

Interlocal Housing Task Force Final Report & Recommended Actions

December 3, 2025

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Introduction

Over the past year, the Task Force has engaged in focused discussions, data gathering, and resource coordination to better understand the island's housing landscape. The group's work has centered on identifying practical and proactive strategies to support a resilient year-round future.

The purpose of this report is to share these strategies, and the research and data supporting them, to attract funding and inspire the towns, developers, and members of the private sector to take needed actions.

Currently, there is no group or organization with the capacity to manage the many challenges of housing on the island. The Task Force has learned that our island has many promising solutions to support the recovery of our housing market. We have focused our recommendations on the following proposed actions:

- Develop owner-occupied family-friendly homes
- Develop more year round and seasonal workforce housing options (e.g. campground, manufactured home park)
- Encourage property owners to convert seasonal rentals to year-round use
- Improve financial education. This includes high school coursework and adult education as well as financial advising for prospective home buyers
- Support building rehabilitations and Accessory Dwelling Unit construction/conversion

The Task Force has requested two actions from the Towns to increase its capacity to act on this report:

- Renew for 10 months the shared ME Service Fellow (Holly) and
- Contract for a half-time position to move these actions forward (est. \$20K/town)

We are optimistic that our communities and community leaders have the willingness and skills to address these issues.

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Executive Summary

This final report of the Interlocal (Deer Isle-Stonington) Housing Task Force builds on the Interim Report submitted to the two towns' select boards in June and completes the work and term of the task force, which was established in October 2024 at the request of the boards of selectmen of each town. The Task Force brought together a diverse group of stakeholders, residents, employers, and community leaders to research and address how best to meet the communities' broad spectrum of housing needs.

Our communities have cause to celebrate housing developments over the past year. Two nonprofit organizations, Island Workforce Housing and Homeport, are making steady progress in implementing targeted housing solutions for essential workers and seniors. Island Workforce Housing opened 10 units of duplex housing in Deer Isle in 2023 and has broken ground on three modular buildings comprised of 12 one- and two-bedroom units in Stonington this month. Homeport's project will result in 23 more apartments in North Deer Isle at the former Island Nursing Home facility. When all are complete by the end of 2026, the island will have added a total of 45 housing units.

And still it is not enough. Survey data and economic analyses continue to document an ongoing and urgent workforce shortfall of minimally ~102 year-round employees across major island industries. This is most true for lower-income households (below 60% AMI) and first-time homebuyers. 2 in 5 island workers earn below 60% AMI. This segment includes many of the community's essential workers, including those employed in retail, hospitality, fishing, caregiving, and seasonal work and whose incomes often range between \$30,000 and \$45,000 annually. For these households, market-rate rentals and traditional homeownership remain out of reach – even when units are available – due in large part to housing price and property valuation escalation that began during the pandemic. Home prices in Deer Isle-Stonington are well above Maine's median home price, making it one of the least affordable communities in the state and causing the displacement of many working families. Since January 2025, across both Deer Isle and Stonington, there have been 45 residential sales ranging from \$110,000 to \$1.6 million with a median sale price of \$440,000 and a median tax bill of \$2,378. Across a sampling of 30 representative year-round rental properties there is a median rental price of \$1,078 excluding utilities. By comparison, the average median income for the Town of Stonington in 2022 was \$59,147 (lower than the broader Hancock County AMI) and Deer Isle was \$66,381.

The economic data show that roughly one in five Stonington households (19%) and 15% of Deer Isle households live below the poverty line, and nearly a quarter of all households earn less than \$25,000 per year. These residents form the backbone of the local workforce but are most vulnerable to housing insecurity, displacement, or long commutes from off-island communities. Without affordable housing options that match these income levels, the island risks ongoing labor shortages, declining school enrollment, and a shrinking year-round population and tax base.

Addressing this critical gap requires a multi-pronged strategy focused on rental affordability and pathways to ownership including:

- Proactive municipal support for developers
- Development of manufactured/mobile/mini-home/RV mixed income neighborhoods
- Development of family-friendly starter home neighborhoods
- Conversion of season rental units
- Housing & financial education programming

Taking a full spectrum approach to these identified housing gaps requires coordination of efforts. While individual nonprofits are focused on specific projects and targeting areas of need (e.g., seniors/aging in place, rental apartments, etc.), the Task Force’s most important recommendations are to increase capacity to implement these strategies by a) extending the term of the existing Maine Service Fellow devoted to housing for an additional 10 months and b) contracting at least a half-time person to coordinate, direct, and implement these strategies for both towns.

Recommendations Summary

By aligning the following local strategies with available state and federal resources, Deer Isle and Stonington can expand their range of housing choices.



1. ***Manufactured, Mobile, Mini- & RV Home mixed income neighborhood development:***
 - Support the construction or conversion of rental units targeted at households earning below 60% AMI for which public funding has historically been available.
 - Utilize available housing financing resources (Housing Opportunity Grant, Congressional Earmark) to close financing gaps that make small-scale rural projects feasible.
 - Explore rehabilitation programs and/or adaptive reuse of existing buildings (similar to the Homeport model) to reduce land and construction costs.
2. ***Moderate Income Rental Development: Conversion of Seasonal Rental Properties and Encouragement of non-STR ADU's***
 - Identify and personally connect with prospective property owners who are rarely in residence in their properties to see how these properties might better support year-round housing. If only 5-10 units changed hands this way, it would be a start.
 - Create a public education information campaign to encourage the creation of Accessory Dwelling Units, each of which could add a unit of housing.
3. ***Homeownership and Workforce Stability: Family-Friendly Starter Homes***
 - Support the creation of family-friendly (2 or more bedrooms to allow for children and/or extended family) ownership housing priced for households earning between 80-120% AMI by identifying properties, supporting purchase or transfer, and recruiting developers.

- Consider partnerships with local lenders and land trusts to establish shared equity or community land trust models, ensuring long-term affordability and preventing speculative resale.

4. *Municipal and Regional Tools and Technical Assistance:*

- Identify underutilized parcels suitable for affordable housing construction or redevelopment. Offer feasibility study assessment for recommended parcels.
- Coordinate regionally to leverage funding, planning capacity, and technical expertise across both towns and Hancock County.
- Review and align local ordinances and zoning to support mixed-income developments, accessory dwelling units, and infill housing on existing lots.
- Consider creating a Community Housing Fund to reduce risk of long-term rental properties for landlords or a down payment assistance program.
- Consider a land-acquisition and resale model in which the towns or a designated holding entity purchase key parcels, resell the land to qualified homebuyers at very low cost to provide immediate equity for securing a mortgage, and use partnerships to bundle mortgages and leverage additional financing.

