AGENDA

Status of the Implementation of the Climate Solutions Now Act

I. Maryland Department of the Environment
   • Serena McIlwain, Secretary
   • Scott Goldman, Chief of Staff
   • Chris Hoagland, Air and Radiation Director

II. Maryland Climate Partners
   • Josh Tulkin, Director, Maryland Sierra Club
   • Ruth Ann Norton, Executive Director, Green and Healthy Homes Initiative
   • Bakari Height, Transit Organizer, Labor Network for Sustainability

Housing Issues and Legislative Priorities for the 2024 Session

I. Department of Housing and Community Development
   • Jacob R. Day, Secretary
   • Chuck Cook, Chief Legislative Officer

II. Maryland Association of Counties and Maryland Municipal League
   • Dominic J. Butchko, Associate Policy Director, MACO
   • Angelica Bailey Thupari, Director, Advocacy and Public Affairs, MML

III. Renters United Maryland
    • Matt Hill, Lead Attorney of the Human Right to Housing Project, Public Justice Center
    • Zafar Shah, Assistant Advocacy Director for the Tenants’ Right to Counsel Project, Maryland Legal Aid
    • Ninfa Amador-Hernandez, Research and Policy Analyst, CASA

IV. Maryland Multi-Housing Association
    • Aaron Greenfield, Director of Government Affairs
    • Grason M. Wiggins, Attorney
Climate Solutions Now Act:
Implementation and Future Actions

Maryland Department of Environment
Serena McIlwain, Secretary
Act Requirements for 2023

✓ Propose and adopt a plan to reduce statewide emissions by 60% by 2031
✓ Develop energy performance regulations for 9,000+ buildings
✓ Establish Building Energy Transition Implementation Task Force
✓ Analyze and report on annual spending to reduce emissions for environmental justice communities
✓ Assist with school districts transitioning to electric school buses
✓ Coordinate with partner agencies
✓ Establish four new working groups and reports for the Commission on Climate Change
# Deadlines for Climate Plans

<table>
<thead>
<tr>
<th>Deadline</th>
<th>Deliverable</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/30/23</td>
<td>Proposed plan to reduce emissions 60% by 2031 (completed)</td>
</tr>
<tr>
<td>12/31/23</td>
<td>Final plan to reduce emissions 60% by 2031 and path to net zero by 2045 (on track)</td>
</tr>
<tr>
<td>12/31/30</td>
<td>Final plan to achieve net zero emissions by 2045</td>
</tr>
<tr>
<td>12/31/35</td>
<td>Review and revise the net-zero emissions plan as needed</td>
</tr>
</tbody>
</table>
Maryland’s Climate Pathway

Million metric tons of carbon dioxide equivalent

Historical Reductions 2020 Electricity Transportation Buildings Industry IPPU Fossil Fuel Industry Waste Management Agriculture 2031

Shading

Current Policies Maryland's Climate Pathway

60% Reductions by 2031
Building Energy Performance Standards (BEPS)

Requirements:

– 20% reduction in net direct greenhouse gas (GHG) emissions by 1/1/30, as compared with 2025 levels for average buildings of similar construction and;


– Includes: benchmarking and emissions reductions requirements.

Proposed regulations published TODAY in the Maryland Register.

Virtual public hearing 1/18/24 at 10 a.m.

Building Energy Transition Implementation Task Force

- Co-chaired by MDE and MEA to recommend programs, policies, and incentives in the buildings sector, including BEPS.

- Held 17 public meetings in 2023.

- Next meeting: December 21 10am-12pm.

- Final report is delayed due to increased need for collaboration and discussion.
New Commission Working Groups

1. **Just Transition Employment and Retraining Working Group (33 members)** focus on transitioning workers in fossil fuel industries to employment opportunities in a clean energy economy.

2. **The Energy Industry Revitalization Working Group (13 members)** focus on impacts to small businesses and potential facility closures.

3. **The Energy Resilience Working Group (13 members)** focus on energy infrastructure improvements, transmission efficiency and battery backups.

