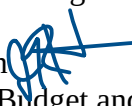


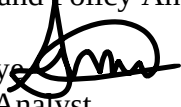


April 11, 2024

MEMORANDUM

TO: Thomas E. Dernoga, Chair
Planning, Housing and Economic Development (PHED) Committee

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Shalene Miller-Whyte 
Budget and Policy Analyst

RE: Redevelopment Authority
Fiscal Year 2025 Budget Review

Budget Overview

The FY 2025 proposed operating budget for the Redevelopment Authority (“RDA” or “the Authority”) is \$523,900, a decrease of -\$10,600 or -2.0% under the FY 2024 approved budget. The organization’s grant from the County totals \$300,000, a decrease of -\$10,600 or -2.0% under the FY 2024 approved budget. However, pursuant to CB-061-2023, the Authority has assumed responsibility for the County’s Surplus property with the Property Management Services Special Revenue Fund, previously managed by the Office of Central Services.

The FY 2025 proposed budget for the Property Management Special Revenue Fund budget is \$567,000. FY 2025 funding decreases -\$233,000 or -29.1% under the FY 2024 approved budget. The decrease in the Special Revenue Funds is due to the removal of a recovery for a Realty Specialist 3G position from the fund and the reduction of funding for landscaping services allocated as one-time costs in the prior year.

Combined, the proposed operating budget and Property Management Special Revenue Fund budget for the Authority is \$1,090,900, which is \$567,000 above the Authority’s approved FY 2024 budget.

Budget Comparison – All Funds

Actual Fiscal Year 2023 to Proposed Fiscal Year 2025

Fund	FY 2023 Actual	FY 2024 Approved	FY 2024 Estimated	% Change - Est vs App	FY 2025 Proposed	\$ Change	% Change
Operating	\$ 1,809,541	\$ 534,500	\$ 534,500	0.0%	\$ 523,900	\$ (10,600)	-2.0%
Special Revenue Funds	605,500	800,000	800,000	0.0%	567,000	(233,000)	-29.1%
Total	\$ 2,415,041	\$ 1,334,500	\$ 1,334,500	\$ -	\$ 1,090,900	\$ (243,600)	-18.3%

Budget Comparison General Fund

Revenues

Authorized Staffing Count – All Funds¹

	FY 2024 Approved	FY 2025 Proposed	Change Amount	% Change
Full-Time	9	9	0	0.0%
Limited Term	0	0	0	0.0%
Total	9	9	0	0.0%

Staffing Changes

- The vacant real estate development position will be staffed by a DHCD employee and will focus on surplus.
- There is currently one employee working on the Pathways to Purchase program, but the RDA can increase the number of employees through contracting, if necessary.

¹ Staffing for the RDA is assigned and allocated from DHCD. See page 608 of the FY 2025 Proposed Budget Book.

Expenditures by Category, General Fund

Category	FY 2023 Actual	FY 2024 Approved	FY 2024 Estimated	FY 2025 Proposed	\$ Change	% Change
Board Member Stipend	\$24,400	\$26,400	\$27,100	\$30,000	\$3,600	13.6%
Board Member Expenses		\$4,000	\$400	\$400	(\$3,600)	-90.0%
Telephone	\$4,882	\$4,500	\$5,000	\$5,000	\$500	11.1%
Printing	\$10	\$200		\$200	\$0	0.0%
Courier Service	\$166	\$300	\$200	\$300	\$0	0.0%
Staff Training		\$1,500		\$500	(\$1,000)	-66.7%
Advertising	\$1,287	\$1,000	\$1,000	\$1,000	\$0	0.0%
Consultant & Studies	\$8,000	\$3,000	\$35,000	\$5,000	\$2,000	66.7%
Catering	\$749	\$1,000	\$1,000	\$1,000	\$0	0.0%
Equipment Leasing	\$5,343	\$7,000	\$5,000	\$5,000	(\$2,000)	-28.6%
Other Operating Expenses	\$7,253	\$3,100	\$5,000	\$1,000	(\$2,100)	-67.7%
General Office Supplies	\$1,242	\$10,000	\$1,500	\$500	(\$9,500)	-95.0%
Miscellaneous Service	\$10,600	\$1,500	\$0	\$0	(\$1,500)	-100.0%
Memberships	\$375	\$500	\$400	\$400	(\$100)	-20.0%
Awards and Presentations	\$479	\$100	\$500	\$100	\$0	0.0%
Professional Legal Services	\$151,591	\$120,900	\$120,900	\$107,000	(\$13,900)	-11.5%
Commercial Insurance	\$3,488	15,000	\$38,500	\$40,000	\$25,000	166.7%
Office and Finance Fees	\$86,375	\$90,600	\$90,600	\$96,600	\$6,000	6.6%
Professional Auditing Fees	\$3,500	\$20,000	\$6,000	\$6,000	(\$14,000)	-70.0%
CDBG/HITF Grant Staff Support		\$223,900	\$223,900	\$223,900	\$0	0.0%
HRAP HIP Project Delivery Costs	\$185,324	\$0	\$0	\$0	\$0	
Grants to Individuals	\$392,937					
DHCD Allocation - Staff	\$1,245,450	\$0	\$0	\$0	\$0	
Debt Service	\$115	\$0	\$0	\$0	\$0	
Total Expenditures	\$2,133,566	\$534,500	\$562,000	\$523,900	(\$10,600)	-2.0%

