



THE PRINCE GEORGE'S COUNTY GOVERNMENT


Office of Audits and Investigations


October 17, 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-094-2022 Housing Investment Trust Fund (HITF) for Villas at Langley Project

CR-094-2022 (*Proposed by:* Council Chair at the request of the County Executive; *Introduced by:* Council Members Hawkins, Glaros, Taveras, Turner, Medlock and, Franklin)

Assigned to the Committee of the Whole (COW)

A RESOLUTION CONCERNING HOUSING INVESTMENT TRUST FUND (“HIFT”) FOR HOUSING AND COMMUNITY DEVELOPMENT for the purpose of committing and allocating the Villas at Langley project, an eligible activity, the amount of two million dollars (\$2,000,000) in Housing Investment Trust Fund (“HITF”) Program funds for gap financing of preservation of affordable housing.

Fiscal Summary

Direct Impact

Expenditures: \$713,440 in additional expenditures from the Housing Development Trust Fund.

Revenue: None likely.

Indirect Impact

Potentially favorable.

Legislative Summary:

CR-094-2022¹, proposed by the Council Chair at the request of the County Executive, was introduced by Council Members Hawkins, Glaros, Taveras, Turner, Medlock and, Franklin on September 6, 2022, and referred to the Committee of the Whole (COW). CR-094-2022 would provide the Villas at Langley project with \$2,000,000 from the Housing Investment Trust Fund (HITF) for gap financing. This is an increase from the \$1,286,560 the project was provided under CR-099-2021. The project will provide 443 out of 590 total (~75%) garden-style units with rents restricted to 60% of Area Median Income (AMI) for at least 10 years.

Project Information

Developer: *Jair Lynch Real Estate Partners*
Owner: *8100 15th Ave Owner, LLC*
Description: *590 garden-style apartment units, 443 of which at 60% or less of the AMI.*
Location: *Hyattsville*
Duration: *At least 10 years*

The loan, on the other hand, is a 40-year amortized loan at 2% interest. The loan requires an annual payment.² The project is near the proposed Purple Line route.

The breakdown of market-rate and affordable units is provided below:

Unit Type	# of Units	60% AMI Units	Market-Rate Units	Diff.: Market-Rate to 60% AMI
1 BR / 1 BA	123	\$1,298	\$1,374	\$76
2 BR / 1 BA	248	\$1,534	\$1,626	\$92
3 BR / 1.5 BA	72	\$1,732	\$1,969	\$237
TOTAL	443			

Background/Current Law:

¹ [CR-094-2022](#).

² Communication with DHCD, October 11, 2022.

The Housing Investment Trust Fund, a non-lapsing fund, was created through legislation, CB-021-2012³, 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 housing counseling, rental, down payment, and closing costs assistance for eligible persons to retain or purchase vacant, abandoned, and foreclosed properties;
3. 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;
4. Provide for land banking of vacant, abandoned, and foreclosed properties; and
5. To otherwise reduce and minimize the occurrence of foreclosures by coordination and use of County, State, and Federal resource programs.

The Fund, managed by the Department of Housing and Community Development (DHCD) may also be used to assist, in the form of loans and grants, for programs that benefit existing and potential homeowners or renters, not-for-profit organizations, and for-profit affordable housing providers in the County.

The Housing Investment Trust Fund law was amended by CB-057-2017⁴ to include another eligible activity to fund for the provision of gap financing to enable the County to support the development of new construction and preservation of existing workforce and affordable housing. CB-057-2017 also added a provision to increase and reserve the supply of safe and affordable homeownership opportunities for the purposes of growing the County's tax base.

The Fund is currently financed from a variety of sources, these include:⁵

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);⁶ and
6. Any other funds designated and provided by the County.

Resource Personnel:

Aspasia Xypolia, Director Department of Housing and Community Development

³ [CB-021-2012](#).

⁴ [CB-057-2017](#).

⁵ Code of Prince George's County, [Sec. 10-296. – Financing the Fund](#).

⁶ The Recordation tax source was added under CB-004-2021 and will take effect on June 30, 2022.

Discussion/Policy Analysis:

CR-094-2022 would provide the Villas at Langley project with additional funding for a total of \$2,000,000, or 1.85% of the project’s total funding. Per Attachment B, this would leave the HITF with a balance of \$1,791,683 available funds for the fiscal year.⁷

Together with the conjoining Payment In Lieu of Taxes (PILOT) agreement (CR-093-2022)⁸ for \$6,396,721,⁹ the project will receive approximately \$8,396,721, or 7.76%, of the project’s total funding. The terms of the PILOT agreement include 100% tax waivers on all affordable units for 10 years.

Total aid received from the County:	
PILOT Agreement:	\$ 6,396,721
HITF Loan:	\$ 2
Total Estimated Project Cost:	\$108,184,556
County Share of Total Cost:	7.76%

The developer proposes that affordable rent units will range from \$1,298 for 1-bedroom/1-bathroom units to \$1,732 for 3-bedroom/1.5-bathroom units. Under the rates provided, an affordable unit is only \$76 less than an equivalent market-rate unit. HUD’s maximum rent allowance for one-bedroom 60% AMI units is \$1,602; however, all units (“affordable” and market-rate) are below the 60% AMI maximum. Therefore, this project will not increase the availability of affordable housing, *per se*, but instead will ensure that existing naturally occurring affordable housing remains affordable for the term.

Affordable housing is a critical issue in an area with rising home values and lack of housing in general. This project would protect 443 units at 60% of the DMV-region’s AMI. Notably, Prince George’s County’s median household income is already well below the area median. According to the U.S. Census Bureau, the median income for the DC-Maryland-Virginia region is \$110,355¹⁰ and the median income for Prince George’s County is \$90,182.¹¹ The County median, therefore, is already 81.7% of the Area Median Income (AMI) – a gap of 18.3%. Because rents for all units in this development are proposed to be well below 60% AMI, this Resolution would not protect affordable units, but rather propose a guarantee of affordability in case of fast rising rents in Prince George’s County – vis-à-vis the region – for the ten-year period of the agreement.

⁷ CR-094-2022, [Attachment B](#).

⁸ [CR-093-2022](#).

⁹ Per communications with DHCD, the latest PILOT Agreement estimate is set at \$6,396,721; however, the Resolution estimate is only \$6,106,053. Updates may be needed to ensure Council Members have the most up-to-date information.

¹⁰ U.S. Census Bureau, [Washington-Arlington-Alexandria Metro Area](#). 2021 ACS.

¹¹ U.S. Census Bureau, [Prince George’s County](#). 2021 ACS.

Fiscal Impact:

- *Direct Impact*

Adoption of CR-094-2022 would represent an adverse impact of \$713,440 to the Housing Development Trust Fund, the increase from the \$1,286,560 appropriated under CR-099-2021. The loan is amortized for 40 years and carries a 2% interest rate.

In conjunction with the other Housing Investment Trust Fund resolutions, the total allocation from the Fund in FY 2023 is \$8,650,000. Allocations per resolution are below:

Resolution	Amount
CR-038-2022	\$ 200,000
CR-040-2022	\$ 2,500,000
CR-041-2022	\$ 750,000
CR-042-2022	\$ 200,000
CR-064-2022	\$ 3,000,000
CR-094-2022	\$2,000,000
Total	\$ 8,650,000

- *Indirect Impact*

Adoption of CR-094-2022 may promote economic development through the creation of more apartments and businesses along the Purple Line transit corridor.

- *Appropriated in Current Fiscal Year*

No.

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.