

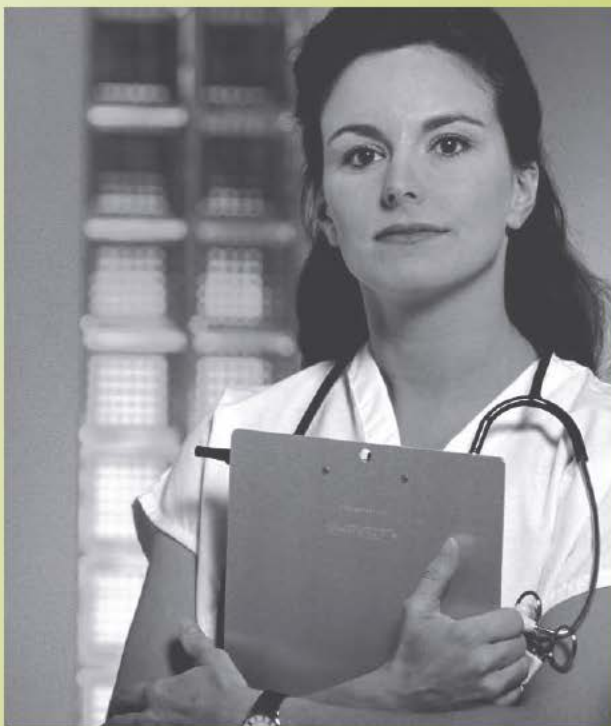
MAINE STATE LEGISLATURE

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They Can Save Your Life, But They Can't Afford to be Your Neighbors



A Report on Housing Costs in Maine 2008

Message from the Director



Dale McCormick
Director, MaineHousing

The good news: median incomes for Maine people grew 20% between 2000 and 2007.

The bad news: over that same period median home prices increased 69% and median rents rose 30%.

The result: finding an affordable home or a decent apartment has become more and more difficult for the average Maine household. Purchasing the typical home for a family earning the median income has become unaffordable in all but a few counties, and in many counties families have a difficult time finding an apartment they can afford to rent.

This report provides a county-by-county look at what has happened to home prices and rental costs compared with incomes from 2000 to 2007.

It is a serious problem for Maine working families, and this is shown graphically when you look at the incomes of many typical Maine workers – teachers, construction workers, retail salespersons, police or firemen – and then compare what they earn with the income they need in order to afford a home or apartment. This is especially true for young workers just starting their careers.

The problem goes beyond the families and young workers struggling to find an affordable place to live. It is a problem for employers trying to hire workers. It is a problem for towns and cities that prefer to have their teachers, fire, and police employees live in the community. It is a problem for society when people have to commute long distances from their jobs to find affordable housing.

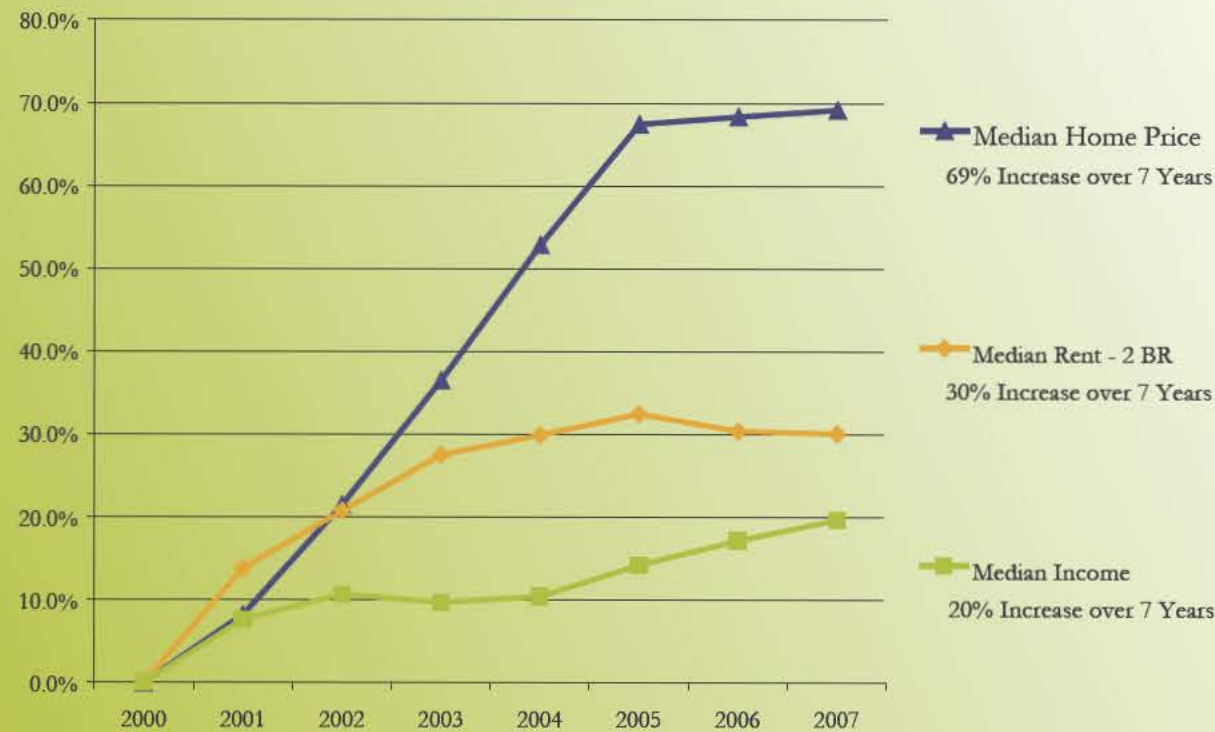
MaineHousing is doing what it can by providing low-interest rate mortgages to first-time homebuyers and financing rental housing affordable to working families. But we need to do more by ensuring funding for affordable housing programs, and by having communities actively encouraging affordable housing development.

