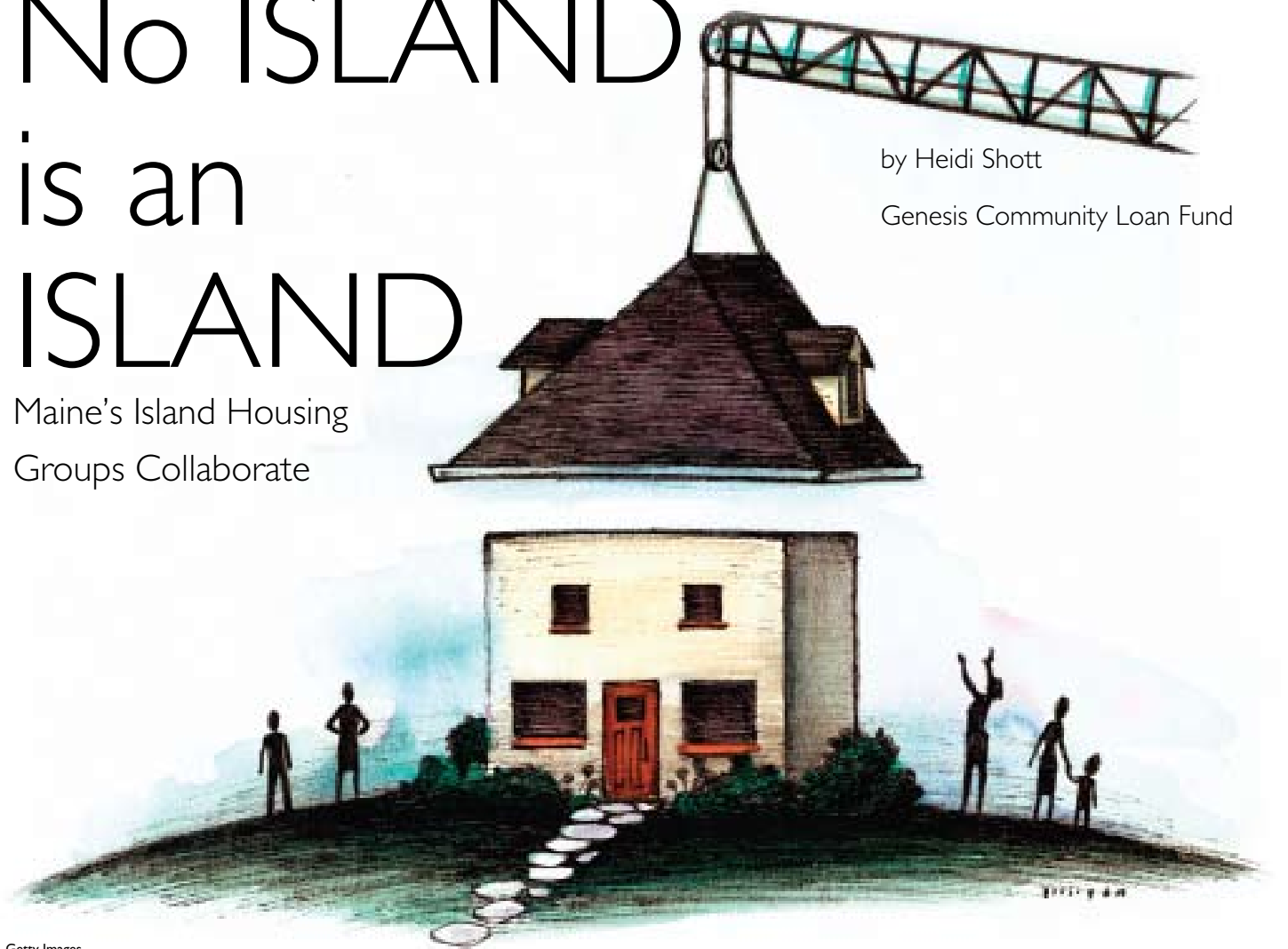


# No ISLAND is an ISLAND

Maine's Island Housing  
Groups Collaborate

by Heidi Shott

Genesis Community Loan Fund



Getty Images

Ten years ago, residents of Vinalhaven, Maine's largest year-round island community, took the first step to address a growing concern. Many elderly neighbors and relatives were obliged to travel to mainland nursing facilities and often ended up living there permanently, away from families and friends. The residents contacted the Genesis Community Loan Fund (GCLF) to see if there was some way that people who needed nursing services could receive them on the island.

GCLF assisted the islanders with tasks such as nonprofit incorporation and grant writing, and by 2001, Vinalhaven Eldercare Services opened the Ivan Calderwood Home. The facility allows 16 islanders to receive the care they need while remaining part of their community as long as they live.

## Islands' Unique Needs

The Calderwood Home project raised awareness that Maine's 14 off-shore island communities would need a source of grant

funding and technical assistance to preserve and sustain year-round communities not only for elders, but also for young, working families.

