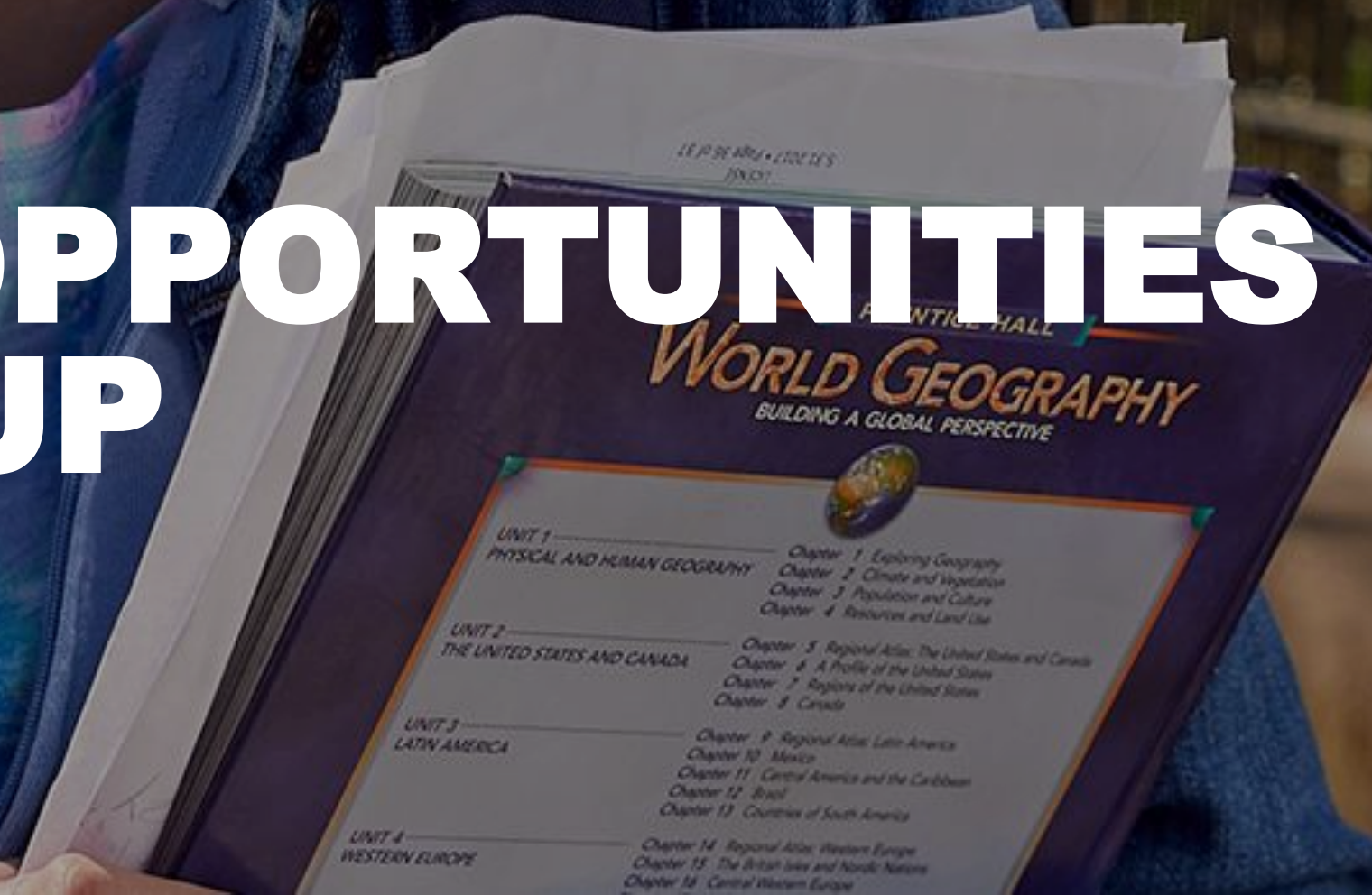




HOUSING OPPORTUNITIES FOR ALL WORKGROUP

PRINCE GEORGE'S COUNTY
FRIDAY, SEPTEMBER 25, 2020



TODAY'S AGENDA

AGENDA

1. Welcome & roll call
2. Meeting overview & objectives
3. Activities since January 2020: *Housing Opportunity for All* Implementation update
4. COVID-19 reflection: Challenges & opportunities
5. Overview of Prince George's County's inclusionary zoning study
6. Preliminary feedback for 2020 workgroup activities
7. Next steps & wrap-up

MEETING PURPOSE

By the end of this meeting, we will have:

- A shared understanding of progress related to implementation of *Housing Opportunities for All* and other housing activities since January 2020
- A shared understanding of key findings from the county's inclusionary zoning study
- A list of potential topic areas for the workgroup to focus on in 2020 and 2021

TODAY'S AGENDA

MEETING LOGISTICS FOR MEETING PARTICIPANTS

COMMENTS & QUESTIONS

- Please mute yourself unless you are commenting.
- We've set-aside time after each agenda item for Q&A or discussion as a group.
- If you have a question or would like to comment, please send a chat to **Laura Searfoss**, who will prompt you to come off mute.

FLASH POLLING

We plan to use Mentimeter to poll workgroup members and the general public in real time later in the meeting. We will share a link and code to the poll, which can be completed in a separate browser window on an Internet-enabled device (computer, tablet, smartphone).

TECHNICAL DIFFICULTIES

If you encounter technical difficulties during this meeting, please contact the following persons via chat or email:

- **Jackie Brown** | email: jwbrown@co.pg.md.us
- **Donna Brown** | email: djbrown@co.pg.md.us

TODAY'S AGENDA

Q&A FOR GENERAL PUBLIC

This meeting is being live-streamed to Prince George's County residents.

SUBMIT YOUR QUESTIONS

If you are watching the live stream and would like to submit a question during the Q&A portion of the meetings, here's how to share your question with the organizers:

[Use this link to submit your question.](#)

This link can also be accessed using the following steps:

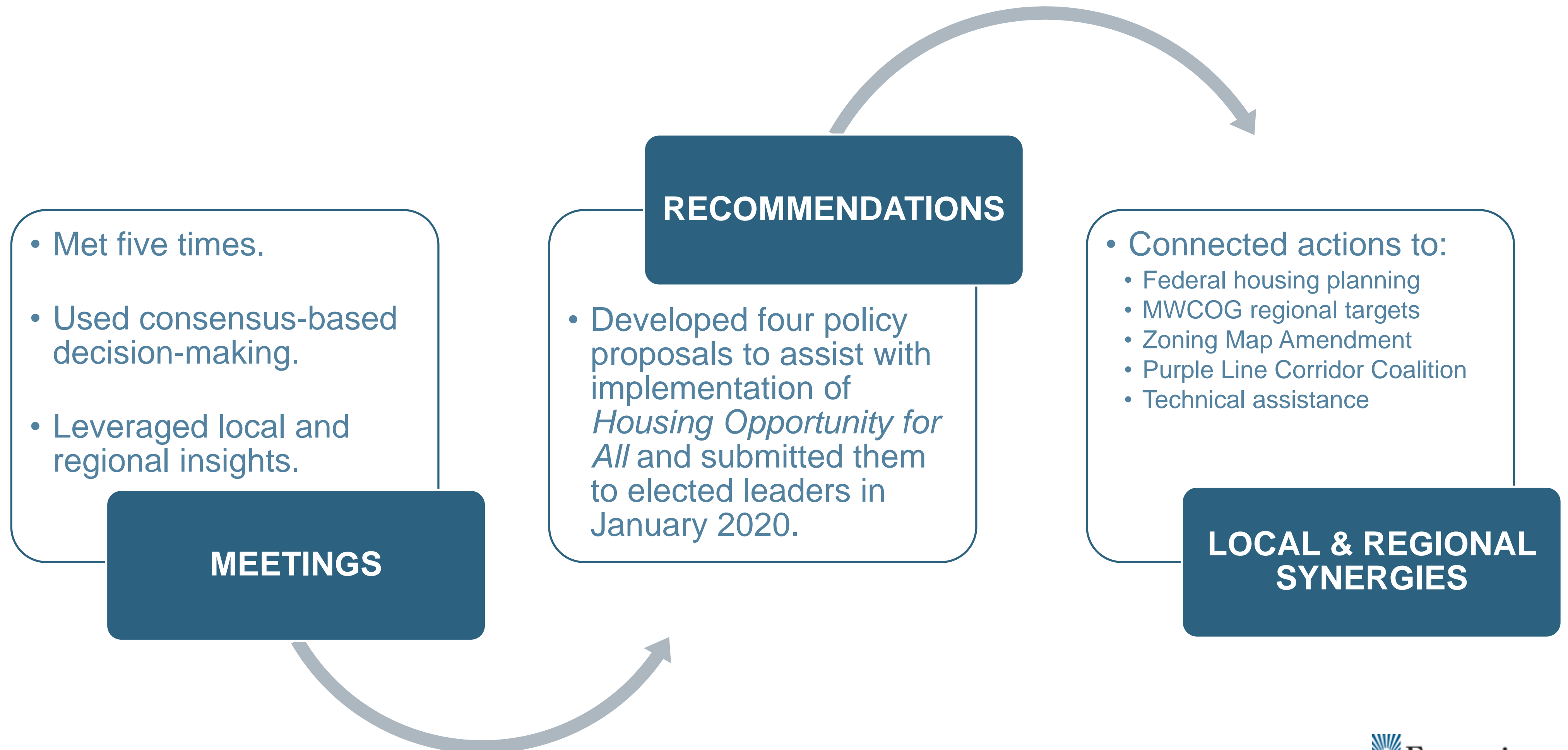
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HOUSING OPPORTUNITY FOR ALL **IMPLEMENTATION UPDATE**

