

**Update on DHCD Management Functions
and
New Opportunities for DHCD Participation in Economic Development**

Submitted to
Prince George's County
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John Kromer
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Executive Summary

This report consists of two parts: an update of an August 2011 management review of the Prince George's County Department of Housing and Community Development (DHCD) completed by the Virginia Tech Center for Housing Research; and a description of potential opportunities for DHCD to play a broader role in implementing county economic development policies and strategies.

Part One: Update on DHCD Management Functions. Since the time when the Virginia Tech report was published, DHCD has made progress in several areas of activity, including the following:

- Substantially improving outreach and civic engagement associated with the administration of Community Development Block Grant and HOME program funds;
- Significantly increasing coordination among DHCD senior staff members and between senior administrators and their respective managers and program staff;
- Taking advantage of opportunities to upgrade staff skills, particularly with respect to the review of funding applications and the processing of funds awarded to grantees;
- Hiring a professional with significant economic development experience in the Washington metropolitan area to head the Redevelopment Authority; and
- Working in coordination with State of Maryland housing officials to facilitate the underwriting of financing applications for housing development ventures proposed for funding through both the County and State.

The most significant areas of concern—all of which appear to be associated with issues that emerged during the prior county administration--include the following.

- HOME "Snapshot" performance indicators posted online in June 2012 by the U.S. Department of Housing and Urban Development (HUD) identify "red flags" with respect to three indicators relating to the timely commitment and disbursement of HOME funds.
- DHCD will need to address issues raised in an August 2012 audit by HUD's Inspector General (*Prince George's County, Largo, MD Generally Did Not Administer Its HOME Program in Accordance With Federal Requirements*, August 3, 2012), particularly with respect to the recovery of funds from two subrecipient organizations, Kairos Development Corporation and Roots of

Mankind. DHCD's response to the Inspector General audit, published in the audit report, includes a detailed description of measures being taken by DHCD to address financial management, contract administration, and grantee performance monitoring issues cited by the Inspector General.

- The most recent HUD performance assessment report for the Housing Authority designates the Authority as "troubled," reflecting a weak score in the "Financial Condition" performance category, as cited in the Virginia Tech report.

Part Two: New Opportunities for DHCD Participation in Economic Development.

During 2012, the county administration took steps to position DHCD to play a broader role in countywide economic development. During this period, DHCD participated in planning and program management activities associated with the Transforming Neighborhoods Initiative, as well as with assessments of opportunities to support transit oriented development at or near Metro stations, to provide incentives for development in "gateway" locations at or near the District of Columbia border, and to promote mixed-use development designed to create or strengthen centers of residential and retail concentration, as well as in related communication with prospective developers.

DHCD's future role in implementing county economic development policies and strategies will depend on the extent to which the county administration is able to mobilize a coordinated, government-wide approach in response to major challenges facing Prince George's County, including the following.

1. Designing and managing a comprehensive strategy to address the countywide foreclosure crisis;
2. Leveraging private capital investment to support targeted development in response to the growth in market demand for affordable and market-rate rental housing and associated retail facilities;
3. Promoting the employment and inclusion of minority and local residents and businesses in connection with hiring, purchasing, and contracting activities associated with the operation of county government and the administration of county programs;
4. Promoting Prince George's County as a desirable location for real estate development and business development and expansion.

In each instance, DHCD may be given either a lead agency role or a support role, depending on the county administration's assignment of responsibilities among government planning and development agencies.

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Introduction

As a member of a team organized by the Virginia Tech Center for Housing Research, I participated in a review of management functions of the Prince George's County Department of Housing and Community Development (DHCD) during 2010 and 2011.* The Office of Audits and Investigations provided funding support for this project, the results of which were documented in a report published in August 2011. The report can be viewed at <http://www.princegeorgescountymd.gov/FY2012/pdf/PGCREPORTFINAL.pdf>.

In mid-2012, with the consent of Virginia Tech, I contracted individually with the Office of Audits and Investigations to complete an update on DHCD performance in addressing opportunities for improvement that had been documented in the 2011 report and to describe an appropriate role for DHCD in implementing economic development policies and strategies formulated by the current county administration.

This report describes the results of these activities.

Part One includes a review of the manner in which DHCD addressed major issues covered in the 2011 report, an update on related performance metrics, and information and commentary on current DHCD organizational structure.

Part Two identifies four areas of economic development policy in which DHCD is likely to play a significant role and describes ways in which decisions by the county administration can position DHCD and other county development and planning agencies to take best advantage of current opportunities.

An Appendix provides an update and review of significant HUD performance metrics cited in the 2011 Virginia Tech report.

I very much appreciate the information and insights provided to me by DHCD Director Eric C. Brown and his staff during the completion of this project, as well as Mr. Brown's willingness to meet with me and to make available relevant information about departmental organization and current DHCD activities.

John Kromer
jkromer@sas.upenn.edu
<http://johnkromer.com/>

* Unless indicated otherwise, references to "DHCD" also include the county Redevelopment Authority and Housing Authority, both of which are supervised by the DHCD Director.

Part One
Update on DHCD Management Functions

I. Resources to Support DHCD Activities

Recent changes in the allocation of funding resources available to DHCD will significantly influence the scope and nature of DHCD activities during the coming years. As shown in Table 1, substantial reductions in the CDBG and HOME programs, combined with the absence of Neighborhood Stabilization Program (NSP) funding in Fiscal Year 2013 reduce the amount of funding available for community reinvestment by nearly \$6 million. Funding through these programs is the most flexible resource available to DHCD to support housing and economic development activities.

Due in large part to a substantial increase in funding for Section 8 Housing Choice Voucher program (HCV) administered by the Housing Authority (increasing from \$71,200,000 in FY 2012 to \$75,909,432 in FY 2013), the overall DHCD resource budget declined by only about two percent (from \$91.6 million to \$89.3 million). However, the reductions in CDBG and HOME funding and the lack of NSP funding will substantially reduce DHCD's ability to make substantial investments in development activity consistent with County plans.

In Fiscal Year 2014 and beyond, additional reductions in CDBG funding are likely, and the HOME program may be eliminated altogether. Given these circumstances, DHCD planning for the future should include:

- Further exploration of the prospects for using Housing Choice Vouchers to promote mixed-income residency in market-rate housing ventures; and
- The use of Section 108 borrowing capacity to provide low-cost construction financing or loan guarantees to support market-rate housing and economic development ventures.

