EMPLOYER HOUSING REPORT

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INTRODUCTION

For businesses to thrive, so too must the families who live and work in our communities. This report explores the pivotal role housing plays in mediating regional economic growth. Examined through the perspective of business leaders across the Midcoast, the findings that follow detail the inter-connected relationship between business and family well-being and how the struggles households face meeting their basic housing needs spills over to shape the sustainability and growth of local businesses.

Key Findings:

- Across the Midcoast, households earning $40,000 to $130,000 face the steepest barriers to finding local, safe, attainable housing (See Tables 1 & 2 below).
- Employers draw the majority of their workforce from these middle-income, wage-earning households, making employee housing uncertainty a destabilizing force for local businesses.
- Local housing barriers mean large and small businesses alike are struggling to fill positions and retain employees.
- Employers understand that for their businesses to stabilize and grow, families in their communities must be able to access housing.
- Employers are grappling with what role they can play in helping employees gain stable, local, attainable housing and are eager to help contribute to a more systemic, multi-stakeholder solution.

BACKGROUND AND FINDINGS

Housing and Employment Overview

In Maine employment is local. Nearly every business we spoke with, large and small, draws the bulk of their workforce from a commuting zone of up to 45-minutes away (See Graph 1 for region wide commuting patterns and Appendix 2 for a breakdown by labor market). A notable exception is Bath Iron Works (BIW), whose employees come from all 16 counties. This localized employment pattern persists despite the pandemic and the increasing trend in remote work nationally. In 2019, only 6% of employees worked remotely (roughly 9 million people). By 2021, that percentage has tripled to 18%, 27.6 million people (United States Census Bureau, 2022).

Access to housing emerges as the most common factors why our sample of employers (N=30) draw nearly exclusively from local residents. Businesses explain that employees with existing roots in the community are more likely to have established housing and be able to draw on a network of family or friends if a shift in housing is needed. Employers have observed that this higher rate of housing security often translates into higher retention rates. That said, being focused on a local catchment zone severely restricts the employment pool companies can draw from, which has proven tremendously limiting as
businesses attempt to hire at every level -- from filling for large numbers of entry level jobs or when trying to hire for a limited number of positions with very specific educational and skill requirements.

Companies face steep housing barriers in recruiting employees that would need to relocate, whether from outside or within the state. The lack of housing unit - both rental and single-family housing, the quality of existing units, and the general mismatch between the type of desired housing and what units exist across the housing continuum - has undermined companies’ abilities to recruit and retain employees. For example, several companies we spoke with have developed recruitment pipelines including internship and trainings with institutions within and outside the state. Despite investing in building this robust system to cultivate employees with the ‘right’ skill set and matching them with open positions, businesses struggle to find either seasonal or long-term housing. This lack of housing prevents employers and employees from capitalizing on these tailored recruitment pipelines. Many employers (though not all) have given up recruiting from out of state, and few companies have been able to fill open positions with relocated workers. Instead, companies have found more success recruiting through word-of-mouth referrals and by engaging with local schools (high school, community/technical and four-year colleges).

Graph 1.

Daily numbers of cars traveling from one town to another. The darker the green, the more cars traveling inbound to that community. 2021 Streetlight Data.
Missing Middle Employment

Across the MCOG service area, the largest housing gap exists for employees earning between $40,000 and $100,000 (see Table 1 & 2). Across our sample of employers, the general wage breakdown for businesses was as follows (see below), highlighting just how dependent businesses are on employees who will have the hardest time in the state finding local, safe, attainable housing.

**Entry Level:** $15-$21 an hour ($31,000- $43,680)
- (Non-skilled: dishwasher, construction/ laborers, farmhand, intern, food services, custodial)

**Mid-Level:** $22-27 an hour ($45,760 - $56,160)
- (On the job training or existing skills: farm team leaders, CNAs, administration, manufactures)

**Managers:** $40,000-$80,000, plus benefits
- (Across industries: agriculture, healthcare, hospitality)

**High Skill/Education positions:** 80k+
- (Directors, nurses, medical doctors, PhDs...)

Table 1.

Number of units needed for homeowners in each LMA across income categories - 2021 5-year ACS census. Homes that range in price between $150,000 and $350,000 are necessary to meet the demand for the missing middle (50k-130k household income).
Table 2.

Employer Side Efforts and Incentives to Recruit and Retain Employees

As employees struggle with local housing barriers (lack of affordability, limited housing stock, the low quality of units, and mismatch in housing available with housing preferences), employers are grappling with what role they can play in helping employees gain stable, local, affordable housing. Generally, employers are frustrated. They feel they are doing what they can on the private side—increasing wages, offering wraparound benefits to reduce out-of-pocket costs for employees, and helping cover housing costs—but other social supports are missing. These include reducing the benefits cliff, expanding access to childcare, lowering the cost of health insurance, and increasing government and developer investments in housing and municipal infrastructure.

One business owner in the marine manufacturing industry puts it this way: “I grew up working class in Maine, but my husband and I were still able to buy a home, start a business.” She goes on to express her frustration with how alone she as a business owner and her employees feels, “Everyone still working very hard but why is the divide between who is doing well and who isn’t so wide? Why is housing expensive? The company can do our part, give a raise but what about the housing piece? Where are rentals and homes so expensive. Where is the accountability?”

