

## Chapter 3- Housing **DRAFT**

### Introduction

A comprehensive plan should contain a thorough analysis of a town's housing trends. Critical issues include housing conditions, affordability, and estimated future housing needs. Specifically, this section aims to:

- a. describe recent trends in South Berwick's housing stock in terms of the types and number of units created;
- b. discuss housing affordability; and
- c. present an estimate of future housing needs based on population projections.

### Community Survey Results

- **Placeholder**

### Recent Housing Trends

This section provides an overview of the current housing situation in South Berwick and attempts to place the Town's housing issues in a regional context. In developing this housing inventory, data was drawn from the U.S. Census, the American Community Survey, and the Maine State Housing Authority.

#### *Existing Housing Supply*

Between 2010 and 2020, the total number of housing units in South Berwick increased by 2.6%, from 2,911 units in 2010 to 2,987 units in 2020. South Berwick saw less growth in housing supply than surrounding towns and the county. However, South Berwick's growth rate was consistent with the growth of the state overall.

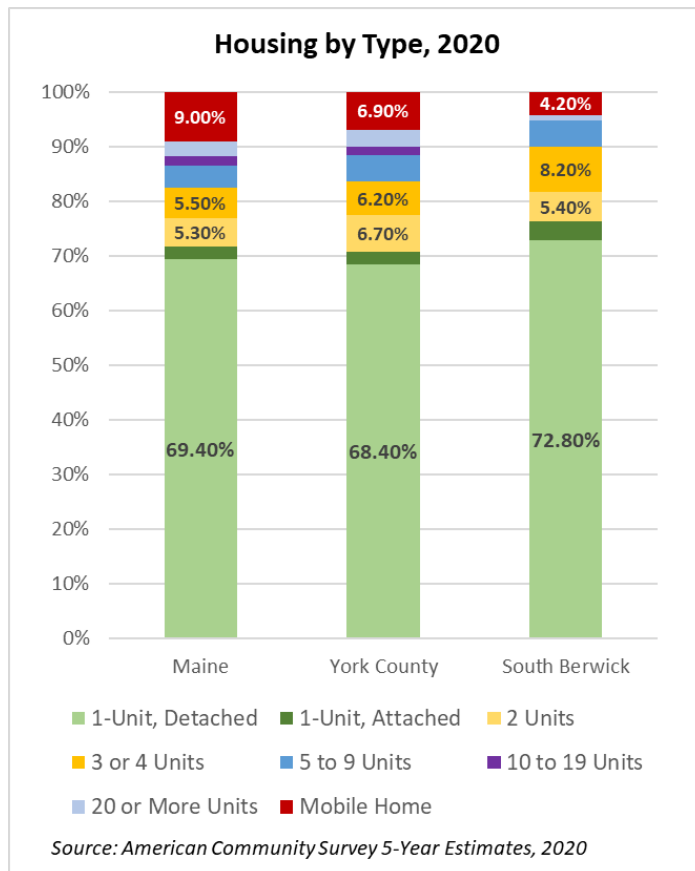
Vacant units are generally considered seasonal or second homes which are not occupied year-round. The chart below shows that most of South Berwick's housing stock consists of occupied residences (96.1%). This number is consistent with most neighboring towns, apart from York which has a high proportion of seasonal residences. The percent of vacant units in South Berwick is also lower than the county and the state.

