

CONFIDENTIAL DRAFT – For Internal Discussion Only

# A Roadmap for the Future of Housing Production in Maine

HR&A Advisors | January 2025

HR&A +



# Agenda

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1. Who We Are
2. Introduction
3. Key Findings
4. Recommended Strategies
5. Questions

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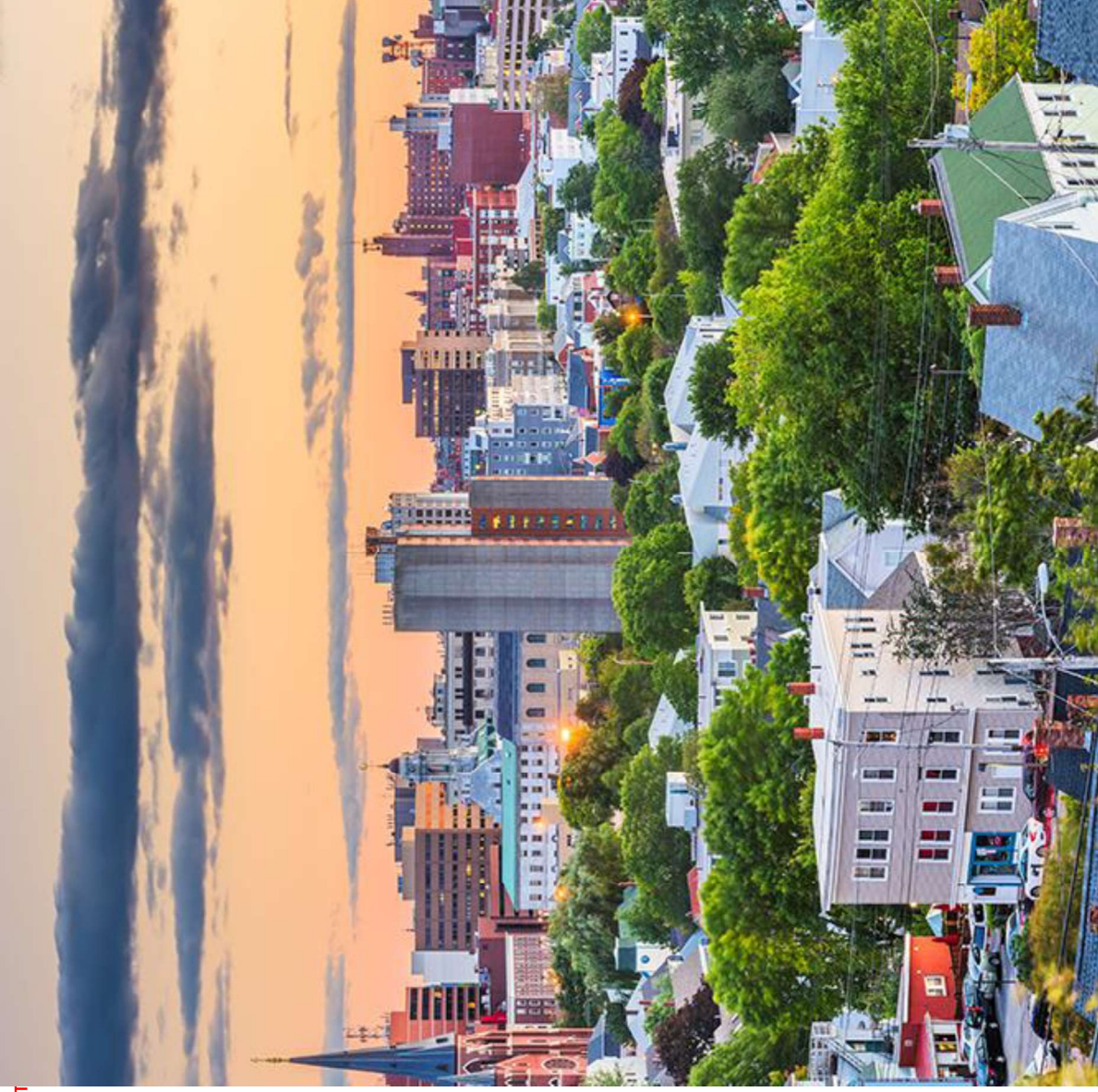
HR&A Advisors, Inc. (HR&A) helps create more equitable, resilient, and dynamic communities.

HR&A is an **industry-leading economic development, real estate, and public policy consulting firm** with offices in New York, Washington, DC, Los Angeles, Dallas, Atlanta, and Raleigh.

We bring decades of experience analyzing housing markets and developing strategies for cities, counties and states across the country.

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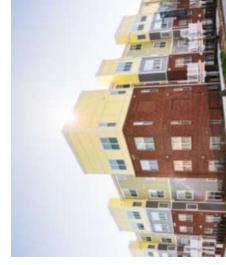
HR&A's **Housing Affordability Practice** addresses housing affordability issues at three mutually reinforcing levels.

