Greenbelt City Council
Work Session

Housing Affordability Study

Monday
August 15, 2016
8:00 p.m.

Council Room
Municipal Building

TO: City Council

FROM: Mary Kolar *MK*
Intern, Maryland Municipal League/University of Maryland School of Public Policy

DATE: August 12, 2016

RE: Recommendations for Affordable Housing Guidance

Housing affordability is a growing concern across the Washington, DC metropolitan region. In the City of Greenbelt, housing costs, while lower than in other parts of the region, still present significant challenges for many low-income and moderate-income residents. Renters face particular challenges when they are confronted with sometimes frequent and unpredictable rent increases that outpace household budgets and incomes. As housing expenses demand an increasing portion of incomes, residents are left with difficult and problematic choices. Facing the threats of late fees, damage to rental and/or credit histories, eviction, and even homelessness, many renters who are housing cost burdened must forego important necessities, including groceries, health care services, adequate child care, transportation services, and more. In some cases, households are one or two unanticipated expenses away from crisis. Additionally, the City of Greenbelt has an aging population. Retiring households often rely on fixed incomes that cannot absorb significant increases to housing costs.

In order to ensure that long-time residents are able to remain in Greenbelt as they age, to address the needs of low- and moderate-income households, and to foster a diverse and mixed-income community, Council could consider policies to preserve the affordable housing options that already exist as well as ways to increase such options.

This memo highlights policies enacted in similar jurisdictions around the region, summarizes key findings of a community-wide survey on housing concerns of Greenbelt residents, and outlines policy recommendations for Council to consider.

<u>Background on Housing Costs and Affordability</u>
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). This means that at the County's prevailing minimum wage of $9.55 per hour, a renter household must work approximately 131 hours per week, or 3.3 full-time jobs at 40 hours per week, in order to afford a two-bedroom unit. (Effective October 1, 2016, Prince George's County minimum wage will increase to $10.75. At this rate, a household will have to work approximately 117 hours, or 2.9 full-time jobs in order to afford a two-bedroom unit, assuming housing costs remain the same.)

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 toward housing "cost burdened," and those paying more than 50% "severely cost burdened."

If the 30% standard is recognized, the next important question to address in developing any affordable housing policy or program is, "affordable to whom?" A common measure used to determine the "targeting" of programs is percentage of area median income (AMI). The higher a threshold, the more "deeply targeted" the program is considered. For example, a program requiring housing to be affordable to households at 30% of AMI has deeper targeting than a program requiring affordability for those at 50% of AMI.

HUD considers households earning at or below 80% of AMI to be "low-income," those earning at or below 50% of AMI to be "very low-income," and those earning at or below 30% of AMI to be "extremely low-income." The 2016 annual AMI for the Washington, DC region is $108,600. At this level, a family of four is considered low-income if they earn less than $70,150 annually, very low-income if they earn less than $54,300, and extremely low-income if they earn less than $32,600. For a single-person household, these thresholds are, respectively, $49,150, $38,050, and $22,850.

Highlighted Local Affordable Housing Programs

Moderately Priced Dwelling Unit Programs

A number of jurisdictions in the Washington metropolitan region have policies in place to increase affordable housing options in their communities. Many have enacted inclusionary zoning policies, widely known as Moderately Priced Dwelling Unit (MPDU) programs. Inclusionary zoning (sometimes called "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. Montgomery County is widely considered to have enacted the first inclusionary zoning policy in the mid-1970s. Now, municipalities all across the country practice inclusionary zoning. It is important to note that Prince George's County does not currently have any inclusionary zoning policies in place, and that the City of Greenbelt's zoning authority rests with the County.

Municipalities in the region with inclusionary zoning policies include, but are not limited to, Montgomery County, Frederick County, the City of Frederick, Rockville, Gaithersburg, and Laurel. Enclosed is a chart that provides an at-a-glance comparison among these programs, as well as program spotlights that provide more in-depth information about the programs in Montgomery County and Laurel.