Maine's unbridged island communities embody a cherished cultural and historical tradition. Their sustainability is threatened by escalating property values; expensive goods, services, and transportation; a lack of affordable workforce housing, medical care, economic development, or technological infrastructure; and uncertainty about the future of fishing in the Gulf of Maine.

GCLF, other concerned organizations, and islanders themselves saw the need for safeguards to ensure a strong social fabric. They began to collaborate. In so doing they may provide a model for other vulnerable communities.

## Taking Action

In 2004, the Maine Community Foundation, the Maine Sea Coast Mission, the Is-

land Institute, and GCLF formed the Islands Challenge Fund. A grant of \$220,000 from Jane's Trust of Boston got the fund going, and since then it has been making \$25,000 grants to island organizations developing affordable year-round housing.<sup>1</sup>

## Progress Seen

The Islands Challenge Fund had an almost immediate impact. On Monhegan Island, where the year-round community hovers at around 70 people and the loss of one young fishing family can threaten the overall viability of the school and the winter community, there is new housing. In November 2007, the island's fifth affordable home sold with help from an Islands Challenge Fund grant.

As Doug Boynton, a Monhegan lobsterman and the first president of the Monhegan Island Sustainable Community Association (MISCA), said at a state capitol rally last year, even "six year-round affordable homes on Monhegan can make a big difference."

For Boynton, help from GCLF was critical because “most of us on the islands are so busy working that we don’t have the extra time to find ways to get the funding and support we need to help the island community.”

Despite being busy, Monhegan residents applied island resourcefulness to overcoming many financial and regulatory obstacles. Pushing beyond their comfort zone, they tapped summer residents to help raise funds. They reached beyond the island for financing assistance from the Genesis Community Loan Fund and Camden National Bank.

With the success of each new island project, the partnerships and the ease of operation between the island organizations and funding institutions has gained momentum. Camden National Bank Community Reinvestment Act officer Vera Rand says her bank has now made loans for “affordable housing, elderly housing, and sustainable initiatives on Islesboro, Vinalhaven, Monhegan, and North Haven. In addition, the bank has sponsored grant applications—through the Federal Home Loan Bank of Boston—that have been successful in garnering funds to support two projects.”

## Collaboration Grows

Collaboration is growing. To help people learn about activities on other islands and connect with nonprofit partners, an Islands Affordable Housing Symposium was held in April 2006. More than 100 legislators, islanders, and members of Maine’s affordable housing community attended. That same month, the Genesis Community Loan Fund learned it had received a \$300,000 grant award from the U.S. Department of Agriculture’s Rural Community Development Initiative to help eight of Maine’s islands build organizational capacity.<sup>2</sup>

Then in 2007, the Rockland-based Island Institute developed a second granting program to support affordable year-round island housing—the Affordable Coast Fund. In one more example of collaboration, that fund shares the Islands Challenge Fund’s granting application process and uses the same grants committee, composed of residents from several islands and staff from supporting organizations. Thanks to the combined efforts of the funds, 11 grants totaling \$215,000 had been awarded to island housing groups by spring 2008.

With the Islands Challenge Fund requiring contributions of at least an equal

amount of local dollars before grant funds are released, islanders have raised \$356,000 on their own. An additional \$50,000 grant to the Genesis Fund from Jane’s Trust in 2007 enabled subsidized interest rates (as low as 3 percent) on four loans to island groups to help them purchase homes that could be leased or resold to income-eligible island families.

Another example of collaboration has been with “intermediary organizations”—nonprofit housing developers that have the experience and capacity to assist islanders.

Avesta Housing of Portland, for example, is assisting the volunteer-led housing group on Peak’s Island, HomeStart Inc. Similarly, Community Housing of Maine took the lead on a six-unit apartment building of affordable rental housing on Vinalhaven, where two-thirds of the 137 renter households in 2000 had annual incomes below \$35,000.<sup>3</sup> With help from Community Housing of Maine, six qualified renters will be able to move to decent housing by 2009.

And every bit of help counts. As director Dale McCormick of the state housing authority, MaineHousing, puts it, islands have “special challenges.” The challenges include higher costs for land, transportation, and construction—and a bigger portion of island income going to purchase goods on-island (where they are often marked up 25 percent to 30 percent) or to transportation for less expensive goods from the mainland.<sup>4</sup>

In addition, unexpected construction costs are harder to manage on islands. In one example, Islesboro Affordable Property began working on a five-acre parcel and encountered soil unsuitable for a septic field. It had to haul gravel from the mainland. Says director Joanne Whitehead, “The cost of these [three] septic systems increased to \$15,000 to \$17,000 a piece.” If IAP had not brought in modular homes on barges, the septic-system surprise would have pushed the project over budget.

In 2007 IAP sold the first house to a teacher, a key community member who—after 17 years of renting from Islesboro summer people during the winter and moving out when they returned for the season—really needed a home.

