

**Affordable Housing:  
Building a Strong Foundation for the Future of Maryland**



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## **Executive Summary**

The issue of affordable housing is an obstacle that the state of Maryland has been battling for quite some time. Yet, the problem remains intractable, not only in Maryland, but throughout the entire country.

Within Maryland, Baltimore City is in dire need of new plans that create more affordable housing. Recently, this issue has received a great deal of attention and the city has tried initiating incentive programs to build low income and Housing Choice (Section 8) voucher housing. While progress has been made, this is still a hot button issue that costs both the local and state governments more and more money the longer the problem remains unsolved.

This issue is not unique to Baltimore City, but the city does have a higher concentration of the problem than most other areas in the state. In addition, the condition of any region, including the city, has widespread affects throughout the state, and therefore goes beyond the scope of local governments, requiring the attention of the state government.

Taking into consideration the options of rent controls, inclusionary housing, and a non-discrimination law that targets those who refuse to rent to households paying with Housing Choice vouchers, it is recommended to the Governor that the state should pursue a non-discrimination law. This is the most effective, low-cost policy that would help to bring more efficiency to an existing process, generate more economic development, and easily apply to the entire state.

## **Introduction**

Adequate housing is an integral part of promoting quality of life for an individual. However, within the confines of the state of Maryland, housing has become increasingly unaffordable. Thus, more and more Maryland citizens have not been able to sustain a decent quality of life.

A lack of affordable housing results in a host of unfortunate ramifications. If a person does not have adequate and affordable housing, they will grow increasingly dependent on government services and possibly even become homeless. Both of these scenarios are costly for all parties involved, including the State.

People should be empowered to take control over their situations, not feel subject to them. In an effort to address the lack of affordable housing within Maryland, we have identified three policy options. The alternatives are: rent control to incentivize people to move into, not away from, the city; constructing affordable housing within developments, such as inclusionary housing; and, finally, guaranteeing the use of Housing Choice, commonly referred to as Section 8, vouchers in any location desired by low-income families. All of these recommendations have not only been implemented in other states, but they have been successful. The contents of this paper will seek to define, provide background, and analyze the issue of affordable housing, or lack thereof. Additionally, recommendations will be made to the government in addressing the prevalent issue.

## **Problem Definition**

The lack of affordable housing strikes Maryland as one of today's most critical issues, demanding attention from the leaders of the social, political, and economic sectors. The absence

of housing development increases the susceptibility of individuals to experience homelessness and displacement. Subsequently, this costs the government more money.<sup>1</sup> Furthermore, homelessness levels are at a risk for a sharp increase due to the lack of affordable housing. On average, rent reaches higher than 30 percent of the earnings of the low-income population's monthly income.<sup>2</sup> This increases the likelihood that many citizens of Maryland will be forced to relocate to other housing options, such as homeless shelters or substandard housing units. A lack of affordable housing is the leading cause of homelessness, especially for families.<sup>3</sup> From 2014 to 2015, Maryland saw a 5 percent increase in family homelessness, maintaining the number 4 ranking among all states.<sup>4</sup>

For this policy, affordable housing will be defined as expenses related to housing equating to no more than 30 percent of a household's income.<sup>5</sup> The definition of a lack of affordable housing will come from the Department of Housing and Urban Development (HUD), which has found that there is a shortage of affordable rental housing units for families earning less than 50 percent of the area median income.

By this definition, Maryland is estimated to be 190,700 units short.<sup>6</sup> Baltimore City in particular has a mounting issue: The current median monthly rent in Baltimore is \$774, which comes to about \$9,288 median yearly rent, which for those living at \$20,000, the federal poverty

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<sup>1</sup> Annual Report on Homelessness 2015. Rep. Maryland's Interagency Council on Homelessness. Maryland's Interagency Council on Homelessness, June-July 2016.

<sup>2</sup> Garboden, Phillip M.E. "The Double Crisis: A Statistical Report on Rental Housing Costs and Affordability in Baltimore City, 2000-2013." The Abell Report 29.1 (May 2016) The Abell Foundation. May 2016

<sup>3</sup> Annual Report on Homelessness 2015. Rep. Maryland's Interagency Council on Homelessness. Maryland's Interagency Council on Homelessness June-July 2016.

