2010

Building Stronger Communities

Moving Toward a Comprehensive Housing Strategy for Prince George's County

Coalition for Smarter Growth

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A Coalition for Smarter Growth Report

By Alison Crowley, Cheryl Cort, and Angie Rodgers

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Contact Information:
Coalition for Smarter Growth
4000 Albemarle St. NW, Suite 310, Washington, DC 20016
Tel. 202-244-4408, www.smartergrowth.net

Other housing reports by CSG: *The Affordable Housing Progress Report: What the Washington, D.C. Region's Jurisdictions Can Do to Combat the Crisis*, 2003; *Affordable Housing Isn't Cheap: The Status of and Need for Dedicated Local Revenue for Affordable Housing Production and Preservation in the Washington, D.C., Region, 2005; Ensuring Housing Opportunities in Fairfax: Making the Most of the One Penny Fund by Serving Working Families with the Greatest Need,* 2007.

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Executive Summary

Every resident in Prince George's County deserves a decent, affordable home as the first step to achieving economic security, a higher quality of life and a sense of stability. For the county's moderate- and low-income households, having and keeping a home within their budget has become increasingly difficult. An analysis of housing data covering Prince George's County found the following:

- Some 46 percent of county residents spend more than 30 percent of their income on housing costs, an amount considered unaffordable by the U.S. Department of Housing and Urban Development (HUD);
- Low-income renters and moderate-income homeowners bear the brunt of the county's affordability problems;
- Despite relative affordability compared to the region, costs are still high for many residents;
  - Some 40 percent of renters cannot afford the median monthly rent of $1,131.
  - Moreover, a housing boom earlier in the decade almost doubled median home sale prices. Although prices are again approaching pre-boom levels, the decrease is a result of a foreclosure crisis that has ravaged the county's housing market.
- By the end of 2009, the county counted 45,300 troubled homes loans according to an Urban Institute report; and
- The County is currently ill-equipped to handle its housing issues.
  - The County's Department of Housing and Community Development (DHCD) lacks leadership, and has demonstrated an inability to administer federal funds meant to address the county's housing challenges.
  - Moreover, the County's plans to address its problems and meet its housing goals have been inconsistent, and the County has not demonstrated a commitment to its plans by allocating any of its own funding to the efforts.

To address these challenges, Prince George's County should:

- Create a comprehensive strategy that identifies housing needs across a range of households (including income, size and composition), audits existing capacity to meet those housing needs, and strategizes with a diverse set of public and private sector stakeholders to make recommendations to fill gaps in capacity and resources.
- Build capacity in the Department of Housing and Community Development to accomplish the County's housing goals by cultivating agency leadership and a staff that demonstrate expertise in housing finance, effectively administering federal and state housing resources and aggressively managing the County's interest in development deals.
- Build capacity among small local non-profits to help meet the County's housing goals by establishing a mentoring program between these non-profits and high capacity housing development organizations. These partnerships could produce County-supported

demonstration projects that would improve the county's housing stock while increasing the capacity of the smaller non-profits.

- Improve the existing housing stock by efficiently utilizing existing resources like HOME, CDBG, and state tax credits, and establishing new, locally-funded resources like a housing trust fund and an acquisition fund; and using land use and zoning tools to promote mixed-income development.
- Establish housing policies and processes that promote and support development projects that fit the County's larger goals, are competitively selected, meet stringent underwriting requirements and are a good investment given the time and resources required.
- Demonstrate political willingness to support and invest in a diverse range of housing options by aggressively backing the DHCD to meet the county's housing needs and soliciting participation from industry investors, policy experts and non-profit developers through advisory committees and project review panels.

Prince George's County received more federal funds than any neighboring jurisdiction, except the District of Columbia, for its housing programs. The efficient and effective use of these funds could help Prince George's County recover from the 2008 housing market crash. However, doing so takes discipline and coordination on the part of Prince George's County's government agencies, along with greater partnership with the private sector. The purpose of this study is to analyze how Prince George's County currently utilizes its federal funds and how practices can be improved to better serve the needs of county residents, many of whom struggle daily with housing costs, uncertainty and fear of foreclosure.

Methodology

This report uses a number a resources to analyze housing needs and housing cost burdens in Prince George's County, including:

- 2011 – 2015 Consolidated Plans (referred to as "ConPlans") from Prince George's County (and neighboring jurisdictions in the Washington, D.C. metropolitan area for comparison) are completed every five years by jurisdictions receiving a federal Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), Housing Opportunities for Persons with AIDS (HOPWA) and HOME Investment Partnerships Program (HOME) funds from HUD. The ConPlan outlines a jurisdiction's anti-poverty efforts and how it intends to use these funds to advance those efforts.
- 2009 Comprehensive Housing Affordability Strategy is data prepared by the U.S. Census Bureau for HUD to present housing data through the lens of HUD programs and income eligibility guidelines.
- 2009 Community Indicators Survey
- Spring 2010 Washington Area Foreclosure Monitor, prepared by the Urban Institute

The funds analyzed in this report are primarily HOME, CDBG, and the Neighborhood Stabilization Program (NSP), which all originate from HUD.

- HOME supports the development of both rental and homeownership units for households with income below 80 percent of the area median - $64,000 for a family of four.
- CDBG supports a wide variety of activities, from construction or rehabilitation of housing and public facilities to job training and child care. Some 70 percent of the funding must benefit low- and moderate-income households, and only 15 percent can be used to provide services.
- NSP is a one-time Congressional appropriation to address the foreclosure crisis by reclaiming foreclosed and otherwise blighted properties to benefit households with incomes below 120 percent of the area median.

The report uses the following sources for information and data about County performance administering federally assisted programs:

- March 31, 2010 HUD HOME Snapshot Reports
- 2007 HUD CDBG Performance Profiles
- 2008 HUD CDBG Accomplishment Reports
- 2010 NSP Snapshot Reports

The report uses HUD's definitions for housing cost burdens and severe housing cost burdens. In this report, a household is considered to have a housing cost burden if it spends more than 30 percent of its gross income on total housing costs (rent or mortgage and utilities). A household is considered to have a severe housing cost burden if it spends more than 50 percent of its income on housing costs.

HUD 2009 Income Limits are used to define and characterize households in this study. Accordingly, the study refers to "area median income," or AMI. HUD calculates a median income for the DC metropolitan area, which includes Prince George's County, but also includes Montgomery County, Washington, D.C., and several jurisdictions in Northern Virginia. The standard AMI is for a family of four. 2009 figures are used to coordinate with data from other sources used in the report. HUD defines households with income below 30 percent of AMI as extremely low-income, between 30 and 50 percent of AMI as very low-income, and between 50 and 80 percent of AMI as low-income. This report follows these categorical conventions.

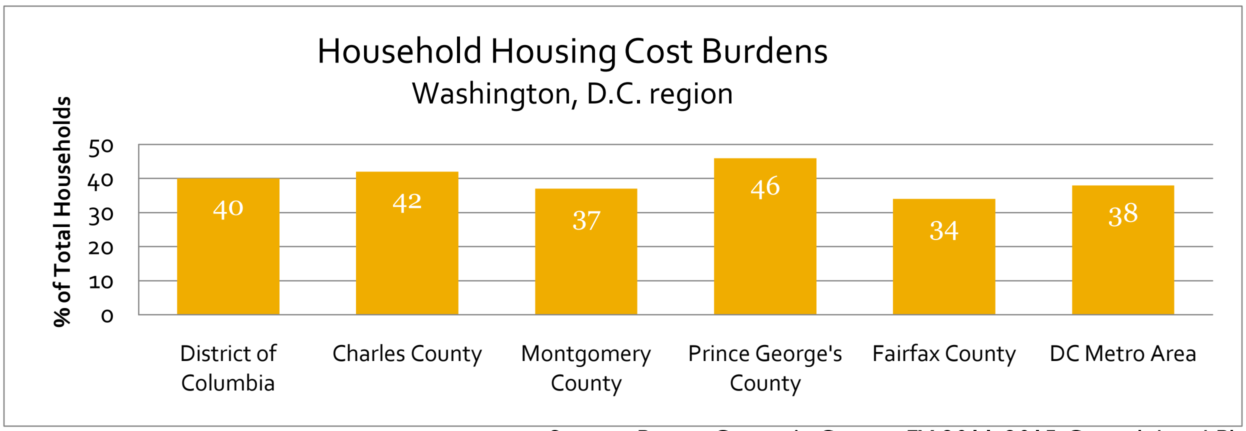
Housing Needs and Cost Burden in Prince George's

Nearly Half of Prince George's Residents Spend Too Much on Housing

In many major metropolitan areas, finding housing that costs only 30 percent of one's income, i.e. what is considered affordable according to HUD standards, is difficult if not impossible. These problems are as prevalent in Prince George's County as anywhere else in the country. Although home prices and rents in Prince George's tend to be lower than some neighboring jurisdictions,[1] both owning and renting a home in Prince George's County can impose a prohibitively large burden on families' finances.

According to Prince George's ConPlan, almost half (some 46 percent) of the County's residents spend more on their housing costs than what is considered affordable. This is the highest rate of cost burdened households in the region. (See Figure 1.)

