

PARK STEWARDSHIP

***ENHANCING THE CORE MISSION OF THE PARK SYSTEM
THROUGH WORKFORCE HOUSING OPPORTUNITIES ON
PARK PROPERTY***

AN EMPLOYER ASSISTED HOUSING (EAH) PROGRAM

Montgomery Department of Park and Planning

June 2004

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EXECUTIVE SUMMARY

- The core mission of the Maryland-National Capital Park and Planning Commission's park system is to provide recreational opportunities and to preserve and protect the natural features and the environmental and open space assets of Montgomery County.
- To effectively carry out its mission, the Department must attract and retain a quality workforce, which provides the supervision and stewardship of more than 30,000 acres of parkland.
- The Department believes using park houses as a means to attract and retain a quality workforce will heighten stewardship efforts of valuable park assets.
- The Department currently owns houses located on parkland and has a twenty-eight year history of leasing 65 park houses to Department employees, county residents, and special needs populations.
- The Department believes that it can continue to use park houses to provide affordable housing, while at the same time enhancing the mission of the Department.
- Using existing park houses as affordable workforce housing for income-eligible employees will help the Department to retain staff critical to effective planning, operation, and maintenance of the Park System.
- The Department believes its vital stewardship and supervision responsibilities can be enhanced by using park houses and a limited number of currently developed park properties that are not used for park activity, to provide housing affordable to the Department's workforce, but also to other income-eligible county employees and special needs populations.
- Mindful of the need to sustain our park stewardship mission, the Planning Board directed the Department to plan for the future to maintain the Park System and explore creative opportunities to support the County Council priority workforce housing efforts.

SUMMARY OF RECOMMENDATIONS

*The Department proposes a spectrum of innovative recommendations that support: (a) the stewardship mission of the Park System, (b) the County Council's Action Plan for Housing, and (c) the countywide goal of increasing the supply, mix, and affordability of housing available to the workforce. **The bottom line results are:***

- Implementation of an exciting, new Employer-Assisted Housing (EAH) Program that expands workforce housing opportunity using existing park houses, and provides a comprehensive Financial Management Education Program.
- Engagement of the expertise of the nationally recognized Fannie Mae Corporation to assist the Department with EAH Program development.
- Creative use of 65 existing park houses to enhance rental housing opportunity for income-eligible Department employees.
- Development of momentum, experience, and staff resources needed to promote employer-assisted housing programs with other public and private employers throughout Montgomery County.
- Identification of potential new revenue sources for park house maintenance, and repair.
- Re-establishment of housing opportunity in vacant park houses.
- Reuse of rebuilding of park houses currently pending demolition to accommodate potential housing opportunities and eliminate the cost of demolition.
- Increasing the possibility of housing opportunity on already developed, Commission-owned properties that are not used for park activity and were acquired through unusual land swaps.

SUMMARY OF PUBLIC BENEFITS

- Supports the County Council's Action Plan for Housing and County policy to increase the supply, mix, and affordability of housing available to the workforce in Montgomery County.
- Refocuses 65 existing park houses to support the housing needs of income-eligible Department employees and, when compatible, special needs populations.
- Enhances the vital planning, operation, and maintenance of the Park System by improving the recruitment and retention of staff critical to the stewardship of park assets and creating opportunities for income-eligible employees to live and work in Montgomery County.
- Engages the nationally recognized expertise of the Fannie Mae Corporation to assist the Department with EAH Program Development.
- Expands opportunities to secure new sources of revenue for park house repair and maintenance because of participation in a formalized EAH Program.
- Promotes healthier, more stable communities by EAH sponsorship of financial management programs which foster homeownership and all the attendant benefits of homeowners and community investment.
- Creates a national model for the provision of workforce housing in a local park system that balances stewardship responsibility with the critical housing needs of its workforce.
- Increases the supply and mix of housing in a variety of creative projects, thereby enabling income-eligible employees to spend less time commuting and more time with their families and community activities.

GUIDING PRINCIPLES

The Department suggests that these Guiding Principles become the key criteria for enhancing the core mission of the Park System.

- Strengthen the integrity of the Commission's stewardship mission to preserve and protect the County's park, recreation and open space system by judicious use of park houses and other park assets.
- Park house uses will comply with Article 28 and other legal parameters, including the Capper-Crampton Act and Program Open Space (POS).
- Park needs identified in any current or future Master Plan of Parks, Recreation, and Open Space (PROS Plan), park or community-based master plans; or the Park Capital Improvements Program will guide park house use or re-use.
- Park House uses will comply with the Commission's 1976 Park Housing Practice.
- Existing park houses are a valuable housing resource. Park houses will continue to be used as long as they enhance and support park needs and mission.

