ANALYSIS
of the
SUPPLY & DEMAND
for
HOUSING

Montgomery County, Maryland

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Housing Supply & Demand
Overview

Purpose

This report by the Research & Technology Center of the Montgomery County Planning Department assesses the supply and demand for housing in Montgomery County, Maryland. It is one in a series of background reports and analyses prepared in support of a pending update of the Housing Element of the General Plan.

The analysis begins with a comprehensive assessment of the local housing environment, including an inventory of existing housing and market conditions along with key factors shaping the supply and demand for housing in Montgomery County. The following section presents an analysis of the gap between existing and projected supplies of housing relative to demand at affordability thresholds for households of different sizes. The report concludes with a brief analysis of the implications that these trends and conditions might have for policies–especially land use and development-related policies–that affect the County's affordability environment.

Note on sources

Most of the information in this report was mined from several data sets developed and maintained by the Research & Technology Center, including, the *COG Round 7.1 Forecast*, the *Census Update Survey* and housing market data. Research staff compiled a sizeable base of information in the course of preparing this analysis. In addition to the tables and charts included in this report and its accompanying data book, the reference base includes a detailed inventory of the County's housing stock in GIS. Together these resources provide a rich statistical base for assessing housing, land use, transportation, economic and related policies in master plans. Similar analyses could be performed at the sub-county level.

Housing Supply & Demand

Supply Factors

Housing Construction Trends

Single-family attached (townhomes) and multi-family units (condominiums and apartments) have been the dominant form of home construction in Montgomery County over the past four decades. Single-family detached homes account for less than 50 percent of new units built since 1970. Even so, single-family detached homes remain the single largest category of homes in the County, reflecting the fact that single-family detached dwellings accounted for more than 90 percent of homes built in the County before 1970.

Average single-family home sizes–and corresponding prices–have increased. Single-family detached housing units nearly tripled in size from 1,323 square feet in the 1950s to 3,272 square feet this decade. Single-family attached housing units doubled in this same time period from 891 square feet to 1,792 square feet. Driven by a mix of demand for larger homes by affluent consumers and profit-maximization by builders, the trend to building larger–and more expensive–homes has helped drive up average housing prices Countywide.

After decades of getting smaller, newer multi-family are getting larger on average—reflecting a marked shift in consumer choice. The average square footage of a new multi-family unit fell steadily each decade between 1970 and 2000, but that trend has reversed. At around 1,300 square feet, new multi-family units are once again being built at a size not seen since the 1960s. The trend to larger multi-family units partly reflects an increase in for-sale units (i.e., condominiums). It also reflects a general shift in consumer preferences, with more households of all types–including families–choosing to live in multi-family units proximate to transit, retail, job and entertainment centers.

Capacity Constraints

Montgomery County is approaching build-out. 82 percent of existing residential capacity already has been reached; approved development currently in the pipeline pushes that to 91 percent. Permitted capacities can increase or decrease, such as when master plan updates or rezonings change permitted densities. Areas that currently are at or near build-out can acquire additional capacity by redevelopment of underused properties.

In-fill development will supply most new housing capacity. Most large landholdings outside of the Agricultural Reserve are almost fully developed. Future growth in the County will be primarily in the form of community-scale redevelopment and infill in proximity to existing and planned transit service. The rural nature of the Agricultural reserve is likely to remain intact, while portions of the County currently developed at suburban densities will become increasingly urbanized.

Housing Market Trends

Strong demand and comparative affluence keep housing prices relatively high over time. Sustained levels of population growth over the several decades have tended to strain housing supplies, keeping prices high. A large number of comparatively wealthy residents seeking higher-end homes also boost housing prices overall.

Limited land availability creates upward price pressure. A dearth of land available for new construction has put a premium on remaining greenfield and redevelopment land alike. Cost pressures have been especially intense in parts of the County that are in very high demand, including areas close to major employment centers and transportation corridors, as well as neighborhoods with top-ranked schools and community amenities.

