



**House Bill 1444 – Local Government - Moderate Income Housing Unit Requirements - Prohibition Against Fee-in-Lieu**

**Position: Oppose**

Maryland REALTORS® opposes HB 1444, which prohibits local governments from using a fee-in-lieu option for developer contributions in moderately priced developments.

A majority of local inclusionary zoning policies include in-lieu fee options, whereby developers can pay into a housing fund as an alternative to building affordable units on site. While well intentioned, this bill would restrict both local governments and housing developers from accepting these fees, which may not be in the best interests of area residents.

This is particularly true for smaller-scale developments in less urban areas. The developer may only be providing a small number of units which are far from transportation facilities and business centers. In those instances, accepting a developer fee in lieu may provide rental assistance or other financial support to a wider range of those with housing needs. They may also allow the locality to build units that are not typically supplied by the market, including 3- or 4-bedroom units for larger families, small or micro units for residents with extremely low incomes or who are experiencing homelessness, or adapted housing for those living with disabilities.

Fees-in-lieu provide a valuable source of funding for local housing programs, which could be lost under HB 1444. For this reason, Maryland REALTORS® recommend an unfavorable report.

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