

COMMUNITY HOUSING TRUST TASK FORCE

WEDNESDAY, NOVEMBER 5, 2025

WELCOME ATTENDANCE / INTRODUCTIONS

Members Present:

Eric C. Olson, Council Member (District 3), Chair

Warren Burris, Senior Advisor, Director of Program Operations, United States Department of Housing and Urban Development (HUD)

Stephanie Prange Proestel, Executive Director, Housing Initiative Partnership (HIP)

Consultant:

Ms. Brenda Torpy

Staff Present

Julio Murillo, Chief of Staff, Council Member Olson's Office

Ayana Crawford, Chief of Staff, Council Member Blegay's Office

Jashawn Stewart, Committee Director, Supervisor

Rana Hightower, PHED Committee Director

Kathleen Canning, Legislative Attorney

Shalene Miller-Whye, Budget and Policy Analyst

David Williams, Budget and Policy Analyst

Charlotte Aheart, PHED Committee Assistant

Edwin Brown, General Assembly Committee Assistant

Others Present

Orlando Velaz, Ward 3 citizen, President, College Park Community Preservation Trust, College Park City-University Partnership

Marian Nash

DISCUSSION

Ms. Torpy explained that there is no need for two meetings on pricing; instead, move to funding because questions about funding came up during the October 8 task force meeting.

There was a brief overview of the task force's recommendations on the housing trust structure at the October 8 meeting.

-Governance of Proposed Housing Trust Recommendation

- Seek a nonprofit partner selected through a competitive process. During this discussion, Ms. Prange Proestel explained that a request for proposal is advertised, and nonprofits respond.

- Threshold Requirement Recommendation

- The nonprofit organization must be experienced and have specialized experience in Prince George's County
- The organization must be experienced in affordable homeownership

-Competitive Factors Recommendation

- Assuring the trust's core mission of permanent affordability survives through successor boards and staff. Ms. Torpy explained that there are many ways to ensure the mission is in place, including organizational structure, processes, board composition, and the mission statement.
- The goal of the public partner will be to protect the public investment in the properties.
- Applicants must demonstrate their ability and capacity to manage the services required by buyers and sellers, as well as their oversight of the portfolio in terms of program compliance and quality.
- Ms. Torpy explained that the task force's recommendation may need to be more prescriptive to the County Council, describing how the public would be represented in the trust. Ms. Torpy asked whether the task force wants to recommend seats on the board or let organizations present their plans and pick the strongest plan.

-Service Area Recommendation

- Countywide, with a needs-based implementation. Ms. Torpy explained that this option provides a larger area, increasing opportunities to address housing needs throughout the County, including gentrified areas, revitalization, and underserved populations.

-Implementation Recommendation-

- The trust would follow State and County housing plans that are in effect. Ms. Torpy explained that the policy must demonstrate an equitable deployment of trust resources throughout your region and populations.
- County and State Development Priorities
 - Smart growth development
 - Green development

Resale Formulas (Three Types)

Straight Percentage-Fixed Rate Formula - This financing formula uses the initial affordable price (base price) plus the fixed annual percentage rate, simple or compound.

- To evaluate resale value, you add a fixed annual percentage each year. That could be a simple percent or a compound one.
- The gap between wages and housing costs and mortgage costs has increased; the most common rate now is just 1 to 1.5%. Ms. Prange Proestel asked how the percentage rate is determined. Ms. Torpy explained that it is determined through market testing. She further explained that you would look at how your market has operated and try to project the future. What rate would balance the market and offer a return to our sellers while keeping the homes affordable to the same income band? Ms. Torpy explained she would do a spreadsheet to show how the test operates.

Advantages

- This formula is the easiest and is used by nearly half of all community land trusts.
- Easy to administer. Buyers are told up front the percentage they get each year.
- The percentage can be calculated at any time to help buyers project
- There is a slow and steady increase in value

Disadvantages

- There is no relationship between the home condition and price. Also, one of the stewardship obligations is that buyers maintain their homes, and there are both incentives and compliance regulations.
- There is no relationship to the market, which could lead to overvaluation of the property in a weaker market.
- The fixed-rate calculation does not reward the length of ownership, because buyers receive the same amount each year.

Index-Based Formula – This financing formula uses the base price (initial affordable price), which is increased over time according to the published Area Median Income (AMI) or the Consumer Price Index (CPI).

Advantages

- Easy to administer, and the formula can be calculated at any time.
- The use of AMI stays with the relationship between household incomes and the communities the housing trust wants to serve.

Disadvantages

- The CPI has spikes and dips, and it can cause problems for sellers if they know a neighbor's home sold at one price, but the sale price is different.
- The AMI can be flat for years and then increase
- There is no relationship between price and condition.
- The property can exceed the appraised value in a weaker market.
- The fluctuations can lead to year-to-year variations that are neither equitable nor good for the housing trust's reputation.

