

Council Resolution 51-2026 Fiscal Analysis

Introduced: April 6, 2026

Fiscal Manager: Owen Kahn

Legislative Intent: This resolution approves a Payment in Lieu of Taxes (PILOT) agreement with Midway 32, a subsidiary of Chesapeake Reality Partners (CRP) for the development of two new housing buildings with a total of 623 new housing units in Annapolis Junction.

ANALYSIS

Fiscal Impact:

20 year fiscal impact

<u>Scenario</u>	<u>Housing units</u>	<u>Year 1 County revenue</u>	<u>20 year County revenue total</u>	<u>20 year net impact scenario compared to existing development scenario</u>
Redevelopment occurs <i>with</i> PILOT	623	\$537,000	\$12,462,827	<u>\$9,704,735</u>
Redevelopment occurs <i>without</i> PILOT	623	\$1,875,827	\$45,528,254	<u>\$42,770,162</u>
Without Redevelopment	0	\$115,512	\$2,758,092	N/A

This resolution would result in County tax revenue of approximately \$12.5 million over the 20 year term of the PILOT. Without the PILOT, tax revenue would be approximately \$45.5 million over the 20 year term, meaning approval of this PILOT could result in County forgone revenue of approximately \$33.1 million over 20 years. However, the developer has indicated that the project is unlikely to proceed if the PILOT is not approved because of significant financing gaps. The estimated County revenue for the current property is approximately \$2.8 million over 20 years. Therefore, if this PILOT allows the developer to proceed with construction, approval of this legislation could result in a net increase in County revenue of approximately \$9.7 million over 20 years.

Under the agreement, the developer will still be responsible for State property taxes, the County fire metro tax, the County ad valorem, and the County watershed protection fee. *Please see the attached spreadsheet for estimates for each tax rate in each scenario.*

This fiscal impact assumes:

- Per the developer, the existing development has a tax assessment of \$7.8 million, and the proposed development would have a tax assessment of approximately \$140.2 million. This assessment increases 2% each year;
- All County tax rates, including the property tax, fire metro tax, ad valorem, and watershed protection fee, remain at their current levels;
- Both residential buildings proposed in the development are completed in the same year; and
- No other development occurs on the existing site.

Please see the attached spreadsheet for the full calculation of each scenario. Note that these are general estimates for 20 year terms, and largely align with fiscal impacts prepared by the Administration and by the developer.

Development plans and affordable units

The developer is planning on demolishing an existing office building located near the Annapolis Junction MARC station. The proposed development includes two buildings totaling 623 new residential units in Annapolis Junction. The total cost of constructing the two buildings is estimated at about \$200 million. A condition of the proposed PILOT requires the developer restrict occupancy of a certain number of units to income-eligible households for a period of 30 years. The developer is proposing the following numbers of affordable units:

- 32 Disability Income Housing Units (DIHU);
- 32 Low Income Housing Units (LIHU); and
- 31 Moderate Income Housing Units (MIHU).

According to the developer, “designated affordable units receive significantly less rent compared to market rate units” and the developer will request additional funding to cover the costs of providing affordable units (*please see below*).

Developer Financing Gap and Housing Opportunity Trust Fund Grant Application

According to testimony from the developer, there is a significant gap in their current financing plan. CRP is financing the project with a combination of construction loans and developer equity. However, there is currently a \$9.6 million financing gap that the developer will need to fill. Approval of this PILOT will reduce the developer’s financing gap to \$5.6 million.

According to the Department of Housing and Community Development, **the developer will come to the County for the remaining \$5.6 million at a later date**. The specific nature of their request has not been finalized, and may make use of either the Housing Opportunities Trust Fund or the Community Renewal Program Fund. The developer has submitted information to the County a request for a \$6 million grant from the Housing Opportunities Trust Fund. According to the developer, \$6 million represents 19% of the costs required to build affordable units.

