GO ITEM #1
July 9, 2026
Worksession

MEMORANDUM

June 6, 2026

TO: Government Operations and Fiscal Policy (GO) Committee

FROM: Jim Ogorzalek, Legislative Attorney

SUBJECT: Bill 15-26, Taxation – Property tax credits – Habitat for Humanity Rehabilitations

PURPOSE: Worksession

Bill 15-26, Taxation – Property tax credits – Habitat for Humanity Rehabilitations, was introduced on March 17, 2026. Its Lead Sponsor is Councilmember Friedson. The bill's Co-Sponsors are Council President Fani-González, Councilmembers Luedtke and Stewart, Council Vice President Balcombe, and Councilmembers Katz, Evans, Sayles, Glass, Jawando, and Mink. A public hearing on the bill occurred on June 16, 2026, at 1:30 p.m.

Bill 15-26 would:

(1) create a tax credit for properties owned by Habitat for Humanity with the purpose of rehabilitating and transferring to a new owner in the near future; and
(2) generally amend the law regarding property tax credits.

Background

In 2010, by HB 850, the General Assembly authorized a tax credit for certain properties owned by Habitat for Humanity entities intended for rehabilitation and conveyance. In 2011, by HB 558, the General Assembly expanded the authorization to include not only those properties with homes being rehabilitated, but also to properties being developed for the same purpose. This enabling legislation is codified at Maryland Code § 9-252 of the Tax-Property Article.

Bill Specifics

Bill 15-26 implements the tax credit authorized in Maryland Code (TP) § 9-252. The bill would mandate, beginning in the tax year beginning July 1, 2027, a 100 percent tax credit for all properties (1) intended to be relinquished in the near future; (2) used for development, rehabilitation, and transfer to a private owner; and (3) owned by Humanity Metro Maryland, Inc., an entity wholly owned by Habitat for Humanity Metro Maryland, Inc., or another Habitat for Humanity affiliate operating in Montgomery County. The bill establishes an application process for the tax credit and requires an annual report from entities granted the tax credit. The bill further clarifies that the credit is only for the period in which a property meets the eligibility requirements (as opposed to the entire tax year during which the property is eligible).

SUMMARY OF IMPACT STATEMENTS

Racial Equity and Social Justice Impact. "The Office of Legislative Oversight (OLO) anticipates Bill 15-26 would have a small positive impact on racial equity and social justice (RESJ) in the County. A property tax credit for homes developed and rehabilitated by Habitat for Humanity could allow for more affordable homeownership opportunities in the County. These would disproportionately help Black and Latinx families in the County to build wealth. Given Habitat for Humanity's history of developing and rehabilitating homes in the County, the number of homes incentivized through this Bill is likely to be small."

Climate Assessment. "The Office of Legislative Oversight (OLO) anticipates Bill 15-26 will have little to no impact on both the County's contribution to greenhouse gas emissions (slightly negative if any) and the County's overall community climate resilience (slightly positive if any). This is due to the small scale of projects Habitat for Humanity Metro Maryland (HFHMM) has compared to overall construction and building stock in the County. The proposed tax credit would increase their capacity to construct and renovate homes but not likely on a scale that would significantly impact overall greenhouse gas emissions or community climate resilience in the County."

Economic Impact. "The Office of Legislative Oversight (OLO) anticipates that Bill 15-26 would positively impact overall economic conditions in the County, as measured by the Council's priority economic indicators. . . . By granting a full property tax credit, the policy would reduce soft costs (property taxes), which in turn would likely lower total development cost per affordable housing unit. This would likely enable affiliates to deliver the same number of affordable homes with less funding or produce more homes with the same resources.

Additionally, the Bill would indirectly benefit certain low- to moderate-income homebuyers. If Habitat for Humanity affiliates hold production constant, certain homebuyers would likely benefit from lower mortgage payments, which would reduce nondiscretionary household expenses. Alternatively, if affiliates use the property tax credit to boost production, certain homebuyers would benefit through expanded access to affordable housing."

Fiscal Impact. "Bill 15-26 would result in a decline in property tax revenues by an estimated amount of $458,000 between FY28, the first year of implementation, and FY33."

SUMMARY OF PUBLIC TESTIMONY

A public hearing was held on June 16, 2026, at 1:30 p.m. The sole speaker was Jeffrey Dee, President and CEO of Habitat for Humanity Metro Maryland, Inc. Mr. Dee testified in support of the bill, stating that the credit is estimated to save the entity approximately $70,000-80,000 per year, enabling it to build additional homes in the County.

ISSUES FOR THE COMMITTEE'S CONSIDERATION[1]

N/A

[1] The Committee authorizes Council Legislative Attorneys to make non-substantive technical corrections necessary to fix any typographical, stylistic, formatting, or grammatical errors in Bill 15-26.

