

## C. HOUSING

### 1. Purpose

It is important for a comprehensive plan to have an analysis of the housing market and local and regional housing needs. This section aims to:

- A. review housing trends since 1990;
- B. discuss housing affordability;
- C. identify major housing issues; and
- D. project future housing construction trends.

### 2. Key Findings and Issues Taken Verbatim From the 1995 Plan

*While the number of second homes in Castine increased by more than 50 percent during the 1970s, there was only a fifteen percent increase in the 1980s. The number of year-round homes dropped by about six percent between 1970 and 1980 and increased by about thirteen percent during the 1980s. The decrease during the 1970s was due to year-round homes being used only on a seasonal basis.*

*While housing prices in Castine are well above the county average, Castine does have some sources of affordable housing. This fact, combined with the slow rate of new home building expected for the rest of the decade, means that no major town sponsored program to promote affordable housing is presently needed.*

### 3. Key Findings and Issues

The above excerpt illustrates how much the Town has changed since 1995.

The Committee is persuaded that the dwindling amount of affordable housing is one of the key issues, if not the key issue facing Castine in the near future. The lack of affordable housing for young middle-class families affects the overall health of the Town's economy.

Between 2000 and 2005, median household incomes increased by 3.3 per cent, but the median sales price of a home increased by 33 per cent. In 2000, the median value of an owner-occupied year-round home in Castine was more than double the county median.

#### 4. Trends Since 1990

Between 1990 and 2000 there was almost an 18 per cent increase in the total number of dwelling units (year-round and seasonal) in Castine (see Table C.1). In 2000, there were 649 dwelling units in Castine, as opposed to 552 in 1990.

Table C.1 shows that between 1990 and 2000 the number of seasonal homes increased at a rate of 40 per cent, while the number of year-round homes increased at a rate of only 6.5 per cent. (In comparison, between 1980 and 1990, the number of seasonal homes in Castine had increased by only 5 per cent, while the number of year-round homes increased by 13 percent.)

As of 2000, nearly 40 per cent of the homes in town were seasonally occupied and 60 per cent were year-round, as compared to about 33 per cent seasonal home and 67 per cent year-round homes in 1990. If the rate of increase continues, more than half of the town's total housing stock will be seasonal by 2020.

Type	1990	2000	Change	Percent Change
Year-round use	371	395	24	6.5
Seasonal use	181	254	73	40.3
<b>Total</b>	<b>552</b>	<b>649</b>	<b>97</b>	<b>17.6</b>
<b>SOURCE:</b> U.S. Census				

Table C.2 shows the breakdown among various housing types. Between 1990 and 2000 there was a nearly 26 per cent increase in the number of single-family homes and about a 50 per cent increase in the number of duplexes and multi-family units. The increase in multi-family units was primarily due to new buildings created to house increased enrollment of MMA students. The U.S. Census data show that there was a 60 percent decrease in the number of mobile homes between 1990 and 2008, however Town records indicate 33 mobile homes as of 2008.

Type	1990		2000		Per cent Change
	Number	Per cent	Number	Per cent	
Single family	440	79.7	555	85.5	26.1
Duplex/Multi-family	44	8	66	10.2	50.0
Mobile Homes <sup>1</sup>	68	12.3	27	4.2	-60.3
Boat/RV/Van	0	0.0	1	0.1	

<b>Total</b>	<b>552</b>	<b>100</b>	<b>649</b>	<b>100</b>	<b>17.6</b>
<sup>1</sup> N.B.: the Castine Comprehensive Planning Committee believes that the 1990 mobile home data are erroneous					
<b>SOURCE:</b> U.S. Census					

The breakdown between rental and owner occupied year-round housing is shown in Table C.3. As of 2000 about 70 per cent of year-round homes were owner-occupied and 30 per cent were renter-occupied. This was a higher percentage of year-round renter-occupied units in Castine than in Hancock County as a whole. The number of rental units in Castine increased by only 1 per cent between 1990 and 2000, which is far less than the rate of increase in the county as a whole. The increased enrollment at MMA since 2000 has resulted in increased demand for rental units in the form of both apartments and homes.

