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RYAN D. FECTEAU
SPEAKER OF THE HOUSE

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**TESTIMONY OF SPEAKER RYAN D. FECTEAU REGARDING LD 1272, AN ACT TO ADDRESS THE
HOUSING CRISIS BY REDUCING BARRIERS TO BUILDING MORE ACCESSORY DWELLING
UNITS**

Good afternoon Senator Curry, Representative Gere, and esteemed members of the committee on Housing and Economic Development. I am House Speaker Ryan Fecteau, and I have the privilege of representing my hometown of Biddeford.

I am pleased to be here today to present LD 1272, *An Act to Address the Housing Crisis by Reducing Barriers to Building More Accessory Dwelling Units (ADUs)*.

One of the goals of LD 2003, which became law in the 130th Legislature, was to expand ADU potential across the state and unlock the opportunity to create more housing. Since the law was passed, we have had the opportunity to see how these reforms are working on the ground. L.D. 1272 is a follow-up to LD 2003, and a thoughtful attempt to resolve some confusion and challenges that have arisen during the implementation process.

LD 1272 seeks to make it more likely for a homeowner who is not independently wealthy to have the means, or access to financing, to build an ADU. There are several pieces of the proposal which will support this and make building ADUs more financially feasible - ultimately helping to create more housing, which I think we all agree Maine needs in order to support families, our workforce, and our economy.

I would like to quickly highlight the key pieces of what LD 1272 proposes:

1. Clarifying the number of ADUs that can be built on a property

The original proposal in LD 2003 caused unintended confusion about how many ADUs were allowed on certain parcels. LD 1272 will simplify this and offer clarity for both the municipalities administering the law, and the homeowners looking to maximize the ADU allowances for their property. This bill says that property owners can build up to 2 ADUs without any restrictions on whether they are attached or detached from the primary unit. One unit would be exempt from density requirements, while the other unit must fall within density standards.

2. Unlocking access to critical financing

L.D. 1272 proposes to ensure homeowners can access the financing they need to build an ADU by removing owner-occupancy requirements. This change is critical, because owner-

occupancy requirements make it extremely difficult for homeowners to get lending from a bank. Lenders require homeowners to provide an assessed value for their property, which accounts for potential rental value. If both the existing home **and** the potential ADU can be rented, the property as a whole may be assessed at a higher value, allowing homeowners to qualify for the loans they need to build an ADU.

3. Creating more pathways for Accessory Dwelling Unit construction

This proposal will allow ADUs to be “condo-ized”, opening the door for broader market participation and possibly increasing interest from developers. By expanding the opportunity to build ADUs beyond homeowners, this bill will create more pathways for ADUs to actually be built. You could foresee a scenario where the homeowner of the primary dwelling receives a portion of the sale of the ADU to the eventual condo owner. This has become commonplace in San Diego where the city has taken a very friendly approach to ADU policy.

4. Revising sprinkler system requirements

The bill also recommends revising the requirements for sprinkler systems in ADUs. As this committee has heard this session, sprinkler systems are costly and can be a barrier to new construction. Currently, a newly constructed ADU that shares a wall with an existing unit would require the existing unit to *also* be retrofitted with a sprinkler system. This bill eliminates that requirement, as long as the shared wall is fire-rated. Sprinklers are not required by state building codes on one- and two-unit buildings, and installation of a sprinkler system can add \$15-\$35 thousand dollars to the cost of a new ADU or small home.

5. Minor updates to subdivision law

This bill also includes very similar provisions that you saw last week from Rep. Roberts in LD 1396. I won't belabor the point, but would be happy to address any questions you may have on that piece.

I also want to note that I am open to suggestions from the planners, Maine Municipal Association, and other stakeholders. I believe we share the goal of increasing access to housing in Maine, and I look forward to working together to make that happen.

While LD 2003 unlocked permissions for homeowners to build ADUS, permission alone does not guarantee that new housing will be built. It is my belief that the changes suggested in this proposal will bring us closer to ensuring that any homeowner who wants to create housing through building an ADU, is able to do so.

Thank you for the opportunity to present this proposal, and I would be happy to take any questions.