

Revitalizing Northeast Harbor as a Year Round Community

Northeast Harbor, Maine



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Urban Land
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Boston

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Executive Summary

Under the direction of the Urban Land Institute's Boston District Council, The Northeast Harbor Technical Assistance Panel (TAP) convened in Northeast Harbor, Maine in June, 2012, bringing together stakeholders, Town and community leaders, and a panel of land use and development professionals for a day-long session focused on identifying opportunities and strategies for revitalizing Northeast Harbor's commercial center (Main Street), leveraging recent investments in the marina, and creating opportunities for affordable (workforce) housing to be developed. The report that follows, which summarizes the TAP recommendations, is comprised of six chapters.

Chapter 1: ULI and the TAP Process gives an overview of the Urban Land Institute's Boston District Council and its Technical Assistance Panels (TAPs) and provides a detailed list of participants in the Northeast Harbor TAP including Town officials, stakeholders, and the panel of land use and development professionals.

Chapter 2: Background and Assignment gives some background information about the village of Northeast Harbor, provides an overview of the efforts by the Town and other interested parties to address community concerns regarding the future of Northeast Harbor, and the Town of Mount Desert's objectives for the TAP, as stated in its initial application.

Chapter 3: Observations and Findings presents a collection of the panel's insights and assessments on a range of relevant issues, from the condition of Northeast Harbor's commercial core and its business mix, to community assets, community challenges, and opportunities for improving the function and vitality of Northeast Harbor.

Chapter 4: Planning Considerations provides a definition of "affordable" housing based on metrics on incomes and housing costs for Northeast Harbor, the Town of Mount Desert, and neighboring communities in Hancock County.

Chapter 5: Recommendations provides a menu of strategies to address the concerns and objectives, most notably, making the village a "beehive" of activity. Other strategies include providing physical and business improvements to strengthen the commercial core and providing a spectrum of year-round housing.

Finally, *Chapter 6: Next Steps* provides ideas for marshalling various elements of the community to implement the plan, including creating a focused vision for philanthropy, organizing a business mentoring program, and engaging an economic development facilitator to help the community pursue and maintain the many activities that would be required to achieve success.

Figure 1: Mount Desert Island, topographical map, 1904



1 | ULI & The TAP Process

a. Urban Land Institute (ULI)

The Urban Land Institute is a 501(c)(3) nonprofit research and education organization supported by its members. Founded in 1936, the institute now has nearly 30,000 members worldwide representing the entire spectrum of land use and real estate development disciplines, working in private enterprise and public service, including developers, architects, planners, lawyers, bankers, economic development professionals, among others.

As the preeminent, multidisciplinary real estate forum, ULI facilitates the open exchange of ideas, information and experience among local, national and international industry leaders and policy makers dedicated to creating better places. The mission of the Urban Land Institute is to provide leadership in the responsible use of land and to help sustain and create thriving communities. The Boston District Council serves the six New England states and has over 1,000 members.

b. Technical Assistance Panels (TAPs)

The ULI Boston Real Estate Advisory Committee convenes Technical Assistance Panels (TAPs) at the request of public officials and local stakeholders of communities and nonprofit organizations facing complex land use challenges who benefit from planning and development professionals providing pro bono recommendations. At the TAP, a group of diverse professionals specially assembled with expertise in the issues posed typically spends one to two days visiting and analyzing existing conditions, identifying specific planning and development issues, and formulating realistic and actionable recommendations to move initiatives forward in a way consistent with the applicant's goals and objectives.

c. Panelists and the TAP Process

Panel Members

ULI Boston convened a panel of volunteers whose members represent a range of the disciplines associated with the challenges that an under supply of affordable housing is creating for the year-round population in Northeast Harbor and the larger Town of Mount Desert. Group members also had expertise in revitalization of underperforming commercial areas.

Disciplines represented included planning, architecture, market analysis, development finance and entitlement, affordable housing development, and real estate law. Members were selected with the intent of convening a robust array of professional expertise relevant to the Town's objectives for this TAP. Following is the list of panelists:

- Barry Abramson, Abramson & Associates (TAP Co-Chair)
- Jeremy Wilkening, Somerville Community Corp. (TAP Co-Chair)
- Mike Binette, The Architectural Team
- Erin Cooperrider, Community Housing of Maine
- Victor Karen, Citybuilding Enterprises
- Tex Haeuser, City of South Portland
- Kathleen O'Donnell, Real Estate Attorney
- Paul Stevens, SMRT Architecture, Engineering, and Planning

Caitlin Bowler, planner, served as a consulting technical writer, while Michelle Landers of ULI Boston provided organizational and technical support in preparation for and during the TAP event.

Durlin Lunt, Town Manager of the Town of Mount Desert served as primary contact for ULI Boston for the Town. Hamilton Clark and Elaine Lincoln, both of the Summer Residents Association and members of the Town of Mount Desert Revitalization Committee were also instrumental in organizing the Northeast Harbor TAP.

Stakeholders

The TAP benefited from the participation of the diverse group of stakeholders—property owners, local residents, business people, and non-profit board members—who met with the panel and shared information, ideas, and opinions on a range of issues effecting the Village of Northeast Harbor and the larger Town of Mount Desert. The following individuals served on stakeholder panels:

- Arthur Blank, CEO Mount Desert Island Hospital
- Parker Brown, Recent Graduate of Mount Desert Island High School
- Chuck Bucklin, Contractor, former Selectman
- Katrina Carter, Real Estate Agent
- Nat Fenton, Real Estate Attorney
- Joann Harris, MDI Hospital Human Resources Manager
- Nancy Ho, Owner of Kimball Shop in Northeast Harbor
- Stephanie Kelley-Reece, Proprietor of the Colonel's Cafe in Northeast Harbor
- David McDonald, Long time resident, involved in Maine Coast Heritage Trust, and Executive Director, Friends of Acadia
- Scott McFarland, Principal of Elementary school, President of Neighborhood House

- Lili Pew, Real Estate Agent, Former Chair of Board of Friends of Acadia
- Meredith Randolph, Chair of Board of Island Housing Trust
- Linda Savage, Owns a store in Town Hill, Former postmistress of Somesville
- Rick Savage, Northeast Harbor Village Improvement Society, Former Selectman, Boat Operator [emailed Durlin]
- Sam Shaw, Owns a jewelry/specialty shop in Northeast Harbor, formed a group called Re-Store (free ice cream and music on Thurs nights)

TAP Process

The Northeast Harbor TAP was held on June 4, 2012, at the Northeast Harbor Library and at the Neighborhood House. In the morning, Town Manager and longtime resident Derlin Lunt welcomed the panelists at the library and led an hour long walking tour of the village center and marina. The walking tour began at the library, the headed south down Main Street, east down Huntington Road, before heading north toward the marina on Harbor Drive and then west up Sea Street to complete the loop.

