



# THE PRINCE GEORGE'S COUNTY GOVERNMENT

## Office of Audits and Investigations


October 27, 2021

### 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-099-2021 Housing Investment Trust Fund for Housing & Community  
Development – Villas at Langley Project (Draft 1)

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**CR-099-2021** *Proposed by:* The Chair of the Council at the request of the County Executive;  
*Introduced by:* Council Members Hawkins, Taveras, Davis, Turner, Glaros, and Franklin.

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 Villas at Langley project, an eligible activity not originally funded, the amount of one million, two hundred eighty-six thousand, five hundred sixty dollars (\$1,286,560) in Housing Investment Trust Fund (HITF) program funds for gap financing of preservation of affordable housing.

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### Fiscal Summary

#### Direct Impact:

*Expenditures:* Increased expenditure of \$1,286,560 in the form of a *loan* from the HITF.

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

**Indirect Impact:**

Likely Positive.

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**Legislative Summary:**

CR-099-2021, proposed by Council Chair Hawkins by request of the County Executive and sponsored by Council Members Hawkins, Taveras, Glaros, Turner, Davis, and Harrison, was introduced on September 28, 2021 and referred to the Committee of the Whole. CR-099-2021 seeks to commit \$1,286,560 of Housing Investment Trust Fund program funds for the purposes of gap-financing for the preservation of Affordable Housing, for the Villas at Langley Project in Hyattsville, Maryland. The Public Hearing was held October 26, 2021.

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**Current Law/Background:**

The Housing Investment Trust Fund, a non-lapsing fund, was created through legislation, CB-021-2012, 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 Investment Trust Fund law was amended by CB-057-2017 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. 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:**

- DHCD Staff

- Council Administration
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**Discussion/Policy Analysis:**

- *Potential benefits of adopting CR-099-2021*

Adoption of CR-099-2021 would provide gap financing for the preservation and renovation of a five hundred ninety (590) unit garden style apartment community. The apartment community was purchased by 8100 15<sup>th</sup> Avenue Owner, LLC (the “Owner”) in April 2020 without income-based rent restrictions and the owner proposes to restrict rent levels of two hundred ninety-five (295) units to sixty percent (60%) of the Area Median Income (“AMI”) for at least ten (10) years. The Villas at Langley sits on 24 acres in Hyattsville, Maryland, District 2. The project will restrict 82 one-bedroom units for families at 60% AMI; 165 two-bedroom units for families at 60% AMI and 48 three-bedroom units for families at 60% AMI., which equates to 50% (295) affordable units, with the other 50% (295) units at Market Rate.

There is companion legislation, CR-098-2021, which requests approval of Payment in Lieu of Taxes (PILOT) to assist with the financing of the project. The project will use \$103,184,556 of outside (non-County) funding for the modernization and capital improvements for this project. The Total Cost of the project is \$108,184,556.

The developer is Jair Lynch and the project is conveniently located near the two of the proposed Purple Line stations, and amenities include an outdoor basketball court, a large outdoor pool, and a playground.

- *Potential costs of adopting CR-099-2021*

Adoption of CR-099-2021 would require the use of \$1,286,560 of funds from the Housing Investment Trust Fund (HITF), which would represent 42.8% of the remaining FY 2022 Available Budget Amount of \$3,000,000<sup>1</sup>. The commitment of HITF to the Villas at Langley Project would represent a County investment of \$4,361 per affordable unit of the project. The HITF investment of \$1,286,560 will represent 1.189% of the financing for the \$108,184,556 total project cost.

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**Fiscal Impact:**

*Direct Impact*

Adoption of CR-099-2021 would represent a negative fiscal impact by utilization of \$1,286,560 of Housing Investment Trust Fund program dollars to support the preservation and capital improvements of the Villas at Langley Project.

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<sup>1</sup>CR-099-2021 Attachment B

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-099-2021 will likely promote positive indirect impact through the preservation of affordable housing for low- and moderate-income families as a component of the project. Additionally, adoption of CR-099-2021 could leverage additional resources and opportunities to promote community development revitalization through the gap financing for affordable housing and economic development, 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(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.
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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.