



Committee: Joint
Committee Review: Completed
Staff: Ludeen McCartney-Green, Legislative Attorney
Purpose: Final action – vote expected
Keywords: #AffordableHousing#publichousingauthority
#PILOT

AGENDA ITEM #2C
September 16, 2025
Action

SUBJECT

Bill 25-25, Taxation – Payments in Lieu of Taxes – Public Housing Authorities

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

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- The Joint Committee (GO and PHP) recommends (5-0) the enactment of Bill 25-25, as amended.
- A roll call vote on the joint committee’s recommendation is expected.

DESCRIPTION/ISSUE

Bill 25-25 would:

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

SUMMARY OF KEY DISCUSSION POINTS

The Joint Committee recommends the enactment of Bill 25-25 with an amendment to modify the definition of “authority” so that it matches the definition under state law.

This report contains:

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MEMORANDUM

September 11, 2025

TO: County Council

FROM: Ludeen McCartney-Green, Legislative Attorney

SUBJECT: Bill 25-25, Taxation – Payments in Lieu of Taxes – Public Housing Authorities

PURPOSE: Action – roll call vote expected

The joint Committee recommended unanimously (5-0) the enactment of Bill 25-25, as amended.

Bill 25-25, Taxation – Payments in Lieu of Taxes – Public Housing Authorities, sponsored by Lead Sponsor Councilmember Katz and Co-Sponsored by Councilmembers Friedson and Luedtke, was introduced on June 17, 2025. A public hearing was held on July 8, 2025, at 1:30 p.m. A joint worksession of the Planning, Housing, and Parks (PHP) Committee and the Government Operations and Fiscal Policy (GO) Committee was held on July 24, 2025.

Bill 25-25 would:

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

PURPOSE

The purpose of Bill 25-25 is to increase the housing stock in the County by expanding the existing tax abatement program, payment in lieu of taxes (PILOT), for an affordable housing development owned or controlled by a public housing authority or an affiliated nonprofit entity of a public housing authority. A PILOT provides a negotiated agreement that allows the County to lower or exempt 100% of the costs of real property taxes in exchange for a property owner's commitment to provide affordable housing.

BACKGROUND

The authority for the County to grant a PILOT is expressly authorized under state law. The enabling authority for County PILOTs related to qualified affordable housing is found in Md. Code Ann., Tax-Prop. § 7-506.1 (“Government subsidized housing outside Baltimore City”); Md. Code Ann., Tax-Prop. §7-215 (“Housing authorities”); and Md. Code Ann., HCD. §12-104 (“Tax-exempt status”).

In December 2021, the County Council passed Bill 26-21, Taxation – Payments in Lieu of Taxes – Affordable Housing - Amendments. Bill 26-21 amended County Code §52-24, and among other things, the bill established a “by-right” or “automatic” PILOT. A “by-right” or “automatic” PILOT means the entity has a legal right to the benefit as long as they meet certain predefined criteria. Bill 26-21 made it a requirement for the County to enter into a negotiated agreement with the developer and offer a Payment-in-Lieu-of-Taxes (PILOT) program. Before the legislation was enacted, the amount of the PILOT was discretionary and not always guaranteed by the Director of Finance.

There are 3 types of “by-right” PILOTs established under Bill 26-21, where the Director of Finance, in consultation with the Department of Housing and Community Affairs (DCHA), must offer a 100% PILOT for qualifying housing developments. The 3 PILOTs are: 1) owned or controlled by County’s **Housing Opportunities Commission (HOC)**; (2) owned or controlled **by a non-profit housing developer if at least 50% of the dwelling units** are built under government regulation or binding agreement that limit the rent charged for at least 15 years to an amount affordable to households earning less than 60% of the area median income; and (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** contract.

Under County law, HOC is the sole public housing authority that is eligible for a 100% property tax abatement financing. The General Assembly recently passed [House Bill 1085](#) (Housing Authorities - Tax-Exempt Status – Modifications), effective June 1, 2025, which removed the specific carve-out for HOC under §12-104 of Housing and Community Development (HCD) Article, and expanded the ability for other local housing authorities and nonprofit entities created by a public housing authority to take advantage of the tax-exempt status. Enabling legislation would make the same financing tools available statewide and standardize a toolkit for all local housing authorities.

