

WORKFORCE and AFFORDABLE HOUSING

(amendment to Chapter 5.3 HOUSING)

ISSUES

1. *Houses that MDI workers earning a median income can afford are not available on MDI (or in SWH). Real estate costs have risen much faster than incomes in the past decade.*

The Housing Study done by the Island Housing Trust showed that in 2017, the median annual household income in SWH was \$46,175. The median home price was \$329,250 and the household income needed to buy that house was \$92,818. The situation has become worse as a result of Covid and the fast rise of home costs in the real estate market. In 2020, the Maine state median household income (and MDI is usually close to this figure) was \$76,600.

2. *Year-round rentals that MDI medium-income working households can afford are in short supply.*

The study estimated that in 2017 there were 332 year-round housing rentals in SWH, of which 71 were income-limited housing units. “Median rentals” don’t exist in SWH; market rate rents are about twice the “median” which is skewed because of the effect of income-limited public housing rents.

3. *An increased number of short-term seasonal vacation rentals appears to be reducing the supply of year-round rentals and ownership opportunities that MDI workers can afford.*

One major question is whether seasonal vacation rentals are cutting into the supply of year-round housing (rental or owned) that SWH workforce families can afford (and, if so, what possible solutions might be considered). The 2020 Census shows a total of 1497 households in SWH, of which (on April 1, 2020) 840 were occupied and 657 were vacant. Those 657 include both seasonal residents (“summer people”) and short-term vacation rentals. In July, 2021, AIRDNA showed 269 active rentals in SWH (through airbnb and VRBO); 88% of these were for entire houses. The public perception is that an increasing number of year-round houses are being purchased for investment in short-term vacation rentals. An owner can make about the same income in 12 weeks of vacation rentals as in a year-round rental of the same property.

4. *Employers are struggling to find housing for seasonal employees, making it hard to hire staff.*

POLICIES

1. Encourage and promote adequate workforce housing to support the community’s and region’s economic development.

2. Ensure that land use controls encourage the development of quality affordable housing, including rental housing.
3. Seek to achieve at least 10% of all housing built or placed during the next decade be affordable.
4. Encourage and support the efforts of MDI Housing Authority and Island Housing Trust in addressing affordable and workforce housing needs.

*Note: **Workforce Housing** here refers to Rentals or Home Ownership opportunities for middle income households that implies that the rental fee or the mortgage cost is not more than 30% of the occupant's gross monthly household income. Because the cost of housing on the coast is significantly higher than inland, **Workforce Housing** here refers to housing for households with 100 - 150% of the area household median income. **Affordable Housing** as defined by the Maine State Housing Authority limits Rentals to occupants earning 80% or less of the area household median income, and Home Ownership to occupants earning 120% or less of area household median income. In this document, both Workforce and Affordable Housing refer to year-round housing, unless specifically designated as housing for seasonal workers. In 2020 the Maine state median income was \$76,600.*

Key: A proceed immediately, B within the next year, C within the next two years

RECOMMENDATIONS

- A 1. Review and reaffirm the implementation of the Recommendations in the 2010 Comprehensive Plan. They can be summarized as: Allow for and encourage workforce and affordable housing development.
- A 2. Inventory and publicize data about year-round housing ownership and rentals, and seasonal ownership and rentals with an emphasis on documenting short-term rentals offered for 1 week or less that are not in the owner's residence.
- A 3. Seek to achieve at least 10% of all housing be affordable to households with 150% or less of area median household income.
- A 4. Identify new GROWTH AREAS where workforce and affordable housing can be incentivized. Having such growth areas in the comp plan may be a pre-requisite for some state or federal funding.
- A 5. Work with the Tax Assessors and IHT (the Island Housing Trust) to develop tax or other incentives to creating more covenanted year-round housing for renters and owners.

- a. Ensure that longterm covenants limiting the resale price of housing are considered during the assessment process.
- b. Consider a limited tax abatement or return payment for owners who create new year-round rental housing with a workforce or affordable housing covenant that limits rental costs. This would include new rentals in accessory dwelling units. A longer term covenant could have increased incentives.
- c. Create incentives for landowners to create new year-round workforce housing ownership opportunities with covenants.

A 6. Inventory possible sites for workforce housing (rental or owned) where public water and sewer are accessible or could readily be extended.

A 7. Consider the acquisition of the property adjacent to Chris' Pond and possibly develop the residential lot into workforce rental housing under covenant.

A 8. Work with the SWH Housing Authority to acquire some of its buildable land for covenanted year-round workforce/affordable rental housing.

A 9. Start a reserve fund for a bridge loan or grant for MDI year-round workers to be used for purchase of a covenanted property (perhaps using guidelines developed in cooperation with IHT). Target fund balance should be at least \$75,000 in the current market. The Town could partner with IHT to solicit donations to get the fund started.

A 10. The Planning Board shall monitor the enforcement of L.D. 2003 (enacted 2022) and any amendments that may be proposed or passed, with special emphasis on how this law will affect requirement and funding opportunities for towns of Southwest Harbor's size. If necessary they (with the CEO's assistance) shall propose any LUO changes deemed necessary or desirable.

A 11. The Planning Board shall review the LUO to consider what changes are needed to act on all these recommendations. The Board shall also clarify the LUO requirements with respect to duplex dwelling units and increased lot coverage for commercial uses that include multifamily rental units, and any other matters that become evident during the work.

B 12. Amend the LUO to encourage the Town and the SWH Water Sewer District to incentivize the growth of year-round workforce/affordable housing by adding connectivity to public water and sewer where practical.

B/C 13. After information about year-round and short-term rentals is available, the Planning Board and Select Board shall review the data and consider whether to register and/or restrict short-term vacation rentals.

