

**COLUMBIA DOWNTOWN HOUSING CORPORATION**

6751 Columbia Gateway Drive, Third Floor  
Columbia, Maryland 21046

April 1, 2016

The Honorable Allan Kittleman  
County Executive  
Howard County, Maryland  
George Howard Building  
3430 Courthouse Drive  
Ellicott City, Maryland 21043

The Honorable Calvin Ball  
Chairperson, County Council  
Howard County, Maryland  
George Howard Building  
3430 Courthouse Drive  
Ellicott City, Maryland 21043

Michele Whelley  
David Feehan  
Co-Executive Directors  
Downtown Columbia Partnership  
10480 Little Patuxent Parkway, Suite 400  
Columbia, Maryland 21044

**SUBJECT: Fourth Annual Report of the Columbia Downtown Housing Corporation**

**INTRODUCTION**

On behalf of the Board of Directors of the Columbia Downtown Housing Corporation ("CDHC"), I am pleased to present our fourth Annual Report. This report is required by Section 28.204(c) of the Howard County Code and Section 5 of Howard County Council Bill No. 154-2012. This report summarizes our work in connection with promoting the development of affordable housing in Downtown Columbia ("Downtown") during the past year and describes the financial standing of the Downtown Columbia Community Housing Fund (the "Fund").

**BACKGROUND**

The Downtown Columbia Plan (the "Plan") was adopted by Howard County (the "County") on February 1, 2010 as an amendment to the County's General Plan. The Plan is a comprehensive document that details a 30-year redevelopment process for Downtown.

Under Title 28, the Downtown Columbia Partnership is charged with collecting and receiving the Fund. Section 28.116 of the Code establishes the Fund as a separate, nonlapsing fund received from various sources and made available for the purpose of providing affordable housing opportunities for households of eligible income in Downtown. Section 28.116 requires the Partnership to contract with the Downtown Columbia Housing Foundation (the "Foundation") for administration of the Fund.

Title 28, Subtitle 2 requires that the Foundation be a not-for-profit entity which includes representation from various organizations that are able to promote the purpose for which the Fund exists. On November 5, 2012, the Council adopted Resolution No. 154-2012, recognizing CDHC as the Foundation and thus as responsible for administering the Fund on behalf of the Partnership. As a condition of continued recognition, CDHC is required to furnish the County Executive, County Council, and Partnership with an Annual Report within the 90-day period following the final day of its fiscal year, which is December 31.

## **I. PROGRESS OF CDHC IN CARRYING OUT ITS OBLIGATIONS**

### **A. Organizational Activity**

CDHC held 15 meetings during calendar year 2015, which was more than any other year since CDHC's formation. As CDHC is a quasi-public entity, the Board complied with the Maryland Open Meetings Act and Public Information Act by working with the County Office of Public Information. CDHC provided the public with notice of the Board's covered meetings in advance by publishing them on the County's website and keeping detailed minutes and audio recordings.

At CDHC's Annual Meeting in January 2016 the Board reelected its then-current officers: Paul K. Casey as President; Bruce I. Rothschild as Secretary; and Bethany H. Hooper as Treasurer.

CDHC, in accordance with Sec. 28.202 of the Code, has received, and continues to receive, staff and limited financial support from Howard County's Department of Housing and Community Development (the "Department") pursuant to a Memorandum of Understanding dated December 1, 2012. The Department's assistance has been essential to the successful administrative operation of CDHC and its Board.

Recognizing that there are other potential sources of funding including charitable contributions, CDHC applied for, and has received, tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

### **B. Financial Standing of the Fund**

CDHC began its Fiscal Year on January 1, 2015 with \$2,346,772 in cash investments. In FY2015, CDHC earned \$26,019 in income, and accrued \$12,958 in expenses. No payments were due or paid under the Plan's CEPPA numbers 10, 11, 26, or 27 during FY2015. CDHC ended the year with

\$2,357,331 in cash investments. In November, 2015, the CDHC filed its Form 990 for 2014 with the IRS. A copy of the Form 990 is on file with the Howard County Department of Housing and Community Development.

## **II. CDHC'S CHALLENGES IN CARRYING OUT ITS OBLIGATIONS**

### **A. Identified Challenges**

In its prior Annual Reports, CDHC identified a number of challenges to carrying out the Foundation's obligation "to fulfill the vision of the Downtown Columbia Plan...for a full-spectrum and diverse mix of housing, ensuring that low-, moderate- and middle-income families have an opportunity to live in Downtown Columbia" (See County Code Section 28.200(1)). The identified challenges included limited developable land in Downtown, high costs of producing units in the podium and high-rise developments envisioned by the Plan, the absence of a requirement that developers include units affordable to households of low or moderate income in new residential projects in Downtown, and insufficient resources in the Fund, especially during the early years of Downtown development, to leverage as a means of influencing developers to produce affordable units.

In our third Annual Report, we concluded that "without changes in legislation, it would be difficult to realize CDHC's goals regarding the development of affordable housing in Downtown" and we welcomed "the opportunity to pursue potential solutions with our elected officials, The Howard Research and Development Corporation, other private developers, and community advocates."

### **B. Steps Taken by CDHC toward Achieving Goals**

CDHC is fortunate to have an exceptionally dedicated and professionally experienced Board, the members of which are committed to achieving the goals for which the Fund was established. In 2015, CDHC's steps toward achieving its goals were largely characterized by County Council Resolution No. 120-2014 ("CR120-2014") and the discussions that followed.

#### **1. CR 120-2014 - Request for Legislative Recommendations**

CDHC members entered year four in the process of implementing CR120-2014. Adopted on October 29, 2014, CR120-2014 requested that CDHC, in consultation with Downtown's various stakeholders (e.g., developers, business community, employers, community organizations, etc.), "recommend legislative changes believed necessary and appropriate, which may include amendments to either the General Plan, Zoning Regulations, or County Code, to ensure that the Plan's vision for a full spectrum of affordable housing can be achieved" and to submit the recommended legislative changes to the Council by March 1, 2015.

CDHC began working on the requested legislative recommendations in November 2014. Our work with the various stakeholders was conducted in the weeks and months leading to our meeting the reporting deadline of March 1, 2015. A total of 18 stakeholders were consulted.

We found all stakeholders to be in support of affordable housing but with differing views on how best to achieve that goal. Following deliberations at several meetings, the CDHC Board adopted its final recommendations on February 18, 2015. These recommendations reflected both the strong desire for affordable housing, as well as concerns expressed by developers about the potential impact of modifying the current legislation. A copy of our recommendations is attached as Exhibit A.

The President of CDHC, Paul K. Casey, and the Director of the County Department of Housing and Community Development, Thomas P. Carbo, attended the Council's monthly meeting on April 13, 2015 to discuss CDHC's recommendations and address questions from Council members. The Community Developer of Downtown, the Howard Research and Development Corporation ("HRD"), submitted an analysis of CDHC's recommendations prepared by Sage Policy Group, Inc. The analysis included financial models and discussed potential adverse impacts of CDHC's recommendations on the feasibility of Downtown residential projects.

## **2. Alternative Proposal of The Howard Research and Development Corporation and Joint Recommendations**

At the Council's monthly meeting on June 8, 2015, HRD presented an alternative proposal for the development of affordable units in Downtown.

After being presented with HRD's counter-proposal, the Council requested that the parties work together to determine whether it would be possible to achieve an agreed-upon set of recommendations derived from the HRD proposal. Over the next two months, representatives of CDHC, HRD, County administration, and The Howard County Housing Commission (the "Commission") met frequently to discuss and devise a joint plan for affordable housing in Downtown. This cooperative effort resulted in the Joint Recommendations for Affordable Housing in Downtown Columbia (the "Joint Recommendations"). The Joint Recommendations were reviewed and extensively discussed by the CDHC Board and following certain modifications the CDHC Board adopted the Joint Recommendations on August 19, 2015 and approved a further modification at a meeting of CDHC on September 1, 2015. A copy of the final Joint Recommendations as approved by the CDHC Board is attached as Exhibit B.

The parties concluded that, in addition to modifications to the County's General Plan, Zoning Regulations, and Code, a Development Rights and Responsibilities Agreement between HRD and the County and an additional agreement among CDHC, HRD, the County, and the Commission would be necessary to implement the Joint Recommendations. Both the County administration and the Commission expressed their general support for the Joint Recommendations with certain requested modifications.

## **3. Council Review of Joint Recommendations**

The Joint Recommendations were presented to the County Council at its work session on September 8, 2015. The Council had a number of detailed questions and expressed concern as

to the fiscal impact the proposal would have on the County. County administration was tasked with conducting studies on impacts to County finances, schools, general government operations, safety, parking, value, and tax receipts. Over the next three months, the Council continued to evaluate the Joint Recommendations at its meetings, work sessions, and special work sessions. During this timeframe, the various studies were presented to the Council, updated based on feedback from the Council, and re-submitted for consideration. The studies generally supported the concept that the Joint Recommendations could be implemented without being overly burdensome to the County's revenues, expenditures, and various operations.

#### **4. Current Status of Joint Recommendations**

By the end of 2015, the Council had vetted the Joint Recommendations and the parties commenced the process of creating a package of documents for legislative consideration by the County. The package includes bills amending the County Code, General Plan, Downtown Columbia Plan, and zoning regulations as well as the Development Rights and Responsibilities Agreement between HRD and the County and the additional agreement among CDHC, HRD, the County, and the Commission. Elements of the legislative package were submitted in March 2016 to the County's Planning Board for consideration.

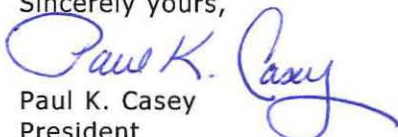
#### **5. Other Uses of Fund**

Due to the changes proposed in the pending legislative package that is being prepared pursuant to the Joint Recommendations and the impact that its approval would have on the Fund, CDHC has temporarily suspended its pursuit of opportunities that would involve committing all or a portion of the Fund. The Board of CDHC, however, has established a committee to consider the terms and conditions under which the Fund could be used in the future to finance affordable housing depending upon the legislative changes that might be adopted.

#### **CONCLUSION**

As we emphasized in our first three Annual Reports, the County's General Plan and the Downtown Columbia Plan both acknowledge that the availability of affordable housing is vital to the County's employment growth and that it improves the County's economic development prospects. It is commonly understood that a founding principle of Columbia is that the community benefits from the integration in our neighborhoods of diverse housing with a broad range of incomes. The Board of CDHC envisions nothing less than reinforcing this principle in the development of Downtown. We will continue to work diligently with all interested persons in achieving that goal.

Sincerely yours,



Paul K. Casey  
President  
Columbia Downtown Housing Corporation

cc: Board of Directors

Jesse Chancellor  
Bethany Hooper  
Andrea Ingram  
Maria Miller  
Oramenta Newsome  
Bruce Rothschild  
Russell Snyder  
Patricia Sylvester  
Rev. Robert Turner  
John DeWolf, Ex Officio

Kevin Kelehan, Esquire, Counsel  
Thomas Carbo, Director, Dept. of Housing and Community Development

**COLUMBIA DOWNTOWN HOUSING CORPORATION**

6751 Columbia Gateway Drive, Third Floor  
Columbia, Maryland 21046

February 27, 2015

The Honorable Allan H. Kittleman  
County Executive  
Howard County, Maryland  
George Howard Building  
3430 Courthouse Drive  
Ellicott City, Maryland 21043

The Honorable Mary Kay Sigaty, Chairperson  
County Council  
Howard County, Maryland  
George Howard Building  
3430 Courthouse Drive  
Ellicott City, Maryland 21043

**SUBJECT: Report on Columbia Downtown Housing Corporation's Recommendations in Response to Howard County Council Resolution No. 120-2014**

The Board of Directors ("**Board**") of the Columbia Downtown Housing Corporation ("**CDHC**") is pleased to present CDHC's recommendations in response to Council Resolution No. 120-2014 (the "**Resolution**"). These recommendations are the result of more than two years of extensive discussions and negotiations with stakeholders and interested parties, significant community outreach, consultation with other jurisdictions, and thoughtful deliberation over the past four months. CDHC believes that implementation of its recommendations will ensure the development of a full spectrum of affordable housing in Downtown Columbia ("**Downtown**") that is envisioned by the downtown Columbia Plan (the "**Plan**"). Please find the recommendations attached as Appendix I.

**INTRODUCTION**

When the Council adopted the Resolution on October 29, 2014, it recognized that CDHC's extensive efforts to achieve a full spectrum of affordable housing in Downtown had identified fundamental challenges that made it very difficult to achieve the Plan's vision for affordable housing without legislative changes. The Resolution requested that CDHC "recommend legislative changes believed necessary and appropriate, which may include amendments to either the General Plan, Zoning Regulations, or County Code to ensure that the Plan's vision for a full spectrum of affordable housing can be achieved." In developing its recommendations, CDHC was asked to "solicit input from a variety of stakeholders in Downtown and was provided with a non-exhaustive list of stakeholders.

