

Appendix Two: Housing Supply Analysis

TABLE OF CONTENTS

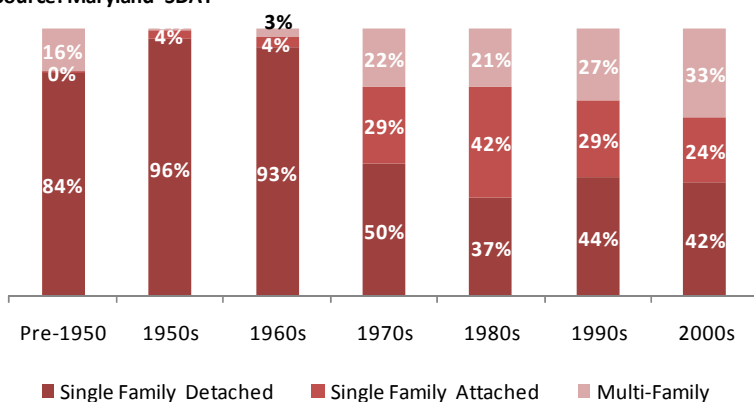
Age & Structure Types (2005)	2
Size Of Housing Stock (2006)	4
Housing Value (2007)	6
Tenure (2005)	8
Rents & Vacancy (2007)	10
Rental Unit Type Distribution (2007)	12
Senior Housing	14
MPDUs	16
HOC & Maryland Financed Affordable Housing	18

AGE AND STRUCTURE TYPES (2005)

The majority of Montgomery County households live in single-family housing. In 2005, 60% of Montgomery County households lived in single-family housing (both detached and attached), with 31% in multi-family housing (garden and high-rise homes). Of the single-family housing, 175,459 households were in detached units, with the remaining 63,874 households in attached units. 107,667 households lived in multi-family housing.

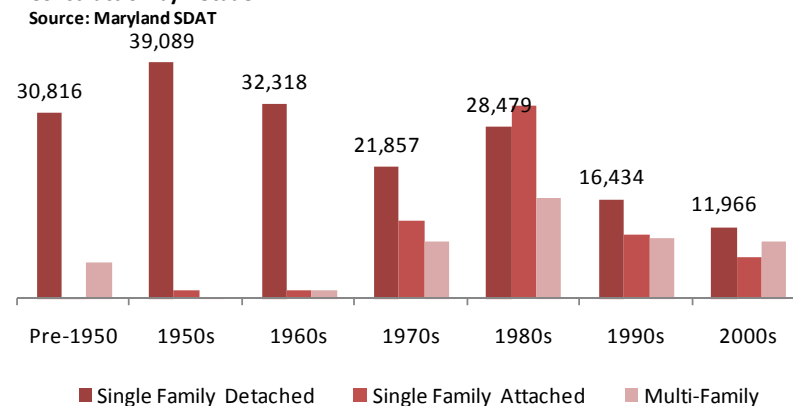
Through the 1960s, new home construction was almost exclusively single-family detached homes. In the 1970s, the trend in new home construction shifted towards single-family attached and multi-family products, where for the first time they made up over half of new homes constructed in the County. Even though home construction has tilted more heavily towards attached and multi-family housing units since the 1970s, the majority of the housing stock today is still single-family detached homes.

Housing Type % of New Construction By Decade
Source: Maryland SDAT



Montgomery County's housing stock as a whole, including single-family detached homes in particular, is aging. About 38% of the County's housing stock was built prior to 1970 and 56.5% of all single-family detached homes were built during this time period. This indicates that a large percentage of households and neighborhoods in the County are struggling with the maintenance and repair of aging systems, as well as with the need to adapt the structures to fit the needs of modern life.

