



February 17, 2021

**Senate Bill 566**

**Anne Arundel County - Transfer Tax – Special Revenue Fund**

**Position: FAVORABLE**

Thank you for the opportunity to testify in support of Senate Bill 566, legislation that would enable Anne Arundel County to consider, and if approved by the County Council, enact legislation to establish a special revenue fund dedicated to providing affordable housing for low and moderate income families in Anne Arundel County. Arundel Community Development Services, Inc. (ACDS) serves as Anne Arundel County's nonprofit housing and community development agency, helping Anne Arundel County residents and communities thrive through the provision of affordable and sustainable housing opportunities, programs to prevent and end homelessness, and community development initiatives.

SB 566, which would authorize the County, through the local legislative process, to raise the transfer tax on real estate transactions over \$1,000,000, creates a dedicated fund that could be used to develop and preserve affordable homeownership and rental housing units serving our County's most cost burdened households. While the COVID-19 pandemic has left service industry workers, and households at the lower end of the economic spectrum in more precarious housing situations, the great need for affordable housing in this County was clearly demonstrated even before the current crisis began. In 2019, ACDS conducted a housing needs assessment which stated that over 21 percent of all renter households earning 80% of Area Median Income (AMI) or below were severely cost burdened, while 11,385 homeowner households at that same income level were severely cost burdened. The analysis also showed that the County had just about half of the necessary affordable rental stock that was needed to serve the over 17,000 households in the County earning \$50,000 or less.

One of the best ways to meet the unmet need for affordable housing is to develop and preserve income restricted units. Typically, these assisted units require deep subsidies to make them affordable for our workforce, people with disabilities and other income limited households, yet State subsidies are extremely competitive and are only awarded to a fraction of the development teams who apply for them. This tool would help leverage and stretch those competitive funds and allow the County to support the creation and preservation of additional units. Developing and preserving affordable units is good for our economy as it generates additional construction related jobs and helps house our workforce in our community in a sustainable matter.

**For the reasons noted above, we urge a FAVORABLE report on SB 566.**