Testimony to the Environment & Transportation Committee
HB 1149 – DHCD – Social Housing Act
February 28, 2020

Position: FAVORABLE with Amendments

HB 1149 would establish a Social Housing Program within the existing Partnership Rental Housing Program at DHCD and create a Partnership Rental Housing Fund to provide a dedicated revenue source for the program. The Partnership Program provides loan funds to projects with a local government contribution, and these funds have helped many of our housing authorities redevelop their aging properties through the Rental Assistance Demonstration (RAD) Program over the last several years. Currently, the Partnership Program receives an annual appropriation of $6 million in the Capital budget and has been level funded for the last 15 years. The program is oversubscribed, and there are a number of projects in the pipeline waiting to use these funds, so additional funding – as provided by this bill – would allow these housing projects to move forward. We support an increase in funding for the Partnership Rental Housing Program.

Additionally, we offer the following technical amendments to the Social Housing portion of the bill that would make it easier to administer:

- Under the "Provisions" section, we would suggest using the existing PRHP regulations as much as possible to make administration easier. For example, we would recommend using the PRHP definition of government ownership/involvement. Second, we support a funding cap on the social housing development portion of the program. To the greatest extent possible, the State funds should be leveraged with other financial resources and to ensure projects are not over-subsidized and can provide the maximum number of affordable units. Government owned projects can still attract other public and private capital and should when feasible. Therefore, we would suggest using similar funding limits as the non-social housing portion of the program or setting a per unit amount that each project is eligible to receive based on the number or percent of low income units in the project.
- Also under the "Provisions" section, the three income level tiers are very complex and would be difficult to administer and monitor. Instead we suggest eliminating the middle and bottom tiers and requiring that at least 50% of the units in the project meet the requirements of the PRHP Program. This will ensure a project is providing at least 50% of its units at affordable rents and still allows a project to take advantage of the benefits of having the market rate (upper tier) units.
- Under the "Application Requirements" the bill requires unionized labor. Outside the DC and Baltimore Metro Areas, union labor is not as plentiful and many general contractors have non-union shops, which would make it very difficult for projects across the State to use the program if this were a requirement. We suggest striking that language or not requiring it in

MARYLAND AFFORDABLE HOUSING COALITION

regions of the State where union labor is not readily available (i.e. rural areas such as Western Maryland, Southern Maryland and the Eastern Shore).

MAHC is the leading organization for the affordable rental housing industry in Maryland and represents over 185 member organizations, including nonprofit and for-profit developers, State and local housing authorities, property management companies, financial institutions, community development organizations, contractors, investors, consultants and individuals.

Respectfully submitted by Miranda Darden-Willems, Executive Director, on behalf of the MAHC Board of Directors.

MAHC Board of Directors

Peter Siegel, Landex Companies, President
Kathy Ebner, Homes for America, Vice President
Jessica Zuniga, Foundation Development Group, Secretary
Nicole Doye Battle, GEDCO, Treasurer
Tom Ayd, Green Street Housing
Miles Cary, Bank of America Merrill Lynch
Ivy Dench-Carter, Pennrose Properties, Past President
Mike Cumming, CohnReznick, CFO
Maryann Dillon, Housing Initiative Partnership
Peter Engel, Howard County Housing Commission
Leila Finucane, Victory Housing
Kim Fry, Kimberly Fry Consulting Services
Chickie Grayson, President Emeritus
Clif Martin, Housing Commission of Anne Arundel County
Willy Moore, Southway Builders
Myles Perkins, AGM Financial
Mike Pitchford, Community Preservation and Development Corporation, Past President
Catherine Stokes, Telesis Baltimore
David Raderman, Gallagher, Evelius & Jones, Of Counsel