



Angela D. Alsobrooks
County Executive
"Prince George's Proud"

KNOX ROAD CR 15 -2021

School Facilities Surcharge (100%)

March 11, 2021



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AGENDA

- Project Summary
- Proposed Legislation
- Financial Information
- General Fund Real Property Tax Revenue
- Fiscal Impact
- Proposed Incentive
- Summary

PROJECT SUMMARY

The Union on Knox will completely redevelop the entire 1.66-acre existing block into a 400,000-square-foot mixed-use student housing community consisting of 788 student-housing beds within 341 units. The development will consist of two towers connected via a glass bridge. The towers are separated by a re-imagined Sterling Place, which retains connectivity between Lehigh Road and Knox Road. Sterling Place will function as a dynamic “festival street” that has one-way vehicular traffic, wide sidewalks, and approximately 20,000 square feet retail fronting both sides.



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RENDERING: COLLEGE PARK SHOPPING CENTER



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Rendering of the Project as seen from College Park Shopping Center

RENDERING: STERLING PLACE “FESTIVAL STREET”



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Rendering of Sterling Place as seen from Knox Road

RENDERING: STAIRCASE IMPROVEMENT



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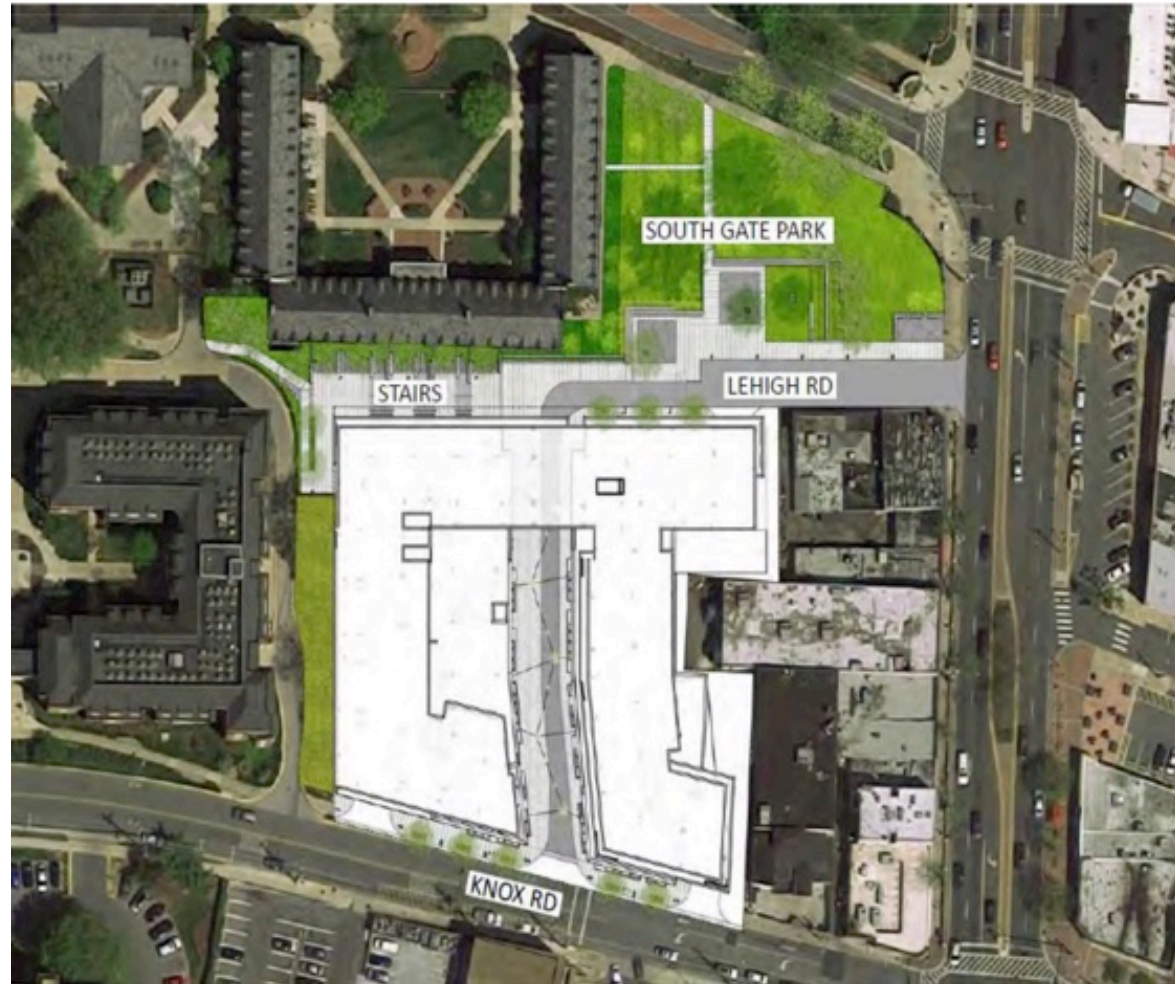