Figure 1. Regional Housing Cost Burdens



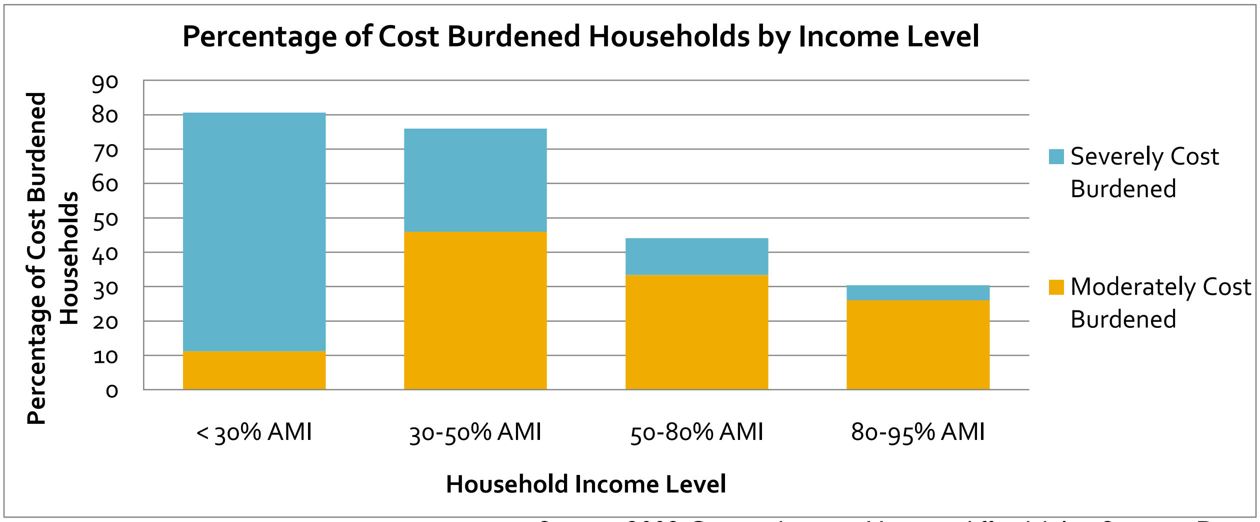
Source: Prince George's County FY 2011-2015 Consolidated Plan

Low-Income Households are Particularly Burdened

Housing cost burdens are exacerbated for many low- and moderate-income households. Many face burdens that, at times, may result in the household spending more than 50 percent of their monthly gross income on rent or mortgage payments – a scenario that makes them "severely" cost burdened.

Almost all extremely low-income households are severely burdened. The numbers are better for low-income households – those earning between 30 and 50 percent of AMI – but no less stark. Some 78 percent of them have housing cost burdens; a third (33 percent) are severely burdened. (See Figure 2.)

Figure 2. Cost Burdened Households in Prince George's County (Renters and Homeowners)

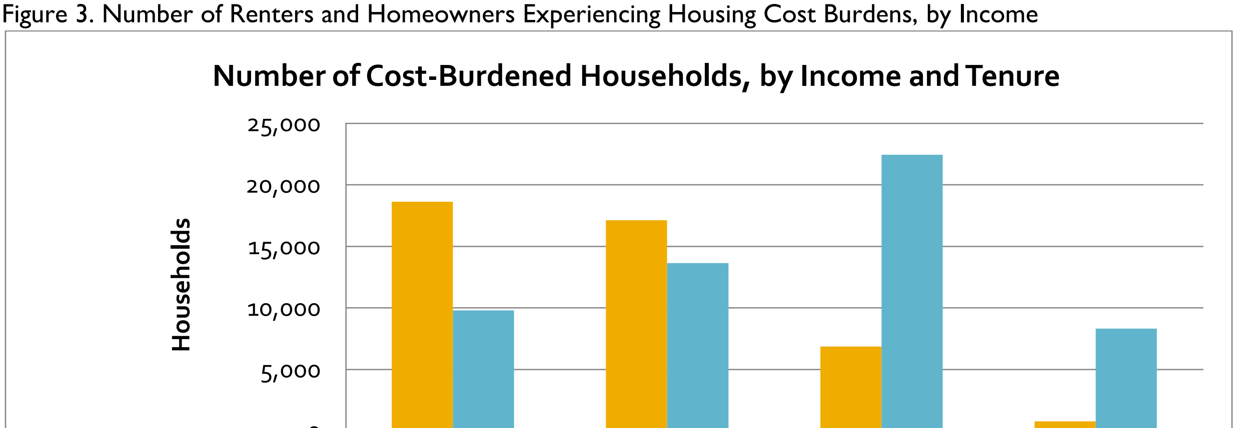


Source: 2009 Comprehensive Housing Affordability Strategy Data

Low-Income Renters and Moderate-Income Owners Represent Bulk of Need

As households move up the income scale, the incidence of housing cost burdens drops dramatically, although more so among renters than homeowners. For renters, housing burdens are concentrated at the lower end of the income scale. There are 35,741 households with income below 50 percent of AMI, and they make up roughly 82 percent of all renters with cost burdens.

Figure 3. Number of Renters and Homeowners Experiencing Housing Cost Burdens, by Income



	< 30 % AMI	30-50% AMI	50-80% AMI	80-95% AMI
Cost-Burdened Renters	18,624	17,117	6,863	797
Cost-Burdened Owners	9,805	13,631	22,449	8,308

Source: 2009 Comprehensive Housing Affordability Strategy Data

By contrast, housing cost burdens among homeowners are concentrated slightly higher on the income scale – in households with income between 50 and 80 percent of AMI. (See Figure 3)

These data highlight the fact that given scarce resources, the County should focus on the groups of residents with the greatest need, i.e. low-income renters and moderate-income homeowners.

Households considered low- and moderate-income in Prince George's are nowhere near poverty level, and would not typically qualify for the types of benefits and assistance available to poor families through federally funded poverty programs. In 2009, the median income for the D.C. metropolitan region, which includes Prince George's County, was $102,700 for a family of four. Households with income at 80 percent of that ($64,000) are considered low-income. (See Table 1.) Even the most generous public benefits typically phase out at 200 percent of the poverty line ($44,100 for a family of four). Often the way to provide assistance to these families, apart from increasing their incomes by lowering their taxes or through workforce development efforts, is to lower their housing costs by increasing and/or preserving housing units within their price range.

Table 1. Income Limits by Household Size for the HUD-Defined Area Median Income[2]

Area Median Income	FY 2009 Income Limit Category	1 person	2 persons	3 persons	4 persons
$102,700	Extremely Low-Income (30% AMI)	$21,550	$24,650	$27,700	**$30,800**
	Very Low-Income (50% AMI)	$35,950	$41,100	$46,200	**$51,350**
	Low-Income (80% AMI)	$44,800	$51,200	$57,600	**$64,000**

Source: HUDUser.net 2009 Income Limits

Despite Relative Affordability Compared to the Region, Prince George's is Still High Cost for Many of its Residents

Another way to assess Prince George's County's housing needs is to compare how many available units are affordable to households at specific income levels. The Prince George's FY 2011-2015 ConPlan stated that the "median gross rents for rental units in Prince George's County of all sizes was $1,131."[3] This price is affordable to families earning $40,716 or more, which is approximately 40 percent of AMI. The ConPlan states that based on these numbers, an estimated 40 percent of renters in the County could not afford the median rent without being cost burdened.[4]

The rise in price on for-sale housing for the better part of the decade reduced affordability for many families. Between 2002 and 2007, the height of the region's housing boom, median residential sales value of housing units in Prince George's County rose 91 percent - from $169,900 to $325,000. Recent declines have lowered median prices to almost pre-boom levels. According to available monthly MRIS reports for 2010, median prices have hovered just under $200,000. Declining values, though, have obviously been spurred by Prince George's foreclosure crisis.

Combined Housing and Transportation Affordability

While high housing costs are clear when planning a family budget, transportation costs associated with the location of a home also have a major impact on a household's bottom line. After quantifying the costs of housing plus transportation, affordability can be seen in a new light. While paying no more than 30 percent is the accepted standard for housing costs, paying no more than combined housing and transportation costs of 45 percent is suggested as the acceptable standard when considering these are the two largest budget items for an average household.[5]

In the Washington, D.C. region, housing plus transportation costs amount to 47 percent of the median household income.[6] According to an analysis created by the Center for Neighborhood Technology, region-wide, households spend an average of almost $23,000 per year on housing, and $13,000 per year on transportation. In Prince George's, combined housing and transportation costs tend to follow the Capital Beltway. Most residents living inside the Beltway roughly spend less than 45 percent of their overall income on housing plus transportation costs. Residents living outside the Beltway tend to pay more. For example, a household in Upper Marlboro will, on average, pay 50 percent of its income on housing and transportation costs, with 20 percent of that spent on transportation. A Capitol Heights family will pay, on average, a combined total of 37 percent for housing and transportation, paying about 17 percent on transportation.[7]

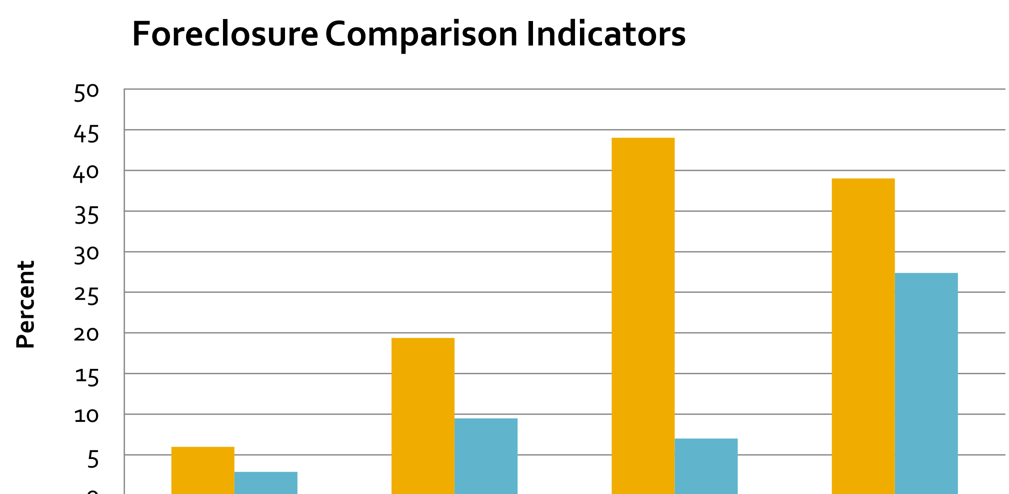
Long-distance commutes contribute most to high combined household and transportation costs. For this reason, in addition to tackling housing affordability, the County should continue to concentrate on attracting more job growth to the county so that residents can work where they live. The County should also encourage more housing in transit-accessible neighborhoods so that residents can save on transportation expenses. Owning a vehicle can increase a household budget by as much as $7,000 or more each year.[8] Transit-accessible locations, well-served by bus and rail, ease the cost of living by reducing the number of cars a household needs to own in order to access daily activities.

