

Building Homes Act HB0805

Position: Favorable

April 2, 2026

Chair Guzzone and Members of the Budget and Taxation Committee:

Habitat for Humanity Metro Maryland is excited to express its strong support for the Building Homes Act and thanks Delegate Solomon for his leadership and dedication to this important issue.

Habitat Metro Maryland is a nonprofit provider of affordable housing, working to provide equitable access to and the preservation of homeownership in Prince George's and Montgomery Counties. Habitat builds and rehabilitates homes that it sells to income-qualified families, providing an affordable mortgage financed by our organization. Since 1982, our organization has sold more than 120 affordable homes and provided more than \$20M in 0% interest mortgages.

In the last year, Habitat Metro Maryland provided access to ownership to a young man working in the construction trades that didn't think he'd have a chance to become a homeowner before he was middle aged. And to a mother of three special needs children who finally has an affordable and accessible home to call her own. And to a young woman who had a significant health issue that changed her job prospects, who was living temporarily with family and thought she'd lost the chance to become a homeowner. Affordable homeownership changes the trajectory of the lives of not just the buyers, but the generations of family members that come after them. But for every homeowner we serve, there are thousands more that need access.

Homeownership is the primary way that families in the U.S. build wealth, but more than ever families are locked out of this opportunity. Our neighbors don't just need access to affordable homes to purchase, but they need long-term housing costs that are affordable including property taxes, association fees, and homeowners insurance.

The nationwide median age of new homebuyers is now 40. With a typical 30-year mortgage, our younger generations won't pay off their mortgage until they are 70 years old. The Maryland REALTORS recently conducted a survey that showed that 49% of young professionals in Maryland are considering leaving the state due to the high cost of housing. These individuals represent the future of our state, and an exodus of young professionals has serious implications for our economic stability. The survey also found that 90% of Maryland voters think the cost of purchasing a home is too high. It is imperative that we act now to implement diverse and effective strategies that make homeownership more affordable for our neighbors, helping them to stay in the state and communities they love and ensuring they can build transformational, generational wealth.

As enabling legislation, this empowers local jurisdictions to pass a property tax credit that provides a one-time credit to nonprofits creating long-term, affordable homeownership opportunities that include shared equity or appreciation. This credit recognizes that nonprofits are paying taxes on the full value of a home that is often sold for far less than that value.

To help homeowners be successful and financially secure, as the lender Habitat ensures that they don't pay more than 30% of their income on housing costs to include their mortgage, property taxes,

homeowners insurance, and association fees. This means that the payable first mortgage for a Habitat homeowner is often less than the appraised value. To prevent flipping and protect the subsidy in each home, our affiliate adds a silent second mortgage that is only repaid upon sale.

As an example, a home appraises at \$400,000, but the homeowner can only afford a mortgage of \$250,000. The sales price of the home is \$400,000 which ensures Habitat homes don't bring down home values in neighborhoods. Mortgages are then split between a payable 1st mortgage of \$250,000 and a silent second mortgage of \$150,000 only paid if the home is sold. When the property is assessed for tax purposes, it is assessed similarly to surrounding homes, closer to \$400,000.

This legislation will reduce the subsidy organizations like ours must provide per unit, allowing fundraising dollars to go towards the creation of additional homes.

Passing this legislation could play an important role in helping more lower and moderate-income families become homeowners in Maryland. Housing affordability is not just a matter of justice; it's a driver of economic development.

Thank you for your time and consideration.

Sincerely,

Sarah Reddinger
Vice President of Housing & Community Strategies
Habitat for Humanity Metro Maryland
8380 Colesville Road, Suite 600
Silver Spring, MD 20910
Sarah.reddinger@habitatmm.org
301-332-4391