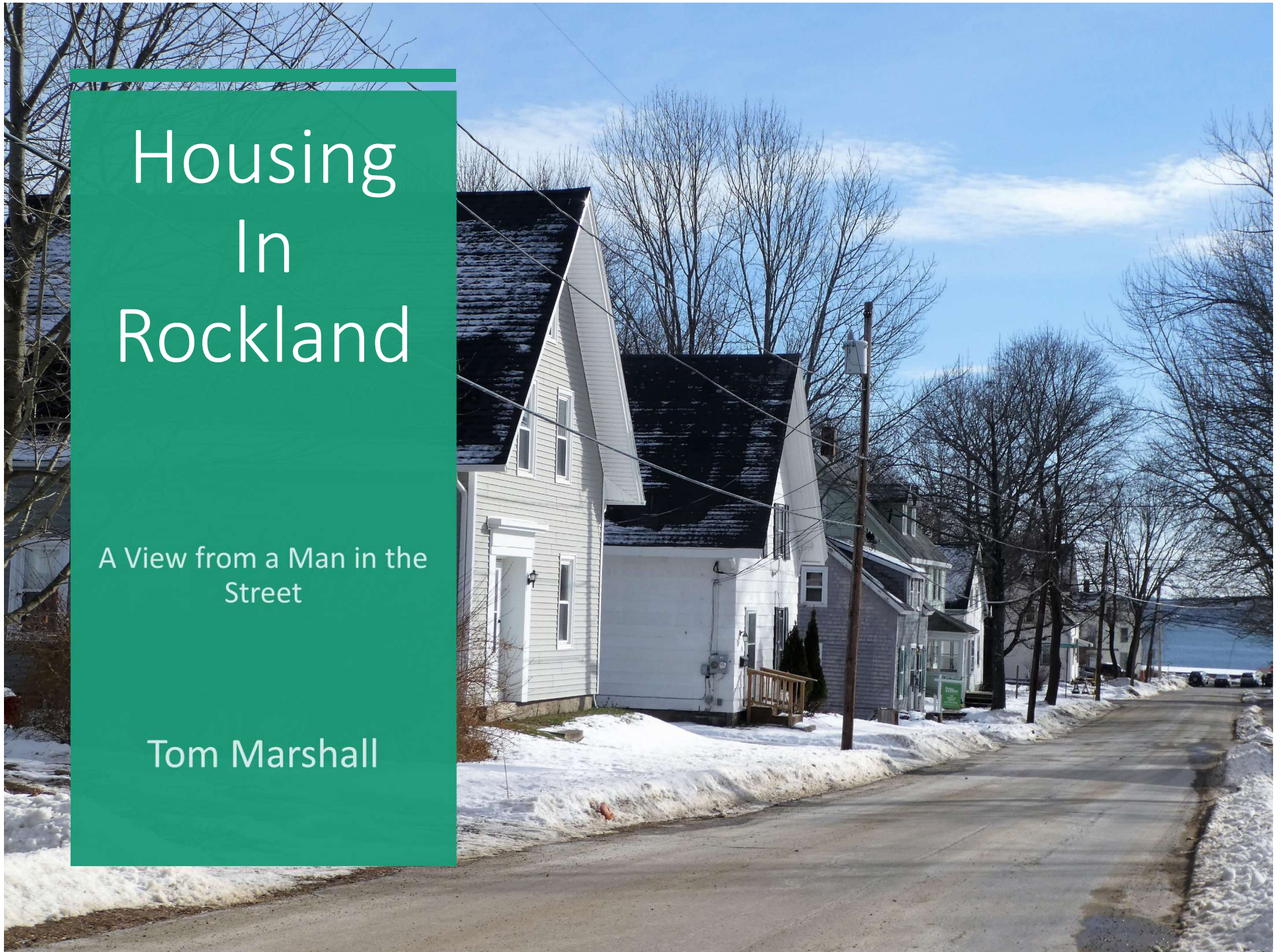# Housing In Rockland

A View from a Man in the Street

Tom Marshall

Topics

Rockland's changing demographics and quality of housing

- Population
- Inventory

The question of Affordability

- Measurement 'then and now'
- Relationship of Income and Cost in the Community
- Sort Term Rentals (STRs)
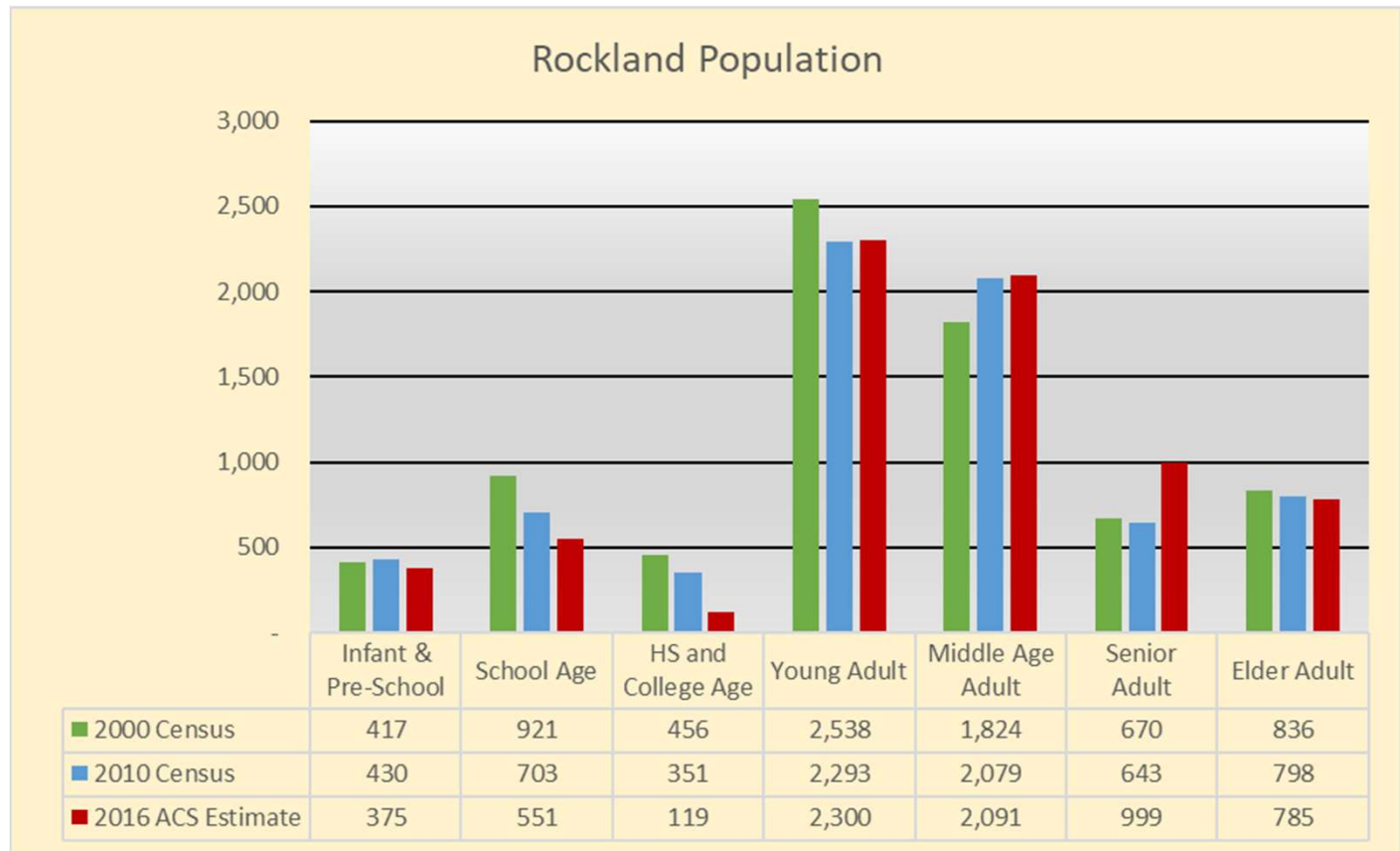
An Approach to Planning

- SWOT Analysis
- Needs
- Neighborhoods

Housing Population Changes 2000 - 2016

Total Population
- 2000: 7,662
- 2010: 7,297
- 2016: 7,220
- CAGR: -0.4%

Median Age
- 2000: 41
- 2010: 43.5
- 2016: 48

Grouping	Age Bracket
Infant & Pre-School	Under 5
School Age	5-14
HS and College Age	15-19
Young Adult	20-44
Middle Age Adult	45-64
Senior Adult	65-74
Elder Adult	Over 75

