

COLUMBIA DOWNTOWN HOUSING CORPORATION

6751 Columbia Gateway Drive, Third Floor
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March 31, 2013

The Honorable Ken Ulman
County Executive
Howard County, Maryland
George Howard Building
3430 Courthouse Drive
Ellicott City, Maryland 21043

The Honorable Jen Terrasa
Chairperson, County Council
Howard County, Maryland
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Mr. Mark Thompson
Director
Downtown Columbia Partnership
George Howard Building
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SUBJECT: 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 first Annual Report. This report is required by Section 28.204(c) of the Howard County Code and Section 5 of Howard County Council Resolution No. 154-2012, and covers three topics: (1) CDHC’s progress in carrying out its obligations; (2) the challenges in carrying out its obligations; and (3) the financial standing of the Downtown Columbia Housing 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 Columbia (“Downtown”). The Plan

recommends that, to facilitate its implementation, the County should create a Downtown Columbia Partnership (the “Partnership”) to carry out important services and community functions in Downtown. Howard County formally adopted this recommendation and established the Partnership by passing Council Bill No. 24-2012, which also created Title 28 of the Howard County Code (the “Code”).

Under Title 28, the Partnership, among other duties, is charged with collecting and receiving the Downtown Columbia Housing Fund (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. Subtitle 2 grants the Howard County Council the power to recognize an eligible entity as the Foundation. 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.

CDHC’S PROGRESS IN CARRYING OUT ITS OBLIGATIONS

A. Initial Formation and First Meeting

CDHC filed its Articles of Incorporation with the Maryland Department of Assessments and Taxation on November 6, 2012 and held its first organizational meeting on November 13, 2012. At this first meeting, bylaws and various foundational resolutions were adopted by the board of directors of CDHC (the “Board”). Among those resolutions was the election of the Board’s three officers: Paul K. Casey as President; Roy L. Appletree as Secretary; and Bethany H. Hooper as Treasurer.

As CDHC is a quasi-public entity, the Board is mindful of its obligations under the Maryland Open Meetings Act and Public Information Act. Accordingly, at its first meeting, the Board received a training session on the Open Meetings Act from County Solicitor, Margaret Ann Nolan, and a session on the Public Information Act from Senior Assistant County Solicitor, James Vannoy. The Board has made efforts to comply with the Acts by working with the County Office of Public Information to provide the public with notice of the Board’s regular monthly meetings and keeping detailed minutes and audio recordings of its covered meetings.

B. Measures to Build CDHC

CDHC is fortunate to have an exceptionally dedicated and experienced Board, the members of which are committed to achieving the goals for which the Fund was established. Since its initial meeting, the

Board has taken a number of steps to allow CDHC to carry out its obligations as the Foundation. In accordance with Sec. 28.202 of the Code, the Board has received, and continues to receive, staff and financial support from Howard County's Department of Housing and Community Development pursuant to a Memorandum of Understanding dated December 1, 2012. The Department's assistance has been essential to the successful administrative operation of the CDHC and its Board.

The Board has secured pro bono legal services by appointing Kevin J. Kelehan and his law firm, Carney, Kelehan, Bresler, Bennett & Scherr, LLP, as CDHC's general counsel. Mr. Kelehan and his firm have extensive experience in representing clients in both the for-profit and non-for-profit housing sectors and in dealing with affordable housing issues in the County and the State. Mr. Kelehan has also served on the Howard County Housing Commission and the Howard County Housing Affordable Housing Task Force.

Although Title 28 of the Code provides for continuous contributions to the Fund, the Board recognizes that there are other potential sources of funding including charitable contributions. Consequently, the Board resolved that it would benefit CDHC to seek tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. The Board has been diligently preparing an application for 501(c)(3) status and is close to completion and submission.

As CDHC will soon be receiving the initial contributions to the Fund from the Partnership, the Board has taken steps to secure appropriate banking services to assist CDHC in its management of the Fund. Specifically, the Board's Investment Committee recently completed a solicitation process to obtain streamlined cash management, active asset management, and investment advisory services from a financial institution that employs state-of-the-art technology while offering a high level of customer service. After reviewing three proposals, the Investment Committee recommended, and the Board resolved, that The Columbia Bank should be the selected candidate. CDHC is currently in the process of engaging The Columbia Bank and the Board is confident that its service account will be established before CDHC receives the Fund from the Partnership.

