



Chapter 6

Housing

KENNEBUNKPORT COMPREHENSIVE PLAN 2030 Volume 2

May 2022



Development Team:

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 Contractor: *Hallmark Homes with KBS*

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 Landscaping: *Terrapin Landscapes*
 Site and Landscaping: *Aceto LA*



Financing:

Working Capital and Construction: *The Genesis Fund*
 Homebuyer Mortgages: *Bangor Savings Bank & MaineHousing*
 The generous support from over 150 individual and corporate donors

Assistance:

Land Provided by the Town of Kennebunkport
 Federal Home Loan Bank of Boston Programs (Pending)

Assistance:
 All of the above
 MaineHousing's Affordable Subdivision Program

HERITAGE WOODS

Kennebunkport's First Affordable Neighborhood!
www.khht.org

The Heritage Housing Trust was established by local residents in 2019. The trust's stated purpose is "to acquire land and properties for the purpose of building permanently affordable community housing and to provide ongoing stewardship of properties through a ground leasing model to ensure their perpetual affordability." The trust's near-term goal is to build 25 permanently affordable homes by 2025. The Trust is funded entirely by private donations.

Growth in Housing Stock

1980 to 2020

The growth in housing units in Kennebunkport has occurred at a steady pace over the course of the past forty years.

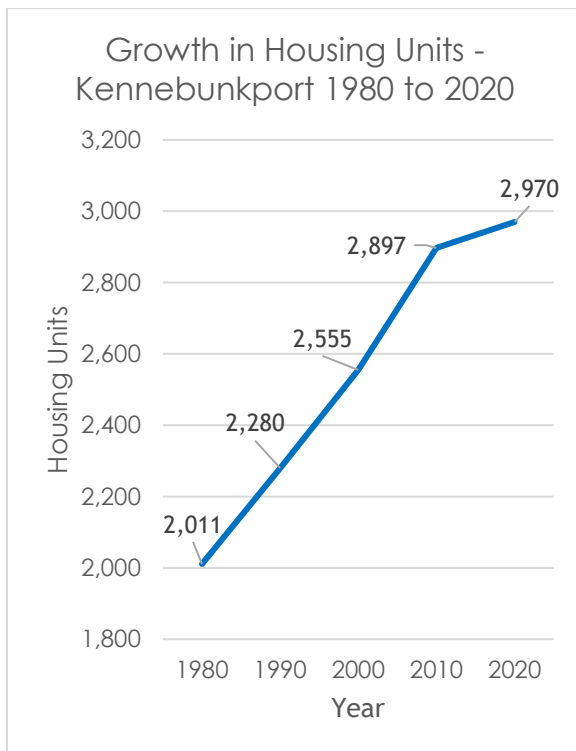


Figure 6-1 Growth in housing units in Kennebunkport from 1980 to 2020 (Source: US Decennial Census, 1980 - 2020)

Some of that consistency may be due to the Town’s annual limits (since 2003) on the issuance of building permits for new dwellings. The Town limits the number of new dwelling units that may be constructed in any one year by requiring a Growth Management Permit for each new dwelling. The number of such permits issued in each calendar year is limited via a schedule set forth in Section 11.12 of the Zoning Ordinance, as discussed in Chapter 4 Existing Land Use. A closer look at permits issued for new dwellings since 2013, and their locations, is displayed in Figure 6-2 below.

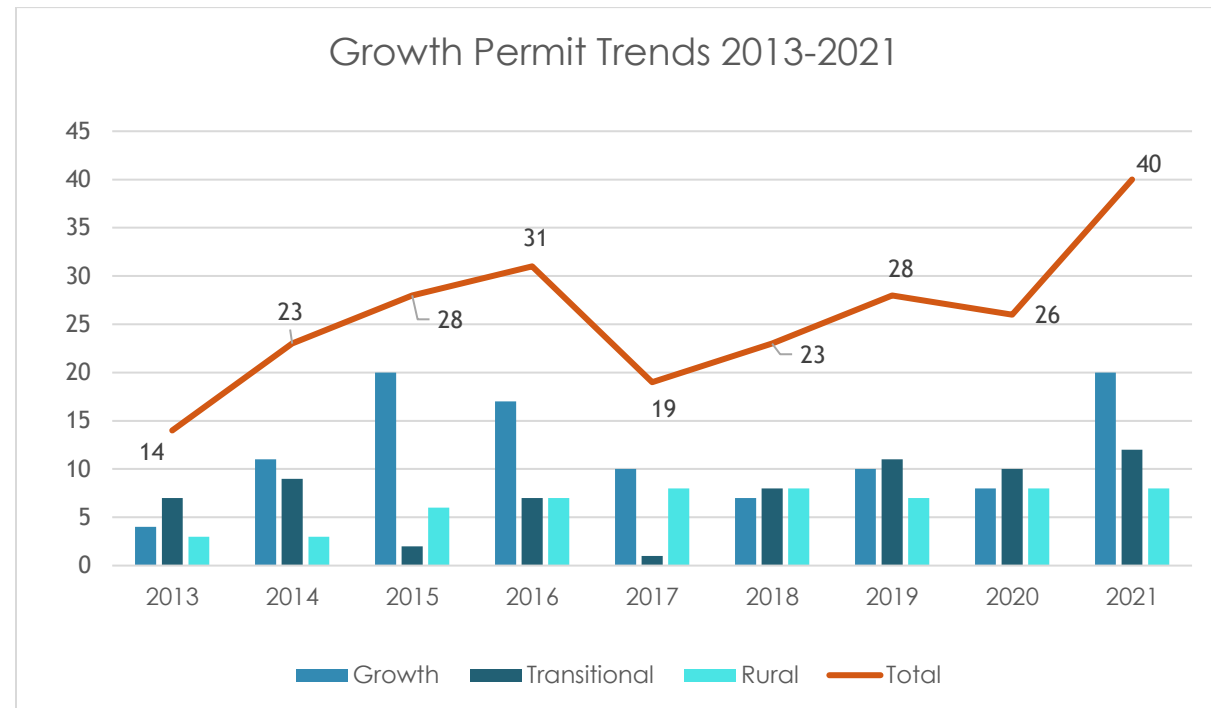


Figure 6-2 Growth Management Permits issued in Kennebunkport from 2013 to 2021 (Source: Kennebunkport Planning Department)

Two classes of dwellings are exempt from the requirement to obtain a Growth Management Permit: 1) Elderly housing constructed, operated, subsidized or funded by the state or federal government, and 2) Accessory apartments that meet the specifications set forth in section 7.1 of the Zoning Ordinance.

Housing Growth in the Region 1990 to 2020

The table and chart to the right display Kennebunkport's housing growth rate in the context of neighboring municipalities.

Note that the data on the previous page is derived from two sources, the federal decennial census, and the Kennebunkport Planning Department (2010 - 2021). The former is usually reliable, while the latter warrants high confidence as to its accuracy.

