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ANALYSIS OF THE

# AUGUSTA, MAINE HOUSING MARKET

AS OF OCTOBER 1, 1964 /

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A Report by the  
U.S. FEDERAL HOUSING ADMINISTRATION /  
// HOUSING AND HOME FINANCE AGENCY  
WASHINGTON, D.C. 20411  
January 1965

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AUGUSTA, MAINE HOUSING MARKET  
AS OF OCTOBER 1, 1964

U.S.  
FIELD MARKET ANALYSIS SERVICE  
FEDERAL HOUSING ADMINISTRATION/  
Housing and Home Finance Agency

## Foreword

As a public service to assist local housing activities through clearer understanding of local housing market conditions, FHA initiated publication of its comprehensive housing market analyses early in 1965. While each report is designed specifically for FHA use in administering its mortgage insurance operations, it is expected that the factual information and the findings and conclusions of these reports will be generally useful also to builders, mortgagees, and others concerned with local housing problems and to others having an interest in local economic conditions and trends.

Since market analysis is not an exact science the judgmental factor is important in the development of findings and conclusions. There will, of course, be differences of opinion in the interpretation of available factual information in determining the absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

The factual framework for each analysis is developed as thoroughly as possible on the basis of information available from both local and national sources. Unless specifically identified by source reference, all estimates and judgments in the analysis are those of the authoring analyst.

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ANALYSIS OF THE  
AUGUSTA, MAINE HOUSING MARKET  
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Summary and Conclusions

1. The economy of the Augusta HMA is based on the manufacture of nondurable goods and on government service. It is estimated that over one-third of the total employment in the area is currently in government, and about 30 percent is in manufacturing activities. Employment in construction and trade make up most of the remainder. Manufacturing employment is concentrated in a relatively small number of large firms that produce shoes, textiles, paper products, and food products.
2. Total employment is estimated to run approximately 15,000 at the present time, an increase of about 350 jobs (2.4 percent) over the past 4½ years. Losses in manufacturing employment, which has experienced a long-term downward trend, were off-set by gains in nonmanufacturing employment, particularly government. Over the two-year forecast period, it is anticipated that employment will expand by about 70 jobs (0.5 percent) a year.
3. The current population of the HMA is estimated to be 34,400, a gain of 713 (2.1 percent) since April 1960. Over the same period, it is estimated that the population of Augusta expanded by 520 (2.4 percent), reaching 22,200. The population of Gardiner is estimated at 6,900, about the same level as it was in 1960, while the population of Hallowell is estimated at 3,125, reflecting a minor population loss since April 1960. The population of the town of Farmingdale has increased by an estimated 234 (12.1 percent) since April 1960, reaching 2,175. Between the 1950 and 1960 censuses, the population of the HMA increased by 1,272 (3.9 percent). Since 1950 there has been substantial out-migration from the area, with out-migration most rapid for persons under 35 years of age. Over the next two years, to October 1966, it is estimated that the total population of the HMA will be augmented by 150 persons (0.4 percent) annually, reaching 34,700.
4. It is estimated that there are currently 10,090 households in the HMA, an increase of about 265 (2.6 percent) since April 1960. Based on the anticipated population growth and estimated changes in the average household size, it is estimated that the number of households will grow by about 120, or 60 a year, over the next two years, reaching 10,210 by the fall of 1966.

5. The number of housing units in the HMA is currently estimated at 11,050, an increase of about 343 units (3.2 percent) since April 1960. Additions to the housing inventory since 1959 have been almost entirely single-family units, with new multi-unit structures restricted to an occasional duplex. Building activity this year has declined noticeably, with only 26 new units authorized in the three cities in the first eight months of 1964, compared with about 36 units in the corresponding period of 1963.

6. It is estimated that there are currently 410 units available for sale or rent in the HMA, compared with a total of 350 reported in the 1960 census. Of the total currently available, an estimated 110 are available for sale, or a homeowner vacancy ratio of 1.8 percent, and an estimated 300 units are available for rent, or a rental vacancy ratio of 7.0 percent.

7. Demand for new housing over the two-year forecast period is estimated to total 130 units, including 110 units of sales housing and 20 units of rental housing. Rent, location, and amenities offered are important to the success of rental projects in the area to off-set competition, not only from the many existing rentals available, but also from low-priced sales housing. It is improbable that there will be demand for new housing specifically designed for the elderly in this area, since many of the available rentals are of the type preferred by the elderly, i.e., in-town locations, small unit size, and low rent.

