



MONTGOMERY COUNTY PLANNING DEPARTMENT
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Memorandum

To: Montgomery County Planning Board

From: Sharon K. Suarez, AICP, Housing Coordinator, Research and Technology Center

Re: MPDUs – Three Issues for Consideration

The Moderately Priced Dwelling Unit (MPDU) program has been under continuous review and improvement since it was adopted over 35 years ago. Though recent legislative changes—and proposals for change—have made significant improvements in the program, other issues remain. Several of those remaining issues are under the purview of the Planning Board, and this memo introduces staff's analysis of two of them and explains the nature of the ongoing analysis of a third.

First, staff has prepared a brief analysis of the County Executive Ike Leggett's *Affordable Housing Task Force Report*. Mr. Leggett unveiled the final report at the Montgomery County Affordable Housing Conference on April 4, 2008. Staff's analysis compares the recommendations of the task force and Mr. Leggett's remarks about the report. He appeared to support some, but not all, of the recommendations set forth in the report.

Second, staff prepared a *Pro Forma Analysis of MPDU Bonus Density*. The intent of the second memorandum is to provide the Board with an analysis of the economic value to developers of building bonus density units. This analysis will further the discussion of the efforts to achieve higher yields of affordable units in individual projects. The memorandum begins with a background summary of the relevant portions of two recent analyses of the MPDU program: the County Council's report entitled *Strengthening the Moderately Priced Dwelling Unit Program: A 30-Year Review*, and the follow-up report by the Office of Legislative Oversight entitled *A Study of Moderately Priced Dwelling Unit Program Implementation*. Then, the memorandum includes a brief discussion of the differences between public and private sector perspectives of bonus density. Finally, the memorandum includes preliminary observations and findings with respect to the economics of bonus density under various scenarios.

Third, due to the evolving shift toward urbanized development, the MPDU Site Plan Guidelines, approved by the Planning Board in 1995, have been under increasing scrutiny by the County Council, developers, the public, as well as Department staff. The range of questions addressed in the first memo includes whether the guidelines have formal status, whether they prevent concentration, and whether they should be formally updated.

Not discussed at this time is a fourth researchable question: how are MPDUs calculated in the presence of Transfer of Development Rights (TDRs)? This spring, the Planning, Housing, and Economic Development Committee (PHED) asked staff to explain by June 1 how MPDUs are calculated when TDRs are in the mix. After that question is answered, staff will also consider whether the TDR program was established to produce affordable housing, whether MPDUs have fared well in the presence of TDRs over time, and whether changes are necessary to the MPDU/TDR calculation methodology.