## Exhibit A

CDHC's legislative recommendations are intended to ensure that the Plan's vision is achieved and are based on the following:

- (1) input from stakeholders identified in the Resolution and other interest groups;
- (2) CDHC's research into the inclusionary zoning practices of nearby jurisdictions; and
- (3) the challenges to developing affordable housing encountered by CDHC during the past two years;

### **STAKEHOLDER INPUT**

As its meeting in November, the Board reviewed the list of stakeholders identified in the Resolution and divided them into three groups: Developers, Businesses/Employers, and Community Groups. The Board created three committees to meet with each set of stakeholders.

Stakeholder representatives met with CDHC board members over the next three months. Input was solicited from a total of 18 stakeholders, including the 12 that were explicitly named in CR 120-2014. The stakeholders represented a wide array of organizations with each having its own unique perspective about the development of Downtown. A list of the stakeholders who met with CDHC Board members is attached as Appendix II.

A recurring theme from the meetings was general support for the availability of affordable housing in Downtown, although, understandably, there were differences as to how to achieve that goal. It should be mentioned that some stakeholders did not agree that the Plan should be changed while others supported changes even more extensive than those being recommended. All opinions were carefully considered in developing the final recommendations.

A number of stakeholders expressed the view that it would be unfair to modify the legislation previously adopted by the Council. CDHC understands this position, but believes the Council's intention has always been to have a diverse Downtown with a full spectrum of housing. Based on experiences so far, CDHC does not believe the County's (and the community's) expectations will be realized unless the original legislation is modified.

On February 16<sup>th</sup> a draft of the legislative recommendations was circulated to all stakeholders and comments were invited. Attached as Appendix III are copies of all written comments received.

### **RESEARCH**

Because the Downtown district will bring a level of urbanization that would be a "first-of-its-kind" in Howard County, CDHC asked the Howard County Department of Housing and Community Development to study how nearby jurisdictions incorporate affordable housing into areas like Downtown. The jurisdictions studied included Montgomery County, Maryland and Fairfax County, Virginia, both of which have longstanding inclusionary zoning programs and are experiencing a large amount of development similar to that of Downtown.



## Exhibit A

The research indicated that an inclusionary zoning requirement was perhaps the most useful tool in ensuring the development of affordable units. Another observation was that the high-rise projects that populate these urbanized districts tend to have high costs that make it appropriate to consider options to help offset some of those costs to developers. In order to encourage development of affordable housing, some of the options included a bonus density and reduction in parking ratios. The jurisdictions use these incentives to encourage development of affordable housing units in excess of the inclusionary zoning requirements. The Council may consider those and any other incentive they think appropriate that would facilitate the development of affordable housing.

### **CHALLENGES**

In December 2012, the Board set a goal to have 15% of the new residential units in Downtown serve families with an average income of 50% of Howard County area median. As explained in both of its annual reports, CDHC has faced significant challenges in meeting its goal and ensuring development of affordable housing in Downtown. Attached as Appendix IV and V are copies of the reports which detail CDHC's activity through March 2014.

The Plan currently allows developers to pay a fee into the Downtown Columbia Housing Fund (the "Fund") for each market-rate unit developed in Downtown in lieu of building any affordable units in Downtown. Based on its efforts to date, the Board has concluded that the availability of the Fund will not be sufficient to achieve a result anywhere near its goal. CDHC has attempted to negotiate with various developers and has been unsuccessful in obtaining any legal commitment to build affordable housing. To date, the first phase of the 380 unit Metropolitan project which is nearing completion has no affordable units and there is no commitment for affordable units in the second phase of the project, which is to contain 437 units.

CDHC has had discussions with the Master Developer, Howard Hughes, and a number of developers who are engaged in the development of residential units in Downtown. Discussions explored whether the monies in the Fund could provide financing or other incentives in exchange for commitments to build affordable housing. In those discussions, some developers indicated a willingness to provide affordable housing if a rental subsidy were provided. Another developer considered using our funds to provide favorable financing but those discussions have not resulted in any formal agreement. Both of these approaches, however, would result in a very limited number of long-term affordable units.

It is clear that, to this point, developers have determined that it is more advantageous to pay the fee than to build affordable units. CDHC has no reason to believe that this will change without the current legislation being modified. Although all interested parties with whom Board members spoke, including developers, voiced strong support for affordable housing in Downtown, there was little consensus or direction about how to accomplish the objective. CDHC believes that under the

## Exhibit A

current legislative scheme, the amount of affordable housing in Downtown will fall far short of its goal.

### **PRINCIPLES FOR RECOMMENDATIONS**

CDHC has concluded that without a legal requirement that affordable housing be built in Downtown, the County will be unable to achieve its goal of having a broad spectrum of housing in Downtown. CDHC's recommendations address more than the numerical requirements for building affordable housing. They also embody certain principles necessary to achieve a truly diverse and thriving Downtown. These principles include the following:

- (1) Affordable housing goals should be achieved in the Downtown area defined in the Plan and not nearby neighborhoods;
- (2) Affordable housing should be located throughout Downtown and not concentrated in one area;
- (3) Affordable housing should be in mixed-income developments;
- (4) There should be a range of incomes served by affordable housing from 40% to 80% of Howard County Area Median;
- (5) If the County acquires land in Downtown the first priority use for the land should be affordable housing;
- (6) Project owners should be incentivized to offer the bulk of their affordable units at rents that are affordable to households with incomes on the lower end of the range noted in (4) above.

Our recommendations also reflect concerns expressed by developers about the potential economic impact of modifying the current legislation. The proposed modifications have been designed to provide both flexibility and relief from the unit fee in order to facilitate development of affordable housing units.

### **RECOMMENDATIONS**

Our recommendations in Appendix 1 are in a form to guide the drafting of actual legislation. The key parts of our recommendations are as follows:

- (1) CDHC's original goal was that 15% of housing be affordable to households at an average of 50% of AMI. After hearing developer's concerns, the proposal is that 15% of housing be available to households at an average of 60% AMI with 1/3 at 40%, 1/3 at 60% and 1/3 at 80%. This recommendation is closer to the requirement in other areas of the County which require a minimum of 15% MIHU.

## Exhibit A

- (2) Although CDHC's 15% was intended to cover the entire Downtown area, CDHC recognizes that the Metropolitan projects are already underway and would exempt those projects from any legislative modifications.
- (3) Payment of the residential unit fee would be eliminated.
- (4) The proposal establishes minimum and maximum numbers of affordable units in any project and allows for flexible affordable housing development within those parameters.
- (5) The proposal establishes incentives to create more of the units at the 40% of median income range.

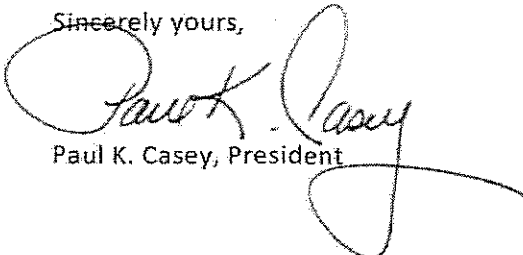
### CONCLUSION

In the four months since the Council passed CR 120, CDHC has held five public meetings, met with a wide variety of stakeholders, and consulted with other jurisdictions all in an effort to provide the Council and County Executive with a carefully considered set of recommended legislative changes. Furthermore, implementation of CDHC's recommendations would result in approximately 12 percent of the 5,500 residential units planned for Downtown being affordable with a smaller amount of money being available in the Fund for investment in affordable housing. This "hybrid" approach was one of the favorable options considered by the Council before its adoption of the Plan in February 2010.

CDHC believes that it was always the Council's, Executive's and Public's intention that there be a broad spectrum of housing in Downtown. The original legislation was intended to provide flexibility in accomplishing that objective, but because of conditions unique to Downtown, CDHC does not believe the current legislation will achieve the Council's or CDHC's goals. Therefore, CDHC respectfully requests that the proposal presented to the Council and the County Executive be adopted. In addition, because the process of Downtown development continues to move forward, CDHC strongly recommends that action be taken by the Council on a timely basis so that all residential projects, other than the Metropolitan projects, will be subject to any legislative changes.

CDHC thanks the Council and the County Executive for the opportunity to present its recommendations and would welcome the opportunity to meet with the Council and the County Executive to assist in the review of CDHC's legislative proposal. CDHC looks forward to continuing its partnership with the Council and the County Executive in bringing a broad spectrum of affordable housing to Downtown.

Sincerely yours,



Paul K. Casey, President

## Exhibit A

cc: Board of Directors

Roy Appletree  
Jesse Chancellor  
Peter Engel  
Bethany Hooper  
Andrea Ingram  
Brian Kim  
Maria Miller  
Bruce Rothschild  
Michael Skojec  
Russell Snyder  
Patricia Sylvester  
Rev. Robert Turner  
John DeWolf, Ex Officio

Kevin Kelehan, Esquire, Counsel

Thomas Carbo, Director, Dept. of Housing and Community Development

**LEGISLATIVE RECOMMENDATIONS**

The CDHC’s proposal is intended to ensure that affordable housing units will be developed throughout the Downtown area in mixed-income projects and that the affordable units include a broad spectrum of incomes ranging from 40% to 80% of Howard County area median income (from \$35,032 to \$70,065 for a family of two and \$43,790 to \$87,581 for a family of four) (see the attached chart for more details). In addition, the developers are provided options to facilitate more low income units and to provide flexibility, within certain parameters, in the mix of affordable units and market rate units. Other than the projects listed in (I)(A)(3) below, the inclusionary zoning requirement will apply to all projects in the Downtown Columbia Plan.

**I. Mixed-Income Inclusionary Zoning Requirement for Downtown Columbia.** This recommendation would impose a mixed-income inclusionary zoning requirement on each project in Downtown with the following requirements and incentives. The recommendation would also eliminate the ongoing developer contributions required under the current Downtown Columbia Plan for all projects other than the projects identified in paragraph (A)(3) below.

**A. Requirements.**

1. In each rental housing project, 15% of the units must be affordable as follows: 5% at 40% of HC AMI, 5% at 60% of HC AMI, and 5% at 80% of HC AMI.
2. In each for-sale housing project, 15% of the units must be affordable at 80% of HC AMI.
3. The 380-unit project known as The Metropolitan Downtown Columbia and the 437-unit project that is planned to be developed adjacent to The Metropolitan on parcels C-1 and C-2 in the Warfield neighborhood are exempt from the requirements provided in subsections 1. and 2. of this section because the contribution payments made in connection with those units satisfy the affordable housing requirement under the existing County Code. The recommended inclusionary zoning requirement will apply to all other projects in the Downtown Columbia Plan.
4. Projects containing affordable units shall comply with the procedures set forth in the Moderate Income Housing Unit (MIHU) law, Section 13.400 et seq. of the Howard County Code.

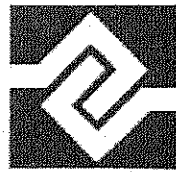
**B. Incentives.**

1. *Low-Income Alternative.* Allow developers to meet the affordability requirement in A(1) by providing affordable units in one of the following alternatives:

Alternative	40% AMI Units	60% AMI Units	80% AMI Units
1	6%	4%	3%
2	7%	3%	1%
3	8%	2%	0%
4	9%	0%	0%

2. *Low-Income Unit Credit Exchange.* If a rental housing project is a mixed-income project in which more than 15%, but not more than 45%, of the units in the project are affordable units, the developer will receive a “one-to-one credit” for each affordable unit that is in excess of the required 15% and is affordable at 60% of HC AMI or less. A “one-to-one credit” may be applied to reduce the number of units required to be affordable at 60% of HC AMI or less in another rental housing project in Downtown. Provided, however, that use of this incentive shall not result in a rental housing project having less than 5% of its units as affordable.
  
2. **County-owned Land Disposition.** If the County determines that any property within the Downtown district is no longer needed for County use, the County will first offer the property at no cost to the Howard County Housing Commission for the development of mixed-income affordable housing.

1. Howard Hughes Corporation
2. Kettler
3. Costello Construction
4. Orchard Development
5. General Growth Properties
6. Howard County Association of Realtors
7. Howard County General Hospital
8. Howard County Public School System
9. Howard Community College
10. Howard County Chamber of Commerce
11. Howard County Economic Development Authority
12. Town Center Village Board
13. Columbia Association
14. Howard County Housing Commission
15. People Acting Together in Howard County (PATH)
16. Howard County Citizens Association
17. Howard County Board to Promote Self-Sufficiency
18. Wilde Lake Village Board



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*David, Agnot, Rapaport & Skolny, LLC*  
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*Expense Reduction Analysts*  
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*Loyola University Maryland*  
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*MAT Bank*  
 Gregory A. Lowe, CFP  
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*Aranson, LLC*  
 Anna M. Sheekells, CPA, CCEFP  
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 Michael L. Fowler  
*HGE, An Exelon Company*  
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*Merrimack Post Production*  
 Baxter "Mitch" Phillips, Jr.  
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 Charles A. (Chuck) Phillips, Jr., RPLS  
*KCI Technologies*  
 R. Colfax Sehnorf, Jr.  
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*Howard Bank*  
 Kim Townsend  
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*hgr CPAs*  
 Carly Yost  
*The Business Monthly*  
 James E. Young  
*Ho, Co. General Hospital: A Member of Johns Hopkins Medicine*  
 William E. Erskine, Esq., Counsel  
*Offit Kurman, P.A.*

February 16, 2015

Mr. Paul Casey  
 Board Chair, Columbia Downtown Housing Corporation  
 Ballard Sparh  
 300 East Lombard Street  
 Baltimore, MD 21202

Dear Mr. Casey:

This letter comes in response to the legislative recommendations recently submitted to the County Executive and County Council by Columbia Downtown Housing Corporation (CDHC) pertaining to the development of affordable housing as part of the Downtown Columbia Plan.