HOUSING OPPORTUNITIES ON PARK PROPERTY

I. PLANNING BOARD GUIDANCE

The Planning Board requested that the Department explore new initiatives that expand the opportunity to accommodate affordable workforce housing in park houses and on park property, while simultaneously strengthening and enhancing stewardship of the Park System.

The Planning Board directed staff to develop: (a) guiding principles, (b) preliminary findings, (c) near-term recommendations, and (d) long-range work program.

II. PLANNING FRAMEWORK

The Montgomery County Park System is almost 80 years old and includes more than 30,000 acres of parkland. This vast Park System is composed of a wide variety of facilities for active recreation—such as ball fields, ice rinks, and trails—as well as major conservation and natural habitat areas—such as mature forested areas, streams, and stream valleys. The Park System also owns more than 300 buildings on parkland ranging from historic structures to active recreation centers.

The growth of the Park System reflects the Maryland-National Capital Park and Planning Commission's steadfast commitment to preserve and protect the natural environmental features and recreational opportunities of Montgomery County. Parkland acquisitions meet the ever-increasing public need for active and passive recreational services. Parklands are acquired and protected in many ways—through direct purchase, estate bequests, or as a result of real estate development dedications as part of the County's subdivision process.

Park acquisition often includes improved real estate in the form of houses. The Park System has a total of 65 park houses. Property Management leases 52 houses to employees and other residents: 15 large houses (2 of which are vacant) and 37 small houses (one of which is vacant). Six houses and seven additional apartments are rented with special deed restrictions. Eight houses are used for special needs housing. There are also five houses pending demolition because they require costly repairs. (Attachment #1, Map of Housing Opportunities on Park Property).

In addition, the Park System has adapted several park houses for use as administrative offices, nature centers, and interpretive historic structures to support park operations and stewardship efforts.

The Commission has a long history and policy of using park houses for park administrative offices, and as housing for Commission and non-Commission individuals and families and special needs populations. The stock of park houses is an important underpinning of this study.

The continued provision of park housing can strengthen stewardship efforts of park assets. Park security and maintenance efforts will be further enhanced with the heightened presence of conscientious tenants living adjacent to park facilities who regularly monitor park activities and maintenance needs.

Currently, approximately 56% of the park houses are leased to Commission employees, many of whom are lower-income wage earners. Approximately 44% are leased to non-Commission individuals or families.

In addition, eight park houses are leased to Montgomery County, rent-free, to accommodate special-needs populations. Abused women, single parents, and people with long-term mental illnesses are a few of the types of special-needs residents living in these park houses. Montgomery County assumes responsibility for all maintenance, repair, and operational costs associated with these park houses.

The inventory of park houses provides the basis for many recommendations throughout this study and helps to reveal the dynamics of supply: (1) *large four- or five-bedroom houses* with two or more baths that are generally too expensive for most Department employees and often remain vacant for long periods of time—these might be best used for shared housing or converted into apartments for singles or young couples; (2) *small three-bedroom houses* with two baths that are usually fully leased—these tend to be most appropriate for smaller families; and (3) *very small one- or two-bedroom houses* that are fully leased, often to lower wage employees—these seem best suited for couples and singles.

The Property Management Office administers the park house properties. Property Management contracts with Legum and Norman for park house property management, including the determination of market-value rents. Properties are normally leased for two years after which they are rented month-to-month. Legum and Norman advertises and leases the properties and completes and/or contracts for routine maintenance.

Rental requirements for park houses are spelled out in Practice No. 6-50. The Practice is general in nature; it includes an array of factors to determine eligibility, including: income, family size, years of service, hardship, and other factors that “benefit the Commission.” Housing for special needs populations is negotiated on a case-by-case basis.

III. CURRENT COMMISSION PARK HOUSE POLICY AND PRACTICES

The Park Housing Policy, adopted in 1976, supports the Department's desire to enhance the park mission by providing housing on park property. The Commission will not need to amend the Park Housing Policy to support the proposed housing initiative. The Prince George's County side of the Commission will explore application of the proposed employer-assisted housing initiative outlined in this study.

In 1976, the Commission *recognized the importance of continued residential use of park houses* by adopting a Practice that permits these houses to be offered as rental properties. In 1985, the Commission revised adopted Practice No. 6-50, *Use of Commission-Owned Park Houses*, in order to make several administrative adjustments. (Attachment #2: Adopted Practice No. 6-50)

Commission Practice No. 6-50 provides a broad range of rental criteria, including rental to: (a) low-moderate income Commission employees (based on total family income), (b) place of employment, (c) family size, (d) years of service, (e) hardship, and (f) other factors that benefit the Commission (e.g., added park security). If there are no Commission employees interested in renting a vacant park house, the Commission typically will advertise for non-employee tenants who can pay the fair market rental value, as determined by the property management company.

