



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

MCPB
Item #4
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MEMORANDUM

TO: Montgomery County Planning Board

FROM: Roselle George, Research Manager
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SUBJECT: Housing Policy Element of the General Plan: Review of the County's Housing Policies

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 worksessions where the conversation is sparked by a staff memorandum and discussions that begin with presentations by invited speakers, such as last week's talk by David Rusk. 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 conversation about the two major Montgomery County housing policy documents: the Housing Goals in the *General Plan Refinement of the Goals and Objectives for Montgomery County (1997)* and the adopted housing policy for Montgomery County, entitled *Montgomery County: The Place to Call Home (2001)*.

INTRODUCTION

Montgomery County has long been considered a leader in the field of housing policy and planning. However, Montgomery County residents and employees are facing pressure from increased home prices. Furthermore, high land prices have had a significant impact on the types of housing products built in the County, leading many to believe that the County is not providing the full range of housing choices for its residents and employees throughout their lives.

The Montgomery County Planning Department is currently engaged in the process of updating the Housing Policy Element of the General Plan to better address issues of choice and

affordability. An examination of the current Housing Policy, as well as other County policies related to housing, is an essential first step in that process.

First, this report will begin with an examination of the Housing Goals outlined in the *General Plan Refinement of the Goals and Objectives for Montgomery County*. That examination will discuss both the housing goals and objectives of the *General Plan Refinement*, the evolution of the goal and objectives over time, and a discussion of the extent to which the objectives (and the strategies for achieving each objective) adequately address the housing issues that currently facing the County.

Second, this report will examine some of the various policies and programs affecting housing choice and affordability in the County. For each policy,¹ this report will address perceived gaps; as appropriate, recommendations to consider addressing those gaps in the update to the Plan will follow. The policies and programs herein reviewed include:

- The *Adopted Housing Policy for Montgomery County*
- The Moderately Priced Dwelling Unit (MPDU) Program
- The Workforce Housing Program
- The Accessory Apartment Program
- The Productivity Housing Program
- Condominium Conversion

Finally, this report will include an appendix that examines case studies of new and innovative techniques that have some promise for addressing the affordability problems faced by Montgomery County.

¹“Opportunity Housing” is not discussed as a separate program. Opportunity Housing refers to County law, which defines the term "opportunity housing" to mean those dwelling units for which the rental or selling price is established by the County in order that "persons of eligible income...may be able, within their respective incomes, to live in decent, safe, and sanitary accommodations, without overcrowding." HOC is authorized by the state to acquire, own, lease, and operate housing; to provide for the construction or renovation of housing; borrow money, accept grants, and obtain other financial assistance from any public or private source to assist its housing activities. (http://www.hocmc.org/About_HOC/History.asp)

DISCUSSION OF THE GENERAL PLAN REFINEMENT OF THE GOALS AND OBJECTIVES FOR MONTGOMERY COUNTY (MNCPPC 1997)

Background

The General Plan Refinement of the Goals and Objectives for Montgomery County is more than a decade old. The County must make the most of this opportunity to update that document in order that it better reflect the County's current programs and policies and see that it better addresses evolving and emerging needs.

The Housing Goals, as set forth in the *General Plan Refinement* focuses "...on housing type, quality, quantity, location, and affordability. Housing for less affluent members of the community is of special concern, but the goals, objectives, and strategies for achieving each objective are designed to recognize the housing needs of all current and future County residents, including the full spectrum of ages, incomes, lifestyles, and physical capabilities. Providing housing opportunities for employees of all income levels who work in Montgomery County is of particular concern." (MNCPPC 1997).

The Housing Goal consisted of six objectives, and put forth multiple strategies for achieving each objective. The six objectives are:

- *OBJECTIVE 1. Promote variety and choice in housing of quality design and durable construction in various types of neighborhoods.*
- *OBJECTIVE 2. Promote a sufficient supply of housing to serve the County's existing and planned employment and the changing needs of its residents at various stages of life.*
- *OBJECTIVE 3. Encourage housing near employment centers, with adequate access to a wide variety of facilities and services. Support mixed-use communities to further this objective.*
- *OBJECTIVE 4. Encourage an adequate supply of affordable housing throughout the County for those living or working in Montgomery County, especially for households at the median income and below.*
- *OBJECTIVE 5. Maintain and enhance the quality and safety of housing and neighborhoods.*
- *OBJECTIVE 6. Concentrate the highest density housing in the Urban Ring and the I-270 Corridor, especially in transit station locales.*

Compared to the 1969 *General Plan*, the *General Plan Refinement* changed the approach to housing in ways both significant and subtle. It attempted to turn attention away from greenfield development and towards infill and redevelopment; it emphasized higher density around transit, in the Urban Ring and along the I-270 Corridor, and housing that supported employment. It specifically mentioned the need for employer-assisted housing. The *General Plan Refinement*

encouraged the mixing of residential densities in each planning area, and it encouraged housing that was accessible through different stages of life and to different wage levels. The *General Plan Refinement* dropped the words "preserve" and "established" from the objective concerning neighborhoods, because such language could be read to mean (1) there should never be change to existing neighborhoods and (2) "established" neighborhoods might be interpreted as favoring the most prestigious ones. Issues specific to the various objectives are discussed below.

Issues Identified and Recommendations (By Objective)

OBJECTIVE 1. Promote variety and choice in housing of quality design and durable construction in various types of neighborhoods.

- Include discussion of green building techniques.
- Streamlining the development review process and facilitating greater flexibility in residential design will continue to be important unresolved issues.

