

My daughter recently quipped that buying a house in Maine was like “The Housing Hunger Games”.

The lack of new housing construction, combined with natural demographics, and population growth – has led to an ongoing housing crisis. *Lack of building seems like it should be a fixable issue. So why is it so hard to build affordable housing?*

The purpose of this research is to start a conversation around: **“why is it so expensive to build affordable housing in Maine”**. To do that, we have started with short case-studies, highlighting “best practices”, as well as, conditions that resulted in higher costs. Every project is different. Field Notes is just a starting point to showcase the range of project costs. These three case-studies, with information provided by developer interviews, look at affordable housing across a range of subsidized funding sources.

Three Maine case studies are discussed (listed from north to south): Madison; 55 Weston Avenue: Rockland; 118 Maverick Street: Waterboro; Clark’s Bridge Crossing. *Please note that the observations, and possible policy options, are those of the author and do not necessarily reflect those of MAHC’s membership. MAHC’s 2025 legislative priorities will be determined later this year.*

Many thanks to developers and consultants on the three projects: Amanda Bartlett, Steven Bourque, John Egan, Brian Eng, Sam Hight, Mark Patterson, Laura Reading, and Kara Wilbur

### Executive Summary for 3 Case Studies

- There were a range of homes built (listed from north to south):
  - **Madison: 18 units averaging 500 square feet each;**
  - **Rockland: 49 homes for seniors, averaging 685 square feet for 1-bedroom units (excluding common areas) and 4 studios at 521 square feet;**
  - **Waterboro: 9 homes of 1,410 square feet/unit;**
- **Total building costs ranged from \$280,000-\$395,000/unit.** These three projects’ total costs compared favorably relative to the last 6 subsidized project awards\*\* which average \$375,000 per unit, of which a little over \$122,000 was construction subsidies. Total costs to build:
  - **Madison \$280,000/unit;**
  - **Rockland \$320,000/unit;**
  - **Waterboro \$395,000/unit.**
- **Only a portion of the total costs were hard construction costs. “Hard construction costs” varied only \$20,500 (9%) among the three projects despite size/location/amenity differences.**
  - **Madison: \$232,500/unit in hard construction costs**
  - **Rockland: \$253,000/unit in hard construction costs**
  - **Waterboro: \$247,400/unit in hard construction costs**
- **Connection costs** is a defined term meaning to connect a structure, including: a. roads; b. water; c. sewerage; d. power and e. internet. It is everything else that isn’t hard construction costs and includes soft (regulatory) costs like environmental and engineering. **Connection costs varied far more among the three case-studies:**
  - **Madison: \$47,500/unit in connection/soft/land costs**
  - **Rockland: \$67,000/unit in connection/soft/land costs**
  - **Waterboro: \$147,600/unit in connection/soft/land (of which land was \$49k/home)**

- **Looking at the case-studies based on square footage costs [for total project costs]– the projects were flipped, with the *lowest total-cost home*, having the *highest cost-per-square foot*, ranging from:**
  - Madison \$560/square foot for, on-average, a 500 +/- square foot home (includes common area square footage);
  - Rockland \$311/square foot for a 1,030 square foot home (includes common area square footage);
  - Waterboro \$280/square foot for 1,410 square foot homes.

#### Observations:

- Industry bias in favor of over-sized units: **The optics of cost-per-square-foot, which looks better on larger homes, creates an embedded industry preference** to build larger housing units whether rental or owned.
- **Connection costs (including soft costs like environmental and engineering) can be a significant component of total construction costs even for infill projects.**
- **100+% of a household’s “underlying, total, affordable construction-cost budget” can be absorbed by these initial “connection costs”.** By my estimates, a full-time minimum wage worker can afford ~\$70,000 in total new construction costs. And the connection costs of 76 units across these 3 projects had a weighted average cost of \$71,926. This includes land, however, only the 9 units in Waterboro had a high land cost per unit at \$49K. Removing that – weighted average connection/soft costs alone were still 95% of what is an affordable level of construction costs for a minimum wage household.
- **Even for this mission-driven group of developers, the total costs of construction made construction-subsidies essential** (forgivable loans, low-cost financing and other subsidies). Without that government support, these projects would not have been viable given today’s building standards.
- **Reducing total construction costs, through simplifying and streamlining the connection process (i.e. regulatory reform), is essential** if the state is serious about building 84,000 additional units by the end of this decade. If the recent subsidy-level, in the most recent \$30 million in awards (see footnotes \*\*) were to be extended to 84,000 new units, the math works out to **require over \$10.3 billion in subsidies. Clearly that is not viable for a state the size of Maine.**