Rockland Population

|	Infant & Pre-School	School Age	HS and College Age	Young Adult	Middle Age Adult	Senior Adult	Elder Adult
2000 Census	417	921	456	2,538	1,824	670	836
2010 Census	430	703	351	2,293	2,079	643	798
2016 ACS Estimate	375	551	119	2,300	2,091	999	785

Analysis:
- Population growth has been flat for last six years
- Biggest decrease has been at HS & College Age, but will grow in next few years to 20 year high
- Influx of Millennials and Boomers with similar housing needs

Business & Payroll 2011-2015

Analysis:

More work for higher pay from the existing business base

- The number of businesses is level

- The number of employees has grown annually by 2.7%

- The payroll has grown by 4.7%

Rockland Business Payrolls
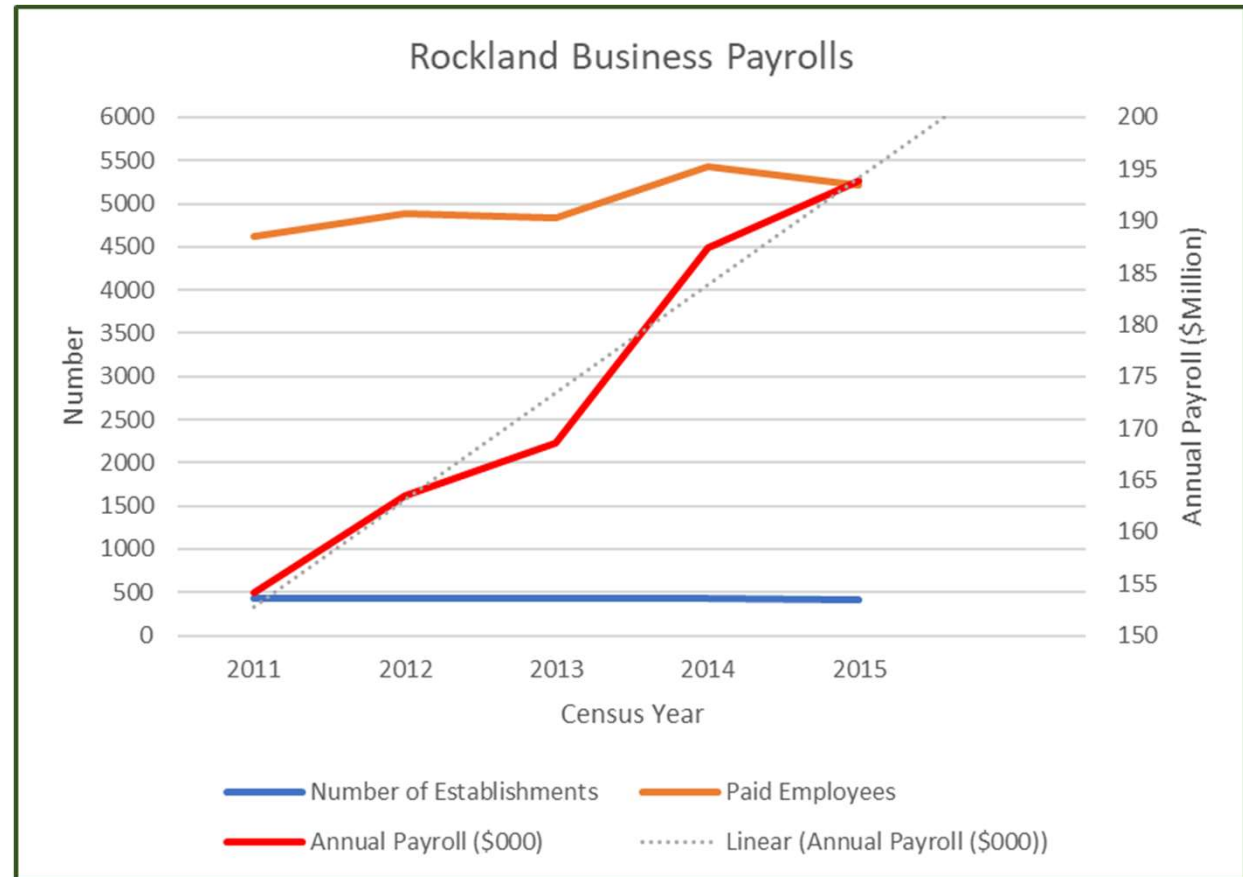
Year	2011	2012	2013	2014	2015	CAGR
Number of Establishments	429	429	428	426	419	-0.47%
Paid Employees	4,616	4,883	4,831	5,426	5,212	2.46%
Annual Payroll ($000)	154,116	163,433	168,603	187,443	193,904	4.70%
Average Employee ($000)	33.4	33.5	34.9	34.5	37.2	2.19%

Update: Types of Residential Units

UNITS IN STRUCTURE	2000	2016	CAGR%	Share %	ME Share%
Total Housing Units	**3,752**	**4,149**	**1.7%**		
1-unit, detached	1,977	2,216	1.9%	53%	67%
1-unit, attached	115	140	3.3%	3%	3%
Total Single Family	**2,092**	**2,356**	**2.0%**	**56%**	**70%**
2 - 4 units	926	821	-2.0%	20%	12%
5 to 9 units	234	309	4.7%	7%	4%
Over 10 Units	302	455	7.1%	11%	5%
Total Multi-Family Units	**1,462**	**1,585**	**1.4%**	**38%**	**21%**
Mobile home	**125**	**208**	**8.9%**	**5%**	**9%**

Analysis:
- *Growth was greatest in Mobile Homes followed by Multi-Family 10+ Units segment and slowest in the Single-Family Detached Units*
- *Rockland has a higher share of Multi-Family dwellings than for the State of Maine*
- *Along with higher income, this type of growth contributed to a higher Affordability Index in the renter category*

Update: Condition of Residential Units

YEAR STRUCTURE BUILT	2000	Share%	2016	Share%
Total housing units	**3,752**		**4,146**	
Built 2014 or later	-		34	1%
Built 2010 to 2013	-		19	0%
Built 2000 to 2009	35	1%	222	5%
Built 1990 to 1999	253	7%	383	9%
Built 1980 to 1989	409	11%	463	11%
Built 1970 to 1979	419	11%	284	7%
Built 1960 to 1969	262	7%	284	7%
Built 1940 to 1959	458	12%	304	7%
Built 1939 or earlier	1,916	51%	2,153	52%

Analysis:
- *85% of Housing is over 25 years old*
- *Reclassification may explain units older than 1959*
- *Demolition and rehabilitation between residential and commercial units may explain other variations – we are repurposing, recycling, and renovating*
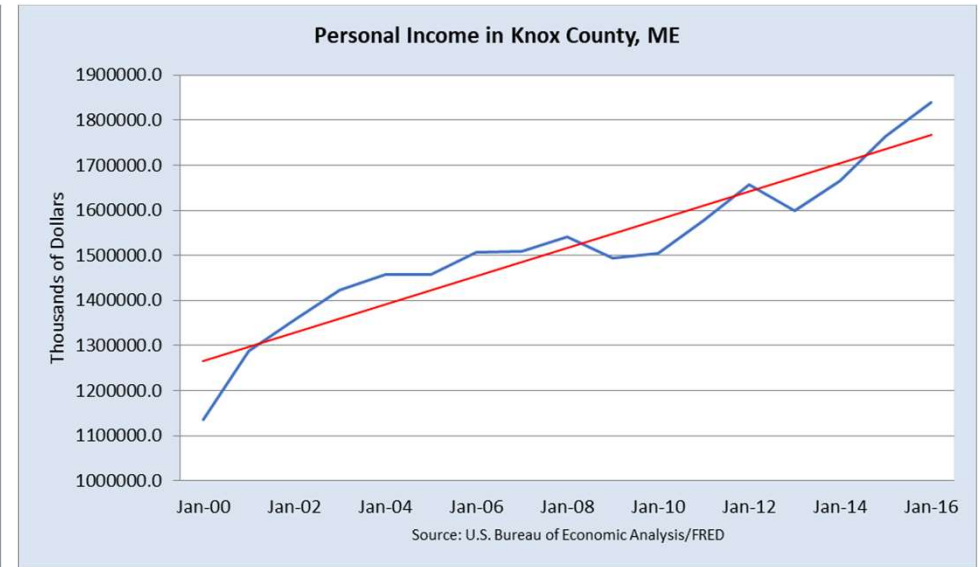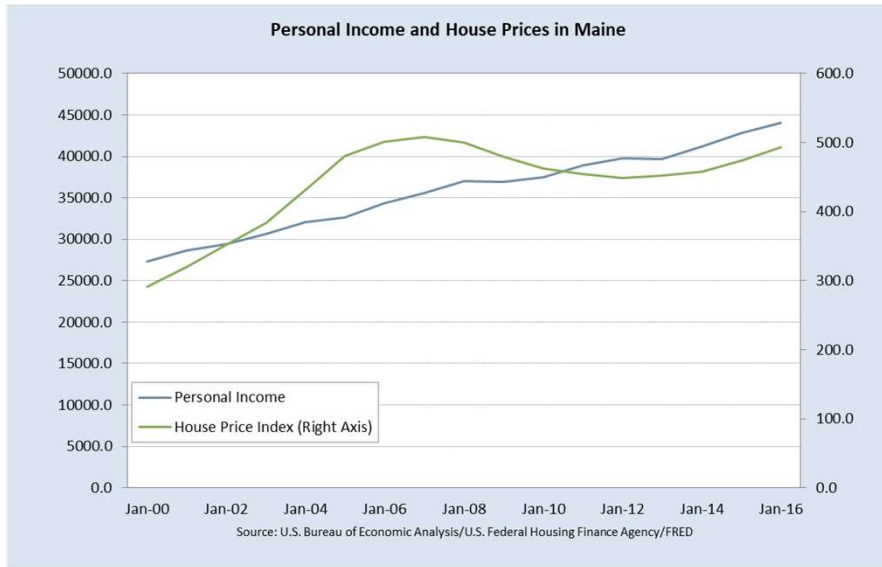
Update: Affordability

