Howard County Housing Opportunities Master Plan:
Overview of Policy, Program, and Funding Research and Analysis

Introduction
Identifying new approaches to address housing issues in Howard County requires a detailed understanding of the current policy, programmatic, and funding initiatives (hereafter, “policies”) currently in place. This section outlines the consultant team’s approach to identifying and evaluating existing policies and summarizes the core findings that were used to inform the policy recommendation process.

Methodology
The process for conducting policy research and analysis was coordinated with the needs assessment, the results of which are shown in Technical Appendix B. This process included four core, iterative steps.

- Assessment of current conditions/needs
- Inventory and assessment of existing programs
- Comparison to conditions, needs, and goals
- Best practice benchmarking
- Policy and programmatic recommendation development

The consultant team first created an inventory of County policies identified to have an impact on housing opportunity, choice, and affordability. This inventory was vetted by County staff and the Housing Opportunities Master Plan Task Force (hereafter, “Task Force”). Policies were analyzed for effectiveness, considering several factors:

- Good governance/administration
- Appropriate targeting (i.e., how does the program work to address a significant housing need?)
- Role in accomplishing jurisdiction’s overall goals and strategy
- Interoperability and complementarity with other programs/policies/resources, both internal and external

Policies were also evaluated in the broader context of related policies, including transportation, school, and social services, in particular.

The assessment process included direct outreach to practitioners involved in addressing housing and social service needs throughout the County. This outreach included 29 individual/group interviews and three virtual roundtable discussions with targeted stakeholders, reaching approximately 50 individual practitioners and stakeholders. In addition to County staff and organizations that partner with the County to provide key services, participants included members of the market-rate and affordable housing development community, members of the Age-Friendly Initiative Housing Workgroup, members
of the African American Roundtable, representatives of groups serving individuals and families with disabilities, and individuals in the immigrant community, among others. All conversations were conducted on the condition of anonymity to enable a candid discussion of both the positive and negative elements of existing County policies.

The consultant team used this information to inform and refine the nine core challenges around which it organized its research. To complement this work, the consultant team also reviewed other jurisdictions’ approaches to meeting the critical housing needs and challenges, with a focus on the Baltimore and Washington, D.C., metropolitan regions, as well as similarly situated counties throughout the country. To complete this task, the team conducted desktop reviews and accessed a searchable, frequently updated database of more than 3,600 policy-related resources (literature, legislative and administrative documents, source interviews, etc.) that cover the full spectrum of issues related to housing attainability, community and economic development, infrastructure, and municipal finances.

Finally, the consultant team used the information gathered through this overall process to inform its policy recommendations. This process was iterative in nature; as new information became available from other components of the project (needs analysis, Task Force discussions, best practices reviews, etc.), the consultant team revisited and refined the inventory and associated recommendations, and it reexamined specific programs.

Policy Inventory and National Examples

Relevant policies to address housing needs often fall into four broad categories. While these categories are non-exhaustive and may have a considerable amount of overlap in some contexts, they encapsulate the vast majority of tools and resources available to expand housing opportunities.

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<th>Land Use &amp; Planning</th>
<th>Using rules that govern new development to encourage specific housing types, price points, etc.</th>
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<td>Examples: Zoning modification, inclusionary housing policies, small area plans, overlays</td>
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<th>Capital &amp; Subsidy</th>
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<td>Examples: Housing trust funds/gap financing; payments in lieu of taxes</td>
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<th>Household Supports</th>
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<td>Examples: Housing Choice Vouchers, down payment assistance, homeowner rehabilitation loans/grants, property tax deferrals/abatements</td>
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<th>Policy Tools</th>
<th>Rules governing how various stakeholders participate in the housing market</th>
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<td>Examples: Tenant protection policies, rent stabilization, right-to-purchase/right-of-first-refusal laws</td>
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In developing a policy inventory for Howard County, the consultant team primarily focused on the resources, tools, and interventions established and executed by the County government and affiliated organizations (such as the Howard County Housing Commission). This inventory included resources, such as block grants, that are passed through from state and federal funders and administered locally.
This inventory and the associated analysis also considered the use of policies and programs that are directly administered by the state or federal government but critical to addressing housing needs in the County; for example, nonprofit developers in the County often utilize the state-administered Low-Income Housing Tax Credit (“LIHTC”) program, which provides capital to produce affordable rental housing. The evaluation of local policies considers how these efforts align with these major sources of funding.

The inventory of existing policies is organized around a framework of potential interventions to support housing affordability. This framework is based on policy research and classifications originally produced by Local Housing Solutions (www.localhousingsolutions.org), and then supplemented and amended based on additional research by Neighborhood Fundamentals. Organizing principles for this framework are the (a) functional areas for addressing housing needs; and (b) the four policy categories listed above. A non-exhaustive list of national examples is also included in the framework. The inventory, which members of County Staff and the Task Force reviewed and vetted for accuracy and completeness, is shown at the back of this appendix. More detailed best practice examples are included within the Assessment and Analysis section below.

This framework serves as an expansive list of the universe of potential policy interventions to address the spectrum of housing needs, and it includes policy categories/approaches for which there is no local analogue in Howard County. A lack of a local example does not automatically constitute a gap in Howard County’s approach. In some cases, there are multiple pathways to addressing specific housing needs. In other instances, the County does not exhibit a particular need outlined in the framework (for example, dealing with a large number of vacant, tax-delinquent properties). Any specific gaps in Howard County’s approach will be discussed in the Assessment and Analysis section below.

Finally, several policies do not fit within the established policy framework but are still pertinent to the Assessment and Analysis. These policies include the County’s core regulations guiding development (the General Plan, zoning code, Adequate Public Facilities Ordinance, and Housing Unit Allocation Process). Finally, it is important to acknowledge that policies related to education, transportation, public works, and the environment also have an impact on housing choice and availability. While these policies are acknowledged where applicable, they were not the focus of this evaluation.

**Assessment and Analysis**

This section provides a more detailed summary of findings from the Policy, Program, and Funding Research process, organized according to the nine core challenges addressed by the overall Housing Opportunities Master Plan. Findings are based on a combination of reviews of policy regulations, expenditures, and outcomes; observations from the practitioner outreach and community engagement process; reviews of literature and comparisons to national best practices; and the professional judgment of the consultant team.

The policy research process was coordinated with other aspects of the Housing Opportunities Master Plan process, and it was iterative in nature. The policy research contributed—along with the housing market research in Appendix B and the community outreach in Appendix F—to the identification of the core challenges, and it informed the ensuing recommendations.

The core purpose of this exercise was to identify actionable steps to improve efficiency and effectiveness in meeting housing needs, and to weigh tradeoffs between elements of program and
policy design. The presence of this guidance should not be interpreted to mean that existing programs are ineffectively administered. On the contrary, many of these programs serve as a strong foundation, upon which the recommendations in the Housing Opportunities Master Plan are intended to build.
**Challenge:** Housing supply has not kept up with housing demand, particularly over the last decade and given recent employment growth. This imbalance between supply and demand is leading to rising affordability issues.

**Examples of Relevant Policies:** General Plan, Zoning Regulations, Adequate Public Facilities Ordinance, Official Area Plans (including Columbia Downtown plan and Developer Rights and Responsibilities Agreement)

**Baseline Analysis and Practitioner Feedback**

The consultant team’s analysis of Howard County’s housing market found that the County is underbuilding new housing considering the size of its workforce. The County has a lower ratio of housing units to jobs than other nearby jurisdictions, and it requires more than 20,000 additional housing units to catch up to these areas. Based on a review of policies and interviews with practitioners, three core barriers to new supply growth were highlighted:

- A General Plan that limits on the areas in which moderate-to-higher density development can occur.
- Zoning policies that limit density and restrict certain housing types (attached single-family, apartments, etc.) that can be developed in many zones, as well as add costs to development (for example, parking requirements).
- The combination of Adequate Public Facilities Ordinance (“APFO”) restrictions and limited infrastructure and school capacity in certain portions of the County, which delay or prevent some development that could otherwise proceed based on the General Plan and Zoning Regulations (see discussion below).

Additional barriers to development cited by practitioners include the length of the entitlement and review process and the impact of public opposition on new development proposals.

These plans, policies, and processes are typical of most suburban jurisdictions across the United States, and they are consistent with the County’s original intent to preserve farmland and natural space while maximizing the utility of infrastructure investments in the Planned Service Area. In the first generations of the County’s build out, this model was not as significant a barrier to overall affordability; during this period, there was still a substantial amount of undeveloped land in residential zones, and the pressures of suburban expansion from Baltimore and Washington, D.C., had not yet reached Howard County to the same extent. However, this development regulation model is not as effective in providing a range of housing choices under current conditions, in which “greenfield” development opportunities have declined and competition has heightened.

The aggregate impact of the full suite of County development policies is to drive up the “cost floor” at which housing can be developed, likely reducing the number of units that can be built and further constraining supply. Unmet demand for high-end homes crowds out opportunities to serve the middle of the market. A lack of new, market-rate rental housing and entry-level homeownership opportunities is creating additional competition for existing units that could otherwise serve lower- and moderate-income households.
While new development is commonly associated with market-rate and/or higher-end housing, most practitioners and other stakeholders interviewed as part of this process agreed that allowing more growth/building more housing generally was critical to addressing the needs of the those with more significant housing challenges, including but not limited to older adults, persons with disabilities, and very low-income households. New supply was cited as critical in this context for three primary reasons:

- Rental housing is a critical housing option for households with housing barriers. Zoning restrictions on density, apartments, or other forms of attached housing reduces the overall supply of such homes and locks these households out of many neighborhoods.
- Competition for a limited number of suitable existing units make it more difficult for service providers and recipients of household-based supports to find units that are both appropriate for and available to potentially vulnerable households.
- In most instances, the same entitlement and approval processes (and associated challenges) that apply to market-rate development also apply to affordable housing development. In the latter case, mission-driven developers cannot cover the costs of these processes by raising prices, and they face the additional obstacles of a more complex financial structure and—in many cases—heightened community opposition.

Despite these challenges, there are examples in which Howard County has adopted development policies to increase supply that are consistent with best practices. Specifically, the redevelopment plan for Downtown Columbia enables relatively dense, mixed-use infill development served by existing infrastructure. The community engagement process was focused at the overall neighborhood planning level, which creates the opportunity for more straightforward approvals on an individual development basis. The redevelopment of Columbia also includes a robust affordability requirement through the Developer Rights and Responsibilities Agreement (“DRRA”). There was some disagreement among interviewees on whether the amount of affordable housing and depth of income targeting was appropriate. Some practitioners believed that the requirements were approaching the limits of economic feasibility, while others believed that more aggressive affordability targets were warranted and viable. It was outside the scope of this research to conduct a feasibility analysis for this specific topic. However, the DRRA includes several positive structural elements:

- An on-site inclusionary housing requirement that reserves a portion of units in each market-rate development for lower-income households, some of which are to be leased to the Howard County Housing Commission to provide deeper levels of affordability.
- A requirement to provide site-control to allow for affordable/mixed-income developments that leverage external housing subsidies (Low-Income Housing Tax Credits). These developments will be co-located with public facilities. These units do not count against the maximum approved units in the overall plan, enabling greater market-rate supply and affordable housing production.
- Monetary contributions from the master developers to finance affordable housing activities.
- Phasing requirements that provide some development-by-development flexibility in terms of inclusionary units but sets standards that ensure that affordable and market-rate housing proceed on concurrent paths.
Guidance for Future Policy

Moving forward, local practitioners in Howard County agree on the necessity of new development, though there is substantial debate about where and how that development should occur. Critical debates included whether the County should prioritize adding density through infill development and/or redevelopment in denser portions of the Planned Service Area, increasing development in the Rural West and other lower-density neighborhoods, or both. Ultimately, it is unlikely that Howard County will be able to add sufficient supply to keep up with economic growth without shifting the current paradigm, in which a significant portion of the County’s land area is off-limits to substantial development. Nor is it practically or fiscally feasible to limit growth to lower-density neighborhoods, given the cost of building out supportive infrastructure. Achieving adequate supply growth will need a “both-and” approach that provides for context-sensitive growth throughout the County.

Just as the location of development will need to shift, so will the approach to what type of housing is built and how it is regulated. While parts of Howard County will undoubtedly remain rural and suburban in nature, there will need to be more flexibility in terms of building form, setbacks, infrastructure design requirements, and parking—among other factors—to accommodate a wider range of housing choices and meet demand for different types of neighborhoods. Importantly, policy shifts should prioritize reducing barriers to housing types that have greater potential for providing affordability, such as moderate-density apartments, attached single-family homes, and accessory dwelling units (“ADUs”).

Finally, the locations in which the County plans for growth will influence the most effective tools for accommodating such growth. Generally speaking, when jurisdictions prioritize a smaller number of areas or neighborhoods for growth, that growth may necessitate more intensive area/neighborhood planning processes to manage its more concentrated impact on infrastructure, facilities, and existing neighborhoods. Conversely, allowing growth over a broader geography (see Minneapolis 2040 example in the next section) can be accomplished through higher-level changes to the General Plan and zoning ordinances. While some neighborhoods may see more demand than others, and while targeted area/neighborhood planning may be warranted in those contexts, more incremental and less concentrated growth—and associated neighborhood change—could reduce the need for a bespoke plans for multiple neighborhoods.

