



U.S. Department of Housing and Urban  
Development Pathways to Removing  
Obstacles to Housing (PRO Housing) Grant  
FY24 (Round 2)

Expanding Housing Supply at the Local Level

September 2024 Draft for Public Comment

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## Exhibit A Executive Summary

### Maine Department of Economic and Community Development

#### Exhibit A Executive Summary

Maine is experiencing a severe shortage of housing, particularly affordable housing, due to a variety of barriers including high construction costs, local opposition to affordable housing projects, and restrictive local land use and zoning practices. A recent statewide housing needs report 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. This acute need for housing in Maine, particularly affordable housing, can be contributed to a variety of factors including sudden in-migration, declining labor force participation amongst Maine's aging population, low housing production, and an aging housing stock.

Since Governor Mills took office in 2019, the Mills Administration and the Maine State Legislature have allocated more than \$314 million to support the construction of homes in Maine, an unprecedented level of investment that has resulted in more than 600 new homes so far, with more than 1,000 homes under construction, and more than 3,000 homes in the construction pipeline. These initiatives and programs have targeted primarily the construction of affordable housing, emphasizing the need for housing to support individuals with low-to-moderate-incomes.

However, the State of Maine still has barriers to reaching its housing production needs. That is why the Maine Department of Economic and Community (DECD) and its partners are submitting this proposal as part of the Department of Housing and Urban Development's (HUD) Pathways to Removing Obstacles to Housing (PRO Housing) grant program seeking \$2,600,000 to address key barriers to creating affordable housing in Maine, particularly in the two priority geography counties of Franklin and Lincoln counties.

This proposal aims to increase affordable housing production by addressing key barriers to the creation of affordable housing including high development costs, local opposition to affordable housing development, and restrictive land use planning practices at the local level.

Specifically, this proposal proposes the following three activities:

- \$2,250,000 to create a Pre-Development and Land Acquisition Grant Program in Franklin and Lincoln counties to jumpstart housing development for households less than 100% AMI by providing pre-development and land acquisition grants to affordable housing developers;
- \$150,000 to create a statewide land use toolkit to provide best practices in land use and zoning to municipalities to increase the development of affordable housing; and
- \$200,000 to conduct a series of statewide housing educational sessions with municipal leaders, land use planners, community members, affordable housing advocates, and affordable housing developers to facilitate productive conversations about affordable housing production in communities.

These proposed activities are expected to increase affordable housing for members of protected class groups, including persons with disabilities, families with children, and underserved communities of color.

## **Exhibit B Threshold Requirements and Other Submission Requirements**

### **Maine Department of Economic and Community Development**

#### **Exhibit B Threshold Requirements**

##### **i. Threshold Eligibility Requirements**

The Maine Department of Economic and Community Development (DECD) meets the following requirements:

- Resolution of Civil Rights Matters: DECD does not have any outstanding civil rights matters.
- Timely Submission of Applications: DECD submitted its application prior to the October 15, 2024, application submission date.
- Eligible Applicant: DECD is an eligible state entity.
- Number of Applications: DECD submitted one application.

#### **Exhibit C Need**

### **Maine Department of Economic and Community Development**

#### **Exhibit C Need**

##### **i. Demonstrate your progress and commitment to overcoming local barriers to facilitate the increase of affordable housing production and preservation, primarily by having enacted improved laws and regulations.**

###### **a. Improved laws, regulations, or land use local policies**

Governor Janet Mills and the Maine State Legislature have prioritized funding and new programming to address, mitigate, and remove Maine’s barriers to affordable housing production. Between 2019 and 2024, Maine passed legislation to (1) remove local barriers to housing production, (2) significantly increase funding for affordable housing production and preservation, (3) create programs to increase housing affordability and accessibility, and (4) increase Maine’s home building workforce. These investments in affordable housing total over \$314 million. By comparison, from 2000 to 2018, the State of Maine invested only \$65 million in affordable housing.

To address the high costs of constructing affordable housing and to increase funding for affordable housing production and preservation, the State of Maine has passed legislation to:

- Create the Maine Affordable Housing Tax Credit program. Budgeted at \$80 million over the course of this decade, this tax credit was the largest single investment in housing in Maine’s history to create an additional 1,000 affordable rental units, with funding specifically earmarked for rural and senior housing.
- Create and expand the Affordable Homeownership Program to facilitate the development of affordable single-family housing for low- and moderate-income Mainers. This program creates new, owner-occupied single-family homes that will be sold to homebuyers who earn up to 120% of Area Median Income (AMI) With \$20 million allocated in 2022 through 2024, this program anticipates creating at least 260 new, single-family, affordable homes across Maine.
- Create and expand the Rural Affordable Rental Housing Program to provide housing in rural Maine in areas and at a size where traditional federal Low Income Housing Tax Credit projects may not be the best solution, while supporting emerging developers, and construction design innovation. This program was initially funded with pandemic relief funds but has been refunded by the Maine State Legislature twice, totaling \$30 million in state funds. Since its inception 230 units in 13 rural locations across nine of Maine’s 16 counties have been financed, with additional projects anticipated with 2024 funding.
- Provide \$10 million in state funding to leverage federal low-income housing tax credits to build more affordable housing;
- Fund an affordable senior housing bond to build more affordable housing units and weatherize homes for low-income seniors. This bond will generate over \$45.8 million to build 212 new affordable housing units for Mainers aged 55 and older;
- Adopt the “housing first” model to construct 12 to 15 permanent and stable housing buildings with supportive services for people experiencing chronic homelessness, many of whom are suffering from acute mental health and/or substance use disorder; and
- Authorize MaineHousing, Maine's state housing authority, to issue more bonds to finance affordable rental housing and mortgages for first-time homebuyers. This authorization allows MaineHousing to finance the construction of 105 new affordable rental units in rural Maine communities over the next year, resulting in housing opportunities for hundreds of Maine people.

To address restrictive local land use and zoning regulations, Maine has passed legislation requiring municipalities:

- With zoning to allow developers to take advantage of a density bonus for affordable housing developments;
- To allow additional dwelling units on lots that allow single-family homes;
- To allow accessory dwelling units on lots with existing single-family homes;
- To allow affordable manufactured housing on lots that allow single-family homes; and
- To limit retroactive application of municipal land use regulations to pending housing building permit applications.

To address affordable housing unit preservation, reduce displacement, and reduce evictions, the State of Maine has passed legislation to:

- Add \$5 million in one-time funds to establish a housing preservation fund to support the purchase of mobile home parks by their residents, including many who are older, disabled, or living on fixed incomes. This fund will provide low or no-interest financing to entities, such as resident cooperatives, to complement other financing options to support mobile home park purchases in Maine; and
- Establish a Pilot Rent Relief Program to provide \$18 million to eligible persons with up to \$800 per month in rental assistance paid directly to the person's landlord for a period of up to 24 months and \$2 million for a subsidy program under MaineHousing in coordination with the Department of Education and the Department of Health and Human Services for students experiencing homelessness who have not yet attained 18 years of age.

To address home building and construction workforce shortages:

- Governor Mills signed an executive order to improve the recruitment, training, and retention of women in the construction sector; and
- Maine passed legislation creating and expanding the Free Community College initiative which supports 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.

