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## **Saco Housing Strategy**

**For: City of Saco, Maine**

**November 16, 2009**

**From: Planning Decisions, Inc.**

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## **A. Introduction**

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In December of 2008, the Saco City Council, as part of its annual strategic plan, established the goal of completing a plan for housing affordability in 2009. This report is designed to address that goal.

The study assesses the current affordability of housing in Saco, Maine, and identifies possible solutions. It also includes information and policies needed to satisfy State of Maine Growth Management standards; and as such, is suitable for incorporation into the Update of the Saco Comprehensive Plan now underway.

The research for this report has included interviews with key housing actors in the Saco area; two public meetings; reviews of past studies and reports; and the collection and analysis of data from public sources such as the Maine State Housing Authority and U.S. Census, and from the private vendor Claritas.

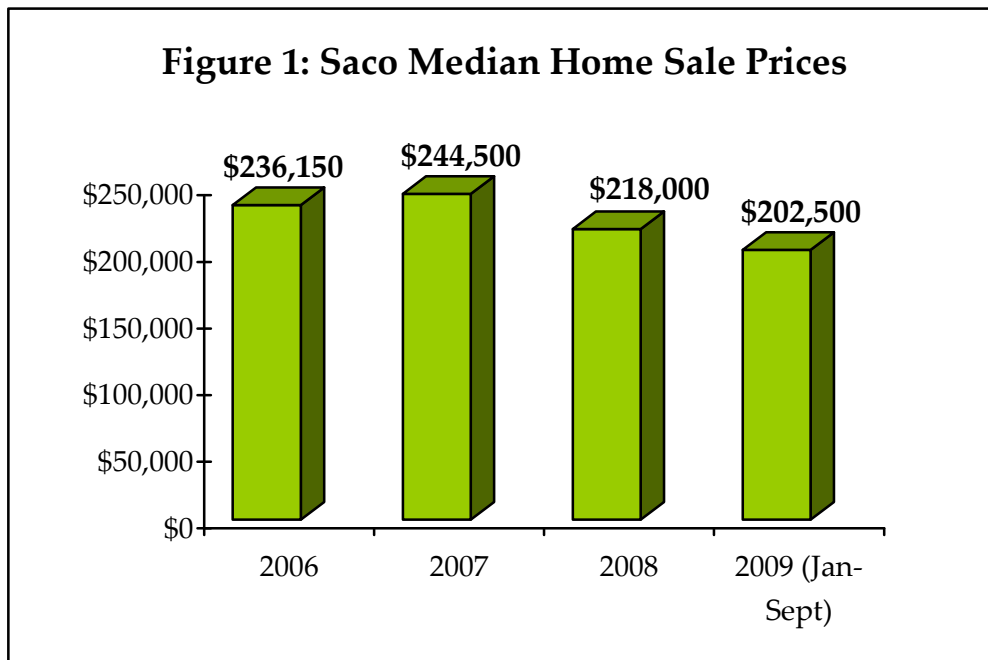
## **B. The Effect of the Housing Slump on Affordability in Saco**

It appears that the 2000s housing slump, the worst in recent memory, which began back in the fall of 2005, has finally come to a close in the summer of 2009. Here are some of the early signs that the market has at last stabilized, and may have turned up:

- The number of houses sold from May 1, 2009 to July 31, 2009, increased by 4% in Cumberland and York Counties, according to the Maine Association of Realtors. Home sales volume is the leading indicator of housing market trends (ahead of either prices or construction). This is the first sign of an increase in sales volume since 2005.
- The National Association of Realtors reports that the median sale price of homes in the Portland-South Portland-Biddeford Market Area increased by 9% from the first to the second quarter of 2009. These numbers, too, had been trending downward for three years.

The recession has changed many of the traditional calculations around affordability and need. Homes and apartments are less expensive. Unfortunately, incomes are also lower, and personal indebtedness is high.

We begin this study by looking at how the housing slump has changed the question of affordability in Saco. The Saco Assessing Department reports that the median home price in Saco was \$236,150 in 2006 and \$202,500 (as of September) in 2009 – a decline of 14% (Figure 1).



*Source: Saco Assessing Office*

This housing decline was similar in Saco to the rest of Maine, and less extreme than in other parts of the country (Table 1).

**Table 1: Median<sup>1</sup> Home Prices**

	2006	2009 Q2	% Change
<b>Saco</b>	<b>\$236,150</b>	<b>\$202,500</b>	<b>-14%</b>
Portland-South Portland-Biddeford	\$243,800	\$209,400	-14%
Maine	\$192,519	\$164,900	-14%
U.S.	\$221,900	\$174,100	-22%

*Source: National Association of Realtors, Saco Assessing Office*

Saco is in better shape than other communities in York County, Maine, or the nation, with regard to foreclosures (Table 2).

<sup>1</sup> The median is the price at which half of homes sold for more and half sold for less.

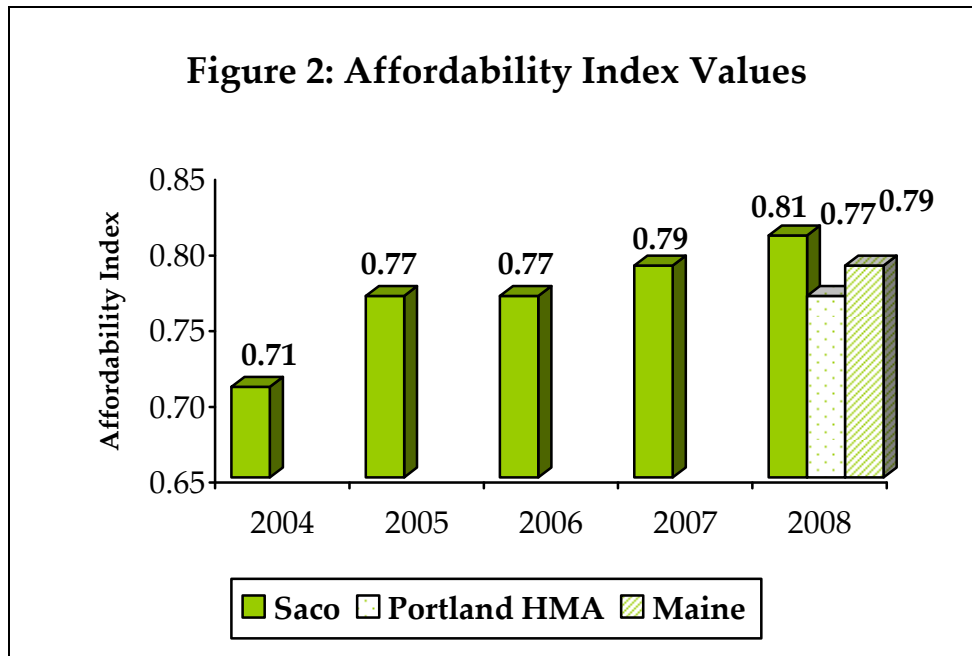
**Table 2: Estimated Foreclosures in 2007-2008**

Place	Households	HUD Estimated Foreclosures Over 18 months	HUD Estimated Mortgages	Estimated Foreclosure Rate
Saco	6,773	166	6,363	2.6%
Biddeford	8,616	210	5,677	3.7%
York County	74,527	2,337	70,399	3.3%
Maine		13,877	323,983	4.3%
U.S.				4.8%

*Source: HUD Neighborhood Stabilization Program Data*

The fact that the effects of the recession on Saco’s housing market have been milder than in the rest of the country is a mixed blessing. On the positive side, it means that for the two in three Saco households who own their own home, the decline in asset value of their homes has been smaller. On the negative side, it means that the affordability problem for Saco homes has not improved as greatly as it has in other markets where home prices and rents fell by 25% to 40%.

There has been some improvement on the affordability side. The Maine Housing Authority calculates an “affordability index” for every community in Maine each year. The index tells how much of the median priced-home in a given community that a median-income household in that community could afford. For Saco, the affordability index in 2004 was 0.71. This meant that the median-income household in Saco could afford to buy a home worth 71% of the median price of a home in Saco. By 2008, Saco’s affordability index improved to 0.81. This is a significant improvement, and is a more affordable situation than Greater Portland or even Maine as a whole (see Figure 2). Still, it is below the desirable rate of 1.00 – where the median price of a home is perfectly matched to the median income of households.



*Source: Maine State Housing Authority*

Saco’s housing is less affordable, however, than homes in the neighboring communities of Hollis, Buxton, and Lyman (Table 3).

**Table 3: Affordability in Saco and Neighboring Communities, 2008**

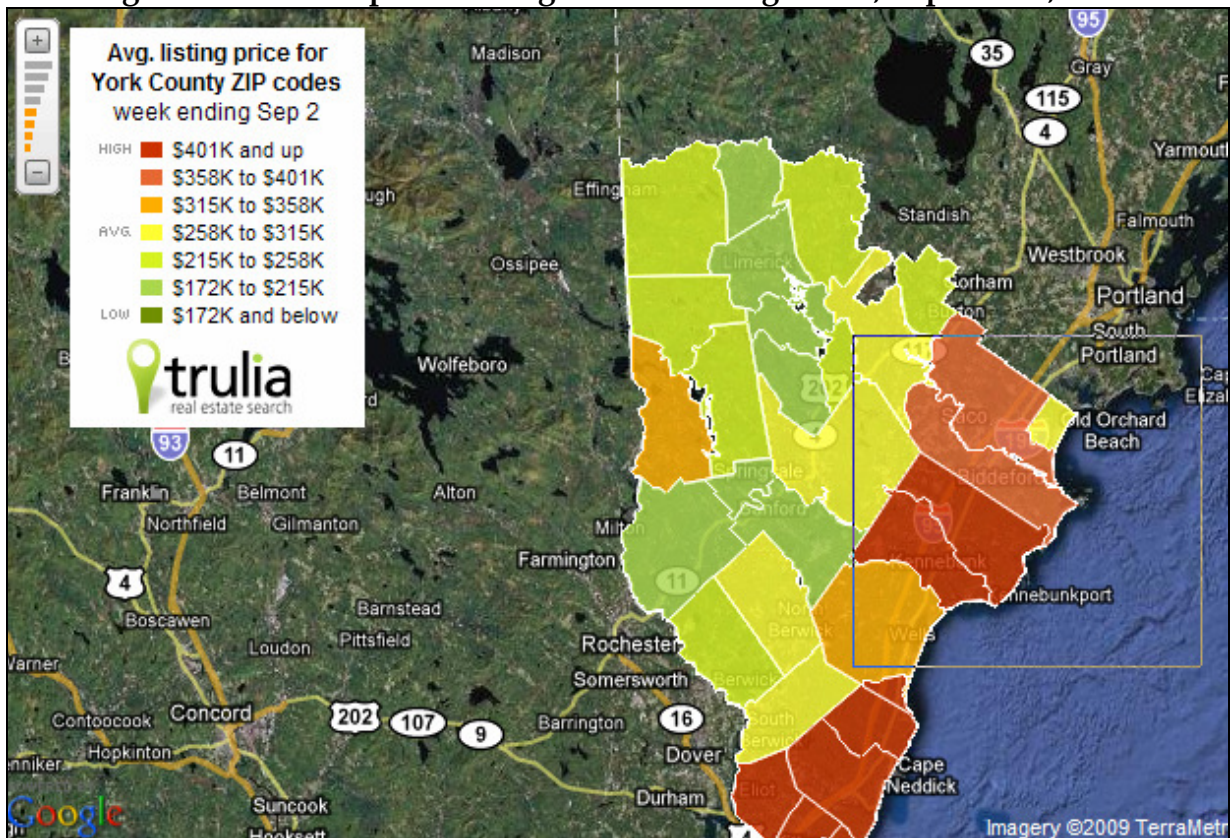
	MSHA Affordability Index	Median Home Price <sup>2</sup>	Median Household Income	Income Needed to Afford Median Home	Home Price Affordable to Median Income
Saco	0.81	\$209,900	\$55,072	\$67,664	\$170,837
Buxton	0.89	\$193,000	\$55,166	\$62,265	\$170,996
Hollis	0.91	\$204,000	\$58,598	\$64,502	\$185,327
Lyman	0.87	\$207,000	\$57,861	\$66,190	\$180,952
Biddeford	0.56	\$208,900	\$40,699	\$72,418	\$117,402
Arundel	0.83	\$237,000	\$62,310	\$75,317	\$196,070

*Source: Maine State Housing Authority*

<sup>2</sup> Note: MSHA median prices are slightly different than Saco Assessment Department calculations. The differences are explained by different criteria for excluding sales with over 10 acres, etc.

Most of the difference in affordability is explained by price. The difference is graphically illustrated by the “heat map” of home listing prices below. Saco is colored orange, indicating that the average listing price of homes there in September, 2009, is in the \$315,000 to \$358,000 range; while the neighboring towns of Buxton and Hollis are in yellow, with home prices advertised about \$50,000 lower (\$258,000 to \$315,000).