#### Possible policy actions for consideration (additional information on each is provided at the end):

- ✓ **Replicate the climate change effort, for housing, by expanding executive-branch, involvement.** The Governor’s climate committee and “Maine Won’t Wait” provide a road map which could be replicated in an affordable housing effort. State executive branch involvement in a focused and ongoing manner could allow each division to self-assess their role in construction cost-inflation and include public/private collaboration. Simplifying and streamlining regulatory requirements could go far by addressing regulator-staffing-shortages, instances of regulatory creep, skewed risk assessments, wait lists for needed skills training, and lack of automation together with staffing issues resulting in expensive delays.

- ✓ **Cost-shift connection-costs via Growth-Zone-Infrastructure Bonds:** Consider new bond issuance for housing and infrastructure within locally identified growth areas, to help overcome infrastructure costs, and effectively **shift these costs away from households**
- ✓ **Ask the Real Estate Appraisers Board to consider the unique challenges of valuing new, small, homes.** The legacy focus on “comparable square footage costs” means that building smaller homes is often avoided as they “won’t appraise” for the cost of construction. All the expensive bits are included in a small home’s cost, while the denominator is smaller (fewer square feet). This results in poor optics on a square footage basis, even though smaller homes cost less and could therefore house more families for the same money.
- ✓ **Remove barriers to housing in locations served by existing roads that have public water and/or sewer.** Infill locations can be less expensive in terms of connection costs. Simultaneously Infill can be significantly more expensive in terms of soft costs, such as consulting costs associated with navigating local zoning. Reducing these later barriers and costs, would lower overall construction costs
- ✓ **Reconsider “unspoken expectations” and existing local regulations around car access.** Many Maine communities still have large minimum lot sizes, minimum lot widths, setbacks, parking requirements, road requirements and minimum lot area per unit requirements that make it nearly impossible to provide infill housing that matches the local scale of development. Site and building standards can be part of outdated zoning codes that may not even reflect the community’s land use goals.
- ✓ **Invest in expanding Maine’s workforce via a “construction hub” for training the needed workforce.**
- ✓ **Support housing construction technology.** Greater modular-licensing efforts are needed by the industry, manufactured housing board and MCCS working together.
- ✓ Apply to **HUD for a blanket waiver(s)** to reduce size requirements (e.g. replace some heated closet space, with exterior storage perhaps?).
- ✓ **Improve pre-development/development/insurance funding** through shared pools or grants. The risks that developers take in funding all the pre-development costs, up front, is very high. There’s no guarantee that a community won’t shoot down the project with zero return of the developers’ sunk investment.
- ✓ **Undertake a public communications campaign** to educate the existing, already housed residents about why new construction is a public health, and future-of-Maine, imperative.

## 55 Weston Avenue, Madison Maine

***What was built and how much did it cost?***

- Developer and Manager →55 Weston Avenue LLC comprised of Sam Hight; Brian Eng and Kara Wilbur; consultant, John Egan, Genesis Fund Inc.
- 18 units in 2 buildings (1 building has 10 units and 1 building has 8)
- Completed and partially rented with a total construction timeline of just over 7 months.
- Mostly studios and 1-bedroom units with two 2-bedroom units
- Approximately \$280,000/unit construction costs
- 4,500 square feet each building = 9,000 square feet total
- Apartment sizes are as follows:
  - Studios: average 328 sf per unit
  - 1-bedroom: average 412 sf per unit
  - 2-bedrooms: 870 sf per unit
- Cost per square foot for all in construction (including hard and soft costs) is approximately \$560 per square foot. Cost per square foot for hard costs alone is approximately \$465 per square foot.
- Funded through the Maine Housing's Rural Rental Program lending.
- Intended for the "missing middle" rents or ~\$1,000/month for a studio; \$1150/month for a one bedroom to \$1350/month for two-bedroom units

***What were some best practices for cost-management?***

- **Size:** Maine state financing and the rural rental program may allow for smaller units than required under HUD's quality standards.
- Construction utilized **modular construction**, with each 4,500 square foot building constructed from 6 "boxes" shipped from S. Paris Maine (KBS) to Madison.
- Initial quotes for "set costs" by licensed modular installers were unreasonably high compared to out of state set crews. **The general contractor was able to become modular-licensed-installer**, allowing the project to move forward in a cost-effective manner.
- Site costs were relatively low because the **site was in a location with water, sewerage, storm drains, and fire hydrants in the street.**
- The design of the project **utilized existing parking** and curb cuts to minimize site costs.

