



**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.**



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443-758-6270