<sup>4</sup> Annual Report on Homelessness 2015. Rep. Maryland's Interagency Council on Homelessness. Maryland's Interagency Council on Homelessness June-July 2016.

<sup>5</sup> Annual Report on Homelessness 2015. Rep. Maryland's Interagency Council on Homelessness. Maryland's Interagency Council on Homelessness June-July 2016.

<sup>6</sup> Schwartz, Mary, and Ellen Wilson. "Who Can Afford To Live in a Home?: A Look at Data from the 2006 American Community Survey."

line for a family of 3, or less a year is unaffordable.<sup>7</sup> Other estimates claim that rentals in good condition would likely charge upwards of \$1,200 a month,<sup>8</sup> completely out of the price range for many Baltimore households in the working-middle class earning between \$20,000 to 70,000 a year.<sup>9</sup>

In Maryland, housing costs in the state have reached record levels.<sup>10</sup> The price of housing has risen much faster than the growth of wages, causing housing affordability to decrease.<sup>11</sup> According to the Maryland Department of Housing, “nowhere in Maryland would a person working a single, full-time, minimum-wage job be able to afford a two-bedroom apartment at fair market rate. In half of Maryland counties, it would take at least three full-time, minimum-wage jobs to afford a two-bedroom apartment at fair market rent.”<sup>12</sup>

The absence of affordable housing development in Maryland is actually costing the government more money. Homelessness and displacement, caused by a lack of affordable housing, show a significant cost due to the higher use of emergency services, jails, and homeless shelters amongst homeless people.<sup>13</sup> It is estimated that a single homeless person could cost the government upwards of \$40,000 per year,<sup>14</sup> while it would cost the government only \$13,000 to \$25,000 each year to provide an affordable housing solution, such as a government-subsidized living arrangement.<sup>15</sup>

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<sup>7</sup> “Federal Poverty Guidelines.” Families USA: the voice for Health Care Consumers. February 2016.

<sup>8</sup> Garboden, Phillip M.E. “The Double Crisis: A Statistical Report on Rental Housing Costs and Affordability in Baltimore City, 2000-2013.” The Abell Report 29.1 The Abell Foundation. May 2016

<sup>9</sup> Ibid.

<sup>10</sup> An Economic Development Strategy for 21st Century Maryland. Maryland Department of Legislative Services

<sup>11</sup> Ibid.

<sup>12</sup> Annual Report on Homelessness 2015. Rep. Maryland’s Interagency Council on Homelessness. Maryland’s Interagency Council on Homelessness, June-July 2016.

<sup>13</sup> “The United States Conference of Mayors.” The United States Conference of Mayors 10 July 2016.

<sup>14</sup> “Family Homelessness - National Coalition for the Homeless.” National Coalition for the Homeless. 10 July 2016.

<sup>15</sup> Annual Report on Homelessness 2015. Rep. Maryland’s Interagency Council on Homelessness. Maryland’s Interagency Council on Homelessness, June-July 2016.

## Origins of the Problem

The lack of affordable housing within the state of Maryland, particularly within the city of Baltimore, is pervasive. Yet, this is not the advent of a new obstacle, but rather something the state has been grappling with for decades.

Fortunately, there has been some progress. Bank foreclosures fell nearly 7 percent in Baltimore during the month of April 2016.<sup>16</sup> While this progress is relatively small, there have been benefits. This change alone helped lift the median sales price of housing in Baltimore as well as five other counties by nearly 6 percent.<sup>17</sup> Though this progress can be seen in a number of Maryland counties including Howard, Anne Arundel, Harford, and Baltimore County, it is the progress of the market in Baltimore City that is particularly notable. It is clear from this scenario that affordable housing solutions in Baltimore City would positively affect its surrounding areas and the state as a whole.

However, this does not equate to Baltimore housing being affordable. In fact, Baltimore is one of the least affordable rental markets nationwide.<sup>18</sup> Additionally, there is a lack of affordable housing because, while there has been a boom in real-estate, the homes being built are luxury homes, rather than affordable ones.

Average costs for a typical one-bedroom apartment are approximately \$1,300 per month.<sup>19</sup> If 23.3% of the population is in poverty, and the poverty line is approximately \$20,000, that is certainly out of reach for many Baltimore residents.<sup>20</sup> Furthermore, the hourly wage

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<sup>16</sup> Sherman, Natalie. "Home sales, prices increase in Baltimore region as effects of real estate crisis wane." The Baltimore Sun. 10 May 2016.