Higher construction costs have helped drive up new home prices. Since 2004, construction material prices have increased more quickly than other consumer goods. Rising labor costs also are boosting construction costs. Between 2004 and 2007, costs increased 31 percent compared to a 15 percent increase in consumer goods. This increase is driven by higher energy costs, a decrease in the availability of skilled labor, and increased worldwide demand for construction materials due to exploding economic growth (especially in China and India) as well as reconstruction costs in areas affected by war and natural disasters. In a strong housing market, these costs typically are passed on to consumers; in a shakier market, they tend to reduce the number of housing starts.

Already an expensive housing market, Montgomery County saw home prices spike still higher in the housing bubble. The record-low interest rates and lax lending standards during the nationwide housing bubble of 2002-2006 produced a power surge in the local housing market. An average new single-family detached unit was just under $1 million in 2007–up from $436,000 in 2001. The average price of an existing single-family detached home increased from $290,000 in 2001 to $569,000 in 2007. An average new townhouse in 2007 was priced at $475,000 compared to $266,000 in 2001. An existing townhouse was $365,000 in 2007 compared to $155,000 in 2001.

Housing sales have slowed in the past two years. Days-on-market for resale homes increased from fewer than 40 days on average from 2003 through 2005 to around 100 days in 2007. Montgomery County's housing market slowdown is less severe than in neighboring Virginia counties: after keeping pace with Montgomery County through the housing boom, both Loudoun County and Fairfax County have experienced sharper increases in days-on-market.

The nationwide foreclosure crisis is beginning to hit Montgomery County. Between December 2007 and March 2008, foreclosure rates Countywide doubled from 0.89 to 1.8 foreclosures per 1,000 households. Maryland foreclosures are also growing at a faster rate than the national average (6 percent versus 4 percent). Along with serving as an indicator that growing numbers of households are in crisis, a spate of foreclosures can destabilize communities and erode the value of home investments among neighboring households.

Overall, Montgomery County rents are comparatively moderate. There is a rent divide between western portions of the County and the eastern and northern portions of the County. Rents are noticeably higher than the Countywide average of $1,281 in Bethesda/Chevy Chase ($1,674), Rockville ($1,523) and Darnestown-Potomac ($1,369). Moderate average rent is found in Germantown-Gaithersburg ($1,165), Olney ($1,165), Upper Montgomery County ($1,039), and Wheaton ($1,170).

There is pent-up demand for larger rental units. Nearly all rental apartments (86 percent) are one- and two-bedroom units. There is only a handful (268) of four-bedroom plus units in Montgomery County. Vacancy rates for three-bedroom apartments (4.8 percent) and four-bedroom plus units (3.1 percent) are below the Countywide average (5.1 percent), indicating that there is a need for more large rental apartments in the County. One reason for the relatively low number of larger rental units is the high rents attached to these units. The weighted average rent for 3-bedroom plus units in the County is $1,780, which is out of reach for many households. A household would have to earn at least $71,200 to afford this unit.

Housing Supply & Demand
Demand Factors

Population & Household Growth

Montgomery County is emerging from a period of exceptionally fast population growth. The number of County residents surged between 1980 and 2000, growing by 30 percent during the 1980s and 14 percent from 1990 to 2000. The County's population is forecast to grow by an additional 14 percent this decade. By 2010, the County will have an estimated 990,000 residents–a total population increase of nearly 411,000 (71 percent) since 1980.

The County is forecast to continue adding residents–albeit at a slower pace–over the next 25 years. Between 2010 and 2030, Montgomery County is forecast to add another 155,000 residents (16 percent), boosting total population to 1.2 million by 2030. While the pace of growth will slow relative to previous decades, it will be on top of a larger population base.

Household growth will continue to outpace population growth. The number of households grew 36 percent during the 1980s and by another 15 percent from 1990 to 2000. Household growth will slow slightly to 14 percent this decade. By 2010, households are expected to number 370,000, an overall increase of nearly 163,000 households (79 percent) since 1980. Between 2010 and 2030, the County is forecast to add more than 71,000 households (16 percent), reaching 441,000 households by 2030.

