

Trevor & Kate O'Neill
Silver Spring, MD 20910

February 1, 2021

Dear Montgomery County Councilmembers:

We are writing to express our concern and opposition to proposed zoning changes that would allow for multi-family housing on lots zoned for single-family housing within a certain radius of a metro station (i.e., proposed legislation ZTA-20-07). Our home is within half a mile of the Silver Spring metro station and would be affected by the proposed legislation.

We appreciate, and fully support, the council's concern regarding the housing shortage in Montgomery County. We also understand that the proposed zoning change is a first step in addressing this housing shortage. However, we do not believe that the proposed legislation is an appropriate way to address the housing shortage. Other members of the public have pointed out numerous issues with the proposed zoning change: (1) it is unlikely create more affordable housing; (2) it will dramatically and negatively impact the idyllic and walkable nature of our neighborhoods; and (3) it is a change that is superfluous given the addition of well over 1000 housing units in downtown Silver Spring in recent years. Indeed, the Montgomery County Planning Department review of the proposed changes casts doubt on whether the proposed changes would result in *any* meaningful increase in housing units, much less an increase in affordable housing. (*See Review of ZTA-20-07, Montgomery County Planning Department, pp. 12-13 (Jan. 28, 2021).*)

More importantly, we write to address an additional flaw in the proposed changes: cost. Specifically, there has not been any discussion, or even any attempt to quantify, a cost-benefit analysis for the proposed zoning changes. As the Council is no doubt aware, changes to established regulations and laws have costs and benefits. It is the job of the relevant legislature—i.e., the Council—to weigh the costs and benefits of a proposed change and to act to minimize the costs and maximize the benefits consistent with the preferences of their constituents. Here, it appears that there has been no attempt to quantify a significant potential cost of this legislature: the financial impact on the value of the homes subject to the zoning change. As currently written, the changes will affect over 24,000 housing lots. (*See id.*, pp. 6-7.) These homes are typically sold for several hundred thousand dollars. Thus, even a relatively small negative change in home value—for example, \$1,000—will result in the loss of tens of millions of dollars for the affected homeowners. The failure to even acknowledge these costs is a flaw that should be addressed before these changes are considered further.

Moreover, we are concerned that the nature of the proposed changes and the affected neighborhoods means that financial losses are likely to occur. As the Montgomery County Planning Department Review explains in detail, demand for the affected parcels is high. (*See id.*, pp. 5-6.) This results in high prices, which, when combined with applicable building restrictions – such as setbacks, height restrictions, and parking restrictions – means that there is unlikely to be a significant increase in demand for lots for multi-unit development. (*See id.*) Unfortunately, it seems logical that the proposed changes will have a negative effect on the existing demand for the affected parcels. For example, one selling point that currently attracts buyers to many of the affected neighborhoods is their walkability. Increased housing density will result in increased vehicle traffic, which makes it less safe to walk in neighborhoods with limited sidewalks, like many of the relevant neighborhoods—including our own neighborhood of Woodside Park. With little or no positive effect on demand, and a likely negative effect on demand, fundamental economic theory explains that prices will decrease. As discussed above, the numbers involved here means that even a relatively small negative change in price will result in a large negative cost.

We are aware of some studies that have shown that similar zoning changes resulted in either minimal or positive changes in affected home value. However, all of these studies share a common feature—the neighborhoods in question are depressed neighborhoods with low demand and correspondingly low home prices. In those types of neighborhoods, the business case for developers to build multi-family units is much stronger, and thus the demand from developers will increase, driving prices higher. As explained above, that is not the case here, neither in Silver Spring nor in our neighborhood of Woodside Park, and thus those studies are not relevant to this situation.

Basic fairness requires that the cost to solve societal problems be shared by society. Here, the housing shortage is a societal problem that was not caused by the members of society in the areas affected by the proposed changes. An equitable solution to the affordable housing crises will share the costs as evenly as possible among members of society—not among a small subset of society that did not create the problem.

Accordingly, we urge the Council to reconsider the proposed changes and to vote against passing this zoning change.

Sincerely,

Trevor & Kate O'Neill