

1. Agenda Packet

Documents:

[FEB 27 2024 ECONOMY HOUSING POPULATION SUBCOMMITTEE \(PDF\).PDF](#)



**Economy, Housing & Population Subcommittee**

**Meeting Agenda**

**Tuesday, February 27, 2024 – 5:30PM**

**Location: Town Office Meeting Room**

1. Call to Order
  
2. Review and discuss recommendations for Goals, Policies, & Strategies
  - a. Economy
  - b. Housing
  
3. Committee/Public Comment
  
4. Adjournment

## Goals, Policies & Strategies Definitions / Information

### DEFINITIONS (per Chapter 208)

**Goals:** The plan must indicate the state goal or goals relevant to each topic area as identified in Section 3. Local goals may be added but are not required. (Note: These are essentially broad, overarching ideas.)

**Policies:** The minimum required policies for each topic area in Section 3 must be incorporated into a plan for it to be found consistent with the Growth Management Act. The language may be altered to better suit a community, but the specific intent of the minimum policy must remain. Altered policies must reflect the desired future direction of the community as stated in the community's vision statement.

**Strategies:** The strategies describe what actions the community will take to carry out its policies. Minimum required strategies identified in Section 3 for each topic area must be included unless sufficient alternative strategies are included. Alternative strategies will be considered by the Office to determine if they, in combination with the other strategies in the plan, address the goals of the Act. Strategies must identify the responsible party, anticipated timeline, and be developed pursuant to 30-A M.R.S.A. §4326(3). (Note: These are essentially more specific recommendations in order to carry out the broad goals and policies described above. For the purposes of Damariscotta's plan, they will be SMART-ER strategies, an acronym for specific, measurable, attainable, relevant and time-based, with ways to be evaluated and the specific resources (staff time and suggested funding sources) provided for each, where appropriate.)

## **Economy**

**Goal #1:** Support an economic climate that increases job growth in desired sectors.

Policy #1.1: Coordinate with regional development corporations and surrounding towns as necessary to support desired economic development and develop locally based enterprises.

- Strategy #1.1.1: Participate in regional economic development planning efforts.

Policy #1.2: Maintain Damariscotta's reputation as a community with an entrepreneurial spirit that is friendly towards small business.

- Strategy #1.2.1: Enact or amend local ordinances to allow low-impact home occupations to be reviewed administratively by the Town Planner or Code Enforcement Officer.
  - Strategy #1.2.2: Work to attract business incubator/start-up spaces (e.g. Brunswick Landing, Fork Food Lab) where small businesses can collaborate and learn from each other.
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**Goal #2:** Support “feet on the street” and the ability to walk or bicycle to local businesses.

Policy #2.1: Invest in needed alternative transportation improvements that will support economic development.

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**Goal #3:** Ensure that available amenities are sustained as a way to maintain community vibrancy.

Policy #3.1: Continue to invest in library services.

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**Goal #4:** Ensure continued utility capacity to support economic development.

Policy #4.1: Provide the latest high speed broadband and universal wireless telecommunication.

## **Housing**

**Goal #1:** Encourage and promote affordable, decent housing opportunities for all Maine residents.

**Policy #1.1:** Encourage and promote workforce housing in strategic locations to support the community's and region's economic development.

- Strategy #1.1.1: Designate a location(s) in growth areas where mobile home parks are allowed pursuant to 30-A M.R.S.A. §4358(3)(M) and where manufactured housing is allowed pursuant to 30-A M.R.S.A. §4358(2).
- Strategy #1.1.2: Direct public investment (such as investment in sidewalks, bicycle and pedestrian infrastructure, streetscape improvements, and utilities) to the areas where people already work and play, making it more attractive to live there (and thereby incentivizing private investment in new residential buildings in those areas).
- Strategy #1.1.3: Within 1-3 years, compile a list of sites that have large-scale housing development potential.
  - Amend the Town's Land Use or Site Plan Review Ordinance to expressly allow for the kinds of housing that the community wishes to see on those sites, thereby reducing "soft costs" of development.

**Policy #1.2:** Encourage and support the efforts of the regional housing coalitions in addressing affordable and workforce housing needs.

- Strategy #1.2.1: Participate in and support the efforts of a regional affordable housing coalition (such as that beginning to emerge from LCRPC).

**Policy #1.3:** Aim for at least 10% of all new residential development in the next decade to be regulated affordable housing.

- Strategy #1.3.1: Within 3-5 years, amend the Land Use Ordinance to allow for higher density development when certain types of priority projects are proposed (e.g. density bonuses beyond what might be required by LD2003).
  - Consider first prioritizing the development of owner-occupied, workforce housing (with permanent deed restrictions).

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**Goal #2:** Provide a variety of housing options to retain and welcome people of all ages, incomes, lifestyles, and backgrounds as members of our community.

**Policy #2.1:** Ensure that land use controls allow for the kinds of residential development that the community desires and needs.

- Strategy #2.1.1: Maintain, enact or amend growth area land use regulations to increase density, decrease lot size, setbacks and road widths, or provide incentives such as density bonuses, to encourage the development of affordable/workforce housing.
- Strategy #2.1.2: Within 1-3 years, revise the Land Use Ordinance to allow mixed-use buildings in the downtown. Within 3-5 years, work to incentivize first-floor retail with housing above by prioritizing those projects in the Housing Trust Fund.

- Strategy #2.1.3: Within 1-3 years, consider increasing height limits in certain, designated areas to allow for the “economy of scale” (a greater number units produced at a cheaper price, since they are all in the same building).
- Strategy #2.1.4: Reduce the burden of residential development in designated growth areas by removing regulatory barriers and permitting “by-right” (without Planning Board review) the residential developments that the community desires.
- Strategy #2.1.5: Reduce parking minimums and encourage the use of existing public parking or shared parking arrangements between compatible uses in order to minimize costs of housing production.

Policy #2.2: Make strategic investments in the kinds of housing that the community desires.

- Strategy #2.2.1: Within the next 1-3 years, create a Housing Trust Fund enabling ordinance to create a fund that will set aside money to be granted to priority housing projects established annually by the Selectboard. Suggested funding sources: private donations; awards/grants; creation of an Affordable Housing TIF district; percentage of funds from other TIF districts; CDBG; annual budget allocations; Inclusionary Zoning Fee-In-Lieu (an Inclusionary Zoning Ordinance that requires all new housing developments and/or hotels larger than a certain threshold to meet a set percentage of affordable housing requirement could include a Fee-In-Lieu that allows a developer to pay instead of constructing the affordable units).

**Goal #3:** Ensure that all housing in the community is safe and adequate to support human habitation.

- Strategy #3.3.1: Within the next 1-3 years, create a Short-Term Rental Ordinance requiring all short-term rentals (being rented for less than 4 months out of the year) to register with the Town annually, including payment of a nominal fee, in order to get an accurate count of the amount of short-term rentals in Damariscotta. Require that the Code Enforcement Officer conducts inspections of all short-term rentals to ensure basic Life Safety requirements are being met.
- Strategy #3.3.2: Promote state and federal financial assistance programs for homeowners of older homes to complete maintenance/repairs.

# Economy

## Overview

Even though Damariscotta is small geographically, its strategic location at the head of flatwater navigation of the Damariscotta River has, nevertheless, made it the historic trade center of the Pemaquid Peninsula and the inland communities of the Damariscotta Lake region. In 2002, the State Planning Office designated Damariscotta a regional service center due to the level of retail sales, the jobs-to-workers ratio, the amount of federally assisted housing and the volume of service sector jobs in the community. Its designation as a service center allows Damariscotta to be eligible for priority consideration in certain State capital investments under Maine's Growth Management Law (30-A MRSA, Section 4349-A).

