

# Housing Needs Analysis and Assessment: Deer Isle-Stonington, ME

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Prepared for:

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## About Camoin 310

Camoin 310 has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin 310 has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 32 states and garnered attention from national media outlets including *Marketplace* (NPR), *Forbes* magazine, *The New York Times* and *The Wall Street Journal*. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. We are based in Saratoga Springs, NY, with regional offices in Portland, ME; Boston, MA; Richmond, VA and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at [www.camoinassociates.com](http://www.camoinassociates.com). You can also find us on Twitter [@camoinassociate](https://twitter.com/camoinassociate) and on [Facebook](https://www.facebook.com/camoinassociates).

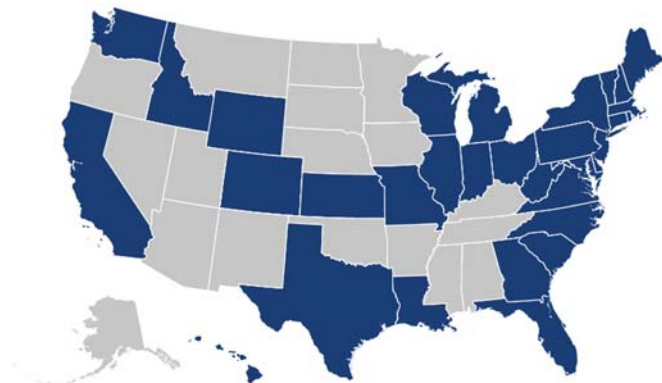
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# Executive Summary

## The Problem

Located along the Eastern Maine coastline, the towns of Deer Isle and Stonington (together, the “Study Area” or “Deer Isle-Stonington”) are a working community on a bridge-accessed island that draws visitors from Maine and across the country during the summer months. The area’s natural beauty has led to its popularity as a location for a large and growing number of seasonal residences, second homes, and short-term vacation rentals. This increase in seasonal homes continues to put upward pressure on rental housing prices, particularly during the summer months. As Deer Isle and Stonington’s year-round housing stock dwindles, many year-round workers are forced to live off the island and commute in for work, and as a result, Deer Isle and Stonington’s year-round population continues to decrease. Continued decreases to the number of young families, working age individuals, and schoolchildren puts age-related pressures on the community. This includes, but is not limited to, a decrease in civic engagement and involvement and lower levels of school district enrollment.

## The Response

In response, Island Workforce Housing (IWH) engaged Camoin 310 to conduct a Rental Housing Needs Analysis and Assessment. The purpose of this Assessment is to:

- understand the current housing situation in Deer Isle-Stonington;
- quantify unmet year-round rental housing demand for year-round workers in comparison to the existing housing supply; and
- provide data and analysis that can be used in the creation of strategies to address the issue.

The process for completing the Assessment included research and data analysis, as well as interviews with stakeholders. The process was overseen and guided by the Steering Committee of Island Workforce Housing, which provided input and feedback through a series of meetings.

It should be stressed that the purpose of this Assessment is to quantify the state of housing in Deer Isle and Stonington today. Equipped with this Assessment, IWH will be able to work with Deer Isle and Stonington’s various stakeholders to set a course of action that aligns with the housing needs of the community.

## Addressing demand for year-round workforce rental housing is necessary to:

- ✓ Ensure younger residents put down roots in Deer Isle-Stonington, supporting school district enrollment, local volunteer organizations, and community group membership;
- ✓ Establish a larger customer base of year-round residents for local businesses;
- ✓ Better enable businesses to attract and retain workers; and
- ✓ Create a more vibrant culture and a stronger sense of place that is attractive to both current and potential residents.

## The State of Rental Housing in Deer Isle-Stonington – Key Findings

A comprehensive understanding of the state of rental housing in Deer Isle and Stonington is critical before actions can be taken to address challenges. Key findings from the Assessment are presented below.

### Deer Isle-Stonington Housing Stock Summary

A breakdown of housing units in the Study Area as a percent of total units is as follows:

- Year-Round Owner-Occupied: 34%
- Seasonal Owner-Occupied: 30%
- Seasonal Rental: 16%
- Year-Round Rental: 15%
- Vacant: 5%

- ✓ Only 15% of housing units in Deer Isle-Stonington are year-round rentals.
- ✓ Seasonal vacation rentals are increasing. Between 2012 and 2018 the number of AirBnB listings increased from 3 to 298.

- **The year-round housing stock is shrinking, while the number of seasonal units grows.** According to the U.S. Census Bureau’s American Community Survey, between 2010 and 2017 the number of occupied year-round units decreased by 73 while the number of seasonal units increased by 223 (from 1,130 to 1,353). The seasonal share of the housing stock (including seasonal rentals and owner-occupied seasonal homes) increased from 40% to 46% of total housing stock over the same time period. This is well above the share of seasonal units in Hancock County (35%), Maine (17%), and the U.S. (4%). *The high number of seasonal housing units precludes year-round workers from being able to find and afford year-round housing.*
- **Only 15% of housing units are year-round rentals.** While this is in line with the percent of year-round rentals in Hancock County, this presents challenges for Deer Isle-Stonington. The lack of available and affordable year-round rentals hits young workers who are early in their career the hardest. Oftentimes, these workers look to rent while saving up to purchase a home and settle down. The lack of year-round rentals means that many choose to either reside outside of Deer Isle-Stonington and commute in for work, or reside and work outside of the Study Area. As young individuals and families are forced to choose to live outside of Deer Isle-Stonington, this negatively impacts the community through decreased civic engagement and school enrollment as well as increased age-related pressures.
- **The year-round population is decreasing.** Between 1990 and 2017 Deer Isle-Stonington experienced a 4% decrease in year-round population, from 3,081 to 2,969. Much of this is due to a decrease in year-round population in Stonington. Between 1950 and 2017 Stonington experienced a 38% decrease in year-round population (from 1,660 to 1,032), while Deer Isle experienced a 57% increase in population (from 1,234 to 1,937).
- **The year-round population is aging.** Limited options for affordable year-round housing means fewer young families, declining public school enrollment, and accelerated aging of the towns’ population. The largest year-round age group in 2018 was in the 55 to 74 range, skewing older than Maine and the U.S. At the same time, Deer Isle and Stonington have a notably small concentration of young adults of home-buying age, particularly 25 to 44 year-olds.
- **The housing stock is aging.** The aging housing stock in Deer Isle-Stonington poses a challenge to potential year-round renters. With over a third of units being constructed in 1939 or earlier, much of the available housing stock is old and has suffered from deferred maintenance. The challenges associates with the renovation and upkeep of older homes are not affordable to potential year-round residents.

- **Single family homes are prevalent.** There are very few multifamily units in Deer Isle-Stonington, with the majority of homes being single family units. According to Stonington’s 2018 Comprehensive Plan, single family units make up 77% of the housing stock in the town, while mobile homes (or similar housing) make up another 15% of the stock. Of all housing types, single family homes are the most expensive to maintain and operate. Thus, the prevalence of single family, aging homes makes it even more difficult for workers of modest means to settle in Deer Isle-Stonington.
- **Housing availability challenges make it difficult for employers to attract and retain workers.** Nearly a third (32%) of Deer Isle-Stonington workers commute to the Study Area for work from other places, with some traveling from as far away as Bangor. This figure excludes self-employed workers and contractors, many of whom also commute to Deer Isle-Stonington and make up a large portion of the workforce. A lack of available housing is a major challenge for employees and is an impediment to attracting additional workers to the area. In particular, there is a lack of housing options to serve young individuals and families between when they start their careers or move to the area and when they are able to buy a home.

### Deer Isle-Stonington Year-Round Rental Affordability Summary

Rentals range from \$550 to \$950 per month in the off-season (September-May) and differ based on unit size and utilities included.

Summer rates spike to between \$1,200 and \$3,000 *per week* on many of these same units.

- **Rents increase dramatically during the summer months and are not affordable to year-round workers.** From September to May, rents for rental units on Deer Isle-Stonington range from \$550 to \$950 per month depending on the unit size and utilities included. During peak season (June to August) rents on many of those same units increase to between \$1,200 and \$3,000 per week. Oftentimes a homeowner can obtain a higher profit from short-term vacation rentals than from renting to a local resident. This creates an incentive to rent to vacationers over year-round residents, thereby limiting the supply of year-round options.
- **Inconsistent pricing leads to under-housing of year-round workers.** Although rents are generally affordable to full-time workers during the off-season, price spikes on many of those same units during the summer season preclude full time workers from being able to rent them for the entire year. Oftentimes this results in young workers living with parents or other relatives if possible and staying out of the housing market entirely, or forces people who rent units during the off-season to find alternative places to live during the summer months. This can include living in tents, or other similar accommodations, to bridge the gap between months where rent is affordable.
- **A rise in short-term vacation rentals continues to constrict the supply of year-round rental housing, putting upward pressure on housing costs.** Over the six years between 2012 and 2018, the number of AirBnB listings for Deer Isle-Stonington increased from 3 to 298. This is in addition to approximately 130 vacation rentals listed through agencies, as well as other seasonal rentals listed independently.

## Rental Housing Supply and Demand

If nothing is done to change current trends, Deer Isle-Stonington is expected to see a continued decrease in the number of year-round households in the coming years. Considering the profitability incentive for property owners to rent to seasonal visitors, the working population of the Study Area will continue to shrink as they are increasingly squeezed out of the housing market and are unable to find available year-round housing.

Our assessment of current and projected demographic and housing trends shows that there is significant demand for new affordable year-round workforce housing units in Deer Isle-Stonington. In this analysis, we identified two groups of full-time workers that contribute to demand for affordable year-round rental housing:

- People who work in Deer Isle-Stonington but may live elsewhere (“in-commuters”); and
- People who are under-housed and either live with their parents/relatives/others, or rent a vacation home during the off-season and live elsewhere from June through September.

### Year-Round Rental Housing Unit Demand

Demand for an additional **20-65** year-round rental units from in-commuters.

Demand for an additional **10-20** year-round rental units for under-housed resident workers.

**Total unmet demand:**

**30-85**

**year-round rental units**

Based on data related to commuter trends and the number of young adults who do not live independently we have determined that there is total unmet demand for 30-85 year-round, affordable, rental units.

Demand is for units with monthly rent ranging between \$650 and \$850 per month. Rental units with two or three bedrooms are most in demand, however there is an appetite for a range of unit sizes. Rentals of homes with multiple bedrooms are highly demanded by young families who desire the space to grow their families while being a part of the community and living close to their place of work. New affordable two- or three-bedroom rental options that are, or have the feel of a single-family home, would likely be absorbed quickly in the market if they can be offered. Additionally, there is some need for attached units for single workers or those living with roommates. The following table summarizes demand by unit size.

Table 1: Rental Demand by Unit Size

Rental Demand by Unit Size			
# Bedrooms	# Units	% Units	Monthly Rent
1	6-17	20%	~\$650-750
2	18-51	60%	~\$750-900
3	6-17	20%	~\$875-1,050
<b>Total</b>	<b>30-85</b>	<b>100%</b>	

Source: Camoin 310

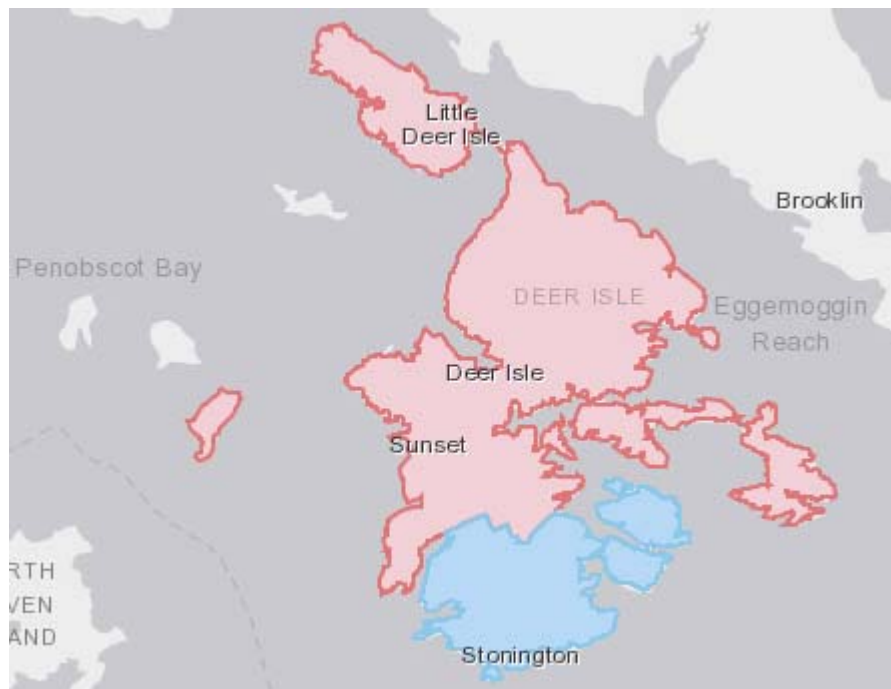
## Introduction

Like many communities across the country, the towns of Deer Isle and Stonington (together, “Deer Isle-Stonington” or the “Study Area”) are challenged with meeting the housing needs of residents and workers. The Study Area’s natural amenities have made it a popular destination among vacationers and seasonal visitors, but this popularity has also resulted in high housing costs due to seasonal rentals driving the market up. The high degree of second home-ownership within the community, combined with the demand for seasonal vacation rentals, limits the supply and affordability of housing options for year-round residents. The housing constraints have become an impediment to the Study Area’s ability to attract the necessary workforce to meet the employers’ needs.