Environmental Justice in Maryland

EJ Screening tool implemented

Listening sessions held

Evaluate spending
Next Steps

- Achieving 100% clean power by 2035
- Balancing building electrification with impacts on the electric grid and natural gas distribution system
- Achieving our zero emissions vehicle goals
- Maximization and multi-agency coordination of federal funding
- Providing equitable clean energy transition for overburdened and fossil-dependent communities
Climate Solutions Now Act Implementation

Josh Tulkin, Maryland Sierra Club
Who Is Climate Partners

- Coalition of over one hundred environmental, faith, consumer advocacy, and social justice organizations focused on ensuring equitable implementation of the Climate Solutions Now Act (CSNA)
- 15 Steering Committee member organizations and 1 technical partner
- Formed in 2021 to support the passage of bold climate legislation, engaging thousands of Marylanders to contribute their voice to this critical conversation
Climate Partners’ Recommendations for Achieving Maryland’s Climate Goals

October 15, 2023

marylandclimatepartners

112-page Report

- Equity and Environmental Justice
- Transportation
- Energy and Electricity
- Buildings
- Natural Resources
- Waste
- Overarching Recommendations
  - Revenue
  - Monitoring and Accountability
- Technical Appendix

Modeling for Climate Partners Recommendations

Credit: Center for Climate Strategies, 2023
Environmental advocacy groups urge Maryland to drop trash burning, reduce car use in upcoming climate plan
Achieve 100% clean electricity by 2035 by:

- Building out 8.5 gigawatts of offshore wind for Maryland
- Generating 14.5% of electricity from instate solar by 2030, as required in the Clean Energy Jobs Act of 2019
- Retiring all in state coal plants by 2025
- Retiring all gas plants by 2035
- Expanding transmission and distribution
- Improving demand response
Set clear numerical targets for solar energy, offshore wind and grid connections, and energy storage consistent with CSNA

- **Solar**: Obtain 20% of Maryland’s electricity consumption from solar energy
- **Offshore Wind**: Build 8.5 GW of offshore wind with planned transmission improvements to connect this energy to the grid
- **Storage**: Install at least 3 GW of storage by 2030
Reform the Renewable Portfolio Standard (RPS)

- **Reform the RPS to support a 100% clean energy policy**
  - Only include truly renewable and non-emitting, non-combustible resources
  - *Exclude* woody biomass, trash incineration, and biogas

- **Regional Greenhouse Gas Initiative**
  - Regional CO2 emission cap that decreases to zero by 2040
  - Interim targets for 2030 and 2035
Establish storage targets and build the Maryland Energy Storage Program consistent with state goals

- Tie storage deployment to transmission grid stability and reliability.
- Consider PPAs (Power Purchase Agreements) at County and State level to accelerate deployment and align with resiliency areas.
Recruit and train a clean energy workforce

- Focus workforce development where there is job growth or investment, not just hope or projections.
- Collaborate with unions, contractors, community/technical colleges, local government and community organizations to build training pipeline for underserved and minority communities to recruit and train a much-needed clean energy workforce.
- Tie state and federal investments to job quality standards.
Ensure sufficient transmission and distribution infrastructure to achieve state targets

- Direct PSC to coordinate with PJM Grid to ensure we have sufficient information and support to PLAN for the grid we need
- Direct PSC to accelerate transition to SMART grid, which allows for bi-directional flow. In other words, to achieve the promise that EV buses and cars will help charge the grid, we need to update the grid.
TRANSPORTATION

Bakari Height, Labor Network for Sustainability
Reducing Vehicle Miles Traveled (green band) is needed to meet our climate targets

- Maryland cannot reduce climate pollution fast enough even if it adopts the most ambitious electric vehicle policies. It must reduce “vehicle miles traveled- VMT” (the total miles that cars, trucks etc. travel) But we are on track for VMT to increase 1% by 2031.

