

PRINCE GEORGE'S COUNTY COUNCIL

COMMITTEE REPORT

2015 Legislative Session

Reference

No.: CR-33-2015

Draft No.:

Committee:

PUBLIC SAFETY AND FISCAL MANAGEMENT

Date:

07-16-2015

Action:

FAVORABLE

REPORT: Committee Vote: **Favorable**, 4-0 (In favor: Council Members Patterson, Harrison, Taveras and Turner)

CR-33-2015 approves the terms and conditions of a Payment in Lieu of Taxes (PILOT) Agreement by and between Brinkley Hill Associate, LLC (Owner) and the County, for the Brinkley Hill land acquisition and the new construction of sixty-four (64) unit mixed-income townhouse rental community (the Project) on the vacant land.

As proposed the Owner/Developer will acquire and own 15.12 acres of vacant land located at the intersection of Brinkley and Fisher Roads in Temple Hills, Maryland. The Developer will construct and the Owner will operate the Project on the property. The Project will provide fifty-seven (57) housing units that serve households with incomes at or below sixty percent (60%) of the Area Median Income and seven (7) market rate housing units.

The total cost for the project is \$25,023,716. Financing will consist of a FHA Insured Mortgage of \$5,664,421 and approximately \$14,700,000 from the sale of nine Low Income Housing Tax Credits (LIHTC) allocated by the Maryland Department of Housing; \$ 2,000,000 in Rental Housing Works funds; \$ 2,000,000 in HOME Investment funds and \$659,295 in Developer's Equity.

The PILOT agreement will require payments in lieu of County Real Property taxes of \$250 per unit for units reserved for low to moderate income residents and will increase by two percent (2%) each year thereafter. The PILOT Agreement will remain in effect for as long as the Project has an affordability regulatory agreement in place. This is estimated to be for at least 40 years.

The Office of Audits and Investigations reports the adoption of CR-33-2015 will provide a positive fiscal impact to the County of approximately \$1,430,720 during the construction phase. If the PILOT agreement is approved, the County will forgo approximately \$2,535,428 in tax revenue over a 40 year period. This amount is the difference between the Project's estimated annual County real property tax and the annual PILOT payment, combined over a 40 year period.

The Office of Law has reviewed this legislation and finds it to be in proper legislative form with no legal impediments to its enactment.