



COASTAL
ENTERPRISES
INC.

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**Policy
Directions for
Maine**

*The recommendations of
Coastal Enterprises, Inc.*

Wiscasset, ME

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POLICY DIRECTIONS FOR MAINE: SUMMARY RECOMMENDATIONS

The following recommendations are based on CEI's experience as community economic development practitioners for nearly 35 years.

Sustainable Development: A Framework for State Policy

- Allocate resources according to their economic returns, social or equity benefits (particularly for low-income individuals), and positive environmental impacts (the 3Es).
- Apply these 3E criteria to state spending, investment and incentive programs and regulatory policies.

Invest in Maine

- Invest in education and training, community infrastructure, affordable housing, small businesses, tourism, and natural resource and renewable energy industries to spur economic recovery.
- Convene a working group of relevant state agencies, private lenders and investors to look at current capitalization practices and recommend new approaches to facilitate capital investment.
- Invest in Maine's natural resource industries and "working landscapes" (e.g., farms, working waterfronts, forests) to protect the environment, create economic development opportunities, and preserve Maine's communities and unique quality of life.
- Create tax credit programs to leverage investment in Maine.
- Leverage state funds by matching federal programs and creating incentives for private and philanthropic investments in infrastructure and job creation.
- Consider all options for raising state revenues and federal dollars.



Grow and Attract Entrepreneurial Businesses

- Remove barriers to entry and expansion (e.g. lack of high-speed Internet access and cell phone service, affordable health care, transportation infrastructure, and skilled workers).
- Develop a system that supports entrepreneurship, provides business advice, financing, and training in business issues, including reducing energy costs and "greening" business processes, products and services.
- Address the needs of the growing population of refugee and immigrant business owners.
- Promote employee ownership as a strategy to retain and strengthen Maine businesses.
- Encourage development of new technologies and new applications for existing technologies.

Support Affordable Housing Opportunities

- Develop and preserve affordable rental housing, applying a smart-growth and green approach.
- Support homeownership through education, counseling and financial literacy programs, and financial incentives.
- Reduce energy costs and dependence on oil by creating incentives for homeowners and landlords to weatherize their properties.
- Provide leadership to encourage better coordination and alignment between state and federal agencies involved with affordable housing development.

Support Strong Consumer Protections

- Support strong consumer protection laws and safeguards against predatory lending.
- Support a media campaign to make the public aware of good and bad lending practices.
- Continue efforts to assess education, outreach and products for the under-banked and unbanked.
- Advocate for prevention of federal preemption of strong state consumer protection laws.

Develop Strategies to Address Maine's Aging Population

- Look for innovative ways to provide more affordable home- and community-based solutions for Maine's aging population and prevent expensive institutionalized housing and services.
- Build on existing technology development to provide the option for people to stay in their homes or relocate to service center communities and enjoy a high quality of life.
- Study and support new housing designs, ownership and financing models, and provision of services that help seniors remain as independent as possible as they age.
- Create opportunities for flexible work and retraining.

Attract Highly-Educated Young Workers and Entrepreneurs to Maine

- Target opportunities to specific populations (e.g., creative professionals, apprentice farmers, people seeking quality of life, authentic communities, people with Maine ties) through outreach/marketing to existing networks and the broader media.
- Consider a "fast response" program that provides assistance quickly when there's a critical mass of activity and/or business growth that has the potential to attract new in-migrants.
- Provide incentives to attract people to promising communities in Maine's most rural counties that already have some activity to draw in-migrants.

Preserve Social Justice

- Invest in a safety net that provides income supports, services, and health care - all for vulnerable populations.
- Create a refundable state Earned Income Tax Credit so that low-income individuals can receive a tax refund for the amount of the credit that exceeds taxes owed.
- Support marriage equality in Maine.

Purpose of Policy Directions Document

Coastal Enterprises, Inc. (CEI) is proposing the policy directions in this report as priority issues for consideration by gubernatorial candidates, legislators and others interested in the future of the Maine economy. They are based on CEI's experience as a leading practitioner in community economic development and community development finance for almost 35 years and reflect areas in which CEI is currently engaged. CEI's goal is to influence the direction of state policy in order to have a positive impact on the communities and people CEI serves, especially those with low incomes. CEI looks forward to working with the next administration to leverage the considerable resources and knowledge CEI brings to the table, with the intent of forging a long-term partnership.