## Sharing Ideas

Increased interest in developing affordable housing has motivated islands to seek

out and share information. Chebeague Island Community Association gives credit to Monhegan, Islesboro, and North Haven for materials on eligibility criteria and housing applications that led to the purchase of its first affordable home in 2007.

As the groups continue to learn from one another’s successes and challenges, the capacity of the entire effort will grow. Islanders’ get-the-job-done attitude will see to that. As Liza Fleming-Ives, the Genesis Fund associate director who administers both the Islands Challenge Fund and the USDA Rural Development grant, puts it, “Island people understand that finding a solution to their affordable housing crisis is critical to the survival of their communities and their way of life. ... I have such great respect for their intense dedication to serving their communities, even when it means taking on a role—like raising funds or learning the intricacies of ground leases—outside their comfort zone.

“Part of our work is technical, yes, but part of it is offering the encouragement that the work they are doing—ensuring that their island life is sustainable for their children and their grandchildren—may be long and hard, but it’s worth it.

“Patience and hard work are two things that year-round islanders understand.”

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**Heidi Shott** is communications director of the Genesis Community Loan Fund, which is based in Damariscotta, Maine.

## Endnotes

<sup>1</sup> See Jane’s Trust, <http://www.hembar.com/selectsrv/janes>.

<sup>2</sup> GCLF applied for a RCDI grant for “pass-through” funds to eight named island groups. Not all 14 of the year-round islands qualified to be included in the grant. For example, Peaks Island was ineligible because it is in the City of Portland.

<sup>3</sup> *Housing Demand Analysis of the Town of Vinalhaven, Maine* (Hallowell, Maine: Planning Decisions Inc., 2004).

<sup>4</sup> See *Sustaining Island Communities* (Rockland, Maine: Maine Coastal Program, Island Institute, 1996), 85-87. Preliminary follow-up research conducted by the University of New England’s Samuel McReynolds in 2006 confirmed that costs for island residents’ basic supplies remained constant since the original research.

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## **Summary of Genesis Fund Activity on the Maine Islands**

The Genesis Community Loan Fund, certified by the Department of Treasury as a community development financial institution, is a critical link in the development of affordable housing and delivery of services in Maine. Our mission is to bring together resources to create housing and other economic and social opportunities for underserved people and communities. We fulfill this mission by providing nonprofit and other community organizations with loans that bridge the gap between traditional sources of financing and the amount needed to develop housing and needed community facilities. We also provide technical assistance to help organizations access additional funding and address a broad range of issues that they may face during the development process.

Since the early 1900s, the number of Maine islands with year-round communities has dwindled from 300 to 14. Changes in the economy, skyrocketing real estate prices, and expensive goods and services have made it increasingly difficult for working families to preserve a foothold on the islands.

In 2002 the Genesis Community Loan Fund was invited by residents on Monhegan Island to a meeting to discuss the future of the year-round community (population 65). The island store that has long stood at the heart of the village was for sale and the community feared that it would be sold and converted to seasonal rental units. The group contracted with the Genesis Fund for help to incorporate as Monhegan Island Sustainable Community Association and gain 501c3 tax-exempt status. The Genesis Fund assisted MISCA to create plans for two affordable condominiums in the building, preserve the island store and provide lease space for offices (including the island post office). We also explored funding options, and when the group was turned down from granting agencies, the Genesis Fund helped MISCA secure a loan from Camden National Bank. MISCA used the bank loan and a 10% down-payment, raised from the island community, to purchase and preserve the property for the benefit of the year-round community.

In the process of working with MISCA, the Genesis Fund discovered a broader need for help with finding funding for island affordable housing and also identified a number of unique challenges to securing funding for year-round island communities.

1. The scale of affordable housing initiatives on islands is often (appropriately) small (1 or 2 units at a time) which means that funding mechanisms like the low-income housing tax credit aren't options for the islands.
2. Islands have special challenges...higher cost of land, transportation, and construction. All of these higher costs result in a high per unit subsidy needed (often resulting in less competitive funding applications).
3. Island living costs about 25-30% more than mainland living. Therefore the income of residents in need of affordable housing (and being served by island affordable housing groups) is often higher than on the mainland. Island affordable housing groups are serving needy individuals and family, but they are often not deeply targeting the housing based on AMI. To funding agencies, this may also make island proposals less competitive.

In 2004, the Genesis Fund began work to create a private pool of grant funds to help subsidize island affordable housing efforts and to help island affordable housing groups leverage other funding. We worked in collaboration with the [Maine Sea Coast Mission](#), the [Island Institute](#) and the [Maine Community Foundation](#) to launch the Islands Challenge Fund. Jane's Trust, a private foundation in Boston, provided the first significant funding of \$220,000. In December 2005, we raised an additional \$50,000 from Maine-based foundations and individuals.

