

Island Housing Trust's Ripples Hill Project

Frequently Asked Questions

Where is the Ripples Hill property located? The land is located on the Beech Hill Road, approximately 1,500 feet in from the intersection with the Pretty Marsh Road. It is within the village of Somesville, about ¼ mile from the firehouse.

How did IHT acquire the land? The 10-acre property was given to IHT by the Town of Mount Desert. Many years prior, the Rockefeller family donated this property (as part of a larger tract) to the Town for the express purpose of creating workforce housing. The Town, by deeding the land to IHT, is helping fulfill the original intentions of the gift – and a long-standing community need in the Town and on MDI.

How many houses will be built? Nineteen houses will be built at the Ripples Hill site over a multi-year period. The houses are modest-sized, energy efficient, three-bedroom houses that will be located on small lots and clustered near walkable roadways. The applicants overwhelmingly support this neighborhood design that is both family and pedestrian friendly.

Who will live there? This is a workforce housing project that is targeted to middle-income individuals and families employed on Mount Desert Island. To qualify, applicants commit to living in the house year-round, and at least one adult member of the household must work on MDI. Successful applicants will need to qualify for bank financing. Annual household income for qualified applicants may not exceed \$70,320* for a family of 4 or fewer.

**Applicant households with income greater than 120% of AMI for Maine may qualify providing they meet certain other requirements and conditions.*

What type of employment are the homebuyers engaged in? Our current group of homeowners include employees at Mount Desert Elementary School, the Jackson Laboratory, MDI High School and the local school district.

How much will each Ripples Hill house cost? The base house costs about \$168,000 with options that could raise the cost to \$200,000 if all options (e.g., a second bathroom, small addition) are selected. IHT raised more than \$600,000 to underwrite virtually all of the infrastructure costs for Phase 1 so that the purchase price of a house will not exceed this target sales figure. We know that to remain affordable to our target group, the cost of building these houses must stay in our targeted cost range.

How will IHT keep these houses affordable to MDI workers? IHT will include “affordability covenants” in each deed. These “housing easements” (which IHT will uphold and enforce over time) will restrict the resale price of the house to keep it affordable to the MDI workforce. Our goal is to ensure that the original subsidies that made the house and lot affordable to the first homeowner will remain in the property, and thus make it affordable to all homebuyers within the same workforce market for generations to come.

Will Ripples Hill homeowners be able to realize some appreciation on their investment if they sell their home? Yes. Homeowners will build a limited amount of equity in the home, including the cost of improvements. Their rising equity will be tied to the annual rate of change in wages over the period of time they own the home, rather than real estate market trends, which have no relationship to affordability and workers' wages.

When will the Ripples Hill houses be built? The first three houses have been completed and are now occupied by their new owners, a fourth is under construction and construction on a fifth house will begin in spring 2010. We are selling lots to each qualified applicant who is able to obtain a construction loan to build his or her house. Each lot buyer will contract directly with our low-bidding builder to build his or her house, but IHT serves as agent to the lot buyers to ensure they get the house they are paying for. Once we raise an

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additional \$175,000 to underwrite infrastructure costs for the next three houses, we will begin Phase 2 of the development. Additional phases will result in the development of the remaining of 10 lots.

Why is it expensive to do this project?

There are two reasons. The first is that it is expensive to build an access road, drill wells and connect to town sewer; this is true of every housing development. The difference here is that we are underwriting these costs with donations rather than passing them on to the homeowners as would be done in a traditional development. A significant amount of ledge also had to be removed from this site. The second reason is that despite the recession the cost of building materials remains high. The layout of the houses on the site, and the house design, have both minimized the costs to the extent possible. It is very expensive to build these days, especially on a granite island.

Why will the houses be "green" and energy efficient? Is this adding considerable cost to the project?

IHT's board of directors feels very strongly that it has an important responsibility -- to the public at large and the homebuyers -- to build houses that are sustainable in their choice of building materials and energy efficient. An energy efficient house is not only good for the earth and our consumption of limited resources, but it has the added benefit of being more affordable on an annual basis to heat and maintain. Our hope is that Ripples Hill will be a model development in Maine -- not only for its affordability but its progressive design that homebuyers will be proud of.

Is it possible for homeowners to have a second bathroom? Yes. This may seem like a funny question to include, but it keeps coming up so we thought we better address it. The houses are designed with one bathroom for two reasons: that is what some homebuyers prefer, and because of cost. There is an option for homebuyers to build a second bathroom, at their additional cost.

Nineteen houses will not solve the whole problem. What else is IHT doing to address the critical shortage of workforce housing. The nineteen houses at Ripples Hill are just the beginning. A recent study on the MDI housing situation identified an unmet need of 400 affordable year-round home-buying and rental units. While the economic downturn experienced over the last several months has dampened demand, it has not resulted in softening real estate prices on MDI to a level that moderate income households can easily find quality, affordable year-round housing.

Does IHT propose to build another 350 houses on MDI to meet the housing need?

No! The approach at Ripples Hill is only one technique IHT will use. As this project illustrates, building houses is expensive, even when the land is donated. IHT is actively exploring other projects involving renovation of in-town houses, and creation of residential units over retail or other commercial space. We are also working with MDI landowners and developers to be a source of technical assistance to help make their projects accessible to the middle-income workforce that is currently boxed out of the market. There are many creative solutions to the problem, and creating a small residential neighborhood at Ripples Hill is only one.

What if I have additional questions? We welcome your questions. Please feel free to contact IHT's executive director, Chris Spruce, at 207-288-4496 or an IHT board member.



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