Bill No. 15-26
Concerning: Taxation – Property Tax Credits – Habitat for Humanity Rehabilitations
Revised: 3/17/2026 Draft No. 2
Introduced: March 17, 2026
Expiration: December 7, 2026
Enacted:
Executive:
Effective:
Sunset Date:
Ch. _____, Laws of Mont. Co.

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Friedson
Co-Sponsors: Council President Fani-González, Councilmembers Luedtke and Stewart, Council Vice President Balcombe, and Councilmembers Katz, Evans, Sayles, Glass, Jawando, and Mink

AN ACT to:

(1) create a tax credit for properties owned by Habitat for Humanity with the purpose of rehabilitating and transferring to a new owner in the near future; and
(2) generally amend the law regarding property tax credits.

By adding
Montgomery County Code
Chapter 52, Taxation
Section 52-114

Boldface	*Heading or defined term.*
Underlining	*Added to existing law by original bill.*
[Single boldface brackets**]**	*Deleted from existing law by original bill.*
Double underlining	*Added by amendment.*
[[Double boldface brackets**]]**	*Deleted from existing law or the bill by amendment.*
* * *	*Existing law unaffected by bill.*

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Section 52-114 is added as follows:

Sec. 52-114. Property tax credit – Habitat for Humanity.

(a) *Eligibility.* As authorized under Section 9-252 of the Tax-Property Article of the Maryland Code, as amended, any property is eligible for a tax credit under this Section if it is:

(1) owned by Habitat for Humanity Metro Maryland, Inc., an entity wholly owned by Habitat for Humanity Metro Maryland, Inc., or another Habitat for Humanity affiliate operating in Montgomery County, with the intention of relinquishing ownership in the near future;

(2) used for the purposes of development, rehabilitation, and transfer to a private owner; and

(3) not occupied by administrative or warehouse buildings owned by any Habitat for Humanity affiliated entity.

(b) *Application.*

(1) A property owner must submit an application to the Director on or before April 1 before the tax year that the owner seeks to receive the credit. The application will remain open until the next annual application is submitted and may be supplemented by the property owner to include additional real property holdings as they come under its ownership.

(2) The application must be submitted on the form prescribed by the Director and signed by a representative of the owner authorized to make the certifications required therein.

(c) *Amount and duration of credit.* The property tax credit granted under this section must equal 100 percent of the County property tax imposed on the property for the period in which it meets the eligibility requirements in Section 52-114(a) and must be granted each year the property remains eligible for the credit except that in no event may the credit be granted for more than 5 years

(d) *Annual Report.* Any entity granted a property tax credit under this Section must submit an annual report to the Director documenting all current real property holdings in the County and all transactions involving the entity's real property holdings in the County occurring during the previous year.

Sec. 2. Transition. The amendments to Section 52-114 under Section 1 of this Act must apply to the tax year beginning July 1, 2027, and to each subsequent tax year.

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 15-26: TAXATION - PROPERTY TAX CREDITS - HABITAT FOR HUMANITY REHABILITATIONS

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 15-26 would have a small positive impact on racial equity and social justice (RESJ) in the County. A property tax credit for homes developed and rehabilitated by Habitat for Humanity could allow for more affordable homeownership opportunities in the County. These would disproportionately help Black and Latinx families in the County to build wealth. Given Habitat for Humanity's history of developing and rehabilitating homes in the County, the number of homes incentivized through this Bill is likely to be small.

PURPOSE OF RESJ IMPACT STATEMENTS

RESJ impact statements (RESJIS) evaluate the anticipated impact of legislation on racial equity and social justice in the County. RESJ is a **process** that focuses on centering the needs, leadership, and power of Black, Indigenous, and other People of Color (BIPOC) and communities with low incomes. RESJ is also a **goal** of eliminating racial and social inequities. Applying a RESJ lens is essential to achieve RESJ.[1] This involves seeing, thinking, and working differently to address the racial and social inequities that cause racial and social disparities.[2]

PURPOSE OF BILL 15-26

Habitat for Humanity, Metro Maryland offers a program that rehabilitates "distressed" single-family or townhouse properties that are then sold to low-income families. Properties can either be donated to or purchased by Habitat for Humanity. Habitat for Humanity also accepts land donations, which must be suitable for building affordable housing. This program has developed and/or rehabilitated multiple properties in Montgomery County.[3]

In 2010, the Maryland General Assembly authorized a tax credit for qualified properties owned by Habitat for Humanity. It expanded the tax credit to include development properties in 2011.[4]

The purpose of Bill 15-26 is to create a 100 percent property tax credit in the County for properties owned by Habitat for Humanity that are:[5]

- Intended to be relinquished in the near future; and
- Used for development, rehabilitation, and transfer to a private owner.

The Bill would also establish an application process for this tax credit and require an annual report from grantees of the tax credit. Further, the tax credit would only apply for the period where the property meets the eligibility requirements, rather than the entire tax year it is eligible in.[6] According to the Bill's lead sponsor, the property tax credit is intended to help provide affordable homeownership in the County.[7]

The County Council introduced Bill 15-26 on March 17, 2026.

