

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND
2012 Legislative Session

Bill No. CB-21-2012

Chapter No. 26

Proposed and Presented by Council Member Campos

Introduced by Council Members Campos, Davis, Franklin and Turner

Co-Sponsors _____

Date of Introduction June 19, 2012

BILL

1 AN ACT concerning

2 Housing Investment Trust Fund

3 For the purpose of establishing a Housing Investment Trust Fund; specifying the purpose and
4 uses of the Fund, providing for the financing and administration of the Fund; and generally
5 providing for the Fund.

6 BY repealing:

7 SUBTITLE 10. FINANCE AND TAXATION.

8 DIVISION 10. ENTERPRISE AND OTHER SPECIAL PURPOSE
9 FUNDS.

10 Section 10-261.01,

11 The Prince George's County Code

12 (2007 Edition, 2010 Supplement)

13 BY adding:

14 SUBTITLE 10. FINANCE AND TAXATION.

15 DIVISION 20. HOUSING INVESTMENT TRUST FUND.

16 Sections 10-300 – 10-306,

17 The Prince George's County Code

18 (2007 Edition, 2010 Supplement)

19 WHEREAS, the sub-prime mortgage crisis affecting the nation has exacted a devastating
20 impact on the Washington, DC Metropolitan area, specifically Prince George’s County; and

1 WHEREAS, the foreclosure crisis in Prince George’s County was primarily driven by the
 2 subprime mortgage crisis and speculative activity, both of which broadened the homebuyer base
 3 and led to home price escalation, which eventually resulted in an increase of blighted homes and
 4 destabilized neighborhoods; and

5 WHEREAS, the Prince George’s County housing market has been disproportionately
 6 affected in comparison to other jurisdictions in the Washington, DC Metropolitan area and more
 7 specifically in Maryland, with approximately 56,310 households involved in some form of
 8 foreclosure between 2007-2010; and

9 WHEREAS, within the first nine months of 2011, 22,401 Prince George’s homeowners
 10 had received a notice of intent to foreclose, with over 27% of all Maryland foreclosures filed for
 11 the third quarter of 2011, and the County is experiencing a much slower housing recovery than
 12 that of our neighbors; and

13 WHEREAS, in order to reverse these trends and allow Prince George’s County to be at
 14 the forefront of stabilizing neighborhoods hardest hit by foreclosures, the County must diversify
 15 its funding resources, reduce reliance solely on federal funds, and leverage all such funds to
 16 attract additional funding from the philanthropic community; and

17 WHEREAS, Prince George’s County needs a new powerful housing tool that will enable
 18 the County to effectively stabilize neighborhoods and provide a much needed boost to the slow
 19 housing recovery; and

20 WHEREAS, according to the Maryland Foreclosure Task Force Report, dated January
 21 11, 2012, there is a reality that notwithstanding effective interventions, strategic initiatives and
 22 financial investments from the public sector, that without the enactment of the Housing
 23 Investment Trust, the foreclosure epidemic in Prince George’s County could be further
 24 exacerbated.

25 WHEREAS, the Housing Investment Trust Fund will allow Prince George’s County to
 26 support private investments, attract new homebuyers, and expand partnerships with our non-
 27 profit community by providing critically needed financial assistance to housing rehabilitation
 28 projects, first time homebuyers, and foreclosure mediation counseling agencies; and

29 WHEREAS, Prince George’s has decided to enact local legislation to establish a Housing
 30 Investment Trust Fund as a vehicle to continue to address foreclosures in the County.

31 SECTION 1. BE IT ENACTED by the County Council of Prince George's County,

1 Maryland, that Section 10-261.01 of the Prince George's County Code be and the same is hereby
 2 repealed:

3 **SUBTITLE 10. FINANCE AND TAXATION.**

4 **DIVISION 10. ENTERPRISE AND OTHER SPECIAL PURPOSE FUNDS.**

5 Sec. 10-261.01. [Capturing Housing Opportunities in Communities Everywhere ("CHOICE")
 6 Special Revenue Fund.] Reserved.

7 [(a) There is hereby established and created a fund to be known as the "Capturing Housing
 8 Opportunities in Communities Everywhere ("CHOICE") Special Revenue Fund." It shall be
 9 operated in accordance with the provisions of this Section and Section 10-248.05 of the Code.

10 (b) The purpose of this Fund shall be to finance costs associated with various programs,
 11 including, but not limited to, those implemented by the Housing Authority, to encourage
 12 revitalization efforts and improve the quality of housing in the County. Uses of the fund may
 13 include, but not be limited to, grants and loans to private or public entities for acquisition
 14 financing or new construction costs; matching funds for State or Federal programs; down
 15 payment assistance for homebuyers; closing cost assistance for homebuyers; property
 16 acquisition; construction financing; interest rate buy down; relocation for households; demolition
 17 costs; comprehensive homeownership training; interim acquisition financing and assistance to
 18 nonprofit housing development corporations.

