

# SKOWHEGAN

Housing Needs Assessment and Strategy

Whitewater Park Case Study



LEVINE PLANNING STRATEGIES

Tools for Building Communities



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Levine Planning Strategies LLC



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# EXECUTIVE SUMMARY

## **HOW DO WE TAKE BEST ADVANTAGE OF SKOWHEGAN'S STRENGTHS AND COMMUNITY CHARACTER TO BUILD A STRONG DOWNTOWN?**

Skowhegan is located in a beautiful part of the state, and has a downtown that provides a great baseline for high quality growth and development. For the past decade or more, the Town and other organizations have worked to promote economic development and amenities in the community.

Traditionally, one of the challenges facing Skowhegan was that it is "on the way" to other places. Canadians coming from the north might stop for food and gas as they head to Old Orchard Beach or Acadia National Park. Visitors from the rest of Maine and New England might likewise stop on their way to the North Maine Woods. Rarely, however, were those visits long or based on a specific desire to visit the community.

That is starting to change. New businesses downtown have started to become destinations in themselves. The development of Run of River, a world-class whitewater park, is likely to increase that destination visitation further.

Beyond visitors, it seems likely that these improvements to civic amenities, combined with increased ability for people to work remotely, will increase interest in people coming to live in Skowhegan. Based on many of the demographic trends nationally, a large number of those new residents will want to live downtown. There will also be demand for new, single-family homes that are close to downtown, as families seek the high quality of life the area offers.

In order to understand these trends and how they might fit in with efforts to support downtown Skowhegan, Main Street Skowhegan commissioned this report. Specifically, we were asked to answer the following questions:

1. Based on existing data, what are the current housing needs in downtown Skowhegan?
2. Based on a case study of a whitewater park in Salida, CO, what impacts might the opening of the Run of the River whitewater park have on downtown revitalization and housing needs?
3. What are some housing best practices that the Town, downtown property owners and businesses, and Main Street Skowhegan should explore to help produce additional housing downtown as a tool for downtown revitalization?

We looked at best available data and spoke with local experts and stakeholders to understand the market and trends, and offer the following findings and recommendations.

## **FINDINGS**

- There is an existing and increasing gap between what the median renting household can afford and what is available for them on the market;
- This gap is caused by both stagnating incomes as well as increasing rents;
- This gap is larger than that in the state as a whole;
- The vacancy rate of 0.9% for rental housing is very low by industry standards and indicates demand for additional rental housing;
- Some homeowners also struggle with housing costs, though not as high a percentage as renting households;
- "Expiring uses" (developments for which affordability restrictions will expire soon) are likely to create additional affordability challenges in the Skowhegan housing market over the next twenty years unless proactive steps are taken;
- Existing upper story space downtown - much of which appears to have formerly been housing - could provide opportunities to provide additional housing choices if code issues can be resolved.
- A downtown whitewater park is

likely to result in direct and indirect benefits to the businesses and property owners in the area;

help close financing and operating gaps in mixed-income housing developments downtown;

- ➔ Demand and cost of housing in downtown Skowhegan is likely to increase after Run of River opens; and
- ➔ Thought should be given as to how to minimize displacement of existing residents in the Skowhegan CDP.

- ➔ The Town should consider creation of a Housing Trust to fund housing development, with a focus on mixed-income housing downtown;
- ➔ Given that many sidewalks downtown are in “fair” or “poor” condition, the Town should consider additional investment downtown in sidewalks and other public amenities to encourage additional private investment;
- ➔ The Town should explore building and fire code limits to adaptive reuse and amend their codes to remove any unnecessary barriers to housing production;

## **RECOMMENDATIONS**

- ➔ Based on low vacancy rates and expected development of Run of River, there appears to be demand for additional housing development downtown, both on upper floors of existing commercial buildings as well as in new infill buildings, and it should be encouraged;
- ➔ As downtown housing becomes more attractive, attention should be paid to trying to ensure that existing residents are not displaced and to encourage developments with below-market affordable housing;
- ➔ The Town should engage with owners of so-called “expiring uses,” as they are likely to create additional affordability challenges in the Skowhegan housing market over the next twenty years unless proactive steps are taken;
- ➔ The Town should explore use of the Affordable Housing TIF program to
- ➔ Creation of Run of River and associated amenities downtown will likely have positive impacts not just on the economy of the region, but also on the social capital, livability, and attractiveness of downtown Skowhegan. The Town and Main Street Skowhegan should make sure the project maximizes its connections and benefits to downtown; and
- ➔ While there are benefits to Run of River increasing housing value downtown, consideration should be given to how this increased housing cost might impact existing households.





Credit: MXH Marketing

*Main Street Skowhegan Housing Assessment & Whitewater Park Case Study*

# INTRODUCTION



("Skowhegan, Me., Somerset Co.", <https://www.mainememory.net/artifact/71168>)

## INTRODUCTION

Skowhegan is located on traditional lands of the Norridgewock band of the Abanaki First Nations People. While their primary village was in the current Town of Madison, the land now known as Skowhegan was a significant location for the Norridgewock. Skowhegan Falls was a major fishing area, where they caught salmon and then dried them for storage on the island located right next to downtown. The name "Skowhegan" means "watching place," which has been interpreted as referring to a place to watch for salmon.

Over the course of the early 1700's, the French, British and Abanaki fought for control of the area. The first permanent European settlers arrived in the 1770's, when the British had driven the other forces out of the region and established it as part of their sphere of influence. Many early British settlers lived on the island.

Skowhegan was incorporated as a separate town in 1823, and originally called "Milburn." It was renamed Skowhegan in 1836 and grew in population, as well as size, as more settlers arrived and the Town annexed land surrounding its core. Reached by railroad in 1856, by 1880, the population of Skowhegan was 3,861, according to "A Gazetteer of the State of Maine." That document, written by George Varney and published in 1886 by B.B Russell, described Skowhegan as follows:

*"Skowhegan is a prosperous manufacturing town lying on both sides of the great bend of the Kennebec in the southern part of Somerset County, of which it is the shire town. Cornville bounds it on the north, Canaan on the east, Fairfield on the south and Norridgewock on the west. The surface is somewhat broken by swells and bridges, Bigelow Hill, the greatest elevation being about 500 feet in height. Slate rock generally underlies the soil, the latter being sandy loam, and quite fertile. Hay, potatoes and wool are the principal agricultural products. The water-power of the town is on the Kennebec, at Skowhegan Falls, where the whole volume of the river descends 28 feet in half a mile. An island, the head of which is at the crest of the perpendicular fall, divides the river into two channels, and serves at once as a natural pier and as a site for mills. The bottom and banks of the stream are of solid ledge, and other vast masses of rock support the dam and render it of great strength."* (<http://history.rays-place.com/me/skowhegan-me.htm>)

For many years, Skowhegan was a significant mill town, with power provided by the river to fuel paper, window, and flour manufacturing. Later, textile mills opened, also availing themselves of the river's energy. These industries, as well as nearby farms and a women's correctional center, provided jobs and activity that helped Skowhegan grow and thrive in the 20th century. Some of this industry remains, with additional arrivals such as Gifford's Ice Cream and New Balance. The Skowhegan School, located in nearby Madison, opened after the Second World War and has attracted national names in the arts community to study, lecture and teach fine arts. Food related businesses, such as Maine Grains and many fine local restaurants, have also become local attractions.

While many industries have remained, with approximately 13,000 jobs in the Skowhegan area labor market, much of that employment is spread across the town and region. Downtown has generally done reasonably well but is sometimes seen as a stopping point for visitors on their way to places farther north and west, rather than a place to live and visit. The Town's Economic and Community Development Department, the Skowhegan Economic Development Corporation, and Main Street Skowhegan are working closely with local businesses and downtown property owners to encourage investment and sound planning.

As part of that effort, Main Street Skowhegan has asked us to conduct a study looking at downtown housing opportunities and the potential impact on downtown housing of the Run of the River whitewater park, slated to open in the next couple of years. Specifically, we were asked to answer the following questions:

1. Based on existing data, what are the current housing needs in downtown Skowhegan?
2. Based on a case study of a whitewater park in Salida, CO, what impacts might the opening of the Run of the River whitewater park have on downtown revitalization and housing needs?
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Skowhegan 1875 (<https://www.mainmemory.net/artifact/9026>)



Maine Spinning Company mill, Skowhegan, ca. 1925 (<https://www.mainememory.net/artifact/9059>) and today



## GEOGRAPHIC AREAS STUDIED

While this study has a focus area of downtown Skowhegan, much of the best data is available for the entire Town of Skowhegan or the “Skowhegan Census Designated Place (Skowhegan CDP)” utilized by the U.S. Census Bureau. We have generally used the Skowhegan CDP when better data for downtown is not available, as it includes only the more developed part of the Town. Data for the CDP is more likely to be directly relevant to the issues and opportunities for the Main Street Skowhegan service area.

We selected the CDP because it is a closer approximation of the downtown housing market, being generally more densely developed and with a clear geographic center in the downtown. While many residents of the rest of the Town and even nearby towns will come to downtown Skowhegan for goods and services, they are also more likely to travel farther away. As shown in the table to the right, approximately 75% of the residents of the Town live in the CDP.

| Population Comparison |                         |
|-----------------------|-------------------------|
| Town of Skowhegan     | Census Designated Place |
| 8620                  | 6404                    |

| Skowhegan CDP          |      |      |
|------------------------|------|------|
|                        | 2010 | 2020 |
| Occupied Housing Units | 2856 | 2893 |
| Vacant Housing Units   | 322  | 367  |
| Total Housing Units    | 3178 | 3260 |
| Population             | 6297 | 6404 |

Skowhegan Census Designated Place (CDP) vs. Town of Skowhegan  
(Source: U.S. Census 2020 TIGER Files)



North





Credit: MXH Marketing

# PART ONE: HOUSING ASSESSMENT

## Qualitative Outreach

As part of this project, stakeholders representing a variety of perspectives were interviewed to understand their perspectives on housing issues and downtown revitalization. These stakeholders ranged from public officials, to potential developers of housing downtown, to large institutional employers.

While the interviewees offered a wide range of perspectives, there were some common themes that emerged from the interviews:

### Challenges

- People are moving to the area from other parts of Maine, the country and even the world;
- Increased downtown population may require additional municipal services;
- The electric infrastructure downtown may require some adjustments if there is an influx of new population, such as relocating power lines away from windows;
- Downtown land owners may need to be convinced that there is a market for housing in order to invest in needed upgrades;
- Parking for new residents will be a factor in planning for more housing, but transit improvements and shared parking arrangements may help;
- Employees at downtown businesses struggle to find housing nearby;
- Housing options are limited for shorter-term residents such as visiting physicians and nurses, especially smaller furnished units;
- Senior housing is needed in the community, as is housing within walking distance of medical services generally;

- Dividing larger family-sized homes into smaller units creates challenges given the limited supply of good single-family homes in the community; and

- New construction from the ground up of housing units may run into financial challenges, as lenders may be concerned that the cost of new construction exceeds its value once complete.

### Opportunities

- Upper floor development downtown is an attractive way to produce more housing as well as increase vitality downtown;
- Code issues may complicate upper story redevelopment but there can be creative solutions such as connecting upper floors of different buildings to share infrastructure;
- Some public buildings may become surplus downtown in the next few years, offering opportunities for housing development;
- City loans, Tax Increment Finance funds, and other programs could help incentivize housing development; and
- State and local officials have generally been supportive of development efforts downtown.

### Other Thoughts

- Short term rentals are not a major problem in Skowhegan right now;
- Internet connectivity in town is adequate but not excellent; and
- Land use regulations limiting housing production are primarily related to shoreland zoning and the downtown fire zone ordinance.





## Current Proposed Developments

There has not been a great deal of new housing development in Skowhegan in the recent past. In fact, a review of the 128 building permits issued between the start of 2021 and the end of September includes only 17 permits classified as “New Resident Construction” – and all but a handful of those are for significant renovations or other uses that did not add net new housing units to the Town.

However, there are a couple of major developments proposed for downtown Skowhegan that would include significant numbers of new housing units. The owners of Bigelow Brewing Company are looking to renovate the Maine Spinning Company mill at 7 Island Avenue into a mixed-use development with new apartments. In addition, the owner of Maine Grains is actively pursuing redevelopment of the site of the former Kennebec River Inn into a mixed-use development including several housing units. Each of these projects has the scale and ambition to potentially add to the vitality of downtown Skowhegan as well as increase the variety of housing stock.

### *Land & Furrow LLC Proposal*

Amber Lambke, the Chief Executive Officer of Maine Grains, purchased the former Kennebec River Inn parcel in 2020 from the Skowhegan Economic Development Corporation (SEDC). The Inn was torn down in 2018 due to its deteriorating condition and lack of economically feasible redevelopment options. However, the 0.2 lot, located downtown and adjacent to Maine Grains, is an attractive development site with water and sewer connections.

The concept for redevelopment of the site by her company, Land & Furrow, includes an expansion of Maine Grains, as well as space for additional food-related uses. It could also include a childcare center and community space. On the upper floors, the Land & Furrow proposal includes new housing units, though the exact number will depend on the size of the final building.

Initial support has been received from the Maine Community Foundation as well as SEDC.

Lambke says that her desire to develop housing downtown is driven in large part by the difficulty she sees her employees - both individuals and those with families - have finding housing. Employees currently often have to travel far to find a place to live, or accept less-than-optimal housing situations. She also sees a need for housing for the elderly that may not require driving as much.

She is exploring financing options for the site, including options that are new to the market in Maine. Her hope is that construction will begin in the next couple of years.

### *Bigelow Brewing Company Proposal*

On Island Avenue, Bigelow Brewing Company owners Jeff and Pam Powers are planning to redevelop an old mill into a mixed-use development with the brewing operations and tasting room on the ground level. The former Maine Spinning Company building, most recently used by Solon Manufacturing and as a discount furniture store, is about 80,000 square feet of space overlooking the Kennebec River. The Powers purchased it in December of 2019.

The ground level, consisting of 17,000 square feet, would include Bigelow Brewing operations and retail space, and potentially other retail users over time. The second and third stories would be renovated into approximately 34 one- and two-bedroom apartments, and the top floor would be a restaurant space with a rooftop deck. The basement would house 17 parking spaces and potentially a gym space.

The Powers have received \$50,000 from the Town through a Tax Increment Financing credit enhancement agreement, and a \$32,590 grant from the Main Development Foundation. They are hoping to use historic tax credits and potentially Low-Income Housing Tax Credits to fund the development.

While the first phase – relocating Bigelow Brewing into the first floor – is expected to be complete in a year or so, they expect the rest of the development to take a few more years to complete.



## EXISTING HOUSING STOCK IN THE SKOWHEGAN CDP

In many ways, the existing housing in the Skowhegan Census Designated Place (hereafter referred to simply as “Skowhegan”) is typical of similar communities in Maine. Many of the homes in town have three or four bedrooms. They tend to be older and often in need of repairs. Rents tend to be higher than what many people can afford, yet don’t seem to cover the cost of constructing new housing. This results in a quandary- one way to reduce housing costs would be to increase supply, but there may be no financially feasible way for the market to increase supply without public incentives.

However, in other ways, the housing in Skowhegan is different from that in Somerset County as a whole, or the state. Homes are even older than in the county or state, with over half the homes in Skowhegan built before 1950, as opposed to just under 30% in Somerset County or the state. More of the housing units in Skowhegan are in two- or multi-family buildings than in the county or the state. While approximately half the homes in Skowhegan are single-family buildings, closer to three quarters of those in the county and state are single-family homes. Skowhegan has significantly more mobile homes than the county or state as a whole.

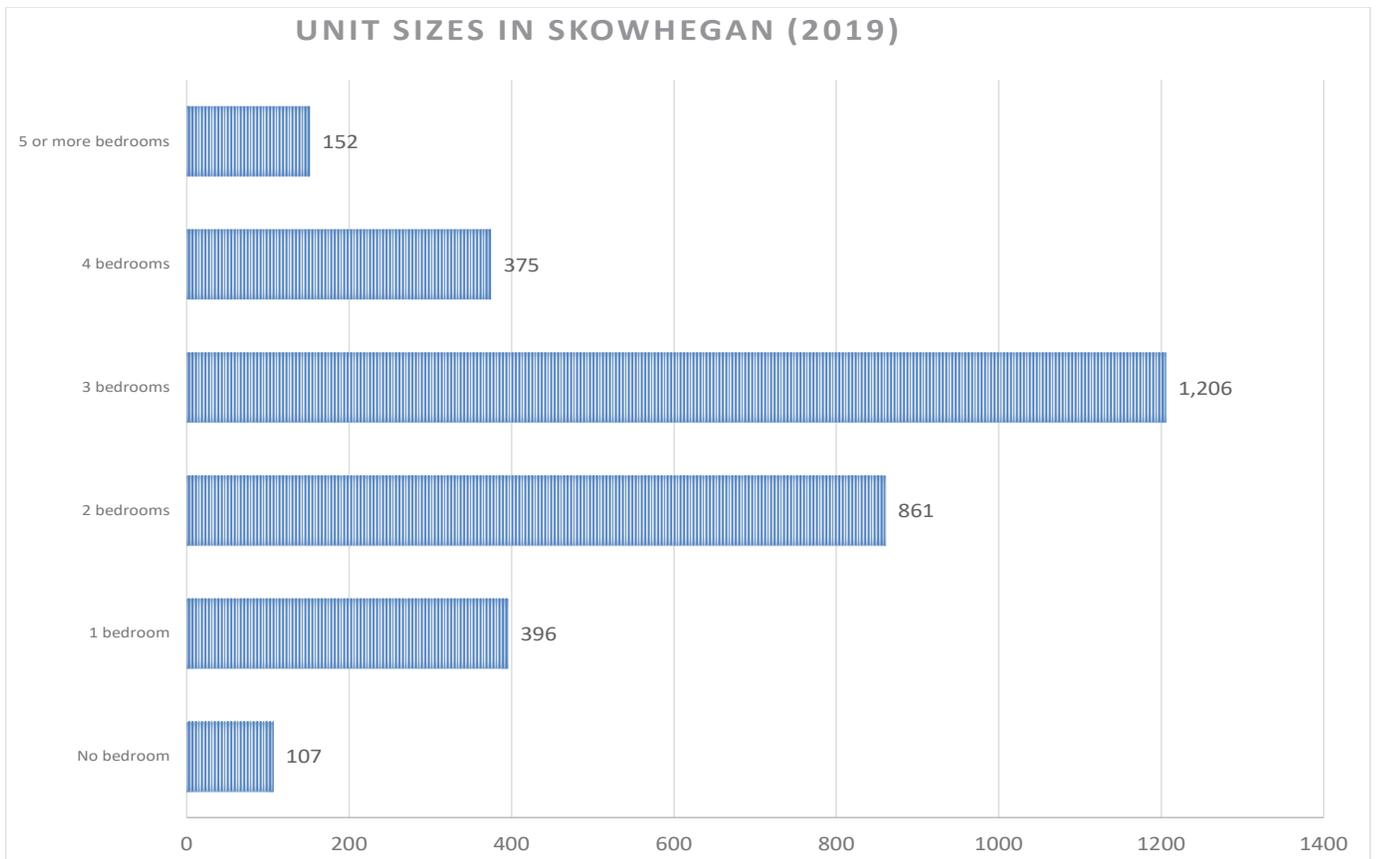
Skowhegan households also own fewer cars than households in the county or state. While approximately one in eight households in the county or state have no vehicles

available, that number is one in six in Skowhegan. Over 40 percent of households in Skowhegan have access to only one vehicle, again much higher than in the county or state.

