

# Maine Downtowns

Prepared by the State Planning Office for the Governor's Council on Maine's Quality of Place  
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*"As Maine's service centers go, so goes Maine."*  
—Task Force on Service Center Communities

## Brookings Recommendations

The Brookings Report, *Charting Maine's Future*, makes the following recommendations to revitalize Maine's downtowns:

1. Champion the State's new model building codes and work toward uniformity:
  - Step up financial support to perfect the model codes
  - Fund technical assistance, model-code training, and public outreach
  - Achieve code uniformity in the near future
  - Bolster the new rehabilitation code
2. Promote zoning that adds to Maine's wealth of distinctive, traditional neighborhoods
  - Create a new generation of model zoning and provide it as a tool to municipalities.
3. Better fund and use existing revitalization and redevelopment-oriented programs and organizations
  - Fully fund the Municipal Investment Trust Fund
  - Support the Maine Downtown Center
  - Improve the Historic Preservation Tax Credit

## Previous Legislative Efforts

Over the past decade, a number of initiatives has been targeted at supporting downtowns:

**Maine Downtown Center** – In 1999, the Legislature created the Maine Downtown Center (MDC) to provide funding, training, and technical assistance to help communities revitalize their downtowns.

**Smart Growth Legislation** – The 119<sup>th</sup> and 120<sup>th</sup> legislatures directed that state office buildings and state growth-related capital investments be targeted into service centers and established preferences in state grant and investment programs to municipalities with consistent comprehensive plans.

**Municipal Investment Trust Fund** – The Municipal Investment Trust Fund (MITF) was created in 1993 to provide grants and loans to fund municipal infrastructure with preference

given to service centers and regional initiatives. The MITF was funded in 2001 with \$300,000, in 2002 with \$4 million, and in 2003 with \$6 million. The 123<sup>rd</sup> Legislature approved an additional \$1.5 million that will be put before the voters in November 2007.

**Revenue Sharing II** – Beginning in fiscal year 2001, the Legislature put a ceiling on municipal revenue sharing and provided that any additional revenue sharing monies above the ceiling be distributed based on a new formula. The purpose of Rev II is to funnel more revenue sharing to high mil rate communities, which are likely to be regional service centers. In FY06 Rev II equaled \$12.6 million. In 2005, as a result of citizen-initiated referendum, 2% of municipal revenue sharing is deposited in the Fund for the Efficient Delivery of Local and Regional Services for grants to stimulate collaborative service delivery. \$1.5 million has been awarded to grass roots regional efforts in the past three years.

**New Century Community Program** – In 2005, the Legislature created a grant program to revitalize downtown areas, preserve and strengthen state and community historic and cultural assets, and expand access to digital and educational resources. The program has been capitalized twice: \$1 million in 2005 and \$495,000 in 2006. A \$2 million bond request will appear on the ballot in November 2007.

**Maine Model Building/Rehabilitation Code** – In 2004 and 2005, the Legislature adopted a model building and building rehabilitation code respectively for municipalities that enact or upgrade their local codes.

**Tax Credit for Rehabilitation of Historic Properties** – In 2007, the Legislature considered increasing the tax credit to 25% of the cost of the rehabilitation investment (LD 262) . The bill was carried forward to be taken up again in the Second Regular Session of the 123<sup>rd</sup> Legislature.

**Riverfront Community Development Program** – The 123<sup>rd</sup> Legislature created a grant program to help communities along state rivers revitalize their riverfronts and to promote river-oriented community development. The grants are competitive and a match is required. A \$5 million bond to fund the program will go before voters in November 2007.

## **Previous Studies and Recommendations**

Likewise, a number of reports have looked at ways to strengthen and restore Maine's downtowns:

### ***Maine's Creative Economy Effort, white paper prepared by Maine State Planning Office, June 2007***

1. Support the development of creative communities:
  - Invest in and expand Maine Downtown Center
  - Provide special events grants to communities
  - Develop model ordinance language for mixed-use zoning

**Maine's Creative Economy Council, *Maine's Creative Economy: Connecting Creativity, Commerce, and Community*, 2005**

1. Preserve and promote our downtowns:

- Expand the Maine Downtown Center. MDC serves as a statewide resource for downtown revitalization, and administers the National Trust for Historic Preservation's highly regarded Main Street Program. A minimum additional state allocation of \$300,000 annually is required.
- Remove the impediments to private investment in downtowns: Maine needs to re-write its state tax credit for the rehabilitation of historic properties.
- Enact a mandatory state building rehabilitation code and, with it, establish a single entity in Maine responsible for code updates, training, education, interpretation, appeals, and coordination with other state laws and rules.
- Encourage uniqueness in downtowns through the development of public spaces and by encouraging creative expression in these places. Establish local councils to promote a creative vision for downtowns.