The historic downtown hosts the headquarter store of the Reny's Department store chain. A local theater and bookstore anchors other locally owned gift shops and restaurants within the downtown area. Within a short walk up Rt. 1B are two local grocery stores (Main Street Grocery and Rising Tide Co-op), a pharmacy, and other retail and service businesses. Automobile-oriented retailers including a McDonald's drive-thru, a Hannaford supermarket, hardware and lumber/building supply stores have located on Rt. 1B further outside the village center. LincolnHealth Miles Hospital, the largest local employer, is located just south of the downtown village. During the summer, Damariscotta businesses play host to the many summer home occupants and tourists to the Pemaquid Peninsula and surrounding Damariscotta Lake region.

## Economy Then & Now

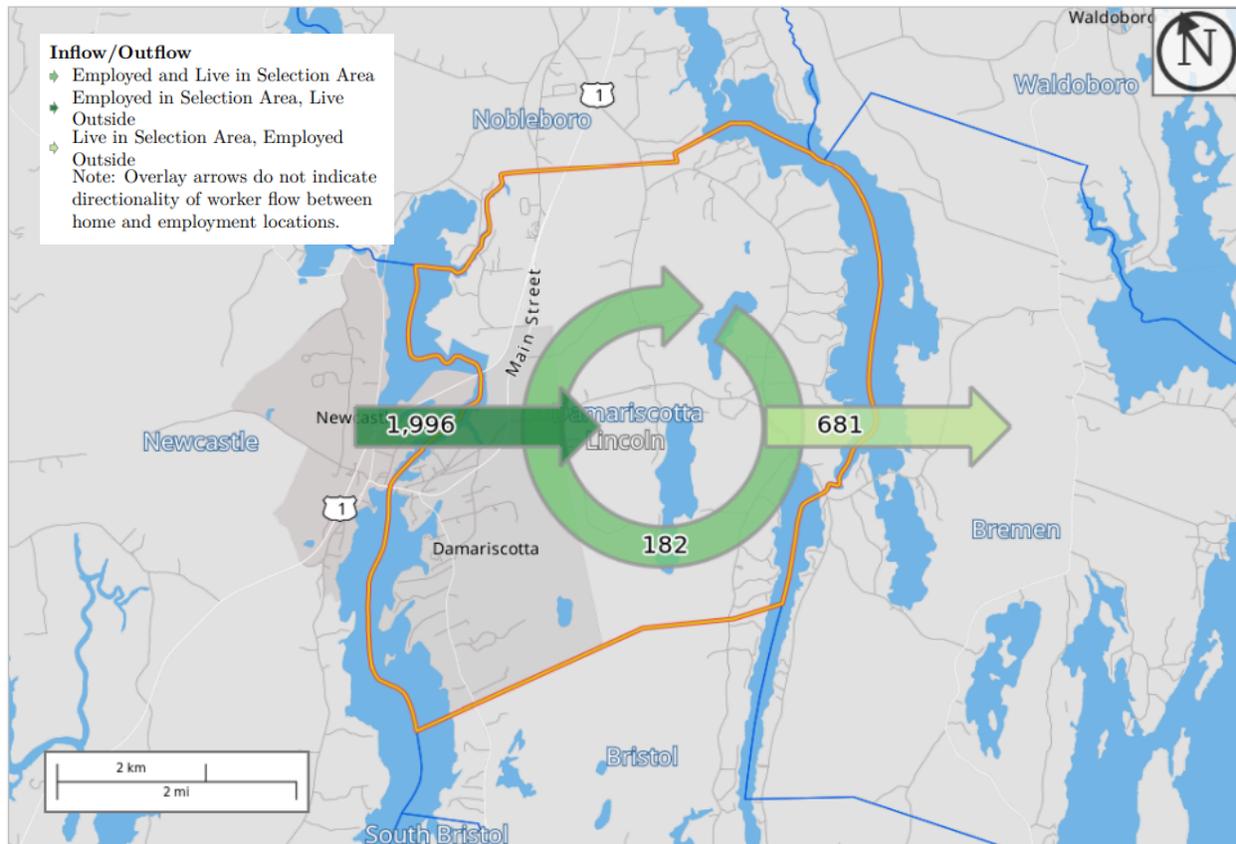
Following the incorporation of the Town in 1848, economic activities included saw mills and brickyards.<sup>1</sup> Wooden boat building, including several clipper ships, were major local products before the advent of steam powered steel clad boat manufacturing elsewhere on the Maine coast. Fishing has always been a principal activity on the Damariscotta River and estuary and, until the 1970's, land-based agricultural farming was also important economically. (Culturally, it may still be important given the prevalence of backyard farms and community farms in the community.) Today, the biggest export is oysters farmed from the Damariscotta River. The Damariscotta River hosts a thriving seed oyster industry as well.

## Commuting Characteristics

In 2020, 182 workers both live and work in Damariscotta and 681 workers who live in Damariscotta commute outside of it to go to work. However, almost three times as many people who live outside of Damariscotta (1,996) commute into the community for work.

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<sup>1</sup> Varney, George J. (1886). "Damariscotta". [Gazetteer of the State of Maine](#). Boston: Russell.



Source: US Census Bureau Inflow/Outflow Data (2020). <https://onthemap.ces.census.gov/>

Of those who commute in to Damariscotta for work, 33.7% are commuting from surrounding communities (less than 10 miles), 30.3% are commuting 10 to 24 miles, 18.3% are commuting between 25 and 50 miles, and 17.7% are commuting more than 50 miles to come work in Damariscotta.<sup>2</sup>

Of those living in Damariscotta but commuting outside for work, the top locations are Portland (6.3%), Augusta (4.5%), Bath (3.8%), Newcastle (3.8%) and Rockland (2.5%). There is also a large swath of people who likely are working remotely for out-of-state companies based on New Hampshire, Massachusetts, Connecticut, and further flung places.

9.4% of Damariscotta residents are self-employed in their own business. This is a bit less than Lincoln County as a whole, where 13.32% of residents are self-employed, but is higher than the rest of the State of Maine, where about 7.9% of residents are self-employed.<sup>3</sup>