The Islands Challenge Fund provides challenge grants and matching funds ranging from \$5,000 to \$25,000 to support housing and community facility projects on Maine's year-round islands. Island groups are required to raise a one-to-one match for the grants (2/3s of which must come from on-island resources or contacts). Grants are made by a nine-member committee that includes island residents. More details about the Islands Challenge Fund are available on our website [www.genesisfund.org](http://www.genesisfund.org). To date, the Islands Challenge Fund has made eleven grants to island initiatives.

Islands Challenge Fund grants include:

In 2005, the Genesis Fund provided **Islesboro Affordable Property** (IAP) with an acquisition loan to purchase a six acre property on which the organization plans to put three houses. A year later IAP secured a \$25,000 challenge grant from the Islands Challenge Fund to help catalyze a local fundraising effort in which the group exceeded its fundraising goal and raised \$116,000 in local match support. (This actually allowed IAP to complete much of the infrastructure needed for three houses). The addition of financing from Camden National Bank made it possible for IAP to barge a modular house to the island. The house was then sold to a teacher at the Islesboro Central School who had rented a home on Islesboro for 19 years.

**Monhegan Island Sustainable Community Association** (MISCA) received the second Islands Challenge Fund to purchase a house with land in the village cluster. The purchase price of the property was \$575,000. MISCA proposed to subdivide the lot, hold the land in trust, sell the house to a family for \$260,000, and sell the “right to build” an affordable house on the second lot for \$60,000. After receiving the \$25,000 challenge grant, MISCA raised \$130,000 from the island community and secured a pledge of \$100,000 which they used to guarantee a loan from the Genesis Fund to acquire the property. The only hitch in the plan was that the property (at 70,000 square feet) was 10,000 square feet shy of meeting the LURC requirements for new construction. Before the building could begin, MISCA secured a rule change in April 2007 from LURC for affordable housing.

The Genesis Fund also helped a group on North Haven incorporate and gain tax-exempt status. In March 2006, **North Haven Sustainable Housing** developed plans to build its first affordable house on donated land. The group approached the Islands Challenge Fund and was awarded a \$25,000 challenge grant. The group raised an additional \$25,000 and secured construction financing from Camden National Bank.

In 2006 the Genesis Fund learned of a project to develop affordable rental apartments on Vinalhaven, begun by an individual, that was in danger of not being completed. The Genesis Fund helped connect the individual to **Community Housing of Maine (CHOM)**. CHOM purchased the property and is in the process of completing the building to create six affordable rental units. Vinalhaven has the largest year-round population (at 1,200) of all the year-round islands (two-thirds of the renter households in 2000 had annual incomes below \$35,000). This project has scale and a population of very-low and very-income families and individuals to which to target the housing. CHOM secured a \$150,000 loan from the Genesis Fund to acquire the property. Then it secured a MaineHousing grant (\$300,000), a FHLB grant (\$400,000), an Island Institute grant, and an Islands Challenge Fund grant (and a match from the Town of Vinalhaven). Total development budget is about \$1.2 million.

In addition to these projects, the Islands Challenge Fund has also supported the following island initiatives:

- Purchase of a three-bedroom, single-family house by Chebeague Island Community Association which the organization views as the first addition to a submarket of affordable starter houses and rental properties on the island.
- Purchase of a single-family house on Islesford by Cranberry Isles Realty Trust that will remain an affordable year-round home to future qualified buyers.
- Development of a property at 18 Luther Street by HomeStart on Peaks Island that will result in three affordable single-family home ownership opportunities.
- Development of a community wellness center by the Frenchboro Wellness Center Committee to better serve the immediate and long-term health and wellness needs of island residents.
- Purchase of a 2.43 acre property with a 2-bedroom house at 481 Ferry Road by Islesboro Affordable Property in which a family of five will reside.

In 2006, the Genesis Fund secured a \$300,000 grant from the USDA's Rural Community Development Initiative to help eight eligible islands build organizational capacity. The focus of our work through this grant is helping island organizations build the skills and knowledge to take on larger projects (when and where appropriate), to help island communities find additional sources of funding for projects, and to raise the visibility and highlight the impact that even a small scale affordable housing initiative can have on an island. As Doug Boynton, former President of MISCA has said, "even six year-round affordable homes on Monhegan can make a big difference."

