

# State of Maine Housing Production Needs Study

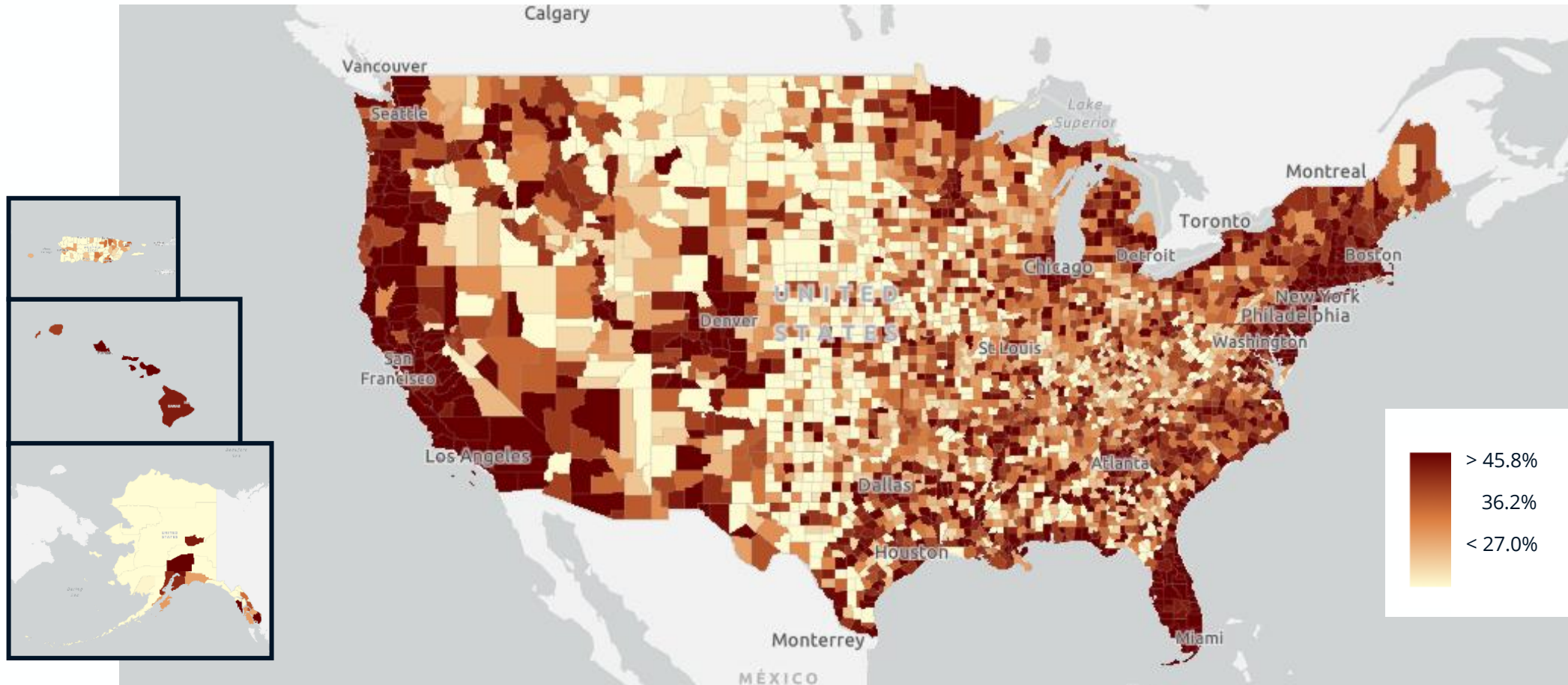
Homes to support Mainers and Maine businesses, now and in the future.

HR&A Advisors, November 2023



The state of Maine, like almost every other part of the country, is faced with a growing housing affordability problem that threatens the prosperity of Mainers and Maine businesses.

### Percentage of Cost Burdened Renters by County, 2021



While trends vary across the state, homes are becoming less affordable and harder to access in Maine. There are both demand and supply side-drivers of these trends.

**1.** Recent exogenous shocks, including sudden in-migration and a declining labor force, are impacting housing supply needs.

**18.6K**

out-of-state households arriving in 2021

**2.** These shocks are exacerbated by Maine's aging housing stock and low overall housing production over the past decade.

