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**Housing in a Changing Maine
Frank O'Hara, Planning Decisions
November 5, 2003
USM Muskie Series Lecture
Portland, Maine**

Introduction. Thank you Dick. I'm honored to be here tonight as part of the "Changing Maine" lecture series.

I might note that it's been 31 years since Dick Barringer wrote the "Maine Manifest," and he's been advising us on public policy ever since. Dick and I both served in the Brennan Administration. I remember on the last day, Brennan held a farewell lunch for the cabinet in the Blaine House. Dick came up to the Governor with an executive order on sprawl for him to sign. Joe looked him, paused for effect, and looked around the room and said, "Will someone please tell him that it's over?" As this lecture series demonstrates, it's never over for Dick – and public policy in the State of Maine is better off for it!

My topic is housing. It's a subject with many dimensions. To understand them, let me suggest four things that your own home provides to you.

It provides physical shelter. It prevents rain and snow from falling on your head. It protects from cold winds and hot sun. It supplies running water. It gives privacy. It has doorlocks for safety. We take all of this for granted until the roof leaks or the plumbing breaks or there's an ice storm. Then we are reminded that physical shelter is the most basic function of our home.

Secondly, your home is an investment, it represents financial value. Even if you are a renter, housing is the biggest single expenditure you will make in your life, and choosing wisely will affect your entire financial situation. If you can't afford your home or apartment, you may find yourself unable to buy other necessities such as health care. On the other hand, if you're a homeowner, and you've picked well, you may make a windfall. What to know how important the financial aspect of housing is? If you're at party and someone in the room says, "You know what the Smith's house down the street sold for?" -- listen as the room quiets down as people strain to

overhear. That's the measure of the importance of the financial aspect of housing.

A third function of housing is to provide access. Your home address is a ticket to good schools; to paved and cleared roads; even to eligibility to vote. Beyond these public goods, your location also provides you with access to jobs and other services. Your address matters.

The fourth and last function of housing is to foster community. Your home or apartment or condominium sits in relation to other homes and apartments and condominiums. This cluster creates your neighborhood, your village, your section of town. From your neighbors you get companionship and support. With your neighbors you sustain churches, sports leagues, arts associations, reading groups, corner stores, and restaurants. Housing – and how it is arranged – can both enhance and detract from the sense of community.

These are the four dimensions of housing: physical shelter, financial value, access to jobs and services, and community. So far I have discussed them relative to your individual home. Now in this lecture I want to look at the broader picture -- how well has Maine's housing stock performed in providing shelter, value, access, and community over the last half century? What is the outlook for housing in the future? And what should Maine state government do about it?

1. Housing as Shelter. We'll start with housing as shelter. The economist David Birch once defined a house as a "nearly weather-tight box with pipes in it which will not freeze in the winter."

Maine – and the nation's – performance in improving the quality of physical shelter since World War II is, truly, a great public policy success story.

Let's get basic. In 1940, at the beginning of World War II, 2 out of 5 homes in Maine (39%) had no indoor toilets. Over half (55%) lacked some basic plumbing facilities – if not the toilet, then hot and cold piped water, or a bathtub or shower. By 1960, a third (30.5%) lacked some basic plumbing facilities. And by 2000, fewer than one in a hundred homes lacked all the elements of indoor plumbing (0.9%). So in 60 years, Maine went from 55% lacking complete plumbing to less than 1%.

It's the same story in heating. In 1940 8 out of 10 homes were heated entirely by wood and coal stoves. By 2000 9 in 10 had central heating.

In 1940 1 in 7 families lived in overcrowded circumstances (more than 1 person per room); by 2000 the proportion was down to 1 in 100.

Further along I will make some critical observations about recent housing policy. But whatever the shortcomings, the achievement is plain; in the half century since World War II, we have made spacious, heated, uncrowded physical shelter the norm rather than the exception for Maine people.

This is not to say that the need to continually repair, rehabilitate, and upgrade our housing has gone away. Maine has the oldest stock in the nation: nearly a third of our housing units are more than 60 years old. Anyone who owns an old home knows that they eat money; you can spend all you have, and there is always more to do.

