

WATERBORO AFFORDABLE HOUSING PLAN

PROBLEM STATEMENT

As established in the Federal Housing Act of 1949, access to decent and suitable housing is an American ideal. The paradigm of home ownership as visualized by most Americans has been a single-family detached dwelling surrounded by yards suitable for children's play and family activities. Prior to the 1970's, this ideal could be realized by all but the poorest socioeconomic groups in the nation. However, beginning late in the 1970's, and especially throughout the past decade, an alarming event has occurred both in southern Maine and throughout the nation. Low and moderate-income sectors of the middle class have been abruptly shut out from home ownership. In 1983, a U. S. Housing and Urban Development report concluded that only 15% of the first-time home buyers could afford to buy one, as opposed to 50% of the first time home buyers in 1973.

This disturbing phenomenon can be attributed to a combination of factors on a local, Statewide, and/or National basis.

1. The high cost of financing. Although mortgage rates recovered in affordable levels in the last 5 years, the "credit crunch" currently being imposed by lending institutions will have the same impact as the exorbitantly high interest rates of the early 1980's.
2. Escalating land costs. With the growth boom of the late 1980's in southern Maine, land costs have far out-paced income level increases. The in-migration of families into York County from both out-of-state and from elsewhere in Maine increased demand substantially, thereby escalating the price of raw land that would otherwise support more affordable units. Following a standard real estate principal, land prices reach their highest levels at the coastline and decrease proportional to the distance from the coast.
3. Escalating material and labor costs. House construction costs have out-paced income levels in tandem with land costs.
4. A market predilection for larger homes on larger lots. Some refer to this phenomenon as the "homestead mentality" - large parcels that provide privacy, a perceived stable market value, and opportunities for gardening, forestry and open space enjoyment. This goal is not limited to high-income groups - it is simply that high-income groups are the only ones who can afford such homesteads.

5. Outdated building codes. Most local building codes and even the National BOCA Code are based on construction practices that were standardized when materials were cheap. As a result, many standards (such as stud offsets) are over designed for their function and needlessly increase construction costs. New technological innovations and other cost-cutting strategies are slow to be accepted and implemented.
6. Environmental legislation. It must be recognized that local zoning ordinances and State legislation are a double-edged sword. Regulations intended to protect environmental resources and preserve the quality of life removes land from the marketplace, resulting in higher prices for available developable land. Communities and State governments are slow to embrace new development technologies that permit development on marginal lands without generating adverse environmental effects.
7. Excessive infrastructure costs. Subdivision standards in many communities require excessive infrastructure improvements that substantially inflate development costs and, ultimately, land and housing prices. Such infrastructure includes enclosed storm drainage, excessive road widths, granite curbing, and over designed material standards. In the effort to avoid future maintenance headaches, many communities require construction practices that are over-designed for their intended function.
8. Approval costs. Multiple layers of regulatory review on a local, State and Federal level often result in duplication of effort and prolonged review time that substantially increases the developer's carrying costs. Estimates have not been established for Maine; however, other parts of the country report that approval costs can account for anywhere between 4% to 30% of the cost of a new home. In Maine, the minimum review time of a Site Location Permit application by D.E.P. is 12 months¹; and an N.R.P.A. and Wetlands Alteration Permit application requires up to 6 months of processing time². Local review time can require 3-9 months. Developers must pay interest on land purchase loans in addition to consultant's fees during this extended review time. Ultimately, these costs are passed on to the consumer, resulting in higher land and housing prices.

¹ U. S. Department of Housing & Urban Development; 1987: "Affordable Housing - Streamlining Local Regulations"; HUD-1114-PA; pg. 3.

Lee Koppelman, 1987. Address to the Center for Urban Policy Development.

² Debrah Richards, 1990; Address to the Maine Development Foundation

In the face of this mounting, housing crisis, the Maine legislature established a goal in the Comprehensive Planning Law (30 MRSA 4960) that all communities enact programs that will make 10% of a town's housing stock affordable to low and moderate income groups within the next ten years. The 1990 Regional Plan for the Southern Maine Regional Planning District parallel these State goals.

"Affordable Housing" is defined by 30 MRSA 4960 as:

"...decent, safe and sanitary dwellings, apartments or other living accommodations for households making the full range of incomes at or below 80% of the median household income as determined by the Department of Economic and Community Development. Affordable housing includes, but is not limited to, government assisted housing, housing for low-income and moderate-income families, manufactured housing, multi-family housing and group and foster care facilities."

