MONTGOMERY COUNTY — THE PLACE TO CALL HOME

A HOUSING POLICY for MONTGOMERY COUNTY, MARYLAND

Department of Housing and Community Affairs
July 2001

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

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: New: 1,160(513) Preserved: 1,730(1,206) Total: 2,890(1,719)		**Total Cost to County:** $12 – $20,300,000 ($4,231,000)

* 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 addition.
- 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.

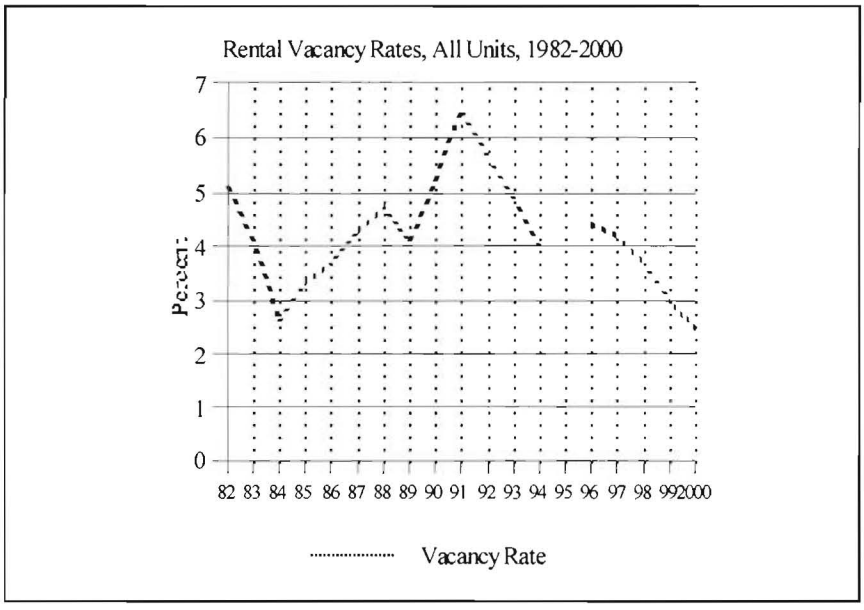
II. Changing Demographic and Economic Conditions

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.

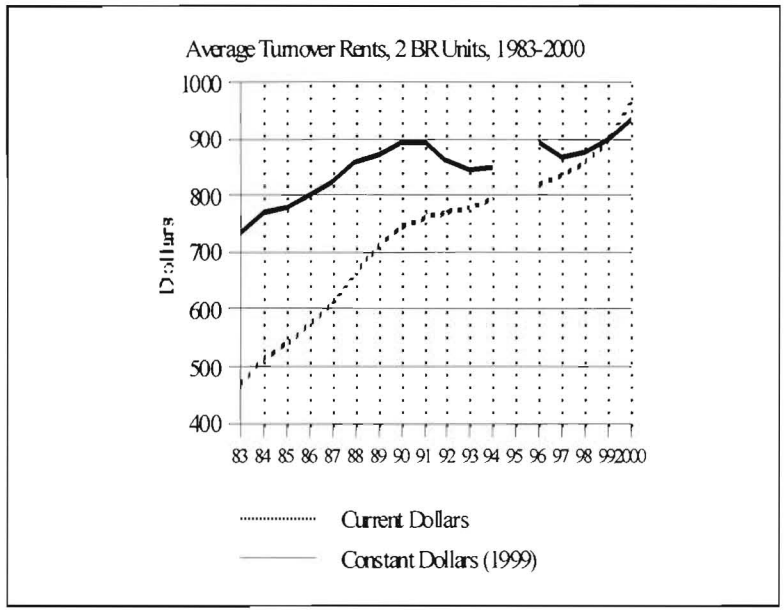
The County needs to determine what changes are needed in the direction of housing programs, many of which were created in the 1970s. Above all, it is incumbent upon the County to continue its housing commitment to its diverse population and to use its resources wisely and efficiently.



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-

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!