Camoin 310 was commissioned by Island Workforce Housing, Inc. (“IWH”) to conduct a Rental Housing Needs Analysis and Assessment for Deer Isle-Stonington. The purpose of this Assessment is to understand and quantify the rental housing affordability challenge, which will be used by IWH to inform strategy implementation and address the residential needs. In conducting this analysis, quantitative data from a number of proprietary and public data sources (Attachment D) was combined with qualitative data learned through interviews, as well as with supporting survey materials provided by IWH. Given the small sample size of residents and workers in the Study Area, data points may fluctuate between sources. Where possible, information gained from interviews or existing documents from the towns are referenced to provide additional context.

Although rental housing is a need for various subsets of the population, this analysis focuses on the rental housing needs of year-round workers.

*Figure 1: Study Area*





## Why Address Rental Housing?

Workforce housing is important to the economic vitality of communities. Affordable homes support the local workforce so they can live close to their jobs. Shorter commutes allow workers to spend more time with their families while the community benefits from having employees such as school teachers, nurses, fishermen, and business owners living locally and engaged in the community. A healthy mix of housing options, including market-rate and affordable, owner occupied and rental, single-family and multi-family, targeted to households across the age spectrum, ensure opportunities for all individuals to improve their economic situation and contribute to their communities.

Offering year-round workforce rental housing in Deer Isle-Stonington would have numerous benefits for the Island's communities. One of the most important benefits of year-round rental housing is that it supports the vitality of the Study Area and the sustainability of the island. In particular, year-round rental housing will serve to meet the needs of entry-level workers and workers who are coming to the island for the first time. This will help to ensure that a steady flow of younger residents will put down roots in Deer Isle-Stonington and enroll students in its schools, join volunteer organizations, and support community groups. Additionally, local businesses will benefit both from having a larger customer base of year-round residents and from an improved ability to attract and retain workers. All of these impacts will snowball, creating a more vibrant culture and a stronger sense of place in the Study Area that is attractive both to current and potential residents.

## Existing Conditions

### Demographics

Between 1990 and 2017, the Study Area has experienced a 4% decrease in year-round population, a loss of about 100 residents. Over this period, population in Deer Isle has increased by 6% while population in Stonington has decreased by 18%. Total year-round population in Deer Isle-Stonington was 3,081 in 1990 and 2,969 in 2017.

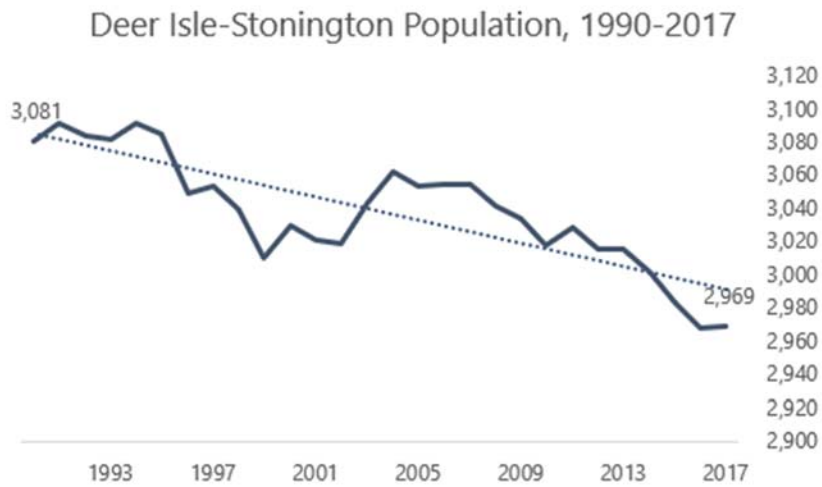
Table 2: Change in Year-Round Population, Deer Isle-Stonington

Change in Year-Round Population, Deer Isle-Stonington						
	1990	2000	2010	2017	Change 1990-2017	% Change 1990-2017
Deer Isle	1,829	1,880	1,975	1,937	108	6%
Stonington	1,252	1,150	1,043	1,032	-220	-18%
Total	3,081	3,030	3,018	2,969	-112	-4%

Source: U.S. Census Bureau

Figure 2, below, displays the downward population trend in the Study Area between 1990 and 2017.

Figure 2: Deer Isle-Stonington Population, 1990-2017

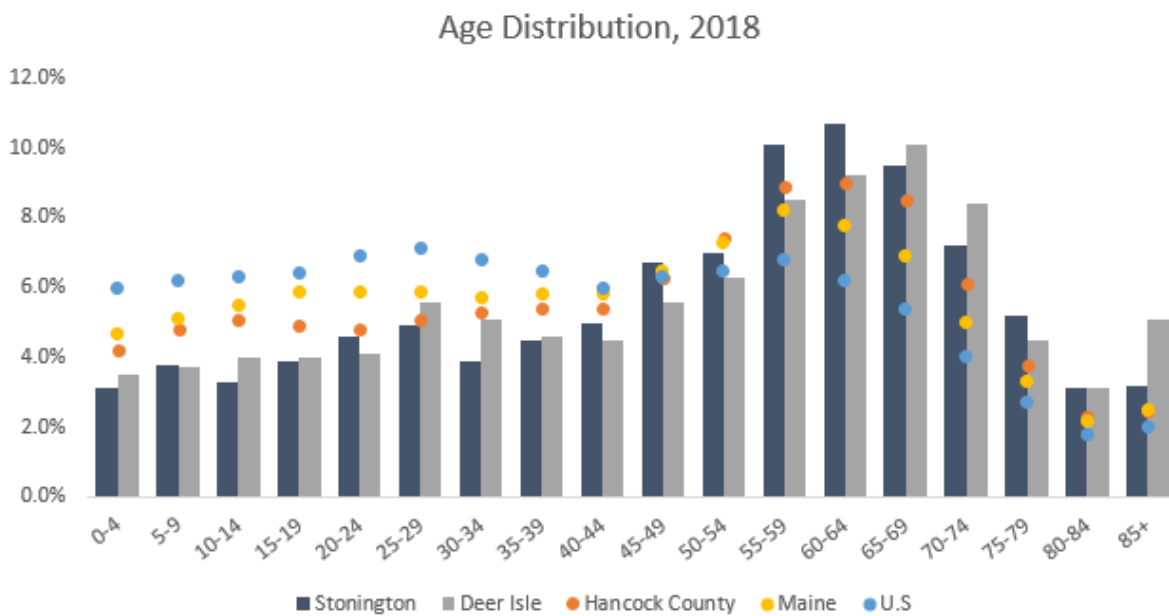


Source: U.S. Census Bureau

When looking just at Stonington, the population decreases are more pronounced. Since 1950, the population in Stonington has decreased by 38%, from 1,660 to 1,032. This is compared to a 57% increase in the population of Deer Isle, from 1,234 to 1,937.

The largest (year-round) age groups in the Study Area in 2018 were in the 55 to 74 range, skewing older than Hancock County, Maine, and the U.S. The Study Area has a relatively small school-age population compared to these geographies as well as a smaller concentration of adults of home-buying age, particularly 25- to 44-year-olds.

Figure 3: Age Distribution, 2018



Source: ESRI

Median household incomes in Deer Isle, Stonington, and Hancock County have increased slightly between 2010 and 2018.

Table 3: Median Household Income

Median Household Income				
	2010	2018	Change	% Change
Deer Isle	\$ 42,537	\$ 44,003	\$ 1,466	3%
Stonington	\$ 36,339	\$ 40,559	\$ 4,220	12%
Hancock County	\$ 47,533	\$ 52,774	\$ 5,241	11%

Source: ESRI, ACS 5-Year Estimates

Figure 4 displays the 2017 median earnings for Deer Isle, Stonington, and Hancock County. Earnings includes only wages and salaries from employment, and any income from self-employment, of Study Area residents. Median earnings are \$41,842 in Deer Isle and \$37,000 in Stonington.

Figure 4: Median Earnings of Full Time, Year Round Workers, 2017



Source: ACS 2017 5-Year Estimates

## Jobs and Commuting

### Jobs

According to EMSI, as of 2018 there are about 1,395 total jobs in the Study Area, of which 429 (31%) are self-employed positions. Of the non-self-employed workers, the Study Area saw job growth of 8% (about 70 jobs) in the last five years, with growth projected to stall to 2%, or about 19 new jobs, in the coming five years. This slower growth rate is primarily due to fewer jobs being added rather than jobs being lost, with the exception of a small amount of predicted job loss in Retail Trade and Construction. Our interviews suggest that the data aggregated by EMSI is a conservative count of the self-employed positions in Deer Isle-Stonington, however this data is still important to use for trend purposes.

Table 4: Deer Isle-Stonington Jobs

Deer Isle-Stonington Jobs							
	2013	2018	2023	2013-2018	2013-2018	2018-2023	2018-2023
	Jobs	Jobs	Jobs	Change	% Change	Change	% Change
Non Self-Employed	896	966	985	70	8%	19	2%
Self-Employed	429	429	434	0	0%	5	1%
<b>Total</b>	<b>1,325</b>	<b>1,395</b>	<b>1,419</b>	<b>70</b>	<b>5%</b>	<b>24</b>	<b>2%</b>

Source: EMSI

To analyze the economic base of the Study Area, industry data organized by the North American Industrial Classification System (NAICS) are assessed. NAICS codes are maintained by the U.S. Census Bureau and are the standard used by Federal statistical agencies in classifying business establishments. 2-digit codes are the highest aggregate NAICS code level and represent broad categories such as “retail,” whereas 4-digit industry codes present a finer level of detail such as “grocery stores.”

Table 5 summarizes employment of 2-digit NAICS sectors in Deer Isle-Stonington. The data is sorted by number of jobs in 2018. According to EMSI, average earnings per job in the Study Area are about \$38,000, which is in line with the median earnings of residents described above. Broadly, the largest sectors in the Study Area by number of jobs are Agriculture, Forestry, Fishing and Hunting (NAICS 11) with 294 jobs or 21% of total jobs, Government (NAICS 90) with 191 jobs or 14% of total jobs<sup>1</sup>, and Wholesale Trade (NAICS 42) with 151 jobs or 11% of total jobs. Again, our interviews suggest that these employment counts are conservative. In terms of Agriculture, Forestry, Fishing and Hunting, the Stonington Lobster Co-Op alone works with approximately 200 people across 80 boats, including captains and sternmen.

<sup>1</sup> Employment in the Government sector (NAICS 90) is primarily attributed to employment in Education and Hospitals (Local Government) (NAICS 9036, Table 6).

Table 5: Jobs by Industry, Deer Isle-Stonington

Jobs by Industry, Deer Isle-Stonington*							
NAICS (2-digit)	Description	2013 Jobs	2018 Jobs	2023 Jobs	2013 - 2023 Change	2013 - 2023 % Change	Avg. Earnings Per Job
11	Agriculture, Forestry, Fishing and Hunting	285	294	302	17	6%	\$32,638
90	Government	187	191	189	2	1%	\$53,215
42	Wholesale Trade	126	151	167	41	33%	\$44,979
62	Health Care and Social Assistance	144	148	152	8	6%	\$39,373
44	Retail Trade	129	129	124	(5)	(4%)	\$29,382
81	Other Services (except Public Administration)	112	123	129	17	15%	\$26,907
23	Construction	122	117	108	(14)	(11%)	\$43,357
72	Accommodation and Food Services	68	77	79	11	16%	\$26,129
54	Professional, Scientific, and Technical Services	34	35	36	2	6%	\$42,082
61	Educational Services	28	33	35	7	25%	\$29,014
71	Arts, Entertainment, and Recreation	25	26	27	2	8%	\$23,127
31	Manufacturing	23	18	19	(4)	(17%)	\$32,989
21	Mining, Quarrying, and Oil and Gas Extraction	<10	11	13	Insf. Data	Insf. Data	\$51,809
48	Transportation and Warehousing	<10	10	<10	Insf. Data	Insf. Data	\$29,476
53	Real Estate and Rental and Leasing	<10	<10	<10	Insf. Data	Insf. Data	Insf. Data
51	Information	10	<10	<10	Insf. Data	Insf. Data	Insf. Data
56	Administrative and Support and Waste Management and Remediation Services	<10	<10	<10	Insf. Data	Insf. Data	Insf. Data
52	Finance and Insurance	11	<10	<10	Insf. Data	Insf. Data	Insf. Data
99	Unclassified Industry	0	0	0	0	0%	\$0
22	Utilities	0	0	0	0	0%	\$0
55	Management of Companies and Enterprises	0	0	0	0	0%	\$0
Total		1,325	1,395	1,419	94	7%	\$37,656

Source: EMSI

\*Includes self-employed

Table 6 provides a more granular look at the top industries in the Study Area and displays the top 10 4-digit NAICS industries, in terms of 2018 jobs. Given the Study Area's location and position as the top lobster port in the country, it is not surprising that the largest industry by number of jobs is Fishing (NAICS 1141) with 268 jobs. This is followed by Education and Hospitals (Local Government) (NAICS 9036) with 150, and Groceries and Related Product Merchant Wholesalers with 128 (NAICS 4244).