The intent of this plan is, therefore, to establish a plan for insuring that 10% of Waterboro's housing stock will meet State guidelines by the year 2000.

The Status of Affordable Housing in Waterboro

As indicated in the Problem Statement, the State goal is that Waterboro provide a wide variety of housing for families with incomes at or below 80% of the Town's median income. In addition, the regional plan calls for the provision of housing opportunities for moderate-income groups defined as those households making 120% of the median income in Waterboro. To determine if Waterboro is currently achieving State goals and regional goals, it is first critical to establish the affordable housing cost brackets for the Town. Table AHP-1 establishes these figures and compares them to other local communities:

Table AHP-1
Income and Housing Cost Relationships
TOWN OF WATERBORO & SELECTED COMMUNITIES

Town/City	1988 est. HH income	Monthly Inc. @ 80%	Can Buy a House Costing:	Monthly @120%	Can Buy a House Costing:
Waterboro	\$34,070	\$2,271	\$63,127	\$3,407	\$94,690
Alfred	\$31,413	\$2,094	\$58,204	\$3,141	\$87,306
Biddeford	\$28,989	\$1,933	\$53,712	\$2,899	\$80,569
Hollis	\$34,683	\$2,312	\$64,263	\$3,468	\$96,394
Kennebunk	\$42,081	\$2,805	\$77,970	\$4,208	\$116,955
Limerick	\$31,320	\$2,088	\$58,031	\$3,132	\$87,047
Limington	\$29,692	\$1,979	\$55,015	\$2,969	\$99,957
Lyman	\$35,965	\$2,398	\$66,638	\$3,597	\$99,957
Newfield	\$26,684	\$1,779	\$49,442	\$2,668	\$74,162
Saco	\$33,671	\$2,245	\$62,387	\$3,367	\$93,581
Sanford	\$27,097	\$1,806	\$50,207	\$2,710	\$75,310
Shapleigh	\$32,548	\$2,170	\$60,307	\$3,255	\$90,460

SOURCE: Southern Maine Regional Planning Agency, 1990

As the table above indicates, low income (80%) households in Waterboro can afford to buy a single-family unit up to \$63,127, while moderate income households (120%) can only afford to buy a house if the price remains below \$94,690. From a market perspective, most realtors in York County agree that an affordable house for first-time buyers is any unit under \$100,000. Housing and site development costs (including permitting) average \$45-\$50 per square foot in York County, with average land prices running between \$25,000 to \$30,000 for an acre of land.

Availability of Affordable Housing Units

In real terms, there are very few habitable single-family homes available that meet the low-income threshold price. Besides substandard fixer-uppers, housing opportunities for 80% medium income households are available in the following housing types:

1. **Manufactured Housing**

Manufactured housing is traditionally less expensive than stick-built units and consists of single-wide HUD Code units, double-wide HUD Code homes and modular BOCA Code homes. Although most people are familiar with single and double-wide HUD Code homes (popularly referred to as mobile homes), modular housing is less known. Modular housing consists of stick-built units constructed in a factory plant, transported to the site in modular units, and erected on site. Assembly of these units under a controlled indoor environment is more cost-effective and standardized, resulting in costs often 25% less than on-site construction.

Cost comparisons between the three types of available manufactured housing in 1990 dollars is outlined in Table AFP-2. All low to mid-range models of standard manufactured housing types can achieve the 80% affordability threshold price of \$63,127.

Table AFP-2
**COMPARISON COSTS OF DIFFERENT
 MANUFACTURED HOUSING TYPES
 1990 DOLLARS**

<u>Unit Type</u>	<u>Unit Cost</u>	<u>Lot Cost*</u>	<u>Site Dev. Costs **</u>	<u>Total Cost</u>
Single-Wide HUD Code	\$20,000 - \$35,000	\$25,000	\$ 9,000	\$55,000 - \$70,000
Double-Wide HUD Code	\$25,000 - \$45,000	\$25,000	\$10,000	\$62,000 - \$82,000
Modular-Unit BOCA Code	\$30,000 - \$55,000	\$25,000	\$10,000 - \$14,000	\$65,000 - \$94,000

* Lot cost based on average 1-acre lot

** Site development costs include construction of an on-site septic system, well, driveway, and pad preparation ranging from concrete piers, slab with frost wall, or partial basement for modular units.