Rockville Housing Enterprises (RHE) operates as a public housing authority providing affordable rental housing to low and moderate-income individuals and families in the City of Rockville.¹

Bill 25-25 seeks to align with state law and expand the by-right PILOT for any eligible public housing authority in the County.

BILL SPECIFICS

As permitted under state law, Bill 25-25 would amend the County law by extending the eligibility for automatic 100% PILOT agreements, not only for HOC, but for any other public

¹ <https://www.rockvilleche.org/>

housing authority of the County, municipal, or an affiliated entity of that public housing authority that is the owner of a qualified housing development.

The bill defines “housing authority” as having the same meaning as stated in Md. HCD §12-101, which means, “a public corporation created as a housing authority under this Division II.” Division II refers to the housing authority of the County, municipal, or designated in the articles of organization.² Furthermore, the bill also incorporates, by reference, under HCD §12-204, as amended, that a “housing authority entity” is a nonprofit or subsidiary owned or controlled by a housing authority that may also be eligible for a PILOT.

In addition, the bill modifies the procedural method for reviewing executive regulations, changing from Method 1 to Method 2. Method 2 review allows the Council, after a 30-day public comment period, to review the regulations governing this program and decide whether to approve or reject them within 60 days.

Finally, Bill 25-25 makes technical and stylistic changes to comply with the Maryland Plain Language Drafting Manual.

SUMMARY OF IMPACT STATEMENTS

Racial Equity and Social Justice (RESJ)

As provided by the Office of Legislative Oversight (OLO), Bill 25-25 will have a positive impact on racial equity and social justice in the County. Expanding the By Right Payment in Lieu of Taxes (PILOT) to public housing authorities outside of the Housing Opportunities Commission (HOC) could incentivize the development of more affordable housing units. This would especially benefit Black and Latinx families who live in Rockville, since Rockville Housing Enterprises is currently the only other public housing authority in the County. (See, © 5).

Climate Assessment

The Office of Legislative Oversight (OLO) anticipates Bill 25-25 will likely have a small, positive impact on the County’s community climate resilience, as it could lead to an increase in affordable housing stock in the County. (See, © 9).

Fiscal Impact Statement (FIS)

The Office of Management and Budget transmitted a fiscal impact statement indicating that the Department of Housing and Community Affairs, who review PILOT requests, “projects that the revenue impact resulting from this expansion to be small, given the limited scale of RHE’s past housing acquisition or production.” Therefore, there is no expected impact on expenditure or revenue. (See, © 12).

² §12-201 of Housing and Community Development Article (“Authorities established”).

Economic Impact Statement

The Economic Impact Statement was not available at the time of publication of this staff report. It can be found at the address below when available: [Economic Impact Statements - Office of Legislative Oversight- Montgomery County, Maryland \(montgomerycountymd.gov\)](https://montgomerycountymd.gov/legislativeservices/legislativeservices.cfm?tabid=1&subtabid=1)

SUMMARY OF PUBLIC HEARING

A public hearing for Bill 25-25 was held on July 8, 2025, during which two speakers testified and one provided written testimony in support of the bill. See written testimony by Rich Biedrzycki (© 14). Steve Silverman, on behalf of RHE, focused on the premise that the PILOT created by Bill 25-25 would help encourage the development of affordable housing to address the housing shortage in Montgomery County, and also requested confirmation from DHCA that it would recognize RHE as eligible for a by-right PILOT. However, Eileen Finnegan raised concerns about the bill not addressing loopholes for for-profit landowners with long-term ground rent agreements for non-profit housing projects.

SUMMARY OF JOINT COMMITTEE (PHP & GO) WORKSESSION – JULY 24

Participating in the discussion was Mr. Robert Love, Manager III, Department of Housing and Community Affairs (DHCA). DHCA responded to Council staff questions concerning the implementation and administration of the PILOT program. See responses at © 15.

The joint Committee adopted a technical amendment to update the definition of “authority” to match verbatim the definition under state law.

Amend lines 9-11, as follows:

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.

The joint GO/PHP Committees unanimously recommended enactment of Bill 25-25, as amended.

