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**Testimony of Nancy Smith, CEO of GrowSmart Maine
in support of LD 1181, An Act Regarding the Designation of Short-term
Rental Units as Commercial or Residential in Use**

April 15, 2025

Senator Curry, Representative Gere, and Honorable Members of the Joint Standing Committee on Housing and Economic Development,

My name is Nancy Smith, I live in Ellsworth, and I am the CEO of GrowSmart Maine. We are a statewide non-partisan non-profit organization helping communities navigate change in alignment with smart growth. We advocate for comprehensive policies and funding for smart growth practices and outcomes.

I am writing in support of LD 1181 because it addresses one of the challenges playing out in towns across Maine; that the commercial value of housing properties primarily used as short-term rentals tends to be significantly higher than similar properties used as primary residences. The impact can be both higher housing costs and higher property taxes, neither of which reflect the value of a home absent the market distortion of short-term rentals.

We note too that this bill does not REQUIRE anything of the municipality, as the opening line in the paragraph amended by this bill begins with "A municipality MAY establish and enforce regulations regarding short-term rentals...."

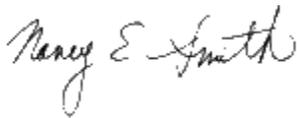
There is one concern with this bill, relating to short-term rentals that are not primary residences, and are located within shoreland zoning. LD 1181 will make all non-primary residences Commercial Uses by definition. Commercial uses are allowed within some, but not all, shoreland zoning districts. Maine's shoreland zoning law divides the shoreland zone into different districts, each with specific regulations. While some districts, like Resource Protection, are primarily for environmental protection, others, like Limited Commercial and General Development, may allow commercial uses.

Depending on the municipal ordinances, it could mean that Mainers who want to AirBNB their lake house can no longer do that unless it is their primary residence.

A municipality could amend its ordinance to allow Short Term Rentals, but this probably requires DEP review and approval of those changes. In the interim, or if unsuccessful, this could lead to many requests to make local residents' lakeside camp their new primary home. We know this is not the intent of this bill.

I hope the committee can find a solution to the issue raised here because without a distinction between commercial and residential uses proposed in this bill, short term rentals are increasing the cost of housing for prospective and long time homeowners, which in turn adds a strain on workforce recruitment and retention across the state.

GrowSmart Maine is willing to assist the committee in any way that is helpful.

A handwritten signature in cursive script that reads "Nancy E. Smith". The signature is written in black ink and is positioned to the left of the main body of text.