

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

Resolution No. CR-0462022
Proposed by The Chair (by request – County Executive)
Introduced by Council Members Hawkins, Streeter, Turner, Glaros, Harrison, Taveras, Franklin
Co-Sponsors _____
Date of Introduction April 26, 2022

RESOLUTION

1 A RESOLUTION concerning

2 Payments in Lieu of Taxes (“PILOT”) Agreement for the Oaks at Park South 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 ECD
5 Oaks Apartments, 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 four hundred eighty eight (488) units of
9 affordable multi-family rental housing for families, known as Oaks at Park South, located at
10 5400 Livingston Terrace, Oxon Hill, Prince George’s County, Maryland, as more particularly
11 described in Exhibit A, attached hereto and herein incorporated by reference (“Property”) under
12 the County’s Right of First 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 individuals and families
19 with restricted incomes, it is in the interest of the County to accept payments in lieu of County
20 real property taxes, subject to the terms and conditions of the PILOT Agreement (the
21 "Agreement") set forth 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 ____ day of _____, 2022.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Calvin S. Hawkins, II
Chair

ATTEST:

Donna J. Brown
Clerk of the Council

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ATTACHMENT A-1

PROJECT INFORMATION SHEET

**Oaks at Park South
5400 Livingston Terrace
Oxon Hill, MD 20745**

COUNCILMANIC DISTRICT 8

PROJECT DESCRIPTION: A four hundred eighty eight (488) unit garden-style rental apartment community that will be acquired by an entity formed by Enterprise Community Development through the Right of First Refusal (“ROFR”). This is rental housing without any income-restrictions spread across twenty-five (25) buildings on a site in Oxon Hill, Maryland. The incoming ownership proposes to restrict rents for all units for up to twenty five (25) years, to align with the period of affordability

OWNER: ECD Oaks Apartments, LLC

DEVELOPER: Enterprise Community Development

CONTACT: Christine Madigan
EVP & Chief Business Officer
Enterprise Community Development
410-230-2102
Cmadigan@ecdcommunities.org

NEIGHBORHOOD/LOCALITY: Oxon Hill, Prince George’s County, District 8

UNIT MIX: One-bedroom: 124 units
Two-bedrooms: 272 units
Three-bedrooms: 92 units

AFFORDABILITY: All four hundred eighty eight (488) units will be priced at levels affordable to households earning up to eighty percent (80%) of the Area Median Income (“AMI”) during the period of affordability

ATTACHMENT A-2**PROJECT INFORMATION SHEET**

**Oaks at Park South
5400 Livingston Terrace
Oxon Hill, MD 20745**

COUNCILMANIC DISTRICT 8**PROJECT DESCRIPTION:**

Enterprise Community Development (the “Developer”) is in the process of acquiring the Oaks at Park South community (the “Project”) through the Right of First Refusal (“ROFR”) program and entered into a purchase and sale agreement with the existing owner on February 4, 2022. The Department of Housing and Community Development (“DHCD”) assigned its right to purchase the Project to the Developer through the ROFR program in December 2021. With the Project being naturally occurring affordable housing (“NOAH”), the Developer intends to operate the property to serve families and individuals at or below eighty percent (80%) of Area Median Income (“AMI”) and for a period of up to twenty five (25) years. These affordability levels will apply to all four hundred eighty eight (488) of the Project’s units.

Enterprise Community Development has successfully acquired, developed, and preserved over one hundred fifteen (115) affordable and mixed income housing developments over (thirty) 30 years. As a CORES-certified organization, the Developer’s Resident Services team empowers residents through health-based and educational resources. Services are provided at each property based on an assessment of resident needs. Typical services range from after-school programming to food banks to connections to health care to transportation assistance. Dedicated staff work directly with residents to determine what services are most needed and to coordinate service delivery.

The Developer plans to invest approximately six million, eight hundred thousand dollars (\$6.8 million) for in-unit capital improvements in the next five (5) years and also plans to exceed County minimum set-asides of total units for residents with mobility and sensory impairments. The majority of units, four hundred sixty four (464) out of the four hundred eighty eight (488) units (95%), are currently in original or second-generation condition, which means they have not had major replacements or upgrades in the past thirty (30) years, and in some cases, fifty (50)

years. The Developer's scope of work was formulated to modernize and improve the livability and efficiency of the units in a way that adds value to tenants' daily lives – they seek to incorporate comfort and durability in choosing materials, while also keeping in mind a renter's bottom-line with energy efficient appliances. The Developer plans to invest additional amounts to complete property-level capital improvements. These other improvements will cure deferred maintenance across the Project, especially with a focus on essential structures and systems that affect a tenant's everyday environment. These major line items include roof, window and HVAC unit replacements that are needed to improve the general livability of the property. Expenditures have been budgeted to improve the community's overall curb appeal by painting exteriors, stairways and balconies, while also bringing back-on-line community building amenities including the pool and clubhouse.

The payment-in-lieu-of-taxes ("PILOT") will provide financial support to preserve affordability and enable property-level improvements to be paid from cash flow. With existing rents priced at eighty percent (80%) or less of AMI, restriction of the rental rates also permits only modest revenue increases that will support the other property-level capital improvements and prevent displacement of residents from sharp increases in rent. With five (5) year property level improvements budgeted to cost five million, one hundred thousand dollars (\$5.1 million) in addition to the in-unit capital expense budget of six million, eight hundred thousand dollars (\$6.8 million), the PILOT only partially offsets these improvement costs.

ATTACHMENT A-3

PROJECT FINANCING ESTIMATE

**Oaks at Park South
5400 Livingston Terrace
Oxon Hill, MD 20745**

COUNCILMANIC DISTRICT 8

SOURCES	Amounts	Percentages
Private Loan - Newmark	\$ 64,979,000	64.24%
Investor - Social impact fund	\$ 32,560,890	32.19%
Developer equity	\$ 3,617,877	3.58%
TOTAL	\$ 101,157,767	100.00%
USES	Amounts	Percentages
Acquisition cost	\$ 90,000,000	88.97%
Rehabilitation costs	\$ 7,096,407	7.02%
Fee related to rehabilitation	\$ 200,000	0.20%
Total financing fees and charges	\$ 2,961,360	2.93%
Developer's fee	\$ 900,000	0.89%
TOTAL	\$ 101,157,767	100.00%