

# Affordable Housing in Maine

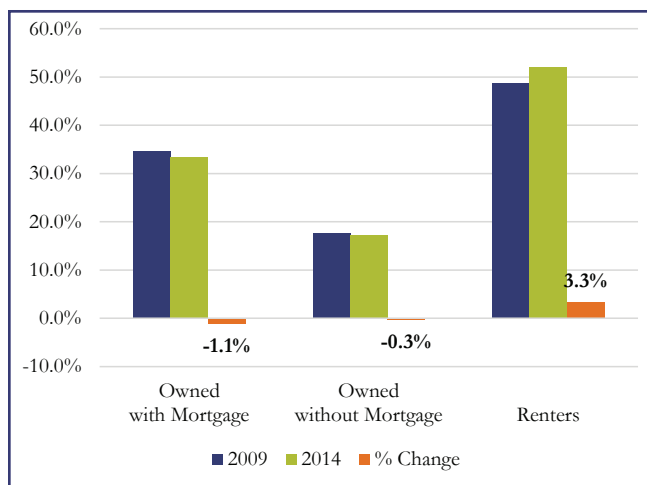


HELPING MAINERS RENT, BUY & HEAT THEIR HOMES SINCE 1969

## What is Affordable Housing?

Housing is considered “affordable” if the household spends no more than 30% of its income on housing-related costs (mortgage or rent, utilities, taxes, insurance, and maintenance). Keeping these costs under 30% of income allows the household enough money to cover other expenses, such as healthcare, food, education, and transportation. A household spending more than 30% of its income on housing is considered to be cost burdened.

### Cost Burden Change

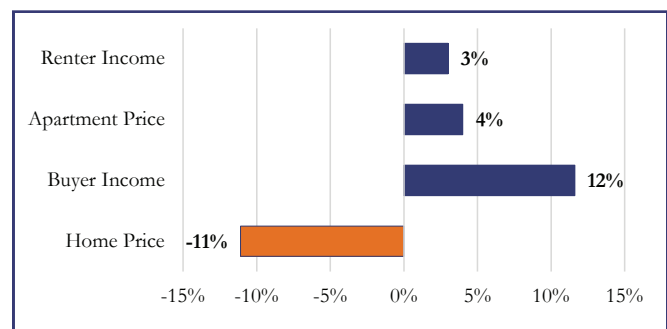


Source: US Census, Table DP04: Selected Housing Statistics, ACS 5 Year, 2009 & 2014

From 2009 to 2014, the number of cost burdened households increased overall by 2.9% or 5,163 households, from 178,300 to 183,463.

However, this is the result of 9,708 more renter households that are cost burdened offset by 4,545 fewer cost-burdened owner households. The cost burden is increasing for renters.

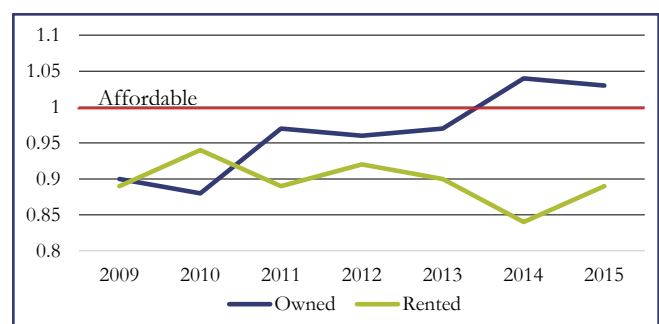
### Income and Price Change by Tenure



Source: US Census, MaineHousing

The relationship between household income and housing price is the most significant factor influencing affordability. Between 2009-2014, home prices dropped a net 11% while the incomes increased 12% for homeowners. For renters, apartment prices grew faster than income.

### Affordability Index



Source: MaineHousing

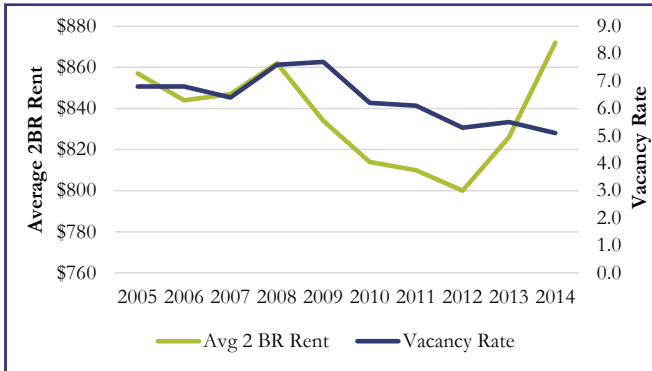
MaineHousing’s Affordability Index monitors housing affordability. The homeownership index is based on the ratio of home price affordable at median income to median home price. For renting, it’s the ratio of rent affordable at median income to average two-bedroom rent. An index at or above 1 indicates home buying or renting is affordable. Statewide homeownership became affordable in 2014 except in the counties of Cumberland, Hancock, and York. Renting remains unaffordable throughout Maine.

