



TOWN OF KITTERY
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REPORT TO TOWN COUNCIL

Meeting Date: September 24, 2018
 From: Kendra Amaral, Town Manager
 Subject: Kittery Housing Working Group

FOR YOUR INFORMATION

This is to provide a more in-depth update on the work of the Kittery Housing Working Group. This group was initiated by the Planning Board and is focused on promoting affordable housing options, and retaining the economic diversity of our community.

The Kittery Housing Working Group has made significant progress since forming in March including working on Accessory Dwelling Unit zoning, and planning for a Kittery Housing Workshop with the Workforce Housing Coalition of the Greater Seacoast. Details are below.

WHY IS AFFORDABLE/WORKFORCE HOUSING IMPORTANT

In Kittery in 2017, the median household income was \$64,105 and the median home price affordable to median income was \$221,019. During this same timeframe, the median home price was \$350,000. This translates to a reality that working-class residents, retirees looking to downsize, and younger adults looking to stay in Kittery are unable to afford to buy a home here. Approximately 72% of households in Kittery were unable to afford to buy a home in town in 2017. It is a challenge that will not resolve itself, and requires directed action to address.

The draft 2015-2025 Comprehensive Plan lists as an overarching goal the preservation of the town's character including "ensuring the diversity of people in terms of socio-economics can continue to live in Kittery", supporting healthy aging in place with affordable housing, and providing a range of housing types that meets the needs of individuals throughout their lifecycle, and to support residents with a range of incomes.

KITTERY HOUSING WORKING GROUP

The Kittery Housing Working Group was formed following the Planning Board's presentation "Discussion on Affordable & Workforce Housing" in February. The Working Group utilizes the various perspectives and expertise of its membership and broader community input to develop solutions to Kittery's housing challenges. They are committed to educating the community about the challenges faced by many in finding affordable housing, identifying both short and long-term solutions to remove barriers and generate opportunities to make affordable housing more available in Kittery.

The Working Group is chaired by Councilor Matt Brock and includes the following members:

- Russell White – Planning Board Rep
- Drew Fitch – Planning Board Rep
- Emily Flinkstrom – Fair Tide Executive Director
- Debbie Driscoll – Citizen member

- Tom Emerson – Citizen member
- Stephen Kosacz – Business member
- Kendra Amaral – Town Manager
- Adam Causey – Director of Planning and Development

KITTERY HOUSING WORKSHOP

An important first step in developing solutions is to understand what is possible in Kittery, what serves as barriers, and what support exists in town to actively engage in implementing solutions. The Working Group in collaboration with Workforce Housing Coalition of the Greater Seacoast is hosting a housing workshop that will serve as a thought exercise of developing a hypothetical affordable housing project in Kittery.

The workshop brings together volunteer architects, engineers, and housing industry professionals into teams that will develop a hypothetical concept plan for a test site. The teams will have to work within the realistic challenges of the site, but will also work to engage the community in playing out “what if” scenarios, and gathering reaction and input on what the community is interested in and comfortable with. The result is a report that includes conceptual layouts, unit estimates, affordability ranges, funding options and identified opportunities and challenges posed by the Town’s zoning ordinance as it relates to generating affordable housing units.

The community is strongly encouraged to engage in the process and help inform and guide the design teams as they seek to develop project concepts that may have opportunity to be advanced, or applied and/or replicated at the test site and elsewhere in town.

The committee selected the Walker Street Fire Station as the test site for the workshop. The teams will work on developing a hypothetical concept mixed use development, including potentially commercial and affordable residential units, consistent with the Foreside study. This site was selected from a long list of parcels considered and pursued, including parcels in the Route 1 Mall area, the Bypass, Old Post Road, and other municipal property. The site was selected based on a number of factors including availability of utilities, accessibility to services and employment, and opportunity to advance forward if a desirable concept is developed. This parcel is owned by the town and currently houses our ambulance service.

The objective of the workshop is to foster conversations with the community to evaluate land-use regulations and identify solutions to advance affordable housing opportunities throughout town. The concepts developed are intended to support the conversations with reality-based information.