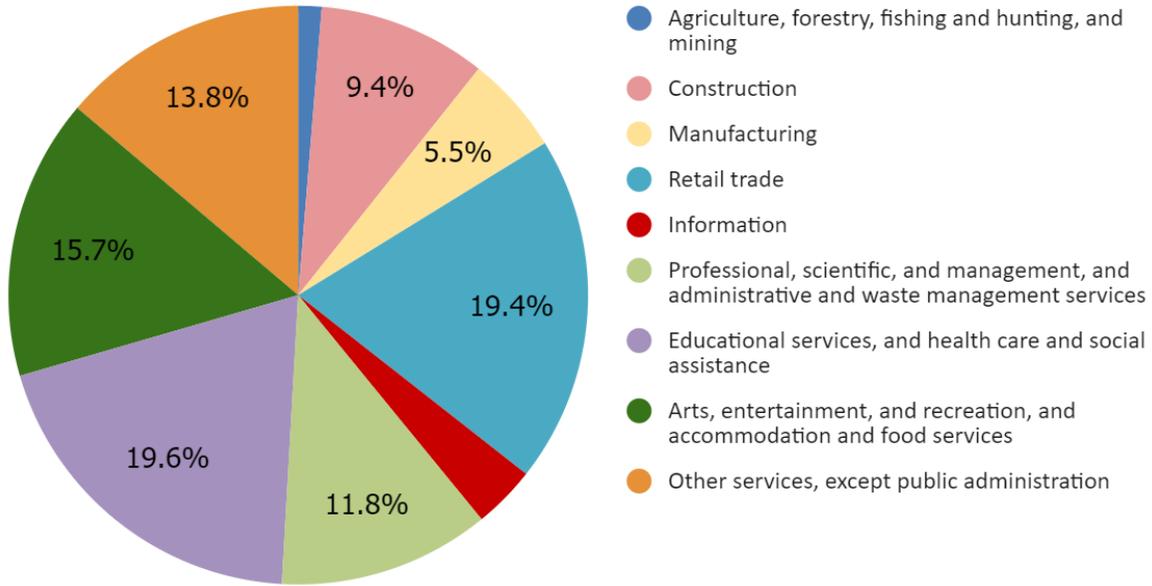
<sup>2</sup> <https://onthemap.ces.census.gov/>

<sup>3</sup> Per American Community Survey estimates from 2022, ACS DP1Y2022.

39% of Damariscotta residents work in either educational or social services, including healthcare (19.6%) or in retail trade (19.4%). An additional 15.7% of the population works in arts, entertainment, recreation, accommodations or food services.<sup>4</sup>

## Damariscotta Residents: Employment by Industry

Civilian employed population 16 years and over



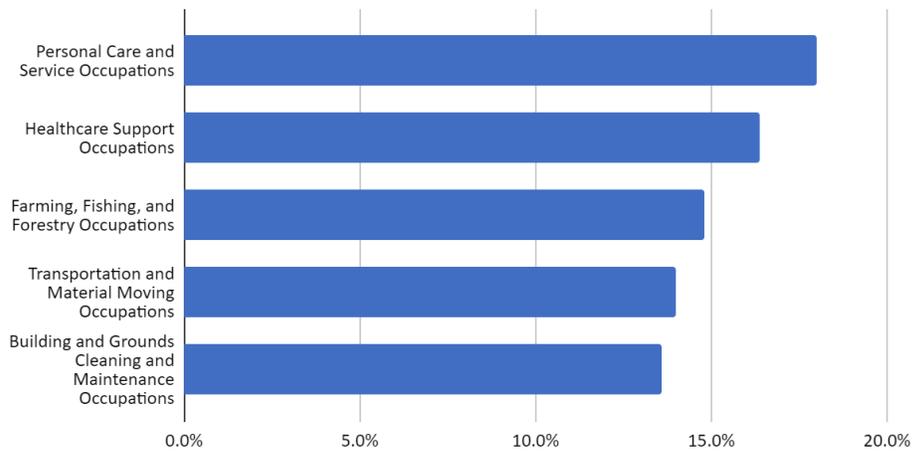
Source: ACS 5-Year Estimates Data Profiles, 2020

The majority of projected job openings through 2031 in the Coastal Counties Region of Maine (which includes Lincoln County) are in personal care and service occupations, healthcare support occupations, and farming, fishing and forestry. These are largely occupations that are lower paying and do not require a post-secondary degree.

<sup>4</sup> Per American Community Survey 5-year estimates from 2020.

## Maine Regional Employment Projections to 2031

Highest Growth Sectors - Coastal Counties Region



Source: Maine Center for Workforce Research and Information

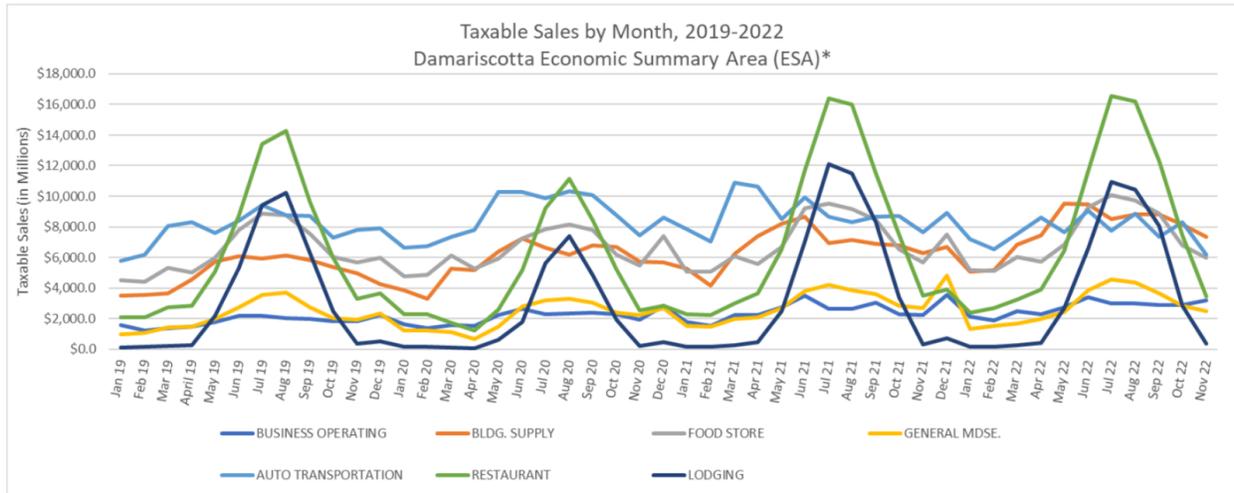
The Maine Center for Workforce Research and Information produces estimates of the number of employees at the largest employers across the state. The largest employer in Damariscotta is LincolnHealth Miles Hospital, with 1,100 full- and part-time employees. This is followed by the Central Lincoln County YMCA, with between 50-99 employees, Great Salt Bay Community School, with between 50-99 employees, Mobius Inc., with between 50-99 employees, and Main Street Grocery, with between 50-99 employees (depending on the season). The largest employees are primarily retail businesses, service-based non-profits, or schools serving not just Damariscotta but the whole region.

## Tourism

Seasonal residents, overnight tourists, and day-trip tourists are considered to be an integral part of the economic fabric of Damariscotta. The Population & Demographics section of this Plan provides greater detail regarding the number of tourists visiting on any given peak season day.

Restaurant, lodging, and retail-based establishments in the community are more reliant on tourism and more vulnerable to changing economic times. As the graph below shows, the COVID-19 pandemic had an outsized impact on restaurant, lodging, and retail-based establishments in the Damariscotta Economic Summary Area. However, it also shows a rebound in almost every sector to above pre-pandemic levels in the summers of 2021 and 2022.

The graph also confirms what Damariscotta residents know to be true, which is that the economy of the community tends to slow down in the months of January, February and March, with some businesses closing down completely or taking breaks during this time.



\*The Economic Summary Area includes Damariscotta as well as Alna, Boothbay, Boothbay Harbor, Bremen, Bristol, Edgecomb, Jefferson, Monhegan, Newcastle, Nobleboro, South Bristol, Southport, Waldoboro, Walpole, Westport, and Wiscasset.  
Source: Maine Revenue Services

The Town has supported tourists through capital investments in the downtown parking lot, including adding seasonal restrooms for the use of shoppers visiting the downtown.