**-3.5%**

decline in renter-occupied units 2016 - 2021

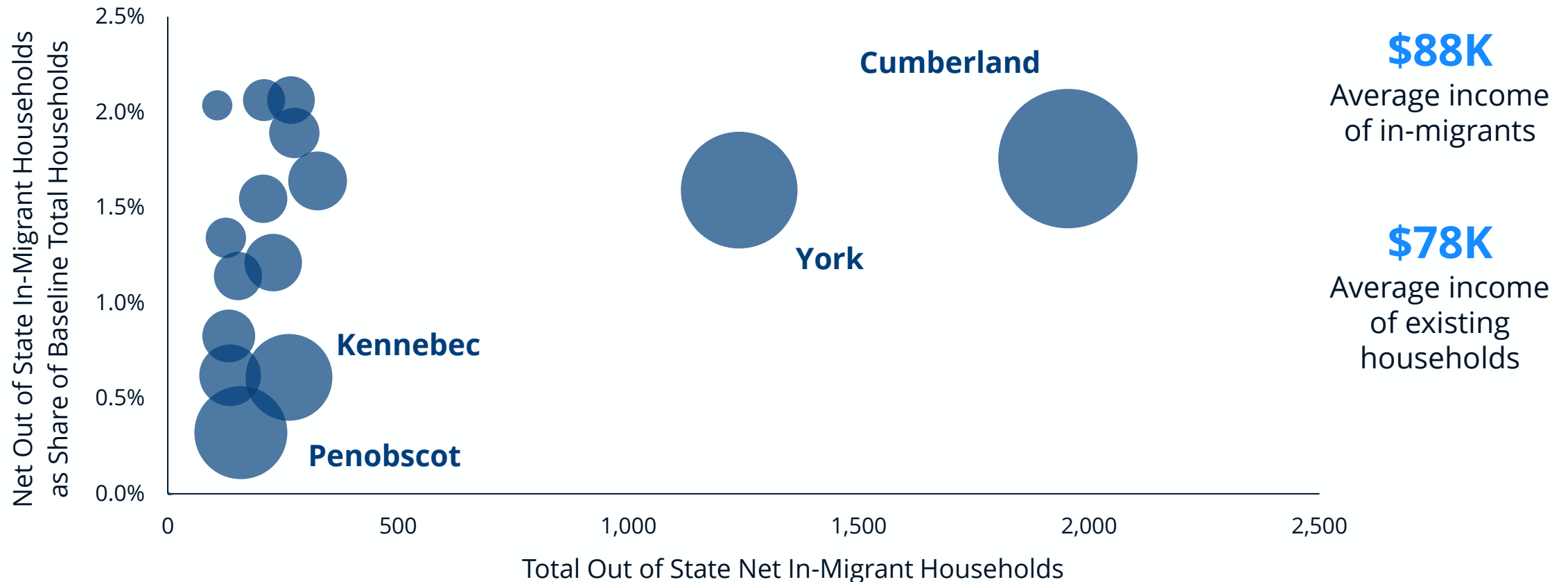
**3.** As a result, the availability of homes is declining and prices are increasing, making it very difficult to access and afford homes in some parts of the state.

**2.6%**

average true home "availability" rate

Recently, significant in-migration from other states has increased overall demand for homes across the state, particularly in York and Cumberland Counties. These in-migrants can afford higher price points than the average Maine resident.

### In-Migration Versus Baseline Population by County, 2020

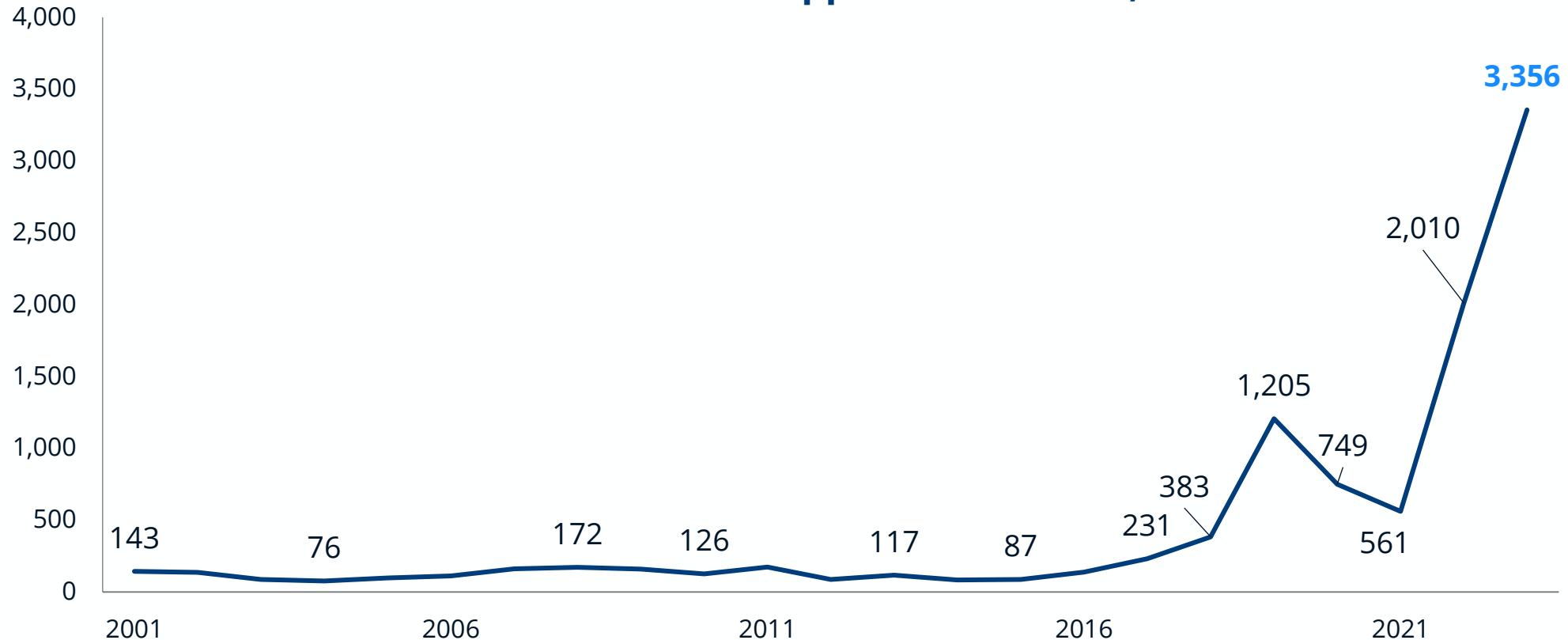


Source: Internal Revenue Service 2021, American Community Survey 5-year



Simultaneously, demand at the lowest income levels is being impacted by a recent uptick in households seeking asylum, who generally need short-term housing support.

