

# Housing Diversity Study

Town of Cape Elizabeth, Maine

September 2022



Prepared by





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# EXECUTIVE SUMMARY

## ABOUT THIS HOUSING DIVERSITY STUDY

The Town of Cape Elizabeth has commissioned a Housing Diversity Study to assess current housing conditions and provide options to create affordable housing in the community. Conducting such a study emerged as a recommendation in the Town's 2019 Comprehensive Plan:

*Recommendation #83: "Undertake a Housing Diversity Study that evaluates current housing costs, needs, impacts on services and other relevant elements and recommends actions to create more affordable opportunities for seniors to downsize, and for young adults and young families to move to Cape Elizabeth. At a minimum, options to evaluate should include incentives to create permanently affordable housing and municipal purchase of land for construction of affordable housing, and coordination of regional efforts with Metro Coalition."*

The scope of this Housing Diversity Study is divided into three major tasks:

**1. Housing Data Package.** The purpose of Task 1 is to collect, analyze, and present relevant data and information on the Town's current housing situation, including data on community demographics, housing inventory, and affordability; an evaluation of recent housing market trends; and an assessment of the regulatory environment and development opportunities and challenges. This task is intended to provide a foundation of data and information to inform goal creation and strategy recommendations.

**2. Housing Creation Goals.** Task 2 puts forth a range of goals for diversifying Cape Elizabeth's housing stock and increasing affordable housing options for target populations, such as young adults, young families, seniors, displaced commuters, and/or existing residents who are housing cost-burdened. These recommended goals have been developed based on foundational data from Task 1 and additional analysis of the town's housing needs. The goals are intended to generate discussion among community leadership and the general public.

**3. Housing Strategy Development.** Task 3 offers a menu of strategies that the Town may undertake to achieve housing creation goals laid out in the previous task. Strategies reflect various municipal policy options, including changes to land use regulations and other actions the Town can take to encourage affordable housing production in the community.

Three report volumes have been produced (one for each task) and presented to the Town Council in a series of public workshop meetings, held on May 23, 2022 (virtual); June 27, 2022 (in person); and September 7, 2022 (in person). This final report combines all volumes and serves as a reference document for the Town as it proceeds with future decision-making related to housing policy.

## KEY FINDINGS FROM THE DATA

Key findings from Volume 1: Housing Data Package are summarized below.

### Demographic & Economic Profile

**Cape Elizabeth has grown more slowly than its peers over the last two decades.** From 2000 to 2020, the town grew by 4.6% and added 418 residents compared to Cumberland County's growth of 14.1%.

**The town is popular with families.** Cape Elizabeth has proportionally fewer one-person households and more households with four or more individuals compared to the county. Approximately 30% of all households in Cape Elizabeth are family households with children, compared to 23% in Cumberland County as a whole.

**The community's youth population has declined.** The town's population under the age of 18 has fallen by 355 individuals, or 14%, between 2000 and 2020. School enrollment in the Cape Elizabeth Public Schools was down by 154 students, or 9.2%, between the 2012-13 and 2022-23 school years.

**Housing costs play a role in limiting the number of young families.** Cape Elizabeth has an under-representation of younger adults in the 25 to 44 range as compared to the county, state, and nation. It is likely that housing affordability plays a role in delaying the age at which families with children can afford to move into the community, in many cases not until parents are in their late 40s or 50s and children are in their teenage years.

**The senior population has grown.** Seniors ages 60+ make up a growing a share of the local population. In 2010, this group comprised 24% of residents, compared to an estimated 34% in 2021.

**Cape Elizabeth is home to an increasingly concentrated population of high-income households.** Median household income grew from about \$77,000 in 2010 to about \$127,000 in 2020, a ten-year rise of 66%. The gap in

median income between Cape Elizabeth and Cumberland County grew considerably over this period.

**There are three times more workers living in Cape Elizabeth than there are workers employed in Cape Elizabeth.** An estimated 72% of workers employed in town commute from elsewhere, while 91% of working residents work at jobs located outside of Cape Elizabeth. This is a typical pattern for a "bedroom community."

### Housing Inventory & Market Trends

**Cape Elizabeth's low population growth is tied to housing production.** From 2010 to 2020, the town added 108 housing units on net, an increase of 2.7%. Meanwhile, several peer communities registered double-digit gains; Scarborough increased its housing stock by 20.0%, Cumberland grew by 14.2%, and Falmouth expanded by 12.7%.

**The town has a low share of renter-occupied units.** Only 10% of Cape Elizabeth's occupied housing units are renter-occupied, compared to 30% in Cumberland County. Low rental availability limits the types of households that can consider Cape Elizabeth as a place to live.

**Growth in median home sale price has far exceeded median household income growth.** The median non-oceanfront single-family home sale price in Cape Elizabeth surged by 107% between 2011 and 2021, from \$336,250 to \$695,000. This compares to median household income growth of 66% in Cape Elizabeth between 2010 and 2020, and just 37% in Cumberland County.

**About 750 Cape Elizabeth households are considered housing cost-burdened, or 21% of all households in the community.** When examining only households earning below \$50,000, about 454 households are cost burdened, or about 65% of all households in this income range. Seniors comprise a disproportionate share of cost-burdened households.

## ADVANCING HOUSING DIVERSITY

The interplay between local market conditions and land use policies has resulted in a lack of diversity in the town's housing stock. Cape Elizabeth is overwhelmingly a single-family, owner-occupied community with price points increasingly concentrated at the top of the market. As a result, housing remains unaffordable and/or simply unavailable for many current and would-be residents.

### Recognizing Impediments to Housing Diversity

#### Restrictive Zoning

Current regulations largely favor low-density, single-family homes over multifamily housing. Multifamily development is restricted in a number of ways. First, multifamily is subject to site plan review and cannot be built as of right, therefore making it riskier for a developer to undertake. Second, high minimum lot sizes make it challenging to find a large enough site. Third, low density limits in most zones means there are very few locations in town where even a moderate level of density can be built.

**Increasing allowable density in strategic areas is among the most effective things a community can do to encourage affordable housing development.** Development economics in communities with high land costs results in high-value housing that is priced high enough to justify a developer's investment in an expensive piece of land. When development on a high-value site is restricted by zoning to single-family homes, the homes developed will be priced at the top of the market. However, if the developer

is permitted to build at a higher density, each individual housing unit can be priced more affordably, since their collective value would be comparable to or exceed that of an expensive single-family home.

Fortunately, restrictive zoning is within the Town's control to change. Policy options for doing so are discussed in Section 5: Strategy Framework.

#### Limited Development Capacity

Even with more permissive zoning, there are few large sites in Cape Elizabeth with suitable utility infrastructure that can accommodate significant housing development. Beyond having favorable zoning and infrastructure, sites must be physically developable without excessive wetlands and steep topography.

**Therefore, it will be critical to identify and prioritize sites for development or redevelopment, particularly those in or near the town's designated growth areas.**

#### High Land Costs

The high cost of land in Cape Elizabeth is a market reality that, when combined with low-density zoning, is a significant barrier to affordable housing development. In some cases, increasing allowable density may be enough for market-rate or near-market-rate, non-luxury housing developments to proceed without the need for subsidy. For below-market units, subsidies to offset land cost may be needed to help a project "pencil out" financially. **This could include purposing Town-owned land for housing development, public acquisition of private land, or another public-private partnership or non-profit model.**

## Community Sentiment and Perception

Cape Elizabeth residents have expressed a wide range of views on increasing housing diversity and affordability in the community, ranging from opposition to new development of any kind to full support of transformational measures to promote such housing. Many are concerned with striking a careful balance between housing affordability and preservation of the town's natural environment. This has led to a perception among the development community that Cape Elizabeth is a challenging place to get projects built.

### **To make progress on advancing housing diversity, it will be critical for community stakeholders to align toward a common, well-defined goal.**

This reduces uncertainty around the types of projects that will be approved or denied and provides assurance to affordable housing developers that housing developments will not be delayed or scuttled.

To be clear, this does not mean that Cape Elizabeth should blindly approve any affordable housing project; rather, it should be transparent about the types of projects that are desired and the Town's expectations of the developer.

## Impacts of LD 2003

LD 2003, "An Act To Implement the Recommendations of the Commission To Increase Housing Opportunities in Maine by Studying Zoning and Land Use Restrictions" is a Maine state statute approved in April 2022 that applies to all municipalities. It requires that certain local zoning provisions related to affordable housing be in place by July 1, 2023.

In considering implementation of goals and strategies contained in this study, the Town should understand how its current regulations will need to be modified to comply with LD 2003. Key provisions of the statute as they relate to Cape Elizabeth include the following:

- Increasing the density allowed for multifamily affordable housing by 2.5 times the base density otherwise allowed in the Town's growth areas (zones RB, RC, TC, and BA)
- Allowing a second dwelling unit where a single dwelling unit is allowed but does not currently exist
- Allowing up to 4 units where 1 unit is allowed but does not currently exist in growth areas (RB, RC, TC, and BA zoning districts)
- Allowing up to two additional dwelling units where a single dwelling unit currently exists (one attached unit, one detached unit, or one of each).
- Allowing accessory dwelling units that are detached from the primary dwelling unit (currently must be attached)

It should also be noted that the statute establishes statewide housing production goals aimed at increasing the availability and affordability of all types of housing across Maine. The Maine State Housing Authority is broadly tasked with establishing regional goals with measurable standards and benchmarks. It remains to be seen what, if any, specific benchmarks will apply to Cape Elizabeth.

## HOUSING CREATION GOALS

Volume 2 lays out potential housing creation goals for Cape Elizabeth, based on key housing metrics that the Town may seek to achieve. Three goals were formulated to reach certain common housing diversity metrics that would have a substantial impact in bringing Cape Elizabeth closer to diversifying its housing stock and household makeup. These goals should not be interpreted as recommendations; they are simply thresholds needed to attain certain metrics should the community choose to pursue them. The goals are summarized as follows (over 10 years):

- **Ambitious Goal:** 450 new affordable units
- **Moderate Goal:** 200 new affordable units
- **Status Quo Goal:** 5 new affordable units

The overall housing need that the goals seek to meet is discussed in terms of six objectives, each of which correspond to a target population that would benefit from increased affordable housing options. These target populations include:

- Cost-burdened workforce residents
- Cost-burdened senior residents
- In-commuting workers
- Adult children living with parents
- New moderate-income 24-44 households
- New workforce households

These goals and objectives are intended as starting points for discussion, rather than firm recommendations. It is anticipated that they will be debated, refined, and prioritized as the Town continues to make progress on its housing diversity efforts.

### Potential Housing Creation Goals

Goals	New Affordable Units by 2032
Ambitious	450
Moderate	200
Status Quo	5

### Potential Target Populations

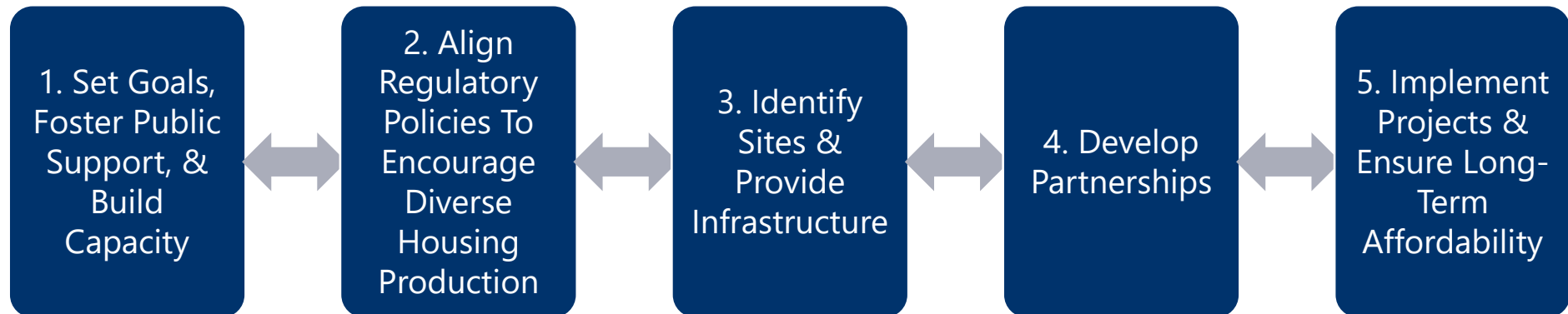
Target Population	Minimum Affordable Housing Need (units)
1 Cost-burdened workforce residents	100
2 Cost-burdened senior residents	50
3 In-commuting workers	100
4 Adult children living with parents	50
5 New moderate-income 24-44 households	50
6 New workforce households	100
<b>Total</b>	<b>450</b>

## STRATEGIES FOR HOUSING DIVERSIFICATION

Volume 3 presents potential strategies for housing diversification and affordable housing production. Also discussed are various housing typologies and potential development sites that can be “mixed and matched” to envision specific projects that will help the Town achieve housing creation goals.

Strategies are grouped into 5 broad categories, as shown in the diagram below, along with specific action items. The strategies should be thought of as critical components of an overarching framework that will help Cape Elizabeth advance housing goals.

The summary table on the next page indicates the expected impact of each strategy action item on advancing housing diversification in town, as well as the anticipated level of administrative effort required to implement each one.





# SUMMARY OF STRATEGIES AND ACTION ITEMS

Strategy	Action Item	Impact on Housing Diversification	Level of Administrative Effort
<b>1. Set Goals, Foster Public Support, &amp; Build Capacity</b>	1A Set a goal(s) for affordable housing creation.	High	Low
	1B Educate the public on the case for housing diversity and build support.	High	High
	1C Build capacity to address affordable housing needs.	High	Medium
<b>2. Align Regulatory Policies To Encourage Diverse Housing Production</b>	2A Expand inclusionary zoning policy.	Medium	Medium
	2B Expand Growth Areas through strategic rezoning.	High	Medium
	2C Up-zone Growth Areas to allow for higher density housing development.	High	Medium
	2D Expand density bonus policy.	High	Medium
	2E Reduce or remove planning, permitting, and/or impact fees for affordable housing.	Low	Low
	2F Streamline the approvals process.	Medium	Medium
	2G Develop criteria for TIF.	Medium	Medium
	2H Encourage accessory dwelling units.	Medium	Medium
	2I Maintain short-term rental regulations and periodically evaluate effectiveness.	Medium	Medium
	2J Reduce parking minimums.	Low	Low
<b>3. Identify Sites &amp; Provide Infrastructure</b>	3A Compile a prioritized inventory of potential housing development sites.	High	High
	3B Connect owners of key sites with housing developers.	Medium	Medium
	3C Acquire sites with housing development potential.	High	High
	3D Address infrastructure gaps for key development sites.	High	High
<b>4. Develop Partnerships</b>	4A Engage existing local/regional housing non-profits and/or establish a local housing trust.	High	Medium
	4B Engage local and other Maine-based affordable housing developers.	Medium	Medium
	4C Collaborate regionally on housing efforts.	Medium	Medium
<b>5. Implement Projects &amp; Ensure Long-Term Affordability</b>	5A Implement affordable housing projects through public-private partnerships with developers.	High	Medium
	5B Ensure ongoing affordability of housing units created.	High	Medium

# Volume 1: Housing Data Package

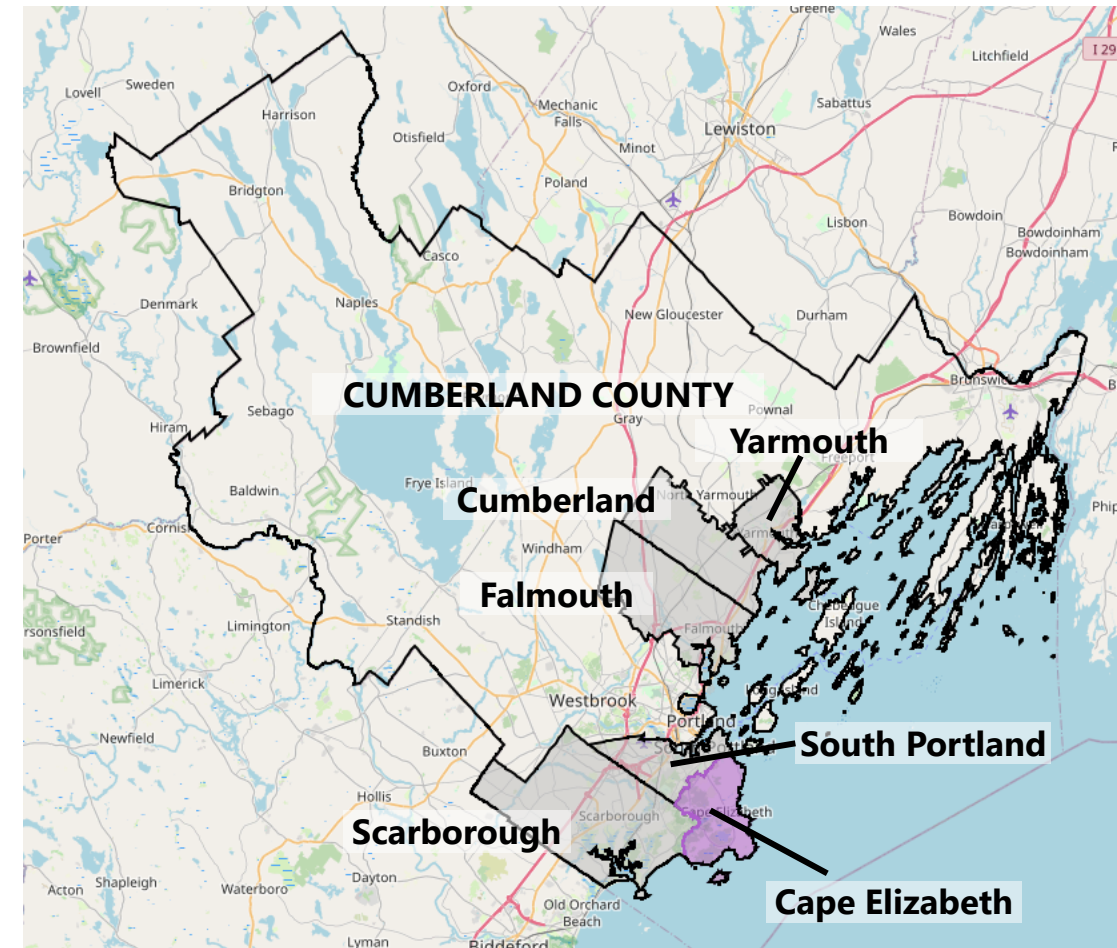


# 1.1 DEMOGRAPHIC & ECONOMIC PROFILE

The demographic and economic profile presents data on Cape Elizabeth's population and economy.

## COMPARISON GEOGRAPHIES

For many data points in this study, Cape Elizabeth is compared to a set of peer communities. These communities include the town's two direct neighbors—Scarborough and South Portland—plus three other coastal communities within close commuting distance of Portland: Falmouth, Cumberland, and Yarmouth. This is the same set of communities used in the town's 2019 Comprehensive Plan. The town is also compared to Cumberland County, Maine, and the US, as appropriate, throughout this report.



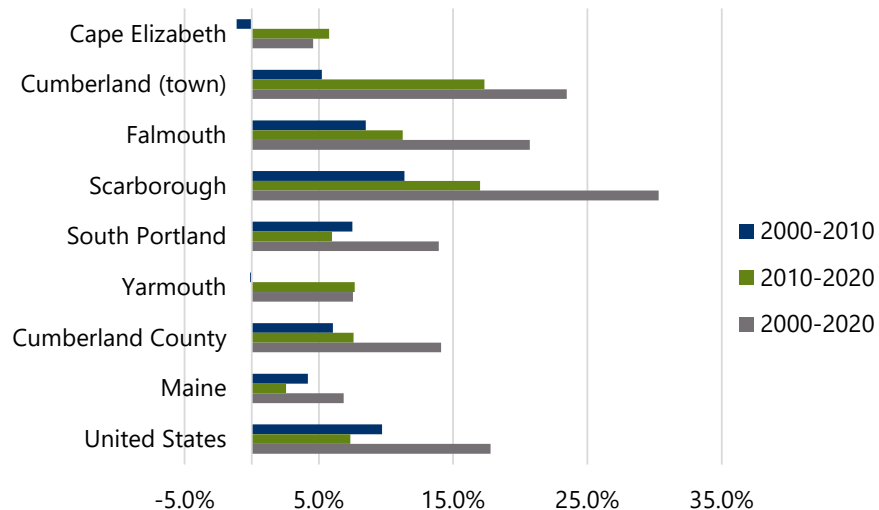
# TOTAL POPULATION

According to population counts from the 2020 Decennial Census, Cape Elizabeth had a total population of 9,535 residents. From 2010 to 2020, the town added 520 residents, an increase of 5.8%. This was a reversal of the trend shown of over the prior decade (2000-2010), during which time the town lost 102 residents.

In percentage terms, Cape Elizabeth grew more slowly from 2010 to 2020 than any of the five peer communities. In fact, three of these communities—Cumberland (+17.3%), Scarborough (+17.0%), and Falmouth (+11.3%)—experienced double-digit population growth.

Cape Elizabeth was also surpassed by Cumberland County as a whole (+7.6%), and the US (+7.4%). Of the comparison geographies, only Maine grew at a slower rate (+2.6%).

**Pct. Change in Total Population**



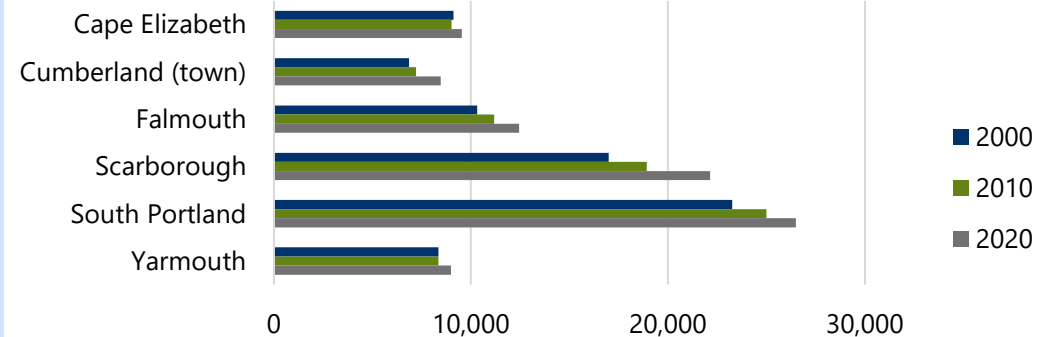
Source: Decennial Census

## Total Population

Geography	Population			Percent Change		
	2000	2010	2020	2000-2010	2010-2020	2000-2020
Cape Elizabeth	9,117	9,015	9,535	-1.1%	5.8%	4.6%
Cumberland (town)	6,863	7,221	8,473	5.2%	17.3%	23.5%
Falmouth	10,310	11,185	12,444	8.5%	11.3%	20.7%
Scarborough	16,988	18,919	22,135	11.4%	17.0%	30.3%
South Portland	23,256	25,002	26,498	7.5%	6.0%	13.9%
Yarmouth	8,359	8,349	8,990	-0.1%	7.7%	7.5%
Cumberland County	265,612	281,674	303,069	6.0%	7.6%	14.1%
Maine	1,274,923	1,328,361	1,362,359	4.2%	2.6%	6.9%
United States	281,421,906	308,745,538	331,449,281	9.7%	7.4%	17.8%

Source: Decennial Census

**Total Population, 2000, 2010, 2020**



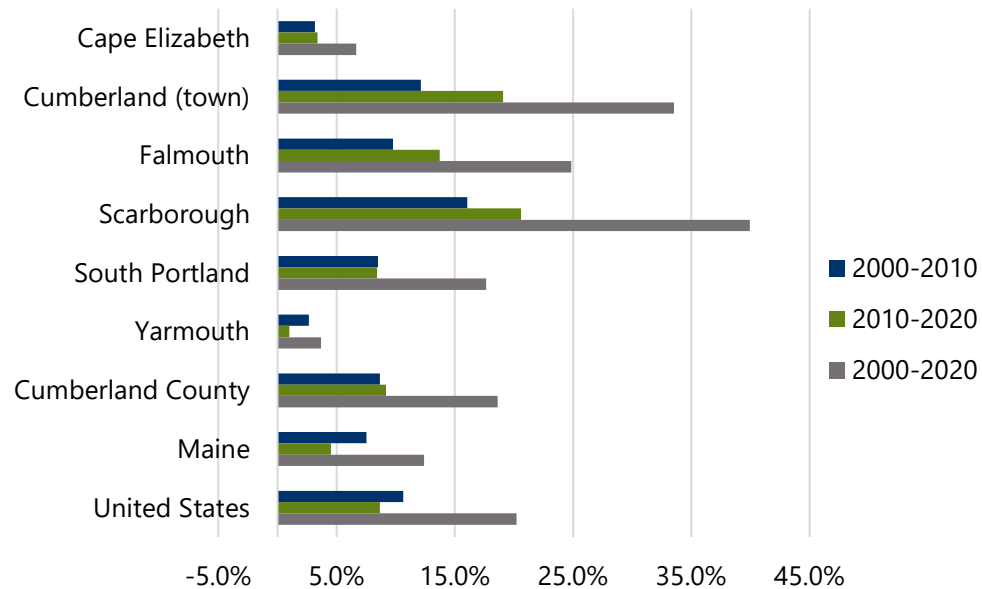
Source: Decennial Census

## TOTAL HOUSEHOLDS

From 2010 to 2020, Cape Elizabeth added 122 households, bringing the total number of households to 3,226. The rate of household growth over this period (+3.4%) lagged the rate of population growth (+5.8%). This rate of household growth was similar to the rate of 3.2% registered over the prior decade (2000-2010).

Percentage growth in households in Cape Elizabeth was slower than in all comparison geographies except for Yarmouth, which experienced very low household growth of just 1.0%.

### Pct. Change in Households



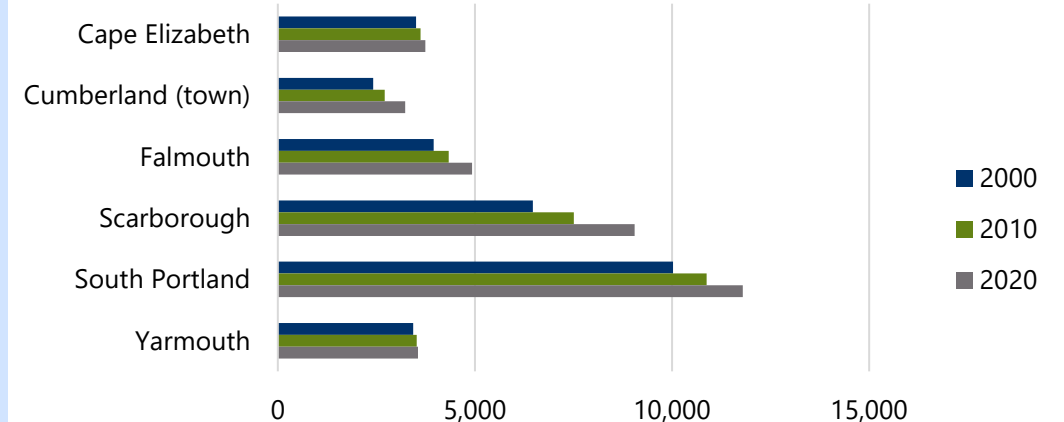
Source: Decennial Census

## Total Households

Geography	Households			Percent Change		
	2000	2010	2020	2000-2010	2010-2020	2000-2020
Cape Elizabeth	3,505	3,616	3,738	3.2%	3.4%	6.6%
Cumberland (town)	2,416	2,709	3,226	12.1%	19.1%	33.5%
Falmouth	3,948	4,334	4,929	9.8%	13.7%	24.8%
Scarborough	6,468	7,506	9,052	16.0%	20.6%	40.0%
South Portland	10,024	10,877	11,793	8.5%	8.4%	17.6%
Yarmouth	3,431	3,522	3,557	2.7%	1.0%	3.7%
Cumberland County	107,989	117,339	128,100	8.7%	9.2%	18.6%
Maine	518,200	557,219	582,437	7.5%	4.5%	12.4%
United States	105,480,101	116,716,292	126,817,580	10.7%	8.7%	20.2%

Source: Decennial Census

### Total Households, 2000, 2010, 2020



Source: Decennial Census

## HOUSEHOLD SIZE

The difference between the rate of total population growth and the rate of household growth is explained by changes in average household size. The US, Maine, and Cumberland County have all experienced declining household size over the last two decades as the population ages. Senior households tend to have fewer members, and so it follows that an increase in senior households as a share of the overall population comes with a decline in average household size.

While the average household size in Cape Elizabeth declined from 2.57 in 2000 to 2.49 in 2010, it bucked this trend between 2010 and 2020, showing a slight increase to 2.51. Yarmouth was the only other peer community with growth in average household size.

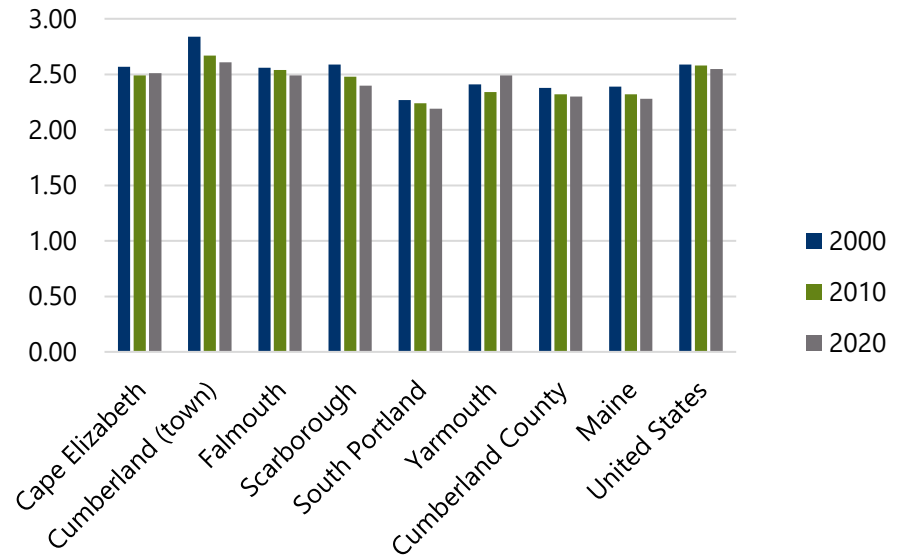
Cape Elizabeth has proportionally fewer one-person households and more households with four or more individuals. About 24% of Cape Elizabeth's households contain a single individual, compared to 30% county-wide. Meanwhile, 21% of town households have at least four persons, compared to 17% in Cumberland County.

### Households by Size

	Cape Elizabeth				Cumberland County			
	2010		2020		2010		2020	
	Count	Share	Count	Share	Count	Share	Count	Share
1-person household	854	23%	884	24%	34,285	29%	37,295	30%
2-person household	1,366	38%	1,416	38%	42,332	36%	46,460	38%
3-person household	538	15%	651	17%	18,075	16%	18,116	15%
4-or-more-person household	879	24%	803	21%	21,924	19%	21,513	17%
<b>Total Households</b>	<b>3,636</b>	<b>100%</b>	<b>3,754</b>	<b>100%</b>	<b>116,616</b>	<b>100%</b>	<b>123,384</b>	<b>100%</b>

Source: 2010 and 2020 ACS, 5-Year Estimates

### Average Household Size



Source: Decennial Census

### Average Household Size

Geography	Household Size			Change		
	2000	2010	2020	2000-2010	2010-2020	2000-2020
Cape Elizabeth	2.57	2.49	2.51	-0.08	0.02	-0.06
Cumberland (town)	2.84	2.67	2.61	-0.17	-0.06	-0.23
Falmouth	2.56	2.54	2.49	-0.02	-0.05	-0.07
Scarborough	2.59	2.48	2.40	-0.11	-0.08	-0.19
South Portland	2.27	2.24	2.19	-0.03	-0.05	-0.08
Yarmouth	2.41	2.34	2.49	-0.07	0.15	0.08
Cumberland County	2.38	2.32	2.30	-0.06	-0.02	-0.08
Maine	2.39	2.32	2.28	-0.07	-0.04	-0.11
United States	2.59	2.58	2.55	-0.01	-0.03	-0.04

Source: Decennial Census

## HOUSEHOLDS BY TYPE

Roughly 7 in 10 households in Cape Elizabeth are family households, while the remaining 3 in 10 are non-family households. Approximately 41% of the town’s households are family households without children under 18. This group consists, in large part, of married couples who are “empty nesters” or who never had children.

Cape Elizabeth’s larger household sizes are driven by its higher share of family households, both with children and without children. According to the 2020 ACS, 30% of all households in Cape Elizabeth are family households with children, compared to 23% in Cumberland County as a whole. The number and share of households in this category declined in both the town and the county over the last decade.

The Census divides households into “family households” and “non-family households.” Family households contain a householder and at least one other individual who is related to the householder by birth, marriage, or adoption. Non-family households are comprised of either a single individual living alone, or two or more unrelated individuals living together, such as roommates or co-habiting partners.

Every household contains exactly one householder. The householder is the person (or one of the people) in whose name the housing unit is owned or rented. The Census used to refer to this person as the “head of household.”

### Households by Type

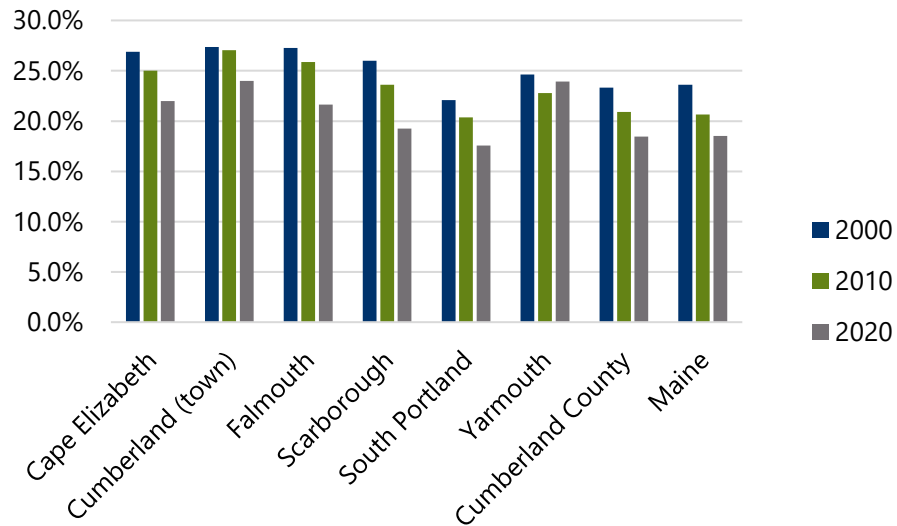
	Cape Elizabeth				Cumberland County			
	2010		2020		2010		2020	
	Count	Share	Count	Share	Count	Share	Count	Share
<b>Total Households</b>	<b>3,616</b>	<b>100%</b>	<b>3,754</b>	<b>100%</b>	<b>117,339</b>	<b>100%</b>	<b>123,384</b>	<b>100%</b>
Total Families	2,620	72%	2,679	71%	70,778	60%	73,543	60%
No Children under 18	1,444	40%	1,548	41%	39,743	34%	44,567	36%
HH with Children under 18	1,176	33%	1,131	30%	31,035	26%	28,976	23%
Non-Family Households	996	28%	1,075	29%	46,561	40%	49,841	40%
Living Alone	827	23%	884	24%	34,831	30%	37,295	30%
Not Living Alone	169	5%	191	5%	11,730	10%	12,546	10%

Source: Decennial Census; 2020 ACS

## UNDER 18 POPULATION

According to the 2020 Decennial Census, 22.0% of Cape Elizabeth’s population is under the age of 18. The under-18 population has dropped over the last two decades, falling from 2,451 individuals in 2000; to 2,256 in 2010; and again to 2,096 in 2020. This is a 20-year decline of 355 young people, or 14%. Cumberland (town) and Yarmouth were the only peer communities to experience absolute increases in the under-18 population. All geographies saw declines in the share of the under-18 population, however.

