

## Community Development Needs Assessment

An assessment and inventory of the community development needs for a state as large and diverse as the State of Maine is an exhausting task. With almost 500 cities, towns and unorganized territories, each with multiple community development needs and opportunities demographics, the breadth of this task can be easily seen. The state contains urban, suburban, rural communities and remote rural regions of great geographic and economic diversity. The assessment of community development needs must therefore be relatively general in nature but at the same time must be representative, at least as close as possible of the specific needs of Maine's cities and towns. The needs analysis for the 2012 Consolidated Plan update, as in past years, relies heavily on public input at public forums and during public hearings specific to the CDBG program.

### The Assessment

The assessment process contains six elements: public information gathering forums; a formal public hearing and information gathering process; a review of related or similar federal or state programs; demographic and economic data; a review of historic CDBG applications and; the State's economic development strategy.

**Public Forums:** At each group presentation, training session, and meetings with regional service providers, an open discussion was held to examine the potential for new and/or improvements to existing CDBG programs to address community needs and evaluate their potential effectiveness.

**Public Hearings:** Each year the CDBG program adopts rules for the administration of the CDBG program in Maine. The process follows the State Administrative Procedures Act. This year was similar to last year. There was one "informal" forum held in conjunction with the Maine Community Development Association prior to publishing of the 2012 Proposed Statement and the start of the rule making process. In addition to the forum, there was one formal public hearing with more than 90 people in attendance. This open solicitation sought comments from any interested party in verbal, written and via the internet. The actual number of comments was minimal, and the number of persons participating in the formal rule making/public hearing process was less than last year. The 2012 CDBG Program Statement is based on comments received regarding program changes and in particular on the allocation of the proposed budget amount for each program. The scoring process will remain very similar to last year and the community evaluation factor will be updated and published in the Program Statement so that communities will know that part of their score prior to submitting their application.

**Information from related programs:** Programs administered by Rural Development, Maine Dept. of Environmental Protection, Maine Dept. of Human Resources and the Maine State Housing Authority provide funds for community and economic development activities similar to CDBG. The current demand on these programs to fund community needs was reviewed. The DECD continues to meet at least annually with representatives of Rural Development, the Maine DEP, the state Drinking Water Program and the MSHA in an attempt to coordinate resources as much as possible.

**CDBG application experience:** A simple, yet effective, method to evaluate community needs is a review of recent and past CDBG applications. This provides a relative indicator of demand for funds and the type of projects communities have identified as needing immediate attention.

**Demographic and economic data:** This information is basic to any understanding of needs, though it is very general.

**State economic development strategy – Commissioner’s priorities:** In 2004 the Department of Economic and Community Development conducted an assessment of statewide economic development needs. This culminated in a state economic development strategy of which the CDBG program plays a significant part. The State Economic Development Strategy is in the process of being updated. This process will be completed by the end of the year (2011).

## **The Results**

**Public Forum:** The forum was not designed to reach a consensus on the CDBG program but to obtain input from communities, service providers, engineering firms, consultants, program administrators and the public. In general, meeting attendees support the current allocation of CDBG resources and the existing menu of programs. Significant comments included:

- maintain program funding levels as close to last year as possible
- communities should establish their own priorities for CDBG funded projects
- retain a mix of economic development, housing, public infrastructure and public facilities
- retain funding for downtown activities in the present format including the Community Enterprise program
- Increase funding for Housing activities particularly rehabilitation
- Increase eligible activities for funding under the Public Service program

**Public Hearings:** Approximately 92 individuals, including community officials, economic and community development professionals, housing providers, technical assistance providers, consultants, community residents and leaders of nonprofit organizations attended our public hearing and information gathering session to provide comments and suggestions regarding the CDBG program for 2012 and to verbalize their community’s’ greatest CD and ED needs. The three greatest needs identified were for public infrastructure, particularly water and sewer projects, economic development job creation related projects and housing related programs, especially rehabilitation. Other types of programs identified by respondents were public services, public facilities (mostly community centers, historic preservation and fire stations) planning activities and downtown revitalization (particularly façade improvement) programs. Of these last four, downtown revitalization including facades had the strongest response.

**Information on Related Programs:** The Maine Department of Environmental Protection maintains an inventory of wastewater facility needs they have identified and prioritized. The list contains numerous projects with a combined total estimated cost that far exceeds available funding. To complicate matters further, many of the communities not only qualify for grant funds but truly are unable to repay loans for these projects while the demand exceeds grant funds there are loan funds available that are not being utilized for lack of ability to repay. Although some of these projects are located in the state’s five entitlement cities and one urban county, which are not eligible for the state CDBG program, there are also many that are in communities that while having a legitimate need, can not meet the eligibility criteria for CDBG funds.

