

County Council of Howard County, Maryland

2026 Legislative Session

Legislative Day No. 5

Resolution No. 51 -2026

Introduced by: The Chairperson at the request of the County Executive

Short Title: Payment in Lieu of Taxes Agreement – Midway 32, LLC – Annapolis Junction

Title: A RESOLUTION approving the terms and conditions of a Payment in Lieu of Taxes Agreement by and between the Howard County, Maryland and Midway 32, LLC for the redevelopment of an existing office building into a new housing development of 623 units in two separate buildings to be located in a Transit Oriented Development Zoning District at 10010 Junction Drive, Annapolis Junction, Maryland.

Introduced and read first time _____, 2026.

By order _____
Michelle Harrod, Administrator

Read for a second time at a public hearing on _____, 2026.

By order _____
Michelle Harrod, Administrator

This Resolution was read the third time and was Adopted___, Adopted with amendments___, Failed___, Withdrawn___, by the County Council on _____, 2026.

Certified By _____
Michelle Harrod, Administrator

Approved by the County Executive _____, 2026

Calvin Ball, County Executive

NOTE: [[text in brackets]] indicates deletions from existing law; TEXT IN SMALL CAPITALS indicates additions to existing law; Strike-out indicates material deleted by amendment; Underlining indicates material added by amendment

1 **WHEREAS**, Midway 32, LLC (the “Company”) has plans to demolish an existing office
2 building near the Annapolis Junction Maryland Area Rail Commuter (MARC) station and
3 construct a new, amenity-rich, mixed-income rental housing development on the site located on
4 10010 Junction Drive, Annapolis Junction, Maryland; and

5
6 **WHEREAS**, the Company proposes to redevelop an existing office building into a total
7 of 623 new rental housing units where there will be two separate buildings with 325 units in one
8 building and 298 units in the other building (the "Development"); and

9
10 **WHEREAS**, the Development is to be located in a Transit Oriented Development
11 (“TOD”) Zoning District which requires 15% of the units to be rented or sold as moderate income
12 housing units (“MIHUs”); and

13
14 **WHEREAS**, the Development would be the first TOD zoned project built under the
15 guidelines of Council Bill No. 18-2025; and

16
17 **WHEREAS**, Council Bill No. 18-2025 provides incentives, such as waivers of Adequate
18 Public Facilities Ordinance tests and Payment In Lieu Of Taxes Agreements for developments
19 located near transit that provide at least 5% of the units to be rented as DIHUs under the County’s
20 MIHU program; and

21
22 **WHEREAS**, each building of the Development will be built and financed as separate
23 projects and will provide at least 15% of the units as affordable; and

24
25 **WHEREAS**, the Development will provide 95 affordable rental units, 50 in Building 1
26 and 45 in Building 2, at three levels of affordability as follows:

- 27 1. 32 units as Disability Income Housing Units (“DIHUs”) affordable to households
28 earning up to 20% of the County’s median income (“HC MI”);
29 2. 32 units as Low Income Housing Units (“LIHUs”) for households earning up to 40%
30 of HC MI; and

1 3. 31 units as Moderate Income Housing Units (“MIHUs”) affordable to households
2 earning up to 60% of HC MI; and
3

4 **WHEREAS**, the provision of 32 DIHUs, 32 LIHUs, and 31 MIHUs will increase the
5 County’s affordable housing inventory for households of very low, low and moderate income; and
6

7 **WHEREAS**, the Company has requested that the County permit the Company to make
8 payments in lieu of County real property taxes (the “PILOT”) pursuant to Section 7-506.1 of the
9 Tax-Property Article of the Annotated Code of Maryland and in accordance with the Payment in
10 Lieu of Taxes Agreement, substantially in the form attached as Exhibit 1; and
11

12 **WHEREAS**, the Company has demonstrated to the County that an agreement for a PILOT
13 is necessary to make the Development economically feasible; and
14

15 **WHEREAS**, in order to induce the Company to provide affordable housing in Howard
16 County, it is in the interest of the County to accept a PILOT subject to the terms and conditions
17 of the Payment in Lieu of Taxes Agreement substantially in the form attached to this Resolution
18 as “Exhibit 1”.
19

20 **NOW, THEREFORE, BE IT RESOLVED** by the County Council of Howard County,
21 Maryland this ____ day of _____, 2026, that:

22 (1) In accordance with Section 7-506.1 of the Tax-Property Article of the Annotated Code of
23 Maryland, the County shall abate all County real property taxes for the Development subject
24 to the terms and conditions of the Payment in Lieu of Taxes Agreement attached to this
25 Resolution as “Exhibit 1”.

