



# THE PRINCE GEORGE'S COUNTY GOVERNMENT

## Office of Audits and Investigations

May 27, 2022

### MEMORANDUM

TO: Robert J. Williams, Jr.  
Council Administrator

William M. Hunt  
Deputy Council Administrator

THRU: Josh Hamlin   
Senior Legislative Budget and Policy Analyst

FROM: Malcolm Moody - *mm*  
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement  
CR-041-2022 Housing Investment Trust Fund for Housing & Community  
Development – Residences at Springbrook Project (Draft 1)

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**CR-041-2022** *Proposed by:* The Chair of the Council at the request of the County Executive;  
*Introduced by:* Council Members Hawkins, Harrison, Turner, Franklin, Glaros, Taveras, and  
Streeter.

Assigned to Committee of the Whole (COW)

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A RESOLUTION CONCERNING THE HOUSING INVESTMENT TRUST FUND FOR HOUSING AND COMMUNITY DEVELOPMENT FOR THE PURPOSE of committing and allocating to the Residences at Springbrook project (formerly known as 8320 Schultz Road) (the "Project"), an eligible activity not originally funded, the amount of seven hundred fifty thousand dollars (\$750,000) in Housing Investment Trust Fund ("HITF") Program funds for gap financing of new housing construction.

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### Fiscal Summary

#### Direct Impact:

*Expenditures:* Increased expenditure of \$750,000 in the form of a loan from the HITF.

*Revenues:* Loan repayment will increase revenues during the loan term.

**Indirect Impact:**

Likely Positive.

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**Legislative Summary:**

CR-041-2022, proposed by Council Chair Hawkins by request of the County Executive and sponsored by Council Members Hawkins, Harrison, Turner, Franklin, Glaros, Taveras, and Streeter, was introduced on April 26, 2022, and referred to the Committee of the Whole. CR-041-2022 seeks to commit \$750,000 of Housing Investment Trust Fund program funds for the purposes of gap-financing for the construction of new housing, for the Residences at Springbrook Project in Clinton, Maryland. The Public Hearing is scheduled for May 31, 2022.

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**Current Law/Background:**

The Housing Investment Trust Fund, a non-lapsing fund, was created through legislation, CB-021-2012<sup>1</sup>, and is codified at Subtitle 10, Division 19<sup>2</sup> of the County Code. The purposes of the Fund<sup>3</sup> are to:

1. Develop effective strategies to strengthen County Neighborhoods impacted by foreclosures consistent with the County's Five-Year Consolidated Plan<sup>4</sup>;
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, non-profit or for-profit entities;
4. Provide for land banking of vacant, abandoned, and foreclosed properties in the County; and
5. To otherwise reduce and minimize the occurrence of foreclosures by coordination and use of County, State, and Federal resource programs.

The Housing Investment Trust Fund law was amended by CB-057-2017<sup>5</sup> 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.

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<sup>1</sup> Prince George's County Council - [Reference No. CB-021-2012](#)

<sup>2</sup> Prince George's County Code, [DIVISION 19. - HOUSING INVESTMENT TRUST FUND.](#)

<sup>3</sup> Prince George's County Code, [Sec. 10-295. - Purposes and uses](#)

<sup>4</sup> [Final FY 2021-2025 Consolidated Plan](#)

<sup>5</sup> Prince George's County Council - [Reference No. CB-057-2017](#)

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.

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### **Resource Personnel:**

- Aspasia Xypolia, Director Department of Housing and Community Development (DHCD)
  - Adedamola George, Community Services Manager, DHCD
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### **Discussion/Policy Analysis:**

