

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND
2010 Legislative Session

Resolution No. CR-101-2010

Proposed by The Chairman (by request – County Executive)

Introduced by Council Member Dernoga

Co-Sponsors _____

Date of Introduction October 12, 2010

RESOLUTION

1 A RESOLUTION concerning

2 PILOT Agreement for Parkview at Laurel Senior Residential Rental Project

3 For the purpose of approving the terms and conditions of a Negotiated Payments in Lieu of
4 Taxes (“PILOT”) Agreement between Prince George’s County, Maryland and Laurel, LLLP.

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

7 WHEREAS, Laurel, LLLP proposes to acquire, rehabilitate and operate a rental housing
8 project comprising 153 units, known as Parkview at Laurel, located at 9000 Briarcroft Lane,
9 Laurel, Maryland 20708 (the “Project”), for low and very-low income seniors, as more fully
10 described in Attachment “A”; and

11 WHEREAS, Laurel, LLLP has requested that the County permit it to make payments in lieu
12 of County real property taxes pursuant to Section 7-506.1 of the Tax-Property Article of the
13 Annotated Code of Maryland, as amended (the "Act"); and

14 WHEREAS, the Act provides, among other things, that real property may be exempt from
15 County property taxes if:

- 16 (1) The real property is owned by a person engaged in constructing or operating housing
17 structures or projects;
- 18 (2) The real property is used for a housing structure or project that is constructed under a
19 Federal, State or local government program that funds construction, or insures its
20 financing in whole or in part;
- 21 (3) The owner and the governing body of the county where the real property is located
22 agree that the owner shall pay a negotiated amount in lieu of the applicable county

1 property tax; and

- 2 (4) The owner of the real property enters into an agreement with the governing body of the
3 county to allow the entire property or the portion of the property which was maintained
4 for lower income persons to remain as housing for lower income persons for a term of
5 at least 5 years; and

6 WHEREAS, Laurel, LLLP has demonstrated to the County that negotiated payments in lieu
7 of County real property taxes is necessary to make the Project economically feasible; and

8 WHEREAS, in order to induce Laurel, LLLP to provide housing to low-income seniors, it
9 is in the interest of the County to enter into a PILOT Agreement, a draft copy of which attached
10 hereto as Attachment "B" and made part hereof; and

11 WHEREAS, the County Executive recommends approval of the Project.

12 NOW, THEREFORE, BE IT RESOLVED that in accordance with the Act, the County shall
13 accept payments in lieu of County real property taxes for the Project subject to the Agreement
14 attached to this Resolution.

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

18 BE IT FURTHER RESOLVED that the County Executive, prior to execution and delivery
19 of the Agreement, may make such changes or modifications to the Agreement as deemed
20 appropriate by the County Executive in order to accomplish the purpose of the transactions
21 authorized by this Resolution, provided that such changes or modifications shall be within the
22 scope of the transactions authorized by this Resolution; and the execution of the Agreement by
23 the County Executive or designee of the County Executive shall be conclusive evidence of the
24 approval of the County Executive of all changes or modifications to the Agreement; and the
25 Agreement shall thereupon become binding upon the County in accordance with the terms
26 therein.

27 BE IT FURTHER RESOLVED that this resolution shall become effective as of the date of
28 its adoption.

Adopted this 26th day of October, 2010.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Thomas E. Dernoga
Chair

ATTEST:

Redis C. Floyd
Clerk of the Council

APPROVED:

DATE: _____

BY: _____
Jack B. Johnson
County Executive

ATTACHMENT A-1

PROJECT INFORMATION SHEET

**Parkview at Laurel
9000 Briarcroft Lane, Laurel, Maryland 20708**

COUNCILMANIC DISTRICT 1

PROPERTY DESCRIPTION: Parkview at Laurel is the acquisition and the rehabilitation of 153 units of affordable elderly rental housing.

PROPOSED OWNER: Laurel, LLLP

DEVELOPER: Shelter Development

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

NEIGHBORHOOD/LOCALITY: Project is located in Laurel, Maryland

UNIT MIX: The unit mix will be 153 one-bedroom apartments.

PROPOSED RENTS: \$319 - \$843 per month.

