

---

## Transit-Oriented Development Reform Act of 2025

### *Summary and Section-by-Section*

#### **Overview**

Maryland has been a leader in transit-oriented development and smart growth policy for decades. However, outside of investments in the WMATA system in the DC area and a few strategic developments in the Baltimore area, implementing TOD across our state's transit assets has been inconsistent. The time to change that is now.

The state is facing slow economic growth that is crippling our budgets, costly housing prices that influence people to leave Maryland, and a need to rebuild transit ridership and make better use of transit assets in the wake of the pandemic. Implementing transit oriented development can help to address these critical state issues. Just in developing state-owned sites in the Baltimore region, the state could generate almost 5,000 new units of housing and almost \$1.2 billion in new state and local tax revenues. Similarly, state-owned sites along the MARC Penn Line have the potential to accommodate 3,000 additional housing units and \$800 million in new state and local tax revenue. Additionally, as the State strives to meet its climate change goals, particularly by reducing Vehicle Miles Traveled (VMT) 20% by 2050, creating more development near transit is going to be critical well into the future.

The TOD Reform Act of 2025 makes a number of changes to statute to make it easier to build and fund TOD, to reduce barriers to strong TOD, and to strengthen the TOD Capital Grant and Loan Fund created by the legislature in 2023.

#### **Highlights of the Bill**

The Moore-Miller Administration is working to energize the state's lazy economy and address the structural challenges our state faces. Making it easier to build in sustainable, transit-oriented communities supports our goals of investing in our existing infrastructure and driving long-term economic value. The Bill addresses TOD implementation and funding issues in the following ways:

- **Zoning Reform.** The legislation eliminates minimum parking requirements near rail transit stations and establishes mixed-use development by right near rail transit stations. Further, it exempts state land in use for a transportation purpose at transit stations from local zoning, provided the Department developed a master development plan for the land. These measures leverage the state's existing multi-billion-dollar investment in transit to create development that supports housing, inclusive economic growth, talent attraction and retention, climate mitigation, and preservation of natural habitats. MDOT has, and will continue to, work closely with local jurisdictions to retain local involvement in the development of plans for transit sites.

- **Implementation.** The legislation clarifies that TODs are exempt from state procurement law, resolving an ambiguity that has resulted in delays and legal challenges for critical TOD projects.
- **Funding and Financing.** This legislation would allow local jurisdictions to pool together special taxing districts to support the funding and financing of corridor-level TOD initiatives. Doing so would create more attractive investment opportunities and leverage multiple investments along core state corridors, like the MARC Penn Line or Baltimore Metro. The legislation also amends the TOD Capital Grant and Loan Fund (see Transportation Article §7–1201 – 1205) to support early-stage planning efforts and financing of TOD projects. These efforts should create more funding options for jurisdictions and the state to advance TOD.

### Section-by-Section

- The bill amends the Land Use Article in the following ways:
  - **4-104(c)(2)** precludes a local jurisdiction from imposing parking minimums near rail transit stations.
  - **4-104(e)** precludes a local jurisdiction from excluding a mixed-use development near rail transit stations.
  - **4-104(f)** exempts state land at transit stations in use for a transportation purpose from local zoning, provided that the Department conducts a development plan.
- The bill amends the Local Government Article in the following ways:
  - **21-508(c)(5)(iii)** exempts a local jurisdiction special taxing district that supports TOD from a local jurisdiction’s tax limitation or bond cap.
  - **21-508(c)(6)** allows local jurisdictions to pool funds from TOD special taxing districts to a multi-jurisdictional TOD corridor fund.
- The bill amends the State Finance and Procurement Article in the following way:
  - **11-203(l)** exempts TODs from Division II procurement regulations.
- The bill amends the Transportation Article in the following ways:
  - **7-1203(c)(1)(vi) and (c)(2)** amends the sources of the TOD Capital Grant and Loan Fund to include potential bond revenues and adds flexibility in how fund proceeds can be used.
  - **7-1204(a)(1)** amends the allowable activities under the Fund to include planning efforts and financing activities.
  - **Title 7, Subtitle 13** allows the Department to create TOD Corridor Funds, which can collect revenues from multi-jurisdictional special taxing districts, and can be used to support TOD financing, including federal sources such as the RRIF or TIFIA programs.

Please contact Matthew Mickler, Director of Government Affairs, Maryland Department of Transportation, at [mmickler@mdot.maryland.gov](mailto:mmickler@mdot.maryland.gov) for more information regarding the legislation.