**b. Other recent actions taken to overcome barriers to facilitate the increase of affordable housing production and preservation**

In addition to the recent improved laws, regulations, and land use policies, there are other initiatives happening statewide to address barriers to housing production including:

- Creation of the Housing Opportunity Program in 2022 to provide funding and technical assistance to municipalities and regional groups to support local land use and permitting policy changes to increase the supply of housing, particularly housing units affordable to low-and moderate-income individuals. To date, the Housing Opportunity Program has provided municipalities and regional groups with almost \$2,000,000 to support land use regulation updates and other planning projects across the state to increase housing opportunities at the local level, with additional grant awards anticipated in 2025; and
- Creation of a pilot project in 2022 between MaineHousing and the Genesis Community Loan Fund, to provide affordable housing technical assistance program to support emerging developers, municipalities, and community organizations. This pilot program provides outreach and training, financial expertise, and matchmaking support between developers and municipalities to create more affordable housing in the state and to increase developer capacity, especially in rural, underserved areas of the state.

**ii. Do you have an acute demand for affordable housing? What are your remaining affordable housing needs and how do you know?**

*Statewide Needs*

In 2023, Maine commissioned a housing needs report, with an accompanying housing data dashboard, to provide information to municipalities, housing advocates and the public to address housing affordability and availability in Maine. The State of Maine Housing Production Needs Study analyzes Maine’s housing needs to meet present demands, due to factors such as historical underproduction and recent population growth, and forecasts housing needs based on longer-term state demographic trends and economic and workforce projections through 2030. The report was created to help inform future planning by the state, legislature, and local officials to address housing needs in Maine.

The report, completed in October 2023, found that Maine needs approximately 38,500 homes across the state 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. The report particularly emphasized the need for affordable housing units for low-and moderate-income households because those households are more constrained in their housing choices in Maine and currently are more likely to pay more than they can afford for a home.

In addition to the data presented by Maine’s housing report, the National Low Income Housing Coalition estimates that Maine has a shortage of over 17,000 rental homes affordable to the lowest-income renters, whose incomes are at or below the poverty guideline or 30% of the area median income (AMI). More than 50% of these low-income renters are severely cost-burdened, meaning they spend more than half of their income on housing costs. Another comparable study, conducted through the University of Southern Maine, found that Maine is presently short 30,000-40,000 new homes, which includes 20,000-25,000 homes for existing extremely low-income Maine residents, as well as 10,000-20,000 homes to attract workers to fill open job positions.

This pressing need for affordable housing—addressed in numerous reports—can be contributed to a variety of factors including (1) the sudden in-migration of people during the pandemic; (2) declining labor force participation amongst Maine’s aging population; (3) low housing production; and (4) an aging housing stock.

#### *Franklin and Lincoln County Needs*

DECD’s proposed activities will primarily serve two counties deemed priority geographies by the Department of Housing and Urban Development (HUD). These counties are Franklin and Lincoln.

In Franklin and Lincoln counties, the current affordable housing demands are also attributed to an aging housing stock, in-migration, and low housing production. However, these two counties also have a high percentage of older single-family homes and seasonal housing stock. The consistently high demand for seasonal homes in these counties means these counties require a higher number of homes relative to the number of year-round residents and available jobs than states or counties with lower seasonal demand.

#### *Franklin County<sup>1</sup>*

Of the over 84,000 homes Maine needs to meet current and future needs, at least 1,720 units are needed in Franklin County. Historically, Franklin County has built primarily single-family housing. For instance, the largest share of housing in Franklin County in 2022 was single-family homes (75.1%, or 15,792 homes). Multifamily housing was next with 3,353 homes (16.0%). The number of homes in multifamily buildings (2+ units) decreased by 136 homes between 2012 and 2022. Of the 21,014 homes in Franklin County, 920 homes (4.4%) were built between 2010 and 2019. This was less than between 2000 and 2009, when 2,676 homes (12.7%) were built.

Franklin County also has a larger share of seasonal housing compared to other regions of the state. In Franklin County, 34.5% of all homes in 2022 were seasonally vacant—that is, they were reported as being vacant for seasonal, recreational, or occasional use, or for migrant workers. This demand for seasonal homes means that Franklin County needs more homes to support year-round residents.

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<sup>1</sup> All data in this subsection is from the State of Maine Housing Datal Portal: <https://mainestatehousingdata.org/>.

## *Lincoln County*<sup>2</sup>

To meet current and future needs, Maine’s housing report forecasted that Lincoln County needs at least 1,750 housing units to meet current and future needs through 2030. Historically, like other counties in Maine, Lincoln County has built primarily single-family housing, with single-family housing making up 82.8% (or 19,614) of all the homes in the county. Multifamily housing is next with 2,219 homes (9.4%). Like Franklin County, Lincoln County also has an aging housing stock. Of the 23,698 homes in Lincoln County, 1,113 homes (4.7%) were built between 2010 and 2019. This was less than between 2000 and 2009, when 3,184 homes (13.4%) were built.

In Lincoln County, 27.9% of all homes in 2022 were seasonally vacant—that is, they were reported as being vacant for seasonal, recreational, or occasional use, or for migrant workers. The seasonal vacancy rate has increased since 2012, when 27.2% of homes were seasonally vacant. The increasing seasonal vacancy rate puts more pressure on the county to build additional year-round homes to support current and future year-round residents.

### **iii. What key barriers still exist and need to be addressed to protect and preserve affordable accessible housing?**

The State of Maine, including Franklin and Lincoln counties, face three key barriers to producing and preserving affordable housing.

#### *Barrier 1: Restrictive zoning and land use controls*

The first barrier is restrictive local land use and regulatory practices that are inconsistent across jurisdictions, creating difficulty for regions to create housing opportunities to reach the state’s housing needs. In Maine, local zoning and land use regulations are created at the municipal level based on local needs, goals, and concerns. Some municipalities have dedicated municipal planners to help communities plan for housing development, while most municipalities rely solely on volunteers to make land use planning decisions. In addition, zoning codes are not adopted by every municipality. Instead, municipalities without adopted zoning codes vary drastically in terms of how much they regulate land use. In a recent white paper published by the Mercatus Center at George Mason University, Maine has over 200 municipalities that do not have zoning, but instead may have some type of land use regulations that apply across an entire town boundary.

As a result of Maine’s system, land use and zoning regulations can vary dramatically from one jurisdiction to the next and from region to region. As a result of the state’s significant need for housing, this lack of uniformity in land use across regions of the state directs developers to certain municipalities that are more permissive with land use and zoning requirements.

Maine has passed legislation, as described in the Needs section, that creates some uniformity in minimum land use standards across municipalities to increase housing, but

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<sup>2</sup> All data in this subsection is from the State of Maine Housing Data Portal: <https://mainestatehousingdata.org/>.

there is still local decision-making authority to set certain dimensional and density requirements for multi-family and affordable housing developments. These include lot size, setbacks, height, frontage, and density. Based on this flexibility in setting dimensional standards, affordable housing production can be severely limited or prohibited in areas if municipalities establish restrictive dimensional standards.

*Barrier 2: High construction costs for affordable housing and limited availability of financing and subsidies, including costs to acquire land.*

With the high costs of development and shortage of construction workers, building affordable housing has been increasingly difficult, with construction costs exceeding what households can afford. In Maine, the cost of construction has outpaced incomes across a board spectrum of households. For instance, a recent study in Maine estimates that it takes a household income of over \$150,000 to afford a basic newly built home. Data from Maine's recent housing needs production study finds that the average income of Maine's existing residents is \$78,000.<sup>3</sup>

Since Governor Mills took office in 2019, the Mills Administration and the Maine State Legislature have allocated more than \$314 million to support the construction of homes in Maine, an unprecedented level of investment. However, for some developers, the costs of creating affordable housing are still not penciling out, even with subsidies provided by the state.

