

Housing and Economic Development Strategic Plan for Takoma Park

Takoma Park strives to be a “Livable Community for All.” As part of its continuous efforts to create and maintain such a community, the City engaged in a planning process to address housing and economic development needs with the goal of developing recommendations geared toward increased equity, access, and viability. The Takoma Park City Council is committed to:

- Protecting the rights of all residents;
- Providing opportunities to all regardless of age, race, ethnicity, citizenship status, or ability;
- Preserving and enhancing the physical characteristics of the City’s residential and commercial neighborhoods; and
- Developing a community that is sustainable, accessible, and affordable all across socioeconomic groups.

The recommendations in this plan aim to streamline programs, catalyze investment, and leverage resources in order to uphold these commitments. Specifically, this plan engages the principles of formalizing and leveraging relationships with nearby jurisdictions, ensuring affordable and stable housing options. It also touches on the need to provide functional, relevant programming and make the City more welcoming. Overall, the plan is designed to create a higher quality of life for current and future residents of Takoma Park.

Methodology

This plan is built on interviews with residents and housing and economic development stakeholders, a Housing and Economic Data Analysis, and an assessment of Takoma Park’s Strengths, Weaknesses, Opportunities, and Trends (SWOT), all conducted by The Cloudburst Group. The Data Analysis and the SWOT Assessment are available on the City’s web site: <https://takomaparkmd.gov/initiatives/project-directory/housing-and-economic-development-strategic-plan/>

Objective

Economic development is the promotion of economic well-being and quality of life, accomplished by creating, retaining, and expanding jobs that facilitate growth, enhance wealth, and provide a stable tax base. In Takoma Park, this definition does not fit exactly; after all, the City is not a job center like the surrounding jurisdictions of Washington D.C. and Silver Spring. But Takoma Park is rich in human capital and has, through its people-driven government, established “livability” as a foundational goal, which includes assisting its constituents to gain employment access, providing them with decent and safe places to live, and ensuring that the City tax base continues to perform well in order to support existing programs that contribute to quality of life.

One aim of this plan is to ensure a range of safe, quality, affordable and stable housing options available for residents of varying incomes located throughout the City. The plan addresses this through strategies

to preserve the diverse housing stock, and strategies to encourage the development of more housing that is affordable for residents across income levels

This is accomplished through the following objectives:

- ✓ Increased Economic Development Capacity
- ✓ Business Attraction
- ✓ Business Retention and Expansion
- ✓ Supporting Entrepreneurship
- ✓ Workforce Development
- ✓ Preservation and Expansion of Housing

Takoma Park, like any other city, has a large percentage of people with high levels of education and income, but also areas that are home to people with low incomes and low levels of education. This is a unique characteristic for Takoma Park due to its small size and population. The arrival of the Purple Line will create an impactful change in the areas that are home to this population. Yet, it also represents the opportunity to create economic gain for the City. This plan recognizes that the market forces tied to the existence the Purple Line will be strong; property values will rise and displacement will take place. Policies can be established to mitigate some of these effects, such as preserving affordable housing and providing more workforce training programs. But it will be impossible to create policies that counteract all displacement of people and businesses.

Throughout the course of this planning process, it has become clear that the City and its citizens have highlighted two goals for Takoma Park - to redevelop the Takoma Langley Crossroads and New Hampshire Avenue, and to retain local, low price-point businesses and existing populations. The implementation of a specific strategy may positively impact one goal while negatively impacting another.

Structure

The first section of this document provides context for the recommendations, based on the previous work completed in the SWOT Analysis and Data Analysis. The second part of this document is an analysis of how the development of the Purple Line light rail system, the siting of stations at the Takoma Langley Crossroads and in the Long Branch area will impact property values and the affordability of housing and commercial space. The third and final portion of the document is a list of recommendations focused on the six objectives identified above.

Context for Takoma Park Planning Study

Takoma Park has limited space for developing businesses or residential development but possibilities for redevelopment.

One of the greatest challenges faced by the City is the lack of available and easily accessible space for new development. Takoma Park is built-out with very few vacant parcels available for new construction, and most of these are smaller single lots. A strong demand for new commercial and residential development may spark redevelopment of aging strip malls, multi-family facilities, and under-utilized commercial properties. Potential opportunities in the form of the planned Purple Line and the departure of Washington Adventist Hospital have spiked interest in new mixed-income and mixed-use development, both of which could provide opportunities for new, larger scale, residential uses and community amenities. Other potential sites for new development include the New Hampshire Avenue Corridor, Takoma Park Recreation Center, and Takoma Junction.

The Purple Line will be an economic shock for the Takoma Langley Crossroads.

The Purple Line will have a stop at the existing multi-modal station in the Takoma Langley Crossroads and in the Long Branch area. This development has the potential to drive up property values and motivate property owners to redevelop existing retail properties into mixed-use developments. Adding more residential, office, and retail space in this area would be an economic boon for the City, but has the potential to disrupt existing businesses and change the demographic of the area. If no action is taken, it is possible that the Purple Line will displace existing residents and small businesses due to increased property values and market rate rents on these properties.

Lessons learned from previous light-rail projects indicate that, with the combined efforts of local government and community groups, it is possible for the Purple Line to generate growth without leading to the displacement of residents and small businesses. Establishing an entity such as a Bi-County Business Improvement District and utilizing innovative financing to accomplish infrastructure improvements and preservation of affordable housing are steps that could be taken to counteract strong market forces.

City economic development efforts need strategic direction.

The City of Takoma Park has had the benefit of extensive planning, but has not had a strategic vision for economic development. With the advent of the Purple Line, there is the opportunity to build an economic development vision around keeping the City a livable place for all. Preserving and expanding affordable housing opportunities, working to retain and expand businesses, providing support for entrepreneurs and broadening access to resources are all economic development tactics in service to this goal.

Affordable housing shapes the City's identity.

Takoma Park has a diverse population—socially, economically, racially, and ethnically. One of the reasons for its success as a diverse community can be attributed to the City's emphasis on creating and preserving its affordable housing stock. Takoma Park is an island in the greater D.C. region where the percent of residents that are renters is relatively balanced with that of homeowners. The median rent is 22% lower than surrounding areas and nearly 50% lower than in Montgomery County. It is only one of two jurisdictions in the region with a rent stabilization ordinance (the District of Columbia is the other). For households struggling to afford housing in a high-cost market, Takoma Park offers affordable options not found elsewhere in the region.

Preserving housing is a priority.

In the absence of new residential development to address pent-up demand and attract younger households, the City is faced with the challenge of preserving the range of housing options available and maintaining affordability of its existing housing stock, particularly rental units. Obstacles such as high costs, the difficulty of renovating units while families remain in place, and the City's rent stabilization ordinance, which dampens incentive to rehabilitate units, act against preservation efforts by owners.

