



**Testimony to the Environment & Transportation Committee
HB 1085 – Public Housing Authorities – Tax Exempt Status - Modification
Position: Favorable (FAV)**

MAHC strongly supports House Bill 1085, a critical measure to standardize and extend the property tax exemption under Section 12-104 of the Housing and Community Development Code to all Maryland Public Housing Authorities (“PHAs”). Currently, this valuable tax exemption is available only to the Housing Authority of Baltimore City, the Howard County Housing Commission, and the Housing Opportunities Commission of Montgomery County. Expanding this exemption statewide will ensure that every public housing authority—urban, suburban, and rural—has the financial tools to access modern financing programs such as LIHTC and HUD’s Rental Assistance Demonstration (RAD) to redevelop their aging properties or build new housing units to increase the supply of affordable housing.

HB 1085 will preserve the current Tax Exemption while unlocking leverage for the remaining 14 PHAs in Maryland. Public housing communities currently owned solely by a public housing authority benefit from a tax exemption. However, when these PHAs seek to redevelop or substantially rehabilitate using LIHTC, their ownership must transition from sole ownership to partial ownership in a tax credit partnership to facilitate the investor’s purchase of the tax credits—thus, they risk losing the tax exemption they currently receive. Expanding Section 12-104 allows all Maryland PHAs to access LIHTC capital while preserving the tax exemption they rely on.

In addition, the uniform application of this tax exemption will empower PHA’s in urban, suburban and rural communities such as Hagerstown, Frederick, Annapolis, Anne Arundel, Prince George’s and Wicomico—along with eight others—to better serve their residents, ensuring equitable access to affordable, high-quality housing regardless of geography.

HB 1085 will provide a critical boost to Maryland’s affordable housing infrastructure by standardizing the tax exemption across all public housing authorities. This legislative change will enable these authorities to maximize modern financing opportunities, attract private investment, and continue their essential work in preserving and expanding affordable housing options for low-income families, seniors, and persons with special needs. Simply put, HB 1085 will ensure that every Maryland community benefits from these vital financial tools to expand and preserve affordable housing units.

Respectfully submitted on February 25, 2025 by Miranda Darden-Willems, Executive Director, on behalf of the MAHC Board of Directors.



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