### Future of Downtown

Damariscotta has a traditional downtown village located on the banks of the Damariscotta River. Existing downtown businesses provide a mix of retail, office, restaurant, and non-profit uses with some housing located on the upper floors of historic buildings. Surrounding the downtown core are higher-density residential uses. It is a small but successful area; when storefronts become vacant, new commercial uses are quick to fill them.

During the public engagement process for this plan, downtown was identified as a significant part of Damariscotta’s local identity and one area that residents are most proud of. A thriving, inviting downtown village contributes to quality of life and community character. It helps attract workers looking for an interesting place to live and supports environmental and transportation goals by encouraging people to walk or bike between nearby destinations and reducing vehicular traffic. Damariscotta’s downtown showcases the community’s living history in the buildings that have been reused or repurposed for generations.

Damariscotta’s downtown serves not only residents of Damariscotta but also residents of surrounding communities as well as seasonal tourists.

## **Home Occupations**

There is not currently an accurate count of the amount of home occupations within the community. However, known home occupations include things like cottage industry uses (soap-making, crafting, or similar) as well as home-based daycares and professional offices. Per the Town's Land Use Ordinance, home occupations are conditional uses in the zoning districts in which they are allowed. The conditional use provisions outlined in the Town's Land Use Ordinance require that anyone seeking to establish a home occupation must undergo Site Plan Review by the Planning Board, regardless of the zoning district in which they wish to locate. In addition, additional parking must be provided on the lot where the home occupation is to be located, and the use of on-street parking related to the home occupation is not allowed (unlike in a typical business venture where the Planning Board can allow some of the required parking spaces for uses to be met using on-street or public parking). This policy likely has the impact of limiting home occupations to larger lots where additional parking spaces for employees and patrons can be accommodated.

While it makes sense to review potential impacts associated with home occupations, the cost associated with Planning Board review (including application fees, fees associated with noticing the project, and also so-called "soft costs" associated with developing an application for the Planning Board such as getting a site plan drawn and renderings created - both of which are requirements of the review process per Sec. 102.5.E of the Site Plan Review Ordinance) might deter would-be business owners from establishing home occupations.

## **Regional Economic Development Initiatives**

There are several local and regional agencies that assist the Town in promoting the local and regional economies. The Damariscotta Region Chamber of Commerce promotes the regional economy by building upon the character of Damariscotta Village. The Chamber's role is collaborative in bringing regional businesses together to mutual benefit; distributing pamphlet guides to the Pemaquid Peninsula; promoting Damariscotta as the gateway to the Peninsula and generally advertising the Town and Region as "the perfect place in Midcoast Maine to visit, live and work."<sup>5</sup> The Lincoln County Regional Planning Commission (LCRPC) is available to assist Lincoln County towns in single or joint planning ventures. The LCRPC pursues regional planning that benefits Damariscotta such as regional transportation planning and housing studies. In addition, Midcoast Council of Governments (MCOG) administers technical economic development assistance to the Midcoast, including Damariscotta, assisting communities with grants, administration of tax increment financing districts, and similar initiatives.

## **Local Economic Development Initiatives**

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<sup>5</sup> See [damariscottaregion.com](http://damariscottaregion.com) for more information.

During a Special Town Meeting on February 19, 2020, voters approved the designation of a Main Street Tax Increment Financing District and associated Development Program, the boundaries of which are located in the Town's existing Growth Area. The adopted financial plan captured 100% of the increased value over the 30-year life of the TIF (which would end in FY2049) and sheltered those funds to be used for identified Town priorities. At the time of plan drafting, it has been recognized by Town staff that the existing TIF Development Program is not performing as originally intended. The Town is considering amending the boundaries of the TIF district to capture additional properties that may be ripe for new development.

### **Using our Unique Assets**

In Damariscotta, it is easy to emphasize the historic character and assets of downtown, the many arts-related assets and coastal, environmental and aesthetic assets to be built upon to enhance the economy. The Chamber of Commerce does just that with marketing materials available on their website and in brochures. A signature community event, the annual Pumpkinfest and Regatta, was originally begun to bring people into the downtown and entice visitors to patronize downtown businesses during the off-season. Additional events put on or co-sponsored by the Chamber include the Villages of Light, which lights up downtown Damariscotta and Newcastle with lights to kick off the holiday season. What these events have in common is that they make Damariscotta a year-round destination.

Coastal Rivers Conservation Trust also hosts community events and markets the region's unique environmental assets (such as the Damariscotta River and Salt Bay, which produced more than 34% of Maine's annual American Oyster harvest in 2022<sup>6</sup>) through their website, educational events, and similar. While this is not specifically to entice economic growth, it does have the effect of showcasing Damariscotta's resources to those who may otherwise be unfamiliar, drawing people to Damariscotta both as a tourist destination but also as a year-round community destination. Damariscotta's Marine Resources are also discussed in greater detail in that section of this Plan.

### **Issues & Opportunities**

The same characteristics that make Damariscotta the economic hub of central Lincoln County also bring unique challenges. Interviews conducted with local businesses as part of the development of this Plan found that businesses chose to locate here because of the affluent summer visitors and the regional draw, allowing them to capture customers from surrounding communities as well. On the other hand, Damariscotta also has the second-lowest median household income of all of the communities in Lincoln County

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<sup>6</sup> Maine Department of Marine Resources Landings Data Portal, [https://mainedmr.shinyapps.io/Landings\\_Portal/](https://mainedmr.shinyapps.io/Landings_Portal/)

(\$48,241 in 2020, according to American Community Survey Estimates). Additionally, 3.3% of individuals in Damariscotta are living at or below 50% of the federal poverty level.<sup>7</sup>

Business interviews also indicated that lack of affordable housing in the immediate area remains a recruiting challenge for lower wage workers. Further, lack of housing availability in general poses a recruiting challenge for even highly compensated staff (such as doctors at the hospital or pharmacists at area pharmacies). Housing availability and affordability was identified as perhaps the largest issue in finding and keeping workers of all wage levels. Many low-wage employees also lack adequate transportation to work and end up walking. The location of some businesses, especially those on upper Main Street not served by sidewalks, makes this difficult. Thus, the economy of Damariscotta is at a critical juncture: without additional housing located in the vicinity of existing businesses, businesses who cannot find employees may be forced to close or relocate to other communities.

Private investment around the downtown is needed to add housing that will allow people to walk or bike to work without adding additional vehicular traffic. A desire identified by residents during the community engagement process was for restaurants to be open later. More people living within a 10 to 15 minute walk of Main Street will help support local businesses and bring more life and vibrancy to downtown streets throughout the day and week.

Interviews also indicated anecdotal challenges with parking in and around the downtown area. The Town should consider funding a downtown parking study to research the cause of these challenges and suggest ways to address it, such as facilitating shared parking agreements with downtown property owners or creating a shuttle service from a parking lot located outside of the downtown to major employers in and around the downtown area.

In terms of opportunities, Damariscotta's historic buildings and adjacent residential neighborhoods, walkable scale, and proximity to the river are assets to continue building from. Downtown is a place that can continue to improve and evolve. The Town's role should largely be to continue to maintain Damariscotta's reputation as a community with an entrepreneurial spirit that is friendly towards small businesses. The Town can accomplish this through strategic capital investment and ensuring that regulations allow for the type of growth desired. Further, creating shared public spaces for gathering will build community and provide more reasons for people to visit and spend time. Integrating public art, local culture, and the city's history in creative ways throughout the downtown village will add to its character and appeal. Facilitating shared parking between businesses and providing safe, interesting, well-lit walking routes between parking areas and businesses will support

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<sup>7</sup> Per ACS 5-year estimates, 2015-2020.

