



CITY COUNCIL WORK SESSIONS AGENDA

**Work Session – Comprehensive Housing Strategy / Affordable Housing with County
Council Chair Todd Turner
Council Chambers
25 Crescent Road
Monday, April 15, 2019
8:00 PM**

Work Session Packet - Agenda

- *Introductions*

Todd M. Turner, Chairman, Prince George's County Council

*Estella Alexander, Acting Director, Prince George's County Department of Housing and
Community Development*

Raymond Skinner, Chair, Affordable Housing Commission

Ilsha Harig-Blaine, Manager (Veterans & Special Needs Housing) NLC

- *Council Discussion*

- *Questions and Answers*

- *Other Items*

Comprehensive Housing Strategy - Housing Opportunity for All
[CHS - Housing Opportunity for All-FINAL - Executive Summary.pdf](#)

Comprehensive Housing Strategy Memo
[Comprehensive Housing Strategy Memo.pdf](#)

NLC Local Tools to Address Housing Affordability - A State-by-State Analysis
[SMLReport2019_FINAL_0306_32pgs.pdf](#)

Work Session Minutes
[WS160815.pdf](#)
[WS170612.pdf](#)

City Council Work Sessions Agenda Item Report

Meeting Date: April 15, 2019

Submitted by: Shaniya Lashley-Mullen

Submitting Department: Administration

Item Type: Work Session Item

Agenda Section:

Subject:

Comprehensive Housing Strategy - Housing Opportunity for All

Suggested Action:

Attachments:

[CHS - Housing Opportunity for All-FINAL - Executive Summary.pdf](#)



Experience Community.
Expand Opportunity.
Explore Choice.



COMPREHENSIVE HOUSING STRATEGY ***HOUSING OPPORTUNITY FOR ALL***

Prepared in partnership with Enterprise Community Partners, Inc.

ACKNOWLEDGEMENTS

Housing Opportunity for All, Prince George's County's Comprehensive Housing Strategy (CHS), was prepared in partnership with Enterprise Community Partners, Inc. on behalf of the Prince George's County Department of Housing and Community Development (DHCD), and at the request of County Council. *Housing Opportunity for All* was created through an iterative process that included a variety of community engagement activities, including stakeholder interviews, focus groups, community surveys, feedback from the Advisory Group, and oversight by a Council Ad Hoc Subcommittee.

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* Members of the Ad Hoc Subcommittee

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Eric C. Brown – Former Director
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Maryland Building Industry Association
Maryland Legal Aid
Purple Line Corridor Coalition
Skinner Consulting Services
U.S. Department of Housing and Urban Development
Urban Atlantic
Urban Matters Development
Victory Housing
Volunteers of America

A NOTE ABOUT THE DATA IN THIS DOCUMENT

The analysis in *Housing Opportunity for All* used the most recent and reliable data that was available at the start of this project. Two of its primary data sources were the 2011-2015 American Community Survey and 2010-2014 Comprehensive Housing Affordability Strategy (or CHAS). Data from the 2010-2014 CHAS is based on special tabulations of data in the American Community Survey and provides important insights on housing problems, affordability, and cost-burden that are not readily available from other data sources. Recognizing that conditions continue to change over time, *Housing Opportunity for All* recommends continued measurement and monitoring throughout implementation (cross-cutting action 2.12).





EXECUTIVE SUMMARY

Prince George's County is a place that has attracted families, individuals, and businesses wanting to experience its diverse and connected community, expand their economic opportunities, and explore communities of choice for the past several decades. *Plan 2035*, Prince George's County's General Plan, establishes a clear vision for the future of Prince George's County, recognizing the need to "think holistically and grow sustainably and equitably." Development within the county, especially development of new homes, requires a similar holistic and equitable approach.

This approach is not new to Prince George's County. It has a storied history of housing innovation. For instance, Greenbelt was the first successful cooperatively owned project in the United States. Prince George's County will bring that same level of innovation to its future housing investments.

Housing Opportunity for All, Prince George's County's Comprehensive Housing Strategy, represents the County's 10-year plan to serve the housing needs of all county residents, both current and future, while expanding access to opportunity through housing investments. Implementing *Housing Opportunity for All* will help establish the county as a community of choice in the Washington, D.C. metropolitan region—a place where families and individuals can live, grow and thrive!

Prince George's County will take a dual approach to its housing investments over the next 10 years. First, it will remove regulatory barriers and other hurdles to make development easier across the board. Second, it will use public policy and resources to help produce new housing options, especially for lower income households that the private market may not serve. Together, Prince George's

County, along with its partners, will aim to create an environment that supports housing for all ages, abilities, and incomes.

***Housing Opportunity for All* will achieve three primary goals:**

- **Support existing residents**, including long-time residents, seniors, residents with disabilities, and residents at-risk of displacement.
- **Attract new residents**, including millennials, families, employers, and developers.
- **Build on strategic investments & submarket conditions**, including transit-oriented development (TOD) areas like the Purple Line Corridor, areas around strategic assets and major public investments, and areas designated under the County's Transforming Neighborhoods Initiative (TNI) and federal Opportunity Zones.

To understand the housing needs and conditions shaping our future, Prince George's County conducted a comprehensive analysis of existing conditions and future trends. This effort evaluated existing supply and demand, examined factors of housing affordability and quality, estimated future housing growth, assessed existing programs and tools, and engaged key stakeholders and residents through focus groups, public meetings and surveys to solicit feedback.

FINDINGS RELATED TO SUPPORTING EXISTING RESIDENTS

- **Lack of diverse housing options.** The county's housing stock has not evolved to meet the changing needs of residents. Limited housing options not only affect the County's ability to attract new residents and businesses, but also affect current residents' ability to

stay in the county.

- **Growing market strength.** The long-term trajectory of the county's housing market, namely increases in rents and home values since 2000, suggest that it is gaining strength. While this increased market strength presents opportunities for growth, it has also raised concerns among residents about the risk of gentrification and displacement.
- **Challenges with housing costs.** Many housing consumers cannot find housing that aligns with their earnings, resulting in cost-burdens. While residents recognized and appreciated that the county offered more affordable housing options relative to the region, many reported personally facing challenges with their current housing due to cost.
- **Housing quality concerns.** The county's housing stock is aging, and many households are living with housing problems. Aging housing was a key reason for dissatisfaction with current housing among county residents.

FINDINGS RELATED TO ATTRACTING NEW RESIDENTS

- **Demand for more housing options in neighborhoods with amenities and resources.** The county's current housing stock does not offer a wide range of options to regional housing consumers—rather, it is concentrated in a few price points and building types. Not only is there demand for more price points and building types, but there is also demand for more neighborhoods that offer housing plus amenities, like shopping and transit.
- **Barriers to new development.** There is a misalignment between current County goals for development and market-based perspectives on projected growth. Developers noted a variety of barriers that may be affecting the pace of new development, including some challenges in several areas that the County has prioritized for new development, such as TOD areas and more broadly, areas inside the Beltway.
- **Perception issues.** The county continues to have a perception problem, even as underlying conditions improve. These negative perceptions were raised by a variety of groups, including non-resident in-commuters, developers, business leaders, seniors, and residents of market-rate housing.
- **Regional affordability as an asset.** Overall, the county is commanding lower rents and home values than its

neighbors. However, there is a disconnect between current residents' understanding of affordability as an asset and outside perceptions.

FINDINGS RELATED TO BUILDING ON STRATEGIC INVESTMENTS AND SUBMARKET CONDITIONS

- **Varied submarket conditions.** There is significant variation in both the housing supply and access to opportunity across the county's submarkets. Pathways to opportunity vary greatly throughout the county—the closer you get to the District, the stronger the access to jobs, goods, and services. Meanwhile, the more rural you get, the stronger the environmental quality. Social capital and cohesion and quality of community institutions is strongest in the suburban subarea, followed by the rural subarea and then the urban subarea.
- **Strategic investment and TOD areas.** Areas around strategic public investments, including TOD areas, throughout the county have seen uneven levels of private market activity. Residents value the types of amenities and resources that are around these strategic public investments.



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Housing Opportunity for All is our roadmap to address these findings and establish Prince George's County as a community of choice. It outlines a *two-pronged approach* to increase the County's capacity and target current and future resources to address specific housing needs and market conditions.

1. CROSS-CUTTING STRATEGIES AND RELATED ACTIONS WILL EXPAND HOUSING POLICIES TO:

1) better support new and existing residents; 2) promote collaboration; and 3) increase resources for implementation.

- **Cross-cutting Strategy #1: Enhance policies and incentives to promote housing development and preservation throughout the county.** This strategy creates a more supportive environment for housing development and offers additional tools to help stabilize vulnerable residents.
- **Cross-cutting Strategy #2: Increase collaboration, coordination, and transparency.** This strategy expands partnerships, improves coordination, and increases transparency on priorities and process, which will put the County in a better position to respond to changing market conditions and resident needs.
- **Cross-cutting Strategy #3: Expand funding and diversify financing mechanisms to increase development and other housing opportunities.** This strategy expands existing funding and financing to support additional housing development, attract a broader array of developers, protect and improve existing properties, and provide financial assistance. Additional resources will also allow the County to better leverage the private and philanthropic sectors in support of these housing strategies.

2. TARGETED STRATEGIES AND RELATED ACTIONS DIRECTLY RESPOND TO THREE KEY HOUSING MARKET CONDITIONS:

1) lack of diverse housing options; 2) ongoing need to preserve affordability and quality of housing in a rapidly changing regional market; and 3) need for comprehensive investment to spur economic opportunity in key areas.

- **Targeted Strategy #1: Encourage new, context-sensitive development that expands housing types to serve the county's diverse population and distinct geographic character.** This strategy "right-sizes" housing investments to meet the needs of

Prince George's County's diverse population, made up of seniors, families, and households of different races and ethnicities. It recognizes that a wider range of housing opportunities could be used to attract new residents, along with new employers or other business opportunities, to the county. It also accounts for the unique urban, suburban, and rural character of Prince George's County by ensuring that new housing opportunities complement the area in which they are built.

- **Targeted Strategy #2: Improve the quality of the county's existing housing supply, including older homes and income-restricted properties, and help keep housing costs low to stabilize residents at-risk of displacement.** This strategy helps keep county residents who are facing higher housing costs, especially seniors and those living near the Purple Line or other strategic investments, in their homes by lowering their housing costs or protecting income-restricted units. It also seeks to improve the quality of properties, particularly older homes, throughout the county to ensure they remain in good condition and residents can continue to live in them.
- **Targeted Strategy #3: Use new housing development and coordinated public investments to build stronger economic opportunity and revitalize neighborhoods.** This strategy will focus on leveraging housing development to provide additional neighborhood-level benefits. Building on new and existing delivery models, these investments may include improving educational and employment opportunities, upgrading infrastructure, and adding new health services, retail shopping, or parks.

Implementation requires change, expanded tools, resources, and new partnerships. *Housing Opportunity for All* incorporates strategies and actions to address all housing needs, across all income levels, ages, and abilities, and accounts for neighborhood-level conditions to inform housing investments that increase access to opportunity.

Housing Opportunity for All builds and leverages increased coordination and capacity across County departments and expanded partnerships with local and regional partners, to support implementation. It guides 48 actions over the short- (years 1-3), medium- (years 4-7), and long-term (years 8-10) to leverage increased capacity and build on past efforts.

Housing Opportunity for All includes several new or expanded policies, programs, funding, and financing tools, many of which require executive and legislative leadership. One of the most important actions in *Housing Opportunity for All* is the expansion of Prince George's County Housing Investment Trust Fund. In addition to increasing the overall funding available through the Housing Investment Trust Fund, this expansion will allow the HITF to be used for a broader range of activities, like rehabilitation, acquisition, and services. The County will also seek to maximize its existing resources to meet the goals in *Housing Opportunity for All*. For instance, it will increase its use of project-based vouchers through its Moderate Rehabilitation Program and its ability to serve aging residents and improve housing quality and safety through its Housing Rehabilitation Assistance Program (HRAP).

