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Senator Brian J. Feldman, Chair
Senator Cheryl C. Kagan, Vice Chair
2 West
Miller Senate Office Building
Annapolis, Maryland 21401

RE: Support for Senate Bill 848 – Statewide Rental Assistance Voucher Program – Establishment
Hearing before the Senate Education, Energy, and the Environment Committee on February 28, 2023
Position: Support (FAV) with amendments

Dear Honorable Members of the Education, Energy, and the Environment Committee,

Thank you for the opportunity to submit testimony on behalf of the Baltimore Regional Housing Partnership (BRHP). I am writing to express our support for Senate Bill 848 – Statewide Rental Assistance Voucher Program – Establishment. The Housing Choice Voucher Program (HCV) is a federally funded, locally administered rental assistance program that subsidizes the rent of lower-income families, the elderly, and disabled to afford decent, safe housing in the private market using federal funds. Currently, there are 77 state-funded housing assistance programs across 34 states, with some states sponsoring multiple programs. This legislation will bring Maryland into line with the growing number of states providing statewide housing choice vouchers and narrowing the ever-widening gap between families in need of rental assistance and available resources.

The Baltimore Regional Housing Partnership (BRHP) is a non-profit organization that expands housing choices for low-income families, who have historically been excluded from housing in well-resourced neighborhoods, helping them access and transition successfully to safe, healthy, and economically vibrant communities. As the Regional Administrator for the Baltimore Housing Mobility Program, BRHP has opened pathways to a better future for low-income families for nearly 10 years. BRHP currently provides over 4,300 low-income families rental assistance in the form of the Housing Choice Voucher coupled with counseling support for families as they move from areas of concentrated poverty to areas of opportunity in Baltimore City and the five surrounding counties.

BRHP is dedicated to helping achieve racially and socially equitable public policy that ensures low-income families access to quality and affordable homes in communities of their choice. We support Senate Bill 848 because establishing a state-funded housing choice voucher program will help more low-income families access rental assistance and lift thousands of families out of poverty. Due to scarce program funding, families struggling to afford housing that manage to get off the waiting list for a Housing Choice Voucher must typically wait for years before receiving a voucher, the Center on Budget and Policy Priorities (CBPP) analysis of Department of Housing and Urban Development (HUD) data shows. Among the 50 largest housing agencies, only two have average wait times of under a year for families that have made it off the waiting list; the agencies with the longest have average wait times of up to *eight* years. However, these figures gravely understate the unmet need for

The Baltimore Regional Housing Partnership is an equal housing opportunity provider.





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assistance. Millions of families are eligible for rental assistance and never receive it because they never rise to the top of the waiting list, or they live in communities where the housing agency has closed or lacks a waiting list. For instance, in 2014 the Housing Authority of Baltimore City opened its waitlist for the first time in a decade and more than 75,000 people applied for housing assistance in less than two weeks. Out of that, only 25,000 were chosen and 6,000 to 9,000 were expected to receive one of the housing vouchers.ⁱ The demand for housing vouchers has far exceeded the amount of funding available, despite the demonstrated benefits of rental assistance and the effectiveness of vouchers specifically.

The HCV program has three main goals: to provide stable and affordable housing for households with very low incomes, to reduce concentrated poverty, and to improve housing and neighborhood choice.ⁱⁱ Research suggests that vouchers reduce housing cost burdens and homelessness among adults, and suggests that children benefit when their families use vouchers to move to low-poverty neighborhoods.ⁱⁱⁱ A seminal study found that children whose families used vouchers to move from high-poverty to low-poverty neighborhoods were more likely to attend college and had higher future earnings compared with children in families with vouchers who did not have this option.^{iv} These positive effects increased the longer the children lived in low-poverty neighborhoods. BRHP has seen firsthand how rental assistance can have life-changing impacts – annually, dozens of families successfully graduate from our program, transitioning to homeownership, or are able to sustain themselves financially without support. Voucher assistance is a tool for many families to achieve financial independence and break inter-generational cycles of poverty.