Foreclosures Have Exacerbated Prince George's Housing Needs

According to the Urban Institute, in December 2009, 10,700 first-lien mortgage loans were in foreclosure and 34,600 loans had missed one or more mortgage payments but were not yet in foreclosure.[9] In total, the county was dealing with 45,300 troubled loans. The Urban Institute's *Washington D.C. Metropolitan Area Foreclosure Monitor for Spring 2010* provides a number of significant comparisons between Prince George's County and region-wide averages. These measures include the foreclosure rate, mortgage delinquency rate, the percent of zip codes with the highest REO risk, and the percent of homes sold after more than 90 days on the market. REO stands for "Real Estate Owned" and refers to properties taken back by banks or lending institutions in the foreclosure process. Figure 4 provides the following comparisons.

- Some 6 percent of county homes are foreclosed on, compared to 2.9 percent for the region overall;
- Some 19.4 percent of mortgages go through delinquency, compared to 9.5 percent in the region;
- Some 44 percent of the county's zip codes have a high risk of properties being reclaimed by lending institutions, compared to seven percent of zip codes region-wide; and
- Some 39 percent of the county's available home stock spends more than 90 days on the market, compared to 27.4 percent of the region's stock overall.

Figure 4. Comparison of Foreclosure Indicators Between Prince George's County and the Region



	Foreclosure Rate	Mortage Delinquency Rate	Percent of Zip Codes in County with Highest REO Risk	Percent of Homes Sold after 90+ days on the market
Prince George's County	6	19.4	44	39
Region-Wide	2.9	9.5	7	27.4

Source: *Washington Area Foreclosure Monitor for Spring 2010*

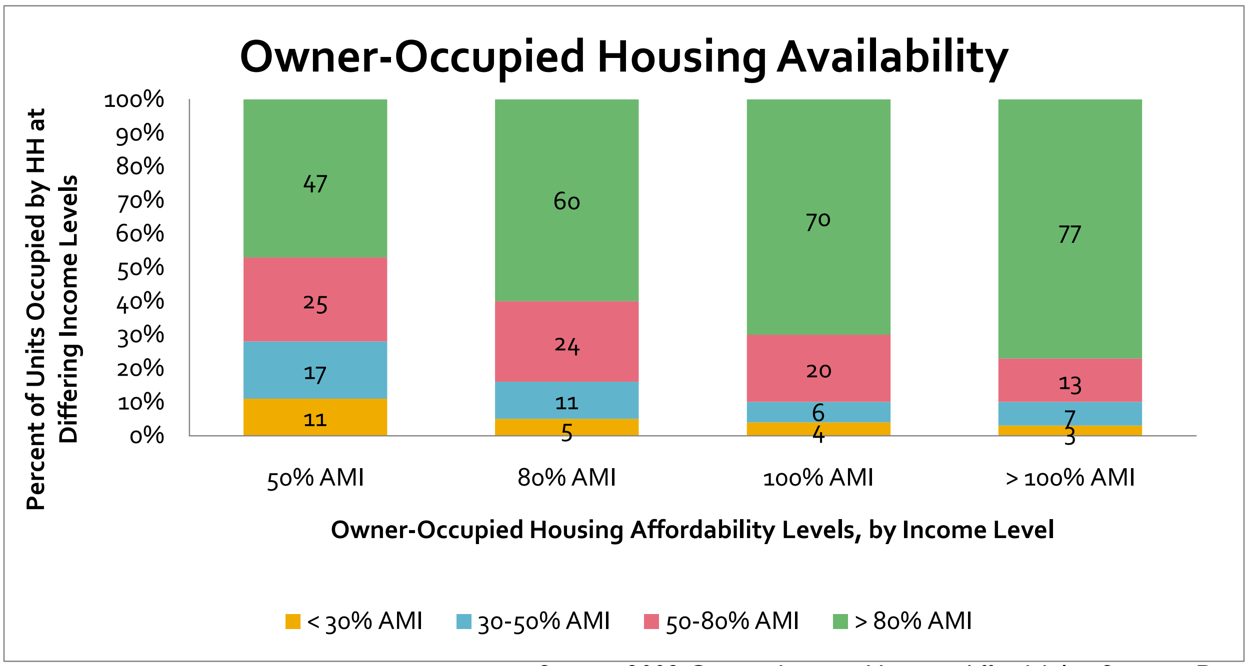
Higher-Income Residents Dominate in Rental and Owner Markets

The availability of affordable units is only part of the equation. Often, housing affordable to one income group is occupied by a household in another income group. In some instances, households earning more than 95 percent AMI are living in units affordable to low-income families. In these circumstances, despite the existence of affordable units, low-income families still struggle to find housing units they can afford.

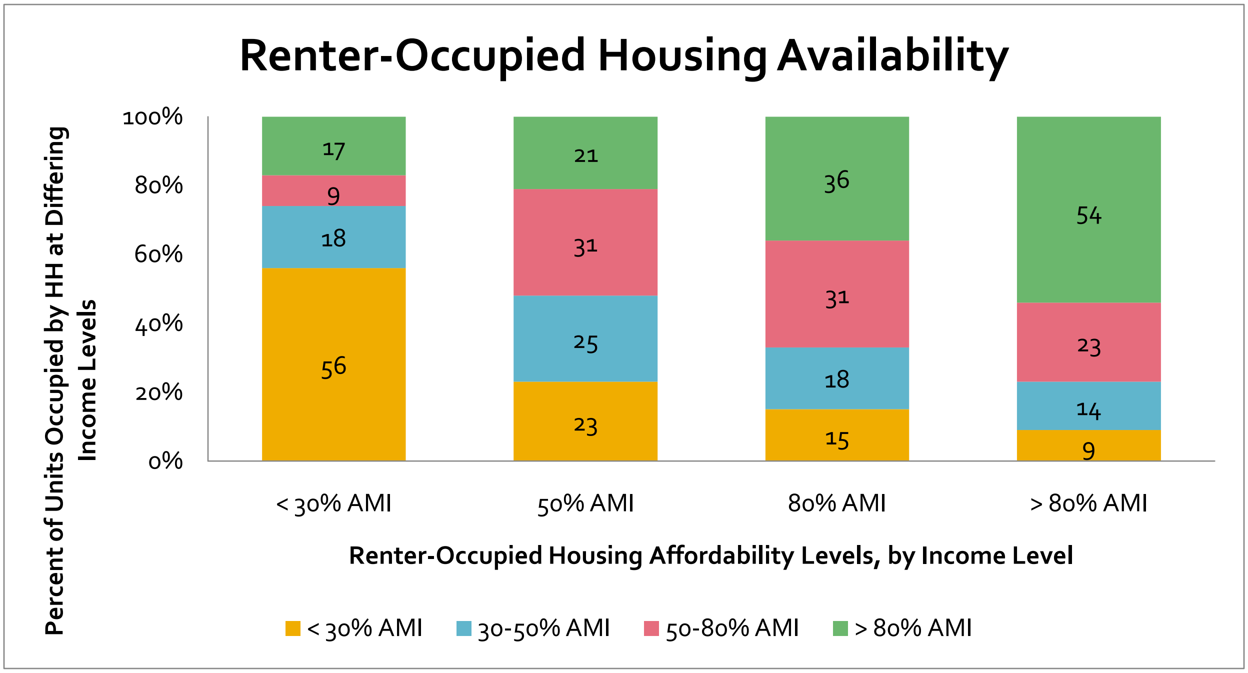
This housing mismatch issue is a significant problem for Prince George's County households. Ideally, the majority of housing units that are affordable to families earning up to 30 percent of

AMI would be occupied by that same income group. As Figure 5 shows, however, this is not often the case. For example, just over half (56 percent) of rental units affordable up to 30 percent of AMI are occupied by families earning less than 30 percent of AMI. The remaining 44 percent of those rental units are occupied by households earning greater than 30 percent of AMI and as such are limiting availability to extremely low-income households. Likewise, only 11 percent of the homes affordable to households with income less than 50 percent of AMI are actually occupied by homeowners at that income level. Some 89 percent of those homes are owned by higher-income households. (See Figure 6.)

Figure 5-6. Proportion of Households by Income Occupying Units at Differing Affordability Levels[10]



Source: 2009 Comprehensive Housing Affordability Strategy Data



Aging Housing Stock Poses Need for Rehabilitation and Preservation

The condition of Prince George's housing stock is also an important factor in housing availability. Prince George's ConPlan provides important information about the condition of the county's housing stock. The median year that housing units were built is 1972, which is slightly older than both the national median (1975) and the regional median (1977).[11] Overall, 76 percent of owner-occupied and 74 percent of renter-occupied housing in the county was built before 1969,[12] indicating that there is a substantial amount of aging property in the county that likely faces rehabilitation needs.

