

PRINCE GEORGE'S COUNTY COUNCIL
COMMITTEE REPORT
2023 Legislative Session

Reference No.:	CR-044-2023
Draft No.:	1
Committee:	Committee Of the Whole
Date:	06/13/2023
Action:	FAV

REPORT: Favorable 10-0: Council Members Dernoga, Blegay, Burroughs, Franklin, Harrison, Hawkins, Ivey, Olson, Oriadha, and Watson. Absent: Fisher.

The Prince George's County Council convened as the Committee of the Whole on June 13, 2023, to consider CR-044-2023, which is a Resolution Concerning Payments In Lieu Of Taxes ("PILOT") Agreement for Park Place at Addison Road Apartments to approve the terms and conditions of a Payments in Lieu of Taxes ("PILOT") Agreement between Prince George's County, Maryland (the "County") and Banneker Ventures, LLC (the "Owner").

The Owner is an entity formed by Banneker Ventures, LLC to acquire and construct the Project, which will be one hundred ninety-three (193) units of multi-family rental housing for low-income to moderate-income residents, known as Park Place at Addison Road, on a 3.70-acre parcel located at 6301 Central Avenue, 212 Zelma Avenue, and 109 Addison Road, Capitol Heights, Maryland 20743. The Project will be located approximately one mile to the east of the Washington D.C. border and within 0.1 miles of a bus stop. The Project is also located adjacent to the Addison Metro rail transit station. A structured parking garage and off-street parking contiguous to the Project, containing approximately 150 spaces, will be available to provide the residents with free, easily accessed parking. In addition to the one hundred ninety-three (193) residential units, the Project will include 10,000 square feet of retail space on the ground floor, an array of amenities to include community rooms, fitness center, yoga room, club room, on-site leasing office, Wi-Fi lounge/media room, business center, theatre, rooftop deck and an outdoor green park with a picnic area.

The Project's total development cost is approximately eighty-five million, two hundred fifty-seven thousand, six hundred seventy-seven dollars (\$85,257,677). Financing will consist of a first mortgage and subordinate Rental Housing Works funds through the State of Maryland DHCD, equity from the sale of Low-Income Housing Tax Credits, Amazon funds, and developer equity. The Project will also be financed with a Prince George's County Housing Investment Trust Fund ("HITF") loan in the amount of three million, five hundred thousand dollars (\$3,500,000). The PILOT will require the Owner to make a mandatory annual payment to the County in an amount of no less than approximately sixteen thousand,

five hundred twenty-eight dollars (\$16,528) or approximately eighty-five dollars (\$85.64) per unit, for the one hundred ninety-three (193) affordable units, for the first full tax year. The required payment will increase

by two percent (2%) for each subsequent tax year. The PILOT agreement will remain in effect for forty (40) years. Without the PILOT agreement, the estimated County property tax would be approximately one hundred seventy thousand, nine hundred twenty-eight dollars (\$170,928) or approximately eight hundred eighty-five dollars and sixty-four cents per unit (\$885.64) per unit. When considering the financial effects of the PILOT, the County will be providing yearly operating support of approximately one hundred fifty-four thousand four hundred dollars (\$154,400) to this affordable housing development.

During the meeting, Omar Karim, President, Banneker Ventures, LLC, provided a presentation for the Project.

Aspasia Xypolia, Director, Department of Housing and Community Development, spoke regarding CR-044-2023 and answered questions.

Sakinda Skinner, Council Liaison, CEX, acknowledged the County Executive's support for the legislation.

The Office of Law finds CR-044-2023 in proper legislative form with no legal impediments to its enactment.

The Budget and Policy Analysis group advises adoption of CR-044-2023 will have an adverse fiscal impact in the form of forgone tax revenue. As described above, accepting the PILOT on the entire Project of \$16,528 will result in a loss of approximately \$154,400 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 \$9,326,066.00 over the 40 years that the PILOT agreement remains in effect.

However, should CR-044-2023 not be adopted, the Owner may charge rents unaffordable to tenants at 70% AMI. Additionally, the property may attract new residents due to the appeal of fixed rent.

After discussion, the Government Operations and Fiscal Policy Committee reported CR-044-2023 out favorably, 10-0.