



Howard County

Internal Memorandum

Subject: Testimony – Park View at Emerson Local Resolution & PILOT

To: Lonnie R. Robbins, Chief Administrative Officer

From: Stacy L. Spann, Director
Housing and Community Development

Date: September 20, 2007

Resolution CR122-2007 provides approval of the State of Maryland financing for the 80-unit affordable senior rental housing project to be known as Park View at Emerson.

Resolution CR123-2007 supports approval of the terms and conditions of the Payment in Lieu of Taxes Agreement (the “PILOT”) by and between Emerson LLLP (“Emerson”) and Howard County, Maryland for the project.

Background

Emerson (of which Shelter Development Group and the Howard County Housing Commission are partners), plans to construct an 80-unit senior rental housing development to be known as Park View at Emerson on 6.88 acres in the 570-acre Emerson Planned Community in Laurel. Emerson has applied for financing from the State of Maryland’s Department of Housing and Community Development in the form of a \$1,500,000 Elderly Rental Housing Program loan and \$7,719,804 in equity derived from the sale of Low Income Housing Tax Credits. As a condition of the State financing, the apartment units in the project must be rented to persons with incomes between 40% and 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, Emerson is seeking additional funding from Howard County for the project in the form of a PILOT. Under its terms, in lieu of payment of County property taxes, Emerson 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, Emerson 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 Emerson to restrict the occupancy of all units to persons of low income and remain age restricted for a period of 41 years. By its terms, the PILOT terminates upon, among other things, the repayment of the State loans. The low income and age restrictions, however, continue in force.

Fiscal Impact

Should this PILOT be approved, the fiscal impact is expected to result in an annual tax revenue loss of \$13,509.

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

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