

HOUSING OVERVIEW

Housing & Economic Development Strategic Plan for Takoma Park

Presented by Mullin & Loneragan Associates

February 26, 2018

Overarching Themes & Underlying Bases

- Takoma Park strives to be a “Livable Community for All”
- This plan was designed to create a higher quality of life for current and future residents
- Specific to housing: this plan sought to achieve the preservation and expansion of housing, emphasizing affordable housing
- The challenge: preserving the range of housing options available while maintaining affordability of the existing housing stock, particularly rental units
- Recommendations geared toward increasing equity, access and viability

Significant Housing Trends

- Takoma Park is an island in the region where renters are relatively balanced with homeowners, shifting towards homeowners over the past decade
- Median sales price has increased from \$407,000 to \$475,000 over past five years
- Median rent is 22% lower than surrounding areas and nearly 50% lower than Montgomery County
- Takoma Park and Montgomery County had very low residential vacancy rates throughout 2015 and 2016
- No new multi-family construction since 1970s
- Most code violations issued for large rental properties
- Only one of two jurisdictions with a Rent Stabilization Ordinance
- The planned Purple Line will disrupt housing in Takoma Park
- **Regional growth will increase demand for housing and exert upward pressure on housing costs**

Housing Goal:

Preservation & Expansion
of Existing Housing
Options

AMEND RENT STABILIZATION ORDINANCE

- **ISSUES:**
 - Stabilized rent is attached to the unit regardless of tenant's income
 - Fair Return on Investment process to request rent increase is complex and costly
 - Little incentive to re-invest in properties without adequate rent revenue to pay debt service to finance renovations
- **RECOMMENDATION:**
 - Amend ordinance to limit rent stabilization to households earning up to 100% of median income benefit; households above this income would pay closer to market or market rents
- **RESULTS:**
 - Creates mixed-income building
 - Generates additional rental income for owner to re-invest in property
 - Preserves affordable rental housing
- **DEGREE OF DIFFICULTY:**
 - High for implementation and cost

MODIFY THE PILOT PROGRAM

- **ISSUES:**
 - Payment-in-lieu-of-taxes initiative exempts all or part of the real estate tax assessed on affordable housing
 - Lowers operating expenses and maximizes affordability
 - Primary means of the City satisfying local match requirement of the Low Income Housing Tax Credit (LIHTC) program
 - No systematic review, inventory or approval process for City to manage and evaluate its full impact
- **RECOMMENDATION:**
 - Create a database to track, manage and analyze PILOT recipients
- **RESULTS:**
 - Better program management
 - Ability to monitor impact on PILOT on projects and identify need to make changes
- **DEGREE OF DIFFICULTY:**
 - Moderate for implementation and low for cost

MAKE EMERGENCY ASSISTANCE PROGRAM AVAILABLE TO REFUGEES AND IMMIGRANTS

- **ISSUES:**

- Higher rates of refugees and immigrants in Takoma Park than in State and US
- Refugees and immigrants have difficulty accessing affordable housing as citizenship status limits eligibility for federal housing programs

- **RECOMMENDATIONS:**

- Modify program to enable refugees and immigrants to receive a one-time security deposit payment
- Engage with community gathering spaces such as churches and businesses frequented by these groups to market the program

- **RESULTS:**

- Eases access to rental housing

- **DEGREE OF DIFFICULTY:**

- Low for implementation and low for cost

ENFORCE RENTAL LICENSING PROGRAM

- **ISSUES:**
 - Prolonged neglect and deferred maintenance cause more rapid deterioration of units
 - Preservation of units less costly than demolition and new construction
 - Poorer quality, lower cost builder-grade materials used frequently in initial construction
 - Owner has little or no cash reserves to finance renovation investment
 - Stakeholders complained of weak enforcement of known slumlords and licensing still issued
 - County is contracted to administer code enforcement in Takoma Park
- **RECOMMENDATIONS:**
 - Aggressively enforce program for violations and non-compliance to preserve rental stock
 - Enforcement should include increasing fees, higher maintenance restriction standards for repeat offenders, more frequent inspections
- **RESULTS:**
 - Better maintained rental housing stock
- **DEGREE OF DIFFICULTY:**
 - High for implementation and cost

