



# Governor Moore's 2024 Housing Package

Briefing for Local Partners



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# This Presentation

**01**

**Issue at Hand**

**02**

**Regulatory Incentives**

**03**

**Renter Protections**

**04**

**Financing**

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# Maryland Families are Facing a Housing Crisis

**The shortage of 96,000 housing units in Maryland will only grow without an intentional plan to address root causes**

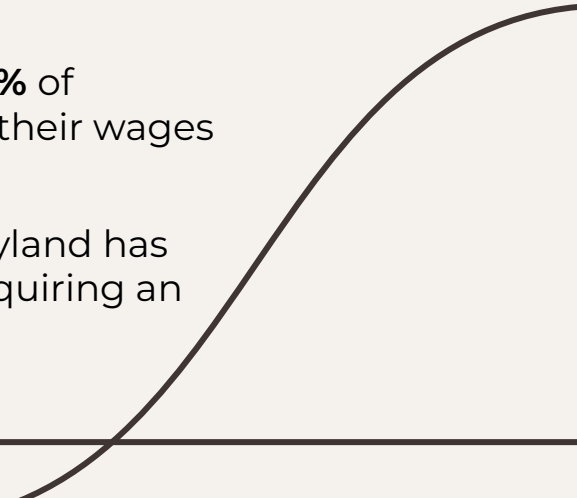
Maryland has the highest eviction filing rate in the nation at **48.1%** compared to the national average of **7.3%**

Over the last 10 years, Maryland has added an average of **5,600** units to the shortage annually

The pathway to homeownership is decreasing as more than **52%** of Maryland renters are cost-burdened, spending **30%** or more of their wages on housing-related costs

The income required to afford the median-priced home in Maryland has risen by **56%** between October 2021 and October 2022 - now requiring an income of **\$132,000**

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**The only way that Maryland can address this crisis is through partnership between all levels of government and the private sector**

**This is a governing necessity - thank you to local partners who have engaged through MACo and MML thus far**

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01



# Housing Expansion and Affordability Act



**The State often only takes a role in preventing development in key areas, but rarely in incentivizing development in desirable areas**

# Housing Expansion and Affordability Act

## *Highly Targeted Density Bonuses*

Streamlines processes by authorizing properties **within 1 mile of a rail station** that will contain **at least 25% affordable housing units** to be developed with higher density and in a more expeditious manner by:

- Allowing higher density for the qualified project, based on the existing zoned area:
  - Allows middle housing in areas zoned for single-family
  - Allows mixed-use and 30% greater density in areas zoned for multifamily
  - Allows 30% greater density in areas zoned for mixed-use
  - Allows mixed-use housing in line with the highest density area of the jurisdiction for areas zoned as nonresidential
- Removing unreasonable restrictions or limitations on projects that have an adverse impact on the viability, affordability, or density of the project; and
- Preventing jurisdictions from requiring more than one public hearing at various public bodies, unless otherwise required by state law

# Housing Expansion and Affordability Act

## *Highly Targeted Density Bonuses*

Streamlines processes by authorizing properties that **were formerly state-owned campuses or complexes** and will **contain at least 50% affordable housing units** to be developed with higher density and in a more expeditious manner by:

- Allowing higher density for the qualified project, based on the existing zoned area:
  - Allows middle housing in areas zoned for single-family
  - Allows mixed-use and 30% greater density in areas zoned for multifamily
  - Allows 30% greater density in areas zoned for mixed-use
  - Allows mixed-use housing in line with the highest density area of the jurisdiction for areas zoned as nonresidential
- Removing unreasonable restrictions or limitations on projects that have an adverse impact on the viability, affordability, or density of the project; and
- Preventing jurisdictions from requiring more than one public hearing at various public bodies, unless otherwise required by state law



# Housing Expansion and Affordability Act

## *Density Bonuses*

Streamlines processes by authorizing properties **that are owned by 501(c)(3) organizations** and **will contain at least 50% affordable housing units** to be developed with higher density and in a more expeditious manner by:

- Allowing higher density for the qualified project, based on the existing zoned area:
  - Allows middle housing in areas zoned for single-family
  - Allows mixed-use and 30% greater density in areas zoned for multifamily
  - Allows 30% greater density in areas zoned for mixed-use
  - Allows mixed-use housing in line with the highest density area of the jurisdiction for areas zoned as nonresidential
- Removing unreasonable restrictions or limitations on projects that have an adverse impact on the viability, affordability, or density of the project; and
- Preventing jurisdictions from requiring more than one public hearing at various public bodies, unless otherwise required by state law.