Source: 2030 GGRA Plan scenario modeling, analysis by The Center for Climate Strategies

Figure 7. Emission Reductions for On-the-books + Emerging and Innovative Strategies Compared to GGRA and CSN Targets
Transportation Budget Cuts - Implications

- 40% reduction in operating funds to Locally Operated transit systems
- 8% cut in MTA’s operating budget
- Forgoing State of Good Repair for MTA–funding lower than minimum requirements in the Transit Safety & Investment Act
- Reduced MARC service
- Elimination of Commuter bus service
- Delay of MTA bus electrification
- Potential loss of federal matching funds– Red Line, Southern Maryland Rapid Transit, MARC service in Western Maryland
Prioritize transportation projects that reduce greenhouse gas emissions

- Update and strengthen the Chapter 30 Scoring Process for its Consolidated Transportation Program so that it directs transportation spending to the projects that best achieve Maryland’s transportation goals, including decreasing greenhouse gas emissions, improving climate resilience, and reducing vehicle miles traveled.

- Require Metropolitan Planning Organizations and all state highway and road projects with anticipated costs over $5 million to include an environmental review that quantifies and mitigates increases in greenhouse gas emissions and Vehicle Miles Traveled impacts (similar policies in Minnesota and Colorado).
Develop a Vehicle Miles Traveled Reduction Policy

The Maryland Department of the Environment, in conjunction with the Maryland Department of Transportation, should develop a VMT reduction strategy no later than December 2025 that identifies and models policies, programs, and projects that will lead to a 20% per capita VMT reduction below 2019 levels by 2030.

Photo by Genya O'Neall for The Luupe
Adopt binding targets and programs to transition to electric light, medium and heavy-duty vehicles

- Implementation of Advanced Clean Cars II.

- Provide local governmental entities the funding and technical assistance needed to ensure that starting in 2025 the procurement of all new transit and school buses consist of only zero-emission vehicles.

- Require that all sales of medium- and heavy-duty vehicles in the state are zero-emission as of 2036 (Advanced Clean Fleets).

- Electrify all MARC trains by 2035 and work with federal leaders to set requirements for CSX and Norfolk Southern train lines to be all-electric by 2035.
Workforce Considerations

- We need to create good labor union jobs in the transition to electric vehicles.
- There is a need to compete with other markets across the country for electric battery and conduit maintenance facilities to bring jobs to areas across the state.
- Workforce also needs equitable transportation to get to job facilities.
- Opportunities to generate revenue and add to growing taxbase.
Residential Buildings

Ruth Ann Norton, President and CEO, Green & Healthy Homes Initiative
Residential Buildings - Legislation and Policy

- **Whole House Retrofit Model** approach to housing intervention services best opportunity to conduct electrification in low incomes homes while realizing non-energy benefits
  - Aligning housing intervention services and addressing client deferral issues
  - Maryland Green and Healthy Homes Task Force improving cross agency coordination
- **Increasing Staffing Levels** at MEA and MDDHCD to implement programs
- Achievement of **Low Income Energy Savings Goal** (HB169)
- Adoption of **Zero Emissions Appliance Standards**
  - Attorney General Opinion that this can be done by Executive Order by the Governor
  - *Cutting Through The Smog* policy paper
Buildings

- Reform EmPOWER, through PSC action and/or legislation, to bring it in line with state climate goals and require equitable access to electrification appliances and measures.

- Maryland should enact building codes consistent with its decarbonization goals, including a path toward fully zero-emission new construction by 2031.

- The General Assembly should mandate an expansion of Building Energy Performance Standards (BEPS) to incrementally smaller buildings, down to 10,000 square feet, reduce emissions in existing buildings, and provide funding to support affordable housing in complying with BEPS.

- Maryland must create a Gas Transition Strategy to ensure equity and affordability in the transition away from gas.
Leveraging Funding Opportunities to Support Climate Solutions Now Act Goals

- Maryland’s Effective Implementation of the Inflation Reduction Act’s Hope for Homes Program Energy Efficiency and Electrification Rebates for Maryland Residents - $136 million
  - Using equity mapping tool to track expenditures of Inflation Reduction Act funds
- **EPA Climate Pollution Reduction Grants** - $5 billion
  - State of MD Climate Action Plan (MDE); Baltimore-Columbia-Towson Climate Action Plan
- **EPA Environmental and Climate Justice Community Change Grants** - $2 billion
- Use RGGI Funds more flexibly to support whole house approach (New Jersey example)
- **Green Jobs Workforce Development** - Increasing contractor capacity and employment opportunities for residents in under-resourced communities through funding for WFD
Ancillary Benefits of Electrification and Decarbonization of Residential Homes