The Impact of the Purple Line

The single most impactful event that will affect economic development and housing in Takoma Park is the building of the Purple Line and planned stations in the Takoma-Langley Crossroads and the Long Branch area. This section details some scenarios that could be due to property value increases, especially as they relate to affordable housing. Significant economic impacts are projected as a result of the development of the Purple Line and associated stations:

*"...the Takoma Park employment base is expected to undergo major changes, as redevelopment and potential shifts in land use occur in the area (e.g., due to the Takoma Langley Crossroads Sector Plan and the Washington Adventist Hospital move to White Oak campus)."*¹

- Economic Effects Technical Report, Purple Line Final Environmental Impact Statement

This development will likely impact property values in the surrounding area. Evaluations of economic impacts related to transit development have found that, while transit lines and stations can negatively affect property values that are in extremely close proximity to the line due to noise and visual disruption, the most likely impact of transit is that property values increase. For rapid transit to increase property values, it has to create improvements in accessibility that are competitive with other transportation modes. Road congestion, high fuel costs, or a constrained parking supply can make transit a more attractive and competitive option. These factors are present in the Washington, D.C. metro area around Takoma Park; therefore, creation of the Purple Line will be an attractive option and generate more positive property value impacts than negative impacts.

The factors contributing to increased property values include:²

- The impact on property values is greater when transit is more developed and used in the region with access to a greater number of locations.
 - The Washington, D.C. metro area has higher transit usage and the development of the Purple Line will expand high speed transit links through the east-west corridor.
- Access to employment: High speed transit lines that offer greater access to employment are more attractive to both residents and businesses and will generate a greater increase in property values:

¹ MTA, August 2013 Purple Line – Economic Effects Technical Report, Purple Line Final Environmental Impact Statement and Draft Section 4(f) Evaluation, P. 16.

² Higgins, Christopher D., and Kanaroglou, Pavlos. Forty years of modelling rapid transit's land value uplift in North America: moving beyond the tip of the iceberg. Transport Reviews Vol. 36, No. 5, 2016.

- The Takoma Crossroads and Long Branch stations of the Purple Line will better link Takoma Park to jobs in the Washington, D.C. metro area, providing a significant east-west link with 181,395 jobs and 247,024 residents in the corridor.³

Factors that may inhibit property value increases:

- Pedestrian access: The effect of transit on property values occurs within ¼ to ½ mile. Positive impacts are associated with pedestrian access, while accessibility for cars has little observable impact.
 - The Takoma Park station will be a dense urban station surrounded by a variety of amenities, but the intersection of University Boulevard and New Hampshire Avenue creates barriers that impede walkability and may reduce the effective area of impact.
- The availability of developable land near the station increases its impact on property values.
 - There is little developable land in proximity to the station, but great potential for commercial redevelopment.

Existing rent stabilization programs will counteract some of the impacts of increased property values, but could have the unintended consequence of reducing investment. A meta-analysis of transit oriented development studies found that the transit premium ranges as high as 40 percent.⁴ An increase of that magnitude would have a significant impact on affordability. Takoma Park's Rent Stabilization Law (Chapter 6.20) will limit the rent increases to 1.3 percent through June of 2018. When the station opens in 2020 and property values begin to rise, there will be a demand to allow for rent increases that are higher than permitted under rent stabilization, or property owners will reduce investment in their properties.

If landlords are allowed to raise rents commensurate with the increase in property values then an increase of 20 to 40 percent is possible. In fact, an increase of 23.3% is projected for the market rate units based on the increases from 2012-2016. While homeowners would also be impacted, the increase in property values also increases their equity in their property – a benefit that is not available to renters – therefore the estimated impacts address renters only. The Data Analysis found that 39.3% of all renter households and 23.1% of all Takoma Park owner households are cost-burdened. Although the proportion for cost-burdened renter households is higher, owner households earning less than the Area Median Income (AMI) are actually more likely to be cost-burdened than renters at the same income levels. Both homeowners and renters will be affected by rising property values, and while homeowners' equity will increase, so will their property tax bills.

There are approximately 759 rental units in Takoma Park within a half-mile of the new Purple Line station in the Takoma Langley Crossroads. A rental increase of 20 percent would eliminate the 35 units affordable to households with incomes of \$20,000 to \$29,999 (Table 1). For higher priced rental units, a 20 percent increase would require income of \$100,000 to \$124,999 for 16 units, and at a 40 percent increase the income required for those units would be \$125,000 or more.

³ MTA, August 2013 Purple Line – Purpose and Need, Purple Line Final Environmental Impact Statement and Draft Section 4(f) Evaluation, P. 1-14.

⁴ Diaz, Roderick B. 1999. Impacts Of Rail Transit On Property Values. Booz Allen & Hamilton Inc., Mclean, VA. Available from <http://reconnectingamerica.org/assets/Uploads/bestpractice083.pdf>.

Table 1: Potential Change in Affordability from Property Value Increases in the Vicinity of the Purple Line

RENTER INCOMES OF	NUMBER OF UNITS AFFORDABLE		
	<u>Current</u>	<u>Increase of 20%</u>	<u>Increase of 40%</u>
LESS THAN \$10,000	-	-	-
\$10,000 TO \$19,999	-	-	-
\$20,000 TO \$29,999	35	-	-
\$30,000 TO \$39,999	385	43	20
\$40,000 TO \$49,999	180	377	23
\$50,000 TO \$74,999	40	220	557
\$75,000 TO \$99,999	119	103	40
\$100,000 TO \$124,999	-	16	103
\$125,000 OR MORE	-	-	16
TOTAL	759	759	759

Source: U.S. Census American Community Survey, 2011-2015 for Census Block Groups, 240317017031, 240317017033, 240317020003.

Table 2 demonstrates the loss or gain in units by renter income levels. A 20 percent increase will eliminate all units affordable for incomes less than \$30,000 and 342 units for people making \$30,000 to \$39,999, with a decrease of 365 units if the increase reaches 40 percent.

Table 2: Change in Units by Renter Income Levels in the Vicinity of the Purple Line

RENTER INCOMES OF	CHANGE IN AFFORDABLE UNITS	
	<u>Increase of 20%</u>	<u>Increase of 40%</u>
LESS THAN \$10,000	-	-
\$10,000 TO \$19,999	-	-
\$20,000 TO \$29,999	(35)	(35)
\$30,000 TO \$39,999	(342)	(365)
\$40,000 TO \$49,999	197	(157)
\$50,000 TO \$74,999	180	517
\$75,000 TO \$99,999	(16)	(79)
\$100,000 TO \$124,999	16	103
\$125,000 OR MORE	-	16

Source: U.S. Census American Community Survey, 2011-2015 for Census Block Groups, 240317017031, 240317017033, 240317020003.

