

Howard County Housing Affordability Coalition

September 14, 2021

Ms. Amy Gowan, Director
Howard County Department of Planning and Zoning
George Howard Office Building
3430 Courthouse Drive
Ellicott City, MD 21043

Dear Director Gowan:

We have appreciated the opportunity to participate in the *HoCo By Design* Draft Plan workshops and have individually responded and encouraged Coalition members to respond to the Key Topics Feedback survey. With these recommendations submitted for the final *HoCo By Design* Report, we are also submitting the Coalition's analysis of the impact on affordable housing of the previously issued *HoCo By Design* Scenarios. We ask that you share these comments with *HoCo By Design* Advisory Committee members.

Increase the Effectiveness of the Moderate Income Housing Unit (MIHU) Program

The Housing Opportunities Master Plan (HOMP) recognizes that the MIHU program is Howard County's primary mechanism for creation of low- and moderate-income households. The HOMP also recognizes that the current policy is insufficient to incentivize developers to produce income-restricted units on-site.

The Coalition recommends that the final *HoCo By Design* Plan integrate the four HOMP recommendations to strengthen the MIHU Program: (1) Update MIHU rules and fee structures; (2) Continue to allow Fee-in-Lieu in cases when on-site MIHU provision would jeopardize the economic feasibility of a housing development; (3) Include incentives to encourage the production of more than the required number of MIHUs, and/or deeper levels of income targeting in the form of Low income (LIHUs) and disability income (DIHUs); and (4) Ensure that any corridor, neighborhood, redevelopment, or area plan that the County decides to undertake includes clear policies for meeting affordable housing goals.

In addition to the HOMP recommendations, the Coalition urges inclusion in the proposed Plan of a framework that would enable regulatory flexibility for affordable housing projects. Examples of such flexibility could include: incentives; avoidance of 'de facto' barriers; expedited reviews; and grandfathering.

Balance Housing and Infrastructure Needs

Every jurisdiction benefits from having rules and procedures that serve to balance the need for residential and commercial growth with related infrastructure. In Howard County, the Adequate Public Facilities Ordinance (APFO) has been serving that role. It functioned effectively when there was considerable County land available for development. During that period, the APFO ensured that necessary public infrastructure was constructed on open land as residential and commercial growth expanded into undeveloped areas, but circumstances have changed, and now only 2% of County land is available for new development. In fact, the 2021 Housing Opportunities Master Plan (HOMP)

Report generally observed that an APFO becomes less effective when most new growth is through redevelopment and infill where public infrastructure already exists, which is the circumstance faced by Howard County. In recent years APFO has served primarily to limit or prevent residential development because of its potential impact on certain school capacity limitations.

Stopping residential development, however, only serves to exacerbate an already significant housing availability gap in Howard County. A recent consultant study for *HoCo By Design* estimated an existing unmet housing need of about 20,000 units, and over the next 20 years, based on household growth, a projected demand for approximately 31,000 additional housing units. It is vitally important for the economic and social well-being of the County that regulations enable development of a varied housing stock so that housing can be more attainable and affordable to diverse populations with differing housing needs. Discouraging new residential development can have a two-fold negative impact. First, it limits economic growth because without affordable housing opportunities it is difficult to recruit workers and pricing workers out of the housing market has a deterrent effect on business expansion. Second, lack of housing development can also result in higher taxes or reduced public services because, with the universe of taxable properties remaining relatively static, either the tax burden on property owners will increase to match the increasing cost of public services or, if property owners will not support a higher burden, then the quality of public services will likely be reduced.

It is time for APFO requirements to be reevaluated in an effort to rebalance the County's infrastructure and housing needs. Within a year of adopting the new General Plan the County is required to establish an APFO Review Committee. This committee will be charged with evaluating the continued effectiveness of APFO and making recommendations for modifications and improvements. The HOMP Report identified limitations imposed by APFO as one of the primary challenges impacting housing availability in Howard County. The Report stressed that APFO "is placing significant limitations on the amount of housing that can be built, and it is potentially accelerating those capacity issues by limiting the ability to increase the tax base." The Report called for targeted regulatory changes and creative funding mechanisms that would support both necessary school investment and facilitate residential development to address growing demand and improve housing opportunities.

The Housing Affordability Coalition strongly supports the goal of charging the APFO Review Committee with devising mechanisms that will fairly balance school needs with the need to address the substantial shortfall in attainable and affordable housing units in Howard County.

Enable Creation of townhome, small lot single family and multifamily zones

Seventy-seven percent of the County's residentially zoned land is designated for single family detached homes. Even in the PSA, 59% of the residential land is limited to single family detached. If the County truly wants to create starter homes for families and rental apartments for its workers, there need to be more small lot detached, townhome and multifamily zones.

There has been a long national history of using zoning and land use practices to maintain segregated housing patterns, which in turn have led to segregated schools. Howard County, with its emphasis on single family lots and in much of the County, large single family lots of a half-acre or more, has created and is maintaining both high cost and segregated housing. If the County is to achieve two important goals—the creation of missing middle housing and a desegregation of housing patterns and thus schools—it needs to move toward much greater diversity in residential zoning.

While arguments are often made that large-lot single family zones preserve the rural nature of the community, today they often produce suburban areas that, because large lots are inherently expensive, are disproportionately available to only high income households. Some jurisdictions, most recently the State of California, are allowing two units, or up to four units in some cases, in single family zones. The County could reduce the mandatory size of a lot, even in the West, to double or triple the possible amount of housing, thereby reducing the cost of land and the prices of each house.

