

PRINCE GEORGE'S COUNTY COUNCIL

COMMITTEE REPORT

2023 Legislative Session

Reference No.:	CR-036-2023
Draft No.:	1
Committee:	Committee Of the Whole
Date:	06/06/2023
Action:	FAV

REPORT: Favorable 9-0: Council Members Dernoga, Blegay, Burroughs, Fisher, Harrison, Hawkins, Ivey, Oriadha, and Watson. Absent: Franklin and Olson.

The Prince George's County Council convened as the Committee of the Whole on June 6, 2023, to consider CR-036-2023, which is a Resolution concerning Payments In Lieu Of Taxes ("PILOT") Agreement for Hamlet Woods Apartments ("Project"). CR-036-2023 seeks the approval of the terms and conditions of a Payments in Lieu of Taxes ("PILOT") Agreement between Prince George's County, Maryland (the "County") and an entity to be formed by Developers: Osprey Property Company II LLC and Parallax Development Group, LLC (the "Owner"). All units will be reserved for senior households whose incomes are at or below sixty percent (60%) of the Area Median Income ("AMI"). The unit mix will consist of one-bedroom and two-bedroom units.

The Owner and development team of Osprey Property Company II LLC and Parallax Development Group, LLC shall acquire land and construct the Project, which will be fifty-nine (59) units of new affordable townhouse-style multi-family rental housing for low-income to moderate-income families, known as Hamlet Woods, on a 13.3-acre parcel located at 57th Avenue, Bladensburg, Maryland 20710. All units will be reserved for households whose incomes are at or below eighty percent (80%) of the Area Median Income ("AMI"). The unit mix will consist of three-bedroom and four-bedroom units.

The Project's total development cost is approximately twenty-nine million, one hundred ten thousand, four hundred thirty-four dollars (\$29,110,434). Financing will consist of a tax-exempt bond loan, subordinate Rental Housing Works funds through the State of Maryland DHCD, equity from the sale of Low-Income Housing Tax Credits and deferred developer fee. The Project will also be financed by a Prince George's County Housing Investment Trust Fund ("HITF") Program loan of two million, five hundred thousand dollars (\$2,500,000). The PILOT will require the Owner to make a mandatory annual payment in an amount of no less than approximately thirty-five thousand, four hundred dollars (\$35,400) or approximately six hundred dollars (\$600) per unit for the full tax year. Thereafter, the required payment for these affordable units will increase by two percent (2%) for each subsequent tax year. The PILOT agreement will remain in effect for thirty (30) years, which includes the extended affordability

period. Without the PILOT agreement, the estimated County property tax would be Wayne K. Curry Administration Building □ 1301 McCormick Drive, Largo, MD 20774 (301) 952-4131 □ www.princegeorgescountymd.gov The Honorable Thomas E. Dernoga Chair Page 2 approximately seventy thousand, eight hundred dollars (\$70,800) or approximately one thousand, two hundred dollars (\$1,200) per unit. When considering the financial effects of the PILOT, the County will be providing yearly operating support of approximately thirty-five thousand, four hundred dollars (\$35,400) to this affordable family housing development.

During the meeting, Joseph Clark, Vice President of Development, Osprey Property Company II LLC and Howard Irvin, Managing Member, Parallax Development Group, LLC, provided a presentation for the Project.

Aspasia Xypolia, Director, Department of Housing and Community Development, provided an overview and explained the rationale for AMI.

Sakinda Skinner, Council Liaison, CEX, acknowledged the County Executive's support for the legislation.

The Office of Law finds CR-036-2023 in proper legislative form with no legal impediments to its enactment.

The Budget and Policy Analysis group advises that the adoption of CR-036-2023 will have an adverse fiscal impact in the form of forgone tax revenue. As described above, accepting the PILOT on the entire Project of \$35,400 will result in a loss of approximately \$35,400 in the first year of the term. Factoring in the 2% estimated average annual increase in the property tax assessment, the total impact is estimated at \$1,436,110.00 over the 30- year period that the PILOT agreement remains in effect.

However, should CR-036-2023 not be adopted the Owner may raise rents, making the units unaffordable to tenants at 80% AMI. Additionally, due to the appeal of fixed rent, the property may attract new residents.

After discussion, the Government Operations and Fiscal Policy Committee reported CR-036-2023 out favorably, 9-0.