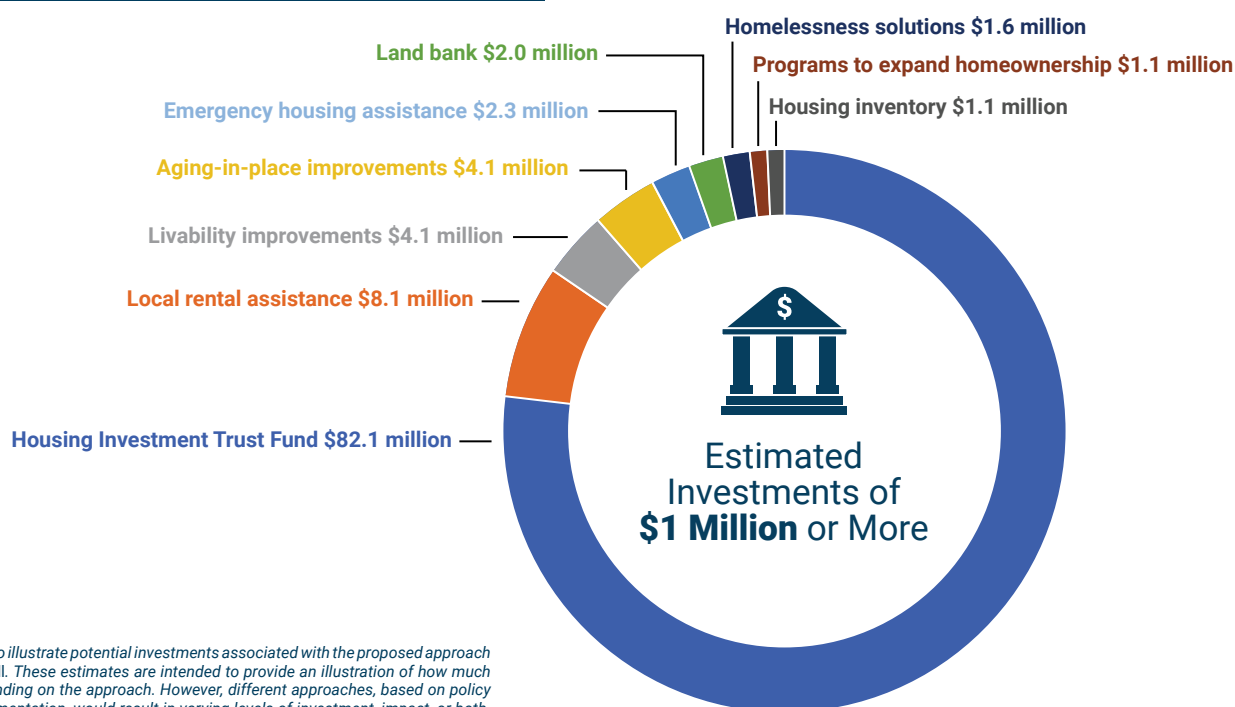
Other major policy initiatives aim to streamline development and diversify the county's housing supply. *Housing Opportunity for All* relies on the County's continued effort to modernize its zoning code to achieve many of its actions. It also proposes the County pursue inclusionary zoning in a targeted way, allow accessory dwelling units as a legal use, and offer expedited permitting for mixed-income

development as additional steps to make development easier and help achieve the County's broader growth management goals.

Housing Opportunity for All requires a significant commitment—both in terms of time and in terms of resources. Many of the new or expanded tools proposed within *Housing Opportunity for All* will require direct investment of new or expanded funding. The exhibit below provides an illustration of the larger investments that could be made through *Housing Opportunity for All*. The largest investment would be to increase the rental housing supply, among other activities, through an expanded Housing Investment Trust Fund. Other significant investments mirror the new or expanded actions in *Housing Opportunity for All*, including funding to provide livability improvements to seniors' homes and emergency assistance for households experiencing a housing crisis, like an unexpected lease termination or foreclosure.

Providing high-quality and diverse housing options for county residents is no longer a consideration. Instead, it is a prerequisite for maintaining and improving quality-of-life of existing residents, attracting new ones, and sustaining economic vitality.

ESTIMATED INVESTMENTS FOR ACTIONS WITH DIRECT COSTS (for illustration purposes)



Note: This exhibit is intended to illustrate potential investments associated with the proposed approach in Housing Opportunity for All. These estimates are intended to provide an illustration of how much each action could cost, depending on the approach. However, different approaches, based on policy decisions made during implementation, would result in varying levels of investment, impact, or both.

City Council Work Sessions Agenda Item Report

Meeting Date: April 15, 2019

Submitted by: Bonita Anderson

Submitting Department: Administration

Item Type: Work Session Item

Agenda Section:

Subject:

Comprehensive Housing Strategy Memo

Suggested Action:

Attachments:

[Comprehensive Housing Strategy Memo.pdf](#)

City of Greenbelt, Maryland

Memorandum

TO: Nicole Ard, City Manager

FROM: Molly Porter, Community Planner I

VIA: Terri Hruby, Director of Planning and Community Development

Date: April 5, 2019

SUBJECT: Prince George's County Comprehensive Housing Strategy

Background:

In March, 2019 a County Comprehensive Housing Strategy (CHS) Report, titled "*Housing Opportunity for All*" was finalized after a two-year process. This report outlines a ten-year plan to serve the housing needs of all county residents, both current and future, while expanding opportunity through housing investments. A Housing Opportunities for All Workgroup was established on April 2, 2019 to assist the County in setting priorities and implementing the CHS Report.

The CHS Report, including the goals and strategies, resulted from a comprehensive analysis of existing and future housing trends completed in coordination with Enterprise Community Partners. This analysis included evaluating existing supply and demand, examining factors of housing affordability and quality, estimating future housing growth, assessing existing programs and tools, and engaging key stakeholders and residents through focus groups, public meetings, and surveys to solicit feedback. The findings from this analysis included that there is demand for more housing options in neighborhoods with amenities and resources, regional affordability is an asset, and there is growing market strength.

Representatives from Enterprise Community Partners noted at an October 2018 presentation that the most common topics raised at public meetings were accessibility, both within the home and the ease in which residents can get to where they need to go, affordability of housing, and the safety and quality of homes.

The three (3) primary goals of the CHS Report, which resulted from the comprehensive analysis, are as follows:

- **Support existing residents**, including long-time residents, seniors, residents with disabilities, and residents at-risk of displacement
- **Attract new residents**, including millennials, families, employers, and developers

- **Build on strategic investments & submarket conditions**, including transit oriented development (TOD) areas like the Purple Line Corridor, areas around strategic assets and major public investments, and areas designated under the County’s Transforming Neighborhood Initiative (TNI) and federal Opportunity Zones

The goals of this housing strategy will be addressed using both cross-cutting strategies and targeted strategies. Cross-cutting strategies and related actions respond to three (3) key capacity limitations: limited policy tools to promote development and support residents, limited collaboration and coordination across departments and programs, and limited funding and financing mechanisms to support implementation.

- **Cross-Cutting Strategy #1:** Enhance policies and incentives to promote housing development and preservation throughout the county.
- **Cross-Cutting Strategy #2:** Increase collaboration, coordination, and transparency.
- **Cross Cutting Strategy #3:** Expand funding and diversify financing mechanisms to increase development and other housing opportunities.

The targeted strategies and related actions directly respond to three (3) key housing market conditions: a lack of diverse housing options, ongoing need to preserve affordability and quality of housing in a rapidly changing regional market, and a need for comprehensive investment to spur economic opportunity in key areas.

- **Targeted Strategy #1:** Encourage new, context-sensitive development that expands housing types to serve the county’s diverse population and distinct geographic character.
- **Targeted Strategy #2:** Improve the quality of the county’s existing housing supply, including older homes and income-restricted properties, and help keep housing costs low to stabilize residents at risk of displacement
- **Targeted Strategy #3:** Use new housing development and coordinated public investments to build stronger economic opportunity and revitalize neighborhoods

The report includes a list of corresponding actions for every strategy item and a detailed explanation of each action including how the action will be implemented, who will be involved in the implementation and the timeline for implementation. Many of the actions and strategies in the report will be implemented countywide, others will be targeted towards specific housing market conditions or neighborhood level conditions to maximize the impact. Maps that display these conditions throughout the county and their relationship to the targeted actions are included in Appendix A.

The CHS Report also identifies ten (10) key actions for the implementation of “*Housing Opportunity for All*”. These actions are listed below and highlight the key priorities of the housing strategy:

- Establish a targeted inclusionary housing program

- Increase the County’s Housing Investment Trust Fund (HITF)
- Create stronger local tenant protections
- Adopt zoning changes that support a range of housing types
- Allow property owners to build accessory dwelling units
- Use public and underused assets for new homes
- Reduce barriers for residents trying to find or stay in income-restricted housing
- Increase resources for households experiencing a housing crisis, like foreclosure or eviction
- Use untapped federal resources like Section 108 to support more mixed-income, mixed-use developments
- Create a land bank to support redevelopment of abandoned residential properties

Staff Review of CHS Report

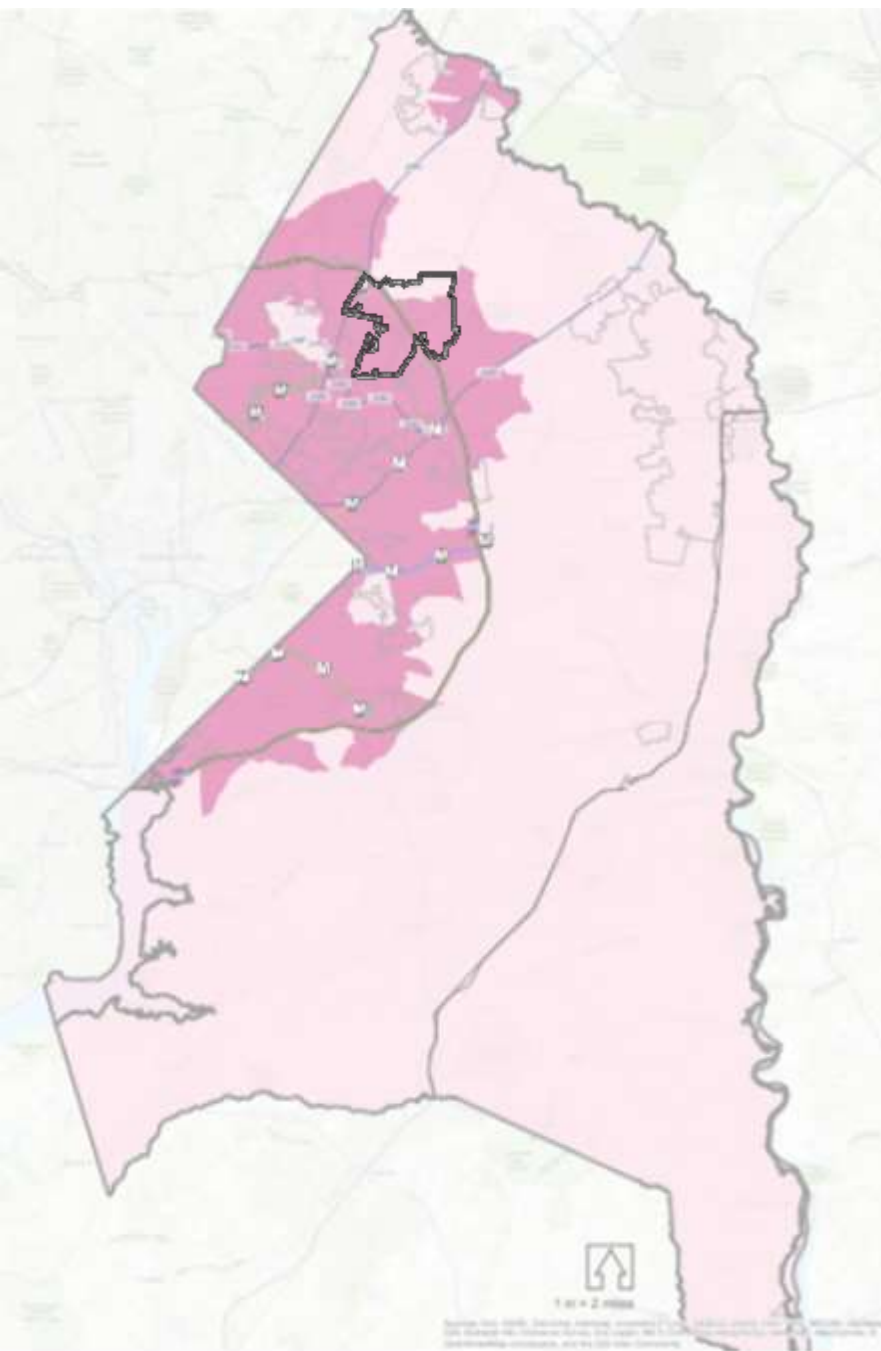
Staff attended a presentation of the draft CHS Report on October 9, 2018 and has since reviewed the final report document. Staff found that the strategies and goals included in the report align with the Council’s stated housing goals such as, supporting affordable housing development, inclusionary housing requirements, and aging in place programs and policies.

The report highlights the importance of the development of affordable housing and mixed-income developments. Inclusionary housing requirements are one way that the report aims to increase the development of affordable housing. These requirements, however, will not be implemented countywide. The report states that, “areas with stronger access to opportunity, areas with stronger housing market conditions, areas experiencing growth, and TOD areas” may be good candidates to study in more detail for the implementation of inclusionary housing requirements.

The identification of submarkets that could support inclusionary housing requirements and developing those requirements are included in the Year 1 Implementation Checklist. Staff will closely monitor this study for impacts on the City. Related to increasing the development of affordable housing, on a countywide level, the CHS Report proposes streamlining the Department of Permitting, Inspections, and Enforcement’s (DPIE) development and permitting review process for development with a certain share of units set-aside for low-income households.

There are a variety of other actions in the report that support the Council’s stated goals, including adopting a universal design policy that would ensure accessibility is a primary feature in all homes in Prince George’s County, supporting green building standards in coordination with the zoning rewrite, and implementing a comprehensive approach to support aging in place. As the County works to implement the actions and strategies included in the report, staff will continue to comment on the actions and their impact on the City.

Appendix A



Actions in Areas with Stronger Access to Jobs, Goods and Services

C 1.1 Modify public land disposition process to advance CHS goals.

