



**DATE:** May 17, 2016

**TO:** Columbia Association Board of Directors

**FROM:** Jane L. Dembner, Director of Planning and Community Affairs

**SUBJECT:** Downtown Columbia Affordable Housing

### **Introduction**

Below is an overview of the proposed legislation related to Downtown Columbia affordable housing. The May 26<sup>th</sup> CA Board work session agenda includes an item on this topic as the Board considers whether to provide guidance to staff on the preparation of testimony for the anticipated mid-June Howard County Council public hearing on the proposed legislation recommended by the Planning Board.

### **Affordable Housing Proposed Legislation for Downtown Columbia**

The Planning Board recently considered and made a recommendations related to changing Howard County’s plan and associated regulations regarding affordable housing in Downtown Columbia. With one modification, the Planning Board, on May 10, 2016, recommended approval of a set of changes known as the Joint Recommendations. These are described below as well as an alternative proposal that was not recommended.

### **Origin of the Need to Change the Affordable Housing Approach**

The need to change the approach to affordable housing for Downtown Columbia was the result of a process that began in 2014 with a recommendation from the Columbia Downtown Housing Corporation (CDHC). CDHC recommended to the County Council that changes were needed to the Downtown Columbia Plan to realize the desired affordable housing units since none had been built. While the adopted plan required developers to pay fees in lieu of building affordable housing and that fund had collected

some \$4.8 million dollars from Howard Research and Development (HRD) to date, the CDHC had not been able to create any affordable housing in Downtown Columbia as they had no land in downtown on which to develop such housing.

In response to the concerns of the CDHC, County Council passed CR 120-2014 requesting the CDHC to recommend any changes believed necessary and appropriate to the County Council and County Executive.

In 2015, the CDHC presented its recommendations and in response, representatives of HRD submitted an analysis of the CDHC's recommendations and presented an alternative means of achieving a full spectrum of housing in Downtown Columbia. Following that, from June through August 2015 representatives of CDHC, HRD, the Howard County Housing Commission, and the County Executive's Office met to modify the recommendations. In September, the four parties presented a draft set of the modified recommendations, commonly referred to as the Joint Recommendations, to the County Council. The County Council then studied the Joint Recommendations' projected impacts through a series of analyses and work sessions between October and November 2015. Following this, the County Executive's Office made some changes and then formally proposed a package of legislation.

### **Joint Recommendations**

The Joint Recommendations envision up to 900 affordable units in Downtown Columbia within a spectrum of very low, low and middle income households. The recommended approach includes four components:

- Downtown Columbia Plan amendment(GPA 2016-03)
- *PlanHoward* 2030 amendments (GPA 2016-03)
- Zoning Regulation Amendment 170 (ZRA-170)
- Development Rights and Responsibilities Agreement (DRRA) petitioned by HRD to Howard County

As summarized in the Department of Planning and Zoning (DPZ) staff report, the key components of the proposed changes to the county's plans encourage the creation of a full spectrum of housing to meet affordable housing needs and add the following implementation tools:

- At least 10% of all downtown dwelling units should be affordable, as defined by Howard County's Moderate Income Housing Unit (MIHU) program. To ensure that affordable housing is created concurrent with market rate housing, the

proposal recommends a minimum amount of affordable dwelling units for each development phase that must be realized before the next phase can begin;

- That the housing trust fund be changed. Currently, a developer is required to make a one-time payment per unit for all residential dwellings. The amendment reflects the intent to modify the requirement so that it only applies to residential units offered for sale. Revenues collected to date shall remain in the fund. Fees for commercial properties will continue to be collected; and,
- The option for developers to propose innovative approaches to exceeding the minimum affordability requirement through a DRRA.

Other changes are outlined below under the subheading “Details of the Joint Recommendations.”

### **Alternative Proposal**

An alternative proposal was put forth by Councilwomen Jen Terrasa. That proposal included a 15 percent MIHU requirement in Downtown Columbia. This is referred to as GPA 2016-02.

### **Planning Board Review and Recommendation**

Both proposals were analyzed by DPZ and referred to the Planning Board for review and recommendation. The Planning Board held two full evenings of testimony and a work session on a third meeting. Following these sessions, the Planning Board recommended approval of the Joint Recommendations including changes to the general plan and the Downtown Columbia Plan. They also recommended approval of Zoning Regulation Amendment 170 (ZRA-170) as amended with the additional recommendation to increase the MIHU requirement from 10 percent to 13 percent with the additional three percent dedicated to households earning between 30 percent and 60 percent of the AMI. The Planning Board also found the proposed DRRA to be in conformance with the General Plan. The Planning Board recommended denial of the alternative proposal.