Demographic Change

A combination of high birth rates among County residents and an influx of new residents has fueled population growth since 2000. From 2000 and 2005, natural increase (i.e., births minus deaths) added 38,000 residents. Over the same period, net migration (i.e., the number of people moving in minus those moving out) added 25,000 residents; foreign immigration accounted for roughly 90 percent of this net migration. Most people moving to other parts of Maryland chose Frederick County, followed by Howard County.

The relatively faster growth in households reflects a general trend toward smaller households. Households in Montgomery County are getting smaller on average, declining from 2.79 residents per household in 1980 to an estimated 2.68 in 2010. By 2030, the average size of a household is forecast to be 2.59 residents. Declining household sizes reflect a number of demographic trends–including an increase in the number of seniors living alone; smaller families; and more singles.

Families account for the largest share of Montgomery County households. 62 percent of the County's households are married couple households and 10 percent are single-parent households. Households with children ages 0-18 account for 38% of all households (132,180). Single-family housing in particular attracts family households—in fact, 84 percent of households living in single-family homes are families.

The County's population includes a growing proportion of seniors. Currently, only 11 percent of County residents are age 65 and above . As the cohort of residents between 45 and 64 (currently 27 percent of the population) ages, the number of households comprising one or more seniors will increase dramatically, generating additional demand for senior housing options.

County residents are exceptionally well-educated. 70 percent of County residents over the age of 25 hold a degree beyond a high school education. However, not all County residents are well-educated: 8 percent of adults lack a high-school diploma.

Foreign-born residents account for a substantial share of the County's population. One in three households has a foreign born head of household or spouse. The proportion of foreign- and native-born households is roughly equal for both single-family and multi-family households. Roughly two out of three foreign-born households occupy single-family housing units. One in 3 residents over the age of five speaks a language other than English.

Montgomery County is affluent. Median household incomes in Montgomery County are almost twice the national median ($83,880 versus $44,684 in 2004). High household incomes reflect proximity to the nation's capital. Median federal incomes exceed median private sector incomes in Montgomery County. The County also is home to many of the capital region's highly paid legal and other professionals. A relatively large base of high-wage professional, scientific and technical service jobs reflect the presence of life sciences and information technology (IT) industry clusters in the County.

Most employed County residents commute to jobs in Montgomery County. 60 percent of the resident labor force works in the County, with 22 percent working in the District, and 17 percent working in other Maryland counties or Northern Virginia.

Housing Choices

Most households occupy single-family housing. Reflecting the impact of pre-1970s housing development patterns, 77 percent of the County's households live in single-family detached or attached housing.

Most households own their homes. 74 percent of households own their home; ownership is split largely by housing unit type. About 94 percent of single-family households own their home, while only 30 percent of multi-family households own their home. This trend may be shifting as there have been a large number of new for-sale condominium apartments and apartment conversions under development and in the development pipeline over the past several years.

“Mansionization” boosts both housing sizes and prices. The neighborhoods most impacted are in the Urban Ring. Most notably, 75 percent of infill activity has occurred in Bethesda, Chevy Chase, and Kensington. Redevelopment permits dropped off noticeably in 2007, which coincides with the local housing market slowdown, decreasing home values, and increasing foreclosures.

Higher energy prices may offset the trend to larger homes. The rising cost of heating and cooling may undermine the appeal of very large homes. Moreover, high gas prices are likely to discourage future construction in less expensive outer ring suburbs, as the cost of a long commute offsets the perceived advantages of owning a larger home than one could afford closer to work. This trend already may be evident in the fact that home prices are declining and foreclosure rates increasing more quickly in distant suburbs around the metro region, including Prince William and Frederick Counties.