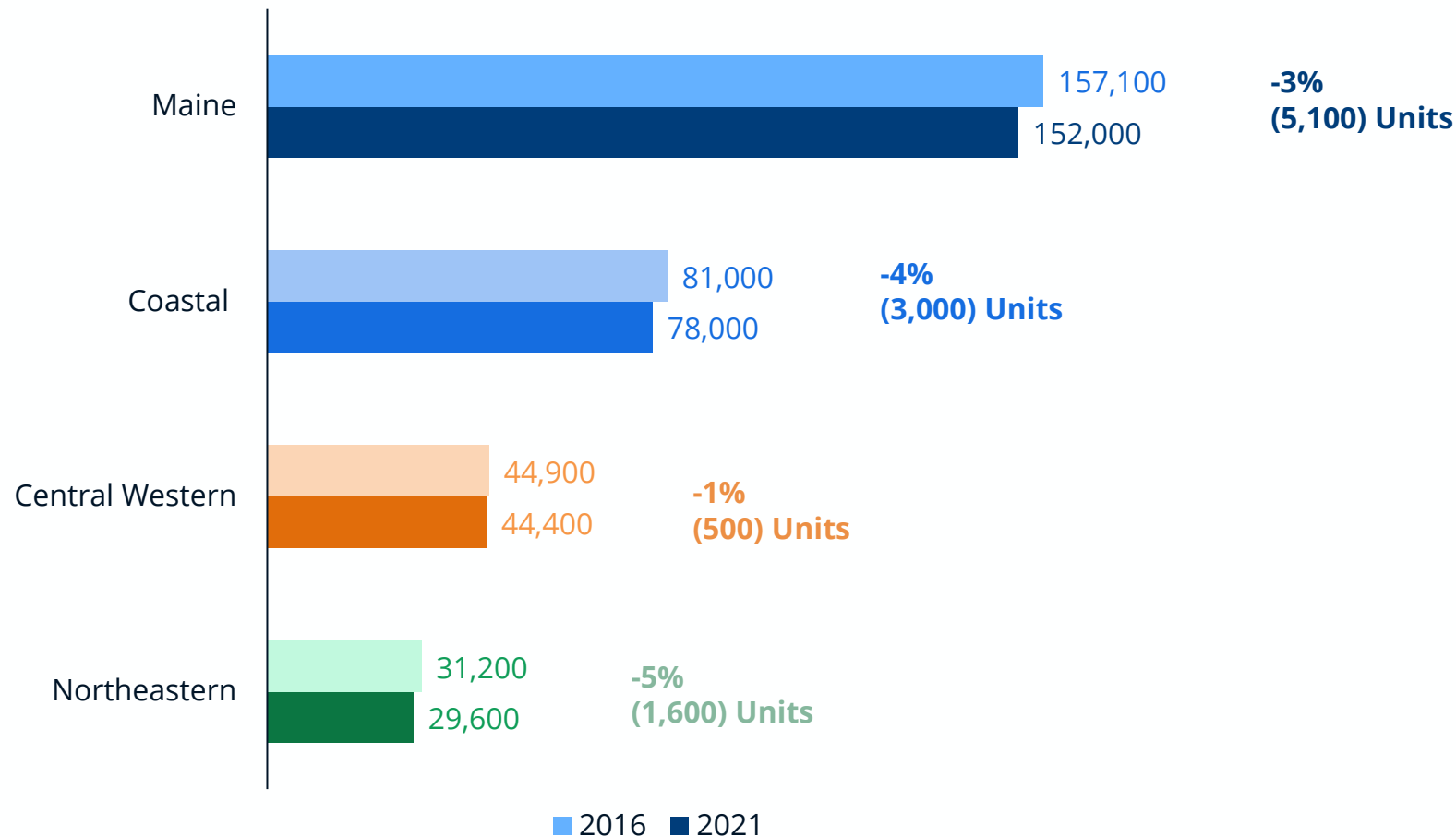
### Total Individual Notice-to-Appear Cases Filed, 2001-2023



Source: TRAC New Proceedings Filed in Immigration Court; Notice to Appear Deportation Cases 2001 – 2023

Contrary to most markets across the country, the state has seen a net decline in rental units over the past 5 years. This may be exacerbating labor force challenges.