Monitoring the number of housing units with code violations will provide Prince George's with a clear understanding of the quality of its housing stock and rehabilitation needs. In August 2009, the County Council adopted CB-11-2009, requiring that all vacant or foreclosed properties be reported to the Department of Environmental Resources for code enforcement purposes.[13] Since the law was enacted, more than 11,000 houses have registered with Department of Environmental Resources.

Prince George's County Federal Funds Expenditures

The County is Challenged in Administering Funds that Could Ease Housing Difficulties

Given its challenges, it is critical that Prince George's use its local, state and federal housing resources efficiently. These funds can and should be used to assist struggling renters and homeowners, rehabilitate aging housing stock, and create new, quality housing opportunities. Throughout its ConPlan and Annual Action Plans, Prince George's County details, as specifically as possible, how the funds it receives from HUD will be allocated in the next one to five years. An analysis of planned versus actual spending, however, revealed that the two often do not match. The following is a discussion of how Prince George's County has utilized its HOME, Neighborhood Stabilization Program, and Community Development Block Grant funds in recent years, including some problems the County has faced.

HOME Investment Partnerships Program

On January 5, 2010, the County was forced to return more than $2 million in HOME funds because it fell short of disbursing the funds in the required five-year period since originally received.[14] These funds represented 58 percent of the total HOME funds the County received in 2004 and symbolized the difficulties within the County administration of committing and disbursing funds effectively.

An independent audit of Prince George's County's Federal Award Programs found that for the fiscal year ending June 30, 2009, there were significant deficiencies within both the HOME and CDBG programs, administered through the County's DHCD.[15]

For the HOME Investment Partnerships Program, the auditors found that the County had in excess of $12 million of HOME funds committed but not expended by the end of FY 2009. The audit directed the County to expend approximately $2.7 million by September 30, 2010, or risk having its annual allotment reduced. Notably, the County's FY 2010 allocation was already reduced by $2.2 million because of previous shortcomings within DHCD to spend allotted funds[16]. The auditors warned that, beyond having annual allocations reduced, if the County did not expend its funds during the required timeframe, the County may also risk losing funding already committed to projects.

Beyond the issues with fund disbursal, the auditors also indicated that the County risked having future HOME allocations reduced by potentially making awards that exceeded HUD's per unit subsidy guidelines. According to the auditors, the County provided inadequate evidence to prove that it evaluated per unit subsidies on the projects to which it made awards. If these per unit subsidies end up exceeding the maximums allowed by HUD and the County cannot prove that it did an evaluation, future allocations to Prince George's County could be reduced.

Similar comments about the administration and oversight of the HOME Investment Partnerships Program were published in a series of letters between Mercedes Marquez, the Assistant Secretary for HUD Community Planning and Development and Frances Bush, the Director for the Washington, D.C. HUD field office. During the events that ultimately led to Prince George's County return of $2 million in HOME funds, Marquez wrote Bush on January 5, 2010, that Prince George's County "has a history of nonperformance and noncompliance with respect to administration of its HOME Program,"[17] noting also that "the County has come close to missing both its HOME commitment and expenditure deadlines several times in the past." Marquez also pointed out that as of December 11, 2009, the County's HOME funds had a balance of just over $17 million, which is more than six times the size of its most recent grant.

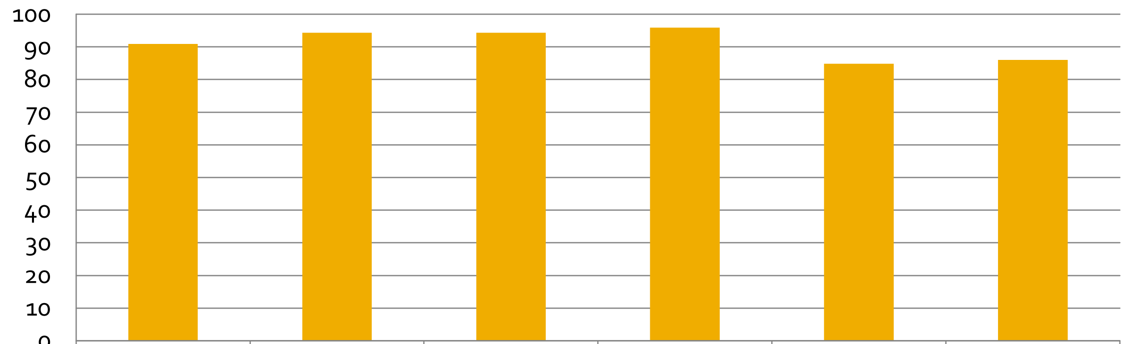
Both Marquez and the audit report note improvements occurring at DHCD as a direct result of the shortcomings identified within the County's HOME program. In Marquez's letter to Bush, although she denies Prince George's County's request for an extension to expend its HOME funds, she commends the County for taking steps to fully staff the program and improve longstanding performance and compliance issues.[18] Likewise, the audit report noted the County's efforts to monitor and actively seek to expend its HOME funds, and found that every noncompliance issue identified in its previous years' report had been corrected by the time its review of FY 2009 was released.

Despite encouragement from both Marquez and the independent audit, and improvements to the most egregious compliance issues, the most recent data that track program progress do not appear to show substantial improvement. The data, current as of March 31, 2010, lists Prince George's County in the 17th percentile nationwide in program performance. The data used to calculate this percentile includes the percent of funds committed and disbursed to date, the percent of low-income and very low-income renters benefiting from the funds, and the percent of all completed rental units that are currently occupied. Improving performance in each of these areas would ease some of the housing needs detailed earlier in this report. In the state of Maryland, six participating jurisdictions receive HOME funds. Prince George's County ranks 5th out of 6, using the same criteria developed for its national percentile ranking. The only jurisdiction that ranks lower than Prince George's in Maryland is Howard County.[19]

Comparing Prince George's County to Montgomery County, Fairfax County, Arlington County, Alexandria, and Washington, D.C., (all are also participating jurisdictions receiving HOME funds), Prince George's consistently scored lower than its peers in nearly every category, the exception being how much of its HOME funds the County has committed as of March 31, 2010. While Prince George's County performed overall at the 17th percentile nationwide, Alexandria performed at the 99th percentile, followed by Arlington County at the 82nd, Fairfax County at the 50th, Montgomery County at the 30th, and Washington, D.C., at the 27th. Figures 7 through 9 show that Prince George's County has not disbursed its funds as well as other jurisdictions, especially the funding that is specifically set aside for community-based housing development organizations (CHDOs).[20]

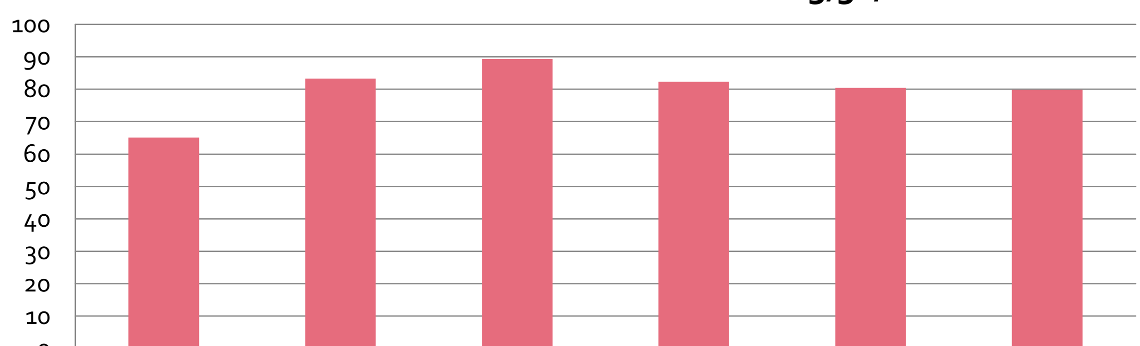
Figures 7 - 9. Region-wide Comparisons of HOME Fund Spending as of 3/31/10

Percent of HOME Funds Committed as of 3/31/10

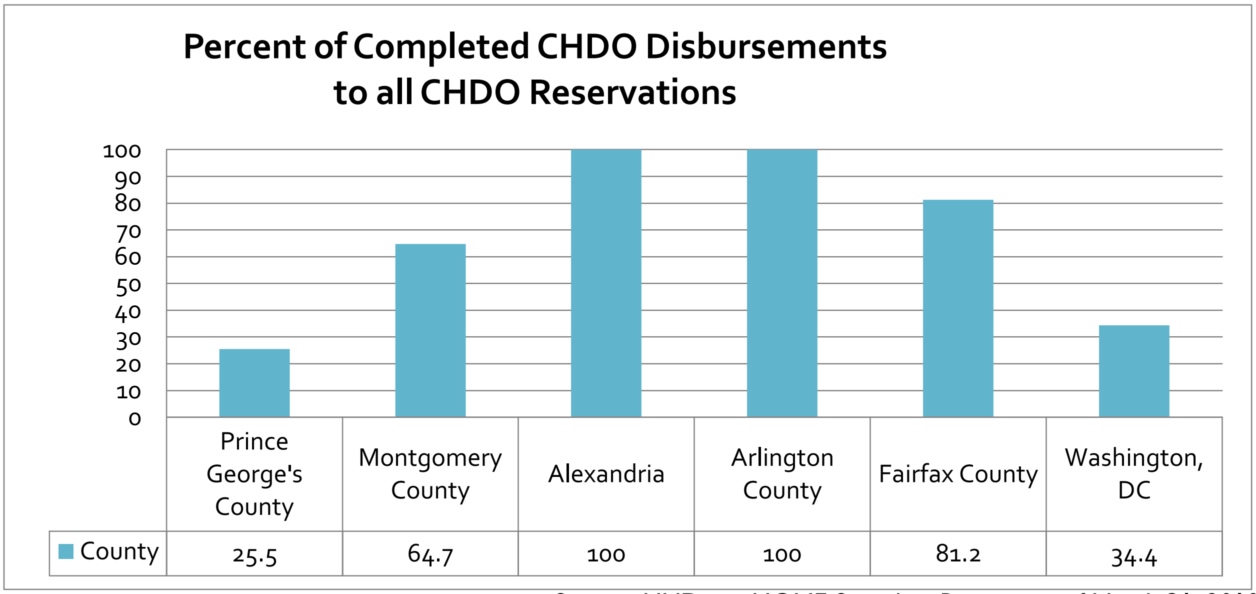


	Prince George's County	Montgomery County	Alexandria	Arlington County	Fairfax County	Washington, DC
County	90.9	94.3	94.3	95.9	84.8	86

Percent of HOME Funds Disbursed as of 3/31/10



	Prince George's County	Montgomery County	Alexandria	Arlington County	Fairfax County	Washington, DC
County	65.1	83.3	89.3	82.3	80.4	79.8



Source: HUD.gov HOME Snapshot Reports as of March 31, 2010

Neighborhood Stabilization Program (NSP)

Prince George's County received $10,883,234 in need-based, first round NSP funds in February 2009 to combat the emerging foreclosure crisis.[21] The County had 18 months from the time it received the funds to commit them, and three years to expend them. Jurisdictions with the greatest foreclosure problems received these funds, and in the Washington metropolitan region, Prince George's County received far more than any other local government — other jurisdictions in the area received on average about $4 million.