**Under 18, Share of Total Population**



Source: Decennial Census

At the time of this writing, detailed age data from the 2020 Decennial Census has not yet been publicly released. The only granularity currently available are counts of the population under 18 versus the population 18 and over. Though it does not include a detailed picture of the community’s age composition, it is provided here for reference because it reflects a comprehensive count of the population and is not based on sampling as in the ACS. Age data from the ACS is presented in the following pages.

### Under 18 Population

	2000	2010	2020	2000-2010 Change	2010-2020 Change	2000-2020 Change
Cape Elizabeth	2,451	2,256	2,096	-8%	-7%	-14%
Cumberland (town)	1,879	1,953	2,033	4%	4%	8%
Falmouth	2,811	2,894	2,692	3%	-7%	-4%
Scarborough	4,417	4,468	4,260	1%	-5%	-4%
South Portland	5,135	5,095	4,652	-1%	-9%	-9%
Yarmouth	2,059	1,903	2,151	-8%	13%	4%
Cumberland County	61,962	58,894	55,971	-5%	-5%	-10%
Maine	301,238	274,533	252,274	-9%	-8%	-16%

Source: Decennial Census

### Under 18 Population, Share of Total Population

	2000	2010	2020	2000-2010 Change	2010-2020 Change	2010-2020 Change
Cape Elizabeth	26.9%	25.0%	22.0%	-1.9%	-3.0%	-4.9%
Cumberland (town)	27.4%	27.0%	24.0%	-0.3%	-3.1%	-3.4%
Falmouth	27.3%	25.9%	21.6%	-1.4%	-4.2%	-5.6%
Scarborough	26.0%	23.6%	19.2%	-2.4%	-4.4%	-6.8%
South Portland	22.1%	20.4%	17.6%	-1.7%	-2.8%	-4.5%
Yarmouth	24.6%	22.8%	23.9%	-1.8%	1.1%	-0.7%
Cumberland County	23.3%	20.9%	18.5%	-2.4%	-2.4%	-4.9%
Maine	23.6%	20.7%	18.5%	-3.0%	-2.1%	-5.1%

Source: Decennial Census



## AGE DISTRIBUTION

According to 2020 ACS estimates, Cape Elizabeth has the highest median age of all geographies, at 47.9 years (MOE +/- 3.1). The town's median age is about 5 years older than in Cumberland County, and nearly 10 years older than the US overall.

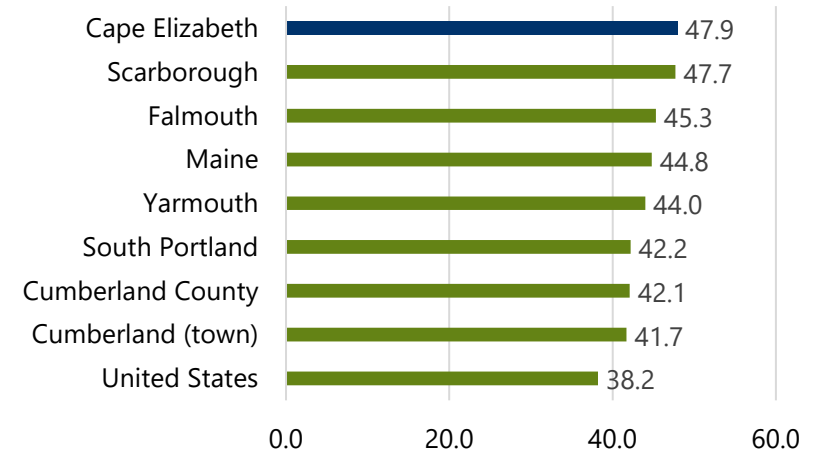
As shown in the age distribution chart at bottom right, Cape Elizabeth has a noticeable under-representation of younger adults in the 25 to 44 range as compared to the county, state, and nation. It also over-represented in the 54 to 74 age range.

Despite the relative lack of adults in age groups who are typically parents to young children, children are not significantly underrepresented in the community relative to the comparison geographies. In fact, children ages 10 to 19 comprise a greater share of the population in Cape Elizabeth than they do in the county and state.

There are several factors that may explain this pattern. It is likely that housing affordability plays a role in delaying the age at which families with children can afford to move into the community, in many cases not until parents are in their late 40s or 50s and children are in their teenage years. It may also be that while there is a lack of younger adults in Cape Elizabeth, those that do live in town may be more likely to have children than younger adults elsewhere, having moved to the community specifically for the strong school system. Young children in town may also have relatively older parents, as compared with other communities.

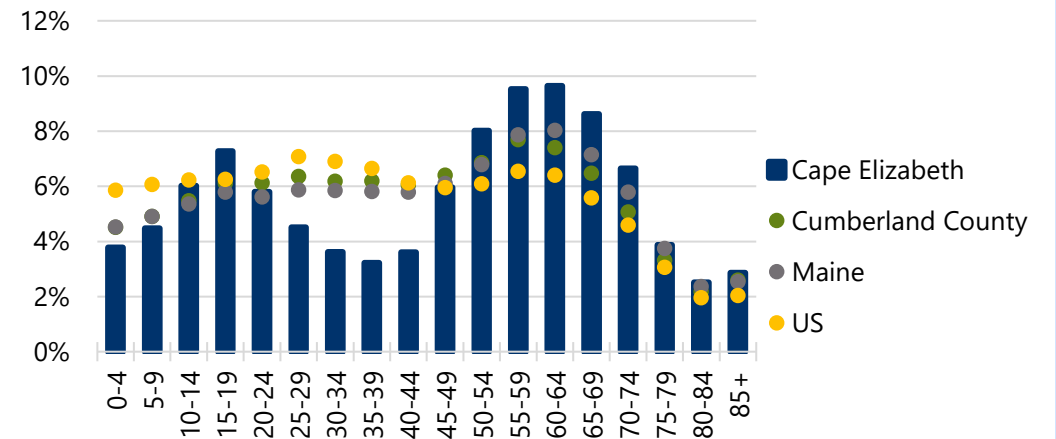
A margin of error (MOE) is provided for every ACS estimate. An MOE is a measure of the possible variation of the estimate around the true population value. At a given confidence level (90% for ACS), the estimate and the actual population value will differ by no more than the value of the MOE.

### Median Age, 2020



Source: 2020 ACS 5-Year Estimates

### Age Distribution, 2021



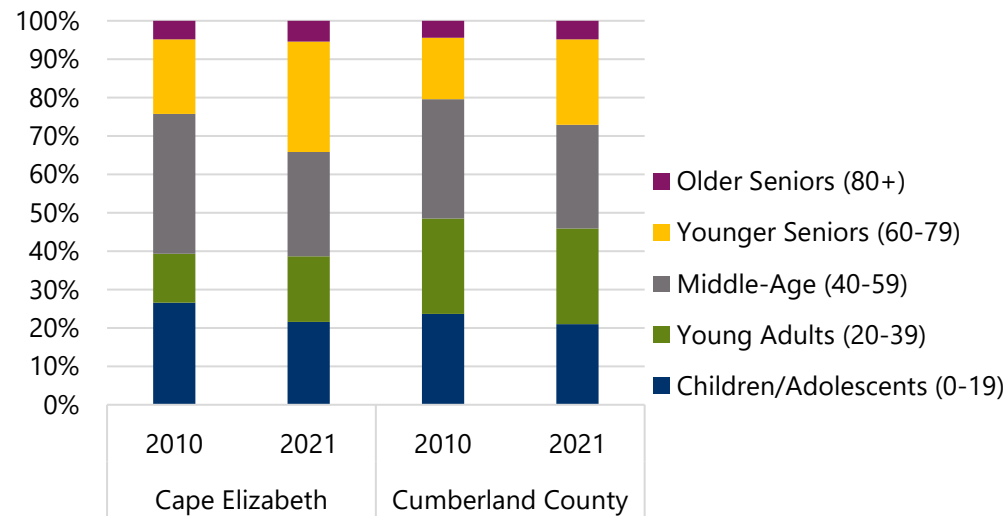
Source: Esri

## AGE DISTRIBUTION

Between 2010 and 2021, the children/adolescent (0-19) and middle-age (40-59) populations decreased, while the young adult (20-39), younger senior (60-79), and older senior populations (80+) all increased. This was true both in Cape Elizabeth and Cumberland County, suggesting that structural demographic patterns have driven the town's age composition over time as has housing availability.

The senior population (60+) expanded from 24% of the town's population in 2010 to an estimated 34% in 2021. In Cumberland County, seniors grew from 20% to 27%.

**Age Distribution by Cohort, 2010-2021**



Source: Esri

**Cape Elizabeth Population by Age, 2010-2021**

Age	2010		2021		2010-2021	
	Count	Share	Count	Share	Count	Share
0-4	390	4.3%	356	3.8%	-34	-0.5%
5-9	630	7.0%	421	4.5%	-209	-2.5%
10-14	755	8.4%	566	6.0%	-189	-2.4%
15-19	621	6.9%	684	7.3%	63	0.4%
20-24	260	2.9%	545	5.8%	285	2.9%
25-29	233	2.6%	424	4.5%	191	1.9%
30-34	229	2.5%	340	3.6%	111	1.1%
35-39	433	4.8%	303	3.2%	-130	-1.6%
40-44	664	7.4%	339	3.6%	-325	-3.8%
45-49	818	9.1%	561	6.0%	-257	-3.1%
50-54	926	10.3%	754	8.0%	-172	-2.3%
55-59	871	9.7%	896	9.5%	25	-0.1%
60-64	735	8.2%	907	9.6%	172	1.5%
65-69	457	5.1%	810	8.6%	353	3.5%
70-74	291	3.2%	625	6.6%	334	3.4%
75-79	268	3.0%	364	3.9%	96	0.9%
80-84	239	2.7%	237	2.5%	-2	-0.1%
85+	195	2.2%	269	2.9%	74	0.7%
<b>Total</b>	<b>9,015</b>	<b>100.0%</b>	<b>9,401</b>	<b>100.0%</b>	<b>386</b>	

Source: Esri

# SCHOOL ENROLLMENT

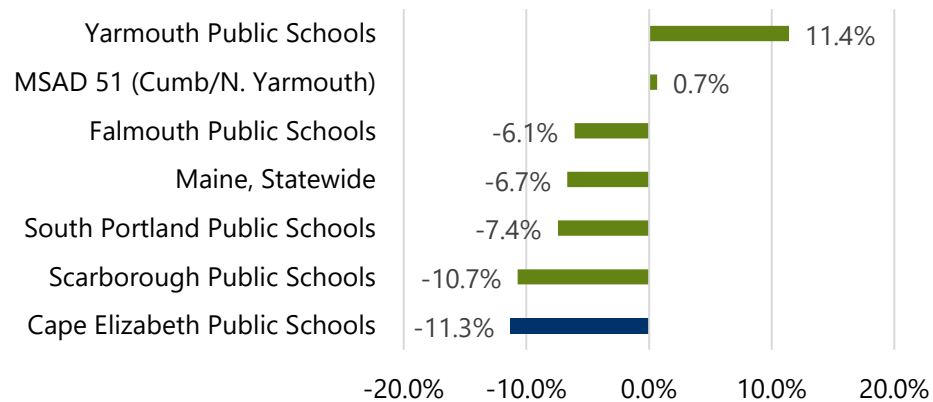
School enrollment data provides another indication of the school-age population in a community. According to enrollment data from the State of Maine Department of Education, total K-12 enrollment in the Cape Elizabeth Public Schools declined from 1,674 students in school year (SY) 2012-13 to 1,485 in SY2021-22. This is a decrease of about 11.3%, compared to a 6.7% decrease in enrollment statewide and representing the highest decline of any of the peer communities.

Yarmouth Public Schools experienced a notable 11.6% increase in enrollment over this period, while MSAD 51, which serves the towns of Cumberland and North Yarmouth, also registered a slight increase (0.7%). Falmouth, South Portland, and Scarborough school districts all experienced declines.

Note that public school enrollment data does not capture the school-age population enrolled in private schools.

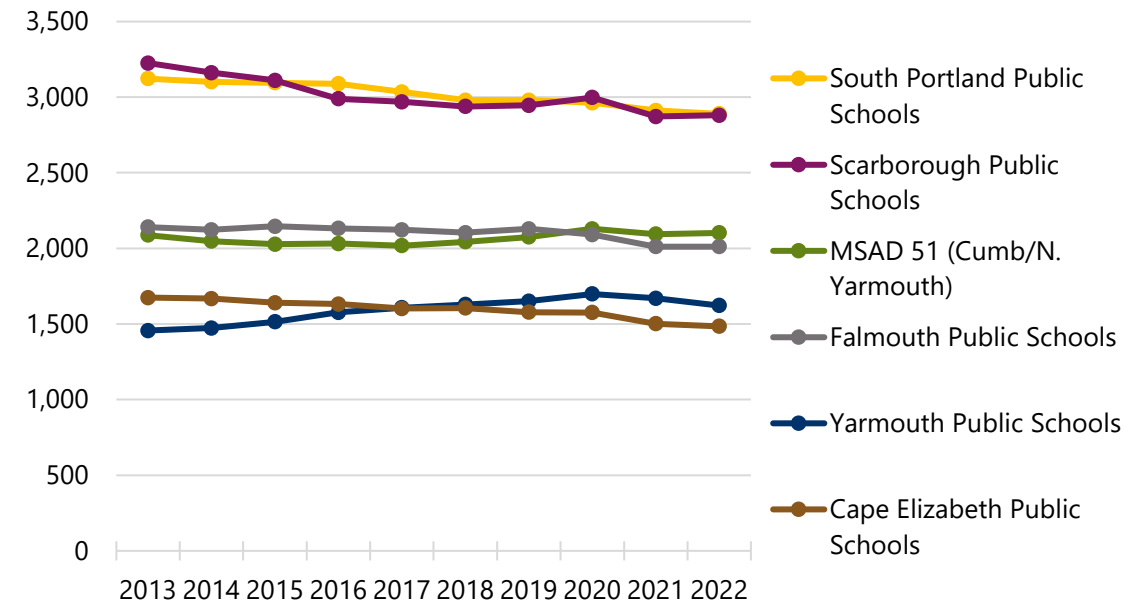
As of September 2022, recently released Cape Elizabeth school enrollment data for SY2022-23 shows an increase of 43 students over the prior year, somewhat reversing the downward trend. Comparable data for the other school districts was not yet accessible for inclusion in this study.

## Percent Change in Total Enrollment, 2013-2022 School Years



Source: State of Maine Dept. of Ed.

## School Enrollment by District, 2013-2022



Source: State of Maine Dept. of Ed.

## RACE/ETHNICITY

According to the 2020 Decennial Census, 91.9% of Cape Elizabeth residents identify as White alone, compared to 87.2% in Cumberland County, 90.8% in Maine, and 61.6% in the US. The racial/ethnic category with the next highest number of Cape Elizabeth residents is two or more races, with 4.8%.

Of the peer communities, South Portland has the most racially diverse population, with 16.1% of residents identifying as a race other than White alone.

### 2020 Population by Race/Ethnicity

Geography	White	Black/ African American	American Indian/ Alaska Native	Asian	Pacific Islander	Other Race	2 or More Races	Hispanic*
Cape Elizabeth	91.9%	0.6%	0.0%	2.0%	0.0%	0.5%	4.8%	2.6%
Cumberland (town)	93.9%	0.6%	0.1%	1.1%	0.0%	0.3%	3.9%	1.8%
Falmouth	90.6%	0.8%	0.2%	3.0%	0.0%	0.6%	4.7%	2.2%
Scarborough	89.0%	1.6%	0.2%	4.3%	0.0%	0.5%	4.3%	1.9%
South Portland	83.9%	5.9%	0.4%	3.4%	0.1%	1.4%	5.0%	3.4%
Yarmouth	91.3%	1.1%	0.2%	1.9%	0.0%	0.9%	4.6%	2.1%
Cumberland County	87.2%	4.0%	0.3%	2.4%	0.0%	1.0%	5.1%	2.6%
Maine	90.8%	1.9%	0.6%	1.2%	0.0%	0.7%	4.7%	2.0%
United States	61.6%	12.4%	1.1%	6.0%	0.2%	8.4%	10.2%	18.7%

\*Hispanic individuals may be of any race.

Source: Decennial Census

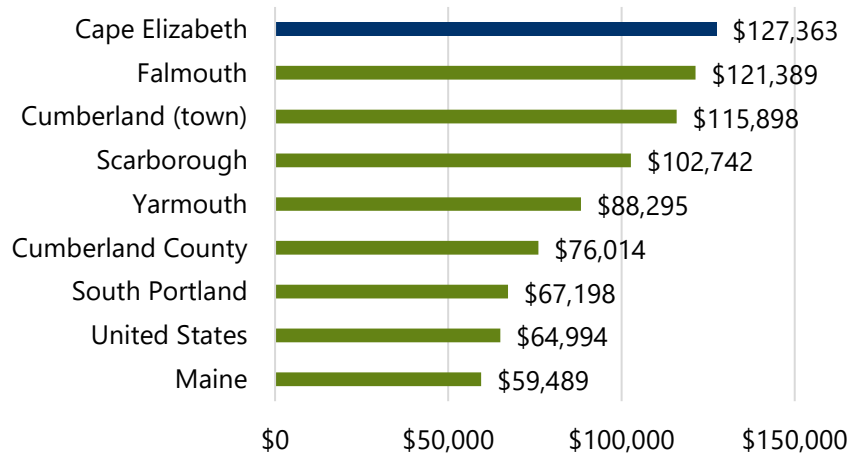
## INCOME DISTRIBUTION

According to the 2020 ACS 5-year estimates, the median income for Cape Elizabeth households is \$127,363 (MOE +/- \$7,063). This is the highest median income of any of the peer communities, more than double that of Maine (\$59,489) and nearly 70% higher than that of Cumberland County (\$76,014).

Esri's 2021 household income distribution data estimates that about one in four Cape Elizabeth households (26%) has a household income greater than \$200,000, compared to 11% of Cumberland County households.

Fewer than 6% of the town's households have an annual income below \$25,000, compared to about 14% county-wide.

### Median Household Income, 2020



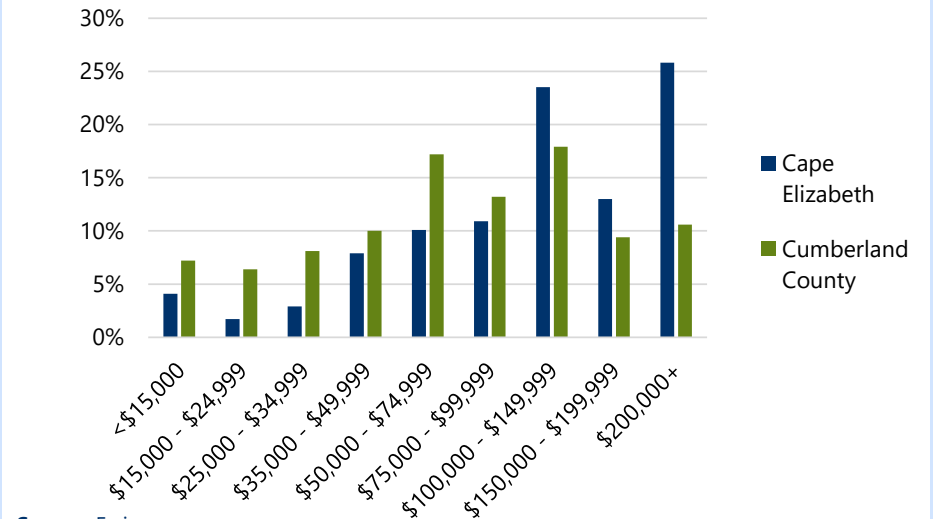
Source: 2020 ACS 5-Year Estimates

### Household Income Distribution, 2021

	Cape Elizabeth		Cumberland County	
	Count	Share	Count	Share
<\$15,000	156	4%	9,166	7%
\$15,000 - \$24,999	65	2%	8,166	6%
\$25,000 - \$34,999	109	3%	10,260	8%
\$35,000 - \$49,999	303	8%	12,693	10%
\$50,000 - \$74,999	387	10%	21,937	17%
\$75,000 - \$99,999	417	11%	16,751	13%
\$100,000 - \$149,999	898	24%	22,798	18%
\$150,000 - \$199,999	495	13%	11,946	9%
\$200,000+	984	26%	13,546	11%
<b>Total</b>	<b>3,814</b>	<b>100%</b>	<b>127,263</b>	<b>100%</b>

Source: Esri

### Household Income Distribution, 2021



Source: Esri

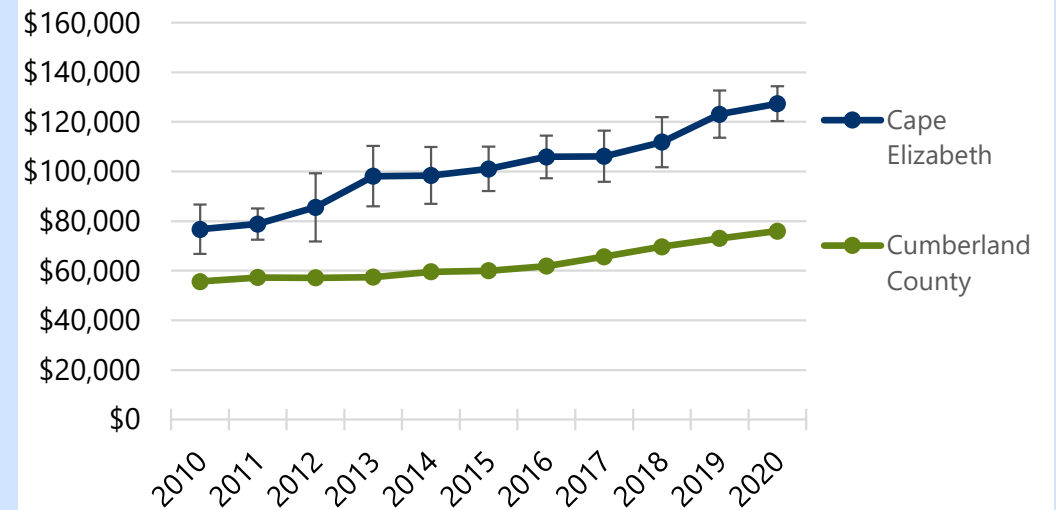
## MEDIAN HOUSEHOLD INCOME

Household incomes have trended upward over the last decade in Cape Elizabeth. According to 2010 ACS 5-year estimates, median household income in Cape Elizabeth was \$76,741 (MOE +/- \$9,957) compared to \$127,363 in 2020. This represents a 66% rise over 10 years.

Median household income in Cumberland County also rose over this period, with the spread between town and county median income growing as well. Cumberland County median income rose 37% over the same 10-year period from \$55,658 (MOE +/- \$1,051) to \$76,014 (MOE +/- \$1,563).

The gap in median income between Cape Elizabeth and Cumberland County grew from about \$21,000 to \$51,000 over this period. This points to a growing concentration of high-income households in Cape Elizabeth relative to the county.

**Median Household Income, 2010-2020**



Source: ACS 5-Year Estimates

## HOUSEHOLDS BY INCOME AND AGE

The tables at right show the concentration of households by income and age of householder in Cape Elizabeth and Cumberland County, according to Esri's 2021 estimates.

As compared to the county, Cape Elizabeth has a relatively high concentration of households in the 55-74 age cohorts and relatively few in the 25-44 cohorts. The town's households tend to be concentrated at the higher end of the income spectrum, while county households are more evenly distributed throughout.

**Households by Income and Age of Householder, Cape Elizabeth, 2021**

	<25	25-34	35-44	45-54	55-64	65-74	75+	Total	Share
<\$15,000	3	4	3	8	35	53	50	156	4%
\$15,000-\$24,999	0	4	2	6	15	20	18	65	2%
\$25,000-\$34,999	2	10	10	8	20	25	34	109	3%
\$35,000-\$49,999	9	26	12	29	37	55	135	303	8%
\$50,000-\$74,999	13	38	15	27	60	100	134	387	10%
\$75,000-\$99,999	3	35	42	43	95	152	47	417	11%
\$100,000-\$149,999	9	70	67	208	290	178	76	898	24%
\$150,000-\$199,999	3	39	75	118	154	77	29	495	13%
\$200,000+	5	52	95	245	325	191	71	984	26%
<b>Total</b>	<b>47</b>	<b>278</b>	<b>321</b>	<b>692</b>	<b>1,031</b>	<b>851</b>	<b>594</b>	<b>3,814</b>	<b>100%</b>
<b>Share</b>	<b>1%</b>	<b>7%</b>	<b>8%</b>	<b>18%</b>	<b>27%</b>	<b>22%</b>	<b>16%</b>	<b>100%</b>	

Source: Esri

**Households by Income and Age of Householder, Cumberland County, 2021**

	<25	25-34	35-44	45-54	55-64	65-74	75+	Total	Share
<\$15,000	611	1,192	1,049	1,091	1,789	1,634	1,800	9,166	7%
\$15,000-\$24,999	502	1,062	760	765	1,389	1,636	2,052	8,166	6%
\$25,000-\$34,999	611	1,542	1,228	1,155	1,665	1,842	2,217	10,260	8%
\$35,000-\$49,999	672	2,110	1,653	1,412	1,989	2,236	2,621	12,693	10%
\$50,000-\$74,999	909	2,825	3,162	3,504	4,277	4,534	2,726	21,937	17%
\$75,000-\$99,999	451	2,368	2,565	3,149	3,868	3,020	1,330	16,751	13%
\$100,000-\$149,999	285	3,113	4,817	4,962	5,003	3,178	1,440	22,798	18%
\$150,000-\$199,999	81	1,587	2,106	3,085	2,893	1,382	812	11,946	9%
\$200,000+	50	1,389	2,286	3,189	3,661	2,005	966	13,546	11%
<b>Total</b>	<b>4,172</b>	<b>17,188</b>	<b>19,626</b>	<b>22,312</b>	<b>26,534</b>	<b>21,467</b>	<b>15,964</b>	<b>127,263</b>	<b>100%</b>
<b>Share</b>	<b>3%</b>	<b>14%</b>	<b>15%</b>	<b>18%</b>	<b>21%</b>	<b>17%</b>	<b>13%</b>	<b>100%</b>	

Source: Esri

## Population Projections

	Decennial Census					Esri Projections			State Economist Projections								
	2000	2010	2020	CAGR, 2000-2010	CAGR, 2010-2020	2021	2026	CAGR, 2021-2026	2018	2023	2028	2033	2038	CAGR, 2018-2023	CAGR, 2023-2028	CAGR, 2028-2033	CAGR, 2033-2038
Cape Elizabeth	9,117	9,015	9,535	-0.1%	0.6%	9,401	9,706	0.6%	9,313	9,234	9,148	9,025	8,859	-0.2%	-0.2%	-0.3%	-0.4%
Cumberland County	265,612	281,674	303,069	0.6%	0.7%	302,496	316,170	0.9%	293,673	294,659	295,597	295,356	293,704	0.1%	0.1%	0.0%	-0.1%

Compound Annual Growth Rate (CAGR) is the annualized rate of population growth over a give time period.

Source: Decennial Census; Esri 2021 Projections; State of Maine - State Economist 2018 Projections

## POPULATION PROJECTIONS

Population change in a study area is determined by two components: natural increase and net migration. Natural increase refers to the difference between births and deaths. If births exceed deaths, natural increase will be positive; if deaths exceed births, natural increase will be negative (i.e., natural decrease). Net migration refers to the difference between residents moving into the study area (e.g., from a different town, county, state, or abroad) and residents moving out. Demographers consider these factors when making population projections.

Presented here are two sources of population projections for the Town of Cape Elizabeth: Esri projections from 2021 and the State of Maine State Economist projections from 2018.

Both projections were made prior to the release of 2020 Decennial Census data and are based on 2010 Decennial Census data. 2020 Census data total population counts for Cape Elizabeth were higher than anticipated by both sources, and it is therefore likely that future population projections from these sources will be revised upwards.

The official 2020 Decennial count placed the town’s population at 9,535. Esri estimates a total population of 9,401 in 2021, growing to 9,706 in 2026. Meanwhile, the State Economist estimates a total population of 9,313 in 2018, declining to 9,234 in 2023, and further declining to 8,859 by 2038. Clearly, these projections diverge considerably.

Per vital statistics from the State of Maine Division of Public Health Systems, both births and deaths trended slightly upward in Cape Elizabeth between 2011 and 2020. Deaths exceeded births in nine of these ten years, with an average of 70 deaths and 59 births annually. A natural decrease over this period, combined with an overall population increase per official Decennial census numbers, means that population growth in the town over the least decade or so was driven by net in-migration.

Whether Cape Elizabeth experiences future population growth or decline will depend on the availability of housing units to absorb additional population.



## EMPLOYMENT BASE

Cape Elizabeth's largest employment sectors are educational services and health care, which comprise 25% and 23%, respectively, of all jobs in town. The largest employer in the educational services sector is the Cape Elizabeth Public Schools. The third largest sector is accommodation and food services, which includes hotels and restaurants, and represents 11% of jobs.

Jobs can also be examined on the basis of the industry sectors of employment of Cape Elizabeth resident workers. About 19% of jobs held by resident workers are in health care, and 11% are in educational services. Professional, scientific, and technical services make up 10% of resident workers' jobs, and retail trade another 9%.

Jobs held by resident workers are higher paying than jobs located in Cape Elizabeth. About 60% of jobs held by resident workers pay more than \$3,333 per month (annual equivalent of \$40,000), while this is the case for only 40% of jobs located in town.

### Jobs and Resident Workers by Monthly Earnings per Job

	\$1,250 per Month or Less	\$1,251 to \$3,333 per month	More than \$3,333 per month	Total
Cape Elizabeth Jobs	422	449	585	1,456
Share of Total	29%	31%	40%	100%
Cape Elizabeth Resident Workers	826	858	2,490	4,174
Share of Total	20%	21%	60%	100%

Source: Census OnTheMap

### Cape Elizabeth Jobs and Resident Workers, 2019

Industry Sector	Jobs		Resident Workers	
	Count	Share	Count	Share
Agriculture, Forestry, Fishing and Hunting	13	1%	12	0%
Mining, Quarrying, and Oil and Gas Extraction	0	0%	1	0%
Utilities	0	0%	9	0%
Construction	93	6%	168	4%
Manufacturing	16	1%	183	4%
Wholesale Trade	20	1%	179	4%
Retail Trade	51	4%	367	9%
Transportation and Warehousing	8	1%	92	2%
Information	23	2%	103	2%
Finance and Insurance	12	1%	307	7%
Real Estate and Rental and Leasing	31	2%	87	2%
Professional, Scientific, and Technical Services	130	9%	408	10%
Management of Companies and Enterprises	0	0%	143	3%
Administration & Support, Waste Management and Remediation	45	3%	203	5%
Educational Services	367	25%	451	11%
Health Care and Social Assistance	330	23%	792	19%
Arts, Entertainment, and Recreation	54	4%	93	2%
Accommodation and Food Services	160	11%	327	8%
Other Services (excluding Public Administration)	49	3%	140	3%
Public Administration	54	4%	109	3%
<b>Total</b>	<b>1,456</b>	<b>100%</b>	<b>4,174</b>	<b>100%</b>

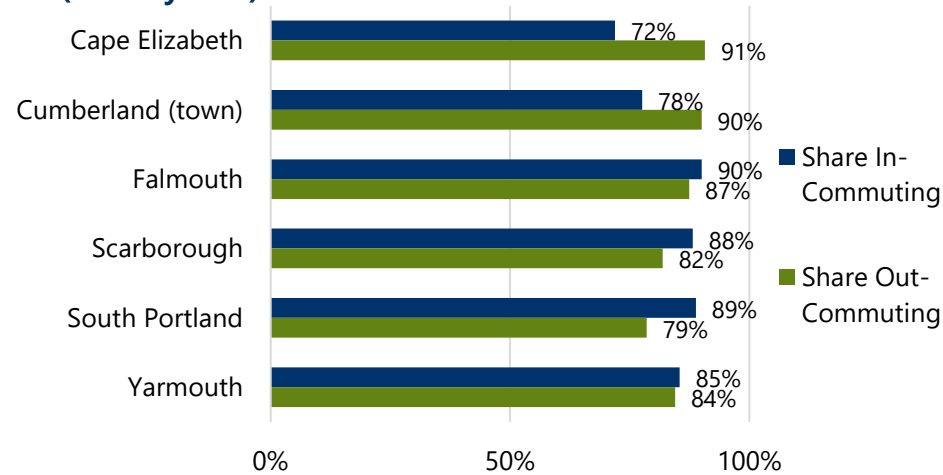
Source: Census OnTheMap

## COMMUTE PATTERNS

Census data on commuting patterns shows the flow of commuters into and out of Cape Elizabeth. According to Census estimates, there are about 1,285 workers employed in positions located in the town, compared to 3,886 town residents who are workers. In other words, there are three times more workers living in Cape Elizabeth than there are workers employed in Cape Elizabeth.

An estimated 72% of workers employed in town commute from elsewhere, which is a sizable majority. Still, Cape Elizabeth has somewhat lower rates of in-commuting as compared to peer communities. On the other hand, Cape Elizabeth has the highest rate of out-commuting—91% of working residents work at jobs located outside of Cape Elizabeth. This is a typical pattern for a “bedroom community.”

### Share of Workers In-Commuting and Out-Commuting, 2019 (Primary Jobs)



Source: Census OnTheMap

In the context of OnTheMap data from the Census, a “primary job” is the job that contributes the highest earnings to an individual worker. By looking at primary jobs, rather than all jobs, the data counts each worker exactly once.

### In-Commuting and Out-Commuting, 2019, Primary Jobs

	Count	Share
Employed in Cape Elizabeth	1,285	100%
Employed in Cape Elizabeth but Living Outside	924	72%
Employed and Living in Cape Elizabeth	361	28%
<hr/>		
Living in Cape Elizabeth	3,886	100%
Living in Cape Elizabeth but Employed Outside	3,525	91%
Living and Employed in Cape Elizabeth	361	9%

Source: Census OnTheMap

### Commuting Distance for Cape Elizabeth Residents and Workers



Source: Census OnTheMap

## WHERE CAPE ELIZABETH RESIDENTS WORK

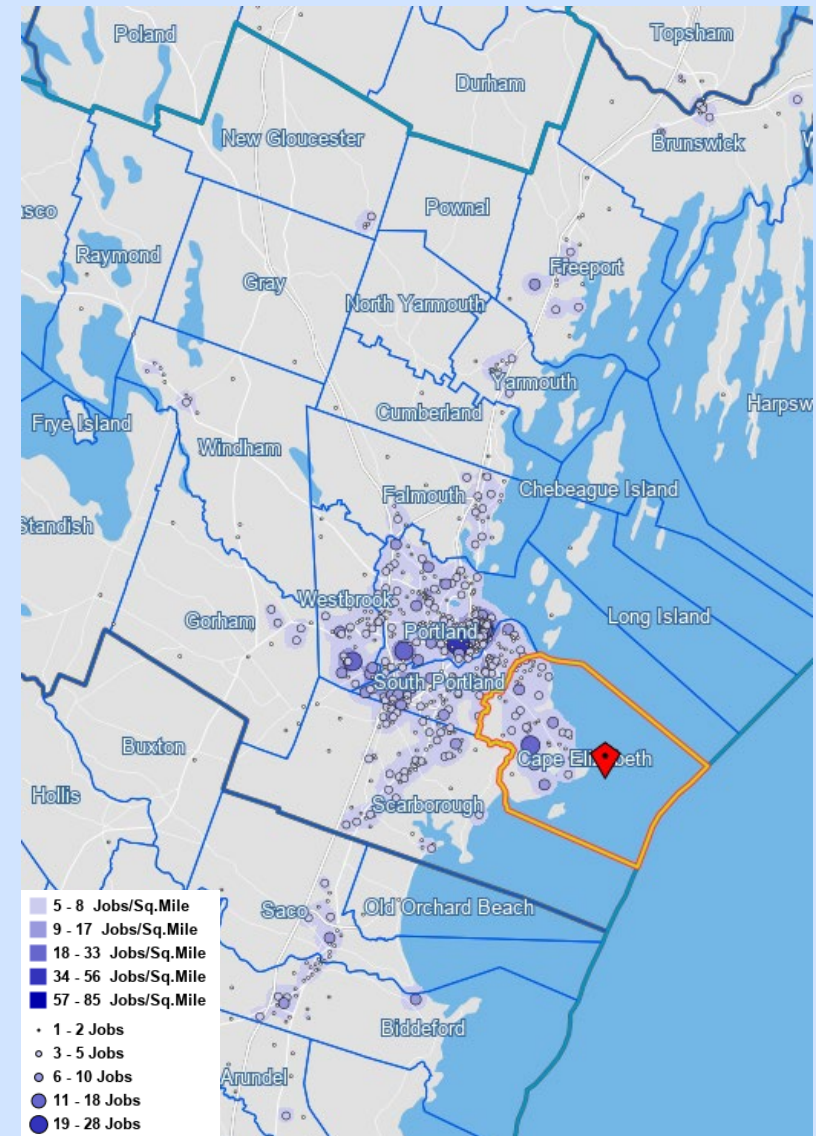
Cape Elizabeth residents typically commute relatively short distances to work, with most employment concentrated in Portland and adjacent communities.

