

Prince George's County
Housing Opportunities for All Workgroup
Annual Report to the County Executive and County Council

February 2020

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Introduction

Housing Opportunity for All, Prince George's County's comprehensive housing strategy, represents the County's 10-year plan to serve the housing needs of all county residents, both current and future, while expanding access to opportunity through housing investments. Implementing *Housing Opportunity for All* will help establish the county as a community of choice in the Washington, DC metropolitan region—a place where families and individuals can live, grow and thrive!

Housing Opportunity for All is designed to achieve three primary goals:

1. **Support existing residents**, including long-time residents, seniors, residents with disabilities, and residents at-risk of displacement.
2. **Attract new residents**, including millennials, families, employers, and developers.
3. **Build on strategic investments & submarket conditions**, including transit-oriented development (TOD) areas like the Purple Line Corridor, areas around strategic assets and major public investments, and areas designated as federal Opportunity Zones.

Housing Opportunities for All Workgroup

In March 2019, Prince George's County Council established the Housing Opportunities for All Workgroup through CR-16-2019 to assist with implementation of *Housing Opportunity for All*. The workgroup helps set priorities; provides advice on proposed legislation related to housing; and recommends possible changes to policies, programs, procedures, or resources related to housing.

The workgroup is comprised of the following 19 members:

- The Chair of the Prince George's County Council or the Chair's designee
- The Director of the Department of Housing and Community Development or their designee who will serve as Co-Chair of the Comprehensive Housing Workgroup
- The President and CEO of the Prince George's County Chamber of Commerce or their designee
- The President and CEO of the Prince George's Economic Development Corporation, or their designee
- The Director of the Prince George's Department of Social Services, or their designee
- The Director of Prince George's County Department of Planning or their designee
- The Chairman of the Board of the Prince George's County Housing Authority or their designee
- One (1) representative from each of the following organizations:
 - Prince George's County Association of Realtors
 - CASA de Maryland;
 - Prince George's County Municipal Association
 - Maryland Building Industry Association – Prince George's Chapter
 - Apartment and Office Building Association
 - City of Bowie (the County's fair housing partner)
- One (1) representative from each category of the following areas, jointly selected by the County Executive and County Council Chair:
 - Senior community
 - Non-profit/faith community
 - Housing Advocacy organization
 - Disability community
 - Non-profit housing developer
 - For-profit developer

Report overview

The Housing Opportunities for All Workgroup must provide a report to County Council annually summarizing its activities, implementation status of *Housing Opportunity for All*, and policy and budget recommendations for the upcoming year (per CR-16-2019). The workgroup is pleased to share its first report with the County Executive and County Council. This report has three sections:

1. **Implementation update on *Housing Opportunity for All*** – This section provides an overview of actions in *Housing Opportunity for All* that are currently being implemented (as of November 2019).
2. **Housing Opportunities for All Workgroup activities** – This section summarizes the workgroup's primary activities and accomplishments, from when the workgroup started meeting in July 2019 through December 2019.
3. **Recommendations for Prince George's County Executive and County Council in 2020** – This section recommends policy and budget actions that would advance four actions in *Housing Opportunity for All* in 2020.

Implementation update on *Housing Opportunity for All*

Housing Opportunity for All categorizes its 48 cross-cutting and targeted actions into short-, medium-, and long-term timeframes for implementation over 10 years. Short-term actions should be accomplished within the first three years of implementing *Housing Opportunity for All* (or in Years 1–3).¹

These actions focus on achieving the following outcomes:

- Strengthening internal capacity and coordination
- Increasing and diversifying financing for housing development
- Leveraging available land for housing development
- Expanding supports for vulnerable residents
- Ensuring transparency and accountability throughout the implementation of *Housing Opportunity for All*

Implementation of 16 total actions from *Housing Opportunity for All* are in progress across both the legislative and executive branches and among county partners, as of November 2019. A majority of Years 1–3 actions (15 of 22) are in progress.

The table below shows the status of all Years 1–3 actions and the outcomes they are designed to achieve as part of implementation, as well as an additional action from Years 4–8 currently being implemented.²

¹ For a more detailed discussion of actions in *Housing Opportunity for All*, see the full strategy: www.princegeorgescountymd.gov/DocumentCenter/View/26486/CHS---Housing-Opportunity-for-All-with-appendices---FINAL-updated-8-5-19.

² Implementation status covers all actions from *Housing Opportunity for All*, including those being implemented by County departments, County Council, or the County Executive that may or may not overlap with the policy focus of the workgroup in 2019. An action is considered “in progress” if at least one implementation step in *Housing Opportunity for All* was underway as of November 2019.

Implementation status: Years 1–3 actions (and other selected actions) from <i>Housing Opportunity for All</i>				
<i>* = Priority action discussed by the Housing Opportunities for All Workgroup in 2019.</i>				
<i>"In progress" = If at least one implementation step in Housing Opportunity for All is underway as of November 2019 and confirmed by DHCD.</i>				
Action	Intended outcome	Implementation status		
		Not started	In progress	Complete
Cross-cutting action 1.6 Streamline the development review and permitting process for developments with a certain share of units set-aside for low-income households.	Increased internal capacity & coordination	✓ ³		
Cross-cutting action 2.1 Improve cross-departmental coordination and communication on development projects.	Increased internal capacity & coordination		✓	
Cross-cutting action 2.7 Create more consistency within the County's development process.	Increased internal capacity & coordination		✓	
Cross-cutting action 2.8 Increase internal capacity to support implementation of CHS goals and strategies.	Increased internal capacity & coordination		✓	
Cross-cutting action 2.9 Build a fully culturally competent staff to serve the county's changing demographics. ⁴	Increased internal capacity & coordination	✓		
Targeted action 2.1 Align the County's HITF and other development solicitations for public funding to support CHS goals and actions.	Increased internal capacity & coordination		✓	
Cross-cutting action 3.1 Increase the County's Housing Investment Trust Fund (HITF).*	Increased & diversified financing for housing		✓	
Cross-cutting action 3.2 Apply for federal Section 108 Loan Guarantee Funds to support mixed-income and mixed-use development.	Increased & diversified financing for housing		✓	
Cross-cutting action 3.5 Align the County's housing initiatives with federal and state resources to maximize impact of all existing and new resources.	Increased & diversified financing for housing		✓	

Implementation status: Years 1–3 actions (and other selected actions) from <i>Housing Opportunity for All</i> (cont.)				
* = Priority action discussed by the Housing Opportunities for All Workgroup in 2019.				
"In progress" = If at least one implementation step in Housing Opportunity for All is underway as of November 2019 and confirmed by DHCD.				
Action	Intended outcome	Implementation status		
		Not started	In progress	Complete
Targeted action 1.3 Build more mixed-use and mixed-income developments.	Increased & diversified financing for housing		✓	
Cross-cutting action 1.1 Modify public land disposition process to advance CHS goals.	Leveraged land for housing	✓		
Cross-cutting action 2.3 Create a centralized inventory of publicly-owned land, subsidized housing, naturally occurring affordable housing, and underutilized properties.	Leveraged land for housing	✓		
Targeted action 1.4 Identify opportunities for new housing development on publicly-owned land.	Leveraged land for housing		✓	
Targeted action 3.2 Create a land bank to support redevelopment of abandoned residential properties (or expand powers granted to RDA to provide the same function).*	Leveraged land for housing		✓	
Cross-cutting action 1.5 Establish stronger, market-informed inclusionary housing requirements.*	Expanded supports for vulnerable residents		✓	

³ According to *Housing Opportunity for All*, the Department of Permitting and Inspections has taken steps to streamline its processes and, in the past, has "fast-tracked" projects on a case-by-case basis. When assessed for the county's comprehensive housing strategy, there was not a system in place yet to carry out this action consistently, so it was categorized as "Not started." However, this may have changed since the completion of *Housing Opportunity for All* in March 2019.

⁴ Prince George's County values its reputation as a welcoming place for residents with diverse ethnic and cultural backgrounds, experiences, and abilities. Over the last several decades, the county has become more racially and ethnically diverse, with Hispanics making up a large share of this growth. However, members of the public, particularly those among under-represented groups like immigrants, persons experiencing homelessness, and persons with disabilities, feel that Prince George's County could improve the way in which County staff interact with them and administer programs or services intended to serve them. Having this cultural competence will be critical to meet the needs of the county's changing population. For a more detailed discussion of this action, see *Housing Opportunity for All*: www.princegeorgescountymd.gov/DocumentCenter/View/26486/CHS---Housing-Opportunity-for-All-with-appendices---FINAL-updated-8-5-19.