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Housing Market Area

For the purpose of this report, the Augusta, Maine Housing Market Area (HMA) is delineated as the cities of Augusta, Hallowell, and Gardiner and the town of Farmingdale and embraces southeastern Kennebec County. Augusta is the capital of the State of Maine and the county seat of Kennebec County. The city is located 57 miles northeast of Portland, 30 miles northeast of Lewiston, and 76 miles southwest of Bangor. The Kennebec River bisects the city of Augusta about 40 miles upstream from the coast.

The city of Hallowell lies on the west bank of the Kennebec River, just south of Augusta. The city of Gardiner, also located on the west bank of the river, lies six miles south of Hallowell and is separated from Hallowell by the suburban town of Farmingdale.

The central business districts of the three cities lie in the relatively narrow flood plain of the Kennebec River. The land rises sharply from the flood plain to higher ground where most of the new residential areas are located.

Highway facilities serving the HMA include the Maine Turnpike, with exits in the HMA at Gardiner and Augusta. The turnpike connects the HMA with Portland and the New Hampshire turnpike to the south and is completed as far north as Waterville, 25 miles from Augusta. U. S. routes 201 and 202 also serve the HMA. Air transportation from Augusta is provided by Northeast Airlines, with four flights daily. Augusta is located at the headwaters of the Kennebec River and some commercial use is made of the river. Commercial traffic on the river is, however, not significant and appears to be decreasing.

Although there are no reliable statistics available on commutation in or out of the HMA, it is believed that there is net in-commutation from the surrounding towns. The Augusta area is the main employment center in Kennebec County and attracts workers from much of the county, as well as parts of Sagadahoc and Lincoln Counties.

### Economy of the Area

The history of the area dates back to pre-Revolutionary days when it served as a trade area for the Kennebec Valley. Before the advent of mechanical refrigeration, the frozen Kennebec River was an important source of ice for the east coast. Granite quarrying was also important up to about 1925.

In its modern history, the manufacture of nondurable goods (particularly shoes, textiles, paper products, and food products) and government service have been the major economic activities of the Augusta area. It is currently estimated that over one-third of the total employment in the area is in government, while about 30 percent is engaged in manufacturing activities. Employment in construction and trade make up most of the remainder.

Manufacturing employment in the area is typically in old, well-established firms, with large-scale employment. In September of 1963, the ten largest firms in the HMA provided over 85 percent of total manufacturing employment. Thus, manufacturing employment in the area is concentrated in a relatively small number of large firms.

### Employment

Official estimates of current total employment are not available for the HMA, as they are for the large metropolitan areas. Data on insured employment (excluding government employment, the self-employed, railroad employment, domestics, unpaid family workers, and small businesses) and estimates of government employment in the area, together with census employment data, indicate that total employment in the HMA is in the neighborhood of 15,000, an estimated increase of 350 jobs (2.4 percent) since 1960.

From 1958 to 1963, total covered employment increased by 200 (2.2 percent). Since 1961, however, the trend has been downward, declining by 300 (3.1 percent) from 1961 to 1963. Government employment increased from about 4,850 in September 1960 to about 5,400 in June 1964, an increase of 550, or 11.3 percent.

About 70 percent of the nongovernment employment and almost all of the government employment in the HMA is located in the city of Augusta. The Gardiner area is a secondary employment center, with about one-quarter of all nongovernment employment. Except for one shoe manufacturer and a small deteriorating business district for which renewal plans are being considered, the city of Hallowell may be considered a "bedroom" community. The town of Farmingdale is strictly residential.



Manufacturing employment represents an important part of the economy of the area. The 1960 census indicates that 31.0 percent of all employed residents of the HMA were engaged in manufacturing activities.

Manufacturing employment declined by about 300 (6.1 percent) from September 1960 to September 1963. All of the principal manufacturing groups suffered employment losses over the three-year period, except food processing, in which employment did not change appreciably (see Table I).

Manufacturing employment in the area has been declining for some time. In 1954 the U. S. Census of Manufactures reported manufacturing employment of 11,136 in Kennebec County, compared with 10,507 in 1958, a four-year employment decline of 629, or 5.6 percent. According to the Census of Maine Manufactures, prepared by the Maine Department of Labor and Industry, the number of employees engaged in manufacturing in Kennebec County declined from 9,798 employees in 1958 to 9,225 employees in 1963, a five-year employment decline of 573, or 5.8 percent. The number of establishments engaged in manufacturing suffered a similar decline over the nine-year period, dropping from 176 in 1954 to 158 in 1963. Although similar data are not available for the HMA, it is believed that the trends for the county as a whole are parallel to those of the HMA.

The bulk of the manufacturing establishments of the area are in old facilities and are facing increasing obsolescence of their plants. Increasing competition from more modern producers in the U. S. and in foreign countries makes the outlook bleak for many of the manufacturers of the area.

