



**Testimony HB 843**  
**House Ways & Means Committee**  
**February 21, 2022**  
**Position: FAVORABLE**

Dear Chairperson Atterbeary and Members of the Ways and Means Committee:

The Community Development Network of Maryland (CDN) is the voice for Maryland's community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland's urban, suburban and rural communities. CDN envisions a state in which all communities are thriving and where people of all incomes have abundant opportunities for themselves and their families.

HB 843 creates a local property tax credit and a State income tax credit for newly constructed residential real property in Allegany, Garrett, and Washington counties. Allegany, Garrett, and Washington counties and municipalities in those counties must grant, by law, a property tax credit of up to \$10,000 against the property tax imposed on an eligible dwelling that is newly constructed residential real property for up to five years if the dwelling meets specified requirements. The State must reimburse the local governments for 50% of the property tax credit as provided in the State budget. A developer of residential real property may apply to the Department of Housing and Community Development (DHCD) for a State income tax credit of \$7,500 if the developer constructs more than 10 middle-income homes in Allegany, Garrett, or Washington counties.

According to the Maryland Housing Needs Assessment completed in 2021, Western Maryland's lack of market-rate rental housing—designed for households earning the region's median income or higher—is a significant barrier to economic development. Many households in Western Maryland look for rental homes when they first move to the region, but find limited supply, making it difficult to attract and retain workers.

Homes in Western Maryland have some of the lowest rents and home prices in the state, although 14 percent of households still live below the poverty line (mirrored in significantly lower household income relative to the state). More than 60 percent of housing units in Western Maryland were built before 1980 compared with 55 percent statewide.

A state income tax credit for newly constructed residential real property in Allegany, Garrett, and Washington counties is a significant step toward.

We ask your favorable report for HB 843.

Submitted by Claudia Wilson Randall, Executive Director, Community Development Network