Bill:	**HB 894 - Land Use - Transit-Oriented Development - Alterations (Maryland Transit and Housing Opportunity Act)**
Committee:	**Economic Matters**
Date:	**March 3, 2026**
Position:	**Favorable**

The Apartment and Office Building Association (AOBA) of Metropolitan Washington is a non-profit trade association representing the owners and managers of more than 23 million square feet of commercial office space and 167,000 apartment rental units in Montgomery and Prince George's counties. AOBA submits the following testimony in support of House Bill 894**.**

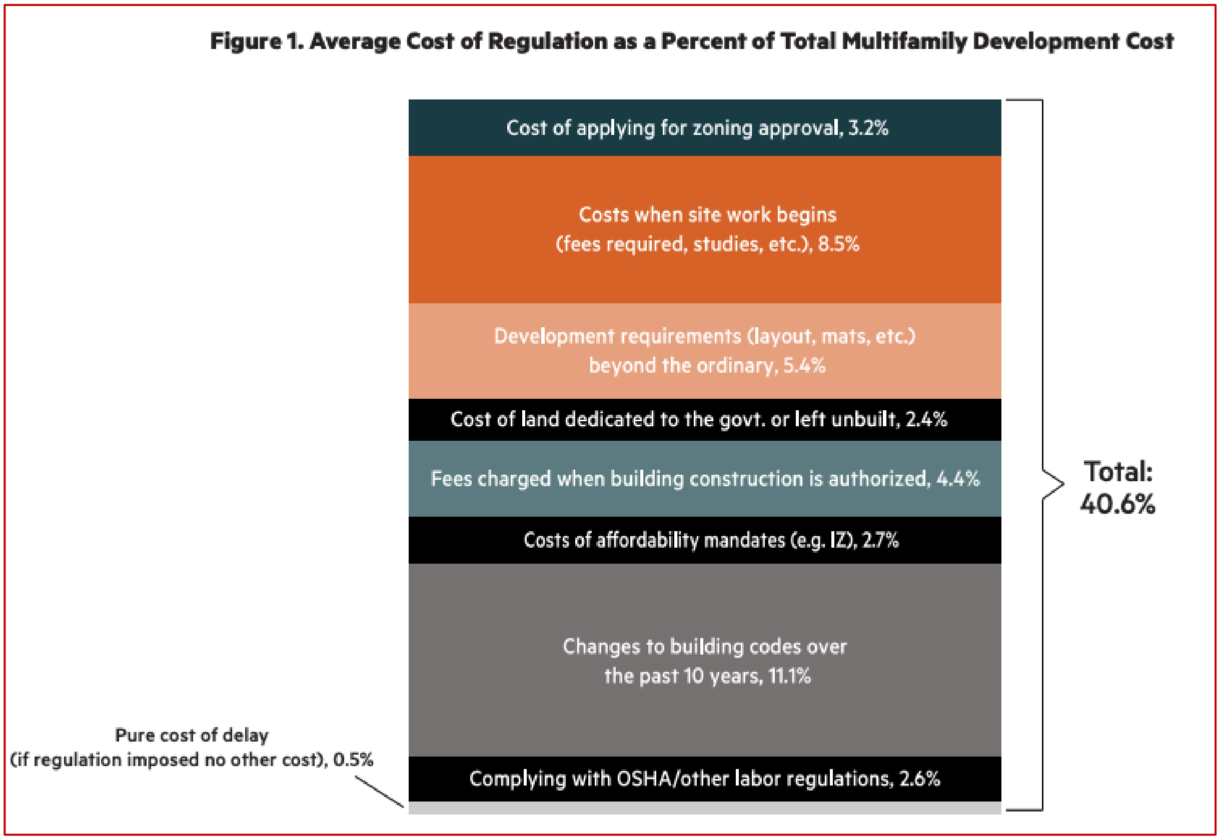
AOBA members support the Governor's proposal that will increase the production of housing in the state of Maryland. HB 894 will allow for the automatic designation of certain transit-oriented developments as enterprise zones and require the Maryland Development Corporation to prioritize certain redevelopment projects when making loans under the Strategic Infrastructure Revolving Loan Program. Additionally, the bill will alter the authority of local legislative bodies to regulate land use planning on land located near certain transit stations and allow for the delaying of the collection of certain development excise taxes and development impact fees for certain residential real estate projects.

Developer Regulations Drive Cost Upwards

In the broader market, the multifamily residential industry is weak, and operating costs are rising. In 2022, the National Association of Home Builders (NAHB) and the National Multifamily Housing Council (NMHC) reported that, on average, complying with government regulations totaled 40 percent of the total development cost. Additionally, 87.5 percent of builders said they would avoid building in jurisdictions with rent control.[1] Unfortunately, this trend is beginning to materialize, as building permits in Montgomery and Prince George's County are falling significantly.[2]

[1] https://www.nmhc.org/globalassets/research--insight/research-reports/cost-of-regulations/2022-nahb-nmhc-cost-of-regulations-report.pdf

[2] https://montgomeryplanning.org/wp-content/uploads/2025/10/MoCo-Economic-Indicators-Briefing-Q2-2025_Final.pdf



The point is not theoretical; when returns are unpredictable, capital moves elsewhere. That can be seen in the enactment of rent control in Montgomery County and Prince George's County, which has decimated the multifamily market.[3] A clear example of a municipality enacting rent stabilization, then suffering from a drop off in investment, but moving quickly to solve the issue is St. Paul, MN. The city enacted a strict rent stabilization law in November 2021, capping annual rent increases at 3% without exemptions for new construction. As a result, new housing development permits fell an estimated 48% the following year, prompting the City Council to amend the law to include a 20-year exemption.