Distribution of Housing Stock
Construction by Decade
Source: Maryland SDAT



Housing Stock Age

Source: Maryland SDAT

	Montgomery County	Single-Family	Muti-Family
Housing Stock	298,493	245,981	52,512
Built Pre-1950	36,780	30,948	5,832
Built 1950-1959	40,665	40,515	150
Built 1960-1969	34,820	33,629	1,191
Built 1970-1979	44,154	34,623	9,531
Built 1980-1989	76,926	60,418	16,508
Built 1990-1999	36,992	27,088	9,904
Built 2000-2006	28,156	18,760	9,396

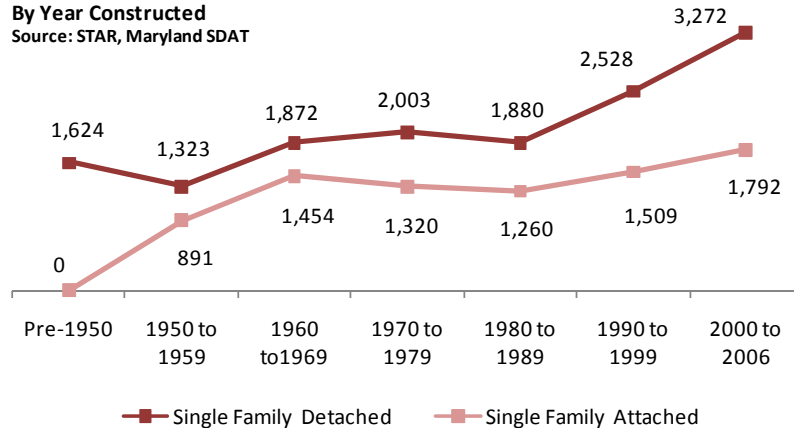
SIZE OF HOUSING STOCK (2006)

Single Family homes have gotten larger. This trend has led to the mansionization of new home development. The average size of a single family detached home built in the 1950s is 1,300 square feet (SF) compared to 3,200 SF for a detached home built in the 2000s. This trend has not only affected detached housing, but also is occurring with the single-family attached products.

Median Square Footage of Single-Family Homes Sold (2006)

By Year Constructed

Source: STAR, Maryland SDAT

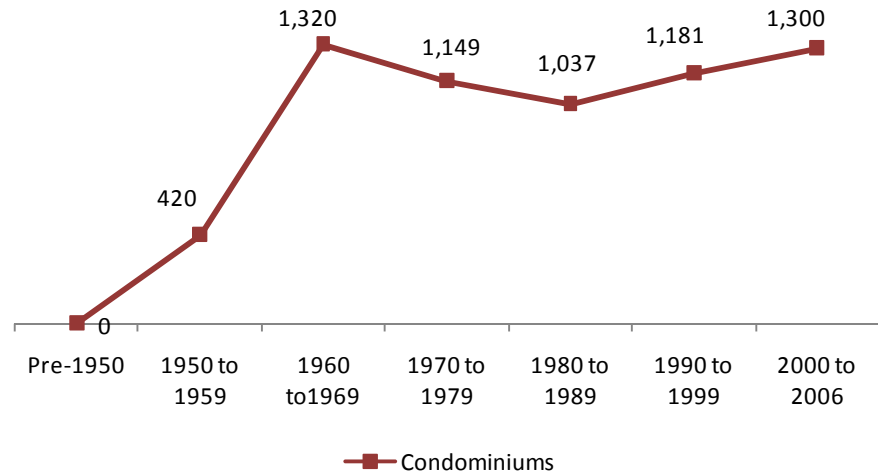


After a period of decreasing unit sizes, multifamily units have become increasingly larger. Multifamily units built in the 1960s are roughly the same size as units built in the 2000s on average. They are approximately 1,300 SF. The period between the 1960s and 2000s saw a shrinking of these units down to approximately 1,100 SF. The upward swing in unit size in the 2000s could indicate a

shifting demographic in multifamily units (i.e., more families or empty nesters downsizing from their single-family home).

Median Square Footage of Condos Sold (2006)

Source: STAR, Maryland SDAT



Home Size (1950-2006)

Source: STAR, Maryland SDAT

Montgomery County	Single-Family Detached	Single Family Attached	Muti-Family	
Average Square Footage of Homes Sold By Year Constructed				
Built Pre-1950	1,624	1,624	0	0
Built 1950-1959	878	1,323	891	420
Built 1960-1969	1,549	1,872	1,454	1,320
Built 1970-1979	1,491	2,003	1,320	1,149
Built 1980-1989	1,392	1,880	1,260	1,037
Built 1990-1999	1,739	2,528	1,509	1,181
Built 2000-2006	2,121	3,272	1,792	1,300

Housing Value (2007)