- Improved Indoor Air Quality and Safety Producing Positive Health Outcomes (asthma, respiratory issues, electrical and fire safety)
  - Reducing carbon dioxide, NOx, benzene and other pollutants from gas burning appliances (NOx pollution from burning fossil fuels in buildings has increased 3.7% from 2017–2023 while NOx from other sectors has gone down)
  - Improving IAQ and energy efficiency through whole house model by GHII resulted in:
    i. 66% reduction in asthma related hospitalizations
    ii. Medicaid costs savings of $2,959 per patient
- Reduction in Energy Costs and Maintenance Costs Improving Financial Stability
- Improved Housing Stability and Resiliency
- Addressing Deferred Maintenance and Fostering Generational Wealth Transfer
Equity and Environmental Justice

- Removing barriers and access to energy efficiency, solar and renewable energy technologies in LMI homes
- Uplifting the needs and concerns of Maryland’s low-income communities, communities of color, and renters for energy equity
- Utilizing MDE’s Environmental Justice Score tools to highlight communities that are the most in-need of an equitable transition
- Proposing bold and implementable ideas to Maryland State Agencies
  - Advocating for solutions and channels towards electrification that empower residents and gives them agency
  - Elevating the importance of protecting low-income tenants from immediate gentrification after major retrofitting and weatherization efforts occur where they live
  - Addressing the energy burden faced by low-income communities
  - Partnering with and ACTING on ideas shared by organizations that have direct constituency in disadvantaged communities
State of Maryland’s Housing: Shortage of 96,000 Homes and Rising
Homebuyers left in Limbo as housing shortage persists — The Baltimore Banner

One-third of Marylanders considering leaving state for cheaper housing — WBAL-TV

Southern Maryland Housing Market Still Faces Inventory Woes As Affordability Crisis Grows — The Southern Maryland Association of Realtors

Maryland affordable housing is scarce, and realtors are lobbying for change — WTOP
Housing costs have steadily risen over the past decade

Source: ACS 1-Year Data, DP04
Increased borrowing costs have pushed homeownership out of reach for many Marylanders

Source: Freddie Mac via St. Louis Fed
The pace of new housing construction decreased after the 2008 housing recession and never recovered

**Maryland Annual Authorized Housing Units**

Data source: MDP
Inaction fuels the escalating housing unit shortage

Maryland Housing Unit Shortage

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<thead>
<tr>
<th>Year</th>
<th>Units</th>
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<tr>
<td>2013</td>
<td>51,340</td>
</tr>
<tr>
<td>2015</td>
<td>59,231</td>
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<tr>
<td>2017</td>
<td>76,816</td>
</tr>
<tr>
<td>2019</td>
<td>91,158</td>
</tr>
<tr>
<td>2021</td>
<td>96,470</td>
</tr>
</tbody>
</table>

Source: Up for growth
Construction costs have increased steadily since 2008, but rose exponentially beginning in 2020

Source: St. Louis Federal Reserve
Regulations take a toll on housing affordability

For each

- **Acre increase in minimum lot size**: 36%
- **Additional regulation**: 2.3%
- **Residential parking spot**: $24,000 - $34,000

**Reduction in the number of new housing units**
Source: Analysis of California growth management regulations

**Increase in the price of rental housing for each additional regulation**
Source: Analysis of eastern Massachusetts permitting data