To view **MaineHousing’s Affordability Index**, visit [www.mainehousing.org](http://www.mainehousing.org) and select “policy and research,” and then select “housing facts.”

# Housing Inventory and Affordability

A variable to consider when assessing affordability is vacancy rates or inventory available for sale or rent. The relationship between inventory and housing price is generally negative; as inventories decrease prices increase. With homeownership that's not always the case. For a while at least, inventories will rise with price making owning a home less affordable. This relationship seems contradictory but with all else the same, rising house prices will draw homeowners into the market and, temporarily at least, increase inventory. But when inventories fall due to sales, prices go up. With renting, as demand for rental housing increases and supply dwindles, it becomes less affordable.

## Renting



Source: US Census, Table 25063, ACS 5 Year, 2009 & 2014

## Homeownership

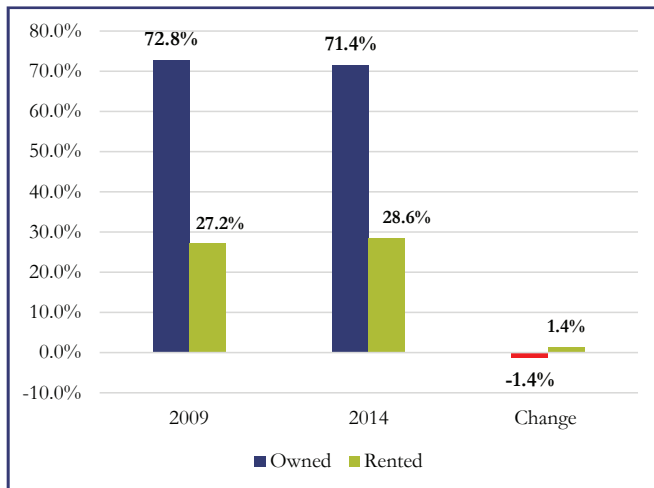


Source: US Census, Table DP04: Selected Housing Statistics, ACS 5 Year, 2009 & 2014

## The Shift to Renting

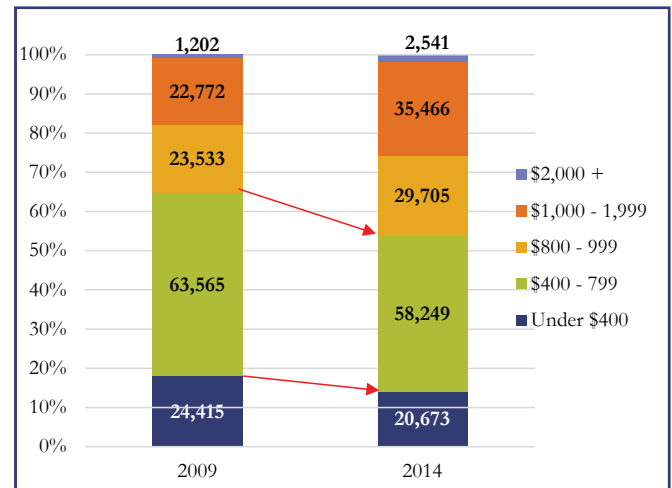
The 2000 and 2010 Census data, along with the recent American Community Survey numbers, reveal a shift in preference to renting. Maine's rental inventory is insufficient to meet new demand and as a result, rental prices are rising with no slowdown in sight. The number of low rent units is diminishing.

### Shift to Renting



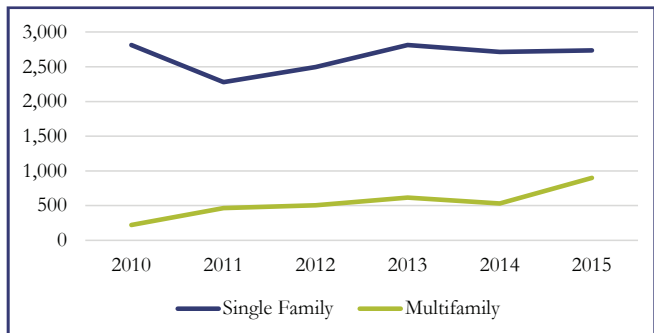
Source: US Census, Table DP04: Selected Housing Statistics, ACS 5 Year, 2009 & 2014

### Fewer Low-Cost Rentals Available



Source: US Census, Table B25063, ACS 5 Year, 2009 & 2014

## Recovery Permitting



The market has responded in recent years but not enough to meet demand. Since the end of the recession in 2009, permits for multifamily housing units have increased while those for single family units have been flat or declining. This has occurred in Maine and throughout the Northeast.

