



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

March 5, 2026

Testimony in SUPPORT of HB 989: State Assistance for the Elderly - Study on Calculation of Income

Summary: HB 989, as amended, focuses on ensuring that income received by an individual from renting a portion of their primary residence is excluded from the calculation of income for eligibility purposes in State housing assistance programs and medical assistance programs designed to assist elderly persons. The bill no longer applies to State tax credits, as that provision was removed after feedback from the Comptroller's Office and the House Ways and Means Committee, which noted that it would be overly complex to separately treat certain categories of income within existing tax processing systems.

Overview: House Bill 989 represents a proactive, common-sense, approach to compassionately aid Maryland's growing older adult population to remain in a familiar residence, maintain financial independence via social safety net eligibility protections, and thrive within their communities. This proposal also provides financial protections to homeowners who expand the supply of much-needed affordable housing options. By converting extra rooms within their existing homes into rental space, older age homeowners can ease the shortage of available low-cost options for those in need of housing.

Amendments to this bill were added to take into consideration the concerns voiced by affected Executive Branch agencies. The bill as amended now focuses on housing and medical assistance programs, preserving HB989's core goal of supporting aging in place, while improving administrative feasibility and implementation. This targeted approach avoids unnecessary complexity in tax administration while preserving the bill's intent to remove disincentives that discourage seniors from renting unused space in their homes. The amendments also strengthen the bill's rollout and accountability framework. The departments responsible for administering affected programs are now given until December 1, 2026, to review barriers to implementation, including any applicable federal law constraints, identify necessary State resources (including any required fiscal appropriations), determine which programs are impacted, and submit a comprehensive report to the General Assembly. In addition, the program's effective start date has been moved to June 30, 2027, providing agencies with sufficient time to prepare systems, align guidance, and ensure a smooth and effective implementation.



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Maryland's Older Population Is Growing Rapidly

As detailed in a [2025 study by The University of Maryland](#), Maryland's older adults currently represent a significant share of the state's residents, and their numbers are set to surge. In 2022, approximately 1.82 million people within Maryland are aged 55 or over, which accounts for 30% of the total population. It is noteworthy that more than half (nearly one million) of this age cohort were 65 or older, making up 16% of Maryland residents. [Projections from the Maryland Department of Planning indicate substantial growth](#). By 2040, the 55 or older population is expected to reach 2.19 million (33% of the state), while those 65 or older will climb to 1.44 million (21%). The fastest-growing subgroup is adults 80+, projected to more than double from 228,000 in 2020 to 492,000 in 2040, rising from 4% to 7% of the population. These trends in age demographics require forward-thinking action by this body.

Maryland Assistance Programs With Income Caps for Seniors

Many older Marylanders rely on state tax credits and assistance programs to remain financially stable in their homes. These programs commonly include [income eligibility thresholds](#) that determine qualification or benefit levels. Examples include:

- Energy assistance programs administered through the [Office of Home Energy Programs](#)
- [Medicaid](#)
- [Medical Assistance](#) through DHS
- [Community Options Waiver](#) (Home & Community-Based Services)
- [Increased Community Services](#) (ICS) Program
- [Community First Choice](#) (CFC) and CPAS ([Community Personal Assistance Services](#)) — Programs that provide home care services
- [Senior Assisted Living Subsidy Program](#)

For seniors living on fixed incomes, these programs are often essential to maintaining housing stability. This bill now applies specifically to State housing assistance programs and medical assistance programs, which remain essential supports for older Marylanders living on fixed incomes. These include Medicaid and other long-term care and home-based services programs administered through the Department of Health and related agencies, as well as State housing supports that help seniors remain stably housed.



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The Benefits Cliff and the Disincentive to Rent

Current policy unintentionally creates a “benefits cliff.” When modest additional income pushes an individual just above eligibility thresholds, they can lose critical assistance that far exceeds the value of the additional income. According to [recent data from the National Council on Aging](#), this sudden loss of benefits can increase out-of-pocket healthcare spending by 25% and significantly reduce financial stability. Moreover, Medicare may not cover the same long-term services or, if it does, with higher costs. Modest increases in income (e.g., from Social Security cost-of-living adjustments) can push seniors just over the threshold, causing a total loss of benefits that outweighs the gain. Other benefits like Supplemental Nutrition Assistance Program and assistance with Medicare premiums like the Medicare Savings Programs can also be abruptly reduced.

The current calculation formula, which HB 989 partially addresses, creates a "poverty trap." When a senior earns rental income to afford their basic necessities, they may be penalized by losing access to the very programs that prevent them from becoming homeless, unable to afford medicine or in-home care, and may result in their need to go to a much costlier residential care home.

House Bill 989 adjusts the taxable income calculation by mandating that income derived from renting a portion of an individual’s primary residence shall not be included in the calculation of income for state tax credits, housing assistance, or medical assistance programs designed to assist older age individuals. This removes the disincentive that currently prevents many seniors from renting unused space.

Supporting Aging in Place is A Health and Fiscal Imperative

Most older adults prefer to remain in their homes as they age. [Research from AARP](#) shows that approximately 77% of adults age 50 and older want to age in place. Aging in place is not only a personal preference, it is also significantly more cost-effective than institutional care. The Centers for Medicare & Medicaid Services has [consistently found](#) that home-and-community-based services are generally less costly than nursing home care and often produce better outcomes.