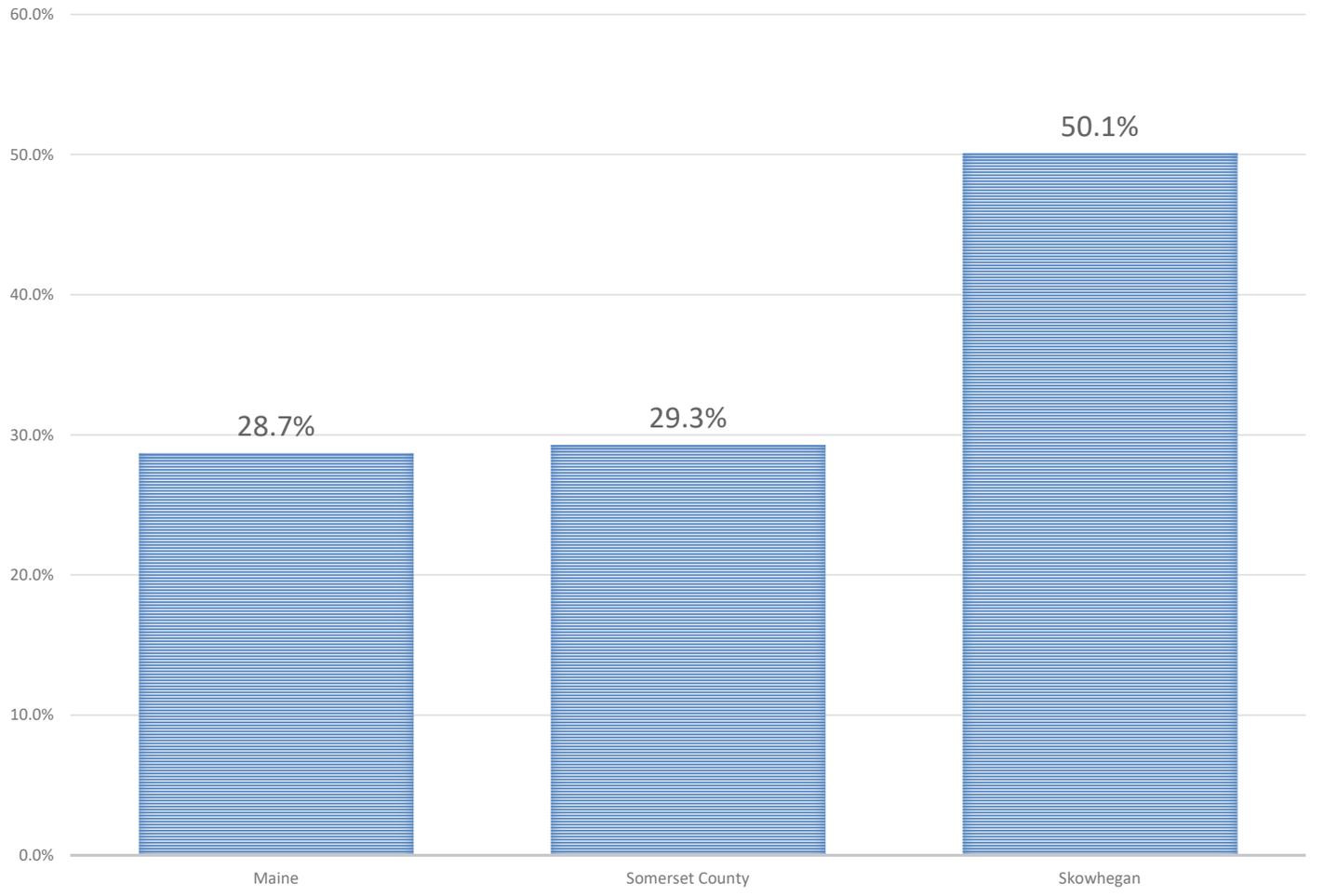
Vacancy rates in Skowhegan are lower than in the county or state as a whole. This difference is especially notable in rental housing. Whereas the vacancy rate is six percent in the state and just under five percent in Somerset County, the rate is less than one percent in Skowhegan. A rate that low means essentially no vacant housing units, and indicates a market where pricing is biased in favor of landlords.

This difference in vacancy rates may be explained in part by the difference in estimated numbers of seasonal homes. While relatively few homes are considered seasonal in Skowhegan (at least in the Census Designated Place near downtown), a significant number of homes in the county and state are likely seasonal and therefore may be vacant more of the time.

In short, Skowhegan’s housing stock, while bearing some general similarities to those of Somerset County and the State of Maine, exhibit some significant differences as well. The homes are more likely to be in multi-family buildings; less likely to be seasonal; tend to be even older; have very low vacancy rates; and are likely to have fewer vehicles available. All these characteristics affect both the current affordability and availability of housing, as well as indicate potential markets for additional downtown housing.

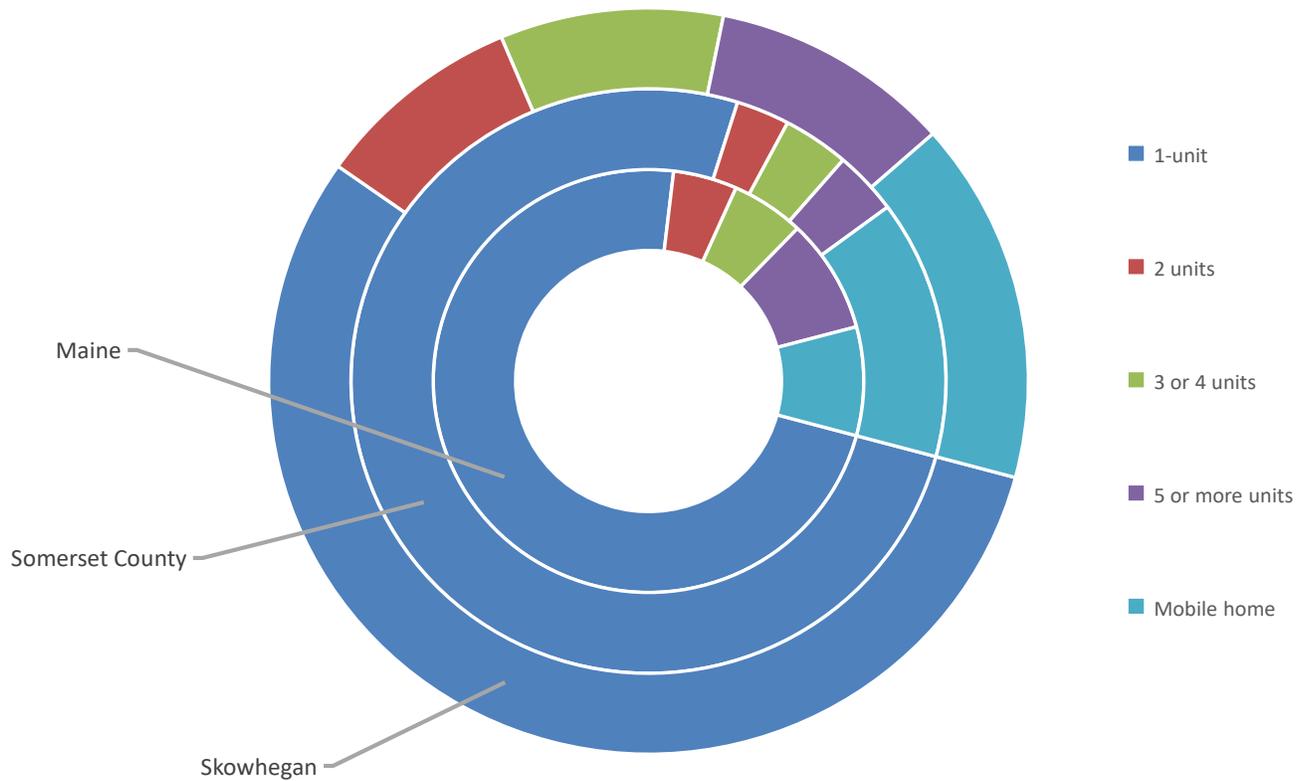


## BUILT BEFORE 1950

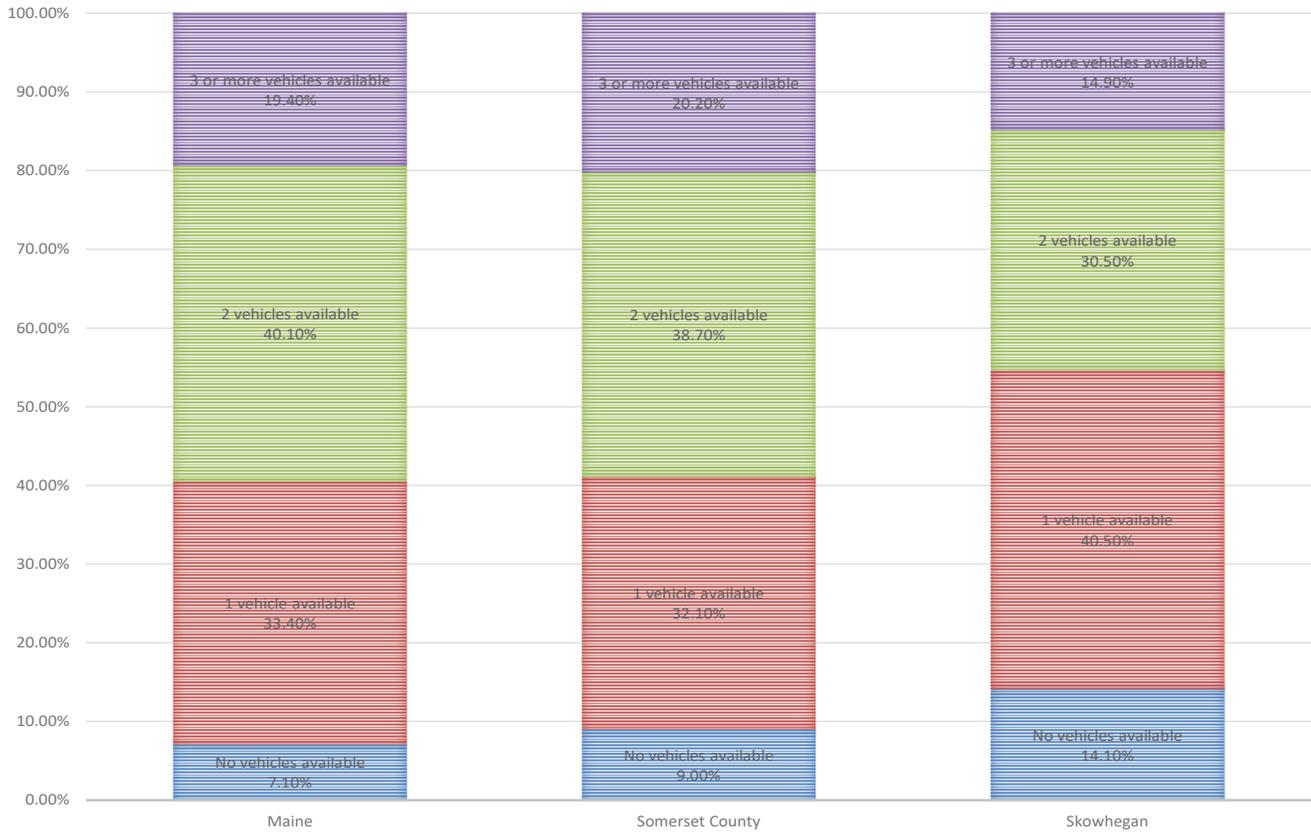




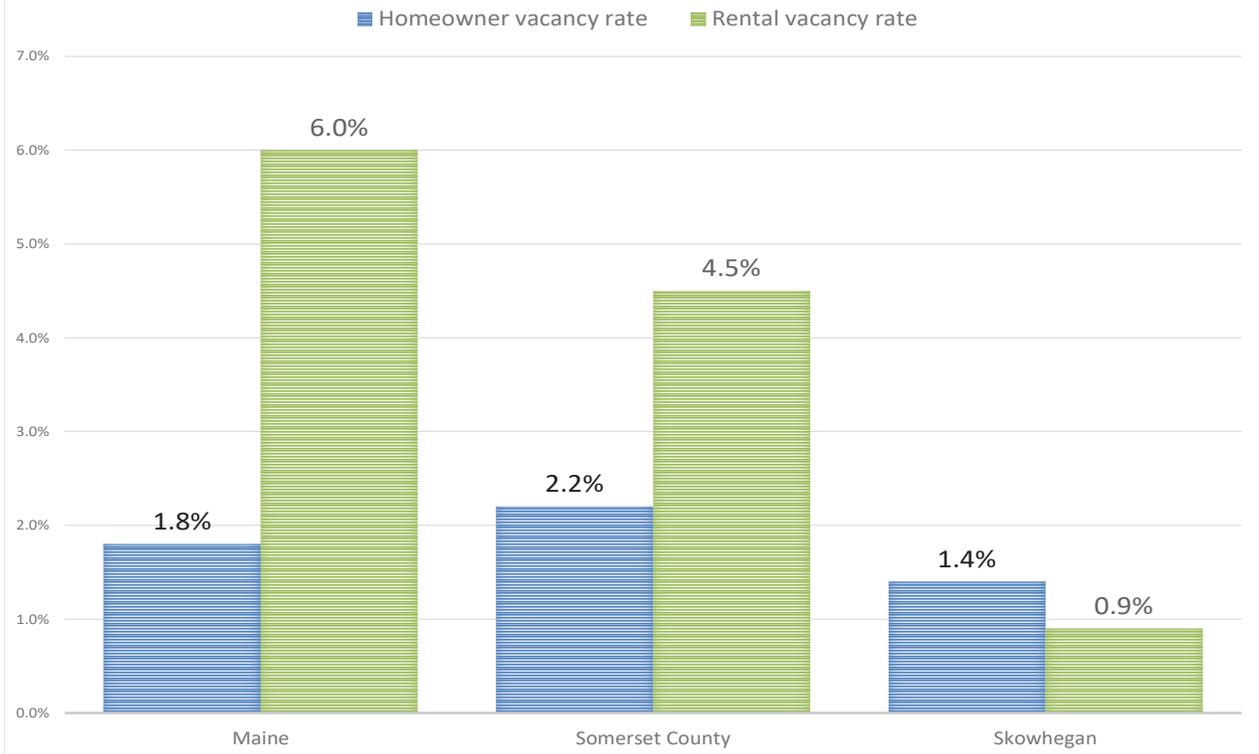
Building Type



### VEHICLE AVAILABILITY BY HOUSEHOLDS (2019)



### RENTAL AND HOMEOWNER VACANCY RATES





### ESTIMATED SEASONAL HOMES



## FOCUS ON AFFORDABILITY

Skowhegan is seeing an increasing rental housing affordability challenge. As seen in the chart on page 20 from the Maine Housing Finance Agency (“MaineHousing,”) the median rental household income in 2020 was \$23,896. However, the income needed to afford the median two-bedroom rental apartment in the Town was \$36,812. That means that the median income would need to increase by over 54% in order to be able to afford the median two-bedroom apartment.

This data suggests a major gap between incomes and housing costs in the Skowhegan rental market. Note that this data, unlike most of the data in this report, is for the entire Town of Skowhegan rather than the Skowhegan CDP. It is likely that the situation for those seeking housing near downtown is worse. On the other hand, this is a general indicator of the health of the market. Many households will be able to save money renting a smaller apartment or having roommates. Others may be willing to live elsewhere. In general, though, it indicates a rental market that is out of balance, and that would likely benefit from increased supply.

This situation was not always this dire. As shown in that chart, in 2003 the median income was actually more than adequate to afford the median two-bedroom apartment. While there has been a gap since 2003, the gap was not as wide until 2016. Starting around that time, rents increased in the market while incomes remained relatively stagnant.

Clearly part of this challenge is related to income levels. While rents will naturally go up over time, as long as incomes also increase commensurately, there will not be an affordability gap. However, median incomes for renters in the Town of Skowhegan have not significantly increased in the past 15 years, while median rents have increased 50 percent.

### Median Rent

Median rent in the Skowhegan CDP in 2019 was just over \$800 a month. That figure is slightly higher than the Somerset County median of \$728 but below the state median of \$853. It’s also worth noting that, while the geographic areas are slightly different, this figure is below the median two-bedroom apartment rent of \$920 noted by MaineHousing for the Town. There are a number of possible explanations for this difference, including the wider range of apartment sizes measured and the data sources.

This median rent would translate into a median income of \$32,210 in order for a household to be able to afford that apartment. This is well above the median renter household income of \$27,083 the Skowhegan CDP.

