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MEMORANDUM

January 15, 2013

TO: Planning, Housing, and Economic Development Committee
FROM: Linda McMillan, Senior Legislative Analyst *L.McM*
SUBJECT: **Worksession: Montgomery County's 2012 Housing Policy**

On October 17, 2012, the Director of the Department of Housing and Community Affairs (DHCA) forwarded the Draft 2012 Housing Policy for the Council's consideration. If approved, this policy would replace the County's 2001 Housing Policy, "Montgomery County – The Place to Call Home." The Draft 2012 Housing Policy was introduced by the Council on November 13, 2012 and DHCA provided the Council with an overview presentation. The PHED Committee held a public hearing on December 4, 2012.

<u>Attached to this packet</u>	<u>© page</u>
Draft 2012 Housing Policy	1-99
2001 Housing Policy	100-152
Analysis of Supply and Demand for Housing 2008	153-167
Housing Element of the General Plan	168-177
Summary of 12/4/2012 public hearing testimony	178-185
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At this session, Council staff suggests the Committee discuss several topic areas in the Draft 2012 Housing Policy. Council staff can then use information from this discussion to prepare specific recommendations for changes to the Draft. Council staff is providing discussion outlines about the following:

- Housing Policy Vision, Goals and Objectives – structure of the document
- Definitions
- Demographics and recommendations for further studies
- Language included in the Draft Policy regarding master plans and zoning.

- Senior Housing
- Special Needs Housing
- Affordable Housing Production Goals
- Policies specific to renters
- Recommendations for Existing Programs

1. Vision, Goals, Objective, and Actions Plans (Tools)

Both the 2001 and Draft 2012 Housing Policy begin with a set of vision statements and then overall goals (2012) or objectives (2001). The following table shows that, with some minor editing, the vision for the 2001 and 2012 policies are the same.

Vision Statements:	2012	2001
Everyone has a place to call home – no one is homeless.	Yes	Yes
Neighborhoods are safe and sound, with community services and well-maintained facilities.	Yes	Yes
All housing is in sound condition and meets all building maintenance codes.	Yes	Yes
Each housing unit has adequate living space for its occupants.	Yes	Yes
Affordable housing exists for all who live or work in the County, regardless of age or income.	Yes	Yes
People receive appropriate housing and services for each stage of life and can remain in the community as they grow older.	Yes	Yes
There is no discrimination in choosing a place to live, regardless of race, color, religious creed, ancestry, national origin, sex, sexual orientation, marital status, presence of children, age, physical or mental disability, or source of income.	Yes	Yes
Housing opportunities and supportive services are available for those who have mobility or sensory impairment, developmental or emotional disabilities, or mental illness.	Yes	Yes

In both policies, statements are made that Montgomery County will work to achieve this vision with: (1) the commitment of residents, community leaders, housing providers, and public employees, and (2) with funding and appropriate planning.

The Draft 2012 Housing Policy has five overall goals. The 2001 Housing Policy has seven objectives.

	Overall Goals 2012
1	Preserve the existing regulated affordable housing stock, striving for no net loss of income-restricted affordable housing
2	Increase the number of affordable housing units.
3	Conserve and care for Montgomery County’s residential neighborhoods, and develop and invest in quality communities
4	Strive to prevent homelessness and find homes for the homeless.
5	Support the development of new housing, especially in transit-oriented areas.

Objectives 2001	
1	Variety and choice in housing, in various types of new and existing neighborhoods in conformance with the County's General Plan.
2	Assistance for persons with diverse housing needs, including housing for the elderly, persons with disabilities, persons with mental illness, and persons transitioning from homelessness.
3	Safe, high-quality neighborhoods.
4	Communities with affordable housing, throughout the County, especially for households at the median income level and below.
5	Housing for all stages of life, to serve the county's existing and planned employment and the changing needs of its residents.
6	Equal opportunity housing, to ensure that all residents have an opportunity to purchase, rent, finance, and occupy housing in the county.
7	Sustainable communities and environmental sensitivity in housing, neighborhood design and redevelopment.

The Draft 2012 Housing Policy then builds on the goals and objectives in the Housing Element to the General Plan and proposes a series of action items around these four objectives:

Housing and Neighborhood Connectivity: Concentrate most new housing near public transportation and provide easy, multi-modal connections to jobs, schools, shopping, recreation, and other leisure activities.

Diverse Housing and Neighborhoods: Create diversity in the type and size of units, neighborhoods, facilities, and programs to accommodate current and future residents.

Housing and the Environment: Provide economically and environmentally sustainable housing and neighborhoods.

Housing and Neighborhood Design: Create more balanced, attractive, and walkable neighborhoods through regulatory reform of private developments and leadership in design of public projects. (Note: the Housing Element also says: Ensure that the regulatory process does not pose barriers to housing production, especially housing affordable to low, moderate, and middle income households.)

In testimony to the PHED Committee, Ms. Lindstrom (©2009; on behalf of Ms. Roman and herself) said that using the Housing Element for the framework of the Housing Policy is not a good fit and causes complications and lack of clarity. They suggested using the five overall goals (previous page) as the framework.

The Housing Element to the General Plan is meant to inform the development and approval of master plans and sector plans regarding all residential

development. While the objectives in the 2012 Draft Housing Policy do touch on all neighborhoods (Goals 3 and 5), they are more focused on addressing the affordability issues faced by many county residents and workers. The Committee should discuss whether they believe the framework used in the 2012 Draft Housing Policy provides the focus needed. If the Committee believes that this policy document is really an affordable housing policy, it could be revised to provide a clearer focus on objectives and actions plans that address affordability for low, moderate and middle income households. Council staff believes that objectives for an affordable housing policy would include code enforcement and care of neighborhoods.

The Greater Capital Area Association of Realtors in written comments (©214) touched on more than affordable housing saying that while GCAAR believes policies should continue to encourage homeownership, they recognize that housing policies should be designed to increase the stock of both affordable housing for sale and rent. Housing and land use policies should facilitate an increase in the velocity of the increase of the housing stock, whether for sale or rent and that the pace of building housing units, particularly affordable units, needs to increase.

The PHED Committee also received comments that the Draft 2012 Housing Policy should have more metrics in the action items and that the production goals should be a part of the Executive Summary (©201).

2. Definitions in Draft 2012 Housing Policy

The 2012 Draft Housing Policy uses the same definitions that were approved by the Council for use in the Housing Element for the General Plan.

Affordable Housing: Housing is considered affordable when approximately 30%-35% of a household's gross income (for households earning up to 120% of area median income or AMI) is spent on rent or principal, interest, condominium or homeowners association fees, property taxes, and private mortgage insurance.

Low income: households earning up to 50% of AMI (HUD definition of very low income and County's definition of low income in Chapter 25B).

Moderate income: households earning between 50% and 80% of AMI (HUD's definition of low income).

Middle income: households earning between 80% and 120% of AMI (income range for County's voluntary Workforce Housing program).

(Note: 2012 AMI for a household of one is \$75,380 and for a household of four is \$107,690)

One term that does not have a definition is “mixed income housing.” At the hearing the question was raised whether meeting the 12.5% MPDU requirement is sufficient to meet objectives in the Draft 2012 Housing Policy about mixed-income housing. One of the Action Plans under the heading “Promote more inclusionary and mixed-income communities” is to “Assess publicly owned-sites for affordable and mixed-income housing, especially in underserved areas.” Does the Committee want to say anything about the mix of incomes that would likely be in a mixed-income housing project? In terms of the use of County-owned land, the 2012 Draft Policy says that projects on County-owned land should have at least 30% affordable housing. (©21)

The Draft 2012 Housing Policy has affordable housing production goals. In most cases, the units themselves will be income-restricted or there will be an income restriction that comes with the rental assistance program serving the renter. However, not all preserved or produced affordable housing is income-restricted. For example, naturally occurring affordable housing may be available to people of all incomes. The policy should be careful to clarify when the specific Action Plan is about **income-restricted or regulated housing** as opposed to rents and prices that are below the average market rate for the area or priced to be affordable to households at or below 120% of AMI.

3. Demographics and Recommendations for Future Studies

The Draft 2012 Housing Policy includes data that is valuable as background for describing the need for housing to serve current resident households at a range of incomes as well as discussing projection of jobs and housing growth. However, the Draft 2012 Housing Policy also has Action Plans that call for updates or additional studies that would provide better information on specific housing needs.

Action Plans:

Monitor the supply and demand of housing units, especially those affordable to lower and middle income households, to see if adjustments should be made to policies or programs. Update the Analysis of the Supply and Demand for Housing, dated June 28, 2008, prepared by the Montgomery County Planning Department to determine new trends and conditions, and publish regular updates. (©9)

Assess employers’ housing needs, especially for entry level and service sector employees. (©10)

Analyze census and housing market studies to determine the number of senior housing units that need to be developed, and to determine the income levels needed to meet the needs of seniors. Analyze existing County rental subsidy programs, senior housing facilities, food assistance subsidies, and other programs for seniors to determine the service needs and the housing needs of seniors in Montgomery County. (©38)

**A. Highlights of Demographics Noted in the 2012 Draft Housing Policy
(©22-23 and ©78-96)**

2010 population of Montgomery County: 971,777
 2010 households in Montgomery County 357,086
 2010 median income for Montgomery County \$89,155

In 2010, about 7.5%, or 72,259, Montgomery County residents lived at or below the Federal Poverty Level. (Note: for 2013 the FPL for a household of 1 is \$11,170 and for a family of four is \$23,050)

INCOME RANGE (not adjusted for household size)	1999	2010	% change	2010 income range% of total households
Less than \$10,000	12,040	15,610	29.7%	4.3%
\$10,000 to \$14,999	8,046	8,773	9.0%	2.4%
\$15,000 to \$24,999	18,325	18,495	0.9%	5.1%
\$25,000 to \$34,999	24,406	21,416	-12.3%	6.0%
\$35,000 to \$49,999	41,248	31,310	-24.1%	8.7%
\$50,000 to \$74,999	65,955	56,332	-14.6%	15.7%
\$75,000 to \$99,999	49,573	44,044	-11.2%	12.3%
\$100,000 to \$149,999	56,565	69,725	23.3%	19.4%
\$150,000 to \$199,999	24,199	40,352	66.8%	11.2%
\$200,000 or more	24,583	53,419	117.3%	14.9%
TOTAL	324,940	359,476	10.6%	100.0%

George Mason University (GMU) Center for Regional Analysis' high estimate of demand of new housing units (©22):

Single-family owned	29,989
Single-family rental	6,669
Multi-family owned	24,588
Multi-family rental	47,276
TOTAL	108,522

About 44% of new housing units will need to be multi-family rental.

From 2010 to 2020 it is projected that the number of residents aged 65 and older will increase by 45% to 174,290. Demand is increasing for assisted living units. Currently, seniors make up about 20% of renter households.

2012 Rental Facility Survey information showed a vacancy rate of 18.7% for market rate senior housing compared to a vacancy rate of 3.8% for affordable and subsidized senior independent living units.

More than 50% of the County's housing units are more than 30 years old.

The 2012 Point-in-Time Survey counted 979 homeless people, a decrease of 8% from the 2010 Point-in-Time count.

The 2012 Point-in-Time Survey counted 598 people in permanent supportive housing, and increase of 35% from 2010.

In 2010, Montgomery County estimated that there were 837 individuals and 446 families with children that had an unmet need for permanent supportive housing with supportive services.

In 2009, it was estimated that the County's older neighborhoods contain over 140,000 homes affordable to households with moderate incomes.

A majority of rental units are two-bedroom or smaller;

Distribution of Rental

Units 2011	# of units	% of total
Efficiency	4,018	5.4%
1 Bedroom	29,727	39.6%
2 Bedroom	34,214	45.6%
3 Bedroom	6,785	9.0%
4 or more Bedrooms	316	0.4%
TOTAL	75,060	100.0%

In 2010, about 51% of renters were paying 30% or more of their income in gross rent.

**B. 2008 Analysis of Supply and Demand for Housing (©153-167)
M-NCPPC Research and Technology Center**

This report was one of several background reports completed for Park and Planning's revisions to the Housing Element to the General Plan

Montgomery County is approaching build-out. At the time the report was written, 82% of existing residential capacity had been reached with 91% being reached when counting approved development in the pipeline.

In 2007, the average price of a new single family detached home was just under \$1 million; the average price of an existing single family detached home was \$569,000; the average price of a new townhome was \$475,000; and the average price of an existing townhome was \$365,000.

In 2007, rents in Montgomery County were “comparatively moderate.” Council staff has put the 2011 turnover rate next to the 2007 rents:

	<u>2007</u>	<u>2011</u>
Countywide average	\$1,281	\$1,442
Bethesda Chevy-Chase	\$1,674	\$1,914
Rockville	\$1,523	\$1,679
Darnestown/Potomac	\$1,369	NA
Upper Montgomery County	\$1,039	\$ 933
Germantown/Gaithersburg	\$1,156	\$1,246
Wheaton	\$1,170	\$1,330

There is pent-up demand for larger rental units – 86% of all rental units in 2007 were one and two bedroom units.

77% of County households live in single family detached or attached homes.

Renters paid a larger share of income for housing 41% of renters spent more than 30% of income on housing compared to 17% of homeowners.

Senior housing had increased by 1,659 units between 2001 and 2005 but there has been a decline in nursing units, assisted living units, and subsidized assisted living units.

The 2008 analysis provide tables that estimated the shortage of units for households of certain incomes and family sizes. The following compares the surplus and deficit of units for certain incomes. (©162)

Household income	Affordable Monthly Housing Cost (30%)	Surplus or (Deficit) of Units 2005	Surplus or (Deficit) of Units 2030 (Projected)	# of unit change	% change
Less than \$30,000	Less than \$750	(26,813)	(29,828)	(3,015)	11.2%
\$0,000 to \$59,999	\$750 to \$1499	(9,661)	6,688	16,349	-169.2%
\$60,000 to \$89,999	\$1500 to \$2249	(6,179)	(12,799)	(6,620)	107.1%
\$90,000 to \$119,000	\$2250 to \$2999	9,545	5,713	(3,832)	-40.1%
\$120,000 to \$149,000	\$3000 to \$3749	11,884	15,689	3,805	32.0%
\$150,000 and above	\$3750 and above	26,676	21,156	(5,520)	-20.7%
TOTAL		5,452	6,619	1,167	21.4%

The analysis then adjusted for family size (©163). The following is the projected surplus and deficit projected for 2030. The analysis concluded that the largest deficit of housing in 2030 will be for any size household earning \$30,000 or less, just as it is was in 2005. These households would all qualify for the MPDU program. The projection then shows the shortage begins to focus more on larger families, although there is a substantial shortage for 2 person households earning between \$60,000 and \$89,999. Currently, a 2 person household earning more than \$60,000 would not be eligible for a MPDU, nor

would a 3 person household earning more than \$67,500. Therefore, there are shortfalls that would not usually be addressed through most of affordable housing programs that are currently in place. Efforts like the voluntary workforce housing program or closing cost assistance might help if units are available for larger families.

Household income	Affordable Monthly Housing Cost (30%)	1 Person	2 People	3 People	4+ People	Surplus or (Deficit) of Units 2030 (Projected)
Less than \$30,000	Less than \$750	(9,991)	(7,412)	(5,895)	(6,529)	(29,828)
\$0,000 to \$59,999	\$750 to \$1499	13,364	5,692	(1,790)	(10,578)	6,688
\$60,000 to \$89,999	\$1500 to \$2249	3,755	(4,171)	(3,076)	(9,307)	(12,799)
\$90,000 to \$119,000	\$2250 to \$2999	9,061	(1,186)	(1,484)	(677)	5,713
\$120,000 to \$149,000	\$3000 to \$3749	9,057	2,632	283	3,717	15,689
\$150,000 and above	\$3750 and above	16,814	3,344	875	122	21,156

Council staff agrees that this kind of analysis, updated on a regular basis, is needed in order to properly focus policies and funding on shortages not likely to be addressed by the market. The PHED Committee may want to ask Park and Planning how such an update could be added to its work program.

4. Language regarding Master Plans and Zoning

Both the 2001 and the Draft 2012 Housing Policy have policy statements and action items (or tools) about information and language that should be included in master plans and changes to the zoning ordinance or process. Both policies say that there should be specific goals for affordable housing and sites identified in master plans. The Draft 2012 Housing Policy includes Action Plans regarding the Zoning Ordinance rewrite.

Council staff believes that the PHED Committee should carefully review the information in the Draft 2012 Housing Policy and make sure that it is not recommending to the Council Action Plans that it does not believe should be implemented or, are not really policy Action Plans but rather issues that should be addressed when a master or sector plan is addressed by the Council.

The following are selected Action Plans from the 2001 and Draft 2012 Housing Policies. While they are most of the statements, they are not all inclusive. Also attached at © 218-231 are Council staff's notes on the language included in the Shady Grove Sector Plan, White Flint Sector Plan, and Great Seneca Sector Plan. Each of these plans has a different level of information about the existing inventory of housing in the plan and surrounding plan area and the incomes it would most likely serve. They also have different levels of specificity about affordable housing recommendations including whether specific sites are identified.

Council staff has heard concerns that: (1) if specific sites are named there could be arguments made that other sites are not appropriate (as they were not named); (2) even if sites are named if they are privately owned the master plan language is not binding on the developer or Park and Planning; (3) it might be appropriate to make recommendations on public land but not private land; and (4) it is confusing when a plan says a site is appropriate for affordable housing since affordable housing in the form of MPDUs is appropriate and required for all residential development and below-market priced housing could be provided in any residential zone as long as the type of housing (townhouse, garden, high-rise, single-room) is allowed in the zone. Conversely, Council staff has heard concerns that unless there is language about the expectation for affordable, senior, or special needs housing it may just be assumed that as long as the required MPDUs are provided the plan's objectives have been met.

Council staff also suggests the Committee discuss the last point listed in the summary for statements in the 2012 Draft Housing Policy that would change the process for County-owned land to use the Mandatory Referral process instead of the current preliminary plan. It is not clear to Council staff that this can be done, even if there is agreement with the policy, since the County generally does not own the housing in the long-run and it may not be considered a government use. Action in Montgomery (AIM) supported this change in its testimony saying that streamlining the process for supplying affordable housing requires urgency.

Selected Statements included in the 2001 Housing Policy Regarding Master Plans and Zoning

- Amend the Zoning Ordinance and implement changes through the master planning and sectional map amendment processes, including providing affordable housing goals in master plans. (©122)
- Increase variety of housing densities in new communities to provide more choices to a broader economic range of households and designate appropriate, specific locations in sufficient amount for higher density housing and mixed-used development in master plans and other government planning documents...amend the zoning ordinance and implement changes through the master plan process. (©124)
- Include goals for affordable and assisted housing in master plans and designate suitable sites for elderly housing and other special needs housing (©125)
- Include sections on neighborhood renewal in master plans. (©127)
- Explore Zoning Ordinance standards for infill development or redevelopment that provides an appropriate mix of uses in existing communities...Invite compatible rezoning and special exception applications for infill development. (©127)

- Provide adequate zoning capacity to meet the current and future housing needs of those who live or work in the county. (©132)
- Ensure sufficient development and redevelopment capacity to accommodate forecast employment growth (©132)

Selected Statements included in the 2012 Draft Housing Police Regarding Master Plans and Zoning Ordinance

- Develop master plans and provide adequate zoning capacity to meet the current and future housing needs of those who live or work in the County. Assess potential for higher density residential development, especially in transit-serviceable areas. (©9)
- Aid the construction of new affordable housing throughout the County by making sure the Zoning Ordinance allows for it, providing innovative financing, and including affordable housing goals in master plans. (©10)
- Promote housing as an adaptive reuse of vacant non-residential building and provide for appropriate redevelopment of residential property in compliance with land use, zoning and master plans. Establish mixed-use zones that allow a mix of commercial and residential development. Evaluate and consider implementing incentives. (©10)
- Through master plans and special County-initiated studies, inventory and assess privately-and publicly-owned building suitable for conversion to residential use. (©10)
- Request that the Planning Department study the possibility of co-locating housing in existing office parks and other land uses that feature out-of date or excessive parking and green space. Increase infill-housing opportunities in suburban office parks, shopping centers, and underused properties. (©11)
- Include goals for affordable and assisted housing in master plans and designate suitable sites for elderly housing and other special needs housing. Explore incentives, such as density bonuses, to developers who provide special needs housing. As the Zoning Ordinance is revised, make sure that special needs housing and elderly housing continue to be available options in all locations. (©13)
- Include affordable senior housing in the high-density master planned communities at transit stops. Promote programs and options for seniors to “age in place” appropriately. Assist and encourage efforts to create concepts such as villages and other options to help individuals remain in their community. (©14)

- Add “Increasing and Preserving Affordable Housing” as an objective in all master plans. (©16)
- Include recommendations in master plans for affordable housing sites and locations, and for the use of county-owned sites for affordable housing. Evaluate and establish goals in master plans for the location of senior housing, mixed-used housing, and special needs housing. (©16)
- Provide flexible development standards for mixed-use projects to allow for the full integration of residential and non-residential components. Through the subdivision approval process, require residential components of mixed-use projects be provided early in the development phasing and in the build-out of large-scale projects. (©17)
- Continue provisions in the Zoning Ordinance, and streamline the review procedures, that allow development with innovative housing types to meet the needs of small households and special needs populations, including accessory apartments, single-room occupancy units, and group homes. (©44)
- Provide additional incentives for projects in the Commercial/Residential (CR) Zone, and other similar zones that award points for providing certain public benefits, to developments that will have more MPDUs than required, and for projects having more units with 3 or more bedrooms. (©17)
- Evaluate existing and proposed zoning regulations to make sure that the overall goal of the MPDU program to disperse affordable housing is maintained. Avoid and over-concentration of too many MPDUs in one building or one section of a community. Subdivisions that contain a mix of housing types need to have affordable units that are well-designed and place in locations that bring about enhanced community cohesiveness. (©18)
- Explore zoning and regulatory changes to ease approval of elderly housing development. As the Zoning Ordinance is being rewritten, make sure to retain use that is similar to the current Special Exception for Housing and Related Facilities for Senior Adults and Persons with Disabilities. Develop standard compatibility criteria for elderly housing and study ways to make the special exception approval process more cost effective and responsive. (©37)
- During Zoning Ordinance Revision, reduce the number of categories that allow for additional units on single-family lots. Eliminate any overlap between uses. Establish clear definitions that can be understood by the community and the agencies charged with enforcement of the Zoning Ordinance. (©20)
- Review the feasibility of establishing a more streamlined process for affordable housing projects on County-owned land where the subdivision of the land, and the overall land uses and densities, are established through the Mandatory Referral

process, and the property then goes through normal site plan reviews. Property owned by Montgomery County that will be used for affordable housing should also have access to the Mandatory Referral process to establish the appropriate zoning and land uses for the site, especially when affordable housing is being built next to County facilities and other County uses or when the zoning of a County-owned property was not addressed in the master plan or if the plan is more than 15 years old, and the current zoning is not appropriate for the development of mixed uses on a site or for the construction of affordable housing. (©21)

The Committee may want to discuss if, as an alternative to language about specific sites, there should be a requirement for a standardized analysis of housing in each master plan or sector plan recommended to the Council. This analysis would provide information about existing housing, projected new housing units, the income level of households that are likely to need housing in the area to work in the area, and projections about the need for senior housing or other special needs housing in the area. The Council might not include language about specific sites in a master plan, but this information could assist in adjusting affordable housing production goals and targeting resources in specific areas of the county.

In its testimony, the Housing Opportunities Commission highlighted its concern that the current sector plan scoring system does not adequately promote mixed use communities and that the CR and CRT zones do not provide sufficient incentive for developers to provide additional affordable housing as a public benefit rather than other public benefits that can be used to achieve density.

5. Senior Housing

The main section on Senior Housing is included at ©37-39. The Action Plans note that there is an adequate supply of market rate and high end senior and assisted living options but there is a serious deficiency of assisted living for seniors with low and moderate incomes. The Action items also include questions about whether seniors need more rental subsidies similar to a Housing Choice Voucher which limits the percentage of income spent on monthly rent or a shallow subsidy that provides a fixed amount of money like the Rental Assistance Program. The Policy also looks at whether a program should be created to assist low income seniors with condominium fees to assist them with staying in their homes. There are also recommendations regarding increased education about housing options and renovations that might allow seniors to age in place.

Action in Montgomery (AIM) provided comments on senior housing in its testimony noting that focus groups in its participating congregations said that seniors are particularly impacted by the lack of affordable housing, lower income seniors are most at risk for losing their home, and many seniors needing assisted living cannot afford it. AIM noted that senior housing is included in the Draft Policy's production goals in special needs housing and, while they can support this, there should be metrics about the

percentage of housing that should be special needs housing. AIM also shares that while the Draft Policy calls for incentives for more 2, 3, and 4 bedroom MPDUs, it is as important to increase efficiencies and 1 bedroom units that may be needed by seniors who do not need assisted living or congregate senior housing.

6. Special Needs Housing

There are two sections of the 2012 Draft Housing Policy that address people with special needs. The first is the section that is focused on providing special needs housing (©36-37) and the second is the section on visitability in housing (©39). The first two Action Plans are to update the comprehensive inventory of special needs housing and to continue to develop forecasts for special needs housing.

The PHED Committee received testimony at the public hearing from individuals and organizations about the need for more affordable housing for people with disabilities and that the needs are different depending on the type of disability being addressed. The issue of visitability in all housing was a part of this discussion as homes that are designed to be accessible and visitable not only may be easier to modify for the home's resident but keep people with a mobility disability from being isolated or prohibited from visiting others.

In terms of a specific population, the Commission on Disabilities, Independence Now, Ms. Simon, Adventist Rehabilitation Hospital, and Mr. Fitzpatrick, talked with the Committee about the need for barrier-free housing to allow people with mobility issues to leave nursing homes and live in the community. The example of units at HOC's MetroPointe that were modified for this purpose was given. There about 500 people under the age of 60 living in nursing homes in the County who have indicated that they would like to live in the community. About 50 meet the criteria for funding for supportive services but this Medicaid funding will not pay for housing. Councilmember Leventhal held a follow-up meeting with representatives for this group and has asked that Council staff recommend language in the 2012 Housing Policy that would clearly address this specific housing problem.

There are also Action Plans regarding continuation of the Housing First effort and housing for those transitioning from homelessness that include increasing the number of permanent supportive housing units and developing a Recuperative Care Facility and other therapeutic programs that would provide step-down care for homeless persons and persons with chronic behavioral health conditions.

7. Annual Affordable Production Goals

The Draft 2012 Housing Policy, like the 2001 Housing Policy, recommends that 1,000 units of affordable housing should be “produced” each year in order to continue serving household earning \$50,000 or less (2012 Policy) or \$40,000 or less (2001 Policy). Both policies provide an estimated cost per unit.

Council staff believes that it is this brief section of the 2012 Draft Housing Policy that is the most critical in terms of understanding what is needed to make progress, what progress has been made, what amount and type of funding is needed, what progress might be made within funding that is available, and what policies, laws, or regulations might be needed to make the progress desired. The PHED Committee heard from several of those testifying about the need for more metrics in the Housing Policy and this is a key component of those suggestions.

That said, Council staff also believes that 10 year goals set out this way is not the best way to monitor progress and suggests that the PHED Committee may want to take this section out of the Housing Policy Document and instead set productions goals every two years when the full CIP is reviewed and enacted. The production goals would be considered with the funding. Costs and expectations could better reflect recent projects. The production goals could be part of a two-year workplan that would include other Action Plans from the Policy.

The following two tables compare the 2001 and 2012 Draft Housing Policy

Cost to County to:	2001 Housing Policy	2012 Housing Policy
Preserve Federally Assisted Housing – per unit	\$8,000 to \$12,000	\$8,000 to \$12,000
Acquire Group Home – per home (average 6 occupants per home)	\$30,000 to \$60,000	\$100,000
Create assisted living for seniors – per unit	\$15,000 to \$23,000	\$80,000
Provide permanent supportive housing with case management for mentally ill person	\$12,000 to \$17,000	
Provide permanent supportive housing with case management for person with disability	\$14,000 to \$17,000	
Provide transitional housing with case management for homeless individual	\$7,800 to \$9,000	
Provide transitional housing with case management for homeless family with children	\$8,300 to \$14,000	
Acquire and renovate multi-family housing – per unit		\$50,000
Construct new rental housing – per unit		\$40,000
Acquire and renovate existing rental housing to preserve and create affordable housing – per unit		\$40,000
Assist HOC and Non-profit organizations to acquire MPDUs – per unit		\$50,000
Rehabilitate HOC public housing – per unit		\$13,330

Housing Type	2001 Owner Units Goal	2012 Owner Units Goal	2001 Rental Units Goal	2012 Rental Units Goal
Both 2001 and 2012 have an overall goal of 1,000 units per year				
MPDUs	200	50	100	50
Housing Choice Vouchers and County Rental Assistance			200	6,000*
Group Home/Transitional/Special Needs Housing – includes constructed, acquired, and renovated units			100	300
Homeownership through acquisition and renovation of foreclosed homes	30			
Non-Profit multifamily acquisition and rehabilitation of existing market units (for 2012 this includes preservation of federally assisted housing)			150	150
New construction of affordable rental units (not MPDUs)			200	100
Federally Assisted Housing acquisition and preservation (including rehabilitation) of federal housing with expiring restrictions			200	
MPDU purchase by HOC and Non-profit organizations for use as rental units			60	20
Multifamily housing rehabilitation loans			150	
Construction of senior housing independent and assisted living units			250	50
Accessory Apartments – creation of new units			50	10
Preservation of threatened multifamily housing			950	
Acquisition of threatened multifamily housing			150	
HOC Public Housing Acquisition			100	75
TOTAL	230	50	2,660	6,755*

*Housing Choice Vouchers are current, not additional new vouchers.

As currently drafted the 2012 Annual Affordable Housing Production Goals are a mix of existing units and rental assistance that keep units affordable and new units. Some of the units may be income-restricted and some of the preservation units may be preserved to be affordable to certain incomes but not required to be occupied by households with these same incomes. To a certain degree, the annual production goals have been made to fit within funding of about \$31 million that might come from the HIF,

CDBG and HOME funds. With regard to Housing Choice Vouchers, there are a certain number of new households (generally 50-75) that are served each year through the turnover of vouchers, but this is different than an addition to the number of vouchers (such as when new VASH vouchers became available).

If the Committee agrees there should be a biennial process for setting production goals and a policy workplan, then there could be a baseline showing the current number of units, vouchers, slots in rental assistance programs, and then a goal for growing the amount of affordable housing (income-restricted and non-income restricted).

8. Policies Specific to Renters

The 2012 Draft Housing Policy includes information about projected need for additional rental housing for incoming workers and special needs populations as well as the gap in affordable units that are available when compared to incomes and family size. Under the heading “Preserve privately-owned affordable housing” (©12), Action Plans include developing strategies to preserve “naturally occurring” rental properties and continuing the County’s Voluntary Rent Guideline Program and DHCA’s negotiations with landlords who do not follow these guidelines.

The PHED Committee received testimony from the Montgomery County Renters Alliance (©211-213) about the growing percentage of County residents who are renters, most of who are not in income-controlled units. The Renters Alliance suggested that in addition to the items in the 2012 Draft Housing Policy, the following also be included:

- Measures to stabilize rents in all rental housing
- Measures to insure that responsible renters are stable in their homes in perpetuity
- Policy that further protects renters from retaliation
- Support for landlord and tenant education
- A more responsive landlord-tenant complaint process
- Safety standards for receiving a rental license
- Mandatory annual data collection and penalties for landlords who do not comply or provide inaccurate information
- A broad regional study of demographics and housing trends

9. Recommendations for Existing Programs

Chapter III of the 2012 Draft Housing Policy (©46-72) reviews and makes recommendations about the following existing housing programs:

A. The Moderately Priced Dwelling Unit Program (MPDUs) (©47-55)

Recommendations include encouraging more two, three, and four bedroom units; providing incentives for more than the required number of MPDUs; making the construction cost more feasible through the use of “receiver buildings”; determining

whether mixing condominium and rental in one building could make providing MPDUs in high-rise buildings more feasible; continuing to prohibit certain types of MPDUs (back-to-back) and ensuring MPDUs are dispersed; research viable alternatives for producing MPDUs on site under limited circumstances; increasing awareness of the MPDU program and assisting applicants;

B. The Montgomery Housing Initiative Fund (HIF) (©55-57)

Recommendations include investigating the use of an affordable housing impact fee on non-residential development; encouraging donations to the HIF possibly through the implementation of a tax-credit program.

C. Workforce Housing (©58)

Recommendations include preserving existing privately-owned properties with rents affordable to middle income households; identifying programs that can be used in neighborhoods with stagnant prices or a large number of foreclosures to market and sell these homes to middle-income households; analyzing the need for voluntary rental workforce housing near transit.

D. State and federally-funded housing renovation and special needs housing programs (©58-60)

Recommendations include focusing resources on the renovation and improvement of existing group homes; continuing to allow non-profits to purchase MPDUs to be used as group homes; continuing to use Housing Choice Vouchers to make non-profit group homes more financially viable; developing new special needs group home when County-owned sites are evaluated for affordable housing; continuing to coordinate housing providers and support service agencies.

E. Housing First and homelessness programs (©60-63)

Recommendations include increasing the number of permanent supportive housing units; reducing the time people spend in temporary shelter; decreasing the use of motels as emergency shelters for families; exploring state funding for affordable assisted living options for people with disabilities and people who are homeless and have a disability; assessing the feasibility of more single room occupancy units; developing more larger units for families; developing housing options for youth aging out of foster care, domestic violence victims, and people with mental illness and disabilities, continuing to study projections for these population to develop long-term strategies.

F. County-funded rental assistance programs (©63-65)

Recommendations include increasing the number of rental subsidies through HOC; expanding the County's rental assistance programs for special populations as funds allow; continuing to provide funds for the repair of homes to reduce utility costs, encouraging energy efficiency upgrades; educating households on energy conservation; continuing HOC's rent supplement program that is funded with the Recordation Tax.

G. Housing Code Enforcement and Neighborhood Assistance (©65-67)

Recommendations include continuing a vigorous housing code enforcement program; continuing to have Code Enforcement staff perform annual reviews of vacant and condemned units and refer owners to the Rehabilitation Loan and Replacement Home programs, especially for the elderly or those who cannot financially or physically maintain their home; studying whether the infrastructure in common ownership communities is being maintained and whether the communities have adequate financial reserves to maintain their properties; continuing to identify neighborhoods at-risk of deterioration and bringing in resources to respond to particular need; continuing to monitor foreclosed properties; continuing coordination by DHCA and DEP of investigations; continuing to refine and distribute information to community groups and residents on the complaint process and noise ordinance.

H. Accessory Apartments (©67-71)

This section will need to be revised based on the Council's actions regarding the permitting of accessory apartments.

I. Condominium Tax Programs (©71)

Recommendations include continuing to identify rental properties that are likely to convert to condominium; working with nonprofit housing providers and HOC to acquire rental properties at risk of conversion; continuing the Condominium Conversion Transfer Tax.

J. Use of County Owned Land (©71-72)

Recommendations include including housing affordable to low, moderate, and middle income households in all suitable public building projects in appropriate locations throughout the County; including at least 30% affordable housing in these projects; developing a database of County-owned land that would help assess possibly using it for affordable housing; establishing housing as a major preferred use when the County sells property and having this use take preference over receiving full market price; requiring that 30% of units be affordable when selling land at below market value; reviewing the feasibility of streamlining the approval process using mandatory referral for subdivision, overall land uses, an densities and then going through the normal site review process.



070505

DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Isiah Leggett
County Executive

MEMORANDUM

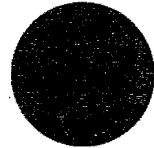
Richard Y. Nelson, Jr.
Director

October 17, 2012

TO: Roger Berliner, President
Montgomery County Council

FROM: Richard Y. Nelson, Jr., Director
Department of Housing and Community Affairs

SUBJECT: Draft 2012 Housing Policy



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ENCL IN
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I am pleased to transmit to you the Draft 2012 Housing Policy. The purpose of the Housing Policy, which is updated every ten years, is to guide the implementation of the County's housing programs and policies, to provide recommendations for improving them, and to provide direction for the allocation of resources. Montgomery County has a long history of innovative and comprehensive programs to meet the housing needs of our residents, the County's workforce, and those who live here that have special needs. Montgomery County has made a commitment to promoting a healthy, inclusive community and has established policies and programs to make this a reality.

The objectives of the 2012 Housing Policy are taken directly from the Housing Element that was adopted by the County last year. The 2012 Housing Policy establishes action plans for meeting the Housing Element objectives, recommends improvements to existing housing programs, and presents data and information on the status of housing in the County. This Housing Policy establishes overall goals that Montgomery County will:

- Preserve the existing regulated affordable housing stock, striving for no net loss of income-restricted affordable housing.
- Increase the number of affordable housing units.
- Conserve and care for Montgomery County's residential neighborhoods, and develop and invest in quality communities.
- Strive to prevent homelessness and find homes for the homeless.
- Support the development of new housing, especially in transit-oriented areas.

The policies, recommendations, and actions plans spelled out in the 2012 Housing Policy will assist us to meet many elements of the County's Mission Statement and provide Affordable Housing in an Inclusive Community, Healthy and Sustainable Communities, Safe Streets and Secure Neighborhoods, A Strong and Vibrant Economy, and Vital Living for All of Our Residents. Thank you for considering the 2012 Housing Policy.

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Office of the Director

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www.montgomerycountymd.gov/dhca

2012 HOUSING POLICY

DRAFT

A Housing Policy for Montgomery County, Maryland



**Department of Housing and Community Affairs
October 2012**



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Isiah Leggett

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Valerie Ervin
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Department of Housing and Community Affairs
Richard Y. Nelson, Jr.

Cover Photograph: 7610 Maple Avenue Apartments, Photo Courtesy of Montgomery Housing Partnership, Inc.

“The greatest challenge will be to increase the supply of affordable housing.”

The Honorable Paul Sarbanes

May 7, 2012

2012 HOUSING POLICY

A HOUSING POLICY FOR MONTGOMERY COUNTY, MARYLAND

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APPENDIX A: DEMOGRAPHIC AND ECONOMIC CONDITIONS

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APPENDIX B

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NUMBER OF MPDUS PRODUCED SINCE 1976

1

APPENDIX C: INVENTORY LIST OF AFFORDABLE HOUSING PROJECTS IN MONTGOMERY COUNTY (Under revision, to be completed soon)



Montgomery Arms Apartments, Photo Courtesy: Housing Opportunities Commission

2012 HOUSING POLICY FOR MONTGOMERY COUNTY, MARYLAND

EXECUTIVE SUMMARY

To remain a vibrant, thriving community, Montgomery County must have a well-balanced economy, adequate services and schools, and resources that meet the needs of the citizens. A key factor is the availability of housing that meets the needs of the residents. This Housing Policy confirms the objectives set out in the 2011 Housing Element to the Montgomery County General Plan, and establishes action plans to meet the objectives. This Housing Policy establishes the following vision that Montgomery County is a place where:

- Everyone has a place to call home — no one is homeless.
- Neighborhoods are safe and sound, with community services and well-maintained facilities.
- All housing is in sound condition and meets all building maintenance codes.
- Each housing unit has adequate living space for its occupants.
- Affordable housing exists for all who live or work in the County, regardless of age or income.
- People receive appropriate housing and services for each stage of life and can remain in the community as they grow older.
- There is no discrimination in choosing a place to live, regardless of race, color, religious creed, ancestry, national origin, sex, sexual orientation, marital status, presence of children, age, physical or mental disability, or source of income.
- Housing opportunities and supportive services are available for those who have mobility or sensory impairment, developmental or emotional disabilities, or mental illness.

The overall goals of this Housing Policy are that Montgomery will:

- **Preserve the existing regulated affordable housing stock, striving for no net loss of income-restricted affordable housing.**
- **Increase the number of affordable housing units.**
- **Conserve and care for Montgomery County's residential neighborhoods, and develop and invest in quality communities.**
- **Strive to prevent homelessness and find homes for the homeless.**
- **Support the development of new housing, especially in transit-oriented areas.**

HIGHLIGHTED HOUSING POLICY ACTION PLANS

Objective 1: Housing and Neighborhood Connectivity

Concentrate most new housing near public transportation and provide easy, multi-modal connections to jobs, schools, shopping, recreation, and other leisure activities.

A. Plan for and promote new residential construction

Action Plans

- Encourage housing development of varying types and price ranges, recognizing that the greatest need is for more rental housing to meet the housing needs for the County's expected 163,000 net new workers by 2030.

- Develop master plans and provide adequate zoning capacity to meet the current and future housing needs of those who live or work in the County. Assess potential for higher density residential redevelopment, especially in transit-serviceable areas
- Give housing the first priority consideration when there is a change of use or ownership of publicly-owned land. Build housing on excess county-owned land next to government facilities.
- Monitor the supply and demand of housing units, especially those affordable to lower and middle income households, to see if adjustments should be made to policies or programs. Update the Analysis of the Supply & Demand for Housing, dated June 28, 2008 prepared by the Montgomery County Planning Department, to determine new trends and conditions, and publish regular updates.

B. Promote housing, especially higher density and mixed housing types, in transit-oriented areas and employment centers

Action Plans

- Concentrate and promote housing in high-density, mixed-use transit-oriented areas and seek to develop new zones that allow for mixed uses, provide increased opportunities for residential development, and encourage sound infill development on sites near employment and transit centers, on publicly-owned sites, in older strip commercial areas, and surface parking lots.
- Phase mixed-use development so that housing is constructed in a timely fashion relative to other uses within the project.
- Plan the uses at the edges of high-density centers to be compatible with existing neighborhoods and protect adjacent low-density residential neighborhoods.

C. Promote more inclusionary and mixed-income communities

Action Plans

- Foster the construction of well-designed affordable housing that is compatible with surrounding development. Ensure that affordable housing is maintained properly.
- Identify and set aside areas for the provision of affordable housing in large-scale planned development through a variety of approaches, including the MPDU Program.
- Assess publicly-owned sites for mixed-income housing, especially in underserved areas.

D. Expand affordable housing

Action Plans

- Add to the amount of affordable housing in Montgomery County to meet the housing needs of existing households and the future population forecasts.
- Aid the construction of new affordable housing throughout the County by making sure the Zoning Ordinance allows for it, providing innovative financing, and including affordable housing goals in master plans.
- Reduce disincentives that limit the development of affordable dwelling units and increase incentives for the production of MPDUs above the statutory requirements. Analyze, and if necessary, increase incentives for moderately priced dwelling unit production in high-rise developments.
- Identify and secure adequate assistance to meet the current and future unmet affordable housing demand. Expand funding of affordable housing and enhance county programs that provide assisted housing, including HIF financing, homeownership assistance, the leveraging and layering of other public and private funding sources, and public and private homeownership assistance near employment centers.

E. Encourage employer participation

Action Plans

- Assess employers' housing needs, especially for entry level and service sector employees.
- Provide incentives to encourage employers to develop mixed-income housing at employment centers by redeveloping surface parking lots and underutilized property, and creating transit-oriented developments.
- Create employer-supported homebuyer and renter counseling programs, and assess the feasibility of developing programs for employer contributions to closing cost and down payment assistance programs.

F. Promote infill residential development and adaptive reuse

Action Plans

- Promote housing as an adaptive reuse of vacant non-residential buildings and provide for appropriate redevelopment of residential property in compliance with land use, zoning and master plans. Establish mixed-use zones that allow a mix of commercial and residential development. Evaluate and consider implementing incentives.
- Through master plans and special County-initiated studies, inventory and assess privately- and publicly-owned buildings suitable for conversion to residential use.

- Request that the Planning Department study the possibility of co-locating housing in existing office parks and other land uses that feature out-of-date or excessive parking and green space. Increase infill-housing opportunities in suburban office parks, shopping centers, and other underused properties.

Objective 2: Diverse Housing and Neighborhoods

Create diversity in the type and size of units, neighborhoods, facilities, and programs to accommodate current and future residents.

A. Housing for all stages of life

Action Plans

- Provide a sufficient housing supply to serve the County's existing and planned employment and the changing needs of its residents at various stages of life.
- Make housing affordable to low, moderate, and middle-income households a priority in all parts of the County. Continue to provide County financing for the creation and preservation of affordable and special needs housing.
- Create and provide incentives for the development of housing for diverse residential needs, including housing for families with children, for the elderly, for persons with disabilities, for persons with mental illness, for persons transitioning from homelessness, and for persons with AIDS.
- Encourage redevelopment and rehabilitation of deteriorating or aging residential multi-family properties while protecting the well-being of current residents and minimizing displacement of at-risk residents.

B. Preserve existing neighborhoods

Action Plans

- Preserve existing privately-owned and unregulated rental housing providing affordable rents.
- Protect residential neighborhoods from excessive traffic and discourage spillover parking from non-residential areas. Set policies and enforce them to assure that the County's residential neighborhoods continue to be a source of well-maintained housing and provide an attractive choice for households.
- Continue to pay attention in master plans to protecting existing neighborhoods and continue to enforce requirements for the maintenance of the high quality of housing and provide adequate public infrastructure in existing neighborhoods.
- Take actions to ensure that older neighborhoods, especially communities at risk of decline, remain attractive and viable for homebuyers by renewing neighborhood infrastructure,

promoting neighborhood stabilization, and addressing streetscaping and neighborhood desirability issues.

- Prevent encroachment on existing neighborhoods by uses not allowed by the zoning ordinance or recommended by the area master plan. Preserve single-family rental housing as one of many housing alternatives in the County.

C. Preserve existing regulated affordable housing

Action Plans

- Preserve existing federal, state, or County-financed affordable housing. Work proactively with owners of affordable housing to understand and develop preservation plans for properties.
- Assess affordable housing likely to be threatened by redevelopment, conversion to condominium status, or other displacement of low- and moderate-income residents. Work proactively with owners of affordable housing to understand and develop preservation plans for properties. Maintain close contact with apartment owners and industry representatives to get advanced notice of potential sales.
- Use HIF acquisition and rehabilitation loans and right-of-first-refusal contracts to acquire and preserve extended affordability in housing developments. Improve maintenance, renovation, and upkeep of scattered-site, assisted housing properties.

D. Preserve privately-owned affordable housing

Action Plans

- Assess existing privately owned multi-family housing with affordable rents likely to be threatened by redevelopment, conversion to condominium status, or other displacement of low- and moderate-income residents or loss of affordable units. Identify transit-oriented areas where redevelopment is likely to occur.
- Develop strategies to preserve these “naturally occurring” rental properties through measures such as providing a loan to the owner to renovate the property and maintain the affordable rents. Work with HOC and non-profit housing providers to identify at risk properties. Provide assistance and financing for the acquisition and preservation of naturally occurring affordable rental properties.
- Continue the County’s Voluntary Rent Guideline Program. DHCA should evaluate the criteria used to establish the voluntary rent guideline to make sure that the suggested increase amount is an accurate reflection of increased costs. The County should continue to negotiate with landlords that do not follow the voluntary guidelines to minimize impacts on tenants, especially senior citizens, persons with special needs, and long-term residents. Voluntary rent guidelines can be a valuable tool in keeping rent increases reasonable.

E. Provide affordable housing with support services and provide supportive services to scattered-site housing residents

Action Plans

- Coordinate the availability of affordable housing units and needed support services for persons with special needs, including those persons transitioning from homelessness.
- Continue to have HOC, HHS, and the County's non-profit organizations cooperate and collaborate to provide high quality housing and social service supports to low-income families to improve greatly their chances for success.

F. Provide more special needs housing

Action Plans

- Encourage production of housing for populations with special needs. Develop additional techniques to provide housing opportunities to meet the special housing needs of the elderly and persons with disabilities. Update the comprehensive inventory of special needs housing. Continue to develop forecasts of special needs populations.
- Identify and implement programs to meet any shortfall of special needs housing. As funds are available, increase rental subsidies and opportunities to the most at risk populations. Obtain additional federal funds when possible.
- Increase supply of adaptable housing with basic accessibility design elements.
- Include goals for affordable and assisted housing in master plans and designate suitable sites for elderly housing and other special needs housing. Explore incentives, such as density bonuses, to developers who provide special needs housing. As the Zoning Ordinance is revised, make sure that special needs housing and elderly housing continue to be available options in all locations.

G. Expand housing to serve households moving from homelessness

Action Plans

- Provide resources to allow families and individuals to transition from homelessness into housing with support services.
- Continue to implement the Housing First program. Conduct inventory of rental housing to identify apartments that can be appropriate for transitioning from homelessness.
- Increase the supply and affordability of appropriately designed and located permanent supportive housing for those who have experienced homelessness.

H. Expand the supply of affordable rental senior housing

Action Plans

- Promote choices of dwelling types so that seniors can age in place, downsize, choose rental or ownership, or find housing with the appropriate level of supportive services without having to leave the community.
- Promote and make more affordable senior housing available. Develop affordable senior housing, especially affordable elderly assisted living, on County-owned land, and in projects assisted with County funds.
- Include affordable senior housing in the high-density master planned communities at transit stops. Promote programs and options for seniors to “age in place” appropriately. Assist and encourage efforts to create concepts such as villages and other options to help individuals remain in their community.
- Promote Design for Aging in Place by encouraging housing designs that accommodate or adapt to persons aging in place and to persons with disabilities. Encourage walkable communities and mixed use zoning so that residents can choose to live within walking distance of basic amenities.
- Analyze existing County rental subsidy programs, senior housing facilities, food assistance subsidies, and other programs for seniors to determine the service needs and the housing needs of seniors in Montgomery County

I. Encourage Visitability in housing

Action Plans

- Incorporate design features such as a no-step entrance, wider doors, barrier-free entrances, and other visitability improvements in housing to help people age in place, assist a person living with a temporary or permanent disability, and accommodate friends or relatives who have mobility limitations.
- Encourage developers to incorporate visitability design features in their projects. Analyze impediments to the construction of new and renovated housing units that are visitable or fully accessible. Determine if changes can be made to simplify the process and cost for making visitability modifications to existing homes and multi-family properties.
- Create incentives to encourage housing to be accessible by elevators in new construction of mixed-use developments where stores are on the first floor and housing is on the upper levels. Create incentives to builders and homeowners that include or add “visitable” or “livable” features to their homes.
- Require developers on County-owned land or taking advantage of County funding to incorporate visitability design features in the design of their projects.

J. Analyze and address home foreclosures

Action Plans

- Continue and increase as necessary the County's programs to address foreclosure initiatives to prevent foreclosures, mitigate the impact of foreclosures, and preserve affordable housing.
- Work with the financial and the real estate community to assess the inventory of vacant foreclosed homes and explore alternatives for getting these properties occupied again, such as purchase by HOC or nonprofits for lease or sale to income eligible households.

Objective 3. Housing and the Environment

Provide economically and environmentally sustainable housing and neighborhoods.

A. Encourage sustainable, green development and environmental sensitivity in housing, neighborhood design, and redevelopment

Action Plans

- Strive to sustain and improve the natural environment in Montgomery County by protecting the ecosystems that purify air and water.
- Reduce the County's carbon footprint.
- Continue to plan for, encourage, and develop transit-oriented developments. Create walkable communities where residents can walk to work, recreation, and retail.

B. Reduce energy consumption

Action Plans

- Encourage the use of design features, the installation of energy efficient systems and appliances, and the adoption of regulations that reduce residential energy consumption.
- Review and amend as necessary building codes, code enforcement procedures, and other housing programs that regulate remodeling and reconstruction of infrastructure to encourage and require energy conservation measures. Provide information on the County web site and through other means to homeowners and rental owners to encourage the use of energy efficient appliances, water saving devices, and energy conservation measures.

C. Conserve water and protect water quality

Action Plans

- Continue to encourage changes and establish policies that reduce residential water consumption and promote measures that reduce water pollution. Continue to require that new developments comply with high water quality and stormwater management guidelines.
- Make improvements that reduce problem drainage and protect water quality in communities, especially in target areas and lower-income neighborhoods.

Objective 4. Housing and Neighborhood Design

Create more balanced, attractive, and walkable neighborhoods through regulatory reform of private developments and leadership in design of public projects.

A. Include affordable housing as a goal in all master plans

Action Plans

- Add “Increasing and Preserving Affordable Housing” as an objective in all master plans.
- Include recommendations in master plans for affordable housing sites and locations, and for the use of county-owned sites for affordable housing. Evaluate and establish goals in master plans for the location of senior housing, mixed income housing, and special needs housing.

B. Foster the development of more than the minimum MPDUs

Action Plans

- Establish and provide incentives for developments that provide additional MPDUs and other forms of affordable housing.
- Consider incentives such as increased heights, additional density, and waiver of fees and taxes that contribute to increased costs of developing affordable housing.

C. Reduce housing development costs

Action Plans

- Reduce the costs of development approval fees and costs that restrict housing affordability where possible. Streamline and simplify complex approval processes that lead to unnecessary delays and increased expenses and add to the difficulty of delivering affordable homes. Evaluate County policies and procedures to determine if any that increase the costs of producing housing can be reduced.
- Continue exempting price-controlled housing from County excise and impact taxes.

D. Streamline and amend the development review process

Action Plans

- Continue to assess the County's development regulations and review processes to find ways to streamline and amend the process to encourage, and reduce the costs of, housing development. Continue provisions in the Zoning Ordinance, and streamline the review procedures, that allow development with innovative housing types to meet the needs of small households and special needs populations, including accessory apartments, single-room occupancy units, and group homes.
- Provide flexible development standards for mixed-use projects to allow for the full integration of residential and non-residential components. Through the subdivision approval process, require residential components of mixed-use projects be provided early in the development phasing and in the build-out of large-scale projects.

RECOMMENDATIONS FOR EXISTING INNOVATIVE HOUSING PROGRAMS

Montgomery County has a long and remarkable record of responding to market and non-market forces and developing many programs that promote an adequate supply of housing and enhance the County's neighborhoods. These programs work together to improve the quality of life in Montgomery County and for its residents. This Housing Policy presents recommendations for improvements and enhancements to these successful programs.

1. Moderately Priced Dwelling Unit (MPDU) Program

- Identify incentives and program flexibility that can be added to the MPDU program to achieve the construction of more two-, three- and even four-bedroom MPDUs, especially rental MPDUs.
- Provide additional incentives for projects in the Commercial/Residential (CR) zone, and other similar zones that award points for providing certain public benefits, to developments that will have more MPDUs than required, and for projects having more units with 3-or-more bedrooms.
- Explore financial and other incentives for high-rise rental developments to make the construction of MPDUs more feasible, especially for projects providing more than the minimum amount of MPDUs and for those providing units with more bedrooms. Consider options such as continuing to allow developers to provide MPDUs at another site within the same planning policy area if providing the units at the original location is not financially feasible, or a greater number of MPDUs can be created, and identifying a "receiver" building that could serve as an alternative location for MPDUs and be developed as mixed-income housing.
- Analyze and determine whether allowing a mix of condominium and rental units will make it easier and more feasible to provide MPDUs in high-rise projects.

- Evaluate options to provide rental units for special populations, such as seniors, in transit-oriented development centers.
- Ensure that MPDUs are well integrated into developments and are designed to meet program participants' needs. Update the Planning Department's 1995 "Site Plan Guidelines for Projects Containing MPDUs" to make sure that the guidelines reflect current planning practices and development standards, and unit desirability. Continue to prohibit back-to-back townhouses and determine the feasibility of prohibiting the construction of piggyback and two-over-two style MPDUs, unless the subdivision also includes similar market-rate units. Continue to mandate that MPDUs be dispersed throughout the community.
- Ensure that MPDUs in single-family and townhouse communities are not divided into small associations that are separate from the overall community master homeowner's association (HOA).
- Evaluate existing and proposed zoning regulations to make sure that the overall goal of the MPDU program to disperse affordable housing is maintained. Avoid an over-concentration of too many MPDUs in one building or one section of a community. Subdivisions that contain a mix of housing types need to have affordable units that are well-designed and placed in locations that bring about enhanced community cohesiveness.
- When preparing master plans and zoning changes, understand the impact of height and density restrictions on the financial feasibility of the construction of MPDUs, especially in high-rise construction, because in some instances developers are unable to take advantage of extra bonus density provisions in the Zoning Ordinance, which makes the inclusion of moderately priced units financially difficult.
- Assess innovative approaches to solving the problem of high condominium fees.
- Recognize that the MPDU program is only one element of the County's strategy to address the affordable housing shortage. Continue to explore, create, and implement additional programs to achieve affordability in housing for the very low income, the middle income, and those households in between.

