

August 5, 2026

Housing Law Changes

What They Mean for Saco

Long Range Planning Committee



Why are we talking about this?

1. Understand the major changes in state housing laws
2. Test those changes against realistic Saco development scenarios
3. Identify opportunities, challenges, and areas where Saco retains local discretion

LD2003 (2022) established Maine's first statewide housing zoning requirements.

- Additional dwelling units on residential lots
- Accessory Dwelling Units
- 2.5x density bonus for Affordable Housing Developments

Saco has already amended Chapter 230 to implement LD 2003.

LD1829 (2025) substantially expands the statewide housing framework.

- At least 3 dwelling units per lot where residential uses are allowed
- At least 4 dwelling units in designated growth areas or where certain public utilities are available
- Limits on minimum lot size and density (dwelling units per square feet)
- Multiple units generally cannot face greater dimensional requirements than single-family housing
- Four or fewer units within a structure exempt from Planning Board review
- Additional height allowance for Affordable Housing Developments
- Subdivision threshold increased from 3 units to 5 units

LD2173 (2026) modifies how the new requirements will work.

- Revises minimum lot size and density requirements
- Clarifies Planning Board review threshold
- Refines water/sewer terminology
- Caps height bonus for Affordable Housing Developments at 55 Feet
- Certain natural features to be locally exempted
- Clarifies rate-of-growth (not applicable to Saco)
- Delays implementation to July 1, 2027

Final Outcomes of Policy

- More housing allowed by right on lots where residential uses are permitted
- Greater development capacity in Designated Growth Areas
- Smaller minimum lots and higher minimum densities where infrastructure exists
- Local dimensional standards cannot disproportionately restrict multi-unit housing
- Affordable Housing Developments have additional development capacity:
 - *2.5x base density*
 - Maximum 2 parking spaces per 3 units
 - *Additional height, up to 55 feet total*

Final Outcomes of Policy

- Smaller Residential projects face less discretionary review:
 - 4 or fewer units within one structure cannot require Planning Board approval
 - State subdivision threshold for dwelling-units increased from 3 to 5
- ADUs remain broadly permitted
- LD 2173 ultimately gives municipalities more discretion over density beyond the state-required minimums
- July 1, 2027 implementation deadline.

Scenario Overview

1. How zoning and development standards affect the cost and feasibility of housing
2. How those costs influence where developers are likely to invest
3. How increased development potential can offset development costs
4. Where Saco can guide growth while avoiding unnecessary barriers to housing production
5. What tradeoffs come with reducing or modifying existing requirements

Example

7,500 sq. ft. lot | MDR| Growth Area | Public Water + Sewer

How many units do you build, and what does your project include?

Scenario 1

40,000 sq. ft. lot | Portland Road | Growth Area | Public Water + Sewer

- 4 units for the first 5,000 sq. ft. (currently 7,500 sq. ft. / DU)
- 5,000 SF/unit → 8 units
- 2,500 SF/unit → 16 units
- 1,250 SF/unit → 32 units

Scenario 1

40,000 sq. ft. lot | Portland Road | Growth Area | Public Water + Sewer

- How many units did you build?
- What requirements did you prioritize?
- What did you reduce or leave out to make the project work?
- Did you change density, setbacks, height, or lot coverage?
- What happened when you allowed additional units?

Scenario 2

30,000 sq. ft. lot | High Density Residential| Growth Area | Public Water + Sewer

- 4 units for the first 5,000 sq. ft. | 3,000 sq. ft. / DU (current)
- You're an affordable housing developer
- 2.5x base density, 2 parking spaces / 3 units
- Affordable unit: \$200 / unit (rather than \$250)
- You don't have to build all units. What are you building?

Scenario 2

30,000 sq. ft. lot | High Density Residential | Growth Area | Public Water + Sewer

- How many of the 25 units did you actually build?
- Did the reduced parking requirement affect your project?
- Which requirements were easiest or hardest to absorb?
- Do density and parking incentives meaningfully help offset the cost of providing affordable housing?

Scenario 3

5-acre lot | Rural Conservation | Rural Area | No Public Water or Sewer

- ~5 acres, approximately 200,000 sq. ft.
- 80,000 sq. ft. / DU (current)
- At least 3 units required
- Do you create three individual lots or keep one common parcel?
- Do you cluster the homes near the road or spread them across the site?

Scenario 3

5-acre lot | Rural Conservation | Rural Area | No Public Water or Sewer

- Did you cluster the homes or spread them across the property? Why?
- How did infrastructure, septic, and site costs affect your decision?
- How much land did you preserve as open space?
- Would you allow additional units if they were clustered or resulted in greater land preservation?
- Which requirements felt most important for protecting rural character?
- Did limiting density actually produce the development pattern you wanted?
- If additional rural housing is going to occur, should Saco focus more on limiting the number of units, or on where development occurs and how much land it consumes?