Implementation status: Years 1–3 actions (and other selected actions) from <i>Housing Opportunity for All</i> (cont.)				
* = Priority action discussed by the Housing Opportunities for All Workgroup in 2019. "In progress" = If at least one implementation step in Housing Opportunity for All is underway as of November 2019 and confirmed by DHCD.				
Action	Intended outcome	Implementation status		
Cross-cutting action 2.11 Reduce barriers for residents trying to find or stay in income-restricted housing.	Expanded supports for vulnerable residents	Not started	In progress	Complete
Targeted action 1.6 Create additional resources to make it easier for persons with disabilities to find and stay in a home.	Expanded supports for vulnerable residents	✓		
Targeted action 2.4 Create a range of resources for households experiencing a housing crisis (unanticipated change in housing costs, eviction, etc.).	Expanded supports for vulnerable residents	✓		
Targeted action 3.7 Leverage project-based vouchers to promote mixed-income projects and allocate funding sources for a local rental assistance program.	Expanded supports for vulnerable residents		✓	
Cross-cutting action 2.2 Conduct a broad education and outreach plan to promote existing and new housing programs and dialogue with various community stakeholders on a regular basis.	Increased transparency & accountability	✓		
Cross-cutting action 2.12 Monitor, evaluate, and report progress on implementation of the CHS.	Increased transparency & accountability		✓	
Cross-cutting action 3.4 Establish consistent funding terms and align uses of key County resources.	Increased transparency & accountability		✓	
Targeted action 2.6. Strengthen the County's and partners' ability to purchase affordable rental properties at risk of converting to market-rate housing (i.e., right-of-first refusal provisions).*	Expanded partnerships for implementation		✓	
Targeted action 3.6 Coordinate targeted public investments with housing activities or other revitalization activities.	Revitalized neighborhoods		✓	

Housing Opportunities for All Workgroup activities

The Housing Opportunities for All Workgroup met six times between July 2019 and January 2020 to discuss four priority actions. These four actions were identified as some of the most urgent actions for implementation in *Housing Opportunity for All* and aligned with workgroup members' interest and ongoing local and regional conversations.

These discussions benefitted from the strong commitment and knowledge of workgroup members and a growing interest from local and regional stakeholders, who participated as audience members. The priority policies discussed are intended to strengthen existing policies and tools already in use in Prince George's County (Housing Investment Trust Fund and right-of-first refusal) and create new tools (land bank and inclusionary zoning).

The County's comprehensive housing strategy, *Housing Opportunity for All*, builds on years of progress, including past and ongoing planning efforts and initiatives. The workgroup sought to connect its work to these local and regional initiatives, especially those that affirmed its policy foci:

- **Updates to its Five-Year Consolidated Plan and Analysis of Impediments** – These two federal planning documents will complement the resources and tools created or strengthened through the implementation of these policy actions. For instance, programmatic investments guided by the County's Consolidated Plan can assist with the preservation and financing of rental properties and land acquisition, and its approach can help direct resources to specific locations in the county. Recommendations in the County's Analysis of Impediments will provide ways to ensure residents looking to access to new or preserved units through actions like inclusionary zoning or right-of-first refusal are not met with barriers or discrimination.
- **Metropolitan Washington Council of Government (MWCOG) regional housing targets** – In September 2019, MWCOG adopted housing targets for the DC region. Based on these targets, the DC region needs to add at least 320,000 housing units between 2020 and 2030 to maintain its economic growth—about 75,000 more units than initially forecasted for this time period.⁵ Recommendations from the workgroup align local policies with the broader regional effort to meet greater regional demand for housing. For instance, the workgroup's emphasis to serve households earning 50 percent of regional area median income or less and to prioritize housing investments in regional Activity Centers and transit station areas reinforce the people- and place-based goals set by MWCOG. MWCOG calls for 75 percent of all new homes to be for low- and middle-income households and 75 percent in Activity Centers or near high-capacity transit.⁶
- **Countywide Zoning Map Amendment** – The Countywide Zoning Map Amendment—a component of the County's Zoning Rewrite—needs to complement the implementation of these four actions, in addition to *Housing Opportunity for All* more broadly. This amendment will

⁵ Based on FY2019 income limits from the Department of Housing and Urban Development (HUD), a family of four at 50 percent of regional area median income earns \$60,650 annually; a family of four at 30 percent of regional area median income \$36,400 annually (HUD FY2019 Income Limits Summary; www.huduser.gov/portal/datasets/il/il2019/2019summary.odn). The median household income in the DC metropolitan region earns \$121,300 annually. In contrast, the median household income in Prince George's County is \$78,607 (2013–2017 American Community Survey 5-Year Estimates).

⁶ Metropolitan Washington Council of Governments. September 2019. *The Future of Housing in Greater Washington*. Available at www.mwcog.org/DOCUMENTS/2019/09/10/THE-FUTURE-OF-HOUSING-IN-GREATER-WASHINGTON/.

ensure local land use supports any updated or new local legislation, including any geographic priorities or target areas. For instance, more flexible development standards would support the redevelopment of land banked properties.

- ***Purple Line Corridor Coalition's Housing Action Plan and technical assistance*** – The Housing Action Plan developed by the Purple Line Corridor Coalition aligns with the workgroup's conversations about strengthening the County's commitment to stabilizing residents and properties, in addition to supporting TOD. The Housing Action Plan calls for the preservation and modernization of homes along the Purple Line. It recommends an increased housing trust fund to grow and align funding to prioritize the Purple Line and implementation of right-of-first refusal to accelerate strategic acquisition and redevelopment opportunities.⁷

⁷ The County's participation in the Purple Line Corridor Coalition represents one parallel effort to the Housing Opportunities for All Workgroup and implementation of *Housing Opportunity for All*. Through the coalition, representatives from DHCD and other stakeholders identified ways to improve the enabling environment along the Purple Line through technical assistance from the Accelerating Investment for Healthy Communities (AIHC) program. As a result, DHCD increased its capacity to implement the existing right-of-first refusal policy, and the department has been tracking eligible properties more closely.

Recommendations for Prince George's County Executive and County Council

Broadly, the recommendations in this section aim to expand resources for housing activities in Prince George's County; better-align policies and resources to meet local and regional needs; and ask for continued commitment from both the County Executive and County Council in creating new tools in 2020.

A guiding principle of *Housing Opportunity for All* is to tailor policies and programs to the varied market conditions and unique needs among people living in Prince George's County. The four policy actions are designed to serve households with a wide range of incomes, although some are more focused on specific income groups. For instance, the Housing Investment Trust Fund, if updated based on the workgroup's recommendations, would be focused on lower-income households (those earning 50 percent of regional area median income or less), while an inclusionary housing policy, depending on its design, could assist households with higher incomes as a way to increase the county's supply of workforce housing.⁸

The recommendations detailed below represent the workgroup's effort from July 2019 to January 2020 and the primary areas of consensus among workgroup members. While developing these policy proposals, workgroup members, along with audience members, raised important questions or considerations. Some of these comments or questions were resolved in developing these recommendations. Other considerations will need to be explored in greater detail as these policy actions move forward. They are documented at the end of each action. In addition to these considerations, more work is needed to refine these policy proposals, including additional research and analysis, discussion among workgroup members and other stakeholders and alignment with parallel efforts.

Beyond the specific recommendations, Housing Opportunities for All Workgroup members stressed the importance of deconcentrating poverty and building more diverse, mixed-income communities. They also elevated the housing needs of specific populations, such as people living with disabilities and seniors, and people earning some of the County's and region's lowest incomes.

⁸ Based on FY2019 income limits from the Department of Housing and Urban Development (HUD), a family of four at 50 percent of regional area median income earns \$60,650 annually; a family of four at 30 percent of regional area median income \$36,400 annually (HUD FY2019 Income Limits Summary; www.huduser.gov/portal/datasets/il/il2019/2019summary.odn).

Cross-cutting action 3.1. Increase the County's Housing Investment Trust Fund (HITF).

Current state and relationship to local needs: Prince George's County Housing Investment Trust Fund was capitalized at a total of \$5.1 million and designed to support rental housing and down payment assistance for workforce households, even though the policy language for the trust fund authorizes a wider range of potential uses.⁹ These uses include new construction of affordable and workforce housing, preservation of affordable and workforce housing, land banking, foreclosure resources, acquisition-rehabilitation-resale of for-sale and rental properties, rental assistance, and homeownership resources (homebuyer counseling, down payment assistance, closing costs).

The existing policy language outlines administrative criteria related to geographic factors (rate of foreclosure, proximity to planned economic or revitalization areas, and residential market strength) and low- and moderate-income populations. The County must consider priorities for the funding among its authorized uses, for other populations, for housing types, or other geographic factors.

The trust fund has been capitalized through one-time allocations of general funds, and the fund's remaining dollars will likely be expended in 2020. To be a predictable source of funding for developers, the housing trust fund needs a dedicated source of funding. As of now, a long-term, sustainable source of funding has not been identified. An expanded trust fund with a dedicated source of funding would offer more flexibility and enable the County to better capitalize on market opportunities over time.

