

**SB321\_DHCD\_SUPPORT.pdf**

Uploaded by: Chuck Cook

Position: FAV



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Secretary  
JULIA GLANZ  
Deputy Secretary

**DATE: 1/24/2024**

**BILL NO.: SB 321**

**COMMITTEE: Senate Committee on Budget & Taxation**

**POSITION: SUPPORT**

**TITLE: Property Tax – Credit for Hotel or Residential Development Projects (HORIZON)**

**Description of Bill:**

Senate Bill 321 would authorize local jurisdictions to issue property tax credits for hotels and residential developments that meet minimum affordability requirements. Specifically, the bill would allow counties and municipalities to grant tax credits for construction or revitalization/rehabilitation development projects that substantially increase the assessed value of the property and, for projects that include more than 20 residential units, comprise at least 15% units affordable to households earning less than 80% of the area median income.

The governing bodies of local jurisdictions would be allowed to determine the amount, duration, eligibility requirements, and application procedures for the tax credits.

**Analysis:**

Current law enables Wicomico County and the municipalities within it to issue a version of this type of property tax credit. Both Wicomico County and the City of Salisbury quickly enacted local property tax credit legislation in response to being granted this authority in 2021, and a number of developers of in-progress and planned projects have already applied for the credits. One of these is the 101-unit project The Ross in downtown Salisbury, which opened to residents in Fall 2023. Expanding this authority to local jurisdictions statewide will give county and municipal governments a valuable tool for incentivizing economic and residential development, including affordable housing.

The state of Maryland has a housing shortage of 96,000 units. Local government property tax incentives are an important tool for housing development, as they can tip the balance sheet in favor of projects that are otherwise unviable. In turn, new housing development increases the jurisdiction's taxable base, land values, and property tax revenues. Granting local jurisdictions this tax credit authority would help address Maryland's housing shortage without placing a major burden on either local or state coffers.

**DHCD Position:**

The Maryland Department of Housing and Community Development respectfully requests a **favorable** report on Senate Bill 321.



**SB0321-BT\_MACo\_SUP.pdf**

Uploaded by: Kevin Kinnally

Position: FAV



## **Senate Bill 321**

### *Property Tax - Credit for Hotel or Residential Development Projects*

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: January 24, 2024

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** SB 321. This bill aims to incentivize economic development and increase affordable housing stock by enabling local governments to enact a property tax credit for specified hotel and residential development projects.

MACo generally supports legislation that provides broad authority to enact tax incentives for revitalization and tax relief purposes and welcomes the opportunity to work with state policymakers to develop flexible and optional tools to create broad or targeted tax incentives. Counties prefer the approach offered by SB 321, as it provides local autonomy to determine the best way to provide these incentives, rather than those that mandate reductions in local revenue sources.

The bill authorizes local governments to grant a property tax credit for a hotel and residential development project that is newly constructed or involves substantial rehabilitation or revitalization of existing structures, and the project substantially increases the assessed value of the property. In addition, if the development includes more than twenty residential units, at least fifteen percent of all residential units must be affordable for households earning less than eighty percent of the area's median income.

In addition, the bill authorizes local governments to provide, by law, for the duration of the credit, the maximum assessed value of a dwelling that is eligible for the credit and, if necessary, any additional eligibility criteria. This will allow each jurisdiction that enacts the credit to tailor it to their community needs. Additionally, it gives each county broad discretion to determine how much revenue it is willing to forego to provide the desirable benefits enabled by the bill.

SB 321 ensures local governments have flexibility in enacting policies designed to serve and react to community needs. Accordingly, MACo urges the Committee to issue a **FAVORABLE** report for SB 321.

**MBIA Letter of Support SB 321.pdf**

Uploaded by: Lori Graf

Position: FAV

January 22, 2024

The Honorable Guy Guzzone  
Budget & Taxation Committee  
Miller Senate Office Building  
11 Bladen St., Annapolis, MD, 21401

**RE: SB 321 Property Tax – Credit for Hotel or Residential Development Projects**

Dear Chair Guzzone:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **SB 321 Property Tax – Credit for Hotel or Residential Development Projects**. **MBIA Supports** the Act in its current version.

This bill would authorize the Mayor and City Council of Baltimore City or the governing body of a county or municipal corporation to grant a tax credit against the property tax for real property used in certain hotel or residential development projects. MBIA supports this measure, as this will reduce tax burdens on our members and lower the overall costs of building projects. This will incentivize our members to take on new projects and build more housing at a time where we need it most. Our state faces a major shortage of all housing types, and a way to address the crisis is to pass measures like Senate Bill 321 that reduce costs for builders and developers.