This RESJIS builds on the following ones:

- Bill 38-23, Tenant Displacement – Right of First Refusal to Buy Rental Housing – Amendments, published in October 2023;[8] and
- Bill 5-24, Finance – Child Investment Fund, which OLO published in April 2024;[9] and
- Bill 18-24, Housing Policy – Standards and Procedures – Amendments, published in October 2024.[10]

Please refer to these RESJISs for background on housing insecurity, the racial wealth gap, the affordable housing shortage, and racial equity.

Anticipated RESJ Impacts

To consider the anticipated impact of Bill 15-26 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who would primarily benefit or be burdened by this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

OLO identified the following groups who would be impacted by Bill 15-26:

- **Habitat for Humanity** would benefit from having access to a 100 percent property tax credit. This would help decrease their operating costs from property taxes on homes developed or rehabilitated by the organization. According to Habitat for Humanity:

  > "Bill 15-26 would reduce costs for each home built by Habitat in Montgomery County. Money saved on one home stretches fundraising dollars further and at scale will help Habitat build more affordable homes for lower income families."[11]

  In the last five years, Habitat for Humanity has sold 24 homes housing 80 community members in the County.[12]

- **Community members who demand affordable housing** would benefit from increased affordable homeownership opportunities if the property tax credit allows Habitat for Humanity to develop or rehabilitate more homes. Increased homeownership opportunities would also help community members to build wealth – a fundamental element of economic mobility and security.

  Historical and contemporary racial inequities, including the racial wealth gap, drive increased demand in affordable housing among BIPOC families in the County. As shown in Table A (Appendix), Black, Native American, and Latinx households in the County are more likely to have lower incomes. Black and Latinx households also have the highest cost-burdened rates by race and ethnicity in the County (Table B, Appendix).

  Past data from Habitat from Humanity shows that Black and Latinx community members are most likely to buy affordable homes sold by the organization. Of the 24 homes sold by the organization in the last five years, 75 percent were purchased by Black community members and 21 percent were purchased by Latinx community members (Table C, Appendix).

- **Community members at-large** would be burdened by the forgone revenue from the property tax credit. Property taxes are the largest source of tax revenue for the County government.[13] The forgone revenue would undermine the County's ability to provide public goods and services. This could particularly harm BIPOC community members, especially as they continue to become a larger part of the County's population.

Taken together, OLO anticipates Bill 15-26 would have a small positive impact on RESJ in the County. A property tax credit for homes developed and rehabilitated by Habitat for Humanity could allow for more affordable homeownership opportunities in the County. These would disproportionately help Black and Latinx families in the County to build wealth, which is fundamental for economic security and mobility. Given Habitat for Humanity's history of developing and rehabilitating homes in the County, the number of homes incentivized through this Bill is likely to be small.

Recommended Amendments

The County's RESJ Act requires OLO to consider whether to recommend amendments to bills that could reduce racial and social inequities and advance RESJ.[14] OLO anticipates Bill 15-26 would have a positive impact on RESJ in the County. As such, OLO does not offer recommended amendments.

Caveats

Two caveats to this RESJIS should be noted. First, predicting the impact of bills on RESJ is challenging due to data limitations, uncertainty, and other factors. Second, this RESJIS is intended to inform the Council's decision-making process rather than determine it. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

Appendix

Table A: Median Household Income by Race and Ethnicity, Montgomery County[15]

Race or ethnicity	Median Household Income
Asian	$147,950
Black	$92,979
Native American	$92,587
Pacific Islander	$122,500
White	$164,638
Latinx	$98,644
County	$132,450

Source: Table S1903, 2024 American Community Survey 5-Year Estimates, Census Bureau.

Table B: Cost-Burden Rates of Renter- and Owner-Occupied Households by Race and Ethnicity, Montgomery County

Race or ethnicity	Cost-Burden Rate (Renter-Occupied)	Cost Burden Rate (Owner-Occupied)
Asian	37.1	25.5
Black	54.4	33.1
White	37.1	23.0
Latinx	55.5	27.1
County	46.8	25.0

Source: Table S0201, 2024 American Community Survey 1-Year Estimates, Census Bureau.

Table C: Race and Ethnicity of Community Members Buying Homes Developed or Rehabilitated by Habitat for Humanity since 2021, Montgomery County

Race or ethnicity	# of Community Members	% of Community Members	% County Population
Asian	1	4.2	15.4
Black	18	75.0	18.6
White	2	8.3	42.1
Latinx	5	20.8	21.0

Source: OLO communication with Habitat for Humanity on April 1, 2026 and Table DP05, 2024 American Community Survey 5-Year Estimates, Census Bureau.