The next governor will have daunting challenges exacerbated by a slow economic recovery, particularly in job creation. Even before the nationwide economic crisis, Maine had experienced major job loss in manufacturing industries, which had been gutted by global competition. The current recovery has not followed historic patterns, and some question whether good jobs can be created on the scale needed to fully employ the unemployed and underemployed.¹

At the same time, there is an opportunity for fresh thinking and new strategies. Maine has considerable assets on which the next governor needs to capitalize, with the goal of benefitting all of Maine and its residents over the long run. There is much promise in creating targeted value-added uses in the still abundant, traditional natural resource sectors, and new



opportunities in using our resources for producing energy. Possibilities for new materials such as bio-plastics and for new tourist markets such as ecotourism and cultural tourism are all clearly evident. Perhaps Maine's biggest asset is its "quality of place" - its cultural and natural landscapes that need to be preserved and improved so that Maine can attract a larger pool of talented

¹While jobs may eventually rebound, the polarization between high-skilled and low-skilled jobs continues to widen. See http://www.americanprogress.org/issues/2010/04/pdf/job_polarization.pdf.

individuals, entrepreneurs and clean industries. Maintaining the quality of our workforce will require considerable investment in education and training. While a recent survey indicated that the business community values Maine’s labor pool and educational system², Maine’s Department of Labor calls attention to gaps in available skills and long-term labor shortages.³

Priority Issues and Recommendations

1. Sustainable Development: The Framework for State Policy

Sustainable development will protect Maine people, its environment and the planet. Climate change, which the scientific community widely acknowledges as a growing crisis⁴, is likely to result in major changes in coastlines, crops, vegetation, and energy sources. Maine needs economic development policies that support environmental friendliness, offer equal access for low- to moderate-income residents and provide long-term economic returns, while limiting negative ecological impacts such as climate change, global warming, or exposure to toxins.

Recommendations

Allocation of resources

State government must allocate resources according to their economic returns, social or asset building benefits (particularly for low-income individuals), and positive environmental impacts (the 3Es). The results of those investments can be measured as follows:

CEI has been promoting and practicing sustainable development through education, policy and investment practices over the last 15 years. More recently CEI has worked with peer organizations to better understand how to measure investments according to economic, equity and environmental returns. Applying a similar approach will enable the state to measure what it does and hold itself accountable for achieving sustainable development practices.

- **Economic returns:** financial returns, job and asset growth, community or regional economic growth.
- **Equity returns:** assets and jobs created for historically disadvantaged individuals, sectors, and communities.

² See <http://www.criticalinsights.com/assets/MMB2010REPORT.pdf>

³ See *Maine Labor Market: Trends and Issues*. Maine Department of Labor, Center for Workforce Research and Information, September, 2009.

⁴ See *Maine’s Climate Future*, University of Maine, Feb. 2009, http://climatechange.umaine.edu/files/Maines_Climate_Future.pdf, and Union of Concerned Scientists, *Confronting Climate Change in the U.S. Northeast: Science, Impacts and Solutions*, 2007, <http://www.climatechoices.org/assets/documents/climatechoices/confronting-climate-change-in-the-u-s-northeast.pdf>.

- **Environmental returns:** increasing positive impacts and reducing negative effects on nature's macro systems. This occurs through sustainable management of resources, protection of water quality and systems, and through reduction in materials use, toxics, energy consumption and greenhouse gas emissions.

Some Initial Steps

- Encourage purchase of local goods and services through state procurement policies and the strengthening of in-state networks and local supply chains.
- Invest a small percentage of state pension funds in a Maine sustainable development portfolio, which will achieve economic as well as environmental and social returns.
- Require that investments in natural resource sectors, such as farms, fisheries and forestry, can demonstrate the sustainable management of the resource through a management plan or third party certification.
- Continue to support sustainable building standards (e.g. state building code, with preference for LEED⁵ certification) as investment criteria in housing and community facilities.
- Support enforcement and training in the new state building and energy codes adopted in June, 2010.
- Encourage the state building codes board to adopt additional standards to promote the construction of energy-efficient buildings that provide a comfortable, healthy and long lasting living environment and to the extent possible, use locally produced and sustainable building materials and fuel.



2. Invest in Maine and its People

Investment is needed, particularly in tough economic times, to create jobs, put people to work and spur economic recovery. Priority areas for state investment include education and training, community infrastructure, affordable housing, small business development, tourism, and natural resource/renewable energy industries. All options must be considered for raising adequate funds for investment, including new

CEI continues to invest in small businesses, real estate, and new technology industries. In fiscal year 2010, CEI projects lending \$10.8 million.

⁵ LEED stands for Leadership in Energy and Environmental Design and is the recognized set of environmental standards in the building industry.

sources of state revenue and innovative financing tools. The state should leverage its funds by matching federal programs and creating incentives for private and philanthropic investments in infrastructure and job creation.

Recommendations

Develop a capitalization strategy

The next governor should focus strategically on the state's role in capital formation - particularly for the energy sector, which holds great promise for the state - and for other industries with comparative advantages. Pre-development capital is very difficult to access for smaller ventures within emerging industries.

