

**Testimony of Gina Azito Thompson, Research Associate, Housing and Income Security at the Center on Budget and Policy Priorities Before the Senate Finance Committee in Support of SB 420/ HB 562**

**February 23, 2023**

Good afternoon. I am testifying today in support of SB 420/HB 562, legislation that will advance policies that improve the lives of families in need who are receiving Temporary Cash Assistance (TCA) or other assistance through Maryland's Family Investment Program (FIP).

My name is Gina Azito Thompson and I am a Research Associate on the Housing and Income Security Team at the Center on Budget and Policy Priorities, a nonpartisan policy think tank that focuses on improving the lives of families with low incomes. The Center is nationally known for its expertise on programs that provide cash assistance to families with children. We conduct analysis on the ways in which the Temporary Assistance for Needy Families (TANF) programs – TCA and FIP in Maryland -- have been implemented in all fifty states and the District of Columbia. We use our expertise to advocate for policies at the state and federal level that will improve the lives of families with little or no earnings.

**The Need for Housing Assistance in Maryland**

Stable and safe housing is critical for the healthy growth and development of children and is an important part of the foundation that allows parents to succeed in their roles as caretakers and workers. For those who receive it, federal rental assistance helps families afford the cost of private rental units they otherwise could not afford on their low salaries; unfortunately, because of underfunding, only 200,700 people across the state received federal rental assistance. Almost 400,000 Marylanders in households with low incomes paid more than half their income for housing in 2022, and 33 percent of whom are parents of children.

In Fiscal Year 2021, Maryland had nearly 23,000 total families receiving TCA to help them afford their basic needs; while most of these families should be eligible for subsidized housing assistance, in reality only 21 percent actually received that assistance. For families with children, housing is often the largest expense. According to the National Low Income Housing Commission, the average Fair Market Rent (FMR – HUD's estimate of what a family moving today would pay for modest housing) for a 2-bedroom apartment in Maryland is \$1,505 per month. A full-time worker receiving minimum wage would have to work 93 hours a week to be able to afford such housing.

Federal standards define rent (including utilities) as affordable when it takes up no more than 30 percent of a household's income. The current Maryland TCA benefit of \$727 per month for a family of three leaves a family far below that standard. If a family receiving that benefit spent only 30 percent of their income on rent, they would only be able to afford \$218 per month in rent, leaving a gap of \$1,287 between what a TCA family can afford and the average FMR for a two-bedroom apartment.

Under this proposed legislation, a family of three receiving TCA assistance would now be able to afford \$768 per month in rent, increasing the share of rent affordable to a TCA family to more than half of the FMR. This would allow families to afford better housing and could also help free up their budgets so they can afford other basic essentials such as diapers, personal hygiene items, transportation, and clothing. This assistance is especially important given the current high levels of inflation. Families with low incomes are more likely to feel the impacts of inflation, and they also are more likely to spend a greater share of their income on housing compared to families with middle- and higher-incomes. Driven by the economic consequences of the COVID-19 pandemic, the U.S. Bureau of Labor Statistics found inflation increased 9.1 percent for the 122 month-period ending in June 2022, the largest 12-month increase since the period ending in November 1981. Families should not have to face tough choices between paying rent or buying diapers

and other necessities in challenging times. Maryland can and should do more to help families meet their basic needs.

### **SB 420/HB 562 Would Make Important Improvements for Families with Very Low Incomes**

SB 420/HB 562 would provide a housing allowance for those families most in need. The following aspects of SB 420/HB 562 would contribute to better outcomes for Maryland families with low incomes across the state:

- **It would reduce hardship for families with very low incomes, especially for families of color.** Black and Latinx children and their families faced higher rates of housing insecurity and eviction before and during the COVID-10 pandemic. Expanding access to stable housing would promote equity.
- **It would improve positive outcomes for children related to well-being.** Access to safe and stable housing is foundational to children's health, development, and education and providing a TCA housing supplement is consistent with TANF's stated purpose to assist families in need so children can be cared for and thrive in their homes.
- **It would reduce the number of families experiencing housing instability due to having very low incomes.** Recent research has shown an association between TANF assistance and declines in family homelessness, underscoring the important role TCA can play.

In addition to the monthly cash assistance benefit, Maryland can and should provide a monthly housing supplement for families following other states across the country such as Hawai'i, Maine, Massachusetts, North Dakota, and Vermont. Providing a housing supplement will put Maryland on a path towards continuing to modernize their TANF program and ensuring families can afford to meet their basic needs while experiencing financial insecurity.