



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations


July 14, 2020

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin 
Senior Legislative Budget and Policy Analyst

FROM: Warren E. Burris, Sr. 
Senior Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CR-55-2020 Housing Investment Trust Fund for Housing & Community
Development – Townes at Peerless (Draft 1)

CR-55-2020 (*sponsored by: Council Chair Turner by Request of the County Executive*)

Assigned to Committee of the Whole (COW)

A RESOLUTION CONCERNING THE HOUSING INVESTMENT TRUST FUND FOR HOUSING AND COMMUNITY DEVELOPMENT FOR THE PURPOSES of committing and allocating to the Townes of Peerless project, an eligible activity not originally funded, the amount of one million, five hundred thousand dollars (\$1,500,000) in Housing Investment Trust Fund (HITF) program funds for gap financing of new housing construction.

Fiscal Summary

Direct Impact:

Expenditures: Negative

Revenues: NA

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Indirect Impact:

Potentially Positive

Legislative Summary

CR-55-2020, proposed by Council Chair Turner by request of the County Executive and sponsored by Councilmembers Davis, Harrison, Hawkins, Taveras, Glaros and Franklin was presented to the County Council on June 23, 2020 and referred to the Committee of the Whole. CR-55-2020 seeks to commit \$1,500,000 of Housing Investment Trust Fund program funds for the purposes of gap-financing for the new construction project, Townes of Peerless in Upper Marlboro, Maryland.

Background/Current Law:

The Housing Investment Trust Fund, a non-lapsing fund, was created through legislation, CB-21-2012, and is codified at Subtitle 10, Division 19 of the County Code. The purposes of the Fund are to:

1. develop effective strategies to strengthen County Neighborhoods impacted by foreclosures consistent with the County's Five-Year Consolidated Plan;
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 Invest Trust Fund law was amended by legislation, CB-57-2017 to include another eligible activity for the fund, provision of gap financing to enable the County to support the development of new construction and preservation of existing workforce and affordable housing. CB-57-2017 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.

Policy Analysis

- *Potential benefits of adopting CR-55-2020*

Adoption of CR-55-2020 would provide gap financing for the development of a 62-unit project—new construction. The Townes of Peerless is a proposed Mixed Income project consisting of 10 one bedroom, 28 two-bedroom, and 24 three-bedroom apartments. Of the proposed 62 units, 47 (or 75.8%) will be reserved for low- and moderate-income residents (those with an income at or below sixty percent (60%) of Area Median Income (AMI)). The proposed \$1,500,000 would represent 5.58% of the funding for this project. Other sources of the project include: 9% Low

Income Housing Tax Credits, Solar Investment Tax Credits, Maryland Community Development Administration Funds, and commercial loan products. CR-55-2020 aligns with the Consolidated Plan and satisfies the purpose/use of funds for the Housing Investment Trust Fund by providing gap financing to support the development of new construction and preservation of existing workforce and affordable housing.

- *Potential costs of adopting CR-55-2020*

Adoption of CR-55-2020 would require the use of \$1,500,000 of funds from the Housing Investment Trust Fund, which would represent 16.7% of the existing Fund Balance of \$8,970,200. The commitment to the Peerless Project would represent an County investment of \$31,915 per affordable unit of the new project.

Fiscal Impact:

Direct Impact

Adoption of CR-55-2020 would represent a negative fiscal impact by utilization of \$1,500,000 of Housing Investment Trust Fund program dollars to support the construction of the Peerless Project.

The County government expenditures (HITF Fund Balance) would decrease beginning as early as FY 2021 to the extent that project construction begins as currently scheduled.

Indirect Impact

Adoption of CR-55-2020 may promote positive indirect impact through the increase of affordable housing for low- and moderate-income families and the provision of supportive services as a component of the project. Additionally, adoption of CR-55-2020 could leverage additional resources and opportunities to promote community development revitalization through the gap financing for affordable housing and economic development.

Appropriated in the Current Fiscal Year Budget

No.

Resource Personnel:

DHCD Staff
Council Administration

Items for Committee Consideration:

- ✓ Consider total cost to the County to support the project, when coupled with the PILOT, CR-54-200, versus the benefits received from the project (47 affordable units).
- ✓ It is not completely clear whether the allocation is a grant or a loan; Attachment A-3 indicates that it is a loan. If so, the Committee may wish to understand the terms of repayment.
- ✓ Consider all of the approval criteria under Code §10-298(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
 - (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.
- ✓ Consider the affordable housing covenant for the project or is the affordable component in perpetuity.