The Workshop will take place over several days, with a “Walk and Talk” on October 3rd. At this time the volunteer teams will preview the site and do some initial brainstorming. On October 24th, the teams will conduct a second site tour, and host a community listening session at the Kittery Community Center to gather hopes, concerns and ideas. On October 26th the teams will work on their concepts and wrap up with a Community Reveal Presentation to present what they came up with. The public is welcomed and encouraged to attend each phase of the workshop.

OTHER OBJECTIVES

The Working Group is also working on a review of Title 16 and identification of short-term amendments that contribute to affordable housing. Their first focus was on the Accessory Dwelling Unit ordinance. Recommendations from the Working Group have been sent to KOSAC for a broad land-use review. KOSAC has met once to review the proposed amendments and offer adjustments. KOSAC is planning to meet at least one more time to review the updated proposal. From KOSAC the proposed amendments will go to the Planning Board for review and recommendation before presentation to the Council.

NEXT STEPS

There is no Council action required at this time. More information about the Housing Workshop will be shared in the coming days.

2017 Housing Facts and Affordability Index for Portsmouth, NH-ME MA Housing Market



MaineHousing

Maine State Housing Authority

HELPING MAINERS RENT, BUY
& HEAT THEIR HOMES SINCE 1969

Homeownership Affordability Index

| | <u>Year</u> | <u>Index</u> | <u>Median Home Price¹</u> | <u>Median Income²</u> | <u>Income Needed to Afford Median Home Price</u> | <u>Home Price Affordable to Median Income</u> |
|-------------------------------------|-------------|--------------|--------------------------------------|----------------------------------|--|---|
| Portsmouth, NH-ME MA Housing Market | 2013 | 0.80 | \$252,600 | \$57,951 | \$72,471 | \$201,990 |
| | 2014 | 0.84 | \$292,900 | \$69,346 | \$82,424 | \$246,426 |
| | 2015 | 0.80 | \$289,000 | \$64,538 | \$80,930 | \$230,464 |
| | 2016 | 0.84 | \$300,887 | \$71,512 | \$85,560 | \$251,485 |
| | 2017 | 0.71 | \$345,000 | \$69,937 | \$99,036 | \$243,631 |
| Kittery | | 0.63 | \$350,000 | \$64,105 | \$101,515 | \$221,019 |
| Portsmouth, NH-ME MA Housing Market | | 0.71 | \$345,000 | \$69,937 | \$99,036 | \$243,631 |
| Eliot | | 0.83 | \$338,000 | \$80,043 | \$96,019 | \$281,763 |
| Maine | | 0.93 | \$197,000 | \$53,190 | \$57,089 | \$183,546 |

The Homeownership Affordability Index is the ratio of Home Price Affordable at Median Income to Median Home Price. An index of less than 1 means the area is generally unaffordable - i.e., a household earning area median income could not cover the payment on a median priced home (30 year mortgage, taxes and insurance) using no more than 28% of gross income.

