



THE YEAR-ROUNDER

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RIPPLES HILL: FIRST FAMILIES ARE IN!

The first two houses to be built in Phase One of the Ripples Hill Workforce Housing Development have been completed. The new owners moved into their houses between the end of February and late March. Construction of a third house is in the planning stages, according to Island Housing Trust Executive Director Chris Spruce.



Homeownership is an exciting reality for Judith Cullen and her children Liam and Emilia. They take a break on the couch in their new Ripples Hill home.

“It’s great to finally have two families at home in the Ripples Hill development,” Spruce said. “We look forward to working with additional qualified applicants to build the remaining houses in Phase One even as the recession continues to challenge working household budgets.”

Judith Cullen, a first-grade teacher at the Mount Desert Elementary School in Northeast Harbor, moved into her house on Farnham’s Way with her two children, Liam and Emilia, in late March. “Our biggest reaction about the house is that it is so



Judith Cullen and her family moved into one of the first two houses finished at Ripples Hill. Construction of a third family’s house may begin this spring.

our stuff. I am reveling in all the closets and cabinets,” said Ms. Cullen. IHT is planning to hold an open house at the new Ripples Hill residences this summer, said Spruce.

SPACIOUS!” Ms. Cullen told us recently. “There is great space downstairs that allows us to be together (even if I’m in the kitchen and the children are on the couch) - it’s a GREAT family space.” Conversely, she continued, “When anyone wants some time alone, we each have our own room upstairs to retreat to.”

Ms. Cullen also remarked that the light coming into the house from the large windows on the south side of the house “is wonderful.” The family, she said, is planning gardens all along the south side of the house, with a path running down the middle to the back porch.

Finally, the Cullens are glad to have “more than enough storage for all

CONSERVATION AND WORKFORCE HOUSING SUCCESS AT KING'S CREEK

Island Housing Trust worked with Maine Coast Heritage Trust (MCHT) to provide a year-round home ownership opportunity to an island family. IHT board member Brian Reilly is a Project Manager at MCHT and assisted in the process.

Maine Coast Heritage Trust recently helped advance two community goals—shore access and affordable housing—in a conservation project on King's Creek in Bar Harbor. "We're thrilled to have protected the traditional canoe access to King's Creek, which has such a long history of public use and enjoyment. Just as important, this project allowed us to help a local working family solve the challenge of finding affordable year-round housing here on the Island," says MCHT Project Manager Brian Reilly.



King's Creek shows in the background of Costello and Sanders' home.

When a traditional access point to King's Creek from Route 3 was threatened by sale on the open market, MCHT purchased the 3-acre property last year. The parcel included an adjacent house and outbuildings that were not critical to the conservation values of the creek and were therefore appropriate to re-sell to a private buyer. The Trust will work with Acadia National Park to maintain the undeveloped creek frontage as permanent and publicly accessible open space. Working with the Island Housing Trust, MCHT placed permanent covenants on the adjacent house lot to ensure its affordability, and then sold the house in December to Christina Costello and John Sanders, a local nurse and firefighter. Reflecting on the purchase, Christina said, "We are truly grateful to the Island Housing Trust and Maine Coast Heritage Trust for the opportunity to live near the

places we work and near our community of friends. It already feels like more than a house, it feels like home." L.S. Robinson Real Estate charged a reduced commission to help facilitate the sale due to its community value. Commenting on the project, Chris Spruce, Executive Director of Island Housing Trust said, "Increasingly we're seeing benefits of working with land conservation organizations and other partners to advance our mission of affordable housing. Putting a family into an affordable home and helping protect an important ecological resource is a true win/win."

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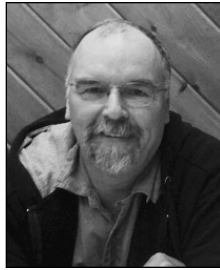
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VIEW FROM THE FRONT PORCH: STEADY PROGRESS DESPITE SOFT MARKET

By Chris Spruce, Island Housing Trust Executive Director

The turmoil in the real estate market nationwide has not skipped Maine or the Mount Desert Island area. Foreclosures are up, residential sales are down and there clearly has been some softening of prices in the local real estate market. While this is probably bad news for the local economy overall, it might be good news for some moderate income households searching for a house they can afford to buy. But that good news is tempered by the fact that these homeownership opportunities are rare, and few, if any, are in a range that most middle income households can afford.



Executive Director
Chris Spruce

A recent search of residential properties for sale on the Multiple Listing Service and the real estate website, Trulia.com, show that while there are a few homeownership opportunities in the \$150,000-\$250,000 range on MDI, many of those are one-bedroom condominiums or older buildings in need of significant upgrades. While one-bedroom condos may work well for a working individual or couple with moderate annual household income, they would not be adequate for most small families. A check of land prices show that most lots are still running in the six-figure range, which means that they are not generally affordable to moderate-income working individuals or families.

On a regular basis, I talk to working individuals and families who are looking for a year-round homeownership opportunity on MDI. With tightened loan qualification standards, some cannot get qualified for a mortgage loan because of too much personal debt or less than stellar credit ratings. Some, who may be well-qualified financially to obtain a mortgage loan, are not sold on the idea of permanent affordability. They're hesitant to purchase a residential property that carries affordability covenants. Affordability covenants limit their return on investment at the time of resale of the property so that it remains

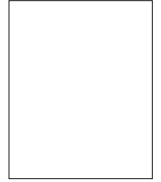
affordable to moderate income households well into the future. These folks prefer to wait until a market-rate homeownership opportunity comes along. Unfortunately, those market-rate opportunities most often occur off-island, meaning those moderate-income households will not be counted among those on MDI. Of course, the more this dynamic occurs, the fewer working individuals and families who are employed on MDI will actually reside here. And that is a dynamic that spells trouble for the viability of the year-round villages.

Further complicating this dynamic is the actual and potential loss of employment at Island businesses and institutions that is temporarily shrinking the pool of those seeking year-round housing. We hope, of course, that the current recession will reverse course sooner than later, but, in the interim many of those who might normally be seeking to buy a house have delayed that search pending the economy's rebound.

Yet even as the current downturn endures, there are some prospective buyers who have bought into the concept of long-term affordability of homeownership opportunities for working households on MDI. Two of them now occupy the first modest-sized, energy-efficient houses built at the Ripples Hill workforce housing development in Somesville. Another couple lives in a year-round residence in Bar Harbor near King's Creek that can now be counted in the stock of permanently affordable moderate-income housing. And yet another couple is currently pursuing purchase of a vacant parcel of land owned by Island Housing Trust in Somesville that they will develop into a permanently affordable, single-family residence. An attribute that is shared by all of these new homeowners and prospective homeowners is a commitment to the MDI community at large. It is this commitment that will help sustain our year-round communities in the challenging times ahead.

Thank you to all our supporters. Please look for our Annual Report coming to you this summer.

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HOME AT RIPPLES HILL

Island Housing Trust encourages viable year-round island communities by facilitating reasonably priced rental and purchasing opportunities for the workforce on Mount Desert Island.



Judith Cullen and children Liam and Emilia stand by the front porch of their new home at Ripples Hill. Ms. Cullen teaches first grade at Mount Desert Elementary School where Emilia is in sixth grade. Liam attends Mount Desert Island High School.