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DEPARTMENT OF HOUSING
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Analysis of the
**SANFORD,
MAINE
HOUSING
MARKET**

as of April 1, 1972

A Report by the
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D.C. 20411

August 1972

Housing Market Analysis
Sanford, Maine, as of April 1, 1972

Foreword

This analysis has been prepared for the assistance and guidance of the Department of Housing and Urban Development in its operations. The factual information, findings, and conclusions may be useful also to builders, mortgagees, and others concerned with local housing problems and trends. The analysis does not purport to make determinations with respect to the acceptability of any particular mortgage insurance proposals that may be under consideration in the subject locality.

The factual framework for this analysis was developed by the Economic and Market Analysis Division as thoroughly as possible on the basis of information available on the "as of" date from both local and national sources. Of course, estimates and judgments made on the basis of information available on the "as of" date may be modified considerably by subsequent market developments.

The prospective demand or occupancy potentials expressed in the analysis are based upon an evaluation of the factors available on the "as of" date. They cannot be construed as forecasts of building activity; rather, they express the prospective housing production which would maintain a reasonable balance in demand-supply relationships under conditions analyzed for the "as of" date.

Department of Housing and Urban Development
Federal Housing Administration
Economic and Market Analysis Division
Washington, D. C.

FHA HOUSING MARKET ANALYSIS - SANFORD, MAINE
AS OF APRIL 1, 1972

The Sanford, Maine, Housing Market Area (HMA) is defined for this report using the area delineated by the Maine State Planning Office as the Greater Sanford Area.^{1/} The HMA is located 35 miles north of Portsmouth, New Hampshire and 35 miles southwest of Portland, Maine. The April 1972 population was estimated at 30,800 including 16,000 persons living in the township of Sanford. In 1971, total nonagricultural wage and salary employment in the Biddeford-Sanford Labor Market Area^{2/} declined by 1,100 jobs from the 1970 total of 24,300. This decrease in employment has had a small impact on the Sanford HMA, however, because the majority of the losses affected persons who lived and worked in that part of the labor market outside the HMA. New manufacturing firms which moved into the Sanford Industrial Park have strengthened the local economy and tourism continues to exert a favorable influence on the economy of the HMA.

^{1/} The Greater Sanford Area includes the townships of Acton, Alfred, Berwick, Lebanon, Limerick, Lyman, Newfield, North Berwick, Parsonfield, Sanford, Shapleigh, and Waterboro.

^{2/} All of York County except Berwick, Eliot, Kittery, South Berwick, Wells, and York.

The Labor Market Area (LMA) encompasses a larger area than the HMA. The Sanford segment of the LMA derives its economic support from small manufacturing firms and nonmanufacturing industries while the remainder of the LMA is more heavily dependent on textiles and leather products.

Anticipated Nonseasonal Housing Demand

It is estimated that 210 new, unsubsidized, nonseasonal housing units could be built and absorbed annually in the Sanford HMA during the April 1972-April 1974 period. It is judged that the most desirable demand-supply balance would be achieved with the annual construction of an average of 175 nonseasonal single-family houses and 35 nonseasonal multifamily units. An additional 50 units of nonseasonal demand probably will be satisfied by mobile homes. This demand is based on projections of household growth and on anticipated inventory losses which are expected to result from demolition and other causes. In addition to this, consideration is given to the fact that the supply of acceptable quality vacancies is limited and to the current level of construction. A qualitative distribution of demand for single-family houses by price classes is shown in table I. Multifamily units should be marketed at the lowest achievable monthly rents and be primarily two-bedroom apartments.

Occupancy Potential for Subsidized Housing

Federal assistance in financing costs for new housing for low- or moderate-income families may be provided through a number of different programs administered by FHA: monthly rent supplements in rental projects financed under Section 221(d)(3); partial payment of interest on home mortgages insured under Section 235; partial interest payment on project mortgages insured under Section 236; and federal assistance to local housing authorities for low-rent public housing.

The estimated occupancy potentials for subsidized housing are designed to determine, for each program (1) the number of families and individuals who can be served under the program and (2) the proportion of these households that can reasonably be expected to seek new subsidized housing during the forecast period. Household eligibility for the Section 235 and Section 236 programs is determined primarily by evidence that household or family income is below established limits but sufficient to pay the minimum achievable rent or monthly payment for the specified program. Insofar as the income requirement is concerned, all families and individuals with income below the income limits are assumed to be eligible for public housing and rent supplement; there may be other requirements for eligibility, particularly the requirement that current living quarters be substandard for families to be eligible for rent supplements. Some families may be alter-

natively eligible for assistance under more than one of these programs or under other assistance programs using federal or state support. The total occupancy potential for federally assisted housing approximates the sum of the potentials for public housing and Section 236 housing. For the Sanford HMA, the total occupancy potential is estimated to be 190 units annually (see table II).