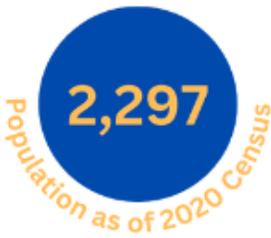
existing businesses and encourage new private investment while minimizing the need for more parking.

Based on the responses to the survey conducted as part of this planning effort, the community is proud of its local economy. Given the low start-up costs for home occupations and the need for more in-home daycares with the projected population trends (explained in greater detail in the Population & Demographics section), it might make sense to allow home occupations to be reviewed differently. The planning philosophy behind making something a conditional use is that it is of such impact to the community that you would want to limit it; that is clearly not the case here. Thus, it would be prudent to consider amending the review process for home occupations and consider allowing these types of start-ups to be reviewed administratively by the Code Enforcement Officer or Town Planner. This would assure that potential adverse impacts will still be reviewed and minimized but that the soft costs associated with developing Planning Board applications, as well as the time necessary to go through Planning Board review, would be limited.

# Housing

## Projected Housing Demand

As noted in the Population & Demographics section, Damariscotta's population as of the 2020 census was 2,297 residents. The population has been steadily rising at an average of about 8.24% per decade since 1990. Migration into the community has made up the bulk of Damariscotta's population growth as birth rates have been declining since 1990.



In addition, the demographics of Damariscotta are shifting. According to American Community Survey data from 2020, approximately 26.4% of the population is between the ages of 25 and 44. Additionally, about 14.6% of Damariscotta's population is school-aged children between the ages of 5 and 14 years old. The median age of Damariscotta residents is 41.6, meaning that residents

of the town tend to be younger on average than the whole of Lincoln County, where the median age is 51.2. Damariscotta residents have also been getting steadily younger since the 2010 Census, when the median age was 50.7.

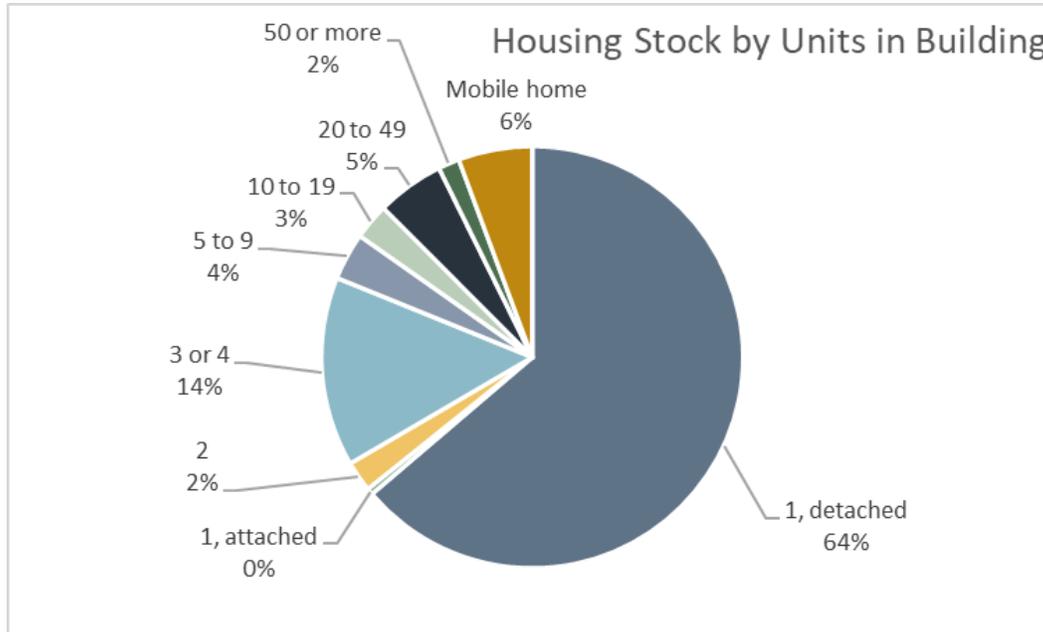
While there is still a large subset of the population that is aging (approximately 26.2% are older than 65) and will be in need of resources geared towards older adults, the increase of parent-aged adults (those between the ages of 25 and 44) and school-aged children (between the ages of 5 and 14 years old) in the past 10 years suggests that the area may slowly becoming more popular with families (either those moving to the area, or parents who grew up here and decided to stay to raise their families). This is likely due to the reputation of Great Salt Bay Community School, the local K-8 school, and of Lincoln Academy, the semi-private high school located in Newcastle that residents of Damariscotta get to attend for free.

There were 1,338 total housing units in Damariscotta according to 2020 Census data. Of these, 1,067 are noted as occupied (year-round) and 271 of these are noted as vacant. Of the 271 vacant properties, 162 are noted as vacant due to seasonal, recreational, or short-term use. Short-term rentals and seasonal use of dwelling units is discussed in greater detail below. Of the 1,067 occupied housing units, 221 (or 20.7%) are households with one or more individuals under 18 years old living there, and 515 (or 48.3%) are households with one or more individuals over 65 living there.<sup>1</sup>



<sup>1</sup> 2020 Decennial Census: Profile of General Population and Housing Characteristics, Table DP1.

The majority (65%) of the Town's existing housing stock is detached, single-family units. The next largest share is buildings made up of 3- and 4-units (at 14% of the Town's housing stock).

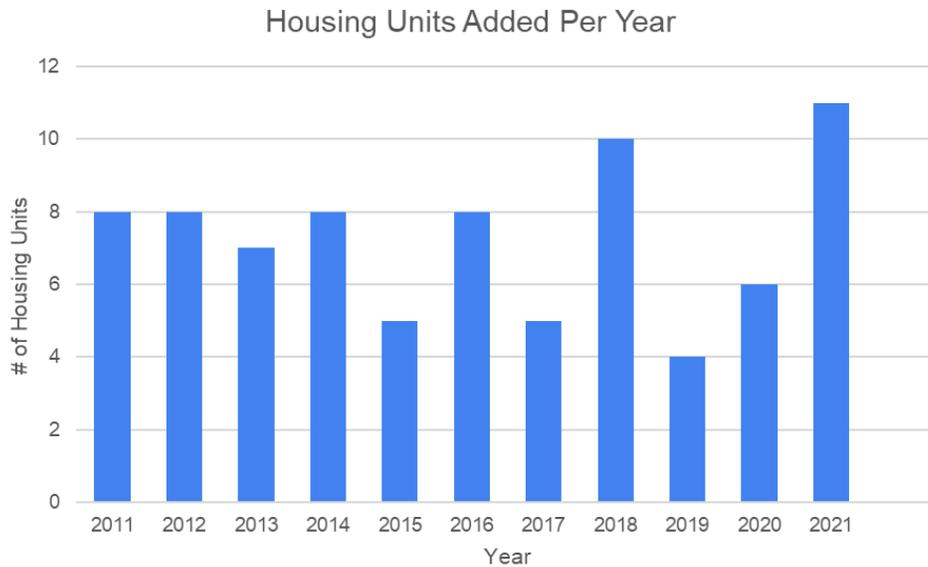


Source: MaineHousing data (2021)

In 2021, the renter vacancy rate was 0%. Put differently, every rental unit on the market was rented at the time the data was taken. The same year, 8.3% of owner-occupied properties were not occupied. 12% of these were for sale and 4.3% were recently sold but not yet occupied, but 67% were only being used for seasonal, recreational or occasional use (some of these were potentially seasonal rentals, but many are also likely second homes that are occupied by the owner but only for part of the year). Seasonal properties are discussed in greater detail in the Seasonal Conversions section, below.

