2021), a \$100,000 household could afford a home up to \$400,000.

For renters, maximum gross monthly rent affordable to a given household is equal to the household’s annual income divided by 40. This is mathematically equivalent to the household spending no more than 30% of its monthly income on gross monthly rent (defined as rent plus basic utilities). A household with an annual income of \$50,000, for instance, can afford a maximum gross rent of \$1,250 per month.

Home Sale Price Affordability Calculation

	2021 Median Sale Price	2020 Median Value Home
Median Home	\$ 687,500	\$ 469,600
10% Down Payment	\$ 68,750	\$ 46,960
Mortgage Amount	\$ 618,750	\$ 422,640
Monthly Mortgage Payment at 5.25%	\$ 3,417	\$ 2,269
Insurance	\$ 413	\$ 313
Property Taxes	\$ 754	\$ 515
Utilities	\$ 481	\$ 329
Total Monthly Cost	\$ 5,065	\$ 3,426
Minimum Household Income Required	\$ 202,619	\$ 137,036

Notes: 5.25% interest rate based on 30-year fixed rate national average as of June 2022 (Freddie Mac). Insurance includes homeowners insurance and private mortgage insurance (PMI). Property taxes calculated using a 65% assessment ratio and mill rate of 20.26 (FY 2022 rate).

Source: Camoin Associates analysis of data from Maine Listings, ACS 2020 5-year estimates, Zillow affordability calculator, HUD, Town mill rate

Housing Attainability Levels

Household Income	Maximum Attainable Home Price	Maximum Attainable Gross Rent
\$15,000	\$50,000	\$375
\$25,000	\$83,000	\$625
\$35,000	\$117,000	\$875
\$50,000	\$167,000	\$1,250
\$75,000	\$250,000	\$1,875
\$100,000	\$333,000	\$2,500
\$150,000	\$500,000	\$3,750
\$200,000	\$667,000	\$5,000

HOME AFFORDABILITY BY INCOME LEVEL

HUD publishes income limits for various housing affordability levels based on percent of Area Median Income (AMI) and household size (e.g., number of persons in the household). These limits are updated annually and are commonly used by municipalities, including Cape Elizabeth, in setting required affordability levels for affordable housing units as part of inclusionary zoning requirements.

These income levels are used in the Housing Creation Goals section of the report to categorize demand by price point. Income levels can be multiplied by 3.33 to approximate maximum price points for for-sale units or divided by 40 to approximate maximum gross monthly rent for rental units.

More information on HUD income limits can be found at:
<https://www.huduser.gov/portal/datasets/il.html>

FY 2022 Affordable Housing Income Limits for Portland HUD Metro FMR Area

Income Category	Pct. of Area Median Income				
	Income	1 person	2 persons	3 persons	4 persons
Extremely Low	30%	\$23,450	\$26,800	\$30,150	\$33,500
Very Low	50%	\$39,100	\$44,700	\$50,300	\$55,850
Low	80%	\$62,550	\$71,500	\$80,450	\$89,350
Median	100%	\$78,900	\$90,200	\$101,450	\$112,700
Moderate	120%	\$94,700	\$108,200	\$121,750	\$135,250
Moderate+	150%	\$118,350	\$135,250	\$152,150	\$169,050

Note: Portland HUD Metro Fair Market Rent (FMR) Area defined to include the following municipalities: Cape Elizabeth, Casco, Chebeague Island, Cumberland, Falmouth, Freeport, Frye Island, Gorham, Gray, Long Island, North Yarmouth, Portland, Raymond, Scarborough, South Portland, Standish, Westbrook, Windham, Yarmouth, Buxton, Hollis, Limington, and Old Orchard Beach.

Source: HUD

3. HOUSING CREATION GOALS

This chapter lays out a range of housing creation goals for Cape Elizabeth, based on key housing metrics that the Town may seek to achieve. The overall housing need that the goals seek to meet is discussed in terms of six objectives, each of which correspond to a target population that would benefit from increased affordable housing options. These target populations include:

- Cost-burdened workforce residents
- Cost-burdened senior residents
- In-commuting workers
- Adult children living with parents
- New moderate-income 24-44 households
- New workforce households

These goals and objectives are intended as starting points for discussion, rather than firm recommendations. It is anticipated that they will be debated, refined, and prioritized as the Town continues to make progress on its housing diversity efforts.

Potential Housing Creation Goals

Goals	New Affordable Units by 2032
Ambitious	450
Moderate	200
Status Quo	5

Potential Target Populations

Target Population	Minimum Affordable Housing Need (units)
1 Cost-burdened workforce residents	100
2 Cost-burdened senior residents	50
3 In-commuting workers	100
4 Adult children living with parents	50
5 New moderate-income 24-44 households	50
6 New workforce households	100
Total	450

KEY METRICS FOR GOAL FRAMING

Presented here are baseline statistics that are helpful for framing the discussion of housing creation goals and objectives.