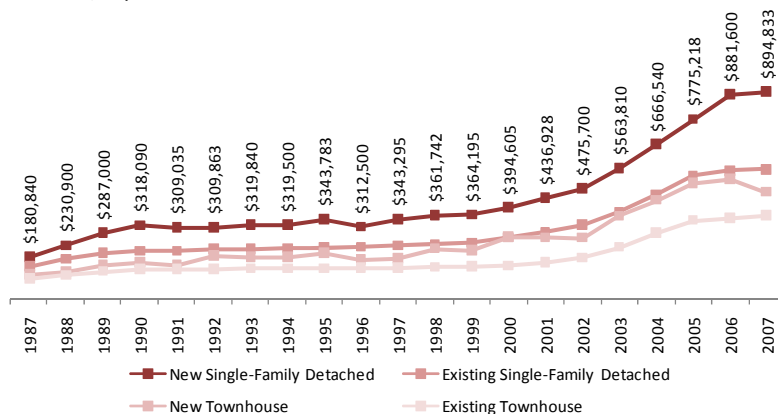
New single-family housing is approaching one million dollars.

After rapid home price appreciation in the first half of the 2000s, the median price for a new single-family detached house in the County is nearing one million dollars (\$894,833), and the median price for a new townhouse is \$560,000. Existing single-family detached homes and townhomes have a median price of \$461,673 and \$361,15 respectively. These extremely high home values are a relatively new phenomenon, as home values (new and existing) had held steady (at well under \$500,000) during the 1990s until 2002.

Median Home Assessment (1987-2007)

by housing type

Source: STAR, Maryland SDAT



Fewer Montgomery County households can afford to buy a home today than could in the past. Along with the increase in price has come a decrease in the number of housing units that are affordable

to those earning 100% of AMI. In 2006, the home price affordable to households earning 100% of AMI was \$346,500, which is lower than the median price for new and existing single-family housing.

Median Home Assessment (1987-2007)

Source: STAR, Maryland SDAT

	<i>New Single-Family Detached</i>	<i>Existing Single-Family Detached</i>	<i>New Townhome</i>	<i>Existing Townhome</i>
1987	\$180,840	\$140,000	\$105,350	\$86,000
1988	\$230,900	\$173,000	\$118,990	\$102,000
1989	\$287,000	\$200,000	\$145,450	\$118,000
1990	\$318,090	\$207,000	\$158,325	\$126,000
1991	\$309,035	\$208,000	\$146,000	\$128,000
1992	\$309,863	\$217,000	\$185,735	\$128,500
1993	\$319,840	\$217,000	\$180,890	\$130,000
1994	\$319,500	\$220,000	\$180,300	\$131,000
1995	\$343,783	\$220,700	\$199,605	\$130,000
1996	\$312,500	\$225,000	\$169,900	\$132,000
1997	\$343,295	\$230,000	\$174,000	\$134,900
1998	\$361,742	\$235,000	\$218,622	\$137,000
1999	\$364,195	\$243,000	\$212,217	\$139,000
2000	\$394,605	\$265,000	\$267,502	\$142,500
2001	\$436,928	\$289,900	\$266,155	\$155,800
2002	\$475,700	\$320,000	\$265,135	\$177,900
2003	\$563,810	\$376,000	\$358,553	\$223,000
2004	\$666,540	\$450,000	\$427,501	\$283,500
2005	\$775,218	\$530,000	\$499,375	\$340,000
2006	\$881,600	\$552,500	\$518,510	\$350,000
2007	\$894,833	\$560,000	\$461,673	\$361,500

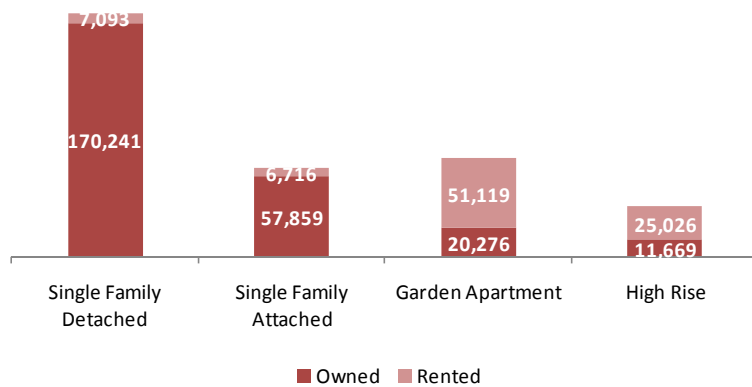
TENURE (2005)

The majority of the housing stock is owner-occupied. While single-family units are typically owner-occupied, multi-family units are predominantly rented. The percentage of single-family detached units for rent is very small (4%). Single-family attached units have a slightly higher percentage of renter occupancy at 10%.