There are 9,058 fewer rentals in the less than \$400-\$800 range, and 20,205 more in the \$800 and higher range.

Source: US Census, Table 2: New Privately Owned Housing Units Authorized (unadjusted)

# MaineHousing's Role

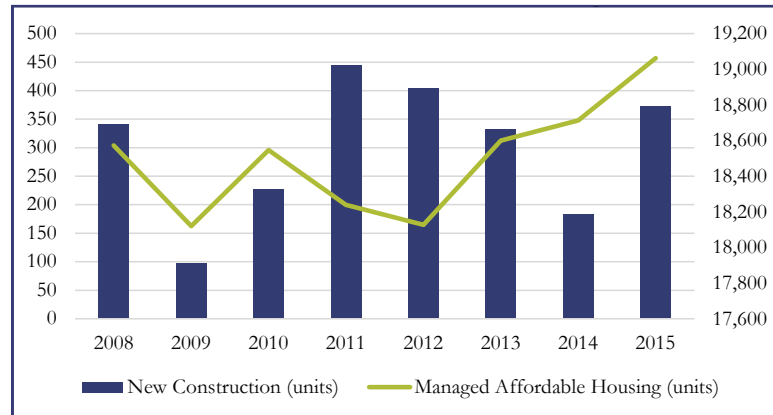
MaineHousing plays an important role in helping Maine residents in need of affordable housing by increasing the supply, quality, and stability of affordable housing. Also, we provide the needed leadership for the state's affordable housing development effort. On average, MaineHousing touches the lives of people living in 23,000 housing units a year through construction, preservation, rental assistance, home ownership, and homeless initiatives.

## Supply

Adding to the supply of affordable rental and owned housing is critical. MaineHousing's Development and Asset Management departments work to construct affordable multifamily housing and then manage and preserve it. Since 2009, MaineHousing has built 2,063 affordable rental housing units for Maine's seniors, working families, and those needing support. In fact, MaineHousing builds an estimated 39% of total multifamily units permitted in the state each year.

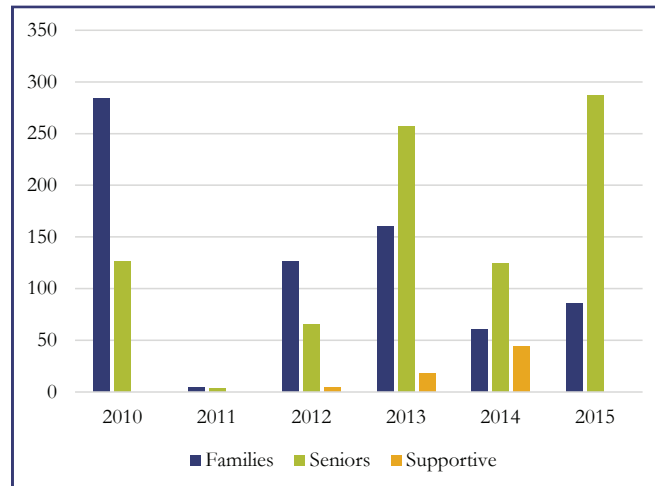
In response to the growing shortage of affordable senior housing, MaineHousing has increased the development of affordable senior housing units. Since 2013, 64% or 668 out of 1,037 of the units MaineHousing completed were for seniors.