A recent case study in Maine explores this problem in more-depth. This case study looks at three affordable housing projects and assesses the costs of each project. In one rural affordable housing project, for instance, the cost per unit was \$280,000. This was for an 18-unit project, averaging 500 square feet per unit. Of the \$280,000 per unit, hard construction costs (such as materials and labor) totaled \$232,500 per unit. Soft costs (including connection costs, environmental and engineering costs) totaled \$47,500. In Maine, the variability of soft costs is a direct cause of the lack of affordability of new housing units in Maine.

*Barrier 3: Capacity to conduct meaningful community engagement and local opposition to 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. Local projects can also be sidelined by community residents because of a lack of capacity and constructive talking points for municipal leaders to address common concerns about housing developments including traffic, property tax increases, aesthetics or community feel, financial burdens on municipalities, and financial burdens on school districts.

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<sup>3</sup> Maine's median income for existing households is \$63,200.

## Exhibit D Soundness of Approach

### Maine Department of Economic and Community Development

#### Exhibit D Soundness of Approach

##### i. What is your vision?

Maine and its partners are requesting a total of \$2,600,000 in funds from the HUD Pathways to Removing Obstacles (PRO) Housing Grant, to do the following three activities:

- \$2,250,000 to create a Pre-Development and Land Acquisition Grant Program in Franklin and Lincoln counties to jumpstart housing development for households with less than 100% AMI in those counties by providing pre-development and land acquisition grants to affordable housing developers;
  - \$150,000 to create a statewide land use toolkit to provide best practices in land use and zoning to municipalities to increase the development of affordable housing; and
  - \$200,000 to conduct a series of statewide housing educational sessions with municipal leaders, land use planners, community members, affordable housing advocates, and affordable housing developers to facilitate productive conversations about the production of affordable housing in communities.
- Describe your proposed activities and why they are appropriate, given identified Need and applicant Capacity. Explain how your proposal addresses your key barriers to affordable housing production and preservation?

*Activity 1: Create pre-development and land acquisition grant program in Maine's two priority county geographies, Franklin and Lincoln counties, to jumpstart affordable housing development for households with incomes below 100% AMI.*

With the high costs of development, building affordable housing has been increasingly difficult, with construction costs exceeding what households can afford. This proposed activity aims to reduce some of the initial costs for developing affordable housing and will meet the national objective of benefiting low-and moderate-income households. This proposed activity is an eligible development activity under Sections III.F.2. of HUD's Notice of Funding Opportunity (NOFO).

DECD, with its two regional partners, Androscoggin Valley Council of Governments (AVCOG) and Lincoln County Regional Planning Commission (LCRPC), will implement this grant program. DECD anticipates that this program will support developers with land acquisition costs, option or earnest money, environmental testing, legal services, architectural services, engineer assessments, market studies and appraisal services, and consulting/staff fees. However, DECD, LCRPC, and AVCOG

will also undertake significant outreach to design the specifications of the grant program. DECD anticipates that this grant opportunity could help fund up to 15 affordable housing projects for households with incomes less than 100% AMI across the two counties.

#### *Phase 1*

- Procurement: DECD will initiate its internal procurement procedures to pass the allocated portion of funding to LCRPC and AVCOG.
- Outreach: DECD, with support regional support from AVCOG and LCRPC, will conduct outreach to developers, municipalities, affordable housing advocates, low-to-moderate income households, and other relevant stakeholders to gather ideas and best practices prior to the design of the grant program.
- Grant Program Design: DECD, LCRPC, and AVCOG will jointly design the grant application for developers, taking into consideration any specifications relevant to each county.
- LCRPC and AVCOG will open the grant for applications, with DECD supporting as needed.
- Marketing: DECD, LCRPC, and AVCOG will prioritize outreach about the new grant program to developers, municipalities, and low-to-moderate income households in the two counties. The goal of these sessions will be to encourage developers to apply for funding and connect with municipalities interested in collaborating on projects.
- Grant application evaluation: LCRPC and AVCOG, with support from DECD, will review the applications from developers.
- Grant award notifications: LCRPC and AVCOG, with support from DECD, will notify developers of successful applications.

#### *Phase 2*

- Procurement: LCRPC, and AVCOG, with support from DECD, will initiate procurement procedures to provide developers with funding for proposed development projects.
- Monitoring development: DECD, LCRPC, and AVCOG will support developers throughout the development process, including by providing technical assistance, resource assistance, and municipal and community engagement support, as needed to successfully complete the development.
- Monitoring grant requirements: DECD, with support from LCRPC and AVCOG, will ensure compliance with all grant requirements.

DECD anticipates that this program will incentivize developers in the short-term to create affordable housing that will benefit low-and-moderate income households. However, DECD envisions that this pilot program could be expanded to additional counties in Maine, expanding the long-term benefits of this initial program.

*Activity 2: Create a statewide land use toolkit to provide best practices to municipalities to increase the development of affordable housing*

This activity aims to address the state's key barrier of inconsistent zoning and land use regulations across the state's municipalities. In Maine, local zoning and land use regulations are created at the municipal level. As a result, land use and zoning can vary dramatically from one jurisdiction to the next. This lack of uniformity across regions of the state incentivizes developers to only work with municipalities that are more permissive with land use and zoning requirements, creating gaps in affordable housing in parts of the state.

A number of pieces of legislation have been passed in Maine to address this barrier, as described in the Needs section of this proposal. However, there is still local decision-making authority to set certain dimensional requirements including lot size, setbacks, height, frontage, and density. Affordable housing production can be limited if municipalities establish restrictive requirements.

DECD's request is for \$150,000 to support the State of Maine in its continued efforts to reform local land use practices. This \$150,000 would be used by the state to hire an expert entity to create a municipal toolkit. This toolkit will include recommendations to municipalities to support the development of affordable housing. Topics areas will include best practices in the following areas: (1) anti-displacement and accessibility; (2) affordable housing density bonuses; (3) climate resiliency planning; (4) transportation planning; (5) permitting procedures; (6) smaller scale housing; and (7) inclusionary, supportive housing for underserved communities.

By creating this type of toolkit for municipalities, the state intends to create consistency across jurisdictions so that developers no longer must favor certain municipalities and residents have more housing choice in their preferred community, directly benefiting low-and moderate-income persons. This type of initiative also helps to increase the state's housing supply by providing recommendations to produce more low-and moderate-income housing. This proposed activity is an eligible planning activity consistent with Section III.F.2. of HUD's NOFO.

DECD anticipates that this proposed activity will have long-term benefits to low-and-moderate income households because this toolkit will be a standing resource for municipalities to use to increase housing in their communities.

*Activity 3: Conduct a series of statewide housing educational sessions with municipal leaders, land use planners, community members, affordable housing advocates, and affordable housing developers to facilitate productive conversations about the impact of affordable housing in communities and to help municipal leaders lead effective conversations moving forward.*

This proposed activity aims to address the key barriers of local opposition to affordable housing projects. This proposed activity is an eligible development activity consistent with Section III.F.2. of HUD's NOFO

DECD's request is for \$200,000 to conduct a series of educational sessions across the state to facilitate productive conversations about affordable housing. This funding will be used to hire an expert entity to hold a series of educational sessions with stakeholders including developers, municipal officers, town residents, affordable housing advocates, and low-to-moderate income households. These sessions will address common concerns about the development of affordable housing and how to best address those concerns. In addition, the expert entity will create recorded workshops, presentations, or other resources that DECD can share following the educational sessions to continue to reach other municipalities and community residents.

