

**COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND**  
**2016 Legislative Session**

Resolution No. CR-79-2016

Proposed by The Chairman (by request – County Executive)

Introduced by Council Member Davis

Co-Sponsors \_\_\_\_\_

Date of Introduction October 4, 2016

**RESOLUTION**

1 A RESOLUTION concerning

2       Payments in Lieu of Taxes (“PILOT”) Agreement for the Woods at Addison Apartments  
3 For the purpose of approving the terms and conditions of a Payments in Lieu of Taxes  
4 (“PILOT”) Agreement between Prince George’s County, Maryland (the “County”) and SP  
5 Woods LP (the “Owner”).

6       WHEREAS, there is a significant need in the County for quality housing units for persons  
7 with limited income; and

8       WHEREAS, the Owner proposes to acquire, rehabilitate and operate a rental housing  
9 project comprised of two hundred twenty-five (225) apartment units and related facilities, of  
10 which one hundred eighty (180) units will be dedicated to providing housing for low to  
11 moderate-income residents, known as the Woods at Addison Apartments (hereinafter referred to  
12 as the “Project”); and

13       WHEREAS, the Project is located at 6500 Ronald Road, in Capitol Heights, Maryland,  
14 20746; and

15       WHEREAS, the Owner has requested that the County Council of Prince George’s County,  
16 Maryland, (the “County Council”) authorize the Owner to make payments in lieu of County real  
17 property taxes pursuant to Section 7-506.1 of the Tax-Property Article of the Annotated Code of  
18 Maryland, as amended; and

19       WHEREAS, Section 7-506.1 of the Tax-Property Article of the Annotated Code of  
20 Maryland, as amended, provides that real property may be exempt from county and municipal  
21 corporation property tax if: (a)(2)(i) the real property is owned by a person engaged in  
22 constructing or operating housing structures or projects; (a)(2)(ii) the real property is used for a

1 housing structure or project that is constructed or substantially rehabilitated under a federal,  
 2 State, or local government program that (a)(2)(ii)(1) funds construction or insures its financing in  
 3 whole or in part, or (a)(2)(ii)(2) provides interest subsidy, rent subsidy, or rent supplements;  
 4 (a)(2)(iii) the owner and the governing body of the county and, where applicable, the municipal  
 5 corporation where the real property is located agree that the owner shall pay a negotiated amount  
 6 in lieu of the applicable county or municipal corporation property tax; and (a)(2)(iv) the owner of  
 7 the real property: (a)(2)(iv)(1)(A) agrees to continue to maintain the real property as rental  
 8 housing for lower income persons under the requirements of the government programs described  
 9 in paragraph (a)(2)(ii) of this subsection; and (a)(2)(iv)(1)(B) agrees to renew any annual  
 10 contributions contract or other agreement for rental subsidy or supplement, or (a)(2)(iv)(2) enters  
 11 into an agreement with the governing body of the county or municipal corporation to allow the  
 12 entire property or the portion of the property which was maintained for lower income persons to  
 13 remain as housing for lower income persons for a term of at least five (5) years; and

14 WHEREAS, the Owner has demonstrated to the County that an agreement for payments in  
 15 lieu of County real property taxes is necessary to make the Project economically feasible, as  
 16 described in Attachments A-1, A-2 and A-3, attached hereto and made a part hereof; and

17 WHEREAS, in order to induce the Owner to provide housing for families with restricted  
 18 incomes, it is in the interest of the County to accept payments in lieu of County real property  
 19 taxes, subject to the terms and conditions of the PILOT Agreement (the "Agreement") set forth  
 20 in Attachment B, attached hereto and made a part hereof; and

21 WHEREAS, the County Executive has recommended support of the acquisition and  
 22 rehabilitation of the Project.

23 NOW, THEREFORE, BE IT RESOLVED by the County Council of Prince George's  
 24 County, Maryland that in accordance with Section 7-506.1 of the Tax-Property Article of the  
 25 Annotated Code of Maryland, as amended, the County shall accept payments in lieu of County  
 26 real property taxes for the Project, subject to the Agreement attached to this Resolution.

27 BE IT FURTHER RESOLVED that the County Executive or the County Executive's  
 28 designee is hereby authorized to execute and deliver the Agreement in the name of and on behalf  
 29 of the County in substantially the same form attached hereto.

30 BE IT FURTHER RESOLVED that the County Executive, prior to the execution and  
 31 delivery of the Agreement, may make such changes or modifications to the Agreement as

1 deemed appropriate in order to accomplish the purpose of the transaction authorized by this  
2 Resolution, provided that such changes or modifications shall be within the scope of the  
3 transactions authorized by this Resolution; and the execution of the Agreement by the County  
4 Executive or the County Executive's designee shall be conclusive evidence of the approval of the  
5 County Executive of all changes or modifications to the Agreement; and the Agreement shall  
6 thereupon become binding upon the County in accordance with the terms and conditions therein.

7 BE IT FURTHER RESOLVED that this Resolution shall become effective as of the date of  
8 its adoption.

Adopted this 15th day of November, 2016.

