

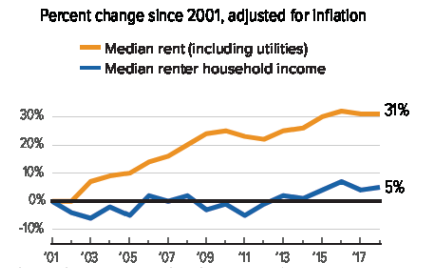
MORE HOUSING FOR MARYLAND'S WORKING FAMILIES

SUPPORT SB 715 To Spur Private Investment In New Affordable Housing

MARYLAND IS FACING A LOOMING HOUSING CRISIS AND NEEDS TO BUILD MORE UNITS

- 🏠 Over the next decade, 320,000 new housing units are needed in the Washington Metro Area alone. That is an increase of 75,000 over current targets, according to a 2019 report by the Metropolitan Washington Council of Governments. The COG set a target of at least 75% or 240,000 of these units should be affordable to low- and middle-income households.
- 🏠 More than 178,000 Maryland families pay more than half of their monthly income on rent, leaving too little for expenses like health care, transportation, and nutritious food. Housing is considered unaffordable when it costs more than 30 percent of a household's income.
- 🏠 In 2019, the Maryland Department of Housing & Community Development (DHCD) received 47 applications requesting \$122 million in financing but was only able to award \$44 million to 15 projects totaling 1,837 units. This record number of applications and units financed illustrates the demand for this funding.
- 🏠 While many Maryland affordable homes are financed using the federal Low-Income Housing Tax Credit (Housing Credit) and the Maryland Rental Housing Works Program among other programs, Maryland does not use all of its Federal affordable housing credits. Additional incentives are necessary to meet the growing need for these homes.

Rents Have Risen Dramatically; Income Has Not



Source: CBPP tabulations of the Census Bureau's American Community Survey
CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

Maryland Housing by The Numbers

8th	In Nation for Cost of Housing
33%	Of State Rents
\$1,431	Avg 2-Bdrm Market-Rate Rent
\$57,238	Income to Afford Avg Market-Rate 2-Bdrm

THE SOLUTION | SB 715 A Maryland State Housing Credit

- 🏠 Establish a Maryland affordable housing tax credit that will match the federal housing credit to help create new private investment and expand access to federal tax credits.
- 🏠 The Maryland tax credit can be implemented without additional costs as DHCD previously administered the federal housing credit program in the state.
- 🏠 A \$5 million annual allocation for 6 years of state credits could mean millions in new private investment in affordable housing and generating state and local revenue from residents of these new homes.
- 🏠 Federal tax credit regulations can be applied to the state credit to assure that the homes remain affordable for thirty years and require high quality building construction and maintenance.
- 🏠 The annual state credits paired with federal credits helps to lower the leverage needed for developers to complete so-called 9% deals.

PROGRAM OVERVIEW

EASY IMPLEMENTATION

State housing tax credit uses existing federal housing credit infrastructure at no additional administrative cost.

GUARANTEED HIGH-QUALITY HOUSING

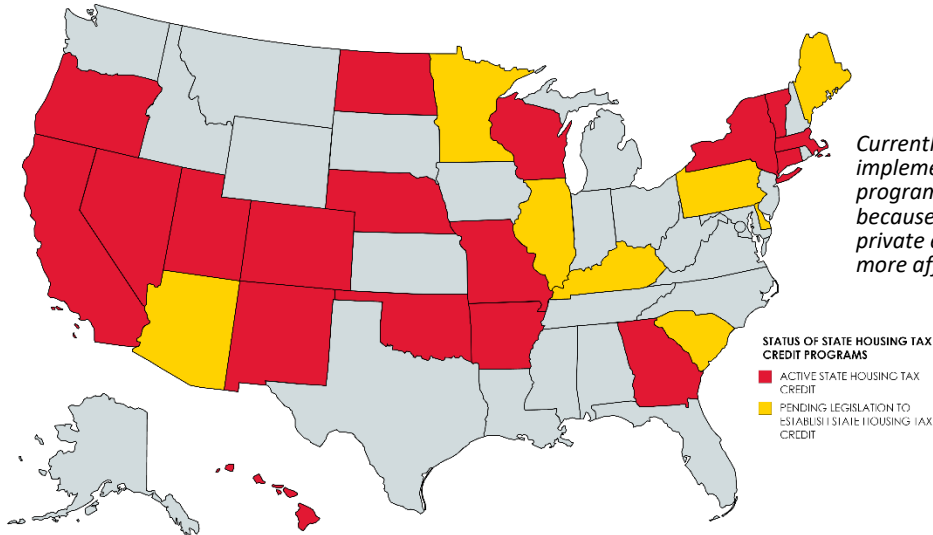
On top of DHCD oversight, investors monitor performance to ensure quality affordable housing that serves families, enhances neighborhoods, and protects the state's investment

LONG TERM AFFORDABILITY

The state housing tax credit agreement runs 30 years to preserve affordability for an extended period.

MANY OTHER STATES MAXIMIZE FEDERAL AFFORDABLE HOUSING TAX CREDIT FUNDS

WITH A STATE-LEVEL TAX CREDIT PROGRAM



Currently 18 states that have implemented a state tax credit program for affordable housing because of its success in attracting private equity to build and preserve more affordable homes.

COLORADO

Between 2015 and 2018, CO's state affordable housing tax credit program directly supported the development of 4,796 affordable rental units and enabled the state Housing Finance Agency to support 15,312 units using state and/or federal Housing Credits. CO renewed their state housing tax credit through 2024, citing the credit's ability to leverage over \$465 million in private sector investment that otherwise would not have occurred.

GEORGIA

State credits issued to projects for the first three years of the program in GA enabled the construction of a total of 25,007 units of affordable housing, resulting in a total economic impact of \$4.47 billion for the state and the creation of 12,000 jobs.

WISCONSIN

Since its establishment in 2018, the Wisconsin State Tax Credit Program has supported the development of 1,861 affordable rental homes. The year after the program was implemented the number of affordable units generated through tax credits nearly doubled.

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