<b>Table C.3</b>							
<b>Estimated Tenure of Occupied Year-round Housing</b>							
<b>(does not include seasonal and vacant units)</b>							
<b>1990 &amp; 2000 Castine &amp; Hancock County</b>							
		<b>1990</b>		<b>2000</b>		<b>1990-2000</b>	
<b>T O W N</b>		<b>Number</b>	<b>Per cent of Total</b>	<b>Number</b>	<b>Per cent of Total</b>	<b>Per cent Change</b>	
		Renter-Occupied	97	29.7	109	29.3	1.0
		Owner-Occupied	230	70.3	263	70.7	12.5
		<b>Total Occupied Units</b>	<b>327</b>	<b>100</b>	<b>372</b>	<b>100</b>	<b>12.1</b>
<b>C O U N T Y</b>		Renter-Occupied	4,466	24.3	5,414	24.3	16.0
		Owner-Occupied	13,876	75.7	16,550	75.7	16.2
		<b>Total Occupied Units</b>	<b>18,342</b>	<b>100.0</b>	<b>21,864</b>	<b>100.0</b>	<b>16.1</b>
	<b>Source:</b> U.S. Census						

Data gathered from the Maine State Housing Authority records show that there were 43 housing units added between 2000 and 2005. Although these data are not entirely comparable to the Census, they do show that the town's overall housing stock continues to increase. A Committee compilation of data shows that as of 2007, there were 347 year-round dwellings and 237 seasonal units, for a total of 584 units. This is less than the 649 units reported by the 2000 Census. Some local residents believe the Census numbers are incorrect.

The breakdown of contract rents is shown in Table C.4. As of 2000, the median monthly year-round rent in Castine was \$556, which was 108 per cent of the \$514 median for Hancock County. In 2007, according to the Committee, the

average monthly year-round rent in Castine was about \$750 plus utilities. These data do not include short-term summer rentals or multi-student rentals. Rents have been increasing throughout Hancock County. There is further discussion of rents in the section on affordable housing below.

<b>Table C.4 Contract Rent of Year-round Renter-occupied Units Castine and Hancock County: 2000</b>				
	<b>Castine</b>		<b>Hancock County</b>	
<b>Monthly Rent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than \$200	0	0.0%	412	8.2%
\$200 to \$299	0	0.0%	320	6.4%
\$300 to \$499	27	26.7%	1286	25.7%
\$500 to \$749	43	42.6%	1753	35.1%
\$750 to \$999	14	13.9%	447	8.9%
\$1,000 or more	8	7.9%	104	2.1%
No cash rent	9	8.9%	676	13.5%
<b>Total Specified</b>	<b>101</b>	<b>100%</b>	<b>4,998</b>	<b>100. %</b>
Median Rent	\$556	----	\$514	----
<b>Source:</b> U.S. Census 2000, DPH-4				

According to the U.S. Census, the median assessed value of an owner-occupied home in Castine was \$229,000 in 2000, more than double the Hancock County median value of \$108,600. In 1990 the median values for Castine and Hancock County were \$187,500 and \$85,200 respectively.

## **5. Affordable Housing**

Under the state's comprehensive planning process, towns must assess their affordable housing needs. This involves comparing housing prices to household incomes and determining if there are sufficient opportunities for home purchase and rentals. The Maine State Housing Authority (MSHA) collects data on housing prices.

MSHA uses an affordable housing index to compare median household incomes to median sales prices. An index of 1.00 or more indicates that incomes are sufficient to purchase the median-priced home. The index is based on what financial lending institutions will normally loan for a mortgage assuming a certain percentage of income for principal, interest, taxes and insurance. It does not reflect the other debt (such as car loans and credit cards) that potential

homebuyers may carry. A high debt ratio may affect the ability to obtain a mortgage.

MSHA data show that the affordable housing index in Castine between 2000 and 2005, for those earning the median income, has fluctuated between 0.41 and 0.59 (see Table C.5). These data show that it is difficult for families of median income to purchase a home in Castine.

