



STATE OF MAINE  
GOVERNOR'S OFFICE OF POLICY INNOVATION AND THE FUTURE  
181 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0181

## Testimony In Support of

### **L.D. 997, An Act to Allow Residential Use Development in Commercial Districts**

March 25, 2025

Senator Curry, Representative Gere, and distinguished members of the Joint Standing Committee on Housing and Economic Development, my name is Greg Payne and I serve as the Senior Advisor on Housing Policy in the Governor's Office of Policy Innovation and the Future. I am here today to offer testimony in support of **L.D. 997, An Act to Allow Residential Use Development in Commercial Districts**.

The Administration's highest priority in addressing Maine's housing affordability challenges is increasing our supply of homes. That is why we have worked so closely with legislators on both sides of the aisle to make historic investments in proven and successful affordable housing development programs. Those investments have resulted in the largest production pipeline in MaineHousing's organizational history.

We recognize, however, that investments in affordable housing programs are only one element of addressing this crisis. Equally important is that we identify and eliminate unnecessary barriers to housing production that continue to keep the private market from adding the homes we need, without requiring government subsidy. We made important strides on that front by enacting LD 2003 in 2022, which went into full effect in July of last year. That law allows homeowners across the state to add an accessory dwelling unit on their own land if they so choose, while boosting density limits in locally-identified designated growth areas.

LD 997 represents another commonsense zoning reform that would remove a common barrier to production and lead to the creation of more housing opportunities for people across Maine. By enabling homes to be built on land that has already been identified by municipalities as appropriate for commercial development, this proposal builds on local decision-making and opens up more options for homebuilders.

According to the Mercatus Center at George Mason University, seven states—California, Florida, Montana, Oregon, Rhode Island, Arizona, and Maryland—have already enacted bills legalizing residences in areas that municipalities have zoned for commercial use. New Hampshire is among the additional states currently considering such proposals.

Allowing residential development in commercial zones will allow for greater housing choice and a more abundant supply of homes in Maine. It also has the potential to help municipalities create more vibrant downtowns.



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As the Committee works this bill, we suggest that it be amended to clarify that municipalities be allowed to restrict residential uses on the first floor of commercially zoned properties. While we see LD 997 as creating a useful tool for communities seeking to revitalize their downtowns or create more foot traffic, we recognize that it may be inappropriate to site residences next to – as opposed to above - storefronts and other businesses.

Otherwise, the Administration supports this bill and hopes to work with Representative Malon and the rest of Committee to pass it into law.

Thank you for your consideration of our testimony. I would be happy to answer any questions.