

Marylanders Need More Affordable Housing Options

Position Statement Supporting Senate Bill 315

Given before the Education, Energy and the Environment Committee

SB 315 will establish the Housing Innovation Pilot Program in the Department of Housing and Community Development (DHCD) to provide low or no interest loans for certain mixed-income and cross-subsidized housing projects. DHCD will distribute the loans directly to local housing authorities to fund these affordable housing projects. The goal of this pilot program is to create opportunities for the state's public housing authorities to increase the volume of housing production by offering an incentive of providing state matching funds for housing innovation projects funded through local revolving loan funds. **The Maryland Center on Economic Policy supports Senate Bill 315 because it will increase affordable housing options for the state's most vulnerable renters.**

SB 315 will provide new housing opportunities in which:

- At least 20% of the units are set aside for households with a gross annual income of not more than 50% of the area median income for a household of like size
- At least 40% of the units are set aside for households with a gross income of not more than 60% of the area median income for a household of like size
- The affordable units set aside remain restricted at elevated levels for at least 99 years
- The project remains in public ownership

In administering the funds, DHCD will prioritize funding projects that:

- Do not use low-income housing tax credit equity or tax-exempt volume cap
- Commit to prevailing wage requirements

Before any funds will be administered, local housing authorities will be required to provide evidence that the program funds will be matched by their funding on a dollar-for-dollar basis as well as meet other criteria adopted by the Secretary. In return, DHCD will coordinate with local housing authorities to ensure access to other financial resources such as senior debt products and develop new resources in support of statewide housing production. If passed, SB 315 will be a 5-year pilot program that would be in effect from July 2023-June 2028.

SB 315 is being introduced at a very important time in Maryland as housing prices are soaring due to inflation and the effects of the pandemic. However, even before COVID, Maryland had an affordable housing problem. According to the Maryland Housing Needs Assessment, nearly one-third of all Maryland households are

experiencing housing cost burdens.ⁱ Of these, 67% are homeowners while 33% are renters. Among renters, 48% of those households are cost burdened, and among low-income households, 76% are severely cost-burdened.

The latest Out of Reach report from the National Low Income Housing Coalition lists Maryland as the ninth least affordable state for renters.ⁱⁱ To afford a modest two-bedroom apartment in the state, a family must earn \$28.93 an hour or \$60,183 annually. A minimum wage worker in Maryland would have to work 78 hours per week year-round.

When families struggle to pay rent, they face greater risks of instability, eviction, and even homelessness, which research links to food insecurity, poor health, lower cognitive scores and academic achievement, and more frequent foster care placement among children. Seniors and the disabled, on fixed incomes, cannot live safely without affordable housing and supportive services.

Unaffordable and unstable housing perpetuates racial, economic and health disparities in our state. If we want to close disparities between white, black and brown Marylanders, we must begin with housing. We cannot write a prescription for housing but that is what many in our state need to stabilize their health. We must make homeownership available to more people of color throughout the state.

For the past couple of years, Maryland has had a surplus in state funding. The surplus is a historic opportunity to provide investment for housing affordability, security, and stability in every area in our state. HB 60 is a step in the right direction because affordable housing is a foundation for all Marylanders. For these reasons, **the Maryland Center on Economic Policy respectfully requests the Senate Education, Energy and the Environment Committee to make a favorable report on Senate Bill 315.**

Equity Impact Analysis: Senate Bill 315

Bill Summary

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Background

SB 315 is being introduced at a very important time in Maryland as housing prices are soaring due to inflation and the effects of the pandemic. However, even before Covid, Maryland had an affordable housing problem. According to the Maryland Housing Needs Assessment, nearly one-third of all Maryland households are experiencing housing cost burdens. Of these, 67% are homeowners while 33% are renters. Among renters, 48% of those households are cost burdened, and among low-income households, 76% are severely cost-burdened.

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Equity Implications

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Impact

SB 315 will likely **improve racial, health and economic equity** in Maryland.

ⁱ Maryland 10 Year Housing Assessment <https://dhcd.maryland.gov/Documents/Other%20Publications/Report.pdf>

ⁱⁱ National Low Income Housing Coalition <https://nlihc.org/oor/state/md>