

# New Prince George's County Executive Looks To Incentivize More Development

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Prince George's County is increasingly attracting outside investors to its multifamily, office and mixed-use projects, but local leadership is looking to improve the county's permitting process and offer more financial incentives to spur development.

The county sees its 15 Metro stations as potential hubs for mixed-use development, and it is preparing to put its money where its mouth is.

Prince George's County Executive Angela Alsobrooks said at Bisnow's Future of Prince George's County event Wednesday she is preparing to send an incentive package to the County Council for the 50-acre development Retail Properties of America has planned at the Largo Town Center Metro station.

Alsobrooks said she plans to continue to use financial incentives as a way to compete with other jurisdictions in the D.C. region.

"We recognize this is a competitive market, which means we have to have those tools and incentives in the toolbox, where necessary, to make sure we are going to be able to make the deals that we want to have happen," Alsobrooks said. "We're in the process of looking into those incentives and creating more of them so that we're able to continue to compete in this area." RPAI's Largo project, branded as Carillon, is planned to include 3,000 multifamily units, 300K SF of retail and 900K SF of additional commercial space at full build-out. The first phase, expected to begin this year, is slated to include a 350-unit residential building and two retail buildings, one of them featuring a 12-screen AMC IMAX movie theater.

The development sits near the under-construction \$543M University of Maryland Medical System, and Alsobrooks expects the Largo area to emerge as an epicenter of growth in the county.

"The downtown Largo concept is real," Alsobrooks said. "It's not just a hospital and all the medical buildings that will be there. I think Carillon will completely change the complexion of that whole area in Largo right next to the Metro station. Many more opportunities will be coming to that area."



County incentives still must be paired with private investment in order to ensure substantial growth in its targeted development areas, and real estate professionals say investors are increasingly bullish on Prince George's County.

"It's not a local secret anymore," Melnick Real Estate Advisors founder Scott Melnick said. "There are investors throughout the country and the world that are here." Melnick, who launched his own brokerage firm last year, said he is working with Mexican investor Hasta Capital. In January 2018, Hasta acquired the 318-unit Tapestry at Largo Station building, which sits next to RPAI's planned development, for \$73M.

"They see the vision of what's going to happen there," Melnick said of Hasta. "At the Largo and New Carrollton Metros, mixed-use helps, but for multifamily you're seeing investor demand everywhere." One of the investors providing that demand is Morning Calm Management. The Florida-based company bought Prince George's County's largest office park, Greenbelt's six-building Capitol Office Park, in 2016 for \$49M. It then acquired a two-building New Carrollton office park in 2017 for \$16.5M. Morning Calm CEO Mukang Cho said his company has made those investments because of the promising growth it anticipates for the county.

"We don't need to be in Prince George's County; that's not part of our mandate, we don't have to be anywhere," Cho said. "Our decision to be here is truly pure. It was a business decision ... There's value here in the county. There's also purchasing power. We're excited about continuing to do business here and we're looking for additional opportunities."

Investor interest in the county has been increased by the opportunity zone program, which provides tax benefits to investors who place money in selected census tracts that cover several sections of Prince George's County.

At least three developments have taken advantage of the opportunity zone program in Prince George's County: Urban Atlantic's 71-acre New Carrollton project, Bozzuto's 393-unit College Park project and the Hampton Park development in Capitol Heights.

Urban Atlantic's Vicki Davis said the New Carrollton team struggled to finance the development's first office building, which broke ground in 2017 before the opportunity zone program was put in place. She said the team raised money from friends and family and invested their own personal money to get the building off the ground. The development's first apartment building, which broke ground in June, was a much different story.

"We were able to raise opportunity zone funds, and people were fighting each other to invest in this development," Davis said. "It does change the game a lot. It makes it more feasible to do large-scale redevelopments that help create a sense of place."

Even with the investor interest bolstered by incentives from the county and the opportunity zone program, developers still say there are problems county leadership needs to address to allow for more growth.

The length of the permitting process can make it difficult for investors who want to put money into new projects, developers say. Hogan Cos. President Tim Hogan said his company has been involved in the entitlement phase for about 20 projects in Prince George's County, and he said every one has taken at least four years.

"That's not good," Hogan said of the permitting timeline.

"It's never been a risk that someone's going to invest in Prince George's County and get shut down because the county isn't interested in what they want to bring. It has always been an open door, but the processing timeline can be really painful and long." Chesapeake Realty Partners Vice President Derek Olszanowski also said the county needs to have a more efficient permitting process.

"If we deliver six months late or 12 months late or two years late, those costs get tapped onto the developer and those are real," Olszanowski said. "Whenever you're behind schedule, it's pretty impossible to catch up." Cho said the process for receiving permits to renovate the office buildings Morning Calm acquired could have been easier.

"The experience hasn't been great and it hasn't been horrible; it's been fine, but we can do better," Cho said. "These are folks, not just me, but people are making a huge commitment in time and resources and money to the county, and to the extent that any process that we undergo can be just a tad bit easier or a tad bit smoother, that is a win-win for all."

Prince George's County Economic Development Corp. President David Iannucci, who spoke at the end of the event, said he heard the concerns about the permitting process and is going to work to improve it.

"We're not perfect, we know that there are issues we need to work on in our permitting process," Iannucci said. "But we want you to know that Prince George's County understands the business community is driven by certainty and predictability. We want to do better and we're going to make you proud, so give us a chance on that."

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