



Takoma Park City Council Meeting – July 1, 2024 Agenda Item 10

Work Session

Presentation on the general framework of housing policy for the City of Takoma Park.

Recommended Council Action

Receive and provide feedback and direction on follow up topics or policies to be brought forward to Council for discussion and consideration.

Context with Key Issues

In 2019, the Takoma Park City Council approved the Housing & Economic Development Strategic Plan ("Strategic Plan") in Resolution 2019-47. The Strategic Plan was the culmination of three years of research, community engagement, Council discussion, and staff planning to outline priorities for the Housing & Community Development Department (HCD) for the next decade. The Strategic Plan process involved a review of existing conditions with an exploration of the strengths and weaknesses. The Housing Division implements this through its mission to *"Ensure quality housing for all residents through the preservation of affordable housing; the production of a diversity of housing types; facilitation of positive landlord-tenant relations; the enforcement of City housing law."*

Housing Context

Takoma Park has one of the more unique housing contexts in the country. The City is typified by older housing units, high home values, and significant affordable housing. The implementation of rent stabilization over 40 years has successfully kept median rental costs down in a highly desirable metropolitan housing market. Most housing in the City was built prior to 1960, and less than 5% of the housing in the City was built in the past 20 years. The City is roughly half renters and half home owners, with a median sales price of roughly \$791,000 (as of April 2024) and median monthly rent of \$1,275 (compared to the County's \$1,957). Roughly 40% of the homes for rent in the City are deed restricted for affordable housing. Table 1 provides a brief summary of the City's housing market in comparison with Montgomery County

Table 1.

	Montgomery County	Takoma Park
Housing Units	403,643	7,189
Owner-Occupied Unit %	65.5%	51.3%
% of Units Built Since 2000	18.9%	3.9%
Median Owner-Occupied Unit Value	\$588,900	\$685,000
Median Mortgage Cost/Month	\$2,843	\$3,085
Median Gross Rent	\$1,957	\$1,318

Source: US Census, 2022 ACS 5-Year Estimate

A Housing Policy Framework

Some challenges the City faces with housing is aging buildings, rising home prices, and few opportunities to access the “ladder of housing opportunity” – being able to move to housing that fits a household’s needs as residents grow up, have families and retire. Policies the City adopts can affect these challenges and can also create new ones. These tradeoffs are categorized around three broad concepts:

- Housing Choice;
- Housing Stability;
- and Housing Quality

Housing Choice focuses on the ability for residents to choose and find housing that fits their life situation. A community with strong housing choice has affordable, entry-level options for residents, but also a diversity of housing typology, price points, and conditions (rental, homeowner, bedrooms, special group housing). While all jurisdictions always need new and affordable housing, Housing Choice also provides considerations for the types of housing a community needs. Indicators of housing choice include the homeownership rate, new homes built, and the housing typology present in the City. While the City cannot directly control what gets built and does not control zoning and land use, it can influence the type of housing through financial incentives for housing production and acquisition (tax credits, grants, and loans). Additionally, the City can collaborate with the County to identify what types of housing are best suited and work with property owners to identify locations for new housing and help encourage high quality housing opportunities.

Housing Stability is concerned with the ability of residents to stay and remain in their community. This means providing protections against price gouging, assistance to individuals who may fall behind on their mortgage, rent, or utilities, and providing renters with rights to ensure they are not forced out of their home unjustly. Measurements include the eviction rate, tenure rate for both renters and homeowners, and foreclosure rate. In this area, the City has taken a nationally recognized approach, through the City’s Rent Stabilization Ordinance, Commission on Landlord Tenant Affairs (COLTA), Tenant Opportunity to Purchase Program (TOPL), and the Emergency Assistance Program (EAP).

