

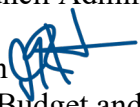



April 11, 2025

FISCAL AND POLICY NOTE

TO: Jennifer A. Jenkins
Council Administrator

Colette R. Gresham, Esq.
Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Roger G. Banegas 
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CR-030-2025 PILOT New Carrollton – Affordable – Phase 2 Project

CR-030-2025 (*Proposed by:* The Chair of the Council at the request of the County Executive)

Sponsored by Council Members Watson, Olson, Harrison, Ivey, Hawkins and Dernoga

Assigned to the Committee of the Whole

A RESOLUTION CONCERNING PAYMENTS IN LIEU OF TAXES (“PILOT”) AGREEMENT FOR THE NEW CARROLLTON - AFFORDABLE - PHASE 2 PROJECT for the purpose of approving the terms and conditions of a Payments in Lieu of Taxes (“PILOT”) Agreement between Prince George’s County, Maryland (the “County”) and New Carrollton Affordable Multifamily II, LLC (the “Owner”).

Fiscal Summary

Direct Impact

Expenditures: No expenditure impact.

Revenue: \$6,675,209 in tax revenue to be forgone over a 40-year period.

Indirect Impact

Potentially favorable.

Legislative Summary:

CR-030-2025¹, proposed by the Council Chair at the request of the County Executive, was introduced on March 18, 2025, by Council Members Watson, Olson, Harrison, Ivey, Hawkins, and Dernoga, and referred to the Committee of the Whole. CR-030-2025 approves the terms and conditions of a Payments in Lieu of Taxes (“PILOT”) Agreement between Prince George’s County, Maryland (the “County”) and New Carrollton Affordable Multifamily II, LLC (the “Owner”) concerning the New Carrollton - Affordable - Phase 2 project.

Project Information

Developer:	Urban Atlantic Development LLC
Owner:	New Carrollton Affordable Multifamily II, LLC
Description:	A one hundred two (102) unit affordable rental apartment community for families that will be constructed in New Carrollton, Maryland. All units will be affordable, and rents will be restricted for forty (40) years.
Duration:	At least 40 years

Current Law/Background

Section 7-506.3 of the Tax-Property Article of the Annotated Code of Maryland² authorizes the County to exempt certain real property from County property taxes in certain circumstances. Specifically, the law permits such exemptions if:

- the real property is owned by a person engaged in constructing or operating housing structures or projects.
- the real property is used for a housing structure or project that is constructed or substantially rehabilitated under a federal, state, or local government program that:

¹ [CR-030-2025](#)

² [MD Code, Tax - Property, § 7-506.3](#)

- ✓ funds construction, or insures its financing in whole or in part,
 - ✓ provides interest subsidy, rent subsidy, or rent supplements, or
 - ✓ is acquired under the Right of First Refusal program under Subtitle 13, Division 14 of the County Code.
 - the owner thereof enters into an agreement with the governing body of the county and, where applicable, the municipal corporation where the real property is located, wherein such parties agree that the owner shall pay a negotiated amount in lieu of the applicable county or municipal corporation tax.
 - the owner of the real property:
 - ✓ agrees to continue to maintain the real property as rental housing for lower income persons under the requirements of the governmental programs described in (a)(2)(ii) of this paragraph and
 - ✓ agrees to renew any annual contributions contract or other agreement for rental subsidy or supplement, OR
 - ✓ enters into an agreement with the governing body of the county or municipal corporation 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 (5) years.
-

Resource Personnel:

- Aspasia Xypolia, Director, Department of Housing and Community Development, DHCD
 - Adedamola George Esq., Chief Compliance and Program Manager, DHCD
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Discussion/Policy Analysis

The New Carrollton – Affordable - Phase 2 project (the “Project”) is to be located at 4051 Garden City Drive, Hyattsville, Maryland 20785, and is a 102-unit transit-oriented affordable housing development for families. Under the proposed agreement, for at least a 40-year term, Urban Atlantic Development LLC (the “Developer”) will construct one hundred two (102) units for families whose incomes are at or below seventy percent (70%) of the Area Median Income (“AMI”). The Project will consist of seventy-two (72) one (1) bedroom units, fifteen (15) two (2) bedroom units, and fifteen (15) three (3) bedroom units within one (1) elevator building of four (4) or fewer stories. The Project will have a shared access easement for the amenities in the Senior Phase (New Carrollton - Affordable – Phase 1).

