



House Bill 38 – School Construction and Housing - School Zones and Adequate Public Facilities Ordinances

Position: Support

Maryland REALTORS® supports efforts to address our housing crisis. For this reason, we urge your support for HB 38.

Maryland's housing shortage is well documented, with recent DHCD estimates totaling just under 150,000 units. One reason we have reached this level of deficit is local policies which restrict the construction of new units, like Adequate Public Facilities Ordinances (APFO).

While well intentioned, APFO ordinances create a contradictory and self-defeating situation when it comes to infrastructure. Local governments place new developments on hold due to real or perceived shortfalls of school capacity, transportation, or other factors. Yet, it is the revenue that new development provides – namely impact fees, transfer and recordation taxes, and an increased property tax base – that funds the very infrastructure to support that new development.

Further, APFOs can create distortions in our housing supply. Even under the 4-year pause contemplated in this bill, it takes another 2-3 years in additional permitting, review, and construction time to bring a development to completion. Developers assume significant risks in beginning a project when factors such as interest rates, employment and other economic conditions can change dramatically. As a result, they will build, and lenders will provide financing for only those types of housing units with sufficient profit margins to outweigh any economic headwinds they encounter.

Finally, there is evidence that APFOs have been used not just to address verified infrastructure needs but have been manipulated to feed into NIMBY sentiments against new development. School capacity numbers and student yield calculations can be set not based upon a single statewide measure, but on varying local standards that can be much more restrictive on housing production. Local school districts have also been reluctant to adjust school boundaries to better match school enrollment fluctuations. Requiring local reporting and review at the state level, as HB 38 suggests, would provide a measure of oversight on how capacities are calculated.

Maryland REALTORS® thanks Del. Moon for bringing attention to this important cause of Maryland's housing shortage and asks for your support of House Bill 38.

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