The state Drinking Water Revolving Loan Program, like the MDEP, has several times the amount of requests as available funds, particularly grant funds. As might be expected, many requests are to address serious health threats but they also have requests for expansions to new developments and system upgrades. However, the program is only designed to address health, compliance and replacement of aging systems and can not be used for system expansions or fire protection.

The USDA Rural Development agency provides funds for water, storm water, wastewater, and reservoir construction projects. Over forty projects are on the waiting list to be funded with an estimated cost that as with other agencies far exceeds available funds. As with other agencies, not all the backlog of projects is eligible for CDBG funding. It should be noted that these lists are by no means inclusive of all potential projects.

**CDBG Application Experience:** CDBG programs are provided to eligible Maine communities through a competitive grant application basis. The following is a list of applications received and funded for the major CDBG programs from 2005 to 2010.

Program	2006		2007		2008		2009		2010		2011	
	Appls	funded	Appls	funded	Appls	funded	Appls	funded	Appls	funded	Appls	funded
Housing	13	6	14	7	16	8	20	7	14	10	15	6
Public Infrastructure	17	7	12	7	14	9	7	6	15	7	15	9
Public Facilities	19	13	15	8	11	8	11	7	16	8	14	4
Public Service	11	5	7	4	8	5	5	4	11	7	8	3
Economic Development	33	19	36	13	3	2	26	18	12*	11*	7	4
Downtown & Community Enterprise	14	9	14	7	13	9	12	7	18	11	14	10
Community Planning	18	16	26	15	30	24	14	11	21	16	10	4

*\*Through Round 2 of EDP Program Year – Round 3 - TBD*

It's fairly clear that demand for CDBG funds in all competitive programs exceeds the supply of funds.

For our Development Fund loan program demand continues not to meet supply primarily because market interest rates are very low and businesses can secure loans without the requirements or "red tape" associated with the CDBG program. Demand for Urgent Need funds has varied over the past years obviously dependent on unpredictable or unforeseen events.

The program has seen an increasing demand for projects to develop handicap access to public buildings and public access to the waterfront (boat ramps and piers) and historic preservation.

### **Demographic and Economic Data**

**Population:** Without analyzing a hoard of complex data, simple conclusions can be drawn of Maine's population. 1) it's growing at a very slow rate, about as slow as any state in the country; 2) it's aging as the "baby-boom" cohort ages and as young people move out of state seeking perceived better job opportunities; 3) it's increasing faster in the southern and coastal regions and diminishing in the central, northern and eastern regions.

**Economy:** Maine's per capita income remains low; however the unemployment rate has been less than the national average. The state has experienced its best economic performance in over a

decade. Baring unforeseen downturns in the world or national economy Maine should continue on its slow steady path of growth in income, wages and employment.

While Maine's economy has made ground, Aroostook, Piscataquis, Somerset, Waldo and Washington remain as the poorest counties in the state. Among the primary goals of DECD and the CDBG program is to improve the position of the state and particularly these most seriously distressed counties.

**Unemployment:** Compared to the dismal times of the recession of the early 1990's unemployment rates have improved. The state as a whole is below the U.S (the most recent figure is 4.8%). Despite this positive situation several of the state's 35 labor market areas have rates that far exceed the national average.

While the CDBG program does fund projects in all regions of the state, its focus will remain on those with struggling economies and high rates of unemployment.

**State Economic Development Strategy:** Increasing economic opportunity for the people of Maine is State's top priority. Economic growth occurs through business retention, business expansion, business creation and business attraction. To achieve each, Maine's economic strategy must embrace four fundamental economic drivers. These drivers and their "subparts" are:

1. The creation of a fair and stable business environment
2. Investment in people
3. A clear focus on key sectors of the Maine economy
  - A. Mature industries
    1. Forest products industry
    2. Marine related activities
    3. Precision and niche manufacturing
    4. Tourism
  - B. Emerging industries
    1. Biotech and biomedical research
    2. Financial services
    3. Radio Frequency Identification
    4. Building our infrastructure

The Economic Strategy for Maine also contains several "cross-cutting issues" which potentially affect all four of the listed drivers, these are:

Entrepreneurship  
The creative economy  
Small business support  
Youth summit  
Indian Tribe development  
International trade and business attraction.

While it would require more space than available to include the entire State of Maine Economic Development Strategy here, a copy can be obtained by contacting the Department of Economic and Community Development or visiting the State's website, however, as stated earlier, this is being updated and the new version will be available after the first of the year (2011).

## **The Sum**

To sum up the general findings:

- Infrastructure, economic development and housing remain central to the CDBG program
- Interest in downtown revitalization activities remains strong
- Water, sewer and public facility (especially historic preservation) programs are in very high demand
- In general, community and economic development choices should be made at the community level