

COUNTY COUNCIL OF BALTIMORE COUNTY, MARYLAND
Legislative Session 2023, Legislative Day 22

Resolution No. 37-23

Mr. Julian E. Jones Jr., Chair
By Request of County Executive

By the County Council, December 4, 2023

A RESOLUTION to authorize the County Executive or other authorized administrative official to enter into a written agreement on behalf of the County with Essex Non-profit Housing Corporation (the “Owner”) for the payment of stipulated amounts in lieu of regular real property taxes in order to facilitate the development of a rental housing project to benefit eligible persons in Baltimore County.

WHEREAS, it is in the best interest of the citizens of Baltimore County to encourage and facilitate the development of family rental housing for eligible households; and

WHEREAS, the Owner owns a parcel of land located at 1000 Franklin Avenue in Essex, Baltimore County (the “Property”), improved by two hundred nine (209) units of rental housing thereon; and

WHEREAS, the Owner is operating the Property as rental housing for low income seniors age 62 and older (the “Project”) pursuant to a Regulatory Agreement and a Use Agreement entered into between the Owner and the United States Department of Housing and Urban Development (“HUD”) dated February 25, 2005 and recorded among the Land Records of Baltimore County in Liber JLE No. 0021476, folio 272 *et seq* (the “Regulatory Agreement”); and

WHEREAS, Section 7-505, Tax Property Article of the Annotated Code of Maryland provides for a real property tax exemption under certain circumstances, provided that the County

and the Owner enter into a written agreement for the payment of a negotiated amount in lieu of the applicable real property tax; and

WHEREAS, the Owner and the County entered into a Payment In Lieu of Taxes Agreement dated December 23, 2005 (the “Original PILOT”); and

WHEREAS, the Owner plans to refinance the debt on the Property and the Owner and the County desire to enter into a new PILOT; now therefore

BE IT RESOLVED BY THE COUNTY COUNCIL OF BALTIMORE COUNTY that pursuant to said State statute, it is determined that the Property shall be exempt from real property taxes for the term specified herein; and

BE IT FURTHER RESOLVED, that the County Executive or other authorized administrative official is hereby authorized to enter into a written agreement (the “Agreement”) with the Owner on behalf of the County to make the following payments to the County in lieu of paying regular real property taxes:

- (a) This Agreement shall be effective from July 1, 2025 (the “Effective Date”) and shall remain effective until the Termination Date (hereinafter defined). The payments to be made by the Owner to the County shall be in lieu of all ordinary Baltimore County real property taxes on real property under the Tax-Property Article of the Annotated Code of Maryland (2001 Replacement Volume), as amended. Such payments shall be made by the Owner and shall be accepted by the County until the earlier of: (i) a termination of the Regulatory Agreement prior to the expiration date in (vii) below, (ii) a change in the use of the Project for the provision of rental housing for eligible households and related facilities, (iii) sale or other transfer of the Property by the Owner without the prior written

consent of the County, (iv) failure of the Owner to comply in all other respects with the conditions of Section 7-505, supra, (v) default by the Future Owner under the terms of this Agreement, (vi) refinance of the Property such that it would no longer be subject to the Regulatory Agreement, or (vii) June 30, 2035 (the “Termination Date”).

(b) Commencing on the Effective Date, the Owner shall make annual payments (the “Tax Payment”) in arrears at the end of each calendar year. The Tax Payment shall be made prior to payment of any debt service on the Property. For the first year, the Tax Payment shall be Three Hundred Dollars and No Cents (\$300.00) per unit.

(c) The Tax Payment shall increase by 3% annually; provided, however, if the Property is transferred or sold subject to the Regulatory Agreement, the Tax Payment shall increase by four percent (4%) annually, for years 2 – 5 of the PILOT. In year 6, the Tax Payment shall increase to Four Hundred Dollars and No Cents (\$400.00) per unit, with an annual escalation of 3% (4% if the Property is transferred or sold subject to the Regulatory Agreement), for years 7 – 10 of the PILOT.

(d) Upon the Termination Date, the Agreement for stipulated payments in lieu of real property taxes shall expire, and the Owner shall thereafter pay all real property taxes in full when due.

(e) At no time shall the Owner be required to pay more than the full amount of taxes based on the Property’s then current assessment.

(f) The difference between the amount of stipulated payments in lieu of taxes

remitted to the County under this Agreement and the amount of full real estate taxes which would have otherwise been paid based on the assessed value of the Property, shall be repaid upon the occurrence of any of the events listed in items (i) through (vi) of Paragraph (a) prior to the expiration date set forth in Paragraph (a)(vii); and

BE IT FURTHER RESOLVED, that this Resolution shall obligate the Owner to submit audited financial statements annually to the Baltimore County Office of Budget and Finance and the Department of Planning within ninety (90) days of the close of the Owner's fiscal year; and

BE IT FURTHER RESOLVED that this Resolution shall take effect from the date of its passage by the County Council.