Tenure

by structure type

Source: M-NCPPC 2005 Census Update Survey



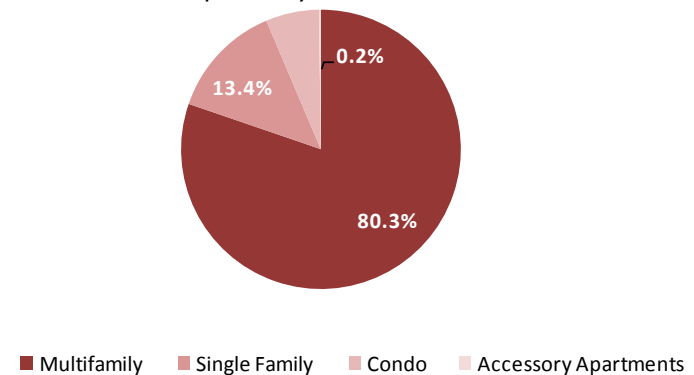
High-rise apartments have a higher owner-occupied percentage than garden apartments. About 32% of high-rise apartments are owner-occupied versus 28% of garden apartments. In the past couple of years, there has been a development boom of new and converted high-rise condominiums that may have contributed to the difference in ownership rates. Although, some garden apartments have been built as condominiums or converted, this represents a much smaller share of the condominium boom.

Single-family units make up a large percentage of the County's rental stock. Even though only a small number of total single-family housing units are rented, they still make up 13% (12,461 units) of the County's rental stock. Other than multi-family and single-family units, condos and accessory apartments make up the remainder of the rental housing stock.

Licensed Rental Units

by structure type

Source: M-NCPPC 2005 Census Update Survey



Tenure (2005)

Source: M-NCPPC 2005 Census Update Survey

	<i>Single-Family Detached</i>	<i>Single-Family Attached</i>	<i>Garden Apartment</i>	<i>High-Rise Apartment</i>
Owned	170,241	57,859	20,276	11,669
Rented	7,093	6,716	51,119	25,026
% Owned	96%	90%	28%	32%
% Rented	4%	10%	72%	68%

Licensed Rental Units by Type (2005)

Source: M-NCPPC 2005 Census Update Survey

	<i>Multi-Family</i>	<i>Single-Family</i>	<i>Condo</i>	<i>Accessory Apartments</i>
Number of Units	75,000	12,481	5,743	212
% of Total Rental Units	80%	13%	6%	0%

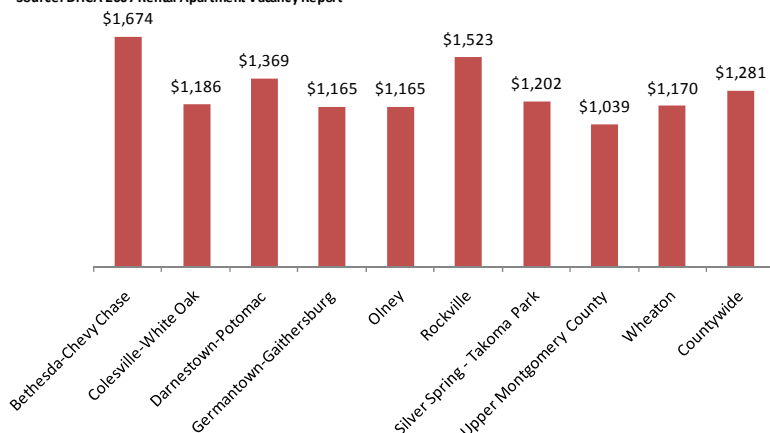
RENTS AND VACANCY (2007)

Market rate rents are moderate in the County. Average market rate rents in Montgomery County range from \$1,039 in Upper Montgomery County to \$1,674 in Bethesda/ Chevy Chase. The overall average market rate rent countywide is \$1,281.

