



# THE PRINCE GEORGE'S COUNTY GOVERNMENT

## Office of Audits and Investigations

September 6, 2018

### MEMORANDUM

TO: Robert J. Williams, Jr.  
Council Administrator

William M. Hunt  
Deputy Council Administrator

THRU: David H. Van Dyke *DHV*  
County Auditor

FROM: Inez N. Claggett *INC*  
Senior Legislative Auditor

RE: Fiscal Impact Statement  
CR-049-2018 DR-1 County Real Property

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#### *Legislative Summary*

CR-049-2018 declares certain parcels of County-owned real property as surplus, and approves the County Executive's plan for disposal of such parcels. The proposal declares fourteen (14) parcels, with a total assessed value of \$10,659,600, as surplus to the County's needs and authorizes disposition, as recommended by the County Executive.

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#### *Background*

Section 2-111.01 of the Prince George's County Code requires an inventory of County owned real property to be reviewed at least annually. The County Executive shall transmit to the County Council by Resolution a list of County owned properties to be approved for lease, sale, or disposition.

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#### *Resource Personnel*

Floyd Holt, Deputy Director, Office of Central Services

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### *Assumptions and Methodology*

The County Executive proposes four (4) surplus parcels be sold to M-NCPPC for use to expand existing park sites, one (1) surplus parcel be sold to West Hyattsville Property Company, LLC to facilitate development of Riverfront at West Hyattsville Transit Oriented Development (TOD), one (1) surplus parcel be sold to Verizon Global Real Estate, and one (1) surplus parcel be sold to New County Hotel, LLC for construction of an approximate 160-room hotel with ground level retail. Three (3) parcels previously deemed surplus by CR-056-2015 are proposed to be sold for not less than fair market value.

Office of Central Services staff also provided details of the proposed disposition of one (1) surplus parcel of land to be used for installation of a communications tower. Should the deal be finalized, estimates indicate the County may receive a one-time payment of \$20,000, plus annual revenue estimated at \$11,000 thereafter for a period of 10 years.

Three (3) surplus parcels of land, previously deemed as surplus by CR-056-2015, are proposed to be included in a ground lease for an athletic complex. Staff within the Office of Central Services detailed a recommendation for disposition by ground lease to Green Branch Management Group, Corp for development into an athletic complex containing multi-use areas for hosting tournaments and for athletic training. The athletic complex will be funded by funds provided by Maryland National Capital Park and Planning Commission (M-NCPPC), Maryland Stadium Authority, Washington Redskins Foundation, bank loans and grants. The ground lease for the three (3) properties is \$60,000 for year 3, \$90,000 for year 4, and \$120,000 for year 5. Thereafter, rent will be the prior year's rent amount plus an adjustment for the consumer price index (CPI) for all urban consumers, with a maximum 2% increase over the prior year's rent. There is no proposed lease amount to be collected for years 1 and 2. The term of the lease is proposed for 20 years, with an option to renew for 2, 10-year periods. The lessor is a non-profit organization, and therefore, no real property taxes will be collected during the lease term. Studies conducted by Crossroads Consulting Services estimate that activities at the proposed athletic complex will generate between \$17.4 million and \$19.3 million annually in incremental new direct spending within Prince George's County, and indirect spending estimates are projected to be \$12.0 million annually. New annual tax revenues are estimated between \$437,000 and \$488,000.

Attachment A provides a summary of key data elements for the fourteen (14) parcels proposed for surplus.

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### *Fiscal Impact*

- Direct Impact

Enactment of CR-049-2018 should not have an adverse fiscal impact on the County. While the proposed disposal of the parcels will reduce the County's inventory of real property assets, the proposed sale of the surplus parcels will increase County short-term and long-term revenues, assuming the majority of the parcels designated for sale are sold to private parties, and are sold at or above the County's total acquisition and maintenance costs and accrued taxes owed, if any. If the parcels are sold to private parties, the parcels will return to the County's tax rolls and should begin to produce a positive annual revenue stream. The amount of direct revenue related to the sale of surplus property cannot be estimated at this time.