**Figure 3: “Heat Map” of Average Home Listing Prices, September, 2008**



Source: Trulia.com

In the rental market, the housing slump has slowed the increase in rents, but has not rolled prices back as has happened in the owner market. Part of the reason is that increases in heating, utility, and maintenance costs have made it impossible for landlords to reduce rents to any significant degree.



The last year in which the Maine State Housing Authority surveyed gross rents in Saco was 2006 (for 1- and 2-bedroom units) and 2005 (for 3-bedroom units). Comparing their findings to 2009 rental prices, gross rents have risen slightly for 1- and 3-bedroom units, and stayed flat for 2-bedroom units (Table 4).

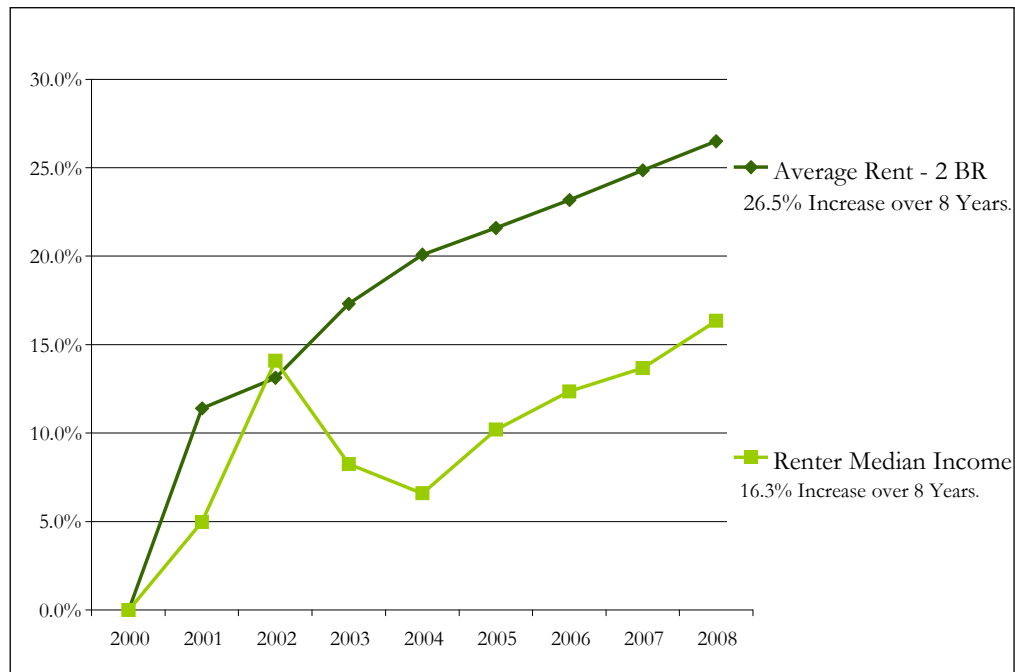
**Table 4: Gross Rent Levels Changes in Saco**

Bedrooms	2006	2009
1	\$716	\$787
2	\$934	\$923
3	\$1,101 (2005)	\$1,160

Sources: Maine State Housing Authority for 2005 and 2006; PDI for 2009

This is a picture consistent with the entire Portland area, as is shown by the Maine State Housing Authority chart below (Figure 4). Rents jumped in the early part of the decade (as did renter median incomes), but then renter incomes flattened out, while rent levels kept growing at a slower pace.

**Figure 4: Relative Increases in Incomes and Rents, Portland-South Portland-Biddeford Labor Market Area**



Source: Maine State Housing Authority

In 2009, slightly more than half of Saco renters cannot afford the average two-bedroom rent. “Affordable” is defined as less than 30% of a household’s income. This means that many Saco households then are paying more than a third of their income in rent (Table 5).

**Table 5: Affordability of Rents in Saco (including Utilities)**

	Average 2 Br Rent	Income Needed to Afford	All Renters	Renters Who Cannot Afford	%
<b>Saco (2009)</b>	<b>\$923</b>	<b>\$36,920</b>	<b>2,513</b>	<b>1,360</b>	<b>54.1%</b>
Saco area (2008)	\$873	\$34,920	11,926	6,160	51.7%
Portland area (2008)	\$1,021	\$40,840	46,692	26,941	57.7%
Biddeford (2008)	\$841	\$33,656	4,740	2,768	58.4%
York County (2008)	\$931	\$37,231	22,419	12,353	55.1%

*Source: Maine State Housing Authority for all except Saco 2-bedroom rent in 2009*

Saco’s affordability outlook in the near future is likely to remain unchanged. Housing prices have largely ended their fall. However, unemployment is only now beginning to increase. Unemployment had been stable in Saco through the early years of the housing slowdown, but in July of 2009 the unemployment rate had nearly doubled since 2008 (Table 6). Economists predict that unemployment may increase even more in the coming year, even as an economic recovery starts, because of the reluctance of employers to hire new workers.

**Table 6: Employment and Unemployment in Saco in July**

Area	Civilian Labor Force	Number Employed	Number Unemployed	Unemployment Rate
2009	11,018	10,278	740	6.7%
2008	11,155	10,730	425	3.8%
2007	11,116	10,725	391	3.5%
2006	11,080	10,687	393	3.5%

*Source: Maine Department of Labor*

The recent decline in the value of the dollar is also an indication that heating oil prices may increase again, which will put upward pressure on total housing costs, even if rents and prices remain stable.

This is the general picture of housing in Saco. The recession has improved homeowner affordability, but only marginally. Saco still faces the issue of competition from less expensive places to the west. The recession hasn't improved rental affordability. In the following pages these subjects are explored in more detail.

## C. General Snapshot of Saco Housing Market

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Saco is part of a larger region, within which families and individuals choose where to live. The region is called a housing market area, or HMA. It is useful to understand Saco's position within its housing market area in order to understand how best to develop policies and programs to guide future development.

A housing market includes those areas from which people travel from work to home and vice versa. Commuting data is helpful in determining a housing market area because it suggests the strength of relationship between municipalities. About 4 in 10 Saco workers live in Saco or Biddeford (see Table 7 and Figure 5). About 1 in 3 Saco residents work in Saco or Biddeford (see Table 8).

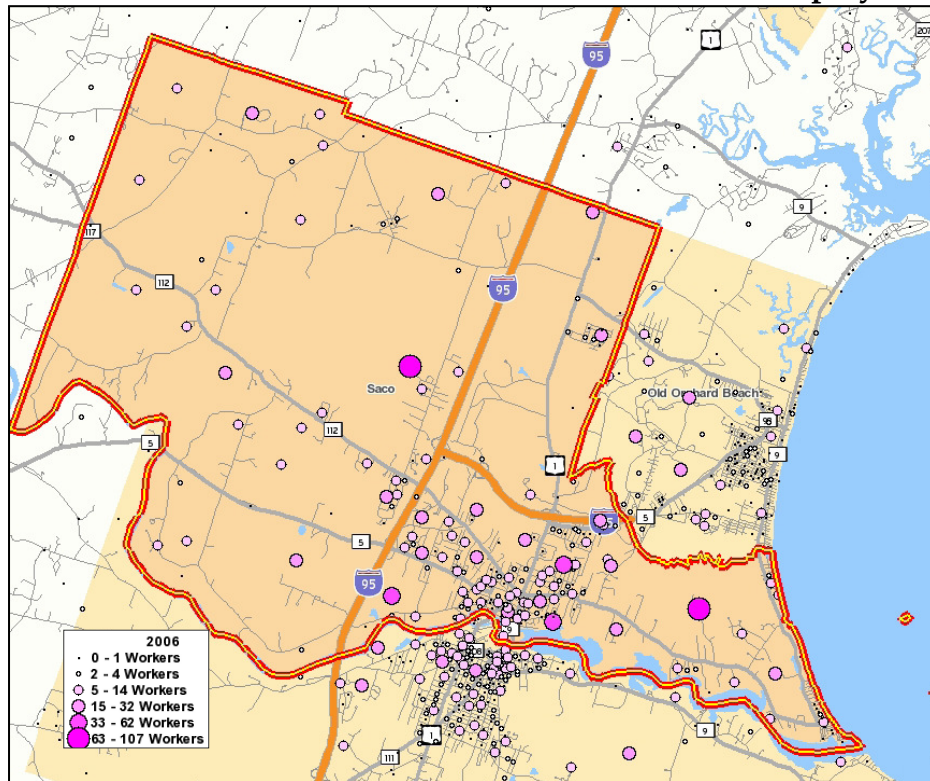
**Table 7: Where Workers in Saco Commute From, 2006**

	Count	Share
Saco, Maine	1,654	25.3%
Biddeford, Maine	945	14.5%
Old Orchard Beach, Maine	393	6.0%
Portland, Maine	362	5.5%
South Portland, Maine	186	2.8%
Sanford, Maine	134	2.0%
Westbrook, Maine	110	1.7%
Kennebunk, Maine	56	0.9%
Scarborough, Maine	45	0.7%
All Other Locations	2,610	40.6%
Total Primary Jobs in Saco	6,539	100.0%

*Source: U.S. Census, "LED on the Map"*

The connection to Greater Portland has grown greatly in the last 25 years. In 1980, 971 Saco residents commuted to Portland, South Portland, or Westbrook to work. In 2006, that figure was 2,873. In 1980, Saco had roughly the same number of workers as local jobs. In 2006, Saco's workers exceeded Saco's jobs by 50% (9,561 resident workers, 6,539 local jobs). Saco has become more of a "residential suburb" over time.

**Figure 5: Saco Labor Shed: Where Workers Live Who Are Employed in Saco**



Source: U.S. Census, "LED on the Map"

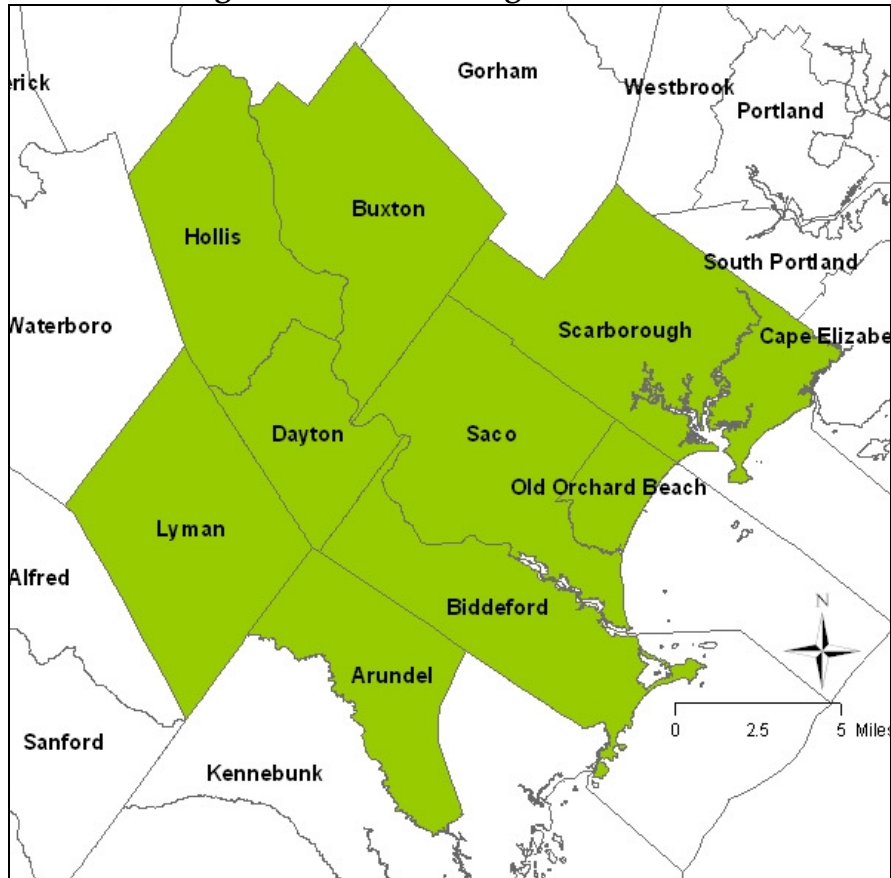
**Table 8: Where Saco Residents Commute to Work, 2006**

	Count	Share
<b>Saco, Maine</b>	<b>1,654</b>	<b>17.3%</b>
Portland, Maine	1,638	17.1%
Biddeford, Maine	1,394	14.6%
South Portland, Maine	876	9.2%
Westbrook, Maine	359	3.8%
Auburn, Maine	331	3.5%
Old Orchard Beach, Maine	200	2.1%
Kennebunk, Maine	188	2.0%
Scarborough, Maine	157	1.6%
All Other Locations	2,614	28.9%
<b>Total Primary Jobs of People Living in Saco</b>	<b>9,561</b>	<b>100.0%</b>

Source: U.S. Census, "LED on the Map"