Commission Practice No. 6-50 requires fair market rents for park houses. Employee rents may be discounted to reflect the value to the Commission of employee contributions to the property. Rents are not discounted beyond this point so that they do not constitute additional employment compensation under IRS regulations.

Commission Practice No. 6-50 enables the Commission to make park houses available for use "in a manner beneficial to the public."

Commission Practice No. 6-50 allows the Commission to rent park houses to employees, other public agencies or private non-profit organizations, and to individuals. The Commission currently rents approximately seven park houses to other public/non-profit tenants.

IV. PUBLIC PURPOSE

The Department...retains its steadfast commitment to the conservation of County parks, natural resources, farmland, and heritage conservation. Montgomery County's investment in open space conservation has helped Montgomery County "Grow Smart."

The Department...understands the linkage between preserving open space and the County's social and economic well being. The multifaceted Park System helps Montgomery County compete in the global economy, where corporate executives assess quality of life factors when making decisions about locating, expanding, or

maintaining facilities. Open spaces and parks are critical elements in building sustainable communities.

The Department...understands that large numbers of the Department and County workforce cannot afford to live in Montgomery County. To keep their jobs, many workers move to outlying counties and commute long distances to jobs here in Montgomery County. Having workers live outside the County is bad for the environment, is contradictory to the goals of the Clean Air Act, is hard on the economy, and challenges public safety and park personnel in times of crisis.

The Department...recognizes the broad public benefit of assisting the County in providing housing affordable to the Department workforce by using a limited number of its park assets.

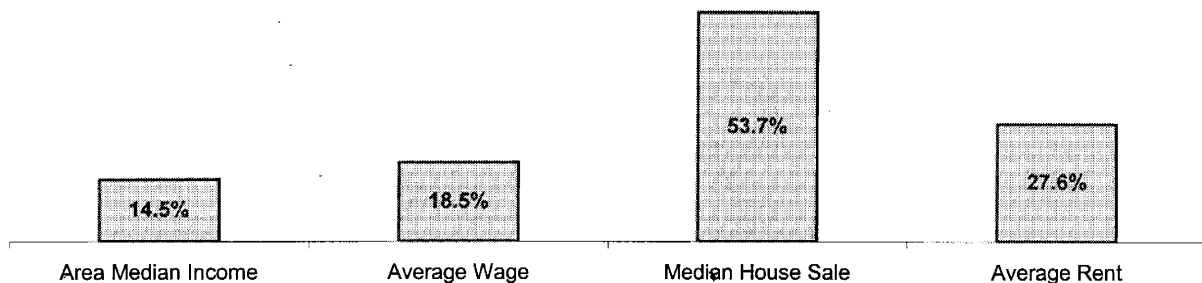
V. HOUSING NEED

A. Countywide

Montgomery County has a housing affordability problem. Many residents and workers are increasingly priced out of the housing market, since housing costs outpace wages and family incomes.

The Planning Board, County Council, and County Executive are all working to expand the supply, mix, and affordability of the housing stock in Montgomery County. Legislative and Executive resources are focused on policies, programs, and projects to help address a broad spectrum of housing affordability and availability problems. Legislative and Executive actions are guided by the *2001 Housing Policy* and the *2003 Action Plan for Affordable Housing*.

***Housing Costs Have Been
Increasing Faster Than Wages And Incomes
Change between 1999 and 2003***



There is a growing gap between the housing provided through government programs for lower income households, and the housing provided through the private market for higher income households.

The housing gap faced by moderate-income households is illustrated below:

- In 2002, approximately 15% of Montgomery County's households had incomes between \$50,000 and \$69,999,¹ too high for most government programs and yet not high enough to buy most housing in the county.
- Approximately 20% of the county's households, with incomes between \$70,000 and \$99,999,² could have afforded to buy some townhouses and a limited number of single-family detached houses that sold in 2002.

Many moderate-income wage earners are experiencing ever-increasing pressure on family resources, income, and time to find housing that is affordable in Montgomery County. In turn, many employers (including the Department of Park and Planning) are experiencing increasing staff attraction and retention problems due to the high cost of housing.

- Workforce housing³ focuses on "moderate-income" households with incomes between \$50,800 and \$101,800⁴ in Montgomery County.
- Households in this income range are priced out of much of Montgomery County's housing market, where the median sales price of a single-family house (including new and resale) was \$400,000 and \$213,500 for a townhouse,⁵ in 2003.
- Households at the higher end of this income range could have purchased most of the condos and resale townhouses sold, while those at the lower end of the income range were squeezed out of the townhouse market almost entirely, but could purchase resale condos, based on 2003 housing sales. To live in the county, many would be forced into the rental market, which has low vacancy rates and a limited number of family-sized units.
- The average rental apartment in the county leased for approximately \$1,100 per month and required a household income of approximately \$44,400. Larger, family-sized units rent for an average of \$1,600 and require a household income of \$53,400, which is out of the reach of the lower range of household incomes.