ATTACHMENT A-2**PROJECT SUMMARY**

**Parkview at Laurel
9000 Briarcroft Lane, Laurel, Maryland 20708**

COUNCILMANIC DISTRICT 1

PROJECT DESCRIPTION: Parkview at Laurel is a 153 unit apartment community targeted at age and income qualified seniors. The subject 4-acre property was developed in 1993 and has been a valued resource providing quality affordable housing in the Laurel community of Prince George's County for 16+ years. It is a stable operating property that is currently at 96% occupancy. The property consists of 152 one-bedroom units and an employee unit. All 152 units are targeted for residents at or below 60% AMI. The breakdown of units is: 136 units at 60% AMI; 15 units at 50% AMI; 1 unit at 30% AMI; 1 employee unit.

RENOVATION: The acquisition and renovation of Parkview at Laurel will allow Shelter Development to **enhance the project** by investing approximately \$16,000/unit in renovations and improvements as detailed below; and extend **the affordability period** for this much needed housing resource by an additional fifteen years (it will be affordable for 40 years going forward).

The renovation scope has been thoughtfully crafted with an eye toward enhancing energy efficiency, improving 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.

- ✓ New windows
- ✓ Improved roof
- ✓ All new kitchens with Energy Star appliances, cabinets, and countertops
- ✓ New PTAC units in every apartment
- ✓ New HVAC in common areas
- ✓ Install low-flow water saving devices
- ✓ Install new comfort-height toilets & replace bathroom lighting with Energy Star fixtures
- ✓ Enhance hallways with carpet, paint, package shelves & architectural features
- ✓ Reverse apartment entry doors to improve accessibility
- ✓ Modify units to comply with Uniform Federal Accessibility Standards
- ✓ Additional units adapted to accommodate hearing and/or vision impaired persons
- ✓ Enhance common area amenities including renovating or creating:
 - Screened in exterior gazebo
 - Media Room
 - Fitness Facility
 - Package Shelves in hallways

This work is in addition to \$450,000 of recently completed work where Shelter Development replaced all piping and water heaters in the building, and repaired/replaced the sprinkler system.

ATTACHMENT A-3

PROJECT FINANCING ESTIMATE
Parkview at Laurel
Elderly Residential Rental Units
9000 Briarcroft Lane, Laurel, Maryland 20708

COUNCILMANIC DISTRICT 1

SOURCES OF FUNDS	AMOUNT	%
Tax Exempt Bonds	\$7,850,000	63.3%
LIHTC	\$2,107,748	17.0%
Prince George's County HOME Loan	\$800,000	6.5%
Partnership Rental Housing Funds	\$655,000	5.3%
Shelter Foundation Loan	\$282,240	2.3%
Escrow/Reserves Transfers	\$289,812	2.3%
Interim Income & Developer's Equity	\$412,507	3.3%
TOTAL SOURCES	\$12,397,307	

USES OF FUNDS	AMOUNT	%
Construction Costs	\$2,722,189	22.0%
A&E and Other Construction Fees	\$469,760	3.8%
Acquisition Costs	\$6,015,000	48.5%
Developer's Fee	\$1,221,038	9.9%
Financing Fees & Costs (incl. Constr. Interest)	\$1,178,775	9.5%
Guarantees & Reserves	\$695,500	5.6%
Syndication Costs	\$95,045	0.1%
TOTAL USES	\$12,397,307	

ATTACHMENT B**NEGOTIATED PAYMENTS IN LIEU OF TAXES AGREEMENT****Parkview Senior Residential Rental Project**

THIS AGREEMENT, made this _____ day of _____ 2010, by and among LAUREL LLLP, a limited partnership of the State of Maryland (the "Owner"), the HOUSING AUTHORITY OF PRINCE GEORGE'S COUNTY (the "Authority") and PRINCE GEORGE'S COUNTY, MARYLAND, a body corporate and politic (the "County").