In state reports released by Maryland, Virginia, and the District of Columbia in May 2010, both Prince George's County and Montgomery County had thus far committed and expended far more of their funds than neighboring jurisdictions. As of May, Washington, D.C. had not expended any of the NSP1 funds it received from the federal government, while Prince George's County had expended 70 percent of nearly $11 million in recovery funds.

In its initial Action Plan that outlined original plans for NSP funds, Prince George's County estimated that it would assist 450 moderate-income households with down-payment and closing cost assistance, as well as 151 low-income households (earning below 50 percent AMI) with the same assistance.[22] Notably, the County's acquisition and rehabilitation goals stated in the plan pose a greater challenge, as they involve complicated financing and competition from private investors also interested in acquiring foreclosed properties. By March 2013, the County plans to have acquired and rehabilitated 30 properties, 8 of which will benefit low-income households. The County has assigned the Redevelopment Authority to the acquisition and rehabilitation projects, rather than drawing on non-profit or for-profit enterprises. Currently, the Redevelopment Authority is advertising the sale of a home acquired with NSP funds for $193,207, affordable to families earning around $60,000 per year.

To date, the County reported assisting 393 moderate-income households and 30 low-income households with down-payment and closing cost assistance to purchase foreclosed or abandoned homes. The Redevelopment Authority completed rehabilitations of five single family homes for moderate-income homebuyers, and one home was purchased by a low-income family earning less than 50 percent of AMI.[23] Prince George's has obligated and spent down NSP funds in a timely way and is ranked among leading juridictions nationally.[24] The strong performance of the NSP program is credited to the innovative structure that the program manager was able to implement, including:

(1) Adequate, qualified staffing – 10 percent of funds were spent on administration rather than the 3 percent that was originally proposed;
(2) Streamlined internal process -- removed bottlenecks, by using a dedicated attorney to review and draft documents, and exempting NSP from the administrative review process, which would otherwise delay processing by several months;
(3) Private sector partnership – since the program provided gap financing to homebuyers receiving private mortgage loans, NSP staff worked with banks and the real estate community to understand the eligible areas and other requirements of the program, and identify credit-worthy borrowers who qualified for assistance.[25]

The program also used additional County funds to market the down-payment and closing cost assistance to potential buyers through radio, bus shelter and other forms of advertising and outreach efforts.[26]

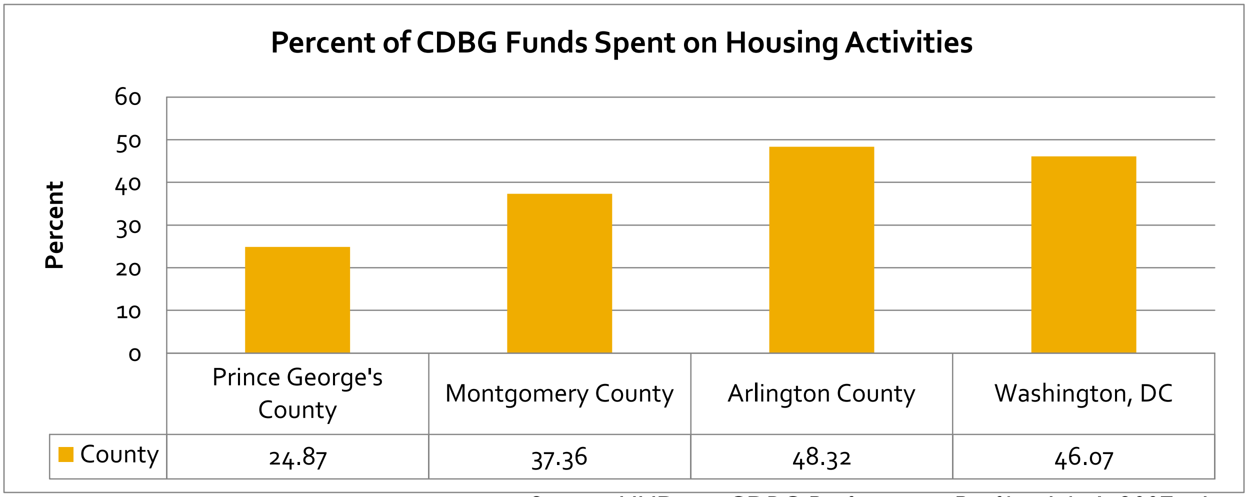
Community Development Block Grant (CDBG)

HUD releases a number of reports that allow residents to track the use of CDBG funds in their area. Two helpful reports are the CDBG Accomplishment Report and the CDBG Performance Profile. The Accomplishment Report, current as of June 30, 2009, quantifies the activities completed with CDBG funds in each participating jurisdiction for each Program Year, listing the number of households or individuals assisted by each activity. The last Program Year reported on in an Accomplishment Report was PY '08, spanning from July 1, 2008, to June 30, 2009.

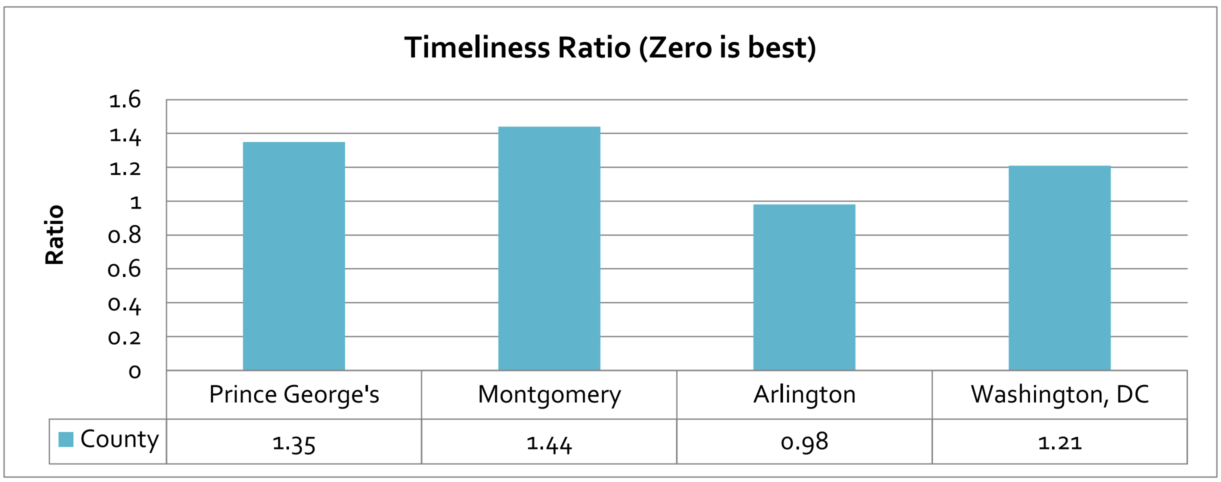
The Performance Profile provides financial information about each grantee, including their expenditures, demographics of their beneficiaries and a "Timeliness Ratio" for each grantee, which measures how well the grantees draw down their grants during the program year.

Overall Prince George's performance ranked similarly to neighboring jurisdictions. The following charts (Figures 10-11) provide some comparisons between grantees in the Washington, D.C. region. These comparisons include the percentage of CDBG funds spent on housing activities, as well as the income levels that benefited from the funds.[27]

Figures 10-11. CDBG Performance Profile Comparisons from PY 2007



Source: HUD.gov CDBG Performance Profiles, July 1, 2007 – June



Overall, Prince George's County spent slightly less than neighboring jurisdictions on housing activities. By the end of PY 2007, the County had a timeliness ratio that was slightly less than the national average of 1.42, indicating that during that year, it spent its CDBG funds efficiently. Since 2008, however, HUD indicated that Prince George's struggled to spend CDBG funds on time. In spring of 2010, the County almost lost $2.8 million in federal grants and was warned by HUD that it had failed to spend down funds in time for three consecutive years.[28]

The other indicator of CDBG progress comes from the Accomplishment Report, which breaks down what types of housing activities each jurisdiction participated in using CDBG funds for each program year. The most recent Accomplishment Report, from PY 2008, shows that Prince George's County assisted 184 households and 55 individuals (separate from the households) with CDBG funds between July 2007 and June 2008. (See Table 2.)