**Maine Downtown Center and Maine State Planning Office, *Revitalizing Maine's Downtowns*, 2004**

1. Economic Development - DECD and other state agencies should fund downtown revitalization as a part of their economic development initiatives. Existing resources, such as websites and marketing publications, should include designated Main Street Maine downtowns as both investment opportunities and tourist attractions. Maine and Company should list Main Street Maine communities and promote these communities when dealing with out of state companies, especially those downtowns with designated Pine Tree Zones. Downtown revitalization should be included in any funding investments as part of the creative economy and youth initiatives.
2. Life Safety Codes - The Community Preservation Advisory Committee should work with the State Fire Marshal and the Maine Downtown Center to adopt fire code regulations that are reasonable and feasible for existing building rehabilitation projects.
3. ADA codes - The Maine Downtown Center should further research issues associated with ADA compliance and potential sources of funding. Additional funding for the MPower program is also encouraged.
4. Model zoning ordinances - The Maine Downtown Center should work with SPO, GrowSmart Maine, and others to develop a model zoning ordinance for communities interested in encouraging downtown revitalization efforts.
5. Stormwater Rules - The Maine Downtown Center and SPO should continue to work with DEP to ensure that stormwater rules respect stream protection but do not result in expenses prohibitive to development or re-development of downtowns.

6. School Siting - The Community Preservation Advisory Committee, supported by MDC, should continue its work advocating for a stronger school siting policy. Health advocates, such as the Healthy Maine Partnership program, should also be included in the discussion.
7. Municipal Investment Trust Fund - The state should permanently fund the MITF program.
8. Bonding - Encourage a state bond package and additional general fund allocations that would fund downtown revitalization projects including:
  - Maine Downtown Center
  - MITF program
  - Planning grants through SPO
  - Historic preservation grants through SHPO

**Community Preservation Advisory Committee, *Second Annual Report, 2004***

1. Create a permanent home for the Maine Downtown Center
2. Use the lessons learned from recently failed neighborhood proposals to develop recommendations and support future outreach to developers, municipalities, and residents
3. Link state infrastructure investments to communities that encourage and permit GAN development

**Task Force on Regional Service Center Communities, *Reviving Service Centers, August 1998***

1. Put service centers on an equitable fiscal footing
2. Invest in service center communities
3. Help service centers help themselves through tax policy
4. Enhance municipal services through cooperation
5. Monitor benchmark indicators for service center communities

**Groups Working on Similar Issues**

**Maine Downtown Center**

The Legislature established the Maine Downtown Center (MDC) in 1999 (LD 2600) to serve as the statewide resource for downtown revitalization. MDC is housed at the Maine Development Foundation. It is supported by a mix of private and public funds.

The Maine Downtown Center employs a national model called the [Main Street Approach to Downtown Revitalization™](#). Developed by the National Trust for Historic Preservation, the program advances economic development within the context of historic preservation and advocates public-private partnerships to ensure lasting success. Using the Main Street model, MDC provides onsite assessment visits to help Maine communities identify opportunities and develop a plan for action for revitalizing their downtowns. Professionals experienced in downtown development conduct the site visits over two days. Communities are selected in a

competitive process and are required to commit local resources, including an annual budget and a full-time downtown coordinator.

Maine Street Maine communities receive technical assistance worth \$30,000 from MDC for three years. There are currently nine Main Street Maine communities: Bath, Biddeford, Eastport, Gardiner, Norway, Saco, Skowhegan, Van Buren, and Waterville Main. In addition to the Main Street Maine communities, MDC assists other communities as resources permit.

### **Community Preservation Advisory Committee**

The [Community Preservation Advisory Committee](#) (CPAC) was established by the 120<sup>th</sup> Legislature (2002) and charged with advising the Governor, the Legislature, and state agencies and entities on matters relating to community preservation. It has the authority to report out legislation and in 2007 it was reauthorized for another eight years.

CPAC considers a number of issues related to quality of place including: historic preservation, building codes, affordable housing, and regionalism. CPAC meets four times per year and is staffed by the State Planning Office. CPAC could champion the Quality of Place Council's recommendations.

### **State Agency Building Code Working Group**

PL 2007, Resolve 46 directs the State Planning Office, State Fire Marshal, Historic Preservation Commission, and the departments of Economic and Community Development and Professional and Financial Regulation to develop a plan for implementing the Maine model building code and the international existing building code. The intent is to develop recommendations to administer the codes at the state level, including maintaining and updating the codes, training and certifying code officers, providing outreach and technical assistance to municipalities, and funding options at an appropriate scale for Maine.

