

## Communications & Planning Department Memorandum

**To:** Commission to Increase Housing Opportunities by Studying Land Use Regulation and Short-term rentals

**From:** Erik Jorgensen

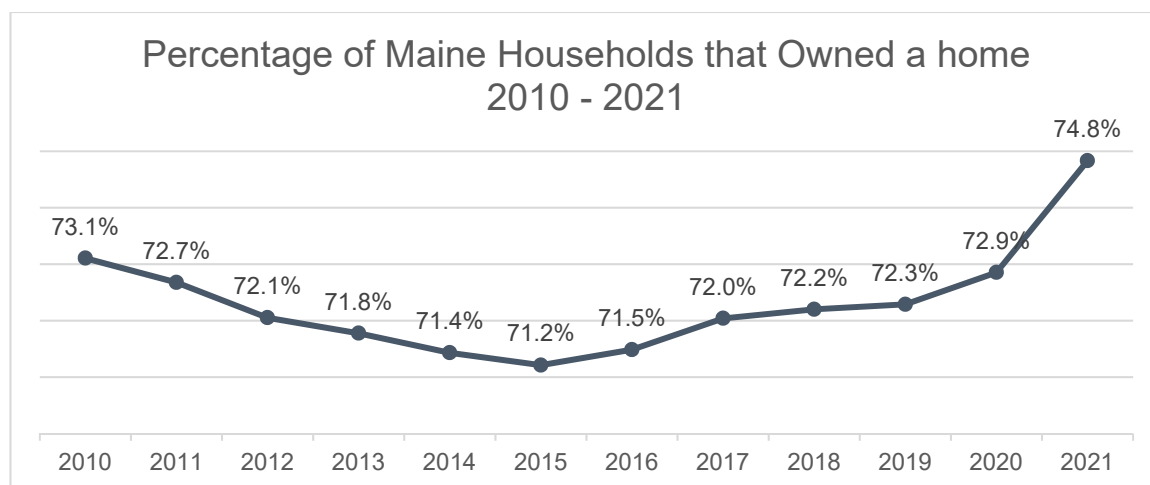
**Date:** September 22, 2022

**Subject:** Homeownership in Maine

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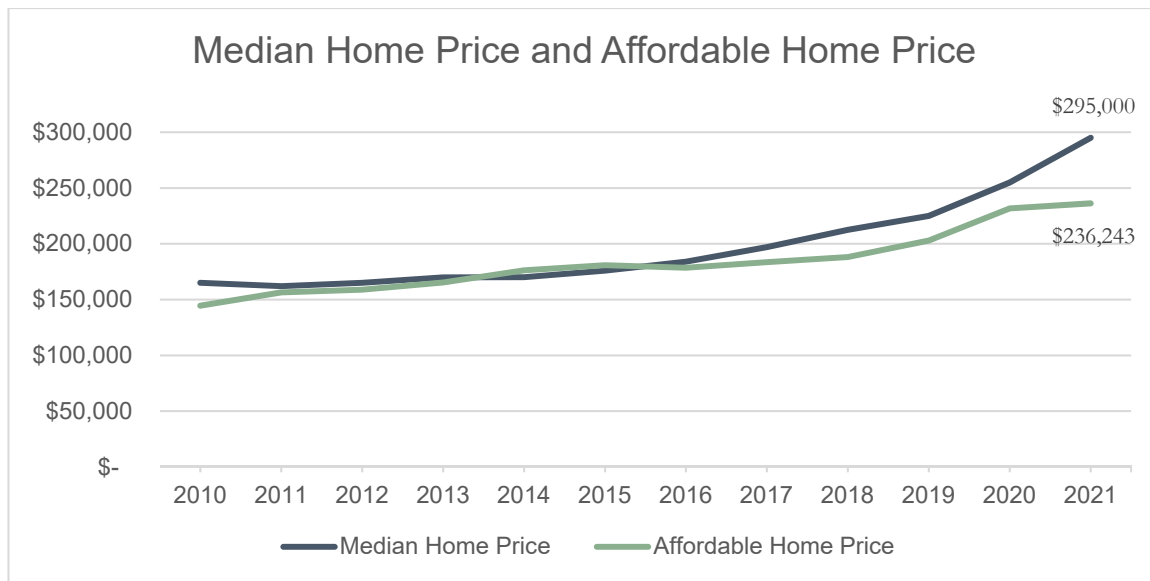
### Homeownership in Maine

There was a move to renting in Maine as a result of the Great Recession. The U.S. Census' current website does not provide data in this format prior to 2010. However, we believe that the percentage of Maine Households that owned a home prior to 2010 was higher and the downward trend began in 2007 – 2009. The chart below shows a reversion to the mean. An economic crisis spurred a decline in homeownership, in some part due to an increase in foreclosures, bankruptcy, or sale. The floor of the homeownership rate was 2015, seven years after 2008 or the typical amount of time to clear bad debt from a credit report. From 2016 to 2020 the rate of homeownership increased incrementally, until 2021. This increase is likely due to the change in housing preference during the pandemic, where a single family home became more valuable. A note on the data, 2010 – 2020 uses 5-year ACS estimates that provide a smoother picture, and 2021 uses the ACS 1-year estimate, the 5-year estimate for 2021 will be released in December 2022. Typically it is not best practice to compare the two, but we felt it was important to share as a leading indicator.



