



POLICY DEEP DIVES APFO, PRESERVATION, AND HOUSING QUALITY

Howard County Housing Opportunities
Master Plan
October 26, 2020

RCLCO
REAL ESTATE ADVISORS

AGENDA

Key Approaches

- ▶ Adopt APFO reforms (45 minutes maximum)
- ▶ Identify creative opportunities to advance housing development and facility expansion goals (15 minutes)
- ▶ Create a robust multifamily preservation strategy (30 minutes)
- ▶ Improve housing conditions and support households with home repair and modification (30 minutes)

Additional Topics for Discussion (as time allows)

- ▶ Reduce regulatory and financial barriers to property improvement by addressing non-conforming elements of existing properties
- ▶ Expand resources and outreach for tenant legal assistance to ensure compliance with health, safety, and accessibility laws

ADOPT APFO REFORMS

- Nationwide, approaches vary for balancing new growth with supportive infrastructure, school capacity, public facilities, etc.
- Adequate public facilities ordinances are not universal.
- High-demand jurisdictions across the region and US—both with and without APFOs—are struggling with the same challenges in striking this balance faced by Howard County.

Framing Parameters:

- ▶ APFO will continue to play a role in shaping growth and development in Howard County.
- ▶ APFO as currently structured is a barrier to broader housing affordability and opportunity goals.
- ▶ Changes to the County's overall approach—beyond APFO—are necessary to ensure that infrastructure, school, and facility capacity do not fall behind.
- ▶ Within that overall approach, changes to APFO are necessary to support the growth required to improve housing affordability and opportunity.

Task Force Discussion:

What concrete, actionable ideas do you have to make APFO work better?

ADOPT APFO REFORMS

Pair sustainable revenue generating mechanisms with APFO amendments that facilitate growth in key areas

Specific recommended changes:

- ▶ Create joint housing/schools revenue mechanism that is not tied to new development.
- ▶ Loosen APFO restrictions in areas with existing transportation infrastructure and strong mobility/independent living characteristics.
- ▶ Exempt priority housing types (beyond those already established).
- ▶ Adopt zoning reforms and regulatory streamlining to accommodate more density in areas below existing limits.
- ▶ Allow site-specific density and form flexibility to accommodate public facilities.

Regional/National Examples:

- ▶ Atlanta BeltLine Initiative (joint housing/schools revenue generation effort)
- ▶ Montgomery County, MD 2020 APFO updates

IDENTIFY CREATIVE OPPORTUNITIES TO ADVANCE HOUSING DEVELOPMENT AND FACILITY EXPANSION GOALS

- Intentional, proactive development policies can support both housing and facility needs.
- Approaches that generate revenue can be complemented with policies that open sites for community and public facilities.
- Co-location can be a critical tool for more efficiently utilizing existing land.

Key Policy Interventions:

- ▶ **Adopt a robust public land development and facility co-location strategy**
- ▶ **Facilitate the use of community-serving real estate for affordable housing and/or co-located facilities**

IDENTIFY CREATIVE OPPORTUNITIES TO ADVANCE HOUSING DEVELOPMENT AND FACILITY EXPANSION GOALS

Adopt a robust public land development and facility co-location strategy

- Underutilized public land is an important asset for meeting community goals.
- Effective land activation requires an intentional approach.
- Creative partnerships can generate public benefits, but site control flexibility is often necessary.

Specific recommended changes:

- ▶ Create an inventory of publicly-owned land assets.
- ▶ Benchmark inventory against facility needs.
- ▶ Identify opportunities for co-location (compatible/symbiotic uses).
- ▶ Solicit public input on needs and uses.
- ▶ Establish protocols for conveying site control.
- ▶ Establish public benefit/revenue contribution requirements.
- ▶ Create a proactive strategy for activating sites.
- ▶ Create a process for accepting unsolicited bids.

Regional/National Examples:

- ▶ Development Efforts
 - » Alexandria, VA: The Station at Potomac Yard
 - » Silver Spring, MD: The Bonifant
 - » Arlington, VA: Arlington Mill apartments and Community Center
- ▶ Policies:
 - » Los Angeles Metro Joint Development Policy
 - » Sound Transit 80-80-80 policy
 - » King County Surplus Parcel Policy
 - » Commonwealth of Virginia Public-Private Education Facilities and Infrastructure Act

IDENTIFY CREATIVE OPPORTUNITIES TO ADVANCE HOUSING DEVELOPMENT AND FACILITY EXPANSION GOALS

Facilitate the use of community-serving real estate for affordable housing and/or co-located facilities

- Community serving entities such as faith-based institutions, community groups, hospitals, and colleges/universities often hold significant land assets.
- Such entities may find it within their mission or institutional needs to engage in partnerships for affordable housing and public facility development.