We most certainly recognize that increasing density in the West raises serious infrastructure issues such as the cost of providing water and sewer, issues of reliability of current septic system technology, and potential environmental impacts of increased water consumption. We suggest, however, that as the County's revenue base changes, infrastructure needs are addressed, and as science and environmental protection technologies evolve, increasing density in the West may become increasingly plausible. Given that the General Plan is only updated every decade, changes that would allow increased density in the West (and across the County)—even if that density cannot be built immediately—should be enabled in this *HoCo By Design* Plan.

Ensure Howard County's Population Does Not Further Outpace Housing Supply

Howard County's General Plan is created, in part, to ensure that housing supply can meet the anticipated demand. In this way, the General Plan treats housing as infrastructure. Just as we need new schools, roads, and public utilities to accommodate new residents, Howard County also needs to allow sufficient housing to meet demand. However, with the passage of time, it appears that our last General Plan, *PlanHoward 2030*, under-projected population growth while the county failed to meet related housing targets. The end result has been inflated housing prices, housing insecurity, and compulsory multi-generational living arrangements.

PlanHoward 2030 projected population growth of approximately 19% between 2010 and 2030, which would increase county population from 287,000 in 2010 to 341,000 in 2030. While we are still awaiting final census data, the US Census Bureau projects that Howard County's population was 325,690, which is already a 14% increase from 2010. Should this trend continue, by 2030 our population will be approximately 372,000, which would represent 30% population growth between 2010 and 2030 as opposed to the 19% projected in the General Plan.

Contrary to popular belief, this growth is not attributable to new development. Despite exceeding population growth projections, Howard County has underperformed in the construction of new housing as prescribed in the General Plan. *PlanHoward 2030* projected that Howard County would need to allow for up to 2,100 housing allocations per year. While this is a cap, and not a target, these allocations are created alongside the considerations of other infrastructure, such as schools and roads. The impact of failing to meet those needs is just as dire for housing as it is for those other public needs.

Howard County has averaged less than 1,500 housing allocations per year over the past decade and since the implementation of 2018's new APFO law, housing allocations have not exceeded triple digits. Almost all of these allocations have been for Downtown Columbia.

As long as Howard County is a desirable place to live with well-funded schools and a high quality of life, population can expect to grow at the same pace. We will not stop population growth by stopping

housing development. More importantly, by creating a backlog of unmet housing demand, we are making a bad situation worse. Howard County is already an expensive place to live with a large affordable housing deficit. By restricting housing supply, we prevent “naturally occurring affordable housing” while also preventing new subsidized units from being built. Homeowners who are presumed to benefit from this circumstance have illiquid wealth paired with increased property tax valuations. Businesses are deterred from locating in the area due to the inability to house their workforce. Eventually, due to the inability to tax new development, additional tax burdens will fall on the existing tax base or services will be cut.

The Housing Affordability Coalition strongly supports the goal of ensuring housing development and redevelopment at a pace that will stimulate the County’s economic growth, help moderate property tax increases and rents for current and future residents, and not exacerbate the current housing deficit.

Enable Increased Development of Accessory Dwelling Units (ADUs)

ADUs have the potential to immediately expand the range of housing options available to residents of Howard County. ADUs enable homeowners to provide needed housing for their parents, adult children, grandchildren, family members with disabilities, or other loved ones. ADUs can provide older adults a way to downsize on their own property while a tenant or family member resides in the larger house; or can provide additional income for retiring or fixed-income senior homeowners enabling them to stay not only in their home and neighborhood but also their community with nearby, familiar amenities and support networks (especially if the nearby community does not provide other affordable housing options).

ADUs can also address some of the critical housing gaps that at-risk groups experience today in Howard County. For low-income households (below \$60,000 income), Howard County has a shortage of 6,574 affordable rental units. For low-income senior renters, the shortage is 3,482 affordable units. For households that include a person with a disability, 3,952 are cost burdened, paying 30% or more for their income on housing cost—of these, 2,310 are homeowners and 1,632 are renters. The combined effect is that approximately 10,000 households in our community must stretch their finances to the breaking point so they can remain housed.

In 2019, 43% of all rental households in the County were cost-burdened, and 23% were spending over 50% of their gross income on rent. These problems will only grow worse because new job growth in the County is fast outstripping the pace of new housing development. As housing grows scarcer, rents will continue to increase and our most vulnerable neighbors will be further destabilized.

To address these types of challenges, many U.S. communities have taken steps over the past 10 years to promote ADU development. As these communities have demonstrated:

- ADUs help to improve housing affordability and diversify a community’s housing stock.
- Given appropriate permitting processes, ADUs can be added without changing the physical character of a neighborhood.
- Because ADUs require only the renovation of existing housing structures – not undeveloped land – they can be added more cheaply than other types of housing.

- ADUs can house people of all ages, including young people who would otherwise be priced out of homeownership.
- ADUs can provide affordable one- and two-bedroom homes for today's smaller, childless households – which now account for nearly two-thirds of all U.S. households.

The Housing Affordability Coalition recognizes that ADUs will not completely solve our community's housing crisis, but strongly supports laying the groundwork in *HoCo By Design* for increased use of ADUs to help fill some of the County's housing gaps.

Director Gowan, we thank you for your consideration of these comments and recommendations and certainly are available for further discussion.

Respectfully,

Housing Coalition Steering Committee on behalf of our 66 member Individuals and organizations.

Paul Casey, Tom Coale, Joan Driessen, Jackie Eng, Peter Engel, Grace Kubofcik, Kelly McLaughlin, Grace Morris, Rich Pardoe, Paul Revelle, Jean Sedlacko, Pat Sylvester, Phyllis Zolotorow, Vonda Waters, Joe Willmott

Cc: Dr. Calvin Ball, County Executive
Ms. Elizabeth Walsh, County Council Chair
Dr. Clarence Lam, Senate Delegation Chair
Ms. Courtney Watson, House Delegation Chair
Ms. Kelly Cimino, Director, Department of Housing and Community Development