

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1137

(Delegate Allen)

Economic Matters

Education, Energy, and the Environment

Residential-in-Commercial-Zone Laws - Study (Bring Back Main Street Act)

This bill requires the Department of Housing and Community Development (DHCD) to conduct a study of specified “residential-in-commercial-zone (RICZ) laws,” including (1) a summary and comparison of RICZ laws enacted by other states; (2) an assessment of specified impacts of RICZ laws; and (3) recommendations regarding appropriate requirements and restrictions applicable to multifamily residential and mixed-use development under RICZ laws. By December 1, 2026, DHCD must report its findings and recommendations to the Governor and the General Assembly. **The bill takes effect June 1, 2026, and terminates May 31, 2027.**

Fiscal Summary

State Effect: No effect in FY 2026. General fund expenditures for DHCD increase by \$75,000 in FY 2027 only, for contractual services to assist with the study, as discussed below. Revenues are not affected.

Local Effect: The bill does not directly affect local government finances.

Small Business Effect: None.

Analysis

Bill Summary: “Residential-in-commercial-zone (RICZ) law” means statewide legislation that requires local jurisdictions to allow multifamily residential or mixed-use developments as a permitted use in at least some commercially zoned areas.

The study must include:

- a summary and comparison of RICZ laws enacted by other states;
- an assessment of the impact of RICZ laws on (1) urban communities where there is already a mix of commercial and residential uses; (2) local infrastructure; (3) local economic development goals; and (4) housing production; and
- recommendations regarding appropriate requirements and restrictions applicable to multifamily residential and mixed-use development under RICZ laws, including recommendations regarding (1) off-street parking requirements; (2) allowed density; (3) first-floor nonresidential use requirements; (4) building height restrictions; (5) the types of commercial areas appropriate for multifamily residential and mixed-use developments; and (6) special considerations for urban, suburban, and rural areas.

Current Law:

Land Use – Generally

The regulation of land use in the State, through planning and zoning, is implemented by local governments, subject to applicable State law. Planning and zoning authority is delegated by the State to local governments primarily under the Land Use Article and, for certain counties, the Express Powers Act (Title 10 of the Local Government Article).

Both the Land Use Article and Express Powers Act contain the State’s policy statement that (1) the orderly development and use of land and structures requires comprehensive regulation through implementation of planning and zoning controls and (2) planning and zoning controls must be implemented by local government. State law includes various provisions authorizing local governments to regulate the location, size, and use of structures through zoning regulations.

Development Mechanisms

Section 7-101 of the Land Use Article authorizes and encourages a local jurisdiction – in order to encourage the preservation of natural resources or the provision of affordable housing and to facilitate orderly development and growth – to enact local laws providing for or requiring (1) the planning, staging, or provision of adequate public facilities and affordable housing; (2) off-site improvements or the dedication of land for public facilities essential for a development; (3) moderately priced dwelling unit programs; (4) mixed use developments; (5) cluster developments; (6) planned unit developments; (7) alternative subdivision requirements that meet minimum performance standards set by the local jurisdiction and reduce infrastructure costs; (8) floating zones; (9) incentive zoning; and (10) performance zoning.

State Expenditures: General fund expenditures for DHCD increase by \$75,000 in fiscal 2027 only. This estimate (1) reflects the cost of contractual services to assist the Division of Policy, Strategy, and Research (DPSR) within DHCD to complete the study and make recommendations and (2) assumes the cost is incurred in fiscal 2027. DHCD advises that its existing staff in DPSR does not have the capacity to conduct a comprehensive study of RICZ laws within the expedited time frame of six months without outside assistance.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 829 (Senator Waldstreicher) - Education, Energy, and the Environment.

Information Source(s): Calvert, Howard, Prince George's, and Queen Anne's counties; Maryland Association of Counties; City of Annapolis; Maryland Municipal League; Judiciary (Administrative Office of the Courts); Department of Housing and Community Development; Maryland Department of Planning; Department of Legislative Services

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