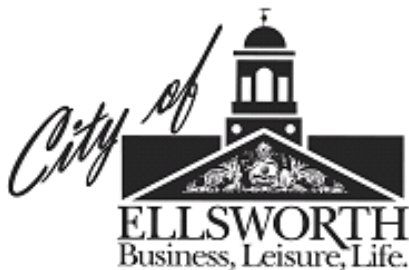


Housing Opportunities for the Age 55 & Older Markets: Ellsworth, Maine

Summary Report to:



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Summary Report

Ellsworth, the principal center for Hancock County retail trade and health care services, can play a larger role as a location for new housing products for the age 55 and older markets. Particular gaps in the local inventory include: appropriately designed ownership units for the “active adult” market, quality rental housing in market rate apartments or in mixed income developments, and independent living with optional support services.

While there remains a need among low income senior households for affordable rental housing, market rate ownership and rental options are also supportable. The area housing survey that was conducted as part of this study indicates that senior households of all income levels are actively looking for alternatives in the Greater Ellsworth area that are not currently available. The survey results and demographic analysis indicate that the City of Ellsworth will become increasingly attractive to the senior market, particularly as more of the area population reaches age 75 or older.

The scope of this study, which was commissioned by the City of Ellsworth, included a regional housing analysis; an inventory of area housing resources; demographics and projections; review of national data on occupancy and preferences in active adult and senior communities; consideration of Ellsworth attraction factors for the senior marketplace; and a large scale mail survey (July 2015) of households age 55 and older in Ellsworth and other communities in the area.

Senior Housing and Resource Inventory

- Ellsworth’s senior housing inventory (other than assisted living) comprises 218 lower income rental units. The maximum household income served by these apartments is typically not more than \$25,000 to \$35,000.

- Even with this inventory in place, there are about 300 Ellsworth households age 65 or older who have a high housing cost burden (30%-35% or more of their income).

HOUSING COST BURDEN - HOUSEHOLDS AGE 65 OR OLDER - 2013 ESTIMATES						
Households Age 65 or Older With High Housing Cost Burden	Ellsworth			Hancock County		
	Homeowners	Renters	Total	Homeowners	Renters	Total
Households Age 65+	729	263	992	5,441	1,241	6,682
With Cost Burden 30%+	155	173	328	1,450	544	1,994
With Cost Burden 35%+	146	155	301	1,203	450	1,653
Percent Spend 30%+	21%	66%	33%	27%	44%	30%
Percent Spend 35%+	20%	59%	30%	22%	36%	25%

Source: Derived by BCM Planning from ACS 2009-2013 Five Year Sample Data (adjusted to 2013 dollar values)

- Other than lower income rental apartments, there are no “age qualified” ownership or rental housing developments in the City for income levels above the \$25,000-\$35,000 range.
- The City of Ellsworth has a relatively high share of Hancock County senior households of age 65 or older with incomes of \$50,000-\$75,000.

HOUSEHOLD INCOME DISTRIBUTION - AGE 65 OR OLDER - 2013					
Household Income	Ellsworth		Hancock County		City Share of County Total
	Number	Percent	Number	Percent	
Under \$25,000	388	39.1%	2,302	34.5%	16.9%
\$25,000 - \$50,000	205	20.7%	1,895	28.4%	10.8%
\$50,000-\$75,000	223	22.5%	1,033	15.5%	21.6%
\$75,000 or More	176	17.7%	1,452	21.7%	12.1%
Total	992	100.0%	6,682	100.0%	14.8%
<i>Median Income:</i>	\$39,833		\$37,266		

