



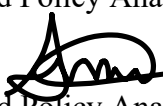
April 22, 2024

FISCAL AND POLICY NOTE

TO: Jennifer A. Jenkins
Council Administrator

Colette R. Gresham, Esq.
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-019-2024 The Cassidy HITF

CR-019-2024 (*Proposed by:* The Chair of the Council at the request of the County Executive)

Introduced by: Council Members Ivey, Harrison, Hawkins, Dernoga, Watson and Fisher

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 three million, five hundred thousand dollars (\$3,500,000) in Prince George’s County Housing Investment Trust Fund (“HITF”) Program funds to The Cassidy project, an eligible activity, for gap financing of new affordable housing construction.

Fiscal Summary

Direct Impact

Expenditures: \$3,500,000 in additional expenditures from the Housing Investment Trust Fund (HITF).

Revenue: No revenue impact likely.

Indirect Impact

Potentially favorable.

Legislative Summary:

CR-019-2024¹, proposed by the Council Chair at the request of the County Executive, was introduced by Council Members Ivey, Harrison, Hawkins, Dernoga, Watson, and Fisher and referred to the Committee of the Whole. CR-019-2024 would provide The Cassidy project with \$3,500,000 from the HITF for gap financing. The project involves the land acquisition and new construction of 175 units of new affordable multi-family rental housing for low-income to moderate-income families.

Project Information

Developer: KCG Development, LLC and Streetscape at Capitol Heights, LLC

Owner: KCG SSP Capitol Heights, LP

Description: A one hundred seventy-five (175) unit rental apartment community will be constructed in three (3) elevator buildings with four (4) stories or less on a 13.14-acre site in Capitol Heights, Maryland. All units will be affordable, and rents will be restricted for forty (40) years.

Duration: At least 40 years

The price range of units is provided below; very low rents include YES² units set aside for youth who are transitioning out of foster care; if YES units are not filled, units will be reserved for the lowest AMI:³

Unit Type	Units Price Range
1 BR	\$56 - \$1,610
2 BR	\$42 - \$1,908
3 BR	\$33 - \$2,189

¹ [CR-019-2024](#)

² [Youth Empowered Society \(yesdropincenter.org\)](#)

³ Email from DHCD, April 17, 2024

Background/Current Law:

The Housing Investment Trust Fund, a non-lapsing fund, was created through legislation, CB-021-2012⁴, and further amended under CB-057-2017⁵, 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 for⁸⁺⁹ eligible persons to retain or purchase vacant, abandoned, and foreclosed properties;
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:⁶

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);⁷ 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, Chief Compliance and Program Manager, DHCD

⁴ [CB-021-2012](#)

⁵ [CB-057-2017](#)

⁶ Code of Prince George's County, [Sec. 10-296. – Financing the Fund.](#)

⁷ The Recordation tax source was added under CB-004-2021 and took effect on June 30, 2022.

Discussion/Policy Analysis

The Cassidy (the “Project”) is located at Karen Boulevard and Wilberforce Court, Capitol Heights, Maryland 20743, and is a 175-unit apartment community. Under the proposed agreement, for at least a 40-year term, KCG Development and Streetscape at Capitol Heights (the “Developer”) will construct 175 units for family households whose incomes are at or below 60% of the Area Median Income (“AMI”)⁸. Three (3) units will be reserved for HOME-ARP to households earning no more than 5% of the AMI. Additionally, 5% of the units will be ADA accessible, and 2% will be adaptable for residents with audio, visual, or hearing needs.

The Project is expected to cost \$68,632,581. Financing includes funding from the Housing Authority of Prince George’s County Bonds in the amount of \$36,800,000⁹, Prince George’s County HITF in the amount of \$3,500,000, Prince George’s County HOME-ARP in the amount of \$1,050,000, Low-Income Housing Tax Credits in the amount of \$23,289,846, a deferred developer fee in the amount of \$3,451,467, cash from operations in the amount \$541,168 and GP equity in the amount of \$100.

The project will receive approximately \$13,006,278, or 18.95% of its total funding, from the County, as demonstrated below. The terms of the PILOT agreement include 100% tax waivers of 175 units for the next 40 years, with a 2% annual escalation per unit over that period.

Total aid received from the County:	
PILOT Agreement:	\$ 8,456,278
HOME ARP	\$ 1,050,000
HITF Loan:	\$ 3,500,000
Total Estimated Project Cost:	\$ 68,632,581
County Subsidy as a percentage of Total Cost:	18.95%

⁸ [CR-019-2024 Attachment A-1](#)

⁹ The Prince George’s County Housing Authority indicated this is not County financing but is from the State bond allocation.

Current Housing Investment Trust Fund projects under construction include or nearing towards construction¹⁰:

Project Name	Number of Units	Number of Affordable Units	HITF	Status
210 on the Park	158	128	\$3,000,000	Financing - State
Park Place at Addison Road Metro	193	193	\$3,500,000	Financing - State
Cottage City Towers	100	100	\$2,500,000	Financing - State
Addison Park Metro	293	293	\$3,000,000	Financing - State
Hamlet Woods	59	59	\$2,500,000	Financing - State
Atworth College Park Metro	451	451	\$2,000,000	Under Construction
Glenarden Phase 3	114	94	\$3,000,000	Under Construction
Residences at Springbrook	90	90	\$750,000	Under Construction
Sovern West Hyattsville Metro	293	147	\$2,000,000	Under Construction
Total	1751	1555	\$19,750,000	

Increasing the availability of affordable housing 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 Strategy.¹¹

The Median Household income for the Washington-Arlington-Alexandria-DC-VA-MD-WV Metro Area region is \$117,432, and the average household size is 2.6.¹² The median household income in Prince George's County is \$94,441, and the average household size is 2.7¹³. Based on the Washington-Arlington-Alexandria-DC-VA-MD-WV Metro Area regional guidelines, this project includes 175 affordable housing units at 60% or less than AMI.

When considering the AMI of the general DMV region, 60% is \$64,980 for a one-person household and \$74,280 for a two-person household.¹⁴

2024 Adjusted Home Income Limits								
Program	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% Limits	32,490	37,140	41,790	46,410	50,130	53,850	57,550	61,250
50% Limits	54,150	61,900	69,650	77,350	83,550	89,750	95,950	102,150
60% Limits	64,980	74,280	83,850	92,820	100,260	107,100	115,140	122,580
80% Limits	86,640	99,040	111,440	123,760	133,680	143,600	153,520	163,440

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

¹⁰ HITF report, page 4.

¹¹ [Comprehensive Housing Strategy Report](#)

¹² [Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area - Profile data - Census Reporter](#)

¹³ [Prince George's County, MD - Profile data - Census Reporter](#)

¹⁴ [FY 2024 MTSP IL Documentation System -- Summary for District of Columbia \(huduser.gov\)](#)

Fiscal Impact:

- *Direct Impact*

Adoption of CR-019-2024 would have an adverse impact of \$3,500,000 in expenditures from the HITF.

- *Indirect Impact*

Adoption of CR-019-2024 aligns with County Plan 2035¹⁵ goals and will create housing in a State-designated Opportunity Zone and Priority Funding Area. It is located between the Blue and Green Metrorail lines and 2 Metrobus lines to Metrorail stations. It may have a favorable indirect fiscal impact on the County to the extent that new residents generate additional economic activity, though the exact impact is unknown.

- *Appropriated in the Current Fiscal Year*

Yes

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.

¹⁵ [Plan 2035](#)