- In 2001 the Maine State Housing Authority calculated Rockland's Affordability Index as .73 and the Rockland Micropolitan Index as .86
  - ➢ The Goal at the time and now is an Index of 1.0
- In 2013 the MSHA split the calculation into an index for Home Ownership and an index for Renters
- Since 2014 the Rockland Micropolitan Index for Homeownership has EXCEEDED the 1.0 Goal
  - ➢ In 2016 Rockland's Homeownership index was .99 and the Rockland Micropolitan Index was 1.07
- Since 2016 the Rockland Micropolitan Index for Renters has EXCEEDED the 1.0 Goal
  - ➢ In 2016 Rockland's Renter Index was 1.03 and the Rockland Micropolitan Index was 1.07

Analysis:
- Rockland and the Rockland Micropolitan Area have met the goals of Affordability

Personal Income and House Prices in Maine
Source: U.S. Bureau of Economic Analysis/U.S. Federal Housing Finance Agency/FRED

Personal Income in Knox County, ME
Source: U.S. Bureau of Economic Analysis/FRED

Analysis:
- *Affordability is a **relationship** between income and the price of housing. Income should go up faster or stay at the same rate as price for Rockland to remain affordable.. Or rents and mortgage financing must fall or remain stable*
- *Currently income and prices appear to trending together*

Transitional Housing – A Continuing Need
Data from Knox County Homeless Coalition

- The homeless come from
    - Emergency Shelters (13%)
    - Friends or Family Members no longer able to provide space (44%)
    - Inhabitable location (19%)
    - STR w/o emergency voucher (6%)
- Access constraints
    - 72% have no access to a vehicle
    - 78% have no dentist
    - 38% have no doctor
    - 56% report mental health challenges
- Income and rent support
    - None reports income over $10,000 annually
    - Knox County VPS is $1,222/3BR $1,391/4BR
    - Rare to find units of this size, rarer at VPS
- ***Currently seeing an increase of 2-5 person households***

Household
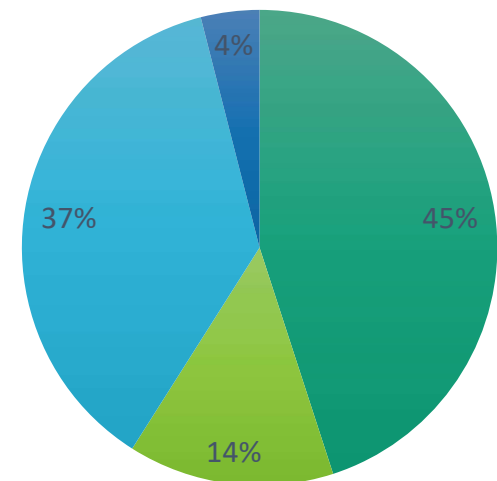
- Single Adults
- 2 Parents w/Children
- 1 Parent w/Children
- 2 Adults w/o Children

575 Cases in 2017
560 Cases in 2016
290-320 Average Cases Monthly
50% Homeless
50% Gaining Independence

The Short Term Rental Puzzle
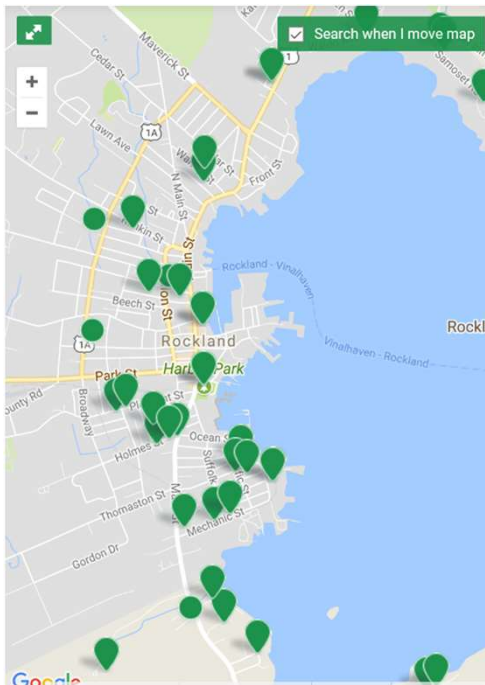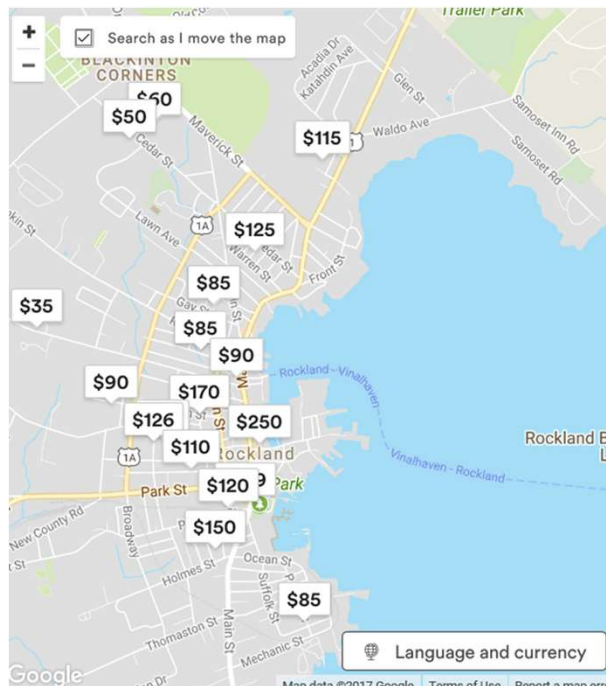## Comparison of Rates by Day *(12/15/2017)*

'To afford their homes, some people rely on renting spare room for the income' (the elderly, empty nesters, small families in large houses) …

'at the same time, some *non owner-occupied* STRs reduce the multi-family housing stock'

Richard Taylor, Maine State Housing

59 listings on AirBnb $74/Bed

41 Listings on VRBO $88/BR Avg

Maine Housing*
- 16 Units (2 Br Avg)
- $7.73 daily per BR

Realtor.com Rentals
- 7 units (1.4 Br Avg)
- $14.10 daily per BR

*age/income reqmts, many listings with waiting list

From an investor's perspective, what provides highest return for the risk?

How might one plan Rockland's Housing?