Section 235 and Section 236. Subsidized housing for households with low- to moderate-incomes may be provided under either Section 235 or Section 236. Moderately-priced, subsidized sales housing for eligible families can be made available through Section 235. Subsidized rental housing for the same families in the same income range may be alternatively provided under Section 236; the Section 236 program contains additional provisions for subsidized rental units for elderly couples and individuals. In the Sanford HMA, it is estimated (based on regular income limits) that, for the period April 1, 1972 to April 1, 1974, there is an estimated annual occupancy potential for a total of 85 subsidized family units, utilizing either Section 235 or Section 236, or a combination of the two programs. In addition, there is an annual potential for about 15 units under Section 236 rental housing for elderly couples and individuals. It is estimated that 30 percent of the households which are prospective occupants of Section 235 housing are five or more person households.

As of April 1, 1972 there were about five houses in the HMA which had been financed under the provisions of Section 235. In addition to this there are 104 units of Section 236 housing which are about to be started. When completed, this project will satisfy about 60 percent of the two year potential for families under Sections 235 and 236. Because this is the first Section 236 project in the HMA, there is no past market experience to indicate what the absorption rate will be. Therefore, the success of this project should be determined before additional proposals are considered.

Rental Housing Under the Public Housing and Rent-supplement Programs. These two programs serve households in essentially the same low-income group. The principal differences arise from the manner in which net income is computed for each program and from other eligibility requirements. For the Sanford HMA, the annual occupancy potential for public housing is estimated at 80 units for families and 45 units for the elderly. Approximately 30 percent of the families and 20 percent of the elderly eligible for public housing, also are eligible for housing under Section 236 (see table II). In the case of the more restrictive rent-supplement program, the potential for families would be about three-fifths of the figure above; the potential among the elderly would be the same.

There are 49 units of low-rent public housing in the Sanford HMA at present, all of which are occupied by families. An additional 84 units designed for the elderly are under construction and will be ready for occupancy in early June. Thirty units of leased housing will be constructed or rehabilitated within a year. At the present time all existing public housing units are filled and there is a waiting list of about 150 elderly families and individuals and 70 families. Units currently under construction will house over one-half of the elderly families and individuals currently on waiting lists.

Sales Market

The sales market is currently characterized by a shortage of acceptable quality new and existing low-priced housing. As a result of rising costs of land, construction, and financing, residential construction has shifted away from houses in the low price ranges to those selling for \$30,000 and above. The demand for new moderate- and higher-priced housing is being met, generally on a contract basis, with most of the activity occurring in Sanford and Spingvale. The demand for new low-priced housing is not being satisfied and existing houses priced below \$16,000 are not available in sufficient quantity in the HMA. The increased acceptance of mobile homes has helped to alleviate this problem somewhat, but these units are not suitable for larger families.

Rental Market

The market for rental housing is relatively small and only 25 percent of the housing units in the HMA are renter-occupied. The inventory consists mainly of older single-family houses and units converted to multifamily occupancy. Vacancies are concentrated in the least desirable of these units. Apartment construction has been limited, consisting of about 150 units since 1965. All of these units rented up within a reasonable period of time and have sustained high occupancy. Rents in the newer units generally start at about \$140 for a one-bedroom unit and at \$160 for two bedrooms. At present, small waiting lists of prospective tenants are being maintained by the existing projects and it is judged that a moderate level of demand exists in the HMA.

Economic, Demographic, and Housing Factors

The estimated demand for new, unsubsidized housing is based on the trends in employment, income, population and housing factors summarized below.

Employment. Employment and unemployment trends presented in table III for the Biddeford-Sanford Labor Market Area (the only data available) are not totally representative of the trend in the Sanford HMA. The Biddeford segment of the Labor Market Area is more heavily dependent on textiles and leather products while the primary economic support of the Sanford area is plastics, electronics, and tourism.

Nonagricultural wage and salary employment in the Labor Market Area averaged 23,200 in 1971, including 10,700 workers in manufacturing industries and 12,500 employed in nonmanufacturing.

Manufacturing employment in the Labor Market Area expanded from 9,100 in 1960 to 12,200 in 1966. Most of the gain was in the plastics and "other manufacturing," which consists mainly of electronics, machinery, and aircraft and components. After four years of relative stability, manufacturing employment lost 1,400 jobs between 1970 and 1971. This sharp decline was mainly the result of losses in leather and textiles which are outside the Sanford HMA.

