Scarborough Housing Alliance
Committee Meeting
Wednesday, October 22, 2025 - Hybrid Meeting

[Scarborough Town Hall – 6:00 p.m.]
Town Manager's Conference Room

Zoom Link: https://scarboroughmaine.zoom.us/j/83104142719

YouTube Link: https://youtu.be/x2sd4Q2atNU

AGENDA

Item 1. **Call to Order.**

Item 2. **Those Present.**

Item 3. **Approval of Minutes:** September 24, 2025

Item 4. **Discussion:** Implications of LD 1829

Item 5. **Discussion:** Housing Study Update

Item 6. **Discussion:** SHA Leadership Transition

Item 7. **Public Comment.**

Item 8. **Adjournment.**

Summary of LD 1829

An Act to Build Housing for Maine Families and Attract Workers to Maine Businesses by Amending the Laws Governing Housing Density

Philip Saucier

August 25, 2025

© 2025 Bernstein, Shur, Sawyer & Nelson, P.A.

Commission to Increase Housing Opportunities in Maine by Studying Zoning and Land Use Restrictions

Resolves 2021, ch. 59 (LD 609)

Recommendations

1. Allow accessory dwelling units by right in all zoning districts currently zoned for single-family homes.
2. Eliminate single-family zoning restrictions in all residential zones across the State by allowing up to four residential units on all lots, in compliance with any health and safety requirements such as minimum septic and lot sizes, with a sunrise clause to provide adequate time for municipalities to prepare for this change.
3. Prohibit municipal growth caps on the production of new housing.
4. Provide technical and financial assistance for all communities seeking support in making zoning improvements and in identifying opportunities for increasing affordable housing.
5. Create density bonuses in all residential zones throughout the State, giving low to middle-income housing projects 2.5 times the density of the existing zone, with a parking requirement of no more than .66 spaces per unit for the additional units, and with the requirement that those units be protected as affordable for a specific period of time.
6. Create a three-year statewide incentive program for municipalities as follows: in Year 1, a qualifying community must make a commitment to reviewing zoning and land use restrictions. In Years 2 and 3, adopt zoning and land use policies to promote housing opportunities; qualifying communities would receive a state financial reward for up to three years, so long as they remain in good standing with the program requirements.
7. Create a system of priority development areas, where multifamily housing is permitted with limited regulatory barriers.
8. Strengthen Maine's Fair Housing Act by eliminating the terms "character," "overcrowding of land," and "undue concentration of population" as legal bases for zoning regulations.
9. Create a state-level housing appeals board to review denials of affordable housing projects made at the local level.

© 2025 Bernstein, Shur, Sawyer & Nelson, P.A.

LD 2003 as Enacted (P.L. 2021, ch. 672)

- DECD to establish statewide housing production goals
- Municipal role in statewide production goals & STR regulatory authority
- Affordable housing density bonus
- Up to 4 dwelling units allowed per lot
- Accessory dwelling units

Statewide Housing Production Goals

5 M.R.S. § 13056

- DECD, in coordination with Maine State Housing Authority, must establish statewide and regional goals that increase the availability and affordability of all types of housing in all parts of the State.

© 2025 Bernstein, Shur, Sawyer & Nelson, P.A.

Municipal Role in Statewide Housing Production Goals

30-A M.R.S. § 4364-C

- Fair housing and nondiscrimination
  - Municipalities shall ensure ordinances and regulations are designed to further the purposes of the federal Fair Housing Act and the Maine Human Rights Act to achieve the statewide or regional housing production goals
- Municipalities may regulate short-term rentals
  - In order to achieve the statewide or regional housing production goals.

© 2025 Bernstein, Shur, Sawyer & Nelson, P.A.

Affordable Housing Density

30-A M.R.S. § 4364

- Affordable housing developments where multifamily dwellings are allowed must be allowed to have a dwelling unit density of at least 2 1/2 times the base density that is otherwise allowed in that location
- May not require more than 2 off-street parking spaces for every 3 units
- The development must be in a designated growth area or served by a public, special district or other centrally managed water and sewer system
- Restrictive covenants to ensure long-term affordability
- Must comply with shoreland zoning
- Is not exempt from subdivision requirements

© 2025 Bernstein, Shur, Sawyer & Nelson, P.A.

Up to 4 Dwelling Units on a Lot
30-A M.R.S. § 4364-A

For any area where residential uses are allowed

- If no existing dwelling unit is on a lot:
  - Up to two dwelling units, or
  - Up to four dwelling units if lot is in a designated growth area or served by public, special district, or centrally managed water and sewer system
- If existing dwelling unit is on a lot:
  - Addition of up to two dwelling units
- Cannot establish density dimensional or setback requirements that are greater than requirements for single-family housing units
- **BUT** can establish requirements for a lot area per dwelling unit as long as the required lot area of subsequent units on a lot is not greater than the required lot area for the first unit
- Lot not eligible for additional density requirements
- Must comply with shoreland dwelling

© 2025 Bernstein, Shur, Sawyer & Nelson, P.A.

Accessory Dwelling Units
30-A M.R.S. 4364-B

- An ADU must be allowed to be located on the same lot as a single-family dwelling in any area where housing is permitted
- Can be constructed:
  - Within an existing dwelling unit
  - Attached to or sharing a wall with a single-family dwelling unit
  - As a new structure
- Exempt from density and area requirements
  - If more than one ADU is constructed, lot is not eligible for additional increases in density
- Setback and dimensional requirements must be same as single-family dwelling units
- Not subject to additional parking requirements or rate of growth ordinances

© 2025 Bernstein, Shur, Sawyer & Nelson, P.A.

An Act to Build Housing for Maine Families and Attract Workers to Maine Businesses by Amending the Laws Governing Housing Density

P.L. 2025, ch. 385 (LD 1829)

- Effective July 1, 2026 for town/city council forms of government
- Effective July 1, 2027 for town meeting forms of government
- Three provisions are effective September 24, 2025 – ADU sprinkler exemption, definition of ADU to include multi-unit structures, and board training requirements

© 2025 Bernstein, Shur, Sawyer & Nelson, P.A.

LD 1829 Amendments to Affordable Housing Density

30-A M.R.S. § 4364

- Affordable housing developments may exceed any municipal height restriction by no less than one story or 14 feet
- Prohibits any additional review of documentation related to waste and wastewater requirements prior to the issuance of a certificate of occupancy upon receipt of written verification from local plumbing inspector

© 2025 Bernstein, Shur, Sawyer & Nelson, P.A.

LD 1829 Amendments to Up to 4 Dwelling Units on a Lot

- Eliminates distinction between vacant and built lots
- Allows at least three dwelling units on any residential lot, with up to four units permitted in designated growth areas or if served by public, special district, or centrally managed water and sewer system
- Establishes minimum lot and density requirements
  - **Designated growth area and served by public water/sewer** Minimum lot size may not exceed 5,000 SF and density requirement may not exceed 1,250 SF per dwelling unit for first 4 units and 5,000 SF per dwelling unit for subsequent units
  - **Outside designated growth area but served by public water/sewer** Minimum lot size may not exceed 5,000 SF and density requirement may not exceed 5,000 SF for first 2 units
  - **Outside designated growth area without public water/sewer** Minimum lot size may not exceed state subsurface waste disposal minimum lot law (20,000 SF) and may not be more restrictive than minimum lot size law
- Municipalities may not establish dimensional requirements for multiple units that are greater than requirements for single-family dwelling units
- Prohibits any additional review of documentation related to waste and wastewater requirements prior to the issuance of a certificate of occupancy upon receipt of written verification from local plumbing inspector
- Prohibits Planning Board review for 4 or fewer dwelling units within a structure

© 2025 Bernstein, Shur, Sawyer & Nelson, P.A.

LD 1829 Amendments to Accessory Dwelling Units

- Prohibits fire sprinkler requirements for buildings with less than three units (including ADUs)
- Eliminates owner-occupancy rules
- Allows ADUs to be located on the same lot as and attached to a multi-unit structure
- Allows the lot to be eligible for additional density requirements
- Prohibits any additional review of documentation related to waste and wastewater requirements prior to the issuance of a certificate of occupancy upon receipt of written verification from local plumbing inspector

© 2025 Bernstein, Shur, Sawyer & Nelson, P.A.

Additional LD 1829 Changes

1. Prohibits rate of growth ordinances that limit residential development in designate growth areas
2. Amends the definition of subdivision to five or more dwelling units constructed on a lot or created through the division of a new or existing structure or structures (instead of three)
   - Also clarifies that mortgages do not create a division
3. Training requirement for Planning Boards and Boards of Appeals

© 2025 Bernstein, Shur, Sawyer & Nelson, P.A.

New LD 1829-Adjacent Laws

- LD 427: municipalities may not require more than one off-street parking space per dwelling unit withi na designated growth area, and must allow for the use of off-site parking agreements located within .25 miles of the development site to satisfy parking requirements.
- LD 997: requires municipalities to allow residential units within buildings located in areas zoned for commercial use
- LD 1143: allows for setback variances for any dwelling, not just single-family dwellings
- LD 1184: requires municipalities with more than 4,000 residents to report building permit data and c/o data, including for affordable units
- LD 1498: adds additional requirements to impact fee ordinances, including that fees must be “encumbered” within 360 days so receipt (previously used the term “use” with no deadline)
    - LD 1246 establishes a working group to review the process of setting impact fees

© 2025 Bernstein, Shur, Sawyer & Nelson, P.A.

Thank you.

Phil Saucier
207-228-7160
psaucier@bernsteinshur.com

© 2025 Bernstein, Shur, Sawyer & Nelson, P.A.

AFFORDABLE HOUSING NEEDS ANALYSIS

SCARBOROUGH, MAINE

December, 2005

Prepared for:

Town of Scarborough, Maine
and the
Scarborough Housing Alliance

December, 2005
Edited March, 2006

Prepared by:

Bruce C. Mayberry, Planning Consultant
P. O. Box 1058, Yarmouth, Maine 04096
(207) 846-9152 bmayber1@maine.rr.com

AFFORDABLE HOUSING NEEDS ANALYSIS
SCARBOROUGH, MAINE

CONTENTS

EXECUTIVE SUMMARY 1
Scope of Study 1
General Findings 1

PART 1: SCARBOROUGH HOUSING NEEDS ASSESSMENT

A. Overview of Housing Characteristics 1990 and 2000 5

1. Households and Housing Tenure 5
2. Households by Age 6
3. Disabilities in the Age 65+ Population in 2000 7

B. Homeowner Housing Cost Burden and Affordability 11

1. Census-based Cost Burden Measures 11
2. Home Prices and Affordability in Scarborough 14

C. Renter Housing Cost Burden and Affordability 20

1. Census-based Cost Burden Measures 20
2. Market Rental Costs and Affordability in Scarborough 22
3. Comparison of Scarborough Rental Supply to Other Communities 25

D. Household Income Analysis 29

1. HUD Area Income Thresholds and Scarborough Median Incomes 29
2. Scarborough Household Income Distribution by Tenure – 2005 Estimates 30
3. Household Income Data from 2000 Census 33

E. Workforce Housing and the Jobs-Housing Balance 35

1. Regional Nature of Housing Demand 35
2. Commuting Pattern 1990 and 2000 36
3. Jobs and Employment 37
4. Local Wages and Supportable Housing Costs 41
5. Housing Demand Potential of Haigis Parkway Buildout 42

F. Regional and Local Housing Production Needs 2000-2015 44

1. Historical Growth Based on Permit Data 44
2. Regional Housing Growth 2000-2015 Portland MSA 47
3. Scarborough Housing Growth Scenarios 2000-2015 47
4. Scarborough Household Growth by Age of Households 2000-2010 50
5. Housing Balance and Fiscal Impact 51

PART 2: REVIEW OF ZONING AND GROWTH MANAGEMENT ORDINANCES

A. Relevant Policies of Comprehensive Plan (1994) 53

1. Land Use Policies 53
2. Housing Policies 54

B. Affordable Housing Definition 54

C. Density Bonus Provisions for Affordable Housing 57

D. Limits on Multifamily Development 60

E. Growth Management Ordinance Limitations 61

PART 3: ACTIONS TO PROMOTE AFFORDABLE HOUSING

A. Zoning Ordinance Provisions 64

1. Amend Ordinance Definitions 64
2. Increase Opportunities for Multifamily Development 65
3. Encourage More Compact Development for Affordable Housing 65
4. Develop Inclusionary Incentives for Affordable Housing 65

B. Growth Management Policy Options 66

1. Review GMO Allocation Categories 66
2. Remove or Reduce Limits on Affordable Housing Development 66
3. Allow Workforce Housing Growth at Pace of Economic Development 67

C. Jobs-Housing Linkage Policies 67

1. Explore Linkage Fee Potential 67
2. Allow Multifamily Housing in Some Commercial Districts 67
3. Other Town Policies 68

D. Town or Local Housing Authority Participation 68

1. Reduction of Infrastructure or Land Costs 68
2. Creation of Local Housing Authority 68

EXECUTIVE SUMMARY

Scope of Study

The Scarborough Housing Alliance (SHA) commissioned an assessment of affordable housing availability and needs in Scarborough. In outlining its goals for this study, the SHA posed several central questions of primary concern:

- Is there a shortage of affordable single family homes in Scarborough?
- Does the Town have a shortage of affordable rental housing units?
- What workforce housing needs are being created by job growth in Scarborough?
- Will young people from Scarborough be able to afford housing here?
- What housing cost burdens are faced by Scarborough's senior households?

General Findings

Affordable Ownership. There is a severe shortage of single family homes in Scarborough that are affordable to first time buyers and to most of those who work in Scarborough. Less than 10% of the renters living in Scarborough could afford the median priced single family home in the town in 2005 (about $300,000). In Scarborough, a house would need to be priced at under $200,000 to be affordable at the median household income in Scarborough, and at about $150,000 to be affordable to households earning the median income of the Portland metro area. In the 1st half of 2005, only 14% of Scarborough sold for less than $200,000 and only 4% sold for under $150,000. In Scarborough, homes selling in at these price levels may be in need for significant improvement. Due to the strong market in Scarborough, condominiums that are restricted to age 55 and older have median selling prices at or above that of single family homes Within the Portland metro area, Scarborough is among the most expensive communities in which to own a home or to rent.

Rental Housing. The Town of Scarborough has a very limited multifamily rental housing stock relative to other major communities in Maine. Among the 18 largest communities in the State, the Town ranked third from the lowest in the percent of its households who live in rental housing. In this comparison, Scarborough also had the third highest percentage of renters spending 50% or more of their income on rent (only Sanford and Waterville had higher percentages). In 2000, Scarborough renters relied heavily on renting single family homes. Single family home rent is expensive, and the availability of homes for rent has probably diminished in a strong ownership market. With a limited rental stock, Scarborough offers few housing opportunities for young people just entering the labor force (who typically rely on rental housing). If eligible households were to obtain rental voucher assistance such as Section 8 certificates, they would have difficulty finding housing in Scarborough at rents low enough to

meet program limits. The subsidized family apartments that do exist in Scarborough were built under programs that will allow their eventual conversion to market rate housing. At the other end of the age spectrum there is a significant shortage of apartments for low to moderate income seniors.

Workforce Needs. In 2000, Scarborough had the 10th highest number of jobs of all Maine municipalities, and the 10th largest population in Maine. As of 2004, Scarborough had the third largest number of jobs (after Portland and South Portland) within the Portland metro area. Between 1990 and 2004, 25% of the net job growth of the Portland MSA[1] was in Scarborough. As Scarborough continues to grow as a job center, affordable housing will need to be available to sustain labor force expansion. The principal job growth sectors in Scarborough have been in both the highest paying (professional services) and the lowest paying (retail trade) sectors. However, current rents and home prices in Scarborough are too high to be affordable to most people who work in Scarborough, even with more than one worker per household.

Using the Haigis Parkway buildout analysis[2] as an example of the housing demand created by future commercial-industrial development in Scarborough, about 67 new housing units would be needed in the region for each 100 new jobs created there. On average, each 100,000 square feet of new floor area in commercial-industrial growth of the type planned for the Haigis Parkway translates to a need for about 160 housing units somewhere in the market area. As this and other major developments are constructed in Scarborough, some portion of the new housing needed for the labor supply will need to be accommodated locally. Based on the mix of wages paid within Scarborough, only a few local job sectors generate incomes high enough for a working family to afford ownership at the prevailing prices in Scarborough, and the Town has relatively few rental units as a lower cost alternative. A balance between job growth, wages, and housing costs will be difficult to attain unless more affordable units can be created.

Young People and Seniors. Young people from Scarborough or the area who enter the job market for the first time do not have to access to a significant local supply of affordable apartments or to affordable ownership opportunities. Labor recruitment in southern Maine, especially of younger workers, has been impeded by a lack of apartment housing sought by new workers[3], and the state has been producing few multifamily units relative to the nation.

About one of every five households in Scarborough is headed by a person age 65 or older and about 90% of senior households are homeowners. Among the largest 18 municipalities in the State[4], Scarborough ranks last in the number of assisted rental units for seniors as a percent of households age 65 and older. While age-restricted (age 55+) condominiums are found in Scarborough, their average price is about $300,000 – about the same as the average existing single family home in town. Assisted living for the more frail senior population is available in Scarborough, but this is an expensive alternative that is usually chosen based on physical necessity. The expansion of an age-restricted manufactured housing park will add a considerable number of units to the ownership inventory available to seniors.

Future Growth in the Housing Supply. State population projections indicate that by the year 2020, Scarborough could have the 5th largest population in the State (it ranked 10th in 2000). If the projections prove accurate, Scarborough's future population will be comparable in number to

[1] The MSA is the Metropolitan Statistical Area geography as applied in the 2000 Census.
[2] See Report of the Haigis Parkway Committee, and appendices, August 2001.
[3] See Housing, Jobs and Maine People, 2001, by Planning Decisions, Inc. for the Maine State Housing Authority.
[4] Selected comparison communities were Maine cities and towns with a population of 10,000 or more as of the 2000 Census.

places now having between 20,000-25,000 persons such as Auburn, Biddeford, Sanford, Brunswick, and South Portland. Our forecast of the future housing growth of the Portland MSA indicates that the region will need about 9,300 more housing units in the next 10 years, and Scarborough will need about 1,400 units based on population projections. The Town's growth management limits seem high enough allow it to absorb this share of projected housing growth However, a rebalancing of Scarborough's owner/renter supply, higher density development options, and more opportunities for multifamily rental housing will be needed to allow the Town to accommodate a reasonable share of the area's low to moderate income housing needs.

Ordinance and Regulatory Issues. A review of Scarborough's zoning and growth management ordinances revealed a number of items that limit the diversity of housing opportunities in Scarborough, and the potential affordability of housing. The most obvious constraints center on the points summarized below:

- Multifamily apartment-style housing is not a permitted use anywhere in Town, based on the current wording of the zoning ordinance definition of "multiplex". "Multiplex" includes only the attached townhouse form of housing, and limits the number of units per building to 8 (or only 6 if there is more than one building on a lot).

- The maximum baseline density for residential development in sewered areas is too low to encourage the most affordable forms of housing. More efficient use of land will be needed to encourage more affordable units, especially townhouses and multifamily apartments or condos.

- There is very little remaining land that is zoned for higher density development, though the Comprehensive Plan calls for encouraging most new housing to locate in and around compact village centers.

- The definition of affordable housing is too broad to provide developers with a predictable performance standard by which to assess the feasibility of using affordable housing incentives.

- Recent initiatives to promote affordable housing in the DVR and TND districts are positive steps, but bonus provisions in these districts generate 4% to 6% of new units as "affordable" homes. Because underlying "baseline" densities permitted by the zoning ordinance are low, bonus provisions may have a limited effect, and will not leverage the desired "20% affordable" target of the 1994 Comprehensive Plan.

- The growth management ordinance places a specific limit on the number of growth permits (20) that may be authorized in a given year for affordable housing. In addition, "affordable housing" is the only development category in which the carry-over of unissued permits to a subsequent year is prohibited.

- Elderly housing development is specifically limited by the growth management ordinance to no more than 5 growth permits per year (a maximum of 20 units). This would not permit a typical multifamily apartment development of an economical scale to proceed (and the current definition of "multiplex" would require that such units be townhouse rather than apartment-style units).

- A detailed review of the cumulative effect of development fees for sewer hookup, impact fees, growth permits, and building permits was beyond the scope of this study. However, developers have noted that the cost of fees has become a significant portion of their total development costs. Town and Sewer District fee structures should be reviewed to see whether they (1) encourage or discourage growth in compact development areas generally, and (2) whether some fees might be waived or reduced for affordable housing units.

Actions to Promote Affordable Housing. In general, the larger cities and towns of the State have higher levels of involvement in encouraging or creating affordable housing. The types of actions outlined in Part 3 of this report center on alternative municipal roles in affordable housing at several possible tiers: (1) regulatory incentives, (2) financial support, and (3) direct participation in development. As a center for area job growth, and a place where home values are high, Scarborough is in an excellent position to pursue approaches that could harness economic strengths to assist the production of affordable housing. Overall, the Town should allow for the creation of a housing stock that is as diverse as the range of needs created by its job base. An outline of alternative actions is summarized below:

A. Zoning Ordinance Provisions

1. Amend Zoning Ordinance definitions
    - *Affordable Housing*
    - *Multifamily*
2. Increase opportunities for multifamily development
3. Encourage more compact development that promotes affordability
4. Develop inclusionary incentives for affordable housing
    - Consider voluntary, mandatory or combined inclusionary policies
    - Financial incentives
        -Waiver of fees or fee reduction
        -Infrastructure financing

B. Growth Management Policy Options

1. Review allocation categories for growth permits
2. Remove or reduce limits on affordable housing production
3. Relate workforce housing growth to pace of economic development

C. Jobs-Housing Linkage Policies

1. Explore linkage fee potential
    - Consider voluntary vs. mandatory linkage policies
2. Allow for multifamily development in some commercial zoning districts
3. Other Town policies

D. Town or Local Housing Authority Participation in Development

1. Reduction of infrastructure or land costs for affordable housing developments
2. Creation of Local Housing Authority
    - Direct construction of affordable housing by non-profit corporation
    - Administration of local housing program such as housing trust fund
    - Use affordable housing covenants

PART 1: SCARBOROUGH HOUSING NEEDS ASSESSMENT

The needs assessment portion of this report examines factors of housing supply, demand, cost and affordability of housing in Scarborough relative to local and area household income. The relationship between local job growth, wages and housing costs within Scarborough is also explored in this section. Selected housing need and supply characteristics are also presented here to compare Scarborough with Maine's other largest cities and towns. The focus of this section is to provide a factual basis for interpreting and defining Scarborough's housing needs.

A. Overview: Changes in Households and Housing 1990-2000

1. Households and Tenure

- While the number of households in Scarborough increased by 36%, the rate of growth for the Portland metro area was only 15%.

- During the 1990-2000 period, owner occupied units in Scarborough increased by 1,624 households while renter occupied units grew by only 96 households.

- The ownership stock in Scarborough grew 44% between 1990 and 2000 while the rental housing stock (occupied or vacant for rent) grew by only 7%.

- About one of every five households in Scarborough is headed by someone age 65 or older. Scarborough's homeownership rate increased from 76.8% of households in 1990 to 81.5% in 2000.

- Single family housing is the principal form of housing in the town; one-family homes dominated the housing growth in Scarborough during the 1990-2000 period.

- Census data indicate that about 41% of Scarborough's population age 5 or older lived in a different community in 1995 (higher than the Portland Metro area average of 35%). Of the 2000 population who lived in a different community in 1995, about one third moved from outside the State of Maine (about the same as the Metro area and County average). See Table 1.

Table 1

Characteristics of the Population Age 5 or Older in 2000	Scarborough	Portland, ME MSA	Cumberland County
Total Population Age 5 or Older in 2000	15,807	229,442	250,237
Total Lived in Same Municipality in 1995	9,389	148,601	161,264
As Percent of 2000 Population	59%	65%	64%
Total Not in Same Municipality in U. S. in 1995	6,418	80,841	88,973
As Percent of 2000 Population	41%	35%	36%
Total Lived in Different State, Abroad, or At Sea in 1995	2,034	26,223	31,415
Percent that Moved to their Municipality of Residence From Outside of Maine	32%	32%	35%
Total Moved From Outside of Maine by Residence in 1995	2,034	26,223	31,415
Other Northeast State	1,050	12,114	14,088
Midwest	130	2,094	2,662
South	537	5,733	7,054
West	199	3,273	4,292
Foreign Country, U. S. Islands, Other	118	3,009	3,319
Percent of Movers from Outside the State by 1995 Residence			
Other Northeast State	52%	46%	45%
Midwest	6%	8%	8%
South	26%	22%	22%
West	10%	12%	14%
Foreign Country, U. S. Islands, Other	6%	11%	11%

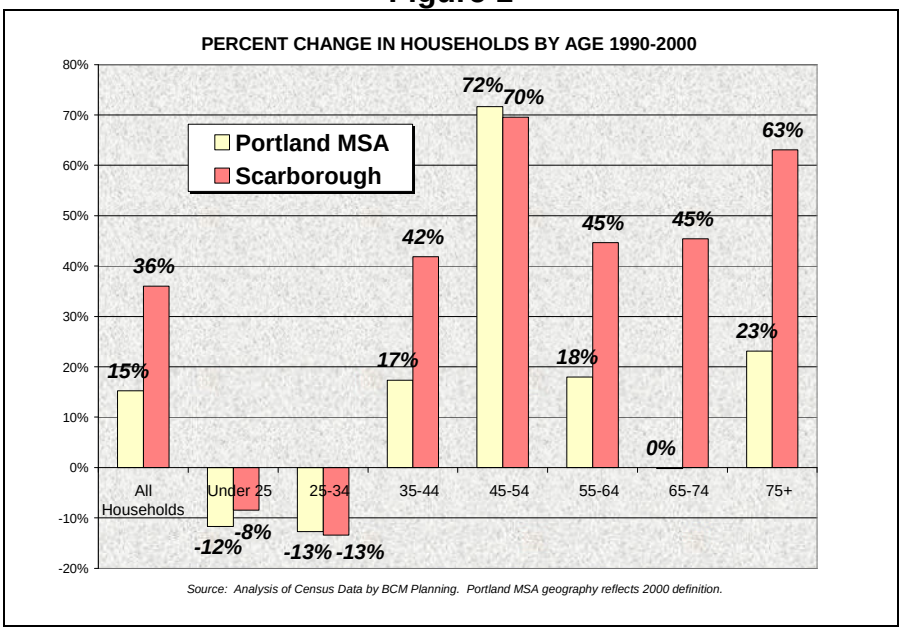
Source: Derived from U. S. Census sample data for 2000; interpretation by BCM Planning
Notes: 41% of Scarborough's 2000 population age 5+ lived somewhere else in 1995.
About 2/3 or those who moved to Scarborough moved from elswehere in Maine, and the balance (1/3) moved from other locations. Of the 1/3 who moved from other locations, about 52% moved from another Northeastern state.

2. Age Distribution

- There was a large increase in the Town's school age population (up by 1,133 or by 54% between 1990 and 2000).

- While households headed by persons under the age of 35 declined between 1990 and 2000 in Scarborough, this demographic shift was mirrored by the percentage changes in these age groups within the region (Portland MSA).

Figure 1



Source: Analysis of Census Data by BCM Planning. Portland MSA geography reflects 2000 definition.

- In Scarborough, the rate of growth among households headed by persons age 55 and older was especially strong relative to the metro area.

