

PILOT AGREEMENT FOR “NATIONAL VIEW” PROJECT

FISCAL IMPACT STATEMENT

OVERVIEW

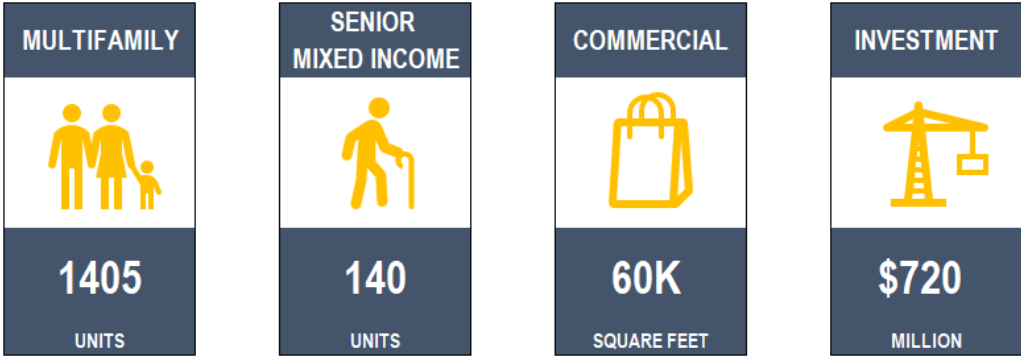
National View represents an opportunity to revitalize a key area of Prince George’s County inside and adjacent to the Capital Beltway, through **\$720M of new capital investment**

LOCATION

- District 8
- The western edge of Forest Heights and adjacent to the Capital Beltway and its interchange with Indian Head Highway (Maryland Route 210)
- Only minutes away from National Harbor, the MGM Hotel and Casino, Washington DC, and Virginia

DEVELOPMENT

- A 20-acre mixed-use, high density sustainable development within the County’s Urban Tier that is designed to create a sense of community
- Approximately 1.5M SF total, including:
 - 60K SF commercial: retail, grocery store, police station and day care
 - 1545 residential units including senior mixed income
 - Over 98% of development parking will be structured parking to allow an urban level of density (1,935 structures parking spaces)



6 PHASES DELIVERING FROM 2029-2037

EXHIBIT A-1

BUILDING	PHASE	PARCEL	SUBSTANTIAL COMPLETION DATE	TYPE	COMPOSITION			GARAGE PARKING SPACES
					PRODUCT	UNITS	GSF	
D	1	4	2029	Residential	MF	**195	201,364	*
				Commercial	Day Care		12,774	
							214,138	
E	2	6	2031	Residential	Senior	212	158,679	*
G	*** 2A	5	2031	Garage (Multi-Phase)				583
C	3	3	2032	Residential	MF	405	389,589	575
				Commercial	Police		1,640	
				Commercial	Retail		13,188	
							404,417	
A	4	1	2034	Residential	MF	220	206,218	312
				Commercial	Retail		2,514	
							208,732	
F	5	7	2034	Residential	Senior Mixed Income	**140	102,099	*
B	6	2	2037	Residential	MF	373	343,427	518
				Commercial	Grocery		20,592	
				Commercial	Retail		10,872	
							374,891	

NOTES:

* Parking spaces included within Multi-Phase Garage (Site Plan: Building G)

** Senior and Senior mixed income may replace Multi-Family or be spread in portions between Buildings D, E & F

***Multi-Phase Garage (Site Plan: Building G, to be delivered with Buildings D & E)

PROPOSED PILOT INCENTIVE

15 YEAR MULTI-PHASE TAX PILOT EQUAL TO THE SUM OF:

- Baseline real property tax
- 25% of incremental real property tax*
- At the end of the PILOT term, property owner pays full real property tax

50% FEE WAIVERS OF:

- Public Safety Impact Fee

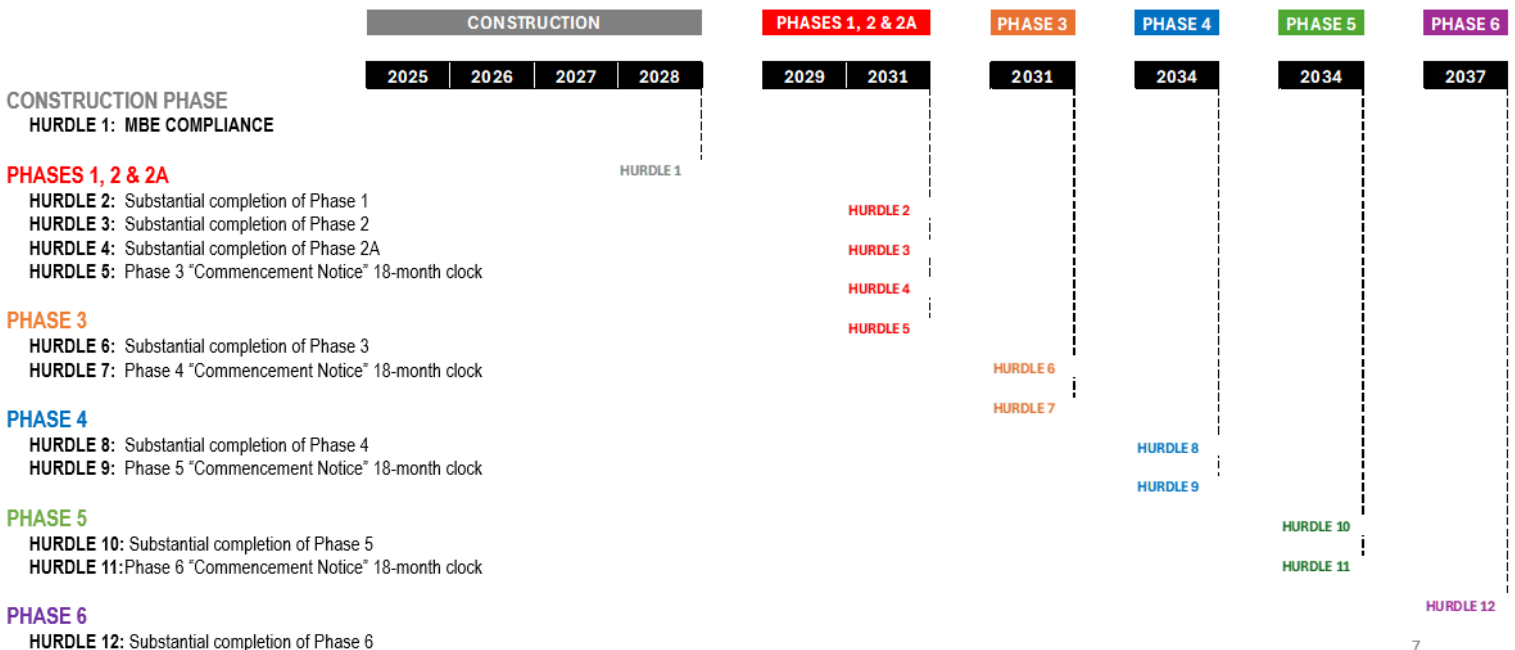
The PILOT incentive is projected to be worth \$74M to the developer from 2029-2052

***Net of PILOT, Fiscal benefit to the County is projected to be worth \$109.2M from 2025-2054**
 (*30 year period, 2 years after expiration of last PILOT)

MAJOR TERMS

- Requires a large upfront and immediate commitment of 50% of the development via delivery of Phases 1 & 2 by a 2027 deadline
- No substantial deviation clauses around initial requirement
- Require substantial ongoing commitment prior to release of PILOT rebates
- Require strong MBE participation
- # Phases limited to 6

PILOT Benefits will be lost upon default of any performance milestone



FISCAL IMPACTS SUMMARY

*Projections provided by HR&A

TERM

- Study period encompasses activity from construction (2024) until 2 years after expiration of the last PILOT (2054)

ASSUMPTIONS

- 1,425 New occupied dwelling units
- 2,495 New residents
- Includes 125 school age students
- 105 new workers, 34% of which are County residents