- The project utilized **an established network of local sub-contractors** through Hight family connections (foundation, electrical, plumbing, site-finish work etc.)
- The project broke ground on October 20<sup>th</sup> and construction will be completed by the end of May. A less than **7-month construction time-line, completed off-season**, significantly lowers costs.
- The project team worked with the Town to **reduce parking to** just over 1 space per unit, with 21 spaces for 18 units in phase 1.

#### ***What events or decisions drove the costs higher?***

- **Over-engineering requirements:** The State of Maine has roof snow load maps that determines roof design requirements. In Madison, the requirement was for 100 lbs. snow load, versus the 80 lbs. requirement in nearby communities. **This requirement inflated the cost of the roof by \$100,000 according to the developers.** The resulting construction involved an “insane number of engineered beams”, resulting in a roof strong enough to “land a plane on”. The engineer-approved foundation plan “could support the Washington Monument.” The requirements for foundation design and roof design added significantly to the project costs.
- The project **included hip roofs to fit the character of the neighborhood. The design of future hip roofs will involve fold-up construction and fewer panels, shortening the set time.**
- The project reduced costs through smaller unit sizes and increased project efficiency. In exchange, the project increased quality and durability of finishes, to provide a high-quality experience for tenants and reduce ongoing operating costs for the developer/property manager. The project also prioritized building design that would fit into the neighborhood and help increase a sense of local pride and enduring value. **The developers felt the acceptance by the community would be more likely with an approach that included similar finishes as seen locally.** Natural, sustainable finishes used on the project include wood floors and wood clapboard siding, solid doors, solid repairable countertops, and other quality finishes that will stand the test of time. KBS does not install wood siding, as it’s too heavy, which increased the amount of work done by the site-crew.

#### ***Were there Cost “Surprises”?***

- **Sprinkler costs were \$123,000 total; \$61,500/building; \$6,833/unit**
- Because a modular approach was used, **architecture and mechanical/electrical/plumbing design costs were \$110,000 (\$6,111/unit) which is lower than other new construction projects.**
- **At \$20,750, site design and engineering costs were relatively low** compared to other new construction projects because of the infill nature of the project and the active involvement of the project team in design and permitting.
- **The initial bids for modular “set crew” costs were unusually high (limited supply of licensed modular installers).** Luckily the **project team’s general contractor was able to secure a set license** and substantially reduce the project cost as a result.
- The developer **is partnering with the Town to address potential environmental site issues on Phase 2 property**, associated with the Town’s prior demolition of the school. Site contamination issues on vacant infill sites is a common problem that increases the cost and complexity of infill projects.

***Who were helped?***

The property is just being leased with over 100 applicants on the wait list and 4 of the 18 apartments slated to be occupied in early June. This is designed for “the missing middle” housing.

## 118 Maverick Street, Rockland Maine

### ***What was built and how much did it cost?***

- Developers Collaborative is the developer
- 49 units of senior housing are being built in Rockland. The project is still under construction
- 45 homes are 1 bedroom/1 bath – mostly 685 square feet each (excluding common areas); 4 are studio apartments at 521 square feet.
- When common areas are included in total square footage of 50,489, the average is 1030 square feet per household.
- 6 layers of funding comprised the capital stack; 1. LIHTC; 2. Zero percent-deferred interest loan; 3. Interest Only loan from MaineHousing; 4. Solar Tax Credit; 5. Penquis, state non-profit, affordable housing tax credit; 6. Deferred developer's fee (partial) as equity
- Each unit is forecast to cost \$320,000: of which construction costs are \$253,061 and the rest (~\$67,000/unit) is soft-costs, connection-costs and land.
- On a square footage basis, the total costs are \$310.56/square-foot of which hard construction costs are guaranteed at \$245.60 square foot.



