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Housing Policies in Maine:

A Historical Overview

by Frank O'Hara

In this article, Frank O'Hara traces the evolution of Maine's housing policies from Maine's settlement after the Revolutionary War to the current era, where concerns about sprawl and the preservation of communities have come to the fore. In doing so, O'Hara points out that our approach to housing has always reflected more than a desire to ensure every person has adequate shelter. Rather, it reflects our core values and beliefs about society, our sense of beauty, and our relationship to the environment and one another. O'Hara urges policy makers to keep these broader constructs in mind when addressing Maine's future housing needs. As history shows, Maine's housing policies have formed the vital core of larger efforts to create vibrant and diverse community centers.

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of land along a river [in Maine] for a dollar an acre.
Or he could have one hundred acres, not on a river, at no cost.

FASHION IN CLOTHING, HOUSING, AND PUBLIC POLICY

Consider the clothes you are wearing right now. They keep you warm. They keep you dry. They protect your privacy. But if warmth and dryness and privacy were all that mattered about clothes, you would be wearing a burlap bag.

The fact that you're not wearing a burlap bag speaks to a higher function of clothes. They announce whether you are male or female. They can inform the viewer of your nationality and social class and historical period. They can communicate your values, your mood, your sense of aesthetics. The right clothes ensure access to the boardroom or party or house of worship. In short, clothes are walking billboards of our lives.

Houses are analogous to clothes. A home provides a roof to keep us dry, walls to keep us warm, doors to protect our privacy. But a home is much more than a watertight heated box. In Maine it is a ticket to the right school system. It is access to a nearby job. In its size and appointments, it announces our social class and status. In its spatial orientation, it establishes our relationship to our neighbors and surrounding community. In its interior layout, it sets the terms for intra-family relationships. A home is an expression of our values and sense of beauty.

Maine homes reflect our history. The revolutionary era village, with homes clustered together, facing right onto the street, near churches and greens and mills, communicates the importance of community to Maine's early settlers. The mill neighborhood with three-decker apartments, grand stone churches, corner grocery stores, dense street patterns, and nicknames like Sand Hill and Little Canada, evoke the strong family experience of the immigrants. Today the suburban house on a four-acre lot reflects a desire for privacy and connection with nature. Homes are more than bricks and glass and wood.

Because houses perform such multiple functions in our personal and social lives, the subject of government policy toward housing over the years is equally complex. Some policies are directed at ensuring that everyone's box is watertight and heated. Some are directed toward ensuring that poor people have access to the social benefits (jobs, schools) that good houses provide. Some

are directed toward encouraging a sense of community. Some are directed toward promoting nearby industries.

The following are a few examples of housing policy in Maine history:

EXAMPLE 1: BINGHAM AND THE LAND LOTTERY

The original government housing policy was implemented two hundred years ago. The motivation was economic development. At the end of the Revolutionary War two-thirds of Maine territory was public land, controlled by the government of Massachusetts. The Massachusetts Legislature wanted more settlers to move to Maine. They sent government surveyors to Maine who pegged out townships, six-miles square, and defined lots within. The lots were then put up for sale. A Revolutionary War veteran could buy one hundred fifty acres of land along a river for a dollar an acre. Or he could have one hundred acres, not on a river, at no cost. In either case he had to clear sixteen acres of land in four years, or else the land reverted back to government ownership.

When the lands in the eastern part of Maine didn't sell fast enough, a million acres were put into a lottery. For \$300 you could win an entire township, or you could just win a small lot. William Bingham from Philadelphia hit the jackpot, and the town in Somerset County now carries his name.¹

The government policy was successful. In the sixteen years between the end of the War and 1800, Maine's population grew from 56,321 to 151,719²—the fastest rate of growth in any decade of its history. Oxford, Kennebec, Lincoln, Cumberland, and York county towns had the greatest influx. The policy was so successful that, twenty years later, it resulted in the unintended consequence that Maine was populated enough to break away and form its own state.