- Among senior households (age 65+) the homeownership rate increased from 86.5% to 89.6% from 1990 to 2000.

- There was a high percentage increase (+67.5%) in the Scarborough senior population living in group quarters (includes assisted living), an increase of 54% in the number of homeowners age 65+, but only an 18% increase in senior households living in rental housing (increased by only 20 occupied units over 10 years).

3. Disability Within Age 65+ Non-Institutional Population

- In 2000, there were 247 people age 65 or older in Scarborough, not living in assisted living or nursing homes, who had difficulty getting outside the home independently. Of this total, 176 were age 75 or older. Some of the people with these limitations may be helped by barrier-free housing or housing with housekeeping and transportation services.

- Data from the 2000 Census indicates that there were 121 people age 65 and older in Scarborough with a self-care disability (relating to performing personal care tasks independently). Of this total, 108 were age 75 or older. People with these needs will generally require higher levels of assistance with personal care such as those provided in assisted living arrangements. (This group is also likely to overlap with the population having lower level disabilities relating to getting outside the home.)

- The prevalence of these disabilities increases with age. As the senior population grows older, increasing the number of age 75+ and age 85+ householders, more of the local population will face physical challenges to independent homeownership. Scarborough's current options for serving these needs include assisted living at Scarborough Terrace and a continuum of care environment at Piper Shores.

Table 2

SCARBOROUGH NON-INSTITUTIONAL SENIOR POPULATION BY DISABILITY LEVEL IN 2000

Limitation Relating to Getting Outside the Home Independently

Age Group	Male	Female	Total	% of Non-Inst. Population
65 to 74 years:	562	670	1,232	
With a go-outside-home disability	52	19	71	5.8%
75 years and over:	332	482	814	
With a go-outside-home disability	41	135	176	21.6%
Total Age 65 or Older	894	1,152	2,046	
With a go-outside-home disability	93	154	247	12.1%

Limitation Relating to Personal Care

Age Group	Male	Female	Total	% of Non-Inst. Population
65 to 74 years:	562	670	1,232	
With a self-care disability	13	0	13	1.1%
75 years and over:	332	482	814	
With a self-care disability	25	83	108	13.3%
Total Age 65 or Older	894	1,152	2,046	
With a self-care disability	38	83	121	5.9%

Source: 2000 Census sample data

Table 3 (Sheet 1 of 3)
DETAILED HOUSING PROFILE OF SCARBOROUGH 1990 AND 2000
HOUSEHOLDS AND HOUSING SUPPLY

SCARBOROUGH, ME - POPULATION, HOUSEHOLDS BY SIZE AND TENURE	1990	2000	Change 1990-2000	1990-2000 Change in Percent
Total Population	12,518	16,970	4,452	35.6%
Group Quarters Population	76	260	184	242.1%
Population in Households	12,442	16,710	4,268	34.3%
Population by Age				
Under 5	877	1,164	287	32.7%
5-17	2,102	3,235	1,133	53.9%
18-24	1,049	832	(217)	-20.7%
25-34	2,180	1,933	(247)	-11.3%
35-44	2,258	3,300	1,042	46.1%
45-54	1,546	2,637	1,091	70.6%
55-64	1,156	1,658	502	43.4%
65-74	804	1,235	431	53.6%
75-84	386	750	364	94.3%
85 & Older	130	226	96	73.8%
School Age (5-17) Per Household	0.44	0.50	0.06	12.9%
Population in Households	12,442	16,710	4,268	34.3%
Average Household Size	2.62	2.59	-0.04	-1.4%
Average Owner-Occupied Unit	2.73	2.68	-0.05	-1.8%
Average Renter-Occupied Unit	2.26	2.15	-0.11	-4.9%
Households	4,742	6,462	1,720	36.3%
Homeowners	3,642	5,266	1,624	44.6%
Renters	1,100	1,196	96	8.7%
Ownership Tenure %	76.8%	81.5%		
Rental Tenure %	23.2%	18.5%		
Households By Persons in Unit				
Total Occupied Units	**4,742**	**6,462**	**1,720**	**36.3%**
1 Person	915	1,335	8	0.9%
2 Persons	1,673	2,415	320	19.1%
3 Persons	937	1,064	(76)	-8.1%
4 Persons	857	1,079	117	13.7%
5+ Persons	360	569	155	43.1%
Owner Occupied Units	**3,642**	**5,266**	**1,624**	**44.6%**
1 Person	587	923	336	57.2%
2 Persons	1,271	1,993	722	56.8%
3 Persons	741	861	120	16.2%
4 Persons	730	974	244	33.4%
5+ Persons	313	515	202	64.5%
Renter Occupied Units	**1,100**	**1,196**	**96**	**8.7%**
1 Person	328	412	84	25.6%
2 Persons	402	422	20	5.0%
3 Persons	196	203	7	3.6%
4 Persons	127	105	(22)	-17.3%
5+ Persons	47	54	7	14.9%

Source: U. S. Census, 1990 and 2000

Table 3 (Sheet 2 of 3)

SCARBOROUGH HOUSEHOLDS BY AGE AND TENURE	1990	2000	Change 1990-2000	1990-2000 Change in Percent
Households by Age of Householder				
Total Households	**4,742**	**6,462**	**1,720**	**36.3%**
Under 25	165	151	-14	-8.5%
25-34	985	853	-132	-13.4%
35-44	1,219	1,729	510	41.8%
45-54	890	1,509	619	69.6%
55-64	667	965	298	44.7%
65-74	502	730	228	45.4%
75+	314	525	211	67.2%
Homeowners by Age of Householder				
Total Homeowners	**3,642**	**5,266**	**1,624**	**44.6%**
Under 25	31	23	-8	-25.8%
25-34	560	519	-41	-7.3%
35-44	986	1,419	433	43.9%
45-54	767	1,316	549	71.6%
55-64	592	864	272	45.9%
65-74	448	666	218	48.7%
75+	258	459	201	77.9%
Renters By Age of Householder				
Total Renters	**1,100**	**1,196**	**96**	**8.7%**
Under 25	134	128	-6	-4.5%
25-34	425	334	-91	-21.4%
35-44	233	310	77	33.0%
45-54	123	193	70	56.9%
55-64	75	101	26	34.7%
65-74	54	64	10	18.5%
75+	56	66	10	17.9%
SENIOR POPULATION & HOUSEHOLDS				
Total Population Age 65+ Including Group Qtrs	1,320	2,211	891	67.5%
Percent of Total Population	10.5%	13.0%		
Households Headed by Persons 65+	816	1,255	439	53.8%
Percent of Total Households	17.2%	19.4%		
Homeowners Age 65+	706	1,125	419	59.3%
Renters Age 65+	110	130	20	18.2%
Senior Ownership Tenure %	86.5%	89.6%		
Senior Rental Tenure %	13.5%	10.4%		

Source: U. S. Census, 1990 and 2000

Table 3 (Sheet 3 of 3)

SCARBOROUGH - HOUSING SUPPLY AND UNITS BY STRUCTURE TYPE	1990	2000	Change 1990-2000	1990-2000 Change in Percent
Total Housing Units	5,391	7,233	1,842	34.2%
Vacant for Sale Units	42	52	10	23.8%
Vacant for Rent Units	83	69	(14)	-16.9%
Rented or Sold, Awaiting Occupancy	35	26	(9)	-25.7%
Vacant Seas, Migratory, Occ. Use and Other	431	624	193	44.8%
Total Vacant & Seasonal Units	591	771	180	30.5%
Ownership Stock Except Sold, Awaiting Occupancy	3,684	5,318	1,634	44.4%
Rental Stock Occupied or Vacant for Rent	1,183	1,265	82	6.9%
Total Stock Occupied or Available for Occupancy	4,867	6,583	1,716	35.3%
Vacancy Rate Ownership	1.1%	1.0%		
Vacancy Rate Rental	7.0%	5.5%		
Vacancy Rate Total	2.6%	1.8%		
Housing Units by Occupancy and Units in Structure				
Owner Occupied	**3,642**	**5,263**	**1,621**	**44.5%**
Single Detached	3,189	4,625	1,436	45.0%
Single Attached (Incl. Townhouse)	194	296	102	52.6%
Two Family	38	50	12	31.6%
3-4 Family	20	36	16	80.0%
5+ Family	11	40	29	263.6%
Manufactured Housing & Other	190	216	26	13.7%
Renter Occupied	**1,100**	**1,199**	**99**	**9.0%**
Single Detached	395	445	50	12.7%
Single Attached (Incl. Townhouse)	131	52	-79	-60.3%
Two Family	122	142	20	16.4%
3-4 Family	131	231	100	76.3%
5+ Family	263	319	56	21.3%
Manufactured Housing & Other	58	10	-48	-82.8%
Vacant Units	**649**	**771**	**122**	**18.8%**
Single Detached	510	574	64	12.5%
Single Attached (Incl. Townhouse)	26	87	61	234.6%
Two Family	11	18	7	63.6%
3-4 Family	25	23	-2	-8.0%
5+ Family	23	32	9	39.1%
Manufactured Housing & Other	54	37	-17	-31.5%
Total Housing Stock by Units in Structure	**5,391**	**7,233**	**1,842**	**34.2%**
Single Detached	4,094	5,644	1,550	37.9%
Single Attached (Incl. Townhouse)	351	435	84	23.9%
Two Family	171	210	39	22.8%
3-4 Family	176	290	114	64.8%
5+ Family	297	391	94	31.6%
Manufactured Housing & Other	302	263	-39	-12.9%
Occupied Units by Bedrooms				
Owner Occupied	**3,642**	**5,263**	**1,621**	**44.5%**
No Bedroom	0	0	0	0.0%
One	39	37	-2	-5.1%
Two	836	1,278	442	52.9%
Three	1,744	2,375	631	36.2%
Four	734	1,289	555	75.6%
Five or More	289	284	-5	-1.7%
Renter Occupied	**1,100**	**1,166**	**66**	**6.0%**
No Bedroom	0	36	36	---
One	158	177	19	12.0%
Two	574	551	-23	-4.0%
Three	269	257	-12	-4.5%
Four	99	145	46	46.5%
Five or More	0	33	33	---

Note: Housing unit counts by structure type were part of the 100% Census count in 1990, but based on a sample in the 2000 Census. Therefore, different sampling methods may have discrepancies between Census years.

Source: U. S. Census, 1990 and 2000

B. Homeowner Housing Cost Burden and Affordability

1. Census-based measures of need

- The most severe housing needs (related primarily to high housing cost burden) are found among Scarborough households with incomes at or below 50% of the area median family income (AMFI).[5] There are few households with housing problems among those with incomes of 80% or more of AMFI based on Census-defined housing problems and high housing cost burdens.

Table 4
Scarborough Single Family Homeowners in 2000
With High Cost Burden by Income Range

Income Range (Estimated)*	Owner Housing Cost Burden as % of Income	
	30%+	**35%+**
Under 40% AMFI	308	297
40-60% AMFI	108	104
60-80% AMFI	283	219
80-100% AMFI	130	76
100-120% AMFI	63	28
Over 120% AMFI	91	50
Total Cost-Burdened	**983**	**774**

Source: based on U. S. Census, 2000 sample data adjusted by Consultant
**Income range interpolated by Consultant from 2000 Census data; average household size of 3 persons assumed for estimated owner ncome thresholds*

- Among Scarborough's single family homeowners, 22% spent 30% or more of their income on gross monthly ownership costs (including utilities) in 2000.

- Single family homeowners under age 35 and owners 65+ tend to have a higher percentage with high cost burdens, as their annual incomes tend to be relatively low.

- There are a number of senior households, mostly homeowners, who have high housing cost burdens despite the fact that most no longer have a mortgage. Most of the senior homeowners with a high cost burden have very low to low incomes.

- The oldest households face high housing cost burdens from utility and property tax costs even though most senior homeowners no longer have a mortgage.

[5] The applicable area median family income, abbreviated here as AMFI, is the median family income for the Portland Metropolitan Statistical Area (MSA), adjusted for household size. The U. S. Department of Housing and Urban Development issues annual estimates of this income benchmark, adjusted by household size, for each County and metropolitan area. The geographic definition of metro areas is subject to change.

Table 5: Housing Cost Burden Measures – 2000 Census Tabulations

HOUSING NEEDS DISTRIBUTION FOR SCARBOROUGH BASED ON SPECIAL HUD TABULATIONS OF 2000 CENSUS DATA

SCARBOROUGH, MAINE	RENTERS					HOMEOWNERS					TOTAL
Household by Type, Income, & Housing Problem	Elderly (1 & 2 members)	Small Related (2 to 4 members)	Large Related (5 or more members)	All Other	Total Renters	Elderly (1 & 2 members)	Small Related (2 to 4 members)	Large Related (5 or more members)	All Other	Total Owners	Total Households
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Number of Households with Problems											
Household Income <=30% MFI	**20**	**60**	**0**	**85**	**165**	**70**	**60**	**0**	**90**	**220**	**385**
With any housing problems	20	40	0	55	115	60	60	0	80	200	315
Cost Burden >30%	20	40	0	55	115	60	60	0	80	200	315
Cost Burden >50%	20	40	0	45	105	30	60	0	80	170	275
Household Income >30 to <=50% MFI	**45**	**80**	**0**	**35**	**160**	**220**	**95**	**8**	**50**	**373**	**533**
With any housing problems	35	70	0	35	140	100	50	8	40	198	338
Cost Burden >30%	35	70	0	35	140	100	50	4	40	194	334
Cost Burden >50%	35	40	0	35	110	60	40	0	30	130	240
Household Income >50 to <=80% MFI	**35**	**89**	**0**	**130**	**254**	**385**	**260**	**70**	**125**	**840**	**1,094**
With any housing problems	10	70	0	55	135	90	135	60	65	350	485
Cost Burden >30%	10	70	0	55	135	90	135	60	65	350	485
Cost Burden >50%	0	10	0	10	20	55	20	25	30	130	150
Household Income >80% MFI	**45**	**305**	**50**	**230**	**630**	**505**	**2,375**	**425**	**540**	**3,845**	**4,475**
With any housing problems	10	20	30	25	85	55	271	30	120	476	561
Cost Burden >30%	10	20	0	25	55	55	259	10	120	444	499
Cost Burden >50%	0	0	0	0	0	10	36	0	0	46	46
Total Households	**145**	**534**	**50**	**480**	**1,209**	**1,180**	**2,790**	**503**	**805**	**5,278**	**6,487**
With any housing problems	75	200	30	170	475	305	516	98	305	1,224	1,699
Cost Burden >30%	75	200	0	170	445	305	504	74	305	1,188	1,633
Cost Burden >50%	55	90	0	90	235	155	156	25	140	476	711

Source: Estimated numbers of households by category based on percent distributions contained in the CHAS Data Book (2000 Census data), U. S. Dept. of Housing and Urban Development; CHAS is an acronym for Comprehensive Housing Affordability Strategy.

Definitions:

Any housing problems: *cost burden greater than 30% of income and/or overcrowding and/or without complete kitchen or plumbing facilities.*

Other housing problems: *overcrowding (1.01 or more persons per room) and/or without complete kitchen or plumbing facilities.*

Elderly households: *1 or 2 person household, either person 62 years old or older.*

Renter: *Data do not include renters living on boats, RVs or vans.*

Cost Burden: *Cost burden is the fraction of a household's total gross income spent on housing costs. For renters, housing costs include rent paid by the tenant plus utilities. For owners, housing costs include mortgage payment, taxes, insurance, and utilities.*

- Among Scarborough homeowners in the age 65 and older group, there were 226 households in 2000 that spent 35% or more of their income on monthly housing costs (26% of owners in this age group).

Table 6

SCARBOROUGH
HOMEOWNER COST BURDEN OF SENIORS 2000
MONTHLY OWNERSHIP COSTS AS % OF INCOME

Homeowner Cost Burden	Number of Homeowners 62+	Percent of Homeowners 62+
Age 62+ Total	1,180	
Spend 30%+	305	25.8%
Spend 50%+	155	13.1%

(HUD special tabulation of 2000 Census)

Homeowner Cost Burden	Number of Single Family Homeowners Age 65+	% of Single Family Homeowners Age 65+
Age 65+ Total	865	
Spend 30%+	235	27.2%
Spend 35%+	226	26.1%

(U.S. Census, 2000, sample data)

- Since most homeowners in this age group have no mortgage costs, the cost burden for these homeowners is probably related principally to property tax and utility costs.

- In 2000, the median monthly costs of homeowners in Scarborough, including taxes and utilities, was $1,290 per month among those having a mortgage but only $382 for those without a mortgage.

- Based on the median property tax payment in Scarborough in 2000 ($2,438), a typical age 75+ household with a median income in that age group would pay about 10% of household income in property taxes.

Table 7

SCARBOROUGH SINGLE FAMILY HOMEOWNER COST BURDEN IN 2000 BY AGE GROUP

	Household Age Group							
Homeowner Cost Burden	**<25**	**25-34**	**35-44**	**45-54**	**55-64**	**65-74**	**75+**	**Total (1)**
Total Owners Represented in Sample (1)	45	460	1306	1166	577	486	379	4,419
Housing Costs as % of Income								
Spend 25% +	27	168	524	347	187	200	155	1,608
Spend 30% +	17	118	255	256	102	125	110	983
Spend 35%+	17	82	182	182	85	116	110	774
% Of Renters In Age Group by Cost Burden								
Spend 25% +	60%	37%	40%	30%	32%	41%	41%	36%
Spend 30% +	38%	26%	20%	22%	18%	26%	29%	22%
Spend 35%+	38%	18%	14%	16%	15%	24%	29%	18%

Computed based on 2000 Census sample data

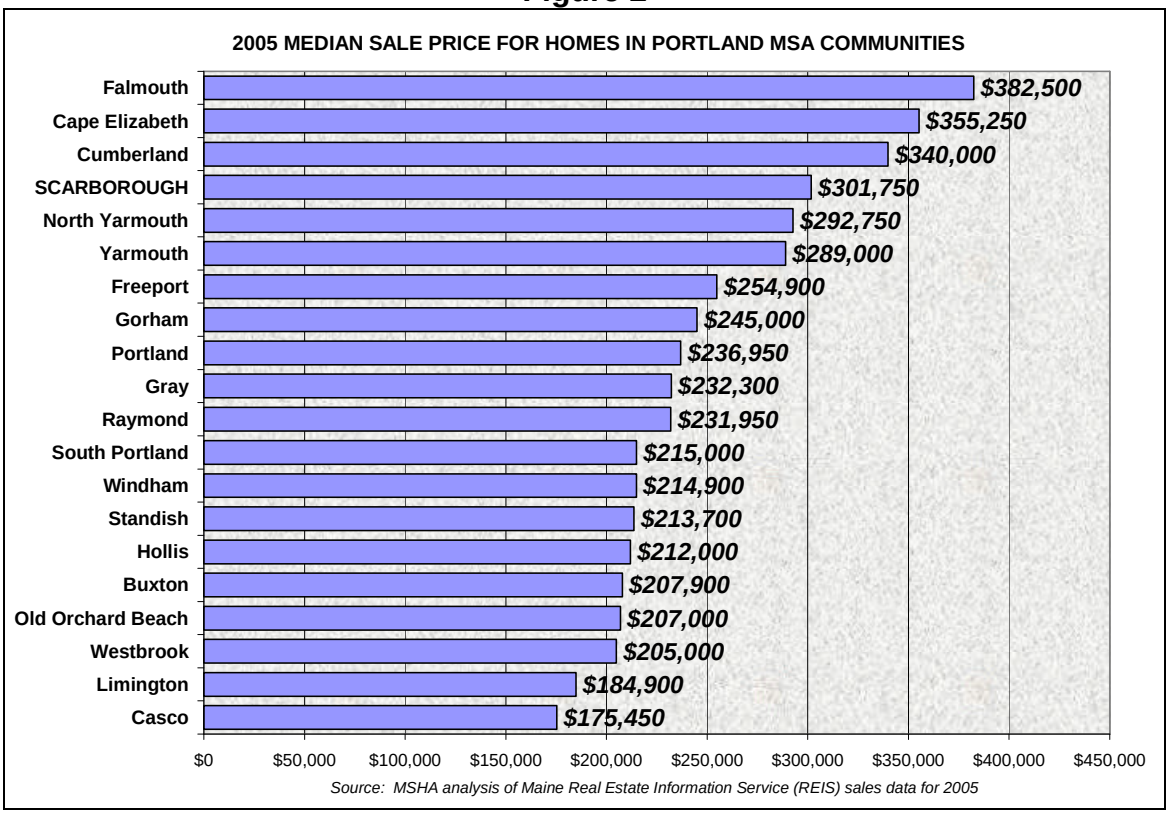
** Census cost burden data for homeowners is computed only for "specified owner occupied units" which essentially limits the sample to one family detached homes (about 84% of all owner occupied units in Scarborough in 2000).*

2. Home Price Trends and Affordability

- During 2004 the median sale price (including all condominiums, and single family homes except beach property) was about $282,000 in Scarborough; the median sales price during the 1st half of 2005 was about $294,000. The median sale price for single family detached housing in Scarborough in this period was about $300,000.

- Based on MSHA regional sales data for the communities of the Portland metro area, Scarborough had the fourth highest median sales price in 2005. (Only in Falmouth, Cape Elizabeth, and Cumberland were median prices higher.)

Figure 2



- Homes selling for under $200,000 in Scarborough constituted less than 15% of the homes sold during the first half of 2005, based on our analysis of local sales data, and only about 4% sold for under $150,000. MSHA sales data indicate that only about 11% of sales in 2005 were at prices affordable to the median income household in Scarborough.

- Scarborough has a number of condominium developments that are age restricted (to persons 55 or older. However, the median purchase price of an age restricted condo in Scarborough in 2004-June 2005 averaged about $300,000. At this price level, these units would not necessarily provide for more affordable ownership for seniors unless the household could "trade even" by selling a prior home at a higher sales price. Condo owners will need to support not only the property taxes of a high-value home, but also association fees.