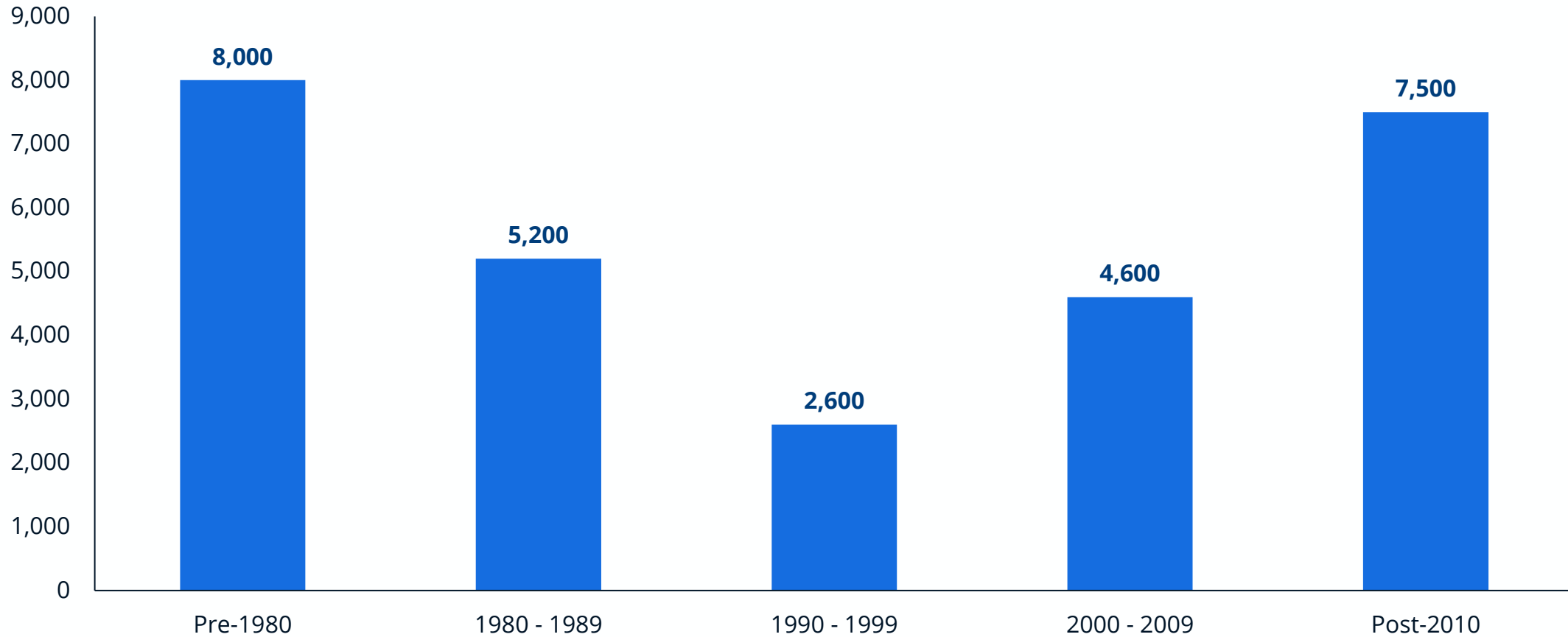
### Renter Occupied Units by Region, 2016 - 2021



Source: American Community Survey 5-Year 2021

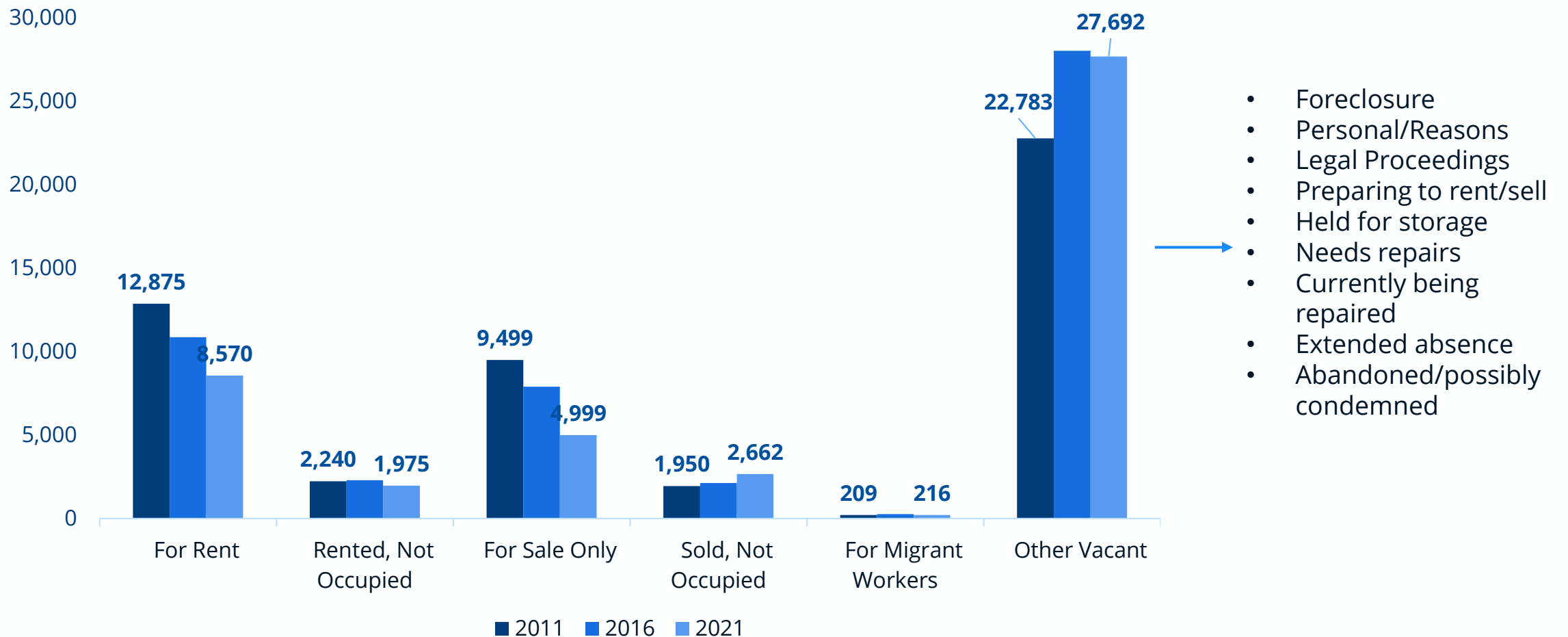
The production of income-restricted affordable housing, in contrast, has increased since 2010. These homes now make up over 20% of Maine's rental housing stock.

