



Howard County

Internal Memorandum

Subject: Testimony on Council Resolution No. __-2021, a Resolution approving a Payment in Lieu of Taxes Agreement and APFO Waiver for Roslyn Rise NINE, LLC

To: Lonnie Robbins, Chief Administrative Officer

From: Kelly Cimino, Director of Department of Housing and Community Development
K. Cimino

Date: August 26, 2021

Summary

Resolution __-2021 supports approval of the terms and conditions of a Payment in Lieu of Taxes Agreement (PILOT) by and between Howard County, Maryland and Roslyn Rise NINE, LLC, a limited liability company, (RR9) for the development of a 59-unit mixed-income rental housing development. Approval of the PILOT will also authorize the Department of Planning and Zoning (DPZ) to allow the development to proceed subject to the Special Affordable Housing Opportunities provision of the Adequate Public Facilities Act (APFO) because the development is projected to fail the School Capacity Test for elementary schools.

Background

RR9 plans to construct and operate a 59-unit mixed-income rental housing development; 45 units will be rented to households that earn at or below 80 percent of Area Median Income (AMI), and 14 units will be rented at market rate. Combined with RR4 development, the project will have a total of 153 units.

RR9 has received approval for public financing from the Maryland Department of Housing and Community Development in the form of equity financing from 9% Low Income Housing Tax Credits in the approximate amount of \$13,800,000.

In addition to the funding source listed above, RR9 is seeking additional funding from Howard County for the project in the form of a PILOT to enable RR9 to borrow the necessary funds to complete construction of the development. Under its terms, in lieu of payment of County property taxes, RR9 will be required to pay to the County \$125,781 in Year 1, \$658,240 in Year 5, \$1,392,174 in Year 10 and \$3,104,381 in Year 20. To the extent funds are available in any given year, most likely to begin after Year 20, RR9 will be required to pay additional amounts from the project's surplus cash (2%) and residual receipts up to the full amount of taxes otherwise due.



Howard County

Internal Memorandum

As a condition of the PILOT, the County requires the owner to restrict the occupancy of all units to persons of lower income for 40 years. By its terms, the PILOT terminates upon, among other things, a foreclosure or a default under the PILOT or the lower income covenants.

Fiscal Impact

Should the PILOT be approved, the fiscal impact is expected to be a County property tax revenue of approximately \$125,781 in Year 1. RR9 has demonstrated that the proposed PILOT is necessary to make the project financially feasible. This revenue amount represents an increase of \$2,034 in Year 1 revenue over the amount received under the existing PILOT agreement (CR 96-2019).

Combined with the revenue increase of \$4,036 from RR4, the overall impact on County tax revenue from this project represents an increase of \$6,170 in Year 1. The cumulative fiscal impact for the entire project (RR4 & RR9) is projected to increase to just under \$120,000 by Year 20. This analysis has been provided to the County Auditor.

Adequate Public Facilities Act Special Affordable Housing Opportunities Provision

The Roslyn Rise redevelopment is projected to fail the School Capacity Test for elementary schools. The Special Affordable Housing Opportunities provision of APFO allows the development to proceed despite the failure if the following requirements are met:

1. At least 40 percent of the units shall be affordable to households earning 60 percent or less of AMI;
2. The project is led by or in partnership with a local nonprofit or the Housing Commission;
3. The project is seeking or has received an allocation of Low Income Housing Tax Credits;
4. The project has received a letter of support from the County Executive;
5. The County Council and County Executive have approved a PILOT for the project.

The County has evaluated and found that the development meets requirements 1 through 4 above. Under requirement 5, the County Council shall consider the following factors for PILOT approval:

1. The capacity utilization at the school or schools impacted by the project and at adjacent schools, including limiting the potential impact on any elementary or middle school with a capacity utilization rate greater than 115 percent unless an adjacent school with the same grade levels has a capacity utilization rate of 100 percent or less;
2. Estimated student generation from the project;
3. Any potential for the Board of Education to add capacity to the impacted school or schools through redistricting, facility expansion, or other programs; and



Howard County

Internal Memorandum

4. The need for affordable housing the County, including factors such as the housing cost burden on families, the availability of housing for individuals with disabilities, and the extent of homelessness among families and school children.

