

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND
2012 Legislative Session

Resolution No. CR-82-2012
Proposed by The Chair (by request – County Executive)
Introduced by Council Members Harrison and Davis
Co-Sponsors _____
Date of Introduction October 16, 2012

RESOLUTION

1 A RESOLUTION concerning

2 PILOT Agreement for Parkview at Bladensburg Rental Housing Project

3 For the purpose of approving the terms and conditions of a negotiated Payment in Lieu of Taxes
4 (PILOT) Agreement between Prince George’s County and Bladensburg, LLLP (“Owner”).

5 WHEREAS, Park Seton Limited Partnership, a limited partnership of the State of Maryland
6 (“Previous Owner”), owned a certain parcel of land located at 4202 58th Avenue, Bladensburg,
7 Maryland, 20710 (“Property”); and

8 WHEREAS, the Previous Owner constructed an elderly rental housing project on the
9 Property that contains 101 apartment units and 1 staff unit and utilized the Property to provide
10 housing for low to moderate income elderly residents (“Project”); and

11 WHEREAS, the Previous Owner operated the Project for rental housing on a limited
12 distribution basis pursuant to a regulatory agreement between the Previous Owner and the State
13 of Maryland Community Development Administration or other governmental authority, which
14 was executed in connection with the Previous Owner’s financing of the Project; and

15 WHEREAS, the Previous Owner and the County entered into a certain Agreement, dated
16 July 6, 1994, that required the Previous Owner to pay the County negotiated payment sums in
17 lieu of the payment of ordinary real property tax assessment (“Original PILOT”); and

18 WHEREAS, Shelter Development, LLC, a Maryland limited liability company (“Shelter”),
19 and the Managing General Partner of Bladensburg Development LLLP, which is the Managing
20 General Partner of the Owner, desires that the Project continue to provide housing for low to
21 moderate income elderly residents and in furtherance thereof, Shelter formed the Owner entity to
22 purchase the Project from the Previous Owner, which is currently operated under management of

1 an affiliate of Shelter, in order to qualify for an allocation of low-income housing tax credits to
2 finance the rehabilitation of the Project; and

3 WHEREAS, the Owner has requested that the County permit the Owner to make payments
4 in lieu of County real property taxes pursuant to Section 7-505 of the Tax-Property Article of the
5 Annotated Code of Maryland, as amended (the "Act"); and

6 WHEREAS, Section 7-505 of the Tax-Property Article of the Annotated Code of Maryland
7 provides, among other things, that real property is exempt from County property taxes if:

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

10 (2) the real property is used for a housing structure or project that (i) is constructed or
11 substantially rehabilitated under a federal, State, or local government program that funds
12 construction or insures its financing or provides interest subsidy, rent subsidy, or rent
13 supplements and (ii) is substantially completed after July 1, 1978;

14 (3) the structures and facilities of the real property are governmentally controlled as to
15 rents, charges, rates of return, and methods of operation so that the real property operates on a
16 nonprofit or limited distribution basis; and

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

20 WHEREAS, there is a significant need for quality rental housing units in Prince George's
21 County for seniors of low or limited income; and

22 WHEREAS, the Owner has demonstrated to the County that negotiated payments in lieu of
23 County real property taxes is necessary to make the Project economically feasible; and

24 WHEREAS, the County Executive endorses and recommends approval of the Project and
25 the Project financing as set forth on Attachments A1 through A3, attached hereto and made a
26 part hereof; and

27 WHEREAS, in order to continue to provide affordable housing for the elderly, it is in the
28 interest of the County to accept payments in lieu of County real property taxes, subject to the
29 terms and conditions of the negotiated Payment in Lieu of Taxes Agreement (the "Agreement")
30 attached hereto as Attachment B and made a part hereof; and

31 NOW, THEREFORE, BE IT RESOLVED by the County Council of Prince George's

1 County, Maryland, that in accordance with the Act, the County shall accept payment in lieu of
2 County real property taxes for the Project subject to the Agreement attached to this Resolution;
3 and

4 BE IT FURTHER RESOLVED that the County Executive or designee of the County
5 Executive is hereby authorized to execute and deliver the Agreement in the name and on behalf
6 of the County in substantially the form attached hereto.

7 BE IT FURTHER RESOLVED that the County Executive, prior to execution and delivery
8 of the Agreement, may make such changes or modifications to the Agreement as deemed
9 appropriate by the County Executive in order to accomplish the purpose of the transactions
10 authorized by this Resolution, provided that such changes or modifications shall be within the
11 scope of the transactions authorized by this Resolution; and the execution of the Agreement by
12 the County Executive or designee of the County Executive shall be conclusive evidence of the
13 approval of the County Executive of all changes or modifications to the Agreement; and the
14 Agreement shall thereupon become binding upon the County in accordance with the terms
15 therein.

Adopted this 16th day of October, 2012.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Andrea C. Harrison
Chair

ATTEST:

Redis C. Floyd
Clerk of the Council

APPROVED:

DATE: _____ BY: _____
Rushern L. Baker, III
County Executive

Note: Attachment B available in hard copy and as an Inclusion File in LIS

ATTACHMENT A-1

PROJECT INFORMATION SHEET

**Parkview at Bladensburg
Elderly Residential Rental Units
4202 58th Avenue, Bladensburg, Maryland 20710**

COUNCILMANIC DISTRICT 5

PROJECT DESCRIPTION: Acquisition and rehabilitation of 101 affordable rental housing units for the elderly and 1 staff unit.

