

# **SB0327\_Affordable\_Housing\_Payment\_In\_Lieu\_Of\_Taxes**

Uploaded by: Cecilia Plante

Position: FAV



**TESTIMONY FOR SB0327**  
**Affordable Housing Payment In Lieu of Taxes Expansion Act**

**Bill Sponsor:** Senator Hettleman

**Committee:** Budget and Taxation

**Organization Submitting:** Maryland Legislative Coalition

**Person Submitting:** Cecilia Plante, co-chair

**Position:** FAVORABLE

I am submitting this testimony in strong support of SB0327 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists and our Coalition supports well over 30,000 members.

There are many things we can do to have an effect on the lack of affordable housing in the state. Many of those things take time – building more housing, or converting housing. This bill provides another, more immediate solution.

If enacted, this bill would allow the owner of a rental housing complex to enter into an agreement with the county to maintain at least 15% of their units as affordable housing for at least 15 years in exchange for a negotiated reduction in county property taxes.

Yes, this means less county income from property taxes, but it will get more people housed and able to get into the job market much more quickly, which our members agree is an important goal for the state.

We strongly support this bill and recommend a **FAVORABLE** report in committee.

**MHP\_support\_SB327.pdf**

Uploaded by: Chris Gillis

Position: FAV

**Testimony to the Senate Budget & Taxation Committee  
Senate Bill 327 - Affordable Housing Payment In Lieu of Taxes Expansion Act**

**Position: Favorable**

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Dear Chair Guzzone and Members of the committee:

My name is Chris Gillis and I am testifying today on behalf of MHP, a non-profit affordable housing provider with apartment communities located throughout Montgomery and Prince George's Counties. I'm testifying today in strong support of Senate Bill 327 which would give local jurisdictions additional flexibility in providing property tax abatements, also known as PILOTS, for qualifying affordable housing projects.

Payment in lieu of taxes, or PILOTS for short, are an important tool in creating and preserving affordable housing. In the market, there are two types of affordable rental housing – income restricted affordable housing and naturally occurring affordable housing. When either of these types of properties are put up for sale, it is critical that these properties be preserved as affordable housing. This should be a top priority for the state and our local jurisdictions.

Often times, when these properties are put up for sale, affordable housing developers are frequently competing with a host of market-rate developers who are seeking to convert the properties higher end market rate properties. PILOTS can play a huge role in assisting nonprofits in purchasing these properties to maintain their affordability.

Several years ago, Montgomery County enacted a new policy which provides automatic PILOTS if projects meet certain affordability criteria. However, certain nonprofit providers of affordable housing in Montgomery County have been having difficulty in obtaining the County's new by-right PILOT because of how narrow the state authorizing laws are when it comes to PILOTS. While there are about 3-4 laws in Maryland that authorize local jurisdictions to provide PILOTS for affordable housing, each one of them is fairly limited and require a comprehensive renovation to be done in order to get the PILOT.

As a result, at present, many affordable housing apartment projects are unable to obtain a tax abatement unless they are constructed or substantially rehabilitated under a federal, state, or local government program. Historically, most market-rate apartment communities that were acquired by an affordable housing provider were in severe disrepair and in need of immediate rehabilitation, which would be facilitated through government programs such as the Low-Income Housing Tax Credit (LIHTC) program.


However, the real estate market and the type of properties that are being preserved for affordable housing have changed dramatically in recent years. Affordable housing providers are increasingly acquiring Naturally Occurring Affordable Housing, or NOAH, properties that are at serious risk of exiting the affordable housing stock due to market pressures, but which are in fair condition and not in need of immediate and substantial renovations. Current state laws do not authorize PILOTs for the preservation of these important properties.

This bill would provide an additional avenue for local jurisdictions to provide PILOTs if at least 50% of the apartment units are maintained as affordable for at least 15 years, which is a high threshold. In addition, it would make NOAH acquisitions potentially eligible for local PILOTs. At the same time, this legislation does not mandate local jurisdictions to offer PILOTs for affordable housing – but gives them this important tool if they so choose to use it.

Updating state law regarding PILOTs would greatly help local jurisdictions and the state reach their goals for affordable housing.

Thank you for considering our views on the matter.

Best regards,

A handwritten signature in cursive script that reads "Chris Gillis".

Chris Gillis  
Director, Policy & Neighborhood Development, MHP

**IL Written Testimony - SB 327 - Favorable.pdf**

Uploaded by: Chris Kelter

Position: FAV



## **SB 327 : Affordable Housing Payment In Lieu of Taxes Expansion Act**

### **Testimony of the Maryland Independent Living Network**

#### **SUPPORT**

Senate Budget & Taxation Committee, January 29, 2025

The Maryland Independent Living Network is a coalition of the Maryland Statewide Independent Living Council and the seven Maryland-based Centers for Independent Living (CIL). CILs are created by federal law. CILs work to enhance the civil rights and quality of services for people with disabilities. There are seven CILs located throughout Maryland, operated by and for people with disabilities. CILs provide Information and Referral, Advocacy, Peer Support, Independent Living Skills training, and Transition Services to individuals with disabilities in their communities.

The Independent Living Network submits this written testimony in **support** of SB 327.

SB 327 authorizes county governments to exempt real property used for rental housing from the county property tax if the property owner maintains at least 50% of the rental housing units as affordable dwelling units and enters into a payment in lieu of taxes (PILOT) agreement with the county government. The PILOT agreement must require the property owner to maintain at least 50% of the rental housing units as affordable dwelling units for a period of at least 15 years.

People with disabilities are experiencing a housing crisis.

The need for affordable and accessible housing for people with disabilities is well documented. When the Americans with Disabilities Act was passed in 1990, Congress recognized that housing discrimination against individuals with disabilities was a serious and pervasive social problem.

A 2016 Maryland Department of Health survey found that having a disability was more prevalent among lower income households, where more than one-half of persons living with a disability had a household income of less than \$15,000.

