



June 1, 2023

FISCAL AND POLICY NOTE

TO: Jennifer A. Jenkins
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Shalene Miller-Whye 
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CR-037-2023 Hamlet Woods HITF

CR-037-2023 (*Proposed by:* The Chair of the Council at the request of the County Executive)

Introduced by: Council Member Harrison.

Assigned to the Committee of the Whole

A RESOLUTION CONCERNING HOUSING INVESTMENT TRUST FUND (“HITF”) FOR HOUSING AND COMMUNITY DEVELOPMENT for the purpose of committing and allocating the amount of two million, five hundred thousand dollars (\$2,500,000) in Prince George’s County Housing Investment Trust Fund (“HITF”) Program funds to the Hamlet Woods project, an eligible activity, for gap financing of new affordable housing construction.

Fiscal Summary

Direct Impact

Expenditures: \$2,500,000 in additional expenditures from the Housing Development Trust Fund.

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Revenue: None likely.

Indirect Impact

Potentially favorable.

Legislative Summary:

CR-037-2023, proposed by the Council Chair at the request of the County Executive, was introduced by Council Member Harrison on May 9, 2023, and referred to the Planning, Housing, and Economic Development Committee. CR-037-2023 would provide Hamlet Woods project with \$2,500,000 from the Housing Investment Trust Fund (HITF) for gap financing. The project is a new construction and will provide fifty-nine (59) units of new affordable townhouse-style multi-family rental housing for low-income to moderate-income families.

Project Information

Developer:	Osprey Property Company II LLC, Parallax Development Group, LLC
Owner:	An entity to be formed by the Developer
Description:	A fifty-nine (59) unit rental apartment community that will be constructed in five (5) townhouse-style buildings on a 13.3 acre site in Bladensburg, Maryland. All units will be affordable, and rents will be restricted for thirty (30) years.
Duration:	At least 30 years

Background/Current Law:

The Housing Investment Trust Fund, a non-lapsing fund, was created through legislation, CB-021-2012¹, and further amended under CB-057-2017², and is codified in Subtitle 10, Division 19 of the County Code. The purposes of the Fund are to:

1. Develop effective strategies to strengthen County neighborhoods impacted by foreclosures consistent with the County's Five-Year Consolidated Housing and Community Development Plan;
2. Provide for gap financing to enable the County to support the development of new construction and preservation of existing workforce and affordable housing;
3. Provide for housing counseling, rental, down payment, and closing costs assistance for eligible persons to retain or purchase vacant, abandoned, and foreclosed properties;

¹ [CB-021-2012](#)

² [CB-057-2017](#)

4. Acquire, rehabilitate, resell, or lease-purchase of vacant, abandoned, and foreclosed properties to eligible residents, not-for-profit organizations, and for-profit affordable housing providers;
5. Provide for land banking of vacant, abandoned, and foreclosed properties;
6. To otherwise reduce and minimize the occurrence of foreclosures by coordination and use of County, State, and Federal resources and program; and
7. To increase and preserve the supply of safe and affordable homeownership opportunities for the purpose of growing the County's tax base revenue.

The Fund may also assist, in the form of loans and grants, to finance programs to meet the goals stated above for the benefit of existing and potential homeowners or renters, not-for-profit organizations, and for-profit affordable housing providers.

The Fund is currently financed from a variety of sources, which may include:³

1. Current expense funds;
2. Contributions, donations, or appropriations by the United States, Maryland, or any other political jurisdiction, or private entity;
3. Interest income;
4. Fees or other charges levied on loan or grant recipients;
5. 20% of the recordation tax collected (of no less than \$10 million);⁴ and
6. Any other funds designated and provided by the County.

Resource Personnel:

- Aspasia Xypolia, Director Department of Housing and Community Development (DHCD)
- Adedamola George, Senior Compliance Manager, DHCD

Discussion/Policy Analysis:

The Hamlet Woods Project ("Project")⁵ is located at the end of 57th Avenue in Bladensburg, Prince George's County, Maryland, and is a fifty-nine (59) unit townhouse-style affordable housing project that consists of five (5) sticks of townhouse-style buildings. Under the proposed agreement, for the thirty (30) year term, Osprey Property Company II LLC and Parallax Development Group, LLC ("Owner") will have a target population of families whose incomes are at or below eighty percent (80%) of the Area Median Income ("AMI")⁶. The Owner will also reserve three (3) units to meet the Uniform Federal Accessibility Standards (UFAS)⁷ requirements, and two (2) units will

³ Code of Prince George's County, [Sec. 10-296. – Financing the Fund](#).

⁴ The Recordation tax source was added under CB-004-2021 and took effect on June 30, 2022.

