

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND
2015 Legislative Session

Resolution No. CR-19-2015

Proposed by The Chairman (by request – County Executive)

Introduced by Council Members Turner, Franklin, Davis, Glaros and Taveras

Co-Sponsors _____

Date of Introduction May 5, 2015

RESOLUTION

1 A RESOLUTION concerning

2 Payment in Lieu of Taxes (PILOT) Agreement for
3 Rainier Manor Phase II

4 For the purpose of approving the terms and conditions of a Payment in Lieu of Taxes (“PILOT”)
5 Agreement by and between Rainier Manor 2, LP, a Maryland limited partnership (the “Owner”)
6 and Prince George’s County, Maryland (the “County”).

7 WHEREAS, there is a significant need for quality housing units in Prince George's County
8 for seniors with limited income; and

9 WHEREAS, the Owner has or will acquire a parcel of land located in Mount Rainier,
10 Maryland (the “Property”) for the purpose of developing, constructing, owning and operating
11 thereon a rental community containing approximately 57 units and related facilities (the
12 “Improvements”) dedicated to providing housing for low to moderate income seniors (the
13 Property and the Improvements being collectively referred to as the “Project”); and

14 WHEREAS, the Owner has requested that the County Council authorize the Owner to make
15 payments in lieu of County real property taxes pursuant to Section 7-506.1 of the Tax Property
16 Article of the Annotated Code of Maryland; and

17 WHEREAS, Section 7-506.1 of the Tax-Property Article of the Annotated Code of
18 Maryland (as amended) provides, among other things, that real property may be exempt from
19 County property taxes if: (i) the real property is owned by a person engaged in constructing or
20 operating housing structures or projects (which may include non-dwelling commercial and
21 community facilities, community rooms, dining halls, and infirmaries to serve its occupants and
22 the surrounding neighborhood); and (ii) the real property is used for a housing structure or

1 project that is constructed or substantially rehabilitated under a federal, state or local government
2 program that funds construction, or insures its financing in whole or in part, or provides interest
3 subsidy, rent subsidy or rent supplements; and (iii) the owner thereof enters into an agreement
4 with the governing body of the county where the real property is located for the payment of a
5 negotiated amount in lieu of county taxes on said real property; and (iv) the owner of the real
6 property agrees to (A) continue to maintain the real property as rental housing for lower income
7 persons under the requirements of the governmental programs described in item (ii) of this
8 paragraph and agrees to renew any annual contributions contract or other agreement for rental
9 subsidy or supplement or (B) enters into an agreement with the governing body of the county to
10 allow the entire property or the portion of the property which was maintained for lower income
11 persons to remain as housing for lower income persons for a term of at least five years; and

12 WHEREAS, the Owner has demonstrated to the County that an agreement for payment in
13 lieu of County real property taxes is necessary to make the Project economically feasible, which
14 the Project is described in Attachments A-1, A-2 and A-3, attached hereto and made a part
15 hereof; and

16 WHEREAS, in order to induce the Owner to provide housing for seniors of restricted
17 income, it is in the interest of the County to accept payments in lieu of County real property
18 taxes, subject to the terms and conditions of the PILOT Agreement (the "Agreement") attached
19 hereto as Attachment B and made a part hereof; and

20 WHEREAS, the County Executive has recommended support of the development of the
21 Rainier Manor Phase II Project.

22 NOW, THEREFORE, BE IT RESOLVED that in accordance with Section 7-506.1 of the
23 Tax Property Article of the Annotated Code of Maryland, the County shall accept payment in
24 lieu of County real property taxes for the Project subject to the Agreement attached to this
25 Resolution.

26 BE IT FURTHER RESOLVED that the County Executive or designee of the County
27 Executive is hereby authorized to execute and deliver the Agreement in the name and on behalf
28 of the County in substantially the form attached hereto.

29 BE IT FURTHER RESOLVED that the County Executive, prior to execution and delivery
30 of the Agreement, may make such changes or modifications to the Agreement as deemed
31 appropriate by the County Executive in order to accomplish the purpose of the transactions

1 authorized by this Resolution, provided that such changes or modifications shall be within the
2 scope of the transactions authorized by this Resolution; and the execution of the Agreement by
3 the County Executive or designee of the County Executive shall be conclusive evidence of the
4 approval of the County Executive of all changes or modifications to the Agreement; and the
5 Agreement shall thereupon become binding upon the County in accordance with the terms
6 therein.

