State of Housing Affordability on Mount Desert Island

Key Takeaways
The problem is familiar – too many people cannot find a place to live on MDI year-round. Like the tide, each day thousands surge onto the island to work and flow off the island on their way home. While we know that year-round housing is in short supply, and have our own thoughts about the causes, Island Housing Trust and partners* wanted to understand the scale of the problem and its causes, and to gather examples of how other communities are addressing their version of this challenge. So, in 2018, IHT and partners commissioned a study to assess the state of housing affordability on Mount Desert Island.

Following are a few key takeaways from the comprehensive study. You can find the complete study on our website at www.islandhousingtrust.org and contact us at mobyrne@islandhousingtrust.org, or 207 • 244 • 8011.

### WHAT WE LEARNED

1. **More than half the people who work on MDI live off-island due to housing costs that make worker attraction and retention difficult.**

   - 54% of MDI workers commute onto the Island for work.
   - 78% of employer survey respondents agreed that finding affordable housing is a major challenge for their employees, and 60% agreed that the lack of affordable housing options negatively impacts their business.

2. **Housing affordability is a challenge for residents and workers.**

   - Since 2000 the median house prices on MDI have more than doubled, while median incomes rose by less than 50%. Year-round rentals affordable for working families are in short supply. A third of MDI households live in rental housing and a third earn $35,000-$60,000, generally not enough to purchase a home here. While these two groups are not necessarily the same people, there is clearly a need for more year-round rentals for working families.

![Homeowners Affordability 2017](image)
3. While the year-round population has increased slightly, the supply of year-round housing (for both owners and renters) has declined.

- The Island’s year-round population increased by about 2% between 2011-2016, while the seasonal population grew by over 14%. About 36% of housing units on MDI are now seasonal units. In the last few years most new housing construction has been for seasonal residents and/or seasonal workers.

- The possibility of earning higher income from short-term rentals over fewer months creates an incentive to rent to vacationers over year-round residents. For example, a landlord can make about as much income from 10-12 weeks of summer rentals as from a year-round rental of the same unit. Another indicator of this change is the rise in Airbnb listings and other short term rentals. Between April 2015 and April 2018 the number of Airbnb listings of “entire space” on MDI grew tenfold.

4. The population is aging: there are fewer young families, declining public school enrollments, and more older residents.

- Island student numbers have fallen by 7%. The largest year-round resident age groups are in the 50 to 70 range, with notably fewer young adults of home-buying age. The area continues to be popular with new retirees, which will contribute to the aging of the population and increasing median home prices. The number of working households (under age 65) on MDI is projected to decrease across all income brackets below $100,000, which is likely to exacerbate decreasing school enrollment. The shrinking lower-to-middle income population on the Island can largely be attributed to the cost of housing.
WHAT WE'RE DOING

Island Housing Trust has been working for the past dozen years to promote the viability of MDI's year-round communities by:

- Supporting efforts by public and private individuals and organizations to create housing that is affordable to the year-round working population of MDI.
- Promoting and seeking to establish public and private partnerships that result in the creation of both rental and home ownership opportunities that enable the year-round work force to live in our four communities.
- As an organization, IHT creates affordable housing opportunities for applicants who meet our eligibility criteria.
- Finally, we work with other public and private partners to ensure that workforce housing on MDI remains affordable in the future.

WHAT COMES NEXT

IHT will strengthen partnerships within the community and work to engage new partners from across the state and region to develop tools and approaches to create more year-round housing opportunities that are affordable to MDI's middle-income work force. Among the approaches to explore and consider with partners:

- Reduce the Cost of Development
  - Create a legacy program to encourage land and house donations
  - Implement affordable housing tax increment financing (TIF)
  - Change zoning to allow for greater density and invest in infrastructure
- Encourage second-home owners to rent year-round
- Tie strategies to an island-wide inventory and plan
  - Identify priorities where housing efforts would be most affordable and effective
- Build local support through a Workforce Housing Partnership

*Our thanks to the local partners who supported the housing study: Towns of Bar Harbor and Mount Desert, residents of Southwest Harbor, Acadia National Park, The Jackson Laboratory, Maine Coast Heritage Trust, and Mount Desert 365.*