By conducting these sessions across the regions of the state, the state intends to facilitate constructive conversations in jurisdictions so that developers no longer must favor certain regions and residents have more housing choice in their preferred community. This activity will benefit low-and moderate-income households. This type of initiative also helps to increase the state's housing supply by reducing the likelihood that an affordable housing development will be voted down by residents.

DECD anticipates that this proposed activity will have short-term benefits for developers, community residents, and municipalities because it will help pave the way for affordable housing, but it will also have long-term impacts because the resources created will be publicly available on DECD's website for public use.

- Explain how your proposal compares to similar efforts and how lessons learned from those efforts have shaped your proposal

DECD's first proposed project to create a land-acquisition and pre-development grant program was inspired by the work of other jurisdictions. A number of large cities across the country have created property acquisition programs to assist with affordable housing development. For instance, New York City has a property acquisition fund which provides flexible loans to affordable housing developers to acquire vacant sites and occupied buildings, as well as to finance predevelopment work. Since its establishment in 2006, the funds have generated over 16,000 newly constructed or preserved affordable homes across the city's five boroughs.

The success of this program is that it creates partnerships between public and private entities to support low-and moderate-income individuals. DECD anticipates emulating the program created by New York City, on a smaller scale, by fostering these types of public private partnerships to support low-and-moderate income households.

DECD's second and third proposed activities, to create a land use toolkit and technical assistance for municipalities and developers, was also inspired by the work of other jurisdictions, such as Vermont.

Vermont recently created a toolkit that proposes missing middle homes to support affordable housing choices in Vermont. The goal of this toolkit is to bring state attention to small scale infill and development by supporting small developers and cultivating local support to increase affordable housing development. DECD anticipates emulating Vermont's toolkit in both Maine's toolkit and its educational sessions by focusing on strategies to support affordable housing development that fits the individualized needs of municipalities across the state, while focusing on supporting emerging and small-scale developers.

- Discuss how your proposal advances or complements existing planning initiatives, updates to local land use policies, services, other community assets (e.g., transportation or planning, climate resilience and mitigation plans, public or supportive housing services, economic development opportunities, healthcare or school systems, etc.)

DECD's proposal complements existing climate and economic development initiatives in Maine.

Governor Mills and the Maine State Legislature have prioritized addressing the impacts of climate change by creating the Maine Climate Council. This initiative assembles scientists, industry leaders, local, state officials, and concerned citizens to develop a four-year plan to address climate change, build resiliency, and meet statutory climate targets. As part of the Maine Climate Council's work, there is an emphasis on land use issues including promoting local zoning and land use practices that support the reduction of transportation emissions. This includes supporting compact development, incentivizing mixed-use development, promoting density and missing middle housing, and encouraging vibrant communities that support alternative transportation models. DECD's proposed activities are in direct alignment with the state's climate goals of increasing density and creating missing middle housing to lower housing costs for low-and-moderate income households in areas that can support growth.

In addition, DECD's grant proposal aligns with the State of Maine's economic development strategy to support job retention and creation efforts. In 2019, the State of Maine created a 10-year strategic economic development plan to foster collaboration between public, private, non-profit, and education sectors to grow Maine's economy. This report outlined the need for housing in Maine to support Maine's workforce. In addition, it emphasized the need for local governments to reform their land use regulations to permit higher-density and lower cost housing to support Maine's workforce needs. DECD's proposed activities are in direct alignment with the state's

economic development goals of creating more housing opportunities for low-to-moderate-income households to support economic growth in the state.

- Describe the community's most significant environmental risks and how the proposal is aligned with them to efficiently promote community resilience

Over the past year, the State of Maine has experienced numerous severe storms causing significant wind and water damage in communities across the state. In particular Franklin County, an inland county, has experienced intense river flooding, leading to significant destruction of homes and businesses in December 2023. Lincoln County, a coastal county, also experienced significant flooding damage to homes and businesses after large storm surges and high winds over a period of time in January 2024.

As a result, many communities in Franklin and Lincoln counties must reconsider land use planning activities, favoring land use and zoning practices that account for the risk of severe storms because of climate change. Communities in both Lincoln and Franklin counties are taking steps to reduce the impacts of climate change. For instance, in both Lincoln and Franklin counties, about half of each county's municipalities have received or applied for grant funding from the state's Community Resilience Partnership to reduce carbon emissions, transition to clean energy, and become more resilient to climate change effects such as extreme storms, flooding, rising sea levels, and public health impacts. This proposal aligns with the state's goal of promoting climate resiliency in local municipalities, while encouraging housing in areas where density makes sense.

- Describe what roadblocks might impede the implementation of your proposal.

The main roadblock for all proposed activities is encouraging local jurisdictions to adopt regulations that increase affordable housing. Despite state-level involvement to promote affordable housing (as described in the Needs section), municipalities can still make local decisions to prioritize affordable housing, or not. In Maine, despite legislation establishing minimum requirements for affordable housing developments, municipalities may establish restrictive dimensional standards, elect to severely limit the locations of affordable housing, and can create restrictive permitting procedures to increase costs and the time associated with developments. Furthermore, even if a municipality's local land use ordinance allows affordable housing, local opposition from community residents can stall or stop projects.

**ii. What is your geographic scope?**

The State of Maine is comprised of 16 counties, with over 450 municipalities, townships and plantations. Two of the smaller projects proposed in this grant proposal have a statewide scope. However, this proposal primarily focuses on the jurisdictions of Lincoln

and Franklin counties, as its geographic scope. Both of these counties meet HUD's definition for "priority geography" for this funding opportunity. If Maine we successful in receiving this funding, Maine would also assess the feasibility of scaling up the project directed towards Franklin and Lincoln counties to the state's other 14 counties.

**iii. Who are your key stakeholders? How are you engaging them?**

- Describe your key stakeholders and how you conducted outreach in developing this proposal, including how you built support and engaged community members most likely to benefit from your proposed activity. Please also describe your strategy for continued outreach during the grant's period of performance. Describe the specific actions you have taken to solicit input from and collaborate with stakeholders in developing this application, including how input from stakeholders and community members has shaped your proposal. In particular, describe input from the housing industry in your area, including affordable housing developers, builders/general contractors, and unions as well as persons in need of affordable housing

*Outreach during development of proposal*

DECD started brainstorming ideas for this proposal by reviewing the barriers discussed during the state's creation of statewide and regional housing goals in 2024. As part of recent land use legislation, known as PL 2021, ch. 672 (LD 2003), DECD was required to establish statewide and regional housing goals. To initiate the goal-setting work, DECD convened an advisory committee to create statewide and regional goals. 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 met 5 times between February and June 2024 to create housing goals, as well as to discuss barriers that exist that severely limit the state's ability to meet statewide and regional housing goals. The state published its final report on these housing goals in September 2024.

Then, we reached out to the regional councils in Franklin and Lincoln counties: Androscoggin Valley Council of Governments and Lincoln County Regional Planning Commission. These two entities provide regional land use planning and economic development services to member municipalities. We asked representatives from each of these entities the following: (1) the most common barriers to housing development in their region, (2) on-going projects in their regions, and (3) their opinion on potential projects that could be funded by the HUD PRO Housing Grant based on information collected from their member municipalities.

To supplement what we heard in Franklin and Lincoln counties, we also held a series of stakeholder sessions in September to discuss barriers to housing development statewide. These sessions were open to statewide housing developers, workforce development experts, land use planning organizations, municipal staff members, and business and civic leaders. Topic areas included: workforce development barriers, funding housing innovation, land use planning barriers, and costs of housing development. These sessions were attended by over 50 participants.

