



Neighborhood Housing Services of Baltimore, Inc.

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January 29, 2019

Senator Guy Guzzone
Chair, Budget and Taxation Committee
3 West, Miller Senate Building
Annapolis, MD 21401

RE: Senate Bill 181

Position: SUPPORT

Dear Chairperson Guzzone and Members of the Committee:

Neighborhood Housing Services of Baltimore (NHS), a non-profit working in Baltimore City, believes that social and economic justice is a right for all people and communities. All residents deserve the opportunity for decent housing and financial opportunities for their families. We accomplish this by offering housing counseling, financial coaching, affordable loans to low and moderate income customers, conducting acquisition and renovation on vacant properties, community engagement, and helping money flow into historically disinvested communities. Last year, we helped over 300 families purchase homes, invested in the preservation of over 100 homes to help seniors age in place, and invested and leveraged over \$25 million in West Baltimore.

NHS of Baltimore is a strong advocate when it comes to issues that provide critical support to Maryland homeowners and lower income residents, including the Homeowner Property Tax Credit. We also actively work to reform the Baltimore City's tax sale system that was designed many years ago to take wealth away from lower income African American residents for the benefit of higher income white residents. Our experience working with hundreds of state residents each year informs our feedback and suggestions.

The Homeowner Property Tax Credit is one of the strongest programs in the country supporting lower income homeowners. The program caps the amount of property taxes based on the household income. In many higher cost areas of the state this can be the difference from being able to afford the home and not having access to the generational wealth building opportunities provided by homeownership. For families who qualify, it truly does make homeownership affordable. We applaud the legislature for the longstanding support of this program. It is making a difference.

While the program is transformative for homeowners who qualify, there are many eligible homeowners who do not access the program each year. This occurs for several reasons. First, many people are not aware of the credit and the opportunity to apply. Rough research, with the limited available data, indicates that less than 30% of eligible residents access the program. Most clients we encounter who do not get the credit indicate that they





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were not aware there was a program that could help them. Targeted outreach has helped but many people remain unreached. Second, the application is difficult for some residents to navigate. Many of the program recipients are elderly and the need to access technology is a significant barrier. Also, many lower income residents do not have reliable access to the internet and the application is extremely difficult to complete on a mobile device. Additionally, the required information is also difficult for some residents to gather. Third, the application is required annually. Some residents think they applied only to learn, when they receive their tax bill, that they did not complete the application. Fourth, the application is only open for a limited period of time, which results in residents learning about the program at times in the year when the application is not available.

There is also a strong connection between the homeowners property tax credit and homeowners impacted by tax sale. In many years of supporting residents impacted by tax sale, I have not encountered many homeowners who receive the tax credit and end up in tax sale for property taxes, which is an indication of the strength of the program. Unfortunately, many owners do end up in tax sale because they are not aware of the credit. According to the tax sale report issued by SDAT in November, over 3,000 owner occupied properties had liens sold at tax sale last year. Many of those sales could have been avoided if owners had been able to access the homeowners property tax credit. Additionally, there were 177 owner occupied properties in the last year that were foreclosed through tax sale. The loss of generational wealth is significant for many of these families. Much of this can be prevented through some changes to strengthen the homeowner property tax credit program.

SB181 allows for retroactive access to the homeowner property tax credit for the prior year for some eligible Maryland residents. This legislation will impact first time program applicants as well as those who have applied for the three prior years but missed the deadline for the application. These are the two most common groups we encounter through our work with tax sale clients. We strongly support these changes and look forward to working with the legislature as we implement these changes.

We remain deeply appreciative of the strong support in the Maryland legislature for this program. It is an example of government supporting it's most vulnerable residents and preserving generational wealth for families. We also appreciate the consideration of ways to strengthen the program and look forward to working with the legislature to serve all Maryland residents well.

Sincerely;

A handwritten signature in black ink, appearing to read "D. T. Ellis".

Daniel T. Ellis
Executive Director