In planning for the future, allowing for a diversity of housing options will be imperative: for families seeking to move to the area for work or school opportunities, for older adults aging out of their homes and looking to downsize, and to ensure sufficient housing for our workforce into the future.

Damariscotta added a total of 80 housing units from 2011-2021, according to building permits obtained through the Code Enforcement Officer. The average number of units added annually during that time period is about 7.



*Source: Damariscotta Code Enforcement Building Permit data*

It should be noted, however, that during the same time period the Town actually *lost* approximately 1.5% of its overall housing stock, meaning that the 80 housing units added between 2011 and 2021 did not increase the overall housing stock in Damariscotta. This is a stark change from the 2000-2010 period, when the community increased its overall housing stock by approximately 16%.<sup>2</sup> The decline in the 2010-2020 period could be due to demolition or neglect or conversion of multi-family buildings to single-family homes. Unfortunately, the Town did not require demolition permits or paperwork to document the conversions for the record, so it is difficult to understand the true source of the loss.



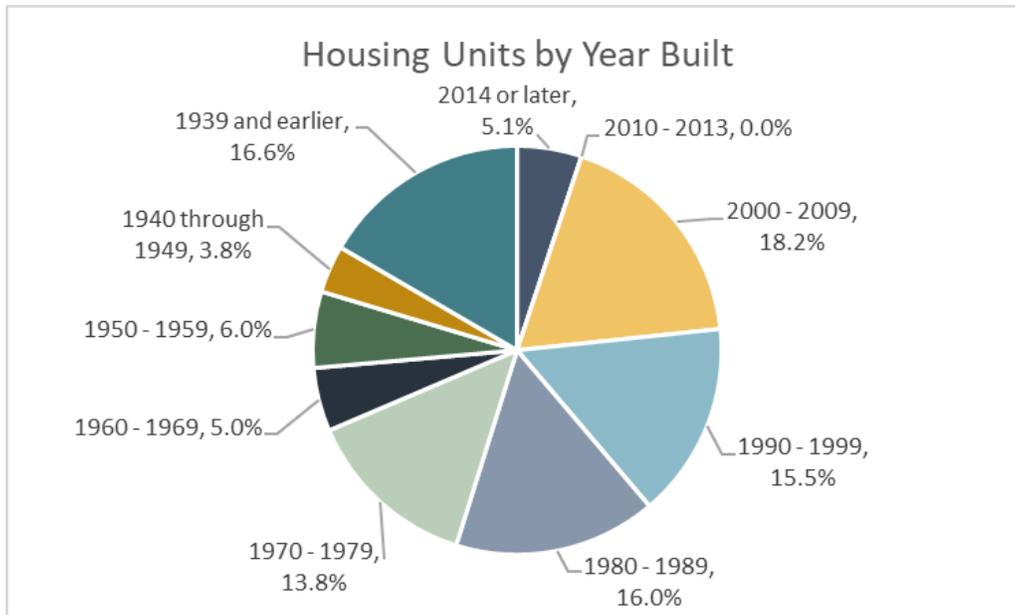
As detailed further in the Population & Demographics section of this Plan, the average projected scenario (based on the average rate of growth per decade between 1990 and 2020) projects Damariscotta’s 2040 population as approximately 2,700 people. Damariscotta’s average household size in 2021 was 2.25 people.<sup>3</sup> In order to accommodate the projected increase in population (assuming that average household size holds), Damariscotta would need to add **at least 176 year-round housing units between now and 2040 (either rental or ownership).**

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<sup>2</sup> It should be noted that the production of housing in Lincoln County also slowed down in this same time period, from adding 12.7% between 2000-2010 to only adding 0.5% from 2010-2020, so the slow in housing production was also following wider trends for this area as the region rebounded from the 2008-2009 recession.

<sup>3</sup> Per American Community Survey 5-year estimates, 2021.

If the average number of 7 new housing units per year persists, there would be a **projected shortfall of 64 housing units in 2040**, forcing people who would prefer to live in Damariscotta for work, school or otherwise to locate elsewhere. This assumes that no housing units are removed from the Town’s housing stock in that time, an unlikely scenario given the age of Damariscotta’s year-round housing stock (where approximately 25% of all units were built prior to 1960) and the uptick in conversions to seasonal housing since 2010 (discussed in greater detail below).



Source: MaineHousing data (2021)

Under the average projected scenario, the situation is even more bleak by 2050. The projected population of Damariscotta at that time is approximately 3,000 people. Again, assuming that the average household size holds, a total of 274 new housing units would need to be built between now and 2050 to accommodate that population. If the average number of new housing units per year holds at the current number (7 new units annually), **by 2050 we would be experiencing a shortfall of 91 units**. Again, this shortfall assumes that no housing units are removed during that time period for any reason, which is unlikely.

### Specialized Housing Needs

The Town has a variety of assisted living facilities outlined on the table below. In addition, there are a number of additional assisted living facilities throughout the region. As such, further assisted living facilities are not anticipated to be needed to serve the needs of the community during the next 10 years.

|                                   |
|-----------------------------------|
| <b>Assisted Living Facilities</b> |
|-----------------------------------|

| Facility Name                                    | Number of Rooms/Units |
|--|-----------------------|
| Hodgdon Green                                    | 16                    |
| Chase Point (including Riverside at Chase Point) | 42                    |
| Schooner Cove                                    | 47                    |

The Town's existing or recently approved (as of November 2023) affordable housing units are provided on the table below.

| Affordable Housing Developments   |                   |   |        |                |                   |
|---|-------------------|---|--------|----------------|-------------------|
| Project/Address   | Units             | Age - restricted (55+) or for those with disabilities | Family | Income - based | Rent - restricted |
| High Meadow (Meadow Court)  | 17 1-BR<br>6 2-BR |   | X      | X              |                   |
| Ledgewood Court   | 24 2 and<br>3-BR  |   | X      |                | X                 |
| Pond Circle (Pond Circle & Lessner Road)  | 9 3-BR<br>5 2-BR  |   | X      | X              |                   |
| Salt Bay Apartments (off Hodgdon Street)  | 16 1-BR<br>8 2-BR | X   |        | X              |                   |
| Biscay Road Residence (Jackie's Trail)  | 6 1-BR            | X   |        | X              |                   |
| Stepping Stones (Hodgdon Street)  | 3 2-BR<br>3 1-BR  |   |        |                |                   |
| Stepping Stones (Biscay Road)   | 4 units           |   |        | X              |                   |
| Mobius (off Chapman Street)   | 6-8 units         | X   |        |                |                   |
| Ledgewood Court Expansion** (behind existing Ledgewood Court off Piper Mill Road) | 32 units          | X   |        |                | X                 |

\*\*Recently approved by the Town's Planning Board, not yet under construction.

Additional senior housing units (age-restricted to those over 65 who can live alone without skilled nursing care) could be beneficial to provide for housing across the lifespan and allow for existing, larger units to be occupied by others, as discussed further below. While a number of affordable housing options of this type exist within Damariscotta, as noted on the table above, additional market-rate housing units of this type are needed.