Occupied vs. Vacant Housing Units, 2010-2020							
	2010			2020			2010-2020 Total Units % Change
	Total Units	Percent Occupied	Percent Vacant	Total Units	Percent Occupied	Percent Vacant	
<b>South Berwick</b>	2,911	93.7%	6.3%	2,987	96.1%	3.9%	2.6%
<b>Berwick</b>	2,934	93.7%	6.3%	3,200	96.3%	3.7%	9.1%
<b>Eliot</b>	2,669	94.0%	6.0%	2,966	94.1%	5.9%	11.1%
<b>North Berwick</b>	1,930	91.9%	8.1%	2,087	93.8%	6.2%	8.1%
<b>York</b>	8,649	62.9%	37.1%	9,049	65.3%	34.7%	4.6%
<b>Rollinsford</b>	1,099	93.9%	6.1%	1,135	94.5%	5.5%	3.3%
<b>Maine</b>	721,830	77.2%	22.8%	739,072	78.8%	21.2%	2.4%
<b>York County</b>	105,773	76.6%	23.4%	112,198	79.3%	20.7%	6.1%

Source: US Decennial Census, 2010 & 2020

### Housing Unit Type

According to the 2020 ACS, 76.2% of all housing units in South Berwick are single-family homes, with the second most popular unit type being 3 to 4 unit structures. South Berwick has a slightly greater percentage of its housing supply in single-family homes than York County or the state overall. This means that mobile homes and multi-family units comprise a smaller percentage of the housing stock than the county and state.



### Housing by Tenure

The 2020 American Community Survey indicates that about 82.6% of all occupied housing units in South Berwick are owner occupied while the remaining 17.4% are renter occupied. The proportion of owner-occupied units in South Berwick is similar to neighboring Maine towns, all of which are higher than the county and state.

The number of owner-occupied units increased by 3% from 2010-2020. In comparison, most of the surrounding communities, as well as the county and the state, experienced a decrease in owner occupied units.

<b>Change in Housing Tenure, 2010-2020</b>					
	2010		2020		% Change Owner Occupied
	Owner occupied	Renter occupied	Owner occupied	Renter occupied	
<b>South Berwick</b>	79.6%	20.4%	82.6%	17.4%	3.0%
<b>Berwick</b>	83.4%	16.6%	84.3%	15.7%	0.9%
<b>Eliot</b>	88.0%	12.0%	87.6%	12.4%	-0.4%
<b>North Berwick</b>	85.7%	14.3%	83.8%	16.2%	-1.9%
<b>York</b>	83.1%	16.9%	80.6%	19.4%	-2.5%
<b>Rollinsford</b>	73.1%	26.9%	79.3%	20.7%	6.2%
<b>Maine</b>	73.1%	26.9%	72.9%	27.1%	-0.2%
<b>York County</b>	75.2%	24.8%	74.4%	25.6%	-0.8%

*Source: American Community Survey 5-Year Estimates, 2010 & 2020*

The ACS estimates that the median price of rental housing in South Berwick has remained steady from 2010 to 2020, decreasing slightly from \$975 in 2010 to \$972 in 2020. However, a monthly rent of \$975 was fairly expensive for a predominantly rural community in southern Maine in 2010. Since then, average rent in surrounding towns, the county, and the state, have all increased significantly.

In contrast, the median value of owner-occupied units in South Berwick increased by \$34,500 from 2010 to 2020. This median home value is higher than that of most surrounding towns, the county, and the state. As shown below, Eliot and York are the only nearby towns with significantly higher median home values than South Berwick.

<b>Comparison of Housing Costs, 2010 - 2020</b>				
	Median Value Owner Occupied Units		Median Gross Rent	
	2010	2020	2010	2020
<b>South Berwick</b>	\$245,500	\$280,100	\$975	\$972
<b>Berwick</b>	\$228,600	\$243,300	\$767	\$896
<b>Eliot</b>	\$261,900	\$368,400	\$542	\$930
<b>North Berwick</b>	\$227,500	\$272,200	\$634	\$775
<b>York</b>	\$366,300	\$429,800	\$1,053	\$1,248
<b>Rollinsford</b>	\$250,400	\$263,100	\$840	\$1,061
<b>Maine</b>	\$176,200	\$198,000	\$707	\$873
<b>York County</b>	\$233,300	\$260,800	\$814	\$1,022

*Source: American Community Survey 5-Year Estimates, 2020*

## *Housing Conditions*

According to the South Berwick Water District, approximately 1463 units are serviced by public water. This represents 48.9% of the total 2,987 housing units in the town and assumes the other 51% of units

rely on private onsite water sources. In 2000, the US Census reported 60.5% of households relied on a public water system or private company.

