AFFORDABLE
HOUSING STUDY

A Profile of Affordable Housing Programs in Other Washington Area Jurisdictions

July 2014

A Profile of Affordable Housing Programs in Other Washington Area Jurisdictions

Table of Contents

Overview and Purpose

This document provides a review of plans, policies, and performance data related to the creation and preservation of affordable housing units in five jurisdictions in the Washington, DC metropolitan area. The aims of this review are: to provide Arlington County with an understanding of its neighbors' activities; to generate ideas for the alteration or expansion of current affordable housing efforts; and to provide a starting point for discussions regarding potential regional collaboration.

The programs and policies reviewed here are similar to those contained in the "Arlington Affordable Housing Program and Policy Assessment," though these are far less detailed. The following items are summarized for each jurisdiction:

- Responsible agencies
- Summary of existing programs
- Funding sources
- Summary and outlook
- Additional resources

Summaries are included for the following five jurisdictions:

- City of Alexandria, Virginia
- District of Columbia
- Fairfax County, Virginia
- Montgomery County, Maryland
- Prince George's County, Maryland

City of Alexandria, Virginia

Responsible Agencies

Office of Housing
http://www.alexandriava.gov/Housing
The Office of Housing administers a broad range of housing programs including homeownership and rental programs, programs for the homeless, and programs for people with disabilities. The Office of Housing also oversaw the city's Housing Master Plan, which was adopted in December 2013.
Staff contact: Mildrilyn Davis, Director; Helen McIlvaine, Deputy Director. 703-746-4990

Alexandria Redevelopment and Housing Authority (ARHA)
www.arha.us
ARHA administers the City's stock of public housing units and acts as a development partner in the redevelopment of aging public housing.
Staff contact: Roy Priest, Chief Executive Officer. 703-549-7115

Department of Planning and Zoning (P&Z)
http://www.alexandriava.gov/Planning
The Department of Planning and Zoning is responsible for evaluating proffers for affordable housing made during the development review and approvals process. It also administers a section of the Zoning Ordinance that provides for a height and density bonus to developers of new projects in exchange for providing affordable housing units.
Staff contact: Karl Moritz, Acting Director. 703-746-4666

Summary of Existing Programs

Public Housing and Rental Assistance
ARHA owns and manages public housing in the City and maintains the waiting lists. ARHA's 1,150 owned units were built or acquired using Federal public housing funds. These units include townhouses, apartments, and condominium units and are located throughout the City. Public housing residents pay 30% of their household's adjusted income for rent.

The Office of Housing administers a variety of rent subsidies for a total of 2,273 privately owned units through various programs. The program is administered by ARHA. Participants receive assistance to rent privately-owned units located in apartment complexes, condominiums, townhouses, or single-family units. The city's objectives for affordable housing include providing 1,500 tenant-based rental housing vouchers to households that are at or below HUD's moderate-income limits in FY2015. Alexandria also offers rent relief to elderly or disabled renters who are not paying income-based rents under a federal or state program.

In addition, the city's Affordable Rental Set-Aside program provides a limited number of discounted units in newly-constructed rental developments. The set-asides have long-term affordability requirements, are discounted to levels affordable by low to moderate income renters, and are monitored by the City. Units are rented directly from each of seven participating properties.

The City of Alexandria works with the owners of private rental housing to expand access to affordable housing in two other ways. First, 16 rental complexes offer affordable rents to eligible low and moderate income households. Rents are not based on household income, but are restricted and affordable. Second, the city's Privately-owned Subsidized Housing program includes six multi-family complexes that participate in federal programs allowing eligible households to pay 30% of their income for rent. The subsidy is assigned to the unit rather than to the household. Programs are administered directly at each property. Two of the six serve elderly households, and one serves people with specific disorders.

Finally, the city's Rental Accessibility Modification Program (RAMP) assists disabled renter households with incomes at or below HUD's moderate income limits who are in privately-owned rental property to get accessibility modifications. The City provides grants of up to $50,000 for primary residence modifications to accommodate the particular circumstances of the disabled member of the household. There are also $1,500 mini-grants. City residents may also be eligible for VHDA Rental Unit Accessibility Modification Grants.

Alexandria provides a full range of assistance programs for targeting groups, including those experiencing homelessness, disabled and elderly populations, and persons with mental illness or substance abuse disorders.

The Housing Master Plan

Alexandria's Housing Master Plan was approved in December 2013 and adopted by ordinance in January 2014 after more than two years of work. It sets a target of 2,000 units developed or preserved by 2025. The Plan includes seven specific goals and their supporting strategies:

- Preserve long-term affordability and physical condition of committed affordable housing
- Secure long-term affordable and workforce rental housing through strategic new development/redevelopment
- Provide/support affordable and workforce home purchase opportunities for residents and workers
- Enable homeowners to remain in their homes safely, comfortably, and affordably
- Provide safe, quality housing choices that are affordable and accessible to households of all ages and abilities
- Enhance public awareness of the benefits of affordable housing and promote available housing and partnership opportunities
- Enhance public awareness of the benefits of healthy, well-designed, and energy-efficient housing that fosters the well-being of Alexandria residents.

Land Use Policies

Section 7-700 of the Zoning Ordinance provides for a height and density bonus for inclusion of affordable housing in a new development project. Recent projects include:

- Slater's Lane: 28 units could be built by right but 5 additional units could be obtained through the bonus density provisions. As a result, two of the 33 units built will be set aside as affordable housing.
- Hunting Terrace: 115 garden apartments are set to be demolished and replaced with 443 rental units. By right units totaled 369, and the affordable housing bonus provides another 74 units. Of those 24 will be set aside to be affordable to households at 60% AMI for 40 years.

Developers are encouraged to make voluntary contributions (proffers) for affordable housing for new projects not included in Section 7-700. The guidelines for contributions were developed by a workgroup in

2005. Both residential and non-residential projects are asked to contribute. In 2014 the recommended contribution level is $1.82/sf for non-residential projects, $2.43 /sf for by-right projects, and $4.85/sf for any amount above the by-right square footage through a Development Special Use Permit.

Affordable Housing proffers are becoming commonplace in Alexandria; many of the newer small area plans include an affordable housing chapter that sets forth expectations when redevelopment occurs. Since most development in Alexandria is through Development Special Use Permit, proffers are usually part of the negotiations for approval, and most projects include either dedicated units or cash contributions to the Housing Trust Fund. However, it may take several years for the City to collect on pledges, since new development projects tend to be large multi-family projects that take 2-3 years to build.

The most ambitious application of proffers to date is related to the implementation of the Beauregard Corridor Master Plan. The city is using developer contributions as the primary tool for preserving affordable housing units in the Beauregard Avenue corridor, where more than 3,000 market rate affordable units are expected to be redeveloped over the next 20 years. As part of this planning process, the city negotiated proffer agreements with each of the six major owners of existing units in this corridor. Two key agreements are:

- Southern Towers: will preserve 105 committed affordable housing units for a period of ten years, including 56 units for 55% AMI households and 49 units for 60% AMI households. Five of the 60% AMI units will be family (2-3 bedroom) units.
- Seminary Overlook: 10% of new units after redevelopment will be set aside as committed affordable units.

As part of the strategy to implement the Beauregard Corridor Master Plan, the city established a special fund to provide replacement housing for households displaced through the demolition of existing market-rate affordable apartment units. The Fund consists of $2.4 million in Housing Trust Fund monies and $1.6 million in General Obligation bonds.

Another application of proffers aimed at expanding affordable housing opportunities is the city's use of the development process to secure affordable homeownership units. These units, which have been integrated into several new developments in Alexandria, are to be reserved for first-time low- and moderate-income homebuyers. Resale prices of these units are limited by long-term restrictive covenants: the terms vary by project, but 30 years is the typical minimum.

Alexandria Housing Development Corporation (AHDC)

AHDC was formed in 2004 as an initiative of the City Manager and City Council. It develops and owns 184 rental units in the City including the mixed-use Station at Potomac Yard and three older garden apartment properties in scattered locations. Is target population is low- and moderate-income families, with specific income levels defined by the financing tools used in each development.

Affordable Housing Preservation

The City of Alexandria has a five-year objective of preserving and maintaining 2,560 privately-owned rental units with project-based assistance, in the face of large numbers of units becoming eligible to be removed from the city's assisted rental housing stock. The City assists in preservation of existing units through rehabilitation and working with affordable housing providers.

The City has also pledged to maintain a minimum of 1,150 public housing units that are owned and managed by ARHA. Although ARHA has a history of redeveloping aged public housing buildings and projects, it must find replacement sites in order to do so, so that the city's pledge can be upheld. ARHA recently released an RFP for the redevelopment seven of its public housing sites.

Homebuyer/Homeownership Programs

The city's primary affordable homeownership program is related to the resale-restricted units discussed under the Land Use Policies section above. When such units become available, they are offered for sale to two different tiers that roughly correspond with 60% AMI and 80% AMI. Potential buyers are alerted about available units by signing up for notifications that are sent out whenever new or resale units become available. Qualifying buyers of these units are also eligible for the Flexible Homeownership Assistance Program, which offers deferred payment second trust loans of $20,000-50,000 (depending on income) for down payment and closing cost assistance for resale of previously assisted resale restricted units.