### ***What were some best practices for cost-management?***

- **Coordination with CMP early**, especially since pole needed relocation
- **Procured switchgear and retaining wall blocks early**
- Well-located **infill site**

### ***What events or decisions drove the costs higher?***

- Rockland charged a **\$130,000 sewerage impact fee**

- **A 6-layer cap stack requires substantial programmatic, legal and accounting expertise – impacting soft costs**

***Were there Cost “Surprises”?***

- The **non-profit requested a surprisingly high fee** in order to participate in capital stack level 5 (see above).
- **Capacity issues exist at all levels – which caused delays in necessary programmatic reviews**
- Overall, **DEP can take 6 months to review an application, which can impact LIHTC scoring.** Indications are that DEP would like even more time for reviews, lengthening delays even further.

***Who were helped?***

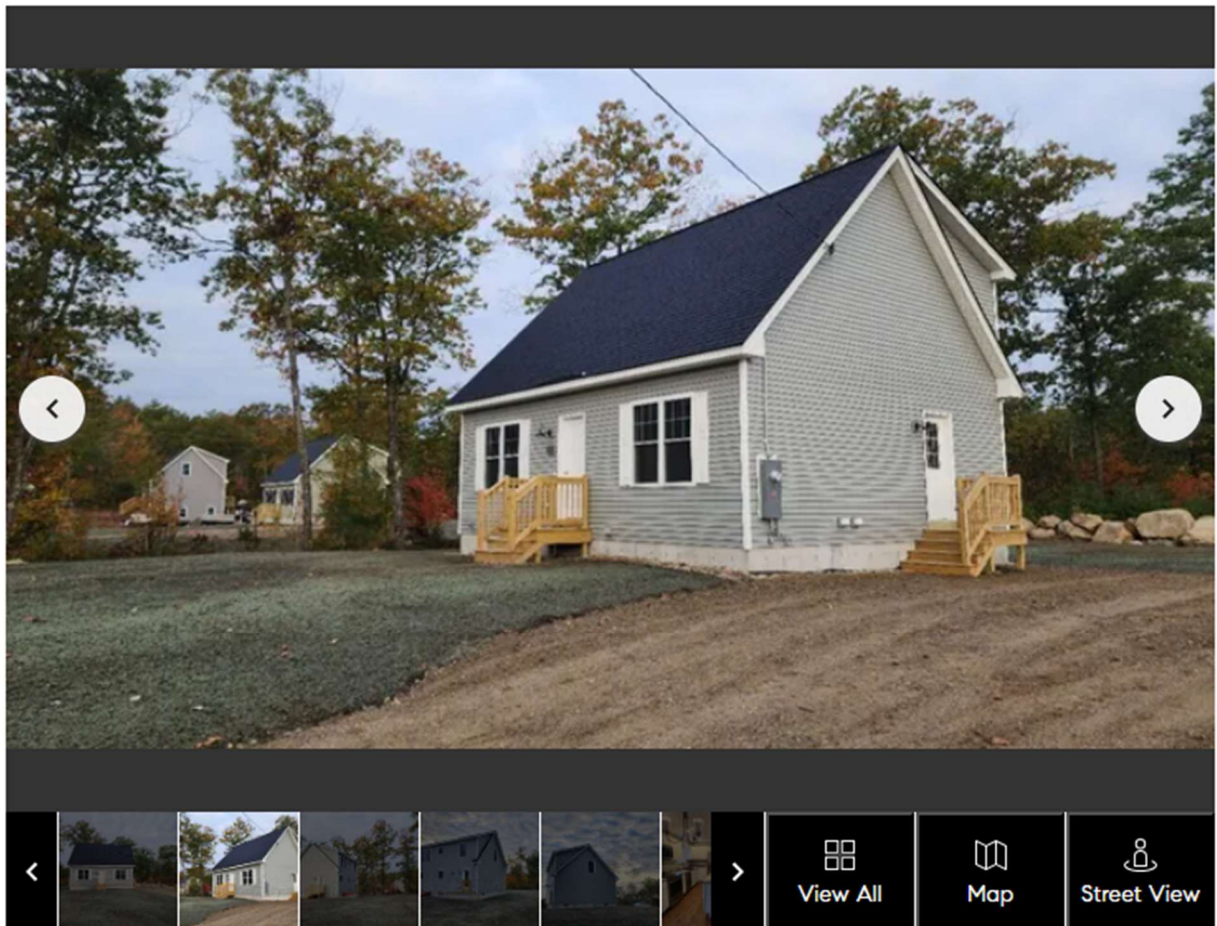
- This senior housing is still under construction. The households to be helped include
  - 30 apartments are for households making <50% AMI, of which 10 units are project-based-vouchers
  - 19 units are for households making <60% AMI