Housing Stock

The housing stock in Cape Elizabeth increased by 108 units between 2010 and 2020, an average of 10.8 units per year (on net), according to Decennial Census figures. This compares to an annual average of 22.2 residential building permits for new units issued by the Town over this period. While the Census counts the total number of housing units, accounting for any units removed from the housing stock, Town building permits only consider new additions to the stock. Note that units for which building permits have been issued have not necessarily been constructed and/or occupied.

Cape Elizabeth represents about 2.7% of Cumberland County’s housing stock, while accounting for only 1.0% of new units added between 2010-2020, less than its “fair share,” if each community were to add units at a rate proportional to their existing share.

The town has an estimated 392 rental units, representing just 10% of all occupied housing units community-wide. The county-wide average is 30%. Cape Elizabeth is home to about 1.1% of the county’s renter-occupied stock.

Affordable Units

Cape Elizabeth currently has 38 income-restricted “affordable” housing units, representing 0.9% of the housing stock. Of these units, 16 were created through the Town’s mandatory affordable housing requirement for new major developments. The remaining 22 units are affordable senior rentals at Colonial Village. Only 2 new affordable units have been created over the last decade. Since 2000, the town has averaged 0.5 new affordable units per year.

Households

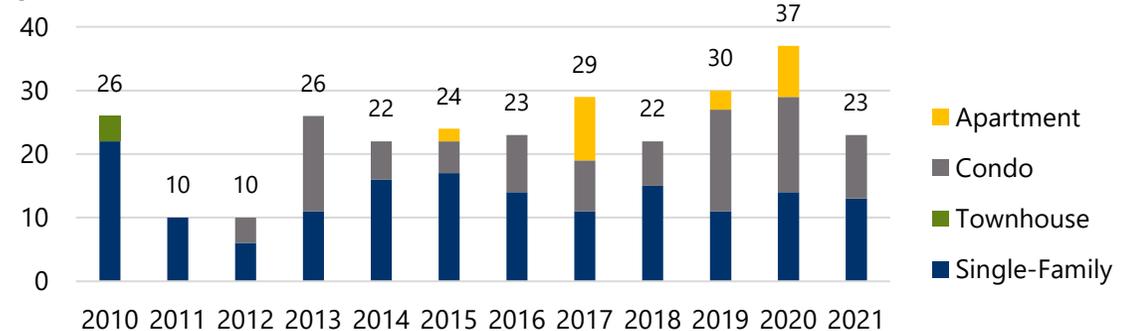
Approximately 3% of county households reside in Cape Elizabeth. According to projections from Esri, Cumberland County is anticipated to add 6,254 new households (on net) over the period from 2021 to 2026, or about 1,251 households per year. Projecting this forward ten years at the same rate would mean 12,508 new households in the County by 2032. If Cape Elizabeth were to “capture” 3% of these new households, approximately 375 new housing units would need to be added to the town’s housing stock over this next decade. This compares to 108 units added on net between 2010-2020, and 222 residential building permits issued for new units.

Key Metrics for Goal Framing

	2010	2020	Change	Pct. Change	Avg. Annual Change
Households					
Cape Elizabeth	3,616	3,738	122	3.4%	12.2
Cumberland County	117,339	128,100	10,761	9.2%	1,076.1
Town Share of County	3.1%	2.9%	1.1%		
Housing Units					
Cape Elizabeth	3,963	4,071	108	2.7%	10.8
Cumberland County	138,657	149,452	10,795	7.8%	1,079.5
Town Share of County	2.9%	2.7%	1.0%		
Renter-Occupied Units					
Cape Elizabeth	538	392	-146	-27.1%	-14.6
Cumberland County	36,718	37,027	309	0.8%	30.9
Town Share of County	1.5%	1.1%	-47.2%		
Affordable Housing Stock					
Cape Elizabeth	36	38	2	5.6%	0.2

Source: Decennial Census, ACS 5-year estimates, Town of Cape Elizabeth

Building Permits Issued for New Housing Units, Cape Elizabeth 2010-2021



Source: Town of Cape Elizabeth

Potential 10-Year Housing Creation Goals for Consideration

Goal	Affordable Units	Market-Rate Units	Total Units	Town's Share of Projected County Household Growth	Affordable Unit Share of Town's Housing Stock	Rental Share of Occupied Units	Pct. Increase in Town Households
Ambitious Goal	450	217	667	5.3%	10.3%	17.1%	17.5%
Moderate Goal	200	217	417	3.3%	5.3%	14.3%	10.9%
Status Quo Goal	5	217	222	1.8%	1.0%	10.3%	5.8%
<i>Existing Inventory</i>	38	4,033	4,071	--	0.9%	10.4%	--

POTENTIAL 10-YEAR HOUSING GOALS

In considering a range of potential housing creation goals for the Town, we begin with a broad look at possible overall affordable housing production in the community over the next 10 years (2022-2032).