While median figures are helpful, there is a wide range of rents paid, unit sizes, and household incomes that can be somewhat obscured. For example, as shown in the chart on page 24, most renting households are paying between \$500 and \$999 in monthly rent. However, there are significant numbers of households paying less than \$500 (85) and \$1000 or more (163.)



| Year | Index | Median 2BR Rent (with utilities) | Renter Household Median Income | Income Needed to Afford Median 2BR.. | Income Needed to Afford Median 2BR.. |
|------|-------|----------------------------------|--------------------------------|--------------------------------------|--------------------------------------|
| 2020 | 0.65  | \$920                            | \$23,896                       | \$36,812                             | \$17.70                              |
| 2017 | 0.60  | \$962                            | \$23,042                       | \$38,493                             | \$18.51                              |
| 2016 | 0.63  | \$928                            | \$23,295                       | \$37,126                             | \$17.85                              |
| 2015 | 0.81  | \$733                            | \$23,731                       | \$29,305                             | \$14.09                              |
| 2014 | 0.80  | \$712                            | \$22,820                       | \$28,481                             | \$13.69                              |
| 2013 | 0.76  | \$734                            | \$22,443                       | \$29,349                             | \$14.11                              |
| 2012 | 0.84  | \$711                            | \$23,964                       | \$28,443                             | \$13.67                              |
| 2011 | 0.88  | \$671                            | \$23,714                       | \$26,846                             | \$12.91                              |
| 2010 | 0.92  | \$686                            | \$25,261                       | \$27,449                             | \$13.20                              |
| 2009 | 0.90  | \$672                            | \$24,148                       | \$26,897                             | \$12.93                              |
| 2008 | 0.90  | \$682                            | \$24,675                       | \$27,277                             | \$13.11                              |
| 2007 | 0.88  | \$662                            | \$23,238                       | \$26,466                             | \$12.72                              |
| 2006 | 0.94  | \$611                            | \$23,077                       | \$24,431                             | \$11.75                              |
| 2004 | 0.94  | \$573                            | \$21,629                       | \$22,903                             | \$11.01                              |
| 2003 | 1.09  | \$515                            | \$22,526                       | \$20,605                             | \$9.91                               |
| 2001 | 1.03  | \$485                            | \$19,888                       | \$19,392                             | \$9.32                               |
| 2000 | 0.99  | \$494                            | \$19,517                       | \$19,766                             | \$9.50                               |

*Rental Affordability Index from MaineHousing*

*An index below 1.00 indicates affordability challenges for the median renter household*

## WHAT IS “AFFORDABLE HOUSING”?

There is often some confusion with respect to “affordable” housing and how it relates to income levels and ability to pay. These definitions help explain some of the nuances of the terms used in the housing field.

- ➔ “Affordable Housing”: Housing that costs a household 30% or less of its overall income, generally including utilities, insurance, and other direct housing expenses. Affordable housing is often assumed to be below-market affordable housing (see below) but exists at all income levels. While household assets are not usually directly used as a measurement of affordability, the income derived from those assets is considered part of household income.
- ➔ “Area Median Income”: A calculation of the median household income of a region completed by the U.S. Department of Housing and Urban Development and updated annually. The Area Median Income is calculated based on household size, so the amount would vary depending on the number of people living together. Often the Area Median Income for a household of four is used as a simpler version of the calculation.
- ➔ “Below-Market Affordable Housing”: Affordable housing that is available for households below the Area Median Income. This is what is often meant when someone refers to “Affordable Housing.” Below-Market Affordable Housing is often calculated based on 50%, 60% or 80% of Area Median Income.
- ➔ “Housing Burdened”: A household that spends more than 30% of its income on housing costs. In other words, a household that does not have affordable housing is housing burdened.

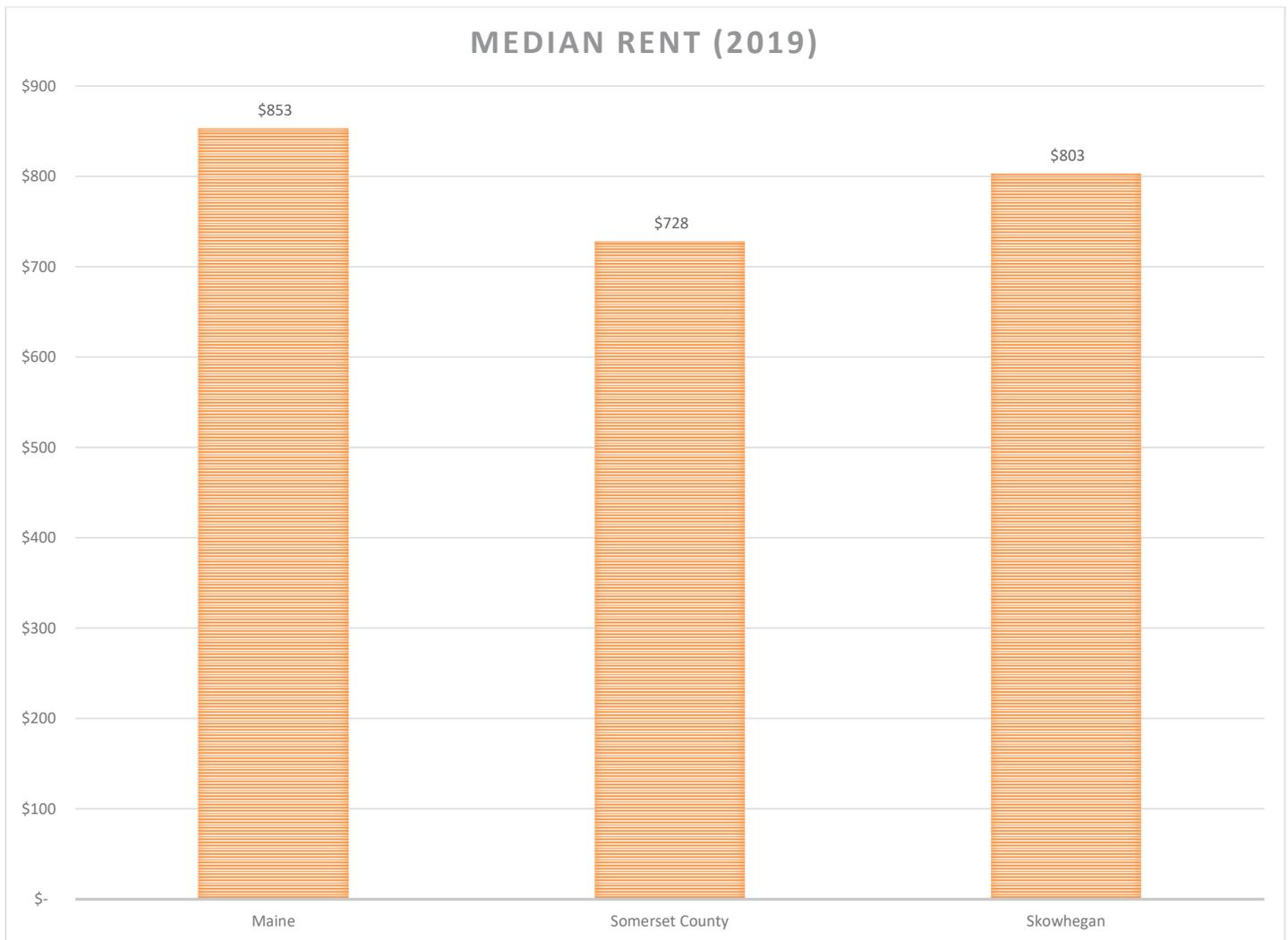
### Homeownership and Affordability

Of course, housing affordability is not just a challenge for renters. Homeowners, while generally higher income and with more assets, often face challenges with their housing costs as well. The median household mortgage in Skowhegan in 2019 was \$1,085, comparable with the median mortgage in Somerset County as a whole. That number is well below the median mortgage in the state of just under \$1,400. However, it still requires an income of over \$43,000 to be affordable. That is over the overall median household income on all households of \$42,099, though it is well below the median household income for homeowners of \$54,054. Clearly, the affordability gap is not as wide for homeowners as it is for renters. That doesn’t mean, however, that individual households who own their homes aren’t struggling to pay housing-related costs.

### Overall Affordability

Looking in aggregate, we can get an overall sense of how many households in the Skowhegan CDP are “housing burdened,” meaning they are paying more than 30% of their income on housing. The chart on page 28 compares these figures, broken out by, owners with a mortgage, and owners without a mortgage, and renters, and compares these figures to Somerset County and the state as a whole.

Not surprisingly, this data suggests that a higher percentage of renter households are housing burdened than homeowners. This is true statewide, but more so in the Skowhegan CDP. Over 60 percent of renter households struggle with affordability, as compared to 55 percent in Somerset County and 46.5% in the state as a whole.



For homeowners who have a mortgage, the percentage of households struggling with affordability is comparable across downtown, the county and the state, ranging only slightly from 24.9% in Skowhegan to 27.0% in Maine. However, the numbers are significantly lower for those owner households that do not have a mortgage. Some of those households struggle with other housing-related costs, such as property taxes or utility bills, but without a mortgage expense, the number of households struggling with affordability is 13.2% in downtown Skowhegan, just under the state figure of 14.8%.

#### Deed-Restricted Housing and “Expiring Uses”

The Town of Skowhegan has 241 housing units that were built with various public subsidies and have restrictions that preserve below-market affordability. These developments range from the 82-unit West Front Residences to smaller developments such as Longmeadow Apartments. Those units represent valuable assets as they are housing units that cannot increase rents above certain levels and provide housing for lower-income Skowhegan residents. The completion of below-market affordable housing units at the Mary Street Apartments will add to that figure.

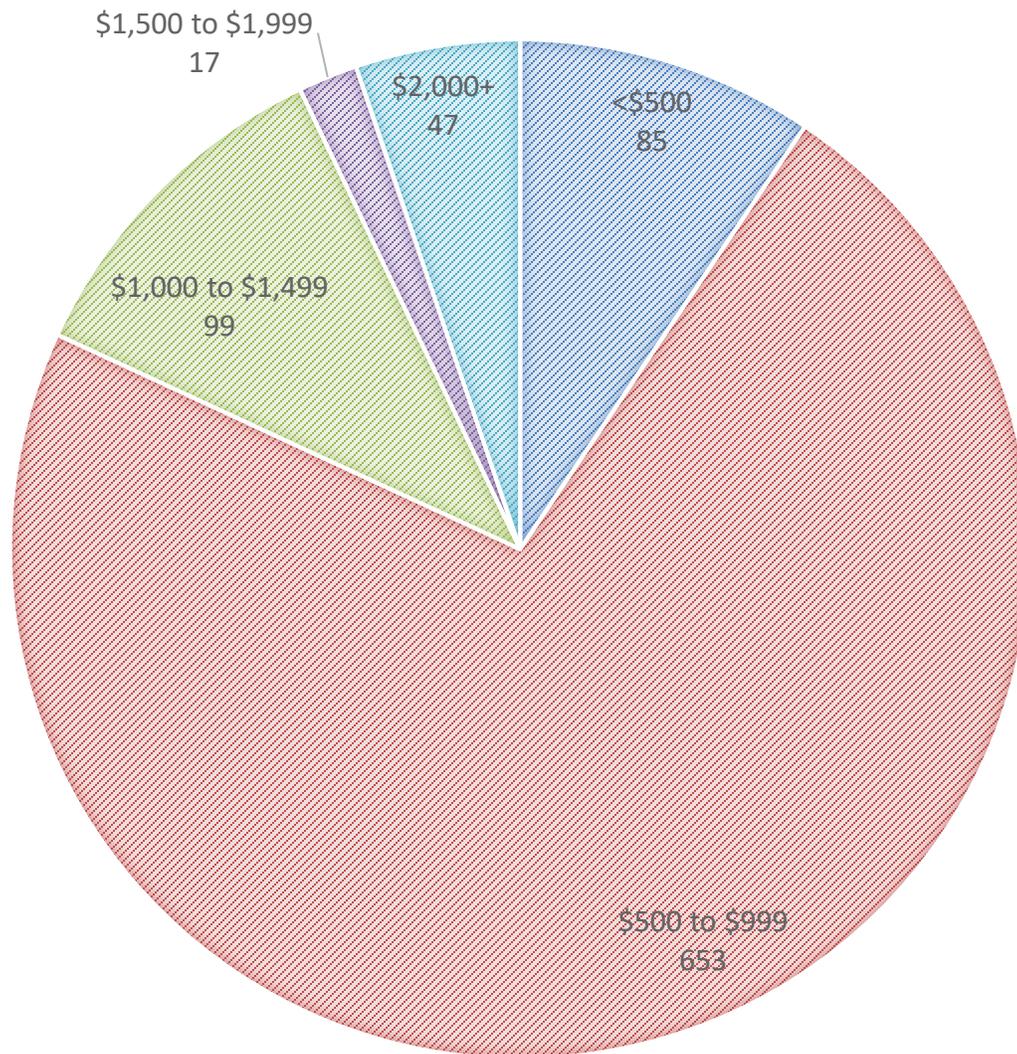
That is good news – for the moment. However, some of

these restrictions have a limited term. Many developers were willing to take advantage of government programs to build below-market affordable housing in the second half of the 20th Century, with the understanding that getting these subsidies only limited the rents they could charge for a set term. Some of these terms of affordability have already lapsed, and others will expire in the next 20 years. These developments are often referred to as “expiring uses.”

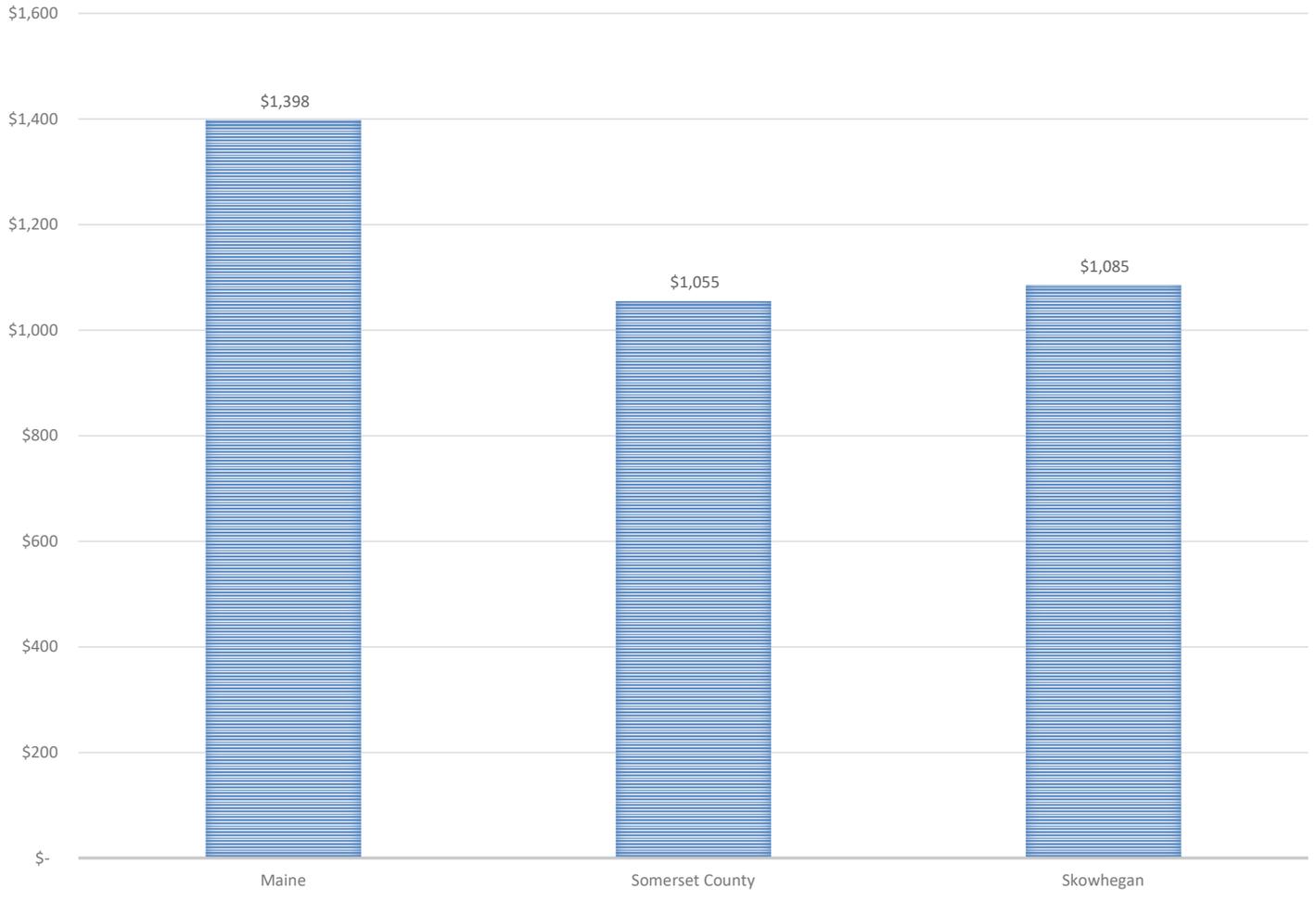
As shown in the chart on page 25, the affordability restrictions on these units run out between 2026 and 2040 at the latest. Fortunately, many owners of deed-restricted properties are willing to discuss extending their affordability terms with public agencies. Those discussions take time, and often involve an additional influx of capital to help with maintenance needs. For this reason, it is wise to enter into these discussions early and allow adequate time for negotiations and funding sources to be procured.

As mentioned above, there were an additional 78 units with similar affordability restrictions in the Town for which the restrictions have expired. While it appears that some of these units may still be offered at below-market rents, that is likely not true for all of them.