Our future depends on it.

Maine Housing Costs are Increasing Faster than Incomes

Home prices and rents have increased much faster than incomes since 2000. This rapid increase in housing costs has made housing affordability a major concern in Maine. There has been a 69% increase in median home prices since 2000, and in 2007, homes appreciated at a rate that was the second highest in New England. Median rents have increased 30% since 2000. During that same time period, however, median income has only increased 20%.

Relative Increases in Median Housing Costs and Incomes in Maine



Source of Home Sales Price Data: Maine Real Estate Information System ("MREIS") and MREIS reserves all rights including all proprietary rights in the data set forth herein and any use or publication of this data or any portion thereof without the express written consent of MREIS is prohibited. Any reproduction, sale or exchange of this data, in whole or in part, is likewise prohibited. All rights to the data remain the exclusive property of MREIS to the extent owned by MREIS.
Source of Median 2 Bedroom Rent: MaineHousing Quarterly Rent Survey.
Source of Income Data: Claritas.

She Can Teach Your Child, but She Can't Afford to be Your Neighbor



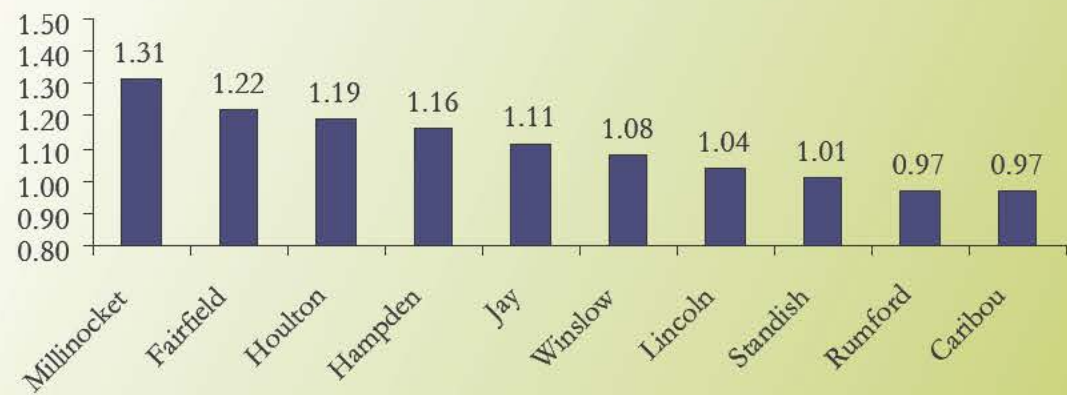
Maine Home Prices Are No Longer Affordable to Local People

Home prices have increased two to five times faster than incomes in counties across the state. Buying a house in Aroostook, Piscataquis or Somerset Counties is still considered affordable. (Housing is considered affordable if a household with area median income can buy a median priced home for that area without spending more than 28% of income). But if home sales prices continue to rise faster than incomes, it won't be long before all Maine counties become unaffordable.

