



Rushern L. Baker, III  
County Executive

CR-79-2016

# PRINCE GEORGE'S COUNTY GOVERNMENT

## OFFICE OF THE COUNTY EXECUTIVE

September 27, 2016

The Honorable Derrick Leon Davis  
Chairman  
Prince George's County Council  
County Administration Building  
Upper Marlboro, Maryland 20772

Dear Chairman Davis:

Enclosed for the County Council's consideration is a resolution approving the terms and conditions of a Payments in Lieu of Taxes ("PILOT") Agreement between Prince George's County, Maryland and SP Woods LP (the "Owner") for the Woods at Addison Apartments project (the "Project").

The Owner is a newly formed ownership entity, formed by The National Housing Preservation Foundation and Urban Atlantic, LLC for the purpose of acquiring and renovating the existing Woods at Addison Apartments. The Woods at Addison Apartments is a two hundred twenty-five (225) unit multi-family rental community located at 6500 Ronald Road in Capitol Heights, Prince George's County, Maryland. The Project will reserve eighty percent (80%) of the units for households with incomes at or below sixty percent (60%) of the Area Median Income (AMI) and the remaining twenty percent (20%) of the units at market price (no income restrictions). The unit mix will consist of forty-one (41) one-bedroom units; one hundred fifty-eight (158) two-bedroom units and twenty-six (26) three-bedroom units.

The Project's total development cost, including the acquisition and construction, is approximately \$36,458,072. Financing will consist of: a first mortgage insured by Fannie Mae totaling approximately \$24,526,406; approximately \$7,832,822 from the sale of four percent (4%) Low Income Housing Tax Credits allocated by the Maryland Department of Housing and Community Development, Community Development Administration; a \$2,500,000 Maryland Rental Housing Works loan; and \$1,598,072 from the Developer's Equity.

The PILOT Agreement will require a mandatory payment of \$59,829 per year, increasing two percent (2%) annually. The PILOT Agreement will remain in effect for as long as the building has an affordability regulatory agreement in place. Without the PILOT Agreement, the estimated County property tax would be approximately \$176,514 annually. When considering the financial effects of the PILOT, Prince George's County will be providing operating support of \$116,685 per year, increasing approximately two percent (2%) annually. In addition, for each fiscal year following closing and subject to the provisions of the PILOT, net cash flow and/or net capital proceeds from the Project actually received by the general partner of the Owner will be

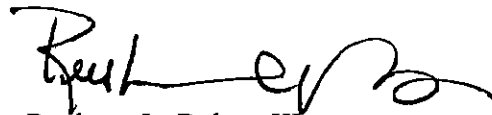
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The Honorable Derrick Leon Davis  
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shared seventy-five percent (75%) to the general partner of the Owner and twenty-five percent (25%) to the Housing Trust Fund established by the County. In addition, the Owner will pay an administrative fee of \$37,500 to the County at the time of the Project closing for deposit into the established Housing Trust Fund.

The Council's favorable consideration of this legislation is greatly appreciated. If you have any questions or concerns, please contact my office or Eric C. Brown, Director, Department of Housing and Community Development at (301) 883-5531.

Sincerely,

A handwritten signature in black ink, appearing to read "Rushern L. Baker, III". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Rushern L. Baker, III  
County Executive

Enclosures