



BAR HARBOR HOUSING ANALYSIS

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RKG
ASSOCIATES INC

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Introduction

Bar Harbor's Comprehensive Planning process has identified housing as one of the biggest issues facing the town of Bar Harbor and demands on the existing housing stock are facing pressure from several different segments of buyers and renters.

To help set accurate and realistic goals and strategies for the town as part of the Comprehensive Plan, Bar Harbor commissioned this study to facilitate a deeper understanding of the various demands placed on the housing market and how those demands are impacting supply and affordability.

To this end, the Bar Harbor Housing Analysis takes a deeper look at the supply and demand on Bar Harbor's housing market. This analysis attempts to understand and quantify the demands on the housing market, describe what type of housing each segment may be looking for, and what the potential impacts could be to the town and region of not addressing the housing shortage. This analysis looks at the dynamics of Bar Harbor's housing market but also takes a wider regional lens to examine how housing and labor market patterns within Hancock County and Maine's coastal region are impacted by local decisions.

In addition to quantifying both housing supply and current and future needs, this analysis looks at the affordability of the existing housing stock and what might be needed to support both year-round residents and employees working in Bar Harbor. This portion of the analysis includes a statistically significant sample of area workers and employers who were surveyed on Bar Harbor's housing needs and conditions. Survey respondents provided deeper context and local perspective that speaks to the lived experience of someone looking for housing in this market. The two surveys also provide information on employer owned housing and the number of workers who would like to live in Bar Harbor but cannot afford to do so.

The data and results of this effort will ultimately be used to inform the goals and strategies in the Comprehensive Plan to help address housing challenges in Bar Harbor.





Housing Changing Demographics

Bar Harbor is continuing to see demographic shifts that are driving change in housing demand and availability.

What do these trends mean for existing residents and local businesses?

Comprehensive Plan Recap

- Bar Harbor's population is increasing. Population projections from the Maine State Economist indicate population growth could exceed 6,300 residents by 2038.
- There are a higher proportion of children, adolescents, and those in the 45 – 54-year-old age bracket in Bar Harbor compared to Hancock County.
- As employers in Bar Harbor look to grow, the need for more working-age residents will increase.
- Bar Harbor's seasonal population is increasing which will reduce year-round housing options.
- Relocations during the pandemic were a key piece of population change in Hancock County.
- Bar Harbor's population has high educational levels and increasing household incomes.

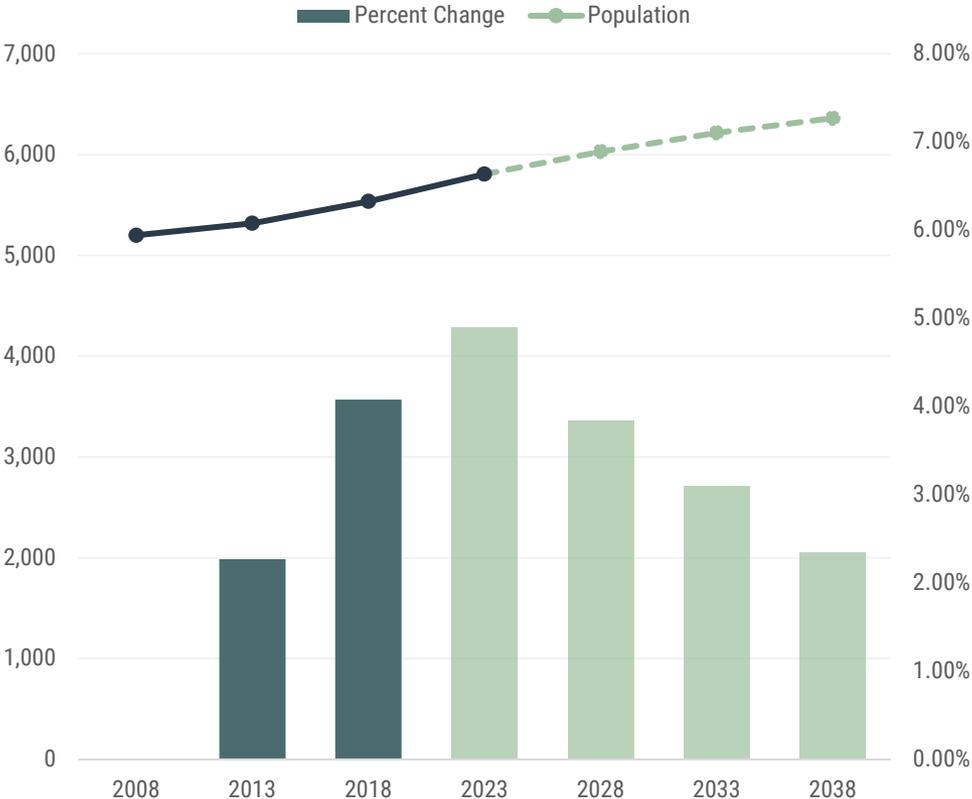
BAR HARBOR'S POPULATION IS INCREASING

Over the past two decades, Bar Harbor's population has increased from 4,820 in 2000 to 5,527 in 2020.

These ACS estimates align with the Maine State Economist population projections which have Bar Harbor reaching over 6,000 residents by 2028.

Affordability for family households and employment opportunities as well as development constraints in Bar Harbor could stymie this projected population growth.

Bar Harbor Population Projections



Source: Department of Administrative and Financial Services, State Economist, State of Maine

The population of Bar Harbor is expected to increase to 6,362 by 2038.

Bar Harbor is projected to see the highest percentage increases in population compared to surrounding communities.

Broadly, Hancock County is projected to see population decreases meaning Bar Harbor will be a net absorber of new residents for the county.

The impacts of the COVID-19 pandemic, cost of living and constraints to development, such as limited developable space, within the town could stifle some of this projected growth.

	Population Projections					Total Percent Change		Projected Population Trend
	2018	2023	2028	2033	2038	2018 - 2028	2018 - 2038	
Bar Harbor	5,535	5,806	6,029	6,216	6,362	8.9%	14.9%	
Blue Hill	2,662	2,649	2,618	2,572	2,513	-1.7%	-5.6%	
Ellsworth	8,048	8,212	8,322	8,385	8,399	3.4%	4.4%	
Gouldsboro	1,744	1,738	1,718	1,689	1,651	-1.5%	-5.3%	
Hancock	2,415	2,425	2,417	2,396	2,362	0.1%	-2.2%	
Lamoine	1,686	1,724	1,757	1,779	1,791	4.2%	6.2%	
Mount Desert	2,101	2,122	2,133	2,133	2,120	1.5%	0.9%	
Sorrento	269	263	255	246	236	-5.2%	-12.3%	
Southwest Harbor	1,792	1,801	1,799	1,788	1,768	0.4%	-1.3%	
Surry	1,498	1,521	1,540	1,551	1,553	2.8%	3.7%	
Tremont	1,597	1,589	1,572	1,546	1,512	-1.6%	-5.3%	
Trenton	1,552	1,575	1,590	1,597	1,594	1.5%	2.7%	
Winter Harbor	513	511	506	499	490	-1.4%	-4.5%	
Hancock County	54,911	54,852	54,613	54,081	53,255	-0.5%	-3.0%	
Maine	1,341,160	1,355,924	1,368,838	1,374,023	1,371,608	2.1%	2.3%	

Source: Department of Administrative and Financial Services, State Economist, State of Maine

Holding average household size constant, household projections based on the Maine State Economist projections indicate that by 2038 the number of households in Bar Harbor will increase by 15% from 2018 estimates (**an estimated 385 households**). Compared to neighboring communities in Hancock County, Bar Harbor is projected to have **the highest growth by 2038** followed by the town of Ellsworth.

It should be noted that these projections are based on 2018 Census Bureau estimates, meaning that the implications of the COVID-19 pandemic are not incorporated into these calculations. More recent evidence suggests that while these trends are still on track, the degree of growth across Hancock County and in Bar Harbor may change or shift as housing availability, housing costs, employment opportunities and working from home dynamics change after the pandemic. It should also be stated that the **growing numbers of short-term rentals and seasonal housing** in Bar Harbor **could stymie the growth** that was projected from the Census Bureau estimates as these homes remove year-round living units for residents from the available housing supply.

	Household Projections					Total Percent Change	
	2018	2023	2028	2033	2038	2018 - 2028	2018 - 2038
Bar Harbor	2,574	2,700	2,804	2,891	2,959	9%	15%
Blue Hill	1,221	1,215	1,201	1,180	1,153	-2%	-6%
Ellsworth	3,658	3,733	3,783	3,811	3,818	3%	4%
Gouldsboro	745	743	734	722	706	-1%	-5%
Hancock	1,123	1,128	1,124	1,114	1,099	0%	-2%
Lamoine	743	759	774	784	789	4%	6%
Mount Desert	1,015	1,025	1,030	1,030	1,024	2%	1%
Sorrento	103	101	98	95	91	-5%	-12%
Southwest Harbor	818	822	821	816	807	0%	-1%
Surry	666	676	684	689	690	3%	4%
Tremont	726	722	715	703	687	-2%	-5%
Trenton	678	688	694	697	696	2%	3%
Winter Harbor	273	272	269	265	261	-1%	-4%

Source: Department of Administrative and Financial Services, State Economist, State of Maine, ACS 5-Year Estimates

MILLENNIALS AND YOUNGER BABY BOOMERS DOMINATE HOME PURCHASES IN HANCOCK COUNTY

Across Hancock County, the largest homebuyer segment by age is homebuyers aged 25 – 34 followed by those 35 – 44.

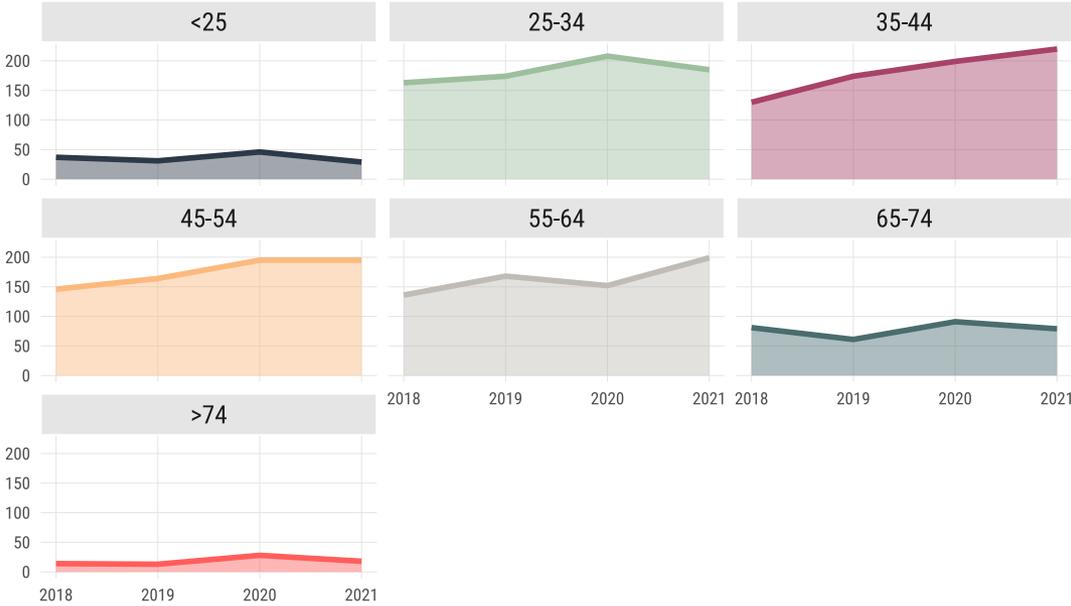
These are households in early family formation years which could contribute to additional population growth in the coming decade.

Despite the high numbers of millennials purchasing homes, comparing across generations, over half of all home purchases were by households aged 45 and older.

These older households are more likely to have higher household incomes and/or be purchasing a second home for seasonal use.

Single Family Home Purchase Loans by Applicant Age

Hancock County (2018 - 2021), (n = 3,429)



Source: HMDA, RKG Associates

HOMEBUYERS IN BAR HARBOR FALL AROUND THE MEDIAN AGE OF HOMEBUYERS IN THE COUNTY

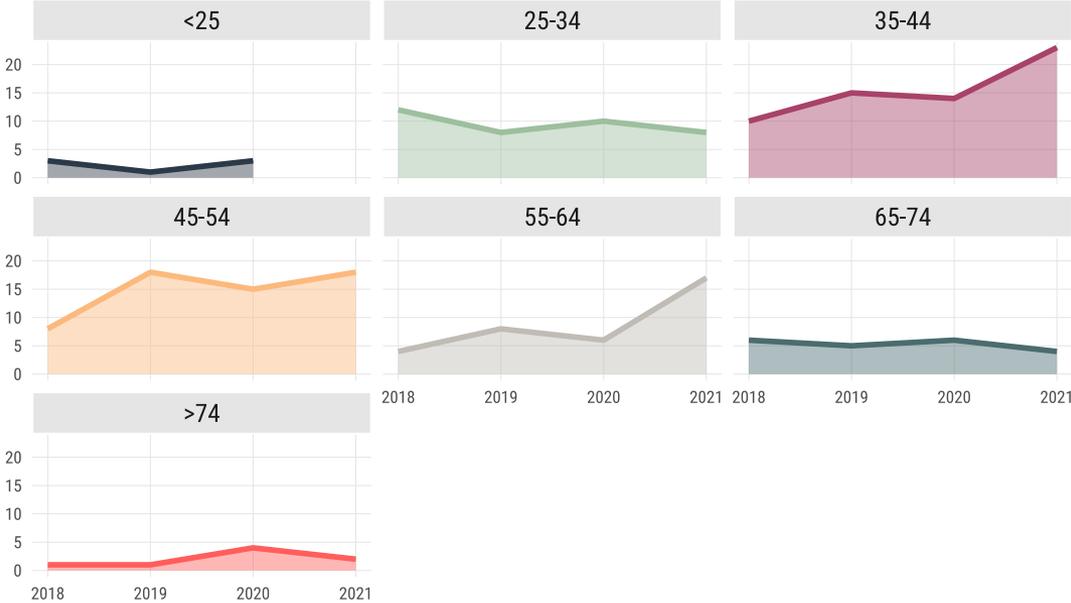
While homebuyers in Hancock County are spread among millennials and baby boomers, the majority of homebuyers in Bar Harbor are between 35 – 54.

This represents peak homebuying years and matches broader state and nationwide trends, where higher income older millennial households are driving home purchases.

This trend is also linked to the relocations that occurred during the pandemic as working remote became far more prevalent and households ready to purchase a home capitalized on very good rates and available inventories prior to the peaks in 2021.

Single Family Home Purchase Loans by Applicant Age

Bar Harbor (2018 - 2021), (n = 244)



Source: HMDA, RKG Associates

OVER HALF OF SECONDARY HOME BUYERS ARE OVER THE AGE OF 45

In Bar Harbor, most secondary home buyers were over the age of 45.

Increases in the number of secondary home purchases means a growing number of housing options for seasonal populations.

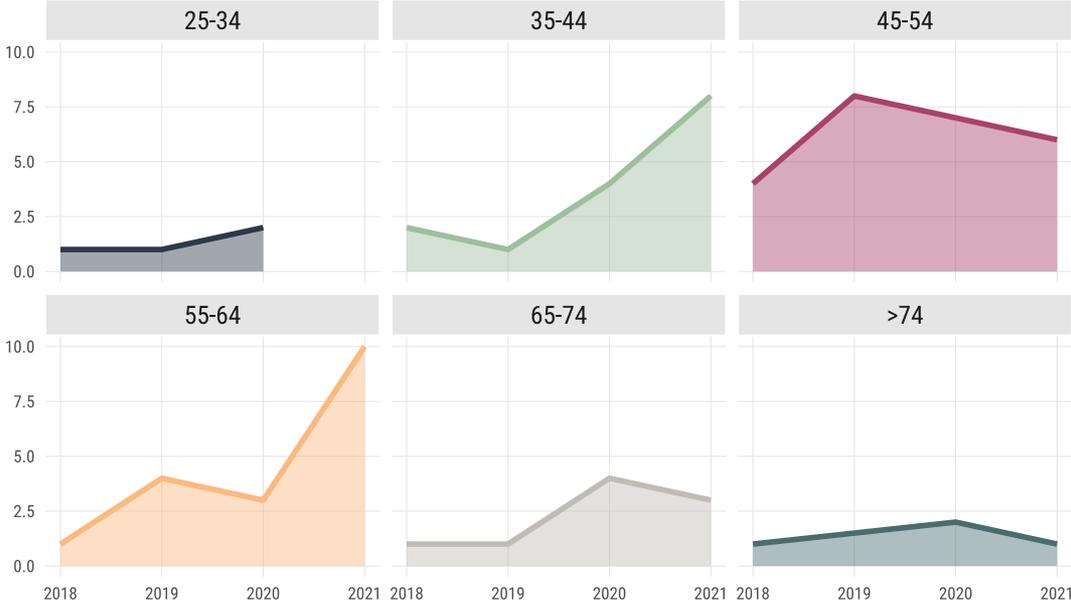
This also means an increase in the number of homes removed from Bar Harbor's year-round housing stock meaning less housing options for existing residents and fewer options for new residents seeking employment in town.

While secondary homeowners may increase local consumer spending during in-season months, the removal of housing options for year-round residents means greater competition for an increasingly limited supply of housing.

The consequence is increased rents and home prices, which may contribute to a self-reinforcing cycle of local workers moving into surrounding communities and more secondary home purchases.

Secondary Home Purchase Loans by Applicant Age

Bar Harbor (2018 - 2021), (n = 75)



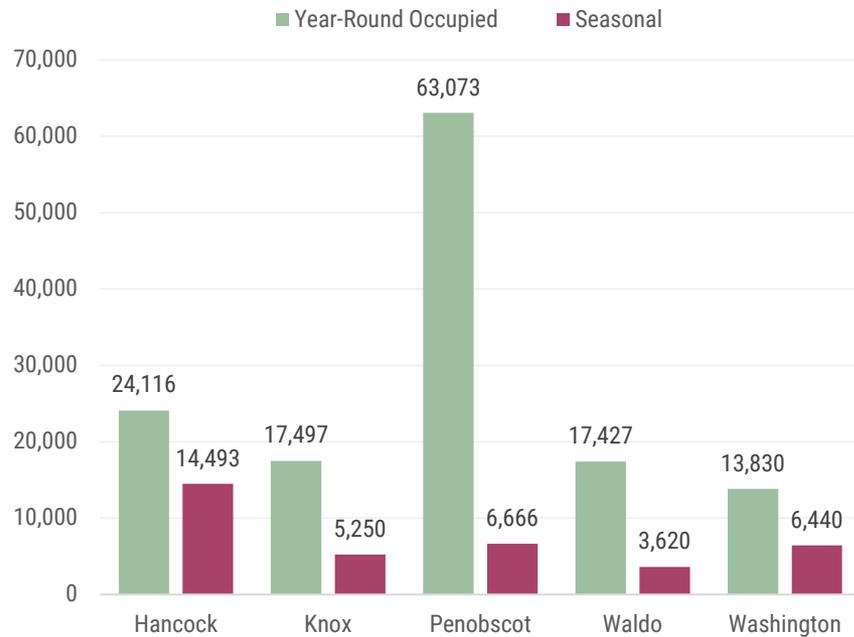
Source: HMDA, RKG Associates

Housing Changing Demographics

Among neighboring coastal counties, Hancock County has the highest ratio of seasonal housing compared to year-round housing. It also has the largest stock of seasonal housing in absolute terms.

Occupied & Seasonal Housing

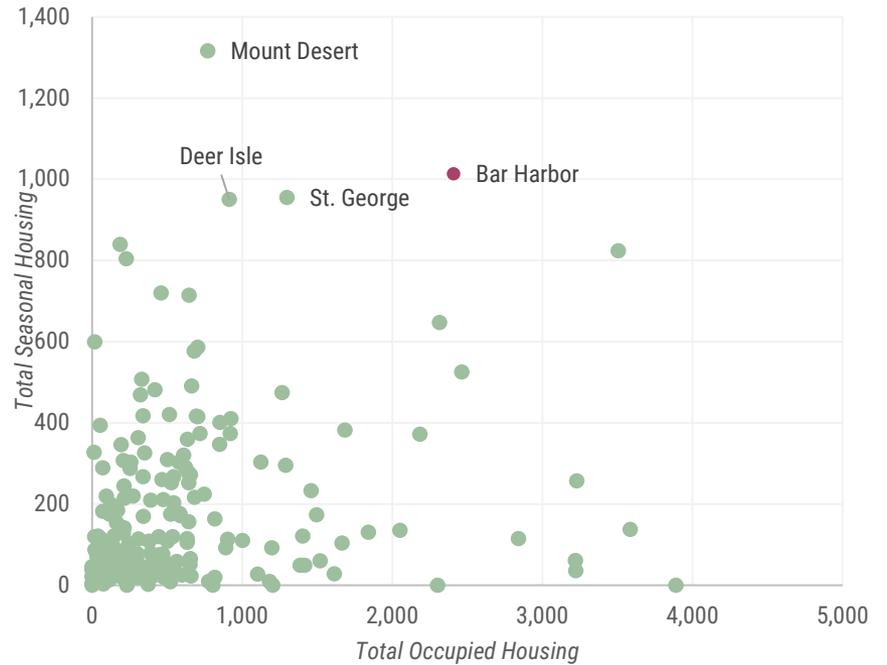
Multi-County Region, ME



Source: 2020 5-Year ACS Estimates, RKG Associates

Within the region, Bar Harbor ranks second to the Town of Mount Desert for having the highest amount of seasonal housing. As an employment center, high rates of seasonal housing remove significant supply from the market for local workers.

Occupied & Seasonal Housing



Source: 2020 5-Year ACS Estimates, RKG Associates
 Note: Bangor removed from plot to remove x-axis skew

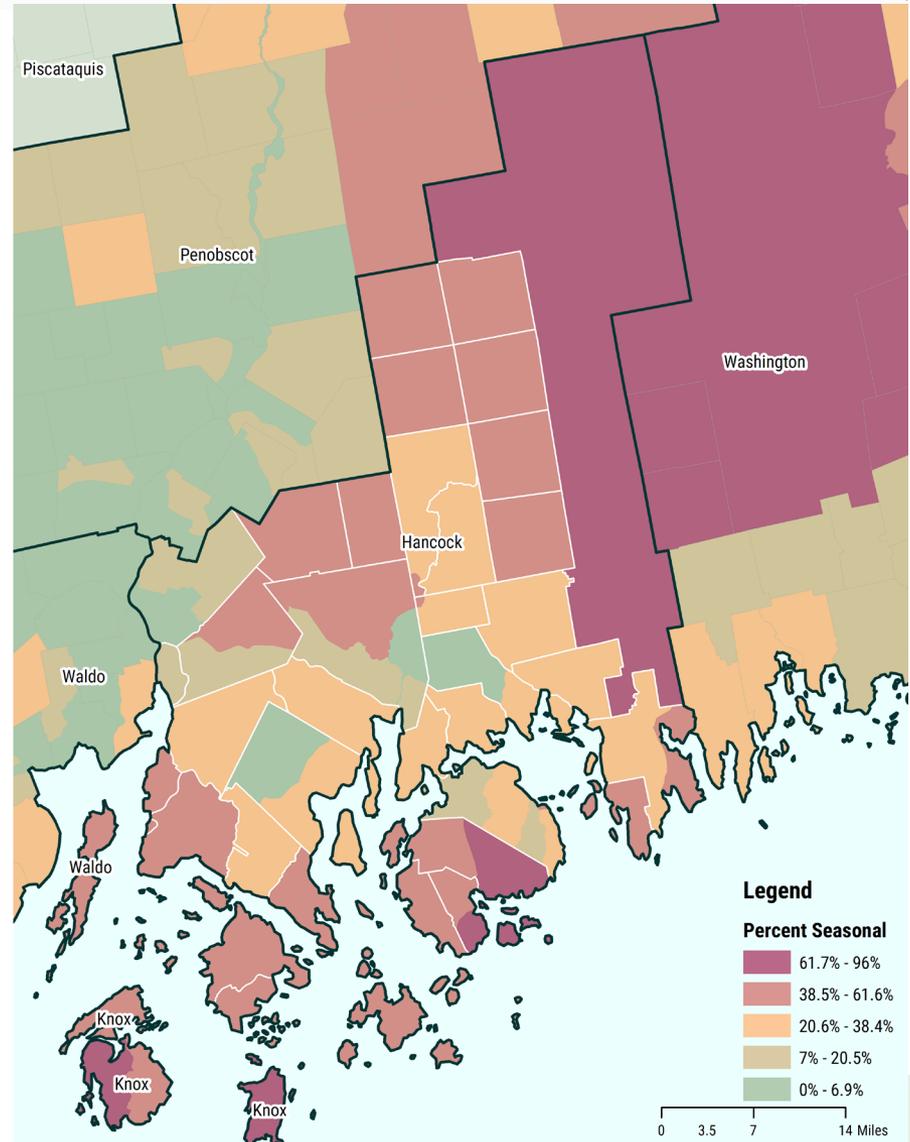
TOWNS IN PENOBSCOT COUNTY HAVE MUCH LOWER RATES OF SEASONAL HOUSING

Bar Harbor and the surrounding coastal communities have high rates of seasonal housing.

As communities along the coast become more unaffordable for lower to middle income households, the region may see migration patterns to inland communities and neighboring Penobscot County where there are larger towns and cities and a greater diversity of affordable housing options.

In relationship to the population and household projections, communities such as Bar Harbor that see greater increases in seasonal housing relative to their year-round housing stock may see reduced or flattened growth rates, which could negatively impact the local workforce and economy.

