

## Chapter 106

**(Senate Bill 327)**

AN ACT concerning

**Affordable Housing Payment In Lieu of Taxes Expansion Act**

FOR the purpose of authorizing an owner of real property used for rental housing and the governing body of a county to enter into a payment in lieu of taxes agreement for maintaining at least a certain percentage of affordable dwelling units at the property for at least a certain period of time; and generally relating to payment in lieu of taxes agreements for affordable housing.

BY repealing and reenacting, without amendments,

Article – Land Use

Section 7–501(a), (b), (c), and (d)

Annotated Code of Maryland

(2012 Volume and 2024 Supplement)

BY adding to

Article – Tax – Property

Section 7–522

Annotated Code of Maryland

(2019 Replacement Volume and 2024 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
That the Laws of Maryland read as follows:

**Article – Land Use**

7–501.

(a) In this subtitle the following words have the meanings indicated.

(b) “Affordable” means that housing costs do not exceed 30% of a household’s income.

(c) “Affordable dwelling unit” means a dwelling unit that is affordable to households earning 60% or less of the area median income.

(d) “Area median income” means the median household income for the area adjusted for household size as published and annually updated by the U.S. Department of Housing and Urban Development.

**Article – Tax – Property**

**7-522.**

**(A) IN THIS SECTION, “AFFORDABLE DWELLING UNIT” HAS THE MEANING STATED IN § 7-501 OF THE LAND USE ARTICLE.**

**(B) REAL PROPERTY THAT IS USED FOR RENTAL HOUSING MAY BE EXEMPT FROM COUNTY PROPERTY TAX IF:**

**(1) THE OWNER OF THE REAL PROPERTY AND THE GOVERNING BODY OF THE COUNTY AGREE THAT THE OWNER SHALL PAY A NEGOTIATED AMOUNT IN LIEU OF THE COUNTY PROPERTY TAX; AND**

**(2) THE OWNER OF THE REAL PROPERTY ENTERS INTO AN AGREEMENT WITH THE GOVERNING BODY OF THE COUNTY TO MAINTAIN AT LEAST ~~50%~~ 25% OF THE RENTAL HOUSING UNITS LOCATED AT THE REAL PROPERTY AS AFFORDABLE DWELLING UNITS FOR A PERIOD OF AT LEAST 15 YEARS.**

**(C) IN AN AGREEMENT UNDER THIS SECTION, THE GOVERNING BODY OF THE COUNTY MAY REQUIRE THE OWNER OF REAL PROPERTY TO MAINTAIN A HIGHER PERCENTAGE OF RENTAL HOUSING UNITS AS AFFORDABLE DWELLING UNITS THAN THE MINIMUM PERCENTAGE SPECIFIED IN SUBSECTION (B)(2) OF THIS SECTION.**

**~~(C)~~ (D) REAL PROPERTY DESCRIBED IN SUBSECTION (B) OF THIS SECTION IS EXEMPT WHEN THE REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION ARE MET.**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2025, and shall be applicable to all taxable years beginning after June 30, 2025.

**Approved by the Governor, April 22, 2025.**