Table 1
DHCD Funding Resources, Fiscal Years 2012 and 2013
(Update of Table 3, page 9 in 2011 report)

	FY 2012	FY 2013	\$ change	% chang
Federal Funding Programs (other than public housing)				
Community Development Block Grant (CDBG)	\$5,456,881	\$4,225,520	\$(1,231,361)	-23%
HOME Investment Partnerships (HOME)	\$2,755,700	\$1,499,086	\$(1,256,614)	-46%
Emergency Shelter Grants (ESG)	\$367,351	\$472,562	\$105,211	29%
Emergency Food & Shelter (FEMA)	\$125,000		\$(125,000)	-100%
Neighborhood Stabilization Program (NSP) and Neighborhood Conservation Initiative (NCI)	\$3,502,242		\$(3,502,242)	-100%
Housing Opportunities for Persons with AIDS (HOPWA)	\$2,702,490	\$2,619,526	\$(82,964)	-3%
Subtotal	\$14,909,664	\$8,816,694	\$(6,092,970)	-41%
Public Housing Funding Programs				
Section 8 Housing Choice Voucher and Mod Rehab	\$71,200,000	\$75,909,432	\$4,709,432	7%
Public Housing Capital Fund	\$404,000	\$391,397	\$(12,603)	-3%
Conventional Housing Management	\$2,356,800	\$2,290,652	\$(66,148)	-3%
Rollingcrest Village Maintenance and Management	\$138,900	\$295,364	\$156,464	113%
Subtotal	\$74,099,700	\$78,886,845	\$4,787,145	6%
Matching Funds – ESG	\$1,763,369	\$472,562	\$(1,290,807)	-73%
Program Income				
CDBG Program Income	\$141,600	\$141,600	0	0%
HOME Program Income	\$341,800	\$341,800	0	0%
RA Revenue	0	\$358,100		
Rental Income - Coral Gardens	\$99,000	\$100,296	\$1,296	1%
Rental Income - Marcy Avenue	\$5,200	\$4,729	\$(471)	-9%
Subtotal	\$587,600	\$946,525	\$358,925	61%
Other Funds				
Rental Allowance Program - State of Maryland	\$225,000	\$224,357	\$(643)	0%
Total	\$91,585,333	\$89,346,983	\$(2,238,350)	-2%

Source: Prince George's County Department of Housing and Community Development

II. HOME and CDBG Program Administration

A. HOME Program

Of the performance indicators posted online by HUD, those related to DHCD's administration of the HOME program are particularly worthy of attention. As shown in Table 2, the most recent HOME "Snapshot" performance data indicates that the percentage of HOME funds committed and the percentage of HOME funds disbursed as of the June 30, 2012 date of the report (85.33 percent and 71.90 percent, respectively) were substantially lower than the state average of seven other Maryland jurisdictions that receive HOME funding. In addition, DHCD performance did not meet HUD "red flag" thresholds with respect to the percentage of rental disbursements and the percentage of disbursements to Community Housing Development Organizations (CHDOs) made as of June 2012; the disbursement percentages were 80.88 percent and 55.73 percent, respectively.

Although not a Snapshot report indicator, this HUD posting also includes an "Allocation Years Not Disbursed" threshold metric of >3.260 and reports that DHCD, at 5.47, substantially exceeded the threshold—a third "red flag."

All three red flags involve the use of different metrics to identify a single issue: the need for timely expenditure of HOME funds. This problem was inherited from the previous county administration and will take time to correct. However, it is reasonable to expect DHCD to be able to eliminate all three red flags during calendar year 2013.

To address this problem and prevent a recurrence of similar problems in the future, DHCD entered into a technical assistance agreement with HUD, the scope of which included a wide range of training and technical support associated with program administration and management responsibilities (details are provided on page 28 of the Inspector General report, as part of the DHCD response). DHCD has also required staff members with HOME program management responsibilities to complete a three-week real estate development training program administered by the National Development Council. In the future, the DHCD Director will require all staff with HOME-related responsibilities to receive training leading to HUD HOME Program certification.

HOME "snapshot" performance data is posted every quarter (at <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/snapshot/index.cfm?qr=3q12> and can be consulted on an ongoing basis in the future.

Table 2
Prince George's County
HOME "Snapshot" Performance Data, 2009 - 2012
(Update of Table 12, page 24 in 2011 report)

	% of Funds Committed	% of Funds Disbursed	Leveraging Ratio/ Rental Activities	Completed Rental Disbursements as % of All Rental Commitments	Completed CHDO Disbursements as % of All CHDO Reservations
June 2012 Snapshot					
Prince George's County	85.33%	71.90%	18.48	80.88%*	55.73%*
State Average	91.76%	86.88%	7.49	94.88%	72.62%
Prince George's County					
Rank (of 7)	7	7	1	6	7
"Red Flag" Threshold				<90.65%	<67.45%
March 2011 Snapshot					
Prince George's County	96.88%	75.56%	19.22	94.58%	49.41%*
State Average	96.82%	89.14%	7.61	95.08%	69.03%
Prince George's County					
Rank (of 7)	4	7	1	4	6
"Red Flag" Threshold				<79.77%	<57.73%
March 2010 Snapshot					
Prince George's County	90.86%	65.07%	17.82	70.08%*	25.45%*
State Average	93.21%	83.11%	6.03	89.92%	60.07%
Prince George's County					
Rank (of 7)	5	5	1	5	6
"Red Flag" Threshold				<75.25%	<50.43%
March 2009 Snapshot					
Prince George's County	87.32%	65.67%	17.82	78.83%	37.74%*
State Average	91.44%	81.78%	5.99	91.97%	62.82%
Prince George's County					
Rank (of 7)	5	5	1	5	5
"Red Flag" Threshold				<71.84%	<47.80%

* "Red Flag" threshold exceeded.

Source: U.S. Department of Housing and Urban Development

B. CDBG Program

A comparison of most of the CDBG performance indicators shown in the 2011 Virginia Tech report with comparable indicators most recently posted online by HUD is provided in the Appendix, rather than in this section because this information does not provide any noteworthy information or insights about current and future DHCD performance. None of the information in the Appendix indicates the existence of substantial problems or a significant need for improvement with respect to the indicators shown.

This year, DHCD created an online application form to be used by municipalities and nonprofit organizations seeking CDBG funds (<http://www.princegeorgescountymd.gov/Government/AgencyIndex/HCD/pdf/PY39-Application-Web.pdf>). The application form requires the submission of detailed information about applicant experience and qualifications and, among other things, indicates that consistency with county goals will be a factor influencing the selection of applications to receive funding.

DHCD has not yet addressed one important CDBG-related issue cited in the Virginia Tech report: the need to establish consistent performance standards for housing counseling programs seeking CDBG funding. In light of the importance of housing counseling as part of a foreclosure-prevention strategy, it is critical that DHCD create performance criteria and monitor CDBG-funded counseling services to ensure that these criteria are met.

III. Outreach and Communication

The Virginia Tech report cited a need for DHCD to improve its communication with prospective recipients of CDBG and HOME funding, to institute a systematic process for soliciting and reviewing funding applications, and to convey information about how the process works. DHCD has made significant progress in addressing this issue in a number of ways.

A. Online Information

As indicated above, the DHCD web site now includes an online application for CDBG funds. The CDBG web page contains a description of the application submission, review, and approval timetable, a list of eligibility criteria, and an extensive series of frequently asked questions and responses. Because lack of clarity about the CDBG program was cited in the Virginia Tech report as a significant problem, these changes are important signs of progress.

B. Developer's Roundtable

On September 21, 2012, DHCD hosted a daylong presentation and discussion session that focused primarily on the process for DHCD review of HOME program funding applications and the awarding of funds to selected projects. This event was particularly important in light of the need to demonstrate DHCD commitment to improved performance in outreach and communication under the new county administration and because of the need to institute a process for the expenditure of approximately \$7 million in unspent prior-years' HOME funds.