A study about equitable neighborhood change around areas of transit-oriented development found that the process of lower income populations moving out of areas with new transit was a mechanism of succession or replacement rather than immediate displacement. Rents rise in the existing rental stock and are higher in the new housing stock, more for-sale housing is built, and higher income residents join their lower income predecessors in the newly transit-served neighborhood. The model

above shows how this gradual change would take place. Replacing populations is not the aim of this plan, nor the City, however, existing measures could create the opposite effect.⁵

Takoma Park has leverage to control property value increases, through rent stabilization programs, but it creates the risk that new construction, combined with stagnant rental incomes when property values and taxes are rising, would initiate a cycle of disinvestment. Aggressive use of rent stabilization will reduce the interest of developers in building mixed-use, mixed-income projects in Takoma Park. Beyond rent stabilization, Takoma Park currently has limited tools to address the issue of residential affordability created by the development of the Purple Line. Implementing the recommendations below would result the City having more tools to direct development around the Purple Line stations, resulting not in a cycle of disinvestment or a full-scale population replacement, but instead in a controlled upgrading of the area that maintains affordability.

Of the recommendations listed in the next section, several are specific to this goal, including:

- Improving infrastructure in the Takoma Langley Crossroads/New Hampshire Avenue Corridor to spur investment from developers creating mixed-use projects.
- Growing the Takoma Park Housing Reserve Fund
- Facilitating the creation of a Community Land Trust
- Creating senior housing at the Adventist Hospital site
- Promoting high density development
- Increasing access to job training for existing low-income populations
- Preserving and expanding access to housing via the following recommendations

Overall Recommendations

The recommendations below are structured according to the objective of housing and economic development: increased economic development capacity, business attraction, business retention and expansion, entrepreneurship support, workforce development, and preservation and expansion of housing. Recommendations for the development of new affordable housing are built into the category of business attraction, because any new development of housing is likely to be mixed-use and therefore tied to the development of commercial buildings.

Increase Economic Development Capacity

- Create a Bi – County BID Along the Takoma Langley Crossroads/New Hampshire Avenue Corridor
- Establish an Economic Development Unit within the City

Business Attraction

- Infrastructure Improvements to Improve Pedestrian, Bike, and Transit Access in Takoma Langley Crossroads and New Hampshire Avenue
- Special Taxing District
- Grow the Takoma Park Housing Reserve Fund
- Assess a Higher Property Tax on Vacant Structures
- Facilitate the Creation of a Community Land Trust

⁵ Pollock, Bluestone, Billingham, Maintaining Diversity in America’s Transit Rich Neighborhoods: Tools for Equitable Neighborhood Change. Dukakis Center for Urban and Regional Policy at Northeastern University. 2010. p 44.

- Partner with Washington Adventist Hospital
- Utilize Benefits Provided by Enterprise Zone to Encourage Business Investment
- Promote High Density Development in Targeted Areas
- Market Development Opportunity in the Takoma/Langley Crossroads Area

Business Retention and Expansion

- Large Scale Outreach Campaign to Business Community
- Review Personal Property Tax

Entrepreneurship and Small Business

- Create Spaces to Start
- Expand Knowledge of Financing Options
- Business Familiarization

Workforce Development

- Increase Access to Training

Preservation and Expansion of Housing Options

- Amend the Rent Stabilization Ordinance
- Modify the City's PILOT Program
- Make the City's Emergency Assistance Program Available to Refugees and Immigrants
- Aggressively Enforce the Rental Licensing Program Requirements
- Assess a Higher Fee on Vacant Structures
- Explore the Feasibility of Non-profit Management Organizations
- Modify the Tenant Opportunity to Purchase Program
- Modify the Home Stretch Down Payment Assistance Program
- Apply for State HOME Program Funds for Housing Rehabilitation
- Continue the Tenant Rights Workshops
- Continue the Tenant/Landlord Mediation Activities
- Encourage the Development of Accessory Dwelling Units

Increase Economic Development Capacity

Create a Bi – County BID along the Takoma Langley Crossroads/New Hampshire Avenue Corridor

New policies passed into legislation from the Maryland legislature makes it easier to form a Business Improvement District (BID) in Montgomery County. This legislation alters the number of signatures needed for property owners to petition their local county or municipal corporation to create a BID to 51% of individual property owners and 51% of the assessed value within the proposed district. The bill also allows multi-family residential real property, condos, and co-ops to benefit from the services a BID provides.⁶ Prince George's County is expected to also lower its BID threshold to 51%.

⁶ Silverman, Jordan. April 12, 2017. The BIDS are Coming: New MD State Law Paves Way for Neighborhood Groups. <http://www.ssgovrelations.com/business-2/the-bids-are-coming-new-md-state-law-paves-way-for-neighborhood-groups/>

In addition to securing the required petition signatures, the BID needs to have a public hearing and be approved by both the City of Takoma Park and Montgomery and Prince Georges Counties. The taxes assessed on businesses in the BID would be decided by the businesses – a sample tax schedule from the Capitol Riverfront BID is attached in Appendix 1.

Creating a BID that encompasses the entire area that surrounds the Takoma Langley Crossroads Purple Line station and both sides of New Hampshire Avenue until the border of Washington D.C. would be most effective; including both Montgomery and Prince George’s Counties in the BID. Coordination with Montgomery County and Prince George’s County governments and economic development agencies would be necessary to determine if this bi-county entity could be formed.

The Takoma/Langley Crossroads Development Authority could be reorganized as a BID. This would require the organization to change significantly, and for their mission to expand to encompass maintenance, marketing, safety, façade improvements, and other improvements. It would also require the BID to encompass the entire New Hampshire Avenue corridor to Washington D.C.

The Bi-County BID would have the following responsibilities:

- Marketing the area to specific markets (i.e. affordable housing developers) and working in partnership with Montgomery County Economic Development Corporation to market properties available for redevelopment, as well as opportunities available through incentives.
- Maintenance such as litter and graffiti removal, grass and tree cutting, flower planting, streetscape maintenance, snow removal, and street signage.
- Create inventory of available properties within BID to market to potential investors.
- Partner with the City and neighboring jurisdictions to advocate for the area on the County and State level.
- Create a plan (in coordination with businesses and property owners) to make safety and other improvements to the area.
- Seek funding and political will to undertake existing plans including moving forward on the New Hampshire Avenue Corridor Concept Plan, and the Ethan Allen Gateway Plan.
- Act as a liaison between the City, the land trust, and the property owner in redeveloping vacant, underutilized, and non-compliant properties along New Hampshire Avenue.
- Coordinate with existing coalitions, such as the Purple Line Coalition and Purple Line NOW.

Establish an Economic Development Unit within the City

The City is already investing in economic development through contracts with experienced professionals who have experience working in the area. This plan calls for an expansion and refocusing of existing programming priorities to ensure that all activities to promote quality of life and opportunity in the City are covered in a strategic manner. This includes working with the County’s economic development arm,

and identifying those areas where a City representative could better leverage the county's services and call more attention to the redevelopment needs of the area.

