



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations


May 3, 2021

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin 
Senior Legislative Budget and Policy Analyst

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

RE: Policy Analysis and Fiscal Impact Statement
CR-037-2021, FY 2021 Annual Action Plan Reallocation - Pathways to Purchase
(DR-1)

CR-037-2021 (*proposed by:* The Chair of the Council at the request of the County Executive;
Introduced by: Council Members Hawkins, Turner, Taveras, Glaros, Franklin, Harrison, Davis,
and Streeter)

Assigned to Committee of the Whole (COW)

A RESOLUTION CONCERNING THE FISCAL YEAR (“FY”) 2021 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”) 2021 Annual Action Plan for Housing and Community Development by adding the Pathway to Purchase Program (formerly known as My HOME), an eligible activity not originally funded or described in the FY 2021 Annual Action Plan, and the reprogramming and reallocating of seven hundred sixty-one thousand five hundred fifty three dollars (\$761,553) in Home Investment Partnerships (“HOME”) Program funds from the FY 2019 Annual Action Plan to support this project.

Fiscal Summary

14741 Governor Oden Bowie Drive, Upper Marlboro, Maryland 20772
VOICE (301) 952-3431; FAX (301) 780-2097; TDD (301) 925-5167

Direct Impact:

Expenditures: None

Revenues: None

Indirect Impact:

Potentially Positive

Legislative Summary:

CR-037-2021, proposed by the County Executive and sponsored by Council Members Hawkins, Taveras, Franklin, Turner, Harrison, and Glaros, was introduced referred to Committee of the Whole (COW) on April 6, 2021. CR-037-2021 seeks to reallocate \$761,553 of FY 2019 HOME funds to support the Pathways to Purchase program.

Current Law/Background:

HOME Investment Partnership (HOME) 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.¹

“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 annual updates of the housing strategy; and the housing strategy, and any annual update of such strategy, is approved by the Secretary.”²

¹ TITLE 42-THE PUBLIC HEALTH AND WELFARE CHAPTER 130-NATIONAL AFFORDABLE HOUSING SUBCHAPTER I-GENERAL PROVISIONS AND POLICIES, SECTION 12703.

² 42 USC Chapter 130, Subchapter I: General Provisions and Policies, Section 12705

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

Discussion/Policy Analysis:

CR-037-2021 seeks to amend CR-046-2020, Annual Action Plan for FY 2021, by reallocating \$761,553 in HOME loan funds from its FY 2019 Annual Action Plan (CR-019-2018) to invest in the Pathways to Purchase Program. Consistent all substantial amendments, HUD requires citizen participation consistent with the approved Consolidated Plan.

Adoption of CR-037-2021 will assist income eligible first-time home buyers to purchase eligible residential properties by providing home ownership assistance as needed for mortgage principal reduction, down payment and/or closing cost assistance.

The program will provide up to \$10,000 as needed for households with annual income not to exceed 80% of the Area Median Income (AMI). The maximum sales price must not exceed the HOME Homeownership Value Limits³ (HVL) as established and published annually by the U.S. Department of Housing and Urban Development HUD). Program characteristics include:

- Minimum Loan of \$1,000
- Recipients annual income cannot exceed 80% of Area Median Income (AMI)
- Loan terms 10-year, 0% loan recorded as second mortgage against the property

³ The 2020-2021 Home Homeownership Value effective April 200 is \$337,000 for resale properties and \$399,000 for newly constructed properties.

- The loan will be forgiven upon maturity.
- The loan to value (LTV) of first mortgage provided by participating lenders must be a minimum of 65% of the value of the property. All properties must pass a Housing Quality Standard (HQS) inspection⁴.

Potential Benefits of Adopting CR-037-2021

Adoption of CR-037-2021 would support the Pathways to Purchase program to assist first time home buyers purchase a residential property. Adoption of CR-037-2021, could potentially represent a Positive impact on the County's revenue as increase the number of property owners paying property taxes.

Potential Costs of Adopting CR-037-2021

Adoption of CR-037-2021 would represent no fiscal impact to the County Expenditures as the \$761,553 funds proposed to support this project are being reallocated from activities approved under the FY 2019 Annual Action Plan.

Fiscal Impact:

Direct Impact

Adoption of CR-037-2021 would result in no fiscal impact to the County as the \$761,553 funds proposed to support this project are being re-allocated from activities under the FY 2019 Annual Action Plan.

Indirect Impact

Over time, adoption of CR-037-2021, could potential represent a positive impact on the County's revenue as it would collect property and recordation taxes from new homebuyers to the County. In addition, it would assist with reducing the available homes, which ensures that vacancy rates are lower.

Appropriated in the Current Fiscal Year Budget

No

Resource Personnel:

DHCD Staff
Council Administration

⁴ CR-37-2021 Attachment A1 & A2

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.