

# Statewide and Regional Housing Production Goals

P.L. 2021, Ch. 672, § 3

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**MAINE.**  
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MAINE STATE HOUSING AUTHORITY



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# Table of Contents

- Introduction ..... 1
- Advisory Committee Process ..... 3
- Oregon’s Housing Goals ..... 3
- Establishing Statewide and Regional Housing Goals for Maine ..... 4
- A. Statewide Housing Goals ..... 5**
  - i. Setting a Statewide Goal Number ..... 5
  - ii. Timeframe for Achieving Goal ..... 6
  - iii. Approach to Achieving Goal ..... 6
- B. Regional Goals by County ..... 8**
  - i. Category 1: Counties with Lowest Percentage Increases in Housing Units Per Year ..... 12
  - ii. Category 2: Counties with Moderate Percentage Increases in Housing Units Per Year ..... 15
  - iii. Category 3: Counties with Highest Percentage Increases in Housing Units Per Year ..... 17
- C. Subgoals for Affordable Housing ..... 18**
- Tracking Production ..... 19
- Strategies to Increase Housing Production to Meet Goals ..... 20
- Additional Resources ..... 25



## Introduction

P.L. 2021, ch. 672, “An Act to Implement the Recommendations of the Commission to Increase Housing Opportunities in Maine by Studying Zoning and Land Use Restrictions,” generally known as LD 2003, was signed into law by Governor Mills on April 27, 2022. This housing legislation requires municipalities to ensure that local regulations allow the creation of different types of housing units, including accessory dwelling units and multi-family dwellings.<sup>1</sup> This legislation also directed the Department of Economic and Community Development (DECD), in coordination with MaineHousing to establish statewide and regional housing production goals.<sup>2</sup> To establish these housing goals, DECD was required to (1) “[e]stablish measurable standards and benchmarks for success of the goals; (2) [c]onsider information submitted to the department from municipalities about current or prospective housing developments and permits issued for the construction of housing; and (3) [c]onsider any other information as necessary to meet the goals.”<sup>3</sup>

In response to LD 2003, DECD, MaineHousing, and the Governor’s Office of Policy Innovation and the Future (GOPIF) commissioned a comprehensive housing study analyzing housing affordability and availability in the state, known as the 2023 State of Maine Housing Production Needs Study (the Housing Study).<sup>4</sup> The Housing Study, completed by HR&A Advisors in October 2023, focused on measuring the state’s housing needs to meet current demographic and economic trends, as well as ensuring that Maine has enough affordable and attainable homes—in the right locations—to support the workforce necessary to sustain and grow the economy over time.<sup>5</sup>

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<sup>1</sup> P.L. 2021, ch. 672.

<sup>2</sup> P.L. 2021, ch. 672, § 3.

<sup>3</sup> P.L. 2021, ch. 672, § 3.

<sup>4</sup> State of Maine Housing Production Needs Study, MaineHousing, Governor’s Office of Policy Innovation and the Future, Maine Department of Economic and Community Development, October 2023, [https://mainehousing.org/docs/default-source/default-document-library/state-of-maine-housing-production-needsstudy\\_full\\_final-v2.pdf](https://mainehousing.org/docs/default-source/default-document-library/state-of-maine-housing-production-needsstudy_full_final-v2.pdf).

<sup>5</sup> State of Maine Housing Production Needs Study, Pages 4-5.

To meet Maine’s current and future needs, the Housing Study found that Maine needs approximately 38,500 homes to remedy historic underproduction and will need an additional 37,900 to 45,800 homes to meet expected population growth and household changes by 2030.<sup>6</sup> The Housing Study particularly emphasized the need for affordable housing production for low-and moderate-income households because these households are more constrained in their housing choices and currently are more likely to pay more than they can afford for a home.<sup>7</sup> This drastic need for housing in Maine, particularly affordable housing, can be attributed to various factors including low housing production, an aging housing stock, sudden in-migration of households with higher incomes, and declining labor force participation among Maine’s aging population.<sup>8</sup>

Following the publication of the Housing Study, DECD convened an advisory committee to create statewide and regional goals using the Housing Study as a framework. The Advisory Committee included representation from the Maine State Legislature, state government departments, regional councils, a statewide planning organization, business groups, an educational group, affordable housing groups, the state’s real estate association, and the state’s municipal advocacy group. The Advisory Committee convened for the first time on February 14, 2024, and met monthly through June 2024 to develop the following housing production goals. These housing goals are a method to help the state, regions, and municipalities increase housing production incrementally over the remaining course of the decade to support healthy growth in their local economy, thereby growing Maine’s economy. These housing goals are not, however, mandatory requirements for the state, regions, or municipalities to meet or exceed. Furthermore, these housing goals will be reexamined and adjusted over the course of the decade as economic and demographic data changes, methods for tracking housing production improve, and barriers to housing production are reduced.

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<sup>6</sup> State of Maine Housing Production Needs Study, Page 8.

<sup>7</sup> State of Maine Housing Production Needs Study, Page 11.

<sup>8</sup> State of Maine Housing Production Needs Study, Pages 6-7.

In addition, the Advisory Committee stressed that these housing goals would not be attainable without addressing existing housing production barriers. This report details some production barriers and provides strategies for addressing them.

## **Advisory Committee Process**

The Advisory Committee met five times during 2024: February 14, March 20, April 24, May 29, and June 26. All meetings were held remotely on Zoom. Members did not formally vote on recommendations but sought to reach a majority consensus on any recommendations, with DECD, GOPIF, and MaineHousing staff guiding the process.

- February 14: The kick-off meeting for the Advisory Committee focused on introducing members of the group, reviewing the housing goals statute, presenting information on Oregon's housing goals, and presenting key questions to guide the process.
- March 20: The second meeting focused on examining (1) the housing production numbers presented in the Housing Study; and (2) potential regions to establish regional housing goals.
- April 24: The third meeting finalized the regions to establish regional housing goals and continued examining possible methods for setting housing goals over this decade.
- May 29: The fourth meeting finalized the method for setting housing goals, discussed the advantages and disadvantages of establishing a subgoal to guide affordable housing production, and began the process of identifying barriers to reaching these statewide and regional housing goals.
- June 26: The final meeting focused on identifying housing production barriers and brainstorming strategies to reduce those barriers.

## **Oregon's Housing Goals**

To help conceptualize what housing goals could look like for Maine, DECD researched Oregon's approach to creating housing goals and presented this approach to the Advisory Committee. Oregon's Governor, Tina Kotek, signed an

executive order in 2023 establishing the state’s housing goals.<sup>9</sup> Using data and housing production numbers from its statewide housing needs analysis, Oregon’s housing goal is to produce over 360,000 housing units over the next ten years, or approximately 36,000 homes per year.<sup>10</sup> This goal requires Oregon to approximately double its current annual housing production each year to meet its goal.<sup>11</sup>

In addition, Oregon established a subgoal, requiring that more than 50% of the annual statewide production target be affordable to households making less than 80% of Area Median Income.<sup>12</sup> Finally, the Governor established the Housing Production Advisory Council to create an action plan to meet the state’s housing targets.<sup>13</sup> The Council had 25 members including the Governor (or designee), members of the Oregon State Legislature, state agency directors, a tribal member, housing developers, municipal representation, and experts in land use, construction, fair housing and permitting.<sup>14</sup> The Housing Production Advisory Council published its final report in February 2024, which included 59 action items and recommendations for Governor Kotek to consider related to financing, permitting, access to land, code development, and workforce development.<sup>15</sup>

## **Establishing Statewide and Regional Housing Goals for Maine**

Following the passage of LD 2003, the State of Maine engaged with an outside consultant, HR&A Advisors, to conduct a comprehensive housing needs study to assess the availability and affordability of housing in Maine, to accommodate existing demand and support the workforce necessary to sustain and grow Maine’s

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<sup>9</sup> Or. Exec. Order No. 23-04 (Jan. 10, 2023).