Although briefing sessions on the availability of HUD program funding occur routinely each year in most jurisdictions, DHCD appropriately created a much more ambitious agenda for this event. An introductory presentation by Chief Administration Officer Brad Seamon placed DHCD programs in the larger context of County economic development policy, and a subsequent presentation by Deputy Chief Administration Officer Thomas Himler described the relationship between DHCD programs and the Transforming Neighborhoods Initiative. In many other jurisdictions, events of this kind are often managed entirely by mid-level staff, with no participation by any senior executives of the jurisdiction. The presence of CAO Seamon and DCAO Himler conveyed a message that the County administration was a unified entity and that DHCD programs were an important element of the County's overall economic development approach.

Also noteworthy was the fact that DHCD, in coordination with its State of Maryland counterpart agency, had revised its application format to make it consistent with the state's, facilitating the review of proposals that require a combination of HOME funding administered by DHCD and Low Income Housing Tax Credit funding administered by the state. Stuart Wechsler of the Maryland Department of Housing

and Community Development participated in the event. DHCD had also communicated with its counterpart in Montgomery County in order to learn how this neighboring county government had addressed some of the proposal-underwriting issues with which DHCD is concerned.

Other significant factors associated with this event should be noted.

- Presentations of information about the application and proposal review process were clearly stated and complete.
- Questions from participants were fully answered, and when a particular question related to alternative policy options, the response included an explanation of why DHCD chose the particular option it did.
- DHCD program staff had clearly been involved in the planning and organization of the event, and staff members assisted in managing the program throughout the day, with obvious interest and enthusiasm.

The event provided strong evidence of DHCD's relevance to county government policy, of the agency's increased organizational capability, and of DHCD's commitment to civic engagement and collaboration with prospective recipients of funds.

IV. Interviews with DHCD Director

Meetings with DHCD Director Eric C. Brown provided some information relevant to an assessment of progress achieved under the current administration and of DHCD's potential to establish a "dynamic" or "elite" identity in county government as described in the Virginia Tech report.

- At the end of the process last year, the County Executive endorsed nearly all of the recommendations for subrecipient funding that had been submitted by DHCD, with minimal exceptions.
- The process for soliciting and receiving applications for CDBG funding this year is a month ahead of the 2011 process, with the briefing session held on September 13.
- DHCD is exploring the possibility of engaging The Reinvestment Fund (TRF) to complete a "market value analysis," a typology of housing market conditions, supported by data obtained from many government and private sources and mapped on a census-block level. This approach facilitates opportunities to implement a strategy of "building from strength" in order to reinforce stable neighborhood real estate markets and address nearby conditions of incipient blight before they worsen significantly (more information on the market value analysis can be found at <http://www.trfund.com/planning/marketvalue.html>). The analysis also provides a benchmark that can be updated in future years to evaluate the impact of public policies and revitalization strategies at a community level. TRF completed a market value analysis for the City of Baltimore, which the City has subsequently used as a frame of reference for a strategic approach to code enforcement and vacant property rehabilitation in targeted areas.
- DHCD expects to play the lead role in reviewing proposals for the use of funding obtained through the settlement agreement between the Attorney General and lending institutions that had implemented "robosigning" and other improper loan processing practices (as the outcome of Maryland's participation in the settlement of litigation on a national level in which many states had joined).

DHCD has taken steps to improve its process for reviewing development proposals and disbursing funds to subrecipients, a major issue raised in HUD monitoring of DHCD performance during the previous administration.

- DHCD has improved its approach for reviewing requests by nonprofit organizations to obtain certification as CHDOs and has accelerated the process for verifying related information and reviewing documentation.

DHCD completed the most recent round of CHDO certifications in coordination with HUD staff, and HUD staff concurred with DHCD's findings.

- A DHCD Deputy Director now oversees managers' performance in administering funds to subrecipients.
- DHCD has been exploring the possibility of providing an advance of funds to subrecipients upon contract execution, in order to provide subrecipient organizations with working capital during the beginning of the contract period. The advance would be repaid in installments as the end of the contract period neared.
- Through HUD, DHCD obtained technical assistance for the training of program managers and the Deputy Director in the use of IDIS (the Integrated Disbursement and Information System, through which government agency staff can obtain up-to-date information on expenditures and fund balances for HUD-funded program activities). Previously, DHCD had only one staff person with IDIS training.
- With information obtained through IDIS, DHCD has instituted fund management procedures enabling the agency to accelerate the disbursement of funds as needed to support activities that are ready to go or are progressing rapidly.
- Sites visits to subrecipients are completed routinely, and subrecipient performance reports are filed consistently; under the previous administration, these activities had not taken place consistently and/or uniformly.
- As of November 2012, DHCD was reviewing six applications for HOME funds and anticipated opening a new funding round in February 2013.

V. Organization

An organization chart for DHCD is provided on the following page.

Although the Redevelopment Authority and Housing Authority in Prince George's County are each governed by their own boards, the DHCD Director supervises all authority staff members.