## **Issues**

### **Lack of a coalition to support and advocate for downtowns**

Maine downtowns have many advocates, but not one voice. The Maine Service Center Coalition, Maine Downtown Center, Maine Municipal Association, GrowSmart Maine, Community Preservation Advisory Committee, Maine Creative Economy Council, and others all advocate for support downtown initiatives, but much of their work is on an ad hoc, issue-by-issue basis. There is even a disconnect in local economic development programs where communities, for example, have declined to fund downtown redevelopment programs but embrace spending for spec buildings or industrial parks in rural, outlying areas. What's needed is a comprehensive strategy, supported by a coalition, and communicated widely to legislators, the news media, municipal officials, and developers.

### **Reduction in funding for Maine Downtown Center**

Since 2000, efforts to bolster Maine's downtowns have been spearheaded largely by the Maine Downtown Center with notable success. The MDC has helped start nine Main Street Maine

communities, resulting in significant economic payback. Between 2002 and 2006, Maine's *Main Street* program resulted in over 32 million in new downtown investments and 91 new businesses and 516 new jobs. For every dollar used to operate the local Main Street program, communities have seen, on average, \$12.85 in new investment.<sup>1</sup> Nevertheless, progress has been limited by a lack of funding. Currently, the Maine Downtown Center cannot expand to assist new downtown initiatives. Its limited funding is used to support existing, ongoing efforts.<sup>2</sup> For FY08-09, state funding of the Maine Downtown Center is \$75,000 per year. Brookings recommends a \$300,000 annual budget for the center to be effective.

### **Lack of uniformity in building and rehabilitation codes**

Advocates worked for almost two decades to enact statewide building codes. Despite ultimate success in 2004 and 2005, when the Legislature approved model state building and rehabilitation codes, their adoption at the local level is voluntary and there are conflicts between the building codes and other life safety, electrical, and plumbing codes. Further, no provisions were made to maintain the codes or to assist municipalities with training. The 123<sup>rd</sup> Legislature directed state government to develop a plan with funding recommendations to administer the codes including a strategy and cost estimate for phasing in mandatory codes. That work is underway.

### **Need for new land use and zoning models**

Local zoning is often designed to prevent the density that is the hallmark of walkable, compact, downtowns that include a variety of uses (retail, residential, recreational, etc). Large lot sizes and parking requirements, for example, drive development into rural, outlying areas.

Mixed-use zoning could support and enhance traditional downtowns. Brookings uses the term form-based zoning. Mixed-use zoning generally refers to a deliberate mix of housing, civic uses, and commercial uses, including retail, restaurants, and offices.<sup>3</sup> These zones promote smart growth designs such as walkable streets and reuse of existing buildings and affordable live-work space for artists. In some states, legislatures have even authorized sales and income tax exemptions for artists and businesses locating in a downtown redevelopment district.

Developing model ordinance language however is only part of the issue. Many municipal officials are concerned about density and fear that it will not be attractive. There also needs to be an education and outreach effort to demonstrate how attractive, high density, mixed-use development can work well in Maine's downtowns.

### **Need to foster use of the state rehabilitation code**

Rehabilitation of existing downtown and historical buildings can be a boon to downtown redevelopment efforts. Despite the existence of a Maine model rehabilitation code, rehabilitation remains expensive and time consuming and often private developers will not invest in these projects. Overriding life safety codes, state elevator requirements, and handicapped accessibility requirements make costs of building rehabs prohibitive and often means sacrificing historically- or culturally-significant aspects of downtown buildings in order to meet new building code standards.<sup>4</sup>

The rehab code operates on a performance-based premise where, for example, if a stairwell in an old building is too narrow under the life safety portions of the new building code, this might be

mitigated by installing a sprinkler or fire alarm system. Despite this flexibility, developers, who operate in a world where “time is money,” often do not want to take the extra time needed to negotiate and work out these fixes.

A solution might be to administer the rehabilitation code at the state level (rather than individually in 500 municipalities) and allow developers to be exempt from local building codes if they opt to have their project reviewed under the state rehab code. It might apply to buildings over a certain age and funded by an application fee. The exemption could be an incentive to the developer to pay the fee.

### **Limits on Maine’s tax credit on rehabilitation of historic properties (LD 262)**

Currently, Maine’s rehabilitation tax credit has a 20% or \$100,000 per taxpayer cap on projects. Since rehab projects tend to be costly, the taxpayer often receives only the minimal credit. The tax credit on a \$1 million dollar project is capped at \$100,000, only 10% of the project cost.<sup>5</sup>

LD 262, which has been carried forward to the Second Regular Session of the 123<sup>rd</sup> Legislature, would increase the per taxpayer cap to 25%. Based on a the bill’s fiscal note, expanding the historic rehabilitation tax credit would reduce General Fund revenue by an estimated \$300,000 in fiscal year 2007-08 and \$11.3 million in fiscal year 2008-09. According to one economic analysis, this change would increase investment in from \$5 million a year to \$65 million and create 800-1000 jobs per year.<sup>6</sup>