<b>Year</b>	<b>Index</b>	<b>Median Home Sale Price</b>	<b>Median Income</b>	<b>Income Needed to Afford Median-priced Home</b>	<b>Price Affordable to Median Income</b>
<b>2001</b>	0.59	\$245,000	\$51,388	\$86,616	\$145,355
<b>2002</b>	0.41	\$350,000	\$49,030	\$119,357	\$143,774
<b>2003</b>	0.50	\$322,500	\$50,333	\$101,139	\$160,497
<b>2004</b>	0.44	\$366,725	\$51,029	\$116,837	\$160,169
<b>2005</b>	0.53	\$325,000	\$53,088	\$101,020	\$170,795

**SOURCE:** Maine State Housing Authority

Between 2000 and 2005 the median sales price in Castine increased at a much faster rate than the median income. The median household income increased from \$51,388 in 2001 to \$53,088 in 2005, an increase of 3.3 percent. During the same period, the median sales price increased by 33 percent (from \$245,000 to \$325,000). The Committee believes this trend has continued since 2005.

For those earning less than the median income, the affordable housing index is even lower. For example, in 2005 there were 150 households that earned 80 percent or less of the median income (at or below \$42,470). About 71 of these households are renters and the remainder are homeowners. According to the Maine State Housing Authority, 30 of these households are potential homeowners. Castine thus has a homeownership gap of a least 30 units to accommodate current residents. This gap does not reflect future housing needs. State goals for comprehensive planning urge that ten percent of all new housing be affordable. Castine is falling far short of this goal.

There are limited data on rental affordability in Castine. A rental unit is considered affordable if it costs no more than 30 percent of a household's income (including utilities). As mentioned above, average monthly rent in Castine (exclusive of utilities) in 2007 was \$750. To afford the monthly rent, an annual income of \$30,000 would be required plus additional income needed to pay for utilities. While data on those earning \$30,000 are not available, there were 47 households earning \$26,544 or less in Castine in 2005. The average monthly

rent would not be affordable for these households. The instability of fuel prices since 2005 could well add to the burden.

MSHA data indicate that there are 41 subsidized rental units needed for families earning 50 per cent or less of the median income. There are, however, only 4 "Section Eight" units (a federally originated program that provides housing vouchers to low income households) available in town for families. MSHA data also indicate that there are also 5 subsidized units needed for senior and none are available. This means that the town has a housing rental gap of at least 42 units (37 family and 5 elderly).

## **6. Local Regulations that Affect the Development of Affordable Housing**

The Castine Zoning Ordinance passed in 2000 has provisions that allow for multifamily housing in certain zones. It also allows for the conversion of current single-family dwellings into multifamily units provided that certain conditions are met. Accessory apartments are allowed without any change in lot size from that required for a single-family home. While these measures promote the construction of rental housing, there is no specific assurance that the units created will offer rents that are affordable to persons earning 80 per cent or less of the median household income.

## **7. Dwelling Unit Projections**

It is possible to estimate the number of year-round homes that will be built by dividing the projected household population by the projected household size. The Population Chapter A projected a year-round household population of 815 for Castine by 2020. If this figure were divided by the household size of 2.16, there would be a total of 377 year-round, occupied dwelling units in town by 2020 (see Table C.6). This would represent a five-unit increase since 2000.

While the number of year-round homes is projected to remain virtually stable, there are factors that may increase the number of homes in town. First, household sizes are likely to decrease as the population ages. Second, some homes may be vacant for at least part of the year; the projections are for occupied units only. They do not reflect anticipated increase in seasonal homes, which has been a significant component in Castine's housing stock. Between 1990 and 2000, seasonal homes increased at a 40 percent rate. Even if this rate were halved (20 percent for each ten-year period), there could be a total of 366 seasonal homes by 2020. In other words, the town's housing stock, under this projection of seasonal homes, would be split almost evenly between year-round and seasonal homes.

<b>Table C.6 Projected Dwelling Units, Castine</b>		
	<b>2000*</b>	<b>2020</b>
Projected Population Residing in Households	804	815
Projected Household Size	2.16	2.16
Projected Occupied Dwelling Units	372	377
Projected Other Units <sup>1</sup>	277	366
Total units year-round and other	649	743
<p><b>*Note:</b> 2000 figures are actual numbers from the U.S. Census.  <b><sup>1</sup>Note:</b> other units include seasonal and vacant year-round  <b>Source:</b> Analysis by the Hancock County Planning Commission</p>		

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