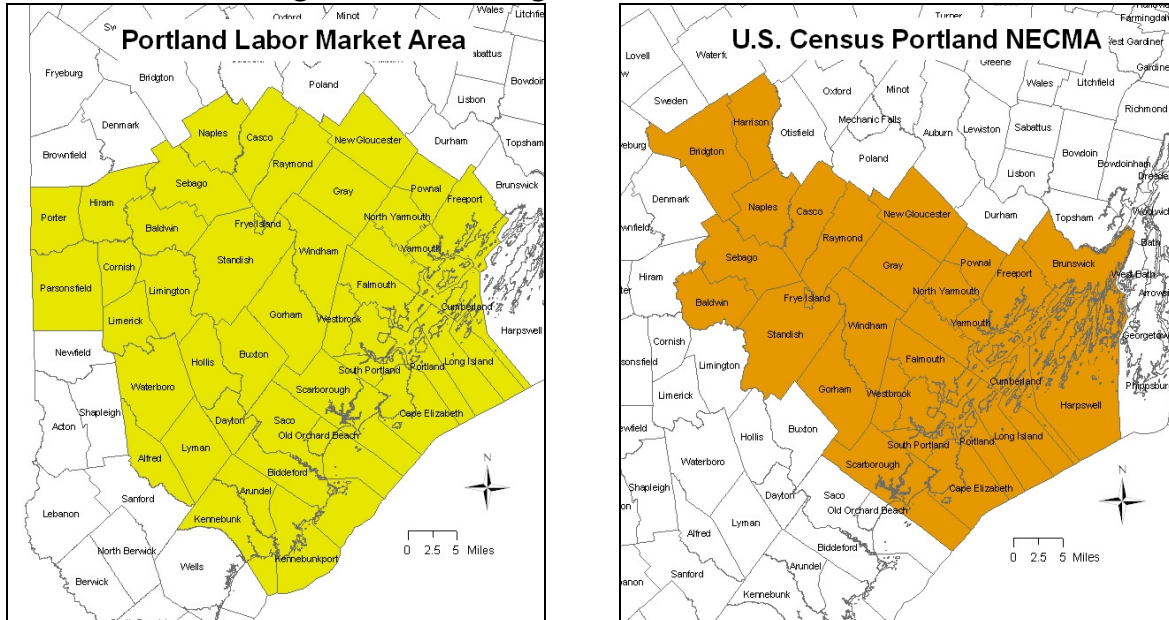
Based on Saco's commuting data, as well as comments from local observers and the geography of the regional labor market as defined by the Maine Department of Labor, the Saco housing market area is defined for purposes of this study to include Saco, Arundel, Biddeford, Buxton, Dayton, Hollis, Lyman, Old Orchard Beach, and Scarborough (Figure 6).

**Figure 6: Saco Housing Market Area**



Throughout this report, the Saco Housing Market Area will be compared to two regions: the Portland Labor Market Area and the Portland New England Census Metropolitan Region (NECMA) (Figure 7).

**Figure 7: Other Regions that Include Saco**



The Portland-South Portland-Biddeford Metropolitan Area is defined by the Maine Department of Labor. It includes: Alfred, Arundel, Baldwin, Biddeford, Buxton, Cape Elizabeth, Casco, Cornish, Cumberland, Dayton, Falmouth, Freeport, Frye Island, Gorham, Gray, Hiram, Hollis, Kennebunk, Kennebunkport, Limerick, Limington, Long Island, Lyman, Naples, New Gloucester, North Yarmouth, Old Orchard Beach, Parsonsfield, Porter, Portland, Pownal, Raymond, Saco, Scarborough, Sebago, South Portland, Standish, Waterboro, Westbrook, Windham, and Yarmouth.

The Portland NECMA is defined by the U.S. Census. It includes: Baldwin, Bridgeton, Brunswick, Cape Elizabeth, Casco, Cumberland, Falmouth, Freeport, Frye Island, Gorham, Gray, Harpswell, Harrison, Long Island, Naples, New Gloucester, North Yarmouth, Portland, Pownal, Raymond, Scarborough, Sebago, South Portland, Standish, Westbrook, Windham, and Yarmouth.

## 1) Population and Households

Between 2000 and 2008, Saco's population grew at a rate about the same as that of the housing market area (HMA) and faster than the State of Maine as a whole (Table 9). In 2008, Saco has a population of approximately 18,125 people living in 7,653 households. From 2000 to 2008, the number of Saco households increased faster than the population, reflecting a decrease in household size experienced across the state. This decrease is the result of a tendency toward single-person and small households among the "Baby-Boom Generation", the increased longevity and independence of seniors who live on their own, and an overall trend toward smaller families.

**Table 9: Saco Population and Households, 2000-2008**

	Saco			Saco HMA			Maine		
	2000	2008	% Change	2000	2008	% Change	2000	2008	% Change
<b>Population</b>	16,822	18,125	7.7%	84,327	91,026	7.9%	1,274,921	1,316,456	3.3%
<b>Living in Households</b>	16,581	17,875	7.8%	82,858	89,526	8.0%	1,240,009	1,280,456	3.3%
<b>Households</b>	6,801	7,542	10.9%	33,871	36,842	8.8%	518,200	554,310	7.0%
<b>HH Size</b>	2.44	2.37	-2.9%	2.45	2.43	-0.7%	2.39	2.31	-3.3%

*Source: U.S. Census for all of 2000 and for 2008 population numbers; Maine State Housing Authority for 2008 HH Size; PDI for projections*

The Maine State Planning Office (SPO) projects that Saco's population will increase to 22,798 residents by 2020. However, Planning Decisions estimates that the population growth will be slower due to a continued decrease in median household size. The number of housing units is projected to grow steadily over the next 10 years (state estimates project 55 additional units per year); if household size continues to decline at the historical rate of .008 a person per year (from 1990 to 2008), Saco's population will grow to approximately 20,224 in 2020.



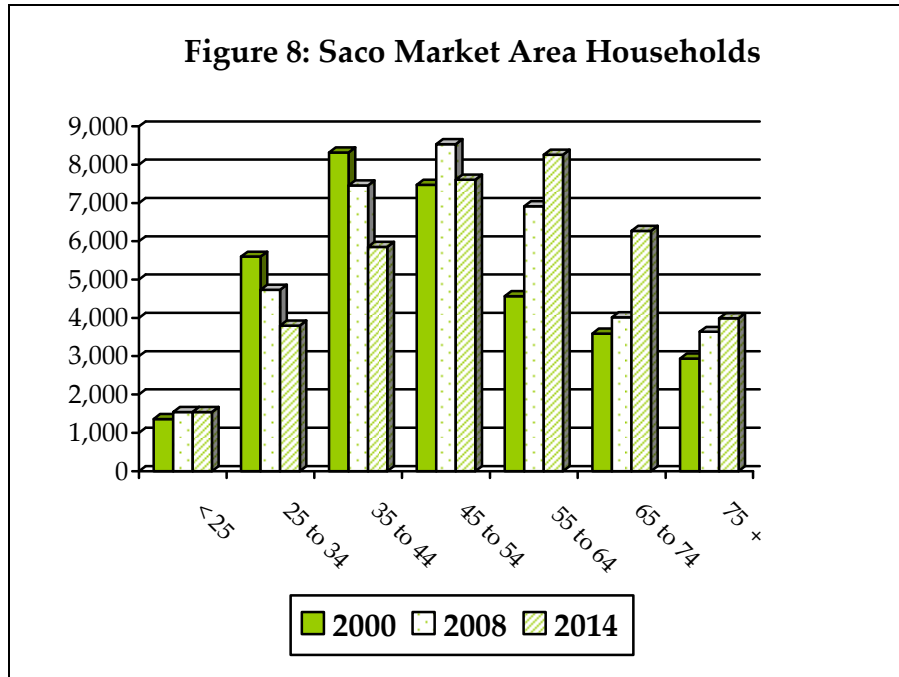
In 2008, both Saco and the housing market area have higher proportions of households age 45-64 and lower proportions of households age 25-44 than they did in 2000 (Table 10).

**Table 10: Households by Age, 2000 – 2008**

	Saco 2000		Saco 2008		Saco HMA 2000		Saco HMA 2008	
HH Age <25	289	4%	320	4%	1,428	4%	1,544	4%
HH Age 25-34	1,210	18%	1,022	14%	5,621	17%	4,737	13%
HH Age 35-44	1,649	24%	1,592	21%	8,310	25%	7,459	20%
HH Age 45-54	1,361	20%	1,683	22%	7,228	21%	8,537	23%
HH Age 55-64	823	12%	1,313	17%	4,571	13%	6,916	19%
HH Age 65-74	748	11%	766	10%	3,664	11%	4,014	11%
HH Age 75+	721	11%	846	11%	3,049	9%	3,636	10%
<b>Total</b>	<b>6,801</b>	<b>100%</b>	<b>7,542</b>	<b>100%</b>	<b>33,871</b>	<b>100%</b>	<b>36,842</b>	<b>100%</b>

*Source: PDI for households; Claritas for distribution*

Looking to the future, the baby boom generation is moving from the 45-55 year old cohort to the 55-65 cohort. This is affecting the nation as well as Maine. If current trends continue, by 2014 half of the households in the Saco Housing Market Area will be age 55 and older (Figure 8). The greatest increase will be among households age 55-64. Households age 25 to 34 and households age 35-44 will have decreased by 20% and 22% respectively.



*Sources: U.S. Census, Claritas, PDI for 2014 projections*

Saco’s median income in 2008 is slightly higher than the housing market area and higher than the state as a whole, but lower than many other communities in the region (Table 11).

**Table 11: Median Household Income, 2008**

	Median Household Income	Household Size	Per Capita Income
Scarborough	\$70,582	2.53	\$27,898
Arundel	\$62,310	2.51	\$24,825
Hollis	\$58,598	2.62	\$22,366
Lyman	\$57,861	2.67	\$21,671
LMA	\$55,275	2.35	\$23,521
Buxton	\$55,166	2.55	\$21,634
<b>Saco</b>	<b>\$55,072</b>	<b>2.37</b>	<b>\$23,237</b>
Saco Housing Market Area	\$54,038		
Maine	\$46,321	2.31	\$20,052
Old Orchard Beach	\$44,286	1.97	\$22,480
Biddeford	\$40,699	2.23	\$18,251

*Source: Maine State Housing Authority*

Saco is a “middle class” city. Nearly half of its households (47%) have incomes in 2009 between \$50,000 and \$125,000. Among the elderly however, there are higher proportions of households with incomes under \$25,000.

**Table 12: Saco Households by Age and Income, 2008**

	Age 15-24		Age 25-34		Age 35-44		Age 45-54		Age 55-64		Age 65-74		Age 75 +		Total	
< \$10,000	33	10%	42	4%	43	3%	89	5%	100	8%	98	13%	77	9%	482	6%
\$10,000 to \$24,999	74	23%	122	12%	124	8%	117	7%	189	14%	218	28%	344	41%	1,188	16%
\$25,000 to \$34,999	64	20%	84	8%	141	9%	103	6%	112	9%	93	12%	174	21%	771	10%
\$35,000 to \$44,999	35	11%	68	7%	127	8%	160	10%	112	9%	79	10%	107	13%	687	9%
\$45,000 to \$59,999	32	10%	179	18%	211	13%	248	15%	148	11%	85	11%	62	7%	964	13%
\$60,000 to \$99,999	71	22%	452	44%	672	42%	538	32%	365	28%	162	21%	42	5%	2,303	31%
\$100,000 to \$199,999	9	3%	76	7%	231	14%	410	24%	237	18%	32	4%	29	3%	1,024	14%
\$200,000 +	0	0%	0	0%	43	3%	18	1%	50	4%	0	0%	11	1%	123	2%
<b>Total</b>	<b>320</b>	<b>190%</b>	<b>1,022</b>	<b>196%</b>	<b>1,592</b>	<b>195%</b>	<b>1,683</b>	<b>194%</b>	<b>1,313</b>	<b>100%</b>	<b>766</b>	<b>100%</b>	<b>846</b>	<b>100%</b>	<b>7,542</b>	<b>100%</b>

Source: PDI for households; Claritas for distribution

In 2000, 6% of Saco residents age 21-64 had a disability, slightly less than the region and the state as a whole. 41% of Saco residents age 65 and over had a disability, slightly higher than the region and the same as the state (Table 13).

**Table 13: Persons with a Disability, 2000**

	Saco		Saco Housing Market Area		Portland Metropolitan Area		Maine	
<b>Age 21-64</b>	<b>9,870</b>		<b>50,248</b>		<b>155,220</b>		<b>733,415</b>	
<b>With a Disability</b>	<b>1,677</b>	<b>17%</b>	<b>9,162</b>	<b>18%</b>	<b>24,499</b>	<b>16%</b>	<b>141,018</b>	<b>19%</b>
<b>Age 65+</b>	<b>2,240</b>		<b>10,311</b>		<b>33,862</b>		<b>174,998</b>	
<b>With a Disability</b>	<b>918</b>	<b>41%</b>	<b>3,832</b>	<b>37%</b>	<b>13,154</b>	<b>39%</b>	<b>71,901</b>	<b>41%</b>

Source: U.S. Census

## 2) Employment

Between 2001 and 2008, education and health services, and natural resources and mining both experienced the greatest increases in employment in the Labor Market Area (LMA). In Saco, the information, financial, and professional and business services industries grew the most. During this time, Saco's share of the LMA's total employment also grew, and specifically within the manufacturing, information, and professional and business services industries.

