

**Testimony**  
**SB138**  
**Budget and Taxation Committee**  
**January 23, 2024**  
**Position: Favorable**

Dear Chair Guzzone:

For 40 years, Habitat for Humanity of the Chesapeake has been a catalyst for moving low-income families out of poverty toward more prosperous, stable futures through affordable homeownership. By bringing people together to build homes, communities, and inspire hope, we settled 794 families into energy-efficient, affordable homes with zero-interest mortgages. This positively impacted the lives of more than 3,000 partner family members (more than half of whom are children), involved more than 1,200 volunteers annually and impacted hundreds of other community residents who benefit from safer, more vital communities as homeownership rates increase.

During the next year, Habitat Chesapeake will work on 16 homes, some of them new construction, and rehabilitate properties that stand vacant or abandoned in Baltimore area neighborhoods including Milton-Montford, Sandtown, and Curtis Bay.

We know that homeownership is one of the most effective means for ensuring progress for first-time and first-generation homebuyers. It also provides tremendous benefit for our city and entire state.

Our work to ensure affordability for our homeowners, who fall within the 30-80% AMI for the region. The average household income for one of our buyers is currently around \$45,000.

The way that we achieve an affordable mortgage for our homebuyers relies on our ability to cover two gaps. The first gap between the cost of construction and the appraised value for the home. The second in ensuring affordability by covering any gap that might remain between the appraised value and our homeowner's capacity to pay a mortgage successfully. As a result, payments are limited to 30% of family income through use of second mortgages.

We understand that the potential to tax vacant properties is a powerful new tool for better assuring that vacant properties are brought into productive use, as it could speed up the process for having them go from vacant to rehabilitated. As a non-profit builder that works with communities and the City to acquire vacant properties in order to move them to productive use, we would also ask that the stipulation for vacant properties to be taxed at a different/higher rate not apply to non-profits who have them in their holdings until the property is rehabilitated. Typically, the Vacant Building Notice on a property is not removed until the property has been fully rehabbed, and received its Use and Occupancy certificate.

This legislation could provide a real means for the City's to meet its goal in decreasing vacancy, increasing population, and creating equitable revitalization.

We favor enlarging access to affordable homeownership for low- to moderate-income homebuyers as an essential strategy for equitable revitalization. Such investments will pay great dividends for Baltimore and the State of Maryland. We hope that the Committee will look favorably upon this bill, as it may provide a real solution to some of the consistent problems of housing supply and neighborhood safety in the City.

Sincerely,



Leila Kohler-Frueh, Director of Community Engagement