Additional Policy Considerations and National Examples

Given the magnitude of housing needs, Howard County will likely have to strike a balance between more incremental growth across a broader area and more significant increases in development in strategic locations.

Given the national predominance of traditional, Euclidian zoning (separation of uses and building types, strict form and density regulations), there are limited examples of jurisdictions adopting policies that allow for modest, incremental growth across the full jurisdiction (or substantial majorities thereof). However, that has begun to change in recent years, with examples such as the following:

- The Minneapolis 2040 Comprehensive Plan update received considerable attention for allowing triplexes in all single-family zones and additional density in transit corridors.
- Oregon passed a statewide law allowing for attached housing in most single-family areas in cities with more than 10,000 people.
• California passed a law greatly expanding residents’ opportunities to develop ADUs on their properties
• The Residential Infill Project in Portland, OR, allows for attached housing in single-family zones, with greater flexibility in terms of allowable building size and density if income-restricted affordable housing represents a portion of the units produced.

While these steps may be promising, an insufficient amount of time has passed for rigorous, empirical evidence to emerge on their effectiveness and impacts.

In terms of more intensive redevelopment efforts, the County has already set a strong precedent in its approach to the redevelopment of Downtown Columbia. Achieving a development vision and negotiating community benefits may be more difficult when parcel ownership is less concentrated, and the development program is likely to include a larger number of developers. However, several elements of the structural approach highlighted above (especially the inclusionary requirement and the site-control opportunities for mission-driven affordable housing development) are broadly applicable.

The Columbia Pike Neighborhoods Form Based Code in Arlington, VA, serves as another example of a neighborhood- or corridor-specific plan that provided opportunities to significantly increase housing supply, upgrade supportive infrastructure, improve walkability and multi-modal transportation options, and preserve and expand the supply of income-restricted affordable housing. The plan set a goal of no-net-loss of affordable housing as the corridor redevelops from a suburban, strip-mall model of development to a walkable “new downtown.” Importantly, the Form Based Code provided opportunities for creative infill development, such as facilitating the preservation of existing modest garden-style apartments by allowing denser development on surface parking lots. On-site affordable housing in market-rate developments was facilitated by the opportunity to achieve additional density and reduce parking levels. Affordability targets and incentives were developed through an intensive community engagement process that included considerable outreach and discussion with the large number of commercial and rental property owners in the corridor in order to balance community needs with the economic feasibility of new development.

This focus on economic feasibility raises the prospect of trade-offs. Community benefits (affordable housing, infrastructure improvements, open space/parks) and design requirements/amenities (off-street parking) carry costs. An effective planning process must consider the relative value of these features to the community in the context of the associated costs, or else development may not occur as planned.

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Challenge: A lack of affordable housing throughout Howard County inhibits racial and socioeconomic integration. Historically disadvantaged populations, lower-income households, and households experiencing poverty find that most of the housing options affordable to them are concentrated in only a few locations. This challenge is especially problematic considering that most remaining land and school capacity is in the Rural West, where current zoning regulations largely prohibit affordable housing development of any kind.

Examples of Relevant Policies: General Plan, Zoning Regulations, Adequate Public Facilities Ordinance, Official Area Plans (including Columbia Downtown plan and Developer Rights and Responsibilities Agreement); Moderate Income Housing Unit (MIHU) program; Section 128.J.2.C (Howard County Housing Commission authorization for limited development in non-residential zones (Section 128.J.2.C.); Baltimore Regional Project-Based Voucher and Housing Mobility programs; Columbia Housing Center; County Fair Housing Policies and Enforcement

Baseline Analysis and Practitioner Feedback
Diversity and inclusion were founding principles in parts of Howard County, particularly in James Rouse’s initial vision for the development of Columbia. As the United States continues to reckon with the issues of racial injustice after a tumultuous 2020, this Housing Opportunities Master Plan is an important opportunity to take concerted steps toward equity.

Historically, housing policies have enabled—and, in many cases, deliberately caused—socioeconomic and racial segregation, both locally and nationally. A brief synopsis of the historical record of the use of land use, zoning, infrastructure, and financing to promote segregation is found in “Segregated by Design,” a video by author Richard Rothstein.

Just as policy can both intentionally and unintentionally encourage segregation, it can also promote integration (specific examples will be discussed in more detail below). Columbia was established with the intention of creating an integrated community that could serve as a model for other parts of the County and country, and the results of this initial commitment are apparent to this day. However, few other neighborhoods in Howard County took an intentionally integrative approach, and the County as a whole was not spared the impacts of historically discriminatory policies and practices. These impacts are manifest in the levels of racial and socioeconomic segregation seen throughout the County today (see Appendix B for additional data on this subject).

As the County has evolved and changed, and as it has attracted new residents, the extent to which there is still a broad-based commitment to diversity and inclusion is unclear. Several practitioners believed that this commitment has eroded over time, and there is concern that statements on racial and socioeconomic equity will not translate to “on-the-ground” changes in policy and practice.

Moving from general commitments to policy specifics, there are two primary ways in which the County influences integration: (1) the use of policies that shape the location and nature of development (i.e., land use and zoning) and (2) the administration of housing and social service programs and supports. In this latter category, the County has a comparatively strong track record of proactively prioritizing integration. However, the impact of these efforts has been and will continue to be limited until there is a
change in approach to development policy. The following sections discuss each of these policy categories in more detail.

**Role of planning and development policy in shaping racial and socioeconomic inclusion in Howard County**

The previous section (*Challenge: housing supply has not kept up with demand*) detailed the ways in which the County’s development policies (General Plan, Zoning Ordinance, etc.) have contributed to increased housing costs and limited the development of naturally lower-cost housing types in significant portions of the County. These factors raise barriers to entry in specific neighborhoods and contribute to de facto segregation based on income in neighborhoods across the County. By limiting flexibility in the location and types of housing that can be built, County policies also make it more difficult to develop the types of housing structures—such as ADUs that can serve as caregiver suites or provide supplementary income—that can facilitate aging-in-place for older adults and/or integrated living for persons with disabilities.

Given racial wealth and income gaps, income-based barriers to integration translate into de facto barriers to racial integration. To provide one example, it is helpful to consider the relationship between housing type, costs, and homeownership. In general, exclusively single-family detached neighborhoods are predominantly owner-occupied. In addition to functionally locking out most renters, the high cost to purchase such homes—particularly in expensive areas such as the Washington-Baltimore region, generally, and Howard County, specifically—reduces housing options for a wider range of households without the income, and importantly, assets to purchase. A critical barrier to homeownership is access to resources for a down payment. Wealth disparities between demographic groups can be particularly impactful in this context. Given that home equity is the largest financial asset for middle-income households,² historical practices that explicitly limited the access of non-whites to homeownership can create barriers for future generations, even if and when such policies have been banned. Therefore, it is unsurprising that research shows White households are more likely to receive inheritance or receive help for making a down payment than Black or Hispanic households.³ When such support may be an important factor in affording to purchase in high-cost jurisdictions, policies that restrict housing choices and prevent more attainable housing types (both rental and lower-cost ownership) from being built have a disparate impact on historically marginalized groups and perpetuate the legacy of segregation.

De facto barriers to integration created by zoning policies limit the potential for greater racial and socioeconomic diversity in other spheres of life, particularly in the case of education. For example, if integration is lacking at the neighborhood level, it is more difficult to draw school boundaries that create student populations reflective of the County as a whole.

Zoning barriers also have spillover impacts on the effectiveness of programs designed to increase integration, housing choice, and stability. Practitioners discussed the difficulty of helping households

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receiving rental assistance (such as Section 8 Housing Choice Vouchers) outside the Columbia area, given the lack of apartments available in other neighborhoods. While no census tracts in Howard County meet HUD’s definition of concentrated poverty at this time, the lack of rental options does significantly restrict the choice and mobility of voucher holders, which is a core purpose of the federal program.

Despite the challenges embedded in the General Plan and Zoning Ordinance, the County has adopted critical development-focused policies that advance integration. First, the DRRA for Downtown Columbia promotes a mixed-income community with affordable housing developments integrated into the neighborhood and affordable units integrated into market-rate developments. Provisions that a portion of the latter units provide deeper income targeting (in partnership with the Howard County Housing Commission) are relatively forward-thinking and important to ensuring that Columbia provides a wider spectrum of housing choices in each development.

Another existing policy that can be used to advance the goal of integration is Section 128.J.2.c., which authorizes the County to approve up to 12 acres of development in specified non-residential zones over a three-year period for affordable housing produced by the Howard County Housing Commission.

Finally, the County has a longstanding inclusionary housing policy: The Moderate Income Housing Unit (“MIHU”) program. This program leverages market-rate development to produce affordable housing units in income-integrated settings.

While the MIHU program itself is strong, restrictions on development inhibit its integrative potential. In general, higher-density forms of housing, such as attached single-family, townhome, and multifamily products, are more conducive to such development, given the ability to amortize the cost of the affordable units, fixed expenses, and land costs over a larger number of units. Single-family zoning can therefore serve as a barrier to on-site MIHUs. A land value analysis conducted by RCLCO indicates that it can be difficult for developers of larger and more expensive detached housing to produce on-site MIHUs without jeopardizing the economic feasibility of their projects. While the MIHU regulation allows for a modest level of form flexibility (developers are allowed to use “multi-plex” structures of three or four units for MIHUs in a single-family detached development), the County does not

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<th>MIHU Fee-in-Lieu (2015-2019): Receipt and Allocation of Resources</th>
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Zip codes that received funds at least proportionate to the percentage received in green

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4 HUD defines a concentrated poverty as a census tract with 40% or more of individual living at or below the poverty line, or a poverty rate that is three or more times greater than the metropolitan area, whichever is lower. A neighborhood is considered a racially/ethnically concentrated area of poverty if it meets this standard and has a non-white population of 50% or more. [https://hudgis.hud.opendata.arcgis.com/datasets/56de4edea8264fe5a344da9811ef5d6e_0]
provide any additional density to make those building types more feasible.

MIHU regulations do allow for developers to pay a fee-in-lieu of on-site units, and the resulting revenues are used to support other critical affordable housing activities (see sidebar below). However, just as zoning barriers make it difficult to produce on-site MIHUs, the lack of zoning for attached or multifamily housing makes it difficult to use fee-in-lieu (“FIL”) revenue to subsidize income-restricted affordable housing development in the same (or similar) neighborhoods (see table).

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<th>MIHU Fee-in-Lieu Policy</th>
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| Allowing fee-in-lieu is a common practice in jurisdictions with inclusionary housing programs similar to MIHU (approximately 2/3 of all programs, according to a recent study), and resources can be targeted to provide housing types that are generally not produced through market-based inclusionary programs (including family-sized units, deeply affordable units, and/or those targeted to households with special needs. Fee calculations vary considerably across the country, including per unit flat fees, charges per square foot, and the "affordability gap" (the difference in cost between a market-rate benchmark and an affordable unit, the method used in Howard County). While many jurisdictions attempt to set fee-in-lieu levels at the cost of producing an affordable unit, that generally implies the cost of the local subsidy (i.e., gap financing) as opposed to total development costs. The RCLCO land value analysis suggests that setting fee-in-lieu at total development costs for an affordable unit would preclude economic viability of most projects. Fee-in-lieu examples from other jurisdictions include:

- The City of Chapel Hill, NC, requires a payment of $85,000 per affordable unit that would otherwise have had to be produced on-site, while offering offsetting incentives to developers.
- Montgomery County, MD, allows "alternative payments" for projects of 11-19 units equal to 0.5% of the purchase price of each home in the development. A back of the envelope estimate of what three recent developments might pay produces a range of $47,500 (11-unit townhome development in Silver Spring) to $137,000 (17-unit single-family development in Bethesda) per project. |

Role of County housing programs in shaping racial and socioeconomic inclusion in Howard County

Whereas development policies outside of Columbia have generally served as barriers to integration, Howard County has made a considerable effort to advance integration through the structure and administration of its housing programs.

First, Howard County was an early-adopter of a local fair housing ordinance that expands protections against discrimination to include source-of-income (i.e., an otherwise qualified tenant cannot legally be turned away because the household receives rental assistance or other forms of public subsidy). Several practitioners spoke positively of the aggressiveness with which the County enforces federal, state, and local fair housing laws to prevent discrimination. The County participates in the Analysis-of-Impediments

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(“AI”) to Fair Housing for the Baltimore metropolitan region, which is considered a best practice for advancing intra-regional housing choice and opportunity and breaking down exclusionary housing barrier, which can be found at both the jurisdictional and neighborhood levels. A portion of County’s Housing and Urban Development (“HUD”) block grant resources support the regional AI Coordinator to implement recommendations for advancing fair housing in cooperation with Baltimore City, City of Annapolis, Anne Arundel County, Baltimore County, and Harford County.