Market Rate Turnover Rents

by market area

Source: DHCA 2007 Rental Apartment Vacancy Report



Rental units in the Western portion of the County achieve the highest rents. Chevy Chase/ Bethesda, Rockville, and Darnestown/Potomac charge the most in rent, while the submarkets of Colesville-White Oak, Germantown/Gaithersburg, Olney, Silver Spring-Takoma Park, and Wheaton all charged similar rents more in line with the County average.

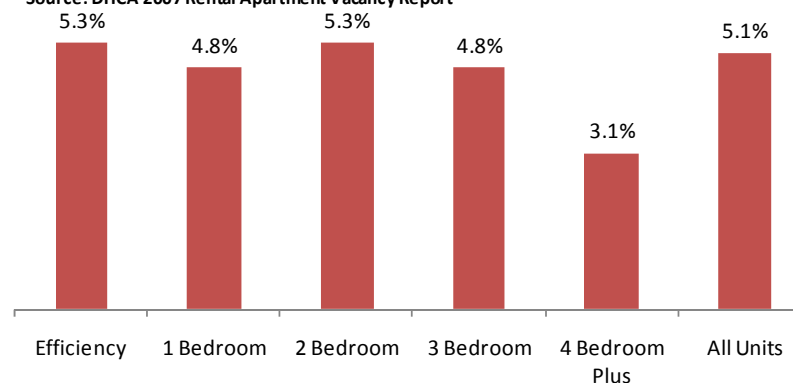
Rental vacancies in Montgomery County are low. The countywide vacancy rate is at 5% overall. 4 Bedroom plus units have the lowest vacancy rate at 3.1%, partly due to the overall low number of 4

Bedroom plus units in the County. Efficiencies and two-bedroom units had the highest vacancy rates at 5.3%.

Vacancy Rate

by unit size

Source: DHCA 2007 Rental Apartment Vacancy Report



Vacant Market Rate Rental Units (2007)

Source: DHCA 2007 Rental Apartment Vacancy Report

	<i>Efficiency</i>	<i>One Bedroom</i>	<i>Two Bedrooms</i>	<i>Three Bedrooms</i>	<i>Four Plus Bedrooms</i>	<i>All Units</i>
Number of Units	2,327	20,832	26,903	4,644	129	54,835
Number Vacant	123	996	1,438	225	5	2,787
Vacancy Rate	5.3%	4.8%	5.3%	4.8%	3.1%	5.1%

Turnover Rents by Market Area (2007)

Source: DHCA 2007 Rental Apartment Vacancy Report

	<i>Efficiency</i>	<i>One Bedroom</i>	<i>Two Bedrooms</i>	<i>Three Bedrooms</i>	<i>Four Plus Bedrooms</i>	<i>All Units</i>
Bethesda-Chevy Chase	\$1,194	\$1,471	\$1,970	\$2,909	\$3,682	\$1,674
Colesville-White Oak	\$923	\$1,005	\$1,239	\$1,561	\$1,741	\$1,186
Darnestown-Potomac	N/A	N/A	\$1,100	\$1,600	\$1,700	\$1,369
Germantown-Gaithersburg	\$844	\$1,051	\$1,224	\$1,429	\$1,566	\$1,165
Olney	N/A	\$1,298	\$1,364	\$1,479	\$1,566	\$1,165
Rockville	\$1,106	\$1,328	\$1,569	\$1,942	\$2,303	\$1,523
Silver Spring - Takoma Park	\$1,033	\$1,117	\$1,256	\$1,491	\$1,685	\$1,202
Upper Montgomery County	\$550	\$850	\$1,046	\$1,231	N/A	\$1,039
Wheaton	\$913	\$1,028	\$1,200	\$1,426	\$1,678	\$1,170
Countywide	\$1,076	\$1,151	\$1,333	\$1,646	\$1,906	\$1,281

stock (50.9%). Darnestown-Potomac, Olney, and Upper Montgomery County have very few rental units.

