March 20, 2025

Robert Croslin, Mayor
City of Hyattsville
4310 Gallatin Street
Hyattsville, MD 20781

RE: Payment in Lieu of Taxes – Sanctuary at Hyattsville Crossing Development

Dear Mayor Croslin,

Pennrose, in partnership with Sanctuary AP3, and with the strong support of the First United Methodist Church of Hyattsville, is pleased to submit two applications for payments in lieu of taxes for this exciting development. The development will utilize a large portion of the existing church's 8.17-acre site and is ideally located directly across the street from the Hyattsville Crossing Metro Station.

The development calls for two separate projects to be built on site—one built with the 9% Low Income Housing Tax Credit ("LIHTC") and the other with the 4% LIHTC. The "twin" projects will move forward concurrently to provide 120 affordable new housing units containing a mix of studio, one, two, and three-bedroom apartments. The two projects will seek to serve different populations; the 9% project will serve 50 families earning between 20%-60% of the area median income, as well as between eight and fifteen permanent supportive housing ("PSH") units for persons experiencing homelessness, subject to a previously applied-for HUD grant to support the construction of said units. The 4% project will consist of a 4-story elevator building, offering 70 age-restricted apartments primarily serving seniors earning up to 60% AMI. The 4% project will also potentially offer additional PSH units, also subject to the HUD grant award. The project looks acquire the necessary financing commitments and to submit a 9% LIHTC application in the upcoming competitive round, due to Maryland DHCD in May 2025.

This application constitutes a request for a Payment in Lieu of Taxes ("PILOT") for both projects. A commensurate PILOT request for each project is also being presented to PG DHCD for consideration. PG DHCD allows a maximum abatement request of $600 per affordable unit per year on county taxes, which leaves a projected remaining payment per affordable unit of $240 on the 9% project and $183 on the 4% project. This is a projected reduction of county taxes of 71.4% on the 9% project and 76.6% on the 4% project. The development team is requesting a relief in taxes from the City of Hyattsville in the same amount for each of these projects. Due to the City's slightly lower tax rate, this translates to a monetary reduction of $378 per affordable unit per year on each project. **As such, the development team is requesting a payment in lieu of taxes of $152 per affordable per unit per year on the 9% project and $116 per affordable unit per year on the 4% project, each agreement with a term of 40 years** (same term as the county PILOT). This translates to a year-one tax reduction of $18,900 on the 9% project and a $26,460 on the 4% project.

Although the reduction in taxes may seem significant, it is worth noting that the City of Hyattsville currently receives no tax payment from the church located on this tax parcel. The new, realized revenue to the city will be a projected total of $15,682 between both projects in year one, increasing each year after that during the PILOT term. As long as the very healthy and active church remains, the development of low-income housing is the best and only use of this excess church land. Further, by modeling this request off the established PG DHCD PILOT program, it is ensured that the city and county fairly share the burden of supporting this important project. This

will also allow the city to leverage the county's process, documentation and methodology to streamline the process and reduce city staff time in executing these PILOTs.

The development and the church are thrilled about the possibility of this project moving forward, and its ability to provide 120-units of new affordable rental housing at a TOD site located in Hyattsville. We truly appreciate the City of Hyattsville's support thus far and look forward to executing on this pivotal and transformative project.

Sincerely,

Patrick Bateman
Pennrose, LLC