Table 6-1 Housing unit growth in the immediate region, 1990 to 2020 (Source: US Decennial Census, Table H1)

	1990	2000	2010	2020	Growth 2000 to 2020	Growth 2000 to 2020
Arundel	1,036	1,415	1,692	1,952	537	37.9%
Lyman	1,473	1,749	2,067	2,187	438	25.0%
Dayton	425	663	753	831	168	25.3%
Kennebunk	4,021	4,985	5,906	6,254	1,269	25.5%
York County	79,941	94,234	105,773	112,198	17,964	19.1%
Saco	6,826	7,424	8,508	9,486	2,062	27.8%
Kennebunkport	2,244	2,555	2,897	2,970	415	16.2%
Wells	5,217	7,794	8,557	9,366	1,572	20.2%
Biddeford	9,051	9,631	10,064	10,686	1,055	10.9%
Ogunquit	1,469	2,114	2,009	2,104	-10	-0.5%

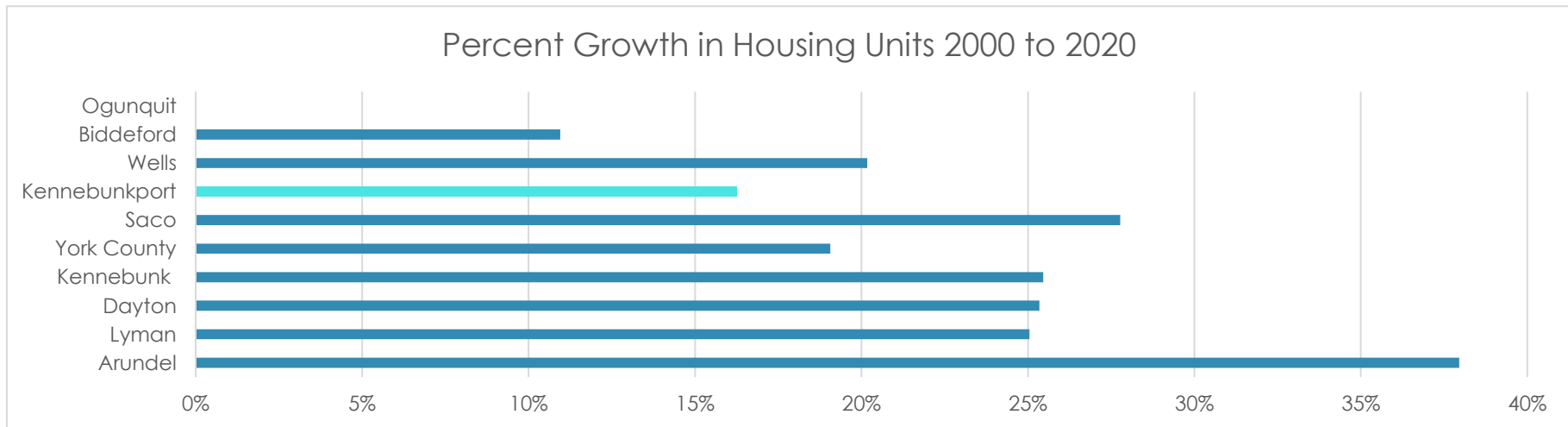


Figure 6-3 Housing Unit Growth, 2000 to 2020 (Source: US Decennial Census, Table H1)

Occupancy Trends

In comparison to York County, Kennebunkport has a substantially higher percentage of year-round, owner-occupied dwellings (87% vs. 74%), as seen below.

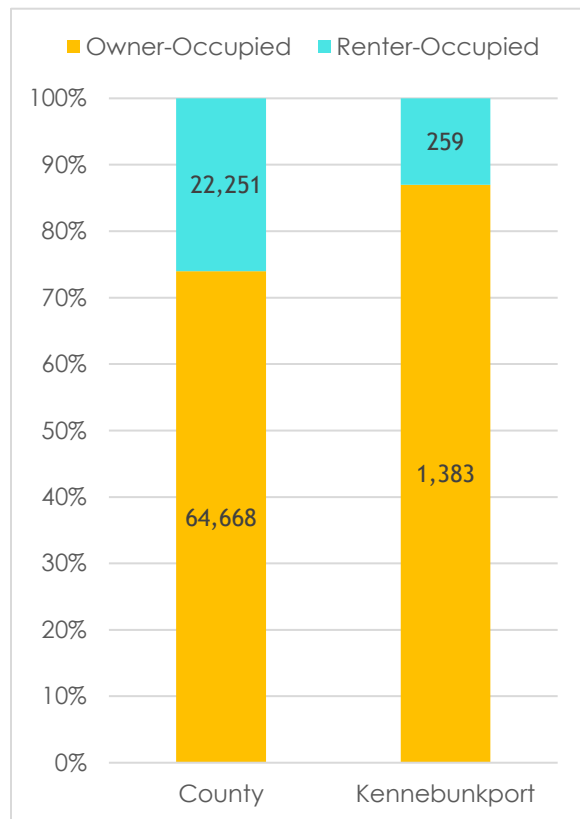


Figure 6-4 Occupied Housing Units: Year-Round, Owner-Occupied vs. Renter Occupied (Source: 2020 ACS 5-Year Estimates, Tables S1101 & S2501)

Kennebunkport’s occupancy trends over the past 40 years are shown below.

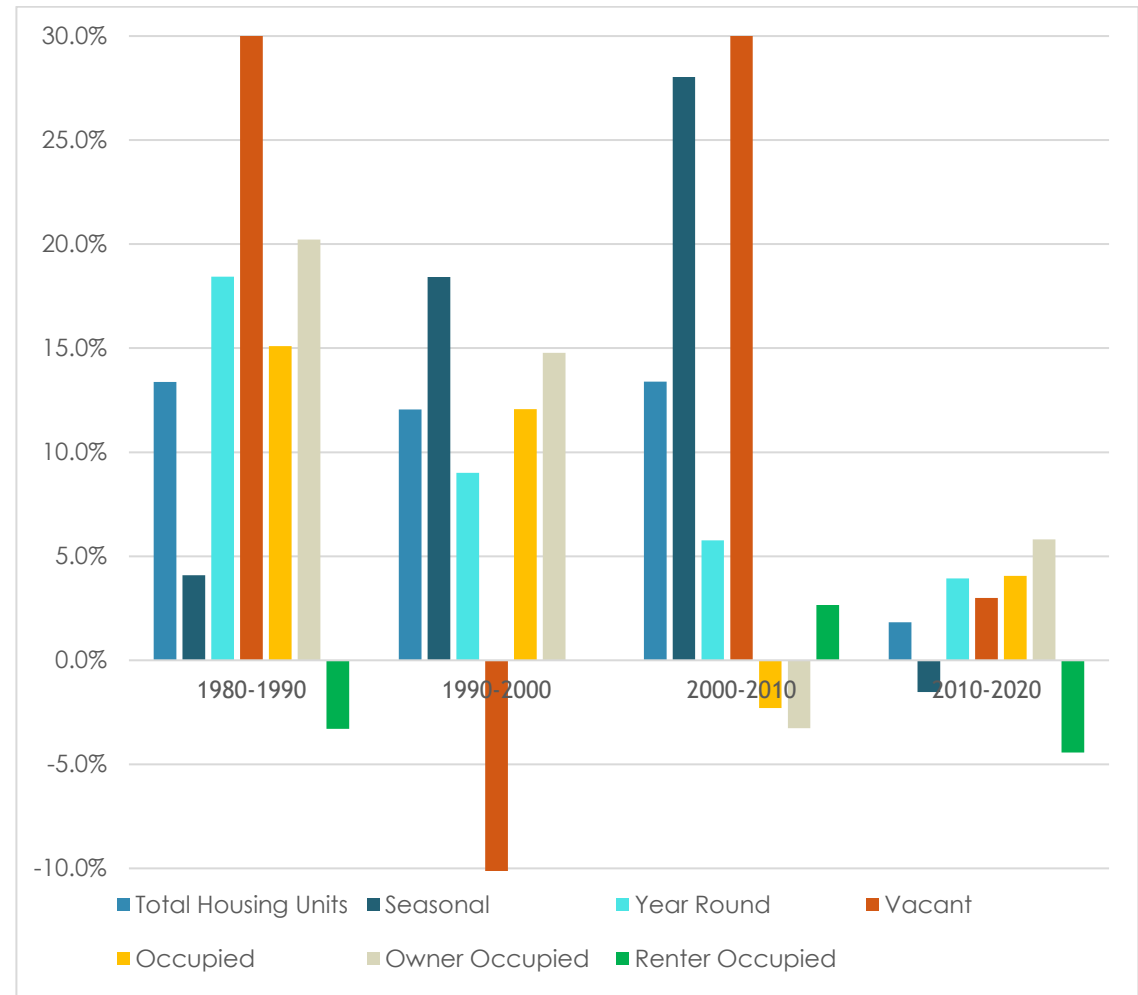


Figure 6-5 Average annual percent change in occupancy type from 1980 to 2020. The 2020 data is derived from ACS estimates. (Source: US Decennial Census and 2020 ACS 5-Year Estimates, Tables DP04 and S1101)

As seen above, the trend reflects a decreasing percentage of year-round dwelling units and owner occupied units.

