



**DATE:** 3/4/2025

**BILL NO.:** House Bill 503

**TITLE:** Land Use – Regional Housing Infrastructure Gap (Housing For Jobs Act)

**COMMITTEE:** House Environment and Transportation Committee

### SPONSOR TESTIMONY

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

House Bill 503 – the Housing for Jobs Act – requires DHCD and the Maryland Department of Planning to calculate regional housing infrastructure gaps based on jobs-to-housing ratios and apportion those housing infrastructure gaps to counties and municipalities based on their share of regional jobs. Local jurisdictions in regions with a housing-to-jobs ratio greater than 1.5 have an affirmative obligation to expeditiously approve housing development project applications, with limited enumerated justifications for denial. The bill also allows a proponent of a housing development project to bring an action in Circuit Court to enforce the provisions of the Act.

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

Over the last decade, housing costs nationwide have risen at a rate far outpacing inflation and wages. That issue is particularly acute in Maryland, where 1 in 3 families pay more than 30% of their monthly income on housing costs. Maryland ranks [43<sup>rd</sup> out of 50 states](#) in housing affordability. Unaffordable housing costs drive migration out of the state: In 2022 alone, nearly 40,000 Marylanders aged 17-34 left the state, according to U.S. Census Bureau estimates. [Polling](#) from the Maryland Association of Realtors has shown that nearly half of younger renters are considering leaving Maryland for a state with lower housing costs, amidst broad consensus among Maryland voters that housing costs are too high.

Housing costs have also contributed to economic stagnation in the state, as businesses find it difficult to attract workers when even middle-class salaries do not allow families to obtain quality housing a reasonable distance from work, schools, and other opportunities. Maryland’s GDP growth has significantly underperformed nationwide growth since 2017, with construction and real estate among the most-underperforming sectors of the state economy.

The Housing for Jobs Act aims to reduce Maryland’s housing shortage, increase affordability, and stimulate the state economy by addressing these barriers at the local level. It does so in a targeted fashion, only applying to jurisdictions within the state that face a shortage of housing relative to the number of jobs in the jurisdiction.

A key element of the Housing for Jobs Act is the calculation of the housing-to-jobs ratio, and, if applicable, the “housing infrastructure gap” for regions and jurisdictions in Maryland. Under the bill’s provisions, DHCD and the Maryland Department of Planning will identify shortages of housing units by comparing housing stock to the total number of jobs in a region. If there are more than 1.5 jobs per housing unit (a ratio supported by Census data and [past analysis](#)), the region has a shortage, or housing infrastructure gap. That gap is then apportioned to local jurisdictions within that region based on each jurisdiction’s share of regional jobs. The provisions of the Housing for Jobs Act only apply to those local

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jurisdictions that have a housing infrastructure gap. Currently, calculations show that the Baltimore and Washington, D.C. regions have significant housing infrastructure gaps (see below).

County	Jobs	% Share Regional Jobs	Current Housing Units	Jobs to Housing Ratio	Total Housing Units Needed for <1.5 ratio	Target: New Units Needed
<b>Baltimore Region</b>	<i>1,903,043</i>	-	<i>1,179,056</i>	<i>1.61</i>	<i>1,268,696</i>	<i>89,640</i>
Anne Arundel County	432,915	23%	236,486	-	256,878	20,392
Baltimore County	551,655	29%	351,123	-	377,108	25,985
Carroll County	87,484	5%	66,545	-	70,666	4,121
Harford County	137,752	7%	105,205	-	111,694	6,489
Howard County	245,933	13%	125,818	-	137,402	11,584
Baltimore City	447,304	24%	293,879	-	314,948	21,069
<b>Washington Region</b>	<i>1,409,097</i>	-	<i>879,832</i>	<i>1.6</i>	<i>939,398</i>	<i>59,566</i>
Frederick County	158,423	11%	108,996	-	115,693	6,697
Montgomery County	741,956	53%	406,850	-	438,214	31,364
Prince George's County	508,718	36%	363,986	-	385,491	21,505
<b>Southern Maryland Region (Calvert, Charles, St. Mary's)</b>	<i>175,474</i>	-	<i>146,484</i>	<i>1.20</i>	<i>116,983</i>	<i>0</i>
<b>Western Maryland Region (Allegany, Garrett, Washington)</b>	<i>140,094</i>	-	<i>115,495</i>	<i>1.21</i>	<i>93,396</i>	<i>0</i>
<b>Upper Eastern Shore Region (Caroline, Cecil, Kent, Queen Anne's, Talbot)</b>	<i>131,777</i>	-	<i>109,193</i>	<i>1.21</i>	<i>87,851</i>	<i>0</i>
<b>Lower Eastern Shore Region (Dorchester, Somerset, Wicomico, Worcester)</b>	<i>127,406</i>	-	<i>127,806</i>	<i>1.00</i>	<i>84,937</i>	<i>0</i>
<b>Statewide</b>						149,206

