

## MEMO

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**Date:** October 27, 2020  
**To:** Members of the Housing Opportunities for All Workgroup  
**From:** Enterprise Advisors  
**Re:** Prince George's County Renter Sustainability: Needs, Existing Tools, and Relationship to *Housing Opportunity for All*

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### Summary

*Housing Opportunity for All* indicates rising rents for Prince George's County residents; more cost-burdened households, especially among renter households; and that half of subsidized units are at risk of expiring by 2030, with this risk more apparent in areas inside the I-495 Beltway.<sup>1</sup>

The County's existing toolbox has some programs that provide direct financial assistance to renters, such as the Housing Choice Vouchers and Rental Allowance Program. However, programs are unable to keep up with residents' needs and demand. Across programs, policies and financing mechanisms, displacement pressure and other renter needs are not being addressed.

*Housing Opportunity for All* outlines several actions to help respond to renters' immediate needs; stabilize them; and build their resilience over time. Specifically, six actions (discussed in more detail below) would support renters in Prince George's County. Implementing these actions would strengthen tenants' rights; create resources tenants facing an eviction or other housing crisis; and strengthen the County's housing toolbox to address displacement concerns.

### Background

This memo provides an overview of the existing needs, tools and actions related to renters identified in the *Housing Opportunity for All*, Prince George's County's comprehensive housing strategy. This information will be discussed in greater detail, along with emerging renter needs and new housing tools or resources to respond to the impacts of the COVID-19 pandemic, at the Housing Opportunities for All Workgroup October 2020 meeting.

### Existing Needs Among Renters

Analysis completed for *Housing Opportunity for All* identified the following needs affecting renters in Prince George's County:

- The county has a shortage of renter units affordable to those making 50 percent of regional area median income or less. Currently, extremely low-income renters are

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<sup>1</sup> HOFA, 2019 <https://www.princegeorgescountymd.gov/DocumentCenter/View/26486/CHS---Housing-Opportunity-for-All-with-appendices---FINAL-updated-8-5-19>

concentrated in the Beltway, due to a shortage of affordable rental opportunities outside the Beltway.<sup>2</sup>

- Renters experience higher levels of cost-burden. As of 2014, about one-half of renters are housing cost-burdened. Nearly 22 percent of all renter households in the county experience severe housing cost burdens.
- The county's subsidized housing properties are threatened by expiring subsidy contracts. More than half of subsidized housing contracts expire by 2030.<sup>3</sup> These expirations will largely affect inner-Beltway communities, which currently contain a large amount of the county's subsidized housing. Given the county's existing shortage of affordable rental housing, expiring subsidy contracts could exacerbate this shortage in the future.
- According to the *2020 Analysis of Impediments*, there are disparities between the inner and outer Beltway communities in terms of evictions. According to data from the Eviction Lab, a research organization based at Princeton University, evictions in Prince George's County are highly concentrated in neighborhoods inside the Beltway, and particularly in the Forest Heights, Marlow Heights, and Oxon Hill neighborhoods.<sup>4</sup>
- Median gross rents are higher in the county's suburban areas compared with the rural and urban parts of the county. Inner Beltway communities, particularly those located along the Purple Line Corridor face rising rents, older housing stock, and higher levels of cost-burden among renters.<sup>5</sup>
  - Households along the corridor experience housing cost-burdens at a higher rate than the households in the region. Along the corridor, 47.2 percent experience cost-burdens compared with 44.1 percent for region. More than four-fifths of the corridor's current renters (14,876) who earn less than \$50,000 annually are housing cost-burdened.<sup>6</sup>
  - According to the U.S. Census, average rents increased 10 percent between 2010 and 2017 along the Purple Line, and even more in some neighborhoods.