A strengthened Economic Development Unit would work with the Bi-County BID and the existing business assistance groups, as well as the County and the State. The unit would serve as the City's primary contact with businesses, and aim for holistic economic development. Responsibilities of the unit could include:

- Leading business retention and expansion efforts including surveying, focus groups, and other outreach around upcoming Purple Line changes.
- Leading outreach to entrepreneurs and small business owners about available services.
- Streamline implementation of various economic development plans, programs, policies, incentives, and services.
- Work with business to increase private capital investment and diversify employment opportunities.
- Coordination of collaborative inter-jurisdictional economic development plans, programs, policies, incentives, and services.
- Serve as the City's liaison with the Bi-County BID and existing business development groups.
- Serve as point of contact within the City for connection to developers, helping to shepherd them through the development process and helping to structure deals with available funding and incentives.
- Maintain a database of properties that are available for development, or prime for development; work with BID to connect developers to these properties and their owners.
- Work with institutions of higher learning to offer training courses in locations throughout the City.
- Promotion of incentives and technical support available to small business and entrepreneurs.

Regional Efforts to Preserve Housing and Businesses around the Purple Line

The Purple Line Corridor Coalition (PLCC) is a partnership of regional stakeholders across Montgomery County and Prince George's County working to ensure that investments in the MTA's planned light rail, the Purple Line, will offer the maximum economic, social, and environmental opportunities to the residents and businesses along the corridor. Formed in 2013 by the University of Maryland's National Center for Smart Growth (NCSG), the PLCC seeks to identify methods for preservation and economic growth, revitalizing and stabilizing neighborhoods, preserving community assets, supporting small businesses, connecting workers to jobs and creating healthy and vibrant communities. In 2017, the NCSG released a paper, "Preparing for the Purple Line: Affordable Housing Strategies for Langley Park, Maryland." They have also created a [Purple Line Community Development Agreement](#), which is a voluntary form that local governments, non-profits, education, and business organizations can sign on to as an act of solidarity for coordinated community and economic development efforts around the Purple Line.

Business Attraction

Business attraction is the process of bringing new businesses into a community. New businesses bring new tax dollars and new jobs for residents. Business attraction can be attempted in several ways, from improving the quality of life in a community to undergoing a marketing campaign to providing assistance to businesses that choose to locate in the community, whether in the form of financial incentives or other advantages such as infrastructure improvements.

In Takoma Park, given that commercial properties are now also zoned for mixed use, residential development goes hand in hand with new business attraction. In this case, the business attraction strategy is to work with developers to create new mixed-use spaces that house businesses in retail and office space, as well as market-rate and affordable housing.

It is likely that businesses will be attracted to Takoma/Langley Crossroads with the advent of the Purple Line station due to the increase in connectivity and the influx of commuters. One way to help control how this new development takes place and the kind of residential development that is built is through incentives. Incentives, such as a fund to create affordable housing, will encourage developers to build while allowing the priorities of the City to be met.

Takoma Park benefits from many incentives provided through the state and the County, such as the Enterprise Zone, which encompasses Takoma/Langley Crossroads and the New Hampshire Avenue corridor. All businesses that are seeking to expand or locate in Takoma Park should be made aware of the benefits of the Enterprise Zone. But incentives alone are not enough to attract new development; the City must maintain and improve quality of life and place in order to sustain investment. This can be achieved through improvements to infrastructure, many of which are already planned.

Furthermore, a key aspect of business attraction is marketing. Takoma Park should consider how to utilize existing marketing opportunities such as the Montgomery County Development Corporation, as

well as how to market the new opportunities that will emerge from the Purple Line development. Marketing can be developed that targets affordable home developers and highlights the ease of development (a factor that Takoma Park already possesses and that would improve with expanded economic development capacity) and the existence of an Affordable Housing Fund to catalyze development. Marketing would also highlight the close location to Washington D.C. and other job centers and the quality of life in Takoma Park.

Infrastructure Improvements to Improve Pedestrian, Bike, and Transit Access in Takoma Langley Crossroads and New Hampshire Avenue

Several plans have been developed to make improvements to University Boulevard and New Hampshire Avenue, including pedestrian improvements around the Ethan Allen intersection and traffic calming and bikeway plans along the corridor. In addition to the building of the Purple Line stations, significant investment in retrofitting these areas would show that the area is prepared for new development and ensures that the mixed-use development the City desires will be successful. This is important to developers because the value of mixed-use residential is dependent on a walkable, transit-oriented environment. Retailers and residents value pedestrian, bike, and transit-oriented environments and developers will be able to recuperate their costs by charging rents commensurate with this value. Affordable housing will also be able to be incorporated in these developments.

Special Taxing District

Another option is to work with the County to implement a Special Taxing District such as the one in White Flint. This could be done in conjunction with the creation of a BID. While a BID taxes business owners, a Special Taxing District taxes property owners. Sometimes they are one in the same, but for the large parcels around the Takoma Langley Crossroads station, this is not the case. However, this cost could be passed down to renters in the form of rental increases. The tax district is authorized to levy an ad valorem property tax to fund some transportation infrastructure improvements

White Flint is more highly developed than the Crossroads area, with several multi-story office buildings. A Special Taxing District on these properties would return a larger amount than a similar tax on properties in the Crossroads area. In White Flint, the tax levied is ten cents for every \$100 of assessed value. It is imposed on properties that are .5 miles from the White Flint Metro station. If a similar boundary was used to create a Special Taxing District in Takoma Park, it would encompass many institutional property owners. The White Flint Special Taxing District exempts four apartment buildings, due to the added burden that would be placed on the residents. A similar tactic could be taken for a Takoma Langley Crossroads Special Tax District, absolving property owners whose properties are under a certain value threshold. Additionally, a portion of the .5-mile radius shown below is in Prince George's County. That would need to be removed from the taxing district. The subtraction of this area could warrant a larger radius, or a different way of determining the district.

A Special Taxing District is a way to raise money for infrastructure improvements in a way that taxes property owners, whose property value is expected to increase with the advent of the Purple Line. It can contribute to the redevelopment of the area, but it is likely that it will also catalyze a change in the types of businesses located in this area. Redevelopment of this area with improved pedestrian, bicycle, and transit infrastructure has been planned. Implementing this plan will make the area safer and more attractive, but can lead to displacement.

Though this is a tax increase for property owners, it contributes to the redevelopment of the area, which increases the property value, thus making redevelopment of properties less of a risk.

Grow the Takoma Park Housing Reserve Fund

A local fund dedicated solely to the production and preservation of affordable housing within the City will provide financial resources to implement the recommendations of this strategic plan. The City proposed to contribute \$400,000 towards this fund in its FY17 budget, and an additional \$300,000 in the FY18 budget. The City should continue to allocate general funds to this line item on an annual basis. Potential sources to grow this fund include, among others, revenue generated from a higher property tax assessed on vacant structures.