Figure 3

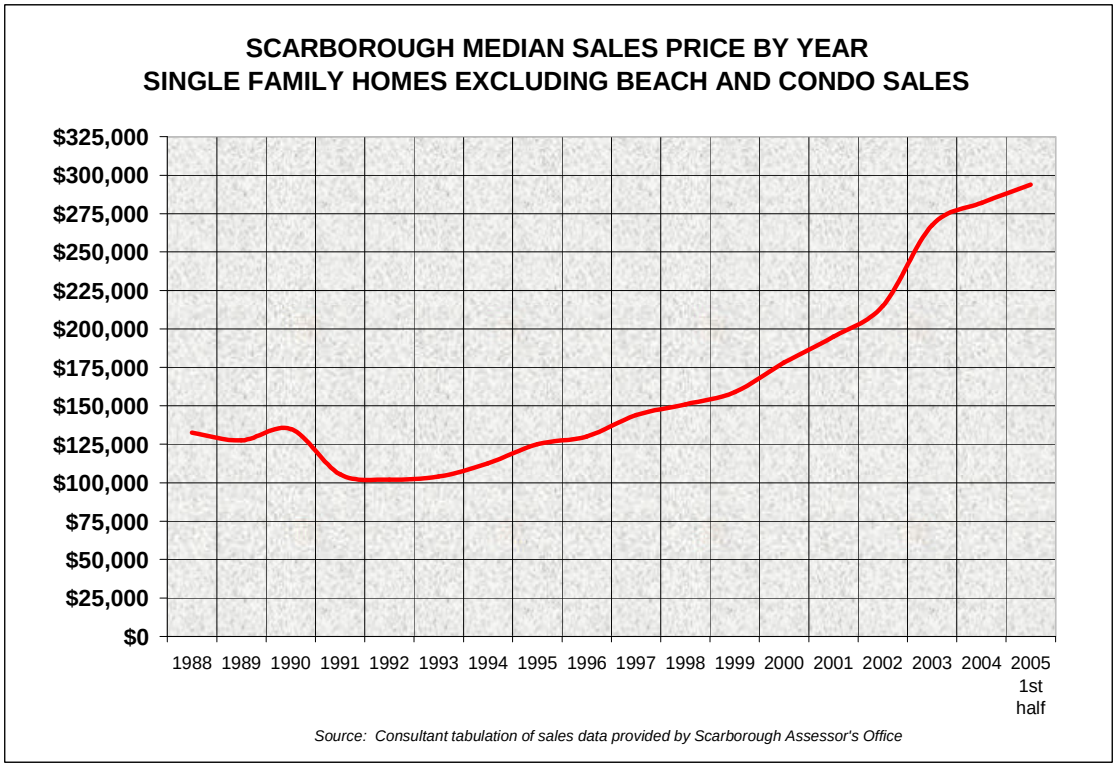


Figure 4

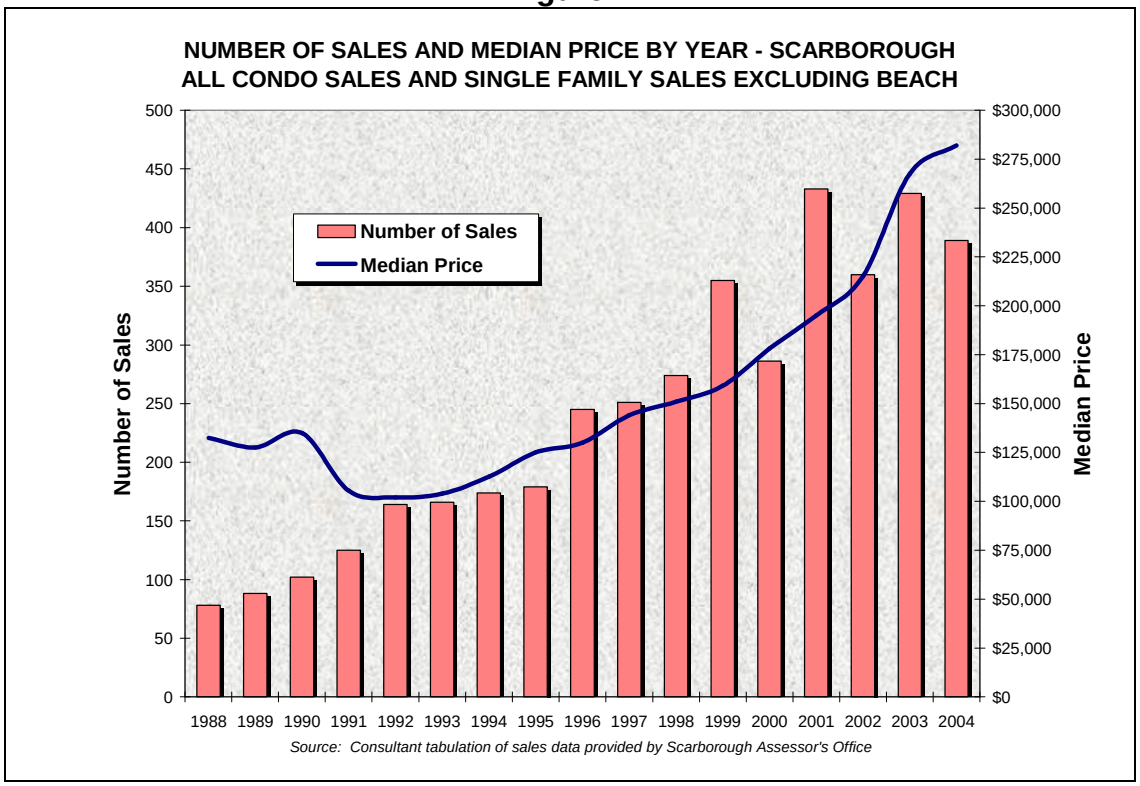
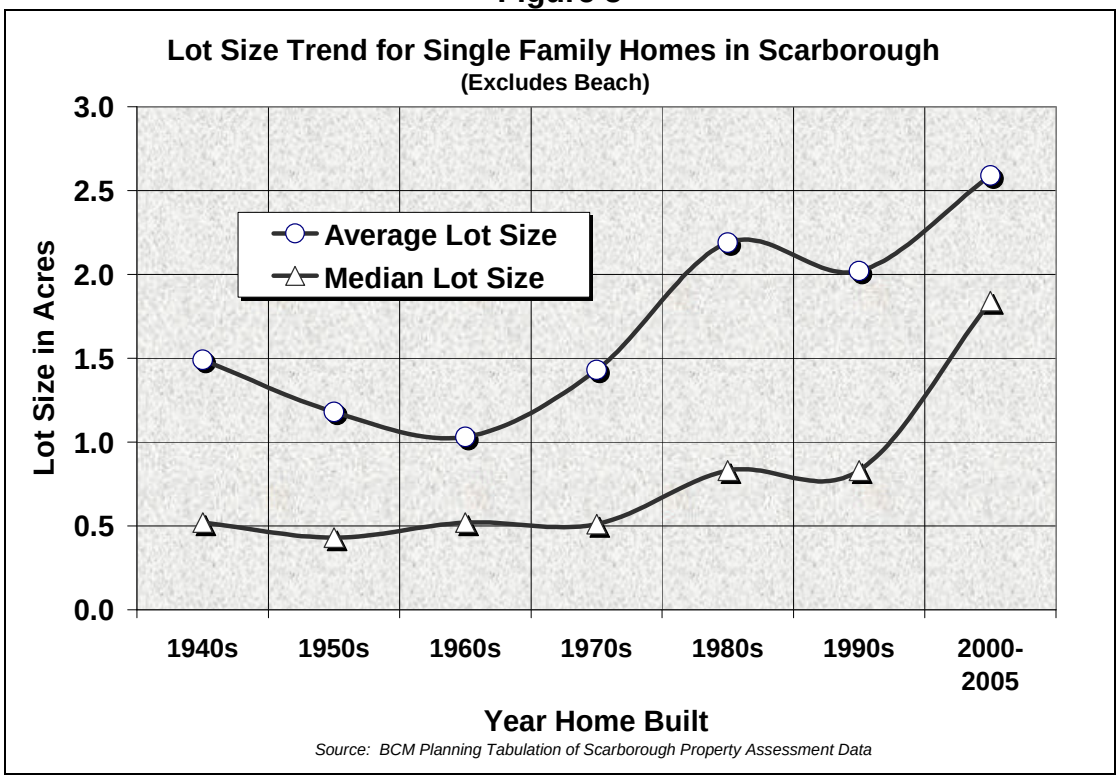
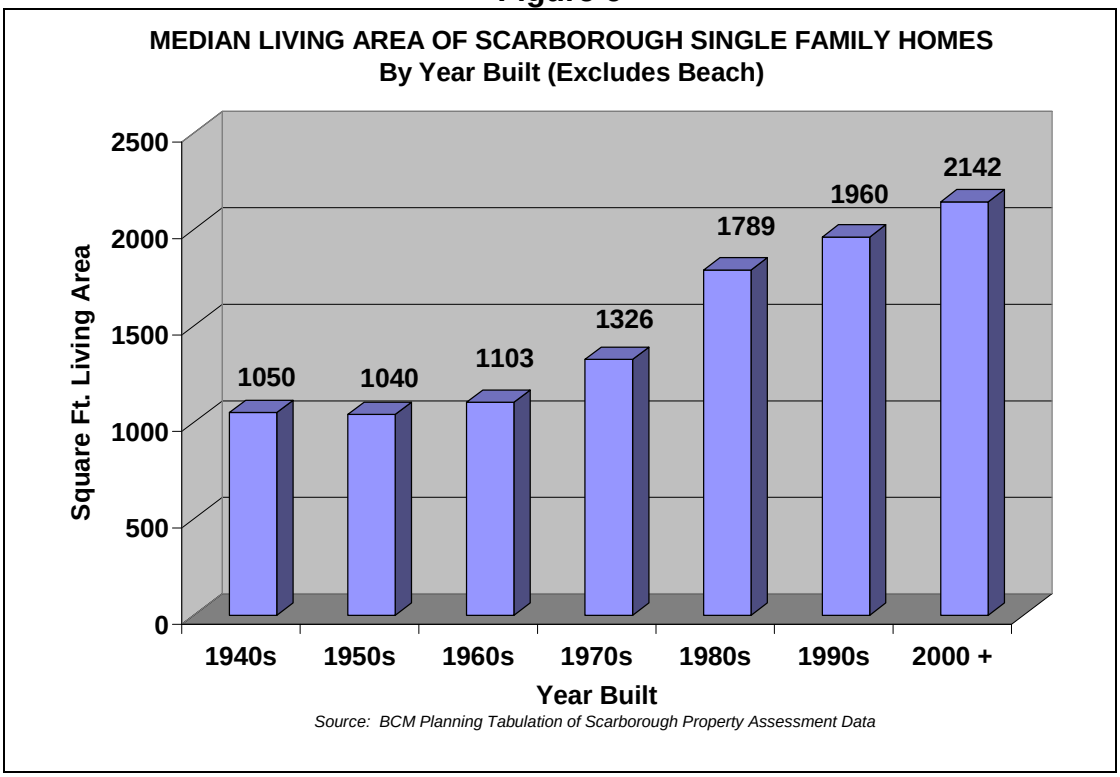


Figure 5



Source: BCM Planning Tabulation of Scarborough Property Assessment Data

Figure 6



Source: BCM Planning Tabulation of Scarborough Property Assessment Data

- Significant increases in lot size and living area in Scarborough have contributed to rising costs and declining affordability of single family homes. From the 1940s through the 1970s homes in Scarborough were constructed on lots with a median size of about ½ acre. For homes built in the 1980s and 1990s, the median lot increased to 0.83 acres. Homes built from 2000-2005 had a median lot size of 1.84 acres per unit, more than double the median lot size for homes built in the 1990s. (See Figure 5 above.)

- The median living area of a single family home built in Scarborough from 2000-early 2005 was 2,142 square feet. Beginning in the 1970s, the size of single family homes began to increase. Today's new home size is about twice what it was in the 1960s. (See Figure 6 above.)

Table 8 – Residential Sales Prices in Scarborough

Year	Single Family Homes		Condominiums		Total Single Family and Condo	
	Median Sale Price	Number of Sales	Median Sale Price	Number of Sales	Median Sale Price	Number of Sales
1988	$132,500	69	$135,000	9	$132,500	78
1989	$123,000	77	$157,500	11	$127,510	88
1990	$134,950	88	$140,000	14	$135,000	102
1991	$104,000	101	$118,000	24	$105,380	125
1992	$99,950	146	$113,160	18	$102,000	164
1993	$105,000	148	$100,000	18	$104,000	166
1994	$112,700	157	$112,500	17	$112,600	174
1995	$125,000	159	$112,750	20	$125,000	179
1996	$128,500	204	$135,000	41	$130,000	245
1997	$147,800	209	$131,650	42	$144,000	251
1998	$159,000	241	$140,000	33	$150,950	274
1999	$165,250	296	$138,000	59	$159,000	355
2000	$184,950	248	$170,500	38	$178,000	286
2001	$200,000	390	$150,000	43	$195,000	433
2002	$229,950	318	$169,900	42	$215,000	360
2003	$275,000	390	$194,000	39	$267,500	429
2004	$299,900	334	$230,000	55	$282,000	389
2005 1st half	$299,300	124	$240,000	16	$293,750	140

Source: Analysis by BCM Planning; raw sales data provided by Scarborough Assessor's Office
Sales data not qualified as to condition of property, terms of sale, or grantor-grantee relationship
Note: Sales of manufactured housing are not included in the purchase price data reviewed above.

- Based on Maine State Housing Authority (MSHA) measures (data and estimates as of 2005), the median priced home in Scarborough cost over 1.5 times the amount that would be affordable to a household at the median household income in Scarborough. To be affordable to the median household income in Scarborough, a home would need to be priced at about $197,000. About 89% of homes (based on MLS data) sold at prices higher than this in 2005, and only 11% were sold at prices below $197,000.

- As of 2005, the MSHA data indicate a price gap of about $105,000 in Scarborough between what a household could afford at the Scarborough median household income and the actual median price in 2005.

- Based on the MSHA estimates there is an income gap of about $35,000 between the actual median household income in Scarborough and the income needed to afford the Scarborough median home price. Our analysis for 2005 indicates a similar income gap of $35,000 to $40,000, depending on the price to income ratio that is assumed.

- Our estimates indicate that with a 6% conventional mortgage and 10% down payment, the supportable price of a home is about 2.9 times income. As interest rates rise, the ratio declines. For purposes of affordability analysis and planning purposes, this report assumes an average of about 2.75 times income as the supportable purchase price.

Table 9 - Supportable Price to Income Ratio

Estimates of Supportable Home Price to Income Ratio
At Area Median Family Income Adjusted to 3 Persons
Maximum 30% of Gross Income to Housing Costs

Mortgage Interest Rate	5% Down Payment	10% Down Payment	20% Down Payment
5%	3.0	3.2	3.6
6%	2.7	2.9	3.2
7%	2.5	2.6	2.9
8%	2.3	2.4	2.7
9%	2.1	2.2	2.5

Fixed costs assumed: $250/mo heat, hw, electric; $50/mo insurance
Variable cost assumed: property tax @ 1.5% of market value est. @ 2.75 x income
Assumes conventional mortgage financing with term of 25 to 30 years.
Source: Estimates by BCM Planning; actual underwriting standards may differ.

Note: An increase in the mortgage interest rate from 5% to 8% reduces the supportable purchase price by about 28%. Supportable price declines by about 17% when interest rate increases from 6% to 8%.

Table 10
Housing Affordability – Homeownership
(MSHA Estimates for 2005)

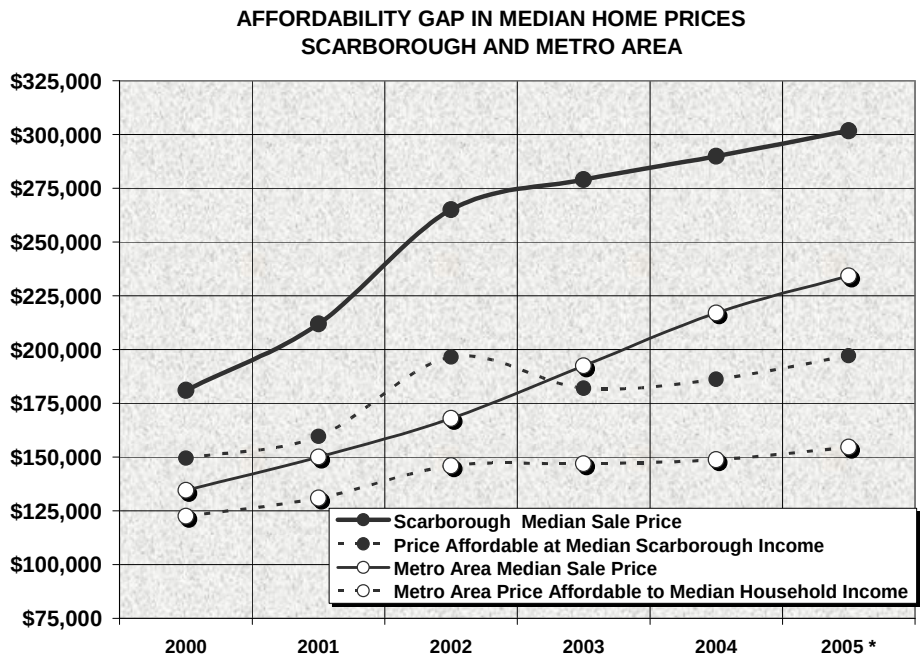
AFFORDABILITY OF HOMEOWNERSHIP IN 2005	**Scarborough**	**Portland - South Portland Labor Market Area**
Price and Affordability		
Median Home Price (1)	$301,750	$234,250
Purchase Price Affordable at Median Household Income	$197,130	$154,558
Price Gap	$104,620	$79,692
Ratio Actual Median Price to Affordable Price	1.53	1.52
Minimum Income Needed to Afford Median Price Home	$101,293	$77,932
Estimated Median Household Income	$66,174	$51,419
Income Gap	$35,119	$26,513
Affordability Index (<1 is lower afffordability)	0.65	0.66
% of Homes Sold Above the Price Affordable to Median Income Households	88.6%	91.4%
% of Homes Sold At or Below the Price Affordable to Median Income Households	11.4%	8.6%
% of Households Can't Afford Median Price Home	72.8%	73.5%
% of Households Can Afford Median Price Home	27.2%	26.5%

Total Units Assisted by MSHA Mortgages	**Scarborough**	**Portland - South Portland Labor Market Area**	**Scarborough Share of MSHA Buyers in LMA**
2001	11	406	3%
2002	6	362	2%
2003	2	203	1%
Total for Period 2000-2003	19	971	2%

(1) The median price includes sales of single family, condominium, and mobile homes on their own lot. It excludes seasonal units and homes on large lots over 10 acres. Sales in sample may include some waterfront homes.

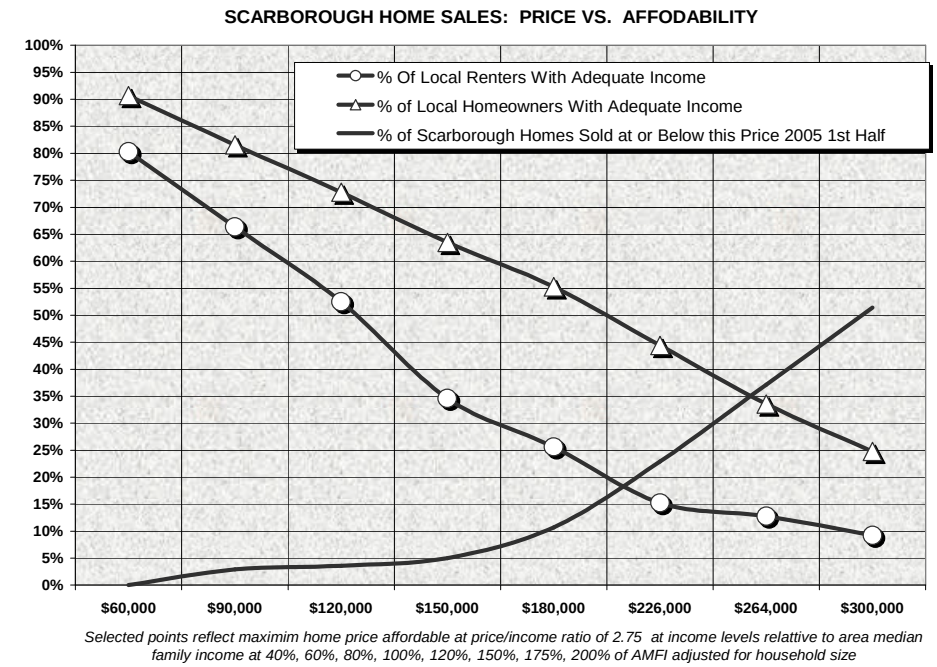
Source: All of the above data is based on information compiled by the Maine State Housing Authority, income estimates prepared for MSHA by Claritas, Inc. and Maine Real Estate Information System (MREIS)sales information.

Figure 7 – Ownership Affordability Gap
Scarborough and Metro Area



Source: Maine State Housing Authority (MSHA) Estimates 2000-2005. Note: 2005 metro area data above reflects revised labor market area geography. Prior years are for Portland MSA.

Figure 8 – Price and Affordability to Local Households



Selected points reflect maximim home price affordable at price/income ratio of 2.75 at income levels relattive to area median family income at 40%, 60%, 80%, 100%, 120%, 150%, 175%, 200% of AMFI adjusted for household size

Source: Consultant estimates of owner and renter income distribution and analysis of home prices from Assessor's Office sales data

- Figure 8 above indicates that less than 10% of the renters living in Scarborough could afford a median priced home in town. Only about 25% of the households that already own a home in Scarborough could afford the median sale price under the same financing and down payment assumptions.

- If a home were available at or below $150,000 35% of renters living in Scarborough could afford it, but only 5% of Scarborough sales in the first half of 2005 sold below that price level. At a price level of $200,000, about 20% of local renters could afford ownership. (See Figure 8 above.) Only 10-15% of the homes sold for under $200,000 in the period shown, and local homes priced in these ranges may require significant improvements.

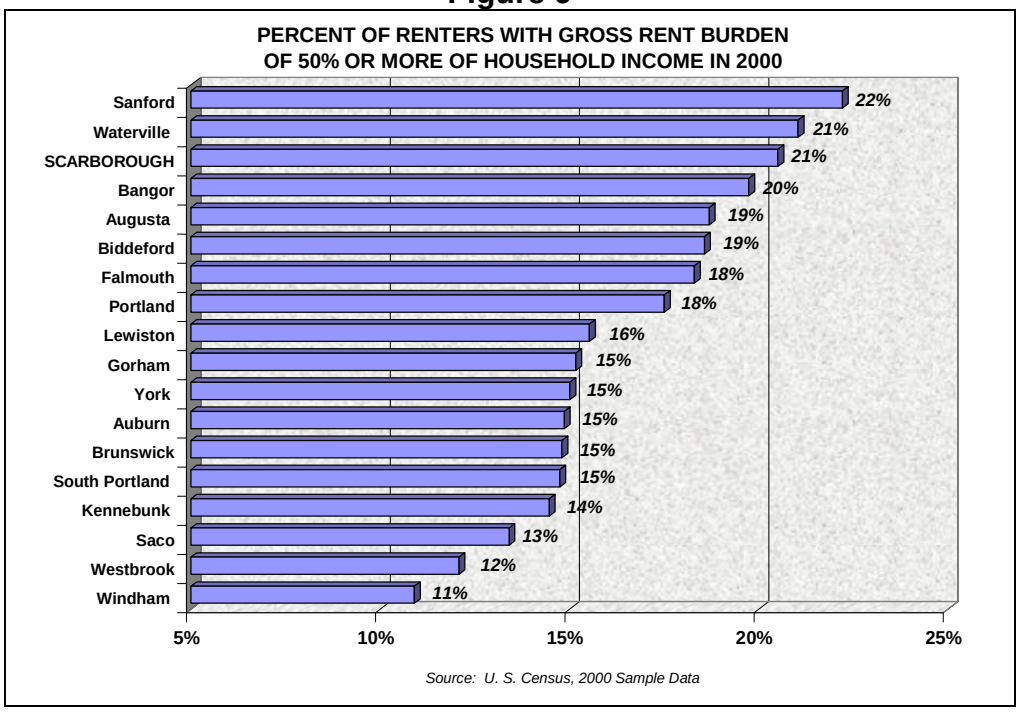
C. Renter Housing Cost Burden and Affordability

1. Census-based measures of need

- About 21% of Scarborough renters (239 households) spent 50% or more of their gross income on gross rental costs in 2000. About 38% of renters (443 households) spent at least 30% of their income on gross rent.

- A comparison among the 18 largest cities and towns in Maine shows that Scarborough had the third highest (after Sanford and Waterville) percentage of renters paying 50% or more of their income for gross rent.

Figure 9



- The age groups having the highest rental cost burdens in Scarborough are those under age 45 and age 65 and older. There are few renters in the 45 to 64 year old age groups.

Table 11

SCARBOROUGH RENTERS BY COST BURDEN IN 2000

Gross Rent as Percent of Income	Number of Renter Households	Percent of Renter Households
Less than 10 percent	67	5.8%
10 to 14 percent	107	9.2%
15 to 19 percent	231	19.8%
20 to 24 percent	200	17.2%
25 to 29 percent	53	4.5%
30 to 34 percent	111	9.5%
35 to 39 percent	75	6.4%
40 to 49 percent	18	1.5%
50 percent or more	239	20.5%
Not computed	64	5.5%
Total Renters	1,165	100.0%
Spend 25% +	496	42.6%
Spend 30% +	443	38.0%
Spend 35%+	332	28.5%
Spend 50%+	239	20.5%

Source: U. S. Census for 2000

- The youngest households entering the labor force will have the most difficult time locating affordable housing in Scarborough because of high home prices and relatively little rental housing stock.

Table 12

SCARBOROUGH RENTER COST BURDEN IN 2000 BY AGE GROUP

	Household Age Group							
Gross Rent Burden	**<25**	**25-34**	**35-44**	**45-54**	**55-64**	**65-74**	**75+**	**Total**
Total Renters Represented in Sample	97	214	481	170	77	44	82	1,165
Gross Rent as % of Income								
Spend 25% +	36	98	237	19	44	10	52	496
Spend 30% +	36	89	215	19	22	10	52	443
Spend 35%+	22	68	160	19	11	0	52	332
% Of Renters In Age Group by Cost Burden								
Spend 25% +	37%	46%	49%	11%	57%	23%	63%	43%
Spend 30% +	37%	42%	45%	11%	29%	23%	63%	38%
Spend 35%+	23%	32%	33%	11%	14%	0%	63%	28%

Computed based on 2000 Census sample data

- Only a small number of senior households rent in Scarborough, and there are few opportunities to do so in age-restricted apartments. While there are relatively few senior renter households with excessive housing cost burdens, senior renters that do not have access to assisted rental housing will generally spend more than 30-35% of their income on rent.

- Census data indicate that among households age 62 or older in Scarborough who rent, 52% spend 30% or more of their income on rent, and 38% spend 50% or more.

- Among senior renters age 65+, 49% spend 30% or more of their income on rent, and 41% spend 35% of their income or more.

- With the exception of those living in rent-assisted housing, virtually all other Scarborough seniors who rent have high housing cost burdens.

Table 13

Scarborough Renter Households in 2000
With High Cost Burden by Income Range

Income Range (Estimated)*	Owner Housing Cost Burden as % of Income	
	30%+	35%+
Under 40% AMFI	208	196
40-60% AMFI	95	73
60-80% AMFI	75	46
80-100% AMFI	51	16
100-120% AMFI	7	1
Over 120% AMFI	6	0
Total Rent-Burdened	**443**	**332**

Source: based on U. S. Census, 2000 sample data adjusted by Consultant
**Income range interpolated by Consultant from 2000 Census data; average household size of 2 persons assumed for estimated renter ncome thresholds*

Table 14

SCARBOROUGH
RENTAL COST BURDEN OF SENIORS 2000
GROSS RENTAL COSTS AS % OF INCOME

Renter Housing Cost Burden	Number of Renters 62+	Percent of Renters 62+
Age 62+ Total	145	
Spend 30%+	75	51.7%
Spend 50%+	55	37.9%

(HUD special tabulation of 2000 Census)

Renter Housing Cost Burden	Number of Renters Age 65+	% of Renters Age 65+
Age 65+ Total	126	
Spend 30%+	62	49.2%
Spend 35%+	52	41.3%

(U.S. Census, 2000, sample data)

2. Market Rental Costs and Affordability

- Within the Portland Metropolitan Statistical Area (MSA), Scarborough had the third highest median gross rental cost of all communities. Median gross rent (2000 Census) in Scarborough was higher only in Cape Elizabeth and Falmouth. This measure does not represent a comparable "market rent" between communities, because some of the communities such as the cities of Portland, South Portland and Westbrook have more assisted rental housing that reduces median tenant costs.

- The average gross market rent for a two-bedroom apartment (excluding subsidized units) in Scarborough was about $1,000 per month (2003-2004) and about $980 in 2005. An estimated 45% of renter households in Scarborough cannot afford the Town's average two bedroom market rent, based on MSHA estimates for 2005.

- The average rent for a 2-bedroom unit in Scarborough is nearly $100 per month higher than the HUD Fair Market Rent for 2005 for a 2-bedroom unit ($895) which is used in connection with tenant-based subsidy programs.

Figure 10 – Tenant Median Gross Rent in 2000

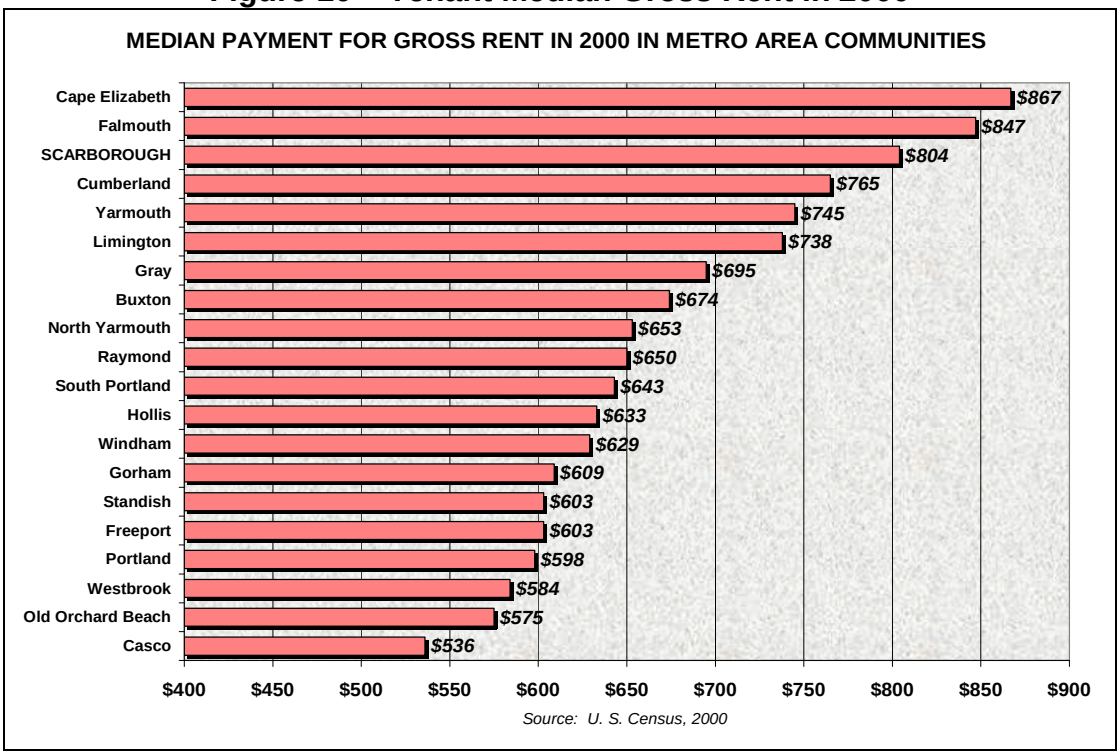
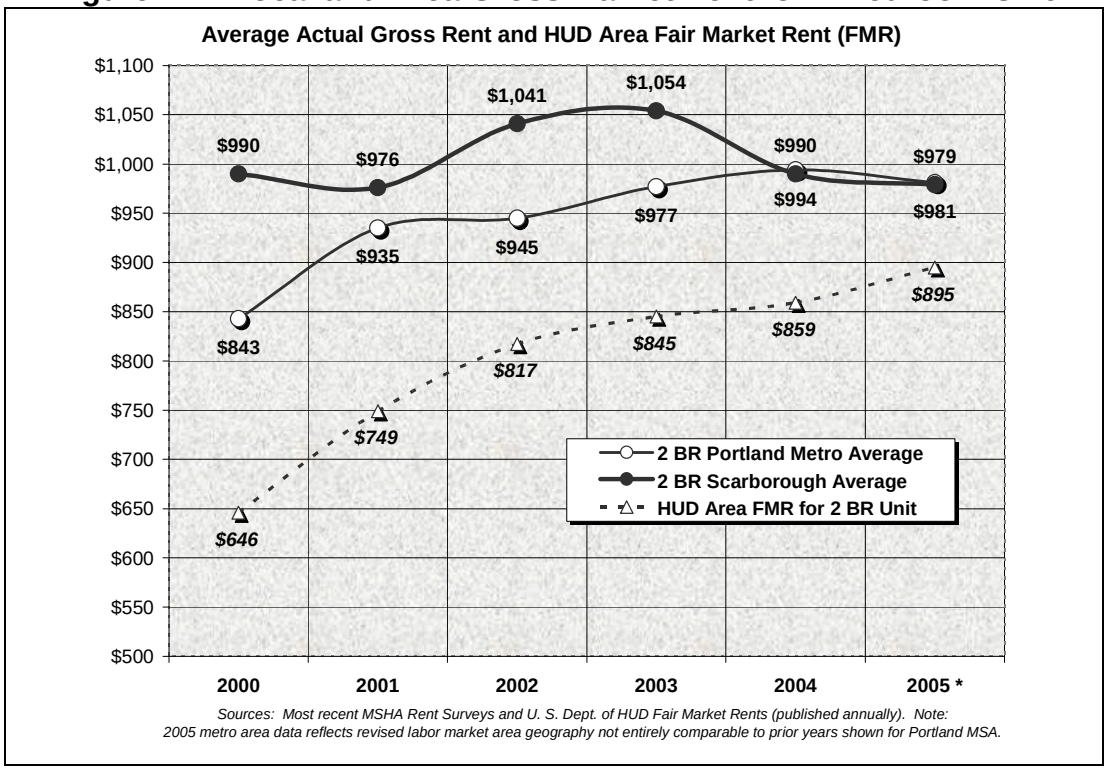


Figure 11 – Local and Area Gross Market Rent for 2-Bedroom Unit



- The MSHA estimates that about 45% of Scarborough renters could not afford the average local market rent in 2005, compared to the 59% ratio estimated for the Portland-South Portland Labor Market Area (LMA).[6] The agency estimates that there were 390 non-elderly renters in Scarborough in 2005, only 29% of whom were receiving some form of rent assistance (compared to 46% within the LMA). This suggests that the rental supply and the opportunity for assistance in general-occupancy rental housing are low in Scarborough.