The recent "State Disabilities Plan", by the Maryland Department of Disabilities, identifies the need for "Improved availability of integrated, affordable, and accessible housing options for people with disabilities and their households."

CILs know people with disabilities, who comprise a disproportionate share of those Marylanders with extremely low incomes, who must sacrifice food and healthcare to pay rent, or who live in substandard or overcrowded conditions or experience unstable housing and evictions.

Due to the lack of affordable, accessible housing in the community, many individuals are at risk of institutionalization, homelessness, or are stuck in nursing facilities.

The Maryland Independent Living Network supports efforts to increase the availability of affordable housing across the state.

The Maryland Independent Living Network appreciates the consideration of these comments.

The Maryland Independent Living Network strongly **supports** SB 327 and urges a **favorable** report.

**Contact Information:**

Chris Kelter, Executive Director  
Accessible Resources for Independence  
443-713-3914  
[ckelter@arinow.org](mailto:ckelter@arinow.org)

Danielle Bustos, MDYLF Coordinator  
Independence Now  
240-898-2189  
[dbustos@innow.org](mailto:dbustos@innow.org)



**CDN SB 327 FAVORABLE.pdf**

Uploaded by: Claudia Wilson Randall

Position: FAV



**Testimony**  
**SENATE BILL 327**  
**BUDGET and TAXATION COMMITTEE**  
**January 29, 2025**  
**Position: FAVORABLE**

Dear Chairman Guzzone and Members of the Budget and Taxation Committee:

The Community Development Network of Maryland (CDN) is the voice for Maryland’s community development sector and serves nearly 150 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland’s urban, suburban and rural communities. CDN envisions a state in which all neighborhoods are thriving and where people of all incomes have abundant opportunities for themselves and their families.

**SB 327** - allows county governments to enter into payment-in-lieu-of-taxes (PILOT) agreements with developers in exchange for maintaining at least 50% of their rental units as affordable housing for at least 15 years.

According to recent analysis by the National Low Income Housing Coalition, Maryland will have to make a significant investment in housing over the next 10 years in order to keep up with economic and demographic shifts in the state. The state is short by more than 100,000 rental units for low-income households. Thirteen of the state’s 23 counties and Baltimore City don’t have enough housing that’s affordable to very low-income renters.

Ensuring that all families live in affordable, stable homes will improve community health outcomes, thereby reducing health care and education costs. Housing is an urgent priority for economic growth and equitable recovery from the pandemic. Building a firm foundation for stable homes begins with policies that increase the production of housing affordable to households making less than \$65,000 per year. Given the health, educational, and cost implications of families living in unstable homes, there is an urgent need to increase supply of affordable homes and help families meet rent demands and reduce costs.

SB 327 respects the autonomy of Maryland’s counties, empowering local governments to enter into agreements that meet their specific housing needs. PILOT agreements are a valuable tool for fostering public-private partnerships. The bill strikes a thoughtful balance between incentivizing property developers and ensuring access to affordable housing. It leverages the power of public-private partnerships.

We urge a favorable report for Senate Bill 327.

Submitted by Claudia Wilson Randall, Executive Director, Community Development Network

**SB327\_DHCD\_SUPPORT.pdf**

Uploaded by: Jake Day

Position: FAV



WES MOORE  
Governor  
ARUNA MILLER  
Lt. Governor  
JACOB R. DAY  
Secretary  
JULIA GLANZ  
Deputy Secretary

**DATE:** January 29, 2025  
**BILL NO.:** Senate Bill 327  
**TITLE:** Affordable Housing Payment In Lieu of Taxes Expansion Act  
**COMMITTEE:** Senate Budget and Taxation Committee

### Letter of Support

#### **Description of Bill:**

Senate Bill 327 authorizes owners of residential rental property and governing bodies of counties to enter into a payment in lieu of taxes (PILOT) agreement if the owner maintains at least 50% of the rental units on the property as affordable dwelling units for at least 15 years.

#### **Background and Analysis:**

Payment in lieu of taxes (PILOT) agreements are designed to encourage the production and maintenance of affordable housing by waiving property tax payment in exchange for an agreed-upon payment amount and a commitment to provide affordable housing units on the property for some period of time.

Existing Maryland law allows counties to enter into PILOT agreements with housing owners or developers when the property is constructed or rehabilitated under federal, state or local funding, or when rent is subsidized or supplemented under public programs, and the owner or developer agrees to maintain at least a portion of the rental units on the property as affordable to lower income persons for at least 5 years.

Senate Bill 327 expands this authorization to allow PILOT agreements with any owner of residential rental property that maintains at least 50% of the rental units as affordable (defined as units where housing costs do not exceed 30% of the income of a household earning 60% or less of the area media income) for at least 15 years.

Currently, Maryland has a shortage of at least 150,000 affordable housing units. High construction costs mean that affordable units are unlikely to be built without government subsidy or other incentives for developers and owners such as tax abatements. By expanding PILOT authorization, Maryland can encourage more affordable housing development that allows its residents to maintain stable housing in high-opportunity areas that would otherwise be financially out of reach for many working families. Counties entering into PILOT agreements will still receive payment from property owners to offset the cost of infrastructure and services for those properties. In concert with other recent legislation aimed at encouraging more production of affordable housing units, such as 2024's Housing Expansion and Affordability Act, Senate Bill 327 will help more working Maryland families find housing that fits their budgets.

#### **DHCD Position**

The Maryland Department of Housing and Community Development respectfully requests a **favorable** report on SB 327.



**SB0327-BT\_MACo\_SUP.pdf**

Uploaded by: Kevin Kinnally

Position: FAV



## **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.

**MBIA Letter of Support SB327.pdf**

Uploaded by: Lori Graf

Position: FAV

January 29, 2025

The Honorable Guy Guzzone  
Chair, Budget & Taxation Committee  
3 West Miller Senate Office Building  
Annapolis, MD, 21401

**RE: SB327 - Affordable Housing Payment In Lieu of Taxes Expansion Act**

Dear Chair Guzzone:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **SB327- Affordable Housing Payment In Lieu of Taxes Expansion Act**. MBIA **Supports** the Act in its current version.