Preservation of Affordable Housing around Commuter Rail in Denver, CO

In 2004, voters approved the FastTracks plan, creating 122 miles of new light and commuter rail, 18 miles of bus rapid transit, and improving existing stations across the eight counties in the Denver metro area. Nearly 75 percent of federally subsidized housing in Denver is located within a half mile of existing or proposed transit lines. In response to a potential massive loss of affordable housing, the city and county joined with investors to create the first affordable housing TOD fund in the country. Several features of Denver's program were key to its success, including:

- A network of community-based organizations that engaged residents in station-area planning and trained community leaders;
- Enterprise Community Partners and the City of Denver used \$24 million in investor funding to buy land near transit and sell it to affordable housing developers, resulting in the creation of 600 new affordable units since 2010;
- Mile High Connects, a partnership of 17 organizations from public, private, and nonprofit sectors leveraged funding to offer grants to projects that increased resident participation in station-area planning and improved access to housing choices, good jobs, quality schools, and essential services via public transit, particularly for low-income communities and communities of color;
- Funds from New Starts, a federal program providing financial support for new and expanding transit systems, were targeted specifically for affordable TOD projects.

Excerpted from: Preparing for the Purple Line: Affordable Housing Strategies for Langley Park, Maryland by Willow Lung-Amam, Casey Dawkins, Zorayda Moreira-Smith, Gerrit-Jan Knaap, Alonzo Washington. 2017. National Center for Smart Growth Research and Education Center, University of Maryland, College Park & CASA.

Assess a Higher Property Tax on Vacant Structures

Currently, the City assesses a \$200 annual fee on vacant structures to discourage abandonment and neglect. In 2016, a total of 85 vacant properties were identified as vacant. However, a higher property tax would be a greater incentive for an owner of vacant property to demolish, sell, or rehabilitate the unit for occupancy. Making the structure available for re-use or, in the case of a deteriorated structure requiring demolition, the newly vacant parcel available for redevelopment would create opportunities for acquisition by private owners, nonprofit organizations, or a newly established community land trust (see below). A substantially higher property tax could also be a revenue stream for affordable housing initiatives in the City.

Facilitate the Creation of a Community Land Trust

In 2010 Maryland's Affordable Housing Land Trust Act was signed into law. Nonprofit organizations and government entities can become community land trusts (CLTs) by entering into agreements to maintain ownership of a parcel of land for the purpose of significantly subsidizing development costs and preserving the affordability of housing. The CLT owns the property upon which a nonprofit developer constructs affordable units for lower income homebuyers. Upon resale, the seller realizes a profit on the housing unit but not on any appreciation of the land, which remains with the CLT. The next homebuyer must also be income-eligible, thereby sustaining the affordability of the original investment of the CLT. Often referred to as "shared equity homeownership", CLTs are operating in Garrett County, Baltimore County, and Columbia, MD. Collaborating with Montgomery County on this initiative may also provide an opportunity for a model project in Takoma Park. A local CLT could seek to acquire dilapidated properties for demolition and redevelopment with potential funding from the Maryland Affordable Housing Trust Fund (for projects assisting households earning up to 50% of the State median income; maximum award of \$75,000). CLTs can also be used for production of affordable rental housing.

Partner with Washington Adventist Hospital to Develop a Plan for Senior Housing on Campus

The Washington Adventist Hospital site will likely become mostly vacant once the medical facility relocates in 2019, although the current ownership will be retained. This could provide Takoma Park with the single most critical opportunity for production of new housing on a substantial scale since the 1970s. Although the current owner will retain some medical offices and services onsite, there remains the potential for a variety of options. For example, the owner could select to subdivide and sell part of the property, if not the entire parcel. In this case, the site would become the largest developable space in Takoma Park with many options for redevelopment. A mixed-income and/or mixed-use redevelopment with a residential component would be appropriate, and would potentially align with an aquatic facility which has been proposed.

In order to redevelop this site, the City would need to partner with both the Washington Adventist Hospital. Although the Hospital has not indicated their interest in selling the site, it should be noted that acquiring the facility and selling it to a development entity with an approved proposal would provide the greatest control to determine future reuse of the site. If this is not a possibility, then working with a developer who is incentivized partially through the City's Housing Fund would be another way to spur development. Additionally, working with the County - and ideally Washington Adventist Hospital - to rezone the land would enable the City to guide future development.

Utilize Benefits Provided by Enterprise Zone to Encourage Business Investment

The Long Branch area, the Takoma/Langley Crossroads and parts of the New Hampshire Avenue corridor is an Enterprise Zone. This means that businesses locating or expanding in this area can claim income tax credits that would not be available otherwise. These credits are designed to encourage employers to hire economically disadvantaged workers. There are two types of credits:

1. The General Income Tax Credit – a one-time \$1,000 tax credit for each qualified new employee filling a newly created position in an enterprise zone, or one-time \$1,500 credit for each qualified new employee in an enterprise zone focus area.
2. The Income Tax Credit for Economically Disadvantaged Employees – a three-year period tax credit for each qualified new economically disadvantaged employee. In the first year, businesses can earn a tax credit of \$3,000, in the second year, \$2,000, and in the third year, \$1,000.

Businesses can also receive the Real Property Tax Credit, a ten-year credit against local real property taxes on a portion of real property expansion, renovation, or capital improvement. The amount of credit is 80% of the “eligible assessment” in each of the first 5 years, and the credit decreases 10% annually for the subsequent 5 years. To receive this credit, the business must either (1) make an investment in capital improvements, or (2) hire new employees.

A map of the Enterprise Zones is included as Appendix 2.

Other Benefits of Being in the Enterprise Zone Include:

Exemptions from the Washington Suburban Sanitary Commission (WSSC) Systems Development Charge

Full or partial exemptions from the WSSC Systems Development Charge (SDC) are available in the Enterprise Zone. Up to \$50,000 per project; annual maximum countywide is \$500,000. A project can be a new building, remodeling of an existing building or remodeling of a portion of an existing building.

Montgomery County Impact Tax Exemption

Montgomery County Development Impact Taxes, which consist of two separate impact taxes on new construction to fund schools and transportation improvements, do not apply in the Enterprise Zone.

Montgomery County Building/U&O Permit Green Tape Program

Department of Permitting Services (DPS) offers a “Green Tape” permitting and inspection program to expedite the land-use and building-permit reviews for prospective Enterprise Zone developments and businesses. Program covers new construction, additions, structural alterations, or changes in use.

Promote High Density Development in Targeted Area

Zoning in two of the primary development areas were changed to allow more density. Furthermore, affordable housing is encouraged with a density bonus of up to 22 percent above a zone’s base density available in exchange for providing additional moderately priced dwelling units (MPDUs) above the 12.5

percent required. Since the City is trying to attract affordable housing developers, this density bonus should be marketed as an incentive, and included in informational materials from the City and the BID.

Takoma/Langley Crossroads

Many parcels on the Takoma Park side are designated CRT. The CRT zone is intended for small downtown, mixed-use, pedestrian-oriented centers and edges of larger, more intense downtowns. Retail tenant ground floor footprints are limited to preserve the town center scale. Transit options may include light rail, Metro, and bus. The FAR varies from CRT 1.5 to CRT 3, and height varies from 50 to 100 feet, or approximately 9 stories.