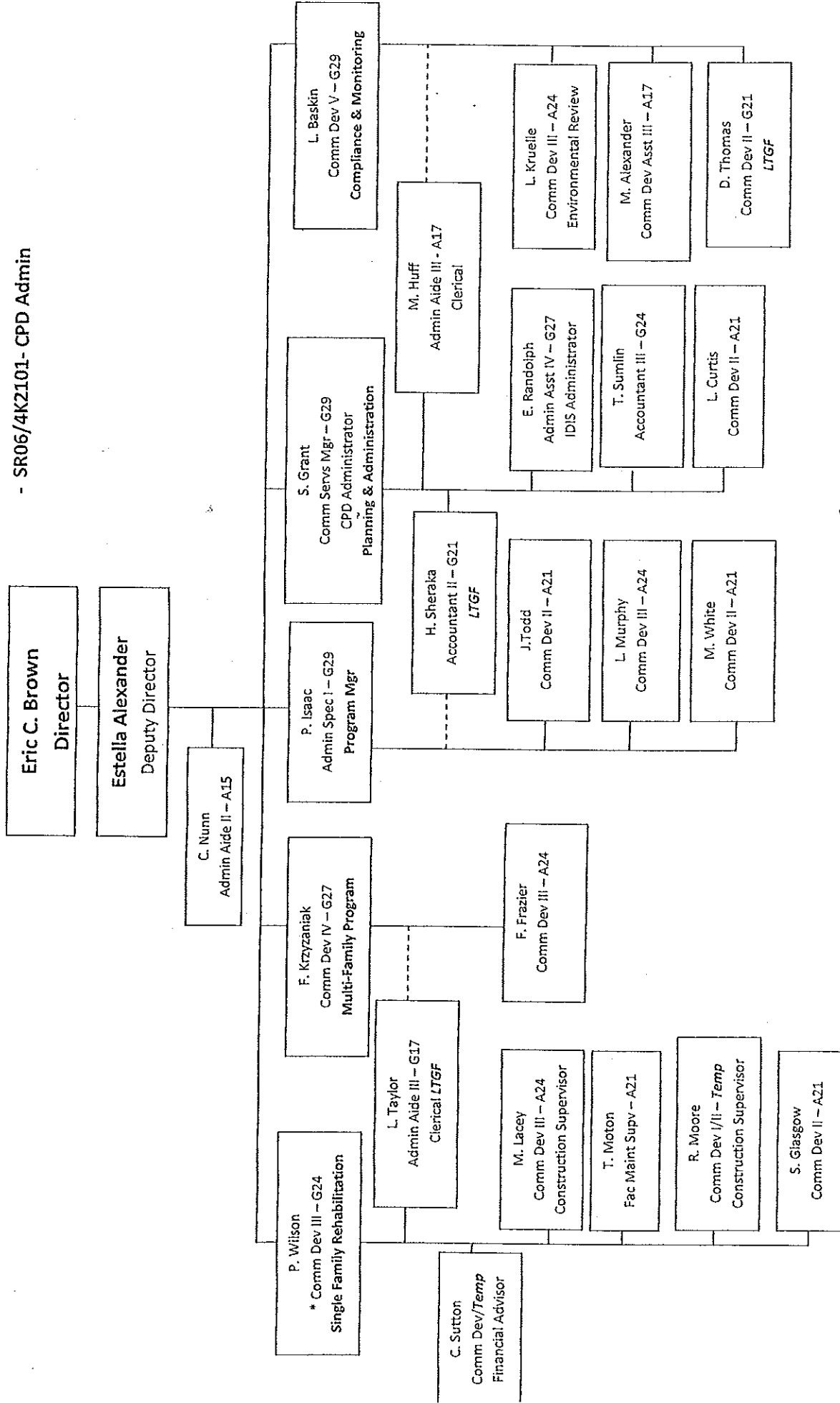
In some other counties and municipalities, the counterpart to one or both of these authorities has an executive director who reports directly to the authority board rather than to the director of housing and community development. Such a separation may be advantageous in those instances in which it is desirable for an authority to develop a high level of specialization with respect to a particular activity (for example, under circumstances in which a redevelopment authority leads planning, financing, and development activities associated with a major downtown revitalization plan being executed in concert with private developers and business interests).

However, separating these agencies in Prince George's County would not be advantageous at this time. DHCD has had a continuing involvement in housing and economic development activities in which both authorities have been engaged, and development policy established under the current county administration does not require one or both authorities to develop an area of specialization that would necessitate a separation from DHCD supervision. Reductions in federal housing and economic development resources and the priority that the current federal administration places on collaborative initiatives make a continuation of the current consolidated structure the best alternative for the county in the future.

Department of Housing and Community Development
Organizational Chart

COMMUNITY PLANNING & DEVELOPMENT DIVISION – 7803

- SR06/4K2101- CPD Admin



*Detailed to Comm Dev V – G29

Revised: 11/21/2011

VI. Conclusions

A. DHCD's Current Status and Future Potential

Three major conclusions can be drawn from the findings described in the preceding sections.

1. Recent and anticipated reductions in federal funding are limiting DHCD's capability to sustain the agency's traditional role as an administrator of funds to support affordable housing development, the development and improvement of public facilities, and the delivery of human services by municipal governments and nonprofit organizations. Future funding cuts may severely limit this capability.

2. Under the current county administration, DHCD has a level of professional staff capability that will make it possible for the agency to play a greater role in implementing county economic development policies and strategic plans. In order to take advantage of this potential, the county government administration should:

a. Create a scope of services that defines DHCD responsibilities associated with the implementation of development activities in TNI areas and elsewhere.

b. Introduce DHCD to county business leadership organizations, and encourage the establishment of an ongoing working relationship between DHCD and key business constituencies.

c. Complete strategic investment plans for both TNI areas and for other areas already identified as possessing significant development potential, in order to provide a frame of reference for future DHCD activities.

3. The greatest short-term opportunities for an expansion of DHCD's role and impact with respect to activities other than those described in item 2 above are:

a. Implementing a range of strategies to address the problem of mortgage foreclosure;

b. Helping to strengthen county government's capability for code enforcement and the reduction of blight, particularly with respect to existing rental housing;

c. Pursuing acquisition, site assemblage, and development strategies for vacant and underused properties—both publicly- and privately-owned—with greatest development potential; and

d. Assigning Housing Choice Vouchers to support the development of new rental housing development and the improvement of existing rental housing sites under private ownership.

B. Adequate, Dynamic, or Elite?

The authors of the 2011 Virginia Tech report maintained that,

In order to make DHCD as effective as it needs to be, DHCD and county leadership need to reach an agreement about the future scope and impact of the agency and....authorize policies and make programmatic decisions that are consistent with this agreement....

DHCD's future scope and impact can be viewed in terms of three identities for the agency: *adequate, dynamic, and elite*. (page 58)

The report characterized an “adequate” department as one that simply maintains operations in compliance with applicable policies and regulations, but does little more. A “dynamic” agency is one that recruits capable leaders and managers and that is authorized by county government to implement a published, multi-year housing strategy endorsed by county elected officials. An “elite” agency is one that operates as an “enterprise system” with the capability to organize and manage metropolitan-area coalitions in order to comprehensively address key development issues affecting the county as a whole.

During the months since the publication of the Virginia Tech report, DHCD has worked closely with HUD to address a significant weakness from the prior administration—timely expenditure of HOME funds. Through HUD-sponsored training and technical assistance and through departmental initiatives such as the September 2012 Developers Roundtable, DHCD has positioned itself to resolve this issue during the coming months.

As a result of the recruitment of qualified professionals to fill key leadership and management positions, combined with limited departmental reorganization, DHCD is well positioned to move from “adequate” to dynamic” status during 2013 and to strive for “elite” standing afterward. To achieve an identity for DHCD as “dynamic,” the county needs to create a multi-year housing strategy that serves as the basis for DHCD goal-setting, strategic planning, and program development; then DHCD has to demonstrate capability in implementing this strategy.

C. Decisions for the County Administration

The next section describes issues that should be addressed as countywide priorities and—to a great extent—are already being recognized as such. With respect to each

of these issues, the county administration needs to determine whether DHCD will be designated the lead implementation agency or, alternatively, will be one of several agencies charged with working together to address the issue. These decisions on the part of the administration will determine the extent to which DHCD will be given the opportunity to strive for “elite” status—to become a county leader.

Part Two
New Opportunities for DHCD Participation in Economic Development

I. Background

Economic Development in 2013 Action Plan. Economic development is identified as a county priority in the DHCD Annual Action Plan for 2013. The Action Plan describes as a Specific Annual Objective, "To support employment opportunities for low and moderate-income persons, small businesses, and community revitalization activities by creating and/or retaining 46 jobs and assisting 177 small businesses [during the FY 2013 program year]." Performance data associated with this objective is provided in the Annual Action Plan, in the context of the five-year performance objectives that were published in the county's Consolidated Plan for 2011-15.

