



BLRA

The Closing of BNAS – An Opportunity for Affordable Housing

The up-coming availability of over 1,000 single family housing units in the marketplace as a result of the BNAS closure creates a unique opportunity to help address the affordable housing problem in the southern mid-coast region.

Background

On August 24, 2005, the Federal BRAC Commission voted to close BNAS. This vote set forth a timeline that will culminate in the final departure of the Navy in 2011. There are 702 military “family” housing units (GMH/Navy privatization agreement) located on and off base and an estimated 1,600 privately owned housing units in the region that are currently occupied by military personnel.

The closing of BNAS will impact the regional housing stock in several ways. First, it will make the current 702 military housing associated with BNAS and the Topsham annex available for re-occupancy by the general public. Second, it will open up, as mentioned above, another 1,600 privately owned units that are currently occupied by military and their families outside of the base. And third, it will open up additional housing from those civilian employees or contractors who choose to move away from the region.

Faced with the reality of 2,302 total housing units becoming vacant, the greater Brunswick area has been presented with a major challenge: how to lessen the possible negative impact that 2,302 vacant housing units will have on the regions real estate market and economy. Though many in the community view this issue as a major challenge, it also presents an opportunity to address some of the region’s ongoing affordability problem.

Based upon information received from the BNAS transition office, it is estimated that 300 of the 1,600 other dwelling units occupied and owned by military personnel in the region will also be available in the market place once those families are relocated. The remaining 1,300 are rented by military personnel. Assuming that the existing rental units will remain as such, it can be projected that approximately 1,000 new dwellings (300 military personnel owned units added to the 702 military family GMH/Navy housing units) will be available for affordable home-ownership opportunities.

According to the military’s 2006 Defense Enrollment Eligibility Reporting System (DEERS), there are 2,711 active duty Navy personnel living within a 10 mile radius of BNAS. When continued out to a 50 mile radius, the number increases to 2,721, meaning 99 percent of all active duty Navy personnel live within 10 miles of BNAS. DEERS is a computerized database of

military sponsors, families and others worldwide who are entitled under the law to health benefits.

Two factors determine affordability – the price of housing and the ability of people to pay that price. The generally accepted standard for housing affordability holds that a household should spend no more than 28 to 33 percent of its income for housing, including mortgage or rent, insurance, utilities, and taxes. Affordable housing originally sought to assure a supply of housing for two lower income groups: 1) “very low income” households, with incomes 50% or less than the median income (see income examples below); and 2) “low income” households, with incomes between 51% and 80 % of the median income. Given the trends of housing price increases relative to income gains over the past two decades, however, a third group, “moderate income” households, with incomes between 81% and 150% of the median income is also sometimes included in efforts to address the affordability problem.

The issue of affordable housing affects three general groups of households:

1) Those whose incomes are fixed or low, such as Social Security recipients or single parents; 2) Those who can not afford to live where they work (hence the phrase, workforce housing) such as bank tellers, firefighters, nurses, police officers, sales clerks, teachers and other service providers; and 3) Those who seek to buy their first home, often young people just starting full-time in the workforce. Many are faced with the reality of having to drive until they qualify. For example, a family that made the median income in Portland in 2000 would have had little problem finding an affordable home there but in 2005 they would have to drive better than an hour west or north to find affordably priced housing.

According to the Brookings Institute’s Charting Maine’s Future report, though moderate income increases since 2000 have been a component in the lack of affordable housing, the real culprit is a severe shortage in affordable housing stock. Faced with this lack of affordable housing stock, the closure of BNAS poses a unique opportunity to help address the affordable housing problem in the southern mid-coast region by creating 2,302 vacant housing units.

According to Maine Housing’s 2006 Home Ownership Affordability Index, Cumberland County Home Ownership Facts 2006, Brunswick has a median family income of \$46,498 and a median home price of \$220,000. However, the income needed to afford the median home price in Brunswick is \$78,008. Using 35 percent of income to pay for housing costs (percentage used for Home Ownership Affordability Index), Brunswick’s median income affords a home price of \$131,136 pushing home ownership further out of reach for many Brunswick families. The calculations below represent very low, low and moderate incomes in Brunswick and the housing price they can financially support:

Very Low income households - **\$23,249 or less**
(50% or < than median income \$46,498)

Low income households - **\$23,714 to \$37,198**
(51% to 80% of median income \$46,498)

Moderate income households - **\$37,663 - \$69,747**
(81% to 150% of median income \$46,498)

Home Price Afforded at very low income - **\$64,581 or less**

Home Price Afforded at low income - **\$67,754 to \$106,280**

Home Price Afforded at moderate income - **\$107,609 to \$199,277**

In reviewing this information, it becomes clear the current main impediment of home ownership in the Brunswick area is the high cost of existing housing compared to income levels. As Navy personnel relocate and vacancy rates of privately owned housing increase, an opportunity presents itself that if some of the related military family housing were to become available, it could clearly help address the lack of affordable housing stock in the greater Brunswick area.

Proposal

With the availability of targeted financial resources and the introduction of approximately 1,000 housing units, we have the unique opportunity to support both sides of the housing affordability equation in the southern mid-coast region of Maine: availability of good housing stock and the means by which to purchase. In order to achieve this objective, we would propose the following two elements, which should work together:

1. Establish a Regional Affordable Home Ownership Fund

In order to support affordable home ownership opportunities in the region, a regional affordable home ownership fund would be created to assist first time homebuyers and other low and moderate income persons in acquiring some of these available dwelling units. This program could be structured similar to Maine Housing's First Time Home Ownership and New Neighbors Programs. Maine Housing should also consider establishing re-sale controls on the units financed through such a program.

This program could provide the necessary financial resources necessary to create the opportunity for lower to moderate income families to transition from home renters to first time homeowners. Furthermore, such a financial home ownership assistance program would leverage finite resources while maximizing benefit for lower to moderate income and first time home buyers in the greater Brunswick area.

2. Establish an Affordable Housing Requirement as Part of the Resale of the Navy Family Housing Units in Reuse Master Plan

In order to ensure that a portion of the 702 existing Navy Family Housing units remain in the affordable realm, the LRA should work with the Navy and GMH Housing to establish a set aside requirement that at least 10% of those units be made available for purchase by persons of low to moderate incomes.

In order to facilitate this action, the LRA could provide for higher densities in some designated areas in its reuse plan in exchange for the availability of at the requisite number of affordable units. This mechanism has been used in a number of base redevelopment examples nationally and is actually a legal requirement in California as part of any redevelopment project.