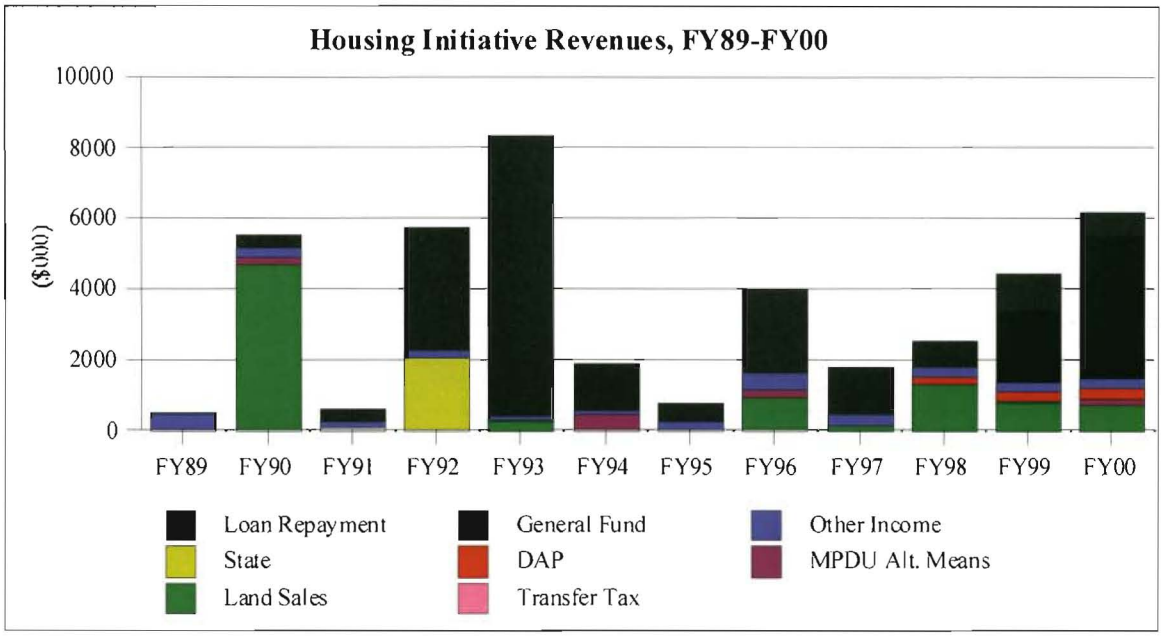
These programs provide a range of new and rehabilitated housing for individuals and families not served by the private market. They supplement the private housing market and add to the range of housing opportunities in the county.

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.

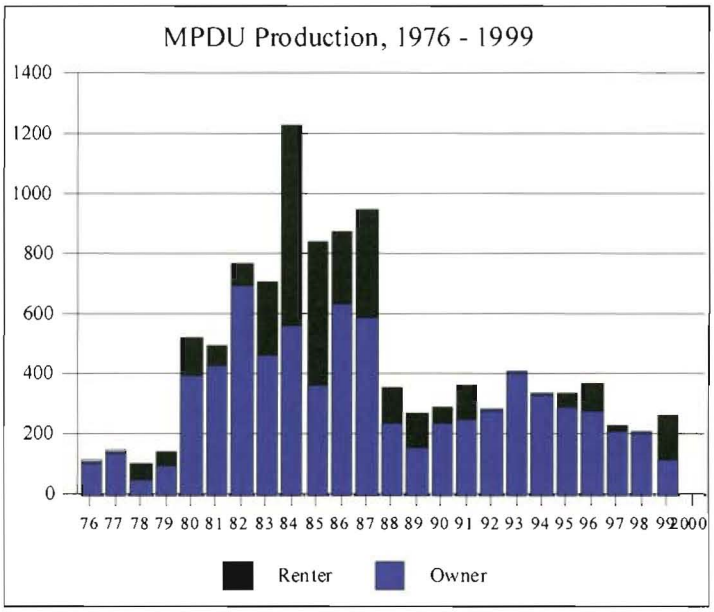
- Ensuring the financial viability of developments that include moderately priced dwelling units.