Start with:

Current Market Data

Impacts of Tax Law

Financial Environment

Strengths, Weaknesses, Threats and Opportunities

Residential Market Trends 2015-2017
(based on Realtor.com *listings**)

Rockland, ME Real Estate Market Trends ⓘ

Median Listing Price	**Median Listing Price/Sq Ft**	1 Yr 2 Yr **3 Yr**

— Rockland, ME 🔍 — Rockland, ME

Analysis:
- *Trends suggest price per sq foot has increased from $80 to* *$125* *in the last 18 months (CAGR of 95%!!!)*
- *Portland ME has increased from $168 to* *$248* *in the same period (CAGR 79%)*
- *Implication of migration from Portland to Rockland?*

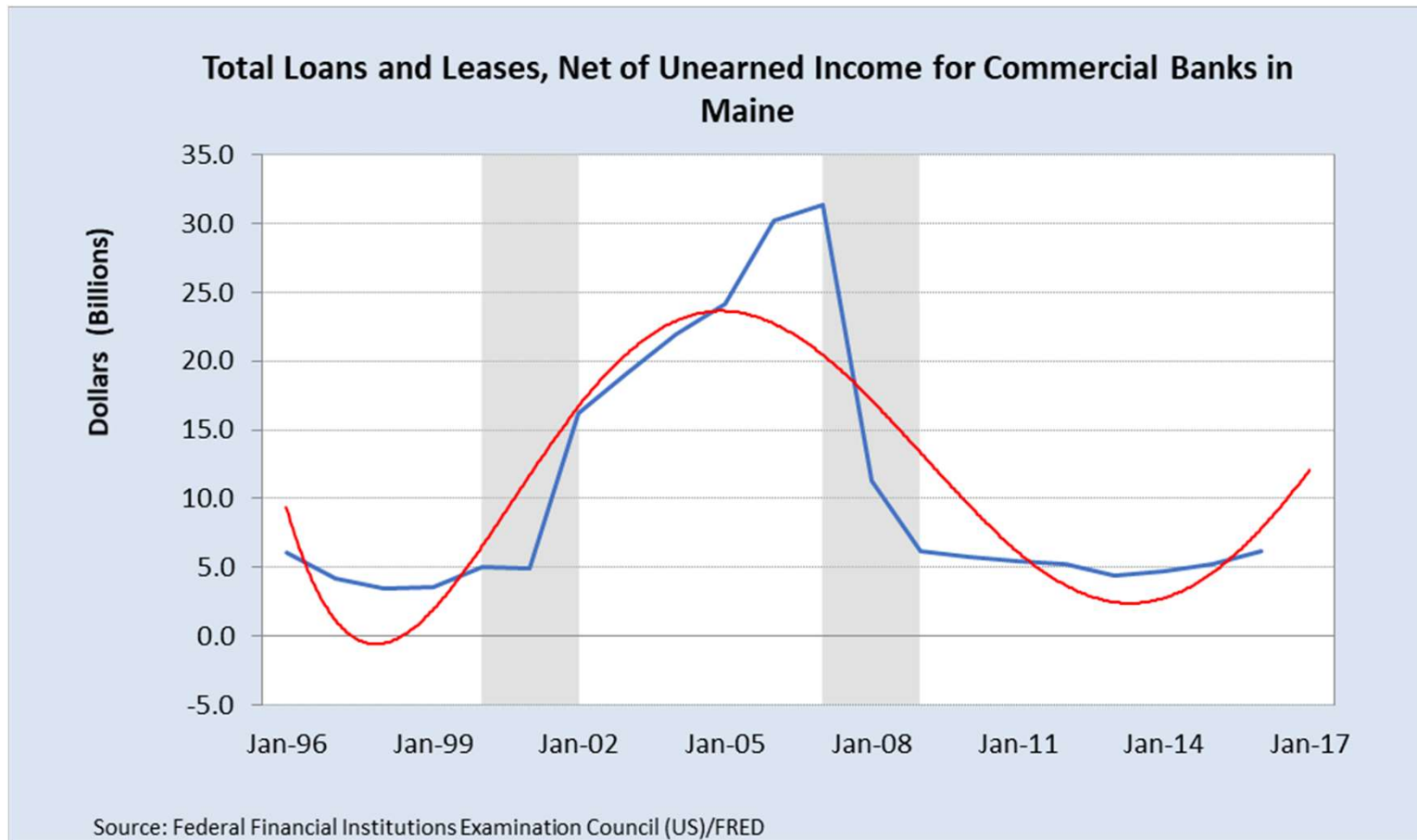* Closings appear to be ~10% less

The 2017 Tax Reform Impact on Rockland's Housing

- Reduced benefit of mortgage interest and property tax deduction
    - ✓ Increased Standard Deduction for families to $24,000
    - ✓ Renting will be economically more attractive, especially in upscale rentals
    - ✓ Pressure shifts on the 3-4 bedroom multi-family unit market where inventory is already low

- Owning a 2nd home becomes unattractive
    - ✓ For 1st and 2nd home purchases after 12/15/2017, *combined*, the maximum deductible mortgages will be $750,000
    - ✓ While large mortgages on a single property are rare, people owning two leveraged homes may have a tax problem
    - ✓ May drive builders away from high end homes, providing *more mid-scale and affordable home* construction

- Flight from high tax states to Maine
    - ✓ State Income and Property Taxes, *combined*, will have a maximum deduction of $10,000
    - ✓ CT/NY/NJ already have average *property taxes* in excess of the maximum. When state income tax is added, the tax benefit losses are great enough to drive many to look to retire or live in other states. Property resale values in those states may fall 10% by 2019.

- Home Equity Loans no longer deductible
    - ✓ Home Improvement may trigger refinancing of 1st mortgages
    - ✓ HE Loans make little sense for financing cars, pleasure boats, vacations, and education
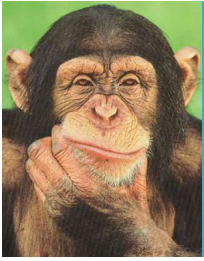
Bank Lending in Maine

Total Loans and Leases, Net of Unearned Income for Commercial Banks in Maine

Source: Federal Financial Institutions Examination Council (US)/FRED

Analysis:
- *Banks have recovered from the 2008 Recession*
- *While lending levels are still conservative (2002),* *Local Banks willing to finance construction again*

SWOT Analysis for Housing

Strengths, Weaknesses, Opportunities, Threats

	Positive	Negative
Inside our Community	**Strengths** • Family and Neighbor relationships • Access to wide range of experiences • Building Materials readily available • Utilities east of Old County Road • Banking and Financial Services • Walkable • Attractive to Millennials and downsizing Boomers •	**Weaknesses** • New construction • Shortage of housing for young families • Utilities west of Old County Road • Tax burden on lower-middle income residents • Low supply of transitional housing • •
Outside our Community	**Opportunities** • Neighboring Knox County towns focus on upscale and seasonal housing • Housing demand from Millennials and Boomers • Expanding Tourism and Arts • Transportation linkages for shipment of goods by road, rail, sea and air • Commercial Lending for development is available again •	**Threats** • Employment and lifestyle for young adults in Portland, Bath, and Southern Maine • Overall decline of fishing industry • Aging piers for commercial and recreation uses • Increasing drug usage •

With our strengths, weaknesses, opportunities and threats in mind, how do we frame a vision of housing in Rockland over the next 10 years?

Influences

The next slides present a potential framework for planning based on:

Residence Needs

Character of Neighborhood

Influences
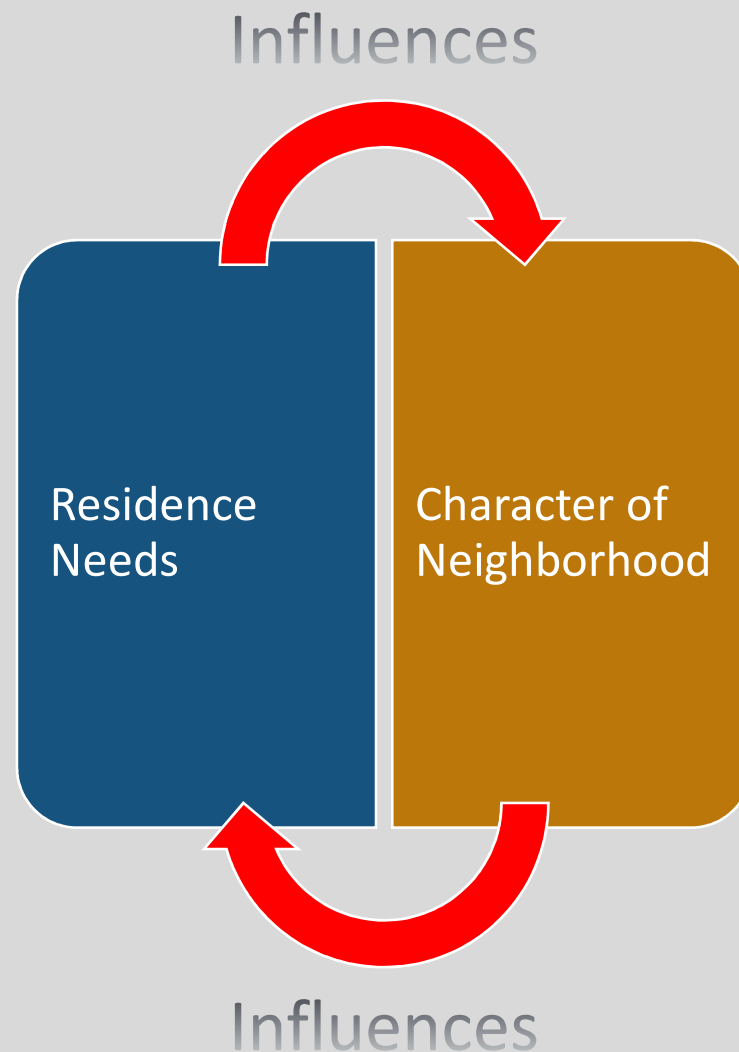
The Three Levels of Housing Needs
As needs are satisfied, people desire more ..creating new needs