In May of 2023, the Lincoln County Regional Planning Commission released results of a county-wide housing needs assessment and strategy report. The report indicated that, across Lincoln County, a total of 900 affordable-rate units will be needed in order to accommodate working families and older residents of limited means. The report indicated that the most critical need will be for workforce housing (affordable to working households earning up to 80% AMI) and for age-restricted affordable housing (designed for households age 55+ with income up to 50% AMI). From the report: “Creating new age-restricted 55+ housing will enable existing cost-burdened older resident households to downsize into more manageable units, while allowing their current residences to be backfilled by worker households.”

The report recommends a distribution of approximately 250 owner-occupied workforce units, 250 renter-occupied workforce units, and 400 affordable older adult rentals. As noted, this number is to be distributed across the entirety of Lincoln County. However, the report also designated certain communities within the county as being potential growth areas due to the availability of public water and sewer (which is not available in the majority of the municipalities in the county). For that reason, **the study recommends that Damariscotta pursue a goal of adding at least 83 affordable (limited to those making less than 80% AMI) units over the next 10 years.** Following the LCRPC report’s recommended distribution, Damariscotta should aim to create at least 23 owner-occupied workforce units, 23 renter-occupied workforce units, and 37 affordable older-adult rentals.<sup>4</sup> These affordable units would be in addition to the market-rate shortfalls identified above.

## Housing Affordability

According to Maine Housing data from 2022, the median home price in Damariscotta was \$525,000. For the same year, the median household income of homeowners was \$63,800. Housing is generally considered affordable if the household does not need to spend more than 30% of their monthly income on housing related costs (mortgage, home insurance, utilities, etc.). By this metric, in order to afford a \$525,000 house, the household would need to be making \$167,563 a year. This means that 89.7% of households in Damariscotta would be unable to afford the median home price.

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<sup>4</sup> Note: at the time of the drafting of this Plan, the Planning Board had recently approved a 32-unit age-restricted apartment building limited to those 55+ making 60% AMI. However, it was not yet under construction and was not factored into these recommended totals.

According to American Community Survey estimates from 2021, the median gross rent in Damariscotta was \$871 (more than 20% of renters are paying more than \$1,000, however, and 3% are paying \$3,000 or more). The median is about on par with the rest of Lincoln County, where the median rent was \$855 in 2020. However, it should be noted that the median income is lower in Damariscotta than in the rest of the county, and 58.5% of renters in Damariscotta are cost-burdened (spending more than 30% of their monthly income on rent). Damariscotta's role as a service center also means that the community has a larger share of subsidized, affordable housing with caps on the price of rent than surrounding communities. The median cost figures indicated would include both subsidized and unsubsidized housing. A lack of market-rent apartments means that those that are available are more expensive, simply due to basic principles of supply and demand.

Clearly, housing (both ownership and rental) in Damariscotta is unaffordable to those making the median income and especially to those making lower than the median income. On a regional level, the above-referenced Housing Needs Assessment offered a number of implementation strategies that the Lincoln County Regional Planning Commission's staff should undertake in the next five years in order to stimulate housing production in the region. This includes things such as convening municipal leaders to set local housing production goals and lead on educating the public, encouraging the removal of regulatory barriers to housing production, enlisting large employers or Maine-based affordable housing developers to assist with housing creation, and similar. They also recognize that increased capacity will be necessary to assist area towns in ordinance amendments pursuant to these strategies.

### **Seasonal Properties**

There were about 162 seasonal use properties in Damariscotta in 2020.<sup>5</sup> This is down slightly from the number of seasonal use properties captured in the 2010 census (186).<sup>6</sup> According to data from AirDNA, which captures properties listed on Airbnb, VRBO, and similar sites, there were 52 active rentals in Damariscotta in 2022.<sup>7</sup>

It should also be noted that this likely does not capture the actual number of seasonal rentals or residences within the town, however. The Town of Damariscotta does not currently require the registration of short-term rentals operating within the boundaries of the town and thus is missing crucial data in understanding how many potential dwelling units are being rented out on a seasonal basis at any given time.

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<sup>5</sup> 2020 Decennial Census: Profile of General Population and Housing Characteristics, Table DP1.

<sup>6</sup> 2010 Decennial Census: Vacancy Status, Table H5.

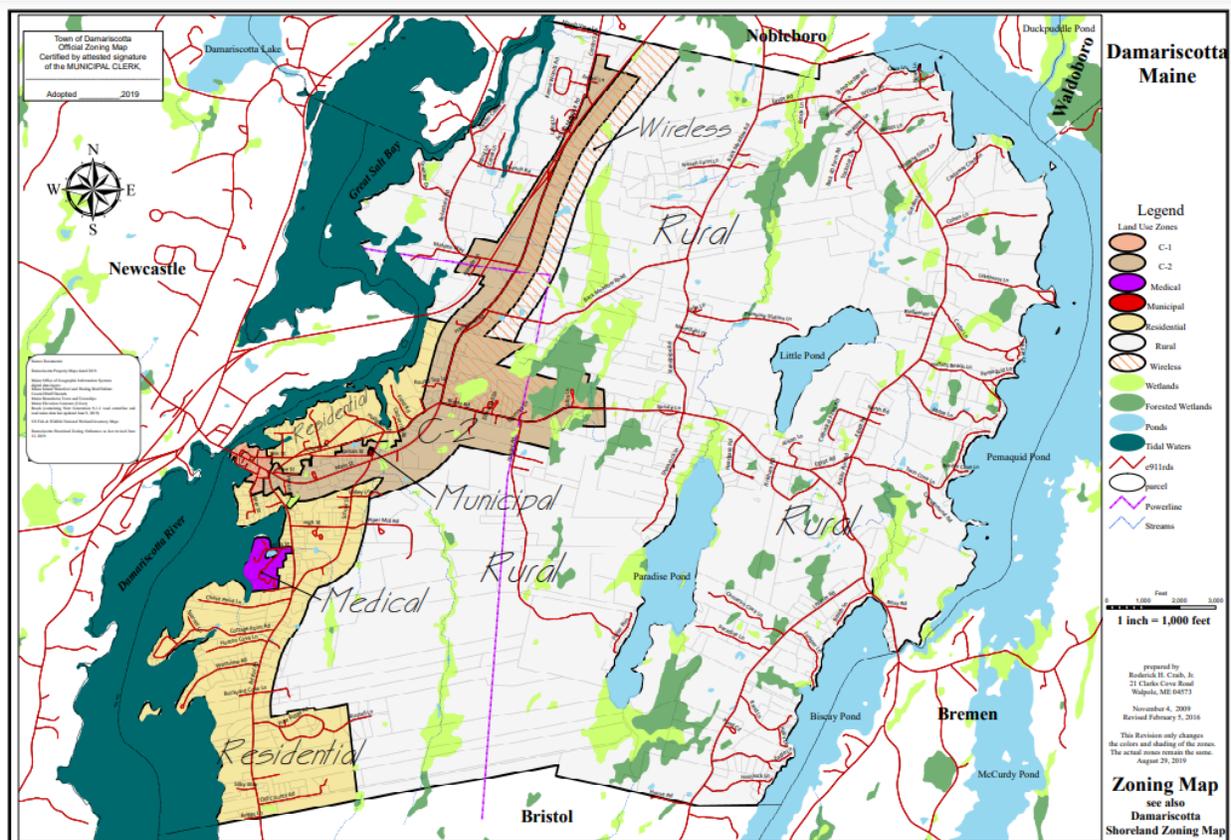
<sup>7</sup> Lincoln County Housing Needs Assessment Short-Term Rental Data, page 48.