<sup>17</sup> Ibid.

<sup>18</sup> Sherman, Natalie. "As apartment booms in city, a new market reality emerges." The Baltimore Sun. 27 February 2015.

<sup>19</sup> Sherman, Natalie. "Home sales, prices increase in Baltimore region as effects of real estate crisis wane." The Baltimore Sun. 10 May 2016.

<sup>20</sup> United States Census Bureau, Baltimore Quickfacts 2014

needed to afford a two-bedroom apartment in the greater Baltimore metropolitan area is higher than anywhere else in the state.<sup>21</sup>

The cost of housing is currently not proportional to wages. In order to create a more sustainable housing market, either housing would need to become more affordable or there would need to be a rapid increase in wages. However, increasing the minimum wage further than is currently planned has a host of other issues and takes a very long time to implement. By contrast, increasing access to affordable housing is promising and has lasting, positive economic ramifications.

### **Current Efforts**

Following the fair housing Supreme Court lawsuit *Thompson v. U.S. Department of Housing and Urban Development*, a financial incentive program was implemented to lessen housing segregation in the Baltimore region. The program was expected to create at least 300 affordable housing units in communities of opportunity every year until 2020.<sup>22</sup> These opportunity areas are those with low levels of subsidized housing, poverty, and minority populations.<sup>23</sup> The program, put into place in 2013, reported in December of 2015 that no developers had yet applied for the incentives. The lack of interest by developers has even led the housing agencies of Baltimore City and Anne Arundel, Baltimore, Harford, and Howard counties to join together to pool some of their own federally funded rent subsidies in the hopes that a larger sum of incentives will pull in developers. Even with incentives, the high land costs in the

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<sup>21</sup> Arnold, Althea; Biddlecombe, Christine; Bravve, Elina; Brundage, Sarah; Crowle, Sheila “Out of Reach”. National Low-Income Housing Coalition 2014.

<sup>22</sup> Donovan, Doug. “Housing incentive program has no takers in Baltimore region,” The Baltimore Sun, 01 Mar. 2016.

<sup>23</sup> Donovan, Doug. “Housing policies still pin poor in Baltimore, but some escape to suburbs,” The Baltimore Sun, 15 Dec. 2015.

suburbs leave many developers uninterested in incorporating affordable housing into their projects.<sup>24</sup>

The Housing Authority of Baltimore City, like many other metropolitan housing authorities across the country, has shifted its focus away from public housing and more toward voucher programs and incentivizing developers to incorporate affordable housing units in new projects.<sup>25</sup> In 2014, the Baltimore Housing Authority's Housing Choice (Section 8) voucher program wait list opened for the first time since 2003. The 25,000 spots were filled by a lottery system after extreme demand was expressed. The wait list is not expected to open again until 2020.<sup>26</sup>

Housing Choice vouchers were designed to counter the concentration of poverty in cities like Baltimore; however, landlords could choose whether or not to accept these vouchers. This often leads the participants back into impoverished neighborhoods, where the vouchers are more likely to be accepted.<sup>27</sup> Currently, only four cities or counties in the state, including Annapolis and Howard, Frederick, and Montgomery counties, have laws in place that forbid denying renters based on their use of Housing Choice vouchers.<sup>28</sup> When landlords have the power to refuse to accept housing vouchers, the housing authority's ability to reverse the concentration of poverty becomes severely limited. Local governments have been alerted by recent HUD legal action regarding the 1968 Fair Housing Act that they must work to lessen the concentration of poverty or else face cuts in federal housing support dollars.<sup>29</sup>

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<sup>24</sup> Donovan, Doug. "Housing incentive program has no takers in Baltimore region," The Baltimore Sun, 01 Mar. 2016.

<sup>25</sup> Sherman, Natalie. "Shortage of housing for poorest families grows," The Baltimore Sun, 08 Mar. 2014.

<sup>26</sup> Sherman, Natalie. "City to open Section 8 wait list for first time since 2003," The Baltimore Sun, 02 Oct. 2014.

<sup>27</sup> Donovan, Doug. "Housing policies still pin poor in Baltimore, but some escape to suburbs," The Baltimore Sun, 15 Dec. 2015.

<sup>28</sup> Ibid.