**Increase to rent**
Source: 2014 national estimate and 2017 analysis
Cost burdens reach all time highs

Share of Maryland renters who spend more than 30% of income on housing

- Spend less than 30%: 48%
- Spend more than 30%: 52%

Share of Maryland homeowners who spend more than 30% of income on housing

- Spend less than 30%: 23%
- Spend more than 30%: 77%

Data source: 1-year ACS, *renter*, *homeowner*
Homeless Indicator

On any given night in Maryland,

5,349
Individuals experiencing homelessness

891
Of whom are unsheltered

Annually,

23,243
Marylanders experience homelessness

3,462
Of whom are chronically homeless

Sources: PIT Data (2022) & Annual Data (2021)
Dimensions of Housing Instability

- Housing Quality
- Housing Cost Burden
- Homelessness
- Lack of Transportation

Neighborhood Quality
(at least 40% of HHs in the CTs are below the poverty line)

Residential Instability
- Evictions/Foreclosures
- Doubling-up
- Overcrowding
- Living in substandard housing

Lack of access to good paying jobs

Access to good performing schools
Share of Maryland renters paying more than 30% of their income on rent by race/ethnicity

- White: 46%
- Black: 52%
- Hispanic/Latino: 54%
- Asian American: 44%

Data source: 2020 Census data tabulated by national equity atlas
Maryland Homeownership Rate by Race/Ethnicity

- White: 78%
- Asian: 74%
- Black or African American: 53%
- Hispanic or Latino: 53%

Data source: 2022 1-year ACS, S2502
Solutions

Expand financing tools available to produce more housing and to revitalize communities.

Incentivize the development of additional housing units and reduce barriers that exist to housing production.

Protect vulnerable renters from predatory practices and expand housing solutions for the most vulnerable Marylanders.
THANK YOU

Maryland Department of Housing and Community Development
7800 Harkins Road, Lanham, MD 20706
(301) 429-7400
www.dhcd.maryland.gov
The State of Housing in Maryland

Maryland Municipal League (MML)
Maryland Association of Counties (MACo)
Housing Policy is an incredibly large sphere to cover within 15 minutes. This presentation represents a very high-level overview of the most pressing issues that intersect housing and local government. Please reach out to MACo/MML staff with any questions or for more information on a specific issue.
Where do local governments fit into housing?

Counties & Municipalities are the closest units of government to the people. The decisions and implications of housing policy have the greatest impact on these jurisdictions.
Local Government Roles

• Major actors when it comes to land use
  • Planning for preservation or growth within certain areas
    • Preservation of agricultural or natural areas
    • Planning for high- or low-density development
  • Facilitators of land development transactions
• Major actors in the development and operation of infrastructure
  • Transportation, Recreation & Green Spaces, Water & Sewer, Education Funding*
• Major actors in delivering and implementing programs
  • Incentives to encourage growth
  • Housing assistance & eviction prevention*
  • Social programs many people will need should they become homeless*

*Unique to counties
Major Challenges - Housing is Unique

Fixable
- More Tools for Local Governments
  - Revise Land Banking statute
  - Incentives for creation/preservation of affordable & attainable housing
  - Direct Assistance
    - Rental Assistance
    - Home Repairs
    - Transitional Housing
- Infrastructure
  - Water & Sanitation
  - Power and Electrification
  - Schools, Hospitals, Parks, etc.
  - Public Transportation

Major Trade Offs
- State and Local Regulations
  - Building Codes
  - Fire Suppression
  - Adequate Public Facilities (APF or APFO)
  - Building Energy Performance Standards (BEPS)
- Infrastructure
  - Water & Sanitation
  - Power and Electrification
  - Schools, Hospitals, Parks, etc.
  - Public Transportation

Realities With No Easy Solution
- Broader Economic Forces
  - National, State, & Local Economies
  - Real Estate Markets
  - Interest Rates
  - Labor Market
  - Supply Chain
  - Cost of Materials
- Environmental Factors
  - Climate Change
  - Preservation v. Development
  - Limited Quantity of Land
- Balanced public engagement
Local Government Actions & Successes

Prince George’s – Right of First Refusal
• A program to preserve affordable housing by giving affordable housing nonprofits (through the county) the right to buy a property before being sold on private market.

City of Thurmont – Residential Clustering
• Single-family houses may be grouped closer together on smaller lots. 1 new subdivision is currently under construction, and 2 more will begin in early 2024.

Queen Anne’s - Moderately Priced Dwelling Unit (MPDU) Program
• Operates two loan programs to help people below medium income purchase homes on the market.
• Fee in lieu supports placement and rental assistance within incorporated areas of the County.

