



Howard County

Internal Memorandum

Subject: Testimony on Council Resolution No. __-2026
Resolution requesting approval of a Payment in Lieu of Taxes Agreement for Fall River Terrace

To: Brandee Ganz, Chief Administrative Officer

From: Kelly Cimino, Director - Department of Housing and Community Development
K. Cimino

Date: February 5, 2026

Summary

Resolution __-2026 supports approval of the terms and conditions of a Payment In Lieu Of Taxes Agreement (PILOT) by and between Howard County, Maryland and Fall River Terrace, LLC, a limited liability company, (FRT) for the re-development of a 76-unit mixed-income rental housing development to be known as Fall River Terrace.

Background

Enterprise Community Development plans to construct and operate an 76-unit mixed-income rental housing development; 50 units will be rented to households that earn at or below 80 percent of Area Median Income (AMI), of which 25 of the units will be rented to households that earn at or below 50% of AMI; and 26 units will be rented at market rate.

Enterprise Community Development has received approval from the MD Department of Housing and Community Development for 9% Low Income Housing Tax Credits in the approximate amount of \$\$12,750,000 and a Housing Assistance Payment ("HAP") contract for twenty-five (25) project-based vouchers used to subsidize the rent of twenty-five (25) households to assist with the redevelopment of a 100% affordable Fall River Terrace into a mixed income community.

The Developer submitted a request to the Department of Housing and Community Development on December 22, 2025, for consideration by the County to permit FRT to make payments in lieu of County real property taxes pursuant to Section 7-506.1 of the Tax-Property Article of the Annotated Code of Maryland and in accordance with the Payment in lieu of Taxes Agreement.



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Financial statements for the FRT redevelopment project demonstrate that an agreement for a PILOT is necessary to make the Development economically feasible. As a condition of the PILOT, the County will require the owner to restrict the occupancy of a certain number of units to persons of lower income for 40 years. A PILOT is critical to the project's viability given the volatility of pricing in the construction industry and capital markets. The Developer expects FRT to make a minimum PILOT payment of \$300 per unit per year, with additional revenues to be paid out of surplus cash and residual receipts beginning in Year 11.

The Developer requested, and the County agreed to provide \$2,579,000 in gap financing for the project. The Developer has also applied for \$421,000 from the County's federal HOME funding award.

FRT is fully aligned with Howard County's goal of providing much-needed housing for young professionals, older adults, families, and persons with disabilities across a wide range of affordability levels, as codified in the Housing Opportunities Master Plan. This redevelopment approach is costly, and while FRT is leveraging a range of financing tools to maximize federal, state, local, and private investment, without a PILOT the project would have a gap of \$2.13 million. A PILOT is particularly important to the project's viability given the broader economic volatility, elevated interest rates, and inflationary operating conditions.

Fiscal Impact

Should the PILOT be approved, the fiscal impact to the County is expected to be approximately \$228,258 in property tax revenue in Year 1. The County property tax revenue for Years 1 - 5 is expected to be \$1,141,290. Based on the attached fiscal impact analysis, the proposed PILOT is necessary to make the project financially feasible.

Attachments for Council consideration:

1. Fall River Terrace PILOT Agreement Draft
2. Fall River Terrace Fiscal Impact Analysis

Cc: Dr. Opel Jones, Council Chair
Christiana Rigby, Council Vice Chair
Elizabeth Walsh, Councilperson
Deb Jung, Councilperson
David Yungmann, Councilperson
Michelle Harrod, Administrator
Chris Ashman, County Auditor



Kelly A. Cimino, Director

FAX 410-313-5960

To: Housing & Community Development Board
 Through: Kelly Cimino, Director – *K. Cimino*
 From: Tom Wall, Fiscal Specialist - *tfwall*
 Date: 01/08/2026
 Re: **Fall River Terrace – Developer’s Request for PILOT**

This is a request for a recommendation from the Housing and Community Development Board (the “Board”) concerning an application from Enterprise Community Development, Inc. (the “Developer”) for a PILOT for the redevelopment of the Fall River Terrace community in Columbia, Maryland.

Materials Provided with Application. The Developer submitted a package to the Department on December 22, 2025. The Developer will make a presentation to the Board at the scheduled meeting on February 12, 2026. The Developer provided all the items on the PILOT checklist for the board to review and consider when making a recommendation.

Developer’s Proposal. Fall River Terrace is an existing 56-unit housing community that has served low-income residents for more than 50 years; however, the housing is now aging, inefficient, inaccessible and functionally obsolete. The redevelopment will necessitate the demolition of the existing units and then the construction of a modern 76-unit, elevator-served, amenity-rich apartment building complete with community spaces. The redevelopment will create a mixed-income community with the preservation of the original 56 low-income units, and the addition of 20 new market rate units.