SB327 would authorize the owner of a 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 50% of the rental housing units located at the property as affordable dwelling units for at least fifteen years. A Payments in Lieu of Taxes (“PILOT”) Agreement is a legal agreement between a property taxpayer and the taxing authority which allows a company to make property tax payments on an agreed schedule instead of paying the standard tax amount.

MBIA supports this proposal, the costs of projects across the board from land to interest rates has increases. Financial offsets are key to actually allowing new projects to take off. This provides a real property tax abatement in exchange for providing affordable units to low-income residents. SB327 would lower, or in some circumstances completely abates, for a period of years, on property taxes in Maryland on rental housing projects and would actually see a return on affordable housing.

Bottom line is that PILOT programs such as the one proposed through SB327 can be a useful tool to bring new investment to the state of Maryland and yield benefits to our current and future residents. For the reasons stated above, we would ask the committee to give SB327 a favorable report.

For more information about this position, please contact Lori Graf at 410-800-7327 or [lgraf@marylandbuilders.org](mailto:lgraf@marylandbuilders.org).

cc: Members of the Senate Budget and Taxation Committee



# **MGA 2025 Testimony Bill SB0327 (Affordable Housing**

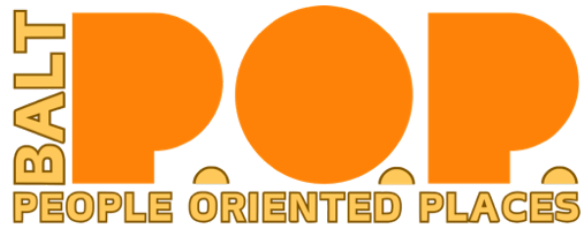
Uploaded by: Michael Scepaniak

Position: FAV

Bill: SB0327

Bill Title: Affordable Housing Payment In Lieu of Taxes Expansion Act

Position: **Favorable**



Members of the Senate Budget and Taxation Committee,

As a group which seeks to make the Baltimore region more enjoyable to live in, financially resilient, and adaptable to change, we feel that SB0327 is a valuable measure worth adopting.

As we all know, the Baltimore region is experiencing a housing affordability crisis. One of the principal reasons for this is that we are not allowing enough housing to be built, period. However, the dearth of housing is to be found most acutely at the smaller, cheaper end of the housing spectrum. Relatively affordable starter homes aren't being built here, pushing customers for such housing stock into rental properties. That demand results in rising rents, which places downward pressure on those residents with the lowest incomes. In the worst-case scenarios, lower income residents are either forced to move away or become homeless.

We need to incentivize the construction of smaller, more affordable housing units. This bill will appear to be one way of doing that. While we would prefer to see policy changes (in the form of zoning code reform, building code reform, etc.) that would allow for more housing to be built, we're in the midst of a crisis, so an "all of the above" approach is warranted.

There doesn't appear to be any obvious downside to this bill. It is enabling legislation which will allow counties flexibility - flexibility which they are not obligated to take advantage of.

In both the short-term and long-term, Maryland is stronger when all of its communities include a wide range of housing options - of varying sizes, price points, ages, formats, and ownership options. This bill will help to facilitate the construction of units at the lower, more affordable end of the housing spectrum.

We hope the committee finds these points helpful and convincing and we urge its members to **vote in favor of SB0327**. Thank you for your efforts and the opportunity for us to testify on this legislation.

[BaltPOP - Baltimoreans for People-Oriented Places](#)

# **Maryland Catholic Conference\_FAVSB237\_.pdf**

Uploaded by: Michelle Zelaya

Position: FAV



MARYLAND  
CATHOLIC  
CONFERENCE

January 29<sup>th</sup>, 2025

**SB 237**

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

**Budget and Taxation Committee**

**Position: FAVORABLE**

The Maryland Catholic Conference offers this testimony in support of Senate Bill 237. The Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

**Senate Bill 237** would allow for property owners and county governments to establish agreements to reduce property tax payments if the property is used for rental housing and at least 50% of the units are maintained as affordable housing for a minimum of 15 years. The legislation aims to incentivize the creation and preservation of affordable housing by offering financial relief to property owners while addressing the growing housing affordability crisis. This legislation applies to taxable years beginning after June 30, 2025.

This legislation promotes the development and sustainability of affordable housing, benefiting low-income families, seniors, and individuals in need of stable housing. By ensuring that a significant portion of rental units remains affordable, the legislation addresses housing inequality and fosters economic stability for vulnerable populations. Additionally, it stimulates community development by encouraging investment in affordable housing projects, which can help revitalize neighborhoods, reduce homelessness, and create a stronger, more inclusive economy for the state.

Supporting legislation like this aligns with Catholic social teaching, which emphasizes the dignity of the human person, the preferential option for the poor, and the importance of the common good. Affordable housing is a fundamental human need and an essential component of social justice. By taking a foundational approach to this issue, we are helping all Marylanders advocate for better housing legislation for the flourishing of all members of society.

The MCC appreciates your consideration and, for these reasons, respectfully requests a favorable report on **Senate Bill 237**.

# **Testimony in support of SB0327 - Affordable Housin**

Uploaded by: Richard KAP Kaplowitz

Position: FAV

01/29/2025

Richard Keith Kaplowitz  
Frederick, MD 21703

**TESTIMONY ON SB#/0327- POSITION: FAVORABLE**

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

**TO:** Chair Guzzone, Vice Chair Rosapepe, and members of the Budget & Taxation Committee  
**FROM:** Richard Keith Kaplowitz

**My name is Richard Keith Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support of SB#/0327, Affordable Housing Payment In Lieu of Taxes Expansion Act**

Across Maryland, there is a shortage of rental homes affordable and available to extremely low income households (ELI), whose incomes are at or below the poverty guideline or 30% of their area median income (AMI). Many of these households are severely cost burdened, spending more than half of their income on housing. <sup>1</sup>

Maryland is short 96,000 housing units. Over the last 10 years, Maryland has underproduced housing at a rate of 5,600 units per year on average. <sup>2</sup>

The purpose of this bill is to provide a path to ensuring that the affordable housing stock in Maryland can be increased. This bill will provide incentives towards that end by 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 50% of the rental housing units located at the real property as affordable dwelling units for at least 15 years; and applying the Act to all taxable years beginning after June 30, 2025.