After the tour, the ULI panel interviewed a diverse series of stakeholders to gain a better understanding of relevant issues, dynamics, challenges and opportunities in Northeast Harbor. The panelists then engaged in an intensive charrette to develop potential concepts, strategies and recommendations for the Town and Revitalization Committee to pursue. The panel presented these findings to the public and the Town of Mount Desert Board of Selectmen that evening at the Neighborhood House. The PowerPoint presentation is available electronically at the ULI Boston website <http://boston.uli.org>.

2 | Background & Assignment

a. Northeast Harbor

The village of Northeast Harbor is one of six villages in the Town of Mount Desert on Mount Desert Island in Maine, with a year-round population of approximately 330 that swells significantly in the summer months. The village is located toward the southwest corner of Mount Desert Island's eastern side, and is renowned among boaters for its sheltered harbor, which will become an even more attractive destination upon the imminent completion of the marina renovation. It is also known for the grand, three season mansions of a bygone era, built by some of the nation's wealthiest families, which established Northeast Harbor as a prestigious summer refuge. The village center features a lively mix of vernacular historic architecture that evokes a way of building and living that is no longer common.

Historically, the influx of summer residents has been a boon to Northeast Harbor, providing three months of high volume business—from summer residents, their guests, and the staff that accompanied them—as well as opportunities for seasonal and some year-round employment.

However, in the last thirty years these dynamics have changed. Specifically, increased demand for housing for the affluent seasonal market has led to a shift in focus from waterfront and other more traditional seasonal locations to a broader array of more modest, historically year-round homes throughout the town and especially in and around the village center. As these properties turn over, seasonal buyers are reportedly



Shops on Main Street adjacent to one of three vacant lots on the commercial street created by fire.

paying as much as twice what most year-round residents are able or willing to pay, resulting in many year-round residents making the economic decision to move to Ellsworth or neighboring communities on the mainland, where houses reportedly cost half what they cost in Northeast Harbor.

This displacement of year-round residents has reportedly dropped the village's year-round population from a peak of approximately 900 (50 years ago) to approximately one third that number today. In turn, the decrease in year-round residents has depleted the market for year-round businesses in the village.

b. Recent Activity & Partnerships

The decrease in year-round population and the attendant depletion of the commercial market have been of growing concern to year-round residents and long time summer residents alike. Both constituencies are worried about the health and long term sustainability of the community and its businesses.

In response to this concern, members of the Summer Residents Association, in partnership with the Town of Mount Desert, formed a Revitalization Committee in September of 2010. The Committee was conceived as “a partnership between the Summer Residents Association and members of the year-round population to address perceived economic issues in the Town and to foster a closer working relationship between the two groups” (SRA newsletter, Spring 2012).

In April, 2011, the Committee made a series of recommendations to the Town of Mount Desert’s Board of Selectmen, which included the recommendation that the Town engage outside experts in revitalization “best practices.” The Town’s engagement with ULI Boston to organize a TAP grew from that recommendation. The TAP panel hopes that this report and its recommendations can be of use to the Revitalization Committee, the Town, and residents as they continue to strengthen partnerships and the community through their efforts.



Boats tied up at the Northeast Harbor marina.

c. Town of Mount Desert's Objectives for the TAP

The Town of Mount Desert's objectives for the TAP spanned a range of issues, from improving the vitality and success of Main Street and its businesses and leveraging its recent investment in the marina to facilitating the creation of new affordable housing.

1. How to improve the Main Street commercial district?

What types of tactical strategies could be appropriate for the Town and community leaders to consider to encourage and enable new business investments in the Main Street commercial district of Northeast Harbor? What uses are appropriate for developing the vacant lots on Main Street?

2. How to improve the business climate?

What strategies can be used to enable existing local businesses to attain and maintain profitability, given the high seasonality of the local economy (e.g. marketing efforts, signage, volunteer pledges to 'buy local,' changes to land use ordinances, etc.)?

3. How to leverage the investment in the new marina?

What opportunities could be considered for better utilization of the public and private space next to the new marina, and how can this area be better connected to the Main Street commercial district? Should the Town consider the creation of an independent Public-Private Planning Committee to act as an "action agent" in this regard?

4. How to attract and support new affordable housing in the area?

What initiatives could be undertaken to attract and enable more affordable housing in and around Northeast Harbor? What role can or should private funding (philanthropy, property tax surcharge, etc.) play in enabling a growing and economically sustainable year-round community in and around Northeast Harbor?

5. How to engage the island's largest employers in this effort?

How best can the larger on-island employers (such as Jackson Labs) be engaged in enabling affordable housing solutions for their employees in Northeast Harbor and the Town of Mount Desert?

