

# 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.<sup>1</sup> 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.<sup>2</sup> This PILOT offers a 100 percent property tax exemption for qualifying housing developments.<sup>3</sup> 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. <sup>4</sup>
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.<sup>5</sup>

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.<sup>6,7</sup>

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

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## 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.<sup>8</sup> 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.<sup>9</sup>

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.<sup>10</sup> Therefore, OLO anticipates Bill 25-25 could have a small positive impact on the County's community climate resilience.

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## RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.<sup>11</sup> 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.

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## 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.

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## CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

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

<sup>2</sup> Ibid.

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

<sup>4</sup> Clarified by Council staff on June 24, 2025.

<sup>5</sup> Introduction Staff Report for Bill 25-25, pg. 2.

<sup>6</sup> Ibid, pgs. 3-4.

<sup>7</sup> 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.](#)

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

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

<sup>10</sup> Staff comment; [Rockville Housing Enterprises | Public Housing Agency](#)

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