Budget Implications:

- [FY 2026 Operating Budget Line:](#) Community Renewal Program Fund (\$23,136,035)

Other notes:

- The developer has provided the Department of Housing and Community Development documentation to demonstrate the financial need for the PILOT.

One Year

Scenario	Housing units	Tax Assessment	County Property Tax	County Fire Metro Tax	County Ad Valorem Charge	County Watershed Protection Fee	County Revenue
Existing development	0	\$ 7,835,600.00	\$ 81,803.66	\$ 16,141.34	\$ 6,268.48	\$ 11,298.93	\$ 115,512.41
PILOT	623	\$ 140,175,000.00	\$ 124,600.00	\$ 288,760.50	\$ 112,140.00	\$ 11,500.00	\$ 537,000.50
No PILOT	623	\$ 140,175,000.00	\$ 1,463,427.00	\$ 288,760.50	\$ 112,140.00	\$ 11,500.00	\$ 1,875,827.50

EXISTING DEVELOPMENT Twenty Year County Revenue

Scenario	Housing units	Tax Assessment	County Property Tax	County Fire Metro Tax	County Ad Valorem Charge	County Watershed Protection Fee	County Revenue
Year 1	0	\$ 7,835,600.00	\$ 81,803.66	\$ 16,141.34	\$ 6,268.48	\$ 11,298.93	\$ 115,512.41
Year 2	0	\$ 7,992,312.00	\$ 83,439.74	\$ 16,464.16	\$ 6,393.85	\$ 11,298.93	\$ 117,596.68
Year 3	0	\$ 8,152,158.24	\$ 85,108.53	\$ 16,793.45	\$ 6,521.73	\$ 11,298.93	\$ 119,722.63
Year 4	0	\$ 8,315,201.40	\$ 86,810.70	\$ 17,129.31	\$ 6,652.16	\$ 11,298.93	\$ 121,891.11
Year 5	0	\$ 8,481,505.43	\$ 88,546.92	\$ 17,471.90	\$ 6,785.20	\$ 11,298.93	\$ 124,102.95
Year 6	0	\$ 8,651,135.54	\$ 90,317.86	\$ 17,821.34	\$ 6,920.91	\$ 11,298.93	\$ 126,359.03
Year 7	0	\$ 8,824,158.25	\$ 92,124.21	\$ 18,177.77	\$ 7,059.33	\$ 11,298.93	\$ 128,660.23
Year 8	0	\$ 9,000,641.42	\$ 93,966.70	\$ 18,541.32	\$ 7,200.51	\$ 11,298.93	\$ 131,007.46
Year 9	0	\$ 9,180,654.25	\$ 95,846.03	\$ 18,912.15	\$ 7,344.52	\$ 11,298.93	\$ 133,401.63
Year 10	0	\$ 9,364,267.33	\$ 97,762.95	\$ 19,290.39	\$ 7,491.41	\$ 11,298.93	\$ 135,843.69
Year 11	0	\$ 9,551,552.68	\$ 99,718.21	\$ 19,676.20	\$ 7,641.24	\$ 11,298.93	\$ 138,334.58
Year 12	0	\$ 9,742,583.73	\$ 101,712.57	\$ 20,069.72	\$ 7,794.07	\$ 11,298.93	\$ 140,875.29
Year 13	0	\$ 9,937,435.41	\$ 103,746.83	\$ 20,471.12	\$ 7,949.95	\$ 11,298.93	\$ 143,466.82
Year 14	0	\$ 10,136,184.11	\$ 105,821.76	\$ 20,880.54	\$ 8,108.95	\$ 11,298.93	\$ 146,110.18
Year 15	0	\$ 10,338,907.80	\$ 107,938.20	\$ 21,298.15	\$ 8,271.13	\$ 11,298.93	\$ 148,806.40
Year 16	0	\$ 10,545,685.95	\$ 110,096.96	\$ 21,724.11	\$ 8,436.55	\$ 11,298.93	\$ 151,556.55
Year 17	0	\$ 10,756,599.67	\$ 112,298.90	\$ 22,158.60	\$ 8,605.28	\$ 11,298.93	\$ 154,361.71
Year 18	0	\$ 10,971,731.66	\$ 114,544.88	\$ 22,601.77	\$ 8,777.39	\$ 11,298.93	\$ 157,222.96
Year 19	0	\$ 11,191,166.30	\$ 116,835.78	\$ 23,053.80	\$ 8,952.93	\$ 11,298.93	\$ 160,141.44
Year 20	0	\$ 11,414,989.62	\$ 119,172.49	\$ 23,514.88	\$ 9,131.99	\$ 11,298.93	\$ 163,118.29
TOTAL COUNTY REVENUE							\$ 2,758,092.06