¹ Source: Household Income, 2003 Household Survey and Housing Sales, RTC, M-NCPPC.

² Source: Household Income, 2003 Household Survey and Housing Sales, RTC, M-NCPPC.

³ The standard definition for "workforce housing" focuses on households earning between 60 and 120 percent of the Area's Median Income. The 2003 Area Median Income was \$84,800.

⁴ This would be the income for a family of four; income qualifications vary by household size.

⁵ 2003 Housing Sales are for 1/1/2003 to 9/30/2003. Source: Research and Technology Center, M-NCPPC.

Many people working in the jobs that allow Montgomery County to function successfully cannot afford to buy or rent a home in the county. Moderate-wage workers, earning individually from \$30,000 to \$62,000—including many civil servants, teachers, firefighters, police officers, retail sales clerks, research workers, health care professionals, and most Park and Planning employees—are hard pressed to find housing in the county, unless others in their household contribute enough to the total household income or they purchased their home some time ago.

Many moderate-income workers choose to live outside of the County, where their housing dollar goes further.

- The 2000 Census found that 37% of those who work in Montgomery County live outside the County
- 46% of the Park and Planning Department's workforce live outside the County.
- 28% of the Montgomery County Education Association membership (the teachers union) lives outside the County, making it very difficult for these educators to take part in the community in which they teach or participate in extracurricular activities.
- 68% of the Montgomery County Fire Fighters Association, Local 1664, membership (the career firefighters union) lives in other jurisdictions. Almost as many live in Frederick County as in Montgomery County.

B. Department of Park and Planning

Many Park and Planning Department employees are caught in the housing squeeze. Housing costs are increasing faster than the wages of the Department's workforce.

Staff Salaries

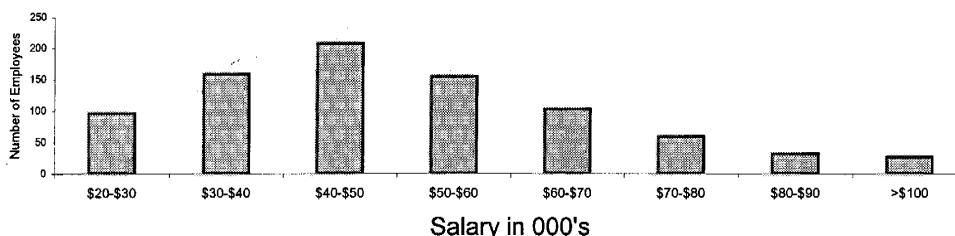
Salaries are, for the most part, insufficient to allow a large proportion of the Department's workforce to enter the housing market in Montgomery County, unless others in their household are able to contribute significantly to the household income.

CURRENT SALARIES⁶

| | M-NCPPC | Montgomery County Park and Planning | Montgomery County Parks | Montgomery \ County Planning |
|--------------------------|----------|---|-------------------------------|------------------------------------|
| Number of Employees | 1,856 | 839 | 687 | 146 |
| Average Salary | \$50,986 | \$50,830 | \$47,507 | \$65,546 |
| Median Salary | N/A | \$47,558 | \$45,090 | \$62,505 |
| % less than \$60,000 | 75% | 74% | 80% | 46% |
| % less than \$50,000 | 63% | 55% | 63% | 21% |
| % less than \$40,000 | 36% | 30% | 36% | 2.7% |
| Average years of service | 12.2 | 12.5 | 12.6 | 11.9 |

- The average salary of Commission employees is \$50,986 (including 1,856 full-time Montgomery and Prince George's County employees).
- 63% percent of Commission employees earn less than \$50,000, and 36% earn less than \$40,000 annually.

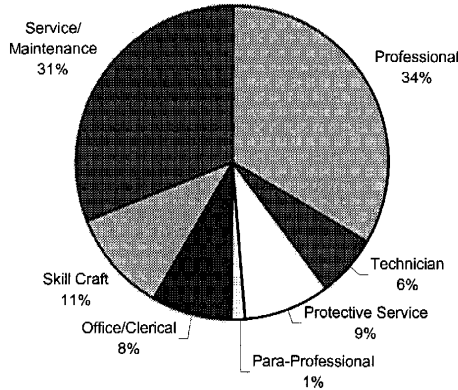
Montgomery County Park and Planning Personnel Salaries



- The median salary of full-time Montgomery County Park and Planning employees is \$47,588; 74% earn less than \$60,000 annually, 55% earn less than \$50,000 and 30% earn less than \$40,000 annually.
- The median salary of Park employees is \$45,090; 80% earn less than \$60,000, and 36% earn less than \$40,000. The median salary of Planning employees is \$62,505; 45% earn less than \$60,000 annually.