At least those of us who own our houses are motivated to keep up on repairs. Landlords are not always as motivated, and even when they are, the rent levels are not always adequate to pay back the investment. There are 50,000 Maine households in apartments built over 60 years ago. Many are three-deckers, in mill towns like Lewiston, Waterville, Rumford, and Sanford. They often lack insulation, have outdated electrical service, and present fire safety risks. Without government action, many of these buildings can be expected to be lost in the next few decades.

Besides old urban apartments, there is also substandard rural housing. The modern incarnation of the tar paper shack is the old trailer, built before federal manufactured housing building and safety codes were implemented in 1976. There are at least 5,000 low-income, rural Maine families living in these old trailers, and it seems that every few months there's a story about a fire in such housing.

Finally, considering our housing stock in its physical aspect, there is an emerging challenge that Maine must face in coming years. That is how to adapt our old, walk-up, small-room, narrow hallway housing stock, to an aging population. Already, in 2000, the Census reports that over 100,000 Maine people have physical disabilities that limit their ability to move around a house. These numbers will grow substantially as our population

gets older. This means another generation of adaptations will be needed for Maine's old three-deckers and extended farmhouses.

In short, when it comes to shelter, we've made great strides in the last half century; but there are still poor people living in substandard apartments and trailers, and adapt our housing to an aging population will be a challenge.

2. Housing as Economic Value. Okay, enough about shelter, let's talk money! Did you hear how much Dick Barringer got for his Portland condominium last week?... There, now I can see I have your attention again.

The second dimension of housing I want to talk about is economic value.

The median value of a single-family home in Maine was just \$4,900 in 1950. If you were looking for a bargain, you could run up to Washington County and pick up a median home for \$2,275. Even after factoring inflation out, the 2000 Census-reported Maine median of just under \$100,000 represents a *tripling* in real value. If you can see ocean water outside of your window, the likelihood is that your home's real value has increased more like 10 times.

So the value of our investment is up. Moreover, the proportion of us who have such an investment is also up. In 1950, 2 out of 3 Maine households (63%) owned their own homes. By 2000, 3 out of 4 of us (74.5%) owned our home, giving Maine one of the highest homeownership rates in the country.

What's it all worth? In 2000, the value of owner-occupied homes in Maine was \$32 billion. Add in another \$6 billion or so for non-residents, and the total stock is about \$38 billion. A third of owners in Maine own their homes outright, with no mortgage or debt whatsoever. Another third had one mortgage only. The last third had a mortgage plus a second mortgage or equity loan as well, enabling them to use the asset value of their home to make major purchases such as cars or college tuitions or home improvements.

So more of us own homes than in 1950, and the homes we own are more valuable. That's good news.

The bad news is that the price of houses has increased faster than incomes over that time. In 1950, the median home cost about 2.2 times the median household income. In 2000, the median home cost 2.7 times median income. Today's mortgage tools are much more sophisticated than were available in 1950 – with subsidized rates for first-time buyers (through the Maine State Housing Authority), variable rates, longer terms, lower downpayments, and more detailed credit reviews. As a result people can buy a given home with less income than was true then, which explains why the ratio of income to housing price has changed.

Renters have had a better deal. In current dollars, rents have risen from \$286 to \$497 in Maine from 1950 to 2000, a pace 27% lower than the growth in incomes. This also is one of the reasons we have had so few private apartments built in the last few decades: rents have not increased as fast as single family home values, so builders have concentrated on the latter. Even in southern Maine, where rents now have reached the thousand dollar a month level, relative to incomes they're no worse 1950.

Amazingly, after all of these changes, after we have gone from three-deckers to condominiums, from small Farmer's Home ranches to three-car garage colonials; after we've moved to the suburbs and out in the country; after all this, the proportion of Mainers who experience a problem with affordability is pretty much the same as when it was first calculated in 1980, namely, about 1 in 7 Maine owners pay over a third of their income for housing, and about 1 in 4 renters do the same.

