House Bill 1444

Local Government - Moderate Income Housing Unit Requirements - Prohibition Against Fee-in-Lieu

MACo Position: **OPPOSE**

To: Environment and Transportation Committee

Date: March 4, 2025

From: Kevin Kinnally and Michael Sanderson

The Maryland Association of Counties (MACo) **OPPOSES** HB 1444, which prohibits counties and municipalities from authorizing a fee-in-lieu of moderate-income housing requirements in new residential development projects. This bill strips local governments of a vital tool for advancing affordable housing and replaces flexibility with a rigid, one-size-fits-all mandate that could stifle housing production and undercut local planning efforts.

Local governments need flexibility to structure affordable housing policies that work best for their communities. Some counties use fee-in-lieu payments to fund large-scale, high-impact affordable housing projects in targeted areas rather than requiring small, scattered units within market-rate developments. By eliminating this option, the bill removes a funding stream that supports strategic, well-planned housing investments.

Forcing moderate-income units into every development without alternatives could slow or discourage new housing construction, particularly in areas where infrastructure, financing, or market conditions make inclusionary zoning infeasible. Instead of increasing affordable housing, this rigid approach could result in fewer overall housing units – affordable and market-rate alike – exacerbating Maryland's housing shortage.

Counties have long advocated for a balanced approach that incentivizes affordable housing while maintaining local input. This bill overrides local decision-making and prevents counties from tailoring solutions that best serve their residents. Maintaining fee-in-lieu as a tool for counties ensures the flexibility needed to address local housing needs effectively.

For these reasons, MACo urges an **UNFAVORABLE** report on HB 1444.