



REAL ESTATE - DESIGN - CONSTRUCTION

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Testimony in Support

LD 1926, An Act to Require Increased Housing Density or Lower Minimum Lot Sizes for Workforce Housing

May 9, 2025, 1:00 p.m.

Housing and Economic Development Committee

Chair Curry, Chair Gere, and Honorable Members of the Housing and Economic Development Committee. My name is Shannon Richards and I am writing in support of LD 1926, An Act to Require Increased Housing Density or Lower Minimum Lot Sizes for Workforce Housing.

This bill, sponsored by Rep. Holly Stover, would accelerate Maine workforce housing creation by providing density bonuses for workforce housing units for sale or rent at between 80-220% of Area Median Income (AMI). Alternatively, the bill would permit a reduced minimum lot size. To set the appropriate bonus density, this proposal would create multiple AMI brackets with density higher density bonuses at the lower AMI scale and lower density bonuses at the higher AMI scale. A workforce housing creator could use a blended percentage if they seek to create units within multiple income brackets.

To take advantage of these bonuses, a housing creator would need to build at least 5 units of housing, at least 50% of which must be workforce affordable defined as affordable to individuals making between 80% and 220% of AMI. The housing creator would be required to place a restrictive covenant on the property to restrict those units as workforce affordable for 30 years. The landlord or seller would be responsible for income verification upon consideration of the transfer of property.

This legislation would enable the housing creator to choose the most efficient, and typically affordable, path for workforce housing creation. It would also encourage workforce housing development in rural areas with high minimum lot size requirements.

According to the HR&A Roadmap to Housing, it costs around \$40 million to construct 150 units, requiring a rental revenue of at least \$425k per month. (pg. 52) Density bonuses like those in the WIN Act can be used to increase revenue by allowing the developer to build more homes, generating surplus revenue that can reduce rents. (d.) With the proper density incentives, developers can afford to build, and workers can afford to live in housing - generating workforce affordable housing.

Many Maine towns and cities are working to revise their zoning to encourage housing. Unfortunately, they have neither the tools nor the time to move quickly and overcome local entrenchment to make the changes necessary to create the housing we need today. Individualized town policies on density do not encourage - in fact they discourage - workforce affordable housing creation. A statewide density overlay will give developers predictability and provide the incentive necessary to generate workforce affordable housing in Maine.

Maine cannot afford to wait longer for planning and construction of workforce affordable housing units – we need to build them now. This bill can help unlock projects in the pipeline by allowing developers to add a couple more units, or reduce lot size, to ensure that the finances work for provide needed housing to the missing middle.

Thank you for your thoughtful consideration of this important policy initiative, and for all you do for the State of Maine.

Sincerely,

Shannon Richards
President, MEREDA