WORKGROUP

2019 ACTIVITIES & ACCOMPLISHMENTS

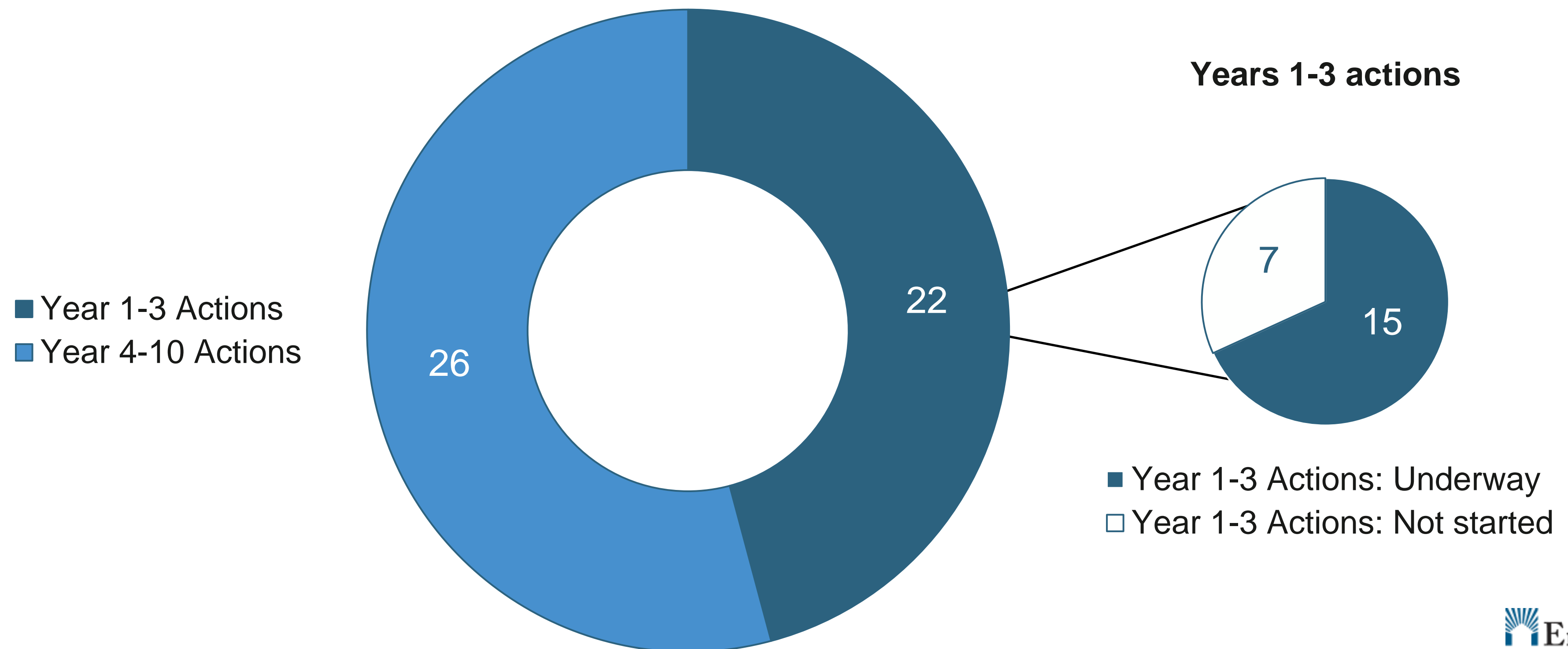


IMPLEMENTATION UPDATE

HOUSING OPPORTUNITY FOR ALL IMPLEMENTATION OVERVIEW

Twenty-two of (22) of the 48 total actions from *Housing Opportunity for All* are designed to be implemented in the first three years. Fifteen (15) of these 22 actions are currently being implemented.

Total actions: *Housing Opportunity for All*



HOUSING OPPORTUNITY FOR ALL 2020 IMPLEMENTATION

ACCOMPLISHMENT	RELATIONSHIP TO <i>HOUSING OPPORTUNITY FOR ALL</i>
2021-2025 CONSOLIDATED PLAN	<ul style="list-style-type: none">• Supports implementation of 17 specific actions and 4 priority outcomes• Supports creation of two additional tools (Section 108 and Neighborhood Revitalization Strategy Area)
UNIVERSAL DESIGN POLICY <i>CB-051-2020 Bill DR1</i>	<ul style="list-style-type: none">• Supports implementation of Cross-cutting Action 1.7• Referred to Committee of the Whole
RIGHT OF FIRST REFUSAL (ROFR)	<ul style="list-style-type: none">• Supports implementation of Targeted Action 2.6• Established framework for ROFR guidelines• Comprehensive roll-out in the next 30 days
LANDBANKING RESEARCH	<ul style="list-style-type: none">• Supports implementation of Targeted Action 3.2 (and workgroup next steps). Engaged Center for Community Progress to develop legal and policy recommendations• Established landbanking task force

IMPLEMENTATION UPDATE

RELATED ACTIVITIES 2020 IMPLEMENTATION

- **TEMPORARY, EMERGENCY RENTAL ASSISTANCE PROGRAM**

Nearly \$1.8 million in assistance distributed to landlords and utility companies via 503 applications

- **DISTRICT 3 THOUGHT SERIES: AFFORDABLE HOUSING (AUGUST 2020)**

Remote panel discussion among housing and health industry leaders

- **SUSPENDED EVICTIONS**

Center for Disease Control eviction moratorium in effect until December 31, 2020

- **UTILITY SHUT-OFF**

Maryland Public Service Commission emergency action to halt residential utility service terminations through November 15, 2020.

- **NONPROFIT GRANT SUPPORT**

Partnership with the Greater Washington Community Foundation to provide \$650,000 in grants to nonprofits responding to the impacts of COVID-19

COVID-19 REFLECTION CHALLENGES & OPPORTUNITIES

COVID REFLECTION

COVID-19 CHALLENGES & OPPORTUNITIES

- Based on what you are seeing or experiencing in your work, what **housing challenges** has COVID-19 brought into greater focus for you?



FLASH POLL

GO TO www.menti.com | ENTER THIS CODE: **48 04 52**

- Based on what you are seeing or experiencing in your work, what housing-related **opportunities** (new policies, resources, ideas) has COVID-19 created?