<sup>29</sup> Donovan, Doug. "Housing incentive program has no takers in Baltimore region," The Baltimore Sun, 01 Mar. 2016.

The Baltimore Metropolitan Council conducted the “Baltimore Regional Housing Plan and Fair Housing Equity Assessment,” which was released in November 2014. The Assessment, completed by the Opportunity Collaborative, found that nearly all planned development in high-opportunity areas is designed to be market-rate housing, thus pricing out low-income families.

One part of the settlement of the *Thompson v. HUD* case was the establishment of the Baltimore Regional Housing Partnership, a nonprofit that works to move low-income Baltimoreans to opportunity areas. Most of the mobility voucher program’s more than 3,000 participants since its inception in 2012 have moved to Baltimore and Howard counties, and nearly 7,000 people are on the waiting list.<sup>30</sup> Success in Howard County can be linked to its enactment of legislation that requires developers to reserve some units as low-income housing and prohibits landlords from denying tenants with subsidies.<sup>31</sup>

Baltimore County recently settled a case in which complainants alleged that the county had violated the Fair Housing Act. As part of the settlement, the county must spend \$30 million over the next ten years to encourage developers to build 1,000 homes for low-income African American families in 116 census tracts that were deemed appropriate. The county will also help 2,000 families receiving Housing Choice vouchers move into opportunity areas.<sup>32</sup> In addition, the Baltimore County Council must consider legislation that would prohibit discrimination based on a potential tenant’s legal source of income. If the County Council or state of Maryland has not yet passed such a law by January 1, 2019, the Council will have to propose such legislation every year until the county or the state of Maryland adopts such a law.<sup>33</sup>

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<sup>30</sup> Donovan, Doug. “Housing policies still pin poor in Baltimore, but some escape to suburbs,” The Baltimore Sun, 15 Dec. 2015.

<sup>31</sup> Ibid.

<sup>32</sup> Donovan, Doug. “Baltimore County to curb housing segregation,” The Baltimore Sun, 15 Mar. 2015.

<sup>33</sup> Baltimore Metropolitan Council, “Strong Communities, Strong Region: The Baltimore Regional Housing Plan and Fair Housing Equity Assessment,” 2014, Section 2.2.d.

## Policy Alternatives

### *Rent Controls*

One option for addressing the problem of affordable housing in Maryland is utilizing rent controls. The United States Department of Housing and Urban Development holds that anyone paying 30% or more of their income on housing is considered cost-burdened and qualifies for assistance.<sup>34</sup> According to a report published by the Abell Foundation, 57% of Baltimore City renters pay more than 30% of their income towards rent, and 33% of those renters pay over 50% of their incomes toward their rental property.<sup>35</sup> This makes it nearly impossible for households to afford other life essentials and increases their risk of experiencing homelessness.

Rent control would mean that the state would mandate the highest price at which a housing unit could be rented. Placing a reasonable rent control could help make the rent far more affordable. This could perhaps decrease the rent burden on low-income families, making the rent closer to just 30% of the household income. Since the rent largely affects the middle and working class, or those earning approximately \$20,000 to \$70,000 a year, the rent control in place would need to be an appropriate amount corresponding to 30% of those incomes. The rent control would have to be \$6,000 per rental property per year to accommodate all those in need or between \$6,000 and \$21,000 to accommodate a portion of those requiring assistance.

This alternative would be effective only if it can help everyone struggling with the high rents, and so the state wide rent control should be placed around \$6,000. However, reasonable rent, and thus the rent cap, would likely vary by section of the state, just as median income and ability to pay rent would vary by region. If rent controls were to be based on region, a

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<sup>34</sup> United States Department of Housing and Urban Development. Affordable Housing.

<sup>35</sup> Garboden, Phillip M.E. "The Double Crisis: A Statistical Report on Rental Housing Costs and Affordability in Baltimore City, 2000-2013." The Abell Report 29.1 (May 2016) The Abell Foundation. May 2016

commission would need to be created to determine appropriate rent for each region, as well as defining regional divisions and other criteria for determining the rent controls.

