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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Affordable Housing Payment In Lieu of Taxes Expansion Act (HB 390)

Testimony of Delegate Marc Korman-Favorable

Thank you, Madame Chair, Madame Vice Chair, and members of the Ways & Means Committee and my visiting colleagues from the Environment & Transportation Committee. I come before you today to present the Affordable Housing Payment in Lieu of Taxes Expansion Act (House Bill 390).

This legislation expands the use of Payment In Lieu of Taxes (PILOT) agreements to help address Maryland's affordable housing needs. Existing law authorizes local governments and property owners to negotiate PILOT agreements provided that certain affordability metrics are met for new construction or significant rehabilitations. This has been a useful tool for many local jurisdictions to help incentivize and finance affordable housing. The bill before you would expand this by allowing PILOTS where naturally occurring affordable housing will be maintained at certain affordable housing metrics.

My own county has some projects that would qualify given this authority, but the policy can be a useful tool for any county that is interested. And because this only affects local taxes, it has no impact on the state budget. That said, because it is a choice for counties and not a mandate, it will be up to the counties to determine what, if any, impact this will have on their budgets and revenue.

As introduced, the bill requires that at least 50% of the rental units remain affordable dwelling units for a minimum of 15 years. Affordable is defined based on existing state law as housing costs that do not exceed 30% of a household's income. Affordable dwelling unit means a unit that is affordable to households earning 60% or less of the area median income based on US Department of Housing and Urban Development data. However, 50% may not be the appropriate number for all jurisdictions or projects. I plan, therefore, to propose an amendment that would set a lower minimum for the percentage of rental units that must remain as affordable dwelling units and allow the local jurisdictions to set a higher minimum if they so choose

In addition, I have recently learned that certain entities we think of as Public Housing Authorities do not actually qualify under state law, such as Rockville Housing Enterprises in the district of Subcommittee Chair Palakovich-Carr. I would suggest also using this legislation to clarify that an entity like RHE should be considered eligible participants for these PILOT programs.

Thank you and I request a favorable report.