26 (2) The County Executive is hereby authorized to execute and deliver the Agreement in the name
27 and on behalf of the County in substantially the forms attached.

28 (3) The County Executive, prior to execution and delivery of the Agreement, may make such
29 changes or modifications to the Agreement as he deems appropriate in order to accomplish the
30 purpose of the transactions authorized by this Resolution, provided that such changes or
31 modifications shall be within the scope of the transactions authorized by this Resolution; and

1 the execution of the Agreement by the County Executive shall be conclusive evidence of the
2 approval by the County Executive of all changes or modifications to the Agreements, and the
3 Agreement shall thereupon become binding upon the County in accordance with its terms.

EXHIBIT 1

Development: Annapolis Junction

PAYMENT IN LIEU OF TAXES AGREEMENT

THIS PAYMENT IN LIEU OF TAXES AGREEMENT (this “**Agreement**”) is made as of this _____, 2026, by and between MIDWAY 32, LLC, a Maryland limited liability company (the “**Company**”), and HOWARD COUNTY, MARYLAND, a body corporate and politic of the State of Maryland (the “**County**”).

RECITALS

A. The Company, which is wholly-owned, controlled, and managed by the principals of Chesapeake Realty Partners, has contracted to acquire certain real property located at 10010 Junction Drive in Savage, Maryland, which real property is more particularly described as set forth in the proposed description on Exhibit A attached hereto (the “**Property**”). The Company proposes to construct and operate on the Property an approximately six hundred twenty-three (623) unit (each, a “**Unit**”) multi-family rental housing development (the “**Development**”), consisting of two (2) separate residential buildings (each, a “**Building**” and collectively, the “**Buildings**”) with approximately three hundred twenty-five (325) Units and approximately two hundred ninety-eight (298) Units, respectively.

B. The Company has requested that the County permit the Company to make payments in lieu of County real property taxes (the “**PILOT**”) pursuant to Section 7-521 of the Tax-Property Article of the Annotated Code of Maryland (the “**Act**”) and Section 13.402 of the Howard County Code (the “**Code**”).

C. The Company has received support for the PILOT from the Howard County Department of Housing and Community Development (“**DHCD**”) and its advisory board because the Development incorporates ninety-five (95) Affordable Units across a mix of Moderate-, Low- and Disability-Income Housing Units, exceeding the County’s minimum affordability threshold.

D. Council Bill 18-2025, which became effective July 8, 2025, provides incentives such as waivers of Adequate Public Facilities Ordinance tests and Payment in Lieu of Taxes Agreements for developments located near transit that provide at least five percent (5%) of the units to be rented as Disability Income Housing Units under the County’s Moderate Income Housing Unit program.

E. The County has agreed to accept payments in lieu of County real property taxes for the Development to induce the Company to provide housing for lower and moderate income persons and for persons with disabilities, pursuant to the terms and conditions of this Agreement.

F. The County Council of Howard County, Maryland has approved this Agreement by resolution, a copy of which is attached hereto as Exhibit B.

NOW, THEREFORE, in consideration of the premises and the mutual promises

contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the County agree as follows:

1. Definitions. Capitalized terms used herein without definition that are defined by the Code shall have the meanings ascribed to such terms in the Code, unless and to the extent varied by this Agreement. As used in this Agreement, the following terms shall have the following meanings:

(a) “**Affordable Units**” means, collectively, Disability Income Housing Units, Low Income Housing Units and Moderate Income Housing Units.

(b) “**Completed Building**” means a Building completed by the Company on the Property. For purposes of this Agreement, a Building shall be deemed to be “**complete**” as of the date on which the County issues one or more certificates of occupancy covering all the Units therein.

(c) “**County Assessments**” means any and all County assessments, charges, fees or non-real property taxes, including but not limited to the County fire tax, front foot benefit assessment charge, ad valorem charges, watershed protection fees, and any other charges that may appear on the Property’s real property tax bill, for which the Company shall continue to be obligated for, and required to pay to the County in full pursuant to the terms and conditions of this Agreement.

(d) “**First Tax Year**” means, with respect to each Completed Building, the first Tax Year in which the real property tax on the Property would increase as a result of the increase in assessment due to the construction of such Completed Building.

(e) “**Tax Year**” means the period beginning July 1 and ending the subsequent June 30.