Baltimore County – Unveiling Historic Action on Housing
• $16 Million Housing Opportunities Fund
• Process to Define and Address Vacant and Blighted Structures
• Expanded the use of ADUs

City of Salisbury – Here is Home Initiative
• Waived some city-mandated development fees and taxes to encourage residential development, generating 8,800 new units.

Baltimore City’s Fight to Tackle Vacancy
• $3 Billion over 15 years, $300 million coming directly from the city.
• Redevelop a minimum 37,500 properties, wiping out the roughly 14,000 vacant/abandoned properties. For context, the Maryland is short roughly 92,000 units.
MACo Housing Package

Vacancy & Speculation Tax

• Enabling legislation that gives counties & municipalities the ability to apply an additional tax on units artificially removed from the housing market.

• When units are artificially removed from the broader housing market it can have a major negative impact on the surrounding community. Counties must be given new authority to address this reality

LLC Transparency

• Require SDAT to maintain accurate contact information for LLCs which own property.

• Statewide counties are repeatedly finding blighted or abandoned properties registered to LLCs, with little to no hope of finding the true owner. These units continue to degrade, and this brings down the surrounding community.

Regulatory Authority Over Short-Term Rentals

• Enabling legislation that gives all counties & municipalities the ability to develop licensure & regulatory requirements for short term rentals (STRs).

• Some but not all local jurisdictions have the authority to develop & enforce licensure & regulatory requirements for STRs.
We’re All In This Together

Please reach out with any follow up questions or areas of housing policy not addressed in this briefing.

Dominic J. Butchko
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Angelica Bailey Thupari
Director of Advocacy & Public Affairs, Maryland Municipal League (MML)
angelicab@mdmunicipal.org
House Environment and Transportation Committee Briefing
Housing Issues for the 2024 Session
December 15, 2023

Matt Hill, Public Justice Center
Zafar Shah, Maryland Legal Aid
Ninfa Amador, CASA
Good News!
Failure to Pay Rent Complaint Filings are Down

- 10-Day Pre-Filing Notice – reduces frivolous filings (2021)

- Funding Access to counsel in Evictions (2023) at $14 million/year. On pace to represent 5,500 families in cases in FY 24.
39% Drop in FTPR Filings Since 2019
While complaints are down, evictions are exceeding pre-pandemic highs.
Families Are Closer To the Edge

Why? Families are closer to the edge. One unexpected setback pushes folks over.

1. Rent inflation was up 19% in Balt. Metro area in the pandemic’s aftermath – faster rise than wages or other inflation
2. SNAP Benefits / Child Tax Credit Cut
3. Unstable or “gig” economy
“Some of us are just trying to support our families, and we hit a rough patch. Some of us don’t have friends and family who can help us out of a hole. I sure don’t. We’re out here alone now. My son and I won’t be able to stay together in a shelter anymore if we’re evicted. He’s too old. So he’s going to have to go into a separate shelter. And we lose everything that we’ve built up over the past two years.” April Taylor, Baltimore County
Stable Homes = Stable Kids & Greater Educational Achievement

“My kids didn’t want to go to school because they were worried they were going to come home and our things would be on the street. My son and daughter were already struggling, and this made it so much worse. When we told the kids that the rent had been paid, they were so happy that they started shouting and yelling. Now they smile more and worry less.” – Magdalena Escobar, Prince George’s County
Eviction Prevention = Righting Racial Wrongs

Maryland’s eviction prevention program during the pandemic helped over 100,000 households avoid eviction. 73% of those households identified as Black; 71% identified as female-led.