## Clark's Bridge Crossing, Waterboro (intersection of Clark's Bridge and Route 5)

### ***What was built and how much did it cost?***

- PATCO was the developer, and built nine 1410 square foot; 3bed/1-bath capes in a new subdivision on 1+ acre lots
- Total costs were \$395,000/home of which \$247,400 was for the building of the house itself; \$49,400 was for the land, the remainder were connection costs and soft costs (\$98,200/home).
- Total cost per square foot = \$280.14/square foot
- MaineHousing's Affordable Homeownership program funded \$70,000/home in forgivable developer loans;
- Qualified homebuyers ( $\leq 120\%$  AMI) were therefore able to purchase the homes for \$325,000
- Explicit "connection-costs" = \$86,600/home. This included: engineering, surveying, town approvals, town culverts, building permit, power poles, excavation including septic, driveway, dig foundation, lawn, blasting ledge-hammer, and well drilling including constant flow pump for sprinkler



***What were some best practices for cost-management?***

- PATCO avoided building a road at \$1300/linear foot. Building a road with 100 feet of frontage = \$130,000/home additional cost, which was avoided in this case. PATCO avoided building a road by using existing town-road frontage and just doing curb-cuts and driveways. **Had they not been able to find land that avoided building a road, the project would not have been able to be completed at \$395k/home.**
- PATCO **pre-prices popular home models** at the beginning of each year – for both materials and subs. Therefore, PATCO was able to react quickly to build at certain price points.
- PATCO **avoids building smaller than 960 square feet/3bed/1bath** – because historically appraisers won't appraise smaller homes at the actual cost of construction

***What events or decisions drove the costs higher?***

- Swapped extra acreage (which banks and individuals will value) for the cost of building a road (which often isn't valued at the cost of construction) and setting aside 2.5 acres for common use. In this case, **land use was impacted by road and environmental costs.**
- **Sprinklers** plus the larger water fire-pump that system requires - added \$11,570/home or a little over \$8/square foot.
- **With sprinkler requirements – the well has to have a higher volume of water.** This requirement together with geography of the location and limited number of well drillers in the state = well costs of between \$9-18,000, adding another \$9.38 - \$18.75/square foot to costs.
- **Storm water runoff (phosphorous management) added \$5600/home as well as requiring an HOA** to maintain the subdivision run-off pond/swale and lowering affordability.

***Were there Cost “Surprises”?***

- **Municipalities have started applying subdivision DEP requirements to town roads** that are affected by new housing (e.g. requiring new homeowners to pay for upgrades of town-road culverts or building of run-off ponds/swales for town-roads.) This mindset that “the developer pays” --which is actually “the household pays” – is making housing less affordable.
- Management of the work done for phosphorous run-off **under DEP guidelines, must be inspected and maintained in perpetuity. This forced the creation of an HOA** and an additional home-owner expense. This lowered the affordability of the unit.

***Who were helped?***

PATCO works with the buyers' brokers and as such doesn't have a great deal of buyer personal data. They were aware that “...a few of the folks were faced with increased rentals costs, and a few were living with family with no housing available”

## Background and Summary

*The housing crisis in Maine is widely recognized.* Many Mainers have been working tirelessly to increase affordable housing construction for the past several years. Efforts have been mainly through an array of programs to overcome the high cost of construction in order to reach an affordable (30% of gross income) monthly housing cost level for the individual household.

Despite these efforts, *the cost of building continues to rise.* High construction costs make it harder for the private market to build housing, given the huge gap between construction costs and household-monthly-income affordability. High construction costs also mean fewer units are able to be built for the same amount of money from subsidized programs.

*Maine needs housing at all price points.* Some of Maine's lowest income households, comprising approximately 8% of households, live in housing with some sort of monthly government subsidy. Given the size of wait lists, and HR&A analysis, many more in these income cohorts (20-30,000 households) also need those same subsidies. While ~10% of all households, those with the highest income, can afford to buy or rent newly-built housing within the current market environment. The remainder, and vast majority of households, -representing ~80% of Maine's households- are competing for very limited supply of existing rentals and existing homes, driving up housing costs. This 80% is sometimes called the "missing middle" – and it represents the vast majority of open jobs, and current households seeking housing.

