



Howard County

Internal Memorandum

Subject: Testimony on Council Resolution No. __-2026, an AMENDMENT to the County Charter Section 601 authorizing the County to fund the Housing Opportunities Trust Fund with bonds; and submitting this amendment to the voters of Howard County for their adoption or rejection in accordance with Article X of the Howard County Charter and Article XI-A of the Maryland Constitution.

To: Brandee Ganz, Chief Administrative Officer

From: Kelly Cimino, Director of Department of Housing and Community Development
K. Cimino

Date: February 19, 2026

Summary

Resolution __-2026 supports an amendment to the definition of a “capital project” in County Charter Section 601 to allow the County to pursue bond funding to support the construction of affordable housing projects, directly or through loans to third parties, which will be part of the the County’s Capital Improvement Program (Capital budget).

Background

The Department of Housing and Community Development (the “Department”) completed the Housing Opportunities Master Plan in April 2021. Establishing a housing trust fund was a key recommendation in the Plan to support the creation and preservation of affordable housing units for low- and moderate-income households in the County.

Pursuant to Section 13.1600 of the Howard County Code, the Department is authorized to administer the Housing Opportunities Trust Fund (“Fund”) in accordance with guidelines established by House Bill 878-2022. The purpose of the Fund is to promote equitable access to affordable housing for households with limited incomes in Howard County, through the issuance of loans, grants or direct financial assistance to individuals, non-profits, or developers of affordable housing. Authorized uses of the Fund include developing, preserving, and rehabilitating affordable housing units, as well as assisting income-eligible renters and first-time home buyers.

Executive Order 01-2023 established the Housing Opportunities Trust Fund Advisory Committee (the “Committee”). The Fund received an allocation of \$5M in one-time PAYGO funds in 2022. The Fund received a second allocation of \$10M in DHCD Community Renewal funding in 2024. The Department released an application in 2023 and 2024. In 2023, 12 applications were received and funding requests totaled \$23.8M. The Committee reviewed the applications and made recommendations to approve 6 applications (\$3M). In 2024, 9 applications were received totaling \$8.7M. The Committee recommended approval of all 9 applications. Following a review of the prior unfunded applications, the full \$15M in available funding was awarded to 16 projects.



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As required by legislation, the Department provides an annual report to the County Council detailing funding allocations and expenditures. As of June 30, 2025, the Fund has created or preserved affordable housing units for 381 households earning up to 80% of HC MI. A minimum of 50% of the expenditures from the Fund must benefit households with an annual income of not more than 50% of the Howard County median income; and a minimum of 40% of those expenditures must benefit households with an annual income of not more than 30% of the Howard County median income.

According to the 2024 Howard County Rental Survey commissioned by the Howard County Housing Commission and the Department, there is a shortage of at least 6,100 affordable housing units in Howard County for households with incomes below \$60,000 per year. The Department receives a portion of the County's transfer tax revenue and funding from the Moderate Income Housing Unit (MIHU) fee-in-lieu revenue. Both funding sources rely on the health of the real estate market in the County. Listing and sale transactions are down significantly since the COVID-19 pandemic, and the market recovery has been very slow, which limits the Department's dedicated revenue streams.

This Council Resolution would amend the County Charter such that affordable housing projects are included in the definition of the term "capital project." This amendment would allow the County to issue bond funding for affordable housing construction in the County's Capital Improvement Program (Capital Budget), subject to the affordability requirements of the County's Housing Opportunities Trust Fund. Allowing the Fund to access bonds would provide a new policy tool to leverage funding for the Fund, which would increase the County's ability to financially support affordable housing projects. Should this Charter amendment be approved, County Administration would have the opportunity to request authorization from the County Council for bond issuance for the Housing Opportunities Trust Fund in future fiscal years.

Neighboring Jurisdictions

Baltimore City Council Bill 18-0221, Ordinance 18-215, Recordation and Transfer Taxes, "Yield" Excise Tax – Dedicated Proceeds to the Affordable Housing Trust Funds, was signed into law on December 12, 2018, and became effective in January 2019. The legislation provides a long-term source of funding through a 0.6% excise tax on the transfer of real property valued at or above \$1 million and a 0.15% excise tax on the recordation tax for real property transaction value at or above \$1 million. Approximately \$13 million per year is expected to be generated through the proposed new excise taxes. The Affordable Housing Trust Fund provides up to \$7.5M for new construction and rehabilitation of rental housing projects, \$1M for community land trusts and \$1M for emerging developers annually. Additionally, in 2024, Baltimore City authorized the issuance of \$20 million in bonds to support the Affordable Housing Trust Fund. This funding can support the planning, production, maintenance, or expansion of housing for households at or below 50% AMI.

Montgomery County established the Affordable Housing Opportunity Fund (AHOF) in FY21 to provide short-term financing to developers to acquire properties at risk of loss of



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affordability. The fund is now accepting applications for short-term loans to acquire and preserve affordable housing. The trust fund provides necessary capital for developers to bid competitively to maintain affordability and provide current renters with an opportunity to remain in their community at affordable rents. The trust fund has a dedicated pool of \$14 million of revolving County funds, matched at least 3:1 with private lending for short-term loans. The trust fund also creates opportunities for affordable housing developers to compete with market purchasers on the cost of capital and timely execution to support preservation of affordability.

Separately, in 2021, Montgomery County's Housing Opportunities Commission (HOC) was authorized to issue a maximum of \$50 million in bonds to finance the Housing Production Fund (HPF). This maximum was increased by another \$50 million in FY23, bringing the total bond authorization to \$100 million. The debt payments on these bonds are guaranteed and paid by Montgomery County Government for the life of the bonds. The bond funding is used to provide the HOC with short-term loans that help finance the construction of affordable housing projects.

Fiscal Impact

There is no fiscal impact related to the charter amendment, which expands the bond authority permitted in the County Charter. Should the Charter amendment be approved, the Department will determine the fiscal impact of each request for bond financing from the Fund and include a fiscal impact statement in its submission to the County Council during the budget process. This Charter amendment will not impact the upcoming FY2027 budget year.

Conclusion

This resolution is an opportunity to create a new, dedicated revenue source for the Fund. A dedicated source of funding will support multiple goals in the Housing Opportunities Master Plan. Projects would not be limited by the unpredictable nature of the real estate market and its impact on the Department's revenue from transfer tax or MIHU fee-in-lieu proceeds. Affordable housing projects, financed in whole or in part by the Fund, whether or not owned or constructed by the County, could apply for bond financing provided that the term of any bonds issued to fund project construction shall not exceed the useful life of the project, and a declaration is recorded in the County's land records to document compliance with Section 13.600(e) of the County Code for at least the term of the bonds issued to construct any affordable housing projects.

If there are any questions, please contact my office. Thank you for your consideration.

Cc: Dr. Opel Jones, Council Chair
Christiana Rigby, Council Vice Chair
Elizabeth Walsh, Councilperson
Deb Jung, Councilperson
David Yungmann, Councilperson
Michelle Harrod, Administrator
Chris Ashman, County Auditor