Beyond this program, the City of Alexandria also offers a property tax relief program that provides forgiveness or deferral of real estate taxes for income-eligible elderly homeowners with household assets (excluding the assessed value of their primary residences) of less than $540,000 (first half 2014) or less than $430,000 (second half 2014). Households with incomes below $40,000 are eligible for 100% tax relief; at incomes of $40,001 to $55,000 tax relief is 50%; and from $55,001 to $72,000, tax relief is 25%.

The city additionally works with many nonprofit agencies to offer additional opportunities for homeownership. One such partnership is with Rebuilding Together, which purchases foreclosed or short sale properties, renovates them, and sells them to income eligible qualifying buyers; this activity is funded through the Alexandria Neighborhood Stabilization Program (ANSP). Rebuilding Together also offers classes for first time homebuyers, and Alexandria is part of the regional partnership with Arlington that offers education for prospective buyers of condominium units. Finally, the city partners with Housing Counseling Services to provide foreclosure prevention counseling to homeowners experiencing financial difficulties.

Alexandria offers a variety of resources for home renovations and improvements as well. The Home Rehabilitation Loan Program provides no-interest deferred payment loans to low- and moderate-income homeowners for home rehabilitation activities, including both design and construction of improvements that include modifications for energy efficiency. Under this program a household may receive up to $90,000 for construction costs, with loan payments deferred until the property is sold. The city additionally has an Energy Efficiency Loan Fund that provides access to affordable financing for residential energy efficiency improvements such as new roofs, appliances, and HVAC equipment. The city also provides access to funding for small weatherization improvements both through its Department of Community and Human Services (DCHS) and through partnerships with nonprofit agencies.

Funding Sources

Alexandria's Affordable Housing efforts draw on funds from a variety of Federal, state, local, and private sector funds. For FY2015, the housing program budget is $12.2 million, of which $9.2 million is for affordable housing development and preservation (the remainder is allocated to housing rehabilitation, home ownership, and landlord-tenant programs, as well as to administration).

Community Development Block Grants (CDBG): This federal program provides an annual grant to the City. For FY2015 the bulk of the CDBG funds available are allocated to housing rehabilitation efforts, including nine loans under the Home Rehabilitation Loan Program and one under the Rental Accessibility Modification Program. The expected FY2015 grant amount is $659,400, to be supplemented by program income and carryover from prior years.

Project HOME is expected to provide a new grant of $365,900 (supplemented by program income and carryovers) resulting in $834,000 for affordable housing development and preservation.

Neighborhood Stabilization Program (NSP): The City received Federal funds from NSP in 2009 and 2010 but no funding under NSP2 or NSP3 due to changes in the allocation formula and the city's recovering housing market.

General Fund Dedicated Revenue: A changing amount of real estate tax revenue is collected from Alexandria property owners each year and dedicated to affordable housing. In 2013, 0.6 cents was added to the real property tax rate for the purpose of affordable housing.

Housing Trust Fund: The City's Housing Trust Fund receives contributions that were pledged by developers when they received approval for development projects. Due to the slowdown in the economy and the delay in building approved projects, contributions decreased in recent years. The high point in receipts was 2009, when about $7.5 million was received. In 2010 and 2011 receipts were under $1 million each year. FY2015 receipts are estimated at $970,000. The bulk of the funding is budgeted for affordable housing development and preservation.

General Obligation Bonds: City Council has authorized the issuance of General Obligation bonds for affordable housing with the debt service paid from the Housing Trust Fund. The $1.6 million in bond funds are allocated to the Beauregard Small Area Plan portion of the City.

Summary and Outlook

Alexandria recently adopted a Housing Master Plan Element that sets a goal of developing or preserving 2,000 affordable units in 11 years. The plan formalizes activities that have already been underway for many years. Alexandria is committed to providing assistance to low and moderate income residents and to maintaining diversity in its population. This has been evidenced by the City's long-standing policy of one for one replacement of public housing units, affordable housing proffers by developers, guidelines for affordable housing contributions coming out of the efforts of a developer-led affordable housing work group, and numerous partnerships with non-profit agencies. The City also has a dedicated real estate tax to help fund affordable housing efforts.

In spite of these efforts funding is always problematic, and is pieced together from a variety of Federal, state, local, and private sector sources. Alexandria's commitment is strong, and affordable housing is discussed frequently in the community, particularly as development and redevelopment proposals come forward.

Additional Information

Housing and Community Development Consolidated and Action Plans
http://alexandriava.gov/housing/info/default.aspx?id=6628

FY 2015 Budget
http://alexandriava.gov/Budget

Alexandria Zoning Ordinance
https://library.municode.com/index.aspx?clientId=12429

Housing Master Plan Chapter of the Master Plan of the City of Alexandria, adopted January 2014
https://www.alexandriava.gov/HousingPlan

District of Columbia

Responsible Agencies

Department of Housing and Community Development (DHCD)
http://dhcd.dc.gov/
DHCD is an agency under the Office of the Deputy Mayor for Planning and Economic Development. DHCD was created in 1975 and includes functions that existed prior to the establishment of home rule in 1973, some of which began in the 1930s. Its mission is "to create and preserve opportunities for affordable housing and economic development and to revitalize underserved communities in the District of Columbia." DHCD encompasses eight divisions that include programs to facilitate housing production and preservation, opportunities for homeownership, and community and economic development.
Staff Contact: Michael P. Kelly, Director, 202- 442-7210

District of Columbia Housing Authority (DCHA)
http://www.dchousing.org/
DCHA was established as an independent public agency of the District government in 1999, but began as the National Capital Housing Authority in 1934. The main roles of DCHA are to manage and maintain public housing, administer Housing Choice Vouchers (Section 8), and preserve and produce affordable housing. Through its programs, it provides support for nearly 10 percent of the District's population.
Staff Contact: Adrianne Todman, Executive Director, 202-535-1513

District of Columbia Housing Finance Agency (DCHFA)
http://www.dchfa.org/
DCHFA is an independent agency established in 1979 to "stimulate and expand homeownership and rental housing opportunities." Its primary role is to raise money through tax-exempt Mortgage Revenue Bonds and administer and distribute the federally funded Low-Income Housing Tax Credits to developers for the construction of new housing. In exchange, at least 20 percent of the new units are preserved at 50 percent AMI or 40 percent of the units are preserved at 60 percent of AMI.
Staff Contact: Maria K. Day-Marshall, Interim Executive Director, 202-777-1600

Department of Human Services (DHS)
http://dhs.dc.gov/
DHS is an agency that was created in 1979 and assists low-income individuals and families. DHS provides emergency, temporary and transitional shelter, rental assistance, and permanent supportive housing in addition to economic security programs and family services programs.
Staff Contact: David A. Berns, Director, 202-671-4200

Department of Behavioral Health (DMH)
http://dmh.dc.gov/
DBH is an agency that was established in 2001 as the Department of Mental Health and was renamed in FY 2014. DBH provides support for individuals with mental and substance use disorders including supportive housing services.
Staff Contact: Stephen T. Baron, Director, 202-673-9219

Summary of Existing Programs

Housing Production Trust Fund (HPTF)

The Housing Production Trust Fund supports the acquisition, development and renovation of affordable housing under a variety of housing program, with 40 percent of its expenditures allocated to units for households below 30% of AMI. It was established in 1988, but was not funded until FY 2001. By FY 2003, a dedicated funding stream had been established through a 15 percent Deed Recordation Tax and the Deed Transfer Tax. The revenue from deed and recordation taxes is vulnerable to real estate trends, and fell from nearly $59 million in FY 2007 to $28 million in FY 2009. In FY 2013, the Mayor allocated nearly $67 million in one-time fund. Another $30 million was added in one-time funding in FY 2014.

Between FY 2001 and FY 2012, projects associated with 8,580 units, both rental and for-sale, have been built, renovated or acquired. HPTF funding was leveraged 2.5 times through additional public and private investment for these units. The HPTF is administered by DHCD, which also monitors the units produced.

Rent Control (Rent Stabilization Program)

Rent control is one of the most wide-reaching affordable housing policies for rental housing and was established in 1985. For non-exempt rental units, rents may not be increased annually by more than the increase in the Consumer Price Index (CPI) plus 2 percentage points, but no more than 10 percent. For senior citizens or persons with a disability, the annual increase cannot be greater than the CPI or 5 percent. When the housing unit becomes vacant, the rent charged may be increased by 10 percent or up to 30 percent to match the rent of a comparable unit. After a rent increase due to a vacancy, the rent may not be increased for 12 months regardless of occupancy status.

Common exemptions are units built after 1975, units that are federally or District-subsidized, units that are owned by individuals who own no more than four units, units that were vacant when the Act took effect, and buildings under a building improvement plan and receiving rehabilitation assistance from DCHD. Rent increases may be higher in eligible buildings due to hardship, capital improvements, substantial renovation, or in those supplying services or facilities. Rental increases in buildings with the agreement of 70 percent of tenants may also be higher. The landlord must apply for the exemption and gain the consent of the Rent Administrator within DHCD.

