



THE PRINCE GEORGE'S COUNTY GOVERNMENT


Office of Audits and Investigations

June 6, 2022

FISCAL AND POLICY NOTE

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Malcolm Moody - *MM*
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CR-036-2022, FY 2022 Annual Action Plan Reallocation – Birchwood at Upper Marlboro (DR-1)

CR-036-2022 (*proposed by:* The Chair of the Council at the request of the County Executive;
Introduced by: Council Members Hawkins, Streeter, Turner, Franklin, Glaros, Harrison, and Taveras)

Assigned to Committee of the Whole (COW)

A RESOLUTION CONCERNING THE FISCAL YEAR (“FY”) 2022 ANNUAL ACTION PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT FOR HOUSING AND COMMUNITY DEVELOPMENT for the purpose of amending the Prince George’s County Fiscal Year (“FY”) Annual Action Plan for Housing and Community Development by adding the Birchwood at Upper Marlboro project, an eligible activity not originally funded or described in the FY 2022 Annual Action Plan, and the reprogramming and reallocating of two million dollars (\$2,000,000) in Home Investment Partnerships (“HOME”) Program funds from the FY 2017, FY 2018, FY 2019, FY 2020, FY 2021, and FY 2022 Annual Action Plans to support the Birchwood at Upper Marlboro project.

Fiscal Summary

Direct Impact:

Expenditures: None

Revenues: None

Indirect Impact:

Potentially Positive

Legislative Summary:

CR-036-2022, proposed by the County Executive and sponsored by Council Members Hawkins, Streeter, Turner, Franklin, Glaros, Harrison, and Taveras, was introduced on April 26, 2022 and referred to Committee of the Whole (COW). A public hearing on the Resolution was held on May 31, 2022. CR-036-2022 seeks to reallocate \$2,000,000 of FY 2017, FY 2018, FY 2019, FY 2020, FY 2021, and FY 2022 HOME funds to support the Birchwood at Upper Marlboro project.

Current Law/Background:

HOME Investment Partnership (HOME)¹ program was established by the Department of the Housing and Community Development to address federal legislative mandates of the Title II Purposes of Cranston-Gonzalez National Affordable Housing Act. The purposes of this federal legislation are to:

- Help families not owning a home to save for a down payment for the purchase of a home;
- retain wherever feasible as housing affordable to low-income families those dwelling units produced for such purpose with Federal assistance;
- Extend and strengthen partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations, in the production and operation of housing affordable to low-income and moderate-income families;
- Expand and improve Federal rental assistance for very low-income families; and
- Increase the supply of supportive housing, which combines structural features and services needed to enable persons with special needs to live with dignity and independence.²

“The Secretary (HUD) shall provide assistance directly to a jurisdiction only if the jurisdiction submits to the Secretary a comprehensive housing affordability strategy; the jurisdiction submits

¹ [THE HOME PROGRAM: HOME INVESTMENT PARTNERSHIPS](#)

² [42 U.S. Code § 12703 - Purposes of Cranston-Gonzalez National Affordable Housing Act](#)

annual updates of the housing strategy; and the housing strategy, and any annual update of such strategy, is approved by the Secretary.³”

Consistent with the above referenced legislation, HUD awards HOME funds to Participating Jurisdictions (local governments) in formula allocation from HUD through the Five-Year Consolidated Plan Process. Pursuant to 24 CFR 91, each jurisdiction must submit an Annual Action Plan that conveys the strategies and funding distribution to achieve identified goals to support the development of safe, decent housings and communities. In addition, pursuant to 24 CFR 91.105 the jurisdiction is required to adopt a citizen participation plan as part of its Consolidated Plan.

Pursuant to 24 CFR 91.105 the jurisdiction is required to adopt a citizen participation plan that sets forth the jurisdiction's policies and procedures for citizen participation. The citizen participation plan must be public and provide for and encourage citizens to participate in the development of the consolidated plan, any substantial amendment to the consolidated plan, and the performance report. A “substantial amendment” under 24 CFR 91.505 results when the jurisdiction seeks to amend its approved plan to one of the following decisions:

- To make a change in its allocation priorities or a change in the method of distribution of funds;
- To carry out an activity, using funds from any program covered by the consolidated plan (including program income, reimbursements, repayment, recaptures, or reallocations from HUD), not previously described in the action plan; or
- To change the purpose, scope, location, or beneficiaries of an activity

Pursuant to 24 CFR§ 91.500, HUD may disapprove a plan or a portion of a plan if it is inconsistent with the purposes of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12703), if it is substantially incomplete, or, in the case of certifications applicable to the CDBG program under §§ 91.225 (a) and (b) or 91.325 (a) and (b), if it is not satisfactory to the Secretary in accordance with §§ 570.304, 570.429(g), or 570.485(c) of this title, as applicable.

