

**TESTIMONY ON BEHALF OF COUNTY EXECUTIVE MARC ELRICH
ON BILL 26-21 TAXATION – PAYMENT IN LIEU OF TAXES –
AFFORDABLE HOUSING**

July 20, 2021

Good afternoon Council President and Councilmembers, my name is Aseem Nigam, Director of the Department of Housing and Community Affairs. I am here on behalf of the County Executive to address Bill 26-21 Taxation – Payment In Lieu Of Taxes – Affordable Housing.

The County Executive is a strong supporter of increasing and retaining the supply of affordable housing in the County. For example, the recently negotiated transfer of a County-owned parcel adjacent to Halpine View allowed us to leverage additional and deeply affordable housing in exchange for transferring ownership of the land.

Our current practice in awarding PILOT property tax relief to developers is based on DHCA's underwriting of the financial need of the project in delivering affordable housing units. We currently offer PILOT tax benefits only for preservation and creation of dedicated affordable housing units. We do not offer PILOT tax relief for market rate units nor for Moderately Priced Dwelling Units, (MPDUs) that already are required under the law. Further, we only negotiate PILOT terms after the property is acquired to avoid unintentionally increasing the acquisition price of the property.

The Bill proposes changes to the PILOT program that need review and analysis to ascertain the impact on the delivery of incremental deeply affordable housing units. The changes proposed in the Bill would award, by-right, real estate tax relief for market rate units and required MPDUs. We look forward to working with the Committee members on the review and to ensure all expected affordable housing is built on site.

We support the overall intent of increasing affordable housing units in the County.

Thank you