

Montgomery County Civic Federation
P.O. Box 1123
Bethesda, MD 20827
April 4, 2025

Dear Councilmembers,

The Montgomery County Civic Federation considered two far reaching resolutions in 2024 about approaches and strategies to increase affordable and workforce housing. We have a strong commitment to both, and our resolutions include support for conversion of office space to housing among other tools.

Although we support office to residential conversions generally, we write to ask that you postpone voting on the current versions of PILOT and ZTA 25-03 long enough to incorporate beneficial changes. In this regard, we strongly support amendments offered by Councilmember Jawando to ensure that the program promotes housing construction that would not otherwise be built, is highly impactful in addressing the needs of low- and moderate-income residents and uses public resources responsibly.

As you know, the Executive branch has provided a fiscal analysis showing a cost of \$2.6 billion over 25 years. While this amount is disputed by the Council, there appears to be a wide gulf between cost projections from Executive agencies and the Council's estimates. The best way forward would be to put a cap on expenditures and in this way the costs and budgetary impact would be known with certainty.

We also support Councilmember Jawando's amendment that would effectively implement the PILOT on a competitive or negotiated basis, as the District of Columbia does, by evaluating the applications on factors such quantity of affordable units to be built, how quickly the project can be delivered, and community amenities that would be included among other factors. This is a "good government" approach to incentivize developers to put their best proposal forward and allow the county to choose the project with the greatest impact on community needs. Without these changes, there is no incentive for developers to do anything but submit proposals that meet the minimum standards and receive the tax benefit as a right. Every project approval under PILOT must have a benefit that justifies the expenditure of public funds, and this amendment would allow the discretion to choose those projects most beneficial to the public.

The MCCF supports the amendment to increase the required affordable housing to 25%. This PILOT is very generous with potential great cost to taxpayers. The Council should be asking for a generous supply of affordable housing in return.

Councilmember Jawando's amendment to sunset the program in 5 years is supported by MCCF, (with tax benefits continuing beyond the 5 years for any project approved during that time). To sunset a program does not mean that it cannot be reinstated, or a variation implemented after review of the successes and failures of the program. But it places a constraint on costs and provides a natural break to study the effectiveness and value of the program. We urge adoption of this amendment.

It is also imperative that we have accurate data and cost estimates for the program that is shared with residents. As with any tax cuts, the lost revenue must be made up with increased taxes on others, including residents, or through program cuts and reduction in services. An open-ended program with no limits beyond the sunset date is not responsible, particularly in a year when many residents face significant property tax increases, and federal layoffs and other federal actions present major challenge to the economy and the personal finances of many residents.

Regarding ZTA 25-03, we continue to have serious concerns about stormwater mitigation and the potentially devastating impact on communities and the environment. We were disappointed to see that the Planning Board staff removed its recommendation to the Board to have non-waivable stormwater management rules. It is appropriate to have non-waivable stormwater management rules. The County has a responsibility to ensure that it does not give construction permits that result in property damage, environmental damage and/or risks to safety of nearby residents. We urge you to include non-waivable storm water management provisions.

Thank you for your consideration.

Sincerely,

Cheryl Gannon, President
Montgomery County Civic Federation