



Howard County

HOUSING



Director's Report

May 2016

Department of Housing and Community Development
Howard County Housing Commission

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DIRECTOR'S NOTE

News and notes, fact and figures...

- A recent report from CBRE, the national real estate brokerage firm, finds that the affordability challenge for low-income renters is likely to become even more difficult in the next 10 years. As increases in effective rents continue to outpace income growth, neither the market nor government programs can adequately supply the projected need for affordable rental housing. Exacerbating the problem is an anticipated increase in the population growth of seniors and minorities, two of the demographic groups with the highest percentage of severely rent-burdened households. If we can't build our way out of the crisis, what is the solution? According to CBRE, "unless and until the economy growth accelerates and higher-paying, quality jobs across the country become the norm, expect to see the ranks of the severely rent-burdened household continue to expand." See www.cbre.com/affordablehousing.
 - For a different perspective on the same problem, as well as concise history of the nation's varied attempts to solve it, see "The Case for Public Housing" in The Nation, May 6, 2016, www.thenation.com.
 - Meanwhile, home prices nationwide have increased 6.7% over the last year, and are expected to increase another 5.3% during the next 12 months. Since hitting bottom five years ago, home prices have appreciated almost 40%. Continued low interest rates have helped fuel the house buying market. www.corelogic.com, May 3, 2016.
 - Are rising home prices a good sign for the economy? Not necessarily, according to at least one analyst; in fact, they may be a harbinger of the next housing crisis. As prices grow and supply shrinks, the pressure grows on lenders to loosen credit standards. More homebuyers are now taking out mortgages with low downpayments and dangerously high monthly payments relative to their incomes. And lenders are accepting lower credit scores and higher debt ratios. See "The
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seeds of the next housing crisis have already been planted,” May 6, 2016, www.marketwatch.com.

Thomas P. Carbo

Director/Executive Director

PROJECT DEVELOPMENT & ASSET MANAGEMENT

BURGESS MILL STATION

On August 5, 2015, the Commission issued its tax-exempt general obligation bonds to finance Phase Two of the Burgess Mill Station development, which consist of the redevelopment of the 60-unit Ellicott Terrace Apartments into a new 60-unit, mixed-income community. All 17 households that were remaining on the property have been relocated. Demolition/construction is expected to commence in the summer of 2016.

SUPPORTIVE HOUSING/DAY RESOURCE CENTER

On May 2, 2013, the County announced plans for a supportive housing facility (SEA) and a non-residential Day Resource Center (DRC) to be located on Guilford Road near the intersection of Route 1 and Route 32. The project will be constructed and managed through a partnership with Volunteers of America Chesapeake (VOAC), a leading provider of housing and services for the homeless. The DRC will replace the existing facility located in close proximity to the new site and offer 35 efficiency apartments to fill a sorely-needed gap in the County's housing stock. Howard County acquired eight acres for the project for \$3.25 million in July 2013.

Ownership of the 3-acre portion of the site that will house the SEA/DRC will be transferred by the County to the Housing Commission. VOAC will develop, build and provide case management services at the facility. To date, the County has received approval of a State bond bill that will provide \$250,000 toward the cost of the DRC. This amount will be matched by County funds. The Department will also allocate \$225,000 in CDBG funds towards the SEA/DRC development costs. In July 2014, the Commission issued \$4.25 million in bonds to help fund the DRC portion of the facility. Recently, the project was awarded a \$500,000 grant from the Federal Home Loan Bank Board. VOAC has submitted an application to the Maryland Department of Housing and Community Development (DHCD) for Partnership Rental Housing Program and Transitional Housing Program funds.

Following review of project plans by the County's Design Advisory Panel, in June 2014, the Environmental Concept Plan was approved. The Site Development Plan has been approved as technically complete by the County. Subdivision plats are also in process.

The Salvation Army, owner of an adjacent parcel, executed a land exchange agreement for 0.61 acres, allowing the County to gain access to the remaining 5-acre portion of the property, once the subdivision process is complete.

The Commission issued an RFP to award 35 project-based vouchers for the creation of a supportive housing facility to serve formerly chronically homeless persons. The Commission received a response

from VOAC, which proposed to utilize the PBVs for the SEA portion of the project. On November 18, 2014, the Board of Commissioners authorized the development of SEA/DRC project and approved VOAC as the contractor for the administration of the project-based vouchers.

