




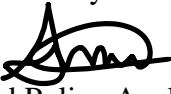
June 1, 2023

FISCAL AND POLICY NOTE

TO: Jennifer A. Jenkins
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Shalene Miller-Whye 
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CR-035-2023 Addison Park HITF

CR-035-2023 (*Proposed by:* The Chair of the Council at the request of the County Executive)

Assigned to the Committee of the Whole

A RESOLUTION CONCERNING HOUSING INVESTMENT TRUST FUND (“HITF”) FOR HOUSING AND COMMUNITY DEVELOPMENT for the purpose of committing and allocating the amount of three million dollars (\$3,000,000) in Prince George’s County Housing Investment Trust Fund (“HITF”) Program funds to the Addison Park project, an eligible activity, for gap financing of new affordable housing construction.

Fiscal Summary

Direct Impact

Expenditures: \$3,000,000 in additional expenditures from the Housing Investment Trust Fund.

Revenue: None likely.

Indirect Impact

Potentially favorable.

Legislative Summary:

CR-035-2023, proposed by the Council Chair at the request of the County Executive, was introduced by Council Members Harrison, Ivey, Blegay, Olson & Oriadha on May 9, 2023, and referred to the Planning, Housing, and Economic Development Committee. CR-035-2023 would provide the Addison Park project with \$3,000,000 from the Housing Investment Trust Fund (HITF) for gap financing. The project involves land acquisition and new construction of 293 units of affordable multi-family rental housing for low-income to moderate-income seniors, ages 62 and older.

Project Information

Developer:	Atlantic Pacific Communities
Owner:	Addison Park, L.P.
Description:	A two hundred ninety-three (293) unit affordable senior rental apartment community that will be constructed in two buildings on a 4.46 acre site in Capitol Heights, Maryland. All units will be affordable, and rents will be restricted for forty (40) years.

Background/Current Law:

The Housing Investment Trust Fund, a non-lapsing fund, was created through legislation, CB-021-2012¹, and further amended under CB-057-2017², and is codified in Subtitle 10, Division 19 of the County Code. The purposes of the Fund are to:

1. Develop effective strategies to strengthen County neighborhoods impacted by foreclosures consistent with the County's Five-Year Consolidated Housing and Community Development Plan;
2. Provide for gap financing to enable the County to support the development of new construction and preservation of existing workforce and affordable housing;
3. Provide for housing counseling, rental, down payment, and closing costs assistance for eligible persons to retain or purchase vacant, abandoned, and foreclosed properties;

¹ [CB-021-2012](#).

² [CB-057-2017](#).

4. Acquire, rehabilitate, resell, or lease-purchase of vacant, abandoned, and foreclosed properties to eligible residents, not-for-profit organizations, and for-profit affordable housing providers;
5. Provide for land banking of vacant, abandoned, and foreclosed properties;
6. To otherwise reduce and minimize the occurrence of foreclosures by coordination and use of County, State, and Federal resources and program; and
7. To increase and preserve the supply of safe and affordable homeownership opportunities for the purpose of growing the County's tax base revenue.

The Fund may also assist, in the form of loans and grants, to finance programs to meet the goals stated above for the benefit of existing and potential homeowners or renters, not-for-profit organizations, and for-profit affordable housing providers.

The Fund is currently financed from a variety of sources, which may include:³

1. Current expense funds;
2. Contributions, donations, or appropriations by the United States, Maryland, or any other political jurisdiction, or private entity;
3. Interest income;
4. Fees or other charges levied on loan or grant recipients;
5. 20% of the recordation tax collected (of no less than \$10 million);⁴ and
6. Any other funds designated and provided by the County.

Resource Personnel:

- Aspasia Xypolia, Director, Department of Housing and Community Development (DHCD)
- Adedamola George, Senior Compliance Manager, DHCD

Discussion/Policy Analysis:

The Addison Park Project ("Project") is located at 216 Yolanda Avenue, Capitol Heights, Maryland,⁵ and is a 293-unit transit-oriented senior affordable housing development. Under the proposed Agreement, for the 40-year term, Addison Park, L.P. ("Owner") will reserve all units for seniors, ages 62 and older, whose incomes are at or below 60% of the Area Median Income ("AMI")⁶.

The Project is expected to cost \$83,301,738. Financing includes Tax-Exempt Bonds totaling approximately \$42,598,814; approximately \$3,500,000 in loans by the Community Development

³ Code of Prince George's County, [Sec. 10-296. – Financing the Fund](#).

⁴ The Recordation tax source was added under CB-004-2021 and took effect on June 30, 2022.

