

Department of Housing and Community Development - Fiscal Year 2022 Budget Review Summary

Proposed FY 2022 Operating Budget

Fund	FY 2020 Actual	FY 2021 Approved	FY 2021 Estimate	FY 2022 Proposed	\$ Change	% Change
General Fund	\$ 3,896,893	\$ 4,808,300	\$ 4,826,400	\$ 5,016,700	\$ 208,400	4.3%
Grants	104,045,954	104,613,400	140,743,200	103,815,400	\$ (798,000)	-0.8%
Special Revenue Fund	701,430	4,970,200	88,900	4,154,000	(816,200)	-16.4%
Total	\$ 108,644,277	\$ 114,391,900	\$ 145,658,500	\$ 112,986,100	\$ (1,405,800)	-1.2%

General Fund	FY 2020 Actual	FY 2021 Approved	FY 2021 Estimated	FY 2022 Proposed	Change Amount	% Change
Compensation	\$ 2,338,917	\$ 2,699,300	\$ 2,730,200	\$ 2,744,500	\$ 45,200	1.7%
Fringe Benefits	744,810	920,400	756,800	872,800	\$ (47,600)	-5.2%
Operating Expenses	813,166	1,188,600	1,339,400	1,399,400	\$ 210,800	17.7%
Total	\$ 3,896,893	\$ 4,808,300	\$ 4,826,400	\$ 5,016,700	\$ 208,400	4.3%

DHCD Formula Grant Funds	FY 2020 Actual	FY 2021 Approved	FY 2021 Estimated	FY 2022 Proposed	Change Amount	% Change
Compensation	\$ 1,053,979	\$ 1,218,200	\$ 2,057,400	\$ 1,226,500	\$ 8,300	0.7%
Fringe Benefits	276,216	345,300	425,700	351,100	\$ 5,800	1.7%
Operating Expenses	7,124,836	8,282,700	41,507,300	7,511,300	\$ (771,400)	-9.3%
Total	\$ 8,455,031	\$ 9,846,200	\$ 43,990,400	\$ 9,088,900	\$ (757,300)	-7.7%

Staffing

Fund	FY 2021 Authorized	FY 2021 Actual	FY 2022 Proposed	Change	% Change	Vacancy Rate
General Fund	28	22	28	0	0.0%	21.4%
Grants	15	11	20	5	33.3%	26.7%
Special Revenue Fund	7	6	2	-5	-71.4%	14.3%
Total	50	39	50	0	0.0%	22.0%

FY 2022 Proposed Budget – Key Highlights

- The Department of Housing and Community Development administers federal formula grant funds. The proposed budget is 91.9% grant funded, 4.4% from General Fund and 3.7% from Special Revenue Fund.
- The proposed budget represents a decrease of \$1,405,800 from FY 2021 Approved Budget, or 1.2% reduction from FY 2021 approved level of expenditures.
 - Proposed FY 2022 Grant funds includes \$798,000 in reductions of existing programs and services.
 - Proposed FY 2022 Special Revenue Fund includes \$816,200 in reductions of existing programs and services.
 - Proposed General Fund includes an increase of \$208,400 driven largely by new contracts for environmental review, CDBG/Home Compliance monitor, and First Rights of Refusal program.
- The proposed budget recommends three (3) additional positions FY 2022, represented in the Housing Authority.
- Key FY 2021 Achievements:
 - Completed underwriting and negotiations for two (2) new construction, affordable rental housing communities and received approval to provide PILOT and Housing Investment Trust Fund dollars for another project.
 - Completed construction of two affordable senior housing communities-Woodlands at Reid Temple and Glenarden Hills.