**Table 14: Employment by Industry, 2001-2008**

Industry	Saco			LMA			Saco % LMA, 2001	Saco % LMA, 2008
	2001	2008	% Change	2001	2008	% Change		
Total, all industries	6,158	7,103	15%	184,093	192,700	5%	3%	4%
Goods-Producing	1,065	1,103	4%	28,133	25,259	-10%	4%	4%
Natural Resources and Mining	***	***		376	472	26%		
Construction	266	287	8%	9,958	10,225	3%	3%	3%
Manufacturing	799	787	-2%	17,799	14,562	-18%	4%	5%
Service-Providing	5,092	5,999	18%	155,960	167,441	7%	3%	4%
Trade, Transport. & Utilities	1,451	1,509	4%	43,734	43,861	0%	3%	3%
Information	103	150	46%	5,324	5,047	-5%	2%	3%
Financial Activities	239	340	42%	15,767	15,435	-2%	2%	2%
Professional and Business Services	378	708	87%	21,403	23,747	11%	2%	3%
Education and Health Services	1,658	1,890	14%	40,860	47,931	17%	4%	4%
Leisure and Hospitality	950	1,068	12%	18,704	20,779	11%	5%	5%
Other Services	193	167	-13%	5,077	5,262	4%	4%	3%
Public Admin.	***	***		5,092	5,378	6%		

Source: Maine Department of Labor, Labor Market Information Services.

Asterisks indicate non-disclosable data.

A closer look at 2008 employment in Saco by industry finds that the industries with the highest employment in Saco are health care and social assistance and retail trade, followed by manufacturing and accommodation and food services (Table 15). The industries with the highest average wages are management of companies and enterprises and manufacturing.

**Table 15: Saco Employment and Wages by Industry, 2008**

Industry	Average Establishments	Average Employment	Average Weekly Wage
Health Care and Social Assistance	65	1,323	\$546
Retail Trade	64	1,162	\$598
Manufacturing	22	787	\$1,005
Accommodation and Food Services	55	741	\$258
Educational Services	6	566	\$681
Arts, Entertainment, and Recreation	12	327	\$299
Professional and Technical Services	73	320	\$932
Construction	74	287	\$846
Finance and Insurance	29	282	\$918
Administrative and Waste Services	42	269	\$432
Wholesale Trade	30	226	\$878
Other Services, Ex. Public Admin	44	167	\$547
Information	7	150	\$285
Management of Companies and Enterprises	4	119	\$1,033
Transportation and Warehousing	13	111	\$616
Real Estate and Rental and Leasing	17	58	\$583
Utilities	***	***	***
Public Administration	***	***	***
Agriculture, Forestry, Fishing & Hunting	***	***	***

*Source: Maine Department of Labor, Labor Market Information Services.  
Asterisks indicate non-disclosable data.*

Major employers in Saco (by number of employees) include seven manufacturers, five car dealerships, two supermarkets, and two schools.

**Table 16: Largest Businesses in the City of Saco by Number of Employees, 2009**

Company Name	Industry	# Employees
General Dynamics	Manufacturing	400
Sweetser School	Children's Educational Services	351
Atlantic Heights	Nursing facility	205
Hannaford Bros.	Supermarket	200
Shaw's Supermarket	Supermarket	160-180
Thornton Academy/Middle School	High School/Middle School	166
Visiting Nurses Association	Health Care	137
Saco-Biddeford Savings Bank	Financial Institution	115
Prime Toyota	Car Dealership	87
Casco Bay Steel	Manufacturing	54
Michaud Distributors	Distributor	54
Yale Cordage	Manufacturing	53
Reny's Dept. Store	Retailer	42
Jolly John Auto Dealer	Car Dealership	35
Patriot Subaru of New England	Car Dealership	35
Huttig Building Products	Manufacturing	35
Garland Manufacturing	Manufacturing	33
Prime Nissan	Car Dealership	31
Lunder Manufacturing	Manufacturing	25
Toddle Inn Daycare	Childcare facility	24
Casco Indemnity	Insurance	23
Xuron Corp.	Manufacturing	21
Canteen Service Co.	Distributor	20
Prime Hyundai	Car Dealership	16

*Source: City of Saco*

### 3) Housing

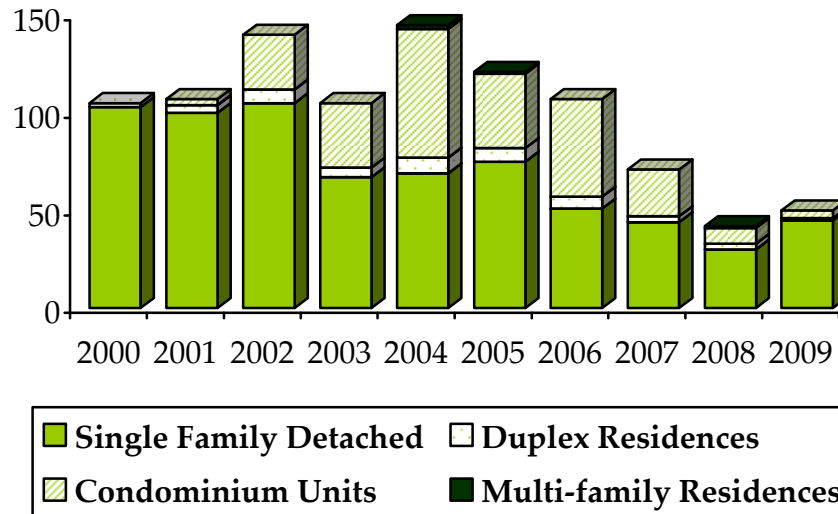
Between 2000 and 2007, the number of building permits issued by the City of Saco peaked in 2005 and has trended downward since (Figure 9). The vast majority of building permits issued between 2000 and 2008 were for single-family homes. According to the City of Saco planning department, while the perception may be that condo development has overwhelmed Saco over the past several years, in that time, 68% of permits were issued for single family homes, compared to 27% for condominiums, 5% for duplexes, and less than 1% for other multi-family residences.

**Table 17: Saco Housing Units**

	2000	2009
<b>Total Housing Units</b>	6,801	8,542
<b>Single family, detached</b>	3,875	5,225
<b>Single family, attached</b>	240	772
<b>Duplex</b>	834	1,062
<b>3 or 4 unit</b>	510	485
<b>5 unit +</b>	938	686
<b>Mobile home</b>	397	312
<b>Boat, RV, van, etc.</b>	7	n/a

*Source: U.S. Census for 2000, Saco Assessing Office for 2009*

**Figure 9: Saco Building Permits**



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 <sup>3</sup>	Total	% of Total
Single Family Detached	103	100	105	67	69	75	51	44	30	45	689	69%
Duplex Residences	2	4	7	5	8	7	6	3	3	1	46	5%
Condominium Units		3	28	33	66	38	50	24	8	4	254	26%
Multi-family Residences					2	1			1		4	0.4%
<b>Total</b>	<b>105</b>	<b>107</b>	<b>140</b>	<b>105</b>	<b>145</b>	<b>121</b>	<b>107</b>	<b>71</b>	<b>42</b>	<b>50</b>	<b>993</b>	

Source: Saco Assessing Office

Saco's overall vacancy rate in 2000 was 8.4%. United States Postal Service data for 2008 suggests a vacancy rate of 4.1% (Table 18). 4.9% of Saco's housing units are

<sup>3</sup> 2009 is through October 30



seasonal (366 housing units) in 2000. This is just slightly higher than in 1990, when there were 351 seasonal homes in Saco.

**Table 18: Saco Vacancy**

	Residential Addresses	Vacant Residential Addresses	Gross Vacancy Rate
2000	7,424	623	8.4%
2008	8,388	348	4.1%

*Source: U.S. Census for 2000; USPS for 2008 (www.huduser.org)*

**Table 19: Saco Housing by Tenure**

	2000	%
<b>Total Housing Units</b>	7,424	
<b>Total Occupied Units</b>	6,801	100.0%
<b>Owner Occupied</b>	4,500	66.2%
<b>Renter Occupied</b>	2,301	33.8%

*Source: U.S. Census, PDI*

Almost a quarter of Saco’s owner-occupied housing units were built before 1939; almost half (46%) were built before 1970 (Table 20). Saco’s rental stock is even older than its owner-occupied housing. Since 2000, most new housing has been owner housing, so the proportion of owner housing is probably closer to 70%.

**Table 20: Age of Saco Housing**

	Owner units		Rental units	
	Units	%	Units	%
1999 to March 2000	98	2%	71	3%
1995 to 1998	277	6%	65	3%
1990 to 1994	376	8%	90	4%
1980 to 1989	924	21%	364	16%
1970 to 1979	748	17%	316	14%
1960 to 1969	433	10%	127	6%
1950 to 1959	332	7%	298	13%
1940 to 1949	234	5%	118	5%
1939 or Earlier	1,078	24%	852	37%
<b>Totals</b>	<b>4,500</b>		<b>2,301</b>	

Source: U.S. Census, 2000

The city assessing department has rated 87 properties in Saco rated as “poor quality.” The city uses Marshall & Swift’s definition, in which poor condition (worn out) means “repair and overhaul needed on painted surfaces, roofing, plumbing, heating, numerous functional inadequacies, substandard utilities etc. (found only in extraordinary circumstances). Excessive deferred maintenance and abuse, limited value-in-use, approaching abandonment or major reconstruction, reuse or change in occupancy is imminent. Effective age is near the end of the scale regardless of the actual chronological age.” 51 of these properties (59%) are single family homes, 23 are multi-family buildings (26%), and 9 are mobile homes (10%) – see Table 21. The homes and apartments are scattered throughout the City, and are not concentrated in any specific neighborhood.

**Table 21: Saco Housing Rated Poor Quality**

	Description	Year Built		Description	Year Built		Description	Year Built
1	Condo	1937	30	2- Family	1900	59	Mobile Home	1972
2	Camp	1927	31	2- Family	1867	60	Mobile Home	1987
3	Single Family	1955	32	Single Family	1913	61	Mobile Home	1994
4	Single Family	1950	33	2- Family	1925	62	2- Family	1940
5	Single Family	1941	34	Single Family	1961	63	Single Family	1937
6	Single Family	1911	35	2- Family	1920	64	Single Family	1900
7	Single Family	1961	36	2- Family	1920	65	Single Family	1961
8	Single Family	1917	37	Single Family	1931	66	Single Family	1925
9	2- Family	1880	38	Single Family	1950	67	Single Family	1933
10	Single Family	1867	39	Apt 8+ Unit	1827	68	Single Family	1900
11	Single Family	1920	40	Apt 8+ Unit	1981	69	Single Family	1952
12	Single Family	1938	41	Apt 6 Unit	1900	70	Single Family	1935
13	Single Family	1960	42	Single Family	1845	71	Single Family	1954
14	Single Family	1946	43	2- Family	1890	72	Single Family	1817
15	Single Family	1947	44	2- Family	1850	73	Single Family	1840
16	Single Family	1955	45	3- Family	1971	74	Camp	1951
17	Multiple Houses	1936	46	Single Family	1940	75	Mobile Home	1966
18	Single Family	1947	47	Single Family	1850	76	Single Family	1956
19	Condo	n/a	48	2- Family	1870	77	Single Family	1897
20	Single Family	1852	49	Single Family	1900	78	Single Family	1942
21	Single Family	1930	50	2- Family	1860	79	Single Family	1850
22	2- Family	1850	51	2- Family	1892	80	Single Family	1867
23	3- Family	1850	52	Apt 4 Unit	1900	81	Single Family	1867
24	Single Family	1850	53	Single Family	1872	82	Single Family	1800
25	Single Family	1880	54	Single Family	1956	83	Single Family	1977
26	2- Family	1850	55	Mobile Home	1971	84	Mobile Home	1971
27	Apt 4 Unit	1867	56	Mobile Home	1983	85	2- Family	1948
28	2- Family	1867	57	Mobile Home	1971	86	Single Family	1767
29	Single Family	1956	58	Mobile Home	1974	87	Single Family	1862

*Source: Saco Assessing Office*

## D. Rental Issues

The initial reaction to the housing turndown in 2006 and 2007 was a tightening of the rental market. People were reluctant to buy or sell homes, and so stayed in rental housing longer than they otherwise planned to. However, as the recession has continued, and jobs and income have suffered, the rental market has also gone soft. People are doubling up, or moving back in with other family members. This increases the rental vacancy rate. Two landlords reported that in the summer of 2009, the vacancy rate was 7 to 10% in Saco rental housing, up from 2% in 2000. This impels landlords to reduce rents to attract tenants. The result is that gross rents have remained essentially flat the last three years in Saco (see Table 4, page 7), while utility costs have increased – thus reducing net revenue to landlords.