EXAMPLE 2: STRATHGLASS PARK MILL HOUSING IN RUMFORD

Another example of housing policy in Maine comes a hundred years later. This time the policy was again motivated by economic development. But in this case, the policy was

At the end of World War II, American families got into their new cars, and the great migration to the suburb and countryside began (which has not ended to this day).

implemented by private industry, not by state government. The policy was designed to attract workers to the rapidly growing paper mills in the wilderness of Maine.

For example, in 1890 the Town of Rumford was a farming community of a few hundred people. It actually had only about half of the population that was there in 1850. The Civil War and the lure of the west had emptied young people away from Rumford and many other small Maine towns. In 1890 Hugh Chisholm founded the Rumford Falls Power Company. One year later the Rumford Falls Paper Company was founded. By 1906 the International Paper Company and Oxford Paper Companies, and their associated industries, employed 3,000 men and women in Rumford. The Town's population was now 6,500.

But where were the workers to live? And how could the mills attract new people to move to town? Hugh Chisholm described the problem this way:

“The inadequate supply of dwellings, in the face of the 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.”³

So Chisholm, through his power company, set up the Rumford Realty Company in 1901 to buy land and to develop housing. The Realty Company built what they called “Strathglass Park,” but what we might today call a “cluster mixed-use development”—two rooming houses of forty rooms each, twenty-eight wooden houses with thirty-four rents, fifty-one two-family brick homes, five brick single-family homes, five four-family brick buildings, four six-family brick buildings. In all, by 1904 there were 266 dwelling units. The real estate operation never made a profit, and its occasional losses were covered by the Oxford Paper Company. Most of the homes in Strathglass Park can still be seen today: nicer

homes near the top of the hill, middle management in the middle, and boarding homes and apartments at the bottom. This convenient stratification of social class by altitude can also be seen in many other Maine river towns.

EXAMPLE 3: URBAN RENEWAL IN PORTLAND

Up to this point, Massachusetts State Government had set a housing policy for rural Maine, and private industrialists had designed a housing policy for their own mill towns, but Maine State Government and Maine municipalities had not taken a big interest in housing. This changed with the growth of large urban areas in the latter part of the nineteenth century. The first concern was fire safety. The great fire in Portland, and similar disasters elsewhere, spread rapidly because buildings were too close together and did not have fireproof materials. A second concern was public health. Workers and their poor immigrant families were crowded into poorly built tenements on narrow winding streets with no public sewers, sometimes with pigs and animals in the front parlor, all of which contributed to a high rate of disease and mortality.

Progressive reformers at the turn of the century promoted fire codes to ensure that buildings were made of proper materials and had fire escapes; building codes to ensure that new buildings wouldn't fall down; zoning ordinances to ensure that buildings were far enough apart from each other to allow in light and air; housing codes to ensure that buildings, once built, were properly maintained; public sewers and roads and sidewalks; and comprehensive plans to ensure that all of the ordinances and codes worked together for the proper ends. City government became the locus of housing policy implementation. The City of Portland led the way for Maine communities in planning and zoning in the first half of the twentieth century.

At the end of World War II, American families got into their new cars, and the great migration to the suburbs and countryside began (which has not ended to this day). From 1950 to 1960, the City of Portland lost 5,000 people, and surrounding towns gained 13,000. The initial response of the federal government was urban renewal—in part an effort to get rid of substandard housing

through simple demolition, in part an effort to accommodate the car in city centers. In Portland the construction of the I-295 spur, the Franklin arterial, and Spring Street—as well as the construction of the University of Southern Maine—led to the demolition of 1,200 housing units. Now it was easier than ever to commute to the city (and who would want to live in a neighborhood cut up by a highway anyway?). That decade Portland's population fell another 7,000, and the surrounding towns gained 16,000.

But there were also positive housing programs in this era to create good housing. They included the Department of Housing and Urban Development (HUD), Public Housing and the Farmer's Home Section 502 Home Purchase program. As the years went by, the alphabet soup of housing programs multiplied. Inevitably, policy contradictions arose. For example, while HUD was trying to help the City of Portland stabilize its neighborhoods and population in the 1970s, Farmer's Home was subsidizing eighteen hundred young families—many from Portland—to move to Windham and Naples and Bridgton.

