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Prince George's tax subsidy worth \$33 million to boost Oxon Hill mixed-use project



Image: Petra Development

Petra Development's "The Promise" project planned at 1501 Southern Ave. in Oxon Hill.

PETRA DEVELOPMENT



By **Dan Brendel** – Staff Reporter, Washington Business Journal
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Local lawmakers in Prince George’s County have approved a tax incentive worth an estimated \$33 million for a **big mixed-used project in Oxon Hill**, which in turn is hoped to spur further economic development in the area.

An affiliate of D.C.-based Petra Development is behind the “The Promise,” planned to comprise 808,000 square feet of mixed-use development, including senior living, more than 100 affordable units, a grocer and day care at 1501 Southern Ave., about a quarter mile from the Green Line’s Southern Avenue Metro station. To incentivize that project’s advancement, the county council, at its Nov. 7 meeting, approved a payment-in-lieu-of-taxes arrangement, or PILOT – a tax subsidy where a developer, instead of paying full property taxes on an improved property over some specified period, pays some negotiated lesser amount to a local government.

Through that mechanism, in the form of foregone tax revenues, the county will subsidize the developer to the tune of about \$33 million, but still receive about \$10 million in net positive revenue through new property and income taxes as of a result of the development taking place, according to a county staff presentation.

“Unfortunately, given how the markets and environment for development have evolved over the last 12 months, this is absolutely a ‘but for’ case,” Eli Borek, Petra Development’s chief development officer, told me in an email, meaning that but for the county’s incentive, the project couldn’t move forward.

County officials see The Promise as a way to help kickstart economic development potential unrealized for more than two decades, according to a Nov. 2 report from the county council’s government operations and fiscal policy committee. Representing a \$363 million private investment and anticipated to add at least 100 permanent new jobs, the project will transform the site “from a large undeveloped parcel into a new major artery of activity into southwest Prince George’s County,” per the county staff presentation. It’s “vital to growing the County’s commercial tax base, during a time of significant commercial real estate distress,” the presentation adds.

Borek echoed that thinking, saying the project stems from “our continuing belief that The Promise can serve as a transformative project around a metro station that hasn’t

seen any development activity since it was built.”

Development would advance in four phases, each involving its own PILOT, with multifamily, retail and the grocery store delivering by the first quarter of 2027, and more multifamily, more retail, senior living and the day care delivering through 2029 and 2030.

About three miles to The Promise’s west, just across I-495 from National Harbor, Petra Development is advancing another, larger project called **National View**. At an estimated cost of \$800 million, it’ll included up to nearly 1,500 multifamily units and 289,000 square feet of office, commercial and retail.