One of the reasons the affordability picture has stayed stable is that the federal government played a major role in helping people get apartments and homes. The Farmer's Home Administration helped tens of thousands of rural Maine families buy a first home in the 1970s; in 1984 one in 13 Maine owners had an FMHA mortgage. Likewise, almost all rental housing construction in that period was subsidized by the federal Department of Housing and Urban Development (for example, 1 in 5 renters in 1984 were receiving HUD subsidies).

These federal programs no longer are building more than handful of homes and apartments in Maine today. In fact, the initial mortgages from subsidized apartment projects built in the 1980s are now being paid off, and the threat exists that some may be converted to more lucrative private use.

So, as with shelter, the overall historical picture on affordability is pretty good. More of us are owners; houses provide a lot more savings to all of us; and most of us aren't paying any more.

Of course no one lives in the "big picture." We all live in individual houses, and it is in the details that the picture gets more complicated. Let me mention a few particulars:

- There are several thousand Maine people who are homeless each year, including families with children. While reliable information about comparative rates of homelessness is unavailable, informed observers would say that overall there has been an increase over the years. Contributing factors include the deinstitutionalization of people with mental health problems; more mobility for individuals; the weakening of the bonds of the extended family; the disappearance of inexpensive in-town roominghouses; alcohol and drug addiction; reduced rental vacancy rates, allowing landlords to be more choosy; and the high cost of security deposits.
- On the coast, fishing and farming families have seen their property values rise, and their property taxes along with it, and many have had to leave family homesteads and move inland, to the other side of Route 1.
- In the north the problem is reversed. The decline in population in some towns has led to a reduction in housing prices – translating into a loss in assets for individual families. Many Millinocket families are facing the loss of a lifetime of savings as they watch their home values plummet.
- In contrast, in the south, one in three renters in Greater Portland paid over a third of their income for rent; and as rents have jumped again since the Census year, the proportion may be approaching closer to *half* of all renters today. The Kittery-York homeownership market has been identified by the National Association of Homebuilders as one of the ten least affordable housing markets in the United States; and the only one of the ten outside California.

So we have some markets in Maine where home values have gone down so much that people have lost their savings, and others where inflation is so out of hand that few can afford to buy a home.

This variability of local conditions is one reason it is important that state government have different housing policies and goals with regard to different parts of the state. Up north, where demand is low, the challenge is rehabilitation and preserving the stock; new construction there will only lead to abandonment of old housing. Down south, where demand is high, new construction is needed, and rehabilitation assistance is largely wasted, since the private market is accomplishing this, anyway.

One final question: is this housing market on a bubble, about to collapse as it did in the late 1980s? There are similarities. I remember doing housing market studies in the late 80s for overeager developers – and I have had similar experiences again in recent years. Sometimes it feels like housing prices become unhinged from people's ability to pay.

The Economist magazine has argued for some months that this is the case in housing markets worldwide, that housing prices are in a speculative bubble similar to that of high technology stocks a few years ago, and that a collapse in prices is imminent.

Certainly housing prices will stabilize for a time. The economy is still fragile; interest rates are rising; and the stock market is attracting more capital -- all trends that tend to weaken housing investment. Despite this, I don't think Maine prices will fall. Here are the reasons:

- From a historical point of view, rent levels today are no higher (and in some areas of the state are lower) than they were in 1950 relative to incomes;
- Home prices in the interior of Maine are still very reasonable relative to incomes;
- Home prices on the coast today are influenced not only by the incomes of local residents, but also by the incomes and assets of retirees moving here from Massachusetts. In the second quarter of 2003, the median sales price of a home in the Portland area was just under \$200,000, and the median sales price of a home in the Boston area was twice as high, just over \$400,000. Home inflation in coastal Maine will not abate while prices in Boston remain high.

So let me sum up. The big picture in housing finance in Maine is that more people own houses, and the houses are worth more. But at a micro level people are having problems both in markets that are too cold – such as Millinocket, where home values are disappearing – and in markets that are too hot – such as Portland and York, where costs are out of sight. This is where, in a state with so many varying local conditions, averages are not always helpful – just as people can drown in a lake with an average depth of 6 inches.

