



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

January 30, 2024

TO: The Honorable Marc Korman
Chair, Environment and Transportation Committee

FROM: Marc Elrich
County Executive

RE: House Bill 7 - Housing Innovation Pilot Program and Housing Innovation Fund -
Establishment (Housing Innovation Pilot Program Act of 2024)

House Bill 7 creates a five-year pilot program to provide matching funds for housing development projects that meet certain requirements, such as: 1) the project must set aside 20% of units for residents with a household income under 50% AMI (area median income) or 40% of units for residents with a household income under 60% AMI; 2) the project must remain in public ownership; and 3) the project must commit to meeting prevailing wage requirements. I strongly support House Bill 7 as there is a dire for need State and local governments to work together to find solutions to the housing crisis.

Montgomery County has long been an innovator in developing affordable housing.¹ We were one of the first jurisdictions to implement a “Moderately Priced Dwelling Unit” policy, which requires developers to set aside 12.5 to 15 percent of the units in new projects for households making about two-thirds of the area’s median income (\$152,100 for a family of four), Montgomery County has also been on the vanguard of affordable housing financing with its Housing Investment Fund that helps with both production of new affordable units and preservation of existing units. Also earlier this year, the Council passed historic rent stabilization, which is another tool to protect tenants.

Despite these efforts, Montgomery County is experiencing an affordable housing shortage of nearly 25,000 units for household with incomes below 50% of AMI in 2018, coupled with a decrease of over 5,000 units affordable for households with incomes below 65% of AMI between 2014 and 2018. Since 2010, household growth in Montgomery County has been concentrated in households at the lowest and highest end of the income distribution. These trends are due to various factors, including existing households increasing their income and lower income households moving to the County. These trends imply that there is demand for housing across the income spectrum, with a particularly growing need for affordably priced housing.²

¹ <https://www.nytimes.com/2023/08/25/business/affordable-housing-montgomery-county.html>

² Montgomery County Planning Department’s 2020 Housing Needs Assessment

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We need as many options as possible to help families get and stay in affordable housing. House Bill 7 a needed tool for county governments like Montgomery County that are pushing to addressing the housing needs of their residents. I respectfully urge the committee to issue a favorable report.