COUNTY COUNCIL OF PRINCE  
GEORGE'S COUNTY, MARYLAND

BY: \_\_\_\_\_  
Derrick Leon Davis  
Chairman

ATTEST:

\_\_\_\_\_  
Redis C. Floyd  
Clerk of the Council

APPROVED:

DATE: \_\_\_\_\_

BY: \_\_\_\_\_  
Rushern L. Baker, III  
County Executive

**ATTACHMENT A-1**

**PROJECT INFORMATION SHEET**

**Woods at Addison Apartments  
6500 Ronald Road  
Capitol Heights, Maryland 20743**

**COUNCILMANIC DISTRICT 6**

**PROJECT DESCRIPTION:** Acquisition and rehabilitation of two hundred twenty five ( 225) existing multi-family apartments

**PROPOSED OWNER:** SP Woods LP

**DEVELOPER:** Urban Atlantic, LLC

**CONTACT:** Catherine Fennell  
Urban Atlantic, LLC  
7735 Old Georgetown Road, Suite 600  
Bethesda, Maryland 20814

**NEIGHBORHOOD/LOCALITY:** Capitol Heights, Prince George’s County District 6

**UNIT MIX:** The unit mix is (41) one-bedroom units (158) two-bedroom units and (26) three-bedroom units

**PROPOSED RENTS:** Average one-bedroom \$1,005 per month  
Average two- bedroom \$1,125 per month  
Average three-bedroom \$1,390 per month

**ATTACHMENT A-2****PROJECT INFORMATION SHEET**

**Woods at Addison Apartments  
6500 Ronald Road  
Capitol Heights, MD 20743**

**COUNCILMANIC DISTRICT 6****PROJECT DESCRIPTION:**

Urban Atlantic, LLC proposes to acquire and renovate the property known as the Woods at Addison Apartments. The Woods at Addison Apartments that was constructed in 1965, and is composed of two hundred twenty-five (225) apartments for families in eight (8) garden style apartment buildings, each with three (3) floors, and situated on 11.4 acres. The site is located at 6500 Ronald Road at the corner of Addison Road in Capitol Heights, Maryland. The property is located less than one mile south of the Addison Road Metro subway station. It has very easy access to the shopping and restaurants of Penn Station and Silver Hill Plaza Shopping Centers. The Woods at Addison Apartments is adjacent to the Addison Station townhome subdivision along Ronald Road. The new Addison at St. Paul condominiums are located less than one third of a mile southeast of the property at the corner of Karen Boulevard and Walker Mill Road. In addition, the property is located across Addison Road from the St. Paul at Addison senior rental community.

In conformance the County's policy to provide more mixed income housing, the proposed development will consist of twenty percent (20%) of the units at market rate with no income restrictions, and the remaining eighty percent (80%) of the units reserved for households at or below sixty percent (60%) of the Area Median Income (AMI). All units will retain the current rents, which are below sixty percent (60%) of the AMI. This correlates, roughly with the existing tenant population, and will therefore avoid any displacement of over-income households. This structure is feasible with the utilization of a Payment in lieu of Taxes (PILOT) Agreement from Prince George's County.

Ronald Road provides access to the Woods at Addison Apartments. The entrance has nice curb appeal with trees and shrubs. Wrought iron fencing may be found throughout the property. The buildings have canopy covered entries and controlled access. Ample parking is

available and includes two hundred seventy-four (274) surface spaces. Other community amenities include a playground, swimming pool, basketball court, eleven laundry facilities in residential buildings.

Each apartment unit has wall-to-wall carpet, central air conditioning, a dishwasher (in 2BR and 3BR units), a gas range, garbage disposal, vertical blinds, and a patio or balcony. Units are heated by gas and residents are responsible for their electric and gas heating bills. Cooking gas, hot and cold water and trash removal are paid by the Owner.

The renovations will be performed with the residents in place. The improvements may include the following:

- **Energy Efficiency:** New lighting in common areas and in units; improvements to systems for hot water heaters, water distribution metering, and HVAC; low flow plumbing fixtures.
- **Unit Upgrades:** New, more durable, wood plank finish vinyl flooring in living areas and bedrooms where carpet replacement; new tub surrounds in approximately half of the units; new bathroom vanities, particularly in the case of existing sinks without vanities; new kitchen countertops; window coverings upgraded in all units.
- **Common Area Upgrades:** Improvements to the leasing office and community room.
- **Electric:** System repairs and upgrades to properly terminate aluminum wiring at outlets; upgrades to electric panels.
- **Plumbing:** In addition to the energy efficiency improvements described above, minor repairs to piping and system lines.
- **Exterior:** Minor exterior repairs; replacement of roofs that have not been replaced in the last ten (10) years.

The cost for these improvements is estimated to be \$7.2 Million, or \$32,000 per unit.

**ATTACHMENT A-3**

**PROJECT FINANCING ESTIMATE**

**Woods at Addison Apartments  
 6500 Ronald Road  
 Capitol Heights, MD 20743**

**COUNCILMANIC DISTRICT 6**

SOURCES OF FUNDS	AMOUNT	%
FNMA 1st mortgage	\$24,526,406.00	67.27%
MD CDA Rental Housing Works	\$2,500,000.00	6.86%
Low Income Housing Tax Credits (LIHTC)	\$7,832,822.00	21.48%
Developer Equity	\$1,598,844.00	4.39%
<b>TOTAL SOURCES</b>	<b>\$36,458,072.00</b>	<b>100.00%</b>
USES OF FUNDS	AMOUNT	%
Construction Costs	\$7,178,957.00	19.69%
Construction Contingency	\$717,895.00	1.97%
A&E and Other Constnution Fees	\$790,000.00	2.17%
Acquisition Costs	\$21,850,404.00	59.93%
Financing Fees and Other Costs	\$2,092,102.00	5.74%
Developer Fee	\$2,500,000.00	6.86%
Syndication Costs	\$200,523.00	0.55%
Guarantees and Reserves	\$1,128,191.00	3.09%
<b>TOTAL USES</b>	<b>\$36,458,072.00</b>	<b>100.00%</b>