

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND**1998 Legislative Session**Resolution No. CR-78-1998Proposed by The Chairman (by request - County Executive)Introduced by Council Member Del Giudice

Co-Sponsors

Date of Introduction October 13, 1998**RESOLUTION**

A RESOLUTION concerning

Chillum Oaks Adventist Apartments

For the purpose of authorizing the County to enter into an Agreement with Chillum Oaks Adventist Apartments, Inc (Chillum Oaks) for the payment of a negotiated sum in lieu of real property taxes.

WHEREAS, Section 7-503 of the Tax-Property Article of the Annotated Code of Maryland (1997 Supplement), provides that real property may be exempt from property tax if the owner of the real property is a nonprofit corporation that is exempt from income tax under Section 10-104 of the Tax-General Article of the Annotated Code of Maryland (1997 Replacement Volume) and the owner is engaged solely in constructing, operating, or managing rental housing and other related essential service facilities that are substantially completed or rehabilitated after July 1, 1973; are partially or totally financed under a government program that provides housing for low income families; and are operated on a nonprofit basis with revenues from the operation of the housing and facilities controlled under a government program in order not to produce any net income; and

WHEREAS, the Allegheny East Conference of Seventh-Day Adventists has created a Maryland nonprofit corporation known as Chillum Oaks Adventist Apartments, Inc. (the "Owner") and has developed a forty-nine (49) unit apartment building for the elderly on a site located at 6307 Riggs Road, Hyattsville, (the "Subject Property"); and

WHEREAS, the Owner is a nonprofit corporation that is exempt from income tax under Section 10-104 of the Tax-General Article; and

WHEREAS, the Owner is engaged solely in constructing, operating and managing rental housing and other related essential service facilities for low income persons; and

WHEREAS, the Owner began construction of the Subject Property after September 12, 1996, and, as such, the Subject Property was substantially completed on July 21, 1997; and

WHEREAS, the Owner operates the Subject Property for rental housing on a nonprofit basis in order not to produce any net income.

NOW, THEREFORE, BE IT RESOLVED by the County Council of Prince George's County, Maryland, that a payment in the amount of Eight Thousand One Hundred One Dollars and Twenty-eight Cents (\$8,101.28) shall be paid in lieu of real property taxes that would be otherwise due on the assessed value of the Subject Property for Fiscal Year 1999.

BE IT FURTHER RESOLVED that the County Executive or his designee is authorized to execute an agreement with the Owner for the payment in lieu of real property taxes in form and substance similar to the Agreement attached hereto, along with any further modifications thereto.

Adopted this 28th day of October, 1998.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY:
Ronald V. Russell
Chairman

ATTEST:

Joyce T. Sweeney
Clerk of the Council

APPROVED:

DATE: _____

BY:
Wayne K. Curry
County Executive

PROJECT INFORMATION SHEET
CHILLUM OAKS ADVENTIST APARTMENTS
6307 Riggs Road
Hyattsville, Maryland 20783

COUNCILMANIC DISTRICT 2

PROPERTY DESCRIPTION:	One three story elevator building that contains 49 units of housing for the very low income elderly/handicapped. This is new construction funded by HUD and estimated cost per gross square foot is \$76.20. The project includes a community room and handicapped accessible kitchen on the first floor for community functions. A variety of medical and social services and social activities will be provided.
DEVELOPER:	The owner and developer is the Chillum Oaks Adventist Apartments, Inc. They are a 501(c) (3) Maryland non-profit corporation and are affiliated with the Allegheny Eastern Conference of the Seventh Day Adventist Church. They were created by the Church for the purpose of developing the project for low and moderate income senior citizens.
FINANCING:	The total development cost was \$3,394,900. It was entirely funded from a Capital Advance Loan from the U.S. Department of Housing and Urban Development under the Section 202 Elderly Housing Program for non-profit developers.
NEIGHBORHOOD/LOCALITY:	A Seventh Day Adventist Church and elementary school are on adjacent property. A fire station is across the street. Public transportation is available on Riggs Road. A bus shelter will be placed immediately in front of the project. There is a shopping center with a Kmart and a neighborhood community center with a pool nearby. The majority of the neighborhood is single family residential.

RENT STRUCTURE:

	Number of Units	Per Unit Monthly Cost/Rent	Total Monthly Operating Cost
1 BR	48	\$364.00	\$17,472.00
1 BR	1	Resident Manager	

There is a Project Rental Assistance Contract between nonprofit owner and HUD that provides operating subsidy up to \$364.00 per month per unit. Low income tenants are required to pay 30% of adjusted gross income, toward rent. Tenants are admitted without regard to ability to pay. Their income cannot exceed 50% of the median for the Washington metropolitan area.

Taxes Owed by Chillum Oaks
Adventist Apartments Through
November 12, 1998

	<u>FY 98</u>	<u>FY 99</u>	<u>Total</u>
County	\$23,154.44	\$23,115.02	\$46,269.46
State	2,008.44	2,010.83	4,019.27
M-NCPPC	5,834.04	5,840.99	11,675.03
WSSC	1,291.14	1,292.68	2,583.82
WSTC	621.66	622.40	1,244.06
Solid Waste Charge	2,450.00	2,450.00	4,900.00
Penalties & Interest through 11/12/98	9,309.52	1,150.92	10,460.44
Foreclosure Costs & Attorney Fees	<u>550.00 (est)</u>	<u>0.00</u>	<u>550.00</u>
Total Due	\$45,469.24	\$36,482.84	\$81,952.08

Sources for Payment

HUD Capital Advance	\$31,567.00
1998 HUD Project Rental Assistance Contract	35,331.92
FY 1999 Taxes Abated	<u>15,053.16</u>
	\$81,952.08

NEGOTIATED PAYMENT IN LIEU OF COUNTY REAL PROPERTY TAXES

AGREEMENT

BETWEEN

PRINCE GEORGE'S COUNTY, MARYLAND

AND

CHILLUM OAKS ADVENTIST APARTMENTS, INC.