The County is submitting the following information to guide the County Council's consideration of these factors:

1. A DPZ memo titled 'Roslyn Rise Student Analysis for PILOT', which shows that there are three adjacent elementary schools with a capacity utilization rate of less than 100 percent (Longfellow 98.8%; Swansfield 96.7%; Stevens Forest 92.6%); and estimates that the combined development of RR4 and RR 9 units will yield a projected 47 students (23 elementary school, 11 middle school, 13 high school);
2. A DHCD memo titled 'Memo to HCDB – Roslyn Rise PILOT and APFO Waiver 06.09.21', recommending approval of the developer's PILOT request and APFO waiver by the housing board because (1) the developer is adding market rate units to convert the development from a 100% affordable project to a mixed-income project; (2) the development is in a high opportunity area for new and existing residents; (3) the project received competitive LIHTC twinning credits from MD DHCD; (4) the project's LTV is 85%, the loan repayment term is 40 years, the debt service coverage ratio is 1.15% and the developer is deferring a portion of the developer fee for at least 12 years; (5) if the PILOT is not approved, there will be a financing gap, which means the project will not be able to proceed; (6) this redevelopment project has the support of the current residents, neighboring communities, Village of Wilde Lake board, Columbia Association and CHHI; and (7) based on the applications received, the Developer appears to have accessed all available funding and maximized debt on the project; and
3. A DHCD memo title 'HCDB Recommendation – Roslyn Rise PILOT and APFO Waiver FINAL 07.06.21', detailing the housing board's analysis of the developer's request and the board's meeting notes and actions on May 13th, May 24th, June 9th and July 6, 2021.

Cc: Elizabeth Walsh, Council Chair
Opel Jones, Council Vice Chair
Christiana Rigby, Councilperson
Deb Jung, Councilperson
David Yungmann, Councilperson
Michelle Harrod, Administrator
Craig Glendenning, County Auditor

Attachments



Document Checklist for PILOT Requests and APFO Waivers

1) Review documents received from the developer:

- LIHTC Application Form 202
- Budget with and without PILOT
- Legal description of property
- Reservation of federal LIHTC funding
- Commitment letter(s) from State or local sources
- Private loan debt letter
- Evidence of Limited Partnership agreement (if applicant is not a non-profit)
- MOU with Howard County Housing Commission or other non-profit development partner
- Proposed testimony to County Council
- Corporate documents for project ownership
- IRS Employee Identification Number (EIN) or Form W-9
- Project timeline including anticipated closing date
- Red-lined version of PILOT Agreement from DHCD's template

2) For APFO Waiver (*stand alone or in conjunction with PILOT*):

- Project narrative, including names and addresses of 3 similar communities for student yield analysis
- Possible actions to address school overcapacity concerns
- Statement verifying compliance with statutory requirements in Section 16.1103 of Howard County Code
 - 40% of units restricted to those earning 60% or less of AMI
 - participation of a local non-profit in project
 - receipt of Low-Income Housing Tax Credits for project
 - receipt of a letter of support from the County Executive
 - receipt of a PILOT

Evaluation Summary for PILOT Requests and APFO Waivers

Evaluation criteria consideration for PILOT:

- Amount of PILOT Request? See attached memo and analyses.
- Is project new or redevelopment of existing project? Redevelopment
- How many affordable units will be created? 101
- How many market rate units will be created? 52
- What is disbursement of unit types in the project? 61 one-, 58 two-, 29 three- and 5 four-bedrooms.
- Is project geographically located in an area with market rate rental units? Yes
- Strength of financial package? Yes or No
 - Did project apply for competitive tax credits? Yes
 - Did project receive competitive tax credits? Yes
 - If not, will project apply for non-competitive tax credits? Yes, received
 - Is DSCR (debt service coverage ratio) greater than 1.15 or 1.20? Yes, 1.15
 - Is LTV (loan-to-value ratio) between 70% - 85%? Yes, 85%
 - Is loan repayment term 30 – 40 years or less? Yes, 40 years
 - Is developer receiving a strong equity raise? Yes
 - Is developer maximizing debt? Yes
 - Is developer accessing all available funding? Yes, see updated analyses.
 - Is developer deferring some portion of their fee? Yes
 - If so, how much?
 - RR4 – Total fee = \$2,961,514 will be paid over 23 years. Developer is deferring 95% of fee in year 1.
 - RR9 – Total fee = \$3,390,137 will be paid over 12 years. Developer is deferring 91% of fee in year 1.
 - Is developer missing out on an income stream? No
 - Are expenses reasonable? (Typical is \$5,000 to \$7,500 per unit per year) Yes, but higher than typical costs due to rising construction and labor costs in 2021.
 - \$7748/unit for RR4
 - \$7837/unit for RR9
 - Is there a financing gap if PILOT is not approved? Yes
 - Is there still a financing gap if PILOT is approved? No
 - RR4 – In year 31, property is paying full tax rate to County in residual receipt payments.
 - RR9 – In year 24, property is paying full tax rate to County in residual receipt payments.

Consideration for APFO Waiver:

- If PILOT is approved, does project meet all statutory requirements? Yes
- School capacity? In 2023
 - Elementary 123.5% Over? Yes
 - Middle 97.8% Over? No
 - High School 96.2% Over? No
- Based on student yield analysis, are there adjacent schools with available capacity? Yes

- 1) Is project consistent with recommendations in Housing Opportunities Master Plan? Yes, mixed income communities in high opportunity areas are consistent with the plan.
- 2) What community outreach has been done? Does the community support the new project/redevelopment? Site development plan reviewed by the Planning Board on 5/20/21. Redevelopment plan has been reviewed by current residents, Village of Wilde Lake Board, the Columbia Association, and the former project owner, CHHI.

HOUSING AND COMMUNITY DEVELOPMENT BOARD MEETING SUMMARY

Date and time of board meeting:

May 24, 2021 at 6:32 P.M.

June 10, 2021 at 6:52 P.M. (CLOSED SESSION)

Board members in attendance:

May 24, 2021

Maury Zeitler, *Chair*

Mike Sloan, *Vice Chair*

Mitra Basu

Walter Davis

Dr. Caroline Harper

Grace Morris

June 10, 2021

Maury Zeitler, *Chair*

Mike Sloan, *Vice Chair*

Mitra Basu

Walter Davis

Dr. Caroline Harper

Grace Morris

Linda Skelton

Developer representatives in attendance:

May 24, 2021

Mackenzie Kiesel

Jess Neubelt

RECOMMENDATION BY BOARD:

On May 24, 2021, the HCD Board voted unanimously to approve the request from Enterprise Community Development, Inc. for an APFO waiver for the redevelopment of the Roslyn Rise community—as permitted for affordable housing projects under Section 16.1103 (e) of the County Code.

On June 10, 2021, the HCD Board voted unanimously to approve the request from Enterprise Community Development, Inc. for a PILOT for the Roslyn Rise 4 & Roslyn Rise 9 projects.

Signed by:  Date: 07/06/21
Maurice Zeitler, Board Chair

For Office Use Only

	Date
Email confirmation of receipt	5/7/21
Schedule follow up meeting with developer	5/13/21
Request student yield summary from DPZ	5/13/21
Add to HCDB agenda and post to website	5/13/21
Send documents to HCDB for board meeting	5/18/21
Request recommendation from HCDB	5/24/21
Request fiscal impact statement from Budget	
Review with County Administration	
Office of Law to review and finalize red-lined PILOT agreement from Developer	
Draft legislation and testimony	
Prepare for Council hearing	



