

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

Resolution No. CR-80-2016

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 Holly Spring Meadows

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 Holly

5 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-four (224) apartment units and related facilities of  
10 which two hundred and one (201) units will be dedicated to providing housing for low-moderate  
11 income residents, known as Holly Spring Meadows (hereinafter referred to as the “Project”); and

12           WHEREAS, the Project is located at 5521 Marlboro Pike, Forestville, Maryland, 20747;  
13 and

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

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

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

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

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

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

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

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

29 BE IT FURTHER RESOLVED that the County Executive, prior to the execution and  
30 delivery of the Agreement, may make such changes or modifications to the Agreement as  
31 deemed appropriate in order to accomplish the purpose of the transaction authorized by this

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

6 BE IT FURTHER RESOLVED that this Resolution shall become effective as of the date of  
7 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**

**Holly Spring Meadows Apartments  
5521 Marlboro Pike  
Forestville, MD 20747**

**COUNCILMANIC DISTRICT 7**

**PROJECT DESCRIPTION:** Acquisition and rehabilitation of two hundred twenty four (224) existing multi-family apartments

**PROPOSED OWNER:** SP Holly LP

**DEVELOPER:** Urban Atlantic, LLC

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

**NEIGHBORHOOD/LOCALITY:** Forestville, Prince George’s County District 7

**UNIT MIX:** The unit mix is (112) one-bedroom units (96) two-bedroom units and (16) three-bedroom units

**PROPOSED RENTS:** Average one-bedroom \$1,032 per month  
Average two- bedroom \$1,181 per month  
Average three-bedroom \$1,390 per month

**ATTACHMENT A-2**

**PROJECT INFORMATION SHEET**

**Holly Spring Meadows  
5521 Marlboro Pike  
Forestville, MD 20747**

**COUNCILMANIC DISTRICT 7**

**PROJECT DESCRIPTION:**

Urban Atlantic, LCC (the “Developer”) proposes to acquire and renovate the property known as Holly Spring Meadows. Holly Spring Meadows was constructed in 1965, and is composed of two hundred twenty-four (224) apartments for families in sixteen (16) garden style apartment buildings, each with three (3) floors, and situated on 11.2 acres. The site is located at 5521 Marlboro Pike, Forestville, Maryland, with close proximity to Pennsylvania Avenue and Interstate 95. The site is adjacent to the Towns at Penn single family townhome community, less than three (3) miles from the Suitland and Addison Metro Stations, and less than two (2) miles from the Target-anchored Forest Village Park Mall.

In conforming with the County’s policy to provide more mixed income housing, the proposed development will consist of ten percent (10%) of the units at market rate with no income restrictions, and the remaining ninety percent (90%) of the units reserved for households at 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 individuals. This structure is feasible with the utilization of a Payment in lieu of Taxes (“PILOT”) Agreement from Prince George’s County.

On site amenities include secure fencing around the perimeter of the property, a community room, controlled access to buildings, one hundred eighty (180) surface parking spaces, a playground, and a gazebo. Each building features central laundry facilities. Each apartment unit features wall-to-wall carpet, central air-conditioning, a dishwasher, a gas range, a garbage disposal, vertical blinds, and a patio or balcony. Units are heated by gas and residents are responsible for all utilities excluding water, sewer and trash removal.

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 is needed; new tub surrounds in majority of units; new bathroom vanities where needed, particularly in the case of existing sinks without vanities; new kitchen countertops where needed; window coverings upgraded in all units. Individual unit HVAC systems replaced.
- **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 as required.
- **Plumbing:** In addition to the energy efficiency improvements described above, minor repairs to piping and system lines as needed.
- **Exterior:** Minor exterior repairs as needed; replacement of roofs that have not been replaced in last 10 years.

The cost for these improvements is estimated to be \$6.6 Million, or \$29,500 per unit.

**ATTACHMENT A-3**

**PROJECT FINANCING ESTIMATE**

**Holly Spring Meadows  
5521 Marlboro Pike  
Forestville, MD 20747**

**COUNCILMANIC DISTRICT 7**

<b>SOURCES OF FUNDS</b>	<b>AMOUNT</b>	<b>%</b>
FNMA 1st mortgage	\$23,905,764.00	67.60%
MD CDA Rental Housing Works	\$2,500,000.00	7.07%
Low Income Housing Tax Credits (LIHTC)	\$8,546,008.00	24.17%
Developer Equity	\$412,560.00	1.17%
<b>TOTAL SOURCES</b>	<b>\$35,364,332.00</b>	<b>100.00%</b>
<b>USES OF FUNDS</b>	<b>AMOUNT</b>	<b>%</b>
Construction Costs	\$6,048,000.00	17.10%
Construction Contingency	\$604,800.00	1.71%
A&E and Other Constnution Fees	\$790,000.00	2.23%
Acquisition Costs	\$22,352,000.00	63.20%
Financing Fees and Other Costs	\$2,009,693.00	5.68%
Developer Fee	\$2,500,000.00	7.07%
Syndication Costs	\$210,143.00	0.59%
Guarantees and Reserves	\$849,696.00	2.40%
<b>TOTAL USES</b>	<b>\$35,364,332.00</b>	<b>100.00%</b>