Unit Type	Redeveloped Count	Unit Type	Falls River Terrace
1-bd	19	At or below 50% AMI	25
2-bd	34	Up to 80% AMI	31
3-bd	17	Market Rate	20
4-bd	6		<u>76</u>
	<u>76</u>		

This redevelopment will require the relocation of existing residents to temporary housing during the demolition and construction phases. Relocations are projected to occur in June of 2026 and remain in place until the completion of construction in May of 2028.

Financially, Fall River Terrace redevelopment will be supported with a first mortgage from M&T Bank. Other sources include Low-Income Housing Tax Credits from the MD Department of Housing and Community Development, and soft debt from Community Home Housing Inc (CHHI).

Enterprise is applying for the PILOT in an effort to close the gap between the approved first mortgage loan amount (\$13,058,000), and the amount needed to obtain to fully fund the project (\$15,196,000), while maintaining favorable ratios required by the lenders.

Fall River Terrace		
	With PILOT	Without PILOT
1st Mortgage	15,196,000	13,058,000
CDA RHP	2,500,000	2,500,000
CHHI Resub'ed	4,297,177	4,297,177
CHHI New	1,800,000	1,800,000
LIHTC Equity	12,750,000	12,750,000
Howard Co Community Renewal	2,000,000	2,000,000
Howard County Home	421,000	421,000
Howard County Additional	579,000	579,000
Relocation escrow	456,827	456,827
Deferred Developer Fee	664,224	664,224
	40,664,228	38,526,228
GAP		2,138,000

Analysis The Housing Department analyzed the financial information provided, including Form 202. The purpose of this analysis is to evaluate the Fall River Terrace redevelopment project with and without a PILOT. The analysis determines if a PILOT is warranted, and the fiscal impact the PILOT will have upon the County.

Debt Coverage Ratio - Debt Coverage Ratio is calculated by dividing the net operating income (NOI) by the amount of debt service. (DS). Lending institutions typically require that NOI/DS should be 1.15 or greater. By implementing a PILOT, and reducing the County's portion of real estate taxes, the debt ratio improves from an unfavorable .99 to a favorable 1.15. Fall River Terrace is still responsible for all state and local taxes.

The reduction of the County portion of real estate taxes of \$209,750 and Enterprise's PILOT payment of \$22,800, results in the overall decrease for real estate taxes is from \$365,446 to \$178,496.

Tax Breakdown	With out PILOT	With PILOT
Real Estate Taxes - State	22,502	22,502
Real Estate Taxes - County	209,750	-
Payment In Lieu of Taxes		22,800
Local Taxes		
Fire	41,387	41,387
Ad Valorem	16,073	16,073
Watershed	7,425	7,425
CPRA	68,309	68,309
	\$365,446	\$178,496

This overall reduction of \$186,950 in expenses increases net operating income to allow Enterprise to borrow an additional \$2,138,000 (GAP) while maintaining the required debt coverage ratio of 1.15.

Fall River Terrace		
	Without PILOT	With PILOT
<u>1st Mortgage</u>		
Rate	7.17%	7.17%
Amortized Years	40	40
Loan Amount	15,196,000	15,196,000
Annual Payment	1,155,779	1,155,779
<u>Income</u>	<u>\$1,950,679</u>	<u>\$1,950,679</u>
<u>Expenses</u>		
Administration	174,404	174,404
Utilities	44,696	44,696
Operating	106,086	106,086
Real Estate Taxes	365,446	178,496
Insurance and Taxes	91,224	91,224
Reserve	26,600	26,600
Total Expenses	<u>808,456</u>	<u>621,506</u>
Net Operating Income	<u>\$ 1,142,223</u>	<u>\$ 1,329,173</u>
Annual Debt Payment	1,155,779	1,155,779
Debt/Income ratio	0.99	1.15

Fiscal Impact – A side-by-side comparison of a PILOT versus no PILOT extrapolated over 20 years with the assumption of annual increases of 1.75%, indicates an estimated net loss of tax revenue of \$4,054,057 (see attached schedule A).

Fall River Terrace PILOT vs No PILOT	
Proposed PILOT and Local Tax	4,565,165
No Pilot (20 Years)	8,619,222
Net Revenue Lost	(4,054,057)
Units	56
Cost per Unit	81,521

Board Consideration. The Developer submitted a written request and supporting documentation for the PILOT request for the Board’s consideration.

- The Developer will continue to lease 56 units at below market rents.
- The Developer will pay \$300 per unit per year for the first 11 years. After year 11, the Developer will be able to make additional payments of 2% from surplus cash or residual receipts.
- The Developer will continue to pay the County’s local taxes (fire, ad valorem and watershed).
- The County supports the preservation of affordable units in this community for the County’s low- and moderate-income residents.

cc: Felix Facchine, Deputy Chief of Staff
 Constance A. Tucker, Principal Counsel