HOWARD COUNTY DEPARTMENT OF PLANNING AND ZONING

3430 Court House Drive ■ Ellicott City, Maryland 21043 ■ 410-313-2350

Voice/Relay

Amy Gowan, Director

FAX 410-313-3467

From: Jeff Bronow, Chief, Division of Research, DPZ
To: Kelly Cimino, Director, Department of Housing and Community Development
Date: May 13, 2021
Subject: Roslyn Rise PILOT Agreement

Roslyn Rise is a proposed 153-unit Low Income Housing Tax Credit (LIHTC) apartment project located in Columbia, east of Twin Rivers Road and south of Trumpeter Road in Howard County. The existing 58 units at Roslyn Rise would be replaced by a new 153-unit apartment complex, resulting in an additional 95 units. The project is being developed by Enterprise Community Development, Inc. and will be using tax credit financing administered by the Maryland Department of Housing and Community Development.

The site development plan (SDP-21-030) for this development project is currently under review by the Howard County Department of Planning and Zoning. Once the SDP is deemed technically complete it will take the APFO Allocations and School Capacity tests. The project will receive Established Communities allocations (as there are an ample amount currently available) but will then fail the school capacity test due to Bryant Woods Elementary School being closed as shown on the currently adopted APFO School Capacity chart. Wilde Lake Middle and Wilde Lake High are both open on the current School Capacity Chart.

Per Section 16.1103(e)¹ of the Adequate Public Facilities regulations, LIHTC housing projects with at least 40% of the units designated as affordable that are being developed in partnership with the Howard County Housing Commission with a letter of support from the County Executive and with an approved Payment In lieu of Taxes (PILOT) agreement or Council Resolution may proceed with development despite failing the APFO School Capacity test. This approval process requires the County Council to hold a public hearing and consider 4 criteria. This memo provides information related to the first two of the four criteria listed below:

1. The capacity utilization at the school or schools impacted by the project and at adjacent schools, including limiting the potential impact on any elementary or middle school with a capacity utilization rate greater than 115 percent unless an adjacent school with the same grade levels has a capacity utilization rate of 100 percent or less;
2. Estimated student generation from the project;
3. Any potential for the Board of Education to add capacity to the impacted school or schools through redistricting, facility expansion, or other programs; and

¹ This provision was added to APFO under CB 1-2018 (adopted 2/14/2018) with the intent, as indicated in the code: "to balance the County's policy goals to provide adequate school facilities and affordable housing in accordance with section 7-101 of the Land Use Article of the Annotated Code of Maryland and the County's General Plan."

4. The need for affordable housing in the County, including factors such as the housing cost burden on families, the availability of housing for individuals with disabilities, and the extent of homelessness among families and school children.

Criterion 1

The table below shows the capacity utilization for Bryant Woods Elementary, Wilde Lake Middle, and Wilde Lake High in 2023, the first year of the current adopted APFO School Capacity chart. The actual capacity utilizations for the official September 30, 2019 enrollments are also shown in the table for comparison purposes. (The latest 2020 official enrollments are not shown given the unusual circumstances due to the coronavirus pandemic and therefore may not reflect full attendance.) The capacity utilization rates of all adjacent elementary schools are also shown. *Note that the capacity utilization rate of Wilde Lake in 2023 is not over 115%, so criterion 1 technically does not apply relative to middle schools.*

The map on Page 3 shows the seven elementary school districts, the school locations, and the location of the proposed Roslyn Rise development. Although high schools are not part of criterion 1, capacity utilization for Wilde Lake High is shown for informational purposes.

2019 and 2023 Capacity Utilizations for Roslyn Rise Attendance Areas (and adjacent elementary schools)