Prince George's County needs anywhere from \$2.2 million (constrained estimate) to \$69 million (unconstrained estimate) annually to meet current and future demand for homes among extremely and very low-income households, based on estimates prepared for *Housing Opportunity for All*. The county needs another \$13 million annually to preserve properties with expiring federal subsidies, with more resources to preserve currently unsubsidized, but affordable properties.¹⁰

Areas of consensus among workgroup members: The Housing Opportunities for All Workgroup members agreed on increasing the County's Investment Trust Fund to \$25 million annually (median of all meeting participants' responses); exploring sale of tax certificates, real estate transfer tax, and recordation tax as dedicated sources; incorporating preservation as a core activity; and focusing on using Housing Investment Trust Fund dollars to serve households earning 50 percent of the regional area median or less. The Housing Opportunities for All Workgroup members agreed that resources should be re-allocated to create a dedicated source, rather than increasing revenues sources.¹¹

⁹ As of January 2020, the Housing Investment Trust Fund has a balance of \$4.5 million for gap financing for rental housing. All funding allocated to the County's Purchase Assistance Program for homeownership assistance has been expended. DHCD staff anticipates the remaining funds will be expended in 2020.

¹⁰ The Metropolitan Washington Council of Governments (MWCOC) affirmed the need to serve low- and middle-income households (those with a monthly housing cost up to \$2,499) in its September 2019 adoption of housing targets for the DC metropolitan region. A companion study by the Urban Institute, *Meeting the Washington Region's Future Housing Needs*, estimates that Prince George's County will need 34,400 additional new homes between 2015 and 2030. The study estimates that 31,100 of these homes will need to be affordable to low- and middle-income households (those with a monthly housing cost up to \$2,499) (Table A4). For the full report, see www.urban.org/research/publication/meeting-washington-regions-future-housing-needs/view/full-report. While *Housing Opportunity for All* uses a different method to quantify needs by income level, the broad conclusion to focus on the housing needs of lower-income households holds true.

¹¹ Housing Opportunities for All Workgroup members stressed not increasing revenues sources and rather re-allocating existing resources to expand the County's Housing Investment Trust Fund. Several

Recommended actions by the County Executive and County Council in 2020:

- **Ensure the existing Housing Investment Trust Fund language enables the following:**
 - Alignment with strategies in *Housing Opportunity for All* and the county's greatest needs among households earning 50 percent of regional area median income or less. Workgroup members noted there is a lot of variation among households at or below 50 percent of regional area median income. As a result, specific targets should be set for income groups up to 50 percent regional area median (0–20 percent of regional area median income; 21–30 percent; 31–50 percent).
 - Creation of a dedicated set-aside for preservation activities, including support for right-of-first refusal.
 - Updated criteria for geographic target areas to include Activity Centers and transit station areas, such as Metro Rail and Purple Line station areas.
 - Alignment with updated land use standards created through the Zoning Rewrite to remove barriers to development, diversify the county's housing supply, and support development in target areas.

- **Pass local legislation that authorizes a dedicated source of revenue for the Prince George's County Housing Investment Trust Fund up to \$25 million dollars annually.** Housing Opportunities for All Workgroup members recommended capitalizing the County's Housing Investment Trust Fund to at least \$25 million annually. They prioritized three revenue sources to explore further as part of developing this policy proposal.¹² Based on this evaluation, the recordation tax emerged as an immediate way to partially increase the Housing Investment Trust Fund. Additional revenue sources should be evaluated to identify how to best capitalize the fund to \$25 million or more annually over time.

Budget impact: The total cost would be \$25 million annually. Depending on the funding source or sources used to capitalize the fund to this level, it could result in fewer general funds. For instance, revenue from the recordation tax currently supports the County's General Fund. If a portion was dedicated to the Housing Investment Trust Fund, it would result in fewer general funds proportional to that amount. An increased Housing Investment Trust Fund would create a need for additional DHCD staff and/or subject-matter expertise; the department is already assessing its staffing and functional needs and potential structural changes to align with actions in *Housing Opportunity for All*.

Areas for future consideration:

- **Specify the percentage of the recordation tax to be allocated to the Housing Investment Trust Fund.** The Housing Opportunities for All Workgroup members prioritized three revenue sources for further evaluation as part of developing this policy proposal. The County's recordation tax generates \$46 million–\$53 million annually.¹³ Revenue generated by the recordation tax currently supports the County's General Fund. About 20 percent of the recordation tax's

workgroup members noted that, when combined, the county's real estate transfer and recordation taxes are some of the highest in the state, creating a barrier to homeownership.

¹² The three highest ranked sources by participants at the November 2019 Housing Opportunities for All Workgroup meeting were as follows: 1) sale of tax certificates; 2) real estate transfer tax; and 3) recordation tax. Upon further evaluation, the real estate transfer tax was ruled out as a possible source of funding for the Housing Investment Trust Fund due to legislative requirements that dedicate this revenue to Prince George's County Public Schools, and there was not enough data available about the revenue generated from the sale of tax certificates to draw a conclusion about its viability.

¹³ Prince George's County Office of Management of Budget, November 2019.

revenue (or \$10.6 million based on FY2020 taxes) could be re-allocated in 2020 to provide an immediate and sustainable source of funding for the Housing Investment Trust Fund.

- **Alternative revenue sources.** The principal point of consensus among workgroup members was to re-allocate existing revenue to create a dedicated source for the County's Housing Investment Trust Fund. Discussion among workgroup members also raised the importance of being able to increase the Housing Investment Trust Fund to at least \$25 million, if not more, as needs or market conditions change. To support a larger increase in housing, the County should study all available sources of revenue (including those available but not in use by Prince George's County) to inform future discussions.

Cross-cutting action 1.5. Establish stronger, market-informed inclusionary housing requirements.

Current state and relationship to local needs: No inclusionary housing policy currently exists in Prince George's County. The County previously offered increased density in exchange for below-market workforce housing or commercial units for small businesses, but these were eliminated in the County's updated zoning code. The County has an opportunity to use inclusionary housing to capitalize on its varied submarket conditions and large-scale public investments and assets, including existing and planned transit. More detailed policy options related to requirements, such as set-aside threshold, type and amount of incentives, and applicable geographies will be determined through a market feasibility study, which has an anticipated completion date of Summer 2020.

An inclusionary zoning policy would be one way for Prince George's County to encourage mixed-income communities. Depending on the results of the market feasibility study, inclusionary zoning could serve a wider range of household incomes, including workforce households.

Areas of consensus among workgroup members: The Housing Opportunities for All Workgroup members agreed the following policy approach should be explored as one potential option through the county's forthcoming inclusionary housing study: 1) mandatory program structure; 2) provisions that apply to specific areas in the county rather than countywide (i.e., targeted approach); and 3) 30-year minimum affordability period (if not longer). In addition to exploring this policy approach, workgroup members would like the inclusionary housing study to include examples of policy models from other jurisdictions and an overview of and lessons from Prince George's County's previous use of inclusionary zoning practices.

Recommended actions by the County Executive and County Council in 2020:

- **Support Prince George's County forthcoming inclusionary zoning market feasibility study.** DHCD has already commissioned an inclusionary zoning market feasibility study. The study will be conducted by Enterprise Community Partners, Inc. in 2020. Based on feedback from the Housing Opportunities for All Workgroup members, this study should explore the feasibility of a mandatory program structure; areas in the county where to target inclusionary requirements; and a 30-year minimum affordability period (if not longer) as one potential policy approach. It should also catalog and discuss the County's previous inclusionary housing policies and lessons learned from their use.
- **Develop and introduce inclusionary zoning legislation, if feasible.**¹⁴ Based on completion of the market feasibility study, work with workgroup members, among other stakeholders, to craft and introduce draft legislation that creates an inclusionary housing program for Prince George's County. As part of drafting this legislation, identify any key changes to County development processes and additional staff and/or expertise that would be needed to effectively administer the inclusionary housing policy/program.

Budget impact: No budget impact. Funding for an inclusionary zoning market feasibility study was allocated in 2019 with a matching grant from the [Accelerating Investment for Healthy Communities \(AIHC\) program](#).

¹⁴ Development and introduction of inclusionary zoning legislation is contingent on the results of the feasibility study.

Areas for future consideration:

- ***Ongoing outreach and education about the feasibility study's results.*** Some workgroup members posed comments or questions about the specific design of an inclusionary housing program, including the ability of the county's market to support this type of policy in general and the potential of using a mandatory approach. The feasibility study aims to explore the overall viability of an inclusionary housing program in Prince George's County, based on real estate potential and value (e.g., land, return on revenue), and if feasible, what policy options, including policy/program structure, may work.