As stakeholders who have engaged in the public process of Downtown Columbia's redevelopment plans for the past decade, members of the Howard County Chamber of Commerce have consistently supported the Downtown Columbia Plan's forward-thinking, comprehensive vision of a mixed use urban center where people can live, work, learn, play and shop. We hold the belief that revitalization should reestablish Downtown Columbia as a desirable center of commerce with flourishing stores and fully occupied office buildings, as well as housing for the workforce in those businesses.

We agree with the expectation that Downtown Columbia will include expanded opportunities for in-town living in both housing form and affordability. The need for affordable, workforce housing is a goal shared by all. We do not, however, agree with the recommendations proposed by CDHC.

Economic development along with multi-year, multi-phased development is predicated on predictability of process and policy in government operations. Developers and other businesses, as well as other citizens, see the Downtown Columbia Plan as a deliberately constructed "contract" hammered out in a public process over years of dialogue and negotiation, concluding in unanimous approval by the Howard County Council five years ago.



Mr. Paul Casey  
CDHC Legislative Recommendations  
February 16, 2015  
2

The recommendations brought forth, if implemented would create uncertainty and surely have a chilling effect upon economic development efforts underway not only in Downtown Columbia but in nearby village centers, the Route 40 and Route 1 commercial corridors. In order to attract developers and investment capital, we must have a stable business environment, not a reputation for changing the rules.

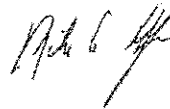
Development in Downtown Columbia is underway. Huge investments have been made. Any changes to the Plan must be made by mutual agreement between the developer and the county, not by unilateral legislation.

We appreciate the opportunity to review CDHC's proposed recommendations and to have participated in the process. While their time and efforts are to be commended, we cannot support the proposed recommendations. If at any time, you wish to discuss our views and opinions, please do not hesitate to contact us.

Respectfully,



Leonardo McClarty  
President, Howard County Chamber



Miles Coffman  
Chair, Howard County Chamber  
Board of Directors

CC: Allan Kittleman, County Executive - Howard County Government  
Howard County Council Members  
Howard County Board of Directors  
Columbia Downtown Housing Corporation



10221 Wincopin Circle  
Columbia, Maryland 21044-3410  
ColumbiaAssociation.org

February 18, 2015

Mr. Thomas P. Carbo, Executive Director  
Howard County Housing  
6751 Columbia Gateway Drive, 3<sup>rd</sup> Floor  
Columbia, MD 21046

RE: Columbia Downtown Inclusionary Housing Proposal Dated 2/11/15

Dear Mr. Carbo:

I am writing on behalf of the Columbia Association Board of Directors ("Board") regarding the inclusionary housing proposal to amend the Howard County zoning regulations for Downtown Columbia.

The Board has three comments or questions related to the proposal. Please find them outlined below:

1. The sentiment of the Board is that the proposed 15% requirement for inclusionary housing should be the bare minimum;
2. The Board has a question about why a parking reduction is being offered as one of the incentives to developers who exceed the minimum 15% requirement. While it is understood that Downtown Columbia is being redeveloped as a walkable and mixed use center, several board members would like to know how parking will be addressed and managed; and
3. The Board also wondered if and how, under the for sale housing project requirements, the condominium maintenance fee cost will be included in the qualification process for low income residents.

Thank you very much for the opportunity to comment on this important proposal to require a broad spectrum of affordable housing in Downtown Columbia.

Sincerely,



Milton W. Matthews  
President/CEO

cc: Columbia Association Board of Directors  
Samit Paul, Howard County Housing, Contracts Manager  
Jane Dembner, Columbia Association, Director of Planning and Community Affairs

A few thoughts from a private developer:

I don't think the "density bonus" is much of an incentive in that there is no practical density limit under the Downtown zoning plan anyway; but, if a developer can figure a way to use the density bonus it would be counter-productive to not also have a parking reduction . Reduction of parking requirements should be the main incentive, but again, what is the incentive if 15% affordable is mandatory? As I have stated, if there are sufficient incentives, such as reduced parking requirements and elimination of the affordable housing fee, I believe the private sector could meet the stated goals of 15% at HC AMI.

Also, in order for a developer to provide units at 40% HC AMI, there needs to be government soft financing, soft money from the Housing Trust Fund, or other grant source for such units.

Earl Armiger

First and foremost, the Howard County Association of REALTORS® (HCAR) appreciates the time and effort that the Columbia Downtown Housing Corporation (CDHC) has expended in drafting the proposed legislation. We believe that the legislation's goal of ensuring that affordable housing units will be developed throughout the Downtown area in mixed-income projects is an honorable one. HCAR members understand how the lack of housing for working families – both rental and homeownership – threatens the vitality of our community because the people that provide vital services—teachers, firefighters, police officers, restaurant workers—often cannot themselves afford to live here.

As such, HCAR supports this or any mixed-income inclusionary zoning requirement agreed upon between the Downtown developers and the Howard County government that provides affordable housing units for rent and for sale in the Downtown area.

Peter Morgan  
Executive Vice President  
Howard County Association of REALTORS®  
5501 Twin Knolls Road, Suite 111  
Columbia, MD 21045  
Office: 410-715-1437  
Fax: 410-715-1489  
Email: [pmorgan@hcar.org](mailto:pmorgan@hcar.org)  
Website: [www.hcar.org](http://www.hcar.org)

The following page contains a letter addressed to CDHC by Mr. Steven C. Snelgrove, President of Howard County General Hospital. The letter is dated May 5, 2014, which is before the passage of CR 120-2014, and addresses the Hospital's position on affordable housing in Downtown Columbia.

5755 Cedar Lane  
Columbia, Maryland 21044  
410-740-7890  
410-740-7990 (TDD)  
www.hcgh.org



May 5, 2014

Mr. Paul K. Casey, Esq.  
Columbia Downtown Housing Corporation  
6751 Columbia Gateway Drive  
Columbia, MD 21046

Dear Mr. Casey:

Howard County General Hospital ("HCGH" or "Hospital"), as one of the largest private employers in our community, has a 40 year history of supporting growth and development in Howard County. Recently, the hospital was asked by the Board of the Columbia Downtown Housing Corporation ("CDHC") to support its efforts to find solutions to the challenges to developing affordable housing in the downtown area.

With nearly 1800 employees who span the economic spectrum, the hospital places a high premium on affordable housing in our community. Such housing is particularly important to those in lower paying jobs, for whom housing and transportation frequently constitute some of the largest items in their household budget.

Howard County General Hospital is not advocating for any particular solution to the affordable housing challenge in our county. Rather, we support a collaborative effort to increase affordable housing options in Howard County for those who work in our community. We thank you for your advocacy on behalf of all of those seeking affordable housing in Howard County.

Sincerely,



Steven C. Snelgrove  
President

**COLUMBIA DOWNTOWN HOUSING CORPORATION**6751 Columbia Gateway Drive, Third Floor  
Columbia, Maryland 21046

March 31, 2014

The Honorable Ken Ulman  
County Executive  
Howard County, Maryland  
George Howard Building  
3430 Courthouse Drive  
Ellicott City, Maryland 21043

The Honorable Calvin Ball  
Chairperson, County Council  
Howard County, Maryland  
George Howard Building  
3430 Courthouse Drive  
Ellicott City, Maryland 21043

Mark Thompson  
Director  
Downtown Columbia Partnership  
George Howard Building  
3430 Courthouse Drive  
Ellicott City, Maryland 21043

**SUBJECT: Annual Report of the Columbia Downtown Housing Corporation**

**INTRODUCTION**

On behalf of the Board of Directors of the Columbia Downtown Housing Corporation ("CDHC"), I am pleased to present our second Annual Report. This report is required by Section 28.204(c) of the Howard County Code and Section 5 of Howard County Council Resolution No. 154-2012, and covers three topics: (1) CDHC's progress in carrying out its obligations; (2) the financial standing of the Downtown Columbia Housing Fund; and (3) the challenges in carrying out its obligations.

**BACKGROUND**

The Downtown Columbia Plan (the "Plan") was adopted by Howard County (the "County") on February 1, 2010 as an amendment to the County's General Plan. The Plan is a comprehensive document that details a 30-year redevelopment process for Downtown Columbia ("Downtown"). The Plan recommends that, to facilitate its implementation, the County should create a Downtown Columbia Partnership (the "Partnership") to carry out

important services and community functions in Downtown. Howard County formally adopted this recommendation and established the Partnership by passing Council Bill No. 24-2012, which also created Title 28 of the Howard County Code (the "Code").

Under Title 28, the Partnership, among other duties, is charged with collecting and receiving the Downtown Columbia Housing Fund (the "Fund"). Section 28.116 of the Code establishes the Fund as a separate, nonlapsing fund received from various sources and made available for the purpose of providing affordable housing opportunities for households of eligible income in Downtown. Section 28.116 requires the Partnership to contract with the Downtown Columbia Housing Foundation (the "Foundation") for administration of the Fund.

Title 28, Subtitle 2 requires that the Foundation be a not-for-profit entity which includes representation from various organizations that are able to promote the purpose for which the Fund exists. Subtitle 2 grants the Howard County Council the power to recognize an eligible entity as the Foundation. On November 5, 2012, the Council adopted Resolution No. 154-2012, recognizing CDHC as the Foundation and thus as responsible for administering the Fund on behalf of the Partnership. As a condition of continued recognition, CDHC is required to furnish the County Executive, County Council, and Partnership with an Annual Report within the 90-day period following the final day of its fiscal year, which is December 31.

#### **CDHC'S PROGRESS IN CARRYING OUT ITS OBLIGATIONS**

##### **A. Organizational Activity**

CDHC filed its Articles of Incorporation with the Maryland Department of Assessments and Taxation on November 6, 2012 and held its first organizational meeting on November 13, 2012.

The Board held ten regularly scheduled meetings during calendar year 2013. As CDHC is a quasi-public entity, the Board is mindful of its obligations under the Maryland Open Meetings Act and Public Information Act. The Board has endeavored to comply with the Acts by working with the County Office of Public Information to provide the public with notice of the Board's regular monthly meetings in advance by publishing them on the County's website and keeping detailed minutes and audio recordings of its covered meetings.

At CDHC's Annual Meeting in January 2014 the Board reelected the then three current officers: Paul K. Casey as President; Roy L. Appletree as Secretary; and Bethany H. Hooper as Treasurer.

The Board has taken a number of steps to allow CDHC to carry out its obligations as the Foundation. In accordance with Sec. 28.202 of the Code, the Board has received, and continues to receive, staff and financial support from Howard County's Department of Housing and Community Development (the "Department") pursuant to a Memorandum of Understanding dated December 1, 2012. The Department's assistance has been essential to the successful administrative operation of the CDHC and its Board.



The Board recognizes that there are other potential sources of funding including charitable contributions. Board member Bruce Rothschild, Esq., volunteered his expertise to assist CDHC in pursuing tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. An application for 501(c)(3) status was filed with the IRS in April 2013. As of July 2013, the application had been assigned to an IRS exempt organization specialist and is still under review.

#### **B. Financial Standing of the Fund**

CDHC received its initial funds during this year. The event was triggered by: (1) the execution of a formal written agreement with the Partnership with the assistance of CDHC's pro bono legal counsel, Kevin Kelehan Esq.; and (2) the issuance of the building permit for the first covered housing development in Downtown, the Metropolitan.

CDHC received its initial first contribution from the Partnership on October 8, 2013 in the amount of \$2,333,867.42. Of that amount, \$2,320,000.00 was transferred to an account at Fulton Financial Advisors where it has been invested in a series of certificates of deposit in increments of \$245,000, with expiration dates ranging from six to twenty-four months. The remaining \$13,867.42 was left in the operating account to cover minor operating expenses. The Department confirmed, however, that it will continue to cover operating expenses for CDHC and, as a result, the remaining funds will be invested.

In early 2013 in anticipation of the funds, the Investment Committee of CDHC developed an RFP for cash management and investment services. The RFP was sent to six financial institutions that had expressed interest in partnering with CDHC or were recommended by board members. Three of the six initial banks responded to the RFP. After an interview process the committee chose to start a banking relationship with The Columbia Bank ("TCB") and their investment advisory firm - Fulton Financial Advisors ("FFA"). TCB and FFA were chosen primarily because they are a local bank with a long tenure in the Columbia marketplace, and have a full array of cash management services. They had the most complete response to the RFP, they had a satisfactory Community Reinvestment Act rating and their pricing was similar to or better than those of their competitors. Also, the Board liked the Cash Reserve Investment Product that allowed for an individualized versus pooled investment plan. Subsequently, FFA advised CDHC in the drafting of a board-approved simple investment policy with three main goals: (1) to protect the corpus; (2) maintain sufficient liquidity; and (3) provide positive yield.