6. Should the Town consider engaging in public-private partnership toward this end?

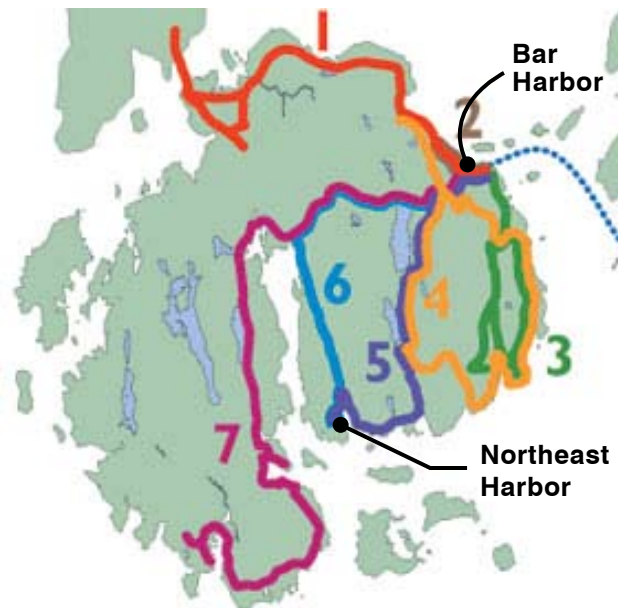
Should the Town consider opening up public or private land for housing development in and around Northeast Harbor? What are possible public-private partnerships and opportunities for collaborations in this regard? How would such a partnership be funded and how would it work with the town?

3 | Observations & Findings

a. Location

Beautiful Mt. Desert Island is one of the most popular tourist destinations on the East Coast of the United States. It is home to Acadia National Park, one of the nation's oldest and most scenic natural treasures, whose network of carriage roads, hiking trails, and scenic drives draw thousands of visitors each summer. Other island attractions include various nature sites, camping and boating opportunities, and the ever busy summer scene in Bar Harbor.

Northeast Harbor itself is located at the doorstep of a very well traveled loop road and hosts a number of attractions, including Thuya Garden (a terraced cliffside garden with panoramic views of the harbor), the Asticou Azalea Garden (a highly regarded Japanese style public garden), and the harbor-side marina.



The Island Explorer's route map, summer 2012.

b. Transit Access

ISLAND EXPLORER. Northeast Harbor is a 20 minute, scenic drive from Bar Harbor and served by the Island's public transportation system, the Island Explorer, in the summer and fall. The Island Explorer features eight bus routes that connect to destinations around Mount Desert Island and within Acadia National Park. The service operates June 23 through Columbus Day, with a fall schedule that takes effect on September 1. The shuttle is free to both visitors and residents.

Routes 5 and 6 provide service from Bar Harbor to Northeast Harbor. Route 5 (Jordon Pond Route) originates in Bar Harbor and makes stops at Bubble Pond, Jordan Pond, Seal Harbor Beach, Northeast Harbor (Main Street & Marina), before repeating the route back to Bar Harbor. Route 6 (Brown Mountain) originates in Bar Harbor and makes stops at Eagle Lake, MDI High School, Brown Mountain, and Northeast Harbor (Main Street & Marina), before repeating the route back to Bar Harbor.

DOWNEAST TRANSPORTATION. This service (fee-based) provides transportation year-round to a network across the region originating in Ellsworth. From Ellsworth travelers can connect to Bar Harbor, Blue Hill, Bucksport, Stonington, and Bangor. Northeast Harbor is not part of this service network.

c. The Village

Main Street – Physical Character

GOOD BONES. Northeast Harbor's commercial center, organized around Main Street, has good bones, and much more besides. From the intersection of Main Street and Summit Road to the small green in front of The Neighborhood House, the Main Street commercial core is approximately 350 yards in length, making it easily walkable. At 30 feet wide (diagonal parking on the west side of the street), with one- and two-story buildings lining the street's west side (fairly intact) and one- to three-story buildings lining the first 200 yards of the street's east side, Main Street is also well scaled for a great pedestrian experience. In conjunction with the range of architectural styles illustrated across its building facades, the street represents a type of village development characteristic of Maine and other parts of New England with historic interest and broad appeal.

VACANT LOTS. Unfortunately, a series of fires in the last decade left four vacant lots on Main Street's west side, of which three remain vacant. One structure—occupied by The Colonel's restaurant—was rebuilt in 2009 and thrives in

the summer months, remaining open with more modest business during the shoulder seasons. It also houses several suites above the restaurant, which are rented out on a weekly basis to vacationers. Finding a way to rebuild (or productively utilize) the remaining three lots is, understandably, an important goal for the village, both to fill in the “missing teeth” on Main Street and to bring more business to the district.

PEDESTRIAN ENVIRONMENT. Despite its good bones, Main Street does not have nearly as functional nor amenable a pedestrian environment as it could. At 36 inches, its sidewalks are narrow and, on the east side of the street, are made even narrower at each telephone pole. There are few trees and no outdoor structure—a pergola, arbor, small temporary shelter—along the street to provide shade in the summertime. Some storefronts do have awnings, but given the width of the sidewalk, such shaded spaces are not adequate to foster planned or impromptu gathering in small groups. Finally, there is really no place outside where one could sit.



A view south down Main Street.

Main Street – Business & Service Offerings

Over the last thirty years, Northeast Harbor's commercial district has evolved, becoming increasingly oriented toward the needs, preferences, and shopping patterns of the summer resident and visitor communities. Fewer and fewer businesses provide services or goods targeted to the year-round residents and less than half of businesses are open year-round. Main Street may be reasonably active in the summer season, but is very quiet in the winter.

BUSINESS PRESENCE – SEASONAL VS. YEAR-ROUND. Based on a town-provided 2010 map of businesses located in Northeast Harbor's village center (Main Street, Sea Street, and Summit Road to Tracy Street), only 43% are open year-round.

This renders the village center rather barren in the off season. Even worse, there are no restaurants or cafes open from October through April, depriving full time residents an important venue for meeting and socializing.

BUSINESS MIX. The table to the right shows the specific breakdown of business by category in Northeast Harbor's commercial district.



Local Color—a seasonal store on Main Street.

