

THE  
**CLOUDBURST**  
GROUP



# Housing and Economic Development Strategic Plan for Takoma Park

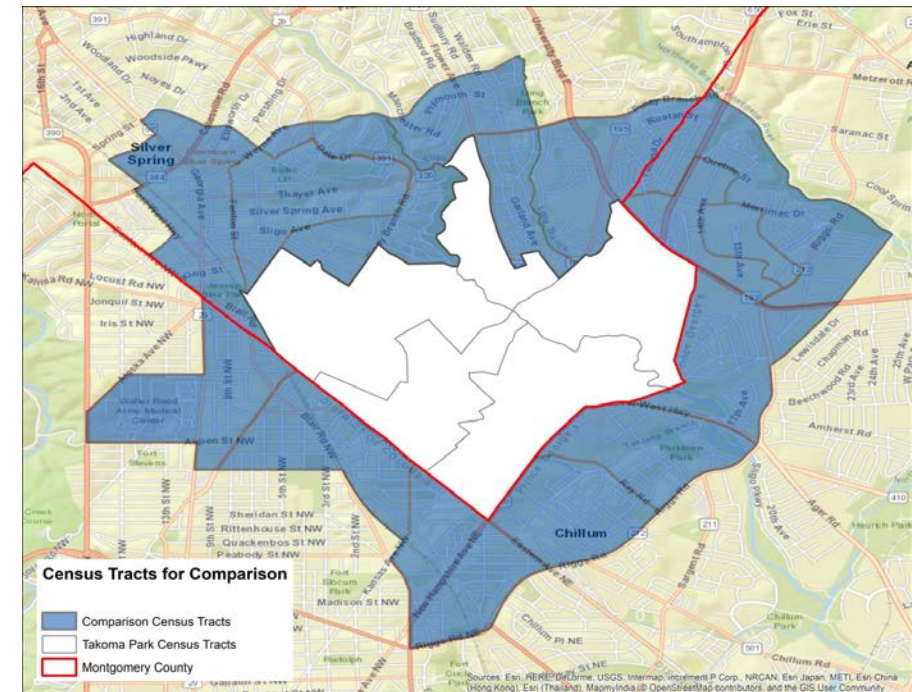
# Three Part Process

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- Housing and Economic Data Analysis
- SWOT Analysis: Strengths, Weaknesses, Opportunities and Threats
- Strategic Plan

# Housing and Economic Data Analysis

This Housing and Economic Data Analysis compares individual Census Tracts in the City of Takoma Park to each other, as well as the city as a whole and to Montgomery County, Maryland and the U.S.



# Key Findings

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- Generally, Takoma Park is home to a large amount of families, with a high level of income and education.
- The City's senior population (ages 65+) grew by 24.7% between 2000 and 2015.
- Roughly 32% of all Takoma Park households earn less than the minimum annual income required to afford a rent stabilized apartment, and almost half earn less than is required to afford the purchase of a home in the City.
- The largest employer in Takoma Park is the Washington Adventist Hospital, which will be relocating outside the community in 2019.
- Most Takoma Park residents are employed outside of the City with only 311 residents employed in the city.

# SWOT Analysis: Strengths, Weaknesses, Opportunities and Threats

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## Strengths:

- **Housing:** Many programs addressing housing, even mix of renters and owners
- **Economic Development:** Increasing and progressive population, favorable location, vibrant commercial areas, Enterprise Zone designation

## Weaknesses

- **Housing:** Lack of developable land, little incentive for landlords to improve properties
- **Economic Development:** Lack of inter-jurisdictional cooperation, Personal Property Tax, existing reticence for redevelopment for some parcels along New Hampshire Ave

## Opportunities

- Purple Line Development
- Washington Adventist Hospital Development
- Opportunity for increased collaboration

## Threats

- **Housing:** Aging stock, rapidly increasing prices, need for accessible senior housing
- **Economic Development:** Disparate levels of educational attainment restrict some residents' access to opportunity, loss of jobs at Washington Adventist Hospital.

# Housing and Economic Development Strategic Plan for Takoma Park

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- Six Types of Recommendations
- Incorporates housing and economic development into comprehensive strategies
- Addresses major shocks of Purple Line development and potential redevelopment of Washington Adventist Hospital

# Definition of Economic Development

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## GENERIC DEFINITION

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.

## TAKOMA PARK DEFINITION

### **Based in "Livability"**

Assisting the City of Takoma Park's residents in gaining 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.

# Strategic Plan Context

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- Takoma Park has limited space for developing businesses or residential development but possibilities for redevelopment.
  - Opportunity at Washington Adventist Hospital
- City economic development efforts need strategic direction.
- Affordable housing shapes the City's identity.
  - Necessary to preserve and expand.
- The Purple Line will be an economic shock for the Takoma Langley Crossroads.



# Two (Competing) Goals

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- To redevelop the Takoma Langley Crossroads and New Hampshire Avenue
- 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.

# The Impact of the Purple Line

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*“...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).”*

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

*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

# Unintended Consequences

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- Rent stabilization creates the risk of disinvestment when property values are rising.
- Aggressive use of rent stabilization will reduce the interest of developers in building mixed-use, mixed-income projects in Takoma Park.