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

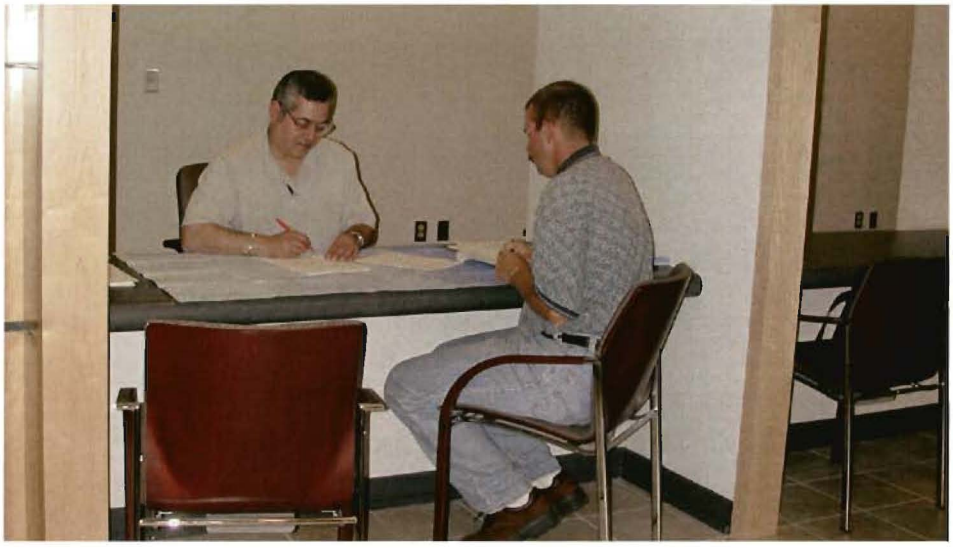
- Amend the Zoning Ordinance and implement changes through the master planning and sectional map amendment processes, including providing affordable housing goals in master plans.
- Encourage affordable housing in redeveloping residential properties.

- 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.

Mixed uses in Kentlands

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.

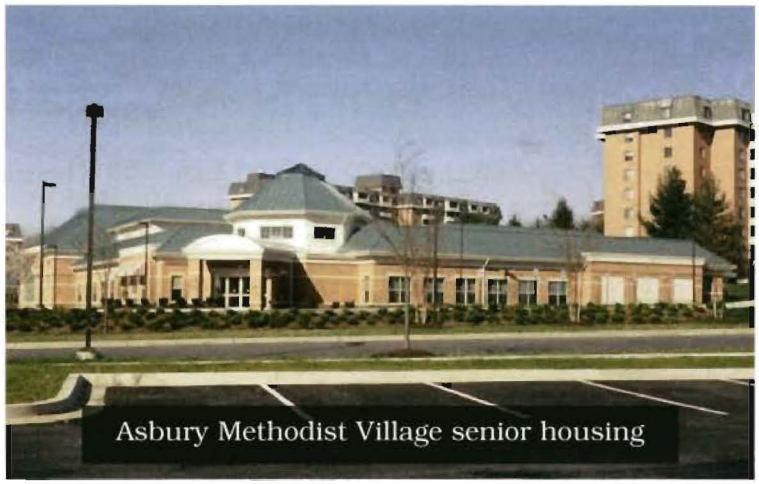
Action Plan

- 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.



Asbury Methodist Village senior housing

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.

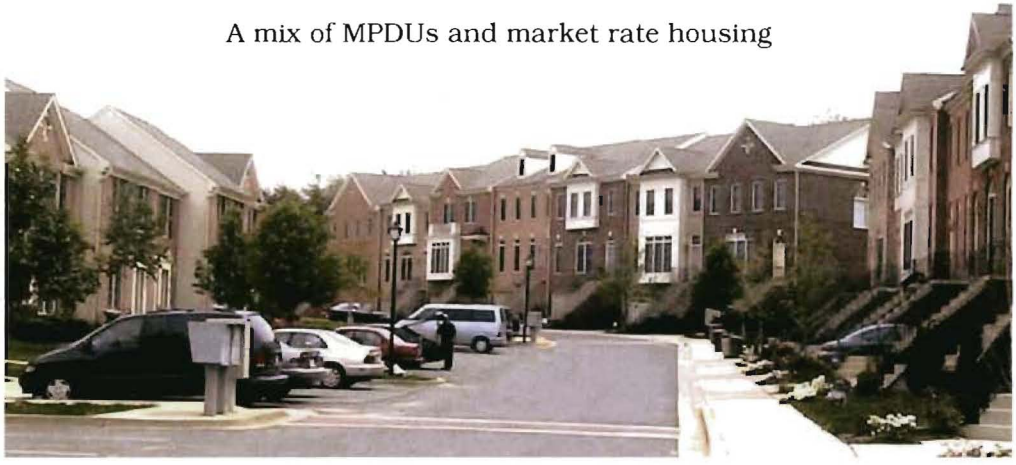
Action Plan

- 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.
- Ensure sufficient development and redevelopment capacity to accommodate forecast employment growth.
- Implement changes through the master planning and sectional map amendment processes.

