

## **Building Homes Act HB0805**

**Position: Favorable**

**February 17, 2026**

Chair Palakovich Carr and Members of the Ways and Means Revenues Subcommittee:

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 \$19M 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 Marylander 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 allows the assessment of long-term affordable homes - with a nonprofit provided mortgage and that are subject to equity/appreciation sharing - at the value of the first mortgage amount.

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 1<sup>st</sup> 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. This means the owner will be paying property taxes on an assessment of closer to \$400,000, but they only have up to \$250,000 of potential equity in the home as the silent second mortgage sits as a lien to be repaid upon sale.

Taxing homes at the first mortgage value is more equitable for lower income homeowners and provides more financial stability for them as their property taxes are more within their affordability range.

The legislation will also reduce the subsidy organizations like ours must provide per unit, allowing funds to go towards the creation of additional homes. When property taxes take up a larger portion of the 30% of income on housing cap, Habitat reduces the first mortgage amount to accommodate property taxes, thus increasing the subsidy needed for each home.

Passing this legislation could play a critical role in helping more lower and moderate-income families become homeowners in Maryland while also helping their ongoing financial stability by better matching their property taxes with their affordability. 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](mailto:Sarah.reddinger@habitatmm.org)  
301-332-4391