## RENT PAID IN SKOWHEGAN (2019)



## MEDIAN MORTGAGE (2019)



| Name                           | Address                   | Total Units | Latest Expiration Date |
|--------------------------------|---------------------------|-------------|------------------------|
| <b>LONGMEADOW APARTMENTS</b>   | 20 McLellan St            | 28          | 7/19/2040              |
| <b>SHERWOOD FOREST</b>         | 1 Mountain View Ter       | 26          | 8/10/2034              |
| <b>MOUNTAINVIEW TERRACE</b>    | 32 Dartmouth St           | 36          | 5/7/2026               |
| <b>INDIAN RIDGE APARTMENTS</b> | 20 Indian Rdg             | 33          | 8/13/2030              |
| <b>WEST FRONT RESIDENCES</b>   | 3 Family Cir              | 82          | 11/30/2039             |
|                                | <i>Total Active Units</i> | 241         |                        |
|                                | <i>Expired Units</i>      | 78          |                        |

Source: National Housing Preservation Database

Deed-Restricted Below-Market Affordable Housing in the Town of Skowhegan

| Home Sales (Town of Skowhegan) |                   |               |            |            |            |
|--------------------------------|-------------------|---------------|------------|------------|------------|
|                                |                   | Average Price |            |            |            |
|                                |                   | 2019-2021     | 2019       | 2020       | 2021       |
| <b>Single-Family</b>           | Sale Price        | \$ 152,945    | \$ 123,093 | \$ 151,196 | \$ 179,358 |
|                                | Price/Square Foot | \$ 90.90      | \$ 73.53   | \$ 86.10   | \$ 109.80  |
|                                | Price/Bedroom     | \$ 49,901     | \$ 42,323  | \$ 46,912  | \$ 59,008  |
| <b>Multi-Family</b>            | Sale Price        | \$ 191,679    | \$ 105,875 | \$ 106,400 | \$ 345,600 |
|                                | Price/Square Foot | \$ 51,371     | \$ 42,229  | \$ 59,800  | \$ 50,256  |
|                                | Price/Bedroom     | \$ 42.81      | \$ 34.86   | \$ 43.07   | \$ 48.91   |
| <b>Manufactured</b>            | Sale Price        | \$ 75,822     | \$ 85,133  | \$ 82,500  | \$ 66,488  |
|                                |                   | Median Price  |            |            |            |
|                                |                   | 2019-2021     | 2019       | 2020       | 2021       |
| <b>Single-Family</b>           | Sale Price        | \$ 135,250    | \$ 116,500 | \$ 126,500 | \$ 156,500 |
|                                | Price/Square Foot | \$ 88.09      | \$ 74.39   | \$ 83.77   | \$ 97.25   |
|                                | Price/Bedroom     | \$ 44,975     | \$ 39,400  | \$ 42,863  | \$ 50,000  |
| <b>Multi-Family</b>            | Sale Price        | \$ 119,000    | \$ 115,000 | \$ 115,000 | \$ 205,000 |
|                                | Price/Square Foot | \$ 42,250     | \$ 38,333  | \$ 44,500  | \$ 47,500  |
|                                | Price/Bedroom     | \$ 45.10      | \$ 31.93   | \$ 44.54   | \$ 47.79   |

Source: MLS via Vitalius Real Estate Group

## FOCUS ON HOME SALES

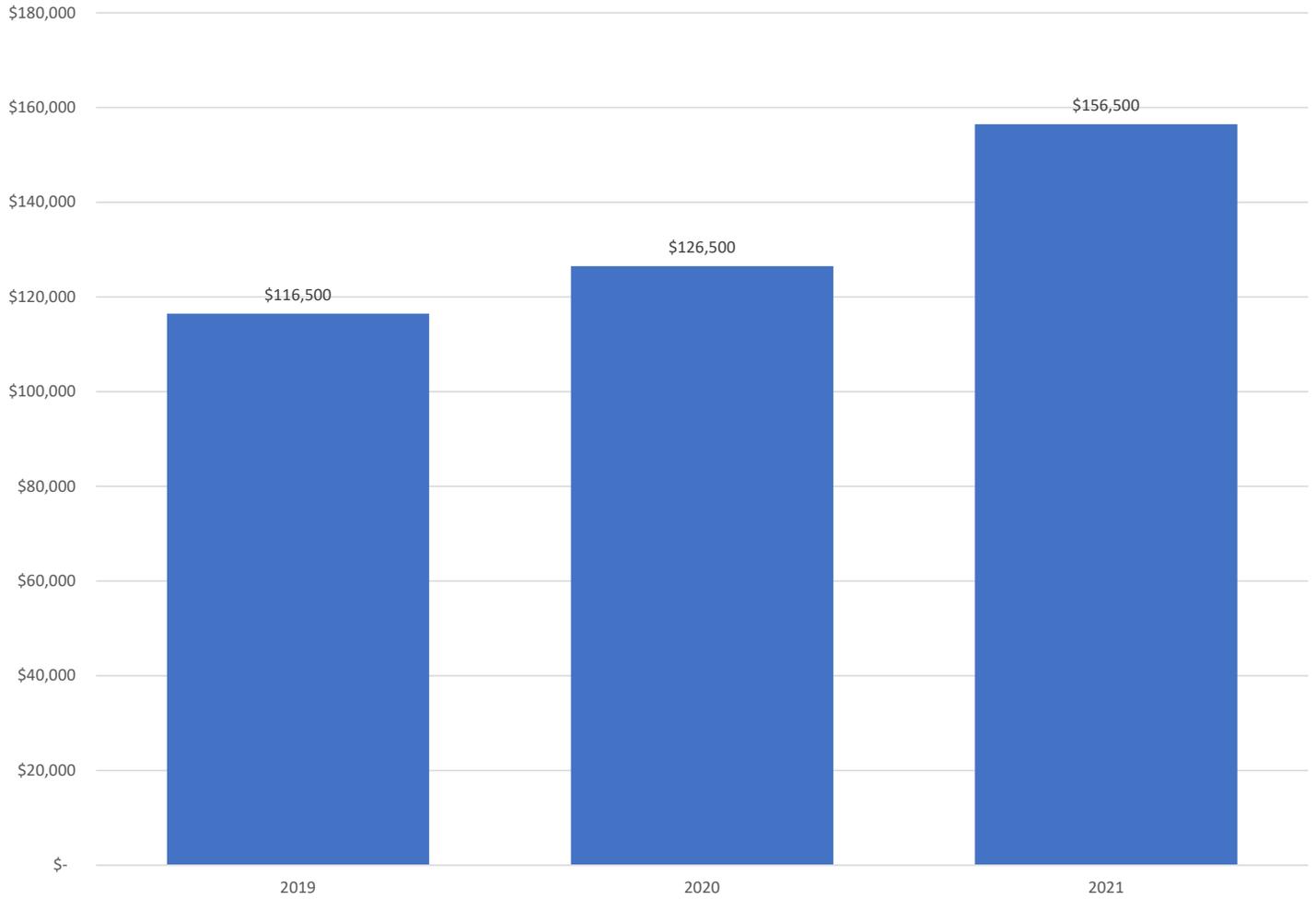
Sales prices of all types of housing have increased in the past two years. This trend exists in the single-family, multi-family and manufactured home segments, and continued through the peak of the pandemic to the present day. In the Town of Skowhegan as a whole, the average sales price of a single family home increased by over 45% in the past two years, and the median sale price increased by over a third. In the multifamily market, the average and median sales prices appear to be somewhat skewed by the sale of Steven’s Manor, a large, well-maintained senior and handicapped accessible development in an historic building. That building’s sale was driven by its part in the Mary Street Apartments, a 40 unit below-market affordable and elderly housing development (see sidebar below.) However, even without that sale, it appears that prices have increased by close to 50% in the past two years.

Manufactured homes, which traditionally offer an affordable alternative to single-family homes, have had more stable sales prices. However, due to a low volume of manufactured home sales - only 18 units in the past three years - it is difficult to determine any trends from this data.

These sales prices generally indicate that, even if a household is in the financial situation to save a down payment and qualify for a mortgage, their housing costs are likely to be high. However, looking at the home ownership affordability index from MaineHousing, the gap between income needed to afford the median home in Skowhegan and the median household income is far smaller than for renters. The 2020 index is at 0.98, though MaineHousing notes that their 2020 data seems to show surprisingly high household incomes. The 2019 index was 0.93 - lower, but still much higher than for renters. Given that this index was as high as 1.56 as recently as 2016, however, this bears watching.

In any case, many households are going to be unable to, or uninterested in, purchasing their own home. This is likely to be especially true for households that are interested in living downtown. If multi-family housing or condominiums were to be developed downtown, they may provide a form of cross-subsidy to rental units as part of the same development. However, a development with a mix of rental and homeownership units is likely to have financing challenges of its own.

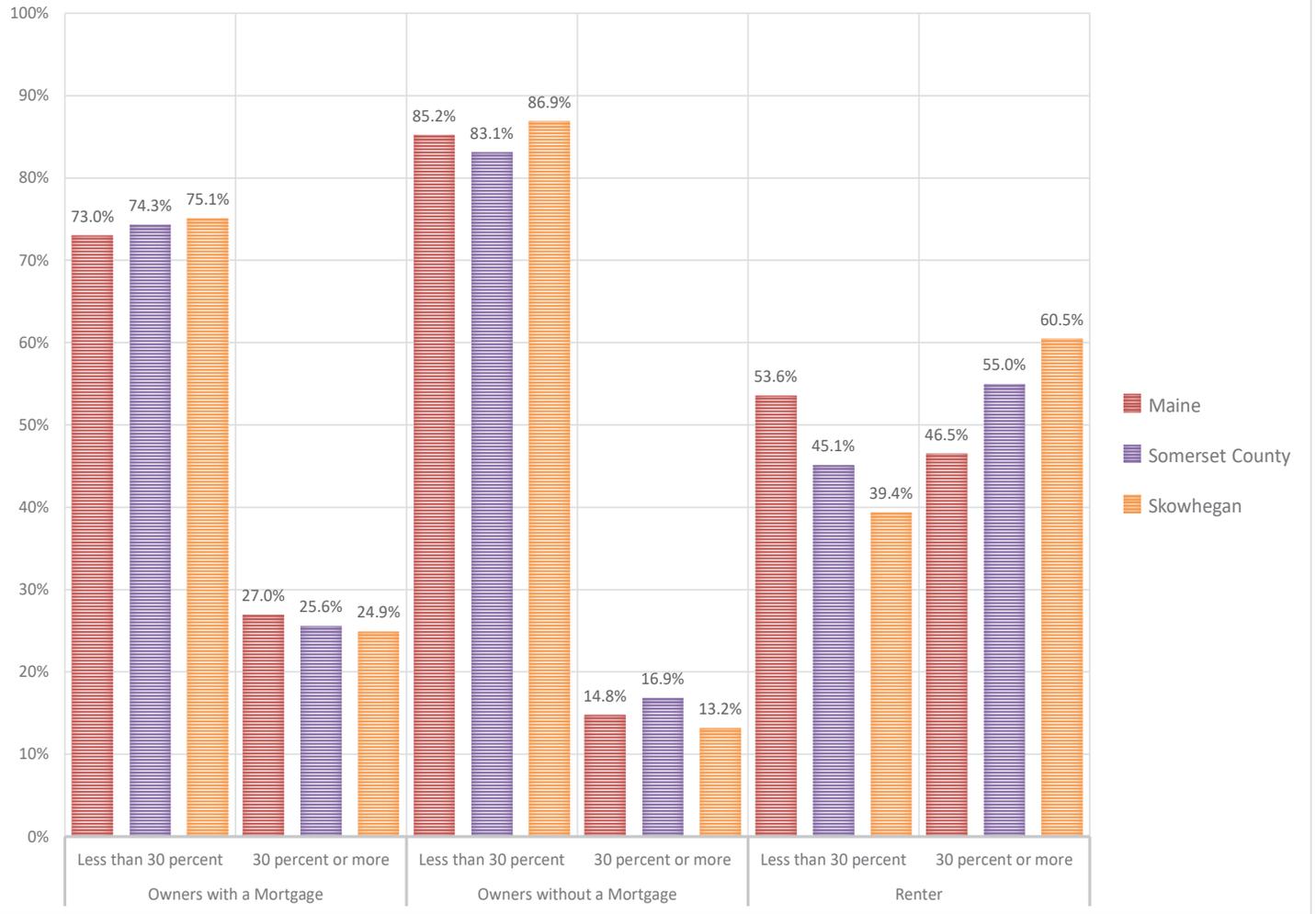
### Single Family Home Median Sales Price (Town of Skowhegan)



Source: MLS via Vitalius Real Estate Group



## HOUSING BURDENED HOUSEHOLDS (2019)



## FOCUS ON UNIT AND HOUSEHOLD NEEDS

In addition to gauging current needs, it is important to look at what we can expect to see in terms of changing conditions in Skowhegan. In addition to the whitewater park – the impacts of which are explored in a separate section below – it’s important to look at expected trends in population and household size.

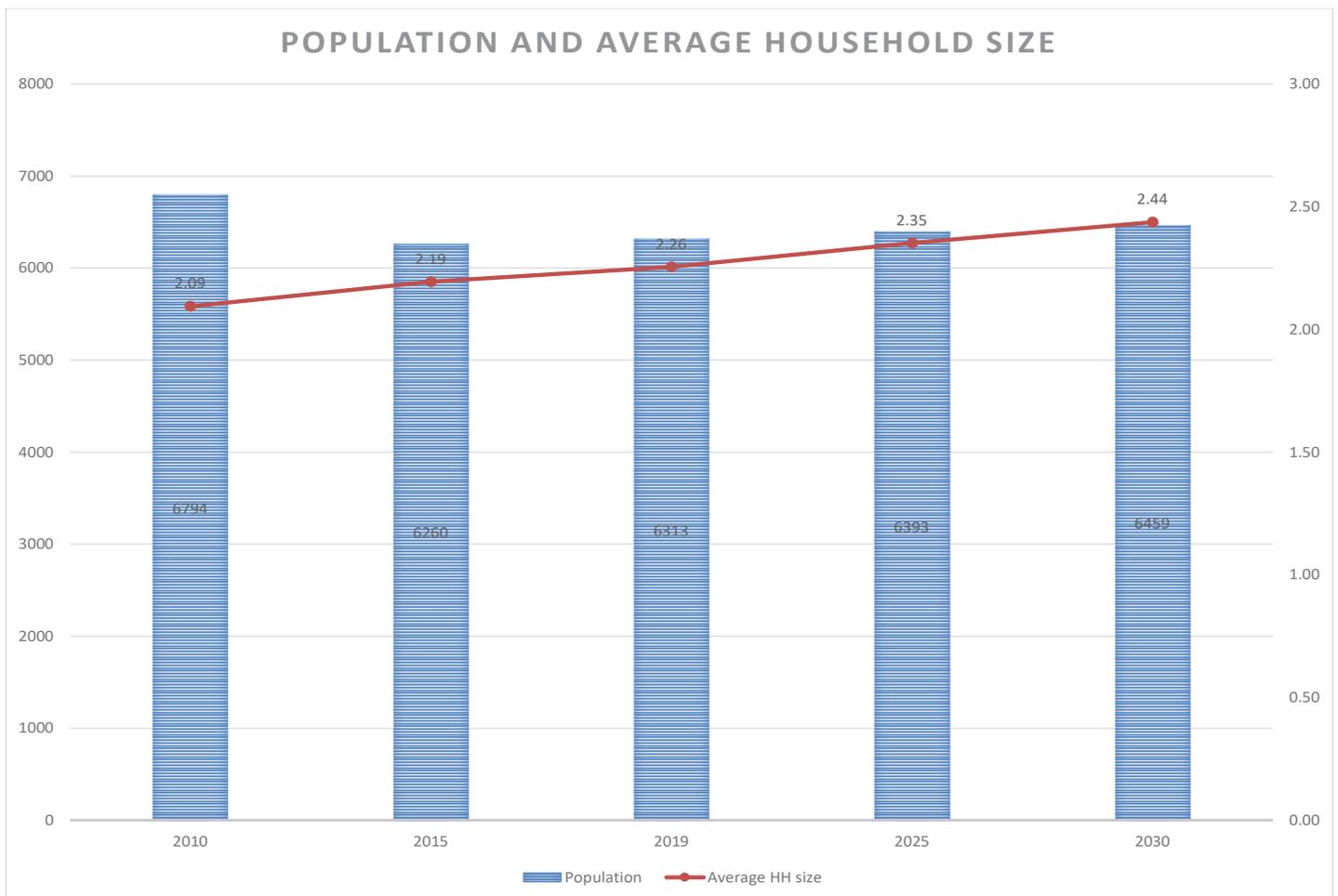
Based on current trends and expected changes over the next ten years, the population of Skowhegan CDP is expected to increase slightly from 6,313 to 6,459 between 2019 and 2030. At the same time, the median household size is expected to increase slightly, from 2.26 to 2.44. It’s hard to know if that increase is the result of families, which tend to have larger household sizes, moving into the area, or if it is caused by affordability challenges causing households to have additional roommates. Most likely, it is a combination of both factors.

This increase is a little unusual in the region. Most communities in Maine are seeing a trend towards smaller household sizes rather than larger. On the other hand, it is also possible that this trend in downtown Skowhegan could reverse over the next ten years if housing supply increases.

Based on the increased household size, demand for housing downtown would not increase significantly in the absence of other factors. While it seems likely that the whitewater park, and other factors contributing to interest in living downtown, may increase this demand, additional housing is more likely to absorb existing demand rather than respond to new demand. The developments in the pipeline may help with that demand, but will likely not fully address it.

The distribution of household sizes is also expected to remain more or less stable over the next ten years. As seen below, most households in the area will continue to have one or two residents, while a small but stable number of households with four or more residents will keep the median household size up.

