

COLUMBIA DOWNTOWN HOUSING CORPORATION

6751 Columbia Gateway Drive, Third Floor
Columbia, Maryland 21046

March 30, 2018

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

The Honorable Mary Kay Sigaty
Chairperson, County Council
Howard County, Maryland
George Howard Building
3430 Courthouse Drive
Ellicott City, Maryland 21043

Phillip Dodge
Executive Director
Downtown Columbia Partnership
10480 Little Patuxent Parkway, Suite 400
Columbia, Maryland 21044

SUBJECT: Sixth 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 sixth 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 eight public meetings during calendar year 2017 plus several 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.

CDHC is fortunate to have a dedicated and professionally experienced Board, the members of which are committed to achieving the goals for which the Fund was established. Four new members joined the Board in 2017, Peter Morgan, Jeryl Baker, Jolly Burks, and John DeZinno. The new members bring new energy and expertise to the Board and we look forward to working with them. Two Board members completed their terms and elected to move on to new challenges. Andrea Ingram and Jesse Chancellor brought quiet professionalism and an abiding commitment to the people of Howard County to their work with CDHC and will be missed. The Board also lost a third member, Oramenta Newsome, in early 2018. Ms. Newsome's death saddened the Board, as well as the national affordable housing industry. She was a creative, thoughtful national leader and committed champion for the less fortunate among us. We were lucky to have the benefit of her spirit and professionalism on the Board.

At CDHC's Annual Meeting in January 2018, the Board elected current officers: Patricia Rynn Sylvester as President; Bruce I. Rothschild as Secretary; and Bethany H. Hooper as Treasurer. Pursuant to a Memorandum of Understanding dated December 1, 2012, and in accordance with Sec. 28.202 of the Code, CDHC continued to receive critical staff assistance 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, 2017 with \$ 4,859,653.00 in cash investments. In 2017, CDHC received \$ 15,240.00 in fees and earned investment income of \$ 45,365.00, while expenses paid from the Fund equaled \$ 20,991.00. CDHC ended the year with \$ 4,899,267.00 in cash investments. During FY2017 the following CEPPA payments were made to the Fund:

CEPPA #	CEPPA DESCRIPTION	AMOUNT to FUND	DATE
11	Upon issuance of permit for 400 th dwelling unit, master developer will contribute \$1,500,000 to the Fund.	\$0	
26	Upon issuance of any building permit for building containing dwelling units, developers contribute a fee for each dwelling unit.	\$0	
27	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.	\$15,239.67	3/6/17

In November 2017, the CDHC filed its Form 990 for 2016 with the IRS. A copy of the Form 990 is on file with the Howard County Department of Housing and Community Development.

II. AFFORDABLE HOUSING IN DOWNTOWN COLUMBIA

A. Background

On November 9, 2016, the County Council voted 4-to-1 to approve a package of bills and resolution to ensure the development of a full spectrum of affordable housing in Downtown. The County Executive signed on November 14, 2016 and the legislation became effective January 14, 2017. The principal elements include 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 allow people to live in downtown near where they work.

B. CDHC's Activities in 2017

With the passage of the legislation, CDHC's focus shifted to working with the County Administration (the "Administration"), The Howard Research and Development Corporation ("HRD"), and Howard County Housing Commission (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 formed two committees to facilitate formulation of its plan to leverage the Fund to: (1) finance the development of affordable units and (2) develop the program of live-near-where-you-work (LNYW) housing in Downtown as mandated by the Council.

The full Board met regularly throughout the year and each meeting's agenda provided an opportunity for updates and discussion on the progress being made by HRD and the Commission and its development partners on their respective responsibilities. The Commission provided information on the progress being made on the Toby and Banneker Station projects, as well as the status of the master lease with HRD for the 200 very-low income integrated units in HRD market rate properties. HRD provided updates on the timing for development of the residential units throughout the Downtown footprint and the payment of fees, as well as the status of commercial development and leasing, and other matters pertinent to the implementation of the affordable housing components of the downtown plan. The Administration also provided updates on its activities related to Downtown Columbia, particularly concerning affordable units and outreach to potential partners for the LNYW program.

Representatives of the Commission, the Department, HRD, and the Administration were regular guests at Board meetings. Discussions were open and collegial with Board members expressing their interest in proactive and timely actions to produce affordable units in downtown. Additionally, the Board worked to stay abreast of other activities in and around downtown. At its October 2017 meeting, the Board heard a presentation from Mark Dunham, Generations of Hope, about his work with the Howard County Autism Society to create an Intentional Neighborhood for adults with autism, seniors and families in Howard County, possibly close to or within the downtown footprint. Phillip Dodge of the Downtown Columbia Partnership attended the December Board meeting and spoke briefly. Also, in December, the Board learned of the potential impact of adequate public facilities legislation (APFO) on affordable housing development in downtown and approved a motion to send a letter to the County Council expressing its concern and requesting an exemption from the legislation for Downtown Columbia. The Board took additional steps concerning the APFO legislation in the first quarter of 2018, noted below.