THIS NEGOTIATED PAYMENT IN LIEU OF COUNTY REAL PROPERTY TAXES AGREEMENT, made this ____ day of _____, 1998, by and between Prince George's County, Maryland, a body corporate and politic ("County") and Chillum Oaks Adventist Apartments, Inc., (the "Owner"), a Maryland nonprofit corporation.

WHEREAS, Section 7-503 of the Tax-Property Article of the Annotated Code of Maryland (1997 Replacement Volume), provides that real property may be exempt from property tax if (i) the owner of the real property is a nonprofit corporation that is exempt from income tax under Section 10-104 of the Tax-General Article of the Annotated Code of Maryland (1988) and (ii) the owner is engaged solely in constructing, operating, or managing rental housing and other related essential service facilities that (A) are substantially completed or rehabilitated after July 1, 1973; (B) are partially or totally financed under a government program that provides housing for low income families; and (C) are operated on a nonprofit basis with revenues from the operation of the housing and facilities controlled under a government program in order not to produce any net income; and

WHEREAS, the Owner has developed the Chillum Oaks Adventist Apartments, Inc. which is a forty-nine (49) unit apartment building for the elderly located on a site at 6307

Riggs Road, Hyattsville (the "Subject Property" or the "Property"); and

WHEREAS, the Owner is a nonprofit corporation that is exempt from income tax under Section 10-104 of the Tax-General Article; and

WHEREAS, the Owner is engaged solely in constructing, operating and managing rental housing and other related essential service facilities for low income persons; and

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) has provided the Owner with a capital advance under Section 202 of the Housing Act of 1959, as amended, to develop and construct the Subject Property; and

WHEREAS, the Owner began construction of the Subject Property after September 12, 1996, and the Subject Property was substantially completed on July 21, 1997; and

WHEREAS, the Owner operates the Subject Property for rental housing on a nonprofit basis in order not to produce any net income; and

WHEREAS, pursuant to Resolution No. CR-78-1998 adopted on October 28, 1998, the County Council of Prince George's County, Maryland, approved an agreement for payments in lieu of taxes for the Subject Property and authorized the County Executive or his designee to enter into such an agreement.

NOW THEREFORE, In consideration of the mutual covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. The recitals stated above shall be incorporated by reference as fully stated herein.
2. The Parties agree that in satisfaction of County real property taxes due on the Subject Property for Fiscal Year 1999 the Owner shall pay the County Eight Thousand One Hundred

One Dollars and Twenty-eight Cents (\$8,101.28).

3. The Parties agree that the Owner shall make the payment described in paragraph (2) on or before November 11, 1998. The Owner shall make payment due under this agreement to the County without notice or demand, and without abatement, deduction or set off.

4. The Parties agree that this agreement shall not in any way relieve the Owner from the obligation to pay in full when due County real property taxes for any year other than Fiscal Year 1998 and shall not relieve the Owner from the obligation to pay in full when due any other types of taxes for Fiscal Year 1998 or any other year. The Parties further agree that this agreement shall not relieve the Owner from the obligation to pay in full when due interest and penalties for the non-payment of any type of taxes including County real property taxes for Fiscal Year 1999 or any other year.

5. The Parties agree that if the Owner fails to make payment to the County within thirty (30) days of the due date, the County shall have the option in its sole discretion to declare this agreement null and void and collect real property taxes based on the assessments provided by the State Department of Assessments and Taxation for the Subject Property.

6. This Agreement shall commence November 1, 1998 and end when the Owner sells, refinances or transfers any interest in the Subject Property, the Property fails to comply with the requirements of Section 7-503 of the Tax-Property Article or the Property fails to comply with the requirements of Section 202 of the Housing Act of 1959, as amended. In the event that the Owner sells, refinances or transfers any interest in the Subject Property, the Property fails to comply with the requirements of Section 7-503 of the Tax-Property Article or the

Property fails to comply with the requirements of Section 202 of the Housing Act of 1959, as amended, this agreement shall be null and void and the aggregate real property taxes which otherwise would have been due from the owner except for this Agreement on account of the assessed value of the improvements during its ownership of such Property, less all amounts actually paid under this agreement shall become payable in full without notice or demand, to the extent of available net proceeds after payment of all obligations to HUD for the Section 202 first mortgage.

7. The Owner covenants and warrants that the Subject Property will qualify in all respects under the provisions of Section 7-503 of the Tax-Property Article for a Negotiated Payment in Lieu of Tax-Payment Agreement for real property taxes imposed upon the Subject Property and that it will comply with all requirements of Section 202 of the 1959 Housing Act, as amended.

8. The County agrees to enter into this Negotiated Payment in Lieu of Tax Payment Agreement for real property taxes imposed on the Subject Property provided that the Owner conducts and maintains its operations in accordance with the criteria set forth in Section 7-503 of the Tax-Property Article and Section 202 of the 1959 Housing Act, as amended.

9. The Parties agree that the Owner may appeal the tax assessment on the Subject Property as set forth in the Tax-Property Article. The Parties also agree that said appeal shall not stay the collection of the payment set forth in this agreement.

In consideration of these premises, the parties, by and through their undersigned duly authorized representatives, have hereunto set their hand.

PRINCE GEORGE'S COUNTY, MARYLAND

BY:
P. Michael Errico
Deputy Chief Administrative Officer

Witness

Date

CHILLUM OAKS ADVENTIST APARTMENTS, INC.

BY:
Daniel Davis
Executive Director

Witness

Date