## OVERVIEW OF CASCO BAY

### Chebeague Island

Population: 350 year round, 1,000 seasonal  
Seceded from Cumberland: July 2007  
Town is creating ordinances, including zoning

Housing Organization: Chebeague Island Community Association, Housing Committee (CICA)  
Contact: Beth Howe ([bethhowe@chebeague.ne](mailto:bethhowe@chebeague.ne)) and John Wilson (occams81@yahoo.com)

Mission: *To promote economic diversity and a sustainable year-round community by expanding attainable, year-round housing alternatives*

#### History:

- 2002 ~ Cumberland appoints Islands Committee to work on issues raised in Long Range Plan, including affordable housing on Chebeague
- 2004 ~ USM's Muskie School studies affordable housing opportunities on island
- 2005 ~ A CDBG planning grant allows for a market study of affordable housing on Chebeague
- 2006 ~ Secession of Chebeague from Cumberland approved by Legislature
  - ~ Islands Committee asks CICA to take over affordable housing work
  - ~ CICA agrees, explicitly includes affordable housing and appoints a 5-person Housing Committee
- 2007 ~ CICA receives 501(c) 3 status in June
  - Evaluates the Curit property as an affordable housing site
  - Purchases a home for \$244,000
    - Using grant money from the Island Institute's Affordable Coast Fund, the Islands Challenge Fund Grant matched by community donations and a mortgage from Genesis Community Loan Fund
    - Now a rental
    - May eventually be sold, subsidized asking price near \$180,000

#### Current Projects:

- Undertaking a community "wants assessment" using personal interviews and written surveys to understand who needs housing and how it might best be supplied
- Exploring how the need for affordable housing and the summer housing rental market intersect
- Exploring possible uses of the Curit Property in partnership with the Town of Chebeague Island

### Long Island

Population: 200 year round, 800 seasonal  
Seceded from Portland: July 1993

Housing Organization: Year Round Housing Corporation (YRHC Corp)  
Contact: Mark Greene ([mlongreene2@aol.com](mailto:mlongreene2@aol.com))

Mission: *A local non-profit dedicated to seeking housing solutions to help sustain the year round community*

#### History:

- 2005 ~ 6 ~ Group of island residents informally meet to discuss affordable housing issues
- 2006 ~ Year Round Housing Committee begins work on housing issues and forms the Year Round Housing Corporation (YRHC Corp)
  - ~ Works to build capacity using US Department of Agriculture's Rural Community Development Initiative (RCDI) funds administered through Genesis

- 2006 - 7 ~ Surveys year-round and seasonal residents about affordable housing  
~ YRHC Corp sponsors a successful warrant article at Town Meeting to allow the lease of town-owned land to eligible candidates, for constructing year-round dwellings  
~ 5 lots set aside for this land lease/homestead program
- 2008 - 9 ~ Develops a ground lease agreement stipulating annual lease payment to equal current assessed property taxes and to develop ownership and transfer guidelines to preserve affordability  
~ Year Round Housing Application and Selection Committee convenes and develops candidate selection process

Current Projects:

- Working to secure appropriate financing options for homestead program
- Evaluate the need for Senior Housing and identify appropriate models and funding sources

**Peaks Island**

Population: 950 year round, 4,000 seasonal (up to an additional 1,000 day trippers)

Part of the City of Portland

Peaks Island Council formed by the State in 2006 as an elected body to advise the Portland City Council

Housing Organization: HOMESTART

Contact: Jane Banquer ([banquerj@myfairpoint.net](mailto:banquerj@myfairpoint.net))

Mission: *To create and maintain affordable housing opportunities for residents of Peaks Island*

History:

2002 ~ Affordable housing committee evolves from a community visioning process

2003 – 6 ~ HOMESTART explores housing options and models

2004 ~ HOMESTART incorporates as a 501 [3] c

2007 ~ Purchases a home for \$220,000

- Using grant money from the Island Institute's Affordable Coast Fund, the Islands Challenge Fund Grant matched by community donations and a mortgage from Genesis Community Loan Fund
- Now a rental

2007 – 9 ~ Provides affordable rentals through a sublease program

2008 – 9 ~ Using a Peaks Island Fund Grant, hires Planning Decisions, Inc to complete a housing needs assessment

- ~ Holds community meetings to discuss various options
- ~ Sought and received the support of the Peaks Island Council to move forward with 3 conditional rezone applications with the City of Portland to allow for
- Building 2 additional energy-efficient affordable homes for ownership on Luther St
- Building 1 home with Habitat for Humanity on a tax acquired property
- Re-configuring a current condo building to create 6 affordable rental units (to be purchased and managed by an agent of HOMESTART)

Current Projects:

- Fund Raising to move forward with Luther Street
- Working with a civil engineer and Genesis to write and present the conditional rezone application for Luther Street
- Exploring options to purchase the Condo Building
- Exploring the partnership with Habitat to build on island

Mary K. Terry

Casco Bay Affordable Housing Island Fellow

207-221-2507

[mterry@islandinstitute.org](mailto:mterry@islandinstitute.org)





Sustaining the Cranberry Isles through Affordable Workforce Housing

*The Cranberry Isles Realty Trust (CIRT) is a non-profit housing organization serving the communities of the Town of Cranberry Isles. We help bring individuals and families to the islands to sustain the critical year-round community. CIRT currently manages three rental properties and is in the process of developing a Five-year Plan to guide the organization as it expands to meet the growing demand for housing on the islands. In October, 2009 CIRT assisted a young couple in the purchase of a year-round home. In exchange for CIRT's donation, the couple agreed to affordability covenants that ensure the property will remain an affordable year-round house to future qualified buyers.*

### Mission

Cranberry Isles Realty Trust is a nonprofit organization of islanders dedicated to providing year-round housing to those who otherwise could not afford it.

