



Bill Title: Senate Bill 325, Land Use - Permitting - Development Rights (Maryland Housing Certainty Act)

Committee: House Economic Matters Committee

Date: April 2, 2026

Position: **Favorable**

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996, whose members consist of owners and managers of more than 214,000 rental housing homes in over 1015 apartment communities. Our members house over 571,000 residents of the State of Maryland. MMHA also represents over 270 associate member companies who supply goods and services to the multi-housing industry.

MMHA respectfully urges a favorable report for Senate Bill 325. This legislation addresses a fundamental barrier to housing production in Maryland: regulatory uncertainty. By establishing clear "complete application" vesting rights and deferring the collection of development impact fees until certificates of occupancy are issued, SB 325 creates the predictability necessary to finance and build the housing Maryland desperately needs.

MMHA supports for the following reasons:

- The Housing Supply Crisis and Regulatory Uncertainty: Maryland faces a housing affordability crisis driven by insufficient supply. The National Low Income Housing Coalition estimates Maryland lacks over 85,000 affordable rental homes for extremely low-income families alone. Meanwhile, development costs continue to escalate due to inflation, interest rates, and—critically—shifting regulatory landscapes.

Development is a long-term proposition. From site acquisition to permitting to construction, multifamily projects can take three to seven years to complete. Currently, developers face the risk that local zoning, environmental regulations, or fee structures may change *after* substantial investment but *before* final approval. This regulatory risk adds a "certainty premium" to financing costs, which is ultimately borne by renters through higher rents. SB 325 mitigates this risk by codifying common-sense vesting protections already standard in many competitive jurisdictions.

- Title 12: Development Certainty and Vested Rights: MMHA strongly supports the creation of Title 12 in the Land Use Article (the "Maryland Housing Certainty Act"), specifically Section 12-201:

Substantially Complete Application Freeze Date. The provision requiring that approval be governed only by laws and regulations in effect at the time of submission of a



"substantially complete application" is essential for housing finance. The bill's definition of "substantially complete"—satisfying a substantial majority of requirements while allowing for nonsubstantive errors—strikes the right balance between giving developers certainty and allowing agencies to require necessary details.

We note and appreciate the amended timelines in the bill (30 days for completeness determination; deemed complete after 35 days), which provide reasonable administrative flexibility while preventing indefinite delays.

- Vested Rights Duration. The five-year vested rights minimum (or longer as determined by the local authority) protects the substantial capital invested in approved projects. For phased multifamily developments—common in our industry—this ensures that Phase II is not subjected to a radically different regulatory regime than Phase I simply because construction sequencing took longer than anticipated. The explicit protection for phased development plans under Section 12201(c) recognizes the reality of how large rental communities are built.
- Reasonable Safeguards. The bill appropriately preserves local authority to enforce health and safety regulations, execute Development Rights and Responsibilities Agreements (DRRAs), and require approvals for individual phases. These guardrails ensure that vesting rights do not compromise legitimate public welfare concerns.
- Article Local Government §20-128: Impact Fee Deferral: MMHA particularly supports the amendments to Section 20-128 regarding the timing of development excise taxes and impact fees.
- Cash Flow and Affordability Impact. Currently, many jurisdictions require payment of substantial impact fees at the building permit stage—sometimes years before construction is completed and revenue from operations begins. For rental housing, this front-loading of costs is especially damaging because:
 1. It requires developers to carry millions in additional debt during the construction period;
 2. It increases the risk of project failure if market conditions shift; and
 3. Ultimately, these carrying costs are passed to renters in the form of higher monthly rents.

By deferring collection until the certificate of occupancy is issued (or 30 days prior to final inspection), SB 325 aligns the timing of fee payment with the actual creation of housing and the generation of revenue from that housing. This "pay when you deliver" approach reduces carrying costs and, consequently, reduces upward pressure on rents.

- Municipal Protections. The bill wisely preserves the authority of counties and municipalities to deny or withhold certificates of occupancy for nonpayment, ensuring municipalities retain leverage to collect fees once projects are complete.



- Economic Development and Competitiveness: Maryland competes with Virginia, North Carolina, and other states for housing investment. Many of our competitor states have robust vested rights statutes and fee deferral mechanisms. Without the protections in SB 325, Maryland projects are deemed higher-risk by lenders and equity investors, driving investment—and housing production—to other jurisdictions.

Furthermore, by reducing the "regulatory risk premium," SB 325 specifically benefits smaller developers and nonprofit housing providers who lack the capital reserves to weather mid-project regulatory changes or carry large fee obligations

For these reasons, the Maryland Multi-Housing Association respectfully requests a favorable report on Senate Bill 325.

Please contact Aaron J. Greenfield at 410.446.1992 if you have any questions.