3. Housing as access. Enough about money. Now let's turn to housing's role in providing access to services and jobs.

The good news is that the electronic access of our homes is much better. In 1960, over a quarter of Maine homes lacked a telephone. Today 99% have a phone and 60% are wired to the net. In these respects, the modern home is more open and accessible to the wider world.

In a second respect – physical location – access is worse. Our houses are further away from each other, and from our places of work, from our shopping, from our recreation and culture. Just to give an example, at a recent meeting I attended with Gardiner landlords, they said that their fastest growing market consisted of Portland area commuters. Charlie Colgan and Evan Richert have addressed the issue of sprawl in detail in prior lectures. Interested listeners can consult their papers on the Changing Maine web site at muskie.usm.maine.edu.

What I will focus on here is one aspect of the problem, and that is the relationship of affordable housing to economic development.

Take Greater Portland. This region was the job engine for the entire state during the 1990s – accounting for 1 in 3 new jobs statewide – 23,300 new jobs in all. More importantly, for a state facing the outmigration of young people, the Portland area provided an in-state alternative to Boston and points south. In fact the newspapers reported just yesterday that the City of Portland ranked tenth in the country in attracting young, single, college-educated people.

But here's a second fact. During this same decade, Greater Portland added only 3,000 new apartments. That's 23,000 new jobs, and only 3,000 new apartments. Not surprisingly, the vacancy rate dropped from 8% to 1%, and rents have passed the \$1,000 mark.

The obvious question is – how long can Greater Portland continue to sustain job growth for Maine's young people if there are no places for them to live?

Apartment construction is particularly important. Young people are mobile. They are trying out different jobs, careers, friends, lifestyles, and regions. Mobile people tend to live in apartments. Furthermore, as young people like to live near the action, near night life, the apartments are typically downtown.

Greater Portland is not exceptional in not providing new apartments. Maine as a whole ranked last among the 50 states in new multifamily construction for several years in the late 1990s. But the question remains: if we in Maine don't build housing for young people in the one geographic region where there has consistently been economic opportunity, and where young Mainers have consistently moved to, then where do we expect our young people to go? We all know the answer: straight to Boston, bypassing southern Maine.

Here's one last fact to consider about apartments and young people. In the 70s and 80s, Maine added 50,000 rental units, and had a net in-migration of people under 35. During the 1990s Maine added only 8,000 apartments, a third of the prior rate, and had a net out-migration of people under 35. As former Patriot's end Terry Glenn once said: "You do the math."

Why aren't we building apartments? Part of the reason is the withdrawal of the federal government from housing. During the Reagan Administration, federal subsidies for the new construction of affordable apartments and homes were cut back to nearly zero. At the same time, the tax code was revised to treat apartment investments less favorably. Today, outside of a limited tax credit program (building 150 to 200 apartment units in Maine a year), the federal government is largely out of the construction business.

That's half of the story. The other half is that communities in growing areas have chosen to try and slow growth by adopting policies that discourage or prohibit multi-family housing. So we have the paradox in southern Maine

communities actively seeking property-tax producing businesses, while at the same time denying housing for the workers.

This is a formula that, if allowed to continue over time, will choke the economic growth of southern Maine, which in turn would reverberate throughout the entire state economy.

I have chosen to speak about housing's role of providing access to jobs with regard to young people. I could just as easily have discussed other groups who are experiencing access problems in the same detail, such as:

- Fishing families who can no longer live on the ocean side of Route 1,
- Policemen and firemen and teachers who can't afford to live in the town where they work, and
- Retirees who can't afford to stay in the homes they lived in their whole lives:

In the other dimensions of housing which I have spoken about – the quality of shelter, the financial value of homes – there has been measurable improvement since 1950. In the area of access, Maine has taken a step back. It is harder today than it was then to find apartments and homes on the coast and in southern Maine.

4. Housing as Community. The lack of access has implications for the fourth dimension of housing, and that is housing as community.

