

Islesboro Housing Committee  
Regular Meeting  
Tuesday, June 20, 2024  
In-Person Meeting at 5:00 PM, Town Office

APPROVED

8/15/24

MINUTES

1. Call to Order

Chair Mike Nelson called the meeting to order at 5:05 PM.

2. Establishment of a Quorum

Quorum was established with over 3 members present

Members Present: Chair Mike Nelson, Tom Tutor, and Melissa Burns, Ex Officio.

Members Present via Zoom: Ginnie Hess, Cate Blackford

Others Present: Susan West

Others Present via Zoom: Barbara Talamo

3. Approval of minutes of May 21, 2024

**Motion: To approve Minutes of May 21, 2024, as written, T. Tutor, seconded by C. Blackford. No discussion. Roll Call. Motion passed, 4 yes, 0 no, Unanimous.**

4. Up-Island Town Center – final comments / celebrate voter approval.

- The Up-Island Town Center Article passed at Town Meeting. It is now part of the Land Use Ordinance.
- Durkee's Store property now has more attributes than it did before, and is still for sale.
- Melissa stated that the only objection we heard at Town Meeting was from someone who thought someone south of the Keller Point boundary might want to buy abutting property in the new Town Center to keep it from getting developed.
- With the expansion of the Post Office Town Center, Islesboro Affordable Properties (IAP) will be taking advantage of that.

5. MCOG Housing Working Group – update

- Mike reported that the Maine Council of Governments (MCOG) Working Group seems to have disappeared. They have not set up a second meeting for Waldo County. He hasn't heard back.
- Melissa reported that there's an MCOG meeting in Rockland on June 27<sup>th</sup>, 11-2:30. They sent a request to the Select Board for representatives for their General Assembly. The Select Board would like Mike Nelson to be one of the representatives, with Melissa Burns.
- Mike gave some background information on the MCOG Working Group for Housing. There were about 5 people who work in real estate at the first meeting. One of the most interesting takeaways was that about 80% of real estate sales currently are cash sales, which drives out the workforce market.
- Ginnie Hess stated that people are getting more creative with 7% interest rates. Baby boomers are selling and right-sizing. First-time homebuyers are borrowing from parents to bridge the gap. Ginnie has seen that about 50% of sales are cash, with out-of-staters coming in with a mortgage.

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6. Discussion – Next steps

- Mike stated that in the latest Islesboro Island News was an IAP update. The Schnur cottage issue was brought up. There is a project/program for up to seven homes.
- Barbara Talamo clarified that IAP is not set on seven homes. The first step is to finish the two that are underway, which will be two stand-alone 3-bedroom houses. On the other part of the property, they will start with potentially two duplexes, each of which will have two 2-bedroom, 1-bath units, so four more units added. The seventh is aspirational. It depends on fundraising and other regulations, and the availability of funding from the state. It may all be private fundraising. There will be six units coming in the next two or three years.
- Mike asked about state funding for island housing. Barbara stated that we qualify for the rural housing program. Cate added that the island-specific funding was all allocated a few years ago. The rural affordable housing funding has a minimum of five units. The IAP is looking into things we can tweak to meet the criteria, but being ready in August when the funds are ready is a high bar. The state is looking at a projected \$250M deficit in the state budget next biennium; it is in our interest to find ways to move forward to use the funds that have been allocated.
- Mike reiterated that the Housing Committee doesn't want to compete with IAP. We don't want to see the IAP project derailed.
- Tom stated that this group would like to encourage commercial development. The only possible conflict is if we are competing for the same audience of homeowners, but none of us know how large that audience is.
- Tom will share the IAP plans with the Housing Committee. Keep good communication between groups.
- Tom suggested the committee could come up with some sort of ordinance with an impetus to a commercial developer to build affordable/workforce housing, and maybe change our property tax structure, with some sort of covenant that it would be for a year-round dwelling.
- Melissa stated that the Select Board has just hired a new Town Attorney, with a lot of experience in Land Use Ordinances. We can see if there's another program like Hancock County Housing.
- Cate stated she has no experience with tax structure. Most of the incentives she's seen are in zoning and Land-Use, usually for commercial development.
- Tom suggested the first step is to research what other towns are doing.
- Melissa will reach out to new Town attorney after July 1<sup>st</sup>. She will have Janet set up a Q&A, and will draft an email to run by the Housing Committee first.
- Mike asked if there are any other incentives we can look into. Workforce Housing is sometimes used interchangeably with Affordable Housing, but it doesn't always fit the financial parameters. We are focused on Workforce Housing. We need to attract plumbers, carpenters, electricians, etc. If they get a full workload, they will make \$75,000 to \$100,000 per year.
- Cate mentioned a few ideas for incentives:
  - There is an affordable housing tax increment financing structure that Maine Housing oversees for municipalities. She can look into it more.

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- Some municipalities are also offering low-cost or no-cost construction loans, basically a revolving fund. The public puts up money for part of the construction costs, and gets paid back at a low interest rate. The municipality then has a stake in the ownership. That usually happens at a larger scale.
- Land donations—making use of municipal land.
- Tom talked about the first idea and how Islesboro Economic Sustainability Corporation (IESC) uses that model for island businesses. If we were to follow up on the first idea, we would go to the Select Board to request they put on a Town Warrant to establish a reserve fund for low-cost building projects. The Select Board would then be gatekeepers for this money.
- Melissa asked if the IESC would be interested in having a branch for housing, since they have a fund structure in place. Tom stated the IESC went through a 2-year fundraising effort with the upfront goal to support local business, and overtly stated during the fundraising that we would not usurp the responsibilities of any other organizations, such as IAP.
- Cate asked about interest rates/payments on construction loans, in developing affordable vs. market-rate housing. If we're looking at Workforce Housing, are there incentives for loans?
- Ginnie stated that lower interest rates help. VA loans are attractive with 0% down and a lower rate than a conventional loan. What ways can the Town support first-time homebuyers?
- Cate will ask some contacts about subsidies for low-cost construction loans. She will bring info to next meeting.

7. Comments from visitors

- Susan West stated she would like to be on the Housing Committee. The committee welcomed her. Mike will let the Select Board know.

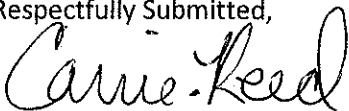
8. Next meeting date

- Next meeting Thurs, August 15, 5:00 PM.

9. Adjourn

**Motion by C. Blackford, seconded by M. Nelson, to adjourn at 5:50 PM. Roll Call. Motion passed, 4 yes, 0 no, Unanimous.**

Respectfully Submitted,



Carrie Reed, Secretary

