

February 20, 2024

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

**RE: HB 538 Land Use – Affordable Housing – Zoning Density and Permitting (Housing Expansion and Affordability Act of 2024)**

Dear Chairman Korman,

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **HB 538 Land Use – Affordable Housing – Zoning Density and Permitting (Housing Expansion and Affordability Act of 2024)**. MBIA supports this measure.

Maryland currently faces a housing shortage of approximately 96,000 housing units. If nothing changes, that number will increase by 5,600 units per year. The National Association of Homebuilders reports that the estimated rent of a Maryland Housing Unit 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.

This bill presents a comprehensive approach to addressing the housing shortage by modernizing local land use laws and streamlining approval processes for transit-oriented development. These measures are crucial in creating new opportunities for our members to construct much-needed housing units that meet the needs of all Marylanders. By incentivizing the construction of targeted new housing, the bill creates pathways for individuals and families to secure safe and affordable homes in areas with access to essential services and transportation.

Another key component of this bill is its provision to allow development on former state-owned complexes. By leveraging underutilized land resources and promoting partnerships with nonprofit organizations, this bill creates a conducive environment for builders to undertake innovative projects that meet the growing demand for all types of housing.

MBIA is also in support of this bill's emphasis on increasing density under certain conditions. We believe it is essential for optimizing land use and promoting sustainable growth. By encouraging denser development in appropriate locations, HB 538 ensures that builders can maximize the use of available land while preserving the character and charm of our communities. This balanced approach is critical in accommodating population growth and housing demand without compromising the quality of life that residents' value.

For these reasons, MBIA respectfully requests the Committee give this measure a favorable 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