



## Howard County Citizens Association

*Since 1961...*

*The Voice Of The People of Howard County*

Date: 17 June 2019

Subject: **CR96-2019**

My name is Alan Schneider. I am a Board member and officer of Howard County Citizens Association. I am authorized to testify for HCCA. CR 96-2019. HCCA strongly supports affordable housing, but vigorously objects to CR 96-2019.

Proposed CR 96 is defective. Required information is missing. It authorizes a reduction of county revenues without a complete fiscal analysis; which is crucial when county revenues are declining and expenses are increasing. Approval would endorse a policy which benefits LLC's and unknown owners; a violation of transparency. Approval makes the real problem worse; it lacks any provisions to protect abuse and injustice to renters. Amendments would not be enough to support and protect those needing affordable housing, as well as to protect Howard County citizens and its elected officials.

Defective. Supporting documentation is missing. The Administration Testimony attached to CR 96 is testimony for CR 97. What's going on? Without supporting analysis clearly pertaining to CR 96, the legislative session on CR 96 should be restarted, if reintroduced, to establish a good public record evidencing that affected parties and the public had adequate time for review and input. "Start over".

Incomplete information. Even if the Administration Testimony for CR 97 is applicable to CR 96, the data provided is incomplete, even if there was a complete fiscal and policy analysis. Data supporting the required criteria is missing. See the Administrative Testimony. Jeff Bronow's May 31, 2019 memo to Carl Delorenzo stated that 4 criteria are **required**. However, information, without analysis, was provided on **only two** of the four criteria. (See paragraph 3 of his memo.) Forwarding Jeff Bronow's memo to Council Chairperson Christiana Rigby, the administration states that data for criteria # 4 is provided from an excerpt from a 2018 Howard County Housing Study. Only two pages of the study are provided.

What was the purpose of the study? It was to assist in "monitoring trends". It was NOT a study to evaluate alternative solutions with more favorable outcomes, including options successful in other jurisdictions. Incomplete information can be highlighted by a few technical issues including:

- a) Captions are missing. Mr. Bronow's memo captions in bold type "Criterion 1" and "Criterion 2". Missing are any pages with captions for Criterion 3 and Criterion 4.
- b) Relevant discussion is missing. The excerpt begins on the page after the chart showing page number 105, after that begins the next page, Survey page 82 marked as "RP/RG" in the upper right hand corner: "estimated 1,692 senior households aged 62+ with incomes below 30 percent of area median income, representing a penetration rate of just 9.2 percent....."

No Public Funding Analysis and Oversight. The proponents expect public financing in the amount of \$12,934,467, and \$1,875,000. (See page 1 of the Carl Delorenzo memo.) If Howard County provides financing, its oversight and enforcement responsibilities are not in the Agreement submitted for approval. Safeguards are lacking. Follow up oversight is missing. Who benefits? Getting a number of low rent units is not enough.

**Following are additional, substantial problems:**

No Howard County Authorized Protection of low income renters. The Agreement does not provide Howard County administrators with any authority to require information from the LLC, nor does the Agreement provide Howard County with any rights to add or modify provisions to rental agreements protecting the health and safety of renters. Landlords and their legal experts are income and profit driven. The County Council can embrace transparency by requiring anyone getting financial assistance, such as Payment in Lieu of Taxes, to provide financial information about the individual owners. The requirement for transparency needs to include the same information from the owners and affiliates of LLP's, LLC parent, the owners of the parent and each affiliates, and all such information from any successor or transferee. Embrace and require transparency. It is customary and reasonable, as banks do, to require verifiable financial assurances, and guarantees, from the owners of the limited liability corporations.

No Rental Agreement Protection for low income renters. Low income renters need help. In return for the requested financial support, the Agreements provide no authority for Howard County to add, modify, or enforce rental agreements. Generally, renters are given no ability to negotiate rental agreements created for maximum benefit to landlords. In exchange for its financial assistance, Howard County should include strong provisions in the Agreements giving Howard County over rental agreements for all of the units in the proposal.

