

DOWNTOWN COLUMBIA

AFFORDABLE HOUSING RECOMMENDATION



Howard Hughes.

THE HHC RECOMMENDATION OVERVIEW

A Roadmap to Achieving and Exceeding the Goals

- Practical means to achieving Affordable Housing Downtown
- Deliver nearly **1,000 units (18%), Faster, with Lower Average AMI (52%)**
- Partnership between Howard County, County Housing Commission, HHC and CDHC
 - Binding agreement between the County, the Commission, HHC and CDHC
 - Regulatory changes for feasibility measures
 - Development Rights & Responsibilities Agreement to ensure deal
- Replaces Housing Trust Fund payments for downtown rentals
 - Housing Trust Fund structure remains for for-sale units
 - Current fund and future payments invested in downtown affordable housing

CDHC PROPOSAL OBJECTIVES

- 702 affordable units over full buildout
 - 15% of remaining residential units
 - 12.8% of 5,500 unit cap
- Range of affordability (between 40% to 80% of Howard County AMI)
- Distribute affordable units throughout downtown area (avoid concentration)
- Preference for mixed income projects
- Provide affordable units phased in with each successive residential project

HHC PROPOSAL EXCEEDS THE GOALS

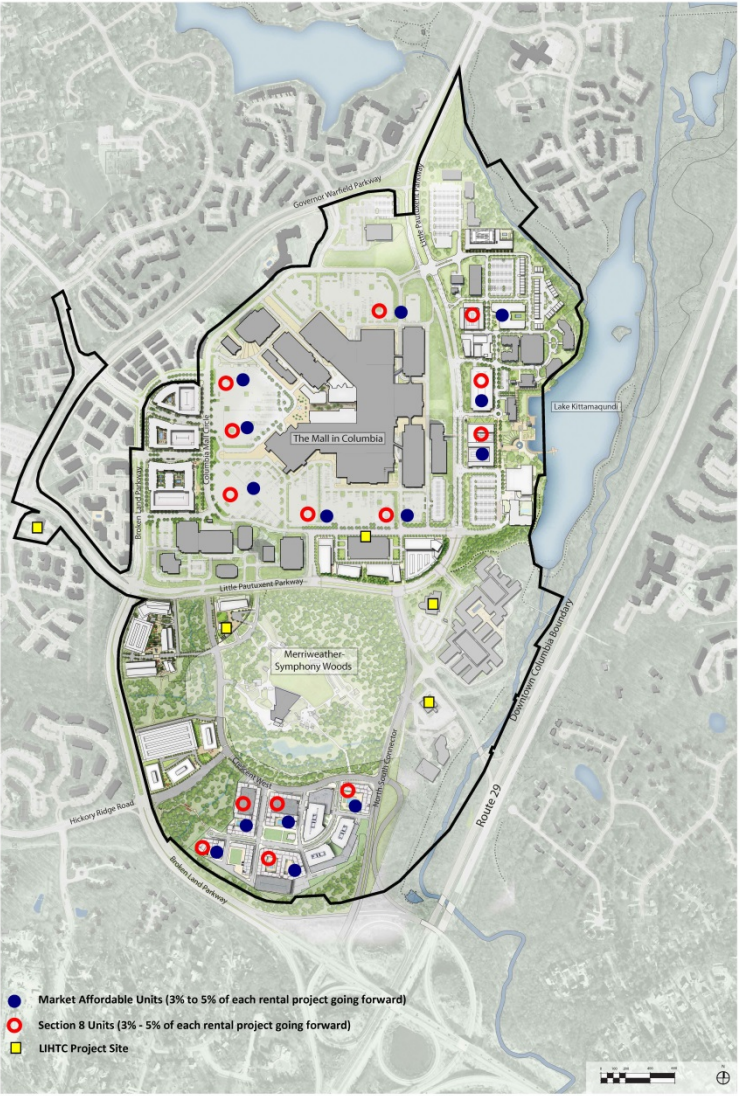
Approach	Number of Units at Buildout	Percentage of 5,500 Units	Percentage of Affordable Units
Project Based Section 8	180	3.3%	18.1%
Market Affordable	180	3.3%	18.1%
County/HRD sites - within Downtown (4 sites)	332	6.0%	33.5%
County sites - Downtown adjacent (1 site)	220	4.0%	22.2%
New Downtown sites (1 site)	80	1.5%	8.1%
Total	992	18.0%	100%

