



Demographic Trends in the Midcoast and Impacts on Development and Local Governance

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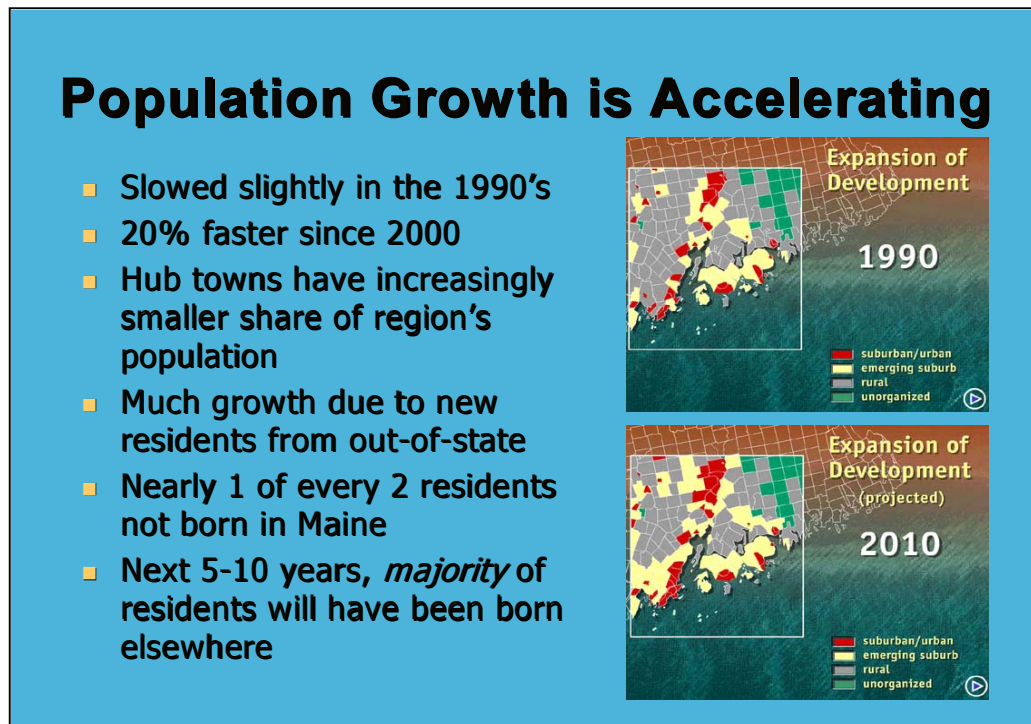
Thank you for inviting me and Friends of Midcoast Maine here to lovely Belfast to speak with you about demographic trends in the midcoast and their implications for development and local governance. The midcoast has been blessed with a number of studies in recent years and I have drawn upon the following for my talk this evening.

Recent Studies of the Region

- **2006 Brookings Study Charting Maine's Future**
- **2006 Gateway 1 Attitude Survey**
- **2005 Midcoast Regional Plan**
- **2005 Gateway 1 Data and Projections**
- **2004 State Planning Office Population and Housing Projections**

Population Growth is Accelerating

Population growth is accelerating. According to the Brookings report, while it slowed slightly in the 1990's, the region is growing 20% faster since 2000, with its growth rate rising from 0.83 to 1 percent per year. Hub communities, like Belfast and Rockland, contain an increasingly smaller share of the region's population. In 1970, 72% of mid-coast population resided in its regional hubs, where the majority of jobs, commercial activity, and social resources are located. By 2000, just 62% live there.



Gateway 1's attitude survey indicates that much of recent growth is due to an increasing number of new residents moving to the area from other states. From 1995 to 1999, the area had a net gain of 2,300 people from other states. Between 1999 and 2004, another 5,100 people moved to the midcoast from another state – including 1,500 in Knox County and 1,600 in Waldo County. By 2006, nearly 1 of every 2 year-round residents in the midcoast was not born in Maine. Over the next 5-10 years the majority of year-round residents will be people who were not born in Maine. In the Camden-Rockport-Lincolnville-Northport area today, nearly 2/3 of year-round residents were not born in Maine. Newcomers arrive in the midcoast at a rate of about 2,000 per year and account for about 1 in 10 of all newcomers to Maine. At any given time about 10% of the newcomers arrived within the past 5 years and close to 1 in 5 arrived within the past 10 years, 44% say they have been here for 20 years or more. 1 in 5 comes from Massachusetts; another 14% come from elsewhere in New England; 14% come from New York/New Jersey/Pennsylvania; another cluster comes from the mid-Atlantic in the Washington, D.C. region. All told, newcomers come from 32 states and 10 countries on 4 continents.