If we are to provide Marylanders with greater market leverage through lower rents, we need to increase the supply of units, as shown in the graphic below.[4]

For these reasons, AOBA requests a favorable report on House Bill 894. Please contact Hugo Cantu at hcantu@aoba-metro.org with any questions or concerns.

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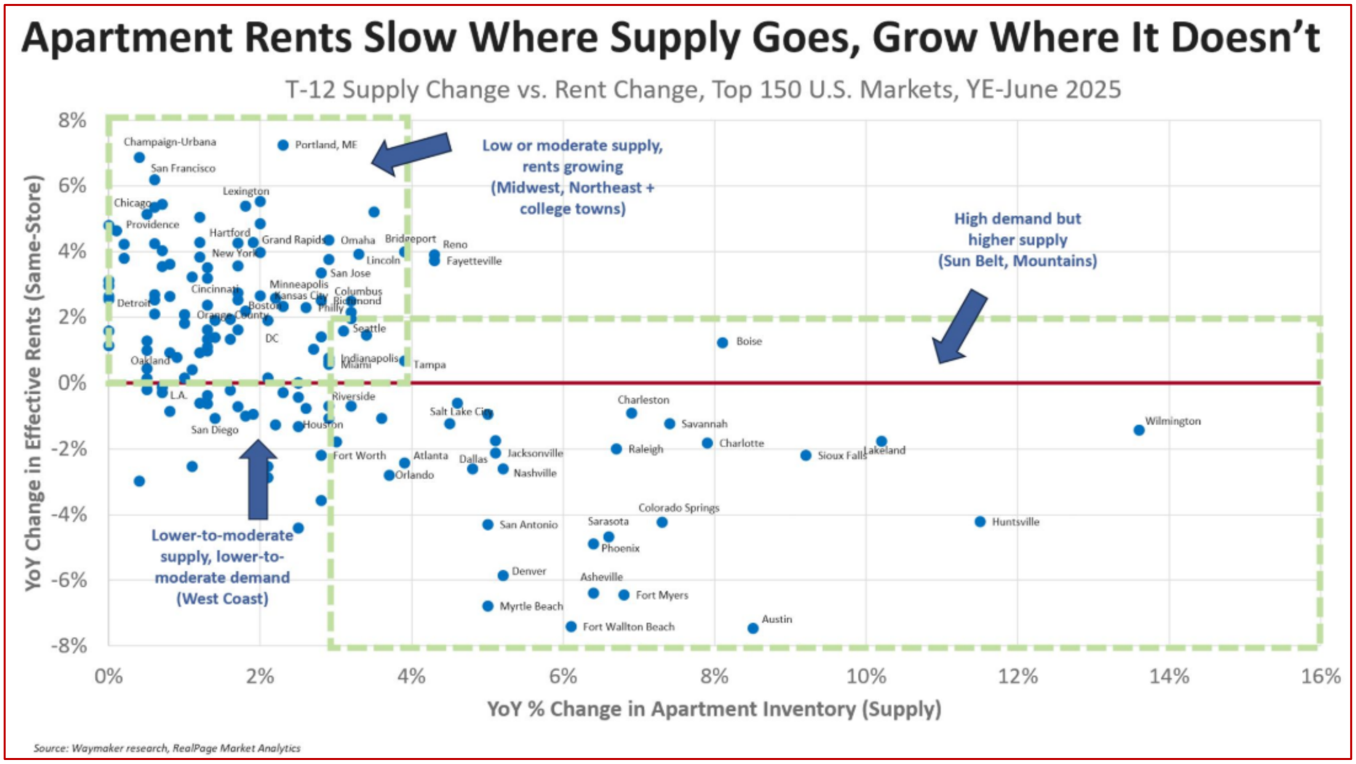
[3] https://montgomeryperspective.com/2026/01/06/moco-multifamily-permits-drop-96-percent-with-rent-control/

[4] https://www.linkedin.com/posts/jay-parsons-a7a6656_housing-affordability-rent-activity-7355974271938015232-e7Dk?utm_source=social_share_send&utm_medium=member_desktop_web&rcm=ACoAABwJEZYBA8qMk6GRpFRIcKd0bBLDc8TKuOA



Apartment Rents Slow Where Supply Goes, Grow Where It Doesn't
T-12 Supply Change vs. Rent Change, Top 150 U.S. Markets, YE-June 2025
Low or moderate supply, rents growing (Midwest, Northeast + college towns)
High demand but higher supply (Sun Belt, Mountains)
Lower-to-moderate supply, lower-to-moderate demand (West Coast)
YoY Change in Effective Rents (Same-Store)
YoY % Change in Apartment Inventory (Supply)
8%
6%
4%
2%
0%
-2%
-4%
-6%
-8%
0%
2%
4%
6%
8%
10%
12%
14%
16%
Champaign-Urbana
Portland, ME
San Francisco
Lexington
Chicago
Providence
Hartford
Grand Rapids
Omaha
Bridgeport
Reno
New York
Lincoln
Fayetteville
San Jose
Minneapolis
Cincinnati
Kansas City
Columbus
Richmond
Detroit
Boston
Philly
Orange County
Seattle
DC
Boise
Indianapolis
Miami
Tampa
Oakland
L.A.
Riverside
Charleston
Salt Lake City
Savannah
Wilmington
San Diego
Houston
Charlotte
Lakeland
Fort Worth
Atlanta
Dallas
Jacksonville
Raleigh
Sioux Falls
Orlando
Nashville
Colorado Springs
Sarasota
San Antonio
Huntsville
Phoenix
Denver
Asheville
Fort Myers
Myrtle Beach
Austin
Fort Walton Beach
Source: Waymaker research, RealPage Market Analytics