Table 2. Accomplishment Reports for Jurisdictions, July 1, 2008 – June 30, 2009

County	Activity	Households Assisted
Prince George's	Homeownership Assistance (Not Direct)	116
	Rehab - Multi-Unit	8
	Public Housing Modernization	60
	Housing Counseling	55 people
	TOTAL	**184 HH, 55 people**

Source: HUD.gov CDBG Accomplishment Reports, PY 2008

County Council Launches an Independent Audit of DHCD

Despite standout performance in the NSP program, it is clear that the County still has much progress to make in improving administration of its HOME funds, and to some extent CDBG funds. In response to ongoing problems meeting federal deadlines, the County Council launched an independent audit and recommendations for changes at DHCD in October 2010.[29] The study is planned to take three months and is intended to be used as a transition document for the new County Executive.

Recommendations

Helping Prince George's families live in decent homes they can afford and stabilizing and enhancing neighborhoods should be overarching goals for a Prince George's housing policy. The County's underutilization of federal funding means that fewer families are able to live in quality homes without imposing burdensome housing and transportation costs. The County needs to wholly rethink its approach to addressing housing needs. The Department of Housing and Community Development has lacked consistent leadership and has received harsh criticism from HUD for inadequate staffing to administer grants. The recent successful disbursement of the NSP funds is a promising change in direction for DHCD and offers hope for helping the administration improve performance for all its programs.

Leadership and commitment to improving housing opportunities for Prince George's families facing overwhelming costs need to come from the very top of the County government, beginning with the County Executive. Strong leadership is also required within DHCD and support for agency staff is essential to effective management of federal housing funds. An effective and timely legal review process is also critical to meeting disbursement timetables, as demonstrated by the success of the NSP management.

Prince George's County needs to adopt a housing policy and comprehensive plan to maintain, rehabilitate and support a quality housing stock affordable to resident families facing the greatest cost burdens. Only in the last decade have most of the County's neighboring jurisdictions created comprehensive housing strategies. Prince George's has the opportunity to draw from the best practices in the region and nationally, and craft a comprehensive housing strategy that meets the unique housing needs of its residents.

In order to address chronic shortcomings and better meet the needs of Prince George's families and neighborhoods, the following recommendations are offered to the incoming County leadership.

1. **Establish new leadership at the highest levels to create a housing policy and comprehensive strategy**

1.1 Conduct a national search for a Director of DHCD tasked with transforming the agency

The County Executive, responsible for DHCD management and performance must engage local and national experts in conducting a national search for a new Director of DHCD. The new director's task should be to transform the agency, strengthening existing staff and hiring outstanding new staff members with expertise in housing finance, experience in effectively administering federal and state housing resources, and the ability to aggressively managing the County's interest in development deals. Fully utilizing available and new resources to assist cost-burdened families and rooting out the impediments to performance at DHCD can only be achieved through strong, committed leadership at the very top of the County.

1.2 Establish a Comprehensive Housing Strategy

The incoming County Executive should articulate a comprehensive housing policy that sets as priority goals providing decent, affordable housing for all Prince George's households, and mixed-income housing opportunities throughout the county, especially in transit-accessible locations and established towns. While the federally-required Consolidated Plan is helpful, Prince George's should follow the best practices regionally and nationally in creating a comprehensive housing strategy. This strategy can provide the framework for comprehensively assessing the county's needs, identify available and potential resources, and refine approaches to meeting priority housing needs. Many Washington, D.C. region jurisdictions have recently created comprehensive housing strategies through extensive public task force efforts. These plans and processes should be examined.[30]

Such a strategy forms the foundation of stable, healthy neighborhoods and residents. When residents can live in quality housing that does not overburden their family budgets, they can contribute more to their communities and pursue opportunities to improve their future earnings potential with enhanced training, education and other investments. From this foundation of increased and stable earnings, families can advance to successful homeownership that builds wealth, minimizes risk, and avoids cost burden.

2. Strengthen Organizational Capacity within DHCD and the Non-Profit Sector

2.1 *Strengthen Capacity within DHCD to Efficiently Allocate Resources*

In the recent rejection of the County's request to extend the deadline to expend HOME funds, HUD raised the concerns of inadequate staff and lack of proper management.[31] The performance of DHCD can be strengthened by ensuring that staff with management responsibilities has the skills, experience and training they need to successfully perform their duties. Also, sufficient numbers of qualified staff are needed to ensure timely disbursement of funds. As part of the revamping of the department, the new director should conduct an assessment of the adequacy of the staff and identify gaps in staffing, skills and training. Backed by the County Executive and the County Council, the DHCD director should implement a staff improvement plan to ensure that previous weaknesses that led to underperformance are corrected. Reorganization of legal review of contracts and the administrative review process to expedite disbursements should also be a high priority. The success of the NSP funds disbursement should be evaluated and replicated.

Special attention should be paid to staffing regarding the expenditure of HOME funds due to the County's continued difficulty in timely disbursement. Regional and national best practices should be examined to help guide the development of new methods by the County to ensure that HOME funds are fully utilized and spent in the most effective way.

The County should establish housing policies and processes that promote and support development projects that fit the County's larger goals, are competitively selected, meet stringent underwriting requirements and are a good investment given the time and resources required. DHCD can be further strengthened by soliciting participation from industry investors, policy experts and non-profit developers through advisory committees and project review panels that can help to increase accountability in addition to attracting expertise and resources to the County's efforts.

2.2 *Strengthen the Non-Profit Sector; Encourage Regional Partners*

The knowledge and experience necessary to capitalize on substantial federal funds and private debt and equity investment is insufficient within both DHCD and many local non-profit organizations. Greater financial and technical assistance offered to the non-profit sector is necessary before HOME and other funds can be used effectively.

A 2007 report by Maryland Nonprofits identified many of the challenges of the non-profit sector within Prince George's County. According to the report, titled *Making Connections: The Nonprofit Sector in Prince George's County*, the County government provided a per capita rate of $2 in grants to non-profits on an annual basis, compared to an average per capita rate of $9-

$10 in neighboring jurisdictions. Furthermore, 80 percent of the County's non-profits earned less than $25,000 per year in revenue.[32]

The lack of revenue generated in Prince George's non-profit sector has a significant impact on the non-profits' ability to engage in most real estate development. For example, many non-profits require Low Income Housing Tax Credits (LIHTC) to finance development, one of the most commonly used tools in affordable housing finance.[33] However, states receive a limited amount of LIHTC authority, and non-profit organizations across the state must request these funds. The process involves a number of fees that non-profit housing developers in Prince George's may struggle to meet. According to the Maryland Qualified Allocation Plan, applicants must pay a non-refundable application fee of $1,000 for every tax credit application, as well as a non-refundable $4,000 reservation fee upon receipt of a reservation letter for tax credits.[34] Further, for competitively allocated credits (9 percent LIHTC), the organization must be able to pay an allocation fee equal to 4 percent of the estimated tax credits at the time the Maryland Community Development Administration (CDA) issues the tax credit eligibility letter to the developer.[35] If, for instance, a non-profit receives $1 million in tax credits, this means that the non-profit would have to pay $40,000 up-front at the time of receiving notice of the tax credit award.

In Prince George's County, few non-profits are in a position to meet the minimum financial requirements to apply for LIHTC. Thus, successful non-profit use of LIHTC requires partnering with high capacity organizations such as regional non-profit housing development enterprises. To improve local capacity and increase production of rehabilitated and new units, we recommend establishing a mentoring program between these non-profits and high capacity organizations. These partnerships could produce County-supported demonstration projects that would both improve the County's housing stock and broaden the capacity of the smaller non-profits at the same time.

Prince George's desire to only involve Prince George's-based non-profits in its development projects limits the options available and potentially passes over qualified regionally-based non-profits which can work effectively in the county to help it achieve its housing goals. The Washington, D.C. region is home to a number of major non-profit housing producers. These experienced, high capacity regional producers and other growing non-profits should be encouraged to help the county improve its housing stock. At the same time, these high capacity regional producers could be working with smaller non-profits, based in Prince George's, to help them gain capacity with the assistance of the County.

3. Rehabilitate and Improve the Existing Housing Stock

3.1 Maintain Balance between Rental and Homeownership Priorities to Better Meet Needs

Prince George's County needs to provide more balanced assistance to low- and moderate-income renters and homeowners. A quality rental stock is especially important since very low-income families are extremely cost burdened, spending half or more of their incomes on housing, and are not in a position to be homeowners. A large number of Prince George's homeowners who are low- and moderate-income earners pay too much for their homes. In addition to homeownership assistance and housing counseling, providing more quality rental housing affordable to low- and very low-income families can provide a more stable alternative to cost-burdened homeownership. While homeownership is a desirable goal, the high foreclosure rate shows that homeownership is not always the best housing option and can cause a loss of wealth, rather than a gain. A high quality stock of rental housing can help families pursue future homeownership that sustainably builds wealth, while providing good places to live until they are ready for homeownership they can afford.

In the County's FY 2009 evaluation report to HUD (called the "Consolidated Annual Performance and Evaluation Report" or CAPER), Prince George's lists all of the activities that received CDBG funding in 2009 for the purposes of benefiting low and moderate-income households. The list included 100 separate activities that all received some portion of FY 2009 CDBG funds.[36] Of those 100 activities, 22 pertained to affordable housing in some capacity. Ten activities related to housing counseling and foreclosure prevention, four activities benefited households needing rehabilitation to bring their homes up to code, three activities provided funds for the acquisition, rehabilitation, and resale of properties, two allowed for minor interior rehabilitations, and two activities promoted homeless prevention and shelter services.