Portland (38%) and South Portland (13%) collectively account for just over half of commuting destinations for Cape Elizabeth residents who work. About 9% of working residents are also employed within the town. Scarborough (6%) and Westbrook (5%) round out the top five commuting destinations for Cape Elizabeth residents. No other community employs more than 5% of the town's working residents.

### Where Cape Elizabeth Residents Work, 2019, Primary Jobs

City/Town	Count	Share
Portland	1,482	38%
South Portland	502	13%
Cape Elizabeth	361	9%
Scarborough	231	6%
Westbrook	210	5%
Falmouth	79	2%
Biddeford	75	2%
Freeport	67	2%
Lewiston	61	2%
Augusta	60	2%
All Other Locations	758	20%
<b>Total</b>	<b>3,886</b>	<b>100%</b>

Source: Census OnTheMap



Source: Census OnTheMap

## WHERE CAPE ELIZABETH WORKERS LIVE

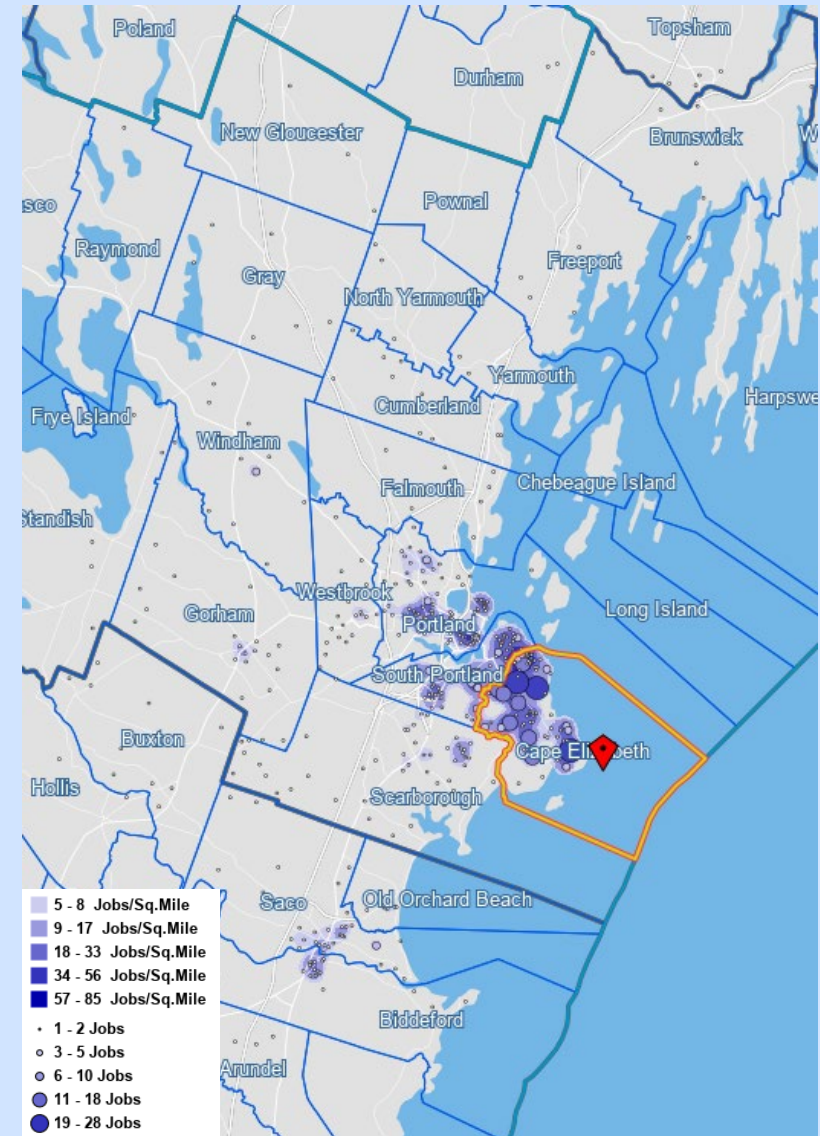
About 28% of Cape Elizabeth workers commute from within Cape Elizabeth itself, more than from any other community. South Portland accounts for 13% of the town's workers, and Portland for another 12%.

About 62% of workers commute less than 10 miles to jobs in Cape Elizabeth, and another 21% commute between 10 and 24 miles.

### Where Cape Elizabeth Workers Live, 2019, Primary Jobs

City/Town	Count	Share
Cape Elizabeth	361	28%
South Portland	171	13%
Portland	155	12%
Scarborough	84	7%
Saco	52	4%
Gorham	36	3%
Westbrook	26	2%
Biddeford	24	2%
Windham	20	2%
Cumberland	16	1%
All Other Locations	340	27%
<b>Total</b>	<b>1,285</b>	<b>100%</b>

Source: Census OnTheMap



Source: Census OnTheMap

# 1.2 HOUSING INVENTORY & MARKET TRENDS

This chapter describes the town's housing stock in terms of total housing units, vacancy, tenure, year built, units in structure, value/price, rent, and other variables. It provides an initial look at the number of cost-burdened households in the community. Additional data analysis of housing affordability gaps and housing needs will be provided in the next volume of the study.

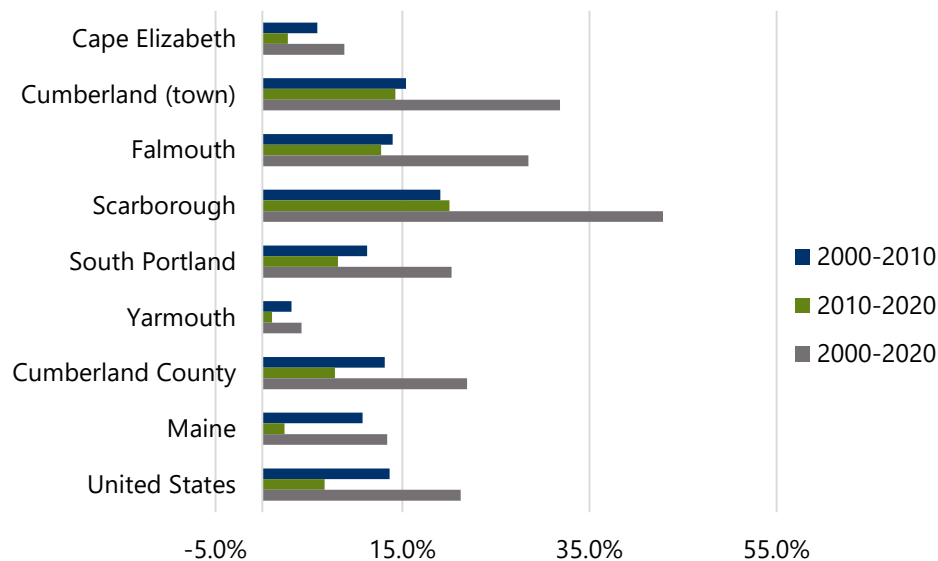
# TOTAL HOUSING UNITS

According to the 2020 Decennial Census, Cape Elizabeth is home to 4,071 housing units. This represents a net gain of 108 units over the 2010-2020 decade. The town added units at less than half the rate it did over the 2000-2010 decade. The town added units at less than half the rate it did over the 2000-2010 decade, during which 221 units were added to the housing stock.

With the exception of Scarborough, the rate at which housing units were added slowed for most peer communities from 2000-2010 to 2010-2020. Cape Elizabeth had among the lowest percent change in total housing units over both decades; only Yarmouth increased its housing stock more slowly.

Compared to Cape Elizabeth's meager 2.7% growth between 2010 and 2020, Scarborough (20.0%), Cumberland (town) (14.2%), and Falmouth (12.7%) grew significantly.

## Pct. Change in Housing Units



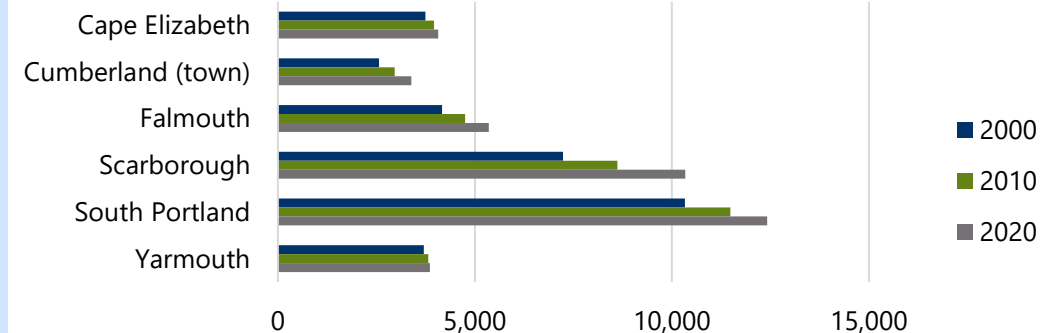
Source: Decennial Census

## Total Housing Units

Geography	Housing Units			Percent Change		
	2000	2010	2020	2000-2010	2010-2020	2000-2020
Cape Elizabeth	3,742	3,963	4,071	5.9%	2.7%	8.8%
Cumberland (town)	2,567	2,962	3,384	15.4%	14.2%	31.8%
Falmouth	4,169	4,751	5,355	14.0%	12.7%	28.4%
Scarborough	7,239	8,617	10,341	19.0%	20.0%	42.9%
South Portland	10,326	11,484	12,415	11.2%	8.1%	20.2%
Yarmouth	3,703	3,819	3,859	3.1%	1.0%	4.2%
Cumberland County	122,600	138,657	149,452	13.1%	7.8%	21.9%
Maine	651,901	721,830	739,072	10.7%	2.4%	13.4%
United States	115,904,641	131,704,730	140,498,736	13.6%	6.7%	21.2%

Source: Decennial Census

## Total Housing Units, 2000, 2010, 2020



Source: Decennial Census

## HOUSEHOLDS & HOUSING UNITS

Comparing population, households, housing units, and vacant unit counts from the Decennial Census provides insight into the town's changing housing situation.

The number of households added community-wide was similar between 2000-2010 and 2010-2020, at 111 and 122 new households, respectively. Meanwhile, the number of housing units added between 2000-2010 was about double the number added between 2010-2020, or 221 housing units compared to 108. It therefore follows that the number of vacant units increased by 110 units over the first decade, and then decreased by 14 units over the second decade.

Vacant units can be vacant for a variety of reasons. In strong markets like Cape Elizabeth, vacant units typically fall into one of the following categories:

- Currently for sale or for rent
- Rented or sold but not yet occupied
- For seasonal, recreational, or occasional use

The slight decrease in vacant units from 2010 to 2020 suggests some conversions of seasonal homes to year-round homes and/or a decrease in for-sale or rental inventory.

According to Census definitions, every household is considered to live in a housing unit. A housing unit where a household is living is considered to be occupied. Any other housing unit is considered to be vacant, including units occupied by persons who have a usual residence elsewhere (e.g., seasonal unit or second home). Therefore, the following is always true for a given study area:

$$\text{Households} + \text{Vacant Units} = \text{Total Housing Units}$$

**Cape Elizabeth, Population vs Housing Units, 2000, 2010, 2020**

	2000	2010	2020	Change, 2000-2010	Change, 2010-2020	Change, 2000-2020
Population	9,117	9,015	9,535	-102	520	418
Households	3,505	3,616	3,738	111	122	233
Housing Units	3,742	3,963	4,071	221	108	329
Vacant Units	237	347	333	110	-14	96
Vacancy Rate	6.3%	8.8%	8.2%	2.4%	-0.6%	1.8%

**Source:** Decennial Census

## TENURE

Tenure refers to whether an occupied housing unit is owner- or renter-occupied. According to 2020 ACS 5-year estimates, approximately 90% of Cape Elizabeth's occupied housing stock is owner-occupied, with the remaining 10% renter-occupied. Cape Elizabeth has the highest share of owner-occupied housing of all comparison geographies. Neighboring South Portland has the lowest share, with only 64% of units being owner-occupied.

Cape Elizabeth's total renter-occupied housing stock is estimated at just under 400 units, a disproportionately low number. A low overall rental inventory that very few units are available for rent at any given time, making it quite challenging for a would-be renter to find a unit in town that meets their space and pricing needs.

### Seasonal Units

A relatively small share of the town's housing stock—about 4%—is seasonally vacant according to the ACS. This is considerably lower than the county-wide average of 10% and state-wide average of 17%. Many of the state's coastal communities have a substantially higher share of seasonal homes.

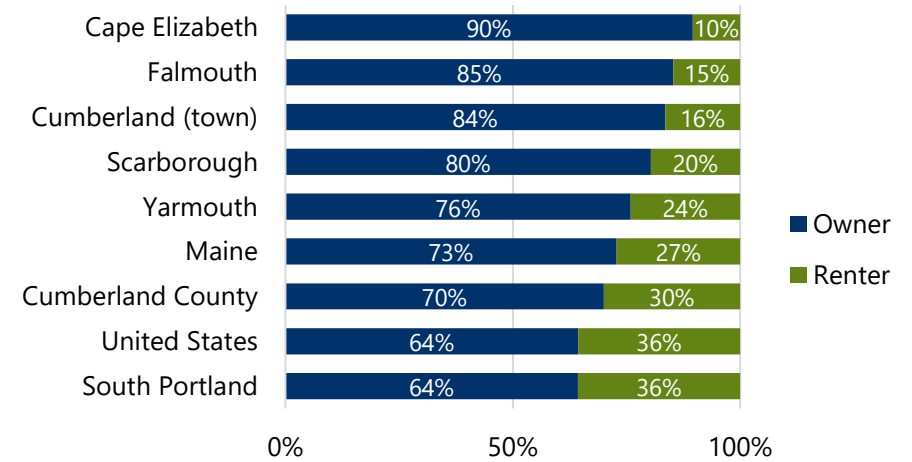
The low share of seasonal homes is further borne out in Town assessment records showing the owner's address for residential properties in the community. According to these records, approximately 88% of residential properties are owned by those with a local address.

#### Owner Address of Cape Elizabeth Residential Properties

Cape Elizabeth	87.8%
South Portland	1.2%
Portland	1.1%
Other Maine	1.8%
Massachusetts	1.6%
Florida	1.1%
Other US	5.3%
International	0.1%
<b>Total</b>	<b>100.0%</b>

Source: Town Assessor

### Owner vs Renter Occupied Housing Units, 2020



Source: ACS 2020 5-year Estimates

### Housing Unit Overview, 2016-2020

	Owner-Occupied		Renter-Occupied		Seasonal Vacant		Other Vacant*		Total Housing Units	
Cape Elizabeth	3,362	83%	392	10%	166	4%	143	4%	4,063	100%
Cumberland (town)	2,439	81%	481	16%	0	0%	79	3%	2,999	100%
Falmouth	4,083	80%	703	14%	160	3%	135	3%	5,081	100%
Scarborough	6,800	71%	1,662	17%	795	8%	341	4%	9,598	100%
South Portland	7,234	61%	4,008	34%	146	1%	481	4%	11,869	100%
Yarmouth	2,466	71%	781	23%	82	2%	141	4%	3,470	100%
Cumberland County	86,357	59%	37,027	25%	15,216	10%	7,238	5%	145,838	100%
Maine	414,939	56%	154,612	21%	127,565	17%	49,677	7%	746,793	100%
United States	78,801,376	57%	43,552,843	31%	5,303,302	4%	10,775,230	8%	138,432,751	100%

\*Other vacant includes the following vacancy reasons: for rent; rented, not occupied; for sale only; sold, not occupied; for migrant workers; other vacant as defined by the Census

Source: ACS 2020 5-year Estimates



## HOUSING STOCK

2020 ACS data estimates that about 90% of Cape Elizabeth’s housing stock consists of single-family detached units and another 4% consists of single-family attached units (e.g., townhouses or rowhouses). The remaining 6% is comprised of multifamily units.

By contrast, only 66% of Cumberland County’s housing stock is single-family detached units.

According to the Town’s assessment records, about 86% of properties are single-family, while condominiums account for another 10%. Note that condominiums may take any physical form and refer to units that are owned individually but surrounded by common areas that are jointly owned.

### Housing Units by Units in Structure

	Cape Elizabeth		Cumberland County	
	Count	Share	Count	Share
1-unit, detached	3,652	90%	95,993	66%
1-unit, attached	165	4%	6,972	5%
2 units	17	0%	8,073	6%
3 or 4 units	102	3%	9,720	7%
5 to 9 units	58	1%	6,678	5%
10 to 19 units	10	0%	3,140	2%
20 or more units	59	1%	9,348	6%
Mobile home	0	0%	5,852	4%
Boat, RV, van, etc.	0	0%	62	0%
<b>Total</b>	<b>4,063</b>	<b>100%</b>	<b>145,838</b>	<b>100%</b>

Source: 2020 ACS 5-year Estimates

### Residential Properties by Type, Cape Elizabeth, 2022

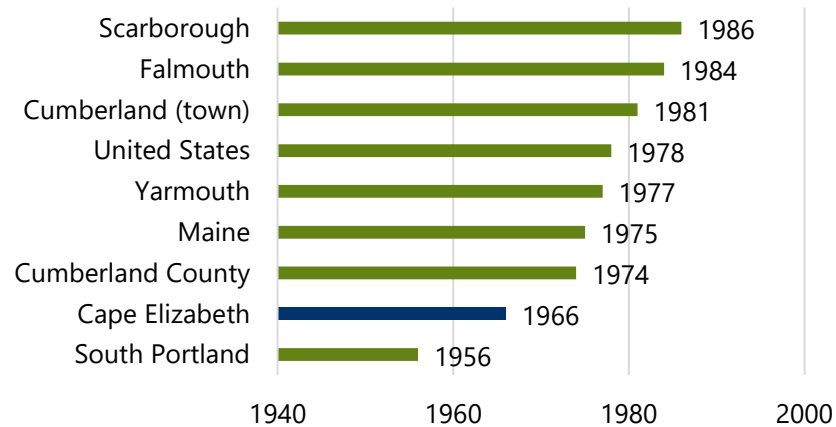
Type	Count	Share
1 Family	3,354	86%
Condominium	403	10%
2+ Family	41	1%
Seasonal	34	1%
All Other	81	2%
<b>Total</b>	<b>3,913</b>	<b>100%</b>

Source: Town Assessor

## YEAR BUILT

The median year built for Cape Elizabeth housing units is estimated to be 1966. Relatively low homebuilding activity in recent decades means that the town's housing stock is aging relative to other communities such as Scarborough, Falmouth, and Cumberland, which have expanded their housing stock considerably over the last 20 years.

**Median Year Structure Built, Housing Units**



Source: 2020 ACS 5-year Estimates

**Housing Units by Year Structure Built**

	Cape Elizabeth		Cumberland County	
	Count	Share	Count	Share
Built 2014 or later	64	2%	4,787	3%
Built 2010 to 2013	16	0%	3,580	2%
Built 2000 to 2009	328	8%	16,076	11%
Built 1990 to 1999	353	9%	16,576	11%
Built 1980 to 1989	604	15%	19,989	14%
Built 1970 to 1979	440	11%	18,676	13%
Built 1960 to 1969	644	16%	10,260	7%
Built 1950 to 1959	339	8%	12,013	8%
Built 1940 to 1949	419	10%	7,620	5%
Built 1939 or earlier	856	21%	36,261	25%
<b>Total</b>	<b>4,063</b>	<b>100%</b>	<b>145,838</b>	<b>100%</b>

Source: 2020 ACS 5-year Estimates

## HOUSING UNIT SIZE BY YEAR BUILT

The size of homes built in Cape Elizabeth has varied over time. Assessment data on living area (square feet) and year built was tabulated for existing residential properties to determine the median size of homes built in the town by decade.

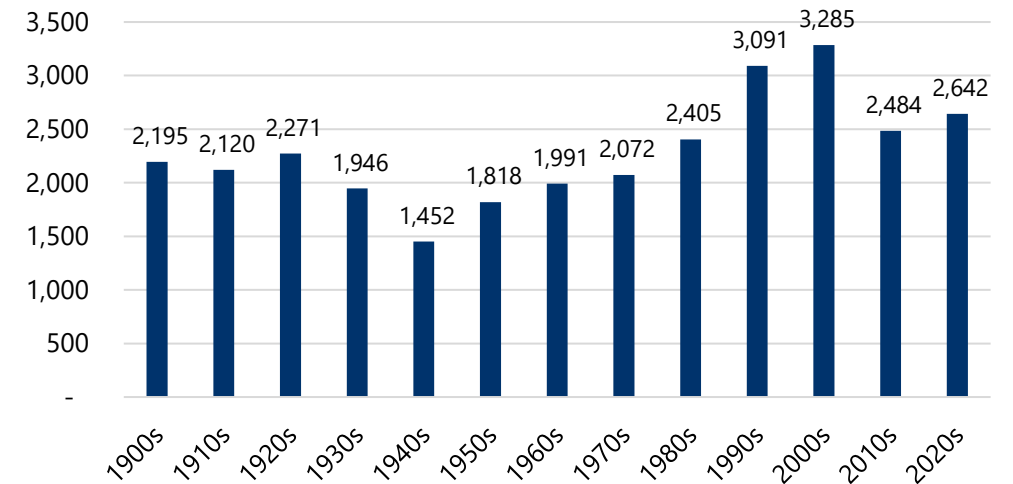
The data suggests that home size has trended upward from the 1940s through the 2000s. Homes built in the 1940s had a median home size of about 1,450 sq. ft., while the median size of those constructed in the 2000s decade was more than double, at 3,285 sq. ft.

Home size fell substantially in the 2010s decade, dropping by 800 sq. ft. to a median of 2,484 sq. ft. Homes built in the 2020s (to date) point to a slight uptick in size.

For comparison, according to the US Census Survey of Construction, the median size of a new single-family homes completed in the Northeast in 2020 was 2,261 sq. ft., down slightly from a peak of 2,492 sq. ft. in 2015.

Note that the data reflects the current size of the town's homes, and not their original size when constructed. The data likely overstates home size as originally built, particularly for earlier years, as many older homes have been expanded over time.

**Median Home Size (sq. ft.) by Decade Built, Cape Elizabeth**



Source: Town Assessor Database

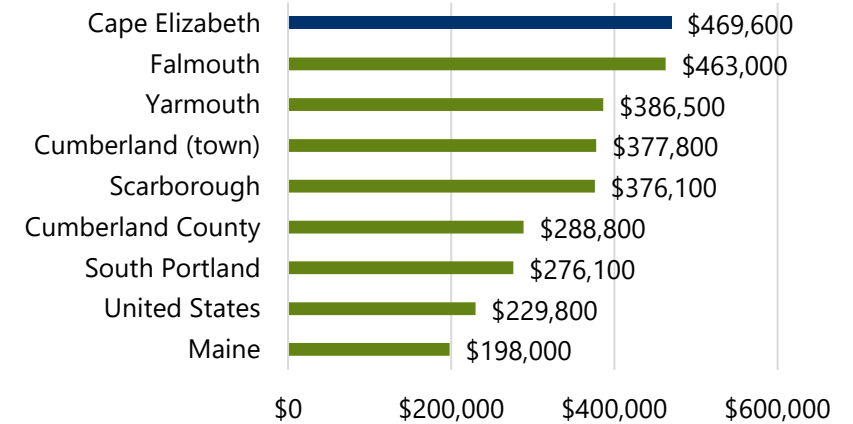
## HOME VALUE

Home values have climbed drastically in recent years in Cape Elizabeth, the greater Portland market, and nationwide. While home value data from the 2016-2020 ACS is no longer an accurate representation of actual home values due to these steep market-wide price escalations, it can be used to compare relative values across communities.

As of the 2016-2020 data collection period, Cape Elizabeth and Falmouth registered the highest median home values among the comparison geographies, at \$469,600 and \$463,000, respectively. This was over 60% higher than the county-wide median of \$288,800 and well over double the state-wide median of \$198,000.

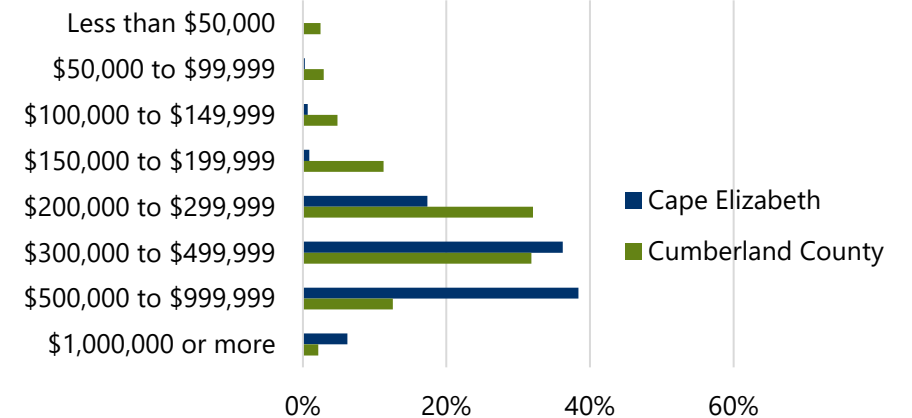
Over 80% of Cape Elizabeth's homes were valued at \$300,000 or more, compared to 47% county-wide.

### Median Home Value, 2016-2020



Source: 2020 ACS 5-Year Estimates

### Owner-Occupied Units by Value, 2016-2020



Source: 2020 ACS 5-year

### Change in Median Home Sale Price, Cape Elizabeth

	2011	2016	2020	2021	10-Yr. Pct. Change (2011-2021)	5-Yr. Pct. Change (2016-2021)	1-Yr. Pct. Change (2020-2021)
Non-Oceanfront Single-Family	\$336,250	\$420,000	\$607,500	\$695,000	107%	65%	14%
Oceanfront Single-Family	\$1,196,500	\$1,932,500	\$2,035,000	\$2,150,000	80%	11%	6%
Condominium	\$305,000	\$325,000	\$384,000	\$607,500	99%	87%	58%

Source: Town Assessor

## HOME SALE PRICE

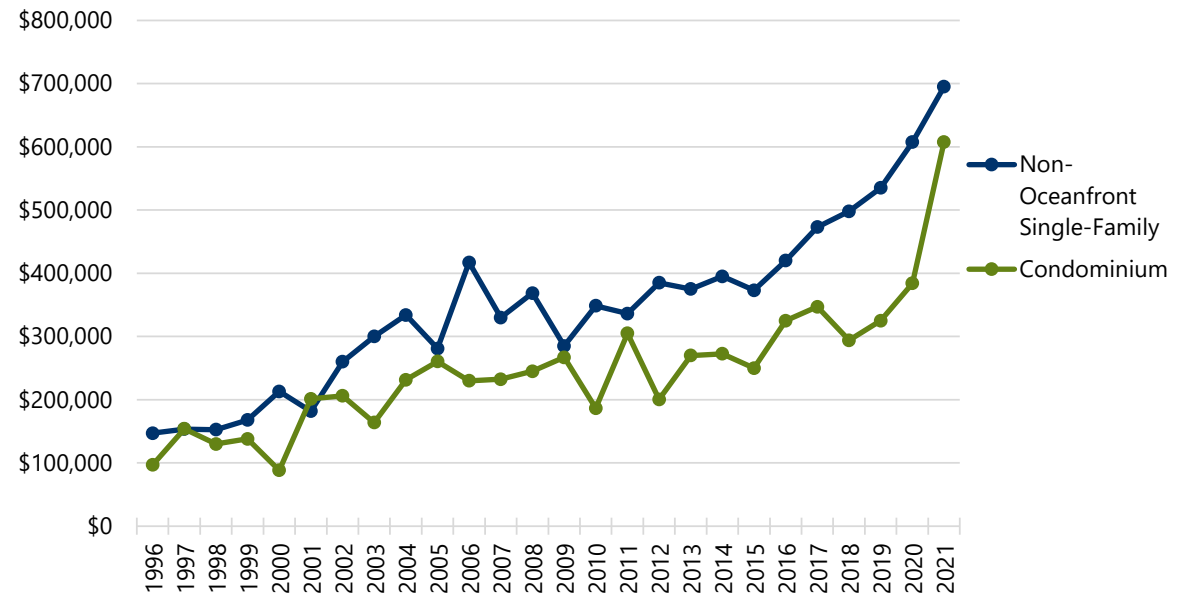
Home sales data from the Town Assessor database provides a more up-to-date look at sale prices in Cape Elizabeth. In 2021, the median sale price for a non-oceanfront single-family home in town was \$695,000. An oceanfront single-family home sold for a median of \$2.1 million, and a condominium sold for a median of \$607,500.

The median non-oceanfront single-family home more than doubled in price over the last 10 years, between 2011 and 2021, from \$336,250. This is an annualized growth rate of 7.5%. Between 2020 and 2021 alone, the median price was up over 14%.

Condominium prices trended gradually upward before spiking by 58% in 2021, the result of a new luxury condominium development coming on the market.

Gains in oceanfront single-family home prices were somewhat more muted over recent years, but still up 80% compared to 2011.

Median Home Sale Price, 1996-2021, Cape Elizabeth



Source: Town Assessor

## HOME SALES BY YEAR

Tables on this page and the following page show year-by-year home sales per the Town's Assessment database for non-oceanfront single-family homes, condominiums, and oceanfront single-family homes.

### Non-Oceanfront Single-Family Home Sales, Cape Elizabeth

Year	Homes Sold	Median Sale Price	Min. Sale Price	Max. Sale Price	Median Sale Price per Sq. Ft.
1996	31	\$147,000	\$85,500	\$350,000	\$74
1997	37	\$153,500	\$95,000	\$375,000	\$78
1998	28	\$152,500	\$91,000	\$381,000	\$77
1999	49	\$167,900	\$73,000	\$525,000	\$89
2000	42	\$213,000	\$82,000	\$567,500	\$96
2001	55	\$181,900	\$81,100	\$2,300,000	\$104
2002	53	\$260,000	\$87,000	\$1,695,000	\$140
2003	41	\$300,000	\$108,000	\$2,700,000	\$155
2004	55	\$334,000	\$110,000	\$775,000	\$156
2005	50	\$281,000	\$114,500	\$1,900,000	\$168
2006	57	\$417,000	\$190,000	\$2,650,000	\$175
2007	55	\$330,000	\$125,000	\$1,175,000	\$180
2008	53	\$368,500	\$185,000	\$960,000	\$164
2009	62	\$285,000	\$100,000	\$880,000	\$161
2010	56	\$348,500	\$90,000	\$860,054	\$160
2011	66	\$336,250	\$70,000	\$1,325,000	\$161
2012	75	\$385,000	\$100,000	\$1,560,000	\$161
2013	85	\$375,000	\$90,000	\$2,195,000	\$177
2014	99	\$395,000	\$100,000	\$2,900,000	\$175
2015	129	\$373,000	\$112,500	\$1,850,000	\$181
2016	111	\$420,000	\$175,000	\$4,050,000	\$189
2017	113	\$473,000	\$174,900	\$1,650,000	\$202
2018	118	\$498,000	\$150,000	\$1,700,000	\$225
2019	127	\$535,000	\$235,000	\$2,800,000	\$228
2020	132	\$607,500	\$200,000	\$1,690,000	\$257
2021	147	\$695,000	\$225,000	\$4,100,000	\$316

Source: Town Assessor

### Condominium Sales, Cape Elizabeth

Year	Homes Sold	Median Sale Price	Min. Sale Price	Max. Sale Price	Median Sale Price per Sq. Ft.
1996	2	\$96,750	\$65,000	\$128,500	\$59
1997	1	\$153,900	\$153,900	\$153,900	\$72
1998	3	\$129,900	\$92,200	\$167,000	\$99
1999	5	\$138,000	\$82,000	\$295,000	\$79
2000	6	\$88,250	\$85,000	\$179,900	\$93
2001	4	\$201,250	\$87,900	\$275,000	\$95
2002	5	\$206,000	\$134,000	\$389,000	\$136
2003	4	\$163,750	\$142,500	\$267,000	\$145
2004	4	\$231,500	\$146,500	\$295,000	\$122
2005	8	\$260,500	\$170,000	\$435,000	\$132
2006	5	\$230,000	\$168,000	\$280,000	\$152
2007	8	\$232,450	\$140,500	\$405,000	\$151
2008	2	\$245,000	\$235,000	\$255,000	\$161
2009	5	\$267,000	\$160,000	\$329,000	\$162
2010	3	\$186,500	\$160,000	\$195,000	\$131
2011	4	\$305,000	\$255,000	\$431,722	\$114
2012	10	\$200,500	\$133,000	\$465,810	\$141
2013	13	\$270,000	\$98,000	\$463,698	\$172
2014	18	\$272,500	\$153,500	\$508,200	\$152
2015	19	\$250,000	\$175,000	\$546,328	\$155
2016	21	\$325,000	\$206,247	\$640,417	\$185
2017	23	\$347,000	\$170,000	\$566,991	\$198
2018	27	\$294,000	\$175,000	\$544,715	\$205
2019	41	\$325,000	\$176,500	\$693,638	\$191
2020	42	\$384,000	\$200,000	\$901,330	\$240
2021	34	\$607,500	\$262,550	\$870,000	\$304

Source: Town Assessor

### Oceanfront Single-Family Homes Sales, Cape Elizabeth

Year	Homes Sold	Median Sale Price	Min. Sale Price	Max. Sale Price	Median Sale Price per Sq. Ft.
1996	1	\$400,000	\$400,000	\$400,000	\$173
1997	2	\$511,250	\$397,500	\$625,000	\$114
1998	4	\$1,012,000	\$660,000	\$1,450,000	\$221
1999	0	N/A	N/A	N/A	N/A
2000	0	N/A	N/A	N/A	N/A
2001	1	\$1,850,000	\$1,850,000	\$1,850,000	\$230
2002	0	N/A	N/A	N/A	N/A
2003	2	\$2,485,000	\$1,495,000	\$3,475,000	\$323
2004	2	\$1,075,000	\$750,000	\$1,400,000	\$343
2005	4	\$1,675,000	\$1,325,000	\$2,100,000	\$377
2006	1	\$4,800,000	\$4,800,000	\$4,800,000	\$503
2007	2	\$2,077,755	\$1,962,510	\$2,193,000	\$635
2008	1	\$1,725,000	\$1,725,000	\$1,725,000	\$573
2009	2	\$1,533,400	\$1,100,000	\$1,966,800	\$269
2010	3	\$775,000	\$700,000	\$2,950,000	\$525
2011	2	\$1,196,500	\$1,143,000	\$1,250,000	\$437
2012	2	\$1,390,000	\$880,000	\$1,900,000	\$429
2013	3	\$1,295,000	\$1,100,000	\$1,625,000	\$303
2014	1	\$1,390,000	\$1,390,000	\$1,390,000	\$457
2015	6	\$1,750,000	\$1,026,250	\$4,478,350	\$355
2016	4	\$1,932,500	\$1,285,000	\$3,750,000	\$324
2017	2	\$2,275,000	\$2,050,000	\$2,500,000	\$342
2018	10	\$2,956,000	\$1,250,000	\$4,290,000	\$498
2019	9	\$2,285,000	\$999,000	\$3,116,320	\$517
2020	9	\$2,035,000	\$1,500,000	\$3,770,000	\$623
2021	5	\$2,150,000	\$1,800,000	\$3,950,000	\$698

Source: Town Assessor

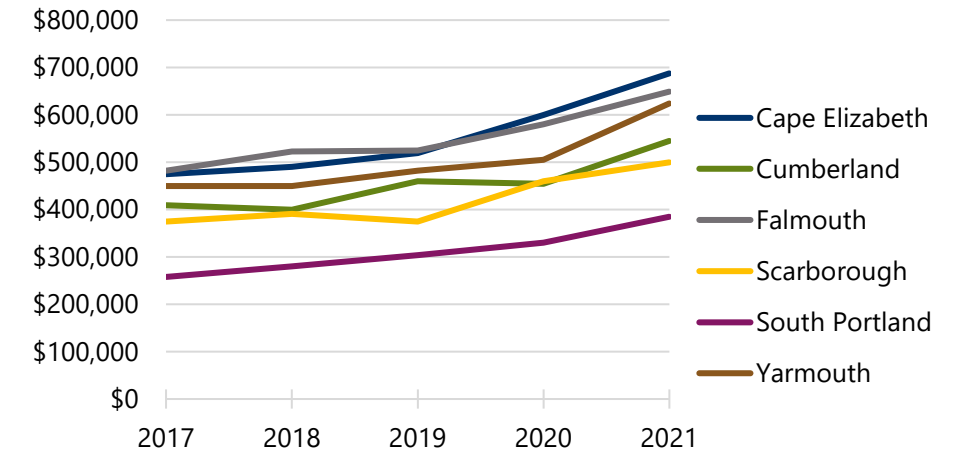
## SALE PRICE – COMMUNITY COMPARISON

Multiple Listings Service (MLS) data on home sales provided by Maine Listings allows for comparison of home sales over time and among communities.