- Provided approximately thirty-five (35) loans to income eligible homeowners through the Housing Rehabilitation Assistance Program (HRAP)

COVID Funding

Department of Treasury Emergency Rental Assistance Funding	\$27,180,300
State of Maryland CDBG CV-2	\$2,672,700
CDBG CV-3	\$4,086,200
Total	\$33,939,200



THE PRINCE GEORGE'S COUNTY GOVERNMENT
Office of Audits and Investigations

April 14, 2021

MEMORANDUM

TO: Calvin S. Hawkins, II, Chair
 Committee of the Whole (COW)

THRU: David H. Van Dyke, County Auditor *DH*

FROM: Warren E. Burris, Senior Legislative Budget and Policy Analyst *W*

RE: Department of Housing and Community Development
 Fiscal Year 2022 Budget Review *RB*

Budget Overview

The FY 2022 Proposed Budget for the Department of Housing and Community Development (“DHCD” or the “Department”) is \$112,986,100, a decrease of \$1,405,800, or 1.2%, under the FY 2021 Approved Budget. The Department anticipates the need for a supplemental grant appropriation for spending authority in FY 2021 of approximately \$27,065,000, due to additional funding of \$65,000 received from Center for Community Investments and an anticipated \$27,000,000 from the State of Maryland for additional Emergency Rental Assistance. In addition, the Department expects to submit a supplemental request for the General Fund Budget in FY 2021 in the amount of \$18,100 because of an FY 2020 invoice paid in FY 2021.

Budget Comparison – All Funds

Approved Fiscal Year 2021 to Proposed Fiscal Year 2022

Fund	FY 2020 Actual	FY 2021 Approved	FY 2021 Estimated	% Change - Est vs App	FY 2022 Proposed	\$ Change	% Change
General Fund	\$ 3,896,893	\$ 4,808,300	\$ 4,826,400	0.4%	\$ 5,016,700	\$ 208,400	4.3%
Grants	104,045,954	104,613,400	140,743,200	34.5%	103,815,400	(798,000)	-0.8%
Special Revenue Funds	701,430	4,970,200	88,900	-98.2%	4,154,000	(816,200)	-16.4%
Total	\$ 108,644,277	\$ 114,391,900	\$ 145,658,500	27.3%	\$ 112,986,100	\$ (1,405,800)	-1.2%

The Department reports FY 2022 proposed Grant Funds will \$9,088,900, a decrease of 7.7% under the FY 2021 Approved Budget due largely to reduction of National Capital Economic Development grants. The grant programs were one-time awards in FY 2021. .

Authorized Staffing Count – All Funds

	FY 2021 Approved	FY 2022 Proposed	Change Amount	% Change
General Funds	28	28	0	0.0%
Grant Funds	80	88	8	10.0%
Special Revenue Authority	7	2	-5	-71.4%
Total	115	118	3	2.6%

- The Department reports 118 approved positions with 108 full-time and ten (10) limited term grant funded positions.
- The Department reports that there are currently 11 vacancies, which includes nine (6) General Fund and four (4) Grant Funded and one (1) Special Fund positions.
- The Department reports approximately 50% of their employees worked remotely in FY 2021 due to the COVID Pandemic.
- The Department reports one (1) employee assigned to the Department from County Council; but do not anticipate any assignments in FY2022.

Budget Comparison – General Fund

The Department reports the FY 2022 proposed General Fund budget is \$5,016,700, an increase by \$208,400 or 4.3% above the FY 2021 Approved level, largely due to new funding for Right of First Refusal program and an increased technology cost based on anticipated countywide costs.

Approved Fiscal Year 2021 to Proposed Fiscal Year 2022 – General Fund

Category	FY 2020 Actual	FY 2021 Approved	FY 2021 Estimated	FY 2022 Proposed	\$ Change	% Change
Compensation	\$ 2,338,917	\$ 2,699,300	\$ 2,730,200	\$ 2,744,500	\$ 45,200	1.7%
Fringe Benefits	744,810	920,400	756,800	872,800	(47,600)	-5.2%
Operating Expenses	813,166	1,188,600	1,339,400	1,399,400	210,800	17.7%
Total	\$ 3,896,893	\$ 4,808,300	\$ 4,826,400	\$ 5,016,700	\$ 208,400	4.3%

Authorized Staffing Count – General Fund

	FY 2021 Approved	FY 2022 Proposed	Change Amount	% Change
Full-Time	28	28	0	0.0%
Part-Time	0	0	0	0.0%
Total	28	28	0	0.0%