- Indirect Impact

Estimates indicate potential revenues between \$17.4 million and \$19.3 million annually in incremental new direct spending in Prince George's County, and new annual tax revenues between \$437,000 and \$488,000, to be generated by the proposed athletic complex. Potential indirect spending of up to \$12.0 million annually within Prince George's County is also anticipated to be generated by the athletic complex.

An agreement to develop the proposed communications tower is anticipated to provide a one-time payment of \$20,000, plus annual revenue estimated at \$11,000, for a period of 10 years.

The proposed sale of the fourteen (14) parcels may also contribute a measure of positive fiscal impact for the County by reducing County costs related to maintenance and other services that the County may currently be required to provide or incur as a result of having these parcels in its real property inventory.

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***Appropriated in the Current Fiscal Year Budget***

Not applicable.

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***Effective Date***

Date of adoption of the Resolution.

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If you require additional information, or have questions about this fiscal impact statement, please call me.

Enclosure

**ATTACHMENT A**

<b>CR-049-2018 - County-Owned Real Property Declared As Surplus</b>							
<b>Summary of Properties Proposed For Disposition</b>							
<b>14 Parcels</b>							
<b>Map</b>	<b>MNCPPC OCC - ID</b>	<b>Most Recent Assessment</b>	<b>Zoning</b>	<b>Area</b>	<b>Year Originally Acquired</b>	<b>Original Acquisition Price or Method</b>	<b>Additional Comments</b>
2-A	3003	\$60,000	R-35	4,145 SQ FT	5/3/2000	\$90,000	Sale to M-NCPPC for adjacent park expansion
2-B	2779	\$60,000	R-35	4,145 SQ FT	4/7/2000	\$99,000	Sale to M-NCPPC for adjacent park expansion
2-C	N/A	N/A	N/A	1,649 SQ FT	12/20/1960	\$1	Sale to West Hyattsville Property Company, LLC to facilitate development of Riverfront at West Hyattsville TOD
3-A	2648	N/A	M-U-I	2.6 AC	10/22/1996	N/A	Land disposition and development agreement with New County Hotel, LLC to construct an approximate 160-room hotel with ground level retail
4-A	786	\$1,035,200	E-I-A	10.61 AC	N/A	N/A	Sale to Verizon Global Real Estate, Previously surplused in CR-56-2015
4-B	786	\$264,400	E-I-A	2.71 AC	10/7/1970	N/A	Previously surplused in CR-56-2015
4-C	786	\$464,700	E-I-A	4.69 AC	N/A	N/A	Previously surplused in CR-56-2015
4-D	786	\$1,444,100	E-I-A	14.88 AC	N/A	N/A	Previously surplused in CR-56-2015
4-E	2935	\$2,743,700	E-I-A	28.12 AC	8/14/1968	\$712,000	One (1) of three (3) properties to be included in a ground lease for a lacrosse complex, Previously surplused in CR-56-2015
4-F	2805	\$2,129,000	E-I-A	21.82 AC	8/14/1968	\$712,000	Two (2) of three (3) properties to be included in a ground lease for a lacrosse complex, Previously surplused in CR-56-2015
4-G	3129	\$2,341,300	E-I-A	23.96 AC	8/14/1968	\$712,000	Three (3) of three (3) properties to be included in a ground lease for a lacrosse complex, Previously surplused in CR-56-2015
6-A	981	N/A	I-4	3,163 SQ FT	6/27/1969	N/A	Milestone Tower Limited Partnership will utilize a portion of County parcel to install and operate a 3,135 sq. ft. communications tower under a long-term ground lease
7-A	3003	\$89,900	R-55	11.99 AC	1/14/1986	\$0	Sale to M-NCPPC for adjacent park expansion
7-B	3003	\$27,300	R-55	2.73 AC	1/14/1986	\$0	Sale to M-NCPPC for adjacent park expansion

**TOTAL** \$10,659,600