

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND
2023 Legislative Session

Resolution No. CR-048-2023

Proposed by The Chair (by request – County Executive)

Introduced by Council Members Hawkins, Watson, Harrison, Fisher, Olson,
Franklin and Ivey

Co-Sponsors _____

Date of Introduction May 16, 2023

RESOLUTION

1 A RESOLUTION concerning

2 Payments in Lieu of Taxes (“PILOT”) Agreement for Queens Park Plaza Apartments

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 Queens
 5 Park Plaza MD LLC (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 and renovate a ninety four (94) unit garden
 9 style apartment community, known as Queens Park Plaza, a portion of which will provide
 10 housing for fifty seven (57) low-income to moderate-income residents, located one half (1/2)
 11 mile from the West Hyattsville Metro rail transit station along the Yellow Line, at 2500 Queens
 12 Chapel Road, Hyattsville, Maryland 20782, as more particularly described in Exhibit A, attached
 13 hereto and herein incorporated by reference (“Property”); 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 7-506.3 of the Tax-Property Article of the Annotated Code of
 17 Maryland, as amended; and

18 WHEREAS, Section 7-506.3 of the Tax-Property Article of the Annotated Code of
 19 Maryland, as amended, provides that in Prince George's County, real property may be exempt
 20 from county 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

1 housing structure or project that is constructed or substantially rehabilitated under a federal,
 2 State, or local government program that (a)(2)(ii)(1) is acquired, constructed, or rehabilitated
 3 under a federal, State, or local government program that (a)(2)(ii)(1)(A) funds construction or
 4 rehabilitation or insures the financing of construction or rehabilitation in whole or in part,
 5 including a housing investment trust, or (a)(2)(ii)(1)(B) provides interest subsidy, rent subsidy,
 6 or rent supplements; or (a)(2)(ii)(2) is acquired under the Right of First Refusal program under
 7 Subtitle 13, Division 14 of the Prince George's County Code; (a)(2)(iii) the owner and the
 8 governing body of Prince George's County agree that the owner shall pay a negotiated amount in
 9 lieu of the applicable county property tax; and (a)(2)(iv) the owner of the real property:
 10 (a)(2)(iv)(1)(A) agrees to continue to maintain the real property as rental housing for lower
 11 income persons under the requirements of the government programs described in paragraph
 12 (a)(2)(ii) of this subsection; and (a)(2)(iv)(1)(B) agrees to renew any annual contributions
 13 contract or other agreement for rental subsidy or supplement; or (a)(2)(iv)(2) enters into an
 14 agreement with the governing body of Prince George's County to allow the entire property or the
 15 portion of the property that was maintained for lower income persons to remain as housing for
 16 lower income persons for a term of at least 5 years; and

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

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

24 WHEREAS, the County Executive has recommended support of the acquisition and
 25 renovation of the Project.

26 NOW, THEREFORE, BE IT RESOLVED by the County Council of Prince George's
 27 County, Maryland, that in accordance with Section 7-506.3 of the Tax-Property Article of the
 28 Annotated Code of Maryland, as amended, the County shall accept payments in lieu of County
 29 real property taxes for the Project, subject to the Agreement attached to this Resolution.

30 BE IT FURTHER RESOLVED that the County Executive or the County Executive's
 31 designee is hereby authorized to execute and deliver the Agreement in the name of and on behalf

1 of the County in substantially the same form attached hereto.

2 BE IT FURTHER RESOLVED that the County Executive, prior to the execution and
3 delivery of the Agreement, may make such changes or modifications to the Agreement as
4 deemed appropriate in order to accomplish the purpose of the transaction authorized by this
5 Resolution; and the execution of the Agreement by the County Executive or the County
6 Executive’s designee shall be conclusive evidence of the approval of the County Executive of all
7 changes or modifications to the Agreement; and the Agreement shall thereupon become binding
8 upon the County in accordance with the terms and conditions therein.

9 BE IT FURTHER RESOLVED that the County Executive, subsequent to the execution of
10 the Agreement, may amend the Agreement as deemed appropriate in order to accomplish the
11 purpose of the transaction authorized by this Resolution.

