



**Testimony to the House Ways & Means Committee
HB 211 – Rental Housing Funds, Calculation of Taxable Income, and Transfer
Tax – Alterations
Position: SUPPORT
February 9, 2023**

HB 211 would use the savings achieved from three simple tax changes to support the development of more affordable rental housing across the State of Maryland by providing \$20 million in additional annual funding to the Rental Housing Fund. There is an urgent need across the State for more affordable housing for low income households, and such housing is only built by private developers when they receive favorable financing from the federal, State, and local governments. As seen post-Pandemic, rental properties that do not receive government financing that restricts the income of the tenants or the rents they can charge are seeing major rent increases and becoming unaffordable for many working families. The Maryland Department of Housing and Community Development (DHCD) uses the Rental Housing Fund to offer low interest loans to housing developers to construct housing that serves low income families and individuals. The loans are re-paid to the State with interest and require the developer to keep the property affordable for 40 years with annual limits set by DHCD for maximum tenant income and allowable rents. However, this program does not receive enough funding in the Capital Budget and runs out of money by the Spring of each year, leaving projects on hold until new funds become available the next fiscal year. There are currently 90 such projects in DHCD's pipeline, which would take an estimated \$250 million in State loans to complete. An additional annual appropriation of at least \$20 Million would go a long way to fund more affordable housing projects and create much needed housing for Marylanders who continue to struggle to find safe, healthy, and stable housing.

According to the National Low Income Housing Coalition, Maryland needs to build an additional 131,827 affordable housing units just to serve the households in our State that earn up to 50% of the area median income. The need for affordable housing continues to grow as does the cost to build the housing given inflation, rising interest rates and material costs, so now is the time to invest more State dollars into the production of more affordable housing.

MAHC is the leading organization for the affordable rental housing industry in Maryland and represents over 185 member organizations, including nonprofit and for-profit developers, State and local housing authorities, property management companies, financial institutions, community development organizations, general contractors, architects, tax credit investors, consultants and individuals. Our members develop affordable housing properties across the state and could benefit from HB 211.

Respectfully submitted on February 9, 2023 by Miranda Darden-Willems, Executive Director, on behalf of the MAHC Board of Directors.



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