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## TESTIMONY IN SUPPORT OF HB 390

### Affordable Housing Payment in Lieu of Property Taxes Expansion Act

*Ways and Means Committee*  
February 4, 2025

**Social Work Advocates for Social Change strongly supports HB 390**, which seeks to increase and improve the state's supply of affordable housing by authorizing property owners to enter into an agreement to forgo paying local property taxes in exchange for maintaining 50% of their rental units as affordable housing. This legislation will help low-income households, working families, and seniors better afford housing.

**HB 390 helps Maryland address the need for affordable housing.** Maryland faces a dire shortage of over 96,000 housing units<sup>1</sup> and more than 134,000 affordable housing units for extremely low-income households.<sup>2</sup> For households earning 50 percent of the median income, there are only 59 available units for every 100 renters.<sup>3</sup>

**HB 390 accelerates affordable housing availability.** HB 390 can increase the supply of affordable housing more rapidly than new construction. Constructing multi-unit buildings typically takes between four and seven years.<sup>4</sup> Additionally, while low-income housing tax credits (LIHTC) are a valuable resource, they are extremely limited. In 2022, Maryland received \$32 million in LIHTC funding, which built or sustained only 1,340 units – representing just one percent of the needed supply.<sup>5</sup>

**HB 390 improves housing affordability.** Nearly one-third of Maryland families currently spend more than 30 percent of their total income on rent or mortgage payments.<sup>6</sup> For those in extremely low or very low-income brackets, this figure skyrockets to approximately 80 percent of their total income spent on housing.<sup>7</sup> This excessive financial burden puts undue pressure on families and communities, leading to economic instability and hardship.

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<sup>1</sup> *Turning the Key: Unlocking Maryland's Potential*. (2024, June 3). Maryland Department of Housing and Community Development. <https://dhcd.maryland.gov/TurningTheKey/Documents/Presentation.pdf>

<sup>2</sup> *Housing Needs By State - Maryland*. (2022). National Low Income Housing Coalition. <https://nlihc.org/housing-needs-by-state/maryland>

<sup>3</sup> *Housing Needs By State - Maryland*. (2022). National Low Income Housing Coalition. <https://nlihc.org/housing-needs-by-state/maryland>

<sup>4</sup> *The Affordable Housing Process*. (2019). Local Initiatives Support Corporation. [https://www.lisc.org/media/filer\\_public/c8/67/c8679790-7bda-484b-9810-9e504a1ca95/the\\_affordable\\_housing\\_development\\_process\\_english.pdf](https://www.lisc.org/media/filer_public/c8/67/c8679790-7bda-484b-9810-9e504a1ca95/the_affordable_housing_development_process_english.pdf)

<sup>5</sup> Gupta, P. (2024, October 15). *Maryland Low-Income Housing Tax Credit (LIHTC) Program*. Fusion. <https://fusionsw.com/maryland-low-income-housing-tax-credit-lihtc-program/>

<sup>6</sup> *How Many Subsidized Housing Units are Available in Maryland?* (2024, August 27). USAFACTS. <https://usafacts.org/answers/how-many-subsidized-housing-units-are-available/state/maryland/>

<sup>7</sup> *Housing Needs By State - Maryland*. (2022). National Low Income Housing Coalition. <https://nlihc.org/housing-needs-by-state/maryland>

**HB 390 improves Maryland's economy.** Maryland's economy has been hurt by housing costs, growing only 1.9 percent in 2023 compared to 13.9 percent nationally.<sup>8</sup> Affordable housing has short – and long-term economic benefits for local communities. When households can afford housing, they are more likely to stay in the community.<sup>9</sup>

**HB 390 provides flexibility for local jurisdictions.** HB 390 grants local county jurisdictions another tool for increasing the supply of affordable housing, increasing their flexibility and control in determining the best course(s) of action. This local control ensures that solutions are tailored to each community's unique needs and circumstances, enhancing the legislation's effectiveness.

**HB 390 supports working families and seniors already struggling to make ends meet.** HB 390 sets the highest income limit at 60% of the AMI; however, it does not prevent counties and property owners from extending affordable housing options to lower AMI residents. The affordable housing shortage disproportionately affects extremely low-income households, more than one-third (36%) of which are actively part of the workforce.<sup>10</sup> Seniors comprise over one-third (34%) of the extremely low-income demographic.<sup>11</sup> Many of these seniors struggle to find affordable and safe housing options, and this bill offers a solution that can help reduce their housing cost burden.

The Affordable Housing Payment in Lieu of Property Taxes Expansion Act is a crucial piece of legislation that addresses Maryland's urgent need for affordable housing. It provides immediate relief for low-income households and seniors, accelerates the availability of affordable units, improves housing affordability for Maryland families, and offers local jurisdictions the flexibility to implement effective housing solutions. We urge you to support HB 390 and take a significant step towards ensuring all Maryland residents can access safe, affordable housing.

**Social Work Advocates for Social Change urges a favorable report on HB 390.**

*Social Work Advocates for Social Change is a coalition of MSW students at the University of Maryland School of Social Work that seeks to promote equity and justice through public policy, and to engage the communities impacted by public policy in the policymaking process.*

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<sup>8</sup> *Turning the Key: Unlocking Maryland's Potential.* (2024, June 3). Maryland Department of Housing and Community Development. <https://dhcd.maryland.gov/TurningTheKey/Documents/Presentation.pdf>

<sup>9</sup> *Economic Benefits of Affordable Housing.* (n.d.). Embrace Living Communities. <https://embraceliving.org/economic-benefits-affordable-housing/#:~:text=When%20people%20are%20able%20to,can%20have%20positive%20economic%20impacts>

<sup>10</sup> *Housing Needs By State - Maryland.* (2022). National Low Income Housing Coalition. <https://nlihc.org/housing-needs-by-state/maryland>

<sup>11</sup> *Housing Needs By State - Maryland.* (2022). National Low Income Housing Coalition. <https://nlihc.org/housing-needs-by-state/maryland>