



Rushern L. Baker, III  
County Executive

CR-63-2017

PRINCE GEORGE'S COUNTY GOVERNMENT  
OFFICE OF THE COUNTY EXECUTIVE

September 6, 2017

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 (the "County") and Glenarden Phase I, LLC (the "Owner") for the Glenarden Phase I Project (the "Project").

The Developer proposes to construct a one-hundred fourteen (114) unit mixed-income multifamily rental housing complex in Glenarden, Maryland in which twenty-seven (27) units will be market rate and eighty-seven (87) affordable units will target renters at 30% to 60% of Area Median Income ("AMI"). Forty-six (46) of the affordable units will be senior units housed in a single elevator building which will also receive a subsidy in the form of project-based vouchers enabling eighteen (18) of these units to be rented to households with incomes as low as 30% of AMI. The remaining forty-one (41) affordable units will be affordable for families. This property is located within Council District 5 at 8405 Hamlin Street, Glenarden, Maryland.

Through the Low-Income-Housing-Tax-Credit ("LIHTC") Program, the Project received a competitive allocation of 9% tax credits from the September 2017 round from the Community Development Administration ("CDA"), a unit of the Division of Development Finance of the Department of Housing and Community Development of the State of Maryland. With a first phase total development cost ("TDC") of \$33.8 million dollars, all sources of financing had been identified, however engineering and site work challenges related to the site's physical characteristics, considerable local permit and impact fees, fluctuating tax credit and equity markets, and increased interest rates have constrained the budget. This project's ability to support first position debt to supplement equity raised from the sale of tax credits and other sources is limited by the income-restricted nature of the project. In order to support the financing required to construct the project and deliver the myriad benefits the project will bring to the City of Glenarden and the County, assistance in the form of a PILOT from the County is required.

The Owner is requesting a PILOT for the affordable portion of the Phase I development in the annual amount of twenty-five percent (25%) of surplus cash flow to be paid, if available, in lieu of normal County property tax and after the deferred developer's fee is repaid, for as long

The Honorable Derrick Leon Davis  
Page Two

as the Project has a regulatory agreement in place, which is generally to be forty (40) years. The owner will pay full County property tax on the twenty-seven (27) market rate units.

In their existing state, the parcels comprising the Project are not generating any County tax revenue. Any County property tax revenue resulting from the development of this site will be a net gain to the County despite the presence of a PILOT agreement. In the first 20 years, Phase I is expected to generate over \$800,000 for the market rate units, and approximately \$1.15 million for the affordable units in County tax revenue.

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 large initial "R" and a long, sweeping underline.

Rushern L. Baker, III  
County Executive

Enclosures