MCPB
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Long Branch Sector Plan, Worksession 4

MW Melissa Williams, Senior Planner, Area 1, Melissa.williams@montgomeryplanning.org, 301-495-4642

Valdis Lazdins, Planning Chief, Area 1, valdis.lazdins@montgomeryplanning.org, 301.495.4506

John Marcolin Planner Coordinator, Urban Design, Area 1, 301.495.4547

Tom Autrey, Supervisor, Transportation, Functional Planning & Policy, 301.495.4533

David Anspacher, Senior Planner, Transportation, Functional Planning & Policy, 301.495.2191

Tina Schneider, Senior Planner, Environment, Area 1, 301.495.4506

Clare Lise Kelly, Research and Designation Coordinator, Historic Preservation, 301.563.3402

Charles Kines Park Planner, Parks Department, 301.495-2184

Completed: 3. 28.13

Description
Presentation of expanded Long Branch Sector Plan affordable housing analysis and discussion of testimony

Board Decisions
- Approve revised language for Phasing recommendations
- Approve Plan strategy to address affordability

Upcoming Work sessions
- April 11th
  - Affordability (if needed)
  - Land Use and Zoning
- May 9th
  - Land Use and Zoning (continued)
  - Parks
  - Environment
  - Transportation (tbd)
- May 16th
  - Urban Design Guidelines
- May 23rd
  - Urban Design Guidelines (continued)

Phasing – Discussion deferred from March 21st work session

After considering comments by the City of Takoma Park and the Housing Opportunities Commission's requests for changes in phasing, the Board expressed concerns that the current approach may limit development potential in an area that needs revitalization. The Board agreed with Staff's recommendations to move sites #3 and #4 into the Interim Development phase, but further asked Staff to draft language that would allow the development of sites, upon meeting certain conditions, in the Long Term phase before the full funding of the Purple Line is in place.

Staff Response:

The original recommendation can be found on page 39 - "Commercial properties will be rezoned to an appropriate CRT Zone and will be phased through two Sectional Map Amendments to minimize residential displacement and the loss of affordable housing, to leverage public investments, and to encourage infill development with a maximum 3.0 FAR and heights ranging from 36 to 60 feet"

Staff proposes the following addition:

"As retaining affordability remains a primary Plan goal, sites that are designated for the Long Term phase may be developed during the Interim Development phase as long as a minimum 20% MPDUs are provided and development is consistent with the Plan's ultimate vision."

Board Response – March 7th:

The Board requested Staff prepare language to allow for the development of affordable housing, other than just MPDUs. Staff was further asked to work with DHCA and HOC to accomplish this. Staff is having ongoing conversations with these agencies as part of the larger affordability discussion and anticipates that final language will be available at the March 21st work session.

<u>Staff will present this language at the April 4th work session.</u>

Affordable Housing

Long Branch is a transit dependent community comprised of older/aging building stock. It has had very little new development within the past 50 years and as a result still retains much of its physical character with many buildings pre-dating Montgomery County's current zoning and development standards.

Age of the community notwithstanding, it has remained an attractive and affordable gateway community with a thriving commercial core of small businesses that serve the area's large immigrant population. These businesses combined with the community's affordability, efficient transit service, proximity to major employment centers and access to centrally located schools and other public facilities make Long Branch a desirable place to live and a much needed asset for the County.

Throughout the planning process, Staff received input from residents and other stakeholders offering support for the Purple Line and an expressed desire for development. However, there was also concern that existing residents and small businesses could be displaced as a result of gentrification. Staff acknowledged these concerns in the Plan and provided the following recommendations:

- Retain community affordability
- Strengthen code-enforcement efforts
- Incentivize reinvestment
- Encourage diverse housing choices

These efforts were to be accomplished primarily through the Plan's land use and zoning recommendations. Staff also prepared the Long Branch Affordable Housing Analysis to provide baseline information for the Plan's zoning recommendations. The primary focus of this analysis was the Flower Branch, Piney Ridge/Goodacre and Fox Hall apartments (the Board requested a broader geographic analysis at the March 7th work session).