5. *Housing & Financial Education:*

- Establish a collaboration with island banks to improve home buyer education and market existing incentives, as well as a support system, perhaps through Adult Ed and/or the Connectivity Hub, to provide assistance with loan applications.
- Create, with Adult Ed, the Hub, and/or other partners such as realtors and banks, a Keep More of Your Money Course on employee savings accounts, 401K's, and tax strategies for entrepreneurial businesses and seasonal income management.
- Coordinate with, market and support Deer Isle Adult and Community Education's free Personal Finance course.
- Coordinate with Adult Ed to market and host MaineHousing and CEI's Maine hoMEworks, an online or in-person \$45 per person class series on homebuyer financial literacy including mortgage options, credit and debit management, and budgeting. This certification is often required for down payment assistance programs.
- Coordinate with Adult Ed to market and host in person Maine hoMEworks' \$35 per person landlord education program with topics ranging from tenant application to strong leases, renters' insurance, eviction and property management.
- Coordinate with local organizations to bring The Shelter Institute's \$5,000 home construction course teaching about site planning to foundations, insulation, engineering, design, wiring, plumbing, tool knowledge and the ability to Design and Build. Integrate with the new homebuilding certification course being sponsored by Adult Ed.

Summary of Need

Across Deer Isle and Stonington, the housing market is not meeting the needs of the local workforce. Employer survey responses and regional data show that a lack of both year-round rentals and attainable ownership options has become a major barrier to employment and economic stability on the island.

Commuting data underscores this gap. At least 279 workers commute onto the island for work, and nearly 1 in 5 travel more than 50 miles one-way. Among seasonal employers, reported employee commute distances were as far as 65 miles, demonstrating that workers are traveling extreme distances simply to access jobs here.

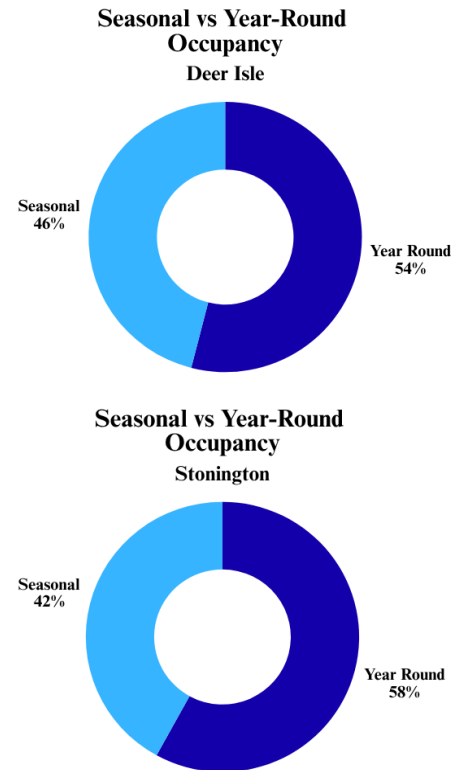
Employers consistently identify housing as the limiting factor in recruitment and retention. Half of all surveyed employers reported that employees or new hires have turned down job offers specifically due to the inability to find year-round housing.

In many cases, employers have had no choice but to take on housing provision themselves. Nearly 50% of surveyed employers now provide some form of year-round housing or seasonal housing to their employees. Among surveyed lobster dealers, this was true for 100% – a clear signal that employer-provided housing has shifted from an exception to a structural work-around. As one business owner noted, “without the company housing we have available, I’m convinced we would only have one dockworker.” Another shared, “most employees are renters, with many workers residing in rental units owned by the company or its owner.”

At the same time, the housing stock has continued to shift toward short-term rental and seasonal use. AirDNA data show that short-term rentals (STRs) account for a significant share of local housing units:

- 2022: 232 total STRs across Deer Isle, Little Deer Isle, and Stonington
- 2025: 246 total STRs across Deer Isle, Little Deer Isle, and Stonington

STR sales tax data for Hancock County is the highest in the state, outstripping even the state’s largest city of Portland, indicating that both the proportion of and demand for STR’s in this region are very high.

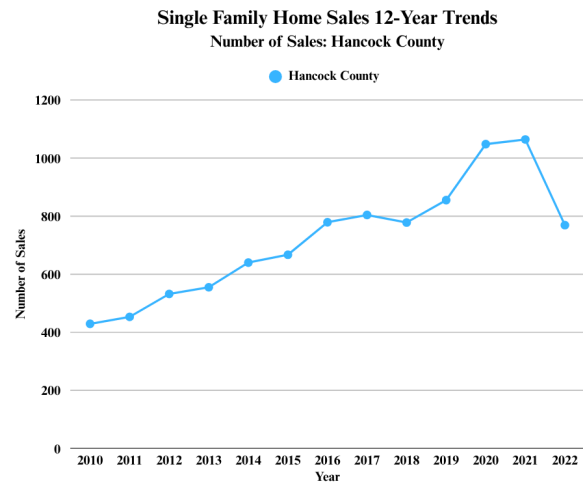
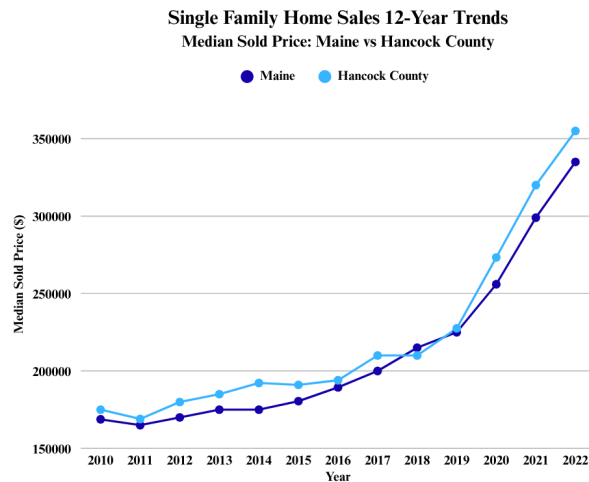


Seasonal vs Year-Round Occupancy in Deer Isle and Stonington, Maine. Each chart shows the proportion of seasonal and year-round occupancy of all homes per municipality, with the color indicating the type of occupancy. Source: 2023 Annual Community Survey, 5-year average, U.S. Bureau of the Census.

