Bill Title: **House Bill 1252, Department of Housing and Community Development - Montgomery County Study MC 19-26**

Committee: **Senate Education, Energy and Environment Committee**

Date: **March 31, 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.

Maryland is short 96,000 affordable rental homes today. In Montgomery County alone, household growth is projected to outpace the production of new multifamily units by 30 percent over the next decade. The only durable solution to this shortage is to increase supply, not to suppress it. House Bill 1252 correctly directs the Department of Housing and Community Development (DHCD) to examine, quantitatively and qualitatively, the regulatory and market factors that threaten—or encourage—the creation and preservation of attainable housing in Montgomery County.

MMHA urges the Department to pay particular attention to one factor that has already proven devastating: **rent control.** In July 2024, Montgomery County imposed the most stringent rent-growth cap in the state: annual increases limited to the lesser of CPI + 3% or 6% on existing residents and on vacant units. The market response was immediate. County multifamily building permits collapsed 96 percent—from an average of 582 per quarter in the seven quarters before the ordinance to just 23 per quarter the four quarters afterward. Put differently, new production fell from roughly 2,300 units per year to fewer than 100. That is not a cyclical dip; it is capital flight.

When equity and debt capital can earn a risk-adjusted return elsewhere, it leaves. Projects already entitled have been put on indefinite hold; others have been re-underwritten for jurisdictions without caps. Labor and materials costs, insurance, and property-tax bills have not similarly frozen at 2024 levels. The resulting mismatch threatens both new supply and existing upkeep. We respectfully ask the Department to document these impacts as part of the study required by House Bill 1252.

The bill's directive to identify "the impact of regulations and market forces on Montgomery County's housing supply" (§1(b)(3)) is the statutory hook to do exactly that. DHCD should:

1. Compare Multifamily permit and certificate-of-occupancy data in MoCo pre- and post-July 2024 with those of adjacent jurisdictions (Frederick, Howard) that imposed no rent cap. This is currently required under Section 8-209.1 of the Real Property Article. (Chapter 146 (2023))

2. Survey developers of projects placed on hold or cancelled after enactment and calculate forgone unit counts and tax-base loss.

3. Track disposition of existing rental stock; early numbers indicate an uptick in condo-conversion applications, an outcome that removes units from the long-term rental market.

4. Interview capital providers experts including banks, life insurance companies, REITs, and private equity experts on whether rent control caps alter underwriting criteria for future investment in the County.

This evidence base will equip state and local lawmakers to weigh any future proposals against the real-world trade-off between short-term price stability and long-term supply. House Bill 1252 does not prejudge policy outcomes; it simply insists that policy be informed by data.

For these reasons, the Maryland Multi-Housing Association respectfully requests an favorable report on House Bill 1252.

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