If this policy were to work, it would incentivize a greater number of individuals to rent and live in Maryland, because more people would be able to afford the rent controlled prices. There are a great many variations of rent controls that could be put in place, including rent stabilization, which already exists in New York City and Washington, D.C. Stabilization means that rent may not increase, or may not increase greatly, for current residents.<sup>36</sup>

### *Inclusionary Housing*

Another possible policy to deal with the issue is to look into passing laws that require construction of affordable housing within developments applying for approval. This policy, known as inclusionary housing, has been enacted in Montgomery County,<sup>37</sup> as well as Frederick County<sup>38</sup> and the cities of Annapolis<sup>39</sup> and Gaithersburg,<sup>40</sup> among others. The policy is based on Montgomery County's Moderately Priced Housing Law, which requires that new subdivisions specify between 12.5% and 15% of their houses to be moderately priced dwelling units (MPDUs). MPDUs are housing units that specifically have a sales or rental price that is manageable to budget for households with moderate incomes. The law then goes further to require that 40% of those MPDUs must be offered to the Housing Opportunities Commission and other nonprofit agencies for low-and moderate-income housing. Generally speaking, this development requires renters to pay 30% of their income towards the housing.

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<sup>36</sup> New York City Rent Guidelines Board. "Rent Stabilization FAQ." 2016.

<sup>37</sup> "Summary of the MPDU Program and Its Requirement." Montgomery County Government, Maryland.

<sup>38</sup> "Moderately Priced Dwelling Unit." Frederick County Government, Maryland.

<sup>39</sup> "MPDU-Moderately Priced Dwelling Units". The City of Annapolis Government, Maryland.

<sup>40</sup> "Moderately Priced Dwelling Unit Program." City of Gaithersburg Government, Maryland.

This policy, as stated above, has been adopted by many different cities and counties throughout the state and the nation as a whole and championed as highly successful. There are a host of different options for implementing the policy. Montgomery County only uses 40% of 12.5-15% of housing in the county to start the program, but perhaps the entire 12.5-15% statewide could go to government and nonprofit housing ventures and thereby provide enough resources to perhaps house the majority of the homeless population. Montgomery County also bases the rent of the MPDUs on the median income of the area of the county; however, perhaps rent could be based more upon the renter's income or be contingent on other factors, such as a person holding a job or actively seeking employment.<sup>41</sup>

This alternative is also beneficial, as housing projects dedicated to affordable housing tend to isolate these individuals from the overall community. Constructing an entire development for the sole purpose of housing the middle- to low-income households, but using existing housing, is cost-effective for the government in the long run and allows communities to experience more diversity and less segregation – both racial and economic.<sup>42</sup>

#### *Housing Non-Discrimination Law*

Finally, there is a solution that already seems to be successful on a national scale. The United States Department of Housing and Urban Development has a program that provides Housing Choice (Section 8) vouchers to low-income families to allow them to live in non-public assistance housing. Instead, they have the option to live in private rental residences in any location while the government subsidizes a portion of that rent price that the household would not have been able to afford. This shares a benefit with the MPDUs in that many low-income

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<sup>41</sup> Benson, Nicholas. "A Tale of Two Cities: Examining the success of inclusionary zoning ordinances in Montgomery County, Maryland and Boulder, Colorado." *Journal of Gender, Race, and Justice*. 13.3 (2010) pg. 753. 2010

<sup>42</sup> Ibid.

families are more likely to successfully overcome poverty when they live among non-government supported housing and perhaps within a larger development or area that is not specific to those receiving government assistance. It also gives a greater sense of autonomy to the low-income family in choosing their place of residence.

Unlike housing development projects for low-income households that create an isolated environment and often perpetuate a stigma surrounding the low-income community, this alternative actually helps to integrate recovering homeless individuals into their communities.<sup>43</sup> This also involves little effort on the part of the government, because they do not have to construct or provide monetary incentives to build housing developments. This is due to the program utilizing existing housing while the government is only responsible for a portion of rent.

Unfortunately, discrimination against minority households in the housing market is very much alive and well. Landlords legally may discriminate against a potential renter based on the way in which they pay their rent--i.e. if they have a Housing Choice voucher.<sup>44</sup> Besides being degrading psychologically, this discrimination wastes vacant, reasonable quality housing space that low-income individuals could easily reside in with federal government Housing Choice vouchers and support. Therefore, another policy option would be to pass a law prohibiting this discrimination against customers. As long as low-income renters pay on time and are good tenants, there is no reason to refuse them solely on the basis of their payment method.