Finally, DECD opened the public comment period for its draft application on September 24, 2024, by publishing the application on its website, sending out notice on its listserv, and providing notice in two newspapers which are circulated in Franklin and Lincoln counties. DECD held a hybrid public hearing on its draft application on September 27, 2024. Comments were also accepted until 11:59pm on October 9, 2024, by emailing comments to DECD. The comments will be addressed in the final application submission.

*Continued outreach during the grant's period of performance*

The first project in this proposal, to create a pre-development and land use acquisition grant program, will involve significant engagement with regional land use planning groups, local municipal officials and planning board staff from Franklin and Lincoln counties, affordable housing developers, affordable housing advocates, local land trusts, and community residents, particularly underserved populations. These engagement sessions will be used to gather feedback and best practices from stakeholders prior to creating the grant program to ensure that the grant program will benefit households in the two counties.

The second and third proposed grant activities will involve significant engagement with the following groups throughout the grant's period of performance: Maine experts on land use planning; land use and real estate attorneys; state legislators; state government staff (environmental, housing, land use planning, economic development); municipal staff; elected officials; affordable housing developers; affordable housing advocates; residents of communities; and persons with unmet housing needs, including persons from protected class groups under the Fair Housing Act.

- Describe how you incorporated input from stakeholders into your proposal.

The listed housing barriers and corresponding projects to address those barriers were a direct result of stakeholder input DECD received. DECD started with statewide barriers to housing that were outlined by housing stakeholders during the state's housing goal creation process. Then, to further prioritize Lincoln and Franklin counties, the state reached out to the land use planning and economic development experts in those counties to help narrow down a list of potential barriers and projects to address those barriers. Finally, DECD held a public hearing to solicit feedback on its draft application from municipal leaders, housing experts, community residents, and other housing stakeholders. More information on which comments were incorporated as a result of

the public hearing will be added to this proposal after the public hearing on September 27.

**iv. How does your proposal align with requirements to affirmatively further fair housing?**

The three activities described in this proposal align with the requirements to affirmatively further fair housing by removing barriers to the development of housing for low-to-moderate income individuals, decreasing land use barriers, and increasing fair access to housing, particularly in areas that are well-resourced. Each aspect of DECD’s proposal encourages the development of affordable housing to support communities of color, underserved communities, and individuals with disabilities.

Maine is one of the least diverse states in the United States, with 92.2% of the population identifying as white alone, not Hispanic. Certain areas of the state have greater diversity including the Portland and Lewiston metro areas, which has the greatest black population. Maine’s Native American population is greatest in the Passamaquoddy Indian Township in Washington County and its Asian population is greatest in the communities of Portland, Lewiston, and Bangor. Furthermore, according to 2022 Census Bureau American Community Survey data, just over 213,000 persons with one or more disabilities resided in Maine, equal to almost 16 percent of its civilian non-institutionalized population of about 1.35 million. This proportion was higher than that of the United States, where an estimated 12.9 percent of residents had a disability.

Although Maine is not a racially or ethnically diverse state, recent population changes have increased Maine’s racial and ethnic diversity. From 2021-2022, 61% of the state’s 8,000+ population gain came from populations other than white, non-Hispanic. With this increase in individuals who do not identify as white, non-Hispanic, the state must continue to support access to affordable housing for underserved groups.

- Describe your plans to remove barriers to the development of affordable housing in well-resourced areas of opportunity. How will your proposal increase access for underserved groups to these areas? What is the racial composition of the persons or households who are expected to benefit from your proposed grant activities?

Land use planning decisions are made by local jurisdictions in Maine. This is a key barrier to affordable housing production because local jurisdictions dictate if, and how, affordable housing is created in its community. This has led to historically exclusionary zoning practices in well-resourced areas, including the creation of primarily single-family homes in municipalities that are no longer affordable to low-and moderate-income households.

DECD’s proposal addresses this barrier to housing by educating municipal officials and staff, as well as community residents about the need for affordable housing and strategies to incentive the construction of affordable housing on the municipal level. In

addition, this proposal supports the development of affordable housing by providing grants for pre-development and land acquisition costs.

In both Lincoln and Franklin counties, almost all households identify as white. In 2022, the racial/ethnic composition of households in Lincoln County was 94.6% white, 0.0% Black, 0.8% Asian, and 1.2% Hispanic/Latino. The share of Black households changed from 0.1% in 2012 to 0.0% in 2022.<sup>4</sup>

In 2022, the racial/ethnic composition of households in Franklin County was 95.8% white, 0.4% Black, 0.1% Asian, and 0.9% Hispanic/Latino. White households were the largest racial group (95.8%) within Franklin County. The share of Black households changed from 0.1% in 2012 to 0.4% in 2022.<sup>5</sup>

Although Maine is not racially and ethnically diverse—compared to other states and jurisdictions--data provided in Maine's Consolidated Plan notes that Maine's minority populations experience a greater housing need in terms of lacking complete kitchen or plumbing facilities, having more than one person per room, and being cost burdened. Each aspect of DECD's proposal encourages the development of affordable housing to support underserved communities, including communities of color, individuals with disabilities, and families with children.

- Describe your plans to remove barriers impeding the development of affordable housing that would promote desegregation. What policies or practices perpetuate segregation and how will your proposal address them?

Local authority to make land use planning decisions can be a key barrier to affordable housing production because local jurisdictions dictate if, and how, affordable housing is created in its community. This has led to historically exclusionary zoning practices, including the creation of primarily single-family homes in municipalities that are no longer affordable to low-and moderate-income households.

DECD's proposal addresses this barrier to housing by supporting municipal officials and staff, as well as community residents with the development of affordable housing, including strategies to incentive the construction of affordable housing on the municipal level. In addition, this proposal supports the development of affordable housing by providing grants for pre-development and land acquisition costs.

- How will you ensure that your proposal will not cause affordable housing to be further concentrated in low-opportunity areas or in areas that already have ample affordable housing?

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<sup>4</sup> All demographic data is from the State of Maine Housing Data Portal: <https://mainestatehousingdata.org/>.

<sup>5</sup> All demographic data is from the State of Maine Housing Data Portal: <https://mainestatehousingdata.org/>.

The objective of this proposal is to target areas that historically have prioritized the development of affordable housing for its residents. For instance, most counties in Maine have perpetuated the production of single-family housing on large lots, housing that is no longer accessible to low-to-moderate income households. The best practice toolkit for municipalities is intended to target municipalities that would like to increase affordable housing production.

Furthermore, this proposal will also target outreach for educational sessions in areas of the state where affordable housing is needed. Finally, this proposal targets pre-development and land acquisition in Franklin and Lincoln, two priority geographies that HUD has identified as geographies that are in the greatest need of affordable housing.

- How will your proposal increase housing choice by expanding the neighborhoods in which residents who need affordable housing can live?

All three proposed activities in this proposal will expand housing choice by encouraging municipalities to support the production of more than just single-family housing, in turn creating more housing choice for individuals who are no longer able to afford single-family homes.

- How does your approach address the unique housing needs of members of protected class groups, including persons with disabilities, families with children, and underserved communities of color?

Data from Maine's Consolidated Plan demonstrates that minority populations have the greatest need for affordable housing. All three proposed activities in this proposal will expand the housing opportunities for members of protected class groups by encouraging municipalities to support the production of affordable housing, thus in turn creating more opportunities for individuals, including persons with disabilities, underserved communities of color, and members of protected class groups.

- Does your plan address issues identified in your jurisdiction's most recent fair housing plan or plans?

The State of Maine currently has a Five-Year Consolidated Plan for 2020-2024 as required by HUD to identify the State's housing and community development needs and how block grant funds will be used to address those needs.