The primary criteria for inclusionary housing programs are:

- Minimum units in a proposed development to trigger the inclusionary housing requirement
- Applicability to rental housing development, ownership development, or both
- Percentage of units that must be set aside as affordable
- Affordability targeting (the "affordable to whom" question)
- Control period, or how long the regulation applies to the development

The programs included on the comparison chart have minimum unit requirements that range from 20 to 50 units, set-aside rates ranging from 6% to 15%, income targeting ranging from 50% of AMI to 80% of AMI, and control periods ranging 15 years to 99 years. Laurel's program applies to rental housing development only, all other highlighted programs apply to both rental and homeownership development. Frederick County and the City of Frederick offer developers the option to make payment-in-lieu of development (in both cases, this option was not initially available, but later added). Frederick County allows a payment-in-lieu rate of $17,500 per unit not built; the City of Frederick offers a rate of $16,100 per unit. In both cases, a primary impetus for institution of this option was the effect of the recent national foreclosure crisis on Frederick. In both cases, payments collected in lieu of MPDU development are directed to the government's housing fund.

In addition to increasing availability of affordable units, inclusionary housing policies help ensure more equitable growth by requiring that as communities benefit from housing and economic development, low- and moderate-income residents are not priced out.

Rent Stabilization

Another municipal housing program in the region is Takoma Park's Rent Stabilization Program. Unlike inclusionary zoning programs, 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 broader base of units and, as the term implies, controls rent increases. A municipal agency or body determines, often annually, maximum rent increases that a landlord may charge tenants, as well as notification requirements and eligible exemptions. Takoma Park has practiced rent control since 1981. Its policy applies to all rental units, with certain exceptions (detailed in the enclosed program spotlight). The City uses rental license approval as the mechanism by which to enforce its Rent Stabilization Law. In order to be approved for rental license, landlords must agree to comply with the law. If they subsequently violate the law, they face legal penalties. Policies like that of Takoma Park are important tools for controlling, or stabilizing, the broad rental market in a jurisdiction in order to help ensure that rental costs do not skyrocket beyond residents' abilities to afford them.

<u>Survey Findings</u>

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. Survey respondents were not drawn from a random sample and are therefore not representative. The survey was open online through the City's Survey Monkey account from

July 20 through August 7. The web link to the survey was distributed via social media and was printed in the July 21 and July 28 issues of the *Greenbelt News Review*. Additionally, the survey was distributed by property management companies via email to residents of University Square Apartments, Franklin Park Apartments, and Greenbelt Homes, Inc. The property management company of Parkway Apartments distributed paper copies of the survey to residents.

Three-hundred thirty-one (331) surveys were completed. Of these, 288 were completed online and 43 were completed by paper (36 from the *Greenbelt News Review*, 7 from Parkway Apartments residents). Full findings from the survey are enclosed. Some key data points* include:

- A majority of respondents are female (76%), white (74%), homeowners (59%), with no children (77%).
- A plurality of respondents are GHI residents (39%).
- An overwhelming majority (91%) live in 1-person or 2-person households (split roughly in half between the two sizes – 45.4% in 1-person households and 45.7% in 2-person households).
- More than half (58%) of total respondents pay at least 30% of income toward housing costs (41% pay between 30% and 50%, and 17% pay more than 50%).
    - Among renter households, 79% pay 30% or more toward housing costs.
    - Of these 79%, over a quarter (26%) pay more than 50% toward housing costs.
    - Among households with annual incomes below $50,000, 85% pay 30% or more toward housing costs.
    - Of these 85%, nearly a third (32%) pay more than 50% toward housing costs.
- Forty percent (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.
    - Sixty-two percent (62%) of renter households indicated that they are burdened or severely burdened.
    - Of these 62%, almost a fifth (19%) are severely burdened.
- Fifty-eight (58%) of respondents indicated that they feel less than secure in their current housing status. Forty-four (44%) are somewhat secure, saying that they have enough income to cover costs currently, but worry that an unforeseen expense could jeopardize their housing status, 12% are insecure, saying that they struggle to pay monthly housing costs and regularly worry about their status, and 2% are very insecure, saying they are behind on their rent or mortgage payments and fear they may soon lose their housing.
    - Seventy-nine percent (79%) of renters are less than secure. Fifty-six percent (56%) are somewhat secure, 19% are insecure, and 4% are very insecure.