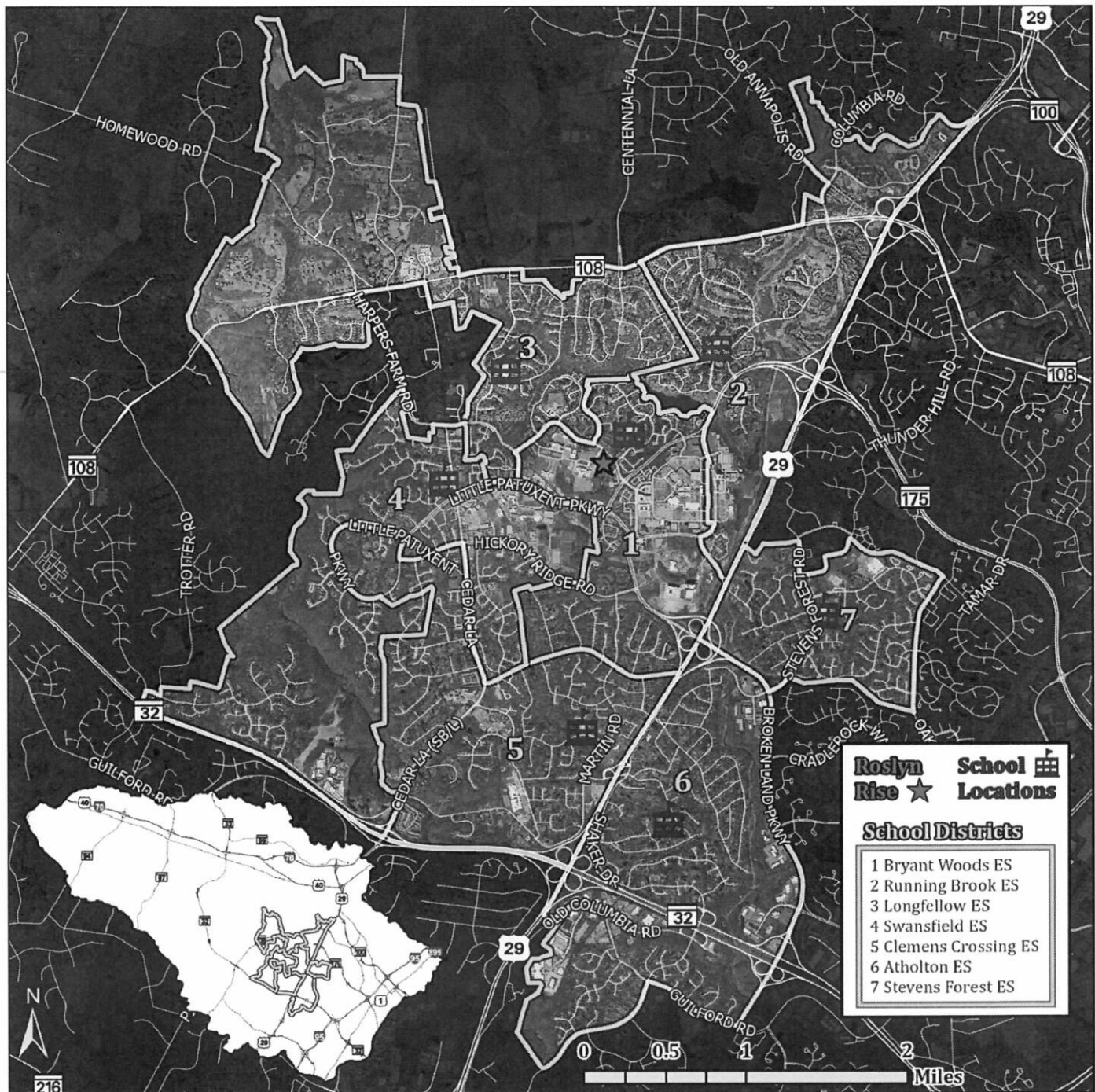
Schools	2019 (1)			2023 (2)		
	Capacity	Enrollment	Utilization	Capacity	Enrollment	Utilization
1. Bryant Woods Elementary	361	425	117.7%	361	446	123.5%
<i>Adjacent Elementary:</i>						
2. Running Brook	493	435	88.2%	515	551	107.0%
3. Longfellow	512	418	81.6%	512	506	98.8%
4. Swansfield	672	541	80.5%	694	671	96.7%
5. Clemens Crossing	521	506	97.1%	521	632	121.3%
6. Atholton	424	464	109.4%	424	442	104.2%
7. Stevens Forest	380	386	101.6%	380	352	92.6%
Wilde Lake Middle	721	685	95.0%	721	705	97.8%
Wilde Lake High	1,424	1,348	94.7%	1,424	1,370	96.2%

(1) From HCPSS 2020 Feasibility Report.

