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

MEMORANDUM

TO: Montgomery County Planning Board

FROM: Roselle George, Research Manager (Research and Technology Center)
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SUBJECT: Housing Policy Element of the General Plan: Examination of Neighborhood Change Using Indicators: Evidence from Montgomery County, Maryland

DATE: May 23, 2008

In February, the Planning Board approved an approach for the *Housing Policy Element of the General Plan* whereby the Board engages in regular discussions of housing policy issues throughout the spring. These discussions occur in at least two forums: public work-sessions where the conversation is sparked by a staff memorandum and discussions that begin with presentations by invited speakers. Through these discussions, we will identify housing policy issues that we may decide to address through amending the *Housing Policy Element of the General Plan* or through other means.

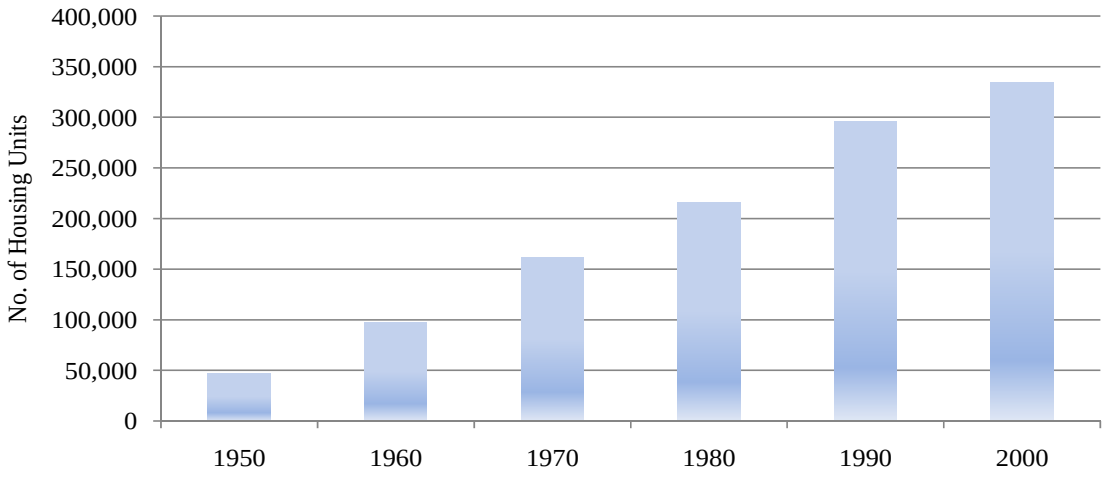
This memorandum is intended to spark a conversation about how the Planning Department might best monitor changing conditions in Montgomery County neighborhoods. Applying the research of Bernadette Hanlon on the topic of suburban change and decline, this paper first looks at indicators of relative change and stability that allow for comparison of Montgomery County to other inner-ring jurisdictions in the D.C. metro area. Then, this report explores possible ways for the Planning Department to monitor changes in Montgomery County neighborhoods over time. Note: The expanded findings of this report will be presented as a session at the 2008 Maryland-Delaware APA Regional Conference this November.

INTRODUCTION

Although suburban communities have existed in the United States for more than a century, the growth of America's suburbs increased significantly after World War II. The

Washington metropolitan area was no exception to this trend. From 1950 to 2000, the region's population increased approximately 150 percent. Montgomery County's population trended upward as well, showing a 431 percent increase during the same time period. According to Montgomery County housing inventory data, the number of housing units in the County has increased from 47,199 units to 334,632 units between 1950 and 2000, representing an increase of approximately 609 percent.

Figure 1: Number of Housing Units in Montgomery County, 1950-2000



Source: U.S. Bureau of the Census; Montgomery County Department of Park and Planning, Research and Technology Center, revised June 2001

While the County's and region's population and housing supply continued to grow at a rapid pace through the last several decades, some suburban communities began to show signs of decline and are susceptible to adversities that have plagued inner-city neighborhoods since the late 1960s and on, including, disinvestment, increased poverty rates, infrastructure deterioration, and an increase in crime.

This report sets out to examine indicators of change that could be used to measure change and stability of Montgomery County's communities. First, a brief overview of literature addressing neighborhood decline[1] in suburban communities in the U.S. will be presented. Second, the report includes a description of the research methodology used and indicator's identified to analyze patterns of neighborhood change. Finally, findings on the regional, County and neighborhood level are presented. For the purposes of this study, regional analysis includes

[1] While neighborhood decline is just one side of the neighborhood change issue, it has been the subject of considerable scholarly attention in recent years.

an examination of County-level for Montgomery County, Prince George's County, Fairfax County, Virginia, Arlington County, Virginia and the City of Alexandria, Virginia. A more detailed analysis will follow, comparing neighborhood change County-wide against the sub-jurisdiction level. To compare municipalities within the region, we are restricted to Census data. For Montgomery County, however we have more detailed and recent information including the Census Update Survey (specifically 1997 and 2005) and the recently compiled departmental housing inventory.

The report will conclude with a discussion of implications and possible next steps, including the establishment of regular periodic review of change and stability in Montgomery County's communities. A data compendium (Appendix I) will be provided in order to provide additional information regarding this very important issue facing the County and the region.

NEIGHBORHOOD CHANGE AND DECLINE IN SUBURBAN AMERICA

Defining Neighborhood Decline

A literature scan performed by Staff revealed that there are many definitions of neighborhood decline. In the broadest context possible, decline is defined by adverse conditions being present or increasing in a particular area. Such conditions include declining population, poverty increase, eroding employment opportunities and fiscal strain. Social conditions that indicate neighborhood decline include increase in crime rate, quality of schools, significant amount of female-headed households and community transience.[2] Neighborhood decline can also be linked to the availability or lack of capital investment in the built environment, which is shown in the form of new construction and renovation of housing and public infrastructure.[3] Due to the downturn in the housing market and the uptick in home foreclosures throughout the region and the Country, home vacancy rates are also a sign of neighborhood decline. This factor was recently explored in the March 2008 edition of the Atlantic Monthly article titled *The Next Slum*, by Christopher Leinberger[4]. Mr. Leinberger discussed the devastating impact of the foreclosure situation is having on suburban communities.

For the purposes of this report, neighborhood decline is primarily defined by population decrease, a decrease median family income, increase of poverty, and declining property values.

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[2] Carter, T. and C. Polevychok. (2006). *Understanding Disinvestment and Decline.* http://ius.uwinnipeg.ca/CRC/Understanding%20Disinvestment%20and%20Decline.pdf

[3] Smith, N., P. Caris and E. Wyly. (2001). *The "Camden Syndrome" and the Menace of Suburban Decline – Residential Disinvestment and Its Discontents in Camden County, New Jersey*. Urban Affairs Review, 36 (497-531).