One of the potential consequences of migration to neighboring towns is that as workers move further away from Bar Harbor, increased commute times may change workers' employment preferences. This would mean neighboring communities that also have larger employment centers could absorb those workers.



Key Insights

- Bar Harbor's population is projected to continue to increase. This trend will contribute to rising demand for housing units in Bar Harbor.
- Compared to Hancock County, home buyers in Bar Harbor are more likely to be older, higher income and secondary home buyers.
- Within the coastal region, Hancock County has the highest amount of seasonal housing. Among communities in Hancock County, Bar Harbor has one of the highest.
- Higher income households, seasonal housing, and projected regional population growth mean tighter, more expensive housing markets, which could see a shift in population away from younger, working age populations.

Housing Bar Harbor's Workforce

Labor market patterns often dictate housing needs and define the housing market.

How have commuting patterns and changes in the local economy impacted housing within Bar Harbor and across the region?



Comprehensive Plan Recap

- Prior to the pandemic, the number of jobs in Bar Harbor was steadily increasing, reaching a five year high in 2019.
- The pandemic did have a major impact on jobs in 2020 with the retail, accommodations and food services sectors losing over 600 jobs.
- The seasonality of Bar Harbor's economy creates challenges related to finding and retaining employees.
- 86% of workers commuting into Bar Harbor work in service-based jobs likely supporting the tourism-based industries.
- Annual wages for many employees in Bar Harbor are below \$40,000 a year.

Housing the Workforce

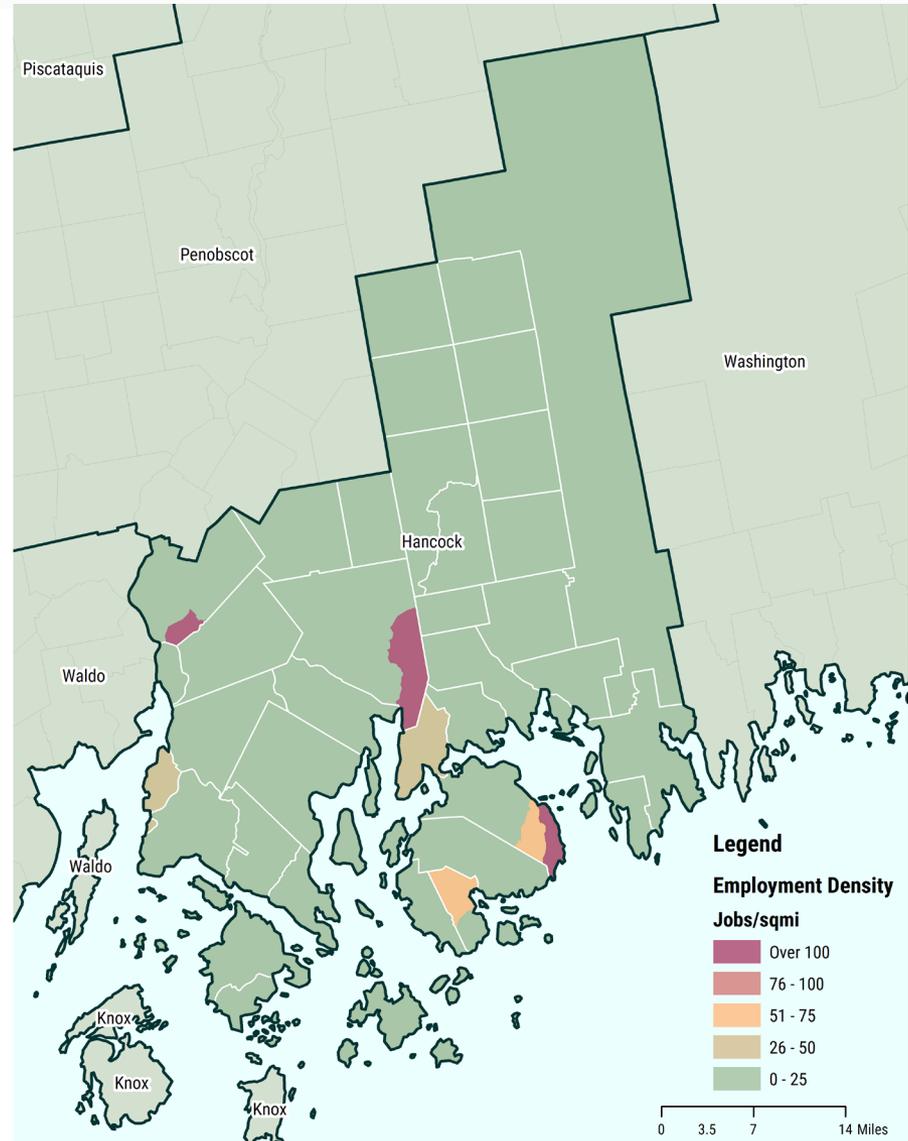
BAR HARBOR IS A MAJOR EMPLOYMENT CENTER WITHIN HANCOCK COUNTY

Bar Harbor lies within the Ellsworth Labor Market Area, which is defined using a combination of population and employment counts to delineate the boundary.

Within this labor market area, Bar Harbor, Ellsworth, Bucksport, and Southwest Harbor have some of the highest employment densities based on employment data from the US Census.

Housing markets and the dynamics of supply and demand are heavily influenced by where people live and work. In the case of Bar Harbor, increasingly local workers are migrating to neighboring towns that are more affordable meaning increased commute times, which drives up wage demand at the detriment of local businesses.

As this trend continues, workers migrating to these neighboring communities may seek new employment in some of the other high employment centers in the Ellsworth Labor Market Area.

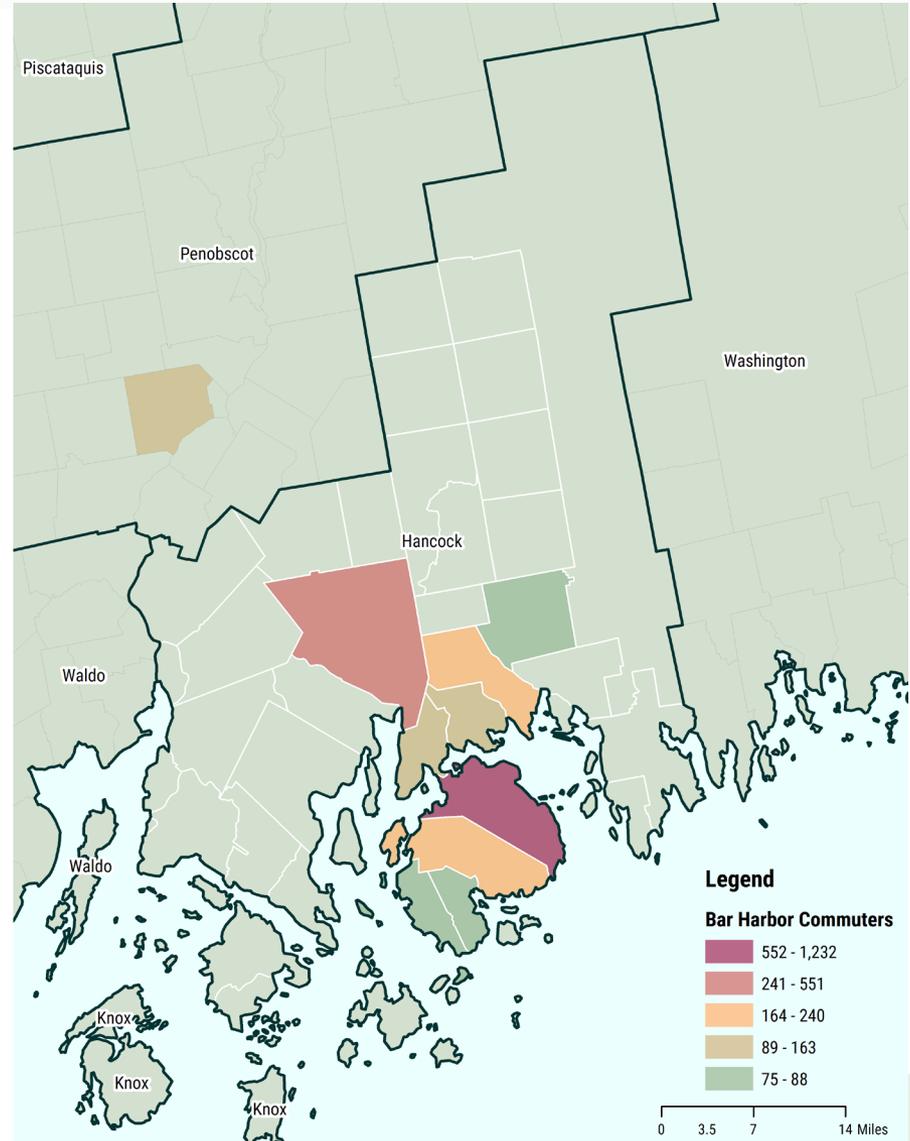


Housing the Workforce

A little less than one third of Bar Harbor’s workforce lives in Bar Harbor. Most workers commute from Ellsworth, Hancock, or other locations in the surrounding towns and counties. This means just over 70% of all employees working in Bar Harbor have to commute in from locations outside of town.

The map on the right identifies the ten communities that supply the highest percentage of workers to Bar Harbor based on the Census Longitudinal Employer-Household Dynamics survey (LODES).

Location Name	Workers	Share of All Workers
Bar Harbor town (Hancock, ME)	1,232	29.6%
Ellsworth city (Hancock, ME)	551	13.3%
Hancock town (Hancock, ME)	240	5.8%
Mount Desert town (Hancock, ME)	210	5.1%
Lamoine town (Hancock, ME)	163	3.9%
Trenton town (Hancock, ME)	138	3.3%
Bangor city (Penobscot, ME)	122	2.9%
Tremont town (Hancock, ME)	88	2.1%
Southwest Harbor town (Hancock, ME)	78	1.9%
Franklin town (Hancock, ME)	75	1.8%
All Other Locations	1,259	30.3%



THE BAR HARBOR AREA WORKER SURVEY CONFIRMS THESE TRENDS

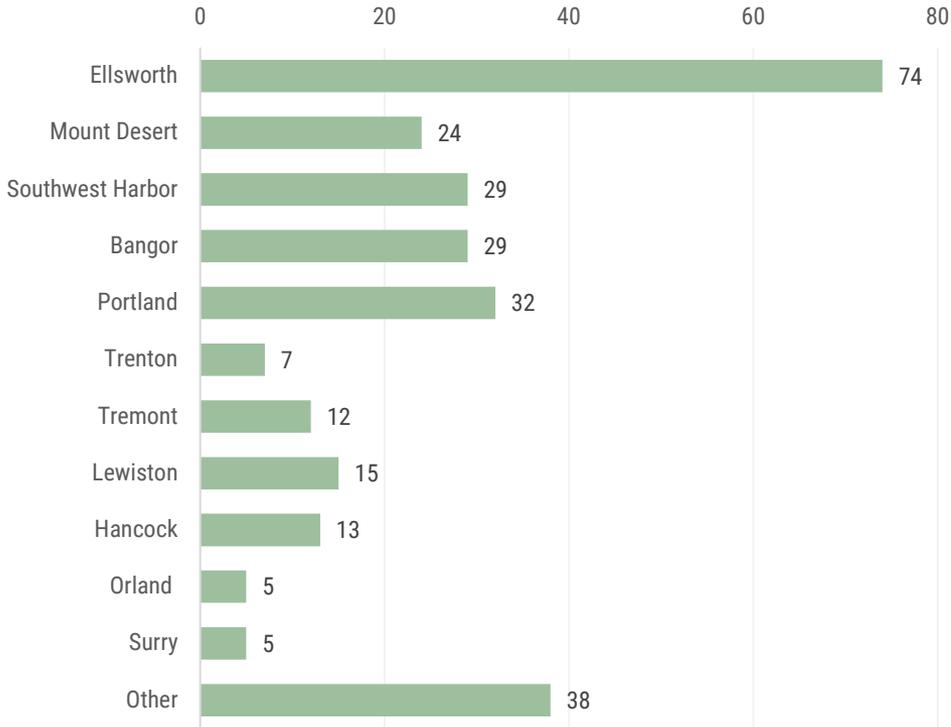
Among survey respondents that indicated that they work in Bar Harbor but live elsewhere, the single highest worker supply by community was in Ellsworth.

Many respondents indicated that they commute from other towns surrounding Bar Harbor such as Mount Desert, Southwest Harbor, Trenton, Tremont and Hancock. This finding supports the US Census commuter estimates on the previous page.

Interestingly, many other survey respondents that work in Bar Harbor indicated that they live in Portland and Bangor. This could be an indicator of remote workers.

If you work in Bar Harbor but live elsewhere, where do you live?

n = 283



Source: Bar Harbor Area Worker Survey 2022

COMMUTE TIMES HAVE DECREASED FOR BAR HARBOR WORKERS

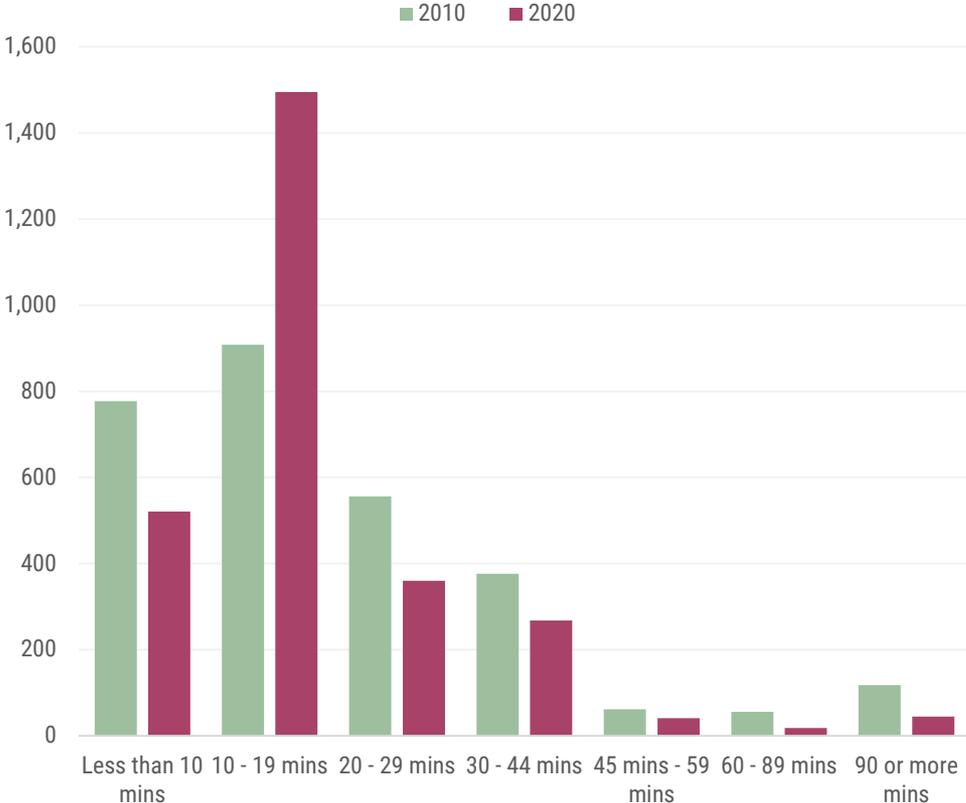
Over the past decade, longer distance commutes have **decreased** while commutes ranging from 10 – 19 minutes have **increased**. The total number of commuters from 2010 – 2020 has also **decreased**.

Both the reduced commute time and total number of commuters suggests higher instances of people working from home and a shrinking labor force.

While the reduction in total commuters could signal a shrinking labor force, it is more likely that these declines are the result of workers moving to neighboring communities and commuting into Bar Harbor.

Travel Time to Work

Bar Harbor



Source: ACS Estimates, RKG Associates

MORE WORKERS ARE COMMUTING FROM OUTSIDE BAR HARBOR FOR WORK

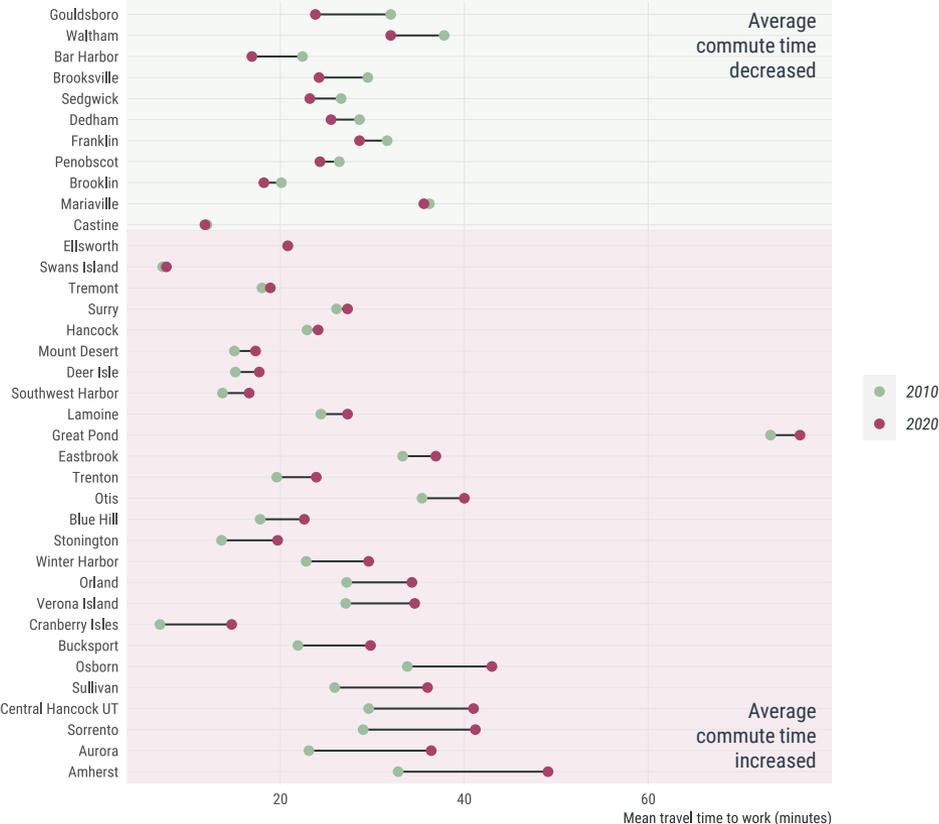
Bar Harbor’s mean commute time went down but for many of the town’s neighboring municipalities it went up.

Extending the trend identified on the previous page, the number of total commuters in Bar Harbor has declined. This means fewer workers are living in Bar Harbor and commuting somewhere else, as well as commuting within the town.

This trend suggests that Bar Harbor has a shrinking resident work force and that workers are living in surrounding communities and commuting into Bar Harbor. This is supported by the increases in average commute times for residents living in neighboring communities. Many of these communities are linked to the Bar Harbor economy based on the census LODES data.

Change in Mean Commute Time

Municipalities in Hancock County



Source: ACS 5-Year Estimates, RKG Associates

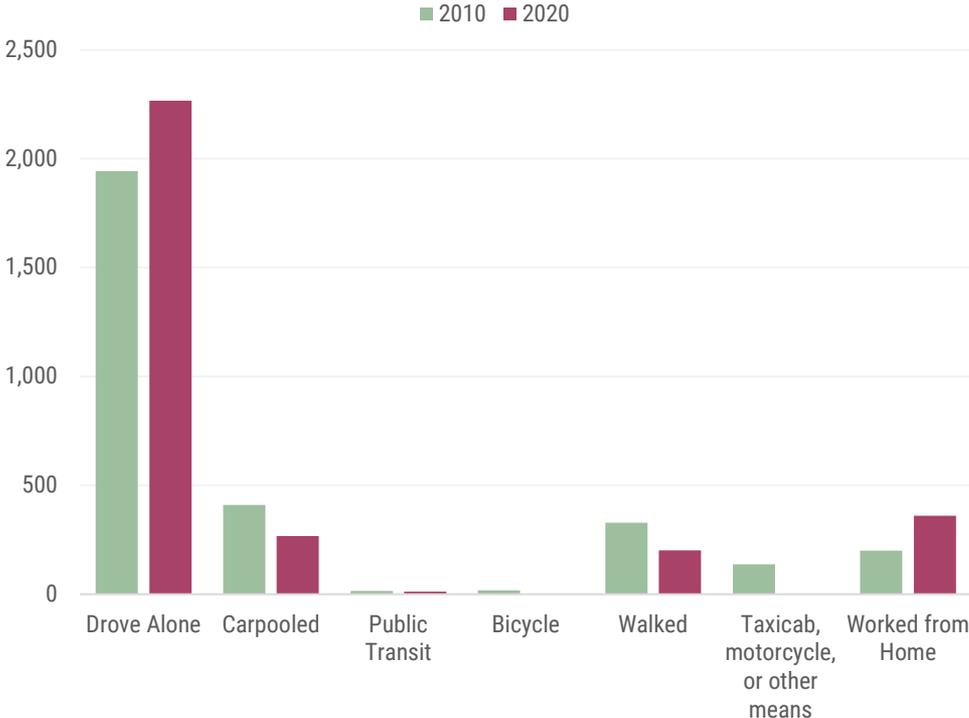
WORKING FROM HOME WAS INCREASING BEFORE THE COVID-19 PANDEMIC

Between 2010 and 2020, the number of Bar Harbor residents working from home increased. At the same time, driving alone to work increased while carpooling and walking to work decreased.

This may suggest that resident workers are living further from their place of employment even if it's in Bar Harbor as housing closer to job centers becomes increasingly expensive.

These estimates do not fully capture the impacts of the COVID-19 pandemic meaning that the rates of working from home are understated in this figure.

Means of Transportation to Work Bar Harbor



Source: ACS Estimates, RKG Associates

COASTAL MAINE SAW GREATER RATES OF WORKING FROM HOME

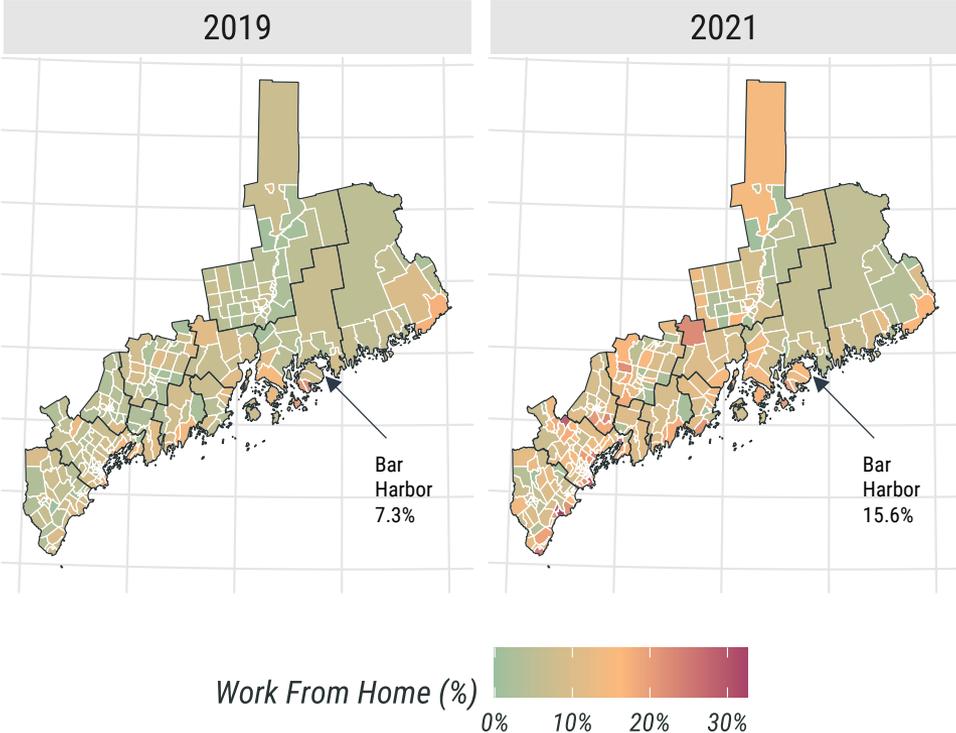
Comparing ACS estimates from 2019 and 2021 highlights the increase in rates of households working from home along coastal Maine.

During this period, Maine, like the rest of the United States, saw large increases in home prices and extreme tightening of existing housing inventories.

Some communities in Maine, such as Bar Harbor, also saw increases in second home purchases, investor properties for Airbnb's, and migration from workers who no longer had to go to the office. All of these occurrences work together to place further pressure and upward pricing on the housing stock in Bar Harbor.