Nonmanufacturing employment covered by the State unemployment insurance program expanded by about 100 jobs, or two percent, from September 1960 to September 1963. With the exception of construction employment, covered nonmanufacturing employment has been relatively stable over the three-year period, showing modest gains in all sectors (see Table I).

Government employment was estimated at about 5,400 in June of this year by the Maine Employment Security Commission, a gain of 550, or 11.3 percent, since September 1960. The following table shows estimated government employment in the HMA in September 1960 and June 1964. The major gain was in State government employment. Federal employment did not change appreciably. Most of the increase in local government employment was in the school systems.

Estimated Government Employment  
Augusta, Maine HMA  
September 1960 and June 1964

<u>Type of</u> <u>government</u>	<u>Sept. 1960</u>	<u>June 1964</u>
Total	<u>4,850</u>	<u>5,400</u>
Federal	1,300	1,350
State	2,900	3,300
Local	650	750

Note: Rounded to nearest 50.

Source: Estimated by the Maine Employment Security Commission.

Principal Sources of Employment

As the State capital, Augusta is the center for substantial government employment, including about 25 to 30 percent of all State employees. In addition to the legislative and executive departments, Augusta is the site of the Maine State Hospital (mental).

The Veterans Administration facility at Togus is by far the largest Federal employer, with almost 900 employees. The Internal Revenue Service employs between 160 and 170 people in its Augusta office and nearly 300 persons are employed in smaller Federal offices in the area.

The production of shoes is the most important source of private employment. Except for one firm, area shoe manufacturers produce men's shoes, which have a more stable market than women's shoes which are subject to the whims of feminine fashion. The Hallowell Shoe Company is the lone producer of ladies' shoes, employing about 175 persons. This firm changed hands several years ago because of financial difficulties. Other major shoe producers in the area include R. P. Hazzard Company and E. E. Taylor Corporation in Augusta, employing about 375 and 225, respectively; Commonwealth Shoe & Leather Company, Inc., employing between 350 and 400, and Gardiner Shoe Company, employing between 450 and 500, both located in Gardiner. <sup>1/</sup>

Other large manufacturing employers include the Edwards Division of Bates Manufacturing Company (textiles), employing about 1,250; Hudson Pulp and Paper Company, employing about 550; Lipman Bros. (poultry processors), employing between 300 and 350, and Kennebec Manufacturing Company, Inc. (juvenile clothing), employing about 225. <sup>1/</sup>

<sup>1/</sup> Maine Buyers' Guide and Directory of Maine Manufacturers, 1964-65,  
Maine Department of Economic Development, May 1964, Augusta, Maine.

### Unemployment

The only data available for the area on unemployment are unemployed persons covered under the State unemployment insurance program. The table below shows the covered work force, employment, and unemployment for the 1958-1963 period.

#### Annual Average Covered Employment and Insured Unemployed Augusta-Gardiner-Hallowell Area 1958-1963

<u>Employment status</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>
Covered work force	9,620	9,854	9,975	10,011	9,864	9,662
Employment	9,100	9,400	9,500	9,600	9,400	9,300
Unemployment	520	454	473	411	464	362
Rate of insured unemployment	5.4%	4.6%	4.7%	4.1%	4.7%	3.7%

Source: Maine Employment Security Commission.

As indicated, insured unemployment in 1963 was well below comparable ratios for the previous five years, despite the decline in covered employment since 1961. The lack of growth of the covered work force and its actual decline from 1961 to 1963 is a strong indication of migration of persons of working age from the area.

### Prospective Employment

Over the next two years, it is estimated that employment will increase by about 140, or 70 jobs annually, an employment advance of about 0.5 percent annually. Manufacturing employment is expected to continue its downward trend. Nonmanufacturing employment is expected to offset the declining industrial employment and provide a slow but steady overall expansion in employment. Because of the age and poor condition of several of the large industrial plants of the area, there is an ever present danger that one or more of the major local employers may relocate to another area. In the absence of any specific reports, however, a major change of this nature is not anticipated for the forecast period.

### Income

Wages in the manufacturing establishments in the HMA are relatively low. In 1963, the Census of Maine Manufacturers reported an average

gross wage for manufacturing workers in the Augusta-Gardiner-Hallowell area of \$3,904, about 11 percent below the State average. According to the latest figures published by the U. S. Department of Labor, only New Hampshire and five southern States had lower weekly wages for manufacturing production workers than the State of Maine.

In contrast to the level of manufacturing wages, the level of family income in the HMA was noticeably higher than that prevalent for the State of Maine as a whole, reflecting the concentration of government employment locally and the greater proportion of multiple wage earners in the family locally as compared with the State total. The 1959 median family income for the HMA was about 10 percent above the State median, although the HMA median was still below the national median and median incomes in the major north-eastern metropolitan areas.

