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Ways and Means Committee

Chair
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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

March 3, 2020

**FAVORABLE SUPPORT of HB 1567/SB 715
Affordable Housing Development Credit Program**

Dear Chairman Barve and Members of Environment & Transportation Committee:

I urge you to vote a favorable report on HB 1567/SB 715 – Affordable Housing Development Credit Program. HB 1567/SB 715 addresses the looming housing crisis and need to build more affordable units in the state of Maryland. If passed, this legislation establishes a Maryland affordable housing tax credit that will match the federal housing credit to help create new private investment and expand access to federal tax credits.

What the Bill Does

This bill creates a credit against the State income tax for the owner or developer of a low-income housing project that is a qualified development. The tax credit provision would also:

- **Be implemented without additional costs** as DHCD previously administered the federal housing credit program in the state.
- **Enable Federal tax credit regulations** to be applied to the state credit to assure that the homes remain affordable for thirty years and require high quality building construction and maintenance.
- **Spur guaranteed Affordable Housing** - On top of DHCD oversight, investors will monitor performance to ensure quality affordable housing that serves families, enhances neighborhoods, and protects the state's investment

Why Support the Bill

Affordable, workforce housing is a priority for the Black Caucus and should be a priority for the entire Maryland General Assembly. More than 178,000 Maryland families pay more than half of their monthly income on rent, leaving too little for expenses like health care, transportation, and nutritious food. In the DC metro area, the Council of Governments has said in a 2019 report that we need 240,000 affordable housing units in our communities. Affordable housing is a

problem in all of our communities – from Baltimore to the DC suburbs and from western Maryland to the eastern shore.

To build more affordable, workforce housing, developers rely on existing federal, state, and local programs. Federal programs provide a 4% and 9% tax credit. According to the MD Department of Housing and Community Development, only 1 out of 3 affordable housing developers in the state received state and/or federal funds in the latest round.

Background

Over the next decade, 320,000 new housing units are needed in the Washington Metro Area alone. That is an increase of 75,000 over current targets, according to a 2019 report by the Metropolitan Washington Council of Governments. The COG set a target of at least 75% or 240,000 of these units should be affordable to low- and middle-income households

In 2019, the Maryland Department of Housing & Community Development (DHCD) received 47 applications requesting \$122 million in financing but was only able to award \$44 million to 15 projects totaling 1,837 units. This record number of applications and units financed illustrates the demand for this funding.

Spurring Housing Development

While many Maryland affordable homes are financed using the federal Low-Income Housing Tax Credit (Housing Credit) and the Maryland Rental Housing Works Program among other programs, Maryland does not use all of its Federal affordable housing credits. Additional incentives are necessary to meet the growing need for these homes. Modelled after a successful pilot program in Colorado, HB 1567, as amended, would create a state affordable housing tax credit match to the 9% federal tax credit program

I strongly urge you to support HB 1567/SB 715: Affordable Housing Development Credit Program with amendments.

Sincerely,

Darryl Barnes

Darryl Barnes
Chairman, Legislative Black Caucus of Maryland, Inc.