WHEREAS, the Owner is a Maryland limited partnership which has or will enter into a ground lease with the Authority for a parcel of land located along Route 197 in Prince George's County, Maryland more particularly described on Exhibit "A", attached hereto and by reference made a part hereof (the leasehold estate being hereinafter referred to as the "Property") for the purpose of owning and operating thereon an apartment project, containing approximately 153 apartment units (the "Improvements") to provide housing primarily for low to moderate income elderly residents (the Property and the Improvements being hereinafter collectively referred to as the "Project"); and

WHEREAS, the Owner will operate the Project for rental housing on a limited distribution basis pursuant to a regulatory agreement between the Owner and the Community Development Administration of the Maryland Department of Housing and Community Development or other governmental authority (the "Regulatory Agreement") executed in connection with the financing of the Project; and

WHEREAS, Section 12-506(b)(10) of the Housing and Community Development Article of the Annotated Code of Maryland provides, that a Maryland public body may agree with a county housing authority for a payment in lieu of taxes with respect to property owned by the authority; and

WHEREAS, Section 7-506.1 of the Tax-Property Article of the Annotated Code of Maryland as amended 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 (which may include non-dwelling commercial and community facilities, community rooms, dining halls, and infirmaries to serve its occupants and

the surrounding neighborhood); (ii) the real property is used for a housing structure or project that is constructed under a federal, state or local government program that funds construction, or insures its financing in whole or in part; (iii) the owner thereof enters into an agreement with the governing body of the county where the real property is located for the payment of a negotiated sum or sums in lieu of county property taxes on said real property; and (iv) the owner of the real property enters into an agreement with said governing body of the county to allow the entire 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 five years; and

WHEREAS, the Owner and the Authority hereby represent that the Project will qualify in all respects, under the provisions of said Sections 12-506(b)(10) and 7-506.1 for an agreement for negotiated payments in lieu of ordinary Prince George's County real estate taxes upon the Project; and

WHEREAS, pursuant to Resolution No. ____ adopted on _____ 2010, the County Council of Prince George's County, Maryland, approved an agreement for payments in lieu of taxes for the Project, and authorized the County Executive to enter into such an agreement; and

WHEREAS, the County agrees to enter into an Agreement for payment of a negotiated sum or sums in lieu of Prince George's County real property taxes, provided that the Owner conducts its operations in accordance with the criteria and controls set forth in said Sections 12-506(b)(10) and 7-506.1, supra; and

WHEREAS, the Owner, the Authority and the County, have agreed upon a formula, as hereinafter described, to determine the sum payable by the Owner and the Authority to, the County in lieu of Prince George's County real property taxes upon the Project.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

In consideration of the mutual covenants, terms and agreements hereof and pursuant to the power and authority of said Sections 1-305(a)(12) and 7-505, supra, it is agreed as follows:

- (1) This Agreement shall become effective as of the date of the execution of this Agreement (the "Effective Date") and shall remain effective until the Termination Date (as defined in paragraph 3 below). The payments to be made by the Owner and the Authority to the County, provided for herein with respect to the Project, shall be in lieu of all ordinary Prince George's County taxes and special taxing district charges on real property under the Tax-Property Article of the Annotated Code of Maryland. Such payments shall be made by the Owner on behalf of itself

and the Authority and shall be accepted by the County only as long as: (i) the Project shall be owned and used for the provision of rental housing and related facilities (including parking facilities) on a limited distribution basis, pursuant to the Regulatory Agreement; and (ii) the Owner shall in all other respects comply with the conditions of Sections 12-506(b)(10) and 7-506.1 of the Tax-Property Article of the Annotated Code of Maryland.

- (2) The intention of this Agreement is that the payments in lieu of taxes shall at no time exceed the amount of taxes otherwise payable based on the assessment for Prince George's County real property taxes, but not including State of Maryland real property taxes.
- (3) Upon execution of this Agreement for the payment of the negotiated sums provided in paragraph four (4) hereof, the Property and the Improvements shall be exempt from ordinary Prince George's County taxes and special taxing district charges on real property for the period beginning upon the Effective Date hereof and ending on the earlier of the date on which the Project ceases to be subject to the Regulatory Agreement or the date on which the Ground Lease between the Owner and the Authority terminates or is redeemed (the "Termination Date").
- (4) For the period from the Effective Date until the Termination Date, the Owner shall pay, as and when County property taxes are due, on behalf of itself and the Authority, an amount equal to 90% of all County property taxes that would otherwise be due on account of the assessed value of the Improvements. No County property tax shall be due or payable on account of the assessed value of the Property.
- (5) All payments due under this Agreement shall be subject to the same interest rate, collection, and tax sale provisions of the Prince George's County Code as for the collection of County property taxes, except as otherwise expressly set forth in this Agreement.
- (6) If the Owner is in default for one hundred and eighty (180) days with respect to any payments required under any of the provisions of this Agreement, the County may, at its option, declare a default by providing written notice of such default to the Owner, the Authority and the holders of all mortgages or deeds of trust upon the Project. If within thirty (30) days of such notice, the payments have not been

