



**Senate Bill 938**  
**Community Development - Affordable Multifamily Rental Housing Stabilization**  
**Program - Establishment**

Hearing before the Senate Education, Energy, and the Environment Committee  
On March 10, 2026

**Position: FAVORABLE WITH AMENDMENTS**

*Maryland Legal Aid submits its written and oral testimony on SB 938 at the request of bill sponsor Senator Shaneka Henson.*

Maryland legal Aid is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents. We serve residents in each of Maryland's 24 jurisdictions and handle a range of civil legal matters, including housing disputes involving substandard conditions in subsidized housing. We support the intent of SB 938, through which Department of Housing and Community Development (DHCD) would provide "life line" loans for remediation of dangerous property conditions at affordable multi-family properties. We ask the Committee to move SB 938 favorably with amendments that will add needed accountability measures to the proposed loan program.

Fundamentally, Maryland Legal Aid believes that low-income renters are a stakeholder in affordable housing development. As counsel for tenant associations around the state, we strive for our clients to participate actively in the development and management processes that impact their buildings and neighborhoods.

Throughout the state, our clients in affordable housing face conditions of disrepair and deferred maintenance. Although affordable housing developers may have a mission to provide safe housing, their privately contracted management companies do not. Short of litigation, our clients typically lack a formal or impactful avenue to address systemic remediation with management. They also encounter myriad obstacles to conveying their concerns to ownership or to DHCD.

Low-income tenants share developers' desire for timely infusion of funding for capital repairs. However, for SB 938's loan program to meet the needs of residents, the program must create a formal mechanism for tenants' input into how loaned funds are spent. The

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residents, whether through their tenant association or through meetings of a majority of residents, should have a seat at the table with ownership and DHCD. Their experiences and needs should inform which capital repairs DHCD chooses to fund and to prioritize. Maryland Legal Aid proposes amendments (below) to accomplish this input mechanism.

Additionally, we propose amendments to SB 938 that will (i) provide residents with transparency about how loaned funds are used and (ii) protect residents from displacement:

- If a dwelling unit will be inaccessible to a resident for more than eight hours during capital repairs, the resident should have access, at the owner's expense, to comparable replacement accommodations.
- Residents should receive timely information about the expenditure of the loaned funds and the status of repairs. This transparency provides residents with the information necessary to act as an on-site monitor of the owner's obligations under the loan program.
- Residents should be protected during the loan period and for five years after its termination, from unreasonable rent increases and terminations absent good cause.

These added components reflect policies that exist for other affordable housing financing programs.

Our proposed language for amendments is printed below. **We urge a favorable with amendments report on SB 938.**

If you have any questions, please contact:

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**SB 938 - Amendments proposed by Maryland Legal Aid**

Article – Housing and Community Development  
4–216.1.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “ELIGIBLE PROPERTY” MEANS A MULTIFAMILY PROPERTY THAT:

(I) CONTAINS 15 OR MORE RENTAL DWELLING UNITS OCCUPIED BY ~~OF~~ LOW-INCOME HOUSEHOLDS EARNING 50 PERCENT OF THE AREA MEDIAN INCOME OR LESS; AND

(II) IS IN THE DEPARTMENT’S LOAN PORTFOLIO.

(3) “PROGRAM” MEANS THE AFFORDABLE MULTIFAMILY RENTAL HOUSING STABILIZATION PROGRAM.

(B) THERE IS AN AFFORDABLE MULTIFAMILY RENTAL HOUSING STABILIZATION PROGRAM.

(C) THE PURPOSE OF THE PROGRAM IS TO PROVIDE FINANCIAL ASSISTANCE TO OWNERS OF PRIVATE SECTOR, AFFORDABLE MULTIFAMILY RENTAL HOUSING PROPERTIES WITH EMERGENCY OR URGENT CAPITAL REPAIR NEEDS.

(D) THE DEPARTMENT SHALL ADMINISTER THE PROGRAM AND SHALL ADOPT REGULATIONS TO ENSURE THAT:

(I) PROGRAM PARTICIPANTS CONDUCT GOOD-FAITH CONSULTATION ABOUT CAPITAL REPAIR NEEDS WITH THE LEGITIMATE TENANT ASSOCIATION FOR THE PROPERTY OR, IN ABSENCE OF SUCH TENANT ASSOCIATION, A MAJORITY OF RESIDENTS OF THE MULTI-FAMILY PROPERTY;

**(II) WHENEVER DWELLING UNITS ARE INACCESSIBLE FOR MORE THAN EIGHT HOURS DURING CAPITAL REPAIRS FUNDED BY THE LOAN, RESIDENTS HAVE ACCESS TO COMPARABLE REPLACEMENT ACCOMMODATIONS AND FINANCIAL COMPENSATION FOR RELATED OUT-OF-POCKET EXPENSES;**

**(III) RESIDENTS TIMELY OBTAIN INFORMATION THROUGH WRITTEN NOTICE ABOUT THE EXPENDITURE OF THE LOAN FUNDS AND THE STATUS OF CAPITAL REPAIRS FUNDED BY THE LOAN;**

**(IV) DURING THE LOAN PERIOD AND FOR FIVE YEARS AFTER ITS TERMINATION, PROGRAM PARTICIPANTS DO NOT RAISE GROSS RENTS UNREASONABLY OR TERMINATE TENANCIES OTHER THAN FOR GOOD CAUSE; AND**

**(V) THE DEPARTMENT MONITORS PROGRAM PARTICIPANTS FOR COMPLIANCE WITH THIS SECTION AND PROGRAM REQUIREMENTS, INCLUDING REQUIREMENTS THAT PROHIBIT FRAUD, WASTE, AND MISMANAGEMENT OF LOANED FUNDS.**

(E) THE DEPARTMENT SHALL PRIORITIZE PROPERTY REPAIRS THAT WILL REDUCE OPERATING COSTS AT THE ELIGIBLE PROPERTY **AND MEET THE COMPELLING NEEDS OF CONSULTED RESIDENTS OF THE MULTI-FAMILY PROPERTY.**

(F) THE DEPARTMENT SHALL AWARD FUNDS TO AN OWNER OF AN ELIGIBLE 13 PROPERTY FOR EMERGENCY OR URGENT CAPITAL REPAIRS, ONLY IF THE OWNER 14 PROVIDES DOCUMENTATION INDICATING THE PROPERTY DOES NOT HAVE ADEQUATE OPERATING OR RESERVE FUNDS AVAILABLE TO PAY FOR THE NECESSARY REPAIRS.

(G) THE PROGRAM MAY BE USED ONLY TO PROVIDE LOW- OR NO-INTEREST LOANS OR GRANTS TO PROPERTY OWNERS FOR REPAIRS ON ELIGIBLE PROPERTIES.

(H) FUNDS MAY NOT BE AWARDED FOR REPAIRS AT AN ELIGIBLE PROPERTY IN EXCESS OF \$1,000,000 IN A SINGLE FISCAL YEAR.

(I) THE DEPARTMENT SHALL ACCEPT APPLICATIONS FOR FUNDS UNDER THE PROGRAM ON A ROLLING BASIS.

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(J) FOR EACH OF FISCAL YEARS 2028 THROUGH 2031, THE GOVERNOR MAY 24 INCLUDE IN THE ANNUAL BUDGET BILL AN APPROPRIATION OF \$5,000,000 FOR THE PROGRAM.