**All data points rounded to the nearest percent. For figures rounded to the tenth of a percent, see enclosed survey data.*

- 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 (45% consider it very important, 27% consider it important).
- Sixty-seven (67%) of respondents indicated that increasing housing options affordable to low-income residents is a very important or important priority (40% consider it very important, 27% consider it important).
- Sixty-seven percent (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 (41% consider it very important, 26% consider it important).
- Sixty-two percent (62%) of respondents indicated that increasing housing options affordable to very low-income people is a very important or important priority (39% consider it very important, 23% consider it important).

Two qualitative questions were included in the survey, asking residents to describe particular or additional housing-related concerns. One hundred seventy-six (176) total submitted responses to these questions are being tabulated and will soon be available to Council.

Recommendations

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. The following are recommendations for Council to consider:

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. Specifically, such standards could:
    a. Apply to any proposed development of 20 units or more.
    b. Apply to both proposed rental and homeownership projects.
    c. Require developers to set aside 7.5% of proposed rental units as affordable to households earning at or below 60% of the Prince George's County median income, and 7.5% as affordable to households earning at or below 50% of Prince George's County median income (for a total set-aside of 15%).

d. Require that developers set aside 15% of proposed homeownership units as affordable to qualifying first time homebuyer households earning at or below 80% of Prince George's County median income.
e. Require these affordability commitments remain in place for a minimum period of 20 years.
f. Where multiple developers are presenting competing bids for development of available sites, weigh additional commitments to affordable housing (beyond the baseline standards) as an important element in awarding support. Additional housing commitments might include, but are not limited to, set-aside greater than the baseline of 15%, deeper income targeting, i.e. making all or a portion of the set-aside affordable to extremely low-income residents (those earning at or below 30% of AMI), and extension or affordability commitment beyond 20 years.

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. The project-based Section 8 contract which keeps Green Ridge House affordable to this population ensures that households pay no more than 30% of their income toward rent. The federal government, through HUD, subsidizes the remaining portion of each tenant's rent, up to a specified "contract rent" for the unit.

   The property's project-based Section 8 contract is set to reach the end of a 40-year term on March 31, 2019. Prior to contract expiration, the City will have the option to renew the contract. Given the aging population of Greenbelt, the City should exercise this opportunity to preserve this critical housing resource by renewing the project-based Section 8 contract for the maximum allowable term.

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. For example, if the City pursues redevelopment of the Maryland National Guard Armory site (or the current Greenbelt Volunteer Fire Department site, should the department re-locate to the Armory site), it should work to ensure that development include a component that is affordable (using the 30% of income standard) to extremely low-income, very low-income, and/or low-income households (those earning, respectively, 30%, 50%, and 80% of AMI). Given the City's experience with Green Ridge House, it may consider working with HUD to develop an affordable housing development with a similar financing structure.

One of the principles guiding the design and development of the City of Greenbelt was a commitment to providing affordable housing options for low- and middle-income working households. Almost 80 years after the first families moved into their affordable homes, the now-diverse community remains one rooted in the values upon which it was founded. Indeed, many residents who responded to the housing survey indicated that while they themselves feel comfortable and secure with their current housing costs, they recognize the importance of increasing housing affordable to lower-income households. The sense of responsibility that residents feel not just for themselves but for their current and future neighbors is a unique resource available to the City. As housing costs across Prince George's County and the Washington region continue to outpace incomes, the City should harness the resource of its legacy and committed citizenry and take action to ensure equitable development.

cc: Michael McLaughlin, City Manager
David Moran, Assistant City Manager
Celia Craze, Director of Planning and Community Development
Liz Park, Director of Greenbelt CARES
Terri Hruby, Assistant Director of Planning
Jessica Bellah, Planner

Greenbelt Housing Survey

The City of Greenbelt is conducting the following short survey in order to better understand the housing needs and concerns of residents, particularly in regard to affordability. The survey is anonymous and should take approximately 10 minutes to complete. Responses will be consolidated into a report to be presented to the City Council and made available to the public. Please send completed surveys to the City Office at 25 Crescent Road, Greenbelt, Maryland 20770. You may also complete the survey online at https://www.surveymonkey.com/r/greenbelthousingsurvey, through 11:00 PM on Sunday, August 7. **Thank you for your participation!**

1. Which best describes your current housing unit? ***(330 responses; 1 item non-response)***

38.8% (128): Apartment
6.1% (20): Condo
13.3% (44): Single family detached house
41.8% (138): Single family attached house (i.e. row house, townhome, duplex)
4.8% (16): Other (*please describe*)
Fourteen (14) respondents marked other and indicated they reside in GHI units (factored in as single family attached); 2 indicated that they reside in rental units (1 indicated rental studio, 1 indicated rental basement apartment; factored in as apartment).