FLASH POLL

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INCLUSIONARY ZONING STUDY FINDINGS

INCLUSIONARY ZONING STUDY FINDINGS

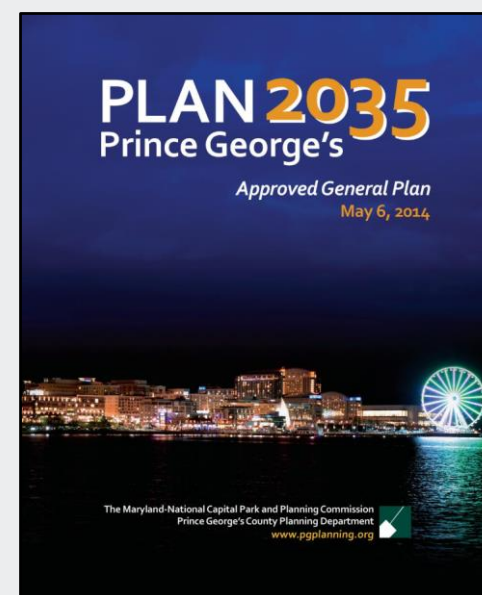
INCLUSIONARY ZONING STUDY

RELATED EFFORTS

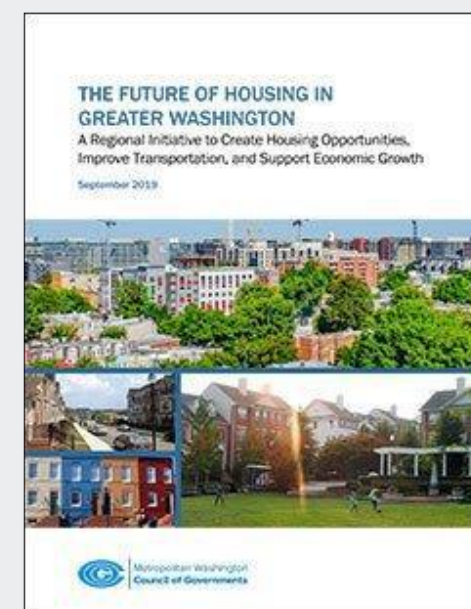
Housing Opportunity for All



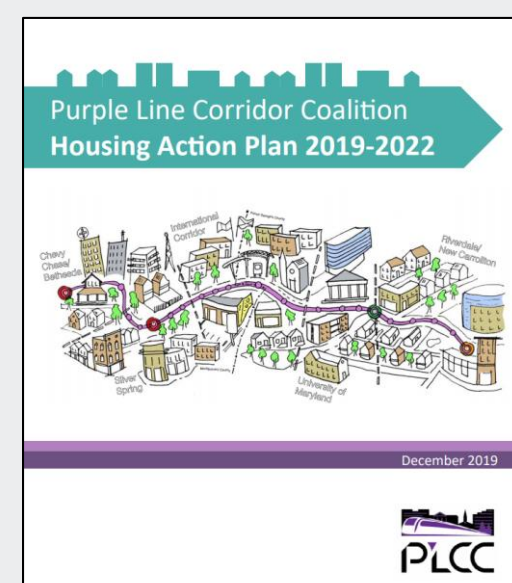
Plan 2035



MWCOG Regional Housing Needs



Purple Line Corridor Housing Action Plan



Zoning Re-Write



The inclusionary zoning (IZ) study builds upon several past and ongoing efforts and considers the County's previously established housing goals.

Use housing policy as a tool to:

- Attract new residents
- Retain and stabilize existing residents
- Strengthen economic development
- Expand impact of other investments and assets

Preserve affordable housing along the Purple Line:

- Focus on households earning under \$70,000, improved housing quality, and anti-displacement measures.

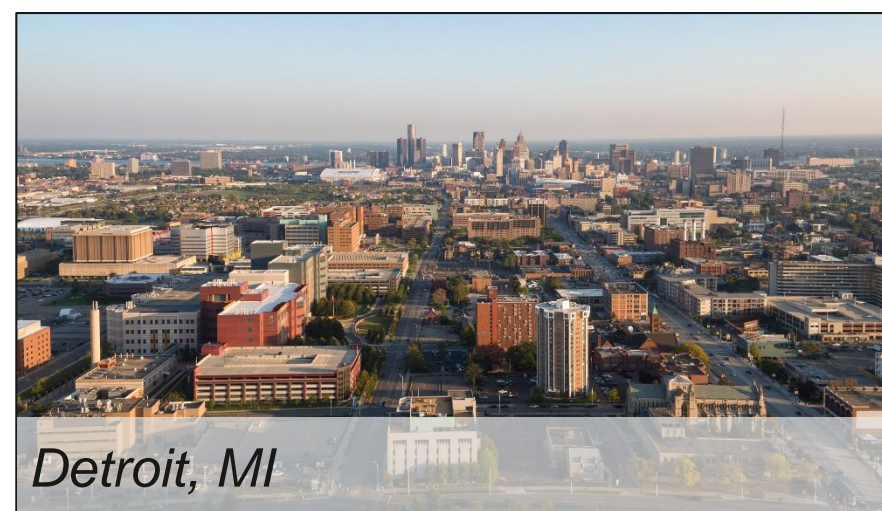
This study was a key implementation step of Cross-cutting Action 1.5 from *Housing Opportunity for All* and a policy matter explored by the Housing Opportunities for All workgroup in 2019.

INCLUSIONARY ZONING STUDY

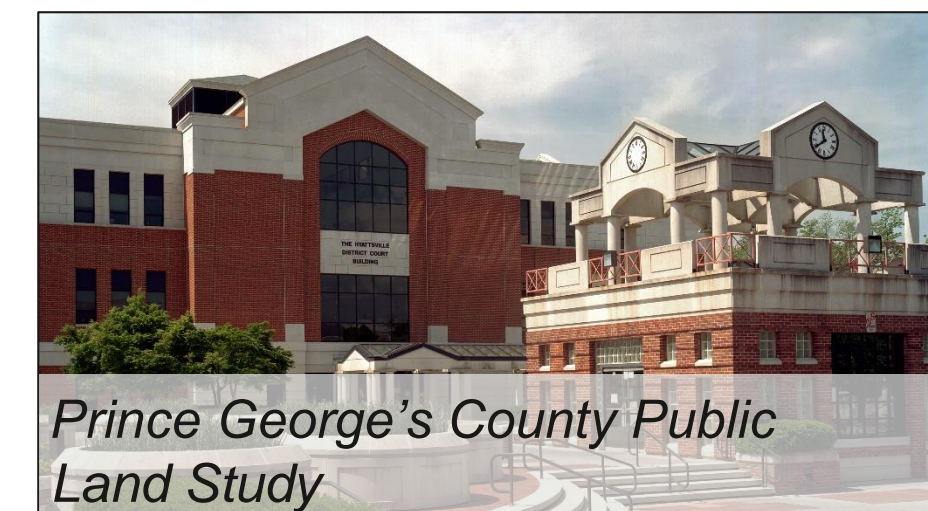
ABOUT HR&A

HR&A is an economic development and real estate consulting firm working at the intersection of the public and private sectors.