Fostering better and more creative design could be a separate objective.

OBJECTIVE 2. Promote a sufficient supply of housing to serve the County's existing and planned employment and the changing needs of its residents at various stages of life.

- Encourage the development of policies that increase the residential yield in the parts of the County zoned for residential uses.²
- The strategies for this objective imply that different housing types are needed for young workers, seniors, and the disabled, which is not necessarily true. However, some structure types can meet the access, space, and community needs of these various groups (e.g. single-floor structures or elevator buildings).
- There is no specific reference to "workforce" housing.
- Employer-assisted housing is mentioned ("encourage employer-assisted housing"), but more specific or action-oriented language may be more successful in achieving this result.

OBJECTIVE 3. Encourage housing near employment centers, with adequate access to a wide variety of facilities and services. Support mixed-use communities to further this objective.

- Strategies under this objective fall short of encouraging housing above or adjacent to employment and commercial uses.
- The need to carefully monitor the jobs-housing balance must be taken into consideration.

² The *Residential Capacity Study* (MNCPPC 2004) revealed that the typical density yield has been only 50 to 60 percent of the theoretical maximum allowed in the zones.

OBJECTIVE 4. Encourage an adequate supply of affordable housing throughout the County for those living or working in Montgomery County, especially for households at the median income and below.

- The strategies should acknowledge and reflect the County’s workforce housing legislation.
- While innovative housing types are discussed, there has been little done to increase the number of single-room-occupancy facilities or accessory apartments, both of which could be especially valuable if located in proximity to transit.
- This update should help to reinvigorate our efforts to identify County policies that have a burdensome effect on the cost of housing.
- Strategies should include specific and quantifiable targets for maintaining levels of affordability in new master plans.

OBJECTIVE 5. Maintain and enhance the quality and safety of housing and neighborhoods.

- Continued examination of neighborhood change and preservation should be used to arrive at language that more clearly addresses the role and issues associated with each.

OBJECTIVE 6. Concentrate the highest density housing in the Urban Ring and the I-270 Corridor, especially in transit station locales.

- Based on recent legislation and zoning amendments, the strategies can be more specific and aggressive, especially with respect to transit station locales. It may be appropriate to include language that addresses specific barriers that limit density near transit (e.g. height limits and special exception requirements for accessory apartments near transit stations).
- A clearer definition of the term “transit locales” is needed.

THE ADOPTED HOUSING POLICY FOR MONTGOMERY COUNTY (DHCA 2001)

Background

In 2001, the Montgomery County Council adopted a new housing policy for Montgomery County, entitled “*Montgomery County: The Place to Call Home*,” which sets forth the County’s vision. The policy addresses the importance of safe, decent, and affordable housing for “a full, normal life,” that all County residents should have “decent housing in sound neighborhoods,” and that housing should be affordable for all who live or work in the county, regardless of age or economic status.³

³ Montgomery County, MD, *A Place to Call Home: A Housing Policy for Montgomery County, Maryland* (2001), http://www.montgomerycountymd.gov/dhctmpl.asp?url=/Content/DHCA/housing/housing_P/policy/policy_new.asp.

Issues Identified

The adoption of the Housing Policy marked a significant step forward in the County's overall housing policy portfolio; however, the following issues may merit additional consideration:

- The County adopted a workforce housing program in 2006, but the policy document has not been updated to include that program or to set workforce housing policies or goals.
- The policy document does little to compel employers to provide housing assistance for their employees, relying primarily on government subsidy or the developer-implemented inclusionary zoning programs to answer the need. (I think that so far only one project has been approved and none have been constructed)
- No link has been made between affordable housing, commuting, and school siting or consolidation. (See Other Issues, below.)

Recommendations

- Each of the issues identified could be appropriately addressed in the updated objectives and strategies section of the Housing Element of the General Plan.

THE MODERATELY PRICED DWELLING UNIT (MPDU) PROGRAM

Background

Montgomery County's Moderately Priced Dwelling Unit (MPDU) program is believed to be the nation's first mandatory, inclusionary zoning law that specified a density bonus allowance to builders for providing affordable housing. The density bonus was designed to preclude developers from losing opportunities to build market-rate units and to help offset some of the production costs of the MPDUs. The program's implementation involves both the public and private sectors, with the local government performing regulatory and administrative functions and the building industry producing the housing. Some highlights of the MPDU program are as follows:

- Between 12.5 and 15 percent of the total number of units in every *sewered* (or planned for sewerage) subdivision or high-rise building of 20 or more units should be moderately priced, as defined by statute.
- The zoning ordinance allows a density increase of up to 22 percent above the normal ("base") density permitted under the zone for developments that exceed the minimum requirements.
- The ordinance also allows some attached housing in single-family zoning classifications so that optimum development of the property can be achieved and less costly housing can be constructed.

- The County imposes certain resale and occupancy restrictions on the MPDUs when the completed units are sold.
- The control periods reset if the units are sold within the control period, which is 30 years for ownership units and 99 years for rental units.

Issues Identified

The 2003 revisions addressed many of the issues identified at that time. Subsequently, several other issues have come to the fore.