[https://www.lcrpc.org/uploads/visual\\_edit/report-housing-needs-assessment-lincoln-county-me.pdf](https://www.lcrpc.org/uploads/visual_edit/report-housing-needs-assessment-lincoln-county-me.pdf)

The use of what otherwise could be permanent year-round housing as temporary or seasonal housing has a far-reaching impact on the community. As noted above, Damariscotta is already projected to be experiencing a housing shortfall by the year 2030 if the current conditions hold. The projected shortfall of 14 housing units does not even consider conversion of existing year-round housing to seasonal housing. If even one or two units is removed from the year-round housing stock, the projected shortfall is exacerbated.

## Local Regulations & Housing Impact

Single-family detached dwellings, mobile homes on individual lots, and two-family dwellings (duplexes) are expressly allowed in the General Residential, C-1, C-2, and Rural zoning districts (as shown on the Official Zoning Map, below) and only require a building permit from the Code Enforcement Office (reviewed administratively). In the past 10 years, these kinds of dwellings have been the predominant housing types constructed within the community.



In addition, accessory dwelling units (also called ADUs or “in-law apartments”) are allowed anywhere that single-family homes are allowed and are similarly permitted through the Code Enforcement Office (though they must be smaller than 650 sq. ft. or 40% of the heated area of the main house, whichever is smaller, cannot have more than two bedrooms, and require that the owner of the property live in either the main house or the ADU).

Multi-family dwellings (three or more units either as three separate buildings on a lot or within one building) are only allowed in the C-1, C-2 and Rural zoning districts and are reviewed as conditional uses by the Planning Board. Until 2017, Maine's subdivision statutes required that multi-family dwellings, as defined, were reviewed as subdivision applications by the Planning Board. In 2017 an exemption was passed indicating that multi-family dwellings could be reviewed under the municipal site plan review ordinance so long as the Planning Board found that the site plan review ordinance was "at least as strict" as the subdivision statutes. In time, the state may continue to revise this requirement but as it stands, requiring multi-family dwellings to be reviewed by the Planning Board is often an expensive and timely endeavor that dissuades applicants from constructing this type of housing. Expenses associated with Planning Board review include application fees, fees associated with noticing the project, as well as so-called "soft costs" associated with developing an application, such as getting a site plan drawn and renderings created (both of which are requirements of the review process per Sec. 102.5.E of the Site Plan Review Ordinance).

As noted above, multi-family dwellings are only allowed in the C-1, C-2 and Rural zoning districts (as shown on the Zoning Map). The C-1 zoning district is essentially the downtown, which could allow for the conversion of existing single-family homes or duplexes into larger multi-family dwellings. However, in the C-2 and the Rural zoning districts, the existing development pattern is primarily either vacant land, commercial structures, or single-family homes, meaning that if a multi-family dwelling is proposed it would either require the developer to construct an entirely new structure or might garner intense pushback from the existing, surrounding neighborhoods unless carefully designed to match the existing pattern of development. Interestingly, multi-family dwellings are not allowed at all within the General Residential zoning district, which is directly adjacent to Damariscotta's downtown where the prevailing development pattern is densely packed single-family homes or even grandfathered, non-conforming multi-family dwellings. This has created a sprawl effect where multi-family dwellings must be constructed in the more automobile dependent areas of the community, effectively limiting the ability of residents of these buildings to walk or bike into the downtown or to the area's major employers.

An additional potential limiting factor to the construction of multi-family dwellings is Section 101.6.F of the Land Use Ordinance, which notes that no single building may contain more than 32 dwelling units, except housing for the elderly associated with extended care facilities which may have up to 45 dwelling units. As noted above, the Land Use Ordinance has limited the conversion of existing, densely packed buildings around the downtown area (General Residential zoning district). This has recently led applicants to construct new buildings and associated parking outside of that area in the Rural zoning district. Based on the economy of scale, this requires applicants to build more units in order to make projects financially feasible. This maximum cap on units may have the effect of making it more

difficult for developers of multi-family dwellings to make their projects feasible without subsidies in the areas of town where these kinds of projects are allowed.

Mixed-use structures (defined in the Town's Land Use Ordinance as buildings containing one or more dwelling units as well as nonresidential space) are only allowed as conditional uses within the C-2 zoning district (along Route 1B outside of the downtown). Again, conditional uses must be reviewed by the Planning Board, which can be an expensive and timely endeavor that may have the effect of dissuading applicants from constructing this type of housing. In addition, limiting this type of structure to the C-2 zoning district means that the Town has essentially outlawed the creation of new mixed-use buildings in the downtown. This may be an unintended consequence, as residents continually expressed their love for mixed-use buildings during public engagement efforts held as part of the development of this Plan.

The Town's adopted Site Plan Review Ordinance requires two parking spaces per dwelling unit, regardless of zoning district (except for senior citizen multi-family dwellings, where one parking space per dwelling unit may be allowed). The cost of building just one parking space is considerable, and revising these policies to reduce the required parking spaces in areas where existing public parking is already available and/or encouraging shared parking with compatible uses (such as offices and residential units, where parking spaces used by the office workers would be filled during the day and the residential units would primarily be used overnight) could reduce the overall cost of the development (thereby passing on those cost savings to potential renters or owners).

## **Issues & Opportunities**

Damariscotta was identified by the State as a regional service center in 2002 for its concentration of jobs, its retail centers that serve more than the needs of the resident population, and its number of service sector jobs compared to the statewide average, and was identified again in 2023 under similar methodology.<sup>8</sup> The concentration of jobs as well as retail and social opportunities that serve the region means that there is an influx of visitors from surrounding communities daily. A number of responses to the community survey conducted as part of this Plan came from surrounding communities on the Pemaquid Peninsula, including Bristol, South Bristol, neighboring Newcastle, and as far as Edgecomb and Boothbay. Many of these "outside" respondents noted that they felt compelled to respond to the survey because Damariscotta is where they work, shop or volunteer (or in a few cases, all three) even though they reside elsewhere.

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<sup>8</sup> For more information about the methodology for determining service centers, visit this website: [https://www.maine.gov/dacf/municipalplanning/service\\_centers.shtml](https://www.maine.gov/dacf/municipalplanning/service_centers.shtml)

A major housing issue is that those who work, shop and volunteer here cannot find housing or cannot afford housing that would allow them to also live here. The creation of new housing units would help in alleviating this problem and would reduce the individual transportation costs of those who already work and play here, while also reducing greenhouse gas emissions and traffic leading to and from surrounding communities.

As part of the development of this Plan, members of the Comprehensive Plan Committee met with the Town's largest employers as well as other local businesses to understand their needs. LincolnHealth is the largest employer in the community, with approximately 1,100 full- and part-time employees. In an interview with LincolnHealth representatives, it was noted that lack of affordable housing in the immediate area remains a recruiting challenge for lower wage workers. In addition, lack of housing availability in general poses a recruiting challenge for even highly compensated staff. In interviews with other businesses, housing availability and affordability was identified as perhaps the largest issue in finding and keeping workers of all wage levels.

There are some standards in the Town's existing land use regulations that may have the effect of decreasing housing production within the community, especially of multi-family dwelling units. Amending these regulations to encourage housing production (especially of multi-family housing) in designated growth areas would help the Town in meeting its housing goals