

FINAL DRAFT
Ask from State
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R. Wagner

Community Preservation Trust: A Neighborhood Stabilization Program for College Park
To be operated by
College Park City-University Partnership

Request

The College Park City University Partnership (CPCUP) requests a one-time capital investment of \$4 million by the State of Maryland to support the \$3 million from the City of College Park, and \$3 million from the University of Maryland to establish the College Park Community Preservation Trust.

Background

As the home of the state's flagship campus, the availability of affordable housing—particularly for graduate students, professors and other University employees—is of high importance to the city, region, and state. Achieving this goal is difficult due to the limited supply and high cost of housing in College Park. The significant number of undergraduate students creates a skewed market where single family houses are converted into group rental housing. To combat this, and to stabilize our neighborhoods, the City, University, and CPCUP, a 501.c.3 organization jointly funded by the City and the University, adopted as part of their joint Vision 2030 the creation of a Community Preservation Trust (CPT)

Overview of Community Preservation Trust

CPCUP will develop and run the CPT for the first 12 – 18 months through a special Committee consisting of City and University officials and others with backgrounds in real estate, lending, land title transfers, and housing trusts. In turn, this Committee will be overseen by the CPCUP Board. CPCUP will engage an experienced housing trust manager to run the day-to-day operations of the CPT. After the initial start-up period, CPCUP intends to spin off CPT into its own non-profit organization with its own board and staff.

The CPT is a Shared Equity Homeownership model, with the Trust owning between 20% and 30% of total asset. The home owner will obtain a 99-year ground lease from CPT. At re-sale, the home owner retain a percentage of the home's appreciation. CPT will hold right of first refusal to repurchase at re-sale to ensure that the property remains owner occupied.

CPT will purchase existing single-family homes, focusing on rental properties in College Park's neighborhoods. It will also be focus on purchasing raw land to construct new owner-occupied homes. Additionally, CPT intends to purchase and own single-family homes to be rented to UMD graduate students synergistically with the University's strategy to increase graduate student housing close to campus.

Based on the initial one-time capital investment of \$10 million, financial projections show that CPT will become self-supporting after five years through a combination of ground lease fees, income from appreciation on properties at re-sale, rental and other income.