

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND
2022 Legislative Session

Bill No. CB-87-2022

Chapter No. 75

Proposed and Presented by The Chair (by request – County Executive)

Introduced by Council Members Hawkins, Harrison, Turner, Streeter, Glaros, Medlock Franklin

Co-Sponsors _____

Date of Introduction September 27, 2022

BILL

1 AN ACT concerning

2 Right of First Refusal PILOT Pre-Authorization

3 For the purpose of creating a Payment In Lieu of Taxes (“PILOT”) pre-authorization process for
 4 properties purchased under the Right of First Refusal (“ROFR”) program. The County enacted
 5 the ROFR program in 2013 to further the County’s goal of preserving affordable rental housing
 6 for low and moderate-income households in targeted area of the County. PILOT assistance that
 7 reduces real estate tax obligations will enhance the ability of the County to support the
 8 preservation of affordable rental housing through the ROFR program by enabling property
 9 owners to commit to long-term rent and income restrictions.

10 BY adding and reenacting with amendments:

11 **SUBTITLE 13. HOUSING AND PROPERTY STANDARDS.**

12 **DIVISION 14. CONVERSION OF RENTAL HOUSING.**

13 **Section 13-1111. Definitions**

14 **and**

15 **Section 13-1121. PILOT Pre-Authorization**

16 The Prince George's County Code

17 (2019 Edition; 2021 Supplement).

18 SECTION 1. BE IT ENACTED by the County Council of Prince George's County,
 19 Maryland, that Sections 13-1111 and 13-1121 of the Prince George's County Code be and the
 20 same are hereby added and reenacted with the following amendments:

21 **SUBTITLE 13. HOUSING AND PROPERTY STANDARDS.**

DIVISION 14. CONVERSION OF RENTAL HOUSING.

Section 13-1111. Definitions.

(a) For the purposes of this section, the following terms have the meanings:

(1) **Area median income** means the median household income for the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area as estimated by the U.S. Department of Housing and Urban Development, adjusted by household size based on the occupancy standard for the unit.

(2) [(1)] **Convert and conversion** means:

- (A) subjecting of property to a condominium regime by recording in the County land records that comply with the requirements in Title 11 of the Real Property Article of the Annotated Code of Maryland;
- (B) changing the use of multifamily rental facility to a nonresidential use;
- (C) demolishing at least one-third of occupied units in a twelve (12) month period;
- (D) displacing tenants from at least one-third of occupied units in a twelve (12) month period by raising rents or preparing to rehabilitate the multifamily rental facility; or
- (E) any other act that ends the use of the property as a multifamily rental facility.

(3) [(2)] **Department** means the Department of Housing and Community Development.

(4) [(3)] **Director** means the Director of the Department of Housing and Community Development or their designee.

(5) [(4)] **Dwelling Unit** shall mean one (1) or more rooms arranged for the use of one (1) or more individuals living together as a single housekeeping unit, within a rental facility.

(6) [(5)] **Owner** means a person holding title to rental housing.

(7) [(6)] **Multifamily rental facility** means any building, structure, or combination of related buildings, structures, and appurtenances, operated as a single entity, housing cooperative ("COOP"), or a condominium, in which the landlord provides for a consideration twenty (20) or more rental dwelling units; but shall not be construed

1 to mean any transient facilities such as boarding houses, tourist homes, inns,
2 motels, hotels, school dormitories, hospitals or medical facilities, any other
3 facilities operated for religious or eleemosynary purposes, continuing care facilities
4 regulated by the State pursuant to Article 70B of the Maryland Annotated Code,
5 and projects authorized under 10 U.S.C. 2828, which allows the U.S. Government
6 to lease housing facilities at or near a military installation for assignment, without
7 rental charge, as family housing for members of the Armed Forces.

8 (8) Payment in lieu of taxes (“PILOT”) means an authorized payment made by the
9 owner of a qualifying housing development instead of paying the County real
10 property tax, including a County real property tax levied under a special area taxing
11 law, that would otherwise be due.

12 (9) [(7)] Sale, sell, or selling means:

- 13 (A) transfer of title to rental housing;
- 14 (B) transfer in a 12-month period of a majority interest in owner; or
- 15 (C) lease of rental housing for more than 7 years.

