



# THE PRINCE GEORGE'S COUNTY GOVERNMENT

## Office of Audits and Investigations

July 9, 2019

### MEMORANDUM

TO: Robert J. Williams, Jr.  
Council Administrator

William M. Hunt  
Deputy Council Administrator

THRU: David H. Van Dyke *DHV*  
County Auditor

FROM: Inez N. Claggett *INC*  
Senior Legislative Auditor

RE: Fiscal Impact Statement  
CR-058-2019 Payment in Lieu of Taxes Agreement (PILOT) for The Woodlands at Reid Temple

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#### *Legislative Summary*

CR-058-2019 approves the terms and conditions of a Payment in Lieu of Taxes (PILOT) Agreement (the "Agreement") by and between Woodlands at Reid Temple, LP (Owner) and the County.

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#### *Background*

The Owner proposed to acquire land and construct a development consisting of two-hundred and fifty-two (252) multi-family, residential, mixed-income apartments with related facilities, for seniors, ages sixty-two years and older. The Project will be located east of the Capital Beltway off Glenn Dale Boulevard at 11609 Facchina Place, Glenn Dale, MD. The Project will consist of one hundred and ninety-five (195) one-bedroom units, and fifty-seven (57) two-bedroom units. Proposed rental rates are proposed to range from \$1,009 to \$1,229 per month for the one-bedroom, and from \$1,213 to \$1,477 per month for the two-bedroom units. Attachments A-1 to A-3 to the Resolution provide a description of the Project along with the anticipated financing estimate. Attachment B to the Resolution provides the terms of the proposed fifteen (15) year PILOT agreement.

### ***Resource Personnel***

- Pamela Wilson, Housing Development Program Manager, Department of Housing and Community Development
  - Adam E. Kulikowski, Senior Underwriter, Department of Housing and Community Development
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### ***Assumptions and Methodology***

According to staff in the Department of Housing and Community Development, the current County portion of the real property tax of the undeveloped Project is \$4,860. Factoring in an annual 3% increase, the County would receive real property taxes equating to approximately \$90,391 over a 15-year period. After development the Project's annual real property assessed value will be approximately \$20,796,261, and the County portion of the real property tax due on the Project will be an estimated \$207,963 without the PILOT agreement. Factoring in an annual 3% increase, the County would receive real property taxes equating to approximately \$3,867,879 (see Exhibit 1) over a 15-year period.

If adopted, the proposed PILOT agreement shall become effective on the date of execution of the PILOT agreement, and the obligation to pay negotiated payments in lieu of taxes shall commence beginning the first full tax year from the date of substantial completion of the Project, as defined within the Agreement. The Agreement shall remain effective until the termination date, as defined within the Agreement. Under the Agreement, the Owner agrees to pay an annual PILOT payment of \$36,540 (\$145 for each completed unit within the Project) for the first year, which shall increase by 3% each year thereafter for the fifteen (15) year term of the PILOT Agreement. All other agency taxes are to be paid in full, each year. Over the 15-year period, the estimated PILOT payment totals \$679,604 (see Exhibit 1). Upon transfer or conveyance of the Property due to a foreclosure or a deed in lieu of foreclosure, the exemption from payment of real property taxes shall expire and all deferred real property taxes (the accumulation of the annual assessed real property tax less the total amount paid as minimum annual payments) shall be due. Should termination occur, as defined within the PILOT Agreement, all payments due under the PILOT Agreement shall be paid to the County within sixty (60) days.

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### ***Fiscal Impact***

- Direct Impact

Adoption of CR-058-2019 will result in approximately \$589,214 in additional real property tax revenue to the County over the next 15 years, as a result of development of The Woodlands at Reid Temple. This amount is the difference between the current annual County real property tax and the estimated County real property tax of the Project after development, over a 15-year period. The County would however experience an adverse fiscal impact of approximately \$3,188,274 (see Exhibit 1) because of the PILOT Agreement for the development, over a 15-year period. This amount is the difference between the developed Project's estimated annual County real property tax and the annual PILOT payment, combined over the 15-year period.

- Indirect Impact

Adoption of CR-058-2019 may result in indirect economic benefit to the County derived from the result of improvements made to the Property, and which may occur within the surrounding

community. The proposed Resolution may have a minimal adverse effect on the workload of staff within the Office of Finance who track the annual payments and ensure compliance with the PILOT provisions. Should the Project not be developed, the County would not realize the economic benefits which may result from development.

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***Appropriated in the Current Fiscal Year Budget***

Not applicable.

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***Effective Date***

The proposed Resolution shall be effective on the date of adoption.

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If you require additional information, or have questions about this fiscal impact statement, please call me.

**Woodlands at Reid Temple  
PILOT CALCULATIONS  
3% Annual Escalating Factor**

Year	Annual County Tax Burden of Undeveloped Project	Annual County Tax Burden of Developed Project	Annual Payments under the PILOT Agreement	Annual Value of Deferred Tax	Cumulative Value of Deferred Tax
1	4,860	207,963	36,540	(171,423)	(171,423)
2	5,006	214,201	37,636	(176,565)	(347,988)
3	5,156	220,628	38,765	(181,862)	(529,850)
4	5,311	227,246	39,928	(187,318)	(717,168)
5	5,470	234,064	41,126	(192,938)	(910,106)
6	5,634	241,086	42,360	(198,726)	(1,108,832)
7	5,803	248,318	43,631	(204,688)	(1,313,519)
8	5,977	255,768	44,940	(210,828)	(1,524,347)
9	6,157	263,441	46,288	(217,153)	(1,741,501)
10	6,341	271,344	47,676	(223,668)	(1,965,168)
11	6,531	279,484	49,107	(230,378)	(2,195,546)
12	6,727	287,869	50,580	(237,289)	(2,432,835)
13	6,929	296,505	52,097	(244,408)	(2,677,242)
14	7,137	305,400	53,660	(251,740)	(2,928,982)
15	7,351	314,562	55,270	(259,292)	(3,188,274)
<b>TOTAL</b>	<b>90,391</b>	<b>3,867,879</b>	<b>679,604</b>		<b>(3,188,274)</b>

# of Affordable Units:	252
Annual Escalating Factor:	3%
Full Amount of Annual County Tax per Unit	\$ 207,963
Amount of County PILOT per Unit	\$ 145.00