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Part 8. Conditions for Active Adult Development in Prince George’s County

Conditions for Active Adult Development in Prince George’s County

Introduction

This section summarizes Prince George’s County’s potential for active adult housing development.

Overall Assessment

Prince George’s County has numerous attributes that make it an ideal location for active adult communities. The county’s preservation of trees and green space, multiple recreational areas and close proximity to national and international air travel, one of the best cultural centers in the world, and seemingly unlimited educational and health service agencies create an enticing platform for developing active adult communities that may attract home buyers from outside of the DC metro area.

The survey of active adult communities completed in areas where there are above average concentrations of African-American households suggests that this market sector has a healthy appetite for age-qualified active adult communities. One spokesperson for Villas of America, that has developed active adult communities in the mid-west in areas where there are above average numbers of African-American households, was jubilant in his report on the rapidity with which all of the homes in the communities were sold.
Interviews with Developers about Developing in Prince George’s County

The ProMatura Group interviewed 12 individuals who either develop in Prince George’s County or are familiar with Prince George’s County and would like to develop active adult housing in the county. The following is a summary of the key points gleaned from the interviews.

- All developers interviewed believe that Prince George’s County has significant potential for active adult development.

- The majority of the developers believe that Prince George’s County is a difficult jurisdiction in which to develop active adult housing.

- All developers believe that Prince George’s County needs to develop a specific zoning for active adult housing and not rely solely on special exceptions and text amendments.
Specific Comments from Developers Interviewed

- “Process is too slow and you are subject to too many surprises.”
- “The requirement of a specific plan to be filed between the preliminary plan and the final plan is cumbersome and expensive.”
- “Having to go back to the full commission each time for any change is absurd. Planning staff need to have some authority to approve some changes.”
- “Even though Montgomery County also operates under the M-NCPPC, the planning and zoning process in Montgomery County is better than in Prince George’s County.”
- It took Victoria Falls five years to reach the point of being able to offer product for sale. Four of those years were tied up in the zoning, planning and permit process.
- Until Victoria Falls, Prince George’s County did not have a true active adult product. The housing market in Prince George’s County is so strong that the consumers have not yet made the developer pay for an inferior product.
Developer Interviews

- “It takes me three times longer to get something done in Prince George’s County than in any other jurisdiction in the DC metro area.”

- “Too much bureaucracy...too many layers.”

- “It seems that the various departments that have responsibility for development approval don’t communicate with one another. Although my development was already approved as age-qualified I had to show proof of the approval to the Council.”

- “My engineer charges me three times the price if our project is in Prince George’s County.”

- “We dropped a plan to develop in Prince George’s County because the process was going to take so long.”

- “The impact fees are so high and the process takes so long that an active adult development in Prince George’s County is a risky process.”

- “The all-age residential market is so hot in Prince George’s County that active adult developers cannot compete. The all-age buyer in most cases will pay more for a lot and build a more expensive house. The active adult buyers want smaller houses and are more cost sensitive because they do not want to take out large mortgages at that point in their lives. Therefore, we can’t pay what an all-age developer will pay for a site unless we can gain higher density.”
Developers Interviews

- “It is difficult to deal with all jurisdictions in the DC metro area, Prince George’s County is no worse than the rest.”

- “They (Prince George’s County) insist on everything being paid in advance with impact fees. If they encouraged developments the increased tax base would generate additional tax revenue beyond the infrastructure expense associated with development.”

- “One of the trends in active adult developments is the buyers’ insistence on and expectations of a greater amenity package. Active adult buyers want more fitness opportunities, such as fitness centers, swimming pools, jogging paths, etc. The buyer does not want to ‘trust’ the developer to put these amenities in at a later date. The amenities need to be in place when the development begins selling homes. This usually means that the active adult developer has a greater up-front investment in amenities than does the all-age developer. The longer the permit process takes for homes that are being built the greater the cost in interest on the amenity investment by the developer. The same with model homes; the active adult buyer will not buy from a floor plan, he or she wants to see a model.”
Comparison of Prince George’s County Impact Tax

The penetration of new homes permitted relative to the total population is lower in Prince George’s County than in any of the other eight jurisdictions in the DC metro area (Part I, page 34). While Prince George’s County does not require a “seniors” development to pay the $12,000 per unit school tax, the perception is that the impact fees and requirements are more excessive in Prince George’s County than in other areas.

Impact Fee or Excise Tax for Single-Family Home as of July 2003
Summary and Conclusions

Prince George’s County would like to encourage age-qualified active adult housing development as part of their general plan for growth of the county. Prince George’s County offers an exceptional environment for active adult housing. This report has presented an overview of all forms of age-qualified housing, with a specific emphasis on active adult housing.

Prince George’s County has sufficient demand from within the county to encourage active adult housing, providing the resident population is interested in age-qualified active adult communities. Prince George’s County should draw significant market share from the District of Columbia and Montgomery County. Prince George’s County may provide fertile ground for development of destination-oriented active adult communities because of the quality of the environment that it offers and because of its proximity to the rich resources of the DC metro area.

Areas of Prince George’s County are somewhat remote and do not have essential services and amenities within close proximity. These areas are sometimes less attractive to slightly older consumers, but all the services that anyone might need are within a reasonable drive from virtually any location in Prince George’s County.

Prince George’s County is underserved relative to age-qualified housing and is likely to have pent up demand that may bolster sales, particularly among early developments. A word of caution must be heeded in that absorption rates are highest in areas where there is familiarity with age-qualified products. Because age-qualified housing is relatively new in Prince George’s County compared to many other areas in the U.S., there may be a slower absorption rate as the target market sectors learn about the benefits and advantages of these communities.

The active adult product must meet the price-points of the prospective households in the market area and their expectations for amenities and services. The active adult product will need to be positioned so that it appeals to the target market sector within the immediate market area.