

Resolution No.: 16-84
Introduced: April 10, 2007
Adopted: April 10, 2007

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: County Council

SUBJECT: Approval of Executive Regulation 27-06, Payment in Lieu of Taxes (Department of Housing and Community Affairs)

Background

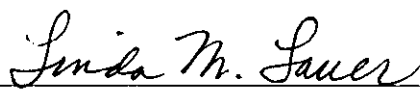
1. On March 19, 2007, the County Council received Regulation 27-06, Payment in Lieu of Taxes, from the County Executive.
2. Under Method (1) of Section 2A-15 of the County Code, the Council must review the regulation proposed by the County Executive.
3. A regulation is adopted under Method (1) when the County Council approves it by resolution. If the Council approves the regulation by resolution, it takes effect upon adoption or at a later date specified by the regulation.
4. On February 15, 2007, the Planning, Housing, and Economic Development Committee reviewed Temporary Regulation 27-06T, Payment in Lieu of Taxes. The Committee was told that the Executive would be recommending a permanent regulation with the same provisions. The PHED Committee recommended approval of the permanent regulation if, when it was received, it was the same as Temporary Regulation 27-06T. Regulation 27-06 includes the provisions in Temporary Regulation 27-06T.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

Regulation 27-06, Payment in Lieu of Taxes, is approved.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council



MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Payment in Lieu of Taxes	Number 27-06
Originating Department Department of Housing and Community Affairs	Effective Date April 10, 2007

Montgomery County Regulation on:

PAYMENT IN LIEU OF TAXES

DEPARTMENT OF HOUSING AND COMMUNITY A

Issued by: County Executive
Regulation No. 27-06

Authority: Code Sections 2A-14, 2A-15(f) and 52-1

Supersedes: Regulation 52-18M.01.02

Council review: Method 1 under Code Section 2A-15(f)

Register Vol. 23, Issue 12

Comment Deadline:

Effective Date:

Sunset Date: None

SUMMARY:

This regulation amends criteria under which the Director of Finance may authorize a payment in lieu of taxes (PILOT) for affordable housing that qualifies under state law to make such payments by adding authority for a PILOT under Section 7-503 of the Tax-Property Article of the Maryland Annotated Code.

ADDRESS:

Information and copies of this regulation are available from the Department of Housing and Community Affairs (DHCA), Division of Housing and Code Enforcement, 100 Maryland Avenue, 4th Floor, Rockville, Maryland 20850.

STAFF CONTACT:

Stephanie Killian, Multifamily Housing Manager
Telephone No.: 240-777-3693



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Sec. 1. COMCOR 52.18M.02 is amended as follows:

52.18M.01.02 Eligibility Criteria and Amount of PILOT Allowed

When authorized by state law and upon the recommendation of the Director of Housing and Community Affairs, the Director of Finance may agree to accept a negotiated payment in lieu of real property taxes (PILOT), including special area taxes, that would otherwise be levied on a qualifying housing development. The eligibility criteria to qualify for a PILOT, and the maximum amount of PILOT that may be allowed are as follows:

A. Group homes.

1. The property owner must have nonprofit tax status under state law.
2. The group home must be constructed or substantially rehabilitated using public agency support as described in Section 7-503 or Section 7-505 of the Tax-Property Article of the Maryland Annotated Code.
3. The group home must provide housing to special populations as described in the section on group homes in the County Housing Policy, 2001 and as amended.
4. The PILOT allowed for each affordable rental housing unit is an amount equal to the average Montgomery County homeowner tax credit authorized under Section 9-104 of the Tax-Property Article of the Maryland Annotated Code.

B. Affordable rental housing units owned or controlled by the Housing Opportunities Commission.

1. The property must be owned by the Housing Opportunities Commission or under the control of the Commission.
2. The PILOT may allow up to a 100 percent reduction of the real property tax liability.



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C. Rental housing with MPDUs.

1. The project must be for new housing that is subject to the moderately priced dwelling unit program under Chapter 25A of the Montgomery County Code.

2. The reduction allowed by the PILOT is the amount needed to make the project financially feasible with the moderately priced dwelling units provided onsite.

D. Rental housing with project-based Section 8 units.

1. The property must have project-based rental units developed under the federal Department of Housing and Urban Development Section 8 program.

2. The original HUD contract for the project-based Section 8 housing must have expired or be about to expire, and the property owner is voluntarily renewing the contract.

3. The reduction allowed by the PILOT is equal to the financial loss to the property owner created as a result of the property owner's participation in the Section 8 program.

E. Affordable elderly housing.

1. The affordable elderly housing must meet the requirements of Section 7-502 or Section 7-503 of the Tax-Property Article the Maryland Annotated Code.

2. The PILOT may allow up to a 100 percent reduction of the real property tax liability.

F. Other rental housing.

1. The affordable rental housing must be constructed or substantially rehabilitated using public agency support as described in Section 7-503, Section 7-505 or Section 7-506.1 of the Tax-Property Article of the Maryland Annotated Code.

2. Except as allowed in Subsection 3, the PILOT allowed is: a) for each affordable rental housing unit is equal to the average Montgomery County homeowner tax credit authorized under Section 9-104 of the Tax-Property Article of the Maryland Annotated Code; or b) the percentage reduction in real property taxes allowed by the PILOT is 80 percent in the first through fifth years, 70 percent in the sixth year, 60 percent in the seventh year, 50 percent in the eighth year, 40 percent in the ninth year, and 30 percent in the tenth year, thereafter the PILOT expires.



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3. The PILOT may allow up to a 100 percent reduction of the real property tax liability for a property in which a HUD-designated community housing development organization is the owner, developer, or sponsor of the project.

Sec. 2. Effective Date

This regulation becomes effective upon adoption by the County Council.

Approved:

Isiah Leggett

Isiah Leggett
County Executive

March 16, 2007

Date

Approved as to Form and Legality
Office of the County Attorney

By: *Viktor C. Paul*

Date: *11/27/06*

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