This packet contains:

	<u>Circle #</u>
Bill 25-25, as amended	1
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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
Expires: December 7, 2026
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: _____
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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

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

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.

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.

Racial Equity and Social Justice (RESJ)

Impact Statement

Office of Legislative Oversight

BILL 25-25: TAXATION – PAYMENTS IN LIEU OF TAXES – PUBLIC HOUSING AUTHORITIES

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 25-25 will have a positive impact on racial equity and social justice (RESJ) in the County. Expanding the By Right Payment in Lieu of Taxes (PILOT) to public housing authorities outside of the Housing Opportunities Commission (HOC) could incentivize the development of more affordable housing units. This would especially benefit Black and Latinx families who live in Rockville, since Rockville Housing Enterprises is currently the only other public housing authority in the County.

PURPOSE OF RESJ IMPACT STATEMENTS

RESJ impact statements (RESJIS) evaluate the anticipated impact of legislation on racial equity and social justice in the County. RESJ is a **process** that focuses on centering the needs, leadership, and power of Black, Indigenous, and other People of Color (BIPOC) and communities with low incomes. RESJ is also a **goal** of eliminating racial and social inequities. Applying a RESJ lens is important to achieve RESJ.¹ This involves seeing, thinking, and working differently to address the racial and social inequities that cause racial and social disparities.²

PURPOSE OF BILL 25-25

The County’s Payment in Lieu of Taxes (PILOT) program aims “to support the construction and preservation of affordable multifamily rental housing” in the County.³ A PILOT lowers or completely abates County real property taxes on affordable rental housing projects for a given period. The By Right PILOT is one of three PILOT options offered by the County.⁴ The By Right PILOT offers a 100 percent property tax exemption for qualifying housing developments.⁵ Currently, HOC and non-profit housing developers can qualify for a By Right PILOT. Figure 1 provides more information on eligibility for the By Right PILOT.

Figure 1. Conditions to Qualify for By Right PILOT

Housing Developer	Conditions to Qualify
Public housing authority (HOC only)	At least 25 percent of the units in property are rented to households making up to 60 percent of the area median income (AMI) for at least 15 years. ⁶
Non-profit	At least 50 percent of the units in property are rented to households making up to 60 percent of the AMI for at least 15 years.
Non-profit	All dwelling units in property are subject to Section 8 Project-Based Rental Assistance Payment contract.

Source: [Introduction Staff Report for Bill 25-25](#)

As noted in Figure 1, HOC is the only public housing authority (PHA) in the County that can qualify for a By Right PILOT. Recent changes to state law now allow other PHAs and affiliated nonprofits to qualify for By Right PILOTs.⁷

RESJ Impact Statement

Bill 25-25

The purpose of Bill 25-25 is to update eligibility for the County's By Right PILOT to align with recent changes to state law. If enacted, Bill 25-25 would extend eligibility for the By Right PILOT to any PHA in the County. Further, nonprofit entities owned by a PHA could also qualify for the By Right PILOT. Additionally, the Bill would require the Department of Finance to develop Method (2) regulations to implement the By Right PILOT program.^{8,9}

The Council introduced Bill 25-25 on June 17, 2025.

This RESJIS builds on the RESJIS for Bill 18-24, Housing Policy – Standards and Procedures – Amendments,¹⁰ which OLO published in October 2024. Please refer to this RESJIS for background on housing affordability and racial equity.

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 25-25 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who would primarily benefit or be burdened by this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

OLO identified the following groups who would be impacted by Bill 25-25:

- **PHAs other than HOC** would benefit from having access to the By Right PILOT. Currently, Rockville Housing Enterprises (RHE) is the only other PHA in the County.¹¹ If PHAs are established in other County municipalities, such as Gaithersburg or Takoma Park, they could also benefit from the PILOT in the future.

PHAs are public entities that do not operate for profit. Their primary purpose is to manage public housing programs for community members with low incomes.¹² As noted in Figure 1, for a PHA to receive a By Right PILOT, at least 25 percent of the units in a housing development must be affordable. By decreasing operating costs from property taxes, the PILOT could help RHE and future PHAs to develop more housing with affordable units. Of note, RHE owns 372 housing units across several properties in Rockville. Of these units, 317 (85 percent) are affordable.¹³ This suggests RHE would likely use the PILOT to develop housing where most units are affordable.