Table 3
Performance Tables for "Economic Opportunities"
In FY 2013 Annual Action Plan

Specific Objective	Expected Number of Jobs or Units of Service, 2011-15	Number Achieved, as of May, 2012	Percent of Goal
EO1.1: Expand access to employment opportunities for low and moderate-income residents.	230	85	37%
EO2.1: Increase affordable options for new and existing businesses.	343	43	13%
EO3.1: Support community revitalization strategies that will stabilize and expand small businesses (including micro-businesses).	670	139	21%

Source: DHCD 2013 Annual Action Plan

The period from January 2011 to May 2012 represents roughly 30 percent of the five-year period for which these objectives were established. In this context, the "Percent of Goal" data suggests that, as of May 2012, DHCD had made substantial progress in meeting performance goals with respect to objective EO1.1 (for which the percent of goal achieved was 37%), that DHCD needed to substantially improve performance with respect to objective EO2.1 (for which the percent of goal achieved was 13%), and that DHCD needed to improve performance somewhat with respect to objective EO3.1 (for which the percent of goal achieved was 21%). However, this data does not take into account the challenging economic environment of the early post-recession years, during which job creation and business development opportunities remained low. If the economy continues to improve, as is anticipated,

it is not unreasonable to expect that all three performance goals could be achieved by the end of 2015.

In the 2013 Annual Action Plan, the listing of projects associated with economic development as a "Priority Need" includes the following.

Table 4
Economic Development Projects Listed in FY 2013 Annual Action Plan

Organization	Activity	CDBG Funding
Ardmore Enterprises, Inc.	Sheltered workshop	\$40,000
Economic Development and Training Institute	Business assistance/ Job creation	\$124,605
Gateway CDC	Capacity-building/ Assistance to businesses	\$40,000
Human Services Coalition	Business assistance/ Job creation	\$75,000
Hyattsville CDC	Business assistance/ Job creation	\$132,000
Port Towns CDC	Business assistance/ Job creation	\$145,200
Reid CDC	Business assistance/ Job creation	\$40,000
Suitland Technology Education Engagement Resource Center	Support for urban Agriculture micro-Enterprises	\$65,000
Branch Avenue in Bloom	Business assistance/ Job creation	\$60,740
Total		\$722,545

Source: DHCD 2013 Annual Action Plan

This documentation does not take into account the significant economic development benefits, in terms of job creation and contracting opportunities, associated with CDBG- and HOME-funded housing and facilities development and improvement activities.

DHCD Participation in County Initiatives. The county administration began positioning DHCD to play a broader and more significant role in economic development during 2012, and evidence of DHCD's inclusion in the planning and implementation of county economic development activities became increasingly apparent during the months in which this project was completed.

During this period, DHCD has participated in planning and program management activities coordinated by Deputy Chief Administrative Officers in connection with the implementation of the Transforming Neighborhoods Initiative. In coordination with DCAOs and other county agencies, DHCD has participated in assessments of opportunities to support transit oriented development at or near Metro stations, to provide incentives for development in “gateway” locations at or near the District of Columbia border, and to promote mixed-use development designed to create or strengthen centers of residential and retail concentration. DHCD has also engaged in related communication with prospective developers of ventures in these locations and has identified opportunities to allocate DHCD resources to support these and other activities.

In the longer term, DHCD’s effectiveness in implementing county economic development policies and strategies will depend on the extent to which the county administration is able to mobilize a coordinated, government-wide approach in response to major challenges facing Prince George’s County. This section includes a description of four of the most important of these challenges and includes recommendations for related county government action.

In each instance, it will be important for the county administration to determine whether DHCD is to play a lead implementation role or a support role, in which DHCD will be one of several agencies responsible for implementing strategies under the leadership and direction of another entity. For purposes of illustration, lead role and support role options for DHCD are suggested at the end of each of the following sections.

II. Mortgage Foreclosure and Housing Counseling

A. The Need for County Government Leadership

In November 2012, *The Washington Post* reported that the number of homes with negative equity (mortgages exceeding market value) declined during 2011, both within the Washington region and elsewhere (Kathy Orton, "Fewer homeowners nationally and in the Washington, D.C. region are underwater," *The Washington Post*, November 15, 2012). Despite an overall upbeat tone, the article stated that more than half the homeowners in Prince George's County (54.3 percent) remained "underwater," with nearly 18 percent owing more than twice what their homes are worth.

As the real estate market improves steadily--albeit more slowly than desirable--the number of homes with negative equity will gradually decline nationwide. However, in the absence of initiatives undertaken at the county and local level, Prince George's County is likely to be one of the last market subareas to benefit from this trend, given the high proportion of homes with a large gap between mortgage balance and market value.

The February, 2012 settlement of litigation brought by 49 state attorneys general against the nation's five largest mortgage servicers provides a new opportunity to address this problem. The terms of the settlement provide for direct relief to homeowners, including first and second lien principal reduction. Housing counselors in Prince George's County have reported a growing number of mortgage refinancing agreements that include reduced principal balance, a trend likely to be attributable to the fact that mortgage principal reduction can be counted toward a mortgage servicer's compliance with the settlement.

The county administration should explore opportunities to communicate at the executive level with servicers participating in the settlement to propose a large-scale approach for offering principal-balance relief to Prince George's County homeowners with underwater mortgages. The adoption of a countywide approach to this problem would be beneficial to all parties in the settlement, providing them with an opportunity to benefit from associated economies of scale.

B. New Challenges for Service Providers

The countywide mortgage foreclosure crisis has imposed new demands on nonprofit service providers that have received support from DHCD in past years. Prior to the bursting of the "housing bubble," many of these organizations, had focused on pre-purchase counseling for first-time homebuyers. However, foreclosure prevention and financial readiness are now the top priorities, and these

priorities are far more difficult to address than the past practice of counseling prospective homebuyers.

The experience of Housing Initiative Partnership (HIP) illustrates the challenges currently faced by housing counseling agencies in Prince George's County. Each month, HIP provides services to about 32 new Prince George's County families that are facing the threat of foreclosure. At the same time, HIP counselors are working to reduce an existing caseload of about 320 families that the organization has been assisting with foreclosure-related services. HIP counselors are able to achieve a successful outcome (i.e., family remains in home) for about 25 cases a month. Some cases may take months—sometimes more than a year--to resolve satisfactorily. Others may remain unresolved, due to circumstances beyond HIP's control.

If this pattern were to continue during 2013, then the challenge facing HIP could be characterized as follows.

320	Existing caseload at start of 2013
<u>384</u>	New cases added during year
704	Total 2013 caseload
<u>(300)</u>	Less cases resolved during 2013
404	Caseload at end of 2013

As shown above, HIP would be challenged by a demand to provide services for about 704 families (i.e., 32 families x 12 months, plus existing caseload of 320 families), with an expectation that these services might enable 300 of these families (i.e., 25 resolved cases per month) to remain in their homes. A remainder of 404 cases would remain unresolved by the end of the year.

Cases may take many months to resolve because of delays in identifying and reaching appropriate lender and servicer representatives in order to engage in communication; delays in obtaining lender/servicer commitments for mortgage refinancing; the need for HIP counselors to assist clients in finding ways to increase their household income and/or reduce expenses in order to qualify for loan modification programs; difficulty experienced by clients in obtaining the documentation that must be submitted to lenders/servicers in order to be considered for a loan modification; and limitations of HIP staff capacity.