Mixed residential densities

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.

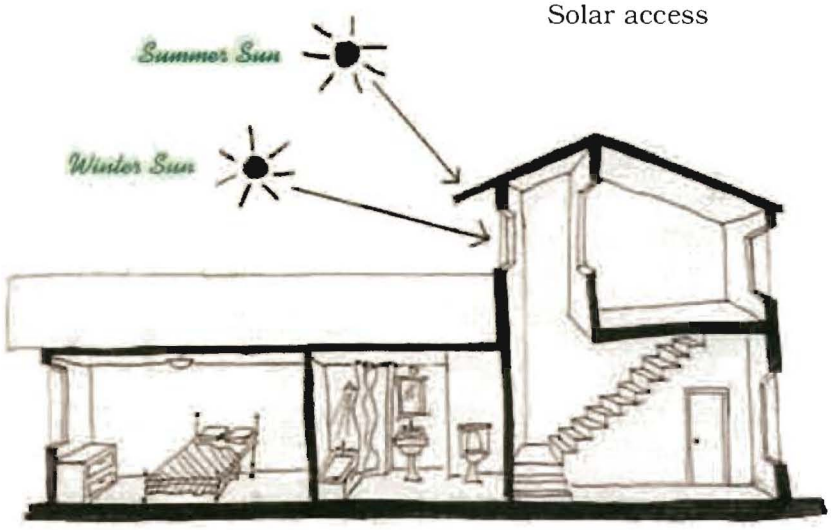
   Action Plan

   - 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-your-selfers.

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.

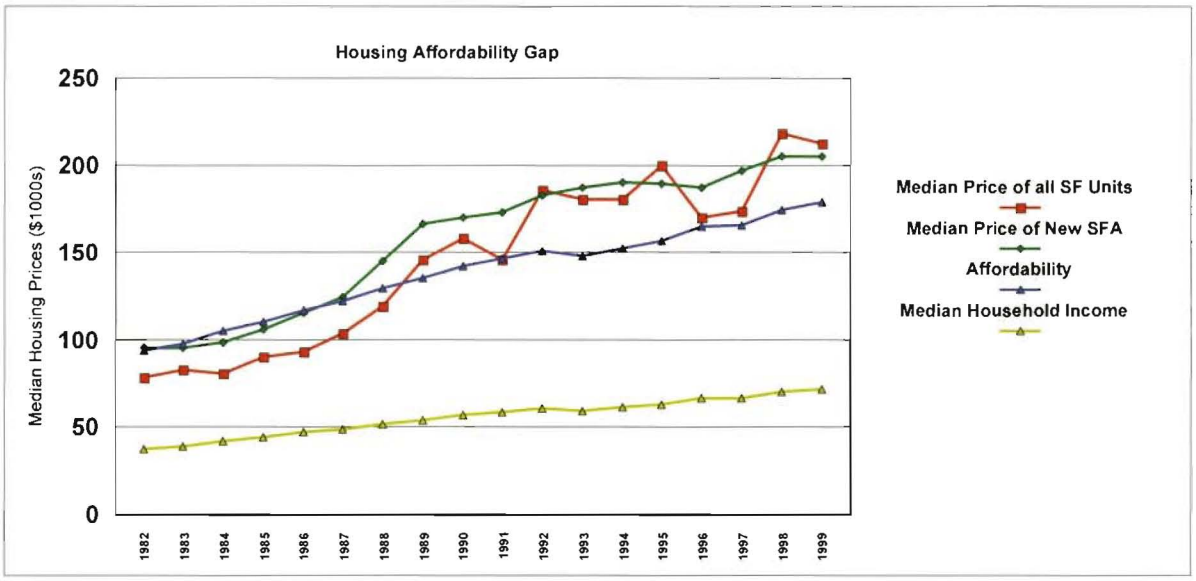
The current income distribution of households in the county shows that about 25 percent of county households earn less than $40,000. At 30 percent of income for housing costs, $40,000 can support a rent plus utility payment of $1,000 per month. Because rents are rapidly escalating in the county, we foresee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