Working From Home

Pandemic Labor Market Impacts, Coastal ME



Source: ACS 5-Year Estimates 2019 & 2021, RKG Associates

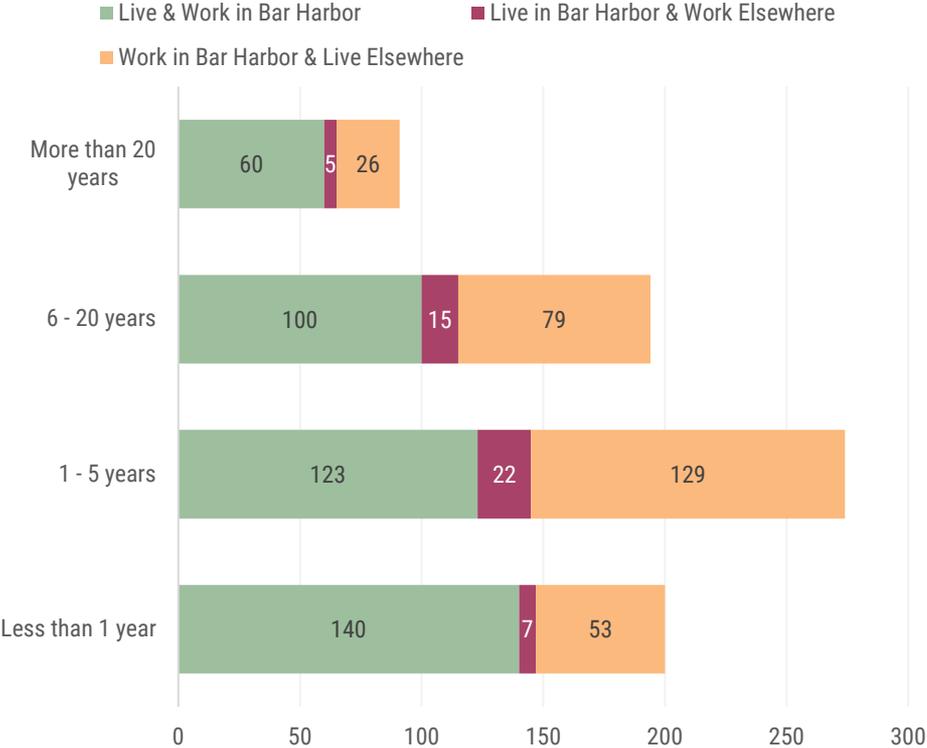
MOST AREA WORKER RESPONDENTS HAVE LIVED IN THEIR CURRENT RESIDENCE FOR LESS THAN FIVE YEARS

The Bar Harbor Area Worker Survey asked respondents to indicate how long they have lived in their current residence at the time of the survey. Most respondents indicated that they have lived in their homes for less than five years.

Short tenure rates in current residences can serve as an indicator for increased household movership and change. Shorter tenure rates are more typical for renter households. For owners, short tenure rates indicate recent migration into Bar Harbor or within Bar Harbor, both of which are heavily driven by home price impacts on household incomes.

How long have you lived in your current residence?

n = 759



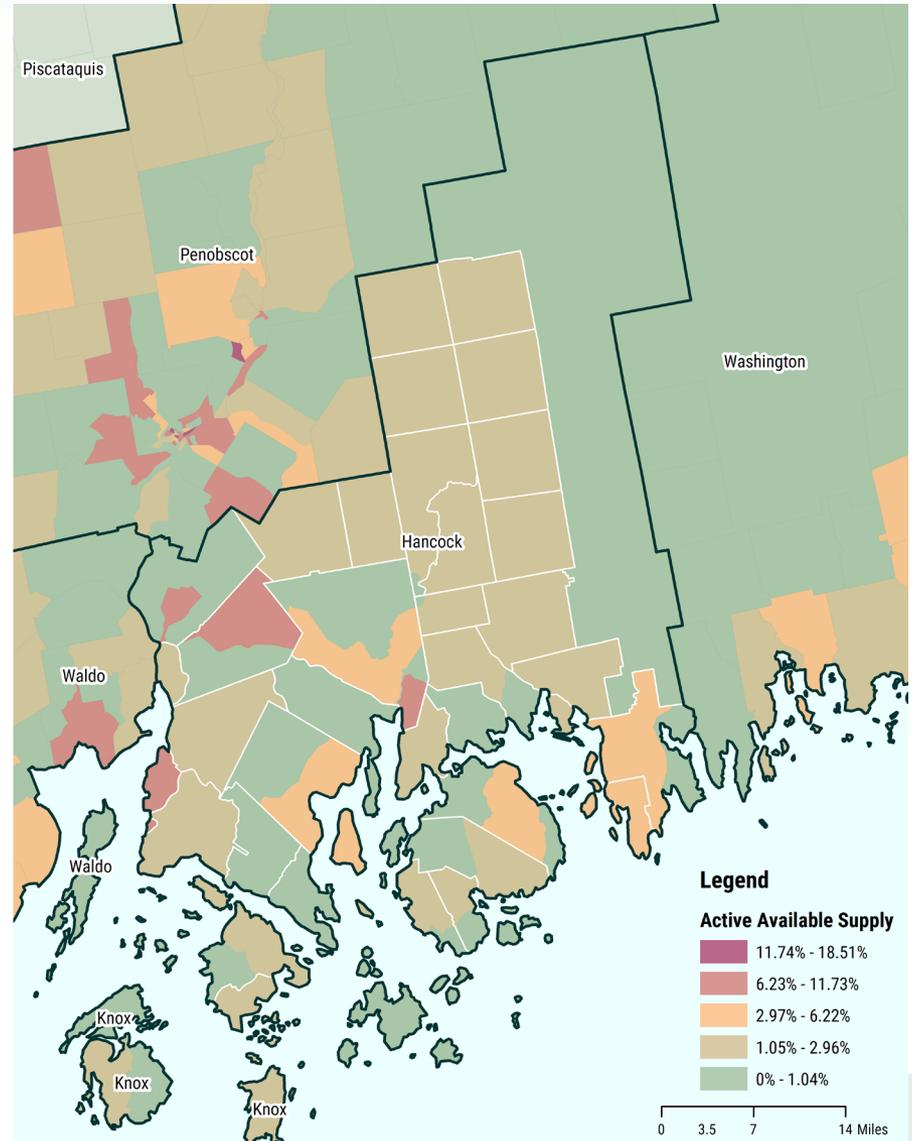
Source: Bar Harbor Area Worker Survey 2022

COASTAL MAINE'S AVAILABLE SUPPLY OF HOUSING IS TIGHT

The map on the right highlights the percentage of actively available for-sale and for-rent units in 2020 by census block group. Across much of Hancock County, rates of available supply are below 5%, which are highlighted by the brighter colors. Census block groups highlighted in green indicate areas where the vacancy rate is less than 1.05%.

Evidence from state and county trends indicate that these numbers have been driven down even further with the rise in home purchases and competition for affordable units to rent in 2020 – 2021.

Bar Harbor, like much of coastal Maine, has a very low available housing inventory particularly in its downtown. As demand for housing continues to outpace supply, home sale prices and monthly rents will rise. For lower to middle income households, this means greater cost burdening and financial challenges, with very few locally available alternatives.

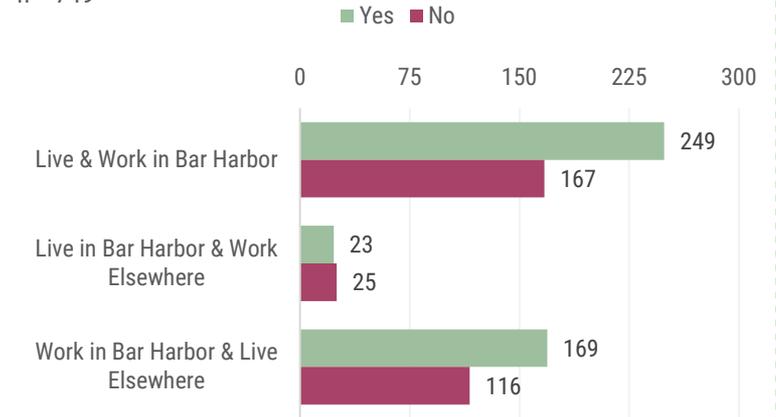


Housing the Workforce

Based on the results of the Bar Harbor Area Worker Survey, most respondents indicated that they faced challenges finding their current residence. These challenges in finding a home underscore the impacts of very low vacancy rates across Hancock County. Many survey respondents in the Area Worker Survey also indicated that their current residence does not meet their current needs. Of those respondents, the majority indicated that their home was too expensive, too small and too far from work, all of which underscores the challenges of low housing availability, and more specifically, a lack of diversity in housing options by size and price point. It also supports the finding that workers are moving further away from their place of employment which puts a financial strain on commuting workers. As workers face greater financial burden, employers unable to support rising wage demand will continue to face challenges hiring workers.

Did you have challenges finding your current residence?

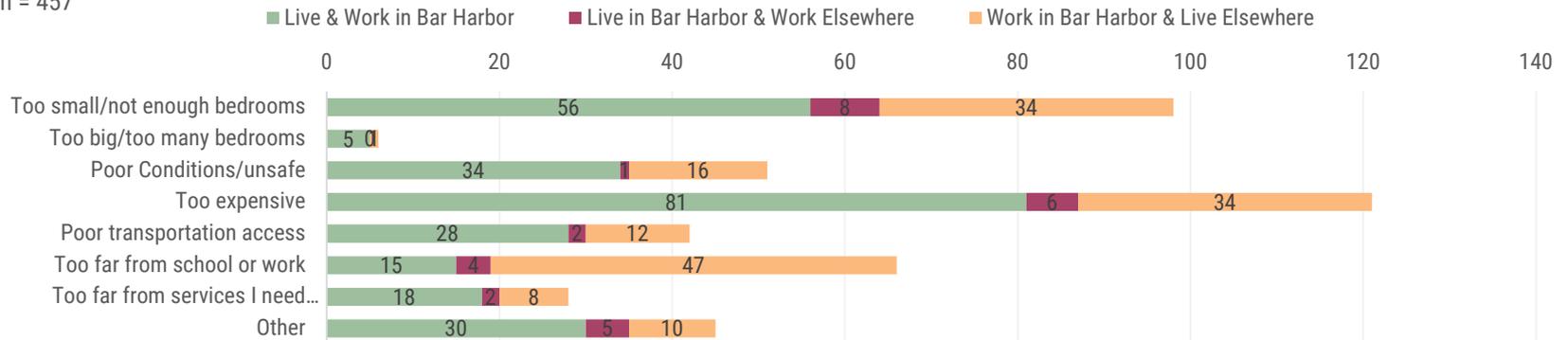
n = 749



Source: Bar Harbor Area Worker Survey 2022

If you indicated that your current residence does not meet your current needs, what are your concerns about your current residence?

n = 457



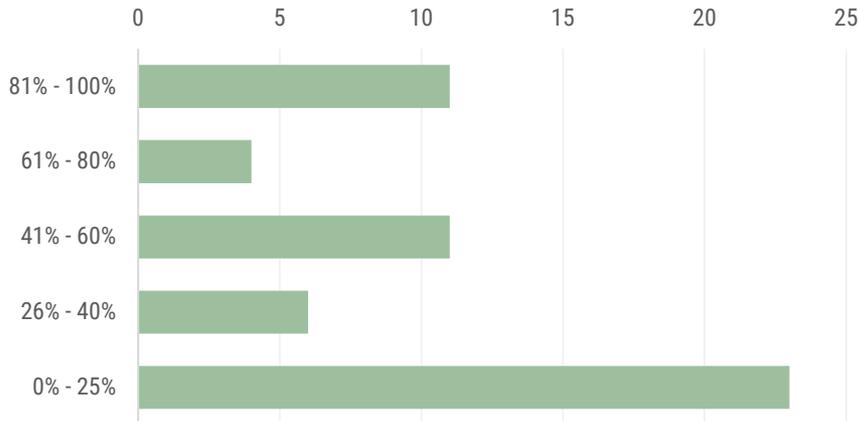
Source: Bar Harbor Area Worker Survey 2022

Housing the Workforce

From the employer perspective, respondents to the Bar Harbor Employer Survey indicated that a quarter of their year-round work force or less live in Bar Harbor. The same was true for employers with seasonal workers. While the size of employers in the survey vary widely, a lack of a local workforce will negatively impact the diversity in Bar Harbor's economy. While larger employers may be able to afford workers commuting from further distances, they may face challenges in talent attraction.

What percentage of your **year-round** employees live in Bar Harbor?

n = 55



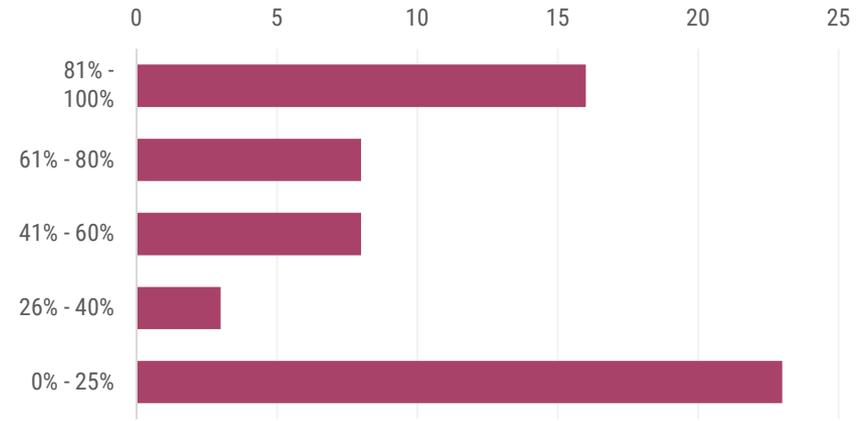
Source: Bar Harbor Employer Survey 2022

Similarly, smaller employers may face challenges hiring and keeping employees as the costs of commuting or other competitive job centers shift workers away from the town.

Based on the survey results and interviews with local stakeholders, employer respondents who indicated most of their worker force (year-round and/or seasonal) lives in Bar Harbor either supplies their employees with housing or depending on the employer can pay enough for some of their workers to afford the cost of living on the island.

What percentage of your **seasonal** employees live in Bar Harbor?

n = 58



Source: Bar Harbor Employer Survey 2022

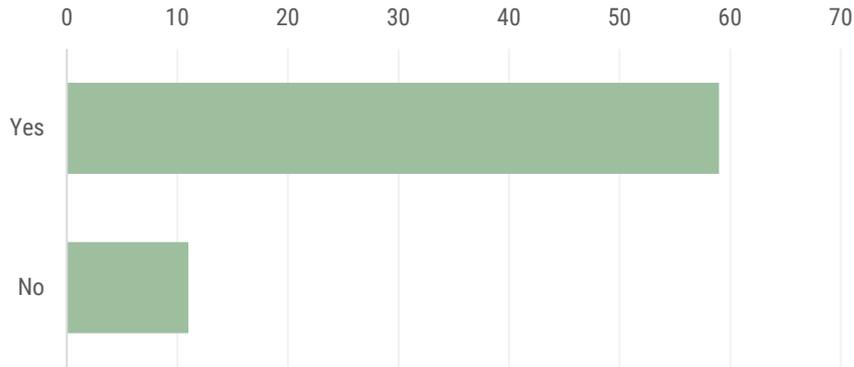
Housing the Workforce

To extend the discussion of labor force challenges as it relates to housing, the majority of respondents to the area Employer Survey indicated that their employees have difficulty finding housing that meets their needs in Bar Harbor. Most survey respondents also indicated that they have lost employees due to the lack of housing or issues with housing affordability in Bar Harbor.

One of the implications of these trends is that local workers are commuting further distances to Bar Harbor for work. For businesses that drive the tourism, services and recreation sectors, a loss of local workers could reduce hours of operation, lead to business closures and negatively impact the downtown economy. The net effect of losing these businesses would mean a greater tax burden on local residents, which would further exacerbate challenges of affordability.

For your employees that do not live in Bar Harbor, do they have difficulty finding housing that meets their needs (size, location, price, etc.) in Bar Harbor?

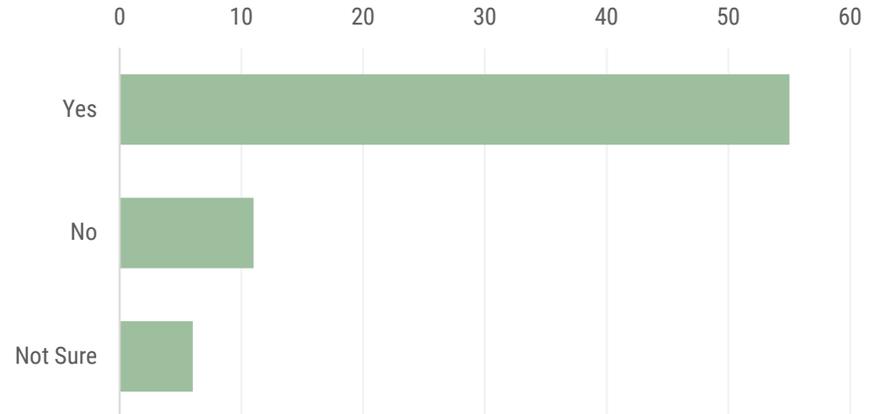
n = 70



Source: Bar Harbor Employer Survey 2022

Have you ever lost an employee(s) due to lack of housing or issues with housing affordability in Bar Harbor?

n = 72



Source: Bar Harbor Employer Survey 2022

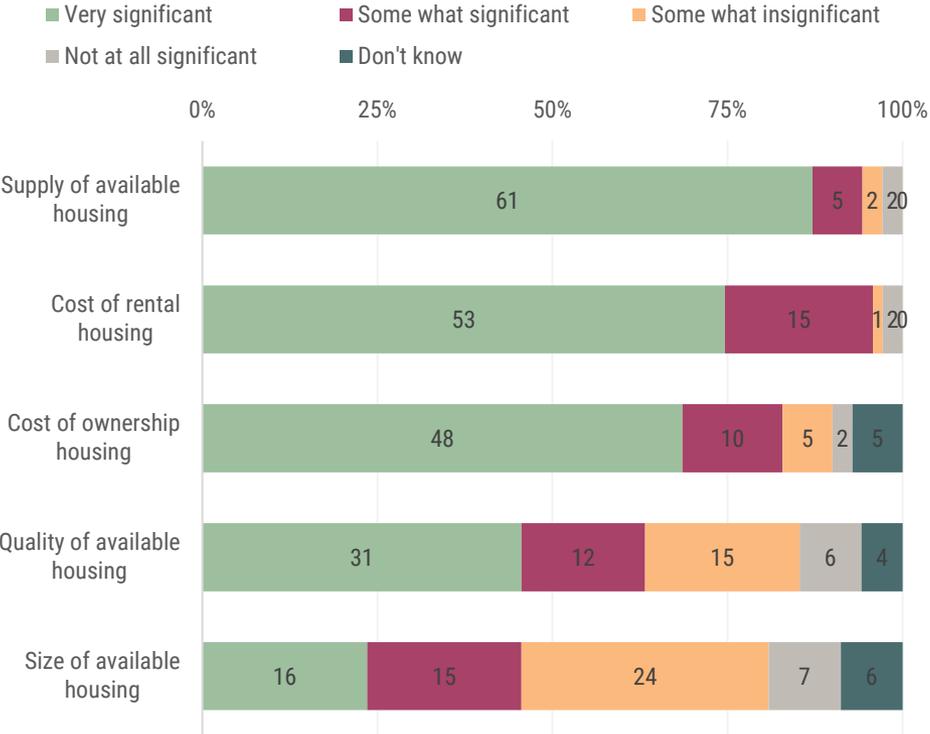
EMPLOYERS INDICATED THE SUPPLY AND COST OF HOUSING ARE VERY SIGNIFICANT

Substantiating the data findings, in the area Employer Survey, employers indicated that the most significant barriers for their employees finding housing in Bar Harbor is the lack of available housing supply, followed by cost of rental housing and ownership housing.

Many employers in the survey indicated that they have tried to address these challenges by helping their employees find housing or by owning and providing housing themselves. Both efforts have their constraints because as respondents and the data have indicated, housing availability is exceptionally low, some seasonal housing for workers cannot be used year-round and rising rents, home prices and taxes have caused Bar Harbor residents to seek residence in neighboring communities.

How significant, if at all, do you think the following barriers are for your employees in finding housing in Bar Harbor?

n = 73



Source: Bar Harbor Employer Survey 2022

Key Insights

- Bar Harbor is one of the major employment centers within Hancock County but rising unaffordability and the seasonality of its economy could negatively impact the long-term strength of the local economy.
- Bar Harbor workers are commuting further, and housing costs have outpaced wage growth for many of Bar Harbor's key industries.
- Longer commutes and a tighter housing market could see workers gradually shift to other major job centers such as Ellsworth.
- Employers have indicated that they have lost workers due to housing challenges and that the greatest challenge in Bar Harbor is lack of available supply.
- If employers are unable to find workers or afford to pay workers for their time and commute distance, a decline in local business could shift more of the tax burden to Bar Harbor residents.

Bar Harbor's Housing Stock & Short-Term Rentals

The rise of short-term vacation rentals has caused an even tighter housing market in Bar Harbor and across Hancock County.

How has the increase in short-term rentals impacted the existing housing stock?



Comprehensive Plan Recap

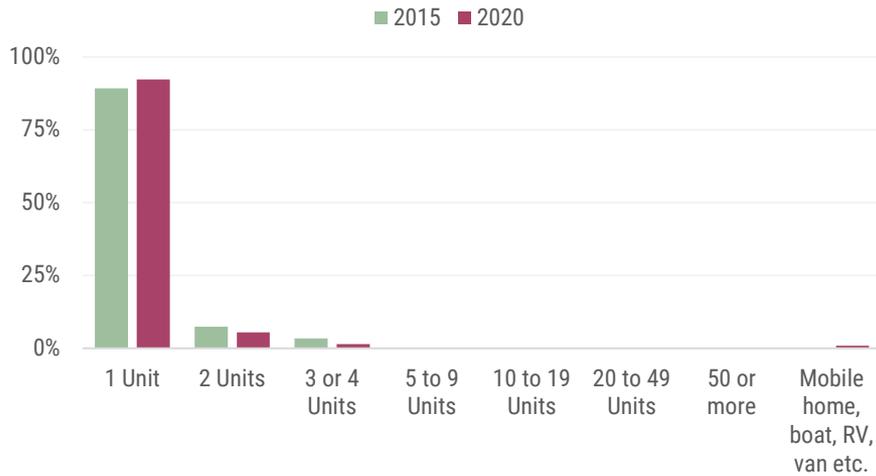
- **71% of Bar Harbor's housing stock is in single-unit structures and the share of those units has been steadily increasing.**
- **As of the latest five-year ACS period 2016 – 2020, the number of vacant units has increased to 1,230 with seasonal homes increasing by 251 units.**
- **Bar Harbor's rental housing stock is older than its owner housing stock.**
- **The number of short-term vacation rental units and listings has been rising rapidly in Bar Harbor.**
- **More seasonal housing and short-term vacation rentals mean fewer housing options for year-round residents and the local workforce.**

Housing Stock & Short-Term Rentals

Bar Harbor’s housing stock is dominated by single family units. Over the past decade, the share of single-family owner-occupied units increased from 89% to 92% of all occupied housing units.

Like Hancock County, single family housing units are the most common form of ownership housing within the region.

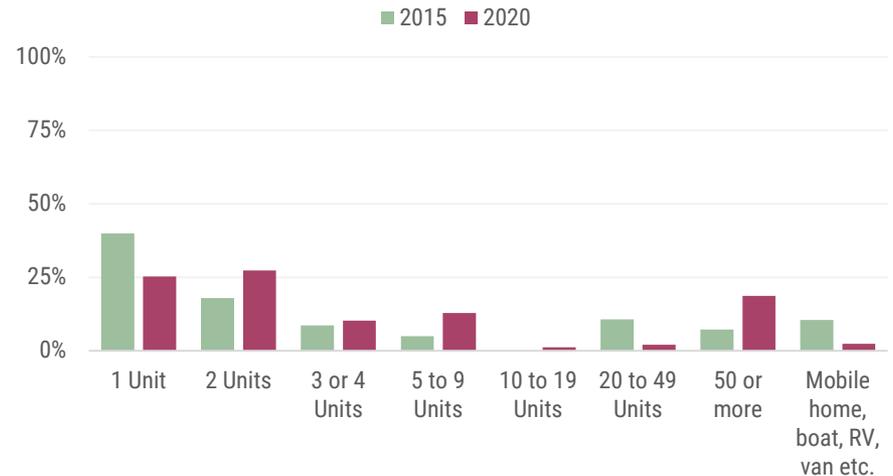
Owner Occupied Units in Structure



Source: ACS Estimates, RKG Associates

Among Bar Harbor’s rental housing stock, the highest shares are comprised of single family, two family, and large multifamily units. Over the past decade, Bar Harbor saw a decrease in the share of renter occupied single family units. This decrease could be the result of conversions to seasonal housing and short-term rental properties, which under the census definitions fall within the vacant housing category.

Renter Occupied Units in Structure



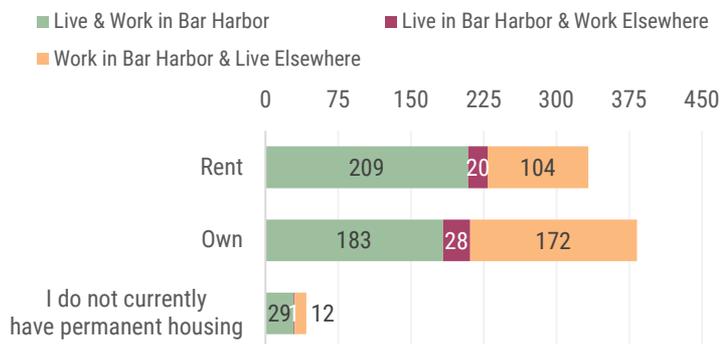
Source: ACS Estimates, RKG Associates

Of survey respondents to the Area Worker Survey, the majority of respondents that indicated that they live and work in Bar Harbor were renters and of those who indicated that they work in Bar Harbor but live elsewhere were homeowners.

While the survey is a sample of the total population, it is notable that more survey respondents are homeowners, which matches regional tenure rates, but when comparing across respondents who live in Bar Harbor versus outside of town, more Bar Harbor residents indicated that they were renters and more workers who lived outside Bar Harbor were owners.

Do you currently rent or own your home?