⁵ [Haven Largo Apartments](#)

⁶ [2022 Maryland Income and Rent Limits \(Pg. 6\)](#), 60% limit would equate to a \$76,842 income limit for a three-person household and a max gross rent of \$1,921

⁷ [Uniform Federal Accessibility Standards - Overview](#)

be built to accommodate residents with sensory impairments. The unit mix will consist of a mix of three- and four-bedroom units. CR-037-2023 would provide the Hamlet Woods project with \$2,500,000 in gap financing from the Housing Investment Trust Fund.

The Project is expected to cost \$29,110,434. Financing includes Tax-Exempt Bonds totaling approximately \$9,803,373; approximately \$3,500,000 in loans by the Community Development Administration (“CDA”)⁸; approximately \$12,401,588 from an investor member in connection with Low-Income Housing Tax Credits (“LIHTC”) awarded by CDA; \$905,473 from the deferred developer’s fee; and approximately \$2,500,000 from the County’s Housing Investment Trust Fund (“HITF”) Program loan. Including the Payment in Lieu of Taxes (PILOT) agreement (CR-036-2023) for \$1,436,110. The project will receive approximately \$3,936,110 or 13.52% of its total funding from the County which is demonstrated below. The terms of the PILOT agreement include 100% tax waivers of 59 affordable units for the next thirty years. This includes the 2% annual escalation per unit over a thirty-year period.

Total aid received from the County:	
PILOT Agreement:	\$ 1,436,110
HITF Loan:	\$ 2,500,000
Total Estimated Project Cost:	\$ 29,110,434
County Subsidy as a percentage of Total Cost:	13.52%

Increasing the availability of affordable housing, both through the construction of new housing and the rehabilitation of existing housing, is a stated objective of the Council, and a key component of the Comprehensive Housing Strategy⁹.

The Median Household income for the Washington-Arlington-Alexandria-DC-VA-MD-WV Metro Area region is \$110,355. For Prince George’s County, the Median Household income is \$90,182. Included in this project are 59 affordable housing units at 80% of the AMI, based on the Washington-Arlington-Alexandria-DC-VA-MD-WV Metro Area regional guidelines.¹⁰

When considering the AMI of the general DMV region, 80% of the AMI is \$66,750 for a 1-person household and \$76,250 for a 2-person household.¹¹ The 80% median of the County is \$63,000 for a 1-person household and \$72,000 for a 2-person household.¹² This demonstrates that the median

⁸ [Community Development Administration - Maryland](#)

⁹ [Draft Comprehensive Housing Strategy Report](#)

¹⁰ [Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area - Profile data - Census Reporter](#)

¹¹ [Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area, Adjusted Home Income, 2023](#)

¹² [2022 MD Income Limits Rents](#)

for Prince George’s County residents is below the DMV region’s median amongst 1 to 2-person households.

2023 Adjusted Home Income Limits								
Program	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% Limits	31,650	36,200	40,700	45,200	48,850	52,450	56,050	59,700
50% Limits	52,750	60,300	67,850	75,350	81,400	87,450	93,450	99,500
60% Limits	66,300	72,360	81,420	90,420	97,680	104,940	112,140	119,400
80% Limits	66,750	76,250	85,800	95,300	102,950	110,550	118,200	125,800

Washington-Arlington-Alexandria-DC-VA-MD-WV Metro Area Adjusted Home Income Limits

Fiscal Impact:

- *Direct Impact*

Adoption of CR-037-2023 would represent an adverse impact of \$2,500,000 in expenditures from the Housing Investment Trust Fund.

There are currently four other Housing Investment Trust Fund approval resolutions before the Council. In conjunction with the other resolutions currently before the Council, the total proposed allocation from the Fund is listed below.

Resolution	Amount
CR-035-2023	\$ 3,000,000
CR-037-2023	\$ 2,500,000
CR-045-2023	\$ 3,500,000
CR-046-2023	\$ 2,500,000
CR-047-2023	\$ 3,000,000
Total	\$ 14,500,000

- *Indirect Impact*

Adoption of CR-037-2023 may have a favorable indirect fiscal impact upon the County to the extent that new residents generate additional economic activity, though the exact impact is unknown.

Items for Committee Consideration:

- Is the Washington-Arlington-Alexandria-DC-VA-MD-WV Metro Area regional AMI the appropriate benchmark for affordable housing in the County?

- What is the enforcement and verification mechanism to assure that units remain “affordable”? How is affordability ensured throughout the long-term agreement?
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Effective Date of Proposed Legislation:

The proposed Resolution shall be effective upon its adoption.

If you require additional information, or have questions about this fiscal impact statement, please email me.