



# Housing Initiative Partnership, Inc.

30+ YEARS of Housing Security | Financial Stability | Community Success

## **HB44: Tax Credits – Renters' Property Tax Relief and Homeowners' Property Tax Credit Programs - Gross Income and Assessed Value Limitations - Alterations: SUPPORT**

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House Ways and Means Committee, February 1, 2024

### **About HIP**

Housing Initiative Partnership, Inc. (HIP) develops innovative affordable housing, revitalizes neighborhoods, and equips people to achieve their housing and financial goals. Our vision is that every person lives in high-quality affordable housing in a thriving community. We maintain offices in Hyattsville in Prince George's County, and in Germantown and Gaithersburg in Montgomery County.

### **Support for HB 44**

Over the past 20 years, HIP's Housing Counseling staff have helped over forty thousand renters and homeowners struggling with housing costs. Many of our clients are among the 20% of renters in our region who are severely housing cost burdened, paying more than half of their household income toward rent.

The Renters and Homeowners Tax Credits are important programs that help households experiencing severe housing cost burden. HIP's Housing Counseling staff always assess our clients for eligibility for these programs and have helped submit thousands of applications. The income limits for both credits are very strict. For example, in 2023, a renter under 60 years of age with a household of 4 could have a household income of no more than \$27,750 per year. This is approximately 20% of Area Median Income in Montgomery and Prince George's County. Altering the definition of gross income to exclude public assistance is an important step toward expanding the renter's tax credit to support the most vulnerable families.

HB44 also addresses the Homeowner Tax Credit program by increasing the income limit and the maximum assessed value for homeowners. The current income limit of \$60,000 has not been raised since 2009 and the asset value cap since 2016. The market has changed tremendously in the last 15 years as incomes and home values have increased, but the program has not kept pace. The proposed increase to \$70,000 is a significant improvement to serve more households. The program has also lagged with home values. In Prince George's County the 2016 median sales price of a home was \$250,000. Today, the median sales price is \$425,000. Many lower income households have built up equity and wealth through higher home values,





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but financially they are not able to keep up with the higher property taxes. The inability to pay property taxes can cause the forced sale of their homes or the loss of their homes through tax sale.

This leads to displacement, disruption of stability, and the destruction of wealth. While we understand that property taxes are a critical source of income to support many important services across the state, we also must also ensure that property taxes do not jeopardize homeownership for vulnerable residents and the stability and generational wealth building that comes with it.

We strongly encourage Maryland to work to reduce barriers to the Renter's and Homeowners' Tax Credit by passing HB 44.