12 BE IT FURTHER RESOLVED that this Resolution shall become effective as of the date of
13 its adoption.

Adopted this 5th day of July , 2023.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Thomas E. Dernoga
Chair

ATTEST:

Donna J. Brown
Clerk of the Council

ATTACHMENT A-1

PROJECT INFORMATION SHEET

**Queens Park Plaza
2500 Queens Chapel Road
Hyattsville, MD 20782**

COUNCILMANIC DISTRICT 2

PROJECT DESCRIPTION: A ninety four (94) unit garden style apartment community acquired in March 2023 by Queens Park Plaza MD LLC. This is rental housing without any income-restrictions on 4.39 acres in Hyattsville, Maryland. Ownership proposes to restrict rents for fifty seven (57) of the units for at least fifteen (15) years.

OWNER: Queens Park Plaza MD LLC

DEVELOPER: Bensahel Capital and Ernst Equities

CONTACT: Alexandre Bensahel, Managing Principal
Bensahel Capital
(310) 967-9118

NEIGHBORHOOD/LOCALITY: Hyattsville, Prince George’s County, District 2

UNIT MIX: A mix of One-, Two- and Three-bedroom units

AFFORDABILITY: 40% or less of the AMI: 5 units
50% or less of the AMI: 19 units
60% or less of the AMI: 33 units
Unrestricted/Market Rate: 37 units

ATTACHMENT A-2**PROJECT INFORMATION SHEET**

**Queens Park Plaza
2500 Queens Chapel Road
Hyattsville, MD 20782**

COUNCILMANIC DISTRICT 2**PROJECT DESCRIPTION:**

Bensahel Capital and Ernst Equities (the “Developer”) propose to restrict rent levels for fifty seven (57) of the ninety four (94) rental units at Queens Park Plaza Apartments (the “Project”) to serve households with incomes at forty percent (40%), fifty percent (50%) and sixty percent (60%) of the Area Median Income (“AMI”) for a period of at least fifteen (15) years. The Project is an inner Beltway rental apartment community that was constructed in 1968 and located within one half mile of the West Hyattsville Metro rail transit station along the Yellow Line, which provides access to Washington, D.C. to the south, and a connection to the future College Park stop along the Purple Line to the north. The unit mix includes one-, two- and three- bedrooms units. The Project is to be acquired by Queens Park Plaza MD LLC, an entity led by Bensahel Capital and Ernst Equities, in March 2023. The Project is presently not subject to any rent restrictions however most of its units are priced at levels affordable to households earning sixty percent (60%) of the AMI. Local market rents are projected to increase at greater rates as the Purple Line nears completion and begins service.

The Project’s ownership will be carrying out a capital improvement project to remedy deferred maintenance items. Inclusive of the acquisition price, the total cost of acquiring the Project and carrying out needed repairs will total approximately seventeen million, eight hundred twenty three thousand, ninety-one dollars (\$17,823,091). The Developer is applying for a Prince George’s County payment in lieu of taxes (“PILOT”) since this subsidy will allow sixty percent (60%) of the Project’s units (57 of the 94 units) to be income- and rent-restricted and ensure the Project is able to adequately service its debt and equity capital. This additionally permits affordability preservation since the rents for the affordable units can be increased more gradually as existing leases expire and the market shows a demand for units at a higher price point.

The Developer intends to remedy deferred maintenance and make improvements to preserve

the property and make it more livable for its tenants. Renovations at the Project will total approximately eight hundred fifty thousand dollars (\$850,000), and will include window replacements in several buildings, updated kitchens and appliances in all units, and updated bathrooms in all units. Renovations are expected to be completed within 24 months. In addition to the location of this Project being ideally positioned near a Metro rail station and with access to the future Purple Line, onsite amenities include a playground, picnic area and laundry facilities.

The Prince George's County subsidy for the Project consists of a Prince George's County Payment in lieu of Taxes ("PILOT") and will preserve fifty seven (57) affordable housing units for a period of at least fifteen (15) years in a neighborhood whose residents are at greater risk of displacement.

ATTACHMENT A-3

PROJECT FINANCING ESTIMATE

**Queens Park Plaza
2500 Queens Chapel Road
Hyattsville, MD 20782**

COUNCILMANIC DISTRICT 2

SOURCES	Amount	Percentage
City First National	\$ 13,600,000	76.31%
Sponsor Equity	\$ 4,223,091	23.69%
TOTAL	\$ 17,823,091	100.00%

USES	Amount	Percentage
Rehabilitation Costs	\$ 850,000	4.77%
Financing Fees and Charges	\$ 70,844	0.40%
Acquisition Costs	\$ 16,106,501	90.37%
Closing Costs / Recording / Title	\$ 245,747	1.38%
Interest Reserve	\$ 550,000	3.09%
TOTAL	\$ 17,823,091	100.00%