## HOUSING PLANS & DASHBOARDS

Creating data-driven housing assessments and strategies based on local needs and priorities



Florida Apartment Scarcity Dashboard



Atlanta Equitable Housing Needs Assessment

## HOUSING POLICIES & PROGRAMS

Designing, launching, and operating policies that align community goals with housing market conditions



Charlotte Housing Affordability Calculator



New Orleans Incentives Strategy

## HOUSING FUNDS & TRANSACTIONS

Designing, implementing and underwriting loan products and funds for the development and preservation of housing



New York Housing Authority RFP Response



District of Columbia Housing Authority Greenleaf Redevelopment

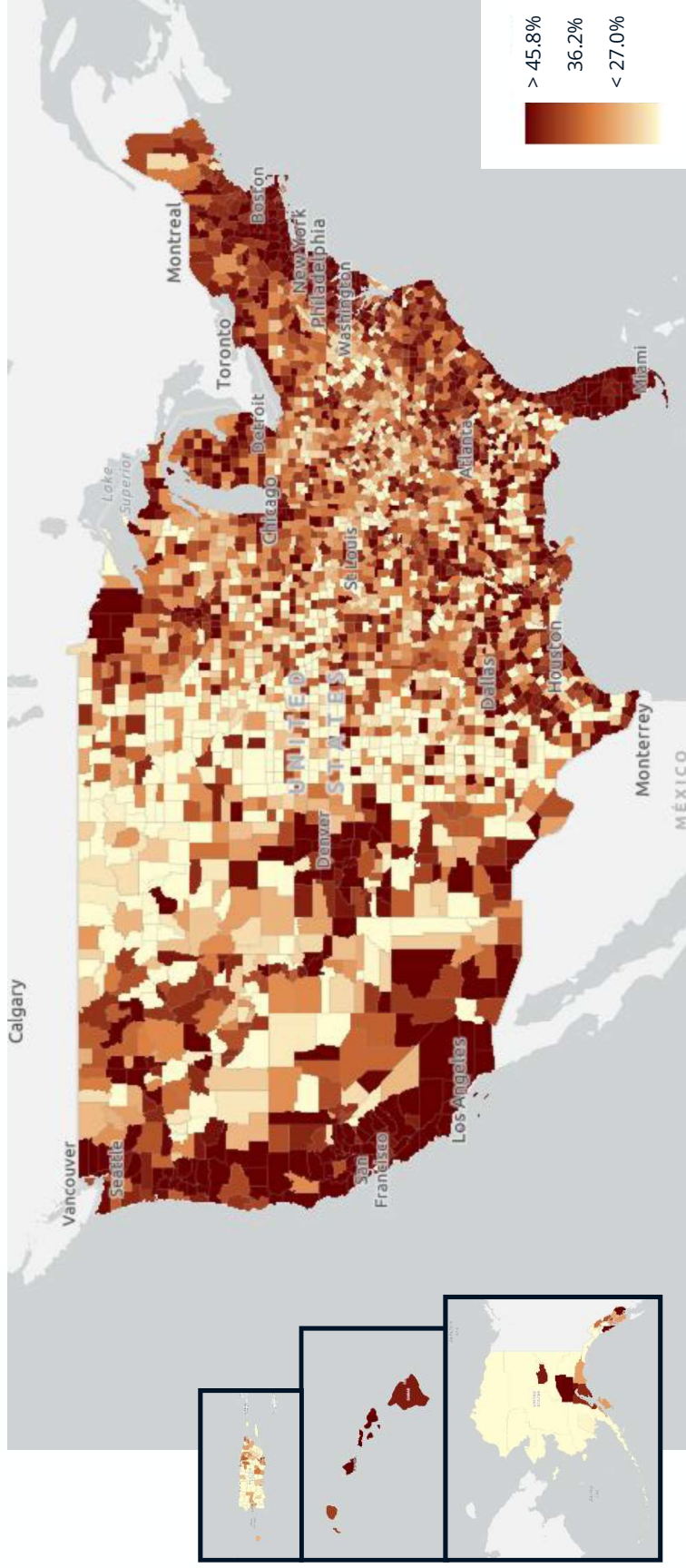
An aerial photograph of a suburban neighborhood, showing a dense cluster of houses with varying rooflines and colors, interspersed with green trees. The image is dimmed and serves as a background for the title. A blue vertical bar is positioned to the left of the title text.

# Introduction

## THE HOUSING CHALLENGE

The State of Maine, like nearly every other part of the country, is faced with a growing housing affordability problem that threatens the prosperity of Mainers and Maine businesses.