Current family income distributions for the HMA are shown in Appendix Table II. These estimates were derived from the 1959 income distribution reported by the census, adjusted for underreporting, for Federal income taxes, and estimated changes in the income level of the area. Currently, the median family income after the deduction of Federal income taxes is estimated at \$6,100 for all families and \$5,180 for tenant families in the HMA. Over the next two years, it is anticipated that family income will increase by about six percent, reaching after-tax levels of \$6,450 for all families and \$5,450 for renter families.

Demographic Factors

Population

The current population of the HMA is estimated to be 34,400 persons, a gain of 700 (2.1 percent) since April 1960. It is estimated that the population of Augusta expanded by 520 (2.4 percent), reaching 22,200. The population of Gardiner is estimated at 6,900, about the same level as it was in 1960, while the population of Hallowell is estimated at 3,125, a slight drop since 1960. The population of the town of Farmingdale expanded by about 230 (12.1 percent) since 1960, reaching an estimated 2,175.

Population by Town  
Augusta, Maine HMA  
1950-1966

<u>Town</u>	<u>April 1,</u> <u>1950</u>	<u>April 1,</u> <u>1960</u>	<u>October 1,</u> <u>1964</u>	<u>October 1,</u> <u>1966</u>
HMA total	<u>32,415</u>	<u>33,687</u>	<u>34,400</u>	<u>34,700</u>
Augusta	20,913	21,680	22,200	22,425
Gardiner	6,649	6,897	6,900	6,900
Hallowell	3,404	3,169	3,125	3,100
Farmingdale	1,449	1,941	2,175	2,275

Source: 1950 and 1960 U. S. Censuses of Population.  
1964 and 1966 estimated by Housing Market Analyst.

Since 1920 the rate of population growth between the decennial censuses has declined steadily in the HMA, with the population growth over the last decade only 3.9 percent. Additions to the population of the area dropped from an average of 335 a year between 1920 and 1930 to an average of only 125 a year from 1950 to 1960. Since 1960, it is estimated that annual increments to the population have averaged just over 150 persons.

Households by Town  
Augusta, Maine HMA, 1950-1966

<u>Area</u>	<u>April 1,</u> <u>1950</u>	<u>April 1,</u> <u>1960</u>	<u>October 1,</u> <u>1964</u>	<u>October 1,</u> <u>1966</u>
HMA total	<u>8,960</u>	<u>9,825</u>	<u>10,090</u>	<u>10,210</u>
Augusta	5,593	6,300	6,500	6,590
Farmingdale	424	573	640	670
Gardiner	2,008	2,089	2,090	2,090
Hallowell	935	863	860	860

Source: 1950 and 1960 U. S. Censuses of Population.  
1964 and 1966 estimated by Housing Market Analyst.

Between the 1950 and 1960 censuses the number of households in the HMA increased by 865 (9.7 percent). Augusta and Farmingdale added 707 households (12.6 percent) and 149 households (35.1 percent), respectively. Over the same period, households declined by 72 (7.7 percent) in Hallowell, and increased by only 81 (4.0 percent) in Gardiner. Part of the increase in number of households is attributable to a change in definition of farms and part to a conceptual change from "dwelling unit" in the 1950 census to "housing unit" in 1960.

Prospective Household Growth. Over the two-year forecast period, it is estimated that households will increase by about 120, or 60 annually. No significant change is anticipated in the number of households in either Gardiner or Hallowell. It is estimated that about 45 households annually will be added in Augusta, with annual increments of about 15 households in the town of Farmingdale.

Household Size. In Augusta, the only segment of the HMA for which information concerning population in households was available for 1950, the average household size dropped from 3.29 in 1950 to 3.11 in 1960. In 1960, the average household in the HMA as a whole contained 3.17 persons. Because of the continued out-migration of young adults from the HMA, it is estimated that further declines in the household size can be expected. The average household size is estimated at 3.16 currently and is expected to drop to about 3.15 persons over the next two years.

Housing Market

Housing Supply

It is estimated that there are currently 11,050 housing units of all types in the HMA, an increase of 343 units (3.2 percent) since April 1960. Data for the four towns included in the HMA are shown in the following table.

Housing Inventory  
Augusta, Maine HMA  
1950-1964

<u>Town</u>	<u>April 1,</u> <u>1950</u>	<u>April 1,</u> <u>1960</u>	<u>October 1,</u> <u>1964</u>
HMA total	9,478	10,707	11,050
Augusta	5,905	6,827	7,040
Farmingdale	451	620	690
Gardiner	2,137	2,278	2,320
Hallowell	985	982	1,000

Source: 1950-1960 U. S. Censuses of Housing.  
1964 estimated by Housing Market Analyst.

