

PRINCE GEORGE'S COUNTY COUNCIL

COMMITTEE REPORT

2016 Legislative Session

Reference No.: CR-010-2016
Draft No.: 2
Committee: COMMITTEE OF THE WHOLE
Date: 03/8/2016
Action: FAV(A)

REPORT:

CR-10-2016 as proposed is a Resolution approving the terms and conditions of Payment in Lieu of Taxes (PILOT) agreement between Prince George's County and 2521 Ventures Investors for the Arnold Gardens Project.

The Owner proposes to acquire an existing apartment complex located in Suitland, Maryland and rehabilitate the property to provide affordable housing. The complex includes 68 rental units and related facilities for low to moderate income persons. The project cost is \$14,172,551. \$8,788,700 of the cost will be insured by the Federal Housing Administration, \$3,568,437 will come from the sale of low income Housing Credits allocated to the Maryland Department of Housing, \$975,000 will come from Prince George's County's HOME Loan Program, \$438,374 will come from interim income from the Project and the remaining \$384,040 will come from the Developer's Equity.

Currently, the total County taxes on the site are \$30,785 per year. The PILOT Agreement will require the owner to make annual payments to the County during each of the first two years in the amount of \$9,860 and for each tax year thereafter from the fifteen percent on the Owner's surplus cash flow. The PILOT Agreement will remain in effect for as long as the building has an affordability regulatory agreement.

This Resolution was discharged from the Public Safety and Fiscal Management Committee and referred to the Committee of the Whole.

During the Committee of the Whole, the Committee was briefed on the terms and conditions of the PILOT. The Resolution was amended in Committee to conform with amendments made in CR-8-2016 to require job opportunities for residents of Prince George's County and further to provide for a 30% goal for Minority Business Enterprises located in the County. The amendments were accepted and are embodied in Draft Two.

The Office Law reports the Resolution finds CR-10 -2016 Draft two to be in proper legal form with no impediments to its enactment.

The Office of Audits and Investigations reports that adoption of CR-10-2016 will have a negative fiscal impact on the County of approximately \$672,395 in foregone County real property taxes over the next 20 years. However this project does provide for economic development that may occur as a result of the rehabilitation and development of this project.

After discussion, the Committee of the Whole reported the Resolution out favorably as amended 7-0. In favor: Council Members Davis, Franklin, Glaros, Lehman, Patterson, Taveras, Toles and Turner. Absent: Council Members Harrison and Patterson.