Abraham Maslow

Statement of Self

Experience of Living Well

Connectedness

Family Home - Community

Basic Housing

Security – Comfort – Cooking - Healthcare

Access to:

- Arts, Theater
- Cultural and Native Events
- Technology Resources
- Fitness and Meditation
- Enhancing Education

- Relatives, Friends, Neighbors
- Churches
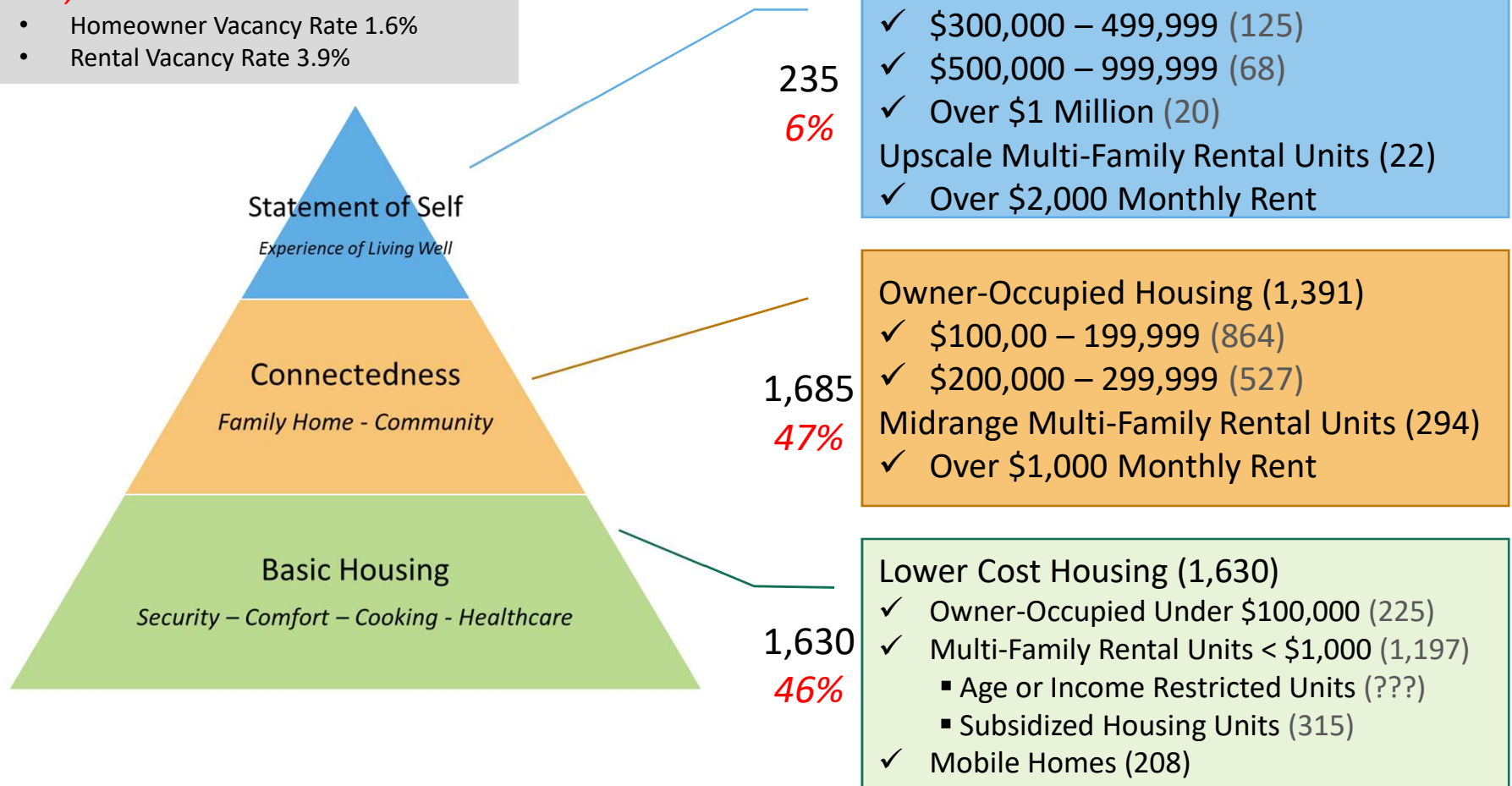- Clubs & Organizations
- Sporting Events

- Work
- Schools
- Grocery Shopping
- Banking & Insurance
- Professional Services
- Utilities

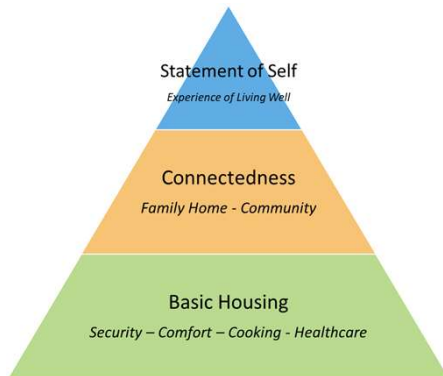# How does Rockland's Housing Stock meet those needs today?

2016 ACS 5-year Estimate
3,550 Occupied Units and 599 Vacant
Units = 4,149 Total
- Homeowner Vacancy Rate 1.6%
- Rental Vacancy Rate 3.9%

Statement of Self
Experience of Living Well

Connectedness
Family Home - Community

Basic Housing
Security – Comfort – Cooking - Healthcare

235
6%

1,685
47%

1,630
46%

Owner-Occupied Housing (213)
✓ $300,000 – 499,999 (125)
✓ $500,000 – 999,999 (68)
✓ Over $1 Million (20)
Upscale Multi-Family Rental Units (22)
✓ Over $2,000 Monthly Rent

Owner-Occupied Housing (1,391)
✓ $100,00 – 199,999 (864)
✓ $200,000 – 299,999 (527)
Midrange Multi-Family Rental Units (294)
✓ Over $1,000 Monthly Rent

Lower Cost Housing (1,630)
✓ Owner-Occupied Under $100,000 (225)
✓ Multi-Family Rental Units < $1,000 (1,197)
  ▪ Age or Income Restricted Units (???)
  ▪ Subsidized Housing Units (315)
✓ Mobile Homes (208)

How does Rockland meet the need for access?
What kind of a community are we?