Specific recommended changes:

- ▶ Proactively address zoning challenges, such as barriers to mixed use development.
- ▶ Facilitate information sharing, outreach, and technical assistance.
- ▶ Provide resources for planning and development.

Regional/National Examples:

- ▶ Enterprise Community Partners Faith Based Development Initiative
- ▶ Arlington, VA: Gilliam Place and American Legion/Terwilliger Place
- ▶ Alexandria, VA: The Spire

CREATE A ROBUST MULTIFAMILY PRESERVATION STRATEGY

- Preserving existing affordable housing—both income-restricted and market-rate—is a critical part of a comprehensive housing affordability strategy.
- Preservation is important from an equity perspective, given the disruption and hardship faced by cost-burdened and/or displaced households.
- Research suggests that preservation can be more cost effective than new development.
- Given the challenges and timelines associated with new development, preservation is critical to prevent the loss of affordability while waiting for new units to be placed into service.

Key Policy Interventions:

- ▶ **Create a rental preservation inventory risk monitoring system, including both subsidized and market-rate properties**
- ▶ **Establish a protocol and toolkit for exercising the County’s right-of-first refusal for rental property sales**
- ▶ **Negotiate rental agreements with private landlords**
- ▶ **Facilitate one-for-one replacement of affordable housing and right-to-return during redevelopment efforts**

CREATE A ROBUST MULTIFAMILY PRESERVATION STRATEGY

Create a rental preservation inventory risk monitoring system

- Effective preservation strategies require knowledge of the existing affordable stock, including income-restricted properties with expiring restrictions and naturally occurring affordable rental housing.
- Knowledge of the existing inventory and the reasons why units are lost is critical to developing an effective preservation toolkit.

Specific recommended changes:

- ▶ Create a property inventory and database (to be regularly updated).
- ▶ Identify risk factors for loss from the affordable stock.
- ▶ Use information to inform capital/revenue generation and planning strategies.
- ▶ Match specific tools to most appropriate property types
- ▶ Prioritize resources and strategies for highest-impact properties.

Regional/National Examples:

- ▶ Montgomery County Preservation Study
- ▶ Arlington County Affordable Housing Annual Plans and Preservation Monitoring
- ▶ Alexandria, VA South Patrick Street Plan
- ▶ National Housing Preservation Database

CREATE A ROBUST MULTIFAMILY PRESERVATION STRATEGY

Establish a protocol and toolkit for exercising the County's right-of-first refusal for rental property sales

- The recently passed right-of-first refusal enhances the “window of opportunity” for preserving at-risk properties.
- This new tool requires proactive planning and resource development/prioritization to take advantage of the newly-created opportunities.
- Right-of-first refusal can open opportunities for maintaining affordability even when property is not acquired by a mission-driven entity.

Specific recommended changes:

- ▶ Engage with developers and facilitate adequate capacity to acquire critical properties.
- ▶ Create a framework for evaluating which opportunities to pursue (and appropriate tools).
- ▶ Provide acquisition capital, other capital subsidies.
- ▶ Provide property tax incentives (including PILOTs).
- ▶ Negotiate rental assistance contracts.
- ▶ Negotiate reservation of units for voucher holders.

Regional/National Examples:

- ▶ Montgomery County ROFR execution strategy and associated tools.

CREATE A ROBUST MULTIFAMILY PRESERVATION STRATEGY

Negotiate rental agreements with private landlords

- Owners of market-rate housing may consider maintaining affordability (or reducing rents) if given adequate incentives.
- Rental agreements provide a flexible tool to meet demand as markets shift, rent trajectories change, etc.
- This approach can facilitate mixed-income housing opportunities.

Specific recommended changes:

- ▶ Negotiate rental assistance contracts with defined subsidies.
- ▶ Provide property tax incentives (including PILOTs).
- ▶ Negotiate reservation of units for voucher holders.
- ▶ Provide income qualification/certification and tenant matching assistance.