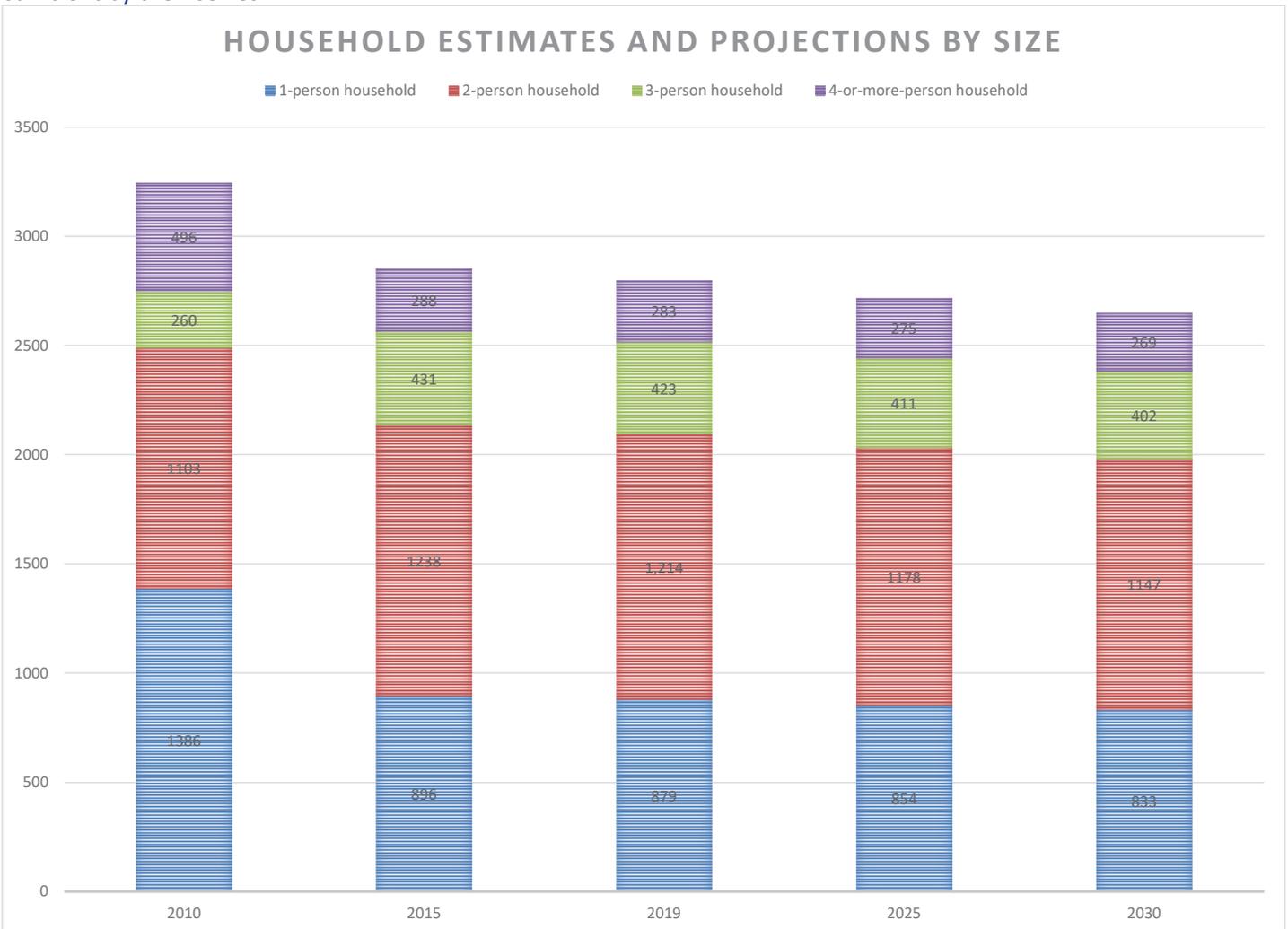
These general measurements hide a more nuanced story about housing needs. Medians and means can tell overall trends, but matching actual household sizes with actual housing unit sizes is more useful. The table below compares the size of the existing housing units in the Skowhegan CDP with the projected sizes of housing units needed in 2025. These sizes are projected based on expected household sizes. As seen in the table, in 2025 more small units will be needed and there will be an excess of



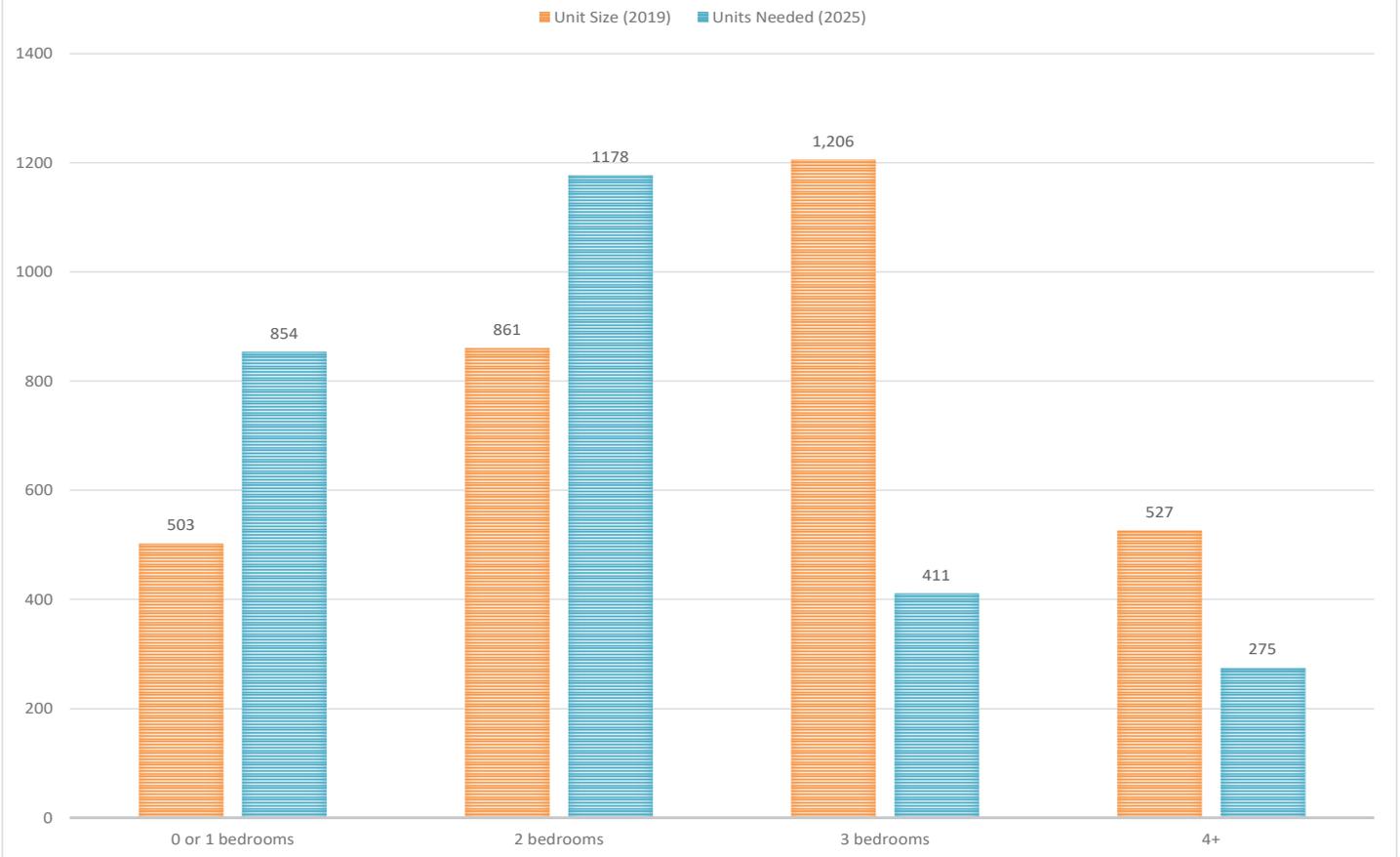
larger units. In particular, there will be almost 800 more three-bedroom units than needed. At the same time, there will be a shortage of approximately 650 studios, one-bedroom and two-bedroom units.

One way to balance that demand may be to divide existing units into multiple, smaller units. However, there are often concerns about this approach from those who seek to preserve existing housing units as originally created. Another way to address this imbalance would be to increase the supply of smaller units, in places such as upper stories of existing commercial buildings.

As with many complex situations, the correct response may be to take several approaches at once. There may be larger units that can be divided into multiple smaller units without negatively affecting the buildings' character. There will definitely be opportunities for upper story redevelopment if code issues can be resolved by evaluating how to apply codes designed for new buildings to adaptive reuse where it may be difficult to bring spaces entirely up to those requirements. In addition, the active development proposal described Being open to a nuanced and responsive strategy to future household needs will be more effective than relying on one or two strategies that may not be sufficient by themselves.



## UNIT SIZES AND UNIT SIZE NEEDS





## FOCUS ON DOWNTOWN SKOWHEGAN'S BUILDINGS

Given the information outlined above, what are the physical characteristics of downtown Skowhegan that may present opportunities or challenges in meeting future housing needs? Do existing buildings have adequate infrastructure to meet the needs of tenants who may be more likely to walk and less likely to drive? How many vacant buildings are located in what parts of the community?

We mapped data from the U.S. Census as well as data from the Town Assessor's office, and additional street-level data collected by Main Street Skowhegan staff, to give an initial overview of the physical characteristics of downtown. While these data sets are not always complete, they provide a valuable physical planning context to the figures outlined above.

### *Building Condition and Estimated Age*

The map below shows the estimated condition of buildings downtown as shown on the Assessor's records. While not all buildings are classified, this map shows that many of the buildings in the area are in need of reinvestment. On the other hand, few of the buildings are in such poor

condition that they are likely to have to be demolished and replaced. In general, a visual assessment of these buildings suggests they are in a fairly typical range of condition for a downtown in Maine.

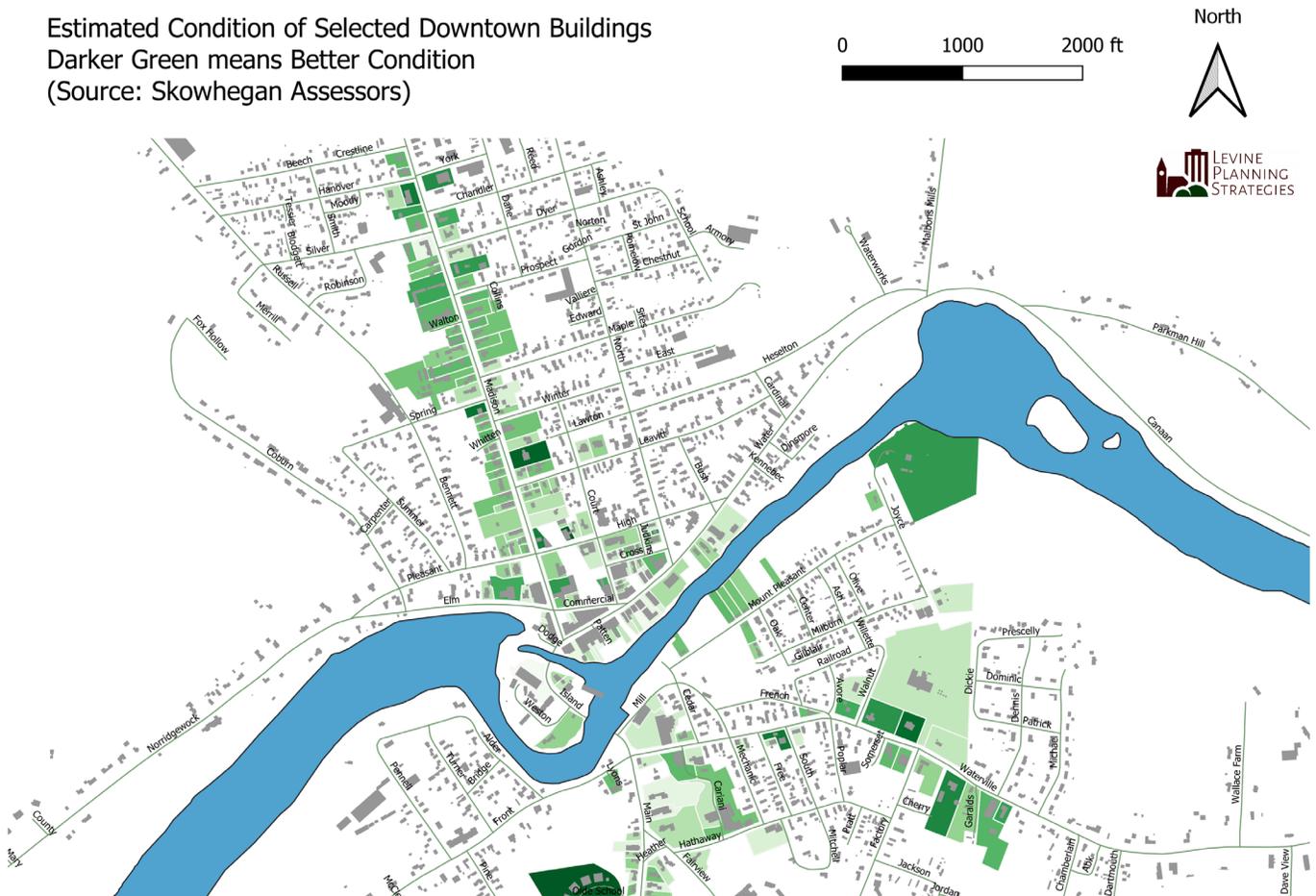
Also shown below is the estimated year of construction of downtown buildings. This map shows that, as would be expected, many of the buildings downtown were constructed around the turn of the 20th century. As you move out of the downtown core, you see more buildings constructed in the late 20th or even early 21st century. Mixed in around both areas are buildings from the mid-1900's.

### *Occupied and Vacant Housing Units*

These maps show U.S. Census data on occupied and vacant housing units by block group – the smallest geographic area that for which the Census provides data. This data is from the 2010 Census, as it cannot be taken from American Community Survey data, and the 2020 data has not yet been released.

The first map shows that most areas of downtown have at least some housing units. While there are fewer downtown than in outlying areas, almost every block has 5 or more

Estimated Condition of Selected Downtown Buildings  
Darker Green means Better Condition  
(Source: Skowhegan Assessors)



existing housing units. On the other hand, given the size of many of these blocks, there is likely capacity for additional units in these areas.

The second map outlines vacant housing units. These may be seasonal units – though that is somewhat less likely near downtown – or units that are simply not occupied as of the time of the 2010 Census. This map shows that, just as there are occupied units on each block, there are also vacant units on many blocks in the area. It’s not uncommon for there to be up to ten vacant housing units on a typical downtown block in Skowhegan. Those vacant units may represent an opportunity to renovate and reoccupy spaces that may not currently be up to code.

### Multifamily Housing

The map on page 37 shows which properties downtown have multiple housing units on them – whether as a two- or three-family home, or upper story apartments, or simply an apartment building. While there are some parcels with multiple units shown, most parcels have one or no housing units at present. In general, there is not a large scale of downtown housing in Skowhegan. Rather, there tend to be a small number of units spread out over multiple buildings.

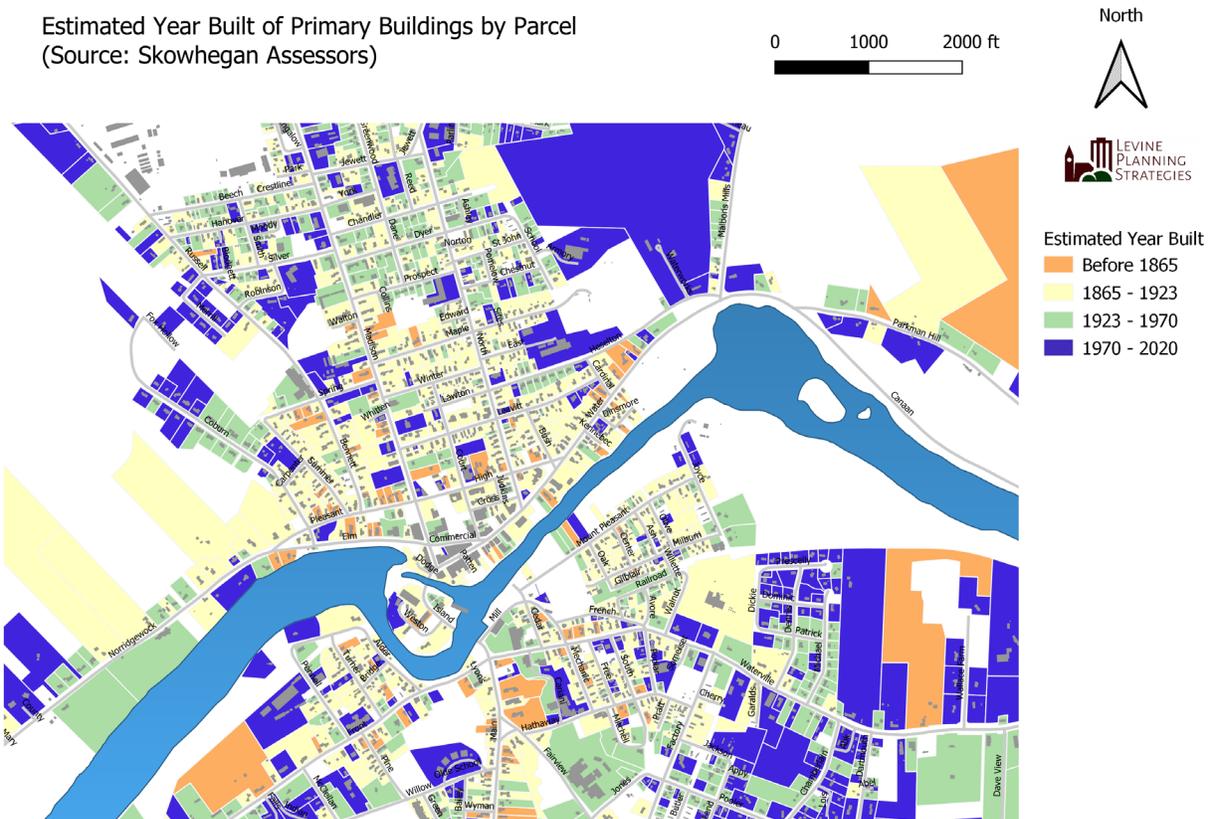
### Sidewalk Existence and Conditions

The final set of maps document work from Main Street Skowhegan staff in documenting existing conditions around downtown buildings. Where data exists, these maps documents where there are sidewalks in front of properties, as well as in what general condition those sidewalks are.

Not surprisingly, most areas of downtown have sidewalks. However, on the south side of the Kennebec River, sidewalks are lacking in many areas. That missing pedestrian connectivity may limit the ability to develop housing in those areas, especially housing for car-light or even car-free households – that is, households with one or no vehicles.

While it is encouraging that the sidewalks exist in much of downtown, the condition of those sidewalks appears to be in need of some improvement. As mapped below, very few of the sidewalk segments are classified as in “good” condition. Most are characterized as in “fair” condition, with a few in “poor” condition. This indicates a potential need for some additional investment in the public spaces in downtown in order to encourage additional private investment.