Inclusionary Zoning (IZ)

Inclusionary Zoning was enacted in FY 2007 and requires a percent of units in new or expanded residential developments be set aside for very low- or low-income households in perpetuity. In exchange for compliance, developments may receive a 20 percent density bonus. This ordinance applies to rental and for-sale residential developments with 10 or more units and to existing buildings with 10 or more units that increase the building's gross floor area (GFA) by 50 percent or more. Between 8 percent and 10 percent of the residential GFA, or between 50 percent and 75 percent of the bonus density being utilized is devoted to set-aside units, determined by zone and type of construction (steel and concrete or stick-built). The affordability mix of those units is also determined by zoning and construction. Half the project's IZ units are designated to be affordable at 50 percent AMI and half to be affordable at 51 to 80 percent AMI for all projects except high-rises buildings in higher-density, commercial zones which can all be affordable at 80 percent AMI. Developments may apply for off-site compliance due to economic hardship.

As of December 31, 2012, 18 units had been produced, including 15 rental units and three for-sale units. None of the IZ units were rented or sold in 2012, but many were rented in 2013 and one unit sold. An additional 13 projects with 158 IZ units were under construction as of December 31, 2012, and 91 projects with 921 IZ units in the planning or conceptual phases of development

Public Housing and Housing Choice Voucher

DHCA manages 8,363 public housing units, 10,800 Housing Choice Vouchers (HCV) and an additional 1,880 Local Rent Supplement Vouchers (see below). However, there are 67,000 households on the waiting list. The waiting list closed in April 2013, but the wait time for those on the list ranges from 2 to 46 years, depending upon the unit size required. Households with income under 50 percent AMI are generally eligible for HCV, with a minimum of 75 percent of those admitted during each fiscal year earning no more than 30 percent AMI. Public housing units are available to very low-income households, senior citizens and person with disabilities. In general, both public housing and voucher recipients pay no more than 30 percent of their income on rent and utilities.

DHCA also oversees the renovation or redevelopment of public housing in the District. DHCA received seven HOPE VI grants between 1993 and 2007 totaling $182 million, which were leveraged for nearly $1.5 billion through public-private partnerships. The public housing complexes were replaced by mixed-income housing and mixed-use projects. In 2005, the New Communities Initiative (NCI) was launched and has targeted four neighborhoods for revitalization: Barry farm, Lincoln Heights – Richardson Dwelling, Northwest One, and Park Morton. This program is largely a continuation of the initiatives funded by HOPE VI, with the goal of replacing public housing communities with mixed-income residences using public bond financing. Additional principles were put in place to avoid some of the issues and concerns that arose during the HOPE VI developments. The principles include a one-for-one replacement of affordable units and a build first method, both intended to minimize displacement of current residents. As of 2014, the NCI has produced 490 units with another 580 units under construction. Market-rate units have only been produced at Northwest One, and the development of Morton Park is being re-bid after the District canceled its contract with initial developer.

Rental Assistance Programs

The District’s core rental assistance effort is the Local Rent Supplement Program (LRSP), which was created in FY 2007 as a local supplement to the HCV program. The program subsidizes the rent for households earning less than 30% AMI through three methods: 1) tenant-based vouchers are provided to the household, regardless of housing unit, 2) project-based vouchers are designated to a specific unit for the life of the unit, 3) sponsor-based vouchers are awarded to developers, landlords or non-profits to be allocated to any unit within their portfolio. As of 2014, there were 1,005 tenant-based vouchers, of which 910 were leased and 972 complete project- or sponsor- based vouchers, with an additional 284 project- or sponsor- based vouchers under construction or awarded.

The District also offers permanent supportive housing (PSH) to chronically homeless persons. This program began in in FY 2009 as part of a “housing first” initiative using federal American Recovery and Reinvestment Act funding, federal grants and local funding. PSH provides housing regardless of health or employment status, including services such as substance abuse counseling and employment training. As of January 2013, 3,960 formerly homeless persons were in permanent supportive housing, but an additional 6,859 persons were homeless, both unsheltered and sheltered. PHS is administered by DHS.

A related effort is the Home First Subsidy Program, which subsidizes rents for those with for those with a diagnosed mental health condition. The program provides temporary assistance until the recipients can receive HCV or an alternative permanent housing solution. There are approximately 700 recipients of this program.

Homeownership Programs

The District of Columbia provides a comprehensive menu of programs that promote homeownership. These are summarized below:

- **Tenant Opportunity to Purchase (TOPA):** The Rental Conversion and Sale Act of 1980 requires that prior to selling a rental unit, an owner must first offer the units to the tenants. More than 1,000 units have been preserved through this act since 2002. DHCD provides financial and technical assistance through various programs, including the First Right Purchase Assistance Program.
- **First Right Purchase Assistance Program:** Provides low-interest loans for qualified low-to-moderate income residents to exercise their rights under TOPA. The loans may be used for down payments, purchase, earnest money deposits and legal, architectural and engineering costs. In order to qualify, more than half the tenants must be interested in purchasing a unit in the building and 50 percent or more of the tenant association must qualify as low- to-moderate income households. In FY 2013, 50 units were funded.
- **District Opportunity to Purchase (DOPA):** In addition to TOPA, in 2008 a similar policy was established allowing the Mayor to have first right to purchase residential buildings. Eligible buildings are rental buildings with over five units if 25 percent or more of the units are affordable at 50 percent AMI (gross rent) The Mayor's rights are subordinate to the tenant's rights from TOPA.
- **Housing Assistance Payment Program (HAP):** Provides financial support for low-income renters who do not receive other assistance and who are forced to relocate due to the sale and conversion of their building. Eligible households may qualify for a relocation payment of up to $1,000 in moving costs and housing assistance payments for up to three years.
- **Homebuyer Assistance:** The District has several programs designed to improve the access to homeownership for homebuyers. Most are administered by DHCD.
- **Home Purchase Assistance Program (HPAP):** Provides gap financing for first time homebuyers through interest free loans. Very low-income households may qualify for up to $4,000 in closing cost assistance and up to $40,000 in interest free loans for very low income households for first time homebuyers who qualify. Low- to moderate- income households may qualify for up to $4,000 in closing cost assistance and between $0 and $35,000 in interest free loans. Recipients contribute the greater of $500 or 50 percent of liquid assets over $3,000, but the excess over $500 may be waived for very low- and low-income applicants who are elderly, disabled or displaced. Loan repayment is deferred for five years.
- **Home Purchase Rehabilitation Pilot Program:** HPAP participants may also qualify for rehabilitation assistance if their home purchases require repairs to address building code, health or safety violations. The loan amount ranges from $5,000 to $35,000. This program utilizes the Federal Housing Administration's (FHA) 203(k) Streamlined Rehabilitation Program in combination with other HPAP or DHCD programs.
- **Home Purchase Assistance Program Enhancement Neighborhood Stabilization Program 3 (HPAP "E"):** This program is similar to HPAP, but provides additional assistance for buyers in certain areas. This program applies to Ward 7, Ward 8 and select tracts of Ward 5 and increases the total assistance to $77,000, including closing costs. Loans are not deferred for five years, but 20 percent of the amortized note is due in the first and second years of repayment, increasing to 40 percent in the third year, 60 percent in the fourth year, 80 percent in the fifth year and 100 percent starting in the sixth year.

- **Employer Assisted Housing Program (EAHP):** First-time homebuyers who are District government employees may qualify for the Qualified homebuyers receive up to $1,500 in down-payment matching and a deferred loan of up to $10,000. Additional tax relief is provided for participants, including a 5-year annual tax credit of $2,000 against income tax liability and a real property tax credit ranging from 80 percent to 20 percent over the course of 5 years. In FY 2013, 104 District employees were funded by this program.
- **Negotiated Employee Assistance Home Purchase Program (NEAHP):** District government employees covered by collective bargaining agreements may qualify Employees are eligible for grants for grants for closing costs and down payment of up to $20,000 for individuals and $26,500 for couples who are both eligible, depending on number of years of services. In FY 2013, 33 District employees were funded by this program.

Tax Relief Programs

The District makes use of many tax relief incentives to preserve housing affordability of current units and encourage the production of additional units. Select programs are below.