Left: Existing Staircase Connecting Campus to Lehigh Road. Right: Improved Staircase Connecting Campus to Project

RENDERING: PUBLIC REALM IMPROVEMENTS



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Plan of Public Improvements



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PROPOSED LEGISLATION

- **WHEREAS**, consistent with the requirements of Chapter 351 of the Laws of Maryland of 2019 (House Bill 225), codified as Section 10-192.01(b)(4)(D) of the Prince George's County Code, the County Council, by Resolution, may exempt some or all of the school facilities surcharge for undergraduate student housing built west of U.S. Route 1, North of Knox Road and south of Metzert Road, to promote the goals of the University District Vision 2020 in the City of College Park; and
- **WHEREAS**, the City of College Park passed general motion #20-G-05 on January 14, 2020 affirming that the Union on Knox project, which includes 341 units of undergraduate student housing in the designated area described in Section 10-192.01(b)(4)(D) of the Prince George's County Code, is eligible for an exemption from the school facilities surcharge; and
- **WHEREAS**, the City of College Park recommends that the County Council approve a full exemption for the Union on Knox project from the school facilities surcharge, and



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PROPOSED LEGISLATION

- **WHEREAS**, the Union on Knox represents a high-quality student housing project that provides 20,000 square feet of new retail and pedestrian friendly public realm improvements that include connecting the University of Maryland to downtown College Park; and
- **WHEREAS**, the County Executive has determined, because the Union on Knox project will have many positive effects on the residential and commercial environment in the broader College Park area, that the required school facilities surcharge be fully exempted, and that building permits may be issued without the full imposition of the surcharge; and
- **WHEREAS**, this Resolution, completes the process required for a full exemption of the school facilities surcharge for the Union on Knox project, subject to the approval of the County Council, acting as the governing body.
- **NOW, THEREFORE, BE IT RESOLVED** by the County Council of Prince George's County, Maryland, that the school facilities surcharge required in Section 10-192.01(a) of the Prince George's County Code is hereby fully exempted, for the property included in the Union on Knox Project, and building permits may be issued for the dwelling units, with no payment of the surcharge.



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FINANCIAL INFORMATION

SOURCES OF FUNDS

EQUITY (40%)	\$ 55,180,000
DEBT (60%)	\$ 82,770,000
TOTAL	\$ 137,950,000

USES OF FUNDS

INITIAL LAND COST	\$ 3,750,000
CONSTRUCTION COST	\$ 98,450,000
SOFT COSTS	\$ 29,500,000
OTHER COSTS*	\$ 6,250,000
TOTAL	\$ 137,950,000

**Includes money for local small business partnerships, taxes prior to opening, and permit/review fees to the State, County, City and utility groups, exclusive of School Facilities Surcharge.*



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FINANCIAL INFORMATION

PROJECTED RENTS

<i>Rent per bed for each unit</i>	
Studio	\$1,700/month
1 Bedroom	\$1,880/month
2 Bedroom	\$1,475/month
4 Bedroom	\$1,275/month
Weighted Average	\$1,400/month

UNIT MIX

	<i># of units</i>	<i># of beds</i>
Studio	117	117
1 Bedroom	23	23
2 Bedroom	78	156
4 Bedroom	123	492
TOTAL	341	788



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GENERAL FUND REAL PROPERTY TAX REVENUES PROJECTION

(OVER 30 YEAR PERIOD)

TYPE	\$
REAL PROPERTY TAXES - TRIM	\$ 41,700,239
REAL PROPERTY TAXES - EDUCATION	\$ 1,803,254
TOTAL	\$ 43,503,492

NOTES:

1. Assumes \$0.925 TRIM and \$0.04 Education real property tax rates (per \$100).
2. Assumes 3.0% annual growth rate in assessed value.
3. Does not include other real property taxes (MNCPPC, stormwater, WSTC, etc.).



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FISCAL IMPACT

(30 YEARS)

TYPE	\$
GENERAL FUND REAL PROPERTY TAX REVENUES	\$ 43,503,492
LESS: SCHOOL SAFETY SURCHARGE (50%)	\$ (2,188,480)
NET COUNTY REVENUES	\$ 41,315,012

NOTES:

1. The 100% waiver is based on a school facilities surcharge fee of \$9,770 per unit (224 units).
2. Does not include other real property taxes (MNCPPC, stormwater, WSTC, etc.).
3. 117 studio units are automatically exempt by State law from the school facilities surcharge.



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Proposed Incentive

- School Facilities Surcharge Waiver to be applied to 224 of the projects 341 units.
- The current cost for a 100% School Facilities Surcharge Waiver is \$9,770 per unit, resulting in a total of \$2,188,480.
- The student housing development will have no impact on public school enrollment because the property is not being built for primary or secondary age children to occupy the premises.



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SUMMARY

- Upon completion, it is estimated the project will pay \$1.4M in taxes annually to Prince George's County
- The redevelopment will result in a denser new development with improved retail and public spaces.
- The developer has actively formed partnerships with existing local businesses to ensure they continue to have space in the new development