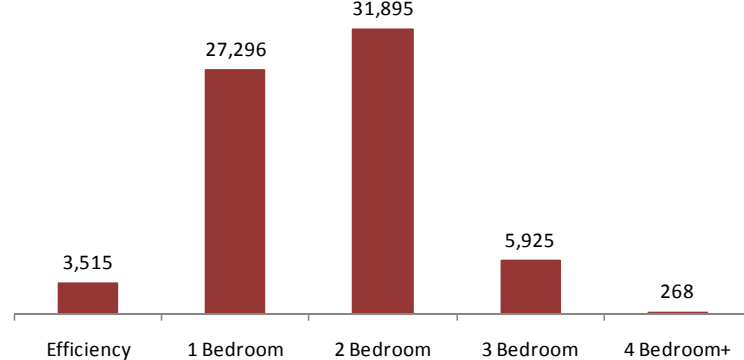
RENTAL UNIT TYPE DISTRIBUTION (2007)

The majority of rental units in the County have one and two bedrooms. One and two bedroom units are 86% of the total rental housing stock. Three-Bedroom and efficiency units also make up a moderate portion of the County's rental units (13.7%).

Distribution of Rental Units

by unit size

Source: DHCA 2007 Rental Apartment Vacancy Report



There is a need for larger multi-family units. Four-bedroom plus units are only 0.4% of the total rental units in the County, and have the lowest vacancy rate of any unit type. This indicates that there may be pent up demand for four-bedroom units.

Rental units are concentrated in several areas of the County. Silver Spring and Germantown/Gaithersburg account for roughly half of the rental units in the County (23.5% and 23.8% respectively). Wheaton, Rockville, Colesville-White Oak and Bethesda-Chevy Chase also represent a large share of the County's rental housing

Distribution of Market Rate and Subsidized Rental Units (2007)

Source: DHCA 2007 Rental Apartment Vacancy Report

	<i>Efficiency</i>	<i>One Bedroom</i>	<i>Two Bedrooms</i>	<i>Three Bedrooms</i>	<i>Four Plus Bedrooms</i>	<i>All Units</i>
Number of Units	3,515	27,296	31,895	5,925	268	68,899
Percent Distribution	5.1%	39.6%	46.3%	8.6%	0.4%	100.0%

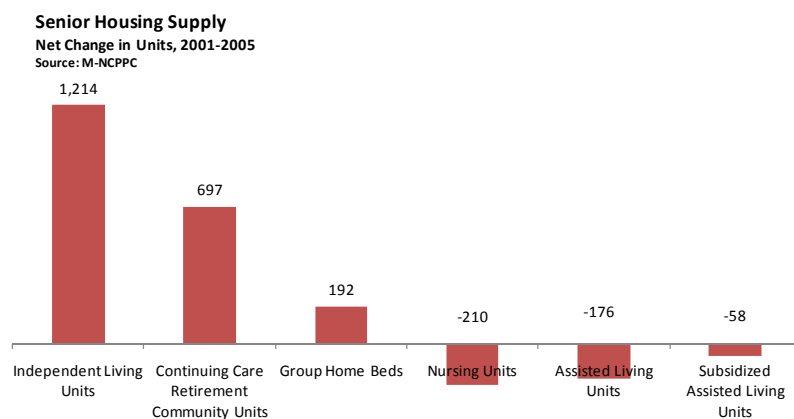
Distribution of Market Rate and Subsidized Rental Units by Market Area (2007)

Source: DHCA 2007 Rental Apartment Vacancy Report

	<i>All Units</i>	<i>% Distribution</i>
Bethesda-Chevy Chase	6,884	10.0%
Colesville-White Oak	8,189	11.9%
Darnestown-Potomac	508	0.7%
Germantown-Gaithersburg	16,386	23.8%
Olney	551	0.8%
Rockville	10,230	14.8%
Silver Spring - Takoma Park	16,164	23.5%
Upper Montgomery County	203	0.3%
Wheaton	9,784	14.2%
Countywide	68,899	100.0%

SENIOR HOUSING

The supply of senior-only housing has increased between 2001 and 2005. The types of senior housing available in Montgomery County include: independent living units, continuing care retirement community units, active adult units, group homes, nursing homes, and assisted living units. As the County's population is expected to age significantly over the next few decades, there is increased scrutiny on the supply of senior housing available that meets a wide range of the needs and desires of an aging community. The supply of senior housing units increased by 1,659 units between 2001 and 2005.¹



The County lost affordable assisted living units. Senior housing supply is shifting towards seniors in need of little to no extra

assistance. The distribution of net change in senior housing unit type, indicates that the options for those seniors with the most needs (nursing home, assisted living) may be on the decline, while those seniors requiring the least amount of care have an increasing number of options. There are an additional 1,580 units in the development pipeline (as of 9/2006).