The Face of Local Government is Changing - Demographic Trends

The population is growing older.

Population is Growing Older

- **Number of young adults (25-34) decreased nearly 19% in 1990's**
- **Population is quickly growing older**
- **New residents are no more likely to be retirees than native population**
- **More than half of newcomers are 45-64**
- **Few newcomers have children under 18 living at home**

The number of young adults aged 25 to 34 decreased nearly 4,000 in the 1990s. This 19% decline was lower than the State's 23% loss, but much higher than the national average of 7.6%. At the same time the younger population was lost, it also quickly grew older. From 1990 to 2000, the share of the region's population, aged 65 and older, grew from 14.4% to 15.4%, one point higher than the state as a whole and 3 points higher than the national figure of 12.4%.

But, dispelling a common myth, the Gateway 1 survey found that newcomers are no more likely to be retirees than native Mainers – about a quarter are 65 or older and 27% describe themselves as retired. More than half of non-natives (51%) are middle-aged, between 45 and 64, compared with natives, who represent about 38% of the population. While 1/4 of non-natives are under 45, 1/3 of Maine born residents are under 45. Significantly, 72% of non-native residents do not have a child under 18 living at home. Notably, the majority of newcomers are currently at a stage of life that is usually associated with height of career, earning power, and discretionary income, and with an interest in community involvement.

The economy of the midcoast is changing.

Economy is Changing

- Changes in several industries causing anxiety – MBNA, BNAS, defense, real estate trends, fuel price increases
- Job growth more than twice state average
- Newcomers twice as likely to be self-employed
- Newcomers more likely to have white collar jobs
- Natives more likely to have blue collar jobs



Recent changes in several industries are causing anxiety in the midcoast and elsewhere (MBNA, Brunswick Naval Air Station, defense, real estate trends, fuel prices, which today are at \$86/barrel). Yet according to Charles Colgan's *Forecast for the Midcoast from 2004-2020* (prepared for Gateway 1's Summary of Phase 1 work), the region is outperforming the state and nation in job growth. From 2001 to 2004, the midcoast added nearly 900 jobs for a 1.6% gain, more than double the state average. Knox County enjoyed a 3.3% increase in employment, adding about 600 jobs. Waldo County lost close to 100 jobs or 0.6% of its jobs.

The Gateway 1 survey found that most newcomers (2/3) are gainfully employed – 39% work for an employer, but have a strong propensity toward self-employment (25%). About 27% are retired. Newcomers are twice as likely as natives to be self-employed. About 45% of non-natives work in professional, technical, or similar white collar positions; another 30% are in service occupations. Fewer natives are in professional and white collar positions (35%) and more are in service positions (37%). Natives are about three times more likely than newcomers to have a disability that keeps them from working (7% vs 2%). Non-native residents are very active participants in the region's economy. They likely came and are coming to the midcoast by choice or as children of parents who came here by choice.

Economy and Education

- **Traditional job clusters – tourism, health care, non-store retailing, finance and insurance - are growing**
- **Innovation clusters – biotechnology, information technology, advanced materials - are keeping pace, but are small share of state's economy**
- **Wage growth exceeding national average**
- **Newcomers are better off financially**
- **70% of newcomers have college degree**
- **30% of natives have college degree**

The state's traditional job clusters, groups of interrelated or similar firms, are growing. Tourism, health care, non-store retailing, and finance and insurance outperformed their national counterparts from 2000 to 2004, posting a 2.5% annual rate of job growth in the midcoast vs the 2% US rate of job growth. Maine's innovation clusters are keeping pace with the nation, but remain a small share of the state's economy. Biotechnology and information technology clusters are of growing importance to the region. Each employs about 3,000 people, making up just 0.6 and 0.5% of all jobs in Maine, respectively. The advanced materials, forest products, and precision manufacturing clusters are larger, with 20,000 employees per cluster, but account in each case for just 3.3% of the state's jobs. Some higher value clusters hold promise for the region.

Wage growth is strong. From 2001 to 2004, real average wages increased 3.7%, keeping pace with the state increase of 3.8% and exceeding the national average of 1.9%. Knox experienced a 6.1% increase in wages while Waldo suffered the state's only decline with a wage decrease of 1%. In general, newcomers are financially better off than the average Mainer.