A year ago I conducted several community visioning sessions in towns around the state. At these sessions, 50 to 100 residents would come and spend a day talking about what they wanted for their town's future. I particularly remember a man in Ogunquit. He stood up after everyone had spent most of the day trying to think of ways to protect the town from traffic and houses. He said that the last grade school in town was about to close, due to lack of students, because families with young children couldn't afford to live in Ogunquit any more. He asked if his fellow citizens wanted to live a town where everyone had white hair, where there were no sounds of children playing on the street corner, where everyone who drives the police cars was from someplace else. There was a moment of silence after he spoke. His concern had struck a chord felt by people living all up and down the coast of Maine.

Yet despite the concern, people still have a hard time making the connection to housing. The connection in fact is simple. To have a diverse population – young and old, working and retired, large families and singles – a town must have diverse housing stock – single and multi-family, in town and in the country, manufactured and stick-built. That’s it.

In recent years town officials have tended to view housing development as an extension of property tax policy – to let in the houses that pay more in taxes than they cost in services, and to prohibit those that don’t. In practical terms, this has meant permitting senior housing and seasonal housing, and restricting apartments and starter homes where young families might live.

This fiscal approach to residential development is short-sighted on two counts. First, the various state-aid funding formulas around school aid and other services makes many prevailing assumptions about the tax impacts of housing projects simply wrong. Secondly, this strategy drives towns towards only approving that new housing that serves people of the same income and status. It is making many Maine communities less diverse and colorful they were a generation ago.

This social segregation is one more cost of sprawl, to go along with the loss of land, the disruption of habitat, and the increased cost of municipal services.

Maine did better in generations past. The small town centers -- with their green and civil war statue and general store, with their white church spires, with their clapboard houses crowded together -- created lively spaces for people of all kinds. The urban three-deckers along the trolley lines in Maine’s mill towns of a century ago were often crowded and dirty; but they were places where families and neighbors watched over each other.

Charlie Colgan argued in an early lecture in this series that we are in a period of the “rise of urban Maine.” I would add that urban Maine has risen before. In the second half of the 19th and first half of the 20th centuries, more Maine people lived in mill towns and urban neighborhoods than lived on farms or islands or logging camps – even though, as Charlie points out, at the same time we were selling ourselves as “rural vacationland.”

It is this tradition that Evan Richert has sought to recapture in the idea of “Great American Neighborhood.” It’s not something new. Rather it’s

returning to what we used to do before World War II, before public policy became focused on making the world convenient for automobiles.

Interestingly, the one new housing innovation in Maine in the last twenty years captures this community flavor. It is the retirement housing, the complexes of single family cottages, condominiums, and assisted living rooms, that have been built from York to Blue Hill along Maine's coast, and inland to Orono and Augusta. These projects are built to be walkable, to have good access to health services and recreation and arts and culture and shopping. Their residences are energy-efficient and low-maintenance. There are common rooms for eating and activities and visiting. These planned communities appeal to the market; they are generating a demand that no one thought was achievable in Maine 20 years ago.

If you ask young people what *they* want, you would hear many of the same things: walkable, accessible to recreation and social activities, etc. The difference is that they tend to look in urban centers rather than along the coast.

Some say that Maine people can't afford these retirement projects, and that therefore there is nothing to be learned from them. It is true that the average retired Mainer can't afford to spend several hundred thousand dollars for a condominium unit, and another thousand a month for services on top. But that is missing the point.

Maine already has houses that are close together, that are near health services, that have sidewalks, that are close to arts and cultural and recreational activities, AND that are inexpensive. They are in urban neighborhoods throughout Maine. Recently planner Holly Dominic and I worked with the West Side Neighbors in Augusta to identify ways that their neighborhood could become more friendly and inviting to older people. The group found many ways that traffic could be calmed, that sidewalks could be made more safe and passable, that community activities could be enriched, that health and shopping services could be brought closer.

This is the Great American Neighborhood all over again. In central and northern Maine, the Great American Neighborhood model must be, in the first instance, one of rehabilitating existing town and city centers. In southern and coastal Maine, the model must also involve building new housing in compact neighborhoods.

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Summing Up. Let me sum up. There are four functions of housing: to provide shelter, to provide a financial asset, to provide access to services and jobs, and to provide community.

Since World War II Maine has done at the individualized functions of providing decent shelter and good investments; but is doing worse in the social functions of providing access to jobs and community.

