



# HCCA

**Howard County Citizens Association**

*Since 1961... The Voice of the People of Howard County*

Date: 17 November 2020

Subject: **HoCo 12-21 Elimination of MIHU Fee-In-Lieu**

The Howard County Citizen's Association is in full support of this legislation to eliminate fee-in-lieu of moderate-income housing units and thanks Delegate Atterbeary for sponsoring this. We think that eliminating this fee is key to increasing the availability of affordable housing in Howard County.

At this year's budget vote, it was revealed that the county pays north of \$250 per square foot to provide affordable housing, while developers pay \$2.67 per square foot in fee-in-lieu. In 2013, the fee was at an arbitrary value of \$2.00 per sq. ft and pegged to a regional construction cost index. This change led to a situation where just three homes were subject to fee-in-lieu in 2009 to 261 in 2013.

Meanwhile the county's affordable housing needs continue to increase as the county misuses its existing MIHU dollars on facilitating projects to benefit developers. Frankly, if fee-in-lieu is not eliminated, then those who oppose eliminating this fee should stop complaining about lack of affordable housing.

The practical and pragmatic purpose of these fee mechanism is obvious. Businesses need flexibility. For example, if a developer wants to build 50 million-dollar homes, it is unrealistic to expect that builder to make some of those million-dollars homes affordable. Unfortunately, developers have taken advantage of this good-faith effort to provide flexibility to exacerbate these affordable housing deficits.

Simultaneously, the county, as a counter-party has allowed them to take advantage of the fee structure, by setting the fee at an arbitrary rate of \$2 per square foot.

Accordingly, what was designed to be a pragmatic approach to help business owners has led to serious adverse economic consequences.

In an ideal world where the county is a competent counter-party and the developer is operating in good will, I would suggest a mechanism where an approval for higher fees – in the two to three hundred dollar per square foot range – be allowed if the county council takes up each project on a case-by-case basis. Because that would be a win-win. But this is not an ideal world and any economic benefit that would be realized by both parties is significantly diminished by the cost to the county when such loopholes exists.

I know some will employ the old tactic of equity and how it will adversely impact affordable housing. But, we are currently operating in the regulatory environment where the benefit of this fee structure should be realized and we don't see it.

We urge passage of a clean bill. No loopholes. No exemptions.

Hiruy Hadgu  
HCCA Board of Directors