

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

2006 Legislative Session

Bill No. CB-79-2006

Chapter No. _____

Proposed and Presented by Council Member Hendershot

Introduced by _____

Co-Sponsors _____

Date of Introduction _____

BILL

1 AN ACT concerning

2 Public Service Employees Housing Assistance Fund

3 For the purpose of establishing the Public Service Employees Housing Assistance Fund,
4 providing for the financing of the Fund, and establishing eligibility for participating in loans
5 originated by the fund.

6 BY adding:

7 SUBTITLE 10. FINANCE AND TAXATION.

8 Sections 10-1601, 10-1602, 10-1603, 10-1604

9 and 10-1605,

10 The Prince George's County Code

11 (2003 Edition, 2005 Supplement,).

12 SECTION 1. BE IT ENACTED by the County Council of Prince George's County,
13 Maryland, that Sections 10-1601, 10-1602, 10-1603, 10-1604 and 10-1605 of the Prince
14 George's County Code be and the same are hereby added:

15 SUBTITLE 10. FINANCE AND TAXATION.

16 **DIVISION 16. PUBLIC SERVICE EMPLOYEES HOUSING ASSISTANCE FUND.**

17 **Sec. 10-1601. Legislative findings and declaration of purpose.**

18 The County Council of Prince George's County hereby finds that many of its public
19 employees who provide unique essential public service within the County are unable to afford
20 safe, decent and affordable housing within the County without financial assistance to supplement
21 their public salaries; that the County benefits whenever its public employees live within the

jurisdiction they work and serve; that increasing home ownership in the County increases social and economic connections within the County; that the creation of a self-sustaining County financed loan fund permitting essential public service employees to become homeowners in the County is a method of providing home financing for the purpose of assisting those person with the purchase of a home in the County, the County Council hereby declares that it is necessary and appropriate for the County to supplement private home acquisition financing by creating a mechanism of financial assistance for public service employees who desire to purchase safe, decent and affordable housing in the County and who are unable to secure the necessary financing from private sources.

Sec. 10-1602. Establishment of Public Service Employees Housing Assistance Loan Fund.

There is hereby established the Prince George's County Public Service Employees Housing Assistance Loan Fund for the purpose of making loans, on preferred terms and conditions, to eligible public service employees for the purchase of single-family residential structures. All funds made available for the purposes of this Division shall constitute a self-sustaining fund of the County and all such funds shall be paid into, or loaned out of, or otherwise expended from, such self-sustaining fund. In accordance with the provisions of Section 10-1605, the County shall make such initial and subsequent contributions into such self-sustaining fund as appropriate and necessary until such fund becomes self-sustaining as a result of the repayment of loans made therefrom.

Sec. 10-1603. Eligibility requirements for the making of loans.

(a) In addition to such requirements and conditions as are established under the rules and regulations required to be prepared and approved under Section 10-1604, no loan authorized herein shall be made unless:

(1) The property in question is a single-family, owner-occupied residential structure;

(2) The prospective property owner is currently employed by the Board of Education for Prince George's County as a teacher meeting complete certification requirements established by the State of Maryland or is employed by the County as a police officer, deputy sheriff, or emergency response technician and has completed the required probationary period for that position; and

(3) The prospective property owner has applied in good faith to at least one private institution for a loan to purchase the subject property and has been denied financing.

1 (b) A person, either individually or with another person who is also eligible for a loan
2 under this Division, shall not be eligible for a loan as long as a previous loan is in a forgiveness
3 or repayment status.

4 (c) The maximum financial assistance shall not exceed the greater of \$40,000 or an
5 amount greater than 10% of the purchase price of the property, whichever is less.

6 **Sec. 10-1604. Issuance, maintenance, and administration of loans.**

7 (a) The Director of Finance is hereby empowered and authorized to make loans under the
8 provisions of this Division and the rules and regulations prepared and approved pursuant hereto,
9 and to take any legal actions necessary for the collection of delinquent loan repayments.

10 (b) All loans made by the Director of Finance for the purposes set forth under this Division
11 shall be made out of the County's Public Service Employees Housing Assistance Loan Fund
12 only.

13 (c) Prior to the making of any loan hereunder the Director of Finance shall prepare rules
14 and regulations governing the maintenance and administration of the fund and the making of
15 loans therefrom, and shall forward the same to the County Council for approval by resolution.
16 Said rules and regulations shall include, at a minimum, stipulations regarding additional
17 eligibility requirements as deemed necessary and appropriate; and other terms and conditions of
18 the loans, including the interest rate to be charged thereon. Any subsequent amendments to the
19 rules and regulations, as may be necessary from time to time, shall be initiated and approved in
20 the same manner.

21 (d) The Director of Finance shall establish a loan program in combination with financial
22 institutions located within the County to reduce the effective rate of interest to the purchaser by
23 one percentage point.

24 (e) The Director of Finance shall establish a loan program to pay closing or settlement
25 costs attributable to the purchaser.

26 (f) Loans shall be without interest of any kind to the borrower. At each anniversary date of
27 the disbursement of the loan proceeds, an amount equal to 10% of the amount borrowed shall be
28 forgiven. At the option of the borrower, any unforgiven portion of a loan made under this
29 Division may be paid at any time. Any unforgiven portion of a loan made under this Division
30 must be paid prior to the transfer of the property to another person.

Sec. 10-1605. Financing of the Public Service Employees Housing Assistance Loan Fund.

Commencing with the submission of the Fiscal Year 2008 County operating budget, and on at least an annual basis thereafter, the County Executive shall recommend to the County Council for approval, a proposed method of financing the Public Service Employees Housing Assistance Loan Fund, taking into account all appropriate alternative methods of financing the fund, including the following methods:

- (a) The issuance of general obligation bonds;
- (b) The issuance of special obligation or revenue bonds;
- (c) The use of funds from current expense budget appropriations;
- (d) The use of funds derived from Federal or State grants made available to the County for financing housing programs; or
- (e) The repayment of principal and interest, if any, from loans made hereunder.

SECTION 2. BE IT FURTHER ENACTED that this Act shall take effect forty-five (45) calendar days after it becomes law.

Adopted this ____ day of _____, 2006.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Thomas E. Dernoga
Chairman

ATTEST:

Redis C. Floyd
Clerk of the Council

APPROVED:

DATE: _____ BY: _____
Jack B. Johnson
County Executive

KEY:

Underscoring indicates language added to existing law.

[Brackets] indicate language deleted from existing law.

Asterisks *** indicate intervening existing Code provisions that remain unchanged.