The initial analysis determined that implementing the Purple Line and the Plan's proposed redevelopment strategy could impact the market value; thereby increasing rents and potentially displacing lower-income residents. To address this, the Plan recommended the following strategy:

- Phased Zoning with the garden apartment being rezoned after full-funding of the Purple Line
- 15% MPDU requirement for all new construction

Staff believed that the properties (Site #1 and 2) would develop prior to the Purple Line and provide a reservoir of MPDUs prior to the potential redevelopment of Sites #9, 10 and 11. These recommendations reflect Staff's best efforts to balance the need for redevelopment in Long Branch against the desire to retain affordability and prevent displacement.

<u>Testimony</u>

City of Takoma Park –Resolution 2013-6

"…the Council is concerned that affordable housing be maintained for residents in the Long Branch area and strongly urges the County Executive and County Council to allocate funding for affordable housing preservation and development in the Long Branch area."

Montgomery County Executive Staff – (Letter, January 31, 2012)

"Staff is pleased to see language that increases the percentage of Moderately Price Dwelling Units (MPDUs) throughout the optional method development. The Department of Housing and Community Affairs already performs enhanced code enforcement of the Long Branch area (page 24). Over the past 10 years, DHCA has dramatically reduced complaints through its enhanced enforcement and education efforts…"

Tony Hausner, resident – (letter, January 31, 2013)

"…since there is a relatively high percent of low and moderate income immigrant families in Long Branch who benefit from a sense of community, there is a great need to maintain the current level of affordable housing and without significant increases in rents. The Plan does the best job possible using the current available tools. However the County needs to develop new policies to address these issues…"

Staff Response

Staff agrees that additional tools are needed to address these issues but was limited in its ability to provide recommendations beyond land use and zoning.

Cheryl Cort, Coalition for Smarter Growth – (letter, March 6, 2013)

"The Plan provides a useful analysis of anticipated trends in housing, showing increasing rents of low-priced rental housing with or without the Purple Line, but the loss of a substantial number of market affordable units in the redevelopment scenario envisioned by the Plan. Under either scenario, greater commitment by Montgomery County government is needed to preserve and expand housing opportunities for low and very low income households in the area…The sector plan relies almost exclusively on MPDUs as the response to maintain affordable housing in the area, while acknowledging much more needs to be done. We commend the 15% requirement; however this standard falls short in a number of ways…we suggest creating a new 20% set-aside standard that offers additional FAR and height.

Overall, we appreciate the efforts of this plan to anticipate and guide change. We remain concerned however, that this plan and a coordinated response with the County is falling significantly short of addressing the housing needs of low income families in the area. We ask the Planning Board to reconsider the tools it can leverage, as well as coordinate a better response with the County which can provide resources and programs to address housing and small business needs. "

Greg Baker – Montgomery Housing Partnership (Testimony – Public Hearing, January 31, 2013)

"With respect to affordable housing, we feel that the Plan could propose a more robust set of policies to bolster and preserve existing housing as well as proactively plan for future housing in light of private market development pressures that may change the affordable housing landscape once the purple line is built. We feel, for instance, that the 15% MPDU dedication, pursuant to the optional method, could actually be higher, 20% for instance, when near transit lines.

We feel that a dialogue is needed between the public and private sectors to determine the elasticity of the 15% number, particularly if there are incentives that can be offered to make this more feasible for the development community…in-fill development, land trusts, land banking equity funds, no net loss of affordable housing policies, public-private partnerships, working with faith-based institutions, low-or no interest loans to property owners for home improvements in exchange for affordable housing setasides. These are just some of the methods and strategies used by other jurisdictions throughout the Country to preserve and protect affordable housing."

Zoraiyda - CASA de Maryland (Testimony – Public Hearing January 31, 2013)

"…the Plan fails to properly address the affordable housing crisis. The Plan states that "redevelopment will result in the losses of 882 existing units affordable to low to moderate income households." The only affordable housing recommendation this Plan offers is the MPDU program. But more importantly, the MPDU program only helps in the circumstances of new construction. There are no protections in place for existing rental units to stop steep rate hikes.