<sup>10</sup> Or. Exec. Order No. 23-04 (Jan. 10, 2023).

<sup>11</sup> Or. Exec. Order No. 23-04 (Jan. 10, 2023).

<sup>12</sup> Or. Exec. Order No. 23-04 (Jan. 10, 2023).

<sup>13</sup> Or. Exec. Order No. 23-04 (Jan. 10, 2023).

<sup>14</sup> Housing Production Advisory Council, Office of Oregon Governor Tina Kotek, <https://www.oregon.gov/gov/policies/Pages/Housing-Production-Advisory-Council.aspx>.

<sup>15</sup> State of Oregon Housing Production Advisory Council Recommendations Report, February 2024, <https://www.oregon.gov/gov/policies/Documents/HPAC%20Final%20Report%20February%202024.pdf>.

economy.<sup>16</sup> Using the framework and production numbers provided in the Housing Study as a starting point, the Advisory Committee members had two primary objectives: (1) to establish a statewide housing goal and the framework for reaching that goal; and (2) to establish regional goals and the framework to reach those goals.

## **A. Statewide Housing Goals**

To create a statewide housing goal, the Advisory Committee considered the following: (1) the statewide housing goal number, (2) a timeline for achieving the goal, and (3) how the goal could be achieved by 2030.

### **i. Setting a Statewide Goal Number**

The Housing Study calculated that Maine would need approximately 38,500 homes to remedy historic underproduction, as well as an additional 37,900 to 45,800 homes to meet future needs by 2030, totaling between 76,400 and 84,300 housing units by 2030.<sup>17</sup> The Housing Study defined historic underproduction as “the deficit of available homes for the existing population (the availability deficit) plus the deficit of homes for workers needed to increase the workforce to support Maine’s existing economy (the jobs : homes deficit).”<sup>18</sup> The Housing Study defined future need “as the number of homes needed to support Maine’s projected population and household change by 2030, while accounting for Maine’s high demand for seasonal homes.”<sup>19</sup>

Using these numbers as a starting point for discussion, the Advisory Committee recommended that a statewide goal reflect the higher production needs number outlined in the Housing Study. This recommendation is based

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<sup>16</sup> State of Maine Housing Production Needs Study, Page 4.

<sup>17</sup> State of Maine Housing Production Needs Study, Page 8.

<sup>18</sup> State of Maine Housing Production Needs Study, Pages 8-9. For more information on how historic underproduction was measured, see page 40 of the Housing Production Needs Study.

<sup>19</sup> State of Maine Housing Production Needs Study, Page 9. For more information on how future need was measured, see page 55 of the Housing Production Needs Study.



on the rationale that the current metric overstates the number of housing units produced yearly because it uses building permits, which may not always result in completed housing units.<sup>20</sup>

## **ii. Timeframe for Achieving Goal**

The Advisory Committee then established a timeframe for achieving the statewide goal. The Housing Study measured housing production needs by reviewing current and projected data from 2021 through 2029.<sup>21</sup> The Advisory Committee, acknowledging that the goal-setting process would take the majority of 2024, recommended that Maine’s statewide housing goal should start in 2025 and end in 2030, allowing the state an extra year to ramp up housing production to achieve its goals.

## **iii. Approach to Achieving Goal**

Finally, the Advisory Committee determined how many units Maine needs to produce per year to reach its target of 84,300 units. The Housing Study used annual building permit data to measure housing production, calculating that Maine needs to increase building permits by 77% to 94% per year to reach its housing needs by 2030.<sup>22</sup> The Housing Study acknowledged that building permits are “not an exact measure of housing production, as not all permitted homes are built.”<sup>23</sup> Therefore, the Housing Study concluded that “the necessary increase in housing production may be larger than current permitting suggests and will vary based on the annual loss of homes in different regions.”<sup>24</sup> The Advisory Committee recommended that a process be developed for statewide tracking of a metric that measures completed units, in consultation with code enforcement officers and state government agencies. This could include tracking certificates of occupancy.<sup>25</sup> At this time,

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<sup>20</sup> State of Maine Housing Production Needs Study, Page 9.

<sup>21</sup> State of Maine Housing Production Needs Study, Pages 8-9.

<sup>22</sup> State of Maine Housing Production Needs Study, Page 9.

<sup>23</sup> State of Maine Housing Production Needs Study, Page 9.

<sup>24</sup> State of Maine Housing Production Needs Study, Page 9.

<sup>25</sup> Many municipalities in Maine do not issue certificates of occupancy.

however, building permits are the best available metric for tracking housing production because municipalities issue these permits to document development.

Although Oregon's method of establishing housing goals is simple and easy to understand, the Advisory Committee disagreed with utilizing this approach in Maine for two reasons. The first is that establishing the same housing goal per year over the course of the decade does not consider the lag between the time a building permit is issued and when a building is approved for occupancy, especially in the early years of the goal timeframe. Also, the Advisory Committee felt that achieving housing production goals in the early years of the goal timeframe would be almost impossible because of structural barriers and the economic realities of increasing production.

Instead, the Advisory Committee recommended a gradual percentage increase in the total number of produced units each year, using the average number of units Maine has permitted as a baseline for yearly production goals. Slowly increasing the goal number per year allows the state to ramp up housing production over time, while simultaneously addressing barriers to housing production.

Figure 1 illustrates this process. The graphic shows the number of units permitted in Maine between 2021 and 2023, totaling 19,800 units.<sup>26</sup> The average number of units permitted per year during this period was 6,600 units.

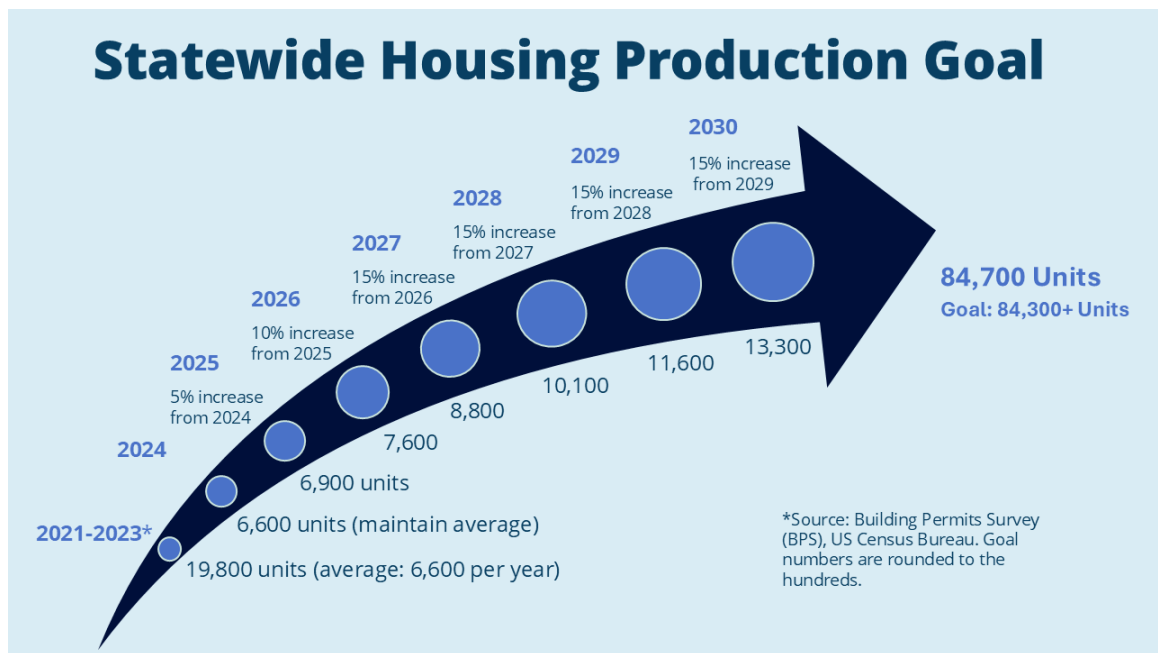
Using the 6,600 units per year as a starting point in 2024, the Advisory Committee increased the number of units from 2024 to 2025 by five percent, determining that the state needs to produce at least 6,900 housing units in 2025 to gradually work towards its final goal. Then, in 2026, the state must produce 10% more units than it did in 2025, meaning that at least 7,600 units must be produced. In 2027, the state must produce 15% more units than it did in 2026, totaling at least 8,800 units. In 2028, the state must produce 15%

