

130th MAINE LEGISLATURE

**STATEMENT OF LAURIE SMITH FOR PUBLIC HEARING BEFORE JOINT
STANDING COMMITTEE ON LABOR AND HOUSING REGARDING LD 1246**

APRIL 16, 2021

Senator Rafferty;
Representative Sylvester;
Members of the Joint Standing Committee on Labor and Housing:

My name is Laurie Smith, and I am the Town Manager of Kennebunkport, Maine. Kennebunkport's top two issues are rising seas from climate change and affordable housing. Both issues threaten to endanger the life that families have known for generations and dramatically change the community we have grown to love.

In 2012, the Kennebunkport Comprehensive Plan identified that approximately two-thirds of year-round households were unable to afford the median home price in Kennebunkport. People unable to find affordable homes to buy, often consider renting in order to stay within the community. However; with the onset of online short term rental platforms those year round rentals have now become seasonal as well.

| Housing - Unable to Afford Median Home Price, 2008 | Kennebunkport | York County | Maine |
|---|---------------|-------------|---------|
| Percentage of Households Unable to Afford Median Home Price | 67.3% | 70.2% | 59.4% |
| Number of Households Unable to Afford Median Home Price | 1,214 | 58,938 | 332,003 |

Source: Maine State Housing Authority

Since that time, housing prices have continued to increase. Three years ago the Portland Press Herald reported that a recent survey by Coldwell Banker revealed that the Kennebunks had the highest average home value in the state. *“The highest average listing price was \$517,153 in Kennebunk/Kennebunkport, followed by \$471,695 in York, \$436,653 in Wells, and \$396,591 in Portland/South Portland/Falmouth. Since that time prices have continued to escalate dramatically in proportion to income growth.*

In 2018 the Town funded a housing assessment study to better understand the problem and identify ways in which the Town could address the issue. The key findings from the Assessment are summarized as follows:

Housing affordability is a challenge for the Town of Kennebunkport. The median home value in the town is nearly \$474,000, or almost twice the York County median of \$251,000. In order to afford monthly mortgage and property taxes associated with homeownership for the median home in town, a household would require an income of \$95,000.¹ This is substantially higher than Kennebunkport's median household income of \$72,000, and much higher than the York County median household income of \$61,000.

Homeownership costs have risen faster than incomes. Since 2000, the median home value in Kennebunkport has increased by 102%, more than doubling from \$234,000 to \$474,000. Meanwhile, household incomes have only grown by 32%, with the median income rising from \$54,000 to \$72,000 over this period. If growth in housing costs continues to outpace income growth, the affordability problem will continue to worsen.

The constrained supply of year-round rental units limits options for households inclined to rent. Approximately 19% of permanently occupied (i.e. non-seasonal) units in Kennebunkport are rental units, compared to 29% in York County, 31% in Maine, and 37% nationally. Young professionals, young families, the elderly, and other groups inclined to rent are unlikely to find many adequate and affordable rental options in town.

The town's popularity as a vacation destination drives up the cost of land and housing. High demand for seasonal homes coupled with a limited supply of land translates into high housing costs, meaning that year-round residents and workers must compete with the seasonal population over a finite housing stock.

Since that time prices have continued to escalate and the seasonal nature of Kennebunkport has increased. Just three years ago our percentage of year-round residents in our housing stock was 56%, today it has dwindled to 51%.

Although this may seem like a "southern Maine" issue, or a problem for "coastal communities", the reality is that it is impacting *all counties from Aroostook to York*. In February, the Portland Press Herald reported, "*Sales of existing single-family homes in Maine jumped 18.4 percent in January compared with January 2020, a month in which sales and prices were robust compared to typical winters. A low inventory this year helped push the median home sales price up 15.6 percent over last year, to a median of \$255,300.*"

But why is affordable housing such a big issue in Maine? Affordable housing improves the quality of life of residents by leading to better health, adequate jobs, financial

stability, security, and population diversity. Affordable, quality housing attracts teachers, cops, nurses, firefighters, and other key service providers to the community.

Decent, affordable housing is important to families. Certainly, Studies show that children in stable housing do better in school and are less likely to experience disruption in their education due to unwanted moves. Decent, affordable housing reduces stress, toxins, and infectious disease, which leads to improvement in both physical and mental health. Affordable housing also frees up funds within families' tight budgets to spend on health care and food. Studies have shown that children whose parents receive housing assistance benefit from better nutrition. For parents, living in decent, affordable housing also means reduced stress due to a lessening of concerns that high housing costs will lead to foreclosure and eviction; this in turn leads to fewer physical and mental health problems and reduced absenteeism on the job.

Affordable housing also is important to the economic vitality of communities. Affordable homes can attract and retain employees to your community- a selling point and a competitive advantage for area employers. Affordable homes also support the local workforce so they can live close to their jobs. Shorter commutes allow workers to spend more time with their families while the community benefits from reduction in traffic congestion, air pollution, and expenditures on roads. In revitalizing communities, the construction of affordable homes can also help to stimulate economic growth. A healthy mix of housing options, from market- rate and affordable rental housing, single- family homes, duplexes, as well as developments for seniors, ensures opportunities for all individuals to improve their economic situation and contribute to their communities.

In this fast changing world of real estate price increases, the shifting job market, and a morphing economy, Maine's communities need the best practices reviewed in the context of Maine's specific environment and partners ready to assist towns and cities address this foundational issue for the health of our state.