

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND
2022 Legislative Session

Resolution No. CR-044-2022
Proposed by The Chair (by request – County Executive)
Introduced by Council Members Hawkins, Streeter, Turner, Franklin, Glaros, Taveras, Harrison
Co-Sponsors _____
Date of Introduction April 26, 2022

RESOLUTION

1 A RESOLUTION concerning

2 Payments in Lieu of Taxes (“PILOT”) Agreement for the Haven Largo project
3 For the purpose of approving the terms and conditions of a Payments in Lieu of Taxes
4 (“PILOT”) Agreement between Prince George’s County, Maryland (the “County”) and Largo
5 Owner, LLC (the “Owner”).

6 WHEREAS, there is a significant need in the County for quality housing units for persons
7 with limited income, particularly families; and

8 WHEREAS, the Owner proposes to acquire two hundred forty five (245) units of affordable
9 multi-family rental housing for families, known as Haven Largo, located at 9701 Summit Circle,
10 Largo, Prince George’s County, Maryland, as more particularly described in Exhibit A, attached
11 hereto and herein incorporated by reference (“Property”) under the County’s Right of First
12 Refusal (“ROFR”) Program; and

13 WHEREAS, the Owner has requested that the County Council of Prince George’s County,
14 Maryland, (the “County Council”) authorize the Owner to make payments in lieu of County real
15 property taxes pursuant to Section 7-506.3 of the Tax-Property Article of the Annotated Code of
16 Maryland, as amended; and

17 WHEREAS, Section 7-506.3 of the Tax-Property Article of the Annotated Code of
18 Maryland, as amended, provides that in Prince George's County, real property may be exempt
19 from county property tax if: (a)(2)(i) the real property is owned by a person engaged in
20 constructing or operating housing structures or projects; (a)(2)(ii) the real property is used for a
21 housing structure or project that is constructed or substantially rehabilitated under a federal,
22 State, or local government program that (a)(2)(ii)(1) is acquired, constructed, or rehabilitated

1 under a federal, State, or local government program that (a)(2)(ii)(1)(A) funds construction or
2 rehabilitation or insures the financing of construction or rehabilitation in whole or in part,
3 including a housing investment trust, or (a)(2)(ii)(1)(B) provides interest subsidy, rent subsidy,
4 or rent supplements; or (a)(2)(ii)(2) is acquired under the Right of First Refusal program under
5 Subtitle 13, Division 14 of the Prince George's County Code; (a)(2)(iii) the owner and the
6 governing body of Prince George's County agree that the owner shall pay a negotiated amount in
7 lieu of the applicable county property tax; and (a)(2)(iv) the owner of the real property:
8 (a)(2)(iv)(1)(A) agrees to continue to maintain the real property as rental housing for lower
9 income persons under the requirements of the government programs described in paragraph
10 (a)(2)(ii) of this subsection; and (a)(2)(iv)(1)(B) agrees to renew any annual contributions
11 contract or other agreement for rental subsidy or supplement; or (a)(2)(iv)(2) enters into an
12 agreement with the governing body of Prince George's County to allow the entire property or the
13 portion of the property that was maintained for lower income persons to remain as housing for
14 lower income persons for a term of at least 5 years; and

15 WHEREAS, the Owner has demonstrated to the County that an agreement for payments in
16 lieu of County real property taxes is necessary to make the Project economically feasible, as
17 described in Attachments "A-1," "A-2," and "A-3," attached hereto and made a part hereof; and

18 WHEREAS, in order to induce the Owner to provide housing for families with restricted
19 incomes, it is in the interest of the County to accept payments in lieu of County real property
20 taxes, subject to the terms and conditions of the PILOT Agreement (the "Agreement") set forth
21 in Attachment B, attached hereto and made a part hereof; and

22 WHEREAS, the County Executive has recommended support of the acquisition and
23 construction of the Project.

24 NOW, THEREFORE, BE IT RESOLVED by the County Council of Prince George's
25 County, Maryland, that in accordance with Section 7-506.3 of the Tax-Property Article of the
26 Annotated Code of Maryland, as amended, the County shall accept payments in lieu of County
27 real property taxes for the Project, subject to the Agreement attached to this Resolution.

28 BE IT FURTHER RESOLVED that the County Executive or the County Executive's
29 designee is hereby authorized to execute and deliver the Agreement in the name of and on behalf
30 of the County in substantially the same form attached hereto.

31 BE IT FURTHER RESOLVED that the County Executive, prior to the execution and

1 delivery of the Agreement, may make such changes or modifications to the Agreement as
2 deemed appropriate in order to accomplish the purpose of the transaction authorized by this
3 Resolution, provided that such changes or modifications shall be within the scope of the
4 transactions authorized by this Resolution; and the execution of the Agreement by the County
5 Executive or the County Executive’s designee shall be conclusive evidence of the approval of the
6 County Executive of all changes or modifications to the Agreement; and the Agreement shall
7 thereupon become binding upon the County in accordance with the terms and conditions therein.

8 BE IT FURTHER RESOLVED that this Resolution shall become effective as of the date of
9 its adoption.

Adopted this 31st day of May, 2022.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Calvin S. Hawkins, II
Chair

ATTEST:

Donna J. Brown
Clerk of the Council

ATTACHMENT A-1

PROJECT INFORMATION SHEET

**Haven Largo
9701 Summit Circle
Largo, MD 20774**

COUNCILMANIC DISTRICT 6

PROJECT DESCRIPTION: A two hundred forty five (245) unit garden-style rental apartment community housing families located in Largo, Maryland was acquired by a development team composed of AHC, Inc. and Insight Property Group, LLC through Prince George’s County’s Right of First Refusal (“ROFR”) program. The new ownership agreed to restrict rents for ninety eight (98) units to levels affordable to households earning eighty percent (80%) or less of the Area Median Income (“AMI”) for a period up to seventeen (17) years.