Three goals were formulated to reach certain common housing diversity metrics that would have a substantial impact in bringing Cape Elizabeth closer to diversifying its housing stock and household makeup. These goals should not be interpreted as recommendations; they are simply thresholds needed to attain certain metrics should the community choose to pursue them. The goals are summarized as follows (over 10 years):

- **Status Quo Goal:** 5 new affordable units
- **Ambitious Goal:** 450 new affordable units
- **Moderate Goal:** 200 new affordable units

Each goal is introduced broadly, followed by a discussion of six policy objectives that the town may wish to focus on. Prioritizing certain objectives over others will change the mix of affordable housing price points and unit types ultimately needed. Overall, however, the town will need to considerably increase total affordable housing production compared to past levels in order to have an impact in achieving any of these objectives.

Status Quo Goal: 5 New Affordable Units

At the low end of the spectrum, a "status quo" goal would maintain current rates of affordable and market-rate housing production. Over the last two decades, the Town has averaged 0.5 new affordable units per year. Projecting this forward ten years would yield 5 new units through 2032. A rate of 22.2 residential build permits issued per year for new units (2010-2020 average) would yield 222 total units. Subtracting the 5 affordable units would equal 217 market-rate units.

At this rate, the town would capture 1.8% of county household growth, less than its 3% "fair share," leading to a decline in overall household share. Assuming that about 7% of new units are rentals (2010-2020 average for building permits), the town's renter-occupied housing share would slip slightly from 10.4% to 10.3%.

This goal would have no material impact on housing diversification.

Ambitious Goal: 450 New Affordable Units

An ambitious affordable housing production goal would propel the town toward a **10% affordable housing share**, exceeding its “fair share” of future county household growth capture, and substantively increasing the share of rental-occupied units. 10% percent is a common affordable housing share benchmark that communities strive to achieve. For example, the 10% threshold is set by statute in both Massachusetts and Connecticut, requiring communities that do not yet have a 10% share of subsidized housing inventory to put plans in place to achieve that level.

Assuming the same rate of market-rate housing growth as in the status quo scenario (217 market-rate units), 450 new affordable units over 10 years would bring the share of such units to 10.3%. The share of rental housing in town would increase considerably from 10.4% to 17.1%, adding 350 new affordable rental units.

Household growth would exceed 17% over 10 years, certainly a high rate, albeit below that registered by the towns of Scarborough and Cumberland between 2010 and 2020.

The tables at right illustrate how these 450 affordable units might accommodate various target populations. Unit tenure and price points would be adjusted, should the town opt to prioritize target populations over others. As detailed in the following pages, there will be sufficient affordable housing demand over the next 10 years to fill all 450 units.

Moderate Goal: 200 New Affordable Units

A moderate goal would fall somewhere between Status Quo and Ambitious, adding 200 new affordable units over 10 years. This goal would have a meaningful impact on increasing Cape Elizabeth’s affordable housing share, boosting it to 5.3%. The town would slightly exceed its “fair share” household capture rate, enabling 3.3% of new Cumberland County households to take up residence in Cape Elizabeth. With about 150 new affordable rental units added, the share of rental housing would grow from 10.4% to 14.3%.

The household growth rate would be a more restrained 10.9%, somewhat above the county’s growth rate of 9.2%, exhibited between 2010 and 2020.

The Moderate goal might serve a subset of Ambitious goal households, depending on the target populations prioritized.

Ambitious Goal: Estimated Affordable Housing Need by Tenure and Target Population

Target Population	Owner Units	Renter Units	Total Units
Cost-Burdened Workforce Residents	20	80	100
Cost-Burdened Senior Residents	0	50	50
In-Commuting Workers	40	60	100
Adult Children Living with Parents	5	45	50
New Moderate-Income 25-44 Households	25	25	50
New Workforce Households	10	90	100
Total	100	350	450
Share	22%	78%	100%

Source: Camoin Associates

Ambitious Goal: Estimated Affordable Housing Need by Target Population and Household Income

Renter Units	<30% AMI	30-50% AMI	50-80% AMI	80-120% AMI	Total
Cost-Burdened Workforce Residents	40	40	0	0	80
Cost-Burdened Senior Residents	25	25	0	0	50
In-Commuting Workers	0	30	30	0	60
Adult Children Living with Parents	0	25	20	0	45
New Moderate-Income 25-44 Households	0	10	15	0	25
New Workforce Households	30	30	30	0	90
Total	95	160	95	0	350
Share	27%	46%	27%	0%	100%

Owner Units	<30% AMI	30-50% AMI	50-80% AMI	80-120% AMI	Total
Cost-Burdened Workforce Residents	0	10	10	0	20
Cost-Burdened Senior Residents	0	0	0	0	0
In-Commuting Workers	0	10	15	15	40
Adult Children Living with Parents	0	0	5	0	5
New Moderate-Income 25-44 Households	0	5	10	10	25
New Workforce Households	0	5	5	0	10
Total	0	30	45	25	100
Share	0%	30%	45%	25%	100%

Source: Camoin Associates

POTENTIAL HOUSING DIVERSITY OBJECTIVES

The following six objectives were developed based on housing needs uncovered from the data analysis, as well as input received from the community to date. Each objective aligns with a particular target population (in bold) that could be better accommodated in Cape Elizabeth through the provision of suitable and attainable housing options. The community may ultimately wish to emphasize certain objectives over others or add others to this list.

