





October 20, 2023

FISCAL AND POLICY NOTE

TO: Jennifer A. Jenkins
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Roger G. Banegas 
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CB-095-2023 Issuance of Special Obligation Bonds for the Largo Town Center
Metro Development District

CB-095-2023 (*Proposed and presented by:* the Chair of the County Council at the request of the County Executive)

Assigned to the Government Operations and Fiscal Policy Committee

AN ACT CONCERNING THE ISSUANCE OF SPECIAL OBLIGATION BONDS FOR THE LARGO TOWN CENTER METRO DEVELOPMENT DISTRICT for the purpose of providing that special obligation tax increment financing bonds may be issued from time to time under the provisions of this Act and Sections 12-201 through 12-213, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as amended (the "Tax Increment Financing Act") ...

Fiscal Summary

Direct Impact

Expenditures: No expenditure impact likely.

Revenues: Likely neutral revenue impact.

Indirect Impact

Likely Favorable.

Legislative Summary:

CB-095-2023¹, presented by the Chair of the Council at the request of the County Executive, was introduced on October 3, 2023, and was referred to the Government Operations and Fiscal Policy (GOFP) Committee. This Bill should supply momentum for the Blue Line Corridor's success by transforming Downtown Largo as the initiative's anchor node and is one of three exciting projects encompassing nearly 1.5 million Square Feet (SF) of new development in Downtown Largo by 2028.

Background/Current Law:

The Tax Increment Financing Act, Sections 12-201 through 12-213 of the Economic Development Article of the Annotated Code of Maryland² authorize Maryland counties and municipalities to use Tax Increment Financing ("TIF") for the purposes of financing certain development/redevelopment projects. Local governments are authorized to issue TIF bonds to finance development or infrastructure to support development. The first step in that process requires the government to create a TIF "development district" and a "TIF fund." The TIF development district is the area where the TIF public improvements are constructed and designates the properties that will contribute the incremental increased tax revenues toward paying off the debt associated with the public improvements.

CR-021-2019,³ establishes the County's policy for the use of Tax Increment Financing and other financial tools and incentives to fund economic and community development projects and initiatives. Consistent with this policy, the County may issue these special obligation tax increment financing bonds from time to time.

¹ [CB-095-2023](#)

² [Sec. 12-201, Economic Development Article of the Annotated Code of Maryland](#)

³ [CR-021-2019](#)

In November 2014, the County Council, through CR-092-2014,⁴ designated a contiguous area within the County known as the “Largo Town Center Metro Development District” (the “Development District”) as a “development district” as that term is used in the Tax Increment Financing Act and established the “Largo Town Center Metro Development District Tax Increment Fund” (the “Tax Increment Fund”). The County Council previously enacted CB-014-2020⁵, which allowed for the issuance of \$5,750,000 in special obligation bonds at a zero percent (0.00%) interest rate for the Largo Town Center Development District.

The Development District is shown below:



⁴ [CR-092-2014](#)

⁵ [CB-014-2020](#)

CR-21-2019 requires that, prior to the issuance of tax increment financing bonds, this County Council must review the TIF Proposal and Certificate of Developer, and the County Executive and Bond Counsel must certify that the provisions of CR-21-2019 have been complied with and that the Minority Business Enterprise Plan (the “MBE Plan”) has been approved by the Compliance Manager in conformance with the MBE Plan guidelines promulgated by the Compliance Manager. These steps are proposed to be taken in CR-087-2023, the companion resolution to this Bill.⁶

Resource Personnel

- Chris Ahn, Assistant Deputy Chief Administrative Officer, Economic Development
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Discussion/Policy Analysis

The Prince George’s 2035 General Plan designated five Metro stations, including the Largo Town Center Metro Station, as “Priority Investment Districts”. The Largo Town Center Sector Plan envisions the Largo Town Center Metro Station as an anchor for a vibrant, sustainable, walkable, and transit-oriented “live, work and play” community. The Largo Town Center Sector Plan also proposes goals, standards, policies, incentives, and strategies that would allow for and not limited to high-quality housing options, commercial retail, and restaurant opportunities, and transit-supporting, pedestrian and bicycle-friendly development and redevelopment.

As of July 19, 2023, the County issued its Special Obligation Developer Note for the Amore Apollo Project in the principal amount of \$5,750,000, which is secured by the tax increment revenues on deposit in the Tax Increment Fund.

Largo QOZB JV, LLC, a Delaware limited liability company (the “Developer”), the owner of certain real property within the Development District, plans to develop and construct a transit-oriented, pedestrian-friendly, mixed-use development in the vicinity of Largo Town Center Metro Station, which includes residential development, currently referred to as “Parcel O,” and to construct and install the public infrastructure improvements described in Exhibit A of the Bill (the “Improvements”) to serve Parcel O.⁷

CB-095-2023 would authorize the County to issue special obligation tax increment financing bonds in the aggregate principal amount not to exceed Nine Million Dollars (\$9,000,000) to be used to finance or reimburse costs related to the construction and installation of the Improvements. The Bonds and the County administrative expenses related to the Largo Town Center Development

⁶ [CR-087-2023](#)

⁷ Attachment A, reads, in its entirety, as follows: “The infrastructure improvements include, but are not limited to, parking facilities and such other related infrastructure improvements associated with the development and construction of a multi-family residential building and related retail facilities within the Development District as may be authorized by the Tax Increment Financing Act.”

District will be payable solely from the amounts levied and deposited in the Tax Increment Fund. The Bonds would not constitute a general obligation debt of the County or a pledge of the County's full faith and credit or taxing power.

Fiscal Impact

- *Direct Impact*

The enactment of CB-095-2023 will not have a direct adverse fiscal impact on the County as the proposed Bill only authorizes the issuance of bonds. However, if the bonds are sold at some point in the future, an adverse fiscal impact on the County may result. Debt service and administrative expenses related to the Development District shall be payable solely from the real property taxes levied and deposited in the Tax Increment Fund. However, since the taxes levied and deposited into the Tax Increment Fund represent just the incremental increased tax revenues on the property, the effect is that of forgone revenue that may never have been realized, absent the development.

- *Indirect Impact*

The enactment of CB-095-2023 is likely to have a potentially favorable indirect impact on the County as the new mixed-use development should increase both residential and commercial tax revenues and catalyze further development within the Development District.

- *Appropriated in the Current Fiscal Year Budget*

No.

Effective Date of Proposed Legislation:

The Act shall take effect forty-five (45) days after it becomes law.

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