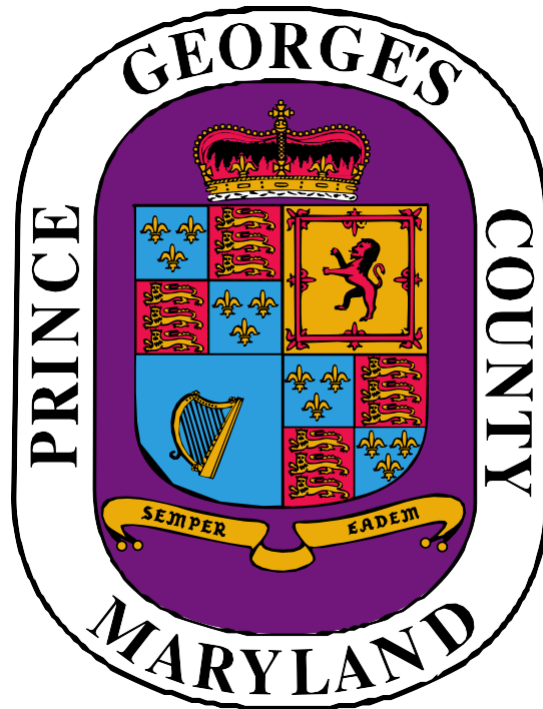


PRINCE GEORGE'S COUNTY RIGHT OF FIRST REFUSAL



DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

ANNUAL REPORT OF ACTIVITIES FOR PROGRAM YEAR 2024

January 1, 2024 – December 31, 2024

Submitted: December 2024

**RIGHT OF FIRST REFUSAL PROGRAM
ANNUAL REPORT
2024 ROFR PROGRAM YEAR**

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FOREWORD

In the legislative session of 2013, the Prince George’s County Council, enacted legislation establishing the County’s Right of First Refusal (“ROFR”) to purchase multifamily rental properties consisting of 20 or more residential units that are subject to a valid contract of sale or purchase agreement. The legislation applies to the entire County.

The ROFR Program is codified in the County’s Municipal Code, Section 13-1110, et. seq. (the “ROFR Code”).

For properties located within County municipalities, the approval of the municipality is required prior to purchase of a property under the ROFR Program. For transactions within a municipality, the ROFR Code requires that the municipality be provided with a 180-day period in which to approve or disapprove the County’s ROFR actions to purchase a property in the municipality.

The County’s goal in establishing and implementing the ROFR Program is to prevent displacement and preserve affordable housing for moderate and low-income households in the County.

Section 13-1118 of the ROFR Code requires the submission of an Annual Report to the County Council which includes the following information:

- (1) any offer of a right of first refusal received by the County;
- (2) any agreement not to convert that the Department approved; and
- (3) any conversion of rental housing in the County.

This report is submitted in accordance with the requirements of Section 13-1118 of the ROFR Code by the Prince George’s County Department of Housing and Community Development.

I. ROFR PROGRAM OVERVIEW FOR 2024

The ongoing implementation of the ROFR Program has affirmed DHCD’s commitment to the preservation of both restricted and “naturally occurring” affordable rental housing as a key element of its overall housing strategy. The ROFR Program demonstrates effectively that through the judicious use of regulatory/statutory authority, the County can incentivize the creation of additional affordable rental housing (with income and rent restrictions) with relatively modest financial commitments.

The Department believes that by establishing income and rent restrictions on properties under the ROFR Program, it can limit long-term rent increases at properties and thereby increase the availability of housing that remains affordable to workforce households in the County.

The table below summarizes ROFR Program activity during Program Year 2024:

Number of Transactions	15
Total Units All Transactions	2703
Average Units Per Transaction	180
Largest Transaction: Units	604
Smallest Transaction: Units	25
Total Sales Price - ROFR Offers	\$110,390,000
Average Sales Price Per ROFR Offer	\$22,078,000
Largest Transaction: Sales Price	\$55,150,000
Smallest Transaction: Sales Price	\$5,240,000

Overall program activity remained at 15 transactions in Program Year 2024 as compared to Program Year 2023. Program activity in Program Years 2021 and 2022 was notably higher, with the reduction due primarily to increasing interest rates which led to a slow down in the sale of multifamily rental properties in the County, regionally and nationally.

