

Leggett targets high housing costs with tax break, impact fee ***Task force also ponders streamlining development rules***

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Montgomery County's first-time homebuyers could see a property tax break while commercial developers could pay a new impact fee as part of County Executive Isiah Leggett's plan to provide more affordable housing.

He has also proposed streamlining some regulations and selling bonds to make a 40 percent increase to fund the county uses to buy properties for affordable housing.

Leggett's proposals were the culmination of a study by a task force he formed in February 2007. The 40-member group, which comprised housing experts, developers, community members and government officials, released a 74-page report Friday.

"It is critically important to provide housing opportunities to families and individuals of all income levels," said Leggett (D). "It makes us a better, more vibrant and a balanced county."

Rick Nelson, director of the county Department of Housing and Community Affairs and co-chairman for the task force, said the trick now is putting the words into action.

"We've come up with some good ideas to supply affordable housing," he said. "But we need to find a way to make them a reality."

The task force report lacked some specifics; it did not suggest an amount for the impact fee, for example. But Leggett said he will outline his plan in four or five pieces of legislation he will present to the County Council. The bills will be introduced in the next few months, said Mary Anderson, a county spokeswoman.

"Our work force lives in West Virginia, Pennsylvania and the outskirts of Maryland," said Council President Michael J. Knapp (D-Dist. 2) of Germantown, who agrees with Leggett's proposal. "Now is the time to take action. All of our work force should live here."

Of the 8,689 full-time workers employed by the county government, 43 percent live outside the county, said Donna Bigler, a county spokeswoman.

As the cost of housing in Montgomery County rises, the people who work in the county can no longer afford to live in it, said Leggett, in a speech Friday at the 17th annual Affordable Housing Conference in North Bethesda. In an effort to retain county employees, Leggett proposed temporarily reducing property taxes and other fees associated with purchasing a home in Montgomery County.

Anderson said Leggett will work on the specifics of the plan over the next few weeks.

While Leggett was running for office in 2006, he outlined many of the suggestions seen in the report, including the increase in the Housing Initiative Fund and the tax credits for first-time homebuyers. Three months after he was inaugurated, he established the task force.

While Leggett stressed the importance of homeownership, he also said there is a need to retain and improve affordable apartments and condominiums. He outlined new construction of affordable units in Olney, North Bethesda and Rockville, and preserving existing low-cost units.

Development deals with the county are being finalized for 117 mixed-income units — 60 percent of units would be sold below market rate — on Bowie Mill Road in Olney, as well as 80 units of affordable senior housing on Fleet Street in Rockville.

Within the past year, Housing and Community Affairs has also assisted HOC in purchasing 49 two- and three-bedroom apartments in Rockville's King Farm, which will be sold as affordable housing to county residents.

According to the HOC, more than 20,000 households are on the county's waiting list for some type of low-income public housing.

The county has 69,000 apartments and condominiums in buildings of 12 or more units; 27,000 of them are labeled as affordable, Anderson said. Affordable means a household making less than 50 percent of the median household income in the county — \$98,000 — would dedicate 30 percent of its income toward housing.

While Anderson said no goal is set for the number of units Leggett is hoping to create or refurbish, she said he will be basing his plan off the county's Housing Policy, adopted in 2001. In that plan, the county worked to create 1,160 new affordable units per year and preserve another 1,700 units.

Also tucked in the plan is a measure to allow accessory apartments — small apartments attached to homes or garages — to be approved without a special permit, as is currently granted by the county's hearing examiner.

Jim Humphrey, planning and land use chairman for the Montgomery County Civic Federation, said that while the federation supports some of the goals set forth by Leggett, that is not one.

"This is just a dreadful idea," he said. "Of all the citizens across the county we spoke with about this, not one who got an exception thought it was expensive or time-consuming. To take this step out of the process is terrible."

To pay for the new measures, Leggett proposed a nearly 40 percent increase in the county's Housing Initiative Fund, from \$39 million to \$54 million. Through the sale of county bonds, he hopes to raise the total to \$80 million within the next year and \$100 million within two years.

Leggett is also proposing an Affordable Housing Impact Fee, which will be levied on new commercial development, including office and retail space. The fee, which has not been determined yet, will be based on the square footage of each development.

Even without any specifics, real estate executives were wary.

"I think that's a barrier for the developer. ... If there's a fee it will prevent people from buying the land and doing any kind of development," said John Lin, president and CEO of CapStar Commercial Realty. "For a developer if they can't get over that first hump, having a fee, they might decide not to do any building at all."

Kevin Maloney, president and CEO of Maloney & Metz, a commercial real estate services company, said he didn't think it was fair to tax the commercial building industry to pay for affordable housing.

"I think it's piling on ... it's taxing anywhere they would like to tax," said Maloney, chairman of Bethesda-Chevy Chase Chamber of Commerce.

To learn more

To view a copy of Montgomery County's Affordable Housing Task Force Report, visit www.gazette.net/links