TABLE 1: BUSINESS MIX, NORTHEAST HARBOR, 2010

<i>Category</i>	<i>Number</i>	<i>% Total*</i>
Commercial/Office	11	17.50%
Art & Antiques	9	14.25%
Residential	8	12.50%
Vacancy Lots & Spaces	8	12.50%
Restaurant, Food, and Market	6	9.50%
Home & Gift	6	9.50%
Clothing	6	9.50%
Service; Gas, Paint, Hardware	3	4.75%
Jewelry	2	3.25%
Spa/Health Salon	2	3.25%
Public	2	3.25%
Total	63	

**Rounded to nearest .25%*

VACANCIES—FOR RENT. Attempts to redevelop the three vacant lots on the east side of Main Street have been unsuccessful due to very challenging economic constraints posed by high development costs and the limited business season for commercial tenants. The limited business season is likely exacerbated by the difficult national economy and financing market for real estate projects and new businesses in recent years.

There are also four commercial/retail spaces in existing buildings that are vacant. One building, at the southern end of Main Street, contains two of those spaces. The third is located behind Sam Shaw's jewelry shop, and does not have any actual frontage on Main Street (or other through way). The fourth is on the parcel just southwest

of the Neighborhood House green.

The Marina

Northeast Harbor's marina is a great asset being improved through significant capital investment. In addition to reconfiguring much of the parking, the Town has invested in a new public showering facility, a new harbormaster's office and, most importantly from a strategic marketing perspective, a new visitor center that will allow the chamber of commerce—or whoever takes the lead on improving outreach to visitors on behalf of the entire village—to engage directly with the boating community.

SEA STREET HILL. One consequence of Northeast Harbor's topography is that Sea Street Hill essentially "hides" Main Street from those visitors arriving by boat who are not already aware of its existence. To many, the marina is the extent of Northeast Harbor. Without any kind of signage or other form of graphic indication to guide visitors from the marina, Main Street will not fully capture the potential demand from this visitor sector.

PARKING. There appears to be ample Town-owned parking at the marina green and marina serving those attractions as well as in a large Town-owned lot (approximately 300 by 175 feet)- to the west of the marina green—which provides parking for the Town Offices as well spaces for residents who live off island, under a recently renewed ten-year lease.



New Harbormaster's office and visitor center at the renovated marina.



Parking lot adjacent to the Town offices at the marina.

d. Community Assets

Mount Desert Elementary School

Again and again stakeholders cited the presence of Mount Desert Elementary School, located in the village center, as a major asset to the Town of Mount Desert and key driver of locational decision making by island families with children in Kindergarten through Grade 8. Real estate brokers and property owners report that many year-round residents choose the Town of Mount Desert specifically for the school and suggest that more families would choose the town and particularly Northeast Harbor if there were more affordable housing options therein because of the school.

With just 180 students it is a fairly small school, but considered to be a great one, with high quality teachers who deliver a solid curriculum and create a safe environment for students.

Recently, Principal Scott McFarland announced that he had signed a Memorandum of Understanding with College of the Atlantic regarding intended collaboration on a project tentatively called “Growing Vegetables, Growing Minds.” The concept is that the school would build and host a greenhouse and educational complex where elementary school students could learn about sustainability, a range of related sciences, and even career skills by growing vegetables and tending to plants in the greenhouse—all with help from students at the College of the Atlantic. As the program grows, McFarland imagines it also conducting community outreach to students, families, and other residents across the island.

Island Housing Trust

The Town of Mount Desert has benefited from the continued activity of the Island Housing Trust, which has a demonstrated track record of success at Ripple Hill (Farnhams Way), which is a 10 unit, affordable ownership development. The project is an example of what is possible through public-private partnerships. To make the project possible, the Town provided the land (originally gifted to the town by the Rockefeller family for the express purpose of workforce housing), a local church and private individuals helped coordinate a portion of the financing, and the ongoing affordability of the units for future owners is assured by affordability covenants. There is room for nine additional units to be built adjacent to the already built homes and it is anticipated that they will be. At the TAP presentation, Island Housing Trust Chair, Meredith Randolph, stated that the Trust is eager to work with all three towns on the island to increase the housing supply for year-round residents.



Strong Community

Northeast Harbor has great human resources with dedicated long-standing year-round and seasonal residents, whose commitment to Northeast Harbor is borne of a multi-generational connection to the village. The affluent seasonal community contributes an outsize portion of the town's tax base (70%) and also provides generous philanthropy for particular facilities such as the library. Year-round and seasonal residents with a broad array of expertise and interests to offer to the ongoing efforts to enhance the village's sustainability may prove to be a significant asset if appropriately accessed and channeled.

e. Community Challenges

Difficult Development Economics

A number of factors contribute to high development costs for new construction on Mount Desert Island. These factors are:

- Limited available land for development
- High land costs
- High construction costs on island due to local contractors pricing to the affluent seasonal home market
- Significant effort and soft costs for relatively small projects
- Limited business season for commercial tenants

Complex Permitting Process

The permitting process required by the Town is reported to be overly onerous for the kinds of development allowed by right through the town's zoning ordinance. This appears to be especially so with respect to review pursuant to the sign ordinance.



The Neighborhood House



A proposed redevelopment concept for the now vacant site at 141 Main Street. The project has been unable to move forward.

4 | Planning Considerations

Affordable Housing

Increasing the amount of affordable housing is an important component of any plan to reinvigorate Northeast Harbor as a viable year-round community. Because of local constraints and industry-wide realities this will be challenging to achieve and will be a long term endeavor. Before discussing strategies in the following chapter (*Ch. 5: Recommendations*), the panel believes it is important to clarify what it means by “affordable housing,” especially in the particular context of Mount Desert Island.

“Affordable Housing” as a term is relative, in that it is pegged directly to an individual or family's financial situation. For a dwelling unit to be considered “affordable,” a household must spend no more than 30% of its gross income on that unit.

The table below illustrates the parameters of what constitutes affordable housing in the Mount Desert Island/Northeast Harbor context for several plausible tiers of income for work-force households.