- The method of calculating the base density is no longer clear. Interpretation problems related to the definition of a bonus unit have sent conflicting messages to developers and to Planning staff.
- The lottery system does not resolve the mismatch between the supply of MPDUs and the expectations of the MPDU applicants. This mismatch may only be accentuated as future MPDUs are constructed primarily in high-rise buildings in transit station areas. Because no one can be forced to buy an MPDU, the waiting list may continue to grow as applicants wait for their “dream home.”
- The MPDU program has emphasized for-sale housing. The issue is whether this is good public policy. In 1940, when the national housing act was adopted, the homeownership rate was estimated at 43.6 percent.⁴ In comparison, the MPDU mix as of a year ago was over 70 percent homeownership, which nearly on par with the County homeownership rate of 74.5 percent and the Maryland homeownership rate of 71.7 percent.⁵ The MPDU home ownership rate is actually higher than the comparable rate for the nation, which was 68 percent in 2007.⁶

Recommendations

The General Plan is not the place to clarify existing regulations regarding bonus units and base density. However, the General Plan would be an appropriate venue for stronger language addressing the need for housing resources that satisfy the needs of residents and employees with varied needs and at varied income levels, including greater choice among controlled-price units. In addition, the objectives and strategies could address the continuing and perhaps growing need for affordable rental housing in Montgomery County.

⁴ Silvia Martinez, Federal Housing Finance Board. “The 1949 Housing Act: Its Place in the Realization of the American Dream of Homeownership” (1999), p. 2.

⁵ Archival Federal Economic Data (2008): <http://alfred.stlouisfed.org/series/downloaddata?seid=MDHOWN&rid=144>.

⁶ U.S. Bureau of the Census (2008): <http://www.census.gov/hhes/www/housing/hvs/qtr407/q407ind.html>.

THE WORKFORCE HOUSING PROGRAM

Background

The County's workforce housing program applies to Metro station areas only. Every project of 35 or more units must comply with the requirements of the program if the land is zoned for density of at least 40 dwelling units per acre. Where the workforce housing requirement applies, 10 percent of the units that are not MPDUs must be affordable to the workforce. This number is added to the total number of units.⁷ The control periods for workforce housing units are 20 years for sale units and 99 years for rental units.

Issues Identified

When the workforce housing legislation was under consideration and review during 2005 and 2006, Department staff identified several issues that have yet to be addressed.

- Because the program is limited to Metro station policy areas, the typical unit produced will be a multi-family unit. The County may need to examine alternatives to the limited existing program that would provide for units in other housing types (single-family detached and attached) targeted to the workforce population.
- Dependence on new construction in metro-station policy areas will only solve a small part of the County's workforce housing problem.

Recommendations

The revised language of the Housing Element should include additional text which addresses the need for housing that is affordable to the workforce and that meets the diverse range of workforce housing needs in the County. That need might be met by changes to the Workforce housing Program, or by other changes which impact the supply of housing that meets the needs of the workforce.

THE ACCESSORY APARTMENT PROGRAM

Background

In December of 2003, the Park & Planning staff worked with staff from the Department of Housing and Community Affairs (DHCA) to prepare a zoning text amendment to allow accessory apartments as a permitted use rather than as a special exception use in residential zones. The purpose for the amendment was to recognize the very low impact, if any, of such

⁷ In a development with a base density of 80 units, 10 units must meet the requirements of the MPDU program. Ten percent of the remaining 70 units would yield 7 workforce housing units. In this case, the project with a base density of 80 units would actually have 87 units total units; those 87 units would consist of 70 market-rate units, 10 MPDU, and 7 workforce housing units.

housing on established neighborhoods. Park & Planning staff concurred that the current approach needed refinement and proactively reviewed the current special exception process to determine opportunities to both optimize the production of accessory apartments and to minimize concerns of community compatibility. At the time, the Planning Board did not recommend any changes be made in the accessory apartment program. A factor in that decision was research demonstrating that jurisdictions that made such changes had not seen significant increases in the number of accessory apartments as a result of those changes. A second factor was the need for increased parking to accommodate residents of accessory units. Though the parking discussion became moot, it could have independently swayed the Planning Board to oppose changes to the accessory apartment program.

Issues Identified

Accessory apartments, especially in single-family neighborhoods near transit, offer the unique opportunity to add density to transit-accessible locales without substantially changing the character of those neighborhoods. Additional efforts should be made to address the concerns that have limited the ability of homeowners to build accessory apartments, such as reduction of the parking requirement for accessory apartments within walking distance of metro.

Recommendations

- Encourage the development of Accessory Apartment design and parking standards that address community concerns.
- Consider as-of-right accessory apartments in certain neighborhoods.
- Consider whether the proximity to metro station areas could offset the need for additional parking for accessory apartments.

THE PRODUCTIVITY HOUSING PROGRAM

Background

The Productivity Housing legislation was adopted in 1996. The legislation created a floating zone that provides increased density for the construction of dwellings in certain commercial and industrial zones. The Productivity Zone limits density to 21.5 dwelling units per acre. This zone allows housing — including workforce and other affordable units — in up to 25 percent of land zoned commercial or industrial in each planning area. To date only two productivity housing projects have been built.

Issues Identified

- Encourage the development of affordable housing in designated zones by increasing the allowable residential density to a level that would make residential development economically feasible.
- Examine development and redevelopment projects in the productivity floating zone for opportunities to develop employer-assisted housing.

Recommendations

- Identify opportunities to achieve more development of Productivity Housing through changes to the update to the Housing Element that allow greater density for affordable housing projects and which more closely tie the Productivity Housing Program to the issue of employer-assisted housing.