In our interviews with community stakeholders we heard repeatedly that a lack of affordable rental housing makes it difficult to attract the workers that the fishing industry needs. While many fishermen have the goal of becoming a boat captain and owning a home, there is often a gap between when people start working in the industry and when they earn a steady salary. As a result, many sternmen and fishermen that are early in their career live outside of the Study Area and commute to Stonington, with many coming from as far away as Bangor. Our interviews revealed that many in this industry are choosing to live outside of the Study Area as a result of lack of available and affordable rental options.

Island Nursing Home, located in Deer Isle, is one of the largest employers in the Study Area and contributes to Nursing Care Facilities' position as one of the top industries in Deer Isle-Stonington. A lack of affordable rental housing in the Study Area has inhibited Island Nursing Home from being able to attract and retain workers. Eight to ten years ago approximately 80% of the facility's employees lived in the Study Area. Today, only 50% of employees live in Deer Isle-Stonington. The lack of worker supply within the Study Area also means that the facility now relies on temporary agency workers to meet their employment needs. Agency workers generally live on the mainland and commute to Deer Isle as a result of a lack of affordable rental options in the Study Area.

Similarly, data provided by the Deer Isle-Stonington School District<sup>2</sup> reveals that approximately 36% of school district employees live outside of the Study Area. Of the 47 employees that do live in the Study Area, 29 own their home, 7 rent, and 3 live with their parents. Through our interviews it was revealed that it can be difficult for renters to find affordable year-round rental housing. Oftentimes, rents for good properties (such as full houses in good condition) will be affordable to school district employees and in the range of \$700-\$800 per month in the off season. From June through September however rents on many of these properties spike to over \$1,200 per week, forcing school district employees to find alternative living arrangements for the summer months. This is particularly problematic for school district employees as the summer season rates overlap with both the beginning and the end of the school year. In order to make things work, employees sometimes live in tents to start or end the school year. Since many teachers and school employees who come to the area for the first time would prefer to rent for a few years to see if the job and community is a fit before buying a property, the lack of affordable year-round housing makes it harder for the district to attract and retain teachers.

Table 6: Top 10 Industries, Deer Isle-Stonington

Top 10 Industries, Deer Isle-Stonington*							
NAICS (4-digit)	Description	2013 Jobs	2018 Jobs	2023 Jobs	2013 - 2023 Change	2013 - 2023 % Change	Avg. Earnings Per Job
1141	Fishing	261	268	276	15	6%	\$32,664
9036	Education and Hospitals (Local Government)	145	150	147	2	1%	\$51,654
4244	Grocery and Related Product Merchant Wholesalers	113	128	141	28	25%	\$42,283
4451	Grocery Stores	77	71	69	(8)	(10%)	\$25,707
8141	Private Households	57	66	67	10	18%	\$20,153
6231	Nursing Care Facilities (Skilled Nursing Facilities)	67	57	53	(14)	(21%)	\$37,178
2361	Residential Building Construction	55	55	53	(2)	(4%)	\$41,594
7225	Restaurants and Other Eating Places	45	51	53	8	18%	\$25,945
2382	Building Equipment Contractors	33	30	27	(6)	(18%)	\$49,112
6241	Individual and Family Services	<10	24	33	Insf. Data	Insf. Data	\$31,186

Source: EMSI

\*Includes self-employed

<sup>2</sup> Data from the Deer Isle-Stonington School District collected by IWH.



## Commuting

According to the U.S. Census OnTheMap, in 2015 there were 503 people who were both employed and living in the Study Area. Over a third (37%) of residents commute out of Deer Isle-Stonington for work, while nearly a third (32%) of Deer Isle-Stonington workers commute into the area for work.<sup>3</sup>

Table 7: Commute Trends, Deer Isle-Stonington

Commute Trends - Deer Isle-Stonington			
	2005	2010	2015
Employed and Living in the Area	367	435	503
Workers Commuting into the Area	252	256	232
Residents Commuting out of the Area	211	302	289
Percent of Workers In-Commuting	41%	37%	32%
Percent of Residents Out-Commuting	37%	41%	37%

Source: US Census OnTheMap

Figure 5: Commute Trends, Deer Isle-Stonington



<sup>3</sup> U.S. CensusOnTheMap does not include self-employed workers.

Outside of the Study Area, the most common work destinations are Blue Hill, Brooklin, and Ellsworth. Brooksville, Blue Hill, and Sedgwick are the most common places of residence for Study Area workers who are not residents.

Table 8: Deer Isle-Stonington Work Destinations and Places of Residence

Where Residents Work		
Places Where Residents Work	2015	
	Count	Share
Deer Isle town (Hancock, ME)	253	31.9%
Stonington town (Hancock, ME)	250	31.6%
Blue Hill town (Hancock, ME)	40	5.1%
Brooklin town (Hancock, ME)	18	2.3%
Ellsworth city (Hancock, ME)	18	2.3%
Portland city (Cumberland, ME)	15	1.9%
Bangor city (Penobscot, ME)	14	1.8%
Brooksville town (Hancock, ME)	13	1.6%
Brunswick town (Cumberland, ME)	9	1.1%
Sedgwick town (Hancock, ME)	9	1.1%
All Other Locations	153	19.3%
<b>Deer Isle-Stonington Total</b>	<b>503</b>	<b>63.5%</b>
<b>Other Total</b>	<b>289</b>	<b>36.5%</b>

Source: U.S. Census OnTheMap

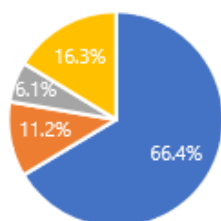
Where Workers Live		
Places Where Workers Live	2015	
	Count	Share
Deer Isle town (Hancock, ME)	334	45.4%
Stonington town (Hancock, ME)	169	23.0%
Brooksville town (Hancock, ME)	24	3.3%
Blue Hill town (Hancock, ME)	19	2.6%
Sedgwick town (Hancock, ME)	19	2.6%
Brooklin town (Hancock, ME)	12	1.6%
Bucksport town (Hancock, ME)	10	1.4%
Surry town (Hancock, ME)	10	1.4%
Orland town (Hancock, ME)	9	1.2%
Palmyra town (Somerset, ME)	5	0.7%
All Other Locations	124	16.9%
<b>Deer Isle-Stonington Total</b>	<b>503</b>	<b>68.4%</b>
<b>Other Total</b>	<b>232</b>	<b>31.7%</b>

Source: U.S. Census OnTheMap

66.4% of Deer Isle-Stonington residents have a commute that is less than 10 miles. This is followed by a commute of greater than 50 miles for 16.3% of residents. 70.5% of Deer-Isle Stonington workers live within 10 miles of their place of employment. The 2018 Stonington Comprehensive plan highlights the fact that most of the commuters into Stonington are sternmen and states that most Stonington workers have commute times of less than ten minutes. That being said, data provided by the Deer Isle-Stonington school district notes that 36% of its employees live outside of the Study Area and 9.5% commute from over 20 miles away.

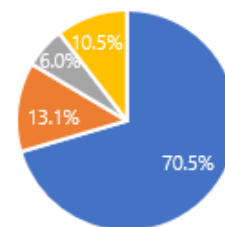
Figure 6: Commute Distance

### Commute Distance, Deer Isle-Stonington Residents



■ < 10 miles ■ 10 to 24 miles ■ 25 to 50 miles ■ > 50 miles

### Commute Distance, Deer Isle-Stonington Workers



■ < 10 miles ■ 10 to 24 miles ■ 25 to 50 miles ■ > 50 miles



## Housing Stock

Deer Isle-Stonington had a total of about 2,919 housing units in 2017, accounting for about 7% of units in Hancock County. This share has remained consistent since 2010, meaning the pace of construction in the Study Area roughly mirrors that of off-island locations in the county.

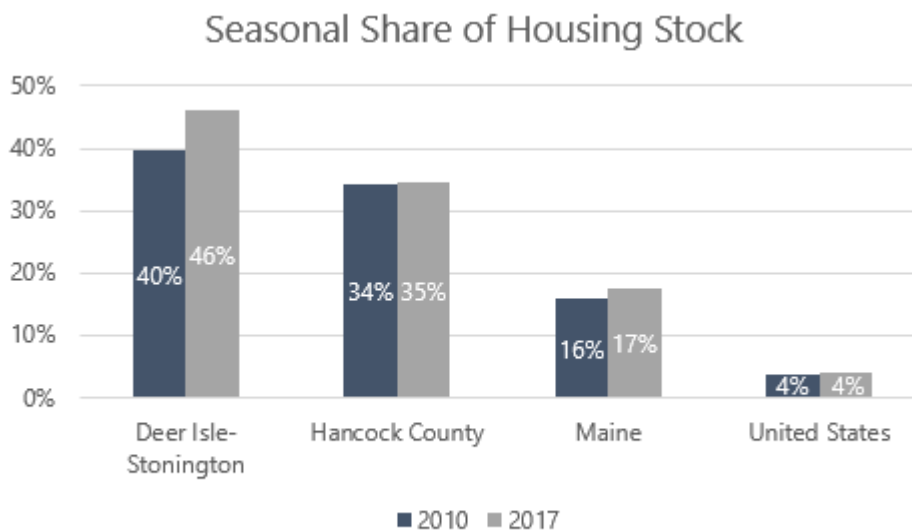
Table 9: Total Housing Units

Total Housing Units								
	Deer Isle-Stonington				Hancock County			
	2010		2017		2010		2017	
Occupied	1,476	52%	1,403	48%	23,300	59%	23,674	58%
Owner	1,116	39%	1,000	34%	17,704	45%	17,455	43%
Renter	360	13%	403	14%	5,596	14%	6,219	15%
Vacant	1,363	48%	1,516	52%	16,070	41%	17,242	42%
Seasonal	1,130	40%	1,353	46%	13,438	34%	14,173	35%
Otherwise Vacant	233	8%	163	6%	2,632	7%	3,069	8%
<b>Total</b>	<b>2,839</b>	<b>100%</b>	<b>2,919</b>	<b>100%</b>	<b>39,370</b>	<b>100%</b>	<b>40,916</b>	<b>100%</b>

Source: ACS 5-Year Estimates

According to ACS, about 46% of all housing units in Deer Isle-Stonington are seasonal units, as of 2017. This is significantly higher than the 35% of seasonal units in Hancock County. Figure 7, below, displays the seasonal share of housing stock, or the percent of total units that are seasonal units, across geographies in 2010 and 2017. The seasonal share of housing stock increased by 5 percentage points in the Study Area over this period. This is compared to only slight upticks in the Hancock County, Maine, and the U.S. Seasonal housing units make up an increasingly larger amount of the housing stock in the Study Area than in the broader geographies.

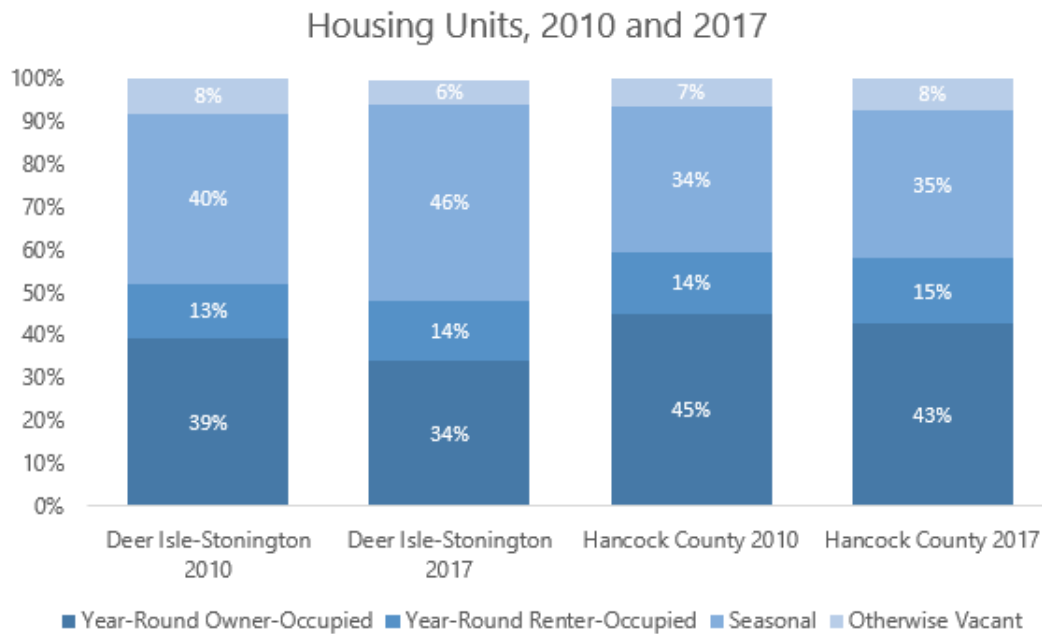
Figure 7: Seasonal Share of Housing Stock, by Geography



Source: ACS 5-Year Estimates

Year-round renter-occupied units make up a small portion of Deer Isle-Stonington’s housing stock. According to ACS, about 400 units, 14% of the total housing stock, were year-round renter-occupied in 2017, which is only a slight increase from the 360 units (13% of all units) that were year-round renter occupied in 2010.