[1] Definition of racial equity and social justice adopted from M. Gamblin et al., "Applying Racial Equity to U.S. Federal Nutrition Programs," Bread for the World and Racial Equity Tools.
[2] Ibid.
[3] "New Construction & Rehab: Habitat for Humanity Current Projects," Habitat for Humanity Metro Maryland.
[4] House Bill 558, Maryland General Assembly, Enacted April 12, 2011.
[5] Introduction Staff Report for Bill 15-26, Montgomery County Council, Introduced March 17, 2026, pgs. 1-2.
[6] Ibid.
[7] Councilmember Friedson verbal comments during Bill 15-26 introduction, Montgomery County Council YouTube, March 17, 2026.
[8] RESJIS for Bill 38-23, Office of Legislative Oversight, October 13, 2023.
[9] RESJIS for Bill 5-24, Office of Legislative Oversight, April 8, 2024.
[10] RESJIS for Bill 18-24, Office of Legislative Oversight, October 3, 2024.
[11] OLO communication with Habitat for Humanity Metro Maryland staff on April 1, 2025.
[12] Ibid.
[13] FY26 Approved Taxes, Montgomery County Operating Budget.
[14] Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council.
[15] For Tables A, B, and C, race is inclusive of Latinx origin. Data on Native American and Pacific Islander community members is not available for all data points in this RESJIS.

BILL 15-26: TAXATION – PROPERTY TAX CREDITS – HABITAT FOR HUMANITY REHABILITATIONS

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 15-26 will have little to no impact on both the County's contribution to greenhouse gas emissions (slightly negative if any) and the County's overall community climate resilience (slightly positive if any). This is due to the small scale of projects Habitat for Humanity Metro Maryland (HFHMM) has compared to overall construction and building stock in the County. The proposed tax credit would increase their capacity to construct and renovate homes but not likely on a scale that would significantly impact overall greenhouse gas emissions or community climate resilience in the County.

BACKGROUND AND PURPOSE OF BILL 15-26

HFHMM offers a program that rehabilitates "distressed" single family or townhouse properties that are then sold to low-income families. Properties can either be donated to or purchased by Habitat for Humanity.[1] Habitat for Humanity also accepts land donations, which must be suitable for building affordable housing. This program has developed and/or rehabilitated multiple properties in Montgomery County.[2]

In 2010, the Maryland General Assembly authorized a tax credit for qualified properties owned by Habitat for Humanity. It expanded the tax credit to include development properties in 2011.

Bill 15-26 would create a 100 percent property tax credit at the County level for properties owned by Habitat for Humanity that are:

- Intended to be relinquished in the near future; and
- Used for development, rehabilitation, and transfer to a private owner.[3]

The Bill would also establish an application process for this tax credit and require an annual report from grantees of the tax credit. Further, the tax credit would only apply for the period where the property meets the eligibility requirements, rather than the entire tax year it is eligible in. According to the Bill's lead sponsor, the property tax credit is intended to help provide affordable homeownership in the County.[4]

Bill 15-26, Taxation – Property Tax Credits – Habitat for Humanity Rehabilitations, was introduced by the County Council on March 17, 2026.

METHODOLOGIES, ASSUMPTIONS, AND UNCERTAINTIES

Methodology. OLO reviewed literature reviews on construction, sustainable construction, and greenhouse gas emissions and impact on climate resilience related to construction of homes. OLO also reached out to HFHMM staff to learn more about the number of projects in the County and their construction practices.

Assumptions. OLO assumes the tax credit will increase HFHMM's capacity for construction and renovation but not to an amount that would significantly impact overall greenhouse gas emissions and community climate resilience in the County.

Uncertainties. OLO does not know the number of homes that would be built or renovated due to the proposed tax credit.

CONSTRUCTION AND GREENHOUSE GAS EMISSIONS

Construction is carbon intensive and the building construction industry accounts for about 10% of global greenhouse gas emissions.[5] Both construction and renovation of buildings generate greenhouse gas emissions, mostly through embodied carbon.[6] Embodied carbon represents the total carbon emissions released during the lifecycle of building materials, including manufacturing, transportation, and disposal of building materials.[7] The amount of embodied carbon varies on the type and scale of the project.[8]

However, there are practices to mitigate emissions.[9] According to HFHMM staff, they are committed to building and renovating to advance long-term sustainability for homeowners. To do so, HFHMM conducts sustainable building and renovation practices, such as high performance building envelopes, installing high efficiency HVAC systems and Energy Star appliances, durable finishes, all-electric energy sources, and when financially feasible, solar panel installation.[10]

Reducing electricity use is a strategy for increasing community resilience. The more efficient buildings are, the less electricity use associated with the operations of buildings.[11] Currently, the County's building sector accounts for about 50% of all County greenhouse gas emissions.[12] By constructing and renovating buildings to be more energy efficient and use less electricity, this can decrease demand on the electric grid and allow the grid to be more resilient in times of high demand. For example, extreme heat increases demand on the electric grid significantly due to increased use of air conditioning, which can lead to electricity disruptions and even blackouts.[13]

ANTICIPATED IMPACTS

HFHMM has sold 24 houses in the County in the past five years and currently has 27 homes under construction, 11 new builds and 16 rehabilitations. According to HFHMM staff, the tax credit would reduce costs for each home built or rehabilitated and would allow for HFHMM to build more affordable homes for lower-income families compared, although an estimate was not given.[14] Overall, OLO anticipates this Bill will have little to no impact (slightly negative, if any) on overall greenhouse gas emissions and little to no impact (slightly positive, if any) on community resilience. This is due to the small scale of projects HFHMM has compared to overall construction and building stock in the County. While HFHMM staff confirm the tax credit will increase their capacity to renovate and construct homes, estimates of how much their capacity were not available and is not likely to increase significantly compared to overall development in the County.

