



## TESTIMONY

**COMMITTEE:** House Economic Matters

**DATE:** February 26, 2026

**POSITION:** Unfavorable

**BILL:** House Bill 778

The Maryland Municipal League (MML) respectfully opposes House Bill 778. Municipalities across Maryland are actively advancing housing production and middle housing reforms tailored to local conditions in partnership with state programs. However, House Bill 778 replaces collaborative planning with prescriptive statewide mandates that constrain core zoning tools and create fiscal and infrastructure challenges without ensuring affordable housing outcomes.

House Bill 778 would require local governments to evaluate all vacant, unused, or underutilized commercial and industrial land for housing suitability in areas served by public water and sewer, and to incorporate those findings into comprehensive plans beginning in 2027. It further mandates by-right “middle housing” development - including duplexes, triplexes, quadplexes, cottage clusters, and townhouses - in existing single-family zones, including on certain vacant lots and on at least 25% of lots in new subdivisions. In addition, the legislation prohibits local jurisdictions from imposing “unreasonable” limitations on height, setbacks, bulk, parking, lot dimensions, or similar standards. Taken together, these provisions do more than expand housing opportunity: they require specific zoning outcomes and constrain the tools municipalities use to manage growth responsibly.

The requirement to reassess commercial and industrial land is particularly concerning. Commercial and industrial parcels are not interchangeable with residential land. Many are constrained by environmental conditions, incompatible adjacent uses, freight access patterns, or utility configurations. In many communities, these properties provide a disproportionate share of the tax base that funds public safety, infrastructure maintenance, and schools. Blanket reassessment and the implicit push toward residential conversion risks weakening fiscal stability without addressing how lost revenue will be replaced or how new service demands will be funded.

The by-right middle housing mandate presents parallel challenges. Although the bill references adequate public facilities requirements, automatic approvals reduce the ability to phase growth in alignment with school capacity, roadway improvements, water and sewer upgrades, and emergency response capability. Subdivision design, fiscal forecasting, and capital planning depend on predictable density assumptions. Mandated uniform density increases, particularly across specified percentages of lots, disrupt those projections without providing corresponding infrastructure funding.

At the same time, the bill significantly limits municipalities’ ability to tailor dimensional, parking, and design standards to local conditions. Communities differ dramatically in infrastructure capacity, geography, historic character, and fiscal structure. Local governments must be able to calibrate height, setbacks, bulk, parking, and lot coverage based on street width, stormwater capacity, fire access, transit availability, and neighborhood context. These are not aesthetic preferences; they are infrastructure and safety considerations. A coastal town, a built-out inner-ring suburb, and a small historic municipality do not face identical development constraints. Uniform zoning mandates do not reflect those differences.

*Property Tax comprises 50% of the General Fund Budget of the Average Municipality in Maryland*

This concern is amplified by the bill's prohibition on "unreasonable" limitations, which does not define "unreasonable." This undefined and inherently subjective standard invites uncertainty, inconsistent interpretation, and potential litigation, placing municipalities in the position of defending routine planning decisions without clear statutory guidance.

Beyond these structural issues, the legislation assumes that expanded by-right zoning will, on its own, deliver meaningful affordability gains. Zoning authorization alone does not produce affordability. Construction costs, land values, financing conditions, and utility upgrades ultimately determine whether new units are attainable. In some markets, expanding by-right density without complementary affordability tools may increase land speculation without lowering prices. In others, it may displace carefully structured local housing reforms already underway.

The proposal also reduces flexibility for meaningful local public engagement. Comprehensive planning in Maryland is a deliberative, data-driven process that incorporates infrastructure analysis, fiscal modeling, environmental review, and community input. Requiring uniform statewide zoning changes irrespective of local planning cycles or market conditions undermines that framework and limits the ability of residents and elected officials to shape growth patterns appropriate to their communities.

Finally, House Bill 778 overlaps with broader housing proposals currently under consideration. The General Assembly is already evaluating comprehensive housing frameworks developed through months of stakeholder engagement. Introducing a separate, prescriptive mandate on the same subject risks policy fragmentation and unnecessary duplication. Equally important is process. Legislation that directly restructures municipal zoning authority should be developed in consultation with the governments responsible for implementation.

Municipalities remain willing partners in addressing Maryland's housing challenges. Effective housing policy requires collaboration, infrastructure alignment, fiscal sustainability, and technical coordination, not uniform mandates that constrain core zoning tools without prior engagement. For these reasons, the Maryland Municipal League respectfully requests an unfavorable report on House Bill 778.

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For more information relating to this piece of testimony, please contact:  
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