

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

Resolution No. CR-10-2016

Proposed by The Chairman (by request – County Executive)

Introduced by Council Member Davis

Co-Sponsors \_\_\_\_\_

Date of Introduction February 2, 2016

**RESOLUTION**

1 A RESOLUTION concerning

2                   Payments in Lieu of Taxes (“PILOT”) Agreement for Arnold Gardens

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 2521

5 Ventures Investors, 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, rehabilitate and operate a rental housing  
9 project comprised of sixty-eight (68) apartment units and related facilities for low- to moderate-  
10 income persons, known as Arnold Gardens (hereinafter referred to as the “Project”; and

11           WHEREAS, the Project is located at 2521 Ewing Avenue, Suitland, Maryland 20746; and

12           WHEREAS, the Owner has requested that the County Council of Prince George’s County,  
13 Maryland, (the “County Council”) authorize the Owner to make payments in lieu of County real  
14 property taxes pursuant to Section 7-506.1 of the Tax-Property Article of the Annotated Code of  
15 Maryland, as amended; and

16           WHEREAS, Section 7-506.1 of the Tax-Property Article of the Annotated Code of  
17 Maryland, as amended, provides that real property may be exempt from county and municipal  
18 corporation property tax if: (a)(2)(i) the real property is owned by a person engaged in  
19 constructing or operating housing structures or projects; (a)(2)(ii) the real property is used for a  
20 housing structure or project that is constructed or substantially rehabilitated under a federal,  
21 State, or local government program that (a)(2)(ii)(1) funds construction or insures its financing in  
22 whole or in part, or (a)(2)(ii)(2) provides interest subsidy, rent subsidy, or rent supplements;

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

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

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

18 WHEREAS, the County Executive has recommended support of the acquisition and  
19 rehabilitation of the Project.

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

24 BE IT FURTHER RESOLVED that full compliance with CR-8-2016 is a condition of  
25 approval for the PILOT for the Arnold Gardens project;

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 8th day of March, 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**

**Arnold Gardens  
2521 Ewing Avenue  
Suitland, Maryland 20746**

**COUNCILMANIC DISTRICT 7**

**PROJECT DESCRIPTION:** The Arnold Gardens project involves the acquisition and rehabilitation of sixty-eight (68) apartment units. The apartment units are located in three (3) garden-style buildings, situated on 3.12 acres of land. Each apartment building has three (3) floors.

**OWNER:** 2521 Ventures Investors, LLC

**DEVELOPER:** Gragg Cardona Partners, LLC

**CONTACT:** Juan Cardona, Principal  
7603 Georgia Avenue N.W., Suite 303  
Washington, D.C. 20012

**NEIGHBORHOOD/LOCALITY:** The Arnold Gardens project is located in Councilmanic District 7, at the intersection of Ewing Avenue and Arnold Road in Suitland Maryland 20746.

**UNIT MIX:** The unit mix is: thirty-four (34) units with one bedroom and one bathroom; twenty-seven (27) units with two bedrooms and one bathroom; and seven (7) units with three bedrooms and one bathroom.

**PROPOSED RENTS:** \$1,150 - \$1,545 per month

**ATTACHMENT A-2****PROJECT INFORMATION SHEET**

**Arnold Gardens  
2521 Ewing Avenue  
Suitland, Maryland 20746**

**COUNCILMANIC DISTRICT 7****PROJECT DESCRIPTION:**

2521 Ventures Investors, LLC proposes to acquire and renovate the property known as Arnold Gardens. Arnold Gardens was constructed in 1971, and is composed of sixty-eight (68) apartment units. The apartment units are located in three (3) garden-style apartment buildings, each with three (3) floors, and situated on 3.12 acres of land. The property fronts Ewing Avenue on the west side, Arnold Road on the north side and Whitehall Street on the east side. Ewing Avenue and Arnold Road provide access to Maryland Route 218, which serves as the neighborhood's commercial corridor. The Suitland Federal Center, which houses the most employees in the Suitland area, is located one block away from Arnold Gardens. The property is about one-half mile away from the Suitland Metro Station, and is located in a Transforming Neighborhoods Initiative ("TNI") area and Transit Oriented Development ("TOD") neighborhood. Additionally, the property is situated in a R-T Zone (Townhouse) where Arnold Gardens is a nonconforming use.

Arnold Gardens is under a Housing Assistance Payments (HAP) Contract, pursuant to Section 8 of the Housing Act of 1937, which applies to fifty-five (55) of the sixty-eight (68) units, and will be extended by the U.S. Department of Housing and Urban Development (HUD) for an additional twenty (20) years. The remaining thirteen (13) units will be restricted to income-qualified families under the Low Income Housing Tax Credit (LIHTC) Program. The unit mix is: thirty-four (34) units with one bedroom and one bathroom; twenty-seven (27) units with two bedrooms and one bathroom; and seven (7) units with three bedrooms and one bathroom.