Howard County Housing Commission activities also play a role in advancing inclusion. The Commission is the local housing authority, though it does not manage or produce “traditional” public housing as funded and regulated under HUD Section 9. Commission developments are often mixed-income, which supports integration and helps avoid concentrations of poverty.

The Commission is also the administrator of Howard County’s allocation of both project-based and Section 8 Housing Choice Vouchers. The Commission and County participate in both the Baltimore Project-Based Voucher and Housing Mobility Programs, which expand the region-wide housing choices for recipients of federal rental subsidies.

In terms of intra-county housing choice, the Commission has recently adopted the best practice of using small area fair market rents to determine eligible units and payment standards under the Section 8 program. This practice should allow voucher holders to access rental units in higher-cost neighborhoods in which the prevailing rent levels exceed the previous, county-wide payment standard. While current land use patterns still lead to a large number of voucher holders living in the Columbia area, the small area fair market rent policy will be an important tool if development policies enable more multifamily development over a larger portion of the County. In addition, the County has used federal Community Development Block Grant resources to support the nonprofit Columbia Housing Center, which provides affirmative marketing services to recruit landlords to participate in the Section 8 program and lease units to recipients of rental assistance, with the goal of reducing residential segregation patterns within Columbia.

**Guidance for Future Policy**

Moving forward, the most effective action the County can take to support integration is to embed the commitment to integration that exists in housing programs into the development policy framework. There will continue to be a limit to the integrative potential of housing programs if the General Plan and Zoning Ordinance are working at cross-purposes to this goal by limiting the number and diversity of housing options. Specific options for improving development policies are addressed in more detail in other sections (*Challenge: housing supply has not kept up with demand* and *Challenge: New development today is less diverse*).

When approaching larger-scale, neighborhood, or multi-site redevelopment, the Columbia redevelopment model can serve as a roadmap for promoting integration. Although there is some practitioner disagreement on whether the total number of affordable units required was appropriate, the negotiation resulted in a robust suite of tools and approaches that are likely to provide a range of integrated, affordable options (see prior discussion). Moving forward, similar planning efforts should consider two additional opportunities to enhance integration and equity:

- Investigate opportunities to incorporate affordable homeownership units or developments into the broader plan. In the context of revitalizing or redeveloping neighborhoods, enhancing
ownership for lower-income households and historically marginalized communities could ensure broader sharing of the wealth-creation opportunities stemming from public planning efforts.

- Promote diversity in retail spaces, businesses, and cultural institutions. Creating welcoming neighborhoods to people from all walks of life requires more than just affordability. Mixed-use, village concept, and/or “traditional neighborhood” development efforts are built on the premise that residents will be able to meet a greater proportion of their needs within the community. Retail and business programming that predominantly serves the higher-end of the mixed-income population limits the promise of these neighborhoods. Affirmative efforts to create a more diverse mixed-use environment include proactive outreach, inclusion, and recruitment of businesses starting at the onset of the planning process, more diversity and flexibility in the size and structure of retail spaces, and other tactical innovations that reduce barriers to entry for small businesses (for example, allowing “pop-ups,” intentional food truck/kiosk space, etc.).

As important as such planning efforts can be, a significant amount of development will occur outside the framework of an Official Area Plan (see definition, Page 7 of Appendix A). One issue that was raised repeatedly during the outreach process was the relationship between housing and transportation access. While there was broad consensus among practitioners that transportation access mattered, there was considerable disagreement on the extent to which multi-modal transportation access should be a pre-requisite for new development. Given the relative lack of public transportation options and mixed-use, walkable neighborhoods in Howard County, using such factors as a binding constraint for new development would likely have the effect of reinforcing existing patterns of segregation. Furthermore, many lower-income households have occupations without fixed places of work (for example, workers in the construction and home repair industry, home health aides, etc.) that require automobile access regardless of the quality of transit options. Moving forward, a balanced approach that expands housing opportunities to a wider range of household contexts would do the following:

- Expand housing options for those who cannot drive (or would choose not to if other options existed) by facilitating more development—and especially the development of accessible housing units—in areas that provide better transit/non-single car occupancy options and/or walkable mixed-use neighborhoods.
- Make strategic improvements to transit service and pedestrian/bicycle pathways to improve scope and accessibility of these options.
- Allow development in other neighborhoods for individuals who will continue to need or use automobiles, but incentivize—or require—neighborhood and infrastructure features that could facilitate future improvements to walkability and transit access, such as accessible sidewalks, street grids and pedestrian pathways that facilitate connections to nearby retail, etc.

If new development is facilitated, the MIHU program will be able to produce more affordable units in income-integrated settings. The most effective approach for increasing the inclusive potential of MIHU (particularly in the contexts that currently result in fee-in-lieu payments) would be to provide the necessary density, as well as form and regulatory (parking, height, setbacks, etc.) flexibility, to make on-site units economically feasible. Without such incentives and allowances, the elimination of fee-in-lieu payments as an option for developers is unlikely to promote integration, as the RCLCO land value analysis suggests that there are instances in which new development will otherwise be economically infeasible. As such, the preservation of fee-in-lieu as an option is important to ensure that such
development is able to proceed, and that a further undersupply of housing is not unintentionally created.

The County is also well placed to attract outside capital for affordable housing investment. The State of Maryland’s allocation procedures LIHTC (the primary federal funding source for affordable rental housing development and preservation) provide incentives for “family housing in communities of opportunity.” Howard County’s strong economy and good schools give mission-driven developers a competitive advantage for these resources. A proactive strategy that encourages more multifamily development across the County and provides local “gap” resources for affordable development could leverage external resources to support inclusive housing opportunities. One potential targeted policy option to encourage such development would be to enhance the land use flexibilities under Section 128.1.2. C to increase the 12-acre cap, apply the policy to more eligible zoning categories (including low-density residential neighborhoods), and/or expand the flexibility to a wider range of mission-oriented developers (such as nonprofits focused on permanent stewardship of LIHTC developments). These three policy options are complementary. While the first two options could be pursued independently, expanding the pool of eligible developers would create difficulties for prioritization, planning, and administration if not accompanied by an expansion of the 12-acre cap.

Expanding housing opportunities in a wider range of neighborhoods is a necessary first step for encouraging greater integration, but not sufficient by itself to change the current dynamics at-scale. The County’s successful existing landlord engagement efforts could be expanded upon. Mobility programs could also be improved by enhancing introductory education to better inform residents about County and neighborhood services, institutions (faith communities, public facilities, community/civic associations), and events. This type of engagement can better link residents to other supports that can enhance quality of life, as well as provide an opportunity to enhance inclusion in all aspects of community life beyond housing.

More effective, ongoing community engagement is necessary if Howard County is to be successful in adopting a range of policy changes that advance inclusion. There was considerable concern among practitioners that local discussions of policy change (in multiple sectors) are often dominated by groups that only represent a portion of the broader community. Limited participation is a problem in general and is especially detrimental when specific groups are underrepresented. Lower-income households, persons with disabilities, and those with limited English proficiency may struggle to participate in public input processes. Prior to the COVID-19 pandemic, those with childcare responsibilities or work hours that conflicted with public meetings faced barriers to participate. As the pandemic has shifted engagement online, those with limited technological proficiency or without reliable access to a computer and high-quality internet service may similarly struggle. There is no one-size-fits-all approach to engagement, but intentionality is critical to capturing a wider range of perspectives.

To illustrate the importance of representative engagement, practitioners with experience in providing services to residents of neighborhoods with higher levels of poverty raised a number of concerns during the outreach process, including issues of segregation, lack of access to other neighborhoods, and housing quality issues. In discussing potential solutions, these practitioners highlighted that, while

7 These conversations supplemented direct outreach to individual households in these communities (see summary, Appendix F). Conversations with service providers provide a complementary perspective on the needs of the households they serve but should not be viewed as a replacement for direct outreach.
some lower-income households would welcome or prefer the opportunity to move to other neighborhoods if affordable options were available, others felt a connection to their current neighborhoods and were concerned about housing quality and involuntary displacement. This outreach elevated the importance of utilizing a broader policy toolkit that balances mobility improvements with interventions to support existing residents hoping to remain in the community they call home, rather than an either/or approach.

Additional Policy Considerations and National Examples
Specific examples/best practices for improving development policies and increasing housing stock diversity can be found in the Challenge: housing supply has not kept up with demand and Challenge: New development today is less diverse sections.

Creating effective community engagement structures is a universal and evolving challenge that no individual jurisdiction has fully solved. However, individual success stories are important. Practitioners engaged in the outreach process for the aforementioned Minneapolis 2040 Plan built support using a racial justice lens, emphasizing the role that land use policy can play in both creating and reducing disparities. When Arlington County, VA, was debating passage of its Affordable Housing Master Plan, local advocates helped organize a group named Mi Voz Cuenta (“My Voice Counts”), which directly built participation among lower-income households that were concerned the debates about the impact of the plan on poverty levels and schools excluded and stigmatized the lower income households living in those communities. A 2019 report from Urban Land Institute (“ULI”) Washington highlights the challenges associated with building durable, effective community engagement structures as well as recommendations action moving forward. Critical steps included:

- Meeting communities “where they are” (pop-up events, small group meetings, mobile workshops);
- Leveraging digital engagement tools;
- Providing multilingual and accessible public information and translations;
- Gathering information on broader community needs and “vision,” outside the framework of any specific policy, proposal or development; and
- Shifting the primary locus of engagement to broader planning/“vision development” efforts, instead of on a development-by-development basis

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9 A member of the consultant team (Michael A. Spotts) was officially involved in the development of this plan in a volunteer capacity.
Challenge: New development today is less diverse than the housing inventory overall. In recent years, new development has shifted in favor of rental apartments, and—at the same time—the for-sale market has largely stopped building smaller, attainably priced for-sale housing.

Examples of Relevant Policies: General Plan, Zoning Regulations Official Area Plans (including Columbia Downtown plan and Developer Rights and Responsibilities Agreement); Moderate Income Housing Unit (MIHU) program

Baseline Analysis and Practitioner Feedback
The diversity of the housing stock is closely related to the issues discussed in the previous two sections. In short, the lack of diversity in new housing is a result of current zoning policies, as well as the locations in which developable land and school capacity still exist. Ancillary requirements, such as those related to parking and setbacks, can create de facto bans on certain housing types, even in areas where they are otherwise allowed. Coupled with limitations on the allowable number, location, and types of housing units, unmet demand at higher price points crowds out the ability of the market to respond to demand for housing types that could better serve lower- and middle-income households. In most cases, developers will choose to pursue higher-end development when there is clear demand, particularly when lower-cost housing proposals cannot proceed “by-right.” Affordability challenges may worsen moving forward absent policy change, given that many of the units that constitute the more diverse housing stock—such as attached single-family homes and smaller-scale multifamily ones—are aging. The combination of high land values and current zoning policies make it challenging to maintain the affordability of housing when it is rehabilitated or redeveloped.

Practitioners that were engaged as part of this research believe the market can support more diverse housing typologies if allowed on a by-right, or more streamlined, basis. There was a general consensus among practitioners that more diverse housing typologies in a wider range of areas are necessary to promote integration and to support the creation of targeted affordable housing throughout the County. More diverse housing stock can better enable aging in place for older adults and integrated living opportunities for persons with disabilities. A recent analysis of AARP Livability Index data from the Harvard Joint Center for Housing Studies and AARP Public Policy Institute found that the most “livable” neighborhoods for seniors offered the most diverse set of housing options, with a mix of single-family and multifamily and ownership and rental options. Despite the fact that these neighborhoods tended to be less affordable on average, older adults earning less than $30,000 per year were slightly overrepresented, perhaps a result of the presence of rental housing options. However, low-income adults in such neighborhoods were also more likely to face cost burdens, underscoring the importance of balancing housing supply strategies with targeted income and housing supports.¹²

Guidance for Future Policy

Approaches to housing stock diversification should be considered at two levels: (1) countywide and (2) in individual neighborhoods. In the aggregate, the County should strive to amend development policies to produce more diverse housing types. While the County should not preclude development that predominantly offers a specific in-demand housing type (for example, a subdivision of single-family attached homes), it should also work to reduce barriers to housing supply diversification at the neighborhood level. The latter approach could advance integration and inclusion by gradually expanding the number of neighborhoods that include a range of housing types— and, by extension, price points—that can be produced on a by-right or streamlined basis. While a more diverse housing stock is beneficial in general, this analysis did not identify specific housing types that should be prioritized over others. To ensure viability in a range of development contexts, flexibility in form should be complemented with flexibility in other zoning provisions (parking, setbacks, height, etc.).

These policy changes should be addressed in the context of transportation issues discussed in the prior section. To enhance mobility options and incrementally divert some transportation demand from highways, the County should consider expanding the number of mixed-use neighborhoods—or residential neighborhoods with easy walkability to retail centers and/or community facilities—by expanding the locations in which neighborhood-serving retail can be developed and making tactical improvements to pedestrian and bicycle infrastructure. Such efforts should be done in a manner that improves accessibility for individuals with mobility challenges. Practitioners emphasized that mixed-use neighborhoods need not rely on mixed-use buildings nor be at the highest density levels. While mixed-use buildings should be allowed, several interviewees noted that ground-floor retail requirements are not viable in all neighborhood contexts. Small retail-only buildings (for example, a corner store or coffee shop) can serve the same purpose of providing walkable destinations or “third spaces.”