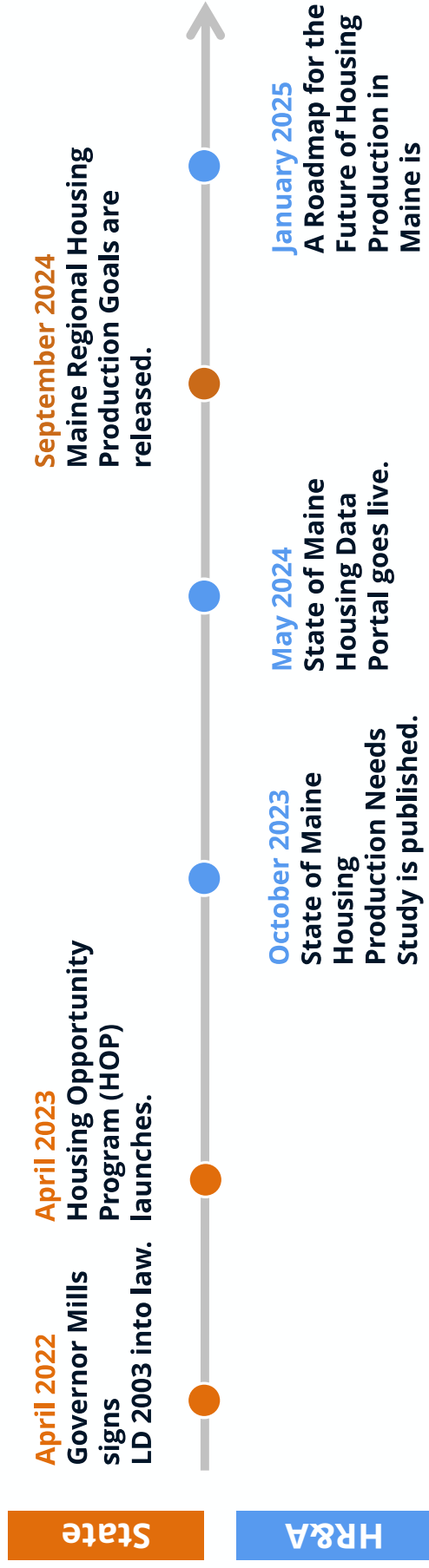
### Share of Cost Burdened Renters by County



## TIMELINE

In response, the State of Maine has taken the lead on a strategy to build new homes and reinvest in existing homes state-wide, kicked off by LD 2003 in 2022.

### Key Milestones





## KEY QUESTIONS

GOPIF, DECD and MaineHousing commissioned HR&A to help the State understand how many homes Maine needs, the barriers to building these homes, and strategies to boost production.

### State of Maine Housing Production Needs Study

**Purpose:** Understand how many homes are needed to make up for **historic underproduction** and **support Maine's existing and future economy.**



### A Roadmap for the Future of Housing Production in Maine

**Purpose:** Develop a roadmap of potential strategies the State can take to **increase production of housing for working Mainers** and **strengthen the construction workforce.**





## PROCESS

HR&A's research leaned on national best practices, labor and housing market analysis, and extensive local stakeholder engagement to ensure recommendations are tailored to Maine's unique demographic, regulatory and economic context.


## METHODOLOGY



Market  
Analysis



Interviews  
with Local  
Experts



National Case  
Studies +  
Best Practices

An aerial photograph of a suburban neighborhood, showing a dense arrangement of houses with varying rooflines and colors. The houses are interspersed with green trees. The overall scene is captured from a high angle, looking down on the residential area. The image is slightly dimmed to serve as a background for the text.

# | Key Findings

## THE HOUSING CHALLENGE





Mainers - both long-time residents and newcomers - are struggling to find and afford homes close to job opportunities, harming both quality of life and the success of local businesses.

### Drivers of the Housing Shortage

- 1 Decades of building too few homes
- 2 New residents & growing labor needs
- 3 Ongoing development barriers



### Impacts of the Housing Shortage

-  **Long time residents** struggle to stay in the state and age in place
-  **Young or new workers** can't find homes near jobs
-  **Businesses** can't fill open positions
-  **Maine's economy** will struggle to grow