Housing Types & Household Sizes

Kennebunkport has a substantially higher percentage of detached, single-family homes than does York County (92% vs. 69%) as shown in the table below. Kennebunkport's stock of attached dwelling units and mobile homes is at a smaller percentage than that of the county as a whole, as seen below.

Table 6-2 Units in Structure (Source: 2020 ACS 5-Year Estimates, Table B25024)

Units in Structure	Kennebunkport		York County	
1 unit detached	2,714	92.0%	76,726	69.1%
1 unit attached	63	2.1%	4,014	3.6%
2 units	73	2.5%	7,113	6.4%
3 or 4 units	26	0.9%	6,516	5.9%
5 to 9 units	28	0.9%	3,903	3.5%
10 to 19 units	33	1.1%	1,601	1.4%
20+ units	0	0.0%	4,008	3.6%
Mobile home	13	0.4%	7,156	6.4%
Boat, RV, van	0	0.0%	30	0.0%

Figure 6-6 to the right shows the number of bedrooms in dwelling units in Kennebunkport and York County. Compared with York County, Kennebunkport homes tend to have fewer 2 & 3-bedroom configurations, and are more likely to have 1, 4 or 5 bedrooms.

The 2020 ACS indicates that the median number of rooms in a Kennebunkport household is 6.4, and that the average household size (owner-occupied) was 2.25. In comparison, York County figures are 5.5 and 2.45, respectively (Table DP04).

Number of Bedrooms

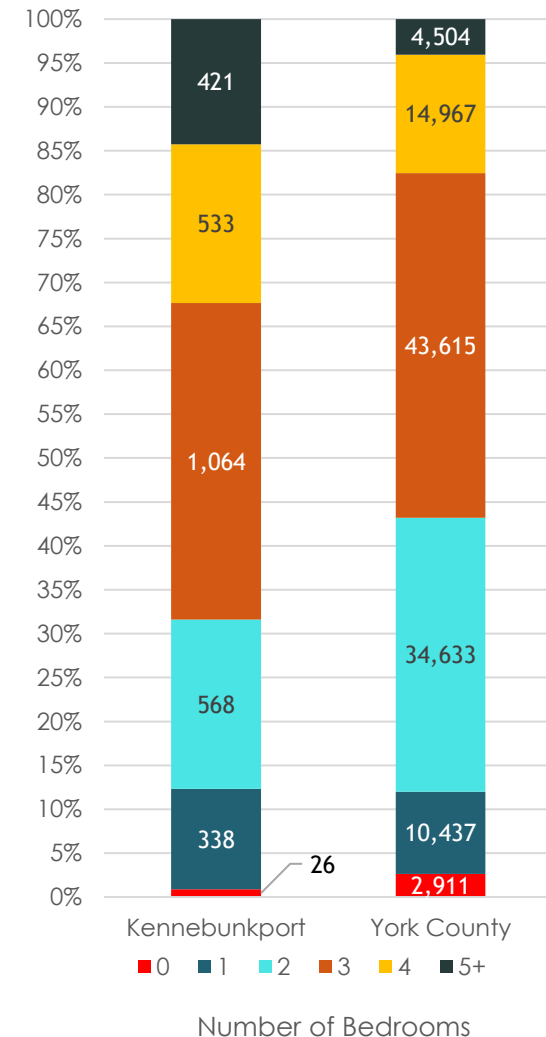


Figure 6-6 Number of bedrooms per dwelling unit (Source: 2020 ACS 5-Year Estimates, Table B25041)

Age of Buildings

Kennebunkport homes are more likely to have been built prior to 1940 than in York County as a whole.

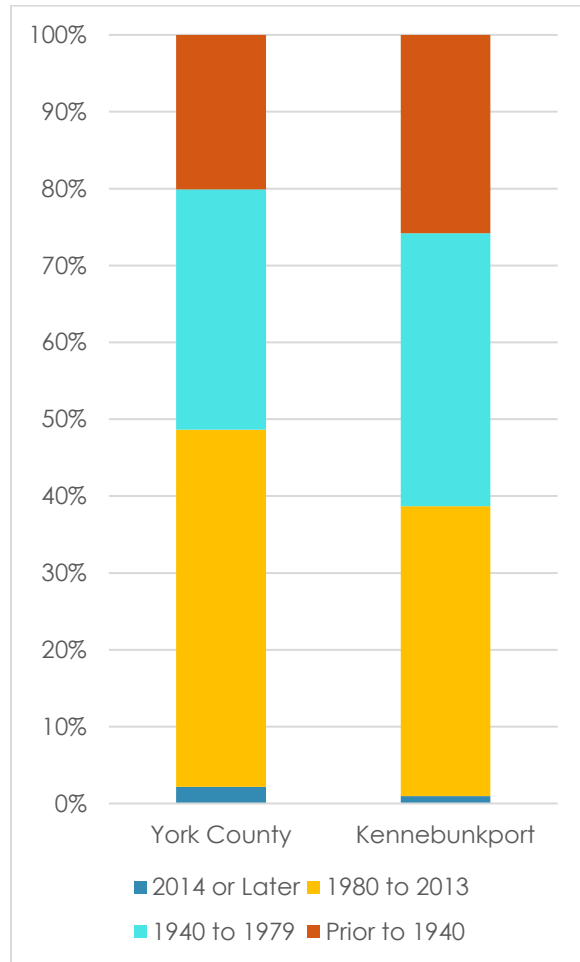


Figure 6-7 Year structure built (Source: 2020 ACS 5-Year Estimates, Table DP04)

Figure 6-7 (left) indicates that 60% of Kennebunkport buildings were constructed prior to 1980. Federal law prohibited the sale of lead paint in 1978. In general, buildings constructed in the 20th century and the latter half of the 19th century when fossil fuels were abundant and inexpensive tend to be less energy efficient than those constructed in recent years. The chart below shows the types of fuel utilized to heat homes. In this instance, the comparison was expanded to display consumption patterns in other New England states.