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<sup>26</sup> All numbers were rounded to the hundreds.

more units than it did in 2027, totaling at least 10,100 units. In 2029, the state must produce 15% more units than it did in 2028, totaling at least 11,600 units. Finally, in 2030, the state must produce 15% more units than it did in 2029, meaning that at least 13,300 units must be produced. If the state gradually increases its housing production per year between 2025 and 2030 using this method, it would be on track to exceed its statewide goal of at least 84,300 units by the end of 2030. In the alternative, if the state exceeds its annual goals in earlier years, the state could scale back production at the end of the decade.

Figure 1: Statewide Housing Production Goal



To build more than 84,300 units by the end of 2030, Maine must incrementally increase the number of housing units it produces per year, starting in 2025 through the end of 2030. Currently, the best method for tracking housing production is US Census Bureau data on building permits.

## B. Regional Housing Goals by County

After establishing a statewide goal, the Advisory Committee established the regions for regional housing goals. The Housing Study selected the Maine Department of Labor's three Workforce Investment Regions to establish regional

geographies to measure housing needs.<sup>27</sup> This was due to the alignment between the state’s economic development goals and housing needs.<sup>28</sup> Although the Advisory Committee agreed that housing production should relate to labor markets, these geographic boundaries were too spatially large and diverse to be workable regions for housing goal tracking.

Instead, the Advisory Committee recommended using the county boundaries to track regional goals for three primary reasons. The first is that the counties are widely understood and accepted geographic boundaries by the public. The second is that US Census Bureau data is available at the county level with reliable coverage of the entire state. Finally, although the state’s regional councils do not adhere strictly to county boundaries, many regional councils organize service areas by county lines.<sup>29</sup>

Like the statewide housing goal, most of the regional county-level housing goals are based on the higher estimated number of housing units needed by county based on historic underproduction and future needs created by the Housing Study. See Figure 2.

The exceptions are Aroostook and Washington counties. For Aroostook County, the housing goal is a range between 1,820 and 2,200 units. The 1,820 number is the sum of the “historical underproduction number” and the “future need low” number. See Figure 2. For Washington County, the housing goal is a range between 2,160 and 2,360 units. The 2,160 number is the sum of the “historical underproduction number” and the “future need low” number. See Figure 2. The reason for using the housing goal ranges for Aroostook and Washington counties is based on the high number of units needed, relative to the low number of units that have historically been produced in each county. See Figures 17 and 18.

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<sup>27</sup> State of Maine Housing Production Needs Study, Pages 14-15.

<sup>28</sup> State of Maine Housing Production Needs Study, Page 14.

<sup>29</sup> See Maine Regional Councils Map, Municipal Planning Assistance Program, Department of Agriculture, Conservation & Forestry, [https://www.maine.gov/dacf/municipalplanning/technical/regional\\_council.shtml](https://www.maine.gov/dacf/municipalplanning/technical/regional_council.shtml).

Figure 2: Housing Production Needs by County 2021-2030<sup>30</sup>

<b>County</b>	<b>Historic Underproduction</b>	<b>Future Need Low</b>	<b>Future Need High</b>	<b>Total (Historic Underproduction + Future Need High)</b>
<i>Hancock</i>	1,500	1,900	2,200	3,700
<i>Cumberland</i>	10,200	7,200	8,600	18,800
<i>Knox</i>	1,100	1,400	1,700	2,800
<i>Lincoln</i>	870	880	1,100	1,970
<i>Sagadahoc</i>	1,100	770	950	2,050
<i>Waldo</i>	900	2,100	2,300	3,200
<i>York</i>	5,500	10,100	11,100	16,600
<i>Piscataquis</i>	510	-30	110	620
<i>Androscoggin</i>	3,800	2,200	2,700	6,500
<i>Franklin</i>	900	820	1,000	1,900
<i>Kennebec</i>	4,600	4,500	5,100	9,700
<i>Oxford</i>	1,700	1,900	2,300	4,000
<i>Somerset</i>	1,500	330	600	2,100
<i>Aroostook</i> <sup>31</sup>	1,100	720	1,100	2,200
<i>Penobscot</i>	2,700	1,400	3,000	5,700
<i>Washington</i> <sup>32</sup>	460	1,700	1,900	2,360

<sup>30</sup> State of Maine Housing Production Needs Study, Pages 51 and 56. All numbers provided in the table were rounded to the tens for counts in the hundreds, and hundreds for counts over a thousand.

<sup>31</sup> For Aroostook County, the Advisory Committee established the housing goal as a range between 1,820 and 2,200 units. The 1,820 number is the sum of the “historical underproduction number” and the “future need low” number. The reason for using a range here is due to the high number of units needed, relative to the low number of units that have historically been produced in this county.

<sup>32</sup> For Washington County, the Advisory Committee established the housing goal as a range between 2,160 and 2,360 units. The 2,160 number is the sum of the “historical underproduction number” and the “future need low” number. The reason for using a range here is due to the high number of units needed, relative to the low number of units that have historically been produced in this county.

The Housing Study measured county housing production needs by calculating the number of housing units needed to remedy historic underproduction and to meet future needs in each county. The Housing Study defined future need as a range: future need low and future need high. To establish county housing goals, the Advisory Committee used the future need high number, except for in Aroostook and Washington counties.

As with the statewide housing goal, the Advisory Committee recommended establishing the regional goals for the years 2025 through 2030.

The county infographics below offer a model timeline for a given county to gradually increase housing production to reach or exceed its goal, illustrating the necessary increase in production and how it might be responsibly managed. It is notable that the county infographics present widely varying production increases. The reason for this is strictly a result of the production goals identified by the Housing Study, offset by the number of units that have historically been produced in that county.

Finally, this report organizes the housing goals for the state's 16 counties into three categories: (1) counties whose production goals require little or no percentage increase in housing units produced per year (based on 2021-2023 building permit data); (2) counties whose production goals require moderate percentage increases in housing units produced per year (based on 2021-2023 building permit data); and (3) counties whose production goals require the largest percentage increases in housing units produced per year (based on 2021-2023 building permit data).<sup>33</sup> It is important to note that categorizing counties into three groups is not intended to minimize the need for housing in certain areas or discourage municipalities from incentivizing affordable housing based on local economic and demographic needs. Rather, grouping counties serves to better organize and understand regional needs for housing production to prioritize and foster economic growth in particular areas.

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<sup>33</sup> All numbers used in the county graphics were rounded to the tens.