This document outlines a number of barriers to housing production that are addressed by this proposal including: restrictive land zoning and land-use regulations, lack of affordable housing, cost of construction that are impeding the ability to build more affordable housing for protected classes.

- Have you considered the risk of displacement associated with your proposal? How will you ensure that your planned activities do not lead to the displacement of vulnerable residents in communities of color? Describe any anti-displacement measures included in your proposal (e.g., replacement of affordable units for new construction, or right of first refusal for tenants)?

All three proposed activities in this proposal will expand housing choice and reduce the risk of displacement by encouraging municipalities to support the production of more than just single-family housing, thus in turn creating more housing choice for individuals who are no longer able to afford single-family homes, including persons with disabilities, underserved communities of color and members of protected class groups.

- How will your proposal address the housing needs of people with disabilities and increase their access to accessible and affordable housing? How will it support independent living with access to supportive services and transportation in the community? Please also describe your plan to ensure compliance with the Americans with Disabilities Act (ADA) and accessibility requirements under the Fair Housing Act.

All three proposed activities in this proposal will incentivize and support the creation of affordable housing in areas of communities where affordable housing is accessible and located near vital services and transportation. This includes housing that is accessible and affordable to people with disabilities. DECD is well versed in the requirements of the ADA and the Fair Housing Act because of its extensive experience overseeing the CDBG program. The grant coordinators of this project will rely on DECD staff who specialize in administering federal programs with ADA and Fair Housing Act requirements.

- Describe any equity-related educational resources, tools, or public input that have informed your proposal.

This proposal was created as an outgrowth of Maine's 2020-2024 Consolidated Plan and the barriers to affordable housing production that exist in that plan. Maine's current Consolidated Plan was created with extensive community engagement, which has informed this current proposal.

- Do you plan to engage and support minority-, women-, and veteran-owned businesses during your proposed housing production process? Do you have a diversity and equity plan in place or plan to create one?

If DECD were to receive funding, it does plan to engage with minority-women- and veteran-owned developers, as applicable. To reach these business owners, DECD will advertise the grant award and subsequent initiation of the project through a wide variety

of channels to market this grant program. These advertising channels include: (1) DECD's housing listserv; (2) DECD's website; (3) state social media accounts; (4) regional planning organizations; (4) Maine's municipal advocacy organization; (5) Maine's affordable housing groups; (6) realtor association groups; (7) social advocacy groups; (8) community development agencies; and (9) housing developers. This data will be used to evaluate the effectiveness of DECD's proposal and its goal of affirmatively furthering fair housing with this proposed project.

- Other equity considerations informed by your local circumstances.
- Describe how you will evaluate the effect of your proposal on promoting desegregation, expanding equitable access to well-resourced areas of opportunity, and furthering the de-concentration of affordable housing. How will you track your progress and evaluate the effectiveness of your efforts to advance racial equity in your grant activities?

DECD will require at least an annual performance review of the project to evaluate the effectiveness of the efforts to advance racial equity. These annual performance reviews will include demographic and other measurements to determine racial equity and the expansion of opportunities in well-resourced areas.

- If the applicant proposes to use PRO Housing funds to fund housing units, the applicant must discuss how those benefits will be affirmatively marketed broadly throughout the local area and nearby areas to any demographic groups that would be unlikely or least likely to apply absent such efforts.

This proposal in part aims to help developers in Franklin and Lincoln counties with pre-development and land acquisition costs to build affordable housing. To increase participation in this proposed grant program, DECD will work with the two regional planning organizations, Lincoln County Regional Planning Commission and Androscoggin Valley Council of Governments, to affirmatively market the grant program to emerging developers who may be less likely to know about state government initiatives.

In addition, if DECD were to receive funding, it will advertise the grant award and subsequent initiation of the project through a wide variety of channels to market this initiative. These advertising channels include: (1) DECD's housing listserv; (2) DECD's website; (3) state social media accounts; (4) regional planning organizations; (4) Maine's municipal advocacy organization; (5) Maine's affordable housing groups; (6) realtor association groups; (7) social advocacy groups; (8) community development agencies; and (9) housing developers. This data will be used to evaluate the effectiveness of DECD's proposal and its goal of affirmatively furthering fair housing with this proposed project.

v. **What are your budget and timeline proposals?**

A detailed budget will be attached to this proposal. This chart shows DECD’s budget overview for its proposed three projects.

<b>HUD PRO Housing Grant: DECD’s Budget Proposal</b>		
<b>Activity 1: Land Use Acquisition and Pre-Development Developer Grants</b>		
	<b>Total Cost</b>	<b>Summary of Activity</b>
Grant allocations to AVCOG and LCRPC	\$2,000,000	These funds will support the creation of a grant program to assist with pre-development and land acquisition costs for developers in Franklin and Lincoln counties.
Program Administration	\$250,000	Project management, coordination of project schedule and budget, development of metrics, coordination with partners
<b>Activity 2: Municipal Affordable Housing Toolkit</b>		
Municipal Affordable Housing Toolkit	\$150,000	These funds will support the procurement of an expert entity to assist the State of Maine in creating a statewide municipal toolkit to assist municipalities with the development of affordable housing
<b>Activity 3: Affordable Housing Educational Series</b>		
Affordable Housing Educational Series	\$200,000	These funds will support the procurement of an expert entity to assist the State of Maine in hosting a series of educational series in different regions of the state to engage communities in positive conversations about affordable housing
<b>Total Budget</b>	<b>\$2,600,000</b>	

If HUD were to award DECD and its partners less funding than requested, the first step would be to narrow the scope of the proposed work. If a 50% percent cut in proposed funding occurred, for instance, DECD’s new budget would be \$1,600,000. To account for this reduction, DECD could remove the two statewide smaller projects, as well as reduce the funding amount for the land acquisition and pre-development grant program. The minimum amount of funding necessary to carry out this proposal in some form is \$1,000,000 from HUD, with \$600,000 in state match.

By removing the two statewide proposed projects and reducing the monetary amount allocated to the grant program, the geographic scope of the proposal would be reduced, but ultimately, this proposal would still prioritize the state’s two county priority geographies, areas that are most in need of affordable housing.

*Timeline*

**Activity 1:**

Year 1:

- Designing grant program with input from stakeholders (months 1-6)
- Open grant program, evaluate applications, and notify grant applicants of awards (months 6-12)

Years 2 and 3:

- Monitor grant awards to ensure that developments are completed and provide technical assistance to developers and municipalities to ensure completion of projects.
- HUD federal reporting requirements

**Activity 2:**

Year 1:

- Procurement for all consultant activities (months 1-6) and initiation of contract with entity (months 6-9)
- Initiation of contracted work (months 9-12)
  - Research
  - Scheduling outreach and expert input

Year 2:

- Continuation of contract work (months 1-8)
  - Complete stakeholder engagement
  - Drafting of final product
  - Additional engagement sessions
- Publish and advertise toolkit (months 8-12)

**Activity 3:**

Year 1:

- Procurement for all consultant activities (months 0-6) and initiation of contract with entity (months 6-9)
- Initiation of contracted work (months 9-12)
  - Research
  - Scheduling outreach and expert input

Year 2:

- Continuation of contract work (months 1-8)
  - Complete stakeholder engagement activities
  - Drafting of final products
- Final products and advertising of final products (months 8-12)

**Exhibit E Capacity**

## Maine Department of Economic and Community Development

### Exhibit E Capacity

#### i. What capacity do you and your partner(s) have? What is your staffing plan?

- Provide an organizational chart that identifies names and positions of key management for proposed PRO Housing activities. In addition to key management, be sure to include a count of all full-time staff that will manage PRO Housing activities. Please also include a description of your existing management structure and staff roles, including any gaps, vacancies, or positions contingent on award. If you are applying with a partner or partners, provide this information for each organization.