Targeted action 2.6. Strengthen the County's and partners' ability to purchase affordable rental properties at risk of converting to market-rate housing (i.e., right-of-first refusal provisions).

Current state and relationship to local needs: Prince George's County existing right-of-first refusal policy aims to advance revitalization and preserve housing opportunities for low- and moderate-income households. When the owner of a multifamily property of 20 units or more decides to sell, this policy grants the Director of DHCD (or their designee) the right to purchase the property on the same terms and conditions as a private offer before a sale can be completed by the seller and the private buyer.

In 2019, 24 properties were eligible for right-of-first refusal. Examples of these properties include a 70-unit property in Riverdale that cost \$7.9 million and a 590-unit property in Langley Park that cost more than \$91 million.¹⁵ These properties underscore the threat of losing the county's currently unsubsidized, but affordable properties, along with the 4,800 units at risk of losing their federal subsidies by 2028. The County continues to explore ways to preserve these properties, including direct outreach to property owners about ways to improve the property conditions and maintain or increase affordability for tenants.

To date, the County has not been able to exercise its right-of-first refusal due to lack of clear guidance about when to exercise its right and how to re-assign its right to a third-party designee and limited financing. DHDC staff has been working with the AIHC program to develop this type of guidance, including an internal evaluation process.

Areas of consensus among workgroup members: The Housing Opportunities for All Workgroup members agreed that changes to the County's existing policy, as well as additional resources for preservation, would strengthen the County's ability to purchase affordable rental properties at risk of converting to market-rate housing near transit and regionally defined Activity Centers. Specifically, workgroup members would like the policy language to explicitly extend the right-of-first refusal to other eligible buyers and establish priority criteria for when DHCD or its designee should exercise their right.

Recommended actions by the County Executive and County Council in 2020:

- **Ensure the existing right-of-first refusal policy addresses implementation in the following ways:**
 - Authorizes the extension of the right-of-first refusal directly to non-profits and mission-driven for-profit developers as eligible buyers (in addition to the Director of DHCD).
 - Creation of priority criteria for when the Director of DHCD should exercise their right. Priority criteria may include the following: 1) affordability level or pricing (serves households earning 60 percent of regional area median income); 2) proximity to the Purple Line; 3) proximity to Metro Rail stations; 4) located in an area designated for multifamily development (per *Plan 2035*); 5) alignment with other geographic priorities in *Housing Opportunity for All*; or 6) located in a state-designated Priority Funding Area.¹⁶

- **Update the County's Right-of-First Refusal Regulations and other internal processes.**

¹⁵ Prince George's County Department of Housing and Community Development, October 2019.

¹⁶ Proximity in this case refers to the common standard for transit-oriented development (TOD): one-half mile around a transit stop. This standard was used in Prince George's County Comprehensive Plan, *Plan2035*. For more information about TOD in Prince George's County, visit www.pgcedc.com/transit-oriented-development.

Budget impact: Increased funding to support preservation activities are captured under the budget impact for Cross-cutting Action 3.1 (Increase the County's Housing Investment Trust Fund).

Areas for future consideration:

- **Tenants associations as eligible buyers.** Workgroup and audience members at the October 2019 Housing Opportunities for All Workgroup meeting identified two types of organizations as proposed eligible buyers: 1) non-profits and 2) tenants' associations. In refining this policy proposal, workgroup members raised questions about whether tenant associations should be included as eligible buyers. There was not consensus among workgroup members on this item, so it was not included in the recommendation. Workgroup members suggested increasing technical assistance to build the capacity of existing tenant associations or assistance to start new ones as part of considering them as an eligible buyer in the future.

Targeted action 3.2. Create a land bank to support redevelopment of abandoned residential properties (or expand powers granted to RDA to provide the same function).

Current state and relationship to local needs: In 2017, the Maryland General Assembly (via HB1168/SB957) authorized the governing body of Prince George's County to enact a local ordinance to establish a land bank. More specifically, the state law allows a county or municipality, or two or more acting together, to create a land bank authority. Establishing a land bank to acquire and return these properties to productive use provides the County with an effective tool to combat blight and vacancy. In Prince George's County, the creation of a land bank entails two key steps: 1) pass local legislation to establish a land bank, including the structure or governance of the land bank; and 2) allocate funding to support start-up costs.

Areas of consensus among workgroup members: The Housing Opportunities for All Workgroup members agreed that a land bank in Prince George's County should carry out a wide range of functions (acquisition, maintenance, and disposition/redevelopment); and use a strategic approach for land acquisition. Workgroup members, along with audience members at the November 2019 Housing Opportunities for All Workgroup meeting, emphasized that the governance of the land bank should be based on the land bank's overall scope and size. They agreed more information about the county's privately owned vacant and abandoned property is needed to inform its governance structure.

These questions and the broader policy approach require more information to fully assess. As a result, the recommendations in this action focus on gathering critical information—namely a comprehensive inventory of vacant and abandoned property and their tax status and building internal and external support for the creation of a land bank—before taking legislative or budgetary action.

Recommended actions by the County Executive and County Council in 2020:

- **Commission the creation of a comprehensive study of privately owned vacant, abandoned, and/or surplus property in the county.** One critical piece of developing local land bank legislation is understanding the universe of privately owned vacant and abandoned properties to further assess if a land bank is the appropriate tool to address them. At a minimum, this study should include the following: 1) inventory of abandoned and vacant property in Prince George's County, including local municipalities, and its tax status (i.e., has the tax certificate been sold); 2) housing and building enforcement activities at these properties; and 3) the cost of enforcement and public safety responses to vacant and abandoned properties.
- **Informed by the previously mentioned study, determine the need for a coordinator to further assess a land bank's quasi-independent structure and interest from local governments (cities, towns, etc.) in Prince George's County.** Specifically, establish a Land Bank Taskforce with representation from different departments in Prince George's County that address property (e.g., Prince George's County Housing Authority, Office of Central Services, Office of Finance, and the Redevelopment Authority) and municipalities in Prince George's County. The taskforce could include additional stakeholders or use the Housing Opportunities for All Workgroup to engage additional stakeholders about land banking as needed. This taskforce should develop priority criteria to identify problem properties and guide the creation of a comprehensive inventory of all vacant, abandoned, and/or surplus properties in the county.

Budget impact: The total cost would be \$30,000 to support an inventory of privately owned vacant, abandoned, and/or surplus property. For the study, the County could allocate \$30,000 in general funds

in 2020. Another option would be to allocate interest and penalties on delinquent taxes; or seek a grant from a private or philanthropic organization.¹⁷

Areas for future consideration:

- ***Identification of a funding source for start-up costs.*** If Prince George's County decides to move forward with the creation of a land bank, it will need to identify a funding source to support start-up and ongoing operating costs. One option is to engage the state of Maryland to allocate funding to support local governments' creation of land banks. Other states, such as Ohio, that enable the creation of local land banks provide state funding to assist with start-up and ongoing operating costs.

¹⁷ According to the Prince George's County Office of Audits and Investigation, penalties and interest on delinquent property taxes generates more than \$3 million a year. This revenue currently supports the County's General Fund and does not have a dedicated purpose. Due to the properties that a land bank would address (vacant and abandoned properties), this source of funding would be directly tied to the issue being addressed.

Appendix 1.
Council Resolution 16-2019

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

2019 Legislative Session

Resolution No. CR-16-2019

Proposed by Council Members Glaros, Turner, Davis, Hawkins, Dernoga, Ivey, Taveras

Introduced by Council Members Glaros, Turner, Davis, Hawkins, Dernoga, Ivey, Taveras,
Harrison, Anderson-Walker and Streeter

Date of Introduction March 5, 2019

RESOLUTION

1 A RESOLUTION concerning

2 Housing Opportunities for All Workgroup

3 For the purpose of establishing a Housing Opportunities for All Workgroup to assist the County
4 in setting priorities and implementing the Comprehensive Housing Strategy report for Prince
5 George's County; to provide advice on any proposed legislation and/or changes being considered
6 by the County to existing policies and legislation and to recommend possible changes for
7 consideration by the County to the County's policies, regulations, procedures, and distribution of
8 County resources; and generally relating to housing in the County.