(f) “**Term**” means, for each Completed Building, that period of twenty (20) years, commencing with the First Tax Year and continuing for the consecutive nineteen (19) Tax Years thereafter.

2. Payments in Lieu of Real Property Taxes.

(a) For each Completed Building, in lieu of all County real property taxes attributable to such Building (including, without limitation, any increase in County real property taxes resulting from the completion of the Building), during the Term the Company shall make, and the County shall accept, annual payments (each, a “**Payment**” and collectively, the “**Payments**”) in an amount equal to Two Hundred Dollars (\$200.00) for each Unit in the Building. Each Payment shall be made by May 1 of each year for the prior Tax Year. Payments shall be made to the Director of Finance, 3430 Courthouse Drive, Ellicott City, Maryland 21043.

(b) During the Term, in addition to the Payments, the Company shall also pay the County Assessments for the Property for each Tax Year at the time and in the manner provided by law. For the avoidance of doubt, it is the intention of this Agreement that the aggregate amount paid by the Company in any Tax Year shall at no time exceed the sum of (i)

the County real property taxes which would have been paid for the current Tax Year if the Development were not partially exempt from taxation, plus (ii) the County Assessments paid by the Company for the Property for the current Tax Year.

(c) The Company shall have the right to request an extension to each Term for two (2) periods of ten (10) years each (each, a “**Renewal Term**”) by submitting a written request to the County not later than six (6) months prior to the last day of the then current Term. If the County approves the Company’s request pursuant to this Section 2(c), “Term” as used in this Agreement shall mean the original Term as extended by the Renewal Term(s).

3. Conditions Precedent. Notwithstanding anything to the contrary contained in this Agreement, the Term for any Completed Building shall not take effect unless and until the Company satisfies the following conditions precedent (the “**Conditions Precedent**”): (i) the Company takes fee simple title to the Property; (ii) the Company receives site development plan approval for the Property; and (iii) the Company executes and records covenants on the Property (the “**PILOT Covenants**”), in a form reasonably acceptable to the County, that require the Company and all subsequent owners of the Property to offer for rent at least thirty-two (32) Disability Income Housing Units, at least thirty-two (32) Low Income Housing Units and at least thirty-one (31) Moderate Income Housing Units during the Term. The number of Affordable Units may be apportioned among the Buildings in the Company’s discretion as long as the Affordable Units are interspersed throughout both Buildings and include a mix of unit sizes. If the finally approved site development plan for the Property contains fewer than six hundred twenty-three (623) Units, the number of Affordable Units required in the PILOT Covenants may be reduced proportionately as long as (a) the number of Disability Income Housing Units, Low Income Housing Units, and Moderate Income Housing Units each equal at least five percent (5%) of the total number of Units in the Development, and (b) the Company provides notice to DHCD.

4. Penalties for Late Payment. The Company shall be subject to the following penalties for a late Payment, which penalties shall not be imposed unless such Payment remains outstanding after five (5) days’ written notice from the County to the Company:

(a) one percent (1.00%) per month or part of a month for the first sixty (60) days following the due date; and

(b) one and one-half percent (1.50%) per month or part of a month after sixty (60) days following the due date.

5. Penalties for Failure to Pay. At the option of the County, if any Payment is due and unpaid sixty (60) days after the due date, the County may terminate this Agreement upon ninety (90) days’ prior written notice to the Company; provided, however, that the termination will be void and this Agreement will continue to be in effect if the Company pays the outstanding Payment within such ninety (90) day period. If the Company fails to pay the outstanding Payment within such ninety (90) day period, then this Agreement will terminate and all County real property taxes for the preceding Tax Year shall be immediately due and payable.

6. Effective Date. This Agreement shall take effect when all of the Conditions

Precedent are satisfied (the “**Effective Date**”); provided, however, that if the Effective Date does not occur by December 31, 2031, this Agreement shall be null and void.

7. Reports and Records. The Company shall permit the County or any of its authorized agents, at all reasonable times and upon reasonable prior notice to the Company, to inspect the records of the Development in order to verify the Company’s compliance with this Agreement. The Company shall submit such other reports as the County may reasonably require in order to verify the Company’s compliance with this Agreement.

8. Representation and Warranties.

(a) The Company represents and warrants to the County that it is eligible in all respects to enter in this Agreement to make payments in lieu of taxes under the Act.

(b) The Company covenants and agrees that it will do all things necessary to remain eligible to make payments in lieu of taxes in accordance with the Act.

(c) The Company agrees that it shall comply with Federal, State and County laws.