Additional Policy Considerations and National Examples

Both the aforementioned Minneapolis 2040 Plan and Portland Residential Infill Project allow a wider range of building types to proceed by-right and provide some degree of flexibility to enable such development. Portland’s policy also allows for increases in allowable density (up to six units on a lot) if one-half of the units are affordable to households earning up to 60% of area median income.13

Jurisdictions have also sought to achieve greater affordability by pairing housing type flexibility with targeted supports and subsidies. The City of Los Angeles has established an ADU Accelerator Program, which offers a package of benefits to homeowners (tenant referrals, case management, rental payments) who commit to rent an ADU to an older adult in need of housing.14 Other pilots in Los Angeles and elsewhere have provided a wide range of incentives (fee waivers, expedited permitting, low-cost financing, etc.) for providing ADU access to formerly homeless individuals and recipients of rental assistance.

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Challenge: Howard County lacks a cohesive strategy for prioritization, policy/program design, and resource allocation.


Baseline Analysis and Practitioner Feedback
Successfully addressing housing challenges requires a shared vision and goals among County leadership, in addition to a commitment to support the necessary actions to achieve that vision, an effective and coordinated strategy to prioritize resources and adopt critical—and sometimes contentious—policy changes, and high-capacity and adequately-resourced staff to engage in policy development and program administration.

Of these three factors, reviews of policies, administrative practices, and practitioner interviews support the assertion that existing County staff are highly knowledgeable and broadly effective in administering the current suite of County policies and programs. This statement applies in particular to the three primary Howard County departments—Housing and Community Development (“HCD”), Planning and Zoning (“DPZ”), and Community Resources and Services (“CRS”)—that oversee the bulk of policies and programs affecting local housing issues. Similarly, the Howard County Housing Commission can be considered “high-capacity,” given its success in developing and preserving mixed-income affordable housing, reasonably strong access to capital (through its bonding authority), and its stewardship of HUD resources.

Furthermore, there is a strong ecosystem of private partners—including, but not limited to, nonprofits, mission-driven developers and property owners, and service providers—that implement housing and social service activities on behalf of the County. Notably, these nonprofits take on a larger role in administering social service programs than is seen in some other jurisdictions, which often administer case management, housing placement, homeless services, and/or other supports for vulnerable households directly. While there was some sentiment on the margins among a small number of practitioner interviewees that the County would be better-served by bringing some of these services in-house, most practitioners supported the current model, and there was broad consensus that the nonprofits themselves were highly effective (additional discussion of this issue to follow below).

There is some precedent for County action in most policy/programmatic areas common in the “toolkit” for a comprehensive approach to housing. Howard County administers programs that address expanding homeownership, supporting homeowner repairs, assisting vulnerable renters, and producing affordable housing units (see policy inventory for details of each). There is also precedent for innovative thinking and practice for addressing unmet needs, with notable examples including the Downtown Columbia affordability strategy, a targeted “cluster” approach to homeowner rehabilitation, the Live

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15 Examples of effective administration include the adoption of widely recognized best practices such as small area fair market rents in the administration of rental assistance programs, as well as continued participation in regional mobility programs.
Where You Work Program, support for acquisition through the Bridges Alliance program, and landlord outreach programs.

However, several of these examples are not part of a permanent policy structure, and others lack the scale and/or focus of examples commonly found in jurisdictions of comparable size/capacity and facing similar affordability challenges (see table). While addressing the gaps and/or scaling up requires concerted effort, prior precedents demonstrate a pathway to success, and should have the effect of lessening learning curves.

<table>
<thead>
<tr>
<th>Critical Tools</th>
<th>Relevant Howard County Precedent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing trust fund with dedicated revenue source that provides ongoing and predictable gap funding program for affordable housing development in a predictable manner.</td>
<td>Community Renewal Fund, Downtown Columbia Housing Trust Fund, episodic allocation of MIHU fee-in-lieu funds for gap financing.</td>
</tr>
<tr>
<td>Defined strategy/tools to preserve existing affordable rental housing.</td>
<td>Howard County Housing Commission and other mission-driven developers have acquired/preserved rental units. Recently-adopted “right-of-first-refusal” policy.</td>
</tr>
<tr>
<td>Proactive area planning to leverage land use policies/incentives to preserve/expand affordability.</td>
<td>Downtown Columbia plan and Developer Rights and Responsibilities Agreement</td>
</tr>
<tr>
<td>Facility co-location and/or public land activation strategy</td>
<td>Housing Commission mixed-use, mixed-income developments as part of Downtown Columbia plan Roger Carter Community Center and Leola Dorsey Community Resource Center co-located developments.</td>
</tr>
</tbody>
</table>

Addressing critical housing needs is unlikely to be accomplished through the existing land use and funding paradigm. A critical first step to changing that paradigm is to enhance coordination in strategy development, policymaking and resource prioritization/allocation decisions. While each relevant County agency coordinates to some extent (for example, each participated in the Housing Opportunities Master Plan development process), there lacks a unified, measurable vision for success, and certain policies (notably, development policies that limit housing development) work at cross purposes with the general goal of expanding housing opportunities.

Although housing programs do receive funding from a dedicated portion of the transfer tax and MIHU fee-in-lieu revenues, Howard County has not traditionally allocated direct budgetary resources. As such, federal funds—including the HOME Investment Partnership Program, Community Development Block Grant, and Commission-administered rental assistance programs—are critical to the County’s strategy. Therefore, most “big picture” planning occurs within the framework of HUD-mandated plans, including the Consolidated Plan, the Annual Plan, the regional Analysis of Impediments to Fair Housing, and the strategic plan to end homelessness. These activities are supplemented by more targeted reports focused on departmental activities, such as reporting on MIHU development, revenues, and outcomes by DHCD, as well as the Development Monitoring System of DPZ.
These planning and reporting processes are important from the perspective of compliance and promoting the wise stewardship of resources. However, they are not an adequate replacement for a more comprehensive process that links the various plans and initiatives into a cohesive strategy, reconciles competing goals and interests, and prioritizes resources and policies accordingly.

Planning and coordination has an added layer of complexity in Howard County given the nonprofit service delivery model. Coordination between the County and nonprofits was seen by practitioners as effective overall. In terms of administrative and “back office” issues, nonprofits do have some access to shared resources from the County and the Association of Community Services.

In terms of funding and resources for administration and program implementation, there were differences of opinion among practitioners regarding whether there should be more direct County support for nonprofit partners. Nonprofits currently receive Community Service Partnership Grants and other forms of funding tied to program implementation/service provision, which they supplement with organization-by-organization fundraising efforts. Some practitioners believed that this independent fundraising was an important feature for maximizing the impact of County resources, while others advocated for a shift toward more direct County financial support. This debate centered on the tradeoff between the opportunities for leverage in the nonprofit model and the need for integration of systems and close coordination when administering programs that address homelessness or provide services for potentially vulnerable populations. A core tradeoff when emphasizing the need for non-County resources is that donors (foundations, philanthropies, private individuals, etc.) have their own objectives for the use of funds. These priorities may overlap but not perfectly align with the specific needs present in the County or the preferred programmatic approach being coordinated across the nonprofit sector. Even when there is strong alignment from a programmatic perspective, it is often difficult to identify resources for the administrative and organizational capacity necessary to raise resources and implement programs. Small donor solicitation efforts can play a role in filling this gap, but each event/effort creates the risk of “donor fatigue.” In a competitive environment with a broad range of donors, there is no guarantee that the highest-priority needs will draw the most resources.

**Guidance for Future Policy**

The broader Housing Opportunities Master Plan effort is an acknowledgment of the need for a more strategic countywide approach to housing and represents a critical first step. This plan should serve as a foundation for establishing ongoing, cross-departmental systems to inform policy design and resource allocation moving forward. Creating these systems is critical to moving from high-level goals and objectives (i.e., produce 300 affordable homes/year) to specific targets and actions (i.e., the percentage of those units produced through financial subsidy vs. MIHU, and aligning budgetary resources accordingly). Creating formal systems for ongoing planning is also necessary to adjust to market shifts and changes in housing needs over time. “Big picture” strategic planning and evaluation should be complemented with regular, structured reviews to ensure that policies and practices are well-calibrated and meeting their specific purpose. To illustrate, the County should have a regular timeline and approach for evaluating MIHU policy characteristics—such as fee-in-lieu levels, affordability requirements, and resale formulas for homeownership units—to ensure that they are in-line with housing needs and are economically realistic given market realities. Implementing this full range of activities is likely to require additional departmental staff.
Moving forward, there are also opportunities to better coordinate with private sector, philanthropic entities, and anchor institutions to address housing needs, particularly in the context of the nonprofit service provision model. Service needs are likely to remain elevated for some time, even if the direct effects of the current COVID-19 pandemic dissipate. Likewise, nonprofit service providers will continue to face challenges (and potentially direct costs related to testing, personal protective equipment, etc.). As such, additional direct support for nonprofit capacity is likely warranted.

On a structural level, there is more that the County can do to maximize the opportunities created by the nonprofit service delivery model to leverage third party resources while minimizing some of the costs associated with a more fragmented system. The County could play a stronger role as a “public face” or champion for nonprofits, help coordinate fundraising strategies, and assist in building relationships with larger institutions, such as health departments and hospital systems. Another potential approach is to facilitate a combined fundraising campaign to complement individual organizational efforts, in which each nonprofit participates and leverages its connections and donor network, but the resulting resources are pooled, prioritized by need, and distributed accordingly.

Additional Policy Considerations and National Examples
Since 2003, Arlington County, VA, has released annual goals and targets for affordable housing. Since the passage of the County’s Affordable Housing Master Plan in 2015, this evaluation process and publication has taken the form of an Annual Report, which includes also includes an online citizen summary and list of 61 indicators identified in a Monitoring and Evaluation Plan. Indicators include basic housing stock characteristics (i.e., number of units affordable at various income levels), housing needs data (i.e., cost burden levels for renters and homeowners), outcomes of County programs (i.e., units preserved and created), as well as data on accessibility, sustainability, and poverty.

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**Challenge:** Existing resources are not sufficient to meet current and future capacity and demands (e.g., schools, transportation, etc.) while also dedicating funds to housing goals.

**Examples of Relevant Policies:** Transfer tax, MIHU fees-in-lieu, Payments-in-lieu-of-taxes (PILOTS), contributions to Downtown Columbia Community Housing Fund, Howard County Housing Commission bonding authority

**Baseline Analysis and Practitioner Feedback**

As discussed in the prior section, the County has utilized a number of funding mechanisms that are typical in similar jurisdictions across the United States. The resources currently used by the County are generally episodic (MIHU Fee-in-Lieu revenue, see table), insufficient to address critical needs (proceeds of portion of transfer tax, federal pass-through funds, Section 8 Housing Choice Vouchers), or both. Unlike many other jurisdictions, Howard County does not complement these resources with consistent, annual direct County budgetary support.

Given the unmet housing needs detailed in Appendix B, resources need to be scaled up if Howard County is to meaningfully expand housing choice. That being said, it is difficult to estimate the specific amount of funding that would be necessary to address these needs, as the cost to accomplish that goal is path dependent on the specific policy changes adopted and the details of those policies. To illustrate, the Housing Opportunities Master Plan sets the goal of creating a minimum of 300 units of housing affordable to households at 60% of AMI per year. Two core approaches to meeting that goal are MIHU production and supporting LIHTC development through County subsidy (generally via a Trust Fund). If the County were to adopt a suite of policy changes that maximized the production of the MIHU program (such as rezoning to allow more multifamily development to proceed and providing density bonuses for exceeding MIHU minimum unit and affordability standards), the amount of “gap resources” that would be necessary to support LIHTC production would be substantially lower than if the majority of the 300-unit goal would need to be produced through such development. Even within the latter approach, per unit costs may vary substantially based on factors such as the type of project (new construction, acquisition/rehabilitation), construction type (high-rise, mid-rise, small multifamily, single-family), and intended beneficiaries (age-restricted, family-sized units).