- Convene a working group with relevant state agencies, pension funds, bonding agencies, private lenders and investors to look at current capitalization practices, recommend new approaches for the state to facilitate capital investment in Maine, and leverage private and federal resources.
- Target general obligation bonding as a catalyst in the energy sector, in order to open up other larger-scale resources such as:
 - Community Renewable Tax Credit Bonds
 - New Markets Tax Credits
 - Department of Energy guaranteed loans
 - Other bonds issued for economic recovery
- Target other sectors that benefit Maine's rural economy, such as ecotourism and value-added natural resource industries.



Create Tax Credit Programs to Leverage Investment in Maine

- Create a state New Markets Tax Credit (NMTC) program to leverage the federal NMTC Program and provide competitive returns to investors. Other states have programs that enhance returns to tax credit investors.
- Expand Maine's Seed Capital Tax Credit to include private funds loaned for community investing. For example, CEI Investment Notes, Inc. mobilizes capital from accredited, private investors to provide patient capital to micro, small and medium businesses, natural resource-based industries, affordable housing and community facilities that deliver economic, social and environmental benefit to Maine communities and people. These types of investment tools could be expanded with better incentives for private investors.

CEI has succeeded in winning \$606 million in federal tax credits, of which \$157.9 million has been placed in Maine to date, leveraging over \$475 million and bringing new capital into the state. Additional incentives could lead to greater investment.

Invest in Existing and New Programs to Support Small Businesses

- Provide additional capital for FAME’s Regional Economic Development Revolving Loan Program that puts capital out to job-creating small businesses through regional economic development intermediaries. Many small businesses cannot access conventional financing in this tight credit market.
- Explore and support development of a high-risk loan fund to seed collateral-poor start-ups and expanding businesses.
- Make state funds (e.g., Community Development Block Grants) available to meet federal matching requirements to sustain proven business assistance programs such as the Small Business Development Centers, the Women’s Business Center, and others, thereby assuring the availability of consistent, professional and accessible assistance for start-up and existing micro and small businesses in Maine.

Invest in Natural Resource Industries

It is critical to maintain Maine’s natural resource industries and “working landscapes” (e.g., farms, working waterfronts, forests) with investments that protect the environment, create economic development opportunities, particularly in rural communities, and preserve Maine’s communities and unique quality of life.



Agriculture and Food Systems

Build on the growing demand and markets for local, quality food by enhancing the local food system. CEI recommends building the

capacity of Maine farms and farm infrastructure, based on more than 30 years’ experience working with farmers and administering the Maine Farms for the Future program for the last nine years. The state should adopt strategies to encourage Mainers to produce the local agricultural, aquaculture, and fisheries foods that will feed Mainers and reduce dependency on food transported from out of state.

- Through tax incentives and stimulus grants, support the purchase of local food for public schools and institutions, development of value-added agricultural products and investment in agricultural infrastructure, such as slaughter houses, distribution and storage systems.
- Establish a procurement policy that mandates a minimum percent (e.g. 10% by 2015, 20% by 2020) of funding to be spent on local food in state-run institutions.
- Increase state reimbursements for school nutrition programs that buy local food.
- Facilitate the movement of young people into food production careers by providing networks of education, training and financing.

For over 30 years, CEI has invested in sector initiatives to support natural resource industries through access to financing, technical assistance, infrastructure development (like the Maine Aquaculture Association or Portland Fish Auction) and policy initiatives that create resources or favorable regulation or taxation.

- Protect the state’s best farmland and working waterfront properties from development through continued bond funding of the Land for Maine’s Future Program.
- Defend and extend Maine’s right-to-farm laws.

Fisheries

Encourage, develop and support the fisheries sector, including the advancement of marine aquaculture.

- Create incentives (e.g. targeted loans and tax credits) for fisheries and aquaculture businesses that are not eligible for funding from the Maine Technology Institute to invest in value-added processing in Maine. Create a mutually acceptable formula for producer/processor contributions to a fisheries/aquaculture marketing fund for Maine produced seafood.
- Extend fisheries/aquaculture use of the Efficiency Maine program by qualifying uniquely efficient marine use equipment and machinery.
- Establish a new public-private Lobster Marketing and Research institution as recommended by the Lobster Task Force. The entity would focus on broad industry marketing and research priorities, consolidation of existing fragmented efforts of support organizations within the lobster industry, adoption of a unified vision, and implementation of a business plan for the benefit of the industry as a whole.



CEI has a robust loan portfolio of forestry and forestry-related businesses, including wood products firms, loggers, and specialty craft artisans. It is currently partnering with the Manomet Center for Conservation Sciences and a landowner to assess the potential for monetizing carbon sequestration on some of the timberlands that its New Markets Tax Credit Program helped finance. If there is potential for selling carbon credits, a replicable model may be created to demonstrate how to monetize ecosystem services in managed forests and generate new sources of revenue to support sustainable forest management.

Forestry

Maintain and adopt strategies to strengthen and diversify markets for multiple revenue opportunities derived from sustainably managed forests.

