

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 784

(Delegate Lawton, *et al.*)

Environmental Matters

Education, Health, and Environmental Affairs

Affordable Housing - Enabling Authority for Counties and Municipalities

This bill authorizes a county or municipality to support, foster, or promote an affordable housing program for low- or moderate-income households through various locally implemented methods or programs.

Fiscal Summary

State Effect: None.

Local Effect: The bill is enabling authority only and would not directly impact local government finances.

Small Business Effect: None.

Analysis

Current Law: A municipal or county government may currently participate in federal lower-income housing assistance programs. In addition, local governments that exercise planning and zoning authority under Article 66B may promote affordable housing through an adequate public facilities ordinance or an inclusionary zoning ordinance. The authority granted by the bill, however, would apply to all local governments and encourages programs other than those created by exercising planning and zoning authority.

Background: The generally accepted definition of housing affordability is when a household pays no more than 30% of its annual income on housing. Families who pay more than 30% for housing are considered cost burdened and may have difficulty

affording necessities such as food, clothing, transportation, and medical care. The U.S. Department of Housing and Urban Development estimates that 12 million households (renter and homeowner) pay more than 50% of their annual income on housing. The 2004 final report of the Governor's Commission on Housing Policy stated that as of 2000, one-third of Maryland households pay more than 30% of their income on rent. The report also stated that over the next 10 years there will be a shortage of 157,000 workforce/affordable rental units in the State.

In Maryland, the median price for owner-occupied real property was \$318,000 in fiscal 2006, up \$52,500 or 19.8% from the previous year. For comparison purposes, the median household income increased by 3.7% over the same period. The median sale price ranged from \$87,775 in Allegany County to \$425,000 in Montgomery County. **Appendix 1** shows the median household income and the median sale price for homes by county.

Local Fiscal Effect: While the bill would not directly impact local government finances, should a local government implement any of the programs authorized by the bill, local expenditures could increase. This increase would depend on the type, scope, breadth, and number of programs implemented by a local jurisdiction, none of which can be reliably estimated at this time.

Additional Information

Prior Introductions: None.

Cross File: SB 710 (Senator Conway, *et al.*) – Education, Health, and Environmental Affairs.

Information Source(s): U.S. Department of Housing and Urban Development, Department of Housing and Community Development, Maryland Department of Planning, State Department of Assessments and Taxation, Town of Belair, Town of Leonardtown, City of Salisbury, Garrett County, Prince George's County, Department of Legislative Services

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ncs/hlb

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Appendix 1
Maryland Median Household Income and Home Price

County	<u>Median Household Income</u>		<u>Median Home Price</u>	
	CY 2005	% State Average	FY 2006	% State Average
Allegany	\$36,650	57.0%	\$87,775	27.6%
Anne Arundel	76,350	118.7%	334,900	105.3%
Baltimore City	35,400	55.1%	140,000	44.0%
Baltimore	60,700	94.4%	250,000	78.6%
Calvert	84,650	131.6%	328,000	103.1%
Caroline	45,800	71.2%	265,075	83.4%
Carroll	75,050	116.7%	345,000	108.5%
Cecil	60,350	93.9%	257,900	81.1%
Charles	78,750	122.5%	335,000	105.3%
Dorchester	40,550	63.1%	220,000	69.2%
Frederick	78,050	121.4%	330,000	103.8%
Garrett	39,000	60.7%	136,000	42.8%
Harford	71,450	111.1%	260,000	81.8%
Howard	88,600	137.8%	399,000	125.5%
Kent	45,750	71.2%	247,000	77.7%
Montgomery	84,850	132.0%	425,000	133.6%
Prince George's	69,300	107.8%	315,000	99.1%
Queen Anne's	71,750	111.6%	375,000	117.9%
St. Mary's	63,250	98.4%	293,250	92.2%
Somerset	34,900	54.3%	145,900	45.9%
Talbot	50,100	77.9%	368,205	115.8%
Washington	47,900	74.5%	242,276	76.2%
Wicomico	44,650	69.4%	196,000	61.6%
Worcester	49,400	76.8%	300,000	94.3%
Maryland	\$64,300	100.0%	\$318,000	100.0%

Source: State Department of Assessments and Taxation, Department of Legislative Services