The principal inventory gains since 1950 have occurred in Augusta. Gardiner has added to its inventory of housing slowly, while Hallowell experienced a minor net loss of housing units over the decade of the 1950's. From 1950 to 1960, the number of housing units in the HMA increased by 1,229, or 13 percent.

Characteristics of the Inventory. Table III shows selected housing characteristics in the HMA, including condition, type of structure, year built, and distributions of value of and rent paid for housing.

In 1960, the census reported that 21 percent of all housing units in the HMA were dilapidated or lacked some or all plumbing facilities. Housing in Augusta was generally in better condition than in the other three towns, with 19 percent of its units dilapidated or lacking plumbing facilities, while Hallowell had a reported 32 percent of its housing units similarly classified.

In 1960, over three-quarters of the housing stock in the HMA was reported as having been built prior to 1940. The proportion of housing built prior to 1940 in Gardiner and Hallowell was 86 percent and 88 percent, respectively, while 76 percent of Augusta's housing was similarly reported. The suburban town of Farmingdale reported only 54 percent of its housing built prior to 1940.

According to the 1960 census, only 56 percent of all housing units in the HMA were in single-family structures. Augusta had the lowest proportion of units in single-family structures (52 percent), while the suburban town of Farmingdale had the highest proportion, with 80 percent of its total units in single-family structures. Gardiner and Hallowell had 59 percent and 64 percent, respectively, of their housing inventories in single-family structures. Much of the multi-family housing located in the HMA consists of large residences which have been converted to multifamily use. Post-1960 residential construction has been almost exclusively single-family units, with new multi-unit structures restricted to an occasional duplex.

#### Residential Building Activity

In the three cities which issue building permits (the town of Farmingdale does not), the total number of new housing units authorized since 1955 has varied from a total of 95 in 1955 to 49 in 1957. Since 1959, the number of new units authorized by building permits has averaged about 65 a year. In the first eight months of this year, however, only 26 units had been authorized in the three cities, compared with about 36 over the comparable period last year. At the present rate of building, the number of new units added this year may not reach the previous low of 49 units authorized in 1957.

Appendix Table IV shows the number of units authorized in Augusta, Gardiner, and Hallowell since 1955. Since 1960, it is estimated that about 70 new housing units have been constructed in the town of Farmingdale, an average of about 16 units annually.

#### Tenure of Occupancy

The number of occupied housing units in the HMA is estimated to total 10,090 currently. Included in the total are an estimated 6,090 owner-occupied units (60 percent) and 4,000 renter-occupied units (40 percent).



Since 1950, there has been a strong shift from renter to owner occupancy. From 1950 to 1960, the number of renter-occupied units declined by 314, or 7.1 percent, while owner-occupied units increased by 1,186, or 26.0 percent. As a result, the proportion of owner-occupied units increased from 50.9 percent of all occupied units in 1950 to 58.5 percent in 1960. Since 1960, it is estimated that renter-occupied units have declined by about 80 or 2.0 percent, and owner-occupied units have increased by about 345 or 6.0 percent, so that about 60 percent of all occupied units are now owner occupied.

Occupied Housing Units by Tenure  
Augusta, Maine HMA  
1950-1964

<u>Tenure status</u>	<u>April 1,</u> <u>1950</u>	<u>April 1,</u> <u>1960</u>	<u>October 1,</u> <u>1964</u>
All occupied units	8,953	9,825	10,090
Owner occupied	4,559	5,745	6,090
Percent	50.9%	58.5%	60.4%
Renter occupied	4,394	4,080	4,000
Percent	49.1%	41.5%	39.6%

Source: 1950 and 1960 U. S. Censuses of Housing.  
1964 estimated by Housing Market Analyst.

Vacancy

In 1960, the census reported 350 available vacant units in the HMA, including 93 units available for sale (a homeowner vacancy rate of 1.6 percent) and 257 units available for rent (a net rental vacancy rate of 5.9 percent).

The table below shows vacancies and vacancy rates for the four towns in the HMA as reported by the 1960 census. Rental vacancy rates in Gardiner and Hallowell were significantly higher than in Augusta, while the homeowner vacancy rate was close to the HMA rate in all areas.