### **Lack of effective capitalization of the Municipal Investment Trust Fund (MITF)**

The Municipal Investment Trust Fund is an important tool to help communities plan and create sound infrastructure development. It is administered by the Department of Economic and Community Development and has been well received. Communities across the state have been able to undertake significant public infrastructure projects with these funds.<sup>7</sup> Projects funded include: parking garages, downtown infrastructure and amenities, redevelopment of downtown buildings, and riverfront development. Preference is given to service center communities and regional initiatives. As of March 2007, \$10 million has been expended from the MITF with corresponding matching funds of \$38 million, more than a 3:1 return.<sup>8</sup>

The MITF was first funded in 2001 with \$300,000, in 2002 with \$4 million, and in 2003 with \$6 million. The 123<sup>rd</sup> Legislature approved an additional \$1.5 million that will be put before the voters in November 2007. Brookings recommends \$90 million over 10 years for the MITF to be effective.

### **No bang for the buck from the Fund for the Efficiency Delivery of Local and Regional Services**

The regional efficiency grants are funded through sales and income taxes, as a set aside from municipal revenue sharing, to lessen the burdens on local property taxes. Two percent of municipal revenue sharing, or roughly \$2 million per year, is deposited in the Fund for the Efficient Delivery of Local and Regional Services for grants to stimulate intergovernmental cooperation in order to reduce Maine’s property tax burden. Groups of municipalities, counties, and regional planning commissions are eligible to apply.

In 2005, the state awarded \$1 million in grants to pilot the program. In FY 06, the Legislature suspended funding, although partial funding was restored for FY 07 in the amount of \$500,000 through the Governor's Supplemental Budget. For FY 08 and 09, the Legislature has again reduced the funding available for grants to \$500,000 in each year of the biennium.

The funds are dispersed statewide on a competitive basis. To be more effective in stimulating downtown redevelopment, funding criteria might include:

- Preference to service centers
- Existence of an adopted, consistent, regional comprehensive plan
- Use of mixed-use zoning or other compact zoning provisions in the region
- Enactment of the statewide model building and rehabilitation code for the region

### **Unintended consequences of stormwater regulations**

Environmental quality is important to downtown revitalization efforts. High density can put strain on water systems, floodplains, and water quality. Currently, however, state requirements for new and expensive stormwater systems for development tend to push development to outlying greenfields and away from downtowns.

### **Use of environmental regulations to stimulate downtown redevelopment**

Maine's site law requires review of developments that may have a substantial effect upon the environment. It may also be a tool to review development projects for design and location and to guide development to appropriate downtown sites or to locations consistent with the architectural and historical landscape.

## **Suggested Reading**

*The Economic Benefits of an Expanded Historic Tax Credit in Maine.* Prepared for Maine Preservation, April 2007. Web:

<http://www.maine Preservation.org/documents/Taxcreditpages.pdf>

Maine Downtown Center and Maine State Planning Office. *Revitalizing Maine's Downtowns.*

October 2004. Web: <http://www.maine.gov/spo/landuse/docs/Final%20EO%20Report%201-27-2005%20error%20corrected.pdf>

Task Force on Regional Service Center Communities. *Reviving Service Centers.* Maine State Planning Office, Augusta ME. August 1998. Web:

<http://www.maine.gov/spo/landuse/pubs/svcenters.php>

## Endnotes

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<sup>1</sup> Maine Downtown Center Web site: [http://www.mdf.org/downtown/economic\\_impact.html](http://www.mdf.org/downtown/economic_impact.html)

<sup>2</sup> Allen, Lori, Director, Maine Downtown Center. *Interview*, July 10, 2007.

<sup>3</sup> Metropolitan Area Planning Council. Mixed-use Zoning: A Citizen's Guide. Boston, MA., Undated, p. 3:  
[http://www.mapc.org/whats\\_new/Regional\\_Record/May2006/Mixed\\_Use\\_Toolkit/Mixed\\_Use\\_Citizens\\_Guide.pdf](http://www.mapc.org/whats_new/Regional_Record/May2006/Mixed_Use_Toolkit/Mixed_Use_Citizens_Guide.pdf)

<sup>4</sup> Maine Downtown Center and Maine State Planning Office. *Revitalizing Maine's Downtowns*, October 2004, p. 23.

<sup>5</sup> Brookings Institution, *Charting Maine's Future*, p 125

<sup>6</sup> Maine Preservation. *The Economic Benefits of an Expanded Historic Tax Credit in Maine*, April 2007, p. 5.

<sup>7</sup> *Revitalizing Maine's Downtowns*, p. 30.

<sup>8</sup> Maine Department of Economic and Community Development