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March 26, 2021

Honorable Guy Guzzone
Chair, Budget and Taxation Committee
Maryland General Assembly

Honorable Jim Rosapepe
Vice Chair, Budget and Taxation Committee
Maryland General Assembly

RE: HOC SUPPORTS HB 1178 – INCOME TAX – SUBTRACTION MODIFICATION – FIRST-TIME HOMEBUYER SAVINGS ACCOUNTS

Dear Chair, Vice Chair, and Members of the Budget and Taxation Committee,

My name is Stacy Spann and as the Executive Director of the Housing Opportunities Commission of Montgomery County (HOC) I would like to express HOC's support for HB1178.

In addition to being Montgomery County's Public Housing Authority and an active Housing Finance Agency, HOC offers first-time homeownership programs to our customers. Our Mortgage Finance team works closely with HOC customers on their journey to homeownership. In the past, we have administered closing cost assistance programs for first-time homeowners, as well as occasionally selling moderately priced dwelling units to customers from our own stock. Our Mortgage Purchase Program assists customers by matching them with credited lenders and first-time homeownership education. HOC knows how challenging the homebuying process can be for first-time homeowners and believe HB1178 is a great asset for our customers, and other first-time homeowners in Montgomery County and throughout the state of Maryland.

We applaud Delegate Brooks on his efforts to add a new resource to support our state's first-time homeowners. HB1178 provides first-time homeowners the opportunity to establish tax-free savings accounts for eligible expenses related to homebuying, including closing costs and down payments.

As a Houser, and a Maryland homeowner, I understand how important access to capital is in homebuying, particularly for first-time homeowners. These tax-free savings accounts provide liquidity for homeowners through costs saved from taxation and do so by allowing homeowners to participate through lenders throughout the state. As a result, HB1178 provides flexibility for more Marylanders to become first-time homeowners by participating in this program.

Further, HB1178 provides particular benefits to folks like our customers, whose demographics represent some of our state's most marginalized populations. It is no secret that redlining and other practices throughout history – in the state of Maryland and nationwide – have led to the underrepresentation of Black Americans in homeownership. We acknowledge this bill helps

provide additional assets to these and other first-time homeowners who have been systemically excluded from the American dream for generations. By increasing capital available for closing costs and down payments, we are hopeful this program will advance homeownership for marginalized populations.

Additionally, Individual Development Accounts (IDAs), such as those established through this legislation, are proven financial tools that link low-income individuals to financial systems. Many low-income persons are disconnected - whether by geography or other means - from financial tools, like savings accounts. For more than thirty years, IDAs have provided low-income people with access to resources that provide incentives for saving, enabling them to take advantage of the financial system as their peers do and providing them with the opportunity to build capital. With more access to financial devices and education, as provided through HB1178, we believe this legislation will help reduce financial inequities and provide the support low-income families need to break the cycle of poverty and pursue homeownership for the first time.

We also applaud the Delegate for incorporating the provision of transferability of these accounts to beneficiaries. Homeownership is an often unmentioned asset of transferrable wealth. Because marginalized populations have historically not been homeowners, they have been unable to benefit from the privilege of transferred wealth that accumulates when estates are passed from one generation to the next. By enabling the transfer of these accounts to beneficiaries, future generations are eligible to receive the benefits of the First-Time Homeownership Savings Accounts, increasing the pipeline of first-time ownership for populations that have historically been excluded from this form of wealth-building.

HOC is proud to support HB1178 in the spirit of its vision to get people housed, keep them housed, and help them reach their fullest potential.

We thank you for your consideration and urge you to support this bill.

Sincerely,



Stacy L. Spann
Executive Director