Census data further reflect the limited supply of year-round housing:

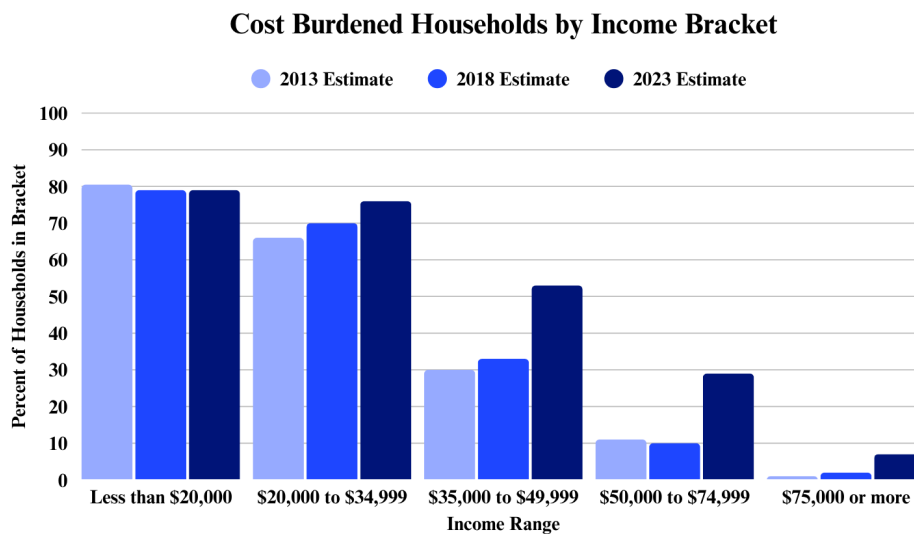
- Deer Isle: 46% of homes are vacant/seasonal; 8% are renter-occupied
- Stonington: 42% vacant/seasonal; 13% renter-occupied

The growth of this market sector, despite only modest increases in the total number of homes, indicates that housing once available to residents is increasingly used for seasonal or visitor stays.



Single Family Home Sales in Maine and Hancock County from 2010 to 2022. Each line shows the estimated single family home median sold price or number of yearly sales, with the color of the line indicating the geographic range of the data. Source: Maine Association of Realtors; Hancock County: Single Family Home Sales; data from Maine Listings for the period 1/1/09 through 12/31/21. Reflects properties submitted through the MLS and not all sales.

Across both towns, only 39% of homes are affordable to a median-income household – and this is likely a high estimate given that many valuations reflect tax assessment rather than current market trends. In the highest response to our Employer Market Survey, island tradespeople pointed over and over again to the lack of affordable homes for purchase as the biggest obstacle to attracting and retaining much-needed skilled workers. Additionally, since 2018 rental cost burden has increased more drastically among Maine median-income households earning between \$35,000 and \$75,000.



As published by Maine State Housing Authority 2025 as part of Maine’s Housing OutRental Cost Burden in Maine. 2013, 2018, and 2023 comparisons by household income brackets. Each bar shows the estimated percentage of all renter households in the given income range that are cost burdened, with the color of the bar indicating which year the estimate is for. Cost burden is defined as spending more than 30% of gross household income on total housing costs. Source: ACS 5-year Samples; Census Data Table CP04 – Comparison Profiles; Financial Characteristics.

Local workers and employers consistently defined a “reasonable” year-round rent as roughly \$1000 per month (excluding utilities) – which is limiting in the current market. More than one-third of surveyed employers stated that the inability of prospective workers to find rentals within this range directly interfered with filling positions.

IN CONCLUSION

The island needs more year-round rental units at moderate price points, along with pathways to attainable ownership for working households.

Without expanding access to stable and affordable homes, local employers will continue to face workforce shortages, and the long-term resilience of the island’s year-round community will remain at risk.

Why Municipal Engagement Matters

Why not leave housing to the private market sector?

THE NEED TO SUSTAIN LABOR MARKETS

Geared to produce individual and investment profits, the private sector housing market too often prices people out of housing and has not kept pace over time, particularly post-pandemic, with the island's unique challenges.

This in turn leaves municipalities struggling to sustain businesses and schools without the labor or families that can no longer afford to live in or commute to their communities.

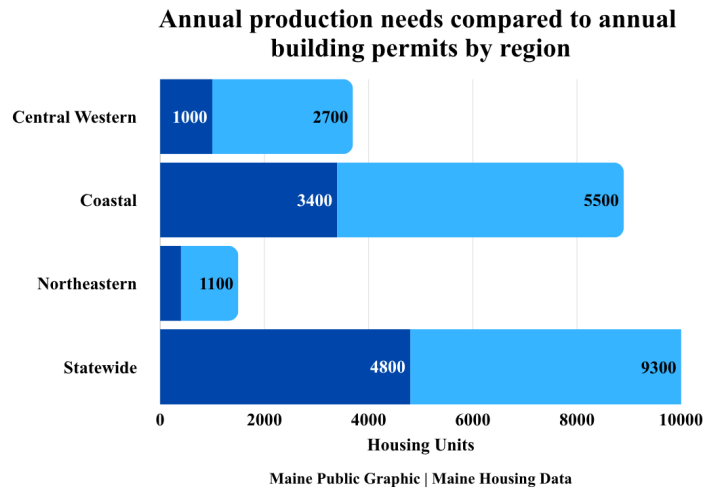
The need for public housing solutions dates back to 1923, although it wasn't until the New Deal National Industrial Recovery Act of 1933 that the government, for the first time, sought to create both financing mechanisms and construction for low-income housing. In the 1970's, the Community Development Block Grant (CDBG) program was created as a part of programs designed to facilitate the participation of state and local governments in housing and community development.

Municipal engagement in housing is essential to ensuring workforce affordability and economic stability.

To respond effectively, towns must plan for a mix of housing types and price points, ensuring that new development supports residents across the income spectrum while also preventing the type of market imbalance and gentrification that can turn communities into places where people can no longer afford to live or fully participate in local life.

RISING COSTS AND UNDERPRODUCTION

The cost of building affordable starter homes has risen dramatically at the same time that the real estate markets in many coastal communities have driven up property valuations. Together, these market forces have combined, since the housing-related recession of 2008, to create a crisis of underproduction and a shortage of millions of homes nationally.



