



C. Matthew Hill
Attorney
Public Justice Center
201 North Charles Street, Suite 1200
Baltimore, Maryland 21201
410-625-9409, ext. 229
hillm@publicjustice.org

CB 22-0195 – Inclusionary Housing for Baltimore City

Hearing of the Committee of the Whole, Nov. 17, 2022

Position: Favorable With Amendments

Public Justice Center urges the City Council to pass CB 22-1095, Inclusionary Housing for Baltimore City, with amendments offered by Council Member Ramos.

Why can't Baltimore have nice things? Inclusionary housing laws have produced 110,000 housing units in 258 programs, mostly since 2000. Jurisdictions including Pittsburgh, Philadelphia, Chicago, Washington D.C., Montgomery County and many others have passed inclusionary housing laws that impose more stringent requirements on development than what is proposed in CB 22-0195. For example, Chicago requires 20% of units to be affordable; Pittsburgh requires even deeper affordability than CM Ramos's bill. Other jurisdictions have made inclusionary housing work, Baltimore can as well. We gave residential rental developers \$38 million in tax subsidies alone in FY 2022. Yet, we have zero affordable units to show for it. Baltimore is investing heavily in market rate rental housing development and should receive a benefit for all current Baltimore residents in the form of integrated, affordable housing units.

Inclusionary Housing is an essential tool for building more affordable, integrated neighborhoods in Baltimore City. If a developer is receiving a major public subsidy or significant zoning change, they should make at least 10% of those units affordable to households earning no more than 60% of Area Median Income (AMI) (\$62,700 for a family of three), plus an additional 5% of units affordable at even lower incomes if the city offers the developer additional subsidy to do so. There are no waivers or exceptions that plagued the city's prior inclusionary law and made it ineffective. Our coalition estimates that CB 22-1095 with sponsor amendments would create over 1,000 new affordable units over the next decade. With CB 22-1095, Baltimore has a chance to break with development policies that subsidized segregation and separate-and-unequal development and create a more equitable, integrated future.

The coalition supporting CB 22-0195 urges you to reject weakening amendments:

1. **Do not reduce the limited affordability requirements – no rental units above 60% AMI.**

- a. 60% AMI (\$62,700 for a family of three) is already based on a *regional* assessment of income – average incomes in the City are already much lower than the region.
 - b. 60% AMI allows frontline workers and persons who use vouchers to access the affordable units. A two-bedroom unit affordable at 60% AMI has a maximum rent of \$1,567. A two-bedroom unit affordable at 80% has a maximum rent of \$2,090. See Md. Dept. of Hous. & Comm. Dev.
<https://dhcd.maryland.gov/HousingDevelopment/Documents/rhf/LIHTC-IncomeRentLimits2022.pdf> A voucher has a maximum rent of \$1,857 in most circumstances, meaning that voucher holders can access units affordable at 60% AMI but not 80% AMI.
2. **Maintain Strong Affirmative Marketing.** Sponsor amendments will ensure that developers affirmatively market the affordable units to groups that have historically been excluded from the benefits of new development and then hold the developers accountable for doing so. Robust affirmative marketing is imposed by the State and HUD frequently for any development. It is a well-accepted practice that fully complies with federal law.
 3. **Do Not Narrow Geography to only “Core” markets.** The Enterprise report proposes limiting inclusionary housing to only what they define as “core” markets while bypassing huge swaths of Baltimore with very strong housing markets such as Hampden, Patterson Park, Cross Keys and Mount Vernon. Inclusionary requirements should at least extend to those markets as well where development is actually happening.
 4. **Maintain strong oversight and accountability.** The inclusionary housing board should remain in the bill. The prior inclusionary law suffered from weak oversight and implementation. A robust board is needed to maintain transparency and accountability.
 5. **No Fee-In-Lieu.** CB 22-0195 creates affordable housing opportunities that are integrated into communities. Allowing developers to opt out of the law by paying into a fund would facilitate the creation of affordable units that are not integrated into communities – repeating the mistakes of our City’s long history of subsidizing segregated housing.

Baltimore City spent \$38 million in tax subsidies for market rate development in FY 2022 and got zero affordable units in return. Baltimore will have given \$73 million from one special tax break alone to multi-family housing developers from FY 2014 through FY 2023. [Almost all 6,621 units created with this subsidy are luxury, non-affordable units located in predominantly white, high income neighborhoods.](#) Virtually none of the units are affordable. How is this equitable?

There is no evidence that reasonable inclusionary housing laws reduce development and CB 22-0195 with sponsor amendments is modeled on best practices from around the country. Inclusionary housing laws in the United States have created 110,000 housing units in 258

programs, mostly since 2000. CB 22-0195 with sponsor amendments is more reasonable and less restrictive on development than successful ordinances in Pittsburgh, Philadelphia, Chicago, Washington D.C., & Mont. County.

Inclusionary housing provides ALL Baltimore residents the opportunity to participate in Baltimore's redevelopment as the integrated, equitable City that we deserve.

Please issue a FAVORABLE COMMITTEE REPORT on Council Bill 22-0195 with sponsor amendments. If you have any questions, please contact: Matt Hill, hillm@publicjustice.org, 410-625-9409, ext. 229.