From these 22 activities, only two explicitly addressed the needs of renters: the first was $179,800 awarded to the Prince George's County Housing Authority for the rehabilitation of public and assisted housing to meet code enforcement requirements, and the second was the demolition of the McGuire House Apartments, an apartment complex that had sat vacant since 1995 due to asbestos issues.[37] None of the funds expended for acquisition, rehabilitation and resale activities noted that the properties would be rental, and the assumption is that the single family homes acquired by the organizations receiving these funds will benefit homeowners.

Furthermore, in a separate section of the FY 2009 CAPER outlining how CDBG funds were spent to benefit low and moderate-income multi-family housing, which more often than not is exclusively renters, only two activities were listed. Funds were given to the Independence Now MOD Squad program and for the Windsor Crossing security upgrades in FY 2009. The MOD Squad program exclusively benefits individuals with disabilities and primarily provides for a "variety of minor home and bathroom accessibility construction."[38] Windsor Crossings is a 253 unit affordable housing complex in the Developed Tier, developed by Stavrou Associates. The narrow scope of use of these resources points to the need to re-assess the importance placed on rental housing rehabilitation.

3.2 Leverage Low Income Housing Tax Credits for Rehabilitation

No sponsors within Prince George's County have applied for tax credits to be used for either rehabilitation or construction since 2008. Although several projects are currently in the pre-closing pipeline using 4 percent Low Income Housing Tax Credits (LIHTC). Overall, Prince George's County has not applied for as many competitive 9 percent LIHTC as jurisdictions with similar demographics.[39]

The most recent project to receive competitive 9 percent LIHTC was the Jericho Senior Living project in 2008. The project was awarded $20,923 in LIHTC, to be combined with a 2007 allocation of $1.4 million for its new construction in Landover, Maryland. Additionally, all four projects awarded grants in 2007 were for senior living projects, only one of which is located in the Developed Tier. While 9 percent LIHTC deals typically involve more complicated financing for new construction, 4 percent LIHTC are used almost exclusively for acquisition and rehabilitation. Four percent credits are awarded on a non-competitive basis, and can be leveraged to rehabilitate many of the multi-family rental properties identified with code violations and in need of repair.

3.3 Inventory Housing Conditions, Target Aggressive Code Enforcement, Support Tenant Organizing

Data on the aging housing stock and code violations provide the County government with information that can help guide a strategy for targeting specific properties and neighborhoods most in need of rehabilitation and improvement. Building on these data, we recommend that DHCD comprehensively inventory the condition of the housing stock and create a strategic plan that targets properties in poor condition for rehabilitation, and identifies priority areas where multiple properties are clustered in specific neighborhoods. Based on this assessment, the County can work with property owners to bring their buildings up to standard or solicit proposals from local and regional non-profits and for-profit developers who can provide the rehabilitation work required. While the County has stepped up to monitor foreclosed homes for code violations, greater attention tracking the quality of multi-family housing and promoting rehabilitation of these properties can protect communities from potentially bad neighbors and unpleasant or even dangerous places to live for the residents. Supporting increased organizing of tenants can also aid in the improvement of the existing rental housing stock by empowering tenants to ensure that their buildings meet quality standards.

3.4 Support the efforts of the MD-BRAC Preservation Initiative.

The County should continue to support the MD-BRAC Preservation Initiative, which seeks to provide short-term and long-term financing for multi-family affordable rental properties impacted by the growth associated with BRAC, beginning in 2011. The goal of the initiative is to encourage multi-family rental property owners and buyers to maintain their properties as affordable to low-income residents once the area experiences the impact of BRAC-related growth.[40] Currently, the Preservation Initiative is waiting to receive matching funds from the County to go into the MD-BRAC Preservation Loan Fund, which will provide the needed financing. Eight counties are included in the fund. The initiative is planned to have received all of the counties' financial commitments by the end of 2010.

3.5 *Adopt a Tenants Opportunity to Purchase Act*

Currently, Prince George's County offers no protection to tenants living in rental properties in which the landlord plans to sell the property. In the District of Columbia, the 1980 Tenants Opportunity to Purchase Act enables tenants the opportunity to purchase their building if it is offered for sale. Tenants also have the right to sell to a third party buyer, and if they choose to sell to a developer, they can receive cash for the units they vacate. The tenant purchase law has allowed thousands of affordable rental units to be purchased and renovated while preserving the affordability of the buildings. Some of the buildings have become resident-owned limited equity cooperatives, enabling moderate and low-income residents to be homeowners. Prince George's should consider adopting a similar law to prevent or mitigate displacement of low-income renters as property values rise in desirable, transit-accessible locations such as Langley Park and around Metro stations.

4. Provide Even Greater Foreclosure Prevention and Counseling Services

Prince George's faces the highest foreclosure rate in the region with 10,700 first-lien mortgage loans in foreclosure and 34,600 loans with one or more missed payments for a total of 45,300 troubled loans as of December 2009, according to the Urban Institute.[41] Federal, state and local actions have been created to address the crisis but more can be done to prevent foreclosures, and avoid cost-burdened homeownership. Given the magnitude of the situation, the County needs to strategically target its resources to provide the most protection to homeowners and neighborhoods.

The ConPlan cites several steps the County has taken to confront the crisis: passing CB-11-2009, which requires notification to the Department of Environmental Resources of vacant and foreclosed houses in the county for code enforcement purposes; participating in the Neighborhood Stabilization Program and State "Down Payment for Dream" program; and the creation of the Common Ownership Communities Program (COCP) within the Department of Community Relations, which assists "governing bodies, owners and residents of homeowners' association, residential condominiums and co-ops with education and training services in matters relating to common ownership communities."[42] While this program is not specifically oriented toward foreclosure prevention, it seeks to better educate residents living in common ownership properties about best practices for these types of communities.

4.1 *Allocate More Resources to Foreclosure Prevention Counseling*

Prince George's County's FY 2009 CAPER cited that 3,823 persons benefited from CDBG funds that provided housing counseling, fair housing/predatory lending and foreclosure prevention training. Eight different organizations in the county received these funds, totaling nearly $133,000 in CDBG resources.[43] However, as significant as the numbers are, with tens of thousands of troubled loans in the county, even more resources should be allocated to programs that have shown they have effectively helped multi-family and single-family homeowners prevent foreclosure. If more resources were offered to organizations capable and ready to run counseling programs, the county could potentially reduce the number of households dealing with troubled loans, which would avoid more foreclosures and the need to expend more money on difficult acquisition and resale financing. Increased access to housing counseling services will also mitigate the negative impacts experienced by homeowners and families from resolutions to troubled loans. For many local non-profits, running housing counseling programs is an effective use of their capacity and expertise.

Prince George's County's Annual Action Plan for FY 2011 dedicates $225,000 in CDBG funds toward foreclosure prevention programs. This is a substantial increase from FY 2009. However, the funds dedicated to these programs represent a small percentage of all CDBG grant allocations for FY 2011.[44] Furthermore, the County does not include any specific objective directly related to foreclosure prevention in its annual objectives.[45]

A greater number of people can be assisted through housing counseling services than through the purchase and resale of foreclosed homes or down-payment and closing cost assistance. Furthermore, more effective housing counseling can reduce the number of homeowners who find themselves in homes they cannot afford or under predatory loans.

5. Develop Local Financing and Zoning Tools for Mixed-Income Housing Development

5.1 *Develop a Dedicated Source of Local Funding for Affordable Housing*

In high-cost housing markets, like the Washington, D.C. region, local funds are essential to making federal housing assistance work. By providing local funds, projects are more likely to be completed and meet all required deadlines. All the major jurisdictions in the region provide substantial amounts of local funding and in-kind subsidies (such as inclusionary zoning) to utilize HUD funds and LIHTC and meet federal requirements in a timely way. While the housing commitments of neighboring jurisdictions have steeply declined following the recession of 2008, major increases were made during the mid-2000s. Despite the recent decline, many area jurisdictions continue to provide local funds to housing programs. This amount is expected to increase as the economy recovers.

For example, Arlington County sets aside one percent of deed recordation taxes in its Affordable Housing Investment Fund (AHIF), as well as committing $1 million in HOME funds annually, leveraging historic tax credits and utilizing several other means of financing to continuously finance the fund.[46] While utilizing tax revenue means that the amount of money in the trust fund may vary from year to year, the County ensures that money is available each year. In fact, for FY 2010, despite the economic downturn, Arlington managed to commit $5.2 million in new funding to its AHIF, which included $4 million in local funding and $1.2 from HOME.[47] Also, while the D.C. Housing Production Trust Fund's (HPTF) balance has dropped as its dedicated source of revenue has declined, the trust fund will receive $22 million for FY2011.[48] D.C.'s trust fund receives 15 percent of deed recordation fee and real estate taxes. Some 40 percent of all HPTF resources must be spent on households earning less than 30 percent of AMI; another 40 percent must benefit 31 to 50 percent of AMI, and the remainder of the funds may benefit those earning up to 80 percent of AMI. Montgomery County also continues to support its local Housing Initiative Fund at $13.9 million for FY2011.[49] Montgomery County generates revenue from a variety of different sources, including 2.5 percent of the general property tax revenue.

Local trust funds are growing in popularity. According to the Center for Community Change, nearly 600 housing trust funds exist in 38 different states, and every year more are established.[50] Currently, housing trust funds dedicate more than $1.6 billion annually toward affordable housing needs.

Some 83 counties in the nation plus Washington, D.C. administer their own housing trust funds, and five of those are in the greater Washington metropolitan region: Washington, D.C., Arlington County, Fairfax County, Montgomery County, and Howard County. Jurisdictions utilize a variety of financing strategies.