INCLUSIONARY ZONING EXPERIENCE

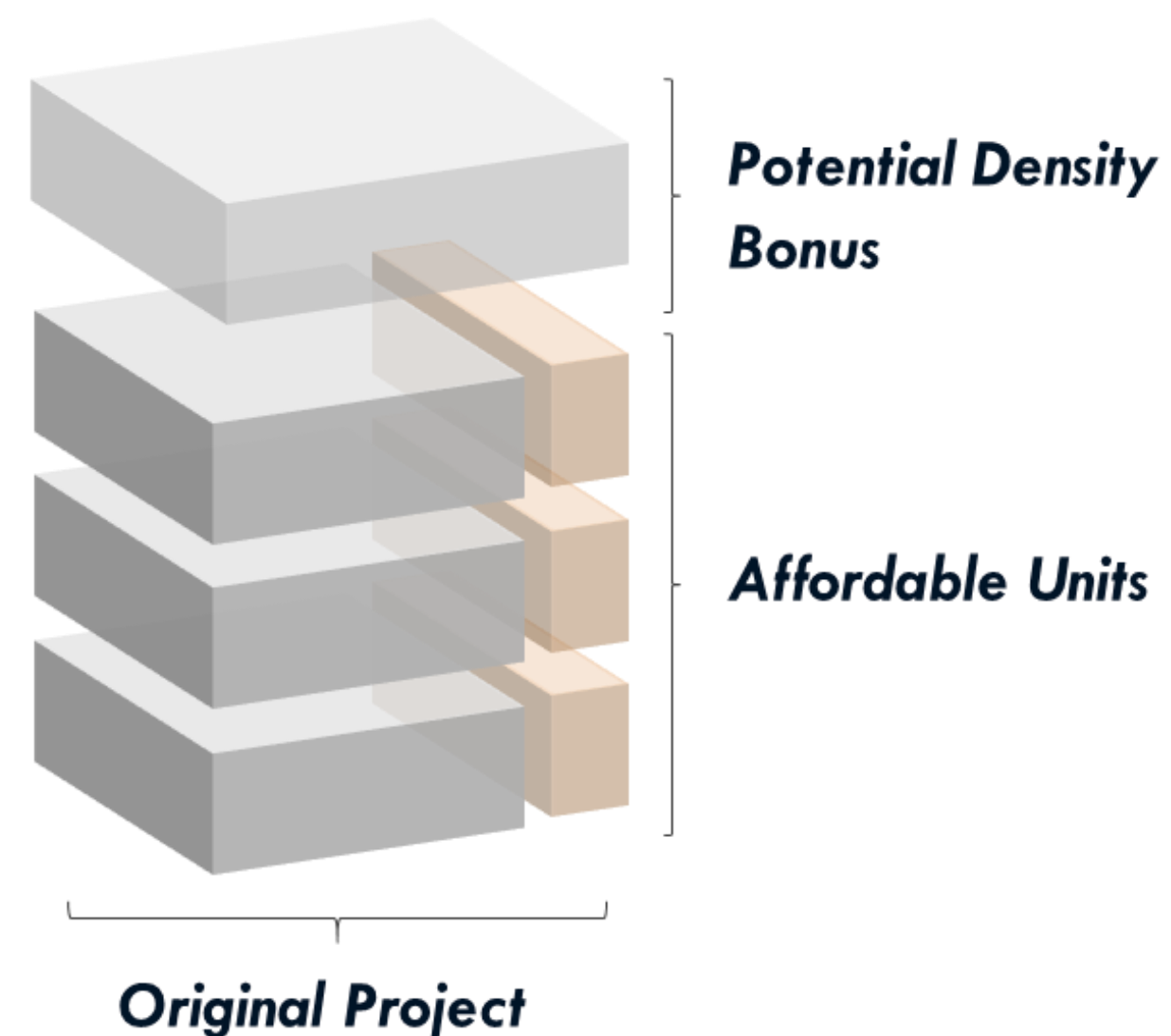


PRINCE GEORGE'S COUNTY EXPERIENCE



DEFINING INCLUSIONARY ZONING

An inclusionary zoning policy creates income-restricted housing units in market-rate development.



- Inclusionary zoning policies **require or incentivize** developers to include affordable units in market-rate developments, often in exchange for incentives such as bonus density or tax abatement.
- Rents for affordable units are set relative to a household's income, with many communities relying on **Area Median Income (AMI)** as a measure of household income.

STUDY APPROACH

Inclusionary zoning can create affordability and foster mixed-income communities, if it:



1 Aligns with housing needs



2 Provides appropriate public incentives



3 Applies to neighborhoods with sufficient market strength

STUDY TASKS

TASK 1: BEST PRACTICES REVIEW

- Literature Review of Local Jurisdiction Policies

TASK 2: INCLUSIONARY ZONING FEASIBILITY ANALYSIS

- Market Scan
- Stakeholder Outreach
- Financial Feasibility Analysis
- Incentive Analysis

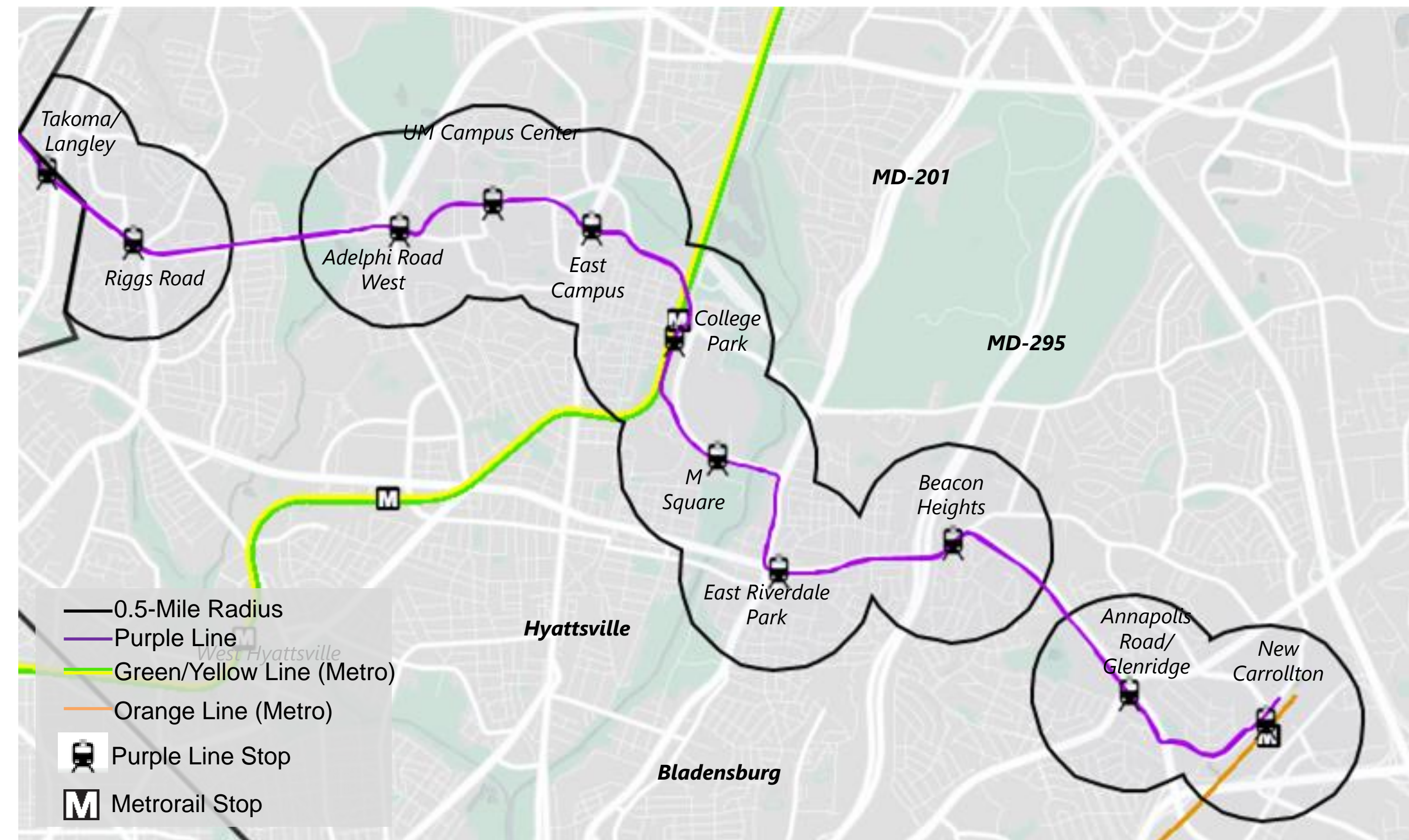
TASK 3: FINAL POLICY RECOMMENDATIONS

STUDY AREA

Analysis focused on the area within a half mile radius of planned Purple Line stations in Prince George's County.

One-half mile is a commonly accepted standard for station areas and expected real estate impact from rail transit investments.

PURPLE LINE CORRIDOR STUDY AREA Prince George's County, MD



STUDY FINDINGS

Based on analysis and evaluation of current conditions along the Purple Line Corridor, HR&A identified four key findings:



- 1** An inclusionary zoning policy is **not feasible** at this time based on market conditions and current County policies



- 2** Going forward, the County should regularly monitor market activity to **consider future inclusionary zoning feasibility** along the Corridor and clearly identify a lead department to monitor activity



- 3** The Purple Line will generate real estate value that could be leveraged to support housing affordability through **other policies**



- 4** There is a need for **stronger alignment of the County's incentives** across economic, land use, and housing goals