T 1.3 Build more mixed-use and mixed-income developments

T 1.5 Target underused or obsolete properties for new housing production

T 1.6 Create additional resources to make it easier for persons with disabilities to find and stay in a home

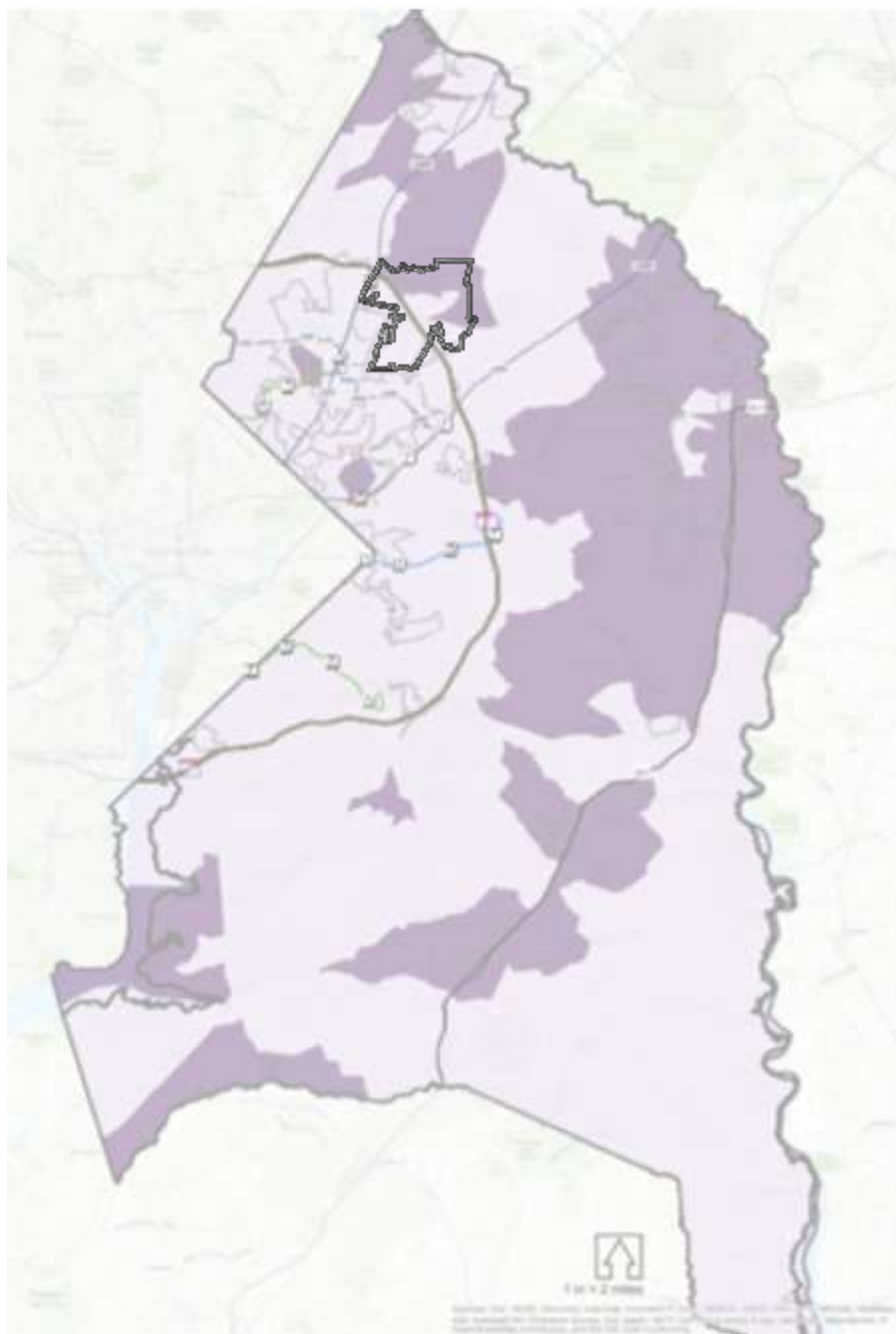
T 1.7 Implement a comprehensive approach to support elderly households aging in place

T 1.8 Explore innovative, low-cost housing solutions to serve persons experiencing homelessness

T 2.6 Strengthen the County's and partners' ability to purchase affordable rental properties at risk of converting to market-rate housing (i.e., right-of-first refusal provisions)

T 3.3 Engage major employers and anchor institutions to initiate place-based investments that increase access to opportunity

T 3.7 Leverage project-based vouchers to promote mixed-income projects and allocate funding sources for a local rental assistance program



Actions in Areas with Stronger Social Capital

C 1.1 Modify public land disposition process to advance CHS goals.

T 1.5 Target underused or obsolete properties for new housing production

T 2.6 Strengthen the County's and partners' ability to purchase affordable rental properties at risk of converting to market-rate housing (i.e., right-of-first refusal provisions)

T 2.8 Expand existing programs and financing tools to increase access to homeownership

T 3.7 Leverage project-based vouchers to promote mixed-income projects and allocate funding sources for a local rental assistance program

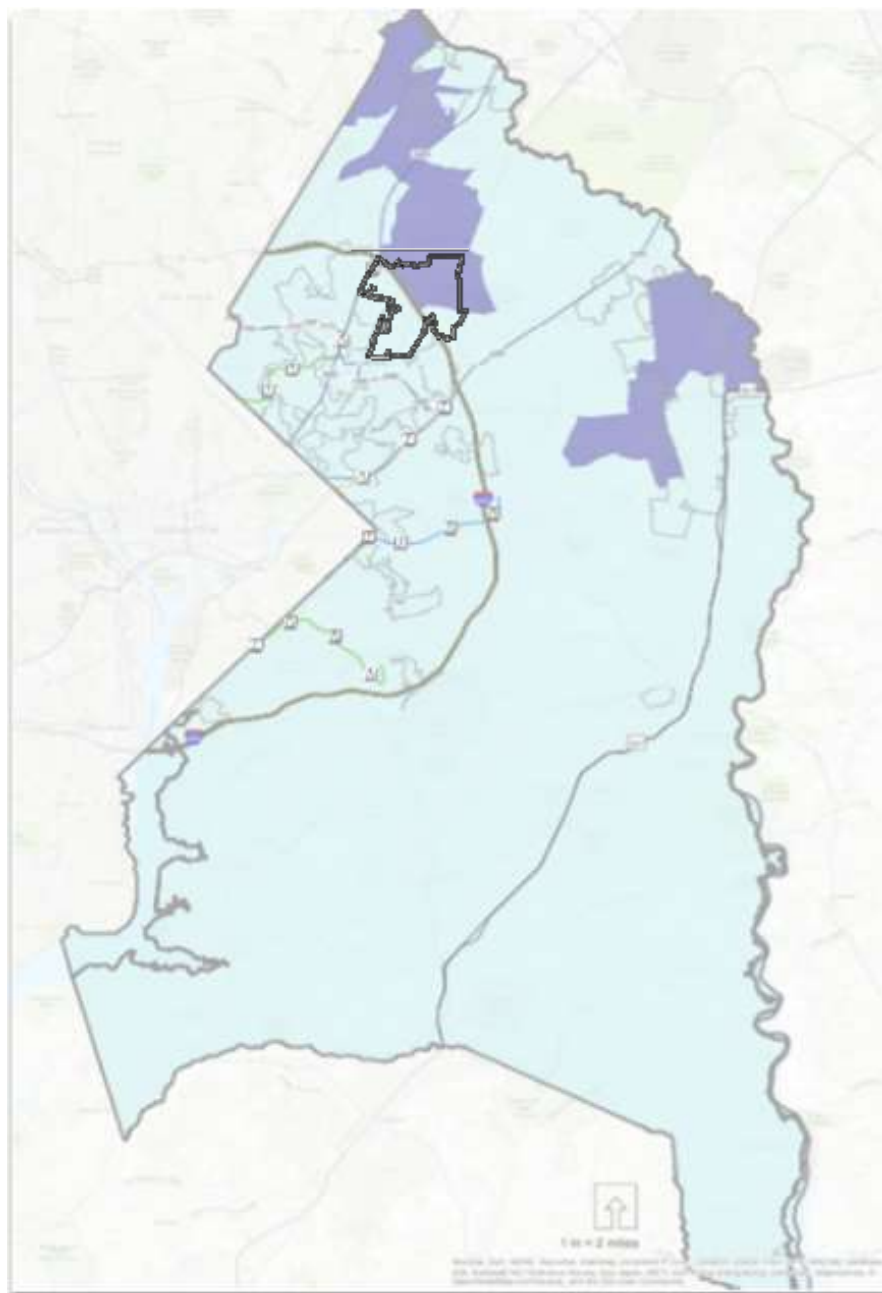
Actions in Areas with Weaker Social Capital

T 3.2 Create a land bank to support redevelopment of abandoned residential properties (or expand powers granted to the Redevelopment Authority to provide the same function)

T 3.3 Engage major employers and anchor institutions to initiate place-based investments that increase access to opportunity

T 3.4 Use local economic development funding to create economic opportunities in tandem with housing development, including supporting economic development projects that include housing

T 3.5 Use placemaking to cultivate and celebrate neighborhood identity



Actions in Areas with Stronger Community Institutions

C 1.1 Modify public land disposition process to advance CHS goals

T 1.2 Align the County's HITF and other development solicitations for public funding to support CHS goals and actions

T 1.4 Identify opportunities for new housing development on publicly owned land (including infill sites and brownfields).

T 1.5 Target underused or obsolete properties for new housing production

T 1.8 Explore innovative, low-cost housing solutions to serve persons experiencing homelessness

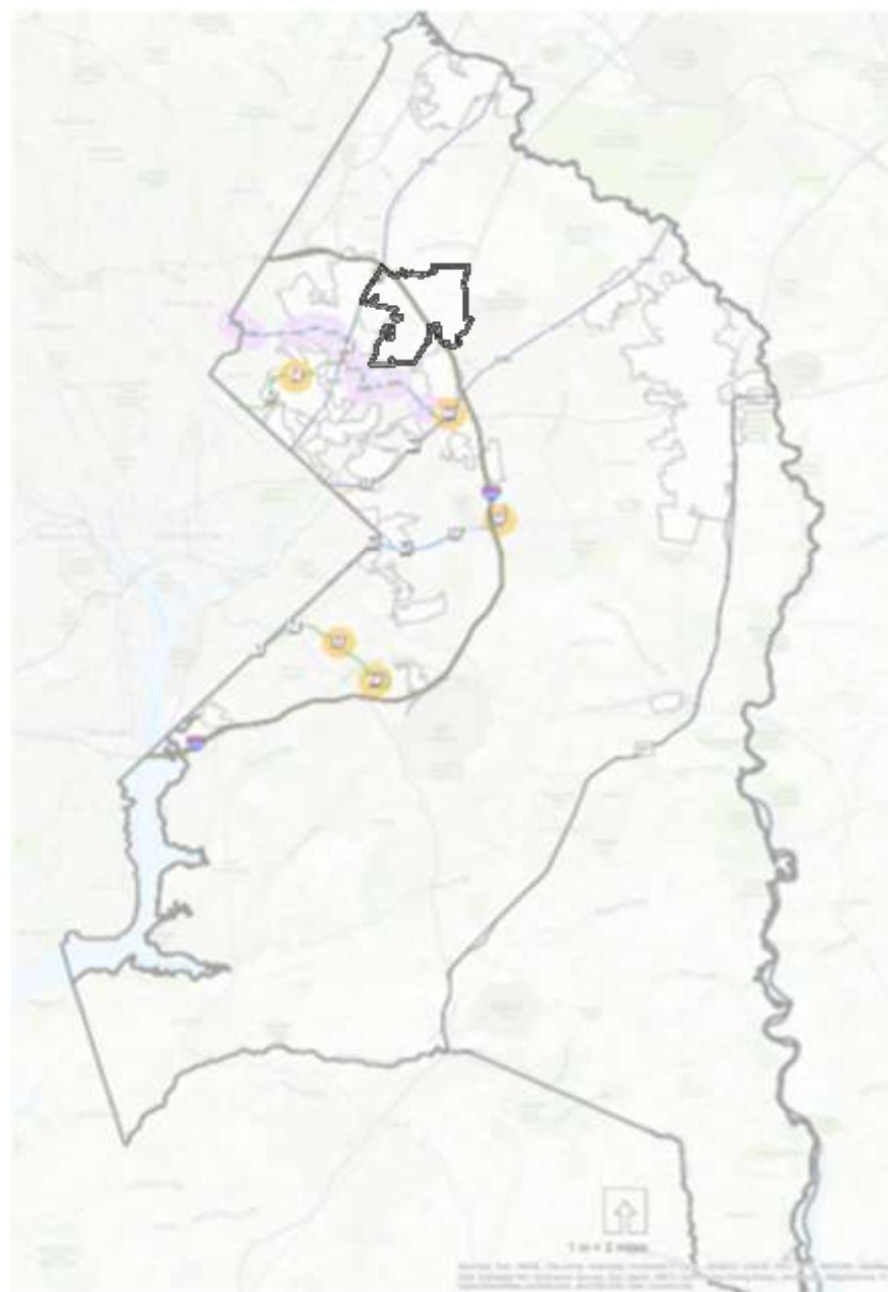
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Actions in Areas with Weaker Community Institutions

