



JANET T. MILLS
GOVERNOR

STATE OF MAINE
DEPARTMENT OF AGRICULTURE, CONSERVATION & FORESTRY
LAND USE PLANNING COMMISSION
22 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0022

AMANDA E. BEAL
COMMISSIONER
STACIE R. BEYER
EXECUTIVE DIRECTOR

Memorandum

To: LUPC Commissioners
CC: Stacie R. Beyer, Executive Director
From: Stacy Benjamin, Chief Planner
Date: June 5, 2024
Re: Short-term Rentals – Decision on Adoption of Proposed Rule Changes

In February 2024, the Commission initiated a rulemaking proposal to define short-term rentals and adopt standards for this activity. The proposed standards include a requirement that the owner of a short-term rental file a notice or self-verification with the Commission that the short-term rental complies with the standards. This memo summarizes the rulemaking process and recommends the Commission's adoption of the rulemaking and associated basis statement.

I. Background

The Commission began a study of short-term rentals in 2022 in response to an increase in the popularity of this activity in the Commission's service area and changes in recent years that have allowed short-term rental use to become more intensive (i.e., more guests per dwelling, more frequent rental, and more rental density). The results of the study, along with a conceptual regulatory approach, were presented at the March 2023 Commission meeting. Public outreach to gather additional input and feedback on the conceptual regulatory approach occurred over the summer of 2023. Details about the outreach and a [summary of the feedback received](#) can be found on the [project website](#).

During the public outreach in 2023, many participants identified benefits from short-term rental activities, both on a personal level and on a broader scale. Additional income for the owner was cited most often, specifically as it helps owners afford and maintain their property as well as pay taxes. Benefits to the local and state economies were also often noted, including the creation of jobs and increased business for local vendors, restaurants, and businesses, especially in areas with little economic opportunity. Conversely, many participants described challenges and issues related to short-term rentals, including nuisance impacts on neighbors from noise, trespassing, trash/litter, outdoor lighting, and inappropriate parking of vehicles, among other issues. By far, the most common issue reported was concern about occupancy and septic system capacity and the potential water quality impacts that result from the failure or overuse of septic systems.

In drafting the proposed rules, the Commission staff sought to address the most significant issues created by the increasing use of residential dwellings as short-term rentals while minimizing regulatory requirements and the burden on owners from the new standards. As a result, the proposed rules would allow short-term rentals wherever single-family residential dwelling units are allowed and require only the **one-time** submission of a short notice form (+/- 2 pages) that has **no fee** associated with it. A convenient online submission option for the form would also be available.

II. Summary of Proposed Rule Changes

The proposed amendments to the Commission’s rules are summarized below. They would define short-term rental and adopt new performance standards for short-term rental activity. These standards include requiring property owners to provide notice to the Commission if they are renting their dwelling, bunkhouse, or residential campsite as a short-term rental and self-verifying that they are meeting the proposed standards. If adopted, the rule changes would apply to all new and existing short-term rentals. Existing short-term rental owners would have 180 days after the rule's effective date to file a notice with the Commission.

Proposed revisions to Chapter 2 add a new definition of “short-term rental” and clarify related definitions to differentiate between the residential use of a single dwelling unit, bunkhouse, or residential campsite as a short-term rental and the commercial use of two or more short-term rentals on a single lot. A definition of “use notification” would also be added to clarify the notice requirement included in the new Chapter 10 standards for short-term rentals and the concurrent rulemaking regarding accessory structures.

Proposed revisions to Chapter 10 include the addition of “short-term rental” to the use listings for subdistricts where residential dwelling units or residential campsites are allowed by permit or special exception. The changes would establish standards related to short-term rentals allowed without a permit subject to standards, including:

- Written notice required for new and existing short-term rentals;
- A maximum allowable occupancy based on the number of bedrooms in the rental unit;
- The subsurface wastewater disposal system that serves the short-term rental must comply with all applicable subsurface wastewater disposal rules;
- Information must be posted in the rental identifying a local contact person with 24-hour contact information and the E-911 address or other specific information describing the property's location;
- Sufficient off-street parking must be provided on the property for guests to ensure that entrances to private driveways are not obstructed and to allow for access by emergency vehicles; and
- Provision must be made for regular solid waste disposal.

Owners wishing to exceed the occupancy standard of two people per bedroom could apply for a permit. In these cases, owners would need to provide evidence that the increase in occupancy would not have undue adverse impacts on the resources and uses in the area.