2. How many bedrooms are there in your unit? ***(327 responses; 4 item non-responses)***

3.1% (10): 0 (studio/efficiency)
21.4% (70): 1
40.1% (131): 2
24.2% (79): 3
11.3% (37): 4 or more

3. How many adults (including yourself) reside in your unit?
(326 responses; 5 item non-responses)

45.4% (148): 1
45.7% (149): 2
4.9% (16): 3
4.0% (13): 4 or more

4. How many children (under the age of 18) reside in your unit?
(325 responses; 6 item non-responses)

76.9% (250): 0
11.1% (36): 1
7.7% (25): 2
2.5% (8): 3
1.8% (6): 4 or more

5. Do you: ***(329 responses; 2 item non-responses)***

41.0% (135): Rent
59.0% (194): Own

6. About how much of your gross income (before taxes) do you pay toward your monthly housing costs (*including rent/mortgage; property taxes; co-op/condo/homeowners' association fees; utilities*)? ***(322 responses; 9 item non-responses)***

41.6% (134): Less than 30%
41.0% (132): 30% to 50%
17.4% (56): More than 50%

7. Which **best** describes how you feel about your monthly housing costs? ***(327 responses; 4 item non-responses)***

60.2% (197): Not burdensome. My monthly housing costs do not prevent me from purchasing other necessities (i.e. groceries, medicine, transportation-related costs, etc.)
28.4% (93): Burdensome. My monthly housing costs strain my budget and sometimes prevent me from purchasing other necessities.
11.3% (37): Severely burdensome. My monthly housing costs regularly prevent me from purchasing other necessities.

8. Which of the following **best** describes how secure you feel about your housing status? ***(328 responses; 3 item non-responses)***

42.4% (139): Secure. I always have enough income to cover my monthly housing costs and expect to for the foreseeable future. I do not really worry about eviction/foreclosure.
43.6% (143): Somewhat secure. I have enough income to cover my monthly housing costs right now, but worry that an unforeseen expense (i.e. health care, car issues, job loss) could lead to problems affording my housing in the future.
11.6% (38): Insecure. I struggle to pay my monthly housing costs and regularly worry about it.
2.4% (8): Very insecure. I am behind on my rent/mortgage or other housing costs and am very worried about foreclosure/eviction/having to move in with friends or family/having my utilities shut off, etc.

9. Do you receive rental assistance? ***(325 responses; 6 item non-responses)***

0.6% (2): Section 8 / housing voucher
0.0% (0): Rental Allowance Program (RAP) assistance through Prince George's County
98.2% (319): I do not receive rental assistance
1.2% (4): Other (*please specify*)
One (1) respondent indicated that they receive a Maryland Renters' Tax Credit; 1 respondent indicated that they receive some assistance for utility payments (did not specify program); 2 respondents indicated that they receive assistance from family or friends.

10. Please indicate how much of a concern the following housing related issues are to you.

	Not at all a concern	Minor concern	Moderate concern	Serious concern
Affordability/cost ***(327 responses)***	**15.0%**	**22.9%**	**28.5%**	**33.6%**
Physical conditions ***(325 responses)***	**13.8%**	**29.9%**	**33.5%**	**22.8%**
Accessibility ***(322 responses)***	**29.8%**	**27.0%**	**29.5%**	**13.7%**
Landlord/management non-responsiveness ***(316 responses)***	**39.5%**	**22.5%**	**17.1%**	**20.9%**
Energy/utility costs ***(326 responses)***	**8.6%**	**29.8%**	**36.5%**	**25.1%**

