

Minutes of the Affordable Housing Council

Tuesday, February 7, 2017

2:30 pm to 4:00 pm

Bernard W. Brown Community Center
629 N. Market Street, Frederick, Maryland

Meeting was called to order at 2:30 pm.

Council members present: Bruce Zavos, Chair; Mark Long, Sec; Kandy Joseph-Alexander; Jason Wiley, Mary Ellen Mitchell, Larry Johnson, Kimberly Ashkenazi, Angela Brinkley Morris, Jay Mason

Public Officials/Staff Liaisons Present: Jessica Fitzwater, Frederick County Council; Milton Bailey, Director of DHCD.

Guests: Sarah Nelson, Housing Program Manager at DHCD; Kathy Mitchell, Assistant County Attorney; Tiffany Green, Frederick Housing Authority; Kellye Murphy, Frederick County Bank; Hugh Gordon, IHA; Nancy Lavin, Frederick News Post

Council members absent: Katie Nash

CONSENT AGENDA:

A change in the order of the agenda was approved. Discussion of AHC Vacancies was moved to the first item under New Business.

The minutes of the January 10, 2017 meeting were approved without changes.

LIASON REPORTS: County Councilwoman Jessica Fitzwater highlighted that the County Executive was in the process of creating the county budget and it is to be presented to the County Council in April. If the AHC has any funding requests, the AHC should make them known to the CE in the near future.

Jessica also stated that she has been researching **Payment In Lieu of Taxes (PILOT)** for affordable housing projects. This may lead to legislation to standardize eligibility criteria and process for approval of PILOT.

OLD BUSINESS: Policy Discussion – Moderately Priced Dwelling Unit Payment In Lieu Program. Discuss possible changes to previous AHC recommendation of January 10.

In the course of working with and examining the methodology used by HR&A consultants for their proposal regarding the MPDU PIL fee, Milton found some faulty assumptions in their methodology. Consequently, Milton reworked the calculations with new assumptions and new data which resulted in a different and substantially lower fee from that recommended by HR&A. The new calculations resulted in the PIL fee becoming \$26,500 for un-built MPDU units

and \$3,312.50 per unit in the development. Milton presented the new calculations and rationale for this methodology to the AHC.

The consensus of the council was that the new calculations appeared to be sound and defensible. It was also expressed that although the AHC wants to see an increase in funds for affordable housing, there was concern that the previously recommended fee may have been overly burdensome to the development community and possibly counterproductive. There was general consensus the newly devised fee level was more fair and palatable.

After discussion, Mark Long made the following motion with a second by Larry Johnson;

"The Affordable Housing Council generally supports the recommendation of HR&A Consultants, regarding the MPDU PIL fee, as stated in the Affordable Housing Needs Assessment dated November 2016. In addition, the Council recommends making adjustments to HR&A's MPDU PIL fee calculation to reflect updated data and 2017 conditions, per DHCD staff report. This would make the new PIL fee \$26,500 per MPDU or \$3,312.50 per dwelling unit in the development. This fee will be reexamined triennially and re-adjusted as necessary, per current data."

Motion passed with 6 Ayes, Bruce, Mark, Larry, Angela, Mary Ellen, Jay; and 3 Abstentions, Jason, Kimberly and Kandy.

NEW BUSINESS:

Vacancies: Bruce noted that there were currently 3 vacancies on the AHC; 2 At large and 1 Private Industry. Plus, the following terms expire June 30, 2017; 2 At large (Angela Brinkley-Morris, Larry Johnson), 1 Private Industry (Bruce Zavos), 1 Housing Consumer (Jay Mason), 1 Non-Profit (Katie Nash). Everyone with terms expiring has the option of continuing on the AHC for another term, if they wish, with the exception of Larry Johnson. Larry, however, has the option of continuing to serve until his position is filled, if he wishes to do so. The County Executive's office will be advertising for applications for the AHC in the weeks ahead.

Consider Uses of PIL Funds: At the beginning of this discussion, Mark Long made a statement on behalf of himself, Bruce Zavos and Mary Ellen Mitchell. Mark stated that the three of them have connections to Interfaith Housing Alliance (IHA)(Bruce and Mark are BOD members and Mary Ellen is staff), and that IHA has been a recipient of PIL funds. It was noted that this could potentially be perceived as a conflict of interest if Mark, Bruce and Mary Ellen take part in discussions about the use of the PIL funds. Mark went on to state,, that the three of them did not consider this to be an actual conflict of interest, however, because there is no direct line between the allocation of the funds and any of them as individuals. The distribution of PIL funds would not benefit any of them personally. After Mark's statement, Kimberly Ashkenazi, who is an employee of PIRHL, also pointed out that PIRHL is often a development partner with IHA on many projects. No objections were raised by any AHC members about Mark, Bruce, Mary Ellen or Kimberly participating in discussions regarding the use of PIL funds.

After that disclosure, discussion ensued regarding the Uses of PIL funds. A variety of observations, thoughts and suggestions were offered. Several people, perhaps most of the council, agreed that the AHC should take a more active role in the future for making recommendations regarding PIL funds use. One or more suggested having groups come before the council to make their cases to be recipients of the funds.

It was pointed out that the purpose of the original MPDU ordinance of 2002 was to ensure creation of “moderately” priced homes, and the question was raised as to whether or not providing funds for homeless services is in harmony with that purpose. In other words, should MPDU PIL funds go to homeless services? This will require more thought and discussion. Mention was made that other areas have a dedicated coordinator for homeless services, and that it may be beneficial for Frederick County to move in that direction. Of course, that will require funding.

There was some discussion about alternative sources of funds, both for affordable housing and homeless services. One source could be recordation fees. It was pointed out that given the national situation, Low Income Housing Tax Credit (LIHTC) funding may not be as readily available in the next few years as in past years, and it may be necessary to look for other funds to replace that source.

No conclusions were reached about uses for the PIL funds and more discussion will take place at future meetings.

Discussion of other Recommendations from Housing Study: The Council did not get to this agenda item, but a hand out was passed out with some of the recommendations made by HR&A that the AHC could consider endorsing. The first item on the hand out referenced the **PILOT**. As was noted under Liaison Reports, Councilwoman Jessica Fitzwater is already researching this.

Meeting was adjourned at 4:00 pm.

Submitted By Mark Long, AHC Secretary

Next meeting will be the regularly scheduled meeting on March 7.