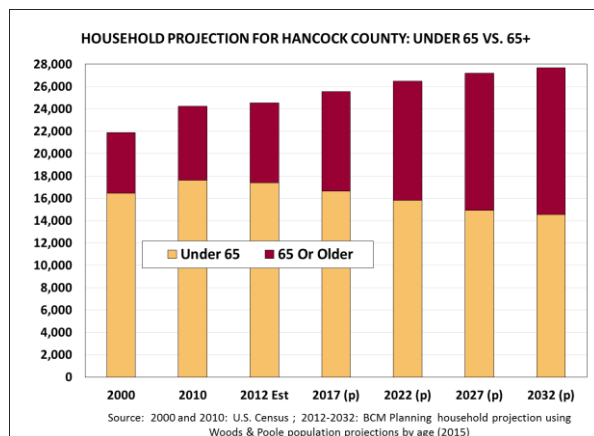
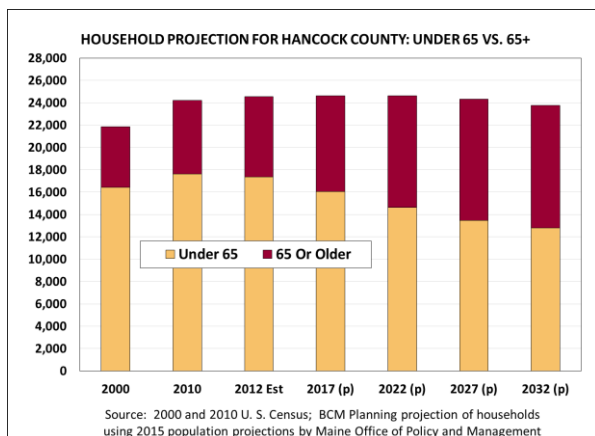
Source: American Community Survey - 5 year sample 2009-2013

- The majority of senior households in the City have incomes too high to qualify for occupancy in lower income senior apartments (61% of households age 65+ have incomes above \$25,000.)

- In the City and in Hancock County, there are few independent living units (apartments with meals and housekeeping services). The few “active adult” ownership units in the County are located on campuses that also include independent and assisted living.

Demographic Profile and Projected Growth

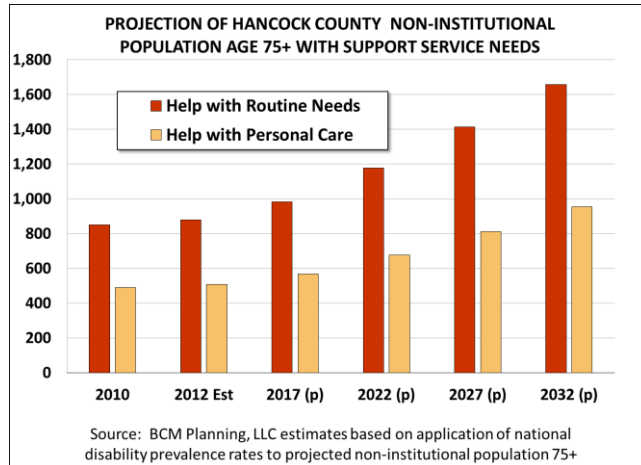
- About half of all Hancock County households are age 55 or older. The age 55-64 cohort, driven by the leading edge of the Baby Boom, has now peaked. Over the next two decades this group will mature and drive significant increases in the age 65-74 and 75+ population groups.
- Many older households who want to make a transition to alternative forms of housing will need to sell their current home. But long term projections indicate that as the number of older households grows, there will be a *decline* in labor force households (under 65).
- This shift could result in a market with too many prospective older sellers and not enough younger buyers to fully sustain the housing transitions that seniors want to make.
- Growth in senior households is fairly predictable, but the overall need for new housing will depend on whether the region attracts enough net in-migration to sustain growth in *total households*.



- Using State population projections in our household model (graph to left), Hancock County would see a static to declining total number of households. With stronger in-migration of the labor force (graph to right) there would be a more dynamic market that would permit more seniors to sell their homes and make a transition to alternative housing products.

Aging, Disability and Increased Demand for Support Services

- There is a higher prevalence of disability among seniors who are 75 or older that is associated with a need for more accessible and maintenance-free rental and ownership housing, and life expectancy is continuing to increase.
- To meet the housing needs of the future, solutions will need to include housing designs and adaptations better suited to an older population, specialized housing products, and expansion of support services.
- Over the next 20 years, the number of people age 75 or older who need help with routine needs, or with personal care, will grow by over 80% in Hancock County.
- Corresponding needs for in-home support services such as housekeeping, the need for transportation services, and for personal care will increase proportionately.

