



Angela D. Alsobrooks
County Executive

PRINCE GEORGE'S COUNTY GOVERNMENT

OFFICE OF THE COUNTY EXECUTIVE

October 5, 2022

The Honorable Calvin S. Hawkins, II
Chair
Prince George's County Council
County Administration Building
Upper Marlboro, Maryland 20772

Dear Chair Hawkins:

Enclosed for the County Council's consideration is CR-084-2022 (DRAFT 2) of 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").

On or about June 23, 2022, CR-084-2022 (DRAFT 1) of the PILOT Agreement was submitted to the County Council. At that time, the Prince George's County ("ROFR") Preservation Fund loan that serves as a financing source permitted affordability periods of fifteen (15) years. The ROFR Preservation Fund was capitalized by the Coronavirus State and Local Fiscal Recovery Funds ("SLFRF") under the American Recovery Plan Act ("ARPA") of 2021. On July 27, 2022, the United States Department of the Treasury ("US Treasury") released updated guidance requiring projects receiving loans capitalized by SLFRF to have affordability periods of not less than twenty (20) years. CR-084-2022 (DRAFT 2) is increasing the term 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.

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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.

The Council's favorable consideration of this legislation is greatly appreciated. If you have any questions or concerns, please contact my office or Aspasia Xypolia, Director, Department of Housing and Community Development at (301) 883-6511.

Sincerely,



Angela D. Alsobrooks
County Executive

Enclosures