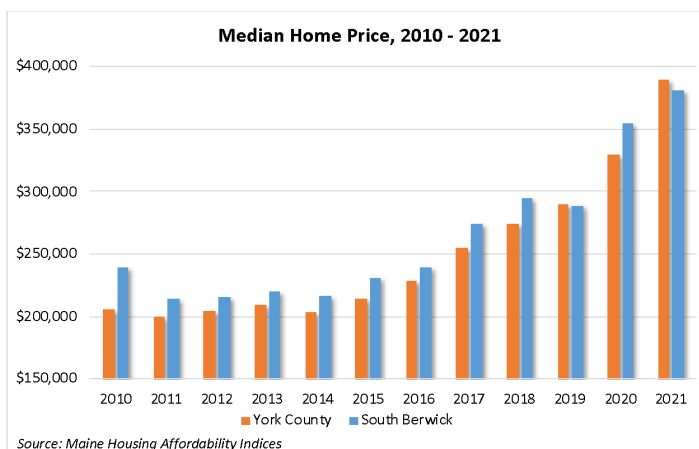
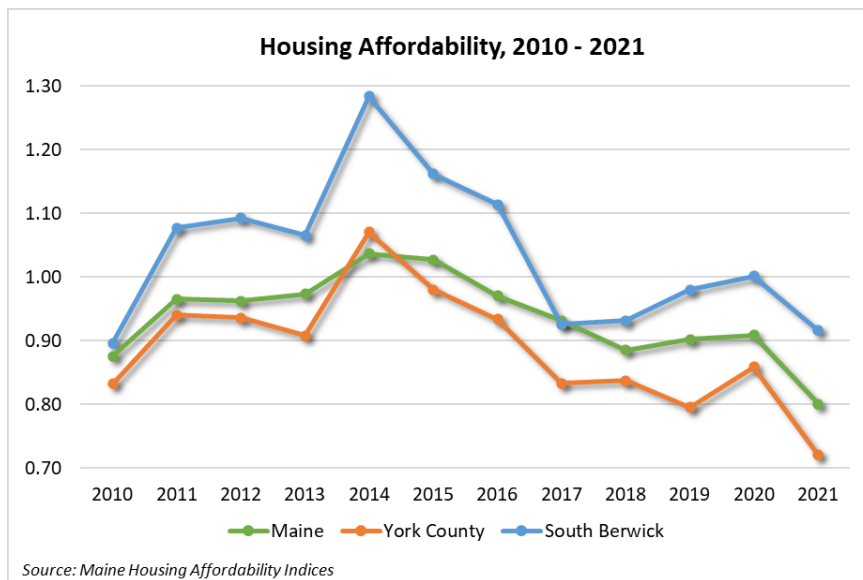
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*Housing Affordability*

Affordable housing is a concern for all towns in the region. While even middle-income households are affected by the high cost of housing, it is a particular problem for low-income households.

The Affordability Index is a Maine Housing statistic that is produced annually. It is the ratio of *Median Home Price* to the *Home Price Affordable to the Median Income*. The affordable home price is one where a household making the median income could cover a 30-year mortgage, taxes, and insurance with no more than 28% of their gross income.

- An index of 1 indicates that the home price is affordable to the median income.
- An index of less than 1 indicates that the home price is generally unaffordable.
- An index of greater than 1 indicates that the home price is generally affordable.



As shown in the chart above, South Berwick has generally been more affordable than the state and county averages in the past 10 years. The town saw a period of increasing affordability between 2017 and 2020, which has since dropped as the housing market has seen unprecedented levels of costs in the last year.