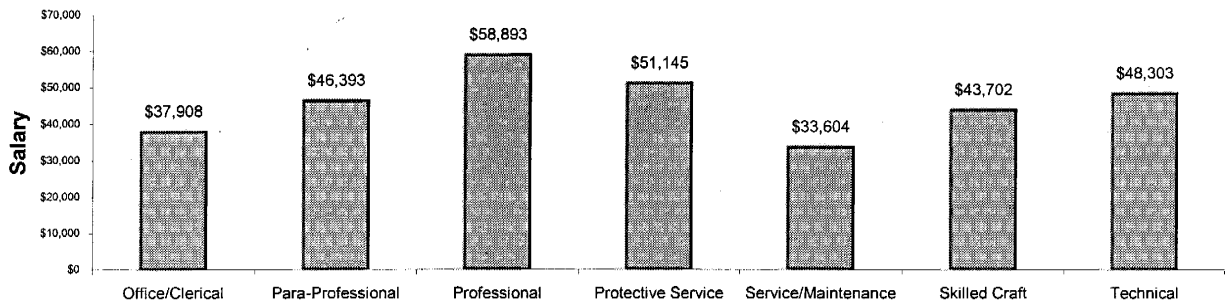
⁶ Sources: Commission information from *Fiscal Year 2003 Personnel Management Review*; Montgomery County Park and planning information from personnel data file as of March 2004.

Park and Planning Personnel by Employment Category



- Slightly more than 1/3 of the jobs in Montgomery County Park and Planning are professional, slightly less than 1/3 are service/ maintenance jobs, and the remaining 1/3 are skill craft, office/clerical, para-professional, protective service, and technician jobs.

Average Salaries Commission-wide by Employment Category



- Commission-wide, the average salary by employment category is lowest for service/maintenance (\$33,604) and office/clerical (\$37,908) employees.
- *Most service/maintenance and office/clerical employees are priced out of the rental market, unless others in their household contribute to household income. The average rent in Montgomery County is \$1,100 a month (or \$13,200 a year) and requires a household income of approximately \$44,400. Most service/maintenance and office/clerical employees earn salaries less than this.*

- *Most employees are priced out of the housing sales market, unless others in their household contribute significantly to household income. The average sale last year was \$400,000 for a single-family house and \$213,500 for a townhouse. The average townhouse purchase would require a household income of at least \$71,000, while an income of \$133,000 would be required for the average single-family house.*
- *Many employees cannot afford to live here, in the county they serve. This is evidenced by the fact that 46% of the Park and Planning Department's workforce live outside the County.⁷ Mid-and high-wage employees may choose to live further away from their work because their housing dollars go further, however, that is by choice. Lower wage employees are often forced to move further away.*

Staff Turnover and the Cost of Staff Recruitment

Last year, the Department had a 7% turnover rate with 59 staff turnovers. The highest staff turnovers in the Department were in the Professional employment category (36%) and Service/Maintenance (27)% with retirement being the most frequent reason for leaving the Commission.

The Department has a maturing staff. The average age of a Department employee is 44.5 and the average length of service is 12.5 years. Potentially, retirements could dramatically increase turnovers, with ninety-seven Department employees becoming eligible to retire in 2004.⁸ New employees hired to fill these vacancies will be especially challenged to find housing, since (a) they will most likely begin their career at lower salaries than those they are replacing, (b) they may not be dual income households, and (c) they will be facing a much more competitive housing market than employees hired 20 or 30 years ago.

The Department's investment in recruiting staff is a key element in supporting its Park System stewardship mission. Therefore, it is important to retain quality employees. To recruit and fill vacancies created by normal turnovers and retirements is expensive, as recruitment costs have escalated. It costs at a minimum \$6,000 to fill a vacancy⁹.

The proposed park house effort, as part of a formalized Employer-Assisted Housing Program, is an attractive tool to attract and retain a workforce necessary to achieve Commission goals, while at the same time better managing costs.

⁷ As of May 1, 2004 approximately 53% of the Park employees and 54% of the Planning employees lived in Montgomery County.

⁸ M-MCPPC Fiscal year 2003 Personnel Management Review

⁹ Industry standard reported by the Society for Human Resource Management, and Employment Management Association

Staff Eligibility to Lease Park Houses

Eligibility will be defined in new Park House Income and Eligibility Guidelines. These Guidelines will be customized to meet the unique needs of the Department's full-time workforce. These Guidelines will include a lower income range than that traditionally defined as "workforce housing".¹⁰ Interim Guidelines have been established and are outlined, as follows:

35 park houses currently rented at less than \$900 per month

Employees earning salaries less than \$40,000 (with household incomes consistent with the interim Guidelines) will be eligible to lease these park houses.