In 2009, the Massachusetts Institute of Technology conducted a major study of housing affordability in Maine.<sup>4</sup> In it, they estimated that the City of Saco had 2,536 rental housing units, more than half of which are 2-bedroom units. This is approximately 20% of all apartments in the regional market. Biddeford dominates the regional market with 40% of available apartments.

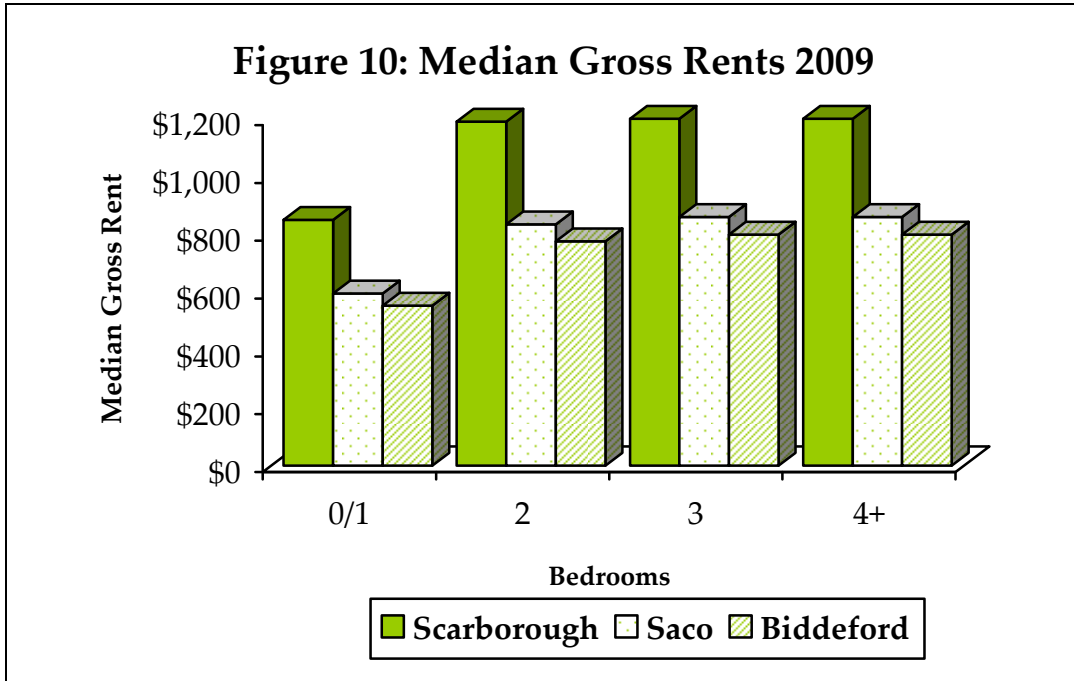
**Table 22: 2009 Apartments in Saco Housing Market Area**

	0/1 BR	2 BR	3 BR	4+ BR	Total	% of Market
Saco	680	1,358	411	87	2,536	21.2%
Biddeford	1,418	1,891	1,221	238	4,768	39.8%
OOB	796	1,056	169	66	2,087	17.4%
Scarborough	242	625	292	202	1,361	11.4%
Arundel	33	149	41	17	240	2.0%
Buxton	149	152	115	70	486	4.1%
Dayton	5	53	23	5	86	0.7%
Hollis	33	143	52	37	265	2.2%
Lyman	21	67	33	23	144	1.2%
<b>Market Area</b>	<b>3,377</b>	<b>5,494</b>	<b>2,357</b>	<b>745</b>	<b>11,973</b>	
<b>Saco % of market</b>	<b>20.1%</b>	<b>24.7%</b>	<b>17.4%</b>	<b>11.7%</b>	<b>21.2%</b>	

Source: *Housing Affordability in Maine, Appendix C-IV*

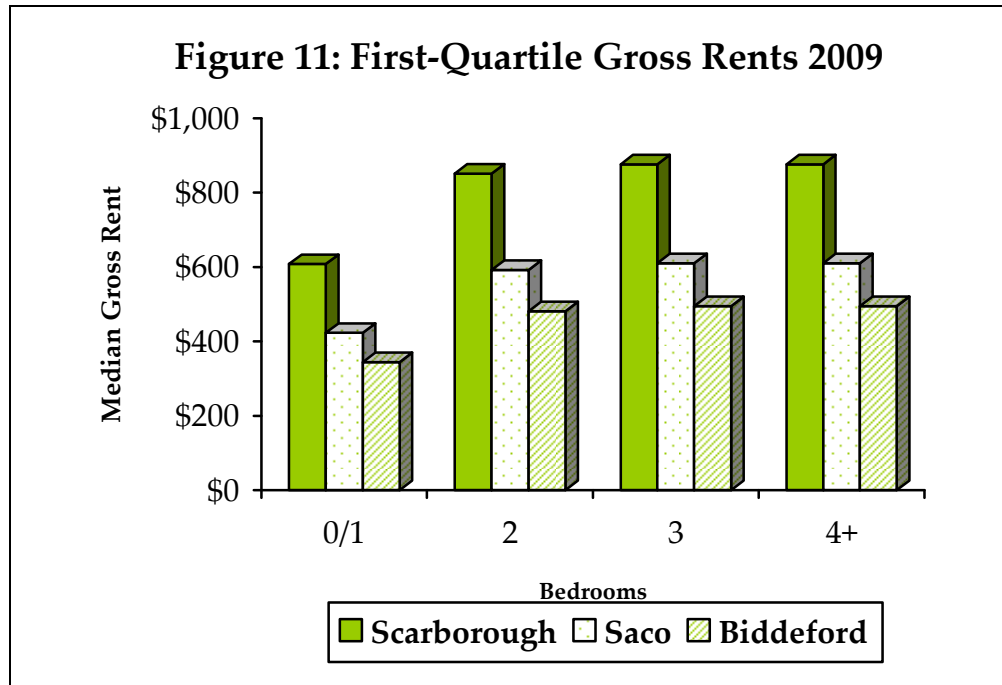
<sup>4</sup> *Housing Affordability in Maine: Taking Stock*, MIT Center for Real Estate, for the Maine Affordable Housing Coalition, March 2009.

Within this regional market, Saco's apartments are positioned as the "middle" alternative (Figure 10). Biddeford to the southwest has lower median rents (and smaller units), and Scarborough to the northeast has much higher median rents (and larger units). Saco and Old Orchard Beach are positioned in the middle with regard to geography and price.



Source: *Housing Affordability in Maine*

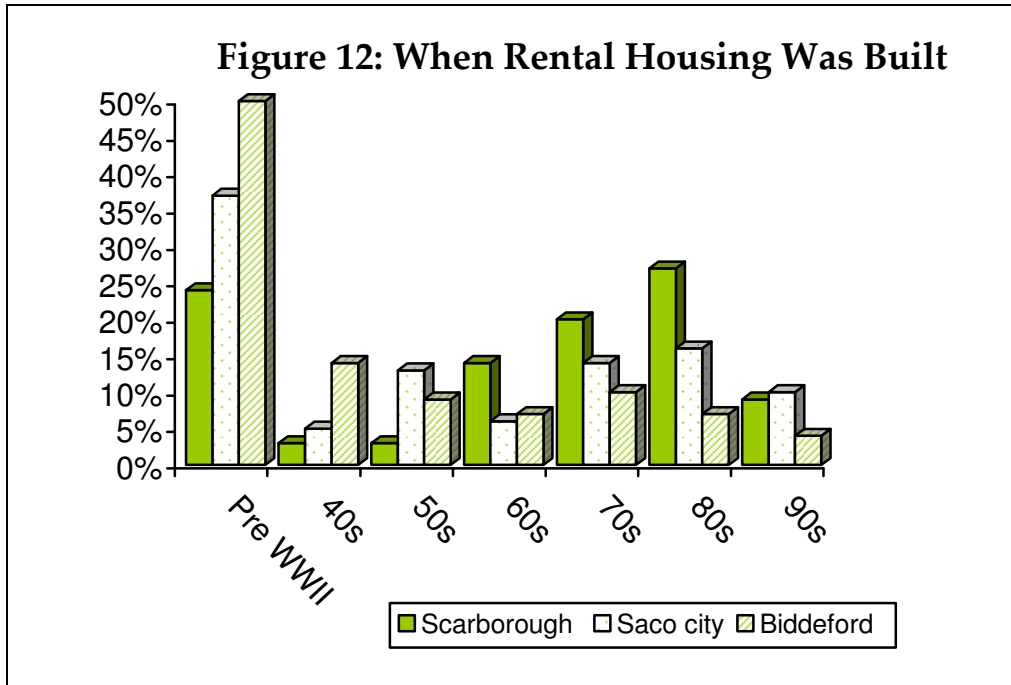
The affordable housing market is measured best by “first-quartile” rents (Figure 11). The median rent is the middle price in a series of prices. The first quartile is the price that is one-quarter of the way from the lowest. For these less expensive apartments, Biddeford is an even greater bargain than for a median-priced rental.



*Source: Housing Affordability in Maine*

The relative value of rental housing is a direct function of when the housing was built. Half of Biddeford’s rental housing was built before World War II (see Figure 12, below). In contrast, over half of Scarborough’s rental housing was built in the last forty years. Saco is somewhere in between, with over a third from before World War II, but a third in the last forty years as well.

Despite the age of the rental housing, the Saco Assessing Department rates only 23 multi-unit buildings in the City to be of “poor quality,” and the local administrator of the housing voucher program reports that *the rental housing is old but well-maintained*.



Source: U.S. Census, 2000

Of Saco’s 2,500 rental units, about a quarter (639 units, or 25.2% of all) have a government rental subsidy of one kind or another (Table 23). This is slightly higher than the market area as a whole (18.5%), but is not unexpected. Subsidized housing is typically located within service centers, near to jobs, public transportation, and social services.

**Table 23: Rental Subsidized Housing in Saco and Region**

	New Family housing	Senior housing	Special needs housing	Rent help in existing housing	Total	Total Renters getting aid	% Subsidized
Market Area	653	863	139	555	2,210	11,973	18.5%
<b>Saco</b>	<b>259</b>	<b>200</b>	<b>43</b>	<b>137</b>	<b>639</b>	<b>2,536</b>	<b>25.2%</b>
<i>Saco Percent</i>	<i>39.7%</i>	<i>23.2%</i>	<i>30.9%</i>	<i>24.7%</i>	<i>28.9%</i>	<i>21.2%</i>	

Source: Maine State Housing Authority

Table 24 presents Saco's subsidized housing. In addition, Volunteers of America is opening 11 units of housing for very poor veterans at the Kimball Health Center on Boom Road, and is currently planning 31 units of elderly housing to be located adjacent to their existing project off Main Street.

**Table 24: Saco Subsidized Housing**

Housing Complex	Population	Year Built	# Units
Golden Village	Elderly and People w/Disabilities	1977	12
Kallock Terrace	Elderly and People w/ Disabilities	1982	20
Ledgewood North	Families	1983	24
Ledgewood Terrace	Families	1980	30
Lincoln Apartments	Families	Pre-1960	21
Lord Pepperell	Elderly and People w/ Disabilities	1980	66
Maple Grove	Elderly and People w/ Disabilities	1977	8
Park Village	Elderly and People w/ Disabilities	1976	12
Pleasant St. Apartments	Elderly and People w/ Disabilities; Families	1982	45
Nottingham Woods	Families	1984	52
Pine Ledge	Families	1995	48
River View Apartments	Families	1985	61
Paul Hazelton House	Elderly and People w/ Disabilities	1999	36
Wardwell Commons	Elderly and People w/ Disabilities	1992	14

Even with the current level of subsidized housing in the community, the Maine State Housing Authority estimates that there are 341 families and 99 seniors in Saco with incomes below 50% of the area median income (or about \$27,000) who are in need of housing subsidies (Table 25).



**Table 25: Estimated Subsidized Housing Need in Saco, 2008**

	Family Units	Seniors Units (65 and over)
Number of Renter Households @ 50% AMI	767	312
Number of Subsidized Units Available	426	213
Project Based	302	200
Non-Project Based (Section 8 Vouchers)	124	13
<b>Number of Affordable Rental Units Needed</b>	<b>341</b>	<b>99</b>
<b>Indicated Unmet Need %</b>	<b>44.5%</b>	<b>31.7%</b>

Source: Maine State Housing Authority

The Maine State Housing Authority estimates that there are 2,337 families and 393 senior households in need of assistance within the overall market area.

The MIT researchers ran four different scenarios for low and moderate-income households looking for apartments in Greater Portland. In Saco, only the two-parent, two-income family had the earnings necessary to afford an apartment (“afford” in this instance meaning that the households should only pay 30% of its income for gross rent) (Table 26).