(2) From the currently adopted APFO School Capacity chart approved by County Council on July 29, 2020.

Bryant Woods Elementary school had a 117.7% capacity utilization in 2019 and is projected to increase to 123.5% capacity utilization by 2023, the first year of the current adopted APFO School Capacity chart. The Columbia West region is projected to have a capacity utilization of 107.8% by 2023. The APFO statute sets the capacity utilization for elementary schools and regions at 105%, which would mean that the Roslyn Rise development would fail the school capacity request and would be placed in the waiting bin. There are three elementary school districts adjacent to Bryant Woods that have a projected capacity utilization of less than 100% in 2023—

Longfellow at 98.8%, Swansfield at 96.7%, and Stevens Forest at 92.6%. Criterion 1 of the APFO regulations indicates that the County Council take this into consideration when deciding to allow an affordable housing development to move forward despite being in a closed school district.



Criterion 2

An appropriate measure to estimate the number of new students that will reside in the proposed Roslyn Rise redevelopment project are to use existing student yields for four similar developments: Riverwatch One, Towns at Pine Orchard, Oakland Place and the existing Roslyn Rise. Riverwatch One is a similar LIHTC development and the other three are also developments that include affordable housing units. The first table below shows the net increase in units by number of bedrooms under the proposed redevelopment of Roslyn Rise. The second table below shows the unit mix for the four comparison projects as well as the new Roslyn Rise. The new Roslyn Rise is proposed to have a smaller average of 1.59 bedrooms per unit compared to an overall average of 2.68 bedrooms per unit for the comparison projects.

Existing and Proposed Units at Roslyn Rise

Bedrooms	Existing Units	Future Units	Net New Units
1-bedroom units	6	61	55
2-bedroom units	34	58	24
3-bedroom units	13	29	16
4-bedroom units	5	5	0
Total Units	58	153	95

Source: Enterprise Community Development, Inc.

Unit Type Mix for Proposed Roslyn Rise Compared to Select Existing Developments (1)

Bedrooms	Net New Roslyn Rise (2)		Riverwatch One		Towns at Pine Orchard		Oakland Place		Existing Roslyn Rise		
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
1-bedroom units	55	58%	0	0%	0	0%	0	0%	6	10%	
2-bedroom units	24	25%	42	50%	7	10%	0	0%	34	59%	
3-bedroom units	16	17%	42	50%	64	90%	0	0%	13	22%	
4-bedroom units	0	0%	0	0%	0	0%	16	100%	5	9%	
Total Units	95	100%	84	100%	71	100%	16	100%	58	100%	
Total Bedrooms	151		210		206		64		133		
Average Bedrooms per Unit	1.59		2.50		2.90		4.00		2.29		
Average Bedrooms per Unit Combined			Select Existing Developments Combined								
			2.68								

(1) Dwelling Units for Selected Existing Developments from Howard County DPZ Land Use Database. Bedrooms per unit from calls to property owners of each selected development.

(2) Total net new units added to Roslyn Rise.

The table below shows the student yields for the four comparison projects that include a total of 229 units. The total number of HCPSS students residing in these developments as of September 30, 2019 total 192. This results in a combined average yield of 0.838 students per dwelling unit. The table shows the detailed yields by elementary, middle, and high schools for each development as well as the combined totals.

Student Standing Yields for Select Existing Developments

	Riverwatch One	Towns at Pine Orchard	Oakland Place	Roslyn Rise	Total
Total SFA Units	84	71	16	58	229
Elementary Students	41	33	3	18	95
Middle Students	14	20	4	6	44
High Students	13	23	3	14	53
Total Students	68	76	10	38	192
Elementary Yield	0.488	0.465	0.188	0.310	0.415
Middle Yield	0.167	0.282	0.250	0.103	0.192
High Yield	0.155	0.324	0.188	0.241	0.231
Total Yield	0.810	1.070	0.625	0.655	0.838

Source: Dwelling Units from Howard County DPZ Land Use Database.