Although the Maine Housing Affordability Index is still relatively high for South Berwick, the community has still seen extreme changes

in housing costs over the past two years. At the time this chapter was written, inflation is at an all-time high, and housing costs are still impacted by the economic impacts of the COVID-19 pandemic and global conflict. Between 2019 and 2021, the South Berwick median home price increased by 31.9%, while the overall York County median home price increased by 34.4% over the same period.

<b>South Berwick Housing Affordability Over Time: 2000, 2010, 2015, 2016-2021</b>				
<b>Year</b>	<b>Index</b>	<b>Households Unable to Afford Median Home (%)</b>	<b>Median Home Price</b>	<b>Percent Change in Median Home Price</b>
2000	0.96	59%	\$147,450	-
2010	0.90	57%	\$240,000	62.8%
2015	1.16	43%	\$231,236	-3.7%
2016	1.11	45%	\$239,950	3.8%
2017	0.93	54%	\$275,000	14.6%
2018	0.93	53%	\$295,000	7.3%
2019	0.98	51%	\$289,000	-2.0%
2020	1.00	49%	\$355,000	22.8%
2021	0.92	52%	\$381,250	7.4%

*Source: Maine Housing Affordability Indices*

According to the affordability index, South Berwick is more affordable than most of its neighbors, the county, and the state. The only nearby town which is classified as affordable in 2021 is Berwick, with an index of 1.06 and the lowest median home price in the area.

<b>Comparison of Affordability, 2010 - 2021</b>				
	<b>2010</b>		<b>2021</b>	
	<b>Affordability Index</b>	<b>Median Home Price</b>	<b>Affordability Index</b>	<b>Median Home Price</b>
South Berwick	0.90	\$240,000	0.92	\$381,250
Berwick	0.81	\$204,000	1.06	\$330,800
Eliot	0.76	\$292,500	0.75	\$459,500
North Berwick	0.93	\$194,500	0.90	\$359,900
York	0.70	\$330,000	0.59	\$625,000
Maine	0.88	\$165,000	0.80	\$295,000
York County	0.83	\$205,900	0.72	\$389,900

*Source: Maine Housing Affordability Indices*

The US Department of Housing and Urban Development (HUD) recommends viewing housing affordability as what would be affordable to moderate income, low income, and very low-income families in the housing market region that the community is within. These are defined below.

- **Very low-income households** are those earning less than 50% of the area median income.
- **Low-income households** are those earning between 50% and 80% of the area median income

- **Moderate income households** are those earning between 80% and 120% of the area median income.

South Berwick is a part of the York-Kittery-South Berwick ME HUS Metro FMR Area, which includes those communities, plus Berwick and Eliot. The area median income varies depending on the number of people per household, however the 4-person household is often used as the standard for simple calculations.

<b>South Berwick Area Median Income (AMI), 2021</b>				
<b>AMI for a 4-person household</b>	<b>20% of AMI</b>	<b>50% of AMI</b>	<b>80% of AMI</b>	<b>120% of AMI</b>
\$105,300	\$21,060	\$52,650	\$84,240	\$126,360
<i>Source: US Department of Housing and Urban Development, 2021</i>				

### *Housing Demand Projections*

As the population of the community changes, there is a need for continued residential housing development to house new residents. Although population growth in South Berwick has slowed over time, SMPDC produced two conservative population projections based on the growth rate between 2010 and 2020 (3.3%), and the average growth rate between 2000-2020 (11.9%). Trends in household size have also fluctuated over time, but given national trends, it is likely that the average household size will either stay the same or continue to decrease gradually over time.

With these assumptions, SMPDC calculated a housing demand projection, which estimates how many additional housing units will be developed over the coming decades. The table below outlines four scenarios which include two population projections and two different assumptions about the household size over time.