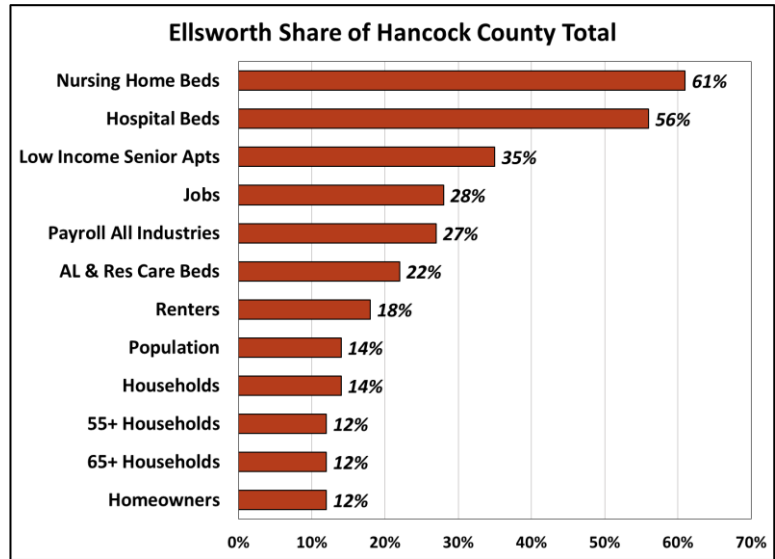


Active Adult and Senior Housing Occupancy and Preferences

- Nationally, only about 3% of all homeowners who are 55 or older live in an age-qualified developments. About 20% of renter households age 55+ live in an age-restricted unit, which includes subsidized and market rate apartments. In combination, about 7% of all households age 55 or older (owners and renters) live in some type of age-restricted development.
- In the United States, the age 55-64 year old segment represents about 24% of occupancy in active adult ownership communities, and about 19% within age-restricted rental units.
- In contrast to this national average, our interviews with area providers indicates that few residents in active adult cottage-type ownership units are younger than 75. The units in the area, however, are located within campuses that also provide independent and assisted living, which may appeal to the oldest buyers.
- Our housing survey indicated that the youngest part of the target market (55-64) is more likely to be attracted to single family housing developments.
- The survey results showed that about the same proportions of households age 55 and older would be interested in an active adult (age restricted) community or a single family home (no age restriction specified).
- Of all Maine counties, Hancock County has the lowest ratio of multifamily and attached units as a share of its housing stock (only about 5%). The region's high reliance on single family homes may make it difficult to introduce the senior market to attached housing options.

Ellsworth Attraction Factors

- Ellsworth absorbed about 23% of Hancock County’s household growth from 2000-2010, compared to only 10% in the prior decade 1990-2000.
- While Ellsworth is home to about 14% of Hancock County households, employment in the City represents 28% of Hancock County jobs and 27% of its payroll.
- The City is particularly strong as a retail center, providing a diversity of goods and services for prospective retirees.



- Ellsworth has an estimated 2.5 million square feet of commercial-industrial space, over half of which is in retail, restaurant, or lodging uses. About 900,000 square feet of this space (over one third) has been built since 2000.
- The Jackson Laboratory, one of Maine’s larger employers, plans to add 365 jobs in the City over the next 10 years, which may support up to 725 additional related jobs.
- The City has a low equalized property tax rate relative to other Maine cities (tied with South Portland as the lowest rate of Maine cities in 2013).
- The rate of violent crime in Ellsworth (2013) was far below that of other Maine cities, including the smaller cities of under 20,000 population.
- Older residents have access to a number of transportation services, including low or no cost rides for seniors. Area shuttle transportation links principal centers in Hancock County with one another, and to Bangor.
- AARP ratings of community livability indicate that Ellsworth and Hancock County have very high scores relating to civic and social engagement. This indicates a strong level of community involvement that is important in keeping older residents connected to their community.

Home Prices and Market Rents

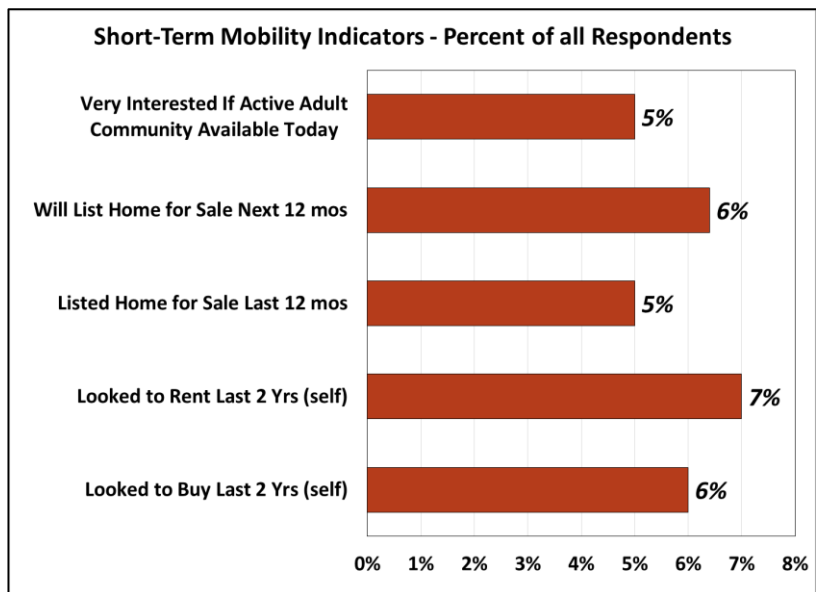
- National data indicates that buyers in active adult communities tend to purchase units similar in size to the homes they already own, but in more suitable floor area configurations offering one-level living and home maintenance services. The median size single family home in Ellsworth is about 1,500 square feet.
- The proportion of senior households capable of affording an alternative product will depend principally on the proceeds of sale of their existing homes.
- In 2014, the median sale price of a single family home in the Ellsworth Labor Market area was \$185,000. Single family listings in Ellsworth (mid-June 2015) had a median asking