MARKET CONDITIONS

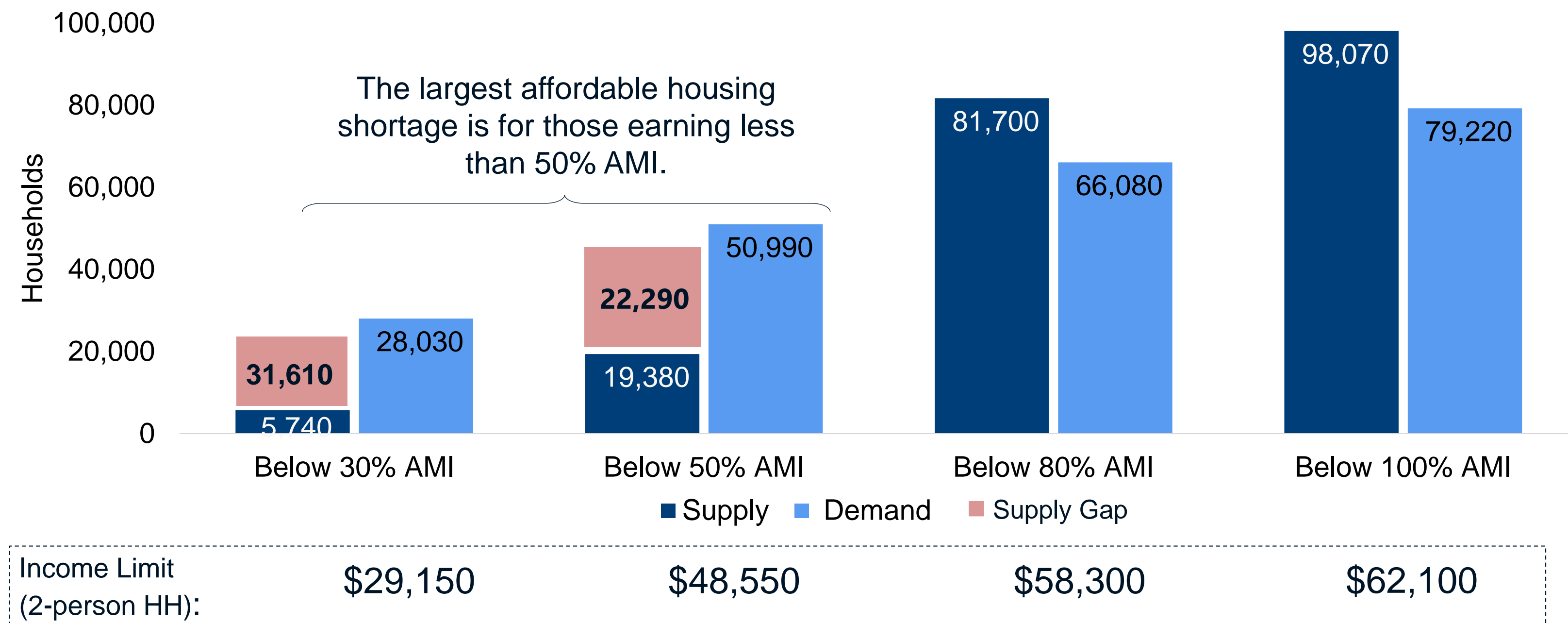
INCLUSIONARY ZONING STUDY

HOUSING NEEDS VIA HOUSING SUPPLY GAP

The largest shortage of available rental housing units is for households earning up to 50% regional AMI, which aligns with findings from *Housing Opportunity for All*.

RENTAL UNITS AFFORDABLE TO HOUSEHOLDS BY HOUSEHOLDS INCOME

Prince George's County, MD, 2018

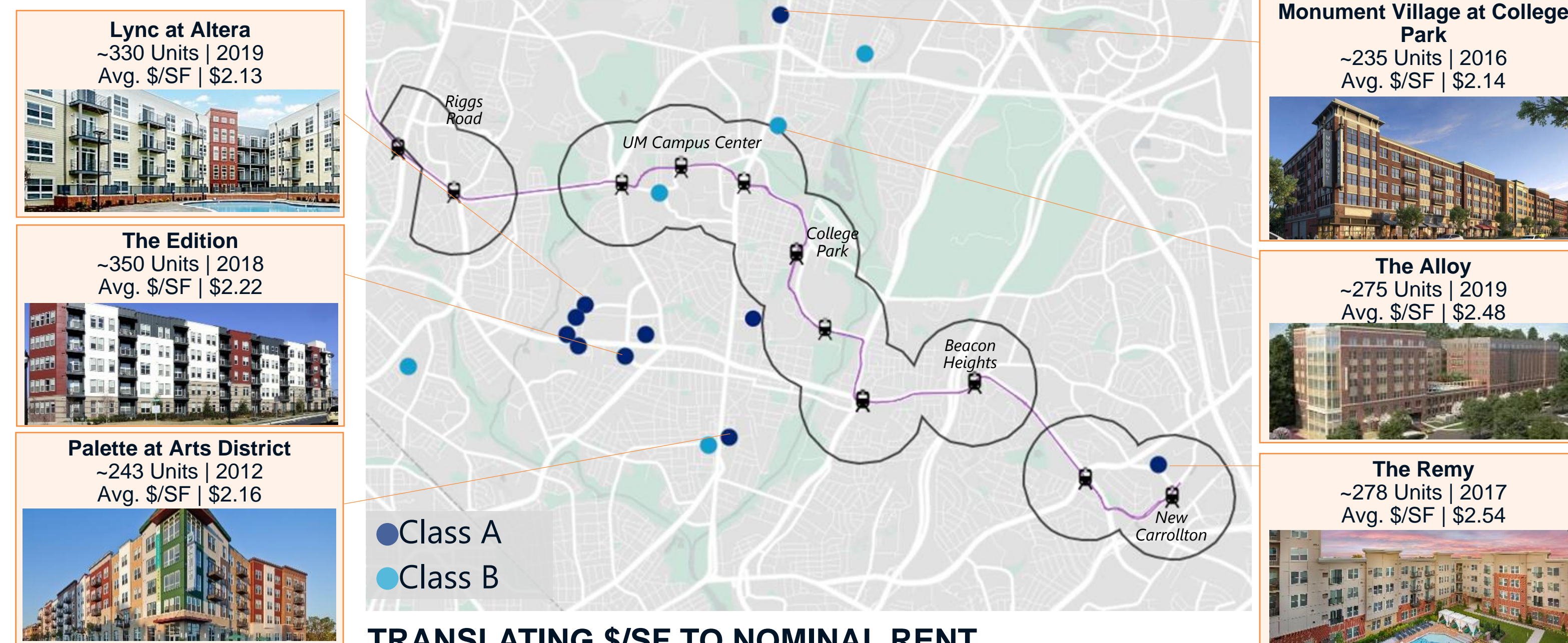


Note: Maximum housing costs by AMI assumes an affordability level of 30% of gross income allocated to housing, including utilities.
Source: 2018 ACS 5-Year Estimates, HR&A Advisors, Inc.

PURPLE LINE CORRIDOR RENTS LEVELS BY BUILDING CLASS

New Class A multifamily buildings near the Purple Line Corridor are garnering rents ranging from about \$2.00-\$2.55 per square foot.

SELECTION OF CLASS A AND B MULTIFAMILY SUPPLY IN THE BELTWAY (2010-2019)



TRANSLATING \$/SF TO NOMINAL RENT

\$2.25/SF * 750 SF = \$1,688 one-bedroom monthly rent

\$2.25/SF * 1,050 SF = \$2,363 two-bedroom monthly rent

TRANSIT PREMIUMS

Transit is an important factor in real estate pricing, and HR&A estimates a 10% premium to existing real estate pricing for light rail access.



**STATION AREAS
WITHOUT EXISTING
METRORAIL**

**10%
Premium**

Full light rail transit premium applied to baseline rents

Example

Existing Rent x Transit Premium = Projected Rent
 $\$2.00/\text{SF} \times 1.10 = \$2.20/\text{SF}$



**STATION AREAS WITH
EXISTING METRORAIL**

**5%
Premium**

Partial transit premium applied assuming existing Metrorail premium

Example

Existing Rent x Transit Premium = Projected Rent
 $\$2.30/\text{SF} \times 1.05 = \$2.43/\text{SF}$

FINANCIAL ANALYSIS

OVERVIEW

HR&A structured the financial analysis around three guiding questions:

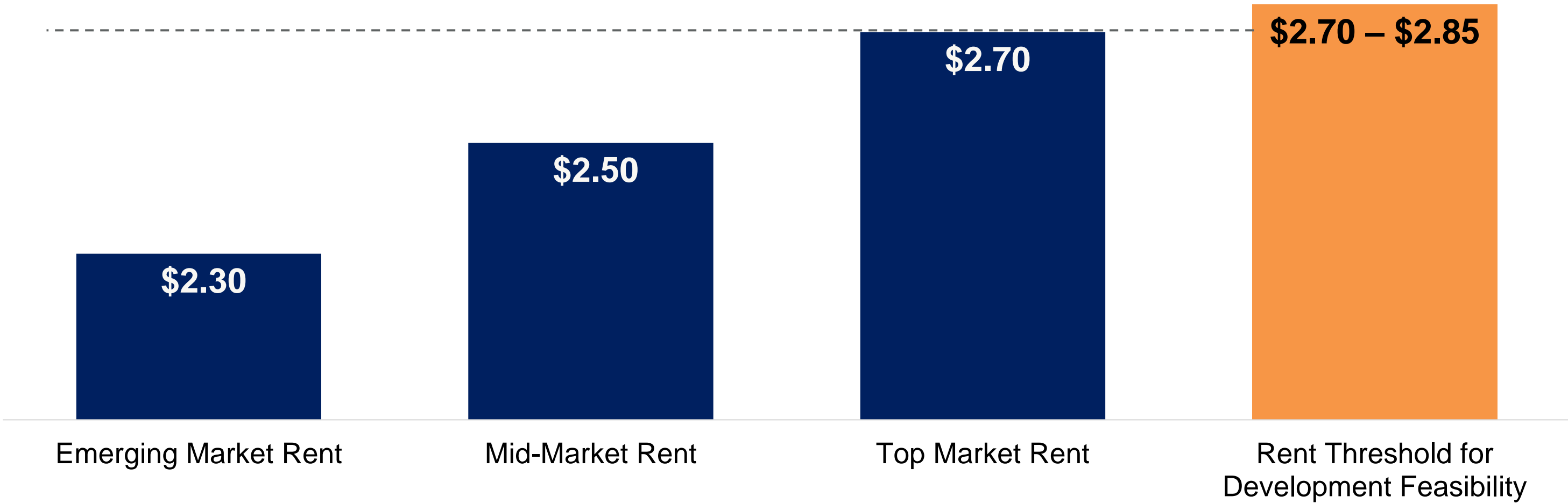
- 1 What is the feasibility of market rate development under **current market conditions**?
- 2 **Which incentives** fit within the context of existing policy in Prince George's County and unlock the most potential to support inclusionary housing?
- 3 Can applied incentives **support an inclusionary zoning policy** based on identified housing needs?

MARKET STRENGTH

Even with an expected price premium from the Purple Line, market rate transit-oriented development is not feasible under current conditions without incentives.

PURPLE LINE CORRIDOR RENTS BY MARKET SEGMENT (\$/SF OF MONTHLY RENT)

Rents are generally *not feasible* to allow development to move forward.



PUBLIC INCENTIVES

The primary incentives available to support inclusionary zoning in Prince George’s County are density bonuses and PILOTs, though both present challenges in their use along the Purple Line and only PILOTs were included in HR&A’s analysis.

INCENTIVES TO SUPPORT INCLUSIONARY ZONING IN PRINCE GEORGE’S COUNTY

Incentive tool	1	2
	Density Bonus	PILOT (Tax Abatement)
	Allows for developers to increase dwelling units per acre, floor area ratio (FAR), or height.	Provides a reduction in taxes for a designated period.
Challenge using incentive tool	Sufficient density is already available for what the market will support.	PILOTs are already used to support market-rate development for catalytic projects.
Included in analysis?	No	Yes

**Note: Additional incentives, such as parking requirements reductions or fast track permitting were not included as part of this analysis. Parking requirements have already been reduced along the Purple Line and therefore reductions cannot be used as an incentive. Fast track permitting is not possible under the County's existing structure that allows for Council review of all proposed development projects. Additionally, although HR&A initially considered the use of density bonus as a tool, it was not included in our financial analysis since sufficient density is provided through existing zoning and the bonus would not create any value to support development feasibility.*

DEVELOPMENT FEASIBILITY

When incorporating an affordability requirement and corresponding PILOT incentive, development still cannot be supported uniformly across the entire Purple Line Corridor.

DEVELOPMENT FEASIBILITY TESTING – 5% OF UNITS AFFORDABLE AT 50% AMI
New Midrise Rental Development

PILOT INCENTIVE – 15-YEAR TERM			
	40% Abatement	60% Abatement	80% Abatement
Top Market	Feasible	Feasible	Feasible
Mid-Market	Infeasible	Feasible	Feasible
Emerging Market	Infeasible	Infeasible	Infeasible

OVERALL FEASIBILITY

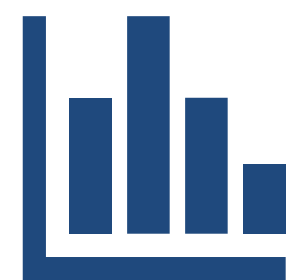
Based on current conditions, an inclusionary zoning policy along the Purple Line Corridor is not feasible at this time.

INCLUSIONARY ZONING POLICY ALIGNMENT EVALUATION FOR PRINCE GEORGE'S COUNTY:



1

Target households earning up to **50% AMI** based on identified need



2

Available incentive tools **don't provide sufficient new value**

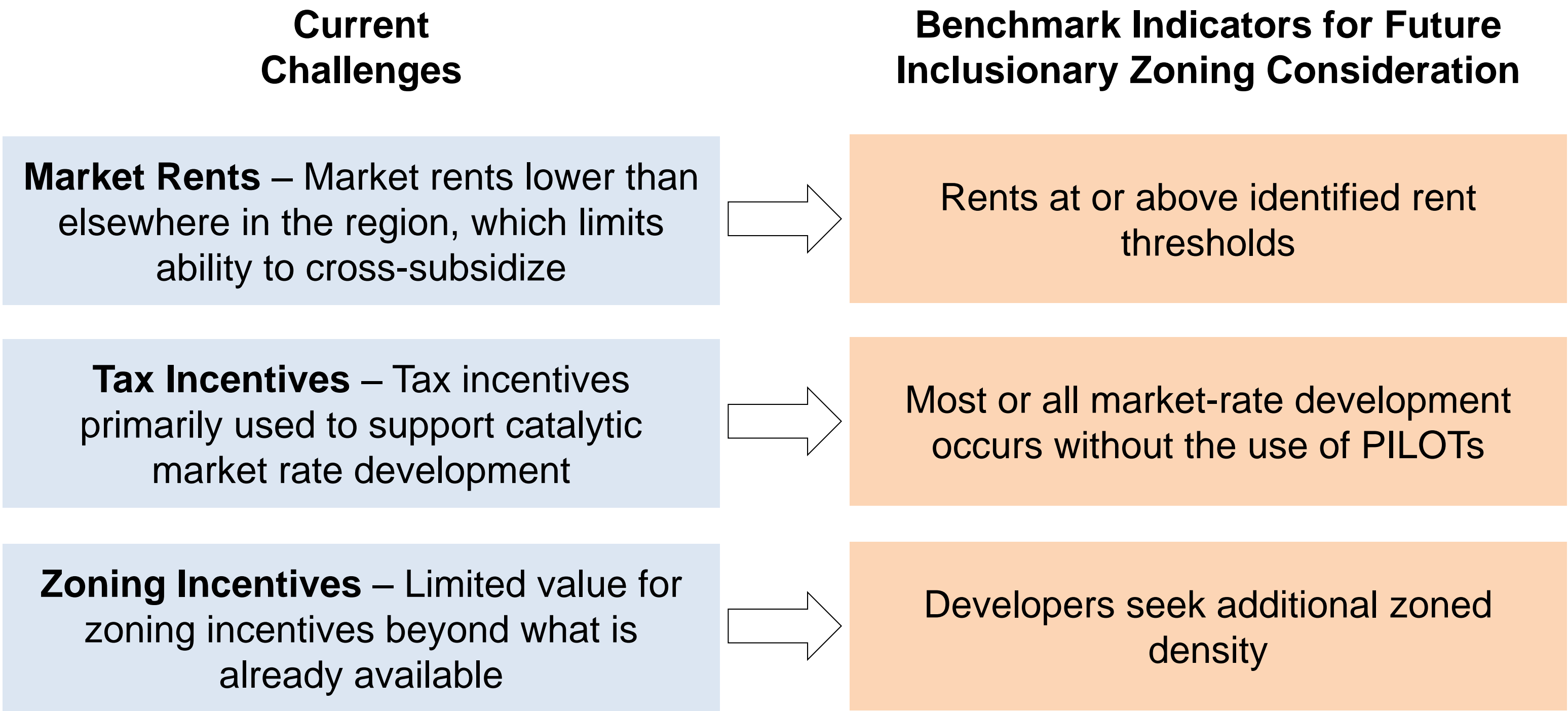


3

Existing rents **do not support market rate development** and PILOTs cannot support feasibility with an affordability requirement for all projects across the Corridor.

FUTURE CONSIDERATIONS

As market conditions continue to strengthen and the incentive environment evolves, the County should monitor activity and data indicators for future IZ consideration.



POLICY ALTERNATIVES

POLICY ALTERNATIVES

While an inclusionary zoning policy is not feasible at this time, there are alternative policies that could leverage the expected increased in real estate value from the Purple Line to support housing affordability.

