***STATE OF MARYLAND***
*OFFICE OF THE GOVERNOR*

---

# GOVERNOR MOORE'S 2024 HOUSING PACKAGE

## Maryland is Experiencing a Housing Crisis

Maryland is experiencing a shortage of **96,000** housing units and that figure will only grow without intentional action to grow the housing supply. Over the last 10 years, Maryland has significantly underproduced housing which has added to this shortage at an average rate of **5,600** units per year. As a state and nation, we are still living with the lingering effects of the 2008 financial and housing crisis. Pandemic-era inflation and the associated rise in interest rates have only worsened this problem - making new housing construction even more expensive.

This supply shortage is having direct impacts on Marylanders' pocket books as the pathway to homeownership is becoming increasingly out of reach. Between October 2021 and October 2023, the household income needed to afford the median-priced Maryland home has doubled, jumping by a staggering **56%**, from **$85,000 to $132,000**. And this impact is not specific to potential buyers as more than **52%** of Maryland renters are cost-burdened, spending **30%** or more of their wages on housing-related costs. A **quarter** of renters are spending **50%** or more on housing-related costs.

**Package Description:** Governor Moore's 2024 Housing Package is a set of necessary reforms that holistically addresses Maryland's housing crisis. By increasing funding for housing, reducing barriers to new construction, and protecting Maryland's most vulnerable renters, this package goes to the heart of the issues driving unaffordable housing costs and housing instability.

Impediments to new construction, inadequate capital resources, and predatory rental practices, contribute to the high housing costs that are burdening over half of Maryland renters. In recent years, states as diverse as Montana, Oregon, Florida, Massachusetts and Maine have successfully passed bipartisan legislation to expand housing availability. Maryland wouldn't be charting this path alone, but join a growing chorus of states that have undertaken major housing reforms.

This holistic package addresses the housing crisis through an "all-hands on deck" approach. This package recognizes the broad reforms needed throughout the housing continuum - from how housing is financed to where and how it's built to the protections afforded to those who live in it.

## HOUSING EXPANSION AND AFFORDABILITY ACT OF 2024

**Description:** The Housing Expansion and Affordability Act of 2024 establishes regulatory incentives for vital development to address the housing supply and affordability crisis in a manner that is sensitive to local zoning. The state currently blocks local authority to develop certain agricultural and environmentally-sensitive areas but we do not incentivize development in areas where building is more desirable. This legislation is broken into three key buckets:

1. **Regulatory Incentives and Density Bonuses**
   This section of the bill streamlines processes and allows for properties to be developed with higher density and in a more expeditious manner if the property is:

   a. Within 0.75 mile of a passenger rail station and will contain at least 15% affordable housing units. This seeks to address both the state's housing and environmental goals by incentivizing the creation of new housing while unlocking car-free options for everyday travel;

   b. Formerly a historic state-owned campus or federal military installation that was built at least 50 years ago and will contain at least 25% affordable housing units. This seeks to address two problems at once by providing incentives to develop deteriorated properties while incentivizing the creation of more housing units; or

   c. Owned or controlled by a 501(c)(3) organization that has existed for 3 years and will contain at least 25% affordable housing units. Housing operated on properties owned by nonprofit organizations are subject to property taxes.

   d. The density bonuses in this section are sensitive to local zoning decisions. Specific housing development will be authorized to be developed with higher density and in a more expeditious manner by:

      i. Permitting middle housing in areas zoned for single-family, except for those that were zoned single family prior to January 1, 2024 within 0.75 miles of a passenger rail station;
      ii. Permitting mixed-use and 30% greater density in areas zoned for multifamily;
      iii. Permitting either 30% greater density or density in line with the highest density area in areas zoned for mixed-use; and
      iv. Permitting mixed-use housing in line with the highest density area of the jurisdiction for areas zoned as nonresidential.

   e. The transit-oriented density bonuses in this section are additionally sensitive to existing local Moderately Priced Dwelling Unit (MDPU) programs. For local jurisdictions with MDPU programs that meet certain affordability thresholds, projects must have at least 20% affordable housing units to qualify for a density bonus.

f. Rail stations located on college campuses are exempt from the transit-oriented density bonuses to recognize the unique housing market factors around college campuses.

g. Qualified projects receive additional regulatory benefits, including reductions in local requirements that increase the time and costs of developing housing.

2. **Modernizing Code for Manufactured and Modular Homes**
This section addresses the high costs and lengthy time frame of construction by permitting new manufactured homes in areas zoned for single-family residential uses. The bill applies to manufactured and modular homes that are, or will be, converted to real property once attached to a foundation. This modernizes the building code to better reflect current best practices while providing access to affordable homes for Marylanders.

3. **Establishment of Historic Property Revitalization Director**
Subsequent to a recommendation by the Sustainable Growth Subcabinet, this section creates this position to support the Subcabinet, take inventory of state-owned buildings over 50 years old, determine the highest and best value for the State's disposition of property, work across government to determine redevelopment financing options for state-owned property, oversee the disposition process along with Department of General Services, and report on work.