CONDOMINIUM CONVERSION

Background

The Condominium Conversion program ensures that the conversion process includes tenant notification and displacement mitigation, as well as with the notification of the HOC and to the community of an impending conversion.⁸ It is not, per se, an affordable housing program. The condo conversion program includes provisions to alert tenants of their rights to purchase their units within 180 days. The County and HOC have first right of refusal to purchase a rental property with 10 or more units where the owner plans to convert the units to condominiums. The main issue with this program is that it requires the County, HOC and/or the tenants have financing and flexibility. It does not ultimately prevent the conversion of the rental units.⁹

Issues Identified

- More must be done to identify rental properties that are likely to convert to condominiums in advance.
- Additional sources of revenue for purchasing affordable rental units prior to conversion.

Recommendations

- Provide the public with “heads-up” reports on the applications for condo conversions,

⁸ DHCA. *Condo Conversion Handbook* (2006).

(http://www.montgomerycountymd.gov/content/dhca/housing/landload_T/pdf/condoconversionhdbk112006.pdf)

⁹ However, the 4 percent condominium conversion transfer tax does help fund the Housing Initiative Fund. It is debatable whether the condominium conversion tax slows down the conversion of rental properties to condominiums or whether it simply ensures that additional funds are contributed to the HIF. If the preservation of existing affordable rental units is at issue, then more funding is needed than is generated by the condominium conversion transfer tax alone.

- Prohibit conversion in instances where owners have been cited for code violations at the particular locale.
- Monitor and report rental building condition and upkeep, vacancies, and other indicators of an owner's intent to convert.

OTHER ISSUES

Other programs and policies affect the affordability of housing, even if the programs are not directly related to housing affordability. Two such policies involve school siting and the definition of family.

School Siting

One of the most important influences on housing is the location of schools. At the same time, the amount of land required for schools has an impact on housing and neighborhoods. Currently, the acreage requirements are 10 acres for elementary schools, 20 acres for middle schools, and 30 acres for high schools in Montgomery County. These requirements are based on criteria no longer required by the Council of Educational Facility Planners International (CEFPI) or the State of Maryland.¹⁰

If the County's acreage requirements are not changed, the minimum school site requirements will continue to foster suburban development patterns, and stand as a barrier to development or redevelopment in urban locations where assembling large sites is not possible.

The General Plan should include language that:

- Discourages the use of minimum-acreage site requirements for schools.
- Encourages the rehabilitation of schools in older neighborhoods as a matter of community stability, smart growth, and public health.
- Encourages co-location of public library branches, public parks and fields, with schools.
- Encourages an integrated school siting and master planning process.

Definition of "Family"

Housing affordability is related to household size and configuration. One of the issues that need to be addressed at the earliest possible date is the definition of "family." The definition (see §59-A-2.1) is "An individual or 2 or more persons related by blood or marriage, or a group

¹⁰ CEFPI, *Schools for Successful Communities: An Element of Smart Growth* (2004), pp. 16-7. Maryland has no site size requirement.

of not more than 5 persons, excluding servants, not related by blood or marriage, living together as a single housekeeping group in a dwelling unit.”

Numerous issues are raised by this definition. The most obvious is the omission of relationships of law. Adopted children and foster children should be able to legally reside with their adoptive parents or foster families without violating the County Code.¹¹

The General Plan should include language that acknowledges that families can be comprised of legal relationships.

Personal Living Quarters

Not so long ago rooming or boarding houses were commonplace. These establishments provided a needed and popular living option for a range of workers and students. Local papers were filled with “room to rent” and “room and board” advertisements and many of the nicest structures in the center of America’s small towns were filled with boarders.

For all practical purposes, boarding houses have disappeared from Montgomery County. Montgomery County zoning allows for a sort of boarding house; personal living quarters, (or PLQs) are allowed via special exception in any multi-family zone in Montgomery County. To date only one PLQ project has been completed. Seneca Heights, located in and licensed by the City of Gaithersburg, opened in 2005. Seneca Heights offers 17 units of transitional housing for homeless families and 40 PLQs for formerly homeless individuals. The Seneca Heights project is a reused and rehabilitated motel property with two buildings: one is transitional housing for families, while the other serves individuals. The buildings share access to recreational facilities and comprehensive case management services.

¹¹ The word “servants” is an anachronism and should be replaced in the language of the definition.

Appendix A: Case Studies of Innovation in Housing Affordability

Workforce housing

As land prices and construction costs have escalated, families earning the median income are finding it difficult to afford housing in Montgomery County. Escalating land and home prices have contributed to the hollowing out of the County's income profile (gains at the top and bottom, loss in the middle), as middle-income households move farther out into neighboring counties. Workforce housing programs attempt to address this problem by increasing the supply of homes affordable to households that earn too much to qualify for most programs that target "low-income" groups, while not earning enough to buy or rent a home in the jurisdiction. Three examples of workforce housing programs are: San Jose, CA; the State of New Jersey; and Westchester County, NY.

Example 1: San José, California

Located in the southern San Francisco Bay Area known as Silicon Valley, San José is the 10th largest city in the U.S. with a population of approximately 930,000. Recent figures show the City's median housing value of \$683,400¹², making San José one of the most expensive housing markets in the U.S.

Over the past two decades, the City has enacted various programs to address its deficit of affordable housing. During that time San José has financed the construction of over 8,700 newly constructed units and over 2,000 rehabilitated housing units. The City has also financed approximately 1,000 shelter beds and transitional housing units for its homeless and at-risk population. The City has won numerous awards for its affordable housing strategy from American Institute of Architects, National Association of Housing and Redevelopment Officials (NAHRO), U.S. Department of Housing and Urban Development (HUD), and the National Association of Local Housing Financing Agencies.