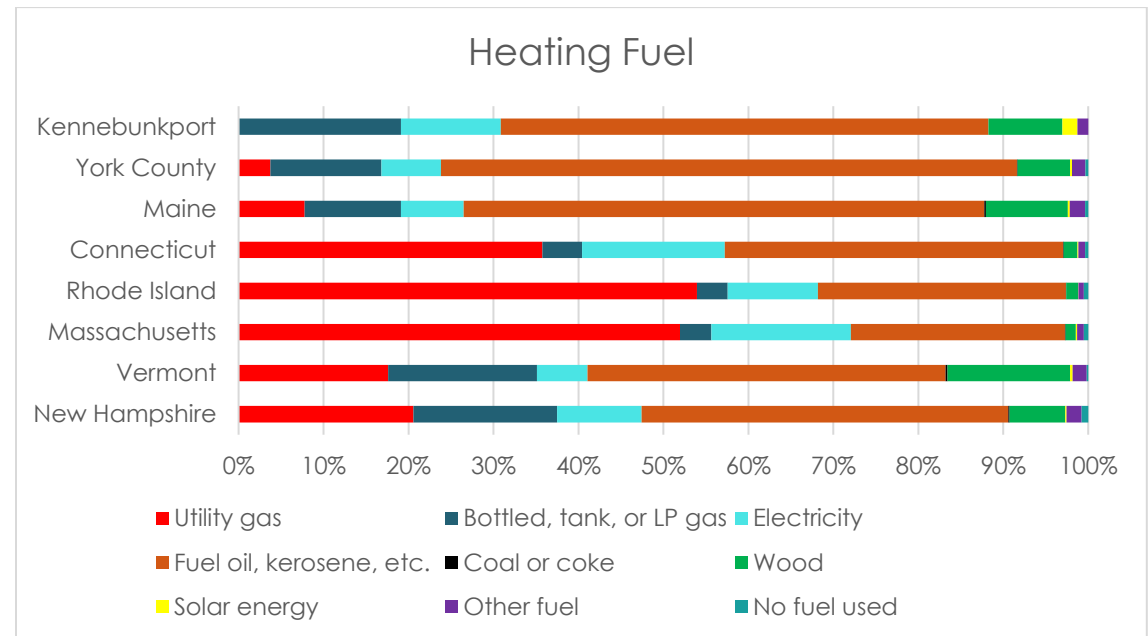


Figure 6-8 House heating fuel (Source: 2020 ACS 5-Year Estimates, Table DP04)

The chart above reveals that Maine is more dependent on heating oil than the other five New England states, and that the prevalence of liquified petroleum (LP) gas in Kennebunkport is greater than in the county and state.

In June 2019, Maine enacted a law (LD 1766) that would incentivize the installation of electric-powered heat pumps to replace residential heating systems that rely on fossil fuels. The state set a goal of installing 100,000 new heat pumps by 2025.

Home Values

According to ACS data, the median value of owner-occupied dwellings in Kennebunkport (\$410,400) is higher than in York County (\$260,800) and statewide (median = \$198,000). Home values for all three geographical categories are displayed in Figure 6-10.

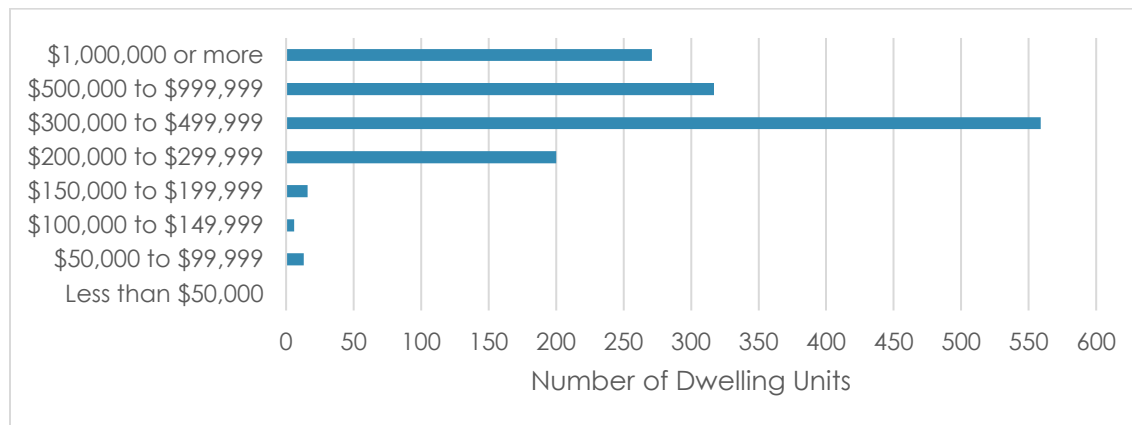


Figure 6-9 Value of owner-occupied dwelling units in Kennebunkport (Source: 2020 ACS 5-Yr Estimates, Table DP04)

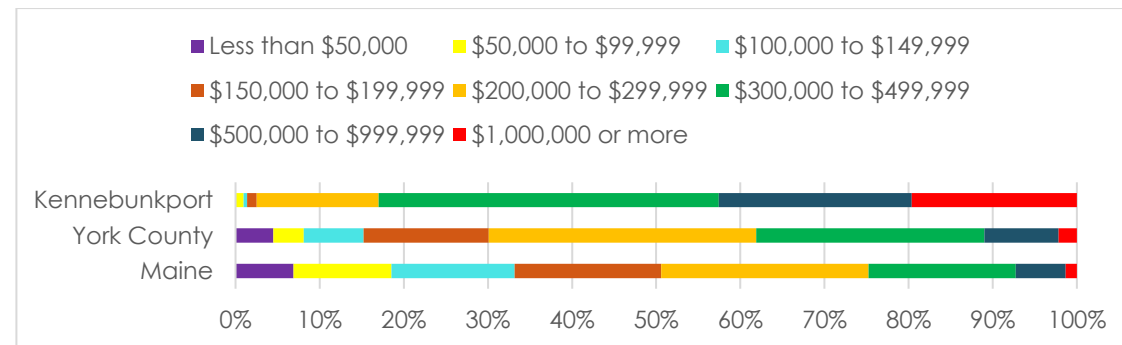


Figure 6 -10 Value of owner-occupied dwelling units in Kennebunkport, York County & Maine

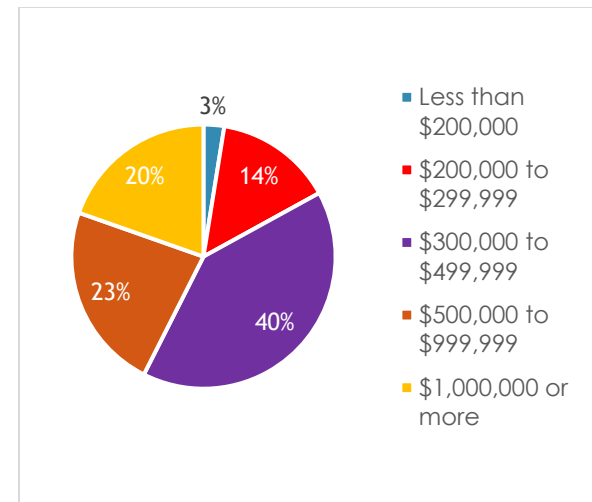


Figure 6-11 Value of owner-occupied homes in Kennebunkport (Source: 2020 ACS 5-Year Estimates, Table DP04)

Sale Price

A housing assessment conducted by Camoin Associates in 2017 included sales data from local realtors that indicate that home sale prices in Kennebunkport tend to be substantially higher than the assessed values. The study found that the average sale prices were \$696,000 in Kennebunkport, \$425,000 in Kennebunk, and \$304,000 in Wells.

Homeownership Costs

The median monthly costs of homeownership (mortgage payments, utilities, property taxes) are displayed in Figure 6-12 below. A comparison of homeownership costs in Kennebunkport and York County shows that Kennebunkport homeowners with mortgages are likely to be paying a higher monthly payment than their counterparts across the county, however there is little difference among those without a mortgage.