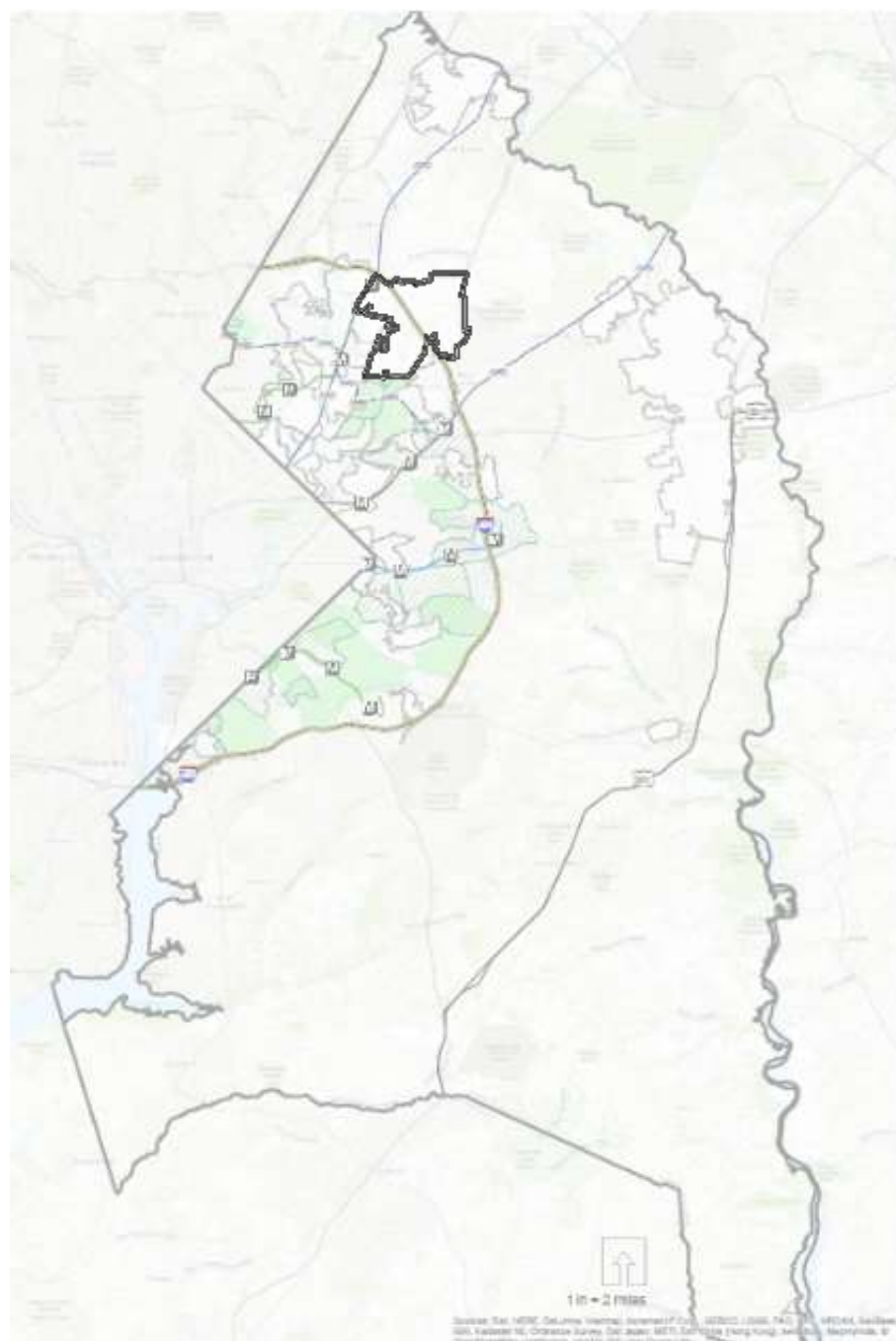
T 3.3 Engage major employers and anchor institutions to initiate place-based investments that increase access to opportunity



- PRIORITY TOD AREAS
- PURPLE LINE STATION AREAS
- MUNICIPAL BOUNDARIES

Actions in TOD Areas	
C 1.1	Modify public land disposition process to advance CHS goals
C 1.5	Establish stronger, market-informed inclusionary housing requirements
T 1.1	Support proposed zoning changes that expand and encourage “missing middle” and other diverse housing types
T 1.3	Build more mixed-use and mixed-income developments
T 1.4	Identify opportunities for new housing development on publicly-owned land (including infill sites and brownfields)
T 1.5	Target underused or obsolete properties for new housing production
T 2.2	Use value capture to reinvest in neighborhoods experiencing increased private investment
T 2.3	Stabilize residents through anti-displacement programs
T 2.6	Strengthen the County’s and partners’ ability to purchase affordable rental properties at risk of converting to market-rate housing (i.e., right-of-first refusal provisions)

Actions in Areas Near the Purple Line Corridor	
C 1.1	Modify public land disposition process to advance CHS goals
C 1.5	Establish stronger, market-informed inclusionary housing requirements
T 2.2	Use value capture to reinvest in neighborhoods experiencing increased private investment
T 2.3	Stabilize residents through anti-displacement programs
T 2.6	Strengthen the County’s and partners’ ability to purchase affordable rental properties at risk of converting to market-rate housing (i.e., right-of-first refusal provisions)



Actions in Opportunity Zones
T 1.5 Target underused or obsolete properties for new housing production
T 2.2 Use value capture to reinvest in neighborhoods experiencing increased private investment
T 3.3 Engage major employers and anchor institutions to initiate place-based investments that increase access to opportunity

Actions in TNI Areas
T 2.1 Encourage developers to use PACE financing to make comprehensive energy efficiency upgrades to older properties
T 2.5 Target resources, like code enforcement and funding for rehabilitation, to improve the livability of existing homes
T 3.1 Undertake or build on existing neighborhood planning efforts and other community-based processes to identify projects that directly address residents' interests
T 3.2 Create a land bank to support redevelopment of abandoned residential properties (or expand powers granted to the Redevelopment Authority to provide the same function)
T 3.5 Use placemaking to cultivate and celebrate neighborhood identity
T 3.6 Coordinate targeted public investments with housing activities or other revitalization activities

City Council Work Sessions Agenda Item Report

Meeting Date: April 15, 2019

Submitted by: Bonita Anderson

Submitting Department: Administration

Item Type: Work Session Item

Agenda Section:

Subject:

NLC Local Tools to Address Housing Affordability - A State-by-State Analysis

Suggested Action:

Attachments:

[SMLReport2019_FINAL_0306_32pgs.pdf](#)



CENTER FOR CITY SOLUTIONS



Local Tools to Address Housing Affordability

A STATE-BY-STATE ANALYSIS



CENTER FOR CITY SOLUTIONS

About the National League of Cities

The National League of Cities (NLC) is the nation's leading advocacy organization devoted to strengthening and promoting cities as centers of opportunity, leadership and governance. Through its membership and partnerships with state municipal leagues, NLC serves as a resource and advocate for more than 19,000 cities and towns and more than 218 million Americans. NLC's Center for City Solutions provides research and analysis on key topics and trends important to cities and creative solutions to improve the quality of life in communities.

Authors

Christiana K. McFarland, Research Director of NLC's Center for City Solutions

Kyle Funk, Research Assistant for Urban Innovation, Center for City Solutions

Rose Kim, Research Associate, Center for City Solutions

Domenick Lasorsa, Associate for Housing, Veterans and Special Needs,
Center for City Solutions

Brenna Rivett, Principal Research Associate, Center for City Solutions

About the Report

This report is the fifth project outcome of a research collaborative between NLC and the state municipal leagues. We are grateful for the guidance, data verification and housing affordability narratives they provided.

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Foreword

There is a simple truth that connects every person in every city, town and village across America: They want a safe, affordable place to call home. A place to raise their families, enjoy meals with friends and rest their heads at night. But for too many people across the country, that vision of home is not accessible, affordable, or in many cases, available. That is why the National League of Cities (NLC) has made it a priority to support local leaders' efforts to identify and implement local housing solutions.

Local Tools to Address Housing Affordability: A State-by-State Analysis is an important part of that work. Developed and published in collaboration with the 49 state municipal leagues, the report provides an in-depth look at the interplay of state policies and local housing markets. While no two communities face the exact same set of challenges, we can see the varied impact of policies through this research.

This report complements NLC's broad focus on housing, which includes the development of resources and best practices, on-the-ground technical assistance, and advocacy

at the federal level. In late 2018, NLC further expanded its housing work through the creation of a national housing task force comprised of mayors and councilmembers from 20 states as well as two state municipal league leaders. The task force will publish recommendations to help communities respond to the growing challenges of housing availability, affordability, investment and quality in June 2019.

Local leaders are unified in their call to improve housing opportunities for all — because every person not only wants a place to call home, they deserve it. I look forward to NLC's continued partnership with the state leagues to provide in-depth research, uplift effective solutions, and build a stronger America from the ground up.



Clarence E. Anthony
CEO and Executive Director, NLC

An aerial photograph of a suburban residential neighborhood, featuring rows of houses with gabled roofs and driveways. The entire image is covered with a semi-transparent blue filter. In the center, there is a large white quotation mark icon.

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Local leaders are unified in their call to improve housing opportunities for all — because every person not only wants a place to call home, they deserve it.

Introduction

Nearly all communities in the United States struggle with housing affordability, no matter their size, level of prosperity or growth pressures. Some cities seek to provide enough housing for all incomes by preserving existing affordable housing units and creating new ones. Others focus on preventing poor housing conditions and housing displacement. Still others concentrate on helping households access and afford private-market housing or connecting housing strategies to employment, mobility and health initiatives.

Given the diverse landscape of housing affordability, cities must build and maintain the proper tools and flexibility to meet the needs of their residents. To that end, cities have implemented solutions such as inclusionary housing, rent control, fair housing and housing trust funds. They have also leveraged programs like their states' tax incentive programs to expand housing affordability and access.

This report explores how states and cities interact in each of these policy areas, and details cities' implementation authority. We collected data for each policy from existing research, state legislation and relevant court decisions. State municipal leagues then confirmed the data for their states to ensure timeliness and accuracy.

In summary, our assessment of all 50 states and the District of Columbia finds that:

- Cities in 20 states and the District of Columbia are expressly permitted or face no legal barriers to **inclusionary housing**

- Cities in 13 states and the District of Columbia are permitted, have some barriers, or have limited control to implement **rent control**
- Cities in 25 states and the District of Columbia have either state law protections or local protections for those using **housing vouchers** as a source of income
- Cities in 35 states and the District of Columbia have established **housing trust funds**

Several key factors have influenced the city-state relationship in housing policy, including Dillon's Rule vs. Home Rule status and emerging issues over local control, which are discussed below.

Dillon's Rule vs. Home Rule

The U.S. Constitution does not mention local governments. Instead, the 10th Amendment provides authority-giving powers to the states. The fact that states decide the level of power their local governments have has led to a great deal of diversity in state-local relations between and within states. States take on one of two approaches, providing either narrow (Dillon's Rule) or broad (home rule) governing authority, defined in the state constitution and/or by statute enacted by the legislature.

Cities in Dillon's Rule states do not have authority to control their local government structures or their methods of financing activities or procedures. These cities must also defer to the state to make and implement policy, unless it is expressly authorized. Cities with home rule, on the other hand, have much more autonomy. The state interferes in local

This radial graphic shows city authority to implement common housing strategies*

This radial graphic shows city authority to implement common housing strategies*



affairs only on a limited basis. Home rule states often delegate power to cities, but that power can be limited to specific fields and subject to constant judicial interpretation.

In this report, we parse out the impact of Dillon's Rule vs. Home Rule on cities' ability to establish housing policies. For example, we identify what happens when cities face legal barriers to inclusionary housing policy due to Dillon's Rule status when no state statute exists to authorize local inclusionary housing measures.

Local Control

Greater local control is often at the heart of policies that accelerate progress, expand rights, build strong economies and promote innovation. However, there are examples, particularly in the affordable housing policy arena, in which state policy is needed to make progress for everyone.

In some cases, significant community backlash against proposals to increase the supply of affordable housing has led to a standstill on the issue. This has prompted states to limit, or preempt, cities' decision-making powers related to land use and housing. This dynamic has played out most recently in California on mandates for cities to increase density around transit stations, and currently in Washington state on accessory dwelling units.

Given the scale of the housing problem and the need to incorporate local strategies that work best for particular circumstances, some states have established a minimum set of flexible requirements for cities, also known as "floors."¹

For example, this year, cities in the state of Utah worked with the state legislature and state Commission on Housing Affordability on Senate Bill 34 (SB 34). The purpose of this bill is to increase housing options for a broad spectrum of income levels in high population growth areas and to promote regional integration of housing and transportation.² SB 34 leverages the most powerful housing affordability key that cities hold — planning, and mandates that cities include a moderate income housing component in local general plans in order to be eligible for state transportation dollars. Informed by cities across the state, the bill provides a menu of 22 options for how cities can approach the mandate in ways that allow for local flexibility. According to the Utah League of Cities and Towns, the bill ensures that policy leaders "think regionally, act locally" when addressing pressing housing needs in the state.