Ethan Allen Gateway

The Takoma Park/East Spring Commercial Revitalization Overlay Zone (CROZ) provides more flexibility than traditional commercial zones. The CROZ gives the Montgomery County Planning Board the ability to waive or reduce Montgomery County parking and setback requirements during the site plan process. In addition, the Planning Board may allow commercial buildings to be built up to 42 feet in height, while mixed-use buildings that include residential may be 50 feet in height.

Market Development Opportunity in the Takoma/Langley Crossroads and New Hampshire Avenue Corridor

The BID would be responsible for creating marketing materials to share with housing developers and other prospects who may want to develop in the area. The BID will also be responsible for collaborating with the Montgomery County Development Corporation to market properties available for redevelopment, as well as opportunities available through incentives.

Business Retention and Expansion

This aspect of economic development is about making sure businesses stay in your community and have the resources and ability to grow their operations. Takoma Park has proven to be a great location for many businesses; retail and office space is at low to no vacancy, and the commercial corridors in Old Takoma and in the Takoma/Langley Crossroads are bustling. However, there are some weaknesses – low vacancy means that space is in demand and rents are high, and that space to expand may be limited. Furthermore, businesses in Takoma Park are subject to a Personal Property Tax that can create a financial hardship for some businesses.

The arrival of the Purple Line will exacerbate existing issues that businesses face and create new problems. In the short term, businesses in the area will be impacted by the inconveniences of construction which could impact existing transit patterns from the major bus lines that run through the area to traffic patterns. In the long term, rising property values and increasing demand for high quality residential and commercial development could cause loss of businesses in the Takoma/Langley Crossroads area. The best way to retain businesses is to ask them what helps them.

Coordination of business retention and expansion activities would be under the purview of the City's Economic Development unit. The unit would be charged with working with existing business development groups, as well as the proposed Bi-County BID in order to complete outreach and develop a plan for retention.

Suggestions for this portion of the economic development plan include:

Large Scale Outreach to Business Community in Takoma Langley Crossroads, New Hampshire Avenue Corridor, and Flower Avenue Area

Businesses in the Takoma Langley Crossroads and New Hampshire Avenue corridor will be affected by the new Purple Line station. Businesses along Flower Avenue will also be affected by the new Long Branch station. In order to retain businesses, and increase buy-in to the proposed BID, there should be a large-scale outreach effort. Understanding how businesses perceive the Purple Line development and the potential redevelopment of the surrounding area will help to determine a strategy for keeping them in place. Part of this strategy would be to set metrics for business retention along the corridor. This strategy would be carried out by the Business Improvement District. Furthermore, property owners should be engaged in this outreach. Understanding what property owners' plans are will help businesses plan for their future.

Two recommendations are made to begin business and property owner engagement:

Business Survey

- A business survey asks:
 - o If businesses are considering expanding or moving
 - o How many workers they have, and if they have trouble in finding more workers
 - o How they plan to address the Purple Line coming through.
 - o How they finance their business
 - o What their expansion plans are
 - o What their annual sales are, and if they are increasing or decreasing
 - o Where their customers come from

Talking with the leadership of the Takoma/Langley Crossroads Development Authority and the Long Branch Business League on what should be included, as well as having local business leaders review the survey would be best practice, and ensure that all concerns are addressed. The survey should be available online and on paper, and in as many different languages as needed.

Community Meetings

As the Purple Line approaches, business owners and property owners should be involved in the planning to update the area. These may be separate meetings with area representatives or full community meetings. Working with property owners and leasing managers during this time will be essential. The City can assist in providing information about what kind of redevelopment is possible under new zoning, as well as any incentives that are available.

Review Personal Property Tax

Takoma Park levies a Personal Property Tax (PPT) on businesses in the City, which applies to business fixtures, equipment and inventory that will create a significant burden on businesses during the construction phase. Takoma Park is only one of four towns in the state to do so. Research finds that this tax is implemented unevenly – only 22% of businesses paid the tax in 2015.⁷ Some businesses are not aware that they need to pay this tax. Other businesses have paid the tax despite being located outside of the City. There has been one documented instance where a business, having located in the City from an area where the PPT was not levied, were unaware of the PPT requirement, were billed a significant amount for back taxes. One business has relocated outside of the City, stating the move was due in part to the City's PPT. Our recommendations are as follows:

Create a Master List of City Businesses

There should be a master list of businesses in the City that should be paying the PPT tax. Currently, this is not maintained by the City, County or State. This list should have updated addresses for all businesses.

Suspension of PPT

The 2015 Personal Property Tax Assessment and Enforcement Memo suggests that the City should suspend all PPT taxes levied and engage the state in conducting an audit of SDAT regarding PPT. This recommendation should be acted upon. Furthermore, this suspension should be extended to businesses that will face an additional burden during the construction phase of the Purple Line. Construction is likely to reduce customer traffic and revenues, which will keep items in inventory longer and increasing the tax burden on businesses. For retail businesses already operating on small margins and competition from online sales, this may force more closures or relocations. The total annual revenue from businesses for this tax was \$380,000 in 2015; therefore the short-term revenue impact of this suspension will be small.

Lowering of the PPT

In addition to suspending the PPT for Purple Line-impacted businesses, it should be lowered for all businesses in Takoma Park. The tax is a concern for attracting retail as it is for retaining and helping to expand retail. Expanding the number of businesses that pay the tax through more thorough administration will assist in recouping tax revenue lost from decreasing the rate. That is, if the tax is paid by more than 22% of businesses going forward, then the City will benefit more and the businesses will not need to pay as high a percentage.

Entrepreneurship and Small Business

A program to support entrepreneurship encourages small business owners to start and grow their businesses in a community, and ensures that an ecosystem exists for financing and support. Facilitating entrepreneurship support systems is an important part of the economic development plan for Takoma Park due to the large number of immigrants that live in the City. Nationally, immigrants are nearly twice

⁷ Lyndsey Cloutre, City of Takoma Park Staff, Personal Property Tax Assessment and Enforcement Memo.

as likely to become entrepreneurs as native-born citizens.⁸ Also, starting a business offers a path to prosperity that is not dependent on having a high level of education.

Takoma Park is a city that supports its small businesses and entrepreneurs – Old Town Takoma is full of small businesses that are thriving, and programs such as the Revolving Loan Fund to capitalize them. But start-up businesses have a hard time finding a foothold in Takoma Park because of the low vacancy rate. This limits space, and drives up rents. And, like anywhere, entrepreneurs in Takoma Park say they need capital, and that they are encumbered by regulations when trying to start a business.

Create Spaces to Start

Often, small businesses cannot afford the high rents found in the City of Takoma Park. In order to create more spaces for businesses to get a foothold, Takoma Park can allow and encourage informal types of space for businesses including night markets, kiosks, food trucks, and other temporary spaces. The City does not have to do this by itself, many existing forums such as farmers markets could be engaged as partners. Furthermore, co-working spaces should be encouraged. New co-working spaces have recently opened in Takoma Park. These provide space for businesses that cannot afford office rent, and encourage relationships between small businesses. They can also be a good space to reach out to entrepreneurs about support programs.