Table 15: Rental Housing Affordability (MSHA Data)

AFFORDABILITY OF RENTAL HOUSING IN 2005	Scarborough	Portland - South Portland Labor Market Area
Average 2 Bedroom Gross Rent		
2001	$976	$899
2002	$1,041	$913
2003	$1,054	$947
2004	$990	$966
2005	$979	$981
% of Renter Households Cannot Afford Average Market Rent (2 BR) in 2005	44.5%	58.6%
% of Renter Households Can Afford Average Market Rent (2 BR) in 2005	55.5%	41.4%
Relevant Program Rent Maximums		
HUD 2-Bedroom Fair Market Rent for 2005 (Gross Rent)	$895	$895
Maximum Tax Credit 2 BR Gross Rent 2005 @ 60% of Median Area Income	$870	$870
Maximum Tax Credit 1 BR Gross Rent 2005 @ 60% of Median Area Income	$724	$724
Non-Elderly Renters - Very Low Income Need Gap		
Estimated Non-Elderly Renters Earn Under 50% of Median Income	390	13,441
General Project-Based Assistance (tied to a development) excluding special needs	97	3,742
Non-Elderly Certificates/Vouchers	16	2,411
Total Subsidized Units Available to Non-Elderly	113	6,153
Assistance as Percent of Non-Elderly Very Low Income Renters (% of need met)	29%	46%

Source: Maine State Housing Authority and HUD income schedules

- Rental assistance (subsidized housing and tenant vouchers) is less available to very low income renters living in Scarborough than in the Portland metro area generally. Some type of rental assistance reaches 46% of the non-elderly very low income renters in the region, but only 29% of the very low income family renters in Scarborough.

- Scarborough has two assisted rental housing developments for general occupancy (not age-restricted) that provide 97 units of affordable rental housing. Other than this project-based assistance, in 2005 the MSHA showed only 16 other non-elderly renters assisted by Section 8 voucher assistance (travels with the tenant). Overall, only 113 non-elderly renters have some form of rental assistance in Scarborough, or less than 10% of Scarborough's renter households under age 65.

[6] MSHA's regional housing market boundaries were adjusted in 2005 in response to changes in labor market area definitions used by the Maine Department of Labor. The Portland-South Portland-Biddeford Metropolitan Area LMA is a broader geographic area that extends further into York County than the former Portland MSA/LMA definition used in earlier years.

- The potential need for senior rental housing cannot be measured simply by the characteristics of elderly renter households, because much of the rental market originates among senior homeowners who want to make a transition to rental. In Scarborough, there are only 38 existing assisted rental units specifically designated for seniors (Village at Oak Park – a subsidized development). Besides the 38 senior renters living in subsidized units at Oak Park, there are another 8 senior households using Section 8 vouchers in Scarborough to afford available rental units.

- Based on the 2000 Census, there were 110 senior renter households (age 65+) in Scarborough in 1990 and 130 in 2000 (growth of only 20 over ten years). As of 2004, 53 senior households who rent benefited from some type of rental assistance, equivalent to about 42% of Scarborough renters age 65 or older.

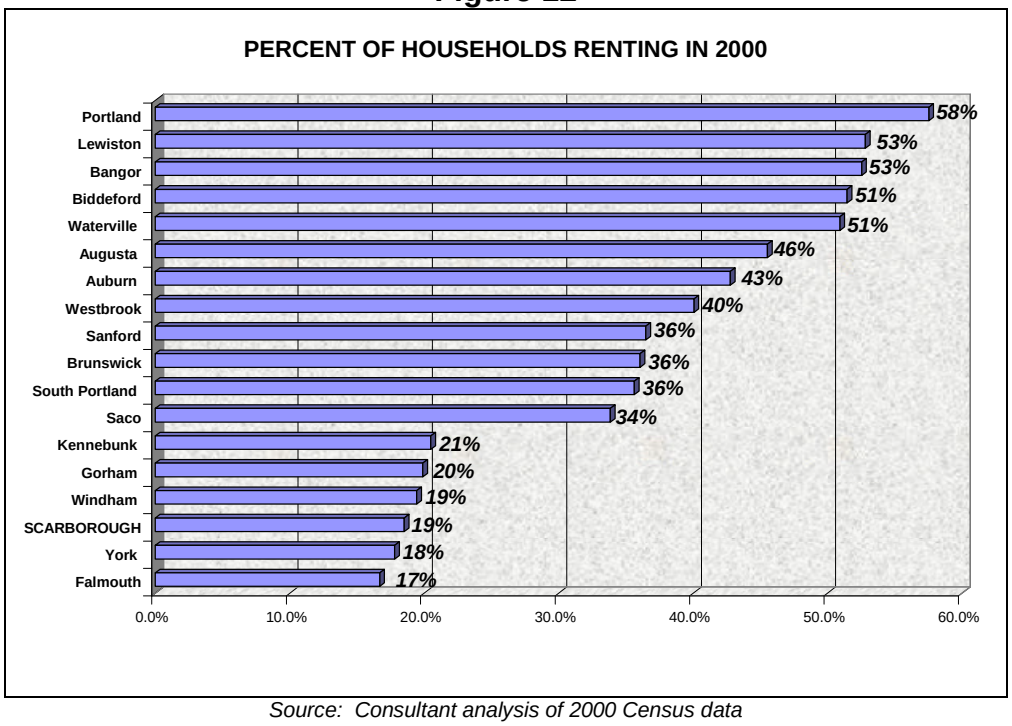
- It is clear that affordable rental housing for seniors in Scarborough has been entirely dependent on the availability of rental assistance subsidies. The cost of other market-rate rental housing in Scarborough is generally not affordable to Scarborough senior households who rent.

3. Comparison of Scarborough Rental Housing to other Large Communities

The charts which follow compare the rental housing stock and level of housing assistance in Scarborough with 17 other large cities and towns in Maine (those with a population of 10,000 or more in 2000).

- **Percent of Households Renting in 2000**: At 18.5% of households renting, Scarborough had the third lowest percentage of the comparison communities.

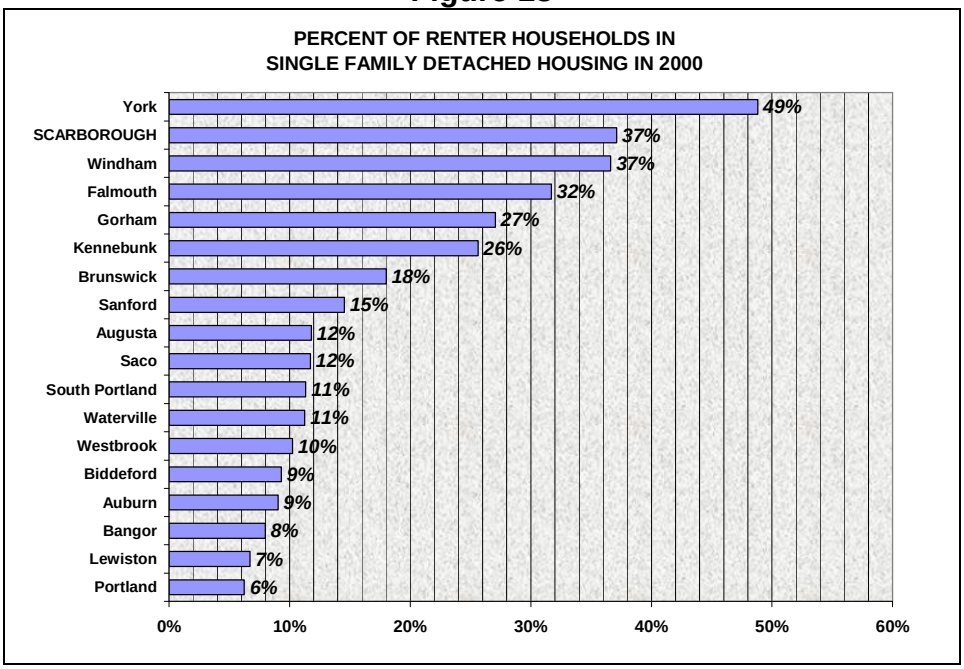
Figure 12



Source: Consultant analysis of 2000 Census data

- **Percent of Renter Households in Single Family Detached Homes in 2000:** At 37% of renters, Scarborough had the 2nd highest percent of renters in single family housing among the comparison communities.

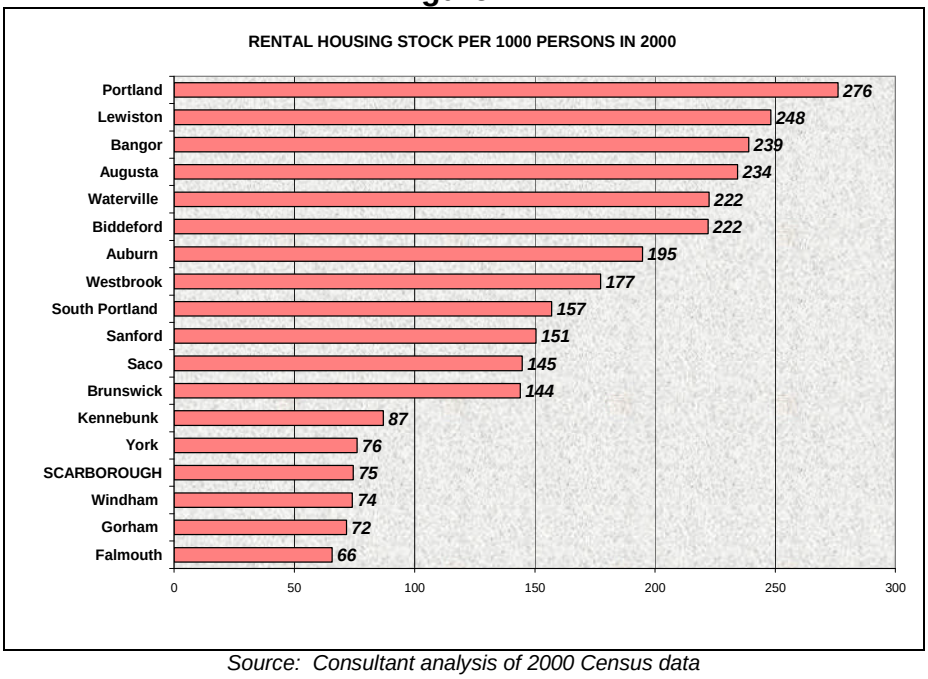
Figure 13



Source: Consultant analysis of 2000 Census data

- **Total Rental Housing Stock per 1000 Persons in 2000**: At 75 units per 1000 population, Scarborough ranked 4th lowest on this measure.

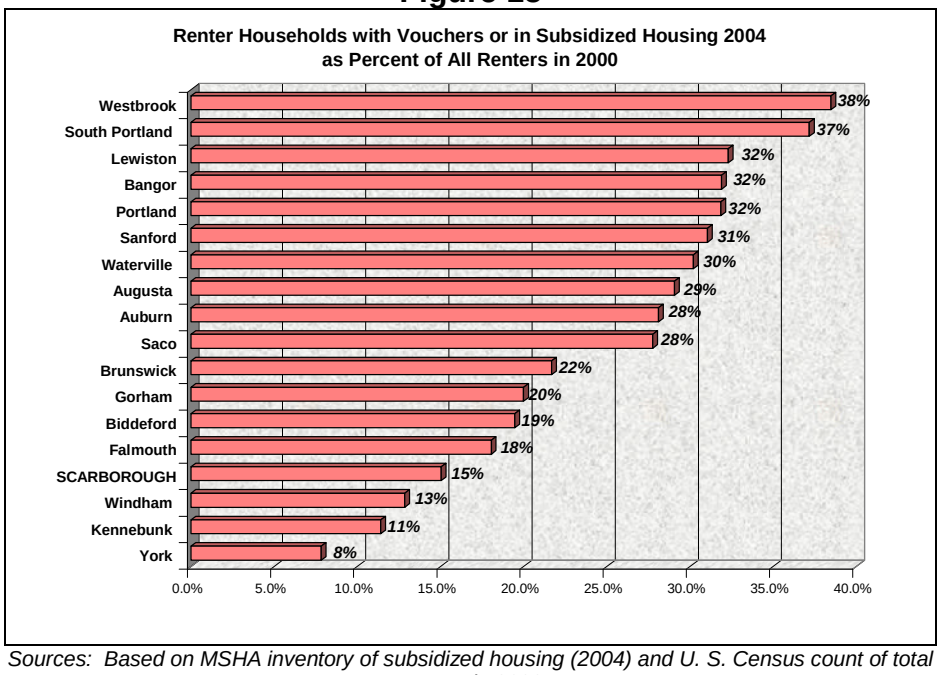
Figure 14



Source: Consultant analysis of 2000 Census data

- **Renter Households with Housing Assistance in 2004 as Percent of Renters:** Scarborough had the 4th lowest percentage of renters with assistance. Windham, Kennebunk and York were lower.

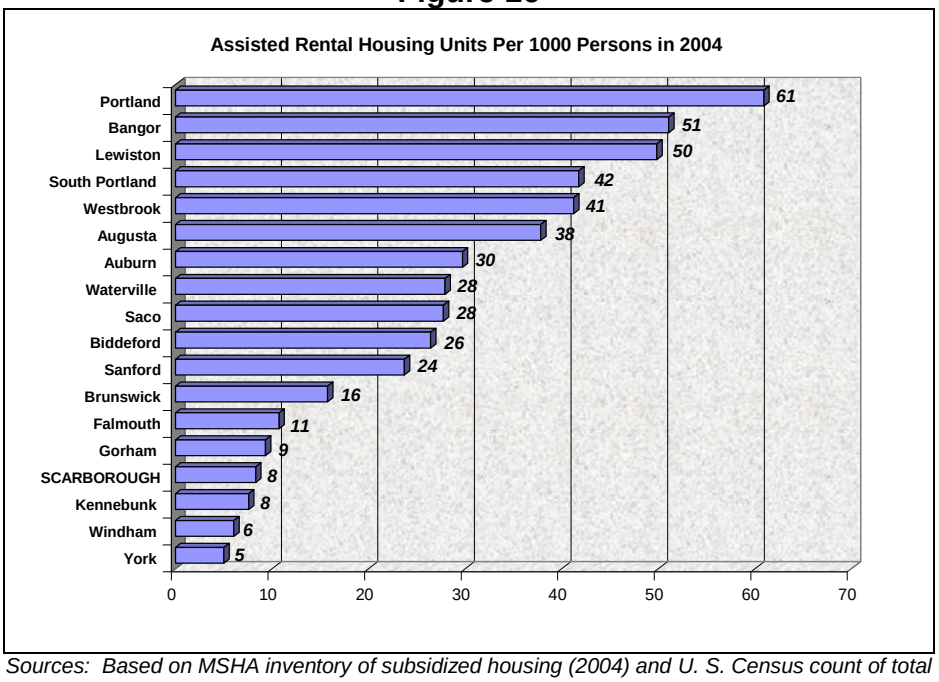
Figure 15



Sources: Based on MSHA inventory of subsidized housing (2004) and U. S. Census count of total renters in 2000

- **Assisted Rental Housing Units per 1000 Persons in 2004**: Scarborough had a ratio of only 8 units per 1000 persons, ranking 4th lowest in this comparison.

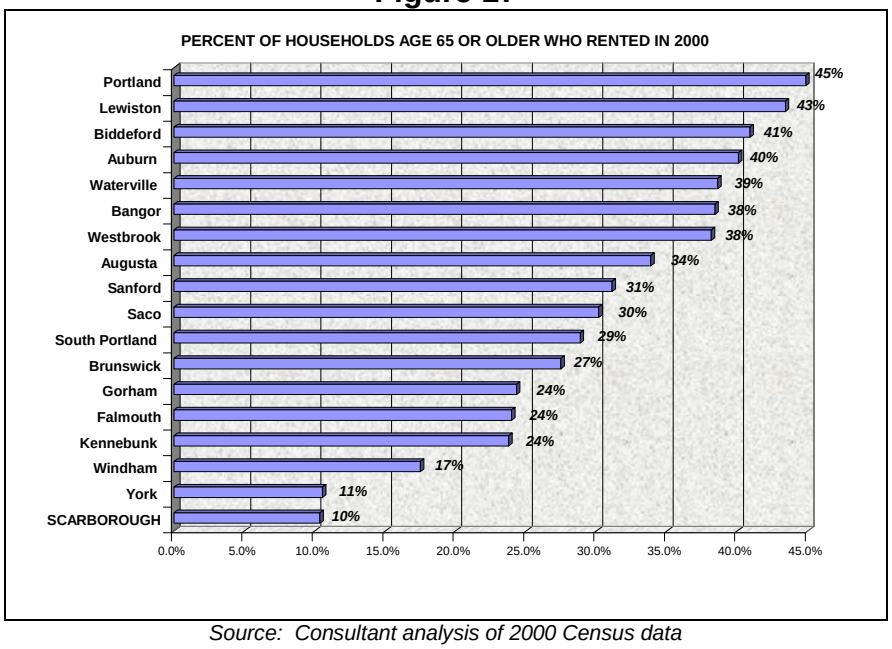
Figure 16



Sources: Based on MSHA inventory of subsidized housing (2004) and U. S. Census count of total renters in 2000

- **Percent of Households Age 65+ Who Rent (2000)**: At only 10% of senior households, Scarborough had the lowest ratio of all of the comparison communities. It also ranked last in the percentage of total elderly households having assisted rental housing.

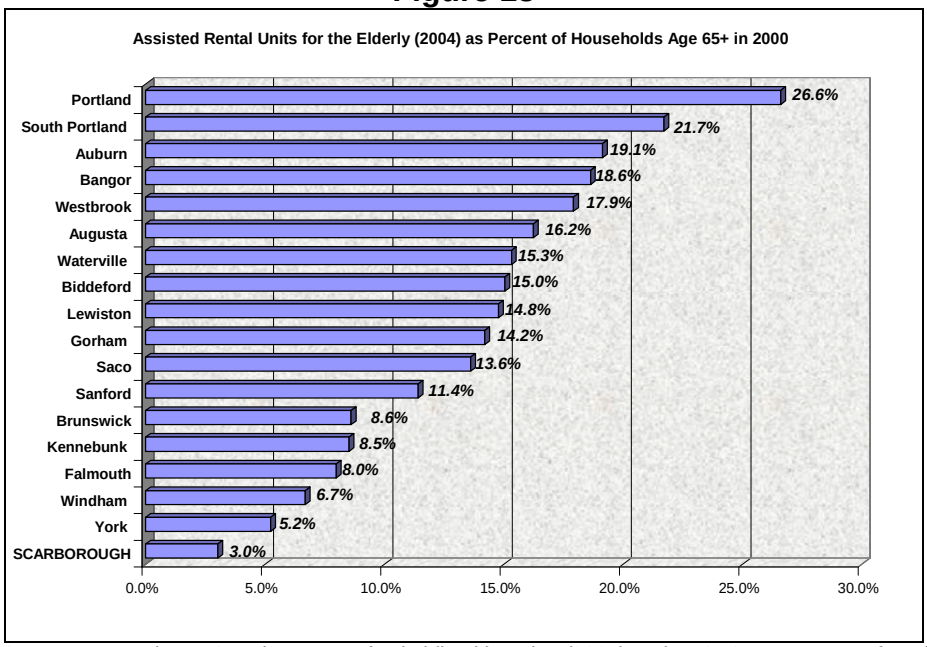
Figure 17



Source: Consultant analysis of 2000 Census data

- **Percent of Elderly Renters Served by Assisted Housing**: At 3.0% Scarborough ranked last of the 18 communities on this ratio.

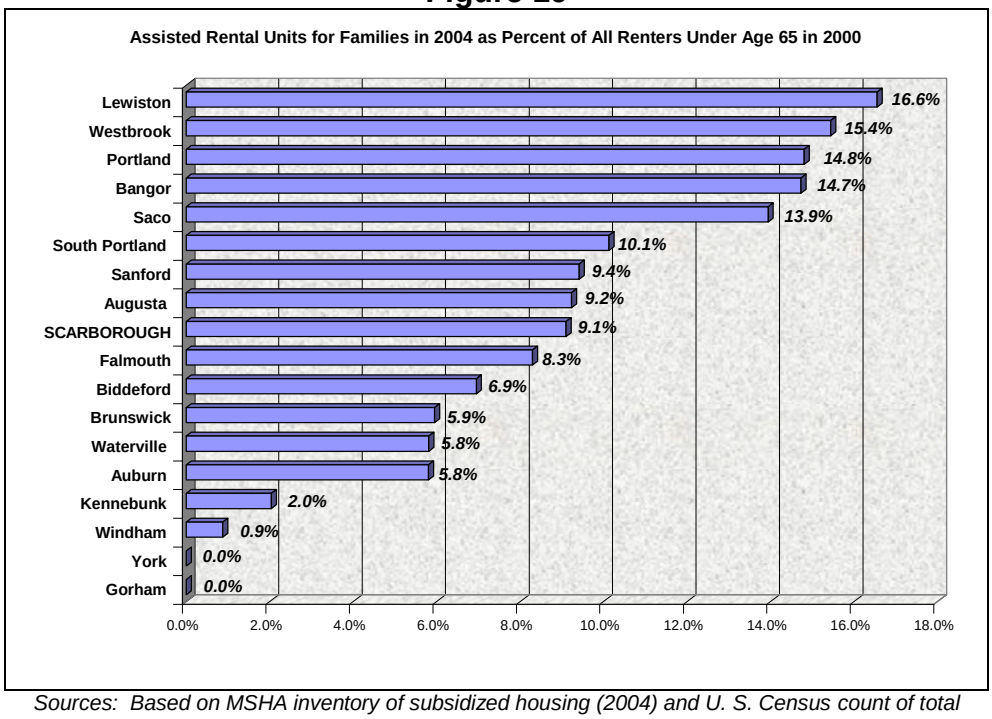
Figure 18



Sources: Based on MSHA inventory of subsidized housing (2004) and U. S. Census count of total renter households age 65 or older in 2000

- **Percent of Non-Elderly Renters Served by Assisted Housing**: At 9.1% Scarborough ranked in the middle of the pack (9th) on this ratio.

Figure 19



Sources: Based on MSHA inventory of subsidized housing (2004) and U. S. Census count of total renter households under age 65 in 2000

D. Household Income Analysis

1. HUD Area Income Thresholds

- The traditional income benchmark for various housing programs and needs assessments is the U. S. Department of Housing and Urban Development's annual estimate of *the area median family income* (AMFI) for the region (for Scarborough, the relevant region is the Portland Metropolitan Statistical Area or MSA).

- The HUD-defined area median family income (AMFI) for the Portland metro area in 2005 is $64,400. HUD assigns this estimated median family income to a family of four (though the actual average number of persons in a family is closer to three). The AMFI, adjusted for household size, is the benchmark for various measures of income and affordability.

- References in this report to percentages of the AMFI reflect adjustments by the Consultant for income by household size, where possible. These adjustments assume an average household size of two persons for renters and three persons for homeowners when interpolating Census-based household income data and updates of that income distribution, relative to the AMFI.

- The chart below shows income ranges as a percent of the area median family income for the Portland MSA and the relevance of various income thresholds.

