

February 28, 2025

The Honorable Marc Korman
Chairman, Environment and Transportation Committee
Room 251, House Office Building
Annapolis, Maryland 21401

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

Dear Chairman Korman:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **HB 1444 Local Government – Moderate Income Housing Unit Requirements – Prohibition Against Fee-in-Lieu**. MBIA **opposes** the act in its current version.

This bill prohibits a county or municipality from collecting a fee-in-lieu of Moderate Income Housing Unit (MIHU) requirements for developers. The revenue collected from fee-in-lieu payments make a critical difference in providing housing for the State's most vulnerable community members. The real cost of financing, owning, and maintaining a single family detached MIHU home makes the home unaffordable and a poor choice for a family with limited means. Monthly home expenses like gas and electric, water and sewer fees, property taxes, homeowner's insurance, and homeowners' association fees are often twice the cost of the principal and interest of the mortgage itself. Fee-in-lieu revenue eases those financial burdens through down payment and settlement loan programs, which provide financial assistance to homebuyers who are unable to afford those costs. Without fee-in-lieu revenue, these types of home sales will no longer occur.

Howard County, a county that has an MIHU program, collects millions of dollars a year in revenue from fee-in-lieu payments from developers. These funds help the county's Department of Housing and Community Development to provide affordable rental and homeownership units to county residents. Prohibiting fee-in-lieu payments statewide will result in a devastating revenue loss to Howard County and other jurisdictions that have similar programs.

Fee-in-lieu revenue also funds nonprofit organizations that enable low-income residents, including residents with disabilities, acquire, improve, and lease homes. There is no continuing source of revenue available to fund these successful non-profit efforts other than the revenue collected from fee-in-lieu payments.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the House Environment & Transportation Committee