Despite the overall decline in the transactions, there was an increase in the number of properties and units preserved for affordability during Program Year 2024, due primarily to the County’s use of the Exception provisions of the ROFR Code.

Other notable ROFR Program activities during Program Year 2024 are summarized below:

ROFR DEVELOPER ROSTER

In early 2020, the Department established a ROFR Developer Roster of preferred entities with an interest and the demonstrated capacity to assume the County’s acquisition rights under the ROFR Program. In the interests of expanding participation in the ROFR Program, in December 2021, the Department issued a new Request for Qualifications to solicit the interest of additional entities with an interest in being pre-qualified for inclusion in the ROFR Developer Roster. Responses to the RFQ were received in early 2022 and the ROFR Developer Roster was expanded. There were no changes to the ROFR Developer Roster during Program Year 2024.

The current ROFR Developer Roster is included as Exhibit A.

ROFR PRESERVATION FUND

During Program Year 2021, the County created the ROFR Preservation Fund (the “Fund”) with \$15 million of funding (made available through the Federal American Rescue Plan Act’s State and Local Relief Program) to provide seed capital for ROFR transactions. The Fund is intended to provide critically-needed gap financing for property acquisitions under the ROFR Program.

Additionally, the County received an additional \$10 million of capital for the Fund from the State of Maryland during Program Year 2022.

During Program Year 2022, the County made its first loan through the Fund for the Bedford/Victoria Station project.

Four (4) properties that received ROFR Exceptions during Program Year 2023 closed on loans from the ROFR Preservation Fund in early 2024. These properties (Capitol Square, Pleasant Homes, Millwood Townhomes and Central Gardens) are described in greater detail below.

Capitol Square

DHCD approved an Exception to ROFR for Capitol Square Apartments to Brookwyn Capital in 2023. Under the terms of the Exception, Brookwyn Capital agreed to establish affordability restrictions on 77 of the 118 units at the Property. Brookwyn Capital purchased the property in early 2024.

The County provided a \$2,700,000 loan from the ROFR Preservation Loan Fund to assist in acquisition and renovation of the Property. The County also approved a PILOT to reduce real estate taxes for the Property.

The property is located in Councilmanic District 2.

Pleasant Homes

DHCD approved an Exception to ROFR for Pleasant Home Apartments to the Hudson Valley Group in 2023. Under the terms of the Exception, Hudson Valley Group agreed to establish affordability restrictions on 214 of the 286 units at the Property. Hudson Valley Group purchased the property in early 2024.

The County provided a \$2,000,000 loan from the ROFR Preservation Loan Fund to assist in acquisition and renovation of the Property. The County also approved a PILOT to reduce real estate taxes for the Property.

The property is located in Councilmanic District 7.

Millwood Townhomes

DHCD approved an Exception to ROFR for Millwood Townhomes to the Hudson Valley Group in 2023. Under the terms of the Exception, Hudson Valley Group agreed to establish affordability restrictions on 73 of the 75 units at the Property. Hudson Valley Group purchased the property in early 2024.

The County is expected to provide a \$1,649,000 loan from the ROFR Preservation Loan Fund to assist in acquisition and renovation of the Property. The County also approved a PILOT to reduce real estate taxes for the Property.

The property is located in Councilmanic District 6.

Central Gardens

DHCD approved an Exception to ROFR for Pleasant Home Apartments to the Hudson Valley Group in 2023. Under the terms of the Exception, Hudson Valley Group agreed to establish affordability restrictions on 71 of the 95 units at the Property. Hudson Valley Group purchased the property in early 2024.

The County is expected to provide a \$1,560,000 loan from the ROFR Preservation Loan Fund to assist in acquisition and renovation of the Property. The County also approved a PILOT to reduce real estate taxes for the Property.

The property is located in Councilmanic District 7.

A Term Sheet for the Fund is included as **Exhibit B**.

