

February 12, 2024

The Honorable Marc Korman  
Environment & Transportation Committee  
House Office Building, Room 251,  
6 Bladen St., Annapolis, MD, 21401

**RE: MBIA Letter of Opposition HB 210 Maryland Building Performance Standards – Fossil Fuel Use and Electric-Ready Standards**

Dear Chairman Korman:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **HB 210 Maryland Building Performance Standards – Fossil Fuel Use and Electric-Ready Standards**. MBIA **Opposes** the Act in its current version.

This bill requires the Department of Labor to adopt a new electric energy standard for new buildings and eliminate the use of fossil fuels in new buildings by 2026 and 2030 size dependent. MBIA respectfully opposes this measure. While we recognize the importance of addressing the ongoing and systemic risk of climate change this bill places full electrification of new buildings on an unrealistic and accelerated timeline. Many electrification technologies are not yet sufficient to meet our current needs. Heating technology, such as a heat pump, is sufficient in climate with very little relative temperature change during the year but does not work sufficiently in the Maryland climate without expensive emergency heat during extreme cold events like we experienced in December. Gas heating, including hybrid systems, is essential for this climate and a fully electrified building code does not allow for that. BGE recommends hybrid heating systems as the best way to dramatically reduce carbon emissions while still meeting consumer needs. This bill currently prohibits this kind of system and instead requires local governments to grant waivers to specifically allow them. This creates intense political pressure to prohibit a carbon reducing system that can easily meet consumer heating demands.

Lastly, Maryland currently faces a housing shortage of approximately 96,000 housing units. If nothing changes, that number will increase by 5600 units per year. The National Association of Homebuilders reports that the estimated rent of a Maryland Housing Units is more than 30% of household incomes state wide with 25% of people spending more than 50% of their income on housing. In order to address this problem, we need a concerted effort to make housing available, and affordable to the residents of this state. We need to be finding ways to incentivize housing, not make it more challenging to constructs. MBIA supports taking efforts to protect the environment, however we need to balance that with the housing needs of the state.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or [lgraf@marylandbuilders.org](mailto:lgraf@marylandbuilders.org).

cc: Members of the House Environment & Transportation Committee

# MARYLAND IN CRISIS

*Maryland is experiencing an unprecedented housing shortage*

A limited supply of land, a shortage of skilled labor, increased regulation, increasing material costs and rising interest rates are all contributing to higher home prices and rents. The result? Marylanders are struggling to afford one of the most basic human needs — shelter.



## "Maryland is the 8th least affordable state in the US for housing costs"

Jake Day, the Maryland secretary of Housing and Community Development



## FACTS



Maryland is short at least 96,000 housing units.

This will increase by 5600 units a year if no action is taken

Restricting housing supply in high-productivity cities leads to an increase in property values, and it is therefore in the rational self-interest of current property owners to seek such restrictions. However, the social costs of these private gains are immense, particularly when one considers higher-income neighborhoods have greater access to a range of benefits, including quality public schools, better government services, healthier environments, and more green spaces. Restricting the ability of people to move into these communities also exacerbates the defacto racial and class segregation created and reinforced by 20th-century urban development and housing policies.



An acre increase in minimum lot size = **36 % reduction** in the number of new housing units



The price of rental housing increases 2.3% for every new regulation



A residential parking spot costing \$24,000-\$34,000 **increases rent by 17 %**

## "We must address the housing crisis at its source: Withering supply"

Maryland Governor, Wes Moore

Home prices have risen nationally, since 2019. Both the Forbes Advisor Index and Missouri Economic Research and Information Center Index place Maryland among the states with the highest cost of living. The median home price in Maryland was \$411,200 compared to the national median home price of \$348,600 in 2022. The cost of housing is impacted by housing inventory. Between 2019 and 2022, the housing inventory dropped between 40% and 75% in every county (57% on average, statewide) while median home prices increased 27% statewide

## HOUSING IN CRISIS

Regulations imposed by all levels of government account for \$93,870, or 23.8% of the current average sales price of a new single-family home

Visit [marylandbuilders.org](http://marylandbuilders.org) for more information