Table 16
INCOME AND MAXIMUM MONTHLY HOUSING COST BASED ON HUD AREA INCOME LIMITS FOR 2005

Income as Percent of Median Family-Portland MSA-2005	PERSONS IN HOUSEHOLD (1)				Significance of Income Limit
	1	2	3	4	
40% AMFI	$18,040	$20,600	$23,200	$25,760	Effectively this represents the typical minimum income needed to afford tax credit rental housing without additional subsidy such as Section 8.
Maximum Monthly Housing Cost @ 30%	$451	$515	$580	$644	
50% AMFI	$22,550	$25,750	$29,000	$32,200	Maximum of "very low income" range defined by HUD. This is the maximum qualifying income for Section 8 voucher rental assistance.
Maximum Monthly Housing Cost @ 30%	$564	$644	$725	$805	
60% AMFI	$27,060	$30,900	$34,800	$38,640	Maximum qualifying income for Tax Credit credit rental housing.
Maximum Monthly Housing Cost @ 30%	$677	$773	$870	$966	
80% AMFI	$36,050	$41,200	$46,350	$51,500	Upper limit for "low income" as defined by HUD. Also referred to as maximum for "low and moderate income" limit for CDBG and other programs.
Maximum Monthly Housing Cost @ 30%	$901	$1,030	$1,159	$1,288	
100% AMFI	$45,100	$51,500	$58,000	**$64,400**	Median family income estimated by HUD. HUD assigns its estimate of median family income ($64,400) to a four-person household.
Maximum Monthly Housing Cost @ 30%	$1,128	$1,288	$1,450	$1,610	
120% AMFI	$54,120	$61,800	$69,600	$77,280	Often used as upper end for moderate income beneficiaries of affordable home ownership programs, and for Maine Affordable Housing TIF Districts.
Maximum Monthly Housing Cost @ 30%	$1,353	$1,545	$1,740	$1,932	
150% AMFI	$67,650	$77,250	$87,000	$96,600	Sometimes used as upper end income for moderate income definition in affordable housing programs. Maximum permitted under Maine statutory definition.
Maximum Monthly Housing Cost @ 30%	$1,691	$1,931	$2,175	$2,415	

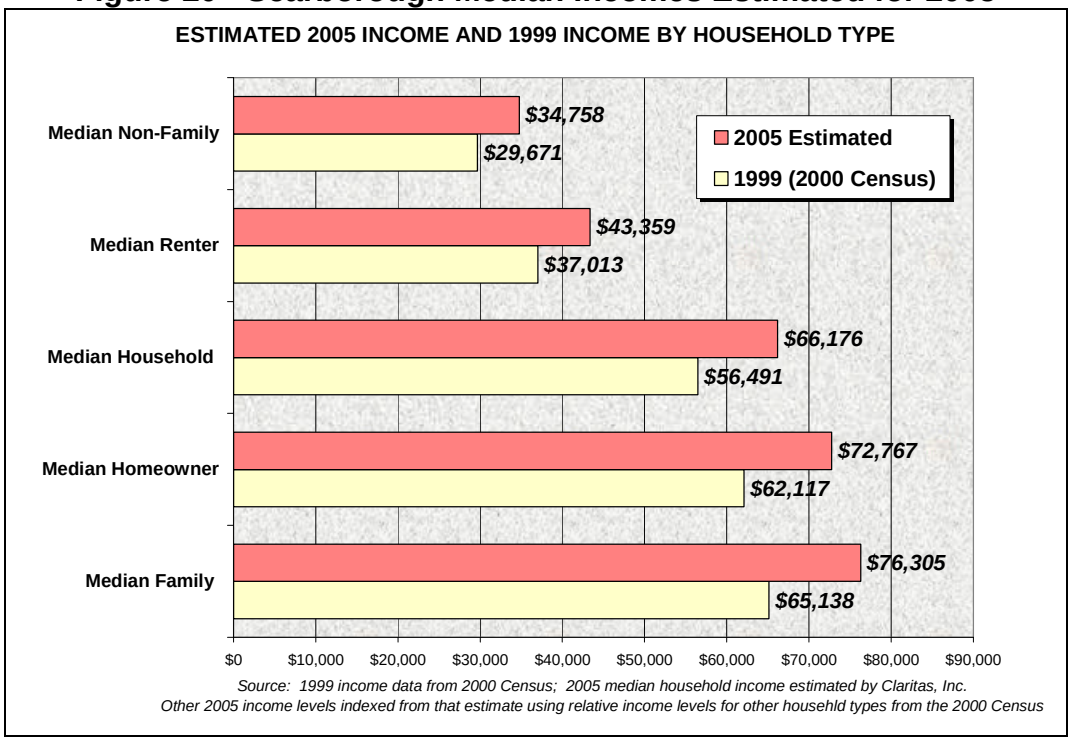
Source: 2005 U. S. Department of HUD income maximums at selected thresholds for Portland MSA, and consultant-interpolated values
(1) The typical renter household has 2 persons; the typical homeowner household has 3 persons. While HUD assigns its estimate of the area median family income to a family size of 4, the average family is a 3-person household. Typically, elderly households (age 65 or older) have an average of about 1.5 persons per household.

2. Scarborough Household Income Estimates for 2005

- Within the Town of Scarborough, the median *household* income is estimated at $66,200 as of 2005. *Household income* reflects data for all households, regardless of the size of the household or the relationship between members of the household. *Family income* is different, as it represents a subset of households that have at least two or more persons related by birth, marriage or adoption

- The median household income in Scarborough is influenced by its relatively high homeownership rate (81.5%). Based on 2000 Census data, the median *renter* income in Scarborough was only 60% of the median *homeowner* income.

Figure 20 - Scarborough Median Incomes Estimated for 2005



- The 2005 household income distribution below has been computed with reference to the area median family income of the Portland MSA. Federal and state affordable housing program eligibility is determined with reference to area, rather than local, median family incomes, adjusted to household size.

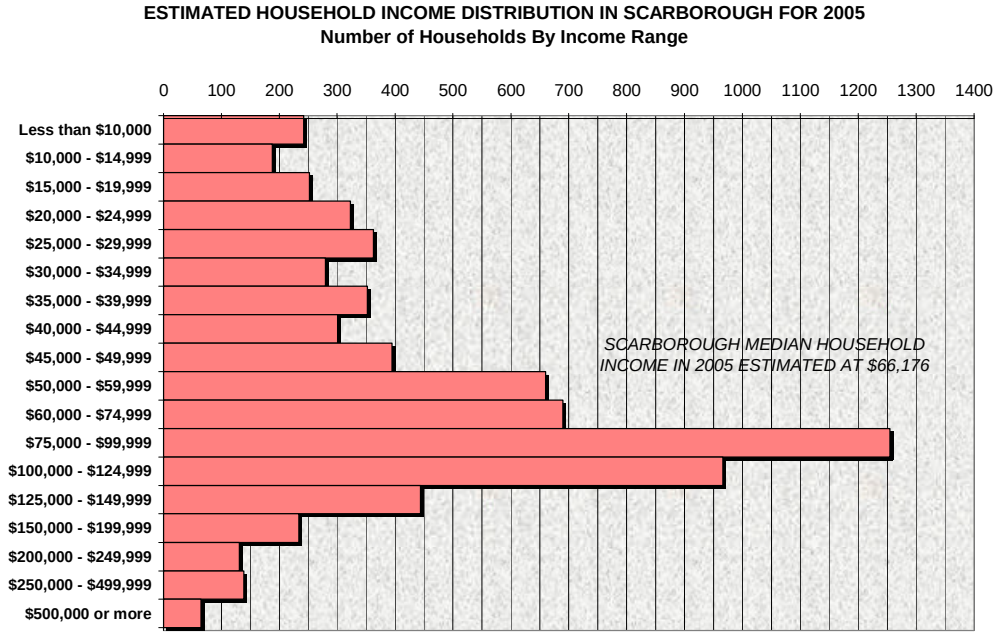
Table 17

Estimated Household Income Distribution for Scarborough - 2005

Income as % of Area Median (Adjusted)	Homeowners	Renters	Total Households	% of Owners	% of Renters	Percent of Total Households
Under 40%	565	240	805	9.3%	19.7%	11.1%
40-60%	553	170	723	9.1%	13.9%	9.9%
60-80%	532	169	701	8.8%	13.9%	9.6%
80-100%	563	218	781	9.3%	17.9%	10.7%
100-120%	499	109	609	8.2%	9.0%	8.4%
120-150%	659	126	785	10.9%	10.4%	10.8%
150-175%	657	30	687	10.8%	2.5%	9.4%
175-200%	534	43	577	8.8%	3.6%	7.9%
200%+	1,500	112	1,612	24.7%	9.2%	22.1%
Total	6,063	1,217	7,280	100.0%	100.0%	100.0%

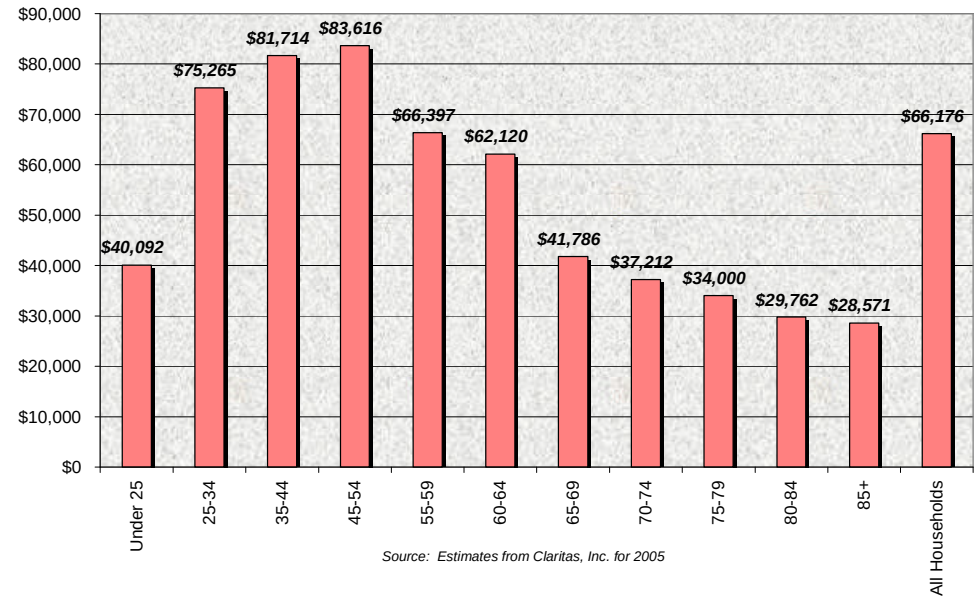
Source: Consultant estimates of income distribution by tenure based on 2005 Claritas, Inc. estimates of total households by income range and household income distribution by tenure from 2000 Census.
Note: HUD AMFI for Portland MSA in 2005 is $64,400 for a family of four persons. The above income distribution assumes a typical household size between 2 and 3 persons in Scarborough.

Figure 21 – 2005 Scarborough Household Income Distribution



Source: Based on estimates from Claritas, Inc.

Figure 22 – Median Income by Age



Source: Estimates from Claritas, Inc. for 2005

3. Income Data from the 2000 Census

- The income analysis in the preceding section is based on estimates for 2005. Income data from actual household samples from the Census (2000) for Scarborough is summarized in the following charts and tables.

Figure 23 – Scarborough Median income in 1999 (2000 Census)

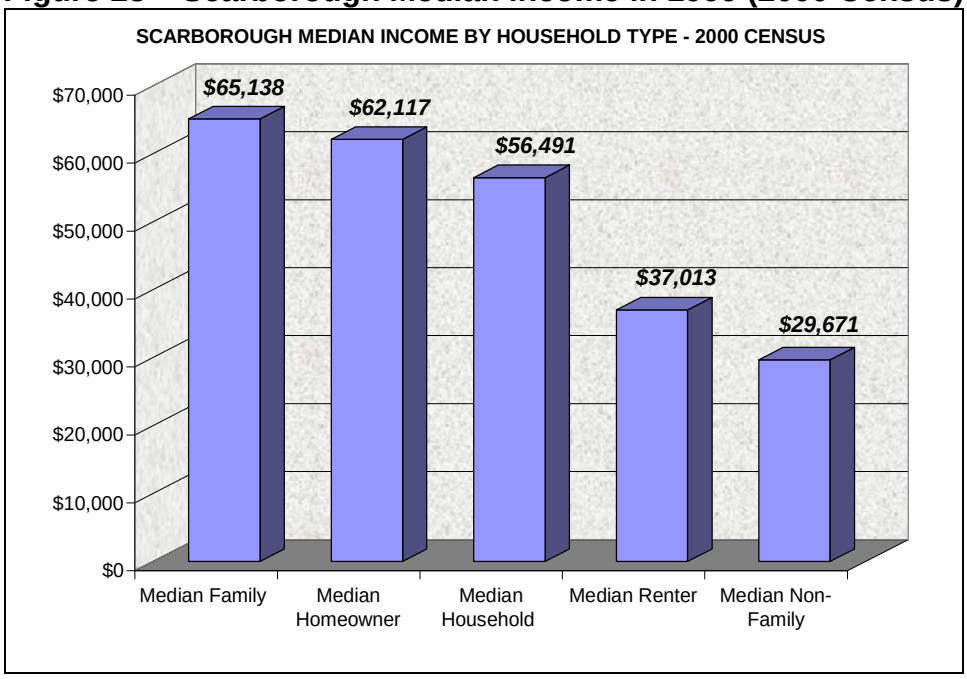


Table 18

SCARBOROUGH - HOUSEHOLD INCOME BY AGE GROUP - 2000 CENSUS										
	Age of Head of Household							Totals		
Income Range in 1999	Under 25	25-34	35-44	45-54	55-64	65-74	75+	Total by Income Range	% of All Households	Cumulative Percent
Less than $10,000	14	20	69	96	15	9	29	252	3.9%	3.9%
$10,000 to $14,999	0	11	40	25	10	57	89	232	3.6%	7.5%
$15,000 to $19,999	0	12	41	36	25	104	80	298	4.6%	12.1%
$20,000 to $24,999	11	46	80	35	80	100	53	405	6.3%	18.3%
$25,000 to $29,999	21	14	72	40	50	62	40	299	4.6%	23.0%
$30,000 to $34,999	16	30	62	61	110	56	30	365	5.6%	28.6%
$35,000 to $39,999	8	14	48	96	64	42	33	305	4.7%	33.3%
$40,000 to $44,999	14	83	99	112	25	83	45	461	7.1%	40.4%
$45,000 to $49,999	19	47	102	70	44	32	29	343	5.3%	45.7%
$50,000 to $59,999	10	105	116	112	58	8	23	432	6.7%	52.4%
$60,000 to $74,999	14	201	290	175	57	55	25	817	12.6%	65.0%
$75,000 to $99,999	0	117	412	427	161	79	18	1,214	18.8%	83.8%
$100,000 to $124,999	0	72	116	191	105	15	16	515	8.0%	91.8%
$125,000 to $149,999	0	37	44	77	14	0	0	172	2.7%	94.4%
$150,000 to $199,999	0	0	82	44	25	0	0	151	2.3%	96.8%
$200,000 or more	0	8	71	69	57	5	0	210	3.2%	100.0%
Total	127	817	1,744	1,666	900	707	510	6,471	100.0%	
Median Household Income by Age	$35,469	$61,183	$65,407	$72,222	$54,135	$31,536	$25,417	$56,491		

Source: U. S. Census, 2000 9sample data). The 2000 Census reports estimated income for 1999.

- Housing affordability is sometimes measured in relation to what a median income household in the community could afford. In Scarborough, local median income is influenced by its high percentage of homeowners. At the time of the 2000 Census, the median homeowner income in Scarborough was $62,117. Median renter income in Scarborough was 40% lower, at $37,013.

- Where affordable housing programs are targeted to households at a certain percent of median income, the thresholds should be based on the area, rather than the local median family income.

- The household income distribution by tenure in Scarborough is shown for 2000 in the following table. The number and percent of households by income band (as a % of median area family income) has been estimated relative to the AMFI of the Portland MSA. Based on these estimates (Table 19) about 35% of homeowners in Scarborough, and 54% of its renters, earned less than 80% of the AMFI.

Table 19

SCARBOROUGH HOUSEHOLD INCOME BY TENURE IN 2000

Household Income Range in 1999 (2000 Census)	Owner Occupied	Renter Occupied	Total Households
Less than $5,000	48	0	48
$5,000 to $9,999	101	113	214
$10,000 to $14,999	155	85	240
$15,000 to $19,999	213	84	297
$20,000 to $24,999	312	92	404
$25,000 to $34,999	491	178	669
$35,000 to $49,999	818	312	1,130
$50,000 to $74,999	1,018	231	1,249
$75,000 to $99,999	1,133	43	1,176
$100,000 to $149,999	626	52	678
$150,000 or more	348	9	357
Total Households	5,263	1,199	6,462
Income as % of Area Median Family Income for Portland MSA, Adjusted (1)	**Owner Occupied**	**Renter Occupied**	**Total Households**
Under 40%	653	278	931
40-60%	582	178	760
60-80%	596	189	785
80-100%	529	205	735
100-120%	452	99	551
120-150%	715	137	852
150-175%	628	29	657
175-200%	261	21	282
200%+	846	63	910
Total Households	5,263	1,199	6,462
Percent of Households by Income Range (1)	**Owner Occupied**	**Renter Occupied**	**Total Households**
Under 40%	12.4%	23.1%	14.4%
40-60%	11.1%	14.9%	11.8%
60-80%	11.3%	15.8%	12.1%
80-100%	10.1%	17.1%	11.4%
100-120%	8.6%	8.2%	8.5%
120-150%	13.6%	11.4%	13.2%
150-175%	11.9%	2.4%	10.2%
175-200%	5.0%	1.8%	4.4%
200%+	16.1%	5.3%	14.1%
Total	100.0%	100.0%	100.0%

(1) Source: Raw income data is from 2000 Census. Interpolation of income ranges by BCM Planning relative to metro area median family income adjusted to household size of 3 persons for homeowners and 2 persons for renters.

E. Workforce Housing and the Jobs - Housing Balance

1. Regional Nature of Housing Demand

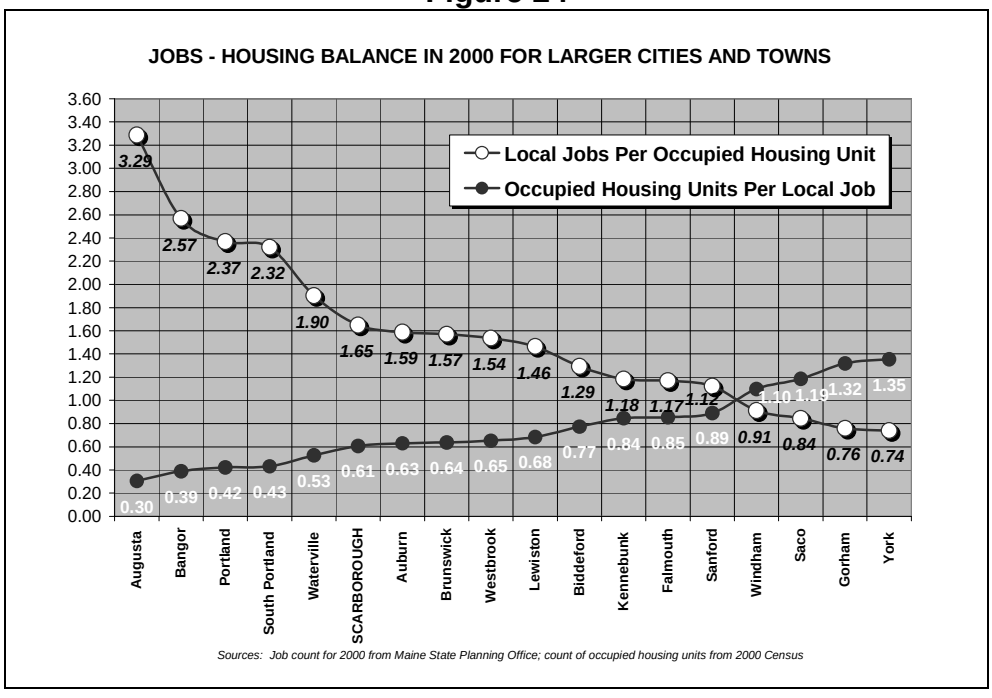
- It is difficult to define what constitutes a "shortage" of housing in a given community because of the regional nature of housing markets. If we look at the housing needs of any community based only on its internal household statistics, that data represents those already living there, and is not necessarily representative of the supply/demand relationship or affordable housing needs of a labor market area.

- Most of the *demand* for workforce housing is generated by employment growth and demographic and economic forces that transcend municipal boundaries. In New England, the *supply of land* available for housing development is controlled locally by municipal policy and land use regulations administered within small city and town jurisdictions. In economic terms, each community in a labor market needs to participate in enabling a reasonable portion of regional housing needs to be met for all income groups so that the regional economy can be sustained.

- In general, most communities encourage job growth and economic development, but increasingly municipalities in southern Maine have placed limits on the growth of the housing supply. An imbalance between jobs and housing may be created that forces the "export" of local and sometimes regional housing needs from the source of job growth outward to other municipalities or regions.

- In a comparison of the jobs-housing balance of the largest Maine municipalities, Scarborough ranked 6th of 18 with respect to the number of jobs per housing unit at 1.65 in 2000. Conversely, Scarborough ranked 13th in the ratio of occupied housing units per local job at 0.61 These figures reflect Scarborough's role as a regional job center.

Figure 24



Sources: Job count for 2000 from Maine State Planning Office; count of occupied housing units from 2000 Census

- If the affordable housing supply can be found only by living ever-further from the centers of job growth, more residential sprawl will generate rising transportation costs and energy consumption. Employers sometimes face increased costs from greater absenteeism and retraining needs due to employee turnover as the distance between residence and workplace grows.

2. Commuting Patterns 1990 and 2000

- About 25.7% of the working population of the Town worked in Scarborough in 1990; the proportion increased to about 27.4% in 2000.

Table 20
ANALYSIS OF COMMUTING DATA FOR 1990 AND 2000

SCARBOROUGH RESIDENTS WHO WORK				
Persons Who Live in Scarborough			**Change 1990-2000**	
That Work In…	**1990**	**2000**	**Number**	**Percent**
Scarborough	1,717	2,387	670	39.0%
Other Cumberland County City or Town	4,349	5,398	1,049	24.1%
Cumberland County Total	6,066	7,785	1,719	28.3%
Places Outside of Cumberland County:				
York County	379	597	218	57.5%
Other ME	116	195	79	68.1%
Other State	109	147	38	34.9%
Total Outside of Cumberland County	604	939	335	55.5%
Total Workers Living in Scarborough	6,670	8,724	2,054	30.8%
% of Working Residents of Scarborough Who…				
Work in Scarborough	25.7%	27.4%		
Work in Cumberland County	90.9%	89.2%		
Work in York County	5.7%	6.8%		

PERSONS WHO WORK IN SCARBOROUGH				
Persons Who Work in Scarborough			**Change 1990-2000**	
Who Live In…	**1990**	**2000**	**Number**	**Percent**
Scarborough	1,717	2,387	670	39.0%
Other Cumberland County City or Town	2,847	4,070	1,223	43.0%
Cumberland County Total	4,564	6,457	1,893	41.5%
Places Outside of Cumberland County				
York County	1,776	2,598	822	46.3%
Other ME	254	525	271	106.7%
Other State	64	153	89	139.1%
Total Outside of Cumberland County	2,094	3,276	1,182	56.4%
Total Working in Scarborough	6,658	9,733	3,075	46.2%
% of Persons Working in Scarborough Who…				
Live in Scarborough	25.8%	24.5%		
Live in Cumberland County	68.5%	66.3%		
Live in York County	26.7%	26.7%		

Source: U. S. Census sample datafor 1990 and 2000 - minor civil division level work flow files

3. Jobs and Employment

- Between 1990 and 2000, the number of jobs (covered employment) located in Scarborough grew by 69% (a gain of 4,349 jobs). The Town's rate of job growth was about twice the rate of its population and household growth (about 36%).

- Between 2000-2004, the number of local jobs increased by another 2,370 or by 22%; the job growth rate was only about 4.2% for Cumberland County during the same period.

- Over the period 1990 to 2004, Scarborough gained over 6,700 jobs, representing 25% of the net growth in jobs within the entire Portland MSA (metropolitan area).

Figure 25

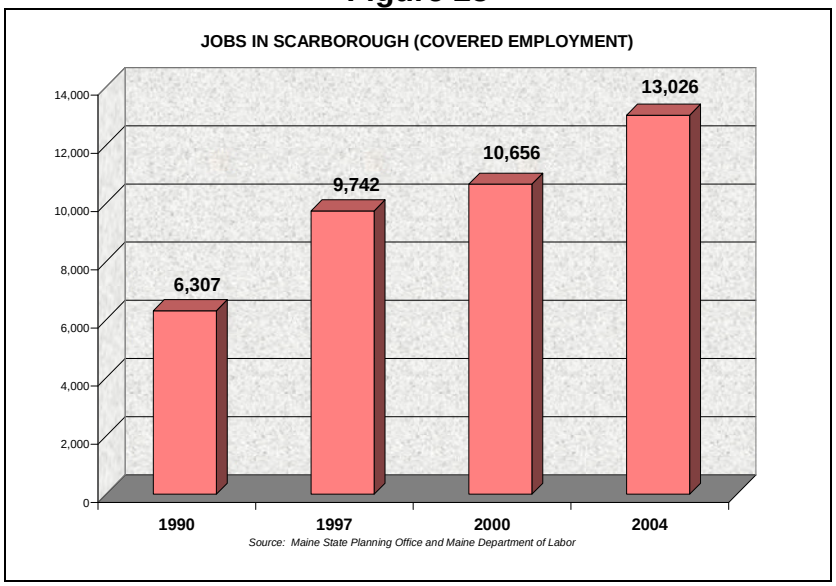
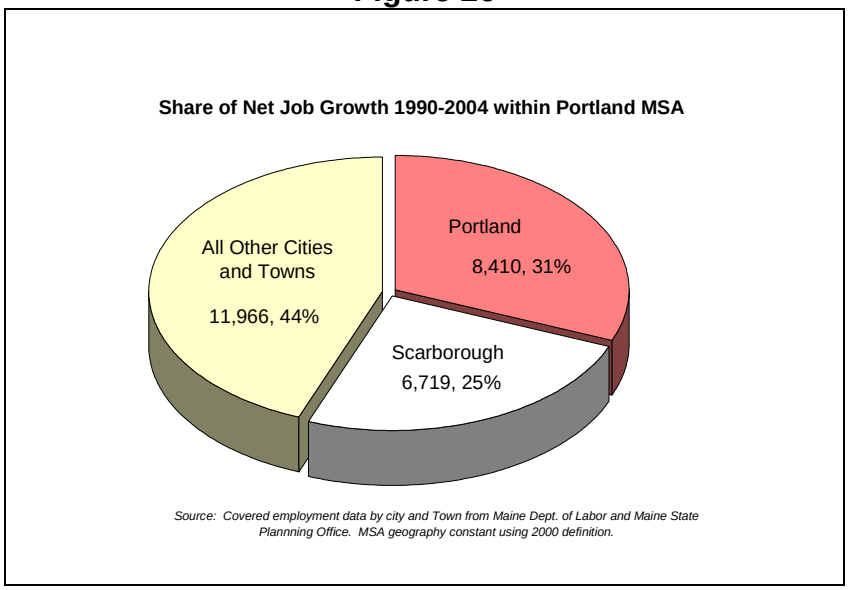


Figure 26



- The largest job growth sectors in Scarborough during the past 20 years have occurred at the opposite ends of the wage scale: retail trade (lower wage) and professional services (higher wage) have represented the major shares of new jobs created locally.

- The major job sectors in Scarborough in 2000 were (as a percent of persons working in Scarborough): retail 25.3%; professional services 18.5%, manufacturing 10.6%, and construction 10.5%.