Multi-family housing attracts a diverse demographic base including families and persons with advanced degrees. Contrary to common perceptions, multi-family units house significant numbers of families as well as some of the County’s most highly educated residents. Families account for nearly half (47 percent) of multi-family households Countywide. 28 percent of multi-family residents hold a master’s, professional; doctorate or other advanced graduate degree. These facts may indicate that multi-family living increasingly is viewed as a lifestyle alternative versus an affordability imperative.

Multi-family housing is a crucial source of housing for newcomers and short-term residents. The majority of households moving into the County between 2000 and 2005 (60 percent) chose to live in multi-family housing, which tends to be more readily accessible (due to higher turnover rates) and affordable to newcomers, who tend to be younger and therefore less affluent than older, established households. Located next to the nation’s capital, Montgomery County also traditionally has housed a large transient population, including diplomats, military families, students and political workers; given the very high cost and continued competition for single-family detached housing, multi-family units provide a needed degree of flexibility and affordability.

Renters historically have paid a larger share of their household income towards housing costs. Regardless of housing unit type (single-family versus multi-family), renters on average pay more than owners, with 41 percent of renters spending more than 30 percent of their household income on housing costs, versus 17 percent of owners. This trend also may be shifting, as rising interest rates push up monthly payments on adjustable rate mortgages and more households are forced into foreclosure.

Seniors have an expanded range of independent living options. The supply of senior housing increased by 1,659 units from the year 2001 to 2005. At the same time, however, the number of nursing units, assisted living units, and subsidized assisted living units has declined–indicating a potential shortage in housing for seniors with the most needs.

Economic Growth & Diversification

A comparatively robust economy underlies high and rising housing demand. Strong job growth in and around Montgomery County has ensured a steady base of demand for housing. The County has added more than 300,000 jobs since 1975—effectively doubling its employment base over the past thirty years. It is now a major job destination with more than half a million people working in the County. The stability of the regional economy–anchored by the federal government–has tended to buffer the impact of economic shocks such as the dot-com bust and September, 2001 terrorist attacks.

Job growth is expected to slow as a result of limited growth capacity. The existing jobs/housing ratio (1.4) indicates a slight surplus of jobs relative to housing. When jobs exceed housing capacity, an area must import workers, increasing housing prices or forcing workers to endure longer commutes. Limits on commercial development capacity are expected to generate an optimal ratio of 1.5 to 1.6.

Constraining job growth can have negative consequences. Effective management of growth enhances economic development by maintaining a stable fiscal climate and ensuring adequate funding for quality schools, services, amenities and infrastructure. Even so, economic growth rarely occurs at a steady pace. If local companies are unable to expand locally during crucial periods of rapid industry growth and restructuring–especially in technology-driven sectors–the County could fall behind in the competition for future business and talent.

Suburban patterns of growth and transit connectivity issues have resulted in a high percentage of workers that commute by driving alone (72 percent). There are few, convenient cross-County transit options. MARC is the only direct cross-County rail option with limited service between Germantown and Silver Spring. The majority of County-based transit is bus-oriented. Bus routes typically require riders to switch buses at least once between housing and employment cores. Additionally, bus schedules are often unreliable due to heavy traffic conditions in the County.

Many businesses and employees are favoring clustered development patterns over sprawl. There is growing evidence that sectors traditionally based in suburban campus style developments—including life sciences and IT—are drawn to urban centers for the same reasons that have attracted creative and professional businesses—housing, transportation and amenities attractive to their workforce and provide a denser base of ties to industry services, suppliers and customers.

Housing Supply & Demand

The Affordable Housing Gap

The County has a sizeable shortage of affordable housing that will persist if existing land use patterns are maintained.

The following tables show the relative availability of units affordable to households within a given income range, based on an estimated rent or total housing cost of no more than 30 percent of income. There is a net shortage of 43,000 units in Montgomery County housing available to households earning less than $90,000 per year, while there is a surplus of housing available to higher incomes, especially those earning more than $150,000 per year. The 2006 median household income in Montgomery County was $91,641.If there is no change in existing land use capacities and development plans, the gap in affordable housing—based only on household income—will remain almost unchanged in 2030.