⁵ The Project is located 0.25 miles from the Seat Pleasant - Addison Road Metro Station along the Blue Line, locating it within the Blue Line Transit Corridor.

⁶ [2022 Maryland Income and Rent Limits \(Pg. 6\)](#), 60% limit would equate to \$76,842 income limit for a three-person household and a max gross rent of \$1,921

Administration (“CDA”)⁷; approximately \$29,111,337 from an investor member in connection with Low-Income Housing Tax Credits (“LIHTC”) awarded by CDA; approximately \$5,091,587 from the developer equity; and approximately \$3,000,000 from the County’s Housing Investment Trust Fund (“HITF”) Program loan. Including the Payment in Lieu of Taxes (PILOT) agreement (CR-034-2023) for \$17,694,603. The project will receive approximately \$20,694,603 or 24.83% of its total funding from the County which is demonstrated below⁸. The terms of the PILOT agreement include 100% tax waivers of 293 affordable units for the next forty years. This includes the 2% annual escalation per unit over a forty-year period.

Total aid received from the County:	
PILOT Agreement:	\$ 17,694,603
HITF Loan:	\$ 3,000,000
Total Estimated Project Cost:	\$ 83,301,738
County Subsidy as a percentage of Total Cost:	24.84%

Increasing the availability of affordable housing, both through construction of new housing and the rehabilitation of existing housing, is a stated objective of the Council, and a key component of the Comprehensive Housing Strategy⁹ This Resolution will also help elderly residents in the County to age-in-place and remain a part of their communities. In the County, residents who are 65 and older make up 14.5%. As this population is growing rapidly, 65 years older residents have increased the County’s population by 4.9% between 2010 and 2021.¹⁰

The Median Household income for the Washington-Arlington-Alexandria-DC-VA-MD-WV Metro Area region is \$110,355. For Prince George’s County, the Median Household income is \$90,182. Included in this project are 293 affordable housing units at 60% of the AMI, based on the Washington-Arlington-Alexandria-DC-VA-MD-WV Metro Area regional guidelines.¹¹

When considering the AMI of the general DMV region, 60% of the AMI is \$63,300 for a 1-person household and \$72,360 for a 2-person household.¹² 60% of the County median income is \$59,766 for a 1-person household and \$68,304 for a 2-person household.¹³ This demonstrates that the median for Prince George’s County residents is below the region’s median amongst 1 to 2-person households.

⁷ [Community Development Administration - Maryland](#)

⁸ Addison Park PILOT Analysis

⁹ [Draft Comprehensive Housing Strategy Report](#)

¹⁰ [Census Bureau](#)

¹¹ [Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area - Profile data - Census Reporter](#)

¹² [Maryland Adjusted Home Income, 2023](#)

¹³ [2022 MD Income Limits Rents](#)

2023 Adjusted Home Income Limits								
Program	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% Limits	31,650	36,200	40,700	45,200	48,850	52,450	56,050	59,700
50% Limits	52,750	60,300	67,850	75,350	81,400	87,450	93,450	99,500
60% Limits	66,300	72,360	81,420	90,420	97,680	104,940	112,140	119,400
80% Limits	66,750	76,250	85,800	95,300	102,950	110,550	118,200	125,800

Washington-Arlington-Alexandria-DC-VA-MD-WV Metro Area Adjusted Home Income Limits

Fiscal Impact:

- *Direct Impact*

Adoption of CR-035-2023 would represent an adverse impact of \$3,000,000 in expenditures from the Housing Development Trust Fund.

There are currently four other Housing Investment Trust Fund approval resolutions before the Council. In conjunction with the other resolutions currently before the Council, the total proposed allocation from the Fund is listed below.

Resolution	Amount
CR-035-2023	\$ 3,000,000
CR-037-2023	\$ 2,500,000
CR-045-2023	\$ 3,500,000
CR-046-2023	\$ 2,500,000
CR-047-2023	\$ 3,000,000
Total	\$ 14,500,000

- *Indirect Impact*

Adoption of CR-035-2023 aligns with County Plan 2035¹⁴ goals and will create housing along the Blue Line Corridor. Adoption of CR-035-2023 will also create affordable housing options specifically geared towards seniors 62 and older, which is one of the County’s populations that is growing quickly and most in need of affordable housing.

Items for Committee Consideration:

- Is the Washington-Arlington-Alexandria-DC-VA-MD-WV Metro Area regional AMI the appropriate benchmark for affordable housing in the County?
- What is the enforcement and verification mechanism to assure that units remain “affordable”? How is affordability ensured throughout the long-term agreement?

¹⁴ [Plan 2035](#)

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.