



Date: January 29, 2020  
To: Chair Lam, Chair Atterbeary and Members of the Howard County Delegation  
From: Kelly Cimino, Director of the Howard County Department of Housing  
Re: Ho. Co. Bill 11-20

### **PURPOSE**

FOR the purpose of prohibiting Howard County from authorizing payment of a fee-in-lieu of a requirement under local law that a developer provide moderate income housing units in a new residential development project under certain circumstances; and generally relating to moderate income housing unit requirements in Howard County.

### **BACKGROUND**

Council Bill 35-2013 passed on July 25, 2013, and added the MIHU fee-in-lieu provisions for specific housing types in certain zoning districts. Bill 11-20 would remove the County's authority to accept payment of the MIHU fee-in-lieu from developers in these zoning districts and would limit the County's ability to use the revenue for the creation, rehabilitation and preservation of affordable housing units in the county.

### **PROPOSAL**

Council Bill 35-2013 was enacted to require developers in almost all zoning districts in the County to contribute to affordable housing solutions, even if it meant that units would not be built on site in those zoning districts. Developers of new townhouses, apartments and condominiums must provide MIHUs on site and cannot pay the MIHU fee-in-lieu. Developers of single family, detached and age-restricted units may pay the MIHU fee-in-lieu in zoning districts referenced in Council Bill 35.

Council Bill 50 was enacted on November 4, 2019, by the current County Council. This bill clarifies the use of the MIHU fee-in-lieu revenue and emphasizes the creation and preservation of affordable units. The County is using these changes to select the grant applications that will be awarded in March 2020.

As of 12/31/19, the County has received MIHU fee-in-lieu revenue of \$9,390,673. To date, the County has used \$2.9 million of this revenue to fund the acquisition or preservation of 184 affordable rental and homeownership units. This is more than twice the number of MIHUs that would have been constructed if the fee was not paid. The County expects to create at least 150 affordable rental and homeownership units each year with this revenue. The units are and will continue to be interspersed throughout market rate communities all over the County.

## **FISCAL IMPACT**

The land costs and construction costs associated with creating detached, single family MIHU homes is too high so developers/builders can choose to pay the fee-in-lieu on all new units in a development, not just 10 or 15% of the total number. Developers that pay the MIHU fee-in-lieu are providing funding for the County's affordable housing efforts. Developers of small developments or minor subdivisions pay the fee-in-lieu because providing even 1 MIHU would create an undue hardship and result in an MIHU requirement greater than 25%. Even if the fee-in-lieu option is removed, it is unlikely that affordable units will be built in those zoning districts.

Ho. Co. Bill 11-20 will reduce the Department's annual revenue by approximately \$2.5 million and negatively impact the Department's ability to acquire, rehabilitate and preserve affordable rental and homeownership units throughout the County.

## **SUMMARY**

The County Executive has appointed a task force and authorized the completion of a Housing Opportunities Master Plan in 2020. The project kick-off meeting is set for February 3, 2020. The plan will be completed by the end of the year. I ask that the delegates consider withdrawing the bill at this time and reconsider introducing it after the master plan is completed. Thank you.