But while it is easy to ridicule the mistakes of the old Urban Renewal, Public Housing, and Farmer's Home programs, it is also important to acknowledge their successes. In 1940 over a quarter of Portland's housing lacked plumbing or needed repair. By 1970 only 8% of Portland's stock lacked any plumbing, and 3% was substandard.⁴ Today fewer than 1% of the homes in Portland lack plumbing facilities. Certainly rising incomes and postwar prosperity is responsible for the major share of housing improvement in Portland during this period, but just as certainly government

housing construction and rehabilitation programs played a large part in speeding the process along, particularly for families with lower incomes.

As a whole, the figures for Maine are even more dramatic. In 1950 about half of all Maine housing units lacked plumbing or was otherwise substandard, and by 1970, just twenty years later, the proportion had been reduced to 6%.⁵ During the same period, somewhere around one hundred thousand Maine families—about a third of the state's households—were able to upgrade their housing due to new construction.⁶ While the Urban Renewal and Public Housing and Farmer's Home efforts sometimes had unintended and unfortunate side effects, they also accomplished their major purpose of upgrading the quality of the housing stock.

THE 1970S AND 1980S AND THE AFFORDABLE HOUSING CRISIS

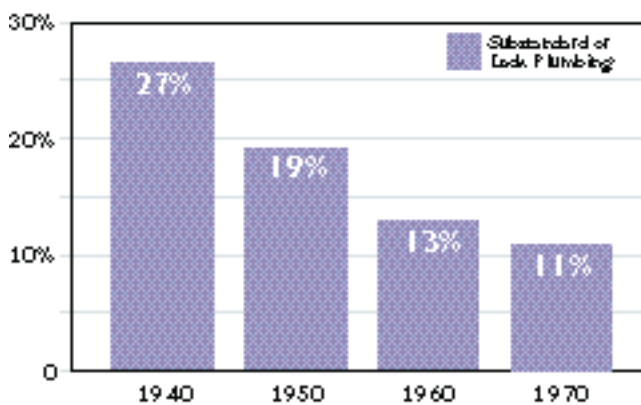
Between the 1960s and 1970s, Maine underwent a major change; from being a state with perennial net out-migration to a state with substantial in-migration, Maine was suddenly “hot.” The effects were felt in the state's cultural, political, and economic life. But in the first instance, and most dramatically, they were felt in the housing market.

To understand this impact, it is necessary to understand a phenomenon that might be called the “paradox of housing opportunity.” The paradox is this: the worse the economy does, the better the housing opportunities; and the better the economy, the worse the housing opportunities.

Consider a town with ten families and ten houses. The mill closes, and four families move away. That makes it possible for four of the remaining families to move into the best houses which have been left vacant, and the other two families to move up into the next best houses. This is also called “trickle down.” On the other hand, if in the same town instead of a mill closing a new mill opens, then four new families move in, and suddenly there are fourteen families chasing ten homes. In the bidding war which ensues, the poorest four families—probably those already there—are left out in the cold. It's a kind of reverse trickle down.

For Maine as a whole in the 1970s and 1980s, there was an explosion of demand from the coming of age of the baby boom generation, a burst of in-migrants, and changing family patterns (smaller households, which meant the same population required more units). On the supply side, the oil crisis drove up heating costs, high interest rates made home mortgages expensive, and land became expensive around growing southern and coastal areas. In Maine as a

City of Portland Housing Conditions



whole, the result was that home ownership and rental costs increased twice as fast as incomes. The affordability crisis was upon us.

In response, public policy shifted in this twenty-year period. The Maine State Housing Authority (MSHA)—originally formed in the early 1970s for the purpose of providing an avenue for Public Housing money to flow to rural Maine towns—shifted emphasis and made its major mark through providing first-time home buyers with low-interest mortgage money. MSHA also helped cities and towns make greater use of HUD Section 8 rent subsidy funds. In the latter part of this twenty-year period, the Maine State Planning Office sought to educate cities and towns about proper zoning regulations which wouldn't add to the cost of housing. Local affordable housing coalitions sprang up around coastal and southern Maine.