11. Do you have any housing-related concerns other than those listed above?
See qualitative responses.

12. Please indicate how important it is to you for the following housing types to increase in the City of Greenbelt.

	Very important	Important	Moderately Important	Somewhat important	Not important
Market rate housing ***(292 responses)***	**28.8%**	**21.2%**	**21.9%**	**13.4%**	**14.7%**
Housing affordable to low income residents (earning between $54,300 and $70,150 annually*) ***(320 responses)***	**40.3%**	**26.9%**	**11.6%**	**10.3%**	**10.9%**
Housing affordable to very low income residents (earning below $54,300 annually*) ***(316 responses)***	**38.9%**	**23.1%**	**10.1%**	**13.3%**	**14.6%**
Market rate housing for seniors ***(316 responses)***	**38.6%**	**23.4%**	**19.6%**	**11.1%**	**7.3%**
Housing affordable to low income seniors ***(317 responses)***	**45.2%**	**26.8%**	**10.7%**	**8.5%**	**8.8%**
Market rate independent living options for people with disabilities ***(312 responses)***	**35.6%**	**26.9%**	**19.5%**	**10.6%**	**7.4%**
Independent living options affordable to low income or very low income people with disabilities ***(314 responses)***	**40.8%**	**26.4%**	**14.7%**	**10.8%**	**7.3%**
Assisted living ***(313 responses)***	**33.2%**	**30.7%**	**16.6%**	**10.9%**	**8.6%**

**2016 US Department of Housing and Urban Development (HUD) income limits for a family of four in Prince George's County*

13. Please share any additional feedback
See qualitative responses.

Demographic Questions

14. What is the name of your housing development or neighborhood?
(300 responses; 31 item non-responses)

Housing Development/Neighborhood	Total Number	Percentage of Item Responses	Percentage of Total Responses
Greenbelt Homes, Inc.	117	39.0%	35.3%
University Square Apartments	54	18.0%	16.3%
Franklin Park Apartments	29	9.7%	8.8%
Boxwood Village	16	5.3%	4.8%
Parkway Apartments	14	4.7%	4.2%
Lakeside North Apartments	10	3.3%	3%
Lakewood	10	3.3%	3%
Other development/neighborhood	10	3.3%	3%
Greenbriar Condominium	7	2.3%	2.1%
Old Greenbelt, no development specified	5	1.7%	1.5%
Charlestowne Village Condominium	4	1.3%	1.2%
Windsor Green	4	1.3%	1.2%
Charlestowne North	3	1.0%	0.9%
Greenbelt Lake Village Condominium	3	1.0%	0.9%
Greenbelt Station	3	1.0%	0.9%
Lawrence Apartments	3	1.0%	0.9%
Belle Point	2	0.7%	0.6%
Glen Oaks Apartments	2	0.7%	0.6%
Greenspring	2	0.7%	0.6%
Parke Crescent Apartments	2	0.7%	0.6%
Item non-response	31	--	9.4%

Other developments/neighborhoods (1 response each):

- Crescent Square Apartments
- Greenbrook Estates
- Greenwood Village
- Hunting Ridge Condominium
- Verde at Greenbelt Station
- Lakecrest
- Mandan Terrace
- North End
- Parkbelt
- Ridge Road

15. Age ***(321 responses; 10 item non-responses)***

1.9% (6): 18-24
16.8% (54): 25-34
18.7% (60): 35-44
18.7% (60): 45-54
19.6% (63): 55-64
16.5% (53): 65-74
7.8% (25): 75+

16. Gender ***(319 responses; 12 item non-responses)***

75.9% (242): Female
22.9% (73): Male
1.3% (4): Other

17. Race/Ethnicity (*select all that apply*) ***(317 responses; 14 item non-responses)***

2.2% (7): American Indian/Alaskan Native
2.2% (7): Asian
21.5% (68): Black/African American
4.4% (14): Latino/Hispanic
0.0% (0): Pacific Islander/Native Hawaiian
74.1% (235): White
2.2% (7): Other (*please specify*)
Responses include: Ashkenazi Jew; Brazilian; European-Scandinavian American; biracial

18. Annual Household Income (before taxes) ***(311 responses; 20 item non-responses)***

5.5% (17): Less than $25,000
6.8% (21): $25,000 to $34,999
11.9% (37): $35,000 to $49,999
33.1% (103): $50,000 to $74,999
17.7% (55): $75,000 to $99,999
16.7% (52): $100,000 to $149,000
5.8% (18): $150,000 to $199,999
2.6% (8): $200,000 or more

