



THE PRINCE GEORGE'S COUNTY GOVERNMENT
Office of Audits and Investigations

April 11, 2018

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: David H. Van Dyke *DHV*
County Auditor

FROM: Inez N. Claggett *INC*
Senior Legislative Auditor

RE: Fiscal Impact Statement
CR-011-2018 Annual Action Plan for Housing and Community Development FY 2018

Legislative Summary

CR-011-2018 amends the FY 2018 Annual Action Plan for Housing and Community Development to modify the Housing Rehabilitation Assistance Program (HRAP), and to reprogram and reallocate \$1,976,665.66 in Community Development Block Grant (CDBG) funds from the FY 2009 through FY 2015 Annual Action Plans to HRAP.

Background

The Housing Rehabilitation Assistance Program (HRAP) provides financial assistance in the form of an amortized loan, deferred payment loan or a grant to qualified homeowners in an amount not to exceed \$60,000. The assistance approved must be sufficient to upgrade the dwelling to contemporary minimal living standards which includes the elimination of County housing, health and fire code violations existing on the premises. To be eligible, an applicant's income must not exceed eighty percent (80%) of the area median income for areas with "unusually high income," as determined by the United States Department of Housing and Urban Development, with adjustments for family size.

Assumptions and Methodology

The County desires to enter into a contract with the Redevelopment Authority of Prince George's County and Housing Initiative Partnership, Inc. to administer HRAP. Staff within the Department of Housing and Community Development estimate that approximately 26 loans will be issued county-wide with an average loan per unit of \$45,000. The maximum loan value per unit is \$60,000. The homeowner will be required to sign a Deed of Trust that requires them to maintain the property as their primary place of residency otherwise the applicable loan balance must be paid in full. All payments of principal and interest under HRAP shall be treated as program income, pursuant to County Resolution (CR-25-2013), the Administrative Regulations for the Prince George's County Housing Rehabilitation Assistance Program. Such program income shall be paid into a revolving Housing Rehabilitation Fund (the "Fund") established and maintained by the County Executive or his designee in accordance with applicable Federal, State and Local laws. The proceeds from the Fund shall be used in accordance with the operating procedures of HRAP and will be distributed as such: (1) 90 percent of the program income will be used to fund future assistance under HRAP; and (2) 10 percent will be used to supplement the administrative costs associated with the implementation of HRAP.

Unused Annual Action Plan CDBG activity funds from FY 2009 through FY 2015 are to be reallocated and reprogrammed for use under HRAP. Attachment A-3 to the Resolution provides that reprogrammed funds total \$1,976,665.66 made up of CDBG activity funds of \$1,027,317.73, and \$949,347.93 to be released with the use of Program Income.

Of the total reprogrammed funds \$395,333.13 is estimated to be used to fund service delivery costs, and the remaining \$1,581,332.53 will be used to fund the rehabilitation of single family homes under the HRAP.

One (1) public hearing regarding the proposal is required to be held in accordance with the County's FY 2016-2020 Citizen Participation Plan.

Fiscal Impact

- Direct Impact

Adoption of CR-011-2018 should not have an adverse fiscal impact on the County as County General Funds are not proposed for use in the proposed reprogramming and reallocation.

- Indirect Impact

Adoption of CR-011-2018 may promote growth and economic development within the County which may thereby have a positive fiscal impact upon various sources of County revenue.

Effective Date

Date of adoption of this Resolution.

If you require additional information, or have questions about this fiscal impact statement, please call me.