**Table 26: Apartment Availability in Saco for Selected Households, 2009**

	Needs	Can Afford	Median Gross Rent	1 <sup>st</sup> Quartile Gross Rent
Single elderly person earning \$13,320	1 BR	\$331	\$596	\$423
Disabled parent with one child earning \$7,356	2 BR	\$184	\$835	\$592
Single working parent, 2 teen children, earning \$28,350	3 BR	\$709	\$860	\$610
Two parent, two-income household with one child, earning \$45,360	3 BR	\$1,134	\$860	\$610

Source: *Housing Affordability in Maine*

The need for affordable rental housing is confirmed by housing providers in Saco:

- A manager of 102 affordable apartments at two properties in Saco (the Ledges and Lord Pepperell) says there is a huge need for subsidized housing in Saco. *Many of their tenants are single mothers, and demand is high for 2- and 3- bedroom apartments. There is always at least a year long wait list for the section 8 apartments, and there is a month wait for the tax credit apartments, which are less heavily subsidized. There is no funding to develop additional section 8 housing development, which is what is needed; the cost of living is so high compared to people's incomes that tax credit housing doesn't have enough of a subsidy.*
- A regional property manager for 3 elderly affordable properties in Saco with project based vouchers (residents pay 30% income) described long wait lists for each. *The first, Golden Park Village, has 20 1-bedrooms, for which there are 242 applications on the wait list, and 4 2-bedrooms, for which there are 80 applications. The second, Kallock Terrace, has 24 1-bedrooms, and there are 223 applications; the third, Maple Grove, has 8 1-bedrooms, and there are 224 applications. Many of the applications are duplicative, as people often apply to more than one property. She stated that there is a significant unmet need for subsidized elderly housing, and there is not funding available to develop new.*
- The administrator for Saco's rental voucher program in existing housing (allows tenants to pick their own units, the tenant pays rent up to 30% of income, the government pays the rest) says that the waiting list for help has been closed since 2006 because of the length of time it takes to rise to the top. *Today families can't afford housing because it is so expensive in Saco, the elderly and disabled are on fixed incomes and have to make choices between food, medicine and rent. As far as who is not being served because the lists are closed, she said it used to be more elderly they were turning away, but with the economy they are seeing more families, and its about an even mix now.*
- Another local affordable property manager with more than 300 subsidized and unsubsidized units reported that the subsidized housing currently has a vacancy rate of 3-5%. *The wait list for the subsidized housing is 40-50 people; it*

usually takes 4-6 applicants to rent an apartment, and they turn 8-11 apartments/year, so that equals about a 1 year wait. He said that in Saco, demand is greater for family apartments than for elderly, that they sometimes reach the end of the elderly wait list and have to advertise. He doesn't believe the city needs any more subsidized housing, but rather it needs more low-income/market rate apartments.

- The executive director of the York County Shelter said that in addition to the chronically homeless the shelter serves, with the recession, there is a new group of people having trouble finding housing: working families. Most people can't survive longer than 90 days without income; when one or both adults lost their job, a family can't pay their mortgage or rent. He said a lot of people who used to volunteer for the food pantry are now coming in to get assistance. So there are two different kinds of affordable housing needed: housing for workforce families and housing for people with a need more services.

**Table 27: York County Shelter Bed Days**

	FY 2004		FY 2005		FY 2006		FY 2007		FY 2008	
	Ppl	Bed Days	Ppl	Bed Days	Ppl	Bed Days	Ppl	Bed Days	Ppl	Bed Days
Saco	18	350	26	982	20	1,179	31	990	29	3,225
Total	318	19,058	267	17,007	329	23,884	351	30,629	405	37,779

Source: York County Shelter Programs

- A local resident with a long record of service for elderly in the Saco area said that even with Wardwell, there is still an unmet need for subsidized elderly housing. He worries in particular about people who worked in the mills and are lifetime renters.
- Participants at Saco's public meeting on housing report that single mothers with children are in a tough spot. Many rent tourist cabins or motel units for \$450-\$500/month in off-season, then go to Biddeford over the summer – either sharing an apartment, or living in mom's basement, or finding roommates. They need a rent below \$850, and need a couple of bedrooms.

- An area housing developer with experience building both affordable and market rate apartments said that developing rental housing in Saco is very difficult. Even with government programs to subsidize affordable housing, unless a property is \$0 in starting costs, he can't make it work. *Opportunities in the future will have to be public/private partnerships where municipalities have the land or the buildings and so can help reduce the development cost.*
- This quandary was phrased simply by a participant at the Saco public meeting – *it requires a \$1200 monthly rent to build a new apartment, and the market is at \$800.* This makes it hard to build tax-credit apartments in Saco, and discourages tax credit investors.

Allowing accessory apartments is one affordable rental housing strategy which the City has already implemented. In October 2008, the City of Saco amended the City's land use ordinance to allow accessory apartments in all residential zones and most business zones. Two accessory units have been developed as a result.

Contract zoning is another strategy Saco has employed to encourage the development of affordable housing. Table 28 below presents the contract zoning arrangements and the projects that have been helped in the recent past.

**Table 28: Saco Affordable Housing Contract Zones**

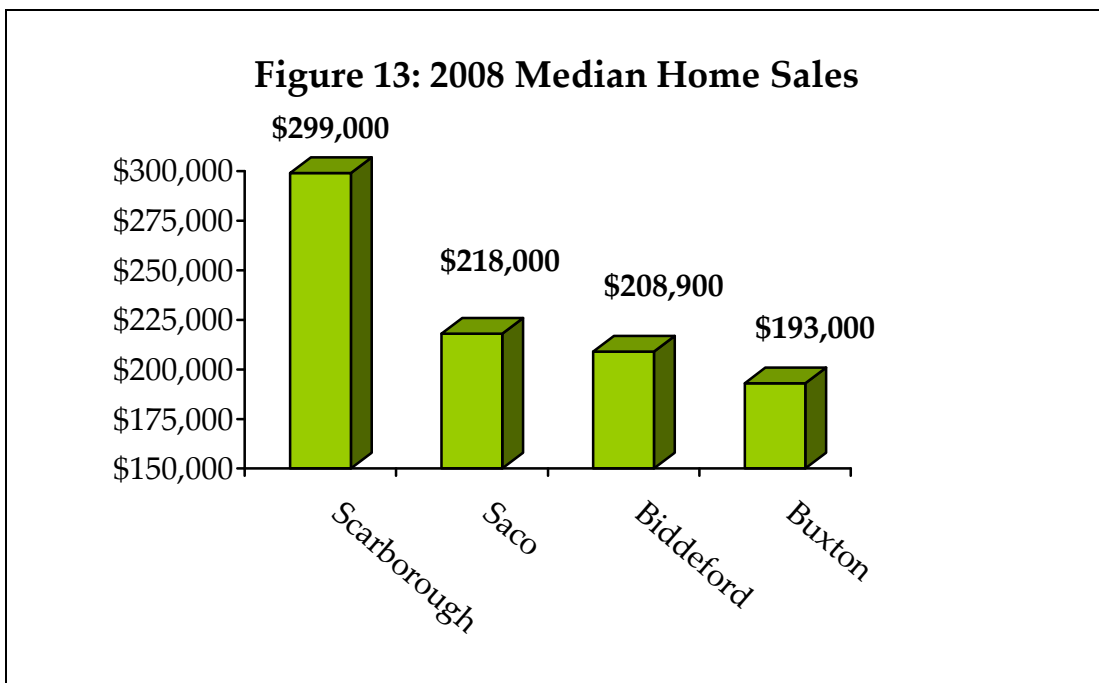
Location	Housing Units	Date	Description
<i>Built:</i>			
Map 31, Lot 44, 45, 47, 49, 50, 53, 54, 56, 57, 58, 59 Middle, Free, High and School Sts	136 units	1996/ 1997	Change to allow buildings in excess of the 35ft, but not more than 50ft.
Map 32, Lot 179 95 King St	10-15 beds	1996	Request to allow elderly congregate housing, not permitted in the R-1b district.
Map 39, Lots 218 & 218-1 392 Main St, Care-Matrix Alzheimer's Facility	42 units	1997	CZ to allow an Alzheimer Care facility and allow reduction in side yard setback in an R-1b zone.
Map 33, Lot 24-1 7 Smith Lane, Volunteers of America Paul Hazelton House	36 units	1998	Change in use and density and parking setbacks in B-2d zone.
Map 53, Lot 166 18 Park St	34 units		Condominiums. R-Zone. Change in density per unit, from 4000 to 1993 sq ft.
Map 22, Lot 40 First Atlantic Healthcare, Elderly Congregate Housing, Ferry Rd	105 nursing beds, 22 duplex cottages, 80 units	2002, amended 2003, 2007, 2008	
<i>Not built, in development:</i>			
Map 123, Lot 21 464 Buxton Rd	31 lots	2005	C-1. CZ was needed to allow a clustered subdivision w/min. lot size, frontage, setback and stormwater standards. CZ would not require city water and sewer.
Lot Map 64, Lot 6-1 Portland Rd and Eastview Prkwy	290 units incl. 32 Avesta	2006	Mixed use development, 1 commercial lot (only a portion affordable)
Map 48, Lot 4 Cascade Inn Property at 941 Portland Rd	4 units	2006	Multi-use. Zoned B-6, BP and C-1
Map 65, Lot 19-1 Kimball Health Center, 333 Lincoln St.	11 units	2009	To establish 10 efficiency apartments for homeless veterans
<i>Not built, in approval:</i>			
Map 33, Lot 25-1 439 Main Street	31 units	2009	Elderly congregate care facility for up to 40 dwelling units.

Source: City of Saco

## E. Owner Issues

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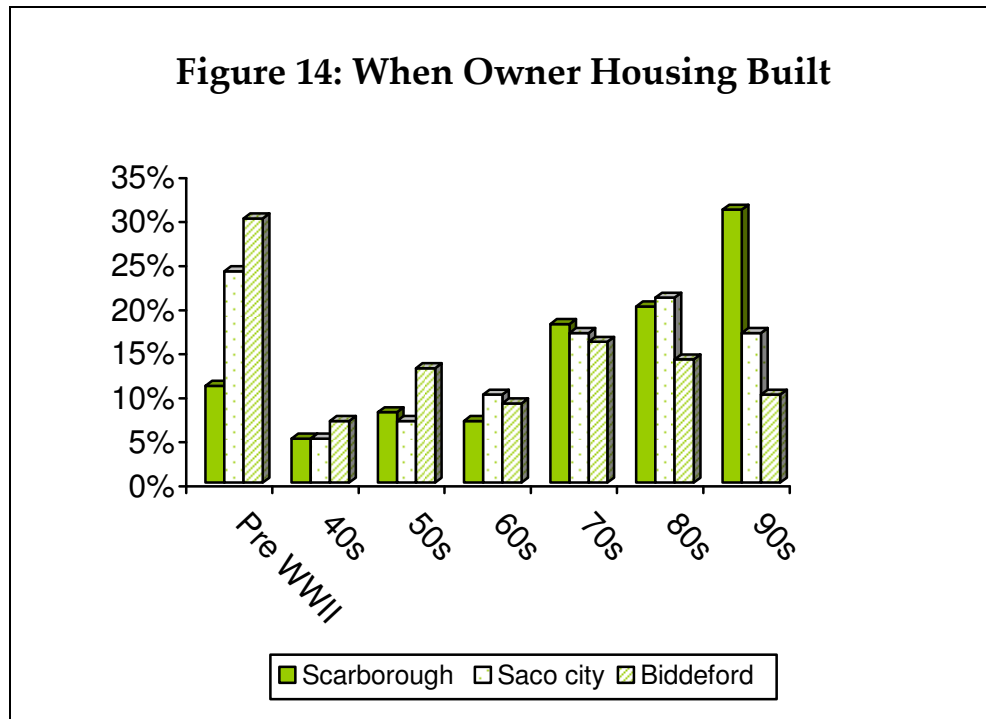
Two out of three Saco households own their own home. As with rental housing, Saco is positioned in the “middle” of home values in the region (Figure 13). It is less expensive than Scarborough, but more expensive than Biddeford and outlying communities like Buxton.



*Source: Saco Assessing Department; Maine State Housing Authority*

And, as with rental housing, the homeowner stock in Saco is older than that in Scarborough, and newer than that in Biddeford (Figure 14).