19. Which best describes your current employment?
(320 responses; 11 item non-responses)

59.4% (190): One full-time job (30 hours per week or more)
3.4% (11): More than one full-time job
6.6% (21): One part-time job (less than 30 hours per week)
1.9% (6): More than one part-time job
21.6% (69): Retired
1.6% (5): Currently unemployed
5.6% (18) Other (*please specify*)
Responses include: Disabled; Full-time student; Retired with part-time supplemental job; One full-time job and two part-time jobs; Self-employed

20. How many years have you lived in Greenbelt? ***(322 responses; 9 item non-responses)***

9.0% (29): Less than 1 year
28.0% (90): 1 to 5 years
16.1% (52): 6 to 10 years
18.6% (60): 11 to 20 years
12.1% (39): 21 to 30 years
16.1% (52): More than 30 years

Thank you! If you have questions or comments, please contact Mary Kolar at mkolar@greenbeltmd.gov or 301-474-8000.

Moderately Priced Dwelling Unit Programs – At-a-Glance Comparison Table

Jurisdiction	Program	Year Enacted	Rental	Homeownership	Minimum Development Size	Set-aside Amount	Current Maximum Annual Income (family of four)	Control Period
Montgomery County	Moderately Priced Dwelling Unit Program • Homeownership MPDU • Rental MPDU	1974	Yes	Yes	20 units	12.5%(*)	\$76,500 \$76,500/\$71,000 (high rise apartments/ (garden apartments)	30 years 99 years
Laurel	Affordable Housing Program • Moderately Priced Dwelling Unit • Work Force Housing Unit	2008	Yes	No	50 units	(6% total) 3% 3%	\$65,150 (60% AMI) \$54,300 (50% AMI)	20 years
Rockville	Moderately Priced Dwelling Unit Program • Homeownership MPDU • Rental MPDU		Yes	Yes	50 units	12.5%(*)	\$65,500 (60% AMI)	30 years
Gaithersburg	Affordable Housing Program • Homeownership Moderately Priced Dwelling Unit • Homeownership Work Force Housing Unit • Rental Moderately Priced Dwelling Unit	2006	Yes	Yes	20 units	7.5% (15% total) 7.5% (15% total 15%	70% AMI 90% AMI 60% AMI	30 years
Frederick County	Moderately Priced Dwelling Unit Program • Homeownership MPDU • Rental MPDU	2002	Yes	Yes	25 units	12.5%(*)(**)	70% AMI 50% AMI	15 years 25 years
City of Frederick	Moderately Priced Dwelling Unit Program	2008	Yes	Yes	25 units	12.5%(***)	80% AMI	30 years

**Montgomery County, Rockville, and Frederick County allow for a density bonus of up to 22%, which corresponds with a set-aside of 15% total units.*

***In 2011, Frederick County added a pay-in-lieu provision which allows developers to opt out of developing MPDUs, requiring them to pay the County \$17,500 per unit not developed.*

****In 2013, the City of Frederick added a pay-in-lieu provision which allows developers to opt out of developing MPDUs, requiring them to pay the City \$16,100 per unit not developed.*

Jurisdiction: Montgomery County
Program: Moderately Priced Dwelling Unit program
Year Program Started: 1974

Program Summary: In response to growing concerns over a shrinking supply of affordable housing, the Montgomery County Council enacted its Moderately Priced Dwelling Unit (MPDU) law in 1974. The MPDU program was the first residential inclusionary zoning program in the United States, and is widely regarded as the "gold standard" for such policies. Today, more than 400 jurisdictions across the country implement inclusionary housing programs.

Montgomery County's MPDU program has two components, a homeownership piece and a rental housing piece. The law has been amended several times since its inception. Current program standards follow.

