Investing in Communities Along the Purple Line:

2024 Capital Needs Analysis

The Purple Line, Maryland's largest transit investment in the 21st century, will connect communities in Montgomery and Prince George's counties to one another and the entire Washington, DC region. Approximately 200,000 people live along the 16-mile corridor from Bethesda in Montgomery County to New Carrollton in Prince George's County, roughly 10 percent of both counties' combined population. Expanded access to transit will make it easier for residents to travel to and from workplaces, medical centers, anchor institutions like the University of Maryland, and small businesses near the Purple Line.

The Purple Line will transform the lives of people and places near it. However, experience and research suggest that new transit increases real estate values and speculative practices, contributing to displacement of long-time residents. The Purple Line is projected to open in late 2027, and residents are already facing rising rents, threatening the stability and prosperity of everyone living along the corridor.

Ensuring a historic investment works for everyone

Cross-sector partners in the Purple Line Corridor Coalition (PLCC), including Enterprise Community Partners, are committed to seeing the benefits of the Purple Line go beyond the tracks. Since 2019, anchor institutions, nonprofits, local and state governments, and tenant advocacy groups have been working tirelessly towards a shared goal to add or stabilize 17,000 affordable homes for households with incomes at or below $72,000.

In recent years, PLCC partners have accelerated progress towards our 17,000-home goal by leveraging private, philanthropic, and public dollars. We've seen what's possible when the right resources are in place, coupled with the know-how of mission-driven developers.

For instance, the $12 million Purple Line Capital Pool, seeded with funds from JPMorgan Chase, Kaiser Permanente, and the Robert Wood Johnson Foundation, leveraged more than $104 million in additional financing and created or preserved more than 1,000 affordable homes in less than three years. And, through the coalition's advocacy, Montgomery and Prince George's counties committed $70 million in new funds for affordable housing. These resources have been critical in leveraging private financing for homes near the Purple Line.

Now, there are about 10,100 affordable homes committed or in the development pipeline. To add or stabilize another 6,900 homes over the next six years, we need a significant infusion of new and existing resources to support as many as 37 developments along the corridor.

17,000
HOUSING GOAL

10,100
HOMES COMMITTED OR IN THE PIPELINE

6,900
HOMES REMAINING

Meeting the PLCC's 17,000-Home Goal

With the Purple Line projected to open in late 2027, Enterprise commissioned HR&A Advisors to conduct a Capital Needs and Nonprofit Capacity Analysis to determine what resources are still needed to meet the coalition's goal of 17,000 affordable homes.

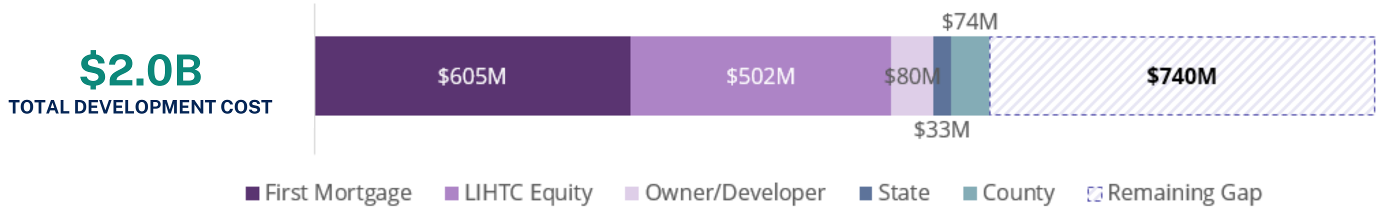
Based on a mix of development types weighted toward preventing displacement and supporting homeownership, the study estimates $740 million of public, private, and philanthropic investment is needed along the Purple Line corridor to ensure it is an affordable and accessible place to live, especially for households earning less than $72,000, now and in the future.

This figure takes into account current private and public resources available for affordable homes near the Purple Line.

4,100
HOMES TO PRESERVE
including 130 homeownership

2,800
HOMES TO PRODUCE
including 260 homeownership

$740M
FUNDING GAP



***Source(s):** PLCC, Prince George's County, Montgomery County, Developer Interviews, Maryland DHCD, HR&A Advisors. HR&A analyzed recent funding trends in the Corridor from 2017-2022.*

The Impact of a $740 million investment

Along the Purple Line, where renting is common and most households qualify as low-income, creating and preserving affordable housing is about far more than just financing homes. Without proactive intervention, residents are at risk of displacement before they can reap the benefits of new transit.