### Rent Restricted Units in Maine by Earliest Subsidy Date, 2021



Source: American Community Survey 5-Year, Public Use Microdata Sample (PUMS) 2021, National Housing Preservation Database 2021

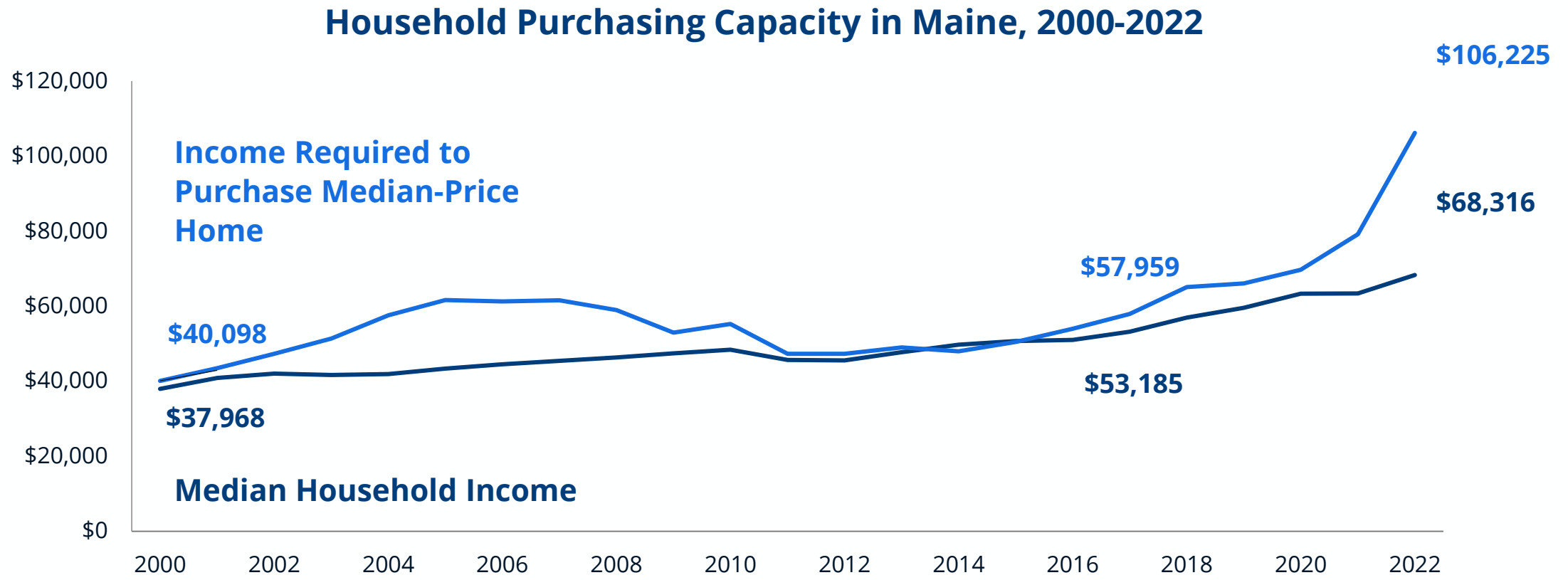
Facing limited housing production overall relative to demand, some of Maine’s growing housing demand is being absorbed by vacant homes. Simultaneously, the number of homes sitting vacant due to foreclosure or disrepair is increasing.