- Encourage voluntary third party certification of forestland, processing facilities, and harvest practices. Maine currently has 7.6 million acres of land – 37% of the state’s productive forestlands – certified under three independent, third-party, certification systems, including the Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI), and American Tree Farm. Of this total, 2.1 million acres are certified by both the FSC and SFI.
- Encourage and support energy efficiency and commercial and community-scale renewable energy efforts within the forest products industry.

- Foster and support the maintenance and development of traditional and emerging markets for products and services derived from forests. One step is for the Regional Greenhouse Gas Initiative to:
 - Recognize the important role of managed forests in sequestering carbon dioxide.
 - Make carbon markets credible by ensuring that these markets produce real, additional, verifiable, enforceable and permanent climate benefits.
 - Ensure that carbon markets are accessible to small and large landowners.
- Encourage and undergird the role of forests in regional and national climate change mitigation and adaptation strategies.
- Encourage innovation in advanced biofuels research and development, value-added production in the secondary wood products sector, and wood as a building material.

Invest in Energy Efficiency and Renewables

Maine enjoys a natural competitive advantage in the renewable energy sector. The state must continue to develop and support well planned renewable energy projects at both the utility and community scale. Doing so will allow Maine to displace carbon fuels, slow climate change and build new businesses and employment.

- Expand Efficiency Maine’s scope to incent “mom and pop” or micro businesses to do weatherization.
- Strongly link Efficiency Maine with the state’s private and nonprofit financial institutions. Lenders work with Maine companies at the point of new business investment, when energy conservation improvements are most easily made.
- Partner with private and nonprofit financial institutions on capital formation to support community-scale renewable energy projects. Based on CEI’s experience, there is currently a dearth of capital for pre-development and development of these projects such as feasibility studies, environmental studies and permitting, which can run as high as \$2 million.
- Invest in community-scale distributed energy generation (e.g., small-scale tidal or wind power) and a transmission system that favors Maine-owned power generators and distributors.
- Work with the Efficiency Maine Trust to ensure that Maine’s transition to renewable energy is achieved at a cost to consumers no greater than that of carbon-based fuels.



Invest in Tourism

Tourism is one of Maine's largest industries. It is also one of the few industries in interior Maine with opportunities to expand, if product and destination development is aligned with the changing tourism market.⁶

Increased investment in tourism infrastructure – road maintenance, high speed Internet and cell phone access, trails, trailheads, boat launches, signage, and visitor centers – will be critical for developing this sector of the economy. This infrastructure allows visitors to access and enjoy Maine's natural features safely.

- Create a strategy for developing world-class destinations particularly in interior Maine:
 - Upgrade the quality of tourism products and services to attract tourists seeking new experiences and interested in quality dining, lodging, shopping, local culture and nature.
 - Train front-line customer service workers in knowledge of the culture and ecology of the local area.
 - Provide tourism workers with livable wage career paths.
 - Create a coordinated marketing strategy that supports and encourages the branding, packaging, research and marketing of nature-based tourism opportunities in order to capture a higher-paying market.
 - Provide business assistance and training as well as assistance in accessing capital.
- Support the Wabanaki Cultural Tourism Center, an important initiative in interior Maine led by Four Directions Development Corporation.

CEI has invested in various types of tourism businesses over the years. More recently its New Market Tax Credit (NMTC) Program used credits to provide the long-term debt financing for a major new recreational tourism/working forest business operated by the Appalachian Mountain Club in northwestern Maine and for a private developer to preserve a parcel of land at risk of real estate speculation in Grand Lake Stream. The investment will eventually create a permanent asset of nearly 22,000 acres for the town and will generate revenue from timber and serve as a platform for local fishing and hunting guides.



3. Grow and Attract Entrepreneurial Businesses

Entrepreneurs and small businesses are the backbone of Maine's economy. Maine needs to support and develop all types of small businesses from growth companies to self-employment opportunities – an important option for people with limited access to resources, particularly in rural communities.

⁶ See David Vail, "Economic Development Investments to Realize Rural Maine's Tourism Potential," *MECEP Choices*, July 21, 2010.

Recommendations

Eliminate barriers to entry and expansion

CEI customers continually articulate barriers to starting or expanding their businesses. The next governor needs to address these issues if Maine is to have a vibrant, entrepreneurial economy.

- Ensure the availability of affordable high-speed Internet access and cell phone service to all business and households in Maine.
- Provide the transportation infrastructure necessary to support business and commerce, including public transportation alternatives.
- Support policies that provide affordable health care.
- Develop policies and programs that support a well-trained, qualified workforce.
- Streamline licensing, regulatory and reporting requirements for small businesses, particularly for microenterprises where possible.

CEI supports small businesses through its financing programs that include loans and venture capital and through management assistance via the Maine Small Business Development Center at CEI, the Women's Business Center, and StartSmart, a program for refugees, immigrants, and naturalized citizens. CEI loans approximately \$10 million and serves 1,800 clients each year.