Staffing Changes and Compensation

- FY 2022 General Fund compensation is proposed at \$2,744,500, or 1.7%, over the FY 2021 Approved Budget. The increase of \$45,200 is due to reduction in anticipated vacancy rate.
- Proposed FY 2022 General Funds provide for 28 full-time positions. The Department reported that there are currently six (6) vacancies, which include: Deputy Director, Community Service Manager, Community Development Assistant, Community Developer 4, and two (2) Accountants,

Fringe Benefits

- FY 2022 proposed fringe benefit expenditures decrease 5.2% or \$47,600 under the FY 2021 Approved Budget due to the removal of the Housing Authority’s worker’s compensation charges.
- A five-year trend analysis of fringe benefit expenditures is included in the table below:

Fringe Benefits Historical Trend					
	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Approved	FY 2022 Proposed
Fringe Benefit Expenditures	\$918,398	\$692,162	\$744,810	\$920,400	\$872,800
As a % of Compensation	38.1%	29.5%	31.8%	34.1%	31.8%
Annual % Change	38.1%	-24.6%	7.6%	23.6%	-5.2%

Operating Expenses

- In FY 2022, operating expenses are proposed at \$1,399,400, which is \$210,800 or 17.7% above the FY2021 Approved Budget. This increase largely results to increase in new contracts for environmental review, a CDBG/HOME Compliance monitor, and the Right of First Refusal Program. The increase is offset in part by a decline in funding for the Housing Fair and the Redevelopment Authority grant.

Highlights

- Due to the COVID pandemic, the Department received a significant increase in fund from the Coronavirus Relief Fund (\$37 million), Community Development Block Grant-CV Funding of \$7.1 million, Maryland CDBG-CV funds of \$2.6 million, and Hearth Act Emergency Solutions of \$6.4 million. The Department used the additional funding to provide Emergency Rental Assistance, Food Distribution to area Food Pantries and Schools, assisted homeowners with housing counseling, and emergency services for elders along with food delivery services,
- DHCD partnered with the Housing Opportunities For All (HOFA) workgroup to recommend an inclusionary zoning feasibility study, worked to create pandemic related emergency tenant protection legislation, and supported the launch of the Rights of First Refusal program.

Budget Comparison – All Grant Funds

Grant funding represents 91.9% of the Department’s overall proposed budget in FY 2022. The FY 2022 proposed Grant budget is \$103,815,400, a decrease of \$798,000 from the approved FY 2021 budget. The grant funds are comprised of grants managed by the Department of Housing and Community Development (DHCD) and the Housing Authority of Prince George’s County, including the Community Development Block Grant (CDBG), Home Investment Partnership (HOME), and the Emergency Solutions Grant (ESG).

Category	FY 2020 Actual	FY 2021 Approved	FY 2021 Estimated	FY 2022 Proposed	\$ Change	% Change
Entitlement Programs	\$8,455,031	\$9,846,200	\$43,990,400	\$9,088,900	-\$757,300	-7.7%
Housing Authority	\$95,590,923	\$94,767,200	\$96,752,800	\$94,726,500	-\$40,700	0%
Total	\$ 104,045,954	\$ 104,613,400	\$ 140,743,200	\$ 103,815,400	\$ (798,000)	-1%

Budget Comparison – Grant Funds – Entitlement Programs (CDBG, HOME & ESG)

The DHCD FY 2022 proposed formula allocated grant budget is 9,088,900, a decrease of \$757,300, or 7.7%, below the FY 2021 Approved Budget. The decrease is largely driven by the reduction in the National Capital Economic Development grants. The grant programs were one-time awards in FY 2021.

