

Testimony to the Senate Budget & Taxation Committee
Senate Bill 369 - Nonprofit Housing Corporations - Tax and Enforcement of Judgment Exemptions -
Alterations
Position: Favorable

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 369 which would provide tax exemptions to certain affordable housing communities operated by nonprofits.

Senate Bill 369 builds off of legislation passed last year by the General Assembly which provided a tax exemption to housing owned and managed by public housing authorities.

Payment in lieu of taxes, or PILOTS, are an important tool in creating and preserving affordable housing across the country. In Maryland, however, PILOTS have been largely underutilized, and this bill is an opportunity to rectify that.


Several years ago, Montgomery County amended its PILOT law to provide more certainty to affordable housing providers regarding when a project is eligible to receive a PILOT. This change in law has resulted in significant gains in affordable housing in the county. Affordable housing developers are frequently competing with a host of market-rate developers for properties. Market-rate developers typically have more resources than a nonprofit and are able to offer more to purchase a property than a nonprofit is prepared to; however, this bill would help to level the playing field and give nonprofits committed to maintaining affordability a fighting chance. If nonprofits have certainty on what their property tax bill will be before purchasing a property, it enables them to potentially offer more to acquire it than would otherwise be the case.

MHP can personally attest to the impact that PILOT policies have had in Montgomery County. Within a matter of months after the local PILOT legislation was adopted in 2021, MHP was able to acquire a pair of naturally occurring affordable housing properties where affordability was at significant risk of being permanently lost. If not for the PILOTS, these acquisitions would not have penciled out and housing affordability would have taken an enormous hit in these neighborhoods. MHP has been able to acquire and renovate additional properties that have strategic importance to the County in terms of housing affordability because of the County's PILOT laws. Moreover, in Montgomery County, we are witnessing creative uses of the PILOT policies to convert underutilized office or hotel properties into new affordable housing.

Nonprofits like ours are eager to expand and preserve affordable housing. In times like now when we're facing budget shortfalls and tax dollars that can be dedicated to affordable housing are limited, PILOTs are a way that the state can continue to ensure that we do not lose ground on housing affordability.

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