

PRINCE GEORGE'S COUNTY COUNCIL
COMMITTEE REPORT
2022 Legislative Session

Reference No.:	CR-084-2022
Draft No.:	2
Committee:	Government Operations and Fiscal Policy
Date:	10/19/2022
Action:	FAV (A)

REPORT: Favorable as amended 4-0: Council Members Burroughs, Franklin, Ivey, Turner, and Streeter.

The Prince George's County Council's Government Operations and Fiscal Policy convened on October 19, 2022, to consider CR-084-2022. CR-084-2022, DRAFT 2, is a Resolution approving the terms and conditions of a Payments in Lieu of Taxes ("PILOT") Agreement between Prince George's County, Maryland, and LDP Acquisitions, LLC, doing business as Jair Lynch Real Estate Partners (the "Owner"), for the Bedford Station and Victoria Station Project ("Project").

DRAFT 2 is increasing the terms of the PILOT by five years to coincide with the twenty (20) year affordability period. The Owner acquired five hundred eighty-seven (587) units of affordable multi-family rental housing for individuals and families, located at 1400 University Boulevard East, Hyattsville, Maryland, 20783. The Project is existing market-rate rental housing without affordability protections. Under the terms of an affordability agreement, four hundred forty (440) units in the Project will be affordable with reservations for households whose incomes are at or below sixty percent (60%) of the Area Median Income ("AMI") for twenty (20) years. Additionally, the unit mix will consist of two hundred eighty-eight (288) one-bedroom units and two hundred ninety-nine (299) two-bedroom units.

The Project's total development cost, including the acquisition and rehabilitation, is approximately one hundred twenty-four million, six hundred thirty-eight thousand, six hundred thirty-two dollars (\$124,638,632). Financing will consist of a private loan ("First Loan") totaling approximately sixty-seven million, four hundred thirty-six thousand dollars (\$67,436,000); approximately fifty million, two hundred two thousand, six hundred thirty-two dollars (\$50,202,632) from equity investments, and a Prince George's County Right of First Refusal ("ROFR") Preservation Fund Loan of approximately seven million dollars (\$7,000,000). The PILOT agreement will not require a mandatory annual payment – relief will be provided for the entire County tax obligation. The PILOT agreement will remain in effect for the entire twenty (20) year affordability period. Without the PILOT agreement, the estimated County property tax would be approximately four hundred fourteen

thousand, three hundred twenty-one dollars or approximately seven hundred six dollars per unit (\$414,321, or approximately \$706 per unit). When considering the financial effects of the PILOT, the County will be providing yearly operating support of approximately four hundred fourteen thousand three hundred twenty-one dollars (\$414,321) to this affordable housing development. Jair Lynch, the Owner, provided the Committee with an overview and presented a PowerPoint presentation.

The Office of Law reports CR-084-2022 to be in proper legislative form with no impediments to its adoption.

The Policy and Budget office reports Adoption of CR-084-2022 will have an adverse fiscal impact in the form of forgone tax revenue. As described above, accepting the PILOT on the entire Project of \$0.00 will result in a loss of approximately \$463,102 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 \$11,252,161.00 over the period that the PILOT agreement remains in effect.

After discussion, the Government Operations and Fiscal Policy Committee reported CR-084-2022 out favorably as amended, 4-0.