992 units versus goal of 702 affordable units over full buildout

HHC RECOMMENDATION ACHIEVEMENTS

- **Exceeds CDHC proposal current unit count goal by 290 units**
 - Total of 18.0% of the 5,500 unit density as affordable
 - Compares to 12.8% under CDHC proposal
- **Achieves a full spectrum of affordability**
 - Targets at 30%, 50% and 80% of Howard County AMI
 - Compares to 40%, 60% and 80% under CDHC's proposal
- **Overall affordability level reaches lower average income than CDHC recommendation**
 - 52% of AMI for this proposal versus 60% for CDHC
- **Distribution throughout all Downtown Columbia Neighborhoods**
- **Faster Delivery of Affordable Units**
 - Each new residential rental project contains units at 30% and 80% AMI level
 - 450 LIHTC units could be delivered within the next 2-5 years

DISTRIBUTION OF AFFORDABLE UNITS



RECOMMENDATION COMPONENTS



SECTION 8



MARKET AFFORDABLE



HHC / COUNTY SITES



COUNTY SITES



NEW DOWNTOWN SITES

PROJECT BASED SECTION 8

Designate limited number of Project Based Section 8 Units in each new rental residential development. Section 8 vouchers, potentially combined with a small subsidy from the CDHC Housing Trust Fund, will make up the gap to market rent for these households.

Targeted number of units at full buildout:

180 units; 3% to 5% of all future rental units

Target Locations:

Most projects, preference for podium-style

Timing:

Designate 3% of units in the Phase I Area 3 projects (25 units). Future rental project designations determined case by case, but targeting 3% minimum and 5% maximum per rental project.

Target Population:

Lower income individuals and households, including those presently living near downtown with Section 8 vouchers in existing housing stock in need of renovation.

AMI Target:

30% AMI

PROJECT BASED SECTION 8

Benefits:

- Reaches low income households (lower than CDHC's lowest target)
- Can assist Commission with acquisition/rehabilitation/redevelopment of projects in need of reinvestment, increasing the quality and quantity of affordable housing in Howard County
- Distributes affordable units throughout downtown area
- Avoids concentration by limiting number of Section 8 units to a maximum of 5% per project
- Can be implemented immediately, starting with upcoming pipeline (Phase I Area 3)

Issues:

- Timing and process with County and HUD for designating Section 8 units and vouchers

MARKET AFFORDABLE



MARKET AFFORDABLE

Design 3% to 5% of all rental units going forward to be affordable to households earning 80% of Howard County AMI. Would be primarily achieved through efficiently designing units with smaller square footages, including smaller (potentially micro-unit) studios for individuals and smaller one and two bedroom units for two or three person households. To facilitate the production of these units, current regulations in the Downtown Plan which incentivize larger and more expensive units must be modified, including parking requirements, permitted density, and fees which are based on unit count rather than square footage or bedrooms.

Targeted number of units at full buildout:

180 units; 3% to 5% of all future rental units

Target Locations:

All future HHC rental projects

Timing:

Starting with Phase I Area 3 projects, which would include approximately 25 of these “naturally affordable” units

Target Population:

Primarily millennials, moderate income singles and empty nesters

AMI Target:

80% AMI

MARKET AFFORDABLE

Benefits:

- Requires no federal, state or local subsidy - Market based approach
- Design innovations are making smaller spaces more and more functional as this residential building industry trend continues to evolve
- Allows moderate income households to live in walkable area and in a highly amenitized building while paying moderate rents
- Distributes affordable units throughout downtown area (every rental project)
- Avoids uncertainty of reliance on winning tax credit awards and LIHTC compliance risk
- Can be implemented in next pipeline projects (Phase I, Area 3)
- Fills market gap for millennials

Issues:

- Market for micro-unit product type untested in Downtown Columbia
- No regulatory restriction on rents following initial delivery at 80% AMI target

NEW CONSTRUCTION LIHTC PROJECTS

- Multiple sites within Downtown Columbia have excellent potential for affordable housing
- Includes sites owned by HHC, by the County, and HHC sites developed in partnership with the County, the Commission and HHC as part of land swaps per the Downtown Columbia Plan
 - New Downtown Fire Station Site
 - Existing Downtown Fire Station Site
 - Toby's redevelopment
 - Columbia Flier building
 - Existing Library Site
 - Future Transit Center site

THE STATION AT POTOMAC YARD



DOWNTOWN FIRE STATION – NEW

- A land swap would convey the site for the new station to Howard County from HHC, in exchange for the existing fire station site, as contemplated by the Downtown Plan (p.23) and consistent with the recently approved Crescent FDP.
- The Howard County Housing Commission and Howard County Public Works could jointly develop the Area 4 site to include the new fire station and affordable housing components, with units affordable to households at the 50% Howard County AMI level.
- Model after The Station at Potomac Yard, a new station recently built in Alexandria, VA on approximately one acre of land with 64 affordable residential units built on top of it.
 - Regulations prohibit fire trucks from turning on their sirens until they have moved away from the firehouse

Targeted number of affordable units:

64 units

Timing:

If agreement is struck with the County, HHC and the Commission, development of the new site could commence immediately thereafter.