The Investment Committee developed an RFP to identify an accounting firm to produce CDHC's first Form 990 by the May 15 filing deadline. Three firms received the RFP and all submitted proposals that the Committee reviewed. The Investment Committee recommended to the Board UHY Advisors Mid-Atlantic MD, Inc. because of its strong expertise, with a principal who specializes in nonprofit organizations. The firm is based in Columbia, MD. In February 2014, the Board approved the Committee's recommendation.

**C. Steps Taken Toward Achieving Goals**

CDHC is fortunate to have an exceptionally dedicated and professionally experienced Board, the members of which are committed to achieving the goals for which the Fund was established.

The Board has spent a considerable amount of time, both inside and outside of formal meetings, exploring options and opportunities to develop affordable housing in Downtown. In the process, CDHC has engaged in discussions with representatives of:

- The Howard Hughes Corporation (the Master Developer);
- Howard County Government;
- The Columbia Association;
- various private Downtown developers; and
- major employers.

The Board has discussed options for providing affordable housing using a variety of tools including loans, equity, rent subsidy, public/private financing, flexible ownership structures, grants from charitable foundations, and use of County-owned land.

In trying to move forward in the development process, CDHC has met with numerous community leaders, both elected and appointed. These meetings were generally characterized by constructive discussions in which we shared our progress and obstacles, while seeking their ideas and support.

**CDHC'S CHALLENGES IN CARRYING OUT ITS OBLIGATIONS**

In April 2013, as a supplement to its Annual Report, CDHC identified the perceived challenges in carrying out its obligations as well as a number of potential solutions:

**Challenges**

- There is no affordable housing requirement for downtown developers.
- Initial developers feel they have satisfied affordable housing obligations by paying their per unit requirement, along with meeting other County proffers and construction requirements.
- CDHC was not created until 2 ½ years into the development process, after the initial residential development deals had been negotiated and financed.
- CDHC's projected funding through 2015 is only \$4.6 million, a resource of limited impact during the early phases of development.
- CDHC's long-term, projected (but uncertain) funding of \$43 million is inadequate to reach its goal of having 15% of the planned 5,500 residential units serve households averaging 50% of County median income.
- The multi-family industry has changed in the last few years:
  - ❖ The rental market is relatively "hot"

- ❖ Financing is more readily available
- There are limited development opportunities in terms of geography and housing types.
- Only one downtown site has been identified by the developer as a potential affordable housing site.
- Land prices are very high.

#### **Potential Solutions**

- County Government pledge development opportunities on sites they will/do control, for example: fire station, library, parking garages
- Working with Howard County Housing Commission to develop sites jointly
- Consider a site specific bonus density for the development of affordable housing
- Acquire existing units
- Consider fast tracking for the development of affordable housing
- Right of first refusal to the Commission/CDHC for projects as they become available for sale

The Board is and has been dedicated to creating affordable housing in Downtown Columbia. The Board is aware of many of the financing and development techniques that have been and are being used across the country. The concept of a housing trust fund has been used with great success in various forms in neighboring counties and nationally. The Fund has strong potential as an innovative mechanism for stimulating affordable housing creation within the new developments of Downtown.

It is now more than six years after the County's Vision Statement, four years after legislative enactment of the Plan, and more than one year after the creation of CDHC. At this point, our previously identified challenges (above) remain constant and we are still trying to implement our potential solutions. Although we have made progress in certain areas, nonetheless, our experience indicates that none of our proposed solutions individually, or in combination, would necessarily be sufficient to enable CDHC to meet its objective of 15% affordable housing given CDHC's current level of funding.

We are facing major structural impediments to achieving CDHC's affordable housing goal:

1. Opportunities are limited by the prescribed geography, the development process and the upscale costs associated with Downtown vision.

2. Developers do not have any legal or financial incentive to participate in helping us achieve our goal.

We have come to the conclusion that, without changes in legislation, it would be difficult to realize CDHC's goals regarding the development of affordable housing in Downtown. We welcome the opportunity to pursue potential solutions with our elected officials, The Howard Hughes Corporation, other private developers, and community advocates. We would encourage all

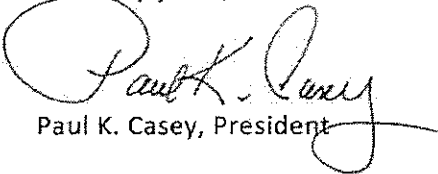
stakeholders to consider changes and solutions that could encompass possible additional funding and incentives to promote meaningful participation by the development community.

#### CONCLUSION

As we emphasized in last year's Annual Report, the County's General Plan and the Downtown Columbia Plan both reflect the notion that the availability of affordable housing is vital to the County's employment growth and that it improves the County's economic development prospects. CDHC is proud to be tasked with the goal of ensuring the success of this critical component to the Downtown redevelopment. We believe that with the implementation of meaningful solutions to the challenges we face, including appropriate modifications to the legislation, we will be able to achieve those goals.

A founding principle of Columbia is that a diverse housing community with a broad range of incomes is conducive to a rich culture. The Board of CDHC envisions nothing less than continuing the principles of Columbia in the redevelopment of Downtown. We continue to look for the support and assistance with those who share our vision.

Sincerely yours,



Paul K. Casey, President

cc: Board of Directors

Roy Appletree  
Jesse Chancellor  
Peter Engel  
Bethany Hooper  
Andrea Ingram  
Brian Kim  
Maria Miller  
David Raderman  
Bruce Rothschild  
Michael Skojec  
Stephen Smith  
Russell Snyder  
Patricia Sylvester  
Rev. Robert Turner  
John DeWolf, Ex Officio

Kevin Kelehan, Esquire, Counsel  
Thomas Carbo, Director, Dept. of Housing and Community Development

**COLUMBIA DOWNTOWN HOUSING CORPORATION**

6751 Columbia Gateway Drive, Third Floor  
Columbia, Maryland 21046

March 31, 2013

The Honorable Ken Ulman  
County Executive  
Howard County, Maryland  
George Howard Building  
3430 Courthouse Drive  
Ellicott City, Maryland 21043

The Honorable Jen Terrasa  
Chairperson, County Council  
Howard County, Maryland  
George Howard Building  
3430 Courthouse Drive  
Ellicott City, Maryland 21043

Mr. Mark Thompson  
Director  
Downtown Columbia Partnership  
George Howard Building  
3430 Courthouse Drive  
Ellicott City, Maryland 21043

**SUBJECT: Annual Report of the Columbia Downtown Housing Corporation**

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**BACKGROUND**

The Downtown Columbia Plan (the "Plan") was adopted by Howard County (the "County") on February 1, 2010 as an amendment to the County's General Plan. The Plan is a comprehensive document that details a 30-year redevelopment process for Downtown Columbia ("Downtown"). The Plan

recommends that, to facilitate its implementation, the County should create a Downtown Columbia Partnership (the "Partnership") to carry out important services and community functions in Downtown. Howard County formally adopted this recommendation and established the Partnership by passing Council Bill No. 24-2012, which also created Title 28 of the Howard County Code (the "Code").

Under Title 28, the Partnership, among other duties, is charged with collecting and receiving the Downtown Columbia Housing Fund (the "Fund"). Section 28.116 of the Code establishes the Fund as a separate, nonlapsing fund received from various sources and made available for the purpose of providing affordable housing opportunities for households of eligible income in Downtown. Section 28.116 requires the Partnership to contract with the Downtown Columbia Housing Foundation (the "Foundation") for administration of the Fund.

Title 28, Subtitle 2 requires that the Foundation be a not-for-profit entity which includes representation from various organizations that are able to promote the purpose for which the Fund exists. Subtitle 2 grants the Howard County Council the power to recognize an eligible entity as the Foundation. On November 5, 2012, the Council adopted Resolution No. 154-2012, recognizing CDHC as the Foundation and thus as responsible for administering the Fund on behalf of the Partnership. As a condition of continued recognition, CDHC is required to furnish the County Executive, County Council, and Partnership with an Annual Report within the 90-day period following the final day of its fiscal year, which is December 31.

#### **CDHC'S PROGRESS IN CARRYING OUT ITS OBLIGATIONS**

##### **A. Initial Formation and First Meeting**

CDHC filed its Articles of Incorporation with the Maryland Department of Assessments and Taxation on November 6, 2012 and held its first organizational meeting on November 13, 2012. At this first meeting, bylaws and various foundational resolutions were adopted by the board of directors of CDHC (the "Board"). Among those resolutions was the election of the Board's three officers: Paul K. Casey as President; Roy L. Appletree as Secretary; and Bethany H. Hooper as Treasurer.

As CDHC is a quasi-public entity, the Board is mindful of its obligations under the Maryland Open Meetings Act and Public Information Act. Accordingly, at its first meeting, the Board received a training session on the Open Meetings Act from County Solicitor, Margaret Ann Nolan, and a session on the Public Information Act from Senior Assistant County Solicitor, James Vannoy. The Board has made efforts to comply with the Acts by working with the County Office of Public Information to provide the public with notice of the Board's regular monthly meetings and keeping detailed minutes and audio recordings of its covered meetings.

##### **B. Measures to Build CDHC**

CDHC is fortunate to have an exceptionally dedicated and experienced Board, the members of which are committed to achieving the goals for which the Fund was established. Since its initial meeting, the

Board has taken a number of steps to allow CDHC to carry out its obligations as the Foundation. In accordance with Sec. 28.202 of the Code, the Board has received, and continues to receive, staff and financial support from Howard County's Department of Housing and Community Development pursuant to a Memorandum of Understanding dated December 1, 2012. The Department's assistance has been essential to the successful administrative operation of the CDHC and its Board.

The Board has secured pro bono legal services by appointing Kevin J. Kelehan and his law firm, Carney, Kelehan, Bresler, Bennett & Scherr, LLP, as CDHC's general counsel. Mr. Kelehan and his firm have extensive experience in representing clients in both the for-profit and non-for-profit housing sectors and in dealing with affordable housing issues in the County and the State. Mr. Kelehan has also served on the Howard County Housing Commission and the Howard County Housing Affordable Housing Task Force.

Although Title 28 of the Code provides for continuous contributions to the Fund, the Board recognizes that there are other potential sources of funding including charitable contributions. Consequently, the Board resolved that it would benefit CDHC to seek tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. The Board has been diligently preparing an application for 501(c)(3) status and is close to completion and submission.

As CDHC will soon be receiving the initial contributions to the Fund from the Partnership, the Board has taken steps to secure appropriate banking services to assist CDHC in its management of the Fund. Specifically, the Board's Investment Committee recently completed a solicitation process to obtain streamlined cash management, active asset management, and investment advisory services from a financial institution that employs state-of-the-art technology while offering a high level of customer service. After reviewing three proposals, the Investment Committee recommended, and the Board resolved, that The Columbia Bank should be the selected candidate. CDHC is currently in the process of engaging The Columbia Bank and the Board is confident that its service account will be established before CDHC receives the Fund from the Partnership.

### **C. Steps Taken Toward Achieving Goals**

To maximize its understanding of the Plan and its planned implementation, the Board has received two presentations on those topics from Mr. Mark Thompson of the County's Department of Planning and Zoning. Mr. Thompson has also remained in contact with the Board and has provided helpful updates on Downtown developments currently in the pipeline as well as on plans that are in their preliminary stages. The information and insights provided by Mr. Thompson have been instrumental in the shaping of the Board's strategies for implementation of affordable housing in the new Downtown.

Additionally, the Board has had the benefit of receiving a presentation on the County's 2012 Rental Housing Survey from Mr. Robert Lefenfeld of Real Property Research Group. Mr. Lefenfeld's presentation was very detailed and provided a wide range of statistical findings relating to, among other topics, the demand and supply of affordable housing in the County as well as within its submarkets,

including Columbia. The presentation allowed the Board to develop an understanding of the income groups in Downtown that may be the most underserved in the realm of affordable housing.

In an effort to develop strategies and best practices to achieve its objective of providing affordable housing opportunities in Downtown, the Board held a "brainstorming" retreat at its December 12, 2012 meeting. During the session, the Board sought to answer a number of questions about the population groups that CDHC should target, short- and long-term goals, ways to leverage CDHC's limited financial resources, and how to approach the Plan's first residential project, i.e., the 380-unit Metropolitan to be developed on Parcel D (Warfield Neighborhood Block W-1). As a result of a lengthy and productive session, the Board resolved a number of items including a goal of establishing 15 percent of the 5,500 units slated for development in Downtown as affordable (which is the normal percentage required by the County's MIHU program), targeting households with incomes averaging 50 percent of the Howard County area median with an emphasis on persons below 50% of area median up to below market rents, with an annual review of those target ranges, and working with developers to reduce rents to levels to meet eligibility standards for Housing Choice Voucher assistance. Additionally, the December 12 retreat resulted in the appointment of an ad hoc committee to engage the developers of the Metropolitan, and the other initial residential projects, about the possibilities for including affordable housing in what would be the Plan's initial residential projects.

#### **CDHC'S CHALLENGES IN CARRYING OUT ITS OBLIGATIONS**

In its deliberations, the Board has identified certain challenges in carrying out its obligations. The Board is in the process of preparing a separate description of those challenges and plans to submit a description of the challenges to the County Council, County Executive, and Partnership by the end of April 2013.