[4] Mr. Leinberger will be speaking later tonight (May 29th, 2008) as part of our *Excellence in Planning Speaker Series*.

Similarly, neighborhood change is defined by changes in population, income, poverty, and property values.

Suburban Neighborhood Decline

Over the past 40 years, there has been a great deal of examination regarding neighborhood decline in America's central cities or 'inner-city' communities. From the 1950s to the late 1990s, many neighborhoods in urban America began to suffer in terms of adequate housing and related infrastructure, stalled economic development and a cohesive sense of community.

During this time period, suburban communities grew across the Country at an exponential rate. Due to several factors, including the building of interstate highways, mortgage financing subsidies, land-use controls via subdivision regulation and deindustrialization of center cities[5],

Considered the 'second urban crisis'[6], suburban decline has quickly become a major issue in metropolitan areas. According to the 2000 article *Suburban Decline: The Next Urban Crisis*[7]:

- From 1960 to 1990, among 554 established U.S. suburbs located in the 24 of the County's highest populated metropolitan areas, 405 of the suburbs declined in median family income;
- 20 percent of the suburbs declined in relative income at a faster rate than the metropolitan area's central cities during the same time period;
- From 1980 to 1990, approximately 33 percent of the suburbs declined in relative income at a faster rate than the metropolitan area's central cities – signaling that the rate of decline quickened during later decades.

Poverty has also significantly increased in suburban communities, thereby. According to the Brookings Institution 2006 report *One-Fifth of America: A Comprehensive Guide to America's First Suburbs*[8], overall poverty rates have increased any many neighborhoods in the

[5] Fishman, R. (2000). The American metropolis at century's end: Past and future influences. Housing Policy Debate 11 (1): 99-213.

[6] Davis, M. (2001). *Ozzie and Harriet in Hell*. http://www.gsd.harvard.edu/research/publications/hdm/back/1davis.pdf

[7] Lucy, W. D. Phillips. (2000). http://findarticles.com/p/articles/mi_qa3622/is_200010/ai_n8927171/print

[8] Montgomery County is listed as one of 64 first suburban communities in the U.S. Refer to http://www.brookings.edu/~/media/Files/rc/reports/2006/02metropolitanpolicy_puentes/20060215_FirstSuburbs.pdf p. 4

suburbs, particularly in first-ring suburbs have high poverty rates. By 2000, approximately nine percent of first-ring suburbs showed having at least 20 percent of its population living below the poverty line.

The Relationship between Disinvestment and Decline

Disinvestment is the process of economic and physical deterioration of a community.[9] The relationship between disinvestment and decline is reciprocal, meaning that whichever condition comes first, the second will occur. Over the past four decades, disinvestment has been pronounced in central cities. However, in the last 20 years, disinvestment has begun to occur is suburban communities, especially older suburbs or 'inner-ring' suburbs. In comparison to central cities, disinvestment occurs in older suburbs at an accelerated pace due to: lack of a large central business district, an upper-income tax base (which exist in suburbs farther away from central cities and upper-income communities in central cities), strong social welfare policies, fragile police infrastructure and strong political networks.[10]

One manifestation of disinvestment in older suburban communities is the loss of jobs in these neighborhoods to far flung suburban communities known as 'edge cities', 'outer suburbs' or 'exurbs.' Once a location for employers that left the central cities, many older/inner suburban communities are losing jobs to suburbs farther away from central cities. For example, according to a 1997 article on neighborhood change[11], the first suburbs of the Minneapolis-St. Paul metropolitan area lost 40 percent of their jobs to edge cities located in the region's southwest section. Similar situations have played out in many older suburban communities throughout the Country.

Taking the relationship of disinvestment and neighborhood decline into account, the importance of community reinvestment will be further explored in the policy implications section of this report.

[9] Boise City Disinvestment Monitoring Report http://www.cityofboise.org/Departments/PDS/PDF/CompPlanning/Disinvestment%20Study/2_Disinvestment_Study_Intro.pdf

[10] Oriefield, M. (1997). *A Need for Coalition*. http://bostonreview.net/BR22.1/orfield.html

[11] Davis, M. (2001). *Ozzie and Harriet in Hell*. http://www.gsd.harvard.edu/research/publications/hdm/back/1davis.pdf

METHODOLOGY

In order to effectively evaluate neighborhood change in Montgomery County, the research staff employed the following process to determine neighborhood change:

1. Identifying Indicators: Staff determined[12] that the use of the following indicators would be crucial to determining change on the metropolitan and local levels:

   Metropolitan Level Indicators

   - Population Change – Change in population can provide insight as to whether a community is a less or more desirable place to live; but can also simply reflect the aging of a neighborhood as residents age in place.

   - Income Change – Median household income figures are used to determine if incomes have declined in specific areas of the County;

   - Poverty Increase or Decrease – Poverty rate trends are used to determine if poverty is on the rise in the County's neighborhoods;

   - Housing Property Values – Steady or rising property values are one determinate of neighborhood stability;

   - Age of Housing Stock – The percentage of housing stock built during a certain time period allows for determination if a neighborhood can be determined 'older' or 'newer.' Housing stock age has also been shown to be a factor in neighborhood decline. Older housing stock is more expensive to maintain, thought it may initially be a cost-effective purchase in some cases. Deterioration of housing stock due to prohibitive maintenance costs impacts neighborhood desirability

   Local Level Indicators

   - County Household Population;

[12] Hanlon, B. (2007) *The Decline of Older Suburbs: A New Reality in the U.S.*, (Unpublished Dissertation). With respect to establishing indicators, according to Hanlon, when defining suburban decline, three elements ought to be taken into account: (1) It should identify primary indicators that measure or describe decline in the suburbs; (2) These primary indicators of decline should be relative in nature and therefore should provide a standard against which to compare declining from non-declining suburbs"; and (3) "Measures of decline should, in theory be linked to the effective functioning of suburbs. In other words, how well the suburb is performing socially and economically should be clearly understood by the measures used." (p.40)

- County Household Income;
- Average Monthly House Cost for Homeowners and Renters; and
- Percent of Rental Households (Housing Stock)

2. Determination of what Counties and places would be examined to analyze change on the metropolitan level will involve comparison of change in Montgomery County progress against change in Prince George's County, Arlington County, Virginia, Fairfax County, Virginia and the City of Alexandria, Virginia. Local level data will be examined using indicator findings of Montgomery County's Planning Areas.