As of 2021, Cape Elizabeth had the highest median sale price of the six peer communities, reaching \$687,500. Since 2020, the town has surpassed Falmouth, which previously rank first on this metric. Yarmouth ranks second, followed by Cumberland and Scarborough, respectively.

Prices in South Portland are considerably more affordable than in other communities. While South Portland also showed the highest growth in median price between 2017 and 2021 (+49%), its 2021 median of \$385,000 was still about 44% lower than that of Cape Elizabeth.

### Median Sale Price



Source: Maine Listings

### Median Sale Price

Year	Cape Elizabeth	Cumberland	Falmouth	Scarborough	South Portland	Yarmouth
2017	\$475,000	\$409,500	\$482,450	\$375,000	\$257,875	\$450,000
2018	\$490,000	\$400,000	\$522,500	\$391,200	\$280,000	\$450,000
2019	\$519,495	\$460,000	\$525,000	\$375,000	\$304,000	\$482,000
2020	\$600,000	\$454,750	\$580,000	\$460,000	\$330,000	\$505,000
2021	\$687,500	\$545,000	\$649,000	\$500,000	\$385,000	\$624,000
<b>Change, 17-21</b>	<b>\$212,500</b>	<b>\$135,500</b>	<b>\$166,550</b>	<b>\$125,000</b>	<b>\$127,125</b>	<b>\$174,000</b>
<b>Pct. Change</b>	<b>45%</b>	<b>33%</b>	<b>35%</b>	<b>33%</b>	<b>49%</b>	<b>39%</b>

Source: Maine Listings



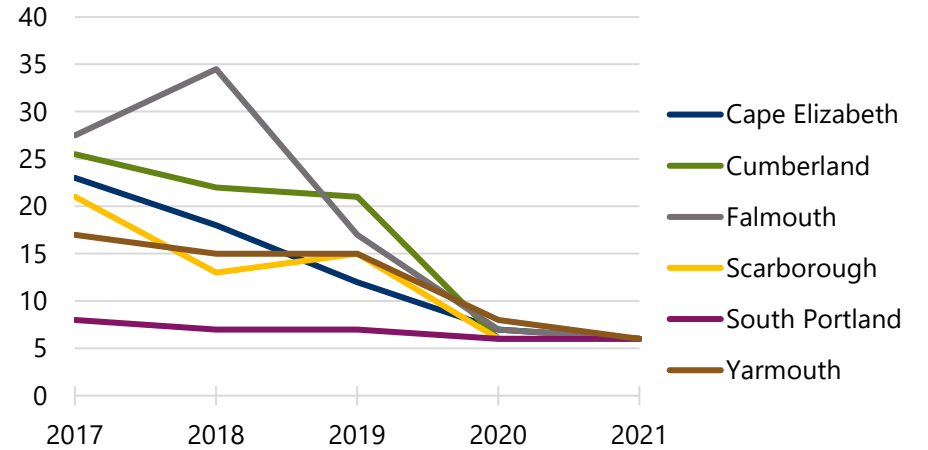
## DAYS-ON-MARKET – COMMUNITY COMPARISON

Days-on-market (or DOM) refers to the number of days between the time a home is listed and the time it is sold. A low DOM values indicates high housing demand and points to a “seller’s market,” in which homes sell quickly and buyers have minimal bargaining power.

This measure fell drastically in most communities between 2017 and 2021, converging at 6 days in 2021 across all size communities. In Cape Elizabeth, median DOM plummeted from over 3 weeks (23 days) to less than 1 week (6 days).

South Portland has consistently had a low DOM value compared to the other communities, remaining below 9 days over this period. As a community with considerably less expensive home prices, this points to consistent robust demand for affordably priced homes in this market.

Median Days on Market



Source: Maine Listings

Median Days on Market

Year	Cape Elizabeth	Cumberland	Falmouth	Scarborough	South Portland	Yarmouth
2017	23	26	28	21	8	17
2018	18	22	35	13	7	15
2019	12	21	17	15	7	15
2020	7	6	7	6	6	8
2021	6	6	6	6	6	6
<b>Change, 17-21</b>	<b>-17</b>	<b>-20</b>	<b>-22</b>	<b>-15</b>	<b>-2</b>	<b>-11</b>
<b>Pct. Change</b>	<b>-74%</b>	<b>-76%</b>	<b>-78%</b>	<b>-71%</b>	<b>-25%</b>	<b>-65%</b>

Source: Maine Listings

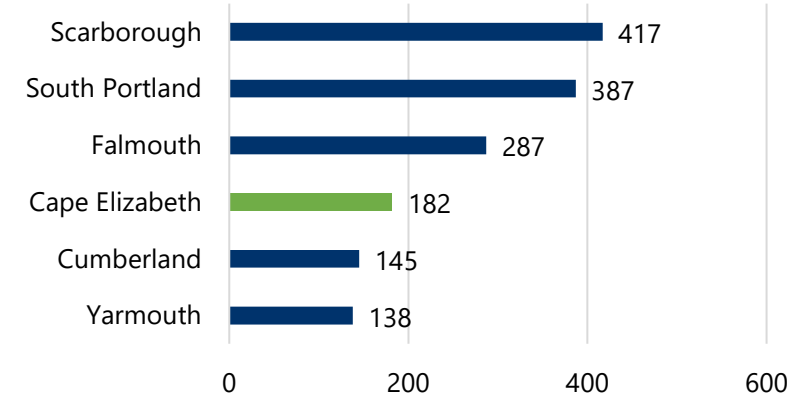
## HOMES SOLD AND HOME SIZE – COMMUNITY COMPARISON

The number of homes sold in each location is generally consistent with the overall size of the community, with the larger communities of Scarborough and South Portland exhibiting more home sales in 2021 than their smaller peers.

Cape Elizabeth had the fourth highest number of sales (182 homes) and is also the fourth largest in terms of population.

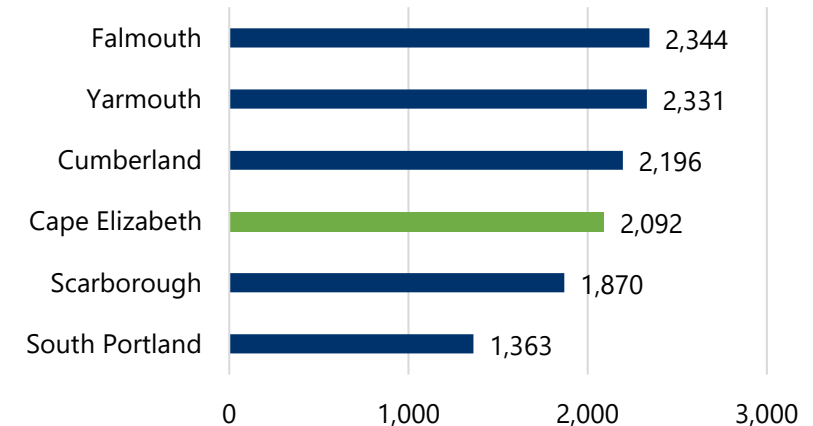
The median size for homes sold in Cape Elizabeth in 2021 was 2,092 sq. ft. Four of the six communities had median sizes above 2,000 sq. ft. Homes were largest in Falmouth, with a median size of 2,344 sq. ft., and smallest in South Portland, at 1,363 sq. ft.

### Homes Sold (Closed), 2021



Source: Maine Listings

### Median Home Size (sq. ft.), 2021 Home Sales



Source: Maine Listings

## MEDIAN GROSS RENT

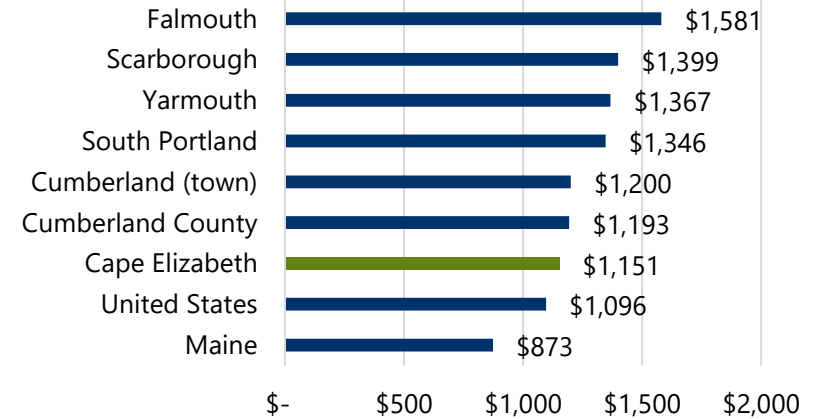
The median gross rent for renter households in Cape Elizabeth is estimated at \$1,151 monthly, according to 2020 ACS estimates. This is roughly in line with the Cumberland County average and somewhat below median rents in peer communities (note that MOEs overlap to some degree). This is likely driven in part by Cape Elizabeth’s comparatively older rental housing stock.

There are few sizable, professionally managed rental apartment complexes in Cape Elizabeth. One of the few is Summit Terrace at Woodlands, with 54 units. Per the property’s website, studio rental rates start at \$1,400, one-bedrooms start at \$1,650, and two-bedrooms start at \$1,865. Rates include heat, water, sewer, and parking.

The majority of the town’s rental stock is located in smaller buildings.

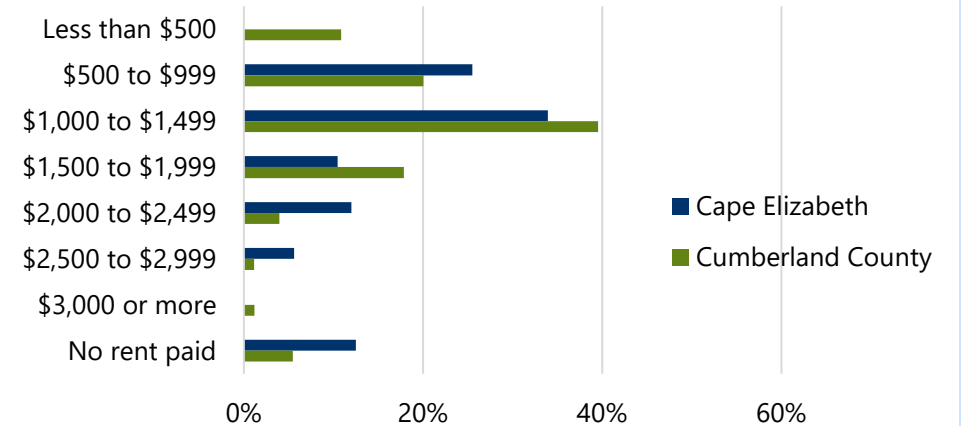
The Census defines “gross rent” as the monthly amount of rent plus the estimated average monthly cost of utilities (electricity, gas, water, and sewer) and fuels (oil, coal, kerosene, wood, etc.) if these are paid by the renter.

### Median Gross Rent, 2016-2020



Source: 2020 ACS 5-year Estimates

### Renter-Occupied Units by Gross Rent, 2016-2020



Source: 2020 ACS 5-year Estimates

# 1.3 DEVELOPMENT ENVIRONMENT

A community's "development environment" includes a broad set of factors that affect the feasibility of housing development from an external perspective (e.g., private or non-profit housing developer). These primarily include:

- Political support from elected officials
- Community sentiment
- Land use regulations and approvals process
- Availability of development sites
- Infrastructure capacity
- Financial (e.g., land and labor costs)

There is a spectrum on which communities fall with respect to their development environments, ranging from extremely pro-development on one end to extremely restrictive on the other. Where communities fall on this spectrum has direct implications for ability to attract the desired type of development (or redevelopment projects).

This section provides an assessment of the housing development environment in Cape Elizabeth, including the opportunities and challenges associated with building affordable and workforce housing.

It includes the following sections:

- Community Sentiment
- Regulatory Environment
- Development Capacity

## COMMUNITY SENTIMENT

Community sentiment is a key component of the development environment of a community and includes a community's vision for the future as well as support or resistance to certain development types.

### Community Opposition to Affordable Housing

Well publicized opposition to a recent affordable housing project in the community may deter future affordable housing developers from pursuing projects in the community. While the town granted affordable housing zoning amendments and was on track to approve a tax increment financing (TIF) agreement with the developer that was ultimately put on hold, opponents forced a referendum on the zoning amendments causing the developer to withdraw from the project.

## Cape Elizabeth Comprehensive Plan

### *Housing Goals*

The Town's Comprehensive Plan, last updated in 2019, provides the best available insights into the Town's vision and support for future housing development. As shown to the right, the plan features two overarching housing goals to both promote a diversity of housing types and to increase the amount of affordable housing, although the latter is qualified that this should be done in ways that minimize administrative burdens to town administration. Recommendations, however, are generally more incremental in achieving these goals, rather than transformational. For example, five of the nine recommendations are to retain or preserve existing conditions.

### *Public Opinion Survey*

A 2017 public open survey conducted for the comprehensive plan asked residents about housing, including if they generally support or oppose new residential housing in the Town (and what types) and whether the Town has enough moderate-income housing. The results of the survey as discussed on the following page.

### Housing Goals

**Goal 1: The town should promote a diversity of housing types to accommodate residents of all age groups and household sizes.**

#### Recommendations:

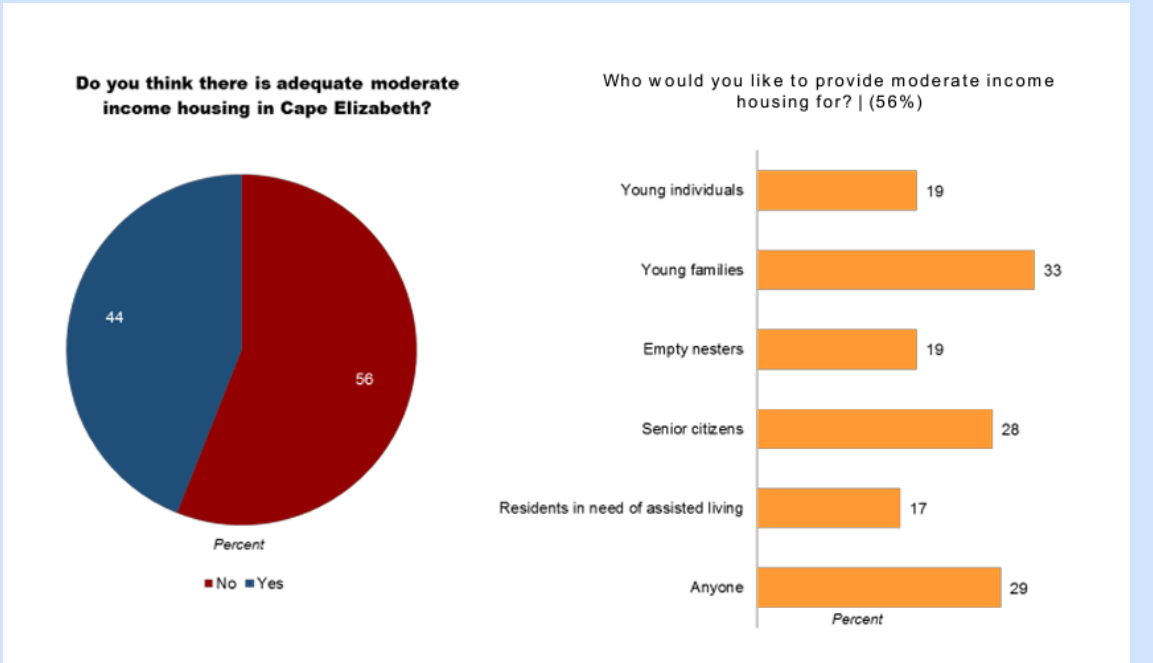
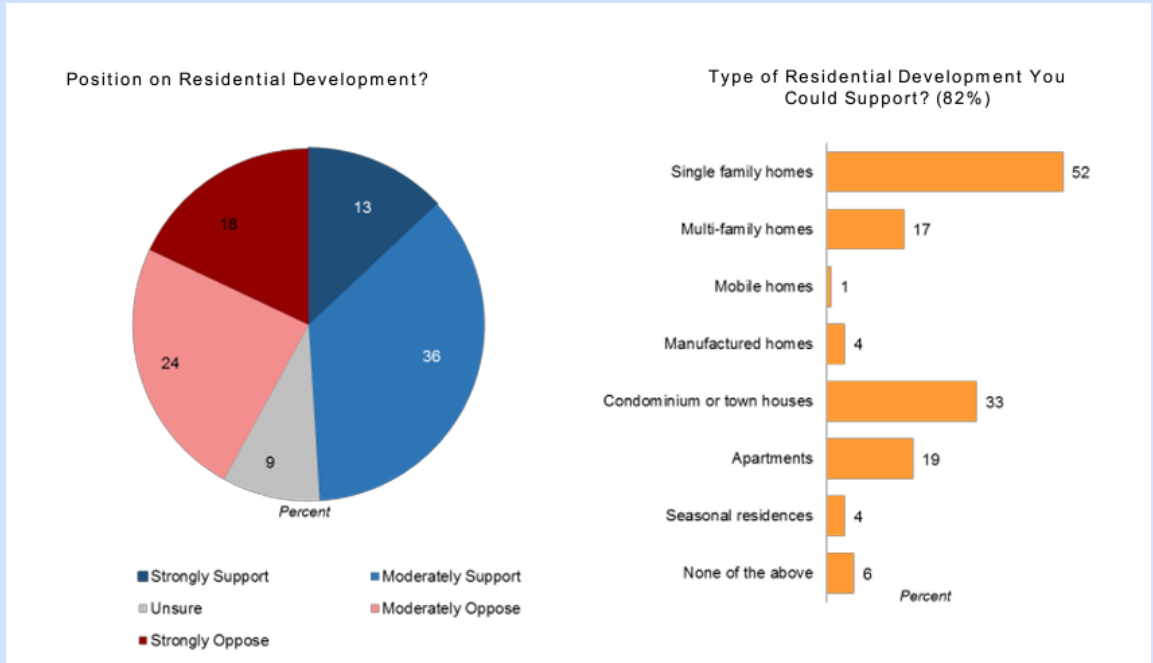
22. Continue to allow the development of multi-family housing units in mixed use buildings located in the town business districts.
23. Retain the current regulations providing for the construction of mobile homes and mobile home parks in accordance with state law.
24. Retain the accessory dwelling unit regulations that provide for small apartments to be integrated into single family homes.
25. Retain the current multiplex housing regulations in the residential districts.
26. Preserve the predominant single family nature of the town's residential areas.
27. Evaluate options to increase density and related provisions to potentially allow conversion of a large single family home into multiplex units and to allow Cottage Housing development.

**Goal 2: The town should increase the amount of affordable housing through methods that minimize administrative burdens on town administration.**

#### Recommendations:

28. Retain the Mandatory Affordable Housing Regulations.
29. Waive or reduce fees for low-income, affordable housing units.
30. Evaluate reducing the minimum lot size for existing, vacant, nonconforming lots to allow construction on infill lots between 5,000 and 10,000 sq. ft. in size that will be served by public sewer and water and will comply with the Mandatory Affordable Housing provisions for low-income housing.

Source: Town of Cape Elizabeth 2019 Comprehensive Plan (July 8, 2019)



Source: 2017 Comprehensive Plan Public Opinion Survey

With respect to support for residential development, respondents were slightly more in favor of supporting residential development with 42% either strongly opposing or moderately opposing compared with 49% strongly supporting or moderately supporting (9% were unsure). Of those who did not strongly oppose new residential development, most supported new single-family homes, but respondents expressed support for several types of multi-family housing, including condominium or townhouses, multifamily homes, and apartments.

A majority of survey respondents indicated that they do not believe there is adequate moderate-income housing in Cape Elizabeth (56%). When those respondents were asked who they would like to provide moderate income housing for, young families was the most popular response, followed by anyone and then senior citizens.

# REGULATORY ENVIRONMENT

## Limits on Housing Types Allowed

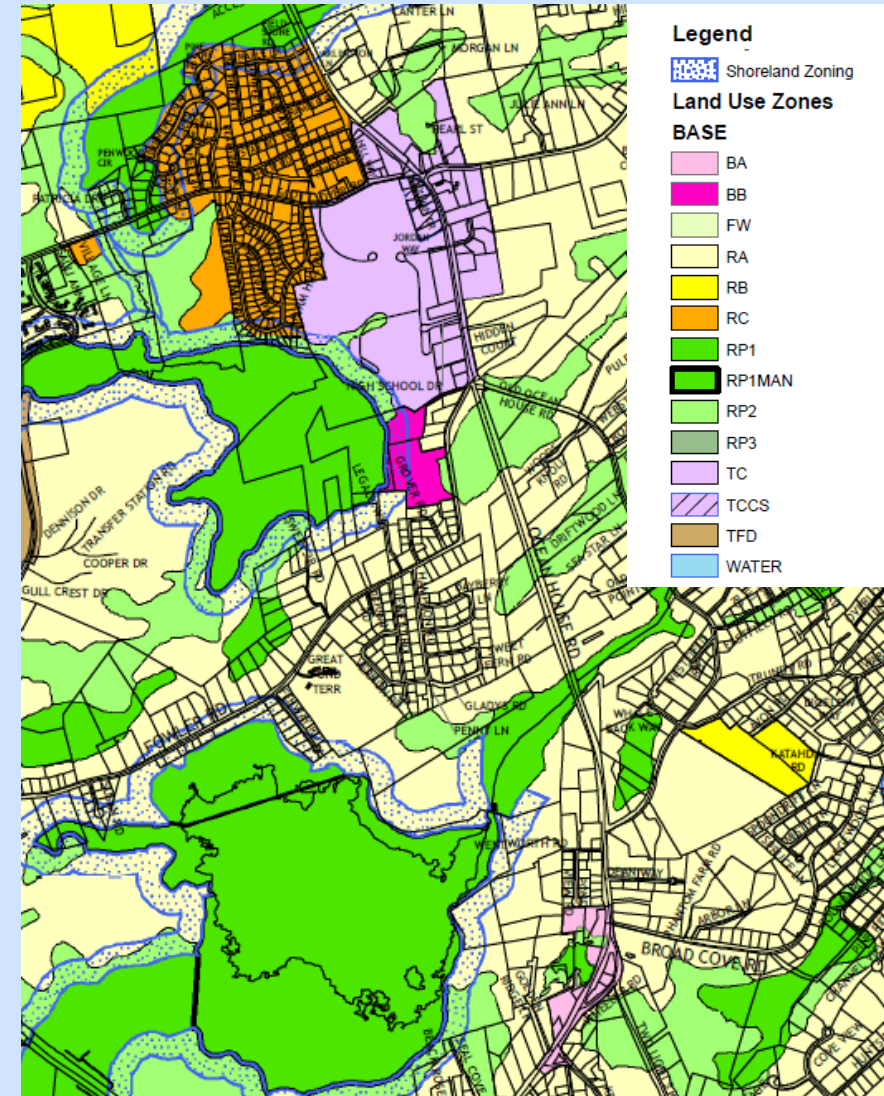
Current regulations favor single-family residential, which is allowed as-of-right within six of the Town’s seven principal zoning districts. Multifamily (including “multiplex”) housing is also widely allowed as a use with the town permitting the use in six of the seven zones where single-family homes are allowed.

The town defines multifamily as “a building containing 2 or more dwelling units (excepting accessory dwelling units), or a mixed-use building containing 1 or more dwelling units. Multiplex housing is defined as “housing containing two (2) or more attached dwelling units.” Despite both uses effectively constituting multifamily housing, the town regulates the two types of multifamily housing differently, as discussed further in the following section.

“Multifamily” is the only multifamily housing that is allowed to be built in denser form (see following section for details). Multifamily is allowed in two zones only (Town Center District – TC and Business District A – BA). An excerpt from the Town’s zoning map shows the extent of these two districts. Overall, they represent a very small percentage of the town’s zoning districts that allow any kind of multifamily development of appreciable scale. According to the Town’s Comprehensive Plan, the Town Center District is 1% of the Town’s area and the Business District A represents 0.17% indicating very limited development potential for these housing types.

Multiplex and multifamily housing are subject to more stringent requirements than single-family housing development. Both multifamily housing types are subject to the Town’s site plan review process. Multifamily housing is also only allowable as an “accessory” use to nonresidential use. Current zoning only allows a multi-story multifamily development to be built if the first floor is dedicated to nonresidential use.

Town of Cape Elizabeth Zoning Map (Excerpt)



Source: Town of Cape Elizabeth

## Allowable Housing Uses by Zoning District

	Single-Family	Multiplex	Multifamily	Manufactured	Eldercare	Other
Residence A District	Y	Y(1)	N	Y(3)	Y(1)(2)	
Residence B District	Y	Y(1)	N	Y(3)	Y(1)(2)	
Residence C District	Y	Y(1)	N	Y	Y(1)(2)	Rooming or Boarding home; manufactured housing park
Town Center District (TC)	Y	N	Y(1)(4)	N	N	Congregate housing(2); Rooming or boarding home; renting of up to two (rooms) in single family dwelling
Business District A (BA)	Y	N	Y(1)(4)	N	N	Congregate housing(2); Rooming or boarding home
Business District B (BB)	Y	N	N	N	Y(1)(2)	
Business District C (BC)	N	N	N	N	N	

(1) Subject to site plan review

(2) Subject to Eldercare Facility Standards

(3) On individual lot

(4) A multifamily dwelling unit shall be accessory to a nonresidential use and located in a building where more than fifty percent (50%) of the floor area of the structure is occupied by nonresidential uses. For multistory buildings, more than fifty percent (50%) of the structure may be allocated for multifamily dwelling units as long as the first floor is nonresidential.

**Source:** Town of Cape Elizabeth, Maine Zoning Ordinance (Effective May 12, 2021)

Y	Allowed As-of-right
Y	Allowed Under Certain Conditions
N	Not Allowed



## Housing Density Allowed by Zoning

The Town of Cape Elizabeth has relatively low-density levels for all housing types. A comparison chart of housing density requirements is provided on the following page for reference.

The density levels are favorable for single-family development but pose a significant challenge to the development of multifamily housing. As an example, in RA, RB, RC zones in which the community's single-family homes are concentrated, multiplex housing can be built at a maximum density level of 1 unit per 15,000 square feet (approximately 0.34 acres) but with a 5-acre minimum lot size (in the RC District only). By comparison, single-family has only a 20,000 square foot minimum lot area requirement (approximately 0.5 acres) in the RC District. This indicates that multiplex cannot be built on smaller sized parcels (under 5 acres) in the RC zone and that it can be built at only slightly denser levels than single-family on parcels over 5 acres.

As previously discussed, the greatest density for multifamily development is within the Town Center District (TC) and Business District A (BA) where the minimum lot area is 7,500 square feet and 15,000 square feet, respectively. In the TC zone, the maximum unit density is 1 unit per 3,000 square feet of gross lot area – but only when in a mixed-use building. The town requires non-residential uses on the first floor of any multi-story multifamily building in the district, which poses a challenge for the financial feasibility of affordable housing development, given that commercial space is not as financially viable as residential units. It should also be noted that the Town limits buildings to a maximum of 35 feet in the district, effectively preventing building four-story buildings as-of-right.

## Town Analysis of Density

The Town has explored housing density issues in the past with respect to multifamily and affordable housing. An analysis conducted by the Town Planner in March 2021 examined affordable housing options for "cottage housing" style development in the town's RC District. An example cottage housing project in Dover, NH was assessed for its alignment with the Town's RC zoning standards. The analysis demonstrated that density limitations in the RC district are a barrier to cottage housing development.

	<b>Example Dover, NH Project</b>	<b>Cape Elizabeth RC District</b>	<b>Zoning Amendments</b>
Lot Size	7 acre lot size (3.4 developed; 0.4 acres conservation waiver)	5-Acre minimum Lot Size	1-3 acre minimum
Density	7,000 square feet/unit (lot) 3,400 square feet/unit (developed area)	20,000 square feet/lot/unit 15,000 square feet/lot/unit	5,000 square feet/unit

**Source:** Town of Cape Elizabeth Planner Memo to Planning Board, "Affordable Housing Options in the RC District." March 16, 2021

## Allowable Housing Density by Zoning District

Zoning District	Single-Family	Multiplex	Multifamily	Manufactured	Eldercare
Residence A District	1 unit per 80,000 SF of gross lot area. Subdivisions: 1 Unit per 80,000 SF of net residential area or 66,000 SF if conforming to Open Space Zoning	10 acre minimal lot area 1 unit per 66,000 SF of net residential area	Not Permitted	1 unit per 80,000 SF of gross lot area.	10 acre minimal lot area 1 unit per 6,000 sq. ft. or 1 bed per 3,500 sq. ft. of net residential area, whichever is less
Residence B District	1 unit per 80,000 sq.ft. of gross lot area	80,000 SF minimum lot area 1 unit per 80,000 SF of gross lot area	Not Permitted	80,000 SF minimum lot area 1 unit per 80,000 sq.ft. of gross lot area	5 acre minimal lot area 1 unit per 3,500 sq. ft. or 1 bed per 2,500 sq. ft. of net residential area, whichever is less
Residence C District	20,000 SF minimum lot area 1 Unit per 20,000 SF of gross lot area Subdivisions: 1 unit per 20,000 SF of net residential area	5 acre minimal lot area 1 unit per 15,000 SF	Not Permitted	20,000 SF minimum lot area 1 unit per 20,000 SF of gross lot area	5 acre minimal lot area 1 unit per 2,500 sq. ft. or 1 bed per 2,100 sq. ft. of net residential area
Town Center District (TC)	80,000 SF minimum lot area; 10,000 SF in Town Center Core Subdistrict	Not Permitted	7,500 SF minimum lot area 1 unit per 3,000 sq. ft. of gross lot area (when in mixed use building)	Not Permitted	Not Permitted
Business District A (BA)	80,000 SF Minimum lot area (adjacent to RA District) or 20,000 SF (adjacent to RC District)	Not Permitted	15,000 SF minimum lot area. 1 unit per 7,500 sq. ft. of net residential area	Not Permitted	Not Permitted
Business District B (BB)	80,000 SF minimum lot area	Not Permitted	Not Permitted	Not Permitted	5 acre minimal lot area 1 unit per 3,500 sq. ft. or 1 bed per 2,500 sq. ft. of net residential area, whichever is less
Business District C (BC)	Not Permitted	Not Permitted	Not Permitted	Not Permitted	Not Permitted

Source: Town of Cape Elizabeth, Maine Zoning Ordinance (Effective May 12, 2021)

## Multifamily Restrictions

A 2021 study prepared for the Greater Portland Council of Governments explored the limits to multifamily housing development in the seven Metro Regional Coalition communities in the region. Overall, the study concluded that multifamily is “permitted with few limiting factors” on only five percent of the land area in the communities. By comparison, in just under 40 percent of the land area in the region, multifamily is not permitted at all.

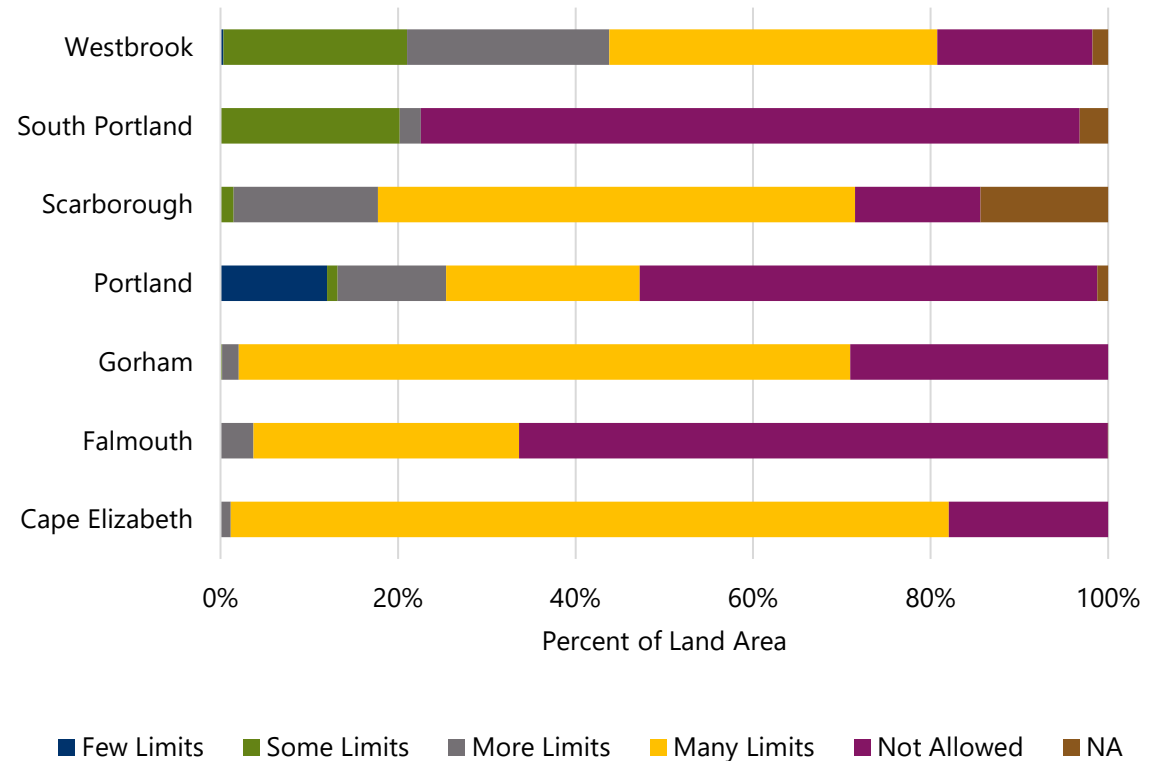
Other key findings of the study found that:

- Not enough land is zoned appropriately for multifamily development in the region.
- Regulatory limits to multifamily development vary widely by community.
- Increased multifamily zoning should follow regional goals for location of new development.