SOURCE: Maine Manufactured Housing Association, 1990; Sebago Technics, Inc., 1990

According to updated 1980 census figures contained in Chapter 3 (Housing), Waterboro's current housing stock contains 202 manufactured housing units, or 11.1% of the total Town housing stock. As such, it may be assumed that Waterboro contains more than the requisite 10% affordable housing opportunities in manufactured housing units alone. Refer to Table AFP-3 for the Town's current housing inventory.

2. Rental Housing

First-time home buyers earning less than \$23,101* are shut out of the manufactured home market. The only affordable housing opportunities for such households are rental units consisting of apartments, rental single-family homes, mobile home rentals, and rental lots in a mobile home park.

As of 1990, Waterboro contained 31 apartment units representing only 1.8% of the Town housing stock (refer to Table III-3). In addition, the Twin Pines Mobile Home Park on Route 5 rents space for 25 units. Rental prices for apartment units cannot be reliably secured from U.S. Census data; however, advertisements in local papers indicate that the rents range between 350 and 750 monthly. Data for rental single-family houses are unknown and will only become accessible with the release of the 1990 census.

From available data, it is clear that Waterboro's rental housing stock is anemic and should be expanded proportional to need. This need can only be determined when accurate data is available from the 1990 U. S. Census on the number of families with incomes below \$23,101.

3. Attached Housing/Condominiums

Attached housing and/or condominiums have earned a notorious reputation as exclusive housing for the elite or the wealthy vacationer. Ironically, attached housing or condominiums can cost between 15% and 30% less than single-family units.

At this time, no condominiums have been constructed in Waterboro.

* Threshold based on a housing price affordability factor of 2.32 times gross annual salary and compared to minimum cost for a single-wide mobile home on one acre of land.

Housing for Moderate Income Groups

All housing options described for low/moderate income groups are also available for moderate income Waterboro residents. However, with an affordability threshold of \$94,690.00, this group also has access to traditional stick-built dwelling units, particularly in Lake Arrowhead. Whereas single-family units elsewhere in Town cost between \$110,000 - \$175,000, starter home prices in Lake Arrowhead have ranged between \$75,000 and \$100,000 complete. In the third quarter of 1990, prices for some new units have dipped to \$70,000.

Typical lot sizes are 1/2 acre and cost \$10,000 to \$15,000 - roughly 40% to 60% less than a standard 1 - 1½ acre lot. With 450 homes already constructed and another 1,000 lots yet unbuilt, Lake Arrowhead has the potential to provide affordable housing for the next ten years at current growth rates of nearly 100 units per year.

Housing projections for the year 2000 (Chapter III-Scenario 1) estimate that 1193 new dwelling units will be constructed for a population of 8239. Theoretically, LAC could absorb almost all future growth over the next ten years.

Consequently, the Town of Waterboro will not only provide affordable housing for its moderate-income (120% median income) population, but is and will be serving the affordable housing needs of surrounding communities. Data from the Community Attitudes Survey clearly indicates that LAC is an affordable housing mecca to workers as far as the Portland, Saco/Biddeford, and even Kittery/Portsmouth job centers.

FUTURE NEEDS & AFFORDABLE HOUSING POLICY

As stated above, the Lake Arrowhead Community more than adequately provides for the future needs of moderate income groups. In terms of meeting the future housing needs of families earning 80% of the median income, Waterboro should adopt land use policies that achieve the following goals:

1. Continue to allow development of manufactured housing on individual lots in all zones except where regulated in designated design districts of village zones.
2. Allow for multi-family housing development in various zoning districts close to existing Town services and with suitable soils for on-site septic and well systems. Accessibility to the future Town water system in South Waterboro, and eventually East Waterboro, should be an additional factor that qualifies the project for density bonuses. Demographic analysis from the 1990 Census should be employed to fine-tune the exact percentage of units that should be accommodated. However, the Town should attempt to achieve a goal of 5% of the total year 2000 housing stock, or 132 units.

