



Howard County

Internal Memorandum

Subject: Park View at Colonial Landing Local Resolution & PILOT

To: Lonnie R. Robbins, Chief Administrative Officer

From: Thomas P. Carbo, Director *TJC*
Housing and Community Development

Date: September 4, 2012

Resolution 138-2012 supports approval of the terms and conditions of the Payment in Lieu of Taxes Agreement (the "PILOT") by and between Columbia LLLP ("the Partnership") and Howard County, Maryland for the 100-unit senior multi-family rental housing project known as "Park View at Colonial Landing" (the "Project").

Resolution 139-2012 provides approval of the State of Maryland financing for the acquisition and rehabilitation of the Project.

Background

The Shelter Group, through its affiliate, Colonial LLLP, plans to acquire, refinance and rehabilitate the 100-unit senior multi-family rental housing development known as "Park View at Colonial Landing" located on Rowanberry Drive in Elkridge, Maryland. This affordable senior apartment building was originally built in 1996. Shelter plans to invest approximately \$20,000 per unit in renovations and improvements to the property, including new roofing, HVAC systems, kitchens, baths, Energy Star appliances, and water saving devices. In addition, Shelter will enhance or create new amenities such as a computer room/library (providing residents access to high speed internet), fitness facility, beauty/barber shop, lounge, and a community room with a fireplace.

Shelter has applied for financing from the State of Maryland's Department of Housing and Community Development ("DHCD") in the form of (1) a tax-exempt bond loan in the approximate amount of \$4,300,000 (the "Bond Loan"), (2) a Maryland Rental Housing Works Program loan in the approximate amount of \$250,000 (the "RHW Loan"), (3) the assignment of existing DHCD debt in the approximate amount of \$1,058,101 (the "Existing State Financing"), and (4) equity from the sale of Federal Low Income Housing Tax Credits in the approximate amount of \$1,628,000 (the "Tax Credits"). In addition, Shelter has an existing County loan on the property in the approximate amount of \$250,000, which will be subordinated and extended to be coterminous with the new State financings.

Under the State and County financing programs, 100 of the apartment units in the Project must be rented to persons with incomes below 60% of the Baltimore area median income for a period of 40 years.

As a condition of financing from DHCD and in compliance with the applicable State law, approval of the project and the project financing by the Howard County Council and County Executive is required.

In addition to the State loans, Shelter is seeking additional funding from Howard County for the project in the form of a PILOT. This PILOT will replace an existing PILOT on the property which would have expired in 23 years. Under its terms, in lieu of payment of County property taxes, Colonial LLLP will be required to pay to the County a portion (2%) of its gross rental income from the project. To the extent funds are available in any given year, Colonial LLLP is also required to pay additional amounts from the project's surplus cash (6%) and residual receipts up to the full amount of taxes otherwise due.

As a condition of the PILOT, the County also requires the owner to restrict the occupancy of the units to persons of low income. By its terms, the PILOT terminates upon, among other things, the repayment of the State loans. The low income restrictions, however, continue in force for a period of 40 years.

Under the government programs, the Project will operate on a limited distribution basis. Shelter has demonstrated that the proposed PILOT is necessary in order to make the Project financially feasible.

Fiscal Impact

Should this PILOT be approved, the fiscal impact is expected to result in an annual County property tax revenue loss of about \$17,900.

The Howard County Department of Housing and Community Development recommends approval of the Resolution.

cc: Ken Ulman, County Executive
Jennifer Sager, Legislative Coordinator