Figure 27

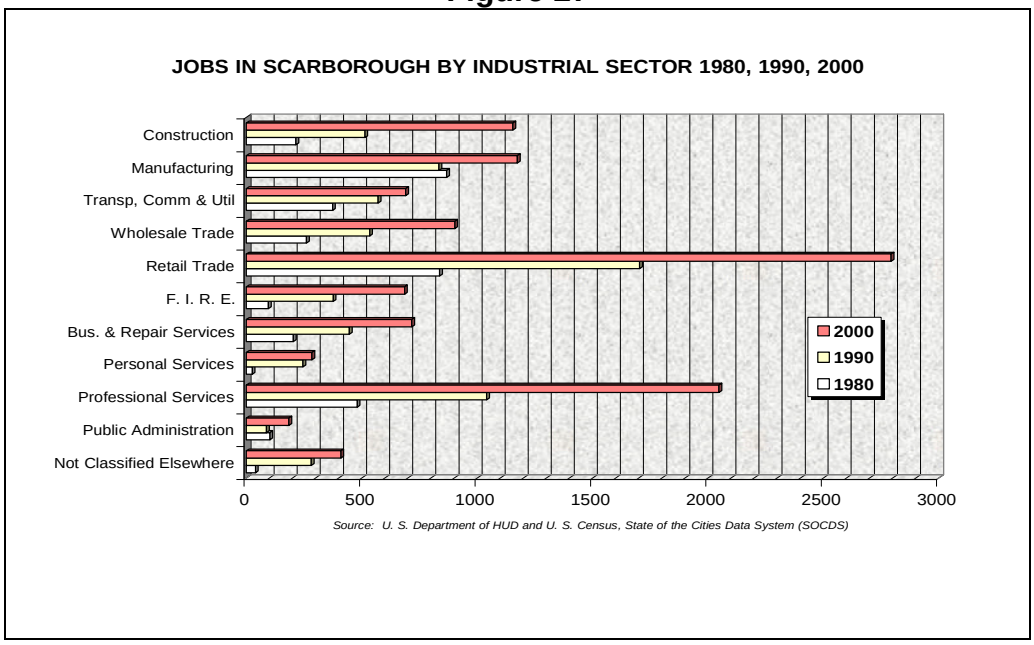
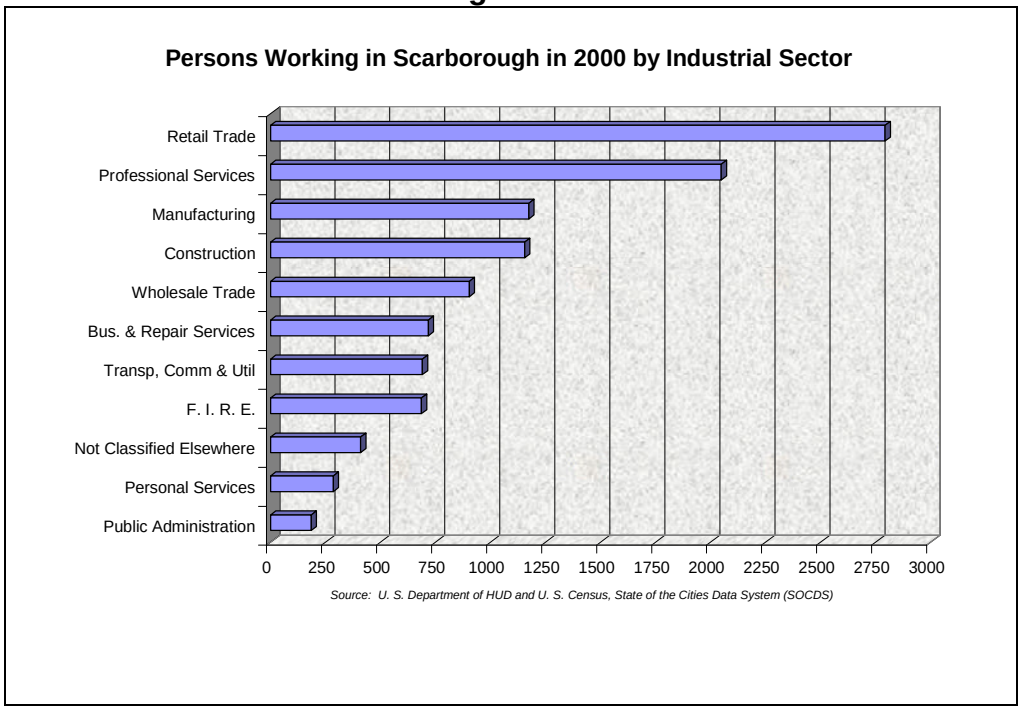


Figure 28



- The next two charts compare the relative concentrations resident employment and local jobs by industrial sector in relation to the Portland MSA.

- Compared to the Portland metro area, a relatively high proportion of Scarborough residents are employed in the finance, insurance and real estate sector.

Table 21
Distribution of Resident Employment by Industrial Sector
Percent of Employed Residents by Industry (SIC Classification) 1970-2000

INDUSTRIAL SECTOR		Portland, ME MSA	Scarborough	Suburbs Total	Ratio of Scarborough Percent to MSA Percent of Employed Residents
Agriculture and Mining	1970	1.5	1.4	1.8	0.93
	1980	1.3	2.1	1.6	1.62
	1990	1.7	2.0	1.8	1.18
	2000**	1.2	1.2	1.2	1.00
Construction	1970	5.7	8.0	6.4	1.40
	1980	5.5	6.0	5.8	1.09
	1990	6.1	4.8	6.7	0.79
	2000**	5.3	4.5	5.7	0.85
Manufacturing	1970	22.3	20.4	25.6	0.91
	1980	18.7	17.3	21.1	0.93
	1990	13.2	12.0	14.6	0.91
	2000**	11.0	10.6	11.8	0.96
Transportation Communication and Public Utilities	1970	7.9	12.0	7.6	1.52
	1980	7.6	7.8	7.8	1.03
	1990	6.3	6.9	6.3	1.10
	2000**	5.6	5.7	5.5	1.02
Wholesale and Retail Trade	1970	24.9	25.1	23.2	1.01
	1980	24.1	28.5	24.1	1.18
	1990	24.7	27.4	24.4	1.11
	2000**	24.6	23.7	24.5	0.96
Finance Insurance and Real Estate	1970	6.9	5.8	6.3	0.84
	1980	8.4	7.7	8.1	0.92
	1990	10.0	12.3	9.9	1.23
	2000**	9.9	14.1	9.9	1.42
Business and Repair Services	1970	2.8	3.3	2.8	1.18
	1980	3.7	4.4	3.6	1.19
	1990	4.3	4.4	4.1	1.02
	2000**	7.3	6.9	6.9	0.95
Personal Services	1970	5.3	3.3	4.5	0.62
	1980	3.9	3.4	3.7	0.87
	1990	4.3	4.7	4.0	1.09
	2000**	6.7	6.1	6.2	0.91
Professional Services	1970	18.0	17.0	17.4	0.94
	1980	22.6	19.2	20.6	0.85
	1990	26.2	22.1	25.1	0.84
	2000**	25.0	23.6	24.7	0.94
Public Administration	1970	4.7	3.7	4.2	0.79
	1980	4.1	3.8	3.7	0.93
	1990	3.2	3.5	3.1	1.09
	2000**	3.4	3.5	3.5	1.03

Source: HUD, Bureau of Census, State of the Cities Data System

** Suburbs total is MSA excluding Portland*

***2000 Data are estimates from Census Bureau; classification system has been changed from SIC to NAICS*

- Construction, wholesale trade and retail trade jobs have a relatively high concentration in Scarborough relative to the Portland metro area.

- The concentration of jobs in the finance, insurance and real estate sectors is relatively low in Scarborough compared to the metro area, and representation in the professional services sector has been increasing.

Table 22
Distribution of Jobs by Industrial Sector
Percent of Workers by SIC Industry in Place of Work

INDUSTRIAL SECTOR		Portland, ME MSA	Scarborough	Suburbs*	Ratio of Scarborough Percent to MSA Percent by Place of Work
Construction	1980	5.0	6.1	6.4	1.22
	1990	6.1	7.7	7.6	1.26
	2000**	5.9	10.5	7.5	1.78
Manufacturing	1980	18.5	24.8	27.4	1.34
	1990	13.2	12.6	17.3	0.95
	2000**	11.4	10.6	13.2	0.93
Transportation	1980	7.6	10.7	4.6	1.41
Communication	1990	6.7	8.6	4.4	1.28
and Public Utilities	2000**	6.3	6.2	4.4	0.98
Wholesale Trade	1980	6.4	7.4	4.7	1.16
	1990	5.7	8.1	5.3	1.42
	2000**	5.7	8.2	5.7	1.44
Retail Trade	1980	18.5	23.9	23.4	1.29
	1990	20.0	25.7	24.9	1.29
	2000**	20.3	25.3	25.1	1.25
Finance	1980	8.9	2.7	3.8	0.30
Insurance	1990	10.2	5.7	6.7	0.56
and Real Estate	2000**	10.3	6.2	7.9	0.60
Business	1980	4.1	5.8	4.0	1.41
and Repair	1990	4.4	6.7	4.2	1.52
Services	2000**	7.8	6.5	6.7	0.83
Personal	1980	3.0	0.7	3.4	0.23
Services	1990	3.1	3.7	3.6	1.19
	2000**	2.7	2.6	2.9	0.96
Professional	1980	22.1	13.7	16.8	0.62
Services	1990	24.9	15.7	20.1	0.63
	2000**	23.4	18.5	20.6	0.79
Public	1980	3.8	2.9	2.8	0.76
Administration	1990	3.0	1.3	2.6	0.43
	2000**	3.1	1.7	2.8	0.55
Not Elsewhere	1980	2.3	1.1	2.8	0.48
Classified	1990	2.7	4.2	3.3	1.56
	2000**	3.0	3.7	3.1	1.23

Source: U. S. Dept. of HUD and U. S. Census, State of the Cities Data System (SOCDS)

4. Local Wages and Supportable Housing Cost

- The average weekly wage for jobs located in Scarborough in 2004 was $737 per week, or about $38,324 per year assuming a 52-week income. This is somewhat higher than the Cumberland County average of $699 per week (about $36,348 per year).

- The average local wage in Scarborough (single earner at $38,000 per year) could typically support the gross rent for an average existing 2-bedroom apartment without an excessive cost burden.

Table 23- Housing Costs Supportable by Local Wages

SCARBOROUGH JOBS IN SELECTED SECTORS - RELATION OF WAGES IN 2004 TO MONTHLY SUPPORTABLE HOUSING COST AND HOME PRICE					Maximum Gross Monthly Housing Cost Supportable at Average Wage		Maximum Home Price Affordable @ 2.75 Times Income	
Industry Group	Industry	Average Employment (1)	Average Weekly Wage (1)	Annualized Income at Indicated Wage	One Worker in Sector In Household	1.5 Workers in Sector in Household	One Worker in Sector In Household	1.5 Workers in Sector in Household
Construction	Construction of Buildings	162	$879	$45,708	$1,143	$1,714	$125,697	$188,546
	Heavy and Civil Engineering Construction	306	$665	$34,580	$865	$1,297	$95,095	$142,643
	Specialty Trade Contractors	767	$762	$39,624	$991	$1,486	$108,966	$163,449
Manufacturing	Food Manufacturing	33	$306	$15,912	$398	$597	$43,758	$65,637
	Wood Product Manufacturing	32	$660	$34,320	$858	$1,287	$94,380	$141,570
	Printing and Related Support Activities	33	$969	$50,388	$1,260	$1,890	$138,567	$207,851
	Chemical Manufacturing	29	$942	$48,984	$1,225	$1,837	$134,706	$202,059
Wholesale Trade	Merchant Wholesalers, Durable Goods	397	$929	$48,308	$1,208	$1,812	$132,847	$199,271
	Merchant Wholesalers, Nondurable Goods	242	$750	$39,000	$975	$1,463	$107,250	$160,875
	Electronic Markets and Agents/Brokers	39	$1,268	$65,936	$1,648	$2,473	$181,324	$271,986
Retail Trade	Motor Vehicle and Parts Dealers	142	$658	$34,216	$855	$1,283	$94,094	$141,141
	Furniture and Home Furnishings Stores	173	$596	$30,992	$775	$1,162	$85,228	$127,842
	Electronics and Appliance Stores	48	$488	$25,376	$634	$952	$69,784	$104,676
	Building Material & Garden Supply Stores	54	$492	$25,584	$640	$959	$70,356	$105,534
	Food and Beverage Stores	458	$364	$18,928	$473	$710	$52,052	$78,078
	Health and Personal Care Stores	30	$686	$35,672	$892	$1,338	$98,098	$147,147
	Gasoline Stations	97	$368	$19,136	$478	$718	$52,624	$78,936
	Sporting Goods/Hobby/Book/Music Stores	101	$271	$14,092	$352	$528	$38,753	$58,130
Transportation and Warehousing	Truck Transportation	460	$867	$45,084	$1,127	$1,691	$123,981	$185,972
	Support Activities for Transportation	3	$540	$28,080	$702	$1,053	$77,220	$115,830
Information	Publishing Industries	67	$663	$34,476	$862	$1,293	$94,809	$142,214
	Telecommunications	37	$734	$38,168	$954	$1,431	$104,962	$157,443
Finance and Insurance	Credit Intermediation & Related Activity	119	$722	$37,544	$939	$1,408	$103,246	$154,869
	Financial Investment & Related Activity	10	$726	$37,752	$944	$1,416	$103,818	$155,727
	Insurance Carriers & Related Activities	242	$935	$48,620	$1,216	$1,823	$133,705	$200,558
Real Estate & Rental and Leasing	Real Estate	134	$726	$37,752	$944	$1,416	$103,818	$155,727
	Rental and Leasing Services	79	$772	$40,144	$1,004	$1,505	$110,396	$165,594
Professional, Scientific and Technical Svcs	Legal Services	22	$704	$36,608	$915	$1,373	$100,672	$151,008
	Accounting and Bookkeeping Services	37	$721	$37,492	$937	$1,406	$103,103	$154,655
	Architectural and Engineering Services	144	$992	$51,584	$1,290	$1,934	$141,856	$212,784
	Specialized Design Services	8	$786	$40,872	$1,022	$1,533	$112,398	$168,597
	Computer Systems Design and Rel Services	111	$1,352	$70,304	$1,758	$2,636	$193,336	$290,004
	Management & Technical Consulting Svc	33	$1,007	$52,364	$1,309	$1,964	$144,001	$216,002
	Advertising and Related Services	179	$397	$20,644	$516	$774	$56,771	$85,157
	Other Professional & Technical Services	61	$697	$36,244	$906	$1,359	$99,671	$149,507
Administrative & Support	Administrative and Support Services	623	$621	$32,292	$807	$1,211	$88,803	$133,205
Education Services	Other Schools and Instruction	11	$362	$18,824	$471	$706	$51,766	$77,649
Health Care & Social Assistance	Ambulatory Health Care Services	1,229	$1,631	$84,812	$2,120	$3,180	$233,233	$349,850
	Nursing and Residential Care Facilities	764	$454	$23,608	$590	$885	$64,922	$97,383
	Social Assistance	478	$351	$18,252	$456	$684	$50,193	$75,290
Arts, Entertainment, Rec.	Amusement, Gambling & Recreation Ind	169	$272	$14,144	$354	$530	$38,896	$58,344
Accommodation and Food Services	Accommodation	267	$331	$17,212	$430	$645	$47,333	$71,000
	Food Services and Drinking Places	472	$213	$11,076	$277	$415	$30,459	$45,689
Other Services Exc. Public Admin.	Repair and Maintenance	142	$700	$36,400	$910	$1,365	$100,100	$150,150
	Personal and Laundry Services	234	$459	$23,868	$597	$895	$65,637	$98,456
	Private Households	33	$465	$24,180	$605	$907	$66,495	$99,743
Subtotal (above catetories) for which data is disclosed		9,311						
Scarborough total/avg	Total, All Industries	13,026	$737	$38,324	$958	$1,437	$105,391	$158,087

(1) Source: Maine Departent of Labor for employment by sector and average weekly wage. Housing budget and affordable price computed by BCM Planning..

- Most of the jobs in Scarborough do not generate sufficient income to support the median local home price home at today's costs, even if we assume an average of 1.5 jobs per household.

- Entry level salaries for Scarborough Town employees end entry level teaching positions are generally between $25,000 and $33,000. If this were the sole income available to a household, the income would support a gross rent of $625 to $825 per month. These rent levels are generally not available in Scarborough.

- At the entry level salaries above, with two working members of a household, a household income of $50,000 to $66,000 could afford market rents in Scarborough if units were available. But households of this income level could not afford homeownership in Scarborough. Homes affordable to these income levels would need to be between $138,000 and $182,000.

5. Housing Demand from Haigis Parkway Buildout

- In 2001, the Town conducted a detailed study of the potential impacts of the future buildout of the Haigis Parkway with over one million square feet of commercial-industrial floor area anticipated over a 20-year period. The study included an assessment of the secondary impact of housing needs induced by expanded employment.

- The table below shows the total housing units needed to support by projected commercial-industrial development (about 1,780 units to support 2,660 jobs). Scarborough's share of this induced housing development would depend on cost, availability, and preference factors. In that analysis, no particular share of this housing growth was allocated to rental housing demand; but 25%-30% of that housing growth could reasonably be allocated to rental development needs.

- The number of housing units needed locally to support this job growth development is shown in the table based on various shares of total housing need generated. The range in shares below is representative of the general range of impacts anticipated in the study.

Table 24
HOUSING IMPACT OF HAIGIS PARKWAY BUILDOUT

Commercial-Industrial Growth and Induced Housing Development *					Scarborough Share - Range			
Development Period	Floor Area (Sq. Ft.)	Sq. Ft. Per Employee	Jobs Created	Housing Units Induced	Town Share @15% (1)	Town Share @20% (1)	Town Share @27.4% (2)	Committee Estimate (3)
Phase 1	178,000	357	499	334	50	67	92	100
Phase 2	380,348	453	840	563	84	113	154	167
Phase 3	557,863	423	1320	884	133	177	242	263
Total	**1,116,211**	**420**	**2,659**	**1,781**	**267**	**357**	**488**	**530**
Avg/Yr (20 Yrs)	55,811	---	133	89	13	18	24	27

** Development assumptions based on report of the Haigis Parkway Committee, August 2001*
(1) Range estimated in Appendix report was similar, based on 13%-19% local share of regional housing growth
(2) In 2000, 27.4% of persons employed in Scarborough lived in Scarborough
(3) Committee estimates used 1990 commuting ratio of 25.7% employed/living in Town and other adjustments

- Overall, the study indicates that: (1) about 67 housing units would be needed in the region for every 100 jobs created in the Parkway; (2) an estimated 162 housing units would be needed in the region for every 100,000 sq. ft. of commercial-industrial development in the Parkway.

- In the table below, an estimated annual wage (based on 2004 data for Scarborough and Cumberland County) is ascribed to each of the major job sectors that were projected for the Parkway buildout. Using the assumptions shown, an average wage job of about $47,000 would be predicted by average wages for similar sectors.

Table 25: Haigis Parkway Jobs by Sector and Estimated Housing Costs Affordable at Typical Local Wages

Use	Jobs	Avg Annual Wage Assumed	Annual Income with 1.5 Persons Working in Sector	Gross Rent Maximum (Assume 1 Worker)	Home Price Supportable (Assume 1.5 Workers)
Office	1,193	$50,000	$75,000	$1,250	$206,250
Manufacturing	405	$50,000	$75,000	$1,250	$206,250
Retail	250	$25,000	$37,500	$625	$103,125
Medical/Biotech	248	$85,000	$127,500	$2,125	$350,625
Banking & Financial	225	$40,000	$60,000	$1,000	$165,000
Restaurant	150	$15,000	$22,500	$375	$61,875
Hotel	98	$20,000	$30,000	$500	$82,500
Distribution	65	$45,000	$67,500	$1,125	$185,625
Day Care	27	$25,000	$37,500	$625	$103,125
Total/Average	2,661	$46,614	$69,921	$1,165	$192,283

Source: Number of jobs by sector from Report of Haigis Parkway Committee, August 2001. Typical wage by sector assigned by Consultant based on 2004 wages by sector for Scarborough reported by Maine Department of Labor (see Table 23).

- An average household supported by 1.5 jobs typical within the development would have a household income of about $70,000 and could afford a home of about $192,000.

- Even with 1.5 to 2 workers per household, about 25%-30% of the jobs would support households that would probably need rental housing rather than ownership.

F. Regional and Local Housing Production Needs

In its Growing Smart Legislative Guidebook, 2002 Edition, the American Planning Association recommends that local housing plans include a consideration of the local government's present and prospective housing needs for all income levels, including its regional fair share of low and moderate income housing, and its capacity to accommodate those needs. Maine has no required "fair share" allocations from which to evaluate this factor directly. However, we can look at the jobs-housing balance in Scarborough, the diversity of its housing stock, household income distribution, and local housing costs as indicators of its capacity to accommodate regional housing needs as well as the needs of those living in Scarborough.

Private sector market studies generally look at regional needs, then estimate whether a particular site of location is capable of attracting parts of that market to achieve a desired sales pace or rent-up period. The municipal share of growth and development is not a fixed percentage, because the development potential of a community may be much different from its historical share of growth. That share will be shaped not only by preferences for certain residential locations and reasonable commuting distance, but also by highway accessibility, availability of land, water and sewer infrastructure, and permitted development density.

1. Historical Growth Based on Permit Data

- The next tables and charts illustrate the relationship between regional and local housing development based on permit data.

- Regionally, the last 10 years have had total housing growth similar to that of the prior decade, but with a much lower level of production in two or more family units.

Table 26
Housing Units Authorized by Building Permit
Portland MSA 1985-2004

Period	Single Family Units	Duplex and Multifamily Units	Total	% Duplex or Multifamily
1985-1994	11,429	3,736	15,165	24.6%
1995-2004	12,071	1,838	13,909	13.2%
Average Annual				
1985-1994	1,143	374	1,517	24.6%
1995-2004	1,207	184	1,391	13.2%

Source: Computed from U. S. Census C-40 permit data as reported by cities and towns

Figure 29

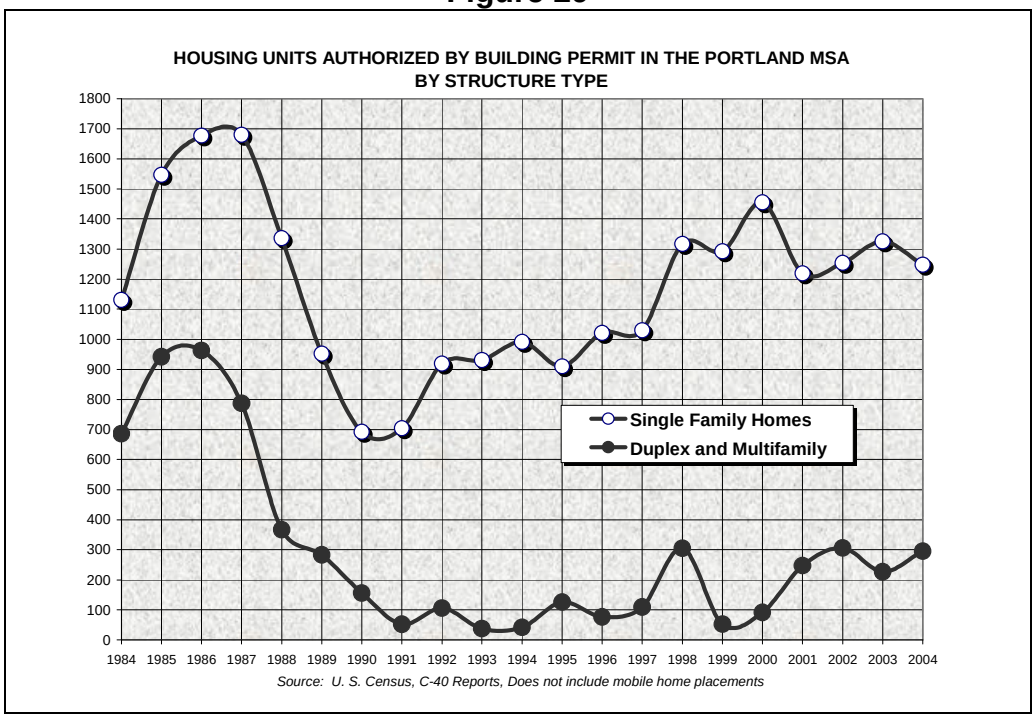


Figure 30

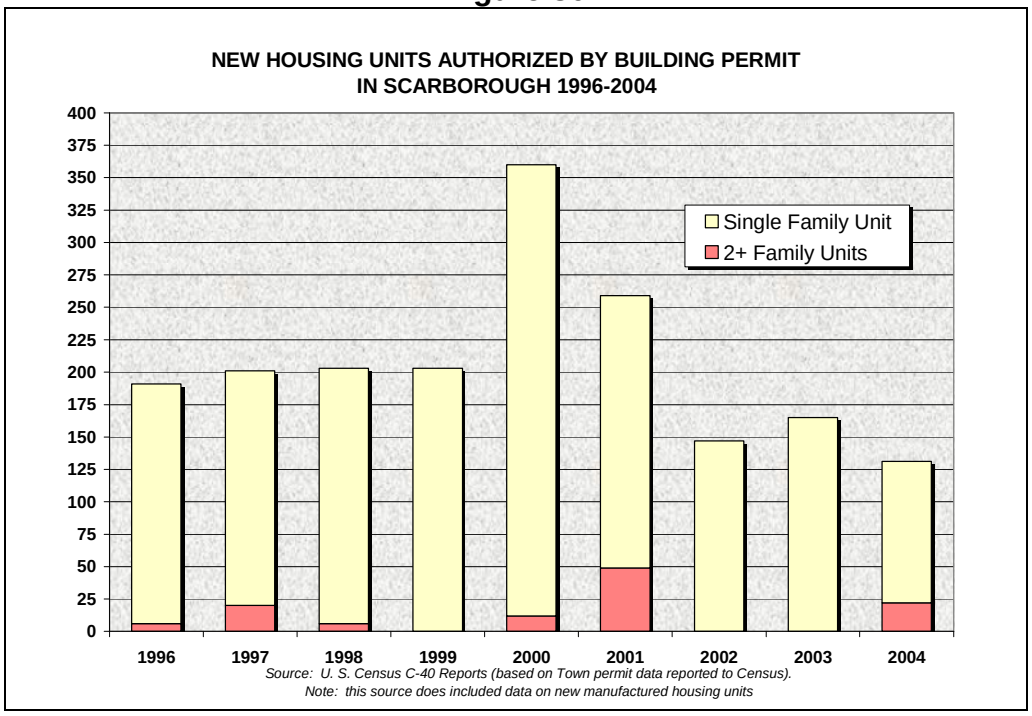
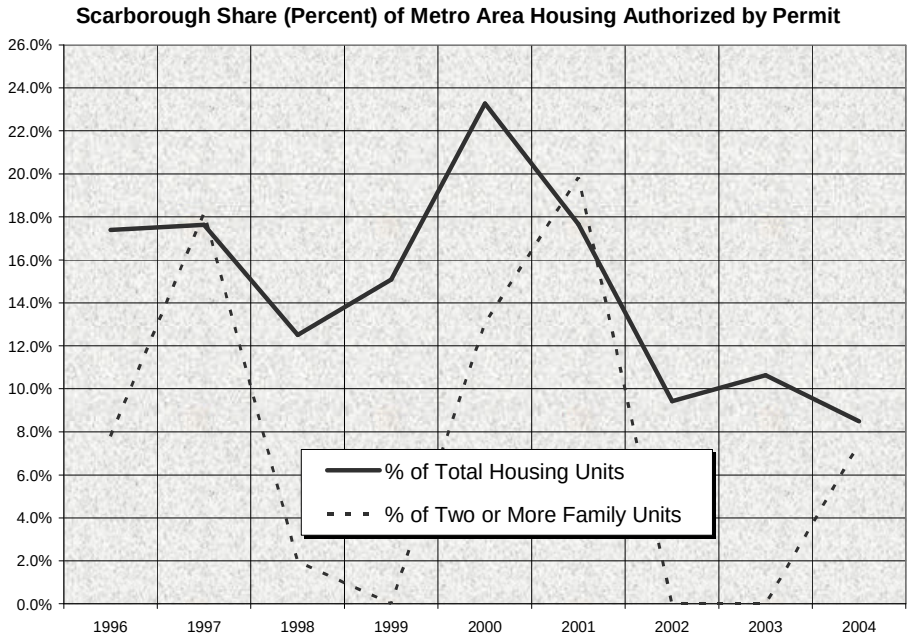
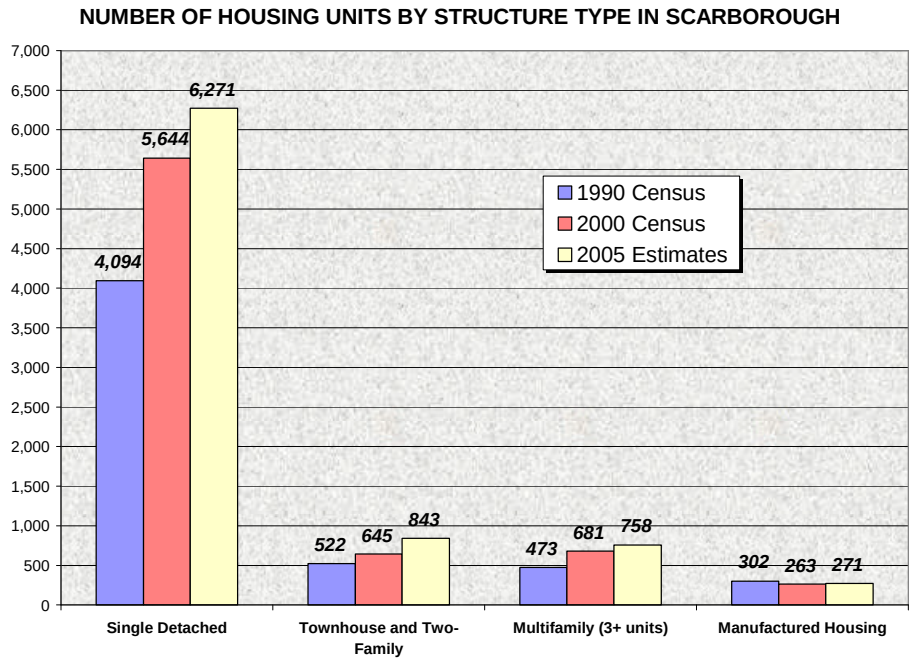


Figure 31
Scarborough Share of Metro Area Housing Development 1996-2004



Source: U. S. Census C-40 permit data

Figure 32



Source: U. S. Census, 1990 and 2000. Estimates for 2005 by the Consultant based on permits issued 2000-2004.