Other housing anti-discrimination laws have actually been passed in Annapolis<sup>45</sup> and the counties of Frederick,<sup>46</sup> Howard, and Montgomery,<sup>47</sup> and the policy has been introduced to the

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<sup>43</sup> Atlas, John and Dreier, Peter. "Public Housing: What Went Wrong?" National Housing Institute September/October 1994

<sup>44</sup> Freeman, Lance and Li, Yunjing. "Do Source of Income Anti-Discrimination Laws Facilitate Access to Less Disadvantaged Neighborhoods?" Housing Studies 29.1 (2014) pgs. 88-107. 2014

<sup>45</sup> Annapolis City Government. Fair Housing. 2016.

<sup>46</sup> The Department of Housing and Community Development. "Fair Housing/Housing Discrimination." Frederick County Government.

Baltimore City Council.<sup>48</sup> It has most recently been introduced in the General Assembly as the Home Act or House Bill 759, though similar bills have been submitted on 5 other occasions,<sup>49</sup> and none have successfully passed. Should it pass, it would be a very low-cost option that uses resources that are already available to work to solve an age-old dilemma.

### **Analysis and Recommendation**

In the evaluation of these alternatives, five criteria will be considered: fiscal cost, number of people affected, landlord approval, public approval, and likelihood of political acceptance in Maryland. Policy alternatives are given a score from 1, best performance, to 3, worst performance.

First, with regard to fiscal cost and expense for the state government and Maryland taxpayers, the non-discrimination law would cost virtually nothing, as it uses existing structures. Inclusionary housing has the potential to cost slightly more, should lawmakers determine that the policy needs a provision to subsidize some of the required 12.5-15% housing units in order for real estate developers to continue to build in these areas. Should a subsidy be required, however, it would pale in comparison to any subsidies needed to incentivize developers under a rent control policy. A rent control policy can lead to less development by landlords in the area, lack of upkeep of rental properties, and landlords choosing not to rent properties because they may find it less costly to keep the properties vacant.<sup>50</sup> Should this policy be selected, any government subsidy used to make rent control more appealing to developers would be far higher than either of the subsidies of the other two options.

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<sup>47</sup> Epstein, Gady. "Howard housing measure contested Landlord suit calls anti-discrimination law unconstitutional." The Baltimore Sun, 1998.

<sup>48</sup> Wood, Pamela and Doug, Donovan. "Lawmakers consider banning housing voucher discrimination." The Baltimore Sun, 2016.

<sup>49</sup> Ibid.

<sup>50</sup> "The High Cost of Rent Control." National Multifamily Housing Council.

Next, considering the number of people affected, the rent control policy would be the farthest reaching, as it would be applied to every single rental unit, and thereby every renting household, in the state. By comparison, Inclusionary Housing specifically applies to new development and would affect prospective developers as well as the low-income tenants of those 12.5-15% designated housing units. The non-discrimination policy would only affect everyone eligible for Housing Choice (Section 8) vouchers, a smaller amount of the population than 12.5-15% of renters in total.

Another important area for consideration is landlord approval. The non-discrimination policy would likely have the highest approval, as the landlords would get paid the same amount with no additional cost incurred. Inclusionary housing would cost the developers additional capital because they are required to set aside a portion of housing units that would have ordinarily been full profit. A rent control policy, however, would be by far the most unpopular, because it would affect all landlords, not solely future developers, and has the potential to significantly decrease the return on investment of rental properties.

The next criterion is public approval. The non-discrimination policy would have the highest rate of public approval. Discrimination is a social issue and having the freedom to live and make decisions free from that discrimination is a dignity that should be afforded to everyone. In addition to providing that dignity, this law would streamline the existing federal voucher process, making government more efficient at very low to no cost to the taxpayer. The inclusionary housing policy would have the second highest rate of public approval. Inclusionary housing would help a wide array of the low-income population, which would gain public support. On the other hand, it could create a barrier to development, due to the additional costs placed on developers. This problem could also arise with implementing a rent control policy.

However, inclusionary housing would likely garner more public approval over time, while the negative effects of rent control have a propensity to worsen over time. Therefore, despite the closeness in public approval, scores are given based on the most likely eventual outcome and inclusionary housing is seen as more popular than rent control in the end.