Develop a system that supports entrepreneurship

Maine should capitalize on its history of innovation and embrace a comprehensive approach to support entrepreneurship.

- Focus on building entrepreneurial skills and capacity.
- Increase ease of access to services across the spectrum of needs, including an ability to match the needs of entrepreneurs with the core competencies of support organizations.
- Reactivate the Entrepreneurial Working Group to facilitate regional and/or statewide collaboration among support organizations.
- Integrate entrepreneurship education into K-12, higher and adult education.
- Support the Maine Technology Institute in providing targeted assistance for technology-based enterprises, including development of new technologies and new applications for existing technologies.
- Initiate a program that provides small grants to non-technology-based business start-ups with growth potential or businesses in strategic sectors.
- Stimulate networking and mentoring opportunities.

Address the needs of the growing population of refugee and immigrant business owners

Over the last 13 years more than 230 businesses started by new Americans benefited from CEI's business assistance programs. More can be done to support the entrepreneurial aspirations of new Mainers.

- Support the Office of Multicultural Affairs and ensure that it works closely with business development services to serve the needs of Maine's growing population of minority entrepreneurs.

- Ensure that state workers are prepared to respond to multicultural issues and are empowered to help support the creation and development of refugee and immigrant small businesses.
- Promote the development of new products and services to respond to this growing segment of the population. For example:
 - Authorize FAME to provide no-interest, Sharia-compliant commercial loans. For observant Muslims, the payment of interest is forbidden by religious rules. CEI has pioneered a Sharia-compliant microloan product that charges fees in place of interest and can be used as a model.
 - Adapt current licensing regulations to accommodate new business ventures that serve these populations but are not pertinent to current regulations. For example, a simple hair braiding business now requires a cosmetology license that involves considerable training and expense.



Promote employee ownership as a strategy to retain and strengthen Maine businesses

Employee-owned businesses are rooted in the local community. They distribute wealth among workers and can increase productivity, especially if workers participate in decision making. They provide options for retiring owners who do not have successors (the number one challenge of family-owned businesses), for workers facing plant closings, and for new start-up firms that want employees to share in wealth creation and decision making. Businesses that are restructured as employee stock ownership companies also have tax advantages.

- Increase education and outreach of benefits of employee-owned firms.
- Build capacity of Maine’s business assistance organizations to help business owners evaluate and implement employee ownership options, including Employee Stock Ownership Plans (ESOPs).

Increase the pool of skilled labor that can meet the needs of entrepreneurs and existing businesses

The size and quality of the labor force are key issues for entrepreneurs and businesses, either moving to or expanding in Maine. The lack of adequate skilled labor in sectors with growth potential has been a perennial issue in Maine. Our aging population is expected to make the need for trained workers even greater in the coming years.

- Improve understanding of job sector growth over the next 5-10 years and invest in education and training programs, including the Maine Quality Center’s customized training program and the Governor’s Training Initiative, in order to address labor gaps.
- Provide sufficient support for Maine community colleges, the University of Maine system, and adult education to meet education and training needs.
- Increase the influence of the Maine Jobs Council by reviewing its governance structure, including representation on the Council and on the four regional workforce investment boards. Improve the Job Council’s external marketing and communication so that Maine businesses know what services the council offers.
- Improve coordination of adult education programs, community colleges and universities and improve access to education online and in satellite offices.



4. Support Affordable Housing Opportunities

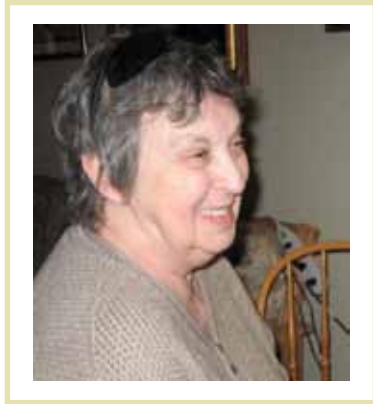
The new governor must respond to current housing conditions and lay the groundwork for future policies that support the creation and preservation of housing affordable to low- and moderate-income residents. The current recession affects different types of housing differently, and the state must plan accordingly. For instance, low prices and interest rates and a glut of homes for sale create an immediate opportunity for first-time homebuyers. At the same time, foreclosures bring more renters into an already squeezed market, increasing demand for affordable rental housing. According to a 2009 study conducted for the Maine Affordable Housing Coalition by a team from MIT, Maine’s rental housing stock has experienced a net decline since 2000, while rents increased much faster than incomes between 2000 and 2006.⁷ A lack of sufficient state and federal subsidies and the deterioration of existing affordable rental stock compound the issue.

CEI has engaged in affordable housing since 1989 and has developed capacity in a variety of areas, including the development and financing of rental and homeownership properties. Through development and lending, CEI has directly produced 677 units including 386 multi-family units, 236 single-family ownership or lease-to-purchase opportunities, and 55 supportive housing. Over the last few years CEI has targeted the preservation of affordable rental housing in order to acquire rental units from owners who exhaust their tax credits and no longer have an incentive to maintain affordable units.