As shown in the organizational chart below, the two full-time DECD staff dedicated to management of the grant will be Hilary Gove and Benjamin Averill. Ms. Gove and Mr. Averill are supervised by Commissioner of DECD, Heather Johnson and Deputy Commissioner Denise Garland. DECD is also relying on two community partners to help administer this grant program: Androscoggin Valley Council of Governments and Lincoln County Regional Planning Commission. Emily Rabbe and Erica Bufkins from those two organizations will be DECD's primary points of contact for grant administration.



- Which specific agency or entity will lead implementation of the proposed activities? What is its role and management capacity?

The Housing Opportunity Program, within DECD, will lead implementation of the proposed activities. The Housing Opportunity Program, created as part of PL 2021, ch. 672 (LD 2003), encourages and supports the development of housing units in the state,

including housing units that are affordable for low-and moderate-income individuals. The Housing Opportunity Program provides technical and financial assistance to support communities implementing zoning and land-use related policies necessary to increase housing development. The Program supports regional approaches and encourages policies that support increased housing density, where feasible, to protect working land and natural lands.

The Housing Opportunity Program has two-full time staff members, Hilary Gove and Benjamin Averill, who will manage the grant if DECD receives funding from HUD. DECD is overseen by Commissioner Heather Johnson and Deputy Commissioner Denise Garland. DECD does not anticipate hiring additional staff to implement the proposed projects. Please see the organizational chart above.

- Describe how the agency or entity has (or plans to obtain) the relevant project management, quality assurance, financial and procurement, and internal control capacity to quickly launch and implement a major project.

DECD has significant experience overseeing state and federal grants.

The Housing Opportunity Program, created in 2022, administers three funding programs for municipalities and service providers to support housing opportunities across the state. These programs require the program to go through the state's procurement procedures and work regularly with each grant recipient to oversee the implementation of each project. As of 2024, the program has supported municipalities and service providers with just under \$2,000,000 in projects and anticipates more grant rounds in the coming months.

In addition, DECD has extensive experience administering federal funding and adhering to federal requirements, including administering the Community Development Block Grant Program (CDBG). This program provides assistance to local government to initiate infrastructure, housing, and economic development projects.

For financial and procurement activities, the state government agencies rely on the established procurement and financing procedures outlined by the Department of Administrative, and Financial Services (DAFS). DAFS regularly supports DECD with its procurement and financial needs. If DECD were awarded these funds, it would work closely with DAFS to carry out procurement activities.

- Describe your jurisdiction's leadership capacity and legal authority to effectively implement your proposed reforms. If other government entities are necessary for implementation, describe how their support is secured.

The Housing Opportunity Program will be the lead entity and will coordinate all regional activities in Lincoln and Franklin counties, with AVCOG and LCRPC supporting the work as partner agencies. For legal issues, DECD relies on the guidance

provided by the Attorney General's Office. If DECD were awarded these funds, it will work closely with its assigned assistant attorney general if legal needs arise.

- If your proposed approach includes partners, describe each partner's capacities and credentials related to its role in implementing the project. Is your capacity to design, plan, or remove a barrier dependent on partner capacity? If yes, describe the dependency. If proposing to act as a pass-through entity by operating a subgrant program, you must address your capacity as well as confirming that you will evaluate a subapplicant's capacity when they apply to your subgrant program.

DECD intends to work closely with the two regional planning organizations in Lincoln and Franklin counties to carry out the first proposed activity under this grant application. DECD proposes to be a pass-through entity by operating a sub-grant program with LCRPC and AVCOG. LCRPC and AVCOG will administer the grant program for land acquisition and pre-developments costs in their regions, with significant support and resources from DECD. LCRPC and AVCOG have the capacity and credentials to assist DECD with implementation of the project by having the regional knowledge necessary to implement county wide grant programs. Furthermore, AVCOG and LCRPC recently applied for and received grants from DECD, specifically the Housing Opportunity Program.

AVCOG and LCRPC will support DECD with the grant application design, working with stakeholders in the two regions, and supporting developers once grants are provided. If the capacity of the two named organizations were to change, DECD would still be able to carry out the proposed projects by administering the grant program and stakeholder engagement itself.

The planning organization in Lincoln County is Lincoln County Regional Planning Commission. Lincoln County has supported community planning and economic development work on behalf of the towns and County since the 1990s. The Lincoln County Regional Planning Commission (LCRPC) was incorporated as a regional planning commission in 2010. In 2015, LCRPC became the Planning Department for Lincoln County. The LCRPC's Board is made up of representatives from towns across the County, who are appointed for their local community and land use planning knowledge.

LCRPC's mission is to provide land use, transportation, economic and community development planning, and related technical assistance to Lincoln County residents, municipal governments, businesses, and nonprofits. LCRPC values providing sound knowledge on myriad topics relevant to Lincoln County, equitable distribution of services across Lincoln County towns, growing connections and network relationships and collaborative partnerships, and working towards equitable access for residents in all aspects of community life.

LCRPC has been working in the housing sector for a number of years, including

working alongside local housing non-profits and financing groups; advocating to state entities like MaineHousing for more assistance in the midcoast region; and participating in monthly workforce development meetings. LCRPC has provided technical expertise to Lincoln County municipalities for decades on land use ordinance development and comprehensive plan writing, including on housing, population, transportation, economic development, and other related topics. Staff host quarterly workshops for planning board members and town planners on various land use issues to provide technical expertise to municipalities and for towns to connect with one another to discuss development issues.

The second organization is Androscoggin Valley Council of Governments. The Androscoggin Valley Council of Governments (AVCOG) was established as a non-profit quasi-governmental corporation in 1982 for the purpose of promoting regional cooperation in the areas of economic and community development, physical and environmental planning, and infrastructure planning in the three counties of Androscoggin, Franklin, and Oxford.

The organization is a full-service regional planning and development organization that not only sponsors its own local and regional programs but is also designated by a wide range of state and federal programs as the preferred entity to deliver their services in the tri-county area. As the technical assistance provider to rural communities, AVCOG is often the first call a town leader will make when they want to know what opportunities or help are available for a wide range of issues. AVCOG is also the federally designated Economic Development District (EDD) for the tri-county region responsible for the development of a regional Comprehensive Economic Development Strategy (CEDS). Staff often assists with grant writing and coordination, consultant selection and facilitation, project reporting and documentation, and has a wide range of expertise with programs such as EDA, NBRC, EPA Brownfields USDA Solid Waste, US DOT and MDOT transportation funding, and operates several revolving loan funds. The Council is a leader in the coordination and delivery of regional planning and municipal services with full-time professional staff concentrated in four targeted areas: economic development, transportation planning, environmental planning and land use planning.

- Describe the agency's or entity's experience working with and coordinating partners (including contractors, funders, subrecipients, community stakeholders, and other government agencies) in previous projects similar in scope of scale to the proposed activities. If you do not have such experience, how will you obtain it?

DECD and the Housing Opportunity Program have significant experience working with community stakeholders including government agencies, municipalities, and regional planning organizations through administering its own grant programs. In the summer of 2023, the Housing Opportunity Program created a grant program, utilizing the state's established procurement services, for service providers to provide land use planning services to municipalities. As part of this grant program, thirteen service providers applied and were awarded about \$1,000,000 in grant funding. The Housing

Opportunity Program also anticipates creating another grant program before the end of the year to support municipalities with community housing planning and implementation services to increase housing opportunities.

