

Howard County 'trust' fund for affordable housing earns name



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A current Howard County Council resolution, CR40 seeks to enable bond funding of financing by the Housing Opportunities Trust Fund. This would require an amendment of the county charter, and thus, at least four council member votes are needed to pass. If passed, it would become a Ballot Question on November's election ballot.

CR40 would provide a dedicated revenue stream to finance affordable housing projects, not unlike other jurisdictions across Maryland and the country. Over 50% of the trust funding must go to projects that benefit households making not more than 50% of the median income. 40% of those funds must be affordable to those making no more than 30% of median income. The other 50% of the funding can go to those making up to 80% of median income. These income requirements are well under other County affordability programs.

In the past, concerns about trust funding amounts included the desire for guardrails to assure projects could not end up receiving the County's fiscal benefits without providing significantly more affordable units than required. Fears of County fiscal risk regarding unfinished projects, and the length of time that units would stay affordable were other reasons noted for limiting funding. The current requirements of the trust fund regarding affordability are strict. CR40 includes language regarding required land recordations during the term of the bonds, and bond terms not extending past the useful life of the projects. These added details should allay concerns expressed in the past.

CR40 should be supported because it will provide much more affordable units to lower median incomes, which could be located across the County, where they are most needed. It will help low risk, high reward projects. The bond term requirements would keep the units affordable for decades.

There is no set amount of funding in CR40, just authority to use bonds. Any future project funding would go through capital reviews, public hearings, and council voting. Trust funding, in

reality, is only a piece of the total financing of affordable housing projects. Typically, trust funding closes a funding gap, acting as one piece of a multi-sourced funding approach that gets a project built that would likely not otherwise get completed. Having this possible benefit, but adding the recording and term requirements is a win- win. It could also enable obtaining more federal, state and private investments.

It is hoped that this new funding, helping projects, could allow for more fee-in-lieu fund money being available to help individuals. Developers can pay a fee instead of providing required middle income housing. Those fee-in-lieu payments currently fund many programs that assist individuals and families, and also go toward projects. Having bonds able to fund the Housing Opportunities Trust Fund projects, may then create the ability to increase funding for rent abatement and other assistance directly to those in need from the fee-in-lieu fund.

Over the years, many testified with concerns about county-provided financing of affordable housing. How affordable would the units be? How much financial risk would be placed on the county? How long would the units stay affordable? CR40 has answered those questions, and has earned support, for earning trust for the long-term stability of the funding.

Let the council know how you feel about CR40 at CouncilMail@howardcountymd.gov