Greenhouse Gas Emissions. While there will be some greenhouse gas emissions from construction and renovation, the number of homes HFHMM are currently constructing or renovating is small compared to the number of 3,137 single-family unit projects in the County's pipeline as of September 2025.[15] HFHMM homes also have efficient, all-electric HVAC systems and appliances which further decreases the greenhouse gas emissions associated with the operation of these homes. The proposed tax credit would increase their capacity to construct and renovate homes but not likely on a scale that would significantly impact greenhouse gas emissions in the County.

Community Resilience. Constructing buildings to be more energy efficient can increase community resilience. By constructing and renovating buildings to be more energy efficient and use less electricity, this can decrease demand on the electric grid, allowing the grid to be more resilient in times of high demand, and decrease the overall greenhouse gas emissions associated with operations of buildings. However, compared to the estimated 408,680 housing units (46% of which are single-family detached homes), the number of HFHMM homes sold and currently under construction makes up a small share of the County's overall housing stock.[16] The proposed tax credit would increase their capacity to construct and renovate homes but not likely on a scale that would significantly impact climate community resilience in the County.

RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.[17] OLO does not offer recommendations or amendments as Bill 15-26 is likely to have little to no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptative capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

[1] Habitat for Humanity, "New Construction & Rehab: Habitat for Humanity Current Projects", Accessed 3/24/2026.
[2] Ibid.
[3] Montgomery County Council, Introduction Staff Report for Bill 15-26, Introduced March 17, 2026.
[4] Ibid.
[5] American Council for an Energy-Efficient Economy, "Knowledge Infrastructure: The Critical Path to Advance Embodied Carbon Building Codes", December 2021.
[6] Rocky Mountain Institute, "Embodied Carbon 101: Building Materials", March 27, 2023.
[7] American Council for an Energy-Efficient Economy, "Knowledge Infrastructure: The Critical Path to Advance Embodied Carbon Building Codes", December 2021.
[8] U.S. EPA, "Reduced Emissions in Construction Materials", Accessed 4/17/2026.
[9] McKinsey and Company, "Reducing embodied carbon in new construction", October 17, 2022.
[10] Staff feedback
[11] American Council for an Energy Efficient Economy, "Enhancing Community Resilience through Energy Efficiency", October 2015.
[12] Montgomery County Government, "Montgomery County Climate Action Plan", June 2021.
[13] American Council for an Energy Efficient Economy, "Enhancing Community Resilience through Energy Efficiency", October 2015.
[14] Staff Feedback
[15] Montgomery Planning, "Montgomery County Residential Development Pipeline Analysis", October 16, 2025.
[16] The Third Place: A Montgomery Planning Department Blog, "Findings from the 2024 American Community Survey: Montgomery County Maryland and the United States", September 19, 2025.
[17] Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022

Economic Impact Statement

Montgomery County, Maryland

Bill 15-26, Taxation – Property tax credits – Habitat for Humanity Rehabilitation

Summary

The Office of Legislative Oversight (OLO) anticipates that Bill 15-26 would positively impact overall economic conditions in the County, as measured by the Council's priority economic indicators. The Bill would provide a 100 percent property tax credit for Habitat for Humanity affiliates on eligible properties in the County that are used for development, rehabilitation, and transfer to a private owner, and that the affiliates plan to relinquish ownership of in the near future. To assess its economic impacts, this analysis applies a housing development finance framework to the property tax credit.

The Bill would primarily impact Habitat for Humanity affiliates operating in the County. By granting a full property tax credit, the policy would reduce soft costs (property taxes), which in turn would likely lower total development cost per affordable housing unit. This would likely enable affiliates to deliver the same number of affordable homes with less funding or produce more homes with the same resources.

Additionally, the Bill would indirectly benefit certain low- to moderate-income homebuyers. If Habitat for Humanity affiliates hold production constant, certain homebuyers would likely benefit from lower mortgage payments, which would reduce nondiscretionary household expenses. Alternatively, if afficiliates use the property tax credit to boost production, certain homebuyers would benefit through expaneded access to affordable housing.