Statement of Self
Experience of Living Well

Connectedness
Family Home - Community

Basic Housing
Security – Comfort – Cooking - Healthcare

Access to:

- Arts, Theater
- Cultural and Native Events
- Technology Resources
- Fitness and Meditation
- Enhancing Education

- The Farnsworth, Maine Lighthouse, Sail Power & Steam, CMCA, Coastal Children's
- Lobster Fest, Blues Festival, Boat shows, Solstice, Sea Goddess, Lobster Xmas Tree, Parades
- MCST, Univ Rock, Public Library
- YMCA, Health Club, Walkways

- Relatives, Friends, Neighbors
- Churches
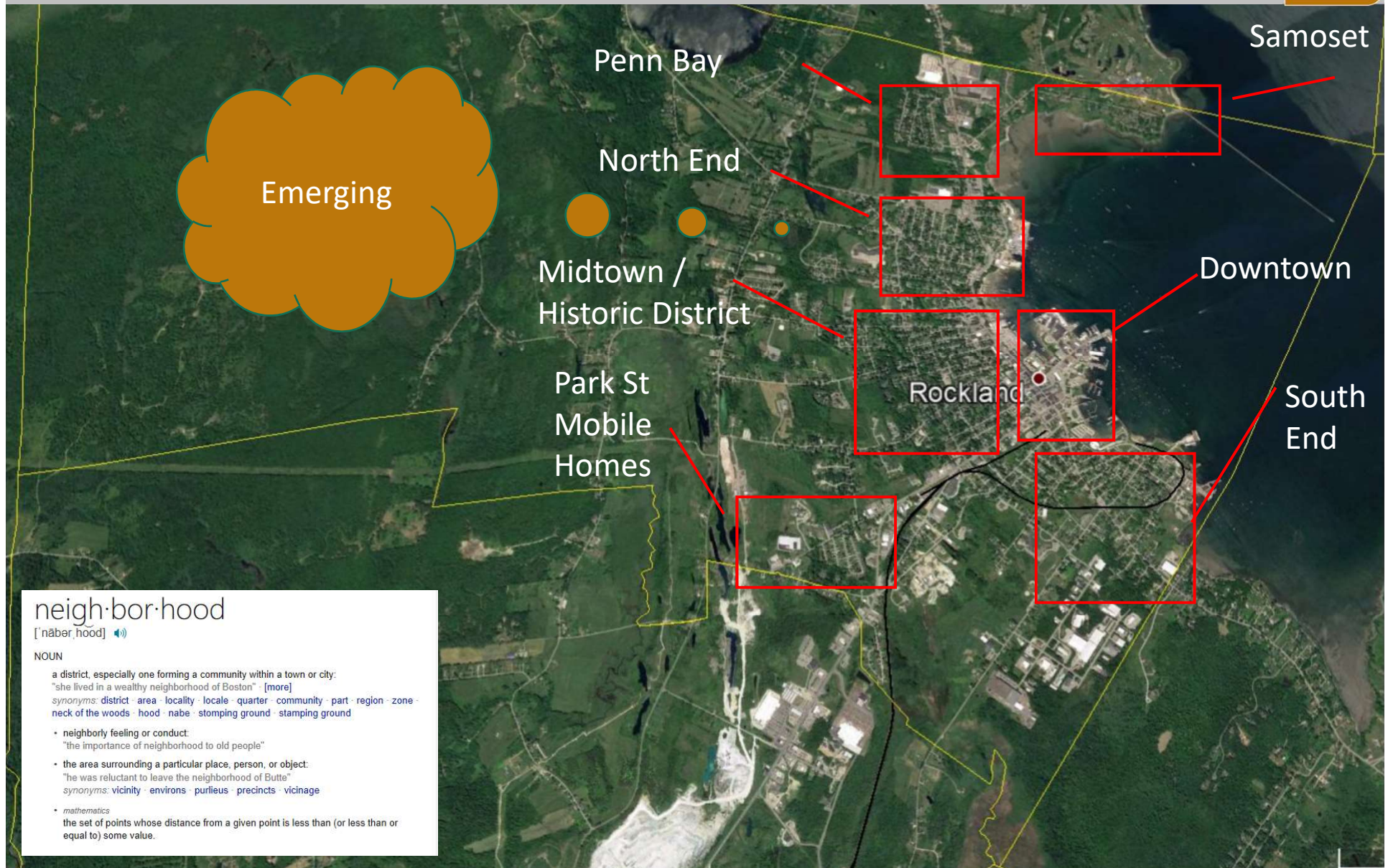- Clubs & Organizations
- Sporting Events

- 1,744 Family Households (50% of occupied housing units)
- 18 Churches and Places of Worship
- VFW, Elks, Am Legion, Rotary, Friends of Library, Boat & Yacht Club, Golf Club
- Sporting Events????

- Work
- Schools
- Grocery Shopping
- Banking & Insurance
- Professional Services
- Utilities

- 85% have a work commute time of less than 19 minutes to 1,100+ employers
- RSU13, Oceanside, MCST, Penn Bay Christian
- Shaws, Hannaford, Wiggins, Jess's, Good Tern, Southend Mkt, Main St Mkt
- 10 Banks & Credit Union
- 20 medical professionals, 19 attorneys, 6 accountants, 8 engineering, 8 electricians, 7 plumbers, 15 barber & beauticians
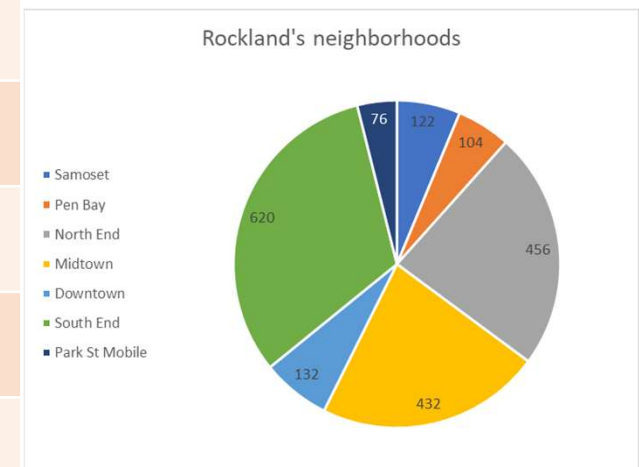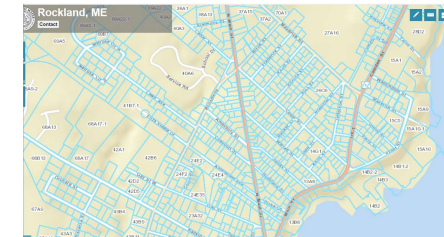
A City of Eight Neighborhoods

Samoset

Penn Bay

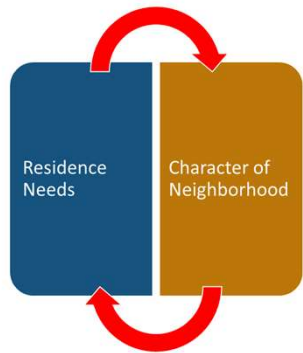Emerging

North End

Downtown

Midtown / Historic District

Park St Mobile Homes

South End

Rockland

neigh·bor·hood

['nābər,ho͝od]

NOUN

a district, especially one forming a community within a town or city:
"she lived in a wealthy neighborhood of Boston" · [more]
synonyms: district · area · locality · locale · quarter · community · part · region · zone ·
neck of the woods · hood · nabe · stomping ground · stamping ground

· neighborly feeling or conduct:
"the importance of neighborhood to old people"

· the area surrounding a particular place, person, or object:
"he was reluctant to leave the neighborhood of Butte"
synonyms: vicinity · environs · purlieus · precincts · vicinage

· mathematics
the set of points whose distance from a given point is less than (or less than or
equal to) some value.

Estimated Unit Counts

Neighborhood	Residential Units~1,942	Street Blocks~93
Samoset	122	Sub Division
Pen Bay	104	Sub Division
North End	456	23
Midtown	432	27
Downtown	132	7
South End	620	32
Park St Mobile	76	4
Emerging	??	??