### Articles of Incorporation

The purpose of CIRT as defined in our Articles of Incorporation is "To promote the availability of and to provide affordable residential real property for the use and enjoyment of persons within the Town of Cranberry Isles."

### By-Laws

The By-Laws of Cranberry Isles Realty Trust state the following corporate purpose:

"The Corporation is organized to lessen the burdens of municipal government by working cooperatively with the Town of Cranberry Isles to accomplish the following purpose or purposes:

1. To foster and support access to and provision of affordable housing opportunities for those community members who cannot provide themselves with housing by their own means;
2. To acquire, develop, manage, and finance residential real property, including land and houses, and to make such real property available to low income community members for the provision of housing which is decent, safe and affordable."

### Contact Information

Website: [www.CIRTrust.org](http://www.CIRTrust.org) Email: [info@cirtrust.org](mailto:info@cirtrust.org) or [alyson@cirtrust.org](mailto:alyson@cirtrust.org)

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### **Cranberry Isles Realty Trust Board of Directors**

Eric Dyer, President • Jason Pickering, Treasurer • Katrina Van Dusen, Secretary • Peter Buchsbaum • Richard Pierson • Jeri Spurling • Chris Wiggins  
PO Box 262 • Islesford, ME 04662 • [www.CIRTrust.org](http://www.CIRTrust.org) • email: [info@cirtrust.org](mailto:info@cirtrust.org) • 207-276-3994



## **A Brief History of the Cranberry Isles Realty Trust, November 2009**

At its 1995 annual Town Meeting the Town of Cranberry Isles voted to appoint a committee to study year round housing needs. A year later Town Meeting voted to approve formation of the Cranberry Isles Realty Trust and CIRT's first annual meeting was held in June 1996. Within two years, after revising various applications and bringing in political support, the Trust was officially a Maine nonprofit corporation and received tax-exempt status from the IRS in May 1998.

In 1995 year-round rentals were hard to find and year-round island homes were selling to seasonal residents for prices above what most people working on the islands could afford. Still, in 2009, this is the case. During the intervening time, on Islesford there has generally been a steady population of about 75, made up of people of all ages, and in recent years over 15 students in school. Great Cranberry's population is smaller, around 45, with few young people. The school has not had students since 2000. Some years students commute from Great Cranberry to the Islesford School; in 2009-2010 there are two.

To date, CIRT's primary success has been the acquisition and maintenance of three rental houses, two on Great Cranberry and one on Islesford. Once the organization got up and running, CIRT partnered with the town and applied for and received an approximately \$300,000 Community Development Block Grant (CDBG), federal funds that come through the State of Maine.

The grant funds were used to purchase the Rice House on Great Cranberry from Philip deNormandie. The house was sold to CIRT at below appraised value, so the seller received a charitable deduction. CIRT made some repairs. The house has had several tenants over the years and it has been vacant for extended periods of time.

CIRT was offered another house on Great Cranberry for free if it were moved it to a different location. The house was originally built by Chuck Leibow for his family but given to CIRT by Charles Kane, who also donated a small amount of cash that he would have had to pay to have it demolished. CIRT made plans to move the house to Town-owned land adjacent to the gravel pit and transfer station, no simple task. A well and septic system were installed.

A third house, a modular home, was installed on Town-owned land adjacent to the Islesford gravel pit in 2001. Tenants have included: Bill and Sonja Moser, Margaret Blank and her children, Ian and Sheila Krasnow and their children. Current tenants are Cory and Kaitlyn Duggan.

CDBG funds covered most of the costs of the purchase and installation of the three homes. Additional grants and donations made the acquisition and operation of the three homes possible, including support from: Maine Association of Realtors Foundation; Maine Community Foundation; Home Depot; contractors donating services to CIRT; and generous donations from community members over the years.

At the end of 2004, Rebecca Knowles donated some land between the Maypole and Gilley Beach on Islesford to CIRT. Since the land was not suitable for CIRT's purposes, CIRT solicited sealed bids for purchase of the land. In fall 2005 the land was sold to Dan and Cynthia Lief. The proceeds have been set aside to be used for a future CIRT project.

With assistance of a capacity building grant of USDA Rural Community Development Initiative funds granted by the Genesis Fund, CIRT has been working on a Five Year Plan and related programs and has been able to hire a part-time staff person: Alyson Mayo, who started in Fall 2008.

In Summer of 2009, CIRT worked with a young couple on Islesford to discuss a partnership with them to purchase a house on Islesford. CIRT would bridge the gap between what the couple could afford and the purchase price, along with repairs and other costs in exchange for their acceptance of affordability covenants. In October, the couple closed on the house and the community gained an affordable year-round home.