TABLE 2: AFFORDABLE HOUSING PARAMETERS, MDI

<i>Yearly Household Income</i>	<i>Maximum Housing Cost @ 30% of Income</i>
\$25,000	\$625 rent / \$130,000 house to own
\$50,000	\$1250 rent / \$261,827 house to own
\$66,760	\$1669 rent / \$385,000 house to own

Unfortunately, housing costs in Northeast Harbor far exceed these maximums. The price of an average home in Northeast Harbor is reported to be above \$500,000. At the time of the TAP only 22 houses were reported to be on the market below \$417,000 (and mostly not much below that), with only four houses reported to be for sale in Northeast Harbor at prices below that level (in the high-\$300,000's). With prices at these levels, a family with an income of \$54,464 (the median household income for the Town of Mount Desert) cannot begin to approach satisfying its housing need in Northeast Harbor.

This is a situation common to communities throughout the country whose economies are heavily dependent on seasonal tourism and recreation. However, there are strategies that can be used in public-private partnership to mitigate this problem. They are described in the following chapter.

5 | Recommendations

The economic and social dynamics that have been driving the shift in population from year-round to seasonal residents since the 1980s, will not be altered fundamentally by pursuing any recommendations.

However, there are “baskets” of actions that could improve this situation and others that can increase business and vitality of the village center independent of the nature of the residential base. These actions will require sustained collaboration between a range of constituencies, including but not limited to: Town government, year-round residents, summer residents, the business community, and local non-profits.

These “baskets” combine soft and hard interventions in both the short and long term that can together provide significant incremental improvement to activity and vitality in the village of Northeast Harbor. The following is a menu of strategies that the community should consider:

- A. Make Northeast Harbor a “Beehive” of Activity
- B. Capitalize on Marina Improvements
- C. Add Amenities and Animation to Main Street
- D. Enhance and Leverage Historic Assets
- E. Strengthen the Commercial Core
- F. Provide a Spectrum of Year-Round Housing
- G. Increase the Supply of Affordable Housing
- H. Increase the Supply of Market Rate Year Round Housing
- I. Identify and Effectuate Catalytic Projects
- J. Pursue Institutional Opportunities & Partnerships

A. Beehive of Activities

Principal Scott McFarland's idea of developing a sustainable horticulture program to transform Northeast Harbor into a "beehive" of activity inspired our conception of such a beehive based on a broader array of programming to attract and serve Northeast Harbor's year-round and summer residents, as well as residents and visitors from across the island. Clustering these activities around cultural, arts, or educational themes could capitalize upon and enhance Northeast Harbor's existing brand.

Greenhouse Education Complex. There is still a long way to go before the Memorandum of Understanding between the Northeast Harbor Elementary School and College of the Atlantic becomes a thriving center of inter-community, cross-institutional learning and community development. But the first steps have been taken and the concept has real potential to be an anchor for the "beehive," especially in the off season.

Farmers' Market. The Town's planned relocation of the farmer's market to the town green at the marina will provide a beautiful setting that should enhance the appeal and draw of the market beyond its current level. To the extent farmers' market offerings can be supplemented by crafts and entertainment the draw can be further expanded.

Street Fairs. Build upon the successful Thursday Night Out on Main Street event by organizing and advertising regular street fairs that could appeal to tourists who spend a week "on island." Work with both on-island and off-island artists and craft vendors to develop a low cost, high visibility way for them to sell their wares and draw people to the village.

Maritime Museum Activities. Capitalizing on the Maritime Museum and finding ways to partner with others to create events, classes, workshops, or other programming that will draw people to the village could create another element of the "beehive." Consider organizing boat building classes or a boat show in the fall that might attract enthusiasts to town who would otherwise have no reason to visit during the second shoulder season.



How can the village leverage its existing museum, which sits front and center on Main Street, to generate activity and draw visitors?



Face painting at a street fair in New York state provides entertainment across generations.

Arts Center. Encourage development of artist live/work and community studio space with workshops and classes that would attract island residents and visitors.

Art Shows. Venues such as gallery space in the Arts Center or the library could host art shows that might draw visitors to the village, capitalizing upon Mount Desert Island's historic connection to the arts, dating to when Thomas Cole initially popularized the island as a visitor destination with his seminal paintings in the 19th century.

Movie Nights. Host regular movie nights, on the town green during warm months, or in the Neighborhood House, when weather is not conducive to outdoor evening events.

Market Northeast Harbor. Based on the kinds of activities developed, the town should develop a marketing strategy that uses the internet and mobile devices, as well as more traditional means, to get the word out to a broader audience about what Northeast Harbor has to offer (both generally and for specific events), during the high summer season, as well as the so called shoulder seasons.



"Frenchman's Bay, Mt. Desert Island," by Thomas Cole, c.1844.



An outdoor movie night in a Myrtle Beach park.



An iPhone app that already exists for Acadia National Park. How can Northeast Harbor utilize this technology to its benefit?

B. Capitalize on Marina Improvements

Facilitate Visual & Physical Connections to Main Street. The distance from the marina sea wall, up Sea Street to its intersection with Main Street is approximately 300 yards. This distance is not so far, but it is just far enough that, combined with the 30 foot grade change from the marina to Main Street, many people may never bother to explore farther than the new showering facility. Clear signage would alert visiting boaters to the amenities and businesses available on Main Street. The visual connection need not be overly bold, showy, or out of character. If thoughtful and sophisticated, it can be visually subtle and effective.

Preservation-Based Interpretive Signage.

One way to facilitate this visual connection would be to develop a way-finding system that guides visitors up the hill while communicating stories from the village's rich history.

Courtesy Carts/Pedicabs from Visitor Center. Pedicabs could be operated by local year-round youth looking for summer employment. Capital costs of the pedicabs could be covered by the Town; or, possibly, the Chamber of Commerce or individual businesses might participate, perhaps with advertising on the carts or pedicabs.

Improve Marina Marketing, Web-Based Outreach. Use web-based outreach targeted to the marina market to advertise both the improvements to the marina and the attractions of the village.

Dredge Harbor, Expand Use for Charter & Tour Boat. The Town could consider dredging to allow for more charter and tour boats which could bring more visitors to the village.