- All categories align with anticipated expenses or a reduction of needs.
- The increase in commercial insurance is due to increased coverage.
- Professional legal services were funded by the surplus fund.

Budget Comparison Special Revenue Fund

Revenues

Category	FY 2023 Actual	FY 2024 Approved	FY 2024 Estimated	FY 2025 Proposed	\$ Change	% Change
Sale of Property	\$ 511,550	\$ 600,000			\$ (600,000)	-100.0%
Appropriated Fund Balance		200,000		567,000	367,000	183.5%
Total	\$ 511,550	\$ 800,000	\$ -	\$ 567,000	\$ (233,000)	-29.1%

- The sale of property is down \$600,000 due to the Office of Central Services ceasing activities.
- Administratively, the Office of Central Services is still managing the County's property list, but the RDA is working with the Office regarding this list and the surplus disposition process.

Expenditures by Category, Property Management Services Special Revenue Fund

Category	FY 2023 Actual	FY 2024 Approved	FY 2024 Estimated	FY 2025 Proposed	\$ Change
Advertising		\$5,000	\$3,000	\$5,000	\$0
Commercial Insurance				\$15,000	\$15,000
Community Engagement		\$5,000		\$5,000	\$0
Interagency charges - personnel	\$402,624	\$401,100	\$398,000	\$340,900	(\$60,200)
Landscaping	\$25,829	\$225,000	\$11,000	\$25,000	(\$200,000)
Office Supplies	\$4,434	\$5,000	\$500		(\$5,000)
Professional Services - Legal	\$5,888	\$15,000		\$15,000	\$0
Professional Services - Real Estate	\$105,663	\$110,000	\$103,500	\$120,000	\$10,000
Project Management Software	\$77,410	\$17,400	\$1,000	\$11,100	(\$6,300)
Security				\$30,000	\$30,000
Training	\$10,324	\$16,500	\$6,000		(\$16,500)
Total Expenditures	\$632,172	\$800,000	\$523,000	\$567,000	(\$233,000)

- A reduction of \$130,300 is due to the removal of a recovery for a Realty Specialist 3G position from the fund.
- A reduction of \$102,700 for landscaping services, which was a one-time cost for FY 2024.

Redevelopment Authority Programs and FY 2024 Impact

Down Payment and Closing Cost Assistance

FY 2022 Actual	FY 2023 Actual	FY 2024 Estimated	FY 2025 Projected
6	18	33	35

- The FY 2024 updates to the Pathway to Purchase guidelines have increased down payment assistance from \$10,000 to \$25,000 in partnership with the Maryland Mortgage Program (MMP).

- In FY 2024, the Certified Participating Lenders pool was expanded to also include the State's MMP lenders.