C. Steps Taken Toward Achieving Goals

To maximize its understanding of the Plan and its planned implementation, the Board has received two presentations on those topics from Mr. Mark Thompson of the County's Department of Planning and Zoning. Mr. Thompson has also remained in contact with the Board and has provided helpful updates on Downtown developments currently in the pipeline as well as on plans that are in their preliminary stages. The information and insights provided by Mr. Thompson have been instrumental in the shaping of the Board's strategies for implementation of affordable housing in the new Downtown.

Additionally, the Board has had the benefit of receiving a presentation on the County's 2012 Rental Housing Survey from Mr. Robert Lefenfeld of Real Property Research Group. Mr. Lefenfeld's presentation was very detailed and provided a wide range of statistical findings relating to, among other topics, the demand and supply of affordable housing in the County as well as within its submarkets,

including Columbia. The presentation allowed the Board to develop an understanding of the income groups in Downtown that may be the most underserved in the realm of affordable housing.

In an effort to develop strategies and best practices to achieve its objective of providing affordable housing opportunities in Downtown, the Board held a “brainstorming” retreat at its December 12, 2012 meeting. During the session, the Board sought to answer a number of questions about the population groups that CDHC should target, short- and long-term goals, ways to leverage CDHC’s limited financial resources, and how to approach the Plan’s first residential project, i.e., the 380-unit Metropolitan to be developed on Parcel D (Warfield Neighborhood Block W-1). As a result of a lengthy and productive session, the Board resolved a number of items including a goal of establishing 15 percent of the 5,500 units slated for development in Downtown as affordable (which is the normal percentage required by the County’s MIHU program), targeting households with incomes averaging 50 percent of the Howard County area median with an emphasis on persons below 50% of area median up to below market rents, with an annual review of those target ranges, and working with developers to reduce rents to levels to meet eligibility standards for Housing Choice Voucher assistance. Additionally, the December 12 retreat resulted in the appointment of an ad hoc committee to engage the developers of the Metropolitan, and the other initial residential projects, about the possibilities for including affordable housing in what would be the Plan’s initial residential projects.

CDHC’S CHALLENGES IN CARRYING OUT ITS OBLIGATIONS

In its deliberations, the Board has identified certain challenges in carrying out its obligations. The Board is in the process of preparing a separate description of those challenges and plans to submit a description of the challenges to the County Council, County Executive, and Partnership by the end of April 2013.

FINANCIAL STANDING OF THE FUND

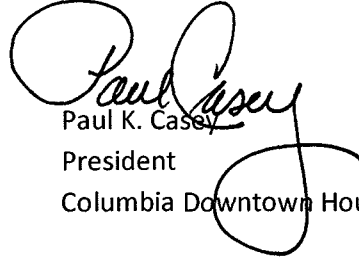
Because CDHC has yet to receive any Fund monies from the Partnership, there is no report on its financial standing. CDHC is prepared, however, to contract with the Partnership as required by Section 28.116(c)(4) of the Code as soon as the Partnership is fully operational. As discussed above, CDHC is currently engaging a financial institution for cash and asset management services and is confident that its service account will be established before the Fund is transferred.

CONCLUSION

The County’s General Plan and the Downtown Columbia Plan both recite the notion that affordable housing bears an important relationship to the County’s employment growth and that it improves the County’s economic development prospects. CDHC is proud to be tasked with the goal of ensuring the success of this critical component to the Downtown redevelopment. A founding principle of Columbia is that a diverse housing community with a broad range of incomes is conducive to a rich culture. The Board envisions nothing less than continuing the principles of Columbia in the redevelopment of

Downtown. Through a coordinated effort with the County, developers, and community organizations, we are confident that our vision will be realized.

Sincerely,



Paul K. Casey
President
Columbia Downtown Housing Corporation

cc: Members of the Board of Directors

Roy Appletree
Jesse Chancellor
Peter Engel
Bethany Hooper
Andrea Ingram
Brian Kim
Maria Miller
David Raderman
Bruce Rothschild
Michael Skojec
Russell Snyder
Patricia Sylvester
Rev. Robert Turner

Kevin Kelehan, Esquire, Counsel

Thomas Carbo, Director, Dept. of Housing and Community Development