2. Regional Housing Growth 1990-2015

- Based on the housing production model below, and assuming a decline in average household size, population projections for the Portland MSA indicate a need for about 9,300 additional housing units from 2005-2015. If housing tenure remains constant, the area will need about 6,100 homeownership units and 3,200 rental units.

Table 27

HOUSING NEED ESTIMATES BASED ON STATE POPULATION PROJECTIONS HOLDING HOUSING TENURE CONSTANT AT 2000 RATIOS WITH DECLINING HOUSEHOLD SIZE PORTLAND MSA

	1990	2000	2005	2010	2015	2000-2005	2005-2015
	Census	Census	Projection	Projection	Projection		
Population	**221,095**	**243,537**	**252,878**	**262,521**	**271,003**	**9,341**	**18,125**
Living In Group Quarters	5,624	6,667	6,923	7,187	7,419	**256**	**496**
Living in households	215,471	236,870	245,955	255,334	263,584	**9,085**	**17,629**
Average household size	2.49	2.38	2.35	2.33	2.32		
Total Households	**86,621**	**99,706**	**104,576**	**109,672**	**113,614**	**4,870**	**9,038**
Percent Own	63.9%	66.0%	66.0%	66.0%	66.0%		
Percent Rent	36.1%	34.0%	34.0%	34.0%	34.0%		
Total Housing Stock Available to Year Round Households	**90,773**	**102,036**	**108,039**	**113,303**	**117,376**	**6,003**	**9,337**
Ownership Units	56,358	66,246	70,071	73,486	76,127	**3,825**	**6,056**
Occupied	55,384	65,806	69,020	72,383	74,985		
Vacant for Sale	974	440	1,051	1,102	1,142		
Owner Vacancy Rate	1.7%	0.7%	1.5%	1.5%	1.5%		
Rental Units	33,852	35,296	37,427	39,251	40,662	**2,131**	**3,235**
Occupied	31,237	33,900	35,556	37,288	38,629		
Vacant For Rent	2,615	1,396	1,871	1,963	2,033		
Renter Vacancy Rate	7.7%	4.0%	5.0%	5.0%	5.0%		
Other Units Rented or Sold, Awaiting Occupancy	563	494	540	567	587	**46**	**47**
Percent of total non-seasonal	0.6%	0.5%	0.5%	0.5%	0.5%		

Note: Model above is a variation of the template used by Greater Portland COG. Population projections for 2005-2015 are from Maine State Planning Office minor civil division population projections 2005-2020 issued December 2005. Average household size is assumed to decline in proportion to national projected trends. Tenure held constant at 2000 ratios. Desireable vacancy rates of 1.5% are applied to homeownership and 5% to rental housing stock.for 2005-2015 estimates and projections.

3. Scarborough Housing Growth 1990-2015

- Using the same model, the housing production needs in Scarborough are estimated in two scenarios below. The first assumes that ownership and rental tenure remain at their 2000 ratios (81.5% owner and 18.5% renter.)

- The second scenario assumes a gradual rebalancing of tenure by 2015 to achieve 78% owner and 22% renter ratio, which that approaches Scarborough's actual ratios in 1990.

- The second scenario represents a growth pattern in which Scarborough would achieve better balance between its shares of growth in the region's ownership and rental stock during the projection period, and the absorption of a greater share of affordable housing.

Table 28

HOUSING NEED ESTIMATES BASED ON STATE POPULATION PROJECTIONS
TOWN OF SCARBOROUGH
DECREASING HOUSEHOLD SIZE AND TENURE AT 2000 PROPORTIONS

	1990	2000	2005	2010	2015	2000-2005	2005-2015
	Census	Census	Projection	Projection	Projection		
Population	**12,518**	**16,970**	**18,440**	**19,990**	**21,504**	**1,470**	**3,064**
Living In Group Quarters	76	260	283	306	329		
Living in households	12,442	16,710	18,157	19,684	21,175		
Average household size	2.62	2.59	2.56	2.53	2.52		
Total Households	**4,742**	**6,462**	**7,093**	**7,767**	**8,403**	**631**	**1,310**
Percent Own	76.8%	81.5%	81.5%	81.5%	81.5%		
Percent Rent	23.2%	18.5%	18.5%	18.5%	18.5%		
Total Housing Stock Available to Year Round Households	**4,902**	**6,609**	**7,286**	**7,979**	**8,632**	**677**	**1,346**
Ownership Units	3,684	5,318	5,868	6,426	6,952	**550**	**1,084**
Occupied	3,642	5,266	5,780	6,330	6,847		
Vacant for Sale	42	52	88	96	104		
Owner Vacancy Rate	1.1%	1.0%	1.5%	1.5%	1.5%		
Rental Units	1,183	1,265	1,382	1,513	1,637	**117**	**255**
Occupied	1,100	1,196	1,313	1,438	1,555		
Vacant For Rent	83	69	69	76	82		
Renter Vacancy Rate	7.0%	5.5%	5.0%	5.0%	5.0%		
Other Units Rented or Sold, Awaiting Occupancy	35	26	36	40	43	**10**	**7**
Percent of total non-seasonal	0.7%	0.4%	0.5%	0.5%	0.5%		

Note: Model above is a variation of the template used by Greater Portland COG. Population projections for 2005-2015 are from Maine State Planning Office minor civil division population projections 2005-2020 issued December 2005. Average household size is assumed to decline in proportion to national projected trends. Tenure held constant at 2000 ratios. Desireable vacancy rates of 1.5% are applied to homeownership and 5% to rental housing stock.for 2005-2015 estimates and projections.

Table 29

HOUSING NEED ESTIMATES BASED ON STATE POPULATION PROJECTIONS
TOWN OF SCARBOROUGH
DECREASING HOUSEHOLD SIZE, GRADUAL REBALANCE OF RENTAL TENURE

	1990	2000	2005	2010	2015	2000-2005	2005-2015
	Census	Census	Projection	Projection	Projection		
Population	**12,518**	**16,970**	**18,440**	**19,990**	**21,504**	**1,470**	**3,064**
Living In Group Quarters	76	260	283	306	329		
Living in households	12,442	16,710	18,157	19,684	21,175		
Average household size	2.62	2.59	2.56	2.53	2.52		
Total Households	**4,742**	**6,462**	**7,093**	**7,767**	**8,403**	**631**	**1,310**
Percent Own	76.8%	81.5%	81.0%	79.5%	78.0%		
Percent Rent	23.2%	18.5%	19.0%	20.5%	22.0%		
Total Housing Stock Available to Year Round Households	**4,902**	**6,609**	**7,288**	**7,985**	**8,643**	**679**	**1,355**
Ownership Units	3,684	5,318	5,833	6,269	6,654	**515**	**821**
Occupied	3,642	5,266	5,745	6,175	6,554		
Vacant for Sale	42	52	87	94	100		
Owner Vacancy Rate	1.1%	1.0%	1.5%	1.5%	1.5%		
Rental Units	1,183	1,265	1,419	1,676	1,946	**154**	**527**
Occupied	1,100	1,196	1,348	1,592	1,849		
Vacant For Rent	83	69	71	84	97		
Renter Vacancy Rate	7.0%	5.5%	5.0%	5.0%	5.0%		
Other Units Rented or Sold, Awaiting Occupancy	35	26	36	40	43	**10**	**7**
Percent of total non-seasonal	0.7%	0.4%	0.5%	0.5%	0.5%		

Assumptions same as above model, but with Scarborough rental tenure rebalanced (increased rental share approaching 1990 level)

Table 30

HOUSING NEEDED TO SERVE POPULATION GROWTH - METRO AREA

TENURE AT 2000 RATIO	2000-2005	2005-2015	AVERAGE ANNUAL UNITS 2000-2015
TOTAL	6,003	9,337	1,023
OWNER	3,855	6,086	663
RENTER	2,148	3,251	360

HOUSING NEEDED TO SERVE POPULATION GROWTH - SCARBOROUGH

TENURE AT 2000 RATIO	2000-2005	2005-2015	AVERAGE ANNUAL UNITS 2000-2015
TOTAL	678	1,345	135
OWNER	559	1,089	110
RENTER	119	256	25
REBALANCE RENTAL TENURE			
TOTAL	679	1,355	136
OWNER	523	825	90
RENTER	156	530	46

SCARBOROUGH AS SHARE OF MSA GROWTH

TENURE AT 2000 RATIO	2000-2005	2005-2015	AVERAGE ANNUAL UNITS 2000-2015
TOTAL	11.3%	14.4%	13.2%
OWNER	14.5%	17.9%	16.6%
RENTER	5.5%	7.9%	6.9%
REBALANCE RENTAL TENURE			
TOTAL	11.3%	14.5%	13.3%
OWNER	13.6%	13.6%	13.6%
RENTER	7.3%	16.3%	12.7%

Source: Results of model assumptions used in Tables 27-29

- The average annual pace of total housing production needed in Scarborough at its projected population is about 135-140 housing units per year for the period 2000 to 2015.

- At a constant tenure ratio, the average annual growth in the local rental stock would need to average at least 25 units per year from 2000-2015 in Scarborough (results in no change in the rental/ownership balance).

- A rebalancing of owner-renter ratios in Scarborough would allow for average annual development of about 45-50 rental units per year (increased share of regional rental housing and improved affordability). This rebalancing would require that about 30% of new housing be oriented toward rental housing development.

4. Scarborough Household Growth by Age Group

- The context of housing growth is affected by age shifts in the population. The chart and table below provide estimates of the growth in households by age for 2000-2005 and 2005 to 2010.

- The data suggest that there will be small but renewed growth among the youngest households (age under 25), and a decline in the households age 25-44 that typically spur first-time and early move-up housing demand.

- Predominant growth is projected in the empty nester and pre-retirement age groups from age 45 to 64.

- The number of households age 65 and older is expected to grow by about 22% over the next five years (2005-2010).

Figure 33

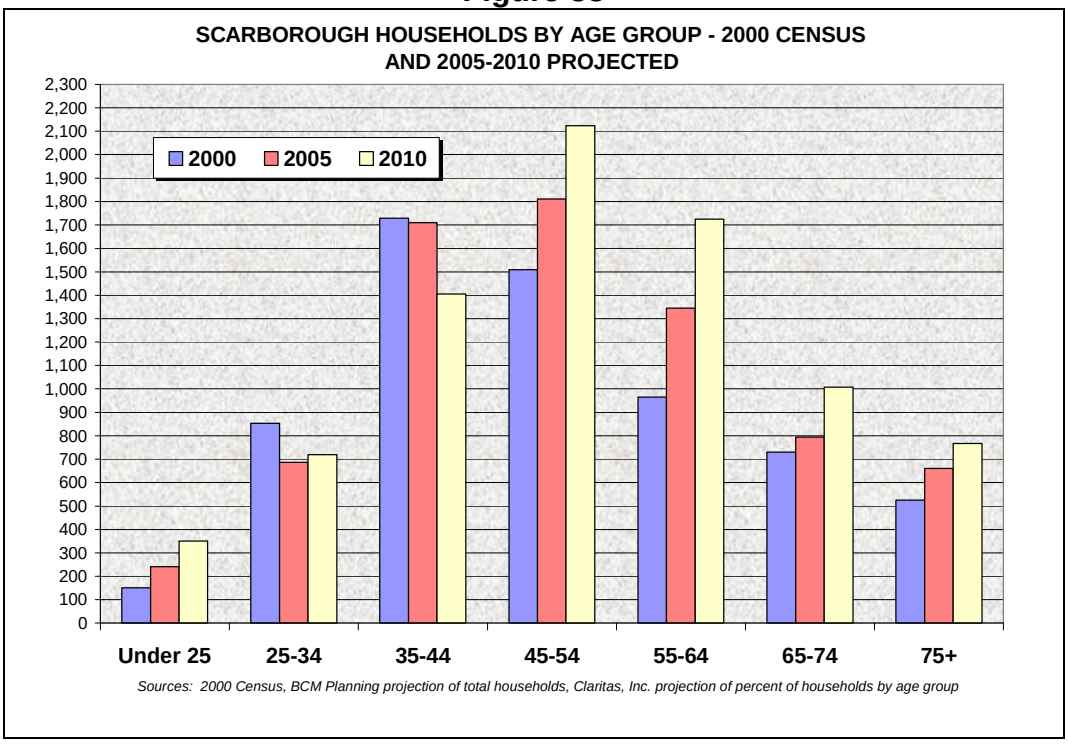


Table 31

SCARBROUGH HOUSEHOLDS BY AGE OF HEAD (CENSUS AND PROJECTED)

Year	Under 25	25-34	35-44	45-54	55-64	65-74	75+	Total
2000	151	853	1,729	1,509	965	730	525	6,462
2005	241	686	1,710	1,811	1,345	794	660	7,247
2010	350	719	1,405	2,124	1,725	1,008	768	8,099
Change 2000 to 2005	90	(167)	(19)	302	380	64	135	785
Change 2005 to 2010	109	33	(305)	313	380	214	108	853

Source: 2000 data from Census; 2005 and 2010 data are projections by Claritas, Inc.

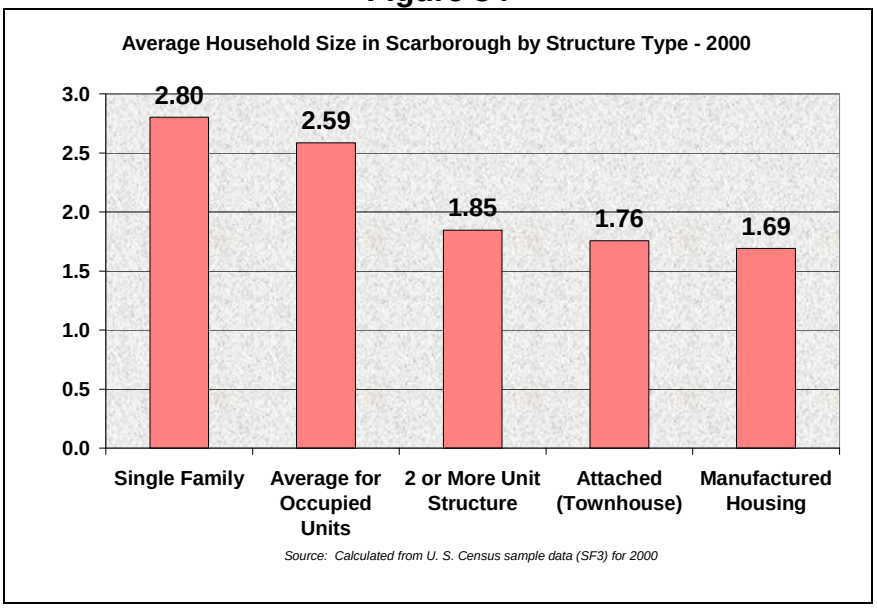
5. Housing Balance and Fiscal Impact

Communities and market areas need a diversity of housing prices and products to support local and regional workforce needs, economic growth and the taxable value it brings. Seniors, whose housing needs are changing, may also need alternatives to single family home ownership. Several general principles are important in balancing housing and economic goals:

> (1) The housing alternatives in a larger city or town should be as diverse as the needs created by the labor force that supports the community's economic base. Affordable workforce housing is a necessary component to support a functioning economy.
>
> (2) Larger communities, especially those hosting significant job growth, need a mix of housing types to support labor force expansion. The potentially negative fiscal impact of one type of development can be offset by the positive impact of another where there is a good community-wide balance between economic development and housing.
>
> (3) Individual housing needs change during our lifetimes. Those who are entering the workforce for the first time need rental housing. Younger, more established households may need smaller single family homes or townhouses to get a foothold in the ownership market. Later in life the same household may need more accessible, smaller scale retirement housing.

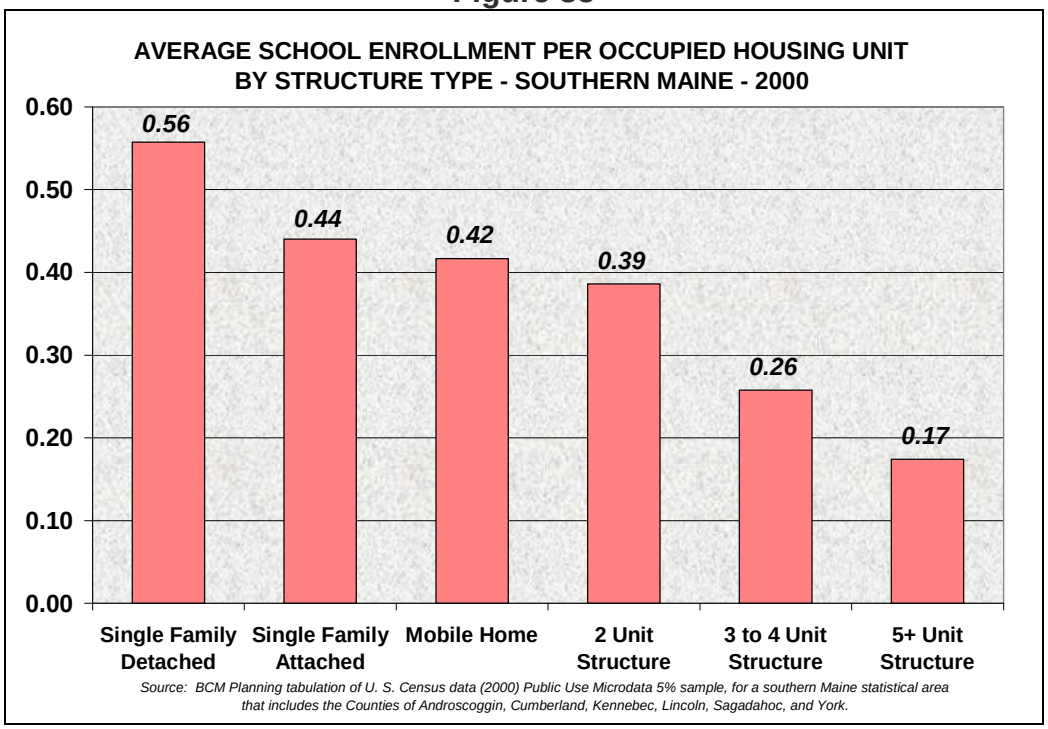
Many communities base their land use policies on the assumption that limiting the diversity of housing alternatives through an exclusive focus on single family homes will promote a better fiscal balance or help avoid school enrollment impacts. In fact, the average household occupying single family detached housing generates significantly more population and school enrollment than other types of units. In 2000, the average household size in Scarborough was 2.80 among households occupying single family detached units, but only 1.76 per unit in townhouses and 1.85 persons per unit in 2 or more unit structures.

Figure 34



Similarly, average school enrollment in attached and multifamily housing is considerably lower per unit than in single family detached housing. Census data for Southern Maine (see Figure 35 below) indicates that the average occupied single family home in 2000 had 0.56 pupils, while two unit structures had 0.39 pupils per unit, 3 to 4 unit structures had 0.26 per unit and five or more unit structures averaged only 0.17 pupils per unit.

Figure 35



Local studies prepared for the Scarborough Growth and Services Committee in 1999-2000 contained similar findings. In Scarborough, estimated enrollment impacts per housing unit were estimated at 0.78 pupils per unit for single family homes built 1990 or later, 0.35 pupils per unit for multifamily complexes built 1970 or later, and 0.05 per unit in condos and luxury apartments built 1980 or later. [7]

While the series of studies found that the average net fiscal impact[8] of single family and non-luxury multifamily units was negative, the net dollar impact of multifamily housing per unit was virtually the same as that of a single family home. From a school enrollment or net fiscal impact standpoint, there is little basis for favoring single family housing development over the more affordable forms of housing in townhouse or multifamily construction.

[7] See the fiscal impact appendices to the Report of the Growth and Services Committee to the Scarborough Town Council, April 2000.

[8] Net fiscal impact is the relationship between average annual local government costs and revenues associated with a particular unit of development

PART 2: REVIEW OF ZONING AND GROWTH MANAGEMENT ORDINANCES

This part of the needs assessment presents a summary of a review of the zoning and growth management ordinances in Scarborough with respect to the potential barriers or opportunities that they represent with respect to affordable housing.

A. Relevant Policies in the Scarborough Comprehensive Plan (1994)

The Comprehensive Plan is a foundation document for the development of regulations to implement its policies. A new Comprehensive Plan is in the process of being drafted. The policies referenced below pertain to the currently adopted Plan from 1994. The 1994 Comprehensive Plan envisioned a number of changes relating to land use and affordable housing, summarized below. In some cases, the policy statements in the Plan have been paraphrased or further interpreted in the summary below.

1. Land Use Policies

The future land use patterns envisioned by the Plan call a significant share of residential (and commercial) growth to occur in "village compacts". Land use recommendations included:

- Considering extension of Town and Village Center (TVC) zoning to a greater area of Oak Hill.

- Removing existing barriers to small scale multifamily development, such as the 5 acre minimum lot size in the TVC and R4 districts. (The 5-acre minimum has been removed for multifamily units within commercial developments in the TVC districts).

- Establishing provisions for bonus density for planned unit developments on larger (e.g., 10 ac+) sites that are designed in a traditional village format with densities of one unit per 7,500 to 10,000 square feet (this is equivalent to 4.3 to 5.8 units per net acre).

- Suburban residential districts with existing or potential access to public sewer in the R2 and R3 districts should have densities that are *at least* 50% higher than the current provisions (1 unit per 20,000 square feet (R2) and 1 unit per 15,000 (R3). (Effectively this would mean increasing density from about 2.2 to 3.3 units per net acre in R2 and from 2.9 to 4.3 units per net acre in R3.) The Plan implies that these increases in density are the *minimum increases* that should be considered.

- Suburban residential districts without access to public sewer should have densities that reflect the lot size minimums of 20,000 to 40,000 square feet recommended in the State Plumbing Code.

2. Housing Policies

- The Plan calls for addressing at a minimum the State goal of achieving a level of at least 10% of new residential development meeting the definition of affordable housing. [9]

- Incentives to achieve this goal should include meaningful density bonus incentives that would allow *at least* 20% of all units to be affordable, with options including construction of affordable units on site, an equivalent number of units constructed elsewhere in Town, or through contributions to an affordable housing trust fund. The provisions should also allow for a mix of housing types in affordable developments that use the incentive, and the developments should include mechanisms to ensure long term affordability, such as affordable housing covenants.

- Apartments should be allowed in the B-1 and TVC districts in the vicinity of Route 1 without a 5-acre minimum site requirement. (Since the Plan was adopted, the 5-acre minimum has been removed from the TVC district, but apartments are still not allowed at all in the B-1 district under current zoning.)

- The Comprehensive Plan recommended a policy of allowing accessory apartments by right, and the expansion of existing manufactured housing opportunities through contract zoning. Since adoption of the Plan, provisions have been added to the zoning ordinance that allows accessory units by special exception from the ZBA subject to performance standards. A major expansion for up to 175 units at Hillcrest (manufactured housing, an age-restricted community) has been approved using contract zone provisions.

- The Town should encourage the efforts of the Scarborough Housing Alliance as it works to develop and finance affordable housing projects. Based on the recommended policy statement, the Town Council looks to the SHA for recommendations on making housing available to all income levels from very low income to moderate income, and to identify barriers and priorities for action in this regard.

B. Affordable Housing Definition (Zoning Ordinance)

The Scarborough Zoning Ordinance defines "affordable housing" by reference to MRSA 30-A: §5002 and the Affordable Housing Definition Rule of the Maine State Planning Office. These sources define affordability based on gross housing cost ratios of not more than 28-33% of household income. Renter housing costs include contract rent plus utilities, and owner costs[10] including principal, interest, taxes and insurance (PITI) plus utilities. "Lower income" means income up to 80% of the area median family income (AMFI), and "moderate income" includes households from 80% to 150% of AMFI. The Affordable Housing Definition rule refers to the U. S. Department of HUD area median family income schedules as the standard for income, and allows (but does not require) that income thresholds may incorporate *adjustments for family size*.

[9] In the context of meeting State goals within local Comprehensive Plans, "affordable housing" means that which is affordable to households earning less than 80% of the area median family income.

[10] In some affordability definitions, monthly costs also include monthly site rent for manufactured housing parks, and association fees for condominium owners.

Based on these reference definitions:

- Lower income is < or = 80% of AMFI
  - Very low income is < or = 50% of AMFI
  - Low income > 50 and <=-80% of AMFI

  The above are consistent with federal definitions)

- Moderate income is >80 % but < or = 150% of AMFI
  - (State-defined and not a HUD definition)

(See Table 16 in Part 1 of this report for more detail on area income levels by household size.)

The 150% of AMFI maximum income in the "moderate income" definition provides much flexibility in determining affordability. In Maine Affordable Housing TIF districts, and most affordable homeownership programs, the highest income beneficiaries are generally at or below 120% of AMFI.

The HUD income schedule assign an estimated median family income for the area (Portland MSA or current metro area definition) to a family of four persons, then adjusts the maximum up or down based on persons in the household. While the unadjusted HUD AMFI reflects a family of four, actual average family size is three persons (typical of homeowner households) and the average renter household has two persons. For federal program purposes (Section 8 and tax credit housing), income is always adjusted for household size to determine eligibility for benefits.

In the Scarborough Zoning Ordinance, provisions in the Dunstan Village Residential district (DVR) and the Traditional Neighborhood District (TND) overlay allow density bonuses for affordable housing per the above definition. The provisions make no distinction between the various levels of income to be served by affordable units *within* the "low to moderate" income levels. Therefore these bonuses could be conferred on a development that provides the minimum required percentage of affordable units whether those units are affordable to very low income households (up to 50% of AMFI) or to moderate income households (up to 150% of AMFI.)