Home Prices are Outpacing Incomes in all Counties

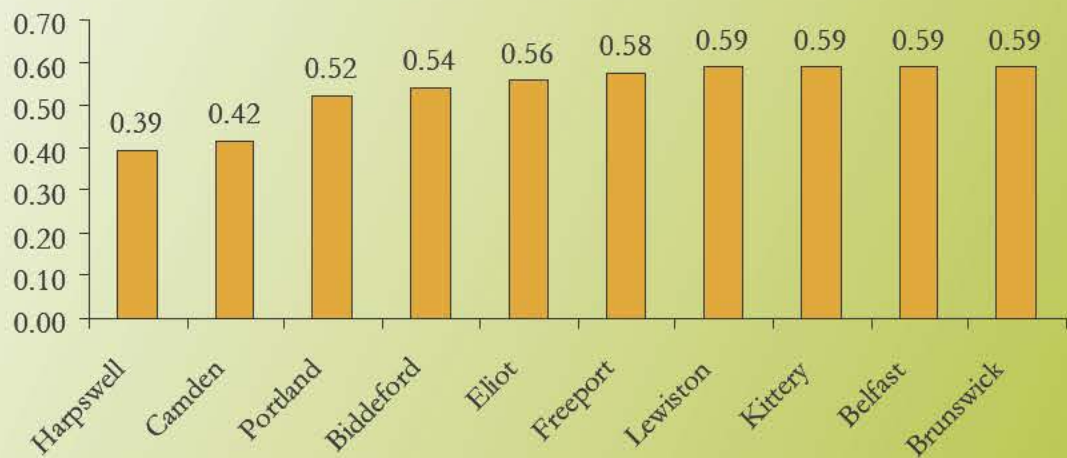
| County | 2000 to 2007 Percent Increase in Median Home Sales Price | 2000 to 2007 Percent Increase in Median Income | Number of Times Faster Home Sales Prices Have Increased |
|--------------|---|--|--|
| Androscoggin | 81% | 20% | 4.0 |
| Aroostook | 103% | 22% | 4.6 |
| Cumberland | 78% | 19% | 4.0 |
| Franklin | 94% | 18% | 5.3 |
| Hancock | 82% | 21% | 3.9 |
| Kennebec | 74% | 17% | 4.2 |
| Knox | 74% | 26% | 2.8 |
| Lincoln | 71% | 18% | 3.9 |
| Oxford | 76% | 20% | 3.7 |
| Penobscot | 73% | 20% | 3.7 |
| Piscataquis | 98% | 18% | 5.5 |
| Sagadahoc | 71% | 19% | 3.8 |
| Somerset | 63% | 19% | 3.4 |
| Waldo | 61% | 23% | 2.6 |
| Washington | 69% | 19% | 3.7 |
| York | 81% | 18% | 4.4 |
| Maine | 69% | 20% | 3.5 |

Most Affordable Communities in Maine



The most affordable communities to local residents are scattered throughout the rural parts of the state. The least affordable communities are concentrated in or around population centers in Southern and Coastal Maine.

Least Affordable Communities in Maine



Communities with populations greater than 5,000. The measure of affordability is based on the median home sales price and income for each community.

Maine Rents are No Longer Affordable to Local People

On average, rents have increased two and a half times faster than rental household incomes. Renting is only considered affordable in Aroostook County, but rents are increasing almost twice as fast as renter incomes in that county. (Renting is considered affordable if a household with area median renter income can rent a median two-bedroom apartment for that area without spending more than 30% of income.)