Additional resources are also needed for households-based supports. Federal programs provide the bulk of resources for programs addressing homelessness or providing rental assistance (including Section 8 Housing Choice Vouchers) to individual and families. However, these programs are underfunded and

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**Recent MIHU Fee-in-Lieu Revenues**

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$520,314.90</td>
</tr>
<tr>
<td>2016</td>
<td>$904,848.75</td>
</tr>
<tr>
<td>2017</td>
<td>$1,236,595.68</td>
</tr>
<tr>
<td>2018</td>
<td>$3,220,326.68</td>
</tr>
<tr>
<td>2019</td>
<td>$3,508,587.14</td>
</tr>
<tr>
<td><strong>Five Year Total</strong></td>
<td><strong>$9,390,673.15</strong></td>
</tr>
<tr>
<td><strong>Average/Year</strong></td>
<td><strong>$1,878,134.63</strong></td>
</tr>
</tbody>
</table>

17 Source: Howard County Department of Housing and Community Development data.

18 Estimates of gap needs per unit can therefore vary widely, from around $30,000 per unit to nearly $100,000 per unit based on examples from other Jurisdictions. Assuming an average portfolio cost of approximately $40,000 per unit, 300 units of new construction or preservation annually would cost approximately $12 million.
serve less than a quarter of eligible households nationwide. Locally, the Howard County Housing Commission receives funding sufficient to provide rental assistance to approximately 800 to 850 households, but there are substantial waiting lists for assistance.

The market research and practitioner interviews also identified substantial needs for County funds beyond housing production and household-based rental assistance. Notably, additional support is necessary to address homeowner repairs, particularly in the context of accessibility improvements and aging in place. The County also provides resources and support for emergency assistance, which is augmented by charitable contributions and other sources. Even prior to the COVID-19 pandemic, these resources were insufficient to fully meet the needs of all eligible households.

**Guidance for Future Policy**

While the total amount of new resources necessary to improve housing opportunities will vary by specific approach, there are several considerations for how those revenues are raised and allocated that could lead to a more efficient and cost-effective housing delivery and support system.

First, changes to development policies and the MIHU program that maximize production would create more units that do not require a direct financial outlay from the County. These changes would therefore enable the County to focus its resources on households that the market and/or MIHUs do not reach.

When identifying new—or expanding existing—resources for housing, focusing on sustainable and predictable funding sources over one-time or highly variable ones can create greater impact, allowing the County to plan a “pipeline” of future activities more effectively. Direct allocations from the County budget should complement these resources, and the County can use them to “scale up” quickly in response to time-sensitive opportunities, such as the opportunity to purchase a rental property at risk of loss from the affordable stock. Scaling up resources would lead to an increase in the number of projects that need to be vetted and may require increases in staff capacity with expertise in financial management, lending, development underwriting.

Beyond direct financial support, other critical resources to support housing include land assets and in-kind support to nonprofit partners. The County can also explore other opportunities to attract outside capital, whether through philanthropic investment, community benefits agreements (for example, if a major employer decides to locate or facility is built in Howard County), or social impact bonds. The County can catalyze such investment by spearheading engagement and/or commissioning feasibility studies for various innovative funding models.

**Additional Policy Considerations and National Examples**

A local housing trust fund that has consistent revenues and provides reliable gap resources for affordable housing production is a foundational element of a comprehensive housing policy strategy. According to research from the Community Change Housing Trust Fund Project, more than 740 local housing trust funds operated in the United States in 2020, including regional examples from both the

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Baltimore\textsuperscript{21} and Washington, D.C.,\textsuperscript{22} metropolitan areas. Among these regional examples (which include Howard County’s Community Renewal Fund) there is a wide range of scale and effectiveness. Importantly, there are two particularly strong examples that establish an effective precedent: Montgomery County’s Housing Initiative Fund (“HIF”) and Arlington County’s Affordable Housing Investment Fund (“AHIF”). Both funds incorporate a number of best practices for financing capital investments in affordable housing: Sufficient scale to create a consistent production “pipeline,” a mix of dedicated and annually allocated revenue sources, alignment with the primary sources of production capital (especially the respective states’ LIHTC allocation criteria and procedures), and resources that “revolve back” into the fund as developers repay the flexible, low-interest loans over time.

Since 1988, Montgomery County has administered the HIF, which provides loans to developers and property owners for the construction and preservation of affordable and special needs rental housing, rental assistance, homeless funding, neighborhood development, and some homeownership activities (including down payment assistance). The HIF is capitalized through a range of sources, including general revenues, proceeds from County taxable limited obligation bonds, shared profits/alternative payments from the County’s inclusionary housing policy, condominium conversion taxes, a portion of proceeds from the sale of County land, and a portion of recordation taxes. These various funding sources totaled $63.3 million in Fiscal Year 2019. HIF resources are generally provided as gap resources, with a leverage ratio of $4.6 for every $1 of County resources over the last 10 years.\textsuperscript{23}

Also created in 1988, Arlington County’s AHIF has supported the considerable majority of income-restricted affordable rental units developed or preserved in the County since its inception. In Fiscal Year 2019, the fund totaled $27.8 million from a mix of sources. These sources included a general fund contribution (45%), loan repayments (37%), developer contributions (inclusionary housing fee-in-lieu; 9%); dedicated recordation fees (5%); and federal funds (4%). The $18 million allocated in that fiscal year leveraged an additional $131 million from non-County sources.\textsuperscript{24}

\textsuperscript{21} City of Baltimore Affordable Housing Trust Fund. In addition, Howard County’s Community Renewal Fund meets the project’s definition of a local housing trust fund.

\textsuperscript{22} District of Columbia Housing Production Trust Fund; Maryland: Montgomery County Housing Initiative Fund; Virginia: City of Alexandria Housing Opportunities Fund/Housing Trust Fund, Arlington County Affordable Housing Investment Fund, Fairfax County Housing Trust Fund/Flexibility Fund. In addition, Loudoun County administers an Affordable Multi-Family Housing Loan Program that serves the same purpose.


\textsuperscript{24} Arlington County, VA. “Housing: Annual Reports,” 2019, https://housing.arlingtonva.us/plans-reports/annual-reports/.
Challenge: It continues to be difficult to supply housing for diverse populations, with significant needs going forward.

Examples of Relevant Policies: MIHU/LIHU/DIHU programs, Bridges to Housing Stability property acquisition, Bridges Alliance, Housing Commission leasing partnerships with service providers, Section 8 Housing Choice Vouchers and Rental Contracts, HOPWA, Mainstream Voucher Program, HUD Family Self-Sufficiency Program, Senior Assisted Living Group Home Subsidy Program, Rental Assistance for Special Populations, Money Follows the Person BRIDGE, Community Action Council Housing and Energy Assistance, Baltimore Housing Mobility Program, Baltimore Regional Project-Based Voucher Program, Housing Connections, Landlord-Tenant Assistance programs, Senior Tax Credit, Tax Deferral Program for Elderly or Disabled Homeowners, Aging in Place Tax Credit, Livable Home Tax Credit, Reinvest, Renovate, Restore, Renew Howard County, Community Service Partnership Grants, Continuum of Care programs, Down payment assistance, Settlement Down Payment Loan Program, Homebuyer Education Workshops

Baseline Analysis and Practitioner Feedback

Prior sections pay considerable attention to the broader needs of the market or affordable housing, generally. However, there are a number of households with housing challenges, barriers, or needs that require specific attention. Current policy reflects many of these households and groups, including those with very or extremely low incomes, older adults, persons with disabilities, adults and children with autism, historical victims of housing discrimination, persons at risk of or experiencing homelessness, formerly incarcerated individuals, and youth aging out of foster care, among others. These groups are all distinct, and face their own unique circumstances and challenges. However, the common thread is that many households with these characteristics may disproportionately struggle to find housing that is both affordable to them and meets their specific needs.

Individuals with very or extremely-low incomes\(^25\) face considerable housing challenges. Market-rate housing is rarely affordable to these households (incomes at these levels do not always support the costs of maintenance/operations of a property), forcing people to pay an unaffordable portion of their income on housing, live in substandard housing, or both. As discussed in the prior section, federal rental assistance falls far short of need. Even those households that are able to lease an affordable housing unit produced through programs such as MIHU and LIHTC may still experience cost burdens. Unlike rental assistance, which bases rents on the difference between the individual tenant’s income and a payment standard (known as the Brooke Rule), rents in most MIHU and LIHTC units are below-market, but based on a set standard (generally, 30% of a defined percentage of “Area Median Income,” or AMI). Therefore, a household earning 50% of AMI would be cost burdened if they were living in a unit affordable at 60% of AMI.

Housing instability was increasing before the onset of the COVID-19 pandemic. From 2015 to 2019, the annual number of evictions filed and performed increased (see chart). Counting those who move after a

\(^{25}\) Very low income is defined as 50% of AMI or below. Extremely low income is defined as 30% of AMI or below.
filing, at least 1,000 households had housing disruptions every year between 2015 and 2019. Circumstances were better for homeowners, with foreclosure filings steadily dropping since 2013.  

Grassroots Crisis Center manages an emergency hotline for services managed through the Coordinated System of Homeless Services. This hotline is an integrated point-of-contact for “emergency eviction prevention assistance, case management, trauma treatment, support for domestic violence and sexual assault survivors, re-entry (from Corrections) services, and supports for homeless school-age children through the Howard County Public School System.” From 2017 to 2019, there were an average of 813 callers eligible for services and 263 referrals to case management from the waiting list each year.  

Housing instability can eventually lead to homelessness. In January 2020, the County released a comprehensive evaluation of programs and services to address homelessness, developed in partnership with the National Alliance to End Homelessness. The table below details the core findings and solutions identified as part of that effort. Several of these themes were echoed in practitioner interviews, with a core challenge that rapid rehousing is inhibited both by a lack of homes to be “rehoused into” and insufficient funding for households once rapid rehousing funds are exhausted.

<table>
<thead>
<tr>
<th>Year</th>
<th>Indicators of Housing Instability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Eviction Notices</td>
</tr>
<tr>
<td>2015</td>
<td>4,546</td>
</tr>
<tr>
<td>2016</td>
<td>4,647</td>
</tr>
<tr>
<td>2017</td>
<td>5,813</td>
</tr>
<tr>
<td>2018</td>
<td>5,340</td>
</tr>
<tr>
<td>2019</td>
<td>6,234</td>
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</tbody>
</table>

Findings and Solutions from The Path Home: Howard County’s Strategic Plan to End Homelessness  

<table>
<thead>
<tr>
<th>Critical Concerns</th>
<th>Core Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The system has a capacity to only serve one-third of eligible households</td>
<td>• Prevent households from re-entering into homelessness (expand diversion strategies, implement financial and support services, landlord mediation, case management, expanded connections to income/employment supports among other approaches)</td>
</tr>
<tr>
<td>• There is no standardized processes for diverting people from the homeless system</td>
<td>• Ensure all households have access to immediate, safe, and appropriate shelter (increased street outreach and coordinated discharge)</td>
</tr>
<tr>
<td>• The system fails to meet the pace to serve households in a manner of a crisis intervention which leads to waitlists</td>
<td></td>
</tr>
<tr>
<td>• Limited permanent housing resources and subsidy-only vouchers create fully occupied emergency shelters with long-term residents</td>
<td></td>
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</tbody>
</table>

Findings and Solutions from The Path Home: Howard County’s Strategic Plan to End Homelessness

Critical Concerns

- Emergency shelters serve at an overcapacity and wait times can be as long as 1 year
- Rapid Rehousing, which has been shown to have high success rates of existing households into permanent housing, is extremely limited
- Racial inequality is reflected in the high proportion of African Americans in the homeless population (58% - higher than national trends) despite only making up 20% of the population in the county
- Subpopulations in the homeless community are not accessing the care appropriate to their level of need

Core Strategies

- Increase access to permanent housing (expanding housing navigator work, partnering with housing developers to expand set-asides, among others)
- Increase collaboration, coordination, and communication between all service providers (build support to make this a whole-community effort; increase resources)

It is too soon to evaluate progress resulting from adoption of The Path Home, particularly given the complications resulting from the COVID-19 pandemic. However, practitioners were confident in the plan and its findings, though there was some concern that there was minimal concerted effort to leverage the plan’s release to raise awareness and new resources to implement key provisions. That being said, the recommendations and strategies outlined in the Housing Opportunities Master Plan are complementary to the goals and strategies in The Path Home, and thus represents another opportunity to spur action.

The County does support the nonprofit service provider network in its efforts to partner with landlords to expand housing opportunities for vulnerable households. Such landlord partnership efforts are a critical best practice. For example, Bridges to Housing Stability master leases units and manages the Housing Connections program, through which the organization is a liaison to landlords, helping ensure rent is paid in full and on time and conducting visual inspections for general maintenance.

Not all housing needs are necessarily tied to a lack of income or housing instability. Certain households, especially older adults and persons with disabilities, may face barriers to living in integrated living environments with appropriate supports and services.

Practitioner interviewees highlighted the need for more accessible units. This need applies to both new development and the existing housing stock. There was a concern that new development does not include a sufficient number of Americans with Disabilities Act (“ADA”) units to accommodate needs. However, some developers countered that it is sometimes difficult to find tenants for ADA units. This difference could suggest that the rents of new properties are too high for people with disabilities, which is especially problematic because new properties—unlike many existing ones—tend to contain features that these households need, such as elevators.