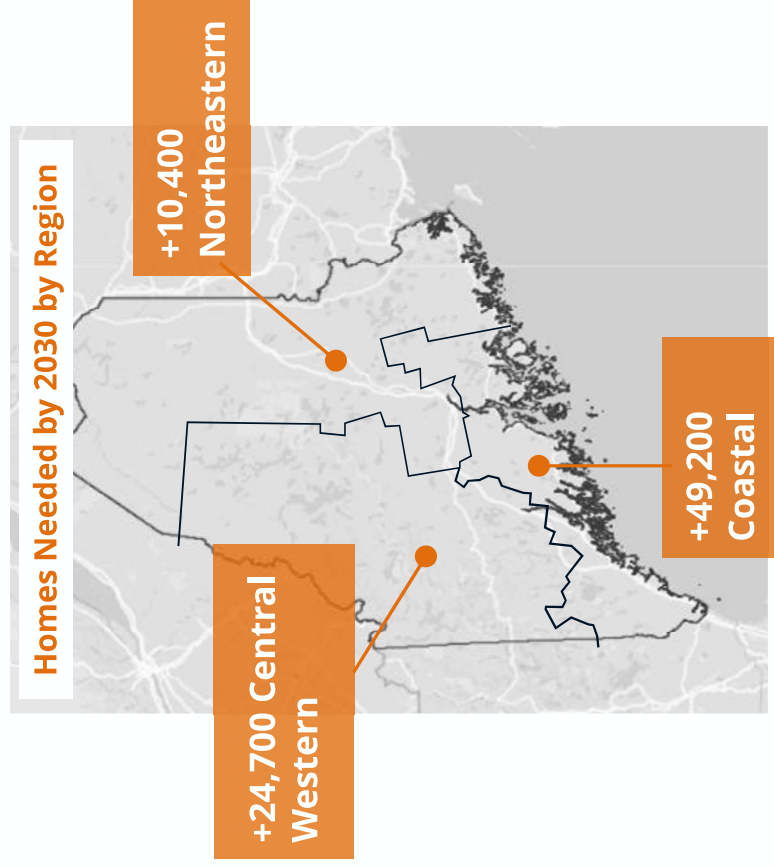
## THE HOUSING CHALLENGE

HR&A found that Maine will both need to make up for historic underproduction and build enough homes for additional workers to support Maine’s existing and future economy.

**Maine needs +84,000 additional homes** to create broader housing availability for all Mainers and to attract and retain workers.

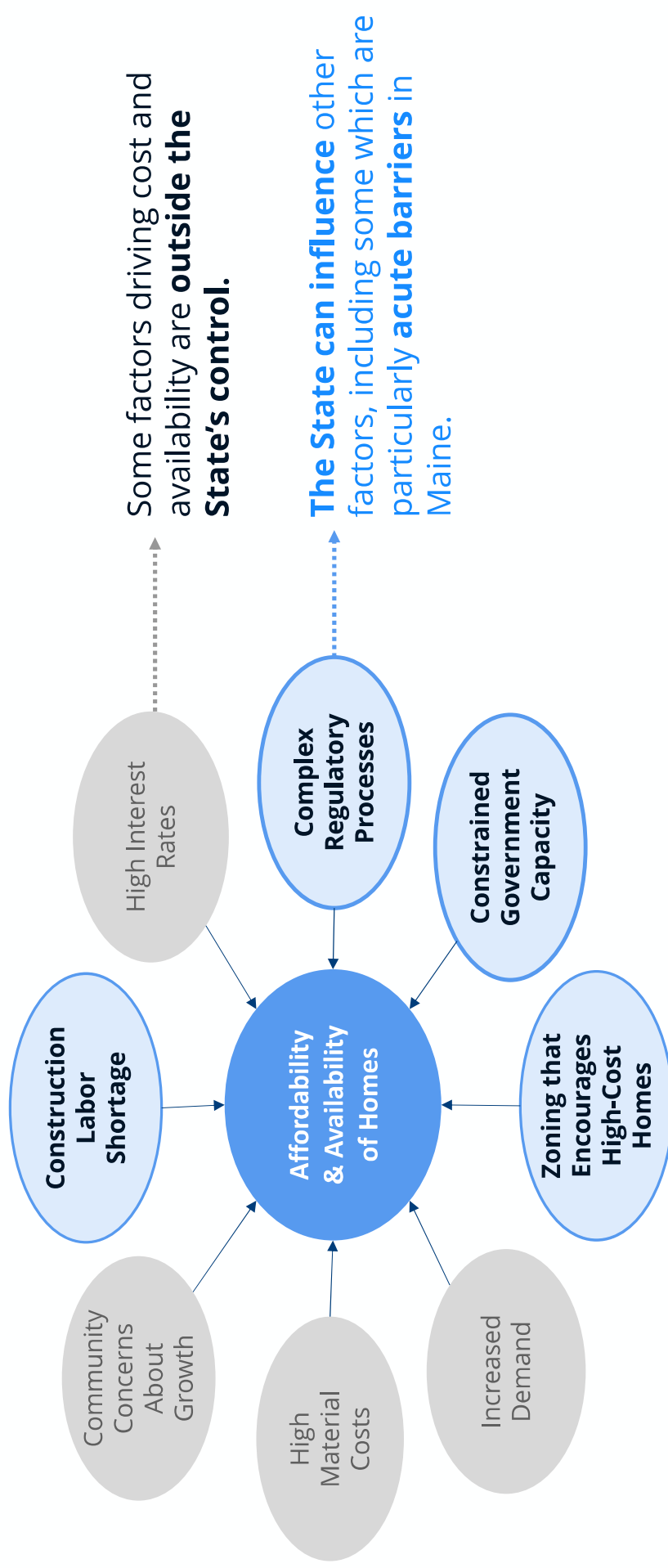
**This will require a 2X increase in the number of homes permitted each year.**

The closer Maine gets to meeting this need, the more pressure will be relieved in the market.



