

March 26, 2025

TO: Members of the Judicial Proceedings Committee

Janet Abrahams, HABC President & CEO FROM:

RE: House Bill 339 - Real Property - Residential Rental Apartments - Air-Conditioning

Requirements

Letter of Information POSITION:

Members of the Judicial Proceedings Committee, please be advised that the Housing Authority of Baltimore City (HABC) wishes to submit Information on HB - 339 - Real Property - Residential Rental Apartments - Air-Conditioning Requirements.

HB 339 requires a landlord to provide air-conditioning in apartment buildings starting June 1, 2025, for newly constructed residential rental units and starting October 1, 2025, for residential rental units that renovations include the replacement or substantial upgrade of electrical systems or heating systems.

HABC is the country's 5th largest public housing authority and Baltimore City's largest provider of affordable housing opportunities. HABC serves nearly 43,000 Baltimore City's low-income individuals through its Public Housing and Housing Choice Voucher programs. HABC's public housing inventory currently consists of approximately 6,000 units located at various developments and scattered sites throughout the city. HABC is federally funded by the U.S. Department of Housing and Urban Development (HUD) and is subject to federal regulation that pertain to the operation of its housing programs.

HABC's Capital Funding is appropriated annually by Congress. This funding is subject to change each year depending on administrative priorities and is sometimes reduced significantly. Our public housing sites are 80 years old on average and have immediate capital needs estimated at approximately \$120 million. HABC is in the process of redeveloping a portion of its public housing sites. Three of our current major redevelopment initiatives include the Perkins Somerset Oldtown (PSO) Transformation Plan, Transform Poe and the O'Donnell Heights revitalization plan.

The PSO Transformation Plan includes the demolition and redevelopment of Perkins Homes in East Baltimore into a vibrant mixed-income community with affordable and market-rate housing as well as other amenities and supportive services for residents. The housing plan includes the construction of 629 public housing replacement units, 424 low-income units serving households with an average of 60% AMI, and 307 unrestricted market-rate units spread across the Somerset and Perkins sites.

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The O'Donnell Heights revitalization plan includes the redevelopment of an obsolete public housing site pursuant to a master plan for a mixed-income development of approximately 925 units, including mostly row homes, two-story walk-up flats, and a low-rise apartment building.

Transform Poe serves as a roadmap as HABC, and its developer embarks on redeveloping the Poe Homes public housing site and seeks to improve the quality of life in the surrounding Poppleton-Hollins Market area. Under the plan, 288 distressed public housing units at Poe Homes will be demolished and replaced as part of a new mixed-income community that will support existing and future residents. It also includes infrastructure improvements, public safety strategies, and support services designed to help our families increase economic self-sufficiency and improve educational outcomes.

The new residential units constructed through these redevelopment plans include central air conditioning that meet the requirements of this bill. However, due to the aging infrastructure at our remaining sites that are not currently undergoing redevelopment, a complete overhaul would be needed to support the installation of central air conditioning. A number of these sites, including Latrobe, Douglass and Cherry Hill Homes, have central distribution heating systems, and the electrical infrastructure would not support the installation of central air conditioning in the buildings. We estimate that at Cherry Hill, for example, it would cost upwards of \$15 million just to replace the electrical system. Additionally, the installation of the proper duct work would potentially reduce unit size and may even be prohibitive depending on what is adjacent to the units. Finally, residents would have to be temporarily relocated while the work is being done, adding a significant logistical challenge. Therefore, the only option would be to install window AC units, which would require installation and removal on a seasonal basis and in some cases, would not be feasible at all due to blocked egress, which would violate housing standards.

HUD has specific requirements about how public housing units are to be maintained, and all Public Housing Authorities must comply with these requirements. HUD regulations do not require housing authorities to provide or install air conditioning units for residents. HUD requires a "reasonable accommodation" for air conditioning usage if the resident demonstrates a need. This accommodation would be reflected in the utility allowance provided to the resident and would be above and beyond what a resident receives for a baseline utility allowance.

HABC's public housing residents can purchase and install window air conditioner units when central air conditioning is not provided. The window where the air conditioner is to be installed must not be used for an emergency exit. As referenced above, if an air conditioning unit is installed in a residence with only one emergency exit, it would be considered a blocked egress, violating HUD regulations. This would result in a finding on our yearly HUD inspections, potentially impacting on our funding and our ability to provide housing.

The current bill is unclear as to what activities would constitute a substantial upgrade to heating or electrical systems. HABC regularly makes routine repairs and maintenance upgrades to enhance the reliability of systems on our properties. Therefore, we request that clarity and more specific details about what is considered a "substantial" upgrade that would trigger the requirements of this bill.

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For the reasons discussed above, the Housing Authority of Baltimore City (HABC) respectfully request to be exempted from House Bill 339, thereby allowing us to continue to follow HUD regulations regarding air conditioning usage.

Respectfully submitted: Janet Abrahams, HABC President & CEO