3. Comparison of indicator findings: Comparisons are made to show trends using the indicators. Trend data will be shown in chart/graph form and GIS.

Data Sources

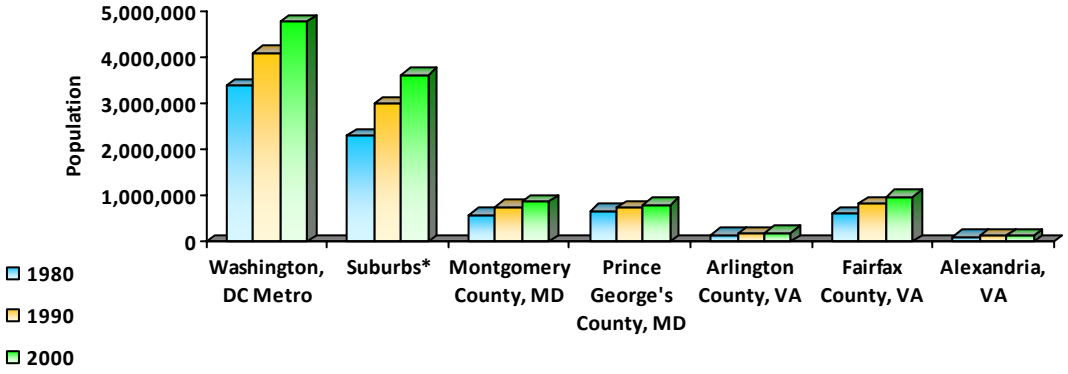
The primary data sources used for the portions of this report that focus on metropolitan-level analysis include census data collected from the U.S. Department of Housing and Urban Development (HUD) *The State of the Cities Data System (SOCDS)*. As noted before, the timeline that will be measured is 1980 to 2000. For Montgomery County local-level data, additional sources include the Housing Inventory data for Montgomery County and the Census Update Survey for the years 1997 and 2005.

ANALYSIS RESULTS: REGIONAL CHANGE

Finding: Population has increased for each study jurisdiction in the region.

Between 1980 and 2000, the population in the Washington DC metro area increased by approximately 1.4 million from 3,397,935 to 4,796,183. Population in all of the area's suburban areas including the Counties presented had significant increases in population over the same time period. County comparisons of population show that Fairfax County, Virginia experienced the largest increase in population in absolute terms and relative to the other Counties. Fairfax County's population increased in population from 596,901 to 969,749, representing an increase of approximately 63 percent. Montgomery County followed, increasing its population from 579,053 to 873,341 (51 percent increase).

Figure 2: Population Change in the Washington Metropolitan Region, 1980 to 2000

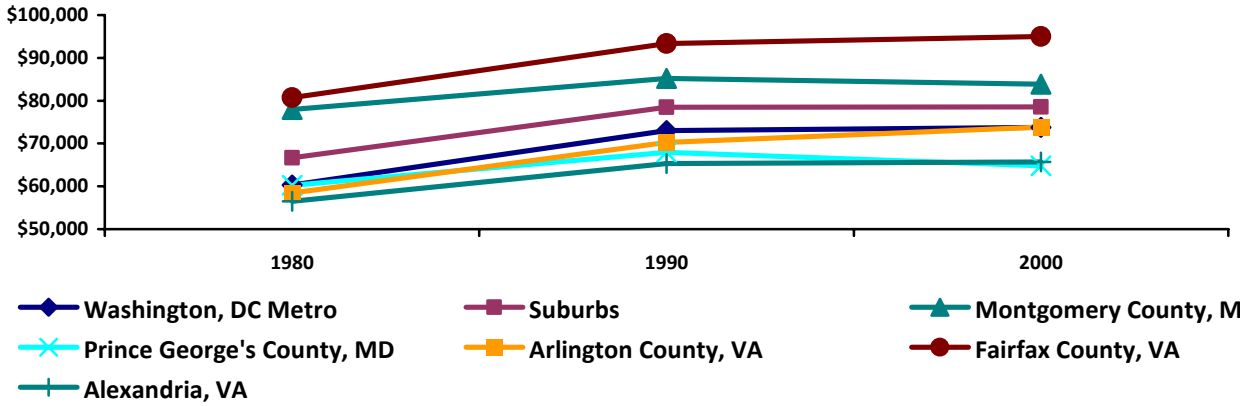


Source: M-NCPPC Research and Technology Center; State of the Cities Data Systems

Finding: Median household incomes (in constant dollars) have increased in the region.

In the Washington metropolitan area, median household income has increased by 22 percent between 1980 and 2000. Median household income has increased by approximately 18 percent in the regions suburban areas. In Montgomery County, the median household income has increased by approximately15 percent. Notable is the change in household incomes in Arlington County during this period of time, which increased 26 percent, much faster than the region as a whole.

Figure 3: Median Household Income, Washington DC Metro – 1980 to 2000 (2005 Dollars)

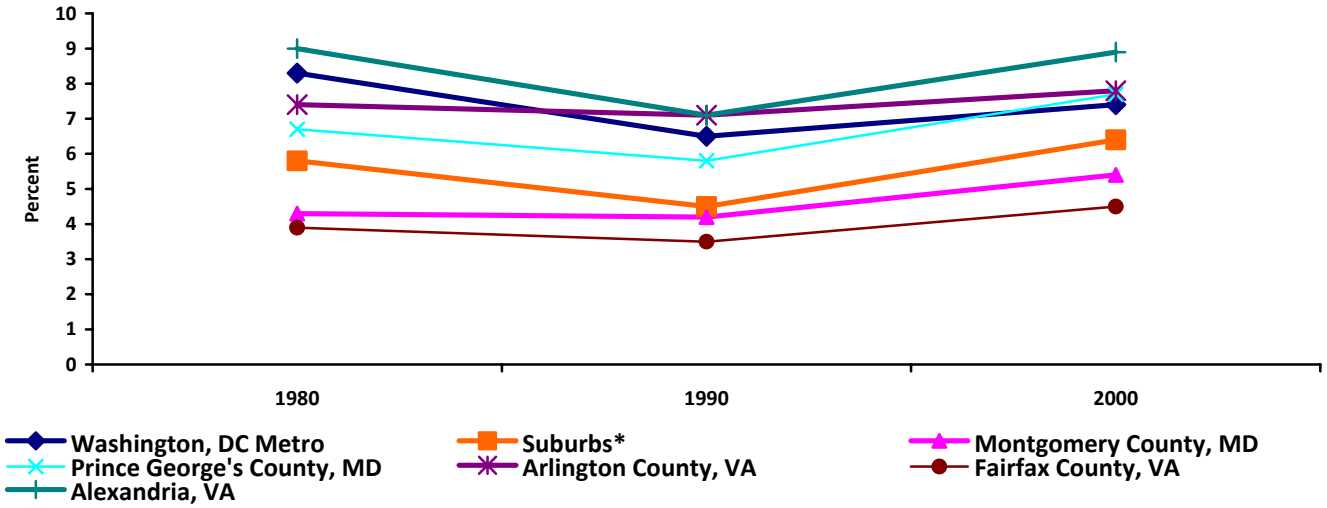


Source: M-NCPPC Research and Technology Center

Finding: Overall, poverty rates in the Washington, DC metro decreased from 1980 to 2000. Poverty rates in Washington's suburban communities, including Montgomery County, trended upwards during the same time period.