The County has a variety of senior targeted units. As of 2005, there are 20,333 senior targeted units/beds in the County. Of these, 4,918 are subsidized and are mainly assisted living facilities. The following table shows the breakdown of number of units/beds by facility type.

¹ Page 1, "Affordable Assisted Living Tops Senior Housing Needs!"
Montgomery Department of Planning, Research & Technology Center,
September 2006.

Senior Housing (2006)

Source: Maryland SDAT

	<i>Independent Living Units</i>	<i>Continuing Care Retirement Community Units</i>	<i>Group Home Beds</i>	<i>Nursing Units</i>	<i>Assisted Living Units</i>	<i>Subsidized Assisted Living Units</i>
Number of Units 2001	4,223	2,160	532	5,030	1,226	220
Number of Units 2005	5,437	2,857	724	4,820	1,050	162
% Change	28.7%	32.3%	36.1%	-4.2%	-14.4%	-26.4%
Net Change	1,214	697	192	-210	-176	-58

Senior Housing (2006)

Source: Maryland SDAT

	<i>Facilities</i>	<i>Units/Beds</i>	<i>Subsidized Units/Beds</i>
Active Adult (Leisure World)	1	4,750	N/A
Independent	40	5,437	4,085
Assisted Living	13	1,212	162
Specialized Assisted/Alzheimer's	3	168	N/A
CCRCs/Life Care	7	2,857	408
Group Homes	103	724	263
Nursing Homes	38	4,820	N/A
TOTAL	205	19,968	4,918

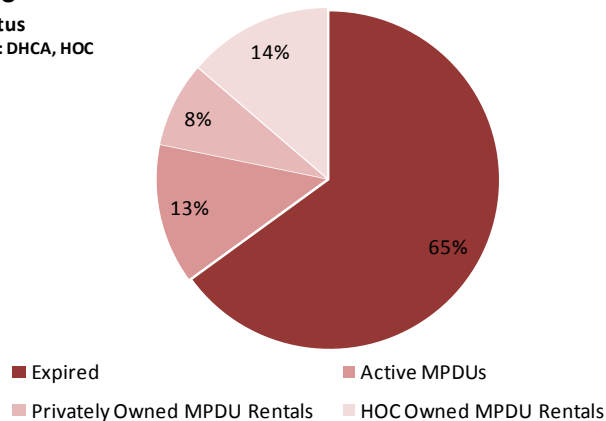
MPDUs

The MPDU program has successfully provided thousands of affordable housing units to County residents over the past 35 years. In recent years, policy makers and planners have become concerned about the transition from price-controlled units to market rate units that has occurred due to short control periods. The response has been to increase the control period to 30 years for for-sale MPDUs and 99 years for rental MPDUs, and make the control period resettable for both types, which effectively makes the unit affordable permanently. 65% of MPDUs that have been developed over the programs lifetime have had their control period expire. The increase to a 30-year control period will help curtail the number of units able to be sold at market rate prices.

MPDU

by status

Source: DHCA, HOC



Existing MPDUs are in danger of expiring. Assuming no resets, it is expected that 1,030 for-sale MPDUs will expire by 2014, and 888 for-rent MPDUs will expire by 2024. The loss of these units would

have a huge impact on the affordable housing supply in the County. In addition to the units already developed and in the housing stock, there are over 3,000 MPDUs in the development process (as of February 2008). Due to the new control period, these units will be able to provide affordable housing options in the County far into the future and offset expected losses due to control periods expiring.