In the more than ten years of CIRT's history, board members have organized informative Annual Meetings, distributed an annual newsletter and other updates, been a presence at community events, and sold fine art notecards, all with the intent of educating year-round and seasonal community members of the need to and means of creating more housing opportunities for the islands. CIRT board members and other islanders have learned from and with other islands about affordable housing needs and opportunities, through direct contact and at encounters organized by the Island Institute and Genesis Fund. Community support has been strong, consistent and appreciated over the years.

*~ Prepared by Katrina Van Dusen*

# About Island Housing Trust

## ***What is Island Housing Trust?***

Island Housing Trust is a 501(c) (3) non-profit organized under the laws of Maine to identify and create rental and homeownership opportunities affordable to Mount Desert Island's working individuals and families. Island Housing Trust focuses its efforts in the four towns on MDI – Bar Harbor, Mount Desert, Southwest Harbor and Tremont. It is primarily concerned about creating housing opportunities for the year-round workforce on MDI. IHT is governed by an 18-member Board of Directors. Its staff consists of one full-time Executive Director and one part-time Program Associate.

## ***What is Island Housing Trust's mission?***

Island Housing Trust's mission is to preserve the viability of the year-round community on MDI by encouraging and providing housing opportunities affordable to the Island's workforce. To ensure that our Island communities remain viable year-round villages and towns, we seek to create a stock of permanently affordable year-round housing that is available to those who work on MDI. By ensuring that employees of local businesses, non-profit institutions and local governments can afford to live in the communities where they work, IHT hopes to increase the number of year-round residents who live on MDI.

***What is affordable housing?*** "Affordable housing" is often thought to be synonymous with "low-income housing." Although low-income housing is one area of affordable housing, it is not the only one. In many coastal communities in Maine, "affordable housing" includes housing that is needed by moderate-income, working households that have been priced out of the housing market because the demand for seasonal housing has crowded out affordable, year-round housing opportunities. IHT has identified a need for affordable housing opportunities for working households with incomes up to 200% of area median household income (AMI) as defined by the U.S. Department of Housing and Urban Development. IHT, however, has generally targeted its housing opportunities to working households with incomes up to 120% of AMI. For the State of Maine for 2009, 120% equals

\$70,300. If certain other criteria are met, however, IHT does consider otherwise qualified applicants with household incomes higher than this general target.

***Does IHT have qualification criteria for applicants other than income?*** Yes. We require that all applicants agree to live year-round in the house they obtain through IHT's involvement and that they are able to obtain bank financing to purchase their house. We also require that the household earn annual income from employment on Mount Desert Island that equals or exceeds 20% of the prevailing Area Median Household Income limit for the State of Maine. For 2009, 20% of AMI equals \$11,700.

***What type of housing opportunities has IHT offered?*** IHT currently is the developer of the Ripples Hill Workforce Housing Development in Somesville. In Phase 1 of that development, six houses will be built. Two houses were completed and occupied as of March 2009; a third will be under construction soon. Three additional lots are available in Phase 1. The cost to build the Ripples houses range from \$165,000 to \$195,000, depending on options selected. IHT also is offering a homeownership opportunity on a 2.38-acre parcel it owns on Route 102 in Somesville. A single-family house is being planned for that parcel, which is currently under contract. A third homeownership opportunity is being offered through a private developer on a 1.4-acre parcel in the Thomas Bay area of Bar Harbor. That lot features a new, two-bedroom Cape-style house.

***How will IHT keep houses affordable to MDI workers?*** IHT will include "affordability covenants" in each deed for properties in which it is involved. These "housing easements" (which IHT will uphold and enforce over time) will restrict the resale price of the house to keep it affordable to the MDI workforce. Our goal is to ensure that the original subsidies that made the house and lot affordable to the first homeowner will remain in the property, and thus make it affordable to all homebuyers within the same workforce market for generations to come.

# About Island Housing Trust

***Will those homeowners who purchase houses through IHT be able to realize some appreciation on their investment if they sell their home?*** Yes. Homeowners will build a limited amount of equity in the home, including the cost of improvements. Their rising equity will be tied to the annual rate of change in wages over the period of time they own the home, rather than real estate market trends, which have no relationship to affordability and workers' wages. IHT's so-called Maximum Resale Price is an easy to understand formula that can be calculated on a one-page form.

***Where does IHT's financial support come from?*** Island Housing Trust raises its operating budget and any capital campaign money from a variety of sources, but depends on the year-round and summer community members on MDI for a significant portion of its support. IHT also raises some of its funding through fees for services as it provides technical assistance to some private developers who wish to create workforce housing opportunities. Island Housing Trust's annual operating budget is approximately \$175,000. In addition to a full-time and part-time staffer, the budget supports a small office in Town Hill and various program activities.