FISCAL BENEFITS

Real Property Tax	PILOT Phase (Net of PILOT)	\$	24,530,000
	Post PILOT (Full Assessment Capture)	\$	56,685,000
	School Taxes	\$	7,201,000
	Subtotal	\$	88,416,000
Resident Income	Construction Jobs	\$	3,207,000
	Ongoing Jobs	\$	2,225,000
	Net New Resident Income	\$	141,222,000
	Subtotal	\$	146,654,000
TOTAL INCREMENTAL BENEFIT	Total	\$	235,070,000

FISCAL COSTS

County Expenditures	Incremental Fiscal Costs	\$	(120,382,000)
	Board of Education Expenditures, Local Share	\$	(20,409,000)
TOTAL INCREMENTAL COST		\$	(140,791,000)

NET BENEFIT	\$ 94,279,000
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*With Fees and Waivers

Impact Fees	\$	18,600,000
50% Fee Waiver: Public Safety Impact	\$	(2,600,000)
NET FEES	\$	16,000,000

NET BENEFIT (With Fees & Waivers)	\$ 110,279,000
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FISCAL IMPACTS | REAL PROPERTY TAX

National View is expected to generate more than \$77 million in PILOT and incremental real property tax revenue over a 30-year period.

- The County is projected to receive an additional **\$88 million** in incremental real property taxes including PILOT between 2025 and 2054 including:
 - **\$24 million** PILOT from Phases 1-6 through 2052
 - **\$57 million** in incremental property tax following the expiration of PILOTs for Phases 1 – 6 through 2054 (this includes between 2 and 10 years of unabated real property tax following PILOT expirations for Phases 1 – 6
 - **\$7 million** in schools-dedicated real property tax through 2054
- The PILOT incentive is projected to be worth approximately \$74 million to the developer between 2029 and 2052

FISCAL IMPACTS | RESIDENT INCOME TAX

Resident income tax from construction of National View, and ongoing workers and residents is estimated to total \$147 million from 2025 to 2054.

- New households and workers at National View will generate County resident income tax revenue
 - Approximately 1,400 new households
 - Approximately 27 new workers who are also Prince George's County residents
- National View is expected to generate \$147 million in incremental individual income tax between 2025 and 2054 including:
 - \$3 million from one-time jobs related to construction
 - \$2 million from ongoing jobs at new retail, office, and day care locations
 - \$141 million from new households living in new dwelling units

FISCAL IMPACTS | GENERAL FUND AND SCHOOL EXPENDITURES

New residents and workers will require the County to increase expenditures by an estimated \$141 million from 2025 to 2054 to provide a consistent level of public services.

- New residents, including school-aged residents, and workers will require the County to increase expenditures to provide consistent level of services. This analysis highlights the effects on County General Fund and Board of Education expenditures based on:
 - 2,495 new residents in 1,425 occupied dwelling units, including 125 school-aged students
 - 105 new workers residing both within and outside Prince George’s County
- National View is expected to generate demand for an additional \$205 million in incremental government expenditures from 2025 to 2054 including:
 - \$120 million in selected County General Fund expenditures
 - \$20 million in Board of Education local share expenditures

DEVELOPER RETURN ANALYSIS 2 (scenarios)

Given National View’s application showed the project would be expected to yield an unlevered internal rate of return (IRR) below the expected developer requirement – with and without the PILOT, HR&A reviewed the application and adjusted selected assumptions to develop a “better case” pro forma for the project. The goal of this exercise was to identify a set of reasonable assumptions that, if achieved, could act as the basis for testing the need for these incentives. These adjustments reflect alignment with the current market or recent experience. (See below.)

