

PRINCE GEORGE'S COUNTY COUNCIL

COMMITTEE REPORT

2022 Legislative Session

Reference No.: CR-038-2022

Draft No.: 1

Committee: COMMITTEE OF THE WHOLE

Date: 6/21/2022

Action: FAV

REPORT:

Committee Vote: Favorable, 9-0 (In favor: Council Members Burroughs, Dernoga, Franklin, Harrison, Ivey, Medlock, Streeter, Taveras, and Turner)

The Committee of the Whole convened on June 21, 2022, to consider CR-38-2022. This resolution was transmitted by the County Executive for the Council's consideration to approve and adopt the commitment and allocation of gap financing from the Prince George's County Housing Investment Trust Fund ("HITF") for Housing and Community Development to the Atworth College Park Metro Apartments project (the "Project"), an eligible activity, in the amount of two hundred thousand dollars (\$200,000).

The Atworth College Park Metro Apartments project involves the land acquisition, via a ninety-eight (98) year land lease, and new construction of four hundred fifty-one (451) affordable mixed-use rental housing community for families, especially those with low- and moderate-income, located at 4201 River Road, College Park, Maryland 20740. These apartments will be built and constructed by Gilbane Development Company.

The units in the Atworth College Park Metro Apartments will be reserved for families at various income levels up to eighty percent (80%) of the Area Median Income ("AMI"). Across the Project, there will be a unit mix of twenty-nine (29) efficiency/studio units, two hundred sixty-one (261) one-bedroom units, one hundred forty-four (144) two-bedroom units, and seventeen (17) three-bedroom units.

The Planning, Housing and Economic Development (PHED) Committee Director gave a brief overview of the purpose of the resolution and turned to Department of Housing and Community Development (DHCD) Director Aspasia Xypolia who introduced Pam Wilson, DHCD Housing Development Program Manager, and members of the Atworth College Park Metro Apartments project development team who were present. Robert Gilbane Jr, Vice President, Gilbane Development Company gave introductory remarks and provided a PowerPoint presentation with project details including building elevations, unit mix, amenities, affordability levels, financing sources, and economic inclusion. Matthew Michetti, Senior Development Manager, Gilbane Development Company, was also present in the meeting and available for questions.

The Office of Audits and Investigations submitted a June 17, 2022, Policy Analysis and Fiscal

Impact Statement that included the following Discussion/Policy Analysis and Fiscal Impact:

Discussion/Policy Analysis:

CR-038-2022 would provide the Atworth Apartments project with \$200,000, or 0.14% of their funding sources, from the County's Housing Investment Trust Fund (HITF). The loan from the HITF will carry a 2% interest deferred and payable upon maturity – that is, in 98 years from now. DHCD noted that any provisions of loan safeguards, in the event of bankruptcy or dissolution of the owning entity, will be drafted by the County Office of Law and are not yet available. Notably, CR-038-2022 is conjoined with CR-039-2022, a Payment in Lieu of Taxes (PILOT) agreement for the developer for \$360 per year, per unit, for 98 years (\$162,360 total first year payment) with a 2% yearly escalation.

The developer proposes that rents for one-bedroom units will range from \$1,600 to \$1,850, rents for two-bedroom units will range from \$2,100 to \$2,150, and rents for three-bedroom units will be \$2,500.

Affordable housing is a critical issue in an area with rising home values and lack of housing in general. However, Prince George's County's median income is already well below the area median. According to the U.S. Department of Housing and Urban Development (HUD), the median income for the DC-Maryland-Virginia region is \$106,415 and the median income for Prince George's County is \$86,994. The County median, therefore, is already 81.7% of the Area Median Income (AMI). Thus, using Housing Investment Trust Fund allocations for apartments set for residents earning the County's median income may not protect or expand affordable housing for County residents.

Fiscal Impact

Direct Impact:

Adoption of CR-038-2022 would represent a negative impact of \$200,000 to the Housing Development Trust Fund. Because loan payments are due only upon maturity of the loan (in 98 years), there is no realistic expectation of repayment. In conjunction with the project's PILOT agreement under CR-039-2022, where the developer pays \$162,360 per year in lieu of the normal tax rate (\$360 per unit, per year), there is a substantial impact to the County in the form of forgone taxes.

Indirect Impact:

Adoption of CR-038-2022 may promote economic development through the creation of more apartments and businesses along transit-oriented zones.

Council Member Taveras expressed her appreciation of the project's 51% affordability component and support for continuing to grow the area and vision for the new West Hyattsville. In response to Council Member Ivey's question concerning accommodation of the floodplain in this Metro area, Mr. Gilbane responded that over the past four years of obtaining approval for the project and floodplain mapping, he has been able to work with Department of Parks and Recreation to acquire 4.5 acres for compensatory floodplain storage and utilize/enhance that land for two open space parks and amphitheater seating in accordance with the Sector Plan vision. Additionally, another portion of a five-acre site that is available is being used for onsite

compensatory storage to solve the flooding issues.

Following discussion, the Committee voted favorable on CR-38-2022 as drafted.