### Existing Tools to Support Renters

Prince George's County has many housing programs, policy tools and financing mechanisms to support housing development and facilitate preservation efforts throughout the county.<sup>7</sup>

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<sup>2</sup> HOFA, Appendix 3. Existing Conditions by County Subarea, 2019

<https://www.princegeorgescountymd.gov/DocumentCenter/View/26486/CHS---Housing-Opportunity-for-All-with-appendices---FINAL-updated-8-5-19>

<sup>3</sup> HOFA, Appendix 2. Existing Conditions and Trends, 2019

<https://www.princegeorgescountymd.gov/DocumentCenter/View/26486/CHS---Housing-Opportunity-for-All-with-appendices---FINAL-updated-8-5-19>

<sup>4</sup> Analysis of Impediments to Fair Housing Choice, Prince George's County & City of Bowie Maryland, 2020 <https://www.princegeorgescountymd.gov/DocumentCenter/View/32176/PGC-DHCD-and-City-of-Bowie---2020-AI-DRAFT>

<sup>5</sup> HAP, Appendix C: Purple Line Housing Context, 2019 <https://purplelinecorridor.org/wp-content/uploads/2019/12/HAP-Full-Report-06-Dec-2019.pdf>

<sup>6</sup> The Corridor study area spans in both Prince George's County and Montgomery County. HAP, Appendix D: Purple Line Sub Areas, 2019 <https://purplelinecorridor.org/wp-content/uploads/2019/12/HAP-Full-Report-06-Dec-2019.pdf>

<sup>7</sup> HOFA, Appendix 7. Programs and Policies Assessment Summary Reports, 2019

<https://www.princegeorgescountymd.gov/DocumentCenter/View/26486/CHS---Housing-Opportunity-for-All-with-appendices---FINAL-updated-8-5-19>

**Existing Programs:** There are a several current County programs that offer direct financial assistance to renters to help with housing costs (Housing Choice Vouchers, Rental Allowance Program, VASH vouchers), but they have not been able to keep up with residents' needs. Indirect financial assistance programs like the Housing Production Program largely supports new construction rather than preservation, which limits the County's ability to address its aging housing stock and preserve the quality and affordability of existing rental housing.

**Existing Policies:** Prince George's County requires additional policies to comprehensively support the current and future needs of renters. *Housing Opportunity for All* highlights that the County's existing policies are not enough to meet existing and future needs and address other issues affecting renters, such as lack of cultural competence in code enforcement and unresponsive property owners.

**Existing Financing Mechanisms:** Broadly, there are limited resources and few tailored financing products to support housing development. While the County has tools to support rental housing production, they have not produced units that address the County's rental supply gap, and the funds in the Housing Investment Trust Fund have been expended (as of 2020). The County is pursuing new financing mechanisms, such as Section 108, that could be leveraged to support more mixed-income and mixed-use development projects.

The County does not have enough direct programs and resources to mitigate displacement pressures. There is an opportunity to use federal funding, such as Community Development Block Grant and HOME, to support a Tenant-Based Rental Assistance (TBRA) program.

Tables 1- 3 from *Housing Opportunity for All* summarize how existing housing programs, policy tools and financing mechanisms align with the county's market conditions (see Appendix).

### **Actions to Support Renters**

*Housing Opportunity for All* outlines three (3) cross-cutting actions and three (3) targeted actions to help respond to renters' immediate needs; stabilize them; and build their resilience over time.<sup>8</sup>

- **Cross-Cutting Action 1.4 – Strengthen the rights and responsibilities of tenants and landlords.** The proposed implementation steps for this action include establishing a taskforce to evaluate and develop a comprehensive tenants' right policy; creating educational materials for tenants and landlords; proactively inspecting licensed rental properties; and setting standards for early lease termination without penalty.
- **Cross-Cutting Action 2.9 – Build a fully culturally competent staff to serve the County's changing demographics.** This action will build cultural competence among County staff and staff at service providers or nonprofits receiving County funds.

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<sup>8</sup> Targeted Action 2.6 is currently underway – Strengthen the County's and partners' ability to purchase affordable rental properties at risk of converting to market-rate housing (i.e., right-of-first refusal provisions).

