

Housing Opportunities for All Workgroup Meeting

October 18th, 2019

MEETING NOTES

Key takeaways

- Workgroup members developed preliminary policy proposals for two policy actions from *Housing Opportunity for All*:
 - Cross-cutting action 1.5. Establish stronger, market-informed inclusionary housing requirements.
 - Targeted action 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).
- Workgroup members agreed on key elements of an inclusionary housing policy. This guidance will be used to inform the forthcoming inclusionary housing feasibility study (to be completed in 2020).
 - Energy focused on exploring a mandatory program structure; geographic targeting; and a 30-year minimum affordability period (if not longer).
- Workgroup members agreed on aspects of an updated right-of-first-refusal policy (eligibility, property criteria, and notice provisions).
 - Energy focused on increasing eligible buyers to other entities, such as nonprofits and tenant associations and establishing priority criteria for when DHCD or its designee should exercise its right.

Questions from Workgroup & audience members

- ***What about the County's existing right-of-first refusal policy needs to be strengthened (as implied in the action's language)?***
 - *Housing Opportunity for All*, along with ongoing conversations among DHCD staff and Purple Line Corridor Coalition members, noted the following gaps within the County's right-of-first refusal policy:
 - A clear framework for prioritizing properties for purchase (i.e., when to exercise the right)
 - Clear guidance and mechanism (e.g., request for qualifications) to re-assign the right to a designee
 - Funding to effectively match offers (i.e., quick access to capital)

Informational requests

- Information about the Affordable Housing Ordinance's production in Arlington County:
 - According to a 2014 evaluation, Arlington County's density bonus supported the creation of 131 on-site Committed Affordable Housing Units from FY2006 to FY2013.¹

¹ <https://arlingtonva.s3.amazonaws.com/wp-content/uploads/sites/15/2015/05/DRAFT-Implementation-Framework-5.0.pdf>

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- It's worth noting that Arlington County has a voluntary, incentive-based policy. In contrast, Montgomery County's Moderately Priced Dwelling Unit Program (MPDU) is a mandatory program. This program, since its start in 1976, has produced more than 15,000 rental and homeownership units. Between 1976 and 2004, it has produced an average of 418 MPDUs annually.² The largest number of units was built in 1984 (1,224 MPDUs).³

Large-group reflection & discussion notes

POLICY ACTION #1

CROSS-CUTTING ACTION 1.5

Establish stronger, market-informed inclusionary housing requirements.

Policy objective: *An inclusionary housing policy in Prince George's County would support rental and homeownership opportunities from a local and regional perspective. The policy should be informed by a study that examines what overlaying incentives would work best for developers and attract and retain residents, examples of other policy models, and the County's history of using inclusionary zoning practices.*

Policy proposal (generated by areas of agreement):

**The numbers in parentheses after each policy option denotes the frequency of participants' responses.*

- **Program structure:**
 - Mandatory with flexible options (17)
- **Applicability:**
 - Geographically targeted or countywide with target areas (29)
 - Proposed target areas included:
 - TODs
 - Revitalization areas
 - Opportunity Zones
 - Activity Centers
 - High-density areas
 - Inner Beltway areas
 - Strong ("hot") real-estate markets
- **Requirements:**
 - **Affordability period:**
 - Minimum of 30 years (if not longer) (15)
 - **Income level served:**
 - Affordable to households making 60% area median income or less
 - Support seniors and people with special needs
- **Alternatives:**
 - Pay a fee (with funds going into the County's Housing Investment Trust Fund) (17)
 - Offsite development or preservation (in same geographic area) (10)

² <https://www.montgomerycountymd.gov/DHCA/housing/singlefamily/mpdu/produced.html>

³ http://www.montgomeryplanning.org/community/housing/frequently_asked_questions.shtm

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Areas for further exploration/clarification:

- **Defining income limits**
 - Discussion focused on the need to tailor the area median income guidelines to household incomes in Prince George’s County, which tend to be lower relative to other parts of the region. Consider using the County’s household median income instead of area median income, as 60% area median income for Prince George’s County is roughly equivalent to 100% of Prince George’s County’s median household income.
 - Participants recommended using regional area median income levels that align with the County’s median household income. This will build continuity with other programs and resources that use federally defined income limits and make it easier for developers to understand the policy rules.
- **Clarifying special needs populations**
 - There needs to be additional clarification about what “special needs” means in terms of specific populations (e.g., seniors, persons living with disabilities, persons experiencing homelessness), and it should be noted that these populations likely need housing affordable at 30% area median income.

Additional notes:

- The importance of focusing on the intent of the inclusionary housing policy was stressed (i.e., what is the policy designed to accomplish?).
- There was recognition that developers are doing more projects in Prince George’s County and caution about imposing requirements that would deter developers.

POLICY ACTION #2

TARGETED ACTION 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).

Policy objective: *Stronger right-of-first refusal provisions in Prince George’s County would be used to maintain quality housing that serves a diverse selection of income (AMI) groups (including low-and moderate-income and market-rate).*

Policy proposal (generated by areas of agreement):

**The numbers in parentheses after each policy option denotes the frequency of participants’ responses.*

- **Eligible buyers:**
 - Nonprofits (including nonprofit developers) (25)
 - Tenant associations (14)
 - Mission-driven, for-profit developers (12)
 - Housing Authority (11)
 - Redevelopment Authority (7)
 - Faith-based institutions (4)
- **Property criteria:**
 - **Property size:**
 - Reduce from 20 units to a lower unit threshold (4–15-unit properties).
 - **Properties to prioritize:**

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- Recent loss of or at-risk of losing federal, state, or local subsidy (and related affordability requirements) (8)
- Naturally occurring affordable housing (NOAH) (7)
- Near transit (i.e., TODs, Activity Centers, Purple Line) (7)
- Multifamily (5)
- Those serving special needs
- **Notice provisions:**
 - Extended notice for tenants before a sale (11)
 - Right-of-first offer provision (9)
 - Extended seller notice (5)

Areas for further exploration/clarification:

- ***Lowering property size threshold***
 - Reducing the unit threshold substantially below 20 units will require more County staff. Without a complementary increase in staff, properties may not be reviewed quickly, and as a result, the County may miss opportunities due to the sheer volume of eligible properties.
 - Reducing the unit threshold to four units could be overly burdensome on individual property owners (as opposed to larger companies and property owners).
- ***Clarifying NOAH***
 - NOAH needs to be more clearly defined, as Prince George's County already possesses a considerable portion of the region's "naturally occurring" affordable housing.

Additional notes:

- Concerns about tenants being protected from developers, who may try to incentivize tenants to exercise right-of-first refusal when it is not in their best interest, were raised.
 - This type of situation could be countered by access to legal services, education, and capacity-building.
- The brainstorming activity generated additional potential buyers not included in the policy proposal above. The following organizations were each recommended once:
 - Revenue Authority
 - Landbank (when created)
 - Community Development Corporations
 - Impact investors (added during discussion)
 - Prince George's County Economic Development Corporation