Housing Quality is ensuring that the housing in Takoma Park is safe, healthy, and does not leave residents with inadequate amenities, heating, water, power, or comfort. The City can measure this through code enforcement Cases (for both City Code Enforcement and County Code Enforcement). The City through its rental licensing program can enforce the property maintenance code and cite properties failing to abide by the code. Furthermore, incentives such as the Multifamily Building Improvement Grant (MFBIG) can provide rewards to homeowners who aim to make significant upgrades which move towards energy efficiency and decarbonization.

Housing Policy Decision-Making

Any policy adopted will have impacts on these three concepts, both positive and negative, and it is the goal of any healthy housing policy to find the right balance between the three. For example, a policy to improve housing stability by mandating required right-to-return for all residents may have a positive impact on an individual resident's ability to stay in the community, but may also have adverse effects on housing quality and choice by disincentivizing or making investment in existing and new housing infeasible. Explicitly, the 2019 Housing & Economic Development Strategic Plan strives for balance between these three concepts with focuses on Preservation, Production, and Protection. Additionally, all policy choices must be viewed not only through the ability of the City to take a particular action, but also through the direct and indirect impact of that action on other housing stakeholders. While no policy can guarantee a particular outcome along the spectrum of stability, choice, and quality, an informed analysis of a policy when viewed in concert with the total housing strategy of the City can give a reasonable indication of how it will impact the overall housing market.

In line with Council priorities over the past several decades, HCD and the City have strived to keep a balanced approach, but err more often on the side of protecting housing stability over choice or quality, particularly for renters in the City. However, the City faces some challenges with encouraging greater choice and ensuring quality housing in the past years. While the City's median rent has been kept much lower than the County, other factors of housing quality and choice, such as unit crowding, unit tenure, housing burden, and unit production have either stagnated or remained fairly constant with the County. Within this context, HCD is preparing next steps around priority recommendations of the Strategic Plan that will help balance the City's holistic housing policy. Some of these may include:

- Provide support for multifamily buildings that include housing affordability protections for a majority of their units through direct or indirect government assistance such as Payment in Lieu of Taxes (PILOT) agreements, grants, tax credits, etc.;
- Pursue grant funds, incentives and partners that can facilitate residential building improvements such as upgrading or replacement of major systems (e.g., mechanical, electrical, HVAC or plumbing), windows, elevators, interior and exterior materials, universal design elements, lighting, landscaping and aesthetics
- Provide support to property owners and business owners through means such as grants and tax credits to allow such owners to maintain their property;

- Encourage and facilitate the creation and expansion of housing types that are under-represented in Takoma Park, or in a particular section of Takoma Park, and desired by existing and new residents of various incomes, needs, abilities and family configurations;
- Encourage moderate and higher density development and redevelopment through means such as supporting applications during the development review process and providing or encouraging financial assistance for projects.

Staff intend this presentation to be an initial conversation around this framework, and bring forward policies and programs based on the feedback heard from Council. Staff intend to have a follow up discussion around policies and programs for production, preservation, and rehabilitation. This includes a discussion of current incentives, some proposed incentives, and a broad overview of how housing and affordable housing are funded. Staff can bring additional discussions forward based on Council feedback and direction.

Council Priorities

Engaged, Responsive, Service-Oriented Government; Community Development for an Improved and Equitable Quality of Life

Environmental Considerations

The work session has no direct environmental considerations. Future housing policies should continue to be viewed in line with the Housing & Economic Development Strategic Plan, which emphasizes environmental considerations and the City's Sustainability Plan in promoting housing development and rehabilitation.

Fiscal Considerations

Housing Policies and Programs are funded through the FY25 Budget approved by the City Council. Projects financed through the Housing Reserve Fund would be brought forward for Council consideration.

Racial Equity Considerations

According to the 2021 American Community Survey five-year estimates for the City; 83% of renter householders are Non-White, while owner households are 76% White. Roughly 10.9% of households in the City speak limited English. The Housing & Economic Development Strategic Plan further emphasizes the need to implement and enforce antidiscrimination and race equity provisions in City housing policy.

Attachments and Links

[Housing and Economic Development Strategic Plan](#)