**i. Category 1: Counties with Lowest Percentage Increases in Housing Units Per Year**

Figure 3: Piscataquis County Housing Goal

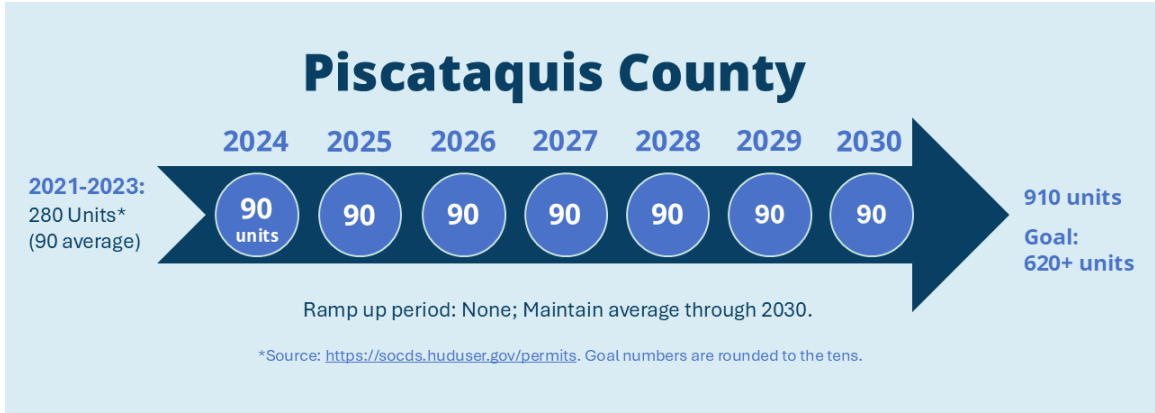


Figure 4: Franklin County Housing Goal

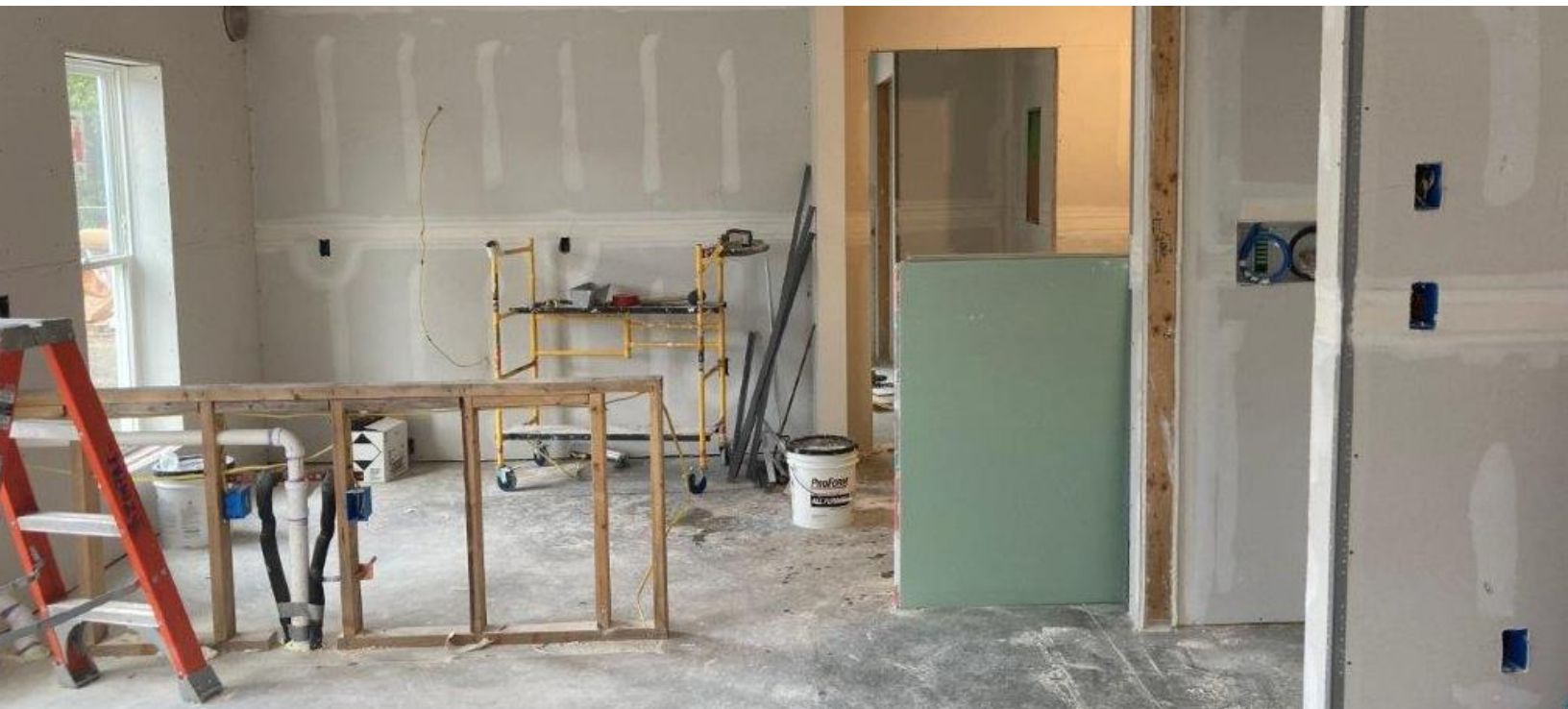
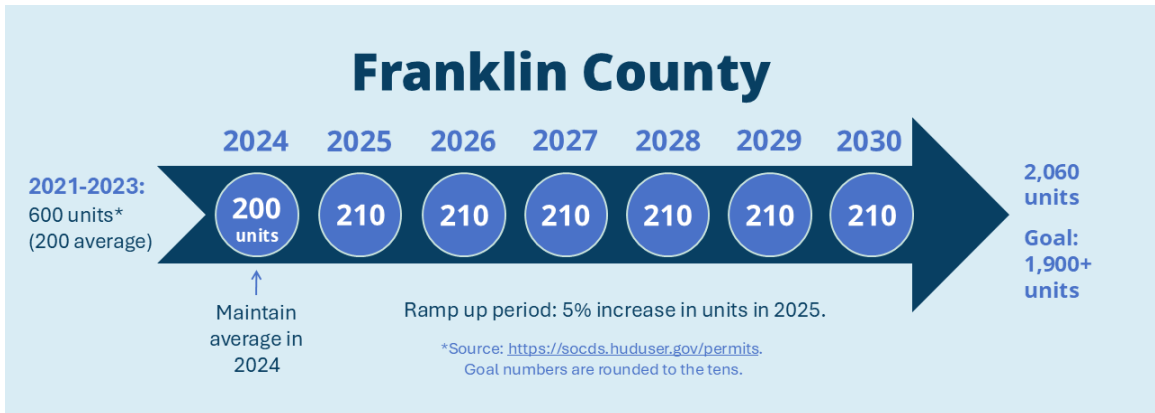
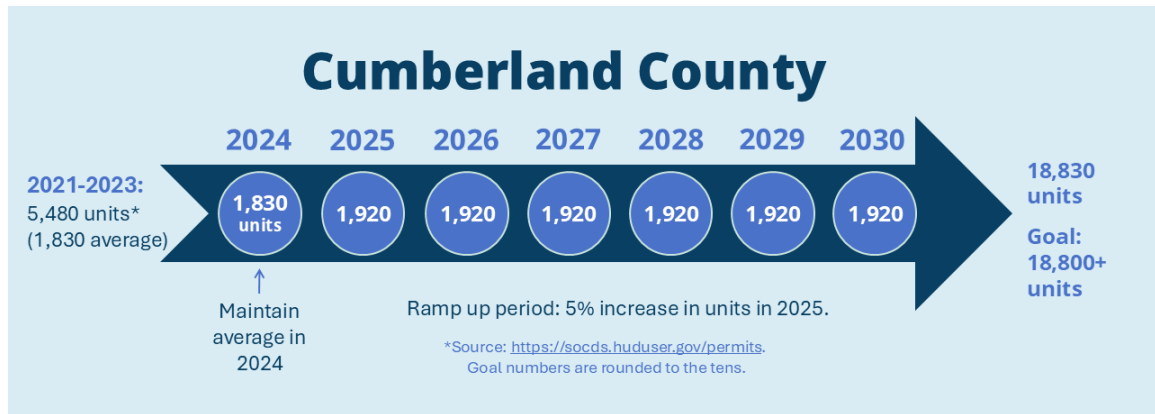


