

PRINCE GEORGE'S COUNTY COUNCIL
COMMITTEE REPORT
2023 Legislative Session

Reference No.:	CR-041-2023
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-041-2023, which is a Resolution concerning Payments In Lieu Of Taxes ("PILOT") Agreement for Cottage City Towers Apartments ("Project"). CR-041-2023 seeks the approval of the terms and conditions of a Payments in Lieu of Taxes ("PILOT") Agreement between Prince George's County (the "County") and an entity to be formed by Developer: HAPGC Affordable Housing Development Corporation, LLC C/O Housing Authority of Prince George's County (the "Owner") concerning the Cottage City Towers Apartments (the "Project").

The Owner is an entity to be formed by Developer: HAPGC Affordable Housing Development Corporation, LLC C/O Housing Authority of Prince George's County for the purpose of acquiring and rehabilitating the Project, which is an existing one hundred (100) unit affordable multi-family rental housing for low-income to moderate-income families, known as Cottage City Towers, located at 4142 Bunker Hill Road, Cottage City, Maryland 20722. The Project is located 0.5 miles east of the Washington DC border, with immediate access to US Route 1, Rhode Island Avenue. The Project will consist of a mix of studios/efficiency units and one-bedroom. All units will be reserved for households earning sixty percent (60%) or less of the Area Median Income ("AMI"). Proposed amenities include on-site management, community room, computer center, library, laundry room, patio with park benches, park grills, and picnic tables.

The Project's total development cost, including acquisition, is approximately thirty-two million, three hundred seventy thousand, eight hundred eighty dollars (\$32,370,880). Financing will consist of a tax-exempt bond loan, CDA Partnership Rental Housing Loan funds, seller takeback financing, deferred developer fee, and equity from the sale of Low-Income Housing Tax Credits. The Project will also be financed with a Prince George's County Housing Investment Trust Fund ("HITF") loan in the amount of two million, five hundred thousand dollars (\$2,500,000).

During the meeting, a representative from the Housing Authority provided a presentation for the Project.

Aspasia Xypolia, Director, Department of Housing and Community Development, spoke regarding CR-041-2023 and answered questions.

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

The Office of Law finds CR-041-2023 in proper legislative form with no legal impediments to its enactment.

The Budget and Policy Analysis group advises adoption of CR-041-2023 will have an adverse fiscal impact in the form of forgone tax revenue. As described above, accepting the PILOT on the entire Project of \$0 will result in a loss of approximately \$82,621 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 \$3,351,766.00 over the 30 years that the PILOT agreement remains in effect.

However, should CR-041-2023 not be adopted, the Owner may raise rents, making the units unaffordable to tenants at 60% AMI. Additionally, the property may attract new residents due to the appeal of fixed rent and modern housing.

After discussion, the Government Operations and Fiscal Policy Committee reported CR-041-2023 out favorably, 10-0.