Housing preferences and needs among older adults vary considerably. Some practitioner interviewees who work with older adults emphasized the importance of enabling older adults to remain in their current homes, while others stressed a preference to downsize into smaller units if such units were
available at affordable price points. Similarly, there was a mix of perspectives on preference for general occupancy vs. age-restricted communities. Still, older adults face barriers to both. In non-age restricted settings, barriers cited included infrastructure challenges (such as incomplete sidewalk networks) and the need for accessibility improvements to existing homes. Practitioners emphasized the need for safe places for older adults to walk, as well as destinations to which they are able to walk. For individuals that expressed a preference for age-restricted communities, there were concerns about affordability and availability, including assisted living.

Both informed anecdotes (including the practitioner outreach) and a recent Age-Friendly Survey demonstrate variability in preferences for housing types, as well. While the strongest preference among older adults was to live in single-family detached homes, there was considerable interest in other types, especially condominiums and apartments. Consistent with the common desire to age-in-place, households demonstrated a preference for living in their current type of home.  

In addition to a lack of accessible units and a shortage of age-appropriate housing and communities for older adults, practitioners raised concerns about barriers to multigenerational housing and “non-traditional” living situations (for example, roommates in an existing home or the creation of an ADU for a caregiver). In both contexts, regulatory barriers stand in the way of a wider range of housing choices.

The County does administer several program and incentives that support lower-income homeowners making accessibility improvements to their homes. According to practitioners, there is a considerable need for these resources, and for fall prevention efforts specifically. Some general homeowner repair funds cover such activities, and other programs have been designed specifically to support aging in place. While these existing home repair and modification programs are helpful, a common complaint was that they are difficult to navigate. Particularly challenging aspects included: information gaps, cumbersome processes, and/or building code/zoning restrictions (see sidebar for additional barriers to

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**Barriers to improvements identified by the Howard County Age-Friendly Aging in Place Workgroup:**

- Methods to assess need are limited (checklists difficult to navigate, on-site occupational therapist assessments are means tested, and capacity is limited)
- Complexity of implementing changes (modification/product selection, regulatory approval)
- Access to safe and dependable modification
- Lack of information about resources. Need for better advertisement through mechanisms older adults are more likely to access.
- Resistance to prevention and age-identified actions
- Waitlist for assisted living funding (sufficient number of beds, insufficient financial subsidy)
- Lack of awareness among seniors of available tax incentives and programs. Need to have knowledge about modifications needed, need funds to cover upfront costs which are then reimbursed.
- Livable Homes Tax Credit is helpful but overly bureaucratic
- Property tax deferrals are not portable for seniors that move to downsize or find more appropriate housing.
- Existing aging-in-place programs are under-resourced, and not reaching enough of population.

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housing for older adults). In addition, most resources are provided to homeowners, leaving renters with fewer supports and options for seeking accessibility improvements for their home.

Despite being a minority among older adults, renters are disproportionately likely to be cost burdened. Based on 2016-2018 American Community Survey (“ACS”) data, RCLCO estimates that there are 4,296 renter households over the age of 65 in Howard County, compared to 21,469 owner households over the age of 65. However, a majority of those older adult renter households are cost-burdened (2,391, or 55.7%), compared with a minority of older adult owner households (4,675, or 21.8%).

Individuals of all ages with disabilities face similar challenges to finding accessible homes and/or making accessibility improvements to existing homes. In addition, practitioners discussed the specialized needs of the relatively large community of children and adults with autism in Howard County. The County has a strong support network and parent advocacy organizations, which has helped shape a high-quality educational experience for children with autism in Howard County public schools. Practitioners raised concerns about the options available to those that want to live independently, as well as potential gaps in caregiving capacity as parents age. The County has expressed preliminary support for an innovative “intentional intergenerational” development model at Patuxent Commons, which works to create a supportive living environment and works with residents to coordinate caregiving and assistance efforts.

Other persons with disabilities live in group care settings. In this context, practitioners believed there was a sufficient number of units available, but subsidy resources to address affordability are lacking. Although group care settings will likely have a considerable role in providing homes to persons with disabilities that need that level of care, the consensus is that the focus should be on providing housing opportunities in the most integrated manner possible, given the individual needs of each person.

Finally, the County has taken steps within its housing programs to expand housing choice for historically marginalized communities and the victims of discrimination. Descriptions of fair housing activities and housing mobility services are included in the Challenge: Racial and Socioeconomic Integration section. In addition, the County does take some steps to address gaps in homeownership, such as using HOME formula funds to support down payment assistance, managing the Settlement Down Payment Loan (“SDPL”) program, and applying long-term affordability policies to homeownership units produced through the MIHU program.

Guidance for Future Policy
As previously discussed, meeting the diverse needs of the County’s population will require a substantial increase in resources. While the County can and should explore options for raising local funds, success requires external funds as well. As such, policy changes and new programs should be designed to be compatible with and competitive for additional federal and state resources (LIHTC, HUD Section 811, Mainstream Vouchers, Weinberg Foundation resources, etc.). The County should also work with partners to advocate for an expansion of HUD rental assistance programs (Section 8 Housing Choice Vouchers, Project-Based Rental Contracts), which are critical to provide stable, affordable housing for very- and extremely-low income households and those with special needs.

To that end, the County should also make coordinated, intentional efforts to ensure that its broader housing policies are aligned with the various goals of existing housing and service delivery programs within the County. This includes aligning an appropriate proportion of eventual trust fund revenues with
the most needed housing types identified in The Path Home (for example, to produce permanent supportive housing units.

As previously discussed, increasing the number and diversity of housing units can help address housing needs across the spectrum, ranging from market rate- to low- and moderate-income households, and including special needs and other potentially vulnerable populations as well. Development policies should be adjusted to enable more construction in general, with a focus on the housing types most compatible with serving households with diverse needs (especially income-restricted affordable housing). The County and/or nonprofit partners can also layer in interventions that explicitly connect households with these housing types, similar to the City of Los Angeles ADU Accelerator model cited on Page 18.

Regardless of the specific needs of the individual or group, one unifying theme is that people prefer to live in the most independent housing model and community type that will meet their needs. Living independently will look different both between and within different categories of need. In the context of older adults, some will be able to remain in their homes if accessibility improvements can be made. Others may prefer to move to smaller homes that require less upkeep, or to age-restricted communities with specific suites of amenities. The main takeaway for County practice is that its approach should be flexible and designed to enable the widest range of options. Such an approach should involve supporting accessibility-related modifications to existing homes, requiring or incentivizing more accessible features in new construction, and allowing more diverse housing types to be built, including innovative “intentional intergenerational” models. Aside from changes to development policies, the County can remove barriers (including licensing requirements) to less-traditional housing types and living structures, such as ADUs, and the leasing of individual rooms in larger homes.

Continued independence is about more than the housing unit. Neighborhood conditions also matter, and the County should ensure that improvements are made to physical infrastructure (i.e., sidewalks) and transportation systems to enhance mobility and reduce isolation within the home (for further discussion, see Challenge: Racial and Socioeconomic Integration above). Howard County should also continue or expand support for programs and groups that provide resources for people who wish to stay in their communities (e.g., neighborhood associations, churches providing shared ride services and food, etc.).

Finally, County homeownership programs should be structured intentionally to address the historical legacy of discrimination in the homeownership sector, notably redlining and segregation. The County already provides a range of supports for homeownership, including:

- housing counseling;
- rehabilitation supports to protect the investment of existing owners;
- relatively modest down payment and settlement cost assistance programs with short-term affordability restrictions; and
- long-term affordable “shared appreciation” units produced through the MIHU program.

With the exception of supports for existing owners, a barrier to greater impact in the other programs is a lack of inventory that fits within program parameters. Moving forward, the County could provide support for the creation of perpetually affordable homeownership units by nonprofit developers using tools such as community land trusts, cooperatives, and other shared appreciation approaches. More
systematically, development and MIHU policy changes are important to addressing the inventory challenge identified and discussed in prior sections. MIHU program regulations should be regularly examined to ensure that the formulas for calculating resale prices strike the appropriate balance between maintaining perpetual affordability (i.e., a limited purchase price for a subsequent income-restricted purchaser; financial flexibility for upkeep and maintenance) and economic mobility (the ability of the lower-income owner to build equity in the property). To enhance the integrative potential of homeownership policy, the County can strengthen its affirmative marketing attempts and expand efforts to prepare lower-income households for homeownership, such as the Family Self-Sufficiency program and other asset building approaches.

Additional Policy Considerations and National Examples

The federal government is the primary funder for rental assistance programs, and it is generally not financially feasible for local governments to fully fill the gap in rental assistance needs for all cost-burdened households. However, there are examples of local governments establishing their own programs to mitigate cost burdens among targeted vulnerable households.

<table>
<thead>
<tr>
<th>Estimated Costs of a Local Rental Assistance Program*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-End Estimate of potential annual per household costs (based on Arlington Housing Grant illustration)</td>
</tr>
<tr>
<td>High-end estimate of potential annual per household costs (based on rough estimate of Section 8 program costs)</td>
</tr>
<tr>
<td>Flat subsidy estimate per household (non-Brooke Rule; households receive $500/month housing subsidy)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Howard County Household Needs based on Potential Categories of Eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Severely cost-burdened renters with incomes at or below 30% AMI</strong></td>
</tr>
<tr>
<td>Households</td>
</tr>
<tr>
<td>-------------</td>
</tr>
<tr>
<td>4,253</td>
</tr>
</tbody>
</table>

<p>| <strong>Severely cost-burdened older adult renter households (65+) with incomes at or below 30% AMI</strong> |</p>
<table>
<thead>
<tr>
<th>Households</th>
<th>Low Estimate</th>
<th>High Estimate</th>
<th>Flat Subsidy Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>607</td>
<td>$4,548,832</td>
<td>$7,284,000</td>
<td>$3,642,000</td>
</tr>
</tbody>
</table>

<p>| <strong>Severely cost-burdened renter households with at least one member with a disability (all ages) &amp; with incomes at or below 30% AMI</strong> |</p>
<table>
<thead>
<tr>
<th>Households</th>
<th>Low Estimate</th>
<th>High Estimate</th>
<th>Flat Subsidy Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>921</td>
<td>$6,901,934</td>
<td>$11,052,000</td>
<td>$5,526,000</td>
</tr>
</tbody>
</table>

<p>| <strong>Severely cost-burdened older adult renter households (65+) with incomes at or below 60% AMI</strong> |</p>
<table>
<thead>
<tr>
<th>Households</th>
<th>Low Estimate</th>
<th>High Estimate</th>
<th>Flat Subsidy Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,003</td>
<td>$7,516,438</td>
<td>$12,036,000</td>
<td>$6,018,000</td>
</tr>
</tbody>
</table>

<p>| <strong>Severely cost-burdened renter households with at least one member with a disability (all ages) &amp; incomes at or below 60% AMI</strong> |</p>
<table>
<thead>
<tr>
<th>Households</th>
<th>Low Estimate</th>
<th>High Estimate</th>
<th>Flat Subsidy Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,041</td>
<td>$7,801,209</td>
<td>$12,492,000</td>
<td>$6,246,000</td>
</tr>
</tbody>
</table>

*Note: These estimates are "back of the envelope" calculations are not modeled based on Howard County-specific costs and income profiles. The intent of this exercise is to provide a starting point for estimating what a rental assistance program in Howard County could cost, given various scenarios.
Montgomery County, MD, uses a portion of HIF resources for this purpose, sometimes in the form of rental assistance contracts between the County and property owners to support more deeply targeted units.

Arlington County, VA, has established a Housing Grant program, which is functionally a local version of the Section 8 Housing Choice Voucher program. The program uses a modified version of the “Brooke Rule,” which ties the amount of subsidy provided to the income of the subsidy recipient. In recognition of the budgetary impact of the program, the Housing Grant covers the difference between the rent cost and 40% of the households’ income (compared to 30% of income under HUD programs that apply the Brooke Rule concept). For fiscal year 2020, Arlington County allocated $9.3 million for the Housing Grant program (rising to $10.1 million for fiscal year 2021), and provided assistance to 1,241 households (in addition to the 1,456 households served through the federal Housing Choice Voucher program). In designing a local program, Howard County could consider whether it would be beneficial to structure rental assistance as project-based contracts rather than vouchers for all or a portion of the program (which could support integration efforts).

Given the potential expense of such programs, the County would face tradeoffs between cost, the depth of support (how much assistance is provided to each recipient), the breadth of eligibility, and universality (i.e., the number of eligible households that receive funding). Practitioners emphasized the importance of universality, given that a local program would be filling the gaps of non-universal programs such as Section 8. However, if resources are insufficient to adequately fund a broad-based universal program, the County can consider prioritization based on need; for example, the County could limit eligibility to the lowest-income households, older adults, and/or those with disabilities. The County could also consider adjusting the payment standard to provide a shallower subsidy to a broader eligibility group; for example, payments could be based on a flat dollar amount rather than an income-based subsidy calculation. While recipient households still could be cost-burdened under this arrangement, and income-based subsidy calculations are more helpful to most vulnerable households for this reason, flat subsidies can still make a meaningful difference in resource-constrained environments.

