

HOUSE BILL 1444

L1, L3

5lr3033

By: **Delegates Terrasa, Lehman, Acevero, Atterbeary, and Ruth**

Introduced and read first time: February 7, 2025

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Local Government – Moderate Income Housing Unit Requirements –**
3 **Prohibition Against Fee-in-Lieu**

4 FOR the purpose of prohibiting a county or municipality from authorizing payment of a
5 fee-in-lieu of a requirement under local law that a developer provide moderate
6 income housing units in a new residential development project; and generally
7 relating to moderate income housing unit requirements in counties and
8 municipalities.

9 BY repealing and reenacting, with amendments,
10 Article – Local Government
11 Section 1–1308
12 Annotated Code of Maryland
13 (2013 Volume and 2024 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
15 That the Laws of Maryland read as follows:

16 **Article – Local Government**

17 1–1308.

18 **(A) [To] SUBJECT TO SUBSECTION (B) OF THIS SECTION, TO** support, foster,
19 or promote an affordable housing program for individuals or families of low or moderate
20 income, a county or municipality may:

21 (1) establish local trust funds or appropriate funds;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2) waive or modify building permit or development impact fees and charges that are not mandated under State law for the construction or rehabilitation of lower income housing units:

(i) in proportion to the number of lower income housing units of a development; and

(ii) 1. that are financed, wholly or partly, by public funding that requires mortgage restrictions or recorded covenants restricting the rental or sale of the housing units to lower income residents in accordance with specific government program requirements; or

2. that are developed by a nonprofit organization that:

A. has been exempt from federal taxation under § 501(c)(3) of the Internal Revenue Code for at least 3 years; and

B. requires the homebuyer to participate in the construction or rehabilitation of the housing unit;

(3) enact legislation that restricts cost and resale prices and requires development of affordable housing units as part of any subdivision in return for added density;

(4) provide land or property from the inventory of the county or municipality; and

(5) support PILOT (payment in lieu of taxes) programs to encourage construction of affordable housing.

(B) A COUNTY OR MUNICIPALITY MAY NOT AUTHORIZE PAYMENT OF A FEE-IN-LIEU OF A REQUIREMENT UNDER LOCAL LAW THAT A DEVELOPER PROVIDE MODERATE INCOME HOUSING UNITS IN A NEW RESIDENTIAL DEVELOPMENT PROJECT.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply only prospectively and may not be applied or interpreted to have any effect on or application to any authorized payment of a fee-in-lieu by a developer to a county or municipality before the effective date of this Act.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2025.