Number of Units Vacant by Town  
Augusta, Maine HMA  
April 1, 1960

<u>Vacancy</u>	<u>Augusta</u>	<u>Farmingdale</u>	<u>Gardiner</u>	<u>Hallowell</u>	<u>HMA</u>
Total vacancy	527	47	189	119	882
Available	204	12	93	41	350
For sale	60	5	20	8	93
Rate	1.7%	1.1%	1.6%	1.5%	1.6%
For rent	144	7	73	33	257
Rate	4.9%	6.3%	8.0%	8.6%	5.9%
Other Vacant	323	35	96	78	532

Source: U. S. Census of Housing.

A better guide to the supply-demand balance in the housing market is provided by excluding vacant units lacking some or all plumbing facilities. Although census data on this subject are not available for the entire HMA, it is estimated that about one-fifth of both rental and sales vacancies in 1960 lacked this basic amenity.

Appendix Table V shows the results of postal vacancy surveys conducted by the post offices in Augusta, Gardiner, and Hallowell in late August and early September. A total of 13,005 possible deliveries were surveyed, with 604 vacancies (4.6 percent) reported. Included in the total were 9,000 residences and 4,005 apartments, with respective vacancies of 281 (3.1 percent) and 323 (8.1 percent). The area covered by these post offices included all of Farmingdale and parts of other adjoining towns. The results of the survey are not directly comparable with the census data. In addition to differences in area coverage, there are definitional differences. The census division between owner and rental occupancy is based on tenure, while the post office separation between residences and apartments is based on structural type.

It is currently estimated that there are 410 units available for sale or rent in the HMA, compared with 350 reported in the 1960 Census. Of the total, an estimated 110 are available for sale, or a homeowner vacancy rate of 1.8 percent, and an estimated 300 units are available for rent, or a rental vacancy ratio of 7.0 percent. It is estimated that about 20 percent of both the available sales and rental units lack some or all plumbing facilities, reflecting little change in this relationship since 1960.

In an area of slow growth such as the subject HMA, a homeowner vacancy rate of one percent or less and a rental vacancy rate of four percent or less are believed to represent reasonable levels of vacancy for a balanced housing market. From a quantitative standpoint, therefore, there exists a surplus of both sales and rental vacancies, even when the estimated number of vacant units lacking some or all plumbing facilities is deducted from the supply. There is, however, a lack of attractive, modern rental projects in the area. As a result, the complaint is heard that rentals are scarce, despite the numerical surplus.

### Sales Market

The city of Augusta, where almost two-thirds of the residential building activity of the HMA has taken place in recent years, has several subdivisions. Mayfair, located in the southwest urban fringe of the city, is the largest. New housing built there is priced between \$12,000 and \$15,000. Several homes are under construction, and there are several more that are unsold, including one home that was acquired and held by FHA. On the same side of the river, about a mile and a half north of Mayfair, is Greenwood Acres. New homes in this section are priced higher than in Mayfair, averaging around \$18,000. This year there has been little building activity in Greenwood Acres. Ganeston Park, located in the southwestern part of Augusta, is a relatively new subdivision where higher-priced housing is being built (\$18,000 and up). In Farmingdale, there is some activity in the Hayford Heights section. Residential construction has also occurred in the high ground on the urban fringe of western Hallowell.

Demand for new housing this year, compared with the last few years, has fallen off appreciably, and some unsold inventory build-up has occurred. The number of unsold new homes probably does not exceed 10. Because of the small size of the local housing market and its slow rate of growth, an inventory of this size may be significant, however. Slackening demand is particularly evident in the lower-priced homes (below \$15,000), whereas demand for more expensive housing priced above \$18,000 appears to have been unaffected and may have increased. The slackening of demand is evident in Gardiner where no residential building activity has been recorded this year. Building activity in Augusta this year is about 30 percent below last year's rate. Increasing vacancies are also indicative of a weakening market. However, the market cannot be considered soft, and some speculative building is continuing.

### Rental Market

Garden apartment projects, which provided significant amounts of rental housing in many urban areas in the nation, are lacking in the HMA. The major part of the rental market consists of large frame residences that have been converted to multifamily use. The only multi-unit structures built in the HMA over the past four to five years have been duplexes. Rental units in the area are typically old. Only a very small portion of the rental housing in the HMA was built in the last 15 years, probably no more than five percent, compared with over 20 percent of the owner-occupied housing.

## Demand for Housing

### Quantitative Demand

The prospective increase in the number of households, 120 over the next two years, is the basic ingredient of housing demand. This total is adjusted for the shift in tenure from renter to owner status, which is expected to continue, and the estimated excess number of vacancies of acceptable quality currently available. These adjustments result in a total estimated demand for 130 units over the next two years, including 110 units of sales housing and 20 units of new rental housing. The demand for rental housing is based on the assumption that a modest number of new rentals can be absorbed in the area despite the availability of an excess supply of rentals in old, converted, structures.