FY 2024 Key Accomplishments and Successes

- Continued rental phases on Glenarden Hills, which is projected to be complete by the end of FY 2024, with a total of 158 residential. The townhome phase construction has also begun.
- 210 Maryland Park Drive, Addison Park Senior Apartments, 6700 Riverdale Road, Cheverly Hospital Redevelopment have ongoing predevelopment activities.
- The RDA is engaged in planning efforts on the Hyattsville Justice Center and Aviation Landing.
- Through the Housing Rehabilitation Assistance Program (HRAP), 13 home repair loans have been provided in FY 2024, totaling \$739,019. There is a current pipeline of 10 loans.
- The Community Impact Grant Program (CIP) awarded three (3) nonprofits in FY 2024 with funding totaling \$75,000. \$200,000 additional funding is expected to be issued in spring 2024.
- The Commercial Property Improvement program is currently reviewing NOFA applications, with funding totaling \$600,000, from FY 2023. For FY 2024, there is funding totaling \$1,000,000 to be issued in spring 2024.

Strategic Focus and Initiatives in FY 2025

- Redeveloping the former Prince George's County hospital site in Cheverly.
- Developing the College Park Metro Aviation Landing Site.
- Building the hotel, parking, and first multi-family building with retail space at the Towne Square at Suitland Federal Center project.
- Redeveloping the Blue Line Corridor from Capitol Heights Metro station to the Addison Road Metro station.
- Implementing the various neighborhood planned revitalization projects.
- Continue to advance the Pathways to Purchase program.

Challenges/Concerns for FY 2025

- Increasing participation in the Pathways to Purchase program due to the lack of affordable homeownership available.

Budget Comparison – Redevelopment Authority – Capital Improvement Projects

Capital Improvement Program (CIP)

The Redevelopment Authority provides the County with residential, industrial, and commercial development. This includes projects containing construction, revitalization, land assembly, and relocation for the betterment of the County infrastructure and residents. For FY 2025, 43.7% of the Authority’s funding source is from land sales, County contributions, and moral obligation bonds. 56.3% is from state funding. The Authority holds six projects totaling a budget of \$22,376,000 for FY 2025. The total project costs included in the CIP Budget are \$194,771,000.

Projects	Expended to Date	Estimated for FY 2024	Proposed FY 2025 Capital Budget	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total Proposed CIP Funding
Addison Rd/Capitol Heights Metro Corridor	\$4,921,000	\$4,921,000	\$0	\$0	\$0	\$0	\$0	\$0	\$9,901,000
Cheverly	\$490,000	\$15,531,000	\$7,654,000	\$5,046,000	\$0	\$0	\$0	\$0	\$28,721,000
County Revitalization	\$6,219,000	\$7,105,000	\$0	\$0	\$1,000,000	\$1,000,000	\$350,000	\$0	\$15,674,000
Glenarden	\$17,457,000	\$7,386,000	\$0	\$0	\$0	\$0	\$0	\$0	\$24,843,000
Suitland	\$100,845,000	\$10,253,000	\$0	\$0	\$0	\$0	\$0	\$0	\$111,098,000
Town of Upper Marlboro	\$0	\$0	\$0	\$0	\$0	\$500,000	\$1,000,000	\$1,000,000	\$2,500,000

- The RDA’s FY 2025 projects include:
 - **Addison Road/Capitol Heights Metro Corridor** – The Addison Road/Capitol Heights Metro Corridor project focuses on Transit Oriented Development (TOD). Funds for this project are used for predevelopment work and small community-led projects for improvement. For FY 2025, funds will support land acquisitions on Old Central Avenue and construction at Lydon Hill School.
 - **Cheverly Development** – The Cheverly Development project focuses on the demolition and redevelopment of a hotel and restaurant. This project is dedicated to sourcing commercial and residential growth. For FY 2025, funding will support property management and site maintenance.
 - **County Revitalization** – County Revitalization is the ongoing County’s efforts through various programs to encourage economic development in underserved and underutilized areas. For FY 2025, funding will support the Community Impact Grants (CIG) program and the Commercial Property Improve Program (CPIP).

- **Glenarden Apartments Redevelopment** – The Glenarden Apartment Redevelopment project is the demolition and replacement of the blighted apartment complex. For FY 2025, funding will support phases 4 and 5 of construction.
- **Suitland Manor** – The Suitland Manor redevelopment project consists of 33 acres of commercial and residential properties for the demolition, clearance, acquisition, and relocation. This is to revitalize and improve infrastructure with new housing stock and retail development. For FY 2025, funding will support infrastructure construction for the residential, retail, and open space project.
- **Town of Upper Marlboro** – The Town of Upper Marlboro project consists of infrastructure and redevelopment efforts. This project is currently delayed.