Background and Purpose of Bill 15-26

Habitat for Humanity, Metro Maryland offers a program that rehabilitates "distressed" singlefamily or townhouse properties that are then sold to low-income families. Properties can either be donated to or purchased by Habitat for Humanity.[1] Habitat for Humanity also accepts land donations, which must be suitable for building affordable housing. This program has developed and/or rehabilitated multiple properties in Montgomery County.[2]

In 2010, the Maryland General Assembly authorized a tax credit for qualified properties owned by Habitat for Humanity. It expanded the tax credit to include development properties in 2011.

Bill 15-26 would create a 100 percent property tax credit at the County level for properties owned by Habitat for Humanity that are:

- Intended to be relinquished in the near future; and
- Used for development, rehabilitation, and transfer to a private owner.[3]

[1] Habitat for Humanity, "New Construction & Rehab: Habitat for Humanity Current Projects", Accessed 3/24/2026.
[2] Ibid.
[3] Montgomery County Council, Introduction Staff Report for Bill 15-26, Introduced March 17, 2026.

The Bill would also establish an application process for this tax credit and require an annual report from grantees of the tax credit. Further, the tax credit would only apply for the period where the property meets the eligibility requirements, rather than the entire tax year it is eligible in. According to the Bill's lead sponsor, the property tax credit is intended to help provide affordable homeownership in the County.[4]

The County Council introduced Bill 15-26 on March 17, 2026.

Information Sources, Methodologies, and Assumptions

As required by Section 2-81B of the Montgomery County Code, this Economic Impact Statement evaluates the impacts of Bill15-26 on residents and private organizations, using the Council's priority economic indicators as the measure. In doing so, it examines whether the Bill would have a net positive or negative impact on overall economic conditions in the County.[5]

To assess the Bill's economic effects, this analysis applies the housing development finance framework to the property tax credit. In doing so, it draws on the following sources of information:

- UC Berkeley's Terner Center for Housing Innovation report, "Making it Pencil";
- Habitat for Humanity organizational and programmatic information;
- Housing Opportunities Commission announcements on local Habitat partnerships in Montgomery County; and
- OLO Report 2026-4 on property tax credit programs.

Scope Limitation: Granting Habitat for Humanity a full property tax credit would result in foregone property tax revenue for the County, representing an opportunity cost. Rather than generating new economic activity, this policy functions as an internal fiscal transfer—funds that would have supported other County services or priorities are instead used to support affordable housing production by Habitat for Humanity. As a result, the overall economic impact of the Bill depends both on the benefits of the tax credit to residents and private organizations, and on the economic trade-offs associated with forgone County revenue. Because OLO cannot determine how the lost revenue would otherwise have been allocated, this analysis does not assess the impact of alternative public spending.

Variables

The economic effects of Bill 15-26 would primarily depend on the following variables:

- Total annual property tax credits
- Average monthly mortgage payments
- Total number of affordable housing units

[4] Andrew Friedson, Facebook post, March 16, 2026, "Today I introduced Bill 15-26, which would create a property tax credit for Habitat for Humanity Metro Maryland…," accessed April 21, 2026.
[5] Montgomery County Code, "Sec. 2-81B, Economic Impact Statements."

Impacts

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Businesses, Non-Profits, Other Private Organizations

OLO anticipates that Bill 15-26 would positively impact certain private organizations in the County.

The Bill would provide a County property tax credit for Habitat for Humanity affiliates on eligible properties in the County that are used for development, rehabilitation, and transfer to a private owner, and that the affiliates plan to relinquish ownership of in the near future. The credit equals 100 percent of the County property tax on each eligible property for the period during which it meets these conditions, up to a maximum of five years per property. Table 1 highlights the features of the Bill most relevant for its economic impacts. (The Appendix provides a detailed summary of the proposed property tax credit program, modeled after the program summaries in OLO's recent report on property tax expenditure programs.)

Table 1. Key Economic Features of Bill 15-26

Feature	Description
Recipient	Habitat for Humanity affiliates operating in Montgomery County receive a County property tax credit on eligible properties.
Qualifying properties	Properties in Montgomery County that an eligible Habitat affiliate plans to sell soon after developing or rehabilitating them, and are not used as administrative or warehouse space.
Credit mechanics	The credit equals 100 percent of the County property tax on each eligible property for the period it meets these conditions, up to a maximum of five years per property.

As a non-profit affordable housing developer, Habitat for Humanity's project finances differ from a typical for-profit developer in several respects. First, whereas a for-profit developer relies heavily on debt (bank loans) and equity (investor funds) to cover the total cost of a new housing project,[6] Habitat for Humanity finances projects with a much larger share of donations, grants, ReStore proceeds, in-kind materials, and volunteer labor.[7] Together, these sources of revenue and assistance help cover total development costs, allowing

[6] If anticipated income and costs don't "pencil" to acceptable benchmarks, the project will not be able to secure this financing. Lenders require the project's income to exceed loan payments by a set margin, known as the debt service coverage ratio. Equity investors want assurance that the project's anticipated returns will be higher than typical market returns for similar stabilized properties—compensating for the higher risk of new developments. The key metric is return on cost (ROC), calculated as net operating income (NOI) divided by total project cost.