- **Community members who demand affordable housing** would benefit from more housing availability if the PILOT incentivizes PHAs to develop more housing with affordable units. As described in the RESJIS for Bill 18-24, historical and contemporary racial inequities drive increased demand in affordable housing among Black and Latinx families in the County.¹⁴ Racial inequities in housing worsen racial inequities in other areas of health and well-being for BIPOC.^{15,16}

In Rockville specifically, Black and Latinx families are most likely to demand affordable housing. As of 2025, 60 percent of the AMI for a family of four in the County is \$98,340.¹⁷ As noted in Table A (Appendix), the median incomes of Black and Latinx families who live in Rockville each fall below this threshold.

RESJ Impact Statement

Bill 25-25

- **Community members at large** would be burdened by 15 years of forgone property tax revenue from housing developed with a By Right PILOT. Property taxes are the largest source of tax revenue for the County government.¹⁸ The forgone revenue would undermine the County's ability to provide public goods and services, especially with the increased demand from community members who are moving into the new housing. The resource limitations could particularly harm BIPOC community members, especially as they continue to become a larger part of the population.

Conclusion. OLO anticipates Bill 25-25 will have a positive impact on RESJ in the County. Expanding the By Right PILOT to PHAs outside of HOC could incentivize the development of more affordable housing units. RHE is currently the only other PHA in the County. Thus, OLO anticipates this Bill would especially benefit Black and Latinx families who live in Rockville, since they are most likely to demand affordable housing. Given the importance of housing to multiple areas of health and well-being, the benefit of more affordable housing is likely to outweigh the burden of forgone property tax revenue to BIPOC.

RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.¹⁹ OLO anticipates Bill 25-25 will have a positive impact on RESJ in the County. As such, OLO does not offer recommended amendments.

CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

APPENDIX

Table A. Median Household Income by Race and Ethnicity, Rockville

Race or ethnicity ²⁰	Median Household Income
Rockville	\$122,384
Asian	\$114,773
Black	\$77,149
White	\$140,797
Latinx	\$94,506

Source: [Table S1903, 2023 American Community Survey 5-Year Estimates, Census Bureau](#)

¹ Definition of racial equity and social justice adopted from [Marlysa Gamblin et al., "Applying Racial Equity to U.S. Federal Nutrition Programs," Bread for the World](#) and [Racial Equity Tools](#).

² Ibid.

³ [Payment in Lieu of Taxes \(PILOT\), Department of Housing and Community Affairs.](#)

RESJ Impact Statement

Bill 25-25

⁴ Ibid.

⁵ [Introduction Staff Report for Bill 25-25, Montgomery County Council, Introduced June 17, 2025, pg. 2.](#)

⁶ Clarified by Council staff on June 24, 2025.

⁷ Introduction Staff Report for Bill 25-25, pg. 2.

⁸ Ibid, pgs. 3-4.

⁹ Under Method (2), the Council can approve or disapprove the proposed regulation by Council resolution. If the Council does not vote on the regulation within 60 days, it is automatically approved. Refer to [Montgomery County Code § 2A-15](#).

¹⁰ [RESJIS for Bill 18-24, Office of Legislative Oversight, October 3, 2024.](#)

¹¹ [Maryland Public Housing Authorities, Maryland Inclusive Housing.](#)

¹² [Public Housing, National Housing Law Project.](#)

¹³ [2023 Annual Report, Rockville Housing Enterprises, pgs. 6-8.](#)

¹⁴ Ibid.

¹⁵ ["Racial Inequities in Housing," Opportunity Starts at Home, 2020.](#)

¹⁶ [Housing and health, Local Housing Solutions.](#)

¹⁷ [2025 Rent and Income Limits, Department of Housing and Community Affairs.](#)

¹⁸ [FY25 Approved Taxes](#), Revenues, Montgomery County Operating Budget.

¹⁹ [Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council.](#)

²⁰ Race is inclusive of Latinx origin for data points presented in this RESJIS, unless otherwise noted. Estimates for Native American and Pacific Islander community members are not available for all data points in this RESJIS.

