



February 20, 2024

House Environment and Transportation Committee
The Honorable Chair Marc Korman
Room 251
Annapolis, MD 21401

Re: House Bill 538: Land Use – Affordable Housing – Zoning Density and Permitting (Housing Expansion and Affordability Act of 2024) – Favorable Support

Dear Chair Korman and Members of the Environment and Transportation Committee:

I am writing to you on behalf of The Arc Central Chesapeake Region in SUPPORT of HB 538: The Housing Expansion and Affordability Act of 2024.

The Arc Central Chesapeake Region (The Arc) serves over 3,000 children and adults with intellectual and developmental disabilities and their families in Anne Arundel County and Maryland's Eastern Shore. The Arc's mission is to support people with intellectual and developmental disabilities to live the lives they choose by creating opportunities, promoting respect and equity, and providing access to services. Building affordable housing has been a natural part of this work since The Arc's founding in 1961 and has accelerated in recent years in response to the housing crisis.

This is why in 2007, The Arc founded Chesapeake Neighbors, our affordable housing nonprofit subsidiary, to serve as a property redevelopment and management arm tasked with creating quality, affordable, and accessible housing for people with disabilities and low-income families. To date, Chesapeake Neighbors has created more than 70 affordable housing units in Central Maryland and the Eastern Shore.

Our state is in crisis - no community in Maryland has enough affordable housing to support the needs of its residents. We need the ability to leverage every resource to create more housing opportunities throughout the community, and density bonuses are a critical tool for allowing organizations like Chesapeake Neighbors to do so. **Density bonuses allow us to tailor affordable housing to a community's needs with greater nuance, which is especially important for the diverse and inclusive communities we create.**

Chesapeake Neighbors specializes in creating mixed-income communities that blend affordable housing with market rate housing. Mixed-income development is an established best practice for all populations because it helps deconcentrate poverty while creating affordable housing in areas of opportunity. We focus on small, scattered site housing, which utilizes existing housing infrastructure that is already aligned with established community norms. A typical Chesapeake Neighbors development might look like a single-family home split into a duplex, or a larger residence renovated to support ten individual units.

Linguistically, it may seem counterintuitive that a small, scattered-site housing developer would be a proponent of density bonuses; however, in implementation, it is not. This is because economies of scale are still relevant in small, scattered-site housing – it is still more cost-efficient to produce ten units rather than one. **Chesapeake Neighbors believes in small, scattered-site housing, and density bonuses allow us to increase economies of scale while staying true to our mission.**

As a nonprofit developer, we execute this inclusive, scattered-site work through a combination of grants, donations, and government funding. By comparison, private, for-profit developers tend to skew toward higher-unit, market rate developments, or higher-unit developments that benefit from LIHTC tax incentives. This approach, paired with the use of investors who orient around a bottom-line only focus, creates a more profitable development model intended to generate revenue. And in generating revenue, we know the network of investment-oriented financial resources available to for-profit developers is considerable.

Both our development model and the for-profit development model are essential to creating greater housing supply for Marylanders. However, for organizations like Chesapeake Neighbors to survive and compete in the housing market while serving Marylanders with intellectual and developmental disabilities and low-income families, **it is quintessential we have our own robust network of financial resources that allow us flexibility and creativity to continue developing affordable housing at scale.** Density bonuses are an important tool that both provides this support and empowers us to remain competitive while we drive this essential work forward.

For these reasons, The Arc Central Chesapeake Region, and Chesapeake Neighbors support Governor Moore's vital Housing Agenda, including Section 7-504, and urge the Committee for a favorable report.

Sincerely,



Jonathon Rondeau
President & CEO
Chair, Chesapeake Neighbors Board of Directors