Source: PUMS



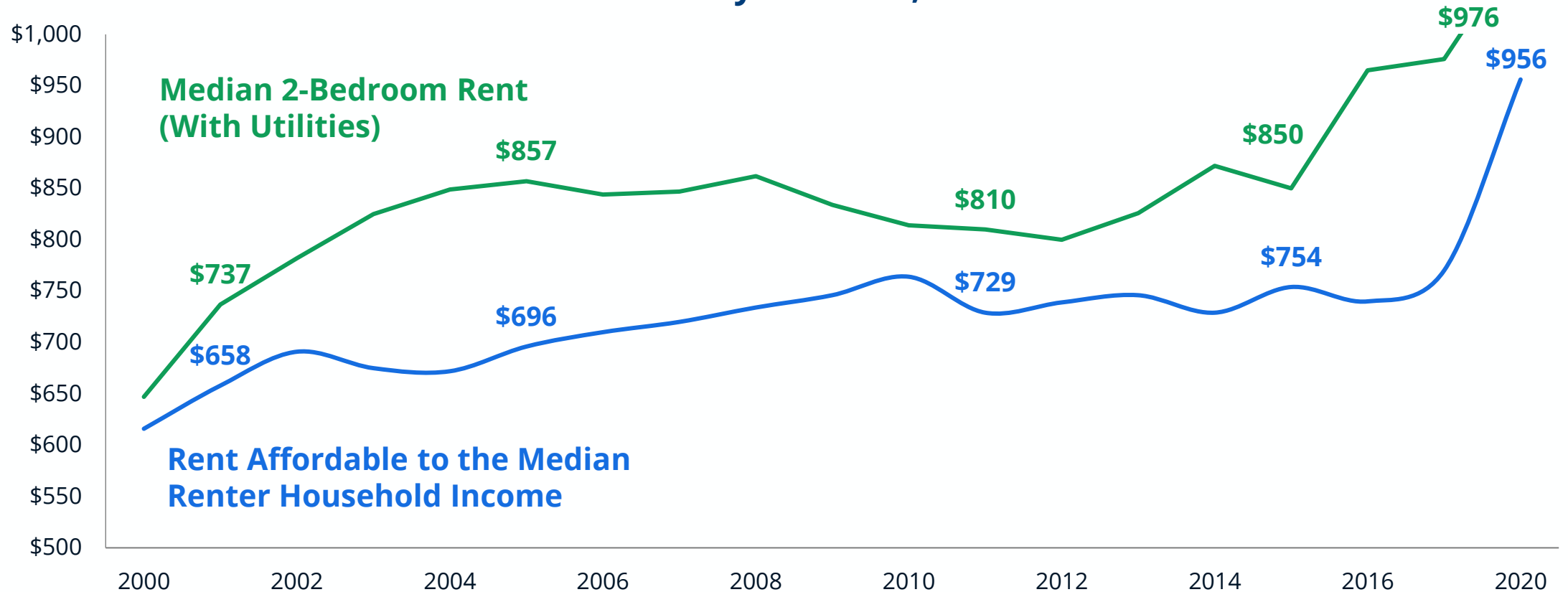
As a result of these trends, wages and home prices in Maine have diverged in recent years. Maine households now need to make over \$100k annually to afford the median home.



Source: MaineHousing Affordability Index

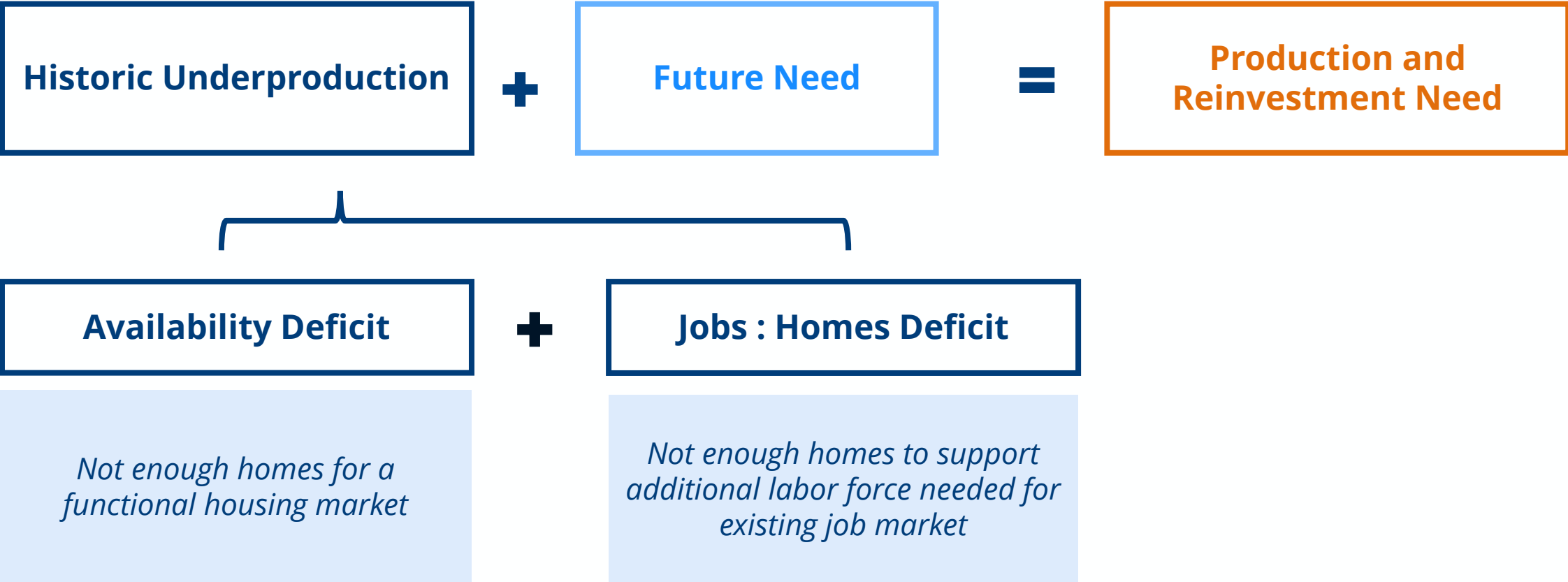
Rent has always been more out of reach for many Maine renters. While wages have increased in recent years, rents have also quickly increased.