[7] Habitat for Humanity, "Corporate and Foundation Partners," accessed April 24, 2026, https://www.habitat.org/about/partners/corporate-and-foundation; Housing Opportunities Commission of Montgomery County, "HOC, Habitat for Humanity Metro Maryland Unlock Homeownership for 20 Montgomery County Families," February 28, 2025, accessed April 24, 2026, https://www.hocmc.org/news/hoc-habitat-for-humanity-metro-maryland-unlock-homeownership-for-20-montgomery-county-families/; Habitat for Humanity Metro Maryland, *Annual Report 2024* (Silver Spring, MD: Habitat for Humanity Metro Maryland, 2024), accessed April 24, 2026, https://cdnc.heyzine.com/files/uploaded/7529ea4c36d00cf7df1d15522a69fbd5ccfe03df.pdf.

Habitat to keep homebuyer mortgage payments low. Second, because Habitat does not rely on return-seeking equity investors, it does not structure projects to meet investor profit thresholds such as target ROC or other indicators. Instead, it focuses on ensuring that development costs can be covered within its nonprofit funding mix while keeping homebuyer mortgage payments affordable.

The Bill would affect Habitat for Humanity's nonprofit financing model by reducing its soft costs,[8] specifically the County property taxes it would pay while it owns homes for development, rehabilitation, and transfer to private owners. By lowering these soft costs, the credit would likely reduce total development cost per unit. This could enable Habitat for Humanity to deliver the same number of affordable homeownership opportunities with less external and internal funding <u>or</u> potentially to produce more homes with the same level of resources.

Beyond these impacts, OLO does not expect the Bill to affect County private organizations in terms of the Council's other priority economic indicators.

Residents

OLO anticipates that Bill 15-26 would positively impact some residents in the County.

The Bill could indirectly affect certain residents who purchase homes through Habitat for Humanity. The organization targets low- and moderate-income households—generally around 30%–60% of area median income—who demonstrate a need for affordable housing, can afford an income-appropriate mortgage, and are willing to contribute sweat equity.[9] By providing Habitat for Humanity affiliates with a 100 percent property tax credit on eligible properties, the Bill would likely reduce the total development cost per affordable housing unit. There are two main ways this effect could benefit certain residents:

First, if Habitat for Humanity holds production constant, the lower cost per home means it needs less external and internal funding for each unit. This could allow the organization to sell those homes with smaller mortgages and lower monthly payments for buyers, unless it instead keeps payments unchanged and reduces its external or internal funding per unit. Lower mortgage payments would, in turn, reduce nondiscretionary household expenses for affected residents.

Second, if the organization uses the property tax savings to stretch its funding, the same total resources could support more Habitat for Humanity homes overall. This would allow additional households to access affordable homeownership who might otherwise be shut out of the market. By expanding access to affordable housing, the Bill could reduce nondiscretionary housing expenses for affected households.

In practice, the Bill's impacts on residents would depend on how Habitat for Humanity affiliates choose to allocate the cost savings—between lowering individual mortgage burdens, increasing the total number of homes produced, or reducing the amount of external and internal funding applied to each unit.

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[8] Soft costs are those associated with the design and implementation of a development project, but not the physical construction (hard costs).

[9] Qualifications for a Habitat Homeowner, Habitat for Humanity, accessed April 27, 2026, https://www.habitat.org/housing-help/apply/qualifications-for-habitat-homeownership; "Home Purchase – Overview," Habitat for Humanity Metro Maryland, accessed April 27, 2026, https://habitatmm.org/home-purchase/home-purchase/overview.html; "Home Purchase Details," Habitat for Humanity Metro Maryland, accessed April 27, 2026, https://habitatmm.org/home-purchase/home-purchase/home-purchase-details.html; "What Is Sweat Equity?," Habitat for Humanity, accessed April 27, 2026, https://www.habitat.org/stories/what-is-sweat-equity.

Beyond these impacts, OLO does not anticipate the Bill to affect residents in terms of the Council's other priority economic indicators.

Net Impact

OLO anticipates that Bill 15-26 would positively impact overall economic conditions in the County. The table below summarizes the Bill's positive anticipated impacts on Habitat for Humanity affiliates and certain low and moderate-income homebuyers. However, this analysis does not account for the economic impacts of the foregone property tax revenues, which represent an opportunity cost to other County services and priorities.

Table 2. Summary of Bill's Anticipated Economic Impacts

Group Impacted	Summary of Anticipated Effects
Habitat for Humanity affiliates	Reduced soft costs (property taxes) would lower total development cost per unit, enabling delivery of the same number of affordable homes with less funding or production of more homes with the same resources.
Low- and moderate-income homebuyers (30%-60% AMI)	Could benefit through lower mortgage payments and reduced nondiscretionary housing expenses if Habitat holds production constant, or through expanded access to affordable homeownership if Habitat increases production. Actual impact depends on how Habitat allocates cost savings.