Estimated Year Built of Primary Buildings by Parcel  
(Source: Skowhegan Assessors)



Occupied Housing Units by Block Group  
(2010 Census)

0 1000 2000 ft

North

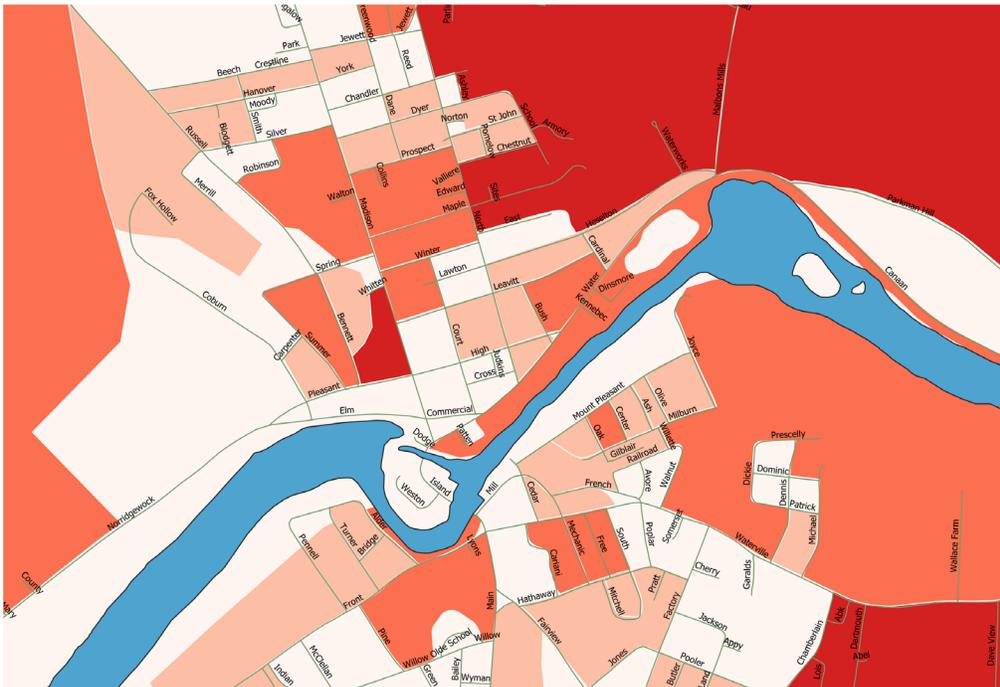


Housing Units  
 1 to 4  
 5 to 10  
 11 to 19  
 20 or more

Vacant Housing Units by Block Group  
(2010 Census)

0 1000 2000 ft

North



Vacant Housing Units  
 2 to 4  
 5 to 9  
 10 to 16  
 17 or more

Properties with Multiple Housing Units  
(Source: Skowhegan Assessors)

0 1000 2000 ft

North



Main Street Skowhegan Housing Assessment & Whitewater Park Case Study

Sidewalk in Front of Property?  
(Source: Main Street Skowhegan)



North

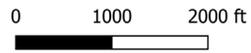


Sidewalk?

- No
- Yes



Sidewalk Condition in Front of Property  
(Source: Main Street Skowhegan)



North



Sidewalk Condition

- Good
- Fair
- Poor



### *Initial Takeaways*

This data suggests that the Skowhegan CDP, like many downtowns in Maine, struggle with affordability issues. In particular, it suggests the following:

- ➔ There is an existing and increasing gap between what the median renting household can afford and what is available for them on the market;
- ➔ This gap is caused by both stagnating incomes as well as increasing rents;
- ➔ This gap is larger than that in the state as a whole;
- ➔ The vacancy rate of 0.9% for rental housing is very low by industry standards and indicates demand for additional rental housing;
- ➔ Some homeowners also struggle with housing costs, though not as high a percentage as renting households;
- ➔ “Expiring uses” are likely to create additional affordability challenges in the Skowhegan housing market over the next twenty years unless proactive steps are taken; and
- ➔ Existing upper story space downtown - much of which appears to have formerly been housing - could provide opportunities to provide additional housing choices if code issues can be resolved.





# PART TWO: BEST PRACTICES

There are a number of strategies that have been tried in communities across the U.S. to address gaps between housing supply and demand. Some of these tools are fairly broad, and seek to create more housing stock of all types and price points. A second set are more focused on below-market housing production. A third set of tools focus on the existing housing stock, to ensure that units that are meeting local demand are not lost to the market through conversion, expiration of deed restrictions, or simply becoming unsafe. A fourth set relates to direct assistance. While not all these best practices are appropriate for all markets - for example, Skowhegan doesn't have zoning limits to housing density. However, it's helpful to outline them as a universe of tested tools for consideration. They can then be compared to the vision outlined above and a subset of tools chosen for potential implementation.

### **“NIMBY” AND “YIMBY”**

Many people involved in land use issues are familiar with the term “Not in My Backyard.” That term, usually shortened to the acronym “NIMBY,” refers to local opposition to new development.

Some of the concerns raised are legitimate. Will there be traffic problems? Will the stormwater from the new development flow into my yard?

On the other hand, NIMBY opposition to a project can sometimes be based on less legitimate motivations. People will often oppose a project that they fear will have negative impacts on their homes - even if that fear is not rational. Often, new housing - especially below-market affordable housing - causes NIMBY opposition.

More recently, there has been a rise in a different movement. This movement supports new housing development as a way of addressing the well-documented housing shortages in Maine and elsewhere. Known as “YIMBY” - for “Yes, in my backyard!” - this movement is increasing in popularity in larger cities.

## **Categories of Best Practices**

The tools described generally fall into four categories:

1. **Encouraging General Housing Production:** These tools generally look to provide incentives – or reduce disincentives – to creation of new housing by offering direct or indirect support, or otherwise changing the rules to developing housing in a community;
2. **Encouraging Below-Market Affordable Housing Production:** This category is similar to the one listed above, but focuses impact on housing that is affordable to lower-income residents. Tools may include affordable housing overlays, offering land at below-market prices, or providing direct funding for below-market affordable housing;
3. **Preserving Existing Below-Market Affordable Housing:** This category consists of tools that try to head off threats to the existing supply in a community, through making sure they remain safe and stay up to code, are not converted to other uses, and remain affordable at certain income levels;
4. **Direct Assistance to Households:** This category consists of tools that directly assist efforts to retain existing households or provide financial assistance for housing costs.

While there is some overlap between these categories, they help group the concepts and match them more closely with intended results.

### **Encouraging General Housing Production**

There are a number of tools that focus on reducing impediments to housing development. These tools work best when the market is strong, and existing land use codes are one of the primary limiting factors in housing production. In Skowhegan, where zoning doesn't significantly limit housing development, some of these tools may not be relevant. However, they provide a context for other best practices.

The goal of these tools is to increase supply without a focus on particular sectors or affordability to certain income levels. Advocates for this approach argue that more supply is needed, and that economic reality

## ACCESSORY DWELLING UNITS

Accessory Dwelling Units - or ADUs - are often seen as a way of addressing housing needs with a softer touch than building new buildings.

ADU's are sometimes called "in-law apartments" or "granny flats." They are additional, smaller, housing units that are incorporated into a single- or two-family home in a way that generally makes them less perceptible from the street. The door is often on the side or back of the building. In many cases, they are built in an existing basement, attic or garage, so the feel of the house from the street doesn't change.

ADU's are permitted in many places in Maine. However, often the requirements to permit one make it hard to build one. Requiring extra parking, or extensive design review, for example, will sometime limit the ability to produce new housing through ADU's.

New Hampshire has a statewide law requiring that all municipalities allow ADU's with limited restrictions.

will reduce overall housing costs as supply goes up. Others argue that land use controls are unnecessarily limiting, and that allowing homeowners to, for example, add another housing unit on their lot will make their housing costs more affordable.

- **Allowing Accessory Dwelling Units By-Right:** Accessory Dwelling Units (ADU's) are additional housing units that are generally smaller and less visible. Often built on the side or back of a house, or located in the basement or attic, they are also sometimes built in a garage or other small second building. While many communities allow for ADU's – sometimes called "in-law apartments" because traditionally they were built for relatives – there are often a number of limitations that make that allowance hard to utilize. For example, many communities require that those who live in the unit are related to the property owner. Often, the property owner is required to live in the house. There are also often maximum unit sizes for an ADU, and limits on where they can be located. There can be

an extensive public review process that discourages some property owners from pursuing development of an ADU. Finally, some communities cap the income levels of those who can live in an ADU. While any allowance for ADU's is welcome from a housing production perspective, the highest impact appears to be when there are fewer restrictions on their development.

- **Reducing Setback, Lot Size, and Parking Requirements:** Many communities have requirements for new homes that are far more stringent than those in the existing built pattern. Over the late 20th century and into the 21st century, residents often pushed for these changes in their neighborhoods as a way to slow or stop new housing from being developed nearby. In reality, such requirements have negative impacts on both housing production and affordability, as they increase the development costs and limit the sites on which new homes can be built. They also can result in less certainty, not more, because land owners may petition a municipality for a contract zone or other change that allows them to develop despite these restrictions. Best practices for these zoning requirements are to allow them to match the existing built form.

- **Allowing Multifamily Housing in More Areas:** There is often a great deal of unwarranted concern about multifamily housing. Residents fear it will change the character of their neighborhood. City leaders worry about increased costs for schools and public services. In reality, well-designed multi-family housing often results in reduced public service costs, by placing new development where services and infrastructure already exists. In addition, there is no reason a two-unit building has to be any less consistent with neighborhood character than a single-family building. Best practices suggest that communities should look closely at where they allow multi-family housing and allow that option in as many places as possible. Tying a design review process or a clear form-based code to this change will help ensure that the character of an area is respected.

## Encouraging Below-Market Affordable Housing Production

- **Density Bonuses:** Similar to broader changes to land use codes described above, some communities have opted to provide for additional development rights for projects that meet certain below-market affordability requirements. Generally, it takes a higher number of units on the same lot to make the finances of a below-market affordable housing project viable.

### OVERHAULING LAND USE CODE- THE CASE OF SOMERVILLE, MA

It's a lot of work to rewrite your land use code entirely, so that effort is often avoided. That can lead to a disconnect with policy, especially after creating a new Comprehensive Plan that doesn't mesh well with the existing code. Often, communities make do with tweaks to their zoning and site plan ordinances, avoiding making significant overhauls. If you trace back the history of land use codes in most cities, you may find the existing language is based on wording from fifty years ago- or even longer!

A few communities have taken the plunge and started a new code. Portland recently approved a new land use code. In that case, though, the code was still based on the original "Chapter 14" and not an entire rewrite.

The City of Somerville, Massachusetts, recently approved an entirely new zoning ordinance. The previous code was based on an outdated of "dedensification," or limiting new housing production. The City passed a new Comprehensive Plan that called for the development of more housing to address a shortage of safe, affordable units, and sought to update its code to implement those new policies.

The effort took some time. There were a few iterations of the code that the City Council examined and sent back to staff for further analysis and exploration. Finally, in 2019, the Council approved a new code that was consistent with the City's Comprehensive Plan as well as the Council's priorities.

Developers of such projects often achieve that higher density by asking for an amendment to the zoning for such a parcel, after they achieve site control. Such a request creates a great deal of risk and uncertainty for the developer, who is faced with the need to offer the highest price for a parcel before knowing if it will be useful for their plans. By allowing a higher density and other relief for such projects up front, the developer of such a project is able to compete with commercial and market-rate developers with the confidence that they can move forward with a project without regulatory risk.

- **Inclusionary Zoning:** Inclusionary zoning is a regulatory tool that is based on the finding that producing market rate housing creates pressure on the below-market housing market. For this reason, inclusionary zoning ordinances require that a certain percentage of new housing developments be affordable to low-income or median-income residents. For example, a typical inclusionary zoning ordinance might require that ten percent of the units in all new developments of ten units or more be affordable to households making 80% or less of area median income. These below-market units are funded through an internal subsidy from the market-rate units. For this reason, it is important that the details of an inclusionary zoning ordinance be carefully developed to ensure that the requirements don't make new housing development infeasible. At the same time, the requirements must be consistent with the actual needs of the community.

- **Creation of a Housing Trust:** Many cities have set up a Housing Trust as a dedicated account to fund development of below-market housing. These Housing Trusts are funded by a variety of sources: impact fees on development; unencumbered fund balance at the end of the fiscal year; grants and donations; and, most often, from fees in lieu of providing below-market units as part of an inclusionary zoning ordinance. Often there is an advisory board that recommends how the funds should be expended, with the final decision left to the City Council. Such a Trust serves as a holding account that allows a city to leverage other resources and guide housing development. Trust expenditures can consist of gap financing for tax credit

## DENSITY BONUSES

If a total code rewrite isn't feasible, it's worth thinking strategically about a few tools that can help address housing needs. One tool that can open up some new opportunities is to provide density bonuses for below-market housing.

Density bonuses can be applied in the entire community, or focused on certain areas such as key commercial corridors. Simply put, they allow development of more housing units than would normally be permitted, provided that some of the units are offered at affordable prices to low-income households. For example, a density bonus may allow a development to include 25% more units than would otherwise be permitted, if half of the units are affordable at 80% of Area Median Income.

Allowing more units is key to making below-market developments economically feasible. Passing such a tool will also make such developments more competitive for other sources of funding.

projects; soft second loans for developers as part of a capital stack; pre-development expenses to identify housing sites; and other housing-related expenses. Trust Funds are not generally used to fund staff, although each community can determine the best use of its own Fund.

• **Affordable Housing Tax Increment Financing:** Maine's Tax Increment Finance (TIF) laws allow for the use of this tool for affordable housing under 30-A M.R.S.A. §§5245-5250-G. A district can consist of one or several parcels, as long as at least 25% of the district is suitable for residential development, the district is predominately residential, and at least 33% of the units in the district are for households making no more than 120% of Area Median Income. Most often, Affordable Housing TIF districts consist of a parcel for a specific development. The funds can be used to offset development or operating expenses for the below-market development, or other allowed uses. This tool, while one of the most flexible in this

list, also is essentially a direct municipal subsidy of the development, as the municipality will still have to fund the services that would normally be paid for out of the foregone tax revenue.

• **Use of Federal Resources:** Projects in Skowhegan are eligible to utilize federal resources such as the HOME Investment Partnership program (HOME) and the Community Development Block Grant program (CDBG.) The State of Maine receives over \$4 million a year in HOME funds and over \$11 million a year in CDBG funds. HOME funds can be used for development of below-market affordable housing. CDBG funds are more limited and cannot be used for new construction. However, they can be used for site acquisition and preparation, as well as for rehabilitation of housing units. CDBG and HOME funds are competitive and allocated annually.

In addition to HOME and CDBG funds, MaineHousing administers the state's allocation of federal Low-In-

## INCLUSIONARY ZONING

Inclusionary zoning is a tool that requires that a percentage of housing units in new developments be affordable at certain income levels. This tool is based on studies that show that the production of market-rate housing results in a need for more below-market affordable housing.

For example, the City of Burlington, Vermont, requires at least 15% of the units in any new development of five units or more be affordable. Conversion of existing buildings to housing are also regulated starting at ten units. While some communities allow a fee-in-lieu option, Burlington does not.

Studies from national think tanks such as the Urban Land Institute and the Lincoln Institute of Land Policy suggest that inclusionary zoning, if set at rates appropriate for a specific market, will not significantly impact market-rate housing development. At the same time, it will produce much-needed below-market units.

## AFFORDABLE HOUSING TRUSTS

An Affordable Housing Trust can provide a dedicated source of funding to leverage other investments in housing production. One of the oldest municipal housing trusts in the country is in Brookline, Massachusetts, where a housing trust has been in existence since 1998.

Brookline's housing trust is funded from a variety of sources. It is governed by a Housing Advisory Board, which consists of housing professionals and residents of below-market units. The trust allows the Town to invest in housing that may not be eligible for other sources, as well as to allow for additional community amenities that may not be eligible for other funds.

The Brookline Affordable Housing Trust has collected over \$12 million since its inception, and spent about \$9 million on developments. It has contributed to local control over new below-market developments, and contributed to developing 538 units in a very expensive community. Most housing trusts are far more modest, but still address a local need to leverage and influence housing production.

come Housing Tax Credits (LIHTC.) The LIHTC program is one of the primary sources of funding for below-market housing in the U.S. However, the 9 percent credits, which are the most useful, are extremely competitive. The 4 percent credits, which are easier to obtain, work best when layered with other sources of public subsidy. There is also a National Housing Trust Fund that can fund extremely low-income affordable housing.

- **Use of Public Land or Buildings:** Municipalities and other public agencies that have surplus land or buildings sometimes offer it for use for below-market housing development. The land can be offered at a discount or, often, for free or a token price. This strategy requires confidence that the property in question is truly not needed any longer, and also that the reduced price will make a project financially feasible. Often additional subsidies are also needed.

- **Site Preparation:** Similar to providing public proper-

ty, municipalities can provide resources towards site preparation. These efforts can include environmental assessment and/or cleaning – potentially through a federal brownfields program – or simply removing buildings and regrading the site. These efforts can be done through contractors or, time and other factors permitting, with municipal labor.

## Preserving Existing Below-Market Affordable Housing

- **Land Trusts:** A Land Trust is a not-for-profit owner of land that generally holds it in order to develop below-market housing. The Trust will enter into a partnership to develop housing on the land – or renovate existing housing on the land. Through owning the underlying land, the Trust is able to require that the housing be affordable at certain income levels. Land Trust ownership of land is an alternative to recording

## AFFORDABLE HOUSING TAX INCREMENT FINANCING

Affordable Housing Tax Increment Financing (AHTIF) is often the subject of some confusion. It is sometimes seen as a way that a community gives existing tax revenue to housing developments, when those tax revenues might otherwise help pay for schools or public services. This result is possible if AHTIF is not used thoughtfully. However, in most cases, AHTIF can be a win-win, where a community collects more tax revenue than it might otherwise collect, and a development gains much-needed operating expenses.

AHTIF is best used when a project would not be feasible without it. In that case, the community is not giving up existing, or even potential, tax revenue. The tax revenue captured would not exist without the use of the tool, because the project would not go forward. Even in that case, the community often keeps some percentage of the new revenue.

Use of the AHTIF tool also gives projects a leg up in seeking Low Income Housing Tax Credits (see below) by providing “points” for local funding of a project.

a deed restriction on the property, which is sometimes vulnerable to being ignored or eliminated by another party with interest in the property. A Land Trust is not to be confused with a Housing Trust, described above.

- **Addressing Expiring Use Properties:** Many below-market affordable housing units were developed in the second half of the 20th century by private developers using federal financing programs. Those programs required affordability restrictions for a set period of time, often 30 to 50 years. Unfortunately, many of those restrictions have expired in the past 20 years, and more are slated to expire in the next ten. These so-called “expiring use” properties also often require renovations as they suffer from deferred

maintenance. Rather than losing these below-market units to the free market, many cities provide funding or other incentives to extend the terms of affordability and, at the same time, improve the properties. Sometimes the funding will also allow for additional market-rate and/or below-market units to be built on the site to help reduce the public subsidy required to address the expiring use.