Having affordable housing can help lower income individuals establish themselves in housing that permits them to pursue paths to improve their personal situation, including education for their children in a stable environment and employment opportunities for themselves. It can be part of moving Maryland forward on the provision of affordable housing.

**I respectfully urge this committee to return a favorable report on SB#/0327.**

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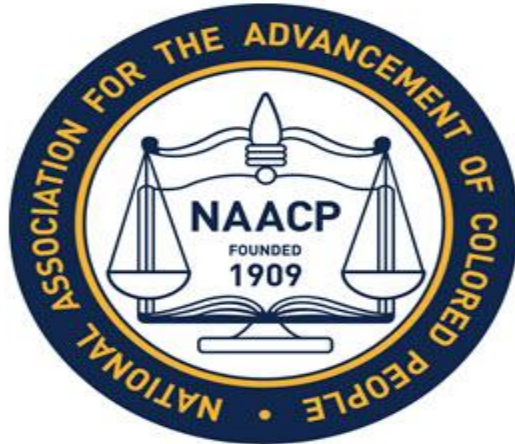
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<sup>2</sup> <https://dhcd.maryland.gov/TurningTheKey/Documents/Presentation.pdf>

# **SB0327 Support.pdf**

Uploaded by: Ryan Coleman

Position: FAV



# Randallstown

Po Box 731 Randallstown, MD 21133

January 27, 2025

Budget and Taxation Committee  
3 West Miller Senate Office Building  
3 West Miller Senate Office Building  
Annapolis, Maryland 21401

**RE: SUPPORT SB 0327, Affordable Housing Payment In Lieu of Taxes  
Expansion Act**

Dear Chair Guzzone, Vice Chair Rosapepe and Members of the Budget and Taxation Committee

The Randallstown NAACP is a 500 member branch located in Baltimore County, Maryland. We have members in Baltimore County and Baltimore City. One of primary focuses is ensuring that all students, especially black students have the skills to be successful in America.

Housing affordability is affected by a complex network of factors. However, the issue largely comes down to supply. Simply put, there aren't enough houses and



apartments to satisfy demand. As of March 2021, a [report by Moody Analytics](#) estimated that the annual supply of new housing units was around 100,000 below the demand. When demand significantly outpaces supply, this causes the cost of the units that are available to rise.

As a result, the homes that are available are often well beyond the means of low- and even middle-income buyers and renters. This gap in affordability has been further exacerbated by things like the pandemic (which disrupted global supply chains and drove up the cost of housing materials) and inflation (which has seen cost of living rise more quickly than wages).

The Randallstown NAACP supports HB 0327, Affordable Housing Payment In Lieu of Taxes Expansion Act. ***The Randallstown Branch of the NAACP urges a favorable report from the committee on HB 0326.***

.  
*yours*

Ryan Coleman  
Randallstown NAACP, President  
<https://randnaacp.org/>  
<https://www.facebook.com/NAACPrandallstown>  
<https://www.instagram.com/naacprandallstown>

# **SB327.HB390.TheArc.AffordableHousingInLieuofTaxes.**

Uploaded by: Rylie Shewbridge

Position: FAV



January 29, 2025

Guy Guzzone  
Chair, Senate Budget and Taxation Committee  
3 West Miller Senate Office Building  
Annapolis, Maryland 21401

Re: SB327/HB390 – Affordable Housing Payment In Lieu of Taxes Expansion Act - Support

Dear Chair Guzzone and Members of the Committee,

On behalf of The Arc Central Chesapeake Region and Chesapeake Neighbors, we write in support of ***SB327/HB390 – Affordable Housing Payment In Lieu of Taxes Expansion***.

The Arc Central Chesapeake Region empowers people with disabilities to live the lives they choose by providing services, advocating for change, and working to remove barriers to community access. Our goal is to create inclusive communities where everyone is welcome and has access to the resources they need. One way we foster inclusivity is through our subsidiary, Chesapeake Neighbors, which provides beautiful, safe, and accessible affordable rental housing for tenants ranging from low-income to market-rate renters.

During the 2024 legislative session, the state enacted the Housing Expansion and Affordability Act of 2024 (HEAA), a comprehensive housing package proposed by the Governor aimed at reducing barriers to affordable and attainable housing. The enactment of HEAA marks a significant step toward achieving these goals by incentivizing increased density, expanding affordable housing options, and preserving the ability of county and local governments to strengthen existing zoning ordinances to enhance housing affordability and attainability.

SB327/HB390 further supports the state's goals by allowing counties and property owners to enter into payment-in-lieu-of-taxes agreements, provided that at least 50% of the rental housing units covered under the agreement are designated as affordable for a minimum of 15 years. This approach incentivizes affordable housing development by reducing financial burdens on developers, making it more feasible to build and maintain affordable housing units while ensuring long-term affordability for residents.

For these reasons, we respectfully urge the committee to issue a favorable report on SB327/HB390.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jonathon Rondeau', is written over a light blue circular stamp.

Jonathon Rondeau  
President & CEO

**PGCex\_Support\_SB 327.pdf**

Uploaded by: Sasha Desrouleaux

Position: FAV



# THE PRINCE GEORGE'S COUNTY GOVERNMENT

## OFFICE OF THE COUNTY EXECUTIVE

**BILL:** Senate Bill 327: Environment - Affordable Housing Payment In Lieu of Taxes Expansion Act

**SPONSOR:** Senator Shelly Hettleman

**HEARING DATE:** January 29, 2025 at 10:30AM

**COMMITTEE:** Budget and Taxation

**CONTACT:** Intergovernmental Affairs Office, 301-780-8411

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**POSITION:** SUPPORT

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The office of the Acting Prince George's County Executive urges **SUPPORT** of **Senate Bill 327: Affordable Housing Payment In Lieu of Taxes Expansion Act**. The enabling legislation provides counties with another tool for creating and preserving much-needed affordable housing by empowering Maryland counties to enter into PILOT agreements with property owners who commit to maintaining long-term affordability for at least half of their rental units.