- **Employer-Assisted Home Purchases**: Businesses that provide employees with homeownership assistance to first time homebuyers who earn up to 120 percent AMI receive a tax credit of half of the homeownership assistance provided, up to $2,500 per recipient. This credit was enacted in FY 2002 and its use has been modest.
- **Lower-Income, Long-Term Homeownership**: Long-term (7 consecutive years) homeowners with household incomes of no more than 50% AMI, who own residence receiving homestead reduction, are eligible for a District income tax credit equal to the difference between the current real property tax bill and 105% of the prior year's bill. The program was enacted in FY 2010, with 25 recipients, which increased to 70 recipients in FY 2011.
- **Property Tax Circuit Breaker (Schedule H)**: Tax filing units (tax filers) who have resided in the District for the full tax year who have an income of $40,000 or less are eligible for a property tax credit that is applied to income tax liability. This limit will increase to $50,000 in FY 2016. For owners, the maximum credit is $1,000 and varies based on income and real property tax liability. For renters, the maximum credit is $1,000 and varies based on income and an imputed property tax payment. This credit was established in 1977 and had 8,266 beneficiaries in FY 2011.
- **New Residential Developments:** New residential developments may be eligible for real property tax abatements granted by the Mayor. The tax abatements in this program are limited to $8 million per year and focused on specific areas within the city, particularly downtown and Mount Vernon Square North.
- **NoMa Residential Developments**: The Mayor may grant up to $5 million per year and $50 million in total for real property tax abatements for new residential developments in NoMa. The abatement is set at $1.50 per residential FAR SF. Since it was established in FY 2009, two completed developments have been recipients totaling $1 million in FY 2014 and six more have been approved pending their completion, for a projected total of $4 million in FY 2015.
- **Homestead Deduction**: Residents of owner-occupied units have a reduced real property tax liability. In FY 2014, the reduction is $70,200. This program was established in FY 1978 and had 94,656 recipients in FY 2013.
- **Lower-Income Homeownership Households and Cooperative Housing Associations**: Certain properties transferred to qualifying lower-income homeowners are exempt from real property

taxes. Recipient household's income may not be more than 120 percent AMI and they must own fee simple or receive 5% qualified ownership interest as part of a shared equity financing agreement. The property's fair market value may not be more than 80 percent of median sales price for the District of Columbia. Enacted in FY 1983, the credit totaled $9 million in FY 2014. These properties are also exempt from the Deed Recordation and Transfer Tax.

- Multi-Family and Single-Family Rental and Cooperative Housing for Low- and Moderate- Income Persons: Housing rented to low- to moderate-income persons who qualify for select federal programs is exempt from real property tax. This program was established in 1978 and the exemptions totaled $1 million in FY 2014.
- Nonprofit Housing Associations: Properties transferred to qualifying non-profit housing associations are exempt from real property taxes for three years. The association must certify intent to transfer to either lower-income ownership household, or a multi-family property where 35% of households are lower income or a coop association where 50% are occupied by lower income owners. The program was enacted in 1983 and resulted in $11 million in exemptions in FY 2014. These properties are also exempt from the Deed Recordation and Transfer Tax.
- Assessment Increase Cap: Homestead deduction recipients are eligible for a 10 percent cap on the annual increase of their real property taxable assessed value. The taxable assessment may not fall below 40 percent of the current year's assessed value. This credit was enacted in 2001 and had 27,056 beneficiaries in FY 2013.
- Senior Citizens and Persons with Disabilities: Senior citizens and persons with disabilities whose adjusted gross income is less than $125,000 qualify for 50% reduction in real property tax liability for owner-occupied properties. Enacted in 1986, there were 18,119 properties who qualified for this credit in FY 2013.

Funding Sources

Local funding for affordable housing programs comes from the 15 percent Deed Recordation Tax and the Deed Transfer Tax which is dedicated to the Housing Production Trust Fund (HPTF), special purpose revenues, bond financing and general funds as proposed by the Mayor. Enterprise revenues (fka special purpose revenues) include HPAP loan repayments, condominium and cooperative conversion fees, condominium registration fees, repayments to the Rehabilitation Repayment account, repayment to the Low-Income Housing Tax Credit Fee Collection program, repayments from the Home Again Revolving Fund, repayment from District owned parking lots and the disposition of District-owned property, and any other repayments from DHCD programs created by regulation.

The FY 2015 proposed budget for the primary affordable housing programs was $328 million. This includes $155 million in local funds, $48 million in federal funding and $125 million in intra-District funding. Excluded from this amount is the federal funding for DCHA and other revenues and assets of DCHFA. In FY 2013, DCHA federal funding was $271 million of the total budget of $373, which included revenue from management fees and rental income. Of the local funding, the HPTF accounted for $40 million, or 26 percent, of the total.

Summary and Outlook

The District has a broad range of tools and policies in place to preserve and create affordable housing. But the need in the District is great and the funding is susceptible. In 2006, the District released a Comprehensive Housing Strategy with 50 recommendations after a three year effort by a Comprehensive Housing Strategy Task Force. While some of the recommendations were enacted, including IZ and the LRSP, the plan was left unmonitored as only one update report was released. In 2013, a New Housing Strategy was released with the results of Comprehensive Housing Strategy Task Force 2012. The three goals for 2020 are 1) preserving 8,000 existing affordable housing units with expiring subsidies, 2) producing and preserving 10,000 net new affordable housing units, and 3) supporting the development of 3,000 market-rate units annually. These goals seek to address housing needs across the spectrum.

The population growth in the District has put pressure on housing costs across the District, and the City has done much to mitigate these rising costs. But nearly 10 percent of the population receives assistance from DCHA and that funding is primarily federal. With the federal funding for stagnant or decreasing, the District has been supplementing some programs with local dollars, including one-time injections into HPTF by Mayor Gray. But because the HPTF is vulnerable to real estate cycles, its annual funding fluctuates. Many have advocated for additional provisions to the HPTF to minimize this, including the Comprehensive Housing Strategy Task Force 2012.

The District has a long history of supporting affordable housing for its residents, through federal and local funding and tax relief. As the needs have changed, so have the methods and recently the District has been innovative in leveraging public dollars and land for capital needs. As the District continues to grow, the District is committed to providing opportunities for residents across all income spectrums, but the strategies and policies that do so are not always tracked and monitored sufficiently.

Additional Information

District of Columbia Official Code
http://www.lexisnexis.com/hottopics/dccode/

D.C. Municipal Regulations and D.C. Register
http://www.dcregs.dc.gov/

Annual Operating Budget and Capital Plan, Proposed, FY 2015
http://cfo.dc.gov/node/289642

Draft 2014 Moving to Work Plan (DCHA)
http://www.dchousing.org/docs/201306201113068491_dcha_fy_2014_mtw_plan--draft--public_comment_version.pdf

2013 Moving to Work Plan (DCHA)
http://www.dchousing.org/docs/201205221724186561_mtw2013.pdf

District of Columbia Housing Finance Agency Building Blocks of Affordable Housing 2013 Annual Report
http://www.dchfa.org/LinkClick.aspx?fileticket=U3GR7D1QE6Q%3d&tabid=148

Housing Production Trust Fund and Affordable Housing FY 2012 Annual Report

http://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/2012%20HPTF%20Annual%20Report%20Final6-5-2013.pdf

Government of the District of Columbia Department of Housing and Community Development Inclusionary Zoning Annual and 5.5 Year Report
http://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/IZ%20Annual%20Report%202012.pdf

District of Columbia Tax Expenditure Report (FY 2015)
http://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/2014%20Tax%20Expenditure%20Report_0.pdf

Bridges to Opportunity: A New Housing Strategy for D.C.
http://www.taskforce2012.org/Portals/1/docs/Bridges_to_Opportunity-A_New_Housing_Strategy_for_DC-Official_Report.pdf

Homes for an Inclusive City: A Comprehensive Housing Strategy for Washington, D. C.
http://www.brookings.edu/research/reports/2006/04/cities

Fairfax County, Virginia

Responsible Agencies

Fairfax County Department of Planning and Zoning (DPZ)
http://www.fairfaxcounty.gov/dpz/
DPZ is responsible for the creation and maintenance of affordable units through Affordable Dwelling Unit (ADU) ordinance. DPZ also works to develop new tools and policies to protect and expand the county's supply of affordable units.
Staff Contact: Donna Pesto, 703-324-1313, donna.pesto@fairfaxcounty.gov

Fairfax County Redevelopment and Housing Authority (RHA)
http://www.fairfaxcounty.gov/rha/
The RHA owns and manages the county's public housing units and also manages the county's affordable rental and homeownership programs, with staffing provided by the county's Department of Housing and Community Development (HCD).
Staff Contact: Thomas Fleetwood, 703-246-5103, thomas.fleetwood@fairfaxcounty.gov

Summary of Existing Programs

Affordable Dwelling Unit (ADU) Program
The production of new affordable housing units in Fairfax County is managed via its Affordable Dwelling Unit (ADU) ordinance that requires new residential developments to set aside a portion of its units for low- to moderate-income households. This ordinance, which has been in effect since 1990, is geared towards providing housing opportunities to individuals and families earning below 70% AMI, with nearly all units in the program falling in the 50-70% AMI range. The ordinance is mandatory for most new, market-rate developments with 50 or more units, and may also be applied to smaller developments on a voluntary basis.

The ordinance works by granting developers of new market-rate housing units a 20 percent density bonus above the underlying zoning in exchange for setting aside at least 12.5 percent of the units for households at or below 70% AMI. Multi-family structures of three or fewer stories receive a 10 percent density bonus and must only reserve 6.25 percent of units as ADUs. This ordinance is administered at the time of a rezoning, special exception, or subdivision application. The ordinance stipulates that the affordable units are both identical to its market-rate units and dispersed throughout the development. There is no payment-in-lieu option—all developments must provide the units on-site.

All affordable rental units created under this ordinance fall under the purview of the RHA. For rental properties, the RHA may lease up to one-third of the units for use as public housing; the remaining units are then offered for lease to households that meet the RHA's income and residency requirements. Availability of the remaining units is limited to buyers who have received Certificates of Qualification from the RHA, ensuring that they meet all program guidelines and standards. Affordability levels of new ADUs are fixed for 50 years for rental units and for 30 years for owner-occupied units. As of February 2014, there were 906 units maintained as rental ADUs spread across 46 different properties in Fairfax County. Nearly all of these (91 percent) were one- or two-bedroom units.