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[Private sector cost data](#) shows the same pattern. Nursing home care can exceed \$100,000 annually in many regions and home based care services typically cost substantially less. When seniors remain safely in their homes Medicaid long-term care expenditures decrease, hospitalizations and institutional placements decline, and state resources are preserved.

Rather than moving into assisted living or nursing homes prematurely, older adults who age in place reduce the long-term burden on state-funded care programs limited by available beds. HB 989 strengthens the financial feasibility of aging in place by allowing seniors to offset housing costs without losing essential support.

Expanding Housing Supply Through Existing Homes

Maryland faces a persistent shortage of affordable housing, particularly smaller and lower-cost units. According to the National Low Income Housing Coalition, there is a [severe shortage](#) of affordable and available homes for extremely low-income renters nationwide, and Maryland is among the states where demand significantly exceeds supply.

At the same time, many older homeowners occupy homes with unused bedrooms after children move out. HB 989 unlocks this underutilized housing resource by allowing seniors to rent space without risking loss of eligibility for assistance programs.

This approach expands affordable housing supply rapidly by making use of existing homes rather than relying on new construction, which can take years to plan, approve, and build. By allowing unused space in owner-occupied homes to become available to renters, it naturally creates lower-cost housing options that are often more attainable than newly developed units. It also introduces housing opportunities in neighborhoods where smaller or more affordable units are otherwise scarce, opening doors in communities that might not see new multifamily development. At the same time, it makes efficient use of infrastructure that is already in place, utilities, transportation access, and established residential spaces, maximizing existing resources while minimizing additional public cost.

Policymakers and housing researchers increasingly recognize that expanding affordable housing supply does not always require new construction, and that relying solely on building more units can be slow, costly, and limited by land and regulatory constraints. [Shared housing arrangements](#) and reforms to use existing housing stock can help fill gaps in supply promptly and



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cost-effectively. For example, a recent report on emerging shared housing strategies explains that shared housing can boost affordable rental options without the lengthy timelines and high per-unit costs associated with traditional development, helping residents lower their housing costs while making more efficient use of the homes already in communities. By enabling alternatives such as shared rooms or “co-living” arrangements, states that have explored this model aim to create lower-cost options that expand rental supply without requiring new construction.

Housing policy analyses also emphasize [conserving and improving the existing housing stock](#) as a key strategy in affordable housing planning, underscoring that maximizing the productive use of current homes is an essential complement to building new units. Policies that support adaptive use of existing space, including allowing homeowners to rent out spare rooms, align with these broader efforts to increase housing opportunities while minimizing costs and preserving neighborhood fabric. In many cases, renting a room in an owner-occupied home is substantially more affordable than independent housing options. Today, many older Marylanders find themselves unable to take advantage of rental opportunities in their own homes because doing so jeopardizes eligibility for critical benefits. HB 989 removes that disincentive, promoting financial stability, expanded housing access, and overall well-being.

Community, Safety, and Well-Being

The benefits of shared housing for older adults extend well beyond financial stability. When a senior welcomes a tenant into the home, the daily presence of another person can meaningfully reduce social isolation, increase personal safety, and foster consistent human interaction. For many older adults, particularly those who live alone after the loss of a spouse or after children have moved away, regular conversation and shared routines provide structure, engagement, and a renewed sense of purpose within the home environment.

Public health research underscores the significance of these effects. [The Centers for Disease Control and Prevention identifies social isolation](#) among older adults as a serious and widespread health risk associated with increased rates of depression, anxiety, cognitive decline, heart disease, and premature mortality. Social isolation is also linked to higher rates of emergency room visits and hospital readmissions, reflecting the broader health implications of limited social contact.



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The presence of another person in the home can also enhance safety in practical ways. A tenant may notice changes in behavior, mobility, or health that might otherwise go unobserved, and simply having another person nearby can reduce risks associated with falls, medical emergencies, or delayed assistance. Even when the tenant provides no caregiving services, informal monitoring and companionship can support earlier intervention and greater peace of mind.

Equally important are the emotional and cognitive benefits of routine social interaction. Studies consistently show that sustained interpersonal engagement supports cognitive functioning, emotional resilience, and overall life satisfaction among older adults. Conversation, shared meals, and everyday social contact provide mental stimulation that contributes to healthier aging outcomes.

In this way, shared housing can strengthen independence while also fostering connection, security, and dignity. By enabling older adults to remain socially engaged within their own homes, policies that support shared living arrangements promote not only housing stability but also measurable improvements in health and quality of life.

One Policy, Two Solutions

HB 989 efficiently addresses two pressing challenges:

- 1) Aging in Place – It helps older adults afford staying in their homes while maintaining access to critical medical and housing assistance programs.
- 2) Housing Supply – It opens up new, lower-cost housing options by making underutilized space available across the state.

Conclusion: HB 989, as amended, remains a thoughtful and effective response to Maryland’s dual challenges of an aging population and a housing affordability crisis. By refining the bill to focus on medical and housing assistance programs, removing administratively complex tax provisions, and establishing a clear implementation timeline, the legislation strengthens both its practicality and its impact. It empowers older Marylanders to remain in their homes, maintain stability, and continue contributing to their communities with dignity and independence.