2. **Housing Initiative Fund (HIF)**

- Investigate the use of an affordable housing impact fee or similar alternative on all new non-residential development to provide funds for the creation of new housing for workers who will fill jobs in the County.
- Research procedures to allow and to encourage contributions and donations to the HIF. Research programs such as the one used in North Dakota that uses contributions from individual, businesses, financial institutions as the primary funding source for the North Dakota Housing Incentive Fund. Contributors receive a dollar-for-dollar state income tax credit in exchange for their financial donation.

3. Workforce Housing Programs

- Develop programs to make sure that Montgomery County's housing stock keeps up with the needs of the workforce.
- Preserve existing privately-owned rental properties with rents affordable to middle-income households, especially properties located in employment growth centers and transit-oriented areas.
- Research the County's existing single-family housing stock, especially in neighborhoods with stagnant prices or a large number of foreclosed homes, and identify programs or initiatives that can be developed to market and sell these homes to middle-income households and to households with incomes just above the MPDU program.
- Analyze the need for voluntary Workforce Housing programs in high-density areas near Metro stations, with a focus on rental housing. Continue the County policy that residents of all incomes have the opportunity to live near Metro stations.

4. State and federally-funded housing renovation and special needs housing programs

- Because Federal funds to Montgomery County have been reduced and are expected to continue to decrease, focus resources on the renovation and improvement of existing group homes to make sure they are well-maintained and able to serve target populations, and on increasing the number of special needs housing units.

5. Housing First And Homelessness Programs

- Increase the number of permanent supportive housing units to meet the unmet needs in the County. Develop specific goals and projects to meet the need for nearly 1,000 units of permanent supportive housing. Continue to focus on reducing the time families and individuals spend in temporary shelters and to decrease the use of motels as overflow emergency shelter for families.
- Increase the supply of permanent rental housing options for low-income households exiting homelessness, and assess the feasibility of creating more single-room occupancy (SRO) units properties and constructing housing with three or more bedrooms for larger families.
- Continue implementation of Housing First Initiative to reduce homelessness. Increase permanent supportive housing for individuals and families exiting homelessness. Assess the feasibility of setting aside more Housing Choice Vouchers for households in the Housing First Program.
- Explore obtaining state funding for more affordable assisted-living options for individuals with developmental and intellectual disabilities, and individuals experiencing homelessness who have a disability.
- Develop a Recuperative Care Facility and other therapeutic recovery programs providing step-down care for homeless persons and persons with chronic behavioral health conditions.

6. County-Funded Rental Assistance Programs

- Increase the number of rental subsidies for low-income households. The long waiting lists demonstrate the unmet need. Identify programs that could provide increased rental subsidies through HOC where funds are available.
- Study the County's rental assistance programs for special populations and, as County funds become available, expand these programs and increase the amount of subsidy to be consistent with current rental market rates.

7. Housing Code Enforcement And Focused Neighborhood Assistance Programs

- Continue the County's vigorous Housing Code Enforcement program to maintain in good condition the County's aging but vital rental housing stock.
- A potential looming large problem is the number of housing units located in common-ownership communities, many built more than twenty years ago. The associations that control these communities maintain sidewalks, roadways, parking lots, playgrounds, recreation facilities, buildings, roofs, and nearly every other possible facility in their communities. Studies should be conducted to determine if the infrastructure in these communities are being maintained, if the communities have adequate financial reserves to maintain their properties.
- Continue to share information between the DHCA Housing Code Enforcement Section and the Department of Permitting Services Zoning Section on investigations into illegal construction and construction of homes with multiple kitchens units.

8. Accessory Apartments

- Remove impediments to accessory apartments by making the application process take less time and be less costly to applicants.
- Consider efforts to streamline the approval process or consider establishing limits on the time allowed for the review of Accessory Apartment Special Exception applications
- Accessory Apartments exist in many communities across the nation. Studies and reports have looked at accessory apartments in communities. None has indicated a correlation between the number of Accessory Apartments in an area and neighborhood decline. The Planning Department could conduct a study of neighborhoods in Montgomery County with Accessory Apartments to determine if they have affected the quality of life, neighborhood stability, or housing values.
- During the Zoning Ordinance Revision, reduce the number of categories that allow for additional units on single-family lots. Eliminate any overlap between uses. Establish clear definitions that can be understood by the community and the agencies charged with enforcement of the Zoning Ordinance.

- Limit the number of occupants of Accessory Apartments to no more than three people. Continue the requirement that Accessory Apartment applicants must live in one of the units.

9. Condominium Conversion Tax Program

- Continue to identify rental properties that are likely to convert to condominium.
- Work with nonprofit housing providers and HOC to acquire at risk rental properties.
- Continue the Condominium Conversion Transfer Tax.

10. Use Of County-Owned Land For Housing

- Include housing affordable for low, moderate, and middle-income households in all suitable public building projects in appropriate locations throughout the County. Projects involving the redevelopment of public land or facilities, such as parking facilities, must provide at least 30% of total units as affordable housing. Property that is designated as parkland is not considered surplus.
- Develop a database of County-owned land that indicates the current use of the site, the zoning, water and sewer classifications, master-planned and approved uses for the site, and that identifies which site should be looked at for possible affordable housing use. DHCA and Planning Department staff have assessed County-owned land several times over the past decade. Development of a database would improve the ability of staff to consider available sites
- Establish housing as a major preferred use when the County sells property. Achieving this objective should take precedence over receiving full market value for the property. The County should establish a price that permits a developer to provide a proportion of affordable housing that exceeds the 12.5% MPDUs now required of residential projects. Developers benefiting from below market pricing of county property should be required to provide at least 30% of the units at below market prices.
- Review the feasibility of establishing a more streamlined process for affordable housing projects on County-owned land where the subdivision of the land, and the overall land uses and densities, are established through the Mandatory Referral process, and the property then goes through normal site plan reviews. Property owned by Montgomery County that will be used for affordable housing should also have access to the mandatory referral process to establish the appropriate zoning and land uses for the site, especially when affordable housing is being built next to County facilities and other County uses or when the zoning of a County-owned property was not addressed in the master plans or if the plan is more than fifteen years old, and the current zoning is not appropriate for the development of mixed uses on a site or for the construction of affordable housing.

KEY DEMOGRAPHIC AND HOUSING INDICATORS

Montgomery County is facing significant changes over the next decade and beyond. Some of these changes will make the County stronger and more vibrant; others will present significant challenges:

Population and Job Growth Forecasts Show Need for More Housing Units

- Montgomery County is expected to gain 225,959 additional residents between 2010 and 2040, a 24% increase, with the result that more than 100,400 households are expected to be added to the County between 2010 and 2040, a 28% increase.
- Between 2010 and 2030, Montgomery County is predicted to gain 163,008 new jobs, a 34% increase, and the County will need between 70,000 and 100,000 new housing units to house these workers. The GMU Center for Regional Analysis states that, "To ensure that new workers are able to live in the region, housing must be available at the right prices and rents." They estimate that about 39% of the new housing units will need to be in the multi-family rental category to meet the needs of workers.

Estimates of Housing Demand by Unit Type : 2010 - 2030				
Montgomery County				
<i>High Estimate</i>				
Total Units	Single-Family		Multi-family	
	Owner	Rental	Owner	Rental
108,522	29,989	6,669	24,588	47,276
% of total units	27.63%	6.15%	22.66%	43.56%

Source: "Housing the Region's Future Workforce", George Mason University School of Public Policy, Center for Regional Analysis, October 25, 2011

Montgomery County has Stable Income Levels, But Poverty Exists

- Montgomery County residents continue to maintain high median incomes as compared to other communities across the country, but poverty and low incomes affect thousands of residents. In 2010, 7.5% of Montgomery County's population, 72,259 residents, lived in poverty, marking the highest poverty rate in two decades.

The Senior Population Will Increase

- The County had 119,770 seniors aged 65 and above in 2010 (12.3% of the total population), with projections that this number will increase to 174,290 by the year 2020, a 45% increase, and would result in seniors being 16.4% of the total population. Census projections estimate that by 2040, 21% of the County's population will be aged 65 and above
- Demand is increasing for assisted-living senior housing. Estimates of unmet demand show a need for as many as 1,500 assisted living units. There is a potential shortage in housing for seniors with the most needs.

CHAPTER I

HOUSING POLICY PURPOSE, PRINCIPLES, AND OBJECTIVES

Introduction

Safe, decent, and affordable homes are the cornerstones of strong, vibrant neighborhoods. The vision for Montgomery County is *for all of its residents to have decent housing in sound neighborhoods, building a community in which families can grow and flourish.*

Montgomery County is one of the finest communities in the nation, offering a wide range of housing types, in various price ranges, for rent and for sale. It has fine neighborhoods with excellent public services and community facilities. Job opportunities abound.

Today, nevertheless, a decent and affordable home is not available to all who live or work in the county. In too many cases, people are paying more than they can afford for their housing. Some cannot pay for necessary maintenance. Some elderly residents cannot find suitable places that are affordable and near family members. Some of the less fortunate in our community fail to find affordable and sound housing because they have special needs, such as disabilities or mental illness, and require supportive services. There are workers who cannot find decent and affordable housing near their jobs and must spend hours commuting. This Housing Policy will examine these issues.

Planning Context

Housing Element to the General Plan

The Montgomery County Council adopted an Amendment to the Housing Element to the General Plan on March 29, 2011. The Housing Element spells out three goals:

- Conservation and care of existing neighborhoods and the existing housing stock.
- Concentrate new housing in mixed-use, transit-oriented areas.
- Encourage and maintain a wide choice of housing types and neighborhoods for people of all incomes, ages, lifestyles, and physical capabilities at appropriate locations and densities. Implement policies to bridge any housing affordability gaps.

The Housing Element then goes on to lay out four objectives to carry out these goals and these objectives are incorporated into this Housing Policy:

1. Housing and Neighborhood Connectivity: Concentrate most new housing near public transportation and provide easy, multi-modal connections to jobs, schools, shopping, recreation, and other leisure activities.
2. Diverse Housing and Neighborhoods: Create diversity in the type and size of units, neighborhoods, facilities, and programs to accommodate current and future residents.
3. Housing and the Environment: Provide economically and environmentally sustainable housing and neighborhoods.

4. Housing and Neighborhood Design: Create more balanced, attractive, and walkable neighborhoods through regulatory reform of private developments and leadership in design of public projects.

The complete Housing Element of the General Plan is in Appendix D.

Scope of the Housing Policy

This Housing Policy will look at all aspects of housing in Montgomery County. However, the report will focus on analyzing housing problems and making recommendations for solutions to housing issues facing Montgomery County. This policy will not focus solely on affordable housing, but since the lack of affordable housing is a significant problem in Montgomery County and in the region, affordable housing will be looked at in detail.

What does the term "affordable housing" mean?

The Montgomery County Housing Element puts forward the following definition for affordable housing:

***Affordable Housing** – Housing is considered affordable when approximately 30%-35% of a household's gross income (for households earning up to 120% of area median income) is spent on rent or principal, interest, condominium or homeowners association fees, property taxes, and private mortgage insurance.*

***Moderate income** – households earning between 50% and 80% of area median income (This is the U. S. Department of Housing and Urban Development's definition of low income).*

***Low Income** – households earning up to 50% of area median income (This is the U. S. Department of Housing and Urban Development's definition of very low income and the County's definition for Low Income included in Chapter 25B of the County Code).*

***Middle Income** – households earning between 80% and 120% of area median income. (This definition includes the income range for the County's voluntary Workforce Housing program.)*

Following the precedent set by the Housing Element, this Housing Policy uses the same definition of affordable housing. In many instances however, the policies and recommendations established in this policy will focus on more on households with incomes below moderate income in order to concentrate scarce County resources on those with the greatest need.

Building on the goals and objectives of the Housing Element of the General Plan, in our vision we see Montgomery County as a place where:

- Everyone has a place to call home — no one is homeless.
- Neighborhoods are safe and sound, with community services and well-maintained facilities.
- All housing is in sound condition and meets all building maintenance codes.
- Each housing unit has adequate living space for its occupants.

- Affordable housing exists for all who live or work in the County, regardless of age or income.
- People receive appropriate housing and services for each stage of life and can remain in the community as they grow older.
- There is no discrimination in choosing a place to live, regardless of race, color, religious creed, ancestry, national origin, sex, sexual orientation, marital status, presence of children, age, physical or mental disability, or source of income.
- Housing opportunities and supportive services are available for those who have mobility or sensory impairment, developmental or emotional disabilities, or mental illness.

To meet this vision, this Housing Policy establishes action plans for meeting the four objectives of the Housing Element. These action plans fit within the overall goals of this Housing Policy that Montgomery will:

- **Preserve the existing regulated affordable housing stock, striving for no net loss of income-restricted affordable housing.**
- **Increase the number of affordable housing units.**
- **Conserve and care for Montgomery County's residential neighborhoods, and develop and invest in quality communities.**
- **Strive to prevent homelessness and find homes for the homeless.**
- **Support the development of new housing, especially in transit-oriented areas.**

We will work to achieve this vision with:

- The commitment of citizens, community leaders, housing providers, and public employees.
- Funding and appropriate planning.

This Housing Policy endorses this vision and will help make this vision a reality.



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CHAPTER II

ESTABLISHING RESPONSIVE POLICIES AND ACTION PLANS

Montgomery County's goal is to have a wide choice of housing types and quality neighborhoods at densities and locations suitable for of its residents. To achieve this, the County established three goals in the 2011 update to the Housing Element of the General Plan.

Goals of the Montgomery County Housing Element

1. Conserve and care for existing neighborhoods and the existing housing stock.
2. Concentrate new housing in mixed-use, transit-oriented areas.
3. Encourage and maintain a wide choice of housing types and neighborhoods for people of all incomes, ages, lifestyles, and physical capabilities at appropriate locations and densities. Implement policies to bridge any housing affordability gaps.

The Housing Element then goes on to lay out four objectives to carry out these goals, and identifies policies and strategies to achieve them. To achieve the three goals listed above, the County needs strategies and action plans that will lead toward meeting these objectives:

Four Objectives of the Montgomery County Housing Element

Objective 1

Housing and Neighborhood Connectivity: Concentrate most new housing near public transportation and provide easy, multi-modal connections to jobs, schools, shopping, recreation, and other leisure activities.

Objective 2

Diverse Housing and Neighborhoods: Create diversity in the type and size of units, neighborhoods, facilities, and programs to accommodate current and future residents.

Objective 3

Housing and the Environment: Provide economically and environmentally sustainable housing and neighborhoods.

Objective 4

Housing and Neighborhood Design: Create more balanced, attractive, and walkable neighborhoods through regulatory reform of private developments and leadership in design of public projects.



This Housing Policy supports these objectives and will identify actions that can be taken to carry out these objectives.

Objective 1: Housing and Neighborhood Connectivity

Concentrate most new housing near public transportation and provide easy, multi-modal connections to jobs, schools, shopping, recreation, and other leisure activities.

A. Plan for and promote new residential construction — Focus growth in higher density, mixed-use, transit-oriented centers to meet important planning objectives, including providing housing for County residents and workers filling the County's future jobs, reducing the per capita carbon footprint of new growth, diversifying the housing stock, and creating vibrant pedestrian-oriented, live/work communities.

Action Plans

- Encourage housing development of varying types and price ranges, recognizing that the greatest need is for more rental housing to meet the housing needs for the County's expected 163,000 net new workers by 2030.
- Higher densities and smaller units can combine with lower energy and transportation costs to bring the cost of living in the County within affordable ranges for many more residents, whether they are new to the area, acquiring a first home, or changing homes as their needs and circumstances change.
- Provide adequate zoning capacity to meet the current and future housing needs of those who live or work in the County. Assess potential for higher density residential redevelopment, especially in transit-serviceable areas. Develop master plans and development plans that encourage residential development and redevelopment capacity to accommodate forecasted employment and population growth. Implement changes through the master planning and sectional map amendment processes.
- Give housing the first priority consideration when there is a change of use or ownership of publicly-owned land.
- Build housing on excess County-owned land next to government facilities.
- Implement County policies that result in a balanced distribution of housing in each price range in all the planning areas of the County.
- Monitor the supply and demand of housing units, especially those affordable to lower and middle income households, to see if adjustments should be made to policies or programs. Update the Analysis of the Supply & Demand for Housing, dated June 28, 2008 prepared by the Montgomery County Planning Department, to determine new trends and conditions, and publish regular updates approximately every five years.

- Explore ways to improve the relative economic feasibility of housing development in mixed-use developments. Identify tools to enhance economic feasibility of residential development, especially in central business district areas.
- Design regulatory requirements and taxes in ways to support the development of rental apartments with two, three and more bedrooms to meet the needs of larger households.
- Promote variety and choice in housing of quality design and durable construction in various types of new and existing neighborhoods in conformance with the County's General Plan.

B. Promote housing, especially higher density and mixed housing types, in transit-oriented areas and employment centers — Increase the variety of housing densities in transit-oriented areas to provide more choices to a broader economic range of households. Plan and provide incentives to locate residential development in close proximity to commercial development and employment, with the highest density near transit in order to provide an easy connection to jobs, schools, shopping, County services, and recreation.

Action Plans

- Concentrate and promote housing in high-density, mixed-use transit-oriented areas and seek to develop new zones that allow for mixed uses, provide increased opportunities for residential development, and encourage sound infill development.
- Phase mixed-use development so that housing is constructed in a timely fashion relative to other uses within the project.
- Inventory and assess the residential development potential of sites near employment and transit centers, including the reuse of non-residential structures and on publicly-owned sites such as parking lots in central business district areas.
- Designate specific locations of higher density housing in sufficient amounts in master plans and other planning documents.
- As older strip commercial areas and surface parking lots are redeveloped, include housing and improve non-vehicular connectivity through the most direct pedestrian and bike routes between homes, jobs, retail, recreation, schools, and public services.
- Plan the uses at the edges of high-density centers to be compatible with existing neighborhoods and protect adjacent low-density residential neighborhoods.

C. Promote more inclusionary and mixed-income communities — Plan and set targets for an adequate supply of affordable housing in communities throughout the County for those living or working in Montgomery County. Develop zoning and housing policies that support the development of affordable housing throughout the County, including in central business district areas and in redeveloping areas.

Action Plans

- Foster the construction of well-designed affordable housing that is compatible with surrounding development. Ensure that affordable housing is maintained properly.
- Identify and set aside areas for the provision of affordable housing in large-scale planned development through a variety of approaches, including the MPDU Program.
- Distribute locations of affordable housing equitably throughout the County. DHCA should continue to partner and work with HOC, nonprofits, and for-profit housing developers to use the federal Low Income Housing Tax Credit Program, the State Partnership Rental Housing Program, and other federal and state programs to construct and acquire affordable housing.
- Assess publicly-owned sites for affordable and mixed-income housing, especially in underserved areas.
- Seek adoption of inclusionary zoning ordinances by municipalities in Montgomery County that do not have such programs.

D. Expand affordable housing — Add to the amount of affordable housing in Montgomery County to meet the housing needs of existing households and the future population forecasts. Modify existing programs and design new programs that will result in the construction and development of affordable housing units.

Action Plans

- Aid the construction of new affordable housing throughout the County by making sure the Zoning Ordinance allows for it, providing innovative financing, and including affordable housing goals in master plans.
- Reduce disincentives that limit the development of affordable dwelling units and increase incentives for the production of MPDUs above the statutory requirements.
- Create and design incentives that will lead to the construction of well-located affordable rental housing.
- Work with developers of affordable housing to enhance the architectural compatibility of all assisted housing.
- Continue to partner and work with HOC, nonprofit housing providers, and private developers and lenders in the provision of affordable housing. Seek business support of affordable housing initiatives.
- Identify and secure adequate fiscal resources or assistance measures to meet the current and future unmet affordable housing demand. Expand funding of affordable housing and enhance county programs that provide assisted housing, including HIF financing, homeownership assistance, the leveraging and layering of other public and private funding sources, and public and private homeownership assistance near employment centers.

- Encourage faith-based organizations, non-profit agencies, neighborhood housing groups, and employers to use their existing property or to purchase land and buildings for the production and preservation of housing affordable to households with low and moderate incomes by providing technical assistance, predevelopment funds, and County development financing in conjunction with other lenders.
- Analyze, and if necessary, increase incentives for moderately priced dwelling unit production in high-rise developments.
- Expand the requirement that financial institutions doing business with the County participate in community lending activities.
- Develop projects that mix condominiums and rental units, allowing affordable units to avoid high condominium fees. Assess the feasibility of creating a program to assist low-income condominium owners, especially seniors, with condominium fees.

E. Encourage employer participation — Seek employer support in meeting housing needs.

Action Plans

- Assess employers' housing needs, especially for entry level and service sector employees.
- Develop a public-private partnership program to increase the supply of housing meeting the needs of employees.
- Provide incentives to encourage employers to develop mixed-income housing at employment centers by redeveloping surface parking lots and underutilized property, and creating transit-oriented developments.
- Create employer-supported homebuyer and renter counseling programs, and assess the feasibility of developing programs for employer contributions to closing cost and down-payment assistance programs.

F. Promote infill residential development and adaptive reuse — Promote housing as an adaptive reuse of vacant non-residential buildings and provide for appropriate redevelopment of residential property in compliance with land use, zoning and master plans.

Action Plans

- Ensure that the Zoning Ordinance facilitates adaptive reuse by providing commercial, residential and mixed-use zones that allow a mix of commercial and residential development. Evaluate and consider implementing various incentives such as waiving density restrictions, allowing reduced parking requirements, allowing mezzanines and other space to be added in the building without considering the added space as new floor area, and grandfathering-in nonconforming floor areas, setbacks and heights.

- Through master plans and special County-initiated studies, assess vacant or obsolete buildings for renewal. Inventory and assess privately- and publicly-owned buildings suitable for conversion to residential use.
- Maintain guidelines that infill housing must be compatible with surrounding uses. Mix infill housing and other uses in ways that promote compatibility and address residents' need for safety, privacy, and attractive surroundings.
- Request that the Planning Department study the possibility of co-locating housing in existing office parks and other land uses that feature out-of-date or excessive parking and green space. Increase infill-housing opportunities in suburban office parks, shopping centers, and other underused properties.
- Encourage revisions to the zoning ordinance that award points to adaptive reuse optional method development projects. In addition, proposals such as reduced parking requirements assist adaptive reuse efforts. Revisions will need to take care to provide neighborhood compatibility guidelines for residential infill projects.

Objective 2: Diverse Housing and Neighborhoods

Create diversity in the type and size of units, neighborhoods, facilities, and programs to accommodate current and future residents.

A. Housing for all stages of life — Provide a sufficient housing supply to serve the County's existing and planned employment and the changing needs of its residents at various stages of life.

Action Plans

- Make housing affordable to low, moderate, and middle-income households a priority in all parts of the County. Continue to provide County financing for the creation and preservation of housing for those working in Montgomery County, and for those who call Montgomery County home.
- Create and provide incentives for the development of housing for diverse residential needs, including housing for the elderly, for persons with disabilities, for persons with mental illness, for persons transitioning from homelessness, and for persons with AIDS.
- Create and preserve housing for families with children.
- Create programs and housing that allow seniors to remain in their community.
- Encourage redevelopment and rehabilitation of deteriorating or aging residential multi-family properties while protecting the well-being of current residents and minimizing displacement of at-risk residents.

B. Preserve existing neighborhoods — Protect residential neighborhoods from excessive traffic and discourage spillover parking from non-residential areas. Set policies and enforce them to assure that the County's residential neighborhoods continue to be a source of well-maintained housing and provide an attractive choice for households.

Action Plans

- Continue to enforce requirements for the maintenance of the high quality of housing and provide adequate public infrastructure in existing neighborhoods. Take actions to ensure that older neighborhoods, especially communities at risk of decline, remain attractive and viable for homebuyers by renewing neighborhood infrastructure, promoting neighborhood stabilization, and addressing streetscaping and neighborhood desirability issues.
- Prevent encroachment on existing neighborhoods by uses not allowed by the zoning ordinance or recommended by the area master plan. Preserve single-family rental housing as one of many housing alternatives in the County.
- Plan with care the uses at the edges of high-density centers to promote compatibility with existing neighborhoods and protect residential neighborhoods.
- Maintain and enhance the quality and safety of housing and neighborhoods.
- Continue to pay attention in master plans to protecting existing neighborhoods, maintaining the quality of established neighborhoods, and sustaining the quality of homes. Take care to preserve the stability and residential integrity of existing single-family home neighborhoods. Maintain and enhance the quality and safety of housing and neighborhoods.
- Provide well-funded and extensive housing code enforcement and rehabilitation loan programs to discourage deterioration of housing. Expand interagency efforts to revitalize and renew neighborhoods, including implementing a concentrated code enforcement program of neighborhood-wide inspections for housing code, solid waste, and parking violations. Provide focused neighborhood assistance. Offer financial incentives to owners of older housing for repair and improvements. Continue rehabilitation loan program for repairs and accessibility improvements.

C. Preserve existing regulated affordable housing — Preserve existing federal, state, or County-financed affordable housing.

Action Plans

- Update the comprehensive list of price and income-controlled multi-family properties, including federal, state, and County assisted and regulated multi-family housing.
- Assess affordable housing likely to be threatened by redevelopment, conversion to condominium status, or other displacement of low- and moderate-income residents.
- Work proactively with owners of affordable housing to understand and develop preservation plans for properties. Maintain close contact with apartment owners and industry

representatives to get advanced notice of potential sales. County law requires that owners notify DHCA and HOC of contract sales or conversions of multi-family housing.

- Use HIF acquisition and rehabilitation loans and right-of-first-refusal contracts to acquire and preserve extended affordability in housing developments.
- Improve maintenance, renovation, and upkeep of scattered-site, assisted housing programs.

D. Preserve privately-owned affordable housing — Preserve existing privately-owned and unregulated rental housing providing affordable rents.

Action Plans

- Identify transit-oriented areas where redevelopment is likely to occur. Assess existing privately owned multi-family housing with affordable rents likely to be threatened by redevelopment, conversion to condominium status, or other displacement of low- and moderate-income residents, or loss of affordable units.
- Develop strategies to preserve these “naturally occurring” rental properties through measures such as providing a loan to the owner to renovate the property and maintain the affordable rents.
- Work with HOC and non-profit housing providers to identify at risk properties and provide assistance and financing for the acquisition and preservation of naturally occurring affordable rental properties.
- Encourage renovation and redevelopment of residential properties that protect the well-being of current residents and minimize the displacement of at-risk residents.
- Continue the County’s Voluntary Rent Guideline Program. Since 1983, Montgomery County has established a voluntary rent increase amount as guidance to landlords and property owners. DHCA should evaluate the criteria used to establish the voluntary rent guideline to make sure that the suggested increase amount is an accurate reflection of increased costs. The County should continue to negotiate with landlords that do not follow the voluntary guidelines to minimize impacts on tenants, especially senior citizens, persons with special needs, and long-term residents. Voluntary rent guidelines can be a valuable tool in keeping rent increases reasonable.
- Provide training and assistance to landlords to maintain apartment buildings in good condition and to operate properties in a financially feasible way.

E. Provide affordable housing with support services and provide supportive services to scattered-site housing residents — Coordinate the availability of affordable housing units and needed support services for persons with special needs, including those persons transitioning from homelessness.

Action Plans

- Continue and enhance interagency initiatives for providing a seamless combination of affordable housing and supportive services to seniors and to those with special needs.
- Continue to have HOC, HHS, and the County's non-profit organizations cooperate and collaborate to provide high quality housing and social service supports to low-income families to greatly improve their chances for success
- Continue to provide, and expand resources, to serve rental households in crisis and at risk of evictions.
- Recognize that counselors are required to serve residents in scattered-site housing. Providing affordable units in all areas of the County, the underlying principle of the MPDU law and Montgomery County's affordable housing programs, is desirable and has provided enormous benefits, such as the educational achievements of the children of those households. At the same time, providing timely support to low income families in scattered units requires a higher ratio of staff to households than providing the same level of support to low income families who live in clustered communities.

F. Provide more special needs housing — Encourage production of housing for populations with special needs. Develop additional techniques to provide housing opportunities to meet the special housing needs of the elderly and persons with disabilities.

Action Plans

- Update the comprehensive inventory of special needs housing.
- Continue to develop forecasts of special needs populations.
- Identify and implement programs to meet any shortfall of special needs housing. As funds are available, increase rental subsidies and opportunities to the most at risk populations. Obtain additional federal funds when possible.
- Increase supply of adaptable housing with basic accessibility design elements.
- Include goals for affordable and assisted housing in master plans and designate suitable sites for elderly housing and other special needs housing.
- Continue to encourage housing developments to provide units adaptable for persons with disabilities, as required by the federal Fair Housing Act and the County building code.
- Explore incentives, such as density bonuses, to developers who provide special needs housing. As the Zoning Ordinance is revised, make sure that special needs housing and elderly housing continue to be available options in all locations.
- Support development of group homes with acquisition and rehabilitation loans. Continue the enforcement of fair housing laws allowing group homes to exist in all areas of the County.

G. Expand housing to serve households moving from homelessness — Provide adequate resources to allow families and individuals to transition from homelessness into housing with support services.

Action Plans

- Conduct inventory of rental housing to identify apartments that can be appropriate for transitioning from homelessness.
- Continue to implement the Housing First program.
- Increase the supply and affordability of appropriately designed and located permanent supportive housing for those who have experienced homelessness.

H. Expand the supply of affordable rental senior housing — Promote choices of dwelling types so that as the needs and preferences of older adults change, they can age in place, downsize, choose rental or ownership or find housing with the appropriate level of supportive services without having to leave the community.

Action Plans

- Promote and make more affordable senior housing available. Develop affordable senior housing, especially affordable elderly assisted living, on County-owned land, and in projects assisted with County funds.
- Consider the needs of both current and prospective older residents in new and existing construction and redevelopment.
- Include affordable senior housing in the high-density master planned communities at transit stops.
- Promote programs and options for seniors to “age in place” appropriately. Assist and encourage efforts to create concepts such as villages and other options that use neighborhood-level supports to help individuals remain in their community. Consider the development of a system of distributed supportive services and facilities for seniors so they can remain in their own homes and neighborhoods as they age.
- Include public-private partnerships as an option to providing housing suitable for older adults.
- Explore zoning and regulatory changes to ease approval of elderly housing development. As the Zoning Ordinance is being rewritten, make sure to retain a use that is similar to the current Special Exception for Housing and Related Facilities for Senior Adults and Persons with Disabilities. Develop standard compatibility criteria for elderly housing and study ways to make the special exception approval process more cost effective and responsive.
- Promote Design for Aging in Place by encouraging housing designs that accommodate or adapt to persons aging in place and to persons with disabilities. Encourage walkable

communities and mixed use zoning so that residents can choose to live within walking distance of basic amenities.

- Analyze census and housing market studies to determine the number of senior housing units that need to be developed, and to determine the income levels needed to meet the needs of seniors.
- Expand opportunities for increasing the number of units offering assisted living for lower income seniors. Research by the Planning Department and the Department of Housing and Community Affairs documents that there is an adequate supply of market-rate and high end assisted living options, but that there is a serious deficiency of assisted living for moderate and low-income seniors.
- Continue the existing property tax relief program that allows homeowners with incomes under \$64,000 receive a property tax credit based on a percentage of income and gives eligible owners aged 70 and older an extra 25% credit on top of that tax credit.
- Increase County residents' access to information about housing choices and related services, and educate seniors, their families, and landlords about options to enhance the livability and visitability of their homes as they age through options such as adding grab bars in bathrooms, and similar devices to existing homes.
- Consider creating a program to assist low-income condominium owners with condominium fees. Condominium fees inevitably rise with rising utility costs and maintenance needs. Meanwhile, many long-term, older owners live on fixed incomes with increasingly limited buying power. Many County seniors are able to afford rental apartments through various rental assistance programs. A similar program for low-income condominium owners could allow them to continue to afford their present homes.
- Encourage faith-based groups and communities to develop affordable senior housing on their properties where development potential exists.
- Analyze existing County rental subsidy programs, senior housing facilities, food assistance subsidies, and other programs for seniors to determine the service needs and the housing needs of seniors in Montgomery County. Questions such as the following should be considered:
 - What level of support is needed by seniors in Montgomery County at various ages and at various levels of physical health
 - Do seniors receiving rental subsidies or living in affordable senior properties need different or similar types of services?
 - Do most seniors need rental subsidies similar to those offered by the federal Housing Choice Voucher program where the amount of subsidy is based on a household's income, or do seniors need a "shallow" rental subsidy program where eligible lower income seniors receive a rental subsidy that is capped at a fixed dollar amount, such as \$250.00 per month?



I. Encourage Visitability in housing — Incorporating design features and visitability improvements such as a no-step entrance, wider doors, and barrier-free entrances in housing make it easier and safer to bring in a baby stroller, move in large furniture, assist a person living with a temporary or permanent disability, and accommodate friends or relatives who have mobility limitations. Ultimately, these features also will help people age in place.

Action Plans

- Encourage developers to incorporate visitability design features in their projects.
- Analyze impediments to the construction of new and renovated housing units that are visitable or fully accessible. Determine if changes can be made to simplify the process and cost for making visitability modifications to existing homes and multi-family properties.
- Provide rehabilitation funds to eligible homeowners and expand technical assistance to homebuilders and homeowners working to create visitable or accessible homes.
- Review County policies and procedures to make sure they allow developers and residents to comply with the state law that requires that a homebuilder who constructs 11 or more new homes in a subdivision to offer minimum visitability features as an option for purchase.
- Create incentives to encourage housing to be accessible by elevators in new construction of mixed-use developments where stores are on the first floor and housing is on the upper levels. Create incentives to builders and homeowners that include or add “visitable” or “livable” features to their homes.
- Provide increased education and outreach for the Design for Life Montgomery program in cooperation with DPS by creating a resource there to help market the program when applicants apply for building permits. In consultation with DPS, DHCA, or the American Institute of Architects, provide technical assistance to families seeking cost-effective ways to modify their homes when a member has a mobility disability.
- Require developers on County-owned land or taking advantage of County funding to incorporate visitability design features in the design of their projects.
- Support mixed-use and transit-oriented development zones that allow for the maximum number of affordable and accessible housing units to be built in close proximity to transit centers and employment.

J. Analyze and address home foreclosures — The financial crisis of the past several years continues to result in too many foreclosed homes in some neighborhoods now, and even more at risk of foreclosure in the future.

- Continue and increase as necessary the County’s programs to address foreclosure initiatives to prevent foreclosures, mitigate the impact of foreclosures, and preserve affordable housing.
- Continue to hold foreclosure prevention and financial awareness workshops, and outreach and educational events for homeowners at risk of, or in the process of, foreclosure.

- Continue to assist in governmental and media efforts to make homeowners aware of foreclosure prevention scams, predatory lending schemes, and other risky lending practices.
- Work with the financial and the real estate community to assess the inventory of vacant foreclosed homes and explore alternatives for getting these properties occupied again, such as purchase by HOC or nonprofits for lease or sale to income eligible households.
- Analyze the locations of foreclosed properties, and homes at risk of foreclosure, and verify which neighborhoods have the highest concentration. Determine if any features or problems with the neighborhoods increase the risk of foreclosure and identify actions the County can take, if any, to reduce the likelihood of foreclosures in the area, such as making infrastructure improvements, repairing homes, reducing crime, or working with lenders to help homeowners.

K. Promote and enforce fair housing and equal opportunity housing laws — Continue to enforce equal housing opportunity laws. Promote and enforce fair housing ordinances to guarantee that all residents have an equal opportunity to purchase, rent, finance, and occupy housing in the County.

Action Plans

- Continue enforcement efforts of fair housing laws, including households with subsidies. Address all fair housing issues, such as discrimination in rental or sale of housing, insurance, and mortgage lending, including predatory lending practices. Conduct testing of rental, sales, and lending practices to ensure compliance with fair housing laws.
- Monitor and encourage expanded community lending activities under the Community Reinvestment Act. Combat predatory lending practices.
- Continue to require that banking and other lending institutions contracting with Montgomery County are engaging in fair housing and fair lending practices.
- Educate the public, current residents, prospective residents, housing providers, lenders, agents, appraisers, management associations, common ownership associations, and others involved in the rental or purchase of housing about their rights and responsibilities under the fair housing law. Look at options such as developing information to be taught in schools and in continuing education credits for the real estate industry.
- Make the County a Model for Fair Housing. Review all County housing programs to determine that they comply with the spirit and letter of equal housing opportunity laws and make County housing programs models of fair housing compliance.



Objective 3. Housing and the Environment

Provide economically and environmentally sustainable housing and neighborhoods.

A. Encourage sustainable, green development and environmental sensitivity in housing, neighborhood design, and redevelopment — Strive to sustain and improve the natural environment in Montgomery County by protecting the ecosystems that purify air and water and provide habitat for living things.

- Support design and encourage development that helps the environment and contributes to healthier, happier communities.
- Reduce the County's carbon footprint.
- Continue to plan for, encourage, and develop transit-oriented developments.
- Create walkable communities where residents can walk to work, recreation and retail.
- Continue to adopt green and energy efficient building standards for new construction.
- Encourage the use of green and energy efficient design and materials in residential renovations to create more sustainable housing, on-site energy production, and water conservation.
- Assist property owners and developers to analyze natural resources and develop properties with the goal of promoting environmental sustainability.
- Encourage tree planting and water infiltration structures in parking lots, and encourage green roofs on large buildings.
- Incorporate street tree planting into infrastructure improvements, making sure to put the right size tree in the right place so trees do not interfere with power lines or other utilities.

B. Reduce energy consumption — Encourage the use of design features, the installation of energy efficient systems and appliances, and the adoption of regulations that reduce residential energy consumption.

Action Plans

- Review and amend as necessary building codes, code enforcement procedures, and other housing programs that regulate remodeling and reconstruction of infrastructure to encourage and require energy conservation measures.
- Continue to provide loans and grants through the State and Federal Weatherization program to assist lower-income homeowners to install Energy Star appliances, insulate their homes, and make other energy saving improvements.

- Provide information on the County web site and through other means to homeowners and rental owners to encourage the use of energy efficient appliances, water saving devices, and energy conservation measures.

C. Conserve water and protect water quality — Continue to encourage changes and establish policies that reduce residential water consumption and promote measures that reduce water pollution.

Action Plans

- Review and amend as necessary building codes, code enforcement procedures, and other housing programs that regulate remodeling and reconstruction of infrastructure.
- Continue to require that new developments comply with high water quality and stormwater management guidelines.
- Continue to provide information on the County website on drought-tolerant native species and water conserving measures.
- Make improvements that reduce problem drainage and protect water quality in communities, especially in target areas and lower-income neighborhoods.

Objective 4. Housing and Neighborhood Design

Create more balanced, attractive, and walkable neighborhoods through regulatory reform of private developments and leadership in design of public projects.

A. Include affordable housing as a goal in all master plans — Since Master Plans set the course for development in an area, analysis of residential development, especially affordable housing, must be a priority.

Action Plans

- Add “Increasing and Preserving Affordable Housing” as an objective in all master plans.
- Include recommendations in master plans for affordable housing sites and locations, and for the use of county-owned sites for affordable housing.
- Include housing diversity as a goal in all master plans. Evaluate and establish goals in master plans for the location of senior housing, mixed income housing, and special needs housing.
- During the Zoning Ordinance Revision process, evaluate the Zoning Ordinance and other development regulations to make sure they reflect the goals of providing housing near transit, jobs, and services.
- Review master plans and amend as necessary to carry out revisions to the Zoning Ordinance and changes to development procedures and policies recommended in the Housing Element

and in this Housing Policy. Implement changes through sectional map amendments rather than waiting for a new sector plan or master plan to be developed.

- Establish procedures to require that master plans consider the potential for higher density residential redevelopment, especially in transit-oriented areas.

B. Foster the development of more than the minimum MPDUs — Encourage developments that provide additional affordable housing.

Action Plans

- Establish and provide incentives to developers to build additional MPDUs and other forms of affordable housing. The benefit of the incentive should increase proportionately with the increase in the proportion of affordable units provided.
- Consider incentives such as increased heights, additional density, and waiver of transportation and school construction impact taxes, fees from the Washington Suburban Sanitary Commission (WSSC), and other fees and taxes that contribute to increased costs of developing affordable housing.

C. Reduce housing development costs — Reduce the costs of development approval fees and costs that restrict housing affordability where possible.

Action Plans

- Streamline and simplify approval processes that lead to unnecessary delays and increased expenses, and add to the difficulty of delivering affordable homes. Evaluate County policies and procedures to determine if any that increase the costs of producing housing can be reduced.
- Continue exempting price-controlled housing from County excise and impact taxes.
- Support smart codes initiatives that provide flexible building and life safety codes when renovating older residential buildings and when converting non-residential buildings to housing.
- Revise regulatory requirements and procedures that discourage production of affordable housing units. Establish regulations that produce a wide and diverse range of affordable unit types and sizes.
- Continue to allow affordable housing projects to be eligible for the Green Tape Program in DPS that allows for the expedited review and processing of applications for residential or mixed-use developments that designate at least 20% of the total number of housing units to persons or families with incomes at or below the income eligibility level for MPDUs. Continue the participation of WSSC and the Planning Department in this “green tape” initiative to expedite their review of these projects.

- Evaluate parking and special exception requirements to determine if they present excessive or unnecessary barriers to develop affordable and special needs housing, especially in transit-oriented areas. Amend or remove unnecessary or overly burdensome requirements.
- Assess the effect on affordable housing of converting areas from the current high-density zones such as the Central Business and Transit Station zones, to new zones under consideration or revisions being contemplated through the Zoning Ordinance Revision process. Make sure these changes provide incentives for providing housing, and especially affordable housing, in transit-oriented areas.
- Meet with major utility companies to determine ways to expedite relocation and required addition or upgrading of utility services. Focus efforts on PEPCO, Washington Gas, and WSSC.

D. Streamline and amend the development review process — Continue to assess the County’s development regulations and review processes to find ways to streamline and amend the process to encourage, and reduce the costs of, housing development.

Action Plans

- Continue provisions in the Zoning Ordinance, and streamline the review procedures, that allow development with innovative housing types to meet the needs of small households and special needs populations, including accessory apartments, single-room occupancy units, and group homes.
- Develop mechanisms to provide housing for households transitioning from homelessness, short-term housing for employees working on short-term projects in the high-technology and bio-technology industries, and for entry-level employees. Seek the involvement of private employers.
- Through the subdivision approval process, require residential components of mixed-use projects be provided early in the development phasing and in the build-out of large-scale projects.
- Provide flexible development standards for mixed-use projects to allow for the full integration of residential and non-residential components.
- Continue to consolidate construction inspections previously conducted separately by several agencies such as the DPS and the Department of Fire and Rescue Services.
- Support efforts by the Planning Department to change the way it reviews building permits. Create similar streamlining efforts that reduce the length of time in the review of housing-related special exceptions and development plans.
- Continue efforts by County departments and the Planning Department to collaborate to make their customer services more business-friendly and make it easier to navigate the development process and obtain building permits.

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CHAPTER III

REVIEW OF EXISTING INNOVATIVE HOUSING PROGRAMS

Tools for promoting housing and communities

Montgomery County has a long and remarkable record of responding to market and non-market forces and developing many programs that promote an adequate supply of housing and enhance the County's neighborhoods. These programs work together to improve the quality of life in Montgomery County and for its residents.

In this chapter, the following ten programs are reviewed in depth:

1. The Moderately Priced Dwelling Unit (MPDU) Program, Montgomery County's innovative inclusionary zoning program
2. The Montgomery Housing Initiative Fund (HIF) that provides loans for the creation or preservation of affordable housing
3. Workforce housing programs
4. State and federally-funded housing renovation and special needs housing programs
5. Housing First and homelessness housing programs
6. County-funded rental assistance programs
7. Housing Code Enforcement and focused neighborhood assistance programs
8. Accessory Apartments
9. Condominium Conversion Tax Program, and
10. Use of County-owned land for housing

These programs provide opportunities for the construction of new affordable housing for individuals and families not served by the private market, and for the renovation of existing homes to make sure the County's housing stock remains in sound condition. These programs supplement the private housing market and add to the range of housing opportunities in the County.

These programs work in conjunction with other important County programs that will not be reviewed here but continue to promote and provide for the County's housing needs. The other County programs, policies, and projects currently available to enhance the community include:

- Preserving agricultural land and open space through the Transfer of Development Rights (TDR) Program and other agricultural land preservation programs.

- Assisting with the development and renovation of multi-family housing, especially mixed-income and affordable developments, through the use of Federal and State financing programs such as Mortgage Revenue Bonds which are administered by the Housing Opportunities Commission, the Federal Low Income Housing Tax Credit Program, and the federal HOME and Community Development Block Grant programs.
- Giving the Department of Housing and Community Affairs and the Housing Opportunities Commission the right of first refusal to purchase multi-family housing in the County and using rental agreements to preserve the affordability of multi-family housing when ownership transfers.
- Programs designed to promote energy conservation, including the Residential Energy Conservation Code, the Commercial Energy Conservation Code, the Residential Energy Conservation Property Tax Credit, and the High Performance Building Property Tax Incentive.
- Zoning incentives for mixed-use development and affordable housing in excess of the minimum requirements and redevelopment of surface parking lots.

Through this examination of the following programs, this Housing Policy will make recommendations to fine-tune the programs to respond to new conditions and priorities.

1. Moderately Priced Dwelling Unit (MPDU) Program

Program Summary and Background

During the 1970s, Montgomery County changed from a bedroom community for Washington, D.C. to one of the region's largest employment centers. The County began to face a shortage of housing affordable to low and moderate-income households. In the early 1970's, housing advocacy groups began discussing the inadequacy of the County's supply of affordable housing. These groups recommended the concept that builders should supply a percentage of all units in new residential developments at prices that would be affordable to low and moderate-income households. This led to the development in 1974 of an innovative, countywide, inclusionary-zoning and density allowance program known as the Moderately Priced Dwelling Unit (MPDU) program.

The MPDU program was the country's first mandatory, inclusionary-zoning law that specified a density bonus allowance to builders for providing affordable housing. The program markets units to renters and first-time homebuyers with moderate incomes. The first MPDUs were built in 1976.

Initially, the legislation required that 15% of the total number of dwellings in every subdivision containing 50 or more units be affordable to moderate-income households. The total density of the subdivision could be increased by 20%. A provision gave the County's public housing authority, HOC, the right to purchase one-third of the moderately priced units produced in each subdivision. The Commission rents these units to low-income tenants through a variety of programs. The County Council later broadened this provision to allow approved nonprofit housing providers to purchase some MPDUs also.



The program has been amended several times over the past three decades. The law presently requires that 12.5% of the total number of units in every subdivision or building of 20 or more units be moderately priced. The law is applicable to property zoned one-half acre or smaller and to subdivisions in many larger lot zoning categories if they are recommended in the area master plan for public sewer.

For most zones, the zoning ordinance allows a density increase of up to 22% above the normal density permitted under the zone. The ordinance also allows some attached housing in single-family zoning classifications so that optimum development of the property can be achieved and less costly housing can be constructed. The density bonus, in effect, creates “free” lots upon which the MPDUs are constructed. The builder normally obtains some additional market rate units equal to the difference between the density bonus and the MPDU requirement. Because of physical constraints of the land, the full density bonus cannot always be obtained; the MPDU requirement, therefore, falls within a range from 12.5% to 15% based on the actual bonus density achieved. In some optional method and higher density zones, MPDUs are included in the requirements for additional density and flexibility for development on the site.

Households having an income at or below approximately 65 to 70% of the area’s median income, adjusted by family size, qualify for the program. Income guidelines are based on the size of a household, and vary depending on whether the MPDU is for purchase, if it is a garden-style rental building, or it is in a high-rise rental apartment. For example, in 2011, the program required that for a family of four, the maximum household income could not exceed \$74,500 for the MPDU Purchase Program or for a rental apartment in a high-rise apartment building, or \$69,000 for a rental apartment in a garden apartment. Priority in the sale of the MPDUs is given to people who either live or work in the County.

The County imposes certain resale and occupancy restrictions on the MPDUs. For owner-occupied, for-sale MPDUs, the price for which the unit can be resold is controlled for 30 years. The MPDU must be owner-occupied and when the unit is first sold at market price after the control period expires, the County and the owner split any profit obtained through the sale, after an allowance for inflation and major capital expenditures. Rental units must comply with MPDU rent restrictions for 99 years.

Since the program’s inception through 2011, over 13,200 moderately priced dwelling units have been built. Of these units, about 70% have been for-sale units. Currently, 2,300 units are under MPDU program controls, while the controls have expired on more than 10,800 units.

Program Goals

The goals of the MPDU program are:

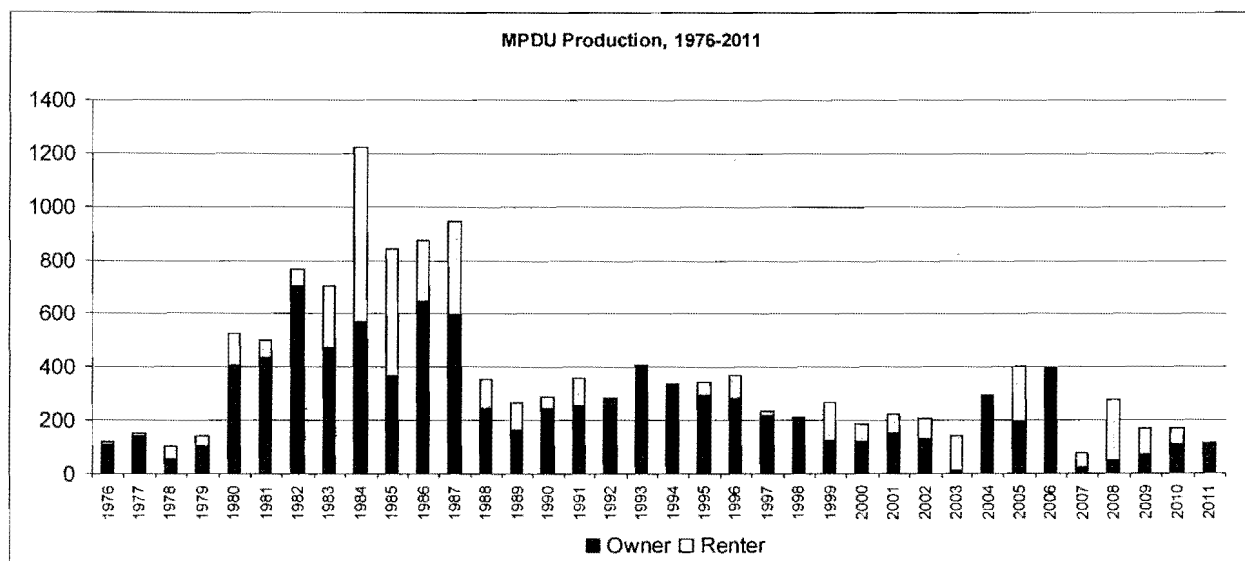
1. To produce moderately priced housing so that County residents and persons working in the County can afford to purchase or rent decent housing;
2. To help distribute low and moderate-income households throughout the County;

3. To expand and retain an inventory of low-income housing in the County by permitting HOC and recognized nonprofit housing sponsors to purchase up to 40 % of the affordable units (HOC is limited to one-third);
4. To provide funds for future affordable housing projects by sharing the appreciation when MPDUs are first sold at the market price after expiration of the resale price controls.

Program Successes and Issues

The Moderately Price Dwelling Unit (MPDU) Program has been extremely successful over the past nearly four decades in developing affordable housing for working families. An award-winning program, it has been used by more than 400 jurisdictions across the country as a model and has led to the construction of far more units than any other inclusionary housing program.

Nonetheless, the MPDU program faces many emerging challenges. MPDU production is directly linked to the rate and location of private development. An average of 375 MPDUs have been created per year, but the number each year can vary dramatically depending on private sector market conditions, from a high production of 1,224 MPDUs in 1984 to a low of 77 MPDUs in 2007. Significantly, fewer undeveloped large tracts of land are available today for the construction of subdivisions comprised of single-family homes. The rate of new MPDU production has changed since the program began and will continue to change. Fewer single-family and townhouse units are being built while more MPDUs are being built in multi-family buildings, either as rental units or condominiums. The MPDU program was designed when County land development was predominantly suburban in nature. Implementation of the MPDU program in non-suburban settings gives rise to economic and land use challenges uniquely identified with more urban or rural environments.



Source: DHCA

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MPDUs Produced in Montgomery County 1976 - 2011		
Unit Type	Number	Percent of Total
For-sale	9,290	70.1%
Rental	3,956	29.9%
Total	13,246	
MPDUs percent of all units produced: 8.65%		

Source: DHCA

In 2001, the Housing Policy listed as the first MPDU issue, “Housing units, including moderately priced dwelling units, are being produced at a slower rate as the supply of developable land decreases.” The 2001 Housing Policy recommended that the County, “Evaluate the possibility of requiring moderately priced dwelling units or an in lieu fee for new subdivisions with fewer than 50 units.” This recommendation was adopted in 2004 when the County Council revised the MPDU law to require that between 12.5% and 15% of the houses in new subdivisions of 20 or more units be MPDUs.

This change in the MPDU law helped maintain the number of MPDUs being constructed each year, but did not increase the number above the number that had been produced annually in previous years. In the last 10 years, annual MPDU production has been as high as 400 units in 2005, 396 units in 2006, and 278 units in 2008. It is unlikely that the program will ever see the creation of 1,200 MPDUs in one year as occurred in 1984, or the creation of 5,300 units in five years as occurred from 1982 through 1987, just as it is unlikely that the program will routinely see the creation of as few as 77 units as occurred in 2007. The MPDU program has produced an average of 375 units per year since the program began in 1974. If the six unusually high years between 1982 and 1987 are taken out of the calculation, the average drops to 277 MPDUs built each year.

Currently, planning is underway for development around Metro stations, new transit- oriented development areas, and employment centers such as White Flint and the Great Seneca Science Corridor as mixed-use centers, providing for new housing opportunities. If the County acts quickly and makes specific proposals for these areas being reviewed and planned, developments in these transit centers can produce future housing developments that include affordable housing units, that meet the needs of the County’s current residents, and that provide housing for the future jobs that will be created in the County.

Issue: The number and types of units that are likely to be constructed under the MPDU program might not meet the needs of MPDU households.

By design, the MPDU program produces affordable housing units as a by-product of the development of new market rate housing. The construction of MPDUs is directly linked to the rate and location of development. As development patterns in the County have changed, and are likely to change even more, the types of units produced by the MPDU program change in a similar manner. A 2009 Planning Department publication, “Reducing Our Footprint” notes that:

“There is little vacant land left to develop:

- *Only four percent of the County zoned for development, about 14,000 acres, remains undeveloped. There is even less developable land when slopes, floodplains, and forest stands are included.*
- *Forty-seven percent of County land is part of the Agricultural Reserve and various parks at all government levels.*
- *The County has 8,000 acres of surface parking, with more on the top of parking garages.*
- *Considering remaining land zoned for development, surface parking, and other strategic growth areas, the County has about 28,800 acres where development should be encouraged.”*

Because the County does not have large tracts of undeveloped land available for new single-family subdivisions, future development will likely be in transit-oriented developments and will include more multi-family buildings than in the early years of the MPDU program. Multi-family buildings often feature smaller units with fewer bedrooms, so the MPDUs that would be generated would likely be more efficiency and one-bedroom units, and very few three-bedroom units. These types of units do not meet the needs of most moderate-income households.

Recommendations

- Develop guidelines and program rules that discourage the construction of too many efficiency and one-bedroom condominium MPDUs, especially those with high condominium fees. Identify incentives and program flexibility that can be added to the MPDU program to achieve the construction of more two-, three- and even four-bedroom MPDUs, especially rental MPDUs. For example, DHCA could work with a developer to determine how to provide more three bedroom MPDUs and fewer efficiency units. This would likely result in the developer providing MPDUs that better meet the needs of MPDU households, but probably producing fewer total MPDUs. Although the total square footage of all of the MPDUs in the building might remain the same, the result probably would be fewer total units because the development might include, for example, one three-bedroom MPDU instead of two efficiency units. This type of flexibility would require a change to the MPDU law.
- Provide additional incentives for projects in the Commercial/Residential (CR) zone, and other similar zones that award points for providing certain public benefits, to developments that will have more MPDUs than required, and for projects having more units with 3-or-more bedrooms.