#### **FINANCIAL STANDING OF THE FUND**

Because CDHC has yet to receive any Fund monies from the Partnership, there is no report on its financial standing. CDHC is prepared, however, to contract with the Partnership as required by Section 28.116(c)(4) of the Code as soon as the Partnership is fully operational. As discussed above, CDHC is currently engaging a financial institution for cash and asset management services and is confident that its service account will be established before the Fund is transferred.

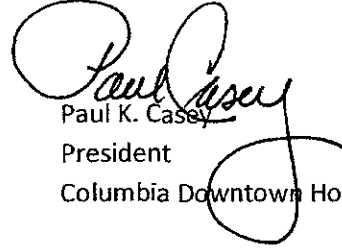
#### **CONCLUSION**

The County's General Plan and the Downtown Columbia Plan both recite the notion that affordable housing bears an important relationship to the County's employment growth and that it improves the County's economic development prospects. CDHC is proud to be tasked with the goal of ensuring the success of this critical component to the Downtown redevelopment. A founding principle of Columbia is that a diverse housing community with a broad range of incomes is conducive to a rich culture. The Board envisions nothing less than continuing the principles of Columbia in the redevelopment of



Downtown. Through a coordinated effort with the County, developers, and community organizations, we are confident that our vision will be realized.

Sincerely,



Paul K. Casey  
President  
Columbia Downtown Housing Corporation

cc: Members of the Board of Directors

- Roy Appletree
- Jesse Chancellor
- Peter Engel
- Bethany Hooper
- Andrea Ingram
- Brian Kim
- Maria Miller
- David Raderman
- Bruce Rothschild
- Michael Skojec
- Russell Snyder
- Patricia Sylvester
- Rev. Robert Turner

Kevin Kelehan, Esquire, Counsel

Thomas Carbo, Director, Dept. of Housing and Community Development

**JOINT RECOMMENDATIONS FOR AFFORDABLE HOUSING IN DOWNTOWN  
COLUMBIA**

The parties to these **Joint Recommendations for Affordable Housing in Downtown Columbia** dated September \_\_, 2015 (the "Recommendations") are **The Howard Research And Development Corporation** ("HRD"), the **Columbia Downtown Housing Corporation** ("CDHC"), the **Howard County Housing Commission** ("Commission") and **Howard County, Maryland** ("County").

Background

On February 1, 2010, the Howard County Council ("County Council") approved Bill No. 58-2009 approving the Downtown Columbia Plan, A General Plan Amendment ("Downtown Columbia Plan"). The Downtown Columbia Plan envisioned a full spectrum housing program for Downtown Columbia to be achieved through the creation of a Downtown Columbia Community Housing Foundation which would administer a housing fund to be created from contributions from the Downtown Columbia Community Developer, developer and property owner contributions, and other sources.

On July 2, 2012 the County Council approved Bill No. 24-2012 establishing the Downtown Columbia Community Housing Fund ("Fund") for the purpose of providing affordable housing assistance as an amenity as described in the Downtown Columbia Plan and further providing for the recognition of a nonprofit entity as the Downtown Columbia Housing Foundation for purposes of administering the Fund.

On November 5, 2012, the County Council adopted Resolution 154-2012 recognizing CDHC as the Downtown Columbia Housing Foundation under the Downtown Columbia Plan.

On or about October 8, 2013, HRD, as the designated Community Developer, contributed \$1.5 Million to the Fund in accordance with the Downtown Columbia Plan and Bill 24-2012. To date, approximately \$2.3 Million in contributions have been provided to the Fund.

On March 31, 2014, CDHC presented its Second Annual Report to the County Council and County Executive in which CDHC advised that without changes in legislation it would be difficult to realize its goals regarding the development of affordable housing in Downtown.

On October 29, 2014, the County Council adopted Resolution 120-2014 requesting CDHC to consider whether legislative changes are necessary and appropriate to ensure the Downtown Columbia Plan's vision for a full spectrum of affordable housing can be achieved and to recommend any changes believed necessary and appropriate to the County Council and County Executive.

On February 27, 2015, CDHC presented its recommendations to the County Council and County Executive.

On June 8, 2015, representatives of the Community Developer presented an alternative means of achieving a full spectrum of housing in Downtown Columbia.

Representatives of CDHC, HRD, the Housing Commission and the County Executive met to discuss elements of HRD's alternative, to understand the various perspectives and objectives of the parties, to identify any modification(s) to HRD's alternative plan, and to determine what, if any, recommendations should be made to the County Council and pursued.

The purpose of these Recommendations is to set forth the parties' agreement on a plan for providing a full spectrum of housing in Downtown Columbia.

1. Definitions.

Unless otherwise defined in these Recommendations, the following words, when used in these Recommendations, shall have the following meanings:

A. "Affordable Unit" means a rental dwelling unit that is either a Middle Income Unit, a Low Income Unit, or a Very Low Income Unit.

B. "Downtown Revitalization" means a form of development required in Downtown Columbia after the effective date of the Downtown Columbia Plan in compliance with the applicable provisions of the Howard County Code and Zoning Regulations that must conform with the recommendations of the Downtown Columbia Plan.

C. "CEPPAs" means the Community Enhancements, Programs and Public Amenities identified in the Downtown Columbia Plan.

D. "Full Build Out" means that point in time when a building permit has been issued for the 5,500th Net New Market Rate Dwelling Unit within the Downtown Columbia Plan area.

E. "Downtown Columbia Community Housing Fund" means the housing trust fund established by Bill No. 24-2012 effective September 3, 2012.

F. "Middle Income Unit" means an Affordable Unit to be leased to tenants who earn a maximum of eighty percent (80%) of the Howard County median income ("AMI") (i.e., rental payment of 30% of gross income less a utility allowance) during the Restriction Period. For purposes of these Recommendations, Middle Income Units specifically do count as both Market Rate Dwelling Units and Affordable Units.

G. "Low Income Unit" means a unit as described in Internal Revenue Code section 42(g)(2).

G.1. "LIHTC Project" means a residential or mixed-use development containing Low Income Units.

H. "Market Rate Dwelling Unit" means a rental or for-sale dwelling unit developed in the Downtown Columbia Plan area which is not a Very Low Income Unit nor a unit

in a LIHTC Project.

I. "Net New" means the number of dwelling units that are permitted under the Downtown Revitalization approval process after the effective date of the Downtown Columbia Plan in excess of the number of dwelling units that are shown on a site development plan for property located within Downtown Columbia that was approved prior to the effective date of the Downtown Columbia Plan.

J. "Property" means all real property in Downtown Columbia currently owned by HRD or its affiliates consisting of approximately 230 acres as shown on Exhibit A.

K. "Very Low Income Unit" means a dwelling unit intended for tenants who either have a Section 8 voucher or whose annual household income would qualify them for a Section 8 voucher, as determined by the Commission.

L. "Zoning Regulations" means the Howard County Zoning Regulations, including, without limitation, the Downtown Revitalization provisions of the New Town (NT) District.

2. Affordable Housing.

HRD is committed to creating affordable housing in Downtown Columbia, Maryland. Toward that end, HRD agrees to facilitate the construction of up to 970 Affordable Units at Full Build Out subject to the following initiatives:

A. In conformity with Section 2.1, HRD will designate at least three percent (3%) but not more than five percent (5%) of all Net New rental units in each building containing rental units (excluding the Metropolitan and Parcel C) that is constructed or otherwise provided on the Property as Very Low Income Units;

B. In conformity with Section 2.2, HRD will ensure the inclusion of at least three percent (3%) and not more than five percent (5%) of all Net New rental units in each building containing rental units (excluding the Metropolitan and Parcel C) that is constructed or otherwise provided on the Property as Middle Income Units;

C. In conformity with Section 2.3, HRD will facilitate the development of six LIHTC Projects that are specifically designated to provide affordable rental housing to tenants whose annual income does not exceed approximately 50% of the Howard County AMI (approximately 60% of the Baltimore, Maryland MSA's AMI); and

D. In conformity with Section 2.4, modify the Fund structure.

2.1. Very Low Income Units.

A. HRD shall designate a minimum of three percent (3%) but not more than five percent (5%) of all Net New rental units within each building containing rental units that is constructed or otherwise provided on the Property (excluding the Metropolitan and Parcel C) to be Very Low Income Units in order to achieve a maximum of 180 Very Low Income Units at

Full Build-Out. The Commission shall master lease such units in each such building from HRD for a period of 40 years, and the Commission shall then in turn lease them to individual households holding Section 8 vouchers or at an income level of up to approximately 50% of the Howard County AMI. The Commission shall lease the units from HRD at a rate of 95% of the Section 8 Voucher Payment Standard ("VPS") for Columbia, MD (100% minus a 5% allowance for vacancy), which VPS rates are currently \$1,151 for an efficiency, \$1,409 for a one bedroom, \$1,634 for a two bedroom, and \$2,193 for a three bedroom. The 95% of VPS payment to HRD will be guaranteed regardless of vacancy (unless caused by HRD) and will not be discounted by a utility allowance. A portion of the \$0.05 per square foot annual commercial payment to the Fund shall be made available by CDHC to the Commission to subsidize the Commission's payment of utilities under the master lease to HRD at a level to be agreed upon by CDHC and the Commission. Units may include smaller square footages and other design elements to reduce development cost and increase affordability, in accordance with the standards shown on Exhibit B.

B. Within the first phase of development within Area 3 of the Crescent development area, HRD will designate 3% of the Net New rental units within each building containing rental units as Very Low Income Units. In future Downtown Columbia development phases, affordable designations will be made by HRD in accordance with the following schedule:

For development up to and including the 3,542<sup>nd</sup> Market Rate Dwelling Unit, three percent (3%) of all Net New rental units in each building containing rental units (excluding the Metropolitan and Parcel C) that is constructed or otherwise provided on the Property will be Very Low Income Units.

For development from the 3,543<sup>rd</sup> Market Rate Dwelling Unit up to and including the 5,500<sup>th</sup> Market Rate Dwelling Unit, five percent (5%) of all Net New rental units in each building containing rental units (excluding the Metropolitan and Parcel C) that is constructed or otherwise provided on the Property will be Very Low Income Units.

## 2.2. Middle Income Units.

A. HRD shall ensure that a minimum of 3% but not more than 5% of all Net New rental units in each building containing rental units that is constructed or otherwise provided on the Property (excluding the Metropolitan and Parcel C) will be Middle Income Units in order to achieve a maximum of 180 Middle Income Units at Full Build-Out. Units may include smaller square footages and other design elements to reduce development costs and increase affordability, in accordance with the standards shown on Exhibit B. Such units shall be leased to households earning up to 80% of Howard County AMI. Income qualification shall be performed by HRD or its designated building manager, and annual compliance checks may be performed by the County. Households leasing a Middle Income Unit may remain in the unit so long as their income does not exceed 100% of Howard County AMI for more than one year, in which case the building manager may either raise the rent to a market level and lease an alternative unit to a qualifying household at the restricted rent level, or relocate the original household to another unit and re-lease the Middle Income Unit to a qualifying household. HRD will execute and record a binding covenant on each building, enforceable by CDHC and the County, to require that the

income qualification program and restricted rent levels shall be maintained for a minimum of 40 years following first occupancy of a Middle Income Unit within the building (the "Restriction Period").

B. Within the first phase of development within Area 3 of the Crescent, HRD will designate 3% of the Net New rental units within each building containing rental units as Middle Income Units. In future Downtown Columbia development phases, affordable designations will be made by HRD in accordance with the following schedule:

For development up to and including the 3,542<sup>nd</sup> Market Rate Dwelling Unit, three percent (3%) of all Net New rental units in each building containing rental units (excluding the Metropolitan and Parcel C) that is constructed or otherwise provided on the Property will be Middle Income Units.

For development from the 3,543<sup>rd</sup> Market Rate Dwelling Unit up to and including the 5,500<sup>th</sup> Market Rate Dwelling Unit, five percent (5%) of all Net New rental units (excluding the Metropolitan and Parcel C) in each building containing rental units that is constructed or otherwise provide on the Property will be Middle Income Units.

2.3 Projects to be Developed Using Low Income Housing Tax Credits ("LIHTC"). HRD will develop or facilitate the development of six LIHTC Projects that are specifically designed to include Low Income Units, as follows:

A. Downtown Fire Station – Temporary and Existing Site.

(i) Consistent with CEPPA #9, HRD will provide Howard County with a suitable site for a temporary relocation of the Banneker fire station consisting of approximately one (1) acre located within Area 4 of the Crescent approximately as shown on Exhibit C ("Temporary Fire Station Site") at no cost to the County while the Banneker Fire Station site is being redeveloped. Howard County will convey the existing Banneker Fire Station site in fee simple to the Commission. HRD and Howard County will record covenants, enforceable by CDHC, on the Temporary Fire Station Site and the Banneker Fire Station site, respectively, prior to their conveyance, limiting the sites' development to the uses as contemplated herein. Each party shall be responsible for providing its site free from any environmental conditions which would prevent use of the site for residential development. The Commission shall construct a new fire station and residential development on the Banneker Fire Station Site. The new fire station development shall include approximately one hundred (100) Low Income Units as part of a mixed income development of approximately 200 units. Upon providing the Temporary Fire Station Site to the County for the temporary fire station use, HRD will have irrevocably satisfied its obligations regarding CEPPA 9 in full.