For these reasons, MBIA respectfully requests the Committee give this measure a favorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or [lgraf@marylandbuilders.org](mailto:lgraf@marylandbuilders.org).

cc: Members of the Senate Budget & Taxation Committee Members

# **JacksonSB321Testimony2024.pdf**

Uploaded by: Michael Jackson

Position: FAV

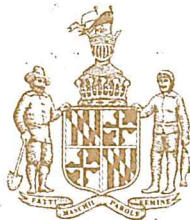
**MICHAEL A. JACKSON**  
Legislative District 27  
Calvert, Charles and  
Prince George's Counties

Budget and Taxation Committee

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Environment



**THE SENATE OF MARYLAND**  
ANNAPOLIS, MARYLAND 21401

*Annapolis Office*  
Miller Senate Office Building  
11 Bladen Street, Suite 3 West  
Annapolis, Maryland 21401  
410-841-3700 • 301-858-3700  
800-492-7122 Ext. 3700  
Michael.Jackson@senate.state.md.us

*District Office*  
250 Merrimac Court  
Prince Frederick, Maryland 20678

***TESTIMONY - SENATE BILL 321***

***PROPERTY TAX – CREDIT FOR HOTEL OR RESIDENTIAL  
DEVELOPMENT PROJECTS***

***BUDGET AND TAXATION COMMITTEE***

***JANUARY 24, 2024***

Chair Guzzone, Vice Chair Rosapepe, and Fellow Committee Members:

Senate Bill 321 is a very simple piece of legislation that expands enabling legislation that currently only exists in Wicomico County to statewide. It would allow the issuance of property tax credits for hotels and residential developments that meet minimum affordability requirements.

Property tax credits are an essential tool for the incentivization, and subsidization of affordable housing development. To that end, I have great confidence that this program will create affordable housing options and responsible development throughout Maryland as it has in Wicomico County.

**For the reasons listed above, I ask for a favorable report of Senate Bill 321.**



**MAHC Testimony\_SB 321\_Property Tax Credit\_FWA.pdf**

Uploaded by: Miranda Willems

Position: FWA



**Testimony to the Senate Budget & Tax Committee**  
**SB 321 – Property Tax – Credit for Hotel or Residential Development Projects**  
**Position: SUPPORT WITH AMENDMENTS**  
**January 24, 2024**

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SB 321 would enable a County or municipality to offer a tax credit against the local property tax imposed on properties that are used for affordable housing projects where at least 15% of the housing units are set aside for households earning 80% or below the Area Median Income (AMI) if the project includes at least 20 housing units. There are many federal and State financing tools that developers rely on to building affordable housing, often having to combine multiple funding sources to make these complex financial transactions financially feasible. Local jurisdictions often do not have the financial means to provide loans or grants to these projects, so the ability to offer a property tax credit to offset the property taxes would be an easy way a local government could support and encourage affordable housing to be built in their community. This tool has already been used in Wicomico County, and this legislation would expand the tax credit authority statewide. We would support adding any additional tools to the toolbox to offset the ever-increasing operating expenses at affordable housing properties. As you may know, due to inflation and other economic factors, utility costs, insurance costs, staff costs, and other operating expenses continue to soar while rents at affordable housing properties remain level or decline, so reducing property taxes would help lower a property's operating expenses.

We do offer two technical amendments for consideration. First, the bill should define the term "substantially increases." Since affordable housing communities are assessed using an income approach this point is important to clarify as the assessed or appraised value "on paper" can be much higher than the value based on the actual operating costs and debt payments for the property. Secondly, we encourage you to define "Area Median Income (AMI)" as the HUD defined AMI for the Metropolitan Statistical Area (MSA), which is calculated and published annually by HUD for consistency.

We support SB 321 with these technical amendments for clarification.

MAHC is the leading organization for the affordable rental housing industry in Maryland and represents over 185 member organizations, including nonprofit and for-profit developers, State and local housing authorities, property management companies, financial institutions, community development organizations, contractors, tax credit investors, consultants and individuals. Our members could benefit from the passing of SB 321.

**Respectfully submitted on January 24, 2024 by Miranda Darden-Willems, Executive Director, on behalf of the MAHC Board of Directors.**



**MAHC Board of Directors**

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