Between 1980 and 2000, the poverty rate in the Washington, DC metropolitan area fell from 8.3 percent to 7.1 percent. Poverty rates in area suburbs increased from 5.8 to 6.4 percent. Notable increases in poverty rates were seen in Montgomery County (4.3 percent to 5.4 percent) and Prince George's County (6.7 percent to 7.7 percent).

Figure 4: Poverty Rates in Study Jurisdictions, 1980 to 2000



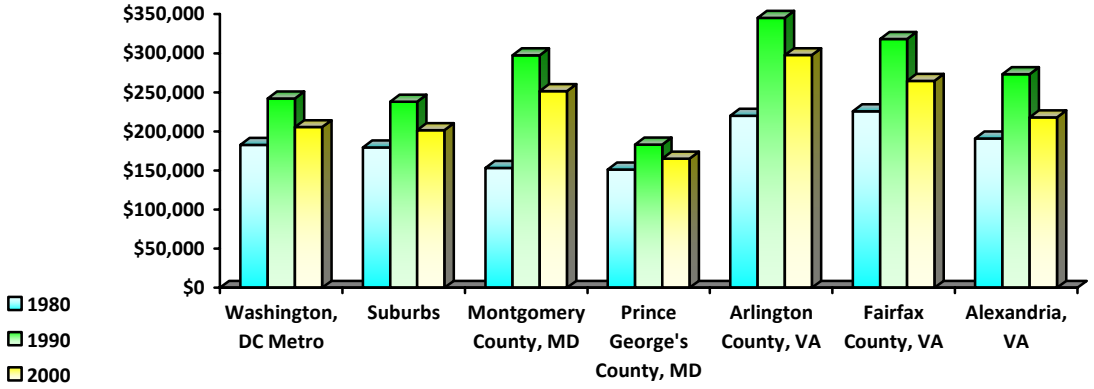
Source: M-NCPPC Research and Technology Center

Finding: From 1980 to 2000, median housing values increased by approximately 12 percent in the Washington, DC metropolitan area and its suburbs.[13]

Housing values have increased at a steady pace in the region since 1980. Overall, the median home value in the Washington region increased from $182,914 in 1980 to $205,493 in 2000. Suburban Washington's median home value increased from $179,640 to $201,428. The median home value in Montgomery County jumped 64 percent from 1980 to 2000, representing the largest increase in median home value of all Counties mentioned.

[13] 2005 Dollars

Figure 5: Median Housing Values, Washington Metropolitan Area, 1980 to 2000 (2005 Dollars)



Source: State of the Cities Data Systems (HUD); U.S. Census

Finding: A significant amount of the region's housing stock has been built before 1970 – the Washington metropolitan area is a relatively even mix of mature and emerging communities.

Table 1: Housing Stock in the Study Jurisdictions (Percent) The majority of the housing stock in Montgomery, Prince George's and Fairfax Counties was built after 1970 (Montgomery County – 56 percent, Prince George's County – 52 percent; Fairfax County – 68 percent). In both Arlington County and the City of Alexandria significant portions of the housing stock were built before 1970 (75 percent and 59 percent, respectively).

	Montgomery County, MD	***Prince George's County, MD***	***Arlington County, VA***	***Fairfax County, VA***	***Alexandria, VA***
Year Built	2.0	1.9	0.7	2.1	4.2
1999 -2000	5.6	7.4	3.6	7.4	6.6
1995-1998	7.2	10.4	4.4	8.8	3.3
1990-1994	24.7	16.1	10.3	27.2	8.7
1980-1989	16.5	16.1	6.4	22.7	18.3
1970-1979	16.5	22.1	9.1	15.9	10.8
1960-1969	22.0	21.4	47.8	14.7	30.9
1940-1959	5.5	4.7	17.7	1.2	17.2
1939 and earlier	2.0	1.9	0.7	2.1	4.2

Source: US Census

ANALYSIS RESULTS: CHANGE IN MONTGOMERY COUNTY COMMUNITIES

Initially, staff applied Dr. Hanlon's research methodology to Montgomery County using Census data. However, the 2000 Census data are the most recent detailed Census information and marked changes in the housing market and economy have occurred since 2000. The County has much more recent data from other sources which will be discussed later in the report.

One very useful element of Dr. Hanlon's research is comparing *mature* and *emerging* suburbs. Using 2000 Census data, fifty-one communities (Census Designated Places) were identified for measurement according to U.S. Census designated place boundaries. After further research it was determined that 30 communities were mature suburban communities and the balance being emerging suburban communities (using Dr. Hanlon's criteria). Table 2 provides a list of the communities in their respective age categories.