What does this mean for state policy?

Let me start with some background.

For thirty years the federal government led housing policy in the United States, and in Maine. The Housing Act of 1949 declared it a national goal to provide a “decent home and suitable living environment for every American family.” This led to Urban Renewal, Public Housing Authorities, Section 8 apartments, Farmer’s Home housing, and Community Development Block Grants. These programs, in retrospect, had mixed results: they certainly contributed greatly to the improvement of the quality of housing, but in some cases they also caused the loss of housing and neighborhoods. But regardless of the results, the message was clear: the federal government was leading the effort to improve housing in the United States.

Congress has not formally retracted of the goal of the 1949 Act, but there is no question that, since the Reagan years, the wind has gone out of the sails.

For twenty years there has been a void. State governments in Maine and elsewhere have continued to see their housing role as limited and specialized; namely, to sell tax-exempt bonds for the purposes of helping first-time homebuyers and helping affordable apartment developers.

It’s been long enough. The federal government has not resumed its former role in 20 years, and is unlikely to do it soon. Maine has too much at stake in terms of economic development and quality of life to remain passive about housing. It’s time for the State of Maine to accept a leadership role.

This won’t require massive new expenditures. Maine will never be rich enough to replace the generous subsidies once provided by the federal

government. But Maine does spend several hundred million dollars each year already on transportation, housing, planning, and economic development – and a more intelligent and coordinated use of these funds can have powerful results.

There are two areas where the State of Maine can and should assert leadership.

First, the state should manage overall supply and demand in Maine's 35 local housing markets.

Housing is unlike other consumer goods in that there is generally a lag between supply and demand. If a book is popular, the publisher runs a new edition within weeks; if a car is popular, the automakers extend production runs into the summer. However if housing is in high demand, it usually takes several years before land, builders, municipal governments, and financiers can get organized to respond.

The result is that housing markets are topsy-turvy, sometimes too hot, sometimes too cold, never just right. Some housing markets in northern Maine have been too cold for decades; they have a surplus of housing, high vacancy rates, and high rates of deterioration. Some housing markets in southern and coastal Maine have been too hot for a long time; they have high prices, low vacancy rates, and many homeless people.

Maine state government could prevent human suffering, and help economic development, by becoming proactive.

In hot markets state government can focus its community development and transportation funds on assembling land, getting town approvals, extending infrastructure, and selling it to developers to create affordable housing.

In cold markets state government can provide rehabilitation help.

This is a role for state government that goes beyond helping individual homeowners and individual project developers. It is a role beyond that of just helping low income families. It assumes a responsibility for monitoring the overall supply-demand picture, and for finding ways to channel private investments to redress market imbalances.

The alternative of continuing to stand by passively as prices get out of hand in southern Maine, as young people head over the border, as employers pick up and move away to find a workforce, is unacceptable and unnecessary.

The second leadership role is related to the first. It is that the state government, in all of its agencies, should see itself as being in the business of building communities, not just building individual structures.

Right now we have one state agency that builds roads; another that builds houses; another for business parks; another for schools; another for parks and recreation.

Each agency has its own internal decision-making rules focused on creating the best possible structures. As a result we in Maine have sturdy roads, safe houses, well-equipped business parks, full-service schools, and beautiful parks. But they are all arranged in a haphazard, hodgepodge fashion across the landscape. As a result we are creating fragmented living and working spaces.

Maine can no longer afford to keep paying for expensive structures with the hope that, someday, with good luck, they might fit together somehow. We need to make the criteria of *fitting together* the first consideration in what we build.

This again, is the “Great American Neighborhood” idea. It should guide every infrastructure investment that state government makes.

What if towns in an already fast-growing area don’t want to cooperate with state efforts to build communities and add affordable housing? The answer is simple. Then the towns should not be able to access Tax Increment Financing or state development grants of any sort. What’s the point of allowing a town to use state tools to promote new business without providing the housing that workers will need?

Maine state government can lead in balancing housing market supply and demand, and in building communities, without large infusions of new money. But it takes a self-conscious vision and understanding of its role, and courageous leadership from the top.