Summary of Demand and Supply Imbalance (2005)

Annual Household Income	Affordable Monthly Housing Cost	Number of Units Demanded	Number Supplied (Owner Occupied)	Number Supplied (Renter Occupied)	Sufficiency/ (Deficiency)
Less than $30,000	Less than $749	39,942	619	12,510	(26,813)
$30,000 to $59,999	$750 to $1,499	77,926	8,325	59,940	(9,661)
$60,000 to $89,999	$1,500 to $2,249	68,196	48,337	13,680	(6,179)
$90,000 to $119,000	$2,250 to $2,999	57,585	64,790	2,340	9,545
$120 to $149,000	$3,000 to $3,749	36,099	47,083	900	11,884
$150,000 and above	$3,750 and above	67,251	93,296	630	26,676

Summary of Demand and Supply Imbalance (2030)

Annual Household Income	Affordable Monthly Housing Cost	Number of Units Demanded	Number Supplied (Owner Occupied)	Number Supplied (Renter Occupied)	Sufficiency/ (Deficiency)
Less than $30,000	Less than $749	50,797	1,491	19,478	(29,828)
$30,000 to $59,999	$750 to $1,499	99,104	12,465	93,327	6,688
$60,000 to $89,999	$1,500 to $2,249	86,729	52,631	21,300	(12,799)
$90,000 to $119,000	$2,250 to $2,999	73,234	75,304	3,643	5,713
$120 to $149,000	$3,000 to $3,749	45,909	60,197	1,401	15,689
$150,000 and above	$3,750 and above	85,527	105,701	981	21,156

The housing crisis disproportionately affects families.

The severity of the existing and future affordable housing crunch is more apparent when the analysis factors in the ability of households to find affordable housing appropriate to their family size (described in terms of number of bedrooms)—a key element of choice.

When household size is taken into account, there is an estimated overall shortage of nearly 50,000 affordable housing units in Montgomery County. This represents the total number of housing units needed by households of various size and income levels over and above the amount of available in the current housing stock. If there is no change in existing land use capacities and development plans, the gap in affordable housing will grow to an estimated 62,000 by 2030.

The existing housing gap indicates that an estimated 50,000 households Countywide are either experiencing an immediate housing crunch—spending more than 30 percent of their income to rent or own their homes, or living in units that are too small for their families—or would be unable to afford to buy their homes today.

Existing Housing Supply & Demand Conditions (2005)

		PERSONS IN HOUSEHOLD				
Annual Household Income	Affordable Monthly Housing Cost	1	2	3	4+	Total
Less than $30,000	Less than $749	(9,932)	(6,666)	(4,884)	(5,331)	**(26,813)**
$30,000 to $59,999	$750 to $1,499	3,273	(40)	(3,149)	(9,745)	**(9,661)**
$60,000 to $89,999	$1,500 to $2,249	3,765	(2,175)	(1,768)	(6,002)	**(6,179)**
$90,000 to $119,000	$2,250 to $2,999	7,414	448	(219)	1,902	**9,545**
$120 to $149,000	$3,000 to $3,749	6,275	1,821	233	3,556	**11,884**
$150,000 and above	$3,750 and above	14,356	5,471	2,505	4,344	**26,676**
	Net Surplus / (Deficit)	**25,150**	**(1,141)**	**(7,283)**	**(11,275)**	**5,451**

Projected Housing Supply & Demand Conditions (2030)

		PERSONS IN HOUSEHOLD				
Annual Household Income	Affordable Monthly Housing Cost	1	2	3	4+	Total
Less than $30,000	Less than $749	(9,991)	(7,412)	(5,895)	(6,529)	**(29,828)**
$30,000 to $59,999	$750 to $1,499	13,364	5,692	(1,790)	(10,578)	**6,688**
$60,000 to $89,999	$1,500 to $2,249	3,755	(4,171)	(3,076)	(9,307)	**(12,799)**
$90,000 to $119,000	$2,250 to $2,999	9,061	(1,186)	(1,484)	(677)	**5,713**
$120 to $149,000	$3,000 to $3,749	9,057	2,632	283	3,717	**15,689**
$150,000 and above	$3,750 and above	16,814	3,344	875	122	**21,156**
	Net Surplus / (Deficit)	**42,060**	**(1,102)**	**(11,087)**	**(23,252)**	**6,620**

The affordability crisis is reaching up the income ladder.