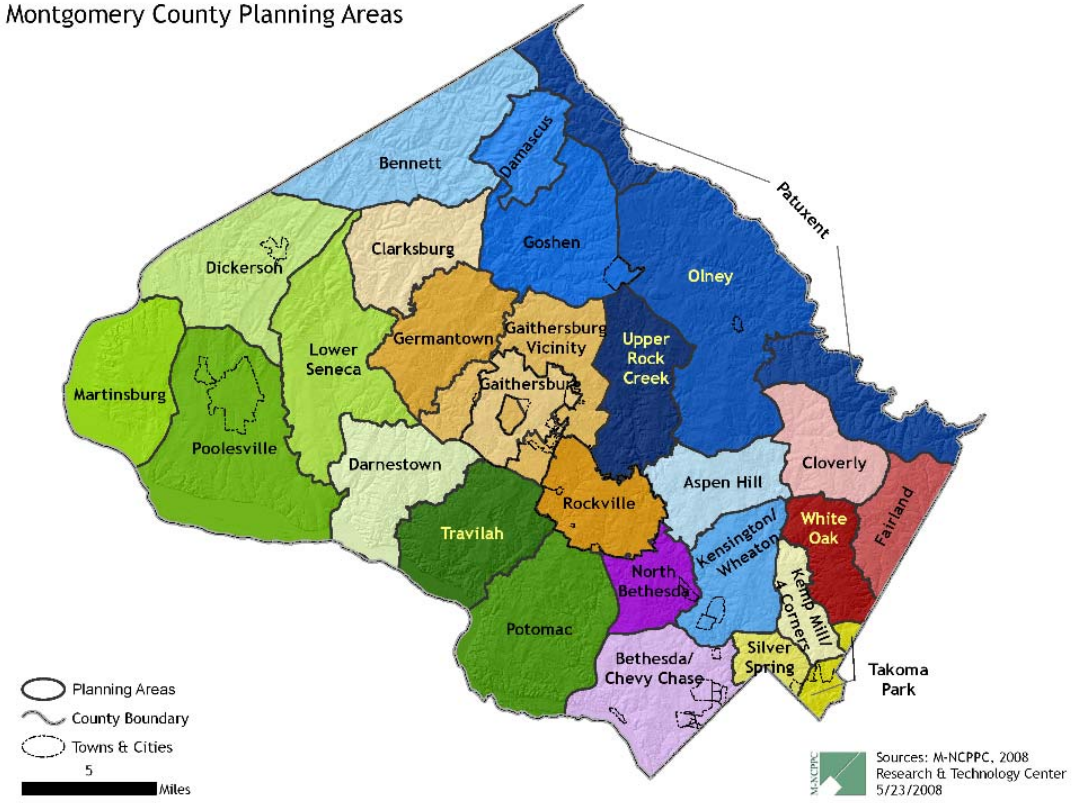
Table 2: Older and Newer Suburban Communities in Montgomery County

Mature Suburban Communities (Over 50 % of Housing Stock Built before 1970)	*Emerging Suburban Communities (Over 50% of Housing Stock Built 1970 and after)*
▪ Ashton-Sandy Spring	▪ Aspen Hill
▪ Barnesville	▪ Burtonsville
▪ Bethesda	▪ Calverton
▪ Brookeville	▪ Clarksburg
▪ Brookmont	▪ Cloverly
▪ Cabin John	▪ Colesville
▪ Chevy Chase (town)	▪ Damascus
▪ Chevy Chase (CDP)	▪ Darnestown
▪ Chevy Chase Section 5 Village	▪ Fairland
▪ Chevy Chase Section 3 Village	▪ Friendship Village
▪ Chevy Chase View	▪ Gaithersburg
▪ Chevy Chase Village	▪ Germantown
▪ Forest Glen	▪ Montgomery Village
▪ Garrett Park	▪ North Bethesda
▪ Glen Echo	▪ North Potomac
▪ Hillandale	▪ Olney
▪ Kemp Hill	▪ Poolesville
▪ Kensington	▪ Potomac
▪ Laytonville	▪ Redland
▪ Martin's Additions	▪ Rossmoor
▪ North Chevy Chase	▪ Travilah
▪ North Kensington	

- Rockville
- Silver Spring
- Somerset
- South Kensington
- Takoma Park
- Washington Grove
- Wheaton/Glenmont
- White Oak

After the 2010 Census Data, a more relevant analysis of these Census Designated Places will be possible, using Dr. Hanlon's methodology.

In addition to the Census, Montgomery County performs periodic Census Update Surveys in between decennial censuses. The Census Update Survey (CUS) provides for regular, in-depth analysis of Montgomery County's communities. The following analysis, uses two survey years for comparison: 1997 and 2005 (the latest completed survey). For this analysis, we are comparing the data for the County's planning areas, rather than for the census designated places. To obtain a large enough population pool for statistical validity, the CUS groups some of the planning areas in the more rural areas such as Poolesville, Clarksburg, and Damascus.



The CUS data is a rich source of information about the residents of Montgomery County: how their households are composed, their education levels, where they work and how they get there, what languages they speak, how much they pay for housing, etc. The following analysis is only an example of what can be analyzed using five housing related fields. The analysis conducted by staff yielded relative differences among the planning areas and shows trends in the indicators of population, median household income, average monthly household costs and number of rental units. Table 3 provides a glance the 2005 results. Mapping these data will allow staff to easily analyze changes that may be occurring in different sections of the county.

Table 3: Selected Housing Related Items – 2005 Census Update Survey

SELECTED HOUSING RELATED ITEMS 2005 CENSUS UPDATE SURVEY					
	HOUSEHOLD POPULATION	MEDIAN INCOME	AVERGAGE MONTLY HOUSING COSTS		
PLANNING AREA*			OWNERS	RENTERS	% RENTERS
Aspen Hill	62,865	$59,925	$1,276	$967	25.4%
Bethesda/Chevy Chase	92,600	$119,390	$2,139	$1,606	26.2%
Clarksburg & Vicinity	6,500	$109,730	$2,153	**	5.2%
Cloverly/Norwood	19,815	$107,650	$1,812	$955	5.3%
Colesville/White Oak	35,215	$72,625	$1,494	$1,093	37.9%
Damascus & Vicinity	33,120	$105,120	$1,791	$1,121	6.2%
Darnestown	13,760	$140,245	$2,244	$1,834	3.3%
Fairland	41,470	$66,020	$1,445	$1,044	34.7%
Gaithersburg & Vicinity	130,500	$71,605	$1,417	$1,112	28.6%
Germantown	79,580	$76,655	$1,507	$1,034	20.4%
Kemp Mill/Four Corners	35,605	$76,285	$1,342	$914	24.5%
Kensington/Wheaton	78,065	$73,115	$1,380	$1,145	20.7%
North Bethesda/Garrett Park	41,845	$87,230	$1,684	$1,472	36.7%
Olney & Vicinity	38,615	$109,210	$1,850	**	3.8%
Poolesville & Vicinity	9,220	$93,430	$1,585	$1,032	6.1%
Potomac/Cabin John	48,430	$156,245	$2,509	$1,294	6.0%
Rockville	53,710	$82,640	$1,572	$1,123	27.7%
Silver Spring	35,860	$62,440	$1,536	$1,163	60.6%
Takoma Park	29,665	$48,675	$1,501	$800	55.4%
Travilah	30,335	$142,420	$2,599	$1,177	11.6%
Upper Rock Creek	14,225	$110,395	$2,080	$1,290	9.5%
County	**931,000**	**$83,880**	**$1,687**	**$1,167**	**25.70%**

* MODIFIED PLANNING AREAS

** INSUFFICIENT DATA FOR CALCULATION

Source: CUS, 2005

Table 4 provides the percent change between 1997 and 2005 using these indicators.

