

Inclusionary Housing Policies Would Support More Equitable Opportunities for Baltimoreans

Position Statement Supporting Council Bill 22-0195 with Sponsor Amendments

Given before the Committee of the Whole Hearing

Inclusionary housing is an essential tool to 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), plus an additional 5% of units affordable at even lower incomes if the city offers the developer additional subsidy to do so. For an inclusionary housing policy to be as effective as possible, it is essential that there are no waivers or exceptions like those that plagued the city's prior inclusionary law and made it ineffective. CB 22-1095 with sponsor amendments would create an estimated 1,000 new affordable units over the next decade. **The Maryland Center on Economic Policy (MDCEP) supports Council Bill 22-0195 with sponsor amendments, because 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.**

There is a housing affordability crisis in Maryland. According to the Maryland Housing Needs Assessment & 10 Year Strategic Plan developed for the Maryland Department of Housing and Community Development by the National Center for Smart Growth (NCSG) and Enterprise Community Partners, nearly one-third of all Maryland households are experiencing unaffordable housing costs. Of these, 67% are homeowners while 33% are renters. Among renters, 48% of households are cost burdened, and among low-income households, 76% are severely cost-burdened.

The latest "Out of Reach" report from the National Low Income Housing Coalition lists Maryland as the ninth least affordable state for renters.¹ To afford a modest two-bedroom apartment in the state, a family must earn \$28.93 an hour or \$60,183 annually. A minimum wage worker in Maryland would have to work 78 hours per week year-round.

MDCEP urges you to reject weakening amendments to the legislation:

- **Do not reduce the very limited affordability required – no rental units above 60% AMI.** 60% AMI (\$55,740 for a family of two) is already based on a regional assessment of income. Average incomes in Baltimore City are already much lower than the region. 60% AMI allows frontline workers and persons who use housing vouchers to access the affordable units. Raising this threshold to 80% AMI would place those units beyond the reach of voucher holders and many frontline workers.
- **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.

- **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 well integrated into communities – thereby repeating the mistakes of our city’s long history of subsidizing segregated affordable housing.
- **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.

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, the District of Columbia, and Montgomery County.

Inclusionary housing provides all Baltimore residents the opportunity to participate in Baltimore’s redevelopment as the integrated, equitable City that we deserve. **For these reasons, the Maryland Center on Economic Policy respectfully requests the Baltimore City Council to support Council Bill 22-0195 with sponsor amendments.**

Equity Impact Analysis: Council Bill 22-0195

Bill Summary

If a developer is receiving a major public subsidy or significant zoning change, CB 22-0195 states that they should make at least 10% of those units affordable to households earning no more than 60% of Area Median Income (AMI), plus an additional 5% of units affordable at even lower incomes if the city offers the developer additional subsidy to do so.

Background

Council Bill 22-0195 would bring Baltimore City into line with national best practices. Inclusionary housing laws around the country have created 110,000 housing units in 258 programs, mostly since 2000. However, since enactment in 2007, Baltimore City’s prior inclusionary housing law has been ineffective — generating only 37 housing units in 14 yearsⁱⁱ. This is unacceptable. The current law expired on June 30.

Inclusionary housing laws generally require developers of certain projects to set aside a percentage of new units to be more affordable and help create more socio-economically integrated communities. However, under the city’s prior law, developers easily obtained waivers by claiming that producing inclusionary units is too costly. Additionally, the prior law included few evaluation and reporting requirements. Neither the Department of Housing and Community Development nor developers were required to report on key compliance metrics. Council Bill 22-0195, with sponsor amendments that will correct deficiencies in the current law.

Equity Implications

When families struggle to pay rent, they face greater risks of instability, eviction, and even homelessness, which research links to food insecurity, poor health, lower cognitive scores and academic achievement, and more frequent foster care placement among children. Seniors and people with disabilities living on fixed incomes cannot live safely without affordable housing and supportive services.

Unaffordable and unstable housing perpetuates racial and economic and health disparities in our state. If we want to close disparities between white and black and brown Marylanders, we must begin with housing. We cannot write a prescription for housing but that is what many in our state need to stabilize their health. We must make homeownership available to more people of color throughout the state.

Impact

Council Bill 22-0195 would likely **improve economic equity in Maryland.**

ⁱ National Low Income Coalition “Out of Reach” Report https://nlihc.org/sites/default/files/SHP_MD.pdf

ⁱⁱ WYPR News “City Bill Would Provide up to \$15000 in Monthly Rent Assistance for Families in Housing Crisis” <https://www.wypr.org/wypr-news/2022-02-08/city-bill-would-provide-up-to-1-500-in-monthly-rent-assistance-for-families-in-housing-crisis>