

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 168

(Delegate Vogel)

Economic Matters

Education, Energy, and the Environment

**Housing and Community Development - Affordable Housing - Educator
Workforce Housing and Municipal Corporations**

This bill expands the purpose and eligible recipients of funding from the Housing Innovation Fund, Housing Innovation Pilot Program, and Neighborhood and Community Assistance Program, administered by the Department of Housing and Community Development (DHCD), to support the development of “educator workforce housing”. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: DHCD can implement the bill with existing budgeted resources. Revenues are not affected.

Local Effect: Local school boards and municipal corporations are eligible for funding assistance from the State to support the development of educator workforce housing. The bill otherwise does not materially affect local government operations or finances.

Small Business Effect: None.

Analysis

Bill Summary: “Educator workforce housing” means any housing that is rented or sold as affordable, low- or moderate-income housing and reserved for teachers or other employees of a local school system.

Providing educator workforce housing is a “school purpose,” so that a local school board may not declare any land, school sites, or buildings that it owns as surplus property if they can still be used for educator workforce housing.

Changes to Affordable Housing Programs

The bill alters the scope of the Housing Innovation Fund and the Housing Innovation Pilot Program, both of which terminate July 1, 2029.

The bill alters the purpose of and potential recipients of funds from the Housing Innovation Fund. Specifically, the purpose of the fund is expanded to include providing loans to develop educator workforce housing, and the potential recipients are expanded to include local boards of education and municipal corporations. Similarly, the bill alters the definition of a “housing innovation project” as it relates to the Housing Innovation Fund and Pilot Program to include a project to provide educator workforce housing. In addition to the current prioritization criteria, DHCD must prioritize funding for a housing innovation project if any portion of the units are set aside for educator workforce housing.

The bill alters the purpose of the Housing Innovation Pilot Program to include municipal corporations and county boards of education among the entities for which the program (1) creates opportunities for increasing housing production and (2) rewards for pursuing innovative solutions to the problem of housing scarcity.

Neighborhood and Community Assistance Program

The bill expands the scope of the Neighborhood and Community Assistance program to include providing educator workforce housing. DHCD must provide written notice to the local school system in which an educator workforce housing project is located.

The bill establishes that, for educator workforce housing projects, approval by a county board of education or an authorized designee of a local school system that benefits from a project is *not required*; however, DHCD may not approve a project proposal without notifying the county board of education or authorized designee of at least one local school system that benefits from the project, as specified.

Current Law:

Live Near Your Work Program

The Community Development Administration (CDA) must administer the Live Near Your Work home buyer assistance program that (1) assists home buyers to receive low-interest mortgage loans, with down payment and closing cost assistance options, for the purchase

of homes near their workplace and (2) coordinate with, and match where appropriate, similar programs offered by private employers and county and municipal governments so as to maximize the total amount that home buyers can receive under the program. CDA must (1) allow home buyers to use the loans for the purchase of newly constructed or existing homes and (2) require a home purchased under the program to be occupied by the home buyer as a principal residence. In addition, CDA must facilitate the marketing of the program with private employers, county and municipal governments, and, where appropriate, other units of State government and nonprofit organizations.

Live Near Your Work Program – Community Development Projects

CDA must administer community development projects that (1) are in sustainable communities and (2) provide employees with financial assistance in the form of grants to buy homes near their workplaces. A community development project administered pursuant to these provisions is not subject to specified provisions that require that part of the housing be occupied by families of limited income.

Housing Innovation Fund

The Housing Innovation Fund is a special, nonlapsing fund administered by DHCD. The purpose of the fund is to provide loans for local housing authorities and county governments to develop mixed-income, cross-subsidized housing. The fund consists of money appropriated in the State budget to the fund and any other money from any other source accepted for the benefit of the fund. The fund may be used only to provide low- or no-interest loans to local housing authorities or to county governments partnering with housing developers through the Housing Innovation Pilot Program. In addition, the fund may be used for projects where a county, in conjunction with a local housing authority or a housing developer, acquires existing private sector housing. The fund terminates June 30, 2029.

Housing Innovation Pilot Program

“Housing innovation project” means a project to provide mixed-income, cross-subsidized housing that meets specified criteria. “Public ownership” means that the housing authority of the political subdivision of the State in which the project is located possesses majority ownership or control.