III. Rulemaking Process

The public comment period was open from February 28 through April 17, 2024. The rebuttal period was open from April 18 through May 1, 2024. Notice of the rulemaking was provided in the Secretary of State’s consolidated rulemaking notice on February 28, 2024. Notice was also sent via GovDelivery to the approximately 2,220 individuals subscribed to the LUPC rulemaking or short-term rental email service. Additionally, staff emailed the notice to over 100 interested parties who had previously provided informal comments or participated in community meetings. The notice of the rulemaking and the proposed revisions were also posted on the Commission’s proposed rules website and the project webpage.

During the 49-day comment period, forty-seven parties¹ submitted written comments. During the 14-day rebuttal period, one rebuttal comment was submitted. Comments received are provided in Attachment A. Staff prepared a draft Basis Statement for Commission consideration (Attachment B). The statement discusses the policy basis for the rulemaking, summarizes the comments received on the draft rules as part of the public comment period, and explains the changes that were or were not made in response to the comments. In addition, one clerical edit was made as described in the Basis Statement. The following changes were made in response to the comments received:

- A. The term “local contact person” was replaced with “rental contact person”; and
- B. The Great Pond Protection 2 (P-GP2) subdistrict was added to the list of subdistricts where short-term rentals are an allowed use.

All changes proposed are incorporated into the Revised Draft Rule Redline (Attachment C). In addition to the changes, the following actions are proposed to address certain concerns raised by commenters:

- Staff will track data collected and periodically evaluate the rule’s implementation and effectiveness.
- Staff will develop an exhibit specific to short-term rentals for the Building Permit application for applicants wanting to exceed the occupancy standard.
- Staff will provide clarification regarding the distinction between short-term rentals and commercial uses in outreach materials, on application forms, and on the Commission’s website.
- Information and links regarding issues including lighting, noise, water testing, and fire safety will be provided in “best practice” outreach materials.

IV. Implementation

In the event the Commission adopts this rulemaking, there are key measures critical to its successful implementation.

¹ A “party” includes individuals, businesses, organizations, or single set of comments signed by multiple people (e.g., spouses).

Effective outreach and notice of change – In addition to typical agency notice of rulemaking (e.g., agency website and GovDelivery notices), staff are developing a strategy to get the word out as widely as possible. This would potentially include steps such as: additional GovDelivery notices; press releases; an insert in tax bill distributions; and reaching out to industry professionals (e.g. vacation rental companies). Notice would be provided running up to the time the rules become effective and during the following months.

On-line notice submission option – The proposed rule revisions require individuals to provide a notice or self-verification to the Commission. Staff are developing and testing a web-based notice portal. A brief paper form will be developed for individuals who prefer that option or that do not have adequate internet service. While more work on the web portal remains, we have proof of concept and will demonstrate the option at an upcoming Commission meeting.

Concurrent publication of “best practice” materials – Commission staff will prepare and publish online guidance for short-term rental owners, renters, and neighbors. This guidance will link to best practices information and additional federal and state regulations that may apply to short-term rentals. For renters and neighbors, it will also let people know how to report issues not regulated by the Commission, such as noise, unsafe fire practices or fireworks, unmanaged pets, etc.

Rule effective date –The proposed rules provide short-term rental owners a window of 180 days to submit a notice form once the rules become effective. As with all rulemaking activities, if adopted, this rulemaking must and will be finalized in accordance with the Maine Administrative Procedures Act. However, due to the nature of the revisions and the corresponding changes regarding accessory structure notices, staff suggest that the resulting rule become effective concurrently with those rule changes (i.e., no earlier than mid-December 2024 but no later than early January 2025).

V. Staff Recommendation

Pursuant to the background, purposes, and responsibilities summarized in the record, staff recommend that the Commission adopt both the proposed rules regarding short-term rentals as revised and the associated Basis Statement.

As noted above, the effective date will occur no earlier than mid-December 2024 but no later than early January 2025.

Attachments:

- A. *Public Comments Received*
- B. *Draft Basis Statement and Summary of Comments for Proposed Chapter 2 and Chapter 10 Rule Revisions: Short-term Rentals*
- C. *Chapters 2 and 10 Redlined Revisions (including correction and edits responding to comments)*

ATTACHMENT A

PUBLIC COMMENTS RECEIVED

Short-term Rental Rulemaking

ATTACHMENT B

**DRAFT BASIS STATEMENT AND SUMMARY OF COMMENTS FOR
PROPOSED CHAPTER 2 AND CHAPTER 10 RULE REVISIONS:
SHORT-TERM RENTALS**

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ATTACHMENT C

CHAPTERS 2 AND 10 REDLINED REVISIONS

(including correction and changes in response to comments)

Short-term Rental Rulemaking