As published by Maine Public. This chart shows the shortfall between the number of building permits issued in the state of Maine as compared with the projected need. For instance, statewide, there have been an average of 4,800 permits issued in the last five years, compared with a projected need of 8,500-9,300 new housing units annually. Source: Maine Housing.

In 2024, construction costs reached their highest level since 1998, according to the National Association of Home Builders. Approximately 65% of a new home’s cost now stems from construction alone, while ongoing supply chain disruptions, tariffs, and a shortage of skilled tradespeople continue to drive prices upward (Source: U.S. Bureau of Labor Statistics, 2025).

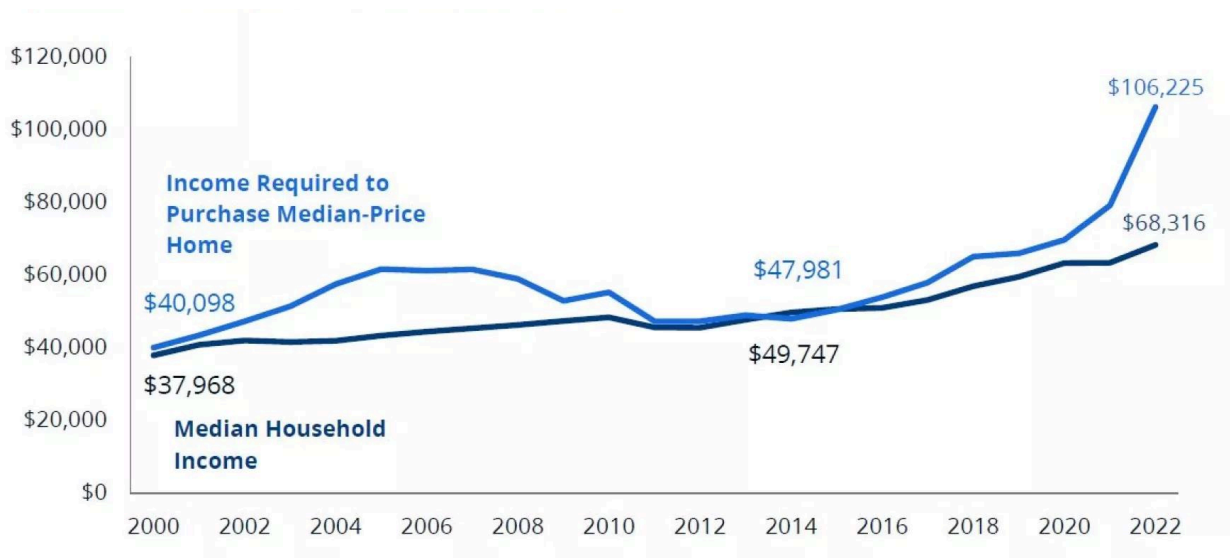
Municipal coordination can help streamline processes, from design review to permitting to groundbreaking, reducing delays and ensuring projects align with local priorities and environmental realities.

DECLINING HOMEOWNERSHIP AFFORDABILITY

Historically, Maine’s homeownership market was relatively affordable: the cost of buying a home was largely in line with what a median-income household could reasonably afford. **A home is considered affordable when the combined expenses of a mortgage, property taxes, and insurance do not exceed 30% of a household’s total income.**

In the past few years, however, increasing construction costs, along with broader economic shifts such as rising interest rates, have created a widening gap between what homes cost and what Maine households earn. Today, the income required to purchase a median-priced home has climbed above \$100,000 per year, significantly outpacing the actual median household income in the state.

Purchasing Capacity Over Time, 2000-2022



As published by the State of Maine Housing Production Needs Study, 2022. This graph shows how average median home prices have risen dramatically in recent years and have not kept up with increases in household earnings. Purchasing capacity over time is provided based on Maine Housing Methodology, which uses average property tax rate by county and assumes 28% as the cost burden threshold. Source: Maine Housing 2022.

LOCAL CONTROL AND CAPACITY

Active municipal participation provides flexibility and direction in shaping housing development that meets a full range of local needs. In Deer Isle and Stonington, housing strategies must account for land use constraints, utility and road access, the capacity of the island's natural drinking water supply and the availability of public drinking water and treatment systems, as well as responding to the island's workforce limitations and seasonality.

LEVERAGING FUNDING AND OPPORTUNITY

Municipalities control and have access to resources that the private sector does not, including grant opportunities, tax-incremented financing, bonds, municipally-owned lands, roads, and utilities, including but not limited to drinking water and treatment systems.

The two towns are positioned to make meaningful progress through available funding sources, including:

- **The Deer Isle–Stonington \$125,000 Housing Opportunity Grant**, which supports feasibility studies and identification of high-potential development areas.
- **The Town of Stonington's \$549,000 Congressionally Designated Spending**, designated to assist with affordable housing development in support of the Town's historic downtown.
- **Historic Tax Credit incentives** could reduce cost of construction by up to 45% without restricting future development or property ownership control.

Together, these funds represent a significant opportunity, but their impact depends on clear priorities, careful planning, and structured management. Strategic use of these resources can help

ensure that spending is directed toward projects with the greatest long-term benefit and community alignment.

A CATALYST FOR THE PRIVATE SECTOR: THE SCOPE OF MUNICIPAL ROLES

Municipal involvement in housing extends well beyond financial contribution. Key areas of local leadership include:

- Acting as a catalyst to housing production by leveraging municipal-specific resources and being “first in” to an opportunity before handing off to partners
- Ordinance review and alignment to reduce regulatory barriers
- Tax Increment Financing as public financing method
- Infrastructure planning and connections to support development
- Partnership coordination among public, private, and nonprofit stakeholders
- Community education and engagement to sustain public support
- Feasibility studies and parcel acquisition

Over the past year, the Interlocal Housing Task Force has made measurable progress in supporting the alignment of these components, building a recommended framework that enables the towns to move from discussion to implementation.

Continued coordination, transparent communication, and commitment to shared goals are critical in taking a proactive approach towards an adaptable and inclusive housing market.

Demographic and Economic Context

As coastal municipalities whose economies depend heavily on industries and spending from people and businesses from away, Stonington and Deer Isle are especially vulnerable to external economic trends and market shifts beyond local control. Persistent workforce challenges are limiting the sustainability and growth of both year-round and seasonal industries across all sectors. Compounding this issue, limited new housing development and the rapid growth of short-term rentals have reduced the supply of homes available to year-round residents, undermining efforts to maintain a stable and resilient workforce.