25.7% of the midcoast's working age population has a college degree, surpassed only by southern Maine, and surpassing the state as a whole by 1%. Waldo County slightly trailed the state average at 23.9%. According to the Gateway 1 survey, about 71% of newcomers to the region have a college degree and only about 1 in 10 ended formal education at high school or less. In significant contrast, half of Maine natives in the midcoast ended their formal education at high school. About 1/3 of natives have high school diplomas, which is favorable compared to the state as a whole, but less than 1/2 of that of in-migrants. Where 70% of non-natives have degrees and 30% don't, the converse is true for natives - 30% have college degrees and 70% don't. Now this doesn't mean that the newcomers are smarter. But the attainment of formal education is often an indicator of an individual's earning power, degree of economic opportunity,

and ultimately income. An average full-time worker with a four-year degree in Maine earns \$36,400 while an average full-time worker with just a HS diploma earns \$25,400. A college degree often affects ideas about financial security, about debt, and health care, about the future and ultimately about land use policy that can open and close doors to economic opportunity, both in terms of employment and in terms of consumer choice. Those with less choice naturally would like to expand economic opportunities unless there is a very good, immediate, and tangible reason not to.

Impact of Trends on Local Governance

So, what impact are these demographic and economic changes having on development and what changes are they likely to have on the future of the midcoast?

Impacts of Trends on Development

- Some revival of hub towns
- Vast majority of growth is in suburban and rural areas
- Conversion of rural land to suburban
- Increasing traffic congestion
- Increasing demand for services
- Increasing municipal expenditures



First, let's look at what changes in development we've seen in the past decade or so. The vast majority of the region's recent population growth is occurring in suburban and rural areas. After years of relatively slow growth or decline, some midcoast hub towns are experiencing a revival. Rockland turned annual losses of nearly 40 people per year in the 1990's into small annual gains since 2000. Likewise after years of stagnancy, including virtually no growth in the 1990's, Belfast grew nearly twice as fast as the state between 2000 and 2005. But overall, midcoast hubs captured only 18% of the 7,400 person population increase. Most of the growth, almost 4,100 new residents, was absorbed by truly rural towns like Northport and Hope, quickly converting midcoast Maine's rural land into suburban uses. Over 135,000 acres were converted from low density rural land to higher density suburban land between 1980 and 2000, bringing the share of developable rural land down from 55% to 43% in 20 years. Waldo County lost the most rural land, converting 64,000 acres. Knox County, which in 1980 had the lowest amount of rural acreage, lost the least, converting 15,000 acres. Along with this loss of rural land, municipal

expenditures began to increase as populations passed the threshold between 2,500 and 6,000 people. To meet increased need for road improvements, address safety and traffic congestion, and other increased demands for services, municipal expenditures have also increased, all aptly discussed in the *2005 Midcoast Regional Plan*.

As to what kinds of changes might be expected in the future, Gateway 1 provides a glimpse in three scenarios of midcoast's economic future – ranging from a strong economy under *Full Wind*, to a mixed economy in *Riding the Current*, and a declining economy facing the *Perfect Storm*.

Three Growth Scenarios

- *Full Wind* – strong economic and population growth
- *Riding the Current* – continued steady growth in jobs, population, housing, and economic development
- *Perfect Storm* – minimal growth, with jobs and population essentially flat
- Each scenario anticipates growth in population, jobs, and households

It is important to note that each of these scenarios anticipates growth in population, jobs, and households. The differences in impacts are largely a matter of degree.

Differences Are Matter of Degree


- Real estate inflation still drives growth inland
- Demand for services still high, driving increased taxes
- Continued lot-by-lot development on rural roads
- Continued pressure on lakes, preserves, and farms from large lot subdivisions
- Commuters and big box retail create spots of traffic congestion
- Downtown businesses struggle to compete for retail dollars
- Workers for tourism and health care jobs are scarce
- Continued incremental strip development along travel corridors and local roads

The Gateway 1 attitude survey noted that newcomers and natives tend to have different values in some areas, notably about economic development vs scenic quality and character, home rule and ability to manage growth, and property rights and regulation of land use. It also noted that differences in values among newcomers and natives tend to blur somewhat over time.

