

Council Resolution 184-2025 Fiscal Analysis

Introduced: October 6, 2025

Fiscal Manager: Yusef Ibrahim

Legislative Intent: Council Resolution 184-2025 proposes a 15-year extension of the Payment In Lieu of Taxes (PILOT) agreement for Orchard Club Apartments, a 196-unit affordable housing community in ElkrIDGE.

ANALYSIS

Fiscal Impact:

The proposed resolution will result in a reduction in property tax revenue to Howard County over the next 15 years. According to the Administration, the PILOT supports the County's affordable housing goals. Under the extended PILOT agreement with Orchard Club, LLLP, the County will receive an annual average payment of \$168,969¹, totaling approximately \$2,534,537 over the 15-year extension period.

In the absence of a PILOT, the County would otherwise receive an estimated \$4,565,215 in property tax revenue over the same period. This represents a projected revenue reduction of \$2,030,678. Despite this reduction, the agreement ensures that 99 of the 196 units at Orchard Club Apartments will remain affordable to lower and moderate-income households.

Specifically, 25% of the units will be reserved for households earning up to 50% of the HUD Baltimore MSA income limits and another 25% for those earning up to 80%. The owner will continue to pay 4% of gross rental income annually, as well as the County's fire tax, ad valorem, and watershed fees. The HC Housing & Community Development Board (HCDB) believes that the property is well maintained because there are adequate reserves in place to address maintenance needs. The owner has also committed to requesting an extension of the Extended Use Agreement (EUA) with the Maryland Department of Housing and Community Development through 2040 to align with the PILOT term. The Administration acknowledges the loss in revenue but note that this is offset by the long-term benefit of preserving affordable housing in a high-demand area.

Budget Implications:

FY 2026 Operating Budget Line²: Total Funds Property Taxes Revenue (\$960,923,598)

Extending the PILOT agreement for Orchard Club Apartments would reduce future real property tax revenue by approximately \$2.03 million over 15 years, or about \$135,000 per year. This reduction represents a long-term impact on the County's budget but supports the preservation of affordable housing and the continued maintenance of community standards.

Other Notes: None

¹ See page 2 of this analysis full comparison of PILOT amounts

² Page 18 in HC FY26 Approved Operating Budget

Orchard Club Apartments

3% annual increase	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Gross Rent Earned	3,663,731	3,773,643	3,886,852	4,003,457	4,123,561	4,247,268	4,374,686	4,505,927	4,641,104	4,780,337	4,923,748	5,071,460	5,223,604	5,380,312	5,541,721
Vacancy Lost	(201,116)	(207,149)	(213,364)	(219,765)	(226,358)	(233,148)	(240,143)	(247,347)	(254,767)	(262,410)	(270,283)	(278,391)	(286,743)	(295,345)	(304,206)
Net Revenue	3,462,615	3,566,493	3,673,488	3,783,693	3,897,204	4,014,120	4,134,543	4,258,580	4,386,337	4,517,927	4,653,465	4,793,069	4,936,861	5,084,967	5,237,516
Utiliites	(55,780)	(57,453)	(59,177)	(60,952)	(62,780)	(64,664)	(66,604)	(68,602)	(70,660)	(72,780)	(74,963)	(77,212)	(79,528)	(81,914)	(84,372)
Gross Rent Earned	3,406,835	3,509,040	3,614,311	3,722,741	3,834,423	3,949,456	4,067,939	4,189,978	4,315,677	4,445,147	4,578,502	4,715,857	4,857,332	5,003,052	5,153,144
PILOT 4%	136,273	140,362	144,572	148,910	153,377	157,978	162,718	167,599	172,627	177,806	183,140	188,634	194,293	200,122	206,126
Fire Tax	(33,945)	(34,963)	(36,012)	(37,093)	(38,205)	(39,352)	(40,532)	(41,748)	(43,001)	(44,291)	(45,619)	(46,988)	(48,397)	(49,849)	(51,345)
Ad Valorem	(13,183)	(13,578)	(13,986)	(14,405)	(14,838)	(15,283)	(15,741)	(16,213)	(16,700)	(17,201)	(17,717)	(18,248)	(18,796)	(19,360)	(19,940)
Watershed	(7,840)	(8,075)	(8,317)	(8,567)	(8,824)	(9,089)	(9,361)	(9,642)	(9,931)	(10,229)	(10,536)	(10,852)	(11,178)	(11,513)	(11,859)
	(54,968)	(56,617)	(58,316)	(60,065)	(61,867)	(63,723)	(65,635)	(67,604)	(69,632)	(71,721)	(73,872)	(76,089)	(78,371)	(80,722)	(83,144)

With PILOT

Fire, Ad Valorem, Watershed	54,968	56,617	58,316	60,065	61,867	63,723	65,635	67,604	69,632	71,721	73,872	76,089	78,371	80,722	83,144
Total Minimum Payment	81,305	83,745	86,257	88,845	91,510	94,255	97,083	99,995	102,995	106,085	109,268	112,546	115,922	119,400	122,982
Total	136,273	140,362	144,572	148,910	153,377	157,978	162,718	167,599	172,627	177,806	183,140	188,634	194,293	200,122	206,126

2,534,537	15 Year Total
168,969	15 Year Average

Without PILOT

Fire, Ad Valorem, Watershed	54,968	56,617	58,316	60,065	61,867	63,723	65,635	67,604	69,632	71,721	73,872	76,089	78,371	80,722	83,144
County Tax, StateTax	190,488	196,203	202,089	208,151	214,396	220,828	227,453	234,276	241,304	248,544	256,000	263,680	271,590	279,738	288,130
Total	245,456	252,820	260,404	268,216	276,263	284,551	293,087	301,880	310,936	320,264	329,872	339,769	349,962	360,460	371,274

4,565,215	15 Year Total
304,348	15 Year Average

Difference With or Without Cumulative	109,183	112,458	115,832	119,307	122,886	126,573	130,370	134,281	138,309	142,459	146,732	151,134	155,668	160,338	165,148
	109,183	221,641	337,472	456,779	579,665	706,238	836,607	970,888	1,109,198	1,251,656	1,398,388	1,549,523	1,705,191	1,865,529	2,030,678

(2,030,678)	Less With Pilot Extension
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