Target Population:

TBD

AMI Target:

50% AMI



CITY OF ALEXANDRIA FIRE STATION 209

**Similar project currently under construction at 23rd and M Street NW in DC.
New Fire Station with 55 units of affordable housing in 4 stories above.**



DOWNTOWN FIRE STATION – EXISTING

- The existing Banneker Fire Station site is within the Downtown Columbia boundaries, located on Little Patuxent Parkway and also on the new Multi-Use Pathway connecting Howard Community College and the Hospital through Downtown Columbia to Blandair Park
- The site appears to be between 2.0 to 2.5 acres – the Downtown Plan calls for this fire station to be either renovated, or relocated to a new site in the Crescent
- Assuming a 2.2 acre site and a density of 100 dwelling units per acre (approximate density of the Metropolitan), this site would yield approximately 220 total units
- With a 40/60 mixed income LIHTC project (i.e. 40% of the units are affordable at 60% of Baltimore AMI, which is approximately 50% of Howard County AMI), this would yield 88 affordable units

<u>Targeted number of affordable units:</u>	88 units
<u>Timing:</u>	Upon completion of the new fire station
<u>Target Population:</u>	TBD; 60% market rate units, 40% affordable
<u>AMI Target:</u>	50% AMI

TOBY'S REDEVELOPMENT



TOBY'S REDEVELOPMENT



View looking southeast, along proposed North South Connector

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View looking Northeast, along proposed North South Connector

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Aerial View

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View looking from Symphony Woods

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TOBY'S REDEVELOPMENT

- The existing Toby's Dinner Theater building is in need of redevelopment. We have been in discussions with Toby and Orchard Development about the potential redevelopment of the site.
- The preliminary site planning shows the site has capacity for a new building for Toby's Dinner Theater (35,000 sf), a performing and visual arts facility (40,000 sf), a 720 space parking structure and approximately 200 residential units, mostly in a tower configuration.
- Toby has expressed interest that some of these units be affordable for artists. The project is conceived overall as an "artists' colony," with affordable lofts available for resident performers or visual artists.
- This would be a 40/60 LIHTC project, with 40% to 50% of the units affordable to households earning 50% of Howard County AMI and remaining units at market, yielding 80 affordable units.

Targeted number of affordable units:

80 – 100 units

Timing:

As soon as deal can be worked out between Toby, HHC, Orchard, and County. New Toby's Dinner Theater would be built as Phase I and the housing would be Phase II.

Target Population:

Artists and performers

AMI Target:

50% AMI

COLUMBIA FLIER BUILDING

- The existing building is owned by the County; however, renovating it would be very expensive.
- The site is located very close to the western boundary of Downtown Columbia but even closer to HCC, the Hospital, and Wilde Lake High and Middle Schools. Lower income employees at these facilities, in downtown and students at the college could benefit from affordable housing at the site, easily able to walk to work or class.
- The site is 2.2 acres. assuming a density of 100 dwelling units/acre, this site would yield 220 units. We propose purchasing and developing this site jointly with the County Housing Commission as a LIHTC project with 100% affordable units targeted at the populations described above. The affordability level would be at 60% of Baltimore AMI (about 50% of Howard County AMI).
- Potential to include business incubator use at ground level (as per County's purchase plan)

Targeted number of affordable units:

220 units

Timing:

Could commence rezoning process as soon as deal is struck between County, HHC and the Commission

Target Population:

Workers at HCGH, HCC, Wilde Lake Schools, HCC Students

AMI Target:

50% AMI

EXISTING LIBRARY

- The Downtown Columbia Plan contemplates the redevelopment of the existing Central Library in conjunction with a land swap. The site appears to be approximately 3 acres. Assuming a density of 100 dwelling units per acre this site would yield approximately 300 units. With a 40/60 mixed income LIHTC project this would yield 120 affordable units.
- While the current County budget does not include funding for a new library at this time, we have planned for a site in the northeast corner of Area 3 of the Merriweather District with a residential tower above it.
- We would look to develop a mixed-income project in partnership with the County Housing Commission on the existing library site following completion of the new library.

Targeted number of affordable units:

120 units

Timing:

Following relocation of the Central Library to a new location

Target Population:

TBD; 60% market rate units, 40% affordable

AMI Target:

50% AMI (in a mixed income project)

FUTURE TRANSIT

- The Downtown Columbia Plan envisions a new transit center as part of the Plan buildout. The transit study required by CEPPA #5 recommended locating the new transit center in the Symphony Overlook Neighborhood, between the Mall and the Corporate Center buildings. When developed, such a facility could incorporate affordable units above it.
- We are assuming that 60 units could be developed above the new transit center with units affordable to households at the 50% Howard County AMI level, similar to the new Fire Station model discussed.