Background

There is a critical lack of affordable housing options for low-income individuals and families in Maryland. Maryland is the 8th most unaffordable state for housing. In order to afford the Fair Market Rent (FMR) for a two-bedroom unit in Maryland, a person earning minimum wage would have to work over 100 hours per week to avoid paying more than 30% of their income on housing-related expenses.^v There are 330,120 renter households in the state paying more than 30 percent of their income towards housing costs. Of those housing cost-burdened households, 76 percent have very low-incomes (under 50 percent of Area Median Income) and would therefore be eligible for rental assistance programs. HUD data also demonstrates that of the households with severe cost burdens, paying more than 50 percent of their income towards housing costs, 96 percent have very low incomes. More than 250,000 households could greatly benefit from rental assistance to bring their housing cost burden in line with the national standard, however, waiting lists are long and turnover rates are stagnant within the HCV program. Nearly 50,000 federally funded vouchers are available in the state, yet there are more than 5 times that number eligible for assistance in the State.

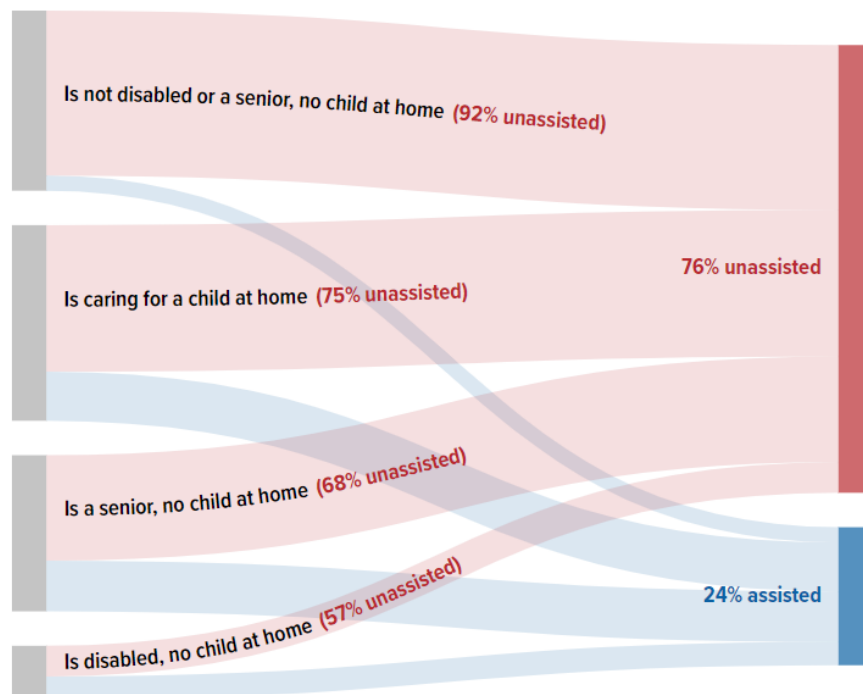
In 2004, DHCD's Office of Research compiled data for Governor Ehrlich's Commission on Housing Policy to highlight the shortage of affordable housing by county. Overall, DHCD projected a need for 120,486 additional units of affordable housing by 2014. Over a decade later, the State has made



inadequate progress towards meeting the needs outlined in the report, as the Department of Legislative Services recently noted federal data showing “there is a shortage of approximately 190,700 affordable rental housing units [in Maryland] for families earning less than 50% of the area median income.^{vi} Maryland needs a comprehensive approach to mitigating the current housing crisis, which has been exacerbated by the COVID-19 pandemic, that must include as many useful tools as possible. Establishing a statewide housing voucher program will expand rental assistance and help ensure that all Maryland residents have access to quality, affordable homes.

76% of Low-Income Renters Needing Federal Rental Assistance Don't Receive It

Unassisted vs. assisted households, headed by someone who:



1

Figure 1 - Center on Budget and Policy Priorities | CPBB.org

¹ Note: Groups of household types are sized (on left) by the number "needing assistance," which means they pay more than 30 percent of their monthly income on housing and/or are living in overcrowded or substandard housing. "Low income" = 80 percent or less of median income. For more on how we count assisted renters, please see CBPP's [federal rental assistance factsheet methodology](#).



