COLUMBIA DOWNTOWN HOUSING CORPORATION
6751 Columbia Gateway Drive, Third Floor
Columbia, Maryland 21046

March 31, 2017

The Honorable Allan Kittleman
County Executive
Howard County, Maryland
George Howard Building
3430 Courthouse Drive
Ellicott City, Maryland 21043

The Honorable Jon Weinstein
Chairperson, County Council
Howard County, Maryland
George Howard Building
3430 Courthouse Drive
Ellicott City, Maryland 21043

Michele Whelley
David Feehan
Co-Executive Directors
Downtown Columbia Partnership
10480 Little Patuxent Parkway, Suite 400
Columbia, Maryland 21044

SUBJECT: Fifth Annual Report of the Columbia Downtown Housing Corporation

INTRODUCTION

On behalf of the Board of Directors of the Columbia Downtown Housing Corporation ("CDHC"), I am pleased to present our fifth Annual Report. This report is required by Section 28.204(c) of the Howard County Code and Section 5 of Howard County Council Bill No. 154-2012. This report summarizes our work in connection with promoting the development of affordable housing in Downtown Columbia ("Downtown") during the past year and describes the financial standing of the Downtown Columbia Community Housing Fund (the "Fund").

BACKGROUND

The Downtown Columbia Plan (the "Plan") was adopted by Howard County (the "County") on February 1, 2010 as an amendment to the County's General Plan. The Plan is a comprehensive document that details a 30-year redevelopment process for Downtown.
Under Title 28, the Downtown Columbia Partnership is charged with collecting and receiving the Fund. Section 28.116 of the Code establishes the Fund as a separate, nonlapsing fund received from various sources and made available for the purpose of providing affordable housing opportunities for households of eligible income in Downtown. Section 28.116 requires the Partnership to contract with the Downtown Columbia Housing Foundation (the "Foundation") for administration of the Fund.

Title 28, Subtitle 2 requires that the Foundation be a not-for-profit entity which includes representation from various organizations that are able to promote the purpose for which the Fund exists. On November 5, 2012, the Council adopted Resolution No. 154-2012, recognizing CDHC as the Foundation and thus as responsible for administering the Fund on behalf of the Partnership. As a condition of continued recognition, CDHC is required to furnish the County Executive, County Council, and Partnership with an Annual Report within the 90-day period following the final day of its fiscal year, which is December 31.

I. PROGRESS OF CDHC IN CARRYING OUT ITS OBLIGATIONS

A. Organizational Activity

The CDHC Board held eleven public meetings during calendar year 2016 plus numerous committee meetings and interactions with interested parties. As CDHC is a quasi-public entity, the Board complied with the Maryland Open Meetings Act and Public Information Act by working with the County's Department of Housing & Community Development. CDHC provided the public with notice of the Board's covered meetings in advance by publishing them on the County's website and keeping detailed minutes and audio recordings.

At CDHC's Annual Meeting in January 2017 the Board reelected its then-current officers: Paul K. Casey as President; Bruce I. Rothschild as Secretary; and Bethany H. Hooper as Treasurer. Additionally, the Board passed a resolution creating a fourth officer position of Vice President and Patricia Sylvester was elected to fill that position.

Pursuant to a Memoandum of Understanding dated December 1, 2012, and in accordance with Sec. 28.202 of the Code, CDHC continued to receive critical staff assistance as well as limited financial support from Howard County's Department of Housing and Community Development (the "Department"). The Department's assistance has been essential to the successful administrative operation of CDHC and its Board.

Recognizing that there are other potential sources of funding including charitable contributions, CDHC continues to maintain the tax-exempt status under Section 501(c)(3) of the Internal Revenue Code that it received in 2014.
B. Financial Standing of the Fund

CDHC began its Fiscal Year on January 1, 2016 with $2,359,832 in cash investments. In 2016, CDHC received $2,505,004 in fees and earned investment income of $35,999, while expenses paid from the Fund equaled $31,463. CDHC ended the year with $4,867,372 in cash investments. During FY2016 the following CEPPA payments were made to the Fund:

<table>
<thead>
<tr>
<th>CEPPA #</th>
<th>CEPPA DESCRIPTION</th>
<th>AMOUNT to FUND</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Upon issuance of permit for 400th dwelling unit, master developer will contribute $1,500,000 to the Fund.</td>
<td>$1,500,000</td>
<td>6/14/16</td>
</tr>
<tr>
<td>26</td>
<td>Upon issuance of any building permit for building containing dwelling units, developers contribute a fee for each dwelling unit.</td>
<td>$998,104</td>
<td>6/14/16</td>
</tr>
<tr>
<td>27</td>
<td>Each owner of property developed with commercial uses pursuant to the Downtown Revitalization Zoning Regulations Fund for each square foot of Gross Leasable Area for office and retail uses and for each square foot of net floor area for shall provide an annual payment to the hotels.</td>
<td>$4,900</td>
<td>6/14/16</td>
</tr>
</tbody>
</table>

In November, 2016, the CDHC filed its Form 990 for 2015 with the IRS. A copy of the Form 990 is on file with the Howard County Department of Housing and Community Development.