<u>Homeownership *and* Rental Housing Development</u>

- All new development of 20 units or more must execute an MPDU agreement, regardless of whether development is phased in and/or scattered site.
- Where no density bonus exists, at least 12.5% of developed units must be MPDUs.
- MPDU required adjusts in accordance with density bonus achieved. The law allows for a density bonus up to 22% above normal density permitted in a zone. Developers that achieve the maximum density bonus are subjected to a 15% MPDU requirement.
- In single-family dwelling unit developments, each MPDU must have three or more bedrooms.
- In multi-family dwelling unit developments, the number of efficiency and one-bedroom MPDUs must not exceed the ratio of efficiency and one-bedroom market-rate units to the total number of market-rate units.
- MPDUs must be built along with or before market-rate units.
- The last building built must not contain only MPDUs.
- Once a developer is ready to offer MPDUs for sale or rent, developer must first notify and offer units for sale to Montgomery County's public housing agency, the Housing Opportunities Commission (HOC), and to certain other designated not-for-profit agencies. These agencies have 21 days to exercise a right to purchase up to 40% of available MPDUs. HOC itself may purchase the first 33% of these.
- Units not purchased by HOC or another not-for-profit are offered to eligible residents via lottery conducted in concert with the Montgomery County Department of Housing and Community Affairs (DHCA).

<u>Homeownership Development</u>

- For a control period of 30 years from initial development:
    - Owner must reside in home (unit cannot be rented out)
    - Owner can only sell the home at the established controlled resale price through the MPDU Program to an approved MPDU purchase program participant
    - Owner must not purchase another property

    - When owner sells unit after control period expires, 50% of profit must be paid to Montgomery County
- To be an eligible MPDU purchaser, participants:
    - Cannot currently own a home or have owned a home in the past 5 years
    - Annual gross income must be between $35,000 (1 person household) and $101,000 (8 person household)
    - Must be able to make down payment, qualify for a mortgage, pay settlement fees including advance taxes and advance insurance; and pay a monthly mortgage payment, utilities, and other costs (HOC has assistance programs for some of these criteria)
    - Must take a first time homebuyer class, orientation seminar, and application session through the county

<u>Rental Housing Development</u>

- For a control period of 99 years from initial development:
    - Units must be rented to residents with maximum household incomes of no more than 65% of area median income (AMI) of the Washington Metropolitan Statistical Area
    - For households who fall below 65% of AMI, DHCA uses a housing cost standard under which households pay no more than 25% of their gross monthly income toward rent Individual unit rents must be set by landlords accordingly
    - Rents may be adjusted to reflect utilities paid by apartment developments
    - Developer is responsible for verifying income and checking credit history of applicants for rental MPDUs
    - DHCA maintains a list of MPDU eligible applicants and provides contact information to developers, but does not act as an intermediary during the application or leasing processes
    - Developer is responsible for re-certifying income eligibility of MPDU renters each year
    - Upon re-certification, MPDU renters may continue to reside in a unit provided they earn below 130% of maximum MPDU income limits, based on family size (i.e. a one-person household that initially earns the maximum qualifying income of $49,500 may remain in her or his unit upon income re-certification as long as she or he makes below $64,350)
    - Renters cannot qualify for units with a number of bedrooms that exceeds number of household members

Detailed 2016 Qualifying Income Limits by Household Size (effective March 17, 2016)

Household Size	Maximum Income for Renters		Maximum Income for Purchasers
	Garden Apartments	*High-Rise Apartments*	
1	$49,500	$53,500	$53,500
2	$57,000	$61,000	$61,000
3	$64,000	$69,000	$69,000
4	$71,000	$76,500	$76,500
5	$76,500	$82,500	$82,500

For more information:

- http://www.montgomerycountymd.gov/DHCA/housing/singlefamily/mpdu/index.html

Jurisdiction: Takoma Park
Program: Rent Stabilization
Year Program Started: 1981

Program Summary: Takoma Park's Rent Stabilization Law was passed in 1981. The measure has undergone revision in subsequent years but remains one of the city's primary affordable housing programs. It was designed to preserve the city's affordable housing stock and maintain economic and ethnic diversity by controlling the frequency and amount of rent increases that may be imposed by a landlord. Landlords of properties covered by the law may not increase rents above the city's rent stabilization allowance, which is determined on an annual basis every spring. Additionally, tenants in units covered by rent stabilization must be given at least two months advanced notice of any allowable rent increases. The law also requires landlords of applicable properties to submit an annual accounting of the rents and fees charged to their tenants and any rent increases that may have been imposed during the 12 month period between July and June of the preceding year. The Rent Stabilization Report is due on September 30 of each year.

