

**HB 805
Building Homes Act
Ways and Means Committee
February 17, 2026
Position: Support**

Dear Chair Wilkins and Vice-Chair Feldmark,

Habitat for Humanity of the Chesapeake is the leading provider of affordable homeownership opportunities in Central Maryland. Since our founding 45 years ago, we have built or renovated over 800 homes in 26 communities across Baltimore City and Baltimore, Anne Arundel and Howard counties. This year, we are in active construction or pre-development in several neighborhoods in Baltimore, as well as on projects in Severn and Colombia. These include both new construction and intensive rehabilitation of long-vacant homes, and ensure an affordable mortgage for each of our homebuyer partners.

Our homeownership affordability model does the following to ensure homeowners, and community, success: we sell the homes at the appraised value, and provide a second mortgage to our homebuyer in order to ensure their affordability. As an example, a home could cost \$250,000 to build, appraise at \$225,000, and our homeowners (who fall between 30 to 80% of the Area Median Income), could have an affordability of \$175,000.

We offer zero interest mortgages, which helps to reduce the overall cost of the home to the buyer, and also enables them to gain equity. As a part of our mortgage structure, what we will often do is provide a soft second mortgage which burns off over time. This bill would enable non-profits like Habitat to ensure long-term affordability through having taxes assessed on the first mortgage, a key factor in making monthly payments manageable for lower income homebuyers throughout jurisdictions in Maryland.

The Building Homes Act should help increase the number of affordable ownership units built by reducing the subsidy needed for each unit, namely because nonprofits building these units ensure buyers don't pay more than 30% of their income on housing costs to include principal, interest (if a factor), property taxes, and homeowners insurance. The higher portion property taxes take of that 30% the more nonprofits are reducing the first mortgages to accommodate taxes. Ultimately, that increases the subsidy/cost per unit.

This bill could be a key tool in increasing our affordable homeownership supply across the state because of the flexibility it allows for payments on a first mortgage to be reduced for

homebuyers. With approximately 50% of our state's population spending around 50% in their housing costs per month—whether a renter or homeowner—creating mechanisms to allow for more residents to have housing payments closer to 30% of their household income is a tremendous tool for retaining residents, and allowing for greater potential for housing that fits household incomes statewide. With better affordability comes stability in our neighborhoods, retention of our neighbors, incentive for more development, and overall economic growth for the state. The model lends itself to equity sharing models, in addition to first-time homebuyer programs like Habitat for Humanity affiliates building homes in Maryland.

We see HB805 as a bill that can help create more units for hardworking Maryland residents, as well as contribute greatly to the resiliency of lower to middle income households throughout the state.

Please support HB805 in its passage to make homeownership an achievable dream for more of our neighbors.

Sincerely,

Leila Kohler-Frueh
VP of Homeowner Services and Community Relations