Expand Knowledge of Financing Options

Through existing business entities and the proposed Business Improvement District, ensure that businesses are aware of existing financing programs such as the Revolving Loan Fund and the Takoma Notes program. Also highlight business financing options available through Montgomery County, such as the County's Small Business Revolving Loan Fund. Other business groups that could be highlighted include groups targeted on specific populations such as the Latino Economic Development Corporation and the Ethiopian Community Development Council, Inc. (ECDC).

Existing business development organizations can also host meet and greets or other familiarization efforts with banks that have a track record of working with small businesses to offer lines of credit or other loans. The City may serve as a guarantor on these loans, provided that specific metrics are met. Through the Community Reinvestment Act (CRA), banks are encouraged to make loans that improve small businesses. BID or other economic development staff could meet with banks in town to understand their CRA efforts and to discuss small business loans. Furthermore, engaging not-for-profit credit unions such as Maryland-based SECU could also provide new services for small businesses.

Business Familiarization

Businesses register at the County level, not the City of Takoma Park, but businesses locating in the City do need to know about policies that affect them, such as the PPT and regulations such as the polystyrene and plastic bag bans. A welcome packet for new businesses in Takoma Park would familiarize new businesses with policies, and let them know where to access assistance. Potentially an additional economic development staffer could access new businesses locating in the City from Montgomery County. Packets could be distributed when this staffer visits new businesses as part of the business retention and expansion efforts of the City.

⁸ Kauffman Foundation, Immigrant Entrepreneurship.

Workforce Development

The human capital of a community is the underpinning of all other economic development tactics. Workforce development includes creating a high quality of life to attract residents who will be the employees, owners, and consumers. Included in creating a high quality of life is providing housing for workers at every pay scale. This is essential to workforce development in Takoma Park because if housing prices increase, then lower-income residents will be forced out of their homes. A lack of housing for low income residents equates to a lack of workforce for major industries such as service and retail. This would be problematic for Takoma Park, and the region as a whole. Furthermore, a lack of affordable housing in inner-ring metro areas means that employees who staff service and retail jobs must live further out of town and spend more money to reach jobs in the main population center of Washington D.C. and the surrounding area. This puts a transportation burden on those who can afford it least and damages their quality of life.

Workforce development also includes providing access to training, so that citizens can increase their educational level and access more opportunities. Institutions exist to provide training such as nearby Montgomery College. There are also existing training opportunities provided by the Takoma Park Recreation Department. Through training, residents of Takoma Park can increase their earning ability, which is mutually beneficial to both the City and the resident; as the resident spends more money, and purchases a home in Takoma Park, the City benefits from increased taxes.

Increase Access to Training

In addition to creating an environment that encourages the development and preservation of affordable housing, the City can create more opportunity for disadvantaged populations by facilitating access to job training opportunities. As explained in the data analysis, certain groups had lower levels of education, which translate into less opportunity to access higher wage jobs. For example, Hispanic and Latino population's attainment of Bachelor's degrees is 22%. Increasing education levels will result in higher incomes which means that residents will be able to stay in their homes as property values increase, and even move into homeownership, taking advantage of the programs offered by the City.

The region has many opportunities to engage in training. The City can take a role in encouraging residents to take advantage of these programs and can work to make them more accessible. For example, WorksourceMontgomery, the county's center for Maryland Workforce Exchange operates in Wheaton and Germantown. The distance and hours of the centers may be a deterrent to some job seekers. The Wheaton center is a 20-minute bus ride away and is open only during business hours, from 8:30 to 5:00 and closes early on Friday. The Germantown Center has the same hours but is a 40-minute bus ride away. Providing signage (in the appropriate language) about the services offered at these centers is one way to encourage people to use them. Another way would be to see if a representative of the Maryland Workforce Exchange could make regular visits to the City in a venue accessible to populations most in need of assistance. Other opportunities that the City or its expanded economic development unit could promote are the free ESL classes at the library, or the GED courses operated at Montgomery College.

Furthermore, the City can facilitate conversations with institutions of higher education, and non-profit organizations to offer training and courses at spaces such as the Takoma Park Recreation Center, which are accessible via transit, and target populations where they live and to provide needed services.

Preservation and Expansion of Housing Options

A key component of the economic development plan for Takoma Park is to retain affordable housing, which allows residents of all income levels to thrive in the City. The development of the Purple Line is anticipated to disrupt housing. The recommendations below detail how to preserve and expand affordable housing options in the City.

Amend the Rent Stabilization Ordinance

Currently, under the City's rent stabilization law, the stabilized rent is attached to the unit regardless of the income of the occupying household. Changing this provision so only households earning up to 100% of the median income could benefit from the lower rent would mean that renters earning above 100% would pay market rent. This change would have the effect of creating a mixed-income building and generating higher revenue for the property. The ordinance amendment should require income verification for all tenants, and rent rolls should be submitted to the City annually for compliance review. To ensure that buildings remain mixed-income, there should be a separate analysis done to determine the percentage of households earning up to 100% of the median income should be included.

The City may find value in simplifying the Fair Return on Investment process by providing landlords with a spreadsheet template that they can use to calculate the information necessary to complete the petition. Currently, the process is very complex. Landlords with smaller portfolios may lack the financial knowledge and staffing capacity to sufficiently comply with the current petition process. Without adequate rent revenue to pay the debt service incurred to finance renovations, owners have little if any incentive to reinvest in their properties. While simplifying the process, there is also a chance to include priorities, such as incentives to promote energy improvements.

Modify the City's PILOT Program

Currently, this payment-in-lieu-of-taxes initiative exempts all or part of the real estate tax assessed on affordable housing developments. The results include lower operating expenses for the developer/owner to maximize the level of affordability, providing an incentive for creating affordable housing, and providing financial support for Low Income Housing Tax Credit (LIHTC) applications. Longer exemption periods and standard rates of exemption in recognition of long-term commitments from property owner to provide affordable housing would make this program more amenable to owners, and would streamline administration by the City.

Currently, for this program, there is no systematic review, inventory and/or approval process through which the City can appropriately manage, evaluate, and oversee the program's full impact. Creation of a database consisting of existing PILOT recipients and future applicants would enable the City to better manage the program. This database would include property owners benefiting from the program, number of housing units affected by the program, and amount of tax exempted and this information should be reported and updated annually. This information should be able to be collected from applications to this program.

Make the City's Emergency Assistance Program Available to Refugees and Immigrants

Both Takoma Park and Montgomery County have higher proportions of the population that are foreign born compared to Maryland, and the U.S. These residents may have a difficult time accessing affordable housing as their citizenship status generally limits their eligibility for federally-assisted housing programs. Making the City's Emergency Assistance program available to make a one-time security deposit payment could help this population.

Furthermore, there should be engagement with community gathering places such as churches, and businesses frequented by new Americans to market this program and the other assistance programs that are available.