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Equity Implications

Unfortunately, the challenges of residing in a state with high living costs are borne disproportionately by minority, low-income families. Black Americans have one of the lowest levels of household income both in Maryland and nationally when comparing income levels by race or ethnicity. Furthermore, data regarding renters and general median income demographics indicate that renters in Maryland are more likely to be minority, low-income, or spend a disproportionate amount of income on rent.^{vii} With housing being one of the most researched social determinants of health, a vast library of literature determines a direct link between expanded access to affordable housing and improvements in family stability, economic growth, education retention, and health outcomes. Housing matters not only for the immediate well-being of individuals and families but also for the life chances of the subsequent generation. Historically, Black and Brown communities bear the brunt of unjust housing policies that impede progress toward building wealth and housing equity. Establishing a state-funded housing assistance program will equip our state with a sorely needed resource to prevent low-income Brown families from experiencing the detrimental domino effect triggered by housing instability.

Recommended Changes

Several provisions of SB 848 raise concerns in our view as an administrator of the Federal Housing Choice Voucher program. As a general theme, we believe that it is important to allow Public Housing Authorities (PHA) the ability to administer state-funded vouchers identically to the federally funded vouchers. Specifically, the following provisions raise concerns about how an entity must administer these vouchers:

Section 4-2906: Policies for waitlist selections are set by each Public Housing Authority (PHA) in accordance with the particular needs of their jurisdiction. This section and the obligations of the agencies under it may require a PHA to adopt a new or separate waitlist selection criteria, adding administrative burden and possibly creating a bifurcation of waitlist policies for state versus federally funded vouchers.

Section 4-2907: Similarly, income verification policies are determined by each PHA in accordance with federal regulations, however timelines for verification may vary across agencies. Requiring a 15-day period for income verification may contradict the current policy for PHA, so we recommend setting a floor of 15 days for income verification, while allowing PHA flexibility to stay consistent with current policy.

Section 4-2908: Payment standards are a critical part of a successful voucher program, particularly in empowering households to move to resource-rich neighborhoods. Maryland PHA has made strides in setting varied payment standards to enable voucher households to access neighborhoods throughout the state, not just those where voucher holders tend to concentrate. This section should be clarified to explicitly allow agencies to use any payment standard allowed by HUD, including Small Area





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Fair Market Rents, HUD-approved Exception Payment Standards, as well as any payment standard associated with a PHA's Moving to Work flexibility.

Section 4-2909: This provision, which limits the payments made on behalf of a client to five years, or until a federal Housing Choice Voucher becomes available, presents a significant problem to a PHA. HUD has strict requirements for the execution of the HAP contract, required for all voucher-assisted units. If a household were transitioning from state-funded to federally-funded assistance, the PHA would be faced with an untenable position – having to require the family to vacate the unit in order to allow for HAP execution under the federal contract or eschewing federal regulations to allow the family to remain in the unit when executing the contract. We encourage the Committee to strike this section entirely.

BRHP appreciates your consideration and urges the Committee to issue a favorable report for Senate Bill 848.

Sincerely,

Adria Crutchfield
Executive Director
Baltimore Regional Housing Partnership

ⁱ Wenger, Y. 2014. Thousands sign up as city's Section 8 wait list opens for the first time in a decade. *The Baltimore Sun*. [Thousands sign up as city's Section 8 wait list opens for first time in a decade – Baltimore Sun](#)

ⁱⁱ Galvez, Martha M. 2010. "What Do We Know about Housing Choice Voucher Program Location Outcomes? A Review of Recent Literature." Washington, DC: Urban Institute

ⁱⁱⁱ Ellen, Ingrid Gould. 2020. "What Do We Know about Housing Choice Vouchers?" *Regional Science and Urban Economics* 80:103380.

^{iv} Chetty, Raj, Nathaniel Hendren, and Lawrence F. Katz. 2016. "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment." *American Economic Review* 106 (4): 855– 902.

^v National Low Income Housing Coalition (2020). *Out of Reach*. <https://reports.nlihc.org/oor>

^{vi} Governor's Commission on Housing Policy. (2004.) *Innovative Housing and Community Revitalization in Maryland: Solutions for a Positive Change*.

^{vii} U.S. Census Bureau, *American Community Survey, 1-Year Estimates, 2021*