In January, during a community meeting held at Carroll Baldwin Hall in Savage, amid community concerns regarding the project, County Executive Allan H. Kittleman expressed his support for the proposed SEA/DRC for the homeless in Jessup. According to press secretary Andy Barth, the County Executive said building the center was "the right thing to do."

In February, the County Council approved the transfer of the 3-acre parcel from the County to the Commission (CR124-2014). The Planning Board approved the project's site development plan at its May 7, 2015 meeting.

CDA's Housing Finance Review Committee has approved both \$4.65M requests for a combination of Partnership and Transitional funds. This project was presented and approved by the Board of Public Works on August 26.

In December, staff and VOA met with Howard County review planners to discuss the project. Based on their recommendations, our plans were revised and resubmitted for pending approval. The grading permit was issued on April 18, 2016. CDA has approved an early start request. It is anticipated that closing will occur in May 2016 once the building permit is released.

RIVERWATCH

The Commission received a donation of land in Elkridge as part of an MIHU alternative compliance. It has ground leased the parcel to a partnership created by Kirby Development, of which the Commission is a member. The partnership will develop the land into an 84-unit mixed-income community. Project financing closed on October 21, 2015 and is currently under construction. Completion is anticipated by October 2016.

ACQUISITION/REHAB PROGRAM

The Department's FY15 budget includes funds for the acquisition and rehabilitation of existing scattered site properties. The Commission has entered into a Master Lease Agreement with Bridges to Housing Stability, Inc., a local non-profit housing agency, to use some of these funds to provide much-needed permanent supportive housing for the community.

The Commission has purchased, renovated, and leased nine condos to Bridges for this program. These units have been turned over to Bridges for rental to households earning up to 60% of Howard County area median income. The line of credit with Howard Bank is financing the new acquisitions.

HOUSING OPPORTUNITIES

MODERATE INCOME HOUSING UNIT PROGRAM

Please see the attached MIHU Report.

SETTLEMENT DOWNPAYMENT LOAN PROGRAM

The Department's FY 2016 budget includes funding for the Settlement Downpayment Loan Program for both MIHU buyers and the public at large. In FY 2016, 21 MIHU buyers have received SDLP loans for a total of \$422,124. These low-interest, deferred payment loans are important to the success of the MIHU homeownership program.

Beginning in July 2015, the Department also made \$400,000 available through its Settlement/Downpayment Loan Program to help working families to buy non-MIHU homes in Howard County. The Department will use the funds to make deferred second mortgage loans that can be used to pay for the settlement costs and down payments needed for home purchases. For FY16, 16 non-MIHU buyers have received loans to assist with closing costs under the Homestarter and Workforce SDLP programs. In recent years, funds in the program were only available to households purchasing properties through the County's Moderate Income Housing Unit (MIHU) program.

Funds are available now and offered on a first-come, first-serve basis. As of May 1, the available balance for new non-MIHU purchasers is \$154,691. A lender training will be scheduled soon and area lenders will be invited to learn more about the program. Interested homebuyers should contact a participating first mortgage lender to begin the application process. The Department's website has been updated to provide current information about the program.

NEIGHBORHOOD STABILIZATION PROGRAM

The \$750,000 program is focused on purchasing foreclosures in zip codes 21045 (East Columbia) and 20723 (North Laurel) to help stabilize those areas. All four of the homes purchased with the grant funds have been renovated and resold. Program income from the sale of the previous homes was used to purchase a fifth property last year. Rehab of the home is complete and the Commission is making plans to sell this home to an income-eligible family this spring.

MARYLAND HOUSING REHABILITATION PROGRAM

The Maryland Housing Rehabilitation Program (MHRP) can be used to assist eligible homeowners in securing low interest loans to make home repairs and bring properties into compliance with applicable building codes and standards. The program is designed to benefit households with incomes that are at or below 80% of the statewide median income. Applications are available by phone, mail and online. Homeowners must be current on their mortgage, insurance and property tax payments to be eligible for the program. As of May 1, the Department is processing four MHRP applications.

COMMUNITY PLANNING AND GRANTS MANAGEMENT

FFY2016-FFY20 CONSOLIDATED PLAN (5YR PLAN)/WITH FFY16 ACTION PLAN

The 30-day public comment period concluded for the 5-Year Consolidated Plan on April 29, 2016. The County Council approved the resolution regarding the plan on Monday, May 2nd. The deadline for submission to HUD for the FY2016-FFY2020 Consolidated Plan/FFY2016 Annual Action Plan is May 13, 2016.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) - PROGRAM

Timeliness Standard:

As an Entitlement Jurisdiction receiving funding through the Community Development Block Grant (CDBG) program, Howard County is required by statute to use its funds in a timely manner. Under the provisions of 24 CFR 570.902 of the CDBG regulations, a grantee is considered to be timely if, 60 days prior to the end of the grantee's program year, the balance in its line-of-credit does not exceed 1.5 times the annual grant.

