

HB1085_Del Fair_FAV

Uploaded by: Delegate Fair Delegate Fair

Position: FAV

KRIS FAIR
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Ways and Means Committee

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Education

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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

MAHC Testimony_HB 1085_PHA tax exemption_FAV.pdf

Uploaded by: Miranda Willems

Position: FAV



**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.



MAHC Board of Directors

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Dana Johnson, Homes for America, Vice President

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Mo Smith, Vorys, Of Counsel

Patrick Stewart, Pennrose Properties

Catherine Stokes, Diamond & Associates

Milana Vayner, Baltimore County DHCD

Jessica D. Zuniga, Humphrey Management/Foundation Development Group

HB 1085 Housing Authorities - Tax-Exempt Status –

Uploaded by: Crystal Hypolite

Position: FWA


Robin Truiett-Theodorson
Chairperson | Board of Commissioners

Janet Abrahams
President | Chief Executive Officer



HB 1085

February 21, 2025

TO: Members of the Environment & Transportation Committee
FROM: Janet Abrahams, HABC President & CEO 
RE: HB 1085 Housing Authorities - Tax-Exempt Status - Modifications
POSITION: Support with Amendments




Chair Korman, Vice Chair Boyce, and Members of the Environment and Transportation Committee, please be advised that the Housing Authority of Baltimore City wishes to submit testimony on HB 1085 Housing Authorities - Tax-Exempt Status – Modifications.

HB 1085 Housing Authorities - Tax-Exempt Status – Modifications - Exempts certain property owned by public housing authorities, certain subsidiary entities of public housing authorities, and certain nonprofit housing corporations from State and local taxation. The bill also directs housing authorities, certain subsidiary entities of public housing authorities, and certain nonprofit housing corporations to make payments in lieu of taxes that may be set by agreements with political subdivisions; and applies the Act to all taxable years beginning after June 30, 2025.

The Housing Authority of Baltimore City (HABC) is the country's 5th largest public housing authority and Baltimore City's largest provider of affordable housing opportunities. HABC serves over 43,000 of Baltimore City's low-income individuals through its Public Housing and Housing Choice Voucher programs. HABC also engages in development initiatives, either on its own or through its development instrumentality, to create and preserve affordable housing. These activities are usually multi-phased and/or have a certain amount of time until closing occurs, the site is assembled and construction can begin. Therefore, HABC proposes the addition of the language "or will be used" to the provision on page 4 section (II) as follows:

(II) IS USED, **OR WILL BE USED**, AS HOUSING FOR PERSONS OF ELIGIBLE INCOME AND IS OWNED IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, THROUGH ONE OR MORE WHOLLY OR PARTIALLY OWNED SUBSIDIARY ENTITIES OF A HOUSING AUTHORITY ENTITY...

Housing Authority of Baltimore City | 417 East Fayette Street, Baltimore, MD 21202



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We support the intention of the bill to include all Maryland Housing Authorities in this legislation and we respectfully request a Favorable report on House Bill 1085, with the addition of the above proposed language.

Respectfully submitted:

Janet Abrahams, HABC President & CEO

Housing Authority of Baltimore City | 417 East Fayette Street, Baltimore, MD 21202

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HB1085-ET_MACo_SWA.pdf

Uploaded by: Kevin Kinnally

Position: FWA



House Bill 1085

Housing Authorities - Tax-Exempt Status - Modifications

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Environment & Transportation and
Ways & Means Committees

Date: February 25, 2025

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS HB 1085 WITH AMENDMENTS** to ensure local governments retain flexibility in structuring property tax arrangements for public housing developments.

This bill expands property tax exemptions for public housing authorities (PHAs), their subsidiaries, and affiliated nonprofit entities. **While supporting affordable housing is a shared priority, HB 1085 must provide local governments with the tools to balance housing development with fiscal responsibility.**

Counties rely on property tax revenues to fund essential services, including schools, public safety, and infrastructure maintenance. By broadening tax exemptions without requiring compensation to local governments, this bill could significantly impact county budgets. Existing law allows PHAs to negotiate Payment in Lieu of Taxes (PILOT) agreements with local governments to mitigate revenue losses, but this bill does not guarantee such agreements. Without a requirement to establish PILOT agreements, local jurisdictions may face revenue reductions with no means to recover funding for critical services.

Housing authorities play a vital role in addressing Maryland's affordable housing needs, but their operations should not come at the expense of local governments' ability to provide core services. Allowing—but not requiring—PILOT agreements creates uncertainty, as counties must rely on voluntary negotiations rather than a structured, predictable funding mechanism. To maintain a fair and balanced approach, HB 1085 should be amended to explicitly authorize local governments to establish PILOT agreements rather than automatically exempting these properties from taxation.

Local flexibility is critical in addressing housing and economic challenges unique to each jurisdiction. Amending HB 1085 to provide counties with clear authority to enter PILOT agreements ensures a sustainable approach to affordable housing investment while safeguarding local revenues.

Accordingly, MACo urges a **FAVORABLE WITH AMENDMENTS** report to support on HB 1085.