



Rushern L. Baker, III  
County Executive

# PRINCE GEORGE'S COUNTY GOVERNMENT

## OFFICE OF THE COUNTY EXECUTIVE

September 27, 2016

The Honorable Derrick Leon Davis  
Chairman  
Prince George's County Council  
County Administration Building  
Upper Marlboro, Maryland 20772

Dear Chairman Davis:

Enclosed for the County Council's consideration is a resolution approving the terms and conditions of a Payments in Lieu of Taxes ("PILOT") Agreement between Prince George's County, Maryland and SP Holly LP (the "Owner") for the Holly Spring Meadows project (the "Project").

The Owner is a newly formed ownership entity, formed by The National Housing Preservation Foundation and Urban Atlantic, LLC for the purpose of acquiring and renovating the existing Holly Spring Meadows. Holly Spring Meadows is a two hundred twenty-four (224) unit multi-family rental community located at 5521 Marlboro Pike, in Forestville, Prince George's County, Maryland. The Project will reserve ninety percent (90%) of the units for households with incomes at or below sixty percent (60%) of the Area Median Income (AMI) and the remaining ten percent (10%) of the units at market price (no income restrictions). The unit mix will consist of one hundred twelve (112) one-bedroom units, ninety-six (96) two-bedroom units and sixteen (16) three-bedroom units.

The Project's total development cost, including the acquisition and construction, is approximately \$35,364,332. Financing will consist of: a first mortgage insured by Fannie Mae totaling \$23,905,764; approximately \$8,546,008 from the sale of four percent (4%) Low Income Housing Tax Credits allocated by the Maryland Department of Housing and Community Development, Community Development Administration; a \$2,500,000 Maryland Rental Housing Works loan; and \$412,560 from the Developer's Equity.

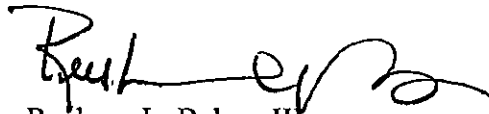
The PILOT Agreement will require a mandatory payment of \$58,388 per year, increasing two percent (2%) annually. The PILOT Agreement will remain in effect for as long as the building has an affordability regulatory agreement in place. Without the PILOT Agreement, the estimated County property tax would be approximately \$169,542 annually. When considering the financial effects of the PILOT Agreement, Prince George's County will be providing operating support of \$111,154 per year increasing approximately two-percent (2%) annually. In addition, for each fiscal year following closing and subject to the provisions of the PILOT Agreement, net cash flow and/or net capital proceeds from the Project actually received by the

The Honorable Derrick Leon Davis  
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general partner of the Owner will be shared seventy-five percent (75%) to the general partner of the Owner and twenty-five percent (25%) to the Housing Trust Fund established by the County. In addition, the Owner will pay an administrative fee of \$37,500 to the County at the time of the Project closing for deposit into the established Housing Trust Fund.

The Council's favorable consideration of this legislation is greatly appreciated. If you have any questions or concerns, please contact my office or Eric C. Brown, Director, Department of Housing and Community Development at (301) 883-5531.

Sincerely,

A handwritten signature in black ink, appearing to read "Rushern L. Baker, III". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Rushern L. Baker, III  
County Executive

Enclosures