### Rental Affordability in Maine, 2000-2020



Source: MaineHousing Rental Affordability Index

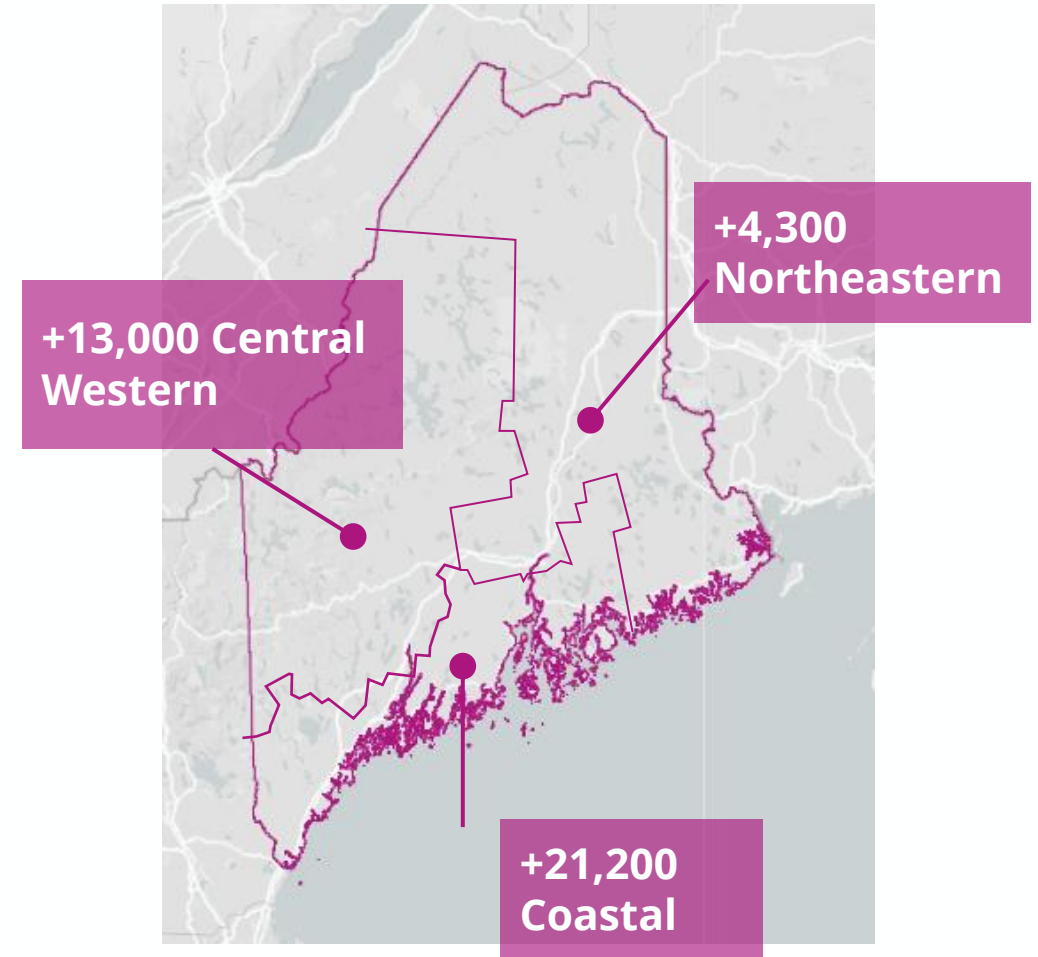
The Study Team measured both historic underproduction and future need based on projected population change.



This housing production need captures both homes needed to support healthy housing market conditions now and make up for historic underproduction and homes needed to support additional workers to support Maine's existing economy.

***Maine needs +38,500 additional homes to create broader housing availability for all Mainers and to attract and retain workers to support the existing economy.***