9 WHEREAS, developing an effective housing policy, which would be comprised of
10 strategies that develop housing for all, benefits the health, social, and economic development of
11 our entire County; and

12 WHEREAS, the Prince George's County Council established, by Council Resolution (CR-
13 13-2016), a Comprehensive Housing Strategy Ad-Hoc Housing Subcommittee to work with the
14 Department of Housing and Community Development, consultants and citizen advisory groups
15 to initiate and develop a Comprehensive Housing Strategy for the County; and

16 WHEREAS the goals of the Ad-Hoc Housing Subcommittee were to provide a variety of
17 quality and diverse housing choices to meet existing and future needs of a diverse population and
18 demographic; evaluate existing housing policy and program tools for effectiveness; provide
19 quality, secure, long-term affordable and workforce rental housing through strategic new
20 development and redevelopment; promote and support provision of affordable and workforce
21 home purchase opportunities for County residents and workers; increase homeownership
22 opportunities, develop strategies that promote regional housing collaboration and coordination as

1 well as consider the unique housing and fiscal challenges in Prince George's County; and
2 promote and encourage sustainable and vibrant communities, thriving families and housing
3 options for all; and

4 WHEREAS, after working with stakeholders over a twenty-four (24) month period, a
5 County Comprehensive Housing Strategy Report, titled "*Housing Opportunity for All*", (herein
6 "Report") was developed and was finalized in March 2019; and

7 WHEREAS, Prince George's County has become a key location for the relocation or
8 expansion sites of several key federal agencies and high value economic development activities,
9 all which will have a direct effect on short and long-term job creation, whereby diverse
10 affordable housing is needed to house potential employees; and

11 WHEREAS, Prince George's County has significant land opportunities, transit-oriented
12 development sites and a diverse housing stock at prices less than neighboring jurisdictions; and

13 WHEREAS, the Comprehensive Retail Market Strategic Plan recognized the need for
14 housing in strategic locations to support high-quality retail and the Approved County General
15 Plan 2035 identified the need for different housing types to support mixed-use walkable
16 neighborhoods; and

17 WHEREAS, Prince George's County continues to experience challenges including
18 foreclosures and shortages of quality affordable and workforce housing; and

19 WHEREAS, there is value in having a Housing Opportunities for All Workgroup to assist
20 the County with the creation and monitoring of a Countywide Housing Policy, to provide
21 guidance and assistance with implementing comprehensive strategies to promote and preserve
22 housing for all; to provide guidance and innovation in financing tools and the re-distribution of
23 County resources, promote strategies for equitable access to healthcare, education, jobs, and
24 transportation; and to assist the County assess barriers to fair, affordable, diverse and quality
25 housing opportunities to meet existing and future needs for the County's diverse population.

26 NOW, THEREFORE, BE IT RESOLVED by the County Council of Prince George's
27 County, Maryland, that the Housing Opportunities for All Workgroup is hereby established to
28 assist the County monitor and evaluate the effectiveness of the Comprehensive Housing Strategy
29 and implementing the strategies thereof.

30 BE IT FURTHER RESOLVED that the Housing Opportunities for All Workgroup will
31 have an initial term of two (2) years from the date of adoption of this Resolution. If determined

1 advantageous and desirable, the Housing Opportunities for All Workgroup may be reauthorized
 2 in subsequent years by Council Resolution. The Housing Opportunities for All Workgroup shall
 3 meet at least on a quarterly basis, unless otherwise required by the County Council or as deemed
 4 appropriate by the Co-Chairs of the Workgroup.

5 BE IT FURTHER RESOLVED that the Housing Opportunities for All Workgroup shall be
 6 composed of nineteen (19) members, as follows:

- 7 1. The Chair of the Prince George's County Council or the Chair's designee; and
- 8 2. The Director of the Department of Housing and Community Development or their
 9 designee who will serve as Co-Chair of the Comprehensive Housing Workgroup; and
- 10 3. The President and CEO of the Prince George's County Chamber of Commerce or their
 11 designee; and
- 12 4. The President and CEO of the Prince George's Economic Development Corporation,
 13 or their designee; and
- 14 5. The Director of the Prince George's Department of Social Services, or their designee;
 15 and
- 16 6. The Director of Prince George's County Department of Planning or their designee; and
- 17 7. The Chairman of the Board of the Prince George's County Housing Authority or their
 18 designee; and
- 19 8. One (1) Representative from each of the following Organizations: Prince George's
 20 County Association of Realtors (PGCAR); CASA de Maryland (CASA); Prince George's
 21 County Municipal Association (PGCMA); Maryland Building Industry Association – Prince
 22 George's Chapter (MBIA); Apartment and Office Building Association (AOBA); and the City of
 23 Bowie (the County's Fair Housing partner); and
- 24 9. One (1) Representative from each category of the following areas, jointly selected by
 25 the County Executive and County Council Chair: Senior Community, Non-Profit/Faith
 26 Community, Housing Advocacy Organization, Disability Community; Non-profit housing
 27 developer and "For-profit" Developer.

28 BE IT FUTHER RESOLVED that appointment of members shall be completed within 30
 29 days after the adoption of this Resolution.

30 BE IT FURTHER RESOLVED that should either member listed above cannot serve in
 31 their full capacity, the agency/organization should provide a replacement within 30 days.

1 BE IT FURTHER RESOLVED that the Council Administrator and the Department of
2 Housing and Community Development shall assign appropriate technical and administrative
3 support staff, or contract for policy support as necessary, to assist the Housing Opportunities for
4 All Workgroup in its work.

5 BE IT FURTHER RESOLVED that the Housing Opportunities for All Workgroup will use
6 the existing Report and other data resources to create the framework of a housing policy; will
7 create benchmarks that will be monitored and distributed in a transparent manner; and provide
8 quarterly updates of the benchmarks and strategies to the County Council and submit an annual
9 report by January 1st of each year outlining activities, status of implementation and
10 recommendations to be used for incorporation within the upcoming budget and calendar year.

Adopted this ____ day of _____, 2019.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Todd M. Turner
Chair

ATTEST:

Redis C. Floyd
Clerk of the Council

Appendix 2.

Supporting data from *Housing Opportunity for All*

CHANGING POPULATION AND HOUSING NEEDS

Demographics—or who lives within the county—have changed over time. Housing needs and preferences in Prince George’s County are changing as the county’s population changes. Today, Prince George’s County has more seniors and persons living alone or with roommates, while average household size increased slightly. Prince George’s County needs to offer more homes—for a range of income levels, preferences, and phases of life—to meet existing and future housing needs among existing and new residents.



TOTAL POPULATION

POPULATION GROWTH (2010–2015):
+3% | 29,000+ new county residents

PROJECTED POPULATION (2030):
950,000+ county residents



SENIORS (AGED 65+)

2010:
~82,000

2015:
~96,000

COST-BURDENED HOUSEHOLDS IN PRINCE GEORGE’S COUNTY

The number of households paying too much for housing—and the amount of their paycheck they are spending on housing—has grown.



41% of all households pay 30% or more of their monthly income on housing costs.

49% of all renters | **36%** of all owners

CHANGE IN COST-BURDENED HOUSEHOLDS (2000–2014):
+11,683 households

CAN DIFFERENT OCCUPATIONS IN PRINCE GEORGE’S COUNTY AND THE SURROUNDING REGION AFFORD TO RENT OR OWN?

= CANNOT AFFORD TO RENT = CANNOT AFFORD TO OWN = ABLE TO RENT OR OWN

OCCUPATION	MEDIAN ANNUAL EARNINGS	MAX AFFORDABLE MONTHLY HOUSING COST	SINGLE EARNER	SINGLE EARNER 90 TH PERCENTILE	DOUBLED UP
RETAIL SALESPERSON	\$23,500	\$587			
CASHIER	\$21,840	\$546			
OPERATIONS MANAGER	\$134,300	\$3,357			
FOOD PREP WORKER	\$20,940	\$523			
MANAGEMENT ANALYST	\$98,750	\$2,468			
JANITOR	\$25,740	\$643			
BUSINESS OPERATIONS SPECIALIST	\$92,150	\$2,303			
OFFICE CLERK	\$36,730	\$918			
ADMINISTRATIVE ASSISTANT	\$42,860	\$1,071			
SERVER	\$21,930	\$548			

Sources: Plan2035; 2010 Decennial Census; 2011–2015 American Community Survey 5-Year Estimates; 2000 and 2014 Comprehensive Housing Affordability Strategy; VCHR tabulation of 2016 U.S. Bureau of Labor Statistics. Round 9.0 Cooperative Forecast Summary for Prince George’s County. Prepared by M-NCPPC, Research Section (May 2016). Available at www.pgpc.com/523/Cooperative-Forecast-Round-90.