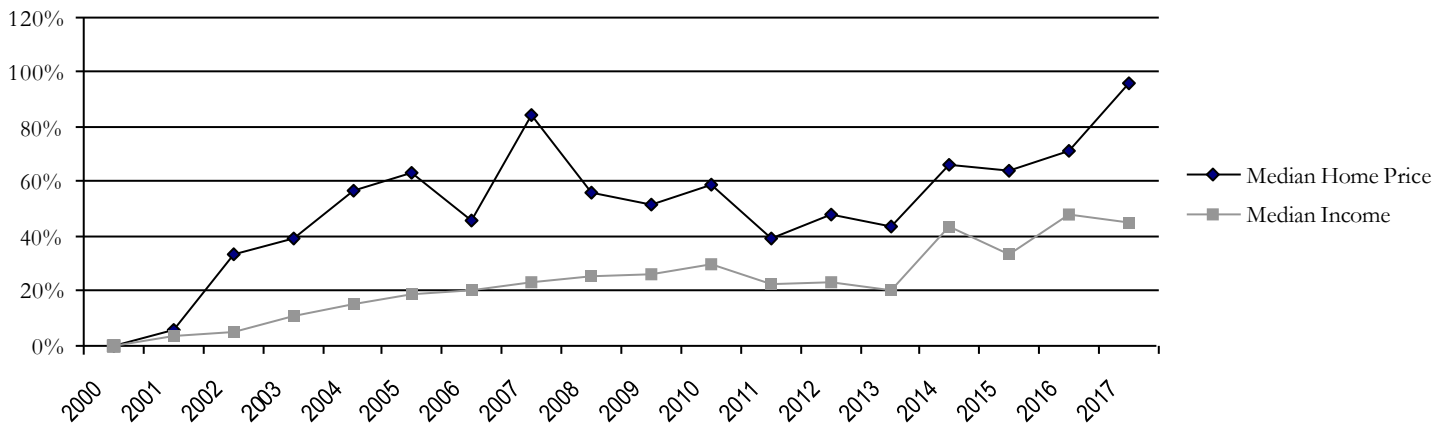
Households Unable to Afford Median Home

| <u>Location</u> | <u>Households Unable to Afford Median Home</u> | | <u>Total Households</u> | <u>Median Home Price¹</u> | <u>Income Needed to Afford Median Home</u> | |
|-------------------------------------|--|---------------|-------------------------|--------------------------------------|--|---------------|
| | <u>Percent</u> | <u>Number</u> | | | <u>Annual</u> | <u>Hourly</u> |
| Kittery | 72.4% | 3,227 | 4,455 | \$350,000 | \$101,515 | \$48.81 |
| Portsmouth, NH-ME MA Housing Market | 70.2% | 4,934 | 7,026 | \$345,000 | \$99,036 | \$47.61 |
| Eliot | 66.4% | 1,707 | 2,571 | \$338,000 | \$96,019 | \$46.16 |
| Maine | 54.1% | 305,534 | 565,115 | \$197,000 | \$57,089 | \$27.45 |

Unattainable Homes as a Percentage of Homes Sold

| <u>Location</u> | <u>Percentage of Unattainable Homes</u> | <u>Affordable Homes Sold</u> | <u>Unattainable Homes Sold</u> |
|-------------------------------------|---|------------------------------|--------------------------------|
| Kittery | 91.2% | 12 | 124 |
| Portsmouth, NH-ME MA Housing Market | 85.2% | 36 | 207 |
| Eliot | 72.0% | 30 | 77 |
| Maine | 53.9% | 9,513 | 11,139 |

