

PRINCE GEORGE'S COUNTY COUNCIL
COMMITTEE REPORT
2016 Legislative Session

Reference No.: CR-079-2016
Draft No.: 1
Committee: PSFM
Date: 11/03/2016
Action: FAV

REPORT: 1

Committee Vote: Favorable, 5-0 (In Favor: Council Members Franklin, Patterson, Lehman, Harrison and Turner)

CR-079-2016 approves the terms and conditions of a Payments in Lieu of Taxes (“PILOT”) Agreement by and between SP Woods LP and the County.

The Owner proposes to acquire the Woods at Addison Apartments, a rental housing project located in Capitol Heights, Maryland for rehabilitation and subsequent operation. The Project is comprised of 225 multi-family apartment units, along with related facilities. The Owner will designate 180 units for rent to households with income at or below 60% of the Area Median Income. The remaining 45 units will be rented at the market rate. The project will consist of 41 one-bedroom units, 158 two-bedroom units and 26 three-bedroom units, Attachments A-1 to A-3 to the Resolution provide a description of the Project along with the anticipated financing estimate. Attachment A to the Resolution provides the terms of the proposed 30 year PILOT Agreement.

The proposed PILOT Agreement shall become effective on the date of execution. The Agreement and the obligation to pay negotiated payments in lieu of taxes shall commence as of the effective date. The PILOT Agreement shall remain effective until the termination date as defined within the Resolution. Under the agreement, the owner agrees to pay an annual PILOT payment of \$59,829 per year, which shall increase by 2% each year, after the first full calendar year following the effective date. All other agency taxes are to be paid in full, each year. Over a 30 year period the estimated PILOT payments totals \$2,427,148 (See Attachment A).

During the Committee meeting, Council Member Lehman noted the contribution to the County’s Housing Trust. Council Member Harrison asked questions about the rehabilitation of the Project and the Security.

Eric Brown, Director of Housing and Community Development, gave the Committee an overview of the Resolution. A feature of this Agreement is that the developer has agreed to contribute to the County's Housing Trust.

The Office of Law reports CR-079-2016 to be in proper legislative form with no legal impediments to its adoption.

The Office of Audits and Investigations reports that adoption of CR-079-2016 will have a negative impact to the County. The County will forgo \$3,734,416 in annual taxes over the 30 year period. This amount is the difference between the tax and the PILOT payments. Adoption of this Resolution will have a positive impact on the County's Housing Trust. Contributions to the Trust are estimated to be \$2,596,849 over the term of the agreement.

After discussion the Public Safety and Fiscal Management Committee reported CR-079-2016 out favorably 5-0.