**Key Points:**

- The state does a great job at *blocking* development in places we see fit - farmland or environmentally sensitive zones - but we do a terrible job at *incentivizing* development in areas where we want to build, this bill seeks to correct that.
- This housing shortage means that Marylanders are cramming into houses with too few bedrooms, living in cars, and, in the worst cases, living on the street.
- Research shows that increasing supply reduces rent for all and, in most cases, increases the property value of pre-existing housing nearby.
- This legislation takes a modern approach to affordable housing by incentivizing development with mixed income levels.
- In every jurisdiction, cops and teachers can qualify for affordable units created under this bill. It is time to ensure that public servants can live in the communities they serve.

**HOUSING AND COMMUNITY DEVELOPMENT FINANCING ACT OF 2024**

**Description:** The Housing and Community Development Financing Act of 2024 unlocks new tools to strengthen Maryland communities and address the ongoing housing crisis.

**Components of the Legislation:**

1. **Establishment of the Maryland Community Investment Corporation ("MCIC")**
   This section establishes a new Community Development Entity (CDE) to serve as an instrumentality of the state, the Maryland Community Investment Corporation ("MCIC"). This entity will make vital investments in businesses and community projects in low-income neighborhoods while offsetting federal taxes for Maryland businesses. An interactive map of these eligible census tracts is available here. The federal definition of "low-income community" referenced in the bill includes the definition of a census tract that is eligible for NMTCs. It includes the following criteria:
   - The tract has a poverty rate of at least 20 percent;
   - If the tract is located within a metropolitan area, the median family income for such tract does not exceed 80 percent of statewide median family income; and
   - If the tract is located within a metropolitan area, the median family income for the tract does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income.

   CDEs are entities certified by the US Treasury Department to make loans or investments that stimulate community development. The legal structure of these entities is determined by the Treasury, and they are funded through the New Market Tax Credit (NMTC). NMTCs are used primarily to fund commercial, industrial, community facility, and mixed-use real estate projects, as well as operating businesses located in qualifying low income communities. NMTCs can subsidize approximately 15% to 20% of a project's capital needs, usually in the form of low-interest, forgivable debt. CDEs sell the tax credits to investors with federal income tax liabilities, and use the funds raised by the tax credit sale to make debt or equity investments in entities located in qualified low-income communities. NMTCs are allocated based on a competitive annual process. $5 billion annually is currently dedicated to this program. On average, approximately 50% of the CDEs that apply in the competitive round receive NMTC allocations, with an average award of $50M. Once a CDE receives a NMTC award, it has five years to utilize it. The more quickly CDEs utilize their allocated tax credits, the stronger their argument is to receive new funding in the next competitive round.

Many public jurisdictions have established quasi-governmental entities that have become certified CDEs to directly channel federal investment in their communities. For example, the State of California has deployed $253M in federal NMTCs through their CDE. As required by the US Treasury, the Corporation would be managed by a Board of Directors with a Chair picked from among their membership. The proposed membership would include the Comptroller, Secretary of Housing and Community Development, Secretary of Commerce, and two members appointed by the Governor representing nonprofit entities in the state and low-income communities.

2. **Alterations to Strategic Demolition and Smart Growth Impact Fund**
This section seeks to expand the eligible costs for which a grant or loan can be issued to a local government or community development organization under the Strategic Demolition and Smart Growth Impact Fund to include credit enhancement.

   Under current law, the purpose of the Fund is to provide grants and loans to assist in predevelopment activities, including interior and exterior demolition, land assembly, architecture and engineering, and site development for certain revitalization projects. This alteration to the Program is aimed at providing local governments and community development organizations an enhanced tool to promote development.

**Key Points:**

- Maryland is enhancing its long-term financial investment in low-income communities through more dedicated staff and the award of competitive federal resources.
- The creation of a Maryland Community Investment Corporation will direct an estimated $50 million in federal funding for community investment in Maryland.
- Adjustments to the Strategic Demolition and Smart Growth Impact Fund allowable uses enhance the ability of government agencies to finance housing and community development initiatives.

***STATE OF MARYLAND***
*OFFICE OF THE GOVERNOR*

---

**RENTERS RIGHTS AND HOUSING STABILIZATION ACT OF 2024**

**Description:** The Renters Rights and Housing Stabilization Act of 2024 enhances protections for renters, strengthens the enforcement of existing laws, and reduces the impact of evictions on Maryland families.

**Components of the Legislation:**

1. **Establish the Office of Tenant and Landlord Affairs ("OTLA")**
   This section establishes the Office of Tenant and Landlord Affairs within the Department of Housing and Community Development. OTLA will be responsible for serving as a resource for renters and landlords, providing renters and landlords with information about their rights under law, disseminating guidance on how to exercise those rights, and acting as an ombudsman to coordinate with relevant state, local, and federal offices as necessary.