In the late 1990s, the San José City Council enacted assorted initiatives to maintain and increase the supply of affordable housing. Initiatives the Council enacted included: (1) suspension of construction taxes for very low income units for five years, (2) promoting advocacy of rental housing assistance programs such as the use of Section-8 vouchers, (3) creation of a housing trust fund as a vehicle for the City to apply for state and federal housing funding, and (4) allowing residential development in already densely populated areas of downtown San José.

San José's business community is also dedicated to increasing affordable housing units in the area. According to a 2006 survey conducted by the San José-based Silicon Valley Leadership Group (SVLG), approximately 9 out of 10 employers characterized the cost of

¹² 2006 estimate.

housing in the area as one of the immediate challenges impacting the overall competitiveness of the region. To further the cause of affordable housing in San José and the greater Silicon Valley region, SVLG has lobbied for affordable housing funding and supported the development of affordable units.

References

- City of San José Consolidated Plan 2005-2010
http://www.sjhousing.org/report/MISC/ConPlan_2005-10.pdf
- City of San José Department of Housing <http://www.sjhousing.org/index.html>
- Housing Trust of Santa Clara County <http://www.housingtrustscc.org/index.php>
- San José's Affordable Housing Program
<http://www.sanjoseca.gov/Planning/pdf/smartafford.pdf>
- Silicon Valley Leadership Group – 2006 CEO Business Climate Survey
<http://svlg.net/press/library/index.php>

Example 2: State of New Jersey

Due to the high cost-of-living in New Jersey, housing affordability in has been a key issue for decades. In 1985, the New Jersey State Legislature enacted the Fair Housing Act (N.J.S.A. 52:27 D-301), which set a statewide policy for low and moderate income housing.¹³ The Act also established the State's Council on Affordable Housing (COAH). An administrative and regulatory agency, COAH has been empowered to (1) determine low income and moderate income housing needs; (2) determine development ordinance fee standards and power to review and approve the ordinances for the State's jurisdictions; (3) define housing regions; (4) establish standards and guidelines for New Jersey's jurisdictions to define and address their own fair share housing numbers; and (5) to evaluate and approve municipal housing elements, fair share plans and regional contribution agreements.¹⁴

Since 1986, COAH has facilitated affordable housing in the State through various methods, including the provision of credits for zoning for affordable units, new construction, and rehabilitation. Regional contribution agreements have also been a method used for transferring affordable housing units. By the first quarter of 2004, credits had been granted to municipalities for: (1) approximately 35,000 finished or under construction/new construction units; (2) approvals for the zoning of over 9,000 units; (3) rehabilitation of roughly 14,000 units; and (5) over 8,600 units transferred using regional contribution agreements.¹⁵

¹³ To date, New Jersey is the only U.S. state that has instituted a statewide affordable housing policy.

¹⁴ Regional contribution agreements (RCAs) are methods used for sending municipalities to receive affordable housing credits and for receiving municipalities to generate affordable/workforce housing funding.

¹⁵ http://www.nj.gov/dca/coah/annualreport/2002_2003.pdf

References

- Council on Affordable Housing: <http://www.nj.gov/dca/coah>
- State of New Jersey Housing Policy and Status Report: <http://www.state.nj.us/dca/housingpolicy06.pdf>
- State of New Jersey Department of Community Affairs: <http://www.nj.gov/dca/index.shtml>
- New Jersey Housing Resource Center: <http://www.nj.gov/njhrc/consumers/assistan/coah.html>
- State of New Jersey Housing & Mortgage Finance Agency: <http://www.nj.gov/dca/hmfa/>

Example 3: Westchester County, New York

Located just north of New York City, Westchester County has a population of approximately one million and a household median income of \$75,472. Since 2000, the County initiated a workforce housing/affordable housing program serving households earning up to 80 percent of the area median income (AMI). To date, over 600 workforce/affordable units have been developed in 19 of the County's towns and villages. Unit types include apartments, townhouses, and single family homes. Several units were rehabilitation projects.

Reference

- Westchester County Department of Planning: <http://www.westchestergov.com/planning/housing/default.htm>

Accessory Dwelling Units (ADUs)

Accessory dwelling units (ADUs) are separate living units on a single family lot. The ADUs contain a kitchen, a bathroom, and sleeping quarters. ADUs can be attached units ("mother-in-law apartments" or "granny flats") or detached ("accessory cottages").

ADUs offer a number of advantages to any community. First, ADUs offer the possibility of adding residential density to single-family neighborhoods while allowing those neighborhoods to maintain their existing character. Second, ADUs offer attractive housing options to small households and seniors desirous of housing options close to their families. Third, ADUs offer housing at relatively affordable levels (without government subsidies) in traditionally single-family neighborhoods. Finally, ADUs offer opportunities for additional income for homeowners, making it easier for homeowners on fixed incomes or with volatile earnings to remain in their homes. Described below are two interesting examples of ADU programs are: Santa Cruz, CA; Newcastle, WA and King County, WA.

Example 1: Santa Cruz, California

Santa Cruz is one of the most expensive communities in the United States. This problem compelled the City to implement various strategies to create more affordable housing units. One strategy was to create an ordinance to regulate the development of ADUs. The City Council enacted this ordinance in 2003, making way for the creation of Santa Cruz's Accessory Dwelling Unit Development Program (ADU Development Program). The ordinance, which applies to dwellings over 5,000 square feet (only dwellings this size and larger are allowed to have ADUs), regulates setbacks, parking, and height restrictions.