12 park houses currently rented between \$900 and \$1,300 per month.

Employees earning salaries between \$40,000 and \$60,000 (with household incomes consistent with the interim Guidelines) will be eligible to lease these park houses.

5 park houses currently rented for more than \$1,300

As these park houses become available, employees at various income levels may be eligible to participate in shared housing or single-family housing opportunities. Rental of these park houses will be evaluated on a case-by case basis.

This spectrum of park house eligibility helps the Department to address the affordable housing needs for both lower and moderate wage Department employees, including:

- Those employees earning less than \$40,000 annually who may be eligible for other government housing programs but where housing program demand greatly exceeds supply, and
- Those employees earning between \$40,000 and \$60,000 annually who earn more than allowed for government housing programs, but less than needed to enter the Montgomery County housing market.

VI. RECOMMENDATIONS

RECOMMENDATION #1: EMPLOYER-ASSISTED HOUSING PROGRAM

Establish a formalized Employer-Assisted Housing Program (EAH) that will allow the Department to maximize the benefits of the existing park house program.

¹⁰ "Workforce housing" is defined by the housing agencies in Montgomery County as housing for households with incomes of \$50,800 to \$101,800.

Request Fannie Mae to assist the Department with the early stages of EAH Program Development. Develop a comprehensive financial management education program for Department employees.

Use the proposed EAH Program as a workforce housing model to promote development of employer-assisted workforce housing programs throughout the county for other public and private sector employers.

The proposed EAH Program will be the first of its kind in Montgomery County that involves a government agency.

The proposed EAH Program will be comprised of three elements: (1) a formalized Park House Program offering income-eligible Department employees priority opportunity to lease park houses; (2) a comprehensive EAH Financial Management, Literacy, and Homebuyer Program for all Department employees; and (3) a Financial Incentive Program whereby a network of national and local mortgage lenders agree to offer employees homeownership assistance (for example, reduced closing costs).

During the next eight to twelve months, Fannie Mae will provide technical assistance to the Department to develop an EAH Program. Fannie Mae will provide the staff resources to establish and maintain the EAH Program, at no cost.

Fannie Mae will help develop an EAH Program that can be easily administered, with a minimum of Departmental resources, over the long term. Human Resources staff, as part of the Commission's overall benefit package, will administer the EAH Program.

A cross section of senior staff, from throughout the Department and Commission, will be assembled as the EAH Program Development Team. The purpose of this Team will be to develop the EAH administrative parameters and guidelines important to the development of an EAH Program. Expansion of the proposed EAH Program to the Prince George's side of the Commission will be actively explored.

The leadership and staff resources needed to develop the proposed EAH Program will reside in the Director's Office and the Strategic Planning Division.

Fannie Mae was selected because of extensive experience and success in developing EAH programs with other public and private employers throughout the country.

Fannie Mae has assisted more than 600 public and private employers and jurisdictions across the nation to establish EAH programs. Most notably, San Jose and Santa Clara Counties in California; Tacoma, Seattle, and King Counties in Washington; Westchester County and Rochester, New York; and Santa Fe, New Mexico.

Fannie Mae recently announced its new Housing America's Workforce commitment, which includes an effort to identify the housing tools—such as EAH initiatives—that could create workforce housing solutions for working families. Fannie Mae has a goal to help 1,000 employers across the nation to establish EAH plans by the end of the decade.

Fannie Mae will identify one metropolitan area that will serve as a laboratory to address workforce-housing issues. The Washington DC area, with Montgomery County as the starting point, is already under consideration.

The following questions and answers are designed to address possible concerns regarding the proposed employer-assisted housing program.

Question A: How can the Park System's stewardship mission be enhanced with an Employer-Assisted Housing Program (EAH)?

The Department has difficulty finding and keeping qualified, long-term employees, especially in lower wage positions. An EAH Program improves employee attraction and retention at no cost to the Department.

Using existing park houses as affordable workforce housing for income-eligible employees, will help the Department to retain staff critical to the vital planning, operation, and maintenance of the Park System.

An EAH Program would make the Department a more competitive employer, offering a "cutting edge" benefit. A loyal workforce, living close to work, is a definite asset in terms of employee attraction and retention.

For those income-eligible employees who lease park houses, the Department has the added bonus of improved park security by providing a presence in the park during off-work hours.

The entire inventory of park houses can be better stabilized and maintained by participating in a formalized EAH Program. Participation provides access to a wide range of grant, foundation, and private funding sources that can be used to repair, rehabilitate, and maintain park houses.

Question B: Is the proposed EAH Program an appropriate response to help address workforce housing needs?

