



### **Testimony Neither For Nor Against LD 2225:**

**“An Act to Support Municipal Enforcement of Residential Construction Laws, Codes and Regulations ”**

Senator Curry, Representative Gere, and distinguished members of the Joint Standing Committee on Housing and Economic Development, my name is Montana Towers, and I serve as policy analyst for Maine Policy Institute. Maine Policy is a free market think tank, a nonpartisan, nonprofit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to submit testimony neither for nor against LD 2225, “An Act to Support Municipal Enforcement of Residential Construction Laws, Codes and Regulations.”

Maine faces a well-documented housing shortage. Addressing this crisis requires policymakers to focus on removing barriers to housing development, lowering construction costs, and encouraging innovative building practices that can expand housing supply quickly and efficiently. Unfortunately, certain provisions of LD 2225 move in the opposite direction by increasing costs and expanding bureaucracy surrounding residential construction. There are, however, other provisions of this proposal that do remove barriers and could benefit the Maine housing market. For these reasons we offer this testimony neither for nor against.

### **Plan Review Fee Increases: MPI Opposes**

LD 2225 increases the surcharge on plan review fees from 4 cents to 6 cents per square foot for new construction, reconstruction, and renovation projects. We strongly oppose this provision of LD 2225. While this increase may appear modest, fees like these accumulate quickly across projects and ultimately raise the cost of building housing in Maine. When the cost of construction rises, those costs are inevitably passed on to homebuyers and renters.

At a time when Maine families are already facing historically high housing prices and limited housing availability, policymakers should be looking for ways to reduce the financial burdens placed on builders and developers, not increase them. Policies that raise construction costs also discourage the private investment necessary to expand Maine’s housing supply. Maine already faces significant regulatory hurdles when it comes to housing development. Additional fees only compound those challenges.



## **Regional Code Enforcement: MPI Supports If Voluntary, Opposes Funding**

LD 2225 also establishes a pilot program to encourage regionalized approaches to code enforcement among municipalities. In principle, regional collaboration could help smaller municipalities address capacity challenges, particularly in rural areas where it may be difficult to recruit and retain qualified code enforcement officers. Shared services can sometimes allow local governments to pool resources and improve efficiency.

However, any regional model should remain voluntary and flexible for participating municipalities. Local governments vary widely in their needs and administrative capacity, and a one-size-fits-all approach to enforcement could create unintended complications for communities that currently operate effective systems.

Although we do in theory support a regionalized approach to code enforcement we do not support the taking of one million dollars from the budget stabilization fund in order to pay for the pilot program. The purpose of the budget stabilization fund is to serve as Maine's rainy-day reserve for economic downturns and fiscal emergencies, not to finance new ongoing programs or pilot initiatives.

## **Modular and Off-Site Construction Standards: MPI Supports**

Another provision of LD 2225 does move in a constructive direction. The bill adds the International Code Council and Modular Building Institute 1200-2021 Standard for Off-site Construction to the list of recognized codes within Maine's building framework. MPI supports this provision of LD 2225.

Off-site and modular construction can play an important role in addressing Maine's housing shortage. These building methods allow significant portions of housing units to be built in controlled manufacturing environments and then assembled on-site. This approach can reduce construction timelines, improve efficiency, and lower overall building costs compared to traditional construction methods that rely entirely on on-site labor.

Modular construction is particularly well-suited to states like Maine, where a limited construction workforce, long winters, and rural geography can make traditional building projects more expensive and time-consuming. Additionally, construction and weather related delays can be incredibly costly for developers, thus modular construction is an even better fit for Maine compared to many other states. Expanding the use of factory-built housing can help builders deliver homes quicker and at a lower cost.



Adopting nationally recognized modular construction standards may also help reduce regulatory uncertainty by aligning Maine's building rules with widely used industry standards. Doing so can make it easier for modular housing manufacturers to operate in Maine and may encourage greater innovation and investment in the housing market.

### **Standardization of Code Update Timelines: MPI Supports**

LD 2225 also establishes a standardized schedule for when updates to the Maine Uniform Building and Energy Code take effect. Under the bill, code changes adopted between January 1 and June 30 would take effect on December 1 of that same year, while changes adopted between July 1 and December 31 would take effect on June 1 of the following year. Maine Policy Institute supports this provision of LD 2225.

Providing clearer and more predictable timelines for the implementation of new codes and standards is a practical reform. Builders, municipalities, and code enforcement officials will all benefit from having a reliable window between the adoption of a code change and the date when compliance is required. Predictable implementation schedules allow builders to plan projects, finalize designs, order materials, and complete permitting without the uncertainty that can arise when new regulatory requirements take effect with little notice. This change will help reduce regulatory uncertainty and ensure that code updates are implemented in a more orderly and predictable manner for Maine's housing sector.

### **Conclusion**

Maine Policy Institute appreciates certain aspects of LD 2225, particularly the modernization of building standards through the inclusion of modular construction codes. These changes have the potential to encourage innovation and expand housing supply in Maine. At the same time, we oppose the proposed increase in plan review surcharges and encourage the committee to carefully evaluate whether additional costs on construction are consistent with the goal of reducing barriers to housing development. Thank you for your time and consideration of this testimony. Thank you.