II. ADDRESSING CHALLENGES IN DEVELOPING AFFORDABLE HOUSING IN DOWNTOWN COLUMBIA

A. Steps Taken by CDHC toward Addressing Challenges

CDHC is fortunate to have an exceptionally dedicated and professionally experienced Board, the members of which are committed to achieving the goals for which the Fund was established. In 2016, CDHC’s steps toward achieving its goals and addressing the challenges were largely characterized by working closely with County Administration (the “Administration”), The Howard Research and Development Corporation (“HRD”), and Howard County Housing Commission (the “Commission”) to develop a legislative package for the Joint Recommendations for Affordable Housing in Downtown Columbia that were offered by CDHC and HRD in 2015 (the “Joint Recommendations”).
In its prior Annual Reports, CDHC identified a number of challenges to carrying out the Foundation’s obligation “to fulfill the vision of the Downtown Columbia Plan...for a full-spectrum and diverse mix of housing, ensuring that low-, moderate- and middle-income families have an opportunity to live in Downtown Columbia” (See County Code Section 28.200(1)). The identified challenges included limited developable land in Downtown, high costs of producing units in the podium and high-rise developments envisioned by the Plan, the absence of a requirement that developers include units affordable to households of low or moderate income in new residential projects in Downtown, and insufficient resources in the Fund, especially during the early years of Downtown development, to leverage as a means of influencing developers to produce affordable units. After four years of continuous efforts by CDHC, the Administration, HRD, the Commission, and additional creative efforts by the Council, legislation was adopted in 2016 based on the Joint Recommendations which successfully addressed these challenges to affordable housing development in Downtown Columbia.

B. History of Joint Recommendations

On February 27, 2015, as per the Council’s request via Council Resolution No. 120-2014, CDHC presented to the Council and to County Executive Kittleman its recommendations for legislative and zoning changes to the current regulatory regime for Downtown development as a means of realizing the Plan’s goal of a full spectrum of affordable housing being incorporated into Downtown development. On June 8, 2015, at the Council’s monthly meeting, HRD, which is the master developer under the Plan, presented a counter-proposal for the development of affordable units in Downtown.

After being presented with HRD’s counter-proposal, the Council requested that the parties work together to determine whether it would be possible to achieve an agreed-upon set of recommendations derived from the HRD proposal. CDHC and HRD agreed and after extensive discussions and negotiations, which included input from the Administration and the Commission, presented the Council with the Joint Recommendations at the Council’s monthly meeting on September 8, 2015. The Joint Recommendations outlined a proposed long-term cooperative effort among CDHC, HRD, the Commission, and the County to develop several hundred new dwelling units in Downtown that would be affordable to a wide range of incomes, from as low as zero to as high as 80 percent of the Howard County area median income. This proposed effort would leverage various means to provide a full spectrum of affordable housing in Downtown, including the federal Low-Income Housing Tax Credit, land covenants, master leases, and increased contributions to the Fund. The Council had a number of detailed questions regarding the impacts that the Joint Recommendations would have on County finances, schools, general government operations, safety, parking, value, and tax receipts and, during the remainder of 2015 worked with the Administration to produce and analyze a number of studies on these topics of inquiry.
C. Development of Legislative Package for Joint Recommendations

With ongoing input and support from CDHC, HRD, and the Commission, the Administration led the effort to draft the legislative package to implement the Joint Recommendations. The package covered five key components: (1) amendments to the County’s General Plan; (2) amendments to the Downtown Columbia Plan; (3) amendment to the County Zoning Regulations; (4) amendments to the County Code; and (5) a Development Rights and Responsibilities Agreement between HRD and the County (the “DRRA”). The changes were ultimately submitted to the County Council as Council Bill Nos. 52, 53, 54, and 55 and Council Resolution Nos. 103.

At its February 2016 meeting, CDHC established a workgroup consisting of Board members and CDHC’s general counsel to work with HRD, the Commission, and the County to revise and refine the legislative package, primarily the DRRA. Members of the workgroup met and communicated frequently with the other parties over a period of months to finalize the terms of the DRRA, going through many drafts of the document.