- **Housing Preservation Ordinances:** A Housing Preservation Ordinance is a regulatory tool that limits conversion of existing housing to non-residential use or demolition. In general, these ordinances require that units that are removed from the market be replaced in kind, or, alternatively, funding for a replacement unit be provided to a Housing Trust to allow for devel-

## MARY STREET APARTMENTS: AN EXAMPLE OF LOCAL INITIATIVE FOR BELOW-MARKET HOUSING

In October 2020, ground was broken on the Mary Street Apartments, a 40-unit housing development that included renovation of an existing housing development and adaptive reuse of the Kennebec Valley Community Action Program headquarters into additional units for the elderly and low-income. This \$5.4 million project is funded, like most mixed-income developments, by a variety of sources, included Low Income Housing Tax Credits, an Affordable Housing Tax Increment Finance District, and support from a mission-driven developer. This project is also unusual in that it is the first project in the state to utilize not just federal Low Income Housing Tax Credits, but a new state-level tax credit program. The units are expected to be complete in the next two years (*Photo: Acorn Engineering.*)



opment of additional housing.

## Direct Assistance to Households

- **Tenant Protections:** Local governments can pass tenant protections that go beyond state and federal protections. For example, they can require longer notice periods when leases are renewed. They can also set rules for what happens when a unit is converted to a condominium. Such protections can help prevent displacement. However, they also need to be considered in the context of the rights of other tenants in

### LOW INCOME HOUSING TAX CREDITS

The “Low Income Housing Tax Credit (LIHTC)” program provides each state with an allocation of tax credits that fund below-market affordable housing. Each state issues a “Qualified Allocation Plan” that sets forth how developers can apply for credits through a process of allocating points for various factors. Factors include the per-unit cost of the development and whether the project is receiving local support.

These tax credits are sold by the developer to corporations or other taxpayers who are seeking to reduce their federal tax bills. Each \$1 of credit generally sells for less than \$1, saving that taxpayer money. The revenue from sale of the tax credits helps fund the development.

There are actually two kinds of tax credits. The so-called “9 percent” credits are more limited but provide more funding for a development. The so-called “4 percent” credits are easier to receive but provide less funding. In addition, the funding from a 4 percent tax credit may be limited to certain kinds of projects.

Created in 1986, LIHTC is a complex program, but it has been politically durable. As a result, many developers count on LIHTC as a source of funding. They also count on local governments to help their efforts to receive tax credits by taking actions such as providing a Affordable Housing Tax Increment Finance district, or approving a project in a timely fashion.

the building, and the property owner. If a resident in a building is causing significant hardships for other tenants, for example, limiting the ability to require that tenant to move may be unfair to other residents of the building. Similarly, a tenant that is intentionally damaging a unit may not be one that should be able to take advantage of extended tenant protections. Good policy must balance a number of stakeholder needs.

- **Homebuyer Assistance Programs:** Many cities have also used HOME funds or other sources to fund programs to help households buy their own homes. These programs are often run as a second mortgage program, with reduced qualification requirements and/or lower interest rates. In effect, the city acts as a lender, subordinate to the primary mortgage holder, to allow a buyer to qualify to buy a home. These loans require an infrastructure to service them, as they require regular payments and monitoring of balances due. They also have the risk of overleveraging a household, requiring that their housing payments exceed what they can afford in the long run. Cities are reluctant to foreclose on defaulted mortgages. Sometimes these mortgages are forgiven after the household lives in the house for a certain period of time. However, if the city does not collect payments, such a program will require influxes of capital if they are to endure. Alternatively, some municipalities simply help fund a down payment through a one-time grant or a loan that becomes due upon resale. That approach is simpler and can be helpful in some markets.

- **Property Tax Relief Programs:** Some communities allow for property tax relief for low-income or senior households. These programs are not common, but allow households to defer or simply reduce their tax burdens if they are below certain income levels. Such programs must be developed in compliance with, or through modification of, state laws governing property tax rates and collection.

- **Tenant Based Rental Assistance (TBRA):** Some cities use housing funds – such as HOME funds or Housing Trust funding – to provide rental assistance for low-income households. The challenge with this strategy is that it will be very easy to commit to spending more



resources than are available. Careful development of – and enforcement of - policies with respect to this assistance is required to ensure that the funds are used strategically. For example, some TBRA programs provide for a security deposit and last rent payment for a household one time. Another common strategy is to allow for an emergency payment for a household with a documented hardship, but not an ongoing direct funding of that household’s rent. This tool rarely is used and primarily works when a municipality receives HOME funds directly from the federal government.

- **Housing Rehabilitation Programs:** Many communities, particularly entitlement communities that receive CDBG and/or HOME funds directly, operate rehabilitation programs that allow low-income households to qualify for loans or grants. These funds allow these households to make needed repairs or upgrades to maintain and improve the quality of their housing. One challenge with this approach is determining how long a household must remain in that housing unit after improving it, as it is inefficient to use limited public funds only to have a household relocate and have a higher-income household benefit from the improvements. While housing rehabilitation programs have declined in popularity over the past 20 years, there has also been some interest in programs focused on energy efficiency, as those improvements will have public benefits beyond the current tenants’ time in the unit.

- **Lead Abatement Programs:** Many communities receive grants from the federal government to operate lead abatement programs for low-income households. These programs, often funded for limited time periods, create funding and administration of lead abatement efforts in a community. Challenges associated with such a program include finding licensed lead abatement contractors willing to work within federal requirements, as well as finding households willing to go through the considerable inconvenience of having their unit vacated for abatement.

- **Rent Stabilization:** Rent Stabilization can take a number of forms. At its simplest, it can limit rent increases to tenants to be below a cap, say 10 percent a year. There can be exceptions to these limits, in cases of property improvement or re-tenanting of a unit. However, those exceptions need to be designed to avoid unforeseen consequences, such as providing an incentive to move a tenant out so the rent can be reset at a higher level. At a more aggressive scale, rent stabilization becomes rent control, where rent increases are strictly limited to cost-of-living increases and are not reset when a new tenant moves in. Rent stabilization – particularly in its more aggressive form as rent control – is often seen as a very crude tool that has a number of negative effects. For example, it may result in conversion of units to condominiums. It also is seen as contributing to neglect of rental properties by landlords, who may feel they can’t afford to make improvements. Finally, there is some evidence that those who benefit from rent stabilization may not always be those who most need rent relief.



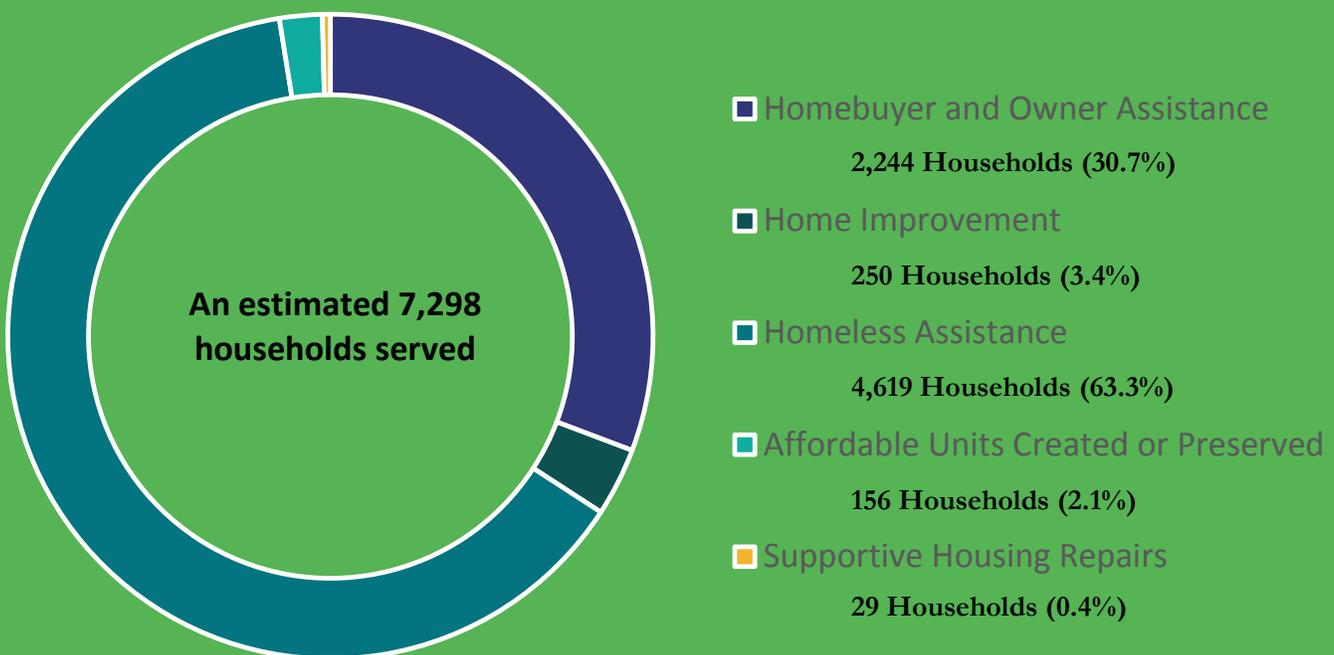
## Maine's HOME Fund

Maine's HOME fund is a state revolving fund to fund housing initiatives. It is primarily funded by a portion of the real estate transfer tax. Created in 1982, it was tied to the real estate transfer tax in 1986 and gained a dedicated, somewhat predictable funding source.

Money in the Housing Opportunities for Maine Fund may be applied to:

- (1) Reduce the rate of interest on or the principal amount of such mortgage loans as the Maine State Housing Authority determines;
- (2) Reduce payments by persons of low-income for the rental of single-family or multi-unit residential housing;
- (3) Make mortgage loans and such other types of loans or grants as the Maine State Housing Authority determines;
- (4) Fund reserve funds for, pay capitalized interest on, pay costs of issuance of or otherwise secure and facilitate the sale of the Maine State Housing Authority's bonds issued under this subchapter;
- (5) Pay the administrative costs of state public bodies or other public instrumentalities and private, nonprofit corporations directly associated with housing projects; and
- (6) Otherwise make the costs of single-family or multi-unit residential housing affordable by persons of low-income.

In 2017 and 2018, MaineHousing invested \$25,302,726 of HOME Funds to serve low and moderate income homeowners, homebuyers, and renters across Maine. The HOME program, like a local Housing Trust, has been a flexible source for funding housing needs in the state of Maine. By focusing on a variety of tools, including homebuyer assistance and homeless services, it takes a holistic approach to the issue.









Credit: MXH Marketing



PART THREE:  
WHITEWATER PARK  
CASE STUDY (SALIDA, CO)

A key asset of Skowhegan's downtown is the Kennebec River. This river segment played a key role in the creation of the Town and continues to provide recreational opportunities for residents and visitors. As part of examining the assets and opportunities of downtown, community officials began exploring what tools were used in similar communities seeking to attract visitors and residents. Out of this exploration came the concept of Run of River whitewater recreation area.

Whitewater recreation areas enhance existing river areas for kayakers and other water enthusiasts by adding additional features to the waterway. At the same time, well-designed whitewater recreation areas provide assets along the river's shores to allow for easier access to users and places for other visitors to gather to watch. As described in Parks & Recreation, a publication of the National Park & Recreation Association, in the February 2006 edition:

*"Whitewater is created and influenced by combining factors such as the velocity or speed of the water, the volume or amount of moving water, the river's gradient or amount of elevation drop, and obstacles. While these factors may be readily available in some areas, many live in areas void of such combinations. Building an artificial whitewater park is one solution to creating or enhancing whitewater recreation environments for your community." (Poff et al, Parks & Recreation, 2/06, pp. 38-42)*

The Kennebec River has existing whitewater elements, so in this case, Run of River would add enhancements to improve the user experience and allow for options that can be created on demand.

As described by Main Street Skowhegan, the Run of River Whitewater Recreation Area is "a proposed whitewater recreation area in downtown Skowhegan, Maine. This vision was conceived after deep introspection about how to best leverage Skowhegan's assets to strengthen the economy and address socioeconomic and health disparities. With a focus on inclusivity, physical activity, wellness, community development, and economic development and diversification, it's a project of our time—one that will bolster human connections and combat rising poverty, unemployment, and obesity rates in one of the poorest and least healthy counties in the state."

An economic impact study estimated that Somerset County would expect a \$4.6 million increase in spending and 43 new jobs in the first year of Run of River's operations. That would increase to as high as \$19 million a year in the tenth year of operations. It is estimated that the project would generate \$155,000 in property tax revenue in the first year, increased to as high as \$480,000 a year after project stabilization. The project as a whole would require investment of several million dollars, including land side investments in downtown infrastructure and trail improvements along the Kennebec.

While excellent work has been done to date on the economic benefits of Run of River to Somerset County and the Town in general, there has not been as much work done on the more general benefits to downtown based on the creation of the whitewater park. This section of this report will look at some of the less tangible potential benefits of the park, as well as potential it may have to drive housing investment downtown, through a look at a similar whitewater park as a case study. The Park we will examine is the Salida Whitewater Park in Salida, Colorado.

### *Salida Whitewater Park*

The Salida Whitewater Park currently consists of four engineered whitewater features in 1200 feet of the Arkansas River in downtown Salida, CO. These features, constructed of rock and concrete, enhance the whitewater of the river for kayaks, paddleboards, surfboards and bodyboards. The Park also includes improvements to the riverside trails and banks to allow visitors and resident to observe users of the Park and events that are held there, such as the annual FIBArk ("First in Boating in the Arkansas") festival held every year in June. While the FIBArk festival has occurred in some form since 1949, the creation of the Salida Whitewater Park and landside improvements have been a part of the festival's ongoing success.

Like Run of River, the Salida Whitewater Park is downtown and approximately 1200 feet long. The Arkansas River is approximately 100 feet wide through the park, with a slight slope. Researcher Karl Schmidt describes the Park as follows:

*"Salida Whitewater Park is considered an urban whitewater park. The development of urban whitewater parks is a trend that has taken hold in the state of Colorado, and Salida Whitewater Park is one example. ... More commonly referred to as Salida Park by locals and whitewater park users, this park was first constructed in 2000 by Denver based firm Recreation Engineering and Planning. The park was funded by the Arkansas Land Trust and the City of Salida. ... The park is an in channel whitewater park design, and is 271 meters long, consisting of four engineered whitewater features. Additional aspects of the project included strategic river bank restoration, river access improvements, and a river side trail. Salida Park has established itself as a model whitewater park that many existing and future urban whitewater parks use as a benchmark. Similar to other existing urban whitewater parks, Salida Park is part of a larger park and recreation system in the City of Salida and was built adjacent to downtown. Parking spaces, spectator areas along the river, a walking path, river access ramps, tree cover, adjacent green space, downtown shopping and restaurants all run along the whitewater park's river right side. With those commonalities stated, Salida Park is also unique from other urban whitewater parks in two important ways, the Upper Arkansas River's consistent*



summer water flow and the area's existing tourism infrastructure." (Schmidt, *Exploring the Social Benefits that Whitewater Paddlers Derive from an Urban Whitewater Park*, Masters Thesis at The Ohio University, 2017, 37-39)

While one of only a dozen or so whitewater parks in the country when it opened, Salida is now one of approximately 50 such parks today. However, its downtown location and the role it plays in downtown development and revitalization is an interesting – and relevant – part of its story.

### Salida's Whitewater Park and Downtown Vitality

According to Salida Mayor P.T. Wood, the project began in the late 1990's, primarily driven by kayakers desiring a "play spot." The City was initially reluctant to pursue the project, concerned that it would be seen as only for kayakers, rather than the general public. At the time, the river had been cut off from the downtown for years. The Arkansas River was separated by a concrete wall from downtown, but Wood says that water sports enthusiasts, as well as others, would find the river regardless.

In the late 1980's, the mines were closing in Chaffee County and the economy in Salida was struggling. Wood estimates that over half the storefronts downtown were vacant at that time. He says that, at the time, it was hard to sell homes or get people to live in the city. After the Park opened, however, he felt the economy and vitality of downtown Salida improved significantly. He attributes much of that growth to the Salida Whitewater Park, which he calls a "cornerstone of downtown." He reports a "clear trajectory of sales taxes increasing with the use of the waterfront Park."

Today, Wood says the Park is a focal point for everyone downtown, including those who do not participate in water sports. He says that families in particular like to go down to the waterfront. Use of the Park is somewhat seasonal, with rafters using it during high water in the spring, families using it in the summer, and then fishing on the river becomes more common in the fall. The Park is free and provides amenities such as a lifejacket lending kiosk.

## Salida River Park | Salida, Colorado

### KEY ELEMENTS

1. Whitewater Park
2. Paved Riverwalk
3. Riverside Park
  - Outdoor Amphitheater
  - Climbing Wall
4. Boat Ramp & Restrooms
5. Riverbank Improvements
6. Improved Public Access to the Arkansas River
7. SteamPlant Theater & Events Center

SteamPlant Theater & Events Center

Riverwalk

Riverpark

Riverside Park

### FUNDING

Arkansas River Trust

Colorado Lottery

Great Outdoors Colorado (GOCO)  
\$270,150 awarded for Arkansas River Whitewater Park & Greenway

Conservation Trust Fund  
\$28,826 awarded for Riverside Park improvements

Parks & Wildlife/Greenway

### KEY PARTNERS

Arkansas River Trust  
(Non-Profit Organization)

City of Salida

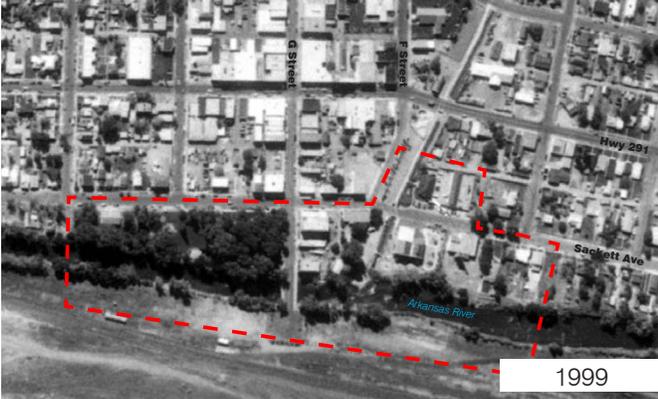
Chaffee County

Colorado Lottery

Recreation Engineering & Planning

(Source: "Eagle River Corridor Subarea Plan Case Studies," Town of Eagle, CO, <https://www.townofeagle.org/DocumentCenter/View/5947>)

# Salida River Park | Salida, Colorado



1999

**QUICK FACTS**

**Pop. of Salida (2010 Census):** 5,236

**Setting:** Downtown Salida

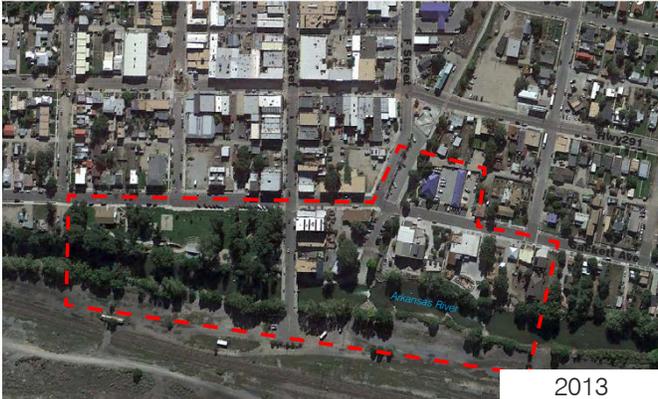
**Arkansas River Flows (Mean):** 242 - 1,904 CFS

**Approx. Cost of Whitewater Park:** \$794,000

**Total Number of Whitewater Features:** 4

**SALIDA'S STORY**

Salida, Colorado has implemented successful placemaking with their riverfront revitalization. What started out as a kayaker's dream to improve the river experience in his hometown has transformed into an extensive riverfront amenity complete with a whitewater park, pedestrian and bicycle trails, creative bank terracing, a renovated community theater/conference center, outdoor amphitheater, rock climbing wall and restaurants lining the banks of the Arkansas River. Downtown Salida was recently designated as a "Creative District" which has added to the creative placemaking elements along the riverfront with live music often daily playing in area venues, sculptures throughout town and an Art Walk every month. Once a year, Salida holds its FIBark Festival on the riverfront which draws not only international whitewater sport competitors but also regional tourists to watch the showmanship. The riverfront in Salida blends a unique combination of creative and recreational placemaking to make it a desired place to be for people with varying interests.



