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Greater Housing Stability Would Have Great Benefits for Most Vulnerable Maryland Families

Position Statement in Support of Senate Bill 420

Given before the Senate Finance Committee

Housing is among the most essential building blocks for individuals, families, and communities. But today, one in three Maryland households spends more on housing than they can afford, including nearly half of renters. **The Maryland Center on Economic Policy supports Senate Bill 420** because it would help some of the lowest-income households in Maryland – those receiving Temporary Cash Assistance – better afford housing.

There is a housing affordability crisis in Maryland. Nearly one-third of all Maryland households are experiencing unaffordable housing costs, according to research by the National Center for Smart Growth and Enterprise Community Partners.ⁱ Of these, 67% are homeowners while 33% are renters. Among renters, 48% of households are cost burdened, and among low-income households, 76% are severely cost-burdened. The National Low Income Housing Coalition lists Maryland as the ninth least affordable state for renters. To afford a modest two-bedroom apartment in the state, a family must earn \$28.93 an hour or \$60,183 annually.ⁱⁱ 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. Unaffordable and unstable housing also perpetuates racial, economic and health disparities in our state. Black Marylanders are more likely to face unaffordable housing costs than their white neighbors. Black Marylanders are also considerably more likely to rent their homes than their white counterparts.ⁱⁱⁱ

Senate Bill 420 would provide a modest housing allowance for Maryland families who receive Temporary Cash Assistance (TCA) and do not receive any other form of rental assistance. The maximum monthly TCA benefit for a family of three is \$727 – less than half of what is needed to afford market rent for a basic two-bedroom apartment, let alone cover other expenses like utilities, transportation, and clothing.

It's not surprising, then, that more than 1,100 families receiving TCA in Maryland experienced homelessness last year. SB 420 would provide a baseline housing allowance of \$350 per month with an additional \$100 per additional family member per month. This would go a long way toward helping families afford market rent so they can get and keep safe, stable housing while they are receiving TCA.

Funding from Maryland's Temporary Assistance for Needy Families block grant could be used to help fund a housing allowance. Currently six other states provide a housing allowance as part of their TANF programs. Maryland currently only spends about 28% of its block grant on direct assistance to families^{iv}.

Strengthening support for TCA recipients so they can afford a decent place to live would pay major dividends for all Marylanders. Affordable housing is the foundation of economic security. SB 420 will provide long-term benefits for children who grow up with greater economic stability.^v

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Senate Finance Committee make a favorable report on Senate Bill 420.

Equity Impact Analysis: Senate Bill 420

Bill summary

Senate Bill 420 provides a housing allowance to Maryland families who receive Temporary Cash Assistance and do not have a housing choice voucher or receive other forms of housing assistance. The housing allowance would be \$350 per month for one person and an additional \$100 per month per additional family member.

Background

- Nearly one-third of all Maryland households are experiencing unaffordable housing costs, including nearly half of renters, according to research by the National Center for Smart Growth and Enterprise Community Partners.^{vi}
- The National Low Income Housing Coalition lists Maryland as the ninth least affordable state for renters. To afford a modest two-bedroom apartment in the state, a family must earn \$28.93 an hour or \$60,183 annually.^{vii} A minimum wage worker in Maryland would have to work 78 hours per week year-round.
- More than 1,100 families who received TCA in 2022 experienced homelessness

Equity Implications

Policies in the past have led to a system of unequal opportunities for marginalized groups within Maryland. Although the most obvious racially discriminatory policies have long been overturned or mitigated, the impact of these policies continue to persist in both society and public policy and have led to significant racial and health disparities. People of color experience much higher rates of economic insecurity and poverty and are more likely to use other economic relief programs to afford basic necessities. In particular, single-parent households, women, and children of color are overrepresented among families living in poverty.

Research shows that increasing economic security for households through programs like TCA can help reduce overall poverty, child poverty, and racial and ethnic inequities. Ensuring people can meet their basic needs strengthens our economy and can dismantle the economic barriers that too often hold back Marylanders of color.

- Three-quarters of low-income households in Maryland face a severe housing cost burden, according to research by the National Center for Smart Growth and Enterprise Community Partners, meaning that more than half their income goes toward housing.
- Black Marylanders are more likely to face unaffordable housing costs than their white neighbors. Black Marylanders are also considerably more likely to rent their homes than their white counterparts.^{viii}
- 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.

Impact

Senate Bill 420 would likely **improve racial and economic equity** in Maryland.

ⁱ Nick Finio, Jinyhup Kim, Andrew McMillan, Melissa Bondi, Amy Brisson, Amanda Davis, Mikaela Fenton, David Huaman, Anne Jordan, Chris Kizzie, Radhika Mohan, Claire Morehouse, Tania O'Connor, Eva Phillips, Erika Rivera, Laura Searfoss, Jerah Smith, Sam Speicher, Girma Syoume, Orlando Velez, Michael Spotts, and Margaret Curran, "Maryland Housing Needs Assessment and 10-Year Strategic Plan," National Center for Smart Growth, 2020, <https://dhcd.maryland.gov/Documents/Other%20Publications/Report.pdf>

ⁱⁱ "2022 Maryland Housing Profile," National Low Income Housing Coalition, 2022, https://nlihc.org/sites/default/files/SHP_MD.pdf

ⁱⁱⁱ Finio, et al., 2020.

^{iv} Maryland TANF Spending, Center on Budget and Policy Priorities

https://www.cbpp.org/sites/default/files/atoms/files/tanf_spending_md.pdf

^v "Opportunities to End Homelessness and Housing Poverty in the 116th Congress," National Low-Income Housing Coalition, 2019,

https://nlihc.org/sites/default/files/NLIHC_New-Congress-Memo_2019.pdf

^{vi} Finio, et al., 2020.

^{vii} "2022 Maryland Housing Profile," 2022.

^{viii} Finio, et al., 2020.