

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

Resolution No. CR-086-2022
Proposed by The Chair (by request – County Executive)
Introduced by Council Members Hawkins, Harrison, Taveras, Glaros, Medlock, Turner
Co-Sponsors _____
Date of Introduction July 12, 2022

RESOLUTION

1 A RESOLUTION concerning

2 Payments in Lieu of Taxes (“PILOT”) Agreement for the Verona at Landover Hills 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 NORE
5 Fund – Landover Owner, 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 seven hundred twenty-seven (727) units of
9 affordable multi-family rental housing for families, known as Verona at Landover Hills, located
10 at 4085 Warner Avenue, Landover Hills, Prince George’s County, Maryland, as more
11 particularly described in Exhibit A, attached hereto and herein incorporated by reference
12 (“Property”) under 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 families with restricted
19 incomes, it is in the interest of the County to accept payments in lieu of County real property
20 taxes, subject to the terms and conditions of the PILOT Agreement (the "Agreement") set forth
21 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 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

**Verona at Landover Hills
4085 Warner Avenue
Landover Hills, MD 20784**

COUNCILMANIC DISTRICTS 3 AND 5

PROJECT DESCRIPTION: A seven hundred twenty-seven (727) unit garden-style rental apartment community housing families located in Landover Hills, Maryland that will be acquired by a joint venture led by Dantes Community Partners through Prince George’s County’s Right of First Refusal (“ROFR”) program. The new ownership agreed to restrict rents for five hundred forty-five (545) units to levels affordable to households earning 60% or less of the Area Median Income (“AMI”) for a period up to 15 years.

OWNER: NORE Fund – Landover Owner, LLC

DEVELOPER: NORE Fund I, LP; an entity affiliated with Dantes Community Partners

CONTACT: Sharif Mitchell
Operating Principal
Dantes Community Partners
301-503-7505
sharif@dantescommunity.com

NEIGHBORHOOD/LOCALITY: Landover Hills, Prince George’s County, Districts 3 and 5

UNIT MIX: One-bedroom: 255 units
Two-bedrooms: 396 units
Three-bedrooms: 76 units

AFFORDABILITY: 60% or less of the AMI: 545 units
Market rate: 182 units

ATTACHMENT A-2**PROJECT INFORMATION SHEET**

**Verona at Landover Hills
4085 Warner Avenue
Landover Hills, MD 20784**

COUNCILMANIC DISTRICTS 3 AND 5**PROJECT DESCRIPTION:**

NORE Fund I, LP, an entity controlled by lead developer Dantes Community Partners, plans to form an entity with an investment partner (the “Development Team”) and acquire the 727-unit Verona at Landover Hills project (the “Project”). The Project is a 26-building garden-style apartment community in Landover Hills that was constructed in 1963 – it is naturally occurring affordable housing (“NOAH”) that does not have existing affordability restrictions. The majority of the Project is in Councilmanic District 5; however, a portion is located in Councilmanic District 3.

Through the Prince George’s County Right of First Refusal (“ROFR”) Program, the Development Team submitted a proposal to the Department of Housing and Community Development (“DHCD”) to introduce fifteen (15) years of affordability with fifty percent (50%) of the units affordable to households earning 60% or less of the Area Median Income (“AMI”). Following the execution of a Written Agreement with DHCD, DHCD and the Development Team were able to negotiate a payment-in-lieu-of-taxes (“PILOT”) agreement that would extend the affordability to approximately seventy-five percent (75%) of the units – a total of five hundred forty-five (545) units.

The Project is approximately 0.75 miles from the Landover Metro station and just over one mile away from the Purple Line. The property also offers common area amenities that consist of a resident lounge, fitness center, playground, swimming pool and dog park. While the market rate portion of the Project will initially have pricing similar to the affordable portion, the Project’s location in an area with high demand may push market rate rents upward at a faster clip than the affordable portion. County support via the PILOT will enable preservation of the affordable nature of the Project by subsidizing revenue foregone through rent restrictions and by supporting the costs of renovating the property.

Upon the acquisition of the Project, the Development Team plans to invest at least \$18 million to carry out renovations and improvements to both the interior residential units and the Project's exterior. Up to \$30 million in renovations and improvements will be funded at closing or will be paid from the Project's cash flow over the first ten years. Any then-vacant units will first be renovated followed by additional units on a rolling basis as they become available. The in-unit renovation plan is expected to cost approximately \$12,500 per unit and will focus primarily on replacing carpeting with luxury vinyl plank flooring, upgrading appliances, cabinets, toilets, lighting and bathtub glazing. Exterior renovations will include but is not limited to roofing repairs or replacements, HVAC repairs or replacements, balcony repairs, mold remediation, waterproofing, resurfacing of sidewalks / blacktop, and the installation of updated security cameras.

Preservation of affordable/workforce housing is at the core of the Development Team's social impact investment strategy and a PILOT is a driver of the Project's ability to properly renovate and provide high quality affordable housing. The PILOT enables the Development Team to obtain a larger mortgage and direct a greater portion of investor equity towards renovations. The PILOT is projected to offset only a portion of the costs incurred from the investment in capital expenditures.

ATTACHMENT A-3

PROJECT FINANCING ESTIMATE

**Verona at Landover Hills
4085 Warner Avenue
Landover Hills, MD 20784**

COUNCILMANIC DISTRICTS 3 AND 5

SOURCES	Amount	Percentage
Private mortgage loan	\$ 104,245,000	64.53%
Investor equity	\$ 57,298,307	35.47%
TOTAL	\$ 161,543,307	100.00%
USES	Amount	Percentage
Construction costs	\$ 18,894,047	11.70%
Fees related to construction or rehab	\$ 842,035	0.52%
Total financing fees and charges	\$ 700,470	0.43%
Acquisition costs	\$ 139,254,137	86.20%
Syndication related costs - legal	\$ 175,000	0.11%
Guarantees and reserves	\$ 1,677,618	1.04%
TOTAL	\$ 161,543,307	100.00%