The survey observed a willingness among most respondents to consider multi-town management of development whose impacts spill beyond town boundaries. Regarding property rights and regulation of land use, the response was mixed - about 1/5 were in the “property rights camp,” 1/5 were in the “need to regulate camp,” and the majority was in the center searching for the right balance between rights of property and duty to regulate, between freedom to use property unimpeded and regulation in the public interest. The majority, which is seeking a balance between either extreme, is likely a result of the changing face of the midcoast. The area is less rural than it used to be and more suburban – and that is a bit scary; so individuals are more willing to turn to regulation to protect their own interests and are willing to give up some freedom of property in the knowledge that they will gain protections in return. Regulation is not seen as a blank check, but as a useful tool to be applied judiciously. 2/3 of natives believe that property owners have a basic right to use their land as they see fit, while only 40% of non-natives hold that belief. Natives are more likely to be long-time property owners, whether in the form of farmland, woodlots, vacant fields, downtown businesses, or tracts or enterprises on Rt 1 or other transportation corridors. In the midcoast, as elsewhere, property means many things to its owner including the idea of property as an asset to be converted to cash if and when the time is right and conditions dictate. If these assets are in an area that is highly valued by the community, herein lies conflict. Given the changing face of the midcoast population and economy and differences in values between newcomers and natives, without a change in the way we govern ourselves, we can expect non-stop debate over a degrading natural environment, scenic quality, and loss of rural character.

Clash of Values or Finding the Right Balance?

- **Non-stop debate over a degrading natural environment, scenic quality and loss of rural character**
 - **Economic development vs scenic quality and character of place**
 - **Home rule and ability to manage growth**
 - **Property rights and management of land**



Assets and Opportunities

One asset of native Mainers is what I call the “Maine State of Mind.” Perhaps the following attributes are not entirely unique to Maine, since aspects are found in rural areas of other parts of the country, but certainly these values are a foundation of Maine communities.

Maine State of Mind

- Practical
- Pragmatic
- Frugal
- Industrious
- Neighborly
- Respectful of privacy
- Proud
- Independent
- Deep roots in the land
- Involved in local governance



Maine has been, and remains, a frontier, both in its amount of undeveloped land and in the way its residents relate to the land and each other. Among its natural wonders and open spaces, this way of relating to each other is part of what draws people to live in Maine.

Along with the negative impacts of development and change, newcomers bring new opportunities to the midcoast. Most newcomers *choose* to come to the midcoast at a time that is often viewed as the height of their career, earning power, discretionary income and they want to be involved in the region’s economy and communities.

Opportunities

- Most newcomers are at height of career, earning power, discretionary income, and want to be involved in economy and communities
- High rate of college attainment will help attract good jobs
- Entrepreneurial skills will advance creative economy with innovative jobs and investment, consistent with quality of place
- Growth and higher income will provide infusion of funds into local economy
- Skilled and energetic volunteers
- First-hand experience with good and bad aspects of development

The high rate of college attainment in the midcoast makes it easier for the region to attract good jobs that require higher education levels. This is likely why the region out-performs other regions in Maine on wages and wage growth. The high level of college attainment gives the region an economic edge over other parts of the state. Several innovation-oriented start ups provide evidence of the region's potential for success (Know Technology, an information technology firm in Camden, Fluid Imaging Technologies, in Edgecomb, North Star Alliance, whose workforce development program aims to reverse job losses in sectors like boat building while retooling the workforce for jobs in good paying composites and advance materials industries).

As I pointed out earlier, many of the newcomers are entrepreneurs and the skills they bring with them to the midcoast will help advance the creative economy here. Not only will they help build on the arts, information, and other innovative technologies, but because many newcomers are part of a group that is called "cultural creatives" – that is, a group that makes its purchases and investments in ways that reflect its principles and values. Their entrepreneurial skills will help advance the creative economy in the region with innovative jobs and investments, consistent with the midcoast's quality of place.

Furthermore, new residents will provide an infusion of funds into the local economy to meet their needs and demands. These funds will translate into jobs in construction, health care, services, tourism, and the arts.

Newcomers also bring skilled and energetic volunteers to the region, as well as first-hand experience of both the good and bad aspects of development.




What's A Town To Do?

Find the right balance – seek ways to absorb what is great about newcomers into what is great about native Mainers, to improve job opportunities and to expand general economic prosperity for everyone without destroying the very aspects of the place that keep and bring people here. To do that, natives and newcomers need, first, to get to know each other both personally and collectively to understand each other's needs and values.

Then, build on the values both groups hold in common. Some aspects of the Maine State of Mind are also held by newcomers. The Gateway 1 survey notes that most differences between newcomers and natives are differences in degree, rather than polar opposites, and evidence suggests that attitudes of newcomers shift somewhat over time. Survey results note that values of those who've lived in Maine more than 20 years fall somewhere between those who were born in Maine and those who have lived here for a shorter time. At some point, it is important that we stop asking "Where are you originally from?" and "How long have you lived in town?"

