PRINCE GEORGE'S COUNTY COUNCIL

COMMITTEE REPORT

2023 Legislative Session

Reference No.:	CR-048-2023
Draft No.:	1
Committee:	Government Operations and Fiscal Policy
Date:	06/13/2023
Action:	FAV

REPORT: Favorable 4-0: Council Members Burroughs, Harrison, Ivey and Oriadha. Absent: Fisher

The Prince George's County Government Operations and Fiscal Policy Committee convened on June 13, 2023, to consider CR-048-2023, which 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 Enrst 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 Owners of the Project offered a presentation and briefing on Thursday, June 8, 2023. However, the briefing was delayed until Tuesday, June 13, 2023. During the June 13, 2023, meeting, the item was pushed to the end of the agenda

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.

The Budget and Policy Analysis group advises that the direct impact of the adoption of CR-048-2023 will have an adverse financial impact on the County in the form of forgone tax revenue. Accepting the PILOT on the Project of $300 per affordable unit will result in a loss of approximately $29,277 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 $506,303 over the 15-year period that the PILOT agreement remains in effect.

However, should CR-048-2023 not be adopted, the Owner may raise rents, making the units unaffordable to tenants at or below 60% of AMI.

The Office of Law finds CR-048-2023 to be in proper legislative form with no legal impediments to its adoption.

After discussion, the Government Operations and Fiscal Policy Committee reported CR-048-2023 out favorably, 4-0.