For Maine state government to take a strong housing leadership role is not really a radical suggestion. It's done it before.

After the Revolutionary War, the Massachusetts Legislature wanted more people to move to Maine. Maine, you may recall, was a part of Massachusetts at the time.

The state government sent surveyors to lay out townships (6 miles square) and lots. Then they sold the lots to Revolutionary War veterans. 150 acres along a river went for a dollar an acre. 100 acres, inland, was free. The only requirement was that the family had to clear 16 acres in 4 years, or else the land reverted back to the state.

Massachusetts also held land lotteries. A fellow named William Bingham from Philadelphia put in \$300, and today a whole town is named after him.

This housing and economic development policy was highly successful. In the 16 years between the end of the Revolutionary War and 1800, Maine's population tripled from 56,000 to 152,000 – the fastest rate of growth in its entire history. The policy was so successful, in fact, that Maine soon had enough people to break away from Massachusetts and form its own state – an illustration of the law of unintended consequences in public policy!

This land and housing policy kicked off the agricultural era in Maine. A similarly forward-looking housing policy helped kick off the industrial era one hundred years later.

That policy was driven by private business, in the form of company housing provided by mill owners. I will take just one example. In 1890 an enterprising business man named Hugh Chisholm founded a power company, then a paper company, in Rumford, Maine. Within 15 years these enterprises created 3,000 jobs.

But where were the people to live? Chisholm took the proactive approach. As he later wrote, "The inadequate supply of dwellings, in the face of constantly increasing demand from the mill operatives, and the desire to give suitable homes for these people, who were pioneers in the growing town, and upon whom its future character so much depended, let me set apart a section across the river, to be used for small houses, that should be at once

attractive to the eye, of reasonable rental, and possessed of all up-to-date conveniences.”

Chisholm hired Cass Gilbert, one of the nation’s leading architects. He told him “We will build of brick and stone and slate, and we will provide not merely for a house, but for comfort, elegance and social gratification of those who dwell here.” This is Strathglass Park, a place you can still visit today. Like a Great American Neighborhood, it had a mix of housing types -- It had 2 wooden rooming houses, 5 brick single family homes, 28 wooden houses, 60 brick two to six unit structures. In all, Chisholm developed 266 units in three years.

But Chisholm didn’t see his role as simply providing affordable shelter. He was interested in building community as well as houses.

“(Our) leaders should realize the importance of conservative growth and careful investment, and they should not forget that the town’s growth cannot be permanent unless the children and young people, who will soon be leaders in the community, are given every advantage, which those in older communities enjoy. The library should be built up, means of healthy recreation afforded, safe places of evening amusements furnished for the young people of the town. Given the proper regard for the well being of those upon whom the future of the town rests, I can see no element lacking, that is needed to assure Rumford Falls an increasing prosperous future...”

So Chisholm built the Mechanics Institute to hold books and recreational activities.

Today we are embarking on another economic transition in Maine to the post-industrial era. We need another proactive housing policy to lead us successfully into the new time. We need to build new homes and new communities.

Because building a home is the ultimate act of faith in Maine’s future.

And building of community is the ultimate gift to Maine’s future generations.

Thank you.

A graduate of Haverford College and the Yale Divinity School, Frank O'Hara has worked in the housing and community development field in Maine since 1975: at the local level in Portland; at the regional level, for the Greater Portland Council of Governments; at the state level, for the Maine State Planning Office, the Maine State Housing Authority, and the Office of the Governor; and, for the past 16 years, as a private consultant and co-owner of Planning Decisions of South Portland, where he works in the areas of housing, community development, workforce development, and strategic planning. For the past dozen years Frank has also been an adjunct faculty member at the Muskie School of Public Service, teaching in the areas of communications and community economic development. He is also a former, award-winning writer and commentator for the Maine Times. His current projects include staffing the Maine Legislature's Subcommittee on Barriers to Affordable Housing; economic development studies for Bridgton and Houlton, and an affordable housing study for Brunswick; workforce development for the Maine Department of Labor; and the merger of the Maine Departments of Human Services and Developmental Services