



Testimony to the Economic Matters Committee
HB 571 – Nonprofit Housing Corporations – Tax and Enforcement of Judgment
Exemptions - Alterations
Position: Favorable (FAV)

HB 571 would exempt certain nonprofit affordable housing providers from property taxes, a measure designed to strengthen the State's ability to address its ongoing affordable housing shortage. By lowering operating costs for nonprofit housing providers, the exemption would improve project feasibility and enhance leverage of other financing, enabling nonprofits to attract additional private capital. This additional leverage also accelerates the production and preservation of affordable housing while reducing reliance on limited State loan funds and maximizing the impact of State investments.

Currently, nonprofit developers have to apply to a local jurisdiction for a Payment In Lieu of Tax (PILOT) agreement to request a reduction in taxes, which typically happens after they have secured financing for the project. If the local elected body declines to approve the PILOT, that financing is at risk, and the developer may have to return an award of Low Income Housing Tax Credits. This exemption would provide more certainty to the developer up front that there will be no property tax negotiation with local elected officials.

Nonprofit housing providers continue to face increased operating costs due to insurance, utilities, staffing, and other fixed costs that continue to skyrocket, but they cannot recover those increased operating costs due to the rent limits set forth by their financing. Eliminating property taxes from their operating expenses would strengthen the financial health of Maryland's nonprofit housing providers—essential long-term stewards in Maryland's affordable housing ecosystem—who often serve special needs and extremely low-income populations and deliver robust tenant services to support those residents. This high-impact tool would accelerate affordable housing production and preservation across Maryland and provide local governments with an easy way to support more affordable housing development to address the affordable housing crisis we're facing.

MAHC is the leading organization for the affordable rental housing industry in Maryland and represents over 185 member organizations, including nonprofit and for-profit developers, community action groups, State and local housing authorities, property management companies, financial institutions, community development organizations, contractors, investors, consultants and individuals. This new tax exemption will provide an additional resource for our nonprofit members to use for the development and preservation of affordable housing across Maryland. **We urge your support of HB 571.**

Respectfully submitted on February 17, 2026 by Miranda Darden-Willems, Executive Director, on behalf of the MAHC Board of Directors.



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