

2012 Commission on Aging 2012 Affordable Rental Housing Study Executive Summary

1. Affordable Rental Housing is provided through various county, state, and federal programs
 - a. Senior Public Housing: federal program administered by HOC, average income \$9000
 - b. 236 Rental Program: federal program administered by HOC
 - c. Low Income Housing Tax Credit Program (LIHTC): Federal program that builds affordable combined with market rate housing. Nonprofits compete for the tax credits, administered by the State
 - d. Housing Initiative Fund: a county trust fund that provides construction financing to affordable housing projects. It also pays for landlords of affordable housing communities to rehab properties to bring them up to code standards
 - e. County MPDU program requires developers of 50 units or more to build 12.5% of those units as affordable, rates set by the county. Incomes for this program can be as high as \$50,000
2. Median Income in DC metro area is \$107,000 for family of 4, approximately, \$79,000 for a family of two. Affordable rental housing targets people with incomes at 60% or median and goes as low as 20% of median.
3. It is an accepted standard that people should not pay more than 30% of income for rent, all housing programs use this standard.
4. 25% of County residents are renters, 10 years ago renters comprised 10% of population
5. One tool of maintaining affordable rents is to legislate rent control or rent stabilization measures. Rent control was passed in Takoma Park, Marc Elrich is a proponent of rent stabilization legislation. The County Exec does not favor rent control. Elrich favors preserving existing affordable stock and using a formula of "no net loss of affordable housing" in Montgomery County
6. Developers asked what incentives could the county offer for them to create more affordable rental housing. They proposed:
 - a. Support development of affordable housing on county owned land
 - b. Increase the Housing Initiative Fund
 - c. Support Low Income Housing Tax Credits
 - d. Support aging in place and the concept of NORCs
 - e. Explore MPDU programs for set asides for affordable senior housing
 - f. Create a pilot project using incentives to encourage private developers to build more affordable housing
7. AIM Proposals to the County Executive
 - a. Develop an affordable housing plan and timetable for implementation
 - b. Increase the Housing Initiative Fund to \$55 million dollars by 2014
 - c. Use county owned land to develop affordable senior housing
 - d. Set a goal for of 125 new affordable senior housing for 2013 and 2014 and 150 new affordable senior housing units by 2015.
 - e. Increase the HIF to \$55 million by 2014.

Recommendations: The CoA 2012 Rental Housing Summer Study proposes that the Commission on Aging support the following recommendations for immediate action:

- a. Support a policy of NO NET LOSS of affordable housing by:
 - i. Preserving and maintaining existing affordable housing stock in Montgomery County
 - ii. The construction of new affordable housing, setting goals such as those proposed by AIM (125 new units of affordable senior housing in 2013 & 2014 and 150 new units of affordable senior housing by 2015).
 - iii. Increase the funding for the Housing Initiative Fund (HIF) to \$55 million by 2014. The HIF fund should be used to fund the rehabilitation of existing affordable housing units.
 - iv. The Rental Housing Study recommends that the Commission on Aging Public Policy Committee take on the advocacy for the continuance of the current Federal Low Income Housing Tax Credit Program (LIHTC). LIHTC is the major federal funding program for low-income housing. The Public Policy Advocacy to target Montgomery County's Congressmen and the State of Maryland's Senators.

- b. The Summer Study Committee supports a policy that a priority be given to the use of county excess land for the construction of affordable senior housing. Free land is one tool to be used in developing affordable senior housing.
 - 1. The Rental Housing Summer Study Committee proposes that the Public Policy Committee research and advocate for the State of Maryland to support affordable housing that is 100% senior without deducting points for 100% senior communities.

 - 2. Long Term Recommendations: The Rental Housing Summer Study recommends that the Aging in Place Committee of the Commission consider the following:
 - i. A study of the pro's and con's of rent stabilization in Montgomery County as a tool for providing affordable rental housing
 - ii. A study of a set aside program of new MPDU units specifically for seniors in each new development that requires an MPDU set aside.