Regional/National Examples:

- ▶ Montgomery County rental agreements
- ▶ Fairfax County, VA: Support for service agency partnership with private landlords.

CREATE A ROBUST MULTIFAMILY PRESERVATION STRATEGY

Facilitate one-for-one replacement of affordable housing and right-to-return through strategic redevelopment efforts

- Preservation efforts require the preservation of affordability, and not always the preservation of existing structures.
- Market and/or physical property conditions may make redevelopment a more effective approach than preservation.
- A goal of one-for-one replacement and a right-to-return is necessary to avoid a reduction in the County's overall affordable housing inventory and prevent the direct harm to tenants caused by involuntary displacement.
- In cases when redevelopment is necessary, additional density opens up the opportunity to create mixed-income communities, and to address the goals of economic diversification and one-for-one replacement simultaneously.

Specific recommended changes:

- ▶ Allow density transfers and form/height/etc. flexibility.
- ▶ Allow additional density, subsidies, and/or other incentives to facilitate replacement units.
- ▶ Provide tenant relocation support, mobility assistance/counseling, and rental assistance to existing tenants.
- ▶ Negotiate rental contracts and/or provide tax incentives to facilitate additional affordable units and/or deeper income targeting.

Regional/National Examples:

- ▶ Alexandria, VA South Patrick Street Plan and Residential Affordability Zone
- ▶ Arlington, VA Columbia Pike Neighborhoods Form Based Code

IMPROVE HOUSING CONDITIONS AND SUPPORT HOUSEHOLDS WITH HOME REPAIR AND MODIFICATION

- Housing repair and modification supports can improve the living conditions and quality of life at the individual, household, and neighborhood level.
- Improved support for home modifications can enable independent living for a wider range of households.
- Investments in housing quality can create virtuous cycles of neighborhood improvement and reverse cycles of decline.

Key Policy Interventions:

- ▶ **Expand code enforcement in coordination with landlord and homeowner outreach, technical assistance, and subsidy provision**
- ▶ **Coordinate rehabilitation subsidies in neighborhoods experiencing or at risk of disinvestment**
- ▶ **Provide capital subsidies for multifamily rental rehabilitation in exchange for ongoing affordability**
- ▶ **Create a one-stop-shop for homeowner repair/rehabilitation supports, including education, outreach, technical assistance, and subsidy/program navigation**

IMPROVE HOUSING CONDITIONS AND SUPPORT HOUSEHOLDS WITH HOME REPAIR AND MODIFICATION

Expand code enforcement in coordination with landlord and homeowner outreach, technical assistance, and subsidy provision

- Robust code enforcement is critical to maintaining and improving health, safety, and quality of life at both the household and neighborhood levels.
- While some housing quality challenges are the result of bad actors, others may stem from a lack of knowledge, capacity, and resources to effectively maintain properties.
- Code enforcement and educational efforts can establish connections and facilitate eventual preservation by mission-driven entities.

Specific recommended changes:

- ▶ Provide resources and supports for renters in affected properties.
- ▶ Provide resources for property upgrades/maintenance in exchange for ongoing affordability.
- ▶ Provide educational workshops on landlord rights and responsibilities, available resources, and the rehabilitation process.
- ▶ Identify opportunities to strategically acquire properties from willing sellers.

Regional/National Examples:

- ▶ Montgomery County Apartment Assistance Program and Landlord/Owners Supports
- ▶ City of St. Paul, MN: Landlord 101 Course
- ▶ New York City: Landlord Ambassadors Program

IMPROVE HOUSING CONDITIONS AND SUPPORT HOUSEHOLDS WITH HOME REPAIR AND MODIFICATION

Coordinate rehabilitation subsidies in neighborhoods experiencing or at risk of disinvestment

- While it is important to provide rehabilitation support to households and owners throughout the county, there is also a need for strategic investment.
- Neighborhood-scale efforts can create catalytic effects that can attract additional investment.

Specific recommended changes:

- ▶ Identify neighborhoods with significant capital needs.
- ▶ Conduct outreach to neighborhood residents and organizations.
- ▶ Identify targeted investments and strategies through planning efforts.
- ▶ Coordinate subsidy provision and rehabilitation activities.

