



Testimony Neither For Nor Against LD 2173:

“An Act to Update the Laws Regarding Housing Developments and Accessory Dwelling Units”

Senator Curry, Representative Gere, and distinguished members of the Joint Standing Committee on Housing and Economic Development, my name is Montana Towers, and I serve as policy analyst for Maine Policy Institute. Maine Policy is a free market think tank, a nonpartisan, nonprofit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to submit testimony neither for nor against LD 2173, “An Act to Update the Laws Regarding Housing Developments and Accessory Dwelling Units.”

LD 2173 is a complex and sweeping bill intended to revise numerous provisions of Maine’s housing statutes. As an organization committed to removing barriers to housing, increasing market competition, and protecting property rights, we appreciate the committee’s efforts to address Maine’s housing challenges. However, our position on this legislation is nuanced, as it touches on several competing principles such as reducing regulatory burdens, expanding housing supply, and preserving local control.

Below is our perspective on many of the core elements in the bill.

Fire Suppression in Accessory Dwelling Units

We support this provision. LD 2173 clarifies that fire suppression sprinkler systems are not required in ADUs unless the structure contains more than two units total. This is a step in the right direction of deregulation. Requiring costly sprinkler systems in small, detached units is unnecessary and can deter property owners from building ADUs, a valuable source of flexible and cheap housing that could help address Maine’s housing shortage.

Modifications to Municipal Growth Caps

We strongly support the effort to loosen municipal rate-of-growth ordinances that restrict new housing development. Maine faces a severe housing shortage, and artificial caps on lawful development serve only to worsen the problem. Municipalities should generally not be allowed to suppress new housing through rigid permit quotas. This is a necessary reform.



Height Allowances for Affordable Housing Only

We oppose the height flexibility being offered only to government-defined affordable housing developments. We believe height restrictions should be relaxed for all types of housing, not just projects that meet arbitrary income or subsidy criteria. Limiting this flexibility to one subset of development risks distorting the housing market and could unintentionally delay or prevent broader increases in housing supply.

Limiting Local Subsurface Wastewater Requirements

We support this provision. LD 2173 ensures that municipalities may not impose subsurface wastewater disposal standards on housing, or accessory dwelling units that are stricter than those already established by DHHS rules.

This is a meaningful regulatory reform. Allowing municipalities to exceed statewide health codes often results in arbitrary or unnecessarily burdensome rules that block development, especially in rural areas where septic systems are common. Establishing a uniform statewide standard promotes predictability, and reduces the opportunity for local overregulation under the guise of health regulation.

Minimum Lot Size Restrictions in Growth Areas

We support this reform. LD 2173 prohibits municipalities from requiring more than 5,000 square feet of lot size for the first four units in a designated growth area. Minimum lot sizes are one of the most restrictive and damaging land-use policies in Maine. They limit density, drive up costs, and push development outward. This provision rightly curbs that practice where infrastructure already exists to support growth. We would however prefer such exceptions to not be tied to government mandated growth sectors.

Accessory Dwelling Units (ADUs)

MPI has long supported expanding access to ADUs as a way to increase housing supply, particularly for seniors, young workers, and multi-generational households. This bill continues the state's effort to remove local ADU bans and simplify permitting. This could help create many additional housing opportunities and again help the Maine housing shortage. However, as with other sections, we remain cautious about broad state preemption of local housing policy.



Preserving Local Control

While Maine Policy Institute supports many of the reforms proposed in LD 2173, such as reducing minimum lot sizes, expanding ADU access, and limiting overregulation, we also wish to emphasize the importance of local control. Centralized, one-size-fits-all mandates from Augusta can have unintended consequences, particularly in diverse rural communities with varying infrastructure, geography, and needs. Even as we advocate for housing policies that promote flexibility and affordability, we urge the Legislature to preserve room for municipal discretion wherever possible, ensuring reforms do not come at the expense of local governance or accountability.

Thank you for your time and consideration and thank you for listening to Maine Policy Institute's thoughts and concerns with LD 2173.