Climate Assessment

Office of Legislative Oversight

BILL 25-25: TAXATION – PAYMENTS IN LIEU OF TAXES – PUBLIC HOUSING AUTHORITIES

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 25-25 will likely have a small, positive impact on the County's community climate resilience as it could lead to an increase in affordable housing stock in the County.

BACKGROUND AND PURPOSE OF BILL 25-25

The County's Payment in Lieu of Taxes (PILOT) program aims "to support the construction and preservation of affordable multifamily rental housing" in the County.¹ A PILOT lowers or completely abates County real property taxes on affordable rental housing projects for a given period. The By Right PILOT is one of three PILOT options offered by the County.² This PILOT offers a 100 percent property tax exemption for qualifying housing developments.³ Currently, the Housing Opportunities Commission (HOC) and non-profit housing developers can qualify for a By Right PILOT. Figure 1 provides more information on eligibility for the PILOT.

Figure 1. Conditions to Qualify for By Right PILOT

Housing Developer	Conditions to Qualify
Public housing authority (HOC only)	At least 25 percent of the units in property are rented to households making up to 60 percent of the area median income (AMI) for at least 15 years. ⁴
Non-profit	At least 50 percent of the units in property are rented to households making up to 60 percent of the AMI for at least 15 years.
Non-profit	All dwelling units in property are subject to Section 8 Project-Based Rental Assistance Payment contract.

Source: [Introduction Staff Report for Bill 25-25](#)

As noted in Figure A, HOC is the only public housing authority (PHA) in the County that can qualify for a By Right PILOT. Recent changes to state law now allow other PHAs and affiliated nonprofits to qualify for this PILOT.⁵

The purpose of Bill 25-25 is to update eligibility for the County's By Right PILOT to align with recent changes to state law. If enacted, Bill 25-25 would extend eligibility for the PILOT to any PHA in the County. Further, other

nonprofit entities owned by a PHA could also qualify for the PILOT. Additionally, the Bill would require the Department of Finance to develop Method (2) regulations to implement the By Right PILOT program.^{6,7}

The Council introduced Bill 25-25 on June 17, 2025.

ANTICIPATED IMPACTS

The affordability of a community's housing stock has a direct correlation to the overall resilience of a community, and on its ability to prepare for current and future risks.⁸ It can do so in two ways:

- Increasing housing stability which can increase community resilience by building community ties and enabling residents to stay better connected during emergencies; and
- Alleviating cost-burdened households by providing more affordable housing options, which allows these households to have more cash on hand to weather shocks, such as extreme weather events.⁹

By expanding the by-right PILOT for all eligible PHAs in the County, it could increase the stock of affordable housing in the County, although it is not possible to anticipate how much affordable housing would be created by this Bill. Currently, there is only one PHA besides the HOC, which is Rockville Housing Enterprises (RHE) although more PHAs could be created in the future.¹⁰ Therefore, OLO anticipates Bill 25-25 could have a small positive impact on the County's community climate resilience.

RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.¹¹ OLO does not offer recommendations or amendments as Bill 25-25 is likely to have little to no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptive capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

¹ [Payment in Lieu of Taxes \(PILOT\), Department of Housing and Community Affairs.](#)

² Ibid.

³ [Introduction Staff Report for Bill 25-25, Montgomery County Council, Introduced June 17, 2025, pg. 2.](#)

⁴ Clarified by Council staff on June 24, 2025.

⁵ Introduction Staff Report for Bill 25-25, pg. 2.

⁶ Ibid, pgs. 3-4.

⁷ Under Method (2), the Council can approve or disapprove the proposed regulation by Council resolution. If the Council does not vote on the regulation within 60 days, it is automatically approved. Refer to [Montgomery County Code § 2A-15.](#)

⁸ [The Community Resilience Benchmarks](#), Alliance for National and Community Resilience, Accessed 6/24/2025.

⁹ ["Equitable Adaptation Legal and Policy Toolkit: Resilient Affordable Housing, Anti-Displacement, and Gentrification"](#), Georgetown University Climate Center, Accessed 6/24/2025.