Table 4. Examples of Funding Sources for Local Housing Trust Funds[51]

Source of Funding	Number of Counties Using Source
Document recording fee	50 counties in PA; all counties in WA state; St. Louis County, MO
Developer fees: developer impact fees from non-residential linkage ordinances; developer proffers; residential inclusionary zoning in-lieu fees; conversion fees	10
General funds committed from the County and/or jurisdictions within the County	10, including Arlington County, VA
Real estate transfer tax	3, including the District of Columbia
Sales tax	2
Property tax revenues	2 – Fairfax County, VA; Montgomery County, MD
Food and beverage tax	1– Dade County, FL
Parking garage revenues	1 – Toledo/Lucas County, OH
Bond revenues	1 – Polk County, IA
Credit enhancement program revenue	1 – King County, WA

Source: *Housing Trust Fund Project,* 2007, Center for Community Change, modified

As of 2007, when the Center for Community Change released its report on housing trust funds nationwide, four area jurisdictions -- the District of Columbia, Montgomery County, Arlington County and Fairfax County -- ranked among the top local funds dedicating more than $5 million per year.[52]

Prince George's County does not allocate any funds for a housing trust fund. Without any local source of funding, Prince George's County must rely exclusively on federal allotments of HUD funds and state tax credits. A number of potential sources could be used by Prince George's County to support a housing trust fund. Most county-administered housing trust funds are used for the acquisition, new construction or rehabilitation of affordable housing units. The majority of housing trust funds also allocate some resources to strengthen the capacity of non-profit housing organizations, specifically financing pre-development activities. A source of local funding for this purpose is needed in Prince George's County to sustain the efforts of CHDOs and other non-profit organizations to carry out their missions of creating quality, affordable housing and economic development.

5.2 *Enact Land Use and Zoning Policies that Encourage Mixed-Income Housing Development*

With the exception of a limited bonus density incentive in one Metro station plan,[53] Prince George's County does not utilize land use tools that can encourage or mandate mixed-income development. Both Arlington and Montgomery Counties outline some of their more innovative tools in their respective ConPlans, going far beyond the requirements of reporting on the four HUD grants. In Section 91.215(b) of the ConPlan, counties are required to state their housing priority needs, specific objectives, and resources they plan to use to reach those objectives. Arlington County refers to its own local policies as some of the many resources it will utilize to achieve its goals, including bonus densities in specific neighborhoods, a special affordable housing protection district, voluntary site plan guidelines, and an affordable housing ordinance. The ordinance was enacted in 2005 and allows developers to choose whether to provide "a cash contribution or to provide units using a percent of the increased gross floor area (GFA) above 1.0 Floor Area Ratio (FAR)."[54]

Likewise, Montgomery County also provides information on its own innovative land use and zoning tools, specifically the Moderately Priced Dwelling Unit (MPDU) program. This program, started in 1974, is considered the first mandatory inclusionary zoning program enacted in the country. Currently, the law requires that between 12.5 and 15 percent of units in buildings with 20 or more units be made affordable to moderate-income households (earning below 65 or 70% AMI). It also allows the County's public housing authority the right to purchase up to one-third of the moderately-priced units to assist low-income households. To date, the MPDU program has created 12,786 units of affordable housing[55].

The District of Columbia also adopted its own inclusionary zoning law in 2006, which recently went into effect. The law requires that any development with 10 units or more must set aside 8 to 10 percent of those units to be affordable to families earning between 50 and 80 percent AMI in exchange for a 20 percent density bonus.[56] Although the real estate market downturn has stalled the production of new housing, including inclusionary units, development proposals for 4,800 homes are expected to seek zoning approval in the near future. This could result in up to 430 new affordable units.[57] A mandatory inclusionary zoning law helps to ensure that when the housing market revives, moderately-priced housing will be included in new developments.

5.3 *Consider Implementing Other Local Funding Sources for Mixed-Income Housing Development*

Prince George's County can use a number of tools to assist moderate and low-income families struggling to find housing that is both decent and affordable. As part of its overall housing strategy, Prince George's County should look beyond the federal funds it receives annually, as these funds are not sufficient to cover all of the housing needs in the county. Implementing local resources are required to better address the need and leverage outside assistance.

The District of Columbia currently utilizes a number of local resources to benefit low-income households. Beyond the Housing Production Trust Fund, the city's Department of Housing and Community Development (DHCD) also receives funds from local budget appropriations and repayments on loans originally funded with local dollars. DHCD also receives funding from the "combined special purpose revenues of the DHCD Unified Fund; Intra-District funds from other District Agencies, … and condominium/cooperative conversion fees deposited into DHCD's Housing Assistance Fund."[58] The city actively seeks out private funds as well, especially from large foundations like Fannie Mae, LISC and Enterprise Community Partners.

5.4 Comparison of Federal, State and Local Housing Tools of Washington, D.C. region jurisdictions

Table 5 shows a comparison of efforts by D.C., Arlington, Montgomery and Prince George's Counties to address their affordable housing needs at the local level. This report has detailed Prince George's performance compared to its neighbors on federal financial resources. The table below highlights that compared to its neighbors, Prince George's offers few local resources to address housing needs.

Table 5. Comparison of Federal, State, and Local Housing Tools in Washington, DC Region

	Arlington County	District of Columbia	Montgomery County	Prince George's County
Resources – Federal Financial	- CDBG general use - HOME general use - ESG general use - HOPWA general use - LIHTC	- CDBG general use - HOME general use - ESG general use - HOPWA general use - LIHTC - McKinney Act Loans - Bond Financing	- CDBG general use - HOME general use - ESG general use - HOPWA general use - LIHTC	- CDBG general use - HOME general use - ESG general use - HOPWA general use - LIHTC
Resources – State Financial	None stated in Consolidated Plan	N/A	None stated in Consolidated Plan	- State Down Payment and Settlement Expense Loan Program - House Keys 4 Employees Program - CDA Maryland Mortgage Program - State Weatherization Assistance Program

	Arlington County	District of Columbia	Montgomery County	Prince George's County
Resources – Local Financial	- Affordable Housing Investment Fund (AHIF) – comprised of HOME funds, local general revenue, and 1% of recordation tax - AHIF Plus Credit Facility - Partial Exemption of Tax Assessments - Bond Financing - Housing Grants - Real Estate Tax Relief Program	- Housing Production Trust Fund (HPTF) – 15% deed recordation and transfer taxes - Local Rent Supplement (LRSP) – rental assistance and operating costs for affordable developments - Housing First program – assistance for homeless persons - Home Purchase Assistance Program (HPAP) - First Right Purchase Assistance Program (FRPAP) - Workforce Housing Production Program - Neighborhood Investment Fund (NIF) - Tax Exemptions	- Housing Initiative Fund (HIF) – 2.5% property tax - Revolving Loan Program for Down payments/Closing Cost Assistance – funded by HIF - Local funding for rental assistance for formerly homeless persons	None stated in Consolidated Plan
Resources – Land Use Policy	- Voluntary Site Plan Guidelines - Affordable Housing Ordinance - Special Affordable Housing Protection District - Density and Height Bonus - Transfer of Development Rights - Bonus Density in Nauck Village Center - Bonus Density in Clarendon Revitalization District	- Tenant Opportunity to Purchase (TOPA) - Inclusionary Zoning	-Moderately Price Dwelling Unit Program - inclusionary zoning - Workforce Housing requirement - Commercial-Residential Zone, Zoning Text Amendment 09-08 (increased mixed use affordable housing development)	- New Carrollton Transit District Overlay Zone Metro Core Density Bonus

Sources: FY 2011-2015 Consolidated Plans for DC, Arlington, Montgomery, and Prince George's Counties; MNCPPC-Prince George's County, New Carrollton Transit District Development Plan and Transit District Overlay Zoning Map Amendment, 2010.

Conclusion

Economic development and household wealth are built on the foundation of stable families and communities. The County has many opportunities to strengthen the economic base of moderate and low-income households who need quality housing that won't place excessive strain on their family budgets. Leadership at the highest levels is needed to create a comprehensive vision, goals and effective administrative procedures to execute programs. The County should address its lack of an overall strategy by creating a comprehensive housing strategy task force, as many of the region's jurisdictions have done over the last decade. Drawing on the expertise of bankers, non-profit leaders, housing policy analysts and other members of the Prince George's community, a new comprehensive approach to address the housing needs of county residents is essential to sustaining the quality of life for all residents and moving toward a more prosperous future.

The County has shown its ability to successfully manage the short timelines and federal requirements of the NSP program. The elements that led to the accomplishments of this program should be evaluated and more broadly applied. NSP's success demonstrates that the County has the talent to execute a federally-funded program successfully when the outcomes of the program are given enough priority.

In addition to learning from the County's experience with its own NSP program, national experience and that of neighboring jurisdictions can help Prince George's retool its housing programs, strategy and policy. Neighboring jurisdictions have been expanding their own efforts in aiding their households who face severe housing challenges. The District of Columbia's Housing Production Trust Fund, Local Rent Supplement Program, Tenant Opportunity to Purchase Act and the recently implemented mandatory inclusionary zoning law are all local initiatives that the city has undertaken to address the importance of maintaining quality affordable housing opportunities for its residents.[59] Although the economic downtown has negatively impacted many local programs, they will remain in place and become steadily more active as the economy recovers. Despite the state of the economy, according to DC's FY 2009 CAPER, the city created, preserved, or assisted in the rehabilitation of 1,599 affordable ownership or rental units.[60]

Strengthening the organizational capacity within both DHCD and the non-profit sector, improving and preserving current affordable housing opportunities, providing even greater foreclosure prevention resources and developing local initiatives to supplement the federal grants are all ways in which Prince George's County can put its moderate- and low-income families on a more stable path for the future. Every jurisdiction wants to provide the resources that offer residents economic mobility, affordable living and a high quality of life. Prince George's County can do all of this, but it starts with proactive stabilization and targeted assistance to those moderate- and low-income households with the greatest need.

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