In addition to its mandatory ADU program, the county also maintains a voluntary Workforce Dwelling Unit (WDU) program, which was enacted in 2007. WDUs are targeted at young working people, with an income range of 70-120% AMI, with a focus on providing housing options in areas near jobs and/or Metro stations. As of March 2014, there were 162 WDUs in the county, of which 57 percent were studio/efficiency units and 27 percent were one-bedroom units. Another 81 WDU units have been proposed as part of a new development adjacent to the Spring Hill station on the Silver Line: these will primary be one-bedroom units.

Public Housing and Housing Choice Voucher

http://www.fairfaxcounty.gov/rha/rentalhousingprograms/ph.htm

The county owns and manages 1,060 units that were either developed or acquired with Federal funds, and are therefore considered to be public housing. These units are primarily targeted for households earning below 50% AMI, and most current households are below 30% AMI. As of FY2013, the average income of public housing residents was about 20% of AMI. Tenants of public housing units in Fairfax pay 30% of their income for rent.

In addition to income requirements, prospective tenants must meet the following criteria in order to qualify for residency in public housing:

- Head of household and/or spouse must be employed or in a job training program for at least 30 hours per week, or must be unable to work due to age or disability.
- Currently lives or works in Fairfax County or in another jurisdiction that has housing agreements with Fairfax County.
- Currently pays more than 30% of income towards rent/utilities or earns below 50% AMI.

Fairfax County has an allocation of 3,731 Housing Choice Vouchers, though it has not been able to distribute all of them for the past two years due to reductions in Federal funding. For FY2013, the county's HCV program served about 3,400 households, with an average household size of 2.8 persons. The average participating household had an income around 20% AMI.

The county maintains a combined waiting list for public housing and HCV. As of May 2014, there were 3,900 households on the waiting list. DHCD staff verifies the continued eligibility of households on the list each year, but the list still remains very long; as such the waiting list has been closed to new applicants since 2007.

Fairfax County Rental Program (FCRP)

In addition to the public housing units, the RHA also owns and manages 2,433 units that were developed with local funds, tax credits or other sources not directly related to HUD's public housing funding. This inventory includes 1,929 family units and 504 senior units. Though specific requirements differ by property, FCRP generally serves households in the 50-80% AMI range, though some properties admit households earning as much as 140% of AMI. The rent charged to tenants varies by property, but the maximum rent is generally 30% of gross household income.

The family units in the program have remained fully leased for many years. In FY2013, the average family size was 3.0 persons. The senior units are nearly all occupied by one-person households, with a small number of two-person households. The size of the waiting list for these units is not known, as each property maintains its own, site-based list.

Properties in the FCRP include many different types of units and layouts. Units are located in 40 different properties spread across the entire county. There are standalone apartment and townhouse complexes, mobile home parks, and scattered-site units that are part of market rate developments. The program accepts Housing Choice Vouchers, but no statistics were available regarding the overlap between FCRP and HCV.

Home Repair Programs

Fairfax County no longer has a comprehensive program for home improvements and repairs. From the early 1980s until about 2010 the county operated the Home Improvement Loan Program (HILP), which provided low-interest loans to low-income homeowners for major home improvements. The program was originally capitalized with county and CDBG funds, but was not self-sustaining due to staffing costs. Furthermore, it was established to help longtime residents of the county's rural areas stay in their homes; the changing nature of the county limited the application of the program to these populations. As such, the county discontinued the program in 2011 and does not intend to resume it.

The county's only assistance for homeowners is now the Home Repair for the Elderly program. This program is offered to Fairfax County homeowners who are either: 62 or older; disabled; or taking care of disabled family members, and have maximum household incomes of $54,100 for two people (this is adjusted up or down depending on household size). Qualifying homeowners get up to $500 in materials and free labor for certain improvements, including: roof leak; painting; minor electrical and plumbing work; window/screen repairs; gutter repairs, and accessibility improvements. This program assisted 82 households in FY2013, with an average income of 20% AMI.

Homeownership Programs

RHA has a Homeownership and Relocation Services Division that runs a variety of programs aimed at helping first-time homebuyers and at-risk homeowners. The core program of this division is the First-Time Homebuyers (FTHB) Program, which offers homes for sale that have been developed via the county's Affordable Dwelling Unit (ADU) program. The ordinance grants RHA the right to purchase up to one-third of a given for-sale development's ADUs within the first 90 days of the project's marketing period. Units acquired by RHA are then sold to qualifying buyers (below 70% AMI) at prices ranging from $70,000 to 160,000. Most units are condominiums, with some townhouse units available as well.

Eligibility in the FTHB program is limited to households at least $25,000 per year but less than 70% AMI ($74,900 for a family of four). Buyers must be able to provide down payments of 3% and pay some closing costs. Buyers are chosen via a weighted drawing that gives preference to prospective buyers those who already live in the county, have dependent children living at home, and have already been on the waiting list. Successful buyers are prohibited from renting out their units or cashing out equity via refinancing that exceeds the purchase price, and must sell their homes at a predetermined price that escalates each year.

During FY2013 the FTHB program helped 42 households purchase homes. This was down considerably from the peak of 140 households in 2006. While the limited production of new for-sale ADUs is partly responsible for the decline, staff primarily attributes it to the increased difficulty of obtaining FHA mortgages for prospective buyers.

The county's homeownership program also includes: homebuyer education classes, which are required for participants in the FTHB, but open to all prospective buyers; a homebuyer resource center; and foreclosure prevention programs for current homeowners.

Funding Sources

There is no direct funding source for the acquisition or development of affordable housing units in Fairfax County at this time. As discussed above, new units are created via the ADU ordinance and through proffer agreements with developers who are building new units or seeking to redevelop existing units. The county briefly had a program called the "Penny for Affordable Housing Fund," which earmarked one cent out of the county's real estate property tax assessment to provide capital for the acquisition, preservation, and development of affordable housing. The program, which was discontinued in 2007, resulted in the creation or preservation of 2,025 units.

A new funding source for affordable housing is contained in the county's Comprehensive Plan for Tysons Corner, which was adopted in 2012. The plan includes a recommendation to have all new developments in the Tysons area provide a contribution of $3.00 per square foot of non-residential space into a housing trust fund. This fund is designed to provide additional affordable and workforce housing in Tysons beyond those that will be provided under the ADU ordinance. As with the WDU guidelines, though, this contribution would not be a requirement, but a part of the proffer agreement.

The RHA draws 83 percent of its funding from non-local sources, primarily Federal programs and income recovered through rents and loan repayments. Most of the local funding is residual funding from the Penny for Affordable Housing Fund, which is still being used to service debt on some of the projects financed prior to 2007.

Summary and Outlook

Fairfax County has made a strong commitment to affordable housing and maintained a broad range of programs and initiatives over the past 25 years. The county has been able to produce and maintain most of its affordable housing units by leveraging private development through ordinances and negotiated contributions. Aside from a short-lived experiment with earmarking some property tax revenue, there has not been a dedicated funding source for creating new units. The Tysons Corner area will be receiving dedicated funding for affordable and workforce housing, but this will be entirely drawn from negotiated contributions from new developments.

Though the county Board is largely pleased with Fairfax County's affordable housing programs, it has identified a critical shortfall in the supply of studio/efficiency units that are attainable for single working people. To address this need, DPZ staff has prepared a draft Residential Studios Zoning Ordinance that would permit units of less than 500 square feet to be developed via special exception in most of the county's zoning districts, including commercial and industrial. Buildings developed under the proposed ordinance would be limited to no larger than 75 units. While Board members have been largely supportive of this proposed ordinance, it has generated a great deal of controversy. As such, it is not yet clear whether or not it will be adopted.

On the organizational side staff believes that the division of responsibilities between DPZ and DHCD has been largely beneficial. The current structure allows DPZ staff to focus on expanding the supply of affordable housing and DHCD staff to focus on managing existing units and programs. There is regular coordination between the two agencies to ensure that policies and procedures are consistent across the board.