Another example of a floor preemption is local fair housing laws. Federal government and many state governments have established laws to protect individuals and families from housing discrimination. These laws identify a minimum set, or "floor," of protected groups defined by race, gender, disability and other characteristics. Many states also permit their cities to enact local fair housing laws to protect additional classes, such as those on public assistance.

Throughout the country, the tools available to cities to ensure a diverse mix of housing options vary. This report helps city and state leaders better understand their housing policy context in relation to others and illuminates opportunities for expanding the policy tools available for leadership to improve housing availability for all residents.



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Given the diverse landscape of housing affordability, cities must build and maintain the proper tools and flexibility to meet the needs of their residents.

Inclusionary Housing Policy



Inclusionary housing policies, often referred to as “inclusionary zoning,” are programs at the state and municipal level that require or incentivize the development of affordable housing alongside market-rate units. These policies can either be voluntary or mandatory, based on the state or city. Mandatory inclusionary housing programs require developers to include affordable units in their building plans in order to obtain development rights. In voluntary programs, developers earn incentives like tax breaks and density bonuses, in exchange for including units for sale or rent below-market rate.

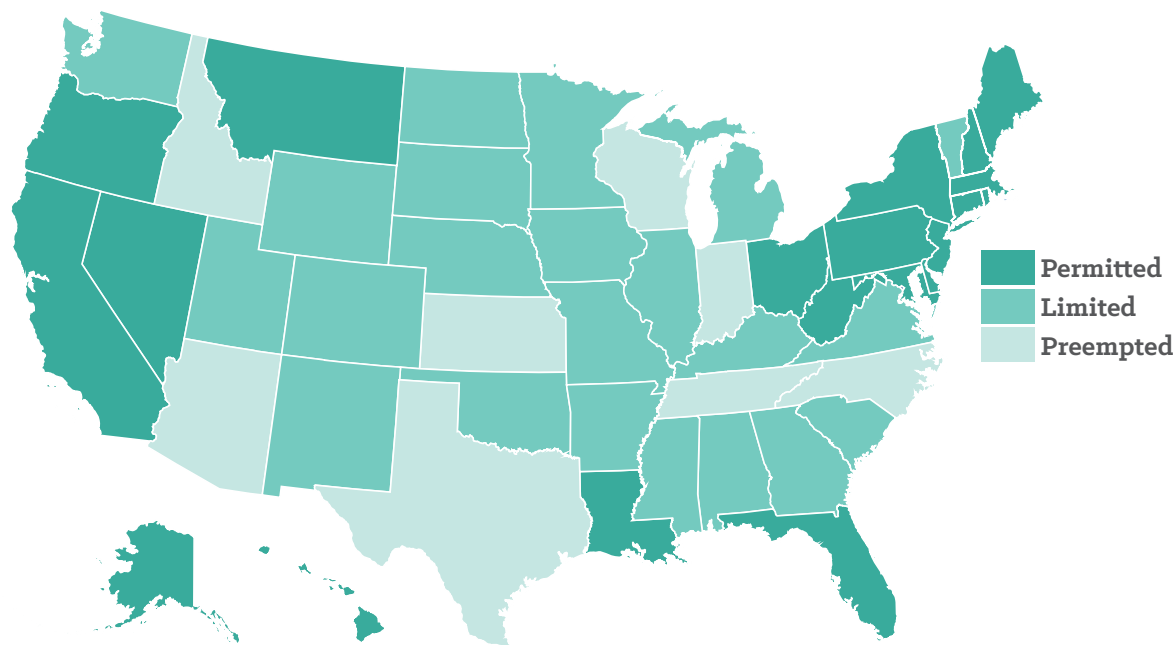
State and local governments have employed inclusionary housing policies since the 1970s, creating and expanding the availability of below-market rate units and a variety of programs in more than 800 U.S. cities.³ Evidence suggests that mandatory inclusionary zoning programs generate greater benefits, like

expanding the supply of affordable housing. Evidence also suggests that voluntary programs only work if they offer substantial subsidies to developers.⁴

Given the significance and breadth of inclusionary housing policies, we assessed city-level authority to implement these policies based on the related legal framework developed by the National Low-Income Housing Coalition and Grounded Solutions Network:

- **Permitted** (20 states and the District of Columbia): Cities in these states are either expressly permitted to create all forms of inclusionary housing policy or have home rule with no state restrictions on local inclusive housing.
- **Limited** (22 states): These states impose either limitations on city inclusionary housing policies or legal barriers to implementing

Inclusionary Housing



Source: National League of Cities

inclusionary housing policies, particularly mandatory programs.

Preempted (8 states): Cities in these states are expressly prohibited from enacting local inclusionary housing measures.⁵

Of the 20 cities in “permitted” states, 10 are explicitly permitted or mandated by legislation to adopt some form of inclusionary housing (California, Connecticut, Florida, Louisiana, Maryland, Massachusetts, Nevada, New Hampshire, Oregon, Rhode Island and the District of Columbia). In each of these cases, all forms of inclusionary housing policy are allowed at the municipal level.

In California, cities can “require, as a condition of the development of residential rental units, that the development include a certain percentage of residential rental units affordable

to, and occupied by, households with incomes that do not exceed the limits for moderate-income, lower income, very low income, or extremely low income.”⁶ This allows for cities to then choose to implement inclusionary zoning policy as they see fit. For example, Davis, CA has a straightforward mandatory zoning policy. The program requires that developers set aside between 25 and 35 percent of any new rental development and between 10 and 25 percent of owner-occupied development. The income thresholds for rental units are 80 percent and below area median income and 120 percent and below for owner occupied.⁷ They have also created two alternatives to building units: a fee in-lieu of unit creation or land dedication.

Cities in 10 of the “permitted” states face no legal barriers to inclusionary housing. These include Alaska, Delaware, Hawaii, Maine, Montana, New Jersey, New York, Ohio, Pennsylvania

and West Virginia. Cities in these states have home rule authority, which grants them the power to pass laws and govern themselves. In these states, at least one city has implemented a mandatory inclusionary housing policy.

Cities in 22 states are “limited” in their ability to create inclusionary housing policy due to legal barriers. Cities in limited states are either governed by Dillon’s Rule with no state statute expressly authorizing inclusionary housing measures, or state law prohibits rent control. In rent control cases, courts have interpreted prohibition on rent control as a de facto ban on inclusionary housing programs that require the development of affordable rental units. Mandatory inclusionary housing forces a rental price on units for developers, thus breaching the prohibition on rent control. For example, North Carolina has a state prohibition on rent control that has made it difficult for cities to enact mandatory inclusionary policies for rental housing. Three North Carolina cities have enacted mandatory programs, but all have been sued and settled before going to trial.⁸

On the other hand, there are instances in which states have a legal barrier, like rent control preemption, but make allowances to let cities circumvent the limitation in order to implement inclusionary housing under certain circumstances. For example, the state

of Minnesota prohibits cities from enacting rent control policies but allows cities to establish sales prices or rents for affordable housing for low- and moderate-income households. It also includes equity sharing to maintain the long-term affordability of the affordable units.⁹ These provisions make it possible for inclusionary housing policy but limit it to projects receiving public subsidy or a zoning change.

Eight states (Arizona, Idaho, Indiana, Kansas, Tennessee, Texas, Virginia and Wisconsin) fall into the category of “preempting” cities from enacting inclusionary housing, where at least some form of inclusionary housing is strictly prohibited for both ownership and rental housing, either by statute or by court decision. Many preempt mandatory local inclusionary housing policies but allow voluntary programs. In Indiana, the state prohibits municipalities from requiring developers to follow any requirement that would control rental or purchase prices, and they may not establish it in lieu of a fee.¹⁰ Some states permit cities to establish voluntary policies where developers can be incentivized to create more affordable housing. For example, the city of Austin, Tex., offers developers waivers, density bonuses, tax breaks and development agreements if they set aside affordable rental and ownership housing for low and moderate-income households.¹¹

An aerial photograph of a city block, showing various buildings, streets, and parking lots. The entire image is covered with a semi-transparent blue overlay. In the center of the image, there is a large white quotation mark.

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In rent control cases, courts have interpreted prohibition on rent control as a de facto ban on inclusionary housing programs that require the development of affordable rental units.

Rent Control Policy

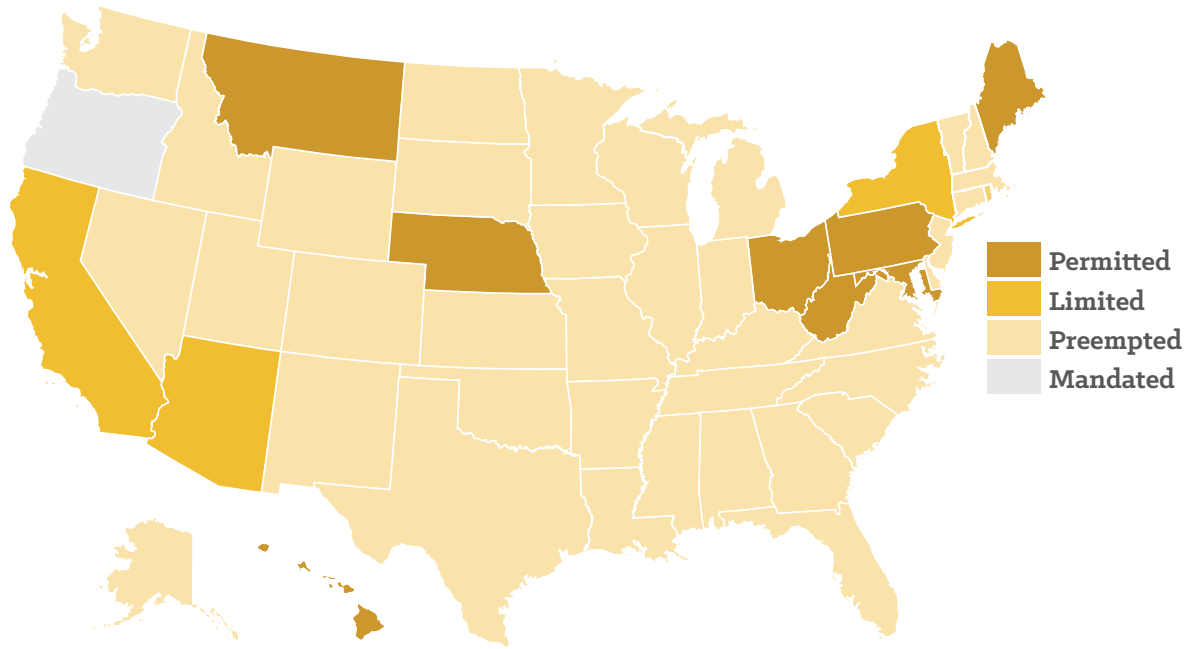


Some cities with competitive real estate markets have implemented rent control to combat rapidly increasing rent burdens. Rent control ordinances limit the amount a landlord can charge tenants. They can also regulate the frequency and timing of rent increases.

There are strong disagreements about the impact of rent control on housing affordability. Those in favor of rent control argue that this policy helps existing residents remain in their dwellings, stabilizes neighborhoods and reduces gentrification.¹² Opponents say rent control dissuades developers from

building new housing or improving existing stock.¹³ A 2018 Stanford University study discovered that rent control tends to accelerate gentrification because it incentivizes landlords to convert rental housing into higher-end condominiums and cooperatives.¹⁴ On the other hand, as reported by *The New York Times*, “The study also concluded however, that rent control lived up to its promise of reducing the displacement of lower-income tenants and older people.”¹⁵ Economists tend to view rent control as a short-term fix that has the potential to distort housing markets. They advocate instead for increased housing supply.

Rent Control



Source: National League of Cities

Nonetheless, rent control policies provide municipalities the ability to regulate increases in residential rent prices. This analysis assesses states based on the authority they grant cities to implement rent control. These include:

- **Permitted** (9 states and the District of Columbia): These cities are in states that permit local rent control with minimal restrictions, or are in home rule states with no state restrictions on local rent control policies.
- **Limited** (4 states): These cities are in states that permit local rent control with restric-

tions or specific implementation criteria, including requiring state approval, permitting rent control only for public housing, or establishing a ceiling or rate of increase for local policies.

- **Preempted** (36 states): These cities are in Dillon's Rule states with no statute expressly authorizing local rent control, or are in states that expressly prohibit local rent control.
- **Mandated** (1 state): Cities in this state must adhere to the statewide rent control laws and are preempted from passing their own rent control laws.

Cities in only nine states and the District of Columbia are permitted to implement rent control with no state restrictions. In seven of these states (Montana, Nebraska, West Virginia, Ohio, Hawaii, Pennsylvania and Maine), there are simply no state-level laws limiting how local governments can create rent policy. Interestingly, even though these states allow cities to create rent control policies, no one has done so yet. The District of Columbia, Maryland and New Jersey, however, permit rent control and have cities with policies on the books. For example, in New Jersey, over 100 municipalities have rent control ordinances in varying degrees based on what they cover or how rents can be adjusted.¹⁶

Cities in four states (Arizona, Delaware, California and New York) have “limited” ability to enact rent control policy. It’s worth pointing out that Arizona and Delaware have a unique approach to rent control policy. Arizona does not allow any private residential housing unit to be subject to rent control. Cities, charter cities and towns may not impose rent control on these units in their jurisdictions. However, publicly-owned residential property, or property that is financed or insured by Arizona’s state or local governments, can be subject to a rent control law.¹⁷

In 2013, Delaware created a rent justification law that applies to manufactured homes.¹⁸ These homes, unlike traditional mobile homes, are typically built into the ground. They are owned by the dwellers, like mobile homes, the land is rented.¹⁹

California preempts cities from implementing rent control in all but 15 cities. These 15 cities

had a form of rent control before the state decided what municipalities could or could not do regarding rent control policy. Local rent control was grandfathered in, but face state restrictions about how it is applied.