Anticipated Future Supply of New MPDUs

Source: DHCA, HOC

	<i>Number of Units % Distribution</i>	
Pending Applications	1,691	54%
Certified Site Plans	1,148	37%
Ready for Sale/Rent 2008	121	4%
Ready for Sale/Rent Near Future	169	5%
TOTAL	3,129	100%

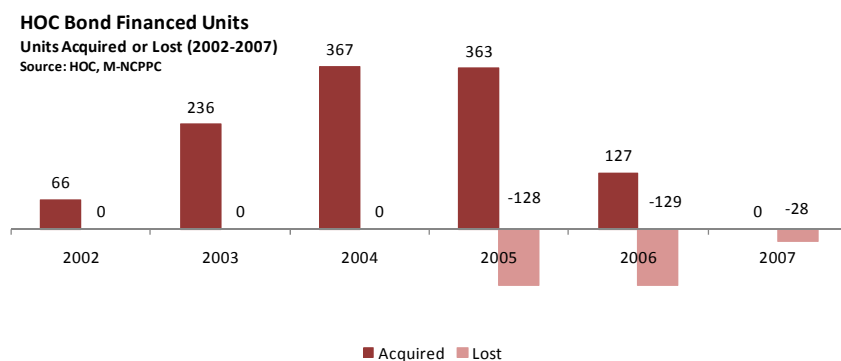
MPDU Status, Units Built Since 1972

Source: DHCA, HOC

	<i>Number of Units % Distribution</i>	
Expired	8,126	65%
Active MPDUs	1,654	13%
Privately Owned MPDU Rentals	1,006	8%
HOC Owned MPDU Rentals	1,714	14%
Total MPDUs	12,500	100%

HOC AND MARYLAND FINANCED AFFORDABLE HOUSING

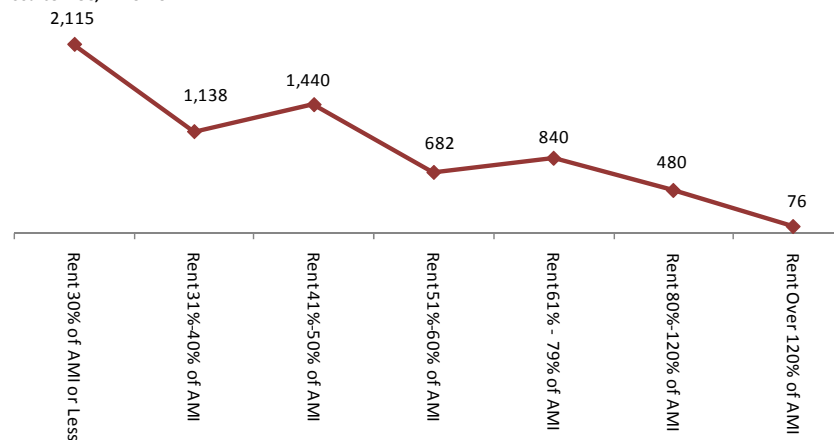
The Housing Opportunities Commission (HOC) plays a vital role in the provision and maintenance of the affordable housing stock in Montgomery County. They have successfully accumulated over 6,000 units that are targeted at various levels of affordability. Between 2002 and 2007, HOC has increased their affordable unit stock by a net of 874 bond financed units.



HOC concentrates on providing housing to households earning the least. About 65% of their units are aimed at households most in need of help. (Households earning less than 50% of AMI.) HOC owns or manages units that are affordable to households making up to 120% of AMI (and in very few cases exceeding 120% of AMI), with the emphasis on those households making less than 50% of AMI.

In addition to HOC, Maryland provides bond financing for projects that provide affordable housing. There are 139 state bond-financed projects that have yielded a minimum of 2,961 affordable units in Montgomery County. Together the State, HOC, and the

HOC Bond Financed Units
by Household Income Range Target
Source: HOC, M-NCPPC



County are working to provide a wide range of affordable housing units to County residents.

HOC Bond Financed Units (2002-2007)

Source: HOC; M-NCPPC

	2002	2003	2004	2005	2006	2007	Total
HOC Acquired Units	66	236	367	363	127	0	1,159
HOC Units Lost	0	0	0	(128)	(129)	(28)	(285)

HOC Bond Financed Units (2007)

Source: HOC; M-NCPPC

	Number of Units	% Distribution
Rent 30% of AMI or Less	2,115	31%
Rent 31-40% of AMI	1,138	17%
Rent 41-50% of AMI	1,440	21%
Rent 51-60% of AMI	682	10%
Rent 61-79% of AMI	840	12%
Rent 80-120% of AMI	480	7%
Rent Over 120% of AMI	76	1%
Total Units	6,771	100%