



Testimony in Support

LD 654, Resolve, Directing the Finance Authority of Maine to Establish a Pilot Program to Encourage the Development of Accessory Dwelling Units

April 11, 2023

Senator Pierce, Representative Gere, and Honorable Members of the Joint Select Committee on Housing;

On behalf of the Maine Real Estate and Development Association (MEREDA), I am testifying in support of LD 654, Resolve, Directing the Finance Authority of Maine to Establish a Pilot Program to Encourage the Development of Accessory Dwelling Units. We believe the proposal is a common-sense approach to solving a very practical issue.

MEREDA is Maine's premiere trade association representing commercial real estate and the state's housing creators. MEREDA members are housing creators, engineers, architects, designers, bankers, lawyers, brokers, and many other organizations involved in the real estate industry. MEREDA's guiding principle is the promotion of responsible real estate development – responsible real estate development *is* community development. Through the advocacy efforts of its Public Policy Committee, MEREDA works to advance a more fair, practical, and predictable policy landscape for housing creation in Maine.

You have heard a great deal of testimony today about the promise of ADU's in solving some of Maine's housing shortage and attendant crisis. To fulfill that promise, two barriers must be overcome: local land use ordinances, and financing. Fortunately, LD 2003 effectuates many of the zoning changes necessary to overcome the land use challenges. Unfortunately, we are still left with the financing barrier.

ADU financing is a challenge at the best of times because they are essentially expansions of existing homes, rather than individually mortgageable assets. Today, with interest rates steadily on the rise and inflation rapidly eroding savings accounts, the financing barriers are even higher. There simply isn't a financial product that any bank has yet deemed financially feasible enough to meet the needs of individuals who want to build ADU's.

This resolve would allow for a careful examination of this issue and to consider whether it may be appropriate for the state to support the financing needs for ADU creation, through a state-backed funding mechanism that can weather the market challenges that prevent ADU financing from happening.

We appreciate Senator Pouliot's creative approach in putting forward a piece of the puzzle to help solve the state's housing crisis. We believe we need to pull every lever to help alleviate the pain for Mainers, and this is a lever that we believe is worthy of serious consideration and very likely of future state funding and support.

Sincerely

Elizabeth M. Frazier

On behalf of Maine Real Estate & Development Association

efrazier@pierceatwood.com