Additional Information

Housing Blueprint (FY2011)
http://www.fairfaxcounty.gov/rha/housingblueprintfy2011.htm

Affordable Dwelling Unit Program webpage
http://www.fairfaxcounty.gov/rha/adu/aduprogram.htm

Homeownership webpage
http://www.fairfaxcounty.gov/rha/homeownership/

Rental Program webpage
http://www.fairfaxcounty.gov/rha/rentalhousingprograms/fcrp.htm

Summary of funding sources
http://e-ffordable.org/articles/2014-03-28-ahacmeetingmaterials.html

Montgomery County, Maryland

Responsible Agencies

Housing Opportunities Commission of Montgomery County (HOC)
http://hocmc.org/
HOC is an independent agency that began as the Housing Authority of Montgomery County (HAMC) in the 1930s. HOC was created in 1974 to carry out all of the functions of the housing authority as well as to provide additional services and to provide affordable housing to households who were above the income levels of Federal programs. HOC's mission is to act as "a public housing agency, a housing finance agency and a housing developer." HOC is governed by a seven-member Commission whose members are appointed by the County Executive.
Staff Contact: Stacy Spann, Executive Director, 240-627-9420

Montgomery County Department of Housing and Community Affairs (DHCA)
http://www.montgomerycountymd.gov/dhca/
DHCA is the county agency tasked with "increasing the supply and availability of affordable housing, and developing and maintaining healthy, vibrant and strong communities." The agency's activities include financing new affordable housing, enforcing ordinances that add to the affordable housing supply, rehabilitating existing units, and providing assistance to tenants and prospective tenants.
Staff Contact: Stephanie Killian, 240-777-3626

Montgomery County Department of Health and Human Services (DHHS)
http://www.montgomerycountymd.gov/HHS/index.html
DHHS supports the housing development and rehabilitation programs operated by HOC and DHCA with a variety of public assistance and human services programs. In addition to managing the county's homelessness programs, DHHS also oversees financial and technical assistance programs aimed at preventing eviction and homelessness.
Staff Contact: DHHS Service Center, 240-777-4400

Summary of Existing Programs

Moderately Priced Dwelling Units (MPDUs)
The core program for providing affordable housing in Montgomery County is its Moderately Priced Housing (MPH) ordinance. This ordinance, which was one of the first inclusionary zoning ordinances in the U.S., is aimed at the production and preservation of both rental and for-sale units for households earning below 70% AMI. The program increases its supply via a requirement that all new, market-rate residential developments of 20 or more units must set aside between 12.5 and 15 percent of their units for households below 70% AMI. The ordinance further requires that 40 percent of the MPDUs be offered to non-profit housing organizations.

Since the adoption of the MPH ordinance in 1974, there have been more than 14,000 MPDUs developed in Montgomery County, of which 9,500 were for-sale and 4,500 were rental. This comes to an average of about 370 units per year. However, since MPDU development was tied to the total pace of new development, MPDU production has slowed considerably in the past decade as the county has experienced less growth. Between 2004 and 2013, the annual average number of MPDU units added was 268.

While much of the MPDU rental unit supply is privately owned, DHCD controls 1,778 units in 45 buildings. Most of the units are either one-bedroom (44%) or two-bedroom (43%), and 65 percent of the units are concentrated in the county's two Metro corridors, with a balance between the Bethesda-Rockville and Silver Spring-Wheaton corridors. Units in the Metro corridors tend to be smaller, though, as all 121 efficiency units are located along Metro corridors, as are 79% of the one-bedroom MPDUs. Conversely, 45% of the two-bedroom units and all 109 of the three-bedroom units are located outside the Metro corridors.

The for-sale program is available to first-time homebuyers with annual household incomes of at least $35,000 but no more than 70% AMI. As of 2014, the maximum qualifying income level was $52,500 for an individual and $75,000 for a family of four. All units in the program are townhouses or condominiums, since the development costs of new single-family detached homes preclude them from being sold at such low prices. The sale prices of units are determined by the actual construction costs: all units are sold at cost to qualifying buyers. The typical cost of units is in the range of $150,000-180,000, though it varies by project. Buyers must occupy their homes and may not rent them out, the sales price is preset for the first 30 years of ownership, and buyers may not refinance their homes for more than the preset prices during this period. After 30 years, all net proceeds are split equally between the homeowner and the county.

Multi-Family Housing Development Assistance

In addition to producing MPDUs through its ordinance, Montgomery County also offers financial assistance to both for- and non-profit developers who seek to develop MPDUs in the county. This program leverages funding from Federal HOME Investment Partnerships and the Montgomery Housing Initiative (MHI) fund to assist developers with the development of new affordable multi-family housing units and the preservation of existing units.

The program has separate review criteria for small projects (fewer than 10 units, less than $500k county investment) and large projects. Projects are selected via an application process, with review criteria including geographic location, income level(s) served, affordability period, project viability, technical and financial capacity of the developer, and ratio of private to public funding.

The number of units financed under this program fluctuated depending on interest and available funding. Over the five-year period covering FY2010 to FY2014, there have been 2,098 units developed with the MHI fund, an average of 420 per year. The average amount spent per unit to produce affordable units has been about $43,000, though this figure also includes units produced without any subsidies under the MPH ordinance.

Public Housing and Housing Choice Voucher

The Housing Opportunities Commission (HOC) manages a total of 1,554 units of public housing in 26 properties spread throughout the county. Public housing units are available to low-income households (below 50% AMI), with the maximum household income being $37,450 for a single resident or $53,500 for a family of four. The waiting list for public housing units has been closed since 2008 and is currently at 10,869. HOC reports that about 120 units turn over each year, so the waiting list is expected to remain closed for several more years. HOC also manages the Housing Choice Voucher (HCV) program for the Montgomery County. As of 2014 HOC managed 6,794 vouchers, with a waiting list of 15,593 households.

HOC is in the process of eliminating all of its public housing units and converting them to other types of affordable rental units. This is being done in order to free the properties from HUD requirements, as the current revenue stream is not sufficient to fund necessary capital improvements to the properties. The post-renovation properties will be available to households earning up to 60% AMI, increasing their rental rates. Any current resident of these units be given a Tenant Protection Voucher (TPV) that will be accepted in the renovated units or by owners of units that accept HCVs. A current project is underway to remove 669 units from the public housing inventory—this will be completed by the end of 2014. The remaining 885 units of public housing are planned to be converted within the next five years.

Housing Rehabilitation

The county formerly maintained a low-interest loan program to assist homeowners with incomes below 60% AMI with repairs to their homes. This program, which was suspended in 2013, was aimed at helping owner occupants make necessary repairs to bring units into compliance with building codes, but was limited to homes with tax assessments below $450,000. Projects most often funded via this program included roof repairs, plumbing modernization, accessibility ramps, new furnaces or hot water heaters, bathroom improvements, and new flooring. The program is being studied and may be reinstated in the future.

A related program managed by the county is its Group Home Rehabilitation Loan program. This effort is backed by CDBG funds and provides low-interest loans for improvements to group homes that serve low-income seniors and disabled populations. The program is limited to qualifying non-profit entities, and successful borrowers must maintain the properties up to county standards for a period of time.

The county also maintains a program that provides small grants for minor weatherization improvements to very low income households (30% AMI). This program funds caulking, insulation, weatherstripping and other low-cost items that help lower energy bills.

Workforce Housing Program

This program is targeted for households with incomes above the limit for the MPDU program, with the maximum household income being 120% AMI. As of 2014 this comes to $67,500 for a single person and $139,000 for a large family. This program is discretionary, with participation tied to a density bonus. There is no waiting list for the program—sales are conducted independently for each project.

There are two developments that have been executed under this program. The first, the Village of King Farm in Rockville, was a 49-unit condominium development that was part of the King Farm master-planned community near the Shady Grove metro station. At the outset units were evenly distributed by size and maximum income level, with about one-third of the units for 71-90% AMI households (sale price of $207,000), one-third for 91-105% AMI households (sale price of $258,000), and one-third for 106-120% AMI (sale price of $296,000-322,000). In response to confusion and some opposition, units were redistributed into two tiers. After this was done, all units were quickly sold.

A second Workforce development, Olney Springs in Clarksburg, is now under development. This project includes 34 townhouses and single-family units, with units distributed by income in the same manner as for the Village of King Farm. Units at Olney Springs will be sold for prices ranging from $245,500 to $383,000. There are at least two more projects in the pipeline at this time as well.

Buyers for the Workforce Housing Program are selected from all applications via a points system that gives priority to county government employees, employees of local businesses, current county residents, and first responders (police, fire, EMS). Owners may not rent out their units or refinance for more than the purchase price. If an owner wishes to sell within the first 20 years of ownership, the sales price is predetermined. If an owner sells after 20 years, the owner retains half of the proceeds in excess of the Year 20 sales value, and the county receives the other half.

Rental Assistance

The county's Department of Health and Human Services (DHHS) operates the Rental Assistance Program (RAP), which provides assistance to households that do not receive public housing or HCV benefits. RAP is limited to households earning below 50% AMI with the amount of assistance provided depending on the total cost of the unit and the household size: single-person households must be able to pay up to 35 percent of their income towards rent, with this amount reduced to 32.5 percent for two-person households, 30 percent for three-person households, 27.5 percent for four-person households, and 25 percent for households with five or more people. The maximum amount of assistance available is $200 per month, and all recipients must reapply for assistance each year. There are currently 1,600 households enrolled in the RAP. The waiting list is currently closed due to excessive demand.

In addition to the RAP, DHHS also offers funding for seniors living in group homes, utility payments for low-income households, and emergency assistance for those threatened with eviction.

Funding Sources

The primary local funding source for providing affordable housing in Montgomery County is the Montgomery Housing Initiative Fund (MHIF). MHIF is funded in several ways, with the primary source being a direct appropriation from the county's General Fund. Other funding comes via payments collected via the MPDU ordinance, bond financing (the most recent bond was in 2012), loan repayments, 25 percent of the proceeds from the sale of most county properties, development taxes, recordation taxes, and a condominium conversion tax. Nearly all MHIF funds are directed towards the financing of MPDU units.

