

Subject: CPHD: Additional Housing Resources

**FY 2023 Proposed Budget
Budget Work Session Follow-up**

3/15/2022

The following information is provided in response to a request made by Ms. Cristol, Mr. Karantonis, Mr. de Ferranti, Mr. Dorsey, and Ms. Garvey at the work session on 03/08/2022, regarding the following question:

Additional resources to support the Housing Division's work

The additional housing resources noted below are being recommended by the Manager as part of the budget process. These additional resources will assist with the influx of housing work and projects in addition to the possible reallocation of existing staffing resources in the short term.

1. Additional funds for physical inspections (\$50,000 annually) – ARPA funds

The County Manager's FY 2023 Proposed Budget includes \$100,000 in one-time General Funds to allow the CPHD-Housing Division to hire a third-party contractor to perform physical inspections of units in its committed affordable unit (CAF) communities. While this level of funding would enable approximately 800 Housing Quality Standards (HQS) inspections annually, the County Manager is proposing an additional \$50,000 in ARPA funds for these services to further increase capacity in this area. Specifically, an additional \$50,000 would enable another 400 HQS inspections annually, thereby enabling 1,200 total HQS inspections (approximately 20% of the portfolio) annually, which over time would allow units to be inspected more frequently and provide a more comprehensive look at unit conditions across CAF properties. Also, with the addition of the Barcroft units, the number of units requiring inspection will increase by 20% further necessitating the need for additional compliance capacity in the Housing Division.

2. Two additional FTEs for CPHD-Housing Division (\$307,093 annually) – Columbia Pike TIF funds

The FTEs below would be funded with Columbia Pike TIF funds for two years. The anticipated personnel expenditures along with primary tasks of the two FTEs will be funded out of the Columbia Pike TIF. After two years, the County Manager will explore moving the funding source to General Fund sources that are not part of the Columbia Pike TIF.

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The Columbia Pike TIF is well suited to fund these costs, given:

- a. The stated purpose of the TIF: In December 2013, the County Board adopted the resolution, as stated in the Board Report, to “establish a tax increment financing area and fund to help finance affordable housing initiatives and other public services and improvements as determined by the County Board in support of the Columbia Pike Neighborhoods Area Plan”. Columbia Pike Tax Increment Financing Area (TIF) revenues are utilized to fund affordable housing initiatives needed to mitigate the impact of redevelopment along Columbia Pike, particularly related to the preservation of affordable housing. These revenues may also be used to fund the Transit Oriented Affordable Housing Fund (TOAH Fund) which is a tool designed to help affordable housing projects pay for certain County fee and infrastructure costs.
- b. The current balances in the TIF: The projected FY 2022 year-end balance for the Columbia Pike TIF is \$2.3 million. As of March 2022, the current balance is \$1.6 million with an additional \$0.7 million anticipated from the June 2022 real estate tax payment. Additional funding of \$1.5 million is anticipated in FY 2023 and a similar amount again (\$1.6 million) is anticipated in FY 2024.

- ***FTE 1: Principal Development Specialist for CPHD-Housing Development Team (\$153,546, 1.0 FTE)***

Due to ambitious supply goals in the Affordable Housing Master Plan along with two significant, multi-year projects coming online in CY 2022, current staff capacity is struggling to meet affordable housing development demands for the County. Specifically on the rental side, a robust development pipeline, new opportunities to seek proposals for development on County-owned sites, and ongoing site plan negotiations for developer contributions to affordable housing is creating demand for these skills that exceeds current capacity. Further, two multi-year development projects (Crystal House Apartments and Barcroft) will require dedicated staff given their complexity and size; given the rental development staff is only 3.0 FTEs, dedicating staff to these large initiatives will further stress available resources. Adding 1.0 FTE to this team will provide much needed capacity for multiple County Board priorities. Keeping resources as they are will continue to limit staff resources and impact program delivery.

- ***FTE 2: Compliance Coordinator (Principal Planner) for CPHD-Housing Finance and Asset Management Team (\$153,546, 1.0 FTE)***

As the number of CAFs have increased substantially over the past several years, additional capacity is needed for CPHD-Housing Compliance and Asset Management staff to review trends and monitor compliance with County affordability agreements. Specifically, there are over 6,000 CAFs requiring compliance oversight and over 50 properties needing asset

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management support with only 3.0 FTEs supporting these functions. A Compliance Coordinator will provide expertise and oversight in these areas while also, if there's sufficient capacity, serve as the point person for resident concerns (e.g., Serrano or Columbia Gardens displacement occurring now), coordinating with other Housing and DHS staff as needed. This FTE will not only provide much-needed capacity in CPHD-Housing compliance, but also potentially fill a gap in resident supports for the County.