(ii) Following completion of the Banneker Fire Station redevelopment, the Temporary Fire Station site may be developed by HRD or a venture between HRD and the Commission or other developer(s) into a LIHTC Project with approximately 90 Low Income Units. Alternatively, at any time HRD may convey the Temporary Fire Station site to the Commission. Additionally, HRD must convey the Temporary Fire Station Site to the Housing Commission in fee simple for zero dollars consideration if HRD fails to meet any of the

following milestones after construction of a new fire station on the Banneker Fire Station Site has been completed: (a) commence design within 1 year, (b) apply for LIHTC financing within 2 years, or (c) commence construction of a LIHTC Project on the Temporary Fire Station Site within 3 years.

(iii) If HRD is involved in the redevelopment of the Temporary Fire Station Site, HRD may seek 70% (9% Allocation) LIHTC allocations for the affordable housing portions of these projects, and if so then the County shall use commercially reasonable efforts to assist HRD in obtaining the 70%/9% LIHTC. HRD may also seek 30% (4% Allocation) LIHTC, in which case the County agrees to use commercially reasonable efforts to assist the parties in obtaining tax-exempt bond financing in conjunction with the 4% LIHTCs.

B. Toby's Dinner Theatre Redevelopment.

(i) Subject to reaching agreement with the owners of Toby's Dinner Theatre ("Toby's"), the County, and the Commission, HRD will contribute approximately 0.44 acres of land at no cost to the redevelopment of Toby's with future contemplated improvements consisting in concept of a new building for Toby's, a performing and visual arts facility, a parking structure and approximately 200 dwelling units. HRD will also record a suitable modification ("Modification") of any covenants restricting the development of the site so it may be developed as contemplated herein, and further will not make any other modification to such covenants except to facilitate the development contemplated herein, inclusive of an affordable housing component, which Modification will be enforceable by CDHC. Any residential units constructed on the site would be developed as part of a mixed income project including approximately 50% Low Income Units.

(ii) If HRD is involved in the redevelopment of Toby's, HRD may seek 70% (9% Allocation) LIHTC allocations for the affordable housing portion of this project, and if so then the County shall use commercially reasonable efforts to assist HRD in obtaining the 70%/9% LIHTC. HRD may also seek 30% (4% Allocation) LIHTC, in which case the County agrees to use commercially reasonable efforts to assist the parties in obtaining tax-exempt bond financing in conjunction with the 4% LIHTCs.

C. Columbia Flier Building.

(i) Subject to favorable disposition of the site by the County and agreement with the Housing Commission, HRD will purchase the Columbia Flier Building site ("Columbia Flier Site") for \$2.8 Million for its anticipated development jointly with the Commission. Howard County will record a covenant on the site prior to its conveyance to HRD, limiting its development to the uses as contemplated herein. The project would be developed with approximately 220 Units as a LIHTC Project with approximately 50% Low Income Units, and may also include a commercial component, such as an incubator use, if so desired by the County. Alternatively, at any time HRD may convey the Columbia Flier Site to the Commission. Additionally, HRD must convey the Columbia Flier Site to the Commission in fee simple for zero dollars consideration if HRD fails to meet any of the following milestones after the Columbia Flier Site has been conveyed to HRD: (a) commence design within 1 year, (b) apply for LIHTC financing within 2 years, or (c) commence construction of a LIHTC Project on

the Columbia Flier Site within 3 years.

(ii) If HRD is involved in the redevelopment of the Columbia Flier Site, HRD may seek 70% (9% Allocation) LIHTC allocations for the entire project, and if so then the County shall use commercially reasonable efforts to assist HRD in obtaining the 70%/9% LIHTC. HRD may also seek 30% (4% Allocation) LIHTC, in which case the County agrees to use commercially reasonable efforts to assist the parties in obtaining tax-exempt bond financing in conjunction with the 4% LIHTCs.

D. Existing Library.

(i) If Howard County (i) decides to relocate the Central Library to a location on the Property approximately as shown on Exhibit D or to a comparable site on the Property as mutually agreed by the County and HRD, and (ii) appropriates 100% of the funds required for the construction of a New Central Library structurally compatible with HRD's utilization of the air and subsurface rights, then HRD and the County shall (a) enter into a land swap wherein the County would receive an appropriate site on the Property for a New Central Library, with air and subsurface rights retained by HRD, and HRD would receive the existing Central Library Site ("Existing Central Library Site"); and (b) HRD will construct the New Central Library using the appropriated County funds, and the Existing Central Library Site may be redeveloped by HRD or a venture between HRD and the Commission or other developer(s) as a mixed-income project containing approximately 300 total units, including approximately 50% Low Income Units. Howard County will record a covenant on the site prior to its conveyance, enforceable by CDHC and the County, limiting its development to the uses as contemplated herein. Each party shall be responsible for providing its site free from any environmental conditions which would prevent use of the site for residential development. Alternatively, at any time HRD may convey the Existing Central Library Site to the Commission. Additionally, HRD must convey the Existing Central Library Site to the Commission in fee simple for zero dollars consideration if HRD fails to meet any of the following milestones after the New Central Library has been completed: (a) commence design within 1 year, (b) apply for LIHTC financing within 2 years, or (c) commence construction of a LIHTC Project on the Existing Central Library Site within 3 years.

(ii) If by the time that the 3,542<sup>nd</sup> Net New Market Rate Unit has been developed, the New Central Library has not yet been developed and there is not County funding and a set schedule in place for the development of the New Central Library, then the parties hereto shall develop an alternative for the 150 Affordable Units anticipated from the Existing Central Library Site. Possible means to achieve the additional Affordable Units could include, but are not limited to, increasing the percentage of Very Low Income Units and/or Middle Income Units in market rate projects, increasing the number of Low Income Units on any of the undeveloped LIHTC Project sites, new LIHTC Project sites, payment of fees consistent with the original Downtown Columbia Plan or any other payment, or any other means mutually agreed upon by the parties. HRD shall agree that it will not draw building permits or commence construction on any additional Net New Market Rate Units until an alternative plan is agreed upon.

(iii) In the event that, prior to the events described in (ii) above, HRD



elects to develop the Property shown on Exhibit D contemplated for the New Central Library for a use which does not include the New Central Library, then HRD may propose an alternative, comparable site for the New Central Library, to be mutually agreed upon by the County and HRD. If a comparable replacement site is not identified and mutually agreed upon by the County and HRD, then the parties shall work together in good faith to identify a means to develop an alternative for the 150 Affordable Units anticipated from the Existing Central Library Site as discussed in (ii) above. HRD shall agree that it will not draw building permits or commence construction on any additional Net New Market Rate Units until an alternative plan is agreed upon.

(iv) In the event that, prior to the events described in (ii) above, the County decides to develop the New Central Library on the Existing Central Library Site, the parties shall work together in good faith to develop an alternative plan for the 150 Affordable Units anticipated from the Existing Central Library Site as discussed in (ii) above, which may include developing the 150 Affordable Units on the Existing Central Library Site. If an alternative plan is not developed by the time that the 3,542<sup>nd</sup> Net New Market Rate Unit has been developed, then HRD shall agree that it will not draw building permits or commence construction on any additional Net New Market Rate Units until an alternative plan is agreed upon.

(v) If HRD is involved in the redevelopment of the Existing Central Library Site, HRD may seek 70% (9% Allocation) LIHTC allocations for the affordable housing portion of this project, and if so then the County shall use reasonable commercial efforts to assist HRD in obtaining the 70%/9% LIHTC. HRD may also seek 30% (4% Allocation) LIHTC, in which case the County agrees to use reasonable commercial efforts to assist the parties in obtaining tax-exempt bond financing in conjunction with the 4% LIHTCs.

E. Future Downtown Transit Center Site.

(i) The Downtown Columbia Plan envisions a new transit center as part of the redevelopment of Downtown Columbia. The December 2011 NelsonNygaard transit study ("Study") provided to the County by HRD in satisfaction of CEPPA 5 recommended locating the new transit center in the Symphony Overlook Neighborhood, generally between the Mall and the Corporate Center buildings. HRD will provide a site for the County's construction of a new transit center including approximately 60 Low Income Units to be located on the same site on top of the transit center. HRD will record a covenant on the site prior to its conveyance, enforceable by CDHC and the County, limiting its development to the uses as contemplated herein. The site will be within the Symphony Overlook Neighborhood generally consistent with the location identified in the Study. HRD will provide the site by fee simple transfer at no cost or by long term lease of at least 99 years for a nominal sum. HRD will retain all air and subsurface development rights which are not needed for the construction of the transit center and the 60 Low Income Units, and the County's construction of the transit center and Low Income Units must be structurally compatible with HRD's utilization of the air and subsurface rights. HRD's provision of a site for a new transit center as described herein will be deemed to have irrevocably satisfied CEPPA 14.

Unit counts for the LIHTC Projects are based on approximate site areas and an assumed density

similar to the Metropolitan project recently completed downtown of approximately 100 units per acre. All LIHTC Project sites will require planning approvals from the County. To the extent that HRD acts as the developer of any of the LIHTC Project sites, it shall seek to design to and obtain approval for the unit counts contained herein and the densities feasible for the sites. In the event that any of the sites are not conveyed directly to the Commission, then the number of Low Income Units to be provided and/or facilitated by HRD and the percentage of Low Income Units in each LIHTC Project developed under these Recommendations shall be the number ultimately approved by the County on the LIHTC Project sites identified herein.

#### 2.4 Modification of Housing Trust Fund Fee Structure

The parties agree that the fee structure contained Bill No. 24-2012 should be amended as follows:

- A. HRD, as Community Developer, has contributed the sum of \$1.5 million to the Downtown Columbia Partnership for contribution to the Fund and it is anticipated that HRD will contribute an additional \$1.5 million plus the payments into the Fund as prescribed by the current Downtown Plan for the project known as Parcel C, immediately north of the Metropolitan. HRD shall not be required to contribute additional funds except to the extent it develops or owns properties that are subject to fees required of other developers and/or property owners as set forth herein.
- B. Each developer that develops for-sale residential properties pursuant to the Downtown Revitalization Zoning Regulations shall be required to provide a one-time payment to the Downtown Columbia Partnership, for contribution to the CDHC, upon the issuance of any building permit for a residential for-sale Market Rate Dwelling Unit based on the following charges:
  - i. for each unit up to and including the 1,500<sup>th</sup> Net New unit: \$2.00 per square foot;
  - ii. for the 1,501<sup>st</sup> Net New unit up to and including the 3,500<sup>th</sup> Net New unit: \$7.00 per square foot;
  - iii. for each unit between 3,500 up to and including the 5,500<sup>th</sup> Net New unit: \$9.00 per square foot.

Payment will be contingent upon the expiration of all applicable appeal periods associated with each building permit without an appeal being filed, or if an appeal is filed, upon the issuance of a final decision of the courts upholding the issuance of the permit.

C. The amounts to be paid under subsections (B)(i), (B)(ii) and (B)(iii) above will be subject to annual adjustment as provided in Bill 24-2012.

D. The above fees will not apply to any rental residential dwelling unit in Downtown Columbia; however any rental Net New Market Rate Dwelling Unit shall be counted towards the thresholds set forth in Section 2.4.B(i) – (iii) above for purposes of calculating the fees payable by for-sale dwelling units.

E. In addition, each owner of property developed with commercial uses pursuant to the Downtown Revitalization Zoning Regulations shall provide an annual payment to the Downtown Columbia Partnership, for contribution to the CDHC, in the amount of 5 cents (\$0.05) per square foot of Gross Leasable Area for office and retail uses and 5 cents (\$0.05) per square foot of net floor area for hotels. The payment will be made annually by the property owner, with the initial payment being made prior to the issuance of an occupancy permit for net new commercial development on the property. The amount of the charge will be subject to annual adjustment as provided in Bill 24-2012.

#### 2.5. Properties Not Owned by HRD.

The Downtown Columbia Plan and/or Zoning Regulations should be amended to require that any property that is not a "Property" as defined herein, but which is subject to the Downtown Columbia Plan and is proposed for residential development, must provide a least 10% of the units as Moderate Income Housing Units serving households at not more than 60% of the Howard County median income. Because it does not currently own these properties, HRD takes no position on this recommendation.

#### 3. Modification of Existing Parking Ratios.

Based upon an analysis by the County, the parties agree existing parking ratios for Downtown Columbia should be modified to a more urban standard and to reduce parking requirements and associated costs as follows:

##### 3.1. Market Rate.

The parking ratios set forth in Section 133.0.F.3 of the Zoning Regulations should be modified to the following ratios for each Net New Market Rate Dwelling Unit located within Downtown Columbia, subject to confirmation that the below ratios are supported for Downtown Columbia by an updated shared parking analysis:

- |    |                      |                       |
|----|----------------------|-----------------------|
| A. | Studio or 1-bedroom: | 1.1 spaces per unit   |
| B. | 2- or 3-bedroom:     | 1.65 spaces per unit. |

The parking ratios set forth above may be further reduced for New Affordable Units, similar to reductions provided for affordable units in jurisdictions such as Montgomery County, Los Angeles, Seattle and Denver, where parking ratios are reduced between 25% and 50%, subject to confirmation that the reduced ratios are supported for Downtown Columbia by an updated shared parking analysis.