9. Events of Default. The occurrence of any of the following shall constitute an “**Event of Default**” under this Agreement:

(a) a breach of Section 5 beyond any applicable notice and cure periods;

(b) the termination of the PILOT Covenants;

(c) the foreclosure, or the making of a deed in lieu of foreclosure, of any portion of the Property, unless the party acquiring the Property agrees to continue the PILOT Covenants under terms and conditions of this Agreement;

(d) any default under the PILOT Covenants which is not cured within a reasonable period after notice, which period shall in all events be at least thirty (30) days; or

(e) any default under this Agreement which is not cured within a reasonable period after notice, which period shall in all events be at least thirty (30) days.

Upon the occurrence and during the continuance of an Event of Default, the County may, at its option, terminate this Agreement, in which event all County real property taxes for the preceding Tax Year shall be immediately due and payable.

10. Assignment. During the Term of this Agreement, the Company shall not, without the prior written consent of the County, which consent shall not be unreasonably withheld, conditioned or delayed, transfer, exchange, encumber or otherwise convey its interest in the Property. Notwithstanding the foregoing, the following transactions shall not require the consent of the County: (i) any transfer to an entity succeeding to the business and assets of the Company or to GCP Junction Drive 1 LLC and GCP Junction Drive 3 LLC, collectively, the current owner of the Property on the date hereof (the “**Owner**”), whether by way of merger,

consolidation or otherwise; and (ii) any transfer to an entity controlling the Company or the Owner, directly or indirectly controlled and beneficially owned by the Company or the Owner, or under common control with the Company or the Owner. Any assignee shall agree to the terms of this Agreement and shall be bound by the PILOT Covenants, which shall run with the Property.

11. State Taxes. The Company acknowledges and agrees that it shall pay all State real property taxes.

12. Notices. All notices, consents, approvals and the like given under this Agreement shall be in writing and shall be delivered in hand by any courier service providing receipts or by a nationally recognized overnight courier providing receipts, addressed to the Company or the County as set forth below. Any notice so addressed shall be deemed given upon actual receipt by the addressee.

If to the Company:

Midway 32, LLC
4750 Owings Mills Boulevard
Owings Mills, Maryland 21117
Attention: Jason Schubert

If to the County:

Howard County, Maryland
3430 Court House Drive
Ellicott City, Maryland 21040
Attention: Department of Finance

Any address or name specified above may be changed by notice given to the addressee by the other party in accordance with this Section 10.

13. Successors and Assigns. This Agreement shall be binding upon, and shall inure to the benefit of, all successors and assigns of the Company.

14. Entire Agreement. This Agreement represents the entire understanding and agreement of the parties relating to the subject matter hereof.

15. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original Agreement, and all of which shall constitute one (1) Agreement notwithstanding that all the parties are not signatories to the original or the same counterpart.

16. Governing Law. This Agreement shall be construed according to the laws of the State of Maryland.

17. No Guaranty of Approvals. The Company acknowledges and agrees that the acceptance of this Agreement does not guaranty future zoning, site plan or other license or

permit approvals by the County for the Development.

[SIGNATURES BEGIN ON NEXT PAGE]

IN WITNESS WHEREOF, the Company and the County, by their duly authorized representatives, have signed this Agreement as of the date first written above.

WITNESS/ATTEST:

MIDWAY 32, LLC,
a Maryland limited liability company

By: _____(SEAL)
Name: Jason Schubert
Title: Vice President

[COUNTY SIGNATURES ON FOLLOWING PAGE]

WITNESS/ATTEST:

HOWARD COUNTY, MARYLAND

Brandee Ganz
Chief Administrative Officer

By: _____(SEAL)
Calvin Ball
County Executive

APPROVED for Form and Legal
Sufficiency this _____ day of
_____, 2026.

APPROVED by Department of Finance

Gary Kuc
County Solicitor

Rafiu Ighile
Director

Reviewing Attorney:

Kristen Bowen Perry
Deputy County Solicitor

Exhibit A: Legal Description of Property
Exhibit B: Council Resolution No. _____

EXHIBIT A

LEGAL DESCRIPTION

All that lot or parcel of ground designated "Parcel S-1" on a plat entitled "The Junction Industrial Park," Parcels A-1, B-1, C-1, G-1, H-1, R-1 and S-1, Resubdivision of Section 1, Area 1, recorded among the Land Records of Howard County, in Plat Book C.M.P. No. 6380. Containing 7.0815 acres, more or less.

EXHIBIT B

COUNCIL RESOLUTION NO. _____

[Attached]