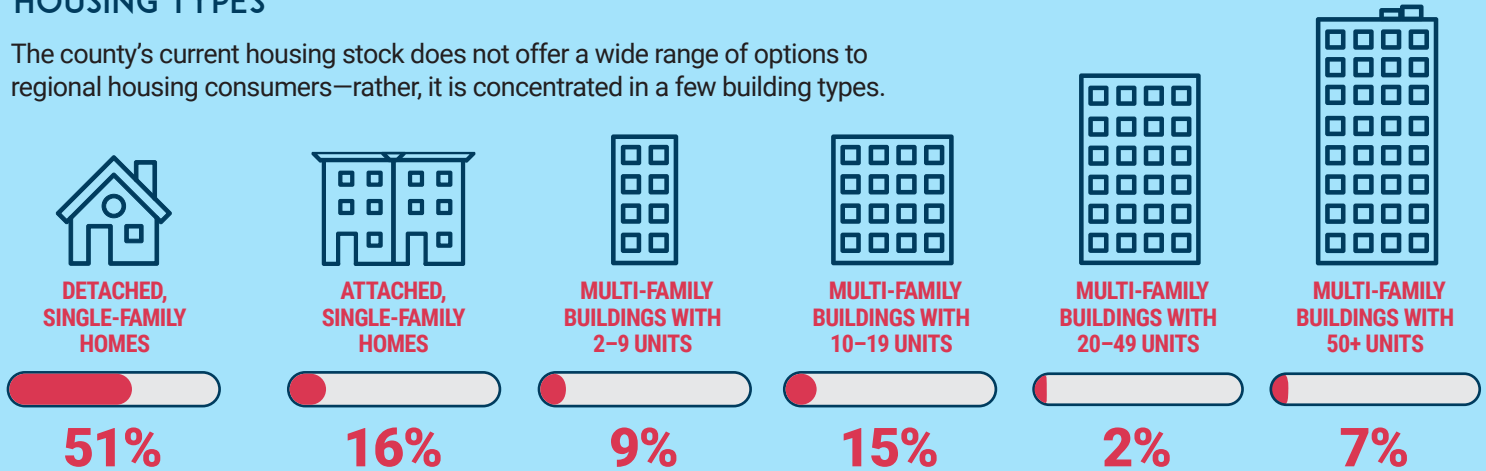
HOUSING MARKET CONDITIONS

VARIED MARKET CONDITIONS

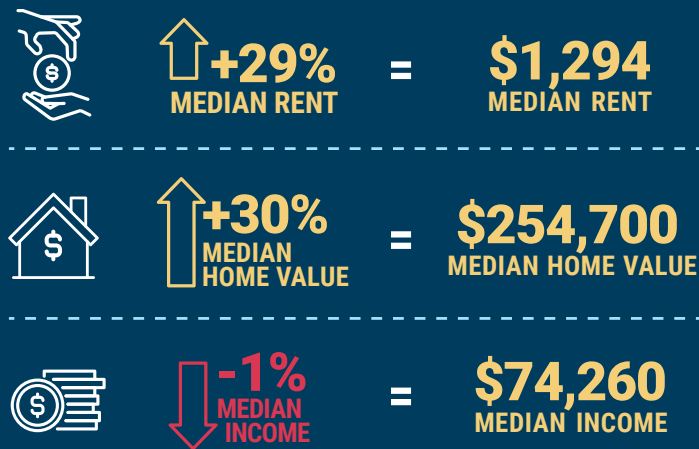
The local and regional housing market is one of Prince George's County's most powerful tools to unlock new development opportunities and create benefits for long-time residents. Median rents and home values have increased countywide over time. What is the impact of higher housing costs? It varies among residents living in different parts of Prince George's County and developers. These varied perspectives show that there's more than one way to think about the County's housing market.

HOUSING TYPES

The county's current housing stock does not offer a wide range of options to regional housing consumers—rather, it is concentrated in a few building types.



HOUSING COSTS: 2000-2015

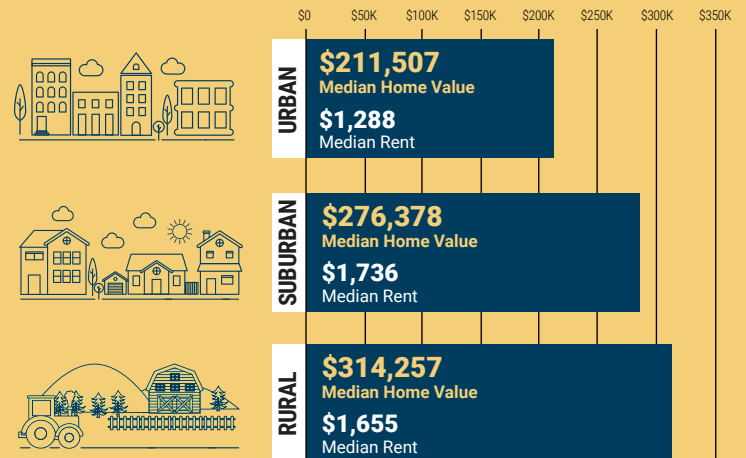


FAIR MARKET RENT (FY17):

\$1,513 (1 bedroom) | **\$1,746** (2 bedroom) | **\$2,300** (3 bedroom)

MARKET VARIATION ACROSS URBAN, SUBURBAN, AND RURAL SUBAREAS

Median home values and rents in the suburban and rural areas of the county are approaching some neighboring jurisdictions:



SUBSIDIZED HOUSING SUPPLY

MORE THAN **18,000** UNITS >>>

(OR 5% OF ALL HOUSING UNITS) IN PRINCE GEORGE'S COUNTY RECEIVE A FEDERAL SUBSIDY.



MORE THAN HALF OF SUBSIDIZED HOUSING CONTRACTS (OR ABOUT 6,000 UNITS) COULD EXPIRE BY 2030.



Appendix 3.

Housing Opportunities for All Workgroup Notes
September–November 2019 meetings

Housing Opportunities for All Workgroup Meeting

September 6, 2019

MEETING NOTES

Key takeaways

- Workgroup members agreed to use an iterative, consensus-based process to fulfill its roles, as outlined in CR-16-2019.
- Workgroup members agreed to focus on four policy-related actions from *Housing Opportunity for All* between September and December 2019. These actions were identified by the Workgroup co-chairs as some of the most immediate policy-related questions for both the executive and legislative. The actions are as follows:
 - **Cross-cutting actions:**
 - Cross-cutting action 1.5. Establish stronger, market-informed inclusionary housing requirements.
 - Cross-cutting action 3.1. Increase the County's Housing Investment Trust Fund (HITF).
 - **Targeted actions:**
 - Targeted action 2.6. Strengthen the County's and partners' ability to purchase affordable rental properties at-risk of converting to market-rate housing (i.e., right-of-first refusal provisions).
 - Targeted action 3.2. Create a land bank to support redevelopment of abandoned residential properties (or expand powers granted to the Redevelopment Authority to provide the same function).
- Workgroup members developed policy objective statements for the four policy-related actions. These objectives will inform other, more specific aspects of policy development.
- Future Workgroup meeting will start with a large-group discussion of the draft policy objectives for each action.

Questions from Workgroup & audience members

- **Does inclusionary zoning only apply to multifamily? Or has it/can it be used for townhomes and single-family developments?**
 - The policy or program determines which properties inclusionary provisions are applied to; as a result, they can apply to multifamily, townhome, or single-family developments.
 - Montgomery County's Moderately Priced Dwelling Unit (or MPDU) program was cited as an example. It applies to any subdivision more than 20 units and requires a 99-year affordability period.
- **Does inclusionary housing apply to accessory dwelling units (or ADUs)?**
 - Typically, inclusionary housing policies apply to primary dwelling units.
- **Why did the County's past attempts at inclusionary housing policies fail?**

Housing Opportunities for All Workgroup
September 2019 meeting
MEETING NOTES

- County staff explained that on past iteration applied to townhomes and required that dedicated units match market-rate ones. She noted that legislation was passed to limit townhome construction.
- **Where are the greatest needs for increased supply in Prince George's County (i.e., who are we trying to solve for)?**
 - In terms of price, there are limited for-sale housing options for households earning more than the area median income (AMI).
 - Most of the county's rental supply is priced for households earning between 31 and 80% AMI.
 - The county has fewer rental units for households earning above 80% AMI and below 30% AMI (see page 31 of *Housing Opportunity for All*).
- **Does area median income refer to the County's household median income or the region's household median income?**
 - Analysis completed for *Housing Opportunity for All* defined needs using household area median income for the Washington, DC region (as defined by the U.S. Department of Housing and Urban Development).
 - Considering needs using HUD-defined income levels builds continuity with regional housing initiatives and federal program guidelines that the County uses when administering its federal funding.
 - There's widespread recognition that the median household income in Prince George's County (about \$79,000 according to the 2012–2017 American Community Survey) is lower than the median household income in the Washington, DC region (about \$121,000 according to HUD's FY19 income limits).

Informational requests

- Matrix of inclusionary housing policies from different jurisdictions
- More information about past inclusionary housing efforts in Prince George's County

Small-group report-out & discussion notes

POLICY ACTION #1

CROSS-CUTTING ACTION 1.5

Establish stronger, market-informed inclusionary housing requirements.

