

X_HB0805_DHCD_SUPPORT.pdf

Uploaded by: Jake Day

Position: FAV



WES MOORE
Governor
ARUNA MILLER
Lt. Governor
JACOB R. DAY
Secretary
JULIA GLANZ
Deputy Secretary

DATE: April 2, 2026
BILL NO: House Bill 805
TITLE: Building Homes Act
COMMITTEE: Senate Budget & Taxation Committee

Letter of Support

Description of Bill:

House Bill 805 authorizes Baltimore City and counties the authority to grant a property tax credit for certain affordable dwellings. To qualify, a dwelling must be subject to a mortgage or deed of trust provided by a nonprofit entity and be restricted by a legally binding covenant of at least 20 years that ensures long term affordability, including resale restrictions. The bill would also allow local jurisdictions to determine the amount, duration, and administration of the tax credit.

Background and Analysis:

Maryland continues to face significant challenges in expanding affordable homeownership opportunities. Rising home prices and limited inventory in the state has increased costs for prospective homebuyers, particularly those in low and moderate-income households. Although the state has various programs through the Maryland Mortgage Program (MMP), the strive to promote affordable homeownership is still an impediment. The ongoing housing costs continue to greatly strain household budgets and threaten long term stability in the state.

Under current law, property taxes are generally based on the full assessed market value of a property. However, in shared equity or nonprofit affordable homeownership models, resale restrictions limit the amount of equity. Despite these restrictions, homeowners may still be taxed on the full assessed value of the property. This disconnect increases financial burden for households participating in these programs.

HB805 would enable legislation that would authorize local jurisdictions the discretion to design and implement plans that reflect their local housing needs. The bill would continue to support sustainability in shared equity homeownership models and help preserve affordability over time across the state.

DHCD Position

The Maryland Department of Housing and Community Development respectfully requests a **favorable** report on HB 805.



HB805_Solomon_FAV-Senate.pdf

Uploaded by: Jared Solomon

Position: FAV

JARED SOLOMON
Legislative District 18
Montgomery County

Government, Labor, and
Elections Committee

Chair

Oversight Committee on Personnel

House Chair

Joint Audit and Evaluation
Committee



The Maryland House of Delegates
6 Bladen Street, Room 312
Annapolis, Maryland 21401
410-841-3130
800-492-7122 Ext. 3130
Jared.Solomon@house.maryland.gov

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

**HB 805 Testimony – The Building Homes Act
March 2, 2026 – Senate Budget & Tax Committee**

Chair Guzzone, Vice Chair Rosapepe, and Colleagues,

Thank you for the opportunity to present on HB 805, the Building Homes Act, enabling legislation to encourage the building of affordable housing across the state of Maryland.

Maryland housing availability is struggling to keep up with a changing and growing population. Housing costs continue to rise every year, with Maryland being the 8th most expensive state for renters and homeownership increasingly out of reach for more Marylanders.

The Building Homes Act:

- Enabling legislation to give county governments the authority to provide a one-time property tax credit to not-for-profit mortgage lienholders equal to the value of the price of a recently sold property charged to the homeowner through an income, equity, and appreciation restricted agreement, rather than an assessment based on surrounding properties without the same resale and equity restrictions.
- Require that the not-for-profit mortgage lienholder holds at least a 20-year covenant or legally binding agreement that enforces income, equity, and appreciation restrictions and ensures the affordable pricing of the property even upon resale.
- Require counties or municipal corporations, and the mayor and city council of Baltimore City to develop policies and regulations regarding:
 - The duration of the tax credit;
 - Additional eligibility criteria for the tax credit; and
 - Regulations and procedures to implement the tax credit.

Background and Rationale

- The homes built in Montgomery County by the Metro Maryland chapter of Habitat for Humanity and other nonprofit builders are assessed and taxed differently compared to similar affordable housing that is part of the County's Moderately Price Dwelling Unit (MPDU) program. The MPDU program restricts the sale price of participating units,

meaning they are officially recorded at the artificially low price and then for tax purposes assessed at an artificially suppressed amount. The units built by Habitat for Humanity do not fall under the legal definition of MPDU, forcing Habitat for Humanity to undertake alternative strategies to keep their homes affordable. Additionally, because developers like Habitat for Humanity does not want to lower property values, they keep their home prices officially recorded at market rate.

