

**Council Resolution 39-2026 Fiscal Analysis (REVISED)**

**Introduced:** March 2, 2026

**Fiscal Manager:** Yusef Ibrahim

**Legislative Intent:** Council Resolution 39-2026 authorizes the County Executive to enter into a Payment in Lieu of Taxes (PILOT) agreement with Enterprise Community Development, Inc. (the "Developer") for the redevelopment of Fall River Terrace, from its existing 56-unit affordable housing community to a new 76-unit building.

**ANALYSIS**

**Fiscal Impact:**

Fall River Terrace is an existing 56-unit affordable housing community located in Columbia, Maryland. According to the Administration, all tenants have now been relocated to other dwellings across the County. The redevelopment will demolish the existing aging housing stock and construct a new 76-unit, elevator-served apartment building. The updated development will be available to residents with income levels seen below:

<b>Income Level</b>	<b>Prior 56-Units Property*</b>	<b>New 76-Unit Property</b>
At or Below 50% AMI (\$46,650 single individual, \$65,150 for four)	25	25
Up to 80% AMI (\$73,040 single individual, \$104,240 for four)	31	31
Market Rate		20

\*According to the Administration, the existing 56 apartments include 25 households who benefit from Project-Based Rental Assistance, generally serving households with incomes at 30% AMI or less. The remainder were restricted to 80% AMI under a now expired HUD Use Agreement, but as a practical matter the residents of these apartments typically have incomes lower than that.

Per the Administration, the developer states that the PILOT is necessary to close a financing gap between the approved first mortgage loan amount and the amount needed to fully fund the project, while maintaining the debt coverage ratio required by lenders. Upon completion, the property is projected to be assessed at \$20,090,950 with an annual tax and fee collections of \$155,994 (year 1) in year one under the proposed PILOT. In contrast, without the PILOT the developer would pay \$342,944. The table below summarizes the annual tax impact of the proposed PILOT (year 1):

<b>Tax Category</b>	<b>Without Pilot Annual Payout</b>	<b>Annual Payout with PILOT</b>
Real Estate Taxes – County	\$209,750	—
Payment in Lieu of Taxes (PILOT)	—	\$22,800
Fire	\$41,387	\$41,387
Ad Valorem	\$16,073	\$16,073
Watershed	\$7,425	\$7,425
CPRA	\$68,309	\$68,309
<b>Total</b>	<b>\$342,944</b>	<b>\$155,994</b>

Under the PILOT agreement, the County's annual real estate tax revenue on this property is reduced from \$209,750 to \$0 and will be replaced by an annual minimum PILOT payment of \$22,800. Beginning in Year 11 (FY2038), when the project is projected to generate positive cash flow, the Developer will also make surplus cash PILOT payments (positive cash flow after debt service and operating expenses<sup>1</sup>) equal to 2% of gross rental income in addition to the minimum payment.

**40 Year PILOT Effect on Revenue**

<b>Min. PILOT Payment</b>	<b>Surplus Cash</b>	<b>County Revenue with PILOT</b>	<b>County Revenue Without PILOT</b>	<b>Net Revenue Impact</b>
\$9,613,851	\$1,778,528	\$11,392,380	\$20,591,641	-\$9,199,261

**Budget Implications:**

FY 2026 Operating Budget Line<sup>2</sup>: Community Renewal Program Fund (\$23,136,035)

Approval of this resolution will result in foregone County real estate tax revenue beginning in the first full fiscal year following project completion (anticipated FY2028). The reduction in County real estate tax revenue will not appear as a budget expenditure but reflects the Administration’s policy commitment to affordable housing preservation. No changes to the FY2026 Operating Budget are anticipated as a direct result of this resolution.

The County is also contributing the following gap funding to support the redevelopment:

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<sup>1</sup> See Attachment A

<sup>2</sup> Page 370 in HC FY26 Approved Operating Budget

Funding Source	Amount	Status
<a href="#">Howard County Community Renewal Fund</a>	\$2,000,000	Appropriated in FY26 Budget
Howard County Additional Gap Funding	\$579,000	To be requested in a future budget year
Howard County HOME Funding	\$421,000	Grant agreement in process
Total County Gap Funding	\$3,000,000	

**Other Notes:**

None