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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

SPONSOR TESTIMONY

HB 1085 - Housing Authorities - Tax-Exempt Status - Modifications

The Honorable Marc Korman, Chair
Environment and Transportation Committee
Maryland House of Delegates
6 Bladen Street, Room 251
Annapolis, MD 21401

Chair Korman, Vice-Chair Boyce, and Esteemed Members of the Environment and Transportation Committee:

HB 1085 grants a property tax exemption to certain nonprofit entities affiliated with and controlled by public housing authorities, and authorizes those entities to make payments in lieu of taxes to the jurisdictions they are located in.

The General Assembly has considered and passed this concept nearly unanimously on 3 separate occasions for the individual counties that have asked for it: in 2015 for Baltimore City, 2018 for Montgomery County, and 2019 for Howard County. Other counties want this ability, and rather than passing 24 separate local bills on the same issue, HB 1085 recognizes existing successes and consolidates efforts to expand the program statewide.

Baltimore asked for this ability in 2015 because the federal administration had decreased available funding to Maryland and other states for affordable housing projects. The trend continued under the next administrations, leading Montgomery and Howard Counties to request similar legislation in subsequent years.

The counties' legislation as well as HB 1085 allow housing authorities to utilize common legal ownership structures to leverage additional funding for projects through public-private partnerships. HB 1085 will allow all public housing authorities to take advantage of modern financing programs like the federal Low Income Housing Tax Credit (LIHTC) and the Rental Assistance Demonstration (RAD) to attract investor dollars for development, maintenance, and redevelopment. In addition to benefits from public-private partnerships and federal programs, housing authorities have a variety of additional reasons for setting up or partnering with nonprofit entities to carry out their missions, including structuring associated legal liabilities and for administrative ease and cost management.

HB 1085 will lower costs on affordable housing projects and allow all of Maryland's housing authorities to leverage modern financial tools without jeopardizing existing tax credits. Any impacted local revenues from an expanded tax credit will be mitigated by payment in lieu of taxes agreements negotiated by the local jurisdictions' housing authorities. As funding from state and federal sources continues to fluctuate, local housing authorities need every tool at their disposal to provide safe, sanitary, and affordable housing to low income Marylanders in every region across our state-- especially considering the shortage of available units.

For these reasons, I urge your support for House Bill 1085 and respectfully request a favorable report.

Best regards,

A handwritten signature in blue ink that reads "Kris Fair". The letters are cursive and fluid.

Delegate Kris Fair
District 3, Frederick County