One Year

Scenario	Housing units	Tax Assessment	County Property Tax	County Fire Metro Tax	County Ad Valorem Charge	County Watershed Protection Fee	County Revenue
Existing development	0	\$ 7,835,600.00	\$ 81,803.66	\$ 16,141.34	\$ 6,268.48	\$ 11,298.93	\$ 115,512.41
PILOT	623	\$ 140,175,000.00	\$ 124,600.00	\$ 288,760.50	\$ 112,140.00	\$ 11,500.00	\$ 537,000.50
No PILOT	623	\$ 140,175,000.00	\$ 1,463,427.00	\$ 288,760.50	\$ 112,140.00	\$ 11,500.00	\$ 1,875,827.50

PILOT Twenty Year County Revenue

Scenario	Housing units	Tax Assessment	County Property Tax	County Fire Metro Tax	County Ad Valorem Charge	County Watershed Protection Fee	County Revenue
Year 1	623	\$ 140,175,000.00	\$ 124,600.00	\$ 288,760.50	\$ 112,140.00	\$ 11,500.00	\$ 537,000.50
Year 2	623	\$ 142,978,500.00	\$ 124,600.00	\$ 294,535.71	\$ 114,382.80	\$ 11,500.00	\$ 545,018.51
Year 3	623	\$ 145,838,070.00	\$ 124,600.00	\$ 300,426.42	\$ 116,670.46	\$ 11,500.00	\$ 553,196.88
Year 4	623	\$ 148,754,831.40	\$ 124,600.00	\$ 306,434.95	\$ 119,003.87	\$ 11,500.00	\$ 561,538.82
Year 5	623	\$ 151,729,928.03	\$ 124,600.00	\$ 312,563.65	\$ 121,383.94	\$ 11,500.00	\$ 570,047.59
Year 6	623	\$ 154,764,526.59	\$ 124,600.00	\$ 318,814.92	\$ 123,811.62	\$ 11,500.00	\$ 578,726.55
Year 7	623	\$ 157,859,817.12	\$ 124,600.00	\$ 325,191.22	\$ 126,287.85	\$ 11,500.00	\$ 587,579.08
Year 8	623	\$ 161,017,013.46	\$ 124,600.00	\$ 331,695.05	\$ 128,813.61	\$ 11,500.00	\$ 596,608.66
Year 9	623	\$ 164,237,353.73	\$ 124,600.00	\$ 338,328.95	\$ 131,389.88	\$ 11,500.00	\$ 605,818.83
Year 10	623	\$ 167,522,100.81	\$ 124,600.00	\$ 345,095.53	\$ 134,017.68	\$ 11,500.00	\$ 615,213.21
Year 11	623	\$ 170,872,542.82	\$ 124,600.00	\$ 351,997.44	\$ 136,698.03	\$ 11,500.00	\$ 624,795.47
Year 12	623	\$ 174,289,993.68	\$ 124,600.00	\$ 359,037.39	\$ 139,431.99	\$ 11,500.00	\$ 634,569.38
Year 13	623	\$ 177,775,793.55	\$ 124,600.00	\$ 366,218.13	\$ 142,220.63	\$ 11,500.00	\$ 644,538.77
Year 14	623	\$ 181,331,309.42	\$ 124,600.00	\$ 373,542.50	\$ 145,065.05	\$ 11,500.00	\$ 654,707.54
Year 15	623	\$ 184,957,935.61	\$ 124,600.00	\$ 381,013.35	\$ 147,966.35	\$ 11,500.00	\$ 665,079.70
Year 16	623	\$ 188,657,094.32	\$ 124,600.00	\$ 388,633.61	\$ 150,925.68	\$ 11,500.00	\$ 675,659.29
Year 17	623	\$ 192,430,236.21	\$ 124,600.00	\$ 396,406.29	\$ 153,944.19	\$ 11,500.00	\$ 686,450.48
Year 18	623	\$ 196,278,840.94	\$ 124,600.00	\$ 404,334.41	\$ 157,023.07	\$ 11,500.00	\$ 697,457.49
Year 19	623	\$ 200,204,417.75	\$ 124,600.00	\$ 412,421.10	\$ 160,163.53	\$ 11,500.00	\$ 708,684.63
Year 20	623	\$ 204,208,506.11	\$ 124,600.00	\$ 420,669.52	\$ 163,366.80	\$ 11,500.00	\$ 720,136.33
TOTAL COUNTY REVENUE							\$ 12,462,827.70