The following are examples of consolidated plans that are substantially incomplete:

- (1) A plan that was developed without the required citizen participation or the required consultation;
- (2) A plan that fails to satisfy all the required elements in this part; and
- (3) A plan for which a certification is rejected by HUD as inaccurate, after HUD has inspected the evidence and provided due notice and opportunity to the jurisdiction for comment; and
- (4) A plan that does not include a description of the manner in which the unit of general local government or state will provide financial or other assistance to a public housing agency if the public housing agency is designated as “troubled” by HUD.

³ [42 U.S. Code § 12705 - State and local housing strategies](#)

Resource Personnel:

- Aspasia Xypolia, Director Department of Housing and Community Development
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Discussion/Policy Analysis

CR-036-2022 seeks to amend CR-028-2021, Annual Action Plan for FY 2022, by reallocating \$2,000,000 in HOME loan funds from its FY 2017 Annual Action Plan, FY 2018 Annual Action Plan (CR-015-2017), FY 2019 Annual Action Plan (CR-019-2018), FY 2020 Annual Action Plan (CR-024-2019), FY 2021 Annual Action Plan (CR-046-2020), and FY 2022 (CR-028-2021) Annual Action Plan to invest in the Birchwood at Upper Marlboro project. Consistent with all substantial amendments, HUD requires citizen participation consistent with the approved Consolidated Plan.

Adoption of CR-036-2022 would provide loan of reallocated HOME Funds for support of a 90-unit senior affordable apartment community. The Birchwood at Upper Marlboro project is a proposed mixed-income project consisting of sixty-two (62) one-bedroom and twenty-eight (28) two-bedroom apartments for seniors at or below 80% Area Median Income (AMI). Of the proposed 90 units, the sixty-two (62) one-bedroom units will have rents ranging from six hundred seventy-five dollars (\$675) to one thousand, four hundred fifty-two dollars (\$1,452) and the twenty-eight (28) two bedroom units will have rents ranging from eight hundred and one dollars (\$801) to one thousand, six hundred eighty dollars (\$1,680). The proposed \$2,000,000 would represent 8.11% of the funding for this project. Other funding sources for the project include: Permanent Mortgage - Citi (46.63%), Prince George's County HOME Loan (8.11%), Rental Housing Works (10.14%), Investor Equity – LIHTC (30.37%), Deferred Developer's Fee (3.82%), Return of Freddie Mac Fee (0.93%).

Adoption of CR-036-2022 would support the development of a mixed-income senior apartment complex which would provide additional housing opportunities to County seniors of varied incomes. This would align with the stated goal in PLAN Prince George's 2035⁴ to afford the opportunity for senior residents in the County to age-in-place⁵. Over time, adoption of CR-036-2022, could potentially represent a positive impact on the County's revenue as it would collect program income from repayment of the HOME Loan funds, which can be re-invested in other projects; and there could possibly be enhanced expansion of the County's tax base through construction, new residents to the County, property taxes from nearby amenities, etc.

Adoption of CR-036-2022 would represent no fiscal impact to the County Expenditures as the \$2,000,000 funds proposed to support this project are being reallocated from activities approved under the FY 2017, FY 2018, FY 2019, FY 2020, FY 2021, and FY 2022 Annual Action Plans.

⁴ [PLAN 2035 Prince George's](#)

⁵ [Plan 2035 Prince George's County - Housing & Neighborhoods - Policy 4](#)

Fiscal Impact:

Direct Impact

Adoption of CR-036-2022 would result in no fiscal impact to the County as the \$2,000,000 funds proposed to support this project are being re-allocated from activities under the FY 2017, FY 2018, FY 2019, FY 2020, FY 2021, and FY 2022 Annual Action Plans. The breakdown of the reallocation by fiscal year, program activity, and dollar amount is on Attachment 'B' of the Resolution.

Indirect Impact

Over time, adoption of CR-036-2022, could potentially represent a positive impact on the County's revenue as it would collect program income from repayment of the HOME Loan funds, which can be re-invested in other projects, and expansion of the County's tax base. Adoption of CR-036-2022 may promote positive indirect impact through the increase of new retail and amenities in the overall community. The Birchwood project will be constructed alongside a separate sixty (60) unit mixed-income rental community referred to as the "Willows Project" which is due to a "twinning financial structure".

Appropriated in the Current Fiscal Year Budget

N/A

Effective Date of Proposed Legislation:

The Resolution shall become effective as of the date of its adoption.

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