

Expedited Bill No. 2-25
Concerning: Taxation – Payments in Lieu
of Taxes – Affordable Housing –
Amendments
Revised: 3/27/2025 Draft No. 6
Introduced: February 4, 2025
Enacted: April 8, 2025
Executive: _____
Effective: April 28, 2025
Sunset Date: April 27, 2035
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: Councilmembers Fani-González and Friedson
Co-sponsors: Councilmember Luedtke, Council President Stewart, and Councilmembers Balcombe
and Sayles

AN EXPEDITED ACT to:

- (1) establish a minimum payment in lieu of taxes for certain conversions of high-vacancy commercial properties to residential use;
- (2) establish the amount of the payment in lieu of taxes; and
- (3) generally amend the law governing payments in lieu of taxes.

By amending

Montgomery County Code
Chapter 52, Taxation
Section 52-24

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Section 52-24 is amended as follows:

52-24. Payments in lieu of taxes for certain housing developments.

- (a) *Definitions.* In this Section, the following words have the following meanings.

* * *

Person has the same meaning as in Section 1-101 of the Tax-Property Article of the Maryland Code, as amended.

* * *

- (c) When authorized by state law, the Director must offer a payment in lieu of taxes for a qualifying housing development:

- (1) owned or controlled by the Housing Opportunities Commission that exempts 100[%] percent of the real property tax that would otherwise be levied;
- (2) owned or controlled by a non-profit housing developer if at least 50[%] percent of the dwelling units located on the property receiving the payment in lieu of taxes are built under a government regulation or binding agreement with the County limiting the rent charged for the unit for at least 15 years to make the unit affordable to households earning 60[%] percent or less of the area median income. The offer must exempt 100[%] percent of the real property tax that would otherwise be levied for a period of at least 15 years, but no more than the number of years that rents charged for 50[%] percent of the dwelling units must remain restricted to households earning 60[%] percent or less of the area median income; [or]
- (3) owned or controlled by a non-profit housing developer if all of the dwelling units are subject to a Section 8 Project-Based Rental Assistance Payment contract. The offer must exempt 100[%]

percent of the real property tax that would otherwise be levied as long as the Section 8 Project-Based Rental Assistance Payment contract is in effect[.]; or

(4) owned or controlled by a person engaged in constructing or operating housing structures or projects if:

(A) the property receiving the payment in lieu of taxes is converted to residential use from a commercial use with at least a 50 percent vacancy rate at the date of application to either the [[Department of Permitting Services or]] Planning Department or, if the property's development does not require site plan approval from the Planning Department, Department of Permitting Services under [[pursuant to]] Section 3.3.2.B of Chapter 59;

(B) the property's development meets all the requirements of an expedited approval plan under Section 7.3.5 of Chapter 59, except that if a property's development does not require site plan approval from the Planning Department it is not required to meet the requirements of an expedited approval plan but must obtain the building permit within 2 years of acceptance by the Department of Permitting Services of the building permit application that includes the core and shell of the principal building; and

(C) at least [[15]] 17.5 percent of the dwelling units located on the property are built under a government regulation or binding agreement with the County limiting the rent charged for the unit for at least 25 years to make the unit

affordable to households earning 60 percent or less of the area median income.

The offer must exempt 100 percent of the real property tax that would otherwise be levied for a period of at least ~~[[25]]~~ 20 years beginning in the year a use and occupancy permit is issued for the qualifying development, but no more than the number of years that rents charged for ~~[[15]]~~ 17.5 percent of the dwelling units must remain restricted to households earning 60 percent or less of the area median income.

* * *

Sec. 2. Effective date. The Council declares that this legislation is necessary for the immediate protection of the public interest. This Act takes effect 20 days after the date on which it becomes law.

Sec. 3. Short title. This expedited bill may be cited as part of the “More Housing N.O.W. (New Options for Workers)” package.

Sec. 4. Transition. If a property has obtained site plan approval from the Planning Board by the effective date of this legislation, then the property is eligible for a payment in lieu of taxes under Section 52-24(c)(4), as amended by this Act, if it otherwise complies with subparagraphs (4)(A) and (4)(C) of Section 52-24(c), as amended by this Act, and an applicant for the property: (i) applies for a building permit, which is accepted by the Department of Permitting Services and includes the core and shell of the principal building, within 2 years of the earlier of the date of the Planning Board’s resolution or the effective date of this legislation; and (ii) obtains the building permit within 2 years of acceptance by the Department of Permitting Services of the building permit application that includes the core and shell of the principal building.

79 **Sec. 5. Sunset.** This Act must sunset and must have no further force and effect
80 after 10 years from the effective date of this legislation, except that any agreements
81 entered into prior to the sunset must remain in full force and effect.

Approved:



April 8, 2025

Kate Stewart, President, County Council

Date

Approved:

Marc Elrich, County Executive

Date

This is a correct copy of Council action.

Sara R. Tenenbaum, Clerk of the Council

Date