



The Senate of Maryland
ANNAPOLIS, MARYLAND 21401

TESTIMONY OF SENATOR SHELLY HETTLEMAN
SB 744 – HOUSING AND COMMUNITY DEVELOPMENT – AFFORDABLE HOUSING
– LISTING AND DISPOSAL OF EXCESS REAL PROPERTY

The goal of SB 744 is to increase the amount of affordable housing in Maryland. According to a study funded by the Department of Housing and Community Development (DHCD), and prepared by the National Center for Smart Growth and Enterprise Community Partners, Inc.,¹ Maryland lacks approximately 85,000 rental units for its lowest income households.² The study projects that between 2020 and 2030, Maryland will add an estimated 97,200 extremely and very low-income households. These projections were made immediately before COVID, which has put additional families into poverty and housing insecurity.³ Without accelerating the rate of development of affordable housing, the current shortage will continue to worsen.

Maryland needs multiple tools to solve the ongoing affordable housing crisis. There are a number of elements that make the development of affordable housing particularly challenging: access to capital, rising costs of labor and materials, and the finite amount of open land on which to build. This bill is primarily focused on expanding opportunities for the acquisition of land.

One of the policy solutions outlined in the DHCD report is promoting affordable housing on state-owned land.⁴ The Department of Planning lists over 14,000 pieces of real property. Only a very limited number each year are identified as excess by any agency head, and only a subset of that would theoretically be identified as suitable for affordable housing. However, when a property is identified as suitable, by providing the land for free or at a discount, we can reduce the overall cost of development, thereby helping to keep future rents or mortgage payments lower.

Other states have similar programs. For example, Washington's State Surplus Program, which started in 1993, requires multiple state agencies to report their vacant and surplus properties to the Department of Commerce, which then works with those agencies to identify, catalog, and

¹ *Maryland Housing Needs Assessment & 10-Year Strategic Plan*,
<https://dhcd.maryland.gov/Documents/Other%20Publications/Report.pdf>, p. 1.

² Meaning extremely low-income or those earning 30 percent of area median income or below.

³ *Maryland Housing Needs Assessment & 10-Year Strategic Plan*,
<https://dhcd.maryland.gov/Documents/Other%20Publications/Report.pdf>, p. 2.

⁴ *Id.*, p. 29.

recommend the best use of those properties suitable for affordable housing for very low-income, low-income, or moderate-income households.⁵ Programs like these, that address the lack of real property available for development rather than just barriers to access to capital, are an innovative approach to addressing the housing crisis.

The bill's definition of affordable housing precludes any property where development would conflict with environmental or historic preservation interests. The bill also does not divert any funds as part of this process, and can actually raise funds generated through the sale of properties to developers or non-profits for affordable housing development.

The bill requires State units of government to compile a list each year of properties it owns and has either no current or future use for and that would be suitable for affordable housing.⁶ As amended, the bill's definition of affordable housing will be consistent with definitions used under the Low Income Housing Tax Credit program. If the property is suitable, the bill, as amended, requires the unit of State government to work with the Department of Planning and DHCD to develop a proposal either to donate or sell the property to a non-profit or for-profit developer that intends to develop the property for affordable housing. If no non-profit or for-profit buyer is identified, then the property would be sold at auction and funds generated through this process would be deposited in the Rental Housing Fund, which is the state fund for financing affordable and low-income housing projects.

The bill also outlines elements used to assess a property's suitability for affordable housing. A property will be added to the list of suitable properties if it:

1. Is located in an area designated as a priority funding area under State Finance and Procurement Article § 5-7b;
2. Does not belong in a category of property listed in § 5-310(C)(1)(i) of the State Finance and Procurement Article, which includes environment and historic preservation laws and parks;
3. Is adequately sized for any type of residential use;
4. Has access to public utilities; and
5. Has access to feasible ingress and egress points.

This bill is a creative way of examining already existing state resources that may be appropriate and developable for affordable housing, and making them available to nonprofit and for-profit developers to help meet the desperate need Maryland has for affordable housing.

⁵ Wash. Rev. Code Ann. § 43.63A.510 (West)

⁶ Housing and Community Development Article, § 2-203(B)(2), p. 3. The Department of Planning's State Clearinghouse regulation COMAR 34.02.02.03 defines "surplus" and "excess" properties as properties that either the Board of Public Works or a State agency determines is not suitable for any current or future needs of the State.