Policy objective: *An inclusionary housing policy in Prince George's County would support rental and homeownership opportunities from a local and regional perspective. The policy should be informed by a study that examines what overlaying incentives would work best for developers and attract and retain residents, examples of other policy models, and the County's history of using inclusionary zoning practices.*

Discussion notes:

- Why?
 - Production & preservation of rental and homeownership opportunities throughout the county
 - Data analysis to understand what will work given the market conditions
 - Anti-displacement

Housing Opportunities for All Workgroup
September 2019 meeting
MEETING NOTES

- What are the 2-3 biggest challenges with implementing an inclusionary housing policy?
 - The county has a wide variety of different markets, so one kind of inclusionary housing policy might work one place and not another.
 - Political resistance to affordable housing

POLICY ACTION #2

CROSS-CUTTING ACTION 3.1

Increase the County's Housing Investment Trust Fund (HITF).

Policy objective: An expanded Housing Investment Trust Fund in Prince George's County would 1) expand production and preservation of homes for households below 80% AMI with targets for families and individuals below 30% AMI; 2) be flexible and used to leverage other funding sources; and 3) expand down payment assistance.

Discussion notes:

- Why?
 - Purchase multifamily or single-family properties in targeted areas of underinvestment to preserve affordable housing
 - Provide rental assistance (for households at 10% AMI)
 - Expand production and preservation for households at or below 80% AMI
 - Ability to use anywhere in the County
 - 80% because of ability to leverage other resources
 - Funds should be flexible and can be used to leverage other resources.
 - Targeted use of funds for households at or below 20-30% AMI (i.e., \$30,000 family without access to benefits); need to have targets for this income level.
 - Expand down payment assistance (first-time homebuyers); not enough funds.
- What are the 2-3 biggest challenges with expanding the County's Housing Investment Trust Fund?
 - Modifications to existing legislation
 - Funding
 - Need for a dedicated/automatic funding source (in additions to contributions from the general fund)
 - If the funding was doubled (\$10 million over five years), it's not a lot. In other words, it wouldn't support many developments relative to need; average fund request is \$2-3 million per project (based on staff's estimate).
 - Should be data-driven (i.e., aligned with data/needs).

POLICY ACTION #3

TARGETED ACTION 2.6

Strengthen the County's and partners' ability to purchase affordable rental properties at-risk of converting to market-rate housing (i.e., right-of-first refusal provisions).

Policy objective statement: Stronger right of first refusal provisions in Prince George's County would be used to maintain quality housing that serves a diverse selection of income (AMI) groups (including low-

Housing Opportunities for All Workgroup
September 2019 meeting
MEETING NOTES

and moderate-income and market-rate).

Discussion notes:

- Why?
 - Policy as it's currently designed is not operable; hasn't been used since inception.
- What are the 2-3 biggest challenges with using the County's right-of-first refusal?
 - Sustainable funding solutions, including third party resources
 - Technical expertise to use right-of-first refusal in a timely manner (may not exist currently among County staff)
 - Uncertainty from both the County's and buyer's perspectives:
 - County: Intentions of buyer following sale / long-term agenda for property (alignment)
 - Buyer: County process and timeline

POLICY ACTION #4

TARGETED ACTION 3.2

Create a land bank to support redevelopment of abandoned residential properties (or expand powers granted to the Redevelopment Authority to provide the same function).

Policy objective statement: A land bank in Prince George's County would eliminate blight, remove barriers to use, convey properties to prospective landowners (new) and hold properties for future use.

Discussion notes:

- Why?
 - Preservation of affordable housing stock for low- and moderate-income households
 - Remove blight
 - Public safety
- How would you know if a landbank was successful?
 - Home sales
 - Sustained community health
 - Revitalize communities
 - Pride in neighborhoods
- What are the 2-3 biggest challenges with establishing a land bank?
 - Finding properties and property owners
 - Identification of land bank manager
 - Capitalization of managing entity (for operating costs) and acquisition of properties
 - Disposition priorities

Housing Opportunities for All Workgroup Meeting

October 18th, 2019

MEETING NOTES

Key takeaways

- Workgroup members developed preliminary policy proposals for two policy actions from *Housing Opportunity for All*:
 - Cross-cutting action 1.5. Establish stronger, market-informed inclusionary housing requirements.
 - Targeted action 2.6. Strengthen the County's and partners' ability to purchase affordable rental properties at-risk of converting to market-rate housing (i.e., right-of-first refusal provisions).
- Workgroup members agreed on key elements of an inclusionary housing policy. This guidance will be used to inform the forthcoming inclusionary housing feasibility study (to be completed in 2020).
 - Energy focused on exploring a mandatory program structure; geographic targeting; and a 30-year minimum affordability period (if not longer).
- Workgroup members agreed on aspects of an updated right-of-first-refusal policy (eligibility, property criteria, and notice provisions).
 - Energy focused on increasing eligible buyers to other entities, such as nonprofits and tenant associations and establishing priority criteria for when DHCD or its designee should exercise its right.

Questions from Workgroup & audience members

- ***What about the County's existing right-of-first refusal policy needs to be strengthened (as implied in the action's language)?***
 - *Housing Opportunity for All*, along with ongoing conversations among DHCD staff and Purple Line Corridor Coalition members, noted the following gaps within the County's right-of-first refusal policy:
 - A clear framework for prioritizing properties for purchase (i.e., when to exercise the right)
 - Clear guidance and mechanism (e.g., request for qualifications) to re-assign the right to a designee
 - Funding to effectively match offers (i.e., quick access to capital)

Informational requests

- Information about the Affordable Housing Ordinance's production in Arlington County:
 - According to a 2014 evaluation, Arlington County's density bonus supported the creation of 131 on-site Committed Affordable Housing Units from FY2006 to FY2013.¹

¹ <https://arlingtonva.s3.amazonaws.com/wp-content/uploads/sites/15/2015/05/DRAFT-Implementation-Framework-5.0.pdf>

Housing Opportunities for All Workgroup
October 2019 meeting
MEETING NOTES

- It's worth noting that Arlington County has a voluntary, incentive-based policy. In contrast, Montgomery County's Moderately Priced Dwelling Unit Program (MPDU) is a mandatory program. This program, since its start in 1976, has produced more than 15,000 rental and homeownership units. Between 1976 and 2004, it has produced an average of 418 MPDUs annually.² The largest number of units was built in 1984 (1,224 MPDUs).³

Large-group reflection & discussion notes

POLICY ACTION #1

CROSS-CUTTING ACTION 1.5

Establish stronger, market-informed inclusionary housing requirements.

Policy objective: *An inclusionary housing policy in Prince George's County would support rental and homeownership opportunities from a local and regional perspective. The policy should be informed by a study that examines what overlaying incentives would work best for developers and attract and retain residents, examples of other policy models, and the County's history of using inclusionary zoning practices.*

Policy proposal (generated by areas of agreement):

**The numbers in parentheses after each policy option denotes the frequency of participants' responses.*

- **Program structure:**
 - Mandatory with flexible options (17)
- **Applicability:**
 - Geographically targeted or countywide with target areas (29)
 - Proposed target areas included:
 - TODs
 - Revitalization areas
 - Opportunity Zones
 - Activity Centers
 - High-density areas
 - Inner Beltway areas
 - Strong ("hot") real-estate markets
- **Requirements:**
 - **Affordability period:**
 - Minimum of 30 years (if not longer) (15)
 - **Income level served:**
 - Affordable to households making 60% area median income or less
 - Support seniors and people with special needs
- **Alternatives:**
 - Pay a fee (with funds going into the County's Housing Investment Trust Fund) (17)
 - Offsite development or preservation (in same geographic area) (10)

² <https://www.montgomerycountymd.gov/DHCA/housing/singlefamily/mpdu/produced.html>

³ http://www.montgomeryplanning.org/community/housing/frequently_asked_questions.shtm

Housing Opportunities for All Workgroup
October 2019 meeting
MEETING NOTES

Areas for further exploration/clarification:

- **Defining income limits**
 - Discussion focused on the need to tailor the area median income guidelines to household incomes in Prince George's County, which tend to be lower relative to other parts of the region. Consider using the County's household median income instead of area median income, as 60% area median income for Prince George's County is roughly equivalent to 100% of Prince George's County's median household income.
 - Participants recommended using regional area median income levels that align with the County's median household income. This will build continuity with other programs and resources that use federally defined income limits and make it easier for developers to understand the policy rules.
- **Clarifying special needs populations**
 - There needs to be additional clarification about what "special needs" means in terms of specific populations (e.g., seniors, persons living with disabilities, persons experiencing homelessness), and it should be noted that these populations likely need housing affordable at 30% area median income.