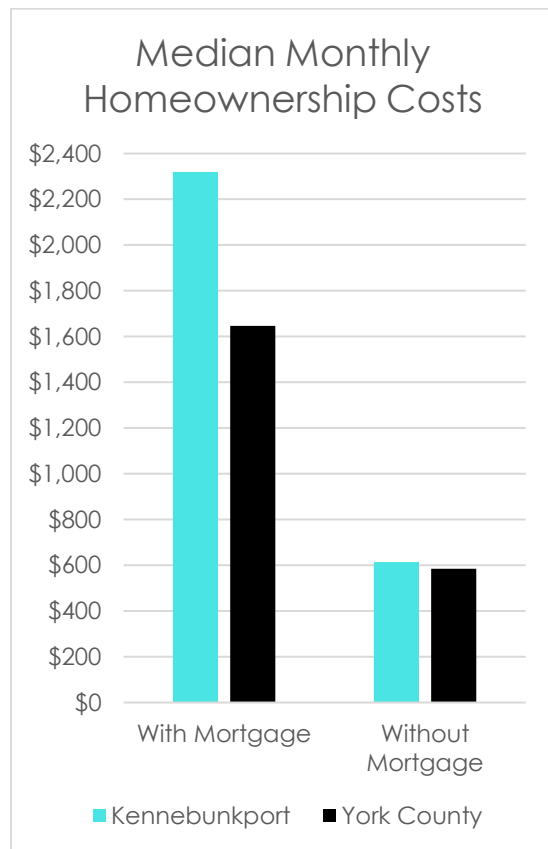


Figure 6-12 Median monthly homeownership costs (Source: 2020 ACS 5-Year Estimates, Table DP04)

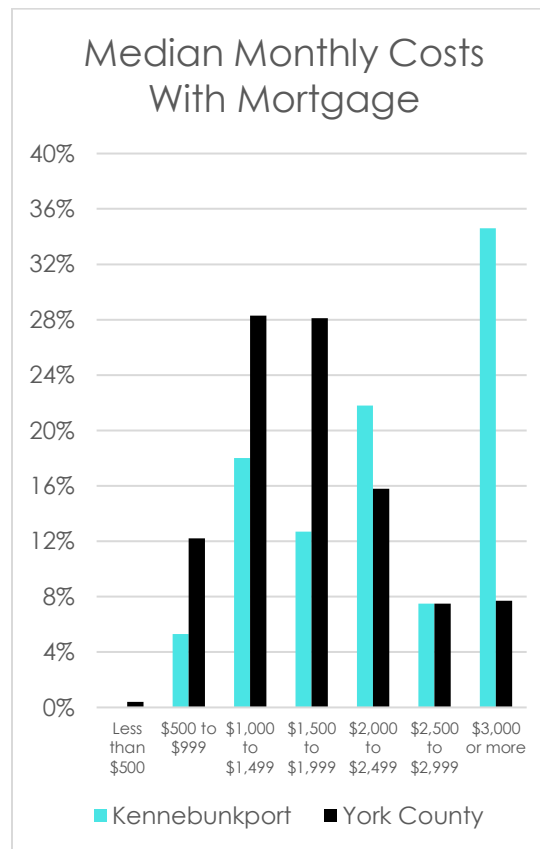


Figure 6 -13 Median monthly homeownership costs of homeowners with a mortgage (Source: 2020 ACS 5-Year Estimates, Table DP04)

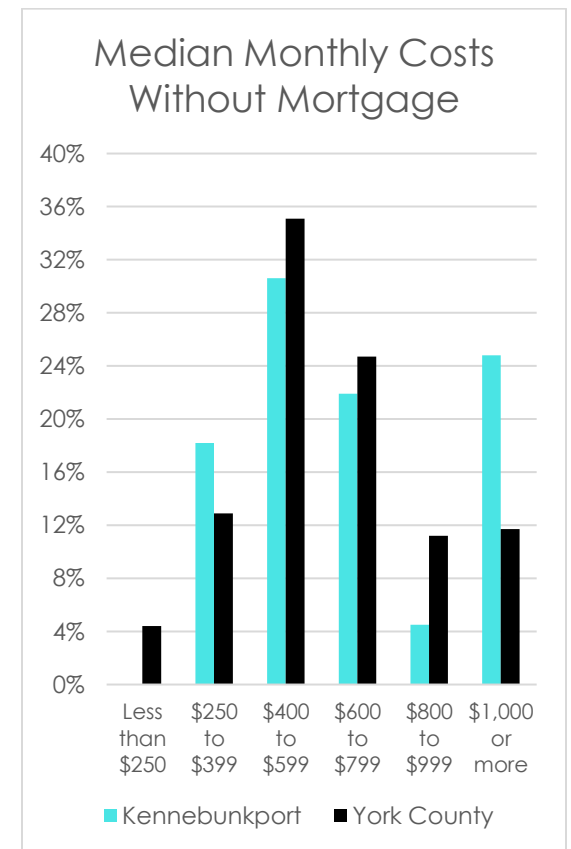


Figure 6 -14 Median monthly homeownership costs of homeowners without a mortgage (Source: 2020 ACS 5-Year Estimates, Table DP04)

Homeownership Costs as Percent of Income

The charts below depict the percentage of household income expended on a homeowner’s housing related expenses. The top chart reflects costs incurred by homeowners with a mortgage; the lower chart depicts those without a mortgage.

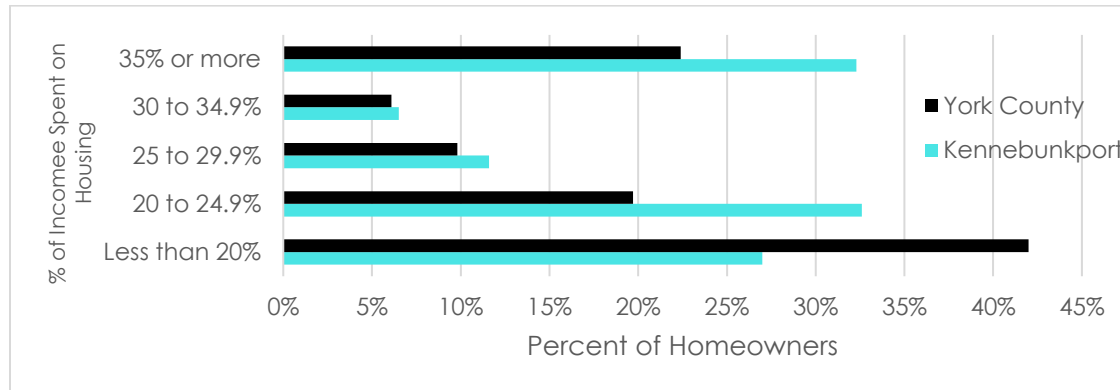


Figure 6-15 Selected Monthly Owner Costs as a Percentage of Median Income, Housing Units with a Mortgage (Source: 2020 ACS 5-Year Estimates, Table DP04)