Specifically, the bill allows property owners of rental housing and county governments to enter into payment-in-lieu-of-taxes (PILOT) agreements. These agreements would require at least 50% of the rental housing units to be maintained as affordable dwelling units for at least 15 years.

Importantly, the bill does not amend existing PILOT authorizing statutes or affect local governments' discretion to grant PILOTs. Instead, it provides counties with broader authority to extend PILOT agreements to properties not currently eligible under state law. The Act would apply to all taxable years beginning after June 30, 2025.

Affordable housing remains a pressing issue in Maryland. According to the 2023 American Community Survey (ACS), one in three Maryland families is cost-burdened by rent or mortgage payments, with 53% of renters paying more than 30% of their income on housing. The National Low Income Housing Coalition's GAP report highlights Maryland's severe shortage of affordable rental housing for individuals with modest incomes. The report reveals that 36% of extremely low-income households are part of the labor force, 34% are seniors, and 15% are

individuals with disabilities. It is not surprising that U.S. News ranked Maryland 43rd among states for housing affordability.

Prince George's County's 2021 Economic Development Platform emphasizes the need for a diverse, dynamic, and sustainable ecosystem to drive economic growth for both the region and the state. The County's vision acknowledges that meaningful economic development cannot be achieved without addressing housing affordability and stability for all residents.

We greatly appreciate your consideration of **SB 327** and look forward to working together to ensure housing stability for all Marylanders, especially those most vulnerable.

For the reasons stated above, the Office of the Prince George's County Executive **SUPPORTS SB 327** and asks for a **FAVORABLE** report.

**SB327\_Hettleman\_FAV.pdf**

Uploaded by: Shelly Hettleman

Position: FAV

**SHELLY HETTLEMAN**  
*Legislative District 11*  
Baltimore County

Chair, Rules Committee  
Budget and Taxation Committee

*Subcommittees*  
Capital Budget  
Health and Human Services  
Chair, Pensions

*Joint Committees*  
Senate Chair, Audit and Evaluation  
Senate Chair, Pensions



**THE SENATE OF MARYLAND**  
**ANNAPOLIS, MARYLAND 21401**

James Senate Office Building  
11 Bladen Street, Room 220  
Annapolis, Maryland 21401  
410-841-3131  
800-492-7122 Ext. 3131  
Shelly.Hettleman@senate.state.md.us

**TESTIMONY OF SENATOR SHELLY HETTLEMAN**  
**SB 327 - AFFORDABLE HOUSING PAYMENT IN LIEU OF TAXES EXPANSION ACT**

Maryland is facing an undeniable affordable housing crisis and SB 327 Affordable Housing Payment in Lieu of Taxes Expansion Act is an innovative way of addressing the issue.

As housing prices continue to climb, the availability of affordable options continues to fall, resulting in a struggle to manage the financial demands of securing safe and stable housing. With more than half of Marylanders now spending over a third of their income on housing, many are left to sacrifice other basic necessities like food, medical bills, utilities, or future savings. This ongoing crisis underscores the critical need an effective solution that supports affordable housing development and preservation.

A payment in lieu of taxes (PILOT) agreement for affordable housing is a financial incentive that allows property owners to receive a tax abatement in exchange for maintaining a certain percentage of their units as affordable housing. PILOT agreements encourage the development of new housing options that are within reach for low- and moderate-income families, while ensuring that existing units remain available and accessible. Importantly, they incentivize affordability without directly increasing public spending.

Current law limits tax abatements unless the property undergoes substantial rehabilitation. As the affordable housing market evolves, market pressures are putting at risk Naturally Occurring Affordable Housing (NOAH) properties, which may not require substantial rehabilitation, because developers are not able to access tax abatements that would enable properties to remain affordable.

Several counties in Maryland have already demonstrated the success of PILOT agreements for affordable housing. For example, Montgomery County and Baltimore City have leveraged PILOT agreements to preserve existing affordable units and revitalize neighborhoods with the development of new units. SB 327 seeks to expand the ability to establish PILOT agreements to all counties in Maryland, making these programs available statewide. It aims to address affordable housing needs more comprehensively throughout the state, building on existing programs and extending opportunities to other counties.

Housing is a fundamental need but should not come at the cost of other basic necessities. Yet, in 2025, it does. By passing SB 327, we can ensure that every county in Maryland has the opportunity to provide their residents with additional stable, affordable housing.

I urge a favorable report on SB 327, and I thank you for your consideration.



# **SWASC -SB327- Affordable Housing in Lieu of Proper**

Uploaded by: UM SWASC

Position: FAV

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**TESTIMONY IN SUPPORT OF SB 327**  
**Affordable Housing Payment in Lieu of Property Taxes Expansion Act**  
*Budget and Taxation Committee*  
**January 29, 2025**

**Social Work Advocates for Social Change strongly supports SB 327**, which seeks to increase and improve the state’s supply of affordable housing by authorizing property owners to enter into an agreement to forgo paying local property taxes in exchange for maintaining 50% of their rental units as affordable housing. This legislation will help low-income households, working families, and seniors better afford housing.