The objectives of the ADU Development Program are to: “(1) Implement the development of well-designed ADUs in the City of Santa Cruz; (2) Help minimize the impact of population growth on the community by providing more rental housing in the developed core of the City; (3) Promote infill development to help preserve the surrounding natural greenbelt; and (4) Foster the use of public transportation within the City.”¹⁶ To encourage ADU development, the program provides assistance in the form of loans up to \$75,000 at an interest rate of 4.5 percent, and a technical assistance grant program which will pay up to \$100 per hour of a professional's time to assist residents in ADU matters. A comprehensive ADU manual was also developed as a form of technical assistance for residents.

The ADU Development Program has been widely recognized for its innovative approach to ADUs. The program has won awards from American Institute of Architects – California Chapter, American Planning Association – California Chapter, League of California Cities and the Environmental Protection Agency.

References

- Santa Cruz Accessory Dwelling Unit Development Program <http://www.ci.santa-cruz.ca.us/index.html>
- Accessory Dwelling Unit Manual http://www.ci.santa-cruz.ca.us/pl/hcd/ADU/PDF/ADU_Manual.pdf

Example 2: Newcastle and King County, Washington

Situated in the Seattle metropolitan region, Newcastle has a population of just under 10,000 residents. To address its pressing affordable housing issues, the Newcastle City Council passed in 2000, an ordinance revising regulations pertaining to Accessory Dwelling Units (ADUs). The purpose of this revision was to provide an adequate supply of affordable housing and to preserve neighborhood quality by eliminating barriers to the development of ADUs in single family neighborhoods.

¹⁶ Santa Cruz Accessory Dwelling Unit Development Program <http://www.ci.santa-cruz.ca.us/index.html>

Key highlights of the revised ADU guidelines include minimum size and scale of units, location, architectural design, and minimum number parking spaces. The size of the ADU should be at least 300 square feet but should not exceed 40 percent of the size of the principal dwelling. ADU design is required to be consistent with the principal dwelling.

While Newcastle itself has imposed onerous parking requirements on Accessory Dwelling Units, King County has a comprehensive set of offsetting incentives to encourage the development of ADUs. One incentive in particular is an interest-free loan up to \$14,500 to be used for construction or rehabilitation of an ADU. Conditions on the loan include a requirement that the unit is rented to low-income residents (60 percent of AMI or below) and the loan recipient must live either in the primary residence or the ADU. The County also provides technical assistance to facilitate ADU production.

References

- City of Newcastle, WA Comprehensive Plan – Housing Element <http://www.ci.newcastle.wa.us/Elements/Housing.pdf>
- City of Newcastle, WA Comprehensive Plan – Housing Appendix <http://www.ci.newcastle.wa.us/Apendix/Housing.pdf>
- Newcastle, WA Ordinance No. 2000-016 <http://www.mrsc.org/ords/N47o2000-216.aspx>
- A Regional Coalition for Housing – Accessory Dwelling Units <http://www.archhousing.org/adu2/index.html>

Condominium Conversion

Example: NeighborhoodInfo DC (Washington, DC)

Since 2000, the condominium supply in Washington, DC and surrounding areas has increased greatly due to market demand. To further meet this demand and to create more homeownership opportunities, developers have converted many rental apartment homes to condominiums. According to the Urban Institute, condominiums accounted for approximately half of the Washington, DC's residential sales market in 2006. In 2005, 2,300 rental units in the District were converted to condominiums. The increase of "condo conversions" decreases the number of affordable rental units, thereby exacerbating the affordable housing crisis.

Washington, DC has employed several methods in an effort to preserve rental units from condo conversion and to maintain affordable housing. An early effort to preserve units was the 1980 Rental Housing Conversion and Sale Act passed by the DC City Council. This Act included a set of provisions that allowed tenants of rental properties the right of first refusal to purchase that property. This set of provisions was named the Tenant Opportunity to Purchase Act (TOPA). The Act requires landlords to inform tenants of intent to sell and provide

opportunities for purchase of the properties by the tenant. In addition, District law will not allow for condominium conversions of properties if the properties have a record of code violations.

The Act was amended in 2005 and is now known as the Rental Housing Conversion and Sale Amendment Act of 2005. The Act was applied by a group of tenants in the District neighborhood of Columbia Heights who became aware that the apartment building they lived in would be converted to condominiums. In 2007, 1458 Columbia Road, NW was purchased by its tenants after a long battle with building owners. The owner had left the building in disrepair as part of an effort to get the tenants to vacate. By 1999, the DC Water and Sewer Authority threatened to close the building since the building owner would not pay an outstanding tax bill of \$500,000. The building was condemned by the DC Department of Consumer and Regulatory Affairs, citing numerous housing code violations. With the help of legal clinic/aid groups, and the non-profit groups, the tenants were able to purchase the building and now have condominium ownership of its units.

While many of the perceived successes and failures of DC's condo conversion efforts have been widely publicized in the area, success by the local non-profit sector has gone largely unreported. The Preservation Catalog for the District of Columbia was developed through the collaboration of the National Low Income Housing Coalition and NeighborhoodInfo DC, an organization that reports neighborhood level data on District communities. The purpose of the catalog is to (1) increase knowledge regarding properties that are at-risk for becoming unaffordable, (2) preserve affordable housing, (3) continually assess the presence of affordable housing choices, (4) serve as a technical assistance document for state and local organizations and (5) serve as a prototype for a national level preservation catalog. The tracking efforts will help housing advocates and neighborhood residents to identify properties that might convert and to mobilize tenants and appropriate government agencies appropriately.

