

Transit and Housing Opportunity Act Would Help Maryland Tackle Housing Shortages

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SUMMARY: By removing outdated regulations and offering financial incentives, **SB 389**, the [Maryland Transit and Housing Opportunity Act](#), would encourage transit-oriented development and expand access to more destinations by transit. However, a provision in the bill would undermine its impact by creating a loophole that could lead to continued parking minimums, driving up development costs.

Maryland faces a housing shortage and rising housing costs

Maryland is facing a housing shortage of 96,000 units and rent increases that are outpacing wage increases. According to a [2025 report](#) by the Comptroller of Maryland, the state will need to permit 30,000 new housing units per year to accommodate the state's growing population. However, since 2014, Maryland has permitted only 18,000 units on average annually. Inadequate supply plays a [major role](#) in [rising home and rent prices](#); over half of Maryland renters spend at least 30% of their income on housing. Housing is generally considered affordable if a household is spending less than 30% of its income on housing costs.

SB 389 could help increase housing supply and boost economic development

In recent years, states like Washington, Colorado, and California have adopted transit-oriented development (TOD) laws, which aim to break down the barriers to more housing near public transit. SB 389 would facilitate TOD by following several [best practices](#), including removing minimum parking requirements for residential and mixed-use developments within a quarter mile of rail stations with a certain level of service. Requiring a certain amount of parking for each development often leads to [higher costs](#) for developers, slowing housing production and increasing costs for renters. Baltimore already took this step, [eliminating minimum parking requirements citywide](#), joining [112 jurisdictions](#) across the country. Removing these requirements would not prevent developers from building parking; rather, it would allow developers to decide, based on market research and other factors, how much parking to build for housing near applicable rail stations.

The bill would also require local governments to allow mixed-use development within a half mile of applicable rail stations. For areas where only multifamily residential or commercial development is allowed, developers would be able to build either. This could look like a building with ground-floor retail and apartments on top, a triplex around the corner from a supermarket, or any other combination of residential, recreational, dining, retail, or office uses, depending on the density allowed by the local government. Mixed-use development typically supports walkability and reduced dependence on vehicles by co-locating homes and common destinations. Locating commercial development near transit also improves the viability of transit by increasing the number of destinations that can be accessed by train.

To support economic development near stations, SB 389 would also give select areas near transit the option to be designated as [Enterprise Zones](#), unlocking access to property and income tax credits for eligible businesses.

Finally, the bill would lift certain development restrictions (e.g., land use classification, height, and setback restrictions) on land adjacent to rail stations and owned by the state, Baltimore City, or WMATA, provided that the local government develops a TOD plan approved by the Maryland Department of Transportation (MDOT). This would unlock a large quantity of land to even greater housing and commercial development.

The parking requirements, mixed-use development, and TOD plan provisions of the bill would apply to 98 rail stations in four Maryland counties (Montgomery, Prince George's, Anne Arundel, and Baltimore Counties) and Baltimore City. In addition to tackling housing challenges, transit-oriented development would help Maryland achieve its climate goals and maximize the state's nearly [\\$1.5 billion annual investment in public transit](#) by boosting ridership.

Parking study provision threatens to reduce the bill's impact

Besides lowering the cost of development, state TOD laws can help create consistency for developers. However, one provision of SB 389 risks hamstringing a critical piece of the bill. As written, the legislation would allow a local government to require a certain amount of parking in developments near transit if the jurisdiction performs an "adequate parking study" and MDOT agrees with the findings. An "adequate parking study" is meant to evaluate if parking minimums are justified based on local conditions, but the language regarding what a parking study would entail is unclear and MDOT does not have a process for reviewing such studies. In the Senate version of the bill, if MDOT does not provide a decision on the parking study within 45 days, the study will automatically be accepted and the local government can enforce parking minimums.

This provision weakens the bill by enabling unnecessary parking requirements within a roughly five-minute walk of rail stations. Besides driving up development costs, it creates additional implementation work for MDOT and could cause developers to delay projects while waiting to see if parking studies are accepted or rejected.

SB 389 could help Maryland fill its housing gap while expanding access to jobs and services. However, the provision on adequate parking studies risks undermining and slowing the impacts of the legislation.