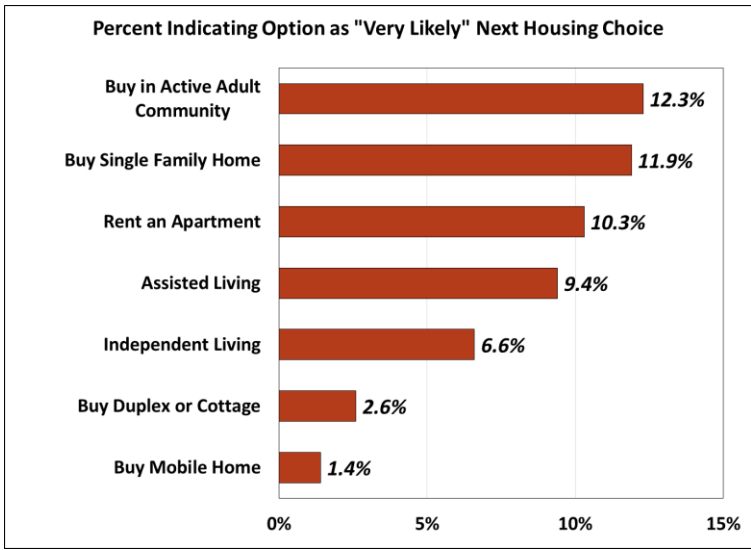
price of \$175,000 for non-waterfront units. The median sales price in Hancock County was \$198,250 for the 3rd quarter of 2015 (up from \$185,000 for the same quarter in 2014).

- About 30% of Ellsworth single family home listings (excluding those on large lots) in June 2015 had asking prices of \$250,000 or more. For listings of homes built in 2000 or later, the median list price in Ellsworth is about \$309,000 and the average \$285,000.
- The average market rent in the Ellsworth area is about 10% higher than the Maine average. Average market rent in the Ellsworth Labor Market increased by 11% from 2010-2014. The median gross rent for a two bedroom apartment in 2014 was about \$955 per month.
- Most rental housing development for seniors in Ellsworth and the area serves very low income households. But with average market rents approaching \$1,000 per month (generally for relatively old and less accessible housing stock) opportunities for market rate rental housing may be emerging.