3. Encourage apartment conversions in larger homes. As discussed in Chapter III, mother-in-law apartments and one-bedroom units can provide opportunities particularly for elderly and young singles.
4. The Town should provide opportunities for the construction of additional FmHA-financed elderly housing near South, East or Center Waterboro.
5. Establish designated zones for trailer park development. Trailer parks are an important component in the housing mix; however, the Town must designate specific areas where such developments should be accommodated. Under the State legislation, trailer park lot sizes are established at 6,500 square feet, or more. Potential for on-site pollution from such high-density developments requires siting of such projects on suitable soils. Given the Town's current local and regional contribution to the affordable housing demand, it is recommended that only one such park be developed.

DESIGN STANDARD MODIFICATIONS

Although the Town has directly or indirectly instituted land use policies that have successfully generated affordable housing, other changes to Town subdivision and zoning standards can be made to reduce site development and housing costs. These cost-saving modifications are particularly important in offsetting costs associated with impact fees and tightened environmental regulations proposed in this 1990 Comprehensive Plan.

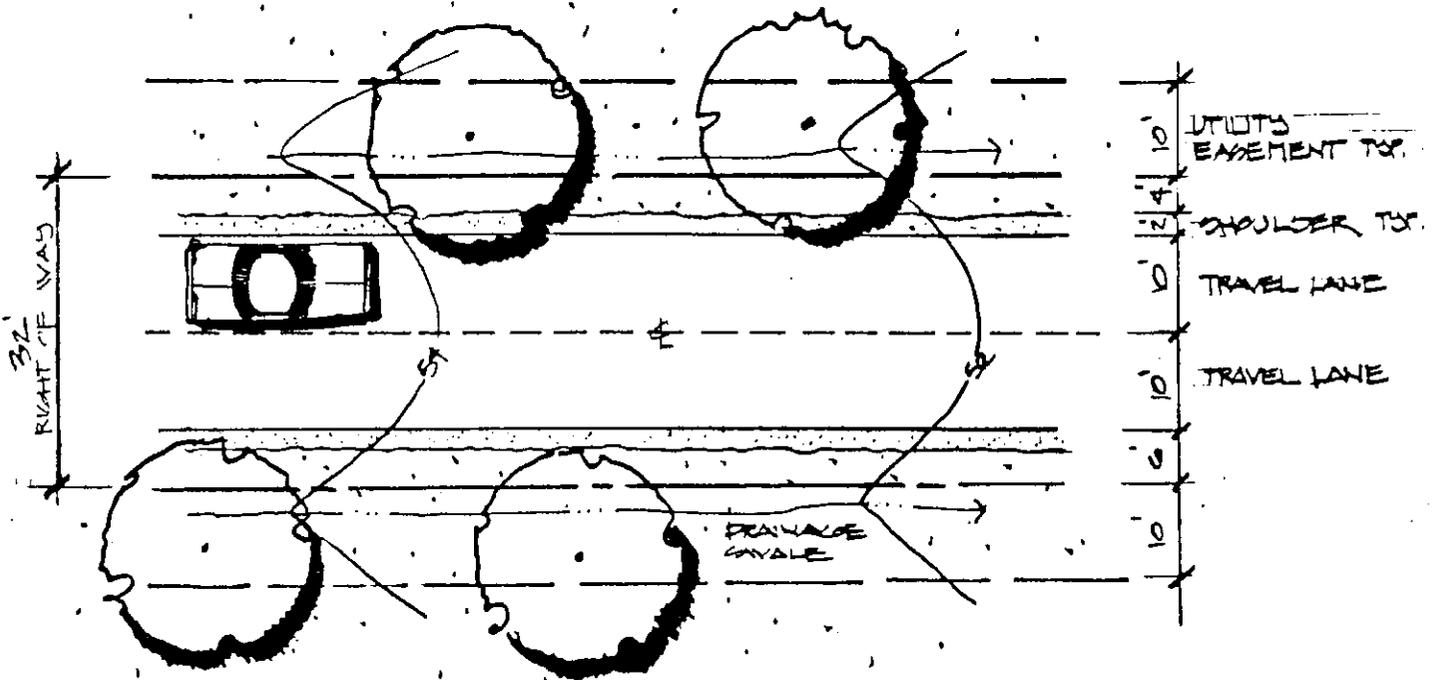
1. REDUCE WIDTHS OF ROAD RIGHT-OF-WAY

Currently, the Planning Board requires that all proposed new subdivision roads be established with a minimum 50-foot right-of-way. This right-of-way is conveyed to the Town in perpetuity for the purpose of providing: a) adequate area for the Town to maintain road surfaces and drainage ditches; and b) to accommodate future expansion of the pavement width in the event that increased traffic loads warrant such expansion. However, given the fact that most new subdivision roads are dead-end travel ways, these roads will never receive the traffic flow to justify future widening. Consequently, much of the new rights-of-way in Waterboro contain wasted land that increases development costs that are ultimately passed on to the home buyer, and unnecessarily removes land from the Town tax roles. A more effective method for maintaining adequate space for maintenance purposes involves reducing the rights-of-way to a width adequate to include pavement surface and road shoulders and impose a parallel utility construction easement on both sides of the right-of-way that accommodates utilities, drainage structures and reserves rights for the Town to conduct road improvement activities.

Figure AHP-1 illustrates the proposed utility easement and reduced right-of-way relationship:

Figure AHP-1

Typical Lane/Way



SOURCE: Sebago Technics, Inc., 1990

2. REDUCE PAVEMENT WIDTHS

Currently, the Town requires a universal pavement width of 14' on all new subdivision roads. Although this standardized width is highly appropriate for Town collector streets and other highways of high traffic volume, it is an unnecessary expense for local streets servicing a relatively small number of dwelling units. Bituminous pavement is not an inexpensive commodity; consequently, it would be more advisable to commit resources to depth of pavement in lieu of unneeded width. For local roads servicing 10 units or less, it is recommended that pavement width requirements be significantly reduced. Such a reduction would accomplish the following benefits:

- Reduce development cost that can result in lower costs for housing and building lots.
- Reduce long-range maintenance costs for the Town.
- In tandem with reduced rights-of-way, reduce the amount of land removed from Town tax roles.

Table AHP-3

PROPOSED SCHEDULE FOR RIGHT-OF-WAY AND PAVEMENT WIDTHS

Road Type	# Houses Served	Right-of-Way	Pavement Width	Shoulder Width	Utility Easement
Place	1-4	30'	18'	2'	10'
Lane/ Way	5-10	32'	20'	2'	10'
Road	10+	38'	24'	3'	12'

Table AHP-3 offers a coordinated schedule for downsizing mandatory road design dimensions for the purpose of reducing site development costs and, hence, controlling lot purchase prices. It should be noted that Table AHP-3 represents only a sample schedule that ultimately may be modified or deleted by the Planning Board. However, it is important to note that the construction of an 18' wide "place" travelway yields a 25% cost savings in road construction, future Town maintenance, and returns more taxable land (1/3 acre for a 600' place) to the Waterboro Assessor than the traditional 50-foot right-of-way and 24' wide highway currently mandated under Town subdivision regulations. At the same time, the Town maintains construction and maintenance control over minimum 50' wide combined right-of-way/utility easement corridors.

Since the primary intent of downsized road design standards are to promote more affordable housing, the Planning Board should take steps to insure that cost savings realized from downsized road standards are passed along to home buyers. This can be achieved by making such road standards a condition upon proof that infrastructure cost savings will be subtracted from lot prices. To prevent applicants from over inflating lot prices, it is recommended that real estate comparable prices be submitted along with any request for downsized road standards.

3. STREAMLINE APPROVAL PROCESSES

As mentioned in the introduction, environmental regulation and approval costs represent major contributors to the inflation of housing prices. Environmental regulation is an essential cost that promotes the public health, safety and welfare. At this time, Waterboro has not imposed any superfluous environmental regulations on landowners. Though the debate rages whether regulatory requirements at the State or Federal level are unduly burdensome, the fact remains that the Waterboro Planning Board can control only approval and regulatory requirements within its legal purview.

To reduce the approval costs incurred by residential development applicants, the Planning Board should institute a series of administrative procedures for streamlining reviews and creating a predictable review time period. Recommended changes would include the following:

1. Institute a policy of holding joint meetings/ public hearings with the Planning Board and the Zoning Board of Appeals in cases where both boards are reviewing the same application.
2. Establish a sequential checklist of required application submissions for each proposal from pre-application conference through building permits.
3. Establish a maximum 90-day review period for any application deemed complete by the Planning Board.