

Testimony of Patrick Woodcock
Before the Joint Standing Committees on Housing and Economic Development
In Support of L.D. ~~1358~~ , ¹⁴⁹⁸
“An Act to Limit Municipal Impact Fees on Housing Development”
April 22, 2025

Senator Curry, Representative Gere, and members of Joint Standing Committee on Housing and Economic Development, my name is Patrick Woodcock. I am here on behalf of the Maine State Chamber of Commerce, representing a network of 5,000+ small to large businesses. Thank you for the opportunity to provide testimony on L.D. ~~1358~~ ¹⁴⁹⁸ “An Act to Limit Municipal Impact Fees on Housing Development.” I want to thank Representative Faulkingham for sponsoring the legislation, bipartisan members who have cosponsored, and urge the Committee to pass this legislation to improve clarity on the housing development process, reduce costs, and advance an overall housing agenda that will meeting our significant statewide housing needs.

Attached to my testimony is a letter from more than 20 individual organizations that joined together to encourage this Legislature to advance key housing recommendations from the HR&A report that was presented to this Committee earlier this month. Housing availability has become so scare, prices have appreciated in value so significantly, that it is limiting economic growth of our state. Maine has one of the highest ratios of job listings to housing availability.

~~1490~~ One of the recommendations from the report and included in the letter is reflected in L.D. ~~1358~~. As stated in the letter from more than 20 state and regional organizations, While we desperately need housing development, towns are increasingly imposing costly ‘impact fees’ on development that is unconnected to the actual development. The state should limit impact fees on municipal infrastructure directly related to the development, the municipal policy must be applied consistently for all development, and the policy be made publicly available.”

We certainly support municipalities recovering funding from direct infrastructure impacts of water, sewer, and transportation, but all too often municipalities require funding or projects as a condition of permit that have little or nothing to do with the housing project. This increases costs for housing development, creates uncertainty in the timeline, and erodes our progress for creating a clear regulatory framework for housing development in our state.

Recommendation 1.5 of the HR&A report states Maine Should “Set clear standards about what infrastructure costs can be assigned to a development.” That is exactly what LD ~~1358~~ ¹⁴⁹⁸ accomplishes. I would encourage the Committee to pass the legislation and would be happy to answer any questions.

April 14, 2025

The Honorable Ryan Fecteau
Speaker
Maine House of Representatives

The Honorable Mattie Daughtry
President
Maine State Senate

The Honorable Billy-Bob Faulkingham
Minority Leader
Maine House of Representatives

The Honorable Trey Stewart
Minority Leader
Maine State Senate

Dear Legislative Leaders,

One of Maine's most significant economic priorities must be to expand housing supply to support additional workers in our economy, create economic opportunities for construction workers, and ultimately reduce the costs for Mainers renting or seeking to purchase a home. Maine has an affordability housing crisis and the way to address it is unlocking housing development.

The scarcity of available housing is undermining the state's economic growth. Maine currently has the highest ratio of available jobs to available housing units in the nation. The number of Mainers that are overburdened by housing costs is also significantly higher than the national average. The time is now to unite on a housing agenda that will grow Maine's economy and provide options for Mainers struggling with housing affordability.

The Maine Legislature has recognized the importance of affordable housing and has dedicated nearly \$300 million in funding for development. However, the housing situation in Maine has only become more wide-spread and there needs to be a comprehensive strategy to unlock housing development, of all types, even for above average incomes in the state.

Thankfully, an independent analysis of recommendations to support the development of housing was released and presented to the Committee on Housing and Economic Development. While all of the nearly 40 recommendations have merit, we believe the Legislature should focus on the following recommendations this session:

- **Accelerate State Permitting (HR&A Recommendations 1.2, 1.3, 1.4):** The State of Maine's permitting process needs to be overhauled to promote housing development. First, we are encouraged that the Department of Environmental Protection (DEP) has taken the initiative to allow third-party reviews of projects and believe this will be a positive tool to relieve some of the backlog. In addition, the state should allow permits by rule for some housing applications, including Department of

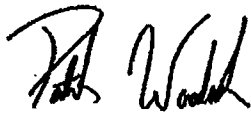
Transportation (DOT) traffic reviews to higher thresholds, and hire dedicated staff to manage large projects with predevelopment meetings with developers. Furthermore, there should be quarterly public reports on the status of housing projects currently pending before the DEP and DOT.