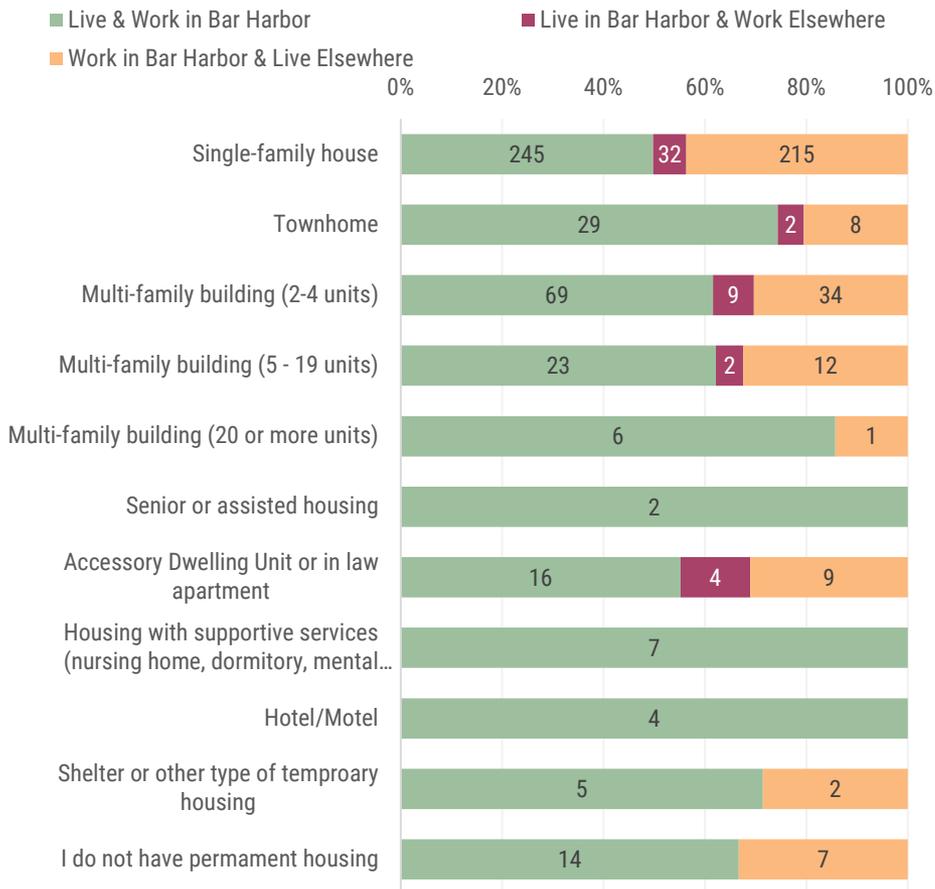
n = 758



Source: Bar Harbor Area Worker Survey 2022

Which best describes the type of home you live in?

n = 757



Source: Bar Harbor Area Worker Survey 2022

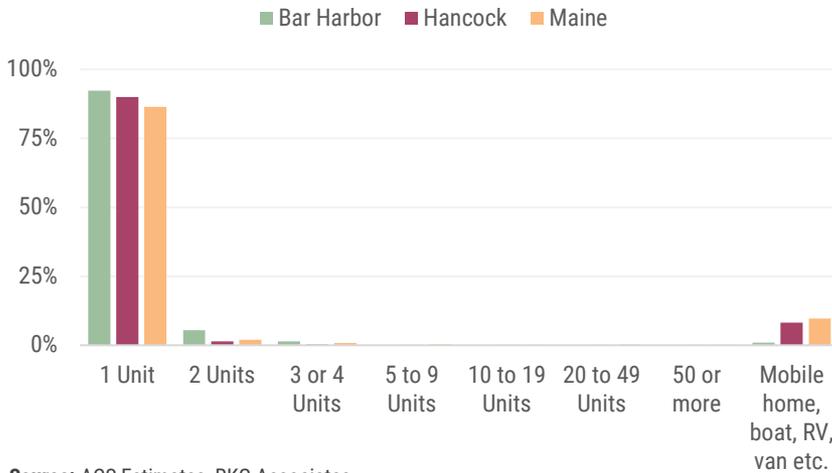
Housing Stock & Short-Term Rentals

Like Hancock County and the state, Bar Harbor's composition of owner-occupied housing reflects a large percentage of single-family units. Notably, Bar Harbor has a greater diversity in composition of housing compared to the county and state, with higher percentages of 2 and 3 – 4-unit properties. Among the rental stock, single family rental units are the single largest share in Hancock County.

Given the growth rates of seasonal housing and short-term rentals, Hancock County and Bar Harbor are at risk of losing more year-round housing units. Both Bar Harbor and Hancock County have large shares of owner and rental housing units meaning when those units are converted to seasonal and short-term rentals, those are direct losses to units available to year-round workers, particularly on the rental side. Given the smaller size of the rental stock, the impacts of those losses will be felt more acutely in rising rents and housing availability.

Owner Occupied

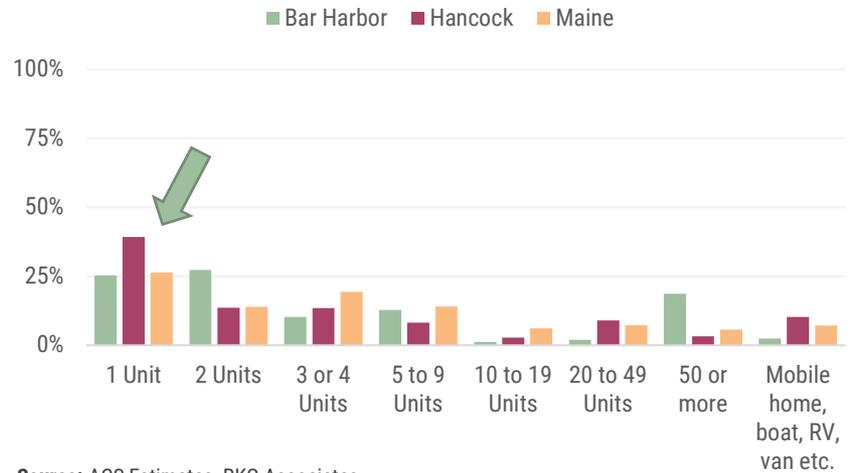
Housing Composition Comparison



Source: ACS Estimates, RKG Associates

Renter Occupied

Housing Composition Comparison



Source: ACS Estimates, RKG Associates

AS HOUSING COSTS RISE, BAR HARBOR COULD LOSE WORKERS TO MORE AFFORDABLE NEIGHBORING COMMUNITIES

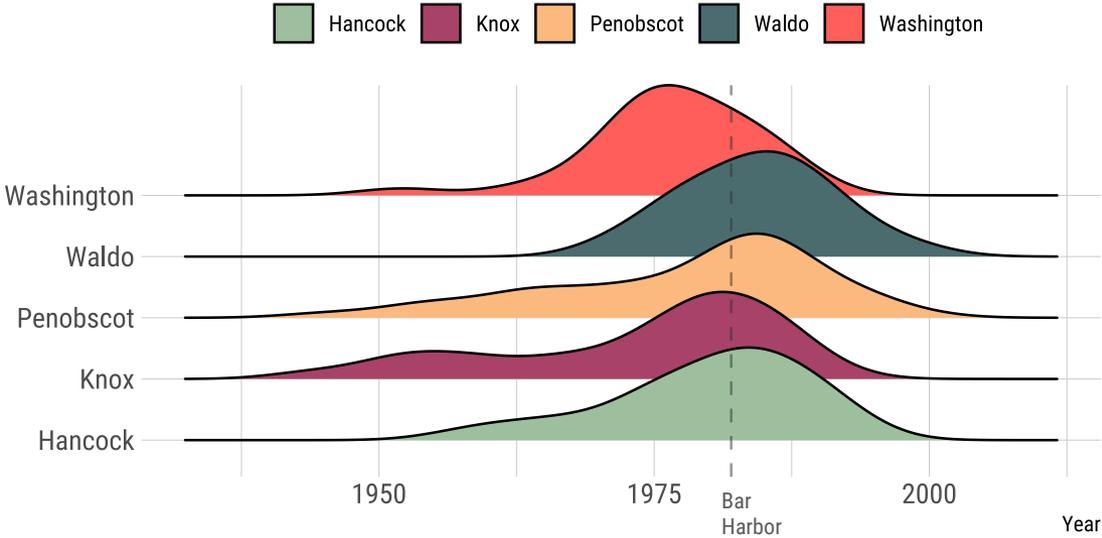
Within Hancock County, the age of Bar Harbor’s housing stock falls around the county median.

Compared to other counties, Penobscot and Knox have broader ranges in housing stock, particularly on the older side, which could signal higher rates of what is often considered “Naturally Occurring Affordable Housing.”

If workers continue to be priced out of Bar Harbor and coastal communities, counties with older housing stock and higher availability may absorb those workers leading to longer commutes or a loss in workers in Bar Harbor.

Median Year Structure Built

Age of Housing Stock, By County



Source: ACS 5-Year Estimates, RKG Associates

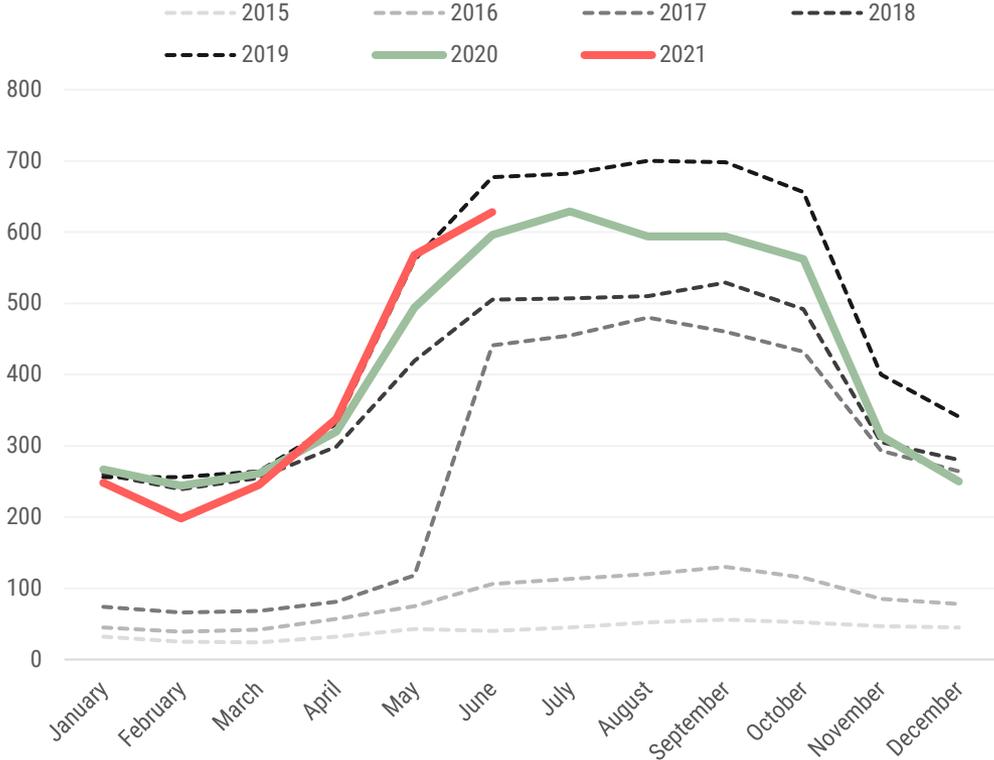
MATCHING THE TRENDS IN HOME SALES, THE NUMBER OF AVAILABLE SHORT-TERM LISTINGS HAS INCREASED FROM 2017 – 2021.

From 2017 – 2021 the total number of available short-term rental listings have notably increased. Furthermore, over this same period, the start of the season has begun earlier and earlier with the season beginning in May of 2017 to late March to early April in 2021.

From 2015 to 2019 short-term rental listings have increased in Bar Harbor peaking in 2019. Listings in 2020 exceeded all other previous years with the exception of 2019.

As of the data pulled for this figure in 2021, 2021 short-term rental listings are on track to meet the same level availability that occurred in 2019.

Total Available Listings Bar Harbor Short-Term Rentals



Source: AirDNA, Bar Harbor 2015 - 2021

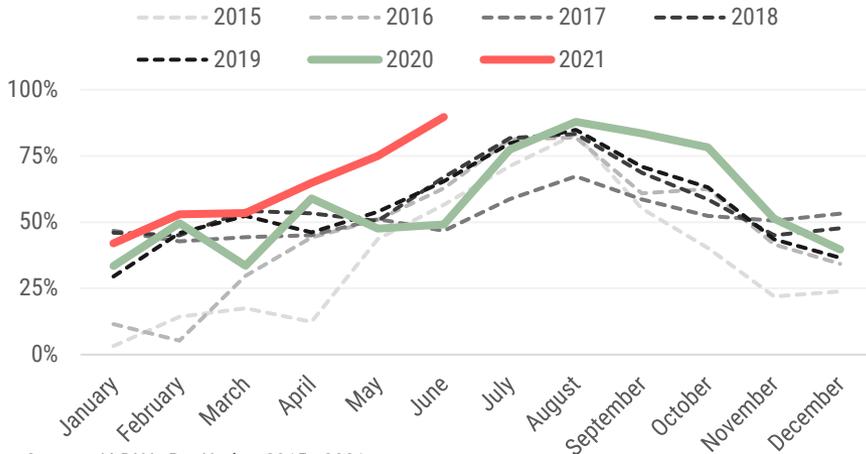
Housing Stock & Short-Term Rentals

The figure below shows the yearly trend in percentage of available short-term rentals booked in Bar Harbor.

Despite have fewer available listings compared to the peak reached in 2019, both 2020 and 2021 have notably higher percentages of bookings. In other words, of those units that are listed for rent, almost all of them are being consistently booked throughout the season in 2020 and 2021 compared to the peak year in 2019.

Percent Booked

Out of Available Rentals



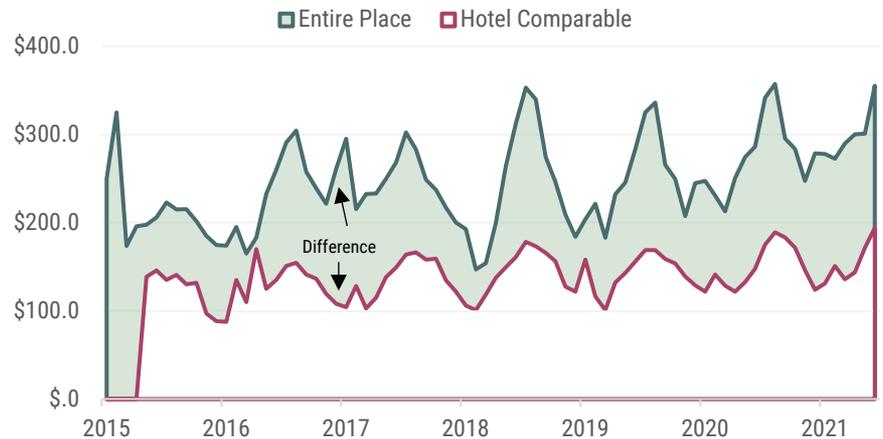
Source: AirDNA, Bar Harbor 2015 - 2021

These booking trends indicate that while listings have increased over the recent years, the rates at which they are booked has increased at a higher rate.

Comparing the average rates for a short-term rental and hotel, the costs of renting a short-term rental are much higher, providing greater incentives for homeowners and investors to offer their property as a short-term rental. Coupled with the increases in booking rates, the incentives to invest in short-term rentals are quite clear and there is an increasing demand for more of them.

Daily Rate Comps

Bar Harbor Short-Term Rentals

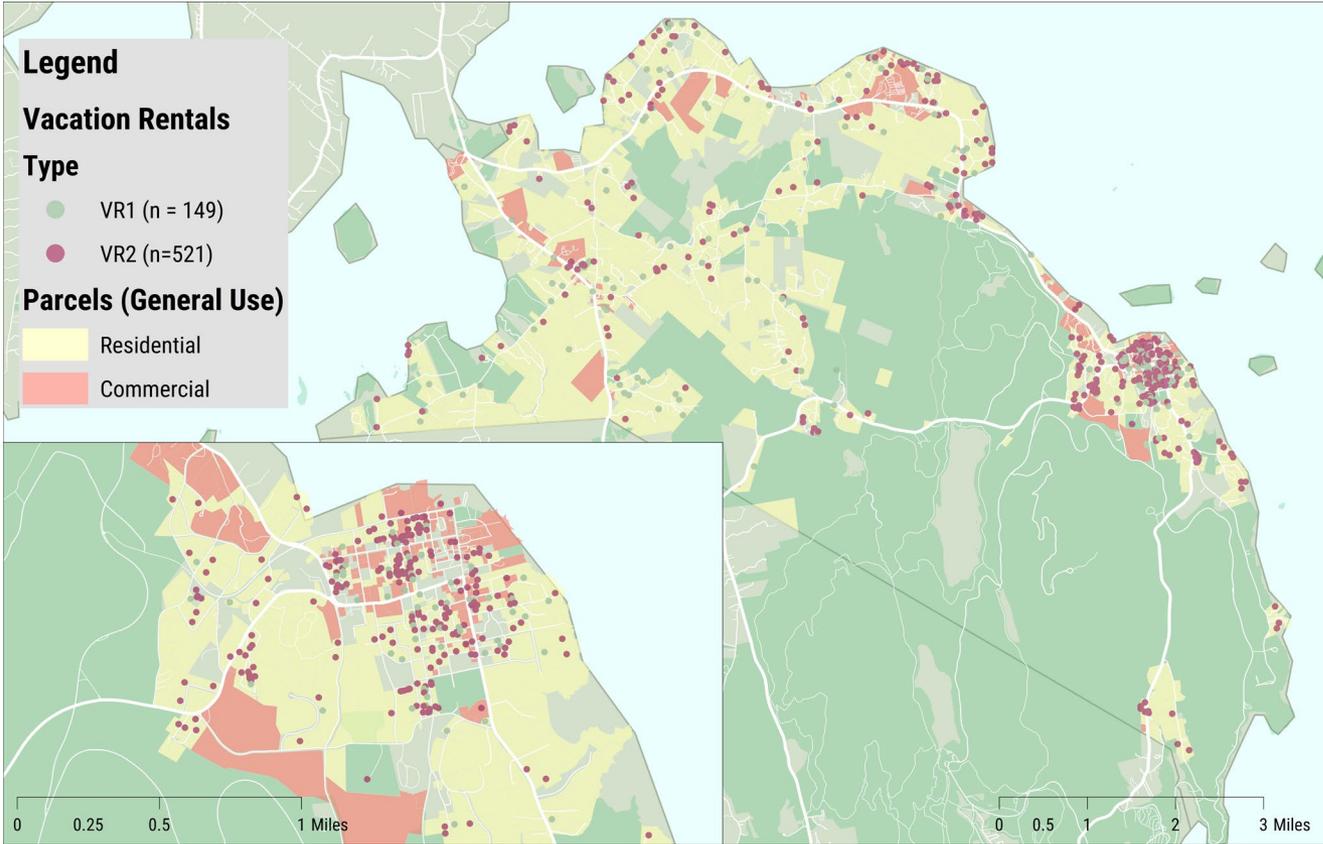


Source: AirDNA, Bar Harbor 2015 - 2021

MOST VACATION RENTALS CLUSTER IN BAR HARBOR'S DOWNTOWN.

The map on the right shows the spatial distribution of vacation rentals across the town of Bar Harbor.

Most vacation rentals are concentrated in Bar Harbor's downtown or in residential districts adjacent to commercial areas.



Key Insights

- Like Hancock County, Bar Harbor's housing stock is dominated by single family housing for both owner and renter households.
- With a large portion of housing skewed towards single family, the growth of STR's mean a reduction of for-sale and rental housing supply (in an already tight market), which can cause local displacement due to increasing rental costs and units being taken off the rental and ownership markets.
- Local displacement due to increasing rental costs and a reduction in available year-round units due to seasonal homes and STR's mean a loss in local workers.
- Despite local caps to STR's, the lack of regulation within Hancock County could still result in STR growth in the county to the detriment of local workers currently commuting to Bar Harbor for work.

Bar Harbor Housing Trends

Leading up to, and during, the COVID-19 pandemic, housing markets saw a surge in prices and record low inventories. How did these nationwide trends play out within Hancock County and how has that impacted housing in Bar Harbor?



Comprehensive Plan Recap

- **Bar Harbor is a place with finite resources to be able to address the wide-ranging need and demand for housing.**
- **There are land constraints, regulatory constraints, infrastructure constraints, political and financial constraints that currently work against addressing housing demand in a meaningful way.**
- **In addition to constraints, there are also several market segments competing for the limited supply of housing stock in town today (e.g., seasonal residents, vacation rental investors, seasonal employees, year-round residents).**
- **With a limited supply of housing, demographic shifts and economic conditions have driven record numbers of home sales and prices not only in Bar Harbor but across the region.**

HANCOCK COUNTY SAW A RISE IN NUMBER OF SALES AND SALE PRICES FROM 2017 - 2022

From 2017 – 2022, Bar Harbor saw more than 250 single-family home sales.

The median sale price over this period was \$449,000 which was \$174,000 more than the median sale price for single-family homes in Hancock County.

From 2017 – 2022 sale prices and volumes progressively rose linked to both the higher rates of working from home and relocations into Hancock County.

Like state and nationwide trends, 2021 marked peak numbers of sales and sale prices.

Distribution of Bar Harbor Home Prices

Sales prices (n = 262), 2017 - 2022



Source: Redfin Market Data
RKG Associates

Housing Trends

BAR HARBOR SAW RISING PRICES AND INCREASED SALES PARTICULARLY DOWNTOWN

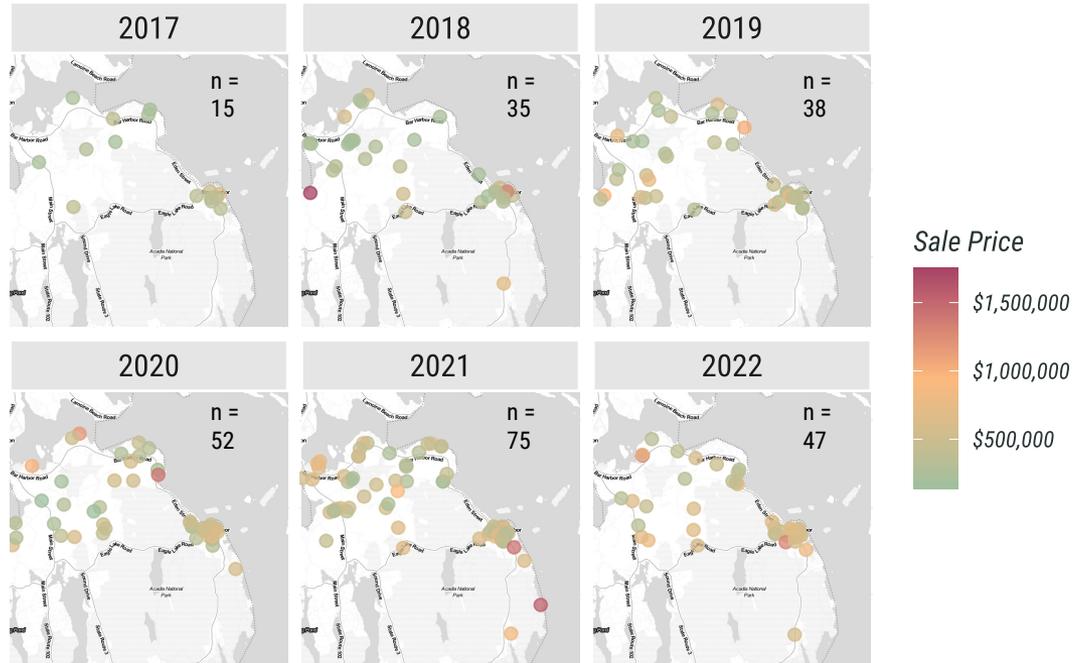
The maps to the right highlight the home sales in Bar Harbor over the past five years.

Bar Harbor saw a spike in home sales in 2020 which rose to a peak of 75 in 2021. Prior to rising rates and inflation conditions, 2022 was on track to exceed 2020 sales volumes.

In Bar Harbor, the median sale price rose from about \$400,000 in 2019 to \$600,000 in 2022.

Distribution of Bar Harbor Home Prices

Sales prices (2017 - 2022)



Source: Redfin Market Data

HANCOCK COUNTY SAW A RISE IN NUMBER OF SALES AND SALE PRICES FROM 2017 - 2022

From 2017 – 2022, Hancock County saw roughly 4,200 single family home sales.

The median sale price over this period was \$275,000. The highest volume of sales was in homes ranging from \$200,000 - \$400,00.

Sale prices and volumes progressively rose over this same period with record sale prices and volumes in 2021.

These trends persisted into the beginning of 2022, but as economic conditions have changed, home sales volumes have slowed.

Distribution of Regional Home Prices

Sales prices (n = 4,200), 2017 - 2022



Source: Redfin Market Data, RKG Associates

SALE VOLUMES PEAKED IN 2021 BUT PRICES CONTINUED TO CLIMB THROUGH 2022

Hancock County saw single family sales volumes rise from 1,585 between 2017 – 2019, to 2,615 in 2020 – 2022.