At the time of the study, it was found that 98.8% of Cape Elizabeth’s land had “many limits” for multifamily development or did not allow multifamily. By comparison, the seven communities as a whole had only 85% of their land in these two classifications. Based on the proportion of land in these two classifications, Cape Elizabeth had the most limits on multifamily production by land area. The remaining 1.2% of land in Cape Elizabeth was found to have “more limits” and the Town had no land classified as “few limits” or “some limits” for multifamily development.

The study indicates that a density lower than 1 unit per 5,000 square feet is a barrier to affordable multifamily housing as well as minimum lot sizes exceeding 0.5 acres. As such, the zoning in Cape Elizabeth is generally considered a substantial barrier to the development of affordable multifamily housing.

### Limits to Multifamily Housing in Municipal Land Use and Site Plan Ordinances (2021)



**Source:** Multifamily Housing & Land Use Regulation. Levine Planning Strategies, LLC and the Greater Portland Council of Governments

## Short-Term Rental (STR) Restrictions

The Town adopted Short-Term Rental (STR) Regulations effective July 1, 2021, requiring property owners to apply for a Short-Term Rental Permit if renting for a term of less than 30 days. For any properties under 7 acres, an application must receive a homestead exemption for the property. Only one short-term rental is available per property.

The Town's STR regulations effectively prevent housing units from being operated as a business by outside investors that do not live in the community. For homeowners that rent out their primary residence, they must be on-site during rentals if they want to rent more than 42 nights per year. A property owner must be on-site for all STR during a rental, unless the lot is seven acres or larger.

In 2021, the Town issued 44 short term rental permits and as of May 2022, the Town has issued 26 permits in 2022. Overall, short-term rentals are not likely to be impacting housing availability and affordability in the community due to the adoption of the Short-Term Rental regulations.

### Short Term Rental Regulations

Type of Short Term Rental	Definition	Homestead Exemption	Rentals per 7 Days	Rentals per Year
Primary Residence Hosted	A Short Term Rental may be operated by a property owner in their primary residence when the property owner is in residence, including overnight, during the tenancy of the Short Term Rental Tenants. The Short Term Rental must be located within the host's dwelling unit and not in an area functioning as a separate dwelling unit.	Yes	2	365
Primary Residence Unhosted	A Short Term Rental may be operated by a property owner in their primary residence when the property owner is not in residence during the tenancy of the Short Term Rental tenants.	Yes	1	42
Seven acres plus Short Term Rental	A Short Term Rental may be operated by a property owner in their primary residence or non-primary residence when the property owner is in residence or not in residence during the tenancy of the Short Term Rental tenants, where the lot is seven acres or more in size.	Optional	1	182
Short Term Rental Adjacent	One Short Term Rental may be operated by a property owner in a non-primary residence when the Short Term Rental owner's primary residence is located on the same lot as the Short Term Rental or on an abutting lot. (Abutting shall mean any lot that shares a lot line or is located directly across a road right-of-way from the primary residence.) The property owner must be in residence during the tenancy of the Short Term Rental tenants.	Yes	1	105

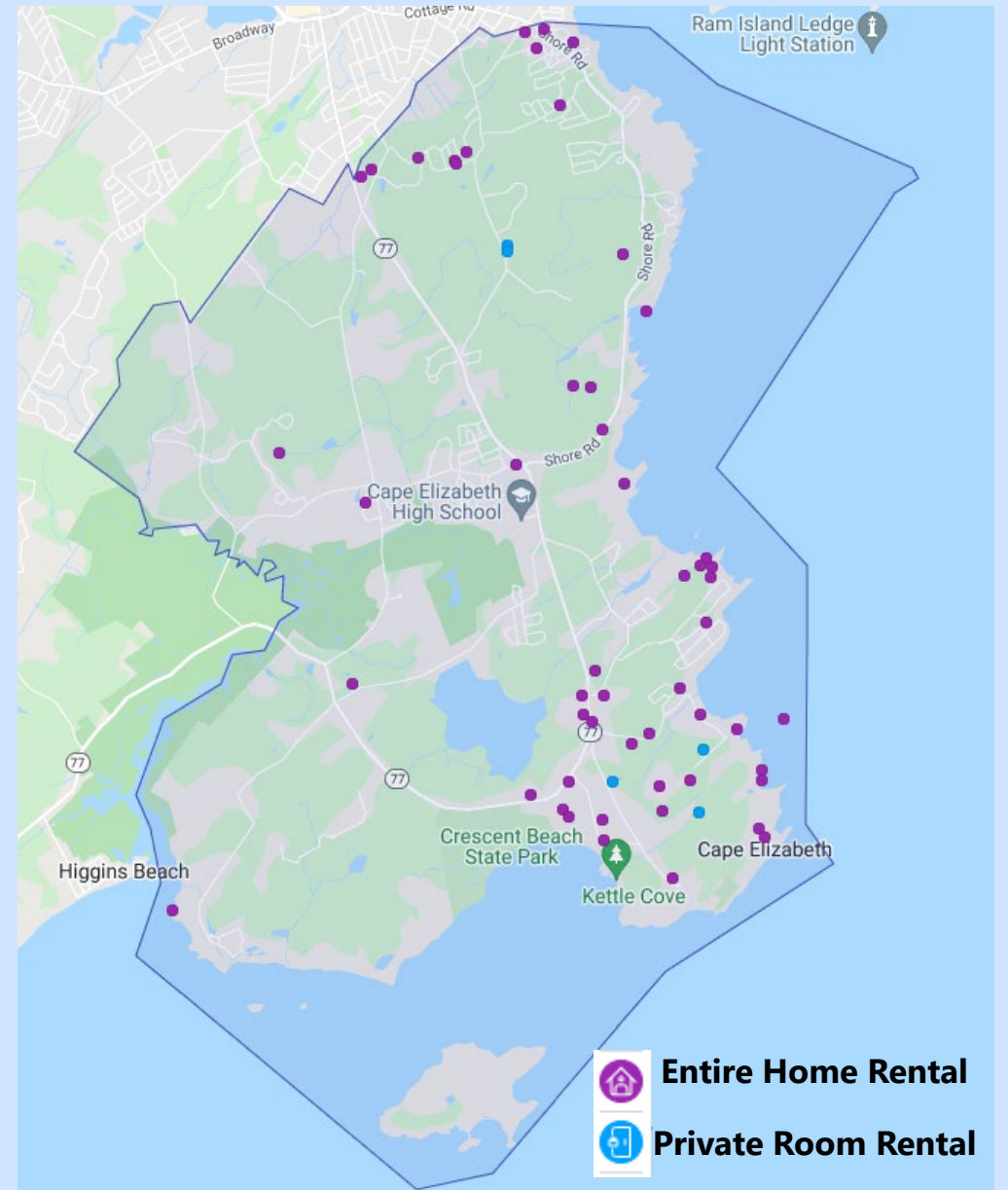
Source: Cape Elizabeth Website: Short Term Rental FAQs ([www.capeelizabeth.com/ShortTermRentals](http://www.capeelizabeth.com/ShortTermRentals))

## Short-Term Rental Trends

AirDNA is a data provider that provides analytics for short-term rental listings from Airbnb and VRBO. The map at right shows active rental listings (both entire room and private room rentals) on these platforms in Cape Elizabeth as of May 2022. The number of active rentals has trended downward since 2019 from a peak of 144 in 2019Q3 to 47 as of 2022Q1.



Source: AirDNA



Source: AirDNA

## Accessory Dwelling Units (ADUs)

The town currently permits accessory dwelling units, subject to certain conditions and zoning districts. Key provisions include:

- The unit must be attached to a single-family home and connected by a doorway. Single-family character must be preserved and a door to the unit can not be placed on the side of the structure's main entrance.
- Minimum lot size of 12,000 square feet for the addition of an ADU to a single-family home. The unit must be between 300 and 600 square feet.
- An existing single family detached dwelling must have an existing area of 1,500 square feet or more and the unit can not occupy more than 25% of the resulting floor area of the structure

The Town issued 18 ADU permits from 2011 to 2022, an average of 1.5 permits per year.

### Accessory Dwelling Unit (ADU) Permits

Year	Count
2011	0
2012	0
2013	0
2014	3
2015	0
2016	5
2017	2
2018	1
2019	1
2020	3
2021	1
2022	2
<b>Total</b>	<b>18</b>

Source: Town of Cape Elizabeth

## Mandatory Affordable Housing Regulations

The Town has an affordable housing provision in effect that applies to all major subdivisions located in the Residence A, Residence B, and Residence C Districts. The regulations requires that all Major Subdivisions in these zones set aside at least ten percent (10%) of the lots/units in the project as affordable housing for moderate-income buyers or five percent (5%) of the lots/units in the project as affordable housing for low-income buyers. The Town defines “Major Subdivisions” as those containing more than five (5) lots or requiring extension of municipal facilities or any new public road.

Developers are also eligible for a density bonus of one additional lot/unit for each moderate-income affordable lot/unit and two additional lots/units for each low-income affordable lot/unit in excess of the mandatory requirements. The town offers reduced minimum lot size for the bonus lots in new subdivisions.

Developers are required to give preference to Town residents and then to employees of the Town (when the number of eligible and interested buyers is greater than the number of units available). Affordable units are required to be affordable in perpetuity.

For smaller subdivisions (less than 10 lots/units), developers have the option of paying a fee in lieu of creating affordable housing that is equal to the difference between the average fair market value of the housing developed and the maximum cost of moderate-income affordable housing.

Since 1999, there have been seven (7) subdivisions that have been subject to the regulations. A total of 16 affordable housing units/lots were created as a result, including 11 for low-income households and five (5) for moderate-income households.

### Mandatory Affordable Housing Results

Date	Project	Total lots/units	Low Income Units/Lots	Moderate Income Units/Lots
1999	Cross Hill	97 lots	5	-
2000	Whaleback Way	6 lots	-	1
2002	Blueberry Ridge	19 lots	-	2
2003	Leighton Farms	17 lots	1	-
2006	Cottage Brook	23 lots/19 condos	3	-
2008	Eastman Meadows	46 condos	-	2*
2017	Maxwell Woods	38 condos/8 apartments	2	-
<b>Total</b>			<b>11</b>	<b>5</b>

Eastman Meadows was approved with 5 moderate income affordable units plus 1 bonus moderate income affordable unit for a total of 6. Four of the affordable units were released to market rates (2014, 2015) by the Town Council when the units failed to sell after one year of marketing. The moderate income definition was then revised from 80%-150% AMI to 80% - 120% AMI to avoid the moderate income unit sale price approaching market rate sales.

**Source:** Town of Cape Elizabeth

## DEVELOPMENT CAPACITY

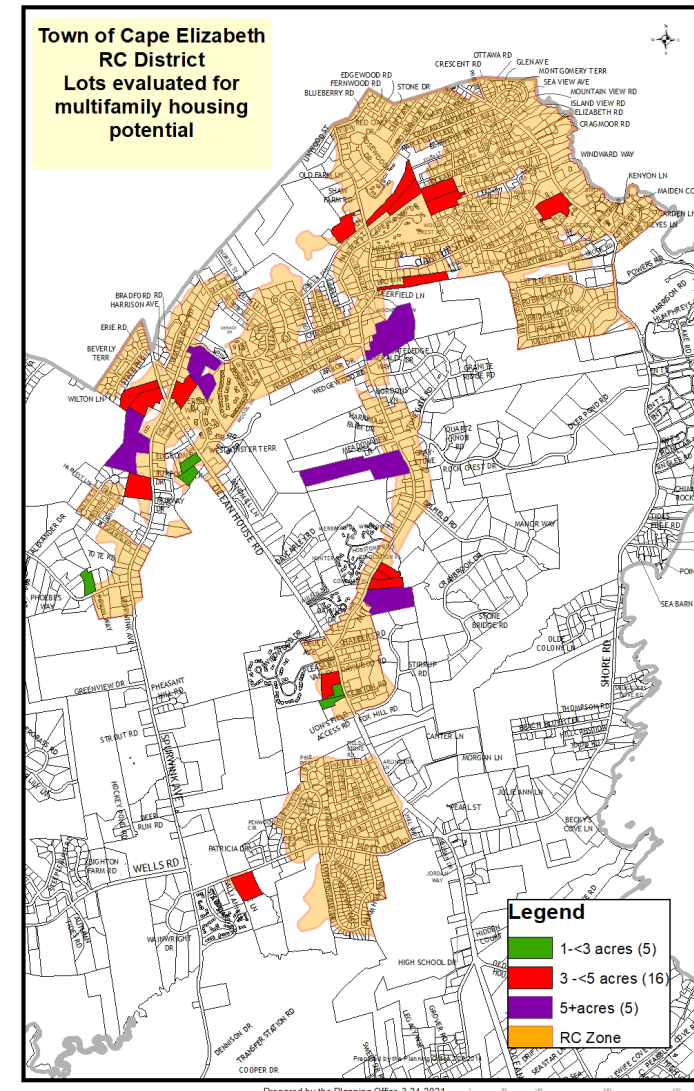
The availability of land for housing development is extremely limited and high demand and competition for land is a challenge for implementing affordable or workforce housing development projects. Furthermore, high land costs and limited infrastructure pose additional challenges for housing development.

The Town's Comprehensive Plan included a build-out analysis of vacant land. The analysis found that over 1,000 new housing units could potentially be accommodated on the remaining undeveloped land in the town at the time of the analysis (when the Sprague Corporation and Purpoodock Club were removed from the analysis the build out analysis was estimated at 700 new housing units). The analysis concluded that the growth area (zones RB, RC, TC and BA) has "more than adequate capacity to absorb estimated new development over the next 10 years." The analysis was based on the build out based on existing zoning, which would limit most residential growth to single-family homes.

While 700-1,000 new units could be absorbed by vacant land, there are limited opportunities for multifamily and affordable housing development. An analysis conducted by the Town examined affordable housing development potential in the RC District, which has public sewer and water utilities available. The analysis found 5 lots less than three acres, 16 lots between 3 and 5 acres, and 5 lots greater than 5 acres. These are shown in the map to the right. The five lots greater than 5 acres are the only eligible to apply for multifamily housing (shown in purple).

In addition to there being few parcels potentially developable for multifamily housing, land does not frequently become available in Cape Elizabeth and many land sale transactions do not involve the public listing of property according to interviews conducted for this study. There is typically high competition for land that does become available and land prices are high in the community, posing an additional barrier to the creation of affordable housing.

Furthermore, municipal infrastructure, including water and sewer service, is not fully available throughout the town. Parcels without access to this infrastructure can not accommodate multifamily housing of any appreciable scale, further constraining the development potential of workforce or affordable housing.



Source: Town of Cape Elizabeth Planner Memo to Planning Board, "Affordable housing lot size analysis in the RC District." (March 25, 2021)



# Volume 2: Housing Creation Goals



# 2.1 HOUSING ATTAINABILITY GAP

This chapter provides context for the town's level of housing cost burden and metrics for measuring the housing attainability gap. This data is useful for determining the appropriate price points for meeting affordability housing need based on income.

## COST-BURDENED HOUSEHOLDS BY INCOME

A common housing affordability “rule of the thumb” is that a household should spend no more than 30 percent of its income on housing costs. This definition is also used by HUD.

These tables show the number and share of households at each income level in Cape Elizabeth and Cumberland County that are considered “cost-burdened,” or are spending 30 percent or more of income on housing costs.

While the 30 percent threshold is the commonly accepted metric, it is most relevant to households at the lower end of the income spectrum. High-income households spending more than 30 percent of income on housing costs are not of particular concern, since this is often a lifestyle choice.

According to the 2016-2020 ACS, about 750 Cape Elizabeth households are considered cost-burdened, or 21% of all households in the community. When examining only households earning below \$50,000, about 454 households are cost burdened, or about 65% of all households in this income range.

For the purposes of this metric, monthly owner housing costs include payments for mortgages, deeds of trust, contracts to purchase, or similar debts on the property; real estate taxes; fire, hazard, and flood insurance; utilities (electricity, gas, water, and sewer); and fuels (oil, coal, kerosene, wood, etc.). It also includes, where applicable, monthly condominium fees and mobile home costs.

Monthly renter housing costs are comprised of gross rent, as defined previously.

**Cost-Burdened Households by Income Level  
(Households with Housing Costs at 30% or More of Household Income)**

Household Income Level	Cape Elizabeth			Cumberland County		
	All Occupied	Owner-Occupied	Renter-Occupied	All Occupied	Owner-Occupied	Renter-Occupied
Less than \$20,000	110	84	26	10,251	4,384	5,867
\$20,000 to \$34,999	199	190	9	8,658	4,099	4,559
\$35,000 to \$49,999	145	112	33	6,701	3,322	3,379
\$50,000 to \$74,999	75	75	0	5,658	3,967	1,691
\$75,000 or more	227	227	0	3,968	3,485	483
<b>Total</b>	<b>756</b>	<b>688</b>	<b>68</b>	<b>35,236</b>	<b>19,257</b>	<b>15,979</b>
<b>Total &lt;\$50,000</b>	<b>454</b>	<b>386</b>	<b>68</b>	<b>25,610</b>	<b>11,805</b>	<b>13,805</b>

Source: ACS 2020 5-yr Estimates

**Share of Households by Income Level that are Cost-Burdened**

Household Income Level	Cape Elizabeth			Cumberland County		
	All Occupied	Owner-Occupied	Renter-Occupied	All Occupied	Owner-Occupied	Renter-Occupied
Less than \$20,000	100%	100%	100%	84%	87%	81%
\$20,000 to \$34,999	88%	88%	100%	69%	61%	78%
\$35,000 to \$49,999	40%	41%	35%	53%	44%	66%
\$50,000 to \$74,999	29%	31%	0%	27%	28%	25%
\$75,000 or more	8%	9%	0%	6%	7%	5%
<b>Total</b>	<b>21%</b>	<b>21%</b>	<b>20%</b>	<b>29%</b>	<b>22%</b>	<b>47%</b>
<b>Total &lt;\$50,000</b>	<b>65%</b>	<b>68%</b>	<b>52%</b>	<b>68%</b>	<b>61%</b>	<b>76%</b>

Source: ACS 2020 5-yr Estimates

## COST-BURDENED HOUSEHOLDS BY AGE

When examining cost-burdened households by age, senior households stand out as a large group with a high rate of cost burden, in addition to making up a sizable share of all cost-burdened households. There are an estimated 380 cost-burdened senior households (i.e., households with a householder age 65+). Approximately 29% of all senior households are cost burdened.

Cost-burdened households also tend to disproportionately be senior households. Approximately 35% of all households in Cape Elizabeth are senior households, while 50% of cost-burdened households are senior households.

**Cost-Burdened Households by Age of Householder  
(Households with Housing Costs at 30% or More of Household Income)**

Householder Age	Cape Elizabeth			Cumberland County		
	All Occupied	Owner-Occupied	Renter-Occupied	All Occupied	Owner-Occupied	Renter-Occupied
15 to 24 years	18	0	18	1,746	163	1,583
25 to 34 years	15	0	15	5,234	1,112	4,122
35 to 64 years	343	308	35	16,845	10,517	6,328
65 years and over	380	380	0	11,411	7,465	3,946
<b>Total</b>	<b>756</b>	<b>688</b>	<b>68</b>	<b>35,236</b>	<b>19,257</b>	<b>15,979</b>

**Source:** ACS 2020 5-yr Estimates

**Share of Households by Age of Householder that are Cost-Burdened**

Householder Age	Cape Elizabeth			Cumberland County		
	All Occupied	Owner-Occupied	Renter-Occupied	All Occupied	Owner-Occupied	Renter-Occupied
15 to 24 years	23%	N/A	23%	51%	34%	54%
25 to 34 years	8%	0%	12%	29%	14%	41%
35 to 64 years	16%	15%	27%	25%	20%	39%
65 years and over	29%	30%	0%	33%	28%	50%
<b>Total</b>	<b>20%</b>	<b>20%</b>	<b>17%</b>	<b>29%</b>	<b>22%</b>	<b>43%</b>

**Source:** ACS 2020 5-yr Estimates

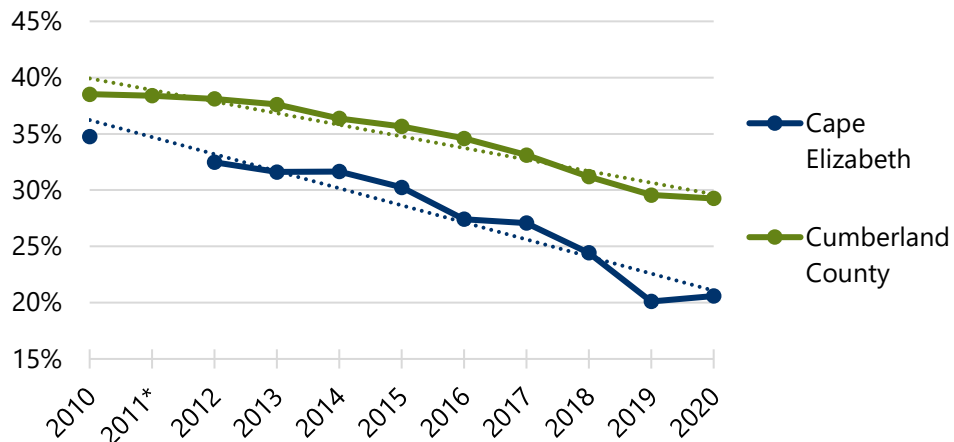
## COST-BURDENED HOUSEHOLDS OVER TIME

The number and share of cost-burdened households declined between 2010 and 2020 in both Cape Elizabeth and Cumberland County, for both owner- and renter-occupied units. This was consistent with the national trend and driven by a number of causes, including but not limited to:

- Rising incomes in the wake of the Great Recession
- Historically low interest rates keeping mortgage costs down
- Stricter credit requirements, meaning that homeowners are not being given mortgages they cannot afford

Note that this data pre-dates steep increases in home prices and rents seen over last two years, and they are from ACS 5-year estimates (e.g., 2020 data reflects the period from 2016 to 2020).

Share of Total Households that are Cost-Burdened



\*2011 estimates not available for Cape Elizabeth

Source: Camoin Associates tabulation of ACS 5-year estimates

Cost-Burdened Households, 2010-2020

Year	Cape Elizabeth			Cumberland County		
	All Occupied	Owner-Occupied	Renter-Occupied	All Occupied	Owner-Occupied	Renter-Occupied
2010	1,217	987	228	43,848	25,887	17,845
2011	-	-	-	43,810	25,747	18,158
2012	1,131	968	164	43,752	25,237	18,674
2013	1,099	936	157	42,953	24,163	18,600
2014	1,151	932	216	41,679	23,297	18,359
2015	1,134	942	195	40,646	22,299	18,421
2016	1,036	882	159	39,723	21,320	18,403
2017	1,027	835	192	38,355	21,073	17,282
2018	905	692	213	36,462	19,841	16,621
2019	740	621	119	34,805	18,832	15,973
2020	756	688	68	35,236	19,257	15,979

Note: 2011 data for Cape Elizabeth not available

Source: Camoin Associates tabulation of ACS 5-year estimates

Share of Total Households that are Cost-Burdened, 2010-2020

Year	Cape Elizabeth			Cumberland County		
	All Occupied	Owner-Occupied	Renter-Occupied	All Occupied	Owner-Occupied	Renter-Occupied
2010	35%	32%	51%	39%	33%	52%
2011	-	-	-	38%	32%	52%
2012	32%	31%	44%	38%	32%	53%
2013	32%	30%	49%	38%	30%	53%
2014	32%	29%	53%	36%	29%	52%
2015	30%	28%	49%	36%	28%	52%
2016	27%	26%	43%	35%	27%	52%
2017	27%	25%	45%	33%	26%	50%
2018	24%	21%	49%	31%	24%	48%
2019	20%	19%	32%	30%	23%	46%
2020	21%	21%	20%	29%	22%	47%

Note: 2011 data for Cape Elizabeth not available

Source: Camoin Associates tabulation of ACS 5-year estimates

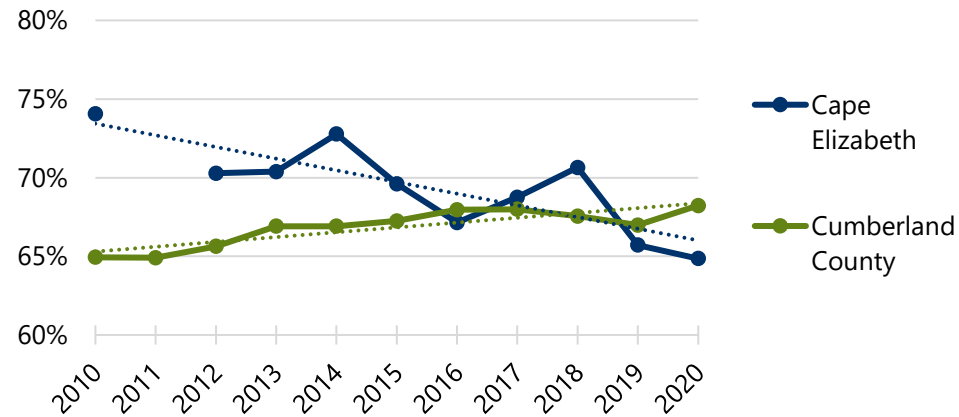
## COST-BURDENED HOUSEHOLDS OVER TIME

For households with incomes under \$50,000, the number of cost-burdened households declined between 2010 and 2020 in both Cape Elizabeth and Cumberland County, for both owner- and renter-occupied units. Expectedly, the overall number of \$50,000 households has also declined as nominal incomes rise over time.

While number of lower-income cost-burdened households has fallen, the rate of cost burden for these households at the county level increased from 65% to 68%. This was driven by renter households, whose rate of cost burden rose from 68% to 78%. Meanwhile, the share of owner households that are cost burdened has remained steady.

Cape Elizabeth shows an opposite trend, with the rate of cost burden for lower-income households declining over time. This is partially explained by the town's high rate of homeownership. Lower-income residents who have had the opportunity to buy into the Cape Elizabeth housing market have seen decreasing rates of cost burden; their mortgage payments comprise a diminishing share of rising incomes, and long-time residents have been able to pay off their homes.

**Share of Households with Income under \$50,000 that are Cost-Burdened**



\*2011 estimates not available for Cape Elizabeth

Source: Camoin Associates tabulation of ACS 5-year estimates

**Cost-Burdened Households with Income under \$50,000, 2010-2020**

Year	Cape Elizabeth			Cumberland County		
	All Occupied	Owner-Occupied	Renter-Occupied	All Occupied	Owner-Occupied	Renter-Occupied
2010	716	535	180	32,186	15,101	17,037
2011	-	-	-	31,627	14,463	17,254
2012	626	528	100	32,344	14,661	17,812
2013	580	463	112	32,508	14,802	17,592
2014	600	426	172	31,817	14,441	17,381
2015	597	410	188	31,509	14,234	17,393
2016	537	379	159	31,000	13,814	17,186
2017	559	367	192	29,294	13,438	15,856
2018	532	319	213	27,160	12,150	15,010
2019	458	339	119	25,601	11,545	14,056
2020	454	386	68	25,610	11,805	13,805

Note: 2011 data for Cape Elizabeth not available

Source: Camoin Associates tabulation of ACS 5-year estimates

**Share of Households with Income under \$50,000 that are Cost-Burdened, 2010-2020**

Year	Cape Elizabeth			Cumberland County		
	All Occupied	Owner-Occupied	Renter-Occupied	All Occupied	Owner-Occupied	Renter-Occupied
2010	74%	71%	84%	65%	62%	68%
2011	-	-	-	65%	61%	69%
2012	70%	74%	55%	66%	61%	71%
2013	70%	71%	67%	67%	61%	72%
2014	73%	73%	72%	67%	62%	72%
2015	70%	69%	72%	67%	62%	73%
2016	67%	66%	69%	68%	62%	73%
2017	69%	66%	75%	68%	63%	73%
2018	71%	65%	81%	68%	61%	74%
2019	66%	66%	65%	67%	61%	73%
2020	65%	68%	52%	68%	61%	76%

Note: 2011 data for Cape Elizabeth not available

Source: Camoin Associates tabulation of ACS 5-year estimates

## ATTAINABILITY OF RECENT HOME SALES

The nearly complete lack of for-sale housing today at a price point affordable to households at lower income levels (\$167,000 affordable home price for a household earning \$50,000) means few will have a similar opportunity to build wealth in town in the future. If current trends continue, the town's rate of cost burden will continue to fall, but only because the town's residents will be increasingly comprised of wealthy households. Owned housing units currently occupied by lower-income residents will be sold to higher-income buyers once those residents age into alternative housing or pass on. Meanwhile, as rents on rental units rise, the already-small existing renter population could be forced to move to more affordable communities.

The tables at right show recent Cape Elizabeth home sales by sale price and the attainability of these homes compared to income levels of town and county households. Only six (6) homes sold in 2021 (3% of all homes sold) were priced below \$300,000, down from 20 (11%) in 2020. Barely a quarter (27%) of homes sold for under \$500,000 in 2021.

As shown in the lower table to the right, 27% of households in Cape Elizabeth and 49% of county households have incomes of \$75,000 or below. A household earning \$75,000 can afford a home price at up to \$250,000 without being cost burdened. A household at this income level could have afforded just 1% of homes sold in town in 2021. A household earning \$200,000 could have afforded 48% of homes sold, less than half.

This data suggests that 93% of households who moved into Cape Elizabeth homes in 2021 had incomes over \$100,000, and 52% had incomes over \$200,000. It is acknowledged, however, that this may be somewhat overstated given that lower interest rates at the time allowed for buyers to purchase more house for their money. Additionally, some buyers may have opted to spend more than 30% of their income on housing.

### Cape Elizabeth Home Sales by Sale Price

	2020		2021	
	Count	Share	Count	Share
<\$200K	0	0%	0	0%
\$200K to \$299K	20	11%	6	3%
\$300K to \$399K	26	14%	22	12%
\$400K to \$499K	17	9%	22	12%
\$500K to \$599K	26	14%	24	13%
\$600K to \$699K	25	14%	27	15%
\$700K to \$799K	14	8%	26	14%
\$800K to \$899K	19	10%	8	4%
\$900K to \$999K	10	6%	17	9%
\$1M to \$1.9M	19	10%	27	15%
\$2M+	5	3%	5	3%
<b>Total</b>	<b>181</b>	<b>100%</b>	<b>184</b>	<b>100%</b>

Source: Town Assessor

### Attainability of Cape Elizabeth Home Sales by Income Level and Price Point

Household Income Threshold	Share of Households with Income Below Threshold, 2021		Maximum Attainable Home Price	Share of Cape Elizabeth Home Sales Attainable	
	Cape Elizabeth	Cumberland County		2020	2021
\$15,000	4%	7%	\$50,000	0%	0%
\$25,000	6%	14%	\$83,000	0%	0%
\$35,000	9%	22%	\$117,000	0%	0%
\$50,000	17%	32%	\$167,000	0%	0%
\$75,000	27%	49%	\$250,000	4%	1%
\$100,000	38%	62%	\$333,000	18%	6%
\$150,000	61%	80%	\$500,000	35%	27%
\$200,000	74%	89%	\$667,000	59%	48%

Note: Percentages are cumulative.

Source: Esri; Town Assessor

## HOUSING AFFORDABILITY CALCULATIONS

Housing affordability price points used throughout this report are calculated under the “rule of the thumb” as employed by the U.S. Department of Housing and Urban Development (HUD) that a household should spend no more than 30 percent of its income on housing costs.

An example calculation of the minimum income required to afford the median home in Cape Elizabeth is shown at right. It begins with the median home sale price or value, and then calculates applicable ownership costs, assuming a 10% down payment, a mortgage interest rate of 5.25%, insurance (including homeowners insurance and private mortgage insurance (PMI)), property taxes specific to Cape Elizabeth, and an estimate of utility costs.

Note that at the time of this writing, mortgage rates are rising quickly as the Fed hikes rates to curb inflation. All else being equal, as interest rates increase, the minimum income required to afford a home at a given price point also increases.

For a sale price of \$687,500 (the median in Cape Elizabeth), the total monthly ownership cost is estimated at \$5,065, annualized to \$60,780. For this amount not to exceed 30% of household income, a minimum income of \$202,619 is required. The original home price is 3.39 times this amount (this multiplier varies with interest rates and fluctuations in other costs). For simplicity, we assume the maximum home price affordable to a given household is equal to 3.33 times the household’s annual income level, or conversely, minimum income is 30% of home price. For example, a household with an income of \$100,000 can afford a home with a sale price of up to \$333,000. Note that under a lower interest rate of 3% (readily available from mid-2020 through 2021), a \$100,000 household could afford a home up to \$400,000.

For renters, maximum gross monthly rent affordable to a given household is equal to the household’s annual income divided by 40. This is mathematically equivalent to the household spending no more than 30% of its monthly income on gross monthly rent (defined as rent plus basic utilities). A household with an annual income of \$50,000, for instance, can afford a maximum gross rent of \$1,250 per month.

### Home Sale Price Affordability Calculation

	2021 Median Sale Price	2020 Median Value Home
Median Home	\$ 687,500	\$ 469,600
10% Down Payment	\$ 68,750	\$ 46,960
Mortgage Amount	\$ 618,750	\$ 422,640
Monthly Mortgage Payment at 5.25%	\$ 3,417	\$ 2,269
Insurance	\$ 413	\$ 313
Property Taxes	\$ 754	\$ 515
Utilities	\$ 481	\$ 329
<b>Total Monthly Cost</b>	<b>\$ 5,065</b>	<b>\$ 3,426</b>
<b>Minimum Household Income Required</b>	<b>\$ 202,619</b>	<b>\$ 137,036</b>

**Notes:** 5.25% interest rate based on 30-year fixed rate national average as of June 2022 (Freddie Mac). Insurance includes homeowners insurance and private mortgage insurance (PMI). Property taxes calculated using a 65% assessment ratio and mill rate of 20.26 (FY 2022 rate).

**Source:** Camoin Associates analysis of data from Maine Listings, ACS 2020 5-year estimates, Zillow affordability calculator, HUD, Town mill rate

### Housing Attainability Levels

Household Income	Maximum Attainable Home Price	Maximum Attainable Gross Rent
\$15,000	\$50,000	\$375
\$25,000	\$83,000	\$625
\$35,000	\$117,000	\$875
\$50,000	\$167,000	\$1,250
\$75,000	\$250,000	\$1,875
\$100,000	\$333,000	\$2,500
\$150,000	\$500,000	\$3,750
\$200,000	\$667,000	\$5,000



## HOME AFFORDABILITY BY INCOME LEVEL

HUD publishes income limits for various housing affordability levels based on percent of Area Median Income (AMI) and household size (e.g., number of persons in the household). These limits are updated annually and are commonly used by municipalities, including Cape Elizabeth, in setting required affordability levels for affordable housing units as part of inclusionary zoning requirements.

These income levels are used in the Housing Creation Goals section of the report to categorize demand by price point. Income levels can be multiplied by 3.33 to approximate maximum price points for for-sale units or divided by 40 to approximate maximum gross monthly rent for rental units.

More information on HUD income limits can be found at:  
<https://www.huduser.gov/portal/datasets/il.html>

### FY 2022 Affordable Housing Income Limits for Portland HUD Metro FMR Area

Income Category	Pct. of Area Median Income				
	Income	1 person	2 persons	3 persons	4 persons
Extremely Low	30%	\$23,450	\$26,800	\$30,150	\$33,500
Very Low	50%	\$39,100	\$44,700	\$50,300	\$55,850
Low	80%	\$62,550	\$71,500	\$80,450	\$89,350
Median	100%	\$78,900	\$90,200	\$101,450	\$112,700
Moderate	120%	\$94,700	\$108,200	\$121,750	\$135,250
Moderate+	150%	\$118,350	\$135,250	\$152,150	\$169,050

**Note:** Portland HUD Metro Fair Market Rent (FMR) Area defined to include the following municipalities: Cape Elizabeth, Casco, Chebeague Island, Cumberland, Falmouth, Freeport, Frye Island, Gorham, Gray, Long Island, North Yarmouth, Portland, Raymond, Scarborough, South Portland, Standish, Westbrook, Windham, Yarmouth, Buxton, Hollis, Limington, and Old Orchard Beach.