1. LNYW Activities

The LNYW team met 5 times in 2017 to review LNYW efforts elsewhere in Maryland and nationally and to develop a draft policy outline for the program. The team consists of 6 Board members, as well as the Director of the Department of Housing and Community Development. A representative of the Administration also attended several meetings and facilitated meetings with potential participating employers. Representatives of the Board met with Howard County General Hospital and the Community College to discuss the program and to receive input and suggestions concerning implementation. Two subsequent meetings were held with the Hospital to further discuss the program. The full Board remained actively engaged in the LNYW discussion and each Board meeting included a thorough discussion of the team's work.

At its August 2017 meeting, the Board approved a LNYW Policy Outline for the program. This outline now guides the team's continuing work to develop program procedures and processes. The Board's goal is to complete the procedures and processes in 2018, and to have a program pilot available as soon as practicable thereafter. A copy of the approved outline is attached to this report as Attachment A.

2. Financing of Affordable Housing Developments in Downtown

In early 2017, CDHC received an informal request for predevelopment financial assistance from Orchard Development, the Commission's partner on the Toby's project. Representatives of Orchard Development, the Commission and the Board met on two occasions to discuss the timing and the status of the project and to refine and understand the financing gap. Following these discussions, the Board's financing team came together to discuss the criteria and process for the Board to accept and consider requests for financial assistance. It also kept in touch with the Commission concerning progress on the Toby's project. The team then facilitated a further discussion with the Board to begin to develop the Board's policy for consideration for this and future requests.

Generally, the Board expressed its preference for providing its financing at the time of financial closing on the residential real estate transaction. While it did not rule out the possibility of providing predevelopment assistance, it expected such assistance to be loans and not grants, repayable at the time of financial closing. Based on these discussions, the Financing team agreed to develop a draft letter of intent, which could be shared with the Board and the Commission for comment. This document, as well as a Board financing policy, are still in review and additional work is expected to occur in 2018.

The timing for finalizing the Board's position and policy for financial assistance from the Fund corresponds with the likely timetable for the development of the affordable housing component of Toby's and subsequent tax credit transactions. CDHC predevelopment financial assistance for Toby's is not currently being requested by the Commission or Orchard Development. The Commission has noted that it expects to submit a request for CDHC funding as it gets closer to finalizing the financing for the construction of the residential component of the project, likely in mid-to-late 2018.

C. CDHC's ACTIVITIES IN Q1 2018

In January 2018, CDHC continued its efforts to advocate that the affordable housing plan for downtown Columbia not be impacted adversely by the pending APFO legislation before the County Council. The then-President and Vice-President of the Board, Paul Casey and Patricia Sylvester, testified before the County Council and, also reached out to individual Council members to explain the possible impact that the legislation could have on the planned development of two tax credit transactions, as well as the integrated affordable units planned for downtown. The likely financial impact of the stalled development on the LNYW funding was also discussed. In the end, the Council elected not to provide an exemption for downtown Columbia and instead to provide a mechanism in the APFO law for consideration of waivers for affordable housing developments that meet certain narrowly defined criteria on a case-by-case basis. The Board supported this amendment to the original legislation and will continue to stay abreast of the impact of the APFO legislation on future affordable units in the downtown and surrounding areas. The HRD market rate developments with the integrated affordable units would not be eligible to be considered for a waiver under the recently approved APFO legislation but the tax credit developments would be eligible.

The LNYW team met on Feb. 21, 2018 to continue discussion of program implementation and the potential program funding decrease resulting from the APFO legislation. In its testimony before the County Council, CDHC estimated that LNYW funding could decrease by 44% from \$7.7M to \$4.3M. The team decided to recommend that the Board continue with its efforts to pilot a LNYW program in 2018, including expanding its outreach to employers other than the Hospital. The team agreed that further discussion would be needed to determine the amount of funding that CDHC should reserve for the LNYW pilot in advance of receiving the specified funding.

D. Estimated Timing for Affordable Housing Units Planned in DRRA

In 2017, much work was done to plan the future developments that will incorporate affordable units in downtown. Construction on the first residential building in the Crescent is anticipated for 2018 resulting in projected leasing in the Summer/Fall of 2019. CDHC anticipates that 24 of these units will be affordable with 12 to be master-leased by the Commission and 12 available to households with income at 80% of the Howard County area median income. Another 26 integrated, affordable units (13/13) would likely be available one year later. Lakefront units would likely follow the Crescent units one year later.

The Commission advises CDHC that its current plan is to apply to the State for low income housing tax credits for Toby's in 2019 or 2020, depending on the timing of the Arts Center development, with the anticipated leasing of those units approximately two years after the application. The County estimates the redevelopment of the Banneker fire station site to be 4- 5 years out based on the current plan for relocating the existing fire station operation to the Cedar Lane school site temporarily. Thus, the Banneker units would not be available before 2023. It is premature to estimate timing for the other tax credit developments.