***What if I have additional questions?*** We welcome your questions. Please feel free to contact IHT's Executive Director Chris Spruce or Program Associate Alyson Mayo at 207-288-4496 or an IHT board member.



*A Ripples Hill House*

## ***Island Housing Trust Board of Directors***

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**Islesboro Affordable Property  
Sustainable Island Living Conference  
Affordable Housing  
15 November 2009**

Islesboro Affordable Property left the launching pad at their town meeting in 1987 when the voters approved the concepts which became the Ruthie James subdivision. IAP received planning board approval for an eight housing/two common area lot subdivision on August 9, 1993. The houses in the subdivision were designed by two award winning architects. John Siverio and David Howard.

The owner/builders of the Ruthie James subdivision still make up the core of our properties. In the past 16 years, IAP has added four other homes, all single family units. One is owned by the resident, the other three are rentals. We have four undeveloped building lots and what we are currently calling the 22 acre property. The 22 acre property is the primary focus of IAP.

We are in the process of updating our market research as to possible buyers/renters, absorption rates, household sizes, income levels and the like. Current thinking, contingent on market research, is to develop up to 12 rental units on this site over the next three to five years.

Challenges: Teacher population: One teacher in seasonal housing currently; 4 to 5 nearing retirement age in the next couple of years. Will need several housing units to attract and keep a highly qualified staff.

Economic development providing adequate jobs for low/moderate income homeowners is controlling.

While we currently have ample land inventory, future land acquisition costs remain a concern.

Construction, transportation, fuel and utility costs are higher than mainland counterparts.

**Islesboro Affordable Property  
P.O. Box 206  
Islesboro, ME 04848  
207-734-2299 or [IAP@midcoast.com](mailto:IAP@midcoast.com)**

## Frenchboro's approach to Affordable Housing: FFDC—Frenchboro Future Development Corporation

- A Collaborative, non-profit corporation
- Mission is to sustain the population of the island
- Acquires land, financial resources, potentially houses
- Makes housing available—Rent and Rent with option to purchase
- Current income requirement to purchase is that family of 4 must be earning \$80,000/yr or less
- Rent price in option to purchase includes money for escrow for settlement costs
- Purchase price at well below market rates, and price set at beginning of agreement
- FFDC will then hold a soft second mortgage in the amount of \$20,000, which is forgiven in full after 10 years
- Only two restrictions on resale of homes acquired through FFDC:
  - 1) FFDC has right of first refusal;
  - 2) If resold in less than 10 years, the \$20,000 soft second mortgage must be Repaid with interest
- FFDC has one more block of land which may make as many as 10 more houses available

FFDC has been operating for 20 years. 12 homes have been built; all are now owned and occupied. 2 homes have been owned long enough for the 10 years to pass and therefore for the soft second mortgage to have been forgiven in full. The program has vitally contributed to sustaining the population of the island in documented ways—not least of which is in the restoration of a significant school population. 20 some years ago the K-8 school population was 2; 10 years ago the K-8 school population was 2. For the last five years the K-8 school population has moved between 12 and 15 each year, with 5 or more in the pre-school group.

Issues: Not comprehensive enough to be sustainable:

- 1) Must develop a policy to purchase property at favorable, below market, rates
  - a) through gifts, tax benefits
  - b) when housing market is low, as now, and values can be expected to go up in near future
- 2) Must work on developing an endowment to cover the soft-second mortgages that are eventually forgiven and to generate capital to purchase homes at reduced, below market, prices when they become available
- 3) Must be more aggressive in managing (and maintaining) property when rented (including monitoring all costs [utilities, heat] as well as rent for which the FFDC might ultimately be liable) and in enforcing clear, rational, rental agreements

**Monhegan Island Sustainable Community Association  
(MISCA)  
2009 Fact Sheet**

Size of Monhegan Island: 600 Acres

Amount of Monhegan held in its 'wild' state by a local land trust: 400 acres

'Average' year-round population of Monhegan since World War II: 65

Lowest year-round population of Monhegan since WWII: 27 (mid-1960's)

Highest year-round population of Monhegan since WWII: 90 (mid-1970's)

Present year-round population: 50

Number of children in school on Monhegan: 4

Number of children below school-age on the Island: 3

Number of occupied year-round housing units on Monhegan: 30

Number of year-round housing units on Monhegan that since 2003 have  
been bound to remain 'perpetually-affordable' by MISCA deed  
covenants: 5

Amount of money contributed to MISCA for land or buildings: \$1,000,000

Amount of additional money put up by owners of year-round housing units  
that are bound by MISCA deed covenants: \$700,000

Number of business spaces rented to year-round residents by MISCA: 2  
(laundry and gift/coffee shop)

Number of spaces supplied by MISCA for vital services: 2 (Post Office and  
Town Office)

Number of zoning changes initiated by MISCA: 1 (creation by LURC of  
reduced lot size for affordable housing)

Number of presently undeveloped lots given to MISCA by Town vote: 2