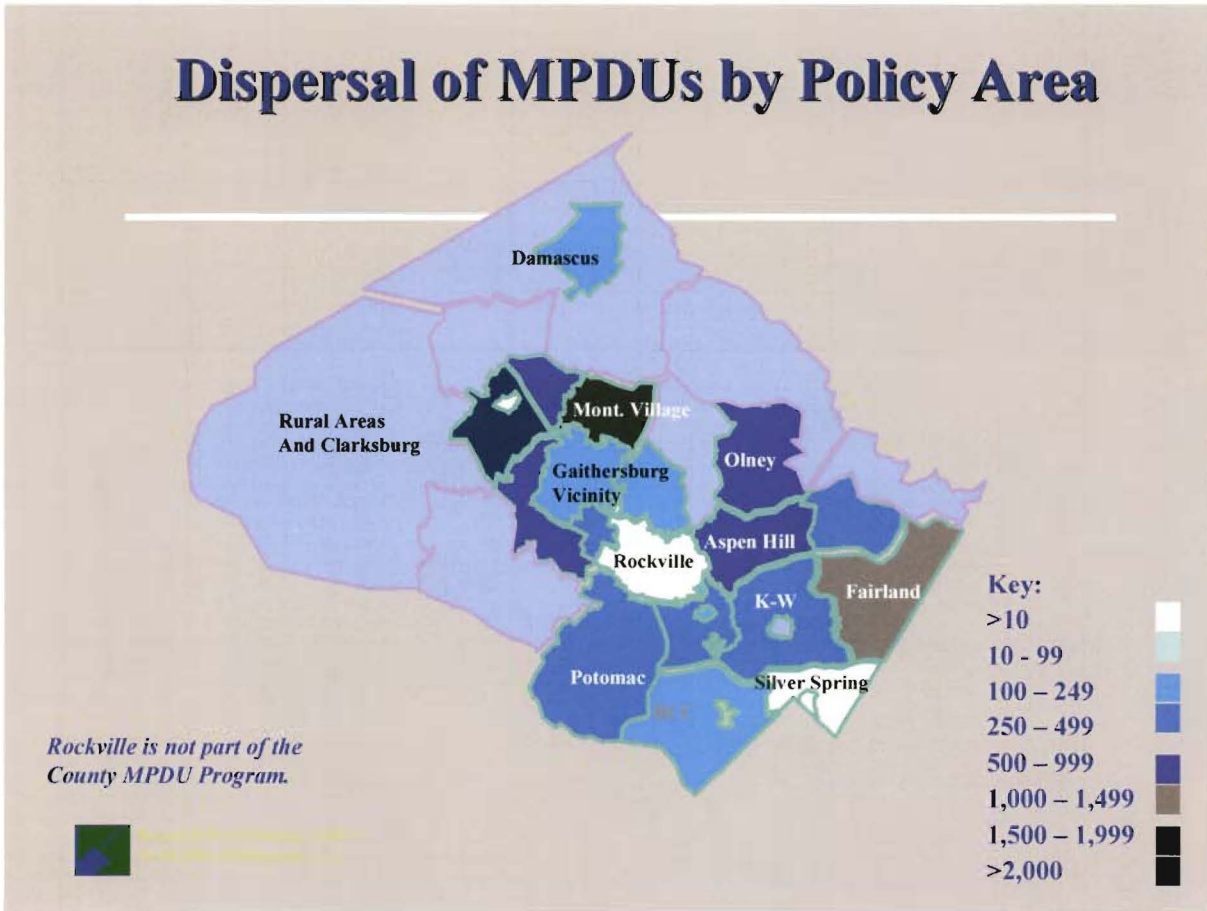


- The cost of permanent supportive housing for seriously mentally ill homeless individuals, including case management and services, ranges between $12,000 and $17,000 per person per year.
- The cost of permanent supportive housing for families, including those with disabilities and multiple risk factors, 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.



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)

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) Preserved: 1,730 (1,206) Total: 2,890 (1,719)	New: 200 (149) Preserved: 30 (11) Total: 230 (160)	New: 960 (364) Preserved: 1,700 (1,195) Total: 2,660 (1,559)	$12– $20,300,000 ($4,231,000)

* Units preserved, not added to the housing stock.
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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

Appendix B

Number of Households in Income Categories by Household Size									
	Income Categories								
Size	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.

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 contribution		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	12,792,97
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	36,748,97

* 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.

Resolution No: 14-959
Introduced: May 8, 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.

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.

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Mary Edgar, CMC
Clerk of the Council