Figure 8: Housing Units by Occupancy Status



Source: ACS 5-Year Estimates

According to ACS, the majority of housing units in Deer Isle-Stonington are single family units (87%). There are very few multifamily units in the Study Area, although mobile homes are somewhat prevalent (7%). Due to a lack of affordable year- round housing, some individuals rent yard space from homeowners and live in mobile home/RV units. It is likely that such situations are not all captured by the ACS statistics. Stonington’s 2018 Comprehensive Plan, which cites data from the Records of Code Enforcement Officer, notes that mobile homes or other similar type of housing make up 15% of the town’s housing stock, while single family units are 77% of the housing stock. Table 10 shows that the breakdown of housing units by units in structure in Hancock County is similar to that in the Study Area.

Table 10: Housing Units by Units in Structure

Housing Units by Units in Structure, 2017				
	Deer Isle-Stonington		Hancock County	
	Units	% of Total	Units	% of Total
1-unit, detached	2,532	87%	32,986	81%
1-unit, attached	7	0%	402	1%
2 units	37	1%	1,520	4%
3 or 4 units	62	2%	1,240	3%
5 to 9 units	47	2%	602	1%
10 to 19 units	-	0%	165	0%
20 or more units	42	1%	638	2%
Mobile home	192	7%	3,361	8%
Boat, RV, van, etc.	-	0%	2	0%
<b>Total</b>	<b>2,919</b>	<b>100%</b>	<b>40,916</b>	<b>100%</b>

Source: ACS 2013-2017 5-Year Estimates

The aging housing stock in the Study Area poses challenges to potential year-round renters and first-time homebuyers. With over a third of units being constructed in 1939 or earlier, much of the available housing stock is old and has suffered from deferred maintenance. The challenges associated with the renovation and upkeep of older homes are not affordable to many potential buyers and renters. Additionally, minimal units have been built in recent years.

Table 11: Housing Units by Year Structure Built

Housing Units by Year Structure Built				
	Deer Isle-Stonington		Hancock County	
	Units	% of Total	Units	% of Total
2014 or later	14	0%	195	0%
2010-2013	39	1%	647	2%
2000-2009	523	18%	7,230	18%
1990-1999	356	12%	6,454	16%
1980-1989	423	14%	5,560	14%
1970-1979	274	9%	5,348	13%
1960-1969	107	4%	2,562	6%
1950-1959	106	4%	1,887	5%
1940-1949	84	3%	1,384	3%
1939 or earlier	993	34%	9,694	24%
<b>Total</b>	<b>2,919</b>	<b>100%</b>	<b>40,961</b>	<b>100%</b>

Source: ACS 2013-2017 5-Year Estimates

Building permit data sourced from the annual reports of the Towns of Stonington and Deer Isle provide a more granular look at the residential building permits issued between 2013 and 2018. Between 2013 and 2018 there were approximately 43 building permits issued for new residences in Deer Isle-Stonington.

Figure 9: Building Permits - New Residences

Building Permits - New Residences			
	Stonington	Deer Isle	Total
2018	3	8	11
2017	4	5	9
2016	4	NA*	4
2015	3	2	5
2014	4	3	7
2013	1	6	7
<b>Total</b>	<b>19</b>	<b>24</b>	<b>43</b>

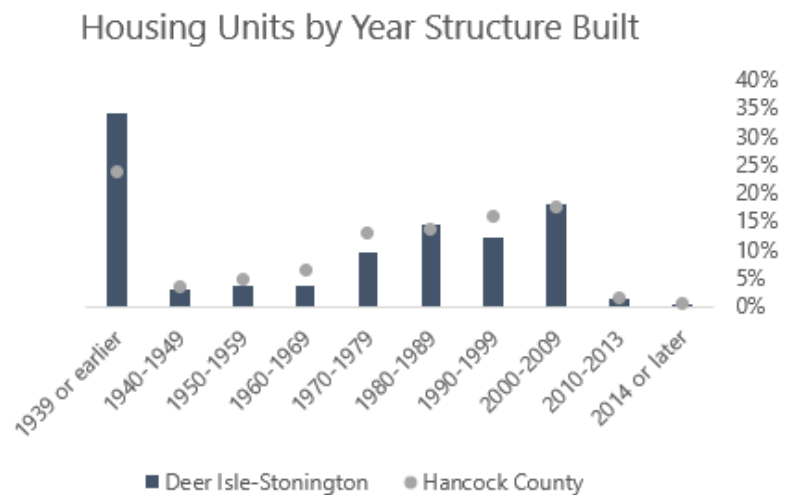
Source: Town of Stonington Annual Reports 2013-2018, Town of Deer Isle Report Annual Reports 2013-2018

\*Deer Isle permit summary not available for 2016.

Figure 10 shows the differences in housing stock age between the Study Area and Hancock County. Hancock County's housing stock is slightly newer than that of the Study Area. In our interviews with stakeholders, the availability of homes that require less maintenance and renovation at more affordable prices was frequently cited as a contributing factor to individuals choosing to live outside of Deer Isle-Stonington.

The Town of Stonington's 2018 Comprehensive Plan states that at least 50% of existing housing stock sales are being made to out-of-town buyers who remain seasonal residents. In addition to the challenges posed by an aging housing stock, this purchase trend puts upward pressure on prices and further constricts the available housing stock for year-round residents.

Figure 10: Housing Units by Year Structure Built



Source: ACS 2017 5-Year Estimates

## Short-Term Vacation Rental Market Trends

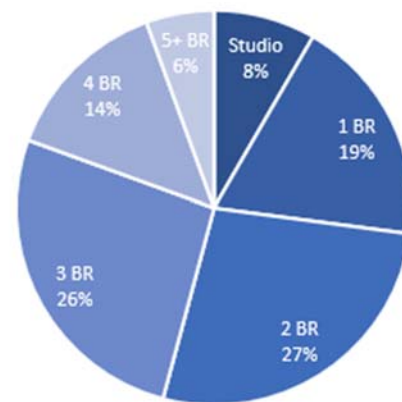
Short-term vacation rentals, such as those listed through platforms like AirBnB and VBRO, impact the local housing market in that they make it easy for homeowners to rent their homes to vacationers, who are typically willing to pay higher rents than local residents. A housing unit that once housed a year-round local resident may be converted to a seasonal short-term rental, removing the unit from the year-round rental housing stock and thus constricting the supply of rental housing and putting upward pressure on housing costs. According to the Town of Stonington's 2018 Comprehensive Plan, year-round residents own only 41% of the land area within the town.

Short-term rental listings for an entire housing unit have the greatest impact on housing affordability, but even listings for a room within an owner-occupied home affects the housing supply. A homeowner that may have otherwise been inclined to rent out a room to a local resident can command a higher price from visitors. At the same time, short-term rentals provide an opportunity for locals to supplement their incomes by renting out their homes during peak season while they live elsewhere. According to data from AirDNA as collected by IWH, 93% of Study Area AirBnB listings are for a full house.

Additionally, data from AirDNA reveals that over the six years between 2012 and 2018 there has been a huge uptick in the number of AirBnB rentals available in Deer Isle-Stonington. In 2012, there were three rentals listed in the Study Area. By 2018 the number of listed rentals increased dramatically to 298.<sup>4</sup> Over 50% of the rentals were for either two bedroom or three-bedroom units.

Figure 11: Air BnB Rental Size, Deer Isle-Stonington

AirBnB Rental Size, Deer Isle-Stonington



Source: AirDNA, IWH

Figure 12: Number of Rentals, Deer Isle-Stonington

Number of AirBnB Rentals, Deer Isle-Stonington



Source: AirDNA, IWH

In addition to short term rentals listed through sites like AirBnB, local and regional real estate agencies rent additional short-term vacation units. According to representatives from The Island Agency, approximately 75-80 of the units they work with are seasonal units. This is compared to their approximately 20 year-round units. Additionally, Downeast Maine Vacation Rentals hold another approximately 50 seasonal listings. These figures do not include units that may be rented independently (i.e. not through an agency or AirBnB). Of the seasonal rentals, the Island Agency estimates that approximately 30% are income properties while the remaining 70% are second homes for occasional use by the owners.

<sup>4</sup> Note that this data only tracks AirBnB listings and is not a comprehensive view of all short-term rentals in the Study Area. However, it provides an indication that the number of short-term rentals is increasing significantly. AirDNA now tracks Homeaway rentals, however this data is solely AirBnB listings.

## Housing Affordability

### Homeownership Affordability

According to data from MaineHousing<sup>5</sup>, the median income for Hancock County in 2018 was approximately \$51,740. Median income was \$45,833 in Deer Isle and \$48,885 in Stonington while the income needed to afford a home in these towns was \$72,946 and \$78,853, respectively.

Table 12: Homeownership Affordability, 2018

Homeownership Affordability, 2018				
	Median Income	Income Needed to Afford Median Home Price	Index*	Median Home Price
Deer Isle	\$ 45,833	\$ 72,946	0.63	\$ 254,630
Stonington	\$ 48,885	\$ 78,853	0.62	\$ 266,000
Hancock County	\$ 51,740	\$ 60,283	0.86	\$ 210,000

\*The Homeownership Affordability Index is the ratio of Home Price Affordable at Median Income to Median Home Price. An index of less than 1 means the area is generally unaffordable - i.e., a household earning area median income could not cover the payment on a median priced home (30 year mortgage, taxes and insurance) using no more than 28% of gross income.

Source: MaineHousing - 2018 Housing Facts and Affordability Index for Hancock County

Data from MaineHousing shows that 69% of Deer Isle-Stonington households were unable to afford the median home in their respective towns, and 67% of homes sold in Deer Isle and 83% of homes sold in Stonington in 2018 were unattainable to median income households.

Table 13: Measures of Homeownership Attainability, 2018

Measures of Homeownership Attainability, 2018		
	Households Unable to Afford Median Home	Unattainable Homes as a Percentage of Homes Sold
Deer Isle	69%	67%
Stonington	69%	83%
Hancock County	57%	62%

Source: MaineHousing - 2018 Housing Facts and Affordability Index for Hancock County

Table 14 displays data on recent home sales in Deer Isle and Stonington. In 2018, a total of 48 homes were sold. The median sale price in 2018 was \$197,000 in Deer Isle and \$266,000 in Stonington.

Table 14: Recent Home Sales, Deer Isle-Stonington

Recent Home Sales, Deer Isle-Stonington				
Year	Deer Isle		Stonington	
	# Sold	Median Sale Price	# Sold	Median Sale Price
2016	47	\$ 157,000	20	\$ 311,050
2017	30	\$ 204,250	28	\$ 235,000
2018	28	\$ 197,000	20	\$ 266,000

Source: Island Workforce Housing via Maine Real Estate Info System

<sup>5</sup> More detailed data tables from MaineHousing which include additional comparison geographies are included in Attachment A.



## Rental Affordability

According to data from MaineHousing, median rent for 2-bedroom units in Stonington is around \$914, including utilities.<sup>6</sup> The income needed to afford median rent in Stonington is \$36,579 which is nearly \$8,000 more than the renter household median income in Stonington.

Unit size and utilities included varies across the Study Area and impacts the rent that is charged on units. A survey of landlords that was conducted by IWH found that a median bedroom count of 2.0 and a median rent of \$650 across surveyed units<sup>7</sup>.

A summary of this survey is included in Table 15.

Table 15: Deer Isle-Stonington Rental Unit Summary

Deer Isle-Stonington Rental Unit Summary			
Building Type	Bedroom Count	Rent	Utilities Included
Apartment	3	\$ 1,500	Some
Apartment	2	\$ 895	Some
Apartment	2	\$ 875	All
Apartment	2	\$ 850	Some
Apartment	1	\$ 800	some
Apartment	1	\$ 800	Some
Apartment	1	\$ 675	None
Apartment	1	\$ 650	All
Apartment	1	\$ 650	All
Apartment	1	\$ 650	All
Apartment	2	\$ 350	None
Cottage	2	\$ 600	None
Cottage	2	\$ 600	None
Cottage	2	\$ 600	None
House	3	\$ 900	None
House	2	\$ 750	None
House	1	\$ 850	None
House	1	\$ 650	None
House	1	\$ 650	None
House	1	\$ 650	None
Trailer	2	\$ 600	None
Average	1.6	\$ 740	
Median	2.0	\$ 650	

Source: IWH Landlord Interviews

Table 16: Rent Affordability, 2017

Rent Affordability, 2017				
	Renter Household Median Income	Income Needed to Afford Avg 2 BR Rent	Index*	Average 2 BR Rent (with utilities)
Stonington	\$ 28,666	\$ 36,579	0.78	\$ 914
Hancock County	\$ 28,341	\$ 39,357	0.72	\$ 1,033

\*The Rental Affordability Index is the ratio of 2-Bedroom Rent Affordable at Median Renter Income to Average 2-Bedroom Rent. An index of less than 1 means the area is generally unaffordable - i.e., a renter household earning area median renter income could not cover the cost of an average 2-bedroom apartment (including utilities) using no more than 30% of gross income.

