



Angela D. Alsobrooks
County Executive

As of July 12, 2024

Prince George’s County
Department of Housing and Community Development
Housing Investment Trust Fund
Multifamily Rental Housing

SUMMARY OF TERMS

Overview: The Housing Investment Trust Fund (HITF) provides flexible financing for the acquisition, rehabilitation, and new construction of affordable multifamily rental housing (the “Property”) subject to the Prince George’s County HITF Program (the “HITF Program”) authorized under Section 10-296 et seq. of the Prince George’s County Code (“HITF Code”).

Funding Type/Source: Financing will be made available as a subordinate Loan (the “HITF Loan”) from the Prince George’s County Department of Housing and Community Development (the “Department”). HITF Loans will be underwritten in accordance with the terms outlined herein and originated and serviced by the Department. At the discretion of the Director of the Department, HITF funds may be made available as a grant for predevelopment costs. The source of capital for HITF Loans is financed from a portion of the County’s collected property recordation tax, and other funds as designated and provided by the County.

Purpose/Use of Funds: The proceeds of the HITF Loan must be used for the acquisition, new construction, rehabilitation, and other typical transaction costs under the terms of the HITF Program. Any alternative uses must be approved by the Department.



- Funding Priorities:** The Department has established the following set of Priorities to guide the award of competitive HITF funding:
- Located within one mile of the Blue Line transit Corridor;
 - Located within one mile of the Purple Line transit Corridor;
 - New construction and/or preservation of affordable housing within one mile of existing and planned Maryland Department of Transportation (MDOT) Metro Stations throughout the County;
 - Conformance with housing priorities and guidance in the Prince George's County's 2035: Adopted General Plan; <https://pgccouncil.us/DocumentCenter/View/3162/Plan-2035-Approved-General-Plan-Book?bidId=>
 - Mixed-use, mixed-income affordable housing developments; and
 - Affordable housing that includes sustainable design, energy efficiency and green design standards.
- Occupancy:** Units supported with HITF funds ("HITF units") must be affordable to households with incomes at or below 80% of the Area Median Income ("AMI").
- Borrower/Development Team:** At the time of the HOME loan closing, the Borrower and its managing entities must have business registrations that are in good standing. All members of the development team to include the Developer/Sponsor, the Borrower, the General Contractor (and its subcontractors), the Managing Agent, and the Architect, and other professionals involved in the Project's design may not be suspended, debarred, or deemed otherwise ineligible. The Project's development team must be approved by the Department and must have demonstrated experience in the immediate past five years with the successful development and completion of affordable housing projects.
- HITF Loan Amount:** Up to \$2,500,000. Exceptions to this limit may be approved at the discretion of the Department.



Subordination: The HITF Loan will be subordinated to Senior Loan(s) approved by the Department, and subject to terms of an agreed-upon Subordination Agreement with Senior Lender(s). Multiple Senior Loans are acceptable.

HITF Loan Term: Generally coterminous with the term of the Senior Loan(s), with a 40-year amortization from the beginning of the permanent loan period.

HITF Loan Interest Rate: Two percent (2%) simple interest during permanent loan period; zero percent (0%) during construction. At the discretion of the Director of the Department, Maryland DHCD's Contingent Interest loan terms will be considered on a case-by-case basis.

Collateral: The HITF Loan will be secured by a subordinate lien Deed of Trust recorded in the Land Records of Prince George's County. Alternative collateral arrangements may be approved by the Department.

Loan Payments: No repayments of principal or interest on the HITF Loan shall be due during the construction period. Beginning with the permanent loan period, repayment of the Loan will be due from available Cash Flow after payment of all Senior Loan debt, and as further defined in the Loan Documents and determined by annual financial statements. The annual repayment amount on the HITF Loan will be the lesser of: 1) 75% of surplus cash flow after approved operating expenses and required annual Senior Loan payments, or 2) the amount necessary to fully amortize the Loan under the agreed-upon terms, or 3) such other amount as agreed to by the Department. The definition of surplus cash for purposes of repayment of the HITF loan is set forth in the Note. At the discretion of the Director of the Department, Maryland DHCD's Contingent Interest loan terms will be considered on a case-by-case basis.

HITF Loan Prepayment: The HITF Loan is prepayable in part or full at any time without penalty.



HITF Loan Documents: Regulatory Agreement, Declaration of Restrictive Covenants, Deed of Trust, Deed of Trust Note, Building Loan Agreement, Subordination Agreement, and Intercreditor Agreement as applicable.

HITF Legal Fee: \$55,000 due at closing.

Property Due Diligence: All costs of due diligence will be the sole responsibility of the Borrower. The Department will rely upon due diligence reports of the Senior Lender(s). The Department will require Reliance Letters for Environmental Report(s), Property Appraisal, and Capital Needs Assessment if applicable.

Affordability Requirements: An Agreement restricting the Property's rents and tenant incomes must be recorded in the Land Records of Prince George's County. The Agreement will be for a period of at least 40 years and will survive repayment of the Loan, unless otherwise released or amended by the Department.

Diversity and Equity Policy for Publicly Subsidized Development Projects:

The Developer must comply with the requirements and participation goals of the County's Diversity and Equity Policy for Publicly Subsidized Development Projects (the "Policy"). The Policy and associated requirements and goals are detailed in Section 10-335 of the Prince George's County Code (the "Code") and are as follows:

- At least thirty percent (30%) of the Development Costs for Construction (including the design, demolition/site work, and building stages) of the County-Subsidized Project shall be paid to County-Based Small Businesses (CBSB) and/or Locally-Owned and Operated Businesses (LOB), including at least twenty percent (20%) of design costs if applicable. In this Section, "design" includes architectural, engineering, and design work, excluding in-house design costs.
- Use Best Efforts to achieve at least twenty-five percent (25%) of the Development Costs for Construction (including the design,



demolition/site work and building stages) of the County-Subsidized Project shall be paid to County-Based Minority Business Enterprises. As a minimum, the Developer shall demonstrate its Best Efforts, as defined above, to meet this Goal.

- The General Contractor Team for the Project shall include one or more businesses that are County-Based Minority Business Enterprises (CMBE) and/or Locally-Owned and Operated Businesses (LOB).
- As applicable, the Construction services (including the design, demolition/site work, and building stages) for at least twenty-five percent (25%) of the total work hours on the Project shall be worked by County Residents, including at least twenty percent (20%) of the total work hours of workers in the specialty trades (defined as "specialty trade contractors" in the North American Industry Classification System (NAICS) being worked by County Residents.

The Code requires the approval of a Supplier Diversity and Equity Plan by the County.

Additional information regarding the Policy is available at the following website:

<https://princegeorgescountymd.gov/980/Housing-Development-Division>

Reporting and Compliance: Borrower must submit annual documentation to the Department to demonstrate compliance in accordance with the Loan Documents.

Property Management: The Property Manager must be approved by the Department.

Governing Laws: The HITF Loan shall be governed by the Prince George's County Code: pursuant to Sections 10-295, 10-297, 10-298 and 10-299, and adopted in County Bill CB-057-2017.

NOTE:

The Terms outlined above are for illustrative purposes only and do not constitute a reservation or commitment by the Department to provide financing to the Property.



