

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

2013 Legislative Session

Resolution No. CR-110-2013

Proposed by The Chair (by request – County Executive)

Introduced by Council Members Harrison, Davis and Patterson

Co-Sponsors _____

Date of Introduction September 24, 2013

RESOLUTION

1 A RESOLUTION concerning

2 Housing and Community Development

3 Park View at Laurel II

4 For the purpose of approving the terms and conditions of a Negotiated Payment in Lieu of Taxes
5 Agreement between Prince George's County ("County") and Laurel II LLLP, a Maryland limited
6 liability limited partnership ("Owner")

7 WHEREAS, Park View II Limited Partnership, a limited partnership of the State of
8 Maryland ("Previous Owner"), is a ground lessee of that certain parcel of land located at 9010
9 Briarcroft Avenue, Laurel, Maryland 20708 ("Property"); and

10 WHEREAS, the Previous Owner constructed a rental housing project on the Property that
11 contains 105 apartment units and utilized the Property to provide housing for low to moderate
12 income elderly residents ("Project"); and

13 WHEREAS, the Previous Owner operated the Project for rental housing on a limited
14 distribution basis pursuant to a regulatory agreement between the Previous Owner and the State
15 of Maryland Community Development Administration or other governmental authority, which
16 was executed in connection with the Previous Owner's financing of the Project; and

17 WHEREAS, the Previous Owner and the County entered into a certain Agreement, dated
18 September 16, 1996, that required the Previous Owner pay the County negotiated payment sums
19 in lieu of the payment of ordinary real property tax assessment ("Original PILOT"); and

20 WHEREAS, Shelter Development, LLC, a Maryland limited liability company ("Shelter"),
21 and the Managing General Partner of Laurel II Development LLLP, which is the Managing
22 General Partner of the Owner, desires that the Project continue to provide housing for low to

1 moderate income elderly residents; and

2 WHEREAS, in furtherance thereof, Shelter formed the Owner entity to purchase the Project
3 from the Previous Owner, which is currently operated under the management of an affiliate of
4 Shelter, in order to qualify for an allocation of low-income housing tax credits to finance the
5 rehabilitation of the Project; and

6 WHEREAS, the Owner has or will enter into a new ground lease with the Prince George's
7 County Housing Authority (the "Authority") for the Property for the purpose of owning,
8 renovating, and operating thereon the Project containing 105 apartment units and related
9 facilities (the "Improvements") to provide housing for low to moderate income elderly residents,
10 the Property and the Improvements being collectively referred to as the "Project" (the renovation
11 work being undertaken by the Owner upon its acquisition of the Project is hereafter referred to as
12 the "Renovations"); and

13 WHEREAS, there is a significant need for quality rental housing units in Prince George's
14 County for seniors of low or limited income; and

15 WHEREAS, the Owner has demonstrated to the County that an agreement for negotiated
16 payments in lieu of County real property taxes is necessary to make the Project economically
17 feasible; and

18 WHEREAS, the Owner and the Authority have requested that the County Council authorize
19 payments in lieu of County real property taxes pursuant to Section 12-506(b)(10) of the Housing
20 and Community Development Article and Section 7-505 of the Tax-Property Article of the
21 Annotated Code of Maryland (2007 Replacement Volume, as amended); and

22 WHEREAS, to Sections 12-506(b)(10) of the Housing and Community Development
23 Article of the Annotated Code of Maryland provides that any Maryland public body may agree
24 with a county housing authority for a payment in lieu of taxes with respect to property owned by
25 the authority; and

26 WHEREAS, Section 7-505 of the Tax-Property Article of the Annotated Code of Maryland
27 (2007 Replacement Volume, as amended) provides, among other things, that real property
28 outside of Baltimore City may be exempt from County property taxes if:

- 29 (1) The real property is owned by a person engaged in constructing or operating housing
30 structures or projects (which may include non-dwelling commercial and community
31 facilities, community rooms, dining halls, and infirmaries to serve its occupants and the

surrounding neighborhood); and

- (2) The real property is used for a housing structure or project that is constructed or substantially rehabilitated under a Federal, State or local government program that funds construction, or insures its financing or provides interest subsidy, rent subsidy or supplements; and is substantially completed after July 1, 1978; and
- (3) The structures and facilities on the real property are governmentally controlled as to rents, charges, rates of return and methods of operation so as to operate on a nonprofit or limited distribution basis; and
- (4) The owner of the real property enters into an agreement with the governing body of the county where the real property is located for the payment of a negotiated sum or sums in lieu of all local taxes on said real property; and

WHEREAS, the County Executive endorses and recommends approval of the Project and the Project financing as set forth on Attachments "A1-A3", attached hereto and made a part hereof; and

WHEREAS, in order to continue to provide affordable housing for the elderly it is in the interest of the County to enter into the Negotiated Payment in Lieu of Taxes Agreement attached hereto as Attachment "B" and made part hereof.

NOW, THEREFORE, BE IT RESOLVED that the County Council of Prince George's County, Maryland, hereby approves this Project at the existing site.

BE IT FURTHER RESOLVED by the County Council of Prince George's County, Maryland, that in accordance with Section 12-506(b)(10) of the Housing and Community Development Article of the Annotated Code of Maryland and Section 7-505 of the Tax-Property Article of the Annotated Code of Maryland (2007 Replacement Volume, as amended), the County shall enter into a Negotiated Payment in Lieu of Taxes Agreement with Laurel II LLLP.