<b>Housing Demand Projections, 2010 through 2040</b>					
	<b>2010 (Actual)</b>	<b>2020 (Actual)</b>	<b>2030 (Projected)</b>	<b>2040 (Projected)</b>	<b>Change 2020-2040</b>
<b>Population Change</b>					<b>Additional Population</b>
3.3% Population Change	7,220	7,467	7,713	7,967	500
11.9% Population Change	7,220	7,467	7,912	8,357	890
<b>Total Occupied Housing Units if Household Size Stays the Same</b>					<b>Additional Units</b>
<i>Average Household Size (Calculated)</i>	2.64	2.60	2.6	2.6	-
3.3% Population Change	2,729	2,871	2,967	3,064	193
11.9% Population Change	2,729	2,871	3,043	3,214	343
<b>Total Occupied Housing Units if Household Size Decreases at the Same Rate Overtime</b>					<b>Additional Units</b>
<i>Average Household Size (Calculated)</i>	2.64	2.60	2.56	2.52	-
3.3% Population Change	2,729	2,871	3,012	3,159	288
11.9% Population Change	2,729	2,871	3,090	3,314	443
<i>Source: Actual numbers from US Census 2020, projections by SMPDC</i>					

South Berwick is estimated to need approximately 200-280 additional housing units under the 3.3% growth scenarios and 340-440 additional housing units under the 11.9% growth scenarios. The community saw an increase of 142 occupied housing units between 2010 and 2020.

## *Overview of Town Land Use Regulations*

South Berwick has traditionally been a village-based community with a higher density in the village center, surrounded by more rural outlying areas. The availability of public water and sewer service in and around the village center has allowed, and continues to allow, higher densities in this part of the Town. Since the 2000's, development patterns have shifted and large subdivisions in outlying areas have become increasingly common.

The Town's Zoning Ordinance addresses housing affordability by providing opportunity for a diverse housing stock on a range of lot sizes, including multi-family apartments, duplexes, mobile homes (on individual lots as well as in parks), accessory apartments, and cluster-type developments.

In 2022, the State of Maine legislature passed several pieces of legislation aimed at increasing housing stock in Maine, primarily through zoning regulations. The most significant law *H.P. 1489 - L.D. 2003 "An Act to Increase Housing Affordability through Zoning and Land Use"* enacted a set of zoning requirements that require municipalities to allow higher density housing in various ways throughout the community. Higher density allowances are required in areas that are identified growth areas or are equipped with public sewer and water infrastructure. There are three major components to the law:

1. Developments in identified growth areas or areas serviced by public water or sewer must be allowed density 2 ½ times the base zone density if most of the housing units meet defined standard affordability requirements for a minimum of 30 years.
2. Anywhere housing is allowed, municipalities must allow at least 2 units per lot on vacant lots. In areas of identified growth areas or areas serviced by public water or sewer, up to 4 units must be allowed on vacant lots. On lots with an existing single-family dwelling, municipalities must allow the addition of up to two units.
3. On any lot with an existing single-family dwelling, municipalities must allow the addition of at least one accessory dwelling unit.

These requirements take effect in July 2023. Before then, the community should consider how each requirement will impact the zoning ordinance, as well as what pieces of the requirements will be applicable to South Berwick and in what areas of the community. Lastly, there are a few ways which the community may consider changing their ordinance to control the impacts of these allowances. This will be addressed again in more detail the Existing Land Use Chapter.

## *Summary*

Housing development and affordability have long been issues for the southern region of the state. In recent years, primarily resulting from the COVID-19 pandemic, housing prices in Maine have increased significantly in a short period of time. Construction prices have limited housing production while changing work and migration patterns contributed to an influx of people moving to the area.

South Berwick is also affected by these trends, having seen an over 30% increase in the median home price from 2019 to 2021. However, the community continues to be generally more affordable than the

state and county, and has a 2021 median home price less than the York County average for the first time since 2010. South Berwick also saw the smallest increase in total housing units from 2010 to 2020 among its neighboring Maine communities, a similar pattern to overall population growth. Housing types are predominantly single family, even slightly more so than the state and county average overall.