Source: MaineHousing - 2017 Housing Facts and Affordability Index for Hancock County

<sup>6</sup> The 2017 Housing Facts and Affordability Index for Hancock County does not include rental data for Deer Isle.

<sup>7</sup> This survey has a sample size of 21 units.

Data on gross rent, or the contract rent plus the estimated average monthly cost of utilities as paid by the renter, as a percentage of income is displayed in the following table. 43% of Deer Isle-Stonington households spend 30% or more of their income on rent, exceeding the generally accepted affordability threshold of 30%.

Table 17: Gross Rent as a Percentage of Household Income (GRAPI)

Gross Rent as a Percentage of Household Income (GRAPI), 2017		
	Deer Isle-Stonington	
	Units	% of Total
Less than 15.0 percent	36	11%
15.0 to 19.9 percent	27	8%
20.0 to 24.9 percent	50	15%
25.0 to 29.9 percent	72	22%
30.0 to 34.9 percent	43	13%
35.0 percent or more	98	30%
<b>Total*</b>	<b>326</b>	<b>100%</b>

Source: ACS 2013-2017 5-Year Estimates

\*Calculated on renter-occupied units. Excludes 77 units for which ACS did not calculate GRAPI.

Our interviews with realtors, landlords, and stakeholders suggest that the rentals typically range from \$550 (one bedroom, no utilities included) to \$950 (4 bedroom home, utilities including a generator included) per month in the off season. If year-round units were in greater supply, rents within the \$700-\$800 range could be attainable for many of the Study Area’s year-round workers. However, units will typically rent at rates in this range in the off season (September to May), but rents will spike during the peak season (June to August). Summer rates can range from \$1,200 to \$3,000 per week. At peak season rates, units that are affordable to year-round residents in the off-season become unattainable for these residents.



# Rental Housing Demand Analysis

## Supply of Rental Units

### Existing Units

Year-round rental units, including those both occupied and vacant at the time of the ACS 2017 survey, account for just 15% of Deer Isle-Stonington’s total housing stock. Seasonal rental units, including those listed on Airbnb and as vacation rentals through various agencies account for 16% of the study area’s housing stock.<sup>8</sup> In total, we estimate that there are 902 rental units in the Study Area, fewer than half of which are year-round rentals.

Table 18: Total Rental Units, 2017

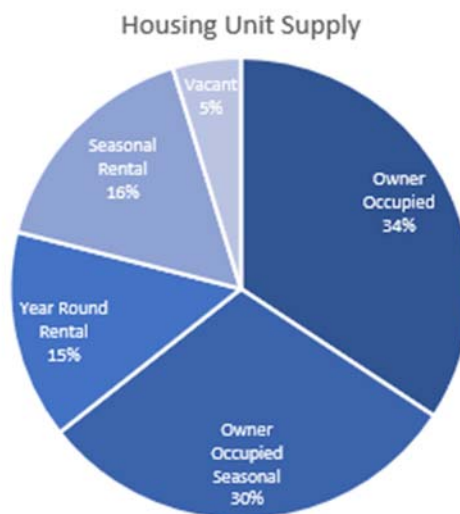
Total Rental Units, Deer Isle-Stonington, 2017		
	# Units	% of Total Units
Renter Occupied	403	14%
For Rent - Vacant	24	1%
<b>Total Year-Round Rental Units</b>	<b>427</b>	<b>15%</b>
Airbnb Listings	298	10%
Other Seasonal Rentals*	127	4%
<b>Total Seasonal Rental Units</b>	<b>475</b>	<b>16%</b>
<b>Total Rental Units</b>	<b>902</b>	<b>31%</b>

Source: ACS 2013-2017 5-Year Estimates, AirDNA, Camoin Associates

\*Estimate based on interviews and rental agency vacation listings.

A breakdown of units by type as a percent of total housing unit supply is summarized in Figure 13.

Figure 13: Housing Unit Supply



Source: ACS 2013-2017 5-Year Estimates, AirDNA, Camoin Associates

<sup>8</sup> Camoin Associates estimates 475 seasonal rental units in Deer Isle-Stonington. This is based on listing data from AirDNA, listings from realtor websites, and conversations with stakeholders.

Based on these estimates, the approximately 475 seasonal rental units account for 35% of total seasonal units. The remaining 65% of seasonal units may be second homes that are used by the owners, rather than rented out.

Table 19: Total Seasonal Units

Total Seasonal Units, Deer Isle-Stonington, 2017		
	# Units	% of Seasonal Units
Total Seasonal Rental Units	475	35%
Total Seasonal Non-Rental Units	878	65%
Total Seasonal Units	1,353	100%

Source: ACS 2013-2017 5-Year Estimates, AirDNA, Camoin Associates

## New Unit Construction

Between 2013 and 2018 there were 43 new residential building permits issued in Deer Isle-Stonington, averaging 7 per year. Assuming no changes and considering the current cost of land and construction, the sales prices and rents associated with many new homes will be out of reach for most of Deer Isle-Stonington’s year-round workers. As a result, new residential units will likely be purchased by seasonal residents. Meanwhile, the working population of the Study Area will continue to shrink as year-round workers are increasingly priced out of the housing market.

Table 20: Residential Building Permits, 2013-2018

Building Permits - New Residences			
	Stonington	Deer Isle	Total
2018	3	8	11
2017	4	5	9
2016	4	NA*	4
2015	3	2	5
2014	4	3	7
2013	1	6	7
<b>Total</b>	<b>19</b>	<b>24</b>	<b>43</b>

Source: Town of Stonington Annual Reports 2013-2018,

Town of Deer Isle Report Annual Reports 2013-2018

\*Deer Isle permit summary not available for 2016.

## Available Units

A closer look at the vacant housing units in Deer Isle-Stonington reveals that of the 163 otherwise vacant housing units 87 units, or 3% of the total housing stock, are “other vacant.” This means that these year-round units are vacant for reasons such as the settlement of an estate, personal reasons, being prepared to rent or sell, or held for repairs.

Table 21: Vacant Housing Units, 2017

Vacant Housing Units, Deer Isle-Stonington, 2017		
	# Units	% of Total Units
Otherwise Vacant	163	6%
For Rent	24	1%
For Sale	52	2%
Other Vacant	87	3%

Source: ACS 2013-2017 5-Year Estimates

In some cases, these other vacant units represent units that could potentially be converted to year-round rental units. Of course it is unrealistic to assume that all 87 units could become year-round rental units, as owner preferences, unit condition, or legal reasons could prevent these units from being converted to year-round rentals. Additionally, price pressures and potential revenue generation from the seasonal rental market cause many homeowners to choose to rent their units with seasonal pricing, rather than at an affordable year-round rate. Therefore, we conservatively estimate that between 5% and 10% of other vacant units could be converted to year-round rental units. This equals between 4 and 8 new units. Going forward, it will be important to communicate with the owners of the “other vacant” units to identify which units are available for conversion to year-round rental units. Key to this communication is understanding what it would take for the owners to rent out these properties.

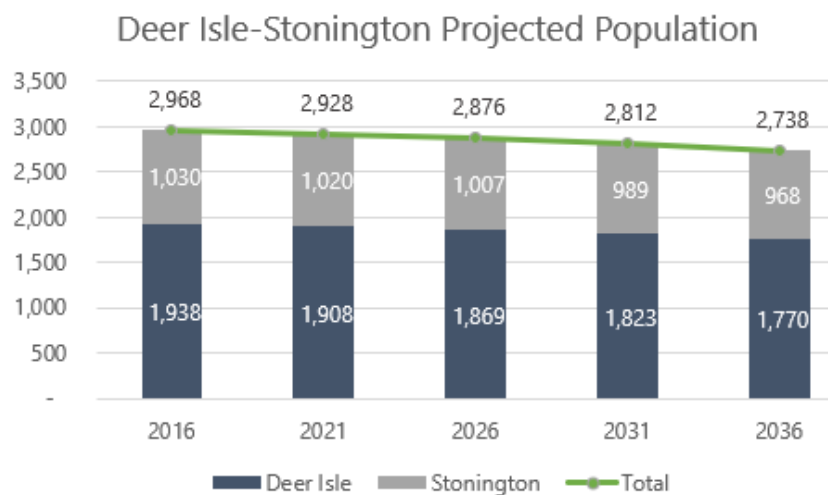
## Demand of Rental Units

### Future Population Analysis

Demographic and population estimates show that it is unlikely that an influx of new residents will significantly contribute to increasing demand for rental housing; therefore, the focus should be placed on satisfying pent-up rental demand from existing residents and workers and creating conditions that will attract new population.

Projections from the State of Maine State Economist anticipate that year-round population of the Study Area will gradually decline through 2036. It is estimated that the population will decline by 230 residents between 2016 and 2036 to 2,738, a decline of nearly 8% from 2016 population figures. This continues the historical trend of declining population, as displayed in Table 2 and Figure 2.

Figure 14: Deer Isle-Stonington Projected Population



Source: State of Maine

Further analysis of population projections through 2023 shows that older, wealthier households will comprise a greater share of total households while younger, more moderate income households will comprise a lesser share.

Table 22: Deer Isle-Stonington Change in Households by Age and Income, 2018-2023

	<25	25-34	35-44	45-54	55-64	65-74	75+	Total
<\$15,000	0	(3)	(1)	(8)	(14)	(9)	3	(32)
\$15,000-\$24,999	(3)	(3)	(2)	(7)	(8)	(8)	(1)	(32)
\$25,000-\$34,999	(2)	(6)	(1)	(4)	(10)	(4)	4	(23)
\$35,000-\$49,999	(1)	(5)	(3)	(5)	(7)	0	4	(17)
\$50,000-\$74,999	(1)	(1)	3	(3)	(2)	7	6	9
\$75,000-\$99,999	0	(1)	1	(3)	(2)	3	5	3
\$100,000-\$149,999	0	3	9	3	7	13	8	43
\$150,000-\$199,999	0	0	5	4	5	4	4	22
\$200,000+	0	0	2	4	4	4	4	18
Total	(7)	(16)	13	(19)	(27)	10	37	(9)

Source: ESRI

This population shift will have economic and social implications for the Study Area, as a greater share of the population enters retirement and the workforce shrinks. Gains in the number of senior and wealthier households are cancelled out by losses in younger and middle-aged households. The only non-senior age cohort expected to grow is the 35-44 age group, which is projected to expand by 13 households by 2023.

While the effects of an aging population are being felt well beyond the Study Area in Hancock County, Maine, and the U.S. as a whole, the shrinking lower-to-middle-income population in Deer Isle-Stonington can largely be attributed to the lack of affordable year-round housing. If housing supply and costs continue on a similar trajectory, the working-age population will continue to decrease and the aging of the population will accelerate. Also notable is that senior households are expected to increase across many of the lower income brackets as well. Though not the primary target of this analysis, these seniors will need affordable places to live that will allow them to remain in the Study Area.

### Seasonal Workers

Though this analysis focuses on the needs of year-round workers rental housing for seasonal workers is another area of concern for the Study Area and particularly its employers. In our interviews, this was noted to be a particular need for the fishing industry, which employs a large number of single young males during the summer season. Sternmen who are early in their careers often do not yet have their own families and as a result do not have the need for, or the income to afford, owning a house or renting a large unit. The lack of housing options available to this demographic during the May through October season means that these workers oftentimes live over an hour away from Stonington’s harbor. This makes it difficult for employers to attract workers to these occupations during peak fishing season.

Interviews conducted by IWH with additional employers revealed that employers in the hospitality industry face similar challenges in housing the seasonal workers that they need to work at their lodging and restaurant establishments. It’s not uncommon for employers to buy or rent space to house their seasonal employees. This added responsibility is not something that employers want to take on, but is something that they are forced to take on in order to run their businesses. The IWH employer survey and interviews quantified this worker demand by finding that employers would hire an additional 41 to 51 seasonal employees if housing were available and affordable.

While the type of rental housing that is most appropriate for this group will differ from that desired by year-round workers, it is important to acknowledge that there is additional demand for rental units beyond the scope of this analysis.

Table 23: Deer Isle-Stonington Seasonal Employee Potential

Deer Isle-Stonington Seasonal Employee Potential		
Employer Type	Seasonal Employees	
	Current #	Potential Additional #
Wholesale	2	4-5
Wholesale	0	8
Education	4	3-5
Lodging	10	3
Contractor	4	1
Wholesale/Restaurant	5	3-5
Lodging	8-10	8-10
Restaurant	5-8	5-8
Contractor	4	3
Restaurant	4	3
<b>Total</b>	<b>46-51</b>	<b>41-51</b>

Source: IWH Business Survey

## Population to Address

While our research reveals that there are several population groups that may be targeted for rental housing, for the purposes of this analysis year-round workers are prioritized. Year-round workers are:

- People who work in Deer Isle-Stonington but may live elsewhere;
- People who live and work in Deer Isle-Stonington by renting a vacation home off-season, and living elsewhere during the June through September season;
- Generally younger, middle-income people, including young families seeking their first homes;
- Employed by the School District, Towns, fishing/lobster industry, healthcare industry, and others.

