

PRINCE GEORGE'S COUNTY COUNCIL
COMMITTEE REPORT
2022 Legislative Session

Reference No.:	CR-086-2022
Draft No.:	1
Committee:	Government Operations and Fiscal Policy
Date:	10/19/2022
Action:	FAV (A)

REPORT: Favorable as amended 4-0: Council Members Franklin, Ivey, Turner, and Streeter. Abstained: Burroughs

The Prince George's County Council's Government Operations and Fiscal Policy Committee convened on October 19, 2022, to consider CR-086-2022. CR-086-2022 is a Resolution approving the terms and conditions of a Payments in Lieu of Taxes ("PILOT") Agreement between Prince George's County, Maryland, and NORE Fund – Landover Owner, LLC ("Owner") for the Verona at Landover Hills project ("Project"). See Office of Law Comments changing the Owner's name on Page-1, line 9, to Verona at Landover.

The Owner is an entity formed by the development team led by Dantes Community Partners to acquire seven hundred twenty-seven (727) units of affordable multi-family rental housing for families, located at 4085 Warner Avenue, Landover Hills, MD 20784, under the Right of First Refusal ("ROFR") program. Of the seven hundred twenty-seven (727) units, five hundred forty-five (545) units will be affordable and reserved for family households whose incomes are at or below sixty percent (60%) of the Area Median Income ("AMI"). Additionally, one hundred eighty-two (182) units will be at market rate. The unit mix will consist of two hundred fifty-five (255) one-bedroom units, three hundred ninety-six (396) two-bedroom units, and seventy-six (76) three-bedroom units.

The Project's total development cost, including the acquisition, infrastructure development, and rehabilitation, is approximately one hundred sixty-one million, five hundred forty-three thousand, three hundred seven dollars (\$161,543,307). Financing will consist of a private mortgage loan ("First Loan") totaling approximately one hundred four million, two hundred forty-five thousand dollars (\$104,245,000).

The PILOT requires the Owner approximately twenty-five percent (25%) of the amount annually payable for Prince George's County real property taxes based on the Maryland State Department of

Assessments and Taxation's annual assessment. The PILOT agreement will remain in effect for the fifteen (15) year affordability period. Without the PILOT agreement, the estimated County property tax would be \$742,733. The County will be providing support of \$556,794 to this affordable housing project.

Shariff Mitchell, Principal, Dantes Community Partners, provided the Committee with an overview and a PowerPoint presentation.

The Office of Law reports CR-086-2022 to be in proper legislative form with no impediments to its adoption.

The Policy and Budget Office report adoption of CR-086-2022 will have an adverse fiscal impact in the form of forgone tax revenue. As described above, accepting the PILOT on the entire Project of \$185,938 will result in a loss of approximately \$556,794 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 \$9,628,868.00 over the 15 years that the PILOT agreement remains in effect.

After discussion, the Government Operations and Fiscal Policy Committee reported CR-086-2022 out favorably with amendments, 4-0.