November 7, 2025

FISCAL AND POLICY NOTE

TO: Colette R. Gresham, Esq.
Acting Council Administrator

Karen T. Zavakos
Acting Deputy Council Administrator

THRU: Lavinia Baxter
Senior Legislative Budget and Policy Analyst

FROM: Roger G. Banegas
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CR-115-2025 PILOT New Carrollton – Affordable – Phase 4 Project

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CR-115-2025 (*Proposed by:* The Chair of the Council at the request of the County Executive)

Assigned to the Committee of the Whole

A RESOLUTION CONCERNING PAYMENTS IN LIEU OF TAXES ("PILOT") AGREEMENT FOR THE NEW CARROLLTON - AFFORDABLE - PHASE 4 PROJECT for the purpose of approving the terms and conditions of a Payments in Lieu of Taxes ("PILOT") Agreement between Prince George's County, Maryland (the "County") and Urban Atlantic Development LLC (the "Owner").

Fiscal Summary

Direct Impact

Expenditures: No expenditure impact.

Revenue: $6,429,612 in tax revenue to be forgone over a 40-year period.

Indirect Impact

Potentially favorable.

Legislative Summary:

CR-115-2025[1], proposed by the Council Chair at the request of the County Executive, was introduced on October 7, 2025, by Council Members Olson, Harrison, Adams-Stafford, Ivey, Blegay, Fisher, and Hawkins, and referred to the Committee of the Whole. CR-115-2025 approves the terms and conditions of a Payments in Lieu of Taxes ("PILOT") Agreement between Prince George's County, Maryland (the "County") and Urban Atlantic Development LLC (the "Owner") concerning the New Carrollton - Affordable - Phase 4 project.

Project Information

Developer:	Urban Atlantic Development LLC
Owner:	Urban Atlantic Development LLC
Description:	A one hundred two (102) unit affordable family rental apartment community that will be constructed in New Carrollton, Maryland. All units will be affordable, and rents will be restricted for forty (40) years.
Duration:	At least 40 years

Current Law/Background

Section 7-506.3 of the Tax-Property Article of the Annotated Code of Maryland authorizes the County to exempt certain real property from County property taxes in certain circumstances. Specifically, the law permits such exemptions if:

- the real property is owned by a person engaged in constructing or operating housing structures or projects.
- the real property is used for a housing structure or project that is constructed or substantially rehabilitated under a federal, state, or local government program that:
  - ✓ funds construction, or insures its financing in whole or in part,
  - ✓ provides interest subsidy, rent subsidy, or rent supplements, or

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[1] CR-115-2025

  - ✓ is acquired under the Right of First Refusal program under Subtitle 13, Division 14 of the County Code.
- the owner thereof enters into an agreement with the governing body of the county and, where applicable, the municipal corporation where the real property is located, wherein such parties agree that the owner shall pay a negotiated amount in lieu of the applicable county or municipal corporation tax.
- the owner of the real property:
  - ✓ agrees to continue to maintain the real property as rental housing for lower income persons under the requirements of the governmental programs described in (a)(2)(ii) of this paragraph and
  - ✓ agrees to renew any annual contributions contract or other agreement for rental subsidy or supplement, OR
  - ✓ enters into an agreement with the governing body of the county or municipal corporation to allow the entire property or the portion of the property which was maintained for lower income persons to remain as housing for lower income persons for a term of at least five (5) years.

Resource Personnel:

- Jonathan R. Butler, Director, DHCD
- Adedamola George Esq., Chief Compliance and Program Manager, DHCD

Discussion/Policy Analysis

The New Carrollton – Affordable - Phase 4 project (the "Project") is to be located within the confines of Pennsy Drive, Route 50, and Corporate Drive, New Carrollton, Prince George's County, and is a 102-unit multifamily affordable housing development. Under the proposed agreement, for at least a 40-year term, Urban Atlantic Development LLC (the "Developer") will construct one hundred two (102) units for families whose incomes are at or below 70% of the Area Median Income ("AMI"). The Project will consist of seventy-two (72) one (1) bedroom units, fifteen (15) two (2) bedroom units, and fifteen (15) three (3) bedroom units within one (1) elevator building of five (5) or more stories.

