



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of HB 1149  
Social Housing Act of 2020**

Testimony by Delegate Vaughn Stewart

February 28, 2019 • Environment and Transportation Committee

The Affordable Housing Crisis

Maryland faces an affordable housing crisis. Nearly half of renters pay nearly half of their incomes in rent. A person would have to work three full-time minimum wage jobs to afford a two-bedroom apartment in most parts of the state, and more than 50,000 Marylanders experience homelessness every year. According to reporting done by Maryland Matters, the state faces a shortage of 118,810 affordable rental units for extremely low income households. Studies show that without affordable options, households cut spending on food and health care. A lack of stable housing also threatens the job security of parents and the academic performance of their children.

It is time to get creative to solve this crisis. Fortunately, many places have already found a sustainable way to house low-income residents: social housing. Unlike traditional American public housing, social housing is well-built, mixed-income housing located near transit and jobs. In Vienna, nearly two-thirds of residents live in municipal housing, where many pay 20% or less of their incomes in rent. In Finland, nearly three-quarters of residents are eligible for publicly financed social housing, and the country has dramatically reduced homelessness. The buildings attract even wealthy residents because of their beauty and amenities.

What the Bill Does

HB 1149, the Social Housing Act of 2020, would establish a subprogram within the Partnership Rental Housing Program to finance the construction of municipally owned housing units across the state. Funds for the program would be expanded using a change to real estate transfer taxes and an additional fee for legally mandated filing of real estate documents or notices.

Counties and municipalities would submit proposals to the Program, which would evaluate them and award financing to the best bids. Evaluations would consider several factors, including the housing's location, design, and environmental sustainability.

The major difference between social housing and traditional American public housing is that anyone is eligible to live in social housing. The buildings financed by the Social Housing Fund would be available to all Marylanders. Residents would be placed into one of three categories: high-income residents would pay rent at

the market rate or slightly discounted rate, middle income residents would pay rent at cost, and low-income residents would pay at a rate below operating costs. This is a sustainable system because the higher income residents would cross-subsidize the lower income ones.

Mixed income housing is not a radical idea. It is already used to provide affordable housing across the state and across the country. Affordable housing providers and policy makers alike have come to understand that this is a better alternative to concentrating and isolating poverty.

### Why the Committee Should Vote Favorably

Last year when I presented legislation on social housing, you all raised valid concerns about the bill. Despite that, many of you seemed interested in the idea of Social Housing. You told me to work on this during the interim and I did. After incorporating some of your concerns and speaking with stakeholders, today I come back with a better bill. HB1149 has a different source of funding than last year, and the social housing program would now be incorporated into an already existing program whose mission to provide local funding for affordable housing projects makes it well suited to run social housing.

In the midst of our housing crisis, we can find inspiration in the success stories of social housing. Other countries have dramatically and sustainably reduced homelessness, and so can we. Social housing will increase the available housing in areas of high demand, and increase accessibility and stability for Maryland's most vulnerable residents.

Our low-income residents simply can't afford to wonder where they will be sleeping tonight, in a week, or in a month. Their children can't afford to move from school to school, apartment to apartment. No Marylander can afford to drive longer and farther on increasingly congested roads. By increasing the housing supply available to everyone, social housing will bring more Marylanders of all backgrounds closer to jobs and transit. At its least impactful, social housing will allow everyday Marylanders to live in a nice apartment in a desirable area, at its most impactful, it will lift people out of desperate situations and place them into stable homes in areas of high opportunity.

For the above reasons, I urge a favorable report.