Low-income households. As would be expected, the affordability crisis is felt most acutely among the County's lowest income households. Without a substantial change in the existing housing environment, this segment of the community will continue to struggle to find affordable shelter.

Moderate income households. Households that are earning between 60 percent and 80 percent of area median income (AMI) based on their household size also face a substantial shortage of affordable housing. In particular, the housing needs of moderate-income families with 2 or more children are likely to go unmet without a change in development patterns. On a positive note, if the County's stock of multi-family housing continues to expand by the amount forecast under current master plans and approved development plans, the burden is expected to ease for some moderate income household segments—mostly singles, couples and small families.

"Workforce" households. In 2005, households earning between $60,000 and $90,000 per year faced a shortfall of nearly 10,000 housing units targeted to their income and household sizes. By 2030, the shortage of housing in that income band is expected to increase by 65 percent to more than 16,500 units. Most households earning from $90,000 to $120,000 annually can afford a home in Montgomery County today; by 2030, there will be an estimated shortage of 3,500 units for households in this income band. More affluent households may choose to occupy less expensive units—driving housing prices still higher and crowding out households of moderate and lower incomes.

The affordable housing crisis will have multiple impacts.

Housing-burdened middle-class households are likely to leave Montgomery County. In the past, these out-movers–especially skilled blue collar and service workers–tended to stay in the region, settling in outer suburban and rural counties. However, higher gas and living costs have made this adjustment untenable; if households or moderate means are unable to find acceptable housing closer to job centers, the County risks losing access to this vital skill base altogether. Area businesses will find it increasingly difficult to attract employees from less expensive housing markets, or retain lower-wage employees and those with families.

Rising foreclosures are just one part of the burgeoning affordability issue. If housing supplies do not expand to meet current or projected levels of unmet need, growing numbers of households will be forced to spend more of their income on housing—leaving less money available for utilities, maintenance, transportation, retirement savings, education, leisure and other expenditures. A large concentration of distressed households can destabilize a neighborhood, piling additional costs on residents and communities in the form of blighted appearance, rising vandalism and other crime, higher insurance premiums, lower health indices, lower school achievement and more .

Housing Supply & Demand Analysis

Continued market failures

Market forces are unlikely to close the affordability gap described in the previous section. In theory, high housing prices should stimulate homebuilding, expanding housing supplies until prices return to more affordable levels. There are several obstacles to such a market-driven adjustment.

- Options for expanding supply are constrained while underlying demand—especially among high-wage jobs—remains strong.
- High labor, land and construction material costs tend to make it more profitable for builders to target higher-income market segments, even when there are subsidies to produce moderate-income housing.
- The recent downturn in the housing market is unlikely to resolve the shortage. The housing market bubble of the past few years merely exacerbated an already-serious affordable housing crisis. Prices will decline from their peak levels in the 2002-2006 housing bubble, but continued high demand and sharp supply constraints will keep prices up.
- The recent tightening of credit availability further constrains the ability of households to purchase housing.

Policy implications

Until recently, the basic housing challenge in Montgomery County has been to keep pace with burgeoning population growth, while providing for the most vulnerable groups in the community. Thus, the existing policy mix essentially aims to (1) provide incentives to create affordable housing; and (2) target demand-side assistance for at-risk population groups.

The County's existing policy mix is unlikely to meet the scale of need, which now extends to a substantial share of the County's population and will worsen in the future. A key problem is that our existing tool set works best in a relatively robust fiscal and economic environment.