Figure 5: Cumberland County Housing Goal



Cumberland County needs to produce at least 18,800 units. Although this total is much greater than the total in other counties (See Figure 2), Cumberland County has historically produced nearly 2,000 housing units per year (based on historic building permit data). This means that Cumberland County needs to increase its housing production in 2025 by five percent and then maintain this higher level of housing production through 2030 to reach this 18,800+ goal.

Figure 6: York County Housing Goal



York County needs to produce at least 16,600 units. Although this total is much greater than the total in other counties (See Figure 2), York County has historically produced over 1,500 units per year (based on historic building permit data). This means that York County must maintain its historic housing production and gradually increase it by five percent each year through 2030 to reach 16,600+ units.



Figure 7: Hancock County Housing Goals



Figure 8: Sagadahoc County Housing Goal

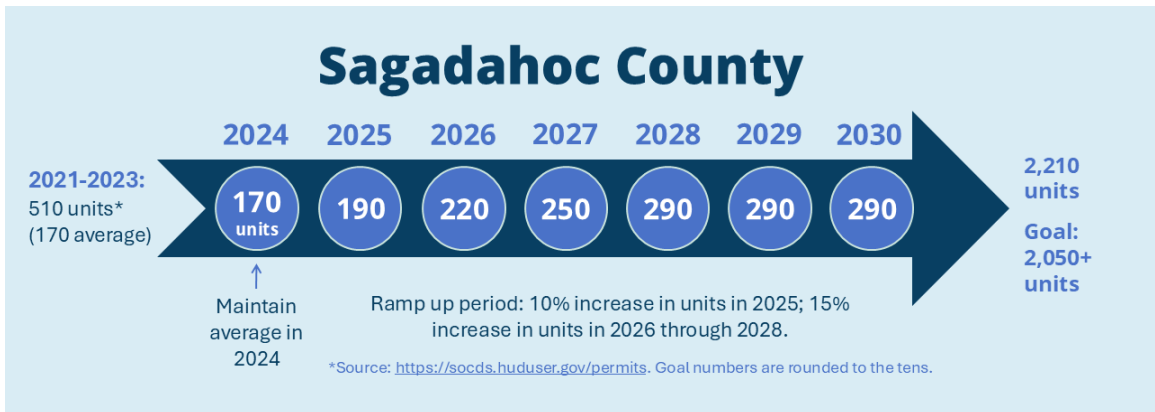


Figure 9: Oxford County Housing Goal

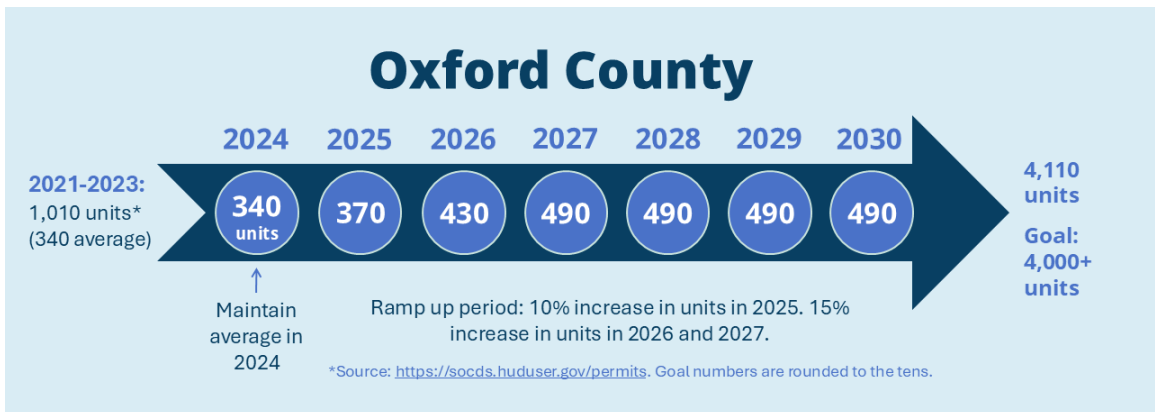


Figure 10: Lincoln County Housing Goal



ii. Counties with Moderate Percentage Increases in Housing Units Per Year

Figure 11: Kennebec County Housing Goal

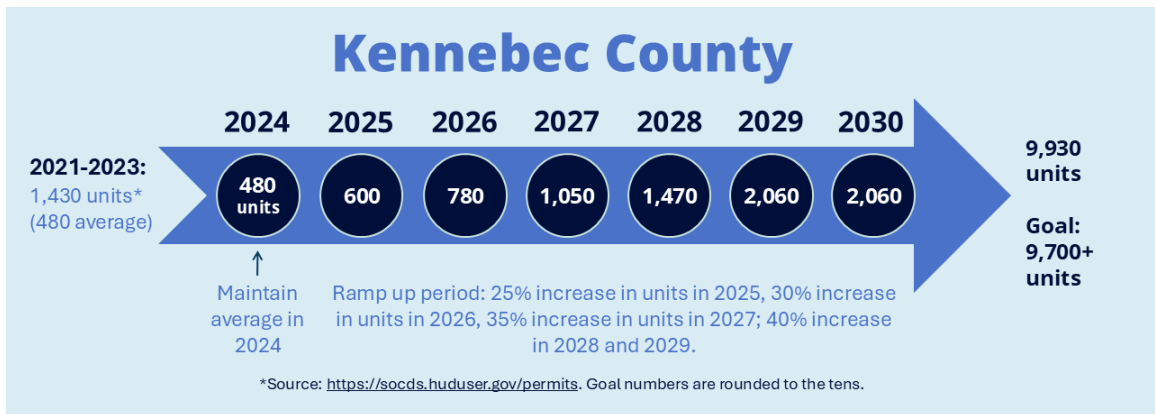


Figure 12: Androscoggin County Housing Goal

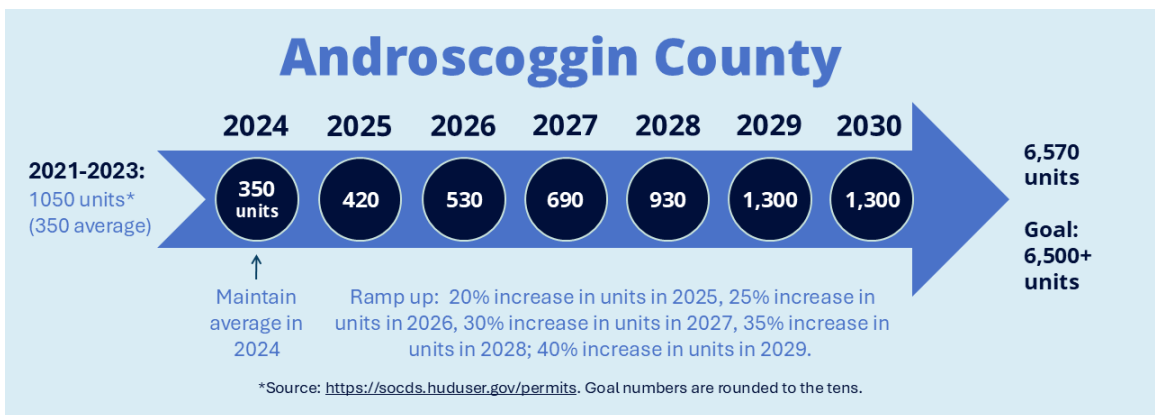


Figure 13: Somerset County Housing Goal

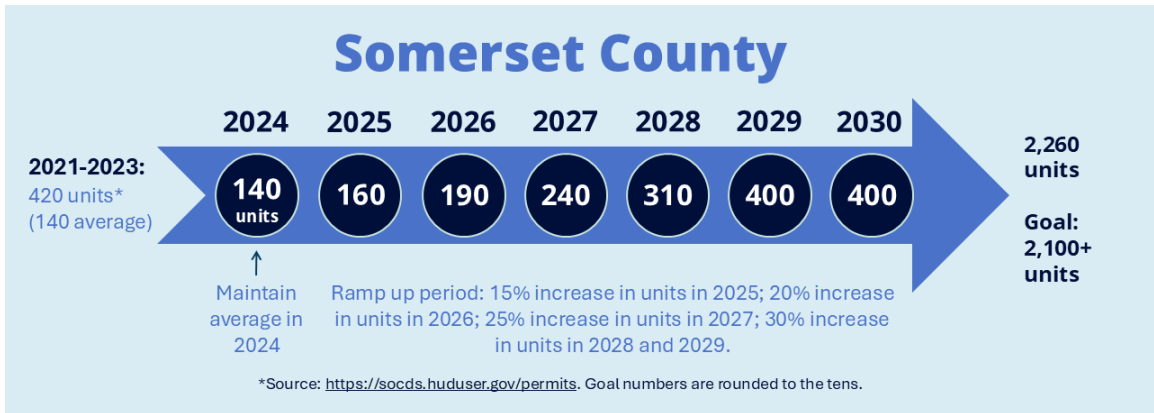


Figure 14: Knox County Housing Goal

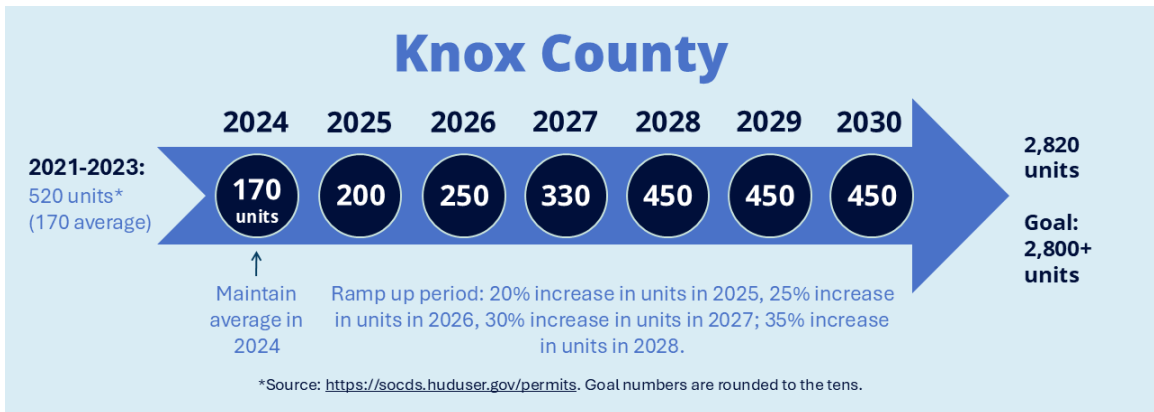


Figure 15: Penobscot County Housing Goal

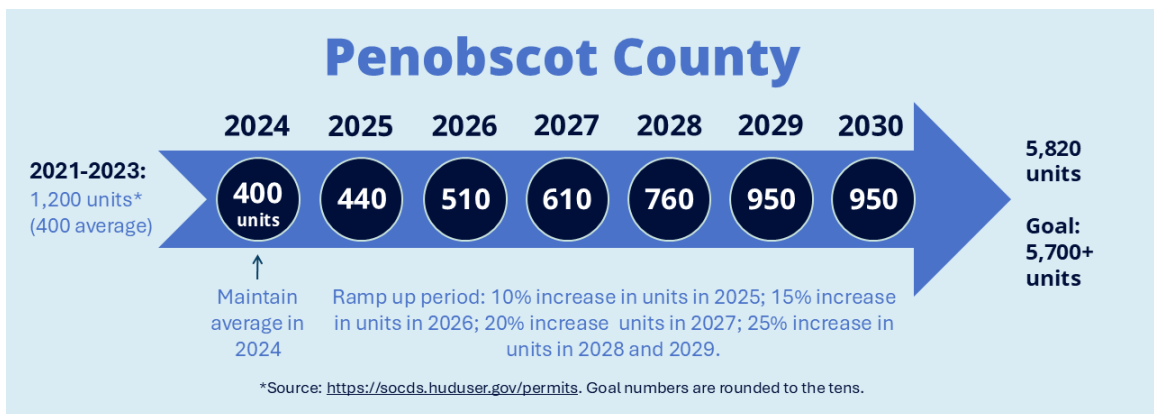
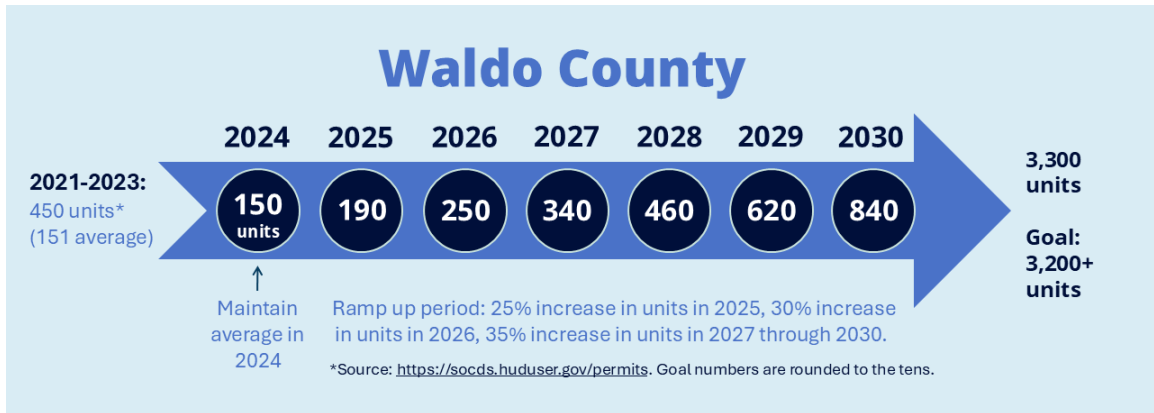
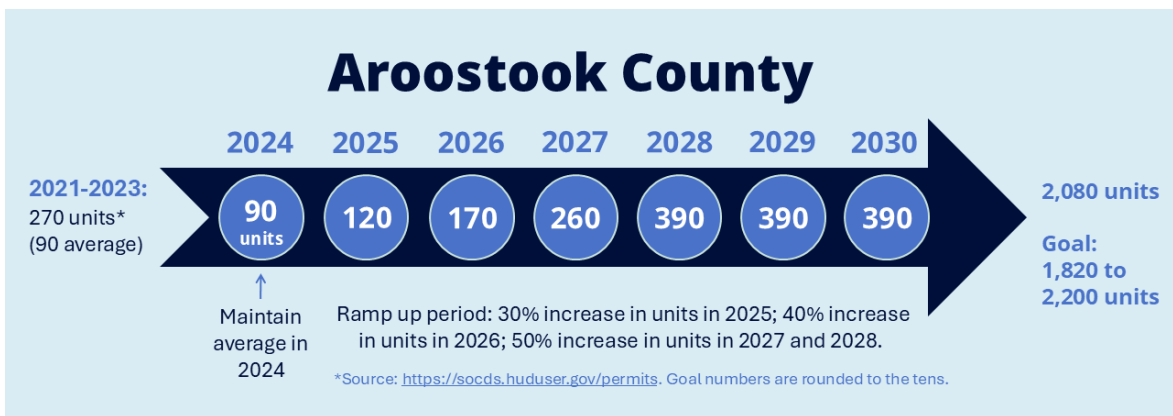