*The cost of new construction is not viable for non-subsidized building of affordable housing.* And we don't have the capacity to provide enough public subsidy for such a broad segment of the market. As a result, construction of non-subsidized housing for "the missing middle" is not happening for the most part. Adding to the stock of affordable housing for the lowest-income households is also limited by available funding.

*The risks of failing to address this issue are not fully appreciated:* 1. The human toll is inhumane 2. Jobs go unfilled, cutting services (bad catch-22 when new construction workers can't afford to live in the place they are building). 3. Inflation will continue until new-construction-costs and wages (broadly) reconnect. My estimate is that it takes a \$150k+ household income to afford a basic newly built home which typically costs in the \$350,000-400,000 range to build. 4. To provide current level of subsidies for 84,000 units would equal \$10.3 billion in government funding, which is an unlikely investment.

If citizens greatest fear is to avoid higher property taxes, then the surest way to fail at that objective, is to do nothing. *Failure to build, virtually ensures that higher wages will need to be paid* down the road, driving municipal budgets ever higher (and/or services curtailed to the point of non-existence). How will tax-payers feel when they realize that municipal workers need \$150K/year to live.

The cost of construction has outpaced "affordable incomes" across a broad spectrum of households. *Roughly 80% of households, should they be seeking housing, would be unable to afford "new construction".* Therefore, adding to Maine's housing supply through building new affordable housing is highly problematic.

These 3 case studies make it clear that the costs of connecting a house to utilities and roads is very high and variable. To put this in perspective, a full-time minimum wage worker could afford a construction budget of ~\$70,000. 100% of that theoretical construction budget would likely be absorbed in connection costs – which have a high service and regulatory burden.

**Possible policy actions for consideration:**

- **Replicate the climate change effort, for housing, by expanding executive-branch, involvement.** The Governor’s affordable housing efforts could include significantly more executive-branch leadership involvement in a focused and ongoing manner. Like the Climate Change committee, broad outreach could include industry groups, NGOs, the State Legislature, Quasi-Govt Agencies (e.g. water/sewerage authorities); MaineHousing.org, municipalities, housing-developers and the entire virtual network required to build a modern home. A more coordinated approach to housing, aligning environmental, transportation, economic development, and life safety (engineering; MUBEC; fire), policies, procedures, and funding is essential. For example, additional executive branch involvement could include:
  - Dept of Administrative and Financial Services – especially Inspection/licensing boards such as
    - The Real Estate Appraisers Board
    - Technical Building Codes & Standards Board and Fire Marshall (MUBEC)
    - Board of Licensure for Professional Engineers
    - Elevator inspectors
    - Manufactured Housing Board
  - DEP
  - DOT
  - HHS
  - DOL
  - Education: MCCS/CTE

**Staffing shortages may exist at many of these public organizations**, who may be dealing with retirements and hiring challenges of their own. Especially if housing construction expands, organizations staffed for a lower level of construction will not be prepared for higher demand. Importantly, **“organizational perceptions of risks” are not likely evaluated in terms of the risks present from failing to build affordable housing** in Maine. For example, could Maine replicate other states in recognizing out-of-states licensing of skilled trades? Or might Maine replicate the Scandinavian countries regulatory focus on “outcomes” vs. prescribed materials/processes? Only through close collaboration can “perceptions of risk” start to evolve and updated policies implemented.

- **Cost-shift connection-costs via Growth-Zone-Infrastructure Bonds:** Consider funding new bond issuance for housing infrastructure within locally identified growth zones, to help overcome infrastructure costs, and effectively **shift these costs away from households**. This action would thereby reduce the total construction-costs of new, affordable, housing for Mainers. This is not unlike infrastructure work on roads/bridges. Over time this burden has fallen on new households who ultimately end up bearing the short-term burden of these community infrastructure costs. A state program to fund growth-zone infrastructure might include extensions of roads, sidewalks, lighting, water, sewerage lines, power, internet and environmental work.