Many forward thinking public and private sector employers throughout the country have developed EAH Programs. These programs help employers to proactively address workforce housing needs, particularly in areas where wages are not

keeping pace with housing costs (Attachment #3 Nationwide Survey- Employer-Assisted Housing Programs).

Question C: Will the Department need assistance to develop an EAH Program?

Yes. Many public and private sector employers have requested that Fannie Mae to provide the technical resources necessary to help develop and implement their respective EAH Programs.

Fannie Mae has extensive experience creating successful EAH programs in hundreds of jurisdictions and with employers across the country.

Fannie Mae will contribute staff resources to develop educational programs to help employees manage personal finances and move toward homeownership, if they so desire.

Fannie Mae will offer its alliances with national and local financial institutions and other lenders to assist employees on their way to homeownership.

Some of the more expansive EAH programs provide a very broad spectrum of benefit such as: (a) down payment assistance for purchasing or rehabilitating homes; (b) reduced costs for applications and closings; (c) transition programs for renters/financial education programs for employees; (d) discounted or forgivable home loans; (e) financial support and/or grants to employers to build, maintain, and/or lease workforce housing; and (f) sometimes discounts for home appliances. In some EAH programs, the employer makes a financial contribution to the program.

Fannie Mae will help the Department develop the public-private partnerships to provide the resources needed to sustain the educational lending components over the long term.

Question D: Who will benefit from the proposed EAH Program?

Using the existing park house stock, the EAH Program is envisioned to serve the Department's income-eligible workforce. Income-eligible employees from the Department will be given priority to lease park houses.

If there is insufficient participation by Department staff, other income-eligible county employees can lease a park house and benefit from the associated benefits.

The Department's commitment to offer park house opportunity to special needs populations, in settings compatible with park activities and stewardship, will continue to be offered.

New Eligibility and Income Guidelines will be developed to define household income eligibility and other requirements to lease park houses. As a first priority, the program will focus on lower income employees/households, perhaps those with wages less than \$40,000. Moderate wage employees/households with wages between \$40,000 and \$60,000 might be the second priority.

A comprehensive and on-going financial education program will be developed with the assistance of Fannie Mae. Financial support packages for those employees moving from the rental market to homeownership will be arranged through local and/or national lending institutions.

Question E: What are the benefit elements?

Benefit Element 1: All Department Employees

All Department employees, regardless of income, can participate in a comprehensive financial education and financial literacy program.

All Department employees, regardless of income, can participate in a financial education program for renters who intend to move on to home-ownership.

All Department employees, regardless of income, can benefit from Fannie Mae's national network of lending institutions that provide an array of mortgage products. Local lenders may also partner with the Department to offer employees additional benefits

Benefit Element 2: Income-eligible Department Employees

Income-eligible employees can participate in the rental of park houses which offer a wide variety of living arrangements—ranging from very small houses for individuals or small families to large houses for shared living or larger families.

Income -eligible employees can participate in all benefits outlined in Element 1.

Question F: What is the purpose and proposed curriculum of the EAH educational program?

Purpose

To expand understanding of financial management and literacy for Department workforce.

To provide fast and easy linkage to local and national network of mortgage lending institutions; those employees participating in the educational curriculum will benefit from financial incentives offered to encourage homeownership.

To improve the rate of homeownership for Department workforce.

Proposed Curriculum

Ten one-hour educational modules will be developed and offered by the Department as frequently as needed. Fannie Mae will guide the planning, preparation, and presentation of the curriculum during the first eight to twelve months.

Using accredited staff resources from Fannie Mae and local and national lending institutions, the curriculum will be built around the following topics:

- Managing Your Money
- Understanding Credit
- Are You Ready to Purchase a Home?
- Getting a Mortgage Loan
- Shopping for a Home
- Keeping Your Home and Managing Your Finances

Question G: What role will the EAH Program Development Team play?

The EAH Team will:

- Develop new Income and Eligibility Guidelines for park house leasing, to ensure that the EAH Program accommodates low- and moderate-wage employees.¹¹
- Evaluate all current park house tenants to determine if they meet income eligibility.
- Direct a comprehensive Park House Assessment of park houses to determine maintenance criteria and park compatibility. Update the 2001 Park House Inventory.
- Develop new guidelines to determine tenancy of those currently living in park houses.

¹¹ Staff recommends that the EAH income eligibility guidelines for park houses be broader than the standard definition of workforce housing, "housing incomes from approximately \$50,000 to \$102,000." As an example, all households with incomes less than \$60,000 would be eligible.

- Analyze rent structure and explore reinstating the practice of selective rent reductions in exchange for park services, to improve park house affordability for Department low-wage employees.
- Develop an information and education outreach effort to inform Department employees about the EAH Program and other employers throughout Montgomery County.

Question H: How would an EAH Program affect those now living in park houses?