Nonmanufacturing employment has increased steadily throughout the 1960 to 1971 period. In 1960, 8,700 people were employed in nonmanufacturing jobs and this total increased to 12,500 by 1971. Most of this gain was concentrated in the trade, services, and government sectors. Increased tourism in the Sanford HMA has stimulated demand for goods and services resulting in increased employment in the nonmanufacturing sector.

Nonagricultural wage and salary employment is expected to increase by about 500 jobs in the HMA over the two-year forecast period. The majority of this increase should occur in government, trade, and services due to increasing tourism and recreational activities. Because of the losses in the manufacturing sector, total employment in the Labor Market Area will probably remain at constant levels during the next two years.

Income. As of April 1, 1972, the estimated median income of all families in the Sanford HMA was \$8,758, after deduction of federal income tax. Renter households of two or more persons had an estimated median annual after-tax income of \$7,439. In 1959, the median incomes for all families and for renter households of two or more persons were \$4,572 and \$3,905, respectively. Distributions of families and renter households by after-tax income are presented in table IV.

Demographic Factors. As of April 1, 1972, the population of the Sanford HMA was estimated at 30,800 persons, an increase of about 360 persons a year since 1970. Of these 30,800 persons, an estimated 16,000 resided in the township of Sanford. It is judged that there has been net in-migration into the HMA, reflecting the growth of the local economy as well as the increasing popularity of the area to people who reside in the HMA but work in neighboring areas. During the two-year forecast period, population is expected to increase by an average of about 350 persons per year (see table V).

As of April 1972, there were about 5,020 households in Sanford Township and about 9,500 households in the HMA, an average annual HMA increase of 150 since 1970. During the April 1972-April 1974 period, the number of households is expected to increase by about 125 annually, of whom an estimated 50 will be in Sanford Township and 75 in the remainder of the HMA.

Housing Factors. The 1970 Census enumerated 14,218 housing units in the HMA, including 5,405 in the township of Sanford. As of April 1972 there were an estimated 14,900 housing units in the HMA, 5,620 of these units were in Sanford, a net increase of about 680 units since April 1, 1970. The net increase was the result of 565 units constructed, a net addition of about 375 mobile homes, and the loss of about 250 units through demolition and other causes.

Approximately 30 percent of the current housing stock are units intended for seasonal use. This proportion has increased from about 25 percent in the early 1960's, and reflects the increased popularity of the area for part-time residents.

Approximately 120 units were under construction in April 1972, including 30 single-family houses and 90 multifamily units, of which 84 units were low-rent public housing.

Building permit data since 1960 have covered only a portion of the total year-round building activity. That not covered by permits has been estimated by utilizing information from the 1960 and 1970 Censuses and from the Maine State Planning Office. As shown in table VI, it is estimated that building activity in the HMA increased from 87 units in 1960 to 150 units in 1963. Between 1964 and 1968 building activity was rather erratic ranging from a low of 82 units in 1967 to a high of 146 in 1965, reflecting current economic conditions in the HMA. Since 1968, increased economic strength has accounted for a substantial upturn in residential building activity.

Vacancy. As of April 1972, there were an estimated 5,400 vacant housing units in the Sanford HMA (see table VII). Of the total, there were an estimated 100 units available for sale, 200 units available for rent, and 5,100 other vacant units, most of which were for seasonal use. The available vacant sales and rental units represent vacancy rates of 1.4 percent and 7.7 percent, respectively, compared with rates of 1.5 percent and 7.2 percent, respectively, on April 1, 1970. The present 7.7 percent rental vacancy rate consists mostly of older units which lack amenities, are in undesirable locations, or have structural deficiencies.

Table I

Estimated Annual Demand for New Nonsubsidized Sales Housing
Sanford, Maine, Housing Market Area
April 1972-April 1974

<u>Price class</u>	<u>Number of units</u>	<u>Percent</u>
Under \$22,500	25	14
\$22,500 - 24,999	25	14
25,000 - 29,999	45	26
30,000 - 34,999	30	17
35,000 and over	<u>50</u>	<u>29</u>
Total	175	100

Source: Estimated by Housing Market Analyst.

