

Green Street Housing, LLC  
212 E. Main Street, Suite 200  
Salisbury, MD 21801

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**Testimony to the Ways & Means Committee**  
**HB 585 – Property Tax – Low Income Housing Tax Credit – Valuation of Property**  
**Position: Favorable (FAV)**

As the CEO of Green Street Housing, LLC, an affordable housing developer and owner in Maryland. I am writing to express my strong support for HB 585, which will codify the use of an income-based valuation methodology for properties developed under the Low-Income Housing Tax Credit (LIHTC) program.

Over the past four years, I have experienced significant challenges related to the tax assessment of LIHTC properties. Assessors frequently rely on permit values or acquisition costs to determine property values, ignoring the income restrictions that define LIHTC projects. In several cases, this has resulted in assessments that were nearly three times higher than the values derived from capitalized net operating income (NOI). For example, one property was assessed at \$12 million, while its NOI valuation was just \$4 million.

Such inflated assessments create several serious problems:

- **Uncertainty during financing:** Unexpected tax bills significantly increase operating costs, jeopardizing the financial stability of LIHTC projects.
- **Delays and costs:** Resolving appeals can take months, delaying permanent financing and adding hundreds of thousands of dollars in carrying costs.
- **Project viability:** These delays and costs can put entire developments at risk of default, especially during lease-up.

In one instance, it took seven months to resolve a tax appeal, delaying the project's closing process by 10 months and resulting in over \$300,000 in additional expenses. The appeals process itself is costly and time-consuming, diverting resources from critical project needs.

HB 585 addresses these issues by requiring assessors to use an income-based valuation approach that accurately reflects the restricted income potential of LIHTC properties. This change will bring much-needed consistency and predictability, ensuring that property tax assessments align with the realities of LIHTC financing.

The passage of HB 585 is essential to the continued success of Maryland's affordable housing programs. I respectfully urge the committee to issue a favorable report.

Thank you for your time and consideration.

Sincerely,

Tom Ayd