Issue: Much potential infill development in central business districts and around transit stations in the future will be high-rise projects. High construction and operating costs make it financially difficult to include MPDUs.

As large tracts of raw land become more scarce, much of the County’s new housing stock will be provided through developments and re-developments located in higher density areas in proximity

to Metro and other public transportation. The County is in a phase of growth that will focus on redevelopment, especially in transit centers. Due to the cost of land and the zoning of such sites, much if not all of this residential development will be multi-family, either for sale or rental. High-rise construction is expensive, and under the for-sale MPDU program, the resulting MPDU sales prices, combined with condominium fees, may make the units prohibitively expensive for participants in the MPDU program. Condominium units in multi-family buildings often require occupants to pay condominium fees that may make the unit unaffordable to MPDU-eligible households. Many new high-rise buildings that are currently rental are organized in such a way as to be easily converted to condominiums sometime in the future. The rental MPDUs in these buildings would then convert to for-sale MPDUs.

Recommendations

- Explore financial and other incentives for high-rise rental developments to make the construction of MPDUs more feasible, especially for projects providing more than the minimum amount of MPDUs and for those providing units with more bedrooms.
- In limited instances, continue to allow developers to provide MPDUs at another site within the same planning policy area, if providing the units at the original location is not financially feasible, would create MPDUs with unrealistically high condominium fees, or a greater number of MPDUs can be created. In major redevelopment and development areas, DHCA and County staff could identify a “receiver” building that could be developed as mixed-income housing. For example, this building could have 60% market-rate rental units and 40% rental MPDUs. A developer of a nearby condominium project that has very large monthly condominium fees could meet some or all of its MPDU requirement by locating its MPDUs in this “receiver” building instead. This alternative location flexibility should be allowed only when developers are providing more than the minimum number of MPDUs.
- Analyze and determine whether allowing a mix of condominium and rental units will make it easier and more feasible to provide MPDUs in high-rise projects. Establish guidelines to allow MPDUs as rental units under a separate condominium regime in high-rise, for-sale buildings. Explore the rules under federal financing programs to ensure that this does not present any obstacles to securing mortgage financing.
- Evaluate options to provide rental units for special populations, such as seniors, in transit-oriented development centers.

Issue: Ensuring MPDUs are well integrated into developments and are designed to meet program participants’ needs.

In order to facilitate affordability, current program guidelines permit for-sale MPDUs in single-family subdivisions to be smaller and of a different unit type than market-rate units in the same development. As large tracts of land available for traditional single-family developments become more scarce, developers have financial incentives to build smaller MPDUs located in more compact structure types, such as condominium buildings, two-over-two units, or very narrow townhouses. The MPDUs are therefore sometimes easily identifiable within a development because they are physically separated from the market rate units, or are different from the rest of the community due to the size and exterior appearance. Units located in relatively remote areas of a subdivision that are distant from transit, shopping, and public



services may be less attractive to MPDU households, and to HOC and other nonprofit organizations that rent units to lower income households with limited transportation options. In addition, certain unit types and designs are undesirable to MPDU homebuyers. Efficiency and one-bedroom MPDUs often do not meet the needs of MPDU certificate holders. Piggyback and similar types of townhouses with limited ground level access and storage space may be less attractive to families with children. In addition, these unit designs often are perceived as less visually attractive, noisier, and potentially costlier to maintain.

Recommendations

- Update the Planning Department’s 1995 “Site Plan Guidelines for Projects Containing MPDUs” to make sure that the guidelines reflect current planning practices and development standards, and unit desirability. Continue to prohibit back-to-back townhouses and determine the feasibility of prohibiting the construction of piggyback and two-over-two style MPDUs, unless the subdivision also includes similar market-rate units. Continue to mandate that MPDUs be dispersed throughout the community.
- Ensure that MPDUs in single-family and townhouse communities are not divided into small associations that are separate from the overall community master homeowner’s association (HOA). HOAs have responsibilities for a range of structural elements and infrastructure such as roads and stormwater management facilities, as well as for operational elements such as snow and leaf removal and care of landscaping in common areas. Small MPDU-only condominium associations often are not financially viable, highlight the differences in the community, prevent a sense of togetherness within the community, and create obstacles for attaining appropriate levels of management and enforcement of HOA covenants.
- Evaluate existing and proposed zoning regulations to make sure that the overall goal of the MPDU program to disperse affordable housing is maintained. Avoid an over-concentration of too many MPDUs in one building or one section of a community. Subdivisions that contain a mix of housing types need to have affordable units that are well-designed and placed in locations that bring about enhanced community cohesiveness.

Issue: In some instances, developers are unable to take advantage of extra or maximum bonus density provisions in the Zoning Ordinance, including that of the MPDU Program, because of other zoning, environmental, or master plan requirements. This makes the inclusion of moderately priced dwelling units financially difficult.

Recommendations

- When preparing master plans and zoning changes, understand the impact of height and density restrictions on the financial feasibility of the construction of MPDUs, especially in high-rise construction. Take into consideration the impact and provide increased height, increased density, or other considerations for projects including MPDUs and other affordable housing options.
- While undertaking the Zoning Ordinance Revision, evaluate how well current provisions of the MPDU law apply in more urban and rural areas. New challenges have emerged in implementing the MPDU program in urban areas, CBDs, transit centers, and large lot zones



in rural areas, largely in the areas of lot size, setback, amenity requirements, and green space requirements for MPDU developments in most suburban zones.

- Continue and expand the use of zoning tools such as the CR zone that encourage the production of affordable housing by providing incentives for MPDUs in excess of the minimum requirement.

Issue: Applicability of MPDU Program to Types of Developments That Have Special Conditions

The County Code and the County Zoning Ordinance require that certain types of developments, such as life-care facilities and for-sale age-restricted projects, include MPDUs. Units produced in these types of developments have limited marketability to MPDU eligible households. In many life-care facilities, the living space is not owned under a fee simple title or condominium regime; rather it is provided as one element of a package of services sold to residents. As they age, residents move from a more independent living residence to a more care-intensive residence within the same facility, all the while receiving the necessary level of services. Often, the cost of the overall service package makes the development prohibitively expensive for MPDU buyers or renters, and separating out and quantifying the residential component is difficult. Even if the residential component of the service package can be quantified and made available to an MPDU household, the cost of the remaining service package may be too expensive for the MPDU resident. The first-time homebuyer requirement and the 30-year control period make for-sale MPDUs undesirable to age-eligible households in age-restricted developments.

Recommendation

- Research viable alternatives for producing MPDUs on site under these limited circumstances.

Issue: Working families and moderate-income households need to be made aware of the MPDU program and the benefits it offers. As the economy changes and real estate conditions change, the MPDU program needs to continue to meet the needs of MPDU households. Prospective MPDU households often require assistance and education about the home-buying process.

Some MPDU applicants have encountered problems qualifying for a mortgage because they were unfamiliar with the process of obtaining a loan, they did not understand their credit score or how to improve it, and because of difficulties caused by the current financial crisis. Changes to the program in the past decade have increased confusion and doubts to some applicants.

Recommendations

- Assess innovative approaches to solving the problem of high condominium fees, for example, allowing developer-created trust funds to provide ongoing condominium fee subsidies within a property, and researching methods to assess lower condominium fees on MPDUs than on market-rate units. In high-density, master-planned transit-oriented development areas, DHCA might consider working with developers to allow several developers to provide all of their required MPDUs in a separate, less expensive to build,

rental building so long as the developers agree to provide more than the minimum amount of MPDUS in exchange for the flexibility on where the MPDUs will be located.

- Develop a marketing and publicity strategy to educate eligible households, employers, and current renters about the MPDU program. Develop programs to make income-eligible households seeking first-time homeownership opportunities aware of the program.
- Continue HOC's Single Family Mortgage program that offers affordable mortgages and downpayment loans to qualified homeowners, many of whom are MPDU purchasers.
- Continue to offer homebuyer classes for moderate-income and prospective MPDU households, including information on credit, the variety of mortgage products, and how to avoid predatory lending.
- Make prospective MPDU purchasers and applicants aware of organizations that provide Fair Housing and homeownership assistance.

Issue: The MPDU program is only one element of the County's strategy to address the affordable housing shortage.

The MPDU program generates on average between 200 and 300 housing units each year for moderate-income households (currently up to \$52,000 per year for an individual, and \$74,500 for a family of four). A great need exists for housing for households with significantly lower income levels, and a great need exists to create more affordable units to meet the housing needs of workers who will fill jobs created in the County.

The term "affordable housing" encompasses a much broader spectrum of homes and housing types, and a much broader range of household income levels. This policy recognizes that the County has a more severe shortage of affordable homes today than in 1974 when the MPDU program began, and the need is for a more diverse range of homes.

Recommendations

The County must continue to explore, create, and implement additional programs to achieve affordability in housing for the very low income, the middle income, and those households in between. The County cannot meet its affordable housing needs through the MPDU program. The County recognized many years ago that the MPDU program addresses only one segment of the housing affordability problem. The County developed numerous other programs to address this issue comprehensively.

2. Housing Initiative Fund

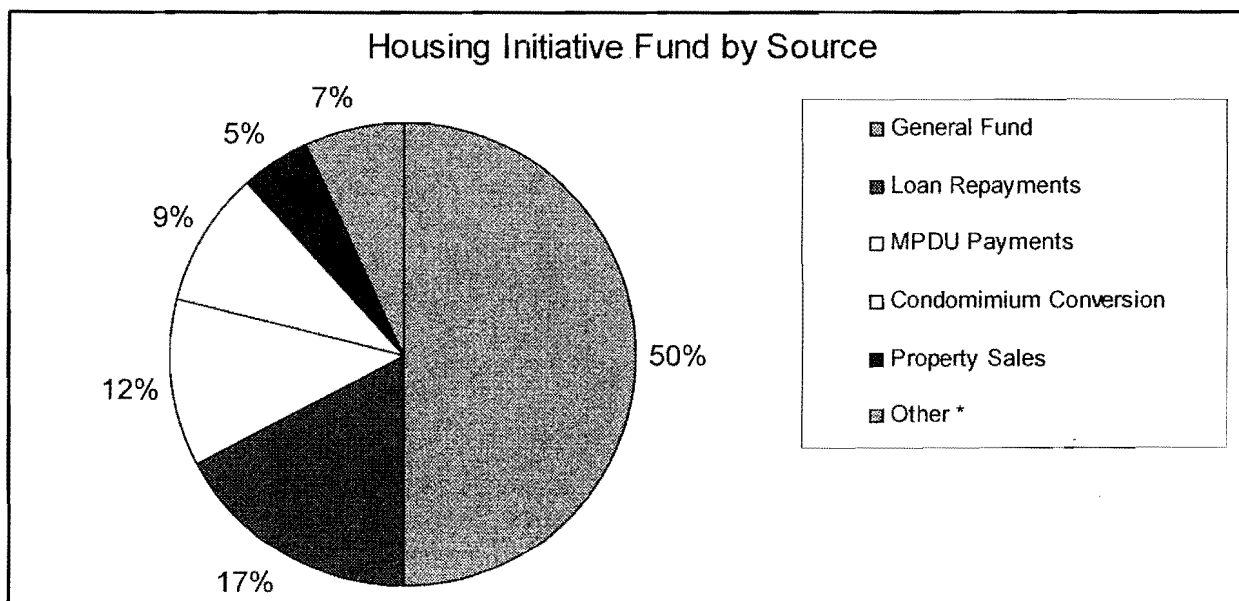
The County Council established the Housing Initiative Fund in 1988 with the purpose of creating and preserving affordable housing throughout Montgomery County. Loans are made to HOC, nonprofit organizations, experienced rental property owners, and for-profit developers to:

- Build new housing units
- Renovate deteriorated multi-family housing developments

- Preserve existing affordable housing
- Provide special needs rental housing.

Between July 1989 and June 2012, more than 15,000 housing units were preserved or created in the County under this program. Emphasis is placed on leveraging County funds with other public and private funds. As a result, the effectiveness of the program relies on having community partners who are able and willing to take on development or rehabilitation projects, and on leveraging funding from other sources with County funds.

The HIF is one of the oldest local housing trust funds in the nation. Housing trust funds help solve three major problems. First, they provide a dependable source of revenue for the production, preservation, or rehabilitation of rental and owned homes, as well as related support services and infrastructure needs. Second, they come without federal restrictions and can be tailored to meet particular local needs effectively, some of which may be ineligible for funding through other programs or in need of additional resources. Third, they can be used to leverage other funds to help close the gap between the cost of production and available funds to support affordable housing.

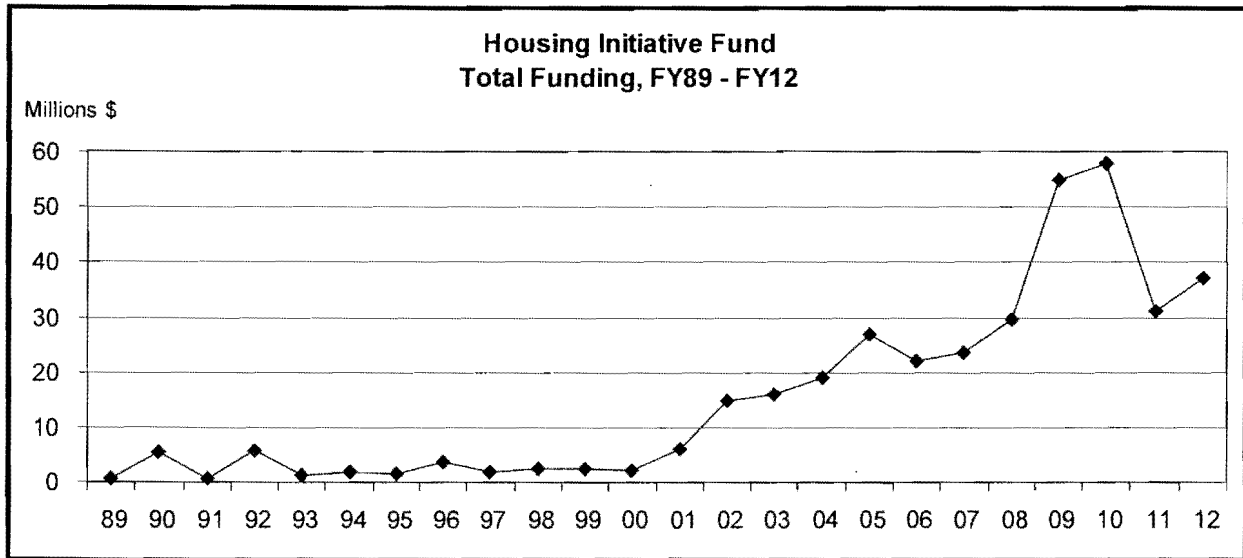


*Other: Includes Recordation Taxes, Investment Income, Development Approval Payment, and miscellaneous revenue
Source: DHCA

Funds flow into the HIF from numerous sources, including:

- A portion of some specified development approval fees, such as the Development Approval Payment
- MPDU profit sharing
- County land sales
- The repayment of existing loans and interest charged on these loans
- Condominium Conversion Tax Payments
- Transfers from the Montgomery County General Fund
- Proceeds from bonds sold to provide short term loans

In FY2012, much of the funding in the program came from repayments on previous Housing Initiative Fund loans and from the County general fund.



Source: DHCA

Issue: To ensure that our affordable housing goals are met, there must be a stable and predictable funding source to guarantee that affordable housing goals are met.

The HIF receives funds from many different sources. Since many are tied to taxes and fees from real estate and other activity, the HIF revenue can vary greatly from year to year, making it difficult to provide consistent funding levels. Moreover, in difficult economic times, HIF funding has been reduced in order to provide funds for other governmental functions. Since 2008, funds have been made available to the HIF through the sale of County bonds that generated more than \$80 million for the program. When possible, loans made from this funding are structured to be paid back within several years so that the funds can be revolved back in to the HIF and used again.

Recommendations

- Investigate the use of an affordable housing impact fee or similar alternative on all new non-residential development to provide funds for the creation of new housing for workers who will fill jobs in the County.
- Research procedures to allow and to encourage contributions and donations to the HIF. Research programs such as the one used in North Dakota that uses contributions from individual, businesses, financial institutions as the primary funding source for the North Dakota Housing Incentive Fund. Contributors receive a dollar-for-dollar state income tax credit in exchange for their financial donation. As of May 2012, the fund had received \$6.5 million in contributions ranging from \$100 to \$2.5 million. The North Dakota program features guidelines such as that tax credits earned through contributions to the North Dakota Housing Incentive Fund are limited to a total of \$15 million, are not transferable, and are on a first-come, first-served basis.

3. Workforce housing programs

2006 Workforce Housing Program

In 2006, the Montgomery County Council adopted a zoning text amendment that established a new affordable housing program directed towards families with incomes near the area median. Called the Workforce Housing Program, this ZTA applied only in higher density areas near Metro stations. The Workforce Housing Program required that any subdivision or multi-family building of 35 or more units, in a zone that allows 40 or more units per area, and within a Metro Station Policy Area, would be required to provide workforce housing units equal to no less than 10% of the market rate units. In this program, workforce housing was defined as housing available to families earning below 120% of AMI. The program applied to any projects approved after December 1, 2006.

In April 2011, the County Council amended the Workforce Housing Program. The amendments changed the workforce housing requirement in Metro station policy areas from mandatory to voluntary. Since the inception of the workforce housing program, only three projects had been approved with workforce housing units. Two of the projects were County-sponsored, and the other one was an unbuilt private project. According to the development community, providing workforce housing was cost prohibitive. Because the required Workforce Housing Program was viewed as an impediment to the development of new multi-family housing, the County Council voted to make the program voluntary.

Issue: Montgomery County's housing stock is not keeping up with the needs of the workforce.

Recommendations

- Preserve existing privately-owned rental properties with rents affordable to middle-income households, especially properties located in employment growth centers and transit-oriented areas. Assess properties that become available through the County's Right of First Refusal to see if actions should be taken to preserve rents affordable to middle-income households by assisting the purchase of the properties by HOC and nonprofit housing providers that will preserve the affordable rents at these properties.
- Research the County's existing single-family housing stock, especially in neighborhoods with stagnant prices or a large number of foreclosed homes, and identify programs or initiatives that can be developed to market and sell these homes to middle-income households and to households with incomes just above the MPDU program.
- Analyze the need for voluntary Workforce Housing programs in high-density areas near Metro stations, with a focus on rental housing. Continue the County policy that residents of all incomes have the opportunity to live near Metro stations.

4. State and federally-funded housing renovation and special needs housing programs

Federal agencies have provided essential funds to Montgomery County programs for the construction, acquisition, and renovation of housing for special needs populations, and the weatherization and renovation of single-family homes owned by lower income households. Most of these funds have come from the U. S. Department of Housing and Urban Development

through programs such as the Community Development Block Grant (CDBG) program, federal HOME Investment Partnership Program, the HUD 202 Supportive Housing for the Elderly Program, and the HUD 811 Supportive Housing for Persons with Disabilities Program. In addition, Weatherization Program funds are provided by the U. S. Department of Energy and the State of Maryland.

Group homes that receive funds from Montgomery County serve those with physical and developmental disabilities, persons with persistent mental illness, and the elderly. Assistance is not provided to group homes owned by for-profit developers.

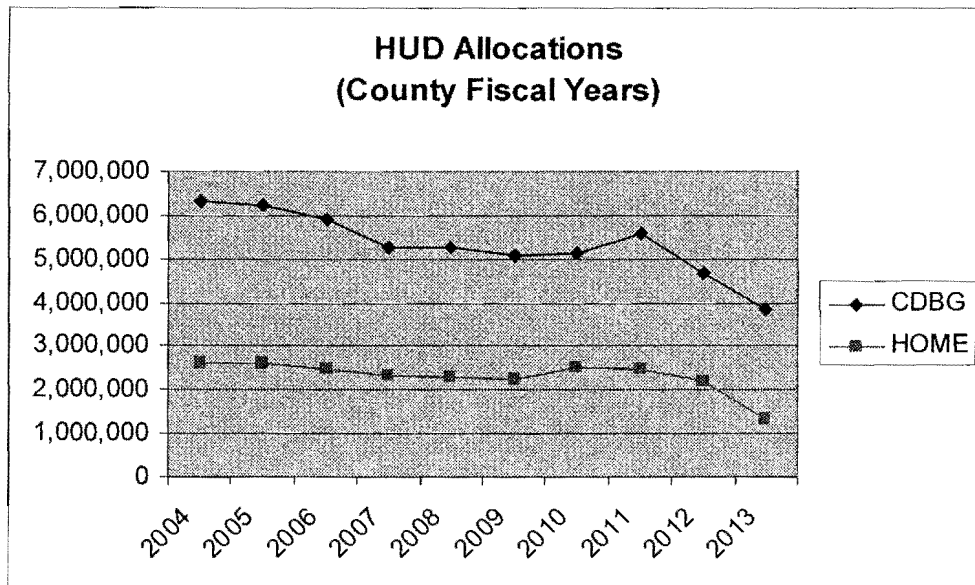
The County assists nonprofit group home providers to construct new housing, to acquire single-family homes to be used as group homes, and to repair and renovate existing group homes to assure that they are in good repair, comply with County and State licensing requirements, and continue to be assets to the community. Over the past ten years, the County has provided loans to nonprofit organizations to acquire more than thirty group homes. In addition, the County provides loans and grants for the rehabilitation of approximately twenty group homes each year.

Federal CDBG funds have been used in Montgomery County for more than twenty years to make loans to lower income homeowners to pay for repairs that correct housing code violations, to make homes more accessible, and, along with funds from the federal Weatherization Program and from the state of Maryland, to make repairs that make homes more energy efficient. Between 2008 and 2012, Montgomery County's Weatherization Program provided more than 1,900 grants of less than \$5,000 each low-income homeowners and to the Housing Opportunities Commission to make energy efficiency improvements and repairs. The Single-Family Rehabilitation Loan program averages repairs to ten homes each year.

Home Energy Programs: This state-funded program is administered by DHHS and provides financial assistance to help low-income County residents pay their electric and home heating bills. In FY2011, the DHHS Home Energy Program provided \$9,157,213 to 9,483 households. Funding was severely reduced in FY12. The program serves low-income, vulnerable households. To be eligible households must have income at or below 175% of the poverty line, which was \$18,953 for single person household and \$32,042 for a three-person household in FY2011. Twenty-six percent of households have a member over 60 years of age while another twenty-three percent have at least one member under the age of five.

Issue: Federal funds to Montgomery County have been reduced and are expected to continue to decrease.

Federal budget problems have led to reduced funding for many domestic programs, including the CDBG and Weatherization programs, and near elimination of funding for the HUD 202 and 811 programs. CDBG funds to Montgomery County were reduced by 18% in FY2012, and funds from the federal HOME Investment Partnership Program went down by 40%. Montgomery County needs to maintain the number of group homes providing essential services to Montgomery County residents with disabilities who, with the proper supportive services and assistance, can receive safe and secure housing in their own community, and add more group homes as possible. The state of Maryland has been working for more than a decade to close all state mental health hospitals and instead to serve the chronically mentally ill in community-based settings.



Source: DHCA

Recommendations

- Focus resources on the renovation and improvement of existing group homes to make sure they are well-maintained and able to serve target populations.
- Through the Zoning Ordinance Revision, continue to allow group homes in all areas and evaluate approval procedures to remove any unnecessary restrictions. Since many group homes are licensed by the state of Maryland and assisted by the County, consider administrative approvals wherever possible.
- Continue to allow experienced nonprofit housing providers to purchase MPDUs to be used as group homes.
- Continue HOC's program to set aside some Housing Choice vouchers to be used by nonprofit group home providers to make group homes more financially viable.
- Consider developing new special needs group homes when County-owned sites are evaluated for use for affordable housing.
- Continue to coordinate between those providing the housing and agencies providing support services.

5. Housing First and homelessness programs

Montgomery County provides important housing and services to homeless individuals and families, persons with mental health and substance abuse issues, individuals with developmental disabilities, and seniors. Working with public and private agencies, the Montgomery County Department of Health and Human Services (HHS) operates a variety of programs to:

- Prevent homelessness.

- Provide stable housing for formerly homeless and other vulnerable households.
- Prevent housing emergencies for the County's residents.
- Link housing with essential supportive services for special needs populations.

County programs to prevent and alleviate homelessness have always been essential. The continued downturn in the economy over the past few years has continued to make this assistance a critical tool in preventing homelessness.

Created in 2008, the ***Housing First Initiative*** provides permanent housing and supportive services to help previously homeless individuals and families move to permanent housing, rather than having them stay in an endless series of temporary or transitional situations. The Housing First model helps chronically homeless and hard to serve individuals and families find permanent, stable housing as quickly as possible. Participants must sign a standard lease agreement and are provided with services and assistance that help them remain successfully housed. This program has shown to be more cost-effective than short term housing solutions such as the use of temporary shelters and motels. The program's funds are used to provide rental subsidies, fund case management provided by County staff or non-profit shelter providers, and pay costs associated with families moving from shelters to more permanent housing, including:

- **The Housing Initiative Rental Subsidy Program**: The Housing Initiative Program, which is funded by the Housing Initiative Fund, provides rental subsidies for special needs households with income below 30% of AMI and provides for service coordination to promote housing stability. Ninety-eight percent of the households receiving this assistance are able to stay in their homes successfully long term. The program funding in FY2012 had the capacity to serve 220 households.
- **Eviction Prevention and Emergency Housing Assistance**: In FY2011, the County's Emergency Housing Assistance program provided 5,837 grants totaling \$3,733,104 to help households experiencing a housing emergency with rent assistance, utility assistance, and moving expenses, in order to resolve crises. Of these, 49% were for housing related costs, 46% were for utilities and 5% were for other emergency costs. Expenditures consisted of \$2,569,762 in County funded assistance and \$1,163,342 in State funded assistance.
- **Supportive Services**: In addition to financial assistance, the County provides supportive services to help stabilize households through assistance with budgeting and linkages to community resources including physical health, behavioral health, employment and income supports programs. Funding is provided by the State of Maryland through the Department of Human Resource's Emergency Assistance to Families with Children Program as well as the Homelessness Prevention Program, and County funding includes DHHS emergency services grants funded by the County's General Fund.

Issue: Unmet Needs of Homeless Persons

In January 2012, according to the annual Homeless Point-in-Time Count, 979 people indicated that they were homeless. Of this total, 598 were single persons, and 372 were in families. The



number of people indicating that they are homeless decreased slightly in 2012, after changing very little from year to year since 2007:

Montgomery County
January 2012

**People Living Unsheltered, In Winter Beds, In Emergency Shelter
or In Transitional Housing**

Year	Single Persons	Persons in Families	All Persons
2012	598	381	979
2011	761	374	1,132
2010	692	372	1,064
2009	668	526	1,194
2008	694	410	1,104
2007	640	499	1,139

The census indicates that the County needs nearly 1,000 units of permanent supportive housing. The Continuum of Care, a public-private planning group for homeless and homeless prevention activities, established permanent supportive housing as a priority.

Recommendations

- Increase the number of permanent supportive housing units to meet the unmet needs in the County. Develop specific goals and projects to meet the need for nearly 1,000 units of permanent supportive housing. Continue to focus on reducing the time families and individuals spend in temporary shelters and to decrease the use of motels as overflow emergency shelter for families.
- Explore obtaining state funding for more affordable assisted-living options for individuals with developmental and intellectual disabilities, and individuals experiencing homelessness who have a disability. Existing private facilities are very expensive and are not equipped to address needs of people with multiple behavioral health disorders.
- Develop a Recuperative Care Facility and other therapeutic recovery programs providing step-down care for homeless persons and persons with chronic behavioral health conditions, especially those who do not qualify for skilled nursing facility care upon hospital discharge or who have no home or trained caregiver during their post-hospital discharge recuperation. Research demonstrates that a Recuperative Care Facility reduces hospital inpatient length of stay and readmissions and prevents patients from being discharged with medical needs that result in readmission to the hospital.
- Increase the supply of permanent rental housing options for low-income households exiting homelessness, and assess the feasibility of creating more single-room occupancy (SRO) units properties. Also, construct housing with three or more bedrooms for larger families.

- Develop housing options in planned development projects or master planned development areas for target groups such as youth aging out of foster care, domestic violence victims, and those with mental illness and developmental disabilities.
- Continue to study the census and other population projections to assess special needs populations and develop long-term strategies based on the changing demographics of the County

Issue: Housing First prevents homelessness and shortens the time households spend homeless.

Recommendations

- Continue implementation of Housing First Initiative to reduce homelessness.
- Increase permanent supportive housing for individuals and families exiting homelessness. Assess the feasibility of setting aside more Housing Choice Vouchers for households in the Housing First Program.
- Explore accessing Medicaid dollars for supportive services and for the development of a model that allows for varied intensity of supportive services based on individual need.

6. County-funded rental assistance programs

Montgomery County has used general fund resources since 1985 to fund rental assistance programs for needy households.

County Rental Assistance Program (RAP): In 1985, Montgomery County created the Rental Assistance Program targeted to the elderly and disabled, low-income (underemployed) intact families, and low-income (underemployed) single parent headed families. Since its inception, the program has provided eligible households with a monthly rental subsidy to help defray the high cost of rent and enable low-income seniors, disabled individuals, and families to have a suitable rental unit. The County RAP program provides monthly subsidies ranging from \$50 to \$200 to households with income below 50% of AMI who are paying a larger than normal percentage of their income for rent. The average subsidy in FY2011 was \$195 per month. The program served an average of 1,425 households per month in FY2011 and demand continues to outstrip available resources.

Due to funding restrictions and continued demand, the RAP program closed enrollment to new households at the start of FY2011, but was able to begin enrolling new households again in March 2011. The subsidy available to a household has not been adjusted since 2002 and its value has eroded over time due both to inflation and the steep increase in area rents. A household would need \$248 dollars in 2012 to match buying power of \$200 subsidy in 2002. At the same time, the HUD Fair Market rent for a two-bedroom apartment was \$943 in 2002 compared to \$1,513 in 2011.

Rent Supplement Homelessness Prevention Program: In 2007, the County Council established the Rent Supplement Homelessness Prevention Program, using proceeds generated by the Recordation Tax, to provide shallow rent subsidies to assist county residents renting in multi-

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family properties to avoid being displaced or becoming homeless. The Rent Supplement Homelessness Preservation Program is administered by HOC and the goals are to:

- Prevent homelessness of very economically vulnerable individuals and families;
- Stabilize families in affordable housing; and
- Increase the number of affordable housing units in the County.

The target population is individuals and families between 30 % and 40 % of AMI who pay more than 40 % of their income for rent. This group, while making slightly more than participants in the deep rental assistance programs like Housing Choice Vouchers and Public Housing, can face difficulties paying rent. The program is structured on the theory that a relatively small rental supplement would fill the gap. As planned, maximum monthly subsidies do not exceed \$600, and the average monthly subsidy of \$250 to \$350 per month per household is sufficient in most cases to prevent the recipient from falling behind in rent and facing eviction.

Spending for the Rent Supplement Homelessness Prevention Program started at \$1.3 million in FY 2010, and was reduced to \$1 million in FY2011. In 2010, 350 households were served by this program. Because of lower funding levels, the number of households served was reduced to 250. The goal of the program has been to provide stable housing for at risk households. This has been achieved as seen by the fact that none of the households in the program moved during FY2011.

Handicapped Rental Assistance Program: The Handicapped Rental Assistance Program provides monthly financial assistance to individuals with a mental illness that constitutes a handicapping condition residing in a group home licensed by either the State of Maryland or Montgomery County. The program serves an average of 215 individuals each month with an average monthly subsidy of \$150.

Issue: Many households, both singles and families, are struggling to maintain housing and avoid eviction. These families need rental subsidies to make it through the crisis.

Recommendations

- Increase the number of rental subsidies for low-income households. The long waiting lists demonstrate the unmet need. Identify programs that could provide increased rental subsidies through HOC where funds are available.
- Study the County's rental assistance programs for special populations and, as County funds become available, expand these programs and increase the amount of subsidy to be consistent with current rental market rates.
- Continue to provide funds for the repair of homes to reduce utility costs, which continues to be a struggle for low-income households. Explore ways to encourage landlords, especially those with older housing stock, to undertake energy efficiency upgrades to properties. Educate households on energy conservation.



- The Recordation Tax Rent Supplement Program Serving Homeless Families has proven to be an extremely successful homelessness prevention program. This policy recommends the continuation of the program, and its expansion when funds are available. It operates on the principle that preventing individuals and families from ever becoming homeless is far more humane and fiscally effective than the steps needed to rehouse the homeless.

7. Housing Code Enforcement and focused neighborhood assistance programs

To ensure healthy housing and neighborhoods, Montgomery County adopted a Housing Maintenance Code in 1964. Most of the inspections made under the authority of the Code are mandated by other statutes such as those requiring the licensing of multi-family rental units or accessory apartments, or in response to a complaint from a tenant, neighbor, or other interested community member. The County Housing Code Enforcement Section follows up on complaints, and monitors areas of concern to prevent widespread deterioration in older neighborhoods and to maintain a more stable housing stock that meets health and safety standards and is less likely to become run-down or deteriorated. Low rental vacancy rates could lead to an environment in which tenants would be willing to accept unsafe or unsanitary living conditions.

Focused Neighborhood Assistance is a program started in 2009 to address comprehensively community needs identified by residents and other stakeholders in geographically-defined neighborhoods experiencing challenges. These areas are selected approximately every two years after an analysis of residential neighborhoods countywide. This analysis includes review of data on crime, income, single-family rentals, and foreclosure events. County staff further refine neighborhood selection by identifying factors that connect communities, such as school boundaries, as well as those that separate neighborhoods, such as natural features and major roadways. Staff also identified those areas that appear to meet eligibility criteria for certain types of federal or state funding; for example, federal funds to assist in addressing the negative impact of foreclosures. A unique program is then developed for each selected neighborhood.

Some of the projects completed in the first two years include:

- Repairs to the exteriors of seventy single-family homes occupied by income-eligible owners.
- Upgrading and installing energy-efficient lighting in public spaces.
- Acquisition of thirteen vacant, foreclosed, bank-owned homes that were renovated and sold to first-time homebuyers.
- Improvement of five pedestrian pathways, including installation of lighting.
- ADA improvements to a community pool and the installation of lockers and security fencing.

Issue: The County's housing stock is aging.

Recommendations

- Continue a vigorous Housing Code Enforcement program to maintain in good condition the County's aging but vital rental housing stock.

- Continue having Code Enforcement staff perform annual reviews of vacant and condemned units. Continue to refer vacant and condemned properties to the Rehabilitation Loan and the Replacement Home Programs, especially for those occupants who are elderly or who cannot financially and physically maintain their home.
- A potential looming large problem is the number of housing units located in common-ownership communities, many built more than twenty years ago. The associations that control these communities maintain sidewalks, roadways, parking lots, playgrounds, recreation facilities, buildings, roofs, and nearly every other possible facility in their communities. Studies should be conducted to determine if the infrastructure in these communities are being maintained, if the communities have adequate financial reserves to maintain their properties.

Issue: Poorly maintained, deteriorated and abandoned properties affect neighborhood stability.

Recommendation

- Continue to identify neighborhoods that are at-risk of deterioration, disinvestment, or disrepair. Bring in other departments, agencies, and nonprofits as needed and involve the community to bring together county resources to respond to the particular needs of the neighborhood.
- Continue to monitor foreclosed properties to make sure the buildings and yards are maintained.

Issue: In some areas, especially those near mass transit, neighbors and community associations are concerned about homes illegally being converted into businesses and the illegal and improper creation of multiple dwelling units on one residential lot.

In some down-county neighborhoods near Metro stations or on major roadways, neighbors and community associations have complained that speculators and absentee owners are illegally converting single-family homes into boarding houses, short-term rentals, and creating several illegal dwelling units on one lot. Often, the complaints focus on the creation of illegal accessory apartments or other secondary units on a lot approved for only one house.

Residents can submit complaints by contacting the MC311 Call Center if they believe that a property is not complying with Zoning Code requirements. A complaint can be filed with the MC311 Call Center to report or request an investigation of suspected zoning violations and illegal construction activities, such as building on a site without required permits, including specialized construction-related work such as plumbing and electrical work. Complaints are assigned to zoning or building investigators and inspectors who, if they find violations, instruct the violators to take corrective action. If a violation is not corrected within a reasonable time, the investigator or inspector will initiate legal proceedings on behalf of the County, such as issuing civil citations or tickets. DHCA and DPS keep the names of complainants confidential. The zoning official investigating the complaint can inform the complainant of important developments in the case and its outcome, when requested.



The County's MC311 Call Center also has procedures in place for residents to submit complaints if they believe that residents or guests at a property are violating the County's Noise Control Ordinance, which is in Chapter 31B of the County Code.

Recommendations

- Continue to share information between the DHCA Housing Code Enforcement Section and the Department of Permitting Services Zoning Section on investigations into illegal construction and construction of homes with multiple kitchens units.
- Continue to refine informational materials to distribute to community groups and residents, and to add to the existing information on the County website, about how to file zoning complaints, and about the County's Noise Control Ordinance.

8. Accessory Apartments

Accessory Apartments are additional residential units on single-family lots that are independent of, and subordinate to, the primary, existing single-family home. These separate units have their own kitchens, bathroom facilities, and sleeping areas. A related type of unit is a Registered Living Unit. Registered Living units are similar to accessory apartments, except that the units are occupied rent-free by either a relative or a household employee of the owner occupant.

At the time this Housing Policy is being prepared, the Montgomery County Council is considering a Zoning Text Amendment to revise the procedures for the approval of an Accessory Apartment. Currently, before offering an Accessory Apartment for rent, an owner must first obtain a Special Exception from the Montgomery County Board of Appeals, and an Accessory Apartment Rental Facility License from Montgomery County Department of Housing and Community Affairs. An owner who operates a rental facility without first obtaining a license is subject to a five-hundred dollar civil citation.

To be eligible for an Accessory Apartment, the existing single-family dwelling must:

- Be a single-family detached home (townhouses and mobile homes are not eligible).
- Be owner occupied.
- Be at least five years old.
- Be located in a zone that permits the approval of Accessory Apartments. (At the time of this Housing Policy Update, those zones were the Rural, Rural Cluster, LDRC, RDT, RMH-200, RE-2, RE-2C, RE-1, R-200, R-150, R-90, or R-60 zone or in a one-family residential area of a Rural Service, Planned Development or Town Sector zone.)
- Have at least a 6000 square foot lot in an R-60 Zone or the minimum lot size in all other one-family residential zones.
- Have at least two off-street parking spaces (driveway, not front yard) or proof of adequate on-street parking.

- Have adequate water and sewer systems for both units.
- Have any separate entrance located so that the appearance of a one-family home is preserved.
- Be compatible with adjacent homes, if modifications are proposed.
- Comply with all applicable laws.

In addition to the rules that apply to the single-family house, the zoning ordinance and the County Code stipulate requirements for the Accessory Apartment. The Accessory Apartment must:

- Be subordinate to the main house.
- Be internal to the existing home, which means it cannot be a separate building, unless the lot is larger than one acre.
- Have the same address as the main house.
- Be the only additional living unit or use on a lot or parcel.
- Not result in an excessive concentration of such units in the neighborhood.

The Owners Must:

- Have owned the property for one year, except when the accessory apartment existed prior to purchase of the home.
- Occupy one of the two units.
- Apply for and be granted a Special Exception through Montgomery County Board of Appeals.
- Obtain necessary building or electrical permits from the Department of Permitting Services if the Accessory Apartment application is approved.
- Contact the Department of Housing and Community Affairs, Code Enforcement Unit, after construction is complete and the Department of Permitting Services has assured compliance with Building Standards, to schedule an inspection for compliance with Housing Standards.
- Submit an Accessory Apartment Rental Facility License Application to the Department of Housing and Community Affairs, Licensing/Registration Unit, once compliance with the Housing Standards is achieved.



Issue: Some neighbors and civic associations are concerned that too many illegal Accessory Apartments exist in the County and are worried that too many Accessory Apartment in an area can change the character of a neighborhood.

At the time of the writing of this Housing Policy Update, there were 431 approved, active Accessory Apartments, and 698 Registered Living Units, in Montgomery County. (These rules for Accessory Apartments and Registered Living Units do not apply to properties within the incorporated municipalities of Barnesville, Brookeville, Gaithersburg, Laytonsville, Poolesville, Rockville and Washington Grove.) Some illegal units may exist throughout the County. Units are considered illegal if they:

- Have not been approved by the Board of Appeals.
- Do not have an approved rental license.
- Have not been inspected to assure compliance with County Housing Code standards.
- Do not meet the standards of the zoning ordinance, such as those Accessory Apartments that
 - do not have proper and safe ways to enter or exit the unit
 - are not subordinate to the existing single-family home
 - the owner of the single-family house does not live on the property.

These issues and concerns are often similar to those expressed about the development of illegal additional units on residential lots, so the recommendations are similar.

Recommendations

- Currently, most County code enforcement inspections of alleged illegal Accessory Apartments are the result of complaints submitted to the County. Consider stepped up investigation of properties with multiple kitchens and allegations of work conducted without required permits.
- Develop informational materials to distribute to community groups and residents, and to add to existing information on the County website, about how to file complaints about illegal Accessory Apartments.
- Accessory Apartments exist in many communities across the nation. Studies and reports have looked at accessory apartments in communities. None has indicated a correlation between the number of Accessory Apartments in an area and neighborhood decline. The Planning Department could conduct a study of neighborhoods in Montgomery County with Accessory Apartments to determine if they have affected the quality of life, neighborhood stability, or housing values.

Issue: Many people have a difficult time understanding what an Accessory Apartment is and what types of additional units are allowed on a single-family lot. The Zoning Ordinance has several confusing definitions and uses for additional units in single-family zones. These categories are often confusing and can be difficult to enforce

The Zoning Ordinance presents several ways that a single-family lot can have more than one unit on it, including:

- Accessory Apartments
- Boardinghouses
- Guest Houses
- Guest Rooms
- Registered Living Units

Recommendations

- During the Zoning Ordinance Revision, reduce the number of categories that allow for additional units on single-family lots. Eliminate any overlap between uses. Establish clear definitions that can be understood by the community and the agencies charged with enforcement of the Zoning Ordinance.
- Develop informational materials to distribute to community groups and residents, and to add to existing information on the County website about permitted uses on residential lots and the types of additional units that are allowed.

Issue: The application process for Accessory Apartments is too complicated, can be too costly, and takes too long.

Only about ten new Accessory Apartments approvals are issued annually. According to staff from the Board of Appeals, the Planning Department and the Department of Housing and Community Affairs, almost all applications are approved. The few that are not approved are turned down because the existing house on the property already does not meet a zoning setback requirement (which has nothing to do with the Accessory Apartment application) or the proposed Accessory Apartment does not have proper ways to exit the unit in case of fire or an emergency.

The documentation required to be submitted with an Accessory Apartment Application is quite lengthy and the application form can appear daunting to many homeowners. The application is reviewed by the staff of the Board of Appeals and staff from the Planning Department. The proposed Accessory Apartment is inspected by staff from the Housing Code Enforcement Section when the application is submitted and after the application is approved. The Office of Zoning and Administrative Hearings conducts a hearing and the Hearing Examiner writes a report that is quite detailed and lengthy. The Hearing Examiner's recommendation is reviewed by the Board of Appeals. This whole process often takes between nine to twelve months to complete.

Recommendations

- During the Zoning Ordinance Revision, evaluate accessory apartment regulations and ease requirements without jeopardizing neighborhood quality.
- Remove impediments to accessory apartments by making the application process take less time and be less costly to applicants.
- Consider efforts to streamline the approval process or consider establishing limits on the time allowed for the review of Accessory Apartment Special Exception applications. This limit could be for the entire process, such as the County must review and make a determination on

an Accessory Application within six months of the date of the application, or such a limit could be established for each step in the process, such as the Planning Department must submit its comments to the Hearing Examiner within 60 days after receiving an application.

- Limit the number of occupants of Accessory Apartments to no more than three people.
- Continue the requirement that applicants for Accessory Apartments must live in one of the units.

9. Condominium Conversion Transfer Tax

The Condominium Conversion program ensures that the conversion process includes tenant notification and displacement mitigation, as well as notification to HOC and to the community of a pending conversion. The Condominium Conversion program includes provisions to alert tenants of their rights to purchase their units within 180 days. The County and HOC have the first right to purchase a rental property with 10 or more units where the owner plans to convert the units to condominiums. The program does not prevent the conversion of rental units to condominiums.

Issue: Condominium conversions appear to run in cycles, and seem to occur every ten to fifteen years, especially when other market factors make rental housing less profitable and give owners incentives to sell. The frequency of condominium conversions increases in strong markets when rental housing becomes less profitable and owners have more incentive to sell, which can lead to a sudden reduction in affordable rental options.

Recommendations

- Continue to identify rental properties that are likely to convert to condominium.
- Work with nonprofit housing providers and HOC to acquire rental properties at risk of conversion.
- Continue the Condominium Conversion Transfer Tax.

10. Use of county-owned land for affordable housing

Surplus public properties suitable for affordable housing have been made available to public and nonprofit agencies for assisted or below market housing. DHCA has worked on the following projects:

- Victory Housing's Victory Court project on Fleet Street in Rockville: 86 total units providing mixed-income housing for seniors. The project is scheduled to be completed in April 2013.
- Bowie Mill: Montgomery Housing Partnership and Elm Street Development will be constructing 114 for-sale housing units serving a mix of incomes. The project is scheduled to be completed in 2014.



- Silver Spring Library: Montgomery Housing Partnership and Donohoe Company are partnering together to build up to 134 units of affordable rental housing next to the new Silver Spring Library. The project expects to be built in 2014.

Issue: The high cost of land is a major cost in the development of new affordable housing and impedes the construction of affordable housing. Using available County land can reduce this cost factor in affordable housing. County-owned land often has low-density zoning placed on it requiring a zoning change before the property can be used for affordable housing.

Recommendations

- Include housing affordable for low, moderate, and middle-income households in all suitable public building projects in appropriate locations throughout the County. Projects involving the redevelopment of public land or facilities, such as parking facilities, must at least 30% of total units as affordable housing. Property that is designated as parkland is not considered surplus.
- Develop a database of County-owned land that indicates the current use of the site, the zoning, water and sewer classifications, master-planned and approved uses for the site, and that identifies which site should be looked at for possible affordable housing use. DHCA and Planning Department staff have assessed County-owned land several times over the past decade. Development of a database would improve the ability of staff to consider available sites
- Establish housing as a major preferred use when the County sells property. Achieving this objective should take precedence over receiving full market value for the property. The County should establish a price that permits a developer to provide a proportion of affordable housing that exceeds the 12.5% MPDUs now required of residential projects. Developers benefiting from below market pricing of county property should be required to provide at least 30% of the units at below market prices.
- Review the feasibility of establishing a more streamlined process for affordable housing projects on County-owned land where the subdivision of the land, and the overall land uses and densities, are established through the Mandatory Referral process, and the property then goes through normal site plan reviews. Property owned by Montgomery County that will be used for affordable housing should also have access to the mandatory referral process to establish the appropriate zoning and land uses for the site. Often, the zoning of County-owned land was not addressed in master plans, especially in plans that are more than fifteen years old, and the current zoning is not appropriate for the development of mixed uses on a site or for the construction of affordable housing. County property is a valuable resource from which the County should generate the maximum amount of housing in general and, particularly, affordable housing. The Mandatory Referral process is especially useful and appropriate when the affordable housing is being built next to County facilities and other County uses.

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CHAPTER IV

ANNUAL AFFORDABLE HOUSING PRODUCTION GOALS

Need for Affordable Housing

Montgomery County meets its affordable housing needs through a number of programs. County agencies and the Housing Opportunities Commission are using federal, state, and local programs and funding for the provision of affordable housing. In order to address the production needs identified in the Housing Policy, the County is establishing annual goals for affordable housing production.

Each year approximately 4,500 new households are likely to be formed in the County. At-place employment increases also add to the demand for housing in the County.

The current income distribution of households in the County shows that about 27% of County households earn less than \$50,000. At 30% of income for housing costs, \$50,000 can support a rent plus utility payment of \$1,250 per month. The countywide average turnover rent in 2011 for market rate units was just over \$1,440 per month, which means that more than 27% of the households in Montgomery County cannot even come close to affording the average rent for an apartment. Because housing costs are continuing to escalate in the County, we foresee near- and long-term shortfalls of affordable housing units.

To continue to serve households earning \$50,000 or less, this housing policy believes that an affordable housing production goal of 1,000 units per year is necessary. The attached chart lists the County's affordable housing production programs and establishes an annual production goal for each program based on market conditions, program history, forecast needs, and industry and provider capacity. The annual goals are a multi-year average, and may vary annually due to changes in the level of funding available to these programs.

Cost of Producing and Preserving Units

To plan and budget for the County's future housing needs, the County's current programmatic costs have been determined. Existing contracts, loans, and development budgets provided the following cost information.

- The cost to the County of preserving federally assisted housing ranges between \$8,000 and \$12,000 per unit.
- The County's contribution to acquire and renovate multifamily housing is approximately \$50,000 per unit.
- The County's participation in funding the acquisition of group homes is approximately \$100,000 per house.

Recommendations: Annual Affordable Housing Production Goals

The chart on the following pages gives the recommended annual goals for affordable housing production in Montgomery County. These figures should be seen as average annual goals over a 10-year period. The actual annual figures will likely vary, given the need to take advantage of opportunities and address special problems that may arise in any one year. Of the total 2,890 per year unit target, 1,000 are existing units that will be preserved as affordable units, through assistance with rehabilitation, purchase by a public agency or nonprofit organization, or a negotiated rental agreement. The target for new affordable housing is 525 units per year.

These goals are aggressive, but they can be achieved with the funding and organizational focus we propose.

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AFFORDABLE HOUSING PROGRAM: PROPOSED ANNUAL PRODUCTION GOALS

Programs	Owner Units	Rental Units	Annual Total Cost (County \$)
Moderately Priced Dwelling Units	50	50	\$0
Section 8 Certificates/ Housing Choice Vouchers		6,000*	\$0
Create new, and rehab existing, Group Home, Transitional, and Special Needs Housing Units		300	\$7,700,000
Rental assistance and eviction prevention funded by Recordation Tax funds			\$4,400,000
Acquisition and Rehabilitation of existing rental housing to preserve or create affordable housing, including federally assisted housing		150*	\$6,000,000
New Construction rental housing		100	\$4,000,000
HOC and Nonprofit MPDU Acquisition		20	\$1,000,000
Construction of Elderly Housing and Assisted Living Units		50	\$4,000,000
Accessory Apartments		10	\$0
HOC Public Housing Rehabilitation		75*	\$1,000,000
Annual New Units: 400 Annual Preserved Units: 150 Annual Housing First Units: 220	Total Annual County Financing : \$31,000,000		

* Units preserved, not added to the housing stock.

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APPENDIX A: DEMOGRAPHIC AND ECONOMIC CONDITIONS

Overview

Montgomery County experienced tremendous demographic and economic changes since the County's General Plan was adopted in 1964 and the County's first affordable programs were developed in the early 1970s. In the early Twentieth Century, Montgomery County was primarily a farming community. By the middle of the Twentieth Century, Montgomery County developed into what was primarily a suburban, bedroom community for Washington, D.C.

In the later decades of the Twentieth Century, and continuing today, the County became an important regional employment center. The availability of a highly skilled population and the presence of many federal agencies attract companies, especially those in the bio- and information-technology sectors, to Montgomery County. New residents have been attracted to the County's high quality of life, excellent schools, booming job market, strong neighborhoods, and sound housing. Montgomery County is now a maturing developed county, rich in diversity, with strong urban and suburban centers. It is a very different place from the homogeneous county of the 1950s. Extensive development and the implementation of policies and programs to protect open space and agricultural land have reduced the amount of land available for new housing. Neighborhoods built before 1950 have aged, and some now need extensive reinvestment in the housing stock and urban infrastructure if the quality of life is to be preserved.

A. Demographic conditions

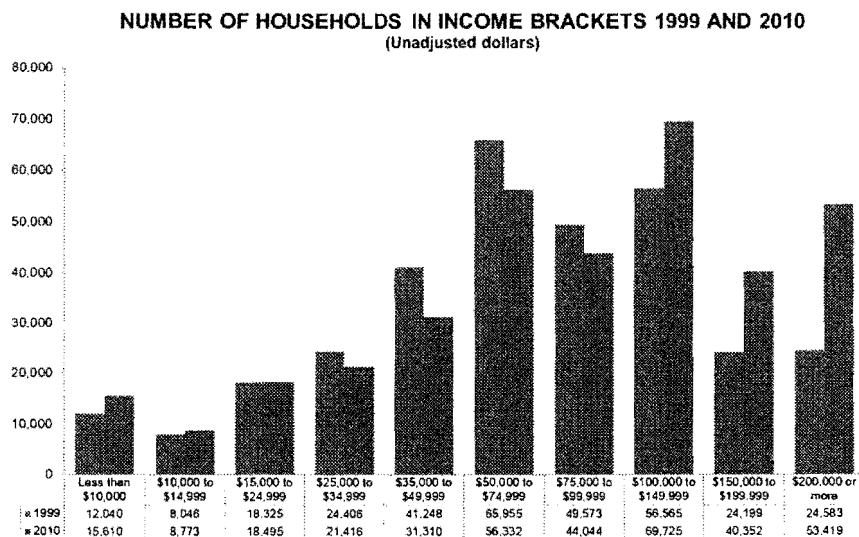
1. Population

- Montgomery County's population reached 971,777 in 2010, an increase of nearly 100,000 people (11.3%) from 2000. Compared to the more than 3,000 counties in the nation, Montgomery County is now the 42nd most populous county, up from 49th place in 2000. It remains the second most populous jurisdiction in the Washington, D.C. metropolitan area, next to Fairfax County, Virginia, which has 1,081,726 residents.
- Consistent with national and regional population trends, Montgomery County's population grew more diverse over the past decade. Montgomery County is now one of 336 "majority-minority" counties in the United States. In 2010, Non-Hispanic Whites make up 49.3% of the County's population, down from 59.5% in 2000. Nearly all neighboring counties saw increases in their minority populations.
- Montgomery County's Hispanic population grew at the fastest pace (64.4%), followed by Asian and Pacific Islanders (37.0%), Blacks (25.0%) and other minority groups (21.3%). The 39.3% increase in all minority groups combined offset a 7.8% decline in the number of non-Hispanic Whites living in Montgomery County. Hispanics are now the County's second largest population group (17.0%), followed by Blacks (16.6%), Asian and Pacific Islanders (13.9%) and "Other" (3.2%). All communities within Montgomery County saw an increase in the minority share of their population.

- Census and demographic forecasts predict that Montgomery County will gain 225,959 additional residents between 2010 and 2040, a 24% increase. More than 100,400 households are expected to be added to the County between 2010 and 2040, a 28% increase.

2. Income

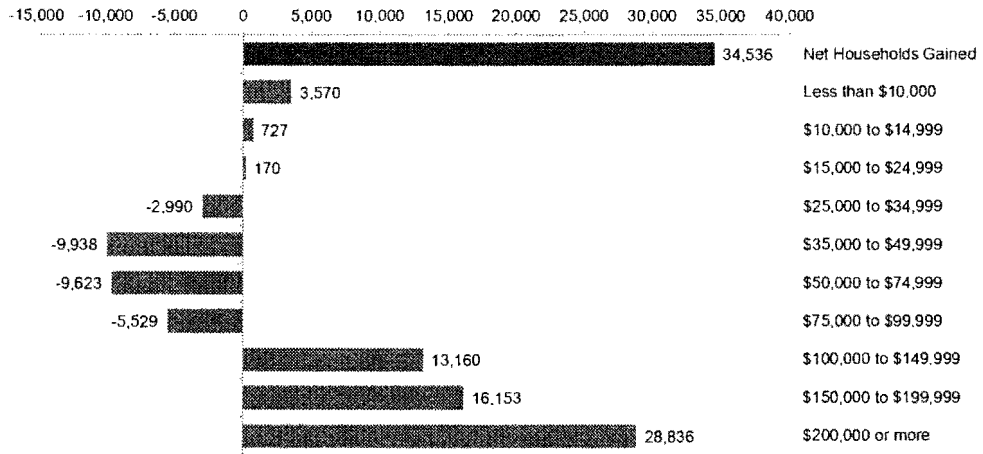
- The median income in Montgomery County in 2010 was \$89,155, a 4.8% decrease from the median income of \$93,600 in 2000. The County ranks fifth in the Washington, D.C. metropolitan area and ninth nationwide in median household income. When compared with 2000 data, in 2010 the number of households has increased at the lowest and highest income brackets. More households earned less than \$25,000, and more earned more than \$100,000. Households with income of \$200,000 or more nearly doubled from 8% in 2000 to 15% in 2010.
- The County held its peak income levels longer than other places in the country, reflecting the resilience of the local economy. The median household income peaked in 2007 at \$96,422, remained steady through 2009, and then dropped to \$89,155 in 2010. These trends mirror the national recession. When adjusted to 2010 dollars, households lost overall income since 2000. Black and Hispanic households, as well as renter-occupied, non-family, and family households, lost income since 2000. Asian, Non-Hispanic Whites, and owner-occupied households made gains during that same time.
- An estimated 7.5% of Montgomery County’s population, 72,259 residents, lived in poverty in 2010, marking the highest poverty rate in two decades. The state poverty rate in 2010 was 9.9%, which continued to be lower than the national rate of 15.3%.



