



November 17, 2022

The Honorable Nick J. Mosby  
President, Baltimore City Council  
100 Holliday Street, Suite 400  
Baltimore, Maryland 21202

Subject: Bill No. 22-0195 Inclusionary Housing for Baltimore City

Dear President Mosby:

On behalf of the Maryland Multi-Housing Association (MMHA), I write to offer our thoughts and concerns in connection with Bill No. 22-0195, Inclusionary Housing for Baltimore City. MMHA is a statewide professional trade association established in 1996, whose members consists of owners and managers of more than 205,000 rental housing homes in over 931 apartment communities. Of those units over 43,500 are in the city in 260 apartment communities. Our members house over 535,000 residents of the State of Maryland

This bill requires a residential housing provider to set aside 10% of their rental units for low-income households if the rental housing project (1) has 20 or more dwelling units; (2) receives a “major public subsidy,” including by right, preexisting tax credits, or land use authorization and; (3) is newly constructed, wholly renovated, or converted from a nonresidential building.

MMHA has the following concerns with the bill:

Inclusionary housing generally: Inclusionary housing policies are intended to promote affordable housing options by creating dedicated rental units that are restricted to families with limited incomes and, therefore, rent at below-market rates. However, an inclusionary housing requirement which does not provide any cost offset fails to address the lost revenue associated with renting units below market rent. Further, characterizing pre-existing by-right tax credits as viable cost offsets for inclusionary housing, as the amendments would do, will not work, because those existing credits were enacted to address the burden of the City’s inordinately high property tax rate. If the City expects investors and developers to provide inclusionary units, additional cost offsets are necessary; otherwise, the city may dis-incentivize future investment in rental housing, and ultimately harm the very residents it is trying to help.

President Nick J. Mosby

Page 2

November 17, 2022

Modifications, waivers and exceptions: Sections 2B-23 and 24 remove the authority of the Housing Commissioner and the Board of Estimates to grant modifications, waivers, or exceptions to the inclusionary housing requirements. Current law allows such exceptions in instances where the project would not otherwise be economically feasible, which strikes a more appropriate balance between promoting affordable housing and supporting new development.

Applicability: Section 2B-31(a)(3) stipulates that the inclusionary requirements are applicable not only to new construction housing, but also to "wholly renovated" structures. This is a departure from current practice in which inclusionary housing requirements apply only to new construction projects. "Wholly renovated" is undefined in the bill and this provision may further discourage the development of new residential housing projects. It should also be clarified that "wholly renovated" *does not* include repairs to the property.

Affordability period: Section 2B-51 provides that rental units must stay affordable for 30 years from the date of occupancy. The term starts again if there is a transfer of control or ownership. This is a significant expansion of present law, which limits the affordability term to 20 years with no stipulations around transfer of ownership. Is this provision triggered if there's a change in management of the property, for instance? It is unclear.

Establishment of additional requirements: Section 2B-31(c) allows the City or local agencies to establish additional requirements apart from what is outlined in the bill. As a technical matter, this language is superfluous. The City Council may introduce additional legislation to update or change these requirements as it sees fit.

While MMHA supports affordable housing initiatives, this legislation imposes a significant burden and proposes an unbalanced approach to creating affordable housing for our communities without any additional support. As such, MMHA urges caution and consideration in its review of Bill No. 22-0195. The unintended consequences could lead to less housing.

Thank you for the opportunity to submit this written testimony. If you have any questions, please do not hesitate to contact me at [askolnik@mmhaonline.org](mailto:askolnik@mmhaonline.org) or Lauren Graziano at [lgraziano@mmhaonline.org](mailto:lgraziano@mmhaonline.org).

Sincerely,

Adam Skolnik, CPM, ARM, CAE  
Executive Director

Cc: Members of the Baltimore City Council