OWNER: Largo Owner, LLC

DEVELOPER: AHC, Inc.
Insight Property Group, LLC

CONTACT: Mary Claire Davis
Director
AHC Greater Baltimore, Inc.
410-685-0366 x1205
maryclaire.davis@ahcinc.org

NEIGHBORHOOD/LOCALITY: Largo, Prince George’s County, District 6

UNIT MIX: One-bedroom: 55 units
Two-bedrooms: 158 units
Three-bedrooms: 32 units

AFFORDABILITY: 80% or less of the AMI: 98 units
Market rate: 147 units

ATTACHMENT A-2**PROJECT INFORMATION SHEET**

**Haven Largo
9701 Summit Circle
Largo, MD 20774**

COUNCILMANIC DISTRICT 6**PROJECT DESCRIPTION:**

AHC, Inc. and Insight Property Group, LLC (together, the “Development Team”) acquired the Haven Largo project (the “Project”) through the Right of First Refusal (“ROFR”) program on March 24, 2022. This project was previously named “Camden Largo Town Center” prior to the acquisition. The Department of Housing and Community Development (“DHCD”) assigned its right to purchase the Project to AHC, Inc. through the ROFR program in November 2021 – AHC, Inc. then partnered with Insight Property Group, LLC in order to pursue the ROFR preservation opportunity. With the Project being naturally occurring affordable housing (“NOAH”), an affordability agreement was signed agreeing to place rent restrictions on ninety eight (98) units for up to seventeen (17) years. These units will be priced and targeted to households earning eight percent (80%) or less of the Area Median Income (“AMI”).

The Project is a stabilized, two hundred forty five (245) unit garden style apartment complex located at 9701 Summit Circle in Largo. The Project is located in a dense, mixed-use neighborhood with close proximity to retail, office and other multifamily uses and has excellent access to transit and major arterial highways via Arena Drive and Lottsford Road. The Project’s amenities include a fitness center, swimming pool, clubhouse, and a grilling area. Unit amenities include in-unit washers and dryers, dishwashers, walk-in closets, and balconies/patios.

Market conditions in Largo have shown sustained rent growth and limited vacancy, evidencing the high demand for quality housing in this submarket. This demand has drawn significant attention from investors and developers in recent years, leading to the recent sales of two multifamily rental apartment properties and the nearby construction of new, market rate

rental housing. Given the current vacancy rate of 4.6% and year over year rent growth of 4.2% in the local market per CoStar, demand is expected to remain strong into 2022 and beyond. This Project meets several County funding priorities of creating and preserving affordable housing. This includes the community's proximity within one mile of the Largo Metro station as well as preservation of workforce housing within one mile of the Largo Town Center. The initiative also will meet goal of preserving quality mixed-income housing.

The joint venture behind this acquisition is composed of AHC Inc. and Insight Property Group. Founded in 1975, AHC, Inc. is a nonprofit devoted to creating and preserving affordable housing throughout the Washington, DC and Baltimore region. AHC's portfolio includes more than 50 multifamily properties that include affordable, workforce, and mixed-income communities valued at approximately one billion dollars (\$1,000,000,000.00) Insight Property Group is a for-profit developer based in Northern Virginia that has acquired, built, or is building projects with a combined value of over one billion, six hundred million dollars (\$1,600,000,000.00). Of this, approximately two hundred twenty five million dollars (\$225,000,000) has been invested to acquire and reposition existing assets to provide workforce housing.

The Development Team has budgeted approximately two million dollars (\$2,000,000) for capital improvements at the Project. These improvements include items identified in a property condition report prepared by a third party such as: replacing the rooves of the garages and apartment buildings whose rooves have not been replaced in recent years; recoating the pool; milling and resealing the parking lot; deep cleaning and repainting building exteriors; and replacing hot water heaters and replacing HVAC units throughout the property. In addition to these items, the Development Team plans to fund other improvements not specified in the property condition report such as: rehabbing common corridors and railings: upgrading the fitness center; sprucing up the clubhouse and business center; and general site improvements such as exterior lighting upgrades. The Development Team plans to fund most of these capital projects out of cash flow in the next three (3) years. The payment-in-lieu-of-taxes ("PILOT") supports the preservation of affordability for the ninety eight (98) units and enables the Project's capital improvements to be paid from cash flow while also limiting rent increases.

ATTACHMENT A-3

PROJECT FINANCING ESTIMATE

**Haven Largo
9701 Summit Circle
Largo, MD 20774**

COUNCILMANIC DISTRICT 6

SOURCES	Amount	Percentage
Private mortgage loan - Capital One	\$ 54,730,000	71.99%
Developer Equity	\$ 2,129,589	2.80%
Investor Equity	\$ 19,166,298	25.21%
TOTAL	\$ 76,025,887	100.00%

USES	Amount	Percentage
Total Construction Costs	\$ 2,048,800	2.69%
Financing Fees and Charges	\$ 1,438,212	1.89%
Acquisition Costs	\$ 72,538,875	95.41%
TOTAL	\$ 76,025,887	100.00%