Sources: U.S. Census Bureau's Decennial Census 2000 and American Community Survey (ACS) 2010 1-Year and Montgomery County Planning Department.

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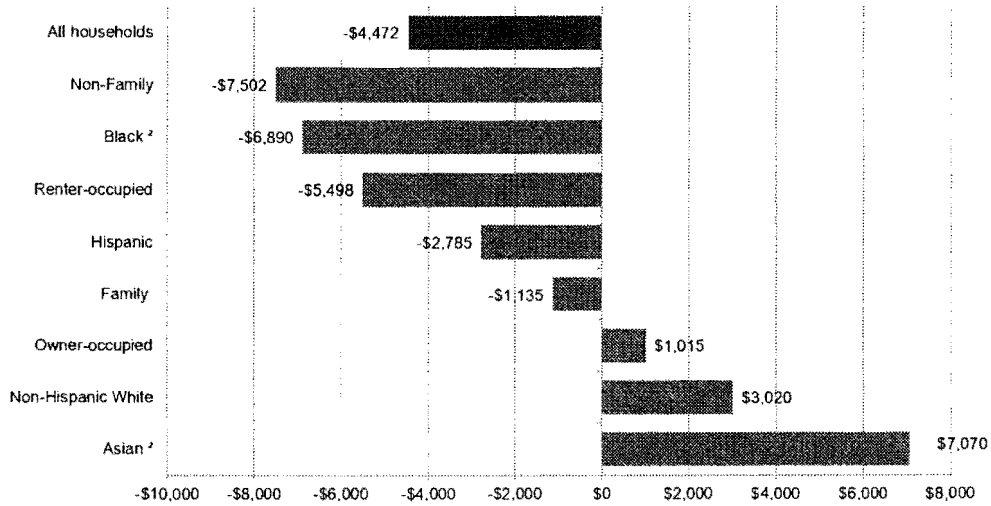
**CHANGE IN NUMBER OF HOUSEHOLDS
BY INCOME BRACKETS FROM 1999 TO 2010**
(Unadjusted dollars)



Sources: U.S. Census Bureau's Decennial Census 2000 and American Community Survey (ACS) 2010 1-Year and Montgomery County Planning Department.

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**NET CHANGE IN MEDIAN HOUSEHOLD INCOME
BY TENURE, RACE, AND ETHNICITY 1999 to 2010**
(in 2010 dollars)



Sources: U.S. Census Bureau's Decennial Census 2000 and American Community Survey (ACS) 2010 1-Year and Montgomery County Planning Department.

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- The Self-Sufficiency Standard for Montgomery County in 2012 was \$17.07 an hour (\$36,060 annual income) for a single adult, and was \$19.62 an hour per adult (\$82,877 annual income)



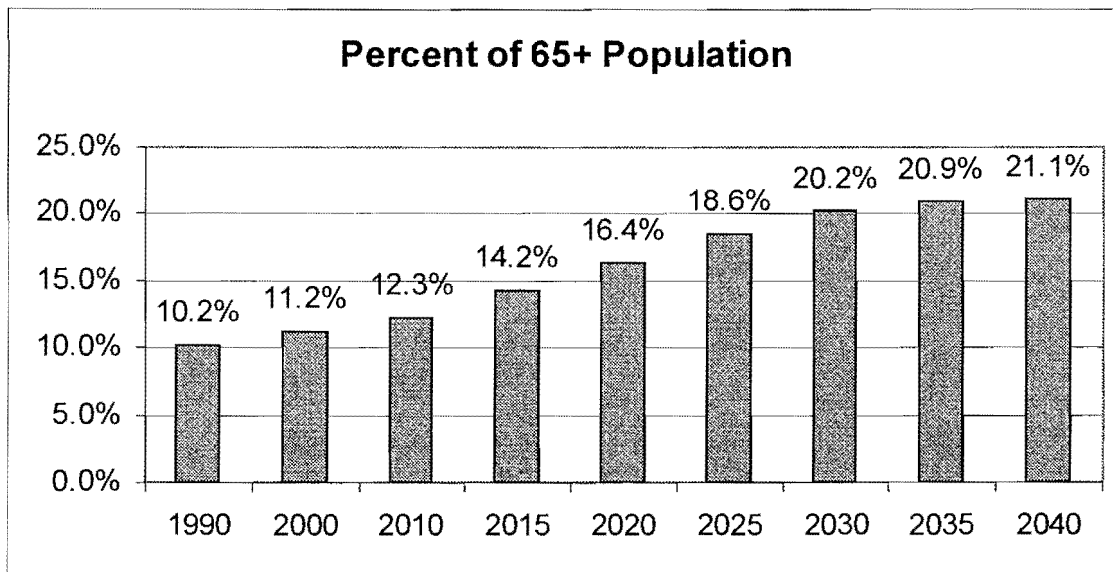
for a household with two adults and two young children. The Self-Sufficiency Standard describes how much income families of various sizes and compositions need to make ends meet without public or private assistance. The measure is published annually by the Maryland Community Action Partnership. In 2001, the Self-Sufficiency Standard annual income was nearly 30% lower: for a single adult the annual Self-Sufficiency income in 2001 was \$24,292, and was \$56,462 for a household with two adults and two young children.

3. Seniors

- A key need for seniors is affordable and accessible housing. Many seniors express a preference to “age in place” in their current residences, however, many homes are not equipped to accommodate their needs. Homes not designed for senior residents can result in frequent injury from falls difficulties accessing the home from the outside, or impaired mobility within the home due to stairs or steep inclines. As abilities to drive decrease with age, seniors in car-dependent neighborhoods may have difficulties accessing necessary services, such as going to the grocery store or to the doctor. Seniors may also have an inability to afford to maintain their property properly or to pay utilities and property taxes. This set of problems can result in the voluntary or involuntary need to relocate to another place of residence. However, the lack of affordable options is a barrier to these necessary transitions.
- The 2010 Census showed 119,770 seniors aged 65 and above in the County (12.3% of the total population), with projections that this number will increase to 174,290 by the year 2020, a 45% increase, and would result in seniors being 16.4% of the total population. Census projections estimate that by 2040, 21% of the County’s population will be aged 65 and above.

Actual & Projected Senior Population in Montgomery County, 1980 - 2030

Source: Prepared by the Maryland Department of Planning, May 2012
Population and Household Data from 1970 through 2012 from the U. S. Census



- Slightly more than one-quarter (26.3%) of Montgomery County's household base in 2011 is composed of households headed by a senior 62 and over. Senior renter households represent approximately 20% of all senior households living in the County.
- The growing senior population in Montgomery County may lead to a shift in housing demand. Seniors will likely move out of larger single-family homes into smaller condominiums or rental units, or even into assisted living or other types of congregate care. These relocations may make some larger existing housing units available. The increase in the under 20 age group spells more future demand for larger "family-sized" units, likely the same units the retirees will be leaving. More analysis is needed to pinpoint the prices of retiree's units and how that relates with incomes of new families.
- Demand is increasing for assisted-living senior housing. Estimates of unmet demand show a need for as many as 1,500 assisted living units. The supply of senior housing increased by 1,600 units from the year 2001 to 2005. At the same time, however, the number of nursing units, assisted living units, and subsidized assisted living units declined. This indicates a potential shortage in housing for seniors with the most needs.
- Research by the Planning Department and the Department of Housing and Community Affairs shows that currently the County has an adequate supply of market-rate and high end independent living units, but that there is a lack of affordable independent living options. Data from the 2012 Rental Facility Survey showed that market-rate elderly independent living units had an overall vacancy rate of 18.7%, compared to a vacancy rate of 3.8% for affordable and subsidized elderly independent living units.
- The Housing Opportunities Commission (HOC) has over 3,000 seniors on its waiting list for low cost senior housing.

4. Homeless

- Despite vigorous efforts, the demand is steady for housing for individuals and families transitioning from homelessness.
- Each year, County agencies and service agencies conduct a one-day count of the homeless population in the County. In 2010, the Homeless Point-in-Time Census counted 1,064 homeless persons. In 2000, the Point-in-Time Census counted 1,089 homeless persons. The most recent survey, conducted early in 2012, shows a slight decrease in the number of homeless individual adults, but the number of homeless families remained constant:

**Montgomery County Homeless
Homeless Point-in-Time Census, 2010, 2012**

Source: Montgomery County Department of Health and Human Services

	2010	2012	Percent Change 2010 - 2012
Total Homeless Persons	1064	979	-8.0%
Individual Adults	692	598	-13.6%
Unsheltered	181	128	-29.3%
Emergency Shelter	355	328	-7.6%
Transitional Housing	156	142	-9.0%
Families with Children	124	126	1.6%
Unsheltered	0	0	-
Emergency Shelter	59	69	16.9%
Transitional Housing	65	57	-12.3%
Adults in Families with Children	138	152	10.1%
Unsheltered	0	0	-
Emergency Shelter	66	81	22.7%
Transitional Housing	72	71	-1.4%
Children in Families with Children	234	229	-2.1%
Unsheltered	0	0	-
Emergency Shelter	115	117	1.7%
Transitional Housing	119	112	-5.9%

- The 2012 Point-in-Time Survey also found that the number of people in Permanent Supportive Housing on the day of the count was 598, an increase of 18% from the 505 counted in 2011 and a 35% increase from the 442 counted in 2010. People who are in Permanent Supportive Housing are not homeless. However, they are counted in order to assess whether progress is being made in moving to housing people who have been living in homeless shelters or have been unsheltered homeless.
- In FY2012, Montgomery County issued 4,315 eviction prevention/ housing stabilization grants using more than \$2.8 million in County and state funds.
- In FY2012, HHS, DHCA, and HOC provided rental subsidies using County funds to more than 2,100 low income households, people with mental illness living in a group home, and families that have experience homelessness or were at risk of homelessness.
- The County estimated in 2010 that 837 individuals, and an additional 446 families with children, had an unmet need for permanent housing units that provide supportive services.

B. Housing conditions

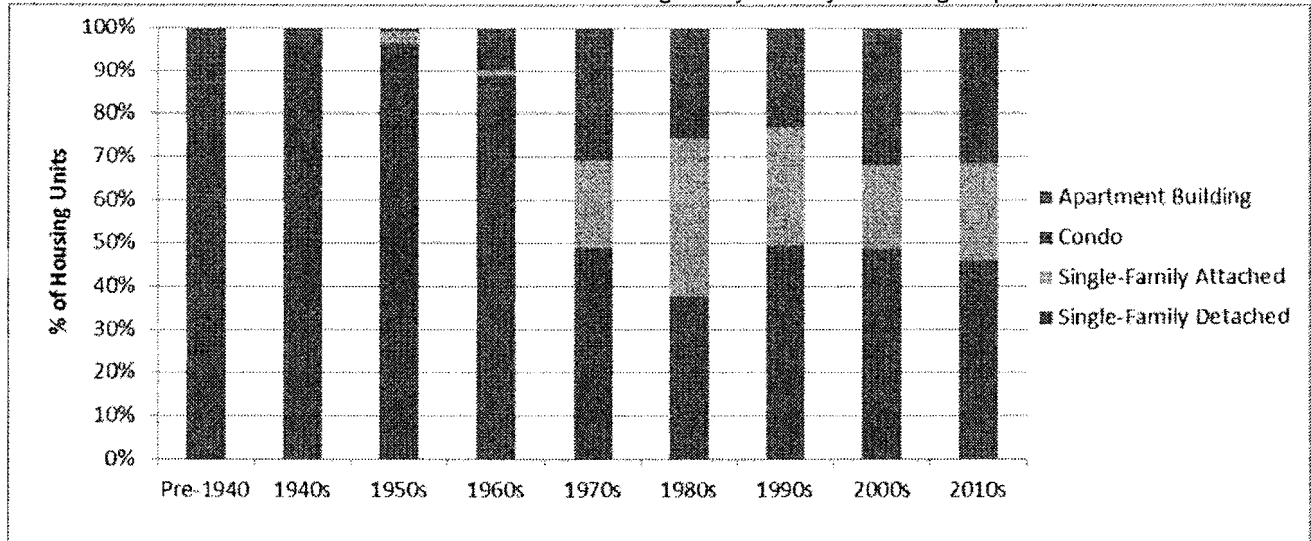
1. Housing Supply

- According to the 2010 Census, Montgomery County has 376,023 housing units.
- The County's housing supply is predominately comprised of single-family detached homes.

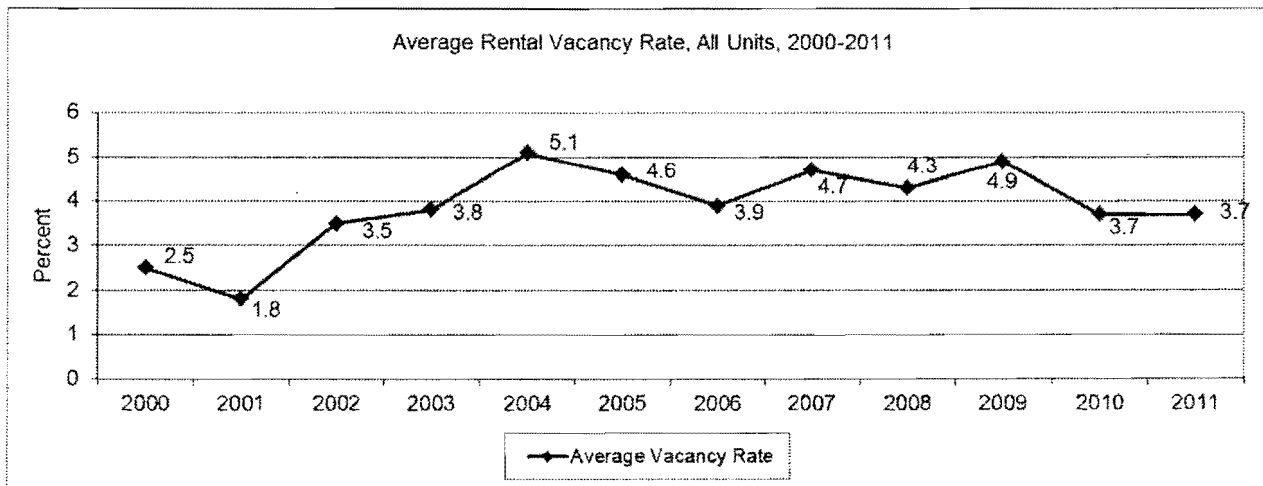
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Housing By Type in Montgomery County

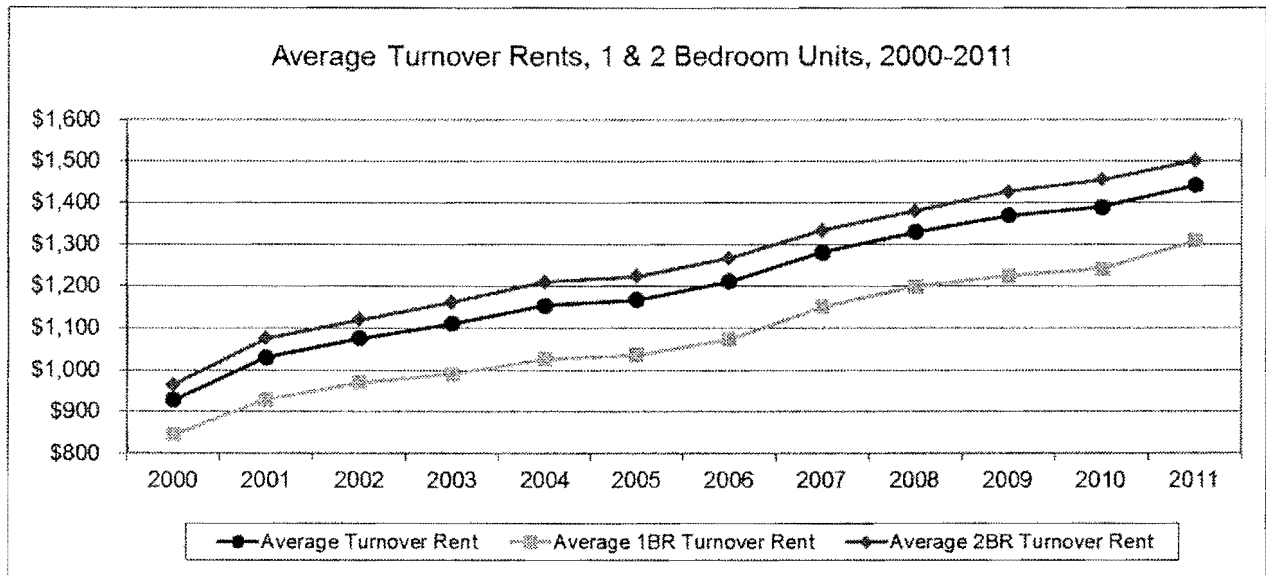
Source: U. S. Census and Montgomery County Planning Department



- More than 95% of the housing units County-wide are occupied. A County vacancy rate of just over 4% indicates a tight, stable housing market. Low production of multi-family housing and high demand by workers continues to cause very low rental vacancy rates and increasing annual turnover rent increases. In 2011, the rental vacancy rate stood at 3.7%, a figure considered by the housing industry to be lower than the amount of vacancy caused by normal turnover.
- The average one-bedroom unit in 2011 rented for \$1,308 per month, up from \$846 in 2000 (a 55% increase), and the average two-bedroom unit rented for \$1,502, up from \$965 in 2000 (a 56% increase). Overall, all rents in the County averaged \$1,442 per month, up from \$928 in 2000, a 5% average increase each year for a 55% increase over the decade.



Source: DHCA Rental Vacancy Surveys



Source: DHCA Rental Vacancy Surveys

- Older neighborhoods of modest homes or garden apartments are vulnerable to decline if the neighborhoods and the housing units are not maintained. The homes are susceptible to tear-down and infill development because they are often well located in down-County and mid-County areas near employment and shopping centers, services, and public transit routes. These neighborhoods contained over 140,000 affordable homes in 2009, representing a significant amount of housing affordable to households with moderate incomes. This is double the number of affordable new units that can reasonably be expected to be added to the housing stock by 2030.
- The County's housing stock overall is in sound condition, with most homes and apartment buildings being free of housing code violations and in good repair. Many homes and neighborhoods could be at risk of deterioration as they age. While 24% of the County's housing units were built in the past 20 years, more than 50% are more than thirty years old.

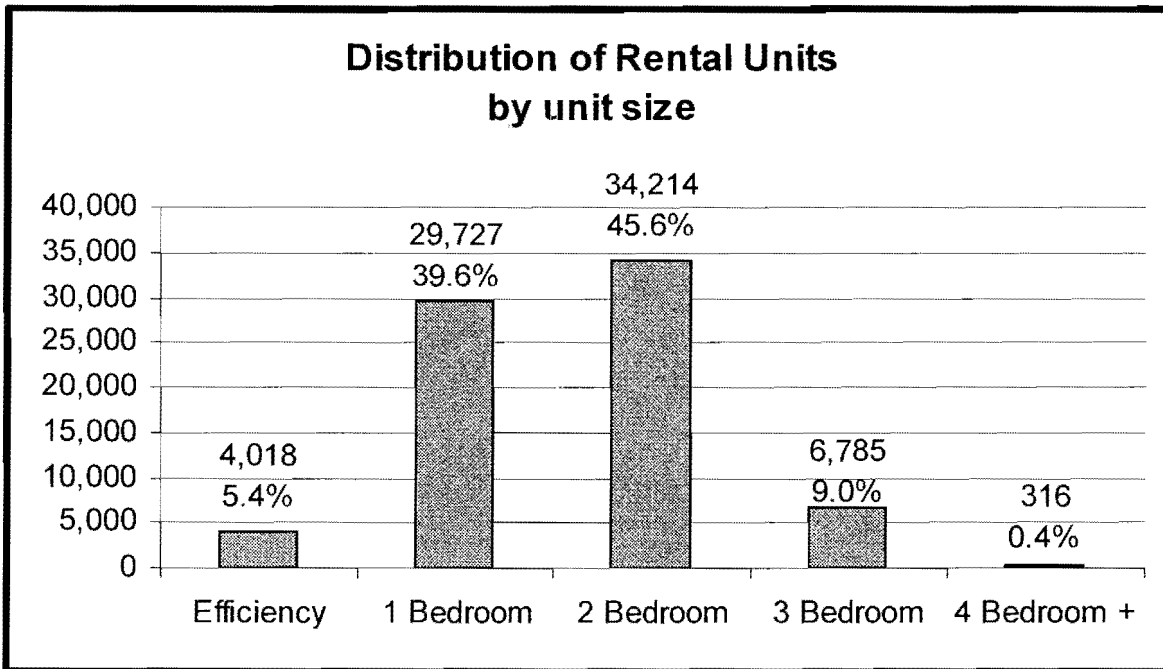
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<u>No. of Units in Structure</u>	<u>Percent of Total Units</u>
Single-family detached	48.0%
Single-family attached	18.3%
Duplex	0.5%
3 – 4 DU	1.1%
5 – 9 DU	5.0%
10 – 19 DU	10.0%
20 DU and more	16.9%

<u>Year of Construction</u>	<u>Percent of Total Units</u>
2005 or later	4.5%
2000 – 2004	6.7%
1900 – 1990	12.3%
1980 – 1989	22.6%
1970 – 1979	16.7%
1960 – 1969	15.3%
1950 – 1959	12.3%
1940 – 1949	5.2%
1939 or later	4.4%

- Nearly all (99.5%) of the County’s housing units have complete plumbing facilities.
- In 2010, approximately 50 housing units had been condemned by County regulatory authorities.
- Economic growth, in-migration, and resident population growth are expected to add about 4,000 households per year to Montgomery County. Housing production, especially of units for individuals and households below the median income, has not kept pace with recent increases in demand. Annual housing production averaged fewer than 3,600 units per year between 2000 and 2010.
- The nation, including Montgomery County, continues to be affected by the lingering effects of the global financial crisis that began to surface in 2007 resulting in reduced housing values and difficulties in obtaining financing for housing and business growth, although as this report is being written, a rebound is being seen.
- According to the annual DHCA Rental Survey, the majority of multifamily rental units in the County have one and two bedrooms. One and two bedroom units are 86% of the total rental housing stock. Three-bedroom units make up 9% and efficiency units comprise 5.4% of the County’s rental units. There is a need for larger multi-family units. Units with four or more bedrooms are only 0.4% of the total rental units in the County, and have the lowest vacancy rate of any unit type. This indicates a pent up demand for three- and four-bedroom units.

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Source: DHCA

2. Cost and affordability of housing

- A Planning Department study completed in 2008 using data from the 2005 Census Update Survey revealed that the County had a shortage of between 43,000 to 50,000 units that were affordable for households earning less than the median income at the time of \$90,000 a year for a family of four. In contrast, a surplus of units was available to those with more than \$150,000 in annual household income. Lower and moderate income households were paying greater than 30% of their household income on housing; living in smaller than ideal units (greater than two persons per bedroom), and could not afford to purchase a home. The housing supply shortage for households earning low to moderate incomes is expected to worsen over the next twenty years. Every indication is that the findings in this study continue to be valid, but it is important that this study be updated as soon as possible. Studies completed in 2008, when housing prices were steadily appreciating, estimated that by 2030 it will be difficult for a household with an annual income of \$120,000 or less (in constant 2009 dollars) to afford a home in much of Montgomery County. By then, the report estimated that the gap in affordable housing would reach 62,000 units.
- Many renters are paying a greater share of their income toward rent. The American Community Survey (ACS) 5-Year Estimate indicates that about 53,000 Montgomery County renter households, or 50.8%, were paying 30% or more of their income in gross rent.
- An annual income of \$57,680 is necessary to afford an apartment at \$1,442 per month where the rent cost is equal to 30% of gross income. The ACS 5-Year Estimate shows that there were 353,177 households in Montgomery County in 2010. Approximately 87,000 households earned less than \$50,000, or about 24.6% of all households.

- The County has a severe deficiency of affordable housing for larger households. The 2008 Housing Supply and Demand study indicates that households with four or more persons have a deficiency of approximately 11,000 units that are affordable, with three person households having a deficiency of approximately 7,000 units. This trend continues and worsens into 2030. Larger families with incomes up to \$120,000 face restricted affordable housing options.
- The 2010 Census showed that homeownership rates in Montgomery County dropped slightly between 2000 and 2010, and that a higher percentage of new homes were rented compared to the 1990s. The biggest decline in homeownership rates occurred in the households under the age of 45, where less than half owned a house. This was a drop of 5.5% since 2000. Of the new households formed between 2000 and 2010, 57% were owner-occupied a decline from 1990 when 74% of new households were owners. In 2000, 68.7 of County residents owned their own homes, which declined to 67.6% in 2010.
- The median sales price of existing townhouses in 2010 was \$215,000 and the median sales price for new townhouses was \$304,000. A household purchasing a home at \$215,000 would need to earn an estimated \$41,573 annually, and a household purchasing a home costing \$304,000 would need to earn \$58,119. Since nearly 25% of all households in Montgomery County earn less than \$50,000, this means that homeownership is out of the reach of nearly one-quarter of the households in Montgomery County.

Montgomery County's median sales price for all housing types – single, multi-family, new and used

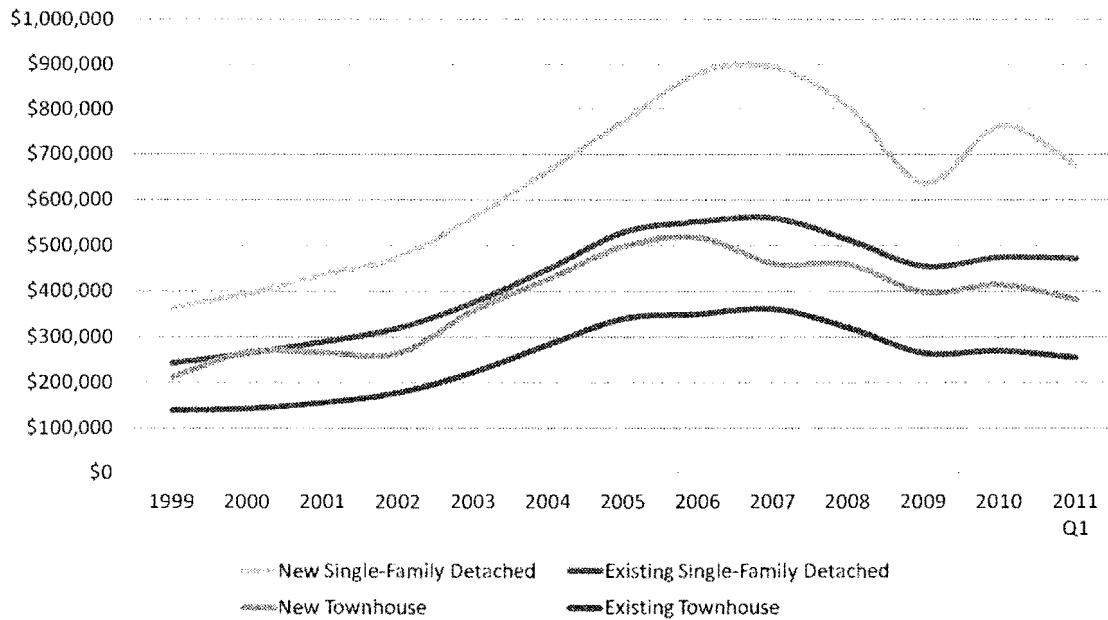
MEDIAN SALES PRICES					
2005	2006	2007	2008	2009	2010
\$425,000	\$439,000	\$444,000	\$395,000	\$340,000	\$350,000

Source: Montgomery County Planning Department

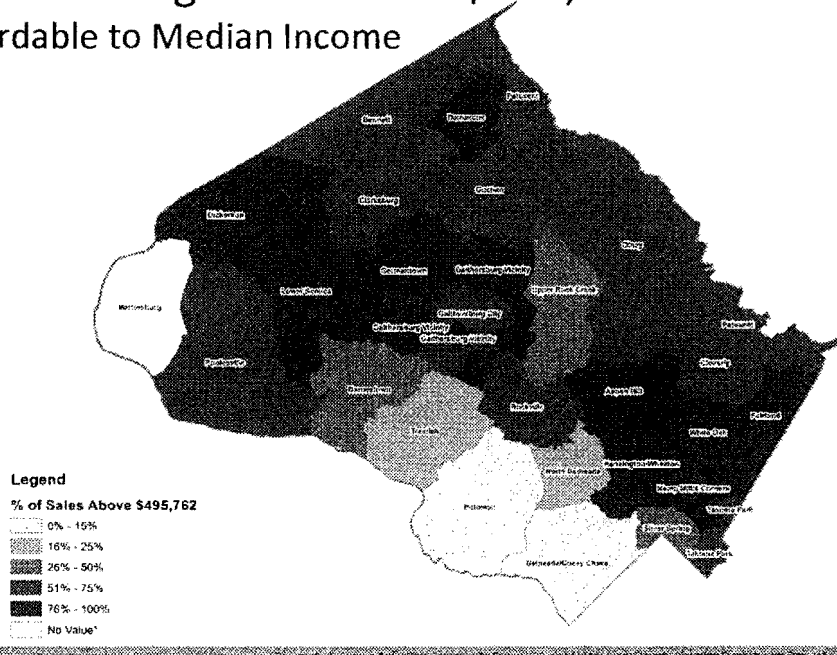


Median Housing Sale Value

Montgomery County, 2011



% of Housing Sales Below \$462,500 Affordable to Median Income

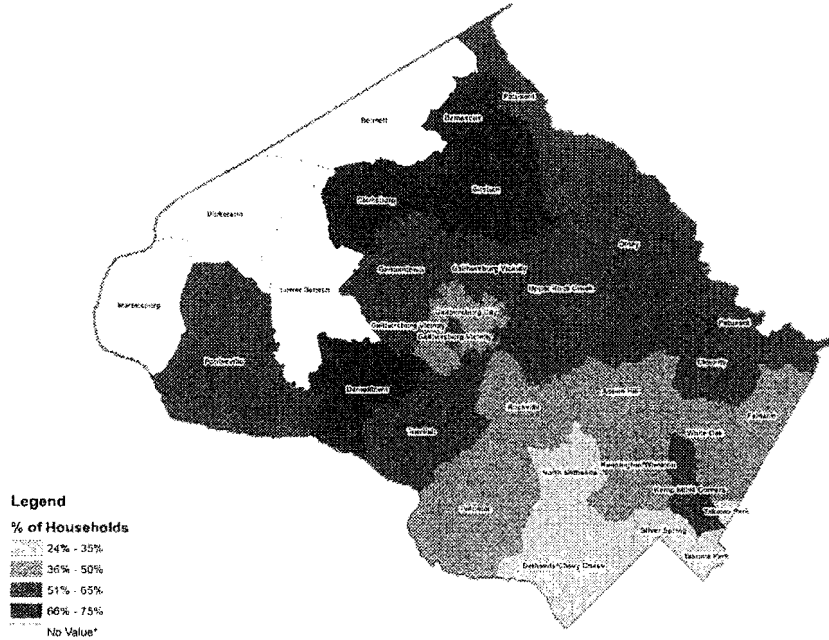


- What is affordable to a household of four making the Area median income of \$107,500 in Montgomery County? Out of 8,187 sales in 2010, about 5,000 or 63% were below \$462,792

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- and affordable to a household at the median income. However, affordability varies greatly from one neighborhood to the other.

How Many Existing Residents Can Afford a New Home?



Source: Montgomery County Planning Department, Based on Census 2007, Q1

- The chart above looks at the actual households that live in each planning area and their ability to afford a home at that planning area’s median. For example, in Germantown where the median housing sale in Germantown is \$255,000, 61% of current homeowner households could afford a house at \$255,000. Darnestown and Goshen are the most affordable to current residents with 68% of the current households being able to purchase a home at today’s sale prices. Takoma Park and Silver Spring are the least affordable to current residents, 33% and 23% of the households respectively can afford to purchase a home at the median value.
- The deeply subsidized multi-family rental stock includes 44 communities and 4,273 units. In 2010, these properties had long waiting lists:

<u>Type of Housing</u>	<u># Households on Waiting List</u>
Public Housing (Family)	14,225
Public Housing (Seniors)	3,000
Public Housing (Individuals with Disabilities)	1,755
Housing Choice Vouchers (Family)	16,775
Housing Choice Vouchers (Seniors)	1,509
Housing Choice Vouchers (Individuals with Disabilities)	3,627

3. Housing for workers filling Montgomery County jobs

- Between 2010 and 2030, studies forecast that Montgomery County will gain 163,008 new jobs, a 34% increase, and the County will need between 70,000 and 100,000 new housing units to house these workers. The George Mason University Center for Regional Analysis states that, “To ensure that new workers are able to live in the region, housing must be available at the right prices and rents.” The Center also states, “The types of housing that will be needed to accommodate new workers over the next 20 years reflect the changing demographics of workers and mix of future jobs in the region.” They estimate that about 39% of the new housing units will need to be in the multi-family rental category.

Estimates of Housing Demand by Unit Type : 2010 - 2030				
Montgomery County				
<i>High Estimate</i>				
Total Units	Single-Family		Multi-family	
	Owner	Rental	Owner	Rental
108,522	29,989	6,669	24,588	47,276
% of total units	27.63%	6.15%	22.66%	43.56%

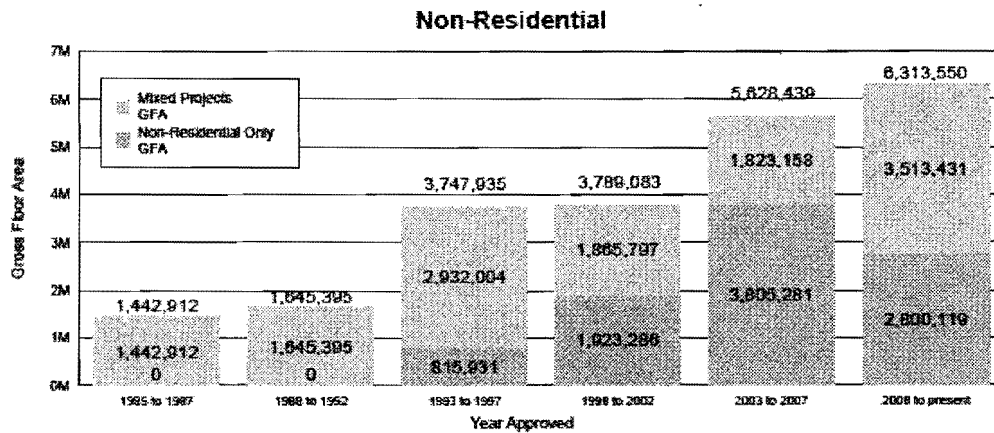
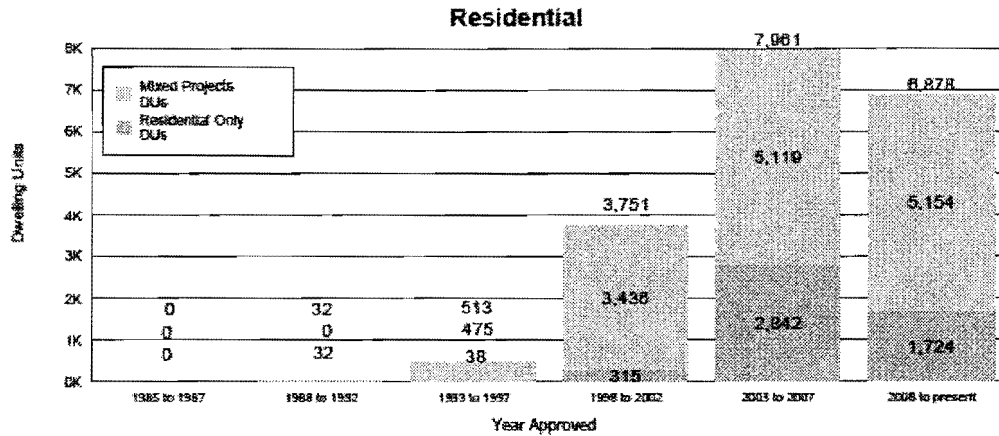
Source: “Housing the Region’s Future Workforce”, George Mason University School of Public Policy, Center for Regional Analysis, October 25, 2011

- Numerous studies over the years have confirmed that the County has more jobs than resident workers and this situation is likely to continue. As such, Montgomery County is a net labor importer. This leads to higher home prices and rents, increased traffic, and demands on County roads and the environment. Additions to the housing stock would help the situation. In addition to reducing scarcity, more housing can have a moderating effect on housing prices.
- The metropolitan Washington, D.C. area economy is strong. While the overall area generates more jobs than other parts of the country, Montgomery County did not add any net new jobs between 2000 and 2010. Montgomery County’s population is getting older and younger at the same time. The largest population increases are in the over 50 and under 20 age groups. This correlates into a looming shortage of workers.
- Over the next 20 years, the Washington DC metropolitan area will add more than a million net new jobs. At the same time, the region will need 1.8 million replacement workers to fill jobs vacated by retirees and others. The ability to absorb these new workers into the region and to ensure robust regional economic growth depends critically on providing a sufficient amount of housing of the right types and prices and in the right places. The level of traffic congestion is worsening and our region’s workers face some of the most arduous and longest commutes in the nation. Employers are concerned about the ability to attract new workers because of the price and availability of housing. According to a 2011 study by the George Mason University Center for Regional Analysis, “Without local cooperation and a regional housing strategy, the future health of the Washington area economy could be threatened.”

4. Housing likely to be developed in the future

- Large-scale subdivision construction is nearing its end in Montgomery County. Most of the new housing that will be built during the next decade will be multi-family buildings in mixed-use centers served by public transportation and in redeveloped commercial strips and malls.

July 2012 Pipeline*



	# of Plans	Residential Unbuilt DUs	Mixed Unbuilt DUs	NonResidential Unbuilt GFA	Mixed Unbuilt GFA
1985 to 1987	3	0	0	1,442,912	0
1988 to 1992	7	32	0	1,645,395	0
1993 to 1997	25	38	475	2,932,004	815,931
1998 to 2002	53	315	3,436	1,865,797	1,923,286
2003 to 2007	169	2,842	5,119	1,823,158	3,805,281
2008 to present	130	1,724	5,154	3,513,431	2,800,119
Total	387	4,951	14,184	13,222,697	9,344,617

8/14/2012

Mixed developments contain residential DUs and non-residential GFA
 * does not include Rockville or Gaithersburg Pipeline data
 Source: Montgomery County Planning, Research and Technology Center

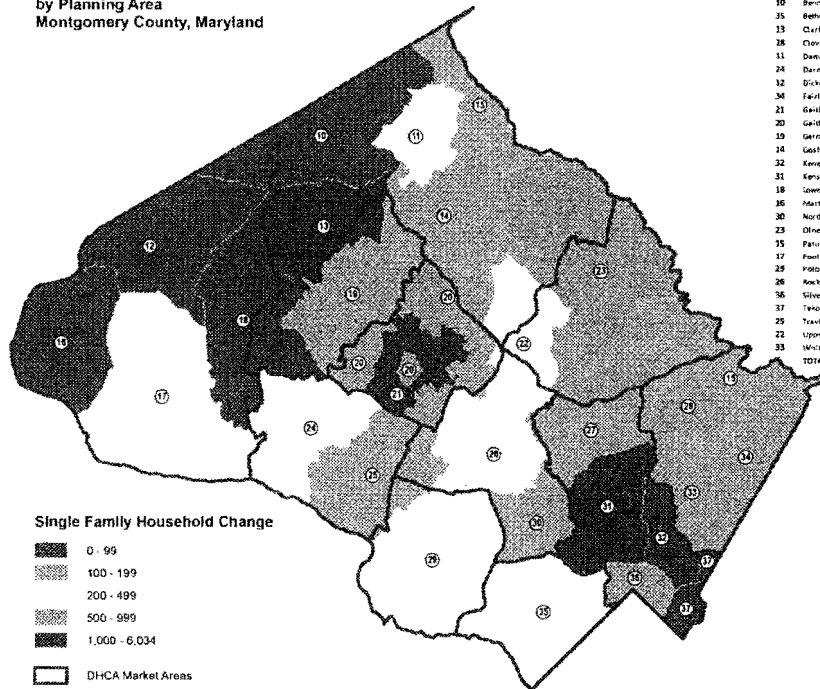
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- The 2012 development pipeline for multi-family residential communities includes 12 projects that are under construction and expect to build another 4,000 units, and 60 projects that have not yet started construction that expect to build 18,000 units. The pipeline does not break out multifamily units into rental or condominiums, and some of the units listed as multifamily may be townhouse units.
- The 2008 Housing Demand and Supply Report reported that the development pipeline for multi-family residential communities included at that time 76 properties with an estimated 11,635 rental apartments and 1,514 condominiums. The report went on to state that even with the pipeline taken into account, there is an unmet demand of nearly 1,800 units in the next 5 years.
- Housing and population forecasts estimate that the single-family housing stock will increase by 6% by 2040, but the multi-family housing units will increase by nearly 75%. Occupancy trends in multi-family housing are changing. Multi-family housing attracts a diverse demographic base including families and persons with advanced degrees. Families account for nearly half of multi-family households countywide. Multi-family housing is a crucial source of housing for newcomers and short-term residents.
- Some analysts warn that housing-burdened middle-class households might leave Montgomery County. In the past, these out-movers, especially skilled blue collar and service workers, tended to stay in the region, settling in outer suburban and rural counties. However, higher gas and living costs have made this situation too difficult to maintain both for households bearing commuting costs, and governments trying to build adequate roads and transportation options.

SINGLE FAMILY HOUSEHOLD FORECAST (2005 to 2040)

by Planning Area
Montgomery County, Maryland



Area	2005	2040
27 Aspen Hill	14,576	14,700
10 Beltsville	1,310	1,402
35 Bethesda/Cherry Chase	25,154	25,501
13 Clarksburg	4,200	10,134
28 Clowes	5,822	5,981
11 Damascus	9,479	8,803
24 Derwood/Lowes	4,246	4,379
12 Dickerson	486	533
34 Fairland	9,377	10,047
21 Gaithersburg City	11,352	12,956
20 Gaithersburg Industry	39,783	20,730
19 Germantown	20,350	21,229
14 Goldens	1,650	1,813
32 Kemp Mill/A Corners	9,203	9,859
31 Kensington/Wheaton	21,818	23,093
18 Lower Seneca	468	540
36 Marlinburg	215	220
30 North Bethesda	8,164	8,655
23 Olney	11,840	12,784
15 Patuxent	2,080	2,128
17 Potomacville	1,957	2,126
29 Potomac	34,200	35,408
26 Rockville	14,865	15,894
36 Silver Spring	5,833	5,911
37 Takoma Park	5,374	5,374
25 Travilah	6,337	6,549
22 Upper Rock Creek	3,718	4,141
33 White Oak	6,525	8,677
TOTAL	244,019	259,634

Single Family Household Change

- 0 - 99
- 100 - 199
- 200 - 499
- 500 - 999
- 1,000 - 6,034

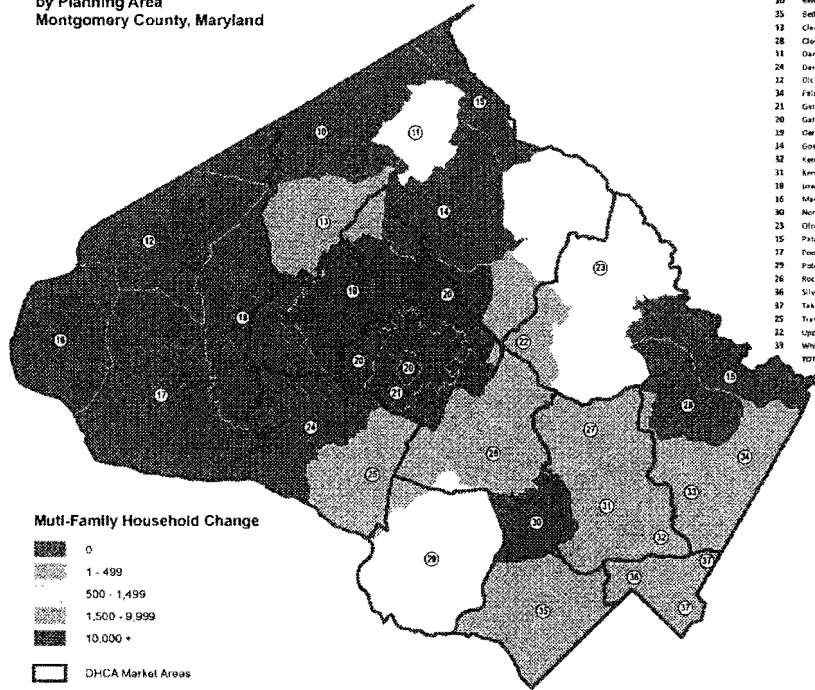
DHCA Market Areas

SOURCE: Center for Research and Information Systems, Montgomery County Planning Department, Round 2008 Comprehensive Forecast

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MULTI-FAMILY HOUSEHOLD FORECAST (2005 to 2040)

by Planning Area
Montgomery County, Maryland



PA	2005	2040
27 Aspen Hill	10,311	10,248
30 Bethesda	0	0
35 Bethesda/Cherry Chase	11,461	22,187
12 Clarksburg	51	1,670
28 Clowesville	328	128
11 Damascus	311	1,158
24 Germantown	80	80
32 Dickerson	0	0
34 Fall Lane	5,610	5,885
21 Gaithersburg City	10,948	21,019
20 Gaithersburg W. City	7,472	19,670
19 Germantown	9,789	20,144
34 Golden	0	0
32 Kemp Mill/A. Conner	3,897	4,372
31 Kensington/Alhambra	5,621	10,853
18 Lower Gaithersburg	0	0
30 Marlinburg	0	0
30 North Bethesda	11,281	27,610
23 Olney	954	2,095
15 Pikesville	0	0
17 Potomac	0	0
29 Potomac	1,575	1,217
26 Rockville	2,448	39,447
36 Silver Spring	12,219	28,095
37 Takoma Park	4,204	1,747
25 Travilah	718	718
22 Upper Rock Creek	170	665
33 White Oak	4,422	4,654
TOTAL	114,427	209,364

Multi-Family Household Change
 0
 1 - 499
 500 - 1,499
 1,500 - 9,999
 10,000 +
 DHCA Market Areas

SOURCE: Center for Research & Information Systems, Montgomery County Planning Department, Annual AG Cooperative Forecast

5. Foreclosures and condominium conversions

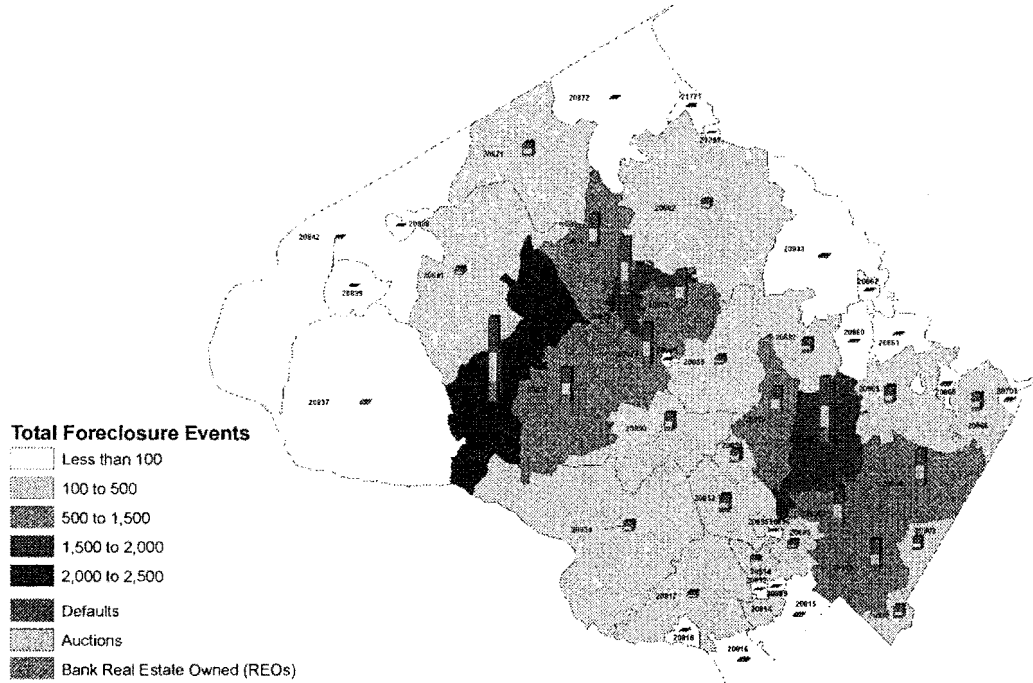
Foreclosures

- Since the mortgage crisis, the foreclosure rate has risen dramatically across the country and in Montgomery County. The national foreclosure rate stood at 8.25% in December 2011. Communities across the country are facing rising foreclosures due to a combination of poorly underwritten mortgages, reduced home values that have made it more difficult for owners to refinance, and, increasingly, income reduction and unemployment.
- From the peak of 2,218 foreclosure events in the third quarter of 2009, Montgomery County has experienced an 84% decrease in total foreclosure events. With 349 foreclosures, activity was lower in third quarter 2011 than at any time during the period between 2008 to date. (A foreclosure event is defined as a notice of default, a notice of sale, or real estate taken over by a bank). The number and type of future foreclosures in the future are uncertain.
- Foreclosures are clustered in certain areas of the County. The top two zip codes (20874 and 20906) sustained well over twice the number of foreclosure events than any of the remaining top ten zip codes. Forty-four zip codes of the seventy-six zip codes in the County had foreclosure activity since 2008. Over this period, three zip codes (20874, 20906, and 20886) had significant foreclosure activity (between 1,500 and 2,300 events). Of the remaining forty-one zip codes, 33 had fewer than 500 foreclosure events, and of those, over half (17 zip codes) had fewer than 80 foreclosure events.

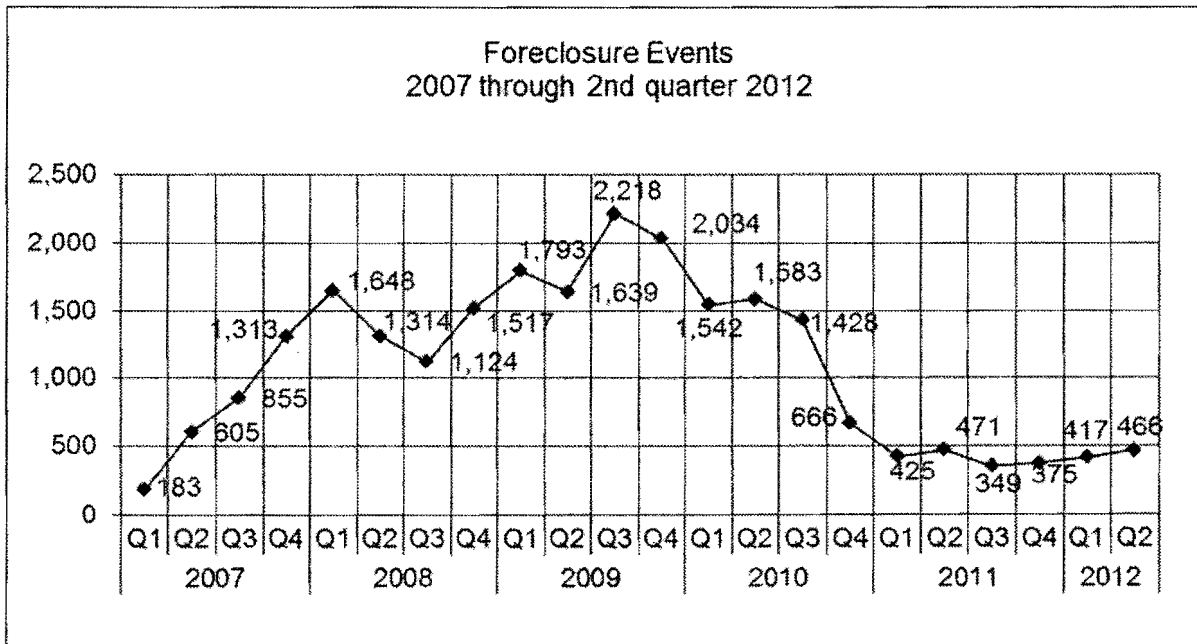
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- Montgomery County assisted more than 5,700 households with foreclosure counseling through 2011. According to foreclosure counselor agency reports, the most commonly reported outcome is that the owner's mortgage was modified.

2008 to Third Quarter 2011 Foreclosure Events by Zip



Source: B. WS 11-11. Mapping Foreclosure of Housing & Community Development (OH) 01, 44-124 Montgomery County Planning Department, 2008 through 3rd Quarter of 2011



Source: Montgomery County Planning Department

QAS

Condominium conversions

- Starting in the early 2000s, and peaking in 2007, several rental properties converted to condominiums. Twenty-six properties totaling 3,831 units converted to condominiums during this time.

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APPENDIX B
NUMBER OF MPDUS PRODUCED SINCE 1976

Year	For Sale	Rental	Total for Year
1976	108	9	117
1977	139	13	152
1978	55	47	102
1979	105	37	142
1980	404	120	524
1981	433	63	496
1982	702	63	765
1983	468	237	705
1984	565	659	1224
1985	369	475	844
1986	644	232	876
1987	597	348	945
1988	242	110	352
1989	162	105	267
1990	242	46	288
1991	253	106	359
1992	283	0	283
1993	408	0	408
1994	334	0	334
1995	292	46	338
1996	282	87	369
1997	218	12	230
1998	211	0	211
1999	122	143	265
2000	121	65	186
2001	150	71	221
2002	128	80	208
2003	13	130	143
2004	285	8	293
2005	192	208	400
2006	396	0	396
2007	24	53	77
2008	51	227	278
2009	69	96	165
2010	110	60	170
2011	113	0	113
Total	9,290	3,956	13,246

Average Annual MPDU Production Through 2011:

For Sale = 258
 Rental = 110
 Ratio of Sales to Rental 2.3:1

Average Annual Production 1976 - 1993

For Sale = 343
 Rental = 148
 Ratio of Sales to Rental 2.3:1

Average Annual Production 1994- 2011

For Sale = 173
 Rental = 71
 Ratio of Sales to Rental 2.4:1

Average Annual Production 2000- 2011

For Sale = 138
 Rental = 83
 Ratio of Sales to Rental 1.7:1

Approximate Number of MPDUs Under Control:

For Sale = 1,236
 Rental = 1,125
 HOC owned= 1,500
 3,861

Rental MPDUs That Will Be Expiring In The Next 10 Years

Project Name	# of MPDUs	MPDU Expiration Date
Avalon Fields II	58	8/24/15
Morgan, The	20	6/29/16
Archstone at Milestone	75	7/31/16
Seasons, The	42	4/2/19
Avalon at Rock Spring	70	4/16/19
Gables at Rothbury Square (AGP)	15	6/30/20
Elms at Kingsview Village	41	1/16/21
Pinnacle, The	42	4/26/21
Blair Park	10	4/26/22
Total	373	

Source: DHCA, January 2012

MONTGOMERY COUNTY —
THE PLACE TO CALL HOME

A HOUSING POLICY
for
MONTGOMERY COUNTY, MARYLAND



Department of Housing and Community Affairs
July 2001

County Executive
Douglas M. Duncan

County Council
Blair Ewing, President
Steven Silverman, Vice President
Howard A. Denis
Nancy Dacek
Phil Andrews
Marilyn Praisner
Derick Berlage
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Michael L. Subin

Department of Housing and Community Affairs
Elizabeth B. Davison, Director

Department of Health and Human Services
Charles Short, Director

Housing Opportunities Commission
Scott Minton, Executive Director

Human Relations Commission
Odessa Shannon, Executive Director

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Phone: 240-777-3600
Address: 100 Maryland Avenue, 4th Floor, Rockville MD 20850
Web site: www.co.mo.md.us/hca

Cover: Moderately Priced Dwelling Units in Montgomery County.
Photo by Tim Miner, DHCA

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Housing Policy — Executive Summary

MONTGOMERY COUNTY: THE PLACE TO CALL HOME

Vision

A safe, decent, and affordable home is the cornerstone for a full, normal life. A neighborhood is the basic unit of community in which a family can grow and flourish. The vision for Montgomery County is for *all of its residents to have decent housing in sound neighborhoods.*

In our vision for Montgomery County, we see:

- Everyone with a place to call home — no one homeless.
- All housing in sound condition, meeting all building maintenance codes.
- Adequate living space within each housing unit for its occupants.
- Affordable housing for all who live or work in the county, regardless of age or position.
- Appropriate housing and services for each stage of life so that people can remain in the community as they grow older.
- No discrimination in choosing a place to live, regardless of race, color, religious creed, ancestry, national origin, sex, sexual orientation, marital status, presence of children, age, physical or mental disability, or source of income.
- Housing opportunities and supportive services for those who have mobility or sensory impairment, developmental or emotional disabilities, or mental illness.
- Safe and sound neighborhoods with community services and well-maintained facilities.