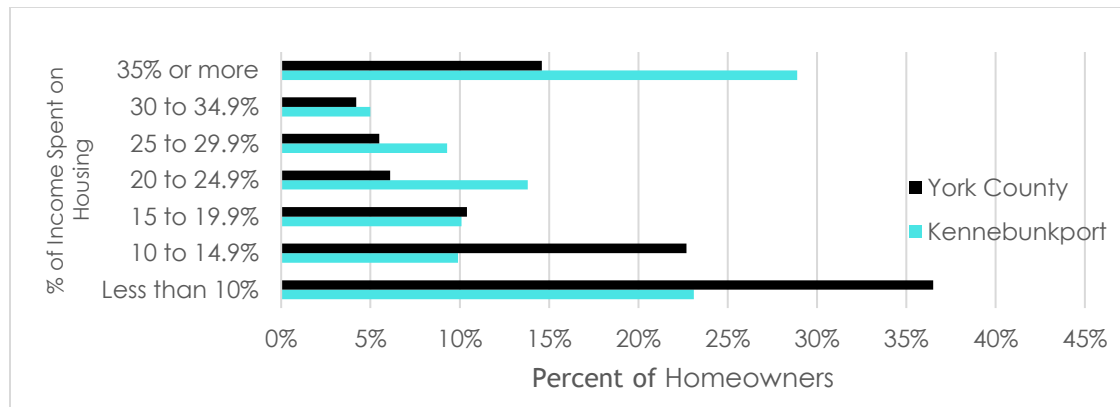


Figure 6-16 Selected Monthly Owner Costs as a Percentage of Median Income, Housing Units without a Mortgage (Source: 2020 ACS 5-Year Estimates, Table DP04)

The US Department of Housing & Urban Development (HUD) gauges affordability by the percentage of household income that is dedicated to housing related expenses such as mortgage payments, property taxes, insurance and utilities. HUD’s guidelines designate costs in excess of 30% of median income to be unaffordable. This benchmark has been widely adopted among state and federal agencies.

As seen in Figure 6-15, 39% of Kennebunkport homeowners with a mortgage, and 28% of York County homeowners with a mortgage, are paying 30% or more of their household income toward housing costs.

Figure 6-16 depicts homeowners without a mortgage. The financial burden is less, as 34% or Kennebunkport homeowners and 19% of York County homeowners are paying over the 30% threshold.

Percent of Income Spent on Housing

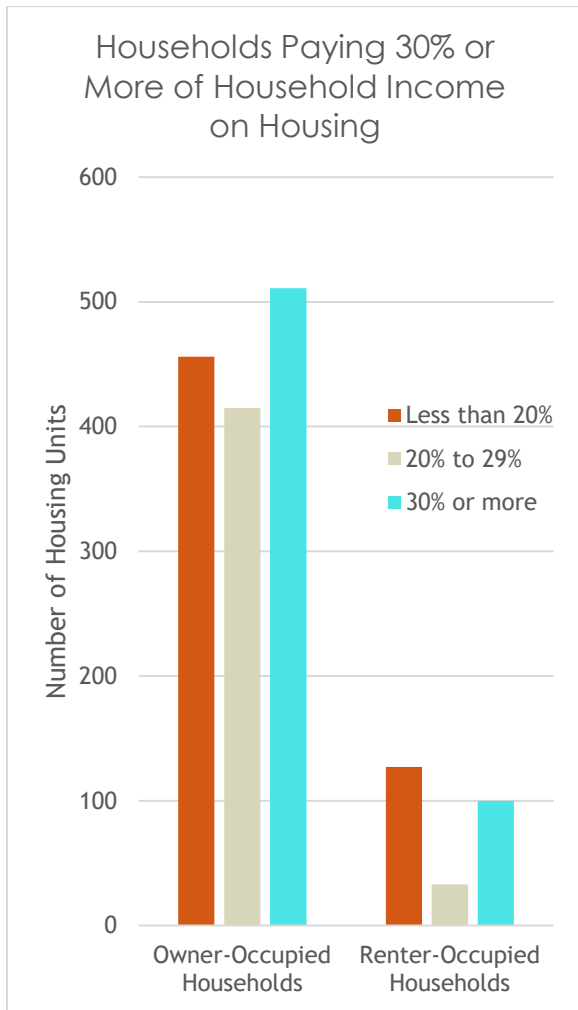


Figure 6-17. Kennebunkport Households paying 30% or more of household income on housing (Source: 2020 ACS 5-Year Estimates, Table S2503)

An estimated 37% of Kennebunkport households spend 30% or more of their household income on housing expenses. These expenses include mortgages, fees, insurance, rent, insurance, and utilities.

Figure 6-17 (left) shows the number of both owner-occupied and renter-occupied households that spend less than 20%, 20% to 29%, and 30% or more of their income on housing. Among those Kennebunkport households where 30% more of household income is spent on housing, Figure 6-18 below displays this data by income brackets.

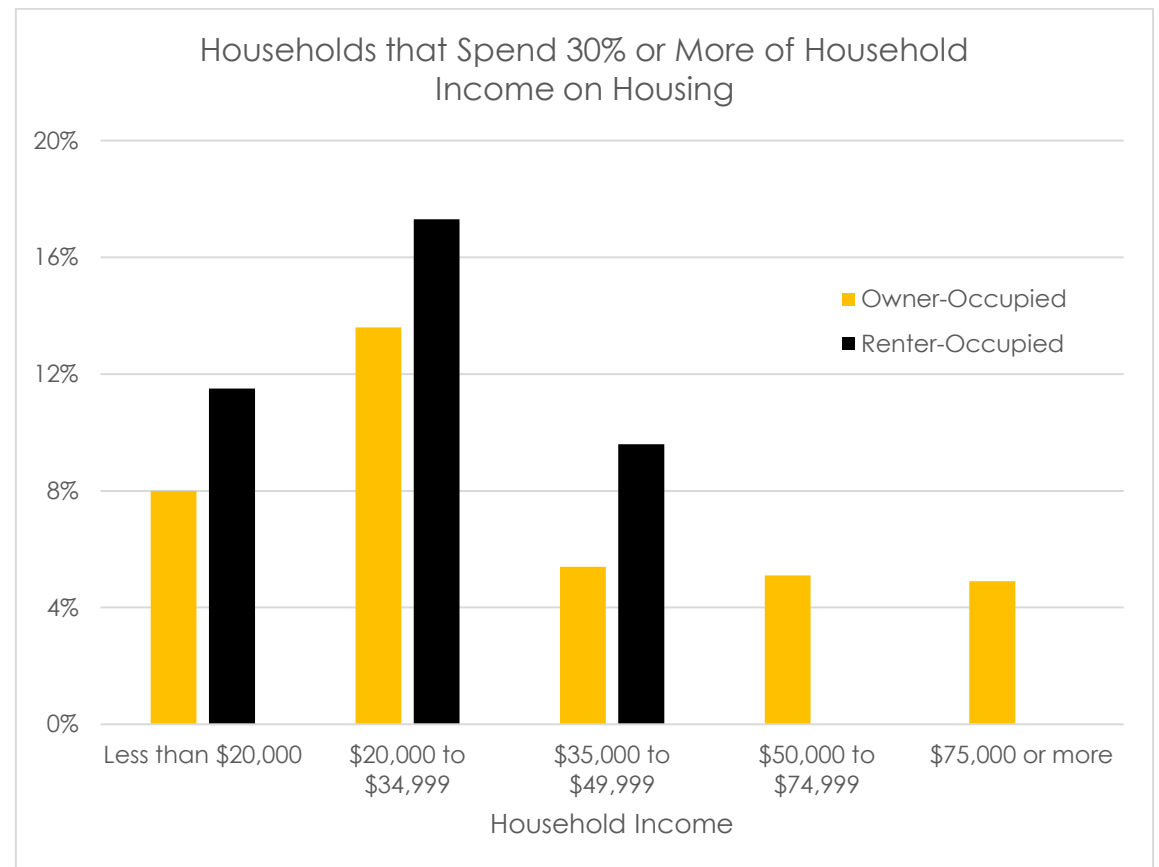


Figure 6-18. Households that spend 30% or more of household income on housing, displayed via income brackets (Source: 2020 ACS 5-Year Estimates, Table S2503)

Rental Units

As shown in Figure 6-5, 13% of year-round dwelling units in Kennebunkport are rentals, compared to 26% in York County. Rents tend to run higher in Kennebunkport than in the county as a whole, as seen in Figure 6-19. In Kennebunkport, 79% of monthly rents are \$1,000+, compared to 52% in York County.

