

PRINCE GEORGE'S COUNTY COUNCIL
COMMITTEE REPORT
2016 Legislative Session

Reference No.: CR-080-2016
Draft No.: 1
Committee: PSFM
Date: 11/03/2016
Action: FAV

REPORT: 1

Committee Vote: Favorable, 5-0 (In Favor: Council Members Franklin, Patterson, Lehman, Harrison and Turner)

CR-080-2016 approves the terms and conditions of Payments in Lieu of Taxes (“PILOT”) Agreement by and between the SP Holly (Owner) and the County.

The Owner proposes to acquire a rental housing project located at 5521 Marlboro Pike, to rehabilitate and subsequently operate a rental housing project named “Holly Spring Meadows” comprised of 224 apartment units along with related facilities. The Owner will designate 201 units for low or moderate income residents. The project will consist of 112 one-bedroom units, 96 two-bedroom units and 16 three- bedroom units. Attachments A-1 to A-3 to the Resolution provide a description of the Project along with the anticipated financing estimate. Attachment B to the Resolution provides the terms of the proposed 30 year PILOT Agreement.

If adopted, the proposed PILOT Agreement shall become effective on the date of execution of the PILOT agreement and the obligation to pay negotiated payments in lieu of taxes shall commence as of the effective date. The PILOT agreement shall remain effective until the termination date as defined in the Resolution. Under the agreement, the Owner agrees to pay an annual PILOT payment of \$58,388 per year, which shall increase by 2% each year, after the full calendar year following the effective date. All other agency taxes are to be paid in full, each year. Over a 30 year period, the estimated PILOT payment totals \$2,368,689.

Eric Brown, Director of Housing and Community Development, gave the Committee an overview of the Resolution and the Project. This PILOT Agreement will provide for the Developer to contribute to the County’s Housing Trust in the amount of \$37,500 per year for the 30 year period. This amount should total \$ 1.4 million.

The Office of Law reports CR-080-2016 to be in proper legislative form with no legal impediments to its adoption.

The Office of Audits and Investigations reports that adoption of CR-080-2016 will result in a negative impact on the County. The County will forgo \$3,563,492 in tax revenue over the 30 year period.

After discussion the Public Safety and Fiscal Management Committee reported CR-080-2016 out favorably 5-0.