Rockland, ME

Rockland's neighborhoods

- Samoset
- Pen Bay
- North End
- Midtown
- Downtown
- South End
- Park St Mobile

76 122 104
620
456
132 432

Example "Big Picture" Planning Template

Residence Needs | Character of Neighborhood

Statement of Self — *Experience of Living Well*
Connectedness — *Family Home - Community*
Basic Housing — *Security – Comfort – Cooking - Healthcare*
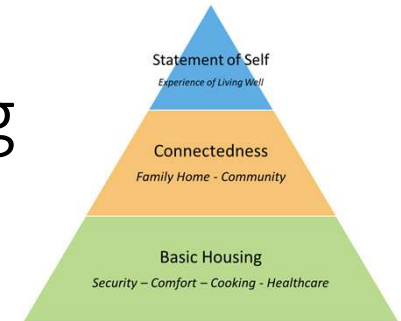
		Samoset	Penn Bay	North End	Midtown	Downtown	South End	Park Street	Emerging
Statement	10 Years			☑		☑	☑		
	Now	☑	☑	-	☑	-	-		
Connected	10 Years					☑			☑
	Now	☑	☑	☑	☑	-	☑	☑	-
Basic	10 Years								☑
	Now	☑	☑	☑	☑	☑	☑	☑	-
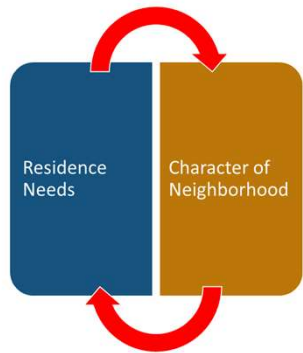
Ways to Provide Affordable Housing

Apartments over Shops

Apartments over Garages
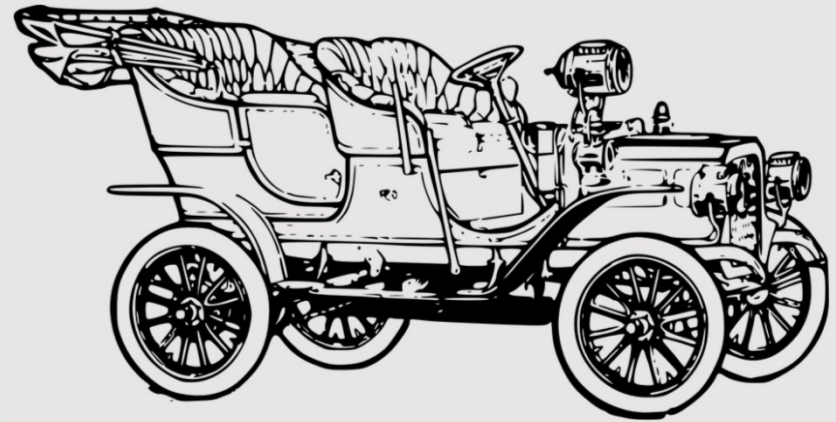
Income-Integrated Housing
(Townhouse and Apartment mixed)

Radburn, New Jersey 1929

Billed as "A Town for the Motor Age"

Based on Clarence Perry's *Neighbourhood Unit* of the early 1900s attempting functional, self-contained and desireable places to live in an industrialized city.

An unincorporated section of the Town of Fair Lawn

Key Design Elements

- The "Super Block"

- House over garage with courtyard (the first Culs-de-sac)

- Explicit separation of foot and car traffic

- Pedestrian paths do not cross any major roads at grade

- Park as backbone, with all front doors on a footpath

- Mix of Housing Types

- Walkable to shopping, schools, public transit

TOWN PLAN
RADBURN, N.J.

SCHOOLS   APARTMENTS   HOUSES   THEATRE
STORES   PLAYGROUNDS   PARKS   INDUSTRY

FIG. 15
RADBURN, NEW JERSEY—PLAN OF MODEL COMMUNITY
[134]

