

The Honorable Thomas E. Dernoga
Chair
Prince George's County Council
Wayne K. Curry Administration Building
1301 McCormick Drive
Largo, Maryland 20774

Dear Chair Dernoga:

Enclosed for the County Council's consideration is a Resolution approving the terms and conditions of a Payments in Lieu of Taxes ("PILOT") Agreement between Prince George's County (the "County") and Queens Park Plaza MD LLC (the "Owner") concerning Queens Park Plaza Apartments (the "Project").

The Owner is an entity formed by Bensahel Capital and Ernst Equities for the purpose of acquiring and rehabilitating the Project, which is an existing ninety-four (94) unit apartment complex, located at 2500 Queens Chapel Road, Hyattsville, Maryland 20782. The Owner is acquiring the Project subject to the terms of a Written Agreement for a Right of First Refusal ("ROFR") Exception with the County's Department of Housing and Community Development ("DHCD"). The Project is a ninety-four (94) unit garden style apartment community, a portion of which will provide affordable housing for fifty seven (57) low-income to moderate-income households. The Project is located within one half (1/2) mile of the West Hyattsville Metro rail transit station along the Yellow Line, which provides access to Washington, DC to the south, and a connection to the future College Park stop along the Purple Line to the north.

The Project's total development cost, including acquisition, is approximately seventeen million, eight hundred twenty-three thousand, ninety-one dollars (\$17,823,091). Financing will consist of a first mortgage from City First Bank and an equity investment by the Owner.

The PILOT will require the Owner to make a mandatory annual payment to the County in an amount of no less than approximately seventeen thousand, one hundred dollars (\$17,100), or approximately three hundred dollars (\$300) per unit, for the fifty-seven (57) affordable units for the first full tax year. Thereafter, the required payment will increase by two percent (2%) for each subsequent tax year. The PILOT agreement will remain in effect for fifteen (15) years. There will be no PILOT associated with the thirty-seven (37) unrestricted market-rate units. Without the PILOT agreement, the estimated County property tax would be approximately seventy-six thousand, four hundred eighty-two dollars (\$76,482) or approximately eight hundred thirteen dollars (\$813.63) per unit. When considering the financial effects of the PILOT, the County will be providing yearly operating support of approximately twenty-nine thousand, two hundred seventy-seven dollars (\$29,277) to this affordable housing development.

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The Council's favorable consideration of this legislation, which along with the terms and conditions of the PILOT Agreement, is included as (Attachment B) in the legislation package, is greatly appreciated. If you have any questions, please contact my office or Aspasia Xypolia, Director, Department of Housing and Community Development (DHCD), at (301) 883-6511.

Sincerely,

Angela D. Alsobrooks
County Executive

Enclosures