



## **Senate Bill 327**

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

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: January 29, 2025

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** SB 327, which offers counties a practical and flexible tool for promoting the development and sustainability of affordable rental housing through Payment In Lieu of Taxes (PILOT) agreements.

Counties are under increasing pressure to address housing inequities, ensure economic stability for residents, and balance essential investments in infrastructure, education, and public safety. Rising costs and constrained revenue flexibility make these challenges more acute, requiring innovative and collaborative solutions.

SB 327 offers a thoughtful and balanced strategy to address these pressing issues, enabling counties to incentivize affordable housing development while maintaining fiscal accountability. By offering tailored incentives aligned with local priorities, this bill creates a pragmatic pathway for expanding affordable housing access across Maryland.

This bill authorizes counties to enter into PILOT agreements with property owners who dedicate at least 50% of their rental units to affordable housing for households earning 60% or less of the area's median income. These agreements facilitate targeted adjustments to property tax obligations in exchange for negotiated payments and a binding 15-year affordability commitment.

The bill's flexibility ensures counties can design PILOT agreements that reflect unique housing needs and fiscal demands. By incentivizing property owners to dedicate rental units as affordable, SB 327 helps address housing challenges and promotes economic stability while avoiding undue burdens on property owners.

For these reasons, MACo urges a **FAVORABLE** report on SB 327.