The total FY2014 budget for the Housing Opportunities Commission (HOC) is $229.3 million. Of this amount, just $8.6 million (3.8 percent) came from Montgomery County: most of HOC's funding comes either from Federal grants (40 percent), rental income (36 percent), and interest income (16 percent). About 77 percent of the county funding is for direct operating support, with the balance being for capital improvements to existing public housing properties.

Summary and Outlook

Montgomery County has one of the oldest inclusionary zoning programs for affordable housing in the United States, dating back to 1974. While the county established a strong track record of leveraging its rapid suburban growth during the 1970s and 1980s into thousands of affordable for-sale and rental units, the effectiveness of this model has waned as the county has matured and housing development has slowed. In recent years the county has only been able to produce an average of 268 MPDUs per year; during the program's peak years from 1980-1987, it produced an average of 797 units per year. The county has also struggled to provide affordable rental housing for families in locations near jobs or transit: most of the MPDU inventory is either in smaller units and/or located in more remote sections of the county.

Montgomery has made a commitment to funding its affordable housing programs, and has long provided General Fund revenue for the MHI fund, as well as providing occasional bond funding when needed. The county's policies to direct funding to the MHI fund from the sale of public land and from condominium conversion taxes has also helped keep the fund solvent.

The county has done well to ensure that its affordable housing programs balance rental and for-sale units, though the for-sale programs are limited in the types and sizes of units they can provide. The county has also taken on the challenge of expanding housing options for those in the middle range of 70-120% AMI threshold through its workforce housing program. This program is still voluntary, though, and has produced a very small number of units to date.

In part due to its long history of affordable housing programs, Montgomery is on the forefront in terms of figuring out when programs are not working properly. Two examples of this are: 1) the county's decision to shift away from public housing in order to free itself from HUD restrictions; and 2) the recognition that its housing rehabilitation programs are no longer viable and that they must be retooled. Montgomery's willingness to walk away from struggling programs and instead think creatively is a good lesson for other jurisdictions.

Additional Information

Housing Opportunities Commission Publications
http://hocmc.org/Publications/

Affordable Housing Task Force Report and Recommendations, 2008
http://montgomerycountymd.gov/DHCA/resources/files/rr-ahtf.pdf

Affordable Housing Task Force Status Report, 2011
http://www.montgomerycountymd.gov/DHCA/Resources/Files/community/grants/consolidated_plan/fy12_app_b_ahtf_update.pdf

Montgomery County Approved FY2014 Budget
http://www.montgomerycountymd.gov/OMB/FY14/appr/index.html

Prince George's County, Maryland

Responsible Agencies

Prince George's County Housing Authority
http://www.princegeorgescountymd.gov/sites/housingauthority/Pages/default.aspx
The Prince George's County Housing Authority owns and manages the County's public housing stock and administers several rental assistance programs including: the Housing Choice Voucher Program, the Housing Choice Voucher Homeownership Program, the Moderate Rehabilitation Program, and the Rental Allowance Program.
Staff Contact: Sharon Land, Deputy Director, 301-883-5531

Prince George's County Redevelopment Authority
http://www.princegeorgescountymd.gov/sites/redevelopmentauthority/Pages/default.aspx
The Prince George's County Redevelopment Authority is responsible for revitalizing communities in the County by eliminating blighted properties and promoting the development of workforce and affordable housing and transit-oriented development. It also administers the County's first-time homebuyer My Home and My Home II programs.
Staff Contact: Rosalyn Clemens, rebclemens@co.pg.md.us, 301-883-5456 x3288

Prince George's County Department of Housing and Community Development
http://www.princegeorgescountymd.gov/sites/DHCD/FederallyFundedPrograms/HOMEInvestmentPartnership/Pages/default.aspx
The Department of Housing and Community Development is responsible for ensuring the county's compliance with U.S. Department of Housing and Urban Development regulation. The department administers the first-time home buyer lottery and home repair and weatherization programs.
Staff Contact: Eric Brown, Director, 301-883-5531

Summary of Existing Programs

Public Housing and Housing Choice Voucher
Prince George's County owns and manages 376 public housing units in 5 properties. It reserves 296 units for the elderly or individuals with disabilities and 80 units for families with children. Public housing residents spend 30% of their income on rent for a unit.

The Housing Authority is authorized to administer 5,857 Housing Choice Vouchers (HCV). HCV recipients typically pay 30% of their income for their rent. HCV recipients can choose a unit with rent that exceeds unit payment standards established by the Housing Authority and pay the difference, which can exceed 30% of the household's income. The waitlist for the HCV program has been closed since 2002 and has approximately 2,200 households on the waitlist. The Housing Authority also administers the Family Self-Sufficiency program to foster the transition to economic self-sufficiency among HCV households.

The Housing Authority also offers the Housing Choice Voucher Homeownership Program (HCVHP) which uses a HCV subsidy to provide mortgage assistance to a household instead of rent assistance. Eligible households must be current HCV holders in good standing and first-time homebuyers. The household must also have an annual income of at least $30,000 and are required to attend homeownership classes.

The operation and administration of the county's public housing and Housing Choice Vouchers is funded by the U.S. Department of Housing and Urban Development. In FY 2012 the Housing Authority received approximately $1.2 million in HUD operating subsidies and generated revenues in the amount of approximately $1.5 million.

Moderate Rehabilitation Program (Mod Rehab)

The Housing Authority operates the county's Moderate Rehabilitation Program (Mod Rehab), a project-based rental assistance program for low-income households. In exchange for low-interest loans to rehabilitate or construct additional units in a housing development, a building owner agrees to reserve some units for low income households. The Housing Authority has the ability to use up to 20 percent of its funding for voucher assistance to subsidize those set aside units. The program offers a place-based rental assistance voucher that is attached to a particular unit instead of being granted to a particular household. When a household moves out of the Mod Rehab unit, the subsidy remains attached the unit and is granted to the next household to move into the unit. In order to qualify to live in the Mod Rehab units, households must meet the same eligibility criteria as the Housing Choice Voucher program. In FY 2012, the Housing Authority administered subsidies for 215 Mod Rehab units.

Rental Allowance Program (RAP)

The Housing Authority administers the Rental Allowance Program (RAP) which issues short-term (up to 12 months) monthly rental assistance to lower-income homeless individuals and households or individuals and households at risk of homelessness. To be eligible, households must earn 30% or less of the area median income or statewide median income, whichever is higher. The goal of the program is to help these individuals and households return to, or secure, stable, long-term housing. The size of the allowance is based on the size of the family and the location within the state. In Prince George's County, a household of 3 to 4 people receives a $490 monthly allowance. The County has the authority and discretion to increase or decrease the amount of the allowance by 10 percent. The allowance can be used towards rent for rooms or single-room occupancy units, apartments, group homes, transitional housing, single-family homes, or mobile homes.

Applications to receive the rental allowance are submitted to the County's Department of Social Services Transitional Housing, the United Communities Against Poverty and the Laurel Advocacy and Referral Services. The program comes is funded by the Maryland Department of Housing and Community Development.

Family Unification Program (FUP)

The Family Unification Program (FUP) is offered jointly by the Maryland Department of Housing and Community Development and the Maryland Department of Human Resources and administered by the Prince George's County Department of Social Services. The FUP program issues HCV to households with children in foster care who have been delayed in being reunited their children due to inadequate housing situations, families with children who are displaced due to domestic violence that may result in children being placed in foster care, or to former foster youth (for a maximum of 18 months). Voucher holders pay 30% of their income on their rent and the voucher covers the gap between that and the actual rent for a unit. Households and individuals must be referred to the program by the Department of Social Services and be eligible for a HCV. Referral to the program is based on the Department's determination that inadequate housing is the main factor in the placement of a child in foster care or prevention of the return of a child in foster care to their family. Former foster youths must be between the age of 18 and 21 and left foster care at age 16 or older and be eligible for a HCV.

Home Repair Programs

The Department of Housing and Community Development operates the Weatherization Assistance Program which offers a free energy audit and energy conservation installations. The program is funded by the Maryland State Department of Housing and Community Development. To be eligible, households must be homeowners, be age 60 or older, have a disability, or be a family with children under the age of 5 years old and “have excessive energy consumption.” Priority is given to elderly or disabled applicants. In FY 2013, 222 units were weatherized through the program.

The Department of Housing and Community Development also administers the federally funded Single Family Rehabilitation Loan program established in the county in 1981. The County issues households a low-interest loan to complete repairs of their home to correct housing code violations. To be eligible, households must earn 80% of AMI or less, be a Prince George’s County resident for at least 9 months and own their home for at least 9 months before applying. There is a loan maximum of $60,000. Since FY 2011, the County has met, or is projected to meet the goal of issuing 15 loans annually.

My HOME and My HOME II Programs

The Redevelopment Authority administers the County’s first-time homebuyer programs My Home and My Home II. The programs were launched in 2013 with $8 million in federal and state funding over the course of 3 years.

In the My Home program, participants receive down payment and closing cost assistance up to 5% of their home purchase price. Participants can use the assistance to purchase a home anywhere in the county. The home purchase prices cannot exceed $295,000 for an existing home or $370,000 for a newly constructed home. The assistance is a zero interest loan with deferred payment that is forgiven if the borrower remains in the home for 10 years. Eligible households must have incomes at or below 80% of area median income, adjusted for household size. Participating households must also complete a HUD certified housing counseling class. The program is fund by HUD’s HOME Investment Partnerships Program. Applicants cannot exceed a maximum of a total debt to income ratio of 45%.