**Figure 14: When Owner Housing Built**



Source: U.S. Census, 2000

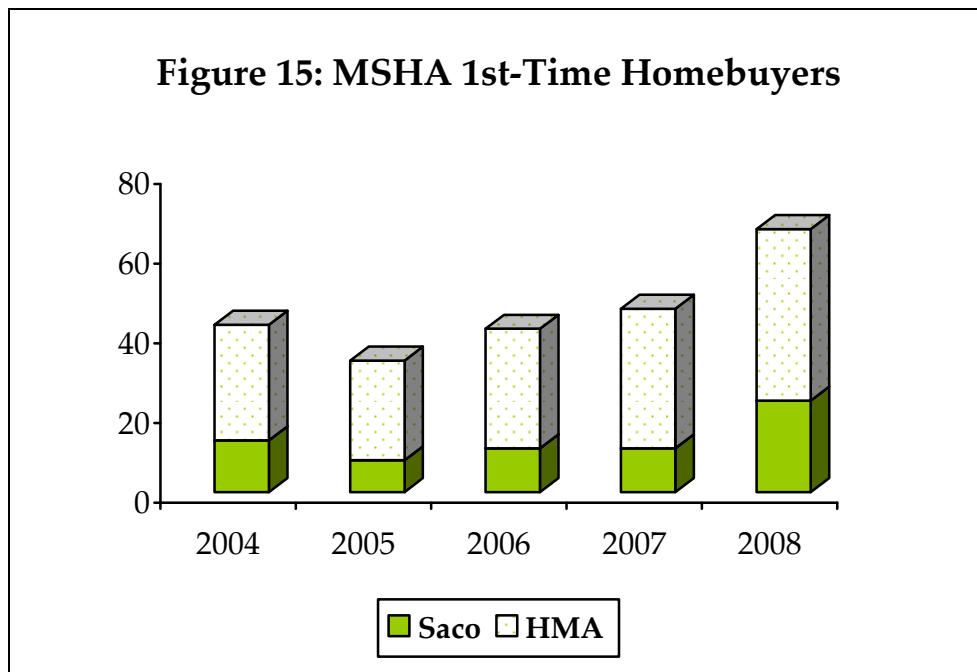
Local realtors describe Saco as a desirable location, between Portland and Portsmouth, and with a nice downtown and nearby beaches. *The housing market in Saco is more expensive than in surrounding communities, so that people looking for less expensive homes to purchase often look out of the city. A home that would cost \$250,000 in Saco for example might be \$199,000 in Lyman, Arundel, or Dayton.* Right now, with prices a little lower and decent interest rates available, realtors report they are seeing people who already own a home elsewhere but who have family ties to Saco selling their homes and buying in the city.

Despite the lower prices, local observers say that first-time homebuyers still have a hard time buying in Saco, whether they are looking to buy a new or existing home. *For new homes, the cost of land is too high for housing to be affordable -- a lot would need to be available for less than \$50,000 to make a house under \$200,000 feasible. Of 65 lots currently available, the least expensive is \$64,000. The least expensive new home in a subdivision is \$225,000. High municipal impact fees -- which can run around \$17,000 -- also contribute to higher prices* (though the ordinance has a provision that enables the

Council to set aside open space and recreation impact fees on affordable houses – sewer impact fees do not have this provision). A York homebuilders study shows that for every thousand dollars that is added to the house price, hundreds of households are priced out of the market.

Local realtors describe that among existing homes, there are foreclosures available, but they are often in need of a lot of work, which first-time homebuyer loans from FHA don't allow. *Timing is also an issue, as foreclosure sales can drag on for many months. Few homes for sale in Saco are priced affordably. Of 122 single family homes currently for sale in Saco, just 22 are priced under \$200,000. Condos are another option for first-time buyers, with prices ranging from \$125,000 in mills to \$300,000. The realtors said they are appealing especially to single women because they are low maintenance, safe, and affordable on one income. There are currently 44 condos on the market, 22 of which are under \$200,000, all 2- bedrooms.*

Despite these issues, Saco is attractive to first-time buyers, as is evidenced by the fact that Saco consistently attracts about a third of 1<sup>st</sup>-time regional buyers (Figure 15).



Source: Maine State Housing Authority



The fastest-growing group in the area is older households. By 2014, 50% of the households in the Saco Housing Market Area will be age 55 and older (Figure 8, page 15).

According to participants in Saco’s public meeting, it will not be easy to attract such households. *There are no lot sizes below 7500 square feet. Frontages of 75 feet are required. The minimum cost of a new house is \$110,000 for a 960 square foot home. The lot can’t be priced more than \$40,000 or \$50,000 (including impact fees) to make the new home affordable. Some older people ask, “Why can’t I get a house in Saco like I’ve seen in Florida?”*

In response to the concerns raised at the meeting, Planning Decisions examined land for sale in Saco and surrounding towns in October, 2009. The finding is that, indeed, house lots in Saco are very expensive -- \$78,000 for a building lot with sewer and water, and \$89,000 for lot without sewer and water. However, lots in surrounding towns are very expensive, too.

**Table 29: Average Price per Lot in Saco Housing Market Area**

	With Water/Sewer	Without Sewer/Water
Saco	\$78,041	\$89,617
Hollis	\$81,950	\$98,031
Lyman	n/a	\$115,718
Buxton	n/a	\$77,350
Dayton	\$79,900	\$71,333
Arundel	\$59,900	\$89,100
Biddeford	\$62,217	\$76,647
Scarborough	\$125,581	\$147,531
Old Orchard Beach	\$78,620	\$150,338

*Source: MLIS, October 30, 2009; excludes waterfront and commercial properties*

Another issue is parking requirements. The City requires 2 spaces for each single family unit, and an additional 1 space per unit for 6-unit buildings. This requirement adds to development costs.

The other group that is growing rapidly is aging baby boomers. They are looking to downsize, and often fall between the cracks in income. Affordable options like modular and manufactured housing aren't available. Fees for condominiums are high.

They want to downsize, but they can't sell and can't get a fixed rate mortgage. Condominiums are available, and the maintenance-free living is attractive. Apartments, mobile home parks, and "housominiums" also offer moderate-cost alternatives.

Genesis, an affordable housing organization, is currently working with the City of Saco to develop a mobile home cooperative. While this is a new model for Maine, in New Hampshire, 94 out of 440 mobile home parks are cooperatively owned. The Genesis program manager said that there are currently 22 units in the park, with an additional 48 acres zoned for mobile homes; an additional 82 units will make cooperative ownership financially feasible. *Federal money will help pay for the infrastructure and Saco Community Development Block Grant funds will pay for the extension of sewer and water to the park to facilitate the additional units. The project will feature a community-friendly design, including walking trails. 42 of the units will target households below median income, and 62 units will target households with less than half of the area median income. An energy-efficient, ranch style mobile home can be built for a low cost. Genesis will help build the infrastructure, get the organization set up, and hire the management. Residents will apply for a 20-30 year mortgage, at the end of which they will own their mobile home. A covenant will keep the homes affordable. Genesis will use a Maine Housing Authority 4% tax credit to buy 50 units, which it will lease to own for people with credit issues. The organization will have an ongoing role in providing technical assistance.*

The director of the housing program at the York County Community Action Corporation (CAP) said that in general, high prices for housing in Saco mean that there are few homes available to those earning less than 80% of the area median income, which is the group that the CAP's housing program targets (Table 30). *Out of 63 home closings the agency helped people with last year, only 1 was in Saco (although not everyone wants to live in Saco, this is still a very low percentage). The dilemma is that Saco is*

*a nice town to live in and people want to live there, which drives prices up and pushes people to Biddeford and Old Orchard Beach for more affordable homes.*

**Table 30: HUD Income Limits for Saco, Maine**

# in Household	1	2	3	4	5	6	7	8
<b>Very Low (50% Median)</b>	\$21,500	\$24,550	\$27,650	\$30,700	\$33,150	\$35,600	\$38,050	\$40,500
<b>Extremely Low (30% Median)</b>	\$12,900	\$14,700	\$16,550	\$18,400	\$19,850	\$21,350	\$22,800	\$24,300
<b>Low (80% Median)</b>	\$34,350	\$39,300	\$44,200	\$49,100	\$53,050	\$56,950	\$60,900	\$64,800
Median Income = \$60,300								

*Source: www.HUDuser.org*

Another issue in for Saco homebuyers is energy efficiency. Realtors report that buyers won't go over a 2% premium for energy improvements. *More buyer education is needed with regard to the payback on energy improvements. More needs to be done at the local and state level to encourage energy conservation.*

## **F. Energy Efficiency**

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### 1) City Initiatives

Saco has established itself as a leader in alternative energy and energy efficiency among Maine communities.

The Saco Energy Committee, which includes a city councilor and five city personnel, was formed in the spring of 2005. The Committee meets regularly to investigate means of conservation, efficiency and renewable energy. In 2005, the Committee accepted "The Governor's Carbon Challenge," a state voluntary carbon emission reduction program; in 2006 Mayor Johnston signed on in support for the US Mayors Climate Protection Agreement, which calls for action to reduce global warming pollution.

Members of the Committee have attended courses and seminars to better understand how to promote energy conservation so that they may educate others. Based on committee recommendations, Saco has made significant energy efficiency investments, including replacing regular light bulbs with compact fluorescent lights, replacing many of the city's departmental refrigerators with significantly more efficient ones, and converting all traffic lights in the city from bulbs to light emitting diodes (LED).

Over the past two years, Saco has invested in two wind turbines: a 100-foot one at the new train station on Saco Island and a 33-foot turbine at the wastewater facility, the city's largest energy consumer. Other renewable energy technologies being implemented at the wastewater treatment plant include solar panels, high efficiency motors and pumps and other equipment upgrades to optimize energy efficiency and conservation.

## 2) Saco Weatherization Needs

4 out of 5 Saco homes use heating oil for heat (Table 31).

**Table 31: Housing Units Using Fuel Oil for Heat, 2000**

	Saco		Maine	
Housing Units	6,801		518,200	
Using Fuel Oil as Heat	5,637	83%	415,420	80%
Owner-occupied	4,104	73%	311,955	75%
Renter-occupied	1,533	27%	103,465	25%

Source: U.S. Census

These residents are susceptible to volatile fuel prices. Lower income households are particularly vulnerable. Table 32 below shows the effects on households in the Greater Portland Area at different incomes levels as oil prices rise.

**Table 32: Fuel Expenditure of Owner-Occupied Households by Income in the Greater Portland Area**

Income	Annual Fuel Oil Expenditure 2006	% of Income Spent on Fuel Oil 2006	Projected Annual Fuel Oil Expenditure 2008	% of Income Spent on Fuel Oil 2008	Increase in Fuel Oil Expenditure 2006-2008	Increase in % of Income Spent on Fuel Oil 2006-2008
less than 50% AMI	\$1,400	8.33%	\$2,184	13.00%	\$784	4.67%
50-80% AMI	\$1,500	4.09%	\$2,340	6.38%	\$840	2.29%
80-120% AMI	\$1,500	2.56%	\$2,340	3.99%	\$840	1.43%
120% or more	\$1,500	1.45%	\$2,340	2.26%	\$840	0.81%

Source: *Housing Affordability in Maine*

Note: "2006" numbers reflect the winter of 2005-2006; "2008" numbers project the winter of 2008-2009. 2006 oil price = \$2.32/gallon; 2008 oil price = \$3.62/gallon

Incomes are as of 2006

Weatherizing Saco’s housing would result in significant energy and cost savings for these and all Saco residents. The Maine State Housing Authority estimates that it costs on average \$3000 to weatherize a housing unit (either a single-family home or a single unit in a multi-family building). Assuming 739 gal/year usage, the average household will save \$500/year after weatherization (Maine State Housing Authority). It takes just 6 years for a weatherization to pay for itself (Table 33).

**Table 33: Costs and Benefits of Weatherizing Saco Homes**

	Individual	Citywide
Annual fuel usage	739 gallons	5,025,939 gallons
Cost to Weatherize	\$3000	\$20,403,000
Annual Savings as a Result of Weatherization	\$500	\$3,400,500

The State of Maine has established a goal of weatherizing all housing in the next twenty years. Additional resources will be available, including at least \$52 million in state and federal funds in 2010.

The state has several programs in place to assist homeowners with energy efficiency improvements. MaineHousing’s Weatherization Program and Central Heating Improvement Program (CHIP) provide grants to low-income homeowners and renters to improve home energy efficiency and perform energy-related repairs. The Home Energy Loan Program (HELP) provides very low interest rate loans to low- and moderate-income homeowners to finance improvements to make their homes more energy efficient. The Appliance Replacement Program is designed to help low-income households reduce their energy costs through replacement of older refrigerators and other home appliances that are inefficient and expensive to operate. The Pre- 1976 Mobile Home Replacement Pilot Program provides low-income homeowners of pre-1976 mobile homes low interest and no interest ENERGY STAR® mortgages to purchase new, ENERGY STAR rated replacement mobile homes.