***This is about a 5% increase in Maine's housing inventory.***

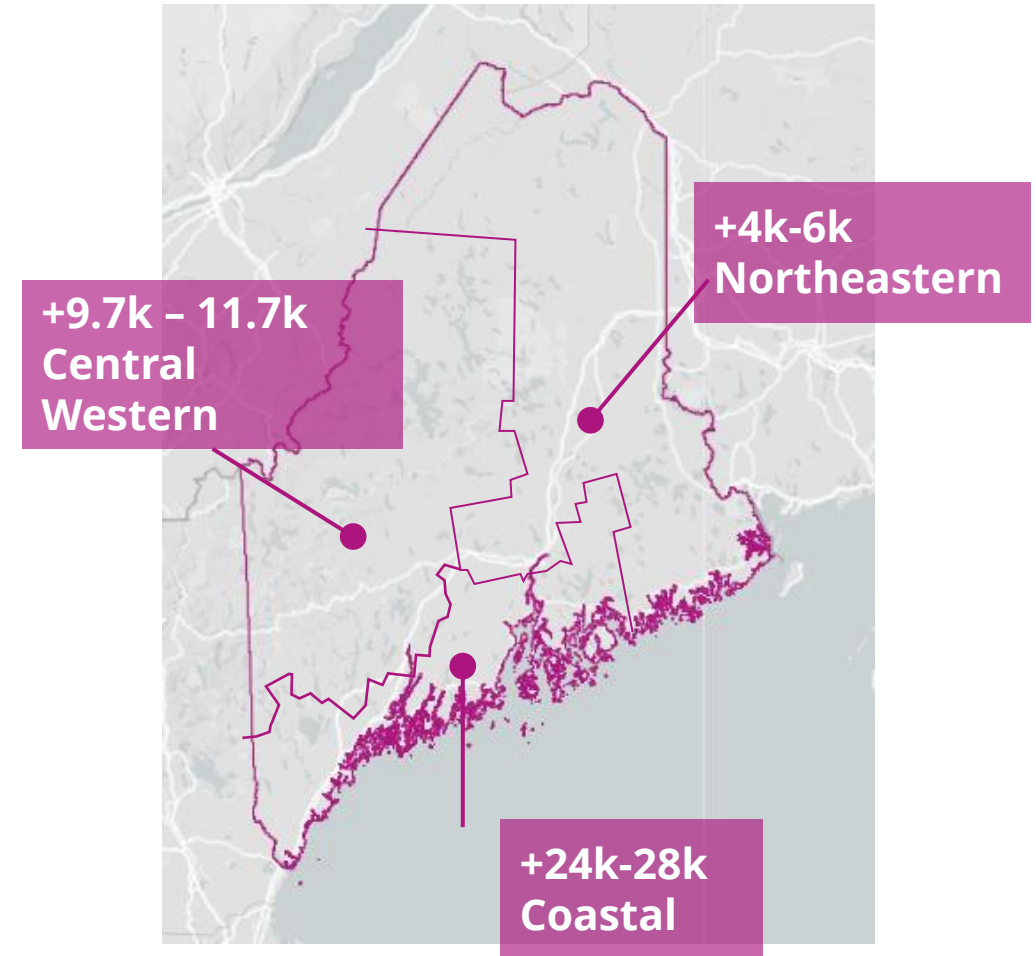


**WORKFORCE INVESTMENT REGIONS**

When considering future need, the Study Team included homes to accommodate population growth (estimated by the Maine State Economist), a healthy availability rate and a steady demand for seasonal homes.

***Maine will need between 38,000 and 46,000 additional units by 2030, depending on population growth scenarios.***

*\*\*Even counties or regions that are not projected to grow overall may still experience a growth in households, necessitating additional homes.*



**WORKFORCE INVESTMENT REGIONS**

# Unprecedented Investments in Affordable Housing Production

- Release of \$15m Senior Affordable Housing Bond
- Creation of \$80m State Affordable Housing Tax Credit program (includes \$8m for preservation)
- Creation of \$10m Affordable Homeownership Program
- Creation and funding of Rural Affordable Rental Housing Program: \$45m
- Funds to leverage federal low-income housing tax credits: \$65m
- Refinance of 2009 housing bonds: \$38m
- Housing First initiative (estimated capital funding before funds needed for services): \$40m

**= \$285 million since 2019  
(2000-2018: \$65m)**

## Proposed in Supplemental Budget:

- \$10m in additional funding for Affordable H/O program
- \$10m in additional funding for Rural Rental program
- \$10m in additional funding for LIHTC leverage

## These investments have already created the largest pipeline in MaineHousing's history:

- > 600 affordable homes already built and occupied
- > 1,000 affordable homes under construction
- > 2,000 affordable homes in pre-construction pipeline

Statewide housing production dashboard available at:

<https://www.maine.gov/future/housing/dashboard>



# LD 2003

## **ACCESSORY DWELLING UNITS**

Allows ADUs in all zoning districts currently zoned for single-family homes and exempts them from any growth caps. Additional parking requirements for ADUs prohibited.

## **MORE ATTAINABLE UNITS**

In residential zones without existing structures, allows up to 4 units per lot, subject to conditions to ensure adequate utilities and sprawl reduction. In residential zones with existing structures, allows up to 2 additional units on a lot.

## **PROMOTING DENSITY**

Establishes a statewide density bonus to incentivize more affordable housing development and ensure long-term affordability. Often the biggest factor in a project not moving forward or not including affordable units is the density allowance.

## **TECHNICAL SUPPORT AND FUNDING**

Provides technical + financial assistance for communities undertaking additional zoning changes or other initiatives to increase local housing opportunities.

# Housing Opportunity Program

- Provides technical assistance to municipalities to support housing development, including support with municipal ordinance development to comply with LD 2003
- Provides \$2.5m annually in funding to municipalities and regional organizations to support further zoning/land use reforms and other local initiatives that increase housing opportunities
- Provides information to the public about housing development and opportunities
- Establishes statewide housing production goals.