

PRINCE GEORGE'S COUNTY COUNCIL

COMMITTEE REPORT

2022 Legislative Session

Reference No.: CR-019-2024

Draft No.: 2

Committee: COMMITTEE OF THE WHOLE

Date: 4/23/2024

Action: FAV WITH
AMENDMENTS

REPORT:

Committee Vote: Favorable with Amendments, 9-0 (In favor: Chair Ivey, Vice Chair Harrison, Council Members Dernoga, Fisher, Franklin, Hawkins, Olson, Members Franklin, and Watson)

The Prince George's County Council convened as the Committee of the Whole on April 23, 2024, to consider CR-019-2024 (Proposed DR-2). The County Executive transmitted this resolution for the Council's consideration to approve and adopt the commitment and allocation of gap financing from the Prince George's County Housing Investment Trust Fund ("HITF") for Housing and Community Development to The Cassidy project, an eligible activity, in the amount of three million five hundred thousand dollars (\$3,500,000).

CR-019-2024 (Proposed DR-2) was discussed in conjunction with CR-018-2024 (Proposed DR-2), a resolution to amend the 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 by approving the addition of the Cassidy project, and CR-20-2024 (Proposed DR-2), a resolution to approve the terms and conditions of a Payments in Lieu of Taxes ("PILOT") Agreement for the Project.

The Cassidy project is located at Karen Boulevard and Wilberforce Court, Capitol Heights, Maryland 20743. It involves the new construction of a one hundred seventy-five (175) affordable rental housing community for families earning sixty percent (60%) or below 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. The development team will build and construct these apartments, consisting of KCG Development, LLC, and Streetscape at Capitol Heights, LLC.

The Project is expected to cost sixty-eight million, six hundred thirty-two thousand, five hundred eighty-one dollars (\$68,632,581).

Financing includes funding from the Housing Authority of Prince George's County Bonds in the amount of \$36,800,000, 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.

Ms. Sakinda Skinner, County Executive's Liaison to the County Council, introduced Director Aspasia Xypolia and Ms. Pamela Wilson, Chief Housing Development Manager with the Department of Housing and Community Development, and members of the development team Ms. Karla Burck, Executive Vice President for Development, KCG Development, LLC, Mr. Ben Bulloch, Streetscape Partners, LLC, and Mr. Kareem Abdus-Salaam, Structures Unlimited, LLC.

Director Aspasia Xypolia gave a brief overview of the Project before the development team gave a PowerPoint presentation.

Council Member Blegay expressed support for the development project to stabilize rent. Council Member Hawkins echoed Council Member Begay's comments.

Council Member Fisher asked what would incentivize more developers to come to Prince George's County to develop housing projects like the Cassidy project. Ms. Burck replied that KGC Development loves coming to communities that want affordable housing. They appreciate that the County Council understands the need for affordable housing. She explained that developing affordable housing is very expensive and that the impact fees do not always align with the rents charged. The fact that there are flexible programs offered in Prince George's County and soft funding availability to help with gap funding is beneficial. Next, Mr. Abdus-Salaam explained that DHCD is working out a proper process and has been provided tremendous assistance.

The Office of Audits and Investigations submitted a Policy Analysis and Fiscal Impact Statement dated April 22, 2024, indicating that the adoption of CR-019-2024 would adversely impact \$3,500,000 in expenditures from the HITF.

The adoption of CR-019-2024 aligns with County Plan 2035 goals and will create housing in a state-designated Opportunity Zone and Priority Funding Area. It is between the Blue and Green Metrorail lines and two 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.

After a robust discussion on a motion by Council Member Fisher, seconded by Vice Chair Harrison, the Committee voted 9-0 favorably on CR-019-2024 (Proposed DR-2) as amended.