- Demand-side subsidies—rent vouchers, homebuyer tax breaks, foreclosure prevention and other assistance—are expensive, and federal support for these measures has dwindled. County resources—especially when constrained by unstable property tax revenues—are unlikely to cover the expanding base of need.

- Existing supply-side initiatives—chiefly inclusionary zoning—have worked very well in the past. Even so, these tools—including MPDUs, workforce and productivity housing—typically count on a robust housing market. These policies work less well when the market is cool—especially if other policies such as impact fees increase the costs or reduce potential operating income for developers.

Recommendations

Given the wide-reaching consequences of Montgomery County's affordable housing crisis—as well as the limits of any single policy measure to address all aspects of the problem—the issue needs to be addressed by a comprehensive portfolio of supply and demand-side initiatives. The following recommendations focus on policies—especially land use and development regulations—that can be addressed in a general and master plan or development review context.

Demand-side measures

While planning departments typically use supply-side policies, their efficacy depends heavily on understanding and responding to demand-side factors, especially affordability and choice. The following principles should be kept in mind.

- Rethink homeownership as a goal. With a current homeownership rate above 70 percent, the County should continue expanding multifamily to provide more rental options.

- Continue meeting the needs of households at all life stages. The increase in multi-family housing has eased the housing crunch for some segments of the community, especially young adults, singles and seniors. However, more needs to be done to meet the needs of families of modest means (keeping in mind that this includes many families earning at or above the median income). The trend to larger multi-family dwellings and high-intensity single-family dwellings should be encouraged, and augmented by allowing accessory structures and smaller lot developments.

- Continue promoting more urbanized development patterns. Sprawl is no longer a viable antidote to the affordability crisis. Higher gas prices drive up the cost of homeownership, especially for distant suburbs. Consumers increasingly are likely to prefer close-in housing options.

- Emerging industry sectors tend to favor clustered development patterns over sprawl. Even industries traditionally based in suburban campus style developments are beginning to adapt to more urban environments that supply the housing, transportation and amenities attractive to their workforce and provide a denser base of ties to industry services, suppliers and customers.

- Understand the vital role that services, transportation, amenities, healthy environments and other enhancements can play in offsetting housing costs by supporting access to jobs.

- At the same time, consider linking housing developments to services designed to ease the burden on stressed households, especially for projects that might generate gentrification pressures that could undermine established communities.

Supply-side measures

The creation and preservation of affordable housing must be a cornerstone of land use and development planning.

Redevelopment should be consistent with the concepts set forth in the report *Framework for Planning In The Future: Revitalizing Centers, Reshaping Boulevards, and Creating Great Public Spaces*. Many existing commercial centers offer opportunities for increased residential density in proximity to employment centers and retail opportunities. These revitalized centers will also need to be better connected, which the County can accomplish by improving transit service, reconnecting communities to the grid, and improving pedestrian and bicycle amenities and connectivity. Finally, increasing density in areas targeted for growth will cause the market to increasingly demand better public spaces. Potential strategies might include the following:

- Rezoning to higher density—or implementing minimum density requirements in the use of our zones. Historically, we have typically only used about 60 percent of the density allowable in our zones.
- Allowing smaller lots, which would be appropriate for cottage zoning, as an example.
- Allow—and encourage construction of—accessory apartments in all or nearly all areas of the County, especially in areas proximate to metro stations
- Permit flexible-unit size apartment buildings, where walls, plumbing and utilities are built to allow easy reconfiguration to respond to changing market for unit sizes.
- Reduce parking requirements for affordable housing projects, especially near transit and mixed use developments.
- Avoid over-loading projects with fees and exactions—especially in weak market environments—that could render an otherwise promising project economically unviable.
- Allow planners greater flexibility to negotiate with developers to achieve a desired mix of density, affordability and supporting amenities without burdening individual projects with a standard set of requirements. Focus on ensuring provision of amenities and mitigations with community- or neighborhood-wide—rather than project-specific—benefit.
- Expand greentape assistance. Ensure that all development applications with at least 20 percent affordable or workforce housing are entered into an accelerated review process.