**SB 327 helps Maryland address the need for affordable housing.** Maryland faces a dire shortage of over 96,000 housing units<sup>1</sup> and more than 134,000 affordable housing units for extremely low-income households.<sup>2</sup> For households earning 50 percent of the median income, there are only 59 available units for every 100 renters.<sup>3</sup>

**SB 327 accelerates affordable housing availability.** SB 0327 can increase the supply of affordable housing more rapidly than new construction. Constructing multi-unit buildings typically takes between four and seven years.<sup>6</sup> Additionally, while low-income housing tax credits (LIHTC) are a valuable resource, they are extremely limited. In 2022, Maryland received \$32 million in LIHTC funding, which built or sustained only 1,340 units – representing just one percent of the needed supply.<sup>7</sup>

**SB 327 improves housing affordability.** Nearly one-third of Maryland families currently spend more than 30 percent of their total income on rent or mortgage payments.<sup>8</sup> For those in extremely low or very low-income brackets, this figure skyrockets to approximately 80 percent of their total income spent on housing.<sup>9</sup> This excessive financial burden puts undue pressure on families and communities, leading to economic instability and hardship.

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<sup>1</sup> *Turning the Key: Unlocking Maryland’s Potential.* (2024, June 3). Maryland Department of Housing and Community Development. <https://dhcd.maryland.gov/TurningTheKey/Documents/Presentation.pdf>

<sup>2</sup> *Housing Needs By State - Maryland.* (2022). National Low Income Housing Coalition. <https://nlihc.org/housing-needs-by-state/maryland>

<sup>3</sup> *Housing Needs By State - Maryland.* (2022). National Low Income Housing Coalition. <https://nlihc.org/housing-needs-by-state/maryland>

<sup>6</sup> *The Affordable Housing Process.* (2019). Local Initiatives Support Corporation. [https://www.lisc.org/media/filer\\_public/c8/67/c8679790-7bda-484b-9810-9e504a1cafa95/the\\_affordable\\_housing\\_development\\_process\\_english.pdf](https://www.lisc.org/media/filer_public/c8/67/c8679790-7bda-484b-9810-9e504a1cafa95/the_affordable_housing_development_process_english.pdf)

<sup>7</sup> Gupta, P. (2024, October 15). *Maryland Low-Income Housing Tax Credit (LIHTC) Program.* Fusion. <https://fusionsw.com/maryland-low-income-housing-tax-credit-lihtc-program/>

<sup>8</sup> *How Many Subsidized Housing Units are Available in Maryland?* (2024, August 27). USAFACTS. <https://usafacts.org/answers/how-many-subsidized-housing-units-are-available/state/maryland/>

<sup>9</sup> *Housing Needs By State - Maryland.* (2022). National Low Income Housing Coalition. <https://nlihc.org/housing-needs-by-state/maryland>

**SB 327 improves Maryland's economy.** Maryland's economy has been hurt by housing costs, growing only 1.9 percent in 2023 compared to 13.9 percent nationally.<sup>10</sup> Affordable housing has short – and long-term economic benefits for local communities. When households can afford housing, they are more likely to stay in the community.<sup>11</sup>

**SB 327 provides flexibility for local jurisdictions.** SB 327 grants local county jurisdictions another tool for increasing the supply of affordable housing, increasing their flexibility and control in determining the best course(s) of action. This local control ensures that solutions are tailored to each community's unique needs and circumstances, enhancing the legislation's effectiveness.

**SB 327 supports working families and seniors already struggling to make ends meet.** SB 327 sets the highest income limit at 60% of the AMI; however, it does not prevent counties and property owners from extending affordable housing options to lower AMI residents. The affordable housing shortage disproportionately affects extremely low-income households, more than one-third (36%) of which are actively part of the workforce.<sup>12</sup> Seniors comprise over one-third (34%) of the extremely low-income demographic.<sup>13</sup> Many of these seniors struggle to find affordable and safe housing options, and this bill offers a solution that can help reduce their housing cost burden.

The Affordable Housing Payment in Lieu of Property Taxes Expansion Act is a crucial piece of legislation that addresses Maryland's urgent need for affordable housing. It provides immediate relief for low-income households and seniors, accelerates the availability of affordable units, improves housing affordability for Maryland families, and offers local jurisdictions the flexibility to implement effective housing solutions. We urge you to support SB 327 and take a significant step towards ensuring all Maryland residents can access safe, affordable housing.

**Social Work Advocates for Social Change urges a favorable report on SB 327.**

*Social Work Advocates for Social Change is a coalition of MSW students at the University of Maryland School of Social Work that seeks to promote equity and justice through public policy, and to engage the communities impacted by public policy in the policymaking process.*

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<sup>10</sup> *Turning the Key: Unlocking Maryland's Potential.* (2024, June 3). Maryland Department of Housing and Community Development. <https://dhcd.maryland.gov/TurningTheKey/Documents/Presentation.pdf>

<sup>11</sup> *Economic Benefits of Affordable Housing.* (n.d.). Embrace Living Communities. <https://embraceliving.org/economic-benefits-affordable-housing/#:~:text=When%20people%20are%20able%20to,can%20have%20positive%20economic%20impacts>

<sup>12</sup> *Housing Needs By State - Maryland.* (2022). National Low Income Housing Coalition. <https://nlihc.org/housing-needs-by-state/maryland>

<sup>13</sup> *Housing Needs By State - Maryland.* (2022). National Low Income Housing Coalition. <https://nlihc.org/housing-needs-by-state/maryland>

# **2025 GBCC Affordable Housing PILOT SB 327.pdf**

Uploaded by: Ashlie Bagwell

Position: FWA



## **Testimony on behalf of the Greater Bethesda Chamber of Commerce**

*In Support with Amendments*

*Senate Bill 327—Affordable Housing Payment in Lieu of Taxes Expansion Act*

*January 29, 2025*

*Senate Budget and Taxation Committee*

The Greater Bethesda Chamber of Commerce (GBCC) was founded in 1926. Since then, the organization has grown to more than 600 businesses located throughout the Greater Bethesda area and beyond. On behalf of these members, we appreciate the opportunity to provide written comments on Senate Bill 327—Affordable Housing Payment in Lieu of Taxes Expansion Act.