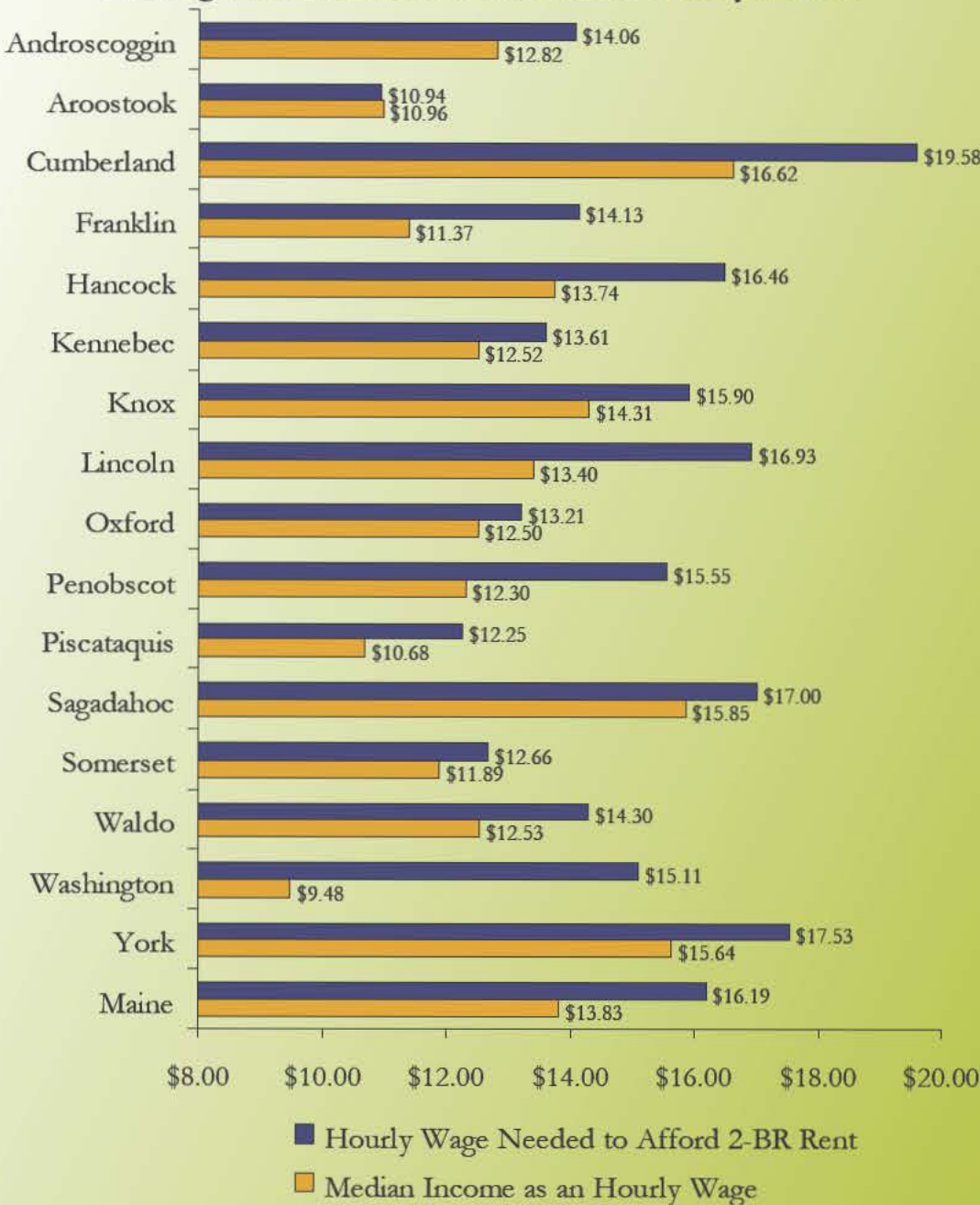
Rents are Outpacing Renter Incomes in All But Two Maine Counties

| County | 2000 to 2007 Percent Increase in Median 2-BR Rent | 2000 to 2007 Percent Increase in Renter Median Income | Number of Times Faster Rents Have Increased |
|--------------|--|--|--|
| Androscoggin | 23% | 4% | 5.7 |
| Aroostook | 18% | 10% | 1.9 |
| Cumberland | 11% | -2% | * |
| Franklin | 51% | 8% | 6.3 |
| Hancock | 31% | 8% | 4.0 |
| Kennebec | 32% | 2% | 14.4 |
| Knox | 15% | 7% | 2.0 |
| Lincoln | 4% | 8% | N/A |
| Oxford | 47% | 15% | 3.2 |
| Penobscot | 37% | -2% | * |
| Piscataquis | 38% | 6% | 6.7 |
| Sagadahoc | 26% | 8% | 3.5 |
| Somerset | 31% | 18% | 1.7 |
| Waldo | -1% | 21% | N/A |
| Washington | 55% | 3% | 17.2 |
| York | 16% | 7% | 2.4 |
| Maine | 17% | 7% | 2.5 |

*Median income decreased, so this calculation is no longer appropriate.

Median renter incomes have increased faster than rents in Lincoln and Waldo Counties, but a large gap remains between the wage needed to afford a median rent and the wage earned in those two counties and many other counties across Maine.