The impact of expanded rental assistance will be maximized if paired with landlord outreach efforts. While Howard County’s fair housing law protects tenants from discrimination based on source-of-income, proactive efforts can recruit landlords to proactively market to or reserve units for recipients of rental assistance. A recent evaluation of landlord incentive programs from HUD’s Office of Inspector General identified a range of incentives that were most popular in recruiting landlord participation and retention, including a mix of non-monetary incentives (direct housing assistance payment deposit, 31 Arlington County (VA), “FY 2020 Adopted Budget,” https://budget.arlingtonva.us/fy-2020-adopted-budget/.
online access portals, workshops and outreach activities, landlord liaison, and streamlined inspections) and monetary incentives (new recruitment bonuses, property damage reimbursements, vacancy loss recoupment, higher payment standards or bonuses in high-opportunity areas, and security deposit assistance). Several of these incentives are already in place in Howard County.

Challenge: The COVID-19 pandemic and associated economic disruption is exposing and exacerbating housing insecurity.

Examples of Relevant Policies: COVID-19 emergency rental assistance (CARES Act, local allocations), County support to nonprofit/Community Action Council eviction prevention efforts

Baseline Analysis and Practitioner Feedback

The COVID-19 pandemic has broadened severe housing challenges and increased demand for services. Several practitioners suggested that there were considerable influxes of people seeking assistance that had never sought services before. This increased need for social services is not surprising given the breadth and severity of the pandemic, as well as the associated lockdowns and economic disruption.

Despite this increased breadth, the pandemic is likely to have disproportionate impacts on households with pre-existing vulnerabilities. Nationally, the pandemic has had disparate impacts on lower-income, minority, and traditionally disadvantaged populations, and these disparities are tied to pre-existing patterns of segregation, discrimination, and income inequality that have yet to be addressed. Across the United States, households earning less than $50,000 were more likely to lose income during the pandemic and more likely to fall behind on rent, in part due to the fact that high-contact jobs trend to pay lower wages and have been more vulnerable to disruption. These economic disparities overlap with racial and ethnic disparities. Black and Hispanic households disproportionately work in high-contact jobs. A substantially larger share of Black, Hispanic, and Asian renters were behind on rent as of late September 2020 compared to White renter households. Even controlling for income, racial disparities persist; for example, Black and Hispanic households earning more than $75,000 were considerably more likely to be behind on rent or mortgage payments than White households earning more than this amount.

Federal, state, and local interventions have mitigated some of the worst impacts of the crisis. Notably, eviction and foreclosure moratoria have kept people housed during dire circumstances. However, this situation is not sustainable, for households or property owners. Households with significant income disruption may face critical challenges once eviction moratoria expire, particularly if federal, state, and local relief packages fail to address the backlog in unpaid rent and mortgage payments. Property owners that are not receiving rent payments may be unable to invest in the upkeep of their properties and face heightened risks of foreclosure. Nationally, data suggests this risk is most acute in properties both owned by and serving lower-income and minority households.

Specific to Howard County, a mix of federal, state, county, and philanthropic funds have been made available to provide housing relief to those whose incomes have been disrupted by the pandemic, with

36 JCHS, “State of the Nation’s Housing,” 19.
37 Ibid., 19.
38 Ibid., 1.
39 Ibid., 35.
eligible uses including rents (including past due rents), mortgage payments, and eviction prevention. Consistent with the County’s nonprofit service delivery model, the primary housing relief funds are being administered by the Community Action Council, Grassroots, FIRN, and Family & Children’s Services. The County has also taken a positive step beyond immediate relief by partnering with MakingChange, Inc. to offer financial counseling, budget preparation, and assistance in contacting creditors.

The County’s approach to COVID relief has the benefit of utilizing existing networks. Each of the administering organizations has experience managing similar programs and can build upon existing systems and relationships. The tradeoff to this approach is that the request-for-proposals process for administering funds added a step in the distribution in funds. That being said, the establishment of new programs and systems within the County would have taken additional time as well; as such, it is unclear whether direct County provision of funds would have resulted in any time savings in getting resources to beneficiaries.

**Guidance for Future Policy**

The County’s response to the immediate housing needs resulting from the pandemic should continue to include support for the accrued housing debts (deferred rent and mortgage payments) accumulated by affected households. In many cases, these debts will exceed an amount that can reasonably be repaid by lower-income households. Left unaddressed, these debts can impact the financial viability of existing housing. Given the scale of need, federal and state supports will be critical, and there should be concerted advocacy on that issue. Within the framework of local action, the County should work to facilitate a cooperative approach between property owners, affected households, and service providers to come up with viable solutions that avoid further harm to economic mobility.

Given the scale of disruption, it is likely that some proportion of properties—both ownership and rental—will enter foreclosure, or be put up for sale to mitigate financial harm. The County should consider a preservation strategy and associated resources (see next section) to ensure that units are not permanently lost from the affordable housing stock, including in the context of naturally occurring affordable homes, and to prevent physical deterioration.

The ongoing nature of the pandemic and the evolving structure of the relief framework—which primarily stems from the federal response—prevents a thorough, evidence-based evaluation of the County’s response to the crisis at this point in time. However, it is critical that such an evaluation does occur to ensure that resources were allocated, targeted, and administered in an effective manner. Critical considerations could include:

- Which interventions (i.e., cash vs. in-kind assistance) were most successful?
- What delivery mechanisms (i.e., direct household assistance vs. working with housing providers) worked best, and does that mechanism vary based on housing needs?
- Did any critical needs or groups “fall through the cracks?”

These lessons should inform future County action to respond to emergencies, including health emergencies, natural disasters, and large-scale economic crises. Information should inform efforts to improve permanent programs as well as emergency-specific responses. The County should use the information gleaned from the evaluation of COVID-19 program administration to create a roadmap and structure for future responses that can be activated automatically, with bespoke policy development
dedicated to the specifics of the crisis at hand. The County may want to consider whether resources for “standby” capacity are warranted, to ensure that County departments and nonprofits are well placed to scale-up quickly. The County could also consider “automatic stabilizers,” or programs that come into effect depending on certain criteria, such as local unemployment or foreclosure rates exceeding a predetermined threshold.

Finally, the County should consider approaches to enhancing baseline economic stability so that households are in a better position to weather the next crisis. These approaches should strengthen the safety net for vulnerable households and expand resources that proactively address financial security and economic mobility. In addition, the County should evaluate the extent to which new housing development is resilient to natural disasters, and adjust regulations and incentives accordingly.

Additional Policy Considerations and National Examples
While the body of evidence on local COVID-19 responses is still evolving, the National Low Income Housing Coalition released a January 2021 report that highlights Best Practices for State and Local Rental Assistance Programs. The report stresses the importance of a simple, accessible application process and a targeting of resources to the tenants most in need.

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Challenge: A large portion of housing that is affordable to low- and moderate-income households in Howard County is older and at risk of deterioration and/or redevelopment going forward.

Examples of Relevant Policies: Community Renewal Fund resources and other financial support for rehabilitation programs such as Rebuilding Together; Livable Homes Tax Credit; Aging in the Community Home Modification and Fall Prevention Programs; Reinvest, Renovate, Restore; Renew Howard County; Maryland WholeHome Program; Maryland Housing Rehabilitation Program; Community Action Council Weatherization resources; Prohibition of Howard County participation in housing projects in neighborhoods meeting specific poverty criteria (Section 13.150)

Baseline Analysis and Practitioner Feedback
Despite the relative affluence of the County, practitioners discussed the need for improvements to both rental and homeownership units. Given the history and evolution of Howard County, much of its older housing stock exists in clusters or specific neighborhoods. In many cases, this housing stock is nearing the end of its useful life and is in need of recapitalization. Neighborhood-level deterioration can be especially problematic, as poor housing quality can impact the values of nearby properties, creating a cycle of disinvestment. When demand is sufficient to warrant redevelopment, those units are often unaffordable to lower-income tenants. If unaddressed, housing quality challenges could result in fewer decent, attainably priced housing units. However, this dynamic also presents an opportunity to create a cohesive strategy for equitable and/or mixed-income redevelopment moving forward.

Practitioners, Task Force Members, and community members discussed the specific challenges faced in lower-income neighborhoods. While the housing quality challenges that face Howard County are not as severe as those challenges that face communities in full economic decline, there are still some clusters of properties in which physical conditions are a problem. Given the lack of affordable housing options throughout the County, many lower-income households live in such neighborhoods, sometimes in crowded conditions. Practitioners reported that many of these households fear displacement due to income disruption or further deterioration of housing conditions. While some of these households would prefer to move to other neighborhoods in Howard County if affordable options were available, others hope for improvements to their existing living situations and neighborhoods. Many households valued their current neighborhoods and the relationships and culture therein, and worried about a lack of cultural acceptance in other neighborhoods. Given these considerations, efforts to expand housing affordability and choice throughout the County should be balanced with revitalization efforts that improve the housing stability of those individuals that prefer to remain in their existing communities.

Several housing quality problems cited by practitioners and other interviewees are already violations of current County building codes and other regulations. Enhanced code enforcement activities are therefore warranted, but there is concern that the current enforcement approach could create further vulnerabilities for certain households. Some households may be reluctant to report violations or seek redress due to fear of retaliation, a lack of other housing options, a lack of trust in official mechanisms, and/or concerns about immigration status. These challenges are common in other jurisdictions, and in such cases are often exacerbated by the well-intentioned reluctance of some code enforcement officers to fully “crack down” on violations if the end result could lead to condemnation of the property and homelessness among tenants.
At present, the County lacks a defined strategy for preserving the quality and/or affordability of its older multifamily housing. Several practitioners and other interviewees discussed the opportunity to improve conditions in neighborhoods with housing quality challenges through substantial renovations or redevelopment. Given market demand and the costs of rehabilitation and redevelopment, there are several, high-level scenarios for how revitalization could occur. Current properties could be rehabilitated or redeveloped as higher-end housing, which would improve housing quality but likely result in involuntary displacement of a portion of the existing lower-income tenants. Conversely, existing units could be rehabilitated as income-restricted affordable or mixed-income housing. This approach would require an outlay of County resources to support ongoing affordability. A third potential approach could be to allow redevelopment at greater densities to allow market-rate redevelopment that replaces a portion of affordable units lost in redevelopment. However, there were concerns among practitioners that the market is not strong enough at this time to support full replacement of the affordable units lost. This approach would also face barriers under current development policies and APPO restrictions. It should be noted that these scenarios are not exhaustive nor mutually exclusive, and policy design could address key challenges (such as replacement units and tenant relocation) to support more equitable outcomes. Among those engaged in this process, there was considerable disagreement about a preferred approach to addressing such properties. As this outreach was focused on practitioners, any conversations on specific strategies and neighborhoods moving forward would need to more fully engage and prioritize the perspectives of existing residents (and lower-income households and other vulnerable populations in particular).

Outside of the context of physical deterioration, there are housing units that may be lost from the stock of affordable housing due to expiring subsidy restrictions. There are ten properties with over 500 rental units with expiring restrictions in the next ten years, putting ongoing affordability at risk if these properties cannot be recapitalized and/or preserved.

<table>
<thead>
<tr>
<th>Expiration Range</th>
<th>Number of Units (Latest End Date)</th>
<th>Total Expiring Units</th>
<th>Number of Units (Earliest End Date)</th>
<th>Number of Properties (Latest End Date)</th>
<th>Number of Properties (Earliest End Date)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Next 5 Years</td>
<td>217</td>
<td>1,545</td>
<td>594</td>
<td>17%</td>
<td>8</td>
</tr>
<tr>
<td>5-10 Years</td>
<td>318</td>
<td>1,545</td>
<td>645</td>
<td>18%</td>
<td>8</td>
</tr>
<tr>
<td>10-15 Years</td>
<td>330</td>
<td>1,545</td>
<td>592</td>
<td>17%</td>
<td>12</td>
</tr>
<tr>
<td>15-20 Years</td>
<td>536</td>
<td>1,545</td>
<td>880</td>
<td>25%</td>
<td>10</td>
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<tr>
<td>20-25 Years</td>
<td>279</td>
<td>1,545</td>
<td>251</td>
<td>7%</td>
<td>7</td>
</tr>
<tr>
<td>25-30 Years</td>
<td>296</td>
<td>1,545</td>
<td>92</td>
<td>3%</td>
<td>2</td>
</tr>
<tr>
<td>30+ Years</td>
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<td>1,545</td>
<td>491</td>
<td>14%</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total Expiring Units</strong></td>
<td><strong>3,545</strong></td>
<td><strong>50</strong></td>
<td><strong>3,545</strong></td>
<td><strong>50</strong></td>
<td></td>
</tr>
</tbody>
</table>

Interpretation Note: Individual properties often receive multiple subsidies, some of which may carry different affordability restrictions. For example, a development that is placed into service in 2020 may receive a capital subsidy that applies a 30-year restriction at 60% of AMI to the entire 100-unit property, along with a five-year rental contract to provide a 10 of units at 30% AMI. In this circumstance, 10 units would have a subsidy expiration date of 2025 (Earliest End Date) and 100 units would have a subsidy expiration date of 2050. In this scenario, if subsidies are not renewed, the 10 deeply affordable units then become affordable at 60% of AMI beginning in 2026.
Not all expiring units are at risk of loss. Properties that are owned by mission-driven entities, such as the Howard County Housing Commission or other nonprofit affordable housing developers, are not often converted to market-rate voluntarily. However, preservation efforts in this context still generally require some level of subsidy to ensure the ongoing physical and financial viability of the property.

