

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND
2016 Legislative Session

Resolution No. CR-75-2016

Proposed by The Chairman (by request – County Executive)

Introduced by Council Member Davis

Co-Sponsors _____

Date of Introduction September 27, 2016

RESOLUTION

1 A RESOLUTION concerning

2 Payments in Lieu of Taxes (“PILOT”) Agreement for The Belnor

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 Belnor

5 Residences, 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 land, construct and operate a rental housing
9 project comprised of one hundred twenty-two (122) apartment units and related facilities for
10 low- to moderate-income seniors, known as The Belnor (hereinafter referred to as the “Project”;
11 and

12 WHEREAS, the Project is located at the intersection of Saint Barnabas Road and Belnor
13 Lane in Suitland, Maryland; 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 7-506.1 of the Tax-Property Article of the Annotated Code of
17 Maryland, as amended; and

18 WHEREAS, Section 7-506.1 of the Tax-Property Article of the Annotated Code of
19 Maryland, as amended, provides that real property may be exempt from county and municipal
20 corporation 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
22 housing structure or project that is constructed or substantially rehabilitated under a federal,

1 State, or local government program that (a)(2)(ii)(1) funds construction or insures its financing in
 2 whole or in part, or (a)(2)(ii)(2) provides interest subsidy, rent subsidy, or rent supplements;
 3 (a)(2)(iii) the owner and the governing body of the county and, where applicable, the municipal
 4 corporation where the real property is located agree that the owner shall pay a negotiated amount
 5 in lieu of the applicable county or municipal corporation property tax; and (a)(2)(iv) the owner of
 6 the real property: (a)(2)(iv)(1)(A) agrees to continue to maintain the real property as rental
 7 housing for lower income persons under the requirements of the government programs described
 8 in paragraph (a)(2)(ii) of this subsection; and (a)(2)(iv)(1)(B) agrees to renew any annual
 9 contributions contract or other agreement for rental subsidy or supplement, or (a)(2)(iv)(2) enters
 10 into an agreement with the governing body of the county or municipal corporation to allow the
 11 entire property or the portion of the property which was maintained for lower income persons to
 12 remain as housing for lower income persons for a term of at least five (5) years; and

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

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

20 WHEREAS, the County Executive has recommended support of the acquisition and new
 21 development of the Project.

22 NOW, THEREFORE, BE IT RESOLVED by the County Council of Prince George's
 23 County, Maryland that in accordance with Section 7-506.1 of the Tax-Property Article of the
 24 Annotated Code of Maryland, as amended, the County shall accept payments in lieu of County
 25 real property taxes for the Project, subject to the Agreement attached to this Resolution.

26 BE IT FURTHER RESOLVED that the County Executive or the County Executive's
 27 designee is hereby authorized to execute and deliver the Agreement in the name of and on behalf
 28 of the County in substantially the same form attached hereto.

29 BE IT FURTHER RESOLVED that the County Executive, prior to the execution and
 30 delivery of the Agreement, may make such changes or modifications to the Agreement as
 31 deemed appropriate in order to accomplish the purpose of the transaction authorized by this

1 Resolution, provided that such changes or modifications shall be within the scope of the
2 transactions authorized by this Resolution; and the execution of the Agreement by the County
3 Executive or the County Executive’s designee shall be conclusive evidence of the approval of the
4 County Executive of all changes or modifications to the Agreement; and the Agreement shall
5 thereupon become binding upon the County in accordance with the terms and conditions therein.

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

Adopted this 15th day of November, 2016.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Derrick Leon Davis
Chairman

ATTEST:

Redis C. Floyd
Clerk of the Council

ATTACHMENT A-1

PROJECT INFORMATION SHEET

**The Belnor
3800 St. Barnabas Road
Suitland, MD 20746**

COUNCILMANIC DISTRICT 7

PROJECT DESCRIPTION: Belnor Residences, LLC plans to acquire land and construct a 122-unit apartment community for low-to-moderate-income seniors, over the age of sixty two (62), in the Suitland/Marlow Heights neighborhood of Prince George’s County, Maryland.

PROPOSED OWNER: Belnor Residences, LLC

DEVELOPER: Mission First Housing Development Corporation
The LAB Group, Inc.
The Henson Development Company, Inc.

CONTACT: Sarah Constant
Managing Director
Mission First Development Corporation
202-223-3401

NEIGHBORHOOD/LOCALITY: Suitland, Maryland (District 7)

UNIT MIX: The unit mix is ninety six (96) units with one bedroom and twenty six (26) units with two bedrooms

PROPOSED RENTS: Average one- bedroom \$970 per month
Average two-bedroom \$1305 per month

ATTACHMENT A-2**PROJECT INFORMATION SHEET**

**The Belnor
3800 St. Barnabas Road
Suitland, MD 20746**

COUNCILMANIC DISTRICT 7**PROJECT DESCRIPTION:**

Belnor Residences, LLC plans to develop a 122-unit apartment community for low-to-moderate-income seniors, over the age of sixty two (62), in the Suitland/Marlow Heights neighborhood of Prince George’s County, Maryland (hereinafter referred to as “The Belnor”).