Table 4: 1997 and 2005 Percent Change

1997 and 2005 % Change				
			Average Monthly Housing Costs	
	Household Population	Household Income**	Owners	Renters
Aspen Hill	7.8%	-11.0%	11.6%	12.9%
Bethesda/Chevy Chase	8.9%	0.8%	8.8%	26.2%
Clarksburg & Vicinity	215.5%	26.4%	21.8%	*
Cloverly/Norwood	18.0%	17.0%	7.9%	-8.6%
Colesville/White Oak	4.8%	-3.3%	11.0%	18.2%
Damascus & Vicinity	19.0%	10.5%	10.8%	1.1%
Darnestown	14.4%	2.4%	2.5%	14.3%
Fairland	15.1%	-10.1%	6.5%	8.2%
Gaithersburg & Vicinity	11.2%	-4.4%	4.7%	17.5%
Germantown	37.5%	2.9%	9.2%	7.4%
Kemp Mill/Four Corners	0.9%	9.8%	9.8%	6.2%
Kensington/Wheaton	4.1%	6.0%	14.6%	14.7%
North Bethesda/Garrett Park	7.5%	4.0%	17.1%	26.0%
Olney & Vicinity	16.0%	2.0%	11.2%	*
Poolesville & Vicinity	10.6%	9.2%	5.9%	17.3%
Potomac/Cabin John	8.1%	5.9%	-0.2%	-3.7%
Rockville	23.5%	5.2%	11.6%	13.1%
Silver Spring	12.7%	1.5%	1.2%	25.6%
Takoma Park	-9.9%	-15.1%	28.2%	-1.7%
Travilah	35.4%	9.2%	11.9%	-14.7%
Upper Rock Creek	37.5%	-13.6%	6.1%	20.7%
County	**13.1%**	**2.4%**	**9.4%**	**17.1%**

*	INSUFFICIENT DATA FOR CALCULATION
**	REPORTED IN 2004 CONSTANT DOLLARS

Source: Census Update Survey, 1997 and 2005

The data from the CUS can be combined with the County's new housing inventory (which contains data by individual addresses) to provide an even richer analysis. This will allow us to not only look at trends over time but combine the following CUS field with housing data

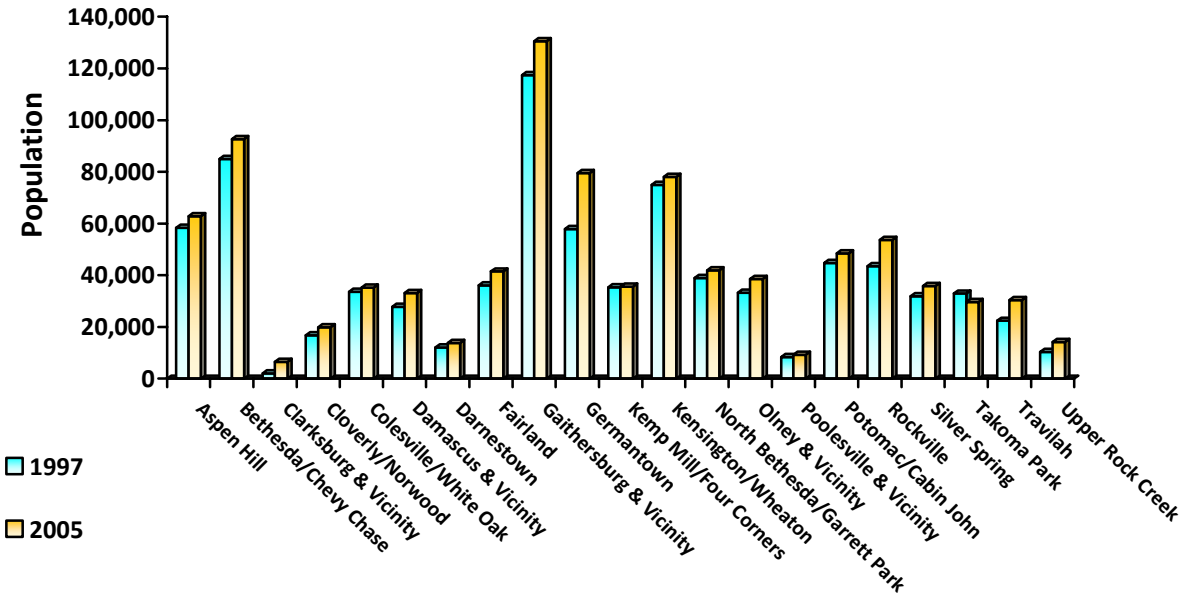
such as assessed housing values, housing sales, foreclosure information, MPDU's, as well as social data (crime, health, educational, etc.).

Using only the CUS data and these 5 characteristics, staff found the following:

Finding: Population has trended upward in virtually all planning areas.

The greatest rate of population increase occurred in Clarksburg (215% but only an actual increase from 2,060 to 6,500. This increase is to be expected with a significant amount of the county's growth occurring there), followed by Germantown, Upper Rock Creek and Travilah. Takoma Park was the only planning area that experienced a decrease in population between 1997 and 2005.

Figure 6: Population Change in Montgomery County's Planning Areas



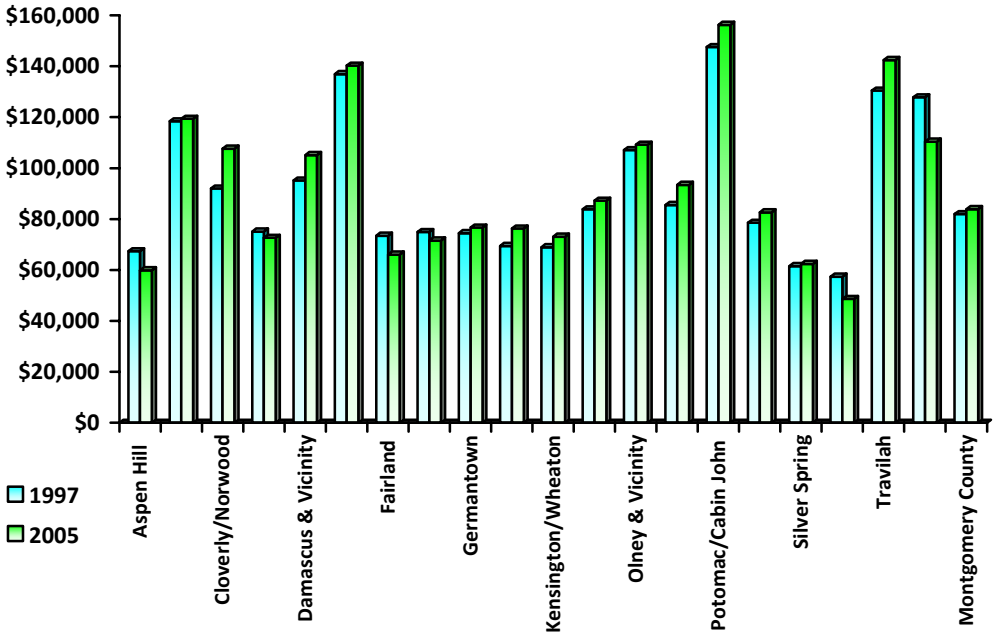
**Source: Census Update Survey, 1997 and 2005*

Finding: On the County level, median household income increased 2.4 percent. Increases in median household income were evident in most planning areas.