brought current, then the County may, at its option, declare all taxes due as follows: a sum equal to the total real property taxes which would have been due from the Owner on account of the Improvements in the absence of this Agreement, plus all interest, if any, which shall have been charged pursuant to Paragraph 6, less all amounts actually paid under this Agreement. In order to enforce its rights under this Paragraph, the County may renegotiate this Agreement, foreclose or seek any other remedy available at law or in equity. Payments due under this Agreement shall be considered a lien against the Property, subordinate, however, to the first mortgage lien of

- (7) The Owner shall not be entitled to any cash distribution from the Project except as permitted in accordance with the Regulatory Agreement.
- (8) The Owner shall not make any transfer or exchange of the Project which would change its use as a residential rental project except as permitted by the Regulatory Agreement.
- (9) Until the earlier of the Termination Date or ratification of any foreclosure sale, this Agreement shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall bind and run with the Property; provided, however, that in the event of foreclosure by the holder of any mortgage or deed of trust on the Project, the foreclosing party shall have the option to continue this Agreement by written election filed among the land records of Prince George's County, but only if the purchaser at said foreclosure sale shall assume in writing the terms and conditions of the Agreement.

IN WITNESS WHEREOF, LAUREL LLLP, a Maryland limited partnership has caused this Agreement to be signed in its name by its General Partner, Laurel Development LLLP, the HOUSING AUTHORITY OF PRINCE GEORGE'S COUNTY has caused its name to be signed by its Executive Director, and PRINCE GEORGE'S COUNTY has caused its name to be signed by the County Executive, and its corporate seal to be affixed, duly attested on this Agreement, on the day and year first hereinabove written.

LAUREL LLLP

By: Laurel Development LLLP, General Partner

By: Shelter Development LLC, General Partner

By: _____
David D. Carliner
Executive Vice President

STATE OF MARYLAND, CITY/COUNTY OF _____ TO WIT:

I HEREBY CERTIFY that on this _____ day of _____ 2010, before me a Notary Public of said State of Maryland the undersigned officer, personally appeared David D. Carliner, who acknowledged him/herself to be the Executive Vice President of Shelter Development, LLC, a Maryland limited liability company and general partner of Laurel Development LLLP a Maryland limited liability limited partnership who is the general partner of Laurel LLLP a Maryland limited liability limited partnership, and that he as such officer being authorized so to do has executed the foregoing instrument for the purposes herein contained.

AS WITNESS my hand and Notarial Seal.

Notary Public
My Commission Expires: _____

HOUSING AUTHORITY OF PRINCE
GEORGE'S COUNTY

By: _____
James E. Johnson
Executive Director

STATE OF MARYLAND, CITY/COUNTY OF _____ TO WIT:

I HEREBY CERTIFY that on this _____ day of _____ 2010, before me a Notary Public of said State of Maryland the undersigned officer, personally appeared James E. Johnson, who acknowledged him/herself to the duly authorized officer of the Housing Authority of Prince George’s County and that he as such officer being authorized so to do has executed the foregoing instrument for the purposes herein contained.

AS WITNESS my hand and Notarial Seal.

Notary Public
My Commission Expires: _____

PRINCE GEORGE’S COUNTY, MARYLAND

By: _____
Ralph E. Moultrie
Acting Chief Administrative Officer

STATE OF MARYLAND, CITY/COUNTY OF _____ TO WIT:

I HEREBY CERTIFY that on this _____ day of _____ 2010, before Public of said State of Maryland the undersigned officer, personally appeared Ralph E. Moultrie, who acknowledged himself to be the duly authorized officer of the County Executive of Prince George’s County, Maryland and that he as such officer being authorized so to do has executed the foregoing instrument for the purposes herein contained.

AS WITNESS my hand and Notarial Seal.

Notary Public
My Commission Expires: _____