There is no requirement in the zoning ordinance provisions that would target income levels to be adjusted to reflect typical household size. Based on 2005 income levels (defined at the family of four level) affordable housing bonuses could be awarded for housing that serves households up to an income level of $96,600 (150% of AMFI, family of four). At this income level, monthly gross rent or monthly owner costs could be as high as $2,415 per month and still be considered sufficiently affordable to qualify for the density bonuses.

For the following example, assume that the test of affordable homeownership is based on the four-person AMFI per HUD's 2005 income schedules. Given reasonable allowances for utility costs, taxes and insurance, and the monthly cost of a 25-30 year mortgage at 6% interest, a home price of about $311,000 could meet the minimum "affordability" test of the current zoning ordinance and its definitions. If a subsidized mortgage rate were available, the qualifying price could be even higher. If conventional interest rates increase to 7%, the affordable unit price level would be about $284,000. (These price levels are based on my model estimates using 30% housing payment ratio for PITI and utilities).

The same density bonus benefits would be available to a development that provided affordable housing to very low income households at the 50% of AMFI level. A monthly rent affordable to a 2-person very low income household would need to have a gross rent of $644 per month to be affordable to a typical renter of this income level. The current provisions provide no reward or proportionate incentive to the developer for penetrating into the more needy part of the market, and it seems questionable whether an affordable housing objective is really achieved with homes priced at or even above $300,000.

A second issue is that neither the definitions nor the affordable housing bonus density provisions specify how long the units must remain affordable to the target income group. Without such a condition, one could obtain the benefit of the density bonuses based solely on the initial pricing and rent structure. In the Comprehensive Plan, the recommended policy on affordability incentives is that mechanisms such as affordable housing covenants be used in order to enforce *long-term* affordability. Long-term affordability requirements (typically, 15 to 99 years, and some "in perpetuity") are part of most inclusionary zoning provisions.

Observations:

- The statutory definition of "affordable housing" adopted by reference in the zoning ordinance provides only for upper limits on income. This provides a great deal of flexibility by establishing a high ceiling on "moderate income", which could translate into "affordable" prices and rents too high to provide cost relief to those who need it. If the definition remains as is, the Town should probably adopt more specific limitations on incomes for "qualifying affordable housing developments" that receive density bonuses or other regulatory trade-offs or incentives for inclusion of affordable housing.

- Conditions for awarding density bonuses probably should include provisions that keep the ceiling on "affordable" at not more than 80% of AMFI for rental, and not more than 120% of AMFI for homeownership units, preferably using an adjustment for household size or based on a maximum household size assumption.

- Some inclusionary housing ordinances require that the affordable units must penetrate below the maximum income levels that apply to low and moderate income ranges. For example, if the maximum affordable rent level is set at 80% of AMFI, an inclusionary housing provision might require that at least "x" percent of affordable units serve households under 50% of AMFI, or that the average rent of affordable units be no higher than the rent affordable at 65% of AMFI. For affordable ownership units, the income ceiling might 120% of AMFI, but performance could include achieving an average price within the moderate income group that is affordable at 100% of AMFI.

- Proportionately higher bonuses should be available where greater percentages of units are provided for very low and lower income households (higher penetration of lower income needs). Otherwise, any development meeting the minimum conditions would qualify for the same incentive benefits.

- There is a need to examine the underlying permitted densities that provide the "base" from which bonus density is calculated. If the base density is too low, the bonuses created are relatively small and are probably not sufficient to create incentives for inclusion of affordable units. If existing baseline densities are retained, then bonus densities for affordable housing projects will need to be much higher.

- There should be provisions that require *long term* affordability benefits using mechanisms to preserve affordability to low to moderate income will be maintained over time (affordability covenants, conditions of financing, cooperative arrangements with Town or local housing authority, etc.) Otherwise, the Town may trade off permanent density concessions for a temporary affordability benefit.

C. Density Bonus Provisions for Affordable Housing

The Town has approved two zoning districts (one is an overlay district) that contain provisions intended to support the inclusion of The Town is currently working with two developers on the actual price or rent levels that constitute the affordable housing to be created at each site. These provisions are an important and progressive step on the part of the developers and the Town to pursue inclusionary, affordable housing in new developments. This section reviews the ordinance provisions for the two districts in the context of current definitions and allowable density bonuses.

Existing Provisions in Scarborough

In the Dunstan Village Residential (DVR) district, the total number of dwelling units can be increased by 10% of the base number allowed where at least 40% of the additional units are designated as affordable housing. (This does not including other density benefits awarded based on open space/TDR). The provision also requires that a mix of affordable rental and homeownership units shall be provided. The DVR district allows minimum single family lots as small as 5,000 square feet in sewered areas (minimum of 7,500 for duplex and 15,000 square foot lot for multiplex) with overall density limited to 2 units per net acre. A significant feature of the DVR is the reduction in front-yard setback requirements, which allows for more flexible siting of buildings, allowing for a more "village" oriented streetscape.

The total number of units may be increased by 10% using the bonus provisions. Forty percent (40%) of the additional units enabled by the bonus provisions must be affordable. Adherence to this minimum requirement would mean that less than 4% of the total units created under this provision would be need to be affordable. For simplicity, assume that the inclusionary provisions were applied to a similar development that under normal zoning could provide 100 units:

100 units possible using standard density
10 additional units allowed (10%)
110 total units authorized with affordability provisions
4 minimum number of units affordable (40% of "additional" units)
3.6% of total units (minimum) affordable

The DVR district allows for other density bonuses of up to 10% of base allowable units using transferable development credits, and another 10% based on a contribution of funds for land conservation within the district at the rate of $17,000 per additional ("bonus") dwelling unit. None of these additional bonus units are required to be affordable housing.

In the Traditional Neighborhood Development (TND) overlay district, 33% of any units *in excess of 4* per net residential acre (the underlying base density) shall be designated as affordable housing if the developer wishes to increase density to the maximum allowed under the bonus provisions (5 units per net acre). This represents a 25% density bonus (1.25 x 4 units = 5) for

inclusion of affordable housing. The TND does not have specific provisions allowing the reduced minimum front yard setbacks that are incorporated into the DVR district.

The TND provisions state that a mix of affordable rental and homeownership units should be provided. The TND provision can be applied only within the R4 District (extremely limited in land area) and a minimum site of 25 acres is required to utilize the provisions. Applied to a development with a baseline capability for 100 units, the bonus provisions would allow:

100 units possible using standard density (4/net acre; 25 net usable acres).
125 total allowable at 5/net acre with bonus
25 "bonus units" allowed, of which 33% must be affordable
8 minimum number of affordable units required
6.4% (minimum) percentage of total units affordable under bonus provisions

The 10% density bonus in the DVR leverages about 4% of total units as affordable housing, and the TND bonus of 25% requires that 6% of the units be affordable. Similar provisions, if applied to other new development, would not leverage very much affordable housing, especially if the development were to qualify for the bonus provisions by providing moderate income housing at the top of the allowable income range. The affordability requirements apply *only to the incremental units created* by the bonus provisions, and not *to the entire development*. The effectiveness of the bonus densities in both the DVR and TND districts may be limited by baseline densities that are too low.

Inclusionary Housing and Density Bonuses

There are two basic forms of "inclusionary" zoning provisions for affordable housing: voluntary (incentive provisions, including a density bonus) and mandatory inclusion. Nationally, mandatory inclusionary zoning provisions typically require set-asides are in the 10-15% range. Voluntary provisions may target higher proportions of up to 25%, but are often based on financial incentives in addition to increased density. In general, mandatory provisions can be expected to create minimum compliance with the ordinance requirements; additional incentives are likely to be needed to assure penetration, and to leverage a greater number of low to moderate income units.

Mandatory inclusionary housing provisions have been used primarily in larger cities in the U. S. and in states where regulatory jurisdictions are regional (a county government regulating development across a large market area) or where there are strong top-down directives (state-regional-local) that require affordable housing production. In some states these policies go so far as to mandate local performance in affordable housing production. Some states also provide financial assistance to help create the required housing. The statutory structure in states where mandatory provisions are used may be different from that of Maine. Before pursuing a mandatory approach, Scarborough should verify that there is clear legal authority in Maine to support broad *mandatory* rather than *discretionary* provisions *(voluntary, incentive)* and that mandatory provisions would be consistent with the Comprehensive Plan (which calls for incentives) before pursuing a similar approach.

Cape Elizabeth adopted mandatory inclusionary provisions for affordable housing (1991) that apply to all major subdivisions (5 lots or more), requiring a set aside of 10% of homes affordable to buyers of moderate income, or 5% to buyers of low income. In that ordinance, "affordable" means an ownership unit that could be purchased by low and moderate income buyers at income levels that may be established by the State Planning Office or by the Greater Portland

COG. The ordinance provisions allow bonus units for creating more than the minimum number of affordable lots or units, with reduced lot sizes applied to the bonus units. While in-lieu fees or off-site affordable housing development may be used as an alternative means of achieving affordability objectives, the Town Planner reports that no applicants have used these provisions to date. Most affected developments are opting for the standard "5% low income" alternative.

Cumberland has a zoning provision that allows affordable clustered single family housing developments to be created by contract zoning in any residential district where the development has access to public water and sewer. However, its zoning ordinance does not indicate what percentage of units must be affordable (presumably this would be negotiated as part of the contract provisions). The zoning ordinance defines affordable housing as that which falls within guidelines to be established by the Town Council. The lack of specific guidelines for what constitutes "affordable" has led to some confusion over what "affordable" is with respect to the contract zoning ordinance provisions.

In order to achieve Comprehensive Plan objectives for new affordable housing (20% of new housing), it is likely that a combination of inclusionary zoning provisions, significantly increased density allowances, and financial incentives will need to be applied so that housing needs can be meaningfully addressed in ownership and rental housing. National experience suggests that mandatory inclusionary provisions are more effective in producing affordable housing. In part this may be because the typical inclusionary provisions of voluntary programs do not provide enough incentive to offset more the lucrative development opportunities presented by a tight housing market. Under a discretionary program, base density and/or bonus provisions will need to be much higher in Scarborough to create incentives for affordable housing development.

Observations:

- The "affordability" definition in the current zoning ordinance could allow affordable price/rent to float to income levels as high as 150% of AMFI. At this income level, a home could be priced at over $300,000 and still qualify as an affordable unit under the ordinance. There is no market penetration required by the regulations, nor are there clear requirements on the longevity of affordability benefits.

- A 25-acre minimum is required for use of the TND provisions to encourage a master-planned traditional neighborhood. Smaller sites might also benefit from inclusionary housing provisions. For example, a 10-acre site could support 50 units with the bonus provisions, which is still a sizable development. High minimum acreage thresholds could limit affordability incentives to large projects only.

- Bonus density provisions for affordable housing in inclusionary zoning provisions are typically applied as a percentage of the *total* units in a development. In the Scarborough Comprehensive Plan, one of the housing goals is to create affordability incentives for sewered areas using a "meaningful density bonus" under which at least 20% of the housing would be affordable, with options to construct the affordable units on site, elsewhere in town, or to be supported by funds contributed by the development to a housing trust fund.

- If the underlying permitted base density itself is too low, the percentage bonuses may not be very effective in producing a significant number of affordable housing units.

- At 4 units per net acre (or 5 under the TND) the density maximums are especially low with respect to support of townhouse or apartment housing on sewered lots. For townhouses, density of 8 units per net acre may be more appropriate. In some other large Maine communities, the maximum density in residential growth areas served by water and sewer (and in which multifamily housing is allowed) are in the 10-12 units per acre range, and higher nearer the urban centers (20 units or more per acre). (The building footprint per unit is less due to smaller units and multi-story dwellings). These higher density levels might be used as incentives for compact developments that participate in producing affordable housing.

- If density provisions are not supportive of typical apartment developments, it will be difficult to create the most affordable forms of housing for young workers or for seniors. In addition, the multifamily "apartment" housing supported by higher densities could also provide a source of lower cost ownership in the form of garden-style condominiums (flats) that may appeal to both of those markets in the future.

- In some communities using inclusionary zoning bonus provisions, other incentives may be applied in addition to density bonuses, to leverage affordable housing including:

    - Waiver of application, building permit or impact fees for affordable units
    - Increased building height
    - Exemption of affordable housing units from growth limits
    - Municipal participation in land and/or infrastructure costs for inclusionary projects
    - Use of Affordable Housing TIF Districts to fund infrastructure costs
    - Provisions allowing inclusionary affordable units to be constructed off-site
    - Options allowing payments in lieu of affordable housing construction

D. Limits to Multifamily Development

The terms "multifamily" and "apartment" are not found in the zoning ordinance definitions, or in the lists of permitted uses authorized in the various zoning districts. The term "multiplex" is defined and used in the list of permitted uses. The term "townhouse" is defined, but is used only in the DVR district provisions. A townhouse is defined as an attached one-family dwelling in a row of at least three such units separated by party walls; no unit can be located over another unit. The "multiplex" is the only type of housing with than two units per building that is permitted under the ordinance. The multiplex is permitted only in the R-3, R-4 and R-4A districts, in the DVR, and on the fringe of the RPO district. It is a permitted use in the TVC district only within a non-residential building. A maximum density of just over 3 units per net acre (sewered) could be achieved in R3 and just over 4 units per net acre (sewered) in R4 or R4A (or up to 5 in a TND overlay).

The "multiplex" is defined by the zoning ordinance as an *attached dwelling* of no more than 8 dwelling units which may be in any configuration. If there is more than one multiplex on a lot, the structure may not have more than 6 dwelling units. The zoning ordinance then defines an *attached dwelling* (see "dwelling, attached" in the definitions) as having two or more *party walls* or one party wall in the case of a dwelling unit at the end of a group of attached dwellings. A *party wall* is defined in the zoning ordinance as a fireproof wall separating two buildings and structurally common to both. The permitted uses in the zoning ordinance do not include any other types of multifamily structures (such as multi-story apartments). The current set of

definitions limits all "multifamily" development to the "multiplex" form (attached housing). Yet some multi-level apartments have been developed in Scarborough.

Observations

- In combination, the definitions, the list of permitted uses, limitations of 6-8 units per building, and the maximum density in districts that allow "multiplex" units creates the impression that the zoning ordinance was intended to exclude multifamily apartments in favor of townhouse styles of construction.

- The zoning ordinance definitions relative to multifamily apartment-type housing should be amended to be distinct from the townhouse definition, with opportunities for higher density multifamily development provided. While limiting townhouse or attached units to 6-8 units per building may be reasonable, such a limit is not appropriate to multi-level apartment buildings that are more typically 24-30 units per building.

- The potential for apartment style multifamily housing is further limited by the very limited land supply in the R3, R4 or R4-A districts (unless a TND overlay is used, which allows the approved development to operate within R4 general requirements.) According to the Town's buildout analysis (2000) the R3, R4 and R4A districts contained a total of 68 acres of vacant buildable land (excluding partially built lots), which constituted only 1.7% of the vacant, buildable residential land in Scarborough.

- The TVC district is intended to create a village center of primarily business uses, presumably at densities to accommodate compact development. In parts of the TVC other than along Route 1, single family and duplex housing is permitted, but multifamily is allowed only within a mixed-use structure. It would seem that multifamily housing could be equally or more compatible with a village center business district than single and two-family homes.

E. Growth Management Ordinance Limitations

Based on projected housing development needs, the Town should be able to support a reasonable share of the metro area's housing growth under the overall limitation of 135 growth permits a year. A growth permit for multiplex housing may include up to 8 units per growth permit; elderly housing growth permits may include up to 4 units per permit. The annual housing that could be authorized might be 165 dwelling units per year or more. However, the allocation policies and limitations within the growth management ordinance (GMO) may create limits that impede the development of affordable housing.

A separate growth permit application is required for each dwelling unit, each 8 multiplex units or each 4 elderly housing units. Under the growth management ordinance, not more than 20 permits per year may be issued for lots in any one subdivision, and not more than 20 may be issued for affordable housing. The current application fee per growth permit is $1,500.

Observations

- The definition of multiplex in the GMO adds "two family dwellings in a subdivision with multiplex buildings" to the multiplex definition in the zoning ordinance. Per other comments above, the zoning ordinance definition of multiplex limits it to attached

housing of not more than 6 to 8 units per building, which limits the potential for apartment-style multifamily housing.

- The sub-categories of growth permits do not seem to be mutually exclusive. For example, “affordable” and “elderly” housing might be in the form of a single family subdivision, duplex or multiplex housing structures. The categories of “affordable” and “elderly” describe occupancy, while the other allocation categories relate to structure types and location within new subdivisions vs. existing lots. It is unclear how the allocations would be made when the structure type and occupancy categories overlap.

Table 32
Growth Management Ordinance
Limits (Consultant Interpretation)

Type of Development or Occupancy	Maximum Growth Permits Per Year	Assumed Maximum Units Per Growth Permit	Maximum Dwelling Units Per Year
Lots in Subdivisions - Single Family Units	85	1	85
Lots in Subdivisions - Reserved for 2-Unit and Mutilplex	5	8	40
Lots not in Subdivisions (1)	20	1	20
Affordable Housing (2)	20	?	?
Elderly Housing (2)	5	4	20
Total	135		165+

(1) Presumably, development of existing lots could include single family, duplex, or multiplex units. Single family units are assumed in this example.

(2) It appears that "affordable housing" and "elderly housing" were intended to be separate categories for allocation. However, these categories are based on occupancy characteristics that may overlap with others based on structure type.

- Elderly housing is limited to not more than five growth permits per year, which would restrict elderly housing developments to not more than 20 units per year. This would make it difficult for multifamily apartments for the elderly to be created in Scarborough at an economical scale. At the end of a calendar year, unissued permits for multiplex or elderly housing can be carried forward to future years, but those for affordable housing cannot.

- Rather than encouraging affordable housing development, the growth management ordinance places a specific limit on the number of affordable housing growth permits that can be issued per year. Moreover, the GMO prohibits the carry-over of any unissued permits for affordable housing from year to year (a provision that is not applied to any other allocation category).

- The rationale for limiting affordable housing in this manner is unclear, and sets up a potential conflict in allocation of growth permits. Under the current language of the

GMO, it is unclear what limits on the carry-over of unissued growth permits would pertain if the proposed units were both affordable and in a multiplex or elderly development.

- Growth permits are not allocated geographically within the Town. Therefore, the GMO management ordinance creates no particular incentive to concentrate a higher share of new housing in the parts of Scarborough that could support more compact development. (One of the goals of the Comprehensive Plan is to concentrate most new residential development in or near these centers).

PART 3: PROMOTING AFFORDABLE HOUSING IN SCARBOROUGH

Municipal actions to promote affordable housing range generally fall within three possible tiers of government involvement: (1) regulatory incentives; (2) funding for land acquisition and/or infrastructure; and (3) acting as the developer of affordable housing, or combinations of these approaches. While there is no mandate for municipalities to produce affordable housing, local governments are strongly encouraged by State planning policies to enable conditions under which at least 10% of new housing is affordable to households earning less than 80% of the median area family income.

This part of the report outlines a series of possible actions for consideration by the Town to promote affordable housing. The Scarborough Housing Alliance may decide to make these or other recommendations to the Town Council as part of an affordable housing initiative. The trends identified in Part 1 of this report indicate that the Town is in a position to harness the energy of its growth in ways that could leverage more affordable housing in the future.

A. Zoning Ordinance Provisions

In general, the Town's zoning ordinance needs to balance flexibility with predictability in creating affordable housing provisions. Regulatory incentives that are too restrictive, too vague, or subject to a series of unpredictable discretionary decisions by the Town may fail to promote needed innovation in design and density that could result in more affordable developments. The zoning and growth management ordinances should accommodate higher density developments, either by increasing base density allowances in some districts, or by allowing significant increases in allowable density for affordable housing developments.

1. Amend Zoning Ordinance Definitions

- *Affordable Housing* – create a local operating definition with ceilings, such as:

  Rental housing: (at or below 80% of AMFI for 2 to 3 person household)
  Ownership: (at or below 120% of AMFI for a 3 to 4 person household)

- *Multifamily (now "multiplex")*

  Define multifamily to include multi-level apartment style construction; differentiate from the "townhouse" definition.

  Current maximums on the number of units per building (6 to 8) might be applied to townhouses, but are not appropriate for multifamily apartments (typically 24 to 30 units per building).

2. Increase Opportunities for Multifamily Development

- Increase land areas zoned for compact residential development (R-3, R-4) at higher densities where public utilities are (or may become) available.

- Allow multifamily as freestanding or mixed use in B-1 district and in an expanded TVC district.

3. Encourage More Compact Development for Affordable Housing

- For single family homes, increase allowable maximum units per acre per Comprehensive Plan recommendations.

- Allow affordable townhouse development at a higher incentive density (for example, 8-10 units per acre).

- Allow affordable multifamily apartments at a higher incentive density (for example, 12-16 units per acre).

- For mixed residential developments, allow an overall density that reflects the combined uses proposed for a site.

- Allow any affordability bonus density incentive provisions to be applied to small as well as large projects

4. Develop Inclusionary Incentives for Affordable Housing

- Develop strong discretionary (incentive-voluntary) inclusionary housing provisions
  (Determine legal authority for enforceable mandatory provisions)

- Provisions could include reduced minimum lot size, reduced minimum setbacks, and significantly higher densities for townhouse units and multifamily apartments.

- Define target mix of affordable units (examples):

  - Qualifying affordable ownership units

    "x" % affordable at 80-120% of AMFI, with average prices affordable @ 110% of AMFI for 3 to 4 person household

  - Qualifying affordable rental units

    "x" % affordable at or below 80% of AMFI; with average rent affordable @ 60% of AMFI for 2 to 3 person household

- Award higher bonuses or other financial incentives for performance in reaching higher proportions of lower income households.

- Require long-term affordability using covenants with a local agency as "qualified holder" (See box below.)

Affordable Housing Covenants

In Maine, affordable housing covenants may include any of the following limits or conditions:

- Resale price
- Equity appreciation
- Extent or value of improvements made
- Class of persons to whom sold or leased (income, for example)
- Right of first refusal for covenant holder to purchase
- Maintenance and insurance
- Right of covenant holder to inspect
- Types of construction and materials used in construction or improvements
- Other provisions to enhance affordability

(See MRSA Title 33, Chapter 6, §121-126 for more detail)

- Consider financial incentives such as:
  - Reduction of infrastructure costs
  - Waiver or reduction of utility connection fees for affordable units
  - Public (financial) participation in project through land donation, land acquisition, and/or infrastructure financing.
  - Increased levels of financial participation could be offered in proportion to the number and percent of affordable units created, and their penetration into the lower income market segments.

B. Growth Management Policy Options

The growth management ordinance establishes a ceiling on residential development that seems high enough to permit Scarborough to absorb a reasonable share of regional housing growth. However, the allocation policies within the GMO places direct limits on the amount of affordable housing that can be produced, and restricts the production of elderly housing to a level that will discourage multifamily projects for seniors. In addition, the GMO contains potentially overlapping allocation categories for growth permits.

1. Review allocation categories for growth permits

- "Affordable" and "elderly" housing are occupancy-related terms that may overlap the structural (single family, multiplex) categories of growth permit allocations.
- Use allocation categories based on structural rather than occupancy characteristics to promote housing diversity.
- Consider *geographic* set-asides of growth permits that direct more growth toward compact development areas.

2. Remove barriers to affordable housing production to balance housing supply

- At minimum, exempt affordable housing serving <80% of AMFI from the growth limits.
- Remove or reduce the general limitation on growth permits available to affordable housing generally.
- If any limit on affordable housing growth permits is retained, the GMO should at least allow for the carry-over of unissued permits in that category to future years.

3. Allow workforce housing growth at the pace of economic development

- Consider variable total housing growth limits that are keyed to economic development (job growth) in Scarborough.
- Allow the amount of workforce housing growth to flex with the expansion of non- gross floor area, or to be based on a ratio of housing units needed locally per 1000 square feet of GFA by type of commercial development.

C. Jobs-Housing Linkage Policies

During low rates of unemployment, economic development that creates new jobs is the principal driver of new housing demand. Yet most local initiatives turn solely to the supply side (housing developers) for the solution to affordable housing. In some parts of the country where there is strong job growth and a shortage of affordable housing, local government has also looked to commercial development to contribute to affordable housing through linkage policies, which may include contributions or fees assessed for an affordable housing trust fund.

1. Explore linkage fee potential

- Consider linkage fees based on nexus between demands of job growth and affordable housing.
- Encourage contributions by non-residential development to affordable housing trust fund
- Determine legal authority for a mandatory linkage fee targeted to a housing trust fund

2. Allow multifamily development in some commercial zoning districts

- Consider multifamily housing a permitted use or use by special exception in retail-office oriented zoning districts. Larger-scale multifamily developments are often compatible with business uses.
- Identify potential inclusionary requirements/incentives that could encourage commercial development to construct affordable units as new commercial space is developed.

3. Other Town policies

- Link housing density bonus provisions with affordable housing occupancy priorities for persons working in (1) Scarborough or (2) adjacent communities.

- Consider annual budget allocations to an affordable housing trust fund keyed to a portion of the new property tax revenue derived from growth in commercial development (as a general budget policy).

- Where possible, allow a portion of TIF incremental tax revenues from commercial development to flow to an affordable housing trust fund.

D. Town or Local Housing Authority Participation in Development

Local housing authorities were first formed as a response to deteriorated housing conditions in the older housing stock of the central cities. In Maine, a local housing authority can be formed by resolution of the local governing body and the appointment of commissioners. The resolution must be based on a finding of unsafe or unsanitary housing conditions or blight, or that there is a shortage of safe and sanitary housing in the municipality available to persons of low income at rentals or prices they can afford. While Scarborough does not suffer from poor housing conditions, there is no question that there is a shortage of housing affordable to low income households. Nearly all of the larger communities comparable in size to Scarborough (and a number of smaller ones) have local housing authorities. In some communities, housing authorities create non-profit development corporations to undertake new housing development. Acting with or without a housing authority, there are a number of direct actions that municipalities can take to participate directly in creating affordable housing.

1. Reduction of Infrastructure or Land Costs

- Reduce or waive development fees and/or impact fees for affordable housing developments. The waivers or discounts could be proportionate to the number of affordable units and the extent to which they serve low to moderate income needs.

- Finance infrastructure costs for qualifying affordable housing developments, or act as conduit for available low interest loan or grant programs to be applied.

- Identify and acquire land suitable for affordable housing; resell to developer subject to conditions for affordable housing development.

- Consider use of Affordable Housing TIF Districts for larger qualifying developments that meet local target affordability thresholds, for the purpose of lowering infrastructure costs.

2. Creation of Local Housing Authority

- A Local Housing Authority (LHA) could develop or manage property or administer Section 8 vouchers.

- Local housing authorities can create non-profit development corporations as subsidiaries for direct construction of affordable housing.

- Using various programs, grants, loans and tax credit mechanisms, non-profit housing development corporations and LHAs have created housing with rents that are 25-30% below market.

- An LHA could serve as the "qualified holder" of affordable housing covenants[11] used in association with new affordable developments, or existing housing units.

- The local authority would likely become the review agency to monitor affordable housing production and verify income levels in affordable housing developments that benefit from local housing programs.

- The local authority could manage a housing trust fund capitalized from contributions, general fund allocations from the Town, donations of land or property, grants, linkage fees and other sources.

[11] A secondary benefit to owners of homes subject to covenant could be a reduction in property taxes, to the degree that resale value is limited by the terms of the covenant. It is possible that this instrument could be used by existing senior homeowners to limit their property tax burden by granting a covenant that limits the potential resale value of the home. However, the grantor of the covenant would be sacrificing the benefit of maximum gains from resale.