About ten percent of the families counseled by HIP staff do not, and will not, have sufficient income to qualify for a loan modification or alternative financing in order to save their homes. HIP counselors may assist these families with a short sale or deed in lieu or foreclosure, both of which involve leaving the home. Clients may view these outcomes as less harmful than foreclosure.

The experience of HIP and other DHCD-supported counseling agencies illustrates the need for more capacity to address countywide demand for foreclosure-related services. HIP and other agencies are also devoting attention to preventive strategies

that enable homeowners to reduce the risk of re-default or to avoid the threat of foreclosure altogether. HIP's Bounce Back program, targeted to homeowners who have received loan modifications or obtained emergency assistance, combines monthly group workshops with individual counseling sessions to help families improve their capability to manage expenses and make informed decisions about topics such as savings, insurance, and long-term planning.

Because proactive prevention strategies are more beneficial and cost-effective than emergency responses to imminent foreclosure threats, county government should explore opportunities to advance from housing counseling and "financial literacy" programs to adopting a broader approach involving the promotion of financial education and planning as part of public school and community college curricula, as well as through programs managed by existing service agency networks.

C. Options for DHCD

Lead Agency Role: Supervise completion of market analysis and strategic plan for allocation of countywide public, nonprofit, and institutional resources to address foreclosure crisis; coordinate drafting of a proposal for expenditure of attorney general settlement funds; organize and coordinate a countywide counseling service provider coalition; set performance goals, monitor performance and report on outcomes.

Or

Support Role: Continue to fund nonprofit housing counseling agencies, as a contribution to a larger countywide strategy.

III. Rental Housing and Retail Development

A. Changing Market Trends and Consumer Preferences

Governments in counties that had experienced high levels of new residential development during the last decades of the twentieth century are now challenged with a need to reorient policies and strategies in light of significant changes that have occurred since that time.

These changes have fundamentally altered real estate market dynamics. During the years leading up to the turn of the century, key factors influencing the real estate market in Prince George's County and similar counties included the following.

- Some of the most marketable products in the county and region were large homes built on large lots.
- Homeownership was a primary goal for a substantial proportion of new consumers entering the county and regional housing markets, due in part to their desire to build equity and to own an asset expected to increase in value over the years.
- Many consumers preferred housing in new development sites located within suburban or exurban settings because they desired a higher degree of homogeneity and security than could be offered in housing located within urban communities.

During the years after the turn of the century, a new set of housing market variables has emerged.

- Some of the most marketable products in the region are smaller, energy efficient housing units.
- A substantial proportion of the consumers entering the housing market prefer rental housing, due in part to an inability to meet current mortgage underwriting standards, an unwillingness to make a long-term commitment to property maintenance responsibilities, a concern about the potential loss of equity if market values trend downward, and/or a desire to have the option of moving elsewhere if needed to pursue future employment opportunities outside the region.
- Many consumers prefer housing in higher-density urban areas with pedestrian or public transit access to shopping, work, school, and entertainment, and a substantial number of these consumers do not regard social and economic diversity as a drawback or threat.

The impact of these trends on the housing market has been documented on a national level, as well as a county level (for the former, see Harvard University Joint Center for Housing Studies, *The State of the Nation's Housing, 2012* pp. 22-26 at <http://www.jchs.harvard.edu/research/publications/state-nation's-housing-2012>; for the latter, see Real Property Research Group, *Multifamily Rental Market Assessment, Prince George's County*, pp. 95-151 at http://www.mdhousing.org/website/programs/McArthur/documents/Prince_Georges_Assessment.pdf).

Based on this experience, some of the best housing market opportunities for Prince George's County in the foreseeable future are likely to involve stimulating market-rate and mixed-income rental housing development in urbanized locations that are pedestrian- and bike-friendly and that offer ready access to public transit.

Prince George's County planning and development agencies are already aware of these trends and of the characteristics associated with the most promising future investment opportunities. Plans published by the Maryland National Capital Park & Planning Commission and the Prince George's County Planning Department reflect an awareness of these circumstances (see, for example, *Approved Bowie State MARC Station Sector Plan and SMA*, January 2010, at http://mncppcapps.org/planning/publications/BookDetail.cfm?item_id=236&Category_id=1 and *Central US 1 Corridor Approved Sector Plan and Sectional Map Amendment*, June 2010, at http://www.pgplanning.org/Resources/Publications/Central_US_1.htm).

The challenge for this county administration is how best to use its development resources—including the capabilities of DHCD, the Redevelopment Authority, and the Housing Authority--to stimulate desired development at a time when public-sector capital is scarce and the pace of economic recovery is slow.

B. Leveraging Private Capital

During the past year, the county administration and county development agencies have communicated with numerous developers who have expressed interest in assembling land and/or obtaining financing for residential development. DHCD has already made known its readiness to consider providing gap financing for affordable or mixed-income housing ventures that meet agency selection criteria and underwriting standards. As indicated previously, DHCD's communication with prospective developers is already closely coordinated with the county administration and with other county development agencies.

Reductions in federal funding and the continuing need for quality affordable housing make it essential that DHCD be positioned to support development ventures involving a relatively small commitment of affordable housing subsidy funds that leverages a substantially larger commitment of private capital.

For risk-conscious investors in still-weak real estate market, rental housing is regarded as a much safer investment than homeowner housing or investment in most commercial, industrial, and/or office ventures. In light of the slow pace of economic recovery and the time factors involved in organizing a real estate venture, it is likely that rental housing development will remain the best opportunity to leverage private investment capital to produce new built assets and generate associated tax ratables in Prince George's County.

Although other development opportunities will emerge on a case-by-case basis, rental housing is likely to offer the best prospects for attracting private capital in support of real estate development during the remainder of the terms of office of current county officeholders. For these officeholders, promoting the development of high-quality, well-located, well-designed, well-managed rental housing would be an appropriate political priority.

The best opportunities to attract private capital for investment in the residential real estate market are likely to be those that involve as many of the following characteristics as possible.

- Market-rate and affordable rental housing as an end use.
- Issuance of bonds through the Redevelopment Authority (to support site assemblage and development financing) and/or Revenue Authority (to support parking development associated with mixed-use ventures).
- Collaboration with Washington Metropolitan Area Transportation Authority to promote mixed-use development on underused Authority-owned property adjacent to Metro stations.
- Use of DHCD-administered Section 108 financing to provide low-interest construction loans.
- Utilization of Housing Authority-administered Housing Choice Vouchers (i.e., rental assistance subsidies) in public/private partnerships to provide a stream of annual income to developers of market-rate housing who agree to make available a specified number of units for affordable housing.
- Utilization of Housing Authority-administered Annual Contributions Contract units (i.e., rental units subsidized as public housing) in public/private partnerships to facilitate the development of affordable or mixed-income housing.

