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TO: Senate Budget & Taxation
FROM: LeadingAge Maryland
SUBJECT: House Bill 571, Nonprofit Housing Corporations - Tax and Enforcement of Judgment Exemptions - Alterations
DATE: March 31, 2026
POSITION: Favorable

LeadingAge Maryland supports House Bill 571, Nonprofit Housing Corporations - Tax and Enforcement of Judgment Exemptions – Alterations.

LeadingAge Maryland is a community of more than 150 not-for-profit aging services organizations serving residents and clients through continuing care retirement communities, affordable senior housing, assisted living, nursing homes and home and community-based services. Members of LeadingAge Maryland provide health care, housing, and services to more than 20,000 older persons each year.

House Bill 571 is critically important for the needed construction of affordable senior housing in Maryland. At a time when our state faces a severe and growing shortage of affordable homes for older adults, this bill provides the necessary statutory tools to unlock development capital, reduce operational costs, and mitigate the financial risks that currently deter nonprofit developers from bringing new projects online.

The Crisis in Affordable Senior Housing: Maryland’s senior population is growing rapidly, with the number of adults aged 65 and older projected to increase by over 40% in the next two decades. Simultaneously, rising construction costs, interest rates, and local tax burdens have made the development of new affordable senior housing increasingly unfeasible. Nonprofit developers—who are mission-driven to serve the lowest-income seniors—operate on narrow margins and rely heavily on complex financing structures, including the Low-Income Housing Tax Credit (LIHTC) program, to make projects viable. HB 571 addresses specific legal and financial barriers that currently prevent these projects from moving forward.

Key Provisions That Support Senior Housing Development

- **Extension of Tax Exemptions to Subsidiary Entities :** HB 571 exempts real property owned by subsidiary entities of a nonprofit housing corporation from state and local taxes and special assessments. This provision is essential for affordable senior housing development. Virtually all modern affordable housing transactions—particularly those utilizing LIHTC equity, as referenced in the bill’s definition of “affordable housing”—require the use of subsidiary entities or limited partnerships to allocate tax credits and manage investor interests. Without the assurance that these subsidiary-held properties are exempt from local property taxes, these financing structures become economically unsustainable. By clarifying that subsidiaries enjoy the same tax-exempt status as their parent nonprofit corporations, HB 571 ensures that tax liability does not consume the limited operational revenue needed to serve low-income seniors.
- **Protection from General Judgment Enforcement:** The bill exempts affordable housing property from levy and sale by virtue of an execution, preventing general judgments against a nonprofit housing corporation from becoming a charge or lien on its real property—provided the property is used for eligible housing. This protection is vital for construction financing. Nonprofit developers must leverage their real property to secure bonds, loans, and tax credit equity. If general creditors could seize affordable housing assets for debts unrelated to the specific property (such as general operational liabilities or unrelated litigation), lenders and investors would view these projects as too risky to finance. HB 571 puts nonprofit developers on equal footing with public housing authorities, creating the stability necessary to attract private investment into new senior housing construction.
- **Maintained Local Partnership Through PILOT Agreements:** Importantly, HB 571 preserves the ability of local jurisdictions to negotiate Payments in Lieu of Taxes (PILOTs) with nonprofit developers. This ensures that while projects receive the tax certainty needed to secure financing, counties and municipalities retain the flexibility to recover costs for essential services. This balanced approach respects local fiscal needs while enabling the production of desperately needed housing.

HB 571 represents a targeted, fiscally responsible solution to a significant barrier facing nonprofit developers. By modernizing Maryland’s tax and enforcement statutes to reflect the complex financing realities of contemporary affordable housing, this legislation will directly facilitate the construction of new affordable homes for Maryland’s lowest-income seniors.

For these reasons, LeadingAge Maryland respectfully requests a favorable report for House Bill 571.