We are too close to the 1970 to 1990 period to make a definitive assessment of the effectiveness of government housing programs in promoting affordability. We do know that MSHA programs helped tens of thousands of Maine families to buy their first homes sooner than they otherwise would have been able to do. We also know that more than twenty thousand Maine renters are getting rent subsidy help today. For these groups at least, government programs provided a definite help.

The era of the great housing demand push, with its consequent housing inflation, is now over in Maine. Housing prices declined in the early part of this decade, and in most communities have only recently passed the housing price peaks established in the 1980s. Mortgage interest rates are down dramatically as well. The combination of increasing incomes, slow-growing housing prices, and lower interest rates, means that homes are more affordable now to the average Maine family than they were in 1990.

As in the case of the 1950 to 1970 public policy push to eliminate substandard housing, the recent success on the affordability front is due in large measure to factors external to state housing policies. In-migration has slowed to a trickle, and the baby boom is now fully absorbed into the market, so demand is lower. Lower interest rates are a reflection of federal fiscal policies. But clearly Maine's policies have been of direct benefit to tens of thousands of families, and of indirect benefit to many more.

THE FUTURE AND THE ISSUE OF COMMUNITY

The affordability crisis years are behind us. This is not to say that there are not Maine people with incomes inadequate to afford decent housing, and that a substantial number of such

people will not be with us always. But it is to say that the burst of demand created in the 1970 to 1990 period will not repeat itself in the near future. However, it is to say that the hyperinflation and high mortgage rates of the past are in no immediate danger of recurring (similar assurance cannot be given about a possible, future repetition of the oil crisis). So, while affordability problems will remain, just as substandard housing conditions have persisted since 1970, they will not require a new generation of public policy tools.

The issue which is coming increasingly to the fore is community. It finds its expression in many different ways:

- A high-level concern about sprawl and the loss of traditional town centers;
- The ongoing issue of how to get people with mental illness and other disabilities out of institutional settings and into residential neighborhoods;
- The search for how to help the homeless deal with underlying problems and issues, many of which go beyond housing;
- The exploration of different kinds of housing arrangements for the "very old" (over 75), the fastest growing group in our society;
- people out of their cars and walking around their neighbors' houses;
- A concern about the isolation of poor people in our city centers, as better-off families move to suburbs with better school systems.

Some of these are labeled "special-needs" housing issues. Others are considered planning issues. But what all have in common is a focus on qualitative rather than quantitative improvement.

For many years the vocabulary of housing policy seemed like an accountant's ledger: We need this many units; we have produced that many units; our gap is so many more units. With this focus on producing units and meeting numerical goals, we have succeeded in breaking historic records for construction in Maine in the postwar era, and in the process we have improved the quality of our housing and have made it more affordable to the average family at the same time.

Yet even though we've accomplished what we set out to do, the result does not feel totally satisfying. Most of us have decent homes, most of us have plumbing, most of us have more space,

most of us can afford it, but something is missing. What is missing is the quality of diversity and community in our lives.

Ironically, this brings us back to the kind of issues that produced Strathglass Park in Rumford at the turn of the century. Strathglass Park reflects state-of-the-art modern planning theory. In the *American Planning Association Journal* it would be called a “neotraditional cluster mixed-use development.” It has different incomes and social classes all living together, attractive sturdy buildings, a diversity of types of housing, trees, sidewalks and parks.

Hugh Chisholm—the creator of Strathglass Park—had something more than housing in mind when he started off. Here is how he saw the future of Rumford *after* its new housing was in the ground:

“Its industrial activity has been but started, and another decade of progress should place it in the front rank of Maine cities. But its leaders should realize the importance of conservative growth and careful investment, and they should not forget that the town’s prosperity cannot be permanent unless the children and young people, who will soon be leaders in the community, are given every advantage... 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 increasingly prosperous future...”⁷

In other words, for Chisholm, building the right housing was just the first step toward building a vital community. Housing is more than a collection of “affordable decent units.” It is people living together. Chisholm’s spirit is a good guide for us today. 🐟



Frank O'Hara is a vice president and principal of Planning Decisions, Inc., a Maine public policy research firm with offices in South Portland and Hallowell.

ENDNOTES:

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