



Maryland Municipal League
The Association of Maryland's Cities and Towns

TESTIMONY

March 4, 2025

Committee: House Environment & Transportation

Bill: HB 1444 - Local Government - Moderate Income Housing Unit Requirements - Prohibition Against Fee-in-Lieu

Position: **Oppose**

Reason for Position:

The Maryland Municipal League (“MML”) respectfully **opposes** House Bill 1444, which prohibits a local government from authorizing payment of a fee-in-lieu of a requirement that a developer provide moderate income housing units in a new residential project.

Municipalities often use fee-in-lieu options to tailor affordable housing policies to their specific needs. This flexibility allows them to negotiate the best outcomes for their communities based on local housing markets, land availability, and development constraints. Not all development sites are well-suited for moderate-income housing units due to infrastructure limitations, school capacity, or transit accessibility, for example. Fee-in-lieu programs allow municipalities to direct affordable housing funds toward areas better equipped to support such housing, or even to fund affordable housing initiatives beyond a single development project. These funds can be used strategically to build or preserve affordable housing in locations where it is most needed, rather than relying solely on inclusionary zoning within new developments. A statewide prohibition removes this local discretion.

Further, some developers may find mandatory on-site inclusionary zoning requirements financially unfeasible and may choose not to pursue projects at all, particularly in smaller municipalities where housing markets are weaker. If developers scale back or avoid projects due to the lack of a fee-in-lieu option, the overall supply of housing—including market-rate and affordable units—could decline, exacerbating affordability issues rather than solving them.

For these reasons, the League respectfully requests that the Committee provide House Bill 1444 with an **unfavorable** report. For more information, please contact Angelica Bailey Thupari, Director of Advocacy and Public Affairs, at angelicab@mdmunicipal.org or (443) 756-0071. Thank you for your consideration.

The Maryland Municipal League uses its collective voice to advocate, empower and protect the interests of our 160 local governments members and elevates local leadership, delivers impactful solutions for our communities, and builds an inclusive culture for the 2 million Marylanders we serve.