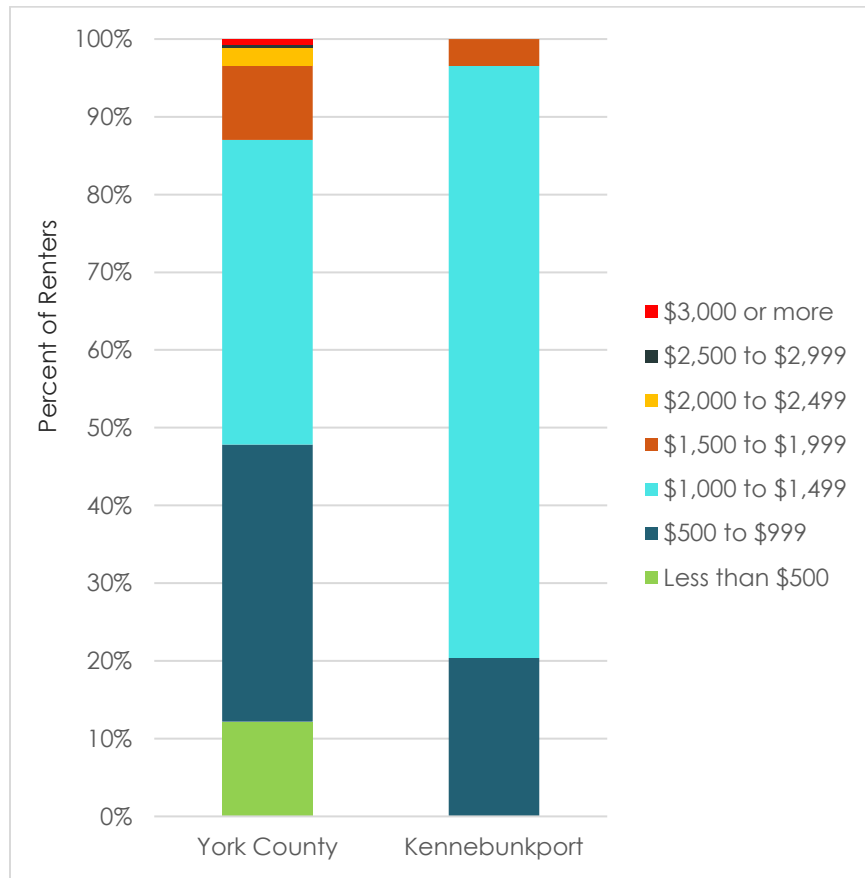


Figure 6-19 Gross monthly rent (Source: 2020 ACS 5-Year Estimates, Table DP04)

Housing Burden for Renters

The median rent in Kennebunkport is \$1,102, and \$1,022 in York County, as per the 2020 ACS.

As seen in Figure 6-20 below, a substantial percentage of renters in both York County and Kennebunkport are paying housing costs higher than HUD's 30% threshold. In the county, 35% of renters are over the HUD threshold, while in Kennebunkport, 32% of renters fall into that category.

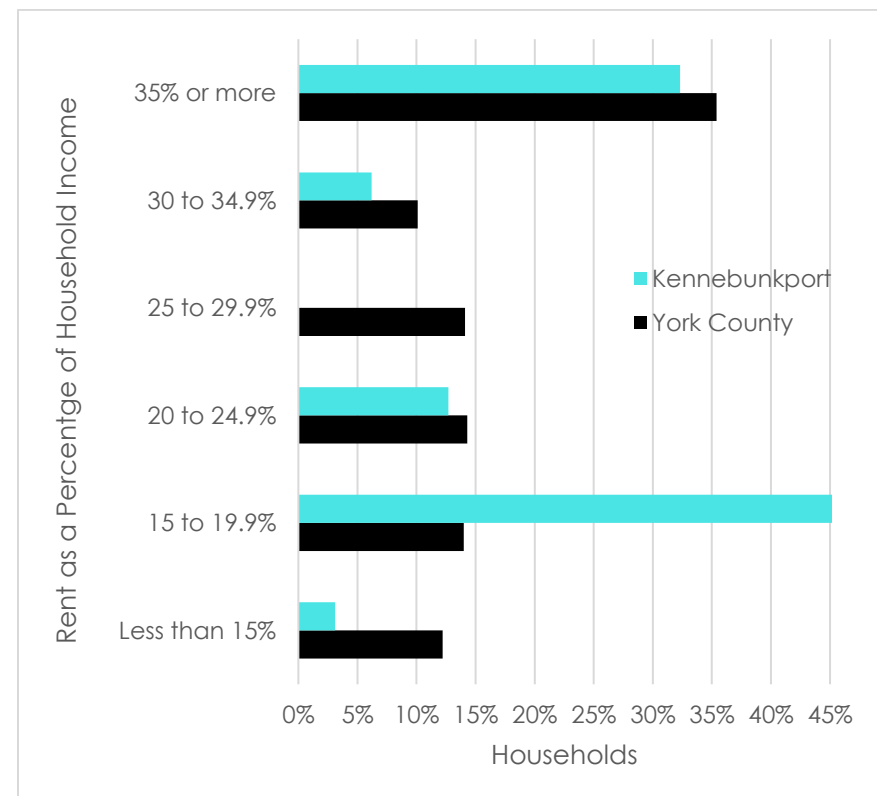


Figure 6-20 Gross rent as a percentage of household income (Source: 2020 ACS 5-Year Estimates, Table DP04)

Affordability Index

Maine Housing (formerly known as the Maine State Housing Authority) has been compiling an Affordability Index for York County Communities on an

annual basis since 2000. The 2021 figures are shown below. The index is a ratio of median income vs. the median home price for each locality. An index of less than one indicates that most homes are out of reach of those making the median income. The municipalities in

the table below have the lowest affordability indices in York County.

In York County, the affordability index trended downward in recent years, indicating that housing has become less affordable (Figure 6-21).

Table 6-3. Affordability of housing index for select municipalities in York County (Source: Maine Housing - 2021 Housing Facts and Affordability Index for York County)

Location	Median Home Price	Median Income	Income Needed to Afford Median Home Price	Home Price Affordable to Median Income	Index
	(Thousands of Dollars)				
Ogunquit	874	75	208	313	.36
Kennebunkport	969	91	235	376	.39
Old Orchard Beach	408	55	109	207	.50
York	625	92	156	367	.59
Kittery	500	81	130	313	.62
Wells	495	76	122	308	.62
Biddeford	360	56	101	199	.55
Kennebunk	530	80	137	309	.58
York County	390	73	101	281	.72

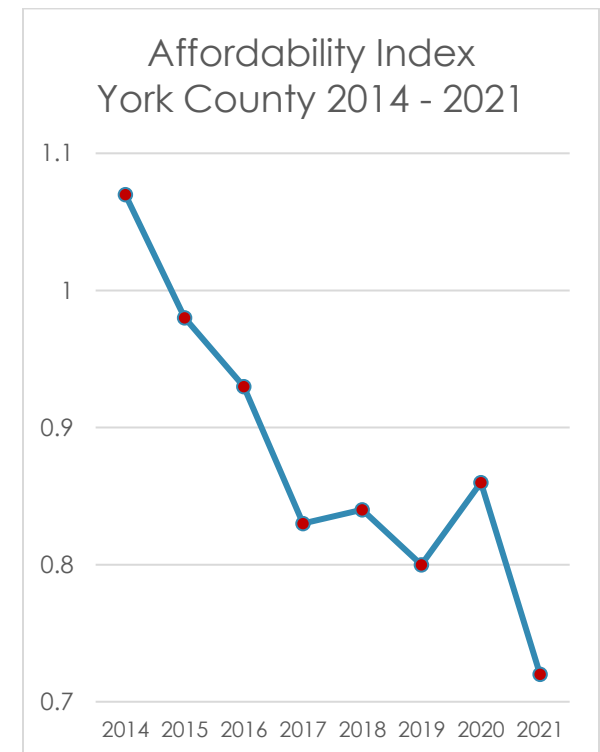


Figure 6-21 Affordability Index in York County 2014 - 2021 (Source: Maine Housing - 2021 Housing Facts and Affordability Index for York County)