Renting was Affordable in One Maine County in 2007

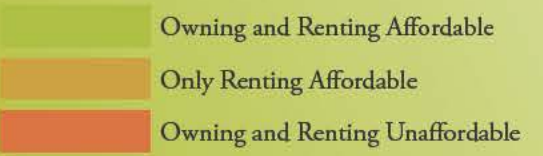


They Can Teach Your Child or Save Your Life, but They Can't Afford to be Your Neighbor

People in many professions important to Maine communities are unable to find affordable housing in the same communities where they work.

Owning or renting a home is unaffordable for many workers in Maine's fast-growing construction, retail and health care industries. The median wage for teachers, police officers and fire fighters is enough to afford a median priced rental unit in most areas, but not enough to buy a median priced home. Housing is almost completely unaffordable for all of these occupations at the entry level.

Diversity within Maine's communities is key to their continued growth and vitality. When a segment of the population is forced to live elsewhere, our communities ultimately suffer. Businesses are challenged to find the employees they need to expand, and the communities that were once so desirable aren't anymore. In Maine, the ability of our communities to provide decent, safe and affordable housing is critical.



Source of Occupation Information: *Employment Outlook 2006*, Maine Department of Labor.
Source of Wage Data: 2006 Maine Department of Labor.

| Hourly Wage Needed | | | | Median Hourly Wages | | | | | | |
|--------------------|-------------|------------------|---------|--------------------------------|---------------------|--------------|--------------------|-------------|---------------|-----------------|
| County | Median Home | Median 2-BR Rent | Teacher | Police Officer or Fire Fighter | Construction Worker | Telemarketer | Retail Salesperson | Nurse's Aid | Home Care Aid | All Occupations |
| Androscoggin | \$26.18 | \$14.06 | \$20.36 | \$16.83 | \$15.18 | \$12.27 | \$10.34 | \$10.22 | \$8.86 | \$13.76 |
| Aroostook | \$13.37 | \$10.94 | \$20.36 | \$16.83 | \$15.18 | \$12.27 | \$10.34 | \$10.22 | \$8.86 | \$13.76 |
| Cumberland | \$37.88 | \$19.58 | \$20.36 | \$16.83 | \$15.18 | \$12.27 | \$10.34 | \$10.22 | \$8.86 | \$13.76 |
| Franklin | \$21.57 | \$14.13 | \$20.36 | \$16.83 | \$15.18 | \$12.27 | \$10.34 | \$10.22 | \$8.86 | \$13.76 |
| Hancock | \$30.12 | \$16.46 | \$20.36 | \$16.83 | \$15.18 | \$12.27 | \$10.34 | \$10.22 | \$8.86 | \$13.76 |
| Kennebec | \$22.31 | \$13.61 | \$20.36 | \$16.83 | \$15.18 | \$12.27 | \$10.34 | \$10.22 | \$8.86 | \$13.76 |
| Knox | \$32.03 | \$15.90 | \$20.36 | \$16.83 | \$15.18 | \$12.27 | \$10.34 | \$10.22 | \$8.86 | \$13.76 |
| Lincoln | \$32.97 | \$16.93 | \$20.36 | \$16.83 | \$15.18 | \$12.27 | \$10.34 | \$10.22 | \$8.86 | \$13.76 |
| Oxford | \$22.14 | \$13.21 | \$20.36 | \$16.83 | \$15.18 | \$12.27 | \$10.34 | \$10.22 | \$8.86 | \$13.76 |
| Penobscot | \$21.85 | \$15.55 | \$20.36 | \$16.83 | \$15.18 | \$12.27 | \$10.34 | \$10.22 | \$8.86 | \$13.76 |
| Piscataquis | \$15.73 | \$12.25 | \$20.36 | \$16.83 | \$15.18 | \$12.27 | \$10.34 | \$10.22 | \$8.86 | \$13.76 |
| Sagadahoc | \$29.87 | \$17.00 | \$20.36 | \$16.83 | \$15.18 | \$12.27 | \$10.34 | \$10.22 | \$8.86 | \$13.76 |
| Somerset | \$15.71 | \$12.66 | \$20.36 | \$16.83 | \$15.18 | \$12.27 | \$10.34 | \$10.22 | \$8.86 | \$13.76 |
| Waldo | \$24.77 | \$14.30 | \$20.36 | \$16.83 | \$15.18 | \$12.27 | \$10.34 | \$10.22 | \$8.86 | \$13.76 |
| Washington | \$18.06 | \$15.11 | \$20.36 | \$16.83 | \$15.18 | \$12.27 | \$10.34 | \$10.22 | \$8.86 | \$13.76 |
| York | \$34.61 | \$17.53 | \$20.36 | \$16.83 | \$15.18 | \$12.27 | \$10.34 | \$10.22 | \$8.86 | \$13.76 |
| Maine | \$29.60 | \$16.19 | \$20.36 | \$16.83 | \$15.18 | \$12.27 | \$10.34 | \$10.22 | \$8.86 | \$13.76 |

