




Howard County

Internal Memorandum

Subject: Park View at Ellicott City PILOT

To: Lonnie R. Robbins, Chief Administrative Officer

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

Date: September 5, 2014

Resolution 114-2014 supports approval of the terms and conditions of the Payment in Lieu of Taxes Agreement (the "PILOT") by and between Ellicott LLLP ("the Partnership") and Howard County, Maryland for the 81-unit senior multi-family rental housing project known as "Park View at Ellicott City" (the "Project").

Background

The Shelter Group, through its affiliate, Ellicott LLLP, plans to acquire, refinance and rehabilitate the 81-unit senior multi-family rental housing development known as "Park View at Ellicott City" located at 8720 Ridge Road in Ellicott City, Maryland. This affordable senior apartment building was originally built in 1999. Shelter plans to invest approximately \$27,000 per unit in renovations and improvements to the property, including new roofing, windows, mechanical 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 \$3,424,000 (the "Bond Loan"), (2) a Maryland Rental Housing Works Program loan in the approximate amount of \$740,000 (the "RHW Loan"), (3) the assignment of existing DHCD debt in the approximate amount of \$668,718 (the "Existing State Financing"), and (4) equity from the sale of Federal Low Income Housing Tax Credits in the approximate amount of \$1,867,000 (the "Tax Credits"). In addition, Shelter has applied for a County loan on the property in the approximate amount of \$300,000, which will be subordinated to the State financings.

Under the State and County financing programs, all 81 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.

In addition to the State and County 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 25 years. Under its terms, in lieu of payment of County property taxes, Ellicott 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, Ellicott 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 requires the owner to restrict the occupancy of the units to persons of low income for 40 years. By its terms, the PILOT terminates upon, among other things, a foreclosure or a default under the PILOT or the low income covenants.

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 \$21,000.

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

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