THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

September 17, 2015

M E M O R A N D U M

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
Legislative Auditor

RE: Fiscal Impact Statement
CB-54-2015 Moderately Priced Housing Program

Pursuant to your request, we have reviewed CB-54-2015 to estimate its fiscal impact on Prince George's County, Maryland.

CB-54-2015 repeals and reenacts with amendments Sections 13-247 through 13-260 of the Prince George's County Code to establish a Moderately Priced Housing (MPH) Program to promote housing choices located within suitable communities to meet the needs of the County's general plan goals.

Under the proposed Bill, the Department of Housing and Community Development (DHCD) shall propose, by January 1, 2016, regulations to govern the administration of an MPH Program within Prince George's County. The MPH Program will require, for those subject to the applicability of the MPH Program as defined in Section 13-251 of the proposed Bill, a minimum of for-sale and rental units based on the following criteria:

- For-Sale Units: (a) at least twelve and a half percent (12.5%) of density for households with an income within sixty to eighty percent (60%-80%) of the Median Family Income; or (b) at least seven and a half percent (7.5%) of density of households with an income at or below sixty percent (60%) of the Median Family Income; or

- Rental Units: (a) at least twelve and a half percent (12.5%) of density for households with an income within forty to sixty percent (40%-60%) of the Median Family Income; or (b) at least seven and a half percent (7.5%) of density of households with an income at or below forty percent (40%) of the Median Family Income.

An optional density bonus may also be granted to eligible MPH Program applicants, as permitted under Subtitle 27A, Part 4A of the Prince George's County Zoning Ordinance (Zoning Ordinance).

The Bill establishes a right of first refusal for DHCD, the Redevelopment Authority or the Housing Authority for the purchase of thirty (30) percent of all moderately priced housing units in a development approved under the MPH Program. Of the remaining units, up to thirty (30) percent of the total shall be made available to any nonprofit corporation, prior to public offering. DHCD, the Redevelopment Authority or the Housing Authority shall also have the right of first refusal to buy a moderately priced housing unit to be sold or resold, after its date of original sale, prior to public offering.

Any owner or renter of a moderately priced housing unit who knowingly falsifies, or executes an affidavit containing false statements, shall be subject to a misdemeanor and shall be fined $1,000. Fines assessed shall be levied against the subject real property.

An annual report is to be provided to the County Council on activities occurring under the MPH Program for the prior fiscal year by December 31st of each year, to include information detailed in Section 13-260 of the proposed Bill.

Enactment of CB-54-2015 will have a negative fiscal impact on the County according to the Director of DHCD. In the initial stages of the MPH Program the Director estimates that roughly three (3) to four (4) employees, with an average salary between $60,000 and $70,000, will need to be hired to promulgate regulations required for administration of the MPH Program. These individuals will also oversee production of the moderately priced housing units to be sold or rented, will define eligibility requirements for renters, will conduct marketing and outreach services to developers and applicants, will research pricing, and will conduct monitoring and compliance of the MPH Program participants.

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