Senate Bill 327 authorizes the owner of real property used for rental housing and a local jurisdiction to enter into a payment in lieu of taxes agreement for maintaining at least 50 percent of rental housing units as affordable dwelling units for at least fifteen years. The Greater Bethesda Chamber of Commerce strongly supports affordable housing initiatives at both the State and local levels that balance the needs of property owners and residents. We believe the goal of this legislation is consistent with that. We would urge consideration of language, though, that decreases the percentage of affordable housing units from 50 percent to 30 percent. This is significantly more than most local Moderately Priced Dwelling Units (MPDUs) requirements and is consistent with what most mission driven developers are aim for in new development.

For these reasons, we would respectfully a favorable report on Senate Bill 327 with the aforementioned language change. We appreciate Senator Hettleman's leadership on this important issue.

# **SB 327 HB 390 Affordable housing Payment in Lieu o**

Uploaded by: Erin Karpewicz

Position: FWA



## SB 327 Affordable Housing Payment in Lieu of Taxes Expansion Act

Hearing before the Budget and Taxation Committee  
January 29, 2025

**Position: SUPPORT WITH AMENDMENTS (FWA)**

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Arundel Community Development Services, Inc., (“ACDS”) urges the Committee to issue a Favorable report, with amendments as set forth below, on SB 327, which would authorize the 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 50% of the units in the property as affordable units for a period of 15 years.

ACDS serves as Anne Arundel County’s nonprofit housing and community development agency, helping Anne Arundel County residents and communities thrive through the provision of safe and affordable housing opportunities, programs to prevent and end homelessness, and community development initiatives. As part of this role, ACDS advises the County on issues related to affordable housing, develops housing and community development strategies for Anne Arundel residents and communities, and implements programs that provides direct assistance to renters facing eviction and homeowners facing foreclosure.

This bill provides an additional method for obtaining a payment in lieu of taxes agreement (“PILOT”) to promote affordable housing. Currently, Tax Property Section 7-506.1 allows a property owner and a county to enter into a PILOT agreement only if the project obtains federal, state or local subsidy which restricts all or a portion of the project for affordable housing. This bill would permit a property owner and a county to enter into a PILOT without additional federal, state or local subsidy if at least 50% of the units in the property are restricted as affordable housing for households with incomes up to 60% of area median income, without the need for additional federal, state or local subsidy. Thus, the bill provides flexibility to counties and project developers in promoting the preservation and new development of much-needed affordable units.

While the bill, as written, provides an additional path to receive PILOTs and promote housing affordability, ACDS suggests that the percentage of affordable units required to access the PILOT benefit should be lowered to at least 20%, rather than at least 50%, as this will allow each jurisdiction to establish its own level of PILOT subsidy based on the affordable housing needs of the jurisdiction and the unique financing for each project. Local jurisdictions can still ensure that the PILOT subsidy amount is scaled appropriately based on the number of subsidized units and allows for preservation of affordable units in true mixed income developments. This will be particularly useful in “naturally occurring affordable housing” or “NOAH”, i.e. housing that does not receive any federal, state or local subsidy but due to location or market contains units that have historically been affordable to lower income households but are in danger of rising rents without an agreement with the local government. **For the reasons noted above, ACDS urges the Committee to issue a FAVORABLE report, with AMENDMENTS, on SB 327.**

**MD SB327 FAV with Amendments.pdf**

Uploaded by: Hugo Cantu

Position: FWA





**Bill No:** SB 327 - Affordable Housing Payment In Lieu of Taxes Expansion Act

**Committee:** Budget and Taxation

**Date:** January 29, 2025

**Position:** Favorable with Amendments

The Apartment and Office Building Association (AOBA) of Metropolitan Washington is the leading non-profit trade association representing the owners and managers of more than 23 million square feet of commercial office space and 133,000 apartment rental units in Montgomery and Prince George’s counties. On behalf of its member companies, AOBA is proud to support Senate Bill 327 with amendments.

Senate Bill 327 allows counties to exempt rental housing properties from county property taxes if the property owner enters into a payment in lieu of taxes (PILOT) agreement that maintains 50% or more of the units as affordable for a period of at least 15 years. Affordable is defined as not exceeding 30% of a household's income for households earning 60% or less than area median income (AMI). Counties are already allowed to use PILOTs to help offset the cost of development of new affordable housing.

Montgomery County, for example, has three types of PILOTs<sup>1</sup>:

- A standard PILOT that provides a property tax abatement based on the affordability of each rental unit in the project;
- A “by-right” PILOT that provides a 100% property tax abatement to non-profit housing developers that build affordable housing with 50% of the units affordable to households making 60% or less of AMI; and
- A WMATA PILOT that provides a 100% property tax abatement for development leased from WMATA with at least 25% moderately priced dwelling units affordable to households making 50% or less AMI.

Many of these affordable housing projects would not be financially viable without the use of PILOTs. Similarly, financial challenges place considerable redevelopment pressure on naturally occurring

<sup>1</sup> <https://www.montgomerycountymd.gov/DHCA/landlords/PILOT.html#>

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affordable housing. Financial challenges include rising operating expenses and increasing capital requirements needed to comply with state and local mandates, such as Building Energy Performance Standards and new building code requirements.

AOBA supports efforts that reduce financial pressure and aid in the preservation of affordable housing. However, AOBA members urge the Committee to reduce the threshold for obtaining a PILOT from 50% affordable units on a property to 30%. As noted above, state law grants Montgomery County considerable flexibility to create various types of PILOTs. Counties should have the same flexibility to negotiate PILOTs for existing affordable housing properties. For example, a county could negotiate a 50% property tax abatement for maintaining 30% of units as affordable or a 100% property tax abatement for maintaining 50% of units as affordable.

It's worth noting that a 30% affordability threshold doubles Montgomery County's moderately priced dwelling unit requirement, which only requires that 12.5-15% of units in a new development be affordable to households making 70% of less of AMI<sup>2</sup>. Furthermore, most mission driven affordable housing developers target affordability for 25-30% of new units in a development. Allowing a 30%-unit affordability threshold for existing properties would be consistent with the state and county affordable housing goals.