2. **Create a Maryland Tenant Bill of Rights**
   The Office of Tenant and Landlord Affairs will be required to create and disseminate a Maryland Tenants Bill of Rights which will serve as a major source of information on renters' rights and must be provided to all tenants as an addendum to their lease. OTLA will not have the ability to create new rights. Rather, the Office will ensure that all tenants have access to their rights in plain language and with contact information for OTLA.

3. **Pathways to Homeownership: Tenant Opportunity to Purchase**
   This section seeks to create new and better pathways to homeownership by providing renters with a right of first offer and refusal should the landlord decide to sell the rental property with a sitting tenant, allowing a renter the option to purchase the property themselves rather than it being sold to another landlord or potential inhabitant. This provides opportunities for wealth creation and rebalances dynamics that have prevented generational wealth.

   This right preserves both naturally occurring affordable housing and the essence of communities that are at risk of gentrification as outside investors seek to purchase and redevelop homes. This mitigates displacement of the families that make communities what they are and keeps them put with a new investment in their neighborhoods, contributing to community cohesion and promoting a sense of belonging.

   In designing this section, the Administration analyzed other jurisdictions and created the following details:
    1. This right will apply only to single-family properties and those with three or fewer units;
    2. Tenants are not permitted to sell their right of first refusal as in Washington DC;
    3. Tenants only obtain this right after residing in the property for 6 months;

4. The Office of Tenant and Landlord Affairs will help tenants navigate this process quickly so as to not create unnecessary delays in the buying process.

4. **Eviction Filing Fee Alterations**
This section seeks to address Maryland's status as having the lowest-in-the-nation eviction filing fee by raising it from from $8 to $43 in failure to pay rent cases, thereby increasing the total cost of filing an eviction from $15 to $50. In certain instances, landlords will be able to deduct the filing fee from the tenant's security deposit at the end of the lease, rather than requiring the tenant to pay the fee in order to exercise their right of redemption and stay in their home. Revenue will be dedicated as:
   - 45% to the Maryland Legal Services Corporation to assist in their representation of Marylanders in eviction cases;
   - 45% to help fund the state's new rental assistance voucher program;
   - 10% to Community Schools Family Fund, which would be used to provide rental assistance to eligible student households.

   *Other Fee Alterations*
   This section raises the Circuit Court filing fee cap from $55 to $85 and raises the District Court civil case filing fee from $18 to $28. This section is not directly tied to the eviction process or housing, but rather raises revenue for the Maryland Legal Services Corporation.

5. **Eviction Stays in Extreme Weather Conditions**
The section seeks to bar evictions in extreme weather or other dangerous conditions. This section builds upon an existing right for administrative judges to stay an eviction in extreme weather conditions by making this a requirement in cases of:
   - Temperatures below 32 degrees fahrenheit;
   - Winter storm or blizzard;
   - Hurricane or tropical storm; and
   - Excessive heat warning issued by the National Weather Service

6. **Security Deposit Caps**
The bill seeks to reduce the allowable security deposit for renters in Maryland from two month's rent to one month's rent. This change closes the "first and last month's rent" loophole by limiting the tenant costs to occupy the premises to the security deposit and first month's rent.

   The median rent across all unit sizes in Maryland is $1,819, meaning a tenant can be required to come up with roughly $5,400, or more, to move in. According to the Federal Reserve, the median American family has about $8,000 accessible in savings accounts and the typical renter has only about $3,400 in total savings, amounts that could be nearly or entirely used up to pay a two-month security deposit and the first month's rent on a rental unit in Maryland. For many renters, even those with incomes at or above the area median, this places a new home out of reach, and these high up-front costs affect renter mobility and can force renters to stay with landlords despite unreasonable rent increases and/or inadequate housing.

7. **More Time to Catch up on Rent**
   In recognition of the incredible budgetary pressures that Maryland renters are subject to, this section extends from 4 to 7 days the amount of time that must pass before a warrant to remove a tenant from their property may be issued.

8. **New Reporting**
   This section expands the data required to be submitted in an Eviction Data Report to include:
   - Street address and city;
   - Date the owner filed for warrant of restitution with the court;
   - Date of hearing;
   - Date warrant was issued by the court;
   - Name of property owner;
   - Amount of rent and fees owed at time of possession judgment;
   - Whether the renter had right to redemption;
   - Outcome of warrant (tenant paid to stay, tenant moved, sheriff executed eviction, etc);
   - Whether tenant had legal representation at hearing; and
   - Whether the tenant appeared at the hearing.

**Key Points:**

- The Office of Tenant and Landlord Affairs will centralize resources for Maryland renters and ensure the enforcement of existing state laws.
- Increasing eviction filing fees is an evidence-based approach to protect Maryland families from the life-altering impact of having an eviction filed against them.
- Lowering security deposits removes substantial barriers to becoming housed and reduces financial instability for renters across the State.
- Giving tenants the opportunity to purchase their rental home creates new pathways to generational wealth, increases neighborhood stability, and prevents displacement.
- The Maryland Tenants Bill of Rights will ensure that both renters and landlords are fully aware of protections under law when entering into a lease.