Because of structural housing racism, one in four Black children in rental households face the threat of eviction in a typical year.

https://www.arcgis.com/apps/mapviewer/index.html?webmap=ed0d5739f16d44c18b0ed849ddd472a6&extent=-80.3228,37.5706,-73.8464,40.1242
Tenant Holding Over

- Eviction proceedings against tenant after lease expiration
- “No fault” eviction
- 60-day notice to terminate tenancy
- No right of redemption

Over 4,000 cases filed Jan.-Sept. 2023, which is 2.5x the number of Breach of Lease cases.
State retaliation protection does not apply to one-term (non-periodic) leases.
117% increase in average THOs/mo. since initial COVID-19 shutdown

Source: Judiciary statistics, https://mdcourts.gov/district/about
THO displacement disparately impacts Black communities

Source: Dep’t of Housing and Community Development statistics, https://dhcd.maryland.gov/Maps/Pages/default.aspx
“Nearly half of U.S. renter households reported experiencing significant pressure to move during the previous 6 months.”

Renter households of color were more likely to report experiencing pressure to leave their unit and forced moves.

9% of households reported that the cause of pressure was “threatened with eviction or told to leave” (separate from non-payment).

56% reported that the cause was “landlord raised rent.”

One in 10 households reported experiencing a forced move because of pressure during the previous 6 months.

A single, large multi-family property in Montgomery County has over 10,000 code citations “in progress” since Feb. 2023.

Only 83 rent escrow cases have been filed in Montgomery Co., Jan.-Sept. 2023.

The state is on pace to reach around 1,960 rent escrow cases total by the end of the year.

Housing Conditions and Solutions

Rent Escrow cases compared to Inadequate Rental Units in Maryland

- Moderately inadequate rental units (2021): 47,300
- Severely inadequate rental units (2021): 19,200
- Rent escrow cases FY 2022: 1,183
- Rent escrow cases 2023 (projected): 1,959

Sources: U.S. Census Bureau, American Housing Survey for the United States: 2021, Table Creator (Select area: Maryland, Select a table: Housing Quality); Judiciary statistics, https://mdcourts.gov/district/about/stats.
Families Deserve Stability, Safety, Protection, Fairness

- Stability from Discriminatory, Arbitrary Evictions
  - Families across MD are joining tenant associations and collectively demanding better housing conditions, leading many to be retaliated against through eviction notices

- Safety from severe conditions of disrepair that threaten life and health
  - Even when tenants have a stable roof over their head, that roof is leaking and unscrupulous landlords are avoiding accountability

- Eviction Prevention Funds to stop the displacement of families who experience a short-term crisis from their communities and homes
  - Families living paycheck to paycheck face extremely high rents and low wages.

- Allow renters a reasonable chance to recover their personal possessions post-eviction.
Questions/Contacts

Matt Hill, Public Justice Center, hillm@publicjustice.org
Zafar Shah, Maryland Legal Aid, zshah@mdlab.org
Ninfa Amador, CASA, namador@wearecasa.org
TOPICS

• State of Rental Housing in Maryland
• Dollar of Rent
• Building Energy Performance Standards
• Sprinkler Retrofits
• Just Cause Eviction
• Rent Court Data
• Legislation
STATE OF RENTAL HOUSING IN MARYLAND

• 869K Apartment residents. Spending from these residents contributes $61B to the local economy each year (including $8.5B in taxes) creating 276K jobs
• 452.3K apartment homes which contributes $3.5B to the local economy (including $1B in property taxes), creating 6K jobs.
• 3K new apartments are needed annually to meet demand. Apartment construction contributes $1.6B to Maryland’s economy annually creating 6k jobs.

*WEAREAPARTMENTS.COM
DOLLAR OF RENT

Where $1 of rent goes in a professionally managed apartment

Employee Payroll: $0.09
Property Taxes: $0.10
Operating Expenses: $0.27
Capital Expenditures Reserves: $0.02
Mortgage Payment: $0.47
Profit: $0.05

Owners of apartment communities in Maryland are working on a 5% margin

"Data is based on 2012 operating statements from 5,663 rental properties with $1 or more in rental taxes in Freddie Mac CMBS. Data is comprised of lender underwriting financials and approved values and normalized operating statements extracted from agency multifamily CMBS offering circulars and trustee reports."
BUILDING ENERGY PERFORMANCE STANDARDS (BEPS)

• The BEPS will require multifamily and commercial building 35,000 square feet or larger to reduce direct greenhouse gas emissions 20% by 2030 and reach net zero direct emissions by 2040.