References

- An Analysis of the Strengths and Deficiencies of Washington, D.C.'s Tenant Opportunity to Purchase Act <http://content.knowledgeplex.org/kp2/cache/documents/1834/183436.pdf>
- D.C. Preservation Catalog <http://www.nlihc.org/doc/dcpreservationcatalog.pdf>
- Fannie Mae Foundation. Housing the Nation's Capital – 2006 http://www.urban.org/UploadedPDF/1001038_HNCannual2006.pdf
- Holding Their Ground in Columbia Heights <http://www.washingtonpost.com/wp-dyn/content/article/2007/12/08/AR2007120801637.html>
- The Purchase of a Lifetime <http://www.nhi.org/online/issues/149/purchaseoflifetime.html>

Innovative Financing Strategies - Community Land Trusts (CLTs)

Community land trusts, like the MPDU program, are a form of “shared equity housing.” Typically CLTs acquire and hold land, while selling the improvements; in order to ensure that the owner of the improvements is able to enjoy the benefits of ownership, the underlying land is generally leased to the homeowner under a long-term ground lease. Often a condition of the sale is a restriction on the resale price of the improvements. This tool helps maintain a certain level of affordability. In addition, by holding onto the underlying land and by sharing in the equity, the CLT can be an effective way to capture/recapture some of the value of the public investment.

The CLT model is well-designed for addressing affordability problems caused by gentrification and escalating land values, both problems that face Montgomery County. While originally used more at the neighborhood level and with limited public-sector involvement, the CLT movement is used with increasing frequency by the public sector to address regional housing affordability (especially rental housing affordability) issues. Examples of CLTs that have area-wide service are those located in Madison (WI), Portland (OR), Boulder (CO), and Burlington (VT). Burlington CLT was the first to be municipally funded. Thistle CLT of Boulder, Colorado (profiled below) is an example of a CLT that is heavily involved in rental housing.

Example 1: Thistle Community Housing – Boulder, Colorado

Formed in the late 1980s, Thistle Community Housing is a private, non-profit organization dedicated to providing affordable homeownership and rental units using the community land trust model (CLT). Thistle Community Housing is primarily involved in homeownership promotion, asset management, multi-family housing management, and real estate development.

Thistle Community Housing’s CLT program has six developments consisting of single family housing, townhomes, condominiums, apartments and a mobile home park. The organization has also acquired nine units in scattered sites that are also a part of the CLT. Since the organization’s inception, housing has been provided for over 11,000 individuals. Currently, the organization provides 217 affordable housing units through the CLT and manages over 600 rental properties.

References

- Thistle Community Housing <http://www.colorado-housing.net/thistle/common/default.asp>
- NeighborWorks America – Thistle Community Housing http://nfs.nw.org/report/nworeport_print.aspx?orgid=8346

Example 2: New Columbia Community Land Trust – Washington, D.C.

To secure more affordable housing choices for residents who were being displaced from their central Washington, D.C. neighborhoods, several area organizations the New Columbia Community Land Trust in 1989. The CLT purchases and subsequently redevelops properties in targeted communities. New Columbia's properties include cooperatives, single family homes, apartments and duplexes.

New Columbia is a small CLT with a limited portfolio. Since 1992, New Columbia has developed approximately 30 units. Currently, the CLT is working on a project to develop seven to nine units in scattered sites and is working on developing housing for seniors, an ambitious project that is estimated to cost \$20 to \$24 million.

References

New Columbia Community Land Trust <http://www.cdsc.org/ccclt/>

“Watchful Stewards: Mutual Housing Associations and Community Land Trusts Preserve Affordable Housing” <http://www.nhi.org/online/issues/92/mha.html>

Affordable Housing Preservation

In a 2002 *Forum* article, noted expert Donovan Rypkema discussed the improbability of building ourselves out of a housing crisis. “...There is one fact-of-life in real estate that must be reckoned with – you can’t build new and rent (or sell) cheap – it can’t be done. At least it can’t be done without either massive subsidies or very low quality units...”¹⁷ The Bipartisan Millennial Housing commission concurred: “U.S. Housing policy must recognize that preservation is cheaper than new construction, that the rehabilitation and preservation of units returns the units to low-income families faster than new construction...and that maintaining and renovating existing units combats blight and contributes to healthy communities.”

The phrase “affordable housing preservation” can mean two things. First, it can mean the preservation of housing that is affordable, based on use of subsidies.¹⁸ Such units typically have restrictions on rents or resale amounts that continue during a “control period.” In Montgomery County, productivity housing, lower-end workforce housing, moderately priced dwelling units, project-based Section 8 units, and other subsidized properties and units could be described as “controlled affordable housing.” It is this type of housing that is most commonly targeted by affordable housing preservation programs or “no net loss” policies. Second, the phrase “affordable housing preservation” could also refer to any housing units, including those that began life as market rate units and have stayed relatively affordable, typically due to inherent characteristics such as size and age.

¹⁷ Donovan D. Rypkema, “Historic Preservation and Affordable Housing: The Missed Connection,” *Forum* (2002).

¹⁸ Such units are often referred to as “controlled affordable units.”

Preserving housing in either category is desirable. Attempts to preserve affordable housing linked to subsidy programs are more likely to be successful, especially where the age of the buildings or expiration dates of the loans and control periods are closely monitored, depending on the source of the “affordability.” NeighborhoodInfo DC, profiled hereinabove, is an example of an organization that is closely monitoring controlled affordable units with preservation as an objective.

