



COMMISSION ON AGING

March 3, 2020

The Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
11 Bladen Street
Annapolis, Maryland 21401

Re: SB: 715, Housing and Community Development–Affordable Housing Development Credit Program.

Dear Senator Guzzone:

On behalf of the Montgomery County Commission on Aging, I am writing in support of SB 715, Housing and Community Development – Affordable Housing Development Credit Program. This bill would expand resources for the development of affordable housing by creating a Maryland version of the Federal Low-Income Housing Tax Credit Program.

The Commission on Aging was established in 1974 to advise County government on the needs, interests, and issues of older adult residents, and to advocate on their behalf. Over the years we have prioritized the need for more affordable housing options for older adults, more protections for older renters, and more programs and services to address senior homelessness.

In 2017, we conducted a comprehensive study of the barriers to and opportunities for affordable rental housing generally, and for senior rental housing in particular. Our study found that Montgomery County is facing severe affordability and supply problems in the rental housing market. A shortage of rental units, combined with forces such as gentrification, is driving up rents faster than the rise in household income leading to an increase in the number of rent-burdened households. Between 2010-2015, the average rent increased by 14.8% while median household income rose by only 4.49%. Our study also found particular challenges for individuals 65 years or older, a group which currently makes up 25% of all renters in the county and is the growing faster than any other age group. Within this group, the fastest growing segment will be residents who are 85+. Their numbers are expected to increase from 19,431 in 2010 to 42,900 by 2024. While 40.7% of all rental households in the county were rent burdened, 61% of the county's renters 65+ are rent burdened. This is a higher percent than the 56% of senior renters statewide and the 55% of senior renters nationally.

Experts who participated in our study consistently pointed to two major obstacles to building new and preserving existing rental housing: the continued decline in Federal housing assistance, and the high costs of land and labor in Montgomery County. As the largest existing federal resource for the construction, rehabilitation, and preservation of affordable rental housing for lower income households, the Federal Low-Income Tax Credit (LIHTC) is a critical resource. However, as currently administered, it does not sufficiently accommodate the need for new both new development and preservation strategies in Montgomery County.

By creating and funding a Maryland version of the LIHTC program, SB 715 has the potential to significantly expand affordable housing resources. However, we do have one concern. SB 715 would require that the Affordable Housing Credit Program be scored in a manner consistent with the State's Qualified Allocation Plan (QAP). Currently, scoring under the QAP makes no accommodation for higher costs of housing development in counties like Montgomery, and does not provide additional points for housing for older adults. Our affordable housing study recommended and strongly supports the adoption of a set aside of the overall credits, and an increase in the current maximum award, for any one project. This will help to address the county's high land and construction costs that put it at a competitive disadvantage with other areas in the state.

We hope that, as deliberations on SB 715 move forward, consideration is given to ensuring that a Maryland Affordable Housing Development Credit Program accommodate the needs of higher cost counties such as Montgomery, and that it encourages housing for older adults.

With this in mind, we urge your support for this bill.

We urge your support for this bill and thank you for your consideration of the Commission on Aging's position.

Sincerely,

Jean Dinwiddie, Chair

cc: Montgomery County Delegation
Marc Elrich, County Executive
Assem Nigam, Director, Montgomery County DHCA