⁷ *Housing Affordability in Maine: Taking Stock*; Housing affordability Initiative at the MIT Center for Real Estate, March 2009. <http://www.mainehousingcoalition.org/pdfs/Housing%20Affordability%20in%20Maine%20-%20Final.pdf>

Recommendations

- Support continued state investment in key housing programs that leverage private and federal capital, stimulate economic development, and provide crucial resources to develop affordable rental housing for low-income Maine residents. These include the State Historic Tax Credit program and the Affordable Housing Bond.
- Work to preserve Maine’s existing affordable housing. Encourage programs and investment that support the preservation, renovation and continued affordability of existing USDA Rural Development rental housing, HUD rental housing and other affordable rental options now threatened with deterioration, abandonment or market-rate conversion.



- Encourage energy efficiency through weatherization of existing properties, good building design, and replacement of fossil fuels with renewable energy technologies to maintain affordability over the long run.
- Provide leadership to encourage better coordination and alignment between state and federal agencies involved with affordable housing development. Encourage agencies such as MaineHousing and USDA Rural Development to better align their financing and technical standards and to minimize contradictory requirements – for example, when one agency requires community space and the other does not allow it.
- Support regional planning and smart-growth strategies for housing and economic development to avoid sprawl, NIMBYism and overuse of scarce resources. Housing and economic development are intricately tied together with impacts that are not confined within municipal boundaries. Housing and economic development should be considered with a regional view of density, commuting patterns, infrastructure development, public transportation, open space and related issues.
- Continue to support opportunities for low- and moderate-income residents to become responsible and educated homeowners through programs that provide first-time homebuyer education and counseling, financial literacy and financial resources such as down payment assistance. Strengthen housing education requirements for first-time homebuyers who borrow more than 80% of the purchase price.
- Work with MaineHousing to create a Sharia-compliant mortgage product, which Muslim residents can use to buy homes. Some national lenders now provide Sharia-compliant mortgage products, but there is great demand for a local product among Maine’s Muslim immigrants.



5. Support Strong Consumer Protections

Consumers are central to the economy and economic recovery. They need sufficient support in difficult economic times. When insufficient attention is paid to protect consumers from bad lending practices, consumer demand weakens, financial institutions unravel, and the economy as a whole reacts. Even with federal financial regulatory reform legislation, there will still be major issues for states to address. States often identify credit problems more quickly than the

federal government and should be proactive in addressing them. Maine is not preempted from passing laws that are stronger than federal legislation.

Recommendations

- Support strong consumer protection laws and safeguards against predatory lending.
- Support a media campaign to make the public aware of good and bad lending practices. Continue efforts to assess education, outreach and products for the under-banked and unbanked.
- Advocate with Maine’s Congressional delegation to prevent federal preemption of strong state consumer protection laws.
- Make sure any consumer loans for energy weatherization or retrofits maintain high underwriting standards and strong consumer finance protections so that borrowers do not find themselves over extended in debt.

In 2005, CEI formed a consumer coalition, which helped pass state legislation that prohibited exorbitant fees to payday lenders and thus prevented the expansion of the industry in Maine. In 2007, CEI led the coalition to help pass a strong state anti-predatory lending bill and a foreclosure prevention bill in 2008, since the federal government was not taking sufficient action.

6. Develop Strategies to Address Maine’s Aging Population

Maine’s median age of 42 gives it the distinction of being the oldest state in the nation.⁸ Maine may be faced with fewer workers supporting a growing aging population, long-term labor shortages, increased demand for health care and community services, and changing needs for housing and transportation. The labor pool providing health services and care for seniors is shrinking while the demand for services is rising.⁹ At the same time, there are serious questions about who will pay the cost of increased care. Will retirement assets be adequate? Will younger generations be asked to provide more support for aging parents at the expense of their own needs? Despite these challenges, the “aging industry” provides opportunities for new products, services, and housing configurations.

⁸ See Maine Department of Labor, <http://www.maine.gov/labor/lmis/publications/lmd/pdf/Sep09.pdf>

⁹ See Lisa Pohlmann and Christopher St. John, *Without Care: Maine’s Direct Care Worker Shortage*, Maine Center for Economic Policy, February 2003. <http://www.mecep.org/view.asp?news=85>

Recommendations

- Develop innovative services, technologies, and housing as well as flexible work opportunities that keep seniors active and living independently.
 - Look for innovative ways to provide more affordable home and community-based solutions for Maine’s aging population and prevent expensive institutionalized housing and services.
 - Build on technology development already occurring in Maine to provide the option for people to stay in their homes or relocate to service center communities and enjoy a high quality of life.
 - Study and support new housing designs, ownership and financing models, and provision of services that help seniors remain as independent as possible as they age.
 - Create opportunities for flexible work and retraining.