We will work to achieve this vision with:

- The commitment of citizens, community leaders, housing providers, and public employees.
- Funding and appropriate planning.

Purpose

The purpose of the Housing Policy is to guide the implementation of the County's housing programs and policies, provide recommendations for improving them, and direct the allocation of resources.

Conditions

As a result of shifting demographic and economic conditions in the region, housing supply and demand have changed significantly since adoption of the last Housing Policy in 1981. High interest rates were then the main problem affecting affordability. Today, racial, ethnic, and economic diversity are increasing; the economy is diversifying; and the area is becoming more metropolitan and international. The housing market is characterized by:

- Low production of multifamily housing, causing extremely low rental vacancy rates and historically high increases in rent.
- Residential housing production, especially of units for individuals and households below the median income, not keeping pace with recent increases in demand.
- Aging neighborhoods, many 50 years old or more, needing reinvestment and stabilization.
- Most new development opportunities in infill development or redevelopment of older and obsolete communities and structures as the county nears build-out.
- Increasing demand for independent- and assisted-living senior housing as the population ages.
- Increasing demand for housing for individuals and families transitioning from homelessness as various federal programs that subsidize buildings expire.
- An affordable assisted housing stock under intense pressure.

Our Objectives

The Housing Policy has seven main objectives for accomplishing the vision:

1. **Variety and choice in housing**, in various types of new and existing neighborhoods in conformance with the County's General Plan.
2. **Assistance for persons with diverse housing needs**, including housing for the elderly, persons with disabilities, persons with mental illness, and persons transitioning from homelessness.
3. **Safe, high-quality neighborhoods.**
4. **Communities with affordable housing**, throughout the County, especially for households at the median income level and below.
5. **Housing for all stages of life**, to serve the county's existing and planned employment and the changing needs of its residents.

6. **Equal opportunity housing**, to ensure that all residents have an opportunity to purchase, rent, finance, and occupy housing in the county.
7. **Sustainable communities** and environmental sensitivity in housing, neighborhood design, and redevelopment.

Tools

County programs and projects currently available to enhance housing choice include:

- Ensuring the availability of moderately priced dwelling units through the **mandatory inclusionary zoning** of the Moderately Priced Dwelling Unit Program.
- Preserving agricultural land and open space through the **Transfer of Development Rights Program**.
- Providing the Housing Opportunities Commission the **authority to use revenue bonds** for multifamily and single-family dwellings.
- Ensuring a high level of funding through the housing trust fund, **Montgomery Housing Initiative**.
- Providing **scattered site public housing**.
- Providing **mixed income housing**.
- Employing **concentrated code enforcement** in older communities.
- Providing **replacement homes** for owner-occupants of condemned properties.
- Adopting pilot program for single-room occupancy housing, **Personal Living Quarters**.
- **Converting hotels** to efficiency apartment facilities (single-room occupancy).
- Providing **accessory apartments**.
- Continuing programs for education, testing, research, and enforcement under **Fair Housing**.
- Providing **housing through the adaptive reuse** of surplus public schools and school sites.
- Having the **right of first refusal** to purchase multifamily housing in the county.
- Using **rental agreements** to preserve the affordability of multifamily housing being transferred.
- Providing **funding** through:
 - The **Group Home Loan Program**.
 - The **condominium transfer tax**.

- The **Downpayment Assistance Program**.
- The county-funded **Rental Assistance Program**.

Fine Tuning

As part of the Housing Policy effort, five current programs have been identified and examined to determine how they might be improved:

- Housing Initiative Fund.
- Moderately Priced Dwelling Unit Program
- Group Home Program.
- Rental Assistance Program.
- Code Enforcement Programs: Vacant and Condemned Housing and Neighborhoods Alive!

New Responses

Action plans have been developed to help fulfill the seven objectives of the Housing Policy.

Annual Affordable Housing Production Goals

The current income distribution of households in the county shows that about 25 percent of county households earn less than \$40,000 a year. To continue to serve these households, an affordable housing production goal of 1,000 to 1,200 units per year is necessary, in addition to the preservation of the existing affordable housing stock. The following chart lists the county's affordable housing production programs and establishes an annual production goal for each program based on market conditions, program history, forecast needs, and industry and provider capacity.

A comparison of these production goals with averages achieved in each category over the past two years reveals a need for a dramatic increase in affordable housing units. These goals are aggressive, but they can be achieved with adequate funding and organizational focus.

Affordable Housing Program: Proposed Annual Production Goals

(Averages for the last two fiscal years, FY99 and FY00, are shown in parentheses.)

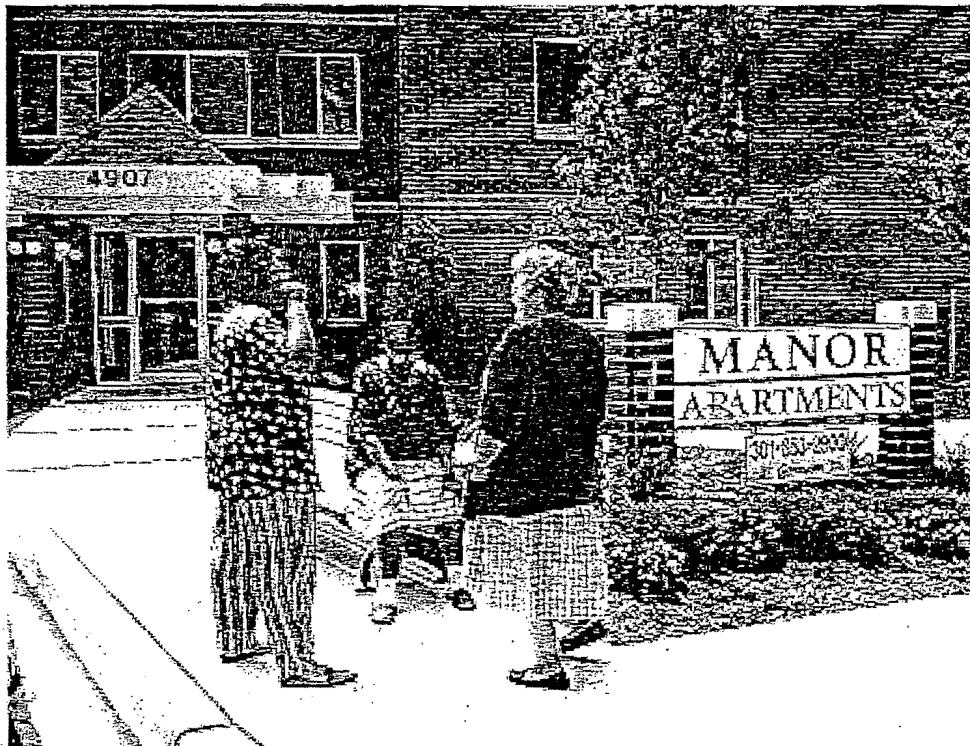
Programs	Owner Units	Rental Units	Total Cost (County \$)
Moderately Priced Dwelling Units	200 (149)	100 (83)	\$0 (\$0)
Section 8 Certificates/ Housing Vouchers		200 (190)	\$0 (\$0)
Group Home/Transitional/ Special Needs Housing Production		100 (29)	\$500,000 - \$1,000,000 (\$145,000)
Home Ownership	30* (11*)		\$600,000 (\$296,000)
Nonprofit Multifamily Rehabilitation		150* (55*)	\$1,500,000 - \$2,250,000 (\$543,000)
New Construction		200 (0)	\$800,000 - \$2,000,000 (\$0)
Preservation of Federally Assisted Housing		200* (121*)	\$1,600,000 - \$2,400,000 (\$780,000)
HOC and Nonprofit MPDU Acquisition		60 (29)	\$1,800,000 (\$870,000)
Multifamily Rehabilitation Loans		150* (5*)	\$750,000 - \$1,500,000 (\$108,000)
Construction of Elderly Housing and Assisted Living Units		250 (18)	\$3,750,000 - \$5,750,000 (\$683,000)
Accessory Apartments		50 (15)	\$0 (\$0)
Preservation of Threatened Multifamily Housing		950* (950*)	\$0 (\$0)
Acquisition of Threatened Multifamily Housing		150* (24*)	\$0 - \$1,500,000 (\$516,000)
HOC Public Housing Rehabilitation		100* (40*)	\$700,000 - 1,500,000 (\$290,000)
	Total Units:		Total Cost to County:
	New: 1,160(513)		\$12 - \$20,300,000
	Preserved: 1,730(1,206)		(\$4,231,000)
	Total: 2,890(1,719)		

* Units preserved, not added to the housing stock.

** Loan.

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A Housing Policy for Montgomery County, Maryland

Montgomery County — The Place to Call Home

A safe, decent, and affordable home is the cornerstone for a full, normal life. A neighborhood is the basic unit of community in which a family can grow and flourish. The vision for Montgomery County is for *all of its residents to have decent housing in sound neighborhoods.*

Montgomery County is one of the finest communities in the nation. It offers a wide range of housing types, in various price ranges, for rent and for sale, to most who choose to live here. It has many fine neighborhoods with excellent public services and community facilities. Job opportunities abound.

Today, nevertheless, a decent and affordable home is not available to all who live or work in the county. In too many cases, people are paying more than they can afford for their housing or live in fear of eviction. Some cannot pay for necessary maintenance. Some elderly residents cannot find suitable places that are affordable and near family members. Some of the less fortunate in our community who have special needs, such as the supportive services made necessary by disabilities or mental illness, fail to find affordable and sound housing. There are workers who cannot find decent and affordable housing near their jobs and must spend hours commuting.

In our vision for Montgomery County, we see:

- Everyone with a place to call home — no one homeless.
- All housing in sound condition, meeting all building maintenance codes.
- Adequate living space within each housing unit for its occupants.
- Affordable housing for all who live or work in the county, regardless of age or position.
- Appropriate housing and services for each stage of life so that people can remain in the community as they grow older.
- No discrimination in choosing a place to live, regardless of race, color, religious creed, ancestry, national origin, sex, sexual orientation, marital status, presence of children, age, physical or mental disability, or source of income.
- Housing opportunities and supportive services for those who have mobility or sensory impairment, developmental or emotional disabilities, or mental illness.
- Safe and sound neighborhoods with community services and well-maintained facilities.

We will work to achieve this vision with:

- The commitment of citizens, community leaders, housing providers, and public employees.
- Funding and appropriate planning.

This Housing Policy will help make this vision a reality.

I. Purpose, Principles, and Objectives for a New Housing Policy

Purpose

The purpose of the Housing Policy is to guide the implementation of the County's housing programs and policies, provide recommendations for improving them, and direct the allocation of resources. Changing population demographics and economic conditions will necessitate a review and update of the housing policy every ten years.

Principles

The Housing Policy of Montgomery County is a commitment to certain principles, reflecting who we are and what we stand for as a community. These principles mandate that the County should strive to maintain and enhance the quality of life of its citizens by:

- Developing a regional housing strategy to address housing needs in all parts of the metropolitan region and all segments of the population, in its various forms of diversity, and pairing this strategy with County commitment to:
 - Maintain, preserve, and revitalize the infrastructure in older regions.
 - Protect the safety of inhabitants of every neighborhood.
 - Preserve open space and agricultural areas for future generations.
- Providing funding and programs when necessary to supplement state and federal programs.

This comprehensive housing strategy requires that the County:

- Encourage:
 - Innovative planning and design efforts.
 - Compact residential and commercial development in business districts, town centers, and other areas served by public transit and other infrastructure.
 - Continued upkeep of the county's aging housing stock.



- Support development of a housing stock that:
 - Includes structure types to accommodate the needs of different households.
 - Provides affordability for all income levels, widely distributed throughout the county.
 - Meets the needs of individuals and families as people age and their needs change.
 - Provides housing for special needs populations, including persons with physical disabilities, individuals with mental or emotional illness, persons transitioning from homelessness, and persons recovering from substance abuse and addiction.
- Expand and enforce fair housing policies appropriate for a diverse society.

Objectives

The Housing Policy has seven main objectives for accomplishing the vision. They are:

1. **Variety and Choice in Housing** — Variety and choice in housing of quality design and durable construction in various types of new and existing neighborhoods in conformance with the County's General Plan.
2. **Assistance for Persons With Diverse Housing Needs** — Housing for diverse residential needs, including housing for the elderly, persons with disabilities, persons with mental illness, and persons transitioning from homelessness.
3. **Safe, High-Quality Neighborhoods** — Neighborhoods in which quality and safety are maintained and enhanced through code enforcement and renewal efforts.
4. **Communities With Affordable Housing** — An adequate supply of affordable housing in economically inclusive communities throughout the county for those living or working in Montgomery County, especially for households at the median income level and below.
5. **Housing for All Stages of Life** — A sufficient housing supply to serve the county's existing and planned employment and the changing needs of its residents at various stages of life.
6. **Equal Opportunity Housing** — Fair housing ordinances to ensure that all residents have an opportunity to purchase, rent, finance, and occupy housing in the county.
7. **Sustainable Communities** — Sustainable development and environmental sensitivity in housing, neighborhood design, and redevelopment.

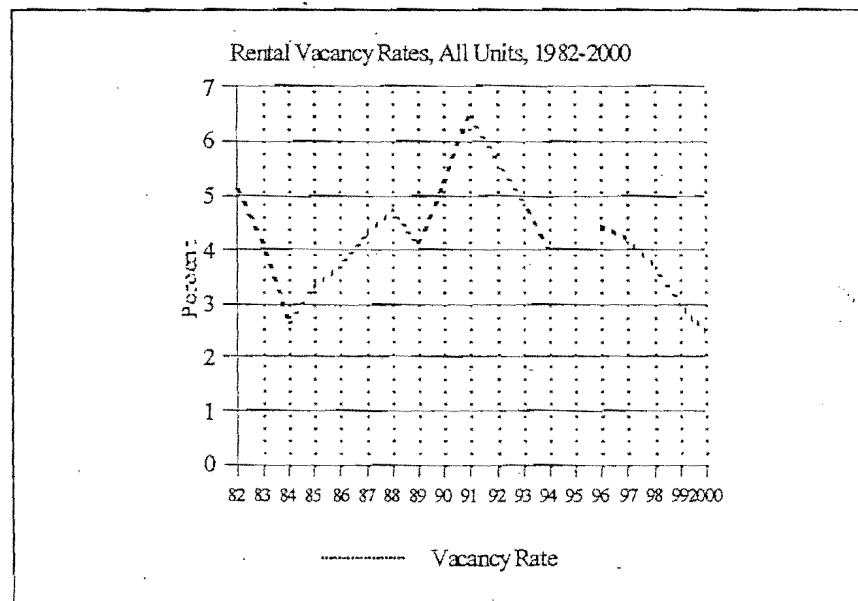
II. Changing Demographic and Economic Conditions

From Bedroom Community to Maturing Urban County

While the basic principles underlying the County's housing policy have not changed significantly over the years, the county has experienced tremendous demographic and economic changes. From a farming community in the early 20th century, Montgomery County developed into what was primarily a suburban, bedroom community to Washington, D.C. during the second half of the 20th century. Here at the beginning of the 21st century, the county is becoming an important regional employment center. Enterprises, especially those in the bio- and info-tech sectors, have been attracted by the highly skilled resident population and the presence of federal agencies. New residents have been attracted to the county's high quality of life, excellent schools, booming job market, and still affordable housing.

Montgomery County is now a maturing urban county, rich in diversity, and a very different place from the homogeneous county of the 1950s. Extensive development and the implementation of programs to protect open space and agricultural land have reduced the amount of land available for new housing. Neighborhoods built before 1950 have aged, and some now need extensive reinvestment in the housing stock and urban infrastructure if the quality of life is to be preserved.

The County needs to determine what changes are needed in the direction of housing programs, many of which were created in the 1970s. Above all, it is incumbent upon the County to continue its housing commitment to its diverse population and to use its resources wisely and efficiently.

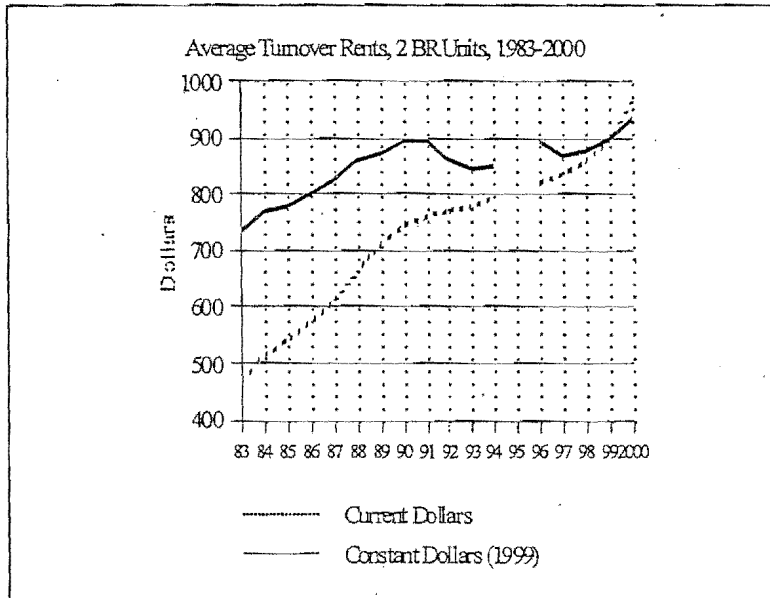


Source: DHCA Rental Vacancy Surveys

Note: No survey conducted in 1995

Summary of Conditions

- Low production of multifamily housing has caused rental vacancy rates to fall below 2 percent and annual turnover rent increases to reach historic highs of 6 to 8 percent. The average one-bedroom unit costs \$846, and the average two-bedroom unit is \$965.
- Residential housing production, especially of units for individuals and households below the median income, has not kept pace with recent increases in demand. Economic growth, in-migration, and resident population growth are expected to add about 4,000 households per year to Montgomery County. Annual housing production has averaged fewer than 3,600 units per year between 1990 and 1999.
- As the county nears build-out, most new development opportunities will be for infill development and redevelopment of older and obsolete communities and structures. Vacant, abandoned, and obsolete structures are already blighting some urban areas of the county.

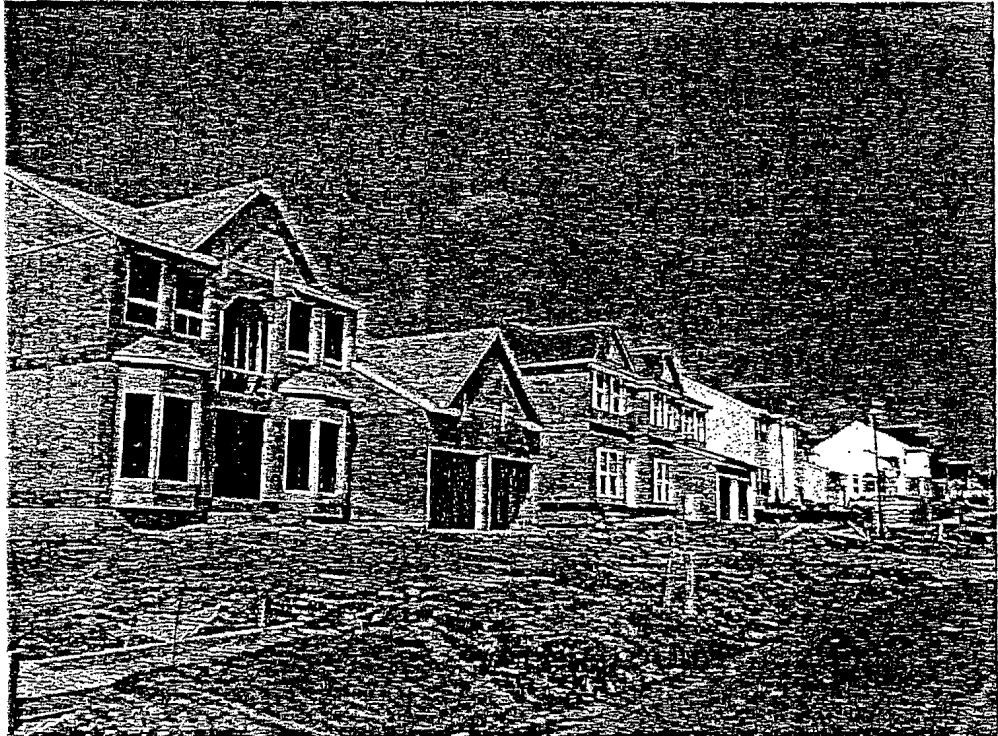


Source: DHCA Rental Vacancy Surveys

Note: No survey conducted in 1995

- The county is becoming more racially, ethnically, and economically diverse. In 1997 racial minorities made up over 27 percent of the population, up from 4 percent in 1960. Persons of Hispanic ethnicity made up over eight percent of the population. Over 12 percent of county households earn less than 50 percent of the median income.
- Demand is increasing for independent- and assisted-living senior housing. Current estimates of unmet demand show a need for 1,800 independent living units and 1,500 assisted living units.
- Demand is increasing for housing for individuals and families transitioning from homelessness. The county can meet only about one-

- Demand is increasing for housing for individuals and families transitioning from homelessness. The county can meet only about one-third of the current emergency shelter bed needs; over 370 more beds are needed. Additionally, there is a current unmet need of 185 transitional housing beds and 231 permanent supportive housing units.
- The affordable assisted housing stock is under intense pressure. Approximately 2,000 rental housing units with below-market rents may be lost by 2005 due to prepayment and/or discontinuation of federally subsidized loans or assistance contracts.



III. Fine Tuning Existing Innovative Housing Programs

Tools for Enhancing Housing Choice

County programs and projects currently available to enhance housing choice include:

- Ensuring the availability of moderately priced dwelling units through the **mandatory inclusionary zoning** of the Moderately Priced Dwelling Unit Program.
- Preserving agricultural land and open space through the **Transfer of Development Rights Program**.
- Providing the Housing Opportunities Commission the **authority to use revenue bonds** for multifamily and single-family dwellings.
- Ensuring a high level of funding through the housing trust fund, **Montgomery Housing Initiative**.
- Providing **scattered site public housing**.
- Providing **mixed income housing**.
- Employing **concentrated code enforcement** in older communities.
- Providing **replacement homes** for owner-occupants of condemned properties.
- Adopting pilot program for single-room occupancy housing, **Personal Living Quarters**.
- **Converting hotels** to efficiency apartment facilities (single-room occupancy),
- Providing **accessory apartments**.
- Continuing programs for education, testing, research, and enforcement under **Fair Housing**.
- Providing housing through the **adaptive reuse** of surplus public schools and school sites.
- Having the **right of first refusal** to purchase multifamily housing in the county.
- Using **rental agreements** to preserve the affordability of multifamily housing being transferred.
- Providing **funding** through:
 - The **Group Home Loan Program**.
 - The **condominium transfer tax**.
 - The **Downpayment Assistance Program**.
 - The county-funded **Rental Assistance Program**.

Fine Tuning

In its efforts to provide a wide range of housing choices, Montgomery County has a long and remarkable record of responding to market and non-market forces. Under the auspices of the Housing Opportunities Commission of Montgomery County (HOC), the County's housing authority and housing finance agency, the County has implemented policies and programs that benefit low- and moderate-income residents.

For the purposes of this housing policy, the following five programs are examined:

- **Housing Initiative Fund.**
- **Moderately Priced Dwelling Unit Program.**
- **Group Home Program.**
- **Rental Assistance Program.**
- **Code Enforcement Programs: Vacant and Condemned Housing and Neighborhoods Alive!**

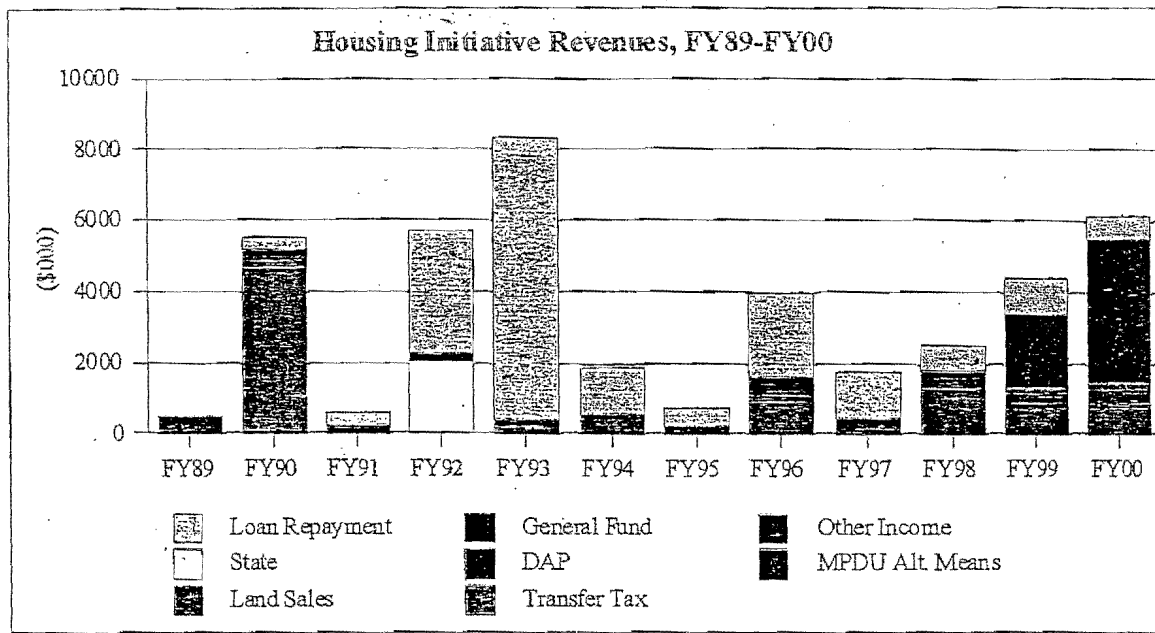
These programs provide a range of new and rehabilitated housing for individuals and families not served by the private market. They supplement the private housing market and add to the range of housing opportunities in the county.

An examination of these programs guides the County as it fine-tunes them to respond to new conditions and allocates fiscal resources for housing efforts.

Housing Initiative Fund

The County established the Housing Initiative Fund in 1988 with the purpose of creating and preserving affordable housing. Under this program loans are made to the Housing Opportunities Commission, nonprofit organizations, property owners, and for-profit developers to build new housing units or renovate deteriorated multifamily housing developments. Emphasis is placed on leveraging County funds with other public and private funds. As a result, the effectiveness of the program relies on having community partners who are able and willing to take on development or rehabilitation projects, and on having funding from other sources to leverage County funds.

Much of the funding in the program now comes from repayments on previous Housing Initiative Fund loans and from the County general fund. Between July 1989 and December 1999, approximately 3,500 housing units were preserved or created in the county under this program.



Issue

To ensure that our affordable housing goals are met, there must be a stable and predictable funding source.

Recommendations

- Develop stable funding sources for the Housing Initiative Fund to ensure that affordable housing goals are met.
- Make outreach and support of current partners and development of new partners a priority.

Moderately Priced Dwelling Unit Program

In the early 1970s, Montgomery County had a shortage of affordable housing for low- and moderate-income households. Housing advocate groups discussed measures to increase such housing that eventually led to an inclusionary zoning program that is both mandatory and countywide. Developers of subdivisions with 50 or more units receive a bonus density in exchange for including affordable housing in the development. Since the program's inception, over 10,600 moderately priced dwelling units have been built, of which about 72 percent have been for-sale units. For-sale units built under this program are relieved of their resale restrictions after 10 years and rental units are relieved of their restrictions after 20 years.

The Moderately Price Dwelling Unit (MPDU) Program has been extremely successful over the past 25 years in developing affordable housing for working families. An award-winning program, it has been used by many jurisdictions as a model. Resolution of several issues, outlined below, is needed if these three program objectives are to be met:

- Increasing the number of moderately priced dwelling units built, especially rental units.
- Distributing them throughout the county.

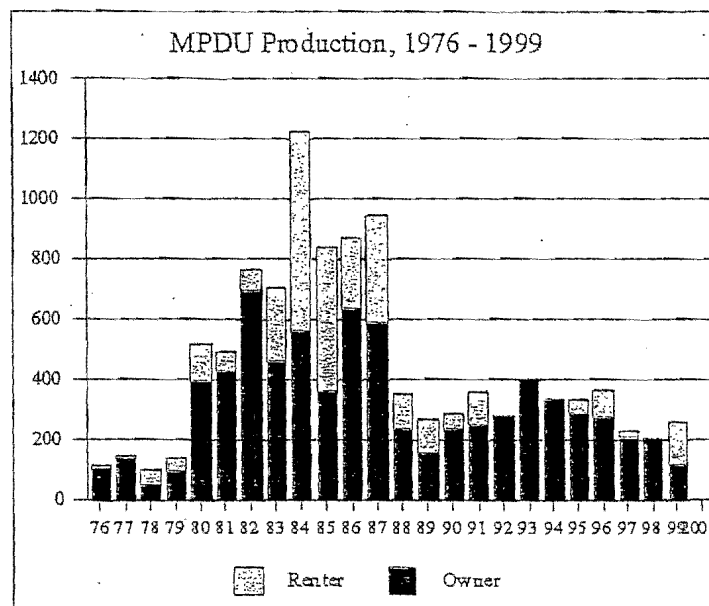
- Ensuring the financial viability of developments that include moderately priced dwelling units.

Issue 1

Housing units, including moderately priced dwelling units, are being produced at a slower rate as the supply of developable land decreases. The suggestions proposed below could increase the number and distribution of moderately priced dwelling units or provide funding for moderately priced dwelling units elsewhere.

Recommendations

- Evaluate the possibility of requiring moderately priced dwelling units or an in lieu fee for new subdivisions with fewer than 50 units.
- Evaluate extending the MPDU Program to large-lot residential zones.



Issue 2

Price controls on many units are expiring, further decreasing the number of available moderately priced dwelling units.

Recommendation

- Explore the possibility of purchase of moderately priced dwelling units by HOC, nonprofits, and the Department of Housing and Community Affairs either for resale to moderate income families or for rental to low income families.

Issue 3

Much potential infill development in central business districts and around transit stations is high-rise rental projects. High construction costs make it financially infeasible to include moderately priced dwelling units, especially given

the inability to take advantage of the bonus density offered under the MPDU Program.

Recommendations

- Explore tax abatement for high-rise developments in those areas where housing is to be encouraged.
- Include affordable housing as an amenity when determining the amenity requirements for high-rise developments.
- Evaluate the possibility of allowing moderate rent adjustments for moderately priced dwelling units in high-rise developments to ensure that new housing units will be built.

Issue 4

In many cases developers are unable to take advantage of bonus density provisions in the Zoning Ordinance, including that of the MPDU Program, because of other zoning or master plan requirements. This makes the inclusion of moderately priced dwelling units financially infeasible.

Recommendation

- When preparing master plans and zoning changes, understand the impact of height and density restrictions on the financial feasibility of moderately priced dwelling units, especially in high-rise construction.

Issue 5

Many moderately priced dwelling unit applicants cannot qualify for a mortgage as a result of poor credit or no funds for the down payment.

Recommendations

- Make the MPDU Program more active in financing moderately priced dwelling units, assisting participants in preparing to purchase homes, and ensuring Fair Housing goals are met.
- Continue to make improvements to the homebuyer classes for moderately priced dwelling unit purchasers, including the information on credit, various mortgage products, and means of avoiding predatory lending.

Group Home Program

Group homes serve two basic populations: those with physical and developmental disabilities and those with persistent mental illness. Using funding from various sources, the County provides assistance to nonprofit group home providers serving these two populations. Funding is for acquisition of existing houses for use as group homes and for rehabilitation of these homes to meet state standards. The program averages the acquisition of 4-6 group homes a year and the rehabilitation of another 29 or so a year.

Issue

This program faces several problems that are exacerbated by a state requirement that all mental health hospitals be closed. The problems include:

- The precarious financial state of most providers of mental health services in the county.
- Neighborhood opposition to these facilities.
- Difficulty in obtaining planning approval for group homes.
- Inadequate funding, especially for those with mental illness.

Recommendations

- Evaluate the Zoning Ordinance for unnecessary restrictions on group homes.
- Modify underwriting policies for loans to better assist nonprofit providers serving those with the lowest incomes.
- Evaluate the possibility of obtaining existing underused housing for group homes.
- Determine if moderately priced dwelling units could be used to house those served under this program.
- Use Section 8 voucher payments, under the new lump-sum provision, for downpayments on houses instead of for rental payments.
- Improve coordination between those providing the housing and those providing support services.
- Work with community associations and group home providers to ensure understanding and respect for fair housing laws.

Rental Assistance Program

In 1985, Montgomery County created the Rental Assistance Program targeted to the elderly and disabled, low-income (underemployed) intact families, and low-income (underemployed) single parents. Since its inception, the program has provided eligible households with a monthly rental subsidy to help defray the high cost of rent and enable low-income households to have a suitable rental unit without exceeding 35 percent of their income for shelter.

Issue

Rapidly rising rental costs and a shortage of available affordable housing have increased demand for rental assistance. As a result, in 2000, the Department of Health and Human Services started a waiting list with 89 households.

Recommendations

- Increase funding for the Rental Assistance Program to be able to help more people.
- To expand the supply of moderately priced rental units, evaluate accessory apartment regulations and, if possible, ease requirements without jeopardizing neighborhood quality.

Code Enforcement Programs

To ensure healthy housing and neighborhoods, Montgomery County adopted a Housing Maintenance Code in 1964. Most of the inspections done under the

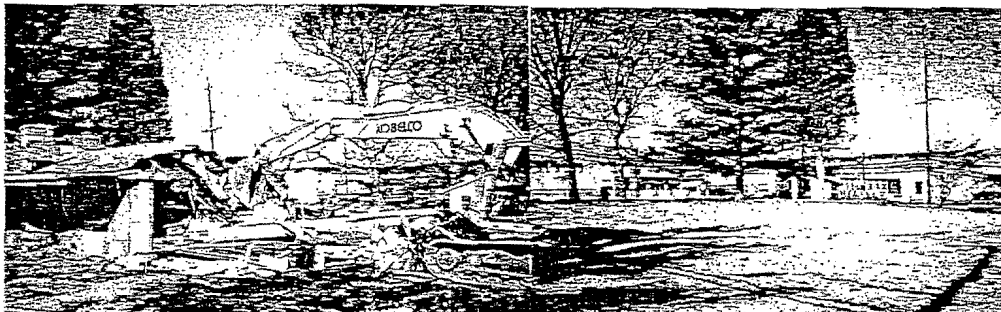
authority of the code are mandated by other actions (e.g., licensing of multifamily units and accessory apartments) or in response to a complaint from a tenant or property owner. In 1998, the County modified its approach, adopting the Neighborhoods Alive! program to address in a more comprehensive manner the widespread deterioration in older neighborhoods. Existing procedures for dealing with severe problems, such as blighted properties, can be exceedingly slow and hamper the overall success of the code enforcement program. The Office of Procurement has contractors available to demolish structures that have been condemned, present a hazard, and blight the surrounding area, providing for some efficiency in the process.

Issue

Properties of the federal Housing and Urban Development Department and Veterans Administration are of particular concern. HUD has recently streamlined its processes and is removing properties from its inventory in a more expeditious fashion. The Department of Housing and Community Affairs has initiated a stronger relationship with HUD and has recently facilitated purchase and rehabilitation of over 20 properties.

Recommendations

- Continue to use the Neighborhoods Alive! program in neighborhoods that are at-risk. Bring in other departments, agencies, and nonprofits as needed and involve the community to make the program work in a way that responds to the particular needs of the neighborhood.
- Work with the State to streamline the foreclosure process. Have Code Enforcement staff monitor the foreclosed properties.
- Have Code Enforcement staff perform a biannual review of vacant and condemned units.
- Refer vacant and condemned properties more quickly to the Rehabilitation Loan and the Replacement Home Programs, especially for those occupants who are elderly or who cannot financially and physically maintain their home.
- Expedite the demolition process while ensuring due process.
- Evaluate the effectiveness of anti-blight ordinances to expedite improvements or demolition of condemned structures.



Lot cleared of condemned structure and readied for new construction

IV. Establishing Responsive New Programs

As our supply of developable land dwindles and housing stock ages, maintaining an adequate amount of affordable housing and maintaining the condition of existing housing gain importance. The slowing rate of moderately priced dwelling unit production and changes in federal policies such as expiring commitments to project-based Section 8 assistance require that we modify existing programs and design new programs to maintain an adequate affordable housing inventory.

Over the years, the number of vacant abandoned housing units located in stable neighborhoods has grown. A program to rehabilitate and sell these units, or otherwise remove their blighting influence, needs to be designed. Similarly, failure of property owners to maintain housing can reduce housing resources as well as adversely affect an entire neighborhood. Comprehensive code enforcement is a critical element of a housing policy, coupled with an expanded rehabilitation loan program for those property owners with limited resources.

The goal of Montgomery County is to have a wide choice of housing types and quality neighborhoods at densities and locations suitable for all people, regardless of race, color, religious creed, ancestry, national origin, sex, sexual orientation, marital status, presence of children, age, physical or mental disability, or source of income. To achieve this goal, the County needs strategies and action plans that will lead toward meeting these objectives:

- **Variety and choice in housing.**
- **Assistance for persons with diverse housing needs**
- **Safe, high-quality neighborhoods.**
- **Communities with affordable housing.**
- **Housing for all stages of life.**
- **Equal opportunity housing**
- **Sustainable communities.**

Objective 1: Variety and Choice in Housing

Promote variety and choice in housing of quality design and durable construction in various types of new and existing neighborhoods in conformance with the County's General Plan.

First Priority Strategies

- A. Preserve Existing Neighborhoods** — Ensure that the county's residential neighborhoods continue to provide a source of convenient, well-maintained housing and provide an attractive alternative to newly constructed communities.

Action Plan

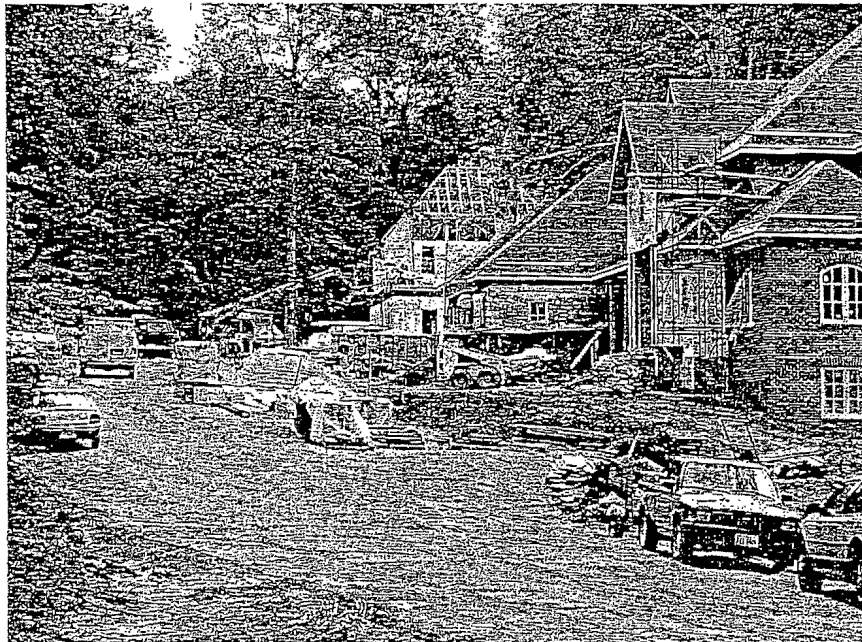
- Ensure high quality of housing and public infrastructure in existing neighborhoods.
- Protect encroachment on existing neighborhoods by undesirable uses.

- Promote high home ownership through assistance programs.
- Preserve single-family rental housing as an alternative, especially for larger households.

B. Encourage New Construction of All Types — Encourage both ownership and rental opportunities for all types and price ranges of housing.

Action Plan

- Enhance efforts to encourage new construction and preservation of existing residential communities.
- Expand opportunities to use TDRs to increase housing production and achieve other public goals.
- Give first priority consideration to housing when there is a change of use or ownership of publicly owned land.
- Encourage a good distribution of housing in each price range in all the planning areas of the county.



C. Expand Affordable Housing — Develop zoning and housing policies that encourage the provision of affordable housing throughout the county, including in central business district areas and in redeveloping areas, while protecting the Wedges and Corridors concept.

Action Plan

- Amend the Zoning Ordinance and implement changes through the master planning and sectional map amendment processes, including providing affordable housing goals in master plans.
- Encourage affordable housing in redeveloping residential properties.

- Provide financial, land use, or other incentives to retain and increase affordable housing.
- Prepare an annual report on the progress made toward meeting annual affordable housing program goals.

D. Streamline Development Review Process — Assess the County's development regulations and review process to find ways to streamline the process and encourage creative housing design and redevelopment opportunities, including mixed-use development and the adaptive reuse of non-residential structures.

Action Plan

- Enhance County land use policies promoting mixed-use development.
- Through the subdivision approval process, require residential components of mixed-use projects be provided early in the development phasing.
- Amend development standards to allow flexibility in integrating residential and non-residential components of mixed-use development.
- Explore the development of "Smart Codes" to encourage redevelopment of housing and adaptive reuse of non-residential buildings.



Plans being reviewed by Department of Permitting Services staff

Second Priority Strategies

E. Promote Housing Near Transit and Employment — Promote the availability of housing in and near employment centers and transportation centers, including considering the use of air rights.

Action Plan

- Assess availability of sites near employment centers and transit centers, including reuse of non-residential structures in employment areas.

- Inventory and assess air-rights development potential of sites, especially on publicly owned sites such as parking lots in central business district areas.
- Develop and implement programs providing incentives for air-rights development.

F. Promote Higher Densities and Mixed Uses in Transit Station Areas and Downtowns — Increase variety of housing densities in new communities to provide more choices to a broader economic range of households and designate appropriate, specific locations in sufficient amounts for higher density housing and mixed-use development in master plans and other government planning documents.

Action Plan

- Amend the Zoning Ordinance and implement changes through the master plan process.
- Assess developable land in areas designated for growth by the General Plan.
- Assess the potential for higher density residential redevelopment, especially in transit-serviceable areas.



Objective 2: Assistance for Persons with Diverse Housing Needs

Encourage housing for diverse residential needs, including housing for the elderly, for persons with disabilities, for persons with mental illness, for persons transitioning from homelessness, and for persons with AIDS.

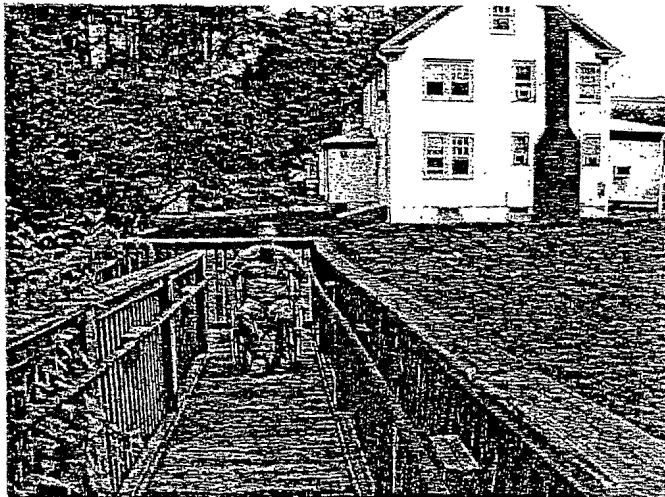
First Priority Strategies

A. Provide More Special Needs Housing — Encourage production of housing for populations with special needs, including seniors, persons with disabilities, persons with mental illness, and persons transitioning from homelessness.

Action Plan

- Assess inventory of special needs housing.

- Develop forecast of special needs populations.
- Identify and implement programs to meet any shortfall of special needs housing.
- Include goals for affordable and assisted housing in master plans and designate suitable sites for elderly housing and other special needs housing.
- Ensure that multifamily housing developments provide units adaptable for persons with disabilities, as required by the federal Fair Housing Act and the County building code.
- Explore incentives, such as density bonuses, to developers who provide special needs housing.
- Consider a program for County purchase of land for senior and special needs housing.
- Explore establishing 'visitability' standards for all new and renovated housing receiving public funds.



B. Provide Housing with Support Services. Coordinate the availability of affordable housing units and needed support services for persons with special needs, including those persons transitioning from homelessness.

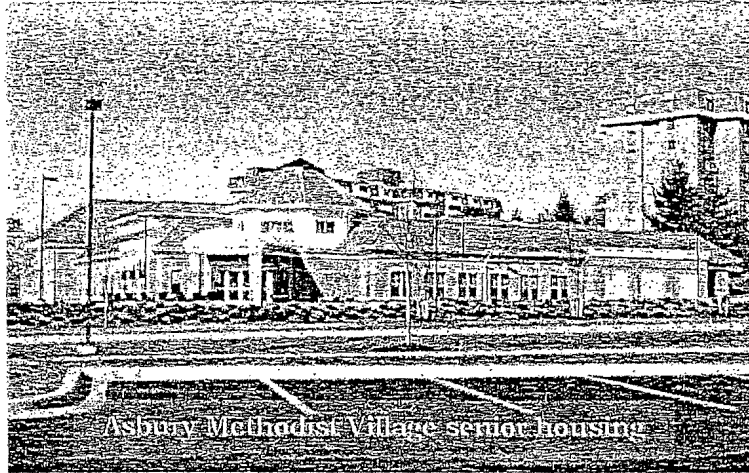
Action Plan

- Establish interagency initiative to provide seamless provision of affordable housing with supportive services to those with special needs.

C. Simplify Regulations for Senior Housing — Explore zoning and regulatory changes to ease approval of elderly housing development.

Action Plan

- Develop standard compatibility criteria for elderly housing and study possibility of eliminating special exception approval process.



D. Expand Housing for Homeless — Ensure adequate supply of housing with support services for individuals and families transitioning from homelessness.

Action Plan

- Conduct inventory of housing appropriate for transitioning from homelessness.
- Increase supply and affordability of appropriately designed and located housing.

Second Priority Strategies

E. Promote Design for Aging in Place — Encourage housing designs that accommodate or adapt to persons aging in place and to persons with disabilities.

Action Plan

- Explore revisions to codes and regulations that will foster adaptive design.

Objective 3: Safe, High Quality Neighborhoods

Maintain and enhance the quality and safety of housing and neighborhoods.

First Priority Strategies

A. Expand Code Enforcement — Discourage deterioration of housing through a well funded code enforcement program.

Action Plan

- Expand interagency efforts to revitalize and renew neighborhoods, including implementing the Concentrated Code Enforcement Program of neighborhood-wide inspections for housing code, solid waste, and parking violations.

B. Promote Neighborhood Renewal — Ensure that older neighborhoods, especially moderately priced communities, remain attractive and viable for homebuyers by renewing neighborhood infrastructure, promoting neighborhood stabilization, and addressing streetscaping and neighborhood desirability issues.

Action Plan

- Expand neighborhood revitalization, renewal and stabilization efforts, including Renew Montgomery and Neighborhoods Alive!
- Implement community policing.
- Include sections on neighborhood renewal in master plans.

Second Priority Strategies

C. Provide Assistance for Repairs — Offer financial incentives to owners of older housing for repair and improvements.

Action Plan

- Continue Rehabilitation Loan Program for repairs and accessibility improvements.
- Explore expansion of tax incentives for repair and improvement of residential property and maintenance of affordability.

D. Promote Adaptive Reuse — Promote housing as adaptive reuse of vacant non-residential buildings and provide for appropriate redevelopment of residential property.

Action Plan

- Inventory and assess privately- and publicly-owned buildings suitable for conversion to residential use.
- Support the State's "Smart Codes" initiative for flexible building and life safety codes in renovating residential buildings and in making adaptive reuse of non-residential buildings.
- Encourage redevelopment of residential properties while protecting the well being of current residents and minimizing displacement of at-risk residents.
- Assess for reuse or demolition all vacant, condemned, and abandoned buildings.
- Review and, if necessary amend, the Zoning Ordinance to facilitate adaptive reuse.
- Assess vacant, abandoned, or obsolete residential buildings for renewal.
- Encourage preservation, restoration, and use of historic sites to provide housing and to foster community identity.

E. Ensure Compatibility of Infill Housing. Mix infill housing and other uses in ways that promote compatibility and address residents' need for safety, privacy, and attractive surroundings.

Action Plan

- Explore Zoning Ordinance standards for infill development or redevelopment that provides an appropriate mix of uses in existing communities.
- Invite compatible rezoning and special exception applications for infill development.

- Identify appropriate sites for higher density residential or non-residential infill development in master plans.

F. Promote Compatible High Density Development in Downtowns and Other Areas that can be Well Served by Transit — Plan with care the uses at the edges of high-density centers to promote compatibility with existing neighborhoods and protect residential neighborhoods.

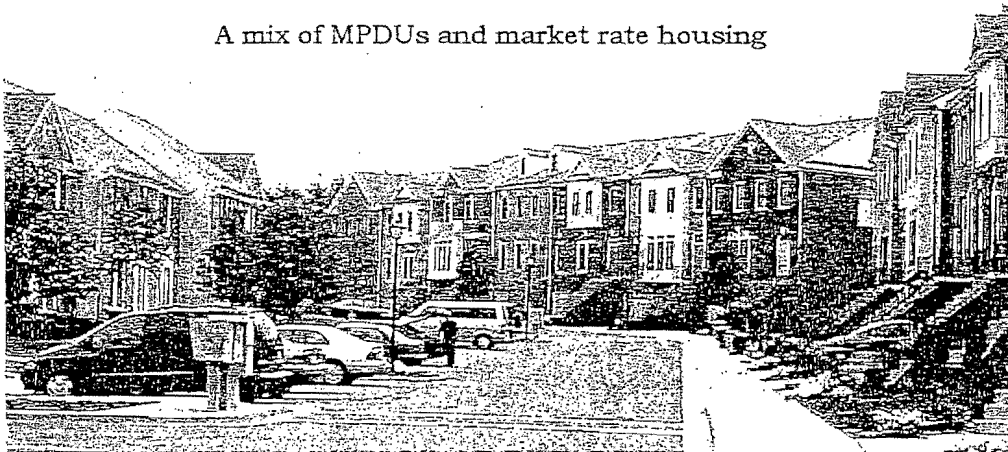
Action Plan

- Continue existing “step down” density approach of locating compatible development densities on sites abutting existing residential communities.
- Review and, if appropriate, continue residential traffic-calming programs.
- Protect residential neighborhoods from spill-over parking.

Objective 4: Communities with Affordable Housing

Encourage an adequate supply of affordable housing in economically inclusive communities throughout the county for those living or working in Montgomery County, especially for households at and below the median income.

A mix of MPDUs and market rate housing



First Priority Strategies

A. Expand Funding of Affordable Housing — Encourage the funding and provision of low-, moderate-, and median-income housing to meet existing and anticipated future needs.

Action Plan

- Forecast future need for affordable housing and potential for developing low- and moderate-income housing.
- Secure adequate fiscal resources or assistance measures to meet the current and future unmet affordable housing demand.
- Enhance County programs that provide assisted housing, including Montgomery Housing Initiative Fund financing, homeownership assistance, the leveraging and layering of other public and private funding sources, and “Live Near Your Work” public and private homeownership assistance near employment centers.



Housing owned by the Housing Opportunities Commission

- B. Distribute Locations of Affordable Housing** — Distribute government-assisted housing equitably throughout the county.

Action Plan

- Construct new and preserve existing affordable housing throughout the county.
- Maintain and amend, where needed, the Moderately Priced Housing Program.
- Continue to use the State Partnership Rental Housing Program to construct and acquire affordable housing.
- Assess publicly owned sites for assisted housing, especially in underserved areas.
- Include recommendations in master plans for assisted or affordable housing sites.

- C Preserve Affordable Housing** — Preserve existing affordable housing where possible.

Action Plan

- Assess affordable housing likely to be threatened by redevelopment, conversion to condominium status, or other displacement of low- and moderate-income residents.
- Expand neighborhood revitalization efforts, including Comprehensive Code Enforcement, Renew Montgomery, the Rehabilitation Loan Program, acquisition of properties that threaten displacement of at-risk residents, preservation of expiring or prepaying federally assisted housing resources, and the State Partnership Rental Housing Program for acquisition of affordable housing.
- Encourage renovation and redevelopment of residential properties that protects the well-being of current residents and minimizes the displacement of at-risk residents.

D. Encourage Private Participation — Encourage participation of private developers and lenders in the provision of affordable housing.

Action Plan

- Identify tools to enhance economic feasibility of certain residential development, especially multifamily housing and housing in central business district areas.
- Remove disincentives for moderately priced dwelling unit production in high-rise development.
- Continue to provide primary and gap financing for developments containing an affordable housing component, using the Multifamily Revenue Bond Program, the Montgomery Housing Initiative Fund Program, and leveraged funds from other private and public sources.
- Expand the requirement that financial institutions with which the County does business participate in community lending activities.
- Monitor and encourage expanded community lending activities under the Community Reinvestment Act.
- Combat predatory lending practices.
- Encourage private employers to participate in public-private partnerships for the development of affordable housing.

E. Support Mixed Income Properties — Provide adequate programs and funding sources to support the development of mixed-income properties.

Action Plan

- Develop policies that support the development of mixed-income properties.
- Consider housing enterprise zones in certain high cost areas to promote financial feasibility of high density affordable and mixed-income housing.

F. Continue Inclusionary Communities — Ensure the provision of low- and moderate-income housing as part of large-scale development through a variety of approaches, including the Moderately Priced Housing Program.

Action Plan

- Seek adoption of an inclusionary zoning ordinance by municipalities without one.
- Monitor development of mixed-income communities, including subdivisions having moderately priced dwelling units.
- Examine disincentives to development of moderately priced dwelling units.
- Revise the moderately priced housing program to reflect current market conditions.
- Develop additional programs to address disincentives to affordable and mixed income housing.

Second Priority Strategies

G. Promote Compatibility of Subsidized Housing — Encourage well designed and maintained subsidized housing that is compatible with surrounding housing.

Action Plan

- Enhance architectural compatibility of all assisted housing.
- Improve maintenance of scattered site, assisted housing programs.
- Promote public and private acquisition and preservation of affordable housing.



Bartholomew House assisted living

H. Reduce Approval Costs — Identify County policies that unnecessarily raise the cost of housing and find alternatives, if possible.

Action Plan

- Review development approval process and identify burdensome requirements.
- Explore fast-tracking of developments containing affordable housing.
- Remove disincentives for moderately priced dwelling unit production in high-rise development.
- Continue exempting price-controlled housing from County excise or impact taxes.
- Expand special ceiling allocations for affordable housing in the Annual Growth Policy.

