



SPONSOR TESTIMONY

House Bill 538 - Land Use – Affordable Housing – Zoning Density and Permitting (Housing Expansion and Affordability Act of 2024)

Dear Chair Korman, Vice Chair Boyce, and Distinguished members of the House Environment and Transportation Committee,

Maryland is facing a housing and affordability crisis. By conservative estimates, our state is short 96,000 liveable units when compared to our current population. Marylanders are cramming into homes and paying far too much for them. Multiple children are packed into a single room, intergenerational households are becoming the norm, and in the worst cases, Marylanders are experiencing homelessness due to an inability to afford a roof over their heads.

By the laws of supply and demand, this shortage does not simply impact those who are unhoused – it impacts all of us. As of our most recent data, 52% of Maryland renters pay 30% or more of their wages on housing-related costs. Shockingly, 23% of renters are spending half of every dollar earned on shelter. And this isn't unique to renters. Homeownership is increasingly out of reach for many families. Driven by price and interest rate increases, the income needed to purchase the median Maryland home has increased by a staggering 52% in the last two years, from \$85,215 to \$132,702. For context, based on the most up-to-date information published by the US Census Bureau, Maryland has the highest median household income in the nation at \$98,461. This means that making the highest median household income in the wealthiest nation on Earth is still insufficient to afford even the median priced home in our state.

A key reason for these high costs is Maryland's inability to build new units. According to the Census Bureau Building Permits Survey, Maryland ranks 41st among all fifty states and DC for new housing units permitted per 100,000 residents. This supply shortage marks a fundamental barrier to Maryland's economic competitiveness. Given Maryland's high cost of living - driven in large part by housing costs - Maryland is an expensive place for top talent and businesses. If we want to grow Maryland's economy and expand opportunity for our residents, we have to address housing costs.

Marylanders understand the gravity of this situation. According to polling completed by the Maryland Association of Realtors, 82% of Marylander voters say the cost to buy a home is too high, compared to 57% just four years ago. In the same poll, 66% of voters said that there is too little housing for people with low incomes, and 65% of voters believe that excessive regulations make it too difficult to build affordable housing options. Perhaps most concerning is that 44% of younger renters and 30% of all voters aged between 18-34 years reported that they are



considering leaving Maryland due to housing costs. Maryland's strength is its people, and we can't afford to lose them.

To address the housing crisis, we need to move in partnership across all levels of government and the private sector. Partnership is not a goal for any political purpose – but rather, a necessity to make progress on addressing this crisis and unlock Maryland's full potential. .

This is why my administration has introduced House Bill 538, the Housing Expansion and Affordability Act of 2024. This important legislation seeks to establish regulatory incentives for vital development to address the housing supply and affordability crisis. The state does a great job at telling local authorities and private businesses where they cannot build, like in certain agricultural and environmentally-sensitive areas. But we haven't done enough to incentivize development in areas where building is more desirable. Our legislation seeks to narrow this gap and remove barriers to development through a few key policies:

1. Regulatory Incentives and Density Bonuses

This section of the bill streamlines processes and allows for properties to be developed with higher density and in a more expeditious manner if the property is:

- Within 1 mile of a passenger rail station and will contain at least 25% affordable housing units. This seeks to address both the state's housing and environmental goals by incentivizing the creation of new housing while unlocking car-free options for everyday travel;
- Formerly a historic state-owned campus or complex that was built at least 50 years ago and will contain at least 50% affordable housing units. This seeks to address two problems at once by providing incentives to develop blighted properties while incentivizing the creation of more housing units; or
- Owned by a 501(c)(3) organization and will contain at least 50% affordable housing units. Housing operated on properties owned by nonprofit organizations are subject to property taxes.
- The density bonuses in this section are sensitive to local zoning decisions. Specific housing development will be authorized to be developed with higher density and in a more expeditious manner by:
 - Permitting middle housing in areas zoned for single-family;
 - Permitting mixed-use and 30% greater density in areas zoned for multifamily;



-
- Permitting 30% greater density in areas zoned for mixed-use; and
 - Permitting mixed-use housing in line with the highest density area of the jurisdiction for areas zoned as nonresidential.

2. Adequate Public Facility Ordinance Alterations

This section of the bill limits the ability of local jurisdictions to deny permits or unreasonably restrict projects funded by low-income housing tax credits (“LIHTC”) or other affordable housing financing programs managed by the Maryland Department of Housing and Community Development (“DHCD”).

This component of our legislation focuses on adequate public facility ordinances (“APFOs”), which are often barriers to the construction of new affordable housing, by stating that projects receiving LIHTC or certain DHCD multifamily funding cannot be denied a permit on the basis of an APFO. Additionally, they cannot be unreasonably restricted or limited to the point of impact the project’s viability, affordability, or density on the basis of an APFO.

As a state, we are 96,000 units short today, and these new housing units will seek to house people already in our communities. By doing this statewide instead of asking a single jurisdiction to stop the practice, it is much less likely that a family will uproot from schools, friends, or family and move to a new area.

At the request of the Maryland Association of Counties, this exemption will sunset after a period of 15 years.

3. Modernizing Code for Manufactured Homes

This section of our legislation addresses the high costs and lengthy time frame of construction by permitting new manufactured homes in areas zoned for single-family residential uses. The bill applies to manufactured homes that are, or will be, converted to real property once attached to a foundation.

STATE OF MARYLAND
OFFICE OF THE GOVERNOR



With these alterations, Maryland will take a powerful step toward addressing our affordability crisis. To make this Maryland's decade, we must address this issue head on. For these reasons, I respectfully ask the committee for a favorable report on House Bill 538.

Sincerely,
Governor Wes Moore