**AUGUST 22, 2012 MINUTES
COMMISSION ON AGING
AFFORDABLE RENTAL HOUSING SUMMER STUDY**

Attendees:

Marc Elrich, County Council	
Judy Welles, Chair, CoA	Rabbi Mark Raphael, AIM
Leslie Marks-CoA	Marta Brenden, AIM
Judith Levy-CoA	Pazit Aviv, HOC
Charles Kaufman-CoA	Sarah Gottbaum-OWL
DaCosta Mason	Tiffany Ward-Council Member Elrich Office
Deborah Adler, Howard Cty CoA	Matt Losak-Renters Alliance
Stephanie Killian, DHCA	Joe Petrizzo, CoA
Revaths K. Vibram	Pat Brennan, HHS

August 22 Program:

- Presentation by Council Member Marc Elrich
- Presentation by Rabbi Mark Raphael, AIM
- Discussion and selection of Affordable Rental Housing Recommendations to present to full Commission on Aging for review and approval

II. Remarks by Mark Elrich, Member of County Council:

- a. Councilman Elrich Background:
 - i. Prior to County Council, member of Takoma Park City Council
 - ii. Architect of Takoma Park (TP) Rent Control law
 - iii. Elrich: TP Rent Control model works, maintains a mixed-income community and supply of affordable housing
 1. TP Rental Control programs allows landlords to fix problems in property, but does not allow for rent increases for property upgrades
 2. TP rent control maintains unit in rent control for the lifetime of the unit
- b. Councilman Elrich proposed Rent Stabilization
 - i. Landlord allowed to raise rents to 120% of CPI by right
 - ii. Rental raises of 150% of CPI require a letter of explanation of rent raise to County Executive
 - iii. Rental raises of over 150% of CPI require a rental analysis of cost/benefits for proposed rental increases
- c. Concern About County Approach to Affordable Housing
 - i. Supports and promotes a county policy of maintaining existing affordable rental housing stock. When older rental stock is sold to developers to redevelop it is torn down, rebuilt at a cost that require substantially higher rents (cost between \$300 - \$400 square foot for new construction)

versus under \$100 square foot for rehab) and the result is a net loss of affordable units even though the developer is required to include 12.5% Moderately Priced Rental Units (MPDU).

- ii. MPDU Program: County program developed over 40 years ago. It requires developers to provide 12.5% of the units at an affordable rent of sale established by the county. Rents or sales are targeted at 60% of median income (median income for a family of 4 in Montgomery County is \$107,000, for a family of 2 would be \$79,000).
 - iii. Serious issue of having enough affordable housing for net new jobs in areas such as the Life Science redevelopment in Gaithersburg or White Flint newly master planned area
 - iv. For every \$100 in raised rents, a person would need an additional \$4,000 in income to afford the rent increase
 - v. Montgomery County is losing more affordable housing units through the redevelopment process.
- d. Elrich proposals:
- i. A County rent stabilization program
 - ii. Maintenance of existing affordable housing stock, encourage non-profits to buy affordable housing stock. County can support this policy by providing funds and creating public/private partnerships with non-profits.
 - iii. Protect tenants rights by passing legislation that will address retaliatory evictions.
 - iv. Consider the reduction of development fees for developers who build communities with a large number of affordable units. Look at other incentives to encourage developers to build affordable housing.
 - v. Create a linkage fee: Commercial property developers include affordable housing in their plans, either by paying a fee into a fund or providing affordable housing units as part of their commercial developments.
 - vi. Summary of Proposals
 - 1. NO NET LOSS of affordable units in the development process
 - 2. COUNTY PRIORITY OF PURCHASING EXISTING AFFORDABLE UNITS
 - 3. PROTECT EXISTING HOUSING STOCK

III. Presentation by Rabbi Mark Raphael: Representative from Action in Montgomery (AIM). AIM is a confederation of 30 religious congregations interested in social welfare issues. They are currently working on the problem of affordable housing for seniors. AIM recently made a presentation to County Executive Leggett. The following are the proposals that AIM made to the County Exec.

- a. Some facts about seniors in Montgomery County
 - i. Currently 18% or 173,000 of population in Montgomery County is 60 or older
 - ii. In 2009 4,200 units were designated senior housing
- b. Increase the Housing Initiative Fund (the local housing trust fund used to develop and maintain affordable housing in Montgomery County) from the current \$34 million to \$55 million by 2014.
- c. Use 2.5% of property tax revenue to fund the HIF instead of issuing bonds. Currently the HIF is funded by bonds and the repayment of debt service minimizes the amount of money available to direct payment for new construction or rehab.
- d. Use county sites for the development of affordable senior housing
- e. Use HIF for both new construction and the rehab of existing affordable housing
- f. Provide zoning waivers for the construction of affordable senior housing
- g. Timeline Implementation: 125 units of affordable senior housing over the next 2 years. In 2015 develop 150 affordable senior housing units

IV. Recommendations: The CoA 2012 Rental Housing Summer Study proposes that the Commission on Aging support the following recommendations for immediate action:

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