II. OFFERS OF RIGHT OF FIRST REFUSAL RECEIVED BY THE COUNTY

The County received five (5) Offers of Right of Refusal during Program Year 2024. Additionally, the County received and approved 10 requests for Exceptions to the ROFR process which are expected to result in the creation of affordability restrictions. The table below summarizes the five (5) Offers and 10 Exceptions received by the County during Program Year 2024.

Name of Apartment	Apartment Address	City	Zip Code	Number of units
ROFR Offers				
Marlow Property	2900 St. Clair, 4000 28th Ave, 4215 28th Ave	Temple Hills	20748	604
Chestnut Oaks	1800 Palmer Rd	Fort Washington	20744	25
Courts at Walker Mill	6936 Walker Mill RD	Capitol Heights	20743	200
University Club	4800 Berwyn House Road	College Park	20740	135
Courtyard Park Apartments	4203 Oglethorpe St	Hyattsville	20781	94
ROFR Exceptions				
Residences at Silver Hill West	3529 Terrace Drive	Suitland	20746	124
Residences at Silver Hill East	3510 Terrace Drive	Suitland	20746	90
Courts at Camp Springs	5327 Carswell Ave	Suitland	20746	414
Newton Green	5501 Newton Street	Bladensburg	20784	78
Capitol House	5105 Southern Avenue SE	Capitol Heights	20743	60
Laurel Court	321 Thomas Drive	Laurel	20707	128
Raleigh Court	4431 23rd Parkway	Temple Hills	20748	99
The Heights	1971 Rochelle Ave	District Heights	20747	60
Langdon Park at Fort Washington	2428 Corning Avenue	Fort Washington	20744	304
Plaza Towers	6700 Belcrest Rd	Hyattsville	20782	288

Of the five (5) Offers of Right of First Refusal received by the County, the Department exercised ROFR authority to explore the possibility of acquisition of a property a total of one (1) time. This property was not assigned to a ROFR Developer for purchase.

The County is actively working with prospective buyers for the 10 ROFR Exception properties approved during Program Year 2024 to establish affordability restrictions, with some properties expected to receive a ROFR Preservation Fund Loan and PILOT support.

III. AGREEMENTS NOT TO CONVERT APPROVED BY THE COUNTY

The Department did not enter into any Agreements Not to Convert rental housing under the terms of the Code in Program Year 2024. The Department did not receive any requests for approvals of agreements to not convert a rental facility in Program Year 2024 under the terms of the Code.

IV. CONVERSION OF RENTAL HOUSING IN THE COUNTY

There were no conversions of rental housing under the terms of the ROFR Code during Program Year 2024.

APPENDIX A: ROFR DEVELOPER ROSTER – AS OF 12/31/2024

PRINCE GEORGE'S COUNTY DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT RIGHT OF FIRST REFUSAL (ROFR) PROGRAM ROFR DEVELOPER ROSTER - AS OF MARCH 2022
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Organization	Address
AHC	2230 Fairfax Drive, Suite 100, Arlington, VA 22201
The Community Builders	1003 K Street, NW, Suite 700, Washington, DC 20001
Winn Development	1103 30th Street, NW, Suite 302, Washington, DC 20007
Pennrose	575 S Charles Street, Suite 140, Baltimore, MD 21201
Montgomery Housing Partnership	12200 Tech Road, Suite 250, Silver Spring, MD 20904
Preservation of Affordable Housing	40 Court Street, Suite 700, Boston, MA 02108
Enterprise Community Development	875 Hollins Street, #202, Baltimore, MD 21201
Conifer Realty	5560 Sterrett Place, Suite 200, Columbia, MD 21044
Community Housing Partners Corporation	448 NE Depot Street, Christiansburg, VA 24073
The Michaels Organization	2 Cooper Street, Camden, NJ 08102
NHT Communities	1101 30th Street, Suite 100A, Washington, DC 20007
Gilbane Development Co.	1100 N Glebe Road, Suite 100, Arlington, VA 22201
Homes for America	318 Sixth Street, Annapolis, MD 21403
Arlington Partnership for Affordable Housing	4318 N Carlin Springs Road, Arlington, VA 22203
Housing Initiative Partnership	6525 Belcrest Road, Suite 555, Hyattsville, MD 20782
Mission First HDC	1330 New Hampshire Avenue, NW #116 Washington, DC 20036
FCP	4445 Willard Avenue Suite 900 Chevy Chase, MD 20815
Jair Lynch - LDP	1400 16 th Street NW Suite 430 Washington, DC 20036
Osprey Property Company II	16 Greenmeadow Drive Suite G-107 Timonium, MD 21093
Insight Property Group	4601 N. Fairfax Drive Suite 1150 Arlington, VA 22203
Telesis Baltimore Corporation	25 East 29 th Street Suite 100 Baltimore, MD 21218
Woda Cooper	500 South Front Street 10 th Floor Columbus, OH 43215
SAA EVI	1707 North Charles Street Suite 200A Baltimore, MD 21201
Silver Street Development	33 Silver Street, Suite 200 Portland, ME 04101
Washington Housing Conservancy	1310 L Street, NW Suite 325 Washington, DC 20005
Foulger-Pratt	12435 Park Potomac Avenue Suite 200 Potomac, MD 20854
Langdon Park Capital	5788 West Adams Blvd., Suite 3 Los Angeles, CA 90016
MiCasa	6230 3 rd Street NW Washington, DC 20011