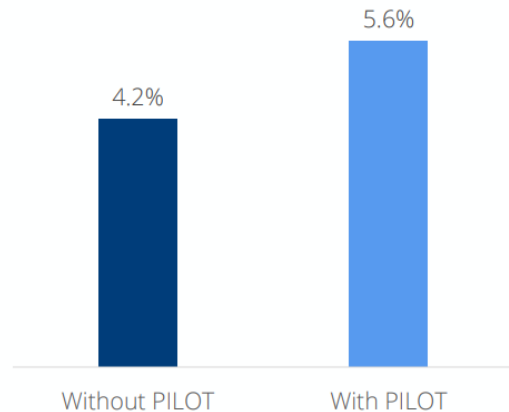
Development Financing Assumptions	Application Assumption	Adjusted Assumption
Revenue Growth Rate*	2%	3%
Expense Growth Rate*	3%	3%
Multifamily Vacancy	7.0%	5.0%
Senior Vacancy (mixed-income and market rate)	10.0%	5.0%
Retail and Grocery Vacancy	0.0%	5.0%
Cap Rate – Multifamily	5.4%	5.2%
Cap Rate – Senior	5.7%	5.5%
Cap Rate – Retail and Grocery	7.1%	7.0%
School Facilities Surcharge – Parcels 6 & 7**	\$4.1 million	-

Scenario 1: Current ProForma

National View's application indicated the project would be expected to yield an unlevered internal rate of return (IRR) well below the expected developer requirement – with and without the PILOT.

- The PILOT application from National View indicated that **even with the PILOT the project would likely result in a return that is below what a developer would likely require** to advance the project.
- Moreover, the return is lower than prevailing market interest rates for construction and permanent financing.

Unlevered IRR with and without PILOT

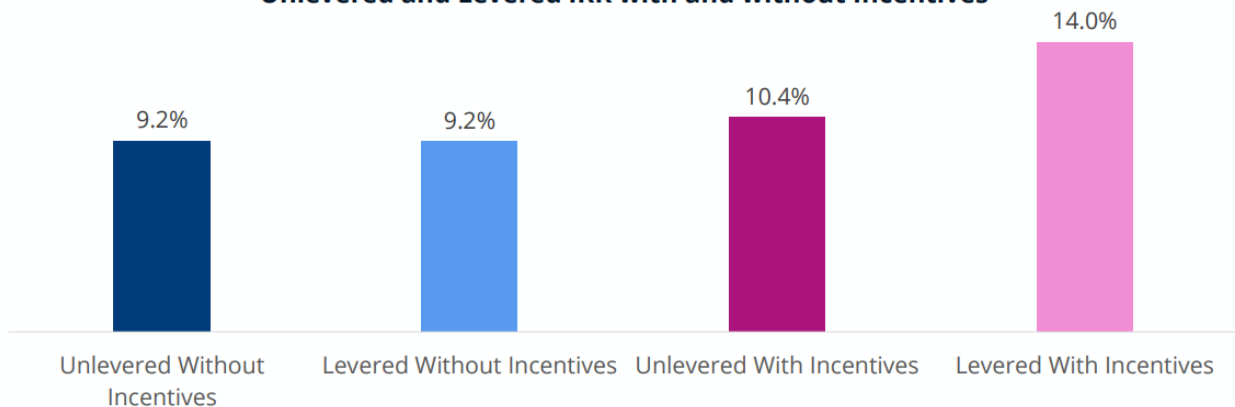


Scenario 2: Adjusted ProForma

DEVELOPER RETURN ANALYSIS

Even assuming the “better case” pro forma that assumes a return to improved market conditions medium- and long-term, provision of the PILOT and impact fee waivers do not result in a developer return that is more than what is reasonable for a large-scale, multiphase development.

Unlevered and Levered IRR with and without Incentives



REFERENCE TABLES

APPENDIX | Methodology and Assumptions

Developer return analysis

National View's application did not include a machine-readable developer pro forma. Moreover, it only provided a high-level financing plan (i.e., shares of debt and equity) and no assumptions around construction or permanent financing for the project. To develop a testable pro forma, HR&A used assumptions provided by the applicant to build a multiyear cash flow for each phase of development and applied a series of market assumptions related to financing.

