



# Memo

To: Mayor and City Council

Thru: Tracey Douglas, City Administrator, Ron Brooks, City Treasurer, and Jeff Ulysse, CBED Director

From: David Cristeal

Date: May 22, 2025

Re: Grant Application to the State of Maryland, Department of Housing and Community Development (MD-DHCD) – State Revitalization Program (SRP) – National Capital Strategy Economic Development Fund (NCSED)

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## **Introduction:**

The State of Maryland’s Department of Housing and Community Development (DHCD) recently announced their FY 2026 State Revitalization Programs Application. This Application covers six (6) separate programs, including the National Capital Strategic Economic Development Fund. This Fund supports “strategic investments in local housing and businesses to encourage healthy, sustainable communities ... focuses on area of Prince George’s and Montgomery counties...”. The City of Hyattsville proposes to apply for this Fund to support the First United Methodist Church’s (FUMC’s) / Pennrose’ proposal to develop 120 affordable rental homes. This proposed development consists of two components, one 50-unit family apartment complex and one 70-unit senior apartment complex. The City would apply for two separate grants, each totaling \$750,000 from this Fund, to support the family and senior components.

## **Background and Discussion:**

Last year, the FUMC/Pennrose partnership commenced its work to develop “The Sanctuary at Hyattsville Crossing”, an all-affordable rental community of 120 homes – 70 apartment homes for seniors and 50 apartment homes for families. The proposed development would be located on an underutilized portion of the FUMC property. This location and proposed use are attractive to the City as it seeks to develop an inclusive community in the transit and amenity rich Hyattsville Crossing area. Prince George’s County, through its Sector and Housing Plans, also supports the proposed use in this

location (affordable housing at transit and amenity rich locations). The estimated total development cost of The Sanctuary at Hyattsville Crossing is \$53.8 million.

To obtain project funding, the FUMC/Pennrose team sought and received a commitment of support from both the City and County to help finance their proposed development. The County has committed to providing a Payment in Lieu of Taxes (PILOT) of at least \$600/affordable unit and a loan of \$6 million. The City has also agreed to provide a PILOT of \$378/affordable unit. With this initial success in financing support, Pennrose applied to the State in May for Low Income Housing Tax Credits (LIHTC) to support the development. If awarded LIHTC by the State, this would mean the project can move forward and it would receive an estimated \$12.9 million in equity support. Pennrose will know by the summer of 2025 if they have received a LIHTC award.

Because the proposed affordable rental community will be developed as two separate components, a 70-unit senior apartment complex and a 50-unit family apartment complex, the City would submit 2 separate grant applications to the State (requesting up \$750,000 for each component, or up to \$1,500,000 total). If awarded these grant funds, the City would then in turn loan the same funds to Pennrose. Pennrose, as a private entity, is not an eligible applicant for the State Revitalization Program grant funds. Therefore, the City's grant application to the State is a creative way to access these funds to meet an identified and acute need (affordable rental homes for seniors and families). The grant applications are due on July 2, 2025. The State anticipates making grant award announcements by the end of 2025.

**Recommendation & Next Steps:**

That the Mayor and City Council authorize the City Administrator to prepare an Application to the State for grant funds to support the Sanctuary at Hyattsville Crossing and provide any needed documentation required, including a Letter of Support and Disclosure Authorization to the State.

If awarded grant funds from the State, the City would then enter into a Memorandum of Understanding (MOU) with the FUMC/Pennrose development entity. The MOU would describe the terms and conditions of the City passing through the State grant Fund monies to the FUMC/Pennrose development entity. If the State awards grant funds monies to the City, staff would prepare the MOU in early 2026.