



Rushern L. Baker, III  
County Executive

# PRINCE GEORGE'S COUNTY GOVERNMENT

## OFFICE OF THE COUNTY EXECUTIVE

January 21, 2016

The Honorable Derrick Leon Davis  
Chairman  
Prince George's County Council  
County Administration Building  
Upper Marlboro, Maryland 20772

Dear Chairman Davis:

Enclosed for the County Council's consideration is a Resolution approving the terms and conditions of a Payments in Lieu of Taxes ("PILOT") Agreement between Prince George's County, Maryland and 2521 Ventures Investors, LLC for the Arnold Gardens project (the "Project").

On November 13, 2014, Gragg Cardona Partners, LLC formed 2521 Ventures Investors, LLC (the "Owner") for the purpose of acquiring, rehabilitating and operating the rental housing complex known as Arnold Gardens. The Owner proposes to acquire Arnold Gardens from Saints Real Estate Ventures III, LLC to carry out the Project. The Project involves the acquisition and rehabilitation of sixty-eight (68) apartment units for families, located at 2521 Ewing Avenue in Suitland, Maryland. 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. The term of the contract 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 Project's total development cost, including the acquisition and renovation of Arnold Gardens, is approximately fourteen million, one hundred seventy two thousand, five hundred fifty-one dollars (\$14,172,551). Financing will consist of: mortgages insured by the Federal Housing Administration ("FHA") totaling eight million, seven hundred eighty-eight thousand, seven-hundred dollars (\$8,788,700); approximately three million, five hundred sixty-eight thousand, four hundred thirty-seven dollars (\$3,568,437) from the sale of four percent (4%) Low Income Housing Tax Credits allocated by the Maryland Department of Housing and Community Development, Community Development Administration; a nine hundred seventy-five thousand dollars (\$975,000) Prince George's County HOME loan; four hundred thirty-eight thousand, three hundred seventy-four dollars (\$438,374) of interim income from the Project; and three hundred eighty-four thousand, forty dollars (\$384,040) in the Developer's Equity.

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Currently, the total County taxes on the site are approximately thirty thousand, seven hundred eighty-five dollars (\$30,785) per year. The PILOT Agreement will require the owner to make annual payments to the County during each of the first two (2) tax years in the amount of nine thousand, eight hundred sixty dollars (\$9,860) (\$145 per unit) and for each tax year thereafter, from fifteen percent (15%) of the Owner's surplus cash flow. The PILOT Agreement will remain in effect for as long as the building has an affordability regulatory agreement in place.

The Council's favorable consideration of this legislation is greatly appreciated. If you have any questions or concerns, please contact my office or Eric C. Brown, Director, Department of Housing and Community Development at (301) 883-5531.

Sincerely,

A handwritten signature in black ink, appearing to read "Rushern L. Baker, III". The signature is fluid and cursive, with a large initial "R" and a long horizontal stroke.

Rushern L. Baker, III  
County Executive

Enclosures