- **Ask the Real Estate Appraisers Board to consider the unique challenges of valuing new, small, homes.** Costs per square foot vs. comparable properties is a common valuation tactic. This is problematic for small homes as there are not a lot of comparable properties. Second that metric is “total costs” (the numerator) – divided by number of square feet (the denominator)”. When the small home has all the expensive bits in the numerator (connection costs, soft costs, foundations, baths/kitchens) and the denominator is small (smaller number of square feet in the unit for smaller households) – then the metric looks excessively high and the project typically would be denied funding. One option is to assume a specific amount for connections to water/sewerage/roads/power. A revised methodology could have a positive impact perhaps on bank lending for small homes.
- **Remove barriers to housing in locations served by existing roads that have public water and/or sewer.** Infill locations can be less expensive in terms of connection costs, but often significantly more expensive in terms of soft costs, such as consulting costs associated with navigate local zoning.
- **Reconsider “unspoken expectations” and existing local regulations around car access.** A common parking pad, with a lane access to the town road, is significantly less expensive to build than parking next to each unit. Parking strategies that are common elsewhere are just beginning to be done in Maine. Many Maine communities still have large minimum lot sizes, minimum lot widths, setbacks, parking requirements, extensive private-road requirements and minimum lot area per unit requirements that make it nearly impossible to build affordable infill housing. These local building standards may often be part of outdated codes, that may not reflect the community’s current land use goals.
- **Invest in expanding Maine’s workforce via a “construction hub” for training the needed workforce:** Utilize a site like Unity College for free, targeted, training, perhaps? Capacity is tight at all levels (public and private). Housing construction is a highly fragmented industry. That fact means there is no single larger employer to partner with for increased labor force development. We cannot expect the many small businesses making up Maine’s construction industry to say that they are seeking greater competition. However, lack of capacity is clearly a factor in high construction costs.
- **Support housing construction technology:** to lower costs via efficiencies gained. Modular construction methods are not only faster, they are more predictable and efficient via reduced delays from fragmented sub-contractors’ scheduling. Greater modular-licensing efforts are needed by the industry, Maine’s manufactured housing board and MCCA working together.
- **Apply to HUD for a blanket waiver** to reduce size requirements. There is a difference in conditioned living space requirements between HUD programs (larger units) and State Rural programs (smaller units allowed). Were HUD to allow smaller space requirements, more units could be built for the same dollars. Ironically, a new section-8 apartment would be significantly larger, than the missing middle apartments built in Madison.

- **Improve pre-development/development/insurance funding** through shared pools or grants. The risk developers take in funding all the pre-development work of plans, engineering, drawings, financing – is very high when there’s no guarantee that a community won’t shoot down the project with zero return of the developers’ investment.
- **Undertake a public communications campaign** potentially working with the state of Maine, MAHC and other industry groups to educate the public on some of the most common erroneous perceptions. These are some fallacies I’d like to see dealt with:

**Q: Won’t more housing cause more traffic congestion?** A: Not necessarily; workers commuting from distant locations add to congestion; extra, unwanted, miles driven is bad for the environment; and, long commutes lower overall quality-of-life.

**Q: Won’t my property taxes go up if we build more housing?** A: The best way to virtually guarantee your property taxes go up, is to NOT build – as you will have to pay higher and higher wages for public employees to compete in the Housing Hunger Games and commute long distances.

**Q: Won’t new buildings destroy the look and feel of my community?** A: Not all new construction is ugly.

**Q: The size of the developments proposed all seem too large for our community?** A: There is a necessary scale to mobilize the, on-average, two-dozen trades required to build a modern home. However, there are some innovative design methods that are better at blending the new buildings into existing communities.

**Q: Won’t “Affordable Housing” come with unmet social needs?** The reverse is more often true. The very people providing support services to the community are unable to secure housing. And renters have smaller households than home-owners, with less than 2 people per household on average for Maine’s renting households.

**Q: Why don’t builders, build starter-homes like they used to?** A: They do – and the costs of modern requirements make those homes unaffordable for most households who don’t have a six-figure income (and even for some households who do).

**Q: Why can’t the developers just pay for the infrastructure/connection costs you reference?** A: “The developer pays” is just another way of saying “the homeowner pays”. Those costs get passed on to the renters/owners of the new construction. The developers get paid for their time, to cover their carrying costs including financing multi-million-dollar projects and are taking risks inherent in a speculative process of developing housing. It’s likely that in the post WWII through 1970s eras – representing a large amount of Maine’s housing stock – the families moving into those homes were not personally paying to build the very town road in front of their house, or other town infrastructure and EPA/DEP upgrades.

## Appendix

### DEFINED TERMS & NOTES

(1.) **Affordability is a defined term.** Big “A” affordable means housing that relies on public-subsidy through a variety of programs that provide housing for lower income households. Little “a” affordable means naturally occurring lower-priced, market-based units, often either provided through older housing stock or conventionally financed construction of units that are smaller in size.