The Arnold Gardens project strives to: correct all building code violations; make the property more accessible to persons with disabilities; and update the property's design, amenities and energy efficiency. The construction budget for each unit is approximately fifty-six thousand dollars (\$56,000). The renovations will be performed with the residents in place. The

renovations will involve: retrofitting units to comply with the Uniform Accessibility Standards (UFAS), with a minimum of five percent (5%) of the units that are mobility accessible (4 units) and a minimum of two percent (2%) of the units that are sensory accessible (2 units); constructing a new UFAS compliant leasing office; and adding additional parking spaces.

Interior renovations may include improvements to various parts of each unit. For example, kitchen renovations may include: new paint, flooring, cabinets, countertops, sinks, garbage disposals, faucets, Energy Star refrigerators, Energy Star electric ranges, Energy Star dishwashers and range hoods. Bathroom renovations may include: new paint, new flooring, new water-saver toilets, new faucets and fixtures (12 bathtubs will be replaced and 56 resurfaced), new ceramic tub surrounds and new bath accessories. Ceiling fans will be added to all living rooms. New flooring will be installed in all unit foyers. Minor repairs will be made to parquet flooring in thirty-four (34) units. Window blinds will be replaced in all units. Damaged interior doors and bi-folds will be replaced. All entry doors and frames will be painted, weather stripping and thresholds will be replaced, and new lever hardware will be installed. Entry door hardware will be replaced in fifty (50) units.

Other renovations may include: upgraded one hundred (100) amp service electrical panels in all units; new Energy Star light fixtures in units and common areas; new outlets and switches; new hardwired smoke detectors; new fire alarms; and the replacement of two (2) gas hot water heaters. Additionally, heating and air conditioning combo units will be replaced in thirty-eight (38) units and a direct ventilation system will be installed in all units to improve energy efficiency.

Exterior improvements may include: new sixty (60) mil Thermoplastic Polyolefin (“TPO”) roofing with a twenty (20) year warranty; new metal roofing over building entrances; new energy efficient windows and new sliders (in lieu of balcony sliding glass doors), parking pad and concrete walkways will be repaired and accessibility features added throughout; new project signage; landscape improvements; a new playground; a new trash enclosure; new perimeter fencing; new store fronts at all buildings with controlled access; and all brick facades will be repainted and washed down. The construction will follow the Enterprise Green Communities Criteria, and the Better Buildings Challenge, an initiative of HUD and the U.S. Department of Energy.

In addition to a UFAS compliant rental office, new amenities will include a business center

and free wireless Internet access to each unit and the business center. Tenant Services will include: the Arnold Gardens Community Scholarship Fund (\$5,000 a year); community gardening with the Suitland Action Team; bi-annual dentist check-ups for children; passive services to residents through the Management Company and the Suitland Action Team.

Community Support will include a one thousand dollar (\$1,000) annual donation to Suitland High School; a two thousand dollar (\$2,000) annual donation to the Center for the Visual and Performing Arts at Suitland High School; a one thousand dollar (\$1,000) annual donation to Suitland Elementary School; and a one thousand dollar (\$1,000) annual donation to Drew Freeman Middle School.

**ATTACHMENT A-3****PROJECT FINANCING ESTIMATE**

**Arnold Gardens  
2521 Ewing Avenue  
Suitland, Maryland 20746**

**COUNCILMANIC DISTRICT 7**

SOURCES	AMOUNT	%
Private Loan – FHA 221(d)4 Loan – Love Funding – Tranche A	7,648,900.00	53.97%
Private Loan – FHA 221(d)4 – Pilot Tranche	1,139,800.00	8.04%
LIHTC	3,586,437.00	25.31%
Deferred Dev. Fee	384,040.00	2.71%
Prince George's County HOME Loan	975,000.00	6.88%
Other	438,374.00	3.09%
<b>TOTAL</b>	<b>14,172,551.00</b>	<b>100.00%</b>

USES	AMOUNT	%
Acquisition Costs (includes transfer tax & recordation)	6,225,338.00	43.93%
Construction Costs	3,803,380.00	26.84%
Construction Contingency	380,338.00	2.68%
Fees Related to Construction	368,600.00	2.60%
Financing Fees and Charges	1,244,661.00	8.78%
Developers Fee	1,498,481.00	10.57%
Syndication Related Costs	64,798.00	0.46%
Guarantees and Reserves	492,955.00	3.48%
Relocation Costs	94,000.00	0.66%
<b>TOTAL</b>	<b>14,172,551.00</b>	<b>100.00%</b>