

HOUSE BILL 390

Q1, C9

5lr0894
CF SB 327

By: **Delegates Korman, Fair, Palakovich Carr, and Stewart**

Introduced and read first time: January 16, 2025

Assigned to: Ways and Means and Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Affordable Housing Payment In Lieu of Taxes Expansion Act**

3 FOR the purpose of authorizing an owner of real property used for rental housing and the
4 governing body of a county to enter into a payment in lieu of taxes agreement for
5 maintaining at least a certain percentage of affordable dwelling units at the property
6 for at least a certain period of time; and generally relating to payment in lieu of taxes
7 agreements for affordable housing.

8 BY repealing and reenacting, without amendments,

9 Article – Land Use

10 Section 7–501(a), (b), (c), and (d)

11 Annotated Code of Maryland

12 (2012 Volume and 2024 Supplement)

13 BY adding to

14 Article – Tax – Property

15 Section 7–522

16 Annotated Code of Maryland

17 (2019 Replacement Volume and 2024 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

19 That the Laws of Maryland read as follows:

20 **Article – Land Use**

21 7–501.

22 (a) In this subtitle the following words have the meanings indicated.

23 (b) “Affordable” means that housing costs do not exceed 30% of a household’s
24 income.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(c) “Affordable dwelling unit” means a dwelling unit that is affordable to households earning 60% or less of the area median income.

(d) “Area median income” means the median household income for the area adjusted for household size as published and annually updated by the U.S. Department of Housing and Urban Development.

Article – Tax – Property

7–522.

(A) IN THIS SECTION, “AFFORDABLE DWELLING UNIT” HAS THE MEANING STATED IN § 7–501 OF THE LAND USE ARTICLE.

(B) REAL PROPERTY THAT IS USED FOR RENTAL HOUSING MAY BE EXEMPT FROM COUNTY PROPERTY TAX IF:

(1) THE OWNER OF THE REAL PROPERTY AND THE GOVERNING BODY OF THE COUNTY AGREE THAT THE OWNER SHALL PAY A NEGOTIATED AMOUNT IN LIEU OF THE COUNTY PROPERTY TAX; AND

(2) THE OWNER OF THE REAL PROPERTY ENTERS INTO AN AGREEMENT WITH THE GOVERNING BODY OF THE COUNTY TO MAINTAIN AT LEAST 50% OF THE RENTAL HOUSING UNITS LOCATED AT THE REAL PROPERTY AS AFFORDABLE DWELLING UNITS FOR A PERIOD OF AT LEAST 15 YEARS.

(C) REAL PROPERTY DESCRIBED IN SUBSECTION (B) OF THIS SECTION IS EXEMPT WHEN THE REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION ARE MET.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2025, and shall be applicable to all taxable years beginning after June 30, 2025.