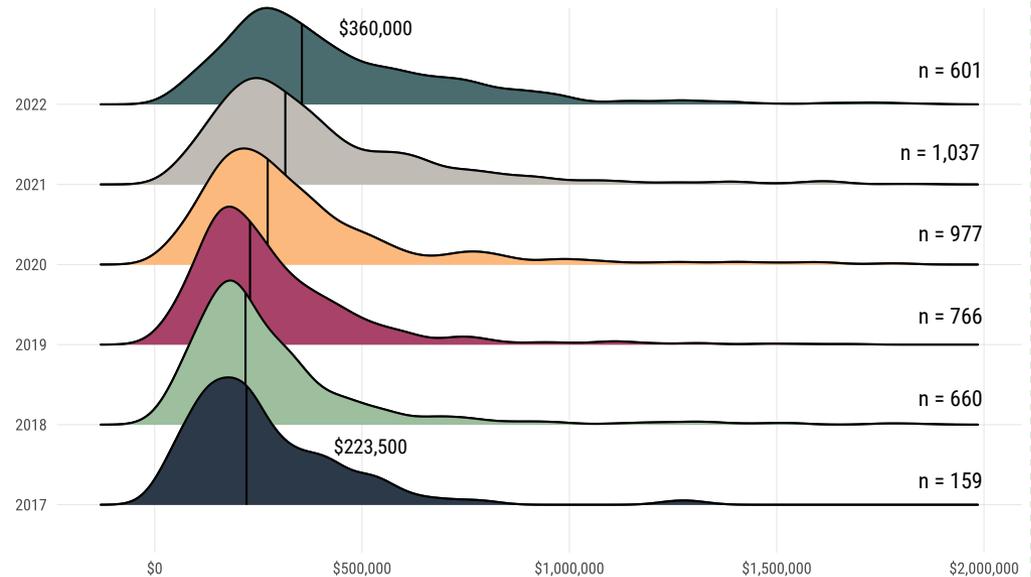
Over this period the median sale price in Hancock County rose from \$223,500 to \$360,000.

Higher rates of households moving and working from home throughout the pandemic, households buying second homes and investment properties have all driven prices and sales volumes over the past three years.

These trends mean a tightening in housing availability for lower to middle income households and in some cases an opportunity for existing residents to sell and move elsewhere.

Distribution of Regional Home Prices

Sales prices (2017 - 2022); Median Sales Price visualized as line



Source: Redfin Market Data

SALES IN COASTAL COMMUNITIES DROVE MEDIAN SALE PRICE INCREASES

The maps to the right show each individual home sale (approximated by dots) by year and sale price across Hancock county.

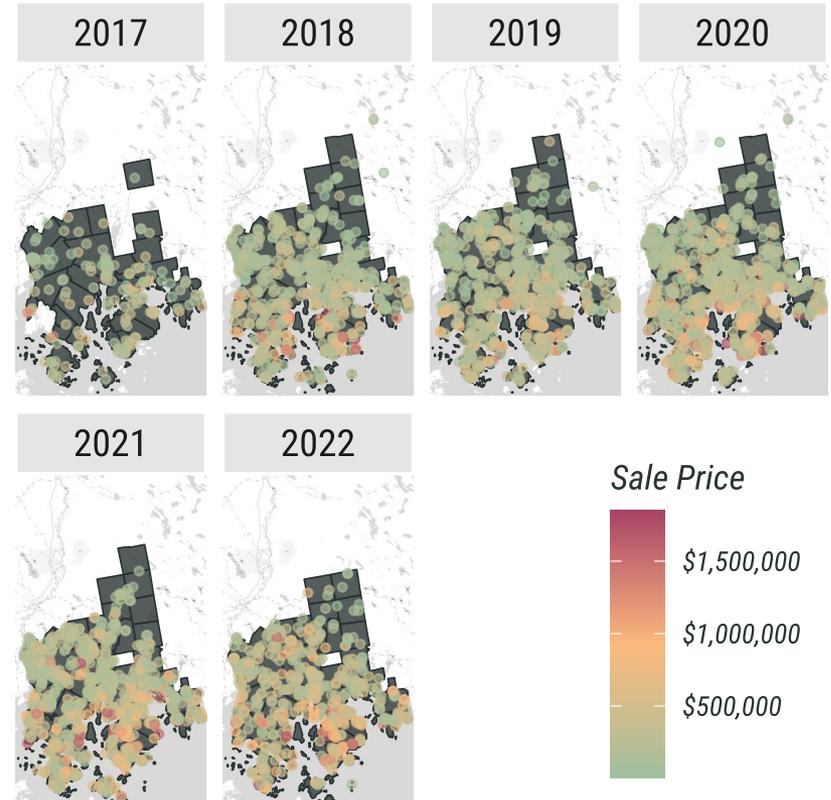
The lighter green dots represent homes that sold under \$500,000. Over the past five years, home sales in more inland communities were consistently lower than those on the coast, indicated by the distribution of green dots inland and orange to red along the shore.

Communities such as Bar Harbor saw rapid increases in home prices, illustrated by the orange and red dots and the density of those dots.

2021 had the highest number of sales in the past five years, which spanned the entirety of Hancock County. As previously noted, these trends continued through the beginning of 2022 but as mortgage rates have increased and inflation has impacted the costs of construction and costs of living, home sales and increases in supply have slowed.

Distribution of Regional Home Prices

Sales Prices (2017 - 2022)



Source: Redfin Market Data

COASTAL HOME SALES INCREASED FOLLOWING THE PANDEMIC

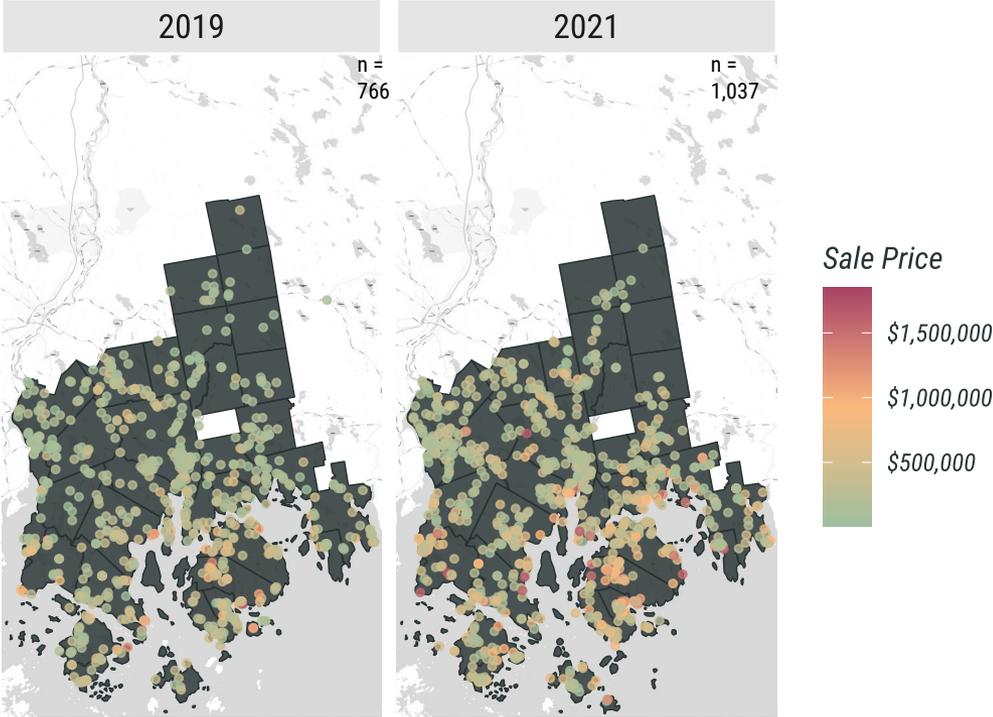
The median sale price rose from \$231,250 in 2019 to \$360,000 in 2021. An increase in home price as well as sales volume indicate that across segments of the market prices notably rose.

Coastal towns like Bar Harbor saw some of the highest price increases in the county, while in percentage terms, communities like Bucksport and Ellsworth saw the largest percentage increases.

This is an indicator of demand for housing in these neighboring communities which could be linked to the changes in labor market such as commuting patterns and job changes.

Distribution of Regional Home prices

Sales Prices (2019 & 2021)



Source: Redfin Market Data

Housing Trends

MEDIAN SALE PRICES IN HANCOCK COUNTY ROSE CLOSE TO COASTAL SALE PRICES

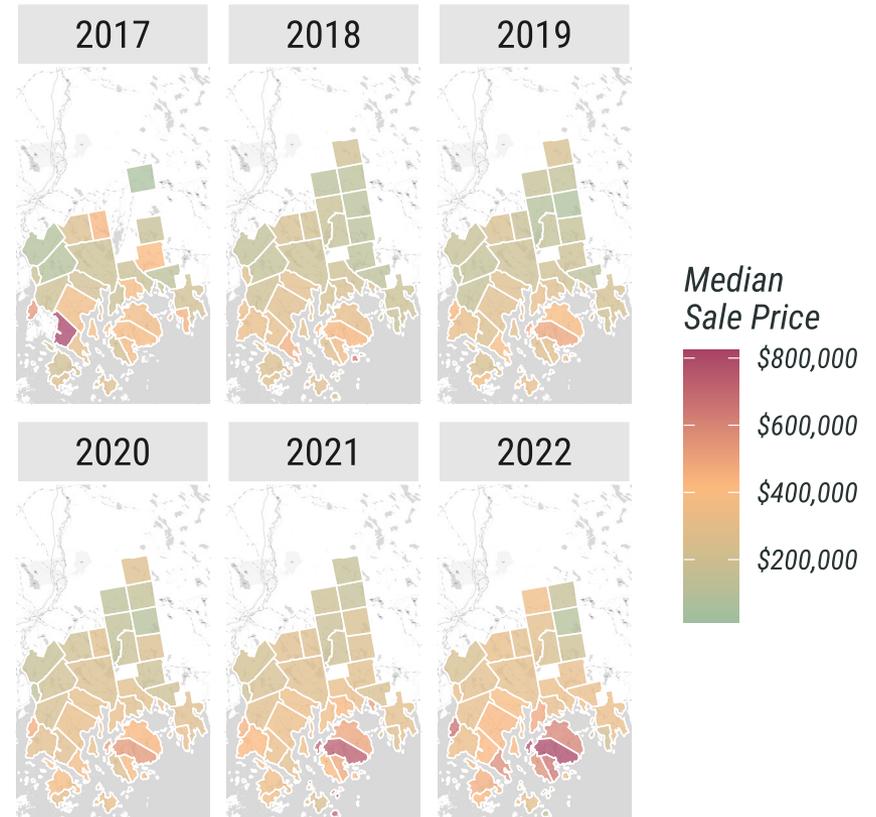
Over the past five years, median sale prices among coastal communities in Hancock County have consistently out paced inland communities.

From 2020 to 2022, prices among inland communities rose more rapidly closing the gap in price between inland communities and the coast.

Hancock County became increasingly unaffordable through 2020 – 2022, which may have triggered greater numbers of local residents to move to communities in more affordable communities and counties that are still within commuting distance to jobs in Hancock County.

Median Home Price by Town

Sales Prices (2017 - 2022)



Source: Redfin Market Data

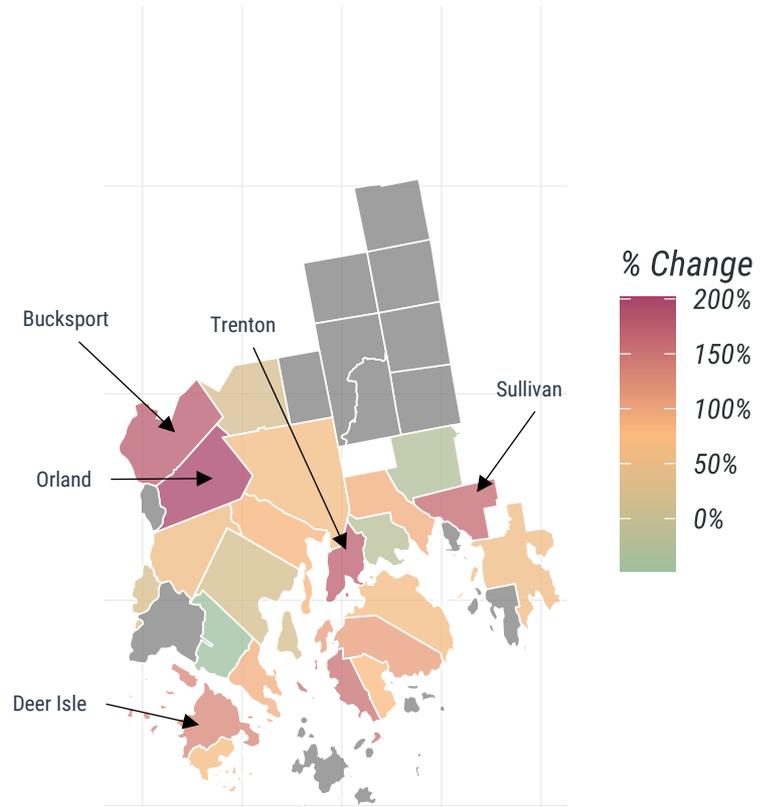
COASTAL COMMUNITIES SAW THE HIGHEST HOME PRICES BUT INLAND COMMUNITIES SAW THE GREATEST PERCENT CHANGE

The map to the right highlights the percentage change among communities with home sales recorded every year since 2017 (Communities in grey had no sales in 2017 or gaps in subsequent years through this period).

Among communities in Hancock County, lower cost communities saw the greatest percentage change in home prices while coastal communities like Bar Harbor, Deer Isle, Mount Desert, and Southwest Harbor saw the highest prices.

Percent Change Median Home Prices

Sales prices (2017 - 2021)



Source: Redfin, RKG Associates

Housing Trends

The figure below shows the percentage change of home prices in communities from 2017 to 2022 relative to their 2017 values.

Over the past five years, lower cost communities saw the greatest percent change in prices

Change in home price as a function of initial price

Median price; Change between 2017 - 2022



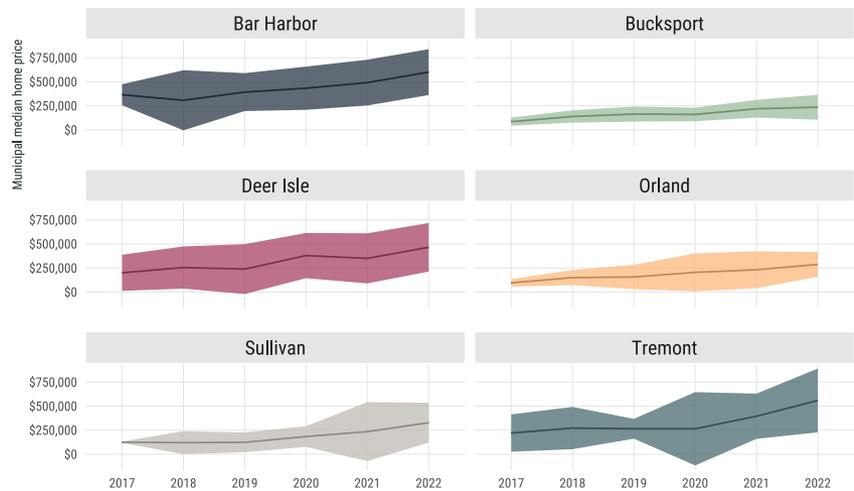
Source: Redfin Market Data

The time series plots compare Bar Harbor to the top five highest growth communities.

Notably, while Bar Harbor saw a lesser percentage change in prices, sale prices exceed that of all the highest growth communities.

Time series for highest growth Communities

Sales prices (2017-2022); Median; Ribbon indicates 1 standard deviation



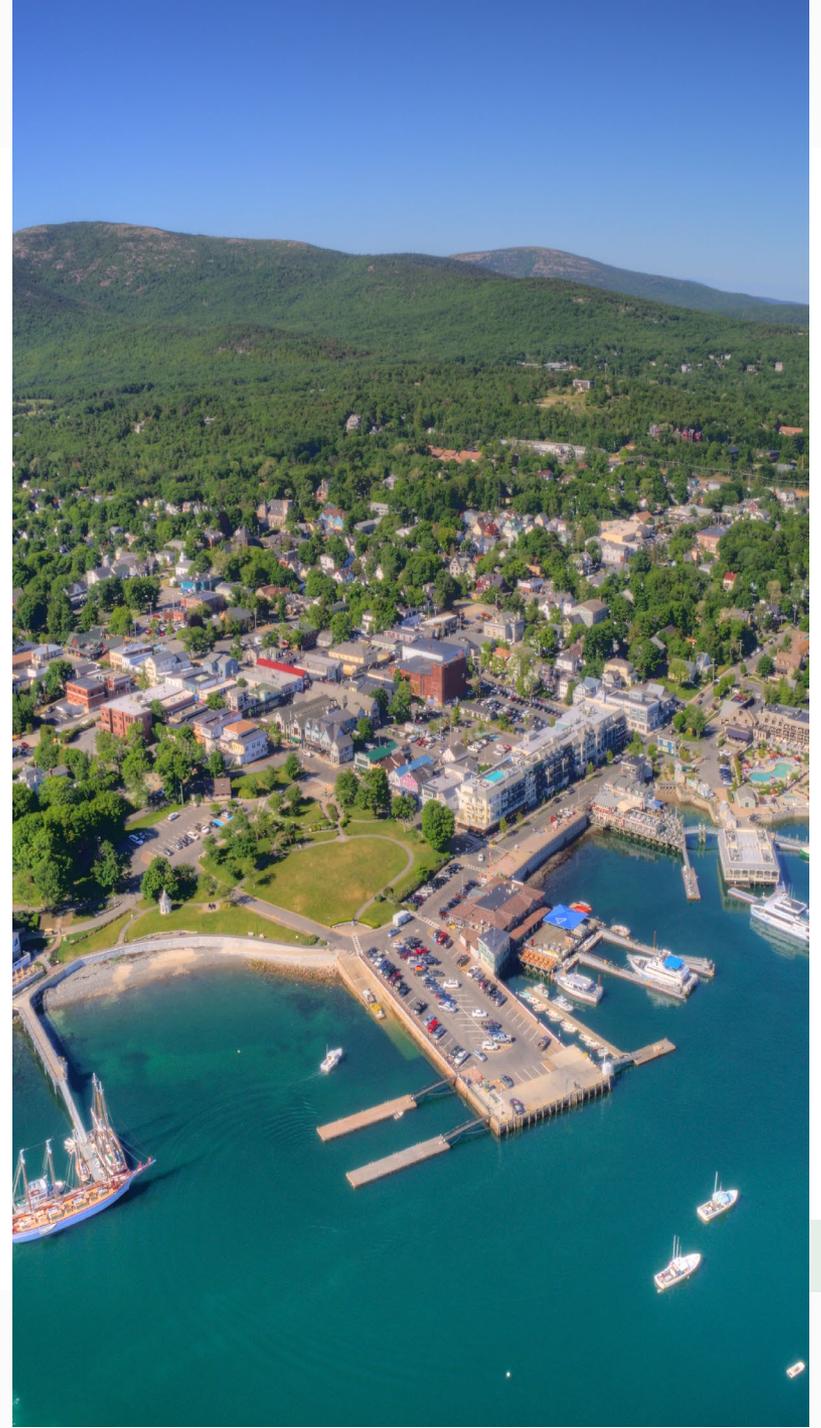
Source: Redfin Market Data

Key Insights

- The last five years have seen record growth in home prices and sales volumes.
- Communities such as Bar Harbor and Mount Desert were already on the higher priced side of the market but saw record high prices in recent years.
- Lower cost communities such as Bucksport, Orland, and Sullivan saw a higher percentage increase in home prices due to demand driven competition for homes throughout Hancock County.
- Rising home prices and housing costs coupled with a limited supply of units can be linked to increases in asking rents. The net effect is home prices affordable to only higher income households, and greater financial burden on renter households particularly those whose jobs were negatively impacted by the COVID-19 pandemic.
- The shifting economic landscape, changing labor markets, and expensive local housing could negatively impact economies across Hancock County, particularly in places like Bar Harbor, where the economy is heavily reliant on seasonal economic activity.

Housing Purchase Characteristics

Given the acceleration in home sales and home price growth, how are these trends driving change in Bar Harbor and Hancock County?



Comprehensive Plan Recap

- **The COVID-19 pandemic seemingly accelerated some of the population and housing trends that were occurring prior to 2020 such as increased demand for seasonal or short-term housing, higher median household income, greater levels of educational attainment, and population growth.**
- **In addition to population growth, residents are getting older, and Bar Harbor attracts older homebuyers.**
- **Homebuying by higher income households for not only primary residences but seasonal homes and investment properties are leaving fewer options for large segments of the local workforce who cannot compete for higher priced homes and face limited housing availability.**

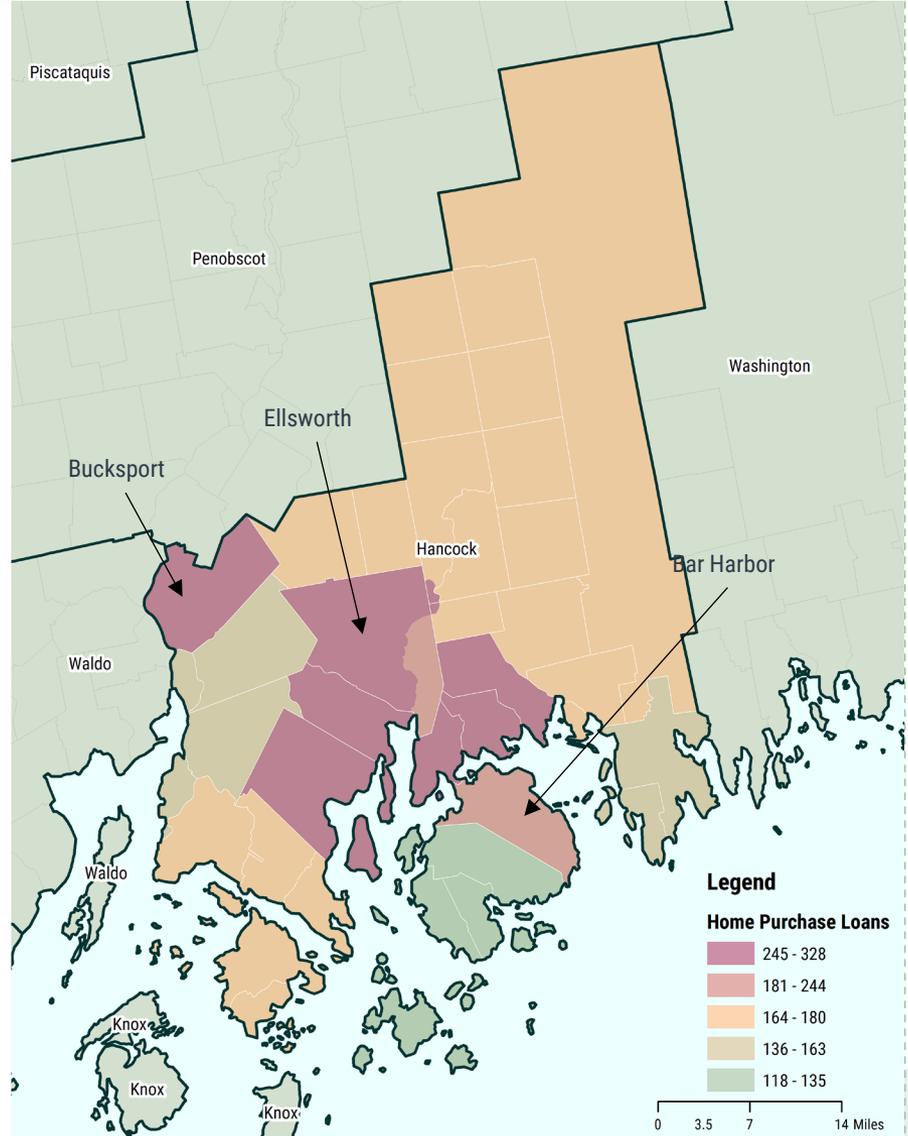
COMMUNITIES ALONG THE COAST SAW THE HIGHEST NUMBERS OF SINGLE-FAMILY HOME PURCHASE LOANS

From 2018 – 2021, Ellsworth saw the highest number of home purchase loan originations compared to any other municipality in Hancock County.

Bucksport also saw high rates of home purchase loans.

It should be noted that this data is aggregated at the census tract level and in some instances multiple smaller communities fall into the same census tract. This means at a per town basis those mortgages at the tract level are split between three towns.

Bar Harbor is composed of a single census tract meaning that at a “by town” basis, it has also seen notably high rates of home purchases over the last couple of years.

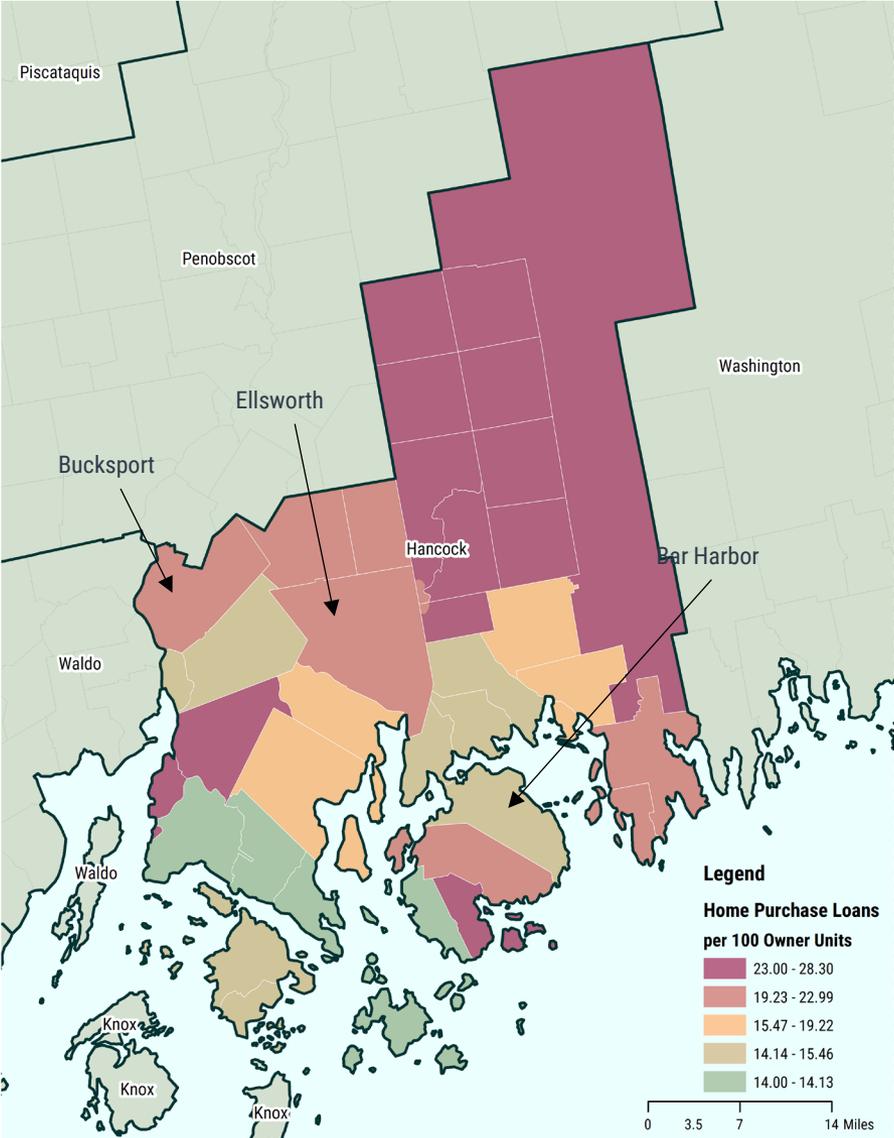


SCALING THE NUMBER OF MORTGAGES BY MARKET SIZE TELLS A SLIGHTLY DIFFERENT STORY

From 2018 – 2021, Ellsworth saw the highest number of home purchase loan originations per 100 owner occupied units, followed by Mount Desert and Bucksport.