**Source:** HUD

# 2.2 HOUSING CREATION GOALS

This chapter lays out a range of housing creation goals for Cape Elizabeth, based on key housing metrics that the Town may seek to achieve. The overall housing need that the goals seek to meet is discussed in terms of six objectives, each of which correspond to a target population that would benefit from increased affordable housing options. These target populations include:

- Cost-burdened workforce residents
- Cost-burdened senior residents
- In-commuting workers
- Adult children living with parents
- New moderate-income 24-44 households
- New workforce households

These goals and objectives are intended as starting points for discussion, rather than firm recommendations. It is anticipated that they will be debated, refined, and prioritized as the Town continues to make progress on its housing diversity efforts.

### Potential Housing Creation Goals

Goals	New Affordable Units by 2032
Ambitious	450
Moderate	200
Status Quo	5

### Potential Target Populations

Target Population	Minimum Affordable Housing Need (units)
1 Cost-burdened workforce residents	100
2 Cost-burdened senior residents	50
3 In-commuting workers	100
4 Adult children living with parents	50
5 New moderate-income 24-44 households	50
6 New workforce households	100
<b>Total</b>	<b>450</b>

# KEY METRICS FOR GOAL FRAMING

Presented here are baseline statistics that are helpful for framing the discussion of housing creation goals and objectives.

## Housing Stock

The housing stock in Cape Elizabeth increased by 108 units between 2010 and 2020, an average of 10.8 units per year (on net), according to Decennial Census figures. This compares to an annual average of 22.2 residential building permits for new units issued by the Town over this period. While the Census counts the total number of housing units, accounting for any units removed from the housing stock, Town building permits only consider new additions to the stock. Note that units for which building permits have been issued have not necessarily been constructed and/or occupied.

Cape Elizabeth represents about 2.7% of Cumberland County’s housing stock, while accounting for only 1.0% of new units added between 2010-2020, less than its “fair share,” if each community were to add units at a rate proportional to their existing share.

The town has an estimated 392 rental units, representing just 10% of all occupied housing units community-wide. The county-wide average is 30%. Cape Elizabeth is home to about 1.1% of the county’s renter-occupied stock.

## Affordable Units

Cape Elizabeth currently has 38 income-restricted “affordable” housing units, representing 0.9% of the housing stock. Of these units, 16 were created through the Town’s mandatory affordable housing requirement for new major developments. The remaining 22 units are affordable senior rentals at Colonial Village. Only 2 new affordable units have been created over the last decade. Since 2000, the town has averaged 0.5 new affordable units per year.

## Households

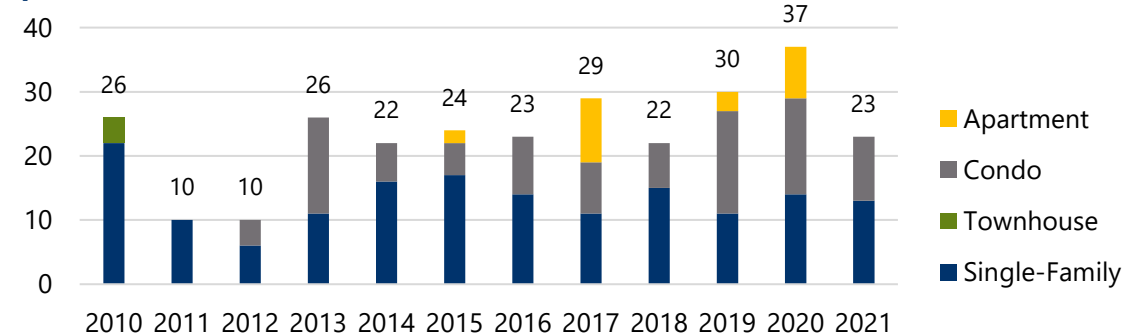
Approximately 3% of county households reside in Cape Elizabeth. According to projections from Esri, Cumberland County is anticipated to add 6,254 new households (on net) over the period from 2021 to 2026, or about 1,251 households per year. Projecting this forward ten years at the same rate would mean 12,508 new households in the County by 2032. If Cape Elizabeth were to “capture” 3% of these new households, approximately 375 new housing units would need to be added to the town’s housing stock over this next decade. This compares to 108 units added on net between 2010-2020, and 222 residential building permits issued for new units.

## Key Metrics for Goal Framing

	2010	2020	Change	Pct. Change	Avg. Annual Change
<b>Households</b>					
Cape Elizabeth	3,616	3,738	122	3.4%	12.2
Cumberland County	117,339	128,100	10,761	9.2%	1,076.1
Town Share of County	3.1%	2.9%	1.1%		
<b>Housing Units</b>					
Cape Elizabeth	3,963	4,071	108	2.7%	10.8
Cumberland County	138,657	149,452	10,795	7.8%	1,079.5
Town Share of County	2.9%	2.7%	1.0%		
<b>Renter-Occupied Units</b>					
Cape Elizabeth	538	392	-146	-27.1%	-14.6
Cumberland County	36,718	37,027	309	0.8%	30.9
Town Share of County	1.5%	1.1%	-47.2%		
<b>Affordable Housing Stock</b>					
Cape Elizabeth	36	38	2	5.6%	0.2

Source: Decennial Census, ACS 5-year estimates, Town of Cape Elizabeth

## Building Permits Issued for New Housing Units, Cape Elizabeth 2010-2021



Source: Town of Cape Elizabeth

### Potential 10-Year Housing Creation Goals for Consideration

Goal	Affordable Units	Market-Rate Units	Total Units	Town's Share of Projected County Household Growth	Affordable Unit Share of Town's Housing Stock	Rental Share of Occupied Units	Pct. Increase in Town Households
Ambitious Goal	450	217	667	5.3%	10.3%	17.1%	17.5%
Moderate Goal	200	217	417	3.3%	5.3%	14.3%	10.9%
Status Quo Goal	5	217	222	1.8%	1.0%	10.3%	5.8%
<i>Existing Inventory</i>	38	4,033	4,071	--	0.9%	10.4%	--

## POTENTIAL 10-YEAR HOUSING GOALS

In considering a range of potential housing creation goals for the Town, we begin with a broad look at possible overall affordable housing production in the community over the next 10 years (2022-2032).

Three goals were formulated to reach certain common housing diversity metrics that would have a substantial impact in bringing Cape Elizabeth closer to diversifying its housing stock and household makeup. These goals should not be interpreted as recommendations; they are simply thresholds needed to attain certain metrics should the community choose to pursue them. The goals are summarized as follows (over 10 years):

- **Status Quo Goal:** 5 new affordable units
- **Ambitious Goal:** 450 new affordable units
- **Moderate Goal:** 200 new affordable units

Each goal is introduced broadly, followed by a discussion of six policy objectives that the town may wish to focus on. Prioritizing certain objectives over others will change the mix of affordable housing price points and unit types ultimately needed. Overall, however, the town will need to considerably increase total affordable housing production compared to past levels in order to have an impact in achieving any of these objectives.

### Status Quo Goal: 5 New Affordable Units

At the low end of the spectrum, a “status quo” goal would maintain current rates of affordable and market-rate housing production. Over the last two decades, the Town has averaged 0.5 new affordable units per year. Projecting this forward ten years would yield 5 new units through 2032. A rate of 22.2 residential build permits issued per year for new units (2010-2020 average) would yield 222 total units. Subtracting the 5 affordable units would equal 217 market-rate units.

At this rate, the town would capture 1.8% of county household growth, less than its 3% “fair share,” leading to a decline in overall household share. Assuming that about 7% of new units are rentals (2010-2020 average for building permits), the town’s renter-occupied housing share would slip slightly from 10.4% to 10.3%.

This goal would have no material impact on housing diversification.

## Ambitious Goal: 450 New Affordable Units

An ambitious affordable housing production goal would propel the town toward a **10% affordable housing share**, exceeding its “fair share” of future county household growth capture, and substantively increasing the share of rental-occupied units. 10% percent is a common affordable housing share benchmark that communities strive to achieve. For example, the 10% threshold is set by statute in both Massachusetts and Connecticut, requiring communities that do not yet have a 10% share of subsidized housing inventory to put plans in place to achieve that level.

Assuming the same rate of market-rate housing growth as in the status quo scenario (217 market-rate units), 450 new affordable units over 10 years would bring the share of such units to 10.3%. The share of rental housing in town would increase considerably from 10.4% to 17.1%, adding 350 new affordable rental units.

Household growth would exceed 17% over 10 years, certainly a high rate, albeit below that registered by the towns of Scarborough and Cumberland between 2010 and 2020.

The tables at right illustrate how these 450 affordable units might accommodate various target populations. Unit tenure and price points would be adjusted, should the town opt to prioritize target populations over others. As detailed in the following pages, there will be sufficient affordable housing demand over the next 10 years to fill all 450 units.

## Moderate Goal: 200 New Affordable Units

A moderate goal would fall somewhere between Status Quo and Ambitious, adding 200 new affordable units over 10 years. This goal would have a meaningful impact on increasing Cape Elizabeth’s affordable housing share, boosting it to 5.3%. The town would slightly exceed its “fair share” household capture rate, enabling 3.3% of new Cumberland County households to take up residence in Cape Elizabeth. With about 150 new affordable rental units added, the share of rental housing would grow from 10.4% to 14.3%.

The household growth rate would be a more restrained 10.9%, somewhat above the county’s growth rate of 9.2%, exhibited between 2010 and 2020.

The Moderate goal might serve a subset of Ambitious goal households, depending on the target populations prioritized.

### Ambitious Goal: Estimated Affordable Housing Need by Tenure and Target Population

Target Population	Owner Units	Renter Units	Total Units
Cost-Burdened Workforce Residents	20	80	100
Cost-Burdened Senior Residents	0	50	50
In-Commuting Workers	40	60	100
Adult Children Living with Parents	5	45	50
New Moderate-Income 25-44 Households	25	25	50
New Workforce Households	10	90	100
<b>Total</b>	<b>100</b>	<b>350</b>	<b>450</b>
<b>Share</b>	<b>22%</b>	<b>78%</b>	<b>100%</b>

Source: Camoin Associates

### Ambitious Goal: Estimated Affordable Housing Need by Target Population and Household Income

Renter Units	<30% AMI	30-50% AMI	50-80% AMI	80-120% AMI	Total
Cost-Burdened Workforce Residents	40	40	0	0	80
Cost-Burdened Senior Residents	25	25	0	0	50
In-Commuting Workers	0	30	30	0	60
Adult Children Living with Parents	0	25	20	0	45
New Moderate-Income 25-44 Households	0	10	15	0	25
New Workforce Households	30	30	30	0	90
<b>Total</b>	<b>95</b>	<b>160</b>	<b>95</b>	<b>0</b>	<b>350</b>
<b>Share</b>	<b>27%</b>	<b>46%</b>	<b>27%</b>	<b>0%</b>	<b>100%</b>

Owner Units	<30% AMI	30-50% AMI	50-80% AMI	80-120% AMI	Total
Cost-Burdened Workforce Residents	0	10	10	0	20
Cost-Burdened Senior Residents	0	0	0	0	0
In-Commuting Workers	0	10	15	15	40
Adult Children Living with Parents	0	0	5	0	5
New Moderate-Income 25-44 Households	0	5	10	10	25
New Workforce Households	0	5	5	0	10
<b>Total</b>	<b>0</b>	<b>30</b>	<b>45</b>	<b>25</b>	<b>100</b>
<b>Share</b>	<b>0%</b>	<b>30%</b>	<b>45%</b>	<b>25%</b>	<b>100%</b>

Source: Camoin Associates

## POTENTIAL HOUSING DIVERSITY OBJECTIVES

The following six objectives were developed based on housing needs uncovered from the data analysis, as well as input received from the community to date. Each objective aligns with a particular target population (in bold) that could be better accommodated in Cape Elizabeth through the provision of suitable and attainable housing options. The community may ultimately wish to emphasize certain objectives over others or add others to this list.

1. Reduce the incidence of **cost-burdened households** in the community by providing affordable living options for these existing residents.
2. Provide smaller, low-maintenance housing options that allow **seniors to downsize** and remain in town, making their current housing units available to other households.
3. Offer attainable housing options for **Cape Elizabeth workers** (both private and public sector) who currently commute into town from elsewhere.
4. Provide attainable housing options for **adult children living with their parents** who wish to remain in the community.
5. Boost age diversity by increasing the share of **25 to 44-year-old households**, age groups currently underrepresented in the town.
6. Increase income diversity and expand the local workforce by offering affordable housing options to **workforce households**, residents of the broader region with moderate incomes.

## POTENTIAL OBJECTIVE 1:

### Reduce the incidence of cost-burdened households in the community by providing affordable living options for these existing residents.

There are an estimated 756 cost-burdened households in Cape Elizabeth. Of these, 454 (60%) earn incomes below \$50,000. The vast majority of cost-burdened households (90%+) live in owner-occupied housing, a rate consistent with the overall share of owner housing in the community.

While not all cost-burdened households would necessarily wish to relocate to an affordable housing unit, especially those at higher income levels who may spend a greater portion of housing on their income by choice, we estimate a fairly conservative minimum level of need at approximately 100 units. In other words, if given the option, 100 of these households (roughly 13%) would relocate to an affordable unit (either renter or owner).

#### Housing Needs: Lower-Income Cost-Burdened Households

Low-income renter households with high housing cost burdens seek lower-cost rental options with gross rents no higher than \$1,250. Multifamily apartments are best suited to achieve the density needed to deliver rental housing at the most affordable price points. In general, the higher the density, the lower the price points that can be offered. A mix of one-, two-, and three-bedroom units would be needed to accommodate households of all types, including singles, couples, families, and seniors.

Rather than relocating to subsidized housing units, some cost-burdened homeowner households may benefit from staying in existing units and receiving assistance in paying housing costs. Households in this group are more likely to be senior households.

Other homeowners may wish to trade their existing units for more affordable ones that better meet their needs. Attainable price points would fall in the \$100,000 to \$300,000 range.

#### Cape Elizabeth Cost-Burdened Households

Household Income Level	Attainable Home Price Range	Attainable Gross Rent Range	All Occupied	Owner-Occupied	Renter-Occupied
Less than \$20,000	<\$67,000	<\$500	110	84	26
\$20,000 to \$34,999	\$67,000-\$117,000	\$500-\$875	199	190	9
\$35,000 to \$49,999	\$117,000-\$167,000	\$875-\$1,250	145	112	33
\$50,000 to \$74,999	\$167,000-\$250,000	\$1,250-\$1,875	75	75	0
\$75,000 or more	\$250,000+	\$1,875+	227	227	0
<b>Total Households</b>			<b>756</b>	<b>688</b>	<b>68</b>
<b>Total Households &lt;\$50,000</b>			<b>454</b>	<b>386</b>	<b>68</b>

Source: ACS 2020 5-year estimates

## POTENTIAL OBJECTIVE 2:

### Provide smaller, low-maintenance housing options that allow seniors to downsize and remain in town, making their current housing units available to other households.

According to AARP's 2021 Home and Community Preferences Survey, 77% of adults ages 50 and older nationally say that want to remain in their homes for the long term), rather than relocate to a different unit. The 2021 Home Buyers and Sellers Generational Trends Report from the National Association of Realtors indicates that 12% of age 50+ homebuyers in 2019-2020 purchased a home in senior-related housing. While certainly not a majority, a significant share of seniors are interested in senior housing that may allow them to achieve a lower-maintenance lifestyle and meet other needs.

Cape Elizabeth is home to about 2,500 senior households (ages 55+). Of these households, 380 are ages 65+ and cost-burdened. In recent years, the town has added senior-oriented condo units at luxury price points, such as the 46-unit Maxwell Woods community, but has very few options for seniors of more modest means. Offering affordable senior units to existing town residents could potentially allow their current units to filter to new, younger households. There is an estimated minimum need for 50 affordable senior rental units.

#### Housing Needs: Downsizing Seniors

Downsizing seniors can be accommodated through both market-rate and affordable units. The newest for-sale market-rate units have been delivered in Cape Elizabeth at prices starting at \$600,000, attainable to seniors with incomes of \$180,000 and above. For lower and moderate-income seniors, affordable rental apartments priced under \$1,000 are needed to meet the need.

Downsizing senior typically seek low-maintenance units with single-level floorplans or elevator access if in multilevel complexes. Condominiums, typically single-family or duplexes, with common maintenance and two to three bedrooms are generally a good fit. Apartments with one or two bedrooms are generally sufficient for lower and moderate-income senior renters. In some cases, accessory dwelling units (ADUs) may be appropriate to meet the needs of seniors.

**Cape Elizabeth Senior Households by Income, 2021**

Household Income	Attainable Home Price Range	Attainable Gross Rent Range	55-64	65-74	75+	Total	Share
<\$15,000	<\$50,000	<\$375	35	53	50	138	6%
\$15,000-\$24,999	\$50,000-\$83,000	\$375-\$625	15	20	18	53	2%
\$25,000-\$34,999	\$83,000-\$117,000	\$625-\$875	20	25	34	79	3%
\$35,000-\$49,999	\$117,000-\$167,000	\$875-\$1,250	37	55	135	227	9%
\$50,000-\$74,999	\$167,000-\$250,000	\$1,250-\$1,875	60	100	134	294	12%
\$75,000-\$99,999	\$250,000-\$333,000	\$1,875-\$2,500	95	152	47	294	12%
\$100,000-\$149,999	\$333,000-\$500,000	\$2,500-\$3,750	290	178	76	544	22%
\$150,000-\$199,999	\$500,000-\$667,000	\$3,750-\$5,000	154	77	29	260	11%
\$200,000+	\$667,000+	\$5,000+	325	191	71	587	24%
<b>Total</b>			<b>1,031</b>	<b>851</b>	<b>594</b>	<b>2,476</b>	<b>100%</b>
<b>Share</b>			<b>42%</b>	<b>34%</b>	<b>24%</b>	<b>100%</b>	

Source: Esri

**Cost-Burdened Senior Households (65+)**

	All Occupied	Owner-Occupied	Renter-Occupied
Households	380	380	0
Rate of Cost Burden	29%	30%	0%
<b>Total</b>	<b>380</b>	<b>380</b>	<b>0</b>

Source: ACS 2020 5-yr Estimates



## POTENTIAL OBJECTIVE 3:

### Offer attainable housing options for Cape Elizabeth workers (both private and public sector) who currently commute into town from elsewhere.

The town's in-commuters are typically working age (18-65) have a range of incomes and housing needs. While many in-commuters may do so by choice, others would prefer to live in Cape Elizabeth if affordable housing was available to them. Median annual earnings for the town's jobs are estimated at about \$41,400 (Emsi). A one-earner household with this level of income would be able to afford a home price no more than about \$140,000, or a gross monthly rent of about \$1,000.

Given the lack of for-sale inventory at prices under \$500,000 and an extremely limited rental inventory it is likely that in-commuters with household earnings as high as \$150,000 or more are unable to find suitable housing in town. Therefore, affordable units are needed for in-commuters at all income levels from \$25,000 (approximately minimum wage, full-time annualized) to \$150,000.

For in-commuter households earning below the threshold needed for homeownership, affordable rental options are needed at gross rents starting at \$625, which is attainable at a full-time minimum-wage income of \$25,000.

Minimum affordable housing need is estimated at between 5% and 10% of all in-commuters, or approximately 50-100 units. It is noted that while Cape Elizabeth already has the lowest in-commuter rate of the six peer communities (72%), there is potential to lower it further by providing housing that aligns with the needs of the workforce.

#### Housing Needs: In-Commuters

In-commuter households may consist of singles, couples, roommates, and families with children, accommodated with a range of unit types (multifamily apartments, townhouses, duplexes, multiplexes, single-family homes) and bedroom counts (studios up to four bedrooms).

#### Cape Elizabeth In-Commuters, 2019, Primary Jobs

	Count	Share
Employed in Cape Elizabeth	1,285	100%
Employed in Cape Elizabeth but Living Outside	924	72%
Employed and Living in Cape Elizabeth	361	28%

Source: Census OnTheMap

#### In-Commuter Housing Demand Capture

	\$1,250 per Month or Less	\$1,251 to \$3,333 per month	More than \$3,333 per month	Total
Cape Elizabeth In-Commuters	197	308	418	<b>924</b>
Capture Rate of 5%	10	15	21	<b>46</b>
Capture Rate of 10%	20	31	42	<b>92</b>

Note: Earnings distribution for in-commuters calculated assuming similar distribution as all workers employed in Cape Elizabeth.

## POTENTIAL OBJECTIVE 4:

### Provide attainable housing options for adult children living with their parents who wish to remain in the community.

Over half (51%) of Cape Elizabeth residents between 18 and 34 live in their parents' household, compared to 28% for Cumberland County as a whole. Only 5% of town residents in the young adult age group live with other nonrelatives (e.g., roommates), compared to 15% in the county.

The high rate of young adults living at home speaks to the lack of affordable housing options for young people in the community, preventing those who grew up in Cape Elizabeth from establishing their own roots in the town and starting families of their own.

Decreasing the share of young adults living with their parents to the county average of 28% would mean providing housing units for 235 of the 528 young adults currently living with parents. Assuming two roommates per unit, 117 units would be needed. At three roommates per unit, 78 units would be needed.

A conservative minimum need is estimated at 50 units to accommodate this population.

#### Housing Needs: Adult Children Living with Parents

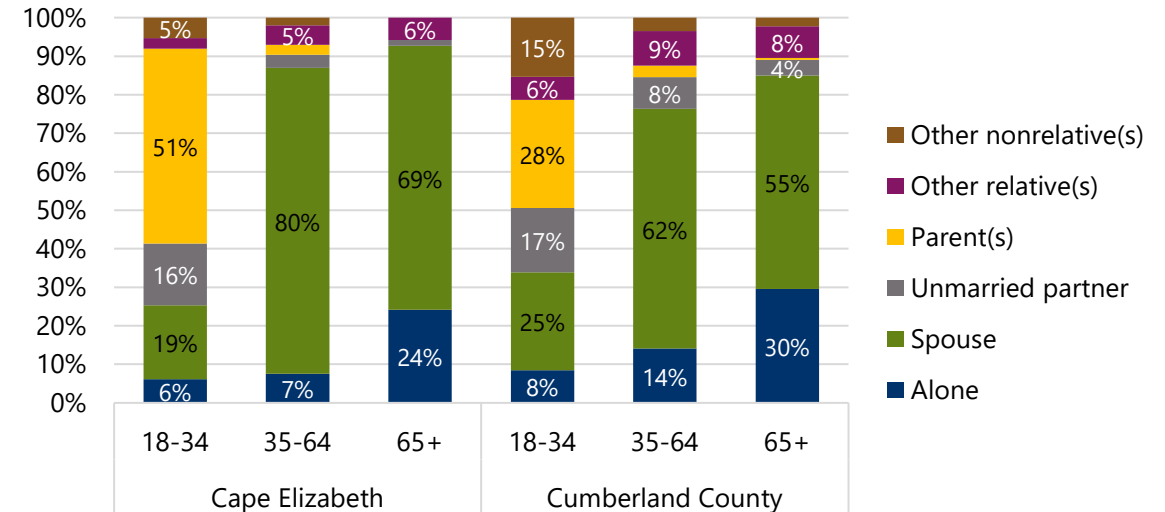
Adult children in the 18-34 range that live with their parents would benefit from affordable housing units where they can live alone, with a partner, or with roommates. This population would be most likely to prefer renting over homeownership. Multifamily apartments, multiplexes, or townhouses with rental rates in the \$750 to \$1,500 would best accommodate this group.

**Cape Elizabeth 18+ Resident Living Arrangements by Age**

Living Arrangement	18-34	35-64	65+	Total
Alone	64	302	518	884
Spouse	200	3,208	1,473	4,881
Unmarried partner	167	135	32	334
Parent(s)	528	106	0	634
Other relative(s)	29	203	124	356
Other nonrelative(s)	55	80	0	135
<b>Total</b>	<b>1,043</b>	<b>4,034</b>	<b>2,147</b>	<b>7,224</b>

Source: ACS 2020 5-year estimates

**Living Arrangements, Share of Residents by Age**



Source: ACS 2020 5-year estimates

## POTENTIAL OBJECTIVE 5:

### Boost age diversity by increasing the share of 25 to 44-year-old households, age groups currently underrepresented in the town.

According to 2021 data from Esri, Cape Elizabeth is home to about 3.0% of all households in Cumberland County, but only 1.6% of households in the 25-44 age range. Overall, the town would need an additional 505 younger adult households to close this “gap” and reflect the county’s age distribution.

The town has a disproportionately low share of younger adult households across all income levels under \$150,000, but a higher share of those above this income level.

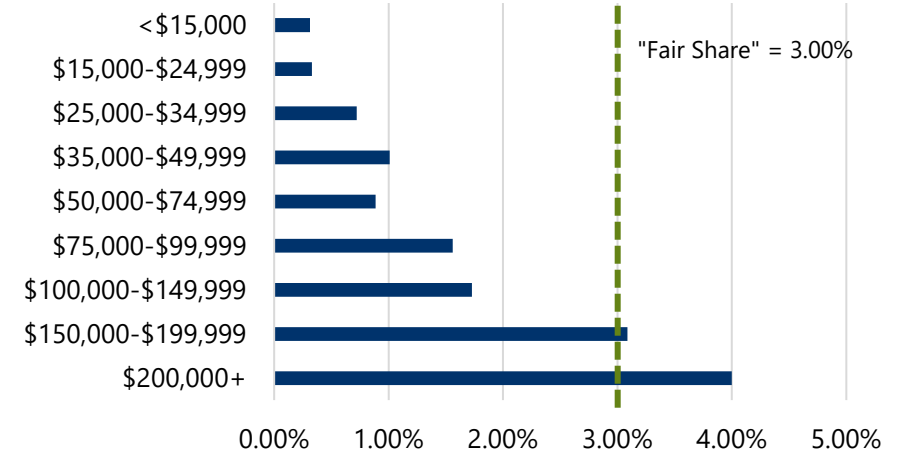
Closing 10% of this “gap” in young households would require about 50 new housing units for moderate income 25-44 households, to be attracted from outside the town.

#### Housing Needs: Younger Adults Households, Age 25-44

Households in this age group have a wide range of housing needs, depending on stage of life. At the younger end of the range are young singles and couples (workers or students) that can be accommodated with rental apartments, multiplexes, and townhouses with one or two bedrooms. Many households in this group could afford market-rate rental units if more were available in town.

Households closer to peak homebuying years (early to mid 30s) seek for-sale options where they can start and raise their families. Homes with at least three bedrooms and yards are often preferred households with children. Traditionally, these have been single-family homes, but such needs can also be well served in townhouse and duplex arrangements, especially in complexes with shared outdoor space. Homes priced below \$500,000 are needed for this group.

**Cape Elizabeth Share of County's Younger Adult Households (Age 25-44) by Income Level**



Source: Esri

**Younger Adult Households (Age 25-44) by Income, 2021**

A	B	C	D	E	F	G	H	I
Household Income	Attainable Home Price Range	Attainable Gross Rent Range	Cape Elizabeth	Cumberland County	Share of County (D/E)	"Fair Share" of County*	"Fair Share" Households (E x G)	Gap (D - H)
<\$15,000	<\$50,000	<\$375	7	2,241	0.31%	3.00%	67	(60)
\$15,000-\$24,999	\$50,000-\$83,000	\$375-\$625	6	1,822	0.33%	3.00%	55	(49)
\$25,000-\$34,999	\$83,000-\$117,000	\$625-\$875	20	2,770	0.72%	3.00%	83	(63)
\$35,000-\$49,999	\$117,000-\$167,000	\$875-\$1,250	38	3,763	1.01%	3.00%	113	(75)
\$50,000-\$74,999	\$167,000-\$250,000	\$1,250-\$1,875	53	5,987	0.89%	3.00%	180	(127)
\$75,000-\$99,999	\$250,000-\$333,000	\$1,875-\$2,500	77	4,933	1.56%	3.00%	148	(71)
\$100,000-\$149,999	\$333,000-\$500,000	\$2,500-\$3,750	137	7,930	1.73%	3.00%	238	(101)
\$150,000-\$199,999	\$500,000-\$667,000	\$3,750-\$5,000	114	3,693	3.09%	3.00%	111	3
\$200,000+	\$667,000+	\$5,000+	147	3,675	4.00%	3.00%	110	37
<b>Total</b>			<b>599</b>	<b>36,814</b>	<b>1.63%</b>	<b>3.00%</b>	<b>1,104</b>	<b>(505)</b>

\* "Fair share" refers to the proportional share of the county's households that would live in Cape Elizabeth if the town mirrored the county in each age/income group. As of 2021, Cape Elizabeth is home to an estimated 3.00% of Cumberland County's households.

Source: Camoin Associates analysis of Esri data

## POTENTIAL OBJECTIVE 6:

Increase income diversity and expand the local workforce by offering affordable housing options to workforce households, residents of the broader region with moderate incomes.

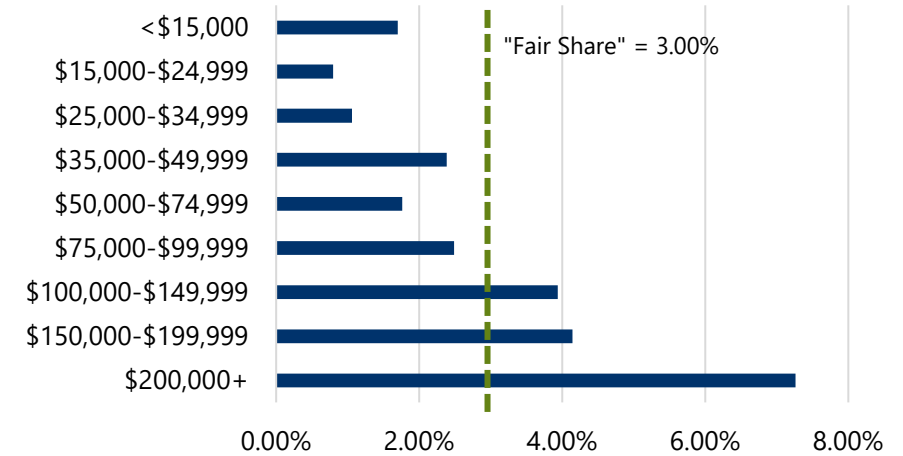
The town has a disproportionately low share of households in all income cohorts under \$100,000. To close this “gap,” the town would need to provide an additional 930 housing units at price points affordable to households across income levels below under \$100,000.

100 new workforce housing units would close just over 10% of this gap and serve to attract households from the broader region who would like to live in Cape Elizabeth. Not only does this provide these households with a desirable place to live, but it also expands the workforce pool within a short distance that local businesses can draw from.

### Housing Needs: Workforce Households

Since workforce households are especially price-conscious, the type of housing unit may be less important than the price point. These households are willing to sacrifice amenities and “extras” if the home is situated in a safe and convenient location that provides access to job and educational opportunities. Affordable-rate rentals at all levels and all housing styles are needed. Affordable for-sale homes, at prices as low as \$100,000, can provide a steppingstone for market-rate homeownership.

Cape Elizabeth Share of County Households by Income Level, 2021



Source: Esri

Households by Income, 2021

A	B	C	D	E	F	G	H	I
Household Income	Attainable Home Price Range	Attainable Gross Rent Range	Cape Elizabeth	Cumberland County	Current Share of County (D/E)	"Fair Share" of County*	"Fair Share" Households (E x G)	Gap (D - H)
<\$15,000	<\$50,000	<\$375	156	9,166	1.70%	3.00%	275	(119)
\$15,000-\$24,999	\$50,000-\$83,000	\$375-\$625	65	8,166	0.80%	3.00%	245	(180)
\$25,000-\$34,999	\$83,000-\$117,000	\$625-\$875	109	10,260	1.06%	3.00%	307	(198)
\$35,000-\$49,999	\$117,000-\$167,000	\$875-\$1,250	303	12,693	2.39%	3.00%	380	(77)
\$50,000-\$74,999	\$167,000-\$250,000	\$1,250-\$1,875	387	21,937	1.76%	3.00%	657	(270)
\$75,000-\$99,999	\$250,000-\$333,000	\$1,875-\$2,500	417	16,751	2.49%	3.00%	502	(85)
\$100,000-\$149,999	\$333,000-\$500,000	\$2,500-\$3,750	898	22,798	3.94%	3.00%	683	surplus
\$150,000-\$199,999	\$500,000-\$667,000	\$3,750-\$5,000	495	11,946	4.14%	3.00%	358	surplus
\$200,000+	\$667,000+	\$5,000+	984	13,546	7.26%	3.00%	406	surplus
<b>Total</b>			<b>3,814</b>	<b>127,263</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3,814</b>	<b>(930)</b>

\* "Fair share" refers to the proportional share of the county's households that would live in Cape Elizabeth if the town mirrored the county at each income level. As of 2021, Cape Elizabeth is home to an estimated 3.00% of Cumberland County's households.

Source: Camoin Associates analysis of Esri data

# Volume 3: Strategy Development



# 3.1 HOUSING TYPOLOGIES

As established in Volume 1, Cape Elizabeth has a rather homogeneous housing stock and is lacking in any substantial “missing middle” housing typologies. These typologies, as shown in the graphic to the right, include a spectrum of housing types and densities between single-family homes and mid-rise apartments.

These housing types are not only critical to creating affordable/workforce level units; they are also key to providing housing options in the community that align with the target households of particular interest and importance in Cape Elizabeth (see Volume 2: Housing Creation Goals).

This section presents seven (7) specific housing typologies (shown in the table to the right) that are well-aligned with the housing needs and preferences of target households and that have the potential to integrate with the community without adversely impacting the bucolic coastal character of Cape Elizabeth. It should be noted that these typologies do not guarantee affordable or workforce level price points, rather implementing these typologies will also likely require policy interventions to ensure affordability.

Each housing typology profile on the following pages includes a description, overview of typical zoning/density standards, examples from Maine, and a brief assessment of Cape Elizabeth’s zoning with respect to each housing type.



The “missing middle housing” phenomenon is widespread but particularly acute in Cape Elizabeth, which is dominated by single-family detached homes. For more information on this concept, visit Opticos Design’s website, [www.missingmiddlehousing.com](http://www.missingmiddlehousing.com).

## Overview of Focus Workforce and Affordable Housing Typologies

	Accessory Dwelling Units	Small Single-Family	Clustered Cottages	Duplex + Triplex	Attached Townhouses	Mansion Apartments/Fourplex	Garden Apartments
<b>Overview</b>	Relatively small (300 SF up to 1,000 SF) attached or detached housing units on the same lot as a single-family home.	Generally up to 2,000 SF homes on smaller (e.g., quarter-acre) lots with typically 2 bedrooms.	Small single-story cottages densely clustered around open space and often bought as condominiums.	While size and lot size can vary, these units are typically owned as condominiums with yard space and are generally smaller than single-family homes	Similar to Triplex units, attached townhouses are a similar housing type featuring side-by-side (or occasionally “stacked”) that are privately owned.	These apartments are effectively “disguised” in a structure that looks like a single-family home but contains in range of 4-6 rental units.	Apartments in a low-rise (up to 4-story) apartment building.
<b>Target Population Alignment</b>	Ideal for single/childless young professionals and downsizing active seniors	An attractive option for young families starting out looking to build equity and stay within the community.	These are a popular and relatively more affordable option for retirees looking to downsize and for less home maintenance.	These units have broad appeal, including young families with children, childless couples, and downsizing “empty nesters”	Similar to duplex and triplex units they have broad appeal but are generally less suited to older seniors due to multi-level living.	These are well suited for young members of the workforce, childless couples, and downsizing empty nesters	Garden Apartments typically have elevator access and are therefore well suited for seniors as well as other single and childless households.



Photo Credit: [www.buildinganadu.com](http://www.buildinganadu.com)

## Accessory Dwelling Units

**Description:** These units are smaller, independent residential dwelling units located on the same lot as a stand-alone (i.e., detached) single-family home. They are sometimes referred to as granny flats, carriage units (above garage), secondary suites, and others. ADUs can be both internal/attached to a home or detached. Research has shown that ADUs help increase the supply of affordable housing without adverse impacts to communities.

