

Chapter 727

(House Bill 571)

AN ACT concerning

Nonprofit Housing Corporations – ~~Tax and Enforcement of Judgment~~ Taxes and Special Assessments Exemptions – Alterations

FOR the purpose of altering the definition of “nonprofit housing corporation” for purposes of eligibility for an exemption from real property taxes and special assessments of the State or a political subdivision; exempting certain real property owned by certain subsidiary entities of a nonprofit housing corporation from taxes and special assessments of the State or a political subdivision; ~~exempting certain real property of a nonprofit housing corporation from certain procedures for enforcement of a judgment against the nonprofit housing corporation~~; and generally relating to ~~tax and enforcement of judgment~~ taxes and special assessments exemptions for nonprofit housing corporations.

BY repealing and reenacting, with amendments,
 Article – Housing and Community Development
 Section 12–104
 Annotated Code of Maryland
 (2019 Replacement Volume and 2025 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 That the Laws of Maryland read as follows:

Article – Housing and Community Development

12–104.

(a) In this section, “housing authority entity” means an entity:

(1) that is controlled or wholly owned by an authority; or

(2) in which an authority or an entity controlled or wholly owned by an authority has an ownership interest, either directly or indirectly, through one or more wholly or partially owned subsidiary entities.

(b) A nonprofit entity shall be deemed controlled by an authority under subsection (a) of this section if:

(1) the nonprofit entity is established by an authority under § 12–502(h) of this title; and

(2) the authority:

(i) has the power to appoint a majority of the board of directors of the nonprofit entity; or

(ii) is the sole member of the nonprofit entity.

(c) (1) **(I)** In this subsection, **THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**

(II) “AFFORDABLE HOUSING” MEANS RENTAL HOUSING:

1. THAT HAS BEEN AWARDED OR APPROVED FOR A CREDIT ALLOWED UNDER § 42 OF THE INTERNAL REVENUE CODE AND IS SUBJECT TO A COVENANT UNDER THE FEDERAL LOW-INCOME HOUSING TAX CREDIT PROGRAM; OR

2. APPROVED BY THE GOVERNING BODY OF THE POLITICAL SUBDIVISION IN WHICH THE PROJECT IS LOCATED AND FOR WHICH:

A. AT LEAST 50% OF THE UNITS ARE RESERVED FOR HOUSEHOLDS EARNING AT OR BELOW 60% OF THE AREA MEDIAN INCOME FOR THE METROPOLITAN STATISTICAL AREA OF THE PROJECT; AND

B. RENT IS RESTRICTED TO 30% OF GROSS HOUSEHOLD INCOME FOR A FAMILY OF FOUR AT OR BELOW 60% OF THE AREA MEDIAN INCOME FOR THE METROPOLITAN STATISTICAL AREA OF THE PROJECT, ADJUSTED TO 1.5 INDIVIDUALS FOR EACH BEDROOM IN THE UNIT.

(III) “~~nonprofit~~ NONPROFIT housing corporation” means a [nonprofit or charitable private corporation that provides safe and sanitary housing to persons of eligible income in such a way that the corporation works essentially like an authority under this Division II] CORPORATION:

(H) 1. INCORPORATED UNDER THE LAWS OF THE STATE OR AUTHORIZED TO DO BUSINESS IN THE STATE BY THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION;

(H) 2. RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS AN ORGANIZATION DESCRIBED IN § 501(C)(3) OF THE INTERNAL REVENUE CODE; AND

(H) 3. ORGANIZED AND OPERATED FOR THE PRIMARY PURPOSE OF DEVELOPING, OWNING, OR OPERATING SAFE AND SANITARY AFFORDABLE HOUSING FOR PERSONS OF ELIGIBLE INCOME.

(2) THIS SUBSECTION DOES NOT APPLY TO:

(I) PROPERTY IN BALTIMORE CITY THAT:

1. BELONGS TO A NONPROFIT HOUSING CORPORATION;

OR

2. IS OWNED IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, THROUGH ONE OR MORE WHOLLY OR PARTIALLY OWNED SUBSIDIARY ENTITIES OF A NONPROFIT HOUSING CORPORATION; OR

(II) A HOUSING PROJECT OWNED BY A NONPROFIT HOUSING CORPORATION OR AN ENTITY THAT IS CONTROLLED OR WHOLLY OWNED BY A NONPROFIT HOUSING CORPORATION THAT, BEFORE JULY 1, 2026, RECEIVED A FINANCIAL CONTRIBUTION, INCLUDING A LOAN, A GRANT, OR OTHER DIRECT FINANCIAL ASSISTANCE, FOR THE DEVELOPMENT OF THE HOUSING PROJECT FROM A POLITICAL SUBDIVISION IN WHICH THE HOUSING PROJECT IS LOCATED.

~~(2)~~ **(3)** Property is used for essential public and governmental **OR CHARITABLE** purposes and is exempt from all taxes and special assessments of the State or a political subdivision if the property:

(i) belongs to an authority or a nonprofit housing corporation;

(ii) is used as housing for persons of eligible income and is owned in whole or in part, directly or indirectly, through one or more wholly or partially owned subsidiary entities of a housing authority entity **OR NONPROFIT HOUSING CORPORATION**; or

(iii) 1. is used, or if planned or under construction will be used, as housing for persons of eligible income and is owned in whole or in part, directly or indirectly, through one or more wholly or partially owned subsidiary entities of a housing authority entity **OR NONPROFIT HOUSING CORPORATION**; and

2. has improvements, or has improvements planned or under construction, located on land that is owned by:

A. an authority **OR A NONPROFIT HOUSING CORPORATION**; or

B. an entity that is controlled or wholly owned by an authority **OR A NONPROFIT HOUSING CORPORATION**.

~~(3)~~ **(4)** In lieu of those taxes and special assessments, an authority, a nonprofit housing corporation, or a housing authority entity shall pay the political subdivision in which a housing project is wholly or partly located an amount, if any, that may be set by mutual agreement and that does not exceed the amount of regular taxes levied on similar property.

(d) (1) Except as provided in paragraph (2) or (3) of this subsection:

(i) all real property of an authority is exempt from levy and sale by virtue of an execution;

~~(H) ALL REAL PROPERTY OF A NONPROFIT HOUSING CORPORATION THAT IS USED AS HOUSING FOR PERSONS OF ELIGIBLE INCOME IS EXEMPT FROM LEVY AND SALE BY VIRTUE OF AN EXECUTION;~~

~~[(ii)] (H) an execution or other judicial process may not issue against the real property DESCRIBED IN ITEMS (I) AND (II) OF THIS PARAGRAPH; [and]~~

~~[(iii)] (IV) a judgment against an authority is not a charge or lien on the authority's real property; AND~~

~~(V) A JUDGMENT AGAINST A NONPROFIT HOUSING CORPORATION IS NOT A CHARGE OR LIEN ON THE NONPROFIT HOUSING CORPORATION'S REAL PROPERTY THAT IS USED AS HOUSING FOR PERSONS OF ELIGIBLE INCOME.~~

(2) Paragraph (1) of this subsection does not limit a right to foreclose or otherwise enforce:

(i) a mortgage or deed of trust recorded against property of an authority ~~OR A NONPROFIT HOUSING CORPORATION~~; or

(ii) a pledge or lien given by an authority ~~OR A NONPROFIT HOUSING CORPORATION~~ on its rents, fees, or revenues.

(3) This subsection does not deprive a political subdivision of its right to collect money agreed to be paid in lieu of taxes in the same manner as taxes are now or may be collected under State law and the laws of the political subdivision.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2026.

Approved by the Governor, May 26, 2026.