The Residences at Springbrook project are located at 8230 Schultz Road, Clinton, Maryland 20735 on a 3.51-acre site. The Project is centered around the construction of new housing previously approved through CR-038-2021<sup>6</sup>, which was adopted on May 18, 2021, for the use of HOME Program funds in the amount of three million dollars (\$3,000,000) and amended the County's FY 2021 Annual Action Plan. CR-040-2021<sup>7</sup> previously approved a Payment in Lieu of Taxes ("PILOT") agreement relating to the Project. On May 18, 2022, the development team which consists of Housing Initiative Partnership, Inc., Parallax Development Group, LLC, and Banc of America Community Development Corporation, submitted a request to the Department of Housing and Community Development ("DHCD") to seek additional funding equal to seven hundred fifty thousand dollars (\$750,000). The current economic crises including supply chain disruptions, inflation, and rising interest rates are used to justify the request for additional funding. The project is also facing a deficit of one million, seven hundred fifty thousand dollars (\$1,750,000). Currently, the DHCD proposes the allocation of an additional seven hundred fifty thousand dollars (\$750,000) from the HITF to support the Project.

The Project involves the land acquisition and new construction of ninety (90) units of affordable rental housing for seniors, age sixty-two (62) and over. Thirty-six (36) of the ninety (90) units will be reserved for senior households at sixty percent (60%) of the Area Median Income ("AMI"), forty-four (44) units will be reserved for senior households at fifty percent (50%) of the AMI, and ten (10) units will be reserved for senior households at forty percent (40%) of the AMI. The unit mixture of the Project will consist of seventy-two (72) one-bedroom units and eighteen (18) two-bedroom units. One-bedroom units will range from one thousand, one hundred thirty-seven dollars (\$1,137) to one e thousand, two hundred seven dollars (\$1,207) and two-bedroom will range from one thousand, three hundred sixty dollars (\$1,360) to one thousand, four hundred twenty-nine dollars (\$1,429).

The project will include amenities such as a large multi-purpose community room with a kitchenette, a party room, and a workout room. There will also be common areas and laundry rooms located on the second, third, and fourth floors. Habitat America will serve as the managing agent and maintain an onsite management office. There will also be a Social Services Coordinator

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<sup>6</sup> Prince George's County Council - [Reference No. CR-038-2021](#)

<sup>7</sup> Prince George's County Council - [Reference No. CR-040-2021](#)

onsite for fifteen (15) hours per week to organize and monitor programming and identifying onsite services for individual residents. Transportation will be made available to residents who need to travel off-site for medical appointments, shopping, and activities. The nearby Camp Springs Senior Activity Center will also provide activities available to residents on Mondays through Saturdays.

Adoption of CR-041-2022 would require the use of \$750,000 of funds from the HITF, which would represent 55.5% of the *remaining* FY 2023 Available Budget Amount of \$1,350,000. The commitment of HITF to the Residences at Springbrook Project would represent County support of \$8,333 per affordable unit of the project. The HITF investment of \$750,000 will represent 2.58% of the financing for the \$29,066,679 total project cost.

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**Fiscal Impact:**

*Direct Impact*

Adoption of CR-041-2022 would represent a negative fiscal impact by utilization of \$750,000 of Housing Investment Trust Fund program dollars to new construction for the Residences at Springbrook Project.

*Indirect Impact*

Adoption of CR-041-2022 will likely promote positive indirect impact through the construction of affordable housing for low and moderate-income families as a component of the project. Additionally, adoption of CR-041-2022 could leverage additional resources and opportunities to promote community development revitalization through the gap financing for new housing construction to include possible contracts for County based businesses and employment for County residents.

*Appropriated in the Current Fiscal Year Budget*

No.

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**Items for Committee Consideration:**

- ✓ Consider all the approval criteria under Code §10-298<sup>8</sup>(d):
  - (1) the expected benefit to, or impact on, the County's housing conditions;
  - (2) the estimated number of County residents to be served;
  - (3) the ability to serve designated target areas established under this Division;
  - (4) previous performance of the applicant; and

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<sup>8</sup> Prince George's County Code, [Sec. 10-298. - Loans and Grants - Application, Requirements and Approval.](#)

- (5) the ability of the prospective applicant to leverage financial assistance with other funds.
- ✓ Ensure reporting guidelines are developed and adhered to per Code §10-300<sup>9</sup>.

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**Effective Date of Proposed Legislation:**

The proposed Resolution shall become effective as of the date of adoption.

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

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<sup>9</sup> Sec. 10-300. - Reporting.