### Density and Zoning Standards:

ADUs are typically permitted where single-family homes are permitted. Most effective regulations allow attached and detached ADUs. Often neither the primary house or ADU can be used for short-term rentals. One unit per lot is typical. Many communities have design requirements to preserve neighborhood character.

### Typical Standards:

**Min. Rental Period:** 3-6 month minimum; property owner must occupy one of the units (primary or accessory)

**Unit Sizes:** 750 SF to 1,000 SF max (Also often set as percent of primary dwelling unit SF – e.g., 30%). May also limit up to 2 bedrooms per unit.

**Other: Allowed where single-family allowed;** Detached ADUs allowed; allow second units by special permit; Waive development fees if for low-income

### Alignment with Cape Elizabeth Zoning Standards:

ADUs are allowed in all zones except TC, BB, and BC; however, current regulations are not ideally suited to provide workforce/affordable housing. Detached units are not currently allowed anywhere, and related, the unit must preserve single-family appearance of the property. The maximum size of 600 SF is also less than the maximum in many other communities. The Town's 15% expansion limitation also means that ADUs are very limited in size for smaller homes (e.g., a 2,000 SF home would mean a maximum 300 SF ADU expansion). It also means that single-family homes under 2,000 SF are not eligible to expand for an ADU. It should also be noted that regulations indicate ADUs are for people with a "close personal relationship" to residents of the main dwelling rather than intending ADUs to be broadly available to those needing housing. Note that LD 2003 will require ADU zoning changes in the Town.



Photo Credit: *Town of Kittery*

### Accessory Dwelling Unit Pilot Program

**Town of Kittery ADU Grant Pilot Program.** The Town started this program to assist with affordable housing. The program offers up to \$50,000 for design, permitting and construction to build an ADU.



Photo Credit: *Maine Sunworks*

**Above Garage ADU, Kennebunkport, ME.** A 550 SF ADU located above a garage that includes an open plan studio unit with a galley kitchen and ¾ bath.



# Starter Single-Family Homes

**Description:** A starter home is intended to be affordable for a household's first home purchase. They are often properties that a buyer lives in for a few years before selling and moving into a larger home, often as family size increases. Homes are typically small at under 2,000 SF and often have 2 bedrooms. Starter homes can provide an opportunity for a household to build equity over time to eventually purchase a "forever" home but may also appeal to singles, couples without children, and empty nesters who do not need more than 2 bedrooms.

**Density and Zoning Standards:** Density is needed to make small starter homes economical to build (and therefore affordable to purchase). These homes typically have relatively small lots down to 0.1 acres (when on sewer systems). Large minimum lot sizes and low density maximums are therefore common barriers to small, relatively more affordable, single-family homes. Lot coverage ratio maximums can also be a zoning barrier as these need to be higher for starter homes on small lots.

### Typical Standards:

**Density:** 4-6 Units per acre

**Lot Sizes:** 0.15 acres to 0.25 acres

**Other:** Building size typically controlled by dimensional standards (e.g., setback requirements)

**Cape Elizabeth Zoning Alignment:** While the Town's zoning favors single-family homes, density maximums and relatively large minimum lot sizes effectively preclude this type of housing from being built in the community. For example, a 3-acre tract of land (if available) could have one starter home in the RA and RB district or up to four homes in the RC District. A more suitable 3-acre starter home development would have 12-18 homes. The Town Center District Core is the only zone in which an "ideal" starter home development could be built in Cape Elizabeth.

### Starter Home Alignment With Cape Elizabeth Zoning

	RA	RB	RC	TC	BA	BB	BC
<b>Maximum Units per Acre</b>	0.54 (0.66 with open space zoning)	2.2 (with sewer)	2.18	0.54 (4.36 in Core Subdistrict)	0.54 (adjacent to RA) or 2.18 adjacent to RC	0.54	Not Permitted
<b>Minimum Lot Size (Acres)</b>	1.84	1.84	0.46	1.84 (0.23 in Core)	1.84 (adjacent to RA; 0.46 if adjacent to RC)	1.84	Not Permitted



Photo Credit: Island Housing Trust

**Ripples Hill, Mount Desert Island, ME.** Modestly sized homes that are income restricted to workforce-level households. Houses start at approximately \$218,000.



Photo Credit: Heritage Housing Trust

**Heritage Woods, Kennebunkport, ME.** Small single-family homes on lots from 0.5 to 1.15 acres. Smaller sized homes with 1,166 3-bedroom home shown above. Home price of \$220,000 as a project through the Heritage Housing Trust.





Photo Credit: karendlucas via Flickr.

## Clustered Cottage

**Description:** Clustered cottages are a compact, relatively dense housing typology consisting of individually owned or rented cottage homes that are typically 1,000 square feet or less. Cottages are often single-story and designed for downsizing households age 55 and older (but not exclusively so). Clustered cottage developments often have shared amenities such as a clubhouse, recreation space, etc.

**Density and Zoning Standards:** Standards typically depend on whether the project is a condominium (on a single lot) or a sub-division (individually owned lots). Clustered cottage development is relatively dense and typically has higher density allowances than single-family homes; albeit with smaller permitted building sizes. Lot coverage ratios are often limiting and to be feasible, must typically be set higher than other development types. Short-term rentals are often prohibited.

**Cape Elizabeth Zoning Alignment:** The Town's current zoning does not permit clustered cottage development either as a sub-division or as condominiums. As a condominium typology, multi-family/multiplex zoning regulations apply, and density levels are substantially too low for this typology to be feasible. Lot size minimums and density maximums preclude clustered cottages from being built as a multi-family development in the Town (single-family version only possible in TCC).

### Typical Standards:

**Density:** 5 to 15 units per acre (gross)

**Unit Sizes:** Often set to maximum of 1,000 SF to 1,400 SF

**Lot Sizes:** 0.1 to 0.25 acres (if individual lot ownership)

**Other:** Building heights often limited to keep to single-story. Open space often required as percent of development area.

### Clustered Cottages (as Condominiums)

	RA	RB	RC	TC	BA	BB	BC
<b>Max Unit per Acre Allowed (Condominium)</b>	0.66	2.2 (on sewer)	2.9	Not Permitted	Not Permitted	Not Permitted	Not Permitted
<b>Minimum Lot Size (Condominium)</b>	10	1.84	5	Not Permitted	Not Permitted	Not Permitted	Not Permitted

Zoning is Aligned

Zoning not well Aligned

Not Permitted



Photo Credit: Cottages at Pine Meadow SACO ME Facebook Page

**Cottages at Pine Meadow, Saco, ME.** 32 cottages for owners 55 and older. Cottages are 440-740 square feet and range in price from \$169,000 to \$269,000. Rentals are long term only. Built: 2021. Density: 15 units per acre.



Photo Credit: The Cottages at Willett Brook Facebook Page

**Cottages at Willett Brook, Bridgton, ME.** 60 cottages for owners 55 and older. Cottages are on 0.13-acre lots (10-unit semicircle clusters). Density: 3.75 units per acre.



Photo Credit: Camoin Associates

## Duplex + Triplex

**Description:** A duplex or triplex is a house that has been divided into two or three individual units (respectively). Units can be side by side (similar to townhouses) or above each other in a format known as “stacked” (although definitions can vary by locale). Units are typically owned condominium but are also sometimes used as rental housing. Some models include an owner-occupied unit with one or two rental units that provide income, which makes the mortgage more affordable. Unit size can be wide ranging from 600 SF to upwards of 2,400 SF.

**Density and Zoning Standards:** While density levels can range broadly among duplex or triple development projects, density limitations often impact the potential for these types of housing units, despite the overall building size often being comparable to single-family home sizes that are allowed.

### Typical Standards:

**Density:** Duplex: 2 to 8 UPA (gross);  
Triplex: 10-18 UPA (gross)

**Lot Sizes:** 0.10 to 0.25 acres

**Other:** Building size typically controlled by dimensional standards (e.g., setback requirements)

**Cape Elizabeth Zoning Alignment:** Under Cape Elizabeth Zoning, a duplex or triplex unit would be classified as multiplex housing or multifamily (depending on the zone). Under this classification, these housing types would not be allowed in the Town Center zone as there is no possibility for the required ground floor commercial. They are simply not permitted in the BB and BC zones along with other multifamily housing types. While allowable in RA and RB zones, density maximums are significantly lower than needed. The density allowed in RC is more in line with lower density versions of this housing type, but the required minimum lot size exceeds what is practical (unless the lot is not subdivided into individual lots). BA is the only zone in which duplex/triplex buildings would be able to be built under current zoning where a hypothetical 2-acre site could yield 5 lots with up to 11.6 units (e.g., 5 lots with one duplex each could be built)

### Duplex/Triplex Alignment With Cape Elizabeth Zoning

	RA	RB	RC	TC	BA	BB	BC
<b>Maximum Units per Acre</b>	0.66	2.2 (on sewer)	2.9	Not Permitted	5.8	Not Permitted	Not Permitted
<b>Minimum Lot Size (Acres)</b>	10	1.84	5	Not Permitted	0.34	Not Permitted	Not Permitted

Zoning is Aligned

Zoning not well Aligned

Not Permitted



Photo Credit: Camoin Associates

**Scarborough Downs, Scarborough, ME.** A duplex unit as part of a mixed-typology housing development project.



Photo Credit: Camoin Associates

**Dunstan Crossing, Scarborough, ME.** A mix of single-family homes and duplex condominium units. Density: 2.5 units per acre (gross). (Duplex portion)



Photo Credit: Flickr. Used Under CC License.

# Attached Townhouse

**Description:** A townhouse is typically owned by its occupant and has a shared wall with an adjacent townhouse. Townhouse-style units can be on individual lots or be structured as condominiums. Many of the “suburban style” townhouses in Maine are structured as condominiums with HOA fees. Units are typically multi-level and may or may not include an attached garage. Most townhouse units are in the general 1,000 to 1,750 SF size range. Similar to duplex/triplex units, townhouses can be “stacked” and include rental units providing supplemental income.

**Density and Zoning Standards:** One of the biggest obstacles to attached townhouses are density limits. Townhouses need greater density limits, but communities often institute other standards so that large apartment buildings cannot be built when townhouses are desired. Minimum lot sizes are also often too large to facilitate the development of townhouse style housing.

**Best Practice Standards:**

**Density:** 5-15 units per acre (suburban-style)

**Lot Sizes:** Depends if condominium or individual lots; condo min. lot size of 0.5 acres (often no minimum set with lot determined by building size, setbacks, and other standards)

**Other:** 18’ min. building width; 1 parking spot per unit

**Alignment with Cape Elizabeth Zoning Standards:** Current zoning is unfavorable for attached townhouses either as condominium units or individually owned lots. As a condominium project, attached townhouses would only be permitted in the RA, RB, and RC Districts.

**Attached Townhouses**

	RA	RB	RC	TC	BA	BB	BC
<b>Max Unit per Acre (Individual Lots)</b>	0.54 (0.66 with open space zoning)	2.2 (on sewer)	2.18	0.54 (4.36 in Core Subdistrict)	0.54 (adjacent to RA District) or 2.18 adjacent to RC District	0.54	Not Permitted
<b>Max Units per Acre (Condominium)</b>	0.66	2.2 (on sewer)	2.9	Not Permitted	Not Permitted	Not Permitted	Not Permitted
<b>Min. Lot Size (Condo) (Acres)</b>	10	1.84	5	Not Permitted	Not Permitted	Not Permitted	Not Permitted

Zoning is Aligned

Zoning not well Aligned

Not Permitted



Photo Credit: Town of Cape Elizabeth

**10 Hill Way 1, Cape Elizabeth, ME.** A local example of townhouse development.



Photo Credit: Camoin Associates

**Sawmill Crossing, Westbrook, ME.** Density: 14 units per acre.



Photo Credit: Camoin Associates

**Carriage Lane Townhouses, Portland, ME.** Attached townhouses. Units are 2-story, approximately 950 SF and 2 bedrooms each. Density: 10 units per acre.

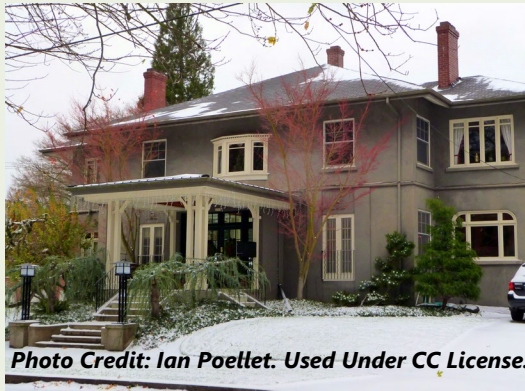


Photo Credit: Ian Poellet. Used Under CC License.

# Mansion Apartments

**Description:** Mansion Apartments, sometimes referred to as Multiplex or Fourplex (when consisting of 4 units), is generally a detached 2 to 2.5 story structure that has 4 to 12 dwelling units, typically with a shared entry (rather than individual entrances). This housing type has the appearance of a medium to large single-family home. Units can be rented apartments or owned condominium units. The size of units typically ranges from 500 to 1,200 SF.

**Density and Zoning Standards:** This housing type is one of the best suited multi-family typologies to integrate into single-family areas as buildings often appear as the same size and style as single-family properties. However, this housing is often excluded from single-family areas where multifamily is not allowed.

### Typical Standards:

**Density:** 8 to 16 UPA (net) (Fourplex)

**Lot Sizes:** 0.25 to 0.5 acres

**Other:** Mansion apartments can have the same dimensional standards as single-family to maintain consistent community character

**Cape Elizabeth Zoning Alignment:** Under Cape Elizabeth Zoning, Mansion Apartments would be classified as multiplex housing or multifamily (depending on the zone). Under this classification, these housing types would not be allowed in the Town Center and Business District A zones as there is no possibility for the required ground floor commercial. They are simply not permitted in the BB and BC zones along with other multifamily housing types. While allowable in RA and RB zones, density maximums are significantly lower than needed. The Town's dimensional zoning standards for single-family homes could be applied to Mansion Apartments if this housing type is desired.

### Mansion Apartments Alignment With Cape Elizabeth Zoning

	RA	RB	RC	TC	BA	BB	BC
<b>Maximum Units per Acre</b>	0.66	2.2 (on sewer)	2.9	Not Permitted	Not Permitted	Not Permitted	Not Permitted
<b>Minimum Lot Size (Acres)</b>	10	1.84	5	Not Permitted	Not Permitted	Not Permitted	Not Permitted

Zoning is Aligned

Zoning not well Aligned

Not Permitted



Photo Credit: Avesta Housing

**Southgate, Scarborough, ME.** An historic farmhouse converted to affordable housing including a mix of studios, one-bedrooms, and two-bedrooms. Eight units are non-age restricted for low-income households. The project was completed and is managed by Avesta Housing.



Photo Credit: Camoin Associates

**Mansion Apartments, Somerville, MA.** An example of a 6-unit mansion apartments project that mimics the look of a single-family home.



Photo Credit: Author Unknown. Used Under Creative Commons License.

# Garden Apartments

**Description:** This housing type consists of a building or building(s) up to four stories in height. Garden apartments are a type of lowrise apartments and typically have amenities such as open space, pools, clubhouses, etc. Buildings above two stories typically have elevator access. These properties are popular with developers in suburban areas as they are typically less expensive to build than buildings with more stories as lowrise buildings can typically be built with wood-frame construction techniques.

**Density and Zoning Standards:** The most typical zoning constraints associated with garden apartment development are the exclusion from many (or all) residential zones and limitations on density through unit density maximums and/or height/area restrictions. Lowrise apartment buildings are typically allowed in and around community center areas and major commercial corridors. Design standards are typical to integrate with community fabric.

### Typical Standards:

**Density:** 20 to 30 UPA

**Other:** Height limitations can vary but typically up to four stories required to be economical to build.

**Cape Elizabeth Zoning Alignment:** Under Cape Elizabeth Zoning, garden apartments would be classified as multiplex housing or multifamily (depending on the zone). Under this classification, allowable unit per acre density levels are only within a reasonable range within the Town Center District, but required ground floor commercial and heights effectively prohibiting a fourth floor are unfavorable for this type of development. Garden apartments are simply not permitted in the BB and BC zones along with other multifamily housing types. While technically allowed in RA and RB zones, density maximums are significantly lower than needed making garden apartments effectively prohibited.

### Lowrise Apartments Alignment With Cape Elizabeth Zoning

	RA	RB	RC	TC	BA	BB	BC
<b>Maximum Units per Acre</b>	0.66	2.2 (on sewer)	2.9	14.52 UPA (when in mixed use building)	5.8	Not Permitted	Not Permitted
<b>Commercial Use Required</b>	No	No	No	Yes	No	Not Permitted	Not Permitted
<b>Maximum Building Height (ft.)</b>	35	35	35	35	35	Not Permitted	Not Permitted

Zoning is Aligned

Zoning not well Aligned

Not Permitted



Photo Credit: Camoin Associates

Scarborough Downs, Scarborough, ME. Lowrise Apartments.



Photo Credit: Camoin Associates

Scarborough Downs, Scarborough, ME. Lowrise Apartments.

## LD 2003 Impact on Housing Typologies

As previously discussed, the LD 2003 state legislation that was approved in April 2022 will bring mandatory zoning changes to Cape Elizabeth related to affordable housing. This section reviews the impact on the potential for the previously identified housing typologies.

One of the most significant changes from LD 2003 will include increased density allowance for multifamily affordable housing by 2.5 times the base density otherwise allowed in the Town's Growth Area (Residence B, Residence C, Town Center, and Business A zoning districts). The new allowable density limits are shown in the table to the right. It is important to note that these higher density limits apply only to multifamily projects that are restricted to affordable levels and would not apply to market-rate multifamily projects.

The higher density limits are much more conducive to the development of the seven housing typologies. For example, an ideal clustered cottage development would need density of at least 5 units per acre. Under Residence C zoning, density limitations (2.9 units per acre) would have prevented such a project. With the new density limitations, a clustered cottage project would be able to achieve sufficient density (if developed as an affordable multifamily project). However, the RC minimum lot size of 5 acres would still apply, which would still substantially constrain the potential to create this type of project within the community.

This example illustrates how LD 2003 may not substantially change the existing dynamics in Cape Elizabeth to facilitate substantial new affordable housing development. It should also be noted that the law's impact on other zones, particularly RA, is likely to be limited. In the RA zone, a second dwelling unit will be allowed on undeveloped lots where a single dwelling is allowed and for lots with a single-family building, an additional two dwelling units will be allowed).

Overall, it is expected that the Town will need to make additional changes to land use regulations beyond those mandated by LD 2003 if it wishes to meet a meaningful affordable housing creation goal. Potential strategies are discussed further in 3.4: Strategy Framework.

**Multifamily Affordable Housing Zoning Density Impacts from LD 2003 Legislation**

Designated Growth area Zoning District	Base (Existing) Density		LD 2003 Affordable Housing Development Density	
	Sewer	Subsurface Wastewater Disposal	Sewer	Subsurface Wastewater Disposal
<b>Residence B (RB)</b>	1 unit per 20,000 sq. ft. of net residential area	1 unit per 60,000 sq. ft. of net residential area	1 unit per 8,000 sq. ft. of net residential area	1 unit per 24,000 sq. ft. of net residential area
	2.2 Units per Acre Equivalent	0.7 Units per Acre Equivalent	5.4 Units per Acre Equivalent	1.8 Units per Acre Equivalent
<b>Residence C (RC)</b>	1 unit per 15,000 sq. ft. net residential area		1 unit per 6,000 sq. ft. net residential area	
	2.9 Units per Acre Equivalent		7.3 Units per Acre Equivalent	
<b>Town Center (TC)</b>	1 unit per 3,000 sq. ft. of gross lot area		1 unit per 1,200 sq. ft. of gross lot area	
	14.5 Units per Acre Equivalent		36.3 Units per Acre Equivalent	
<b>Business A (BA)</b>	1 unit per 7,500 sq. ft. of net residential area		1 unit per 3,000 sq. ft. of net residential area	
	5.8 Units per Acre Equivalent		14.5 Units per Acre Equivalent	

**Source:** Cape Elizabeth Planning Office; Unit-per Acre Conversions by Camoin Associates

# 3.2 ACHIEVING HOUSING CREATION GOALS

If the Town chooses to pursue the ambitious level goal of 450 units over 10 years, it will require denser forms of housing development than currently permitted by zoning regulations. The table to the right indicates the total development area (acres) that would be needed to achieve the ambitious goal for each individual housing typology using typical density levels, as discussed in the previous section. While in reality the ambitious goal would need to be achieved through a mix of housing types, this exercise shows the needed land use efficiency to meaningfully address the need for additional affordable/workforce housing in the community.

For example, the goal of 450 units over 10 years would require 206 acres of land if met through single-family homes built in the Town’s Residential C zoning district, which is unrealistic given constraints on land availability in the community. By comparison, one or more “starter home” developments at a greater density would require only 90 acres of land, thereby providing the same number of units while conserving 116 acres of land.

Other typologies offer greater land use efficiency and are also more realistic to achieve goals given the scarcity of suitable and available sites for housing development. Townhouse and clustered cottage development would require only 45 acres to meet the ambitious goal while mansion apartments and duplex/triplex units would require 38 and 32 acres (respectively). The densest housing typology, garden apartments, would meet the goal with only 18 acres of land. Again, while it is not suggested that any one individual typology be utilized to meet the ambitious goal (should the Town choose to pursue), the analysis indicates that a mix of denser housing typologies will be necessary.

**Achieving the Housing Goals: Acreage Needed by Typology**

Housing Typology	Units per Acre Density	Ambitious Goal		Moderate Goal	
		Total Developed Acres	Total Units Built	Total Developed Acres	Total Units Built
ADUs	N/A	N/A	450	N/A	200
Starter Homes	5	90	450	40	200
Townhouse	10	45	450	20	200
Clustered Cottage	10	45	450	20	200
Mansion Apartments	12	38	450	17	200
Duplex/Triplex	14	32	450	14	200
Garden Apartments	25	18	450	8	200
<b>Comparison: Single-Family Under Current Cape Elizabeth Zoning</b>					
Residential A (RA) Zone Homes	0.66	682	450	303	200
Residential B (RB) Zone Homes	2.2	206	450	92	200
Residential C (RC) Zone Homes	2.2	206	450	92	200

## Illustrative Scenario 1: Encouraging Garden (Lowrise) Apartments

The purpose of this scenario, as shown to the right, is to illustrate significant progress the Town would make towards meeting the ambitious goal if a realistic and achievable number of garden apartment projects were developed. While a comprehensive site identification and build out potential analysis is outside the scope of this study, three (3) garden apartments of approximately 3-acres (75 units) each (9 acres total) is considered reasonable for this scenario. As shown in the adjacent table, these projects would provide 225 units or 50% of the units needed to reach the ambitious goal, resulting in a still aggressive but potentially achievable number of projects/acres for projects of the other housing typologies.

## Illustrative Scenario 2: Achieving the Goal Without Garden Apartments

Scenario 2 illustrates the challenge of meeting the 450 unit ambitious goal without garden apartment development. The table to the right presents a hypothetical set of projects by typology type, each with an average acreage and density. While density levels and average acre can vary, this example shows an order of magnitude difference with Scenario 1. Excluding ADUs, Scenario 2 would require 32 housing development sites/projects compared to 19 in Scenario 1. Scenario 2 would also require approximately 10 more acres of developable land than Scenario 1 (and require greater adoption of ADUs). The set of projects in this scenario is robust and unlikely to be realistic within a 10-year timeframe in achieving the ambitious goal.

Overall, the illustrative scenarios demonstrate the value and importance of facilitating a few relatively larger garden apartment projects as these types of housing developments produce a substantially larger number of units with efficient use of land while also having potential to happen more quickly relative to numerous incremental smaller projects.

**Achieving the Ambitious Goal: Illustrative Scenario 1**

	Number of Projects	Avg. Acreage	Units per Acre Density	Total Development Acres	Total Units Built
ADUs	23	N/A	N/A	N/A	23
Starter Homes	3	3.5	5	10.5	53
Townhouse	2	2	10	4.0	40
Clustered Cottage	2	2	10	4.0	40
Mansion Apartments	8	0.5	12	4.0	48
Duplex/Triplex	1	1.5	14	1.5	21
Garden Apartments	3	3	25	9.0	225
<b>Total</b>				<b>33.0</b>	<b>450</b>

**Achieving the Ambitious Goal: Illustrative Scenario 2**

	Number of Projects	Avg. Acreage	Units per Acre Density	Total Development Acres	Total Units Built
ADUs	39	N/A	N/A	N/A	39
Starter Homes	4	3.5	5	14.0	70
Townhouse	2	2	10	4.0	40
Clustered Cottage	5	2	10	10.0	100
Mansion Apartments	16	0.5	12	8.0	96
Duplex/Triplex	5	1.5	14	7.5	105
Garden Apartments	0.0	0	25	0.0	0
<b>Total</b>				<b>43.5</b>	<b>450</b>



# 3.3 OPPORTUNITY SITES

## Overview

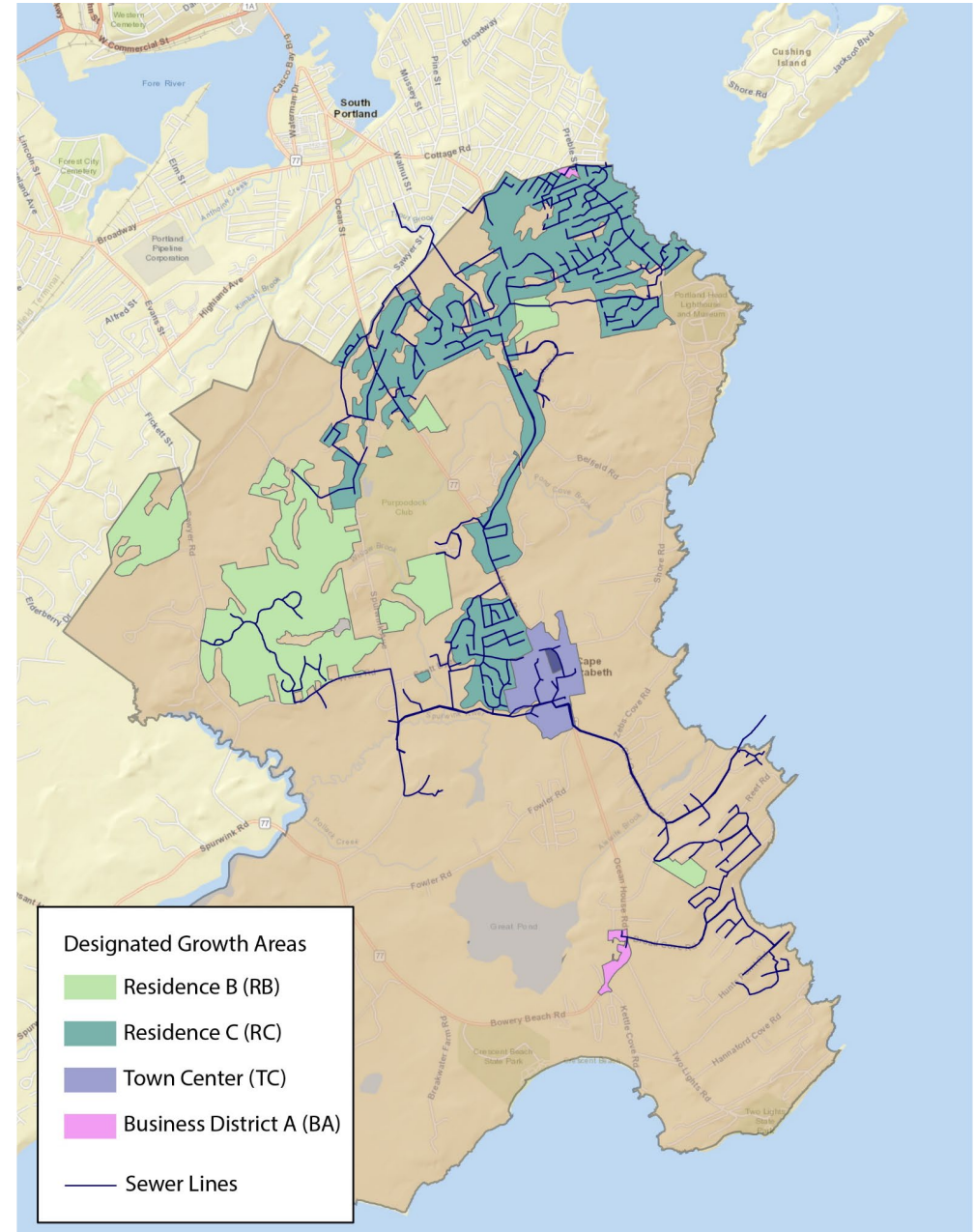
The Development Environment analysis included in Volume 1 found that the lack of suitable sites for housing development is one of the greatest challenges and barriers to adding new affordable and workforce-level housing to the community. In particular, there are few relatively unconstrained, well-sized, and infrastructure-served sites in the Town and within the Town’s designated growth area.

This section further investigates the availability of properties suitable for the identified housing typologies to provide a better understanding of how land constraints may limit the potential of Cape Elizabeth to achieve any meaningful affordable housing goal. As discussed on the following pages, policy changes and proactive approaches to this issue will likely be needed given the severe lack of quality opportunity sites for future affordable and workforce housing.

## Cape Elizabeth’s Growth Area

The Town’s growth area includes four zoning districts that are generally well served by municipal sewer. As shown on the map to the right, these include Residence B (RB), Residence C (RC), Town Center (TC), and Business District A (BA). New housing development will likely need to be focused within the growth area where infrastructure is available, or areas within a reasonable distance of the growth area that could potentially be reclassified as needed to facilitate new housing projects.

Map: Cape Elizabeth Growth Areas



## Housing Opportunity Sites in the Growth Area

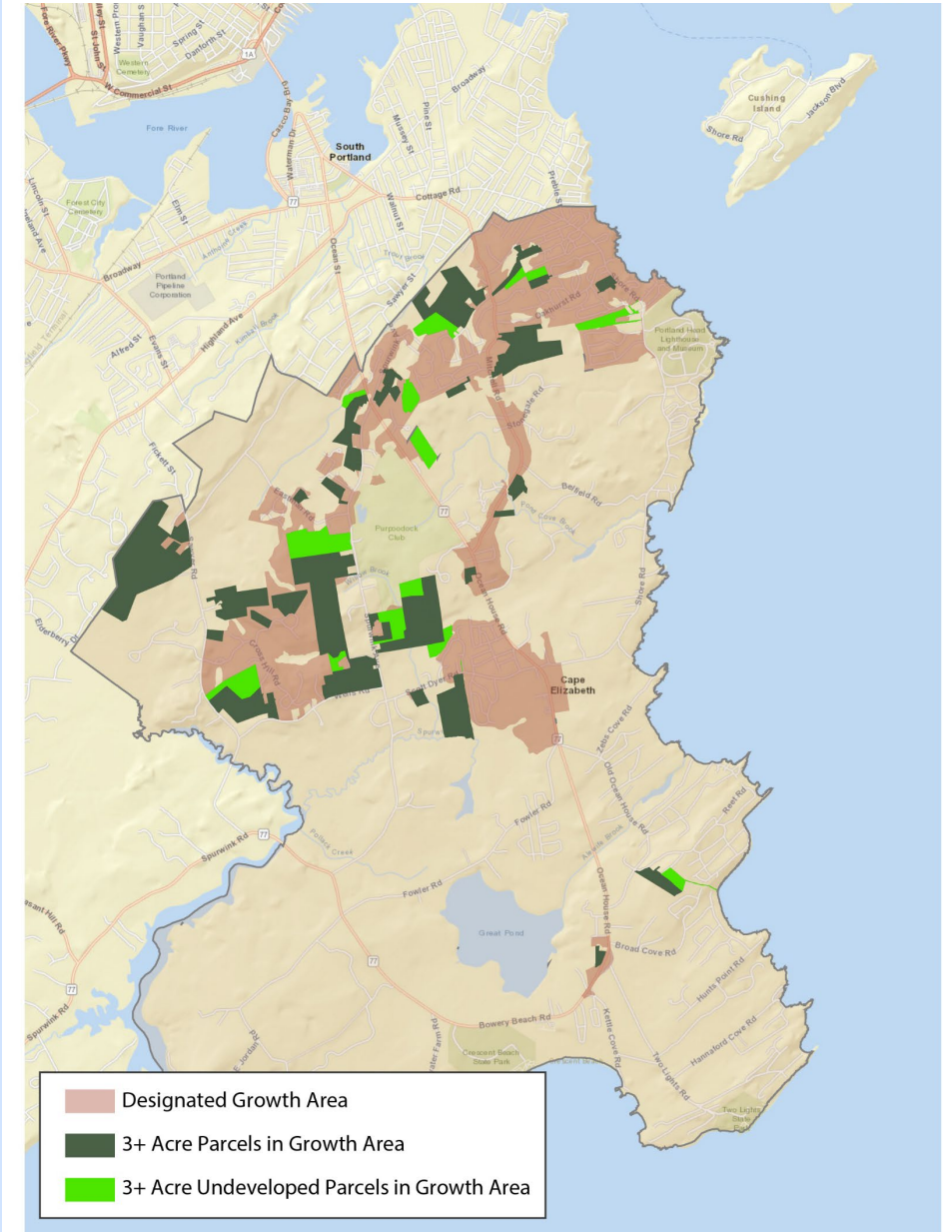
A simple assessment of properties that may have housing development potential is shown to the right to better illustrate the challenges of generating new affordable and workforce level housing within the existing Growth Area.

The adjacent map shows parcels that are three acres or larger within the Growth Area, recognizing that a sizeable lot will be needed to create a meaningful number of housing units. However, smaller parcels may be available and suitable for housing development. There are a total of 60 parcels three acres or greater within the Growth Area (or partially within). Of these, nearly half (47%) are in Residence C. These 60 parcels account for approximately 761 acres of land.

Of the 60 parcels, only 16 were found to be undeveloped. Together, these 16 parcels represent 134.6 acres of land. The average size is 8.4 acres while the median size is 4.8 acres.

The results show that the “pool” of large potential development sites in the Growth Area is very limited prior to the consideration of building constraints (wetlands), any permanently conserved lands, and the interest/willingness (or lack thereof) of private property owners. When these factors and others are considered, the availability of sites for substantial housing development is likely severely limited.