### Qualitative Demand

Sales Housing. Based on the estimated current family income distribution in the area and the relationship of income to sales price typical at the various income levels, the demand for new rental housing is expected to approximate the distribution shown below. As a practical matter very few, if any, new homes will be built to sell for less than \$10,000.

### Estimated Two-Year Demand for New Sales Housing Augusta, Maine HMA October 1964-1966

<u>Sales price</u>	<u>Number</u>
Total	<u>110</u>
\$10,000 - \$11,999	10
12,000 - 13,999	10
14,000 - 15,999	20
16,000 - 17,999	20
18,000 - 19,999	15
20,000 - 24,999	20
25,000 and over	15

Rental Housing. Satisfactory occupancy of the suggested total of 20 new rental units would be best achieved with a well-located project of one- and two-bedroom units with gross rents of about \$105 and \$115, respectively. Location and amenities offered are important to the success of rental projects in this area, to offset competition not only from the many existing rentals available, but also from low-priced sales housing.

Elderly Housing. The elderly population of the HMA, aged 65 or more, totalled 4,056 in 1960, about 12 percent of the total. Elderly mortality rates and the aging of the population suggest a current elderly population of about 4,600, about 13 percent of the total. There has been little or no in-migration or out-migration of the elderly in this area.

Very little data are available concerning the characteristics of the elderly population in the HMA. However, data available for the State suggests that only about one-fourth of the elderly lived in rental housing in 1960 and had a median income of less than \$3,200. These data suggest a poor market for new rental housing among the elderly.

Many of the elderly live in the older residential structures of Augusta. The larger single-family structures of ancient vintage and many of the older four- and five-story railroad flats (built in the early 1880's) have long since been converted to small size units. Although most do not have outside fire escapes and have only a minimum of modern conveniences, they do make available low rental units for small one- and two-person households.

Because of the factors indicated above, it is improbable that there will be demand for new housing specifically designed for the elderly in this area. Demand for conventional elderly housing constitutes only a portion of the regular rental demand and many of the available rentals are of the type preferred by the elderly, i.e., in-town locations, small unit size, and low rents.

Table I

Distribution of Covered Employment a/  
Augusta-Gardiner-Hallowell Area  
September 1960 - September 1963

<u>Industry</u>	<u>Sept. 1960</u>	<u>Sept. 1962</u>	<u>Sept. 1963</u>
Total covered employment	<u>9,851</u>	<u>9,506</u>	<u>9,648</u>
Manufacturing	<u>4,868</u>	<u>4,499</u>	<u>4,567</u>
Food and kindred products	409	430	412
Textile mill products and apparel	1,459	1,230	1,183
Paper and allied products	843	839	822
Leather and leather products	1,841	1,610	1,778
Other manufacturing	316	390	372
Nonmanufacturing	<u>4,983</u>	<u>5,007</u>	<u>5,081</u>
Construction	1,243	1,052	1,185
Transportation and public utilities	630	650	672
Wholesale and retail trade	2,123	2,185	2,138
Finance, insurance, and real estate	400	429	431
Services and miscellaneous	587	691	655

a/ Excludes government employment, self-employed, railroad employment, domestics, and unpaid family workers.

Source: Maine Employment Security Commission.

Table II

Estimated Percentage Distribution of Annual Family Income <sup>a/</sup>  
Augusta, Maine HMA  
October 1964 and October 1966

<u>Income</u>	<u>October 1964</u>		<u>October 1966</u>	
	<u>All</u>	<u>Renter</u>	<u>All</u>	<u>Renter</u>
Total	100	100	100	100
Under \$4,000	22	31	20	28
\$4,000- 4,999	12	16	11	14
5,000- 5,999	15	16	13	16
6,000- 6,999	13	13	14	14
7,000- 7,999	11	9	11	9
8,000- 8,999	8	5	8	7
9,000- 9,999	6	4	7	4
10,000-12,499	8	3	9	4
12,500-14,999	2	) 3	3	) 4
15,000 and over	3	)	4	)
Median	\$6,100	\$5,180	\$6,450	\$5,480

a/ After deduction of Federal income taxes.

Source: Estimated by Housing Market Analyst.