Southwest Harbor and Cranberry Isle as well as Otis and Dedham also had high ratios of loans to occupied housing units but each of those pairs are in the same census tract.

Comparing census tracts Bar Harbor had lower ratio of home purchase loans per 100 owner units; this can serve as a signal of slowed growth over 2018-2021.



Housing Purchase Characteristics

While single family home purchase loans for principal residences remain the highest share of loans originated, the number of second home loans have been increasing since the pandemic.

Based on loan size and property values, investment properties and second home loan originations are the highest, followed by principal residence.

Distribution of Single Family Home Purchase Loans

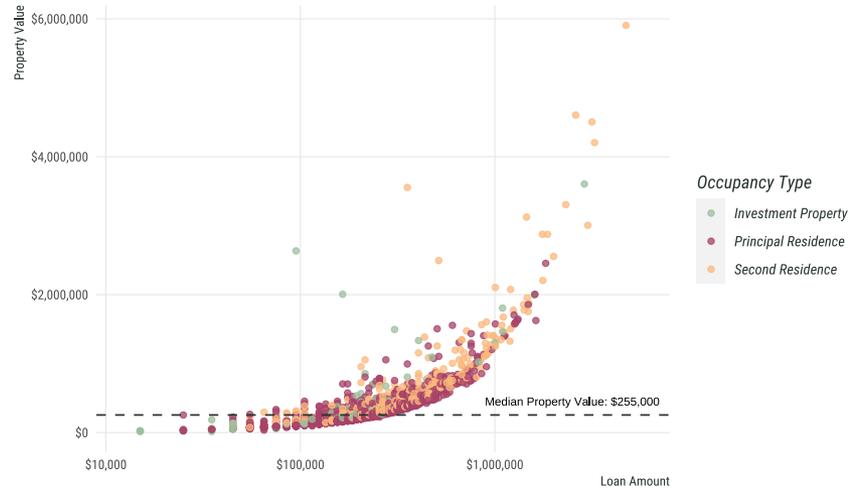
Hancock County (2018 - 2021), (n = 3,429)



Source: HMDA, RKG Associates

Distribution of Loan Size to Property Value, Hancock County ME

Single Family Home Purchase Loans by Occupancy Type (n = 3,429)

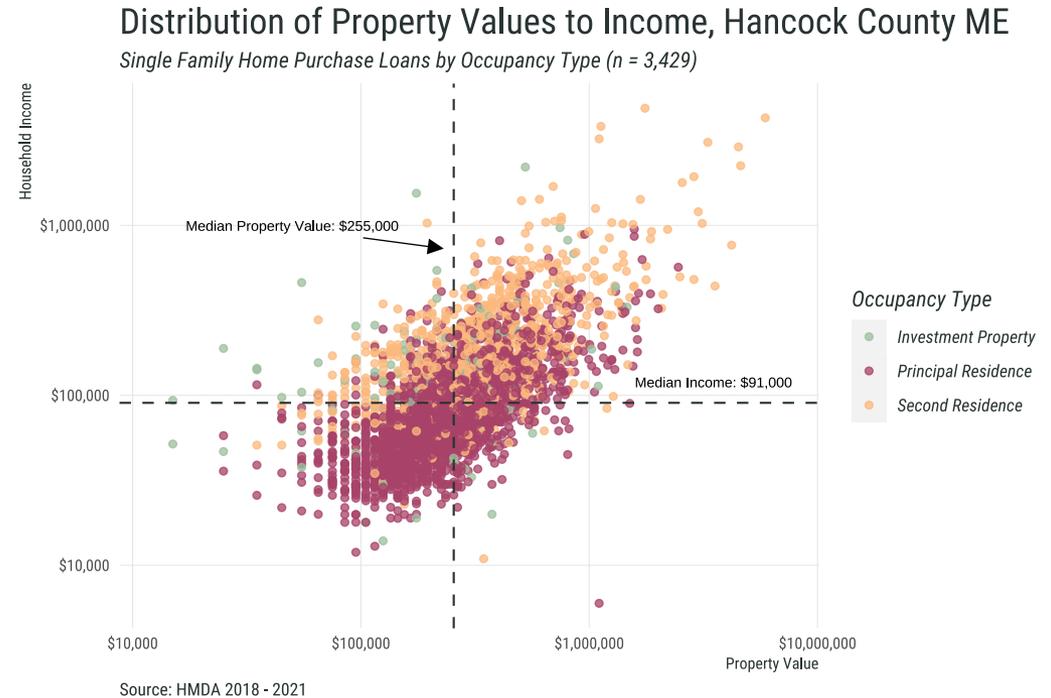


Source: HMDA 2018 - 2021

THE MEDIAN INCOME FOR HOMEBUYERS IN HANCOCK COUNTY IS \$91,000. THIS IS ALMOST \$33,000 GREATER THAN THE OVERALL MEDIAN INCOME IN HANCOCK COUNTY.

According to 2020 ACS 5-year estimates, the median household income in Bar Harbor is \$68,274 and in Hancock County \$58,345.

Among homebuyers in Hancock County over the last few years, the median household income was \$91,000. This is almost \$33,000 greater than the median income in Hancock County and \$23,000 greater than in Bar Harbor.



BAR HARBOR HAS THE HIGHEST NUMBER OF INVESTMENT PROPERTY PURCHASES OVER THE LAST FOUR YEARS AND SECOND HIGHEST IN SECOND RESIDENCES.

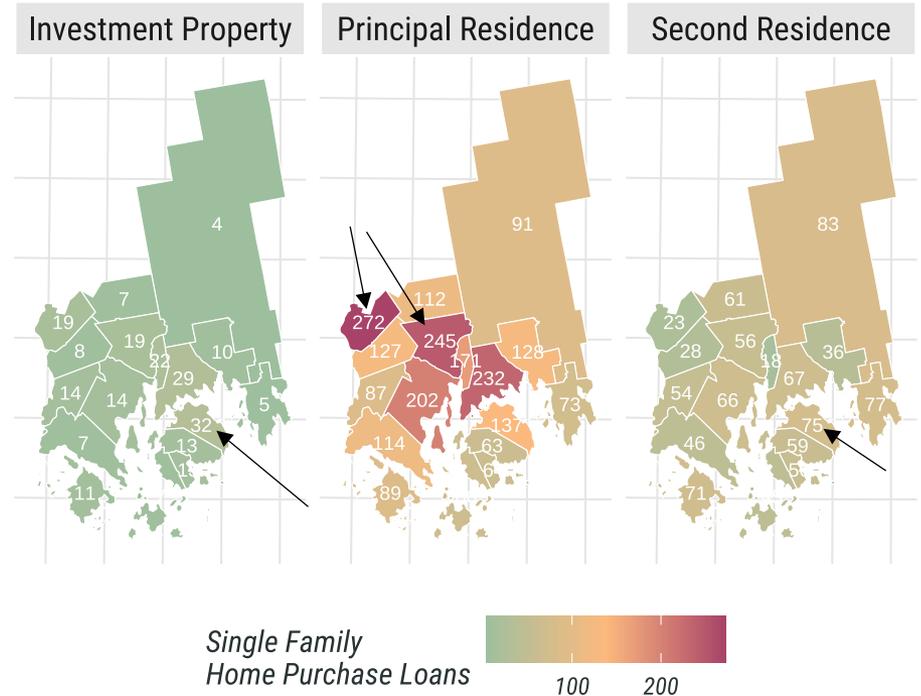
The maps to the right compare the volumes of single-family home purchase loans by occupancy type.

Bar Harbor has the highest number of loans for investment properties and second highest for second homes, which scaled to the size of Bar Harbor, is a notable share of the housing stock.

Bucksport, Ellsworth, Tremont, and Hancock have the highest rates of single-family home loans for a principal residence. Based on the recent sale price data, these communities tend to be more affordable and have a broader array of housing options compared to other communities in the county.

Single Family Home Purchase Loans

Hancock County, ME (n = 3,429)



Source: HMDA 2018 - 2021, RKG Associates

BAR HARBOR HAS THE HIGHEST NUMBER OF INVESTMENT PROPERTY PURCHASES OVER THE LAST FOUR YEARS AND SECOND HIGHEST IN SECOND RESIDENCES.

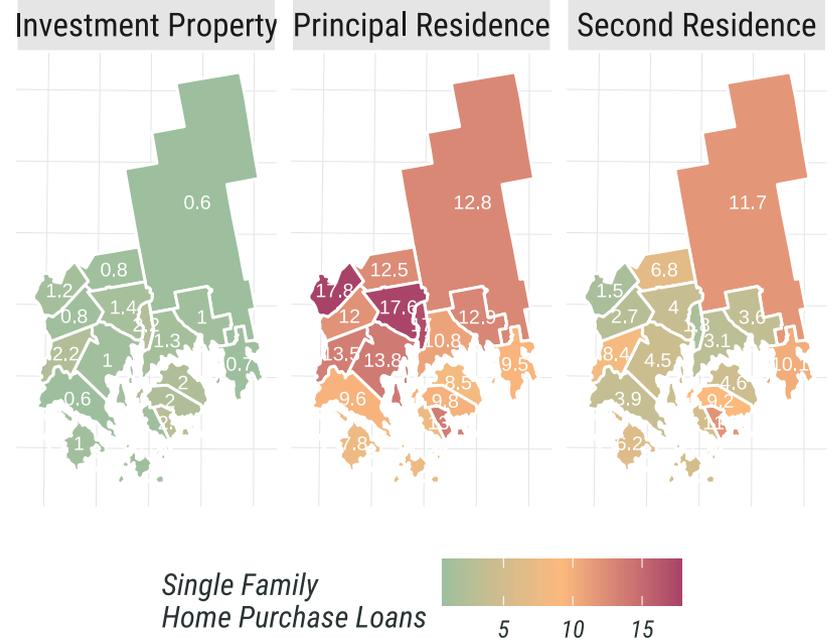
The maps to the right again compare the volumes of single-family home purchase loans by occupancy type.

The difference in these maps compared to the previous page is that home purchases are scaled to a rate of per 100 owner occupied units. Using this comparison to see the level of growth across communities, places like Bucksport and Ellsworth have high rates of principal residence mortgages compared to the rest of the county.

This is an indicator of increased demand in communities with wider arrays of housing options and typically lower prices than the shoreline communities.

Single Family Home Purchase Loans per 100 Owner Units

Hancock County, ME (n = 3,429)



Source: HMDA 2018 - 2021, RKG Associates

THERE IS A DEFICIT IN OWNER UNITS AT THE HIGH AND LOW END OF THE MARKET.

The owner housing supply/demand equilibrium figure tabulates existing home values and household incomes by area median income levels (AMI). This offers a good point of comparison of where there are gaps in units affordable to households at each income level.

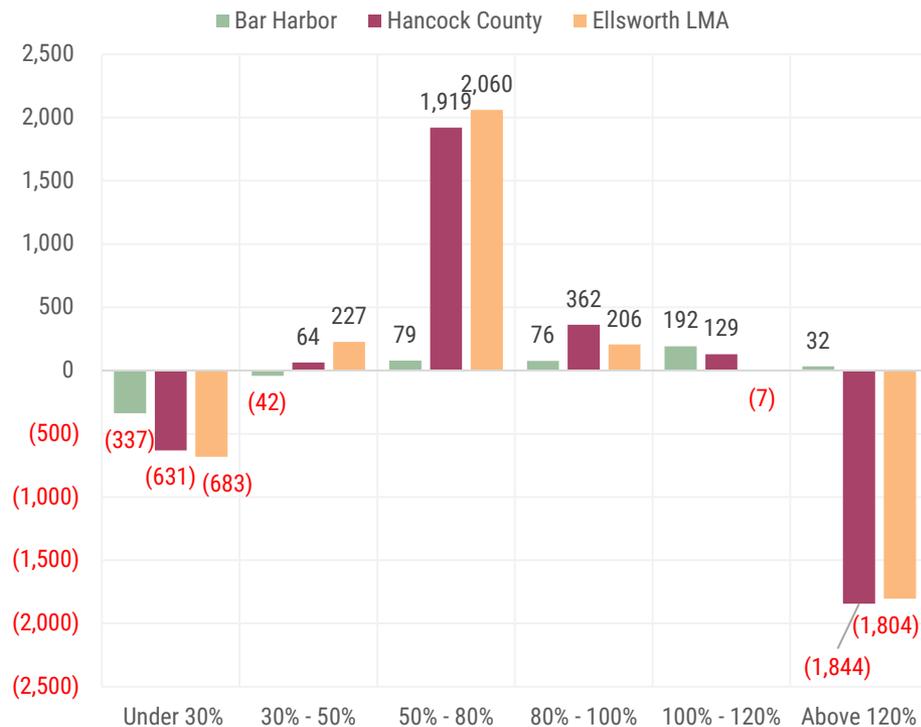
For example, Hancock County and the Ellsworth LMA have more units affordable to households earning between 50% - 80% of area median income than households that earn that much. In contrast, Hancock County and the Ellsworth LMA have a notable deficit in units affordable to households earning over 120% of area median income.

The way to interpret that relationship is that where there are deficits in higher value homes compared to the number of high-income households those high-income household purchase homes that remove available units that would be affordable for lower income households on the market.

While market activity tends to be more nuanced than this graphical comparison, it serves as a good trends indicator of where there are surpluses and deficits in the market and which income segments are most impacted.

In the case of owner housing within the region, there are deficits in the low and high end of the market (under 30% and over 120%). The result is pressure towards the middle driving price increases which we see in the homes sales data in the prior sections.

Owner Housing Supply/Demand Equilibrium By HUD Income Threshold



Source: HUD, ACS 2020 & RKG Associates
 Note: Calculation uses 3-person Family HH Income

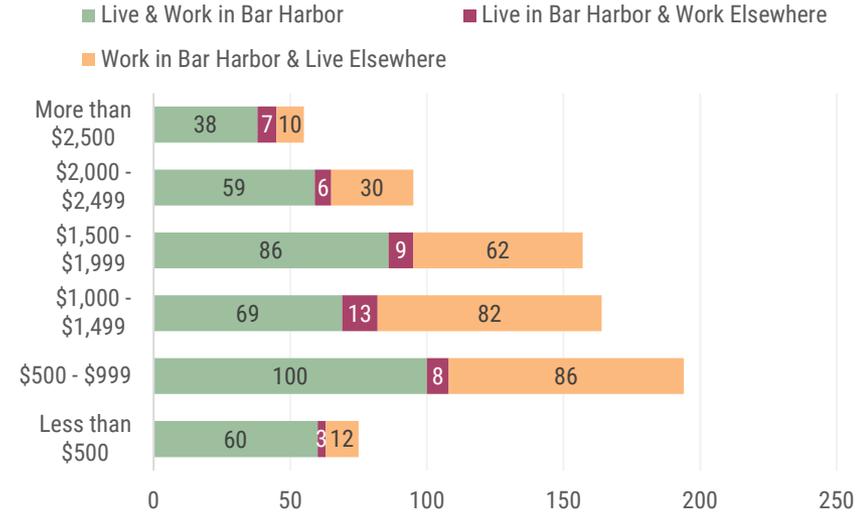
Housing Purchase Characteristics: Affordability Gap

The results of the area worker survey support the trends highlighted on the previous page. Most households **currently pay** for housing that falls within the price range of 30 – 100% of AMI (middle of the market).

To extend this point, many survey respondents indicated that they **could** afford the middle but even more notable: more households indicated that they could afford above 120% of AMI than currently do as well as households earning 50% - 80% of AMI. These mismatches mean that lower income households have a limited availability of housing options and cannot compete with households earning 120% of AMI or above.

How much **do you currently pay** for your housing each month (rent/mortgage, utilities, insurance, taxes combined)?

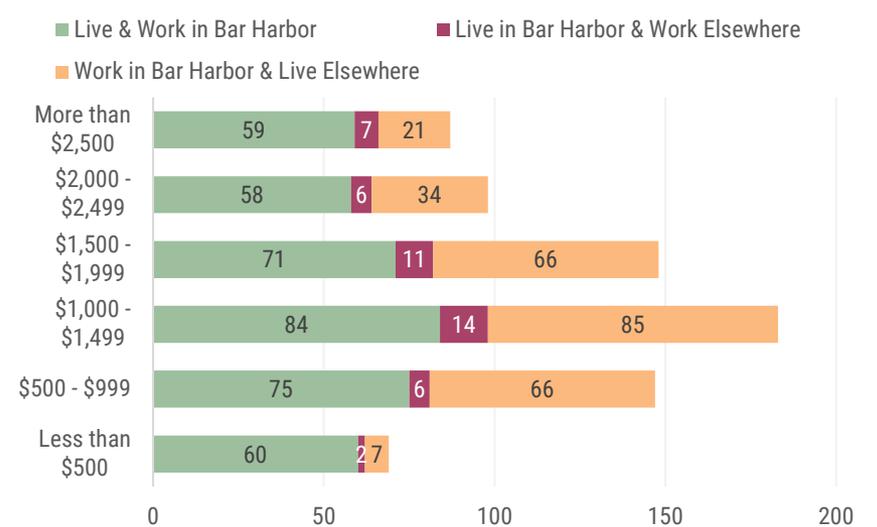
n = 740



Source: Bar Harbor Area Worker Survey 2022

How much **can your household afford to spend on** housing costs each month (rent/mortgage, utilities, insurance, taxes combined)?

n = 732



Source: Bar Harbor Area Worker Survey 2022

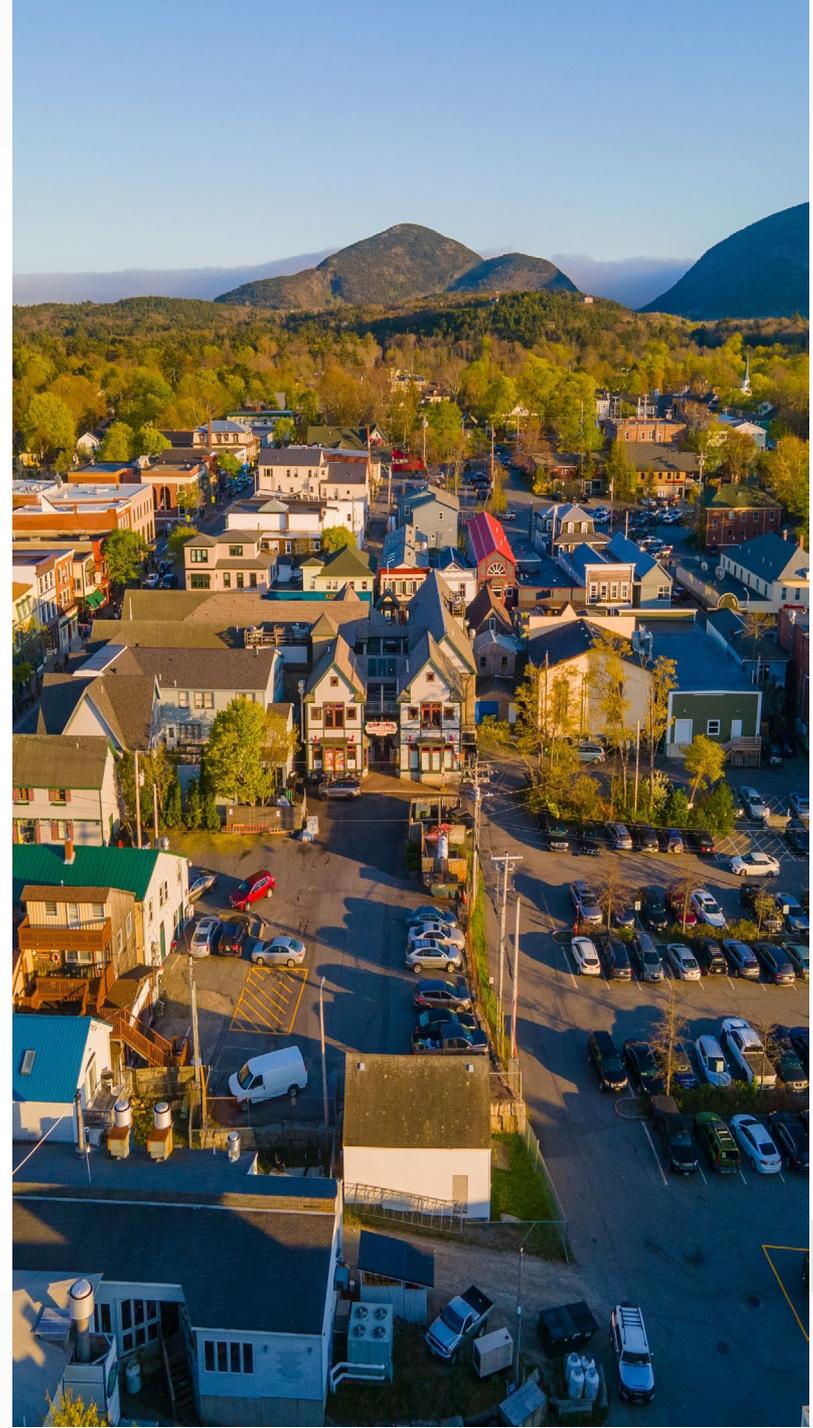
Key Insights

- From 2018 – 2021, coastal communities in Hancock County saw the highest number of mortgages. A closer look at the rate of mortgages tells a slightly different story. Communities such as Ellsworth and Bucksport had the highest rates of mortgages per 100 people and are also communities where many Bar Harbor workers live.
- Communities like Bar Harbor, Mount Desert, and Southwest Harbor that are more expensive saw higher rates of second home and investment property mortgages.
- The median income for homebuyers in Hancock County from 2018 – 2021 was \$91,000. This is almost \$33,000 greater than the overall median income in Hancock County.
- The affordability gap analysis indicates that there is a deficiency in units at the very low and high end of the market meaning competition converges in the middle of the market driving unaffordable prices for households earning up to 80% of AMI.
- The Bar Harbor Area Worker Survey supports the affordability gap analysis. Most survey respondents indicated that they are either paying middle market rents which they cannot afford OR they are paying middle market rents and could afford to pay more.

Bar Harbor Rental Trends

Bar Harbor and Hancock County have seen an acceleration in home buying over the last five years.

Rents are strongly tied to changes in the for-sale market as well as increases in short-term rental markets so what does this mean for Bar Harbor and renters in Hancock County?



Comprehensive Plan Recap

- Bar Harbor's rental housing stock is older than its owner housing stock.
- There continue to be gaps in rental and ownership housing options for younger residents to move into, to keep growing families in town, to support employment growth and for seniors who may be looking.
- Rising rents are leading to greater incidences of cost burdening (spending more than 30% of income on housing).
- Year-round rental units are typically the first to be converted into short-term vacation rentals meaning existing renter households face more immediate price pressures and limited supply compared to homeowners.

RENTS IN HANCOCK COUNTY ARE SOME OF THE HIGHEST IN THE REGION. BAR HARBOR FALLS AROUND THE MEDIAN

According to ACS 5-Year estimates, 2020 median gross rent in Bar Harbor was \$881 per month.