1. Reduce the incidence of **cost-burdened households** in the community by providing affordable living options for these existing residents.
2. Provide smaller, low-maintenance housing options that allow **seniors to downsize** and remain in town, making their current housing units available to other households.
3. Offer attainable housing options for **Cape Elizabeth workers** (both private and public sector) who currently commute into town from elsewhere.
4. Provide attainable housing options for **adult children living with their parents** who wish to remain in the community.
5. Boost age diversity by increasing the share of **25 to 44-year-old households**, age groups currently underrepresented in the town.
6. Increase income diversity and expand the local workforce by offering affordable housing options to **workforce households**, residents of the broader region with moderate incomes.

POTENTIAL OBJECTIVE 1:

Reduce the incidence of cost-burdened households in the community by providing affordable living options for these existing residents.

There are an estimated 756 cost-burdened households in Cape Elizabeth. Of these, 454 (60%) earn incomes below \$50,000. The vast majority of cost-burdened households (90%+) live in owner-occupied housing, a rate consistent with the overall share of owner housing in the community.

While not all cost-burdened households would necessarily wish to relocate to an affordable housing unit, especially those at higher income levels who may spend a greater portion of housing on their income by choice, we estimate a fairly conservative minimum level of need at approximately 100 units. In other words, if given the option, 100 of these households (roughly 13%) would relocate to an affordable unit (either renter or owner).

Housing Needs: Lower-Income Cost-Burdened Households

Low-income renter households with high housing cost burdens seek lower-cost rental options with gross rents no higher than \$1,250. Multifamily apartments are best suited to achieve the density needed to deliver rental housing at the most affordable price points. In general, the higher the density, the lower the price points that can be offered. A mix of one-, two-, and three-bedroom units would be needed to accommodate households of all types, including singles, couples, families, and seniors.

Rather than relocating to subsidized housing units, some cost-burdened homeowner households may benefit from staying in existing units and receiving assistance in paying housing costs. Households in this group are more likely to be senior households.

Other homeowners may wish to trade their existing units for more affordable ones that better meet their needs. Attainable price points would fall in the \$100,000 to \$300,000 range.

Cape Elizabeth Cost-Burdened Households

Household Income Level	Attainable Home Price Range	Attainable Gross Rent Range	All Occupied	Owner-Occupied	Renter-Occupied
Less than \$20,000	<\$67,000	<\$500	110	84	26
\$20,000 to \$34,999	\$67,000-\$117,000	\$500-\$875	199	190	9
\$35,000 to \$49,999	\$117,000-\$167,000	\$875-\$1,250	145	112	33
\$50,000 to \$74,999	\$167,000-\$250,000	\$1,250-\$1,875	75	75	0
\$75,000 or more	\$250,000+	\$1,875+	227	227	0
Total Households			756	688	68
Total Households <\$50,000			454	386	68

Source: ACS 2020 5-year estimates

POTENTIAL OBJECTIVE 2:

Provide smaller, low-maintenance housing options that allow seniors to downsize and remain in town, making their current housing units available to other households.

According to AARP’s 2021 Home and Community Preferences Survey, 77% of adults ages 50 and older nationally say that want to remain in their homes for the long term), rather than relocate to a different unit. The 2021 Home Buyers and Sellers Generational Trends Report from the National Association of Realtors indicates that 12% of age 50+ homebuyers in 2019–2020 purchased a home in senior-related housing. While certainly not a majority, a significant share of seniors are interested in senior housing that may allow them to achieve a lower-maintenance lifestyle and meet other needs.

Cape Elizabeth is home to about 2,500 senior households (ages 55+). Of these households, 380 are ages 65+ and cost-burdened. In recent years, the town has added senior-oriented condo units at luxury price points, such as the 46-unit Maxwell Woods community, but has very few options for seniors of more modest means. Offering affordable senior units to existing town residents could potentially allow their current units to filter to new, younger households. There is an estimated minimum need for 50 affordable senior rental units.

Housing Needs: Downsizing Seniors

Downsizing seniors can be accommodated through both market-rate and affordable units. The newest for-sale market-rate units have been delivered in Cape Elizabeth at prices starting at \$600,000, attainable to seniors with incomes of \$180,000 and above. For lower and moderate-income seniors, affordable rental apartments priced under \$1,000 are needed to meet the need.