New York has a centralized rent regulation framework, which includes an Office of Rent Administration, and two types of rent policy programs. The first is rent control, which generally applies to buildings constructed before 1947, and the second is a rent stabilization program that covers buildings constructed between then and 1974. New York City is administered separately from other areas within the state under these programs.²⁰

There are 36 states that preempt cities from establishing a rent control policy. Cities are either in Dillon’s rule states, like Nevada, Vermont and Rhode Island, with no state statute allowing for local rent control, or in states like Michigan, Wisconsin and Florida that expressly preempt cities from rent control policies regardless of Dillon’s or home rule status.

In February 2019, Oregon became the first state in the U.S. to enact mandatory statewide rent control.²¹ Cities in Oregon must adhere to the statewide rent control laws and are preempted from passing their own rent control laws. The law limits rental price increases to once per year and a maximum of seven percent plus the yearly change in the consumer price index. Any property built within the past 15 years is exempt from rental control. Landowners who give reduced rent from federal, state or local government subsidies or programs are also exempt. The legislation also prohibits no-cause evictions, except for the first year of tenancy.



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**There are strong disagreements
about the impact of rent control
on housing affordability.**

Housing Vouchers as Source of Income



The federal government enacted the Fair Housing Act (FHA) to protect citizens from discrimination. The law prohibits property owners, real estate companies, municipalities, banks and other lending and insurance institutions from discriminating on the basis of seven classes (race, religion, national origin, sex, disability and family status) in the sale, rental and financing of housing.²² FHA provides minimum specifications of protected classes, or a “floor preemption,” but permits states to implement their own fair housing laws that extend housing protections to other groups excluded from the federal protections.

Since families that use housing vouchers to help pay their rent are excluded from federal protections, they increasingly face housing

discrimination. The Housing Choice Voucher (HCV) is a federal assistance program created to help citizens obtain affordable housing in the private market. In most cases, however, laws do not require direct housing providers to accept housing vouchers. Accepting housing vouchers requires providers to work directly with housing agencies for rental payments, a hurdle many providers prefer to avoid. This hurdle, as well as a bias by some providers that voucher holders are less responsible renters, has caused an increase in a growing number of discriminatory housing practices against voucher holders.²³ Some states and localities have responded by specifying housing voucher holders as a protected class under source of income statutes in fair housing laws (other sources of income can include alimony and disability benefits).

This additional protection means that housing providers may not legally refuse to rent based solely on a renter's source of income when that source of income is tied to housing vouchers. A 2018 U.S. Department of Housing and Urban Development study found that voucher non-discrimination laws are associated with substantial reductions in the share of property owners that refuse to accept vouchers.²⁴ This has led to greater affordability in more opportunity-rich areas.

- **State law protections** (11 states and the District of Columbia): Housing voucher holders are a protected class under state fair housing law.

■ **Permitted** (14 states): Cities are permitted to extend protections to voucher holders via local fair housing ordinances.

■ **Policy vacuum** (23 states): Cities in states with neither state nor local protections but have no restrictions on local fair housing.

- **Preempted** (2 states): Cities in states that expressly prohibit local fair housing.²⁵

Local Tools to Address Housing Affordability: A State-by-State Analysis

According to the Poverty and Race Research Council, the District of Columbia and 11 states (Connecticut, Delaware, Maine, Massachusetts, New Jersey, North Dakota, Oklahoma, Oregon, Utah, Vermont and Washington) explicitly include housing vouchers as a protected class under source of income in the state fair housing law.²⁶ Three other states, California,

Minnesota and Wisconsin, have source of income protections in their state fair housing law, but do not include housing voucher holders among those protected classes.

Localities in 14 states (California, Colorado, Florida, Illinois, Iowa, Maryland, Michigan, Minnesota, Missouri, New York, Ohio,



Case Study: Fair Housing in Washington State

Washington is the most recent state to enact source of income protections after House Bill 2578 went into effect in September 2018.²⁸ These protections include “housing vouchers, emergency rental assistance, veterans benefits, social security, supplemental security income or other retirement programs and other programs administered by any federal, state, local, or nonprofit entity.”²⁹ Landlords may be penalized up to 4.5 times a unit’s monthly rent and be responsible for court costs and attorneys’ fees if they discriminate against a current or prospective tenant based on source of income.³⁰

In addition to protections, the state of Washington established a landlord mitigation program to incentivize landlords to rent to voucher holders. Funded by existing document recording fees from county auditors, HB 2578 covers a landlord’s cost of repairs from \$500 up to \$1,000 for any prospective tenant protected based on source of income.³¹ Furthermore, the program offers reimbursement of up to \$5,000 to landlords for lost rental income and/or damages that result from renting to low-income tenant with a subsidy.³²

Pennsylvania, Tennessee and Wisconsin) are permitted to extend voucher holder protections. Three states (California, Minnesota and Wisconsin) have statewide source of income laws but have excluded housing vouchers as a protected class while 11 states (Colorado, Florida, Illinois, Iowa, Maryland, Michigan, Missouri, New York, Ohio, Pennsylvania and Tennessee) do not have statewide source of income laws and therefore, they have no statewide housing voucher protections. However, localities in all of these 14 states have enacted local ordinances to protect voucher holders.

Twenty-three states have policy vacuums on housing voucher source of income protections because there are neither state law protections nor local protections. These states include Alabama, Alaska, Arizona, Arkansas, Georgia, Hawaii, Idaho, Kansas, Kentucky, Louisiana, Mississippi, Montana,

Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Rhode Island, South Carolina, South Dakota, Virginia, West Virginia and Wyoming.

There are several reasons for this policy vacuum. In some cases, cities have fair housing laws but choose not to include include housing voucher holders as a protected class. In other cases, cities are in states that follow Dillon's Rule and have no statute expressly authorizing local fair housing policies.

Cities in two states (Texas and Indiana) are preempted from implementing housing voucher protections. When cities in Texas and Indiana passed local ordinances including housing vouchers as a protected class under source of income, both states passed laws in 2015 preventing local governments from implementing any form of voucher protections.²⁷

Deep Dive: State Fair Housing Laws

According to the Policy Surveillance Program at the Temple University Beasley School of Law, 49 states and the District of Columbia have enacted their own statewide fair housing laws.³³ Mississippi is the only state that hasn't. Most states permit cities to expand fair housing laws locally to address housing discrimination not covered by state and federal fair housing protections.

Each state's fair housing law is different in terms of which classes and/or types of discriminatory actions are regulated under law. For example, states often add protected classes including age, ancestry, sexual orientation, gender identity, marital status, military status, domestic violence victims, source of income, genetic information, pregnancy and HIV/AIDS.

Six states (Washington, Illinois, Ohio, New York, Massachusetts and Rhode Island) also include fair housing protections for individuals based on their military status. In addition to protected classes, other types of discriminatory actions are addressed under state fair housing laws. For instance, refusing to provide municipal services is a type of discriminatory practice under fair housing laws in five states (Arizona, Texas, Georgia, Virginia and Maryland).

Seven states (Alaska, Colorado, Kansas, Maryland, Montana, New York and Pennsylvania) authorize fines, prison sentences or misdemeanors as potential penalties for violations of fair housing laws.

Local Housing Trust Funds

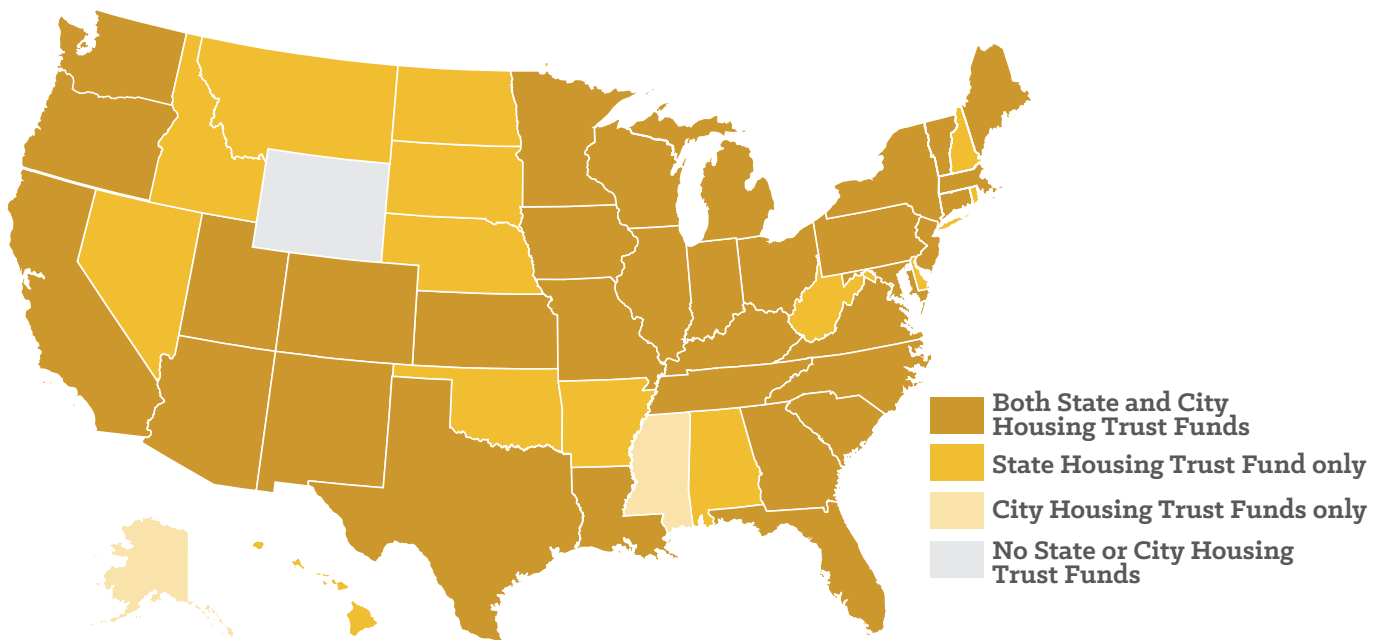


Housing trust funds are established, ongoing, public funding sources for low-income housing development. They can be established by legislation or ordinance.³⁴ Forty-seven states and the District of Columbia have state-level housing trust funds in place to bolster development of affordable housing. Of these, Alabama, Idaho and Rhode Island have yet to identify ongoing, defined sources of revenue for their programs and do not have any money in their trust funds. The only states that do

not have state-level housing trust funds are Mississippi, Wyoming and Alaska.

States, however, are not the only source of housing trust fund dollars for cities. Local governments across the country have established their own local-level funds. One hundred and nine cities in 34 states and the District of Columbia have established housing trust funds, which collected over \$1 billion in 2018.³⁵ Wyoming is the only state without any housing trust funds at the state or local level, creating a policy vacuum.

City and State Housing Trust Funds



Source: National League of Cities

Housing trust funds are a policy area on which state and city governments agree. There are no laws on the 14 states that don't require city-level housing trust funds that prevent local governments from establishing them. There are also several states where the state funds are the sole source of funding as cities have not established their own funds. These states tend to either have low populations or very robust state-level funds, thereby decreasing the need for additional funding at the local level.

State and local housing trust fund dynamics fall into one of four categories:

- The **state** has a housing trust fund and **cities** within that state also have funds (33 states and the District of Columbia)
- The **state** has a housing trust fund, but the cities do not (14 states)
- The state does not have a housing trust fund, but **cities** do (2 states)
- Neither the state nor cities within the state have housing trust funds (1 state)

In the absence of state funds, Jackson, Miss., and Juneau, Alaska, have established local trust funds.^{36, 37} According to Jackson city staff, the funds intended for the housing trust fund were spent on unexpected city needs. As a result, the city has yet to put money into the trust fund but is currently exploring new funding sources. Juneau established its housing trust fund in 2010 and began the disbursement of funds in 2011. Some common sources of funding for city-level housing trust funds include developer impact fees, inclusionary in-lieu fees, property

and housing excise taxes and construction excise taxes.

Housing trust funds provide vital funding for increasing the stock of affordable housing in cities and towns across the country. City-level housing trust funds, as shown by cities like Juneau, create revenue when a state lacks funds. They can also cater to the specific needs of the population. State- and city-level trust funds are, in many cases, complementary funds that increase the development of affordable housing (see page 24).



