



January 24, 2024

Environment and Transportation Committee  
Maryland General Assembly  
House Office Building  
Annapolis, Maryland 21401

Re: SB 203 - Housing Innovation Pilot Program and Housing Innovation Fund - Establishment  
(Housing Innovation Pilot Program Act of 2024)

Chair Feldman, Vice Chair Kagan, and Members of the Committee:

We write in support of SB 203, the Housing Innovation Pilot Program Act of 2024. Prosperity Now is a national, nonpartisan, nonprofit organization based in Washington, D.C. that works to expand economic opportunity for all Americans by promoting and advocating for asset-building policies and programs.

Maryland faces an existential housing crisis. SB 203, through its innovative and low-cost funding mechanisms, can make a real difference in aiding local housing providers develop new affordable housing across the state.

Unfortunately, in too many communities across Maryland, high costs impede families' abilities to secure housing. The impediments disproportionately impact families and communities of color, further exacerbating the racial wealth divide and inequities in Maryland.

Housing cost burdens, of course, directly undercut families' abilities to pay bills, save and invest in their futures, including homeownership and retirement. The lack of housing affordability has externalities, too. For example, workers who live far from employment centers add traffic congestion to points on their commute. Employers in high-cost areas need employees at all wage levels. Longer and costlier commutes aggravate employee turnover. Cost-constrained families buy fewer goods and services, reducing the economy's output and the state's tax revenues.

Recent reporting underscores one direct impact of the housing crisis. Maryland's economic growth has lagged the nation's and those of our neighboring states. A January report from Comptroller Lierman's office underscores that the lack of housing is a major reason. It notes that

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Maryland has some of the highest housing costs in the nation and that between 2019 and 2022, the housing inventory dropped statewide by about 57% (though worse in some counties), while median home prices increased 27%.

According to our own analyses, 50% of Maryland renters are cost burdened, meaning they spend more than 30% of their incomes on housing. Any income disruption would likely lead to eviction. Twenty-seven percent of homeowners in the state are cost burdened. These rates are similar to those in Montgomery County. The cost burdens impact groups across Maryland, but disproportionately hurt Black and Latino Marylanders.

The failures in our housing markets are on multiple fronts. Income, land use, financing, and supply all contribute. Study after study documents that new housing helps reduce housing costs in local markets. We must build more housing of all types. That said, the crisis is most felt by our neighbors with the lowest incomes. SB 203 can help. By supporting our state's good network of local housing authorities, this pilot program can leverage existing expertise and resources, including public land and air rights.

On a personal note, my family has lived in Montgomery County for 25 years. I also worked at the Housing Opportunities Commission for thirteen years. I know what local housing providers can accomplish with the right tools. In this session, the legislature has an opportunity unlike any other in our state's recent history to advance housing security.

In closing, SB 203 offers Maryland a program to help families find the first step on the ladder of economic opportunity. It would incentivize housing construction. It would help position families for economic security. Maryland would be stronger because of it. I can be reached at [dryan@prosperitynow.org](mailto:dryan@prosperitynow.org) or at 202-207-0155.

Sincerely,

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Vice President, Policy and Applied Research  
Prosperity Now