HUD feels that by running a timely local program, grantees promote the goals of the CDBG program by improving the lives of residents of the community, particularly those of low and moderate income. So prior to the end of the current program year, and before the funding of the next annual grant, HUD will check the local jurisdictions line-of-credit to verify compliance with the 1.5 times award amount requirement. If the Local Jurisdiction is not in compliance with the CDBG requirement, HUD can institute grant reductions and require the grantee to implement a work plan to bring the CDBG program back into compliance.

DRAWDOWNS

In anticipation of the timeliness test, the CDBG division has worked very hard to get eligible invoicing from CDBG funded programs to get the invoices paid and then draw the funding down through HUD's web-based reporting system called IDIS (Integrated Disbursement and Information System). Close to \$875,000.00 worth of eligible CDBG project invoicing was processed, paid and drawn down from IDIS. IDIS provides HUD with current information regarding the program activities underway across the nation, including funding data. HUD uses this information to report to Congress and to monitor grantees. IDIS is the draw-down and reporting system that Howard County uses for the CDBG & HOME Programs.

REPROGRAMMING

To keep the CDBG Program moving forward and compliant with the timeliness requirements, Howard County recently reprogrammed prior and current year unused CDBG funding into eligible activities that were ready to begin expending funding. Due to the reprogramming of the unused CDBG funding, all prior years' Program Income and all funding prior to FFY2015 are up to date.

HOME INVESTMENT PARTNERSHIP (HOME) - PROGRAM

Bickley House

HOME Program funds in the amount of \$420,321 will be granted to the Housing Commission to assist in the purchase of the Bickley House, located at 8515 Frederick Road, Ellicott City. The property requires minor rehabilitation work of about \$25,000.

The intent of acquiring this property is to provide housing for a potentially vulnerable population - individuals aging out of the foster care system. Young adults that age out of the foster care system are at an extremely high risk of becoming homeless. To help prevent this, the Bickley House would be rehabilitated into three (3) single room occupancy units. The prospective residents will each have his/her own room and share common spaces such as the kitchen, bathroom and a living and dining area. The Housing Commission will manage these units and the Department of Social Services (DSS) will provide supportive services for these individuals which will include budget management, job training and other life skills. DSS will take the lead in identifying these individuals.

RENTAL ASSISTANCE

WAITING LIST

On July 1, 2012, the waiting list for the Housing Choice Voucher program was officially closed. Closing the list prevents false hope among families that assistance will be available in the near future. As a reminder, the program will remain open for emergency preferences in accordance with the Administrative Plan. There has been little change in the waiting list numbers over the past year. Staff is recommending that the waiting list remain closed as there are still over 5,000 families waiting for assistance.

HOUSING CHOICE VOUCHER PROGRAM

The 2016 Funding Notice was recently received from HUD. Funding for 2016 remained constant at \$10,034,665. The Commission was funded at \$10,171,699 in 2015. The average Housing Assistance Payment for voucher units in 2015 was \$1,114.59 per unit month.

Howard County's Annual Plan was approved by the Housing Commission on April 19th. The Annual Plan is the document that outlines policies and procedures for administration of federal housing programs and examines local resources available to low-income and moderate-income families. This document also serves as a plan of action for the Commission to address local housing needs. In conjunction with approval of the plan, the Commission adopted changes to the Administrative Plan. Major changes included a revision to the interim re-certification policy eliminating the requirement to report increases in household income between annual re-certifications and a revision of the policy for adding additional persons to the household. The revision of the interim policy was both the result of a recent shift in policy by HUD as well as cost saving measures to reduce the staff workload. The change in policy for adding persons to the household was also a result of policy changes by HUD. The new change would only restrict additions to the household in the event of issues with criminal background or overcrowding, however the family would only be eligible for increases in the voucher subsidy for the addition of certain family members.

HOPWA (HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS)

The Commission has exhausted FY2014 HOPWA funding in the amount of \$228,337.00 and recently began drawing down FY 2015 funding. FY 2015 funding has been awarded in the amount of \$233,886. The Commission has three calendar years from the contract effective date to expend HOPWA funding. Referrals for HIV positive families come from the Howard County Health Department. The Health Department has referred nine (9) for eligibility interviews thus far in 2016. Two families are pending eligibility screening, six (6) families were found to be ineligible and one family declined the voucher. Reasons for ineligibility included citizenship status, criminal background, residency status, and failure to complete the process.