One Year

Scenario	Housing units	Tax Assessment	County Property Tax	County Fire Metro Tax	County Ad Valorem Charge	County Watershed Protection Fee	County Revenue
Existing development	0	\$ 7,835,600.00	\$ 81,803.66	\$ 16,141.34	\$ 6,268.48	\$ 11,298.93	\$ 115,512.41
PILOT	623	\$ 140,175,000.00	\$ 124,600.00	\$ 288,760.50	\$ 112,140.00	\$ 11,500.00	\$ 537,000.50
No PILOT	623	\$ 140,175,000.00	\$ 1,463,427.00	\$ 288,760.50	\$ 112,140.00	\$ 11,500.00	\$ 1,875,827.50

WITHOUT PILOT Twenty Year County Revenue

Scenario	Housing units	Tax Assessment	County Property Tax	County Fire Metro Tax	County Ad Valorem Charge	County Watershed Protection Fee	County Revenue
Year 1	623	\$ 140,175,000.00	\$ 1,463,427.00	\$ 288,760.50	\$ 112,140.00	\$ 11,500.00	\$ 1,875,827.50
Year 2	623	\$ 142,978,500.00	\$ 1,492,695.54	\$ 294,535.71	\$ 114,382.80	\$ 11,500.00	\$ 1,913,114.05
Year 3	623	\$ 145,838,070.00	\$ 1,522,549.45	\$ 300,426.42	\$ 116,670.46	\$ 11,500.00	\$ 1,951,146.33
Year 4	623	\$ 148,754,831.40	\$ 1,553,000.44	\$ 306,434.95	\$ 119,003.87	\$ 11,500.00	\$ 1,989,939.26
Year 5	623	\$ 151,729,928.03	\$ 1,584,060.45	\$ 312,563.65	\$ 121,383.94	\$ 11,500.00	\$ 2,029,508.04
Year 6	623	\$ 154,764,526.59	\$ 1,615,741.66	\$ 318,814.92	\$ 123,811.62	\$ 11,500.00	\$ 2,069,868.20
Year 7	623	\$ 157,859,817.12	\$ 1,648,056.49	\$ 325,191.22	\$ 126,287.85	\$ 11,500.00	\$ 2,111,035.57
Year 8	623	\$ 161,017,013.46	\$ 1,681,017.62	\$ 331,695.05	\$ 128,813.61	\$ 11,500.00	\$ 2,153,026.28
Year 9	623	\$ 164,237,353.73	\$ 1,714,637.97	\$ 338,328.95	\$ 131,389.88	\$ 11,500.00	\$ 2,195,856.80
Year 10	623	\$ 167,522,100.81	\$ 1,748,930.73	\$ 345,095.53	\$ 134,017.68	\$ 11,500.00	\$ 2,239,543.94
Year 11	623	\$ 170,872,542.82	\$ 1,783,909.35	\$ 351,997.44	\$ 136,698.03	\$ 11,500.00	\$ 2,284,104.82
Year 12	623	\$ 174,289,993.68	\$ 1,819,587.53	\$ 359,037.39	\$ 139,431.99	\$ 11,500.00	\$ 2,329,556.92