Additional notes:

- The importance of focusing on the intent of the inclusionary housing policy was stressed (i.e., what is the policy designed to accomplish?).
- There was recognition that developers are doing more projects in Prince George's County and caution about imposing requirements that would deter developers.

POLICY ACTION #2

TARGETED ACTION 2.6

Strengthen the County's and partners' ability to purchase affordable rental properties at-risk of converting to market-rate housing (i.e., right-of-first refusal provisions).

Policy objective: *Stronger right-of-first refusal provisions in Prince George's County would be used to maintain quality housing that serves a diverse selection of income (AMI) groups (including low-and moderate-income and market-rate).*

Policy proposal (generated by areas of agreement):

**The numbers in parentheses after each policy option denotes the frequency of participants' responses.*

- **Eligible buyers:**
 - Nonprofits (including nonprofit developers) (25)
 - Tenant associations (14)
 - Mission-driven, for-profit developers (12)
 - Housing Authority (11)
 - Redevelopment Authority (7)
 - Faith-based institutions (4)
- **Property criteria:**
 - **Property size:**
 - Reduce from 20 units to a lower unit threshold (4–15-unit properties).
 - **Properties to prioritize:**

Housing Opportunities for All Workgroup
October 2019 meeting
MEETING NOTES

- Recent loss of or at-risk of losing federal, state, or local subsidy (and related affordability requirements) (8)
- Naturally occurring affordable housing (NOAH) (7)
- Near transit (i.e., TODs, Activity Centers, Purple Line) (7)
- Multifamily (5)
- Those serving special needs
- **Notice provisions:**
 - Extended notice for tenants before a sale (11)
 - Right-of-first offer provision (9)
 - Extended seller notice (5)

Areas for further exploration/clarification:

- ***Lowering property size threshold***
 - Reducing the unit threshold substantially below 20 units will require more County staff. Without a complementary increase in staff, properties may not be reviewed quickly, and as a result, the County may miss opportunities due to the sheer volume of eligible properties.
 - Reducing the unit threshold to four units could be overly burdensome on individual property owners (as opposed to larger companies and property owners).
- ***Clarifying NOAH***
 - NOAH needs to be more clearly defined, as Prince George's County already possesses a considerable portion of the region's "naturally occurring" affordable housing.

Additional notes:

- Concerns about tenants being protected from developers, who may try to incentivize tenants to exercise right-of-first refusal when it is not in their best interest, were raised.
 - This type of situation could be countered by access to legal services, education, and capacity-building.
- The brainstorming activity generated additional potential buyers not included in the policy proposal above. The following organizations were each recommended once:
 - Revenue Authority
 - Landbank (when created)
 - Community Development Corporations
 - Impact investors (added during discussion)
 - Prince George's County Economic Development Corporation

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Key takeaways

- Workgroup members developed preliminary policy proposals for two policy actions from *Housing Opportunity for All*:
 - Cross-cutting action 3.1. Increase the County's Housing Investment Trust Fund (HITF).
 - Targeted action 3.2. Create a land bank to support redevelopment of abandoned residential properties (or expand powers granted to the Redevelopment Authority to provide the same function).
- Workgroup members agreed on key elements of a land bank (functions, governance structure, disposition priorities).
 - Energy focused on creating a landbank with wide range of functions (acquisition, maintenance, and disposition/redevelopment); using a strategic approach for land acquisition; and independent or quasi-independent structure.
- Workgroup members agreed on key decisions related to expanding the County's Housing Investment Trust Fund (HITF) (amount, dedicated source of revenue, and priority uses).
 - Energy focused on increasing the trust fund to \$25 million (median); exploring sale of tax certificates and real estate transfer tax as dedicated sources; incorporating preservation as a core activity; and focusing on using HITF dollars to serve households earning 50% of regional area median or less.

Large-group reflection & discussion notes

POLICY ACTION #3

TARGETED ACTION 3.2

Create a land bank to support redevelopment of abandoned residential properties (or expand powers granted to the Redevelopment Authority to provide the same function).

Policy objective: A land bank in Prince George's County would eliminate blight, remove barriers to use, convey properties to prospective landowners and hold properties for future use

Policy proposal (generated by areas of agreement):

**The numbers in parentheses after each policy option denotes the frequency of participants' responses.*

- **Functions:**
 - Property acquisition, maintenance and disposition (29)
- **Approach:**
 - More strategic (proactive acquisition) (28)
- **Geographic focus:**
 - Countywide (24)
- **Disposition priorities:**

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- Income-restricted affordable homes (rent or sale) (30)
- Mixed-income housing (22)
- Mixed-use development (21)
- Workforce homes (rent or sale) (20)
- **Scale:**
 - Medium to large scale (land assembly, larger scale multifamily) (24)
- **Structure/governance:**
 - Independent or quasi-governmental organization (31)

Areas for further exploration/clarification:

- **Scale of landbanking activities:**
 - Discussion focused on the need to clarify what scale means for a landbank, including if both large- and small-scale activities should be pursued. Some suggested revisiting this and starting at a smaller scale with plans to ramp up over time.
- **Advantages of a landbank versus other tools (like expanded funding):**
 - It is worth considering what the County might be giving up when funding is dedicated to a land bank, as opposed to other housing related policies and programs. Councilmember Glaros' response was that this is one of the items they would like guidance from the Workgroup on.

Additional notes:

- **Additional functions/powers for land bank:**
 - Discussion focused on coupling a strategic approach with legislation or other powers to enable the land bank or County to accelerate the acquisition process (i.e., move properties to the land bank more quickly).
- **Deconcentrating poverty/mixed-income communities:**
 - Discussion focused on the role of land bank and complementary policies being discussed by the Workgroup to deconcentrate poverty and build more mixed-income communities. Workgroup and audience members said that the role of inclusionary zoning to deconcentrate poverty and the ability to build multigenerational wealth should be considered.

POLICY ACTION #4

CROSS-CUTTING ACTION 3.1

Increase the County's Housing Investment Trust Fund (HITF)

Policy objective: *An expanded Housing Investment Trust Fund in Prince George's County would 1) expand production and preservation of homes for households below 80 percent of area median income with targets for families and individuals below 30 percent of area median income; 2) be flexible and used to leverage other funding sources; and 3) expand down payment assistance.*

Policy proposal (generated by areas of agreement):

**The numbers in parentheses after each policy option denotes the frequency of participants' responses.*

- **Total HITF Funding:**
 - Top five vote getters receiving 5+ votes (in order of popularity)

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- \$25M (7)
- \$69M (6)
- \$75M (5)
- \$15M (5)
- \$10M (5)
- **Dedicated source of revenue:**
 - Sale of tax certificates (delinquent property) (19)
 - Real estate transfer tax (19)
- **Earmarked funding (or set-asides within the HITF):**
 - *Set-asides for people (4+ votes in order of popularity)*
 - Persons living disabilities (10)
 - Seniors (9)
 - Families with children (6)
 - Persons experiencing a housing crisis (5)
 - Missing middle homes or properties (4)
 - Persons experiencing homelessness (4)
 - *Set-asides for places (4+ votes in order of popularity)*
 - Activity centers (15)
 - Metro station areas (10)
 - Purple line station areas (7)
 - Opportunity Zones (5)
 - Areas with higher access to opportunity (as defined by HOFA) (5)
 - Mixed income communities (5)
 - Transforming neighborhood initiative areas (4)
 - *Set-asides for properties (4+ votes in order of popularity)*
 - Properties developed and owned by nonprofits (11)
 - Properties eligible for purchase through right-of-first refusal (6)
 - Mixed-use properties (4)
- **Income groups:**
 - 0-30% AMI (43)
 - 31-50% AMI (38)
- **Prioritized activities:**
 - New construction of affordable and workforce housing (32)
 - Preservation of affordable and workforce housing (renter and owner occupied) (27)

Areas for further exploration/clarification:

- **Past revenues/reliability of revenue sources:**
 - Discussion focused on the reliability of different revenue sources, which should be accounted for when identifying a dedicated source. One member asked for more information about how much the County received (or could receive) for each of the potential sources.

Additional notes:

- **Serving those most in need:**
 - Discussion focused on the need to use the County's Housing Investment Trust Fund to serve those most in need (i.e., households with some of the lowest incomes in the

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County and region). One member highlighted the importance of using the Workgroup to send a clear message about meeting the needs of the County's most vulnerable residents. Another member noted the need to consider the two income groups with the most energy (0-30% AMI and 31-50% AMI) as two distinct groups and tailor resources accordingly.

Summary of responses - November meeting attendees		
	With outliers*	Without outliers
Average	\$41.9 million	\$34.1 million
Median	\$25 million	\$25 million
Min	\$50,000	\$5 million
Max	\$410 million (10% Operating Budget)	\$75 million
<i>*Outliers: \$410M (10% of operating budget) and \$50K</i>		