As a solution, CASA offers 5 recommendations

1. The creation of an affordable housing preservation plan
2. Manage and develop intervention purchase programs for properties in Long Branch, including single-family and multi-family properties. The County should commit to target its resources and focus on investing in the Long Branch community to ensure long-term affordability
3. Increase the percentage of MPDU units recommended
4. I know this is a hot issue, but rent stabilization
5. Make Long Branch revitalization efforts a model for the County Executive's pledge to no net loss of affordable housing."

George French – resident (letter, January 31, 2013)

"I reject the notion that rents can be controlled by construction of new higher density apartments with minimal MPDUs in the place of already existing affordable apartment communities. This would cause wholesale displacements as the Staff housing analysis predicts, resulting in the net loss of 640 affordable units. Separately, the advent of the Purple Line could result in a 30% increase in rental rates … officials have an obligation to find a mechanism for keeping residential and business rental affordable. This could be in the form of extending Takoma Park's rent stabilization policy to Long Branch or to enforce mandatory rent increase guidelines set by the County Executive, or a serious new percentage of new MPDUs, or some other effective means of rent control"

Lindolfo Carballo – Fair Development Coalition (Testimony, January 31, 2013)

"In the Plan, there is no protection proposed for current tenants, no protection proposed for current small businesses, very little safe measures to come to both proposed town centers. According to the Montgomery County Planning Department, if private developers decide not to use the MPDU program after the Purple Line is built; there will be a net loss of market-rate affordable housing, which is going to be about 180 apartments…What our Fair Development Coalition is asking for is a commitment from this Board to implement Phase 1 and 2 in just one phase, where the Purple Line is built or not. But with zero displacement…"

Additional testimony was received during the Public Hearing from numerous residents, many of whom have lived in the community for more than 10 years. These residents expressed concern about increasing rents and eventual displacement as a result of the Purple Line. Many expressed a desire to see an increase in the MPDU requirement beyond the Plan recommendation of 15%.

Staff Response

Montgomery County currently requires 12.5% - 15% of residential units in a new subdivision development of 20units or greater to be MPDUs. This Plan recommends 15%, which Staff believes can be achieved through the use of the CRT Zone Optional Method Development Density Incentive Provision. Optional Method Development requires the provision of "public benefits in return for increases in density and height above the standard method maximums". The Plan also recommends that the MPDU program be maximized in order to achieve optional method development.

While the Sector Plan acknowledges community affordability is an extremely important public benefit, it is not the only density incentive provided for or recommended. As such, applicants may be able to achieve Optional Method Development prior to reaching any requirement for 20% in MPDUs.

Staff agrees that the MPDU program should not be viewed as the sole remedy for providing affordable housing in Long Branch, or for that matter in other locations around the County. However, a more comprehensive set of recommendations requires participation by other agencies and policy makers.

In addition, Staff notes that Sites #4 and #5 are located within the City of Takoma Park which has an existing rent stabilization (rent control) program. As such, this program cannot be applied to properties beyond those in the City of Takoma Park.

Mary Reardon – Montgomery Preservation (letter, January 31, 2013)

"…Long Branch is home to a diverse population, many of whom could conceivably be displaced. Availability of future MPDUs in high rise complexes does little to assuage the sting of displacement, and it's doubtful that required MPDUs would be sufficient to make up for units lost in redevelopment. In a market economy, it's sometimes difficult to prevent this, but it's very possible that a case could be made for the significance of Flower Branch, Goodacre/Pine Ridge and Fox Hall apartments to Long Branch's history…a bonus result could be the chance prevention of displacement. "

Marcie Stickle – Silver Spring Historical Society (letter, January 31, 2013)

"Importantly urban renewal should not mean people renewal. Long Branch is a vibrant multi-cultural community. Its vitality is of "all the people/residents," not only some of the people; its diverse nature is its heart and soul. Renewal should not mean gentrification and loss of current housing affordability for its residents and their families. Just as 2 of the 3 garden apartment complexes, Good Acre/Pine Ridge, Fox Hall were specifically designed/constructed to welcome home returning Vets from WWII so too have they welcomed into their new homes, embracing the recently arrived, energetic, hardworking immigrants and their families…These ever affordable garden apartment complex homes deserve further research by HPC Staff for a Garden Apartment Historic District, which we enthusiastically request."