Data sources: Jobs, [U.S. Bureau of Economic Analysis](#) (2022); Housing units, [American Community Survey estimates](#) (2022)



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Local jurisdictions with a housing infrastructure gap will have an affirmative obligation to approve new housing development projects unless there is a specific reason for denial that outweighs the need for housing. These eligible reasons for denial include insufficient school capacity, necessity for compliance with state or federal law, specific adverse impact to the health and safety of residents, and failure to comply with objective development standards at the time of application. Local jurisdictions subject to the Act are thus not precluded from denying any project, but must cite one of the enumerated reasons for doing so – and are required to base a denial on local rules in effect at the time the application is submitted. Builders have the right to appeal to Circuit Court when a denial is made in violation of these provisions.

Jurisdictions may reduce their housing infrastructure gaps – and, if the gap is reduced to zero, no longer be subject to the Housing for Jobs Act – by adding new housing units, with enhanced reductions, or “bonuses” for affordable housing units built, and units built within 0.75 miles of a passenger rail station. These bonuses incentivize local jurisdictions to produce affordable housing and encourage transit-oriented development, which has the benefit of reducing traffic congestion and greenhouse gas emissions.

The Housing for Jobs Act will increase housing affordability and boost the economy in Maryland in a number of ways: First, the requirement for adherence to objective development standards in place at the time of application will benefit developers of affordable housing, who are least able to afford uncertainty and development changes when consistent standards are not enforced. State dollars used to finance affordable housing will go further with the uncertainty inherent in opaque and discretionary review processes removed. Second, incentivizing housing construction where it is most needed to support jobs and economic growth will give Marylanders more housing options near the places where they work and go to school, and make the state a more attractive destination for workers, and, in turn, out-of-state companies that currently may choose to set up shop in neighboring states where workforce housing is more affordable.

States that have adopted similar reforms, such as Massachusetts and New Jersey, have seen increases of thousands of housing units produced per year above the baseline level. Maryland, too, can boost housing production, increase affordability, and spur economic growth by enacting the Housing for Jobs Act. This has no costs to Maryland taxpayers, while housing construction generates meaningful additional revenues for the state and local governments. Housing construction generates tax revenues for the State through the transfer tax on the sale of property, sales tax on construction materials, income tax on construction labor and legal, financial and insurance labor, and property tax revenue on the completed construction. The average Maryland state tax revenue per one unit of housing built is approximately \$7,837. Local governments also generate tax revenue from housing construction through transfer taxes, income taxes, property taxes, and through permitting, impact and inspection fees. The average local government tax revenue per one unit of housing built is approximately \$10,838. Using analysis based on pre-2008 recession building permit activity in Maryland, and on analyses of impacts of similar reforms in other states, the fiscal impact to the state from the Housing for Jobs Act is estimated as follows:

	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>	<b>FY30</b>
% Increase in permitting activity	5%	20%	25%	30%	35%
# of Incremental Annual New Units	710	2,841	3,551	4,261	4,971

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Incremental state tax revenue	5,676,554	23,160,338	29,529,431	36,144,024	43,011,389
Incremental local tax revenue	7,850,669	32,030,729	40,839,180	49,987,156	59,484,715

In addition to direct revenues from housing construction, the Housing for Jobs Act is anticipated to generate income tax revenues through retaining Maryland's existing domestic population. According to U.S. Census data, 17-34 year olds are driving domestic outmigration from the state, with approximately 39,757 individuals leaving annually. This represents approximately \$78.6M in lost annual income tax revenue to the state

**DHCD Position**

The Moore-Miller Administration respectfully requests a **favorable** report on House Bill 503.