## BARRIERS TO PRODUCTION

While many factors influencing housing production are outside State control, the State can influence government capacity, regulatory processes and the construction workforce pipeline.



## ROLE OF THE STATE

The State of Maine has several levers it can use to enable the market to deliver more homes while driving collaboration with local municipalities and the private sector.



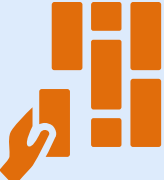


An aerial photograph of a residential neighborhood, showing numerous houses with varying rooflines and colors, interspersed with green trees. A semi-transparent dark blue rectangular overlay covers the center of the image, containing the text 'Recommended Strategies'.


# Recommended Strategies

## GUIDING PRINCIPLES


HR&A put forth strategy recommendations for how the State can play a leadership role to double the number of homes being built and address Maine’s housing shortage, guided by the following principles.




**Build on existing**  
State laws, programs  
and capacity



Focus on financial tools  
that enable **market-**  
**based solutions**



**Prioritize** a select  
number of **high-**  
**impact** interventions



Promote clear **targets,**  
**tracking,** and  
**transparency**

## RECOMMENDATIONS

The State should focus on **three parallel approaches** in collaboration with municipalities, the private sector and regional partners.

1



**Streamline Processes and Build Public Capacity**

2



**Incentivize Production and Increase Transparency**

3

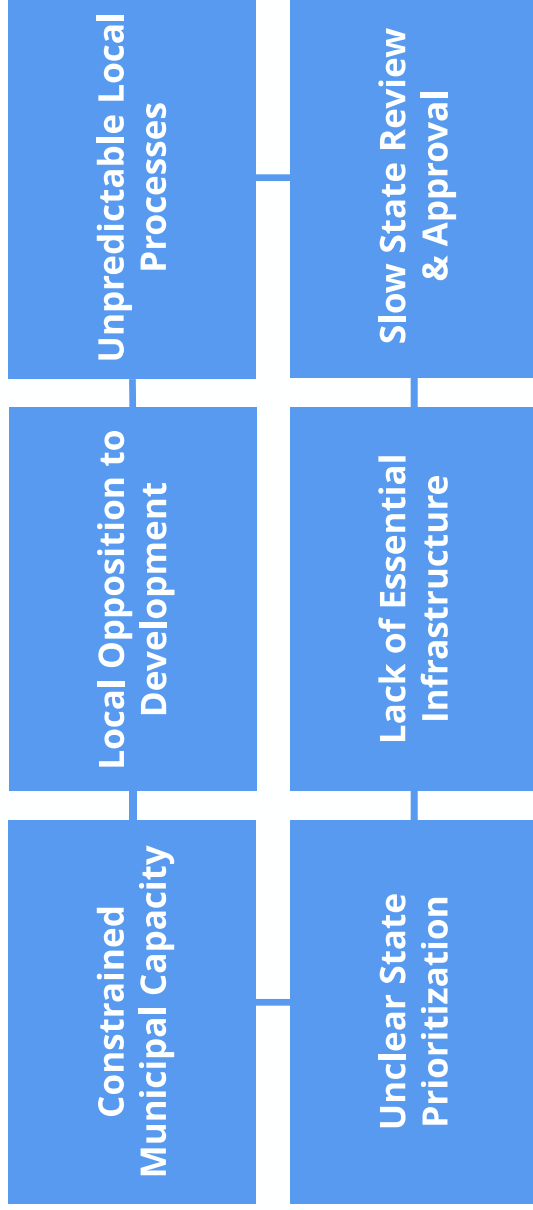


**Strengthen the Private Sector**



# 1 Streamline Processes and Build Public Capacity

**Key Findings:** Housing production in Maine is limited by complex and inconsistent local and state review processes, constrained municipal capacity and local opposition, which together lead to higher costs and construction delays.



# 1



## Streamline Processes and Build Public Capacity

### Potential Actions:






- ★ **1.1** Provide support to municipalities to build and redevelop homes through a Housing Opportunity Program 2.0.
- 1.2** Increase the pace and volume of housing development reviews and approvals.
- ★ **1.3** Streamline the State environmental review process.
- 1.4** Establish a predevelopment meeting for priority projects.
- 1.5** Set clear standards about what infrastructure costs can be assigned to a development.
- 1.6** Raise the threshold for State subdivision review.
- 1.7** Reform State and local building codes to reduce development costs.

## STREAMLINE & BUILD PUBLIC CAPACITY

**Action 1.1:** Provide support to municipalities to build and redevelop homes through a Housing Opportunity Program 2.0.