CLIMATE CHANGE & ADAPTATION

(amendment to Chapter 5.11 Public Facilities & Services)

POLICY

To protect our present and future infrastructure investments from damage wherever and whenever feasible.

A. COASTAL EROSION

ISSUES

1. *Land along the shore in the Manset pier area has been eroded by seawater above the Highest Annual Tide (HAT) line, exacerbated by storm surges and king tides.*

Over the past century, storm surge here (NOT including wave action) has been 3.4 feet for a once-in-10-years storm, and 4.8 feet for a “storm of the century”, expected once in 100 years, although Portland recently had two 100-year storms in the same year. The intermediate, middle-of-the-road NOAA prediction for sea level rise is 4.0 feet by 2100. The Maine Climate Council recommends planning for 1.5 feet sea level rise by 2050 and 4.0 feet by 2100. Stormwater run-off is also eroding the gravel area at Manset.

2. *The Lower Town Dock also floods during these storm surges.*

3. *Seawater runs across Shore Road during some storms and king tides. The Town works only on public property and does not mitigate problems on private property.*

4. *Erosion by storm surges and high tides at Seawall is on State highway and National Park land, and is not the Town’s responsibility.*

POLICIES

1. State Growth Management Goal #1: Promote the maintenance, development, and revitalization of the state’s ports and harbors for fishing, transportation, and recreation.
2. Maintain and improve harbor management and facilities.
3. To protect, maintain, and possibly improve public access to the community’s harbor for all appropriate uses.

RECOMMENDATIONS

1. Proceed with development at the Manset pier area (including the “Hook property”) to prevent erosion above Highest Annual Tide Line and to conform with state recommendations for adaptation to projected storm surge and sea level rise. This development should consider and include all appropriate harbor uses. (the existing plan can serve as a starting point)
2. Publicize and make FEMA coastal flooding information readily available to residents, with particular effort to inform shoreline and other affected owners.
3. Examine Shore Road for effects of coastal erosion and take measures as needed to prevent further erosion of the town road.
4. Work with the Maine DOT and Acadia National Park to understand their plans for preventing coastal erosion of state highway 102 at Seawall and near the Adams Bridge on State route 102A.
5. Monitor the Lower Town Dock for the effects of king tides and storm surge; maintain and adapt as needed.
6. Monitor the eastern end of Cable Crossing Road for the effects of king tides and storm surge; maintain the public access area and adapt as needed.

B. STORMWATER RUN-OFF & INFILTRATION

ISSUES

1. *Stormwater run-off from Freeman Ridge creates hazardous road conditions between the Village at Ocean's End and 400 Main Street, particularly in winter when it freezes.*

The funds recently voted for work on this section of the road are designated to address and solve this problem.

2. *At times of heavy rain, there may be flooding at the intersection of Seal Cove Road and Main Street and on the Town parking area between the Police Station and Main Street.*

These were noted in the 2010 Plan, it happens infrequently, and there has been no significant change. Both areas are built on wetland that has been filled and paved.

3. *During heavy rain storms, one lane of the road just east of Wonderland floods badly.*

This is not the Town's responsibility, since it is State highway on National Park land.

4. *Although subdivision requirements and Town road standards are regulated in the LUO, stormwater run-off from private property and roads creates problems for adjacent landowners and/or public property and roads in some areas.*

5. *Infiltration of rainwater into the sewer system during storms is a problem.*

On an average day, the sewer treatment plant processes 275,000 gallons of sewage; during and just after a rain storm, about 1,000,000 gallons flow through the treatment plant. This is down from 2,000,000 gallons when the Water Sewer District was first established in 2015. The infiltration comes from private sump pumps and gutter drains hooked into the sewers, leaky sewer lines, and/or leaks around manhole covers. The WSD continues working to reduce this infiltration.

POLICIES

- 1) Minimize damage from floods or stormwater run-off.
- 2) Minimize pollution discharges from the municipal sewage treatment plant.
- 3) Expand stormwater management systems to reduce flooding and eliminate stormwater infiltration from the sewer treatment plant
- 4) Coordinate land use strategies and stormwater management with planning efforts related to the state highway, town roads and coastal erosion.

- 5) Construction projects regardless of size or scale shall include the consideration of water flows in and around structures and the landscape during storm events.
- 6) The Town should explore opportunities to share services with neighboring towns to increase available expertise and economize on costs.

STORMWATER RECOMMENDATIONS: RUN-OFF

- 1) Amend LUO such that the CEO reviews stormwater run-off management for construction projects not covered by Planning Board review.
- 2) Identify locations where across road trench drains would channel water to detention areas of outfalls to protect roadbed integrity.
- 3) Maintain an inventory of reported trouble spots for stormwater run-off and ponding.
- 4) If visual evidence of foaming or oil is present in stormwater run-off, sample and test for chemical and biological contaminants.
- 5) Increase public awareness of sea level rise and storm surge flooding dangers. Make FEMA maps readily available for public inspection and include a link to FEMA maps on the town web site.

STORMWATER RECOMMENDATIONS: INFILTRATION

- 6) Amend the LUO to ensure that, in the case of new construction and development, storm water runoff will not enter the sewer system.
- 7) Recommend that the SWH Water Sewer District survey the sewer system for infiltration of stormwater and remediate as and when possible.
- 8) Inventory private sump pump configurations for monitoring, testing and remediation if required, using random inspections.
- 9) Where possible maintain project plans in readiness for when funding becomes available.

SHARED SERVICES RECOMMENDATION

Explore with other towns the possibility of the following shared functions: code enforcement officer, planner, grant writer, and bid manager.