

Testimony in Strong Support of Senate Bill 36 and House Bill 239

Dear Chair, Vice Chair, and Members of the Committee,

My name is Michael Balakirsky, and I am a Maryland property owner and resident of Howard County. I am also an economist and a practicing financial advisor. **I am submitting this testimony in strong support of Senate Bill 36 and House Bill 239.**

Maryland is facing a housing supply crisis that is no longer theoretical—it is measurable, structural, and economically damaging. According to national affordability rankings, Maryland is now among the eight least affordable states in the country. Within Maryland, Howard County is consistently one of the least affordable counties, placing extraordinary pressure on working families, young professionals, seniors, and employers alike.

From an economic standpoint, the core problem is simple: we do not have enough housing—and current zoning and land-use rules make it extremely difficult to produce more.

Severe Housing Shortage: Data, Not Opinion

The Maryland Association of Realtors regularly publishes housing inventory data that illustrates the depth of the shortage. In many Maryland counties, active housing inventory has fallen to one to two months of supply, compared to a historically balanced market of five to six months.

What is especially alarming is that this shortage persists:

- During the winter season, when demand is typically lower
- During a period of elevated mortgage interest rates, which should normally suppress demand

Despite these headwinds, inventory remains critically low. This tells us the problem is not cyclical—it is structural.

Demand Is Poised to Increase Further

Looking forward, the imbalance will worsen unless supply constraints are addressed. Mortgage/Interest rates are widely expected to decline over the next 12–24 months, while employment in central Maryland remains stable and growing, particularly in government, defense, healthcare, technology, and education.

As an economist, I can say with confidence: lower rates plus stable jobs equals higher housing demand. If supply remains artificially constrained, prices and rents will rise further SIGNIFICANTLY—pushing affordability even farther out of reach.

Housing Is the Primary Driver of Inflation

Housing costs—rent, home prices, and shelter services—are the largest single contributor to inflation. This is not a political statement; it is a statistical fact reflected in CPI data. Until housing supply is meaningfully expanded, inflation cannot be sustainably reduced, regardless of what happens with energy, food, or interest rates.

In other words: housing policy is inflation policy.

Zoning and Overregulation Are the Binding Constraint

Maryland does not suffer from a lack of demand, capital, or willingness to build. What we suffer from is overregulation:

- Highly restrictive zoning classifications
- Excessive minimum lot sizes
- Density caps unrelated to infrastructure realities
- Multi-layered approvals across zoning, planning, environmental, and political bodies

In counties like Howard County, the problem is compounded by the very limited amount of land served by public water and sewer. Large areas are effectively locked out of any meaningful housing production, even where environmental and infrastructure conditions would otherwise allow it.

When land is scarce and zoning restricts efficient use of that land, the result is inevitable: low supply, high prices, and exclusionary outcomes.

SB 36 and HB 239 Address the Real Constraint

Senate Bill 36 and House Bill 239 move Maryland in the right direction by reducing artificial zoning barriers, allowing more efficient use of already-served land, and enabling modest density increases where infrastructure already exists.

These bills do not eliminate local input. They do not force reckless development. What they do is restore balance between local control and statewide economic reality.

Conclusion:

Housing affordability is not just a housing issue—it is a cost-of-living issue, a workforce issue, an inflation issue, and an economic competitiveness issue.

As a resident, property owner, economist, and financial professional, I strongly urge this Committee to advance Senate Bill 36 and House Bill 239. Maryland cannot solve its affordability crisis without addressing supply, and supply cannot increase under the current regulatory framework.

Thank you for your time and consideration.

Respectfully,

Michael Balakirsky
Howard County, Maryland
Economist & Financial Advisor