OWNER: Bladensburg, LLLP

DEVELOPER: Shelter Development

CONTACT: Jeff Hettleman
The Shelter Group
218 N. Charles Street, Suite 220
Baltimore, Maryland 21201

NEIGHBORHOOD/LOCALITY: Project is located in Bladensburg.

UNIT MIX: The unit mix is (100) one-bedroom and (1) two-bedroom apartments, plus (1) staff unit.

PROPOSED RENTS: \$489 - \$842 per month.

ATTACHMENT A-2

PROJECT SUMMARY

**Parkview at Bladensburg
Elderly Residential Rental Units
4202 58th Avenue, Bladensburg, Maryland 20710**

COUNCILMANIC DISTRICT 5

PROJECT DESCRIPTION:

Parkview at Bladensburg is an existing rental housing project comprised of 101 elderly rental units and 1 staff unit, targeted at age and income qualified seniors. The subject property was developed in 1994 and has been a valued resource providing quality affordable housing in the Bladensburg community for 16+ years. It is a stable operating property that is currently at 97% occupancy. The property consists of 100 one-bedroom units, 1 two-bedroom unit and 1 staff unit. All 101 units are targeted for elderly residents at or below 60% of AMI. The breakdown of units is: 98 units at 60% AMI; 2 units at 50% AMI; 1 unit at 30% AMI and 1 staff unit.

RENOVATION:

The acquisition and renovation of Parkview at Bladensburg will allow Shelter Development to enhance the project by investing approximately \$22,000 per unit in renovations and improvements as detailed below; and extend the affordability period for the project, to include the 10 HOME assisted units, by an additional (40) year, ten (10) month period beginning on the commencement of the permanent loan period for the project's Senior Mortgage Loan.

The renovations will enhance energy efficiency; improve common area amenities and related service offerings as well as overall systems review and replacement. Summary of the planned improvements is shown below. All rehabilitation will be done in place, with the exception of any required modification for Uniform Federal Accessibility Standards units:

EXTERIOR: Replace Roof; Repair & caulk siding; Replace entry doors with automatic sliding doors; Repair/replace all aluminum windows; Repair parking area and address accessibility;
INTERIOR: Kitchen upgrades with energy star appliances; Replace cabinets/countertops and flooring; In 5 units upgrade kitchens and bathrooms to UFAS standards, and in 2 units upgrade to include equipment for visually/hearing impaired; Replace all PTAC (heat/ac) units and hot water heaters. **COMMON AREAS:** Paint; Replace kitchen appliances/fixtures/cabinets; Upgrade lighting and flooring; Upgrade public bathrooms and other areas to ADA compliance; Paint corridors and provide crown molding/trim; Replace carpeting; Add computer room to 2nd floor laundry area; Add a one-station beauty salon. At completion project will have the following accessible units in compliance with Section 504 and the HOME regulations: five (5) UFAS units plus, two (2) units for visual and/or hearing impaired.

ATTACHMENT A-3
PROJECT FINANCING ESTIMATE
Parkview at Bladensburg
Elderly Residential Rental Units
4202 58th Avenue, Bladensburg, Maryland 20710
COUNCILMANIC DISTRICT 5

SOURCES OF FUNDS	AMOUNT	%
Maryland CDA Tax Exempt Bonds	\$ 3,500,000.00	34.66
50% Bonds (short term-repaid with LIHTC equity)	\$ 800,000.00	7.92
MHRP Loan	\$ 257,000.00	2.53
RHW Loan	\$ 250,000.00	2.47
Developer's Equity (Deferred Developer Fee)	\$ 238,648.00	2.36
Transfer of RFR, Taxes, Ins. Escrows	\$ 165,368.00	1.64
Interim Income	\$ 210,000.00	2.08
Low Income Housing Tax Credit (LIHTC)	\$ 2,254,191.00	22.32
<i>Sub-total of Sources of Funds:</i>	\$ 7,675,207.00	76.00
<i>ASSUMPTION OF EXISTING DEBT</i>		
Maryland RHPP Loan	\$1,534,827.00	15.20
Prince George's County HOME Loan	\$ 823,220.00	8.16
Shelter Foundation Loan	\$ 63,446.00	0.64
<i>Sub-total Existing Debts to be Assumed:</i>	\$ 2,421,493.00	24.00
TOTAL SOURCES	\$10,096,700.00	100.00
USES OF FUNDS	AMOUNT	%
Construction Costs	\$ 2,266,312.00	22.42
Construction Contingency	\$ 226,631.00	2.25
A&E and Other Construction Fees	\$ 433,775.00	4.30
Acquisition Costs	\$ 4,228,113.00	41.89
Financing Fees and Other Costs	\$ 789,257.00	7.82
Financing (soft costs) Contingency	\$ 43,000.00	0.43
Developer Fee	\$ 946,213.00	9.37
50% Bonds (short term-repaid with LIHTC equity)	\$ 800,000.00	7.92
Operating Reserve	\$ 204,000.00	2.02
Capitalized Reserve for Replacement	\$ 30,600.00	0.30
Pre-funded Tax & Insurance Escrow	\$ 26,800.00	0.27
Syndication Costs	\$ 101,999.00	1.01
TOTAL USES	\$10,096,700.00	100.00