Appraisal-Based Formula – This formula financing requires properties to be appraised at each sale and resale. During resale, a predefined share of the market appreciation is added to the original base price. In the covenant or lease, it is agreed that there will be a 35%, 30% or 20%

equity share. The most common equity share is 25%, because a 50-50 split would quickly make homes unaffordable. Wages do not rise as fast as housing prices. If capital improvements have been made, the appraiser can be requested to separate that figure and add it to the total value, which is an incentive.

Advantages

- The other half of all community land trusts uses this formula.
- A third-party appraiser appraises the property, a process most people recognize.
- Third-party appraisals reflect the property's condition, and sellers share the appraisal cost.

Disadvantages

- This formula requires consistent appraisals throughout the housing trust
- When different banks are used, properties may be appraised differently under each bank's criteria.
- The seller pays for the appraisal.
- Third-party appraisal can be racially biased; if this is a concern in Prince George's County, there needs to be a process to mitigate this concern.
- In a seller's market, this formula may not protect affordability.

Sharing Increased Value

Ms. Torpy gave examples of why not to use the 50-50 sharing formula, and explained that a 25% sharing formula works better because wages grow more slowly than housing prices. Ms. Torpy discussed the Champlain Housing Trust's results from using the 25% sharing formula. She also explained that the homes were owned by the buyer for an average of 7 ½ years, and that the average AMI for purchases was 71.6%, with the lowest at 69% of the AMI.

Questions

Ms. Prange Proestel asked whether additional subsidies would need to be added to any of the formulas to maintain affordability? Ms. Torpy explained that the trust rarely needed additional subsidies. Champlain Housing Trust has homes with significant equity. The trust has a policy for when equity can be used for the entire portfolio, which is a stewardship fund. They also have a state trust fund that invests the significant subsidy in each of these, and they put covenants on it, and they do not want us to lose their money.

Ms. Prange Proestel asks about biases if Champlain Housing Trust consistently works with the same group of appraisers, if there is a set group of appraisers used, or if, when the homeowner is ready to sell, they hire an appraiser. Ms. Torpy explained that they co-hire the appraiser, and there is an approved list. The key is educating lenders so they can instruct the appraisers and assessors.

Ms. Prange Proestel noted that the appraisal formula has downsides, but in some ways it is fairer to the homeowner, incentivizes home maintenance, and benefits the seller regardless of market conditions.

Ms. Prange Proestel also explained that her only concern with the appraisal formula is that in our area, we may be in a more of a position where we would have to rethink adding subsidy back to

homes, because I think that's where we could get out of affordability more quickly than if it's a low straight-line percentage or an index. Ms. Torpy explained that an index would be more workable.

Ms. Prange Proestel explained that she is considering the Prince George's County market, which has seen significant growth in certain areas. Maintaining affordability could become a challenge if the base price continuously rises; it could require additional subsidies. Ms. Torpy explained that when the task force reviews how to determine target affordability, that concern will be addressed. In addition, Ms. Torpy explained that many trusts target 80% or lower because it aligns with all federal programs.

Mr. Campbell asked whether the straight percentage-fixed rate formula or the index formula could account for the property's condition. Ms. Torpy responded that no, only an appraisal-based formula would factor in the property's condition, but some combination can be done.

Council Member Olson commented that the straight percentage-fixed rate seemed straightforward, and he sees the advantage of that formula. He also explained that he understood the biases in the appraisal formula. Council Member Olson asked Mr. Velez which formula was used for the College Park Trust? Mr. Velez explained that the appraisal formula is used, but they also consider the AMI or median family income for resale. The College Park Trust has not resold properties yet. The seller does pay for the appraisal. When purchased 30% goes back to the trust.

Ms. Crawford asked a few clarifying questions to understand how the housing trust will operate and the advantages the trust will offer sellers who wish to purchase another home after leaving the land trust.

Council Member Olson thanked Mr. Velez for agreeing to run three scenarios and working with Ms. Torpy on that presentation and report during the next meeting.

Ms. Crawford stated that, since most of the profit or value stays with the trust for the next buyer, who is responsible for home maintenance and repairs? Ms. Torpy responded that this is the crux of stewardship; requirements are outlined in the buyers' documents, and it is the trust's job to ensure compliance. The trust can address the concern; the buyer can also obtain a loan or repay the loan once the trust has paid for repairs and maintenance.

Ms. Crawford also explained that first-time homebuyers, when buying a new property, will not spend as much money, but when the property is 20 or 30 years old, and it is time to replace the roof, furnace, air conditioner, or water heater a lot of money will be spent maintaining the property, and walking away with a 25% profit may not seem to be much to the homeowner.

Ms. Torpy responded, explaining that new construction is a good option because all parties know the home's condition. Some trusts require the buyer to pay into a fund for repairs.

Council Member Olson explained that the task force members need to think about the different housing resale formulas until the group reviews a few case studies on the straight percentage-fixed rate formula or the appraisal formula. There was additional discussion by Ms. Torpy on why 50% of housing trusts use the straight percentage-fixed rate formula. The index formula is

more difficult to determine because the rates fluctuate. The decision can be delayed until the next meeting.

Meeting Schedule

The task force will meet again in January 2026.

The meeting adjourned at 12:45 p.m.