As of 2022, Stonington's population was 1,040, and Deer Isle (including Little Deer Isle) had a population of 2,162. For comparison, Hancock County's population stood at 55,612, and the State of Maine's at 1,382,353. Between 2010 and 2020, Stonington's population increased only slightly (1.2%), while Deer Isle grew by 10%. However, the island-wide population is projected to decline by approximately 1.3% by 2027. Household numbers have also decreased by 1% between 2020 and 2022, contrary to modest growth in Hancock County (+0.1%) and the State of Maine (+0.9%).

The island's population is aging, with a higher share of residents in midlife and retirement years compared to neighboring areas.

Stonington has the highest concentration of residents between the ages of 50 and 79 among the geographies analyzed, with fewer young residents relative to neighboring communities. The median age in Stonington is 55.4 years, and in Deer Isle it is 54.7, well above the median age of Hancock County (49.5) and the State of Maine (45.5).

Declining school enrollment reflects these demographic trends. The Stonington-Deer Isle Community School District has seen enrollment drop 12% since 2013, with declines across all grade levels. Projections suggest enrollment will reach a ten-year low in 2029, then may stabilize or rise slightly as smaller middle and high school classes graduate. However, continuing declines in local birth rates indicate that significant in-migration would be necessary to reverse this long-term trend.

Household income levels on the island also reveal economic challenges and disparities. In 2022, the median household income was \$59,147 in Stonington, below the Hancock County median of \$62,480 and the state median of \$63,833, and \$66,381 in Deer Isle. Poverty rates are higher locally: 19% of households in Stonington and 15% in Deer Isle and Little Deer Isle live below the poverty line, compared to 10% in Hancock County and 11% statewide. Income distribution is polarized, with roughly one-quarter of island households earning less than \$25,000 annually, while more than a quarter earn over \$100,000.

Employment and Industry Context

The economies of Deer Isle and Stonington are closely linked to each other and to the larger region. In Stonington, the local economy is heavily concentrated in a few key sectors. Retail Trade, Wholesale Trade, and Accommodation and Food Services accounted for roughly 65% of total employment in 2021, underscoring the town's reliance on tourism, hospitality, and marine-related commerce. Between 2016 and 2021, employment levels across most sectors remained relatively stable, with the exception of Wholesale Trade, which saw a net decline of approximately 20 jobs during that period.

Deer Isle's economy shows a more diversified employment base compared to Stonington. Major industries include Construction, Government Services (including the local school system and municipal government), Wholesale Trade, and Health Care and Social Assistance. However, the Wholesale Trade and Health Care and Social Assistance sectors experienced declines over the same five-year period, largely due to the closure of the Island Nursing Home.

IMPLICATIONS FROM MARKET EMPLOYER SURVEY

1. Employers across all sectors require more year-round workers

- **Workforce shortages are structural, not temporary**

2. Housing is the primary barrier to recruitment and retention

- **Solving housing is essential to preserving local employment**

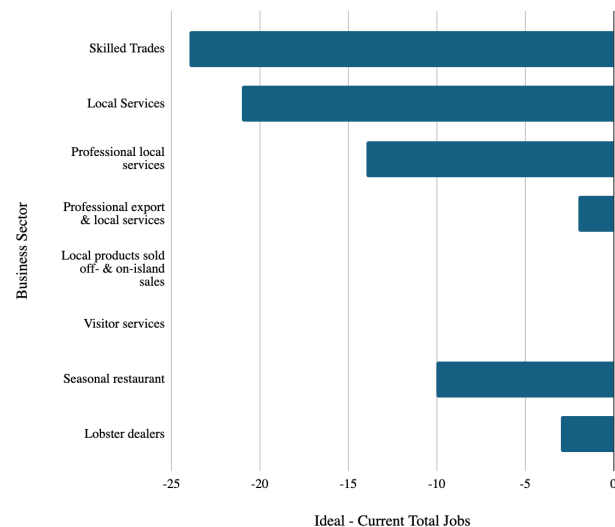
3. Full-time job growth is being directly blocked by housing scarcity

- **Housing solutions would lead to immediate workforce stabilization**

4. Businesses are absorbing high costs to compensate

- **Without intervention, further business closures and service reductions are likely**

Ideal - Current Total Jobs vs. Business Sector



“Even when we find strong candidates, many are unwilling or unable to relocate without secure housing options. The seasonal nature of the local housing market means that long-term rentals are scarce [...] We rely heavily on seasonal staffing and struggle to build a sustainable, full-time team.”

Employer-provided housing, as documented by the Market Employer Study, is a significant contribution to the workforce housing market on the island. Nearly 50% of surveyed employers now provide some form of year-round housing or seasonal housing to their employees.

“We house 23% of our staff in a company-owned home [...] None of these employees would be working for us if we couldn’t provide them housing.”

However, employer-provided housing is not a feasible wide-scale solution because it places an undue burden on businesses.

“Of the employees we do hire seasonally, we need to pay significantly to compensate for their housing and travel costs.”

45

New Units by
Nonprofit Developers

	≤30% AMI	31-50% AMI	51-80% AMI	81-120% AMI	121-150% AMI	≥151% AMI
Monthly Price Affordability	\$506-/mo	\$507-844/mo	\$845-1,350/mo	\$1,351-2,024/mo	\$2,025-3,037/mo	\$3,038+/mo
Completed and Planned Projects			IWH Oliver's Ridge	IWH Oliver's Ridge IWH Thurlow's Way Homeport	IWH Thurlow's Way	



Nonprofit Development Projects Broken Down by Area Median Income (AMI) Groups

Using Income Limits - 100% Median Income Limits by Family Size (Effective April 1, 2025) for Hancock County, assuming Household Size = 1, from Maine State Housing Authority

Together, both these projects and the employer-provided housing represent substantial investment in year-round rental housing in recent island history. They also demonstrate how public-private collaboration, creative financing, and strong community leadership can begin to rebalance a housing market long dominated by seasonal use, and more recently by the short term rental market.

Appendix 1: Local Market Employer Survey

The Local Market Employer Survey Subgroup conducted a representative survey of local employers to better understand the relationship between housing and employment.

In total, 33 local employers were interviewed. Employers came from a variety of business sectors including: Skilled Trades, Local Services, Professional Local Services, Professional Export & Local Services, Local Products (On/Off Island Sales), Visitor Services, Seasonal Restaurants, and Lobster Dealers.