Students from HCPSS Planning Office, September 30, 2019 official enrollment.

The table below shows the estimated number of students that could reside in the 95 additional units that will result from the Roslyn Rise redevelopment based on the observed yields of the four comparison developments. This results in 23 elementary school students, 11 middle school students and 13 high school students for a total of 47 students. These estimates are determined by multiplying the existing combined total yields in the four comparison projects times 59.4% (which is the ratio of the average number of units per bedroom in the net addition to Roslyn Rise to that of the four comparison developments combined) times 95 new units as proposed in Roslyn Rise.

Estimated Students That May Reside in the 95 Net Additional Units Proposed at Roslyn Rise

	Selected Existing Developments Combined	Roslyn Rise	Ratio
Average Bedrooms per Unit ==>	2.68	1.59	59.4%
Elementary Yield	0.415		
Middle Yield	0.192		
High Yield	0.231		
Total Yield	0.838		
Yields Multiplied Times 59.4% Ratio			
Elementary Yield	0.246		
Middle Yield	0.114		
High Yield	0.137		
Total Yield	0.498		

Estimated Students at Roslyn Rise in 95 Units (1)	
Elementary Students	23
Middle Students	11
High Students	13
Total Students	47

(1) Rounded to whole number of students



HOWARD COUNTY DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT
9820 Patuxent Woods Drive, Suite 224 ■ Columbia, Maryland 21046 ■ 410-313-6318
Voice/Relay

Kelly A. Cimino, Director

FAX 410-313-5960

To: Housing & Community Development Board
Through: Kelly Cimino, Director – *K. Cimino*
From: Tom Wall, Fiscal Specialist - *tfwall*
Date: May 21, 2021 – Updated June 9, 2021
Re: **Roslyn Rise – Developer’s Request for PILOT and APFO Waiver**

This is a request for a recommendation from the Housing and Community Development Board (the “Board”) concerning an application from Enterprise Community Development, Inc. (the “Developer”) for a PILOT and APFO Waiver for the redevelopment of the Roslyn Rise community in Columbia, Maryland.

Developer’s Proposal. Roslyn Rise is an existing 58-unit housing community that has served low-income residents for more than 50 years; however, the housing is now aging, inefficient, inaccessible and functionally obsolete. The redevelopment of Roslyn Rise calls for the relocation of existing residents into temporary housing, the demolition of existing flat-and-townhome community, and the construction of two, four-story elevator served apartment buildings. The project will add 95 new units, 52 of which will be market-rate, and the majority of which will be one- and two-bedroom units. The 2 buildings are each financed separately, Roslyn Rise 4 and Roslyn Rise 9, but they will function as one community with shared resources and amenities.

The redevelopment will result in a new, modern, higher-density, mixed-income community. The project has been awarded Low Income Housing Tax Credit (LIHTC) twin financing (4% and 9%) from the MD Department of Housing and Community Development (MD DHCD). In addition to the LIHTC financing, the project will be supported by first mortgages through Bellwether Enterprise, a construction loan from Bank of America, and soft debt from Community Home Housing, Inc. (CHHI), and the State of Maryland. The construction financing is expected to close in November 2021, with a 20-month demolition and construction period to follow. Despite receiving the extremely competitive award of LIHTC financing from MD DHCD, creating “full spectrum housing” is expensive.

Evidence of the PILOT approval will be required before the closing on the construction financing can occur. The Developer is also requesting an APFO waiver as permitted for affordable housing projects under Section 16.1103(e) of the County Code. The Board recommended approval of the APFO waiver request at its meeting on May 24, 2021.