- **Limit Local Impact Fees (Recommendation 1.5):** While we desperately need housing development, towns are increasingly imposing costly “impact fees” on development that is unconnected to the actual development. The state should limit impact fees on municipal infrastructure directly related to the development, the municipal policy must be applied consistently for all development, and the policy be made publicly available.
- **Raise the threshold in State Law for municipal subdivision review (Recommendation 1.6):** Currently, Maine subdivision law requires municipal review when any parcel is subdivided into three or more separate parcels. This impedes higher density housing by creating yet another approval point for developing housing. The threshold under state law for municipal review should be increased to at least five parcels.
- **Building Code (Recommendation 1.7):** While state building code is critical to ensure safe occupancy, there are current mandates with exorbitant material costs that may yield little additional benefits. A task force should be established to make recommendations for the second session of the Legislature to remove unnecessarily costly requirements for new building construction. We should also assess whether modular homes could be subject to a separate review and pre-approved under the state’s building code requirements.
- **Revise Growth Management Laws (Recommendation 2.3):** Maine’s Growth Management Law must be updated to reflect tangible goals in housing construction, and to require housing provisions to support diverse community housing needs. A town’s comprehensive plan is intended to be a roadmap for the community and developers, but today there is little to no actual relationship between the plan and a town’s land use code or action on housing.
- **Restrictions on Acreage Limits (Recommendation 2.3):** Some municipalities have imposed minimum lot requirements of 2 or 3 acres, which is contradictory to efforts to promote density, walkable communities, and ultimately meet statewide housing goals. There should be a restriction on these limitations to 1 acre in rural areas, and to .5 acres in designated growth areas or in areas with public water and sewer to encourage density and efficient land use.
- **Density Bonuses (Recommendation 2.7).** Density bonuses can be used to increase revenue and affordable housing options by allowing the developer to build more homes, generating surplus revenue that can reduce rents, the cost of home ownership and increase much needed workforce and affordable housing units

- **Recognize Municipal Housing Leadership With Discretionary Grants (Recommendation 2.3) and Improve Data Collection and Reporting of Progress Towards Meeting Housing Goals (Recommendation 2.4):** Municipalities that are leaders in siting, supporting, and contribution to state housing goals should be prioritized with discretionary transportation grants. There are a number of municipal leaders that have been at the forefront of building housing. There should incentives for municipalities for partnering to address housing challenges. In addition, there should be a designated state agency, such as the Maine Office of Community Affairs, that reports on progress toward meeting statewide housing goals and municipalities should report housing progress to this entity.
- **State Zoning Board of Appeals (Recommendation 2.5):** Ideally, required zoning and infrastructure grants will encourage the development of housing at the municipal level. However, increasingly, we have witnessed approved housing developments subject to local referendums despite being approved by local planning boards. To meet our statewide housing goals, there should be a state zoning board of appeals to provide permits where development is consistent with local zoning.
- **State Bonding for Housing (Recommendation 2.6).** The Legislature and the Governor have recently made historic investments in affordable housing that serves Maine people working in lower wage jobs, older adults, and people with disabilities. This component of housing continues to be a critical need in Maine with an aging population and large sectors of our economy relying on lower wage positions such as hospitality and tourism, retail and service, and childcare/education. The Legislature should provide consistent funding to support this vital affordable housing.
- **Innovative Construction Technologies (Recommendation 3.7).** Modular construction, pre-fabrication, and other innovative technologies provide a unique opportunity to lower the costs of construction, utilize Maine manufacturing, and accelerate development timelines. A working group should be established to integrate new technologies into Maine's residential construction industry and address barriers. For instance, currently modular home construction is effectively taxed twice – on materials and then construction. Furthermore, complex licensing requirements and a lack of education for modular construction limit the number of builders able to use modular technology.

Unlocking Maine's housing development can be done with a number of low-cost policy and process changes and select targeted funding that catalyzes private investment. Housing is the solution to many of Maine's challenges. Meeting Maine's housing goals will not only address affordability and bring critical workers to Maine's economy, but it will drive economic growth and support our state budget when we are grappling with the largest structural budget gap in nearly ten years. We look forward to working on this agenda with you and encourage your support of these recommendations.

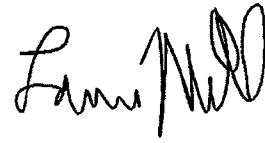
Sincerely,



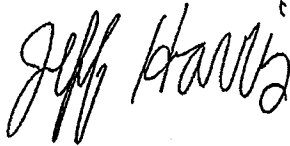
Patrick C. Woodcock
President and CEO
Maine State Chamber of Commerce & Development Association



Shannon Richards
President, Maine Real Estate



Laura Mitchell
Executive Director
Maine Affordable Housing Coalition



Jeff Harris
2025 Maine Association of
REALTORS® President



Noël Bonam
Maine State Director
AARP

Maine Tourism Association
Hospitality Maine
National Federation of Independent Business
Ellsworth Chamber of Commerce
Piscataquis Chamber of Commerce
Portland Regional Chamber of Commerce
Central Aroostook Chamber of Commerce
Belfast Area Chamber of Commerce
The River Valley Chamber of Commerce
The Maine Automobile Dealers Association
Bangor Regional Chamber of Commerce
Boothbay Harbor Region Chamber of Commerce
Retail Association of Maine
Mid-Maine Chamber of Commerce
Kennebunk - Kennebunkport - Arundel Chamber of Commerce
Oxford Hills Chamber of Commerce
Greater Houlton Chamber of Commerce
Kennebec Valley Chamber
Lewiston Auburn Metropolitan Chamber of Commerce
Katahdin Chamber of Commerce

Cc: Senator Chip Curry
Representative Traci Gere
Senator Richard Bennett
Representative Amanda Collamore
Hannah Pingree, Director of the Office of Policy Innovation & Future