



## FREDERICK COUNTY, MARYLAND AFFORDABLE HOUSING DEVELOPER INCENTIVE PROGRAMS

### Multi Family Rental Housing

Frederick County Division of Housing  
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#### **Development Impact Fee Exemption for Affordable Housing Program**

- Exemption of public school and library impact fees
- Residential development is financed, in whole or part, by public funding that requires mortgage restrictions or recorded covenants restricting the rental or sale of the housing units to lower income residents in accordance with specific government program requirements
- Units remain affordable for a minimum of 25 years
- The residential development will serve households with initial incomes in accordance with specific government regulatory requirements, but no greater than 60 percent of the Washington area median income (AMI) limit set by the U.S. Department of Housing and Urban Development
- Amount of fees is secured by a Deed of Trust (DoT) and Note or some other county approved lien document in the form of a -0-percent deferred loan forgiven after 25 years if all provisions of the public financing regulatory requirements and DoT are met

***Example: 100 unit multi-family project: (Based on FY 23 Rates)***

- Fees for apartments (other residential) = \$8,281.00 per unit or \$828,100 for total project

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#### **Payment in Lieu of Tax Program (PILOT)**

- Payments in Lieu of Tax ("PILOT") Program provides for the payment of a negotiated amount in lieu of payment of Frederick County real property tax on an approved housing development, either new construction or rehabilitation, that provides rental housing for low or moderate income citizens. The County and Developer specify terms through Resolution and a recorded PILOT Agreement.
- For projects located within a Frederick County municipality, the County will not authorize a PILOT agreement unless there is approval of the project by the municipality within which the project is located. No monetary support is required by the municipality for the project.
- The current negotiated payment in lieu of tax reduction is \$520 per affordable unit constructed.

***Example: 100 unit multi-family project***

- Negotiated payment in lieu of tax reduction is \$520/unit/annual
- Total annual payment in lieu of tax reduction for project = \$52,000

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## **Housing Initiative Fund -Deferred Loan Program for Organizations**

The purpose of the Deferred Loan Program (DLP) is to provide flexible loans to help create and preserve affordable housing for Frederick County through leveraging of other funding sources, such as local, state, federal, public and private sources. Based on funding availability, the DLP provides -0% deferred loans for capital costs of rental and ownership housing. Repayments to the DLP return to a revolving fund to be used for future DLP loans.

Eligible uses of the DLP funds include acquisition, construction, rehabilitation or preservation of affordable housing within Frederick County or municipalities within Frederick County.

Examples include usual and reasonable predevelopment expenses, purchase of existing property, purchase of unimproved land, fees for architects and other professionals, demolition to make way for affordable housing, building materials and labor costs, equipment or fixtures that become a part of real estate, and purchase of federally assisted housing to guarantee continuation of federal assistance.

Eligible applicants include Nonprofit or not-for-profit organizations, Public Housing Authorities, Government agencies, and Profit-motivated entities actively involved in the development of affordable housing.

Projects must serve households with a total gross income at or below 60% of the Washington median family income limit published annually by the U.S. Department of Housing and Urban Development.

For projects containing 1 to 10 units, project must leverage a minimum of 3-1 from other sources (local, state, federal or private). For projects containing over 10 units, project must leverage a minimum of 5-1 from other sources.

Contact Susan Brown at 301-600-3530 for funding availability.