Aggressively Enforce the Rental Licensing Program Requirements

It would be helpful for the City to undertake a more aggressive review of licensing for rental property owners with continuing violations or other issues of non-compliance. Prolonged neglect and deferred maintenance cause older properties to deteriorate more rapidly. Since these are part of the City's affordable rental housing inventory, preserving them is far less costly than demolition due to severe neglect. Rental property owners with continuing violations should undergo consequences such as:

- Graduated licensing fees for problem properties
- Higher maintenance restrictions standards for repeat offenders
- More frequent inspections

Assess a Higher Property Tax on Vacant Structures

This recommendation is suggested above, but is also important to the development of affordable housing. The City assesses a \$200 annual fee on vacant structures to discourage abandonment and neglect. In 2016, a total of 85 properties were identified as vacant. However, a higher property tax would be a greater incentive for an owner of vacant property to demolish, sell, or rehabilitate the unit for occupancy. Making the structure available for re-use or, in the case of a deteriorated structure requiring demolition, the newly vacant parcel available for redevelopment would create opportunities for acquisition by private owners, nonprofit organizations, or a newly established community land trust (see below). A substantially higher property tax could also be a revenue stream for affordable housing initiatives in the City.

Explore the Feasibility of Non-profit Management Organizations

Discussions with tenant organization representatives revealed an interest in creating a pilot program for nonprofit organizations to manage large rental properties. This activity is currently carried out by private management companies, but the tenant organization representatives believe that a local nonprofit entity would have a greater personal stake in the management process. There would be costs involved in creating the nonprofit entity, training staff, etc.

Modify the Tenant Opportunity to Purchase Program

Takoma Park provides tenants with the opportunity to purchase their multifamily rental property in the event it is placed on the market for sale. The City also provides funding to tenant capacity-building organizations to facilitate the purchase of rental property by established tenant organizations. This is an innovative and equitable practice. However, it can also trigger processes that do not work in the spirit of the program.

For example, if the owner of an affordable property refinances, then the Tenant Opportunity to Purchase Program is activated, even though the purchase of the property by tenants would not necessarily preserve affordable housing in this case. This creates an administrative burden for the property owner. Similarly, if the building is being purchased by an established affordable housing provider, creating a means through which tenants might purchase the building may not be the best way to preserve affordable housing.

Therefore, in the case of a rental property where the units were created by and are regulated under the provisions of a federal or State funding program, thereby preserving the affordability of the units for a determined period, the option to purchase by the tenants should be waived. For example, if the subsidy used to develop the units has an affordability period of 30 years, then the need for tenants to acquire the property with the intent to preserve its affordability is unnecessary during this period.

Modify the Home Stretch Down Payment Assistance Program

The City capitalized this program with \$50,000 in FY17 to assist homebuyers with up to \$10,000 for down payment and closing costs. Although 23 applications have been received, only one of the applicants has been able to locate and qualify for a home in Takoma Park. In a tight buyer's market with a median sales price of \$475,000, it will require much more than \$10,000 to provide the financing gap for income-eligible households to take advantage of the program. Up to \$30,000 per applicant (or more) may be required for applicants to be successful in their search.

To further stretch the City's funds, establish partnerships with one or more local lending institutions who would be interested in contributing Community Reinvestment Act (CRA) funds to qualified loan applicants, thereby boosting the amount available for down payment and closing costs.

To make this initiative even more attractive, the City could offer a soft second mortgage on a single-family home purchase. For example, if the buyer qualifies for a \$150,000 mortgage but the sales price is \$200,000, the City would cover the gap and attach a recorded lien on the property for the amount. The City does not receive any payment on its second mortgage until the property is resold. If established as a revolving loan fund, then the repayment returns to the City's Housing Reserve Fund for reinvestment by future homebuyers.

The City could work with the Greater Capital Area Association of Realtors and similar organizations to educate realtors and lenders about the details of the program. The City could then provide applicants with a list of real estate professionals who have attended educational sessions about the program who they can work with to find mortgage products and properties that meet their needs.

It may also be helpful to require program applicants to complete a credit counseling program as part of the qualifying requirements. Learning the details of financial management for home owners may significantly increase their long-term stability and success.

Apply for State HOME Program Funds for Housing Rehabilitation

The City is an eligible applicant to the State HOME Program fund. These funds could be used to increase owner-occupied rehabilitation activities among households earning up to 55% of the State median income (adjusted for household size). Given that homeowners experience a higher rate of cost burden than renters in Takoma Park, using these program funds to make energy efficiency enhancements could lower monthly utility bills and cost burden.

Continue the Tenant Rights Workshops

The Tenants' Rights course is an opportunity for the City to formally interface with constituents who rent and is its premier medium for providing resident-based technical assistance on a routine basis. The course focuses on how the landlord-tenant relationship is regulated by Municipal Code and informs tenants around the protections that exist as a result of such legislation. The Tenants' Rights curriculum explores tenant obligations, how to form a Tenant Association, rent stabilization, and how to file a complaint for example. The ultimate goal of this effort is to ensure Takoma Park's renters have consistent access to the information that governs their tenancies. Currently, this course is offered twice a year as an in-person seminar. To better meet the needs of a growing population of renters, and to accommodate those who are also a part of the workforce, the Tenant Rights Course could also be offered in an electronic format so that the information may be accessed on demand. As the City is expanding its Landlord Certification Suite to include the incorporation of a Learning Management System, the City should consider expanding this system to include tenant-centered classes as well in order to create the most equitable environment for renters to obtain the information they need.

Continue the Tenant/Landlord Mediation Activities

The City administers a successful landlord-tenant mediation program with the objective of preventing and resolving disputes. The City's Commission on Landlord-Tenant Affairs (COLTA) enforces compliance with the local Landlord-Tenant Relations Law. In FY16, the City had over 2,500 contacts through its landlord-tenant mediation program. Three cases were filed and two hearings were conducted by COLTA.

Encourage Accessory Dwelling Units

In order to create access to affordable housing and facilitate aging in place, many cities are passing ordinances to allow for Accessory Dwelling Units (ADUs). ADUs can create density and provide a way to age in place. In Takoma Park, the zoning of ADU's takes place on the County level. Restrictions in the zoning code create an environment where it is very difficult to build an ADU in the City. These include regulations that the ADU must be attached to the home, must be located at least 500 feet from any other approved or pending accessory apartment, and must have a secondary egress. Many homes in Takoma Park would not be able to comply.

If Takoma Park wants to encourage ADUs two options are available; one would be to allow the Housing Fund to help provide funds for improvements of properties to create ADUs, such as a matching grant to establish second egresses. Another would be opening a dialogue with the County to create an overlay zone allowing ADUs in some parts of Takoma Park. Suggestions for an overlay zone include allowing ADUs to be either attached or detached and composed of a basement or attic apartment, or an apartment over a garage or small cottage in the backyard. The Rent Stabilization Program could also be used to encourage ADUs, as it would make the case for more affordable house. Furthermore, Washington D.C. recently included ADU allowing language into its zoning update. Looking at this language to allow for ADUs would help Takoma Park formulate an overlay zone to allow for this type of development.

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