Case Study: **State Housing Trust Funds**

In 2018, individual states collected a total of \$1.6 billion for housing trust fund money. State governments relied on a variety of income sources, including real estate transfer taxes, interest on real estate escrow taxes, general fund revenues, document recording fees and appropriation budget allocations³⁸

A few states have turned to less conventional methods to build revenue for their funds. Pennsylvania creates revenue through the Marcellus Shale impact fee, a tax levied on natural gas companies, as a source of revenue.³⁹ New Jersey collects revenue for its housing trust fund from those fined for unsafe driving.⁴⁰ Indiana earns revenue through the Smokeless Tobacco Tax, among other source, for its state housing trust fund.⁴¹



Case Study: **Juneau, Alaska**

Established in 2010, the Juneau Affordable Housing fund serves as Alaska's only housing trust fund. No such fund exists at the state government level. Managed by the city and borough of Juneau, the trust fund is fed by the city's general fund and state capital budget.⁴²

The trust fund helps low-income residents tackle the challenge of finding affordable housing. Non-profit, for-profit and public housing authority entities can all apply for low or zero percent interest loans to build affordable housing units for residents at 120 percent area median income or below, with amounts not to exceed \$150,000.⁴³ The fund seeks to expand:

- **Use of capital to develop housing units**
- **One-bedroom rental units for low-income residents**
- **Long-term affordability**
- **Sustainability of the trust fund⁴⁴**

Juneau determined that 85 percent of its residents made less than \$35,000 and that, in 2010, approximately 1,200 households were rent-burdened. Many of the residents in this category were found to be youth, special needs residents, veterans and seniors.⁴⁵ These groups typically need both single and multi-family housing, both of which the fund can address.

With over \$400,000 in the fund and two-years' worth of operating expenses held in reserve, Juneau is working to combat the lack of accessible and affordable housing, one unit at a time.

State Affordable Housing Tax Incentives



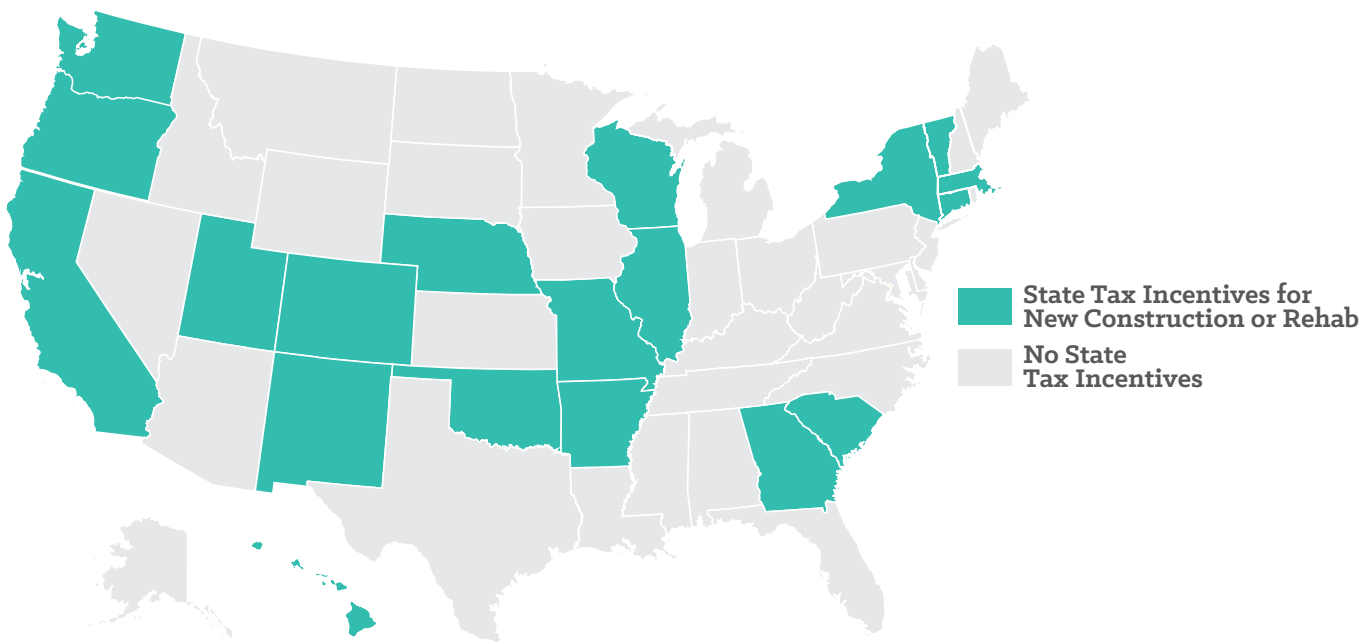
The most common source of low-income housing tax credits is the federal Low-Income Housing Tax Credit (LIHTC) program, which “gives state and local LIHTC-allocating agencies the equivalent of nearly \$8 billion in annual budget authority to issue tax credits for the acquisition, rehabilitation or new construction of rental housing targeted to lower-income households.”⁴⁶ Some states, however, supplement these federal funds with dollars from their own budgets to further increase development of affordable housing. Common state policies include tax-exempt housing bonds, tax credits distributed to owners with properties reserved all or in part for low-income

residents, and income tax liability reduction for developers.

While cities do not have direct control over how these funds are allocated, the program encourages private developers to increase the supply of affordable housing resulting in substantial affordable housing development in urban centers.⁴⁷ Currently, 2.5 million units in 6,286 cities have been financed through the LIHTC program.⁴⁸

Nineteen states and the District of Columbia have state-level tax incentives for new construction and/or rehabilitation of existing low-income housing. Of this group, 14 states

State Tax Incentives



Source: National League of Cities

tie these tax-incentive dollars to federal LIHTC funding. In most cases, states require applicants to indicate that they will be applying for state funding on the federal application. Sometimes, this state funding is bound to the federal funding in the form of a dollar-for-dollar match or percentage of federal funds. Since states distribute these federal funds, overlap sometime occurs in how the funds are awarded. In some cases, the programs are combined.

States often leverage their low-income housing tax credits to maximize the impact. Connecticut, for example, allocates up to \$10 million in tax credits every year for non-profit

developers building housing for low or very low-income residents.⁴⁹ Illinois encourages private investment in affordable housing by offering qualified donors a one-time state income tax credit equal to 50 percent of the donation.⁵⁰

The District of Columbia and five states (New Mexico, New York, Oregon, Washington and Wisconsin) do not require applicants to first apply for federal funding. They also have their own separate applications. While many of these programs mirror the federal program in terms of the eligibility for benefits and types of tax credits offered, these funds are not tied to federal funding applications.

Conclusion

The local housing context varies not only by regional housing market types, but also by the tools available to cities, towns and villages to address the needs of their communities. Based on our assessment of inclusionary housing, rent control, housing voucher holder protections, housing trust funds and state tax incentive programs, cities in New York and California and the District of Columbia have more tools to address housing affordability than others. Cities in Idaho, Indiana, Kansas, Texas and Virginia have fewer.

In addition to the number of tools available to cities, the way these policies play out locally varies significantly by state. For example, in some states with local inclusionary housing, rent control restrictions limit the authority of cities to implement mandatory programs, whereas in other states, this is not the case.

Despite these variations, one thing is crystal clear: The significant housing problem facing our country is compelling cities and states to rethink how they address the issue, and to adapt the relationship they have with each other to meet the scale of the challenge. Cities can take a number of steps to achieve the careful balance of local flexibility and mutual housing affordability goals, including:

■ Review, strengthen and update low-hanging fruit tools.

Nearly all cities have control over local planning, zoning and development regulations

and can carefully examine these tools to improve housing options across income levels. For example, cities can relax density requirements in areas designated as single family, modify parking requirements and streamline development processes for projects with an affordability component.

■ Fill a policy vacuum.

Cities in 23 states do not have state or local sources of income protections for housing voucher holders. These states also do not have explicit restrictions on local fair housing, meaning that many cities have the opportunity to create policies to limit discrimination and help extend housing options to those using housing vouchers.

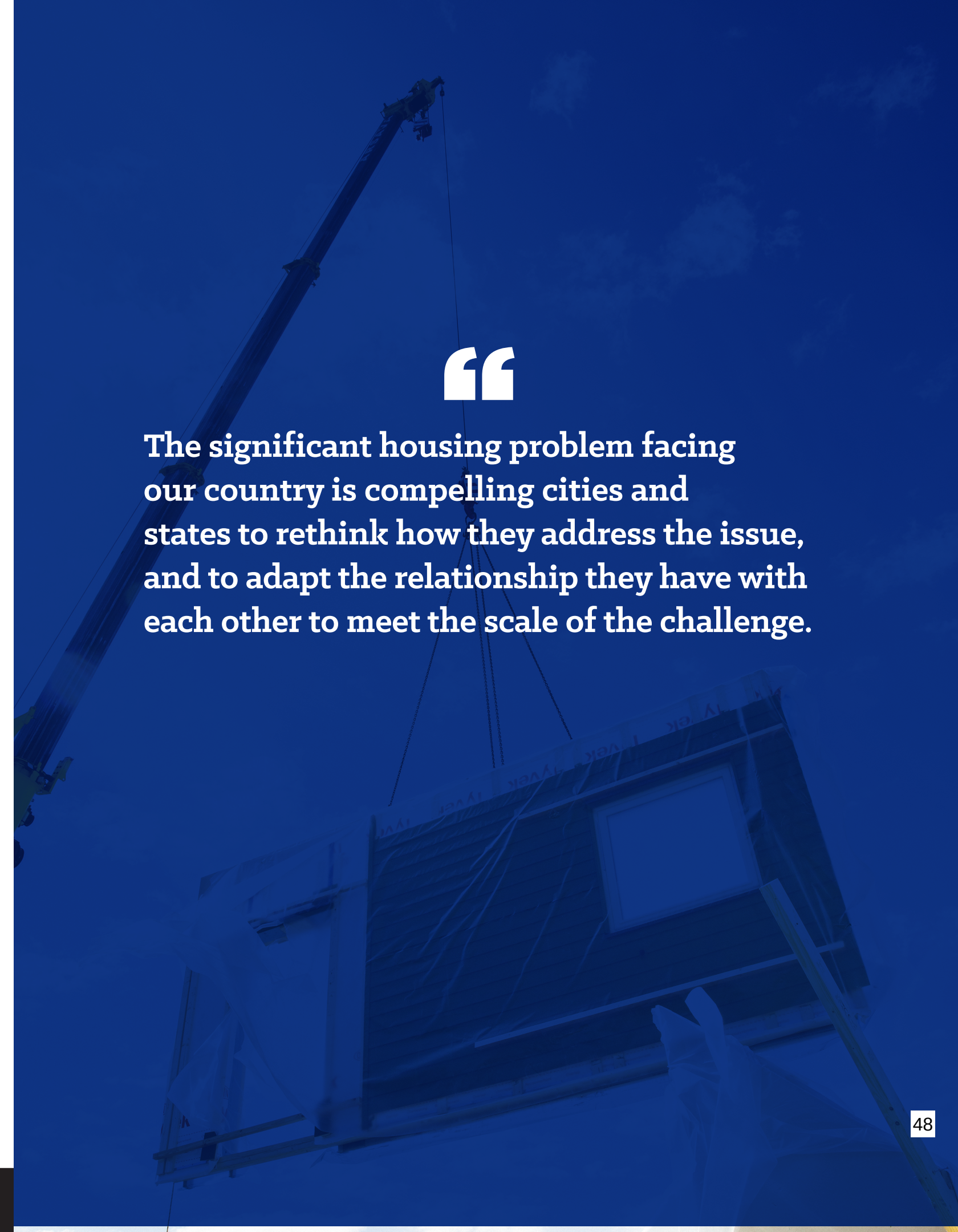
■ Proactively engage state partners.

For example, cities in the state of Utah have been working with the state legislature and state Commission on Housing Affordability to craft a bill that not only accelerates affordability in regional housing markets across the state, but also offers cities flexibility to do so in ways that meet their unique needs.

■ Leverage State Programs for Local Investment

Leverage state programs for local investment, such as state tax credits and state housing trust funds.

No matter the solution, the plan or the type of city, a productive local-state relationship is at the heart of providing housing opportunities for people across the income spectrum. After all, ensuring everyone has a place to call home is a priority for all cities and states.



“

The significant housing problem facing our country is compelling cities and states to rethink how they address the issue, and to adapt the relationship they have with each other to meet the scale of the challenge.

References

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City Council Work Sessions Agenda Item Report

Meeting Date: April 15, 2019

Submitted by: Bonita Anderson

Submitting Department: Administration

Item Type: Work Session Item

Agenda Section:

Subject:

Work Session Minutes

Suggested Action:

Attachments:

[WS160815.pdf](#)

[WS170612.pdf](#)

WORK SESSION OF THE GREENBELT CITY COUNCIL held Monday, August 15, 2016, to discuss the Housing Affordability Study.

Mayor Jordan started the meeting at 8:02 p.m. The meeting was held in the Council Room of the Municipal Building.

PRESENT WERE: Councilmembers Judith F. Davis, Konrad E. Herling, Leta M. Mach, Silke I. Pope, Edward V. J. Putens, Rodney M. Roberts and Mayor Emmett V. Jordan.

STAFF PRESENT WAS: David Moran, Assistant City Manager; Mary Kolar, Maryland Municipal League Intern; and Cindy Murray, City Clerk.

OTHERS PRESENT WERE: John Drago, Colin Byrd, Marge Owens and others.