I. Provide Innovative Housing — Encourage the provision of innovative housing types and approaches to meet the needs of lower income single persons and small households.

Action Plan

- Assess effectiveness of programs directed at small households, including accessory apartments, personal living quarters (PLQ), and hotel conversions.

- Remove impediments to personal living quarter developments and accessory apartments, including possible amendments to the Zoning Ordinance and to the Housing Maintenance Code.
- Develop program for transitional households and entry-level employees, possibly involving private employers.

J. Promote Housing in Mixed-Use Development — Phase mixed-use development so that housing is constructed in a timely fashion relative to other uses within the project.

Action Plan

- Study economic factors related to producing housing in mixed-use developments.
- Require timely development of residential components of mixed-use development through subdivision approval process.
- Enhance enforcement of subdivision conditions.

Objective 5: Housing for All Stages of Life

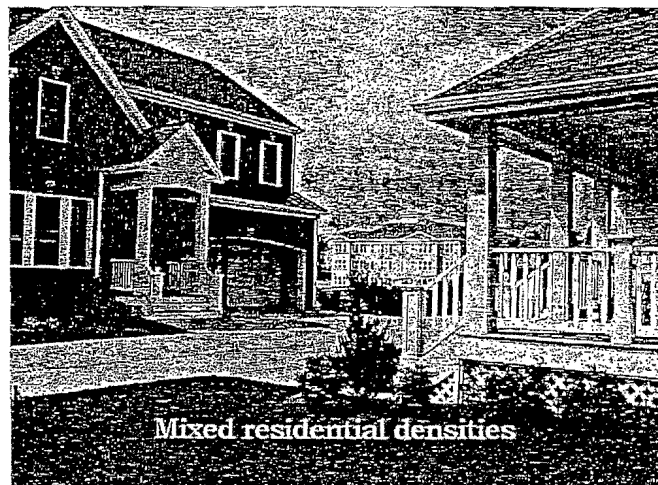
Provide a sufficient housing supply to serve the county's existing and planned employment and the changing needs of its residents at various stages of life.

First Priority Strategies

A. Provide Zoning Capacity — Provide adequate zoning capacity to meet the current and future housing needs of those who live or work in the county.

Action Plan

- Assess remaining developable land and development potential at build-out.
- Assess potential for higher density residential redevelopment, especially in transit-serviceable areas.



Mixed residential densities

- Ensure sufficient development and redevelopment capacity to accommodate forecast employment growth.

- Implement changes through the master planning and sectional map amendment processes.

B. Improve Economic Feasibility — Explore ways to improve the relative economic feasibility of housing development in mixed use developments.

Action Plan

- Identify tools to enhance economic feasibility of residential development, especially in central business district areas.
- Promote adaptive reuse of vacant non-residential buildings as housing.

Second Priority Strategies

C. Meet Special Housing Needs — Develop additional techniques to provide housing opportunities to meet the special housing needs of young workers, the elderly, and persons with disabilities.

Action Plan

- Develop comprehensive inventory of special needs housing.
- Develop forecast of special needs populations.
- Identify and implement programs to meet any shortfall of special needs housing.
- Increase supply of adaptable housing with basic accessibility design elements.

D. Encourage Employer Participation — Encourage employer participation in meeting housing needs.

Action Plan

- Assess employers' housing needs, especially for entry level and service sector employees.
- Develop a public-private partnership program to increase supply of housing meeting employers' needs.
- Expand the Live Near Your Work Program that provides public and employer incentives to purchasing homes near designated job centers.

Objective 6: Equal Opportunity Housing

Promote and enforce fair housing ordinances to ensure that all residents have an equal opportunity to purchase, rent, finance, and occupy housing in the county.

First Priority Strategies

A. Enforce Laws — Enforce equal housing opportunity laws.

Action Plan

- Expand enforcement efforts of fair housing laws, including for households with subsidies.
- Amend law where necessary to enhance effectiveness of enforcement efforts.

- Address all fair housing issues, such as discrimination in rental or sale of housing, insurance, and mortgage lending, including predatory lending practices.

B. Educate the Public — Educate current residents, prospective residents, housing providers, lenders, agents, appraisers, management associations, common ownership associations, and others involved in the rental or purchase of housing about their rights and responsibilities under the fair housing law.

Action Plan

- Expand fair housing education activities, including developing a school curriculum.
- Resume a program of providing continuing education credits for the real estate industry.

C. Compliance Testing — Conduct testing of rental, sales, and lending practices to ensure compliance with fair housing law.

Action Plan

- Expand fair housing testing efforts for rental and sales housing, insurance, and mortgage lending practices.
- Identify and carry out enforcement actions for non-compliance.

D. Examine Lender Policies and Practices. — Ensure that banking and other lending institutions contracting with Montgomery County to provide services are engaging in fair housing and fair lending practices.

Action Plan

- Evaluate change to County procurement law that would require banks and other lending institutions having County service contracts provide information on all home mortgage loans they make in the county.
- Ensure that all banks and other lending institutions fully participate in Community Reinvestment Act activities throughout the county.
- Ensure that lending institutions in the County do not engage in predatory lending practices.

Second Priority Strategies

E. Examine Provider Policies and Practices — Study the policies and practices of housing providers involved in the sale and rental of housing.

Action Plan

- Continue to gather information on major housing industry participants and the market.
- Review all aspects of the housing sale and rental industry for conformance with fair housing laws.

F. Make the County a Model for Fair Housing — Ensure that all County housing programs comply with the spirit and letter of equal housing

opportunity laws and make County housing programs models of fair housing compliance.

Action Plan

- Conduct fair housing training for all County staff administering and implementing County housing programs. Conduct tests of housing programs.

Objective 7: Sustainable Communities

Encourage sustainable development and environmental sensitivity in housing, neighborhood design, and redevelopment.

First Priority Strategies

- A. Encourage Innovation** — Encourage the use of new and innovative housing construction techniques, including pre-fabricated components and housing units, to increase the supply and variety of housing types.

Action Plan

- Change the building code to allow alternative building techniques.

- B. Reduce Unnecessary Cost of Housing** — Reduce the impact of development approval process fees and costs, including environmental regulations, on housing affordability.

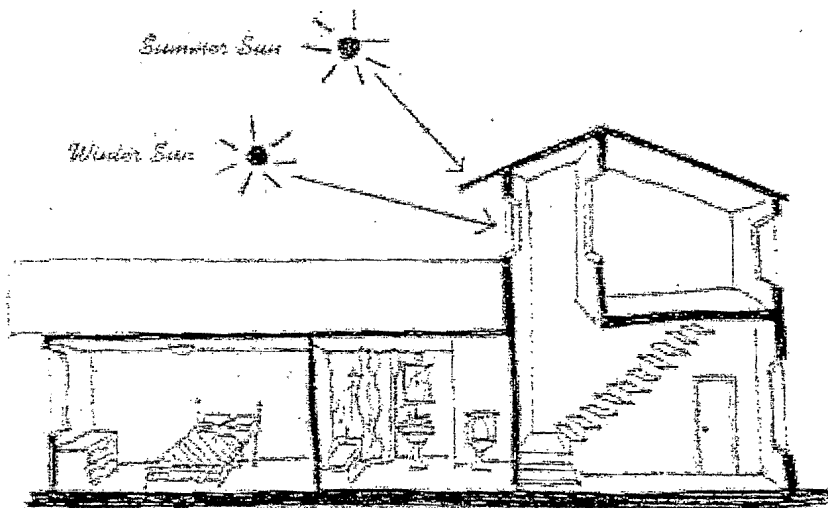
Action Plan

- Explore ways to reduce development and environmental fees and costs.

Second Priority Strategies

- C. Conserve Energy** — Encourage changes that will reduce residential energy consumption. Review and amend building codes, code enforcement procedures, and other housing programs that regulate remodeling and reconstruction of infrastructure.

Solar access



Action Plan

- Provide financing for improvements in insulation.
- Encourage use of energy efficient appliances.
- Provide free low-flow showerheads.
- Provide information on County Web site on household energy conservation measures.
- Provide brochures on energy conservation measures.
- Incorporate street tree planting into infrastructure improvements.
- Conduct free assessment of landscaping for energy reduction.

D. Conserve Water — Encourage changes that will reduce residential water consumption. Review and amend building codes, code enforcement procedures, and other housing programs that regulate remodeling and reconstruction of infrastructure.

Action Plan

- Provide free low-flow shower heads in code enforcement target areas.
- Encourage use of low-flow toilets.
- Provide information on drip irrigation systems and rain harvesting techniques.
- Provide information on County website on drought-tolerant native species.

E. Use Recycled Products.

Action Plan

- Provide information on products made from recycled materials.
- Encourage construction techniques and materials that can allow ease of recycling.

F. Educate the Public — Improve educational outreach on sustainable resource management.

Action Plan

- Provide a "green" page on County website.
- Discuss sustainable products in County brochures aimed at homebuilders, remodelers, and do-it-yourselfers.

G. Protect Water Quality — Ensure that new development complies with applicable water quality and stormwater management laws, regulations, and guidelines.

Action Plan

- Modify Chapter 19 of the County Code to ensure proper drainage from new construction.

- In concentrated code enforcement areas and when code violations occur, encourage changes that reduce problem drainage and protect water quality.
- Encourage cluster development and forest retention.
- In code enforcement areas and for appropriate code violations, provide information on reducing impervious surfaces and correcting drainage problems.
- Provide information on disconnecting impervious surfaces and increasing onsite percolation of stormwater runoff.

V. Annual Affordable Housing Production Goals

Need for Affordable Housing

Montgomery County meets its affordable housing needs through a number of programs. The County and the Housing Opportunities Commission are using federal, state, and local programs and funding for the provision of affordable housing. In order to address the production needs identified in the Housing Policy, the County is establishing annual goals for affordable housing production.

Each year 3,750 new households are likely to be formed in the county. At-place employment increases also add to the demand for housing in the county. The annual 4,000-unit forecast for housing production appears to meet most of the demand that may be expected for new market rate housing in the county.

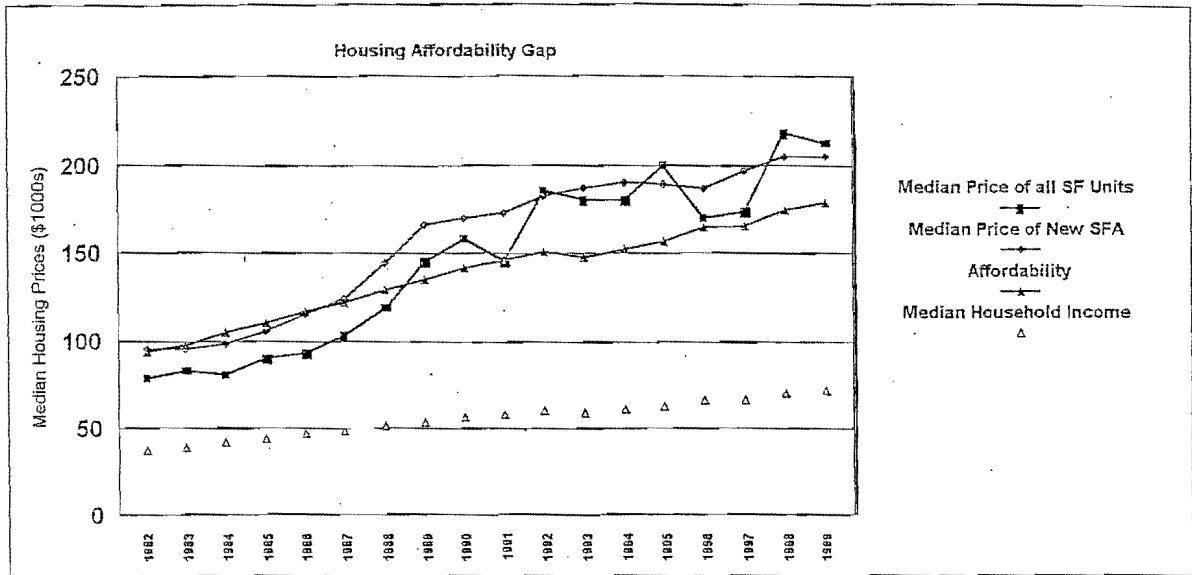
The current income distribution of households in the county shows that about 25 percent of county households earn less than \$40,000. At 30 percent of income for housing costs, \$40,000 can support a rent plus utility payment of \$1,000 per month. Because rents are rapidly escalating in the county, we foresee near- and long-term shortfalls of affordable housing units.

To continue to serve households earning \$40,000 or less, we believe that an affordable housing production goal of 1,000 units per year is necessary. The attached chart lists the County's affordable housing production programs and establishes an annual production goal for each program based on market conditions, program history, forecast needs, and industry and provider capacity. These program goals have been reviewed by focus groups, housing providers, the industry, housing advocates, and public agencies. The annual goals are a multi-year average, and may vary annually due to changes in the level of funding available to these programs.

Cost of Producing and Preserving Units

To plan and budget for the county's future housing needs, the County's current programmatic costs have been determined. Existing contracts, loans, and development budgets provided the following cost information.

- The cost to the County of preserving federally assisted housing ranges between \$8,000 and \$12,000 per unit.
- The County's contribution to the cost of rehabilitating multifamily housing is between \$10,000 and \$15,000 per unit.
- The County's participation in funding the acquisition of group homes ranges between \$30,000 and \$60,000 per home, or between \$5,000 and \$10,000 per occupant.
- The County funds the development of new affordable housing at levels ranging from \$4,000 to \$10,000 per unit.
- When contributing to the development of assisted living for the elderly, the County has been providing between \$15,000 and \$23,000 per unit.



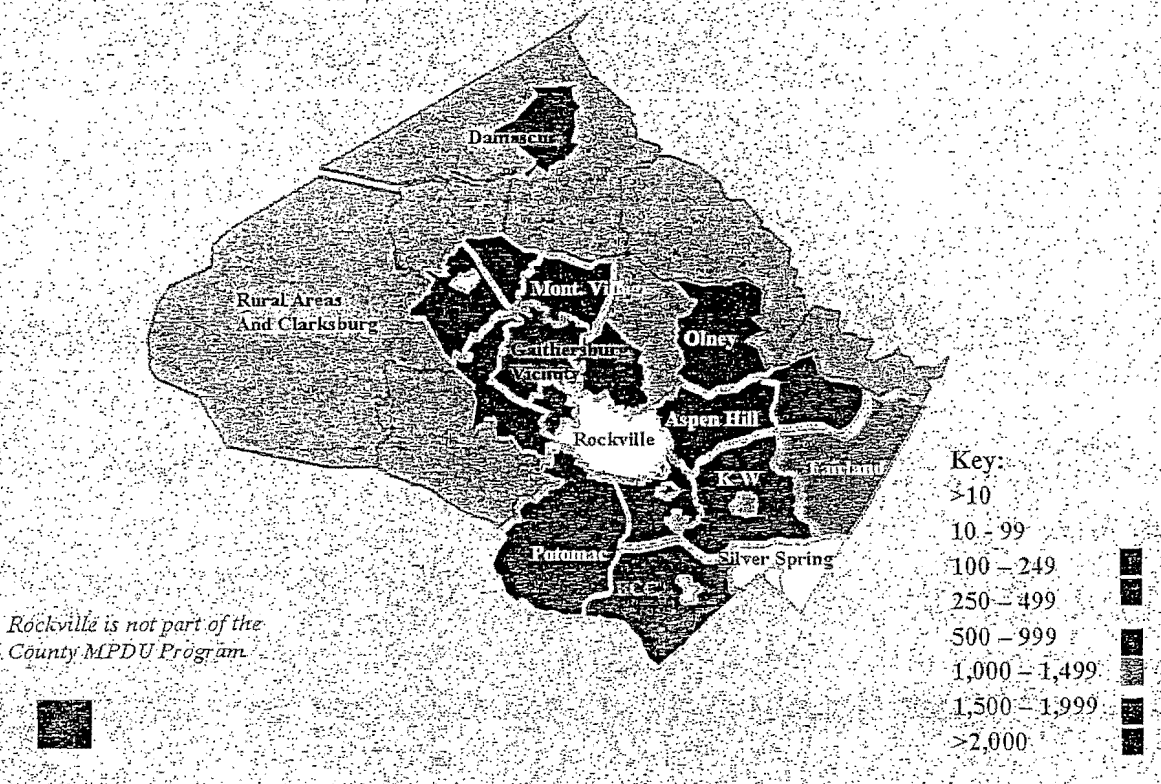
- The cost of permanent supportive housing for seriously mentally ill homeless individuals, including case management and services, ranges between \$12,000 and \$17,000 per person per year.
- The cost of permanent supportive housing for families, including those with disabilities and multiple risk factors, ranges between \$14,000 and \$21,000 per family per year.
- The cost of transitional housing for homeless individuals, including case management and services for mental illness or substance abuse, ranges between \$7,800 and \$9,000 per person per year.
- The cost of transitional housing for families with children, including case management and support services, ranges between \$8,300 and \$14,000 per family per year.

Recommendations: Annual Affordable Housing Production Goals

The chart on the following pages gives the recommended annual goals for affordable housing production in Montgomery County. These figures should be seen as average annual goals over a 10-year period. The actual annual figures will likely vary, given the need to take advantage of opportunities and address special problems that may arise in any one year. Of the total 2,890-unit target, 1,730 are existing units that will be preserved as affordable units, through assistance with rehabilitation, purchase by a public agency or nonprofit organization, or a negotiated rental agreement. The remaining 1,160 are new units that, for the most part, will be for people least able to find suitable, affordable housing as a result of either age or special needs for services. This includes individuals with physical, mental, or emotional illness. The providers of these housing units include nonprofit service organizations, the Housing Opportunities Commission, and other developers of housing.

Comparing these production goals with the average housing units achieved in each category over the past two years, we see a dramatic overall increase in affordable housing units and increases in most categories. The exception is the preservation of expiring federally subsidized units. The preservation of these units has been the highest priority, and is driven by the expiration dates of these subsidies. These goals are aggressive, but they can be achieved with the funding and organizational focus we propose.

Dispersal of MPDUs by Policy Area



**Affordable Housing Program
Proposed Annual Production Goals**

(Averages for the last two fiscal years, FY99 and FY00, are shown in parentheses)

Programs	Owner Units	Rental Units	Per Unit Cost (County \$)	Total Cost (County \$)
Moderately Priced Dwelling Units: New homeownership and rental housing opportunities for households earning 50-65 % of median income. Units are scattered throughout county. Prices of ownership units approx. \$95,000 for townhouses, \$120,000 for detached homes. Resale prices controlled for 10 years. Rental units range from \$670 for efficiencies to \$1,050 for 3 BR units. Rents controlled for 20 years. Up to 40 % of ownership units may be purchased by HOC and nonprofits for rental to very low income households.	200 (149)	100 (83)	\$0	\$0 (\$0)
Section 8 Certificates/Housing Vouchers: Federal rental assistance for very low income households (at or below 50 % of median) in existing rental housing. Tenant contribution toward rent generally capped at approx. 30 % of income. Units assisted under Sec. 8 must meet fair market rent guidelines. Vouchers may be used in higher priced units if tenant pays difference. Also includes County rental assistance program.		200 (190)	\$0	\$0 (\$0)
Group Home/Transitional/Special Needs Housing Production: Newly constructed, acquired, rehabilitated housing for special populations. Units will be affordable, depending on subsidy program, from very low- to median-income households. May include Personal Living Quarters.		100 (29)	\$5,000- \$10,000	\$500,000- \$1,000,000 (\$145,000)
Home Ownership: Acquisition and renovation of HUD foreclosed houses by nonprofit housing providers. Units to be resold to below median income purchasers. Assistance to first time home buyers, including closing cost assistance. Single family rehabilitation loans.	30* (11*)		\$20,000	\$600,000 (\$296,000)
Nonprofit Multifamily Rehabilitation: Acquisition and rehabilitation of deteriorating multifamily housing by nonprofit housing providers. Post-rehab units will be leased to income eligible tenants.		150* (55*)	\$10,000- \$15,000	\$1,500,000- \$2,250,000 (\$543,000)
New Construction: Newly constructed affordable housing units, including mixed-income projects. Subsidy mechanisms may control cost of affordable units and income level of households served.		200 (0)	\$4,000- \$10,000	\$800,000- \$2,000,000 (\$0)
Preservation of Federally Assisted Housing: Acquisition and rehabilitation of federally assisted multifamily housing threatened with prepayment of insured mortgages or opt-out and expiration of housing assistance payments contracts.		200* (121*)	\$8,000- \$12,000	\$1,600,000- \$2,400,000 (\$780,000)

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HOC and Nonprofit MPDU Acquisition: Purchase by HOC and Nonprofit housing providers of up to 40% of all ownership MPDUs constructed. Houses will be rented to very low income households.		60 (29)	\$30,000	\$1,800,000 (\$870,000)
Multifamily Rehabilitation Loans: Loans to private owners of multifamily housing to bring units into code compliance and upgrade units.		150* (5*)	\$5,000- \$10,000	\$750,000- \$1,500,000 (\$108,000)
Construction of Elderly Housing and Assisted Living Units: Gap financing or rental subsidy for newly constructed elderly housing and assisted living facilities		250 (18)	\$15,000- \$23,000**	\$3,750,000- \$5,750,000 (\$683,000)
Accessory Apartments: Creation of accessory rental units in single family homes.		50 (15)	\$0	\$0 (\$0)
Preservation of Threatened Multifamily Housing: Preservation of affordable multifamily rental properties threatened with sale or conversion through the negotiation of rental agreements		950* (950*)	\$0	\$0 (\$0)
Acquisition of Threatened Multifamily Housing: Acquisition by the County, HOC, or tenants' associations of multifamily properties threatened with conversion or displacement.		150* (24*)	\$0- \$100,000	\$0- \$1,500,000 (\$516,000)
HOC Public Housing Rehabilitation: County-funded rehabilitation and modernization of HOC owned public housing stock.		100* (40*)	\$7,000- \$15,000	\$700,000- 1,500,000 (\$290,000)
	Total Units:	Owner Units:	Rental Units:	Total Cost to County:
	New: 1,160 (513)	New: 200 (149)	New: 960 (364)	\$12-
	Preserved: 1,730 (1,206)	Preserved: 30 (11)	Preserved: 1,700 (1,195)	\$20,300,000
	Total: 2,890 (1,719)	Total: 230 (160)	Total: 2,660 (1,559)	(\$4,231,000)

* Units preserved, not added to the housing stock.

** Loan..

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Appendix A

Rental Vacancy Rates, 1982-2000							Average Turnover Rents 2 Bedroom Units, 1983-2000	
Year	Efficiency	1BR	2BR	3BR	4+BR	All Units	Current \$	Constant \$ (1999)
1982	4.8	5.8	4.8	3.9	2.3	5.1	-	-
1983	3.3	4.4	4.2	3.3	3.6	4.1	\$468	\$734
1984	2.7	2.6	2.6	3.0	3.4	2.6	\$513	\$766
1985	4.0	3.2	3.1	2.7	5.0	3.3	\$541	\$776
1986	2.5	3.3	3.7	3.7	2.7	3.7	\$575	\$802
1987	2.2	4.3	3.9	4.5	1.3	4.3	\$613	\$824
1988	3.5	4.7	4.2	3.9	5.9	4.7	\$665	\$861
1989	3.7	4.5	3.5	2.8	2.9	4.1	\$712	\$871
1990	4.8	5.0	5.0	3.7	2.9	5.2	\$746	\$893
1991	4.7	6.5	5.9	4.7	1.9	6.5	\$760	\$894
1992	5.1	6.1	5.6	4.8	2.0	5.6	\$771	\$860
1993	4.3	5.1	4.9	4.2	2.0	4.9	\$778	\$847
1994	4.0	4.2	4.0	3.4	0.7	4.0	\$794	\$851
1995	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1996	3.2	4.1	4.7	4.3	2.4	4.4	\$820	\$893
1997	4.5	4.2	4.3	3.8	4.3	4.2	\$836	\$864
1998	3.7	3.7	3.8	3.4	5.7	3.7	\$861	\$879
1999	2.6	2.7	3.1	3.7	6.1	3.0	\$894	\$894
2000	1.6	2.5	2.4	2.7	5.2	2.5	\$965	\$934

Source: DHCA Rental Vacancy Surveys

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Appendix B

Number of Households in Income Categories by Household Size									
Size	Income Categories								
	Very low	Low	Modest	Moderate	High	Affluent	Very Affluent	Wealthy	All
1	15,150	6,310	6,194	30,282	6,951	3,200	537	622	69,246
2	9,283	4,578	6,284	31,606	22,049	21,355	4,096	5,211	104,462
3	5,752	2,274	3,566	12,012	13,146	12,022	1,829	3,312	53,913
4	4,426	2,239	2,876	8,143	11,605	13,966	2,860	3,825	49,940
5+	3,549	2,198	2,775	5,196	7,102	7,456	1,275	4,021	33,572
All	38,160	17,599	21,695	87,239	60,853	57,999	10,597	16,991	311,133
Percent	12.3%	5.7%	7.0%	28.0%	19.6%	18.6%	3.4%	5.5%	100.0%

Annual Household Income Ranges (in thousands of dollars)								
Size	Very Low	Low	Modest	Moderate	High	Affluent	Very Affluent	Wealthy
1	up to 23.9	23.9-29.1	29.2-34.6	34.7-70.0	70.1-100	100.1-160	160.1-200	over 200
2	up to 27.3	27.3-33.3	33.4-39.5	39.6-70.0	70.1-100	100.1-160	160.1-200	over 200
3	up to 30.8	30.8-37.5	37.6-44.5	44.6-70.0	70.1-100	100.1-160	160.1-200	over 200
4	up to 34.2	34.2-41.6	41.7-49.4	49.5-70.0	70.1-100	100.1-160	160.1-200	over 200
5+	up to 36.9	36.9-45.0	45.0-53.4	53.5-70	70.1-100	100.1-160	160.1-200	over 200

Source: Planning Implementation Section; 1997 Census Update Survey, MNCPPC

Note: Some income category definitions vary with size.

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Appendix C

Median Sales Price of Single Family Homes, 1987 - 1999 (in constant 1999 dollars)					
Year	New Detached	Existing Detached	New Attached	Existing Attached	All Units
1987	251,593	188,520	141,861	115,805	166,975
1988	298,677	223,782	153,918	131,941	187,563
1989	350,893	244,525	177,831	144,270	203,567
1990	380,905	247,878	189,590	150,882	203,571
1991	363,876	244,912	171,907	150,715	203,583
1992	345,830	242,188	207,294	143,416	203,684
1993	348,259	236,281	196,963	141,551	203,616
1994	342,410	235,775	193,229	140,394	203,624
1995	369,543	237,237	214,562	139,741	203,699
1996	340,340	245,045	185,036	143,760	203,660
1997	355,061	237,883	179,964	139,523	203,752
1998	369,339	239,935	223,213	139,877	209,305
1999	364,195	243,000	212,217	139,000	205,000

Appendix D

MPDU Production, 1976-1999			
Year	For-Sale Units	Rental Units	Total Units
1976	108	9	117
1977	139	13	152
1978	55	47	102
1979	105	37	142
1980	404	120	524
1981	433	63	496
1982	702	63	765
1983	468	237	705
1984	565	659	1224
1985	369	475	844
1986	644	232	876
1987	597	348	945
1988	242	110	352
1989	162	105	267
1990	242	46	288
1991	253	106	359
1992	282	0	282
1993	408	0	408
1994	334	0	334
1995	292	46	338
1996	282	87	369
1997	218	12	230
1998	211	0	211
1999	122	143	265
Total	7,637	2,958	10,595

Appendix E

Complete List of Housing Programs in Montgomery County

Department of Housing and Community Affairs programs:

Multifamily Housing Development and Rehabilitation Programs
Single-Family Rehabilitation Program
Group Home Rehabilitation Loan Program
Group Home Acquisition Loan Program
Weatherization Program
Lead Paint Hazard Reduction
Moderately Priced Dwelling Unit Program
Montgomery County Payment in Lieu of Taxes Program.

Department of Health and Human Services programs:

Senior Assisted Living Group Home Subsidy Program
Adult Foster Care
Montgomery County Rental Assistance Program
Handicap Rental Assistance
Prevention and Crisis Intervention

Human Relations Commission programs:

Equal Housing Opportunity Enforcement, Education, and Testing

Housing Opportunities Commission programs:

Public Housing
Section 8 Housing Choice Voucher Program
Transitional Housing (McKinney I, Mothers and Tots Entering Recovery, III, & VII)
Permanent Housing (McKinney X, VIII, IX, & Turnkey)
Shelter Plus Care
State Rental Allowance Program
State "RAP to Work" Initiative
Rental Supplement Incentive Program
Multifamily Program
Mortgage Purchase Program
HOC Home Ownership Program
Neighborhood Initiative Program
Closing Cost Assistance Program

Human Relations Commission program:

Fair Housing Program

Appendix F

Montgomery County Housing Initiative Fund Revenue

Source	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01**	Totals
Transfer tax	\$95,168	\$55,125	\$63,752	\$30,330	\$32,604	\$7,500	\$21,050	\$59,000	\$4,860	\$19,000				\$388,389
State contributions				2,000,000										2,000,000
Investment income	193,436	257,166	98,554	160,415	97,516	69,716	117,977	496,000	227,824	176,400	177,000	261,000	220,000	2,553,004
MPDU contributions		210,000	70,000	53,750	53,750	400,000	65,000	200,000		16,000	75,000	159,000		1,302,500
Property sales*		4,652,302			257,399	89,488		898,504	169,144	1,332,597	793,000	770,000	759,800	8,962,434
MPDU foreclosures			49,385	2,763		27,000			7,084	1,892	24,000			112,124
MPDU recapture												22,000		22,000
Loan repayments		304,111	324,000	3,393,421	788,530	1,263,170	461,998	2,289,501	1,286,991	662,576	1,015,000	615,000	388,680	12,792,978
Development approval payments										202,000	261,000	291,000		754,000
Property rental						15,487	20,629	18,838	80,208	76,556	76,000	19,000		306,718
General funds													6,400,000	6,400,000
Miscellaneous	188,038	40,980	15,130	70,828	2,163		52,286	5,833	7,769	12,000				395,027
Totals	476,642	5,519,684	620,821	5,711,507	1,231,962	1,872,361	738,940	3,967,676	1,783,880	2,499,021	2,421,000	2,137,000	7,768,480	36,748,974

*Before FY 97 "Property Sales" was 100% of the proceeds from the sale of land owned by the Department of Housing and Community Affairs. Since then, it is 25% of the proceeds from the sale of land owned by the County.

** Estimate

150

Resolution No: 14-959
Introduced: May 15, 2001
Adopted: July 17, 2001

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: County Council

Subject: Adoption of the Housing Policy for Montgomery County

Background

1. On October 20, 1981, by Resolution 9-1503, the County Council adopted the Housing Policy for Montgomery County – A Statement of Intent.
2. As a result of shifting demographic and economic conditions in the Washington, D.C. metropolitan region, housing supply and demand have changed significantly since the adoption of the Housing Policy approved in 1981.
3. In January 2001, the County Executive prepared and transmitted to the County Council his recommendations for updating the Housing Policy for Montgomery County, Maryland.
4. On April 2, 2001, the County Council's Planning Housing and Economic Development Committee held a public worksession and amended the text of the Housing Policy in cooperation with the County Executive and his staff.

Action

The County Council for Montgomery County, Maryland, approves the following resolution:

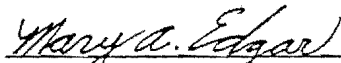
1. The Housing Policy for Montgomery County, Maryland: "Montgomery County - The Place to Call Home" is hereby adopted as amended as part of and an attachment to this resolution and constitutes the statement of the County's concern that present and future citizens will be adequately housed; and it is the government's intent to pursue and implement the housing policy objectives to provide maximum opportunities in all planning areas for housing people of varying incomes, ages, and life styles, and to provide choices for families and individuals having needs for different types of housing.

Resolution No:

14-959

2. This Housing Policy will be the plan for the County's actions to stimulate and generate production of the kinds of housing which are in short supply, but which are needed to provide a healthy and balanced housing inventory; and the County shall act in this effort by assuring that its decisions and over-all policies are consistent with achieving these goals.
3. All agencies having responsibilities that affect housing availability and cost are hereby mandated and directed to act expeditiously and diligently to carry out the objectives and intent of this housing policy.
4. In cooperation with neighboring jurisdictions, the County will work diligently to develop a coordinated strategy to address mutual housing needs in the Washington, DC metropolitan region.
5. The County Executive must submit an annual status report to the County Council, describing activities toward implementing the Housing Policy, including annual production targets. This report may be submitted in conjunction with the Housing Report the Executive must submit to the County Council under Section 25B-4 of the County Code describing the state of the County's demand for and supply of affordable, including assisted, housing.
6. Ten years from the enactment of this Resolution, the County Executive must undertake a full reevaluation of housing needs in Montgomery County, and recommend housing policy changes to reflect needs at that time.

This is a correct copy of Council action.



Mary Edgar, CMC
Clerk of the Council

ANALYSIS
of the
SUPPLY & DEMAND
for
HOUSING

Montgomery County, Maryland

June 26, 2008

Lisa Madigan Tate

Megan Taylor

M-NCPPC Research & Technology Center
MONTGOMERY COUNTY, MARYLAND

Karl Moritz, Chief
Roselle George, Research Manager

Housing Supply & Demand *Overview*

Purpose

This report by the Research & Technology Center of the Montgomery County Planning Department assesses the supply and demand for housing in Montgomery County, Maryland. It is one in a series of background reports and analyses prepared in support of a pending update of the Housing Element of the General Plan.

The analysis begins with a comprehensive assessment of the local housing environment, including an inventory of existing housing and market conditions along with key factors shaping the supply and demand for housing in Montgomery County. The following section presents an analysis of the gap between existing and projected supplies of housing relative to demand at affordability thresholds for households of different sizes. The report concludes with a brief analysis of the implications that these trends and conditions might have for policies—especially land use and development-related policies—that affect the County’s affordability environment.

Note on sources

Most of the information in this report was mined from several data sets developed and maintained by the Research & Technology Center, including, the *COG Round 7.1 Forecast*, the *Census Update Survey* and housing market data. Research staff compiled a sizeable base of information in the course of preparing this analysis. In addition to the tables and charts included in this report and its accompanying data book, the reference base includes a detailed inventory of the County’s housing stock in GIS. Together these resources provide a rich statistical base for assessing housing, land use, transportation, economic and related policies in master plans. Similar analyses could be performed at the sub-county level.

Housing Supply & Demand

Supply Factors

Housing Construction Trends

Single-family attached (townhomes) and multi-family units (condominiums and apartments) have been the dominant form of home construction in Montgomery County over the past four decades. Single-family detached homes account for less than 50 percent of new units built since 1970. Even so, single-family detached homes remain the single largest category of homes in the County, reflecting the fact that single-family detached dwellings accounted for more than 90 percent of homes built in the County before 1970.

Average single-family home sizes—and corresponding prices—have increased. Single-family detached housing units nearly tripled in size from 1,323 square feet in the 1950s to 3,272 square feet this decade. Single-family attached housing units doubled in this same time period from 891 square feet to 1,792 square feet. Driven by a mix of demand for larger homes by affluent consumers and profit-maximization by builders, the trend to building larger—and more expensive—homes has helped drive up average housing prices Countywide.

After decades of getting smaller, newer multi-family are getting larger on average—reflecting a marked shift in consumer choice. The average square footage of a new multi-family unit fell steadily each decade between 1970 and 2000, but that trend has reversed. At around 1,300 square feet, new multi-family units are once again being built at a size not seen since the 1960s. The trend to larger multi-family units partly reflects an increase in for-sale units (i.e., condominiums). It also reflects a general shift in consumer preferences, with more households of all types—including families—choosing to live in multi-family units proximate to transit, retail, job and entertainment centers.

Capacity Constraints

Montgomery County is approaching build-out. 82 percent of existing residential capacity already has been reached; approved development currently in the pipeline pushes that to 91 percent. Permitted capacities can increase or decrease, such as when master plan updates or rezonings change permitted densities. Areas that currently are at or near build-out can acquire additional capacity by redevelopment of underused properties.

In-fill development will supply most new housing capacity. Most large landholdings outside of the Agricultural Reserve are almost fully developed. Future growth in the County will be primarily in the form of community-scale

redevelopment and infill in proximity to existing and planned transit service. The rural nature of the Agricultural reserve is likely to remain intact, while portions of the County currently developed at suburban densities will become increasingly urbanized.

Housing Market Trends

Strong demand and comparative affluence keep housing prices relatively high over time. Sustained levels of population growth over the several decades have tended to strain housing supplies, keeping prices high. A large number of comparatively wealthy residents seeking higher-end homes also boost housing prices overall.

Limited land availability creates upward price pressure. A dearth of land available for new construction has put a premium on remaining greenfield and redevelopment land alike. Cost pressures have been especially intense in parts of the County that are in very high demand, including areas close to major employment centers and transportation corridors, as well as neighborhoods with top-ranked schools and community amenities.

Higher construction costs have helped drive up new home prices. Since 2004, construction material prices have increased more quickly than other consumer goods. Rising labor costs also are boosting construction costs. Between 2004 and 2007, costs increased 31 percent compared to a 15 percent increase in consumer goods. This increase is driven by higher energy costs, a decrease in the availability of skilled labor, and increased worldwide demand for construction materials due to exploding economic growth (especially in China and India) as well as reconstruction costs in areas affected by war and natural disasters. In a strong housing market, these costs typically are passed on to consumers; in a shakier market, they tend to reduce the number of housing starts.

Already an expensive housing market, Montgomery County saw home prices spike still higher in the housing bubble. The record-low interest rates and lax lending standards during the nationwide housing bubble of 2002-2006 produced a power surge in the local housing market. An average new single-family detached unit was just under \$1 million in 2007—up from \$436,000 in 2001. The average price of an existing single-family detached home increased from \$290,000 in 2001 to \$569,000 in 2007. An average new townhouse in 2007 was priced at \$475,000 compared to \$266,000 in 2001. An existing townhouse was \$365,000 in 2007 compared to \$155,000 in 2001.

Housing sales have slowed in the past two years. Days-on-market for resale homes increased from fewer than 40 days on average from 2003 through 2005 to around 100 days in 2007. Montgomery County's housing market slowdown is less severe than in neighboring Virginia counties: after keeping pace with Montgomery County through the housing boom, both Loudoun County and Fairfax County have experienced sharper increases in days-on-market.

The nationwide foreclosure crisis is beginning to hit Montgomery County. Between December 2007 and March 2008, foreclosure rates Countywide

doubled from 0.89 to 1.8 foreclosures per 1,000 households. Maryland foreclosures are also growing at a faster rate than the national average (6 percent versus 4 percent). Along with serving as an indicator that growing numbers of households are in crisis, a spate of foreclosures can destabilize communities and erode the value of home investments among neighboring households.

Overall, Montgomery County rents are comparatively moderate. There is a rent divide between western portions of the County and the eastern and northern portions of the County. Rents are noticeably higher than the Countywide average of \$1,281 in Bethesda/Chevy Chase (\$1,674), Rockville (\$1,523) and Darnestown-Potomac (\$1,369). Moderate average rent is found in Germantown-Gaithersburg (\$1,165), Olney (\$1,165), Upper Montgomery County (\$1,039), and Wheaton (\$1,170).

There is pent-up demand for larger rental units. Nearly all rental apartments (86 percent) are one- and two-bedroom units. There is only a handful (268) of four-bedroom plus units in Montgomery County. Vacancy rates for three-bedroom apartments (4.8 percent) and four-bedroom plus units (3.1 percent) are below the Countywide average (5.1 percent), indicating that there is a need for more large rental apartments in the County. One reason for the relatively low number of larger rental units is the high rents attached to these units. The weighted average rent for 3-bedroom plus units in the County is \$1,780, which is out of reach for many households. A household would have to earn at least \$71,200 to afford this unit.

Housing Supply & Demand

Demand Factors

Population & Household Growth

Montgomery County is emerging from a period of exceptionally fast population growth. The number of County residents surged between 1980 and 2000, growing by 30 percent during the 1980s and 14 percent from 1990 to 2000. The County's population is forecast to grow by an additional 14 percent this decade. By 2010, the County will have an estimated 990,000 residents—a total population increase of nearly 411,000 (71 percent) since 1980.

The County is forecast to continue adding residents—albeit at a slower pace—over the next 25 years. Between 2010 and 2030, Montgomery County is forecast to add another 155,000 residents (16 percent), boosting total population to 1.2 million by 2030. While the pace of growth will slow relative to previous decades, it will be on top of a larger population base.

Household growth will continue to outpace population growth. The number of households grew 36 percent during the 1980s and by another 15 percent from 1990 to 2000. Household growth will slow slightly to 14 percent this decade. By 2010, households are expected to number 370,000, an overall increase of nearly 163,000 households (79 percent) since 1980. Between 2010 and 2030, the County is forecast to add more than 71,000 households (16 percent), reaching 441,000 households by 2030.

Demographic Change

A combination of high birth rates among County residents and an influx of new residents has fueled population growth since 2000. From 2000 and 2005, natural increase (i.e., births minus deaths) added 38,000 residents. Over the same period, net migration (i.e., the number of people moving in minus those moving out) added 25,000 residents; foreign immigration accounted for roughly 90 percent of this net migration. Most people moving to other parts of Maryland chose Frederick County, followed by Howard County.

The relatively faster growth in households reflects a general trend toward smaller households. Households in Montgomery County are getting smaller on average, declining from 2.79 residents per household in 1980 to an estimated 2.68 in 2010. By 2030, the average size of a household is forecast to be 2.59 residents. Declining household sizes reflect a number of demographic trends—including an increase in the number of seniors living alone; smaller families; and more singles.

Families account for the largest share of Montgomery County households.

62 percent of the County's households are married couple households and 10 percent are single-parent households. Households with children ages 0-18 account for 38% of all households (132,180). Single-family housing in particular attracts family households—in fact, 84 percent of households living in single-family homes are families.

The County's population includes a growing proportion of seniors.

Currently, only 11 percent of County residents are age 65 and above . As the cohort of residents between 45 and 64 (currently 27 percent of the population) ages, the number of households comprising one or more seniors will increase dramatically, generating additional demand for senior housing options.

County residents are exceptionally well-educated. 70 percent of County residents over the age of 25 hold a degree beyond a high school education. However, not all County residents are well-educated: 8 percent of adults lack a high-school diploma.

Foreign-born residents account for a substantial share of the County's population. One in three households has a foreign born head of household or spouse. The proportion of foreign- and native-born households is roughly equal for both single-family and multi-family households. Roughly two out of three foreign-born households occupy single-family housing units. One in 3 residents over the age of five speaks a language other than English.

Montgomery County is affluent. Median household incomes in Montgomery County are almost twice the national median (\$83,880 versus \$44,684 in 2004). High household incomes reflect proximity to the nation's capital. Median federal incomes exceed median private sector incomes in Montgomery County. The County also is home to many of the capital region's highly paid legal and other professionals. A relatively large base of high-wage professional, scientific and technical service jobs reflect the presence of life sciences and information technology (IT) industry clusters in the County.

Most employed County residents commute to jobs in Montgomery County. 60 percent of the resident labor force works in the County, with 22 percent working in the District, and 17 percent working in other Maryland counties or Northern Virginia.

Housing Choices

Most households occupy single-family housing. Reflecting the impact of pre-1970s housing development patterns, 77 percent of the County's households live in single-family detached or attached housing.

Most households own their homes. 74 percent of households own their home; ownership is split largely by housing unit type. About 94 percent of single-family households own their home, while only 30 percent of multi-family households own their home. This trend may be shifting as there have been a large number of new for-sale condominium apartments and apartment conversions under development and in the development pipeline over the past several years.

“Mansionization” boosts both housing sizes and prices. The neighborhoods most impacted are in the Urban Ring. Most notably, 75 percent of infill activity has occurred in Bethesda, Chevy Chase, and Kensington. Redevelopment permits dropped off noticeably in 2007, which coincides with the local housing market slowdown, decreasing home values, and increasing foreclosures.

Higher energy prices may offset the trend to larger homes. The rising cost of heating and cooling may undermine the appeal of very large homes. Moreover, high gas prices are likely to discourage future construction in less expensive outer ring suburbs, as the cost of a long commute offsets the perceived advantages of owning a larger home than one could afford closer to work. This trend already may be evident in the fact that home prices are declining and foreclosure rates increasing more quickly in distant suburbs around the metro region, including Prince William and Frederick Counties.

Multi-family housing attracts a diverse demographic base including families and persons with advanced degrees. Contrary to common perceptions, multi-family units house significant numbers of families as well as some of the County’s most highly educated residents. Families account for nearly half (47 percent) of multi-family households Countywide. 28 percent of multi-family residents hold a master’s, professional; doctorate or other advanced graduate degree. These facts may indicate that multi-family living increasingly is viewed as a lifestyle alternative versus an affordability imperative.

Multi-family housing is a crucial source of housing for newcomers and short-term residents. The majority of households moving into the County between 2000 and 2005 (60 percent) chose to live in multi-family housing, which tends to be more readily accessible (due to higher turnover rates) and affordable to newcomers, who tend to be younger and therefore less affluent than older, established households. Located next to the nation’s capital, Montgomery County also traditionally has housed a large transient population, including diplomats, military families, students and political workers; given the very high cost and continued competition for single-family detached housing, multi-family units provide a needed degree of flexibility and affordability.

Renters historically have paid a larger share of their household income towards housing costs. Regardless of housing unit type (single-family versus multi-family), renters on average pay more than owners, with 41 percent of renters spending more than 30 percent of their household income on housing costs, versus 17 percent of owners. This trend also may be shifting, as rising interest rates push up monthly payments on adjustable rate mortgages and more households are forced into foreclosure.

Seniors have an expanded range of independent living options. The supply of senior housing increased by 1,659 units from the year 2001 to 2005. At the same time, however, the number of nursing units, assisted living units, and subsidized assisted living units has declined—indicating a potential shortage in housing for seniors with the most needs.

Economic Growth & Diversification

A comparatively robust economy underlies high and rising housing demand. Strong job growth in and around Montgomery County has ensured a steady base of demand for housing. The County has added more than 300,000 jobs since 1975—effectively doubling its employment base over the past thirty years. It is now a major job destination with more than half a million people working in the County. The stability of the regional economy—anchored by the federal government—has tended to buffer the impact of economic shocks such as the dot-com bust and September, 2001 terrorist attacks.

Job growth is expected to slow as a result of limited growth capacity. The existing jobs/housing ratio (1.4) indicates a slight surplus of jobs relative to housing. When jobs exceed housing capacity, an area must import workers, increasing housing prices or forcing workers to endure longer commutes. Limits on commercial development capacity are expected to generate an optimal ratio of 1.5 to 1.6.

Constraining job growth can have negative consequences. Effective management of growth enhances economic development by maintaining a stable fiscal climate and ensuring adequate funding for quality schools, services, amenities and infrastructure. Even so, economic growth rarely occurs at a steady pace. If local companies are unable to expand locally during crucial periods of rapid industry growth and restructuring—especially in technology-driven sectors—the County could fall behind in the competition for future business and talent.

Suburban patterns of growth and transit connectivity issues have resulted in a high percentage of workers that commute by driving alone (72 percent). There are few, convenient cross-County transit options. MARC is the only direct cross-County rail option with limited service between Germantown and Silver Spring. The majority of County-based transit is bus-oriented. Bus routes typically require riders to switch buses at least once between housing and employment cores. Additionally, bus schedules are often unreliable due to heavy traffic conditions in the County.

Many businesses and employees are favoring clustered development patterns over sprawl. There is growing evidence that sectors traditionally based in suburban campus style developments—including life sciences and IT—are drawn to urban centers for the same reasons that have attracted creative and professional businesses—housing, transportation and amenities attractive to their workforce and provide a denser base of ties to industry services, suppliers and customers.

Housing Supply & Demand

The Affordable Housing Gap

The County has a sizeable shortage of affordable housing that will persist if existing land use patterns are maintained.

The following tables show the relative availability of units affordable to households within a given income range, based on an estimated rent or total housing cost of no more than 30 percent of income. There is a net shortage of 43,000 units in Montgomery County housing available to households earning less than \$90,000 per year, while there is a surplus of housing available to higher incomes, especially those earning more than \$150,000 per year. The 2006 median household income in Montgomery County was \$91,641. If there is no change in existing land use capacities and development plans, the gap in affordable housing—based only on household income—will remain almost unchanged in 2030.

Summary of Demand and Supply Imbalance (2005)

Annual Household Income	Affordable Monthly Housing Cost	Number of Units Demanded	Number Supplied (Owner Occupied)	Number Supplied (Renter Occupied)	Sufficiency/ (Deficiency)
Less than \$30,000	Less than \$749	39,942	619	12,510	(26,813)
\$30,000 to \$59,999	\$750 to \$1,499	77,926	8,325	59,940	(9,661)
\$60,000 to \$89,999	\$1,500 to \$2,249	68,196	48,337	13,680	(6,179)
\$90,000 to \$119,000	\$2,250 to \$2,999	57,585	64,790	2,340	9,545
\$120 to \$149,000	\$3,000 to \$3,749	36,099	47,083	900	11,884
\$150,000 and above	\$3,750 and above	67,251	93,296	630	26,676

Summary of Demand and Supply Imbalance (2030)

Annual Household Income	Affordable Monthly Housing Cost	Number of Units Demanded	Number Supplied (Owner Occupied)	Number Supplied (Renter Occupied)	Sufficiency/ (Deficiency)
Less than \$30,000	Less than \$749	50,797	1,491	19,478	(29,828)
\$30,000 to \$59,999	\$750 to \$1,499	99,104	12,465	93,327	6,688
\$60,000 to \$89,999	\$1,500 to \$2,249	86,729	52,631	21,300	(12,799)
\$90,000 to \$119,000	\$2,250 to \$2,999	73,234	75,304	3,643	5,713
\$120 to \$149,000	\$3,000 to \$3,749	45,909	60,197	1,401	15,689
\$150,000 and above	\$3,750 and above	85,527	105,701	981	21,156

The housing crisis disproportionately affects families.

The severity of the existing and future affordable housing crunch is more apparent when the analysis factors in the ability of households to find affordable housing appropriate to their family size (described in terms of number of bedrooms)—a key element of choice.

When household size is taken into account, there is an estimated overall shortage of nearly 50,000 affordable housing units in Montgomery County. This represents the total number of housing units needed by households of various size and income levels over and above the amount of available in the current housing stock. If there is no change in existing land use capacities and development plans, the gap in affordable housing will grow to an estimated 62,000 by 2030.

The existing housing gap indicates that an estimated 50,000 households Countywide are either experiencing an immediate housing crunch—spending more than 30 percent of their income to rent or own their homes, or living in units that are too small for their families—or would be unable to afford to buy their homes today.

Existing Housing Supply & Demand Conditions (2005)

Annual Household Income	Affordable Monthly Housing Cost	PERSONS IN HOUSEHOLD				Total
		1	2	3	4+	
Less than \$30,000	Less than \$749	(9,932)	(6,666)	(4,884)	(5,331)	(26,813)
\$30,000 to \$59,999	\$750 to \$1,499	3,273	(40)	(3,149)	(9,745)	(9,661)
\$60,000 to \$89,999	\$1,500 to \$2,249	3,765	(2,175)	(1,768)	(6,002)	(6,179)
\$90,000 to \$119,000	\$2,250 to \$2,999	7,414	448	(219)	1,902	9,545
\$120 to \$149,000	\$3,000 to \$3,749	6,275	1,821	233	3,556	11,884
\$150,000 and above	\$3,750 and above	14,356	5,471	2,505	4,344	26,676
	Net Surplus / (Deficit)	25,150	(1,141)	(7,283)	(11,275)	5,451

Projected Housing Supply & Demand Conditions (2030)

Annual Household Income	Affordable Monthly Housing Cost	PERSONS IN HOUSEHOLD				Total
		1	2	3	4+	
Less than \$30,000	Less than \$749	(9,991)	(7,412)	(5,895)	(6,529)	(29,828)
\$30,000 to \$59,999	\$750 to \$1,499	13,364	5,692	(1,790)	(10,578)	6,688
\$60,000 to \$89,999	\$1,500 to \$2,249	3,755	(4,171)	(3,076)	(9,307)	(12,799)
\$90,000 to \$119,000	\$2,250 to \$2,999	9,061	(1,186)	(1,484)	(677)	5,713
\$120 to \$149,000	\$3,000 to \$3,749	9,057	2,632	283	3,717	15,689
\$150,000 and above	\$3,750 and above	16,814	3,344	875	122	21,156
	Net Surplus / (Deficit)	42,060	(1,102)	(11,087)	(23,252)	6,620

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The affordability crisis is reaching up the income ladder.

Low-income households. As would be expected, the affordability crisis is felt most acutely among the County's lowest income households. Without a substantial change in the existing housing environment, this segment of the community will continue to struggle to find affordable shelter.

Moderate income households. Households that are earning between 60 percent and 80 percent of area median income (AMI) based on their household size also face a substantial shortage of affordable housing. In particular, the housing needs of moderate-income families with 2 or more children are likely to go unmet without a change in development patterns. On a positive note, if the County's stock of multi-family housing continues to expand by the amount forecast under current master plans and approved development plans, the burden is expected to ease for some moderate income household segments—mostly singles, couples and small families.

"Workforce" households. In 2005, households earning between \$60,000 and \$90,000 per year faced a shortfall of nearly 10,000 housing units targeted to their income and household sizes. By 2030, the shortage of housing in that income band is expected to increase by 65 percent to more than 16,500 units. Most households earning from \$90,000 to \$120,000 annually can afford a home in Montgomery County today; by 2030, there will be an estimated shortage of 3,500 units for households in this income band. More affluent households may choose to occupy less expensive units—driving housing prices still higher and crowding out households of moderate and lower incomes.

The affordable housing crisis will have multiple impacts.

Housing-burdened middle-class households are likely to leave Montgomery County. In the past, these out-movers—especially skilled blue collar and service workers—tended to stay in the region, settling in outer suburban and rural counties. However, higher gas and living costs have made this adjustment untenable; if households or moderate means are unable to find acceptable housing closer to job centers, the County risks losing access to this vital skill base altogether. Area businesses will find it increasingly difficult to attract employees from less expensive housing markets, or retain lower-wage employees and those with families.

Rising foreclosures are just one part of the burgeoning affordability issue. If housing supplies do not expand to meet current or projected levels of unmet need, growing numbers of households will be forced to spend more of their income on housing—leaving less money available for utilities, maintenance, transportation, retirement savings, education, leisure and other expenditures. A large concentration of distressed households can destabilize a neighborhood, piling additional costs on residents and communities in the form of blighted appearance, rising vandalism and other crime, higher insurance premiums, lower health indices, lower school achievement and more .

Housing Supply & Demand Analysis

Continued market failures

Market forces are unlikely to close the affordability gap described in the previous section. In theory, high housing prices should stimulate homebuilding, expanding housing supplies until prices return to more affordable levels. There are several obstacles to such a market-driven adjustment.

- Options for expanding supply are constrained while underlying demand—especially among high-wage jobs—remains strong.
- High labor, land and construction material costs tend to make it more profitable for builders to target higher-income market segments, even when there are subsidies to produce moderate-income housing.
- The recent downturn in the housing market is unlikely to resolve the shortage. The housing market bubble of the past few years merely exacerbated an already-serious affordable housing crisis. Prices will decline from their peak levels in the 2002-2006 housing bubble, but continued high demand and sharp supply constraints will keep prices up.
- The recent tightening of credit availability further constrains the ability of households to purchase housing.

Policy implications

Until recently, the basic housing challenge in Montgomery County has been to keep pace with burgeoning population growth, while providing for the most vulnerable groups in the community. Thus, the existing policy mix essentially aims to (1) provide incentives to create affordable housing; and (2) target demand-side assistance for at-risk population groups.

The County's existing policy mix is unlikely to meet the scale of need, which now extends to a substantial share of the County's population and will worsen in the future. A key problem is that our existing tool set works best in a relatively robust fiscal and economic environment.

- Demand-side subsidies—rent vouchers, homebuyer tax breaks, foreclosure prevention and other assistance—are expensive, and federal support for these measures has dwindled. County resources—especially when constrained by unstable property tax revenues—are unlikely to cover the expanding base of need.