D. Legislative Process for Joint Recommendations

The legislative process for the Joint Recommendations commenced with the Administration filing the legislative package with the County Planning Board for review and recommendations to the County Council. The Planning Board held a lengthy public hearing on the filing on April 14, 2016 and continued the hearing to April 28, 2016 and again to May 10, 2016. CDHC President Paul Casey was present at all three hearings to express CDHC’s support for the Joint Recommendations and to join the Administration officials in answering questions about the proposal from Planning Board members. After several hours of questions, discussion, and public testimony over the three hearings, the Planning Board, on May 10, voted 4-to-1 to recommend approval of the Joint Recommendations with a suggested modification that would increase any applicability of the County’s Moderate Income Housing Unit program in Downtown from a baseline of 10 percent to 13 percent.

The next filing by the Administration came on June 27, 2016, which was the submission of the four bills and one resolution cited above to the County Council. In July, September, October, and November, the Council held a number of work sessions and public hearings on the legislative package, many of which were attended by Mr. Casey who was present to answer questions about the package and express CDHC’s support for its passage. In addition, several Board members attended the public hearings and work sessions and Patricia Sylvester and Andrea Ingram testified on behalf of CDHC. The Council’s process included significant analysis, debate, and a number of proposed amendments. The legislative process ultimately expanded the Joint Recommendations and provided additional resources to ensure the future of affordable housing in Downtown. On November 9, 2016, the Council voted 4-to-1 to approve the bills and resolution that will ensure the development of a full spectrum of affordable housing in Downtown. The principal elements included provisions which facilitate the construction of 200 very-low income units and 200 middle-income units, both of which will be integrated into
market-rate projects. There will be 417 low-income housing tax credit units constructed in four mixed-income mixed-use projects and one senior mixed-use project throughout Downtown on land contributed by the County and HRD. There will also be new fee payments to the Fund which will be used in part to provide financial assistance to the 83 units in order to allow people to live near where they work.

III. CDHC’s ACTIVITIES IN Q1 2017

With the passage of the legislation, CDHC’s focus has shifted to working with the Administration, HRD, and the Commission to implement the various objectives for affordable housing in Downtown. To memorialize what will be a long-term partnership among the four parties, CDHC, HRD, the Commission, and the County entered into an Agreement for Affordable Housing in Downtown Columbia at a public ceremony on February 3, 2017. Additionally, the Board of CDHC has formed committees to formulate its plan to leverage the Fund to finance the development of affordable units and to develop the program of live-near-where-you-work housing in Downtown as mandated by the Council.

IV. SPECIAL THANK YOU TO THOMAS P. CARBO

Today, the future of affordable housing in Downtown has never looked brighter and the Board members of CDHC know that our community would not have reached this historic point without the tireless efforts of Thomas P. Carbo, the former Executive Director of the Commission and Director of the County Department of Housing and Community Development.

Tom departed this life on November 25, 2016, 16 days after the Council passed the Joint Recommendations that he so passionately championed. On that day, the world lost a compassionate man and a devoted supporter of affordable housing who dedicated his career to the advancement of families with limited means. Tom was a visionary, who looked at the seemingly impossible task of assuring affordable housing in Downtown and saw a challenge that, with perseverance and a team spirit, could be overcome.

From CDHC’s creation in 2012 to the time of his passing, Tom was instrumental to the operation and success of CDHC. He worked closely with all involved parties to help us achieve our goals. Tom was a fixture at our meetings over the years and was always lending his support to our work. We owe a deep debt of gratitude to Tom for all that he has given us and all that he has done, not just for Downtown, but for the quality of life in Howard County as a whole.

CONCLUSION

We are pleased to see that our efforts over the last four years have resulted in a comprehensive, multi-faceted plan for affordable housing in Downtown. This result could not have been achieved without a sincere and cooperative effort among many different parties, including CDHC, HRD, the Administration, the Commission, the Council, the housing advocates, and the community at large. The implementation of this plan will require a similarly cooperative
approach and CDHC is committed to continuing to work with all interested parties as effectively and timely as possible in order to implement each aspect of the legislation and to achieve the affordable housing goals for Downtown.

Sincerely yours,

Paul K. Casey
President
Columbia Downtown Housing Corporation

cc: Board of Directors

    Jesse Chancellor
    Christopher Fritz
    Bethany Hooper
    Andrea Ingram
    Rev. Mary Ka Kanahan
    Oramenta Newsome
    Bruce Rothschild
    Russell Snyder
    Patricia Sylvester
    Rev. Dr. Robert Turner
    John DeWolf, Ex Officio

Kevin Kelehan, Esquire, Counsel
Kelly A. Cimino, Director, Dept. of Housing and Community Development