#### 4. Exclusion of LIHTC and Very Low Income Units from Residential Development Limits.

4.1. Based upon an analysis by the County, the parties agree the Zoning Regulations should be amended to exclude all Very Low Income Units developed and all Units within LIHTC Projects developed from the 5,500 unit maximum number of Net New residential units permitted Downtown. Furthermore, the Adequate Public Facilities Ordinance should be

amended if necessary such that the housing unit allocation chart adopted each year by the County Council includes additional housing unit allocations advanced from future years in the same manner as provided for residential units in Downtown Columbia under existing law equal to the combined total number of Very Low Income Units and all units within LIHTC Projects as provided in Sections 2.1 and 2.3 above.

The County agrees to submit legislation contemplated by these Recommendations to the Howard County Council for introduction within thirty (30) days after the date of these Recommendations and to affirmatively support the passage of such legislation.

The parties understand and acknowledge that all sections of these Recommendations are integral to the whole and are not severable. To become enforceable, each provision of these Recommendations must be incorporated into a binding Development Rights and Responsibilities Agreement ("DRRA") and no obligation shall be created on any party hereto until (i) the execution of such DRRA and (ii) the passage of all required legislation and zoning modifications required to implement all sections of these Recommendations, unless the waiver or one or more elements is mutually agreed to in writing by all parties.

These Recommendations are non-binding on the parties but are intended to confirm the parties' agreement on the concepts for achieving the goal of a full spectrum of housing in Downtown Columbia as set forth herein and the parties' commitment to work together in good faith to enter into a formal Development Rights and Responsibilities Agreement to formalize the agreements reached herein.

References to the parties in these Recommendations include their successors and assigns.

**WITNESS/ATTEST**

**THE HOWARD RESEARCH AND  
DEVELOPMENT CORPORATION**

\_\_\_\_\_

By: \_\_\_\_\_  
John DeWolf  
Vice President

**COLUMBIA DOWNTOWN HOUSING  
CORPORATION**

\_\_\_\_\_

By: \_\_\_\_\_  
Paul K. Casey  
President

**HOWARD COUNTY HOUSING  
COMMISSION**

\_\_\_\_\_

By: \_\_\_\_\_  
Thomas P. Carbo  
Executive Director

**HOWARD COUNTY, MARYLAND**

\_\_\_\_\_

By: \_\_\_\_\_  
Allan Kittleman  
County Executive

EXHIBIT A

Town Center Ownership by HHC							
FDP PHASE	SECTION/AREA	PLAT	PARCEL	ACREAGE	OWNER		
140-A-1	7/8	4355	D	3.414	HRD		
			E	0.815	HRD		
111-A-1	7/6	14938	4	0.99	HRD		
		4369	D-1	3.937	Town Center East Parking Lot Business Trust		
			H	0.573	Town Center East Parking Lot Business Trust		
	7/1	21/56	B	1.211	Town Center East Business Trust		
		15694	F-2	1.135	HRD Parking Deck Business Trust		
		16142	C-2	0.234	Town Center East Parking Lot Business Trust		
62-A-1	7/1	26/23	A-1	1.681	Town Center East Parking Lot Business Trust		
		26/23	D-1	2.574	Town Center East Parking Lot Business Trust		
4-A-V	1	12/62	2	0.262	Town Center East Business Trust		
			3	0.743	Town Center East Business Trust		
			5	1.077	Town Center East Business Trust		
		4293	1-A	1.578	Town Center East Business Trust		
		13186	21	0.459	HRD Parking Deck Business Trust		
			22	0.323	Wincopin Restaurant Business Trust		
		13536	13	10.198	Merriweather Post Business Trust		
		30/45	11C	0.413	HRD		
		30/45	11D	0.077	HRD		
		30/45	11E	0.05	HRD		
4-A-V and 139-A-III	unsubdivided	30/45 27/64	11F	0.046	HRD		
			11G	0.391	HRD		
			Symphony Woods Road	2.578	HRD		
			225		64.4	HRD	
			95	23/86	17	2.315	ACB Parking Business Trust
				23/86	18	7.504	Clover Acquisitions, LLC
			139-A-III	1/3	27/64	2	9.196
234	5/4	14054	1	5.487	HRD		
			2	4.396	HRD		
			3	1.428	HRD		
225	unsubdivided			64.4	HRD		
217-A-1	2/8	14022	C	5.448	Parcel C Property, LLC (JV with Kettler, et al.)		
			D	4.781	Parcel D Property, LLC (JV with Kettler, et al.)		
		14021	1	3.105	HRD		
224-A	2/9	12669	1	0.37	HRD		
122-A	2/4	4542	A-2	2.405	10 CCC, LLC		
			A-4	1.412	20 CCC, LLC		
			A-6	2.009	10/20/30 CCC Parking Deck, LLC		
			A-7	2.432	30 CCC, LLC		
192-A	2/5	6321	A	1.841	40 CCC Parking Deck, LLC		
			B	2.178	40 CCC, LLC		
			8577	C-4	0.981	60 CCC, LLC	
			C-1	1.176	50 CCC, LLC		
192-A, 211-A	2/8	14022	E	6.176	50/60/70 CCC Parking Deck, LLC		
211-A		9512	B	2.006	70 CC, LLC		
<b>TOTAL</b>				<b>230.205</b>	<b>Acres</b>		

Exhibit B

Downtown Columbia Affordable Housing Guidelines

The guidelines below apply to the Middle Income (80% AMI) and Very Low Income (30% AMI) units (jointly termed "Affordable Units") in all HHC market rate buildings to be developed in Downtown Columbia, unless otherwise stated.

1. Location

The location of affordable units in each building shall not be congregated into one area of the building, and shall be dispersed to the extent possible taking into consideration design constraints. Affordable Units may be stacked vertically.

2. Unit Mix

The unit mix of the Affordable Units in each building shall be similar to the overall unit mix of the building within 30% of the unit mix percentage for each unit type. The table below provides two examples of permissible unit quantities in a 300-unit building which provides 6% Affordable Units (3% Middle Income and 3% Very Low Income Units):

Unit Type	Total Building		Scenario One			Scenario Two		
	Total Quantity	Unit Mix	Quantity AUs	%(max)	Relative Ratio	Quantity AUs	% (min)	Relative Ratio
Studio	45	15%	3	16.7%	+11%	2	11.1%	(-26%)
1bd	135	45%	9	50%	+11%	7	38.9%	(-14%)
2bd	90	30%	4	22.2%	(-26%)	7	38.9%	+30%
3bd	30	10%	2	11.1%	+11%	2	11.1%	+11%
Total	300	100%	18	100%		18	100%	

3. Unit Size

The minimum gross floor area for Affordable Units shall be:

Studio/Efficiency:	350 square feet
1 Bedroom Unit:	500 square feet
2 Bedroom Unit:	650 square feet
3 Bedroom Unit:	850 square feet

If market rate units for a particular unit type in a project are smaller than the minimums listed above (i.e. a market rate micro-unit of 300 square feet), then the affordable units of that type may be the same square footage as the market rate.

In addition to the minimum square footages listed above, the minimum gross floor area for Affordable Units shall be no less than 80% of the minimum gross floor area for each market rate unit type in each particular project. The table below provides two examples of minimum permissible unit sizes within individual sample projects:

Exhibit B

Unit Type	Scenario One (Smaller Units)			Scenario Two (Larger Units)		
	Market Rate Unit Size (min)	AU Unit Size (min)	% of Market Rate	Market Rate Unit Size (min)	AU Unit Size (min)	% of Market Rate
Studio	400	350	87.5%	500	400	80%
1bd	550	500	90.9%	650	520	80%
2bd	850	680	80%	900	720	80%
3bd	1,000	850	85%	1,200	960	80%

4. Occupancy

The minimum and maximum occupancy levels for each unit type shall be:

<u>Unit Type</u>	<u>Min</u>	<u>Max</u>
Studio/Efficiency:	1	2
1 Bedroom Unit:	1	2
2 Bedroom Unit:	2	4
3 Bedroom Unit:	3	6

5. Rental Rates

The rental rates for the Very Low Income units shall be 95% of the Section 8 Voucher Payment Standard, to be master leased by the Housing Commission. There shall be no discount from these rent levels for utility allowances. A portion of the annual commercial payments to the CDHC housing fund of \$0.05/sf from new downtown commercial development shall be made available to the Housing Commission (as master lessee) to subsidize the utility costs of the tenants, at a level to be mutually agreed upon between CDHC and the Commission.

The rental rates for the Middle Income units shall be based on the Howard County median income (family of four), adjusted for household size, then adjusted at 80% of the median income, with the annual rent calculated at 30% of the income, less a utility allowance.

For example, in 2015, the following rent schedule would apply:

Median Income (family of 4): \$109,476

Unit Type	Occupancy Base	Household Adjustment	Adjusted Income	Income at 80% AMI	Annual Max Rent	Monthly Max Rent*
Studio/Eff	1.0	70%	\$76,633	\$61,306	\$18,392	\$1,533
1 Bedroom	1.5	75%	\$82,107	\$65,686	\$19,706	\$1,642
2 Bedroom	3.0	90%	\$98,528	\$78,822	\$23,647	\$1,970
3 Bedroom	4.5	104%	\$113,855	\$91,084	\$27,325	\$2,277

\*The Monthly Maximum Rent for each unit type shall be charged regardless of the actual number of occupants. Does not include utility charges and service fees that are paid by the owner.



## Exhibit B

### 6. Eligibility Income Limits

Middle Income Unit applicants shall be subject to maximum income limits by household size assuming the following household size adjustments to the median area income (at 80%):

- 1 person: 70%
- 2 persons: 80%
- 3 persons: 90%
- 4 persons: 100%
- 5 persons: 108%
- 6 persons: 116%

### 7. Quantity of Bathrooms

The minimum number of bathrooms (including toilet, sink, shower or tub) for any affordable unit shall be:

Studio/Efficiency:	1
1 Bedroom Unit:	1
2 Bedroom Unit:	1
3 Bedroom Unit:	2

### 8. Bedrooms

The minimum bedroom size shall be 100 square feet, subject to applicable code requirements.

### 9. Unit Finishes

In order to keep the construction costs of affordable units down, affordable units may have different unit interior finishes from the market rate units as follows:

- Carpet in bedrooms, living and dining areas
- VCT flooring in bathrooms and kitchens
- Formica countertops in kitchens and bathrooms
- Black or white appliances
- No decorative backsplashes in the kitchen
- Standard builder grade cabinetry
- Standard builder grade electrical and plumbing fixtures

Unit entries of affordable and market rate units shall be identical, such that an affordable unit is not discernible from a market rate unit in the building corridors.

### 10. Additional Fees

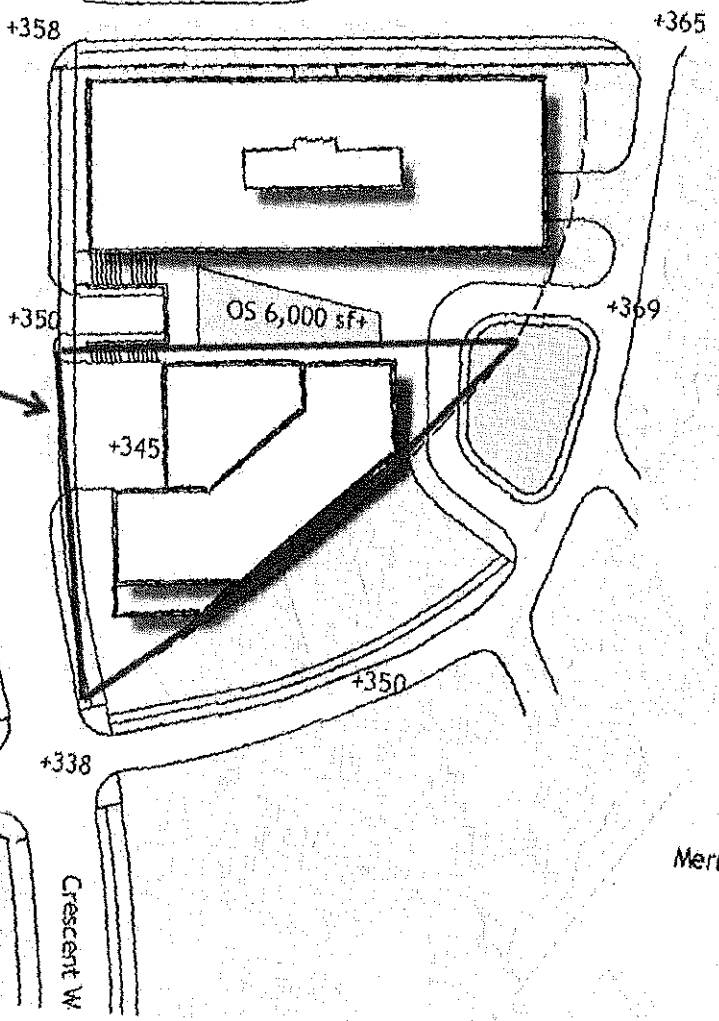
Additional fees charged for market rate unit and affordable unit applicants and tenants shall be the same. Fees may include, but are not limited to: application fees, parking space fees, pet fees, storage space rental fees, guest passes (for pool use), lost key fees and amenity rental fees. Security deposit requirements are subject to applicant credit standing and income qualification.