The survey results demonstrate a connection between community and economic development to build a family-supporting portion of the economy. It was noted that expanding aquaculture opportunities might be one means of creating family friendly jobs that keep people here; that quality schools are a necessity; as well as a recognition that while the island remains small in population size it is exceptionally entrepreneurial.

KEY FINDINGS

The following table compares current employment levels to the number of employees businesses say they need to operate at stable, reliable capacity.

Total Documented Workforce Gap: 102 Positions

Across all sectors combined, surveyed employers report being short 102 year-round, contracted, and part-time workers (17% of current surveyed employment).

This is not theoretical demand, these are jobs that exist today but cannot be filled, and employers directly attribute this in large part to workers not being able to find year-round housing on the island.

Sector-Level Needs

<i>Sector</i>	<i>Reported Gap in Year-Round Positions</i>	<i>Interpretation</i>
Skilled Trades	-24	Consistent unmet demand for tradespeople; contributes to long wait times for repairs, construction, and maintenance; lack of year-round housing limits ability to recruit workers.
Local Services (retail, childcare, hospitality support, etc.)	-21	Service providers are stretched thin, resulting in reduced hours and limited offerings; difficulty retaining workers year-round due to unstable or seasonal housing.
Professional Local Services (healthcare, education, local business support)	-14	Highly unbalanced workforce, turnover is difficult to replace; limited housing options pose ongoing recruitment challenges.
Professional Export & Local Services (remote workers, specialized professions)	-2	Capacity to expand or sustain operations exists, but future hiring may be constrained if housing pressures continue to rise.
Local Products (On/Off Island Sales)	0	No observed strain on service capacity.
Visitor Services (tourism, guides, cultural programming)	0	No observed strain on service capacity.
Seasonal Restaurants	-10	Significant staffing shortages tied directly to lack of affordable seasonal and transitional worker housing; results in reduced hours, limited menu offerings, or shortened seasons.
Lobster Dealers	-3	Hiring challenges limit processing and distribution capacity; year-round staff recruitment is closely tied to availability of stable, nearby housing.

Interpretation

- The largest gap is in local services and skilled trades.
- Year-round economic functions (health services, trades, schools, marine supply) also show documented staffing strain.
- This is a system-wide labor shortage, not confined to one industry.

Housing Implications

1. Employment demand is already larger than the year-round housing supply can support
2. If workers cannot live locally, businesses cannot operate at full capacity.
3. Seasonal workforce housing is the largest single pressure point
4. Summer-only workers and returning seasonal staff are especially affected, causing:
 - Shortened business hours
 - Reduced service availability
 - Foregone revenue
 - Burnout among owners and year-round staff
 - Year-round rental scarcity blocks core workforce stability
5. Even when workers *want* to stay and settle:
 - There are few to no year-round rentals available.
 - Workers move through unstable seasonal/winter-only housing arrangements.
 - This prevents family formation, school enrollment stability, and long-term community participation.
6. Building trades & health care shortages now directly impact residents:
 - Longer wait times for home repairs/contractor availability
 - Difficulty staffing the school, public safety, and healthcare services
 - Pressure on volunteer and municipal systems

CONCLUSIONS

The data shows a documented and ongoing minimal workforce shortfall of ~102 year-round employees across major island industries. Local employers directly link this gap to the lack of stable and affordable housing options, especially:

- Year-round rentals
- Seasonal worker housing
- Entry-level ownership opportunities

Housing development is now necessary to maintain economic stability, not simply to promote growth. Without additional year-round and seasonal housing, the island's workforce and the community services and businesses that depend on it will continue to contract.

KEY INSIGHTS FROM THE EMPLOYER SURVEY

TOP 6 FINDINGS

1. **Choking Employment:** 102 jobs remain unfilled on an island with only 773 total jobs - representing a potential 17% increase in employment if housing were available.
2. **Employer Concern:** Nearly half (48%) of businesses have turned to providing their own housing assistance - a remarkable sign of market failure.
3. **Interconnected Regional Labor Market:** While 46% of residents leave the island for work, employers must import 36% of their workforce from off-island.
4. **Community development** serves as the foundation for future economic growth.
5. **Entrepreneurial Economy at Risk:** With 35% self-employment (one of the highest in the nation), the island's entrepreneurial character faces an existential threat from workforce shortages.
6. ***No Single Solution*:** The "torn web" metaphor and "silver buckshot" conclusion highlight that multiple, simultaneous interventions are necessary - no single policy is THE solution.

THREE SURPRISING STATISTICS

1. 21% of residents commute over 50 miles to work.
2. 3% walk to work, though it is a valued feature among seasonal workers and interns. Residents also appreciate pedestrian-friendly neighborhoods.
3. Employers consider \$700-\$2,000 monthly rent as "reasonable," but units costing \$700 typically require subsidies. Still, these units seem to be less competitive. with short-term, seasonal rentals.

SECTORS MOST AFFECTED BY LACK OF AFFORDABLE SEASONAL RENTALS

Severely Impacted

- Seasonal restaurants (housing is "largest operating challenge")
- Fishing fleet (crew shortages, captains fishing alone)
- Organizations with interns/short-term instructors

Moderately Impacted

- Professional services are struggling to recruit
- Visitor services (hotels, recreation, short-term rental management)
- Local retail and restaurants

Least Impacted:

- Skilled trades (don't hire seasonally but struggle with year-round recruitment)

THE BOTTOM LINE

Deer Isle's economy cannot grow - or even sustain itself - without solving this housing challenge. Every unfilled position represents not just lost income but potential business failures and community decline. The challenge requires immediate, multifaceted action from employers, town leaders, and community stakeholders, and maybe some help from Augusta.

Appendix 2: Inventory/Mapping Workgroup

The Inventory/Mapping Working Group was responsible for compiling, analyzing, and interpreting data on land use, property ownership, housing stock, and development suitability across Deer Isle and Stonington. This work provides the factual foundation for identifying where and how additional housing can be developed, preserved, or rehabilitated to serve local needs.

KEY FINDINGS

1. **Land Availability:** Analysis of property tax data revealed a significant amount of undeveloped land:

- Deer Isle: approximately 550 vacant parcels larger than one acre and 200 parcels of 20 acres or more.
- Stonington: approximately 100 vacant parcels larger than one acre and 30 parcels of 20 acres or more.

These findings indicate opportunities for both small-scale infill and larger multi-unit or community developments. Parcels located within existing infrastructure networks and “growth areas” identified in municipal Comprehensive Plans are particularly promising.