What's A Town To Do?

- Get to know each other personally and collectively
- Build on common values
- Explore each other's values and needs – learn from each other's experience
- Look reality in the eye and make the tough choices together
- Explore creative ways to address needs and respect common values



With recognition of common values and some success in acting on them, the next step is exploration of each other's different values and needs. To hopefully get past initial resistance to differences, to hopefully learn from each other's experiences and perhaps question the rigidity with which each group holds onto its points of view.

Next, it is important for the region to look reality in the eye and make some tough choices together. It is important for the region to find ways to frugally and equitably preserve the most important parts of the midcoast *and* to provide economic opportunity for all residents. In seeking this balance, it is important to discuss not just the amount of new housing, retail, services, and job centers, but also the location of that development. It is important to decide how

to target investment in public facilities to support and direct the location of growth, especially with respect to housing, employment, goods, and services, and to protect those places and resources that are most important to the midcoast's character. The *Mid-Coast Regional Plan* aptly discusses the relationship between population growth, increased demand for services, and the impact on centers, corridors, and open spaces. Its goals and policies offer guidance on the location of commercial development, investment for infrastructure to support and direct growth, and encouragement of workforce housing. However, it is virtually silent about coordinated strategies to direct single family and second home growth to hub communities, create compact town centers, and discourage the relentless consumption of valuable farms, forests, and natural areas. Yet these strategies are crucial to supporting public transportation, protecting water quality, preserving wildlife habitat and open spaces, strengthening the vibrancy of downtowns and community centers, and avoiding future costs to service a sprawling pattern of dispersed development.

And finally, it is important that the region explore creative ways to address needs and respect common values. This will require a three-legged stool of regulation, fiscal techniques, and coordinated community effort. Each leg of this three-legged stool is necessary – without one, the stool will not be stable and will topple over. No one leg can stand on its own.

Creative regulatory techniques include, among other things, ordinances that treat growth and rural areas, designated in a town's comprehensive plan, differently – to encourage or direct growth to those areas intended for development and away from those areas that are intended to remain rural. For example, the Town of Raymond recently adopted a differential growth cap – a limit on the amount of development allowed annually in designated rural areas, while not capping growth in designated growth areas. North Yarmouth, Durham, and other towns have adopted similar differential caps. Bar Harbor, which was not quite ready to adopt this relatively new tool, chose instead to adopt quantitative goals for the percent of new housing in growth and rural areas, to monitor growth in those areas, and if after four years growth is not being directed as desired in the quantitative goals, to consider adopting a differential cap.

Creative fiscal techniques use financial tools to meet needs and respect common values. These tools include plain old capital planning, budgeting, and saving to pay for infrastructure a community requires, desires, and designates in its comprehensive plans. Some fiscal techniques, like impact fees, have been used by Maine towns for some time to help ensure that those who create new demand for infrastructure help pay for it. Impact fees for schools, roads, sewer, water, waste disposal, recreation facilities, and open space, have been adopted by numerous Maine communities since they were authorized in the early 1990's. Just this past year, the Town of Gorham adopted a density transfer fee to increase density in an area of town where growth is desired *and* compensate landowners in rural areas for the reduced opportunity to cash in on their property in the public interest of keeping their land largely undeveloped. Density transfer fees are a simplified version of transfer of development rights (TDRs).


The third leg of the stool is *coordinated community effort*. Often, but not always, this is lead by a volunteer organization. It might include preparing an open space plan to target a land trust's efforts to preserve the most important or valuable properties. Falmouth prepared such a plan a number of years ago. Gardiner recently solicited help to prepare one. Coordinated community

effort might include regional approaches to planning and investing in infrastructure like Lewiston-Auburn did when creating a business park near the airport. It might be a regional approach to managing the impacts of development that spill over town boundaries.

Summary

Conclusions

- Face of government is changing
- Impacts of growth are real
- Assets, both people & places, are valuable
- Newcomers bring higher education, income, entrepreneurial spirit and know-how, and interest in being involved



In summary, the face of government in the midcoast is changing. The impacts of growth on the midcoast landscape are very real. The assets of the region, its people and places, are valuable. Newcomers bring higher education, income, entrepreneurial spirit, and interest in being involved to the region. With acknowledgement that change is happening, respect for differences, and a commitment to foster common values and creativity, the midcoast can build on the best that is and can be.

With acknowledgment that change is happening, respect for differences, and commitment to creatively foster common values, Midcoast can build on the best that is and can be



Thank you.