Fireside Park Proposal

Overview

Affordability Terms

- Number of Units: 68 (29% of total units)
  - 48 units (20% of the units)
    - Allocation based on RHE's unit mix
      - 32 one-bedrooms,14 two-bedrooms, 2 three-bedrooms
    - Maximum Rent Limits
      - One-bedrooms: $1,065, two-bedrooms: $1,271, three-bedrooms: $1,387
      - Terms based on RHE's proposed rent structure
      - Projected Rent Increases – 2% Annual Increases
  - 20 units (9% of the units)
    - The Property currently has 20 residents using portable vouchers. Priderock will commit to capping the rents for 20 units at the greater of 110% of Fair Market Rents of 2012 or 110% of future Fair Market Rates, so renters using vouchers still have access to the Property.
- Agreement Term: 10+ years/Co-terminous with tax abatement.

Tax Abatement

- Priderock proposes an annual tax abatement of 50% of the tax bill, which will substantially increase after purchase of the property, with a minimum annual abatement of $226,000 over the term of the agreement (see tax analysis).

Benefits over RHE's Proposal

- RHE requires tax payer loans from the City of Rockville and Montgomery County, and grant money to acquire Fireside Park Apartments. No City or County loans are required in Priderock's structure.
- Priderock will immediately construct a clubhouse and upgrade the unit interiors whereas RHE will not perform upgrades until year 7, if funding is available.
- Under RHE's proposal, only the City of Rockville will receive tax revenue whereas Montgomery County and the State will receive $0 tax revenue over the next 10 years. Under Priderock's proposal, the City, County and State will receive over $2 million of tax revenue within the next 10 years.
- Public-Private partnership allows for the creation of additional affordable housing, an increase in tax revenue while allowing RHE to expend it's resources and credits in additional areas.

Fireside Park Proposal

Tax Schedule

		Priderock			RHE		
Year	Estimated Tax Revenue	City of Rockville	County/ State	Total Taxes Paid by Priderock	City of Rockville	County/ State	Total Taxes Paid by RHE
1	$289,138	$63,138	$0	**$63,138**	$63,138	$0	**$63,138**
2	306,493	68,265	12,227	**80,493**	68,265	0	**68,265**
3	355,839	79,256	50,582	**129,839**	79,256	0	**79,256**
4	406,703	90,585	90,118	**180,703**	90,585	0	**90,585**
5	459,121	102,260	127,300	**229,561**	102,260	0	**102,260**
6	488,483	108,800	135,441	**244,241**	108,800	0	**108,800**
7	518,675	115,525	143,813	**259,337**	115,525	0	**115,525**
8	549,717	122,439	152,420	**274,858**	122,439	0	**122,439**
9	574,019	127,852	159,158	**287,009**	127,852	0	**127,852**
10	598,963	133,408	166,074	**299,482**	133,408	0	**133,408**
Total Revenue	**$4,547,150**	**$1,011,528**	**$1,037,133**	**$2,048,661**	**$1,011,528**	**$0**	**$1,011,528**

The County, State and City will still receive over $2.0 million of tax revenue over the next 10 years under Priderock's proposal whereas under RHE the County and State will receive $0 tax revenue over the next 10 years.