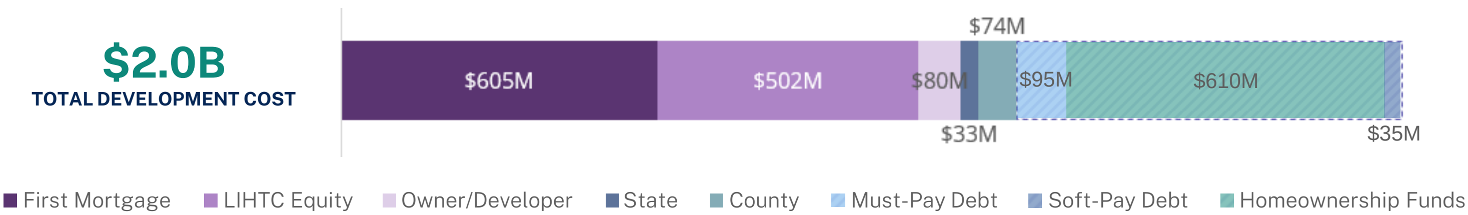
A $740 million investment would:

- **Stabilize thousands of families:** A stable, affordable home near transit means more disposable income, better health and educational outcomes for children, and improved connectivity in and around the region.
- **Address county housing needs:** Long-standing trends suggest Montgomery and Prince George's counties lack enough affordable homes for extremely and very low-income income households, many of whom are essential workers, and homeownership remains increasingly out of reach for households of color.
- **Benefit the entire Washington, DC region:** More affordable housing near transit reduces traffic and greenhouse gas emissions and supports economic growth.

Close the $740M funding gap with key investments

To leverage more than $2 billion already available across state and local government funding and private-sector financing, the study breaks down the types of resources needed to preserve 4,100 existing affordable homes and add 2,800 new affordable homes:

- A $95 million funding pool that provides low-interest loans to affordable housing projects near the Purple Line. Lowering the cost of "must-pay" capital can significantly narrow the funding gap for affordable homes, attract more development to the Purple Line, and stretch public dollars further.
- $610 million in flexible, soft funding to leverage the funding pool's low-interest loans and "close the gap" for the production or preservation of affordable rental homes in the corridor.
- $35 million in increased investment for homeowners and first-time homebuyers to subsidize homes for purchase and increase funding for down payment assistance and owner-occupied repair programs.



- It also recommends a new $200 million corridor-wide acquisition fund to help affordable housing developers nimbly acquire market-rate properties for preservation and continue to leverage Montgomery and Prince George's counties' right of first refusal policies.

Reform policies to spur development

Policy changes made at the state and local levels can increase the number and pace of affordable homes built and preserved near the Purple Line. Enterprise and PLCC partners advocate for the following reforms to make all residential development easier and leverage existing local and state housing resources:

Key State Policy Changes

- **Prioritize equitable transit-oriented development** (eTOD) and increase per-project investment with changes to Maryland's Qualified Allocation Plan.
- **Reduce the typical approval time for projects** using the 4% Low Income Housing Tax Credit to 6 months or less by improving processes and staffing levels.

Key County Policy Changes

- **Expand existing homeownership programs** (for instance, identify new or modify existing funding sources to increase downpayment assistance and partner with nonprofits to increase the inventory of affordable for-sale homes)
- **Remove development barriers** in the approval process in both counties
- **Reform land use regulations** to favor mixed-income and affordable housing development
- **Modify Montgomery County's Moderately Priced Dwelling Unit Program** (for instance, requiring deeper affordability or more homes in eTOD development, commensurate with offsets)

Increase capacity for mission-driven developers

Market, capacity, and mission constraints limit mission-driven developers' potential to develop in the Purple Line corridor. Most developers have a county or regional focus when sourcing affordable housing deals. When there are opportunities near the Purple Line, higher acquisition costs for for-sale and multifamily development make it difficult to pursue projects. And for many, staffing challenges and limited balance sheets affect their ability to scale up or pursue new projects.

The study identifies ways to continue to strengthen mission-driven developers' ability to use additional resources and increase the number and pace of projects they pursue in the Purple Line corridor:

- **Provide technical assistance** for staff on topics like affordable housing finance, resources, and policies, like both counties' right of first refusal.
- **Increase grants** for operations and predevelopment costs for equitable transit-oriented development.
- **Expand joint development** matchmaking services, especially for small, nonprofit, and BIPOC developers.

JOIN US IN THINKING BIG AND INVESTING BOLDLY

Enterprise is calling on public, private, and philanthropic stakeholders to raise the $740 million needed to add or stabilize 6,900 additional affordable homes, including opportunities for families to build wealth through homeownership. Many critical institutions are already committed to the Purple Line – working together, we can achieve this level of investment.

Every sector has a role to play, and this study clearly lays out the resources we have and the resources we still need to meet the PLCC's 17,000-home goal.

Private Sector	Philanthropy	Public Sector
Catalyze more homes near the Purple Line by investing in the $95 million below-market funding pool and $200 million acquisition strike fund.	Sponsor technical assistance and offer multi-year operating grants to increase the capacity of mission-driven developers.	Pursue policy changes that make all residential development easier and increase use of existing local and state housing resources near the Purple Line.
Connect investments in the Purple Line corridor to broader local and regional employee attraction and retention needs.	Catalyze more homes near the Purple Line by investing in the $95 million below-market funding pool and $200 million acquisition strike fund.	Increase flexible funding to support equitable housing production and preservation along the Purple Line.
Align underwriting criteria to increase the impact of new or expanded funding and lower barriers to accessing capital.	Seed development by offering pre-development equitable transit-oriented development grants.	Work across state and local levels to increase the impact and amount of available housing resources.

Enterprise looks forward to working with stakeholders to raise and invest the resources we need by 2027 to make housing stability and affordability a reality for another 6,900 households living near the Purple Line. For more information on the study's methods, read the full report.