19 (c) Revenues, including, but not limited to, receipts and other revenues from the County's
 20 Moderately Priced Dwelling Unit Program, shall be paid into and appropriated from the
 21 "CHOICE" Special Revenue Fund, as may be provided for in the County's Approved Current
 22 Expense Budget.

23 (d) Monies allocated to the "CHOICE" Special Revenue Fund shall not be used to allay
 24 administrative expenses.]

25 **SECTION 2.** BE IT ENACTED by the County Council of Prince George's County,
 26 Maryland, that Sections 10-300 through 10-306 of the Prince George's County Code be and the
 27 same is hereby added:

28 **SUBTITLE 10. FINANCE AND TAXATION.**

29 **DIVISION 20. HOUSING INVESTMENT TRUST FUND.**

30 **Sec. 10-300. Fund established.**

31 There is a non-lapsing Housing Investment Trust Fund ("HIT Fund or Fund").

1 **Sec. 10-301. Purposes and uses.**

2 (a) In general. The purposes of the Fund are to:

3 (1) develop effective strategies to strengthen County neighborhoods impacted
 4 by foreclosures consistent with the adopted Prince George's County Five-Year Consolidated
 5 Housing and Community Development Plan;

6 (2) provide for housing counseling, rental, down payment and closing cost
 7 assistance for eligible persons to retain or purchase vacant, abandoned and foreclosed properties;

8 (3) acquire, rehabilitate, resell or lease-purchase of vacant, abandoned and
 9 foreclosed properties to eligible persons, not-for-profit organizations and for-profit affordable
 10 housing providers;

11 (4) provide for land banking of vacant, abandoned and foreclosed properties in
 12 the County ; and

13 (5) to otherwise reduce and minimize the occurrence of foreclosures by
 14 coordination and use of County, State and Federal resources and programs.

15 (b) Financial assistance.

16 (1) The Fund may provide financial assistance in the form of loans and grants to
 17 finance programs to meet the goals of this Division for the benefit of existing and potential
 18 homeowners, not-for-profit organizations and for-profit affordable housing providers in Prince
 19 George's County.

20 **Sec. 10-302. Financing the Fund.**

21 (a) Sources. The Fund may be financed from:

22 (1) current expense funds;

23 (2) any contributions, donations, or appropriations by the United States, the State of
 24 Maryland, any other political jurisdiction, or any private entity;

25 (3) interest income;

26 (4) fees or other charges levied on loan or grant recipients; and

27 (5) any other funds designated and provided by the County.

28 (b) Treatment. Monies provided by the County to the Fund under Subsection (a) of this
 29 Section shall be treated as a transfer to the Fund.

30 (c) Repayments and Recapitalization of the Fund. The Director of Finance, subject to the
 31 written agreement or contract under Section 10-304 (f), shall deposit in the Fund all program

1 income collected for principal and interest on the loans and any authorized loan charges and fees
 2 on transactions authorized under this Division.

3 (d) Non-lapsing. The Fund shall continue from year to year.

4 **Sec. 10-303. Administration of the Fund.**

5 (a) Administration. The Director of the Department of Housing and Community
 6 Development (“Director”), or his designee, shall administer the Fund according to accepted
 7 principles of sound accounting and fiscal management. The Director:

8 (1) may utilize up to fifteen (15%) of the Fund to administer the programs funded;

9 (2) shall develop criteria to designate specific target areas within the County for focus
 10 of the Fund assistance, including but not limited to:

11 (A) areas identified with high rates of foreclosure, vacant or abandoned
 12 properties in the County;

13 (B) percentage of low and moderate income populations;

14 (C) the strength of the residential market;

15 (D) proximity to a planned economic development and revitalization areas.

16 (3) shall develop such criteria, rules and regulations to administer the Fund programs.

17 (b) Coordination. The Director shall work with County, State and Federal agencies and
 18 departments, including the Prince George’s County Redevelopment and Revenue Authority, to
 19 coordinate use of the Fund and may utilize the Fund to supplement existing County, State or
 20 Federal programs and policies that meet the goals of this Division.

21 (c) Determination of accounting methods. The Director, or his designee, shall work with
 22 the Director of Finance to determine the terms of and the method and procedures for accounting
 23 for:

24 (1) financial assistance from the Fund;

25 (2) payments by or charges against the Fund;

26 (3) repayments on accounts, subject to the terms and conditions contained in the
 27 financial assistance agreements; and

28 (4) maintenance of records in accordance with generally accepted accounting
 29 principals.

30 (d) The Office of Management and Budget shall regularly review the performance of
 31 financial assistance awards and grants from the Fund for compliance with the terms and

1 conditions negotiated by the Director.