Regional/National Examples:

- ▶ Cumberland County, MD Housing Rehabilitation Program
- ▶ Prince George’s County, MD: Housing Initiative Partnership rehabilitation activities; Neighborhood Stabilization Partnership rehabilitation activities.

IMPROVE HOUSING CONDITIONS AND SUPPORT HOUSEHOLDS WITH HOME REPAIR AND MODIFICATION

Provide capital subsidies for multifamily rental rehabilitation in exchange for ongoing affordability

- Depending on market strength, it may either be uneconomical to invest in upgrading a property, or such upgrades could lead to rent increases that increase cost burdens for lower-income tenants.
- Providing rehabilitation subsidies can improve housing stock while maintaining affordability.

Potential Options Include:

- ▶ Property tax incentives (abatements, PILOTs)
- ▶ Low-interest or forgivable loans

Regional/National Examples:

- ▶ Memphis, TN PILOT program
- ▶ New York City J-51 Tax Incentive Program
- ▶ Minneapolis, MN unsubsidized housing pilot tax 4d classification/incentive

IMPROVE HOUSING CONDITIONS AND SUPPORT HOUSEHOLDS WITH HOME REPAIR AND MODIFICATION

Create a one-stop-shop for homeowner repair/rehabilitation supports, including education, outreach, technical assistance, and subsidy/program navigation

- Howard County offers a range of programs, subsidies, tax abatements/deferrals, and home retrofit supports that support homeowner housing quality and stability.
- Property tax supports can be critical for ongoing stability for lower-income homeowners in rapidly appreciating neighborhoods.
- Capital subsidies and technical assistance can support independent living by retrofitting existing homes to incorporate accessibility/visitability improvements, universal design, and/or one-floor living.
- The process of identifying available resources, selecting home improvement contractors, and/or overseeing projects can be difficult for many homeowners.

Specific recommended changes:

- ▶ Create a homeowner resource navigator website and hotline.
- ▶ Provide technical assistance to homeowners to identify needs and help access resources.
- ▶ Create a vetted contractor/vendor list and assist households in navigating the rehabilitation/retrofit process.
- ▶ Use information from coordination efforts to inform adjustments to existing and development of new policies/programs.

Regional/National Examples:

- ▶ Garrett County, MD Community Action Homeowner Rehabilitation Program

ADDITIONAL TOPICS FOR DISCUSSION

ADDITIONAL TOPICS FOR DISCUSSION

- ▶ Reduce regulatory and financial barriers to property improvement by addressing non-conforming elements of existing properties (loosening rules, “grandfathering in” conditions, etc.).
- ▶ Expand resources and outreach for tenant legal assistance to ensure compliance with health, safety, and accessibility laws.

ADDITIONAL DISCUSSION



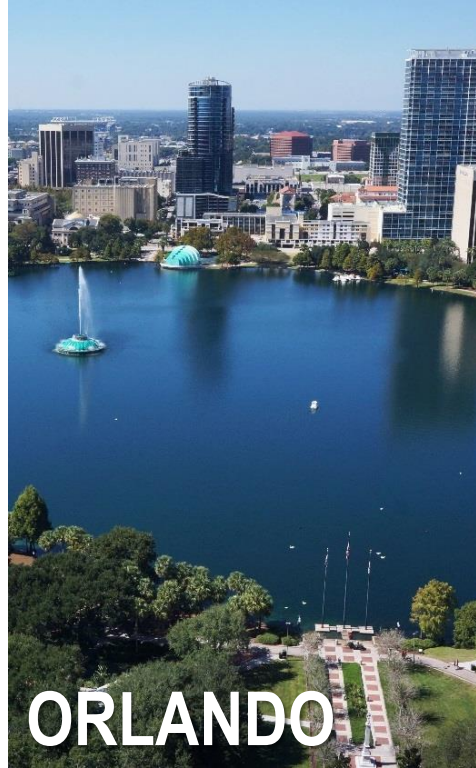
AUSTIN

221 W 6th St
Suite 2030
Austin, TX 78701



LA

11601 Wilshire Blvd
Suite 1650
Los Angeles, CA 90025



ORLANDO

964 Lake Baldwin Ln
Suite 100
Orlando, FL 32814



DC

7200 Wisconsin Ave
Suite 1110
Bethesda, MD 20814

RCLCO
REAL ESTATE ADVISORS