Statistics

- ~ 670 families
  - 469 single-family
  - 48 townhouses
  - 30 Two-family houses
  - 93-unit apartment complex
- 149 acres
  - 23 acres of interior parks
  - 4 tennis courts
  - 3 baseball field, 2 softball, 2 swimming pools
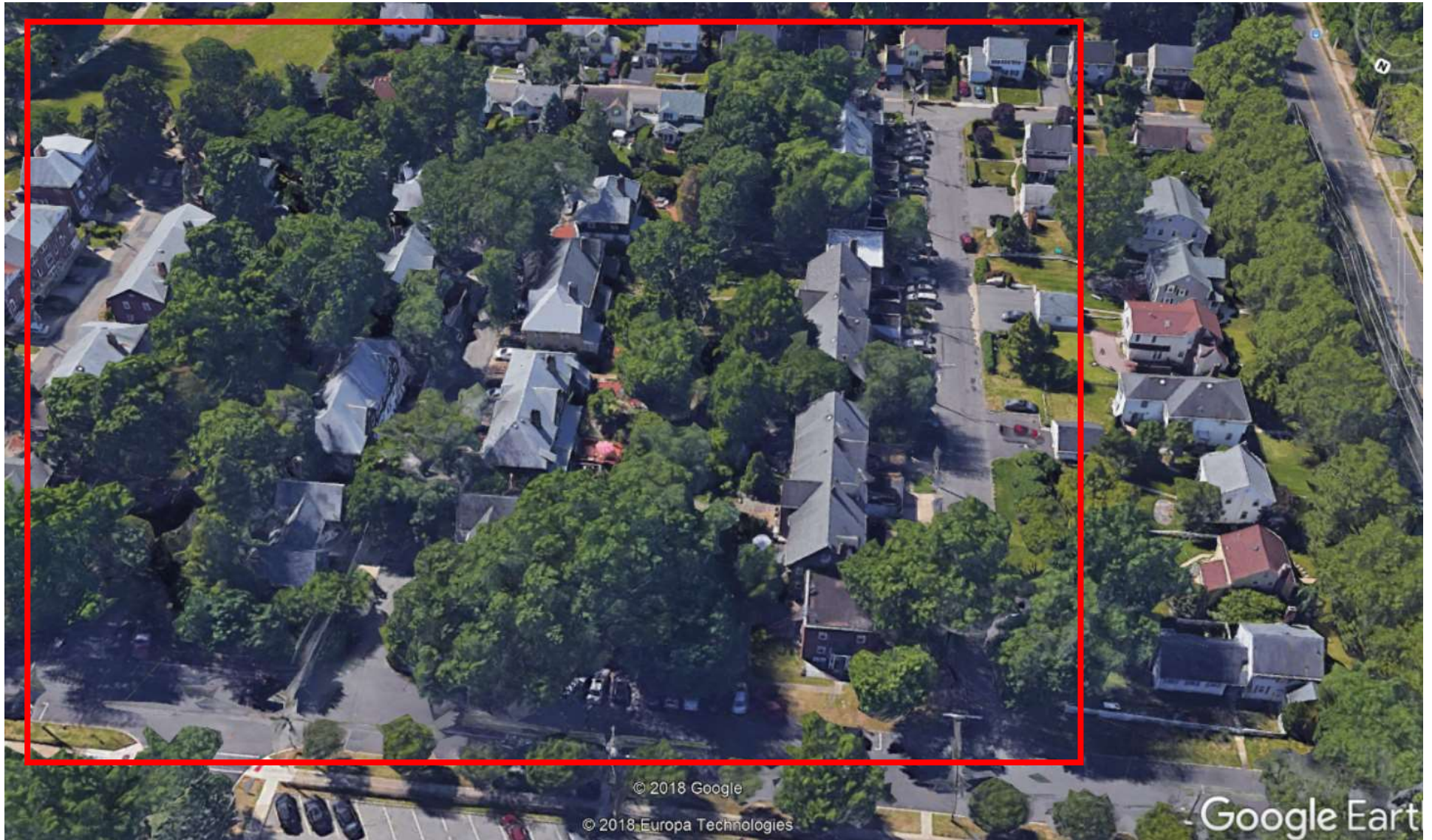 - 2 toddler playground and toddler pool
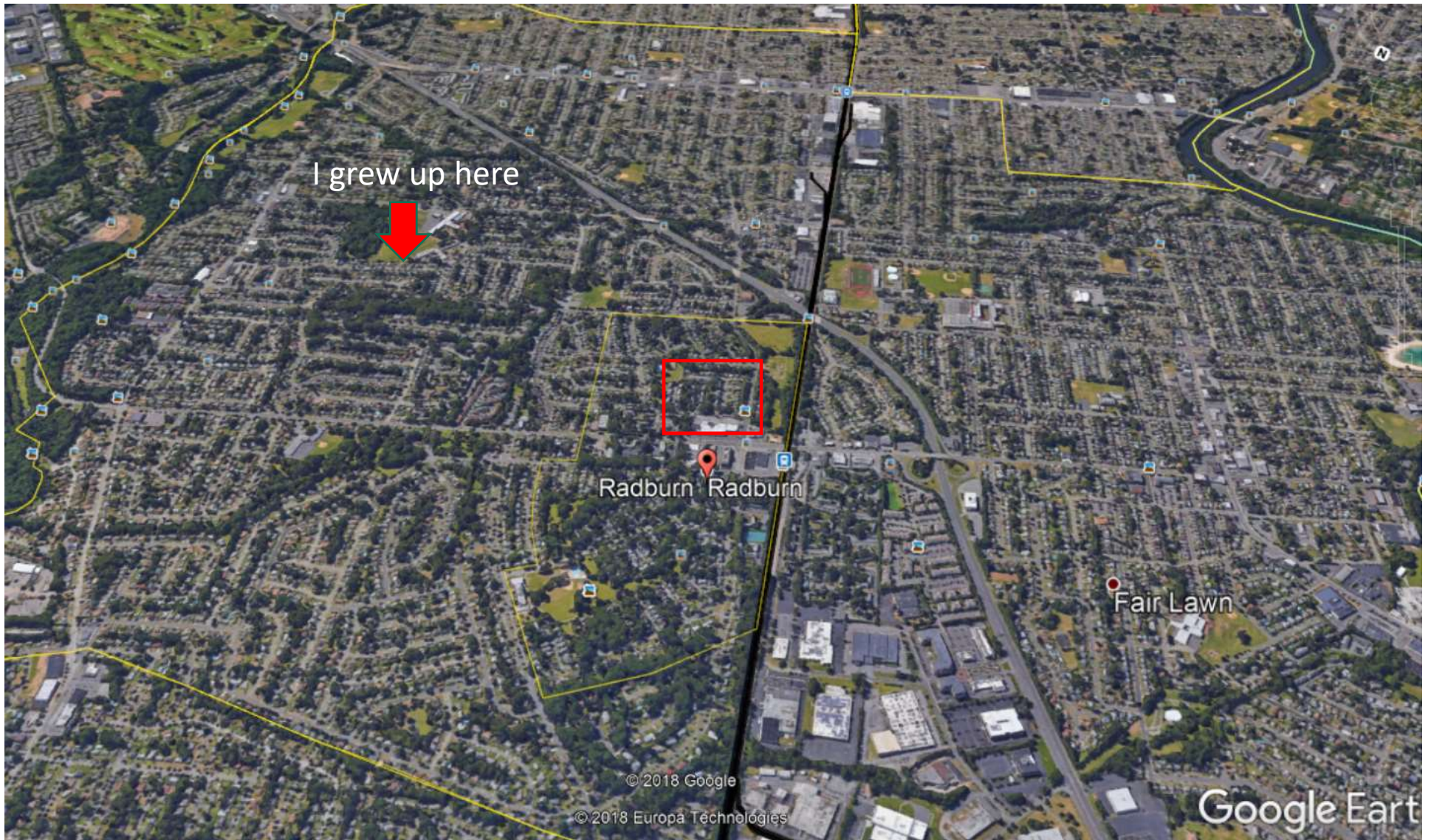
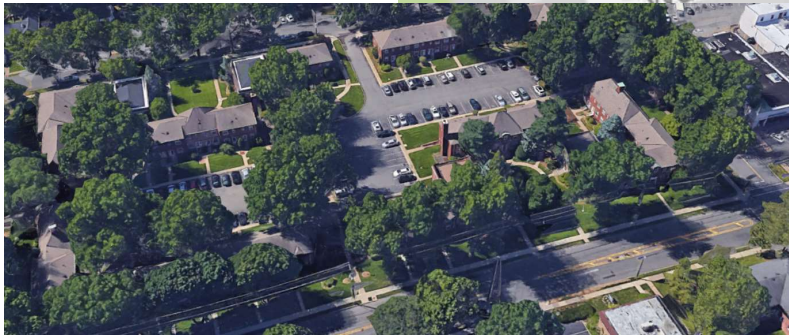Parking Courtyard in Townhouse Section
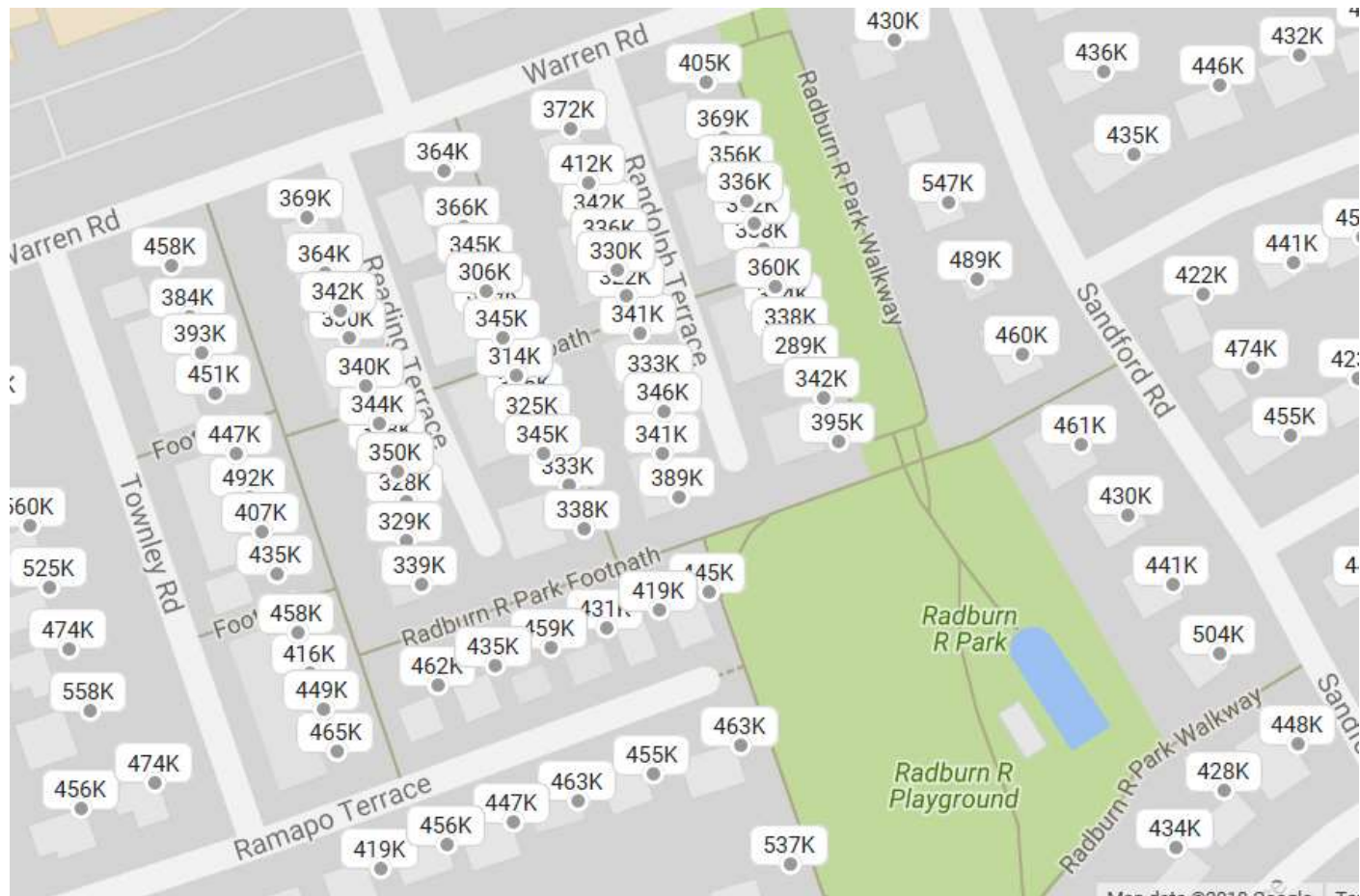
The Footpath

Overhead of Townhomes

I grew up here

Radburn Radburn

Fair Lawn

© 2018 Google
© 2018 Europa Technologies

Google Earth

Plane Height View

Radburn Today

Radburn's Real Estate Values

A Look at Rockland's Neighborhoods

Pictures taken January, 2018

Neighborhoods: Samoset

Upscale Town House and Single Family

Neighborhoods:
Penn Bay

Single Family community in isolation

Neighborhoods:
North End

Single Family and Multi-Family

Neighborhoods:
Midtown Historic District

Single Family and Multi-Family

Neighborhoods:
Downtown

Multi-Family

Neighborhoods:
The South End

Highly Mixed Single- Multi- Condo Apartments

Outside the Neighborhoods: Multi-Family Living

Tiny Houses
Mobile Homes

Thanks Due to:

- Richard Taylor, Maine State Housing Authority

- Becca Gildred, Knox County Homeless Coalition

- Martin Cates, Principal, Cates Realty

- Steve Matteo, SVP Commercial Lending, Camden National Bank

- Wall Street Journal (Impact of 2017 Tax Reform)

- FRED, Federal Reserve Economic Database

- Census.gov
  - American Community Survey 5-year Estimate 2016
  - Census of 2000 and 2010

- US Bureau of Economic Analysis (BEA)

- US Housing Finance Agency

- Google Earth

- Microsoft Bing