Downsizing senior typically seek low-maintenance units with single-level floorplans or elevator access if in multilevel complexes. Condominiums, typically single-family or duplexes, with common maintenance and two to three bedrooms are generally a good fit. Apartments with one or two bedrooms are generally sufficient for lower and moderate-income senior renters. In some cases, accessory dwelling units (ADUs) may be appropriate to meet the needs of seniors.

Cape Elizabeth Senior Households by Income, 2021

Household Income	Attainable Home Price Range	Attainable Gross Rent Range				Total	Share
			55-64	65-74	75+		
<\$15,000	<\$50,000	<\$375	35	53	50	138	6%
\$15,000-\$24,999	\$50,000-\$83,000	\$375-\$625	15	20	18	53	2%
\$25,000-\$34,999	\$83,000-\$117,000	\$625-\$875	20	25	34	79	3%
\$35,000-\$49,999	\$117,000-\$167,000	\$875-\$1,250	37	55	135	227	9%
\$50,000-\$74,999	\$167,000-\$250,000	\$1,250-\$1,875	60	100	134	294	12%
\$75,000-\$99,999	\$250,000-\$333,000	\$1,875-\$2,500	95	152	47	294	12%
\$100,000-\$149,999	\$333,000-\$500,000	\$2,500-\$3,750	290	178	76	544	22%
\$150,000-\$199,999	\$500,000-\$667,000	\$3,750-\$5,000	154	77	29	260	11%
\$200,000+	\$667,000+	\$5,000+	325	191	71	587	24%
Total			1,031	851	594	2,476	100%
Share			42%	34%	24%	100%	

Source: Esri

Cost-Burdened Senior Households (65+)

	All Occupied	Owner-Occupied	Renter-Occupied
Households	380	380	0
Rate of Cost Burden	29%	30%	0%
Total	380	380	0

Source: ACS 2020 5-yr Estimates

POTENTIAL OBJECTIVE 3:

Offer attainable housing options for Cape Elizabeth workers (both private and public sector) who currently commute into town from elsewhere.

The town's in-commuters are typically working age (18-65) have a range of incomes and housing needs. While many in-commuters may do so by choice, others would prefer to live in Cape Elizabeth if affordable housing was available to them. Median annual earnings for the town's jobs are estimated at about \$41,400 (Emsi). A one-earner household with this level of income would be able to afford a home price no more than about \$140,000, or a gross monthly rent of about \$1,000.

Given the lack of for-sale inventory at prices under \$500,000 and an extremely limited rental inventory it is likely that in-commuters with household earnings as high as \$150,000 or more are unable to find suitable housing in town. Therefore, affordable units are needed for in-commuters at all income levels from \$25,000 (approximately minimum wage, full-time annualized) to \$150,000.

For in-commuter households earning below the threshold needed for homeownership, affordable rental options are needed at gross rents starting at \$625, which is attainable at a full-time minimum-wage income of \$25,000.

Minimum affordable housing need is estimated at between 5% and 10% of all in-commuters, or approximately 50-100 units. It is noted that while Cape Elizabeth already has the lowest in-commuter rate of the six peer communities (72%), there is potential to lower it further by providing housing that aligns with the needs of the workforce.

Housing Needs: In-Commuters

In-commuter households may consist of singles, couples, roommates, and families with children, accommodated with a range of unit types (multifamily apartments, townhouses, duplexes, multiplexes, single-family homes) and bedroom counts (studios up to four bedrooms).

Cape Elizabeth In-Commuters, 2019, Primary Jobs

	Count	Share
Employed in Cape Elizabeth	1,285	100%
Employed in Cape Elizabeth but Living Outside	924	72%
Employed and Living in Cape Elizabeth	361	28%

Source: Census OnTheMap

In-Commuter Housing Demand Capture

	\$1,250 per Month or Less	\$1,251 to \$3,333 per month	More than \$3,333 per month	Total
Cape Elizabeth In-Commuters	197	308	418	924
Capture Rate of 5%	10	15	21	46
Capture Rate of 10%	20	31	42	92

Note: Earnings distribution for in-commuters calculated assuming similar distribution as all workers employed in Cape Elizabeth.

POTENTIAL OBJECTIVE 4:

Provide attainable housing options for adult children living with their parents who wish to remain in the community.

Over half (51%) of Cape Elizabeth residents between 18 and 34 live in their parents' household, compared to 28% for Cumberland County as a whole. Only 5% of town residents in the young adult age group live with other nonrelatives (e.g., roommates), compared to 15% in the county.

The high rate of young adults living at home speaks to the lack of affordable housing options for young people in the community, preventing those who grew up in Cape Elizabeth from establishing their own roots in the town and starting families of their own.

Decreasing the share of young adults living with their parents to the county average of 28% would mean providing housing units for 235 of the 528 young adults currently living with parents. Assuming two roommates per unit, 117 units would be needed. At three roommates per unit, 78 units would be needed.