Even as employers recognize, express frustration, and attempt to come up with workarounds for the systemic barriers employees face accessing housing, some simultaneously point to what they see as a breakdown in personal responsibly. They cite factors such as employee work ethic, personal choices, and a lack of willingness to take on additional jobs to cover expenses as explanations for why steady housing remain out of reach for their employees. This tension is particularly true of businesses who hire at the lower end of the wage scale and interface with employees who might lose childcare, health, and housing and benefits if they work too many hours.
Types of Employer Housing Support

- Many employers increased hourly wages to try and help employees afford housing (some businesses note they can pass that increase on to the costumer).
- As part of benefit’s package offers rental subsidy (example: rental subsidy to restaurant manager who the owner sees as indispensable and wants to make sure this employee is stable and close to work).
- Business offered employee no interest housing loan (for example helping someone to purchase trailer).
- Business purchased 14 room hotel and offers subsidized year-round rents to employees as way to help solve their hiring issues.

Potential Employer Housing Supports

- Land
  - Many businesses note that they have land which could potentially be developed for housing, though they are redescent to do the development and do not want to be responsible for the unit management.
- Down payment support
  - As part of a benefits package, several businesses expressed an openness to help employees with covering some or all of a down payment when purchasing a home.
- Midcoast Regional Housing Trust
  - Employers in the Camden/Rockland area are aware of the local regional housing trust. Are there incentives that can be connected through this Trust? Grant money for housing to employees who remain employed X number of years?
- Rental fund
  - Employers mention an openness to creating a fund that would help employees cover first, last, and security deposit on rental.

Learnings and Reflections

- Housing is an economic development issue for the State. Companies cannot expand and grow if they are unable to recruit and retain employees at all skill levels. And if companies cannot grow, neither than can the Maine economy.
  - In fact, many of the businesses we spoke with are unable to get back up to pre-pandemic employment levels even though the demand for their services/goods is expanding.
- Maine needs to grow its population in order to meet the current and projected employment demands of businesses in the state and housing at all levels of the income and age continuum is essential to facilitate that population expansion.
- Businesses are eager to play a role in ensuring their employees have access to affordable, high-quality housing.
  - How can regional planning bodies harness and align employer interests and resources?
Appendix 1. Employer & Housing Questions

Sample Overview

30 businesses across the Midcoast were interviewed for this report. Industry clusters represented include medical, manufacturing, farming, the marine economy and service & hospitality. While we talked with business owners of various size firms and across differing industries, clear patterns emerged regarding wage tiers, barriers to recruitment and retainment of key employees, and the underlying role of housing, or lack thereof, plays in the ability of businesses to meet current staffing needs and grow.

Wage and Salary Overview

**Entry-Level**: $15-$21 an hour ($31,000 - $43,680)
- (non-skilled: dishwasher, construction/labors, farmhand, intern, food services, custodial)

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Current Staffing Needs

- **What is your firm’s entry-level salary?**
  - Construction firms reported the highest entry level (no prior skills or degree needed) hourly wages ($20)
  - The full range of entry level, non-skilled work for this sample was $15 to $21

- **How would you describe your ideal employee in terms of educational/training level? How able are you to recruit such a person?**
  - For entry level employees, nearly ever firm was willing to onboard and train anyone, regardless of skill or background, who had an interest in working for their company. The barriers to entry were very low, but companies still struggled to recruit employees.
  - Recurring more skilled workers (technicians, medical professionals, laboratory specialists, managers) has also been a struggle. To try and incentivize recruiting and retaining these employees, employers have offered a range of benefits including rent/mortgage coverage and salary bonuses.
• Which positions have been hardest to fill? Why do you think that is?
  ➢ Entry level: Pure numbers game, just not enough people to draw from.
  ➢ Higher skilled positions: VERY hard to recruit from out of state, even with training/educational pipeline. Adequate, attractive housings is a huge barrier to recruitment/retainment for these higher skilled employees.

• Generally, how are you doing with employee acquisition and retention? Where do your new hires come from? Geographic catchment (instate/out of state)?
  ➢ For both entry level and higher skilled employees, businesses nearly exclusively draw from instate, more local (45m-1h) commuting zone.

• What are your most successful avenues for recruiting? What works and what doesn’t in recruiting?
  ➢ Few firms in this study have had success recruiting and retaining employees from outside of Maine, Housing is the biggest barrier companies face in recruiting from out of state.
  ➢ Services like Indeed are helpful for several of the businesses.
  ➢ Generally, manufacturing and construction firms have found more success recruiting through word-of-mouth referrals and by engaging with local schools (high school, community/technical and four-year colleges).

• Do you think young people resist entering a field like yours? If so, why?
  ➢ Most companies don’t think people are resistant to entering their filed of work, but rather that there just aren’t enough people out there and they can’t understand why the recruitment pool is so small.

Housing

• Can your employees find affordable housing close to work? Do you have a sense of how long employees are commuting?
  ➢ The best luck employers have for recruiting and retaining employees is finding workers who already live (or have family friends) close to the jobsite.
  ➢ Across the full sample of firms, the general commute time for employees is around 45 minutes (an hour seems to be the max distance most are willing to drive one way).

• Do you believe a lack of safe, affordable housing is a barrier to finding/keeping employees? What other types of barriers do your potential employees face in accepting and staying in a position?
  ➢ Access to safe, desirable and affordable housing is by far the largest barrier to finding/keeping employees at all levels of the wage scale, from entry level to trained medical professionals.
Limited child care, high medical related expenses and threat of loss to federal and state benefits including housing & childcare subsidies and food supports are all barriers’ families face pursuing and maintain employment.

What type of housing do you think is needed in your community?

Housing at every point along the continuum. Entry level workers need safe, affordable local housing. So, to do middle and higher skilled workers who have strong preferences for the type of housing they are looking for and often do not want to settle for what they see as less than ideal.

What if any types of housing efforts are your company engaging?

Employers were reluctant to take on the role of housing developer or property manager, however a majority expressed an eagerness to be an active partner in trying to help alleviate the local housing shortage.
Appendix 2. MCOG Labor Market Commuter Zone Patterns

Home-to-Work Annual Average Daily Traffic Volume

2021 Streetlight Data