16 (10) [(8)] Tenant means any person having a leasehold right to occupy a dwelling unit
17 in a rental facility.

18 (11) [(9)] Title means a legal or equitable ownership interest in rental housing; or a
19 legal, equitable, or beneficial interest in a partnership, limited liability company,
20 limited partnership, corporation, trust or other person who is not an individual, that
21 has a legal or equitable ownership interest in rental housing.

22 * * * * *

23 **Section 13-1121. PILOT Pre-Authorization Process for ROFR Projects**

- 24 (a) The Director shall grant payment in lieu of taxes for qualifying housing development
25 projects acquired through the Right of First Refusal or an Exception as designated in
26 this section.
- 27 (b) The Director may refuse a PILOT agreement to an otherwise eligible project under this
28 section if that project received a prior PILOT agreement under any other Section of the
29 Code.
- 30 (c) Requirements for PILOT eligibility.

- 1 1. The property must be acquired in accordance to section 13-1113 or 13-1114 of
 2 the Right of First Refusal Code; and
- 3 2. The Director shall determine a financial necessity for the PILOT as a result of
 4 established economic feasibility reviews and underwriting; and
- 5 3. The property must be located in a geographic area that has been identified by the
 6 County as an area of focus or priority for the preservation of affordable rental
 7 housing.

8 (d) Required PILOT Agreement Terms.

- 9 1. All PILOT agreements shall meet the requirements of Section 7-506.1 of the
 10 Tax Property Article of the Annotated Code of Maryland; and
- 11 2. All terms shall be memorialized in writing; and
- 12 3. All properties receiving PILOT assistance must agree to Affordability
 13 Covenants for a period of at least 15 years for at least 20% of the total units in
 14 the property with rents that are affordable to households with incomes that do
 15 not surpass 80% of the Area Median Income; and
- 16 4. PILOT agreement may be structured to assist up to 100% of units within each
 17 property; and
- 18 5. The term of PILOT agreements shall be equal to the affordable housing
 19 covenant period which is expected to be 15 years or greater.

20 (e) Annual Amount of PILOTs.

- 21 1. The Director shall facilitate PILOTs for ROFR projects as follows:
 - 22 i. The Director may grant PILOT agreements that total an aggregate
 23 reduction of annual County real property taxes not to exceed \$1,500,000
 24 (One Million Five Hundred Thousand dollars) per fiscal year; unless
 - 25 ii. The Director does not grant an aggregate reduction of annual County real
 26 property taxes of \$1,500,000 under this section in a given fiscal year,
 27 then the remaining balance may be used in future fiscal years on a rolling
 28 basis.

29 (f) Advance Notice to the County Council. At least 14 calendar days prior to the execution
 30 of a PILOT agreement, the Director shall provide written notice of the impending
 31 PILOT Agreement, including a description of the project, proposed PILOT amount,

1 and summary of the terms and conditions of the proposed agreement, to the Clerk of
2 the County Council for immediate distribution to the Members of the County Council.
3 The Director shall consider any feedback from the Members of the County Council in
4 the Director's final decision about whether to grant the PILOT.

5 * * * * *

6 SECTION 2. BE IT FURTHER ENACTED that the provisions of this Act are hereby
7 declared to be severable; and, in the event that any section, subsection, paragraph, subparagraph,
8 sentence, clause, phrase, or word of this Act is declared invalid or unconstitutional by a court of
9 competent jurisdiction, such invalidity or unconstitutionality shall not affect the remaining
10 words, phrases, clauses, sentences, subparagraphs, paragraphs, subsections, or sections of this
11 Act, since the same would have been enacted without the incorporation in this Act of any such
12 invalid or unconstitutional word, phrase, clause, sentence, paragraph, subparagraph, subsection,
13 or section.

14 SECTION 3. BE IT FURTHER ENACTED that this Act shall take effect on forty-five (45)
15 calendar days after it becomes law.

Adopted this 24th day of October, 2022.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Calvin S. Hawkins, II
Chair

ATTEST:

Donna J. Brown
Clerk of the Council

APPROVED:

DATE: _____ BY: _____
Angela D. Alsobrooks
County Executive

KEY:

Underscoring indicates language added to existing law.

[Brackets] indicate language deleted from existing law.

Asterisks *** indicate intervening existing Code provisions that remain unchanged.