A conservative minimum need is estimated at 50 units to accommodate this population.

Housing Needs: Adult Children Living with Parents

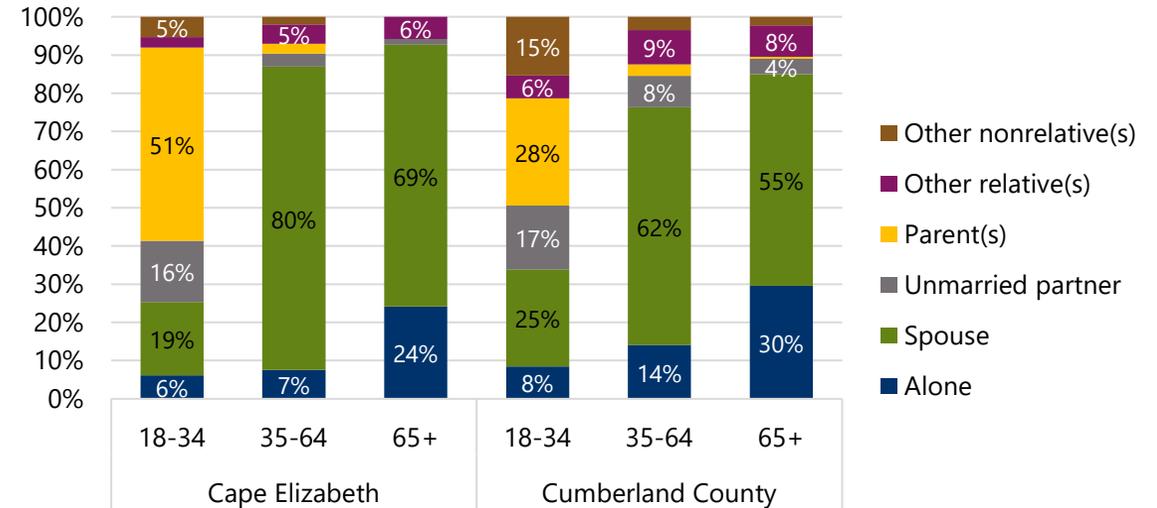
Adult children in the 18-34 range that live with their parents would benefit from affordable housing units where they can live alone, with a partner, or with roommates. This population would be most likely to prefer renting over homeownership. Multifamily apartments, multiplexes, or townhouses with rental rates in the \$750 to \$1,500 would best accommodate this group.

Cape Elizabeth 18+ Resident Living Arrangements by Age

Living Arrangement	18-34	35-64	65+	Total
Alone	64	302	518	884
Spouse	200	3,208	1,473	4,881
Unmarried partner	167	135	32	334
Parent(s)	528	106	0	634
Other relative(s)	29	203	124	356
Other nonrelative(s)	55	80	0	135
Total	1,043	4,034	2,147	7,224

Source: ACS 2020 5-year estimates

Living Arrangements, Share of Residents by Age



Source: ACS 2020 5-year estimates

POTENTIAL OBJECTIVE 5:

Boost age diversity by increasing the share of 25 to 44-year-old households, age groups currently underrepresented in the town.

According to 2021 data from Esri, Cape Elizabeth is home to about 3.0% of all households in Cumberland County, but only 1.6% of households in the 25-44 age range. Overall, the town would need an additional 505 younger adult households to close this “gap” and reflect the county’s age distribution.

The town has a disproportionately low share of younger adult households across all income levels under \$150,000, but a higher share of those above this income level.

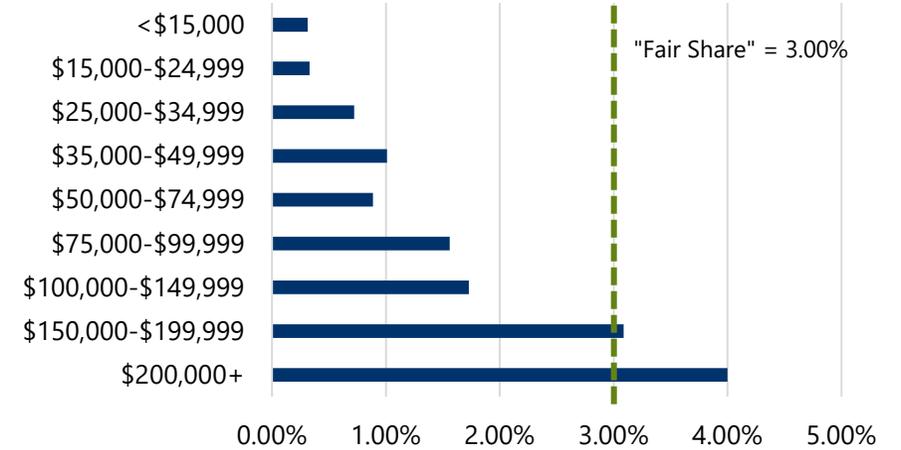
Closing 10% of this “gap” in young households would require about 50 new housing units for moderate income 25-44 households, to be attracted from outside the town.