### What?

The State should invest in HOP 2.0 within the new Maine Office of Community Affairs and ensure supporting staff positions are made permanent, with the goals of working with local governments to:

-  **Adopt model plans and ordinances.**
-  **Return blighted & vacant properties to productive use.**
-  **Track data on housing construction and demolition.**
-  **Overcome barriers to meeting State requirements.**
-  **Offer support and training to code enforcement officers.**

### How?

-  Requires contracting with **regional coordinators.**
-  Program and funding are already permanent.
-  Making HOP staff positions permanent requires **legislative approval.**

## STREAMLINE & BUILD PUBLIC CAPACITY

### 1.3: Streamline and improve the State environmental review process.

#### What?

Form a working group with environmental agencies, industry representatives, and local officials to **set criteria for priority project types eligible for expedited and prioritized environmental review.**

Priority project types could include:



**Projects in growth areas**



**Public-private partnerships**



**Projects that contribute to economic growth**



**Affordable or mixed-income housing**

#### How?



**Allowing third-party reviewers** will reduce agency workload.



**No added** cost to the State.



**No legislative change** required.

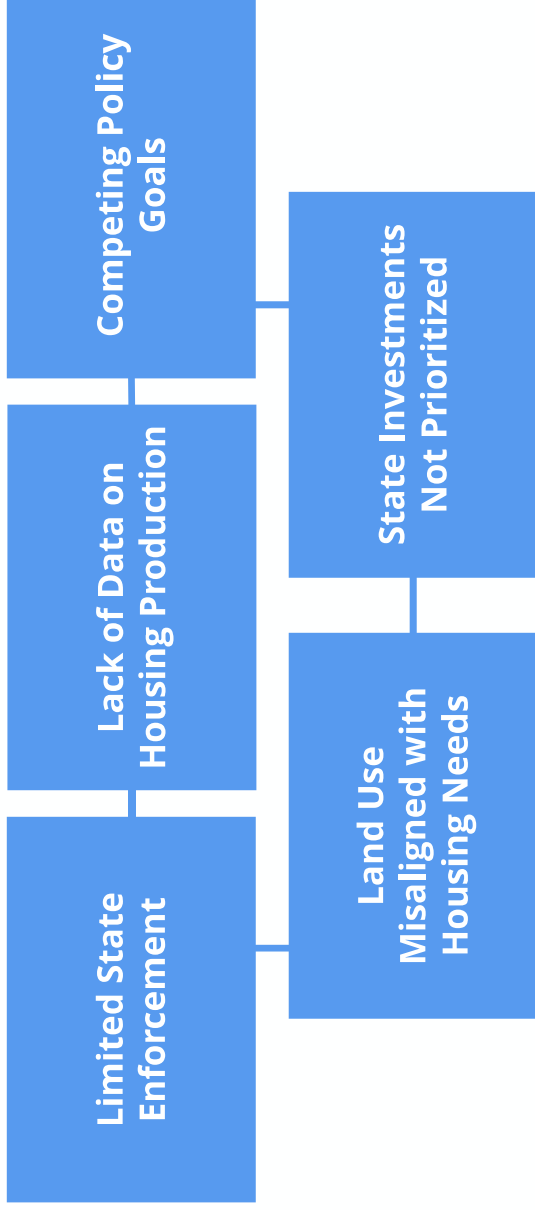


# 2



## Incentivize Production and Increase Transparency

**Key Findings:** Currently, municipalities and State regulatory agencies lack clear incentives, transparency and State-led prioritization to build the amount and type of homes needed to meet existing and future need in Maine.



# 2



## Incentivize Production and Increase Transparency

### Potential Actions:

- ★ 2.1 Designate an entity to monitor and ensure progress towards meeting statewide and regional housing goals.
- 2.2 Determine criteria for high-priority projects to prioritize for funding, incentives and approvals.
- ★ 2.3 Prioritize State funding for municipalities that contribute to housing goals.
- 2.4 Establish a predevelopment meeting for priority projects.
- 2.5 Establish a housing appeals process to limit delays and unlawful denials of housing proposals.
- ★ 2.6 Accelerate statewide housing production through high impact investments.
- 2.7 Establish a housing fund to finance mixed-income development.
- 2.8 Identify State-owned vacant properties that could be sold for housing development.
- 2.9 Build on the success of existing state tax credit programs.






## STREAMLINE & BUILD PUBLIC CAPACITY

**Action 2.1:** Designate an entity to monitor and ensure progress towards meeting statewide and regional housing goals.

### What?

The State should **establish a dedicated entity** to track and ensure progress on its housing production strategy. The **Maine Office of Community Affairs** is well-positioned to take on this role.

This entity should be responsible for:

-  Setting and updating **housing production targets**.
-  **Tracking** housing production.
-  Providing **technical assistance** to municipalities.
-  **Evaluating effectiveness** of key housing initiatives.
-  **Producing research** on Maine's housing needs.

### How?



The entity requires **dedicated capacity**, potentially requiring additional staff.



Requires some **additional funding** for staff, administrative activities, and programs.



Requires **legislative approval** to establish a new state entity.

## STREAMLINE & BUILD PUBLIC CAPACITY

### Action 2.3: Prioritize State funding for municipalities that contribute to housing goals.

#### What?

The State should create a **voluntary incentive program** to encourage municipalities to actively contribute to statewide housing goals.