Year 13	623	\$ 177,775,793.55	\$ 1,855,979.28	\$ 366,218.13	\$ 142,220.63	\$ 11,500.00	\$ 2,375,918.05
Year 14	623	\$ 181,331,309.42	\$ 1,893,098.87	\$ 373,542.50	\$ 145,065.05	\$ 11,500.00	\$ 2,423,206.42
Year 15	623	\$ 184,957,935.61	\$ 1,930,960.85	\$ 381,013.35	\$ 147,966.35	\$ 11,500.00	\$ 2,471,440.54
Year 16	623	\$ 188,657,094.32	\$ 1,969,580.06	\$ 388,633.61	\$ 150,925.68	\$ 11,500.00	\$ 2,520,639.35
Year 17	623	\$ 192,430,236.21	\$ 2,008,971.67	\$ 396,406.29	\$ 153,944.19	\$ 11,500.00	\$ 2,570,822.14
Year 18	623	\$ 196,278,840.94	\$ 2,049,151.10	\$ 404,334.41	\$ 157,023.07	\$ 11,500.00	\$ 2,622,008.58
Year 19	623	\$ 200,204,417.75	\$ 2,090,134.12	\$ 412,421.10	\$ 160,163.53	\$ 11,500.00	\$ 2,674,218.76
Year 20	623	\$ 204,208,506.11	\$ 2,131,936.80	\$ 420,669.52	\$ 163,366.80	\$ 11,500.00	\$ 2,727,473.13
						TOTAL COUNTY REVENUE	\$ 45,528,254.69

Year #	Existing development	PILOT	No PILOT
Year 1	\$ 115,512.41	\$ 537,000.50	\$ 1,875,827.50
Year 2	\$ 117,596.68	\$ 545,018.51	\$ 1,913,114.05
Year 3	\$ 119,722.63	\$ 553,196.88	\$ 1,951,146.33
Year 4	\$ 121,891.11	\$ 561,538.82	\$ 1,989,939.26
Year 5	\$ 124,102.95	\$ 570,047.59	\$ 2,029,508.04
Year 6	\$ 126,359.03	\$ 578,726.55	\$ 2,069,868.20
Year 7	\$ 128,660.23	\$ 587,579.08	\$ 2,111,035.57
Year 8	\$ 131,007.46	\$ 596,608.66	\$ 2,153,026.28
Year 9	\$ 133,401.63	\$ 605,818.83	\$ 2,195,856.80
Year 10	\$ 135,843.69	\$ 615,213.21	\$ 2,239,543.94
Year 11	\$ 138,334.58	\$ 624,795.47	\$ 2,284,104.82
Year 12	\$ 140,875.29	\$ 634,569.38	\$ 2,329,556.92
Year 13	\$ 143,466.82	\$ 644,538.77	\$ 2,375,918.05
Year 14	\$ 146,110.18	\$ 654,707.54	\$ 2,423,206.42
Year 15	\$ 148,806.40	\$ 665,079.70	\$ 2,471,440.54
Year 16	\$ 151,556.55	\$ 675,659.29	\$ 2,520,639.35
Year 17	\$ 154,361.71	\$ 686,450.48	\$ 2,570,822.14
Year 18	\$ 157,222.96	\$ 697,457.49	\$ 2,622,008.58
Year 19	\$ 160,141.44	\$ 708,684.63	\$ 2,674,218.76
Year 20	\$ 163,118.29	\$ 720,136.33	\$ 2,727,473.13