Table II

Estimated Annual Occupancy Potential for Subsidized Housing
Sanford, Maine, Housing Market Area
April 1, 1972-April 1, 1974

	Section 235 and Section 236 ^{a/} <u>exclusively</u>	Eligible for <u>both programs</u>	Public housing <u>exclusively</u>	Total for <u>both programs</u>
A. <u>Families</u>				
1 bedroom	10	5	5	20
2 bedrooms	20	10	25	55
3 bedrooms	20	5	20	45
4+ bedrooms	<u>10</u>	<u>5</u>	<u>5</u>	<u>20</u>
Total	<u>60</u>	<u>25^{b/}</u>	<u>55^{b/}</u>	<u>140</u>
B. <u>Elderly</u>				
Efficiency	0	5	20	25
1 bedroom	<u>5</u>	<u>5</u>	<u>15</u>	<u>25</u>
Total	<u>5</u>	<u>10^{c/}</u>	<u>35^{c/}</u>	<u>50</u>

a/ Estimates are based on regular income limits.

b/ About 63 percent of these families also are eligible under the rent-supplement program.

c/ All of these elderly families and individuals also are eligible for rent supplements.

Source: Estimated by Housing Market Analyst.

Table III

Labor Force Trends
 Biddeford-Sanford Labor Market Area^{1/}
 1960-1971

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
Work force	<u>24,300</u>	<u>25,300</u>	<u>25,300</u>	<u>25,900</u>	<u>26,700</u>	<u>26,800</u>	<u>28,200</u>	<u>28,100</u>	<u>28,800</u>	<u>29,200</u>	<u>29,900</u>	<u>29,900</u>
Unemployment	2,100	2,000	1,600	1,400	1,600	1,500	1,200	1,200	1,200	1,500	1,700	3,000
Percent	8.6	7.9	6.3	5.4	6.0	5.6	4.3	4.3	4.2	5.1	5.7	10.0
Employment	<u>22,200</u>	<u>23,400</u>	<u>23,700</u>	<u>24,500</u>	<u>25,100</u>	<u>25,300</u>	<u>27,000</u>	<u>26,900</u>	<u>27,600</u>	<u>27,700</u>	<u>28,200</u>	<u>26,900</u>
Nonag. wage & salary	<u>17,800</u>	<u>18,600</u>	<u>19,400</u>	<u>20,100</u>	<u>20,500</u>	<u>20,900</u>	<u>22,600</u>	<u>22,800</u>	<u>23,500</u>	<u>23,700</u>	<u>24,300</u>	<u>23,200</u>
Manufacturing	<u>9,100</u>	<u>9,700</u>	<u>10,300</u>	<u>10,900</u>	<u>10,900</u>	<u>11,100</u>	<u>12,200</u>	<u>12,100</u>	<u>12,500</u>	<u>12,100</u>	<u>12,100</u>	<u>10,700</u>
Food processing	N.A.	N.A.	N.A.	N.A.	330	340	360	330	340	330	290	220
Textiles	2,540	2,510	2,880	2,900	2,870	2,810	2,860	2,760	2,770	2,530	2,300	1,410
Apparel	230	360	430	460	470	510	470	490	460	470	510	500
Lumber & furniture	540	470	480	500	500	480	400	340	520	550	520	530
Plastics	760	1,160	1,380	1,570	1,620	1,460	1,290	1,220	1,210	1,450	1,230	1,260
Leather products	3,190	3,180	2,870	3,200	3,220	3,240	3,520	3,300	3,400	2,790	2,650	2,360
All other mfg.	1,840	2,020	2,260	2,270	1,890	2,260	3,300	3,660	3,800	3,980	4,600	4,420
Nonmanufacturing	<u>8,700</u>	<u>8,900</u>	<u>9,100</u>	<u>9,200</u>	<u>9,600</u>	<u>9,800</u>	<u>10,400</u>	<u>10,700</u>	<u>11,000</u>	<u>11,600</u>	<u>12,200</u>	<u>12,500</u>
Contract construction	540	550	700	670	740	780	790	820	840	960	850	900
Trans., comm., & utilities	700	740	810	710	730	700	680	620	610	630	690	640
Trade	3,170	3,180	3,180	3,150	3,210	3,210	3,430	3,560	3,600	3,810	4,130	4,210
Fin., ins., & real estate	360	380	470	470	480	480	540	580	610	650	670	720
Services & misc.	2,170	2,290	2,060	2,100	2,380	2,420	2,600	2,660	2,800	2,920	3,050	3,100
Government	1,760	1,760	1,880	2,100	2,060	2,210	2,360	2,460	2,540	2,630	2,810	2,930
All other nonag. emp. ^{2/}	3,400	3,700	3,400	3,500	3,600	3,500	3,500	3,300	3,300	3,300	3,300	3,200
Agriculture	1,000	1,100	900	900	1,000	900	900	800	800	700	600	500

^{1/} The Labor Market Area is greater than the Sanford HMA, covering all of York County except Berwick, Eliot, South Berwick, Kittery, Wells, and York.