Participating municipalities could gain **prioritized access** to discretionary funding, such as school renovation and infrastructure funding, by:



**Meeting or exceeding housing production targets.**



**Adopting priority zoning and land use policies.**

Municipalities can be scored based on their adoption of a range of land use policies from a menu of strategies.

#### How?



Requires **consensus among key state departments** with influence over public funds and incentives.



Requires **legislative approval** to create a voluntary incentive program or set priorities for discretionary funds.



## STREAMLINE & BUILD PUBLIC CAPACITY

**Action 2.6:** Accelerate statewide housing production through high impact investments.

### What?

The State should **finance high-impact programs** focused on mixed-income rental housing, affordable rental and homeownership, and preservation of existing affordable housing. Potential high-impact programs could include:



**Mixed Income Housing Fund**



**Affordable Rental and Homeownership Programs**



**Mobile Home Park Preservation**



**Investments in infrastructure required to support new development** (e.g., water, sewer, utility, etc.)

### How?



Will generate labor demands, requiring **parallel investment in workforce.**



**Significant State investment**, could be financed via a **housing bond** or element.



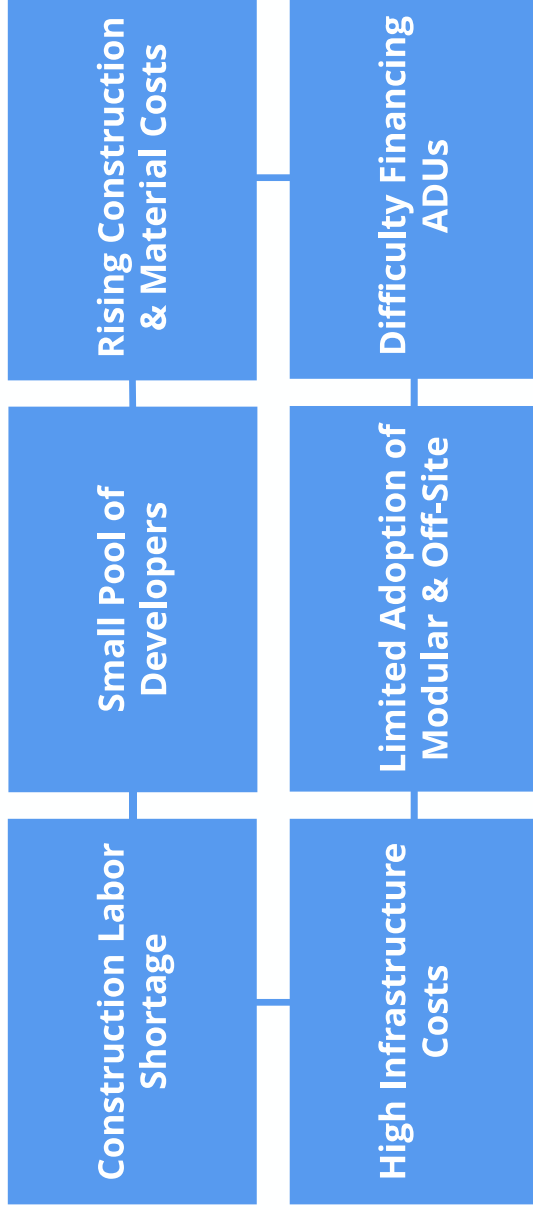
Requires **legislative approval.**

# 3



## Strengthen the Private Sector

**Key Findings:** Maine’s development ecosystem struggles to meet housing production needs due to workforce shortages, the limited pool of experienced developers, high costs and slow adoption of new technologies.



# 3



## Strengthen the Private Sector

### Potential Actions:

- ★ **3.1** Provide long-term, dedicated funding for apprenticeship programs.
- 3.2** Give students access to experiential learning opportunities.
- 3.3** Expand strategies that welcome nontraditional workers into quality construction jobs.
- 3.4** Explore opportunities to improve worker retention and career growth.
- 3.5** Streamline licensing for trades.
- ★ **3.6** Accelerate employer-financed workforce housing projects.
- 3.7** Establish a working group to examine the potential of innovative construction technologies to reduce costs and speed up housing production in Maine.

## STREAMLINE & BUILD PUBLIC CAPACITY

**3.1:** Provide long-term, dedicated funding for **apprenticeship** and **pre-apprenticeship** programs in the trades.

### What?

Continue funding administrative resources and intermediary groups to support the growth of Maine's pre-apprenticeship and apprenticeship programs in the construction sector.

The State should dedicate ongoing funding to:



**Administration of the Maine Apprenticeship Program**



**Expand existing, successful pre-apprenticeship and apprenticeship programs**



**Support more organizations and employees to build registered apprenticeship and pre-apprenticeship programs**

### How?



**Increase administrative capacity** and engagement with unions, industry associations, training providers, and employers.



