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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of HB 7
The Housing Innovation Pilot Program**

Testimony by Delegate Vaughn Stewart

January 30th, 2024 | Environment & Transportation Committee

What the Bill Does

HB 7 creates a Housing Innovation Pilot Program to provide matching dollars to public housing authorities and nonprofits using innovative ways to build affordable housing. To qualify, projects would have to have set aside 20% of units for residents with a household income under 50% of the Area Median Income (“AMI”) or 40% of units for residents with a household income under 60% of AMI. These affordability standards must be maintained for at least 99 years, and the projects must remain in public ownership. Priority would be given to projects that don’t use federal tax credits and commit to prevailing wage requirements.

However, not all counties have public housing authorities and we do not want to ignore rural parts of the state. So, we are introducing an amendment to clarify that for smaller counties without public housing authorities, local nonprofits would be eligible recipients of the Fund.

Why the Bill is Important

Maryland is currently facing a critical lack of affordable housing. According to the National Low Income Housing Coalition, Maryland currently has a [shortage of nearly 150,000](#) units for Extremely Low Income (ELI) renters. The DHCD expects [97,200 ELI renters to be added](#) to the Maryland population by 2030, increasing the number of ELI renters in the state by 50% and exacerbating the existing issue. We must start building more housing now so that all current and future Marylanders have a home they can afford.

No county is perfect, but Montgomery County’s public housing authority—the Housing Opportunities Commission (“HOC”)—has received national attention for turning a relatively small amount of dollars into many new units of affordable housing. For years, HOC has issued its own bonds to pursue a mixed-income, public-private partnership approach to this problem.

The county recently created a Housing Production Fund (“HPF”) to bolster HOC’s capacity. The HPF is a revolving loan fund established to finance the creation of affordable housing. They currently can issue up to \$100 million in low-interest bonds which are repaid through renter income. Since being established in 2020, 731 new units have been built with more than [2000 more units](#) expected to be built in the next 5 years. This program continues to revolve, paying itself back. This program’s success should expand to the rest of the state.

With the benefit of some state funds, HOC could dramatically expand their capabilities. And with the promise of state dollars, other public housing authorities in larger counties—plus nonprofits in smaller counties—will be encouraged to follow HOC’s lead. This bill encourages other housing authorities to be aggressive in creating more affordable housing and HOC has given them an effective blueprint to do so.

Why the Committee Should Vote Favorably

More than a quarter of Marylanders are spending more than half of their income on housing. Now is the time to act before this crisis worsens. Mixed-income housing can revitalize communities and provide a [myriad of benefits](#) to our neighbors.

Montgomery County’s success with mixed-income, public-private partnerships should be both bolstered and replicated. I urge a favorable report.