



# THE PRINCE GEORGE'S COUNTY GOVERNMENT

## Office of Audits and Investigations

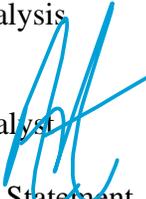
October 11, 2022

### 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: Arian Albear   
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement  
CR-100-2022 Annual Housing Plan Amendment

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CR-100-2022 (*Proposed by:* Council Chair at the request of the County Executive; *Introduced by:* Council Members Hawkins, Harrison, Dernoga, Ivey, Franklin, Turner, Glaros, Taveras, and Medlock)

Assigned to the Planning, Housing, and Economic Development (PHED) Committee

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A RESOLUTION CONCERNING FISCAL YEAR (“FY”) 2023 ANNUAL ACTION PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT for the purpose of amending the Prince George’s County Fiscal Year (“FY”) 2023 Annual Action Plan for Housing and Community Development by adding the Housing Initiative Partnership, Inc. (“HIP”)’s Fairmount Heights Net Zero Homes and Microgrid project, an eligible activity not originally funded or described in the FY 2023 Annual Action Plan, the reprogramming of eight hundred ninety one thousand, nine hundred fifty nine dollars and thirty-five cents (\$891,959.35) in HOME Investment Partnerships (“HOME”) Program, Community Housing Development Organization (“CHDO”) Set-Aside funds from the FY 2019, FY 2020, FY 2021 and FY 2022 Annual Action Plans, and the reallocation and commitment of four hundred fifty eight thousand, forty dollars, and sixty-five cents (\$458,040.65) in HOME Investment Partnerships (“HOME”) Program funds from the FY 2023 Annual Action Plan to support the Fairmount Heights Net Zero Homes and Microgrid project.

### Fiscal Summary

#### Direct Impact

*Expenditures:* No additional expenditures.

*Revenue:* No additional revenues.

#### Indirect Impact

Potentially favorable.

### Legislative Summary

CR-100-2022<sup>1</sup>, proposed by the Council Chair at the request of the County Executive, was introduced by Council Members Hawkins, Harrison, Dernoga, Ivey, Franklin, Turner, Glaros, Taveras, and Medlock on September 6, 2022, and referred to the Planning, Housing, and Economic Development (PHED) Committee. CR-100-2022 would amend the FY 2023 Annual Action Plan for Housing and Community Development to include the Housing Initiative Partnership, Inc. (HIP)'s Fairmount Heights Net Zero Homes and Microgrid project. The additional project would be funded by reprogramming \$891,959.35 in uncommitted funds in HOME Investment Partnership (HOME) Program, Community Housing Development Organization (CHDO) Set-Aside funds from FY 2019, FY 2020, FY 2021, and FY 2022 and \$458,040.65 in HOME Investment Partnerships (HOME) Program from FY 2023.

The new activities which the Resolution would allow include the following projects<sup>2</sup>:

HUD PROGRAM ACTIVITY	CURRENT BUDGET	AVAILABLE	Receiving Agency/Program Activity	Project Funding from Available Funds
CHDO Set Aside	244,695.00	119,695.00	Housing Initiative Partnership Fairmont Heights Net Zero Homes	119,695.00
CHDO Set Aside	216,516.00	216,516.00	Housing Initiative Partnership Fairmont Heights Net Zero Homes	216,516.00
CHDO Set Aside	241,534.95	241,534.95	Housing Initiative Partnership Fairmont Heights Net Zero Homes	241,534.95
CHDO Set Aside	314,213.40	314,213.40	Housing Initiative Partnership Fairmont Heights Net Zero Homes	314,213.40
CHDO Set Aside	352,284.00	352,284.00	Housing Initiative Partnership Fairmont Heights Net Zero Homes	352,284.00
HOME Entitlement	105,756.65	105,756.65	Housing Initiative Partnership Fairmont Heights Net Zero Homes	105,756.65
		-		
		-		
		-		
			<b>TOTAL</b>	1,350,000.00

<sup>1</sup> [CR-100-2022](#).

<sup>2</sup> CR-100-2022, [Attachment B](#).

### **Background/Current Law**

Community Development Block Grants (CDBG) are grants received from the U.S. Department of Housing and Urban Development (HUD), as provided by Title I of the Housing and Community Development Act of 1974, as amended, the Cranston-Gonzalez National Affordable Housing Act of 1990, and the Stewart B. McKinney Homeless Assistance Act of 1988. CDBGs are managed by Prince George’s County Department of Housing and Community Development (DHCD).

The federal government requires that jurisdictions receiving such grants do the following:

- Submit an annual five-year plan outlining how the jurisdiction will provide adequate housing to low- and moderate-income residents.
  - Create a citizen participation plan.
  - Any amendments to the established plan must be submitted to HUD for final approval.
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### **Resource Personnel**

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

CR-100-2022 would reallocate funds from prior fiscal year projects to new projects added to the FY 2022 Annual Action Plan. Among the new projects is funding for “net-zero” building projects. “Net-Zero Ready Buildings” are those designed to be efficient, with the goal of being net-zero in energy consumption upon completion or in the future.<sup>3</sup> The units are set to be “affordable” and sold to first-time homeowners earning 80% or less of the Area Median Income (AMI).<sup>4</sup>

The HOME Fund of \$1,350,000 provided by the Department of Housing and Community Development (DHCD) is 25.96% of total funding sources for the project. Total County aid to the project also includes \$1,000,000 in Capital Improvement Project (CIP) funds from the Redevelopment Authority and \$96,393 from CDBG funds. These amount to 47.04% of the total project funding. The complete financing mechanism is detailed below:

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<sup>3</sup> U.S. Department of Energy. [Zero Energy Ready Homes](#).

<sup>4</sup> [CR-100-2022](#), page 5.

<b>USES:</b>	<b>Amount</b>	<b>Percentage</b>
Acquisition costs	\$ 190,800	3.67%
Construction costs	\$ 4,241,800	81.56%
Soft costs and professional fees	\$ 494,325	9.50%
Carrying and financing costs	\$ 111,625	2.15%
Broker Commission--5%	\$ 101,340	1.95%
Closing Costs	\$ 60,804	1.17%
<b>TOTAL</b>	<b>\$ 5,200,694</b>	<b>100.00%</b>
<b>SOURCES:</b>	<b>Amount</b>	<b>Percentage</b>
Sales Price to Homebuyer	\$ 2,026,801	38.97%
PEPCO Energy Star 3.1 New Home rebate	\$ 7,500	0.14%
Redevelopment Authority CIP	\$ 1,000,000	19.23%
HOME Funds	\$ 1,350,000	25.96%
CDBG	\$ 96,393	1.85%
Marylad Community Legacy	\$ 180,000	3.46%
Maryland Operating Fund	\$ 20,000	0.38%
NED Grant--Infrastructure	\$ 300,000	5.77%
NED--Pocket Park	\$ 220,000	4.23%
<b>TOTAL</b>	<b>\$ 5,200,694</b>	<b>100.00%</b>

### **Fiscal Impact**

- *Direct Impact*

Adoption of CR-100-2022 should not have a measurable direct fiscal impact as funds are only being redirected from existing categories. The Resolution reallocates \$1,350,000 from prior year funds to the FY 2023 HOME Funds.

- *Indirect Impact*

Adoption of CR-100-2022 may have an indirect positive impact on the County if the projects where grant funding is being redirected are completed successfully.

- *Appropriated in Current Fiscal Year*

N/A.

### **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.