ASSESS HIGHER PROPERTY TAX ON VACANT STRUCTURES

- **ISSUES:**
 - City assesses \$200 annual fee on vacant structures to discourage abandonment and neglect
 - 85 total properties identified as vacant in 2016
- **RECOMMENDATION:**
 - Increase property tax for vacant structures
- **RESULTS:**
 - Incentivizes sale, rehabilitation, re-use or demolition
 - Making vacant structures or cleared parcels available for re-use or redevelopment would create new development opportunities
 - Revenue generated from higher fee could finance affordable housing initiatives
- **DEGREE OF DIFFICULTY:**
 - Low for implementation and cost

EXPLORE FEASIBILITY OF NON-PROFIT PROPERTY MANAGEMENT ORGANIZATIONS

- **ISSUES:**
 - Private for-profit companies manage rental properties
 - Tenant Capacity-Building Organizations reported some multi-family buildings not managed well
- **RECOMMENDATIONS:**
 - Explore feasibility of using a local non-profit organization to manage rental properties
 - Provide seed money to start a pilot program
- **RESULTS:**
 - A local organization employing City residents with a greater personal stake in the management process
 - Local job generator
- **DEGREE OF DIFFICULTY:**
 - High for implementation and cost

MODIFY TENANT OPPORTUNITY TO PURCHASE PROGRAM

- **ISSUES:**
 - Tenants have the opportunity to purchase their multi-family rental property if it is placed for sale
 - City provides funding to tenant capacity-building organizations to facilitate purchase of rental property
 - Also includes affordable rental housing financed by federal and state funds with a mandated affordability period
- **RECOMMENDATIONS:**
 - Waive the option on rental units financed by public funds with a mandated affordability period
 - No need for tenants to purchase units if period of affordability is required
- **RESULTS:**
 - Affordability of units is preserved
- **DEGREE OF DIFFICULTY:**
 - Low for implementation and cost

MODIFY HOME STRETCH DOWN PAYMENT ASSISTANCE PROGRAM

- **ISSUES:**
 - City capitalized this program with \$50,000 in 2017
 - Provides up to \$10,000 for down payment and closing costs for eligible homebuyers
 - Only 1 of 23 applicants was able to find and purchase a home in City where median sales price was \$475,000 in 2016
- **RECOMMENDATIONS:**
 - Partner with local lenders looking for CRA credit to boost loan funds
 - Offer a soft second mortgage for a single family home purchase
 - Partner with Realtors who could help market initiative; provide a list of Realtor partners to program applicants
 - Require applicants to complete homeownership / credit counseling program to increase *sustainability* of homeownership
- **RESULTS:**
 - Moderate income homebuyers locating in Takoma Park
- **DEGREE OF DIFFICULTY:**
 - Moderate for implementation and cost

APPLY FOR STATE HOME FUNDS FOR HOUSING REHABILITATION

- **ISSUES:**
 - The City of Takoma Park is an eligible applicant for funding
 - Homeowners are more likely to be cost-burdened than renters in Takoma Park
- **RECOMMENDATION:**
 - Apply for funding to assist homeowners earning up to 55% of State median income (\$60,650 for a 4-person household in 2017)
- **RESULTS:**
 - Preservation of housing stock among low- and moderate-income homeowners
 - Lower monthly utility costs if energy efficiency improvements made
 - Lessens cost burden among low- and moderate-income owners
- **DEGREE OF DIFFICULTY:**
 - Moderate for implementation and cost