2. **Property Turnover:** High rates of real estate transfers reflect continued market activity and pressure:

- Deer Isle: 94 deed transfers in 2024 and 139 in 2023 (233 total over two years).
- Stonington: 49 deed transfers in 2024 and 54 in 2023 (103 total).

This turnover demonstrates an active property market influenced by both resident and non-resident buyers, further tightening available housing supply for local workers and families.

3. **Short-Term Rentals (STRs):** AirDNA data show that short-term rental activity continues to absorb a significant share of the local housing stock:

- 2022: 92 STRs in Deer Isle; 140 in Stonington.
- 2025: 246 total STRs in the combined market area (Deer Isle, Little Deer Isle, Stonington) (a net increase of 14 since 2022).

This concentration of STRs underscores the potential impact of incentivizing conversions to long-term rental use.

4. **Housing Composition and Affordability:** Census data reveal the extent of seasonal and vacant housing:

- Deer Isle: 46% of units vacant/seasonal; 8% renter-occupied.
- Stonington: 42% of units vacant/seasonal; 13% renter-occupied.
- Only 39% of all units in both towns are affordable to a median-income household (likely an overestimate if based on tax-assessed rather than market values).

These figures illustrate the deep housing imbalance and the need for policy and market interventions to create more year-round, attainable homes.

DEVELOPMENT CRITERIA AND EXAMPLE PARCELS

The group identified the following features as helpful for new housing development:

- Sites without significant wetlands or ledge constraints.
- Parcels with shared driveway or road access to minimize infrastructure costs.
- Walkable proximity to schools, stores, and town centers.
- Parcels most easily suitable for Accessory Dwelling Units (ADUs), rehabilitated homes, or manufactured home parks.

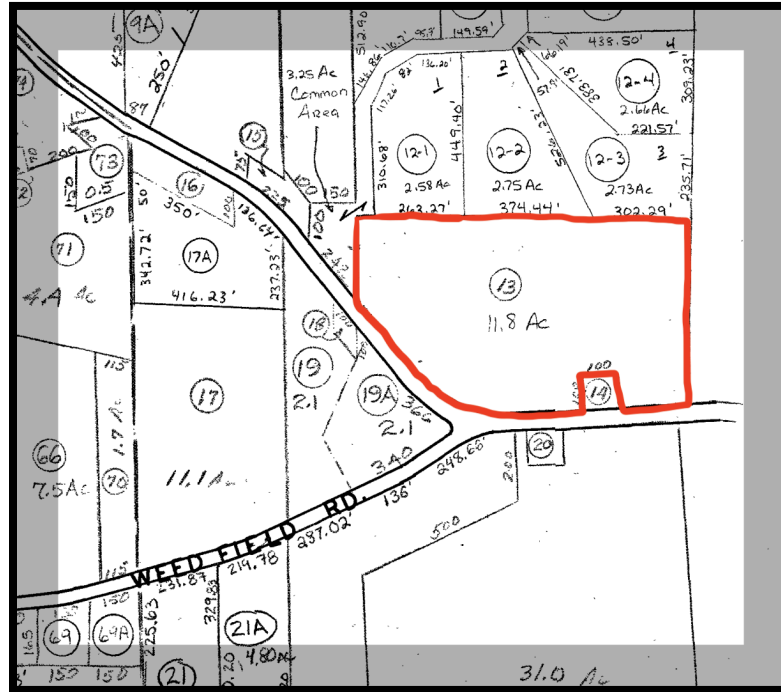
Example for Deer Isle:

Starting from the Deer Isle Comprehensive Plan's 4 growth areas, the group identified parcels on Tax Map 8 within walking distance of the schools and the Galley. Within this area, parcel 008-068 (Barter Lumber Co.) emerged as a strong example: approximately 15 acres total, near Route 15, and accessible via Louise Haskell Way. This lot offers proximity to existing infrastructure and minimal permitting complexity for access.

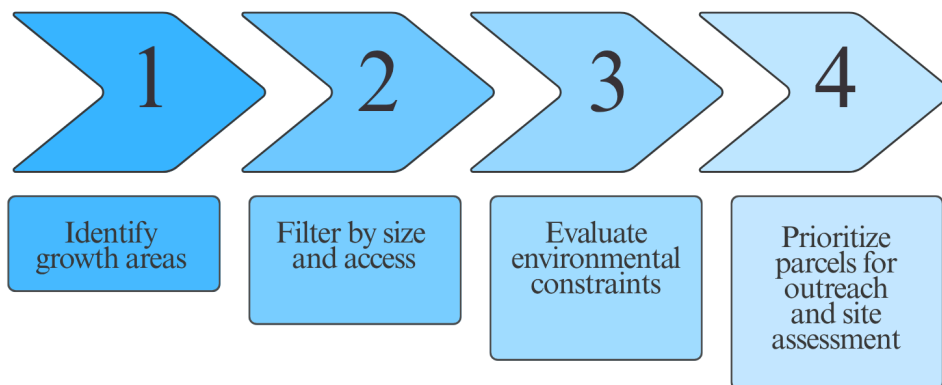


Example for Stonington:

The group identified parcel 04B-013 (Ramos) as a strong example: approximately 11.8 acres, near Sunset Ave, and in close proximity to the Ball Field, Island Connectivity Hub, Island Community Center, and downtown Stonington.



These examples demonstrate a replicable process:



INVENTORY/MAPPING WORKGROUP RECOMMENDATIONS

1. *Commit to Shared Capacity*

Establish a shared, paid staff position between the two towns (or through a fiscal sponsor) to maintain momentum and coordinate next steps. Sustained progress on housing initiatives will be difficult without dedicated staffing.

2. *Leverage Partnerships*

Collaborate with formal partners including HCPC, MaineHousing, Island Workforce Housing, Avesta Housing, private developers, and consultants to move identified opportunities toward feasibility and funding.

3. *Use Personal Connections Strategically*

Relationship-based outreach can help unlock opportunities that data alone cannot. Example: reaching out personally to local property owners (“Would you consider renting to...?” or “Would you sell a portion of your land if funding covered back taxes?”).

Appendix 3: Manufactured Homes Workgroup

The Manufactured Housing Working Group was charged with exploring practical, affordable ways to expand year-round housing opportunities on Deer Isle and Stonington through factory-built homes and Accessory Dwelling Units (ADUs). The group also reviewed zoning, financing, and public perception challenges that have limited the development of manufactured or modular housing on the island.