### **Details of the Joint Recommendations**

#### **Affordable Housing Requirements**

The Joint Recommendations include a recommendation that at least 10 percent of all Downtown Columbia dwelling units are to be affordable as defined by Howard County’s MIHU program. “Affordable housing units” are defined as units restricted not less than 40 years to be available to households that earn less than 80 percent of Howard County Area Median Income (AMI). The 10 percent requirement is consistent with the requirements of the following zoning districts: MXD, RH-ED, R-ED, RSI, POR, CCT, CEF,

RSA-8, R-SC, R-12, R-20, RR, RC, and RA-15. MIHU provisions are contained in the Housing Code. The proposed housing requirements in the Joint Recommendations are consistent with this approach.

To increase the total percentage of affordable housing units in Downtown Columbia beyond this MIHU requirement, accelerate the pace of delivery of affordable units and/or to provide more units to lower income households, a DRRA between HRD and Howard County is also recommended.

### **Density Bonus and Phasing**

The Joint Recommendations also recommend that the Downtown Columbia Plan be amended. Under the proposal, the plan will still include the 5,500 residential units as previously approved. However, this total is proposed to be amended to exempt the affordable housing units. In addition, the overall General Plan for Howard County (of which the Downtown Columbia Plan is a part) is recommended to be changed to address the permitted amount and pace of residential development in Downtown Columbia. The plan's housing allocation chart's 20-year unit total for Downtown Columbia is recommended to be adjusted.

The Joint Recommendations include a recommended modification to the Downtown Columbia Plan's phasing chart to include minimum affordability levels of residential development for each phase through full development and for certain affordability units be built before moving on to a subsequent phase.

### **Zoning Changes**

The zoning regulations are proposed to be change to conform to the plan amendments. Among other items, the recommended zoning changes address residential development limits and parking ratios. Parking requirements for Downtown Columbia currently require 1.65 parking spaces per dwelling unit. The proposed recommendations divide unit types into separate categories and reduce the parking ration for studio and one-bedroom units to 1.3 spaces per unit.

The current zoning regulations exempt MIHUs from maximum height limits and a requirement to provide public art. The proposed zoning changes require buildings containing MIHUs to comply with height limits and to provide public art.

### **Low Income Housing Tax Credit (LIHTC) Projects**

The Joint Recommendations emphasize the role tax credit projects plan in development of affordable housing. Their use in Downtown Columbia would use federal and state resources to help finance affordable housing at specific sites. The recommendations

include five LIHTC projects in Downtown Columbia (a sixth, at the Columbia Flyer Building is outside of Downtown, is not included in the legislative package and is anticipated to be proposed separately).

HRD is responsible for providing the land, financing, or a combination of both to facilitate the development of each of the LIHTC projects. Under the terms of the proposed DCCA, for any LIHTC project developed by HRD, the Housing Commission will be granted a right of first offer to purchase the project after the 15-year tax credit compliance period. The recommendations include 500 units of affordable housing for those households earning up to 50 percent of AMI. Additional Housing Commission-owned market rate LIHTC units are also defined in the recommendations. Those as well as the potential ownership of the affordable units in the future would provide cash flow for the commission to reinvest in affordable housing.

### **Comparison of Joint Recommendations to Alternative Proposal**

The alternative proposal was put forth by Councilwomen Terrasa includes a 15 percent MIHU requirement in Downtown Columbia and would result in a potential of 702 units at full buildout at 40 percent to 80 percent (low to moderate income) AMI levels. Under the Joint Recommendations, the projected number of affordable units would be 900 units at 0 to 80 percent (very low, low and moderate income) AMI levels. The DPZ, in its technical staff report on this proposal, stated that there is “less of a guarantee that the units forecast can be realized, nor would it as effectively meet the affordable housing goals of the Downtown Columbia Plan in terms of unit counts, speed of delivery, full spectrum affordability and other General Plan goals.” The DPZ staff report goes on to state that the Joint Recommendations package “generates a greater number of units across a wider range of incomes.”

The following is a chart from DPZ’s staff report that compares the two affordable housing proposals.

<b>DCP Affordable Housing Amendment Comparison</b>				
Affordable Housing Program	2010 DCP (current law)	GPA 2016-03 Package without the DRRRA	GPA 2016-03 Package with the DRRRA	GPA 2016-02 Package
Initial Fund	•	•	•	•
Ongoing Developer Fees	•	•	•	
Multiple Developers of Affordable Units			•	
Stakeholder Consensus			•	
Provides Land for LIHTC Projects			•	
Provides for Housing Commission Ownership			•	
Imposes Phasing Requirements for Affordable Units			•	
Minimum Affordable Unit Requirement		10%	>10%	15%
Potential Affordable Units*		468	900	702
HC AMI Range		60%	0% - 80%	40% - 80%

*\*Applies minimum requirement across remaining 4,683 units in Downtown Revitalization. Excludes units at the Columbia Flier building.*

The DPZ staff report for the Joint Recommendations (GPA-2016-203) and related zoning amendment and DCCA, as well as the separate staff report for the alternative proposal (GPA-2016-202), are available for review on the Planning Board website under “Past Meetings” at <https://www.howardcountymd.gov/Departments/Planning-and-Zoning/Boards-and-Commissions/Planning-Board>. Use this link to review the proposals, staff reports, meeting videos, and recommendations,