Figure 2: Concept Plan



C. Add Amenities and Animation to Main Street

Strategies for animating Main Street range from the ephemeral to the permanent.

Artisan Tent. This winter, one local merchant explored the possibility of renting a large, sturdy tent for the summer to erect on one of Main Street's vacant lots, as a relatively inexpensive way to allow local artisans or crafts people to sell their wares on Main Street without having to wait for a new building to be constructed on one of the three empty lots. While it seems the plan did not work out for this summer, it remains a great idea that perhaps requires more focused marketing to find interested vendors. Perhaps the scope of the idea could be scaled down for this summer and something more short-term planned as part of a street fair.

Outdoor Seating. Outdoor cafe seating is a sure fire way to animate Main Street and is possible to do even without a large sidewalk. In Halifax, the city has constructed wooden sidewalk “extenders” that create platforms for cafe seating even on hilly, highly sloped streets. A variation on this concept might work equally well in one of the vacant lots. One of the restaurants or an independent operator might provide full or limited food service. Given redevelopment financing realities, a deck that extends the sidewalk 15 to 20 yards into such a lot could be a relatively inexpensive way to create a Main Street “oasis” that welcomes pedestrians with shade and café tables and seating.

Streetscape Improvements. In the longer term, a range of small and large streetscape improvements would do much to transform Main Street's pedestrian environment into an attractive destination. Such improvements could include widened sidewalks, more appropriate street lighting, and undergrounding of utilities.

Village Square Park on Main Street. A small vest pocket park on Main Street, activated with casual café seating and perhaps with limited coffee or other beverage service could create a signature focal point and attraction for the street. The panel feels the parking lot to the south of the maritime Museum could be a good location for such a park.



This small pocket park at Tulane University is incredibly simple: benches, pavers and ground cover, and a vegetated trellis to provide some shade.

D. Enhance and Leverage Historic Assets

Northeast Harbor has a long and interesting history that is both fiercely local, reflective of its roots as a fishing village, yet intimately connected to larger historical narratives through the lives of the many notable families of Philadelphia, Boston, and New York who began summering here in the late 19th century.

The village is also known for its rich architectural history, including prominent examples of the now classic “shingle style.” At least five buildings in the village have been listed on the National Register of Historic Places.

Interpretive Historic Signs. In a relatively short time, these historic assets could be further highlighted, while simultaneously adding to the village's identity, through thoughtful interpretive signage placed strategically, but unobtrusively at key places in the village commercial core and marina.

Facade Improvements. Building on the idea of enhancing historic assets, the Town could develop programs that support facade improvements of historically significant buildings. A Revolving Loan Fund could allow building owners to make improvements at low interest rates.



Many of Main Street's structures have historic character and are worth preserving and enhancing.

E. Strengthen the Commercial Core

Attract Targeted Businesses. A longer term goal should be to target appropriate retail uses to attract more frequent and repeat visitors to Main Street.

Retail/Residential Developments in Gap Sites. Provide targeted subsidy to facilitate development on these key sites.

A Gathering Place. A basic restaurant/pub geared to attract both the year-round and seasonal communities, such as the Tan Turtle, which was unfortunately lost in one of the fires, would help to create a sense of local community available to those in town beyond the high tourist season.

A modestly sized coffee shop that can operate for a longer season would be another business with high potential for social impact. Perhaps such a café could supplement its business with operation of one of the suggested outdoor spaces on Main Street. It might also be combined with some other retail business to enhance its viability.

While a core Main Street location for such a café would offer the greatest benefit for spin-off of activity to the commercial core, other locations could make sense. One would be as part of the ground floor space of the suggested artisans' work/live development at the head of Main Street (Described more fully in *Section F*). Alternatively, perhaps there is a way to incorporate a small year-round cafe function into the library building or Neighborhood House, which are already community hubs and wonderful amenities.

Businesses that benefit from, but do not depend upon, an on-street retail presence, such as those that do much of their business on the web, can supplement retailers offering more basic products and afford to stay open for more extended months of operation.

Business Consulting. The considerable business expertise of year-round and particularly seasonal residents might be leveraged to provide a soft-incubator mentoring and management advisory program available to existing businesses and those considering locating in the village. The existence of such a program could draw potential businesses that might not otherwise locate there.

Buy Local Initiative. A program that would increase and reward loyalty to commercial businesses in the village could be explored. This might provide some level of discount for an annual or seasonal purchase of “Village Dollars” redeemable at participating businesses. The potential for success of such a program would, in large measure, depend upon the appeal of the goods and services offered by the participating businesses.



A coffee shop would be an excellent addition to shops that cater to summer residents and tourists.

F. Provide a Spectrum of Year Round Housing Options

A community's ongoing health and viability is predicated, to a significant extent, on its ability to offer a spectrum of year-round housing options. This means that there must be affordable and market rate opportunities in both the rental and ownership markets. Creating affordable housing in any tight, high-price market is challenging and generally requires public support at the local and state levels. This reality is only more pronounced in Northeast Harbor because of the extreme divergence between year-round and summer housing values.

There are at least two major employers that create annual, ongoing year-round markets in housing and basic goods: Mount Desert Island Hospital (Bar Harbor) and The Jackson Laboratory (Bar Harbor). Efforts could be made to enlist these institutions as partners in larger scale efforts to create more affordable workforce housing in Northeast Harbor, but, even if they are not interested in partnering in development, they provide an opportunity for focused marketing.



Reasonably priced and renovated upper floor apartments on Main Street could bring life to the village center.

1. Regulatory and Financing Mechanisms

A variety of public regulatory and financing mechanisms can be used to increase the stock of affordable housing in the Northeast Harbor market.

Repurposing Existing Supply to Increase Affordable Housing Stock. These strategies either use public funds to purchase existing housing, facilitate private construction of rental units accessory to existing homes, or allow construction on infill sites that might not meet the letter of the zoning code, through special permit.

