

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] our 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.