7. Attract Highly-Educated Young Workers and Entrepreneurs to Maine

Much of the policy focus has been on attracting businesses to Maine, or keeping young people in Maine. The state needs to direct more energy to attracting people. Studies in the 1970s through the early 1980s documented positive impacts of talented young in-migrants, particularly in Maine’s small rural communities.¹⁰ From more recent anecdotal accounts, it appears that many of these people went on to have an enormous impact on Maine at all levels of the community, state leadership, private and nonprofit enterprises.



It is not unreasonable for young people to leave Maine in order to experience other places and cultures. At the same time, return options that enable them to successfully use their skills, experience and resources should be a priority.

Good jobs, educational opportunities and affordable health care will always be key factors in attracting and retaining young people, but these require large investments even in the best of times. A targeted attraction strategy is low

¹⁰ See Louis A. Ploch, *Immigration to Maine, 1975-1983*. Maine Agriculture Experimentation Station, University of Maine, Bulletin 820, February, 1988.

cost and should be tested to see if it can demonstrate results in the short run. Studies of Maine's in-migrants done in the 1970s through the early 1980s found that quality of life was a major factor attracting the majority of young people to Maine.¹¹ They were attracted to the land (many tried farming) and to an opportunity to create and participate in communities. Maine again has pockets of in-migration of young people who want to apprentice on farms and eventually buy land, who come to Maine to attend specialized courses and stay, and who seek small, authentic communities and/or communities of interest. However, aside from would-be farmers, it is unlikely that Maine's remote rural counties or "rim counties" will have much drawing power except where there are job opportunities, quality infrastructure (good roads, high-speed Internet and quality cell phone service), proximity to urban areas and amenities.¹²

Recommendations

Maine should experiment with a targeted strategy to attract talented young people and entrepreneurs and build on existing pockets of in-migration.

- Target opportunities to specific populations through outreach/marketing to existing networks and the broader media.
 - Creative professionals who are drawn to the growing arts and design communities
 - Apprentice farmers seeking the opportunity to farm and/or acquire farm land
 - People seeking authenticity, quality of life, community
 - People with sentiment for Maine (e.g., past residents, summer people or summer camp, college or family ties)
- Consider a "fast response" program that provides assistance quickly when there's a critical mass of activity and/or business growth that has the potential to attract new in-migrants.
- Provide incentives to attract people to promising communities in Maine's most rural counties that already have some activity to draw in-migrants.

8. Preserve Social Justice

Sustainable development requires special attention to equity issues and basic needs, particularly for our most vulnerable populations. Strengthening opportunities for income generation, asset development, and health and retirement benefits enables people to be self-reliant and contribute to society. This includes addressing discrimination which limits opportunities, as in the case of gay populations who are denied the legal protections and benefits available through marriage. CEI looks to many partner organizations that assist specific vulnerable populations with these issues, while its own work focuses on helping individuals

¹¹ Ploch, *Immigration to Maine*, 9.