The group's goals were to:

- Identify ways to increase ADUs as long-term rental housing.
- Compare ownership models and financial implications of manufactured housing.
- Recommend policies, partnerships, and incentives that could make these housing types more viable.

Research included outreach to developers, lenders, modular home manufacturers, local and regional agencies, and the Maine State Housing Authority. The group also reviewed relevant town ordinances, state housing regulations, and economic data to identify barriers and opportunities.

KEY FINDINGS

1. **Housing Balance and Need:** With nearly 40 rental units in the development pipeline (Island Nursing Home, Island Workforce Housing, Stonington Workforce Housing), the next strategic opportunity is to add homeownership options for working households and long-term residents. Manufactured and modular homes, when sited appropriately, offer a cost-effective pathway to ownership.
2. **Manufactured vs. Modular Models:** The group compared two models for manufactured housing communities:
 - **Traditional Park Model:** Residents own their home but rent the lot beneath it. While affordable initially, this model carries long-term risks such as rising lot rents and limited resale markets.
 - **Full Homeownership Model:** Residents own both the home and land, offering stability, equity, and permanence but requiring higher initial investment and more complex infrastructure.

Modular homes, built to local code, often perform as well as or better than site-built homes and could complement future infill or clustered development efforts.

3. **Community Perception and Education:** The public often associates “mobile homes” with outdated images and lower-quality construction. Listening sessions could help clarify the differences among mobile, manufactured, and modular homes, all of which vary significantly in design, quality, and regulation.

- Manufactured homes built after 1976 meet federal HUD standards.
 - Modular homes meet all local and state building codes and are assembled on permanent foundations.
 - Both can provide durable, attractive housing at lower cost and shorter construction timelines.
4. ***Accessory Dwelling Units (ADUs)***: ADUs remain one of the most practical and immediate solutions to increasing local housing supply. Current ordinances in both towns allow ADUs, though Stonington includes a 90-day minimum rental requirement. Encouraging more homeowners to build long-term rental ADUs could add meaningful year-round housing with minimal infrastructure costs.
 5. ***Preserving Existing Manufactured Homes***: The existing manufactured housing stock remains an essential component of the island’s naturally occurring affordable housing. Supporting owners with access to weatherization and repair funding helps preserve these homes and prevent displacement.

MANUFACTURED HOMES WORKGROUP RECOMMENDATIONS

1. *Public Feedback & Education*:

- Host a series of listening sessions to understand community attitudes toward manufactured, modular, and RV-style housing that could serve both seasonal workers and year-round residents.
- Use these sessions to clarify common misconceptions, discuss housing quality standards, and build local support for small-scale, well-designed developments.
- Share resources with current manufactured home owners about weatherization, safety upgrades, and available state or nonprofit programs for repairs.

2. *Ordinance & Zoning*:

- Review and revise local ordinances to clarify pathways for developing manufactured or modular home communities.
- Simplify permitting and zoning language to ensure consistency between Deer Isle and Stonington, particularly around land ownership, water/sewer standards, and density requirements.
- Develop a “Developer Checklist” tied to the town’s Request for Proposals (RFP) process to guide affordable housing proposals from concept to completion.

3. *Accessory Dwelling Units (ADUs)*:

- Encourage homeowners to build ADUs through public education, technical assistance, and local incentives.
- Create and distribute an ADU Resource Guide outlining permitting, design options, and funding opportunities.

- Host a “Talk of the Towns” or similar session to showcase ADU designs that reflect the island’s character and fit local zoning.

4. Incentives for Housing Ownership & Rental Creation:

- Consider a dedicated Affordable Housing Fund to support housing creation and preservation.
 - Potential funding sources include short-term rental registration fees, transfer tax revenues, or private donations.
- The fund could be used to incentivize homeowners to provide long-term rentals (minimum 90 days or year-round).
- As the fund grows, its scope could be expanded to support affordable homeownership initiatives, infrastructure improvements, and site feasibility work.

The Manufactured Housing Working Group concludes that factory-built homes, modular housing, and ADUs represent flexible, cost-effective tools to expand year-round housing on the island. To succeed, these strategies will require public education, ordinance alignment, and financial incentives that reduce barriers for both homeowners and developers.

By taking a coordinated approach, pairing community dialogue with clear zoning and funding mechanisms, Deer Isle and Stonington can create pathways for affordable homeownership, preserve existing housing, and ensure that more residents can live and work locally throughout the year.

Appendix 4: Ordinance Review Workgroup

The Ordinance Review Workgroup completed its job on an accelerated schedule, submitting recommendations for major changes to the Town of Stonington's Subdivision, Site Plan Review, and Building Permit ordinances in late 2024 on the chance that proposed revisions might be brought forward at March 2025 town meeting. As the Town of Deer Isle had recently updated its ordinances in the process of passing its new Comprehensive Plan in 2024, the workgroup did not make recommendations for Deer Isle ordinances.

Given the scope of the suggested changes and the need for the Town's careful review and protection of natural resources, in June of this year the Town of Stonington entered into an agreement with The Musson Group to review the Town's existing ordinances related to development and began the process of creating more organized and user-friendly documents that will provide developers and the planning board with clear and robust standards as well as flexibility to help a good project move forward when there may be physical constraints on a lot, or other circumstances. The end goal is to set a foundation for productive development that adds value to the town and protects its resources without adding unforeseen obstacles or costs to the approval process.

The ordinances being reviewed, using a public process, for changes at Town Meeting in 2026 include the Subdivision Ordinance, Site Plan Review Ordinance, and Building Permit Ordinance.

The Musson Group reviewed and compared technical standards, organization and formatting for increased clarity and guidance for all concerned and has shown draft ordinance provisions to the Planning Board. They are available for public review on the Town's website at:

<https://www.stoningtonmaine.org/development-ordinances>. There will be a public workshop where residents can provide feedback directly to the consultant to be scheduled at a later date. There is also currently a survey available for the public to provide input at the above URL. The goal is to submit the revised ordinances to the 2026 Annual Town Meeting for voter approval.

Appendix 5: Area Median Income Limits - Hancock County, ME

INCOME LIMITS - 100% MEDIAN INCOME LIMITS BY FAMILY SIZE

(Effective April 1, 2025)

Maine State Housing Authority

State Lead Hazard Reduction Grant Program

Community Aging in Place Program

Hancock County, ME

<i>Household Size</i>							
1	2	3	4	5	6	7	8
\$67,480	\$77,120	\$86,760	\$96,400	\$104,112	\$111,824	\$119,536	\$127,248