• The regulations also establish energy use limitations, reporting requirements, exemptions, and waivers. It also establishes a non-compliance fee based on the U.S. Environmental Protection Agency’s draft social cost of carbon, which would penalize building owners $230 per ton of greenhouse gas emissions that exceed established limited beginning in 2030.

• Multifamily apartments and condominiums will require expensive, disruptive renovations to replace in-unit gas stoves, hot water heaters and furnaces or boilers.
BEPS - COSTS

• **Garden unit**: $20,000-22,000. This assumes a conversion from a gas furnace to heat pump, gas water heater to electric, panel upgrade, and an allowance for restoration/ modifications to walls and ductwork.

• **High-rise unit**: around $25,000 due to other infrastructure issues of HVAC line sets and electrical unknowns.

• Depending upon the situation there could be other costs. Neither of these numbers contemplate resident relocation during the conversion and/ or accommodations for occupied installations

• Some local jurisdictions have rent control which limit recoverability of these costs.
• In 2023, SB0970/HB1292 Fire Protection and Prevention - Sprinkler Systems - (Melanie Diaz Sprinklers Save Lives Act) was introduced to require by January 1, 2033, each high-rise building to be protected by a complete automatic sprinkler system.

• The fire trend data does not specifically support the fire commission declaration of an inimical hazard en masse for high-rise buildings.

• No clearly identifiable high-rise fire deaths other than the one in February 2023.

• Single family homes account for more than half of all fire deaths.

• 75% of high-rise fires from 2009 - 2013 began in the kitchen.
## SPRINKLER RETROFIT COSTS

<table>
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<tr>
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<th>Cost</th>
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<tr>
<td>Sprinkler System Retrofit Installation in Finished Areas</td>
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<tr>
<td>Sprinkler System Retrofit Installation in Unfinished Areas</td>
<td>$2/sq. ft.</td>
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<tr>
<td>Soffit System for Exposed Pipes in Finished Areas</td>
<td>$0.75/sq. ft.*</td>
</tr>
<tr>
<td>Fire Pump</td>
<td>$75,000</td>
</tr>
<tr>
<td>Hazardous Material Abatement</td>
<td>$2/sq. ft.</td>
</tr>
<tr>
<td>Patching and Painting</td>
<td>3% of project cost</td>
</tr>
</tbody>
</table>
SPRINKLER RETROFIT COSTS

Property in Chevy Chase
• $3,983,623
• 310 units
• $12,850 per unit
• 5% rent increase*

2018 Condominium Quote
• Total cost, not including sidewall sprinkler head alternates: $4,812,152
• 292 units
• $16,479 per unit without accounting for recent inflation
JUST CAUSE EVICTION

• Eliminates the right to serve a nonrenewal notice at the end of a lease term. Owner would have to show cause for the “eviction” and then receive a court order to terminate a lease.

• Obtaining cause is reliant on testimony from other residents which can lead to hostile relationships between residents and property owners.

• Restricts rights of property owners

• Provides a life tenancy to residents – grants a property interest

• Problem residents will be harder to remove.

• Crowded courts – the imposition of “just cause” factors will allow problem residents to clog the courts with challenges.
RENT COURT DATA (2019 VS. 2023)

- Quick Facts (2019 vs. 2023)
  - Evictions have declined 8.8%
  - Warrants of restitution have declined 45%
  - Court filings for non-payment have declined 37.4%
  - Compared to the number of filings, cases where an individual refused to leave after the lease has ended, substantially breached the lease, or entered the property without a lease make up a significant share of evictions.

- Maryland counties continue to have prolonged delays in the rent court process compared to other jurisdictions.
LEGISLATION

• Court Workforce Pilot Program
  • The bill establishes a pilot program for prince george’s and montgomery county to maintain a workforce development professional in district court on days when rent court is operating.
  • The workforce development professional will connect individuals with workforce training and job opportunities.

• Workforce Training
  • The bill allocates funding to programs that train and connect participants to careers as leasing professionals in Maryland’s rental housing industry.
QUESTIONS

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