2000



2003

1999

The Arkansas River Trust, a non-profit organization, is formed with the intent of transforming the Arkansas River corridor through downtown Salida.

2000

Salida Whitewater Park project is initiated.

2003

Construction of first, two (2) whitewater features in Salida Whitewater Park completed.

2005

Major renovation of Riverside Park, including renovation of the Outdoor Amphitheater, is completed.

2007

Expansion and renovations to the SteamPlant Theater & Events Center are completed. Today, the SteamPlant Theater & Events Center serves as the hub for Salida's "Creative District."

2010

Construction of two (2) additional whitewater features in Salida Whitewater Park completed. Improvements made to Riverside Park, Riverwalk and downtown boat ramp.

2011

Salida's "Creative District" is officially formed.

2012

Salida's historic downtown selected as one of only two inaugural "Certified Creative Districts" in Colorado by Colorado Creative Industries, or CCI, a division of the State's Office of Economic Development and International Trade.

(Source: "Eagle River Corridor Subarea Plan Case Studies," Town of Eagle, CO, <https://www.townofeagle.org/DocumentCenter/View/5947>)

## Beyond Economic Benefits

The expected economic benefits of the Run of River project have been outlined in previous studies. For this reason, we will focus our case study analysis on other potential benefits of the Run of River project, based on analysis of the Salida Whitewater Park. In particular, we will focus on two types of benefits to downtown Skowhegan:

1. **Social Benefits:** As described further below, social benefits are the ways in which the project might build a sense of community around downtown, leading to more informal gathering, sense of place, and positive perceptions of the area. While more difficult to measure than direct economic impacts, social benefits are an important part of how a new asset might build a stronger downtown.
2. **Housing Market Impacts:** What are the impacts of

the whitewater park on housing prices and demand near the location? As with social benefits, creating demand for housing downtown can have positive benefits that are only partially economic.

By looking at these aspects of developing a whitewater park through an examination of a similar, downtown case study, we can help anticipate what to expect in terms of benefits (and potential challenges) to downtown Skowhegan as Run of River opens.

### Social Benefits

An excellent study of the social benefits of the Salida Whitewater Park was completed by Karl Schmidt in 2017. In that study, Schmidt looked at how the park created a sense of community in Salida and built social connections. As part of that work, Schmidt interviewed 25 users of the whitewater park to determine what benefits they derived

Main Street Skowhegan Housing Assessment & Whitewater Park Case Study

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from the use of the park beyond basic utility. His interviewees ranged in age from 18 to 69. Both male and female users were represented in the study, with 56% being male and 44% being female.

After conducting interviews, Schmidt compiled themes from his interviewees and mapped the general themes of social benefits that users derived from the Salida Whitewater Park. The common themes and connections between them are shown below. Some sample responses about why the users appreciate the existence of the Salida Whitewater Park include:

*"[I]t just strikes me that this is a place where the community surrounds paddling. You know like I'm always going to have, even if I didn't plan to meet a friend here, someone to paddle with. This is the epicenter for the paddling community across Colorado and the West..."*

*"The usage here covers a lot of different things, and everyone tries to get along for the most part. Fisherman, there is great fishing through here. Rafting, you know, I do all my instruction here in kayaking and canoe, this is where I do it. You know, you've got your inner-tubers and your swimmers, and. So, it's just a multiuse area and it draws a lot of people."*

*"I think it's important, mainly just because it draws so many people to the river, you know, kids that are like*

*two years old, you know. Babies to people who are really old like me. It's just a community thing really..."*

*"I think that Salida is a town that revolves around the river. It's a, I think you'll hear from people that are out of towners and what not that they come to Salida specifically because of the Arkansas River and the play park."*

*"I wonder if people who are not in the paddling or whitewater community really understand how big of an attraction it [Salida Whitewater Park] is to their community. Like if you didn't have this park, would Salida really be this full of people regularly? With people coming in and out of the town. ... Hotels, restaurants, camping, or whatever it might be and then there's so many other places that talk about getting a whitewater park or building one, but they don't because they don't really grasp this aspect of it. You know, they are not part of it, they don't get it. They don't really get why it would draw a dozen people on a Tuesday all day long to just sit in their downtown and eat and drink and play in their boat. So if they have something like that it's pretty special. It can really add to the community feel of that town and the tourism, and the people who live here it makes a big impact on ..."*

*"[A]s the season goes you have people who become serious kayakers, and tourists who are here doing other things and they just walk down and they sit for a half*



Salida Whitewater Park

(Source: City of Salida, <https://www.cityofsalida.com/parksrec/page/whitewater-park>)



Arkansas River in Salida, Colorado  
(Source: [Galt57](#) under a Creative Commons Attribution-Share Alike 3.0 Unported license)

*hour or whatever, and they may enjoy the river, but they may sit longer and watch the people doing the tricks, we're the entertainment for your town. Like you have a little mini circus here. Then as the weather warms up, you have people coming down in rafts and inner tubes and whatever, and you have a lot of them. And they may be tourist or local people looking for something to do. At a certain point in the summer it gets sandy and you have your beaches up there at the top and little kids with their pails and shovels and their moms. So, it's a big multi-purpose thing, and, so, it looks, I'm sure when you look at a picture of Salida you open the brochure, where are we going to go on vacation, and somebody gets to Salida, there has got to be a picture of this or two pictures or five pictures, that this is the image that would never in their life get in a kayak, that would never go down the river on a boogie board, but it looks like a happening spot. You've got this whole thing built up, which has got to be great for tourism, which is what Salida is about, having that."*

These interviews give a sense of how the Salida Whitewater Park adds social capital to the community and provides an attraction that brings in both serious users of the park

as well as other visitors who stay downtown.

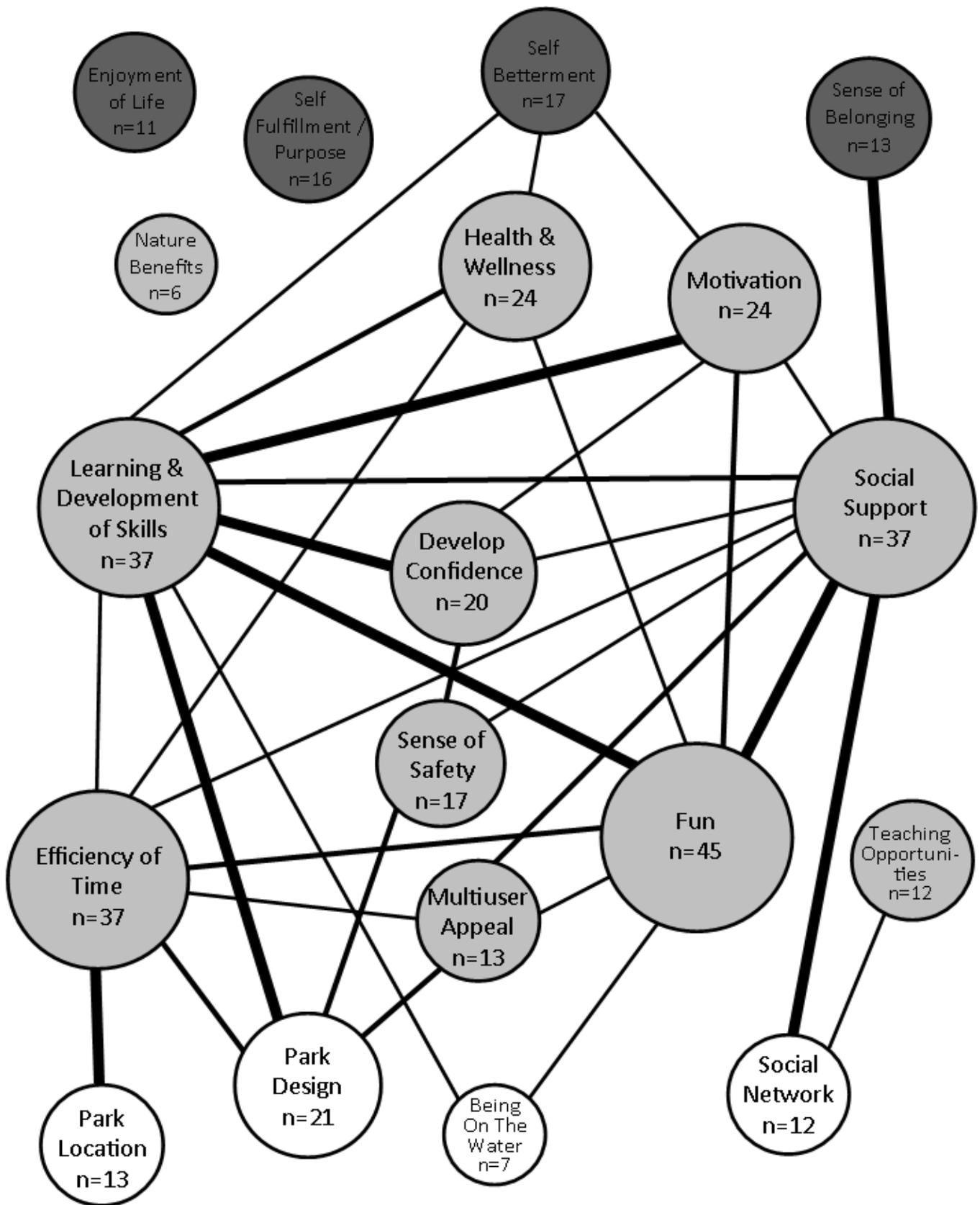
Schmidt concludes his study as follows:

*"This study found that, yes, urban whitewater parks do provide whitewater paddlers with social benefits. Specific social benefits that directly and indirectly presented themselves to whitewater paddlers included the following consequences: social support, motivation, learning and development of skills, increased efficiency of time, development of confidence, sense of safety, multiuser appeal, and fun."*

While it may not be entirely applicable to the specifics of the Run of River Park, these findings suggest that, beyond economic benefits, the Park may provide other benefits to downtown Skowhegan.

#### *Housing Impacts*

Given the focus of the rest of this study, as well as the goal of looking at the various impacts Run of River may have on Skowhegan, we also conducted some analysis of the impacts of the Salida Whitewater Park on the housing market in downtown Salida and Chaffee County in general.



“Hierarchical Values” from Salida Whitewater Park Users (Source: Schmidt, *Exploring the Social Benefits that Whitewater Paddlers Derive from an Urban Whitewater Park*, Masters Thesis at The Ohio University, 53)

The data below shows that the number of housing units in Salida in general has grown significantly since the park opened. In addition to new year-round units, there is also growth in seasonal units (showing as “vacant” in Census data.) There are 264 more year-round units in the City as a whole in 2020 than there was in 2010, an increase of 10.6%. There are also an additional 267 likely seasonal units, an increase of 98.5%. In total, there is an increase of 531 units between 2000 and 2020, an increase of 19.3%.

At the same time, median rents in Salida have increased from 2000 to 2019. The median rent increased from \$405 to \$970 in that time, more than doubling. Even when controlling for inflation, the increase was from \$771 to \$970 in 2019 dollars, an increase of \$199 or 25.8%.

This increase is positive for downtown investment, especially in light of Mayor Wood’s comments about vacant space downtown in the 1990’s. These increases in units and rents indicate that investment in properties was more economically viable than it was before the whitewater park opened. While it’s hard to separate correlation and causation, it seems likely that the Salida Whitewater Park was a major factor in revitalizing Salida.

*Focus on Downtown Salida*

As with Skowhegan, it’s helpful to try to focus on downtown Salida as opposed to the entire community. For this reason, we looked at data from Census Tract 1 , which generally corresponds to the downtown portion of the City of Salida.

This data is generally comparable to the data for the City

as a whole. The number of housing units has not increased as much as in the City overall (57 new units from 2000 to 2020), but the increases in rent are comparable. The 2000 to 2020 increase in median rent was a massive increase from \$389 to \$1014, or 161%. When adjusted to 2019 dollars, the increase was still \$230, or 31.1%. Even more than in the community as a whole, people are willing to pay more to live in downtown Salida in 2020 than they were in 2000.

Of course, there is another side to these rent increases. Long time residents may be forced to move due to market pressure. While Salida does not appear to have any active programs to increase affordability, that will be a factor to keep in mind as part of any lessons learned from the Salida case study.

*Conclusion*

This case study is helpful as a complement to the work done in other, more economically focused, work in the Run of River Whitewater Park. Our research indicates the following:

- A downtown whitewater park is likely to increase social capital in downtown Skowhegan, resulting in direct and indirect benefits to the businesses and property owners in the area;
- Demand and cost of housing in downtown Skowhegan is likely to increase after Run of River opens;
- Thought should be given as to how to minimize displacement of existing residents in the Skowhegan CDP.

| Housing Units in Salida |        |        |                  |  |
|-------------------------|--------|--------|------------------|--|
| Year                    | 2000   | 2010   | 2020             |  |
| Occupied Housing Units  | 2480   | 2515   | 2744             |  |
| Vacant Housing Units    | 271    | 379    | 538              |  |
| Total Housing Units     | 2751   | 2894   | 3282             |  |
| Median Rent             | \$ 405 | \$ 657 | \$ 970 (in 2019) |  |
| Adjusted Median Rent    | \$ 771 | \$ 772 | \$ 970 (in 2019) |  |

| <b>Downtown Salida (Census Tract 1, Chaffee County)</b> |        |        |          |
|---|--------|--------|----------|
|   | 2000   | 2010   | 2020     |
| <b>Housing Units</b>                                    | 1539   | 1445   | 1596     |
| <b>Rents</b>  | \$ 389 | \$ 628 | \$ 1,014 |
| <b>Adjusted Rents</b>                                   | \$ 740 | \$ 738 | \$ 970   |



Downtown Salida, CO  
 (Source: [https://commons.wikimedia.org/wiki/File:Salida\\_Downtown\\_Historic\\_District.JPG](https://commons.wikimedia.org/wiki/File:Salida_Downtown_Historic_District.JPG) under a Creative Commons Attribution-Share Alike 3.0 Unported license.)





# PART FOUR: FINDINGS AND RECOMMENDATIONS

This study outlined a number of facts, presented data, and outlined trends in both housing in downtown Skowhegan as well as the potential benefits of a downtown whitewater park. Based on this work, we offer the following recommendations for Main Street Skowhegan and the Town of Skowhegan as they seek to promote downtown:

- ➔ Based on low vacancy rates and expected development of Run of River, there appears to be demand for additional housing development downtown, both on upper floors of existing commercial buildings as well as in new infill buildings, and it should be encouraged;
- ➔ As downtown housing becomes more attractive, attention should be paid to trying to ensure that existing residents are not displaced and to encourage developments with below-market affordable housing;
- ➔ The Town should engage with owners of so-called “expiring uses,” as they are likely to create additional affordability challenges in the Skowhegan housing market over the next twenty years unless proactive steps are taken;
- ➔ The Town should explore use of the Affordable Housing TIF program to help close financing and operating gaps in mixed-income housing developments downtown;
- ➔ The Town should consider creation of a Housing Trust to fund housing development, with a focus on mixed-income housing downtown;
- ➔ Given that many sidewalks downtown are in “fair” or “poor” condition, the Town should consider additional investment downtown in sidewalks and other public amenities to encourage additional private investment;
- ➔ The Town should explore building and fire code limits to adaptive reuse and amend their codes to remove any unnecessary barriers to housing production;
- ➔ Creation of Run of River and associated amenities downtown will likely have positive impacts not just on the economy of the region, but also on the social capital, livability, and attractiveness of downtown Skowhegan. The Town and Main Street Skowhegan should make sure the project maximizes its connections and benefits to downtown; and
- ➔ While there are benefits to Run of River increasing housing value downtown, consideration should be given to how this increased housing cost might impact existing households.





## **INTERVIEWS**

Christine Almand, Town Manager, Town of Skowhegan, 9/9/21.

Bryan Belliveau, Code Enforcement Officer, Town of Skowhegan, 9/9/21.

Jeff Hewitt, Director of Economic and Community Development, Town of Skowhegan, 9/21/21.

Amber Lambke, Main Grains and Land & Furrow, 9/29/21.

Lisa Landry, Director of Human Resources, Redington-Fairview General Hospital, 10/4/21.

Jeff Powers, Bigelow Brewing Company, 8/25/21.

P.T. Wood, Mayor, Salida (CO), 8/21/21.

Informal conversations held while walking downtown, 6/10/21.

*All photos credited Jeff Levine unless otherwise noted*

*Thanks to Main Street Skowhegan staff for data collection downtown and introductions to stakeholders*





# LEVINE PLANNING STRATEGIES

Tools for Building Communities



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