- **Cross-Cutting Action 2.11 – Reduce barriers for residents trying to find or stay in income-restricted housing.** This action examines ways to streamline the existing housing assistance process. Possible ways to streamline the process are reducing the burden of recertifications and providing an online recertification process.
- **Targeted Action 2.3 – Stabilize residents through anti-displacement programs.** To mitigate displacement the County will need to regularly evaluate areas vulnerable to displacement and tailor anti-displacement programs to those areas. Supporting actions would be developing a local property tax relief program and promoting efforts that support tenants.
- **Targeted Action 2.4 – Create a range of resources for households experiencing a housing crisis (e.g., unanticipated change in housing costs, eviction, etc.).** Implementation of this action would result in a robust toolkit that supports tenants facing eviction or other housing crises. Such tools could be an impact assistance fund or local housing voucher program.
- **Targeted Action 3.7 – Leverage project-based vouchers to promote mixed-income projects and allocate funding sources for a local rental assistance program.** This action would leverage project-based vouchers to support more mixed-income projects and expand the use of a tenant-based rental assistance to support cost-burdened households.

**Appendix**

Table 1. Existing Programs							
Programs	Address Needs					Type of Assistance <sup>9</sup>	
	Limited housing options	Shortage of affordable rental units	Housing quality concerns	Neighborhood revitalization	Displacement concerns	Direct	Indirect
<b>Housing Production Program<sup>10</sup></b>	x	x					x
Acquisition and Rehabilitation			x	x			x
Pathways to Purchase Program	x					x	
Housing Rehabilitation Assistance Program (HRAP)			x	x		x	
<b>Housing Choice Voucher Program</b>	x					x	
Housing Choice Voucher Homeownership Program	x					x	
<b>Veterans Affairs Supportive Housing (VASH)</b>	x					x	
<b>HOPWA/ Homeless Rental Assistance</b>		x				x	
<b>Rental Allowance Program</b>		x			x	x	

<sup>9</sup> The types of assistance provided by the County can be categorized as either direct or indirect assistance. Direct renter assistance programs tend to provide benefits to individual households, while indirect assistance programs focus on the production and preservation of low to moderate income rental units within the overall housing supply.

<sup>10</sup> Please note that all programs, policies and financing mechanism bolded and highlighted grey serve renters.

**Table 2. Existing Policy tools**

Policy tools	Address Needs					Type of Assistance	
	Limited housing options	Shortage of affordable rental units	Housing quality concerns	Neighborhood revitalization	Displacement concerns	Direct	Indirect
<b>Density Bonus</b>	x	x	x				x
<b>Right-of-First Refusal</b>		x	x				x
<b>Deferred Land Sale</b>	x	x	x				x
<b>Public Land Disposition</b>	x	x					x
<b>School Surcharge Exemptions</b>	x	x					x
<b>Revitalization tax credits</b>				x			x

**Table 3. Existing Financing Mechanisms**

Financing tools	Address Needs					Type of Assistance	
	Limited housing options	Shortage of affordable rental units	Housing quality concerns	Neighborhood revitalization	Displacement concerns	Direct	Indirect
<b>Housing Investment Trust Fund</b>	x	x					x
<b>Payment in Lieu of Taxes (PILOT)</b>	x	x					x
<b>Tax Increment Financing (TIF)</b>		x		x			x
<b>EB-5 (Immigrant Investor) Program</b>		x					x
Economic Development Investment (EDI) Fund							x
<b>Parking Revenue</b>	x	x					x
Property Assessed Clean Energy (PACE)			x	x	x	x	
<b>New Market Tax-Credits (NMTC)</b>		x					x
<b>Federal Housing Resources (HOME, CDBG, LIHTC)</b>	x	x	x	x		x	x
<b>Housing Investment Trust Fund</b>	x	x				x	x