## G. Quality of Life

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The Saco City Council has adopted a vision in its 2006 Strategic Plan that emphasizes the provision of a “high quality of life” for Saco citizens, and sets as its first goal the revitalization of downtown. The vision reads in full:

*Our vision is a high quality of life for Saco citizens and central to this vision is a sustainable economy that offers an opportunity for everyone to have rewarding employment and for business to prosper, now and in the future. The people of Saco bring this vision into reality by working together and building on our tradition of hard work, dedication, and ingenuity.*

Saco residents feel good about their community. Over 30% feel it is an “excellent” place to live, and 50% consider it a “good place” to live, according to a scientific telephone survey in October 2007 by the Pan American SMS Group. Asked to rate different aspects of the community on a 1-5 scale, with 5 being “excellent” and 1 being “poor,” residents gave high marks to:

- Image of Saco as a place to live 4.35
- As a place to raise children 4.29
- Overall quality of life 4.21
- Overall image of Saco 4.12

City emergency services also ranked highly:

- Overall quality of fire and ambulance service 4.48
- Overall quality of police services 4.24
- Overall feeling of safety 4.22

At the May 22, 2009 public forum, citizens described Saco’s “niche,” its quality of life and special character, in terms of these attributes:

- *Close commute to Portland*
- *Lower tax – affordable*
- *Train – access to Boston for jobs and entertainment*
- *Nicer to raise family*
- *Green space*
- *Good schools – high school especially*
- *Well managed*
- *Downtown, library, museum, restaurants*
- *Near other amenities*
- *Safety*
- *Access to health care*
- *Near to kids (i.e., southern Maine\_*
- *Cultural activities – concerts, etc.*
- *The ocean!*
- *Turnpike access*

Two markets are important to Saco’s future residential attractiveness. The first is Greater Portland. In the past, the Saco-Biddeford area may have been seen as a “mill town” region, and not attractive to live in. Over the last twenty years, there has been increased commuting back and forth, and the attractions of Saco are better known.

**Table 34: The Increasing Interaction of Saco and Greater Portland**

	Work in Saco, Live in...		Live in Saco, Work in...	
	2000	2006	2000	2006
Portland	253	362	1,657	1,638
South Portland	104	186	643	876
<b>Total</b>	<b>357</b>	<b>548</b>	<b>2,300</b>	<b>2,514</b>

*Source: U.S. Census*

One obstacle to continued growth is the heavy traffic along Route 1. If the rail corridor created by the new train station were to allow a rush-hour trolley service, the Portland-Saco connection would make a quantum leap.



A second market is out of state in-migrants – either retirees or young people. Real estate professionals report that the Saco area is attractive to out of state buyers –near to the ocean, less expensive, near to the airport and train service. This market has been disrupted by the recession, but should come back strongly in the coming five years.

A key to attracting both of these groups is Saco’s success in continuing the momentum for revitalization on Saco Island and in the downtown. The new train station on Saco Island, as well as the windmill, has given a “green” image to Saco for those passing by on the train, and this is an image that is desirable. The Island Point development offers to bring new houses, offices, and stores to the center of Saco. The ability to leverage the train station to accommodate commuter as well as Amtrak passengers; the success in relocating the trash facility in Biddeford; and the adding on of additional recreational amenities in the area – all are important to ensuring the chances of success of the Saco Island development.

## **H. Recommendations**

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Based on the prior Comprehensive Plan, and this update, the following are proposed to be the *goals* for Saco's housing strategy:

1. Continue to be an attractive place for families and singles, retirees and working people, young and old, to live with a high quality of life. This is important both the future economic development of the community, as well as to its vitality and livability. To attract a diversity of people, Saco's housing must also be diverse – in size, location, tenure, density, and cost.
2. Continue to develop as a “green” community – meeting the state goal of weatherizing all homes in the next twenty years.
3. Continue to develop as a “balanced” community – with a goal of having at least 10% of new housing affordable to households with low and moderate incomes.

The City of Saco has a record of accomplishment in striving to achieve these goals. Its housing stock presently offers a range of housing options. Its zoning provides for multi- and single-family housing at a variety of densities. The City has applied for grants and provided contract zoning arrangements to help many affordable housing projects succeed.

Based on the analysis in the preceding sections, the following are additional strategies to help the City meet its goals:

1. **Consider permitting additional modular home parks**

Manufactured housing is an important option for affordable, good-quality housing. The effort to develop a cooperatively-owned manufactured housing development at Country Village is now underway with the support of the City. The potential benefits of this project will be affordable housing of good

quality, managed by the residents for long-term success. This approach has a great potential to provide affordable, owner housing in an environment managed for long-term stability. The Country Village project will test public interest in this kind of housing. If the market is strong, the City could consider creating cooperative manufactured housing development use. This would be an alternative definition to the traditional state mobile home park use. Based on the success of Country Village, this use could be allowed in additional districts within Saco.

**2. Zone additional land for multi-family housing.**

With its train station, its access to the Turnpike, and its own active local economic development program, Saco is an ideal location for workforce housing. However, the City currently has little available vacant land, serviced with sewer and water utilities, for such housing. There are two possible locations for additional land zoned for multi-family housing.

The first is in the land in the industrial and highway business zones, adjacent to the downtown and Turnpike exit. This land is near to sewer and water utilities. The City should study whether there are sections of this area that might be zoned to allow mixed use residential housing as well as commercial uses. The area adjacent to North Street; the area near to Spring Hill Road north of the Turnpike exit; and “backland” away from the road in both areas; are all possibilities. This must be done carefully, and with buffers for the residential use against other industrial uses and Turnpike noise.

The second possible location would be in existing in-town residential neighborhoods, like the R1D district. Lot size requirements could be reduced, and multifamily housing allowed, in order to encourage new units.

**3. Review existing parking standards to ensure that they are appropriate.**

The provision of parking is an obstacle to infill housing in the built-up neighborhoods, and an expense to multi-family housing anywhere. Saco’s

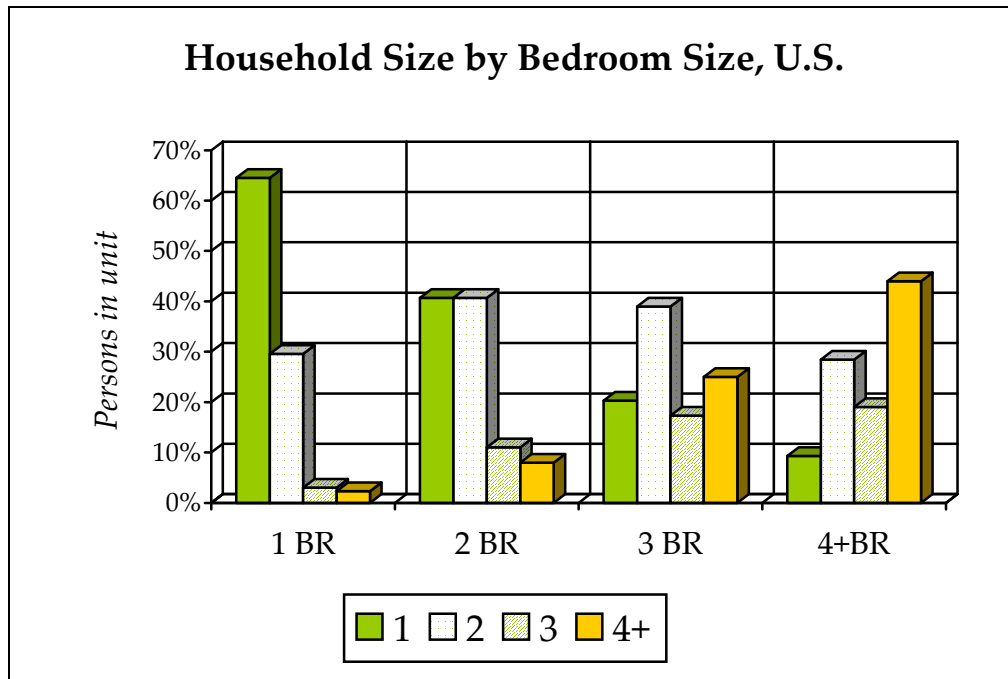
existing ordinance requires that a new multifamily building provide 2.17 parking spaces per unit (two per unit, plus one guest spot for every six units).

Between 1990 and 2000, the fastest-growing household segment in Saco was one-person households – accounting for 337 of the total increase of 862 households. In 2000 Census, 40% of renters in Saco were 1-person households (947 of 2,301). It is not appropriate to require 2.17 parking spaces for households with one person and one car.

This is even more the case with housing within walking distance to Main Street and Saco Valley Shopping Center retail opportunities, as well as the Hannaford Plaza, public transportation, and the Saco Transportation Center. These households may be expected to have less car use, and less need for cars, than households located elsewhere in the community.

Finally, large expanses of paved parking lots are a detriment to the liveliness of downtowns, and visually unappealing in residential neighborhoods. A minimum of parking is obviously needed by any development, but to the extent that the excess is required, it adds unnecessary costs and detracts from the attractiveness of the project.

One way to deal with this would be to have different parking requirements for different bedroom mixes. As the chart below shows, over 60% of 1-bedroom residents are single people; where only 20% of 3-bedroom units are single people.



*Source: American Housing Survey, 2007*

**4. Continue to use the contract zoning tool to encourage affordable housing in a way that ensures local control.**

The current practice of the City of Saco is to use the contract zoning mechanism to make significant zoning adjustments for affordable housing projects. The advantage of this approach is that it keeps the control of affordable housing proposals at the City Council level, where neighbors and interested citizens can comment on and influence the shape of the project. This approach is working for affordable housing in Saco, and should continue.

**5. Consider the creation of an “Affordable Housing Floating Zone” within the higher-density neighborhoods of Saco.**

For projects that don’t need the dramatic rezonings required for contract zoning procedures, a more integrated and predictable set of incentives might be in order. That could be accomplished with an affordable housing “floating zone” within the existing high-density neighborhoods. The zone could

provide an affordable housing developer leeway on different zoning requirements within a district, based upon a finding by the Planning Board finding that certain conditions are met. This might allow the affordable housing developer 10% or 20% leeway on requirements related to:

- Density in the existing zone
- Building height
- Parking spaces
- Setbacks

The definition of affordable housing would be up to the ordinance. It might include any projects in which tenants or buyers receive subsidized rates through state or federal housing agencies. It could also include accessory apartments or other small developments in which the developer does not get specific subsidies, but in which the rents or sale prices are determined (perhaps by a local nonprofit group like Avesta) to serve households defined as low or moderate income by the federal government.

**6. Consider allowing sewer and CSO impact payments to be paid over time.**

Currently sewer and CSO impact fees are due upon the issuance of a building permit. This is a large financial hit to homeowners adding an accessory unit, or to developers creating new housing, and it comes before there are any financial returns (in terms of rent payments) for the housing.

Some have suggested eliminating this fee for affordable housing projects, as is done for the open space and recreation fee. The difference is that the sewage plant expenditures have to be paid one way or another, and if they are not paid by affordable housing developers, they will be paid by other Saco property taxpayers.

An alternative to reducing or eliminating these fees is to stretch out their payments. If the fees could be paid over a 3 to 5 year period, for instance, the homeowner or landlord or developer could work the payments into the rent structure or sales prices of units.

## **7. Create a City Housing Development Fund**

The previous recommendation discusses the creation of a City Housing Development Fund. Such a fund could be supported by fees from the replacement housing ordinance, Community Development Block Grant programs or income, Housing Tax Increment Finance District revenues, private grants, municipal contributions, and other sources.

The Fund could be used, with the approval of the City Council, for such purposes as:

- Paying the sewer impact fees and other City fees for affordable housing proposals;
- Paying for City infrastructure to support affordable housing developments;
- Paying for second mortgages or other such tools to reduce the initial purchase price of affordable owner housing;
- Building affordable housing units.

The \$150,000 settlement of the Riverview Apartments UDAG issue could provide seed money for this fund. The City Council would be responsible for deciding when and how to use this money.

## **8. Continue to aggressively assist affordable housing developers to obtain grants and other financial assistance.**

The City has been a partner with many nonprofit organizations – Avesta, Genesis, Volunteers of America, Wardwell -- in applying for and obtaining financial assistance for individual affordable housing projects in Saco. The landscape for grants is continually changing, so it is impossible to predict what will be available in future years. However, the City of Saco should continue to cooperate with projects and proposals that meet identified housing needs in the community, in ways which support the balance and strength of neighborhoods.

**9. Promote weatherization, conservation, and energy diversification.**

This can be done both by taking advantage of state funds available for these purposes. In 2009, Maine is spending about \$15 million from state and federal sources to help Maine owners weatherize 3,800 homes. For 2010, Maine has \$52 million of state and federal funds earmarked for weatherization already, and other grants in process could raise the figure as high as \$100 million – somewhere in the range of 4 to 6 times as much activity. This assistance will be available to middle-income homeowners as well as low-income renters and homeowners. The State goal is to weatherize every housing unit in Maine in the next twenty years.

The City of Saco should educate its citizens about how to take advantage of these resources. A table could be set up in City Hall with brochures and agency contact information. A newsletter could be sent out with the tax bills, with relevant program and contact information.

There may also be opportunities for Saco to apply to be a “demonstration city” for one or another of these weatherization programs, or for programs that promote the use of alternative fuels for heating (including natural gas). This is one way for Saco to continue to build its image as a green city, while helping its residents to save money.

Finally, while Saco does not have a concentration of substandard housing in any one place, it does have many older homes, both single and multi-family, that need weatherization and upgrading. The City could consider applying for Community Development Block Grant (CDBG) funds from the Maine Department of Economic and Community Development to set up a revolving loan fund for weatherization and rehabilitation assistance for rental and owner units occupied by households of low and moderate incomes.