2 **Sec. 10-304. Loans and Grants – Application, Requirements and Approval.**

3 (a) Application. An applicant for loans or grants shall apply on an application form
 4 required by the Director of the Department of Housing and Community Development, or his
 5 designee.

6 (b) Application Information Required. The loan or grant application form shall require an
 7 applicant to supply information necessary to evaluate the requested financial assistance
 8 including:

9 (1) a full description of the program, including staffing, outreach, budget, goals and
 10 past history of experience and performance;

11 (2) financial ability of the applicant to successfully operate a program to meet the
 12 goals of this Division;

13 (3) any County, State or Federal certifications and authorizations; and

14 (4) any other information that may be appropriate or useful in evaluating the
 15 application.

16 (c) Process. The Director shall utilize a public and competitive bidding process for grants
 17 to not-for-profit organizations.

18 (d) Approval criteria. The criteria for approval of loan or grant from the Fund shall
 19 include, but not be limited to, the following:

20 (1) the expected benefit to, or impact on, the County’s housing conditions;

21 (2) the estimated number of County residents to be served;

22 (3) the ability to serve designated target areas established under this Division;

23 (4) previous performance of the applicant; and

24 (5) the ability of the prospective applicant to leverage financial assistance with other
 25 funds.

26 (e) Review and approval by the Director. The Director or his designee shall review loan or
 27 grant applications for completeness, need, financial ability of the applicant and ability of
 28 applicant to meet goals of this Division.

29 (f) Notifications, awards and contracts. The Director shall:

30 (1) provide written notice to all applicants upon a determination on the application;

31 (2) provide written notice to an applicant approved for a loan and grant; and

1 (3) enter into a written contract or agreement with an approved applicant for a grant

2 or

3 (4) enter into a written contract or agreement with an approved applicant for a loan,
 4 with terms and conditions for repayment of the loan into the Fund.

5 **Sec. 10-305. Down payment & Closing Cost Assistance– Application, Requirements and**
 6 **Approval.**

7 (a) Application. An applicant for down payment and closing cost assistance shall apply for
 8 the program on an application form required by the Director of the Department of Housing and
 9 Community Development, or his designee.

10 (b) Application Information Required. The down payment and closing cost assistance
 11 application form shall require an applicant to supply information necessary to evaluate the
 12 requested financial assistance including:

13 (1) financial need and income of the applicant up to 120% of the area median income
 14 in the Washington, D.C. region;

15 (2) financial ability of applicant to retain or purchase vacant, abandoned and
 16 foreclosed properties in the targeted areas of the County;

17 (3) documentation that the applicant has completed housing counseling service,
 18 training or classes; and

19 (4) any other information that may be appropriate or useful in evaluating the
 20 application.

21 (c) Review and approval by the Director. The Director or his designee shall review down
 22 payment and closing cost assistance applications for completeness, need, financial ability of the
 23 applicant and such other eligibility criteria established under this Division.

24 **Sec. 10-306. Reporting.**

25 (a) Report to Council.

26 (1) The Director or his designee, shall provide each member of the County Council
 27 with a semi-annual report that outlines the financial assistance, loans and grants that have been
 28 provided and the overall performance of the Fund.

29 (2) The report prepared by the Director shall include information about the
 30 compliance of the award recipient with the terms and conditions of the Fund and the provisions
 31 of this Division.

1 (b) County Auditor Reviews for Compliance. The County Auditor may regularly review
2 the performance of financial assistance awards from the Fund for compliance with the terms and
3 conditions negotiated by the Director.

4 SECTION 3. BE IT FURTHER ENACTED that the provisions of this Act are hereby
5 declared to be severable; and, in the event that any section, subsection, paragraph, subparagraph,
6 sentence, clause, phrase, or word of this Act is declared invalid or unconstitutional by a court of
7 competent jurisdiction, such invalidity or unconstitutionality shall not affect the remaining
8 words, phrases, clauses, sentences, subparagraphs, paragraphs, subsections, or sections of this
9 Act, since the same would have been enacted without the incorporation in this Act of any such
10 invalid or unconstitutional word, phrase, clause, sentence, subparagraph, subsection, or section.

11 SECTION 4. BE IT FURTHER ENACTED that this Act shall take effect forty-five (45)
12 calendar days after it becomes law.

Adopted this 24th day of July, 2012.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Andrea C. Harrison
Chair

ATTEST:

Redis C. Floyd
Clerk of the Council

APPROVED:

DATE: _____ BY: _____
Rushern L. Baker, III
County Executive

KEY:

Underscoring indicates language added to existing law.
[Brackets] indicate language deleted from existing law.
Asterisks *** indicate intervening existing Code provisions that remain unchanged.