The county administration should ensure that development agencies are positioned to provide financing or enter into joint venture partnerships in

order to advance prospective development ventures with these characteristics. One possible early-stage initiative: issuance of a Request for Information (RFI) describing available county resources and inviting comments from investors and developers about a recommended approach for using these resources to attract private capital to desired locations during the next 24 months.

C. Rationalizing the County's Retail Assets

Mid-and late-twentieth century retail development in Prince George's County has produced a variety of retail land uses that have become unattractive or that are not competitive in today's environment. Future "greyfields"—failing or vacant strip shopping centers or shopping malls—can be found on major roads within communities inside the Capital Beltway. In communities outside the Beltway, some of the newest retail centers are far removed from residential areas and accessible only by car. In the county as a whole, thousands of square feet of retail space are vacant and unlikely to be filled in the foreseeable future. Thousands of parking spaces remain empty throughout the day, and many of these empty spaces occupy valuable street frontage where display windows and store entrances should have been located to more readily attract the attention of drivers and pedestrians.

As a general rule, retail development follows residential development, and high-quality rental development can generate a critical mass of consumers that is sufficiently large to attract new retail ventures with good prospects for profitability. Because much of the county's existing retail space is in need of upgrading and not well integrated with other uses and because much of the county is overbuilt with surface parking, county initiatives to attract investment in rental housing should include incentives for reconfiguring existing retail sites to produce a mix of retail and residential uses, occupying land that had previously been developed exclusively as retail and parking.

This approach is already consistent with recommendations made by the Maryland National Capital Park & Planning Commission and the Prince George's County Planning Department. The June 2010 *Central US 1 Corridor Approved Sector Plan and Sectional Map Amendment*, for example, calls for "the transformation of US 1 from an auto-dominated thoroughway to a multimodal, mixed-use main street."

County development agencies should seek to identify owners or prospective purchasers of underused retail centers with interest in financing the reconfiguration of these sites to produce attractive, viable mixed-use destinations.

D. Options for DHCD

Lead Agency Role: In coordination with other agencies, organize a rental housing development and asset management strategy that guides the investment of public

funds to support new rental housing development, the preservation of existing housing, and the promotion of related retail development/expansion opportunities; solicit proposals from owners and/or prospective developers of vacant and/or underused shopping centers for public/private ventures designed to reconfigure existing sites in order to introduce or increase a residential presence and reinforce retail uses that are most likely to be competitive; through the Redevelopment Authority, underwrite development proposals and ensure that related permitting and licensing is completed on schedule.

Or

Support Role: In coordination with other county agencies, solicit competitive proposals for development financing, including the assignment of Housing Choice Vouchers; coordinate the selection of developers, and monitor project completion activities.

IV. Inclusionary Purchasing and Contracting

A. The Need for a Broader Perspective

During 2012, questions were raised about the manner in which DHCD takes action to promote local and minority business inclusion in DHCD-financed development activities and about related performance reporting. Understanding the answers to these questions is important; however, the issue of DHCD performance is best explored in the context of an assessment of all county procurement for goods and services.

In light of cutbacks in federal funding and the prospect of additional funding reductions in future years, the universe of procurement opportunities associated with DHCD activities has become increasingly limited. As important, because residential real estate development is not a growth area for the region, contractors, subcontractors, and professional and technical service providers who submit bid proposals for county work are not likely to be hiring many new employees—if they hire any—to perform the work that follows a successful bid. Since current inclusionary procurement policies only apply to new hires rather than existing workforce, it is unlikely that closer oversight of these policies will produce substantial new value for the county. Although opportunities to engage minority and local businesses should continue to be pursued as a priority, addressing this proposal on a government-wide basis will be more constructive than focusing on real estate development, to the exclusion of other activities.

B. Inclusionary Models from Academic and Health Care Institutions

For more than a decade, a number of academic and health care institutions have launched innovative inclusionary procurement policies to benefit minority and local businesses, in some cases with highly successful outcomes. The origin of some of the best of these policies began with an examination of current expenditures for items purchased on an ongoing basis during the routine course of business, items such as office supplies, cleaning supplies, information technology hardware, and vehicle maintenance services.

Based on an assessment of this kind, academic and health care institutions participating in the Greater University Circle collaborative in Cleveland found that a major expense category for all of the institutions was the laundering of sheets, linens, uniforms, and other items and discovered that all industrial laundering services were being procured from businesses outside the area. As a result, the collaborative began planning that resulted in the development of Evergreen Laundry, a locally-based industrial laundry facility that operates as a worker-owned business (see <http://evergreencooperatives.com/business/evergreen-laundry/about/>). Ted Howard, Executive Director of the University of Maryland's

Democracy Collaborative, played a key role in the organization of this successful initiative.

The University of Pennsylvania realigned its procurement practices to require prime contractors to joint venture with local subcontractors (see “How Local Purchasing Spurred Growth in West Philly” at <http://www.icic.org/connection/blog-entry/bp-how-local-purchasing-helped-revitalize-west-philly/bp>) and by offering training and technical assistance, through Penn’s procurement office, to enable contractors and suppliers to learn how to bid on University work and pursue joint venture partnership opportunities with larger firms.

The county should explore inclusionary procurement opportunities government-wide—possibly in collaboration with county-based academic and health care institutions—and should consider opportunities to replicate innovative procurement practices that have achieved success elsewhere.

C. Options for DHCD

Lead Agency Role: Establish a working partnership with the Supplier Development and Diversity Division (SDDD, formerly the Minority Business Division) through which DHCD identifies and provides development financing for real estate development or expansion ventures that would increase local and minority business participation in county procurement; as one contribution to this working partnership, communicate with municipal governments and county institutions in order to determine how construction and property management services and supplies are procured and to explore opportunities for collaborative procurement approaches that would take advantage of economies of scale and to maximize the potential benefits to county-based and minority contractors and suppliers.

Or

Support Role: Help SDDD develop policies and performance guidelines for procurement associated with federally- and county-financed housing and community development programs; monitor performance of DHCD subrecipients, report on results, and address any related problems or needs for training and technical support.

V. A New County Narrative

A. Redefining County Government

The current county administration has established itself as a capable provider of public services, has implemented a well-coordinated policy for public-sector intervention in areas where social and economic problems are highly concentrated (the Transforming Neighborhoods Initiative), and has organized a capable leadership team in which all agencies that need to play a role in economic development—including DHCD—actively participate.

However, the potential value of these accomplishments is diminished because the current administration follows one associated with corruption and mismanagement. For this reason, the organization and dissemination of a new county narrative—the story of the current county administration and its vision for the future-- should be made a high priority during the coming months. Through this narrative, the county administration will be better able to distance itself from its predecessor and to generate more widespread awareness of its enhanced status that can lead to broader commitments to this administration's policies, including those in which DHCD plays a key implementation role.

The County Executive and senior county officials have already made significant progress in developing and communicating a new narrative within the county through public presentations, online postings, and meetings with key county constituencies. This progress was evident in the comments received in connection with this project from county business leaders who expressed a high level of confidence in the new administration and a willingness to develop and maintain business/county government partnerships in order to advance mutual interests. Having achieved these successes, the county administration now has an opportunity to promote Prince George's County to a wider audience of prospective investors and developers.

