



Bill: **HB 958 – Natural Gas – Connection and Line Extension – Discounts and Payment Plans**

Committee: **Environment and Transportation**

Date: **February 27, 2026**

Position: **Favorable**

The Apartment and Office Building Association (AOBA) of Metropolitan Washington is a nonprofit 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 this testimony in support of House Bill 958.

HB 958 preserves flexibility for utilities to offer discounts or payment plans for natural gas connection and line extension costs. AOBA strongly supports HB 958 because it preserves reasonable flexibility in how natural gas connection and line extension costs are structured. Infrastructure access is a critical component of multifamily housing and commercial office development. Without predictable and manageable connection policies, projects do not move forward.

HB 958 does not mandate discounts, require subsidies, or eliminate cost recovery. It simply ensures that the Public Service Commission may not prohibit utilities from offering structured payment plans or reasonable discounts that allow infrastructure costs to be recovered over time rather than imposed entirely upfront. The structure of these costs matters significantly.

When line extension expenses must be paid entirely at the outset of a project, those costs are capitalized into the development budget, increasing required equity, raising debt levels, and tightening already thin financing margins. In multifamily housing and office redevelopment, even modest increases in upfront capital requirements can determine whether a project secures financing or stalls. These impacts are especially pronounced in workforce housing, naturally occurring affordable housing, and office-to-residential conversion projects, where feasibility is already sensitive to construction and financing pressures.

Importantly, these costs do not remain with developers or their investors. The costs ultimately flow through to residents and tenants. Higher upfront infrastructure expenses translate into higher rents, reduced affordability, and fewer units delivered to the market. Maryland is actively working to increase

housing supply, encourage transit-oriented development, and promote reinvestment in aging commercial corridors. Rigid cost recovery policies that make projects more expensive undermine these statewide objectives. Allowing utilities to structure payment plans aligns cost recovery with the long-term revenue stream utilities receive from these buildings over decades of service, rather than creating immediate financial barriers that slow growth.

HB 958 also supports Maryland's economic competitiveness. Development capital is mobile, and investors compare regulatory predictability and infrastructure cost treatment across state lines. If Maryland adopts policies that significantly increase upfront development costs relative to neighboring states, capital will shift accordingly. Preserving financing flexibility signals that Maryland remains open to responsible investment and redevelopment.

Finally, this bill protects energy choice and operational reliability. Many multifamily and commercial properties rely on natural gas for heating, hot water, and essential building operations. Natural gas remains a lawful energy source in Maryland, and regulatory policy should not indirectly limit access to it by imposing prohibitive upfront cost structures. HB 958 strikes a balanced approach by preserving tools that allow responsible cost recovery while supporting housing affordability, redevelopment, and long-term community growth.

For these reasons, AOBA urges a favorable report on House Bill 958. For more information, please contact Brian Anleu at banleu@aoba-metro.org.