Median household income increased in 14 of 21 planning areas between 1997 and 2005. The largest increase was seen in Clarksburg & Vicinity and the smallest increase in Bethesda/Chevy Chase. Six planning areas experienced a decrease in median household income during the same time period. Takoma Park experienced the most significant decrease in income. Notable decreases in income also occurred in Upper Rock Creek and Aspen Hill. As an example

of the fact that this must be construed as an indicator of *change* rather than *decline*, Takoma Park experienced the greatest percentage increase in monthly housing costs for homeowners over this period of time (28.2%).

Figure 7: Household Income Change (2004 Dollars)



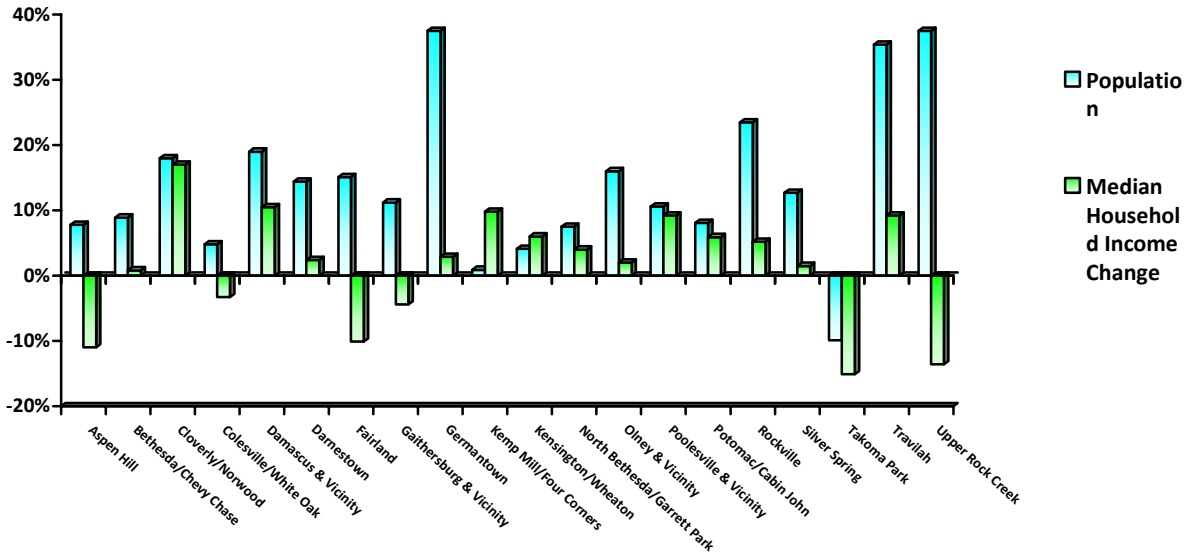
Source: Census Update Survey, 1997 and 2005

By linking changes in population and household income, we can identify planning areas that may warrant further examination and research. For example, Takoma Park showed decreases in both population and household income. Three others planning areas had increases in population and decreases in median household income:

- Upper Rock Creek had a 37.5 percent increase in population with a decrease of 13.6 percent in household income.
- Fairland's population increased by 15.1 percent; at the same time the median income in the area decreased by 10.1 percent.
- Aspen Hill's population increased by 7.8 percent but the median household income decreased by 11 percent.

These changes do not necessarily indicate decline, but do indicate change. Further investigation of these areas may show that increases in development of multi-family residential could account for the changes, and there may be other factors that contribute to the changes in the community.

Figure 8: Rate of Population Change vs. Median Household Income Change*



Source: Census Updated Survey, 1997 and 2005
*Clarksburg's household population increased from 2,060 to 6,500, a 215.5 percent increase, due to new construction.

Finding: In many cases, average monthly household costs for County homeowners and renters have increased substantially while median household income has diminished.

Comparing rate of change in housing costs to median income within planning areas can also shed light on possible issues concerning neighborhood change. According to census update survey data, six planning areas show considerable increases in either or both owner and renter average monthly housing costs and decreases in median household income between 1997 and 2005:

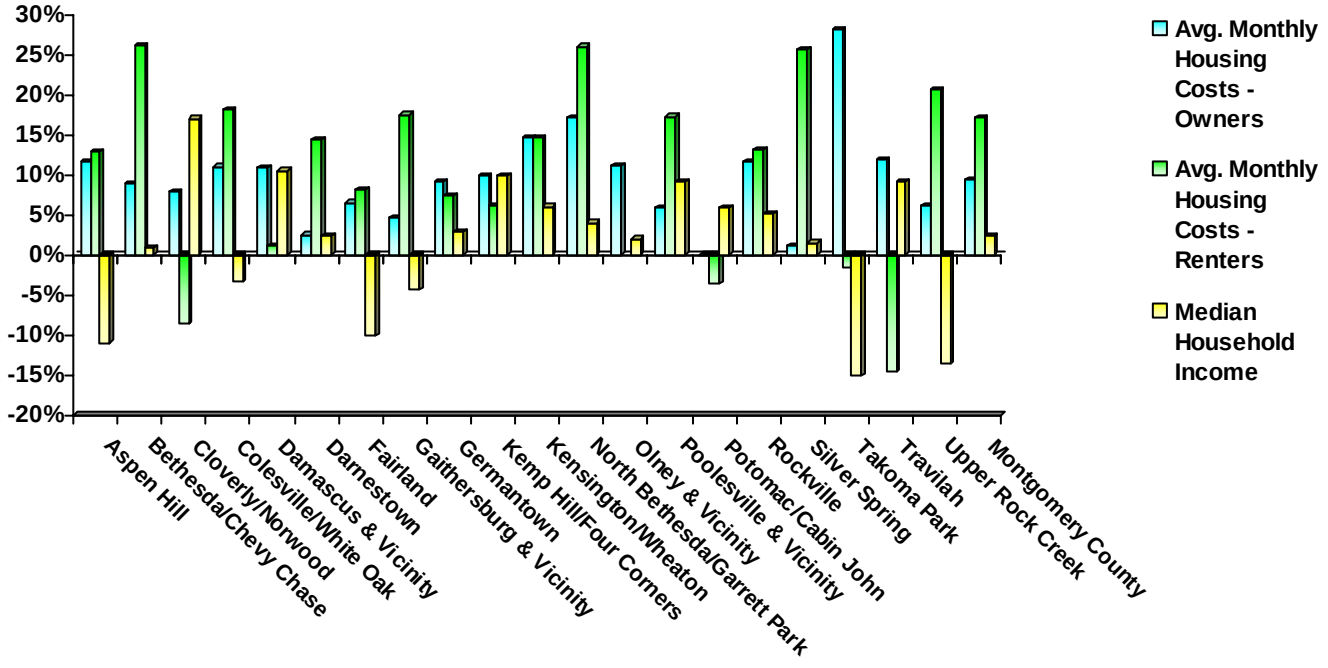
- In Aspen Hill, average monthly household costs for homeowners rose 12 percent and average monthly household costs for renters rose 13 percent; however, the median household income decreased by 11 percent.
- In Colesville/White Oak, average monthly household costs for homeowners and renters increased by 11 and 18 percent respectively; median household income for this planning area decreased by three percent.
- Fairland's average monthly household costs for homeowners and renters increased by 7 percent and 8 percent, respectively; median household income for the planning area fell 10 percent.
- In the Gaithersburg & Vicinity planning area, average monthly housing costs for renters significantly outpaced the same costs for homeowners (18 percent increase for renters; 5

