



## Legislation Text

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**File #:** HCC-147-FY23, **Version:** 1

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Submitted by: Ron Brooks  
Submitting Department: Finance  
Agenda Section: Consent

**Item Title:**

**Awarding of a Contract to Study the City of Hyattsville Property Tax Relief Programs for Low and Fixed-Income Homeowners**

**Suggested Action:**

I move the Mayor and Council authorize the City Administrator to execute a contract for professional services with PFM Group Consulting LLC., 1735 Market Street, Philadelphia, PA for the purposes revisiting Ordinance 2008-07 Hyattsville Homeowners Tax Credit and Homestead Tax Credit Programs to include but not limited to reviewing these property tax relief programs and to provide a final report outlining recommendations for program improvement and/or identifying other alternatives to these programs at a cost not to exceed \$52,900, upon legal review and approval of the City Attorney.

**Summary Background:**

In late August 2022, the City issued a solicitation for a Study of Hyattsville Property Tax Relief Programs for Low and Fixed-Income Homeowners. The purpose of the solicitation was to revisit Ordinance 2008-07 Hyattsville Homeowners Tax Credit and Homestead Tax Credit Programs to include but not limited to reviewing these property tax relief programs and to provide a final report outlining recommendations for program improvement and/or identifying other alternatives to these programs that will provide continued relief for low-and fixed-income homeowners.

Proposals were received from Sudsina and Associates, PFM Group Consulting and GME, each firm proposed cost estimate was \$40,000, \$52,900, and \$49,850 respectively.

After a thorough review of each proposal PFM Group Consulting was determined to have the best responsive proposal based on their historical knowledge and recent engagement in the review of homeowner tax credit programs within the DMV region.

In 2008, the Hyattsville City Council passed Ordinance 2008-07, which established the "Local Supplement to the State Homeowner's Property Tax Credit". This local tax credit, intended for low- and fixed- income homeowners, created a local tax credit valued at 15% of the State Homeowner's Property Tax Credit for principal residences that have a maximum of \$350,000 in assessed value, if the household income is less than \$80,000 and the net worth of the household, excluding the principal residence, is less than \$200,000. In addition, this ordinance set the local Homestead Tax Credit percentage at 110%.

Housing affordability continues to be a hardship for many Hyattsville residents. While Ordinance 2008-07 was intended to reduce the property tax burden for low- and fixed-income homeowners, it is unclear how effective it has been. This proposed review will include revisiting Ordinance 2008-07 and providing necessary background and making recommendations regarding:

- How many Hyattsville residents currently receive the local Homeowner's Property Tax Credit? How many Hyattsville residents are eligible for the benefit but fail to apply?
- Are the appraised value, income, and net worth requirements of the local Homeowner's Property Tax Credit set at desired limits, and what would the municipal budget implications of changing these limits be?
- Should a lower percentage for the local Homestead Tax Credit be considered for low- and fixed-income Hyattsville residents, and what would the municipal budget implications of such an action be?

**Next Steps:**

Upon approval by Council enter into an agreement with PFM Group NTE \$52,900.

**Fiscal Impact:**

The proposed amount for this contract is included in the current FY23 City Operating Budget.

**City Administrator Comments:**

Recommends approval.

**Community Engagement:**

N/A

**Strategic Goals:**

Goal 2 - Ensure the Long-Term Economic Viability of the City

**Legal Review Required?**

Pending