7 BE IT FURTHER RESOLVED that this Resolution shall become effective as of the date of
8 its adoption.

Adopted this 16th day of June, 2015.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Mel Franklin
Chairman

ATTEST:

Redis C. Floyd
Clerk of the Council

APPROVED:

DATE: _____ BY: _____
Rushern L. Baker, III
County Executive

Note: Attachment B is attached as an Inclusion File in LIS

ATTACHMENT A-1

PROJECT INFORMATION SHEET

**Rainier Manor Phase II
3201 Buchanan Street
Mount Rainier, Maryland 20712**

COUNCILMANIC DISTRICT 2

PROJECT DESCRIPTION: Land acquisition and new construction of 57 senior rental units

PROPOSED OWNER: Rainier Manor 2, LP

DEVELOPER: Stavrou Associates, Inc.

CONTACT: Scott Link, Vice President
Stavrou Associates, Inc.
2661 Riva Road
Building 300, Suite 320
Annapolis, Maryland 21401

NEIGHBORHOOD/LOCALITY: Mount Rainier, Prince George’s County Councilmanic District 2

UNIT MIX: The unit mix is (37) one-bedroom and (20) two-bedroom

PROPOSED RENTS: Average one- bedroom \$1,123 per month
Average two-bedroom \$1,284 per month

ATTACHMENT A-2**PROJECT INFORMATION SHEET**

**Rainier Manor Phase II
3201 Buchanan Street
Mount Rainier, Maryland 20712**

COUNCILMANIC DISTRICT 2**PROJECT DESCRIPTION:**

Rainier Manor is located at 3201 Buchanan Street, Mount Rainier, Maryland in Councilmanic District Two (2). The site for this development consists of a total of 3.84 acres including a vacant 1.32 acres that is owned by the Rainier Redevelopment Associates, LP. The original building (Rainier Manor Phase I) was constructed in 1993, and consisted of 104 senior rental units. The Developer acquired all the land and building in 2010, with assistance from the State and County, and reduced the density of the building to 100 units of rental housing for the elderly to allow for more amenity spaces for the residents. The project underwent substantial renovation in 2010 and 2011. It is now a successful 100 unit senior community that is averaging 100% occupancy with a waiting list.

Due to high market demand and available space on the site, the Developer is proposing Rainier Manor Phase II, which would consist of a separate 57 unit senior building located on the existing site. The new building will include 37 one bedroom units, 20 two bedroom units, a community room, greenhouse, library and internet café (the "Project"). The one bedroom units will have an average size of 740 square feet and an average rent of \$1,123. The two bedroom units will have an average size of 986 square feet and an average rent of \$1,284 per month. All units will be rented to seniors earning 60% or below the County's Area Median Income. The Project will provide a wide-range of tenant services to include employment assistance/counseling, community safety programs, literacy programs, health education, counseling, referral and wellness programs, financial assistance, housing assistance and transportation. A land condominium will be created to legally separate the Phase II parcel from the existing Phase I parcel. The shared common entrance, parking lot and amenities in Phase I and II would be in a cross easement use agreement.

ATTACHMENT A-3

PROJECT FINANCING ESTIMATE

**Rainier Manor Phase II
 3201 Buchanan Street
 Mount Rainier, Maryland 20712**

COUNCILMANIC DISTRICT 2

SOURCES OF FUNDS	AMOUNT	%
FHA Insured Mortgage [221(d)(4)]	\$6,075,000.00	41.35%
MD CDA Rental Housing Works	\$2,500,000.00	17.01%
Low Income Housing Tax Credits (LIHTC)	\$4,939,710.00	33.62%
HOME Loan	\$850,000.00	5.79%
Developer Equity	\$328,387.00	2.23%
TOTAL SOURCES	\$14,693,097.00	100.00%

USES OF FUNDS	AMOUNT	%
Construction Costs	\$8,381,665.00	57.04%
Construction Contingency	\$419,083.00	2.85%
A&E and Other Construction Fees	\$1,928,742.00	13.13%
Acquisition Costs	\$232,500.00	1.58%
Financing Fees and Other Costs	\$1,338,380.00	9.11%
Developer Fee	\$1,679,012.00	11.43%
Syndication Costs	\$144,707.00	0.98%
Guarantees and Reserves	\$569,008.00	3.87%
TOTAL USES	\$14,693,097.00	100.00%