percent increase for homeowners); the median household income for this planning area decreased by 4 percent.

- Of all planning areas that experienced median household income decreases, Takoma Park experienced the largest increase in average monthly household costs for homeowners (28 percent). Average monthly household costs for renters actually decreased by 2 percent. The median household shrunk 15 percent.
- Upper Rock Creek experienced notable changes in its housing costs and median household income. Average monthly household costs for renters rose 21 percent and average monthly household costs for homeowners rose 6 percent. During the same time period, the planning area's median household income decreased by 14 percent.

Figure 9: Comparison of Average Monthly Housing Costs and Median Household Income – Rate Change From 1997 to 2005

Source: Census Update Survey, 1997 and 2005

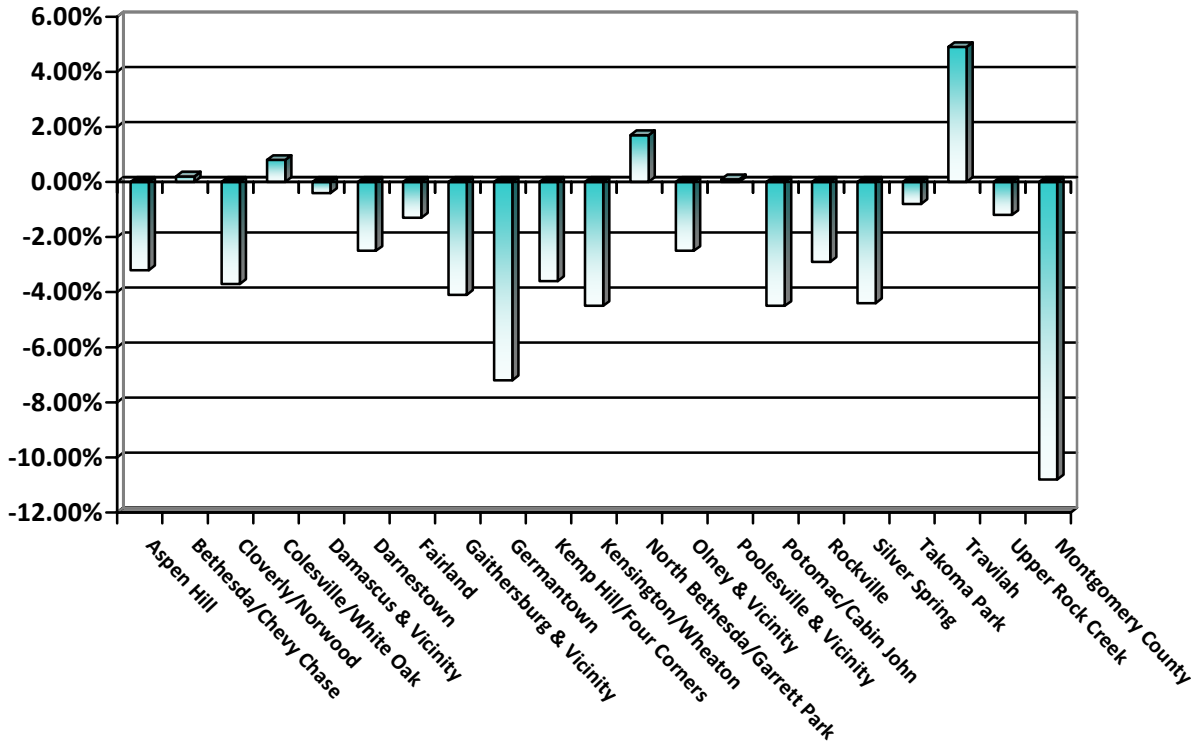


Comparison of household costs to household income is worthy of further investigation in order to determine the relationship between increasing housing costs and decreasing household incomes within the mentioned planning areas.

Finding: In many planning areas, the number of rental housing units declined considerably.

Between 1997 and 2005, the number of rental units decreased in 14 of the County's 21 planning areas. The unit decreases ranged from 1.3 percent to 7.2 percent. The decrease in rental units in these planning areas, however, is lower than the County-level decrease (10.2 percent).

Figure 10: Rental Unit Change, Montgomery County – 1997 to 2005



Source: Census Update Survey, 2005

Staff identified possible factors for decrease in units to include conversion of apartment to condominium of sale of rental houses to owner occupied housing. The decrease of rental units, while very small in some cases, is a cause for concern. Any decrease in housing units in the County will impact housing choices of residents, particularly those with lower household incomes.

NEXT STEPS

The staff analysis was only a sample of what can be done with the Census Update Survey results. Combining CUS with the recently compiled housing inventory will yield even richer results. The 2008 Census Update Survey has just been mailed to Montgomery County residents. When the data are available later this year, the results should be compared to 2005 as this will reflect the recent changes in the economy not reflected in the 2005 CUS. Currently, staff should continue to

collect and map relevant housing information such as foreclosures, housing sales, and rental information to combine with the CUS. If the economy continues to worsen with increasing energy costs, the housing burden could become greater on those residents least able to afford.