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**DATE:** February 20, 2024

**BILL NO.:** House Bill 538

**TITLE:** Land Use – Affordable Housing – Zoning Density and Permitting (Housing Expansion and Affordability Act of 2024)

**COMMITTEE:** House Environment & Transportation Committee

### Letter of Support

#### **Description of Bill:**

House Bill 538 prohibits local jurisdictions from prohibiting the placement of manufactured homes in single-family residential zones; limits, for the next 15 years, the ability of local jurisdictions to deny building permits or unreasonably restrict tax credit-funded or other DHCD-managed affordable housing projects through the use of adequate public facility ordinances (APFOs); and allows for the development of properties with higher density within 1 mile of a passenger rail station and containing at least 25% affordable housing units, as well as historic former state-owned campuses or complexes or nonprofit-owned properties containing at least 50% affordable housing units.

#### **Background and Analysis:**

Currently, Maryland faces a 96,000-unit housing shortage, exacerbated by local barriers to construction of multifamily housing. The shortage of housing affordable to Marylanders making below median incomes is particularly severe. House Bill 538 addresses this shortage in three key ways:

First, permitting the placement of new manufactured homes in any single-family zoned residential area addresses the high costs and lengthy time frames of construction of traditional stick-built housing. Manufactured homes typically take 20-50% less time to construct and install, and have construction costs per square foot about half that of traditional stick-built homes. HUD standards also require that these homes have high construction quality and meet high energy efficiency standards.

Second, limiting the ability of local jurisdictions to unreasonably delay or restrict affordable housing projects will help house Marylanders already in those communities. Adequate public facility ordinances (APFOs) are currently outright preventing the development of essential, otherwise viable housing projects. Additionally, these policies often place unreasonable requirements on these projects that significantly increase their cost, and delay construction, which both increases costs and lengthens the wait for move-in-ready housing. This bill limits the application of APFOs on a very small number of state-financed projects (30-40 projects annually) that provide the housing that is most needed by working families in Maryland.

Finally, allowing and incentivizing higher-density and affordable housing near rail stations, on historic former state-owned properties, and nonprofit-owned properties both helps address the housing shortage and boosts Maryland's economy by connecting more residents to employment centers in the state. It also incentivizes the development of underutilized land and the creation of more housing units on those properties.

#### **DHCD Position:**

The Department of Housing and Community Development respectfully requests a **favorable** report on House Bill 538.



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