Purchase Existing Housing. One option is to purchase modest, existing units that come onto the market, and then convert them into permanent affordable housing through write down of sale price and use of deed restrictions. The Town, the Island Housing Trust, or some other entity could carry out and administer this process. Given the considerable gap between the market pricing driven by seasonal residents and that which is affordable to year-round residents (and competitive with off-island options), this likely is not the most cost-effective strategy to make a significant impact on the supply of affordable housing.

Grandfathered Lot Program. By special permit, this provision would allow construction of single family homes on lots that do not meet current zoning requirements, but do meet certain minimum standards, like 50 feet of frontage and 5,000 sq. ft., provided the house is sold or rented with affordable housing restrictions.

Allow Accessory Apartments. This would allow conversion of part of an existing house for an accessory, year-round unit with or without income requirement. A home owner could move into the accessory unit and rent the rest of the house, or rent the smaller unit to an income-eligible tenant.

Support renovation of Main Street's Upper Floors. Renovation of upper floors on Main Street that are currently vacant or dedicated to seasonal use could be targeted for moderately priced rental or ownership units to attract either work-force or home owners looking to downsize but stay in the community.

Financing Options for New Construction. Construction of multiple units of affordable housing within a single project is potentially a more effective strategy for delivering more affordable units to the market in a shorter period of time, assuming availability of appropriate sites. Below are three possible kinds of strategies for funding this kind of work.

1. Public Subsidy.

The Town of Mount Desert could provide public subsidy to otherwise private projects – either through land donation or direct gap financing in the form of grant or favorable loan provided to a non-profit such as the Island Housing Trust or a private developer in support of projects meeting target criteria.

2. Tax Increment Financing.

Tax Increment Financing (TIF) is a public financing tool that enables municipalities to subsidize development and other community-improvement projects by using increased (incremental) future tax revenues above a base in a TIF district to float revenue anticipation bonds that can be utilized to write down the cost of producing affordable housing or fund supportive public improvements.

On August 30, 2011, the Town of Mount Desert's Tax Assessor, Kyle Avila, submitted a memorandum to the Board of Selectmen regarding the use of TIF in the State of Maine. Please refer to that document for a more thorough explanation.

3. Tax Credits.

Federal Low Income Housing Tax credits are available to investors in affordable rental housing projects to offset their federal income tax liability. Investors pay a discounted price to acquire such credits, which are allocated through the state. The discounted payment then provides a source of equity for the project.

The exhibit to the right illustrates a possible mix of sources to cover the gap between cost and targeted revenue in an affordable (workforce) housing project (assuming household housing expense at 30% of household yearly income). It represents a common sense, market driven solution involving the private sector development community in addressing a public need. It is a proven scenario that has been successfully implemented in communities throughout the country struggling to overcome a dearth of affordable housing.

EXAMPLE OF AN AFFORDABLE HOUSING PROJECT DRAWING UPON A NUMBER OF FINANCING TOOLS USES

Construction 800 gross sf x \$200/sf	\$160,000
Soft costs, 40% hard costs	\$ 64,000
Land cost	\$ 30,000

Total Uses/Unit	\$254,000

SOURCES

Equity

Development fee deferred	\$ 7,500
Tax Credit Equity	\$135,000

<i>Debt</i>	\$ 64,000
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Public Investment

Town Tax Increment Financing	\$ 10,000
Soft Second Loan	
State	\$ 22,000
Local/Other	\$ 15,500

Total Sources	\$ 254,000
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The example is projected based on the following assumptions:

- Household income: \$34,440 / year or 60% of Median Income for a family of three in Town of Mount Desert.
- Projected rent (tenant payment): \$860/mo (including utility allowance) for a 2-bedroom apartment calculated so that housing cost to tenant does not exceed 30% of yearly household income.
- Tax credit calculation assumes equity raise based on 9% Low Income Housing Tax Credit (LIHTC) program

While somewhat complicated to achieve, it is possible to create artist housing with the Low Income Housing Tax Credit (LIHTC) program, as has been done in other states, such as New York. It is recommended that the Town utilize expert consultants if LIHTC artist housing is desired, given the complexity.

Other Fundraising Options. An additional permitting fee levied on tear down projects that replace more affordable housing structures with larger, high end luxury housing (typically for seasonal residents) is one way to generate additional municipal funds specifically to support town efforts to facilitate creation of more affordable housing.

2. New Development Opportunities

The Town can facilitate development of year-round housing for market rate, affordable, and other targeted residents by making available Town-owned sites suitable for such projects. The panel felt two such properties in the village center could be particularly appropriate for such projects:

(A) The Off Island Parking Lot

(B) The Corner Lot at Summit & Main

A. Off-Island Parking Lot.

The panel believes the use of that portion of the Town-owned parking lot leased for off-island parking may represent a significant underutilization of a site of close to an acre with great harbor views and immediate proximity to the village center and marina area. We note that these assets are countered by the considerable cost entailed in retaining on-site or securing an acceptable alternate location for the off-island parking. This site would be particularly appropriate for multi-family housing. High end lodging might also be a possibility.

Figure 3: Sites for New Development



A. Off-Island Parking Lot: Market Rate or Affordable Housing

B. Corner Lot at Summer and Main Streets: Artists Live-Work with Community Studio

With regard to residential development on this site, two alternative approaches (or some combination) could be pursued. One would be market rate condominiums and the other would be affordable, likely rental.

The benefits of an affordable housing project would be evident in that it would directly meet that need. Feasibility, particularly the likelihood of allocation of tax credits and/or other financing subsidies for such a high cost project would need to be further explored.

With regard to market rate housing, generally, multi-family is not a preferred housing form on Mount Desert Island. However, we feel that the particular locational advantages, if combined with a great design emphasizing outdoor space and harbor views, could make this an attractive opportunity for a limited number of buyers drawn from throughout the Island such as MDI physicians, senior professionals at Jackson Labs or others. Efforts should be made to attract year-round buyers initially and on resale, without undue restriction that could significantly impinge on marketing and feasibility.