Actual Fiscal Year 2021 to Proposed Fiscal Year 2022 – Grants

Category	FY 2020 Actual	FY 2021 Approved	FY 2021 Estimated	FY 2022 Proposed	\$ Change	% Change
Compensation	\$ 1,053,979	\$ 1,218,200	\$ 2,057,400	\$ 1,226,500	\$ 8,300	0.7%
Fringe Benefits	276,216	345,300	425,700	351,100	5,800	1.7%
Operating Expenses	7,124,836	8,282,700	41,507,300	7,511,100	(771,600)	-9.3%
Total	\$ 8,455,031	\$ 9,846,200	\$ 43,990,400	\$ 9,088,700	\$ (757,500)	-7.7%

Authorized Staffing Count - Grants

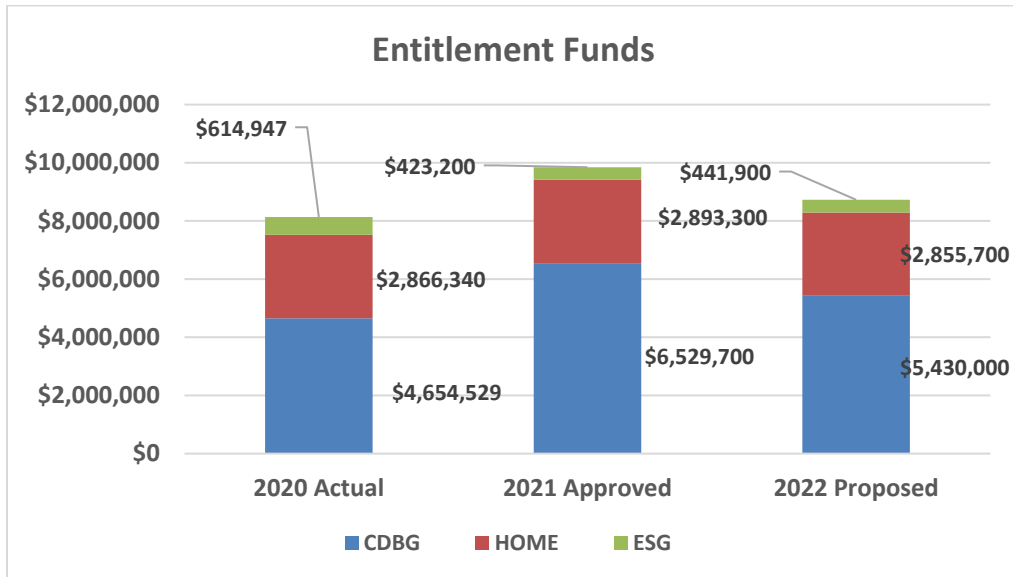
	FY 2021 Approved	FY 2022 Proposed	Change Amount	% Change
Full-Time	12	12	0	0.0%
Limited Term	3	8	5	166.7%
Total	15	20	5	33.3%

Staffing Changes and Compensation

- The FY 2021 approved budget for grant funds provided for fifteen (15) funded positions, of which all are full-time. The staffing complement will increase by five (5) in the proposed FY 2022 budget for a total twenty (20).

Highlights

- The FY 2021 proposed Grant funding is comprised of the following: Community Development activities including CDBG, \$5.43 Million; Housing Development including HOME Activities, \$2.85 Million; and Emergency Solutions Grant (ESG), \$441,900.