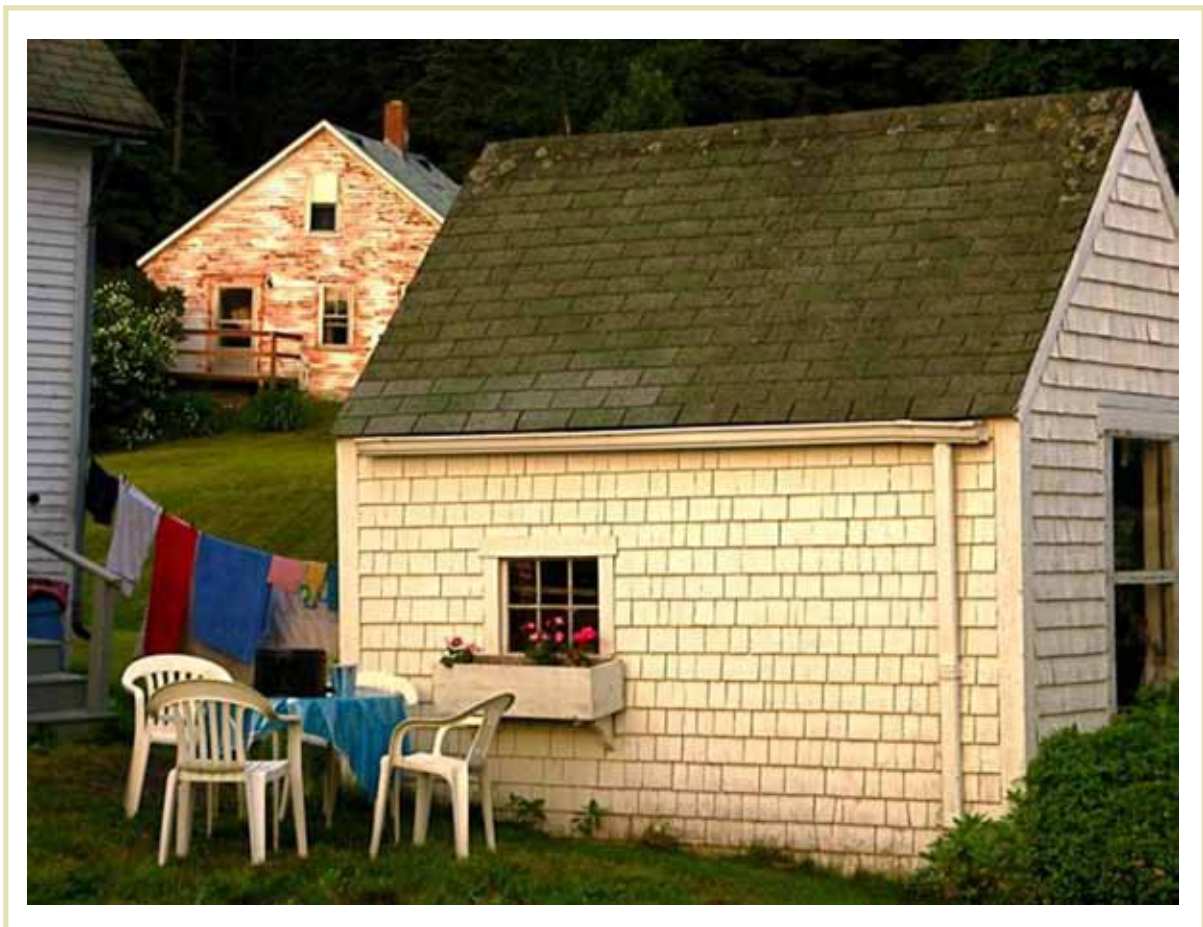
¹² See David Vail, "Prospects for a Rim County Population Rebound: Can Quality of Place Lure In-Migrants?" *Maine Policy Review* 19 (2010): 16-25. http://mcspolicycenter.umaine.edu/files/pdf_mpr/V19N1_VailFIN.pdf

access job opportunities and build assets through affordable homeownership, business ownership and individual development accounts (IDAs).

Recommendations

Some of the priorities that come out of CEI's work are:

- Invest in a safety net that provides income supports, services and health care for vulnerable populations.
- Create a refundable state Earned Income Tax Credit so that low-income individuals can receive a tax refund for the amount of the credit that exceeds taxes owed.
- Support marriage equality in Maine.





MISSION

Our mission is to help create economically and environmentally healthy communities in which all people, especially those with low incomes, can reach their full potential.

VISION

In 2014, Coastal Enterprises, Inc. is a nationally recognized leader in rural business and housing development, policy and finance, with a commitment to social and environmental justice. Customers, board members, staff, policymakers, investors and funders associate CEI with an exceptional ability to get things done, creating sustainable prosperity for people and places outside the economic mainstream with a focus on Maine and rural communities in the Northeast.

VALUES

- ◆ Justice – the right to political, economic, social and environmental justice
- ◆ Diversity – enrichment of cultural, ethnic and racial representation from work, customers, and partners
- ◆ Entrepreneurship – an innovative, risk-taking culture
- ◆ Collaboration – partnerships with stakeholders
- ◆ Customer service – continuous improvement to ensure quality service
- ◆ Professional development – support growth of board and staff
- ◆ Participatory work place – employees contribute to a healthy and productive workplace
- ◆ Healthy communities – clean and livable, rural and small town communities with a thriving farm, fish and forest base, local ownership and control of business education and health care system

Revised 2009

STRATEGIC PLAN: 2009 - 2014

STRATEGIC PRINCIPLES

CEI has adopted critical principles to guide its future strategy. In aggregate, these principles create a framework for CEI's business model to go forward and a renewed focus on a defined scope of activities in pursuit of excellence.

- ◆ **Define** boundaries to CEI's diversity.
- ◆ **Refocus** on historic strengths.
- ◆ **Concentrate** managerial and governance oversight on achieving excellence at CEI's core activity: business financing.
- ◆ **Prioritize** organizational discipline over expansion.
- ◆ **Build** greater programmatic synergy.
- ◆ **Refine** CEI's approach to policy to maximize programmatic impact.

FIVE-YEAR GOALS

1. **Realize** CEI's mission through the delivery of products and services consistent with triple bottom line criteria, grounded in CEI's historic strengths of community development finance to benefit low-income people.
2. **Nurture** an organizational culture and environment that supports innovation and synergy.
3. **Foster** a management structure that supports leadership development and ensures discipline, efficiency and effectiveness in operations, decision-making, program implementation and evaluation.
4. **Maintain** a strong policy, research and development program to support regulatory and resource development to increase CEI's impact.
5. **Sustain** the organization by developing diverse sources of capital as well as effective, transparent and disciplined program and financial management.
6. **Ensure** strong governance focused on organizational excellence.