### New and Maintained Affordable Housing Units



Source: MaineHousing

### Households Served by Community (units)

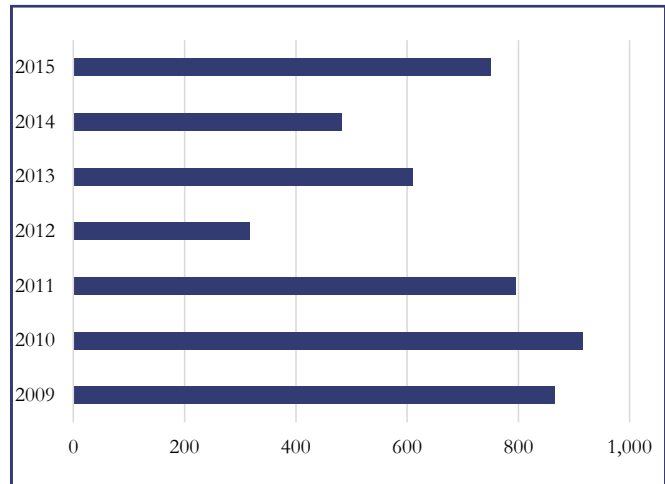


Source: MaineHousing

## Homeownership

MaineHousing also works to bridge the financial gap some face trying to buy their first home by offering lower-than-market interest rates, down payment and closing cost assistance incentives. Since 2009, MaineHousing's Homeownership Department has helped nearly 5,000 first time home buyers realize their dream, an average of 677 homes annually.

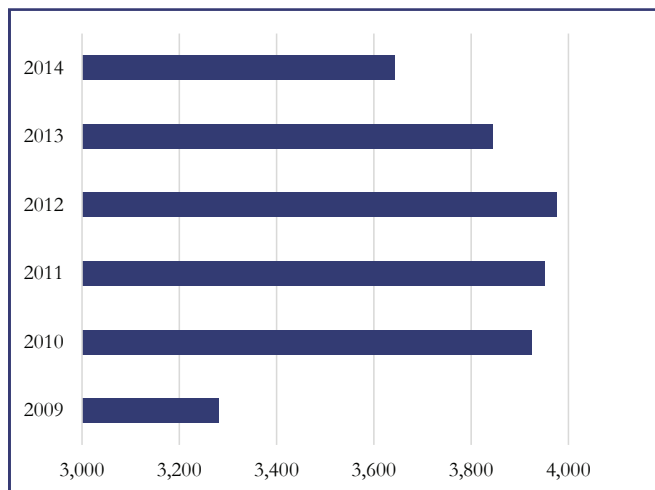
## First Time Homebuyers



Source: MaineHousing

## Affordability and Stability

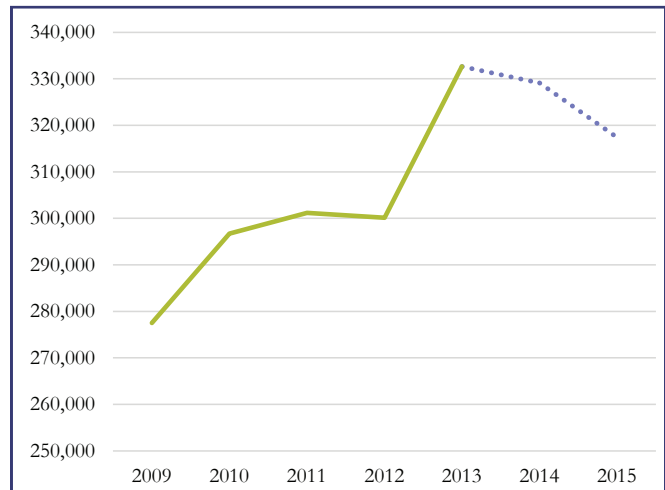
### HCV Program Participants



Source: MaineHousing

In addition to construction and preservation of existing affordable rental units and providing loans to first time homebuyers, MaineHousing's Housing Choice Voucher Program provides rental assistance to those in need through Section 8 rental assistance vouchers. This assistance is important given the tight rental market and increasing rents. In fact, the number of households served increased as the worst effects of the recession were being felt. In 2014 federal budget sequestration reduced funding for the HCV program resulting in a reduction of rental assistance.

### Shelter Bednights



Source: MaineHousing

People who are homeless are perhaps most vulnerable to the health risks often associated with a lack of stable housing. MaineHousing's Homeless Initiatives Department works to assist Maine's network of shelters. Programs combine rental housing assistance and support with temporary housing and a path to permanent housing and stability. As a result, homeless bednights statewide have been reduced by 15,295 since 2013, from 332,667 to 317,372, and that's resulted in an estimated cost savings of \$1.1 million. In the same period, the average length of stay statewide was reduced by 26 nights.

### Waiting Lists:

As of August 2016, an estimated 12,000 lower-income households are on waiting lists for Section 8 Housing Choice Vouchers.

**For more information about MaineHousing programs, please contact us at:**

Maine State Housing Authority  
 353 Water Street | Augusta, Maine 04330-4633  
 207-626-4600 | 800-452-4668 | Maine Relay 711 | Fax 207-626-4678  
[www.mainehousing.org](http://www.mainehousing.org)



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