| Hourly Wage Needed | | | | Entry Level Hourly Wages | | | | | | |
|--------------------|-------------|------------------|---------|--------------------------------|---------------------|--------------|--------------------|-------------|---------------|-----------------|
| County | Median Home | Median 2-BR Rent | Teacher | Police Officer or Fire Fighter | Construction Worker | Telemarketer | Retail Salesperson | Nurse's Aid | Home Care Aid | All Occupations |
| Androscoggin | \$26.18 | \$14.06 | \$14.70 | \$11.65 | \$12.01 | \$8.60 | \$7.88 | \$8.57 | \$7.87 | \$8.79 |
| Aroostook | \$13.37 | \$10.94 | \$14.70 | \$11.65 | \$12.01 | \$8.60 | \$7.88 | \$8.57 | \$7.87 | \$8.79 |
| Cumberland | \$37.88 | \$19.58 | \$14.70 | \$11.65 | \$12.01 | \$8.60 | \$7.88 | \$8.57 | \$7.87 | \$8.79 |
| Franklin | \$21.57 | \$14.13 | \$14.70 | \$11.65 | \$12.01 | \$8.60 | \$7.88 | \$8.57 | \$7.87 | \$8.79 |
| Hancock | \$30.12 | \$16.46 | \$14.70 | \$11.65 | \$12.01 | \$8.60 | \$7.88 | \$8.57 | \$7.87 | \$8.79 |
| Kennebec | \$22.31 | \$13.61 | \$14.70 | \$11.65 | \$12.01 | \$8.60 | \$7.88 | \$8.57 | \$7.87 | \$8.79 |
| Knox | \$32.03 | \$15.90 | \$14.70 | \$11.65 | \$12.01 | \$8.60 | \$7.88 | \$8.57 | \$7.87 | \$8.79 |
| Lincoln | \$32.97 | \$16.93 | \$14.70 | \$11.65 | \$12.01 | \$8.60 | \$7.88 | \$8.57 | \$7.87 | \$8.79 |
| Oxford | \$22.14 | \$13.21 | \$14.70 | \$11.65 | \$12.01 | \$8.60 | \$7.88 | \$8.57 | \$7.87 | \$8.79 |
| Penobscot | \$21.85 | \$15.55 | \$14.70 | \$11.65 | \$12.01 | \$8.60 | \$7.88 | \$8.57 | \$7.87 | \$8.79 |
| Piscataquis | \$15.73 | \$12.25 | \$14.70 | \$11.65 | \$12.01 | \$8.60 | \$7.88 | \$8.57 | \$7.87 | \$8.79 |
| Sagadahoc | \$29.87 | \$17.00 | \$14.70 | \$11.65 | \$12.01 | \$8.60 | \$7.88 | \$8.57 | \$7.87 | \$8.79 |
| Somerset | \$15.71 | \$12.66 | \$14.70 | \$11.65 | \$12.01 | \$8.60 | \$7.88 | \$8.57 | \$7.87 | \$8.79 |
| Waldo | \$24.77 | \$14.30 | \$14.70 | \$11.65 | \$12.01 | \$8.60 | \$7.88 | \$8.57 | \$7.87 | \$8.79 |
| Washington | \$18.06 | \$15.11 | \$14.70 | \$11.65 | \$12.01 | \$8.60 | \$7.88 | \$8.57 | \$7.87 | \$8.79 |
| York | \$34.61 | \$17.53 | \$14.70 | \$11.65 | \$12.01 | \$8.60 | \$7.88 | \$8.57 | \$7.87 | \$8.79 |
| Maine | \$29.60 | \$16.19 | \$14.70 | \$11.65 | \$12.01 | \$8.60 | \$7.88 | \$8.57 | \$7.87 | \$8.79 |



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