Interest in Alternative Housing Products: Results of Household Survey

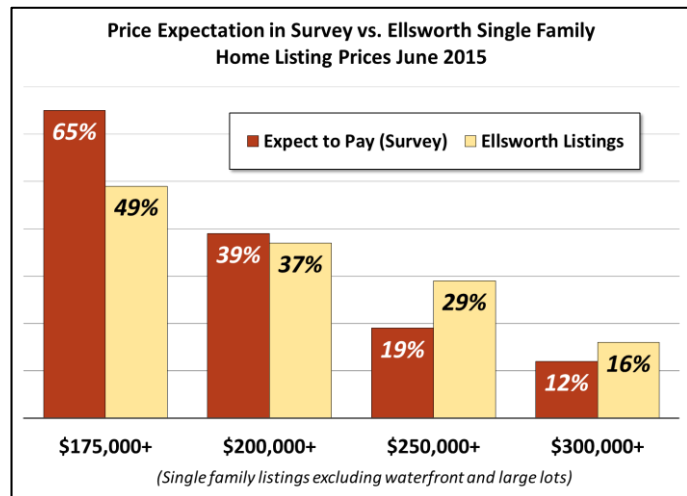
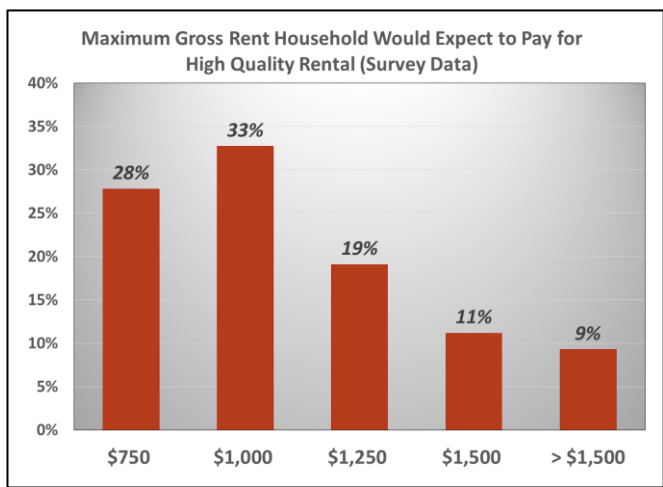
- In July 2015, a comprehensive housing survey was administered via mail to area residents age 55 or older who do not already live in an age-restricted development. The survey achieved a very strong response rate of 23%, producing 800 completed surveys for analysis. About 47% of the returns were from Ellsworth and 53% were from other towns in the region.
- Based on the survey results, as greater proportions of the Hancock County population reach age 75, a higher share of the region’s senior households are likely to be attracted to Ellsworth.
- The youngest portion of the sample (age 55-64) is not likely to comprise a significant share of the total occupancy in an active adult community, independent or assisted living. This portion of the age 55+ market is more likely to be attracted to single family homes (with or without an age restriction) and to quality rental units.
- About 5%-6% of homeowners age 55 or older were actively engaged in trying to sell their current home. About 6% to 7% have actively searched for an alternative senior housing product over the past two years.
- For the Greater Ellsworth area, this means that there may be up to 300 households age 55 or older actively seeking rental or ownership housing alternatives in a given year.





- When area households age 55+ were polled about the probability of the next type of housing they would consider living in, the interest was evenly split between a single family home (no age restriction specified), or owning a unit in an active adult community.
- There was a similar level of interest in either assisted living or independent living (but there was significant overlap between those interested in these options).

- Interest in rental units was not limited to lower income households. About 40% of the interest in rentals was from households expecting to pay over \$1,000 per month in rent for a high quality rental unit.
- The median listing price of homes in Ellsworth is about \$175,000. Ideal pricing for active adult ownership units affordable to most homeowners would be in the \$175,000-\$200,000 range if that sales price were achievable in new construction.



- A reasonable share (39% of households with a potential interest in purchasing) indicated that they would expect to pay \$200,000 or more for a unit with the features they want.
- That level of interest drops to only 19% of interested households at pricing of \$250,000 or more.
- The maximum practical price point for the local market may be somewhere between \$200,000 and \$250,000.

- The overall response to the survey, projected to the entire Greater Ellsworth area, indicates an interest in various products that are not currently available in Ellsworth including:
 - New single family homes designed to accommodate older home owners (1st floor bath and bedroom, or all rooms on one floor), or with “universal design” features intended for all age groups;
 - Active adult ownership units with maintenance services provided. The size of such units should probably be 1,500 square feet or less (at or below the median size of existing Ellsworth single family homes);
 - Quality market rate rental apartments (including market rate units incorporated within mixed income developments); and
 - Independent living apartments (with meals, housekeeping, and transportation) in which residents may also purchase additional services as needed for personal care.

More documentation of the survey process and tabulation of results may be found in the main report. A full description of the housing survey and detailed tabulations are contained in a separate report prepared by Pan Atlantic Research, Inc. which served as a subcontractor for this study.

This report has been prepared for a broad audience of users including local residents, City of Ellsworth officials and administrative staff, area health and human service providers, prospective housing developers, and funding agencies. Users of this information are encouraged to read the report in its entirety.

The study is intended to provide a better understanding of market opportunities in the age 55 and older housing markets based on literature review of national data, area demographic analysis, and evaluation of consumer preferences through a comprehensive area household survey.

This report should not be construed or represented as a feasibility study in support of any individual project or development. The study is not intended as a substitute for a project-specific market study and financial analysis of a particular location, project size, unit design, pricing or rent structure.