(2) **Field Notes is the start of a conversation.** It is not intended to be an exhaustive survey; i.e. there are probably plenty of both “war stories” and “best practices” that could have been included.

(3) **Translating affordable monthly housing expenditures (30% of income) to an estimate of construction costs supported by that payment, necessitates a range of assumptions.** Chief among the assumptions are interest rates (Maine Housing’s first-time-buyer, APR interest rate used); taxes and insurance. Including property taxes is excessive for some (e.g. TIF financed projects), however other landlords/owners would have to pay that expense.

(4) My calculation of “actual-construction-cost to implied-affordable-construction-cost” differential presumes 1 full-time minimum-wage workers, who would need an underlying affordable construction cost of \$70-80,000. That household would need to spend about \$619/month on housing (at 30% of income). This income presumes a 35-hour week and 50 weeks a year of employment, which is roughly equivalent to HUDS estimate of a 1 person HH in Oxford County at 50 % AMI.

(5) **We included builders across types of housing.** The spread, or affordable construction-cost-differential (actual construction costs vs. implied-affordable-construction-costs) are not much different between multi-family and single family; nor between built-to-rent vs. built-to-own housing.

Climate Committee: Example of Broad Involvement from Executive Branch for “Maine Won’t Wait”

<ul style="list-style-type: none"> <li>Co-Chairs</li> <li>Members of the State Legislature</li> <li>Members of the Executive Branch, or their designees                     <ul style="list-style-type: none"> <li>Amanda Beal, Commissioner of the Department of Agriculture, Conservation and Forestry</li> <li>Dan Burgess, Director of the Governor’s Energy Office</li> <li>Judy Camuso, Commissioner of the Department of Inland Fisheries and Wildlife</li> <li>Major General Doug Farnham, Commissioner of the Department of Defense, Veterans and Emergency Management</li> <li>Kirsten Figueroa, Commissioner of the Department Administrative and Financial Services</li> <li>Laura Fortman, Commissioner of the Department of Labor</li> <li>Heather Johnson, Commissioner of the Department of Economic and Community Development</li> <li>Patrick Keliher, Commissioner of the Department of Marine Resources</li> <li>Pender Makin, Commissioner of the Department of Education</li> <li>Bruce Van Note, Commissioner of the Department of Transportation</li> <li>Jeanne Lambrew, Commissioner of Department of Health and Human Services</li> </ul> </li> <li>Members of Quasi-Government Agencies</li> <li>Members Representing Environmental Nonprofit Organizations or Foundations</li> <li>Members with Expertise in Climate Change Science</li> </ul>	<ul style="list-style-type: none"> <li>Buildings, Infrastructure and Housing</li> <li>Coastal and Marine</li> <li>Community Resilience</li> <li>Energy</li> <li>Natural and Working Lands</li> <li>Transportation</li> <li>Scientific &amp; Technical Subcommittee</li> <li>Equity Subcommittee</li> <li>Climate Task Forces</li> </ul>
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\*\* 6 recent awards

**Maine Housing Announces \$30 Million of Funding Awards**

MAHC appreciates Governor Mills and the bipartisan support of legislators to build affordable homes for all Maine people. In the last two years, MAHC has introduced and successfully advocated for \$100 million in state funding for building affordable housing.

Project Name	Developer	Location	Tenant type	Number of units	Subsidy	Total development costs
Martel School Apts	L/A Area Housing Dev Corp.	Lewiston	Older Adults	44	\$ 5,400,000	\$ 14,569,626
King Street Apartments	KVCAP w/LB Dev	Waterville	Family	37	\$ 4,725,000	\$ 15,875,775
Iron Heights	Matt Morrill	Gardiner	Family	32	\$ 4,088,750	\$ 9,647,334
Malta Street Senior	Augusta Housing w/DC	Augusta	Older Adults	34	\$ 4,828,000	\$ 11,270,020
3iHome at The Downs	3i HoME w/POAH	Scarborough	Family	51	\$ 5,400,000	\$ 23,302,717
Sunset Avenue	Bangor Housing	Bangor	Older Adults	50	\$ 6,000,000	\$ 18,466,431
<b>Total</b>					<b>\$30,441,750</b>	<b>\$93,131,903</b>