



Date: March 17, 2025

Testimony to the Montgomery County Council

Re: Bill 5-25, Demolition Tax for Affordable Housing Production

Dear Council Members:

The League of Women Voters of Montgomery County takes this opportunity to express its **strong support of Bill 5-25, Demolition Tax for Affordable Housing Production**. LWVMC advocates for comprehensive efforts to maintain and increase the supply of affordable housing through a variety of means including tax policies and zoning text amendments. This legislation would do just that by creating a new and necessary revenue source for the development of additional affordable housing units.

Revenues from the new excise tax would be dedicated to the Montgomery Housing Initiative and used exclusively for the Housing Production Fund. The funds finance construction of mixed-income, mixed-use new developments in Montgomery County such that at least 30% of units would be income-restricted so that 20% of units would be affordable at or below 50% area median income (AMI) and 10% would be at or below moderately priced dwelling unit income limits (65% – 70% AMI).¹

In a 2024 countywide survey a majority—65% of residents—responded that affordable housing in the county has gotten worse in the last two years and only 18% of residents felt the availability of quality, affordable housing was excellent or good. This disapproval rating has grown steadily over the last three surveys, and although the Montgomery County Community Needs Assessment for 2022-2025 recommends that housing cost no more than 30% of a family's income, in 2019 about 27% of homeowners and 51% of renters paid more than that. With rising inflation and insufficient affordable housing, families are overwhelmed!

The median cost of a home in Montgomery County has risen 16% from January 2024 to January 2025. The median price of a single-family home is nearly \$600K and the average price is over \$1 million! A report from Montgomery Planning last year revealed that the county's per capita personal income has barely kept pace with inflation from 2004 to 2021. Without serious legislative action, a family of four with a moderate income will no longer be able to afford to live in Montgomery County.

Rising housing costs, stagnant wages, high mortgage rates and limited construction of affordable housing has led to the creation of a two-tiered system: the haves and have nots. The latter are left to bear the burden of limited affordable housing. Creative measures such as Bill 5-25 can help alleviate that burden and improve the quality of life for all.

Thank you for your consideration.

Ralph Watkins and Joan Siegel
Co-presidents

¹ <https://www.hocmc.org/about-us/innovations/housing-production-fund/>