

PRINCE GEORGE'S COUNTY COUNCIL
COMMITTEE REPORT
2023 Legislative Session

Reference No.:	CR-042-2023
Draft No.:	1
Committee:	Government Operations and Fiscal Policy
Date:	06/13/2023
Action:	FAV

REPORT: Favorable 4-0: Council Members Burroughs, Harrison, Ivey and Oriadha. Absent: Fisher

The Prince George's County Government Operations and Fiscal Policy Committee convened on June 13, 2023, to consider CR-042-2023 which is a Resolution concerning Payments In Lieu of Taxes (“Pilot”) Agreement for the Flats at College Park Apartments for the purpose of approving the terms and of the PILOT Agreement between Prince George’s County, Maryland (the “County”) and the Flats at College Park RST, LLC (the “Owner”).

The Developers of the Flats of College Park provided a presentation concerning the property on Thursday, June 8th. Further, the Owner is an entity formed by RST Development, LLC for the purpose of acquiring and constructing the Project, which will be three hundred seventeen (317) units of multi-family rental housing for low-income to moderate-income residents, known as Flats at College Park, on a 4.26-acre parcel located at 9113 Baltimore Avenue, College Park, Maryland 20740. The Project will be located to the north of the University of Maryland College Park campus, and within 500 feet of several bus stops. The Project is also located within one (1) mile of the Greenbelt Metro rail transit station. A structured parking deck containing approximately 350 spaces, contiguous to the Project, will be available to provide the residents with free, easily accessed parking. In addition to the three hundred seventeen (317) residential units, the Project will include a community room, a bike storage area, a pool with men’s and women’s locker rooms, an outdoor gathering area and grills for resident use, a fully equipped fitness center, a walking path, dog park and 750 square feet of green space and a passive sitting area on the roof.

The Project’s total development cost is approximately one hundred twenty-four million, eighty-two thousand, eight hundred twenty-seven dollars (\$124,082,827). Financing will consist of a first mortgage through the State of Maryland DHCD, equity from the sale of Low-Income Housing Tax Credits, developer equity, and seller take-back financing. The PILOT will require the Owner to make a mandatory annual payment to the County in an amount of no less than approximately sixty-six thousand, one hundred ninety-nine dollars (\$66,199), or approximately two hundred eight dollars (\$208.83) per unit, for the three hundred seventeen (317) affordable units for the first full tax year. Thereafter, the required payment will increase by two percent (2%) for each subsequent tax year. The PILOT agreement will remain in effect for thirty (30)

years. Without the PILOT agreement, the estimated County property tax would be approximately five hundred ten thousand dollars (\$510,000) or approximately one thousand, six hundred eight dollars (\$1,608.83) per unit. When considering the financial effects of the PILOT, the County will be providing yearly operating support of approximately four hundred forty-three thousand, eight hundred one dollars (\$443,801) to this affordable housing development.

The Budget and Policy Analysis group advises that the direct impact of adoption of CR-042-2023 will have an adverse fiscal impact in the form of forgone tax revenue. As accepting the PILOT on the entire Project of \$66,199 will result in a loss of approximately \$443,801 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 \$18,004,150.00 over the 30-year period that the PILOT agreement remains in effect.

However, should CR-042-2023 not be adopted the Owner may raise rents, making the units unaffordable to tenants at 80% or below, AMI. Additionally, due to the appeal of fixed rent, the property may attract new residents.

The Office of Law finds CR-042-2023 to be in proper legislative form with no legal impediments to its adoption.

After discussion, the Government Operations and Fiscal Policy Committee reported CR-042-2023 out favorably, 4-0.