

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

Resolution No. CR-084-2022
Proposed by The Chair (by request – County Executive)
Introduced by Council Members Taveras, Medlock, Glaros, Turner, and Hawkins
Co-Sponsors _____
Date of Introduction July 5, 2022

RESOLUTION

1 A RESOLUTION concerning

2 Payments in Lieu of Taxes (“PILOT”) Agreement for the Bedford Station and Victoria
3 Station project for the purpose of approving the terms and conditions of a Payments in Lieu of
4 Taxes (“PILOT”) Agreement between Prince George’s County, Maryland (the “County”) and
5 LDP Acquisitions, 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 and rehabilitate five hundred eighty-seven
9 (587) units of affordable multi-family rental housing for families, known as Bedford Station and
10 Victoria Station, located at 1400 University Boulevard East, Hyattsville, Prince George’s
11 County, Maryland, as more particularly described in Exhibit A, attached hereto and herein
12 incorporated by reference (“Property”) under the County’s Right of First Refusal (“ROFR”)
13 program; and

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

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

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

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

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

23 WHEREAS, the County Executive has recommended support of the acquisition and
24 rehabilitation of the Project.

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

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

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

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

Adopted this 24th day of October, 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

**Bedford Station and Victoria Station
1400 University Boulevard East,
Hyattsville, Maryland 20783**

COUNCILMANIC DISTRICT 2

PROJECT DESCRIPTION: A five hundred eighty-seven (587) unit garden-style rental apartment community that will be acquired by an entity formed by LDP Acquisitions, LLC, d/b/a/ Jair Lynch Real Estate Partners (“Jair Lynch”). This is rental housing without any income-restrictions spread across 23 acres on a site in Hyattsville, Maryland. Through the submission of a proposed affordability agreement to DHCD as part of the proposed acquisition, Jair Lynch proposes to restrict rents for all four hundred forty (440) units for 20 years.

OWNER: An entity to be formed by LDP Acquisitions, LLC

DEVELOPER: LDP Acquisitions, LLC, doing business as Jair Lynch Real Estate Partners

CONTACT: Dylan Faitell
Acquisitions Associate
Jair Lynch Real Estate Partners
202-462-1092
DJF@jairlynch.com

NEIGHBORHOOD/LOCALITY: Hyattsville, Prince George’s County, District 2

UNIT MIX: One-bedroom: 288 units
Two-bedrooms: 299 units

AFFORDABILITY: Four hundred forty (440) units will be priced at levels affordable to households earning up to 60% of the Area Median Income (“AMI”) for a period of twenty (20) years

ATTACHMENT A-2**PROJECT INFORMATION SHEET**

**Bedford Station and Victoria Station
1400 University Boulevard East,
Hyattsville, Maryland 20783**

COUNCILMANIC DISTRICT 2**PROJECT DESCRIPTION:**

LDP Acquisitions, LLC, doing business as Jair Lynch Real Estate Partners (“Jair Lynch”, or the “Developer”), proposes to acquire the 587-unit Bedford Station and Victoria Station community (the “Project”) and has reached an initial agreement with current ownership. The Project is a garden-style apartment community on 23 acres in the Langley Park submarket of Hyattsville, MD. With direct street frontage on University Blvd, the property is within a quarter mile of two future Purple Line Metro Stations, providing direct connection to University of Maryland, Silver Spring, Bethesda, and New Carrollton.

The Developer submitted a Written Agreement under the Right of First Refusal (“ROFR”) program to the Department of Housing and Community Development (“DHCD”) containing a proposal to introduce twenty (20) years of affordability with 75% of the units affordable to households earning 60% or less of the Area Median Income (“AMI”). Acceptance of such a Written Agreement by DHCD enables buyers and sellers to enter into sales and purchase contracts without further action from the County. With the Project being naturally occurring affordable housing (“NOAH”) located in a Qualified Census Tract facing upward price pressures, affordability will be preserved for four hundred forty (440) of the Project’s five hundred eighty-seven (587) units. Current, in-place rents are at levels affordable to households earning approximately 53% of Area Median Income. In comparison, market rents at nearby comparable properties are approaching \$1,600 per unit per month, a \$200 per month and more than 15% premium above Bedford Station and Victoria Station - this creates a risk of displacement.

Since acquiring the Project in 2013, the existing owner has implemented some capital expenditures, including roof, boiler, and water heater replacements. However, in consideration of

its vintage, more significant improvements are needed. There are significant deferred maintenance needs with respect to unit insulation and ventilation, which has in turn resulted in interior mold growth and exterior façade deterioration. The Developer intends to address these issues immediately, as well as address other needs such as landscaping and curb appeal improvements. In-unit renovations will also be executed upon turnover by addressing flooring, counters, appliances, and fixtures on an as-needed basis.

Jair Lynch expects to spend \$2-4 million in immediate repairs within the first 12-24 months (electrical, windows, façade, security, common areas, and general deferred maintenance), \$2-4 million in general repairs (including systems), \$2-4 million in in-unit renovation costs, and \$6-8 million in reserves (landscaping, upkeep, replacement of appliances and interior finishes) over 10 years. This substantial capital investment is meant to address the deferred maintenance needs in bringing the Project up to an acceptable condition in addition to taking preservation measures needed to maintain its condition as it ages.

As part of its core business plan and social impact strategy, Jair Lynch attempts to limit rent increases at its properties and avoid displacement. The PILOT is projected to offset only a portion of the costs incurred from capital expenditures and revenues foregone by restricting rents. In order to both deliver this benefit to the community and satisfy its private, institutional investors, it is pursuing the PILOT. The PILOT will subsidize the Project's capital improvement needs that will better enable it to address significant deferred maintenance and preserve affordability.

ATTACHMENT A-3

PROJECT FINANCING ESTIMATE

**Bedford Station and Victoria Station
1400 University Boulevard East,
Hyattsville, Maryland 20783**

COUNCILMANIC DISTRICT 2

Sources	Amount
Permanent Loan - Fannie Mae	\$ 67,436,000
Social Impact Investor - Equity	\$ 50,202,632
ROFR Preservation Loan	\$ 7,000,000
Total Sources of Funds	\$ 124,638,632
Uses	Amount
Construction or Rehabilitation Costs	\$ 11,071,162
Fees Related to Construction or Rehabilitation	\$ 121,087
Financing Fees and Charges	\$ 555,081
Acquisition Costs	\$ 112,207,052
Developer's Fee	\$ 684,250
Total Uses of Funds	\$ 124,638,632