

PRINCE GEORGE'S COUNTY COUNCIL
COMMITTEE REPORT
2023 Legislative Session

Reference No.:	CR-043-2023
Draft No.:	1
Committee:	Committee Of the Whole
Date:	06/13/2023
Action:	FAV

REPORT: Favorable 10-0: Council Members Dernoga, Blegay, Burroughs, Franklin, Harrison, Hawkins, Ivey, Olson, Oriadha, and Watson. Absent: Fisher.

The Prince George's County Council convened as the Committee of the Whole on June 13, 2023, to consider CR-043-2023, which is a Resolution concerning Payments In Lieu Of Taxes ("PILOT") Agreement for 210 on the Park Apartments For the purpose of approving the terms and conditions of a Payments in Lieu of Taxes ("PILOT") Agreement between Prince George's County, Maryland (the "County") and 210 MPD Partners, LLC (the "Owner").

The Owner is an entity formed by Community First Development Corporation for the purpose of acquiring and constructing the Project, which will be one hundred fifty-eight (158) units of new mixed use and mixed-income multi-family rental housing, known as 210 on the Park, on a 3.78-acre parcel located at 210 Maryland Park Drive, Capitol Heights, Maryland 20743. The Project will be located at the southeastern corner of Maryland Park Drive and Southern Avenue in an urban area of the County, along the County's border with Washington, D.C. The site is approximately 0.3-mile northwest of the Capitol Heights Metro Station in the Blue Line transit corridor. Of the one hundred fifty-eight (158) residential units, one hundred twenty-eight (128) units will be income-restricted, and thirty (30) units will be market-rate. The Project will include approximately 8,000 square feet of retail space on the ground floor and an array of amenities including community rooms, kitchen, fitness center, on-site leasing office, and a Wi-Fi lounge. The Project's total development cost is approximately sixty million, one hundred eighty-seven thousand, four hundred eighty-four dollars (\$60,187,484). Financing will consist of a Freddie Mac first mortgage, subordinate loan from Amazon, and developer equity. The Project will also be financed with a Prince George's County Housing Investment Trust Fund ("HITF") loan in the amount of three million dollars (\$3,000,000). The PILOT will require the Owner to make a mandatory annual payment to the County in an amount of no less than approximately seven thousand, four hundred twenty-four dollars (\$7,424) or approximately fifty-eight dollars (\$58) per unit for the one hundred twenty eight (128) affordable units for the first full tax year. Thereafter, the required payment will increase by two percent (2%) for each subsequent tax year. The PILOT agreement will remain in effect for fifty (50) years. Without the PILOT agreement, the estimated County property tax for the

During the meeting, Tony Welch, President, Banneker Ventures, LLC, provided a presentation for the Project.

Aspasia Xypolia, Director, Department of Housing and Community Development, spoke regarding CR-043-2023.

Sakinda Skinner, Council Liaison, CEX, acknowledged the County Executive's support for the legislation.

The Office of Law finds CR-043-2023 in proper legislative form with no legal impediments to its enactment.

The Budget and Policy Analysis group advises that adoption of CR-043-2023 will have an adverse fiscal impact in the form of forgone tax revenue. As described above, accepting the PILOT on the entire Project of \$62,924 will result in a loss of approximately \$229,375 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 \$19,400,416.00 over the 50-year period that the PILOT agreement remains in effect.

However, should CR-043-2023 not be adopted the Owner may raise rents, making the units unaffordable to tenants at 80% or youth transitioning out of foster care at 40% AMI. Additionally, due to the appeal of fixed rent, the property may attract new residents.

After discussion, the Government Operations and Fiscal Policy Committee reported CR-043-2023 out favorably, 10-0.