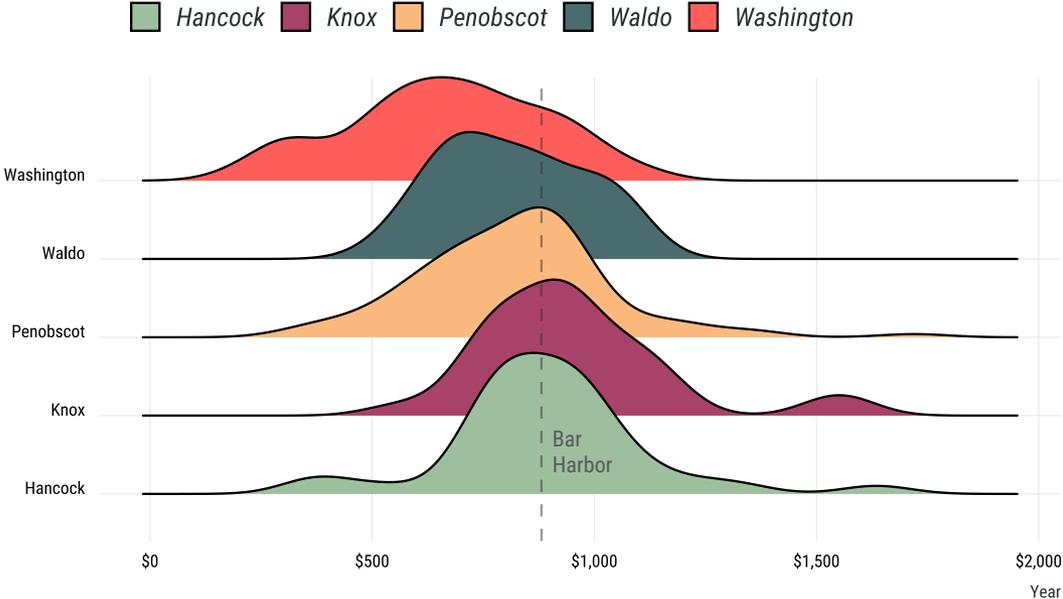
Median gross rent reflects the median rent among all rental units in Bar Harbor’s housing stock, not just newly constructed market rate units which are much higher.

While this estimate may understate the current asking rents in Bar Harbor, it is a good trend indicator of how rents in the community are changing.

Rents in Bar Harbor match closely with the majority of rents in Hancock County, which are higher than many neighboring counties.

Median Gross Rent

By County



Source: ACS 5-Year Estimates, RKG Associates

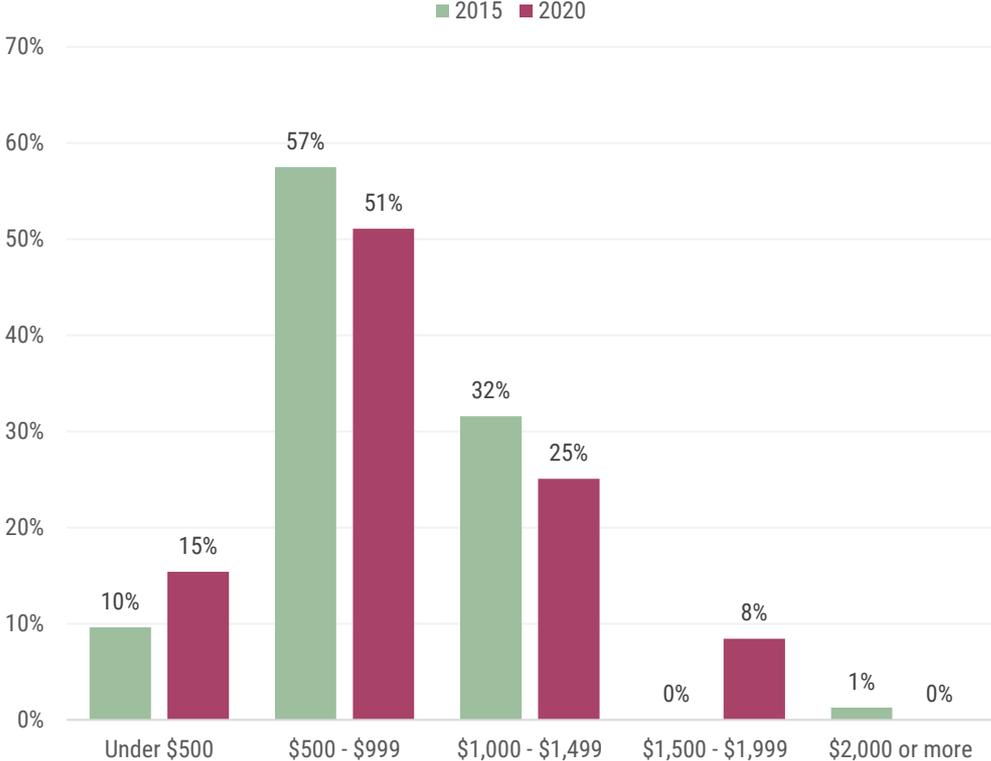
RENTS CONTINUE TO INCREASE IN BAR HARBOR

As referenced in the housing chapter, gross rents have been increasing, driven by a growing share of units priced at \$1,000 - \$1,499 a month.

[Recent studies](#) have shown that an increase in short-term rentals is positively correlated with rent prices and negatively correlated with the share of homes in the market as year-round rentals.

Taken together, this suggests that short-term rentals are more likely to take year-round rentals off the market as opposed to year-round homes meaning existing demand is met with fewer year-round rental units leading to rent increases.

Gross Rent Distribution Bar Harbor



Source: ACS Estimates, RKG Associates

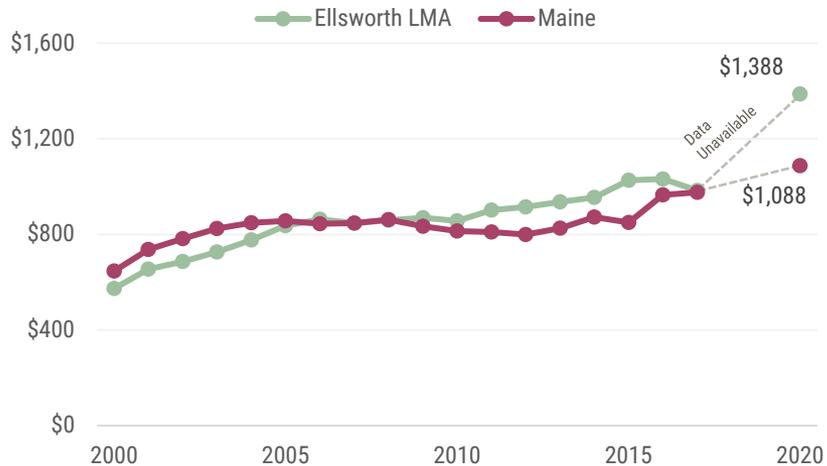
Rental Trends

THE MSHA RENTAL SURVEY INDICATES THAT THE ELLSWORTH LMA HAS RENTS HIGHER THAN THE STATE.

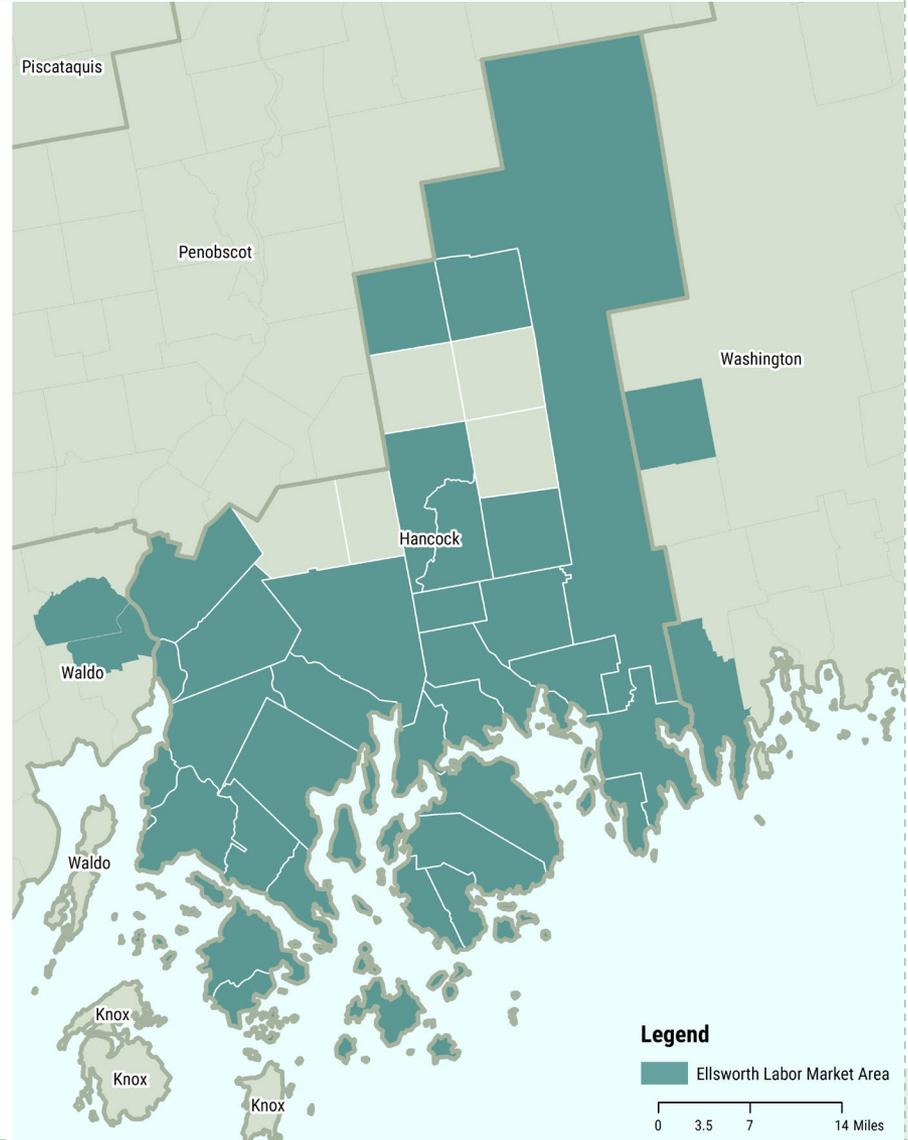
The Maine State Housing Authority conducts a rental survey to get a better sense of current asking rents compared to the ACS.

Based on MSHA's survey, asking rents in the Ellsworth LMA have risen to almost \$300 more a month compared to the state of Maine.

Median 2BR Rent With Utilities



Source: Maine State Housing Authority, Rental Affordability Index



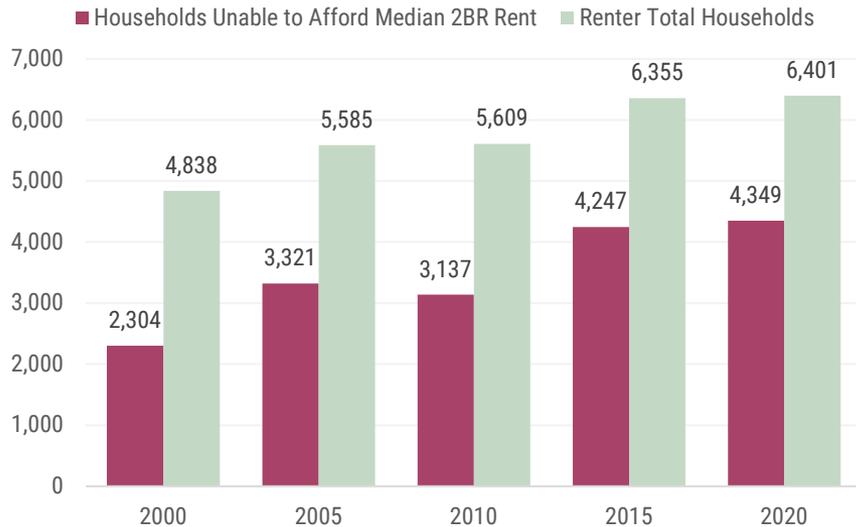
Rental Trends

The figure below shows the total number of renter households in the Ellsworth LMA (red) and the share that are unable to afford the median asking rent (green) for a 2-bedroom rental unit (family size).

From 2000 – 2020 the share of renter households that are unable to afford the median asking rent for a 2-bedroom unit has increased to more than 66% of renter households.

Ellsworth LMA

Family Size Rental Affordability



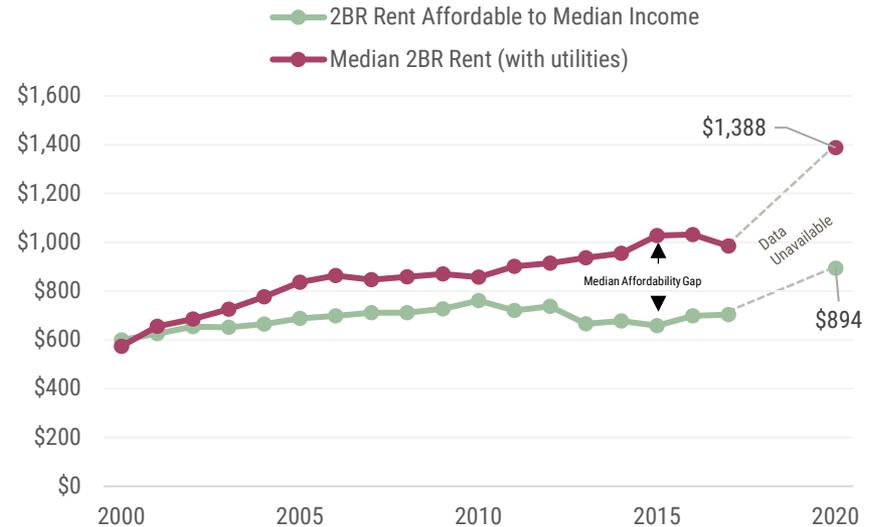
Source: Maine State Housing Authority, Rental Affordability Index

The figure below highlights the relationship between asking rents and affordability in the Ellsworth LMA.

The green line represents what rents need to be to be affordable to households earning the median annual income. The red line highlights what median asking rents actually are, which continue to diverge from what is affordable.

Ellsworth LMA

Rental Affordability



Source: Maine State Housing Authority, Rental Affordability Index

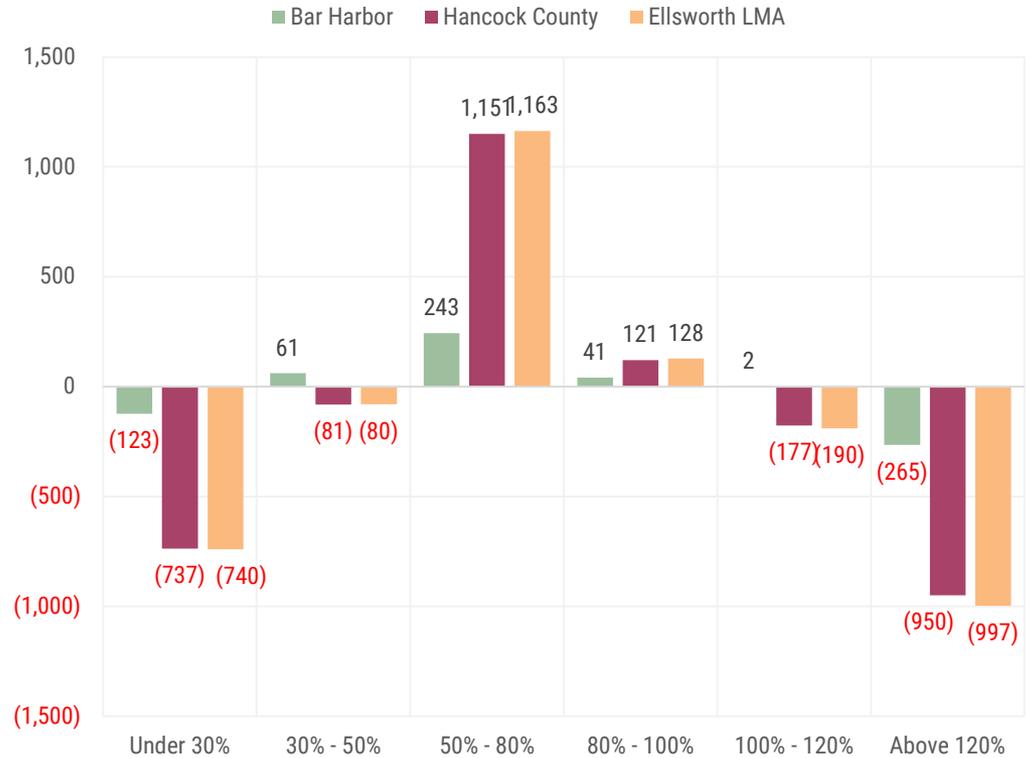
THERE IS A DEFICIT IN RENTAL UNITS AT THE HIGH AND LOW END OF THE MARKET.

Like the owner units figure, the graphic on the right highlights the gap in units priced at each AMI.

The affordability gap figure shows that there is a deficit in units priced for households earning less than 30% of AMI and those earning over 120% of AMI.

In the case where there is a deficit on the high end of the market as well as the low end, competition for units will concentrate in the middle, causing greater cost burdening for lower income households.

Rental Housing Supply/Demand Equilibrium
by HUD Income Threshold



Source: HUD, ACS 2020 & RKG Associates
Note: Calculation uses 2-person Family HH Income

Key Insights

- Rents in Hancock County are some of the highest in the region. Within the county, Bar Harbor rents fall around the Hancock County median gross rent estimates.
- While ACS estimates for gross rent tend to understate current market asking rents, the Maine State Housing Authority (MSHA) rental survey indicates that median asking rents in the Ellsworth LMA rose to \$1,388 in 2020. This is \$300 more a month compared to the state of Maine.
- Based on MSHA affordability analysis, 2020 median asking rents are almost \$500 more than what households earning the median income can afford to pay.
- Similar to the ownership side, part of the rise in housing costs can be attributed to a limited supply, particularly at the low and high ends of the market. This means as rents in the middle of the market rise, housing becomes more unaffordable to the bottom 50% of households in the region.
- For Bar Harbor, rising rents mean it is more expensive for both year-round and seasonal workers to live and work in town.

Bar Harbor Parcel Assessment

Given all the demographic, employment and housing changes, how have these dynamics played out in properties across Bar Harbor?



Comprehensive Plan Recap

- Over half of the land area in Bar Harbor is conserved, which removes a large area of the town from ever being developed.
- The town owns some municipal land at approximately 149 acres.
- Increasingly, second homebuyers and investment property buyers are purchasing more properties in Bar Harbor shifting the balance of properties owned by local year-round residents versus those owned by non-residents.
- The coastal neighborhoods have the highest average assessed land value per acre and the downtown has the single highest total land value; both have increasing instances of vacation rental properties.

HOME VALUES FOR SINGLE FAMILY HOMES IN BAR HARBOR MATCH 2022 SALE PRICES.

With climbing sale prices and home values in Bar Harbor, increased taxes on existing residents could drive out-migration for lower to middle income households who can no longer afford the cost of living in Bar Harbor. In contrast, condominiums tend to have lower assessed values.

AREA WORKER SURVEY RESPONSES:

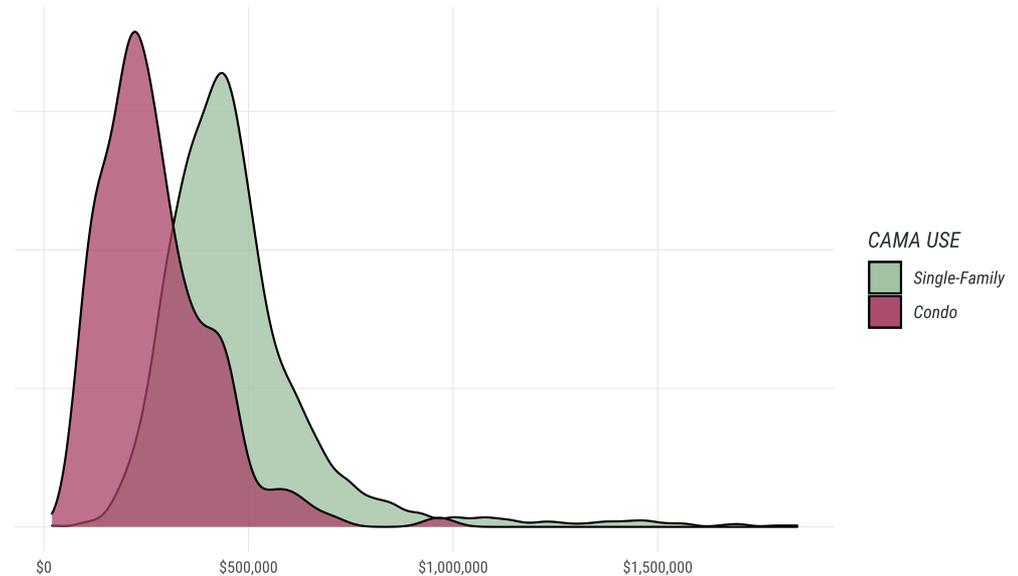
“My landlords recently sold the property, and my partner and I have to find a place to live, it’s impossible. Rent is too expensive, or properties to purchase are wildly overpriced. We will likely have to live farther away from work.”

“I am concerned that at some point I will not be able to afford the property taxes.”

“My children would like to work and live in Bar Harbor, but their current wages are not sufficient to pay for housing. And there are very limited options for year round rental. To buy is way too expensive. I fear they will move away because they do not want to live at home.”

Distribution of Residential Assessed Values

Bar Harbor Single Family & Condominiums



Source: Bar Harbor Assessor 2022

“We consider ourselves very lucky that we bought a house when we did (2012) as finding an affordable home in Bar Harbor now would be much more challenging”

“If we did not own our house we would not be able to live here and would move out of state.”

“We got very lucky finding our apartment. We feel like an exception not a rule for people that work here and need to live here”

RESIDENT HOMEOWNERS AND HOMEOWNERS FROM OUTSIDE OF BAR HARBOR HAVE COMPARABLE SHARES OF THE HOUSING STOCK BY AGE AND VALUE

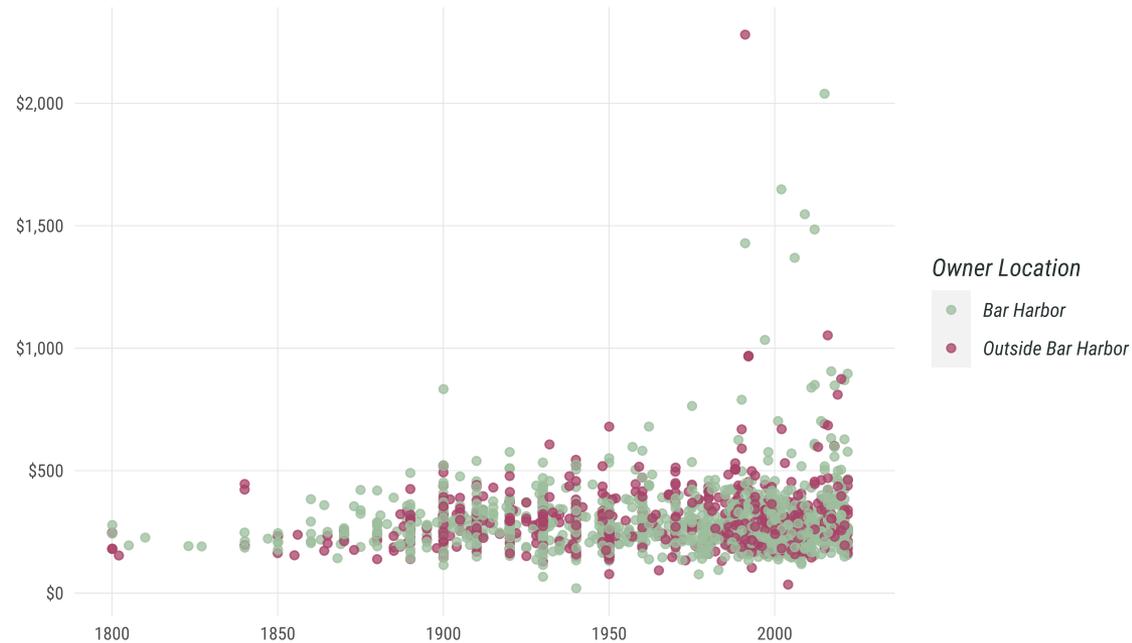
The plot on the right highlights the relationship between the value per square foot of single-family homes and year built in Bar Harbor.

Homeowners whose mailing address is the same as the parcel address (resident homeowner) are shown as **green** dots, and homeowners whose address is outside of Bar Harbor are shown as **red** dots.

Based on the figure, there is comparable distribution of older and newer housing stock owned by resident homeowners and homeowners outside of Bar Harbor.

Single Family Home Value Square Foot

by Year Built



Source: Bar Harbor Assessor 2022

ASSESSED VALUES FOR SECOND HOMEOWNERS IS HIGHER THAN YEAR-ROUND HOMEOWNERS.

The figure on the right plots the distribution of resident and non-resident owners by the value per square foot.

Unsurprisingly, homeowners who live outside of Bar Harbor (e.g. second homeowners) have higher values per square foot compared to resident homeowners in Bar Harbor.

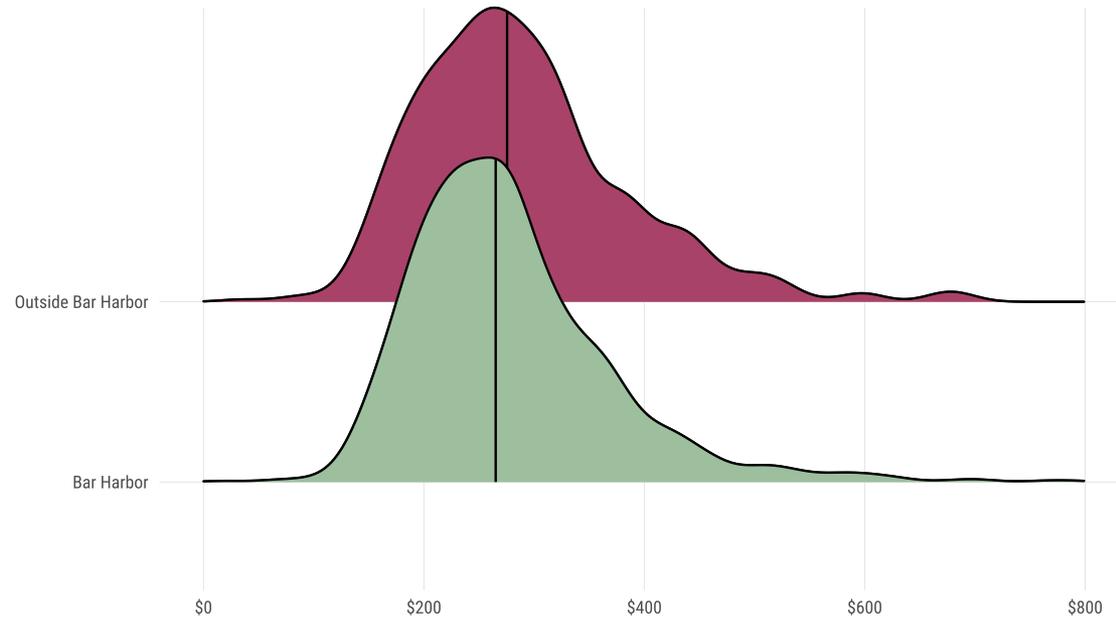
Area Worker Survey Respondents:

“There is very little inventory available and there is a lot of competition from people looking to turn these houses into weekly rentals. This inflates the property values and makes it hard for someone to be able to afford a house and live in it.”