Housing Needs: Younger Adults Households, Age 25-44

Households in this age group have a wide range of housing needs, depending on stage of life. At the younger end of the range are young singles and couples (workers or students) that can be accommodated with rental apartments, multiplexes, and townhouses with one or two bedrooms. Many households in this group could afford market-rate rental units if more were available in town.

Households closer to peak homebuying years (early to mid 30s) seek for-sale options where they can start and raise their families. Homes with at least three bedrooms and yards are often preferred households with children. Traditionally, these have been single-family homes, but such needs can also be well served in townhouse and duplex arrangements, especially in complexes with shared outdoor space. Homes priced below \$500,000 are needed for this group.

Cape Elizabeth Share of County's Younger Adult Households (Age 25-44) by Income Level



Source: Esri

Younger Adult Households (Age 25-44) by Income, 2021

A	B	C	D	E	F	G	H	I
Household Income	Attainable Home Price Range	Attainable Gross Rent Range	Cape Elizabeth	Cumberland County	Share of County (D/E)	"Fair Share" of County*	"Fair Share" Households (E x G)	Gap (D - H)
<\$15,000	<\$50,000	<\$375	7	2,241	0.31%	3.00%	67	(60)
\$15,000-\$24,999	\$50,000-\$83,000	\$375-\$625	6	1,822	0.33%	3.00%	55	(49)
\$25,000-\$34,999	\$83,000-\$117,000	\$625-\$875	20	2,770	0.72%	3.00%	83	(63)
\$35,000-\$49,999	\$117,000-\$167,000	\$875-\$1,250	38	3,763	1.01%	3.00%	113	(75)
\$50,000-\$74,999	\$167,000-\$250,000	\$1,250-\$1,875	53	5,987	0.89%	3.00%	180	(127)
\$75,000-\$99,999	\$250,000-\$333,000	\$1,875-\$2,500	77	4,933	1.56%	3.00%	148	(71)
\$100,000-\$149,999	\$333,000-\$500,000	\$2,500-\$3,750	137	7,930	1.73%	3.00%	238	(101)
\$150,000-\$199,999	\$500,000-\$667,000	\$3,750-\$5,000	114	3,693	3.09%	3.00%	111	3
\$200,000+	\$667,000+	\$5,000+	147	3,675	4.00%	3.00%	110	37
Total			599	36,814	1.63%	3.00%	1,104	(505)

* "Fair share" refers to the proportional share of the county's households that would live in Cape Elizabeth if the town mirrored the county in each age/income group. As of 2021, Cape Elizabeth is home to an estimated 3.00% of Cumberland County's households.

Source: Camoin Associates analysis of Esri data

POTENTIAL OBJECTIVE 6:

Increase income diversity and expand the local workforce by offering affordable housing options to workforce households, residents of the broader region with moderate incomes.

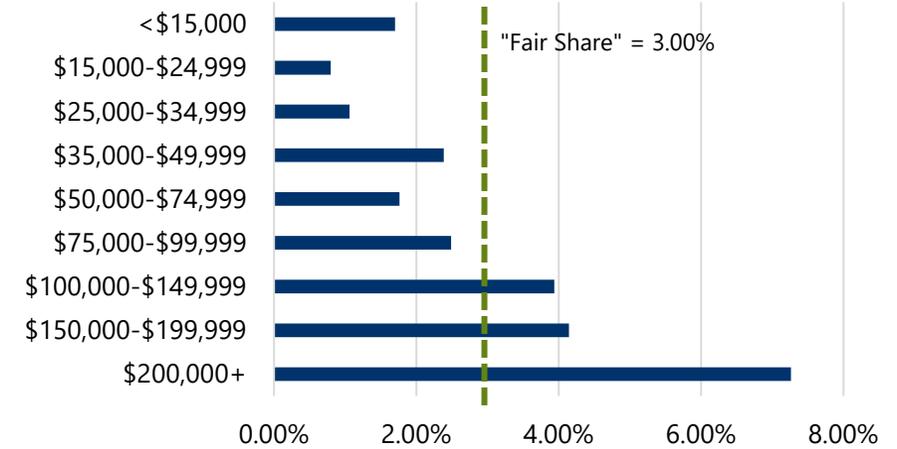
The town has a disproportionately low share of households in all income cohorts under \$100,000. To close this “gap,” the town would need to provide an additional 930 housing units at price points affordable to households across income levels below under \$100,000.

100 new workforce housing units would close just over 10% of this gap and serve to attract households from the broader region who would like to live in Cape Elizabeth. Not only does this provide these households with a desirable place to live, but it also expands the workforce pool within a short distance that local businesses can draw from.