Relative Increases in Income and Home Price ³



Rental Affordability Index

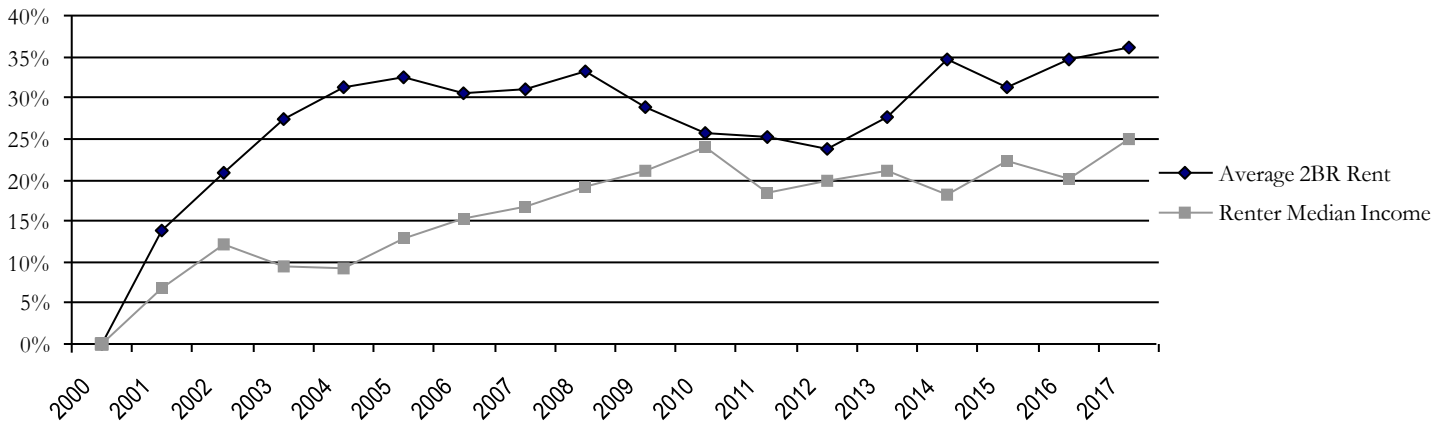
| Portsmouth, NH-ME MA Housing Market | Year | Index | Average 2 BR Rent (with utilities) ⁴ | Renter Household Median Income ² | Income Needed to Afford Average 2 BR Rent | 2 BR Rent Affordable to Median Income |
|-------------------------------------|------|-------|---|---|---|---------------------------------------|
| | 2016 | 1.04 | \$1,091 | \$45,262 | \$43,649 | \$1,132 |
| | 2017 | 1.06 | \$1,083 | \$46,103 | \$43,312 | \$1,153 |
| Maine | | 0.88 | \$880 | \$30,804 | \$35,181 | \$770 |
| Kittery | | 1.04 | \$1,093 | \$45,633 | \$43,729 | \$1,141 |
| Portsmouth, NH-ME MA Housing Market | | 1.06 | \$1,083 | \$46,103 | \$43,312 | \$1,153 |
| Eliot | | 1.13 | \$1,071 | \$48,499 | \$42,840 | \$1,212 |

The Rental Affordability Index is the ratio of 2-Bedroom Rent Affordable at Median Renter Income to Average 2-Bedroom Rent. An index of less than 1 means the area is generally unaffordable – i.e., a renter household earning area median renter income could not cover the cost of an average 2-bedroom apartment (including utilities) using no more than 30% of gross income.

Renter Households Unable to Afford Average 2 Bedroom Rent

| Location | Households Unable to Afford Average 2 BR Rent | | Total Renter Households | Average 2 BR Rent (with utilities) ⁴ | Income Needed to Afford Average 2 BR Rent | |
|-------------------------------------|---|--------|-------------------------|---|---|---------|
| | Percent | Number | | | Annual | Hourly |
| Maine | 55.9% | 90,353 | 161,746 | \$880 | \$35,181 | \$16.91 |
| Kittery | 47.7% | 730 | 1,531 | \$1,093 | \$43,729 | \$21.02 |
| Portsmouth, NH-ME MA Housing Market | 46.8% | 917 | 1,958 | \$1,083 | \$43,312 | \$20.82 |
| Eliot | 45.2% | 193 | 427 | \$1,071 | \$42,840 | \$20.60 |

Relative Increases in Renter Income and Average 2BR Rent³



Demographics

| | % Change 1990-2017 | 1990 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------|-----------------------|--------|--------|--------|--------|--------|--------|
| Population | 8.1% | 14,701 | 15,834 | 15,831 | 15,823 | 15,969 | 15,896 |
| Households | 26.8% | 5,540 | 6,947 | 6,961 | 6,978 | 7,068 | 7,026 |

Endnotes

¹This data is derived from Maine Real Estate Information System ("MREIS") and MREIS reserves all rights including all proprietary rights in the data set forth herein and any use or publication of this data or any portion thereof without the express written consent of MREIS is prohibited. Any reproduction, sale or exchange of this data, in whole or in part, is likewise prohibited. All rights to the data remain the exclusive property of MREIS to the extent owned by MREIS.

²Source: Claritas

³The Y axis is an index defined as the ratio of the annual value to the year 2000 value.

⁴Source: MaineHousing Quarterly Rent Survey. All rent data reported adjusted to include the cost of utilities (heat, hot water, and electricity).