^{2/} Nonagricultural self-employed, unpaid family workers, and domestic workers in private households.

Source: Maine Employment Security Commission.

Table IV

Estimated Percentage Distribution of All Families and Renter Households
By Annual Income After Federal Income Tax Deduction
Sanford, Maine, Housing Market Area
1959 and 1972

<u>Income</u>	<u>All family</u>		<u>Renter^{a/}</u>	
	<u>1959</u>	<u>1972</u>	<u>1959</u>	<u>1972</u>
Under \$2,000	12	3	15	5
\$2,000 - 2,999	12	5	16	5
3,000 - 3,999	16	5	20	7
4,000 - 4,999	18	5	20	9
5,000 - 5,999	14	8	12	10
6,000 - 6,999	11	9	7	10
7,000 - 7,999	7	8	3	9
8,000 - 8,999	3	9	2	9
9,000 - 9,999	2	8	2	10
10,000 - 11,999	3	14	1	11
12,000 - 14,999	1	14	1	11
15,000 and over	<u>1</u>	<u>12</u>	<u>1</u>	<u>4</u>
Total	100	100	100	100
Median	\$4,572	\$8,758	\$3,905	\$7,439

a/ Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table V
Demographic Trends
Sanford, Maine, Housing Market Area
1960-1972

<u>Population</u>	<u>April 1,</u>	<u>April 1,</u>	<u>April 1,</u>	<u>Average annual change</u>	
	<u>1960</u>	<u>1970</u>	<u>1972</u>	<u>1960-1970</u>	<u>1970-1972</u>
HMA	<u>26,978</u>	<u>30,086</u>	<u>30,800</u>	<u>311</u>	<u>360</u>
Sanford Township	<u>14,962</u>	<u>15,812</u>	<u>16,000</u>	<u>85</u>	<u>95</u>
Remainder of HMA	<u>12,016</u>	<u>14,274</u>	<u>14,800</u>	<u>226</u>	<u>265</u>
 <u>Households</u>					
HMA	<u>8,137</u>	<u>9,204</u>	<u>9,500</u>	<u>107</u>	<u>150</u>
Sanford Township	<u>4,685</u>	<u>4,916</u>	<u>5,020</u>	<u>23</u>	<u>50</u>
Remainder of HMA	<u>3,452</u>	<u>4,288</u>	<u>4,480</u>	<u>84</u>	<u>100</u>

Sources: 1960 and 1970 Censuses of Housing and Population and estimates by Housing Market Analyst.

Table VI

Estimated Nonseasonal Residential Building Activity
Sanford, Maine, Housing Market Area
1960-1971

<u>Year</u>	<u>HMA total</u>	<u>Sanford Town</u>	<u>Remainder of HMA^{a/}</u>
1960	87	27	60
1961	102	32	70
1962	138	43	95
1963	150	45	105
1964	115	35	80
1965	146	46	100
1966	108	33	75
1967	82	32	50
1968	139	49	90
1969	145	45	100
1970	273	98	175
1971	208	58 ^{b/}	150

a/ Estimated.

b/ Excludes 104 units of Section 236 and 84 units of public housing.

Sources: U. S. Bureau of the Census, C-40 Construction Reports,
 local building inspectors, and estimates by Housing Market
 Analyst.

Table VII

Housing Inventory, Tenure, and Vacancy Trends
Sanford, Maine, Housing Market Area
April 1, 1960-April 1, 1972

<u>Component</u>	<u>April 1, 1960</u>	<u>April 1, 1970</u>	<u>April 1, 1972</u>
Total housing inventory	<u>11,877</u>	<u>14,218</u>	<u>14,900</u>
Total occupied units	<u>8,137</u>	<u>9,204</u>	<u>9,500</u>
Owner-occupied	5,584	6,766	7,100
Percent	68.6	73.5	74.7
Renter-occupied	2,553	2,438	2,400
Percent	31.4	26.5	25.3
Total vacant units	<u>3,740</u>	<u>5,014</u>	<u>5,400</u>
Available vacant	<u>277</u>	<u>294</u>	<u>300</u>
For sale	127	106	100
Homeowner vacancy rate	2.2	1.5	1.4
For rent	150	188	200
Rental vacancy rate	5.6	7.2	7.7
Other vacant ^{a/}	3,463	4,720	5,100

^{a/} Includes dilapidated units, seasonal units rented or sold and awaiting occupancy, and units held off the market for absentee owners or other reasons.

Sources: April 1, 1960 and April 1, 1970 from U. S. Census of Housing.
 April 1, 1972 estimated by Housing Market Analyst.

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