- Existing supply-side initiatives—chiefly inclusionary zoning—have worked very well in the past. Even so, these tools—including MPDUs, workforce and productivity housing—typically count on a robust housing market. These policies work less well when the market is cool—especially if other policies such as impact fees increase the costs or reduce potential operating income for developers.

Recommendations

Given the wide-reaching consequences of Montgomery County’s affordable housing crisis—as well as the limits of any single policy measure to address all aspects of the problem—the issue needs to be addressed by a comprehensive portfolio of supply and demand-side initiatives. The following recommendations focus on policies—especially land use and development regulations—that can be addressed in a general and master plan or development review context.

Demand-side measures

While planning departments typically use supply-side policies, their efficacy depends heavily on understanding and responding to demand-side factors, especially affordability and choice. The following principles should be kept in mind.

- Rethink homeownership as a goal. With a current homeownership rate above 70 percent, the County should continue expanding multifamily to provide more rental options.
- Continue meeting the needs of households at all life stages. The increase in multi-family housing has eased the housing crunch for some segments of the community, especially young adults, singles and seniors. However, more needs to be done to meet the needs of families of modest means (keeping in mind that this includes many families earning at or above the median income). The trend to larger multi-family dwellings and high-intensity single-family dwellings should be encouraged, and augmented by allowing accessory structures and smaller lot developments.
- Continue promoting more urbanized development patterns. Sprawl is no longer a viable antidote to the affordability crisis. Higher gas prices drive up the cost of homeownership, especially for distant suburbs. Consumers increasingly are likely to prefer close-in housing options.
- Emerging industry sectors tend to favor clustered development patterns over sprawl. Even industries traditionally based in suburban campus style developments are beginning to adapt to more urban environments that supply the housing, transportation and amenities attractive to their workforce and provide a denser base of ties to industry services, suppliers and customers.
- Understand the vital role that services, transportation, amenities, healthy environments and other enhancements can play in offsetting housing costs by supporting access to jobs.

- At the same time, consider linking housing developments to services designed to ease the burden on stressed households, especially for projects that might generate gentrification pressures that could undermine established communities.

Supply-side measures

The creation and preservation of affordable housing must be a cornerstone of land use and development planning.

Redevelopment should be consistent with the concepts set forth in the report *Framework for Planning In The Future: Revitalizing Centers, Reshaping Boulevards, and Creating Great Public Spaces*. Many existing commercial centers offer opportunities for increased residential density in proximity to employment centers and retail opportunities. These revitalized centers will also need to be better connected, which the County can accomplish by improving transit service, reconnecting communities to the grid, and improving pedestrian and bicycle amenities and connectivity. Finally, increasing density in areas targeted for growth will cause the market to increasingly demand better public spaces.

Potential strategies might include the following:

- Rezoning to higher density—or implementing minimum density requirements in the use of our zones. Historically, we have typically only used about 60 percent of the density allowable in our zones.
- Allowing smaller lots, which would be appropriate for cottage zoning, as an example.
- Allow—and encourage construction of—accessory apartments in all or nearly all areas of the County, especially in areas proximate to metro stations
- Permit flexible-unit size apartment buildings, where walls, plumbing and utilities are built to allow easy reconfiguration to respond to changing market for unit sizes.
- Reduce parking requirements for affordable housing projects, especially near transit and mixed use developments.
- Avoid over-loading projects with fees and exactions—especially in weak market environments—that could render an otherwise promising project economically unviable.
- Allow planners greater flexibility to negotiate with developers to achieve a desired mix of density, affordability and supporting amenities without burdening individual projects with a standard set of requirements. Focus on ensuring provision of amenities and mitigations with community- or neighborhood-wide—rather than project-specific—benefit.
- Expand greentape assistance. Ensure that all development applications with at least 20 percent affordable or workforce housing are entered into an accelerated review process.



Housing
Element
of the
General
Plan
approved
April 2011

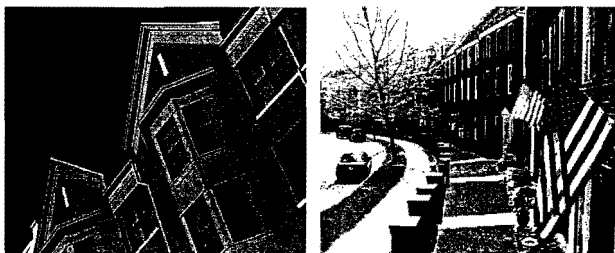
Housing values in Montgomery County are among the highest in the Washington Metropolitan area. This reflects both strong demand and the County's reputation for the high quality of services, environment, and neighborhoods. While the strength of the housing market has undergirded neighborhood stability and made a Montgomery home a sound investment, it has also produced a chronic shortage of housing that is affordable for much of the County's work force and other moderate and lower income households.

The County developed a landmark inclusionary zoning program, the Moderately Priced Dwelling Unit (MPDU) ordinance in the 1970s. This program was augmented in 2006 by a workforce housing program. The County has concurrently pursued an aggressive program to build publicly assisted housing. However, none of these efforts have been able to satisfactorily address the need for housing that a large segment of County residents and workers can afford.

The County population is forecast to exceed one million by 2013, and to add 172,000 residents between 2010 and 2030, which means that the County will need 75,500 additional housing units in the next 20 years. Due to declining household size, household will grow faster than the population and many existing households will change their housing requirements. The greatest needs will be for seniors, young households, large families, and people with special needs—disabled residents, homeless individuals, and families. There will be strong and growing demand for rental units.

Only four percent of the County land zoned for development remains undeveloped (14,000 acres). That acreage includes environmentally sensitive areas, and most of it is scattered with few large assemblies. It is clear that County housing needs cannot be met traditional patterns of low-density development that pushed ever outward. As transportation costs grow, the cost of commuting can cancel out any reduction in housing costs, not to mention the effect of increased miles of travel on both air quality and roadway congestion. Moreover, growing concern for the environment and the need to reduce the carbon footprint of development are generating a major shift in both the supply and demand for housing. New housing must be developed by rethinking the future of the County's auto-oriented commercial strips, and its surface parking lots (most of them paved before modern stormwater management requirements existed), and by making the most of opportunities for housing near high quality transit service.

Thus, a combination of forces—a shrinking supply of developable land, higher land costs, rising energy prices, shifts in the County's demographic profile, and environmental constraints—direct us to housing policies that look inward rather than outward to accommodate the housing needs of the next generation for homes and communities that are balanced, convenient, and sustainable. Maintaining an overall balance of housing and jobs in the County is important to meeting affordable housing goals, providing opportunities for people who work in the County to live in the County, and encouraging transit use.



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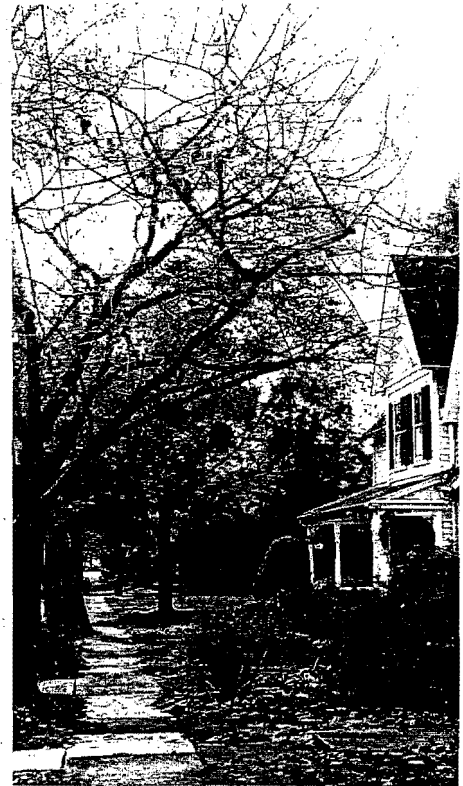
The following definitions are used in this element of the General Plan.

Affordable Housing—Housing is considered affordable when approximately 30 to 35 percent of a household's gross income (for households earning up to 120 percent of area median income) is spent on rent or principal, interest, condominium or homeowners association fees, property taxes, and private mortgage insurance.

Moderate Income—Households earning between 50 and 80 percent of area median income. (This is the U.S. Department of Housing and Urban Development's definition of low income.)

Low Income—Households earning up to 50 percent of area median income. (This is the U.S. Department of Housing and Urban Development's definition of very low income and the County's definition for Low Income included in Chapter 25B of the County Code.)

Middle Income—Households earning between 80 and 120 percent of area median income. (This definition includes the income range for the County's voluntary Workforce Housing program.)

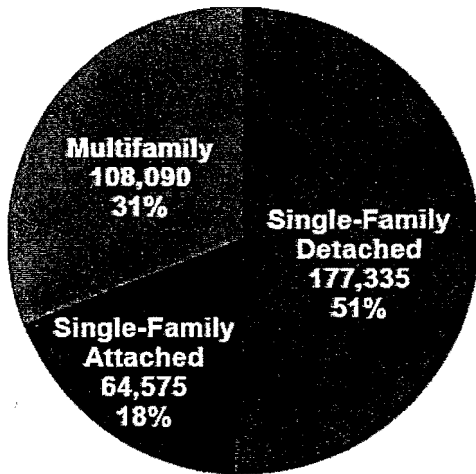


goals

1. Conserve and care for existing neighborhoods and the existing housing stock.

In the 20-year period covered by this element of the General Plan, most County neighborhoods can expect to undergo normal turnover as homes change hands. But these small, incremental changes can, over time, produce significant impacts on the neighborhood as families with children replace empty nesters, renters replace owners, and newcomers need different services and facilities. Maintaining the quality of established neighborhoods is essential to sustaining the quality of their homes.

Older neighborhoods of modest single-family and townhomes or garden apartments are especially vulnerable to decline if services are not adapted and maintained, and housing and zoning codes are not enforced. They are also susceptible to tear-down and infill development because they are often well-located in down-County and mid-County areas near employment and shopping centers, services, and public transit routes. These neighborhoods also contain the bulk of housing affordable to households with moderate and middle incomes in Montgomery County—over 140,000 affordable units in 2009. This is double the number of affordable new units that can reasonably be expected to be added to the housing stock by 2030. Master plans, in particular, must devote special attention to protecting existing neighborhoods.



In 2005, about one-half of our households lived in single-family detached houses.

2. Concentrate new housing in mixed-use, transit-oriented areas.

Large scale housing subdivision is nearing its end in Montgomery County. Most of the new housing that will be built during the years covered by this element of the General Plan will be multifamily buildings in mixed-use centers served by public transportation and in redeveloped commercial strips and malls.

Higher densities and smaller units can combine with lower energy and transportation costs to bring the cost of living in the County within affordable ranges for many more residents, whether they are new to the area, acquiring a first home, or changing homes as their needs and circumstances change. Focusing growth in higher density, mixed-use, transit-oriented centers also meets other important planning objectives, including reducing the per capita carbon footprint of new growth, diversifying the housing stock, and creating vibrant pedestrian-oriented communities.

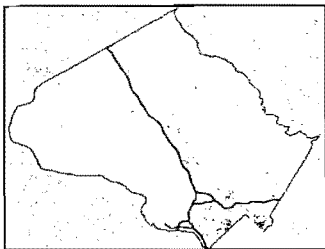
3. Encourage and maintain a wide choice of housing types and neighborhoods for people of all incomes, ages, lifestyles, and physical capabilities at appropriate locations and densities. Implement policies to bridge any housing affordability gaps.

Normal home value appreciation in a strong housing market such as Montgomery County's, the loss of some moderately priced units to redevelopment, and the loss of Moderately Priced Dwelling Units as their control period ends means that the gap between supply and demand of units affordable to low, moderate, and middle income households must be monitored to see if adjustments should be made to policies or programs.

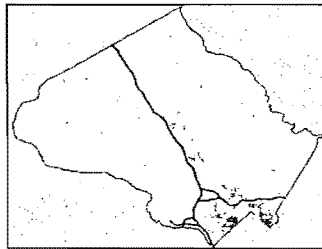
Expected rates of new housing production cannot keep pace with price increases that remove existing units from the market and the need to provide housing to new residents of low and moderate incomes. In 2009, the County had a shortage of 43,000 units that were affordable for households earning less than \$90,000 a year (just below the 2009 County median income for a family of four), but that number approaches 50,000 when household size is taken into account. In contrast, a surplus of units was available to those with more than \$150,000 in annual household income. Projections completed in 2008, when housing prices were steadily appreciating, estimated that by 2030 it will be difficult for a household with an annual income of \$120,000 (in constant 2009 dollars) to afford a home in much of Montgomery County. By then, the gap in affordable housing is estimated to reach 62,000 units. This Housing Element recommends a series of public policy actions that should be taken to reduce the affordability gap.

Housing Inventory 1920-2007

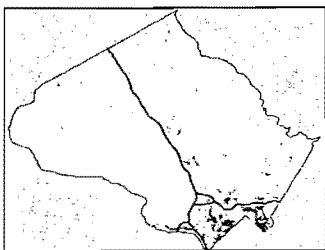
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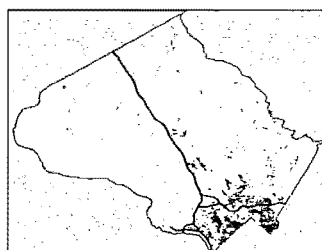
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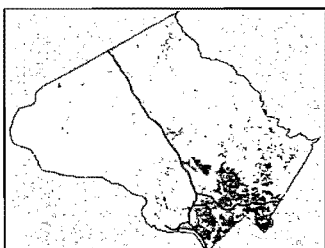
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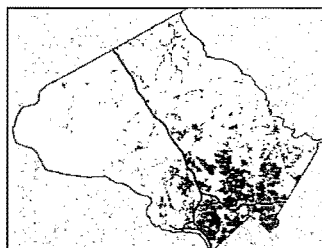
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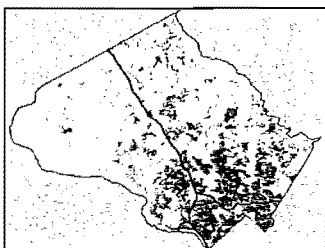
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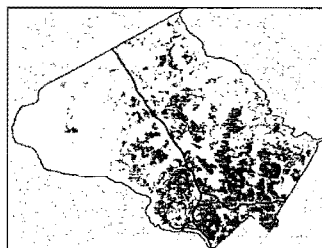
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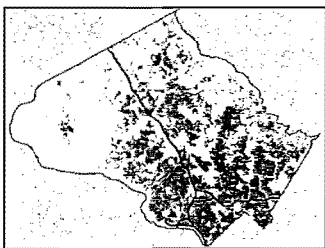
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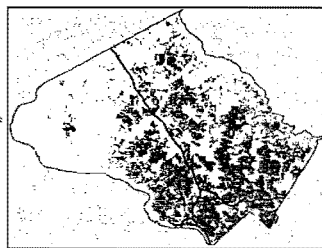
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A strategic framework for achieving these goals informs master planning, regulatory reform, public investments and expenditures, and engages the public, private, and independent sectors. It involves the following elements.

- The General Plan's **Wedges and Corridors** remains the framework for development in Montgomery County. This element of the General Plan expects all residential development to conform with Wedges and Corridors as refined by master plans and sector plans.
- **Master plans** must address existing and future housing needs with particular attention to protecting and enhancing neighborhoods that contain a substantial stock of affordable units and to increasing opportunities for a high jobs-housing ratio in areas served by public transportation. Housing should include units affordable to low, moderate, and middle income families.
- **Development regulations** should reflect the goals of providing housing near transit, jobs, and services; producing a wide and diverse range of affordable unit types and sizes; and reducing regulatory requirements and procedures that discourage production of affordable housing units. The Zoning Ordinance should be revised to clarify that housing affordable to low, moderate, and middle income households is a permitted use in all residential zones. Excessive or unnecessary barriers to providing affordable and special needs housing, such as parking or special exception requirements, should be removed. The regulatory system should link provision of housing to nonresidential development by encouraging mixed uses or a fee-in-lieu payment to the County's Housing Initiative Fund.
- **Sufficient revenue sources** are needed to maintain the Housing Initiative Fund and to provide for rental assistance programs. Capital programming must be monitored by the Planning Board, County Executive, and County Council to ensure that funding is available for neighborhood stabilization and improvements such as sidewalks, parks, and other facilities needed for high quality, non-auto mobility.
- **Surplus public properties suitable for affordable housing** should be made available to public and nonprofit agencies for assisted or below market housing. Projects involving the redevelopment of public land or facilities, such as parking facilities, must provide more low, moderate, and middle income affordable housing than the minimum requirement. Property designated as parkland is not considered surplus.
- **Public agencies should collaborate** with and provide technical and/or other form of assistance to housing cooperatives, faith-based organizations, neighborhood housing groups, and employers to provide for the production and preservation of affordable housing.
- The Planning Board, Executive, and Council should **periodically review the supply and demand** for rental and for-sale housing to determine if adjustments in housing policies or programs are needed to meet the needs of County residents.

Together, these strategies move Montgomery County toward a more sustainable future. The housing stock will be more diverse, more of it will be affordable for people of modest means, and a higher proportion of it will be built in walkable, mixed-use communities that have lower environmental impacts and smaller carbon footprints.

objectives

- 1. Housing and Neighborhood Connectivity:** Concentrate most new housing near public transportation and provide easy, multi-modal connections to jobs, schools, shopping, recreation, and other leisure activities.
- 2. Diverse Housing and Neighborhoods:** Create diversity in the type and size of units, neighborhoods, facilities, and programs to accommodate current and future residents.
- 3. Housing and the Environment:** Provide economically and environmentally sustainable housing and neighborhoods.
- 4. Housing and Neighborhood Design:** Create more balanced, attractive, and walkable neighborhoods through regulatory reform of private developments and leadership in design of public projects.

Achieving each objective will require reinforcing current policies and establishing new policies.



Objective 1:

Housing and Neighborhood Connectivity

Concentrate most new housing near public transportation and provide easy, multi-modal connections to jobs, schools, shopping, recreation, and other leisure activities.

Policies

- 1.1 Build the majority of new housing in transit-oriented locations and near jobs and employment centers.
- 1.2 Increase infill housing opportunities in suburban office parks, shopping centers, and other underused properties.
- 1.3 Coordinate infrastructure investment in existing and new neighborhoods to create a high level of mobility options that connect people to where they live, work, shop, and play.
- 1.4 As older strip commercial areas and surface parking lots are redeveloped, include housing and improve non-vehicular connectivity through the most direct pedestrian and bike routes between homes, jobs, retail, recreation, schools, and public services.



Objective 2:

Diverse Housing and Neighborhoods

Create diversity in the type and size of units, neighborhoods, facilities, and programs to accommodate current and future residents.

Policies

- 2.1 Strengthen the stability of established neighborhoods through targeted programs that improve schools, parks, safety, and new or upgraded pedestrian and bicycling facilities.
- 2.2 Make housing affordable to low, moderate, and middle income households a priority in all parts of the County.
- 2.3 Encourage neighborhood diversity with a range of unit sizes, types, and occupancy (including rental and ownership options).

- 2.4 Ensure that infill development complements existing housing and neighborhoods.
- 2.5 Mix housing with other uses with special care in ways that promote compatibility and concern for residents' need for safety, privacy, and attractive neighborhoods.
- 2.6 Provide for appropriate redevelopment of residential property when conditions warrant.
- 2.7 Protect residential neighborhoods from excessive traffic and discourage spill-over parking from nonresidential areas.
- 2.8 Create mixed-use neighborhoods with local small retail businesses and basic services within walking distance of housing.
- 2.9 Use special care to plan uses at the edges of high-density centers that are compatible with existing neighborhoods.
- 2.10 Encourage shared parking facilities in high-density, transit-oriented, mixed-use developments to reduce parking and environmental costs in new housing construction. Encourage parking to be provided as a separately priced and purchased amenity in high-density areas.
- 2.11 Continue the partnership between Montgomery County and the Housing Opportunities Commission to acquire vacated properties for affordable and low, moderate, and middle income housing, including land donations from banks, grant programs, and other charitable groups.
- 2.12 Encourage housing cooperatives, faith-based organizations, neighborhood housing groups, and employers to use their existing property or to purchase land and buildings for the production and preservation of housing affordable to households with low and moderate incomes.
- 2.13 Provide underused and strategically located surplus public properties for housing, including units affordable to low and moderate income households, at a higher percentage than required in the MPDU program and using best design practices. Property that is designated as parkland is not considered surplus.
- 2.14 Encourage projects that mix condominiums and rental units, allowing income restricted units to avoid high condominium fees.
- 2.15 Promote full inclusion of all ages, stages of life, and physical abilities by encouraging design and construction that incorporate visit-ability and live-ability features in new construction and major renovations.
- 2.16 Promote efforts to make it easier for seniors to stay in their homes as long as they desire. Develop programs and partnerships to help small households and seniors find and occupy housing that is right-sized for their needs, so that oversized homes do not become a burden and so the existing housing stock is available for appropriately sized households.
- 2.17 Discourage deterioration of housing through enforcement of housing codes.
- 2.18 Enforce housing and zoning codes to prevent overcrowding.
- 2.19 Encourage licensed child and adult daycare facilities in mixed-use developments.

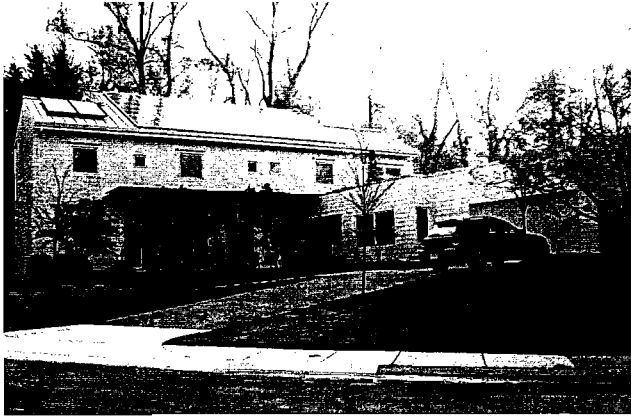
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Objective 3:

Housing and the Environment

Provide economically and environmentally sustainable housing and neighborhoods.

Policies

- 3.1 Continue to adopt green and energy efficient building standards for new construction (such as the International Energy Conservation Code) and encourage the use of green and energy efficient design and materials in residential renovation and retrofits to create more sustainable housing, on-site energy production, and water conservation and re-use.
- 3.2 Reduce parking requirements for residential units near transit and within parking lot districts to decrease impervious surfaces and carbon emissions, and to increase affordability.
- 3.3 Consider appropriate incentives for the use of pervious pavers and other materials and strategies that reduce stormwater runoff. These techniques should mitigate the impact of allowable impervious surface rather than increase the footprint of development above what is currently permitted.
- 3.4 Encourage smaller housing units that can serve changing households and reduce energy costs.
- 3.5 Promote the use of federal, state, local, and private programs available for rehabilitating older housing units so that they are energy efficient and healthy.
- 3.6 Require best practices in stormwater management and gray water strategies, including green roofs, swales, and filtering combined with underground storage tanks for controlled release as well as reuse.
- 3.7 Require conservation of tree canopy and sustainable site design, including native plants and conservation landscaping techniques as well as soil decompaction strategies.
- 3.8 Invest in public infrastructure including transit, water and sewer, and stormwater management to keep neighborhoods healthy.





Objective 4.

Housing and Neighborhood Design

Create more balanced, attractive, and walkable neighborhoods through regulatory reform of private developments and leadership in design of public projects. Ensure that the regulatory process does not pose barriers to housing production, especially for housing affordable to low, moderate, and middle income households.

Policies

- 4.1 Plan for transit-oriented neighborhoods that provide a full range of housing opportunities for all residents, including the work force employed in the transit corridor.
- 4.2 Facilitate the production of attractive housing and neighborhoods with innovative design of the public realm and architecture, including creative building techniques, materials, and mix of unit types.
- 4.3 Create design guidelines to help define quality public spaces and walkable communities.
- 4.4 Create pedestrian-oriented public spaces to support the needs of a diverse population.
- 4.5 Include housing affordable to low, moderate, and middle income households in all suitable public building projects in appropriate locations throughout the County.
- 4.6 Encourage new and innovative construction techniques and products, such as green technologies and modular components.
- 4.7 Review whether uses that contribute to diversity in housing, and to walkable, transit-oriented communities, and that are currently approved by special exception should be allowed by right if appropriate conditions and standards are in place.
- 4.8 Expedite approval reviews for housing that meets the strategic objectives of affordability, environmental sustainability, and transit serviceability.
- 4.9 Continue efforts to consolidate sequential review and approval processes into one coordinated, concurrent process.
- 4.10 Ensure that all master plan and sector plan amendments address the need for housing for low, moderate, and middle income households, and promote specific strategies to meet that need including height and density incentives and flexibility.



Summary of Public Hearing Testimony on 2012 Draft Housing Policy

(from Linda McMillan, Council staff)

1. Commission on People with Disabilities

Housing Policy should recommend an increase in accessible and affordable housing. (Noted efforts in Baltimore City, Howard County, State of Maryland, and Virginia's Livable Home Tax Credit.)

Address housing for those with spinal cord injury and brain injury in CDBG projects. Look at replicating units at HOC's MetroPointe (37 people have been identified as living in nursing homes and being eligible for the Living at Home Waiver Program.)

Require that new construction and renovations to MPDUs and publicly funded housing meet minimal accessibility such as one no-step entrance.

Provide tax incentives to builders to include VisitAble and livable features in their homes.

Assist people with minor home modifications after an illness or accident that limits mobility (40 homes @ \$10,000 per home for households below 60% of AMI).

Offer modification matching grants to landlords who promise to leave the modifications in place.

Provide technical assistance on cost effective ways for families to modify their homes when a family member has a mobility disability.

2. Housing Opportunities Commission (HOC)

Must be greater effort to ensure that more quality affordability is included in master planned communities, especially transit oriented development.

The current sector plan scoring system does not adequately promote mixed-income communities. The public benefit structure of the CR and CRT zones place creation of additional affordable units in direct competition with less expensive public benefits. The scoring system needs to be modified or other incentives put in place to make affordable housing production a priority over other public benefits.

A commitment from County Government to set aside publicly-owned land for mixed income housing development will increase the financial feasibility of these projects.

Acknowledgement of the limits of the MPDU program in addressing the shortage of affordable housing is critical to dialogue about other means of promoting and achieving affordability, especially for households with incomes below MPDU levels. HOC would like to engage in strategic planning with DHCA.

3. Montgomery Housing Partnership (no written testimony)

70,000 (or about 7½ %) county residents live in poverty. The need for affordable housing is acute. Poverty and home prices are rising.

The County is losing its supply of affordable housing. In 2000, 68% of housing was affordable to households at 60% of AMI; in 2012 this is now 54% of housing.

While the report is a critical first step we must ensure there are adequate resources to implement these policies. There has been a significant decline the funding available in the HIF for the production of affordable housing.

Agree that affordable housing should be a priority county-owned land.

Affordable housing should be a priority where a variety of transit option exists.

This is an opportune time to develop policies for preservation of affordable housing around the proposed stops for the Purple Line. This can be done while at the same time encouraging redevelopment.

4. Action in Montgomery

Seniors are particularly impacted by the lack of affordable housing and lower-income seniors are most at risk for losing housing. Many seniors who need assisted living cannot afford it.

HIF should receive the equivalent of 2.5% of property tax per the Council's policy. The single most important step to crease more affordable housing is to restore dedicated annual funding to the HIF. Private foundation funds should be sought for the HIF. An impact fee on non-residential development to fund affordable housing should be adopted.

Priority to use publicly-owned land for affordable housing is good policy as long as affordable housing is a large component (like Bowie Mill).

Goal of 50 more units of senior housing a year is too low; minimum should be 125 units per year.

Metrics are needed throughout the Housing Policy. Goals that are included are too low; 500 MPDUs per year should be the minimum. The Policy lacks urgency and accountability.

New zoning re-write should be coordinated with the Housing Policy.

(Note: AIM also provided specific page-by-page recommendations)

5. Independence Now

Agree with Policy's emphasis on "Housing First"

Independence Now is working with 15 people who are living in nursing homes but could be living independently and are already approved for services. All that is needed is barrier-free housing. An additional 50 people have indicated their preference to live in the community.

HOC has 100 vouchers for Non-Elderly Disabled Category 1 housing.

Concerned about the use of the term "special needs housing" when talking about supervised living group homes that are barrier free homes where people are living independently.

Pleased that VisitAble homes are included in the policy. Increase in VisitAble homes will not be achieved unless it is mandated. So far the Design for Life Program has produced 25 new homes and 25 remodeled homes.

Affordable accessible homes must be a priority. Many people with disabilities are unemployed or over employed. Many accessible units are above rent reasonability or voucher maximums.

Public money should not be invested in housing that creates barriers that serve to isolate and discriminate against people with mobility difficulties.

6. League of Women Voters

The overall goals listed in the Executive Summary should be followed by the Proposed Annual Production goals.

LWVMC supports low and moderate housing in all residential and mixed used zones. It must be included in transit oriented development.

Support accessory apartment without special exception.

Support the preservation of existing stock of affordable housing.

Support barrier-free and accessible housing and "Housing First" for the homeless.

Support MPDU program revisions to facilitate more affordable housing in high-rise rental projects. Do not support allowing developers to put MPDUs in separate, less expensive to build buildings.

Great need for housing for households with incomes below those eligible for MPDUs.

7. Jackie Simon

Almost all multi-family built since 1988 are efficiency, one or two bedrooms. This does not serve the range of households in need, such as families with 3 children or "sandwich generation" families taking in an aging parent.

As human rights issue, lack of basic access to housing limits choice for renting or buying. Lack of basic access to homes of family and friends isolates people with mobility and balance issues. Not being able to afford modifications can result in people living in homes that are unsafe.

The forced institutionalization caused by architectural barriers is a huge public expense to Medicaid and Medicare.

Basic access cannot be left to market forces alone. Numerous communities have mandated VisitAbility at a cost of \$0-\$670 per home.

8. Adventist Rehabilitation Hospital

Each year, 1,700 patients return to the community after a 2-3 week stay in the rehabilitation hospital. If their home is not accessible or they do not have caregiver services they go to a nursing home.

There are about 500 people under 60 years of age living in nursing homes who have signaled they would like to leave but don't have a way.

There is no incentive or reliable system to move the disabled out of nursing homes.

There are few accessible housing units and not process for linking the disabled individual to the housing list.

9. Michael Fitzpatrick

As a person with a disability he attested to the barriers to transitioning to the community from a long-term care institution, relocating with some type of public assistance or voucher, and staying in good standing with finances.

As the Housing Policy is implemented continue to invite the community of organizations for individuals with a disability to provide input.

Push the envelope for mixed income neighborhoods by looking for ways to create smaller communities of communal properties where people who are facing difficulties can draw daily support from each other.

10. Latino Economic Development Center

LEDC supports the goals of the Housing Policy and encourage the Council to see LEDC as a partner. The focus on affordable housing preservation, ensuring fair housing policies, and maintaining a decent affordable housing stock is urgent.

Tenant education and organization can help to ensure decent housing conditions and preservation of affordable housing. Preserving existing affordable housing is exponentially cheaper than building new affordable housing.

Support the Housing Policy's creation and preservation tools. The County should leverage its property near transit hubs. Work ahead of time can mean that redevelopment does not result in displacement of tenants.

The County should consider expanding tenants' ability to negotiate with private developers or purchase a building through right of first refusal. HOC should acquire at-risk rental properties. The voluntary rent guideline is an important tool that could be strengthened.

Encourage the Council to investigate the use of an affordable housing impact fee or similar alternative on all new non-residential development to provide funds to create and preserve affordable housing.

11. Pamela Lindstrom (on behalf of Pam Lindstrom and Sally Roman)

The vision and overall goals on page 1 of the Executive Summary are a better framework for the Housing Policy than the objectives of the Housing Element to the General Plan.

The Housing Policy should state whether 12.5% MPDU is enough to meet the need for MPDUs. Also clarify whether mixed-use housing includes any development that has the required number of MPDUs.

The Housing Policy needs to say affordable housing and workforce housing are a priority in all planning areas to clarify the role of affordable housing in the CR zone.

The Housing Policy should state that there should be consistent adequate funding for the HIF.

There are too many sub-objects and action plans, even in the Executive Summary. It should be condensed where possible. A few highlights from the demographics should be included in the Executive Summary. The numerical affordable housing goals should be in the Executive Summary.

The numerical goals for annual production of various types of affordable housing are too low to meet the documented need. There should be a goal of housing for households with incomes below the MPDU range of 60%-80% of AMI.

Important statements in the Housing Policy include: (1) an impact fee on non-residential development to support affordable housing, (2) making mixed income housing a "major preferred use" when publicly owned land is sold, (3) in addition to the statement about recognizing the MPDU program is only one element and continuing to explore additional programs add "especially for those with incomes below the MPDU level", and (4) reviewing the feasibility of establishing a more streamlined process for affordable housing through the Mandatory Review process and then normal site plan reviews.

12. Hillandale Citizens Association (no written)

We are a tremendously affordable community in eastern Montgomery County.

The Housing Policy call for addressing affordable housing in every master plan – the priority should be that it is addressed across the County. It was not included in White Flint and there should be more of an emphasis in places where it does not exist. There should be some equity and shared responsibility across the County

The Policy should look at naturally affordable housing. In Hillandale the median sales price last year was \$339,000 which is affordable. These neighborhoods need to be kept strong.

Abandoned houses are a problem. Hillandale has several dating back several years. The banks are paying the taxes but they are not in foreclosure. The County needs to find a way to get these houses back into the market. The District of Columbia has a program to address abandoned and blighted homes that include paying a higher property tax.

The current accessory apartment compromise needs works

DHCA and the operations of the Code Enforcement need to come into the 21st century and look at Craig's List and videos that are sent in. People should not just be told that these are unfounded complaints. Our communities can be made stronger and more stable.

13. Renters Alliance

The Housing Policy fails to acknowledge the growth in the number of renters in Montgomery County. The Policy only has protection for renters that require rental assistance, low-income seniors, the homeless, and the disabled. The Alliance supports these protections but most renters are in private units and may face unfair rent hikes and no-cause evictions.

The Housing Policy should at least include measures to stabilize rents in all rental housing and insure that responsible renters are stable in their homes in perpetuity. Policy should further protect renters against retaliation. There should be landlord education and tenant education. There should be further assistance to form renters associations. There should be a more responsive and accountable landlord-tenant complaint process. Standards for licensing should be required to make rental housing safe and secure. There should be a thorough and mandatory annual data collection process that includes all rental units and has penalties for inaccurate data. There should be a broader county and regional study of demographics, housing trends and living conditions.

Housing Policy should address community stability. DHCA should reconsider the draft in consultation with the Renters Alliance and other renter-interested individuals and groups to reflect the growing renter population in Montgomery County.

14. Greater Capital Area Association of Realtors (sent in)

Housing and land use policies should facilitate an increase in the velocity of the increase in the housing stock, whether for sale or rent. Based on projected potential employment growth in the next 20 years the pace for increasing housing units, especially affordable housing units must increase. There should be more focus on housing in planned growth areas and in potential transit categories.

Support stable source of funding for the HIF but concerned about imposing another impact fee on development, even non-residential. Research should be done on how other jurisdictions fund similar efforts.

MPDU program should be modified to remain successful. Incentives and flexibility should encourage more two, three, and even four bedroom units.

Analysis should be done to see if a mix of condo and rental units will make it more feasible to provide MPDUs in high-rise projects.

Housing is needed to all stages of life, sizes of families, and residents with special needs.

Create a County specific Employer Homeownership Assistance Program allowing employers to provide a loan (that is tax deductible to the employer) to an employee to assist with closing costs and down-payments.

More financial literacy and education should be provided, including teaching it in high school.

Revenue raising measures should avoid having an adverse impact on the still fragile real estate market.

**15. Justice and Advocacy Council of Montgomery County (sent-in)
(Archdiocese of Washington)**

The DHCA Draft Housing Policy demonstrates dramatically the pressing need that persists for housing for the lowest income county residents, including those with disabilities and those hoping to move from homelessness.

The goals for new housing units reflect reality and what is needed to address homelessness and other affordable housing needs.



Montgomery County Commission on People with Disabilities
Public Hearing on Housing Policy before the Department of Housing and Community Affairs
Patricia Gallalee, Chair
December 4, 2012

Good evening. My name is Patricia Gallalee and I am speaking on behalf of the Montgomery County Commission on People with Disabilities. I would like to take this opportunity to share with you our recommendations for the County's housing policy. We are recommending more ACCESSIBLE and affordable housing and we want to share with you an overview of what is happening elsewhere in our region:

1. Baltimore City requires visitable/livable features in all housing that is publicly funded.
2. Howard County introduced legislation two months ago that would authorize a property tax credit for homeowners installing certain universal design features within their homes. Below is a link to a Baltimore Sun article regarding the bill: http://www.baltimoresun.com/news/maryland/howard/columbia/ph-ho-of-council-hearing-side-0920-2-20120913_0_6176804_story
3. Maryland has passed legislation that requires builders of 11 units or more to offer livable/visitable features as options.
4. The Virginia Livable Home Tax Credit (LHTC) program provides state tax credits for building, purchasing, or remodeling homes and incorporating accessibility and universal design features. This year, the Virginia General Assembly increased the LHTC from \$2,000 to \$5,000 and expanded eligibility for the credit to include home builders to further encourage expansion of accessible housing opportunities.

We recommend that the Department do the following:

- Capture housing needs for those with spinal cord injuries and brain injury in any CDBG projects that may be proposed. We request that you look at new proposals for any CDBG awards as a way to assist persons with disabilities in the County. This could include replicating the current program for people with spinal cord injuries that has been demonstrated at Metropointe. Independence Now has identified 37 people living in MC nursing homes under the age of 60 who have indicated they want to live in the community and are eligible for the Living at Home Waiver
- Introduce legislation to require that new construction and renovation of publicly funded housing meet minimal accessibility such as having one no step entrance.
- Amend MPDU regulations to require that new construction and renovation of these units meet minimal accessibility such as having one no step entrance.
- We recommend that the County provide an incentive to builders and homeowners that include or add visitable or livable features to their homes. (e.g. tax credits or a reduction in permitting fees)
- Increase education and outreach for the Design for Life Montgomery "visit-ability" program in cooperation with permitting services by creating a resource there to help market the program when individuals come in for building permits.
- Assist persons with minor home modification after an illness or accident which limits mobility. We ask that a limit of 40 homes with a maximum of \$10,000 per home to be available to those below 40-60% of median income.
- Provide technical assistance to families for cost effective ways to modify their homes when a member has a mobility disability in consultation with DHCA, the American Institute of Architects (AIA) or permitting services
- Offer modification grants to landlords that promise to leave the accessibility improvements in place and match the grant money with their funds.

Lastly, in March, 2012, we understand that Mike Bingley of the Bowie Mill Road project offered to build Visit-Able units in the new Olney Springs community. If possible we request an update on the progress of this project. Thank you for the opportunity to provide comment this evening.

Testimony of the Housing Opportunities Commission
2012 Montgomery County Housing Policy
December 4, 2012

Good evening. President Navarro and Members of the Council, my name is Stacy Spann, and I am the Executive Director of the Housing Opportunities Commission. I appreciate the opportunity to speak with you this evening about the Housing Policy.

HOC would like to commend DHCA and other County staff persons on completing such a thorough policy document. Montgomery County faces significant challenges in meeting the burden of responsibly planning for housing that meets the region’s forecasted economic growth, while ensuring the implementation of policies and practices that promote affordability for citizens of all income strata. As housing costs rise, the mission of providing well-designed, amenity-rich, affordable housing becomes even more challenging. Given the breadth of the topics covered in the Housing Policy, HOC will limit our comments to general themes that we believe promote quality affordability in Montgomery County.

The County must make greater efforts to ensure that more affordability is included in master planned communities, especially those that are transit oriented development projects. HOC has previously provided testimony to Park and Planning emphasizing the fact that the current sector plan scoring system does not adequately promote mixed income communities. As the Housing Policy notes, simply requiring 12.5% MPDUs in master planned communities, does not produce affordable units at an adequate rate to accommodate current and future housing needs. Furthermore, the public benefit structure adopted by the CR and CRT zones places greater production of affordable units in direct competition with other less expensive public benefit features such as public art and exceptional design. Developers will continue to opt for less expensive public benefits in lieu of affordable housing units until the scoring system is modified or other incentives are implemented that clearly make affordable housing production a priority over other public benefits.

Increasingly, HOC will promote mixed-income housing, which utilizes innovative public-private partnerships. We have pursued mixed-income housing models in the past and are convinced that multi-layered financing models that combine the expertise and resources of private developers with the financing tools available to affordable housing agencies result in model communities. The support of the County in promoting mixed-income communities will enhance efforts to reach the production goals set out in the Policy, while ensuring that all families of all income levels are housed in quality housing. Because of the high cost of land in Montgomery County, a commitment from County government to set aside publicly-owned land for mixed-income housing development would increase the financial feasibility of mixed-income development projects.

The County's acknowledgement of the limited impact that the MPDU program has in addressing the shortage in affordable housing options is critical to opening dialogue about other means of promoting and achieving affordability for very low, low, and middle income families. Unfortunately, families with incomes below the MPDU level are left with too few options. HOC would like to engage in strategic planning with DHCA to promote other models for affordable housing development to effectively complement the MPDU program.

Economic pressures most certainly make the development of affordable housing quite challenging. HOC believes that the competing pressures that must be developed to provide quality affordable housing are an impetus for creativity and innovation. There are new financing and enterprise models that increase the likelihood of creating mixed-income, inclusive communities. We look forward to partnering with the County to model and support new methods of producing quality affordable housing.

**Testimony to Montgomery County Council
Draft Housing Policy**

**ACTION IN MONTGOMERY
December 4, 2012**

Introduction

I'm Dick Pavlin, Chair of the Senior Issues Team of AIM. AIM is -

- a nonpartisan alliance of 30 congregations
- advocating for affordable housing and
- other needs like transportation for our most vulnerable citizens.

AIM finds the Draft Housing Policy -

- a very good working draft of what a housing policy should include
- reflects DHCA staff's good grasp of the many factors to be considered in a comprehensive housing policy
- correctly focused on the growing work force housing needs and growing affordable housing needs of seniors and other special needs groups.

AIM found by holding 50 focus groups in our congregations that -

- seniors are particularly impacted by the lack of affordable housing
- lower-income seniors are most at risk of losing their housing
- many seniors needing assisted living cannot afford it.

We begin with the policy recommendation re the Housing Initiative Fund (HIF), page 11, Executive Summary

Discussion

I'm Liz Hofmeister, an AIM Leader. The Policy should provide for HIF to have

- dedicated and permanent funding via 2.5% of the property tax, as Council resolved in 2007 when it approved \$54 million for the Fund.
- the single most important step to create more affordable housing is to restore dedicated annual funding for the HIF.
- private foundation support like the Weinberg Fndn which has poured millions into housing in Baltimore should also be sought for the HIF
- the impact fee on non-residential development to support afford. housing should be adopted.

Giving housing the first priority consideration on publicly-owned land is good policy,

- as long as affordable housing is a large component.
- the ratio of 30% affordable housing, 30% work force housing and 40% market rate housing - like the Bowie Mill property -should be the model followed.
- expanding affordable rental senior housing on County land with County funds is wise policy, given the 45% increase of seniors projected by 2020.

At this session, Council staff suggests the Committee discuss several topic areas in the Draft 2012 Housing Policy. Council staff can then use information from this discussion to prepare specific recommendations for changes to the Draft. Council staff is providing discussion outlines about the following:

- Housing Policy Vision, Goals and Objectives – structure of the document
- Definitions
- Demographics and recommendations for further studies
- Language included in the Draft Policy regarding master plans and zoning.
- Senior Housing
- Housing for people with disabilities
- Affordable Housing Production Goals
- Policies specific to renters
- Recommendations for Existing Programs – affordable housing impact fee

AIM Testimony – Housing Policy pg 2

- but the goal of 50 more units of senior housing a year is far too low. 125 units of senior housing per year should be the minimum expected.

I'm Tow Cowley, an AIM Leader. As Council Pres. Berliner noted November 8 -

- metrics are needed throughout the Housing Policy to measure housing efforts - - where they are used as goals, they're far too low.
- 100 rental MPDUs a year is far too low a goal – we'll likely see over 500 MPDUs created in 2013 alone – 500 MPDUs a year should be the minimum.
- the density bonus incentive for developers makes sense, but metrics providing the most density for doing more than 12.5% MPDUs are needed
- putting affordable housing in Master Plans is good policy, but the new Zoning Re-Write must be coordinated with Housing Policy to avoid conflicts between the two. Council should require Park & Planning to integrate both documents.
- finally timeframes to achieve the goals are needed, – else the policy lacks urgency and accountability.

AIM has attached additional recommendations to this oral testimony for Council's consideration. We thank you for your commitment to affordable housing.

**ACTION IN MONTGOMERY
Draft Housing Policy**

Comments & Recommendations

**Executive Summary: Objective 1, Housing & Neighborhood Connectivity,
Sections A - E**

A. Plan for & promote new residential construction.

1) AIM notes the need for a metric on number of units as a goal. The George Mason study from which 163,000 new workers by 2030 was quoted indicates they will need 71,864 rental units. A time line for creating the units is also needed.

2) **"Develop master plans and provide adequate zoning capacity to meet current and future housing needs..."**

AIM recommends including the type of afford. rental housing in master plans..

3) **"Give housing the first priority consideration... [on] publicly owned land"**

AIM recommends afford. housing be the first priority – with the Bowie Mill ratio of Affordable Housing 30%, Work Force housing 30% and market rate housing 40% being the model used.

4) **"Build housing on excess county-owned land next to gov. facilities."**

AIM believes certain sites are more appropriate than others – example the new 3rd District Police Station is an excellent site for senior afford. housing. A process for identifying these sites is needed.

5) **"balanced distribution...of each price range..."**

AIM recommends "including afford. housing" be added to insure that the distribution of afford housing is inclusive.

6) **"Monitor the supply and demand of housing units..."**

This info should be provided for afford. housing, special needs housing, senior afford housing as well as market rate housing and should be expressed in number of units demanded and number supplied.

7) "Identify tools to explore the economic feasibility of afford. housing..."

The primary problem with creating afford. housing is financial and has been previously studied by the Afford. Housing Task Force in 2007 or 2008. They recommended an equity fund be established. This tool should be reviewed for its feasibility

8) B. "Promote housing ... in transit-oriented and employment areas."

Seniors should be among the target populations for these areas. Because they require smaller units with less bedrooms, they can contribute more to the density being sought in these areas.

9) C. "Promote more inclusionary and mixed-income communities."

AIM supports all 3 sub-points under C and suggests the County assess publicly owned sites in underserved areas for afford. housing."

Re "...seek adoption of inclusionary zoning by other entities..." the need to specify a County agency which will lead this effort is apparent.

10) D. "Expand afford. housing"

AIM obviously supports this policy,

13) "Over concentration of MPDUs in certain areas..."

AIM suggests the definition of over concentration include a metric such as over a certain percentage of MPDUs and that consideration be made of varying the metric in areas of different density restrictions.

14) "Understand impact of height and density restrictions..."

Make clear in the zoning code when a developer can/can't get bonus density due to height and density restrictions in the code.

15) "MPDU program is only one element in the afford. housing program..."

Reference the other elements in an afford housing program and indicate which offer the most efficient and effective way of expanding afford. housing.

Housing Analysis pg 3

16) "County funded Rental Assistance Programs areetc "

AIM supports increasing rental subsidies because some who receive these are seniors. As there are two rental subsidy programs – a "shallow," rent subsidy amounting to fewer dollars per month and a "wrap-around," rent subsidy amounting to thousands of dollars annually, the program which offers the most efficiency and effectiveness ought to be indicated

17) "Study Rental Assistance Programs"

AIM supports a study – but recommends the relationship between rental assistance and rent increases under the Voluntary Rent Guideline Program ref. on page 5 be part of the study. When rent increases are low, is less rental assistance required ?

18) "Put afford. housing in Master Plans "

Certainly and AIM supports this

19) "Reduce disincentives to afford. housing in the CR zone ..."

One of the disincentives is the CR zone incentive density bonus program in the new Zoning Re-Write which awards public benefit points toward a density bonus for such things as open space, transit proximity and adaptive buildings. The developer is able to earn a density bonus without doing affordable housing which reduces the number of bonus MPDUs that are likely to be obtained. AIM recommends that the Draft Housing Policy and the Zoning Re-Write be integrated and meshed so that conflicts and differences in approach can be resolved.

20) "Continue to partner with HOC ... seek business support of afford. housing ... identify adequate fiscal resources"

It is obvious that this has always been good policy. AIM's position is that the HIF should have dedicated funding of 2.5% of the property tax as Council resolved in 2007 but did not make permanent policy. Financing is the most important factor in solving the afford. housing gap as mentioned earlier.

Objective 2, Sections F, H & I

F. Provide more special needs housing

1) "...provide housing opportunities to meet the special housing needs of the elderly and persons with disabilities."

Housing Analysis pg 4

AIM supports including Seniors in special needs – but specific goals to provide policy guidance are needed. Example – 20% of afford housing produced should be special needs housing.

2) "Identify and implement programs to meet any shortfall of special needs housing ... increase rental subsidies ... to the most at risk populations."

AIM notes pg 53 of the Housing Policy has metric goals i.e., 50 units of senior housing, but these goals are quite low. AIM recommends a minimum number of units of senior housing be set at 125 units per year.

3) "Increase supply of adaptable housing with basic accessibility design elements."

AIM believes the design elements should be Universal Design – particularly in afford. housing for seniors on County owned land - and that these design elements be specified, i.e., no step entrance, etc.

4) "...Explore incentives, such as density bonuses, to developers who provide special needs housing."

AIM supports density bonuses for developers but believes the public benefit bonus point method in the new Zoning Re-Write for providing affordable housing needs strengthened so that developers opt to build special needs and other afford housing rather than opting for green space, transit proximity and building design features.

5) "...As the Zoning Ordinance is revised, make sure that special needs housing and elderly housing continue to be available options in all locations."

AIM supports special needs and elderly housing as available options in all locations. AIM suggests metric goals for special needs and elderly housing be included in the Master plans with indication of which agency is responsible for recommending the goals.

H. Expand the supply of affordable rental senior housing.

- 1) AIM supports the first Action Plan beginning "Promote choice of dwelling types..."
- 2) AIM agrees with the need to "...make more affordable senior housing ... especially affordable elderly assisted living on County owned land" available.
- 2) AIM supports including "...affordable senior housing in the high-density master planned communities at transit stops."

Housing Analysis p 5

- 4) AIM supports "...encourage efforts ... such as villages..." which are important for seniors who want to live independently.
- 5) AIM recommends strengthening County action where "...system of distributive supportive services..." is discussed in the body of the draft with the word "develop" rather than "consider", adding a timeline for achieving this.
- 6) AIM supports public-private partnerships described in the section.
- 7) In the body of the draft, the County should "inact" rather than "explore" regulatory changes to strengthen County actions. For similar reasons, also use the word "make" rather than "study" the special exception process.
- 8) AIM supports "Promote Design for Aging in Place..." but again raises the issue of requiring Universal Design on County owned land where it has leverage.
- 9) AIM notes that among its congregation there is strong confirmation of a serious deficiency of afford. assisted living.
- 10) AIM believes that in using measures/metrics for senior afford units, the vacancy rate is not as good a measure of demand as waiting list as vacancies naturally occur when seniors die and their units turns over.
- 11) AIM supports encouraging faith-based groups to use their land for senior afford housing and is willing to canvass AIM congregations to learn which may have available land.

Recommendations Section, recommendations 1, 2, 6, & 10

Recomendation 1: MPDUs

1) "Incentives for more 2,3 & 4 bedroom MPDUS ..."

AIM believes it is important to accommodate working families, but as important to increase efficiencies and 1 bedroom MPDUs for burgeoning seniors who do not need assisted living and congregate senior housing.

2) **“CR Zone incentives for MPDUs...”**

The method of awarding public benefit points for affordable housing in the CR Density Bonus procedure doesn't provide enough points for affordable housing so that developers are choosing other public benefits like green space, bldg design, etc. because they can obtain density at less cost. AIM recommends the Housing Policy address this and that the Policy be coordinated with the Zoning Re-Write so that for projects over 10,000 sf with more than 1.5 FAR be required to select afford housing as one of the 4 public benefit options currently required.

3) **“Financial and other incentives for high-rise rentals ... a receiver bldg. to provide MPDUs at another site ... “**

AIM is concerned with how the financials and other incentives will be structured. Can the County obtain enough value from the incentives to make them worth the cost ? AIM urges the County to develop a formula which can be applied to each project that will protect the County's financial interests and prevent bargaining away the value of the incentives.

4) **“Mix of owned and rental MPDUs in one building ... “**

This is done in New York City, but not enough is known by AIM re its success. Questions like should the rentals remain permanently as rentals and the condos permanently as condos arise ? Will owner be required to occupy the condo, to prevent it from being used as a rental ? AIM recommends these questions and others be asked of New York City officials to learn more.

5) **“Evaluate options for MPDUs for seniors.... “**

Transit-oriented locations should not be the only criteria used – equally important to seniors is “walkable to services”, i.e., shopping, health care, library, entertainment as in downtown Silver Spring.

6) **“Continue to mandate MPDUs be dispersed ... “**

AIM supports dispersal of MPDUs.

Recommendation 2: Housing Initiative Fund

The policy should provide for dedicated funding for HIF by allocating 2.5% of the property tax annually, as the Council resolved and implemented in 2007. While voluntary contributions to HIF – presumably from developers – have been tried in other states, this source of funding is not consistent and reliable. The history of County negotiations with developers suggest it would be challenging to get them to donate sufficient amounts to be meaningful.

Housing Analysis pg 7

AIM suggests obtaining major foundation support for the HIF such as the Weinberg Foundation which has provided grants for millions of dollars for senior housing in Baltimore and surrounding Maryland counties.

Recommendation 6: County funded Rental Assistance Programs

1) "Increase the number of rental subsidies ..."

The need for rental subsidies increases as rents increase. AIM supports the Voluntary Rent Guidelines but urges more thorough monitoring of landlord rent increases as well as increasing rental subsidies. Which type of rental assist. is more needed – shallow or wrap-around ? Low-income seniors are among those who benefit from rental subsidies.

2) "Study the County's rental assistance programs for special populations ..."

AIM urges that seniors at 30% AGI be one of the priority special populations to be studied for rental assistance, as MPDUs typically are rented to persons at the 60% AGI level.

Recommendation 10: Use of County Owned Land for Housing

1) "Include afford housingin all suitable public building projects ... such as parking facilities, must provide at least 30% of total units as afford. housing."

AIM support the ratio of 30% affordable units, 30% work force units and 40% market rates units as achieved on the Bowie Mill Site. This should be the policy for County Owned Land. AIM also believes that some portion of the affordable units be reserved for those at the 30% AGI level.

2) "Develop a database of County-owned land...and identifies which sites should be ... for possible afford. housing..."

AIM has requested this in the past and supports it now. The data base should delineate the type of afford. housing – i.e., senior, special needs, - that is appropriate for specific sites.

3) "Estab. housing as a preferred use when County sells property ... this objective should take precedence over receiving full market value for the property ...developers benefiting from below market pricing should be required to provide at least 30% of units at below market prices."

AIM believes developers who benefit from below market pricing should be required to provide 30% of units as MPDUs, not units below market prices.

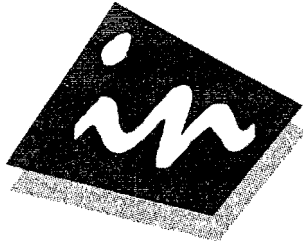
Housing Analysis pg 8

AIM also urges that a pricing formula be developed by the County to insure that the County receives the value in MPDUs it deserves in return for receiving less than full market value for County property

- 4) "...establish a more streamlined process for afford. housing projects on County owned land – thru the Mandatory Referral process ..."**

AIM supports streamlining the process – the gap between supply and demand for afford housing requires urgency – we need to move more quickly to create afford. housing and the Mandatory Referral process would expedite projects on County land.

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Independence Now, Inc.

12301 Old Columbia Pike / Suite 101 / Silver Spring, MD 20904
Voice: 301-277-2839 / FAX: 301-625-9777 / www.innow.org
TDD: MD Relay Service 711

Testimony of Independence Now
On
Housing Plan of Montgomery County, Maryland
December 4, 2012

Thank you for the opportunity to testify on the Housing Policy for Montgomery County.

