

Bill No. 25-25  
Concerning: Taxation – Payments in Lieu  
of Taxes – Public Housing Authorities  
Revised: 7/24/2025 Draft No. 3  
Introduced: June 17, 2025  
Enacted: September 16, 2025  
Executive: September 29, 2025  
Effective: December 29, 2025  
Sunset Date: None  
Ch. 22, Laws of Mont. Co. 2025

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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Lead Sponsor: Councilmember Katz  
Co-Sponsors: Councilmembers Friedson and Luedtke

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**AN ACT** to:

- (1) define housing authority;
- (2) expand the automatic payment in lieu of taxes for public housing authorities of qualifying housing developments;
- (3) modify the method of review for executive regulations;
- (4) make technical and stylistic changes; and
- (5) generally amend the law governing a payment in lieu of real property taxes.

By amending

Montgomery County Code  
Chapter 52, Taxation  
Section 52-24

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

*Area median income* means the median household income for the Washington, DC metropolitan area as estimated by the U.S. Department of Housing and Urban Development, adjusted by household size based on the occupancy standard for the unit.

*Authority* [[means a public housing entity]] has the same meaning as defined under Section 12-101 of the Housing and Community Development Article of the Maryland Code, as amended.

*Director* means the Director of Finance or the Director's designee.

*Housing authority entity* has the same meaning as defined under Section 12-104 of the Housing and Community Development Article of the Maryland Code, as amended.

*Payment in lieu of taxes* means an authorized payment made by the owner of a qualifying housing development instead of paying the County real property tax, including a County real property tax levied under a special area taxing law, that would otherwise be due.

\* \* \*

(b) When authorized by state law, the Director may agree to accept a negotiated payment in lieu of the real property tax that would otherwise be levied on a qualifying housing development. A qualifying housing development is any housing development of which the owner is expressly eligible under state law to make payments in lieu of taxes.

(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 an authority or housing authority entity [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

\* \* \*

- (e) Any payment accepted by the Director must conform to guidelines included in a regulation adopted by the Executive under method [(1)] (2). Before the Director accepts a payment in lieu of taxes, the Director must consult the Director of the Department of Housing and Community Affairs on whether:

(1) the subject of the payment is a qualifying housing development;


and

(2) the amount of the payment complies with applicable guidelines.

(f) The Executive, in each annual operating budget submitted to the Council, must calculate the amount of pending payments in lieu of taxes already approved under this Section, including payments for housing developments owned or [operated] controlled by an authority or housing authority entity [the Housing Opportunities Commission].

**Sec. 2. Transition.** Section 1 of this Act applies to a qualifying housing development owned or controlled by an authority or housing authority entity only if the affordable dwelling units in the development are subject to government regulation or a binding agreement with the County that limits the rent charged on or after this Act takes effect.

*Approved:*

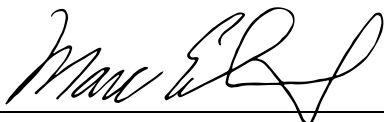


Kate Stewart, President, County Council

September 16, 2025

Date

*Approved:*



Marc Elrich, County Executive

September 29, 2025

Date

*This is a correct copy of Council action.*



Sara R. Tenenbaum, Clerk of the Council

September 29, 2025

Date