According to 2015 U.S. CensusOnTheMap data, the most recent year for which data is available, 32% of Deer Isle-Stonington workers work in the Study Area but live elsewhere (“in-commuters”) and 68% of workers live in Deer Isle-Stonington. By applying these percentages to 2018 EMSI employment data (including self-employed), we estimate that approximately 446 workers in-commute and 949 workers live in the Study Area.<sup>9</sup>

Table 24: Deer Isle-Stonington Year-Round Workers

Deer Isle-Stonington Year-Round Workers		
	% of Workers (2015)	# of Workers (2018)
Workers In-Commuting	32%	446
Workers Employed and Living in Study Area	68%	949
<b>Total Workers</b>	<b>100%</b>	<b>1,395</b>

Source: EMSI, U.S. CensusOnTheMap

### In-Commuters

As mentioned above, it is estimated that approximately 446 workers commute in to the Study Area for work. Interviews with real estate brokers and other stakeholders revealed that many of these workers and their families would like to live in Deer Isle-Stonington but ultimately seek housing in other locations where they are able find available units and can often get more space for their money. Certainly this does not mean that all of these workers would be interested in living in the Study Area if rental housing was available and at an affordable price point. As supported by IWH’s employer interviews<sup>10</sup>, many of these workers would still commute in from outside of the Study Area for various reasons – another member of the household may work in an opposite direction, a desire to be close to family members, ties to their existing school district and community, etc. However, for a subset of this group, their ideal place of residence is Deer Isle-Stonington. Based on our research, we use a conservative assumption that 10-25% of commuters in this subset would like to live in Deer Isle-Stonington. Our interviews support this number as a reasonable estimate of the number of new year-round homes that are needed in the Study Area.

The appropriate price points to attract these in-commuters depends on their earnings. According to the 2015 Census data, 26% of in-commuters earn \$1,250 or less per month (\$15,000 or less annually), 41% of in-commuters earn between \$1,251 and \$3,333 per month (approximately between \$15,001 and \$40,000 annually), and 33% of in-commuters earn more than \$3,333 per month (or more than approximately \$40,000 annually). When considering the 446 estimated in-commuters, this means that 116 in-commuters earn less than \$15,000 annually, 183 in-commuters earn between \$15,001 and \$40,000 annually, and 147 in-commuters earn more than \$40,000 annually. These figures

<sup>9</sup> U.S. CensusOnTheMap data does not include self-employed workers. Therefore, differences are expected between the 2018 estimates in Table 24 and the commuter counts in Table 7.

<sup>10</sup> IWH conducted interviews with 13 employers in Deer Isle-Stonington.

represent earnings of individual workers, and not total household income. In other words, the earnings of other individuals in the household are not considered.

Table 25: Monthly Earnings of In-Commuters

Monthly Earnings of Deer Isle-Stonington In-Commuters			
Monthly Earnings	Annual Equivalent	Count	Share
\$1,250 or less	\$15,000 or less	116	26%
\$1,251-\$3,333	\$15,001-\$40,000	183	41%
Greater than \$3,333	Greater than \$40,000	147	33%
<b>Total</b>		<b>446</b>	<b>100%</b>

Source: U.S. Census OnTheMap, Camoin 310

Although this earnings data is not representative of total household income, we can estimate from these earnings that household income of most commuters is below the income needed to afford to purchase a median priced home in Deer Isle-Stonington. Income needed to afford the median home price is nearly \$73,000 in Deer Isle and nearly \$79,000 in Stonington, but approximately \$60,000 in the rest of Hancock County. Therefore, we assume that people earning an income above \$60,000 will likely purchase homes elsewhere rather than rent in the Study Area. As a result, these individuals are not considered to be part of the year-round rental target market.

The below chart shows the amount that in-commuters can afford to spend on housing in three different earnings groups. The amount that in-commuters can afford to spend on housing (rent and utilities) ranges from less than \$400 to over \$1,000 (assuming housing costs to be 30% of income).

Table 26: Housing Affordability of In-Commuters

In-Commuter Housing Affordability			
Earnings Group	# In-Commuters	Monthly Earnings	Amount to Spend on Housing
Low	116	\$1,250 or less	\$375 or less
Medium	183	\$1,251-\$3,333	\$376-\$999
High	147	Greater than \$3,333	\$1,000+

Source: U.S. Census OnTheMap, Camoin 310

If year-round rentals were available at off-peak market rates in the range of \$650 to \$850 per month, between 190 and 260 in-commuters would be able to afford to rent units in the Study Area. For rents in the range of \$650 to \$850 per month, this is households making at least \$2,167 per month but below \$60,000 per year (\$5,000 per month). This estimate includes all 183 commuters in the medium group, as well as some of the “high” group who are making less than \$60,000 annually, and potentially a handful from the “low” group. Although not all monthly incomes in the low and medium group fall into the necessary income range, it is likely that some of these households have multiple earners and as a result have a combined income of at least \$2,167 per month.

Of the 190-260 commuters to fall into this income range, we assume that 10-25% of these individuals would choose to live in Deer Isle-Stonington if housing was affordable. This means that there is demand for between 20 and 65 additional rental housing units in the \$650 to \$850 monthly rent range.



### Under-Housed Resident Workers

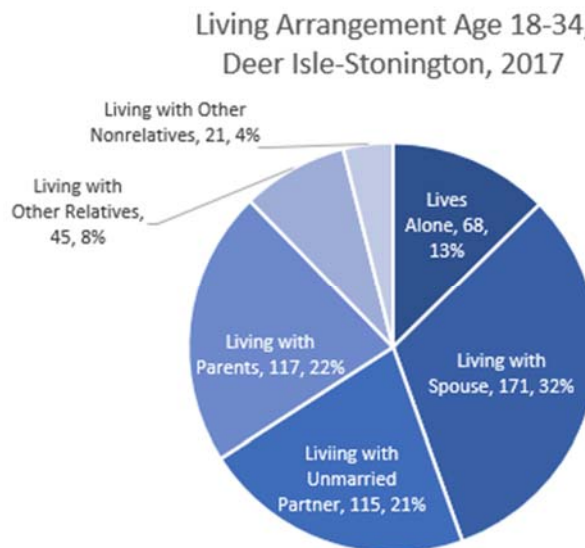
In addition to in-commuters, under-housed resident workers are also a target population for rental units. Under-housed resident workers are workers who live on the island but may be young workers who still live at home with their parents, or workers who rent a vacation home in the off season at reasonable rates but are then forced to move and live elsewhere June through September.

While it is difficult to quantify the under-housed population, data from the U.S. Census Bureau can be used to consider those who live in the Study Area but do not live independently. Specifically, data pertaining to the young adult cohort was analyzed, as this target population are those individuals who are most likely early in their careers and potentially seeking rental housing. According to the 2017

American Community Survey, 183 individuals age 18 to 34 in the Study Area either live with their parents, live with other relatives, or live with other nonrelatives.<sup>11</sup> This represents 34% of Deer Isle-Stonington’s age 18 to 34 cohort.

Table 27 compares the living arrangements of this age group to the total adult population in Deer Isle-Stonington. When looking at the total adult population of the Study Area (which includes the age 18-34 group), only 13% of people live with others (parents/relatives/nonrelatives).

Figure 15: Living Arrangement Age 18-34, Deer Isle-Stonington, 2017



Source: ACS 2013-2017 5-Year Estimates

Table 27: Living Arrangement Deer Isle-Stonington, 2017

Living Arrangement Deer Isle-Stonington, 2017				
	Age 18-34		Total Adult Population	
	#	% of age cohort	#	% of adult population
Lives Alone	68	13%	393	16%
Living with Spouse	171	32%	1541	61%
Living with Unmarried Partner	115	21%	273	11%
Living with Parents	117	22%	123	5%
Living with Other Relatives	45	8%	144	6%
Living with Other Nonrelatives	21	4%	56	2%
<b>Total Living with Others (non spouse/partner)</b>	<b>183</b>	<b>34%</b>	<b>323</b>	<b>13%</b>
<b>Total</b>	<b>537</b>	<b>100%</b>	<b>2530</b>	<b>100%</b>

Source: ACS 2013-2017 5-Year Estimates

A higher percent of young adults living with parents, relatives, or friends is in line with state and national trends. However, there is anecdotal evidence from Deer Isle-Stonington that a portion of people in this age group are in such a housing arrangement involuntarily. During our interviews numerous stakeholders spoke from experience,

<sup>11</sup> This excludes individuals who live alone, live with a spouse, or live with a partner (unmarried).



either their own experience or through knowledge of relatives/colleagues' experiences, about being unable to afford to move out of their parents' home or being forced to leave a quality rental for the summer months when prices spike. Oftentimes, those that can afford to rent a nice home or apartment during the off-season wind up needing to find other living arrangements, including even camping in tents, from June through September. This is a hindrance to employment, particularly school district employment. Most teachers cannot afford summer rental rates, and rates on many units increase before the school year ends and decrease after the school year begins. The inability to find an affordable year-round rental, or an affordable rental for the length of the school year, leads to attrition among teachers and prevents the school district from being able to attract new employees.

By using living arrangement data as a proxy for under-housed workers we can quantify the additional demand for affordable year-round units that this market could support. Based on our interviews and assessment of current conditions in Deer Isle-Stonington we believe that approximately 5-10% of adults age 18-34 living with others would live independently if they could. Despite housing affordability challenges in the Study Area, fewer young adults are living with others in the Study Area than in the county. The percent of young adults living with others is lower in Deer Isle-Stonington (34%) than in Hancock County (45%).

Table 28: Living Arrangement - Young Adults (18-34) Living With Others, 2017

Living Arrangement - Young Adults (18-34) Living With Others, 2017		
	Deer Isle- Stonington	Hancock County
% Living with Others	34%	45%

Source: ACS 2013-2017 5-Year Estimates

Those who would voluntarily continue to live with relatives may be attending school, saving money for a down payment or other purchase, paying off loans, caring for a family member, or requiring care themselves. Of the 5-10% of young adults living with others who desire to live independently, it is unlikely that all of them are interested in renting (and in renting in the Study Area). However, it is also unlikely that this data captures all situations of under-housing.<sup>12</sup> Therefore, we will continue to assume that 5-10% of the 183 young adults living with others would rent in the Study Area if there were affordable year-round options available. As a result, we estimate demand for affordable year-round rental units by under-housed resident workers at approximately 10-20 units.

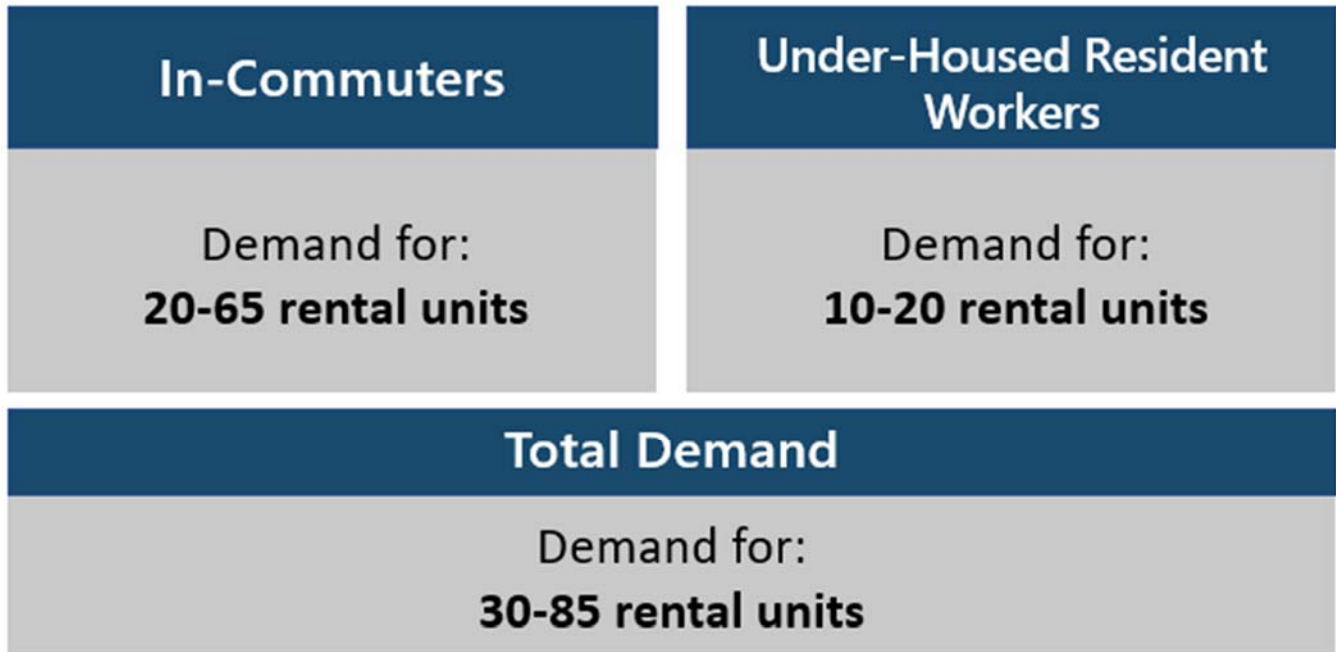
Various stakeholders and IWH provided data on reasonable rents for employees in the school district, at the nursing home, and in various fishing related occupations. These reasonable rent ranges of \$650 to \$850 per month are in line with median off-season rental rates. If units were available at these rates on a year-round basis, demand for approximately 10-20 rental units by under-housed resident workers could be met.