Independence Now is a nonprofit, consumer-controlled, community-based, cross-disability, nonresidential organization operated by individuals with disabilities that provide an array of independent living services.

Independence Now's mission is to facilitate independent thought and action by people with disabilities. We promote the principle that each person has value. To this end, we provide the tools for individuals to develop and discover their power to control their interactions with the environment, their families and their communities.

Independence Now's core services are peer counseling, individual and systems advocacy, information and referral and independent living skills training. Our services are free of charge and are provided without regard to race, gender, ethnicity, national origin, age, religion, or type(s) of disability.

We are pleased to see the emphasis on "Housing First" in the Housing Policy. It is indeed true that for individuals with disabilities to truly experience independent living, he or she must have a home first! For it is only when people are first, adequately housed, that they may then profit and thrive when living independently in the community, thereby achieving lifelong goals and dreams such as higher education, careers and employment.

The Olmstead Decision of the Supreme Court determined that all persons are entitled to live in the least restrictive environment. Across this country large institutions have been closed but there has not been a shifting toward more and more community living. Many adults under age 64 who do not require 24 hour nursing care live in nursing facilities at high public cost, because there are not community housing options that are barrier free. In Montgomery County we are currently working with more than 15 such persons. This separates families and isolates persons with disabilities from friends, family and the community. For many of these persons, only barrier free housing is required, they are already approved to receive support services in the community. 50 additional people have indicated a preference for moving out to the community. If there were more housing opportunities this number would be likely higher.

The previous administration of the Housing Opportunity Commission applied for a special purpose voucher program and by lottery received 100 vouchers for Non-Elderly Disabled category 1. This helped

a number of people living in nursing facilities to be able to move out. We need to take advantage of any opportunity for new vouchers that may arise in future years as well.

We caution on the over use of the term "Special Needs Housing". It is used broadly when in fact in its most precise meaning is "supervised living" group homes. We note more and more group homes to which the term is applied, evokes stereotyped opposition unnecessarily. Barrier free housing and homes with a group of persons living independently are not "special needs" housing. They are simply homes housing a group of persons who choose to live together in the least restrictive environment possible. They are not supervised in their daily lives. Let's not exchange large institutions for small ones, again restrictive, stigmatized and isolated.

For many years now, Independence Now has testified before the Council about the need for homes that are at least basically accessible i.e. VisitAble. It does not require rocket science to achieve, only a political will. While working with the local home builders for many years, the voluntary Design for Life program has produced just 25 single family homes. While we hear about 50 such homes, the other 25 are homes remodeled or added to in order to accommodate a family member who has experienced a life event requiring more accessibility. We are pleased that VisitAbility is acknowledged in this report and encouraged. We know however, it will not be achieved until it is mandated.

We are also pleased about the emphasis on affordability. Persons with disabilities are frequently unemployed or underemployed, requiring financial assistance in a variety of ways. For many, if they could have affordable and accessible housing they could live independently and at a much lower public expense. In 2010 Maryland, SSI benefits for a person with a disability were \$674 per month. Statewide, this income was equal to 13.5% of the area median income. A person receiving SSI would have to pay 145% of their monthly income to rent an efficiency unit and 164% of their monthly income for a one-bedroom unit. Affordable and accessible housing first must be the priority !

Independence Now works to support Mr. D, a 48 year old man residing in a nursing facility for nearly 10 years. He has been working for a year now to find an affordable and accessible housing unit to use the voucher he already has assigned to him. An Independent Living Specialist has been working with Mr. D to visit apartment complexes. Many of the complexes that Mr. D visited, some with accessible units were above the maximum voucher limit of \$1413 and therefore not affordable to him. One unit in Wheaton was within his voucher limit but when he applied and notified HOC the unit failed to meet rent reasonability test. This is common in a county like Montgomery wherein rents are very high. In spite of all the delays and unexpected occurrence Mr. D and his Independent Living Specialist continue to work toward the goal for his own home and independence.

Public monies should not be invested in housing that creates architectural barriers which only serve to isolate and discriminate against persons with mobility difficulties. In this County, with its leadership in many social issues, how has this one been so flagrantly ignored? As we study demographics we see the accelerated pace at which our County is "graying". People want to "age in place", preserving their friendships, resources and community involvement. Housing that does not meet this goal forces premature institutionalization, disrupting lifelong plans and dreams.

People with disabilities seek full inclusion, in the community. To permit less, by policy, is not worthy of our community.



6

THE LEAGUE OF WOMEN VOTERS

of Montgomery County, MD, Inc.

TESTIMONY TO THE MONTGOMERY COUNTY COUNCIL:
RESOLUTION TO APPROVE MONTGOMERY COUNTY'S 2012 HOUSING POLICY
DECEMBER 4, 2012

Good evening. I am Melpi Jeffries, Chair of the Housing Committee of the League of Women Voters of Montgomery County, MD (LWVMC). The proposed Housing Policy 2012 is a comprehensive, implementable and realistic policy, responsive to the housing needs of most of the residents of Montgomery County.

Suggestion. We suggest that while the Executive Summary does include the overall goals of the proposed Housing Policy on the first page, the overall goals should be followed by the numerical Proposed Annual Production Goals listed in the chart at the end of Chapter Three to strengthen those goals.

The League strongly supports Montgomery County policies and programs (1) to increase the supply of affordable housing, (2) to prevent discrimination in housing and public accommodations, and (3) to meet the needs of all individuals with special needs. Below are some specifics concerning our positions:

- LWVMC supports and encourages the provision of low and moderate income housing in all residential and mixed use zones, including the new CRN and CRT zones. Affordable housing must be included in transit oriented development.
- We support permitting accessory apartments without special exception review with adequate controls.
- We support the preservation of the existing stock of affordable housing as well as controlled affordable housing.
- We support barrier-free housing and accessible housing for individuals with special needs as well as the "Housing First" program for the homeless.

Finally, we support revisions to the MPDU (moderately priced dwelling units) program to facilitate more affordable housing in high-rise rental projects. Please note the following:

- The LWVMC is proud of the fact that the MPDU legislation was originally written by a League member, Peg McCrory and was adopted after a major League campaign.
- We do not support the proposal to allow DHCA to work with developers, in high-density, master planned transit oriented development areas, to allow developers to provide all of their required MPDUs in a separate, less expensive to build rental building.
- We do agree that there is a great need for affordable housing for households with income levels below those required for MPDUs and especially to meet the housing needs of workers who will fill the lower paying service jobs being created in the county.

Thank you for your attention.

Testimony on the 2012 Housing Policy

Members of the Council, I am Jackie Simon, a 50 year advocate of affordable housing and civil rights here in Montgomery County. The updating of the Housing Policy is an opportunity to extend both those rights here in our community. While there are many issues about which I'm concerned the over-riding one is that of basic accessibility/ VisitAbility. " Just as basic architectural access is now recognized as a fairness issue in multi-family housing, it also needs to be recognized in single family housing. Decades long advocacy efforts, educational campaigns and the visitability movement have not achieved this fairness. In 1988, the housing industry vigorously opposed the amendments to the Fair Housing Act. However, Congress knew that only if change was mandated would accessible housing be achieved. That Act mandated accessibility and adaptability in multifamily housing. It was an important achievement, but as we age and "gray" and more and more of us survive debilitating illness and injury it does not go far enough. For instance, since 1988 in Montgomery County we have built almost exclusively efficiencies, one and two bedroom units. How does that meet the needs of the returning vet with 3 children? How does it serve a family of the "sandwich generation" which requires adding an aging parent to the household? How does it serve a household wishing to "age in place"?

As a human rights issue, lack of basic access severely limits choice in renting and buying. Moreover, the lack of basic access to the homes of family and friends isolates people with mobility and balance issues, shutting out the social interaction that non-disabled people enjoy. When non-disabled people develop a temporary or permanent disability and do not have the resources to modify their home, they have the untenable choice of moving into another home or institution (at up to \$95,000 per year) or remain in their home with barriers that make it unsafe, unable to be exited and a circumstance unseen/unknown by the general public.

As a public health issue, lack of access is one of enormous proportions. Having steps at every entrance increases the risk of falls. For those over 65, falls are the leading reason for emergency room visits, hospitalizations and cause of death. Add to this fact the inability of elderly or disabled persons to exit the home in an emergency. Then there is the fact of negative effects on mental health caused by the social isolation and finally the diminished health of caregivers. 25% of all adult children are caregivers of an aging parent.

As a fiscal issue, the forced and premature institutionalization caused by architectural barriers is a huge public expense generally born by Medicare and Medicaid. The Ohio Finance Agency notes that basic access features can provide "substantial savings in medical bills, homeowners insurance claims and disability claims."

Research by AARP and others indicates that as many as 65% of all homes built will at one time in their life span house a person(s) with severe disabilities. This fact alone suggests that basic access cannot be left to market forces alone.

Numerous communities have successfully met these needs, Atlanta, Pima, and the community most like ours, Bolingbrook, Illinois. They mandate VisitAbility and have produced 3700 homes (with basements) since the inception of their program. The additional costs of mandated visitability in those homes is \$0-\$670 each.

Montgomery County has been on the legislative cutting edge of fair housing, i.e. families with children, source of income, among others. Our laws preceded federal and state legislation. Are we waiting for someone else to take the lead here? Why? Montgomery County has held the enviable position as educated, progressive and a great community in which to live. "A community that excludes one of its members is no community at all!" Let's take the next step to become the inclusive, progressive, fair community we aspire to be and right this wrong. Let's add more substance to our community's effort to be open, inclusive and fair.

Much of the data herein is drawn from a Public Policy Report of the Metro Fair Housing Services, Inc. Georgia, August 2011. **Shut Out, Priced Out and Segregated – The Need for Fair Housing for People with Disabilities**



**Testimony for 2012 Housing Policy Meeting
Submitted by: Terrence P. Sheehan, MD
Representing Adventist Rehabilitation Hospital of Maryland**

1. ARHM is the only acute rehabilitation hospital in Montgomery County
2. Our specialty care is in those with major acute onset disability from Brain Injury, Spinal Cord Injury, Amputation and Stroke.
3. 1700 patients return back to community each year with disability after a 2-3 week stay in the hospital.
4. If their home is not accessible and/or they do not have caregiver services they go to nursing home.
5. There are roughly 500 persons, under 60 years of age, living in Montgomery County nursing homes who have signaled they want out but don't have a way.
6. There is no incentive for Montgomery county nursing homes to move "residents" back to the community.
7. There is no reliable system to move the disabled out of Montgomery County nursing homes
8. There is few accessible housing.
9. There is no process for identifying the disabled and link the individual to accessible housing list. The housing goes to those who are not disabled or left vacant because of lack of connection.
10. It is almost impossible to string together accessible housing, funding, caregiver services to return a disabled person to our community. The cost of living including housing is out of reach.
11. We need an incentive to move the disabled; especially those classified as non-elderly out of nursing facilities.
12. We need a program that connects accessible housing funding for community living and caregiver services

To: Montgomery County County Council

Subject: Oral Comments re MOCO Housing Policy 2012_draft

Date: December 04, 2012

Before the closing deadline for submitting written comments, I will have completed an abstract paper in which I am outlining in more detail cost-efficient options for the creation of eclectic, shared housing options. My thoughts are ideas that I truly believe will be of great value and worth the consideration of the County and for future years.

I sincerely would like to laud and complement this Council, your staff and assistants, and any contractors whom may have contributed thus far to this plan of work, your Housing Policy for Montgomery County 2012. It is apparent that a vast degree of thought, effort, and work product was exhausted in order to produce this draft.

I come before this Council today as a proud American who is happy to be a resident in Montgomery County. After living in other states and cities throughout the US. I am certain that Montgomery County is one of the best places to live in the US, with other residents and a local government, which aspires to lead the nation in many facets and various spectrums .

As a person with a severe disability, currently managing my finances with a fix income, I can attest to various existing barriers that individuals of a similar demographic will face in Montgomery County when attempting to transition to the community from a long-term care institution, relocate one's place of residence when using some type of public assistance or voucher program, as well as maintain a stature of good standing via timely lease payments and successfully incorporating budget adjustments for annual rent and lease increases. I saw the special needs was mentioned. I would like to encourage you to be as transparent as possible . Once you begin to lay out more details for your plan, while diligently continuing to invite our community of organizations for individuals with a disability to the table for valued input.

With regards to specific language of the housing policy,

- In chapter 2, within the first objective of your four objectives of the County's housing element, I see the effort for inclusion and the implementation of mixed income communities. For a long time it has been a long and heavy laden battle, this effort to sell the theory and philosophy of ideas that achieving substantial degrees of mixed income and multicultural inclusion, will

testimony completed by
 Michael Fitzpatrick , 301. 949. 0979 `11175 Georgia Ave., Silver Spring, Maryland 20902

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advance a society and namely, the impoverished residents of a geographic location because the socio economic statuses are deemed to have a direct benefit from such a mix. I am here to encourage the Council to push the envelope a bit further beyond mix income. Perhaps there is an opportunity to create a new synergy of smaller communities and support networks. Possibly looking at redeveloping foreclosed homes into communal properties trying from the pool of statuettes and other individuals which are typically served by the County's various divisions and programs, i.e., aging & disability, foster care, homeless division, immigrant services, veteran services. Every class, culture, and sector produces valuable and quality individuals, who may have previously chosen the wrong path, made poor financial decisions, suffered a difficult health predicament, simply may have just been forced to start life all over brand-new again.

Perhaps we may create a cost-efficient way to find housing for these individuals, allow them to resort to one another for some of the daily support as well as some of the assistance they may need in order to alleviate the high demand at the County level.

Again I am very thankful for this opportunity to offer testimony before you all.

testimony completed by
Michael Fitzpatrick , 301. 949. 0979 11175 Georgia Ave., Silver Spring, Maryland 20902

206



2316 18th Street NW
Washington, DC 20009

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Wheaton, MD 20902

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Fax: (202) 588-5204
www.ledcmetro.org

December 4, 2012

Montgomery County Council
100 Maryland Avenue
Rockville, MD 20850

Re: Resolution to Approve the County's 2012 Housing Policy

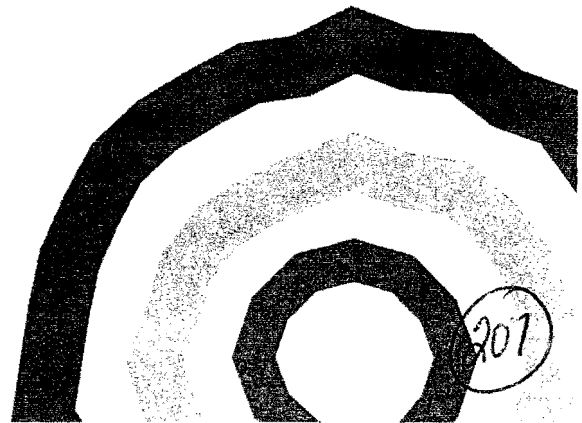
Farah Fosse
Director of Affordable Housing Preservation
Latino Economic Development Center
2405 Price Avenue, Wheaton, MD 20902

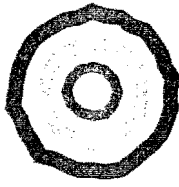
Good evening. My name is Farah Fosse, director of the Affordable Housing Preservation program with the Latino Economic Development Center. LEDC equips people with the skills and financial tools to buy or stay a home, join with their neighbors to keep their rental housing affordable, and start or strengthen a business. Thank you for the opportunity to testify.

We support the goals outlined in the draft housing policy and encourage this Council to see LEDC as a partner to help achieve them. Participants in our programs want stable housing, and we have worked to preserve affordable rental housing and create homeownership opportunities for DC and Montgomery County residents. Our bilingual housing counseling work has helped hundreds of families in the County save their homes from foreclosure, and we hope to expand our first-time homebuyer program in the future to create responsible first-time homebuyers. With record low interest rates, declining unemployment, and rising home values, we want to partner with the County to increase homeownership rates in key areas of the County.

The plan's focus on affordable housing preservation, ensuring fair housing policies, and maintaining a decent affordable housing stock is urgent.

From our experience in the District, these goals could be furthered through on the ground tenant education and organizing. In 2011, with the support of the DC government, we worked with more than 5000 families in over 70 multifamily rental buildings to ensure decent housing conditions and the preservation of affordable housing. By working with tenants, property owners, and property managers, we can make sure that housing is in good condition and meets all codes, prevent housing discrimination, and collaboratively develop and carry-out a plan when a subsidized property is threatened. Preservation





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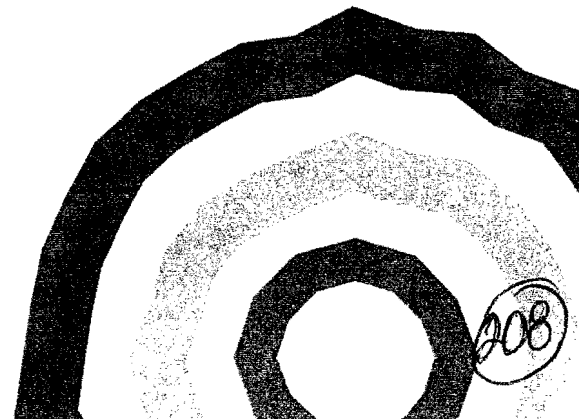
of affordable housing is exponentially cheaper than building new affordable housing particularly when considering the costs of displacing tenants and losing affordable housing units.

Given the plan's additional focus on broadening access to the benefits of transit-oriented redevelopment, LEDC can work to make sure that redevelopment does not mean displacement. By gaining advance notice of potential sales or redevelopment from on the ground information, we can assess what affordable housing is likely to be threatened and work with tenants, property owners and the County to create a preservation plan in areas like Wheaton, Long Branch and Langley Park. Through this process, we protect tenant rights and ensure that residents are not displaced during redevelopment or the rehabilitation of deteriorating properties. This is a key area of opportunity for the County to invest limited HOME and CDBG funds in select target areas where affordability is in danger.

We also strongly support the plan's housing creation and preservation tools. Given publicly-owned land is a valuable asset, the County should actively leverage its property near transit hubs to create affordable housing at all levels through mandatory set-asides and in the process achieve smart and fair redevelopment. We support the use of the Housing Initiative Fund to fund acquisition and rehabilitation loans and the use of right-of-first-refusal contracts to acquire and preserve extended affordability in housing developments. The County should consider expanding this right to tenants who could then negotiate with and choose a private developer or potentially buy the building themselves as is frequently practiced in the District. We also want to work with nonprofit housing providers and the Housing Opportunities Commission to support the acquisition of at risk rental properties. The County's Voluntary Rent Guideline Program is an important tool in the preservation of affordable housing which could be strengthened through tenant education and organizing.

Lastly, we strongly encourage this Council to investigate the use of an affordable housing impact fee or similar alternative on all new non-residential development to provide funds for the creation of new housing or for buying currently affordable housing that is at risk of redevelopment to market-rate. Many states are also starting to implement innovative plans utilizing state housing tax credits to accomplish their ambitious goals. County funding for on-the ground tenant organizing also will ensure that residents are active in the process of preserving affordable housing, stakeholders have access to real-time information, and tenant rights are protected.

These are challenging times, but you have a partner in LEDC that is at the forefront of grappling with these interconnected issues. Thank you for your time.



Comments on the Draft Montgomery County Housing Policy

This is a very thorough statement of the status and goals for housing in the County. We appreciate the time, research and thought that went into it. We have the following general comments, followed by an edited version of the Executive Summary.

General Comments

- The Housing Policy document refers to the Housing Element of the General Plan for County development, and uses it as the framework. The General Plan Objectives are not a good framework for this policy. Fitting the necessary housing objectives and actions into the Housing Element framework causes complications and lack of clarity in the Policy.

The "overall goals" for the Housing Policy on page 1 of the Summary are a better framework for this Policy.

- The Housing Policy needs to clarify and say directly whether or not the 12.5% MPDU minimum is sufficient to meet the affordability/mixed income objectives of this Policy. If the required MPDUs do not meet the need, the Policy should set a goal that goes beyond the MPDU law.

- The document needs to clarify its usage of mixed income housing – does it apply to any development that includes the required MPDUs?

- It is good to see the many goals and action plans directed toward planning and zoning issues. The planning process and financing are the two largest stumbling blocks to producing affordable housing. Unequivocal guidance from the Housing Policy can reduce both these obstacles.

- The Housing Policy needs to address planning and zoning issues directly. In particular, the HP needs to say (more prominently than in one of 70 action items) that affordable housing and housing for the local workforce is a goal and priority in all planning areas in the County.

Such a statement would clarify the role of affordable housing in sketch plans to be submitted for development using the CR zone. This zone will soon be applied to all mixed use transit-proximate commercial centers in the County, which will provide the lion's share of future affordable housing.

The Policy should note that the CR zone places an absolute cap on density for each property. Thus the density bonus for additional MPDUs available in all other zones does not apply in the CR zone. The bonus for MPDUs competes with many other "public benefits" which are cheaper and easier to produce.

- The Housing Policy should address the need to finance low income housing construction. It should state a policy of consistent adequate funding for the Housing Initiative Fund.

- There are too many sub-objectives (23) and action plans (70) even in the Executive Summary. They are somewhat repetitious. So much work has gone into the current draft that there will be understandable reluctance to reexamine it, but it should be condensed where possible.

- The Executive Summary should be, and largely is a complete statement of the Housing Policy. The document is so long that people can be expected to read only the summary. A few items need to be added as follows.
- A few highlights of the demographic information would be useful in the Executive Summary: The current population and households, some idea of the economic mix of the households, especially those with below median income, the average number of MPDUs and other affordable housing produced per year; job and population growth forecasts and their implications for the need for housing for those with lower incomes.
- The important page of numerical affordable housing goals, currently at the end of the document, should be in the Executive Summary,
- The goals for annual production of various types of affordable housing are too low to meet the documented need. MPDUs in particular— 100 units - seems much too low.
- A goal should be added for annual production of housing units for folks with incomes below the MPDU range of 60-80% of AMI.
- There are many good statements and goals in the Policy, too many to list. Here are some we consider especially important. More may well be added.
 - an impact fee to support affordable housing, imposed on non-residential residential development:
 - making mixed income housing a "major preferred use" when publicly owned land is sold.
 - the statement, "recognize that the MPDU program is only one element of the County's strategy to address the affordable housing shortage. Continue to explore, create, and implement additional programs to achieve affordability for the very low income, the middle income and those households in between." Add, "especially for those with incomes below the MPDU level.
 - "Review the feasibility of establishing a more streamlined process for affordable housing projects on County-owned land where the subdivision of the land, and the overall land uses and densities, are established through the Mandatory Referral process, and the property then goes through normal site plan reviews."



Testimony of the Renters Alliance
 Montgomery County Council Hearing
 Draft Housing Policy
 December 4, 2012

Greetings, Council Members

The **Montgomery County Renters Alliance** was formed to provide renters with an organized voice in county affairs affecting renters.

The 2012 Housing Policy draft is an unfortunate reminder of why the Montgomery County Renters Alliance was established.

According to the 2010 Census, more than 30% of Montgomery County residents live in rental housing. That's up from 25% a just five years ago. The County is no longer an entirely house and garden community, but includes more than a third of its population in rental housing of all income levels.

Yet this document not only fails to acknowledge this shifting demographic, but gives it short shrift. It seems that the only renters receiving county policy protection fall into the following categories:

- The Homeless requiring rental assistance
- Working poor requiring special housing subsidies
- Low-income seniors and the disabled.

There are also provisions to protect the affordability of renters living in "regulated", i.e., government controlled rental housing.

Of course we support such protections. But, the vast majority of renters who live in privately built and owned rental housing live in insecure homes with little protection in Montgomery County.

Tenants can lose their homes with just sixty days notice either to unfair rent hikes—we have seen them as high as 40%—or to no-cause eviction where the landlord evicts a tenant, no matter how long they have lived in the apartment—for no stated reason.

Yet the draft Housing Plan calls only for sustaining the County's Voluntary Rent increase guidelines despite substantial evidence from the Tenant's Work Group Report and thousands of renters who are seeing their rents go up many times more than the guidelines request. The plan makes no provision even for a discussion of how to protect renters' homes from excessive rent increases the price them out of their homes.

Testimony by DHCA before the PHED committee has made clear that even when renters complain about gouging rent increases, the DHCA can provide no forceful remedy.

The Draft Housing Plan purports to put an emphasis on affordability in county housing, yet its proposed policies only target a small percentage of a small population of the special groups it targets—homeless, special needs and seniors.

The majority renter population—including the majority of seniors-- is left out in the cold.

In 2010 the county Tenant Work Group submitted a report to the County Executive to consider and respond to. He left this work to DHCA. **Two-years-later**, DHCA submitted, on behalf of the County Executive, the county's response. The PHED committee has held two meetings to discuss those recommendations. The third meeting, which was to focus on rent stabilization and the County Executive proposal to publicize landlords who raise rents above the county guidelines and to mandate data-collection was cancelled at the request of landlords.

It's time that Montgomery County recognize that renters are citizens who demand the full rights and protections of all residents. The county's Housing Plan should reflect this, but it does not.

A Montgomery County Housing plan that takes into account today's demographics as well as the future demographics of increasing seniors –the majority of whom will rent—as well as the growing number of rental housing buildings under construction needs to contain focused policies that protect all renters.

Specifically, the Housing Draft should at least include:

- Measures to stabilize rents in all rental housing
- Measure to insure that responsible renters are stable in their homes in perpetuity
- Policy that further protects renters against retaliation
- Support not just for landlord education but for renter education as well
- Further assistance formation of renter associations
- A more responsive and accountable landlord tenant complaint process
- A plan to make to make rental housing safe and secure by establishing standards required for licensing.
- A thorough and mandatory annual data collection process that include all rental units and penalizes landlords who supply inaccurate data.
- A broader county and regional study of demographics and housing trends and policies that reflect the changing demographics and living conditions in the county.

The purpose of a housing plan is not only to benefit landlords and developer corporations while protecting only the most vulnerable. Community stability—responsible citizens being secure in their homes for as long as they choose to live in their homes—makes for a stronger economy, a more vibrant and healthy society and a more active, progressive and thoughtful political climate.

We therefore ask that the council require DHCA to reconsider this draft, in consultation with the Renters Alliance and other renter-interested individuals and groups, to make it more balanced and to reflect a more modern and responsive interest in the growing renter population of Montgomery County.

www.RentersAlliance.org



December 9, 2012

Via Electronic Mail

Council President Nancy Navarro
Montgomery County Council
100 Maryland Avenue
Rockville, MD 20850

Re: Comments on 2012 Housing Policy for Montgomery County

I am writing to you on behalf of the Greater Capital Area Association of REALTORS® (GCAAR) the voice of nearly 9,000 REALTORS®, property managers, title attorneys and other real estate professionals in Montgomery County and the District of Columbia. GCAAR believes that it has a unique understanding of and perspective on our region's housing needs and, therefore, we hope that our comments on the proposed Housing Policy will have value to the Council:

While we continue in our belief that homeownership remains a goal that government policy should encourage and facilitate, we also recognize that housing policies should be designed to increase the stock of both affordable housing for sale and for rent. Housing and land use policies should facilitate an increase in the velocity of the increase in housing stock, whether for sale or for rent. It is important to understand that if the projections of potential employment growth in the County over the next two decades are to come true, and have the maximum beneficial impact, we will need to increase the pace at which more housing units will be built, particularly affordable units. If we fail to do this we will not realize the benefits that this balanced growth can create. We must do more to focus on the need for more housing to be included in the planned growth areas, especially those in potential transit corridors.

Comments on the Policy

GCAAR would like to highlight a few areas of comment. They are as follows:

- **Montgomery Housing Initiative Fund (HIF)**
 - (1) GCAAR enthusiastically supports the fact that the County Executive has continued to support and increase funding for the HIF, despite hard economic times. It is vitally important to develop stable funding sources for the Fund.

(2) While we support a dedicated source of funds for the HIF, we have some concerns about imposing another impact fee on development to accomplish this, even if it is non-residential. However, we are open to and would like to participate in discussions about how to create a stable source of funding, including performing research concerning how other areas of the country have funded such programs.

- **Moderately Priced Dwelling Units (MPDU) Program**

(1) The MPDU Program has been very successful in creating and maintaining affordable housing throughout Montgomery County. Indeed, it probably has been the most successful long term program for the creation of affordable housing anywhere in the country. Nonetheless, as stated in the housing policy, the program must be modified to maintain its success. The County should identify incentives and program flexibility that will encourage the construction of more two, three and even four bedroom MPDUs for both rental and sale.

(2) With regard to rentals, we agree that there must be an analysis to determine whether allowing a mix of condo and rental units will make it easier and more financially feasible to provide MPDUs in high-rise projects. In particular, the County should continue to look at transit-oriented areas to accomplish this goal as well.

- **Housing for All Stages of Life**

Montgomery County has an aging population. However, there is an expectation of many new jobs being brought to the County over the next two decades. This could mean younger residents moving to the area. This will require that we find a variety of housing choices to accommodate all types of purchasers and renters – first-time home buyers, move up home buyers, empty nesters, single, married, and family homebuyers and renters- whether current or future residents, and also residents with special needs.

- **Expand Tax Incentives for Homeownership Opportunities**

(1) Create a County specific Employer Homeownership Assistance Program that gives employers that choose to locate in the County or remain in the County the opportunity to provide a loan to employees for the purposes of a downpayment or closing cost assistance on a home. The employer would then deduct that amount from any taxes paid to Montgomery County. Similar incentive plans have been developed across the country and the State of Maryland has created some plans for state employees too.

(2) REALTORS® can also work with employers and the County to help develop rental and homebuyer financial counseling programs. Further, financial

literacy should be taught starting at the high school level and continuing on through adulthood.

- **Property Taxes**

We acknowledge that the County has few choices in ways it can collect revenues to finance all of its competing needs. However, GCAAR reminds the County Council that while the local real estate market is recovering, it is still fragile. Any “shock” to the system could have an adverse impact. We respectfully request that revenue raising measures adopted be those that avoid having such an adverse impact.

In conclusion, I would like to thank the County Council, County Executive and Department of Housing and Community Affairs for consideration of GCAAR’s perspective.

Very truly yours,

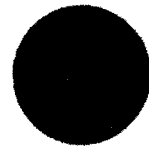
Bonnie Casper, 2012 GCAAR President

LAM
CC

Guthrie, Lynn

From: Fred Marinucci [fjmarinucci@gmail.com]
Sent: Saturday, December 01, 2012 4:04 PM
To: Montgomery County Council
Cc: Lawrence Couch
Subject: 2012 Housing Policy

071060



**Justice and Advocacy Council of Montgomery County
Archdiocese of Washington**

Dear Councilmembers:

The Council is about to decide whether to adopt the 2012 Housing Policy drafted by the County's Department of Housing and Community Affairs. The Justice and Advocacy Council of Montgomery County strongly urges you to adopt the Policy. As part of the Archdiocese of Washington's advocacy effort, we speak out on this issue based on the social teaching of our faith community that government must lead in protecting the poorest and most vulnerable in our community. The county has made commendable efforts over recent years to serve families and individuals who are homeless, very poor, or with special needs. Despite these efforts, the DHCA Policy report demonstrates dramatically the pressing need that persists for housing for the lowest income county residents, and within that group, those with disabilities or hoping to move from homelessness to a stable, safe housing.

The Policy that we urge you to adopt consists of compelling statistics and admirable goals - beginning with the vision that "Everyone has a place to call home - no one is homeless." The Policy report does more than state a lofty vision - it lays out annual production goals needed to make this vision a reality. These goals may look overly aggressive at first glance - for example, the goal of acquiring 220 units a year for those formerly homeless being helped through the Housing First services. In fact, history shows that the goals set forth in the Policy reflect reality: in 2002, the County adopted a plan to end homelessness in the county over a ten-year period - ending this year. That 2002 plan to end homelessness proposed to achieve that goal by acquiring 1000 new units over that ten-year period - an annual goal of 100 units. Although the County committed substantial resources toward achieving that goal, the policy report now before you demonstrates how much greater efforts are needed. The policy and action plan now proposed to you offer both the right vision and a much more realistic set of steps to achieve that vision. We strongly urge you to adopt the policy guided by that vision and to take the actions it proposes to make that vision a reality.

Thank you for your consideration.

Fred Marinucci
Chair, Housing Committee

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Notes on Shady Grove Sector Plan (approved March 15, 2009) – affordable housing and co-location of housing with public facilities

In the Shady Grove/Derwood area studied housing is comparatively affordable with sales prices generally below the County median for each housing type.

The area has a small number of apartment units. Shady Grove Apartments has 144 units owned by HOC. There is no specialized housing for the elderly or a nursing home. There are several small group homes for the elderly and people with disabilities. (page 7)

The County Council's 2003 Action Plan for Affordable Housing recommends using underdeveloped land near Metro stations for housing and encourages a full range of housing types to meet the diverse needs for housing in the County. (page 8)

Vision (page 11): Plan envisions a mixed-use community with a new residential focus at the Metro Station... The Plan proposes a mix of housing types to serve the County's diverse population.

Goals (page 12) include: Balance the need for higher density housing at the Metro station with the need to buffer adjacent Derwood communities. Limit development to 6,340 new housing units for the entire plan area, including workforce housing, transferable development rights (TDRs), and moderately priced dwelling unit (MPDU) bonus density.

Plan Policies (page 12) include: In response to the high market demand for housing the Plan recommends a substantial increase in housing within walking distance of the Metro. The Plan encourages housing choices that benefit from Metro proximity, including affordable housing, a component of luxury housing, family-friendly units, live-work units (where residents live about their shop or office), and senior housing... Options for singles, couples, families, and elderly residents. The Plan recommends locating sites for senior housing within walking distance to Metro and providing incentives that encourage developers to provide the maximum amount of affordable housing, including MPDU and market rate units.

Metro Neighborhoods (page 33):

There are almost 195 acres identified as re-developable land within the Metro Station area. Objectives for the redevelopment include:

- Create a series of neighborhoods around the Metro station with a distance sense of place, a mix of uses, open spaces, and pedestrian-friendly environment.
- Provide a mix of housing types, including affordable and senior housing within walking distance to Metro that meets housing needs and encourages transit ridership.
- Ensure that new development is compatible with surrounding, existing single-family communities.

General Design Guidelines (page 36) include:

Achieve a mix of residential unit types such as townhouses, loft units, family-sized apartments, and housing for the elderly to create a diverse community welcoming families, couples, and singles.

Metro North (page 42-44) includes: This neighborhood is an appropriate location for elderly and affordable housing on either County or WMATA property. Its proximity to Metro and proposed public facilities make the area ideal for diverse incomes and needs of residents.

WMATA Property: Redeveloping WMATA property as a mixed-use residential neighborhood with a range of housing types including townhouses, apartments, and an elderly and affordable housing development...Allowing a base density of 530 units in a mix of unit types and sizes with some single-family attached units, and up to 26,000 square feet of non-residential uses located in from the existing three-story parking garage. Housing density can increase with workforce housing, TDR and MPDU bonus units up to 855 units maximum.

EMOC, MCPS Food Service and DLC site: Relocate to other sites and have a base density of 960 dwelling units that can be increased by workforce housing, TDRs, and MPDU bonus density up to 1,540 units if jointly developed with Casey 6 and 7 (potential Joint Development and Staging)...Achieve a mix of housing types with sufficient townhouses to offer housing choices but limited enough to achieve community open spaces...Provide a minimum of 10% workforce housing and 20% TDRs staying within density limits of 2,240 for entire County Service Park.

The Old Derwood Neighborhood (page 45) includes: Encouraging elderly housing within the neighborhood. Appropriate sites are the State-owned land currently developed with the VEIP or the Derwood Bible Church property.

The Grove Shopping Center (page 51) includes: This shopping center could become a more active, community-oriented place with residential and other uses... Given the need for senior housing, this Plan strongly endorses developing senior housing at this center... This Plan recommends supporting optional method development for senior housing (up to 120 units).

Jeremiah Park (MCPS bus depot and M-NCPPC and MCPS maintenance) (page 52-53) includes:

Allow up to 435 base units with increase to 700 units with TDRs and MPDU bonus density (Potential Joint Development and Staging)... Providing a minimum of 10% workforce housing and 20% TDRs staying with the limits on the entire County Service Park.

Potential Joint Development (page 54-55)

Total Base Units for Casey 6, Casey 7, Jeremiah park and Metro-North is 1,485. This may be increased to 2,240 units with bonus density from 10% workforce housing, 20% TDRs, and 22% MPDUs if jointly developed.

	With Relocation	Without Relocation	Difference
Stage 1	2,540 housing units	1,500 housing units	1,040
Stage 2	3,540 housing units	2,500 housing units	1,040
Stage 3	6,340 housing units	4,100 housing units	2,240

AREA-WIDE ELEMENTS

HOUSING

Within the I-270 Corridor, the *Shady Grove Sector Plan* offers an opportunity to increase the range of housing to meet countywide needs for housing. The Plan's goal is to increase housing choice and affordability options while providing adequate recreation, schools, and community services to create a strong and balanced community. The proposed redevelopment of the County Service Park and Metro station area will provide potentially 5,400 to 6,340 new units. This new residential community reflects County policies to locate housing near transit to increase ridership, and near jobs to decrease commuting time and distance.

Policy Context

This Plan supports workforce housing for moderate income employees on public land. Workforce housing is intended to serve household with incomes at or below 120 percent of the annual median income. Legislation is being considered by the Council that could require workforce housing on private property.

The long-standing County policy is to adequately meet the housing needs of a diverse workforce.

- The County's 2001 *Housing Policy* reiterates a continuing commitment to provide a variety of housing in sound neighborhoods for all County residents. The policy encourages "innovative design and planning efforts" and "compact residential development in areas served by transit."
- The County Council's 2003 *Transportation Plan* supports increasing housing in the I-270 Corridor and at Metro stations to provide the option of living near work and the potential to decrease commuting times and distances.
- The Planning Board's 2003 *Housing Montgomery* initiative identified both the need for more housing in the County and ways to create it. The report notes that significant housing can be achieved in "mixed use development at transit-oriented locations," specifically in new Metro station zones that encourage housing, the fundamental recommendation of this Plan.
- The County Council's 2003 *Action Plan for Affordable Housing* lists specific and varied actions to increase the supply of affordable housing and techniques to make it more accessible to qualifying households. The *Action Plan* identifies a number of master plan efforts, including new zones and increasing housing density near transportation centers that have been pursued in this Plan.

The provision of affordable housing is another important County policy. As *Affordable Housing in Montgomery County, Status and Inventory* (September 2000) points out, affordable is a relative term. That report identified affordable housing as those units available to households at or below 80 percent of the County's median income. This definition covers subsidized and MPDU units as well as rental and for-sale market rate housing within the income limit. This Plan will use the same definition, consistent with its goal to provide a range of housing types.

Existing Conditions and Needs

Each planning area meets countywide housing objectives by identifying opportunities unique to its area and making specific recommendations. From a demographic review, the Shady Grove planning area is primarily a single-family community and does not offer a significant range of housing options. Given its current stock and proximity to transit, this is a good location for adding new housing types that can create a range of choices and maximize access to transit.

The majority of residents in the Shady Grove planning area live in single-family detached dwellings and in households that are comparatively large. The planning area's housing mix is 58 percent single-family detached, 32 percent townhouse, and 10 percent multi-family.

Residents in Shady Grove are less likely to rent their housing than households Countywide, and the area attracts a high proportion of families with children and working parents. The planning area has a small population of persons aged 65 and older. There is no specialized housing for the elderly, such as nursing homes or assisted living facilities, in the planning area.

Objectives

- Create a diverse and balanced community that offers a range of housing choices, including affordable housing, near Metro.
- Redevelop land around the Shady Grove Metro Station with a variety of distinct residential communities, in a pattern that enables pedestrian access to Metro for existing and new residents, at a density that creates a buffer and offers redevelopment incentive, in a mix that accommodates a range of incomes and households.
- Recognize the need for County services and relocate or reconfigure them for continued and more efficient service delivery.

Concept

This Plan recommends a significant increase in housing around the Metro station area offering a range of housing choices. The mix of unit types and affordability will serve the County's diverse population with a range of housing types and sizes. This housing will be built in five new neighborhoods, each with a provision of recreation facilities, open space, and community-serving retail integrated into the new communities. Land assembly is encouraged to create the desired residential block pattern.

Recommendations

- Rezone land west of Metro, between MD 355 and the station, for high-density residential development, primarily a range of multi-family units. Larger, family-sized units must be provided.
- Rezone the land east of the Metro station for residential development and do not exceed a maximum of 78 percent multi-family units and a minimum of 22 percent single-family attached units for the County Service Park.
- Provide a range of housing types, including single-family detached homes, townhouses, apartments, and live-work units. Live-work units occur where residents live above their shop or office.
- Provide a range of unit sizes within each housing type. Multi-family and townhouse units should provide a range of unit sizes. Back-to-back townhouse units are to be avoided.
- Ensure that Metro Neighborhood communities have a component of affordable housing, provided by the public sector, non-profit groups, or through a partnership.
- Design residential areas to create attractive communities with defensible public and private space, in a defined neighborhood unit.
- Require MPDUs to be constructed in stages with the market, rather than at one time.
- Enforce the requirement that MPDUs be distributed throughout the five neighborhoods, rather than clustered in one location.

- Provide senior housing developments within the planning area. Appropriate sites include The Grove shopping center site, the VEIP property, and WMATA's property on the station's east side.
- Ensure that land exchange agreements meet the County's functional needs.
- Support the provision of accessory apartment units into existing neighborhoods through the existing development process.
- Provide workforce housing on all publicly owned property including the County Service Park. Provision of workforce housing must not exceed Plan's estimated ceiling of 6,340 new units.
- Provide workforce housing on all property if required by new zoning requirements.

Notes on White Flint Sector Plan (approved April 2010) – affordable housing and co-location of housing with public facilities

Added 9,800 residential units.

(Note: Staging has Phase 1 adding 3,000 units, Stage 2 adding 3,000 units and Stage 3 adding 3,800 units)

A substantial housing resource at White Flint is well suited to support the planned expansion of Federal facilities in White Flint and Bethesda and provide a sufficient supply of housing options to serve County residents throughout their stages of life. (page 6)

This vision... supports land use policies that promote new opportunities for living closer to work... and is consistent with regional planning efforts to improve the jobs-housing ratio (existing was 9.8 jobs per dwelling – proposed is 3.4 jobs for 1 dwelling) (page 7).

Demographic Profile and Housing Resources (page 11):

Households in the area studied paid an average of 30% of income on housing compared to 47% county-wide.

Existing dwelling units	2,321	MPDUs	211	%=9.1
Approved	2,220	MPDUs	258	%=11.6
Proposed	9,800	MPDUs	1,225	%=12.5
		Workforce	980	%=10.0
Total dwelling units	14,341	MPDUs+WF	2,674	%=18.6

% if no workforce units = $1,694/14,341 = 11.8\%$

No nursing homes or group homes within a half mile of the Metro Station.

Land Uses and Zoning – Housing (page 25):

Affordable housing in an urban environment takes many forms, but because space is at a premium, the units are typically multifamily apartments. To accommodate a variety of households, all new residential development should include different unit types and sizes, including options for the number of bedrooms per unit, and provide choices for all budgets. New residential development should yield 9,800 new units, of which at least 12.5% will be MPDUs, according to current law (Chapter 25A). In addition to the MPDUs, new residential development in a Metro Station Policy Area must include Workforce Housing units (Chapter 25B).

Affordable housing is a suitable use for publicly owned land or land recommended for public use. Where new private development is proposed adjacent to publicly owned land, consideration should be given to public/private ventures to provide more than the

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required affordable housing through land swaps or other creative solutions. This Plan recommends that units for seniors and special populations be included in residential development, particularly in location nearest local services and transit.

Mid-Pike District (page 33)

Rezone the portion of SHA property south of Montrose Parkway the same as the Mid-Pike Plaza property ...so that assembly is possible. Affordable housing and public facilities are appropriate and desirable in the area, possibly in conjunction with private development.

White Flint Mall District – Block 1: Fitzgerald and Eisinger (page 45):

Rezone land east of Huff Court ...to encourage residential development. Affordable housing, especially Workforce Housing, may be appropriate at this location in conjunction with redevelopment of the western portion of Block 1.

Community Facilities (page 63):

Satellite Regional Services Center – The Montgomery County Bethesda-Chevy Chase regional Services Center, which will serve the Sector Plan area, has determined that a satellite office should be located in the core. The services center should include space to house the public entities that will manage redevelopment in White Flint and community meeting space. The facility can be integrated with non-residential or residential uses.

Libraries – The Montgomery County Department of Public Libraries has recommended that a new library should be located within the Sector Plan area. The new library may be small than a traditional library and may be integrated with residential or non-residential development.

Zoning (page 64)

Moderately Priced Dwelling Units (MPDUs) are required in all residential development in Montgomery County with more than 20 units. The Plan includes a recommendation to expand the current Metro Station Policy Area to include all properties within the Sector Plan boundary. Workforce Housing is required for residential development with more than 40 dwelling units per acre within a Metro Station Policy Area. When that action has been taken, residential development within the Sector Plan area must comply with the County's Workforce Housing requirements.

Demographic Profile and Housing Resources

The area for the demographic and housing analysis is twice the size of the Sector Plan area. Within the analysis area, there are about 18,720 residents, 3,000 detached units, 1,140 townhouses, 2,900 garden apartments, and 1,755 high-rise units.

Within the Sector Plan area, there are 2,321 existing and 2,220 approved dwelling units, all of which are high-rises (Table 2). More than 1,000 of the existing units in the Sector Plan area are rental units. There are 211 existing moderately priced dwelling units (MPDUs) and 258 more affordable units have been approved.

Compared to the residents of Montgomery County as a whole, residents of the White Flint Sector Plan area are generally older, less diverse, wealthier, highly educated, and more likely to live alone in a rental unit in a multifamily building. More than half of the residents of White Flint live and work in Montgomery County, 28 percent work in the District of Columbia and more than 20 percent use transit.



Table 2: Existing and Proposed Housing Units - June 2008

	Total Existing	Existing MPDUs	Total Approved	Approved MPDUs	Total Proposed	Proposed MPDUs 12.5%	Proposed workforce housing (10%)	Total Affordable Housing Units
Housing Units	2,321	211	2,220	258	9,800	1,225	980	2,674

Households in White Flint spend on average 30 percent of their income on housing, which is less than the 47 percent spent by households County wide. White Flint has a larger percentage (40 percent) of non-family households than the County (26 percent). One half of the area's households are married couples compared to 62 percent County wide, and 38 percent of the householders live alone compared to 24 percent of householders County wide. Apartments are in high demand. There was a 3.5 percent apartment vacancy rate in 2006, compared to the County rate of 4.3 percent. There are no nursing homes or group homes within a half mile of the Metro station.



Mixed Uses

In compact development, vertical and horizontal mixed uses provide variety in the urban environment. Vertically-integrated uses will provide fewer single-use buildings. This does not suggest, however, that there are no suitable places for single-use buildings.

Housing

Affordable housing in an urban environment takes many forms, but because space is at a premium, the units are typically multifamily apartments. To accommodate a variety of households, all new residential development should include different unit types and sizes, including options for the number of bedrooms per unit, and provide choices for all budgets. New residential development should yield 9,800 new units, of which at least 12.5 percent will be MPDUs, according to current law (Chapter 25A). In addition to the MPDUs, new residential development in a Metro Station Policy Area must include Workforce Housing units (Chapter 25B).

Affordable housing is a suitable use for publicly owned land or land recommended for public use. Where new private development is proposed adjacent to publicly owned land, consideration should be given to public/private ventures to provide more than the required affordable housing through land swaps or other creative solutions. This Plan recommends that units for seniors and special populations be included in residential development, particularly in locations nearest local services and transit.

Child Daycare

One difficulty working families face is finding child daycare near work or home. Child daycare is an optional incentive in the CR Zone. Child daycare should be incorporated in new office and residential development, especially near transit facilities.

Hotels

Hotels generally should be located close to transit, especially within the first one quarter mile of the Metro station. Hotels at this location will support the Conference Center facilities and could be integrated with residential uses and ground floor retail. They can also accommodate visitors to the Walter Reed National Military Medical Center and NIH, just two stops south on Metro's Red Line.

Industrial

There are properties with existing low-intensity industrial uses at the edges of the Sector Plan area where redevelopment is unlikely in the immediate future. This Plan does not discourage the continuation of these uses.

Local Services

Grocery stores, restaurants, local retail and commercial services, such as hair salons, pharmacies and dry cleaners, make a neighborhood desirable. Local retail should be incorporated where appropriate in the ground floor of buildings where streets cross Rockville Pike (Old Georgetown Road, Executive Boulevard, Marinelli Road and Nicholson Lane) or interior north/south roads (Woodglan Drive Extended and Nebel Street). Regional retail is best located along Rockville Pike where there is high visibility.

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Notes on Great Seneca Science Corridor master plan (approved June 2010) – affordable housing and co-location of housing with public facilities

The Plan's primary goal is to create a world class life sciences center. A range of housing options and amenities is needed to support this development and help achieve County housing goals, including Moderately Priced Dwelling Units and workforce housing...While a balanced jobs-housing ratio does not guarantee that the housing will be occupied by those who work nearby, opportunities to live near work should be provided...Because the LSC's focus has been economic development and jobs, not housing, achieving the optimal jobs-housing balance with this small geographic area is unrealistic. However over a broader area, the appropriate ratio can be achieved.

Existing housing that is near the LSC and within the Plan boundaries totals 3,262 dwelling units (of which 230 are senior units) at the Decloverly and Traville communities and the Washingtonian cluster north of Crown Farm. (page 23)

The Plan recommends a new residential community on the current PSTA that could yield 2,000 new dwelling units. The Plan recommends housing be allowed as a secondary use in the LSC Central District which, along with several other sites, could yield 3,750 new dwelling units. (If all LSC Central property owners use 30% of density for residential the total dwelling units in the district would be 2,225 of the 3,750.) (page 23)

Maximum number of additional dwelling units is 5,750. Total number of dwelling units in the LSC districts (9,000)

LSC West: A New Residential Community (pages 38 and 39)

The plan supports relocating the PSTA and redeveloping the site with a residential community.

Creating a new community on publicly-owned land in the LSC West District provides and opportunity for the County to engage outstanding practitioners of sustainable town planning, layout, and design to help implement this Plan's vision...

LSW West is the primary site for housing for the live/work community envisioned for the LSC...The plan recommends that 35% of the incentive density attainable for this site be achieved through the use of building lot termination easements and affordable housing.

Staging (page 77)

Stage 1 3,300 existing and approved residential units
 2,500 additional units

Stage 2 2,000 additional units

Stage 3 1,200 additional units

Total – 9,000 dwelling units (existing, approved, and additional)

Note: Before Stage 2 the CCT from Shady Grove Metro to Metropolitan Grove must be fully funded in the 6-year CIP or State CTP. Before Stage 3 the CCT must be under construction and 50% of the construction funds must have been spent.

LSC West: A New Residential Community

Most of this 75-acre district is the County's Public Safety Training Academy (PSTA), on 52 acres. The PSTA has been at this site, bordered by Key West Avenue, Great Seneca Highway, and Darnestown Road, since 1973 when the area was mostly farmland. Since the 1980s, when the County decided to create the LSC, the uses around the PSTA have changed dramatically.

This training facility for firefighters, police officers, and operators of large vehicles is next to the County's Innovation Center (Incubator), which provides space for biotech start-up businesses. On the north side of Darnestown Road are a small retail center, medical office buildings, and several single-family homes that have been assembled and are proposed for townhouse development (RT-8 Zone).

While the PSTA is an important public facility, it has no relationship to the LSC. The County recognizes that all of the PSTA's needs cannot be satisfied at this location with its limited expansion capability and has identified a site where the PSTA could be relocated.

The Plan supports relocating the PSTA and redeveloping the site with a residential community that includes amenities and services, bringing housing opportunities within walking distance of jobs in the LSC. The corner of Great Seneca Highway and Darnestown Road has the potential to become a signature site. The Innovation Center could remain at this location or, ideally, be incorporated into redevelopment of the PSTA or elsewhere in the LSC.

Creating a new community on publicly-owned land in the LSC West District provides an opportunity for the County to engage outstanding practitioners of sustainable town planning, layout, and design to help implement this Plan's vision. Located between LSC Central and Belward, the new LSC West community will be a hub of activity that draws people from the other LSC Districts as well as surrounding neighborhoods. Residents of the new high density housing in this District will enliven and activate the retail uses and open spaces. An interconnected street grid will create walkable blocks with a synergistic mix of uses, including ground-floor retail and wide sidewalks to accommodate outdoor cafes. The central, civic green at the CCT station should be framed by buildings and be large enough for major outdoor activities and gatherings, such as a summer concert series.

The Plan recommends the Commercial Residential (CR) Zone with a 1.0 FAR that could yield 2,000 dwelling units with supporting retail, services, open spaces, and community uses. The CR Zone is recommended for the PSTA and PEPCO parcels (currently zoned R-90/TDR), the Innovation Center (LSC Zone), the small retail center (C-3), and medical office buildings (O-M) at the intersection of Darnestown Road and Key West Avenue. The following CR components will promote development of the new residential community envisioned for LSC West: CR 1.0: C 0.5, R 1.0, H 150. The Plan recommends that the two special exception uses (at 10109 and 10111 Darnestown Road) be rezoned from R-90/TDR to C-T (Commercial, transitional) and confirms the RT-8 Zone for the remainder of parcels along Darnestown Road.

Residential buildings with the most density and height should be adjacent to the CCT station and the new LSC West community should include retail, civic spaces, and, if needed, a new public elementary school. If a new elementary school is needed, it could be combined with a local park on the northern portion of LSC West. If the school is needed and if the northern area is chosen, the proposed local street (see B-5 on Map 29 on page 54) should be eliminated to create adequate space for a park/school site. If the school is not needed, a local public park for active recreation should be provided. This park should be large enough to accommodate a regulation size rectangular field. In addition to the park/school site, development should be accompanied by a new public urban park to serve as the central civic open space for the residential community. This public green space should be near the CCT station and one-half to one acre in size to create a gathering place and focal point for the community.

LSC West is the primary site for housing for the live/work community envisioned for the LSC. This site is expected to provide a public school/park parcel, a civic green, a CCT station and right-of-way, a road network, and structured parking. In addition, a significant water main traverses the property. Without impairing the ability to achieve the uses and density for LSC West, this Plan recommends that at least 35 percent of the incentive density attainable for this site be achieved through the use of building lot termination (BLTs) easements and affordable housing.

The Plan recommends that impacts to the forested area at the corner of Great Seneca Highway and Key West Avenue be minimized. Since rare, threatened, or endangered species information has never been gathered for this site, a Natural Resources Inventory should be prepared when the site is redeveloped.

Future development or redevelopment of the Darnestown Road side of LSC West should be compatible with the existing residential community of Hunting Hill Woods to the south (in the 2002 Potomac Subregion Master Plan). A proposed townhouse development (on the RT-8 parcels) in LSC West along the north side of Darnestown Road addresses land use compatibility and design (with a maximum building height limit of 35 feet). If there is future redevelopment of the existing retail and office uses at the corner of Darnestown Road and Key West Avenue (zoned C-3 and O-M; recommended for CR), compatibility with Hunting Hill Woods must be addressed.

This Plan encourages improved connectivity from the residential neighborhoods south of Darnestown Road to the LSC West District. As the core of the District develops into a new community with retail, open spaces, and a CCT station, adjacent communities should have access to these amenities. The Plan recommends a Dual Bikeway/Shared Use Path along Darnestown Road (DB-16) and there is an existing off-road shared-use path along Travilah Road (SP-57) that is recommended to extend into LSC West (LB-5). In addition, an LSC Loop extension is recommended from LSC West into LSC South (see Map 11 on page 33).

Opportunities to create new connections are limited by the character of existing neighborhoods to the south, which are inward-facing with numerous cul-de-sacs, rear yards along Darnestown, and only one access point at Yearling Drive. As shown on Map 16 on page 40, an extension of Yearling Drive (which is aligned with the access driveway to the existing office uses on the north side of Darnestown Road) may provide the best future opportunity for improved access to the LSC West District. Opportunities for a public easement through the proposed townhouse development could also be explored.