

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND
2024 Legislative Session

Resolution No. CR-020-2024

Proposed by The Chair (by request – County Executive)

Introduced by Council Members Ivey, Harrison, Fisher, Hawkins, Watson and Dernoga

Co-Sponsors _____

Date of Introduction March 26, 2024

RESOLUTION

1 A RESOLUTION concerning

2 Payments in Lieu of Taxes (“PILOT”) Agreement for The Cassidy Apartments

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 KCG

5 SSP Capitol Heights, LP (the “Owner”).

6 WHEREAS, there is a significant need in the County for quality housing units for families
 7 with limited income; and

8 WHEREAS, the Owner proposes to acquire and construct one hundred seventy-five (175)
 9 units of new affordable multi-family rental housing for low-income to moderate-income families,
 10 known as The Cassidy, on a 13.14 acre parcel located at Karen Boulevard and Wilberforce
 11 Court, Capitol Heights, Maryland 20743, as more particularly described in Exhibit A, attached
 12 hereto and herein incorporated by reference (“Property”); 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 Cassidy 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; and the execution of the Agreement by the County Executive or the County
4 Executive's designee shall be conclusive evidence of the approval of the County Executive of all
5 changes or modifications to the Agreement; and the Agreement shall thereupon become binding
6 upon the County in accordance with the terms and conditions therein.

7 BE IT FURTHER RESOLVED that the County Executive, subsequent to the execution of
8 the Agreement, may amend the Agreement as deemed appropriate in order to accomplish the
9 purpose of the transaction authorized by this Resolution.

10 BE IT FURTHER RESOLVED that this Resolution shall become effective as of the date of
11 its adoption.

Adopted this 30th day of April, 2024.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Jolene Ivey
Chair

ATTEST:

Donna J. Brown
Clerk of the Council

ATTACHMENT A-1

PROJECT INFORMATION SHEET

**The Cassidy
Karen Boulevard and Wilberforce Court
Capitol Heights, Maryland 20743**

COUNCILMANIC DISTRICT 6

PROJECT DESCRIPTION:	A one hundred seventy-five (175) unit rental apartment community will be constructed in three (3) elevator buildings with four (4) stories or less on a 13.14-acre site in Capitol Heights, Maryland. All units will be affordable, and rents will be restricted for forty (40) years.
OWNER:	KCG SSP Capitol Heights, LP
DEVELOPER:	KCG Development, LLC Streetscape at Capitol Heights, LLC
CONTACT:	Karla Burck Executive Vice President of Development KCG Development, LLC (317) 452-3729 Karla.burck@kcgcompanies.com
NEIGHBORHOOD/LOCALITY:	Capitol Heights, Prince George’s County District 6
UNIT MIX:	A mix of one-bedroom, two-bedroom, and three-bedroom units
AFFORDABILITY:	All units will be priced at levels affordable to households earning sixty percent (60%) or below of the Area Median Income (AMI) for forty (40) years. The unit mix will include three (3) HOME–ARP units for households earning thirty percent (30%) or below of the AMI.

ATTACHMENT A-2**PROJECT INFORMATION SHEET**

**The Cassidy
Karen Boulevard and Wilberforce Court
Capitol Heights, Maryland 20743**

COUNCILMANIC DISTRICT 6**PROJECT DESCRIPTION:**

The Cassidy project (the “Project”) is a proposed one hundred seventy-five (175) unit, multifamily community in Capitol Heights. It is located on Karen Boulevard and Wilberforce Court in a state-designated Opportunity Zone and Priority Funding Area. The project site is 13.14 acres and comprises two parcels: 18-4023313 (3.6 acres) and 18-4023321 (9.54 acres).

The project site is in a residential neighborhood with several general tenancy and senior multifamily developments and schools nearby. All three (3) public schools that serve children in this area of Prince George’s County are within a half-mile radius of the site. The project location provides ease of access to major roads, highways, and public transit options. Importantly, the site is located between the Blue and Green Metrorail Lines. The P12 and V12 Metrobus lines provide regular service from the Project to these Metrorail stations.

The Project is comprised of a mix of one (1) bedroom, two (2) bedroom, and three (3) bedroom units. All one hundred seventy-five (175) units will accommodate households earning up to sixty percent (60%) of the Area Median Income (AMI) and will include three (3) HOME-ARP units for households earning thirty percent (30%) or below of the AMI. Five percent (5%) of the units will be ADA accessible, and two percent (2%) will be adaptable for residents with audio, visual, or hearing needs.

Resident amenities will be well-suited for professionals and young families. All apartment units will have central air conditioning, and energy-efficient kitchen appliances, including a full-sized refrigerator, dishwasher, stove, oven, microwave, and garbage disposal. Each unit will also include washer/dryer hookups, with residents having the option to rent washer/dryer units. Community amenities will include on-site management, a large entertainment room, a fitness center, and shared laundry facilities. The landscaped property will

feature walking paths and a children's play area. Furthermore, the project will meet Energy Star Multifamily New Construction Standards.

KCG Development, LLC is the applicant for this solicitation and Developer of the Project. Since its inception in 2015, KCG Development has amassed a portfolio totaling three thousand, eight hundred six (3,806) units, of which one thousand, three hundred twenty (1,320) are stabilized and fully operational, and two thousand, four hundred and eighty-six (2,486) units are under construction or in lease-up. Streetscape at Capitol Heights, LLC will be the co-developer for this Project. They are a subsidiary of Streetscape Partners which was founded in 2008. They are a privately held real estate development company focused on residential and mixed-use opportunities throughout the greater Washington, D.C. region. The development team will rely on a team of local partners to build and operate the Project. Commercial Construction was established in 1996 and is located in Hanover, Maryland. They will be the general contractor for the project. Habitat America, an Annapolis-based property management firm, will operate the Project. They have over 30 years of experience managing senior living, affordable, and market-rate apartments in Delaware, Maryland, Pennsylvania, Virginia, and Washington, DC. Today Habitat America has one hundred seven (107) properties and ten thousand, four hundred thirty-one (10,431) units in its management portfolio.

ATTACHMENT A-3**PROJECT FINANCING ESTIMATE**

**The Cassidy
Karen Boulevard and Wilberforce Court
Capitol Heights, Maryland 20743**

COUNCILMANIC DISTRICT 6

Sources	Amount	Percentage
Housing Authority of Prince George's County Bonds	\$ 36,800,000	53.62%
Prince George's County HITF	\$ 3,500,000	5.10%
Prince George's County HOME-ARP	\$ 1,050,000	1.53%
Low Income Housing Tax Credits	\$ 23,289,846	33.93%
Deferred Developer Fee	\$ 3,451,467	5.03%
Cash from Operations	\$ 541,168	0.79%
GP Equity	\$ 100	0.00%
Total:	\$ 68,632,581	100%

Uses	Amount	Percentage
Construction Costs	\$ 44,769,297	65.23%
Fees Related to Construction	\$ 5,150,834	7.50%
Financing Fees	\$ 7,883,750	11.49%
Acquisition Costs	\$ 3,100,000	4.52%
Developer's Fee	\$ 6,365,393	9.27%
Syndication Related Costs	\$ 306,244	0.45%
Guarantees and Reserves	\$ 1,057,062	1.54%
Total:	\$ 68,632,581	100%