Figure 16: Waldo County Housing Goal



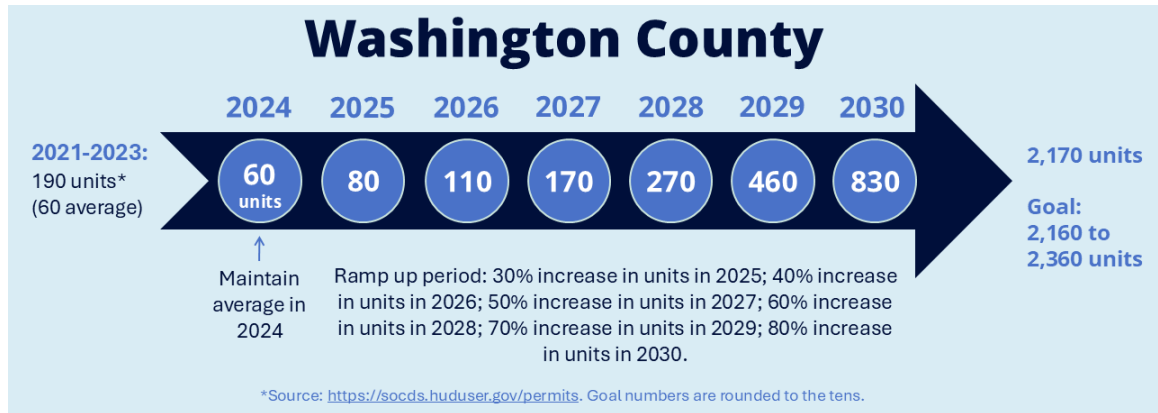
### iii. Category 3: Counties with the Highest Percentage Increases in Housing Units Per Year

Figure 17: Aroostook County Housing Goal



Aroostook County needs between 1,820 and 2,200 units to meet current and future housing needs through 2030. Although this total number of units is smaller than the total need for other counties (See Figure 2), Aroostook County has historically produced fewer units per year, relative to other counties. To meet the goal of 1,820+ units by the end of 2030, Aroostook County will need to plan for large production increases each year through 2030.

Figure 18: Washington County Housing Goal



Washington County needs between 2,160 and 2,360 units to meet current and future housing needs through 2030. Although this total number of units is smaller than the total need for other counties (See Figure 2), Washington County has historically produced fewer units per year, relative to other counties. To meet the goal of 2,160+ goal by the end of 2030, Washington County will need to plan for large production increases in each year through 2030.

### C. Subgoals for Affordable Housing

As part of the goal-setting process, the Advisory Committee considered whether a certain percentage of the annual statewide and regional production goals should be allocated to create affordable housing units. The Housing Study did not recommend any one type of housing that should be built but it did emphasize the need for affordable housing production for low-and moderate-income households because low-and moderate-income households are more constrained in their housing choices and are more likely to pay more than they can afford for a home.<sup>34</sup>

The Advisory Committee decided to forgo establishing a subgoal that would require a certain percentage of the annual statewide and regional housing targets to be affordable. Instead, the Advisory Committee felt emphasis should

<sup>34</sup> State of Maine Housing Production Needs Study, Page 11.

be placed on creating affordable housing for low-and moderate-income households, but that the creation of any type of housing, including market rate housing, contributes to reaching the state’s production goals.

## Tracking Production

DECD will track housing production and progress towards the state’s housing goals with support from other state government agencies, regional councils, and municipalities. However, to further improve the tracking of production, investments in a standardized method for the collection of municipal building permits, certificates of occupancy, and demolition data are needed. There is no standard method of collecting municipal building permits, demolition permits, or certificates of occupancy at the state level. Instead, housing production is tracked by relying on US Census Bureau building permit data that is voluntarily submitted by municipalities.<sup>35</sup> Without a standardized method for collecting more reliable and comprehensive data, tracking housing production will continue to be highly imprecise.

DECD anticipates updating this report before the end of 2030 to update housing production numbers using available building permit, certificate of occupancy, and demolition data, as well as updated economic and demographic data.



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<sup>35</sup> Kelley Glidden, Amber Harrison, Brianne Hasty, Laura Reading, Emily Theriault & Nikki Williams, Municipal Housing Supply Research Findings, May 9, 2024.

## Strategies to Increase Housing Production to Meet Goals

The Advisory Committee stressed throughout the goal-setting process that achieving these housing goals would be almost impossible without addressing a variety of housing production barriers that currently exist. The following list of strategies to reduce existing barriers is not meant to be exhaustive, nor is it a list in order of importance. Instead, this list serves as a starting point for continuing conversations on the state, regional, and municipal levels about how to increase housing opportunities across Maine.

- Invest in infrastructure development and maintenance in growth areas to shift connection costs away from households to increase affordability.

One barrier to housing production is the costs of expanding and maintaining infrastructure, especially in growth areas. Constructing new infrastructure and maintaining older systems is costly, takes time, and is further complicated by existing environmental regulations. Investing in infrastructure in areas where growth can occur will reduce total construction costs, therefore shifting costs away from homeowners and increasing housing production. Investments can include road repair, bridges, water and wastewater, lighting, power, internet, and sidewalks.

- Facilitate conversations to shift local attitudes about affordable housing development.

Local opposition to affordable housing development can delay and prevent the development of housing in neighborhoods. Often this opposition is based on stereotypes about the type of people that will be living in the housing and concerns about changing the character of the existing neighborhood. Public outreach and education initiatives should focus on addressing common concerns about housing developments including traffic, property tax increases, aesthetics or community feel, financial burdens on municipalities, and financial burdens on school districts, while stressing that housing is a public health imperative.

- Facilitate networking and educational opportunities for developers and municipalities to increase housing production capacity, especially in rural areas.

In 2022, MaineHousing awarded funding to the Genesis Community Loan Fund to pilot an affordable housing technical assistance program to support developers, municipalities, and community organizations.<sup>36</sup> This pilot program provides outreach and training, financial expertise and matchmaking support to create more affordable housing in the state.<sup>37</sup> This successful pilot program is one example of how developing capacity for developers and municipalities can increase housing development. Increasing this type of individualized support will help increase the number of affordable housing units in the state and provide underrepresented, rural developers the opportunity to build their businesses and create jobs in rural parts of the state.

- Incentivize housing production innovation focusing on in-state manufacturing methods and state natural resources.

Maine must build housing quickly, efficiently, and at reduced costs to reach its housing goals by 2030. Manufactured housing, prefabricated structural components, and other creative off-site construction methods can potentially increase the supply of affordable housing by streamlining production time, reducing waste, lowering costs, and creating new manufacturing jobs in the state.