Ms. Kolar said that her intern work in Greenbelt this summer had been focused on the study of affordable housing in Greenbelt. She explained that housing affordability is a concern across the Washington DC metropolitan region. Although Greenbelt has lower housing costs than in other parts of the region, there are significant challenges for many low-income and moderate-income residents. In addition, the City has an aging population and retiring households often rely on fixed incomes that cannot absorb significant increases to housing costs.

Ms. Kolar presented a PowerPoint presentation highlighting the findings of her review of other programs and policies in similar jurisdictions around the region, summarizing the findings of a community-wide survey on housing concerns of Greenbelt residents, and outlining policy recommendations for Council to consider.

Background on Housing Costs and Affordability

A widely held convention in public policy is that households should spend no more than 30% of income toward housing costs. When housing costs exceed 30% of income, they are typically considered unaffordable because they challenge a household's ability to afford other non-discretionary items. The Department of Housing and Urban Development (HUD) considers households paying between 30-50% of income towards housing "cost burdened" and those paying more than 50% "severely cost burdened."

According to the National Low Income Housing Coalition, Prince George's County's 2016 "housing wage," or the hourly wage a renter must earn in order to afford a two-bedroom apartment at the current fair market rent (FMR) of \$1,623 per month, is \$31.21 (\$64,920 annually). At the County's prevailing minimum wage, a renter household must work approximately 131 hours per week in order to afford a two-bedroom unit.

Local Affordable Housing Programs

Moderately Priced Dwelling Unit Programs: A number of jurisdictions in the metropolitan region have policies in place to increase affordable housing options. Many have enacted inclusionary zoning policies, widely known as Moderately Priced Dwelling Unit (MPDU) programs. Inclusionary zoning ("inclusionary housing") generally refers to zoning policies that require developers to include affordable housing units in proposed development plans in order to receive approval to build.

Prince George's County does not currently have any inclusionary zoning policies in place and the City's zoning authority rests with the County.

Montgomery County, Frederick County and the Cities of Frederick, Rockville, Gaithersburg and Laurel have inclusionary zoning policies.

Rent Stabilization: Rent stabilization and rent control policies are not typically designed to target households at specific income levels, nor do they enforce the 30% affordability standard. Rent control usually applies to a broad base of units and controls rent increases. A municipal agency or body determines, often annually, the maximum rent increase that a landlord may charge tenants, as well as notification requirements and eligible exemptions.

The City of Takoma Park has had a Rent Stabilization Program in place since 1981.

Survey Findings

A brief, anonymous, community-wide survey was recently conducted in order to better understand the housing needs and concerns of residents, particularly in regard to affordability. The survey was open online, distributed via social media and printed in two issues of the Greenbelt News Review. Additionally, the survey was distributed by property management companies in Franklin Park Apartments, University Square Apartments and Greenbelt Homes Inc. Some key data points include:

- A majority of respondents were female (76%), white (74%), homeowners (59%) with no children (77%).*
- A plurality of respondents were Greenbelt Homes, Inc. residents (39%)*
- An overwhelming majority (91%) live in 1-person or 2-person households.*
- More than half (58%) of total respondents pay at least 30% of income towards housing costs (41% pay between 30% and 50% and 17% pay more than 50%).*
- Forty (40%) of respondents indicated that they are burdened or severely burdened by housing costs, saying that these costs sometimes or regularly prevent them from purchasing other necessities, such as groceries, medicine, or transportation-related costs.*
- Fifty-eight (58%) of respondents indicated that they feel less than secure in their current housing status.*
- Thirty-four (34%) of respondents consider their housing cost a serious concern, 29% consider it a moderate concern.*
- More respondents consider housing cost a serious concern than consider physical conditions, accessibility, landlord or management company non-responsiveness or energy/utility costs a serious concern. (Energy/utility costs are the category with the second highest rating of serious concern at 25%).*
- Seventy-two percent (72%) of respondents indicated that increasing housing options affordable to low-income seniors is a very important or important priority for the City.*
- Sixty-seven (67%) of respondents indicated that increasing housing options affordable to low income residents is a very important or important priority.*

- Sixty-seven (67%) of respondents indicated that increasing independent living options affordable to low income or very low-income people with disabilities is a very important or important priority.
- Sixty-two percent (62%) of respondents indicated that increasing housing options affordable to very low-income people is a very important or important priority.

Recommendations

Ms. Kolar said given the survey results, information about mounting housing costs in the Washington metropolitan region, and Greenbelt's founding goal and continued principle of providing affordable housing for working families, Council should pursue policy guidance that will help preserve existing and create new affordable housing resources targeted to low-and -moderate-income households.

She suggested the following recommendations be considered:

1. *Create standards for City support of proposed development, in line with nearby MPDU programs. While the City cannot create a legally binding MPDU program without zoning authority, it could develop a set of criteria with which proposed developments must comply in order to receive municipal support.*
2. *Renew Green Ridge House's project-based Section 8 Housing Assistance Payment contract with HUD prior to contract expiration in 2019. Green Ridge House, with 101 units of rental housing affordable to very low-income seniors and people living with disabilities, is an important housing resource for the City.*
3. *Explore opportunities for new affordable housing development and ensure that wherever economic development occurs, an affordable housing component, if at all feasible, be included.*

There was brief discussion about landlords refusing to rent to potential tenants solely based on their payment with a federal housing subsidy. Ms. Kolar said some states, along with the District of Columbia, have adopted legislation outlawing "income discrimination."

Ms. Davis mentioned a resident had shared information on a successful mixed housing and business use in vacant buildings in Washington, DC, but questioned whether current zoning law would allow this type of mix in our area. It was suggested that the idea be discussed at the upcoming work session with Maryland-National Capital Park and Planning Commission.

Mr. Byrd, 7014 Mathew Street, noted that 21.5% of survey respondents were Black/African American which is not representative for the demographics of the City. He also suggested that the City adopt an ordinance to prevent income discrimination. Ms. Kolar said she was unsure if any Maryland municipalities had adopted an ordinance to prevent income discrimination. Mr. Moran will check with the Maryland Municipal League.

Tom Taylor, Laurel Hill Road, asked for a definition of "affordable" housing. Ms. Kolar said there is not one specific definition, but the measure most widely used is "affordable housing," considered no more than 30% of total income.

Council thanked Ms. Kolar for her work on affordable housing. They requested: 1) a follow up meeting be included on Council's work session schedule; and 2) affordable housing be included on the agenda for the work session with the County Executive in September.

Mr. Orleans asked and was provided answers to several questions.

Informational Items

Mr. Herling said he, along with Mayor Jordan, attended the Fashion Show at Beltway Plaza on Saturday.

Mayor Jordan reported on the closing of Chef Secret's Restaurant. He noted that Gus's World Famous Fried Chicken would be the new tenants in the space.

Several other informational items were discussed.

The meeting ended at 10:13 p.m.

Respectfully Submitted,

*Cindy Murray
City Clerk*

WORK SESSION OF THE GREENBELT CITY COUNCIL held Monday, June 12, 2017, on Affordable Housing.

Mayor Jordan started the meeting at 8:06 p.m. The meeting was held in the Council Room of the Municipal Building.

PRESENT WERE: Councilmembers Judith F. Davis, Konrad E. Herling, Leta M. Mach, Silke I. Pope, Edward V. J. Putens, Rodney M. Roberts and Mayor Emmett V. Jordan.

STAFF PRESENT WERE: Nicole Ard, City Manager; Jessica Bellah, Community Planner; and David Moran, Assistant City Manager.

ALSO PRESENT WERE: Hillary Chapman, Metropolitan Washington Council of Governments (COG); Jesse Buggs, City of Bowie; Stephanie Proestel, Housing Initiative Partnership (HIP); Bill Duncan (formerly with Enterprise Community Partners); Nicole Williams, Advisory Planning Board; Maya Patterson, City of Bowie MML Intern; and Jim Giese, News Review.

Mayor Jordan welcomed everyone and there were introductions.

Ms. Chapman cited a projected 10% population growth rate and 18% employment growth rate in the County between now and 2045. She stated there were more people coming to the County than available housing units. Ms. Chapman stated that COG regularly studied housing issues and there was a need for affordable housing.

Ms. Chapman asked what recommendations were implemented by the intern and/or what had changed since the intern's report. Mayor Jordan responded that undeveloped land was not available in the City and Greenbelt's challenges were maintaining affordability, especially on the apartment side, citing Franklin Park as an example. Mayor Jordan stated the recommendation that stood out was rent stabilization. Ms. Mach favored establishing limited equity cooperative housing. Mr. Herling stated that the Greenbelt Homes Incorporated (GHI) owned apartments were the most reasonably priced. Ms. Davis stated that folks desire affordable housing near Metro stations. Ms. Pope stated that the new Verde apartments were more focused on young working couples. Mayor Jordan indicated there was a nice variety of housing stock in the City.

Ms. Proestel summarized HIP's efforts including creating multi-family housing. She noted they provide housing counseling as well.

Mr. Roberts stated that Franklin Park provided a huge opportunity to convert some of the apartments into for sale units. Mr. Herling stated that Montgomery County's Moderately Priced Dwelling Units (MPDU) approach was a good model. Mr. Putens stated that the City has a Section 8 apartment building for low income senior and disabled residents (Green Ridge House).

Ms. Proestel commented on the right of first refusal law granting the County an opportunity to purchase properties. She suggested communication with the County Housing Department. Mayor Jordan stated that some of Greenbelt's goals don't necessarily align with the County's. Ms. Proestel suggested partnering with non-profit organizations. Ms. Proestel referenced the County's strategic planning process. Mr. Putens asked about the vacant nursing home site and

how to stimulate development there. Ms. Proestel responded that non-profit developers were a good partner.

Ms. Davis summarized the County's history of pursuing higher end development to balance the types of housing in the County. She expressed concern about older neighborhoods becoming gentrified. Ms. Davis also suggested considering a rent stabilization similar to Takoma Park's program.

Mayor Jordan asked about Bowie's affordable housing program. Mr. Buggs stated that some of the non-profit entities can bring in financing. Mr. Buggs discussed a meeting in Bowie three years ago where senior citizens showed up and asked for three items: rent stabilization for senior housing facilities, rent control and rental assistance. He stated that Bowie is currently accommodating three new developments: Melford, Karrington (South Lake) and Amber Ridge. He noted 5% of the Melford units would be affordable. Mr. Buggs stated that affordable senior housing was a serious problem in the region. Mayor Jordan asked about the mood at the Department of Housing and Urban Development (HUD). Mr. Buggs responded that potential pain from proposed HUD cuts would be devastating. He suggested combining programs to leverage funds.

Ms. Chapman stated that the affordable housing challenges are region-wide. She indicated that the way jurisdictions address these challenges differs, but many of the tools used are the same. Ms. Chapman noted that the City of Rockville had completed a housing needs assessment. She mentioned using a database to track available properties and/or GIS to track where seniors are living.

Mr. Buggs suggested the City review and obtain a State study resulting from House Bill 991. Mayor Jordan asked about the right of first refusal and believed municipalities should also have this right. Mr. Buggs cited efforts in Bowie to obtain more planning authority.

Ms. Proestel noted that the County had not yet exercised its right of first refusal. She stated that the County was willing to partner with jurisdictions that had resources.

Mr. Roberts stated one of the benefits of Greenbelt was that a young person could start out in an apartment, then move to GHI and finally a single-family home. Mr. Herling suggested providing an environment that was more conducive to cooperatives. He cited transportation costs to drive to jobs outside the County. Mr. Herling reiterated using a MPDU program and suggested mixed use zoning with incentives.

Mr. Duncan stated that the GHI Cooperative was one of the best sources of affordability in the area. He suggested that the City consider a study similar to the one done in Rockville.

Ms. Davis stated that the City and County don't have money and that non-profits were liable to be hurt by Federal budget cuts. She cited investor purchases of condo units at Greenbriar as a challenge. Mr. Buggs noted that cash purchases were becoming more common.

Mr. Herling asked if the City could implement rent control. Mr. Buggs referenced an opinion from Bowie's City Attorney stating that the City could implement rent control. Ms. Davis suggested contacting Takoma Park to gauge their experience with rent control.

Mr. Orleans asked if the right of refusal legislation applied to municipalities. He also asked what kinds of people the City wanted to help with affordable housing.

There was discussion regarding “Source of Income” discrimination. Ms. Davis and Mr. Putens asked if the City can implement this on their own.

Mr. Herling asked about rent-to-own programs. Ms. Proestel indicated there was limited success with these programs and that often people keep renting.

Ms. Chapman stated that there is an opportunity to continue the conversation. She shared some tools and resources. She announced the release of a guidebook for increasing housing affordability in the Washington region. She suggested inviting Sara Daines from Takoma Park to discuss their rent stabilization program.

Ms. Proestel stressed partnerships on a variety of different levels. She suggested a careful inventory of land and commercial buildings. Ms. Proestel highlighted resources to help homeowners remain in their homes.

Informational Items

Mr. Moran briefed Council on an opportunity to extend the City’s electricity supply contracts for three years at a rate 42% lower which would save approximately \$96,000 annually.

Mayor Jordan suggested the City announce that City facilities are available if residents need a cool space.

Ms. Davis asked to have the Recreation Department at the July City Council meeting for a presentation.

The meeting ended at 10:03 p.m.

Respectfully Submitted,

*David E. Moran
Assistant City Manager*