- Who wrote this application: applicant staff, or a professional technical or grant writer in a consulting or contract capacity? Please provide name(s), title(s), and organization(s). If the application was drafted by someone external to the applicant’s organization, describe how the applicant staff and decision makers were actively engaged in the development of this proposal and how this coordination may continue over time.

This application was written by Hilary Gove and Benjamin Averill, the two coordinators of the Housing Opportunity Program within DECD. Review and feedback on the draft application was provided by the Office of Community Development within DECD, the Governor’s Office of Policy Innovation and the Future, AVCOG and LCRPC. Other stakeholders also provided feedback as described in the attached Summary of Comments.

- Do you or any partner(s) have experience working with civil rights and fair housing issues including, for example, working with data to analyze racial or economic disparities? Do you or your partner(s) have experience designing or operating programs that have provided tangible reductions in racial disparities?

DECD has experience working with civil rights and fair housing issues. DECD oversees HUD’s Community Development Block Grant Program through the Office of Community Development. The Office of Community Development, within DECD, works closely with Maine municipalities, regional partnerships, and non-profit organizations to meet a broad array of economic and community development initiatives. OCD’s projects are designed to support initiatives that (1) are integrated in a community strategy; (2) provide for further public and private investment; (3) benefit low- and moderate-income persons; (4) promote quality housing, jobs, and sense of community; and (5) maximize citizen participation and regional partnerships. Furthermore, OCD has experience operating programs, such as the Community Development Block Grant Program, that focus on civil rights and fair housing to support low-and moderate-income individuals.

### **Exhibit F Leverage**

### **Maine Department of Economic and Community Development**

### **Exhibit F Leverage**

**i. Are you leveraging other funding or non-financial contributions?**

DECD proposes to leverage \$600,000 in the form of state funding and non-financial contributions, in addition to its request of \$2,000,000 from HUD. As part of LD 2003, DECD was allocated funding by the Maine State Legislature to solicit grant applications to assist municipalities with community housing planning and implementation services to

increase housing opportunities in Maine. DECD can leverage \$600,000 in state funding to support the specific activities in this application. These additional funds demonstrate the commitment the State of Maine has for the proposed activities and represents over 30% increase in the financial impact of the proposed projects. Further information on leveraged resources is available in the provided resource commitment letter.

### **Exhibit G Long-term Effect**

#### **Maine Department of Economic and Community Development**

### **Exhibit G Long-term Effect**

**i. What permanent, long-term effects will your proposal have? What outcomes do you expect?**

- In Prompt (b)(i), you described, using evidence, why your proposal is expected to succeed in removing your identified barrier(s). Now, describe how the removal of your identified barrier(s) will result in sustained production. A successful response will show how production and preservation are improved in the long term, rather than showing how the existing need will be alleviated in the short term.

The activities proposed in this application are designed to remove barriers to affordable housing in Maine, specifically in Franklin and Lincoln counties. These proposed projects are intended to reduce restrictive zoning and land use practices at the local level, reduce local opposition to affordable housing proposals, and support the development of affordable housing by providing pre-development and land acquisition grants.

If DECD were awarded the funding for its proposed projects, it will have produced new tools and strategies for municipalities to remove restrictive land use barriers and reduce local opposition to increase local supply of housing, in areas that may not have historically allowed multi-family housing units. In addition, these tools can help to create a unified strategy across regions to incentivize development in areas to reduce the housing needs in Maine. Successful implementation of these tools and strategies by multiple municipalities can serve as a model for other municipalities.

- Describe what you will have achieved upon completion of grant-funded activities, including the specific work product(s), deliverable(s), or completed projects you will produce and any implementation actions that follow. Be sure to address how these achievements will have a permanent, long-term effect on your identified barrier(s).

The State of Maine is requesting funds from the HUD Pathways to Removing Obstacles (PRO) Housing Program to complete three activities that will remove key barriers to affordable housing production.

The first activity, the pre-development and land acquisition grant program, will provide financing incentives to developers to build affordable housing in Lincoln and Franklin counties. DECD anticipates that this grant program could fund up to 15 projects in these two regions of the state. This project will have a long-term impact on increasing affordable housing in areas of greatest need.

The second activity will create a statewide land use toolkit to provide best practices in land use for municipalities to encourage the development of affordable housing. This product will be disseminated widely via a variety of channels to ensure that all municipalities across the state can access it. This product will encourage municipalities to enact land use reforms at the local level to incentivize the development of affordable housing. This project will have a long-term impact on reducing restrictive local zoning and land use practices and increase affordable housing in areas because of zoning changes, a reduction in local opposition, and financial incentives for developers and homeowners.

The third activity will result in effective strategies for municipal officials and staff to engage residents in productive conversations about the impact of affordable housing. This product will be disseminated widely via a variety of channels to ensure that all municipalities across the state can access it. This product will encourage municipalities to engage in difficult conversations at the local level to incentivize the development of affordable housing. This project will have a long-term impact on reducing local opposition to affordable housing projects and will increase affordable housing in areas.

- Describe how your proposal represents a model for other communities, including the manner(s) in which your jurisdiction(s) or others may scale or replicate the proposal.

If DECD were awarded the funding for its proposed projects, it will have produced new tools and strategies for municipalities to remove restrictive land use barriers and reduce local opposition to increase local supply of housing, in areas that may not have historically allowed multi-family housing units. In addition, these tools can help to create a unified strategy across regions to incentivize development in areas to reduce the housing needs in Maine. Successful implementation of these tools and strategies by multiple municipalities can serve as a model for other municipalities.

In addition, the project targeted specifically to Franklin and Lincoln counties, can serve as a model for Maine's other 14 counties to implement local incentive programs to support the development of affordable housing by removing some of the preliminary financial costs associated with housing development.

- What do you consider success to look like at the end of the period of performance or beyond? How would you anticipate the proposal to enable the production and preservation of affordable housing?

Success at the end of this grant period of performance and up through 2030 entails the production of housing units so that Maine residents and new Mainers have safe and affordable housing in the communities of their choice. By providing municipalities and developers with tools, strategies, and funding to incentive affordable housing development this proposal will help the State of Maine construct and preserve housing units throughout the remaining years of this decade.

As identified in Needs section, the state's housing needs study identified a statewide need of over 84,000 housing units by 2030 to address current and future needs. Of this total need, at least 1,720 units are needed in Franklin County and 1,750 housing units in Lincoln County. Reducing the number of units needed in those counties, and statewide, will be possible by the collective impact of these three proposed activities.

- Describe the long-term effect of your proposal on removing barriers to affordable housing production that have perpetuated segregation, inhibited access to well-resourced neighborhoods of opportunity for protected class groups and vulnerable populations and expanded access to housing opportunities for these populations.

The proposed activities in this grant application are intended to reduce barriers to affordable housing production to help the State of Maine reach its housing goals. The long-term effect of this proposal is three-fold.

The first is that this proposal helps to build capacity at the local municipal level to provides tools and support to municipalities who are actively working to expand housing opportunities, especially for protected class groups and vulnerable populations.

The second long-term impact is that municipalities will have strategies to help lead effective and productive conversations about housing, which will lead to affordable housing production in well-resourced neighborhoods and provide protected class groups and vulnerable populations access to housing opportunities.

The final long-term impact is to support the creation of housing in areas with greatest need, areas that may have not always allowed or supported the creation of multi-family housing. Regions like Franklin and Lincoln counties will use grant support to boost affordable housing for low- and moderate-income households.