Housing Need

In 2017, the Town retained the services of Camoin Associates to evaluate housing needs in Kennebunkport. Camoin issued a report in January 2018 entitled Housing Needs Analysis & Assessment. Camoin highlighted the following key findings:

- Housing affordability is a challenge for the Town of Kennebunkport. The median home value in the town is... almost twice the York County median.
- Homeownership costs have risen faster than incomes.
- The constrained supply of year-round rental units limits options for households inclined to rent. Young professionals, young families, the elderly, and other groups inclined to rent are unlikely to find many adequate and affordable rental options in town.
- The town's popularity as a vacation destination drives up the cost of land and housing. High demand for seasonal homes coupled with a limited supply of land translates into high housing costs. Year-round residents and workers must compete with the seasonal population over a finite housing stock.

- High land costs combined with large-lot zoning result in the construction of high-priced homes. As the cost of land increases, developers build larger, more expensive homes to maximize their return on investment. This dynamic is exacerbated when zoning requires large minimum lot sizes. New modest, affordable homes are therefore not built in town.
- Short-term vacation rentals further constrain the year-round rental housing stock. Oftentimes a homeowner can obtain a higher profit from short-term vacation rentals than renting to a local resident. This creates an incentive to rent to vacationers over year-round residents.
- Housing affordability challenges contribute to limited income diversity. As housing costs continue to rise, existing long-time residents of modest means may find themselves struggling to make mortgage or rent payments or pay for utilities. They may eventually be priced out of the town and forced to seek housing elsewhere.
- Kennebunkport's population is heavily skewed toward seniors. Meanwhile, the younger middle-age population in Kennebunkport is significantly under-represented. This is the prime age for

forming households, having children, and purchasing homes.

- Declining enrollment threatens the long-term viability of Kennebunkport Consolidated School.
- A high degree of cross-commuting reflects a mismatch between jobs and housing.
- Only a quarter of full-time Town employees live in town. Over the next five years, 11 of the Town's 47 current full-time employees will reach age 65 and likely retire. Additionally, the median age for volunteer firefighters in Kennebunkport is 54, and 76% of top responders are over the age of 55.
- Enough undeveloped land still exists to accommodate over 2,800 units under current zoning.
- Employers tend to agree that it is difficult for their workers to find housing in Kennebunkport. However, employers were split as to whether a lack of housing affordability negatively impacts their businesses.

State Guidelines

State law requires Kennebunkport to seek to achieve a level of at least 10% of new residential development, based on a 5-year historical average of residential development in the municipality... that meets the definition of affordable housing. (MRSA 30A §4326 3-A G).

The Town issued 133 growth management permits during the most recent 5-year period, 2017 to 2021. This is an average of 26.6 permits per year. Thus, over the course of the current 10-year planning period (2020 - 2030), Kennebunkport is obliged to produce a minimum of 27 units of affordable housing.

In Table 6-3, Maine Housing calculates that a “home price affordable to median income” is \$376,000 in Kennebunkport, and \$281,000 in York County.

Chapter 208 (Comprehensive Plan Review Criteria Rule) poses the following question: “Is housing, including rental housing, affordable to those earning the median income in the region? Is housing affordable to those earning 80% of the median income?” Chapter 208 then advises: “If not, review local and regional efforts to address issue.”

Design Charrette

In 2016, a cadre of land development and design professionals affiliated with the Workforce Housing Coalition of the Greater Seacoast conducted a three-day charrette in Kennebunkport. The design team examined two sites, one designated as an “urban” site, and the other “rural.”

The goal of the exercise was to see if it’s possible to produce dwellings at a cost of \$275,000 or less, with and without a hypothetical zoning density bonus.

Aided by the density bonus, the two design teams were able to meet the price point at the urban site (assuming an 80-unit development), but unable to do so at the rural site. The exercise illustrated the challenges posed to the construction of affordable housing in Kennebunkport.

Short Term Rentals

There is a perception by some in the community that the increasing popularity of short-term rentals (STR): 1) reduce the availability of rental units for year-round residents, 2) put upward pressure on house prices, 3) generate nuisances, and 4) undermine Kennebunkport’s sense of community.

In 2018, the Selectmen established a Short-Term Rental Committee to research the issue, and to recommend solutions, if warranted.

The committee identified 248 dwellings utilized as STRs, or 8.42% of the town’s housing stock. The committee then surveyed the townspeople. The response rate was 29% (811 responses to 2,825 surveys). The question of whether to regulate STRs elicited a mixed response, with just over half of respondents indicating that STRs should not be regulated. A proposed ordinance to regulate STR was placed before the townspeople at Town Meeting in 2021. The measure passed 627 to 565.

Heritage Housing Trust

The Heritage Housing Trust was established by local residents in 2019. The trust’s stated purpose is “to acquire land and properties for the purpose of building permanently affordable community housing and to provide ongoing stewardship of properties through a ground leasing model to ensure their perpetual affordability.” The trust’s near-term goal is to build 25 permanently affordable homes by 2025. The Trust is funded entirely by private donations.

Strategies

Maine’s Growth Management Act includes suggestions as to how municipalities may help make housing more affordable. The statute reads, in part: “A municipality... is encouraged to seek creative approaches to assist in the development of affordable housing and housing that meets the needs of older residents, including, but not limited to:

- cluster housing
- reduce minimum lot & frontage sizes
- increase residential densities
- adaptation, rehabilitation and construction of housing that helps older adults age in place
- use of municipally owned land
- establishment of policies that assess community needs and environmental effects of municipal regulations
- lessen the effect of excessive parking requirements for buildings in downtowns and on main streets
- provide for alternative approaches for compliance relating to the reuse of upper floors of buildings in downtowns and on main streets”

Camoin suggested several strategies to enhance prospects for more affordable housing.

Camoin Recommendations

“Housing Trust – A nonprofit whose mission is to develop affordable housing. Such an entity could be partially or fully funded by private sources and assist with the development of new units or with buying down the cost of existing units.

Donation of Land – Involves the Town providing land to a developer at little or no cost in exchange for the creation of a specified development plan to ensure affordability.

Zoning Policies – Including policies such as clustering or density bonuses to increase development potential of a given site relative to land costs.

Tax Increment Financing – Program of Maine Housing that allows municipalities to dedicate future property tax revenues from affordable housing development to be used to help developers pay for the costs of development including land acquisition, site and infrastructure costs, and management costs.

Partnering with Affordable Housing Developers – The Town provides clarity on objectives and policies and then solicits development plans through an open process.”

ONE SIZE FITS ALL?

“We heard from residents that, as they aged, they couldn’t access other types of housing, as so much was single-family, one-size-fits-all kind of housing. They wanted more choice, and places to downsize. They want more options.”

- Heather Worthington, Long Range Planner, City of Minneapolis (as quoted in the Lincoln Institute’s Land Lines, January 2020)