- Nonprofit builders use a variety of equity and appreciation restrictions to keep their homes affordable for their recipients. One method used by Habitat for Humanity is to sell the home at the appraised value, but to offer a first mortgage that is affordable to the home buyer. Utilizing this model, low-income buyers don't pay more than 30% of their income on housing costs to include principal, interest (if applicable), property taxes, and homeowners' insurance.
- Then, Habitat essentially holds a silent second mortgage on the property, with no monthly payments, that will be repaid after the eventual sale of the home. While this makes homes more affordable for many, it has led to assessments of the properties that do not accurately reflect the true cost of the property. These homes should be assessed based on the first mortgage to accurately reflect the cost of the home.
- Habitat and other organizations often reduce the first mortgage amount to accommodate property taxes based on the full appraised value of the home. If homes were assessed at the first mortgage price, nonprofits could recoup more costs through the first mortgage and therefore need less subsidy per home.
- Shared equity structures can be an important tool for lower-income buyers to get into ownership, build some equity and either stay in their homes long term or use the limited equity they build to move into the traditional market. This credit will help provide more resources for organizations like Habitat for Humanity to build more homes.

Most importantly, HB 805 is enabling – allowing local jurisdictions the authority to create these types of credits for affordable developers who meet the criteria laid out in the bill. Because it is enabling and creates a local credit, the bill will have no cost to the state. I'm pleased to have the support of the Maryland Association of Counties in our work as well.

The Building Homes Act provides counties with an important tool to expand their stock of affordable housing, creating stability for families, our workforce, and our state's economy.

HB 805 passed the House 110-10 and I urge a favorable report. Thank you for your consideration.

Why do we need for more affordable housing?

- Housing production has not significantly increased since the beginning of the COVID-19 Pandemic. Maryland is short at least 96,000 units of housing, according to state data, though some estimates peg the deficit at closer to 150,000 homes. In the wake of the 2008 Great Recession, housing construction in Maryland never rebounded to previous levels.
- According to the Department of Housing and Community Development's [2025 State Housing and Needs Assessment](#):
 - Housing prices have increased substantially year-over-year, from December 2021 to December 2022, as a result, 49% of moderate-income households were able to afford the median in 2022, compared to 75% in 2000;
 - 50% of Maryland residents spend 30% or more of their income on housing;
 - These gaps disproportionately affect Black and Hispanic populations;
 - And in 2022, 45.5% of renters were cost burdened (pay more than 30% of their gross income on rent or housing); 49% of them were Black residents.
- The latest [American Strategies](#) poll showed eight out of ten Marylanders feel it is too expensive to buy a house in Maryland.
- Marylanders pay more for their mortgages than people in all but eight other states, according to Census Bureau data.

The Impact of High Housing Costs

- The high cost of housing is prompting residents to leave for places with lower housing costs. Should this trend continue unabated, it could diminish the state's congressional representation over time. Before the pandemic, most migration out of Maryland happened among older, wealthier residents. Now younger adults account for half the population loss.
- Losing young people is especially concerning because they make up much of the workforce. Maryland could see a dramatic decrease in key sources of money, such as income, sales and property tax revenue — all things that funnel into government services: sewer and water infrastructure, roads, parks and schools.
- Between 2022 and 2024, Maryland ranked in the top 10 of all U.S. states for the largest net loss of residents to domestic migration, with 46,000 in 2022 (ranked 7th), 33,000 in 2023 (ranked 6th), and 18,500 in 2024 (ranked 6th).
- Real estate professionals say in addition to high interest rates, slow building, ineffective housing policies, and an evolving set of regulations have made prices unattainable for more buyers.