No provision in the Agreement requiring low income housing for at least 40 years. The Agreement submitted for your approval has no provision for a 40 year commitment. However, on page 2 of Mr. Delorenzo's memo it states that there is a 40 year commitment. However the 40 year requirement is not found in the submitted Agreement. Note that the PILOT Covenants in section 3 (c) of the proposed Agreement state that HUD agreements are binding only until 2025. CR 96 should contain a provision that the low income housing requirement is perpetual, that the 80% formula is a minimum, and that "affordability" shall be further defined by affordability professionals.

No provision to resolve changes in affordable housing over the next 40 years. A forty year view (Delorenzo memo p.2) is before the Council for evaluation. Note that many changes have occurred over the past 40 years. Known and unforeseen changes are occurring more rapidly. The Agreement must include authority for the Council to amend the agreement to resolve changing public needs. Citizens hold elected officials responsible for problems which should have been avoided. Problems exist and contract provisions must be included to protect against liability for damages, a few of which are dilapidated housing, renters who do not have money or incentive for repairs, increased crime in low income areas, the problems arising from the ability of commercial landlords to take advantage of renters. The Agreement does not protect renters or Howard County officials.

No Plan is Proposed for Resolving the Affordable Housing Problem in Howard County. Affordable housing in Howard County is a priority and an important objective. What is the goal? Options exist but were not discussed, reviewed or evaluated in Administrative Testimony for CR 96: it the Council's job to evaluate policies. Encouraging *home ownership* has been favored as more beneficial than renting. Prioritizing home ownership has been successful in other jurisdictions. Home ownership has been connected with greater economic benefits to businesses, hospitals, and the community. Howard County's resources are limited. What if payments in lieu of taxes were opened up to all first time home buyers who hold jobs, or offered jobs, in Howard County? Such plans would be supported by corporations seeking to attract workers to Howard County. Such plans benefit individuals, businesses and the County, instead of favoring profit driven landlords driven to maximize income and profits. CR 96 misses the goal. Long range planning requires articulating the entire vision which would focus on the pros and cons to individuals, the public and the economy. Proposals to approve Payment in Lieu of Property Taxes could achieve the vision of affordable housing in Howard County. More information and evaluation is needed.

Discrimination Problem. If the Council approves Payment in Lieu of Taxes for landlords accepting HUD vouchers, then Howard County would be guilty of discrimination if it did not grant similar Agreements to all corporations accepting housing vouchers, or receiving HUD financing. There is no Fiscal Analysis of this problem. A thorough, complete fiscal analysis is essential. All proposed state legislation requires a comprehensive, thorough financial impact report. CR 96 requires a more comprehensive financial impact report by an independent third party; costs can be borne by the LLC proponent.

Problem with Defining Payments to Howard County. Section 5 (b) provides for payments to the County from "Surplus Cash". The Agreement does not adequately define "surplus cash" nor does it enable Howard County to audit expenses for "reasonableness". There is currently no definition of "reasonableness" that would provide limitations on "reasonable" payments for management fees, payments for asset management fees, payments to the corporate owner of the LLC, payments to individual owners of the LLC or its parent, or payments to service providers who may be affiliated with the LLC or its parent company. Compliance and enforcement is omitted from the proposed Agreement.

Ethics requirements. Disclosures of campaign contributions are required in other contexts. Even if it is not a code requirement here, it would be part of the need for transparency and campaign financing reform. Note that Delegate Warren Miller introduced an ethics bill in the last legislature regarding campaign contributions by project developers and affiliates. CR 96 should require identification of all campaign contributions in the last 4 years.

Please initiate a search for an independent attorney who could be an effective advocate for low income renters to assist them in resolving the multiple problems with the proposed low income housing Agreement. I've heard that many such attorneys provide pro bono services.

Alan Schneider  
HCCA Board of Director