



# 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-038-2021, FY 2021 Annual Action Plan Reallocation – 8320 Schultz Road (DR-1)

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**CR-038-2021** (*proposed by:* The Chair of the Council at the request of the County Executive; *Introduced by:* Council Members Hawkins, Franklin, Turner, Harrison, Streeter, Glaros, and Taveras)

Assigned to Committee of the Whole (COW)

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A RESOLUTION CONCERNING THE FISCAL YEAR (“FY”) 2021 ANUUAL ACTION PLAN FOR HOUSING AND COMMUNIY 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 8320 Schultz Road, an eligible activity not originally funded or described in the FY 2021 Annual Action Plan, and the reprogramming and reallocating of three million dollars (\$3,000,000) in Home Investment Partnerships (“HOME”) Program funds from the FY 2019 and FY 2020 Annual Action Plans to support the 8320 Schultz Road project.

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### **Fiscal Summary**

#### **Direct Impact:**

*Expenditures:* None

*Revenues:* None

#### **Indirect Impact:**

Potentially Positive

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#### **Legislative Summary:**

CR-036-2021, proposed by the County Executive and sponsored by Council Members Hawkins, Franklin, Turner, Davis, Anderson-Walker, Harrison, Streeter, Glaros, and Taveras, was introduced referred to Committee of the Whole (COW) on April 6, 2021. CR-036-2021 seeks to reallocate \$3,000,000 of FY 2019 and FY 2020 HOME funds to support the 8320 Schultz Road project.

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#### **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.<sup>1</sup>

“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.”<sup>2</sup>

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

<sup>2</sup> 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

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### **Discussion/Policy Analysis**

CR-038-2021 seeks to amend CR-046-2020, Annual Action Plan for FY 2021, by reallocating \$3,000,000 in HOME loan funds from its FY 2019 Annual Action Plan (CR-019-2018) and FY 2020 Annual Action Plan (CR-083-2019), to invest in the 8320 Schultz Road project. Consistent with all substantial amendments, HUD requires citizen participation consistent with the approved Consolidated Plan.

Adoption of CR-038-2021 would provide loan of reallocated HOME Funds for support of 90-unit senior affordable apartment community. The 8320 Schultz Road project is a proposed mixed-income project consisting of 72 one-bedroom, 8 two-bedroom with one bath, and 10 two-bedroom with two-bathroom apartments for seniors at or below 60% Area Median Income (AMI). Of the proposed 90 units, ten (10) units will be reserved for residents at (40%%) of AMI, 44 units reserved for seniors making 50% of AMI, and 36 units will be reserved for seniors earning 60% of AMI. The proposed \$3,000,000 would represent 11.21% of the funding for this project. Other funding sources for the project include: Freddie TEL Private Loan (30.26%), Low Income Housing Tax Credit Equity (44.98%), MD DHCD Rental Housing Works (9.34%), Federal Home Loan Bank (1.87%), and deferred Developer Equity (.62%).

Key aspects of the Homes at 8320 Schultz Road project include:

- Leveraging over \$20,000,000 to develop Affordable Senior Apartments in Councilmanic District Nine (9).

- Plans to acquire land for construction 90 senior units for low-moderate income seniors with large multi-purpose room, party room and work-out room.
- Providing a mix of seventy-two (72) one-bedroom; eight (2) two-bedroom with one bathroom, and ten (10) two-bedroom with two bathrooms.
- Amenities include community room with warming kitchen, party room, work-out room, and common areas on 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> floors.
- Service coordinate will be onsite 15 hours per week; and
- Provide supportive services and programming to senior residents through partnership with Habitat America (HA).<sup>3</sup>

### ***Potential Benefits of Adopting CR-038-2021***

Adoption of CR-038-2021 would support the development of a mixed-income senior apartment complex which would provide additional housing opportunities to County seniors of varied incomes. Over time, adoption of CR-038-2021, could potential 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.

### ***Potential Costs of Adopting CR-038-2021***

Adoption of CR-038-2021 would represent no fiscal impact to the County Expenditures as the \$3,000,000 funds proposed to support this project are being reallocated from activities approved under the FY 2019 and FY 2020 Annual Action Plans.

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### **Fiscal Impact:**

#### ***Direct Impact***

Adoption of CR-038-2021 would result in no fiscal impact to the County as the \$3,000,000 funds proposed to support this project are being re-allocated from activities under the FY 2019 and FY 2020 Annual Action Plans.

#### ***Indirect Impact***

Over time, adoption of CR-038-2021, could potential 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-038-2021 may promote positive indirect impact through the increase of new retail and amenities in the overall community. Additionally, the agency reports that 8320 Schultz and the larger community will contribute many economic benefits including but not limited, the addition of jobs during

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<sup>3</sup> <https://www.habitatamerica.com/>

construction, and will contribute to the expansion of Prince George's County's tax base through the investment of twenty-six million dollars, seven hundred sixty-eight thousand three hundred seventy-six dollars (\$26,768,376) in new residential rental housing,

*Appropriated in the Current Fiscal Year Budget*

No

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**Items for Committee Consideration:**

- ✓ Considering the state of the economy due to the COVID impact, would recommend partnering with the Economic Development Corporation and Employ Prince George's to comprehensively use the COVID resources of the federal and County's Section 3 plan to benefit applicants and businesses that qualify as Section 3 residents and Section 3 Businesses, pursuant to County legislation, CB-112-2012 and Section 3<sup>4</sup> of the federal Housing Act of 1968.
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**Resource Personnel:**

DHCD Staff  
Council Administration

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**Effective Date of Proposed Legislation:**

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

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

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<sup>4</sup> Section 3 is a provision of the Housing and Urban Development Act of 1968. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.