# Housing Expansion and Affordability Act

## *LIHTC*

### **The legislation seeks to:**

- Limit the impact of Adequate Public Facility Ordinances (APFO) on affordable housing projects financed by low-income housing tax credits (LIHTC) or State affordable multifamily programs (Rental Housing Works, Multifamily Bond, and others) by:
  - Requiring that state-financed projects cannot be denied a permit solely on the basis of an APFO
  - Requiring that an APFO does not impact the project's viability, affordability, or density
  - At MACo's request, this will have a 15 year sunset

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# Housing Expansion and Affordability Act

## *Manufactured Homes*

### **The legislation seeks to:**

- Address the high costs of construction by permitting new manufactured homes in zones that allow single-family residential uses
  - The section applies to manufactured homes that meet the definition of Commercial Law Article § 9-102(a), and are, or will be, converted to real property once attached to a foundation
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# Related Funding

**The FY 2025 capital budget reflects an increase of \$115M in FY 2025 (\$290M in total) for priority housing and community development investments, which all together total \$1B over 4 years.**

**Includes increased funding for:**

- ❖ Appraisal Gap (Homeownership Works) Program
- ❖ Baltimore Regional Neighborhoods Initiative
- ❖ National Capital Strategic Economic Development Fund
- ❖ Rental Housing Works
- ❖ Statewide Strategic Demolition, and
- ❖ Project CORE

# Impact of Funding

The FY25 capital budget for DHCD is projected to result in more than:

- **23,000 jobs** created; and
- At least **\$87M** in state/local revenue impact

The investment in Rental Housing Works alone--doubling from \$55M in FY 2024 to \$110M in FY 2025--is estimated to create more than

- **5,100 new housing units**, lifting nearly **1,473** families and **2,268** children out of poverty

02

**Housing and Community  
Development Financing Act**



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# Housing and Community Development Financing Act

## **Component 1**

Establishes a new, state-commissioned Community Development Entity: Maryland Community Investment Corporation (MCIC) to obtain CDE certification from US Treasury and apply for *New Market Tax Credits*

## **Component 2**

Expands on the use of the Strategic Demolition and Smart Growth Impact Fund

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# Housing and Community Development Financing Act

## **New Market Tax Credit (NMTC)**

- The NMTC is 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
- CDEs sell the tax credits to investors with federal income tax liabilities, and use the funds raised by the sale to make investments in entities located in low-income communities
- CDEs can subsidize approximately 15% to 20% of a project's capital needs, usually in the form of low-interest, forgivable debt
- \$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.



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# Housing and Community Development Financing Act

## **Examples of recent NMTC Projects funded by Publicly Owned CDEs**

- Remediation of a long-vacant brownfield site to a Black-led Federally Qualified Health Center that provides comprehensive health care services (Chicago 2022)
  - Construction of a 60,000 sq. foot shelter and resource center for people experiencing homelessness (Dallas 2021)
  - Construction of a 25,000 sq. foot Community Leadership Center that will serve as a hub for Shasta College community education programs (State of California 2022)
  - Construction of a 200,000 sq. foot California Air and Space Center, which will hold the space shuttle Endeavor and 150 hands-on educational exhibits (Los Angeles 2022)
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# Housing and Community Development Financing Act

## **Board of Directors**

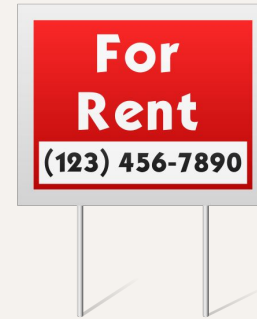
- Will Govern the Corporation and make determinations about community investments made
- The board membership will include the Comptroller, Secretary of Housing and Community Development, Secretary of Commerce, and two members appointed by the Governor representing nonprofit entities in the state and low-income communities.
- The Chair will be selected by the Governor from among the membership

# Housing and Community Development Financing Act

## **Strategic Demolition and Smart Growth Impact Fund**

- 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 revitalization projects
- Alterations will expand the eligible costs for which a grant or loan can be issued to a local government or community development organization under the Fund to include debt payments and credit enhancement
- In FY24, Fund budget is \$25M (\$5M for statewide, and \$20M for Project CORE in Baltimore City)

03



# Renters' Rights and Stabilization Act

# Renters Rights and Housing Stabilization Act

- Increase the eviction filing fee surcharge from \$8 to \$93, thereby increasing the total cost of filing an eviction from \$15 to \$100, and prevents landlords from passing through the costs of the fee to tenants through redemption or adjudication
  - This would result in approximately \$25 to \$30 million in increased annual revenue.
  - Dedicate 50% of revenue to the Maryland Legal Services Corporation to assist in their representation of Marylanders in eviction cases, and 50% to help fund the state's new rental voucher program created by the General Assembly last year
- **Pass Through Prohibition**
  - Currently, landlords may recover filing fees in cases of 1) tenants utilizing right of redemption; and 2) when the landlord prevails in an eviction case and the judge awards fees
  - This is a primary target of the legislation
  - Small landlords are 2 - 3 times less likely to file for an eviction than a larger provider

