

**Frederick County Department of  
Housing and Community Development**

401 Sagner Avenue  
Frederick, MD 21701

[www.FrederickCountyMD.gov/housing](http://www.FrederickCountyMD.gov/housing)



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**FREDERICK COUNTY DEVELOPMENT IMPACT FEE  
EXEMPTION FOR AFFORDABLE HOUSING PROGRAM  
FACT SHEET**

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**Purpose of Program**

Frederick County Government (the “County”) established the Development Impact Fee Exemption for Affordable Housing Program (DIFEP) by adopting Frederick County Ordinance No. 10-25-560 (Section 1-22-7 of the Frederick County Code) to assist with the creation of affordable housing by allowing qualifying applicants for residential development to be exempt from the payment of development impact fees if:

1. The 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; or
2. The residential development is developed by a nonprofit organization that 1) has been exempt from federal taxation under 501(c)(3) of the Internal Revenue Code for a period of at least 3 years; and 2) requires the homebuyer to participate in the construction of the residential development.

**Responsible Parties/Agency**

The Department of Housing and Community Development (DHCD), Citizens Services Division shall administer the DIFEP. Applications for the impact fee exemption will be made to DHCD on a form to be provided by DHCD. An exemption determination from DHCD shall be provided to the Division of Planning and Permitting (DPP) prior to issuance of the building permit. If the application is approved, the applicant will be exempt from development impact fees for public schools and libraries; current rates are listed on the DPP web site. The development impact fees must be paid to the County immediately if the housing fails to meet the requirements of Section 1-22-7(F) of the Frederick County Code.

**Criteria for Rental Project Applicant**

1. A rental project applicant must meet the qualifications as described in §1-22-7(F)(1)(a) of the Frederick County Code, and the rental project must be financed by public funding with mortgage restrictions that include a stipulation that the units remain affordable for a minimum of 25 years; and
2. The residential development must 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 (HUD). See the income limits table on the DHCD website.

3. A rental project applicant must agree to provide annual certifications to DHCD of rental project compliance as mandated by the public funding agency regulatory agreement.
4. Once a rental project applicant is determined to be eligible by DHCD, a lien or covenant on the property, documented via an Impact Fee Recapture Agreement, or other security acceptable to the County Attorney shall be executed between the rental project applicant and the County to secure the amount of the development impact fee exemption. DHCD shall execute the Impact Fee Recapture Agreement on behalf of the County, with prior written approval from the County Attorney's Office.
5. A written exemption determination from the Director of DHCD shall be provided to the DPP in place of the development impact fee payment due for issuance of the building permit. The applicant must also attach a copy of the determination to all applications submitted to the DPP.

### **Criteria for Non-profit Organization**

1. A non-profit organization must be developing residential housing to be sold to a qualifying homebuyer, and must meet the qualifications as described in §1-22-7(F)(1)(b) of the Frederick County Code, which include the following:
  - a. The homebuyer applicant must participate in the construction of the home.
  - b. The homebuyer's total gross household income must be at or below 60 percent of the Washington AMI limit set by HUD.
2. Once certified as eligible, a Deed of Trust (DoT) and Note shall be executed between the non-profit organization and the County to secure the amount of the development impact fee exemption, specifying a zero percent (0%) interest rate. DHCD shall execute the DoT and Note on behalf of the County, with prior written approval from the County Attorney's Office. If the home is not sold within one year to a qualified homebuyer, then the non-profit organization shall pay the development impact fees to the BoCC. The non-profit organization may also request an extension of the one-year period. If approved, the non-profit and the County will execute an amended Note.
3. If the non-profit sells the home to a qualified homebuyer within the one year period, or any extension thereof, a new DoT will be executed between the homebuyer and the County and the DoT and Note between the County and the non-profit will be released.
4. The DoT and Note between the homebuyer and the County will specify that the amount of the development impact fees must be paid immediately if any of the following occurs (a) any sale or transfer of title to the property or any interest in it to any other person or entity; (b) any refinancing of any senior mortgage; or (c) when the homeowner is no longer the primary occupant.

### **Instructions**

Download application from website and complete in full.

Rental Project Applicants:

Submit copy of approval of project by Public Finance Agency  
Submit copy of sample mortgage restrictions or covenants

Non-profit Applicants:

Submit proof of IRS status

**Submit Application and Attachments to:**

Director  
Frederick County Housing and Community Development  
401 Sagner Avenue  
Frederick, Maryland 21701

For further information and questions, contact 301-600-3530 or [MBailey@FrederickCountyMD.gov](mailto:MBailey@FrederickCountyMD.gov)