Housing Needs: Workforce Households

Since workforce households are especially price-conscious, the type of housing unit may be less important than the price point. These households are willing to sacrifice amenities and “extras” if the home is situated in a safe and convenient location that provides access to job and educational opportunities. Affordable-rate rentals at all levels and all housing styles are needed. Affordable for-sale homes, at prices as low as \$100,000, can provide a steppingstone for market-rate homeownership.

Cape Elizabeth Share of County Households by Income Level, 2021



Source: Esri

Households by Income, 2021

A	B	C	D	E	F	G	H	I
Household Income	Attainable Home Price Range	Attainable Gross Rent Range	Cape Elizabeth	Cumberland County	Current Share of County (D/E)	"Fair Share" of County*	"Fair Share" Households (E x G)	Gap (D - H)
<\$15,000	<\$50,000	<\$375	156	9,166	1.70%	3.00%	275	(119)
\$15,000-\$24,999	\$50,000-\$83,000	\$375-\$625	65	8,166	0.80%	3.00%	245	(180)
\$25,000-\$34,999	\$83,000-\$117,000	\$625-\$875	109	10,260	1.06%	3.00%	307	(198)
\$35,000-\$49,999	\$117,000-\$167,000	\$875-\$1,250	303	12,693	2.39%	3.00%	380	(77)
\$50,000-\$74,999	\$167,000-\$250,000	\$1,250-\$1,875	387	21,937	1.76%	3.00%	657	(270)
\$75,000-\$99,999	\$250,000-\$333,000	\$1,875-\$2,500	417	16,751	2.49%	3.00%	502	(85)
\$100,000-\$149,999	\$333,000-\$500,000	\$2,500-\$3,750	898	22,798	3.94%	3.00%	683	surplus
\$150,000-\$199,999	\$500,000-\$667,000	\$3,750-\$5,000	495	11,946	4.14%	3.00%	358	surplus
\$200,000+	\$667,000+	\$5,000+	984	13,546	7.26%	3.00%	406	surplus
Total			3,814	127,263	3.00%	3.00%	3,814	(930)

* "Fair share" refers to the proportional share of the county's households that would live in Cape Elizabeth if the town mirrored the county at each income level. As of 2021, Cape Elizabeth is home to an estimated 3.00% of Cumberland County's households.

Source: Camoin Associates analysis of Esri data

APPENDIX: DATA SOURCES



DATA SOURCES

ESRI BUSINESS ANALYST ONLINE (BAO)

Esri combines demographic, lifestyle, and spending data with map-based analytics to provide market intelligence for strategic decision-making. Esri uses proprietary statistical models and data from the U.S. Census Bureau, the U.S. Postal Service, and various other sources to present current conditions and project future trends. Esri data are used by developers to maximize their portfolio, retailers to understand growth opportunities, and by economic developers to attract business that fit their community. For more information, visit www.esri.com.

DECENNIAL CENSUS

The U.S. census counts each resident of the country, where they live on April 1, every ten years ending in zero. The Constitution mandates the enumeration to determine how to apportion the House of Representatives among the states. The latest release of the 2020 Census contains data for a limited number of variables, including: total population by race/ethnicity, population under 18, occupied and vacant housing units, and group quarters population.

In late April, the U.S. Census Bureau announced revised release dates for the next set of 2020 Census data products, starting with the release of the Demographic Profile and the Demographic and Housing Characteristics File (DHC) in May 2023. Additionally, data previously planned for inclusion in the Detailed Demographic and Housing Characteristics File (Detailed DHC) will now be released as three separate products, with the first product scheduled for release in August 2023 and the schedules for the remaining products still being determined.

For more information on the 2020 Decennial Census, visit: <https://www.census.gov/programs-surveys/decennial-census/decade/2020/2020-census-main.html>.

AMERICAN COMMUNITY SURVEY (ACS)

The American Community Survey (ACS) is an ongoing statistical survey by the U.S. Census Bureau that gathers demographic and socioeconomic information on age, sex, race, family and relationships, income and benefits, health insurance, education, veteran status, disabilities, commute patterns, and other topics. The survey is mandatory to fill out, but the survey is only sent to a small sample of the population on a rotating basis. The survey is crucial to major planning decisions, like vital services and infrastructure investments, made by municipalities and cities. The questions on the ACS are different than those asked on the decennial census and provide ongoing demographic updates of the nation down to the block group level.

The most recent ACS is the 2016-2020 5-Year Data Product, released in March 2022. For more information on the ACS, visit <http://www.census.gov/programs-surveys/acs/>.

ONTHEMAP, U.S. CENSUS

OnTheMap is a tool developed through the U.S. Census Longitudinal Employer-Household Dynamics (LEHD) program that helps to visualize Local Employment Dynamics (LED) data about where workers are employed and where they live. There are also visual mapping capabilities for data on age, earnings, industry distributions, race, ethnicity, educational attainment, and sex. The OnTheMap tool can be found here, along with links to documentation: <http://onthemap.ces.census.gov/>.