In the My Home II program, participants receive up to $20,000 of down payment and closing cost assistance and if they purchase a home in specified zip codes in the county. To be eligible, households must earn no more than 120% of the area median income, adjusted for household size. Applicants cannot have a housing cost debt to income ratio that exceeds 33% or a total debt to income ratio that exceeds 43%. The assistance is issued in the form of a deferred payment on a zero interest loan due upon sale of the home. The home purchase price cannot exceed $295,000 for an existing home or $370,000 for a newly constructed home for households earning 80% of AMI or less. Households earning 81% to 120% of AMI have no limits on their purchase price. The program is funded by the National Mortgage Loan Services Practices Settlement Fund and the Maryland Neighborhood Conservation Initiative.

In both programs, participants are required to make mandatory contributions of 1.75% of the home purchase price or 50% of the household’s liquid assets that exceed $3,000, whichever is higher. Also, if participants choose to purchase a foreclosed home with the assistance, the purchase price must be at least 1% less than the appraisal value of the home. Applicants must be pre-approved for a mortgage by participating lenders and complete a HUD certified housing counseling class. Homes purchased through the program must pass a housing quality inspection.

Buy Suitland Program

In 2012, using approximately $1 million in NSP 3 funding, the County launched the Buy Suitland program. The program offers zero interest loans up to $40,000 to eligible first-time homebuyers to purchase a vacant foreclosed, short sale, or 60 day delinquent home in the 7 targeted NSP Suitland census tracks.

Households earning between 50% and 120% AMI can receive a loan of up to 5% of the home price. Applicants employed at the Suitland Federal Center or police officers, firefighters, nurses, and teachers are eligible to receive a loan of up to 7% of the purchase price of the home. Applicants with household incomes at or below 50% of AMI can receive a loan of up to 35% of the home price or up to $40,000, whichever is greater and does not result in a debt-to-income ratio above 45%. Half of the loan amount is forgiven if recipients live in their home for at least 15 years. The maximum home price allowed is $625,500.

Participants must be pre-approved for a mortgage by participating lenders to be eligible, as well as complete a HUD certified housing counseling program. They must make a minimum contribution of $1,000 or half of their liquid assets over $3,000, whichever is greater, if they earn 80% or less of AMI. If the households earns between 80% and 120% of AMI, they must contribute $1,500 or half of their liquid assets over $3,000, whichever is greater.

The NSP funding was slated to expire in March 2014.

First-Time Homebuyer House Lottery

The Department of Housing and Community Development and Redevelopment Authority host an annual house lottery enabling eligible households to purchase a newly renovated home at below market value (at least 1% below appraised value, anticipated to be $222,750) if they are selected by a lottery. DHCD provides a zero interest homeownership assistance loan, deferred until sale of the home, for 10% of the purchase price to reduce the monthly mortgage payment, and up to a $10,000 down payment grant and closing costs as needed. The June 2014 lottery is the county's third house lottery. To be eligible, applicants must be a first time homebuyer, earn 80% or less of AMI, and qualify for at least a $200,745 mortgage.

Funding Sources

Prince George's County does not have a dedicated affordable housing funding source. However, the Plan Prince George's 2035 does includes a recommendation to create a county affordable housing fund by setting aside a portion of real estate tax revenue. In FY 2014, The County's Department of Housing and Community Development, which includes the Redevelopment Authority and the Housing Authority, received 96.4% of its funding from federal and state grants and programs, and 3.6% of its funding ($3,444,100) from the County's General Fund.

Summary and Outlook

Prince George's County's affordable housing initiatives center on expanding and supporting first-time homeownership for low- and moderate-income households and stabilizing communities that suffered from a surge in foreclosures during the housing crisis. In FY 2010, the County set a goal to help 450 low- and moderate-income households in the county become homeowners by 2018. The county projects that it will have assisted 250 households become homeowners by the end of 2014. However, the county has done far less to address the significant need for affordable rental housing in the county. The largest affordable rental housing programs offered by the county are public housing and Housing Choice Vouchers, both of which have closed their waitlists and are no longer accepting applications.

The county's affordable housing programs are dependent on state and federal funding and programs because the county does not have a local affordable housing fund or an inclusionary zoning ordinance (the county did have an inclusionary zoning ordinance for several years in the mid-1990s). Several of the current first-time homebuyer programs depend on federal NSP and Neighborhood Conservation Initiative funding which will be unavailable after FY 2014.

The county has struggled to efficiently disburse and expend all of the CDBG and HOME funds it has received in the past. For example, 2010 the county was required to return approximately $2 million in HOME funds that it failed to disburse. This is due in part to lack of consistent leadership and adequate staffing in the Department of Housing and Community Development in the past. In order to make more progress in expanding affordable housing, the County must improve its capacity to disburse the federal grants and funds it receives.

The ongoing development of county's General Plan, *Plan Prince George's 2035*, provides an opportunity for the county to develop a comprehensive and balanced housing policy to address the greatest housing needs in the county. Tools that would help the county expand affordable housing options include the creation of a local affordable housing trust fund as well as land use tools to encourage mixed-income development such as an inclusionary zoning ordinance.

Additional Information

Prince George's County FY 2014 Budget
http://www.princegeorgescountymd.gov/sites/OMB/Resources/Budget-2014/Documents/OMB_FY14ApprovedBudget_housing_Sept2013.pdf

Building Stronger Communities: Moving Toward a Comprehensive Housing Strategy for Prince George's County, Coalition for Smarter Growth
http://www.smartergrowth.net/wp-content/uploads/2010/10/building-stronger-communities-csg.pdf

Plan Prince George's 2035
http://www.planpgc2035.com/

Summary of Findings

The five jurisdictions considered in this review all clearly maintain a commitment to providing affordable housing, though the specific programs and policies differ, as does the level of funding committed to this purpose. The following table compares each jurisdiction's affordable housing efforts.

Jurisdiction	Local Housing Authority?	Local Rental Assistance*	Inclusionary Zoning	Home-ownership	Local Funding Sources
Alexandria	Yes, owns 1,150 units	Yes	Optional, achieved via proffers	Up to 80% AMI	Developers, bonding, dedicated tax assessment, loan repayments
District of Columbia	Yes, owns 8,363 units	Yes	Mandatory, must be on-site if no economic hardship	Up to 80% AMI for most, DC gov't worker limit is higher	Recordation tax, condo conversion fees, loan repayments, bonding, special appropriations
Fairfax	Yes, owns 1,060 units	No	Mandatory for new multi-family	Up to 70% AMI	No dedicated source; trust fund capitalized by proffers
Montgomery	Yes, but phasing out public housing	Yes	Mandatory for all projects of 20+ units	Up to 120% AMI	Appropriations, developers, bonding, loan repayments, condo conversion tax
Prince George's	Yes, owns 376 units	Yes, but only up to 30% AMI	None	Up to 120% AMI	No dedicated source

*Supplemental to Housing Choice Vouchers

The District of Columbia, as the major urban center in the region, has both the longest history of providing housing assistance and the most aggressive approaches to protecting and expanding the supply of affordable housing. The District still maintains many its legacy affordable housing programs, including more than 8,000 public housing units, rent control on older units, and more than 10,000 Housing Choice Vouchers. While all of the other suburban jurisdictions do have local housing authorities, none owns more than 1,150 units, and Montgomery County is actively converting its remaining public housing units to other housing types.

Recognizing the limits of the Housing Choice Voucher program, most of the jurisdictions operate some sort of local rental assistance program—only Fairfax County does not. Of these, only Alexandria provides assistance to all HCV-eligible households. Montgomery restricts its assistance to 50% AMI and both the District and Prince George's limit its programs to 30% AMI households.

Three of the five jurisdictions have inclusionary zoning ordinances that require developers of new market-rate units to provide on-site affordable housing: the District, Fairfax, and Montgomery. Alexandria strongly encourages developers to contribute either affordable units and/or funding for affordable housing, and has granted height and density bonuses for such contributions in the recent past. Only Prince George's County has no inclusionary zoning provisions.

All five jurisdictions have programs aimed at promoting homeownership for low- to moderate-income households, defined as 80% AMI by all jurisdictions aside from Fairfax, where the limit is 70% AMI. The two Maryland jurisdictions both have workforce homeownership initiatives that have provided opportunities for households earning up to 120% AMI. The District also has programs aimed at encouraging city employees earning above 80% AMI to purchase homes within its boundaries.

The funding of programs and investments in affordable housing varies greatly by jurisdiction. While all of the jurisdictions still depend on Federal funding programs such as CDBG, HOME, and Housing Choice Vouchers, all direct significant amounts of local funds towards their efforts. While three of the jurisdictions—Alexandria, the District, and Montgomery—have dedicated taxes that provide permanent funding support for affordable housing, only Alexandria earmarks a portion of its real estate property taxes for this purpose. The District does have recurring support from its recordation tax, while both DC and Montgomery rely on uneven revenue streams from condo conversion taxes. Neither Fairfax nor Prince George's has a dedicated funding source for its programs, so funding depends on choices made in each year's budget process.