Tara H. Jackson
Acting County Executive

As of August 2023

Prince George's County
Department of Housing and Community Development
Right of First Refusal (ROFR) Preservation Fund

SUMMARY OF TERMS

- Overview:** The ROFR Preservation Fund provides flexible financing for the acquisition, rehabilitation and stabilization of rental apartment complexes (the "Property") subject to the Prince George's County Right of First Refusal Program (the "ROFR Program") authorized under Section 13-1110 et seq. of the Prince George's County Code ("ROFR Code").
- Funding Type/Source:** Financing will be made available as a Subordinate Loan (the "ROFR Loan") from the Prince George's County Department of Housing and Community Development (the "Department"). ROFR Loans will be underwritten in accordance with the terms outlined herein, and originated and serviced by the Department. As of August 2023, the source of capital for the ROFR Preservation Fund is capital provided to Prince George's County by: 1) the U.S. Department of Treasury under the Coronavirus State and Local Fiscal Recovery Funds component of the American Rescue Plan Act of 2021 ("ARPA"); and 2) the State of Maryland Department of Housing and Community Development ("Maryland DHCD").

The determination of the source of capital for a ROFR Loan will be at the sole discretion of the Department. See "Property Location" term below for important information regarding location restrictions based on the source of capital for the ROFR Loan.

Purpose/Use of Funds: The proceeds of the ROFR Loan must be used for the acquisition, rehabilitation and other typical transaction costs of a Property acquired under the terms of the ROFR Program. Any alternative uses must be approved by the Department.

Eligibility: For a Property to be eligible for a ROFR Loan, the Department must have exercised or provided an exception to the County's Right of First Refusal to purchase the Property in accordance with the ROFR Code.

Property Location: A Property which receives a ROFR Loan whose source of capital includes ARPA funds must be located within the boundaries of a Qualified Census Tract ("QCT") in Prince George's County, Maryland. QCTs are defined by the U.S. Department of Housing and Urban Development per 26 U.S.C. 42(d)(5)(B)(ii)(I). QCTs can be mapped at the following link:

https://www.huduser.gov/portal/sadda/sadda_qct.html

A Property which receives a ROFR Loan whose source of capital is solely Maryland DHCD funds may be located in any location within Prince George's County.

Borrower: Borrower must be approved by the Department as an eligible participant in the ROFR Program.

ROFR Loan Amount: Up to \$3,000,000. Exceptions to this limit may be approved at the discretion of the Department.

Subordination: The ROFR Loan will be subordinated to Senior Loan(s) approved by the Department, and subject to terms of an agreed-upon Subordination Agreement with Senior Lender(s). Multiple Senior Loans are acceptable.

ROFR Loan Term: Generally coterminous with the term of the Senior Loan(s), with a term of up to 40 years.

ROFR Loan Amortization: Up to 40 years

ROFR Loan Interest Rate: Zero percent (0%)

Collateral: The ROFR Loan will be secured by a subordinate lien Deed of Trust recorded in the land records of Prince George's County. Alternative collateral arrangements may be approved by the Department.