“Allowing rich out of state people to buy up all the houses and make them seasonal rentals is the biggest problem. I know it's a free market, but ordinances could be put in place to prevent allowing seasonal rentals. This would curtail much of the issues.”

Single Family Home Value Square Foot

by Owner Geography



Source: Bar Harbor Assessor 2022
Note: Removed Outliers (3.5 SDs)

“There is not enough housing (especially housing that is affordable through the offered wages) to support the economic need of workers. People are moving away, houses are being converted to weekly rentals, and businesses are suffering to find workers.”

RESIDENTS OF BAR HARBOR OWN MORE UNITS ACROSS TYPES COMPARED TO NON-RESIDENTS.

Despite the trends in investment properties and seasonal homeownership, residents of Bar Harbor still own more units than non-residents.

The two more prevalent types of units in Bar Harbor are single family units and two & three family units.

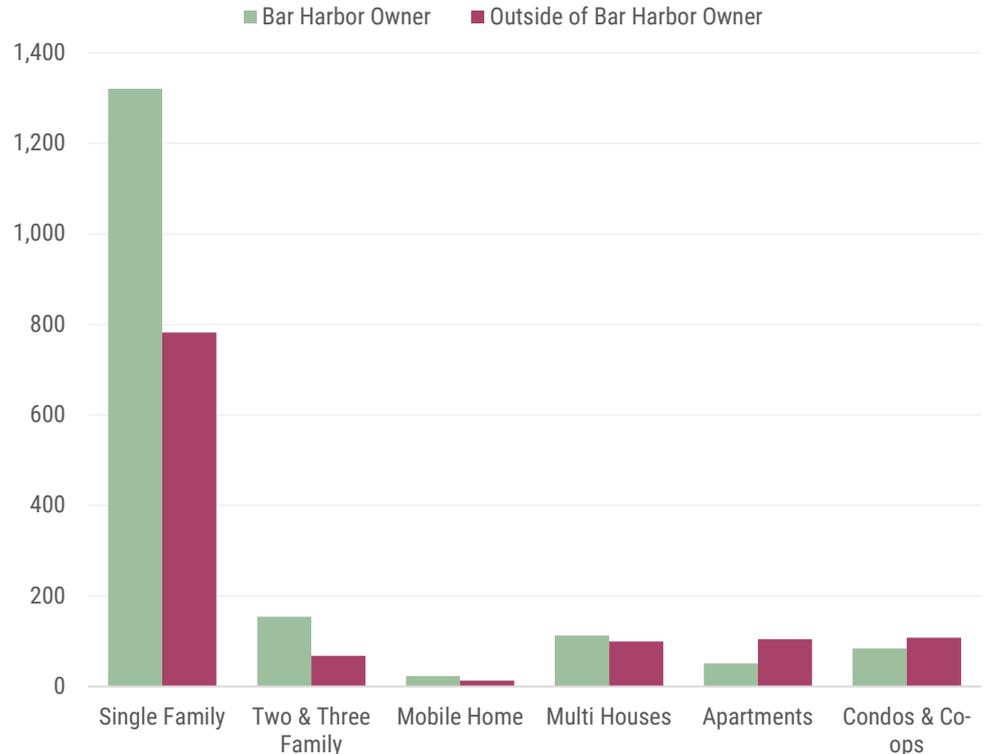
Area Worker Survey Respondents:

“Housing is INCREDIBLY difficult to find, and prices are rapidly increasing. The short-term rental market has made this so much more difficult on year-round employees.”

“Houses should be homes, not vacation rentals. We need more multi-family housing in town, not at the head of the island. Build up, not out.”

“Change the LUO to allow more dwellings on lots and allow rental permits to be transferable.”

Bar Harbor Residential Units By Geography of Owner



Source: Bar Harbor Assessor 2022

EMPLOYERS TRY TO HELP EMPLOYEES FIND HOUSING

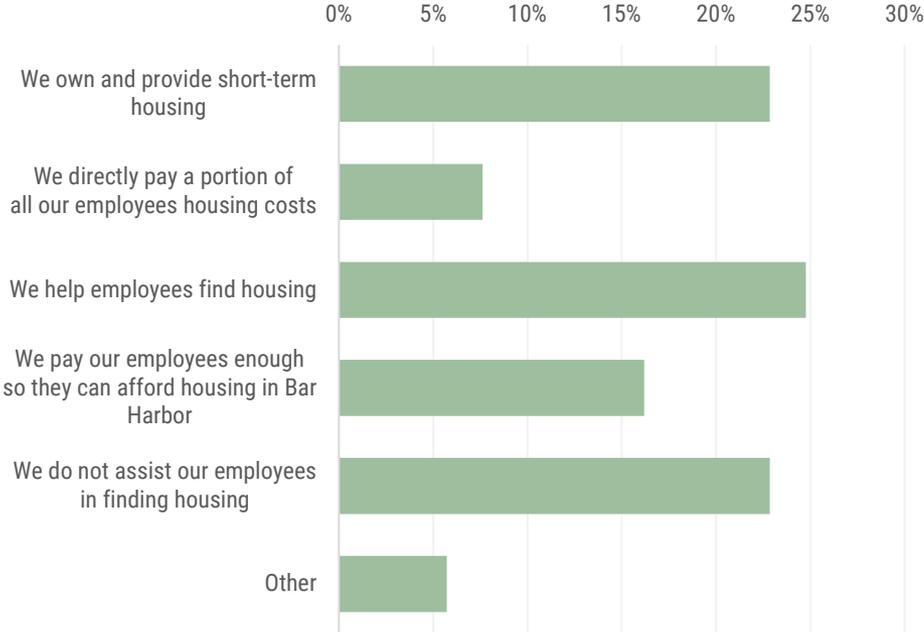
Many employers within Bar Harbor recognize that for many employees, finding housing is becoming more challenging.

For smaller employers, rising housing costs mean high costs for labor, which can negatively impact the sustainability of many small businesses.

Based on the Bar Harbor Employer Survey, most respondents indicated they try to help employees find housing and, in many cases, own and provide short-term housing or subsidy for employees.

Do you help your employees find or access housing? If so, in what ways?

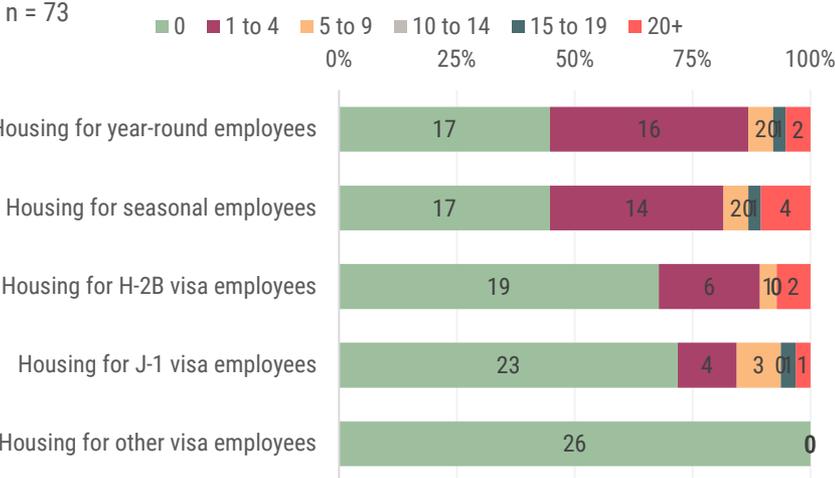
n = 73



Source: Bar Harbor Employer Survey 2022

Of Employer Survey respondents, most employers indicated that they own and operate housing for seasonal and year-round workers. In terms of unit counts, most employers indicated that they owned and operated 1 to 4 units properties, 5 to 9 and some over 20. These over 20-unit properties are typically dormitories or hotel rooms although in some instances employers have owned and operated apartment properties.

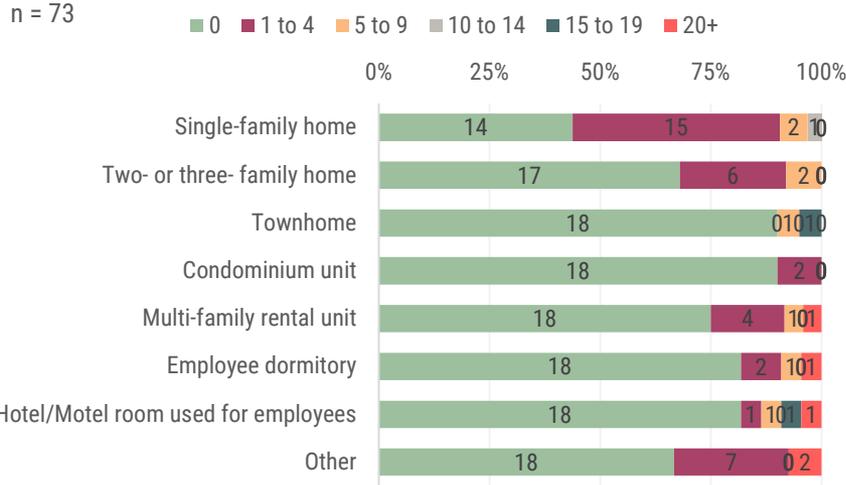
If you own and operate your own employee housing, how many units do you own and operate in Bar Harbor today?



Source: Bar Harbor Employer Survey 2022

This is further substantiated by the types of properties employers indicated that they own and operate. For most it is single-, two-, and three- family properties which are the most common property type in Bar Harbor. Other employers indicated that they own multi-family rentals, dormitories and hotel/motel rooms to house seasonal employees.

If you own and operate your own employee housing, how many units do you own for each of the following housing types?



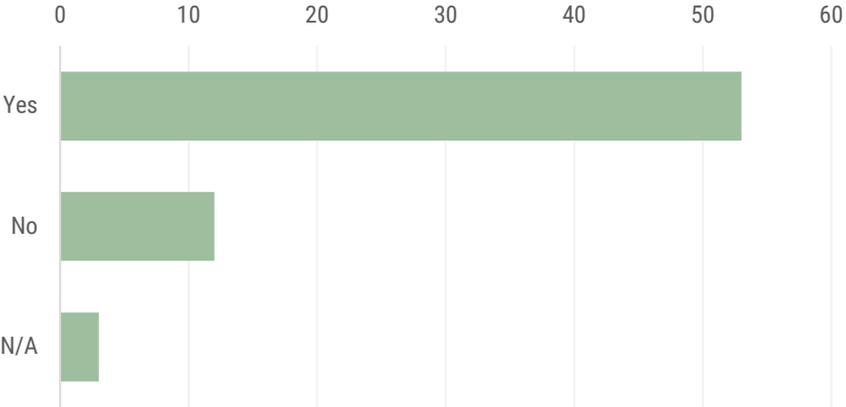
Source: Bar Harbor Employer Survey 2022

In the Employer Survey, the majority of employers responded that they factor in whether an employee already has housing in the area at the time of hire. Employers also indicated that they have lost employees due to a lack of housing availability and affordability. In the survey they also indicated that a lack of housing supply is the most significant challenge for hiring local employees.

In terms of housing options and strategies, the largest consensus in the Employer Survey surrounds strategies to support more workforce housing options as well as advocating for zoning changes that would make it easier to build housing. Bar Harbor employers recognize the constraints housing affordability and availability place on attracting and supporting the local workforce and the long-term implications housing may have on economic development.

When hiring, do you factor in whether an employee already has housing in the area at the time of hire?

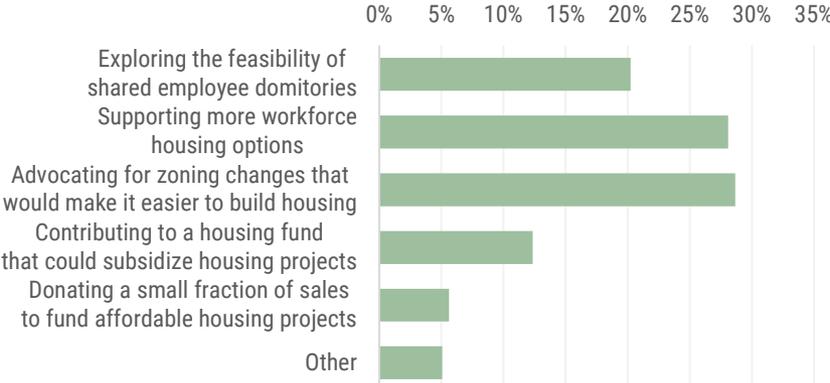
n = 68



Source: Bar Harbor Employer Survey 2022

Would you be interested in supporting or advocating for any of the following housing options/strategies in Bar Harbor to improve access to housing for your employees?

n = 73



Source: Bar Harbor Employer Survey 2022

Housing Demand Model Methodology

The purpose of RKG's housing demand model is to calculate the number of new housing units that could be supported in Bar Harbor between 2020 and 2033. This model takes inputs from a variety of data sources which consider projected changes in population, households, employment, and housing preferences. The model contains two modules:

- Household Model – this model is designed to forecast the total number of owner and renter households in Bar Harbor between 2020 and 2033. The inputs to this model are:
 - Population and population growth
 - Persons per household by year
 - Share of households that are owners and renters by year

- Housing Demand Model – this model calculates the annual and cumulative demand for newly constructed owner and renter units in Bar Harbor. The model is also designed to segment demand by product type (i.e., for sale townhomes, rental apartments). Demand for owner/renter units comes from two sources:
 - New renter/owner households moving to Bar Harbor
 - Existing renters/owners that move within Bar Harbor (including owners who purchase another home, renters who choose to purchase, renters who rent another unit, and owners who choose to rent)

The Household Model starts with forward-looking population projections obtained from the Maine State Economist. It also uses the 2010 to 2020 persons per household and tenure distribution change rates from the American Community Survey (ACS) 5-Year Estimates and extrapolates change through 2033.

In addition to the Maine State Economist population projections, the Household Model also considers changes in employment in the region and the percentage of future employees who may choose to live in Bar Harbor and need housing. RKG factored in future employment changes using Lightcast employment data and survey responses from the Bar Harbor Area Worker and Employer surveys.

Lastly, RKG projected induced population growth from residential construction permits from the town of Bar Harbor. The Household Model uses these inputs together to project the number of renter and owner households per year between 2020 and 2033 that serve as the basis for the Housing Demand Model.

The Housing Demand Model then calculates the projected demand for new owner-occupied and renter-occupied housing units, respectively. The Model uses Public Use Microdata Sample (PUMS) data to calculate several assumptions used in the Model. These include percent of households that move per year by tenure, percent of households that move but stay within Bar Harbor and buy or rent another unit, and percent of households that choose a newly constructed unit.

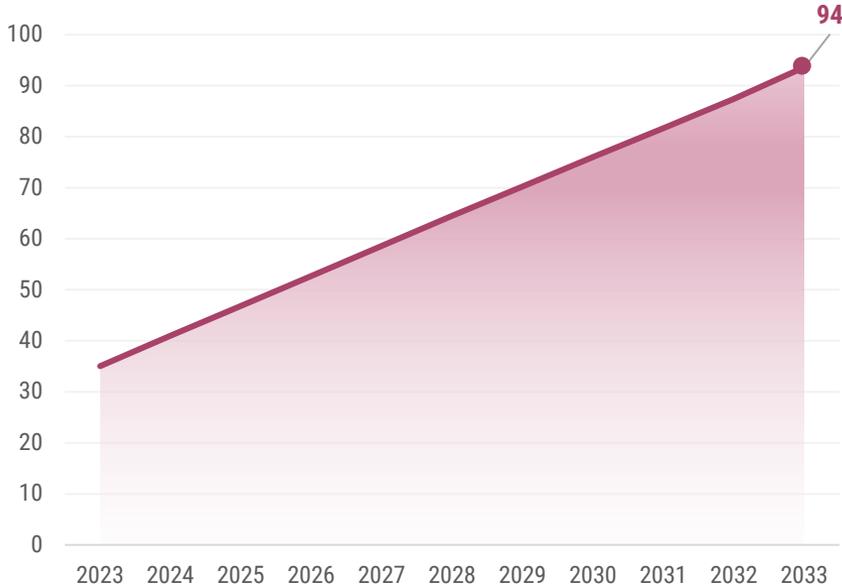
Again, demand for new housing units comes from two sources: new renter and owner households moving to Bar Harbor, and existing renters and owners that move to another unit in Bar Harbor. The total demand for new owner-occupied units and renter-occupied units are then calculated and summarized.

Parcel Assessment: Housing Demand Projections

Using population and employment projections provided by the Maine State Economist and Lightcast, as well census microdata, the housing demand projections estimate that there is a demand for **94 new** owner housing units in Bar Harbor by 2033.

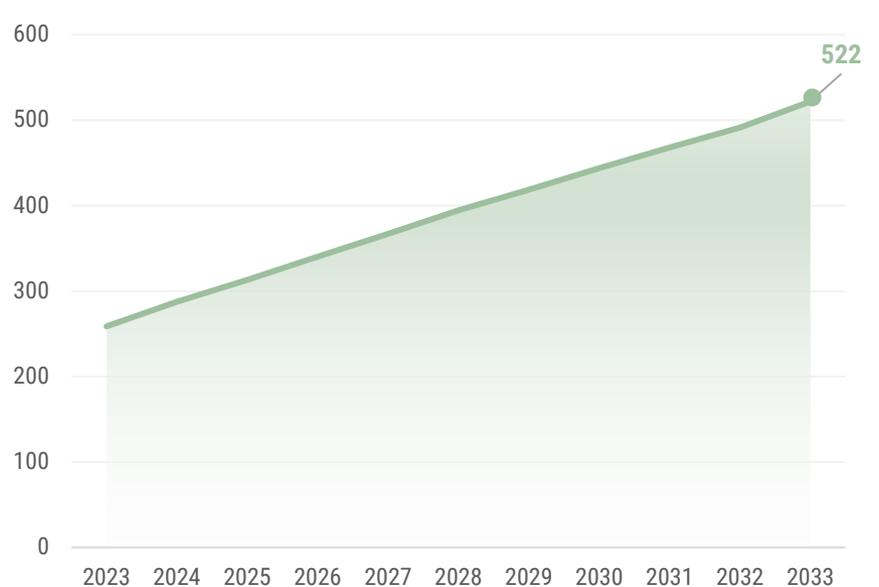
On the renter side, there is a demand for **522 new** units by 2033. In total, there is an estimated demand of **616 new** units by 2033.

Total Cumulative Owner Demand For New Units Year-over-Year



Source: Census PUMS, Maine State Economist, ACS 5-Year Estimates, RKG Associates

Total Cumulative Renter Demand For New Units Year-over-Year



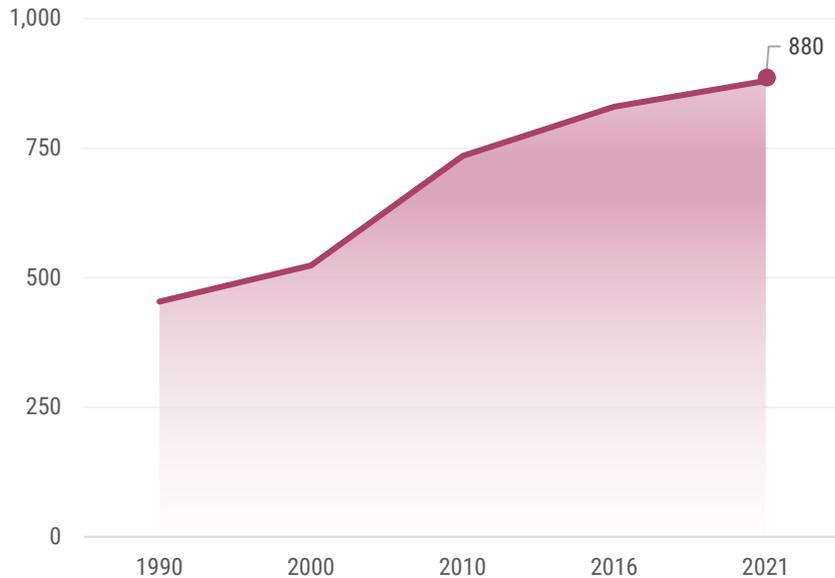
Source: Census PUMS, Maine State Economist, ACS 5-Year Estimates, RKG Associates

Parcel Assessment: Seasonal Housing

Based on Census Decennial and ACS 5-year estimates, the total number of seasonal housing units in Bar Harbor has increased from 454 in 1990 to about 880 in 2021. This is an almost 94% increase in the number of seasonal, recreational or occasionally used housing units in Bar Harbor.

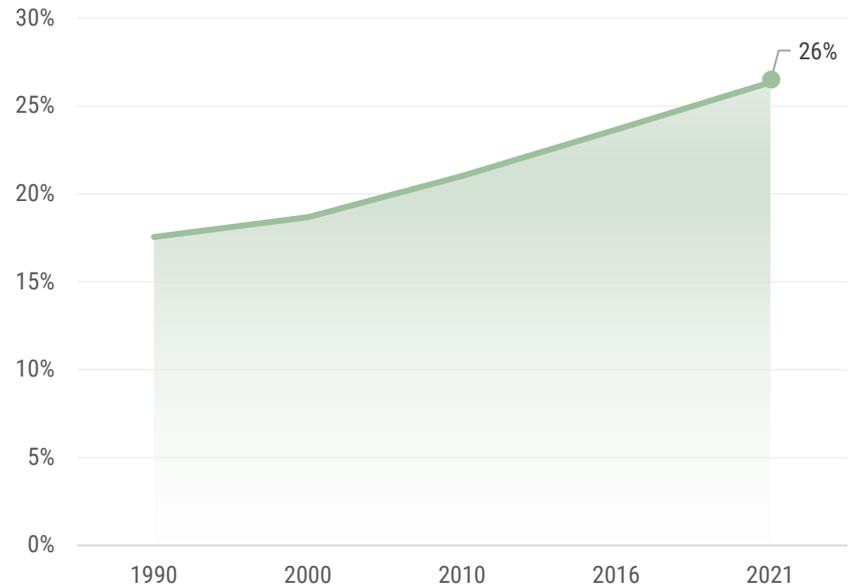
Comparing the growing number of seasonal housing units with the total housing stock of Bar Harbor, from 1990 to 2021 Bar Harbor has seen seasonal housing rise from 18% to 26% of the total housing stock. With the rate of seasonal units outpacing the total growth in housing units in town, the total available supply of year-round housing is actually decreasing.

Total Seasonal and Recreational Housing Units Bar Harbor



Source: Decennial Census, ACS 5-Year Estimates

Percent of Total Housing Units Classified as Seasonal In Bar Harbor



Source: Decennial Census, ACS 5-Year Estimates

SUPPLY CONSTRAINTS

Based on estimates from the Bar Harbor Assessment database, there are 2,947 occupied housing units (owner & renter) in town. Of those units, the census estimates that 62 units are actively available for sale or rent. Based on the employer survey and assessment database, there are an estimated 123 employer owned housing units (*this statistic could be understating the number of total employer housing units as the survey did not capture 100% of local employers and if any employees reside in hotel/motel rooms and other temporary housing arrangements not captured in the data*). Lastly, there are approximately 971 residential units in Bar Harbor owned by a non-resident (this includes second homes, vacation rentals, etc.). This totals to about **1,156 units** in Bar Harbor that are not actively occupied by a year-round household.

The constraints on the town's housing stock could limit future population and employment growth due to the lack of housing availability and affordability.

2,947

Estimated Occupied Housing Units in Bar Harbor (Bar Harbor Assessor Data)



1,156

Total Potential Units Not Owned/Rented by a Bar Harbor Resident

62

Estimated Available For-Sale and For-Rent Vacant (ACS)

123

Estimated Employer Owned (Employer Survey, Bar Harbor Assessment)

971

Estimated Units Owned by a Non-Resident of Bar Harbor

1,791

Active Year-Round Bar Harbor Resident Housing Units

Note: These estimates are based off RKG's analysis of Bar Harbor's assessment data, ACS 5-year estimates, and the Area Worker and Employer Surveys. These estimates are intended to highlight household trends as of December 2022 and do not represent exact statistics. The intention of this analysis is to underscore current housing trends and characteristics, which should be considered within broader local policy contexts.

Key Insights

- Between local zoning and limited developable space, Bar Harbor has many physical and regulatory constraints that limit the production of housing.
- Secondary homebuyers and investment property buyers are a growing share of the residential property owners in Bar Harbor.
- Given the lack of affordable housing, many employers have begun providing housing or supporting workers in finding housing.
- In the employer survey, most respondents indicated that they support strategies to provide more workforce housing options as well as advocating for zoning changes that would make it easier to build housing.
- Housing demand projections estimate that there is demand for roughly 616 new housing units by 2033.
- Bar Harbor's increasing share of units owned by non-residents is a lost opportunity in capturing year-round residents and workers and slowing the rise in housing costs.

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Bar Harbor Housing Analysis

December 2022