Staff Response

An evaluation of the historic significance of the Flower Branch, Goodacre/Pine Ridge and Fox Hall apartments and the appropriateness of a garden apartment historic district was outside of the scope of work for the Long Branch plan**.**

Bill Commoners – Lerch, Early and Brewer (testimony, Public Hearing January 31, 2013)

"…the Sector Plan also proposes to require 15% MPDUs in connection with residential development and LEED Gold certification for all new building construction. These requirements create a significant financial impediment. 15% is already the maximum percentage of MPDUs contemplated under the MPDU law, for which the law already provides a corresponding density bonus of 22% to offset the financial impacts. Where is that density bonus accommodated in the Plan? "

Pat Harris – Lerch, Early and Brewer (testimony, Public Hearing January 31, 2013)

"The Draft Plan recommends a 15% MPDU as a requirement. There is a not a question that affordable housing is needed throughout the County, especially in this area. There are existing sites within the Sector Plan area which are exclusively commercial, and redevelopment of these sites to mixed-use would only be providing more residential opportunities.

Therefore, we are asking the Planning Board to consider recommending the 15% requirement on those sites currently developed with housing, which may redevelop and cause displacement.

The MPDU law recognizes that the additional MPDUs are provided at a cost, which is why the law provides for a 22% density bonus when 15% MPDU is provided. Accordingly, to the extent that a 15% MPDU requirement is recommended, it should be accompanied by a corresponding 22% increase in overall density, which you should be specifically provided for in the Sector Plan."

Bob Elliott – WRIT (Testimony, Public Hearing – January 31, 2013)

"The MPDU requirement is obviously higher than what you find in the County. Typically, it's 12.5 % today and the 15% typically comes with some form of bonus density."

Flower Theater and Shopping Center, LLC (testimony, Public Hearing – January 31, 2013)

Additional testimony was received by representatives of the Flower Theater and Shopping Center which requested additional FAR and height in order to accommodate the Plan's recommended public benefits and amenities (including the 15% MPDU recommendation).

Staff Response

According to Zoning Staff, when utilized as a component of the CR Zone's Optional Method Density Incentive Provision, the 15% MPDU recommendation does not trigger a 22% density bonus. Instead, it provides points for development beyond 12.5 %, which the applicant can use to achieve optional method development goals. The provision is as follows:

59-C-15.854 Diversity of uses and activities:

a) Affordable Housing:

(1) All residential development must comply with the requirements of Chapter 25A for the provision of Moderately Priced Dwelling Units (MPDUs).

(2) MPDU Incentive Density: Provision of MPDUs above the minimum number of units required by Chapter 25A.

(A) MPDU units above the minimum number of units required, but not more than 15 percent of all units, entitles the applicant to 12 incentive density points for each 1 percent increase in MPDUs. Any fraction of 1 percent increase in MPDUs entitles the applicant to an equal fraction of 12 points.

(B) Above 15 percent of MPDUs, each 1 percent of additional MPDUs entitle the applicant to an additional 2 benefit points; any fraction of 1 percent increase in MPDUs entitles the applicant to an equal fraction of 2 points.

(C) MPDUs under this subsection may be provided in any manner allowed by Chapter 25A.

Staff believes that this provides a sufficient incentive for development and recommends that the 15% requirement be maintained. Additionally, Staff does not support the recommendation to reduce the 15% requirement for existing commercial properties as several of these commercial parcels were prioritized as Phase One development. The development of MPDUs in Phase One is an integral component of the Plan strategy to develop a reservoir of affordability prior to the development of the Purple Line.

Attachments

1. Updated - Summary of written and verbal testimony received for the public record.
2. Long Branch Sector Plan – Development Site Map