





November 6, 2024

FISCAL AND POLICY NOTE

TO: Jennifer A. Jenkins
Council Administrator

Colette R. Gresham, Esq.
Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Roger G. Banegas 
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CR-097-2024 PILOT The National View Project

CR-097-2024 (*Proposed by:* The Chair of the Council at the request of the County Executive)

Sponsored by Council Members Ivey, Harrison, and Hawkins

Assigned to the Committee of the Whole

A RESOLUTION CONCERNING A PAYMENT IN LIEU OF TAXES (“PILOT”) AGREEMENT BETWEEN PRINCE GEORGE’S COUNTY, MARYLAND (“COUNTY”) AND PETRA DEVELOPMENT (“DEVELOPER”) for the National View Project.

Fiscal Summary

Direct Impact

Expenditures: No anticipated expenditure impact.

Revenue: Forgone property tax revenues of approximately \$74 million in the near term are more than offset by additional property tax and income tax

revenues in the long term. Net favorable revenue impact (FY 2029 – FY 2052) over undeveloped property of approximately \$94 million.

Indirect Impact

Potentially favorable.

Legislative Summary:

CR-097-2024¹, proposed by the Council Chair at the request of the County Executive, was introduced on October 29, 2024, sponsored by Council Members Ivey, Harrison, and Hawkins, and referred to the Committee of the Whole. CR-097-2024 would approve the terms and conditions of a Payments in Lieu of Taxes (“PILOT”) Agreement between Prince George’s County, Maryland (the “County”) and Petra Development (the “Developer”) for The National View Project.

Current Law/Background:

Section 7-516² of the Tax-Property Article of the Annotated Code of Maryland, as amended (the “Act”) authorizes the County to exempt or partially exempt an Economic Development Project within the meaning of the Act from County real property taxes under certain conditions. The Act also permits the County to enter into a PILOT agreement or multiple PILOT agreements for different phases of the Economic Development project. Specifically, the law permits such exemptions if:

- the owner or owners of the economic development project demonstrate to the satisfaction of the County Executive and County Council of Prince George's County:
 - that the county or its designated agency has conducted an economic analysis of the project, including:
 - a detailed description of the project and the development budget, including the identification of all sources of debt and equity financing;
 - a multiyear cash flow pro forma of the project detailing all incoming and outgoing cash flow revenues, operating expenses, debt service, taxes, capital expenditures, and any other cash outlays;
 - the projected return on investment for the owner or owners;
 - a determination that the project is an economic development project that meets the requirements of this section; and
 - any other relevant analysis;
 - the public benefit that the project will provide, including:

¹ [CR-097-2024](#)

² [§ 7-516, Prince George’s County](#), Annotated Code of Maryland, Tax-Property

- the number of jobs expected to be created, directly or indirectly, as a result of the project and the percentage of those jobs expected to be held by Prince George's County residents;
 - the wage rates and benefit packages for the jobs expected to be created;
 - other Prince George's County tax revenues, exclusive of real property taxes, that the project is expected to generate during the term of the payment in lieu of taxes agreement, including income, admissions and amusement, personal property, hotel, parking, energy, and other taxes;
 - the encouragement of economic development;
 - the general promotion and improvement of Prince George's County and its facilities;
 - any other relevant benefits;
 - the financial necessity for an exemption authorized under this section; and
 - that the private capital being invested in the economic development project includes an equity investment that is:
 - commensurate with the overall undertaking; and
 - for a hotel or an office building, an amount greater than or equal to 10% of the combined equity and debt investment; or
 - for an off-street parking facility, an amount greater than or equal to \$250,000;
 - the owner or owners of the economic development project and the governing body of Prince George's County enter into a payment in lieu of taxes agreement or multiple payment in lieu of taxes agreements for different phases of the economic development project that specify:
 - an amount that the owner or owners shall pay to the County each year in lieu of the payment of county real property taxes during the term of the agreement that is not less than the sum of:
 - the taxes on the property before the construction or rehabilitation of the project; and
 - 25% of the County real property taxes related to the economic development project that would have otherwise been due absent the agreement;
 - the term of the agreement, not to exceed 15 years from the date a certificate of occupancy is first issued for the project or the date a certificate of occupancy is first issued for any phase of the project that is covered by the agreement; and
 - that each year after the expiration of the agreement, full property taxes shall be payable on the property;
 - prior to or no later than 18 months from the date of entering into the payment in lieu of taxes agreement, construction of the project or any phase of the project that is covered by the agreement has commenced and all conditions for the financing required for the construction of the project or phase of the project that is covered by the agreement have been satisfied or waived; and
 - the authorizing resolution states that the project may not involve gambling activities.
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Resource Personnel:

- Chris Ahn, Assistant DCAO, Economic Development

Discussion/Policy Analysis:

The Developer is proposing to develop approximately twenty (20) acres of real property comprised of 54 parcels near the intersection of I-495 and MD 210 along Bald Eagle Drive within the corporate limits of the Town of Forest Heights, located in Prince George's County, Maryland as more particularly identified on Exhibit A-1³ (collectively, the “Property”). The Developer will develop the Project in six (6) separate phases. The phasing of the Project is illustrated below:

EXHIBIT A-1								
BUILDING	PHASE	PARCEL	SUBSTANTIAL COMPLETION DATE	TYPE	COMPOSITION			GARAGE PARKING SPACES
					PRODUCT	UNITS	GSF	
D	1	4	2029	Residential	MF	**195	201,364	*
				Commercial	Day Care		12,774	
							214,138	
E	2	6	2031	Residential	Senior	212	158,679	*
G	*** 2A	5	2031	Garage (Multi-Phase)				583
C	3	3	2032	Residential	MF	405	389,589	575
				Commercial	Police		1,640	
				Commercial	Retail		13,188	
							404,417	
A	4	1	2034	Residential	MF	220	206,218	312
				Commercial	Retail		2,514	
							208,732	
F	5	7	2034	Residential	Senior Mixed Income	**140	102,099	*
B	6	2	2037	Residential	MF	373	343,427	518
				Commercial	Grocery		20,592	
				Commercial	Retail		10,872	
							374,891	

The Developer proposes to develop the Property into a mixed-use project totaling approximately 1,462,956 square feet consisting of multifamily, senior living, grocery, retail, parking structure, and daycare components (collectively, the “Project”) which is projected to add at least 100 full-time equivalent jobs upon its completion with 51% of such jobs expected to be held by County residents and is expected to have a combined capital investment of equity and debt of approximately \$720,147,331. Each specific phase will consist of certain improvements as more specifically described in Exhibit A-3⁴.

Improving the quality of life for residents by reducing carbon emissions through new, lower-energy-efficiency construction would help the County achieve its Climate Action Plan⁵ target of 50% reduction by 2030.

³ [Exhibit A-1, Property Description](#)

⁴ [Exhibit A-3, Description of Development Phases](#)

⁵ [Prince George's County, MD - Climate Action Plan](#)

There will be approximately 1,425 new occupied dwelling units, with an estimated 2,495 new residents, including 125 school-age students. There will also be 105 new workers, 27 of whom are County residents. A key focus of this will be that new residents generating tax revenue will also demand a consistent level of public services.

Fiscal Impact:

- *Direct Impact*

Based upon the tax assessment projections supplied by the Administration, and using a two percent (2%) annual escalator, the execution of the contemplated PILOT agreements subsequent to the adoption of CR-097-2024 will result in an estimated \$74 million in foregone real property tax revenue between 2029 and 2052 after accounting for the PILOT payments. However, the amount of the PILOT payments will substantially exceed the amount of real property tax revenue realized by the County should the property remain undeveloped. Thus, from a fiscal perspective, “foregone revenue” should more accurately be considered as the acceptance of a smaller return by the County in order to ensure that the Project is completed. Additionally, the public safety waiver is worth \$2.6 million.

The cumulative net fiscal benefit of the project to the County through 2052, as calculated for the County’s economic analysis, is \$94 million. The breakdown is illustrated below:

NET INCREMENTAL TAXES & EXPENDITURES	BENEFITS						COSTS	
	REAL PROPERTY			RESIDENT INCOME			COUNTY EXPENDITURES	
	PILOT PHASE	POST PILOT	SCHOOLS	CONSTRUCTION JOBS	ONGOING JOBS	RESIDENTS	GENERAL FUND	BOE LOCAL SHARE
	\$24.530M	\$56.685M	\$7.201M	\$3.207M	\$2.225M	\$141.222M	(\$120.382M)	(20.409M)
		\$88.416M			\$146.654M			
\$94.28M BENEFIT				\$235.07M NET BENEFITS			\$(140.79M) NET EXPENDITURES	

- *Indirect Impact*

Adoption of CR-097-2024 aligns with County Plan 2035⁶ goals and will focus on the initial goals set in place by the FY 2021-2025 Consolidated Plan to prioritize affordable housing, economic development, rental assistance, and homeowner’s assistance.

- *Appropriated in the Current Fiscal Year*

N/A

⁶ [Plan 2035](#)

Effective Date of Proposed Legislation:

The proposed Resolution shall be effective upon its adoption.

If you require additional information or have questions about this fiscal impact statement, please email me.