Discussion Items

Not applicable

Caveats

Two caveats to the economic impact analysis conducted here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does <u>not</u> represent OLO's endorsement of, or objection to, the Bill under consideration.

Contributions

Stephen Roblin, PhD (OLO) prepared this report.

Appendix

Policy design & purpose

Policy Objective	Support production and transfer of affordable homes
Primary Policy Area	Housing & Affordability
Secondary Policy Area	Civic & Community Institutions
Amount	Credit equals 100 percent of the County property tax on each eligible property
Duration of Benefit	Multi-Year (capped at 5 years per property)
Statutory Expiration	Permanent (no sunset clause)
Geographic Focus	Countywide

Eligibility & Access

Beneficiary Type	Nonprofit Organizations
Eligible Entity	Habitat for Humanity
Eligibility Criteria	• Property must be in Montgomery County • Owned by an eligible Habitat entity; an entity wholly owned by it; or another Habitat for Humanity affiliate operating in Montgomery County) • Held with the intention of relinquishing ownership in the near future • Used for development, rehabilitation, and transfer to a private owner • Not occupied by administrative or warehouse buildings owned by any Habitat for Humanity affiliated entity
Means-Tested	No
Application Method	County Application
Renewal Requirements	Annual

Program overview & governance

Effective Year	2027 (tax year beginning July 1, 2027)
Administrator	Director (Department of Finance)
Enabling Authority	• Maryland Code, Tax-Property Article § 9-252 • Montgomery County Code § 52-114 (as added by Bill 15-26)

Fiscal Impact Statement

Office of Management and Budget

Bill 15-26	Property tax credits - Habitat for Humanity Rehabilitations
Bill Summary	Bill 15-26 would create a tax credit for properties owned by Habitat for Humanity with the purpose of rehabilitating and transferring those properties to a new owner in the near future.
Fiscal Impact Summary	Bill 15-26 would result in a decline in property tax revenues by an estimated amount of $458,000 between FY28, the first year of implementation, and FY33.

Fiscal Year	2028	2029	2030	2031	2032	2033	Total
Personnel Costs	$0	$0	$0	$0	$0	$0	$0
Operating Expenses	$0	$0	$0	$0	$0	$0	$0
Total Expenditures	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Revenues	**($71,000)**	**($73,000)**	**($75,000)**	**($77,000)**	**($80,000)**	**($82,000)**	**($458,000)**
Total Impact	**($71,000)**	**($73,000)**	**($75,000)**	**($77,000)**	**($80,000)**	**($82,000)**	**($458,000)**
FTE	0.00	0.00	0.00	0.00	0.00	0.00	

Fiscal Impact Analysis

To forecast the fiscal impact of the proposed bill, Finance received a list from Habitat for Humanity of the properties currently being rehabilitated or constructed in Montgomery County and Habitat for Humanity's completed projects since 2021. Finance used its access to the State Department of Assessments and Taxation (SDAT) to review the assessed values of these properties and their listed owner over the last 10 years to determine the average value of Habitat for Humanity project properties and the duration that Habitat for Humanity maintains ownership.

Based on the data from Habitat for Humanity, the organization initiates projects on about 15 properties each year in Montgomery County. Each project takes approximately 2 years to complete the process and transfer the property to a new owner. The analysis thus assumes that at any one time, 30 properties are entitled to receive the credit. The project properties in the Habitat for Humanity's data had an average assessment of $230,000. Finance assumes that future Habitat for Humanity projects will have a similar assessed value. The weighted average property tax rate is $1.0255 per $100 of value, and Finance assumes that property values will increase at an average rate of 3% per year.

The analysis does not assume that Habitat for Humanity will undertake additional projects as a result of the tax credit, but that the organization will continue at approximately 15 projects a year. Additionally, many of the Habitat for Humanity properties were formerly owned by the Housing Opportunities Commission (HOC) and generated no real property tax revenue while owned by the HOC. Once Habitat for Humanity transfers these properties to their ultimate owners, they will once again generate tax revenue for Montgomery County.

Staff Impact	The bill is not expected to impact staff time or duties.

Actuarial Analysis	The bill is not expected to impact retiree pension or group insurance costs.
Information Technology Impact	The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.
Other Information	
Later actions that may impact revenue or expenditures if future spending is projected	The bill does not authorize future spending.
Ranges of revenue or expenditures that are uncertain or difficult to project	The number of projects undertaken by Habitat for Humanity, the value of those properties, and the increase in average assessed values may differ from those assumed.
Sources of information	The sources of information are detailed in section 3, describing the fiscal impact analysis.
Contributors	Abdul Rauf, Office of Management and Budget Nancy Feldman, Department of Finance Dennis Hetman, Department of Finance Todd Fawley-King, Department of Finance