Source: FY 2022 Proposed Operating Budget Book page 591

Fiscal Year 2021 Department of Housing and Community Development Grants by Division						
GRANTS	FY 2020 Actual	FY 2021 Budget	FY 2021 Estimated	FY 2022 Proposed	\$ Change	% Change
Community Planning & Development Division						
Community Development Block Grant (CDBG)	\$ 4,654,529	\$ 5,029,600	\$ 4,801,200	\$ 4,801,300	\$ (228,300)	-4.5%
CDBG: Single Family Rehabilitation Loan Program	-	344,400	344,300	344,300	(100)	0.0%
Emergency Solutions Grant (ESG)	614,947	423,200	442,000	441,900	18,700	4.4%
Lincole Institute -Accelerating Investments for Healthy Community		-	50,000	-		0.0%
National Capital Economic Development - Central Avenue		750,000	750,000			0.0%
National Capital Economic Development - Suitland Façade		150,000	150,000			0.0%
US Treasury - Emergency Rental Assistance			27,180,300			0.0%
State of MD CDBG-CV			2,672,700			0.0%
US HUD CDBG-CV			4,086,200			0.0%
Neighborhood Stabilization Program (NSP)	-	64,900	69,500	69,000	4,100	6.3%
Maryland National Mortgage Settlement Program (MNMSP)	-	180,400	211,300	205,000	24,600	13.6%
Neighborhood Conservative Program (NCI)	-	10,400	15,900	10,400	-	0.0%
Subtotal	\$ 5,269,476	\$ 6,952,900	\$ 40,773,400	\$ 5,871,900	\$ (1,081,000)	-15.5%
Housing Development Division						
Home Investment Partnership (HOME)	\$ 2,866,340	\$ 1,272,500	\$ 1,610,200	\$ 1,610,200	\$ 337,700	26.5%
Home Program Income	-	1,262,000	1,245,500	1,245,500	(16,500)	-1.3%
Pathway to Purchase		358,800		-	(358,800)	-100.0%
Subtotal	\$ 2,866,340	\$ 2,893,300	\$ 2,855,700	\$ 2,855,700	\$ (37,600)	-1.3%
Redevelopment Division						
CDBG: Pathway to Purchase (P2P)	\$ 319,215	\$ -	\$ 361,300	\$ 361,300	361,300	0.0%
Subtotal	\$ 319,215	\$ -	\$ 361,300	\$ 361,300	\$ 361,300	0.0%
DHCD Total Grants- Outside Sources	\$ 8,455,031	\$ 9,846,200	\$ 43,990,400	\$ 9,088,900	\$ (757,300)	-7.7%

Community Development Block Grant (CDBG Activities) - \$5.43 million (Proposed FY 2022)

- The U.S. Department of Housing and Urban Development (HUD) provides CDBG funding to support a broad range of physical improvements for those areas of the County designated for redevelopment and revitalization. Major Programs support infrastructure improvements, public housing renovations and modernization, handicapped accessibility improvements, employment and educational training, job creation and retention for low and moderate-income people and businesses, health care, and general assistance to immigrants, the elderly, and the homeless.
- During FY2021, DHCD is having challenges meeting the timeliness test as required by 24 CFR 570.902

Home Investment Partnership (HOME Activities) - \$2.85 Million (Proposed FY 2022)

- HUD provides HOME funds to assist first-time homebuyers in purchasing homes and aids non-profit organizations in their efforts to acquire and improve group homes for special populations. HOME funds also support Community Housing Development Organizations (CHDOs), to create and support housing opportunities for households of limited income. The HOME Program activities provide funding to support down payment and closing costs assistance to eligible homebuyers to purchase for sale, foreclosed, or owner occupied short-sale residential properties in Prince George's County
- As background, DHCD entered into an agreement with the Department Housing Urban Development requesting the County be permitted to enter into a Voluntary Grant Reduction (VGR) Agreement in lieu of using local/general County funds to repay the amounts of ineligible HOME Program activities. In order to proceed with the VGR, the County proposed a grant reduction totaling \$2,614,594 or approximately \$522,919 reduction of its annual Home Program allocation over a five-year period, which began FY 2017 (CY 2017). The Department reports the County is in its final year of repayment in FY 2021, upon which the findings will be complete and resolved. For FY 2022, the \$522,919 should be rolled back into the HOME budget.
- Status of the HOME Funded projects approved in FY 2021 include:
 - The Woodlands at Reid Temple – Construction began in August 2019 and is complete. (252 Senior Units)
 - Glenarden Apartments – Phase II – Construction began January 2020 and is complete (55 Senior units);
 - In addition, DHCD began construction of three (3) affordable housing projects: Suitland Senior Residences (137 Senior units); Townes at Peerless (62 multifamily units that include 15 market rate units); and Woodyard Station (112 Senior and 46 multi-family units)
- Currently, the County has certified two (2) Community Housing Development Organizations (CHDOs)- Housing Initiative Partnership (HIP) and United Communities Against Poverty (UCAP). UCAP was certified in FY 2021. The Department has also received two additional inquiries from HOPE, Inc. and SEED, Inc. The Department will work with both organizations with the goal of assisting them in becoming CHDOs.