ALTERNATIVE POLICY OPTIONS TO SUPPORT AFFORDABLE HOUSING

- 1 PILOT affordability requirement**
Creates an affordability requirement on new development or existing buildings seeking County PILOT support
- 2 Public land disposition affordability requirement**
Uses land value to support an affordable housing set aside on County-owned land
- 3 Synthetic TIF**
Captures increased tax revenue generated by Purple Line investment and sets it aside in a fund to support housing initiatives
- 4 Impact fee**
Assesses a one-time fee at the development of new housing or other significant redevelopment and sets it aside in a fund to support housing initiatives.

Q&A AND DISCUSSION

MEETING PARTICIPANTS

SEND A CHAT

If you'd like to ask a question or comment, please send a chat to **Laura Searfoss**, who will prompt you to come off mute.

GENERAL PUBLIC

SUBMIT YOUR QUESTIONS

[Use this link to submit your question.](#)

This link can also be accessed using the following steps:

GO TO: www.menti.com

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INCLUSIONARY ZONING APPENDIX

INCLUSIONARY ZONING STUDY: APPENDIX

Maximum Monthly Rent							Maximum Sale Price*					
Category	Studio	1-BR	2-BR	3-BR	4-BR	5-BR	Category	Studio	1-BR	2-BR	3-BR	4-BR
30% AMI	\$663	\$709	\$851	\$983	\$1,096	\$1,129	30% AMI	\$49,600	\$46,200	\$35,900	\$43,500	\$58,700
50% AMI	\$1,103	\$1,181	\$1,418	\$1,638	\$1,828	\$1,881	50% AMI	\$112,900	\$114,000	\$117,300	\$138,400	\$167,200
60% AMI	\$1,323	\$1,418	\$1,701	\$1,966	\$2,193	\$2,258	60% AMI	\$144,500	\$147,900	\$158,000	\$185,900	\$221,500
80% AMI	\$1,764	\$1,890	\$2,268	\$2,621	\$2,924	\$3,009	80% AMI	\$207,800	\$215,700	\$239,300	\$280,800	\$330,000
100% AMI	\$2,205	\$2,363	\$2,835	\$3,276	\$3,655	\$3,760	100% AMI	\$271,100	\$283,500	\$320,700	\$375,800	\$438,500

Weighted Average Monthly Rent and Sales Price by Typology (NSF)*					
Typology	30% AMI	50% AMI	60% AMI	80% AMI	100% AMI
Midrise Rental	\$0.96	\$1.60	\$1.92	\$2.56	\$3.30
TH For-Sale	\$18.13	\$57.67	\$77.46	\$117.00	\$156.58

**Note: For-sale maximum sale prices are based on Washington, DC metro maximum sale prices by regional AMI level to account for variation in unit cost by affordability level. Weighted average monthly rents and sale prices are based on typical unit mixes by typology. Note that regional AMI overestimates what is affordable to county households.*

FEEDBACK ON 2020 WORKGROUP ACTIVITIES

DISCUSSION OVERVIEW

PURPOSE

Gather input on a range of potential activities for the workgroup to focus on for the remainder of 2020 and in 2021 and identify the group's collective priorities across activity areas.

APPLICATION

Inform workgroup activities and structure (topical working groups, quarterly meetings, etc.) for the remainder of 2020 and in 2021.

PROPOSED ACTIVITY AREAS FOR 2020 WORKGROUP ACTIVITIES

THREE ACTIVITY AREAS FOR DISCUSSION:

1. Next steps: 2019 Workgroup activities
2. Emerging housing issues
3. COVID-19 response & recovery framework

NEXT STEPS: 2019 ACTIVITIES

INCLUSIONARY ZONING

- Explore policy alternatives identified through the county's inclusionary zoning study (public land disposition; affordability requirements related to PILOTs, and impact fees).

HOUSING INVESTMENT TRUST FUND

- Pursue legislation to allocate a portion of the County's recordation tax.
- Study all available sources of revenues to identify a dedicate source or sources of revenue to capitalize the Housing Investment Trust Fund to at least \$25 million and determine priorities for use.

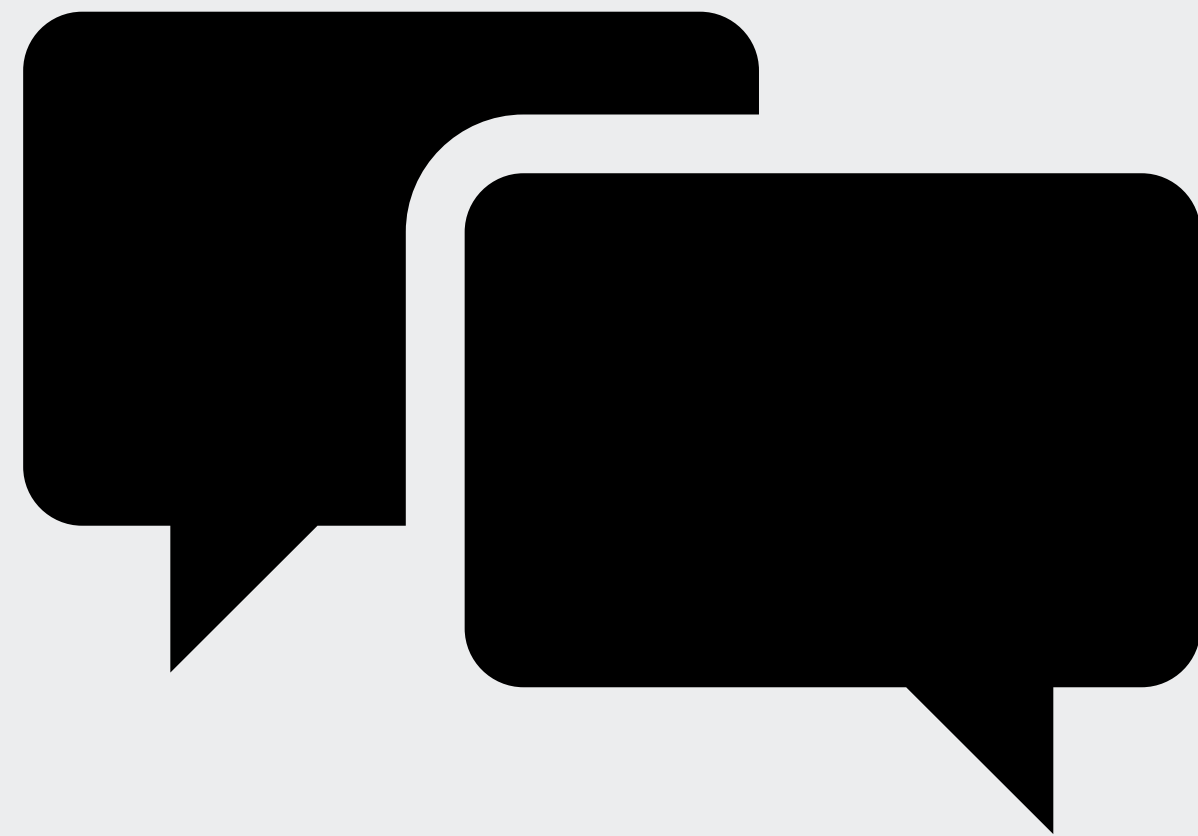
LANDBANKING

- Provide feedback on initial exploration of starting a landbank (through study and technical assistance from Center for Community Progress).

RIGHT OF FIRST REFUSAL

- Pursue policy and regulatory changes as needed.

LARGE-GROUP DISCUSSION



2019 NEXT STEPS

**Of these next steps,
which ones stand out you to tackle for
the remainder of 2020 and into 2021?
Why?**

EMERGING HOUSING ISSUES

- **EVICTIONS**

Renters may need immediate assistance due to loss of income (paying rent and utilities) and legal services, and long-term effects, such as depleted savings for renters and lower reserves for property owners to maintain rental properties.

- **FORECLOSURES**

Owners are at-risk of foreclosure due to loss of income. In addition to foreclosure, national analysis suggests homeowners may encounter utility shut-offs; more limited resources for home upkeep; and difficulties selling their home to avoid foreclosure.