Located inside the capital beltway, east of the Anacostia section of District of Columbia (DC), The Belnor will offer residents a convenient location regarding employment, transportation, healthcare, and retail, as well as other important neighborhood amenities. Significant employment centers nearby include the Suitland Federal Center, the Smithsonian and other commercial and retail centers along the major transportation routes of Branch Avenue, St. Barnabas Road and Silver Hill Road. Additionally, the nearest hospital, United Medical Center, is only two and one half (2.5) miles west of The Belnor. Other neighborhood amenities include close proximity to: two large shopping centers, Marlow Heights Shopping Center and Iverson Mall, which include numerous retail stores, fast food restaurants, a movie theater, and a supermarket; a public storage facility; a small real estate office adjacent on the south; Victory Christian Ministries International; and multiple retail shopping centers such as Silver Hill Executive Plaza, St. Barnabas Square and St. Barnabas Plaza.

The Belnor is designed as a four-story, elevator-served building with high-quality brick and vinyl exterior finishes. Of the one hundred twenty two (122) units, ninety six (96) units have one bedroom and twenty six (26) units have two bedrooms. Each unit consists of a spacious kitchen with a dishwasher, garbage disposal, microwave, EnergyStar appliances, and spacious closets. The Belnor will be *Enterprise Green Community Certified*, which will provide a direct benefit to residents’ electric bills, as each unit is powered entirely by electricity. The project’s monthly utility allowances are conservatively estimated at seventy dollars (\$70) for units with one

bedroom and ninety dollars (\$90) for units with two bedrooms. Unlike other newer properties in the area, which almost exclusively target seniors with incomes at sixty percent (60%) Average Median Income (“AMI”), sixty percent of the units at The Belnor will be reserved for seniors whose income is fifty percent (50%) of the AMI. This translates into incomes of roughly fifty five thousand dollars (\$55,000) and rents at \$948 for one bedroom and \$1,135 for two bedroom units. The balance of units at The Belnor will be reserved for those earning 60% AMI, which translates into incomes of roughly \$66,000 and rents ranging from \$1,045 for units with one bedroom and \$1,315 for units with two bedrooms.

Amenities at The Belnor include: a putting green; walking paths; a business center/cyber-café; a library; a club room; a fitness room; laundry facilities on each floor and laundry hook-ups in each unit; a billiards/theater area; and pet-friendly policies. These amenities were included to assure that residents at The Belnor are part of a “*Healthy Living Community*”, whereby access to healthy living options is incorporated into the design of the building. Accordingly, The Belnor will have a wellness area for health screenings and holistic medical treatments, healthy diet amenities, including: a healthy living garden, greenhouse, and common area kitchen for healthy cooking classes. The building’s fitness center also will offer weekly fitness classes. Other services for residents at The Belnor will be determined with resident input after The Belnor is fully developed and occupied.

Security for residents at The Belnor is extremely important. An access key will be provided for all residents. The Belnor will also feature security cameras throughout the building (i.e. front door, rear door, parking, interior corridors, etc). Main security cameras will tie into televisions so that residents can see who is entering and exiting the building. There also will be 24-hour on-call staff in the event of emergency.

In addition to meeting the need of low and moderate income seniors in Prince George’s County, specifically in the Suitland area, The Belnor will contribute many economic benefits including, but not limited to, the addition of over two hundred (200) jobs during construction and six (6) full-time employees and contract positions after construction.

ATTACHMENT A-3

PROJECT FINANCING ESTIMATE

**The Belnor
3800 St. Barnabas Road
Suitland, MD 20746**

COUNCILMANIC DISTRICT 7

SOURCES	AMOUNT	%
FHA Insured Bonds	13,735,000.00	50.85%
MD CDA Rental Housing Works	2,500,000.00	9.25%
LIHTC	8,044,025.00	29.78%
Deferred Dev. Fee	823,468.00	3.05%
Prince George's County HOME Loan	750,000.00	2.78%
FHLB Grant	1,160,000.00	4.29%
TOTAL	27,012,493.00	100.00%

USES	AMOUNT	%
Acquisition Costs (includes transfer tax & recordation)	1,815,000.00	6.72%
Construction Costs	17,404,722.00	64.43%
Fees Related to Construction	1,618,738.00	5.99%
Financing Fees and Charges	2,383,539.00	8.82%
Developers Fee	2,500,000.00	9.25%
Syndication Related Costs	481,952.00	1.78%
Guarantees and Reserves	808,542.00	2.99%
TOTAL	27,012,493.00	100.00%