Ongoing **funding** needed to scale up and expand apprenticeship programs.



Requires **legislative approval** to secure additional program funding.



## STREAMLINE & BUILD PUBLIC CAPACITY

### 3.6: Accelerate employer-financed workforce housing projects.

#### What?

The State should convene and participate in a working group of **employers who are interested in, or have experience with, developing or investing in housing**. Employers can play a key role in housing production by developing housing for their employees or acting as investors.

The group would receive support, including:



**Help navigating the development process.**



**Access to lower-cost public financing**



**Direct support from State housing experts**

#### How?



Requires a designated lead staff person, agency representatives.



Minimal program cost, **leverages private investment.**



**No legislation** required.



# Questions

**APPENDIX. RECOMMENDATIONS**

**Overview of the 10 Highest Priority Strategies:** Highlighted strategies are HR&A's highest priority recommendations, either because they are foundational or have the potential to be highest-impact.

<b>1) Streamline Processes &amp; Build Public Capacity</b>		<b>Home Yield</b>	<b>Funding</b>	<b>Capacity</b>	<b>Page</b>
<b>1.1</b>	Provide support to municipalities to build and redevelop homes through Housing Opportunity Program 2.0.	Moderate	Low	Moderate	20
<b>1.3</b>	Streamline and improve the State environmental review process.	High	Low	Moderate	26
<b>1.6</b>	Raise the threshold for State subdivision review to support additional density and infill development.	Moderate	Low	Moderate	32
<b>2) Incentivize Production &amp; Increase Transparency</b>		<b>Home Yield</b>	<b>Funding</b>	<b>Capacity</b>	<b>Page</b>
<b>2.1</b>	Designate an entity to monitor and ensure progress towards meeting statewide and regional housing goals.	Moderate	Low	Moderate	39
<b>2.2</b>	Determine criteria for high-priority projects to prioritize for funding, incentives and development approvals.	High	Low	Low	40
<b>2.3</b>	Prioritize state funding for municipalities that contribute to statewide and regional housing production goals and adopt supportive zoning and land use policies.	High	Moderate	Low	41
<b>2.4</b>	Require municipalities to regularly report data on housing production and demolition to a centralized data tracking system.	Moderate	Moderate	High	44
<b>2.6</b>	Accelerate statewide housing production through high-impact investments.	High	High	Moderate	50
<b>3) Strengthen the Private Sector</b>		<b>Home Yield</b>	<b>Funding</b>	<b>Capacity</b>	<b>Page</b>
<b>3.1</b>	Provide long-term, dedicated funding for apprenticeship and pre-apprenticeship programs in the trades.	Moderate	Moderate	Moderate	61
<b>3.6</b>	Accelerate employer-financed workforce housing projects.	Moderate	Low	Moderate	66

## APPENDIX. RECOMMENDATIONS

**Overview of Strategies Requiring Statutory Change:** Highlighted strategies would require legislative approval to either adopt or modify a program or policy or dedicate State funding.

1) Streamline Processes & Build Public Capacity		Home Yield	Funding	Capacity	Page
1.1	Provide support to municipalities to build and redevelop homes through Housing Opportunity Program 2.0.	Moderate	Low	Moderate	20
1.2	Increase the pace and volume at which housing developments can be reviewed and approved.	Moderate	Low	Moderate	24
1.5	Set clear standards about what infrastructure costs can be assigned to a development.	High	Low	Moderate	30
1.6	Raise the threshold for State subdivision review to support additional density and infill development.	Moderate	Low	Moderate	32
2) Incentivize Production & Increase Transparency		Home Yield	Funding	Capacity	Page
2.1	Designate an entity to monitor and ensure progress towards meeting statewide and regional housing goals.	Moderate	Low	Moderate	39
2.2	Determine criteria for high-priority projects to prioritize for funding, incentives and development approvals.	High	Low	Low	40
2.3	Prioritize state funding for municipalities that contribute to statewide and regional housing production goals and adopt supportive zoning and land use policies.	High	Moderate	Low	41
2.4	Require municipalities to regularly report data on housing production and demolition to a centralized data tracking system.	Moderate	Moderate	High	44
2.5	Establish a housing appeals process to limit delays and unlawful denials of housing proposals.	High	Low	Moderate	47
2.6	Accelerate statewide housing production through high-impact investments.	High	High	Moderate	50
2.7	Establish a housing fund to finance mixed-income development.	High	Low	High	51
2.8	Identify state-owned vacant properties that could be sold for development at below market rates.	Moderate	Low	Moderate	54
2.9	Build on the success of existing tax credit programs.	Moderate	Moderate	Low	56
3) Strengthen the Private Sector		Home Yield	Funding	Capacity	Page
3.1	Provide long-term, dedicated funding for apprenticeship and pre-apprenticeship programs in the trades.	Moderate	Moderate	Moderate	61
3.5	Explore strategies to streamline and improve licensing for trades occupations.	Low	Low	Moderate	65