The Project is expected to cost \$34,975,431. Financing includes Tax-Exempt Bond Financing in the amount of \$13,190,000, subordinate Rental Housing Program funds through the State of Maryland Department of Housing and Community Development (DHCD) in the amount of \$3,500,000, equity from the sale of Low-Income Housing Tax Credits (“LIHTC”) in the amount of \$13,357,167, a deferred developer fee in the amount of \$1,702,964, and Interim Income in the

amount of \$725,300. Additionally, the project will be financed by the Prince George's County Housing Investment Trust Fund ("HITF") in the amount of \$2,500,000³.

The project will receive approximately \$9,175,209 or 26.2% of its total funding from the County, as demonstrated below. The terms of the PILOT agreement include 100% tax waivers of 122 units for the next 40 years, with a 2% annual escalation per unit over that period.

Total aid received from the County:	
PILOT Agreement:	\$ 6,675,209
HITF	\$ 2,500,000
County Subsidy as a percentage of Total Cost:	26.2%

According to staff in the Department of Housing and Community Development, the Project's annual real property assessed value is approximately \$17,681,308, and the County real property tax that will be due on the Project is an estimated \$178,813 (\$1,733/unit) in the first year. The PILOT reduces the aggregate tax burden on the entire 102-unit Project by 62.5% of that amount, or approximately \$66,300, equivalent to a \$650 per unit tax burden on the 102 affordable units. Under the agreement, the County would forgo real property tax revenue of approximately \$110,513, or approximately \$1,083 per affordable unit, in year one⁴.

Increasing the availability of affordable housing through the construction of new housing and the rehabilitation of existing housing is a stated objective of the Council and a key component of the Comprehensive Housing Strategy⁵.

The Median Household income for the Washington-Arlington-Alexandria-DC-VA-MD-WV Metro Area region is \$121,469, and the average household size is 2.6.⁶ The median household income in Prince George's County is \$98,027, and the average household size is 2.6⁷. Based on the Washington-Arlington-Alexandria-DC-VA-MD-WV Metro Area regional guidelines, this project includes 102 affordable housing units at 70% or less than AMI.

³ [CR-029-2025](#)

⁴ Tax Analysis, provided by DHCD

⁵ [Comprehensive Housing Strategy Report](#)

⁶ [Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area - Profile data - Census Reporter](#)

⁷ [Prince George's County, MD - Profile data - Census Reporter](#)

When considering the AMI of the general DMV region, 70% is \$80,360 for a one-person household and \$91,840 for a two-person household.⁸

2025 Adjusted Home Income Limits								
Program	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% Limits	34,400	39,360	44,280	49,170	53,130	57,060	60,990	64,920
50% Limits	57,400	65,600	73,800	81,950	88,550	95,100	101,650	108,200
70% Limits	80,360	91,840	103,320	114,730	123,970	133,140	142,310	151,400
80% Limits	91,840	104,960	118,080	131,120	141,680	152,160	162,640	173,120

Washington-Arlington-Alexandria-DC-VA-MD-WV Metro Area Adjusted Home Income Limits

Fiscal Impact:

- *Direct Impact*

Adoption of CR-030-2025 will have an adverse fiscal impact in the form of forgone tax revenue. As described above, accepting the PILOT on the entire Project will result in a loss of approximately \$178,813 in the first year of the term. Factoring in the 2% estimated average annual increase in the property tax assessment, the total impact is estimated at \$6,675,209, forgoing 62.5% of the tax revenue cumulatively over the 40-year period that the PILOT agreement remains in effect.

- *Indirect Impact*

Adoption of CR-030-2025 aligns with County Plan 2035⁹ goals and will focus on the initial goals set in place by the FY 2021-2025 Consolidated Plan to prioritize affordable housing, economic development, rental assistance, and homeowner's assistance.

- *Appropriated in the Current Fiscal Year*

N/A

Effective Date of Proposed Legislation:

The proposed Resolution shall be effective upon its adoption.

If you require additional information, or have questions about this fiscal impact statement, please email me.

⁸ [FY 2025 Multifamily Tax Subsidy Project Income Limits Documentation System -- Summary for Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area \(huduser.gov\)](#)

⁹ [Plan 2035](#)