The LNYW program would provide tenant-based short-term rental assistance to help participating employees afford units in downtown. Opening of this program is dependent on employer participation and interest. CDHC is working

toward a goal of beginning a pilot assistance program sometime in late 2018 or the first half of 2019. If this timeframe is met, the LNYW assisted households would be the first to benefit from the affordable housing provisions of the DRRRA.

III. CONCLUSION

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

Sincerely yours,



Patricia Rynn Sylvester
President
Columbia Downtown Housing Corporation

cc: Board of Directors

Jeryl Baker
Jolly Burks
Paul Casey
John DeZinno
Christopher Fritz
Bethany Hooper
Rev. Mary Ka Kanahan
Peter Morgan
Bruce Rothschild
Russell Snyder
Rev. Dr. Robert Turner
John DeWolf, Ex Officio

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

**Live Where You Work (LWYW)
CDHC Program Outline
October 2017**

Purpose: To ensure a vital, thriving, and sustainable Downtown Columbia community with a full spectrum of housing by working in partnership with local Columbia Employers to:

- Expand opportunities for low and moderate income employees to afford to live in downtown Columbia
- Address employer-identified employee recruitment, retention, availability for work (due to shift or inclement weather needs) or other similar goals/needs
- Expand employee commute options to include walking and biking, which will reduce employee household costs, as well as overall community transportation costs
- Improve the quality of life of employees and the community's social condition

Program Parameters:

1. Employers and CDHC would partner to provide, in equal shares, short-term rental assistance (not to exceed 3 years) to employees identified by the Employer
 - a. Partnership would be memorialized in a MOU
 - b. CDHC contributes funds for rental assistance for employee directly to the landlord/property management company
 - c. Employer also contributes equal funds for rental assistance, with the possible modification, if CDHC agrees, to include some portion of possible other types of "contribution", including:
 - i. Security deposit guarantee
 - ii. In-kind contribution or other tangible tasks the employer agrees to perform via MOU
 - iii. Financial/equity contribution to some other affordable housing effort in or near Downtown
 - d. Howard County Housing will administer the program and payments to reduce administrative burden on Employer and CDHC.
2. Eligibility criteria of Employees would be established by Employer provided:
 - a. Employees' work locations are within or in close proximity to Downtown Columbia.
 - b. Employees have incomes within the Howard County LIHU and MIHU income limits:
 - i. MIHU: incomes generally between \$47,000 - \$71,000 depending on household size
 - ii. LIHU: incomes between \$31,000 – \$47,000 depending on household size
3. To encourage inclusion of LIHU employees, CDHC may provide higher subsidy amounts for lower income workers
4. Rental assistance amounts may vary based on employee income, household size, tenure in the program, unit size, location, or other factors agreed to by CDHC and the Employer.
5. CDHC subsidy must be used for Rental Units within the downtown footprint; Employer may elect to provide subsidy for units in close proximity to downtown and the employee's work location

- a. Rentals within footprint – M Flats, Metropolitan, Little Patuxent Square, Columbia Town Center Apts., and Howard Hughes (HH) units to be built within Crescent and elsewhere in Downtown
 - i. LWWY provisions of the Developer Rights and Responsibility Agreement (DRRA) require HH to accept guaranty in lieu of security deposit/other fees/charges over 1st month's rent
- b. Outside footprint – Evergreens, Gramercy
- 6. Eligible Units may be studios, 1, 2, or 3 bedrooms based on employee household size.
- 7. Participating employers may be public or private, large or small, for-profit or non-profit.
- 8. Transition Outreach and Education:
 - a. Participating Employees will be expected to participate in homeownership or self-sufficiency education to enable them to sustain housing post-subsidy term
 - b. Program will include provisions to help with post-subsidy transitions, such as:
 - i. Lowering subsidy over time so employee gradually gets used to higher rents
 - ii. Possible priority for affordable units in downtown as the units come on line
 - iii. Priority access to County homeownership programs, including down payment assistance, or other County rental programs, including MIHU and LIHU units
 - iv. Employee's career ladder increases income over time and would allow employee to afford rent without subsidy.
- 9. Rental subsidy would be targeted to get rents down to LIHU/MIHU levels based on the Employee household income.
 - a. CDHC, in consultation with Howard County Housing, will set actual rental assistance payments taking into account MOUs with participating Employers.
 - b. Employers should expect a variety of unit and family sizes in the program.
 - c. For planning purposes, CDHC estimates the cost of rental assistance as follows:

Unit Size	Estimated Total Annual Subsidy Amount*	
	Employee with LIHU Household Income (31,000 – \$47,000)	Employee with MIHU Household Income (\$47,000 - \$71,000)
studio	TBD	TBD
1 bedroom	\$14,000	\$9,000
2 bedroom	\$17,500	\$11,500
3 bedroom	\$23,000	\$16,000

*actual subsidy amounts may vary based on family income and size, and actual rent

- 10. CDHC has a workgroup that will be working to finalize program design with goal of opening program in Summer 2018.