BE IT FURTHER RESOLVED that the County Executive, prior to execution and delivery of the Agreement, may make such changes or modifications of the Agreement as deemed appropriate by the County Executive to accomplish the purpose of the transactions authorized by this Resolution; and the execution of the Agreement by the County Executive, or designee of the County Executive, shall be conclusive as evidence of the approval of the County Executive of all changes or modifications to the Agreement; and the Agreement shall thereupon become binding upon the County in accordance with terms.

1 BE IT FURTHER RESOLVED that this resolution shall become effective as of the date of
2 its adoption.

Adopted this 1st day of October , 2013.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Andrea C. Harrison
Chair

ATTEST:

Redis C. Floyd
Clerk of the Council

APPROVED:

DATE: _____ BY: _____
Rushern L. Baker, III
County Executive

ATTACHMENT A-1
PROJECT INFORMATION SHEET
Park View at Laurel II
Elderly Residential Rental Units
9010 Briarcroft Avenue, Laurel, Maryland 20708
COUNCILMANIC DISTRICT 1

PROJECT DESCRIPTION:	Acquisition and rehabilitation of 105 affordable rental housing units for the elderly.
OWNER:	Laurel II LLLP
DEVELOPER:	Shelter Development, LLC
CONTACT:	Maria Miller Vice President of Development Shelter Development, LLC 218 N. Charles Street, Suite 220 Baltimore, Maryland 21201
NEIGHBORHOOD/LOCALITY:	Project is located in Laurel, Maryland
UNIT MIX:	The unit mix is (3) efficiencies, (96) one-bedroom and (6) two-bedroom apartments
PROPOSED RENTS:	Average Rents of \$460 - \$1,001 per month.

ATTACHMENT A-2

PROJECT SUMMARY

**Park View at Laurel II
Elderly Residential Rental Units
9010 Briarcroft Avenue, Laurel, Maryland 20708**

COUNCILMANIC DISTRICT 1

PROJECT DESCRIPTION:

Park View at Laurel II is an existing rental housing project comprised of 105 elderly rental units targeted at age and income qualified seniors. The subject Property was developed in 1997 and has been a valued resource providing quality affordable housing in the Laurel community for 15+ years. It is a stable operating Project that is currently at 93% occupancy. The Project consists of 3 efficiencies, 96 one-bedroom units and 6 two-bedroom units. All 105 units are targeted for elderly residents at or below 60% of AMI. The breakdown of units is: 10 units at 60% AMI, 75 units at 50% AMI, 15 units at 40% AMI, and 5 units at 30% AMI.

RENOVATION:

The acquisition and renovation of Park View at Laurel II will allow Shelter Development, LLC to enhance the Project by investing approximately \$23,000+ per unit in renovations and improvements as detailed below; and extend the affordability period for the Project, to include the 11 HOME assisted units, to run (40) years beginning on the commencement of the permanent loan period for the Project's Senior Mortgage Loan (a 15 year extension beyond the existing affordability period).

The renovation scope for Park View at Laurel II has been thoughtfully crafted with an eye toward enhancing energy efficiency, improving common area amenities and related service offerings as well as overall systems review and replacement. Summary of the planned improvements is shown below. All rehabilitation will be done in place, with the exception of any required modification for Uniform Federal Accessibility Standards units:

- New Windows
- New Roof
- New Hot Water Heaters (will be added just prior to renovation)
- New HVAC Systems for all units
- All new Kitchens and Baths (Energy Star Appliances)
- Water saving devices
- Modifying units to comply with the Uniform Federal Accessibility Standards (UFAS)
- Additional units adapted to accommodate hearing and/or vision impaired persons
- Enhance common area amenities including renovating or creating the following spaces:
 - Fully upgraded Community Room including kitchen and fireplace
 - Fitness Facility
 - Resident Lounge/Game Room
 - Laundry

At completion The Project will have the following accessible units in compliance with Section 504 and the HOME regulations: six (6) UFAS, units plus three (3) units for visual and/or hearing impaired.

ATTACHMENT A-3

PROJECT FINANCING ESTIMATE
Park View at Laurel II
Elderly Residential Rental Units
9010 Briarcroft Avenue, Laurel, Maryland 20708

COUNCILMANIC DISTRICT 1

SOURCES OF FUNDS	AMOUNT	%
Maryland CDA Tax Exempt Bonds	\$ 4,233,000.00	43.08
Rental Housing Works Loan	\$ 1,230,000.00	12.52
Developer's Equity (Deferred Developer Fee)	\$ 220,316.00	2.24
Transfer of RFR, Taxes, Ins. Escrows	\$ 300,000.00	3.05
Interim Income	\$ 238,032.00	2.42
Low Income Housing Tax Credit (LIHTC)	\$ 2,326,479.00	23.67
<i>Sub-total of Sources of Funds:</i>	<i>\$ 8,547,827 .00</i>	<i>86.98</i>
<i>ASSUMPTION OF EXISTING DEBT</i>		
Maryland ERHF Loan	\$ 759,555.00	7.73
Prince George's County HOME Loan	\$ 519,540.00	5.29
<i>Sub-total Existing Debts to be Assumed:</i>	<i>\$1,279,095.00</i>	<i>13.02</i>
TOTAL SOURCES	\$9,826,922.00	100.00

USES OF FUNDS	AMOUNT	%
Construction/Rehab Costs	\$ 2,720,602.00	27.69
A&E and Other Construction Fees	\$ 427,735.00	4.35
Acquisition Costs	\$ 4,505,000.00	45.84
Financing Fees and Charges	\$ 752,928.00	7.66
Developer Fee	\$ 995,231.00	10.13
Guarantees and Reserves	\$ 341,699.00	3.48
Syndication Costs	\$ 83,727.00	0.85
TOTAL USES	\$ 9,826,922.00	100.00