B. Value of a Comprehensive Approach

The county administration has not overlooked opportunities to promote its positive characteristics. However, a more comprehensive approach is likely to produce promising results in the future. Some of the basic elements of such an approach would include the publication of a county economic development strategy, more visible postings of existing plans for target areas (as referenced in section III above), and creation of an online listing of publicly- and privately-owned parcels available for residential, commercial, industrial, and office development. Ideally, the latter would include, for each property, a photographic image, a locator map, and a fact sheet listing key characteristics. This resource could also include information about how a prospective buyer could submit an expression of interest in purchasing any listed publicly-owned properties.

Prince George's County is already better organized to promote economic development than many other county governments. Highlighting the county's accomplishments and advantages with respect to governance and opportunities in the real estate market would, among other benefits, redefine the role of DHCD in county government and make it easier for interested parties to understand the best way to gain access to DHCD-administered resources.

C. Repositioning for New Opportunities in the Real Estate Market

As the economy improves, the administration will be increasingly well positioned to more aggressively promote the sale and development of real estate. In order to do so effectively, the administration will need to confront two disadvantages.

- Because so many acres of reasonably well-located, undeveloped or underdeveloped real estate are available, property values are relatively low, as is the expectation that they will appreciate rapidly in the foreseeable future.

In order to offset this advantage, the administration will have to use DHCD and other county resources to promote the development of a relatively small number of sites each year, focusing on ventures with the characteristics described in section III.B. above.

- The cost of obtaining permits and licenses needed to undertake development in Prince George's County may not be competitive with comparable developer expenses elsewhere in the region. In addition, the county's relatively recent history of development-related corruption has led some real estate professionals to question whether the development underwriting, licensing, and permitting processes have been fully reformed at all levels under the current administration. Once the recently-authorized Department of Permits, Inspections, and Enforcement has completed its startup phase of operation, there will be an opportunity to examine fee structure and fee collection practices and to propose changes as appropriate.

If a comparative analysis of development-related fees in Prince George's County and elsewhere in the region has not been undertaken recently, one should be completed now. To the extent that county fee structures are not competitive with those of competing counties, the administration should determine when and how to make appropriate adjustments.

D. Options for DHCD

Lead Agency Role: Position DHCD as a one-stop center for real estate development activities, with the DHCD Peppercorn Place facility serving as an information resource and customer service center for both subsidized and market-rate development activity. Ideally, this realignment of DHCD's role would be undertaken in collaboration with the Greater Prince George's Business Roundtable and the Prince George's Chamber of Commerce.

Or

Support Role: As a team participant, assist prospective developers with property acquisition and development financing, supported by available federal funds.

Appendix

Update of HUD Performance Data Cited in Virginia Tech Report

An update and review of most HUD performance metrics cited in the 2011 Virginia Tech report does not reveal any significant issues of concern.

Table A.1. (for which 2011 data was not available) indicates that expenditure patterns remained relatively consistent between 2006 and 2010.

Table A.1.
Prince George's County
CDBG Expenditures by Category, Fiscal Years 2006-2010
(Update of Table 7, page 18 in 2011 report)

Expenditure Category	Percent of Total Fiscal Year Expenditures*				
	2010	2009	2008	2007	2006
Administration and Planning	17	20	19	12	18
Public Facilities and Improvements	35	33	31	33	20
Public Services	14	16	12	14	11
Housing	25	18	25	14	32
Economic Development	9	12	6	24	18
Acquisition	1	1	7	1	1

Note: Columns may not total 100 percent due to rounding.

Source: U.S. Department of Housing and Urban Development

Table A.2., showing the activity categories in which the greatest percentages of CDBG funds were spent in each of the past five years also indicates consistency with past practice. In three of the five years, the highest percentages were associated with the development or improvement of public facilities or the repair or replacement of streets and sidewalks.

Table A.2.
Prince George's County
Major CDBG Expenditures by Activity, Fiscal Years 2006-2010
(Update of Table 8, page 19 in 2011 report)

Fiscal Year	Activity	Percent of Total Fiscal Year Expenditures
2010	Public Facilities and Improvements (General)	35
	Housing	25
	General Program Administration	17
	Public Services	14
2009	Public Facilities and Improvements (General)	21
	General Program Administration	20
	Rehabilitation: Single-Unit Residential	12
2008	Rehabilitation: Single-Unit Residential	20
	Street Improvements	18
	General Program Administration	17
	Public Facilities and Improvements (General)	12
2007	Street Improvements	16
	Financial Assistance to For-Profit Businesses	12
	General Program Administration	11
2006	Street Improvements	16
	General Program Administration	15
	Rehabilitation Administration*	15
	Commercial/Industrial Acquisition & Development	14

Source: U.S. Department of Housing and Urban Development

Table A.3. provides evidence that DHCD's expenditure pattern is comparable to that of other county development agencies for which data was presented in the Virginia Tech report, with high expenditures in the Administration and Planning and the Public Facilities and Services categories.

Table A.3.
Prince George's County
CDBG Expenditures in Selected Metropolitan-Area Counties
Fiscal Year 2010
(Update of Table 9, page 20 in 2011 report)

Expenditure Category	Baltimore County MD	Cook County IL	Dekalb County GA	Delaware County PA	Monroe County NY
Administration and Planning	13	25	16	21	18
Public Facilities and Improvements	20	53	29	56	31
Public Services	11	12	10	10	14
Housing	55	1	21	11	15
Economic Development		1	6		22
Acquisition		8	19	3	

Source: U.S. Department of Housing and Urban Development

DHCD's "timeliness ratio" (the amount of unexpended funds, including both current and prior program year funds, as a percent of the total funding award for the current program year) was slightly lower in 2012 than in 2011, as shown in Table A.4.. However, the 2011 and 2012 ratios are both close to the HUD threshold of 1.50. HUD may recapture CDBG funds from grantees with ratios exceeding this level.

Table A.4.
Prince George's County
CDBG Timeliness Ratios
(Update of Table 10, page 21 in 2011 report)

Date Recorded				
May 2012	March 2011	September 2008	September 2007	September 2006
1.46	1.49	1.35	1.61	1.68

Source: U.S. Department of Housing and Urban Development

Although it would be desirable for DHCD to reduce its timeliness ration in the future, doing so is particularly difficult for a county government that provides CDBG support to a variety of municipal governments and nonprofit organizations, not all of which will be timely with respect to the administration of the CDBG funds that

they receive from their county governments. Three of the five counties shown in Table A.5. had ratios within ten points of the threshold; one of them, the ratio for Cook County, IL was at the threshold itself. In contrast, ratios for three of five cities shown in the table were lower than 1.0.

Table A.5.
CDBG Timeliness Ratios for Selected Metropolitan--Area Counties and Cities
Recorded in March 2011

Counties

Baltimore County MD	Cook County IL	Clayton County GA	Delaware County PA	Monroe County NY
1.10	1.50	1.45	1.44	1.38

Cities

City of Baltimore	City of Springfield	City of Athens	City of Philadelphia	City of Rochester
1.39	0.87	0.91	0.74	1.43

Source: U.S. Department of Housing and Urban Development