CONTINUE TENANT RIGHTS COURSE

- **ISSUES:**
 - The City's premier medium for providing resident-based technical assistance and interacting with tenant residents on a regular basis
 - Bi-annual course focuses on tenant-landlord relationship, Municipal Code regulations, tenant protections
 - Purpose: to ensure tenants have consistent access to information that governs their tenancies
 - Stakeholders reported long-term tenants in Takoma Park
- **RECOMMENDATION:**
 - Offer online format that is accessible on-demand 24/7 to reach a wider workforce audience
- **RESULTS:**
 - Better informed tenants who understand their rights and responsibilities
- **DEGREE OF DIFFICULTY:**
 - Low for implementation and cost

CONTINUE TENANT / LANDLORD MEDIATION ACTIVITIES

- **ISSUES:**
 - City has a successful program to prevent and resolve disputes between tenants and their landlords
 - In 2016 the City had over 2,500 contacts through the program; 3 cases were filed and 2 hearings were conducted by COLTA
- **RECOMMENDATION:**
 - Continue this initiative
- **RESULTS:**
 - Mediation assists in resolving disputes, prevents more serious and costly actions
 - Tenants are able to maintain their housing
- **DEGREE OF DIFFICULTY:**
 - Low for implementation and cost

ENCOURAGE ACCESSORY DWELLING UNITS (ADU)

- **ISSUES:**
 - ADUs can create affordable housing, facilitate aging in place
 - Zoning in Takoma Park occurs at the County level and restrictions do not encourage their development
 - Currently ADUs must be attached to the primary residence, located at least 500 feet from another ADU, have a secondary egress
- **RECOMMENDATION:**
 - Collaborate with County to develop an overlay district allowing ADUs in appropriate locations in the City
 - Expand regulations to allow attached or detached ADUs, eliminate the 500-foot distancing requirement, and permit basements and attics as allowable ADUs along with units above garages or as small cottages in backyards
- **RESULTS:**
 - Creation of smaller affordable rental housing units distributed throughout Takoma Park
- **DEGREE OF DIFFICULTY:**
 - Moderate for implementation and low for cost

GROW THE TAKOMA PARK HOUSING RESERVE FUND

(E.D. Goal)

- **ISSUES:**
 - A local fund dedicated solely to production and preservation of affordable housing can finance several of the Plan's initiatives
 - A local fund would have fewer restrictions than state or federal resources and could be better tailored to the needs of Takoma Park
- **RECOMMENDATIONS:**
 - Continue to dedicate a line item in the City's annual budget to capitalize the Fund
 - Identify other local revenue generators as well (increased vacant structure fee)
- **RESULTS:**
 - Preservation and creation of more affordable housing options
- **DEGREE OF DIFFICULTY:**
 - Moderate for implementation and cost

FACILITATE THE CREATION OF A COMMUNITY LAND TRUST (CLT)

(E.D. Goal)

- **ISSUES:**
 - CLTs own the land on which affordable housing is built
 - Removing the cost of land can significantly decrease total development costs for new housing projects
 - Works with rental and sales projects
 - Montgomery County has first right of refusal to buy condemned properties with City having opportunity to purchase; these could be transferred to CLT for redevelopment
- **RECOMMENDATION:**
 - Provide operating funds for a non-profit organization to become a CLT and operate in Takoma Park
- **RESULTS:**
 - Creates affordable housing
 - Re-sale of units to subsequent homebuyers, who also must meet income criteria, ensures long-term affordability period
- **DEGREE OF DIFFICULTY:**
 - High for implementation and cost

PARTNER WITH WASHINGTON ADVENTIST HOSPITAL TO PLAN FOR FORMER SITE

(E.D. Goal)

- **ISSUES:**
 - WAH will be vacated once hospital relocates out of City
 - Proposed plans include WAH transferring ownership to Washington Adventist University for commercial redevelopment
 - Site is largest parcel with redevelopment potential in Takoma Park
- **RECOMMENDATION:**
 - If possible, rezone site to regulate density, permitted uses, mixed-use development (commercial on street-level with residential units above) and other development standards
- **RESULTS:**
 - Opportunity for new mixed use commercial / residential development in Takoma Park compatible with surrounding land uses
- **DEGREE OF DIFFICULTY:**
 - High for implementation and moderate for cost

Discussion