Last to be considered is likelihood of political acceptance in Maryland. The non-discrimination policy would have the highest likelihood of political acceptance. Anti-discrimination policies have been widely implemented and accepted throughout our nation's history. The housing non-discrimination law is also one that would easily apply to the entire state, a facet of implementation that the alternative policies would likely struggle with. The inclusionary housing policy would have the second highest likelihood of political acceptance. Inclusionary housing would cost the government much more money but would allow for individuals who could not normally afford a house to have the opportunity to own one. The rent control policy would have the lowest likelihood of political acceptance. Rent control has the highest potential to negatively affect the economy. The government might be forced to give tax breaks and/or subsidies to landlords and real estate brokers in order to encourage their new housing development in Maryland. Real estate investors might not want to create new housing in Maryland if they could gain a higher profit somewhere else.

Scores were added, and the policy with the lowest score will be the recommended policy. The rent control policy saw the highest score, with 13 points. The policy with the second highest score was the inclusionary housing policy, with 10 points. Lastly, the non-discrimination policy had the lowest score with 7 points, making this our policy recommendation.

### Criteria vs. Policy Alternatives

	Fiscal Cost	Number of People Affected	Landlord Approval	Public Approval	Likelihood of Political Acceptance	Total Score
Rent Control	3	1	3	3	3	13
Inclusionary Housing	2	2	2	2	2	10
Non-Discrimination Law	1	3	1	1	1	7

### Implementation Issues

Bills similar to our proposed housing non-discrimination law, namely the HOME Act, have been considered by the General Assembly a total of six times<sup>51</sup> The bill is widely opposed by many landlords and property managers because they do not believe that they should be told to accept Housing Choice (Section 8) voucher payments. When speaking to reporters or testifying in a hearing on the bill, they have stated that the process of renting to a person with Housing Choice vouchers is tedious and unworthy of the trouble it causes. These professionals in the

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<sup>51</sup> Donovan, Doug, and Pamela Wood. "Lawmakers consider banning housing voucher discrimination," The Baltimore Sun, 01 Mar. 2016.

rental business consider the extra time needed to have the unit reviewed and accepted by the voucher program to be lost revenue due to keeping the unit vacant during the waiting period.<sup>52</sup>

In addition, the simplest, but broadest, implementation issue following the passage of an income non-discrimination law would be ignorance of the law. If landlords across the state are not made aware of the new policy, there could be many unintentional violations of the law. Thus, the state must find a way to advertise the new policy to all current landlords and ensure that future landlords become aware of the law before they receive tenants' applications. Furthermore, all current and future Housing Choice voucher holders must also be made aware of the change in the law and be encouraged to search for housing in communities of opportunity. They ought to be made aware of the benefits of living in such areas and be directed toward the best living situation for themselves or their family. Without such support, this change in the law could have little to no impact on the concentration of poverty in the state.

Following the advertisement of the state's new policy, the state would have to ensure landlord compliance with the law. A compliance assurance program would need to be enforced through a penalty system to encourage the acceptance of Housing Choice vouchers. Perhaps, that could be as simple as charging a fine for non-compliance. The law could be written in such a way that source of income be added to the list of other illegal forms of discrimination regarding housing, including discrimination based on race, color, religion, sex, disability, marital status, familial status, sexual orientation, gender identity, or national origin.<sup>53</sup> By writing the law in that manner, the pre-established repercussions for housing discrimination would then be applied to source of income discrimination. All persons wishing to file a complaint regarding non-

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<sup>52</sup> Wood, Pamela. "Baltimore County weighs bill to ban housing voucher discrimination," The Baltimore Sun, 04 July 2016.

<sup>53</sup> "Home Act of 2016," HB759, 2016 Reg. Sess. Maryland General Assembly.

compliant landlords would be directed to the Maryland Commission on Civil Rights or informed of their ability to file a civil action in circuit court, as is the procedure for those issuing a complaint regarding the aforementioned existing forms of housing discrimination.<sup>54</sup>

## **Conclusion**

By implementing some or all of the alternatives, i.e. rent control, inclusionary housing, and adopting an income non-discrimination law, Maryland's housing market can and will improve. In order to esteem this need, we must swiftly address the housing epidemic by applying the solutions recommended in this paper to foster a better quality of life for all Maryland citizens.

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<sup>54</sup> "Fiscal and Policy Note for House Bill 759," 2016, Maryland Department of Legislative Services.

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