Materials Provided with Application. The Developer submitted a package to the Department on 5/7/21. Staff sent copies to the Board on 5/13/21. The Developer made a presentation to the Board at a meeting on 5/18/21. The Developer provided all the items on the attached checklist for the board to review and consider when making a recommendation. Staff ordered a student yield analysis from Jeff Bronow at the Department of Planning and

Zoning. The Developer made a presentation to the Board on 5/18/21. The presentation described the project, the financing package, the need for a PILOT and the potential impact on school capacity at all 3 levels. The Board met on 5/24/21 but decided to table a recommendation until the County could provide a fiscal impact analysis. The Developer provided additional materials to DHCD from 5/24 – 6/9/21.

Staff Analysis. Staff analyzed the financial statements, including the LIHTC Form 202 with and without the PILOT, and statement of sources and uses, for each financing package. The revised Evaluation Summary is attached to this memo. The developer also provided this information:

On RR4 – We increased the base PILOT rate to 4.25%. This shows that it decreased the gap a small amount because that analysis is driven entirely by loan sizing. The loan went down, and we are addressing that by shifting some sources (CHHI funds and accrued interest reserves) over from the 9% side. The deferred fee pays down in Year 12 and substantial surplus & residual payments kick in at Year 20. By Year 31, the property is paying its full tax rate back to the county by way of residual receipts payments.

On RR9 – We increased the base PILOT rate to 4.5%. This shows that it decreased the gap, but again that analysis is just based on loan sizing. Between the drop in loan proceeds (due to increased operating expenses) and the need to reallocate funds to the RR4 size, the deferred fee increased by about \$450K to more than 50% of fee deferred. This is not something that we've vetted internally but wanted to share for modeling purposes. The surplus PILOT payments kick in the same year the deferred developer fee is paid off, in Year 23. By Year 24, the project would be paying the full county tax rate in the form of residual receipts.

Using the updated information, staff prepared the attached tax analysis spreadsheets.

Staff Recommendation. The Developer submitted applications and updated documentation for the projects, which meet the following criteria for a PILOT:

- The Developer is adding market rate units to convert development from a 100% affordable project to a mixed-income project;
- The development is in a high opportunity area for new and existing residents. The project received competitive LIHTC twinning credits from MD DHCD;
- The project's LTV is 85%, the loan repayment term is 40 years, the debt service coverage ratio is 1.15% and the developer is deferring a portion of the developer fee for at least 12 years;
- If the PILOT is not approved, there will be a financing gap of approximately \$4.4M, which means the project will not be able to proceed;
- This redevelopment project has the support of the current residents, neighboring communities, Village of Wilde Lake board, the Columbia Association and CHHI, the former project owner;
- Based on the updated applications received, the Developer appears to have accessed all available funding and maximized debt on the project.

Based on these findings, staff recommends approval of the PILOT request.

Since the board met on May 24th, staff has worked with the developer to update the project proformas and understand the forgone tax revenue and fiscal impact to the County. The developer requested, and the County Council approved, a prior PILOT for 5 Community Homes projects in 2019. The Roslyn Rise community was included in that PILOT and it remains in effect until the project is redeveloped.

Fiscal Impact Analysis

	<u>4%</u>	<u>9%</u>	<u>Total</u>
Proposed Pilot and Local Tax Revenue (20 Years)	4,472,891.21	3,104,881.12	7,577,772.33
Existing Pilot and Local Tax Revenue (20 Years)	<u>4,339,328.25</u>	<u>3,118,985.46</u>	<u>7,458,313.71</u>
Proposed Pilot over(under) Existing Pilot	133,562.96	(14,104.34)	119,458.62

Based on this fiscal impact analysis, the County will receive \$7,458,313 in County tax revenue from the current project over 20 years under the existing PILOT agreement. The Developer's redevelopment PILOT request would result in County tax revenue of ~~\$7,577,772~~ over the same time period. This represents an increase of \$119,458 in revenue to the County. The net impact to the County is positive revenue. Therefore, staff recommends approval of the developer's request for both PILOTs.

cc: Carl DeLorenzo, Director of Policy and Programs
Constance A. Tucker, Principal Counsel