

NAHB | Senate Bill (SB) 36 (Maryland) Land Use: Limitations- Starter & Silver Starter Home Act of 2026| Bill Analysis

Maryland Senate Bill No. 36 (S.B 36) limits how local governments in the state may regulate zoning for single family residential areas. The goal is to increase housing choice, affordability and flexibility, especially for smaller “starter” homes and homes suitable for older adults. This proposed legislation limits zoning restrictions for single-family housing, allows townhome construction on single-family recognized lots, and allows owners to separate a lot into three smaller lots.

BACKGROUND

Like many states, Maryland lacks the housing supply to meet consumer demand. As more than 590,000 housing units are needed by 2045 to meet projected household growth,¹ roughly 30,000 additional homes need to be built annually for the next 20 years to keep housing prices within reach. Today, only 49% of the moderate-income earners can afford to purchase the median home in the state, down from 75% in 2000.² The median home price in Maryland is nearly \$450,000, but this often rises with closer proximity to Washington, D.C., making it even more unaffordable for individuals to attain housing.

Legislation like S.B. 36 can help build more affordable housing on smaller lots and create more opportunities for buyers³. In fact, nearly 14% of a home’s price is the cost of finished land that is passed down to the buyer. This shows that allowing a large lot to be split into three smaller lots can improve affordability and make it more attainable for families and individuals to purchase a home.

Any opportunity to lower the cost of a home makes a difference. For example, for every \$1,000 cost increase on the median-priced home in Maryland, nearly 3,000 households are priced out of

¹ [State of Maryland Releases 2025 Housing Needs Assessment – Maryland Economic Development Association \(MEDA\)](#)

² [State of Maryland Releases 2025 Housing Needs Assessment – Maryland Economic Development Association \(MEDA\)](#)

³ [special-study-cost-of-constructing-a-home-2024-january-2025.pdf](#)



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the market.⁴ S.B. 36 targets the zoning rules that inflate land cost per unit, rather than construction quality or safety, which in turn helps to increase housing affordability and access to housing stock.

THIS BILL

Under S.B. 36, areas served (or planned to be served) by public water and sewer systems, the bill prohibits local jurisdictions from requiring a minimum lot size greater than 5,000 square feet, townhouses are approved in single-family zoned lots, and single-family lots are allowed to be divided into three smaller lots.

This legislation reduces the regulatory tax embedded in-house prices:

- Local governments may no longer enforce zoning rules that
 - Imposing excess setbacks
 - Limit lot coverage arbitrarily
 - Require discretionary design review for single-family homes.
- Places these zoning limitations in areas with public water and sewer systems.
- Creates exemptions that this bill does not apply to historic districts designated on or before July 1, 2025, agricultural land, and conservation properties.
- This bill applies to charter counties and Baltimore City as well.

This bill is a state preemption and provides property owners and builders with the ability to sue if the city or locality doesn't adhere to the bill (if passed into law).

ARGUMENTS of SUPPORT

S.B. 36 would support Gov. Wes Moore's housing agenda. The purpose of the legislation is to cut red tape and to stimulate more housing construction built in localities. Creating opportunities for the state to build more housing stock can keep housing costs low. In 2000, roughly 75% of the state's households were able to afford the median-priced home, compared to only 49% of moderate income households in 2022.⁵ While this number decreased and housing production increased to 7%-8% in those years, it still hasn't kept up with demand, given the increasing

⁴ <https://www.nahb.org/news-and-economics/housing-economics/housings-economic-impact/households-priced-out-by-higher-house-prices-and-interest-rates>

⁵ [State of Maryland Releases 2025 Housing Needs Assessment – Maryland Economic Development Association \(MEDA\)](#)

population and overall demand for housing stock. Further, Maryland's affordability index for first-time buyers (FTH) decreased 13.2 percent since December 2023 to 62.6, an 8.9 percent decline since this time last year⁶; it is even more important for the state to pass legislation like SB 36 to address housing stock availability.

A 38% increase in construction material costs from 2019-24 has also worsened the housing affordability issue. With S.B. 36, builders would be able to build missing middle housing in the state and split into three lots, if applicable, to build more homes on a lot, which can lower the costs of land and create more housing affordability in terms of costs.

Finally, housing stock doesn't only provide opportunities for home buyers in the state. It also creates opportunities for renters by providing additional options and keeping rents lower in the state. In the end, increasing housing supply benefits everyone in the housing market, as it allows governments to generate revenue through property and sales taxes and makes a locality a desirable location for business investments.

ARGUMENTS of OPPOSITION

While S.B. 36 has helpful intentions to increase housing stock and availability in the state, it preempts local governments' ability to regulate core zoning standards, including lot size, setbacks, lot coverage, design standards and permitted housing types, by replacing local decision-making with a uniform statewide mandate. Opponents argue this undermines Maryland's long-standing Home Rule tradition, where land-use decisions are made closest to affected communities.

Counties like Howard County argue that allowing smaller lots, additional subdivisions and townhouses in single-family zones without sufficient school capacity, road improvements, sewer upgrades or emergency services will strain existing systems. This could shift infrastructure costs from developers to local taxpayers.⁷

S.B. 36 applies uniform statewide zoning rules that ignore substantial differences between counties, municipalities and neighborhoods, such as urban or suburban areas, sewer or septic systems and historic vs. newer communities.

⁶ <https://maryland-housing-beat-affordability-maryland.hub.arcgis.com/>

⁷ [Opposition to HB 239 / SB 36 – Land Use - Zoning - Limitations](#)

Planning organizations for years have indicated that water and sewer service areas do not always align with growth priorities laid out in state and local comprehensive plans. These risks are undermining decades of coordinated plan-led growth strategies.

Finally, this piece of legislation can weaken adopted comprehensive plans that were developed pursuant to state planning mandates and extensive public input.

Similar Legislation/ Laws:

- California: S.B. 9 (2021)
- Oregon: H.B. 2001 (2019)
- Washington: H.B. 1110 (2023)
- Florida Live Local Act (2023-2025)
- Montana Miracle Legislative Package (2023)
- Utah: H.B. 184 (2026)

Related Court Cases:

Jones v. Clackamas County (LUBA 2020)

City of Rancho Palos Verdes v. State of California (2025)

City of Redondo Beach v. Bonta (SB 9 Charter City Case) (2024; 2025)

MAID v. State of Montana (2026)

Friends of Ravenna Cowen v. City of Seattle (ongoing)

Potential Support:

Home Builders Association; Maryland Association of Realtors; Maryland Chamber of Commerce; YIMBY

Potential Oppose:

Maryland Association of Counties; Maryland League of Cities; NIMBY Groups