Development Financing Assumptions		Source
Construction Financing		
Loan-to-Cost	70%	Assumption from developer application
Construction Loan Interest Rate	8.5%	SOFR 180-day Average as of April 22, 2024+ 310 bps
Construction Loan Fees	1.0%	Standard HR&A assumption
Permanent Financing		
Loan-to-Value	65%	Mixed-use assumption
Debt Service Coverage Ratio	1.20	Industry standard minimum
Amortization	30 Years	Standard HR&A assumption
Permanent Loan Interest Rate	1.0%	Standard HR&A assumption

APPENDIX | Methodology and Assumptions

Individual Income Tax

Individual Income Tax Assumptions		Source
One-time Jobs from Construction		
Total Hard Costs and Tenant Improvements	\$694,500,000	HR&A analysis of developer application
Labor Share of Total Spend	38%	IMPLAN
Share of County Jobs Filled by County Residents	34%	U.S. Census Bureau On-the-Map
Households from Development		
Stabilized Occupancy	93%	Developer pro forma
Median Household Income (\$2022)	\$97,935	U.S. Census Bureau American Community Survey
Annual Household Income Growth	3.22%	U.S. Census Bureau American Community Survey
Effective local individual income tax	2.34%	State of Maryland

APPENDIX | INCREMENTAL REAL PROPERTY TAX

Cumulative Incremental County Real Property Tax Receipts and PILOT, 2025-2054

Phase	PILOT Start	PILOT End	PILOT	Incremental Real Property Tax*	Incremental Real Property Tax - Schools **	Total, (2025-2054)
Phase 1 (Parcel 4)	2029	2044	\$3,165,000	\$11,970,000	\$1,146,000	\$16,281,000
Phase 2 (Parcel 6)	2031	2046	\$2,370,000	\$7,186,000	\$775,000	\$10,331,000
Phase 3 (Parcel 3)	2031	2046	\$6,817,000	\$20,693,000	\$2,231,000	\$29,741,000
Phase 4 (Parcel 1)	2034	2049	\$3,862,000	\$7,574,000	\$1,071,000	\$12,507,000
Phase 5 (Parcel 7)	2034	2049	\$1,338,000	\$2,622,000	\$371,000	\$4,330,000
Phase 6 (Parcel 2)	2037	2052	\$6,978,000	\$6,640,000	\$1,607,000	\$15,224,000
Total			\$24,530,000	\$56,685,000	\$7,201,000	\$88,414,000

Cumulative Incremental County Resident Income Tax, 2025-2054

Phase	One-time Workers	Ongoing Workers	Residents	Total
Phase 1 (Parcel 4)	\$262,000	\$547,000	\$20,197,000	\$21,006,000
Phase 2 (Parcel 6)	\$345,000	-	\$20,115,000	\$20,460,000
Phase 3 (Parcel 3)	\$751,000	\$538,000	\$39,709,000	\$40,997,000
Phase 4 (Parcel 1)	\$515,000	\$94,000	\$19,595,000	\$20,203,000
Phase 5 (Parcel 7)	\$240,000	-	\$12,067,000	\$12,308,000
Phase 6 (Parcel 2)	\$1,094,000	\$1,046,000	\$29,539,000	\$31,679,000
Total	\$3,207,000	\$2,225,000	\$141,222,000	\$146,653,000

Cumulative Incremental County General Fund and School Expenditures, 2025-2054

Phase	General Fund Expenditures	BOE Local Share Expenditures	Total
Phase 1 (Parcel 4)	\$17,434,000	\$3,792,000	\$21,226,000
Phase 2 (Parcel 6)	\$16,947,000	-	\$16,947,000
Phase 3 (Parcel 3)	\$33,836,000	\$7,444,000	\$41,280,000
Phase 4 (Parcel 1)	\$16,533,000	\$3,664,000	\$20,197,000
Phase 5 (Parcel 7)	\$10,141,000	-	\$10,141,000
Phase 6 (Parcel 2)	\$25,491,000	\$5,509,000	\$31,000,000
Total	\$120,382,000	\$20,409,000	\$140,791,000