**For these reasons, AOBA urges the Committee to vote favorably with amendments on Senate Bill 327. For more information, please contact Brian Anleu, Vice President of Government Affairs for Maryland, at [banleu@aoba-metro.org](mailto:banleu@aoba-metro.org).**

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<sup>2</sup> <https://www.montgomerycountymd.gov/DHCA/MPDU/mpdu-program.html>

**BaltimoreCountyDHCD\_FWA\_SB0327.pdf**

Uploaded by: Joel Beller

Position: FWA



KATHERINE A. KLAUSMEIER  
*County Executive*

TERRY F. HICKEY, Esq.  
*Director,*  
*Department of Housing and Community Development*

**BILL NO.:** SB 327

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

**SPONSOR:** Senator Hettleman

**COMMITTEE:** Budget and Taxation

**POSITION:** **SUPPORT WITH AMENDMENTS**

**DATE:** January 29, 2025

The Baltimore County Department of Housing and Community Development (DHCD) SUPPORTS WITH AMENDMENTS SB 327 – Affordable Housing Payment In Lieu of Taxes Expansion Act. This legislation would authorize an owner of real property used for rental housing to enter into a Payment In Lieu of Taxes (PILOT) agreement with the governing body of a county if 50% of the rental housing units located in the property are preserved as affordable dwelling units for at least 15 years.

Currently, local jurisdictions can provide PILOT agreements to projects that are new construction or substantial rehabilitation projects. Such projects are also currently required to be funded or subsidized at least in part under a federal, state or local program. This bill would expand the ability to utilize PILOTs to also include existing sites, even if they do not undergo substantial rehabilitation, and remove the government program funding requirement that these sites are funded under a government program, if at least 50% of the units are reserved for families at or below 60% of the Area Median Income (AMI) for at least 15 years.

DHCD believes the proposed expansion of PILOTs to existing sites is a valuable tool to give local jurisdictions further flexibility to preserve affordability at sites with naturally occurring affordable housing. However, the Department has concerns that the threshold of 50% of units in a project may be too high a standard, and believes that a lower figure would be more likely to benefit a wider variety of projects in the County. Depending on how an agreement is structured, it is possible that a PILOT agreement would not have enough of a financial impact to support affordability of half of the units at a site. A lower threshold of units could therefore benefit the County in cases where some amount units are preserved through a PILOT agreement, even if the number of units does not reach 50% of the project.

The Department believes 20% of units (at 60% AMI) is a more appropriate threshold that provides counties further flexibility to structure deals in a manner that is appropriate for each specific property. If a higher threshold is preferred, the bill's sponsors could also consider a mixed-income model that incorporates units preserved at AMIs higher than 60% (i.e. 25% of units at 60% AMI and 25% of units at 80% AMI), as this could also create further flexibility.

Accordingly, the Baltimore County Department of Housing and Community Development urges a FAVORABLE WITH AMENDMENTS report on SB 327 from the Senate Budget and Taxation Committee. For more information, please contact Amanda Carr with the Baltimore County Office of Government Affairs at [acarr@baltimorecountymd.gov](mailto:acarr@baltimorecountymd.gov).



**MAHC Testimony\_SB 327\_PILOT Expansion\_FWA.pdf**

Uploaded by: Miranda Willems

Position: FWA



**Testimony to the Budget & Tax Committee**  
**SB 327 – Affordable Housing Payment in Lieu of Taxes Expansion Act**  
**Position: Favorable w/Amendments (FWA)**

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SB 327 would give Counties/Baltimore City the authority to offer Payment in Lieu of Tax (PILOT) agreements to additional types of rental housing projects, specifically mixed income projects that provide housing for households with a variety of incomes, provided that at least 50 percent of the units are set aside for limited income renters. Currently, PILOTS can only be awarded to projects that also have a local subsidy, and all households must be of limited income. For local governments that have limited funds to invest in affordable housing, this would give them another tool in their toolbox to offer the property owner a PILOT as a way to help preserve or create affordable housing units. By requiring a 15 year affordability period, there is still the assurance of long term affordability. This could be especially helpful for preserving naturally occurring affordable housing “NOAH” properties or adding some affordable units to market rate properties in areas of opportunity, near transit, etc.

We would request that the Committee consider amending the bill to require a minimum of 20% of the units be affordable to households earning 60% or below the Area Median Income, which would be similar to the current IRS requirements for Low Income Housing Tax Credits and allow more projects to be considered for PILOTS, rather than the minimum 50% threshold established in the bill. Counties could still set their own (more stringent) parameters, but they would have the flexibility to better respond to market conditions and individual project financing needs in their communities if the minimum threshold were reduced.

MAHC is the leading organization for the affordable rental housing industry in Maryland and represents over 185 member organizations, including nonprofit and for-profit developers, community action groups, State and local housing authorities, property management companies, financial institutions, community development organizations, contractors, investors, consultants and individuals. This PILOT expansion will provide an additional resource for our members to use for the development and preservation of affordable housing across Maryland. **We urge your support of SB 327 with our friendly amendment.**

Respectfully submitted on January 29, 2025 by Miranda Darden-Willems, Executive Director, on behalf of the MAHC Board of Directors.

**MAHC Board of Directors**

Tom Ayd, Green Street Housing, President  
Dana Johnson, Homes for America, Vice President  
Willy Moore, Southway Builders, Secretary  
Miles Perkins, AGM Financial, Treasurer  
Mansur Abdul-Malik, NHP Foundation  
Mike Cumming, CohnReznick, Chief Financial Officer



Davis, AHC Greater Baltimore

Mike Font, New Harbor Development

Christine Madigan, Enterprise Community Development, Ex-Officio

Dan McCarthy, Episcopal Housing

Brandon Moss, CSI Support & Development

Grant Searfoss, Severn Development

Mo Smith, Vorys, Of Counsel

Patrick Stewart, Pennrose Properties

Catherine Stokes, Diamond & Associates

Milana Vayner, Baltimore County DHCD

Jessica D. Zuniga, Humphrey Management/Foundation Development Group



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443-758-6270