Emergency Solutions Grants (ESG) - \$441,900 (Proposed FY 2022)

- HUD provides ESG funding via DHCD to the Department of Social Services (DSS) to support the provision of emergency, transitional and supportive shelter assistance to the homeless and other temporarily displaced County residents.
- DSS plans to expend \$423,194 of its ESG Program Year 32 funds by its HUD expenditure deadline of September 5, 2021 and \$1,293,764 of its ESG COVID funds by the 20% expenditure deadline of September 30, 2021.

Budget Comparison – General Funds - Housing Investment Trust Fund

The Housing Investment Trust Fund was created by legislation through Council Bill 21-2012 and amended by Council Bill 57-2017 to assist with specific activities of addressing the County’s affordable housing challenge. As amended, the Housing Investment Trust Fund supports the Workforce Housing Gap Financing and the Down Payment and Closing Cost Assistance Programs.

Approved Fiscal Year 2021 to Proposed Fiscal Year 2022 – Housing Investment Trust Fund

Category	FY 2020 Actual	FY 2021 Approved	FY 2020 Estimated	FY 2022 Proposed	\$ Change	% Change
Compensation	\$333,842	\$122,600	\$82,800	\$130,900	\$8,300	6.8%
Fringe Benefits	\$43,798	\$18,400	\$6,100	\$19,600	\$1,200	6.5%
Operating expenses	\$323,790	\$4,829,200	\$0	\$4,003,500	\$(825,700)	-17.1%
Total	\$701,430	\$4,970,200	\$88,900	\$4,154,000	\$(816,200)	-16.4%

Authorized Staffing Count

	FY 2021 Approved	FY 2022 Proposed	Change Amount	% Change
Full-Time	0	0	0	0.0%
Limited Term	7	2	-5	0.0%
Total	7	2	-5	-71.4%

- The Proposed FY 2022 Housing Investment Trust Fund budget is \$4,154,000, a decrease of \$816,200, or 16.4%, under the FY2021 Approved Budget. The budget decrease is because all HITF funds are focused on the Workforce Housing Gap Financing Program.
- Proposed FY 2022 compensation increases by \$8,300, or 6.8%, over the FY 2021 Approved Budget due to the elimination of the vacancy rate.
- Proposed FY 2022 Fringe benefits are \$19,600, an increase of \$1,200, or 6.5%, over the FY 2021 Approved Budget, due to compensation adjustments.

Fiscal Year 2021 Fund Balance	\$4,948,108
DHCD Personnel Costs FY 2021	(\$88,900)
DHCD Personnel Cost FY 2022	(\$150,500)
FY 2022 Proposed General Fund Transfer	\$500,000
Operating Expenses	(\$3,500)
Additional Gap Financing	(\$500,000)
Townes at Peerless	(\$1,500,000)
Villas at Langley (proposed)	(\$2,000,000)
Balance	\$1,205,208

DHCD – FY 2022 Strategic Focus and Initiatives

- Increase the number of rental housing placements of senior citizens, families, and individuals with low to moderate income;
- Increase the number of households assisted under the Emergency Rental Assistance program, supporting seniors, families, and individuals with low to moderate income facing unforeseen hardships;
- Increase the preservation of existing affordable housing in targeted areas within the County;
- Increase the numbers of County residents with low to moderate income becoming homeowners;
- Increase the percentage of positive housing market outcomes from the foreclosure outreach, counseling, and mortgage assistance; and
- Maintain community development services and opportunities for County residents in order to improve the quality of life for County residents.

Challenges / Concerns for FY 2021

- As of March 9, 2021, DHCD held more than 1.5 times their entitlement amount in their account. Pursuant to 24 Code of Federal Regulations (CFR) 570.902, undispersed grant funds could be no more than 1.5 times the grant amount. DHCD’s undispersed ratio was 2.06 – 2.25 and the Department must expend \$3,868,363 to meet the timeliness test for June 30, 2021 (Date revised from May 2, 2021 due to COVID).