Table III

Selected Housing Characteristics by TownAugusta, Maine HMAApril 1, 1960

<u>Item</u>	<u>Augusta</u>	<u>Farmingdale</u>	<u>Gardiner</u>	<u>Hallowell</u>	<u>HMA</u>
All housing units	<u>6,827</u>	<u>620</u>	<u>2,278</u>	<u>982</u>	<u>10,707</u>
<u>Condition and plumbing</u>					
Sound	5,814	546	1,901	617	8,878
With all plumbing facilities	(5,127)	(475)	(1,607)	(553)	(7,762)
Deteriorating	754	61	307	203	1,325
With all plumbing facilities	(401)	(14)	(131)	(115)	(661)
Dilapidated	259	13	70	162	504
<u>Year built</u>	<u>6,827</u>	<u>640</u>	<u>2,278</u>	<u>982</u>	<u>10,727</u>
1950 to March 1960	969	233	193	89	1,484
1940-1949	665	61	124	32	882
1939 or earlier	5,193	346	1,961	861	8,361
<u>Units in structure</u>	<u>6,827</u>	<u>631</u>	<u>2,278</u>	<u>982</u>	<u>10,718</u>
1	3,544	506	1,344	631	6,025
2	1,189	54	454	163	1,860
3 and 4	953	40	259	129	1,381
5 - 9	746	10	152	55	963
10 or more	299	-	33	-	332
Trailer	96	21	36	4	157
<u>Value, owner-occupied</u>	<u>2,811</u>	<u>363</u>	<u>1,018</u>	<u>453</u>	<u>4,645</u>
Less than \$5,000	221	58	170	40	489
\$5,000- 9,900	712	113	458	156	1,439
10,000-14,900	1,234	118	307	149	1,808
15,000-19,900	424	62	60	92	638
20,000-24,900	132	4	19	12	167
25,000 or more	88	8	4	4	104
Median	\$11,457	\$10,495	\$8,678	\$10,740	\$11,091
<u>Gross rent, renter-occupied</u>	<u>2,789</u>	<u>77</u>	<u>836</u>	<u>350</u>	<u>4,052</u>
Less than \$20	4	-	4	-	8
\$20-39	126	-	56	26	208
40-59	761	16	264	90	1,131
60-79	1,091	37	296	122	1,546
80-99	451	4	104	55	614
100-149	207	8	54	21	290
150 or more	8	-	4	4	16
No cash rent	141	12	54	32	239
Median	\$68	-	\$63	\$66	\$67

Note: Not all totals agree, since some statistics are based on a sample.

Source: U. S. Census of Housing, 1960.

Table IV

Number of Housing Units Authorized by Building Permits  
Augusta-Gardiner-Hallowell, Maine  
1955-1964

<u>Year</u>	<u>Augusta</u>	<u>Gardiner</u>	<u>Hallowell</u>	<u>Total</u>
1955	82	8	5	95
1956	55	19	1	75
1957	34	14	1	49
1958	51	12	2	65
1959	78	12	1	91
1960	63	9	1	73
1961	45	15	3	63
1962	45	11	4	60
1963	56	7	3	66
1st 8 mos.	32	3 <u>a/</u>	1 <u>a/</u>	36
1964-1st 8 mos.	22	0	4	26

a/ Estimated.

Source: U. S. Census, Building Permits and local permit issuing offices.

Table V

Augusta, Maine Area Postal Vacancy Survey  
August 21-September 9, 1964

<u>Postal area</u>	<u>Total possible deliveries</u>	<u>Vacant units</u>				<u>Under const.</u>
		<u>All</u>	<u>Percent</u>	<u>Used</u>	<u>New</u>	
<u>Total residences and apartments</u>						
<u>Augusta area total</u>	<u>13,005</u>	<u>604</u>	<u>4.6</u>	<u>584</u>	<u>20</u>	<u>74</u>
Augusta	7,754	332	4.3	318	14	34
Gardiner	3,998	192	4.8	189	3	22
Hallowell	1,253	80	6.4	77	3	18
<u>Residences</u>						
<u>Augusta area total</u>	<u>9,000</u>	<u>281</u>	<u>3.1</u>	<u>262</u>	<u>19</u>	<u>70</u>
Augusta	5,345	151	2.8	138	13	30
Gardiner	2,762	97	3.5	94	3	22
Hallowell	893	33	3.7	30	3	18
<u>Apartments</u>						
<u>Augusta area total</u>	<u>4,005</u>	<u>323</u>	<u>8.1</u>	<u>322</u>	<u>1</u>	<u>4</u>
Augusta	2,409	181	7.5	180	1	4
Gardiner	1,236	95	7.7	95	-	-
Hallowell	360	47	13.1	47	-	-
<u>House trailers a/</u>						
<u>Augusta area total</u>	<u>183</u>	<u>23(a)</u>	<u>12.6</u>			
Augusta	152	15	9.9			
Gardiner	19	2(a)	10.5			
Hallowell	12	6	50.0			

a/ The vacant trailer in parentheses is not represented in total possible deliveries or percent vacant because of unavailability of data on some routes.

Source: FHA Postal Vacancy Survey conducted by cooperating postmasters.

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