¹⁰ Staff comment; [Rockville Housing Enterprises | Public Housing Agency](#)

¹¹ Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022



Fiscal Impact Statement

Office of Management and Budget

Bill 25-25

Taxation - Payments in Lieu of Taxes - Public Housing Authorities

Bill Summary

Bill 25-25 would expand the existing automatic payment in lieu of taxes (PILOT) system for public housing authorities of qualifying housing developments to also include developments owned or controlled by public housing authorities in Montgomery County beyond the Housing Opportunities Commission (HOC) as authorized by Chapter 169 of 2025.

Fiscal Impact Summary

This bill is not expected to have any fiscal impact.

Fiscal Year	26	27	28	29	30	31	Total
Personnel Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Impact	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00	

Fiscal Impact Analysis

Bill 25-25 amends the County code to align with State law and expand the by-right PILOT for any eligible public housing authority. DHCA generally underwrites and reviews PILOT requests for consistency with the State and County laws, regulations, and the project's needs. DHCA will continue to perform this function under this amendment. This legislation would expand the by-right PILOT to the Rockville Housing Enterprises (RHE), the only other public housing authority in the County. DHCA projects that the revenue impact resulting from this expansion to be small, given the limited scale of RHE's past housing acquisition or production. As such, there is no expenditure or revenue impact.

Staff Impact

The bill is not expected to impact staff time or duties.

Actuarial Analysis

The bill is not expected to impact retiree pension or group insurance costs.

Information Technology Impact

The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.

Other Information

Later actions that may impact revenue or expenditures if future spending is projected

The bill does not authorize future spending.

Contributors

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My name is Rich Biedrzycki. I am a resident of downtown Bethesda and a member of Strong Towns DC, a local conversation whose goal is to make our communities more financially resilient and affordable for everyone.

We support Bill 25-25. Montgomery County, like the rest of the country, is facing a housing shortage. This has resulted in the cost of living to skyrocket as more and more of our paychecks go to pay for housing. By expanding the PILOT program, this legislation will encourage development of more, desperately-needed housing. Addressing the housing crisis cannot be done through a one-size-fits-all approach. Allowing non-profit developers to reap the full benefits of the program as well, not just the Housing Opportunities Commission, is a good step in addressing the shortage.

Because the requirements stipulate that the non-profit developers either work with Section 8 housing vouchers or have at least 50% affordable units, developers who qualify would likely receive less operational income from renting out these units. Reduced operational income would mean increased difficulties paying property taxes, especially if rates increase. By expanding this PILOT, these developments would be more likely to pencil out as long-term costs of property taxes could be avoided. This would then allow for more housing for our lower income residents.

We would like to emphasize that this should only be one of many steps taken to address the housing crisis. The median price for a home in Montgomery County, according to Zillow, is \$633,000. This is simply unattainable for middle class families. Without bringing costs down, the county will lose teachers, firefighters, social workers, and healthcare workers as they become unable to afford the cost of housing. Thus, if unaddressed, the housing crisis will become a public health crisis. We have already heard from a nurse whose office had to delay appointments for patients because other nurses were unable to arrive due to highway closures preventing them from commuting from their homes as no affordable housing was close to their work. Situations like this is why we would like to see more changes made to reduce the cost of housing.

Some changes that we would like to see implemented are upzoning, particularly property located near public transit like MetroRail and BRT stations; by-right development of duplexes, triplexes, and fourplexes; by-right development of accessory dwelling units; faster development application approval time; reducing minimum lot sizes and setbacks; and eliminating minimum parking requirements.

Let us be clear that we should not let the perfect be the enemy of the good. While we would like to see legislation expanded upon, we cannot get bogged down in constant deliberation while the housing crisis worsens. This bill, along with the More Housing NOW package should be passed. Following that, the council should continue to work on legislation to address the housing crisis, including, but not limited to, the recommendations outlined above.

We are thankful for the county allowing us to comment on this legislation. We would like to thank Councilmember Katz for sponsoring this legislation. We hope to see this bill, as well as other pro-housing legislation, passed.

Bill 25-25, Taxation – Payments in Lieu of Taxes – Public Housing Authorities

1. What is the number of PILOT transactions the department reviews each year? How many are standard vs. by-right PILOTs? What is the estimated value of the by-right PILOT transactions (or HOC-owned PILOTs)?