The Project is expected to cost $40,108,565. Financing includes tax-exempt bond financing in the amount of $14,534,734, subordinate Rental Housing Program funds through the State of Maryland Department of Housing and Community Development ("State of MD DHCD") in the amount of $3,500,000, equity from the sale of Low-Income Housing Tax Credits ("LIHTC") in the amount of $15,392,604, a Deferred Developer Fee in the amount of $1,931,794, Interim Income in the amount of $421,554, 45L Energy Credits in the amount of $43,860, a MEEHA grant in the amount of $70,000, and Cash Collateralized Income in the amount of $1,714,019. Additionally, the project will be financed by the Prince George's County HOME Investment Partnerships ("HOME") Program loan in the amount of $2,500,000[2].

The project will receive approximately $8,929,615 or 22% of its total funding from the County, as demonstrated below. The terms of the PILOT agreement include 100% tax waivers of 102 units for the next 40 years, with a 2% annual escalation per unit over that period.

Total aid received from the County:

PILOT Agreement:	$	6,429,612
HOME	$	2,500,000
County Subsidy as a percentage of Total Cost:		**22%**

According to staff in the Department of Housing and Community Development, the Project's annual real property assessed value is approximately $17,274,703, and the County real property tax that will be due on the Project is an estimated $172,747 ($1,694/unit) in the first year. The PILOT reduces the aggregate tax burden on the entire 102-unit Project by 61.6% of that amount, or approximately $66,300, equivalent to a $650 per unit tax burden on the 102 affordable units. Under the agreement, the County would forgo real property tax revenue of approximately $106,447, or approximately $1,044 per affordable unit, in year one[3].

Increasing the availability of affordable housing through the construction of new housing and the rehabilitation of existing housing is a stated objective of the Council and a key component of the Comprehensive Housing Strategy[4].

The Median Household income for the Washington-Arlington-Alexandria-DC-VA-MD-WV Metro Area region is $121,469, and the average household size is 2.6.[5] The median household income in Prince George's County is $98,027, and the average household size is 2.6[6]. Based on the Washington-Arlington-Alexandria-DC-VA-MD-WV Metro Area regional guidelines, this project includes 102 affordable housing units at 70% or less than AMI.

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[2] CR-114-2025
[3] Tax Analysis, provided by DHCD
[4] Comprehensive Housing Strategy Report
[5] Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area - Profile data - Census Reporter
[6] Prince George's County, MD - Profile data - Census Reporter

When considering the AMI of the general DMV region, 70% is $80,360 for a one-person household and $91,840 for a two-person household.[7]

2025 Adjusted Home Income Limits								
Program	**1 Person**	**2 Person**	**3 Person**	**4 Person**	**5 Person**	**6 Person**	**7 Person**	**8 Person**
30% Limits	$34,440	$39,360	$44,280	$49,170	$53,130	$57,060	$60,990	$64,920
50% Limits	$57,400	$65,600	$73,800	$81,950	$88,550	$95,100	$101,650	$108,200
70% Limits	$80,360	$91,840	$103,320	$114,730	$123,970	$133,140	$142,310	$151,480
80% Limits	$91,840	$104,960	$118,080	$131,120	$141,680	$152,160	$162,640	$173,120

Washington-Arlington-Alexandria-DC-VA-MD-WV Metro Area Adjusted Home Income Limits

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Fiscal Impact:

- *Direct Impact*

Adoption of CR-115-2025 will have an adverse fiscal impact in the form of forgone tax revenue. As described above, accepting the PILOT on the entire Project will result in a loss of approximately $172,747 in the first year of the term. Factoring in the 2% estimated average annual increase in the property tax assessment, the total impact is estimated at $6,429,612, forgoing 61.6% of the tax revenue cumulatively over the 40-year period that the PILOT agreement remains in effect.

- *Indirect Impact*

Adoption of CR-115-2025 aligns with County Plan 2035[8] goals and will focus on the initial goals set in place by the FY 2026-2030 Consolidated Plan[9] to prioritize affordable housing, economic development, rental assistance, and homeowner's assistance.

- *Appropriated in the Current Fiscal Year*

N/A

Effective Date of Proposed Legislation:

The proposed Resolution shall be effective upon its adoption.

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

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[7] FY 2025 Income Limits Documentation System -- Summary for Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area (huduser.gov)
[8] Plan 2035
[9] Prince George's County Consolidated Plan - Federal FY 2025-2029 (County FY 2026-2030)