<sup>12</sup> This proxy for under-housing excludes people who rent during the off season and find alternative arrangements during the summer season. Information from landlords regarding how often they rent their property to new tenants throughout the year, and for what period of the year their property is rented, is necessary to quantify the amount of renters that are in this situation.

## Total Demand Summary

Figure 16 summarizes the demand for affordable year-round rental housing units by both in-commuters and under-housed resident workers.

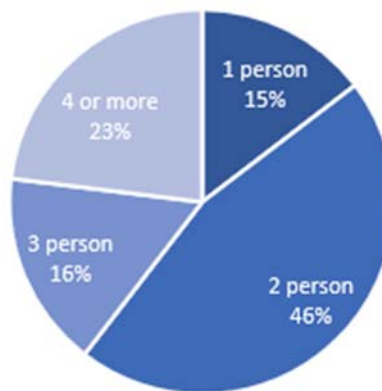
Figure 16: Deer Isle-Stonington Year-Round Rental Housing Demand



To determine preferred bedroom counts for these units, we examined household size of the Study Area's working population, the target demographic of this analysis. Of Deer Isle-Stonington's working population, 46% of households are 2-person households. This is followed by 4 or more person households (23%), 3-person households (16%), and 1-person households (15%).

Figure 17: Household Size of Working Population

## Household Size of Working Population



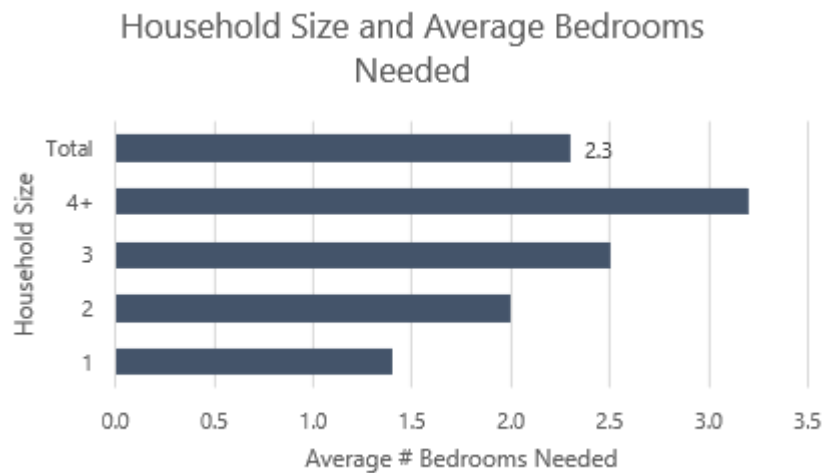
Source: ACS 2013-2017 5-Year Estimates

Through our interviews with stakeholders, including with the Island Agency, we found that multi-bedroom units (two- and three-bedroom) are in high demand, with one-bedroom units often being harder to fill. A resident survey conducted by IWH further supports this demand. Figure 18 displays the results of this survey and shows the average number of bedrooms needed for each household size of survey respondents. The average number of bedrooms needed by respondents is 2.3 bedrooms.

Based on the household size of the working population, as well as on information gathered through interviews and the IWH resident survey, we estimate that there is demand for between 6 and 17 one-

bedroom rental units, between 18 and 51 two-bedroom rental units, and between 6 and 17 three-bedroom rental units. Based on the generally accepted affordability principle that housing costs should not exceed 30% of gross household income, rents on these units would be best suited to target households between 70% and 80% of AMI.<sup>13</sup> If we assume that the tenant pays all utilities and trash removal, and adjust the 80% AMI allowable gross rents by the HUD utility allowances<sup>14</sup>, rents will range from \$650 to \$1,050 depending on unit size (Table 29).

Figure 18: Household Size and Bedrooms Needed



Source: IWH Resident Survey

Table 29: Rental Demand by Unit Size

Rental Demand by Unit Size			
# Bedrooms	# Units	% Units	Monthly Rent
1	6-17	20%	~\$650-750
2	18-51	60%	~\$750-900
3	6-17	20%	~\$875-1,050
<b>Total</b>	<b>30-85</b>	<b>100%</b>	

Source: Camoin 310

While housing a greater share of the Study Area’s workforce in Deer Isle-Stonington will have positive economic and social impacts for the area, it is important to note that Hancock County and much of Maine are also projected to lose population, and especially working-age population. Beyond attracting residents from elsewhere in the region, new affordable housing will increase the attractiveness of Deer Isle-Stonington to prospective employees of the Study Area’s higher profile industries, such as fishing, drawing a critical workforce to the Study Area from well beyond Maine’s borders.

<sup>13</sup> The area median income (AMI) is a statistic generated by the U.S. Department of Housing and Urban Development (HUD). HUD determines AMI on an annual basis for each area and makes adjustments for household size and other factors. 80% AMI represents 80% of median household income. 2018 AMI and maximum gross rents by unit size are included in Attachment B, as sourced from MaineHousing.

<sup>14</sup> Region 7 HUD Utility Allowances included in Attachment C.

## Attachment A: Maine Housing Data

Homeownership Affordability Index		Year	Index	Median Home Price <sup>1</sup>	Median Income <sup>2</sup>	Income Needed to Afford Median Home Price	Home Price Affordable to Median Income
Ellsworth, ME LMA Housing Market		2014	0.95	\$185,000	\$47,356	\$49,749	\$176,100
		2015	0.95	\$186,450	\$47,248	\$49,523	\$177,883
		2016	0.94	\$189,000	\$47,693	\$50,910	\$177,059
		2017	0.86	\$207,500	\$48,470	\$56,672	\$177,470
		2018	0.85	\$210,000	\$50,966	\$60,162	\$177,900
Brooklin			0.42	\$465,000	\$53,049	\$127,098	\$194,085
Mount Desert			0.50	\$544,000	\$74,265	\$148,746	\$271,605
Southwest Harbor			0.51	\$355,000	\$53,049	\$104,208	\$180,719
Castine			0.54	\$305,750	\$47,000	\$86,665	\$165,814
Sedgwick			0.56	\$267,500	\$43,864	\$77,832	\$150,755
Bar Harbor			0.58	\$316,500	\$52,754	\$90,523	\$184,447
Stonington			0.62	\$266,000	\$48,885	\$78,853	\$164,906
Deer Isle			0.63	\$254,630	\$45,833	\$72,946	\$159,987
Blue Hill			0.67	\$271,425	\$51,291	\$76,737	\$181,421
Surry			0.73	\$290,640	\$58,540	\$80,572	\$211,166
Hancock			0.75	\$194,000	\$42,688	\$57,053	\$145,154
Steuben			0.76	\$162,500	\$39,315	\$51,757	\$123,437
Tremont			0.80	\$215,000	\$48,568	\$60,798	\$171,750
Trenton			0.81	\$240,000	\$55,306	\$67,893	\$195,505
Ellsworth			0.82	\$185,000	\$47,485	\$57,781	\$152,034
Ellsworth, ME LMA Housing Market			0.85	\$210,000	\$50,966	\$60,162	\$177,900
Penobscot			0.86	\$192,500	\$47,794	\$55,788	\$164,917
Maine			0.89	\$212,500	\$56,987	\$64,367	\$188,138
Verona			0.90	\$211,950	\$55,233	\$61,529	\$190,263
Gouldsboro			0.94	\$175,000	\$45,988	\$49,156	\$163,722
Lamoine			0.94	\$235,000	\$62,264	\$66,448	\$220,202
Brooksville			0.94	\$305,000	\$76,809	\$81,329	\$288,050
Franklin			0.98	\$125,000	\$36,202	\$37,090	\$122,007
Otis			1.01	\$210,000	\$59,853	\$59,004	\$213,021
Sullivan			1.03	\$140,000	\$43,029	\$41,979	\$143,502
Bucksport			1.07	\$138,750	\$45,694	\$42,833	\$148,018
Mariaville			1.15	\$160,000	\$55,702	\$48,545	\$183,590
Prospect			1.32	\$155,000	\$61,775	\$46,678	\$205,130
Orland			1.47	\$138,500	\$60,065	\$40,943	\$203,186

The Homeownership Affordability Index is the ratio of Home Price Affordable at Median Income to Median Home Price. An index of less than 1 means the area is generally unaffordable - i.e., a household earning area median income could not cover the payment on a median priced home (30 year mortgage, taxes and insurance) using no more than 28% of gross income.

## Households Unable to Afford Median Home

Location	Households Unable to Afford Median Home		Total Households	Median Home Price <sup>1</sup>	Income Needed to Afford Median Home	
	Percent	Number			Annual	Hourly
Southwest Harbor	81.3%	636	782	\$355,000	\$104,208	\$50.10
Bar Harbor	81.3%	2,112	2,599	\$316,500	\$90,523	\$43.52
Brooklin	78.0%	315	404	\$465,000	\$127,098	\$61.10
Sedgwick	70.4%	356	505	\$267,500	\$77,832	\$37.42
Castine	69.4%	258	372	\$305,750	\$86,665	\$41.67
Deer Isle	69.4%	671	967	\$254,630	\$72,946	\$35.07
Stonington	68.7%	347	505	\$266,000	\$78,853	\$37.91
Blue Hill	67.5%	929	1,377	\$271,425	\$76,737	\$36.89
Mount Desert	66.6%	630	946	\$544,000	\$148,746	\$71.51
Trenton	65.4%	465	711	\$240,000	\$67,893	\$32.64
Surry	63.9%	415	649	\$290,640	\$80,572	\$38.74
Hancock	63.8%	687	1,077	\$194,000	\$57,053	\$27.43
Steuben	61.8%	304	492	\$162,500	\$51,757	\$24.88
Tremont	60.9%	446	733	\$215,000	\$60,798	\$29.23
Ellsworth	57.4%	2,012	3,502	\$185,000	\$57,781	\$27.78
Ellsworth, ME LMA Housing Market	57.2%	14,174	24,781	\$210,000	\$60,162	\$28.92
Lamoine	57.2%	431	754	\$235,000	\$66,448	\$31.95
Penobscot	56.5%	330	585	\$192,500	\$55,788	\$26.82
Maine	56.3%	319,471	567,316	\$212,500	\$64,367	\$30.95
Verona	54.5%	131	240	\$211,950	\$61,529	\$29.58
Gouldsboro	53.7%	400	745	\$175,000	\$49,156	\$23.63
Brooksville	52.9%	234	443	\$305,000	\$81,329	\$39.10
Franklin	51.2%	343	671	\$125,000	\$37,090	\$17.83
Otis	50.4%	173	343	\$210,000	\$59,004	\$28.37
Sullivan	49.3%	280	569	\$140,000	\$41,979	\$20.18
Bucksport	48.1%	1,023	2,128	\$138,750	\$42,833	\$20.59
Mariaville	47.9%	115	240	\$160,000	\$48,545	\$23.34
Prospect	35.8%	103	289	\$155,000	\$46,678	\$22.44
Orland	29.6%	299	1,008	\$138,500	\$40,943	\$19.68

## Unattainable Homes as a Percentage of Homes Sold

<u>Location</u>	<u>Percentage of Unattainable Homes</u>	<u>Affordable Homes Sold</u>	<u>Unattainable Homes Sold</u>
Bar Harbor	97.6%	1	41
Southwest Harbor	96.2%	1	25
Brooklin	92.3%	1	12
Tremont	89.5%	2	17
Castine	83.3%	2	10
Stonington	83.3%	3	15
Mount Desert	81.3%	6	26
Surry	81.3%	3	13
Blue Hill	79.5%	8	31
Sedgwick	79.2%	5	19
Ellsworth	78.1%	25	89
Hancock	75.8%	8	25
Penobscot	72.0%	7	18
Deer Isle	66.7%	8	16
Gouldsboro	64.0%	9	16
Ellsworth, ME LMA Housing Market	63.2%	285	489
Trenton	63.2%	7	12
Maine	58.1%	7,534	10,440
Lamoine	58.1%	13	18
Steuben	57.1%	6	8
Franklin	52.4%	10	11
Brooksville	50.0%	8	8
Verona	50.0%	5	5
Sullivan	46.7%	8	7
Otis	41.7%	7	5
Bucksport	39.4%	43	28
Mariaville	38.5%	8	5
Prospect	36.4%	7	4
Orland	15.6%	27	5



