

Downtown Columbia Affordable Housing Alternatives

1. LOOK BEYOND THE 391 ACRES DEFINED AS “DOWNTOWN”

- **Existing properties.** There are multiple existing multi-family properties within walking or easy biking distance of downtown which would be excellent candidates for acquisition and either rehabilitation or redevelopment using Low Income Housing Tax Credits (LIHTC) or other financing tools. This would be vastly more cost effective than forcing affordable units into new mid-rise or high-rise construction in the limited land area of downtown, and have the benefit of improving the properties and property values surrounding downtown.
- **New construction.** There are potential sites for new construction in areas proximate to Downtown as well, including a 6 acre site just across the 29 pedestrian bridge and potentially sites very close to the hospital and community college which could provide affordable and workforce housing for hospital and college employees and students.
- **Single Family Homes.** Some of the older single family housing stock in the surrounding neighborhoods is not up to modern standards (i.e. 2 bedroom, 1 bath homes with only a carport, no garage). Many of these properties are affordable and have low and moderate income residents, but the outdated nature of the properties makes resale difficult and depresses property values in these neighborhoods. A low interest loan program using some of the Downtown Housing Trust Fund fees could make home improvement loans available to income-qualified homeowners or to moderate income first-time homebuyers to expand and improve these properties, improving the neighborhood and adjacent property owner values.
- **Bridges Alliance.** The Volunteers of America are working with Howard County to purchase existing single family homes in Howard County and lease to low income families them as part of a “villages” concept. Downtown Housing Trust Fund fees could be used to help purchase these homes within a certain radius of Downtown.

2. UTILIZE COUNTY OWNED OR CONTROLLED PROPERTIES

There are multiple sites that the County has ownership or an interest in, which could incorporate affordable housing. These include:

- **Fire Station – existing.** Approximately 2 acres, potential for +/- 200 units.
- **Fire Station – future.** An urban fire station on an acre could be modeled after the Station at Potomac Yards in Alexandria, which incorporated 64 affordable units over a new fire station.
- **Library site – existing.** Approximately 3 acres, potential for +/- 300 units.
- **Library site – future.** Could incorporate some affordable units above.

- **Toby's.** As discussed recently, Toby would like the redevelopment of her site to include affordable “artists’ lofts”. The permitted height in this area is 15 stories and this site could include 150 – 200 units.
- **Transit station – future.** The Plan calls for a new transit station in the future and contemplates development above it, which could include affordable units.

If the goal is to have approximately 800 affordable units in the Downtown Columbia area at full buildout, these sites could provide a substantial portion of that. In fact the capacity of these sites alone could exceed 800 units.

3. PROJECT-BASED SECTION 8 UNITS IN NEW DOWNTOWN COLUMBIA BUILDINGS

Working with the Howard County Housing Department, some number of units within the Metropolitan, the Parcel C buildings, and other new residential projects downtown could potentially be designated as Section 8 units to relocate existing tenants in nearby properties which the Housing Department wants to redevelop. This could have the dual benefit of providing new affordable units downtown, while also facilitating the needed redevelopment and reinvestment in properties in surrounding villages. The number of these units should be small to avoid any concentration or perception issue, but even a small number spread through a few buildings could be very meaningful, especially if it helps expedite other Housing Department projects.

4. MARKET AFFORDABLE, AFFORDABLE BY DESIGN, MICRO-UNITS

Affordable housing does not necessarily need to be the result of government regulation. In many communities across the country, developers are building smaller units, generally studio apartments of less than 600 square feet, and in some urban areas as small as 250 square feet or less. These are appealing to lower and moderate single people, both millennials as well as Gen X’ers and boomers, who would rather trade larger personal space to live in a vibrant urban environment with many amenities within easy walking distance. If these units are, by design, affordable to people earning under 80% of the area median income, couldn’t they be considered “affordable” without needing to be regulated by the government?

To incentivize the development of these market affordable units, Howard County could consider changes to the regulations for downtown, which currently promote the development of larger, more expensive units. These regulations include charging the housing trust fund fee on a per unit, rather than per square foot basis, and parking requirements which are also on a per unit, rather than per bedroom basis.

5. CONSIDER FULLY AFFORDABLE PROJECTS

Most projects being developed around the country today financed by LIHTCs, probably well over 90%, are 100% affordable projects, not mixed income projects. Mixed income LIHTC

projects are typically either 60% market and 40% affordable, or 80% market and 20% affordable, which is driven by the requirements and structure of the tax credits. While there are laudable sociological goals associated with mixed income projects, they are far more complex to finance and, obviously, deliver far fewer affordable units than a 100% affordable project. With limited land in the downtown area, the County may want to consider developing a fully affordable project within downtown, or if the social goals of mixed income projects are deemed more important, then consider reducing the target number of affordable units for downtown.

6. SAWTOOTH CONDO

One concept which has been floated in the past by the Housing Department is the “sawtooth condo” concept, whereby the Housing Department would purchase a small percentage of the units in a new construction residential building. These could be financed in a similar manner to other County affordable projects, with LIHTC providing a majority of the required equity. The Downtown Housing Trust Fund could provide additional equity as well if needed. The Housing Department would then own and separately manage these units, which would essentially be sprinkled throughout a market rate building, and would essentially be invisible to the market rate residents. While this concept has financing complexities, it could be a piece of the overall downtown housing solution.

7. REAL INCENTIVES

Real incentives for building affordable housing are incentives which either reduce the cost of developing affordable housing, increase the profitability of a development which includes affordable housing, or both. The most obvious of these incentives in an urban environment with high land costs and structured parking requirements is to permit reduced parking requirements for developments which include affordable units. Many jurisdictions around the country have reduced parking requirements for affordable projects, especially in urban environments where a single car (or no car) is a viable alternative for a household. Density bonuses can also be meaningful, although they are less so in the current Downtown Columbia environment where market forces do not currently support building to the maximum permitted density.