Targeted number of affordable units:

60 units

Timing:

To be developed in conjunction with new transit center and redevelopment of 10-30 Corporate Center in Symphony Overlook

Target Population:

TBD

AMI Target:

50% AMI

REGULATORY CHANGES

- Regulatory changes required to enable and expedite nearly 1,000 units of Downtown Affordable Housing
- Revisions include
 - Parking Requirement modifications
 - Exemption of LIHTC projects and Section 8 units from 5,500 unit cap
 - Modification of Housing Trust Fund fee structure

PARKING REQUIREMENT MODIFICATIONS

One of the most expensive components of affordable housing development in an urban environment is parking. It is assumed that virtually all new parking provided in Downtown Columbia will be structured parking, which can cost \$20,000 per space or more.

Parking requirement modifications should take two forms:

1. Change to a per-bedroom, rather than a per-unit, parking requirement -

- Currently, downtown parking is required to be **1.65 spaces per unit**, regardless of whether the unit is a studio or a three bedroom.
- **The cost of providing these spaces disincentivizes smaller, more naturally affordable units as well as units developed with LIHTC.**
- The County should revise the requirements for downtown to a more urban standard. This should be determined through a study conducted by an expert parking consultant, but the standard could be:
 - Studio or 1 bedroom - 1.1 space per unit
 - 2 or 3 bedroom - 1.65 spaces per unit
- Developer may limit the spaces included with the base rental to one space and lease extra spaces for additional rent. This allows the developer to easily manage demand for the provided parking spaces. For projects with larger, higher-rent or for-sale units, market forces would likely demand higher ratios (i.e. a 3-bedroom condo would likely require two parking spaces to be marketable).

PARKING REQUIREMENT MODIFICATIONS

2. Reduce parking requirements for subsidized affordable (i.e. LIHTC projects and Section 8)

- Parking requirements within LIHTC projects, whether 40/60 or 100% affordable, may be reduced further beyond the ratios identified above, perhaps to 1.2 or 1.25.
- Studio units located in walkable locations near transit may be constructed at a ratio under 1.0. In such locations some units may be leased to tenants without cars.
- For example, housing at the transit center site should have a parking ratio below 1.0.
- This becomes viable even in a more suburban context as more individuals choose alternative forms of transportation, including Uber, Zipcar or similar transportation options which do not require car ownership.
- Households leasing 2 or 3 bedroom units may choose to own only one car, particularly if there is an additional monthly rental cost for a second parking space.
- Ownership of multiple cars is also less likely among Section 8 voucher holders, whose income is near the 30% of AMI level.

EXEMPTION OF LIHTC & SECTION 8 UNITS

Exemption of LIHTC projects and Section 8 units from 5,500 unit cap

- To further support the creation of affordable housing downtown, projects developed with LIHTC and any units designated as Section 8 units should not be counted against the total density of 5,500 units planned for Downtown Columbia.
- Current Plan allows for development of 5,500 market rate units with payments into the Housing Trust Fund for affordable housing.
- Without such an exemption, developers are incentivized against the development of affordable units, since one subsidized affordable unit means one less market rate unit. It creates a zero-sum game between affordable and market rate development.
- Exempting all units developed in affordable projects promotes their development and adds more residents to Downtown Columbia, contributing to the vibrancy needed for the Plan to succeed.
- This includes all market rate units developed within mixed-income projects. These market rate units are actually more difficult to finance than 100% affordable projects, and are not truly “market rate” insofar as they subsidize the affordable units.

MODIFICATION OF HTF FEE STRUCTURE

- The current Housing Trust Fund fee structure promotes the development of larger, more expensive units, because similar to the parking requirements, the fee is paid on a per unit basis, rather than a per bedroom or per square foot basis.
- The development of a 400 square foot micro unit pays the same fee as a 4,000 square foot condominium, incentivizing larger and more expensive units.
- This proposal would eliminate the fee for all rental units, but retain it for any new for-sale residential development.
- High-density for-sale affordable development is particularly challenging for many reasons including high HOA fees typically associated with high-rise condominiums.
- Howard County already allows in-lieu payments for single family detached home projects.
- To encourage the production of more affordable for-sale units, the fee structure should be revised to be on a per square foot basis, rather than a per unit basis.
- For example, the current fee level is approximately \$2,200 per unit. Assuming an average unit size of approximately 1,000 square feet, that equates to \$2.20/square foot.
- In the example listed above, the micro-unit fee would be reduced to \$880, whereas the large condominium would pay \$8,800.

QUESTIONS