- Invest in strategies to increase Maine’s home building workforce by focusing on the community college system, regional technical education centers, and job shadowing and mentoring programs.

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<sup>36</sup> MaineHousing, The Genesis Fund Wins Contract to Expand Affordable Housing, Dec. 5, 2022, <https://www.mainehousing.org/news/news-detail/2022/12/05/the-genesis-fund-wins-contract-to-expand-affordable-housing>.

<sup>37</sup> MaineHousing, The Genesis Fund Wins Contract to Expand Affordable Housing, Dec. 5, 2022, <https://www.mainehousing.org/news/news-detail/2022/12/05/the-genesis-fund-wins-contract-to-expand-affordable-housing>.



The State of Maine is experiencing a workforce shortage in the construction sector, including plumbing, basic construction, electrical work, clean energy construction, window installation, and heat pump installation.<sup>38</sup> To alleviate Maine's severe construction workforce shortage, Governor Mills recently signed an executive order to improve the recruitment, training, and retention of women in the construction sector.<sup>39</sup> In addition, Governor Mills's Free Community College initiative is supporting Maine students who are interested in working in the construction industry by providing up to two years of free community college to high school graduates.<sup>40</sup> Finally, Maine's community colleges are also investing and growing Maine's home building workforce through expansion of free and low-cost short-term workforce training offerings, available on a rolling basis statewide, in a range of housing construction categories.

A continued focus on and expansion of these types of programs is critical to increase the numbers of workers in the home building workforce to reach Maine's housing goals.

- Prioritize production of affordable housing by creating an on-going sustainable source of funding for affordable housing, including the strategic use of federal funding.

Governor Mills and the Maine Legislature have prioritized affordable housing production by investing over \$314 million for production programs since 2019.<sup>41</sup> Maine, however, is still short about 17,000 affordable housing units

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<sup>38</sup> Me. Exec. Order No. 7 (May 6, 2024).

<sup>39</sup> Me. Exec. Order No. 7 (May 6, 2024).

<sup>40</sup> Free Community College Extended for Two More Years, Maine's Community Colleges, July 11, 2023, [https://www.mccs.me.edu/press\\_release/free-community-college-extended-for-two-more-years/](https://www.mccs.me.edu/press_release/free-community-college-extended-for-two-more-years/).

<sup>41</sup> State of Maine: Office of Governor Janet T. Mills, Addressing Maine's Housing Shortage, October 6, 2023, [https://www.maine.gov/governor/mills/news/radio\\_address/addressing-maines-housing-shortage-2023-10-06](https://www.maine.gov/governor/mills/news/radio_address/addressing-maines-housing-shortage-2023-10-06); MaineHousing Announces Award \$30 Million in State Subsidy Awarded for Affordable Housing Development, May 23, 2024, <https://www.mainehousing.org/news/news-detail/2024/05/23/mainehousing-announces-award--30-million-in-state-subsidy-awarded-for-affordable-housing-development>.

for extremely low-income renters.<sup>42</sup> With the high costs of development and shortage of workers, building affordable housing has been increasingly difficult and construction costs exceed what households can afford. Increasing funding and encouraging new types of financing to help developers fill the gaps in financing will help support the development of affordable housing.

- Reduce and streamline local building and land use regulations, where appropriate, that unnecessarily restrict housing or increase the time and costs of construction. Example policies for review include, but are not limited to, permitting procedures, impact fees, pre-approved building types, minimum parking standards, and space and bulk requirements.

LD 2003 was a substantial step towards removing exclusionary zoning practices in Maine. However, there are still steps municipalities can take to remove barriers to housing production in local regulations. For instance, municipalities can review and revise permitting procedures in local ordinances to reduce the time it takes for a homeowner or developer to obtain a building permit. Municipalities can also remove or reduce impact fees, where appropriate, to reduce the costs of housing development. In addition, municipalities can revise their space and bulk requirements such as lot size, road frontage, or setbacks to increase density in residential areas. Finally, municipalities can adopt pre-approved building types for certain types of housing to reduce the complexity of the permitting process and reduce architectural costs for the homeowner.

- Remove or streamline state laws and regulations, where appropriate, that unnecessarily increase the time and costs associated with housing production and disincentivize long-term rental housing. Examples policies for review include, but are not limited to, permitting procedures, environmental

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<sup>42</sup> Housing Needs by State: Maine, National Low Income Housing Coalition, <https://nlihc.org/housing-needs-by-state/maine#:~:text=Updated%20on%20February%2017%2C%202021&text=One%20in%20three%20Maine%20households,and%20at%20risk%20of%20eviction.>

regulations, land use regulations, employment practices, safety regulations, and tax regulations related to vacation homes and short-term rentals.

Overly burdensome regulations can increase the time and costs of building housing units. While some regulations are necessary to protect the environment and individuals, there is a need to streamline overly complex regulations. To decrease housing costs, review of state level regulations must be undertaken to reduce and streamline the unintended or negative consequences of complex regulations to allow timely, cost-effective, and safe construction of homes. In addition, the sale and use of residential property for transient rental purposes lacks its own use category for property tax assessment purposes, which results in the inflation of the assessed value of true residential property. Review and amendment of tax regulations, where appropriate, can increase residential properties.

- Increase staffing and training opportunities at state, regional, and local levels to account for increased demand for housing construction. Examples include, but are not limited to, inspection or licensing boards, water and sewerage authorities, code enforcement, environmental protection, elevator inspections, and fire safety.

Staffing shortages at state and local entities can create construction delays and increase costs. Increasing capacity can help to shorten the housing construction timeline and support existing workers with the increased demand for housing.

In addition, GOPIF, DECD, and MaineHousing are continuing their work with HR&A Advisors to expand on the housing production strategies listed above. Over the course of fall 2024 and early 2025, HR&A will (1) explore production tracking and financing mechanisms; (2) engage with stakeholders to understand production challenges and opportunities in Maine; and (3) develop production innovation and workforce development strategies to increase housing production.

## **Additional Resources**

### **(1) 2023 State of Maine Housing Production Needs Study**

In 2023, DECD, GOPIF, and MaineHousing engaged an outside consultant to conduct a comprehensive housing needs analysis to assess the availability and affordability of housing in the state.

### **(2) State of Maine Housing Data Portal**

The State of Maine Housing Data Portal is an initiative of MaineHousing, DECD, and GOPIF. The Portal was developed by HR&A Advisors, in consultation with housing stakeholders across Maine and with the authorization of the Legislature under LD 2003. The Portal provides a central location for housing, demographic, and economic data to help Maine municipalities, housing organizations, and the public determine housing trends by comparing geographies.

### **(3) Midcoast Council of Governments' Housing Study**

This series of infographics, created by the Midcoast Council of Governments, illustrates changes in the housing landscape from 2016 to 2021 in the Midcoast region.

### **(4) Greater Portland Council of Governments' Housing Data Dashboard**

Greater Portland Council of Governments' Housing Data Dashboard provides information about the region's housing shortage and illustrates the collective progress of building more housing units in the region.

### **(5) GOPIF's Housing Dashboard**

This dashboard displays actions and investments taken under the Governor Mills Administration to expand the supply of affordable housing in Maine. All data visualizations were created by GOPIF, in partnership with MaineHousing.

## (6) Regional Councils

The Municipal Planning Assistance Program, within the Maine Department of Agriculture, Conservation & Forestry, provides up-to-date information on the state's Regional Councils (Regional Planning Commissions and Council of Governments).