HOUSING STABILITY SUBSIDY PROGRAM (HSSP)

The Housing Stability Subsidy Program (HSSP) is a component of the Coordinated System of Homeless Services (CSHS) and provides a housing subsidy for residents that have exhausted all the services of local homeless prevention, housing stability, rapid re-housing and/or shelter programs available in Howard County and continue to be unable to secure affordable, stable housing due to extreme and often

multiple barriers to conventional, permanent housing. To date, 16 rental subsidies have been provided to eligible Howard County households. There are currently two vacant slots in the HSSP Program due to two recent terminations. One family was recently issued a voucher by Anne Arundel County, and the other family is being terminated from the program for violation of program obligations. Two families were identified to fill the vacant slots and both families recently moved into units.

AUDIT & SEMAP (SECTION 8 MANAGEMENT & ASSESSMENT PROGRAM) CERTIFICATION

The Housing Choice Voucher team has submitted all of the required documentation for the annual audit. The audit is complete and there were no findings or corrective action required. Part of the audit process involves drafting the HUD SEMAP Certification which rates housing authority performance during the fiscal year. The Howard County Housing Commission was rated as a high performer during the most recent rating period.

PUBLIC HOUSING RAD CONVERSION

Howard County's 50 Public Housing units have been converted to Rental Assistance Demonstration (RAD) Project-Based Vouchers effective December 1, 2015. The RAD program allows Housing Authorities across the county to upgrade their Public Housing stock by transferring ownership to the Housing Authority, which subsequently allows the Authority to obtain private loans to finance property upgrades. The completion of the RAD Conversion culminates 18 months of extensive preparation by Housing staff under the leadership of Samit Paul, who served as the Project Manager. All 50 RAD units are currently undergoing renovation.

OUTREACH

10TH ANNUAL "COME HOME TO HOWARD COUNTY HOUSING FAIR"

The 10th annual "Come Home to Howard County" Housing Fair welcomed more than 600 attendees on Saturday, April 9, 2016, at a new venue - Howard High School. With 57 exhibitors, 30 educational workshops, and property tours of six MIHU developments, the event was a great success. Participants spoke with real estate agents and specialists from banking institutions, mortgage companies, apartment management experts, and leaders from County and State housing agencies. As adults learned about rental and for-sale housing opportunities in Howard County, 81 youths—our largest number of young attendees to-date—played games, received face paintings, decorated a cardboard community, and attended a story-time on fair housing.

This year's educational sessions were filled to capacity as attendees learned about the necessities of buying a home, strategies to improve credit, the latest available loan programs, energy-saving tips for Smart Energy appliances, and sustainable landscaping techniques. As usual, the Fair culminated with the highly anticipated grand prize drawing of a home. This year's housing lottery winner, Casey Madairy, walked away with an Elkridge townhome to be purchased for \$187,191. Madairy, a Howard County public school chemistry teacher, and his family were overwhelmed. Thanks to all Housing staff members and volunteers who worked hard to make this year's Fair a success for attendees seeking to learn more about the opportunities of living in Howard County.

HOWARD COUNTY WORKFORCE DEVELOPMENT YOUTH JOB FAIR

The Outreach team was among several dozen area employers who participated in the County's Workforce Development Youth Job Fair, held at the Sheraton Hotel in Columbia in April. More than 250 students and young adults (some with parents and family members) attended and inquired about summertime and permanent employment opportunities. During the Fair, Outreach connected with more than 50 parents of young job seekers and shared information on the Department's MIHU program and its available rental and for-sale properties. Attending this event yielded strong potential to educate area residents about the MIHU program.

HOMEOWNERSHIP WORKSHOP

This month's Homebuyer Education Workshop is scheduled for Monday, May 16, 2016, from 6-9 p.m., at the Columbia Gateway building. Pre-registration is required. The Department's website provides ongoing workshop dates through 2016 and FAQs.

MIHU WORKSHOP

The next open enrollment month is July and a workshop will be scheduled at that time. April is an open enrollment month. Staff is available to partner with builders and non-profits to present MIHU workshops throughout the year. Interested partners or applicants should visit our website or call 410-313-6343 for more information. Staff continues to search for opportunities to promote MIHU and homeownership informational sessions to employees of businesses in the County.

Attachment: MIHU Report