**EXHIBIT C**

Little Patuxent Pkwy

**Temporary Fire  
Station Site**

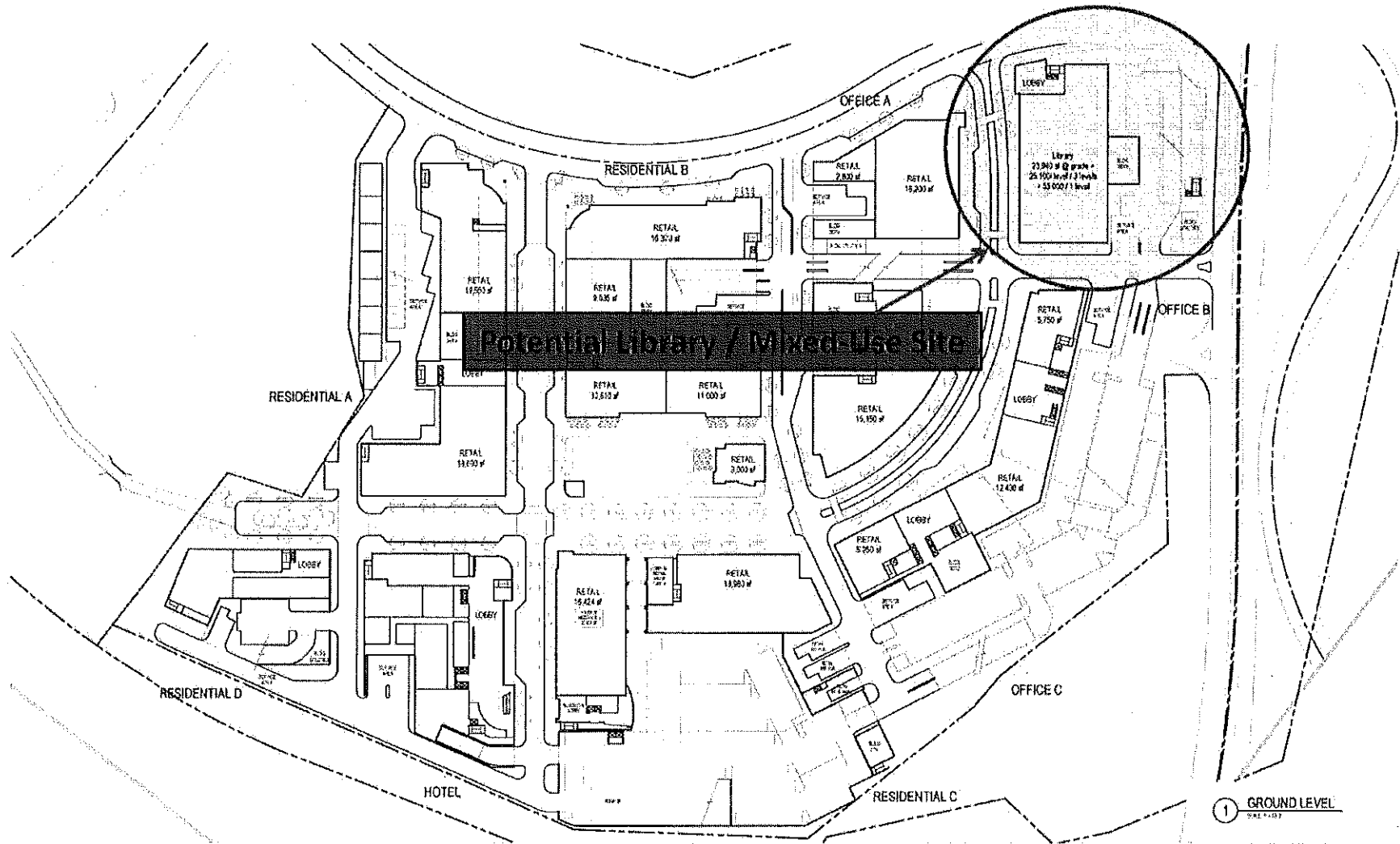
Area 1



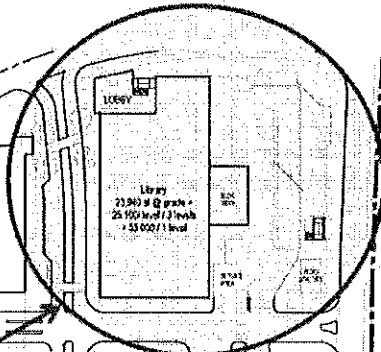
Symphony Woods  
Merrilweather Post Pavilion


EXHIBIT D

Exhibit B



Potential Library / Mixed Use Site




**JP2 ARCHITECTS**  
 2835 O'Donnell Street  
 Suite 300  
 Baltimore, MD 21224  
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 F 410.276.7471  
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MERRIWEATHER DISTRICT

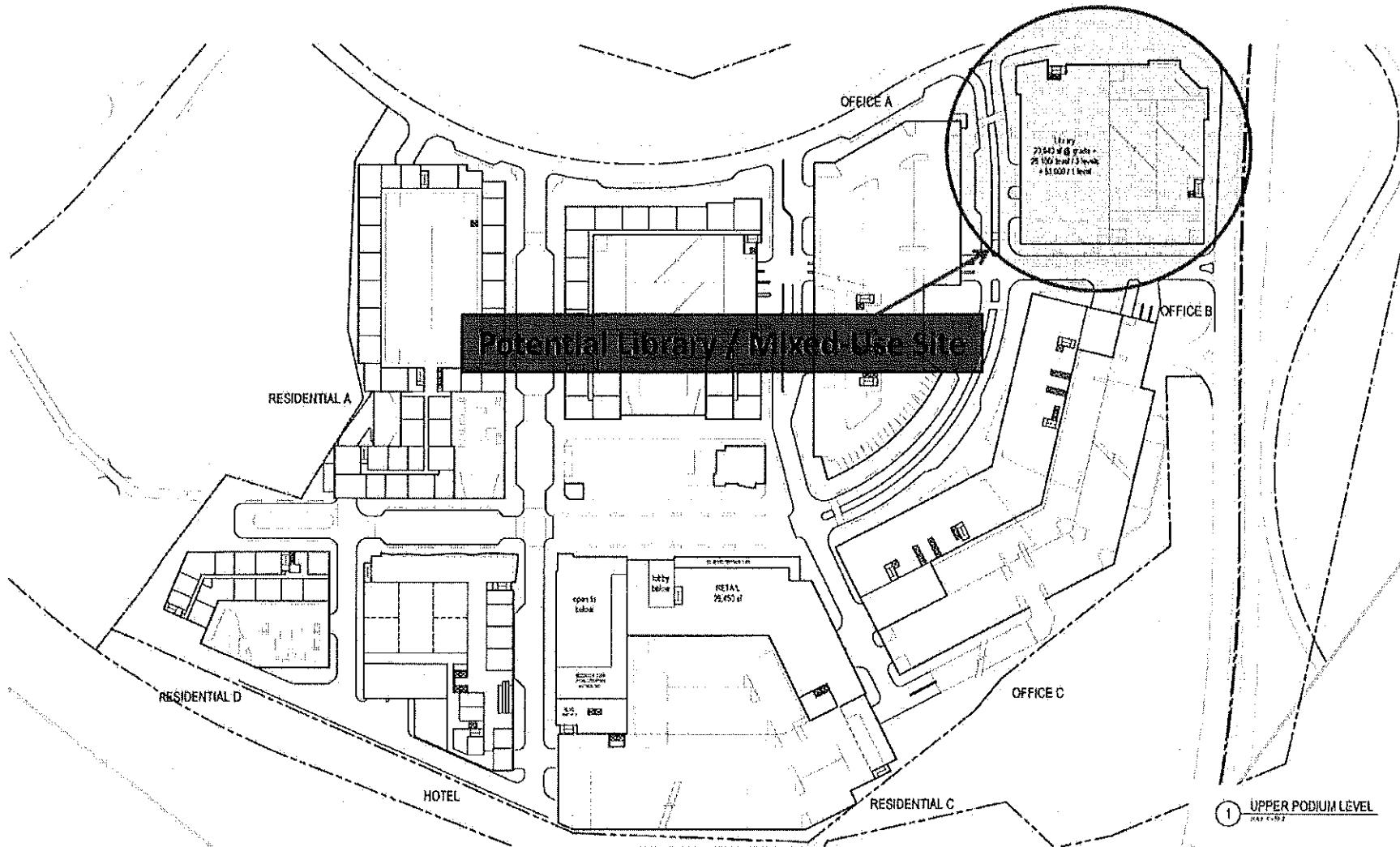
COLUMBIA, MARYLAND

26 JUNE, 2015

**Street Level Plan**  
**Conceptual Plan – Subject to Change**

**1 GROUND LEVEL**  
SCALE 1"=100'

**Client:**  
 Howard Hughes Corp.  
 10221 Wincopin Circle  
 Columbia, MD 21044  
 T 410.904.4800



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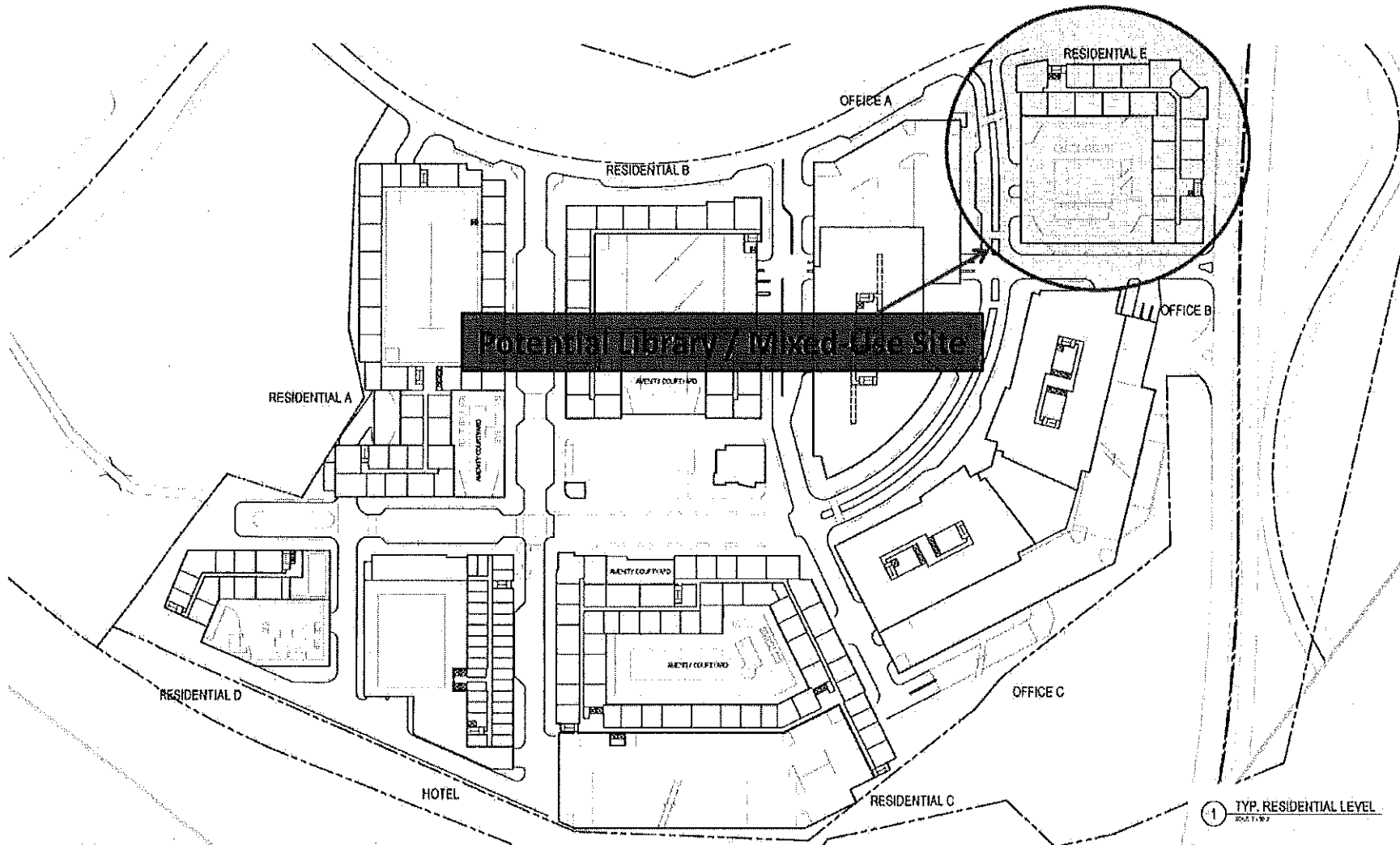
26 JUNE, 2015

## Level Two Plan

Conceptual Plan – Subject to Change

1 UPPER PODIUM LEVEL  
 100'-0"

Client:  
 Howard Hughes Corp.  
 10221 Wincopin Circle  
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## Upper Levels Plan Conceptual Plan – Subject to Change

1 TYP. RESIDENTIAL LEVEL  
 00.11.17

Client:  
 Howard Hughes Corp.  
 10221 Vinoyon Circle  
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