Outside of the multifamily sector, the County does provide some resources for property rehabilitation and redevelopment. Some subsidies flow through the Community Renewal Fund in the form of loans and grants, while others take the form of property tax rebates or credits. There are also state resources available for homeowner repairs, rehabilitation of smaller rental properties, and accessibility and aging-in-place improvements. Practitioners cited the effectiveness of Rebuilding Together in providing support for home repairs for low-income households. This programming is supported by a mix of County, philanthropic, and donor resources. Total repair needs across Howard County are difficult to estimate, given the lack of comprehensive data on housing needs and repairs made by individual homeowners. However, there was a general consensus among practitioners that more resources were necessary, particularly when considering the need for accessibility improvements to accommodate aging in place and independent living for persons with disabilities.

The range of County and state supports for rehabilitation are generally effective in serving the goals of the individual programs. However, the fragmented structure and range of tools can create confusion among end users as to the most appropriate resources for a given context. There was also a lack of awareness regarding the availability of programs and resources. Finally, practitioners and interviewees suggested that potential beneficiaries may struggle with various aspects of the repair process, such as contractor vetting/selection, determining cost reasonableness/evaluating estimates, and specific selections related to design, materials, etc. While some programs (including Rebuilding Together) provide more comprehensive services, practitioners cited the need for expanding technical assistance more broadly.

**Guidance for Future Policy**

Moving forward, the County should take a more systematic approach to addressing housing rehabilitation and preservation needs. In terms of property improvements, more robust code enforcement can be paired with proactive tenant and landlord outreach, with the goal of identifying problems before they deteriorate and linking owners with available rehabilitation resources. This type of outreach and engagement can be especially impactful in the context of single-family homes or condominiums that are operated (legally or otherwise) as rental housing. In such cases, renters often do not have the ability to directly access rehabilitation subsidies, and owners may be locked out of certain programs that focus on owner-occupants. As the County considers its policy approach moving forward, specific attention should be paid to maintaining the quality of this “shadow rental inventory,” which is a critical source of naturally occurring affordable housing.

For multifamily rental housing, the County will need to establish systems for identifying at-risk properties and prioritizing the tools and resources that are most appropriate for the given property. Success will likely require a multifaceted approach that includes supports for acquisition (low-cost, “quick strike” capital), repair/rehabilitation (low cost loans, property tax incentives), and/or equitable redevelopment (density bonuses and zoning flexibility).

When addressing the issue of preservation in lower-income neighborhoods, it is important to balance the need for improving housing quality, expanding housing choice for lower-income households, and
preventing involuntary displacement. There was considerable concern among practitioners about the risk of creating concentrations of poverty, and some advocated for restricting affordable housing investment in areas with comparatively high poverty rates. This is a legitimate concern that requires concerted attention. However, the County should not adopt blanket prohibitions on new affordable housing investment in such areas. Specifically, affordable housing investments that improve poor quality, unhealthy, and/or unstable naturally occurring affordable housing can be a net positive to the community. Such investments can be consistent with a broader strategy for encouraging additional market-rate and mixed-income development in a given neighborhood, and in some cases can make a neighborhood more attractive for those development types (for example, by replacing a blighted building, improving sidewalks/infrastructure, or providing co-located community facilities/amenities). As previously stated, it is critically important to directly engage and empower lower-income and other vulnerable households in policymaking and planning efforts, to ensure that the vision for redevelopment communities encompasses their needs and preferences.

For owner-occupied homes, the County should work to expand resources while streamlining and simplifying the “user interface” for the respective programs. In particular, the County should prioritize additional assistance (both financial and technical) to aid older adults and persons with disabilities in incorporating accessibility improvements to existing housing.

Finally, the County can address community-level housing quality issues by prioritizing a portion of its rehabilitation supports and subsidies for neighborhood-scale improvements, particularly in communities that have historically experienced disinvestment and/or discrimination. Physical deterioration of a property affects nearby properties, and neighborhood-focused approaches to revitalization can have a greater “catalytic effect” than policies without any geographic targeting. Older mobile home communities present another opportunity to enhance housing quality and preserve naturally occurring affordable housing at the neighborhood scale. Howard County can build upon past precedent for “clustered” rehabilitation opportunities, including activities by Rebuilding Together and the initial concept for the RENEW Howard program.

Additional Policy Considerations and National Examples
In response to concerns about housing quality in smaller multifamily rental properties, Montgomery County provided resources to a local nonprofit to administer the Apartment Assistance Program. The program was implemented as a complement to more rigorous code enforcement and provides capacity building support for smaller landlords on issues related to code compliance, fire and life safety, rodent and trash issues, fair housing and other leasing requirements, and reasonable accommodations/modifications for persons with disabilities. The program also serves as a nexus point for County resources to improve and rehabilitate housing (including opportunities to renew or create income-restricted units).

Challenge: The APFO is placing significant limitations on the amount of housing that can be built, and it is potentially accelerating those capacity issues by limiting the ability to increase the tax base.

Examples of Relevant Policies: General Plan, Zoning Regulations, Adequate Public Facilities Ordinance

Baseline Analysis and Practitioner Feedback
In addition to the suite of development policies addressed throughout this evaluation, the APFO can impact the amount, type, and location of new housing development. New development proposals are evaluated on the basis of infrastructure and school capacity, and overall development is subject to an 1,850-unit annual cap. The APFO provides a framework that, if adjusted for market conditions and accompanied by strong infrastructure planning, could allow Howard County to balance planning and development with service and infrastructure needs. However, the APFO has the potential to disrupt the balance between housing supply and demand if the County is unable to keep up with the capacity requirements for new development to take place. One study of APFOs and similar growth management tools found that APFOs can have the effect of pushing development away from areas designated for growth in comprehensive plans, creating the mismatch between development and infrastructure availability that such policies are intended to avoid. The study found that APFOs in Howard County, MD; Harford County, MD; and Montgomery County, MD deflected approximately 10% of new home development away from planned infrastructure service areas. There is also research to support the notion that the cumulative effects of these growth management policies includes inflated housing prices.

In practice in Howard County, the annual unit cap has not served as a binding constraint. Instead, a lack of school capacity has served as a critical barrier to development in certain locations. Among those individuals engaged as part of this research, many remain concerned about the ability of the County to provide more housing without putting pressure on existing infrastructure, such as roads and schools. Of community members who express opposition to new development, school capacity is often the largest concern. School capacity is below APFO limits for the County as a whole. The overall school utilization rate is 97% for elementary schools, 100% for middle schools, and 102% for high schools (compared to limits of 105%, 110%, and 115% respectively), and the school system has built an average of one new school per year since APFO was adopted in 1992 to accommodate new growth. However, these aggregate numbers mask the fact that individual schools are over capacity, which triggers APFO moratoria in those districts.

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The impact of the APFO on overall housing supply is fundamentally tied to development policies. APFO moratoria are limiting growth in areas where the General Plan and Zoning Ordinance call for more density and development (i.e., within the planned service area). This pushes demand to where development can proceed – specifically in the Rural West. Zoning and infrastructure limits in that portion of the County limit the number of units that can be built (depressing supply) and in limiting development to predominantly large-lot single-family units, skews the development that does occur to the least affordable housing types.

Despite these negative consequences of the APFO, the school capacity issues in the eastern portion of Howard County are real and the influx of students into specific portions of the County requires a substantial amount of new resources. Redistricting has not fixed the issues facing the school system, and the issues of school crowding and income segregation are equity issues for students.

Unfortunately, available information and data suggests that limiting growth in the planned service area may be counterproductive to addressing this resource gap. First, not all new student generation is the result of new development. According to Esri, the average household size in Howard County rose from 2.74 in 2010 to 2.77 in 2020, despite the fact that rental apartments represented a considerable portion of new homes built during this time, and that rental apartments tend to have fewer bedrooms than other types of housing. The turnover of existing units explains a portion of the growth in the student population (i.e., an older adult couple with grown children sells its three-bedroom home to a younger
family). In addition, a portion of the school system’s capital budget is dedicated to capital expenditures to renovate/update older school buildings, needs which are not attributable to new development.

A recent fiscal impact analysis commissioned by Howard County suggests that APFO moratoria may both reduce housing supply while also working at cross-purposes with the goal of remedying school capacity challenges. The County’s Capital Improvement Plan relies in part on sources tied to new development, such as school surcharges, road excise taxes, transfer taxes, and recordation taxes. As such, the study found that new development generates more revenues than expenses, and that limiting development can limit the resources available to address new facility and infrastructure needs.45

Development restrictions—including, but not limited to, APFO—have impacts on affordability beyond the macro-level impacts of supply and demand. The delays associated with the overall process will have the greatest impact on smaller developments and those not targeted to the top of the market. These projects, whether subsidized affordable or modest-cost market-rate, do not have the same capacity to absorb and amortize risk and sunk costs as higher-end projects. The APFO does contain exemptions from school-related moratoria for affordable housing, with separate provisions for senior housing (for which the schools test would not apply) and general occupancy developments. In the latter case, exemptions are not automatic, with a letter from the County Executive and either a PILOT or resolution from both the Executive and County Council required. Several practitioners viewed the process for receiving the exemptions as problematic due to the risk of politicization, delay, and/or denial of the exemption/waiver. Interestingly, several practitioners whose positions focus on housing for vulnerable populations—and who do not engage in new residential development—cited APFO as a major barrier for providing housing for the people they serve. Among this group, there was a broad consensus that housing shortages translate to diminished housing opportunities, even for those that the newer, high-end construction market is not “expected” to serve.

Guidance for Future Policy

APFOs are not rare, but nor are they nationally ubiquitous. That being said, most sizable jurisdictions adopt policies to address growth management. Such policies can take various forms. Some localities use “proffer” systems or discretionary review processes through which there is a more direct tie to the specific infrastructure needs of new development. In others, the capital improvement program is coordinated with but separate from the process for approving individual developments. In states with strong property rights regimes, restrictions could represent a “taking” (at least for by-right development) and therefore could be limited. According to a report from Maryland’s Department of Planning, an APFO is not an “appropriate tool to stop growth that is otherwise consistent with local zoning, and it is not a replacement or substitute for a coherent growth management policy based on an adopted comprehensive plan.”46

Moving forward, the County has a range of options for better balancing housing development with infrastructure and school capacity needs. First, the current paradigm for school funding/capital improvement planning could be adjusted. The Maryland Department of Planning report also discusses

the importance of linking the APFO to funding sources to remedy the constraints on growth approval. 47 While fees imposed on new development are common and often appropriate, overreliance on new development for funding resources can stifle growth (if fees tip projects into economic infeasibility) and deprive the County of revenue to address current needs. As such, any discussion of APFO changes should include opportunities to develop new, broad-based revenue generation mechanisms. APFO policy efforts should also regularly evaluate and consider whether existing standards and thresholds remain appropriate given current evidence and market contexts.48

In addition, there are significant opportunities to address housing needs in a manner that helps address infrastructure/school capacity imbalances, independent of APFO provisions. Land- and resource-constrained jurisdictions should maximize the utility of publicly-owned parcels and/or those purchased for facility development. Efforts to do so should include a robust exploration of compatible uses, facility co-location, and the co-location of housing and community facilities. There is precedent for this type of approach in Howard County, with the co-location of facilities and affordable housing in Downtown Columbia and the Roger Carter Community Center development in Ellicott City. In these instances, the approach taken by Howard County is consistent with leading practices and creates a model for future action. In addition, a 2017 report from Enterprise Community Partners highlights a wide range of examples and techniques related to maximizing the potential for publicly owned sites: [Public Benefit from Publicly-Owned Parcels: Effective Practices in Affordable Housing Development].49

Additional Policy Considerations and National Examples
Similar to Howard County, Montgomery County has experienced school capacity challenges in certain districts in recent years. The locations most impacted included parts of the County designated for significant growth and well-served by transit (including the core Metrorail system). Given the historical investment of planning and financial resources in these neighborhoods, the County viewed this outcome as counterproductive to the long-term health of the community. In 2020, Montgomery County therefore revisited its Growth and Infrastructure Policy.50 The revisions limited development moratoria to portions of the County that lacked both school and infrastructure capacity and revisited the fee structure to balance the needs for school/infrastructure funding and development viability. Specifically, Montgomery County eliminated moratoria outside of “Greenfield Impact Areas,” lowered the base school taxes, assessed the lowest rates on townhome and multifamily development in desired growth and investment areas, added an additional Utilization Premium Payment where schools were over a capacity threshold, and increased recordation tax on higher-cost homes.

48 For example, while housing unit allocation caps do not serve as a binding constraint today, they may be more relevant moving forward. As another example, there is growing debate related to the appropriateness of level of service as the most appropriate measure of street/highway capacity, particularly in the context of mixed-use or multimodal neighborhoods.