The number of transactions varies year to year. In FY 2025, **5 new PILOT transactions (3 “by right” and 2 “standard”) closed, and 3 properties with existing PILOTs also closed.** These properties are as follows:

New PILOTs

- Arbor Crest - **STANDARD**, value based on 2024 tax bill: \$119,854.40
- 1910 University Boulevard Acquisition- **BY-RIGHT** – VACANT LAND value based on 2024 tax bill: \$6, 584.42
- Amber Commons – **BY-RIGHT** value based on 2024 tax bill \$363,581
- Montouri Site aka The Chimes - **BY-RIGHT**, awaiting new parcel numbers, no data availability
- Country Place – **BY-RIGHT**, value based on 2024: \$593,699.83

Existing PILOTs

- Scarborough Square – existing **BY-RIGHT**, bill reduction \$274,987
- Falkland Chase North – existing **BY-RIGHT**, bill reduction \$263,029
- Parkview Towers -existing **STANDARD** or CHDO, \$119,413 – full reduction of County tax bill and municipal (Takoma Park)

There was one pending existing PILOT related to a rental agreement that has not been executed for FY2025

- Burnt Mills – STANDARD – 2024 exemption - \$160,912

HOC properties

HOC does not come to the County for PILOTs and instead goes directly to the State for its tax exemptions, so there are not County PILOTs for those properties. In HOC’s case, they qualify for a tax exemption as a Housing Authority under Maryland Code, Real Property Article, Sec. 7-215, and under the Housing and Community Development Article, Sec. 12-104. When the State grants HOC their exemption, that zeros out the tax assessment so no State or County taxes are owed. For reference, the following three HOC affordable projects closed in FY25:

- HOC 4857, 4858, 4998 Battery Lane - Part I
- HOC 4890, 4900, and 4949 Battery Lane - Part 2
- HOC Bradley Crossing

Projection

- Annual PILOTS – estimate 10-15 annually

- Ten (10) will be related/included in the financing structure of projects with DHCA and other investments
- Five (5) may be related to the Right of First Refusal process or other acquisitions
- This number could balloon to 20

2. Does DHCA/Finance have the staffing capacity to handle the expanded PILOT transactions for public housing authorities? Rockville Housing Enterprise (RHE) is the only known PHA in the County.

DHCA indicated an additional staff would be needed for Multifamily when the Council passed Bill 2-25E, Affordable Housing Amendments. However, our Fiscal Impact Statement for this bill, 25-25, indicates DHCA does not foresee any significant expenditure or revenue impact on our operations. As PILOTS are generally a part of the normal closing and underwriting process, there is no significant staff impact.

Assuming the Multifamily has additional staff approved for implementing the newly passed Bill 2-25E, DHCA should be able to implement legislative mandates stipulated under Bill 25-25 to handle the expanded PILOT transactions for public housing authorities (specifically Rockville Housing Enterprise, implicated by the bill).

3. Can DHCA explain the process for when a by-right PILOT may be transferred to a new owner? Are there PILOT agreements provisions prohibiting transfers to a “for-profit” entity? What are the specific conditions that a new owner must meet?

A by-right Pilot is not assignable. DHCA collaborates with OCA to create a “by-right” PILOT template with an “assignability” clause when the property owner plans to transfer the by-right PILOT to a new owner. The definition of “assignability” does not stand for the assignable concept. Instead it means that if the property owner who has the PILOT and wants to sell the property, the County will enter into a new by-right Pilot with the purchaser if that purchaser either accepts an assignment of the Regulatory Agreement or enters into a new Regulatory Agreement with the County that includes substantially the same terms as the seller’s Regulatory Agreement, and satisfies both State and County law requirements for Pilot eligibility. In that case, the County will agree to enter a new Pilot for the remaining unexpired term of the seller’s Pilot.

4. What is the estimated timeline for when the executive regulations (COMCOR 52-18M.01) will be updated and transmitted to the Council? The last update to the regulations was in 2003, but the PILOT law was recently amended in 2021.

DHCA is working with CEX, the Council, and OCA on updated regulations to encompass the several changes to PILOTS that have occurred over the past few years. The departure of

DHCA's Housing Division Chief, Somer Cross, who was acting as the point person on revising the regulations, has delayed our timeline for producing draft regulations.