# Goal: Facilitate Controlled Upgrading

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- Other than rent stabilization, few existing tools.
- Recommendations include tools to direct investment that results in a controlled upgrading of the area, while maintaining affordability.
  - Incentives
    - Fund for affordable housing
    - Enterprise Zone
  - Improve Quality of Place
    - Infrastructure improvements i.e. bike, pedestrian and transit
  - Marketing
    - BID
    - Work with Montgomery County Economic Development Corporation

# Strategic Plan Overall Recommendations

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- Increase Economic Development Capacity
- Business (and Investment) Attraction
- Business Retention and Expansion
- Entrepreneurship and Small Business Support
- Workforce Development
- Preservation and Expansion of Housing Options

# Increase Economic Development Capacity

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

- Marketing area, including incentives, to developers interested in affordable, mixed-use development
- Maintenance and safety
- Inventory of available properties
- Advocate at county and state level
- Seek funding and political will to undertake existing plans
- Act as a liaison to facilitate development of vacant properties
- Coordinate with existing coalitions focused on Purple Line development.

# Increase Economic Development Capacity

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## Establish an Economic Development Unit within the City

- Lead business retention and expansion efforts including around Purple Line changes.
- Engage 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.
- Work with institutions of higher learning to offer training courses in locations throughout the City.



# Business (and Investment) Attraction

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- 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, an aspect of 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.

# Business (and Investment) Attraction Specific Recommendations

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- Infrastructure Improvements
- Special Taxing District
- Grow the Takoma Park Housing Reserve Fund
- Assess a Higher Property Tax on Vacant Structures
- Create a Community Land Trust
- Partner with Washington Adventist Hospital to Develop a Plan for Senior Housing on Campus
- Utilize Benefits Provided by Enterprise Zone to Encourage Business Investment
- Promote High Density Development in Targeted Area
- Marketing the Development Opportunity in the Takoma/Langley Crossroads and New Hampshire Avenue Corridor

# Special Taxing District

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- Levies an ad valorem property tax to fund some transportation infrastructure improvements
- Taxes property owners, not businesses (unlike BIDS)
  - Although sometimes one in the same
- 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, but not apartment buildings.
- In Takoma Langley Crossroads, could absolve property owners whose properties are under a certain value threshold.

# Grow the Takoma Park Housing Reserve Fund

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- 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.
  - FY17           \$300,000
  - FY18           \$400,000
- How can the city continue to fund this?
  - Increased property tax on vacant properties
  - Percentage of budget?

# Create a Community Land Trust

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- Affordable Housing Land Trust Act of 2010 allows non-profits and governments to become land trusts
- Benefits
  - Significantly subsidizing development costs and preserving the affordability of housing
  - CLT owns land, developer builds on it, must be sold to owner pledging affordability

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

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## Options

- Partner with WAH to develop housing
- Purchase part of the property to develop housing
- Work with the County to re-zone the area for multi-use including housing
- Incentivize an affordable housing developer with Housing Reserve Fund

# Business Retention and Expansion

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- This aspect of economic development is about making sure businesses stay in your community and have the resources and ability to grow their operations.
- Large Scale Outreach to Business Community in Takoma Langley Crossroads, New Hampshire Avenue Corridor, and Flower Avenue Area
  - Business Survey
  - Community Meetings
- Review Personal Property Tax
  - Create a master list of city businesses
  - Suspend PPT
  - Lower PPT

# Entrepreneurship and Small Business

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- Create Spaces to Start
  - Incubators, markets, low-cost office space, co-working
- Expand knowledge of financing options
  - From existing loan pools to small-business friendly banks
- Business familiarization
  - Welcome packets for new businesses



# Workforce Development

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- 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
- Increase access to training
  - Promote WorksourceMontgomery resources
  - Facilitate conversations with institutions of higher education

# Preservation and Expansion of Housing Options

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- 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 Property Tax 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 Course
- Continue the Tenant/Landlord Mediation Activities
- Encourage Accessory Dwelling Units

# Amend the Rent Stabilization Ordinance

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## Currently

1. The process is very complex.
  2. Stabilized rent is attached to the unit regardless of resident's income.
- Reduce complexity:
    - This encourages re-investment
    - Can reduce administrative burden via tools such as online forms
    - Can include incentives i.e. improvements to energy usage
  - Analysis to determine target percentage under 100% MI
    - Keeps buildings mixed-income
    - Generates higher income for property owners, facilitating renovations

# Modify the City's PILOT Program

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## Currently:

- Exempts all or part of the real estate tax assessed on affordable housing developments.
- 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.
- Create a database of properties and property owners benefitting from this program.
- Database collected from recommendations

# Aggressively Enforce the Rental Licensing Program Requirements

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Currently: Prolonged neglect and deferred maintenance cause older properties to deteriorate more rapidly.

- Problem properties can be mitigated by:
  - Graduated licensing fees for problem properties
  - Higher maintenance restrictions standards for repeat offenders
  - More frequent inspections

# Modify the Tenant Opportunity to Purchase Program

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Currently triggers processes not in the spirit of the program

- 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
- If building is moving from one affordable housing group to another, it should not be activated
- Make Tenant Opportunity to Purchase only applicable in the case of a property owner selling to an entity that would abolish affordability.

# Modify the Home Stretch Down Payment Assistance Program

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- Expand scope
  - 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.
- 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
- Consider a "soft second mortgage" program