**Map: Large (3+ Acre) Parcels in Cape Elizabeth Growth Area**



## Looking Beyond the Growth Area

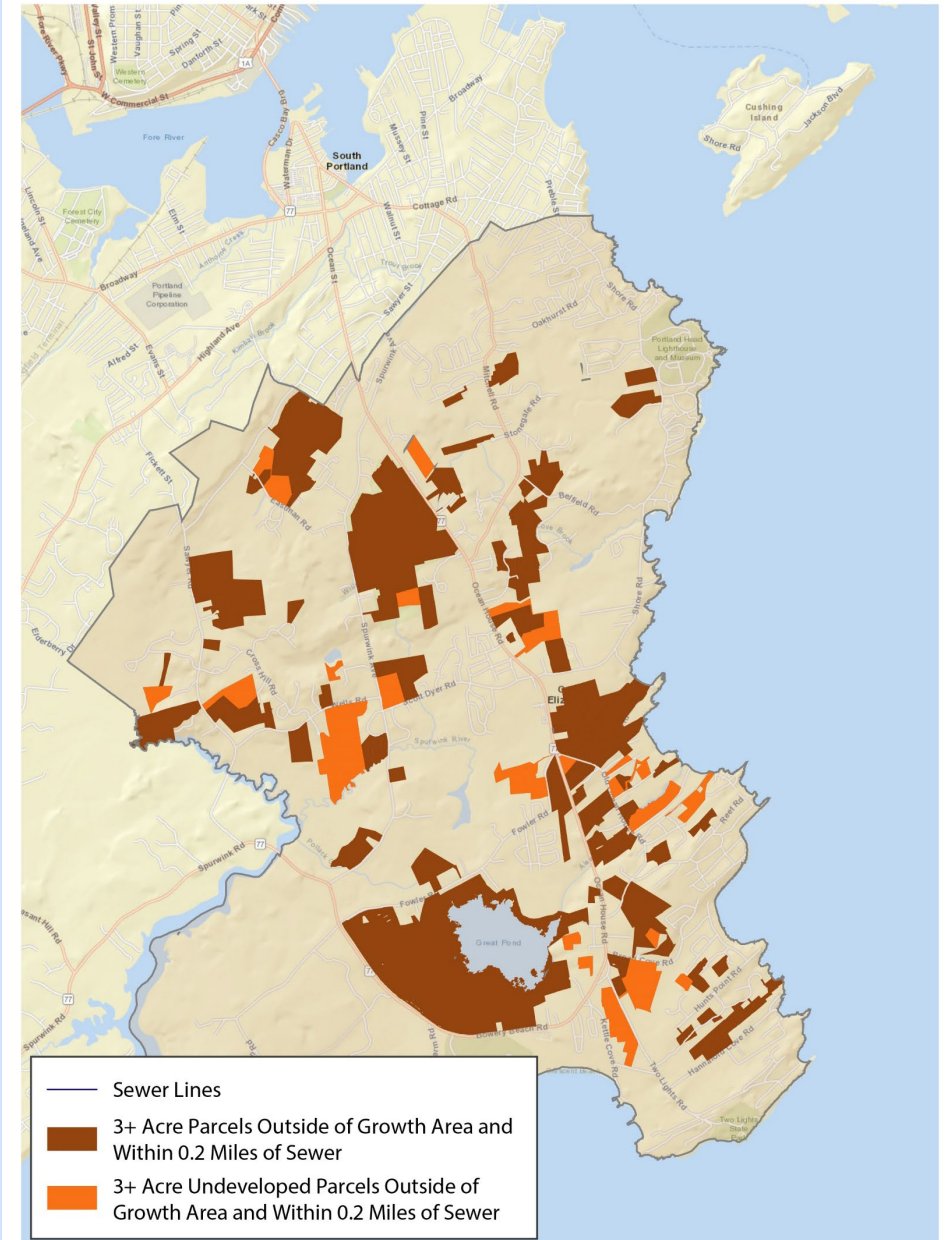
Given the limited availability of housing development opportunity sites within the existing Growth Area footprint, it may be prudent for the Town to consider strategic expansion of its designated growth area.

To better understand the opportunity sites that may exist outside of the Growth Area, an additional GIS mapping analysis was conducted to identify three acre and larger properties outside of the Growth Area but within a reasonable distance of existing sewer infrastructure. For the purposes of this analysis, a “reasonable distance” is defined as 0.2 miles.

The results indicate that there are 132 parcels that are at least three acres, fall outside of the Growth Area, and are within a reasonable distance of sewer. These properties represents nearly 1,900 acres. Virtually all of this land falls within the Town’s Residence A (RA) District. A total of 100 out of the 132 parcels have an existing building or buildings and 87 of the 100 are single-family properties. As such, actual housing development opportunity may be restricted as it would be dependent upon willing and interested property owners to sell or build/convert.

However, there are 32 parcels that are currently undeveloped (excluding four properties conserved in perpetuity by the Cape Elizabeth Land Trust). These parcels total nearly 474 acres. While additional investigation would be required to determine the housing development potential for these sites, this initial assessment suggests there are likely to be housing opportunity sites located in the RA District that could reasonably be served by sewer extensions. Therefore, expanding the Town’s Growth Area, such as through the strategic rezoning of select Residence A areas to Residence C, may be an effective strategy to overcoming land availability challenges and facilitating new development of affordable and workforce housing in the community.

**Map: Large Parcels Outside Growth Area and Near Sewer**



## RC District Lot Potential for Multifamily Housing

In March 2021, the Town's Planning Office conducted an analysis into the potential of RC lots for multifamily housing development potential. The following includes direct excerpts and paraphrasing of a memo to the Planning Board from the Town Planner on March 25, 2021.

*The analysis considered assessing data, GIS data layers, and knowledge of properties from other planning work. The high-level analysis grouped lots by size: 1 acre to less than 3 acres, 3 acres to less than 4 acres, and 5 acres or more.*

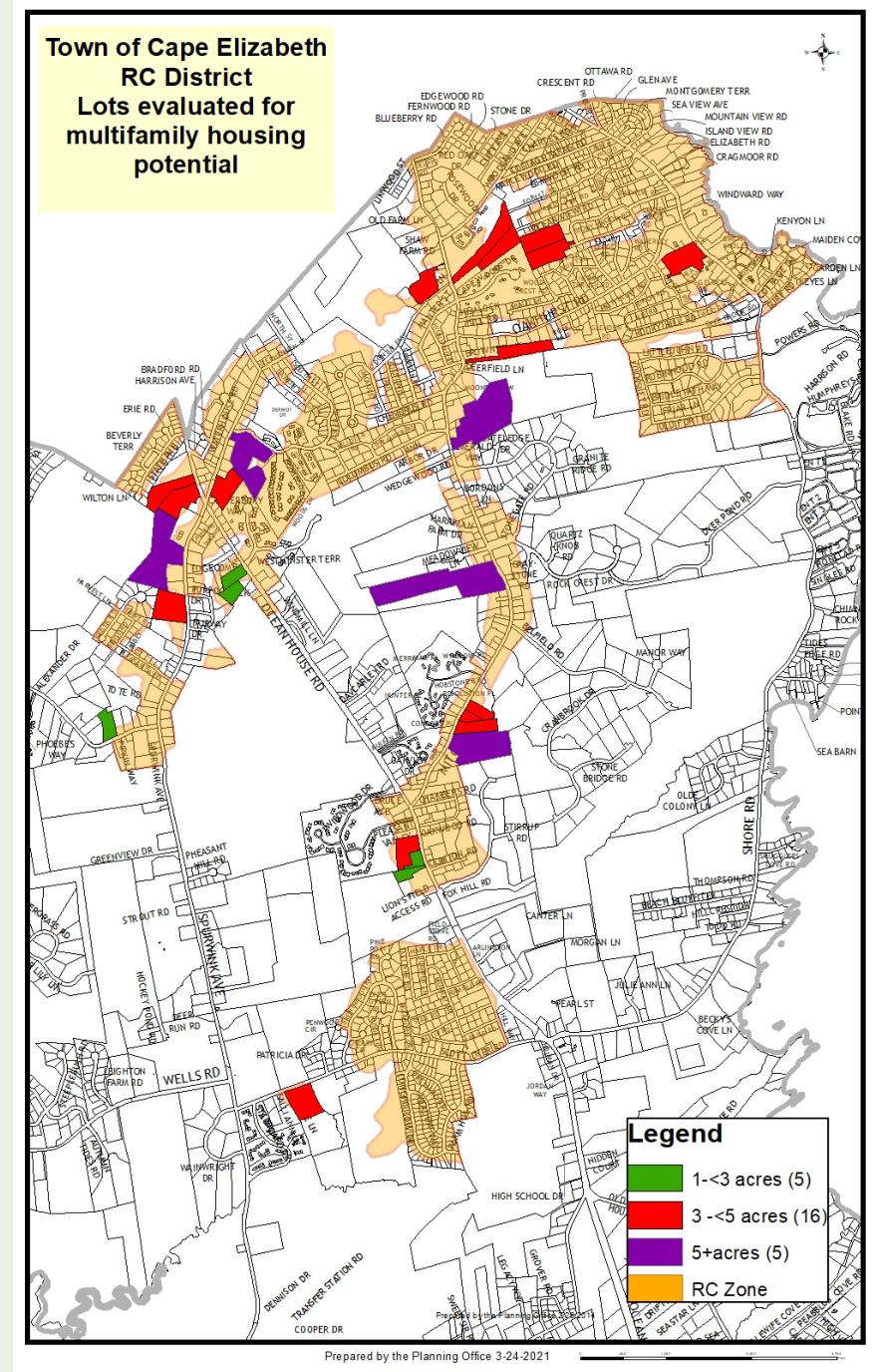
*To the extent practical, the evaluation included the following criteria:*

- All lots which are known to be preserved as open space (by deed) were eliminated*
- Lots that were known to be significantly limited by wetlands were eliminated*
- Lots that have already been/proposed to be developed with multifamily housing were eliminated.*

*For lots of 1 acre to less than 3 acres in size, only vacant lots were considered. For lots 3 acres or more in size, vacant and developed lots were included. Multifamily housing would only be allowed on lots of 5 acres or more in size.*

*Overall, the evaluation identified 5 lots in the 1 acre to less than 3 acre size range, 16 lots in the 3 acre to less than 5 acre range, and 5 lots in the 5+ acre size, the only lots currently allowed to apply for multifamily housing approval.*

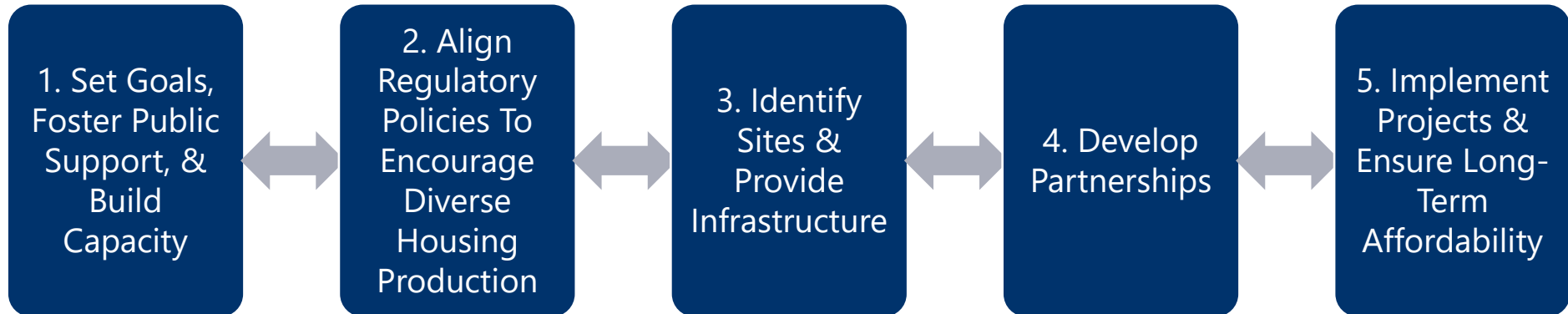
The results of this high-level analysis, shown on the map to the right, supports the conclusion that there are few suitable sites for affordable and workforce housing development within the existing Growth Area, particularly under current zoning regulations.



# 3.4 STRATEGY FRAMEWORK

This section presents potential strategies for housing diversification and affordable housing production. They are grouped into the following broad categories, with specific action items for each discussed. The 5 strategies should be thought of as critical components of an overarching framework that will help Cape Elizabeth advance housing goals.

At the end of this section is a summary table that indicates the expected impact of each strategy action item on advancing housing diversification in town, as well as the anticipated level of administrative effort required to implement each one.



## STRATEGY #1: SET GOALS, FOSTER PUBLIC SUPPORT, & BUILD CAPACITY

### Action Items

#### 1A: Set a goal(s) for affordable housing creation.

An essential first step toward implementation is ensuring that the Town is working toward common housing diversity goals that have been vetted by decision-makers and the public. This study provides a range of housing creation goals and objectives for targeting the town's various populations with unmet housing needs. It is now up to Town bodies to decide which of these goals and objectives the Town should work toward. Adopting a formal goal(s) with specifics around the desired number and price points of affordable housing units and an associated timeframe for production of these units ensures that the community is on track toward a concrete outcome.

*Example goal statement: "By 2032, Cape Elizabeth will create 200 new rental units affordable to households with incomes at between 50% and 100% of area median income."*

#### 1B: Educate the public on the case for housing diversity and build support.

Adopting such a goal will require public support, and therefore, an understanding of why housing diversity is important and how it benefits Cape Elizabeth. A range of public outreach initiatives will be needed to educate and build support. This may include educational sessions, employer focus groups, surveys, written materials, and opportunities for discussion.

#### 1C: Build capacity to address affordable housing needs.

Sufficient staff and committee capacity will be needed to ensure these strategies can be advanced swiftly. The Town has already created a Housing Diversity Study Committee to advance the discussion and assist with implementation. Additional staff capacity, whether internal or contracted, may be needed depending on the level of effort required. The summary table shown in the Executive Summary assesses the staff effort required for each action item presented.

## STRATEGY #2: ALIGN REGULATORY POLICIES TO ENCOURAGE DIVERSE HOUSING PRODUCTION

These action items represent a collection of policies that could be implemented to encourage diverse housing production in Cape Elizabeth. The specifics of individual regulatory policies will ultimately be shaped by community preferences around the location, intensity, and scale of future residential development in town. See 3.1 for typical density levels associated with various housing types.

### Action Items

#### 2A: Expand inclusionary zoning policy.

The Town's existing inclusionary zoning provision applies to all major subdivisions located in the RA, RB, and RC districts. The regulations requires that all Major Subdivisions in these zones set aside at least ten percent (10%) of the lots/units in the project as affordable housing for moderate-income buyers or five percent (5%) of the lots/units in the project as affordable housing for low-income buyers. The Town defines "Major Subdivisions" as those containing more than five (5) lots or requiring extension of municipal facilities or any new public road.

The Town might consider expanding the policy to apply to rental developments and/or adding other zones to the areas where it currently applies. A financial feasibility analysis should be run on any proposed alterations to this policy to ensure that it does not inadvertently end up precluding affordable development due to the underlying development economics.

#### 2B: Expand Growth Areas through strategic rezoning.

Growth areas (designated in the Town's Comprehensive Plan as zones RB, RC, TC, and BA) comprise a very small portion of Cape Elizabeth's land area, and thus significantly constrain the potential sites where higher-density residential development could occur. The Town should comprehensively assess possible development sites and consider expanding growth areas to include these locations.

#### 2C: Up-zone Growth Areas to allow for higher density housing development.

Increasing the supply of land that is zoned at a level that supports affordable housing development can be achieved by up-zoning some or all of the Town's growth areas. This will partially be achieved through the application of the requirements in LD 2003, which allows a 2.5x increase in base density for affordable multifamily development in growth areas. Further increasing density may be needed to allow for flexibility in buildable housing typologies and ensure that desirable affordable housing projects pencil out financially.

Beyond density limits, minimum lot sizes are a significant limiting factor in allowing higher density levels. These should be re-examined and reduced where practicable.

## 2D: Expand density bonus policy.

The Town already has a density bonus policy in place as part of its Mandatory Affordable Housing Provisions that allow an extra lot/unit to be developed for each moderate-income affordable lot/unit provided and two extra for each low-income affordable lot/unit provided.

This policy might be significantly expanded as a tool for up-zoning in key areas (as discussed in Action Item 2C). Beyond allowing one or two additional units when an affordability component is included, the Town might consider more significant density increases specifically for projects with a high share of affordable units (50%+). Up-zoning regardless of price point will result in the development of more housing units, but these units are unlikely to be priced affordably given high land values. A more targeted policy could allow for more density as of right, but only for developments that meet a specified threshold of affordability (in terms of share of units, tenure, and/or affordability levels).

## 2E: Reduce or remove planning, permitting, and/or impact fees for affordable housing.

Reducing or removing any planning, permitting, and impact fees associated with residential development for affordable housing projects can help close any funding gaps. Criteria should be provided that specify when such reductions might apply.

## 2F: Streamline the approvals process.

Reducing uncertainty for housing developers with respect to the local approvals process saves time and money and lessens risk. Developers should be made aware of the specific steps in the

process, including the different bodies and meetings they will have to attend, documentation they must provide, and timeline for navigating each stage in the process. Efforts should be made to fast-track projects that align with the Town's preferred development types and housing goals. A brief "Guide for Affordable Housing Developers" can be compiled to alert developers as to what they can expect.

## 2G: Develop criteria for TIF.

Tax Increment Financing (TIF) is a development finance tool that can be used to make housing projects affordable by using incremental property tax revenue generated by the project to pay for related costs. There are two types of TIF districts that can be used for housing, each with specific requirements and limitations as described in Appendix: Funding Sources).

The Town should establish clear criteria on the types of housing projects for which it would consider creating or amending a TIF district and entering into a development agreement with a housing developer. The criteria should reflect the State requirements of the TIF programs and any additional local criteria.

Included should be guidance that lays out the preferred term length for a TIF agreement and share of incremental property tax revenues the Town would be willing to offer the developer. The review and approval process should be clearly laid out.



## 2H: Encourage accessory dwelling units.

Accessory dwelling units offer the potential to increase the Town's "naturally occurring" affordable housing stock while fitting in with the Town's existing character. With their small footprints, they are relatively inexpensive to construct and can therefore be rented at out at lower rates than other market-rate rental units. They can also provide a source of income for the homeowner.

Relaxing restrictions on accessory dwelling units makes it easier for homeowners to add these units. To comply with LD 2003, the Town will need to allow detached ADUs, whereas currently only attached ADUs are permitted. Other changes to the Town's ADU policy might be considered, such as: decreasing the minimum lot size or primary dwelling size currently required; not restricting the number of persons living in the ADU; and not restricting the nature of the relationship between the occupants of the ADU and the primary dwelling.

## 2I: Maintain short-term rental regulations and periodically evaluate effectiveness.

As discussed in Volume 1, the number of active short-term rentals in Cape Elizabeth has trended downward over the last few years, suggesting that the Town's short-term rental policies have been effective in restricting the number housing units used for this purpose. This helps increase the supply of year-round rental options, as property owners who might otherwise use their property as a short-term rental would instead rent into a year-round household.

The Town should continue to monitor the impacts of this policy to ensure it is resulting in its intended effect.

## 2J: Reduce parking minimums.

Developers seek maximize the buildout potential (or "yield") of a particular parcel, and parking can often be a significant limiting factor. Reducing or removing parking minimums can allow the developer to better optimize the limited acreage of a site and prioritize dwelling units and greenspace over parking.

The Town currently requires 2 spaces per unit for both single-family and two-family dwellings. For multiplex and multifamily dwellings, the Town requires 1.5 spaces per one-bedroom unit, 1.75 spaces per two-bedroom unit, and 2 spaces per unit with 3+ bedrooms. While these standards are reasonable, the Town might consider reducing parking requirements for two-family and multiplex/multifamily units and allow the market to decide the appropriate number of spaces given the target demographic of any given project.

## STRATEGY #3: IDENTIFY SITES & PROVIDE INFRASTRUCTURE

### Action Items

#### 3A: Compile a prioritized inventory of potential housing development sites.

A prioritized inventory of sites is a critical foundational step towards allocating limited public resources to the most impactful projects and recruiting private developer interest and investment in projects. Important criteria for identifying sites include:

- Sufficient size – ideally at least 2-3 acres of developable land
- Served by or in close proximity to water/sewer infrastructure
- Appropriately zoned (or politically feasible to be rezoned)
- Willing property owner
- *Not essential, but preferable:* near schools, services/shopping, and employment opportunities and served by pedestrian/bicycle facilities

It should be recognized that many sites identified are likely to be private property, and that property owners may choose not to develop their property.

**The list of priority sites should comprise enough developable acreage to accommodate the number of units in the Town's stated housing goal(s) at the housing densities desired.**

#### 3B: Connect owners of key sites with housing developers.

In some cases, property owners of suitable affordable housing sites may not be aware of the development potential of their land. Meeting with these individuals and assessing their willingness to sell (or even donate) all or part of their property for affordable housing can be a useful first step in making a match between a developer and a site.

#### 3C: Acquire sites with housing development potential.

The Town may wish to acquire key sites to ensure they are used for future affordable housing development and not sold for another purpose. With strong development pressure for market-rate housing, prime sites are likely to be snapped up quickly. If a key site comes on the market, the Town can step in and acquire it to prevent a lost opportunity. Land acquisition also be achieved through a partner entity, such as a housing trust (see Action Item 4A).

#### 3D: Address infrastructure gaps for key development sites.

For priority sites not currently served by water and sewer infrastructure, the Town can advance work on the improvements that would be needed, such as conducting preliminary engineering work and developing cost estimates, and/or funding the improvements themselves. This information can be presented to interested developers, reducing pre-development costs and uncertainty.

## STRATEGY #4: DEVELOP PARTNERSHIPS

### Action Items

#### 4A: Engage existing local/regional housing non-profits and/or establish a local housing trust.

Non-profit organizations can serve as a valuable partner to the Town in working toward affordable housing creation goals. In particular, a housing trust or a community land trust is a common model. The trust can take on functions including acquisition of properties or development sites, identifying and preparing state and federal grant applications, donor fundraising, and program administration.

Housing trusts in Maine that might serve as a model for Cape Elizabeth include the [Kennebunkport Heritage Housing Trust](#) and [Island Housing Trust](#) on Mount Desert Island.

#### 4B: Engage local and other Maine-based affordable housing developers.

Proactive outreach to the development community should be undertaken at various stages in the implementation process. Developers can provide valuable feedback on existing regulatory hurdles and can offer suggestions on how to adjust land use policies or incentive programs so that they result in the outcomes intended by the Town. Oftentimes communities implement well-intentioned affordable housing policies that do not have the desired effect because they ignore the financial considerations of developers.

Once the Town has developed goals and made progress on removing barriers to diverse/affordable housing creation, efforts

should be shared with the development community. For example, the Town might host a “developers’ summit” with a brief presentation followed by a tour of potential development sites. Alternatively, one-on-one meetings and tours with potential developers might be arranged.

Simple marketing materials might be prepared, such as a brochure with basic information about housing development opportunities on specific sites.

#### 4C: Collaborate regionally on housing efforts.

Housing affordability is a region-wide problem that does not stop at municipal borders. A recent study by [Up for Growth](#) found that housing production in the Portland metro area (Cumberland, Sagadahoc, and York counties) between 2012 and 2019 fell short of the need by over 8,000 units.

Because the housing market is regional, when certain communities restrict housing production, the onus falls on more development-friendly communities to build more in order to accommodate the region’s growing population. Housing underproduction has reached a level at which this model is no longer sustainable, and all communities must do their part in alleviating the housing shortage to ensure the ongoing economic wellbeing of the region.

The Town should remain open to participating in dialog with other communities in the Greater Portland area and collectively set and work toward affordable housing creation goals. Collaboration might be facilitated by the Greater Portland Council of Governments or other regional organizations.

## STRATEGY #5: IMPLEMENT PROJECTS & ENSURE LONG-TERM AFFORDABILITY

### Action Items

#### 5A: Implement affordable housing projects through public-private partnerships with developers.

It is imperative for the Town to actively engage in supporting affordable housing development projects rather than rely on or expect the private market to address the region's shortage of attainable housing. The economics of developing such housing are often prohibitive, requiring partnerships with development entities that can take a variety of forms, including but limited to the following:

- The upfront public provision of infrastructure such as water/sewer service
- Conveyance of publicly owned or controlled land at no cost or reduced cost
- Securing grant funds to support housing development projects that are not available directly to development entities (see Appendix: Funding Sources).
- Entering into tax-increment financing (TIF) Credit Enhancement Agreements with developers or utilizing other TIF funds to support projects (see Appendix: Funding Sources).

#### 5B: Ensure ongoing affordability of housing units created.

Beyond developing housing units that are affordable at the time of creation, it is critical to ensure the long-term affordability of these units. This guarantees that affordable units will not be rented or resold at non-affordable price points in the future. For example, LD 2003 obligates municipalities to require the owner of an affordable housing development to have executed a restrictive covenant to ensure 30 years of affordability for both rental and owner units.

Cape Elizabeth's existing mandatory affordable housing provisions (which only govern owner-occupied units) require that affordability to low- and moderate-income buyers be preserved for 99 years.

Simply setting a timeframe may not be sufficient to ensure the units indeed remain affordable; both rental and for-sale units require effective monitoring with well-designed resale procedures to ensure they are not released onto the open market, foreclosed upon, allowed to fall into disrepair, etc. To reduce the administrative burden on municipal staff, oftentimes monitoring is administered by partner organizations, such as a community trust (see Action Item 4A).

Adherence to a minimum affordability timeframe should be a requirement for taking advantage of any expanded density bonus programs (see Action Item 2D).

# APPENDIX A: DATA SOURCES



# DATA SOURCES

## ESRI BUSINESS ANALYST ONLINE (BAO)

Esri combines demographic, lifestyle, and spending data with map-based analytics to provide market intelligence for strategic decision-making. Esri uses proprietary statistical models and data from the U.S. Census Bureau, the U.S. Postal Service, and various other sources to present current conditions and project future trends. Esri data are used by developers to maximize their portfolio, retailers to understand growth opportunities, and by economic developers to attract business that fit their community. For more information, visit [www.esri.com](http://www.esri.com).

## DECENNIAL CENSUS

The U.S. census counts each resident of the country, where they live on April 1, every ten years ending in zero. The Constitution mandates the enumeration to determine how to apportion the House of Representatives among the states. The latest release of the 2020 Census contains data for a limited number of variables, including: total population by race/ethnicity, population under 18, occupied and vacant housing units, and group quarters population.

In late April, the U.S. Census Bureau announced revised release dates for the next set of 2020 Census data products, starting with the release of the Demographic Profile and the Demographic and Housing Characteristics File (DHC) in May 2023. Additionally, data previously planned for inclusion in the Detailed Demographic and Housing Characteristics File (Detailed DHC) will now be released as three separate products, with the first product scheduled for release in August 2023 and the schedules for the remaining products still being determined.

For more information on the 2020 Decennial Census, visit: <https://www.census.gov/programs-surveys/decennial-census/decade/2020/2020-census-main.html>.

## AMERICAN COMMUNITY SURVEY (ACS)

The American Community Survey (ACS) is an ongoing statistical survey by the U.S. Census Bureau that gathers demographic and socioeconomic information on age, sex, race, family and relationships, income and benefits, health insurance, education, veteran status, disabilities, commute patterns, and other topics. The survey is mandatory to fill out, but the survey is only sent to a small sample of the population on a rotating basis. The survey is crucial to major planning decisions, like vital services and infrastructure investments, made by municipalities and cities. The questions on the ACS are different than those asked on the decennial census and provide ongoing demographic updates of the nation down to the block group level.

The most recent ACS is the 2016-2020 5-Year Data Product, released in March 2022. For more information on the ACS, visit <http://www.census.gov/programs-surveys/acs/>.

## ONTHEMAP, U.S. CENSUS

OnTheMap is a tool developed through the U.S. Census Longitudinal Employer-Household Dynamics (LEHD) program that helps to visualize Local Employment Dynamics (LED) data about where workers are employed and where they live. There are also visual mapping capabilities for data on age, earnings, industry distributions, race, ethnicity, educational attainment, and sex. The OnTheMap tool can be found here, along with links to documentation: <http://onthemap.ces.census.gov/>.

# APPENDIX B: FUNDING SOURCES



Funding Source	Description	Use Discussion
<b>Affordable Housing Tax Increment Financing (AHTIF) – Maine Housing (MSHA)</b>	<p>The AHTIF Program offers municipalities a flexible financing tool to assist affordable housing projects and support related infrastructure and facilities by designating a specific area of the municipality as an affordable housing development district and adopting an affordable housing development program for the district. AHTIF enables communities to use the incremental tax revenues from the affordable housing district to help make the housing affordable and to pay for related costs.</p>	<p>Eligible uses of incremental tax revenues from a district include:</p> <p><u>Costs inside the AHTIF district:</u> Capital and operating costs of affordable housing and public infrastructure improvements, related soft costs, support services for residents of the affordable housing, and costs of recreational and childcare facilities.</p> <p><u>Costs outside the AHTIF district:</u> Costs outside the AHTIF district can be funded with tax increment revenues from the district only if those costs are directly related to or made necessary by the establishment or operation of the district, and then only to a proportional extent. Examples include infrastructure and public safety improvements, costs to mitigate adverse impacts (including to local schools), and costs to establish a permanent housing development revolving loan or investment fund.</p> <p>An Affordable Housing TIF, a program of Maine Housing , can be used to support housing development. The challenge for this program is that it requires: “At least 33% of the housing units in the AHTIF district must be for households earning no more than 120% of area median income,” and “the affordability of rental units must be maintained for at least 30 years, and the affordability of homeownership units must be maintained for at least 10 years.” “Affordability” as defined by Maine Housing may not be directly compatible with “workforce” housing.</p>
<b>Maine Department of Economic &amp; Community Development (DECD) Tax Increment Financing (TIF)</b>	<p>Through a DECD TIF, any portion of the new taxes generated by a specific project or projects within a defined geographic district may be used to finance public or private projects for a defined period of time up to 30 years.</p> <p>The Program is locally-driven: The municipality or plantation defines the district size, determines the amount of new taxes to be captured, identifies allowable public and private projects along with the term up to 30 years, with the whole package requiring local political approval.</p> <p>A business may approach a municipality with a proposal for investment for which a TIF district would provide financing. Or, a municipality may take advantage of an already-planned and financed project and create a TIF district around it, capturing a portion of new property tax revenue for specific public uses.</p>	<p>The Maine Department of Economic and Community development (DECD) TIF can also be used for housing. DECD TIF’s can be used for housing projects that are not ownership (meaning rentals) and are seen as supporting economic development. They cannot be used for condos or owner-occupied single-family homes. They have the benefit of no housing affordability requirements.</p> <p>Municipalities can utilize TIF funds toward (rental) housing projects in a number of ways:</p> <ol style="list-style-type: none"> <li>1. TIF Credit Enhancement Agreement would credit back to the developer a percentage of the increased taxation value in paid taxes to offset development costs.</li> <li>2. TIF can be used as a loan guarantee on financing.</li> <li>3. TIF funds can be used toward certain public and private infrastructure costs.</li> <li>4. TIF funds can be used to update local zoning to improve housing density and/or establish density bonuses on lots connected to public water and sewer.</li> <li>5. Town TIF can be used as leverage or matching funds for grant applications.</li> </ol>



Funding Source	Description	Use Discussion
<b>MSHA Affordable Homeownership Program (new for 2022)</b>	<p>This new program is funded by the American Rescue Plan Act through the Maine Jobs &amp; Recovery Plan and is intended to help lower the costs to developers building single-family subdivisions by providing zero percent, forgivable loans. The funding will help offset rising costs to developers for land acquisitions, labor, and materials.</p>	<p>Developers are required to set aside homes in a subdivision as Affordable Homeownership Units that will be sold to homebuyers who earn up to 120% of Area Median Income (AMI). A minimum of five (5) single-family homes in a subdivision must be designated as Affordable Homeownership Units. Homes must be new (never previously occupied) and single-occupancy single-family homes.</p> <p>The minimum forgivable loan amount is \$300,000 and the maximum forgivable loan amount is \$1,400,000 per affordable single-family housing development. The maximum forgivable loan amount per Affordable Homeownership Unit is \$70,000 in Cumberland, Sagadahoc or York counties, and \$60,000 in the remaining 13 counties of the State. Developers participating in the Subdivision Program will not be allowed to access additional subsidy from MaineHousing, however homebuyers may receive subsidy for down payment and closing costs.</p> <p>The program is very similar to the previous Affordable Housing Subdivision Program); however, it provides significantly more subsidy per home (\$60,000 vs. \$25,000) and a greater per project maximum forgivable loan (\$1,400,000 vs. \$450,000).</p>
<b>MSHA Low Income Housing Tax Credit Program</b>	<p>The Low Income Housing Tax Credits are a federal resource that MaineHousing allocates in Maine. The credits are allocated to developers, who sell (syndicate) them to corporate investors. Money raised from the sale is used as equity in the developer's rental housing project.</p>	<p>This is a highly competitive program that is based on a series of scoring criteria and it may be difficult for the region's municipalities to compete. Additionally, the program is targeted toward lower levels of affordability and includes restrictions that do not necessarily align with goals for workforce-level housing.</p>
<b>MSHA Rental Loan Program</b>	<p>The Rental Loan Program (RLP) through MaineHousing provides long-term mortgage financing at attractive interest rates for development of affordable rental housing.</p>	<p>The RLP may be used for acquisition, acquisition and rehab, or new construction of apartment buildings of five or more units; developers must reserve a portion of the units for lower income renters.</p>
<b><u>Community Development Block Grants (CDBG)</u></b>	<p>Each year the State of Maine receives a formula allocation of funding from the Department of Housing and Urban Development to be distributed to eligible Maine communities under the Community Development Block Grant Program.</p>	<p>Municipalities can apply for these funds, which can pay for roads, water and sewer to support housing projects. The State has money set aside for rural housing of \$500,000 to \$800,000 per year.</p>

Funding Source	Description	Use Discussion
<b>Community Solutions Grant - MaineHousing</b>	<p>Provides matching grants to municipalities that are taking a lead role in creating or preserving affordable housing in their communities. The grants are flexible and locally driven; each successful municipality determines how best to address their affordable housing needs.</p>	<p>Municipalities may request up to \$500,000 in Community Solutions Grant funds for the creation or preservation of affordable housing units. Applicants must demonstrate a commitment to address their community's affordable housing needs. Grantees must partner with other entities and commit municipal resources. Municipalities with local public housing authorities are encouraged to partner with their local public housing authority in developing a proposal. Interested parties are invited to submit a thoughtful proposal offering a clear solution to their community's identified housing needs.</p> <p>Municipalities must demonstrate that they are bringing additional resources to the table with a value equal to or greater than the Community Solutions Grant requested. Such resources may include without limitation personnel, zoning provisions, other in-kind contributions, and additional funds.</p> <p>Towns can be the application for this grant and play the role of the required non-profit partner. Providing increased density and TIF can serve as a town's required local match. It should be noted that units that benefit from CSG funds must all be for households earnings 80% of AMI or lower.</p>
<b>Federal Home Loan Bank – Affordable Housing Program (AHP)</b>	<p>This Affordable Housing Program supports the development and rehabilitation of stable and affordable rental apartments and for-sale homes throughout New England. Federal Home Loan Banks must contribute 10% of their net income from the previous year to affordable housing through the AHP. The minimum annual combined contribution by the 12 Federal Home Loan Banks must total \$100 million. Member banks partner with developers and community organizations seeking to build and renovate housing for low to moderate income households.</p>	<p>AHP consists of two programs: a competitive application program and a homeowner set-aside program. If rental housing is developed with AHP funds, at least 20% of the units must be reserved for and be affordable to households with incomes below 50% of AMI. Owner-occupied housing must be occupied by households with incomes below 80% of the area median income (AMI).</p> <p>The program requires a non-profit partner but a town can play that role.</p>
<b>U.S. Department of Housing and Urban Development Mortgage Insurance for Cooperative Housing <a href="#">HUD 213</a></b>	<p>Insures mortgage loans to facilitate the construction, substantial rehabilitation, and purchase of cooperative housing projects. Each member shares in the ownership of the whole project with the exclusive right to occupy a specific unit and to participate in project operations through the purchase of stock. Insures lenders against loss on mortgage defaults.</p>	<p>Section 213 enables nonprofit cooperative housing corporations or trusts to develop or sponsor the development of housing projects to be operated as cooperatives. Section 213 also allows investors to provide good quality multifamily housing to be sold to non-profit corporations or trusts upon completion of construction or rehabilitation.</p>

Funding Source	Description	Use Discussion
<b>U.S. Department of Housing and Urban Development mortgage Insurance for Single Room Occupancy Developments - HUD 221 D4</b>	Insures mortgage loans for multifamily properties consisting of single-room occupancy (SRO) apartments. There are no Federal rental subsidies involved with this SRO program. It is aimed at those tenants who have a source of income but are priced out of the rental apartment market.	SRO projects generally require assistance from local governing bodies or charitable organizations in order to reduce the rents to affordable levels. Although SRO housing is intended for very low-income persons, the program does not impose income limits for admission.
<b>Limited Equity Housing Cooperative</b>	A corporation that owns the building and the residents own shares in the corporation. It is known as a "limited equity" coop because the purchase price for the units / shares is limited (lower) and there are income limits for the residents.	The benefit for the owners / shareholders is a lower, fixed cost of housing versus a traditional project where ROI / Return on Investment is the main focus. This approach can be combined with the other affordability programs like low interest loans, grants, TIFs and first-time homebuyer programs.