The Rent Stabilization Law applies to all rental units in the City of Takoma Park, with the following exceptions:

- Single family houses
- Accessory units (i.e. basement apartments, carriage houses, garage apartments)
- Duplexes, when one of the units is occupied by the property owner as their primary residence

In certain additional circumstances, landlords may apply for exemption from the law. These include:

- Leasing to a tenant receiving rental assistance (i.e. Section 8 Housing Choice Voucher)
- Providing affordable housing to low and moderate income households under contract with a governmental agency such as the State of Maryland

Newly constructed properties containing two or more units may also be granted exemption for five years following issuance of rental license. Properties that have been renovated or reconfigured do not qualify for this exemption.

The city determines and publishes the annual allowable increase every spring, to go into effect the following July 1. The allowance is equal to the annual increase in the Consumer Price Index for the Washington/Baltimore region. The 2015-2016 allowable increase, which expired on June 30, 2016, was 0.2%. The current allowable increase, which will be in effect until June 30, 2017, is 1.0%.

Landlords may apply for additional rent increases above the allowable increase if they can demonstrate that net operating income generated from rents capped at the allowable increase cannot meet escalated operating expenses. The city holds that landlords have a right to fair return on their rental properties. A fair return rent increase is intended to protect tenants from unwarranted rent increases, while allowing rent levels that provide landlords with a fair return. When a landlord files for a Fair Return rent increase, the petition is processed by the city's Commission on Landlord and Tenant Affairs (COLTA). COLTA conducts a detailed review of the financial documentation included in the petition and then issues an administrative decision denying or approving the Fair Return rent increase. If tenants or the landlord file substantive objections to the decision, COLTA conducts a hearing on the matter.

For more information:

- https://takomaparkmd.gov/government/housing-and-community-development/rental-housing/rent-stabilization/
- https://takomaparkmd.gov/government/housing-and-community-development/rental-housing/fair-return-rent-increases/
- http://www.codepublishing.com/MD/TakomaPark/#!/TakomaPark06/TakomaPark0620.html

Jurisdiction: Laurel
Program: Affordable Housing Dwelling Unit Program
Year Program Started: 2008

Program Summary: Laurel's Affordable Housing Dwelling Unit Program requires new rental housing development to set aside a portion of units as affordable to people with low incomes. The city enacted the program in response to "a severe housing problem exists within the city with respect to the supply of housing relative to the need for housing for residents with low and moderate incomes" (Laurel Code of Ordinances, Chapter 11, Section III).

Under the program, new housing developments of 50 units or more include 3% set aside as Moderately Priced Dwelling Units, and an additional 3% be set aside as Work Force Housing Units. Moderately Priced Dwelling Units must be available to residents with annual incomes no higher than 60% of the median income of Prince George's County ($65,160 for a family of four; $45,660 for a family of one).* Work Force Housing Units must be made available to residents with annual incomes no higher than 50% of the median income of Prince George's County ($54,300 for a family of four; $38,050 for a family of one).** The program also allows for an optional density bonus. In revitalization overlay area developments, the number of Work Force Dwelling Units and Moderately Priced Dwelling Units must equal either the number of density bonus units or 3% each of the total number of units, whichever is greater. Work Force housing units and moderately priced housing units shall be of varying sizes with regard to family needs.

The city requires that Moderately Priced Dwelling Units and Work Force Housing Units produced through the program remain affordable in accordance with the program for a minimum of 20 years. Should a multi-family property be sold within the 20 year control period, the buyer is bound by all covenants and controls in place.

The mayor may waive in whole or in part, all or some city fees applying to proposed development after considering the following factors:

- The number of the affordable housing units provided
- The ratio of affordable housing units to the entire project
- The financial burden upon the applicant of providing affordable housing units
- The location of the affordable housing units
- Such other relevant factors as the mayor may deem appropriate

*The original ordinance enacted in 2008 required Moderately Priced Dwelling Units to be affordable to households with annual incomes no higher than 80% of Prince George's County area median income. In 2015, upon a program review, the city determined this guideline too high and amended the ordinance.
** The original ordinance enacted in 2008 required Work Force Housing Units to be affordable to households with annual incomes no higher than 70% of Prince George's County area median income. In 2015, upon a program review, the city determined this guideline too high and amended the ordinance.

For more information:

- https://www.municode.com/library/md/laurel/codes/code_of_ordinances?nodeId=CH11PLDE_ARTIIIAFHOPR