## Attachment B: AMI and Maximum Gross Rents

### Maine Housing - Rent Restricted Programs

#### Income Eligibility Limits and

#### Maximum Rent Levels

Incomes and Rents Effective 4-1-2018

FedHOME Rents Effective 6-1-2018

Housing Trust Fund Income and Rents Effective 6-1-2018

	% Median Income - Adjusted by Family Size								Maximum Gross Rents				
	One	Two	Three	Four	Five	Six	Seven	Eight	0BR	1BR	2BR	3BR	4BR
<b>Hancock County</b>													
HERA 30%	13,590	15,540	17,490	19,410	20,970	22,530	24,090	25,650	339	364	437	504	563
HERA 40%	18,120	20,720	23,320	25,880	27,960	30,040	32,120	34,200	453	485	583	673	751
HERA 50%	22,650	25,900	29,150	32,350	34,950	37,550	40,150	42,750	566	606	728	841	938
HERA 60%	27,180	31,080	34,980	38,820	41,940	45,060	48,180	51,300	679	728	874	1,009	1,126
50% AMI	22,550	25,750	28,950	32,150	34,750	37,300	39,900	42,450	563	603	723	836	932
60% AMI	27,060	30,900	34,740	38,580	41,700	44,760	47,880	50,940	676	724	868	1,003	1,119
80% AMI	36,050	41,200	46,350	51,450	55,600	59,700	63,800	67,950	901	965	1,158	1,338	1,492
Low HOME	22,550	25,750	28,950	32,150	34,750	37,300	39,900	42,450	563	603	723	836	932
High HOME	27,060	30,900	34,740	38,580	41,700	44,760	47,880	50,940	631	696	854	1,071	1,163
HTF	13,550	16,460	20,780	25,100	29,420	33,740	38,060	42,380	338	362	519	681	843
FMR Effective 10-2-2017									631	696	854	1,071	1,163

## Attachment C: HUD Utility Allowances

Allowances for Tenant-Furnished Utilities and Other Services		U.S. Department of Housing and Urban Development Office of Public and Indian Housing		Date January 1, 2019			
Locality 4.5,6,7		Unit Type Low Rise,Walk up, Row,Garden,Townhouse					
Utility or Service	Monthly Dollar Allowances						
	0BR	1BR	2BR	3BR	4BR	5BR	6BR
<b>HEATING</b>							
a. Oil	77	107	140	174	221	247	284
b. Electric	77	102	154	195	222	258	297
c. Natural Gas	46	65	77	87	103	114	127
d. Bottle Gas(Propane)	90	123	159	192	246	282	324
e. Wood	38	51	67	81	94	110	138
f. Kerosene	89	124	162	201	255	286	328
g. Electric(heat pump)Other/Other	36	43	51	57	63	70	75
<b>AIR CONDITIONING</b>							
<b>COOKING</b>							
a. Electric	9	11	14	18	24	28	30
b. Natural Gas	5	6	8	9	12	14	15
c. Bottle Gas(Propane)	18	19	25	30	38	44	49
<b>OTHER ELECTRIC LIGHTING</b>							
<b>REFRIGERATION, ETC.</b>							
<b>WATER HEATING</b>							
a. Oil	27	33	43	55	70	79	91
b. Electric	30	41	54	67	86	99	105
c. Natural Gas	17	23	29	36	45	53	60
d. Bottle Gas(Propane)	41	48	60	74	98	109	128
<b>WATER</b>							
<b>SEWER</b>							
<b>TRASH COLLECTION</b>							
<b>RANGE</b>							
<b>REFRIGERATOR</b>							
<b>ACTUAL FAMILY ALLOWANCES</b> (To be used by family to compute allowance)		Utility or Service			Per Month		
Name of Family		Heating.....					
		Air Conditioning.....					
Address of Unit		Cooking.....					
		Other Electric.....					
		Water Heating.....					
		Water.....					
		Sewer.....					
		Trash Collection.....					
		Range.....					
		Refrigerator.....					
Number of Bedrooms		Other.....					
		<b>TOTAL</b>					



## Attachment D: Data Sources

### Proprietary Data Sources

#### Economic Modeling Specialists International (EMSI)

To analyze the industrial makeup of a study area, industry data organized by the North American Industrial Classification System (NAICS) is assessed. Camoin Associates subscribes to Economic Modeling Specialists Intl. (EMSI), a proprietary data provider that aggregates economic data from approximately 90 sources. EMSI industry data, in our experience, is more complete than most or perhaps all local data sources (for more information on EMSI, please see [www.economicmodeling.com](http://www.economicmodeling.com)). This is because local data sources typically miss significant employment counts by industry because data on sole proprietorships and contractual employment (i.e. 1099 contractor positions) is not included and because certain employment counts are suppressed from BLS/BEA figures for confidentiality reasons when too few establishments exist within a single NAICS code.

#### Esri Business Analyst Online (BAO)

ESRI is the leading provider of location-driven market insights. It combines demographic, lifestyle, and spending data with map-based analytics to provide market intelligence for strategic decision-making. ESRI uses proprietary statistical models and data from the U.S. Census Bureau, the U.S. Postal Service, and various other sources to present current conditions and project future trends. Esri data are used by developers to maximize their portfolio, retailers to understand growth opportunities, and by economic developers to attract business that fit their community. For more information, visit [www.esri.com](http://www.esri.com).

### Public Data Sources

#### American Community Survey (ACS), U.S. Census

The American Community Survey (ACS) is an ongoing statistical survey by the U.S. Census Bureau that gathers demographic and socioeconomic information on age, sex, race, family and relationships, income and benefits, health insurance, education, veteran status, disabilities, commute patterns, and other topics. The survey is mandatory to fill out, but the survey is only sent to a small sample of the population on a rotating basis. The survey is crucial to major planning decisions, like vital services and infrastructure investments, made by municipalities and cities. The questions on the ACS are different than those asked on the decennial census and provide ongoing demographic updates of the nation down to the block group level. For more information on the ACS, visit <http://www.census.gov/programs-surveys/acs/>

#### OnTheMap, U.S. Census

OnTheMap is a tool developed through the U.S. Census Longitudinal Employer-Household Dynamics (LEHD) program that helps to visualize Local Employment Dynamics (LED) data about where workers are employed and where they live. There are also visual mapping capabilities for data on age, earnings, industry distributions, race, ethnicity, educational attainment, and sex. The OnTheMap tool can be found here, along with links to documentation: <http://onthemap.ces.census.gov/>.

## Appendix E: TIF for Affordable Housing

### What is Tax Increment Financing (TIF) and how is it used in Maine?

TIF is a financing method used to catalyze community and economic development including affordable and workforce housing. It allows future new property tax revenues (incremental revenues) from development project to be dedicated and utilized to support the project and related development. TIF can be utilized to support public and private development costs.

In Maine TIF is a program/tool planned for, adopted, and implemented by municipalities; however, it is enabled by State statute. In addition to local adoption by the local legislative body TIF requires State review and approval by the appropriate State agencies for compliance with the intent of the State legislation and rules.

The State enables municipalities to utilize TIFs to achieve the goals of:

- New employment opportunities
- Improving and broadening the tax base
- Improving the general economy of the State

To reach these goals municipalities can use TIFs for improving districts (single or multiple parcels) within their boundaries for the following kinds of development:

- Industrial and/or Commercial
- Transit-oriented
- Arts
- Residential (in support of commercial development or affordable housing)
- Downtown

### Property Value & Fiscal Formulas – An Added Benefit for TIF Use for Maine Communities

Property valuation impacts the dollar amount that municipalities:

- Receive in state aid for education;
- Receive in municipal revenue sharing; and
- Pay in county taxes

Formulas for these three items are based on the premise that the higher the property valuation, the wealthier the community, and therefore, the less it should receive from the State and the more it should pay to the County. Consequently, an increase in property valuation results in:

- Less state aid for education
- Less municipal revenue sharing
- More county taxes paid

TIF allows municipalities to "shelter" increases in valuation resulting from new development from *State* valuation for up to 30 years. This allows municipalities to avoid losses due to state and county fiscal formulas. Depending on the municipality, sheltering of valuation through TIF can result in an average savings of between 40% and 50%.

However, revenues from "sheltered" valuation under the TIF program cannot be used for General Fund purposes and must be used for specified purposes related to the project. These are determined at the time the TIF agreement is developed and approved by the municipality.

## Tax Increment Process and Financing Model

The municipality determines the percentage of new valuation, and therefore associated revenues, to shelter within a TIF (up to 100%). What is not sheltered accrues to the General Fund. Sheltered revenues can be used to support municipal expenditures in support of or made necessary by development, and/or can be used to "incentivize" a private investment by a business and/or developer. This is achieved through a Credit Enhancement Agreement. The municipality determines the percentage to be shared with the private business/developer and can be any amount between 0% and 100% of all TIF revenues.

## TIFs Can Be Used for Housing

There are two ways TIFs can be used for housing in Maine:

- As part of an Economic Development TIF
- As part of an Affordable Housing TIF

### *Economic Development TIF*

These are reviewed and Approved by Maine DECD.<sup>15</sup> To be eligible at least 25%, by area, of the real property within a development district must meet at least one of the following criteria:

- Be a blighted area;
- Be in need of rehabilitation, redevelopment, or conservation work, including a fisheries and wildlife or marine resources project; or
- Be suitable for commercial or arts district uses.

The total area of a single development district may not exceed 2% of the total acreage of the municipality or plantation. The total area of all development districts may not exceed 5% of the total acreage of the municipality or plantation.

Additionally, if the development includes housing, it must be for rental housing. For-sale housing, including condominiums, are not allowed under economic development TIFs.

### *Affordable Housing TIF*

These are authorized by State Statute as a public purpose for the development of affordable, livable housing and the containment of the costs of unplanned growth in Maine municipalities. An affordable housing TIF allows a municipality to develop a program to provide impetus for affordable housing development within a district of the municipality, as provided in the comprehensive plan adopted by the legislative body of the municipality.

Unlike other TIFs, this is not an economic development program administered by the Maine Department of Economic and Community Development (DECD). It is administered by The Maine State Housing Authority (MSHA) and applications by municipalities must be made to and approved by MSHA.<sup>16</sup>

Affordable housing as defined for use in TIFs includes the following conditions:

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<sup>15</sup> [https://www.maine.gov/decd/start-grow/tax-incentives/tax\\_increment\\_financing.shtml](https://www.maine.gov/decd/start-grow/tax-incentives/tax_increment_financing.shtml)

<sup>16</sup> <https://www.mainehousing.org/programs-services/housing-development/developmentdetails/affordable-housing-tax-increment-financing>

- A decent, safe and sanitary dwelling, apartment or other living accommodation for a household whose income does not exceed 120% of the median income for the area as defined by the United States Department of Housing and Urban Development.
- Includes permanent structures such as single-family homes (which can be stick-built or modular), apartments, condominiums, and permanently attached mobile homes on owned or leased land. Affordable housing does not include facilities such as shelters, nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, student dormitories, or unattached mobile homes, regardless of income level.
- Must show that the development meets an identified community housing need. The affordable housing development program must provide a mechanism to ensure the ongoing affordability for a period of at least 10 years for single-family, owner-occupied units and 30 years for rental units.
- Must be primarily a residential development on which at least 33% of the dwelling units are affordable housing and that may be designed to be compact and walkable and to include internal open space, other common open space and one or more small-scale nonresidential uses of service to the residents of the development.
- At least 25%, by area, of the real property within an affordable housing development district must be suitable for residential use; and be a blighted area or in need of rehabilitation or redevelopment.
- The total area of a single development district may not exceed 2% of the total acreage of the municipality or plantation. The total area of all development districts may not exceed 5% of the total acreage of the municipality or plantation.
- The original assessed value of a proposed affordable housing development district plus the original assessed value of all existing affordable housing development districts within the municipality may not exceed 5% of the total value of taxable property within the municipality
- The affordable housing development program must include plans for the proposed operation of the affordable housing development district after the planned improvements are completed.

Eligible uses of TIF revenues for affordable housing TIFs include:

- Facilities used predominantly for recreational purposes, including, but not limited to, recreation centers, athletic fields and swimming pools;
- Child care, including finance costs and construction, staffing, training, certification and accreditation costs related to child care located in the affordable housing development district;
- Case management and support services;
- Operating costs, including but not limited to property management and administration, utilities, routine repairs and maintenance, insurance, real estate taxes, and funding of a project's capital reserve account;
- Public safety improvements made necessary by the establishment of the district;
- Funding to mitigate any adverse impact of the district upon the municipality and its constituents. This funding may be used for funding public kindergarten to grade 12 costs and public facilities and improvements; and
- Establishment of permanent housing development revolving loan funds or investment funds

## TIF Bottom Line

**TIF can both support economic development and be a fiscal benefit.** If the municipality wishes to support economic and community development (including housing) as a matter of policy, TIF offers an opportunity to significantly reduce revenue losses due to state and county fiscal formulas. It should be stressed that:

- Revenues must be used for specified allowable uses and NOT General Fund Purposes
- Revenues can be shared between municipal uses and/or incentive to developer/business
- A TIF can be structured so that even with an incentive to a developer/business, the municipality is better off fiscally than if it were not to provide TIF, due to formula impacts.

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