

AS AMENDED ON AUGUST 22, 2005

RESOLUTION NO. 1296

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SALISBURY, MARYLAND  
ADOPTING A POLICY TO PROVIDE FOR A PAYMENT-IN-LIEU-OF-TAXES AND A  
TAX DEFERRAL PLAN FOR AFFORDABLE HOUSING PROJECTS THAT SERVE LOW  
INCOME PEOPLE**

WHEREAS, the City Council finds that there is a need for quality, affordable housing to serve low-income people within the City, and

WHEREAS, the City Council understands that, in order to encourage the development of such housing it is necessary for the City to defer the collection of real estate property taxes that would otherwise be due;

NOW, THEREFORE, BE IT RESOLVED that the Salisbury City Council adopts the following policy to provide for a payment-in-lieu-of-taxes (PILOT) and a tax deferral plan for affordable housing projects that serve low-income people:

- 1) to be eligible, the project must meet the following criteria:
  - a) be located in a Department of Housing and Urban Development Qualified Census Tract;
  - b) have been granted low-income housing tax credits through the State of Maryland program; and
  - c) is covered by a covenant through the State program to set its rental rates for 40 years so that they serve people earning less than 50% of the area median income
- 2) eligible projects may be granted a PILOT arrangement under separate resolution by the City Council, through which they will pay a total of \$350 per unit to be divided between the City and the County during the first year. The amount of the PILOT payment will increase by \$25 per year in each of the first twenty (20) years of the project.
- 3) the annual PILOT payments will be divided proportionally between the City and the County in the same proportion as their respective tax rates, recalculated each fiscal year.
- 4) The owners of the development would never be responsible for paying more in PILOT payments than the actual tax that would be due during any year.
- 5) at the end of the initial twenty (20) year term of the project, the owners will pay to both the City and the County the difference between the payments made under the PILOT arrangement and the real property taxes that would otherwise have been payable had the PILOT arrangement not been in existence.
- 6) During each year after the initial twenty (20) year term of the project, the owners will be liable for all regular real property taxes due to both the City and the County.
- 7) The deferred and accrued taxes will be recaptured and immediately due and payable and no further deferral will be allowed in the event that the project is sold, transferred or not operated to provide housing for citizens of low income in accordance with the guidelines of the Department of Housing and Community Development. The City Council retains the right to modify this paragraph in the event that such sale or transfer is approved by the City and the provision of housing for citizens of low income is continued.

BE IT FURTHER RESOLVED that the City Council assumes that the Wicomico County Council will adopt a similar policy.

THE ABOVE RESOLUTION was introduced and duly passed at a meeting of the Council of the City of Salisbury, Maryland held on the 22<sup>nd</sup> day of August, 2005 and is to become effective immediately upon adoption.

ATTEST:

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Brenda J. Colegrove  
CITY CLERK

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Michael P. Dunn  
PRESIDENT, City Council

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Barrie P. Tilghman  
MAYOR, City of Salisbury