# Renters Rights and Housing Stabilization Act

## ***Are passthrough prohibitions fair for landlords?***

Unlike other businesses, landlords can charge a 5% fee on late rent which a tenant has to pay to stay in the property. According to [Zillow](#), the median rental cost in Maryland is \$1,820, 5% of which is \$91, far above the \$15 that a landlord would need to spend to file an eviction.

## ***No other state blocks a pass through for eviction filing surcharges - why should Maryland?***

Maryland has, by far, the highest eviction filing rate in the nation. Landlords explain this by saying that our landlord/tenant law is fundamentally different from other states. If that is true, then Maryland-specific solutions are appropriate.

## ***Fair or not - don't landlords need to use this process to collect rent?***

In 2021, the MGA created a 10 day notice period before an eviction can be filed. This was a tremendous success, decreasing the filing rate by 42%. Clearly, an extension on time is what is needed, not a black mark on a tenants' record

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# Renters Rights and Housing Stabilization Act

## ***So what if an eviction is filed, so long as the tenant is evicted?***

Maryland's lowest income households are the most impacted. These families have to miss work to attend trial, and court costs are added on top of existing late rent fees, raising a family's monthly housing costs by an estimated 20%.

An eviction filing also forms a record that makes it significantly harder for families to find housing in the future, especially in higher opportunity neighborhoods.

## ***If a landlord waits 3-4 months before filing, will that make it harder for tenants to redeem?***

Research on the impact of filing fee increases has demonstrated that eviction judgment rates decrease when filing rates decrease, and not vice versa. However, if someone willfully does not pay their rent, the state should have no interest in preventing evictions.

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# Renters Rights and Housing Stabilization Act

## Establish Office of Tenant Rights

- Housed within DHCD, the stated purpose of the office is to promote for every tenant:
  - Access to resources to help tenants understand and exercise their rights under maryland law;
  - The ability to report violations of their rights as tenants;
  - Access to resources to obtain financial counseling; and
  - Freedom from discrimination or other unfair or illegal housing practices.
- OTR will create a Tenants Bill of Rights which will be provided to all tenants in the state as a part of their lease
- Of note, OTR will be authorized to:
  - Implement fair housing testing to ensure compliance with fair housing laws; and
  - Identify landlords out of compliance with state, federal and local laws and facilitate referral to appropriate law enforcement.



# Renters Rights and Housing Stabilization Act

- **New Renter Protections**

- Reduce the allowable security deposit for renters in Maryland from two month's rent to one month's rent
- Bar evictions in extreme weather or other dangerous conditions
  - This section simply builds upon an existing right for administrative judges to stay an eviction in extreme weather conditions by making this a requirement:
    - Temperatures below 32 degrees fahrenheit;
    - Winter storm or blizzard;
    - Hurricane or tropical storm;
    - Excessive heat warning issued by the national weather service;
    - Public health emergency; or
    - Any other state of emergency declared under public safety §14-107

# Right of First Refusal - Single Family

01

- Within **5 days** of entering into a contract for sale, a landlord must provide written notice of the sale to the tenant & a sale offer

02

- Within **20 days** of the notice, a tenant must respond with an intent to purchase or waiver of right

03

- Within **10 days** an owner must deliver an executed contract of sale for said property on the same terms and conditions

04

- The tenant has **10 days** to return the executed contract, with any required deposit, to the owner

# Right of First Refusal - 2-4 Units

01

- Within **5 days** of entering into a contract for sale, a landlord must provide written notice of the sale to the tenants & a sale offer

02A

- Within **20 days** of the notice, a group of tenant must respond with an intent to purchase or waiver of right

02B

- If group of tenant waives right, an individual may respond with intent to buy within **20 days**

03

- Within **10 days** an owner must deliver an executed contract of sale for said property on the same terms and conditions

04

- The tenant or group of tenants has **10 days** to return the executed contract, with any required deposit, to the owner

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# Renters Rights and Housing Stabilization Act

## **Voucher Program Prioritization**

- Modify the state's new Statewide Rental Assistance Voucher Program to provide further prioritization of vouchers for families with children under the age of 5 and for pregnant women, intended to help achieve the state's child poverty reduction goals

# Renters Rights and Housing Stabilization Act

## **New Data 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.