In the near term, all current tenants will be grandfathered until their leases expire. As leases expire, if a resident exceeds the new guidelines, the lease renewal will be reviewed on a case-by-case basis.

In the longer term, tenants will be required to meet the new income and eligibility requirements and provide proof of household income. Those who meet the guidelines will remain, those who exceed the guidelines will be eligible to participate in educational programs to transition from rental to home ownership. The EAH Development Team will undertake the assessment of current park house tenancy, mindful not to undermine the revenue flow into the Property Management Fund.

RECOMMENDATION #2: PARK HOUSES

Enhance rental housing opportunity for income-eligible Department employees using the existing Park House stock. Reestablish housing opportunity in vacant Park Houses. Solicit interest for creative design and funding proposals for all Park Houses, including those pending demolition. Seek proposals that are sensitive to design guidelines and community and park Master Plan recommendations, as well as environmental constraints.

Use an RFP process to solicit housing provider interest; possibly in conjunction with the Housing Opportunities Commission (HOC).

Explore creative ways to make park houses affordable to income-eligible employees to provide benefit to the Department. Reassess the Work Share Program—the practice of selective rent reductions in exchange for park services to improve park house affordability for low-wage Department employees.

Focus park house opportunity on the Department's income-eligible wage earners. Develop new Income and Eligibility Guidelines to guide future lease agreements for park houses.

Update 2001 Park House Market Value Rent Survey. Review park house tenancy and rent conditions.

Prepare a comprehensive Park House Assessment. Develop stabilization criteria to help establish standards for maintenance.

Stabilize physical conditions of 65 existing park houses.

Secure new funding sources for park house repair, maintenance, and renovation. Develop a short- and long- term funding strategy. Prepare grant proposals.

Continue to make park houses available to special needs populations and other income-eligible county employees, where consistent with park stewardship objectives.

The existing supply of 65 park houses represents a valuable housing resource that should be stabilized and enhanced. This study recommends that the Department's well-established park housing initiative be continued and formalized, as part of a new Employer-Assisted Housing (EAH) Program.

The Department recognizes the multiple benefits that these park houses have contributed to the county throughout the years. Park houses have always played an important role in supporting the mission of the Park System. Park housing has proven not to disrupt park activity.

- Park housing helps the Department to sustain its core mission by offering housing opportunity to Department employees involved in the vital planning, operation, and maintenance of the Park System.
- Park housing enhances park security and maintenance by housing employees who monitor park activities during off-hours and often provide information regarding maintenance and security.
- Special needs tenants provide "eyes on the park" while enhancing the access of parks to these populations.

The life of park houses can be extended and their usefulness for workforce housing enhanced by pursuing efforts to: (a) identify and secure grants and other funding sources to significantly supplement the Department's level-of-effort maintenance commitment, and (b) develop a formalized Employer-Assisted Housing Program for the Department's income-eligible workforce.

Current park house tenancy patterns, structural conditions, constrained maintenance funding, and workforce housing need indicates this is an opportune time to refocus the 28-year old Park House Program.

Sixty-five park houses are leased. Currently, 3 park houses are vacant; an additional 36 park houses are on month-to-month leases or have leases that will expire within the next 6 months. Six houses have special deed restrictions (such as

life tenancy) and eight are County-occupied for special programs are not eligible for this program.

The operating and capital budgets to support the maintenance requirements of park houses are limited and expected to remain so in the foreseeable future. Maintenance of park houses is funded through the Property Management Unit Operating Budget and the Park (Capital Improvement Project) CIP budget, as "level-of-effort renovation projects." As a result, some park houses are lost to the demolition process because of the Department's inability to fund necessary repairs.

To increase the revenue stream that could be used to stabilize park house conditions, the Department explored alternative funding sources (Attachment #4 Survey of New Funding Sources).

The Department discovered an extensive array of possible revenue sources to support the maintenance requirements of park houses through grants for workforce housing, affordable housing, and community development from foundations, corporations, and Housing and Urban Development (HUD) programs.

Government, foundations, and corporate giving programs are readily available to support park house maintenance, if the park houses are included in a formalized Employer-Assisted Housing (EAH) Program designed to expand affordable workforce housing opportunity.

RECOMMENDATION #3: DEVELOPED PARK PROPERTIES, NOT CURRENTLY USED FOR PARK PURPOSES

To increase housing opportunity, explore adaptive re-use of already developed, Commission owned properties acquired through unusual land swaps or land conveyances and not used for park purposes.

Solicit creative design and funding proposals from private and non-profit housing providers through an RFP process, possibly in conjunction with HOC.

The RFP must be sensitive to design guidelines and Community and Park Master Plan recommendations, as well as environmental constraints.

Seek grant funding from private and public sources. Explore possible partnerships with the Park Foundation.