



Maine Real Estate &
Development Association

Supporting Responsible Development

Testimony of the Maine Real Estate & Development Association (MEREDA)

In Opposition to LD 2223, Proposed Increase in State Fire Marshal Plan Review Fees

March 2, 2026

Chair Beebe-Center, Chair Hasenfus, and Honorable Members of the Criminal Justice and Public Safety Committee:

On behalf of the **Maine Real Estate & Development Association (MEREDA)**, my name is Elizabeth Frazier, and I am submitting the following testimony in strong opposition to the proposal in LD 2223, by the Maine State Fire Marshal's Office, to increase fire safety plans review fees from 0.1% of construction cost to 1% of construction cost.

This change represents a ten-fold increase in the proposed fee, and it is not an insubstantial amount of money.

- Under the current structure, a \$5 million multifamily project would pay approximately \$5,000 in review fees. Under the proposed structure, that same project would pay \$50,000. In other words, the **fee goes from \$5k to \$50k**.
- A \$20 million housing project would see fees rise from roughly **\$20,000 to \$200,000**.

These costs do not disappear. They are embedded in higher rents, higher sale prices, reduced project feasibility, or projects that simply do not move forward.

Maine already has some of the highest construction costs in northern New England relative to income. We are layering on interest rate volatility, insurance spikes, material costs, local impact fees, and permitting delays. Every additional regulatory cost must be measured against its housing impact. Adding a six-figure state-level cost multiplier sends exactly the wrong signal. At a time when Maine families, young professionals, seniors, and essential workers are struggling to find housing they can afford, this proposal would directly and materially increase the cost of producing new housing in our state.

The Missing Middle Will Be Hit the Hardest

This proposal is especially damaging to the “missing middle” — housing intended for individuals and families earning roughly 100% to 220% of Area Median Income.

These are not luxury buyers. They are: teachers, municipal employees, firefighters, nurses, small business owners, and two-income professional households trying to stay in Maine.

These projects often do not qualify for public financial assistance and must pencil purely on market feasibility. They operate on tight margins. An additional 1% fee on total construction cost can easily be the difference between a project moving forward or being shelved.

If Maine is serious about addressing workforce housing and retaining essential workers, we **cannot continue to add cost layers** that disproportionately undermine exactly the type of housing the market is struggling to produce.

MEREDA Negotiated the Existing Structure in Good Faith

In 2017, MEREDA and other stakeholders worked collaboratively with the Fire Marshal's Office to negotiate a reasonable, predictable fee structure. That compromise reflected a balanced understanding of life-safety needs and economic realities.

It is deeply concerning that before proposing a ten-fold increase, the Office did not engage the very stakeholders who participated in the original agreement.

If the Office is facing staffing or resource challenges, we are willing to engage in that discussion. But imposing a dramatic cost increase without consultation is not collaborative governance.

Housing Policy Cannot Be Internally Contradictory

The legislature has spent the past several years working to remove barriers to housing production. Yet proposals like this quietly add significant new costs at the administrative level. We cannot pass housing reforms with one hand and raise production costs with the other. A 1% fee on total construction cost effectively functions as a **new tax on housing production**. And that tax will be paid by Maine residents.

MEREDA's Position

MEREDA strongly opposes the proposed increase from 0.1% to 1%.

If adjustments are necessary, they must be:

- Transparent and tied to actual cost justification,
- Developed through meaningful stakeholder engagement,
- Phased or capped to avoid severe market disruption, and
- Evaluated through a housing affordability impact lens.

Maine's housing prices are already out of reach for too many of our residents. We should be removing cost barriers — not multiplying them by ten.

We cannot regulate our way into safety and price our way out of workforce housing.

We respectfully urge withdrawal of this proposal and the initiation of a collaborative stakeholder process.

Thank you for your consideration.

Sincerely,

Elizabeth M. Frazier

On behalf of the Maine Real Estate and Development Association (MEREDA)