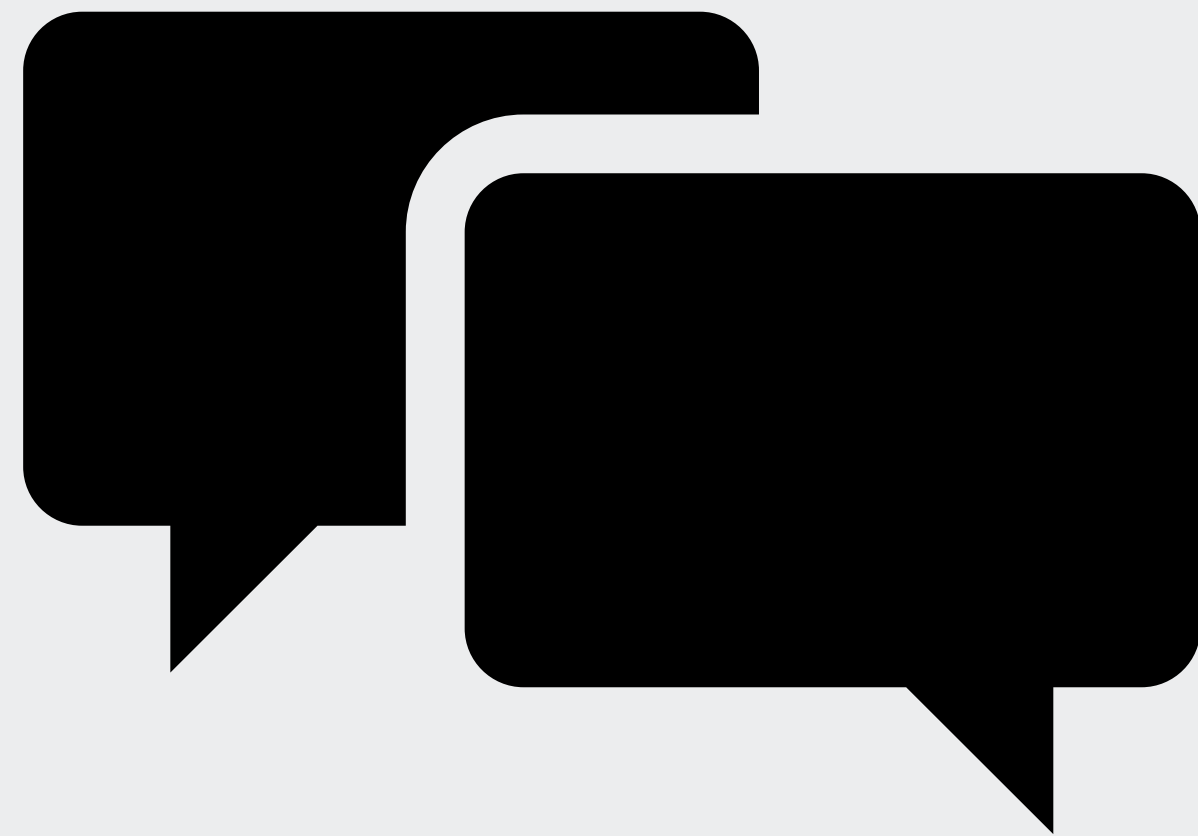
- **RACIAL EQUITY**

The health impact of COVID-19 have exposed disparities among households of color in Prince George's County, many of which are still financially recovering from The Great Recession.

"We don't know where we would go... We have no idea what we would do next and we have no idea how we're going to be able to get the money back for all of the months that we owe."

*-- Langley Park
resident*

LARGE-GROUP DISCUSSION



EMERGING HOUSING ISSUES

In your opinion, what emerging housing issues are affecting the county?

Tell us about this issue: what is it, who it affects, and why it critical to address in the immediate-term.

COVID-19 RESPONSE & RECOVERY FRAMEWORK

SAMPLE FRAMEWORK

- **CRISIS RESPONSE**

Short-term approaches that respond to immediate needs, such as evictions, foreclosures and homelessness, and adapt housing services (public housing, housing vouchers or other types of rental assistance) and program delivery to meet public health guidelines

- **STABILIZATION**

Medium-term approaches that stabilize renters and homeowners and properties as protections, such as eviction moratoria and rent repayment and mortgage forbearance options, end

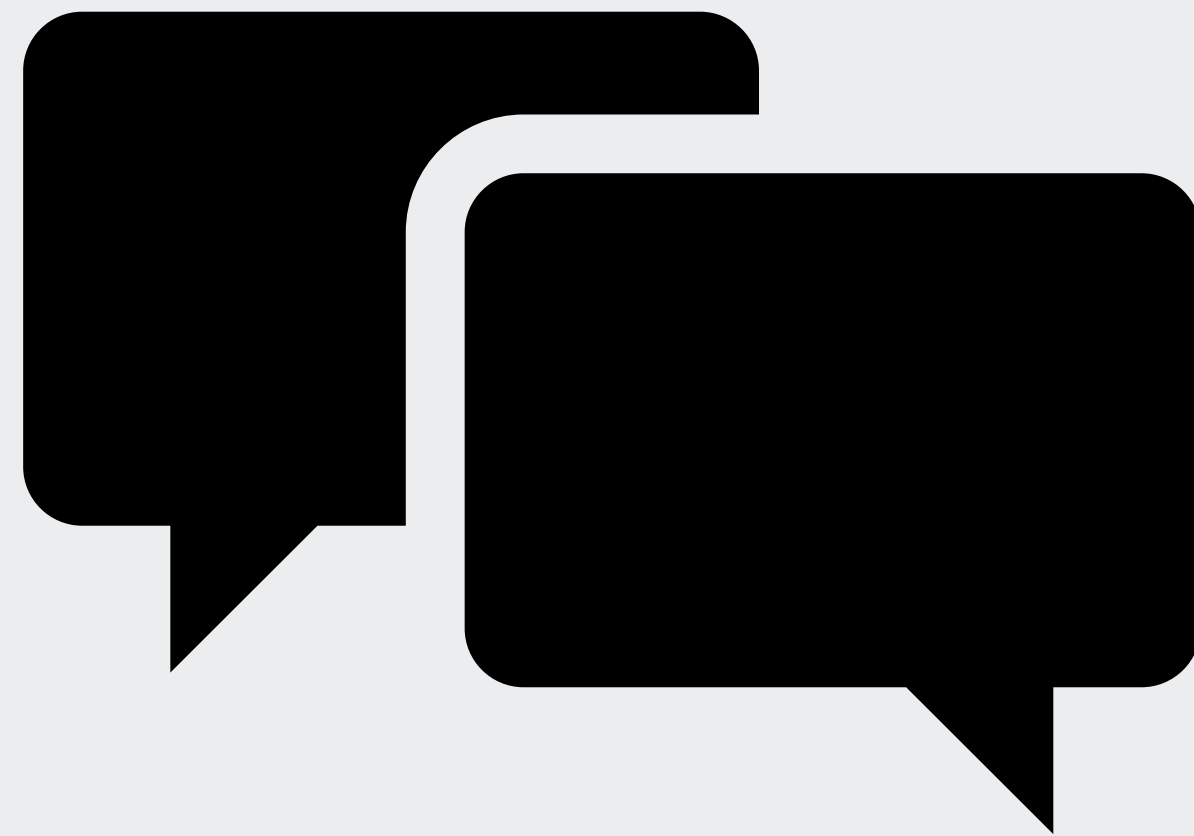
- **RECOVERY**

Long-term approaches that position people and communities to achieve their housing goals (e.g., improved financial stability, homeownership, production and preservation opportunities)

- **RESILIENCE**

Long-term approaches that make individuals, families, and communities more resilient to future shocks, including updating housing strategies as needed

LARGE-GROUP DISCUSSION



COVID RESPONSE & RECOVERY FRAMEWORK

What would a strong response to the housing challenges created or exacerbated by the coronavirus mean in Prince George's County?

What actions would be part of a strong response, from your perspective?

FLASH POLL



FLASH POLL

GO TO [WWW.MENTI.COM](https://www.menti.com) | ENTER THIS CODE: 21 29 47 9



SHARE THE MOST IMPORTANT ACTIVITY OR TOPIC THAT THE WORKGROUP SHOULD FOCUS ON FOR THE REST OF 2020 AND INTO 2021.



REFLECT ON COMMON THEMES.

Use Chat feature to indicate you'd like to comment, and the organizer will prompt you to unmute your line.

NEXT STEPS & WRAP-UP

NEXT STEPS & WRAP-UP

NEXT WORKGROUP MEETING

DATE & TIME

Friday, October 30, 2020 | 10.30 AM-12.30 PM

MEETING PURPOSE

- TBD (based on feedback gathered at today's meeting)

DISCUSSION TOPIC

- TBD (based on feedback gathered at today's meeting)

NEXT STEPS & WRAP-UP

INFORMATION SHARING VIA ONEDRIVE

ALL MEETING MATERIALS AND BACKGROUND RESOURCES
ARE AVAILABLE AT THIS LINK:

[CLICK LINK TO ACCESS FOLDERS ON ONEDRIVE](#)