Loan Payments: No repayments of principal or interest on the ROFR Loan shall be due prior to December 31, 2026. After December 31, 2026, repayment of the Loan will be deferred until maturity, unless an alternative structure is agreed upon.

ROFR Loan Repayment: The Department must approve the Borrower's repayment strategy(ies) for the ROFR Loan as part of the underwriting process.

ROFR Loan Prepayment: After the twentieth (20th) year of the Loan Term, the Loan may be prepaid in whole or in part provided the Borrower is in compliance with the affordability and rental requirements, and is not in default under the Loan. Any prepayment will be subject to a pre-payment penalty of 10% of the then outstanding balance of the Loan. Partial prepayment does not terminate or change any of the affordability requirements applicable to the Project.

ROFR Loan Documents: Loan Agreement, Deed of Trust, Promissory Note, Affordability Agreement, Subordination Agreement, and Intercreditor Agreement.

ROFR Loan Fees: There are no origination, legal or other fees associated with loans under the ROFR Opportunity Fund.

Loan to Value (LTV) Ratio: LTV of up to 110%. The Department may approve an LTV up to 120% for high public purpose Properties.

Property Due Diligence: All costs of due diligence will be the sole responsibility of the Borrower. The Department will rely upon due diligence reports of the Senior Lender(s). The Department will require Reliance Letters for Environmental Report(s), Capital Needs Assessment and Property Appraisal.

Affordability Requirements: An Affordability Agreement restricting the Property’s rent and tenant income for an agreed-upon percentage of the units at the Property must be recorded in the Land Records of Prince George’s County. The Agreement will be for a period of at least 30 years and will survive repayment of the Loan, unless otherwise released or amended by the Department.

Resident Empowerment & Community Support Plan:

The Department must receive and approve the Borrower’s Resident Empowerment and Community Support Plan. The Plan must include, at a minimum, the following elements:

1. Resident empowerment initiatives that promote economic mobility;
2. 40% County-Certified County-Based Small Business participation requirement for vendors hired to conduct maintenance and capital improvements during Property operations;
3. 30% County-Certified Minority Business Enterprise participation requirement for vendors hired to conduct maintenance and capital improvements during Property operations; and
4. Establishing local hiring goals for on-site staff (leasing, maintenance, etc.) upon staff turnover that are consistent with hiring requirements required under Section 3 of the Housing and Urban Development Act of 1968.

Diversity and Equity Policy For Publicly Subsidized Development Projects:

If the Project, at any time, undergoes significant renovation and/or development, the requirements of the Diversity and Equity Policy for Publicly Subsidized Development Projects (the “Policy”) must be met. The Policy and associated requirements are detailed in Section 10-335 of the Prince George’s County Code (the “Code”), and requires the

approval of a Supplier Diversity and Equity Plan by the County. Additional information regarding the Policy is available at the following website:

<https://www.princegeorgescountymd.gov/2935/Notice-of-Funding-Availability>

Reporting and Compliance: Borrower must submit annual documentation to the Department to demonstrate compliance with Affordability Requirements and Resident Empowerment and Community Support Plan.

In addition, the Department will require annual Financing Reporting from the Borrower.

ARPA and Maryland DHCD Compliance: The Borrower shall comply with any applicable requirements of ARPA and Maryland DHCD. The Borrower acknowledges that the County must file reports to the U.S. Treasury Department as required under ARPA, and Maryland DHCD. As a result, the Borrower further acknowledges and agrees (i) to conform and complete in a timely manner whatever forms and reports that may be required by the County to evidence compliance with ARPA and Maryland DHCD; and (ii) that Borrower’s failure to provide such forms and reports shall cause the County to be out of compliance with ARPA and Maryland DHCD and will constitute a default under the Loan.

Property Management: The Property Manager must be approved by the Department.

Municipal Approval: Properties located within the boundaries of a municipality must comply with the municipal approval requirements of the ROFR Code.

Governing Laws: The ROFR Loan shall be governed by the laws of the State of Maryland

NOTE:

The Terms outlined above are for illustrative purposes only and do not constitute a reservation or commitment by the Department to provide financing to the Property.