The benefit of such a project would be the activity and business patronage provided by its residents and the potential disposition revenues and property taxes (which might contribute to a TIF district) and both of which might be dedicated to supporting affordable housing at other locations or other elements of the revitalization program.

This site could potentially accommodate 15 to 25 units. One design concept would place units and resident parking on a deck above at-grade outer-island parking. Another design concept would place units above project parking with all or some of the outer island parking relocated. The choice between the two would be based on cost, alternate site availability, design, and ability to renegotiate the existing lease. Development could take advantage of the site topography, highlighted by a steep bluff at the southern and western edges, to allow a cascading multi-level project with ample outdoor deck space for each unit while not unduly impacting views or creating an obtrusive presence.



The off island parking lot's "front yard."

B. Artists Live-Work with Community Studio on Summit & Main Corner Lot.

This development concept—an artist live/work and community studio—builds on Mount Desert’s reputation as an inspiration and home to many talented artists. This approximately 10,000 square foot site could accommodate approximately eight units on the upper two floors, above a first floor community studio (perhaps with limited gallery and/or cafe space), with parking for residents and visitors to the facility.

These units could have a relatively minimal “live” component—700 to 800 net square feet—that would include a sleeping loft over a small kitchen-bath-dressing area with a large counter/table separating that area from the studio and living space. Minimal finishes, especially in the kitchen/bath, are critical to making the financial side of such projects viable.

The studio space on the ground floor (perhaps with ceramic, woodworking or other facilities) would serve the resident artists and the larger community. The affordable units would be attractive to artists who could provide vitality and another small, but visible cohort of year-round residents and engage with the community and attract visitors to it by teaching classes or conducting workshops in the studio.

Both of the above opportunities would obviously require further exploration to determine feasibility, and town and community support for a preferred vision and design and programming parameters. A disposition process, starting with determination of a realistic preferred vision(s) (or performance objectives), and entailing a thorough request for proposals and negotiation would facilitate fulfillment of desired outcomes.

Both opportunities represent potentially catalytic projects that help bridge gaps in the village fabric and leverage the Town’s resources and amenities towards overall revitalization of the village core.

I. Pursue Institutional Opportunities and Partnerships

The proposed partnership with College of the Atlantic for the greenhouse is one example of leveraging institutional assets on the island and Northeast Harbor should seek out other opportunities to leverage these resources. Northeast Harbor should remain open to the possibility of a small professional or training school choosing to locate in the village, which could inject students, faculty, and their visiting families and friends. An ideal institution would be one that would provide opportunities for local residents and be successful enough to draw students from off island. A culinary school with a hospitality component would be one idea.



This artist live/work unit has a simple layout with minimal finishes.

6 | Next Steps

Collaborative Partnerships

Northeast Harbor's ability to initiate and maintain momentum on any of the recommended strategies will rely on the further development of an articulated vision for the short, medium, and long term that will require sustained collaboration between the Town, the business community, year-round residents, and summer residents. Collaboration, based on ongoing communication, will be key.

Focused, Compelling Vision for Philanthropy

A seasonal constituency deeply committed to the Island and the village, in particular, represents a significant asset. A compelling and coherent vision may provide a boost to philanthropy. While philanthropy to the vision as a whole would be ideal, this can be supplemented by philanthropy to specific, perhaps more tangible, elements of the plan—such as the vest pocket park, which may provide a more satisfying opportunity for some donors.

As Northeast Harbor builds on its work to date and continues the conversation about revitalization strategies it began a year ago, it should keep the idea of developing a compelling vision for philanthropy in mind. Organizing individuals and communities and garnering their support is generally easier if it can be done behind a somewhat concrete vision.

Business Mentoring/Soft Incubator Program

The contribution of human capital as well as financial capital can be an important element of the plan, and one that would play a powerful role in building and strengthening bonds between seasonal and year-round populations to build a cohesive community. In the summer months a wealth of business experience and talent gathers in Northeast Harbor.

A key question for the village should be:

How to engage this talent for the enhancement of existing business and creation of new businesses?

An informal forum—held at the Neighborhood House or the Library, on a biweekly or monthly basis—that allows future entrepreneurs or existing business people, from both the year-round and seasonal communities, to meet and share ideas and experience could be a way to achieve multiple objectives through one effort.

Coordination and Facilitation

Implementing the plan will require the ongoing commitment and effort of the Town and the Revitalization Committee. However, there will be a considerable amount of leg work that needs to be done that may exceed the resources of those two entities. An economic development director or economic development facilitator who might also wear the hat of mentoring/incubation program coordinator could facilitate this effort, providing the leg work, point of contact and follow-through that would be necessary. Possibly, such a position could be filled by a full or part-time person engaged on a contract basis rather than town employee.

An economic development facilitator, whether as an in-house Economic Development Director or via contract with an external consultant, would staff the Revitalization Committee and act as a liaison with the Chamber of Commerce and other related organizations. If the Revitalization Committee can be thought of as the plan's patron, the Economic Development Director could be its driver. Roles a well-qualified Economic Development Director would fill include:

- assist the Revitalization Committee in prioritizing actions by month, quarter, and year
- manage Committee meeting organization, including minutes
- develop data and research desired by decisionmakers
- meet with, and develop a keen understanding of, each of Northeast Harbor's businesses and other community stakeholders

- write grant applications to housing, economic development, and other community development organizations to assist in implementing the plan
- assist in fund-raising according to the focused vision for philanthropy afforded by the plan
- pursue activities that may be chosen by the Selectmen, such as creating a Downtown Tax Increment Financing District
- play a key role in marketing Northeast Harbor to businesses and people looking for a place to live
- organize and implement the recommended Business Mentoring/Soft Incubator Program
- work with organizations like the Island Housing Trust to implement the [plan's] affordable housing recommendations,
- assist the Planning Board in streamlining land use regulations while ensuring high development standards are maintained.

To the extent a highly experienced professional can't be engaged to play this role, a less experienced but capable person could still serve an important function in providing the legs and coordination to facilitate the initiatives directed by an active volunteer organization and the Town.