**Source:** 2010 – 2020 U.S. Census ACS 5-year Estimates and 2021 U.S. Census 1-Year Estimate

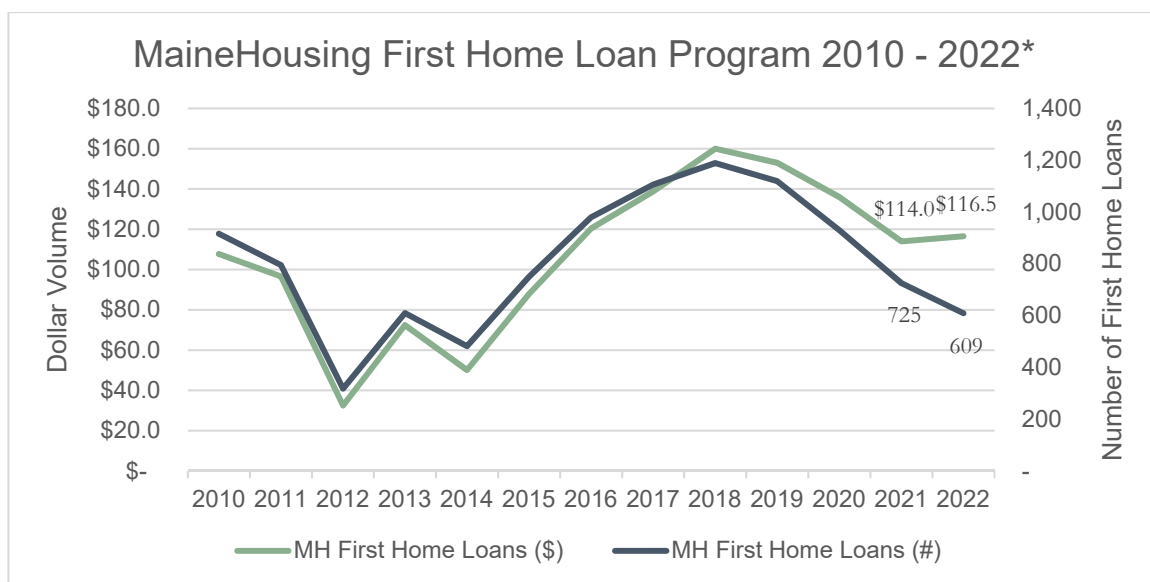
This increase in homeownership has increased the competition for single family homes, widening the gap between the median sale price and the home that is affordable for the median household.



Source: MaineHousing Homeownership Affordability Index

## MaineHousing First Home Loan Program

MaineHousing’s First Home Loan provides mortgages and down payment assistance to first time homebuyers. In many ways our program tracks the market. The decline in the homeownership rate is largely reflected in the number of mortgages we purchase annually, as is the uptick beginning in 2016. Our program is typically competitive with the market, often providing below market interest rates. In 2021 during the height of the pandemic our program had the smallest number of loans purchased in six years, but still had over \$100 million in volume due to the increase in the price of a home. Prices continue to rise, our 2022 mortgage purchases already exceed the previous year with 116 fewer mortgages. With prices continuing to rise and higher than recent average interest rates purchasing a home today is more expensive than this time last year.



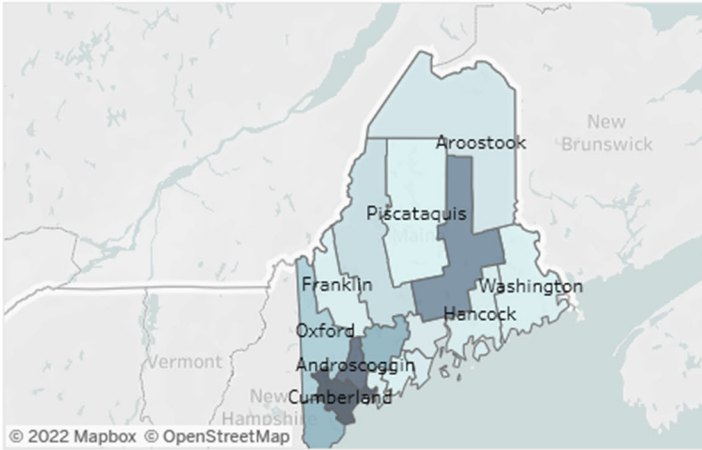
Source: MaineHousing

Note: 2022 data is year to date.

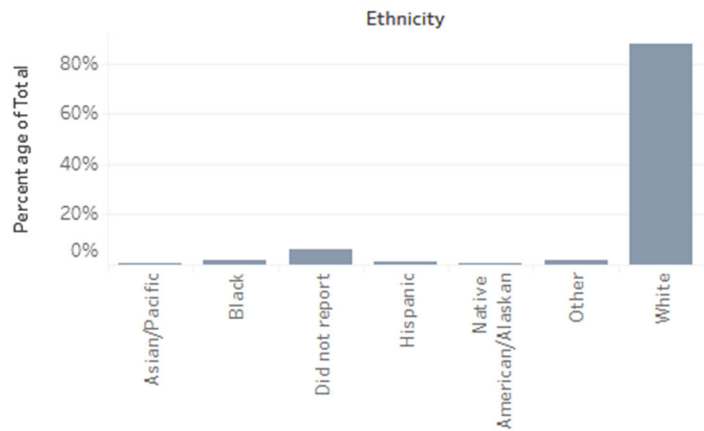
Snapshot of our First Home Loan Program to date:

## Homeownership - First Home Loan Program (2022 Year to Date)

### Highlights by County



### Ethnicity



Month of Purchase Date: (All) County: (All) Ethnicity: (All) Program: (All) Housing Type: (All)

### Summary

Total Number of Loans 609	Total Amount of Loans \$116,521,334	Average Unit Purchase Price \$202,593	Average Loan Amount \$191,332	Average Borrower Gross Income \$66,027
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