The purposes of the Housing Innovation Pilot Program are to create opportunities for the State’s housing authorities and county governments to increase the volume of housing production and to reward counties pursuing innovative solutions to the problem of housing scarcity. The program must be operated with money in the Housing Innovation Fund. A project qualifies as a housing innovation project if it provides new housing in which (1) at least 20% of the units are set aside for households with a gross annual income of not more

than 50% of the area median income for a household of a like size or (2) at least 40% of the units are set aside for households with a gross annual income of not more than 60% of the area median income for a household of like size.

DHCD must prioritize funding for projects in which (1) the project does not use Low-Income Housing Tax Credit program equity or tax-exempt volume cap; (2) the specified affordable set-asides remain restricted at elected levels for at least 99 years; (3) the project remains in public ownership; and (4) the project includes a commitment to prevailing wage requirements.

DHCD must (1) coordinate with local housing authorities and county governments to ensure access to other financial resources, including senior debt products; (2) develop new resources in support of statewide housing production; (3) solicit applicants for the program; and (4) select three projects to receive assistance from the program each in a different jurisdiction. DHCD may select fewer than three projects to fund if there is an insufficient number of eligible applicants.

In administering the program, DHCD must take into consideration the need for increased development capacity within local housing authorities. DHCD may not condition the award of funding from the program on the issuance of bonds by DHCD. The program terminates June 30, 2029.

Neighborhood and Community Assistance Program

The purposes of DHCD's Neighborhood and Community Assistance Program are to (1) help nonprofit organizations carry out approved projects in priority funding areas; (2) encourage business entities to invest in priority funding areas; and (3) strengthen partnerships between public and private entities.

For each fiscal year, a nonprofit organization may submit to DHCD, for approval under the program, a proposal for a project to provide services to a priority funding area. The project may include community services, redevelopment assistance, job training for low-income individuals, education, and crime prevention. The proposal must include specified information, including the project to be conducted, the priority funding area that will benefit from the project, and the estimated project costs, among other things. A proposal must be approved by the local jurisdiction in which the priority funding area is located before DHCD may approve it. However, if a local jurisdiction does not respond within 45 days of receiving notice of the proposal, DHCD may approve the proposal.

In considering a proposal and in determining the maximum amount of contributions eligible for tax credits, DHCD must consider relevant factors, including the need for the project, the anticipated benefit to the priority funding area, the applicant's ability to successfully complete the project, and the geographic distribution of projects, among other

things. DHCD may give preference to a proposal that benefits a sustainable community designated by DHCD's Business Development Program or a neighborhood conservation district designated under the program. DHCD may also request data and assistance from other units of the State in approving or disapproving a proposal and in determining eligible amounts.

An individual or a business entity may claim a nonrefundable tax credit against the income tax, insurance premium tax, or public service company franchise tax for a contribution worth more than \$500 in goods, money, or real property to an approved project under the Neighborhood and Community Assistance Program. The tax credit is equal to 50% of the amount of approved contributions made during the tax year, up to \$250,000. Any excess credit, including any amount that would be allowed but for the \$250,000 limit, may be carried forward for up to five tax years. DHCD administers the tax credit application, approval, and certification process. The sum of contributions eligible for the tax credit may not exceed \$3,500,000 for all approved projects for a fiscal year.

Authority for Local School Boards to Dispose of Surplus Property

With the approval of the State Superintendent or designee, if a local school board finds that any land, school site, or building is no longer needed for school purposes, it must inform the county commissioners or county council of its determination. The county then has right of first refusal to the surplus property for 30 days. If the county finds that the property is an integral component of an existing economic development plan, the local school board must transfer the property to the county, as specified. If the county has no need for the property, the local school board may dispose of the property according to procedures in State law.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Department of Housing and Community Development; Maryland State Department of Education; Maryland Association of Counties; Maryland Municipal League; Anne Arundel County Public Schools; Baltimore City; City of Annapolis; Wicomico County Public Schools; Department of Legislative Services

Fiscal Note History: First Reader - February 3, 2026
jg/mcr Third Reader - March 26, 2026
Revised - Amendment(s) - March 26, 2026

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