




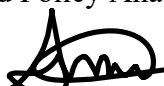
April 22, 2024

FISCAL AND POLICY NOTE

TO: Jennifer A. Jenkins
Council Administrator

Colette R. Gresham, Esq.
Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Shalene Miller-Whye 
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CR-018-2024, The Cassidy HOME-ARP

CR-018-2024 (*Proposed by:* The Chair of the Council at the request of the County Executive)
(*Sponsored by:* Council Members Ivey, Harrison, Watson, Hawksin, Dernoga, Fisher and Franklin)

Assigned to the Committee of the Whole

A RESOLUTION concerning Fiscal Year (“FY”) 2022 Annual Action Plan, inclusive of the HOME Investment Partnerships (“HOME”) Program American Rescue Plan (“ARP”), Allocation Plan, for Housing and Community Development. For the purpose of amending the Prince George’s County Fiscal Year (“FY”) 2022 Annual Action Plan for Housing and Community Development by adding The Cassidy project, an eligible activity not originally funded or described in the FY 2022 Annual Action Plan, inclusive of the HOME Investment Partnerships (“HOME”) Program American Rescue Plan (“ARP”), Allocation Plan.

Fiscal Summary

Direct Impact:

Expenditures: \$1,050,000 of HOME Investment Partnership Program American Rescue Plan (HOME-ARP) funds

Revenues: No revenue impact likely.

Indirect Impact:

Potentially favorable.

Legislative Summary:

CR-018-2024¹, proposed by the Chair at the request of the County Executive and sponsored by Council Members Ivey, Harrison, Watson, Hawksin, Dernoga, Fisher, and Franklin, introduced on March 26, 2024, and referred to the Committee of the Whole (COW). CR-018-2024 would amend the Prince George's County FY 2022 Annual Action Plan for Housing and Community Development by adding the Cassidy project, an eligible activity originally funded or described in the FY 2022 Annual Action Plan, inclusive of the HOME Investment Partnerships Program American Rescue Allocation Plan, with the allocation and commitment of \$1,050,000 in program funds from the FY 2022 Annual Action Plan.

Current Law/Background:

CR-099-2022² established the 2022 Annual Action Plan for Housing and Community Development, adding the HOME Investment Partnerships Program, American Rescue Plan, and Allocation Plan, which was not described in the original FY 2022 Annual Action Plan. The American Rescue Plan was enacted on March 11, 2022, to address the continued impact of the COVID-19 pandemic. Through the HOME program, activities that benefit qualifying individuals who are homeless, at risk of homelessness, or in another vulnerable population are addressed through development, affordable housing, tenant-based rental assistance, provision of supportive services, and acquisition of development of non-congregate shelter units.

Under the terms of the American Rescue Plan, Prince George's County received entitlement HOME-ARP funds in the estimated amount of \$7,592,085 to provide homelessness assistance and supportive services. In 2022, the Department of Housing and Community Development planned to allocate entitlement funds to the following³:

¹ [CR-018-2024](#)

² [CR-099-2022](#)

³ [CR-099-2022 Presentation](#)

Activity	Allocation	% of Allocation
Supportive Services: Case management	\$1,029,835	13.6%
Acquisition/Development of non-congregate shelter	\$835,274	11.0%
Development of affordable rental housing with an emphasis on permanent supportive housing	\$4,588,164	60.4%
Administration & planning	\$1,138,812	15.0%
Total	\$7,592,085	100%

Resource Personnel:

- Aspasia Xypolia, Director Department of Housing and Community Development
- Adedamola George, Esq., Chief Compliance and Project Manager, DHCD

Discussion/Policy Analysis:

The Cassidy (the “Project”) is located at Karen Boulevard and Wilberforce Court, Capitol Heights, Maryland 20743, and is a 175-unit apartment community. Under the proposed agreement, for at least a 40-year term, KCG Development and Streetscape at Capitol Heights (the “Developer”) will construct 175 units for family households whose incomes are at or below 60% of the Area Median Income (“AMI”). Three (3) units will be reserved for HOME-ARP to households earning no more than 5% of the AMI. Additionally, 5% of the units will be ADA accessible, and 2% will be adaptable for residents with audio, visual, or hearing needs.⁴

The Project is expected to cost \$68,632,581. Financing includes funding from the Housing Authority of Prince George’s County Bonds in the amount of \$36,800,000⁵, Prince George’s County HITF in the amount of \$3,500,000, Prince George’s County HOME-ARP in the amount of \$1,050,000, Low-Income Housing Tax Credits in the amount of \$23,289,846, a deferred developer fee in the amount of \$3,451,467, cash from operations in the amount \$541,168 and GP equity in the amount of \$100.

The project will receive approximately \$13,006,278, or 18.95% of its total funding, from the County, as demonstrated below. The terms of the PILOT agreement include 100% tax waivers of 175 units for the next 40 years, with a 2% annual escalation per unit over that period.⁶

⁴ [CR-018-2024 Attachment A-1](#)

⁵ The Prince George’s County Housing Authority indicated this is not County financing but is from the State bond allocation.

⁶ Tax Analysis provided by DHCD

Total aid received from the County:	
PILOT Agreement:	\$ 8,456,278
HOME ARP	\$ 1,050,000
HITF Loan:	\$ 3,500,000
Total Estimated Project Cost:	\$ 68,632,581
County Subsidy as a percentage of Total Cost:	18.95%

This is the County’s first eligible activity related to the development of affordable rental housing with an emphasis on permanent supportive housing. The proposed uses for rental development for HOME-ARP are the following:

- Will be designed as permanent supportive housing
- Underwritten to extremely low-income affordability assumptions to ensure financial viability
- Long-term affordability period: 40 years
- Can be used for the whole development or a small number of units within the development
- HUD policy requires the units to be open to all qualifying populations

Three (3) units will be developed with HOME-ARP funds for households earning no more than 5% of the AMI, bringing the previously allocated total of funding for affordable rental housing from \$4,588,164 to \$3,538,164. This project will allocate 22% of all HOME-ARP funds initially allocated for affordable housing activities.

Increasing the availability of affordable housing through the construction of new housing and the rehabilitation of existing housing is a stated objective of the Council and a key component of the Comprehensive Housing Strategy.⁷

Fiscal Impact:

Direct Impact

Adoption of CR-018-2024 will have an adverse fiscal impact in the form of 1,050,000 HOME-ARP funds, leaving an estimate balance of \$3,358,164 to continue affordable housing activities with this fund.

⁷ [Draft Comprehensive Housing Strategy Report](#)

Indirect Impact

Adoption of CR-018-2024 aligns with County Plan 2035⁸ goals and will create housing in a State-designated Opportunity Zone and Priority Funding Area. It is located between the Blue and Green Metrorail lines and 2 Metrobus lines to Metrorail stations. It may have a favorable indirect fiscal impact on the County to the extent that new residents generate additional economic activity, though the exact impact is unknown.

Items for Committee Consideration:

- Are the three (3) units dedicated to HOME-ARP adequate?
- How many HOME-ARP units does DHCD plan to commit from the original \$4,588,164 allocation?

Effective Date of Proposed Legislation:

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

Please call me if you require additional information or have questions about this fiscal impact statement.

⁸ [Plan 2035](#)