HB 805 MSEA FAV Senate FINAL.pdf

Uploaded by: Jocelyn Collins

Position: FAV

**FAVORABLE Testimony in Support of House Bill 805 Building Homes Act
Budget and Taxation**

April 2, 2026

1:00 pm

**Jocelyn I. Collins
Public Policy Partners, on behalf of MSEA**

The Maryland State Education Association (MSEA) supports House Bill 805, which authorizes Baltimore City and counties and municipal corporations to provide a property tax credit for certain homes subject to nonprofit mortgages and long-term affordability covenants. This legislation creates an important local tool to expand and preserve permanently affordable homeownership opportunities in Maryland communities.

Specifically, House Bill 805 enables local governments to grant a property tax credit for dwellings that are encumbered by nonprofit-held mortgages or affordability covenants that ensure long-term affordability for eligible homeowners. By reducing the property tax burden on these homes, the bill strengthens the viability of shared-equity and other nonprofit housing models that make homeownership attainable for working families and essential public servants.

MSEA's support for this legislation is grounded in MSEA Resolution F.23 – Fair Housing, which states: "MSEA believes that fair housing practices should be broadened and strengthened to assure each citizen an equal opportunity to reside in a neighborhood of their choice." House Bill 805 advances this principle by supporting sustainable homeownership opportunities that promote economic stability and prevent displacement.

MSEA represents 76,000 educators and school employees who work in Maryland's public schools and community colleges, teaching and supporting our almost 900,000 K-12 students so they can pursue their dreams. MSEA represents more than 44 local affiliates in every county across the state of Maryland, and our parent affiliate is the 3 million-member National Education Association (NEA).



Housing affordability remains a significant challenge for many educators and school employees across Maryland. Rising home prices and property taxes often place homeownership out of reach, particularly in high-cost areas. When educators cannot afford to live in the communities where they work, schools experience higher turnover, longer commutes, and reduced community engagement. By supporting long-term affordability models and reducing ongoing property tax burdens for eligible homeowners, House Bill 805 helps create pathways for stable, sustainable homeownership.

Stable housing is directly connected to strong school communities. When families and educators can remain in their communities, schools benefit from continuity, stronger family engagement, and deeper relationships between educators and students. Policies that promote housing stability also strengthen neighborhood cohesion and economic vitality.

House Bill 805 provides local governments with flexibility to support innovative nonprofit housing models that promote lasting affordability. By reinforcing community stability and expanding access to homeownership, this bill aligns with Maryland's commitment to equity, opportunity, and strong public institutions.

For these reasons, MSEA urges the committee to issue a Favorable Report on House Bill 805.

HB0805-BT_MACo_SUP.pdf

Uploaded by: Kevin Kinnally

Position: FAV



House Bill 805

Building Homes Act

MACo Position: **SUPPORT**

To: Budget & Taxation Committee

Date: April 2, 2026

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 805. This bill authorizes local governments to grant, by local law, a property tax credit for specified affordable dwellings supported through nonprofit mortgage financing and long-term affordability protections.

Counties support affordable housing and continue to seek practical tools to help close financing gaps and make homeownership attainable for more residents. **HB 805 takes the right approach by creating an optional, locally controlled credit that local governments may adopt based on local needs, local housing markets, and local fiscal capacity.**

The bill also keeps the credit focused on long-term affordability. To qualify, a dwelling must have a mortgage or deed of trust from a nonprofit entity. Additionally, the property must be subject to a covenant or legally binding agreement lasting at least 20 years that enforces income and equity or appreciation restrictions and keeps the home affordable, including on resale.

The bill also gives local governments broad discretion to set the duration of the credit, establish eligibility criteria, and adopt application procedures, allowing counties to administer the credit in a consistent and accountable way.

MACo generally supports legislation that authorizes broad local discretion to offer targeted tax incentives and tax relief, especially when those tools support affordable housing and neighborhood revitalization. HB 805 follows that approach by giving local governments a flexible, optional mechanism to encourage long-term affordability, rather than imposing a State-mandated reduction in local revenues.

For these reasons, MACo urges the Committee to issue a **FAVORABLE** report on HB 805.

Senate Building Homes Act - Habitat Metro Maryland

Uploaded by: Sarah Reddinger

Position: FAV

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