



ANNE ARUNDEL COUNTY OFFICE OF LAW

Legislative Summary

To: Members, Anne Arundel County Council

From: Kelly Phillips Kenney, Supervising County Attorney /s/

Via: Gregory J. Swain, County Attorney /s/

Date: February 20, 2024

Subject: Bill No. 13-24: Payment in lieu of taxes (PILOT) – College Parkway Place, Annapolis, Maryland

This summary was prepared by the Anne Arundel County Office of Law for use by members of the Anne Arundel County Council during consideration of Bill No. 13-24.

Background

The property known as College Parkway Place, 570 Bellerive Drive, Annapolis, Maryland, is currently subject to a Payment in Lieu of Taxes (“PILOT”) agreement dated May 5, 2004 (the “Prior Agreement”). The property will soon be transferred to a new owner, and this Bill would authorize entry into a new PILOT Agreement with the new owner for a 40-year term.

PILOT Agreements are authorized by State law for certain types of properties, including but not limited to, housing for persons of limited income, subsidized housing, housing commission or housing authority properties, and housing for senior citizens. Md. Code Ann., Tax-Prop., §§ 7-501, *et seq.* The State law allows a county to exempt those specific properties from county real property taxes if certain conditions are met, including entry into an agreement for a negotiated amount in lieu of property taxes. The agreement must be entered with the owner of the property and the governing body of the county, which in Anne Arundel County, requires approval by both the County Council and the County Executive. Once a PILOT is in place and the conditions are met, the owner pays the negotiated amount, rather than any County real property taxes.

Purpose

The purpose of Bill No. 13-24 is to authorize the County Executive to enter into a PILOT Agreement with RF College Parkway, LLC, the entity that will take over ownership of the existing College Parkway Place property, which consists of 170 units of rental housing. The PILOT only applies to County taxes.

Note: This Legislative Summary provides a synopsis of the bill as introduced. It does not address subsequent amendments to the bill.

Bill No. 13-24

SECTION 1.

This section authorizes an exemption from County real property taxes for College Parkway Place in accordance with § 7-506.1 of the Tax-Property Article of the State Code, which provides, among other things, that real property may be exempt from county property tax if:

(i) the real property is owned by a person engaged in constructing or operating housing structures or projects;

(ii) the real property is used for a housing structure or project that is constructed or substantially rehabilitated under a federal, State or local government program that:

1. funds construction or insures its financing in whole or in part, or

2. provides interest subsidy, rent subsidy, or rent supplements;

(iii) the owner and the governing body of the county and, where applicable, the municipal corporation where the real property is located agree that the owner shall pay a negotiated amount in lieu of applicable county or municipal corporation property tax; and

(iv) the owner of the real property:

1. A. agrees to continue to maintain the real property as rental housing for lower income persons under the requirements of the government programs described in Paragraph (2)(ii) of this subsection; and

B. agrees to renew any annual contributions contract or other agreement for rental subsidy or supplement; or

2. enters into an agreement with the governing body of the county or municipal corporation to allow the property or the portion of the property which was maintained for lower income persons to remain as housing for lower income persons for a term of at least 5 years.

SECTION 2.

This section authorizes the County Executive to enter into the PILOT Agreement, which is attached to the Ordinance as Exhibit A. The PILOT Agreement identifies the property and in paragraph 2, indicates the number of units that will be made available to various income levels. As set forth in the Agreement, the payment in lieu of taxes shall begin on the later of July 1, 2024, or after the Property is acquired by the new owner and the dwelling units are in compliance with the conditions of paragraph 2 of the PILOT. The PILOT shall be in place for 40 years, unless any of the events listed in paragraph 4 occur. Under paragraph 6 of the PILOT Agreement, the payment

in lieu of taxes for the first Fiscal Year shall be \$83,809.95. This is the last fiscal year's PILOT payment, plus 4%. For the remaining fiscal years, the payment in lieu of taxes shall be the previous year's amount, plus 4% per annum.

SECTION 3.

This section provides that the exemptions and PILOT may not take effect until the requirements of § 7-506.1 of the Tax-Property Article of the State Code are met.

SECTION 4.

This section provides that upon execution of the PILOT, the Prior Agreement shall become null and void and of no further force and effect.

SECTION 5.

This section provides that the bill takes effect 45 days after it becomes law.

The Office of Law is available to answer any additional questions regarding this Bill.
Thank you.

cc: Honorable Steuart Pittman, County Executive
Christine Anderson, Chief Administrative Officer
Jeff Amoros, Chief of Staff
Ethan Hunt, Government Relations Officer
Chris Trumbauer, Budget Officer
Janssen Evelyn, Deputy Chief Administrative Officer
Erin Shearman Karpewicz, Arundel Community Development Services
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