Example 1: Fairfax County, Virginia

In April 2004, the Fairfax County Board of Supervisors launched the Housing Initiative for Fairfax County. One key component of the initiative was the Affordable Housing Preservation Forum, held in June 2004. Composed of stakeholders from the public, private and non-profit sectors, local and state political leaders and other concerned parties, the Affordable Housing Preservation Forum devised various strategies and ideas that would increase and maintain the affordable housing supply in the County. To assist promoting the affordable housing preservation agenda, the County Board of Supervisors announced the creation of the Affordable Housing Preservation Committee in August 2004. The Committee’s charged with developing housing preservation recommendations.

In January 2005, the Committee submitted 12 recommendations to the Board of Supervisors. Of these recommendations, the first was for one cent of the County’s real estate tax rate to be set aside for affordable housing preservation, beginning in fiscal year 2006. In spring of 2005, the Board of Estimates approved a measure allowing for the one cent of the real estate tax rate to be put forth for preservation efforts, now named “The Penny for Affordable Housing Fund.” This measure allowed for the generation of approximately \$18 million in FY 2006. This measure and other strategies provided by the Committee greatly impacted the preservation of affordable housing in Fairfax County. Since the beginning of the preservation initiative, over 2,200 units of affordable housing have been preserved and maintained.

References

- Fairfax County Department of Housing and Community Development
<http://www.fairfaxcounty.gov/rha/>
- Keeping Fairfax Affordable <http://www.e-ffordable.org/initiative.htm>
Affordable Housing Preservation Committee Recommendations – Implementation Plan
<http://www.e-ffordable.org/documents/PCS-12ImpStatusUpdate1Final.pdf>

Example 2: Portland, Oregon

In 2001, the Portland City Council enacted a policy of “no net loss” as part of an effort to counteract the loss of affordable housing that has taken place in downtown Portland since the

1970s. This policy endeavored to keep the amount of low-income and affordable housing units steady, ensuring the preservation of 1,200 units. Units that were to be preserved would provide housing for households with incomes 60 percent below AMI. Strategies for implementation of the policy included rezoning of affected areas and redevelopment of properties in such a way as to preserve the existing number of affordable units.

References

- Housing Authority of Portland, Oregon
- City of Portland Comprehensive Plan
<http://www.portlandonline.com/planning/index.cfm?c=34249>
- Downtown Target Area Housing Implementation Strategy FY 2001-2006
http://www.pdc.us/pdf/housing_services/pubs/hsg-implementation-stgy_fy2001-06.pdf
- Building the Line to Equity
http://www.policylink.org/pdfs/Building_The_Line_To_Equity.pdf

GENERAL PLAN REFINEMENT OF THE GOALS AND OBJECTIVES FOR MONTGOMERY COUNTY

HOUSING GOALS

SCOPE

Approved and adopted December 1993

The Housing Goal addresses Montgomery County's present and future housing needs. It focuses on housing type, quality, quantity, location, and affordability. Housing for less affluent members of the community is of special concern, but the goal, objectives, and strategies are designed to recognize the housing needs of all current and future County residents, including the full spectrum of ages, incomes, lifestyles, and physical capabilities. Providing housing opportunities for employees of all income levels who work in Montgomery County is of particular concern.

KEY CONCEPTS

Consistency with the Wedges and Corridors concept is fundamental to the Housing Goal. The Refinement expects all residential development to conform to this pattern. It also expects consistency with master plans, recognizing them as an integral part of the General Plan. These constraints especially affect the appropriate locations for and types of affordable housing development and the sites and intensities of multi-family complexes.

CHANGES FROM THE 1969 GENERAL PLAN UPDATE

Since 1969, employment has doubled and a significant portion of the land appropriate for housing has been developed in the County. These two major changes have meant shifts in emphasis in the Housing Goal of the General Plan Refinement. Both the 1964 General Plan and the 1969 General Plan Update focused on "an orderly conversion of undeveloped land to urban use." Both advocated the creation of new towns and the use of clustering to achieve this goal. And both included housing as a major element of such development. Neither, however, emphasized the need for housing to support employment.

With the exceptions of Clarksburg and a few scattered but significant tracts of land in other areas, attention today is turning away from the development of vacant land. The current emphasis is on the maintenance, infill, and redevelopment of land, and appropriate increases in housing densities in the Urban Ring and the 1-270 Corridor. This shift leads to increased attention to the attractiveness and compatibility of higher density housing.

The reduced supply of undeveloped land puts great pressure on land prices, leading to increased difficulties in providing affordable housing, even for middle income households.

Some geographic areas of the County are especially affected. In addition, high-rise housing development raises unique financial feasibility issues and merits special attention. The General Plan Refinement addresses these issues.

The Refinement looks at the relationship of employment growth and the need for housing in a new way. In fact, the Housing Goal adds a new objective regarding the quantity of housing to serve employment in the County as well as the needs of residents at different stages of their lives. The new objective is designed to be flexible, relating the desirable amount of housing to the needs of residents at different stages of life and to the needs of workers in the County at different wage levels. It does not specify the means of achieving this objective nor does it attach a numerical target to it. Instead, the Refinement, while encouraging a balance between jobs and housing on a County-wide basis, leaves decisions about any changes in the numbers of housing units and/or jobs to master plans and other more local forums.

The General Plan Refinement adds a second new objective to the Housing Goal as well. This objective concerns the land use distribution of housing. It seeks to concentrate the highest density residential uses in the Urban Ring, 1-270 Corridor, and especially near transit stations. Of the Housing objectives, this one most specifically reinforces the Wedges and Corridors concept.

The proposed Housing Goal deletes obsolete language from the 1969 General Plan Update. The 1969 General Plan Update Housing Goal reads as follows:

"Stress the present quality and prestigious image of residential development in Montgomery County by further providing for a full range of housing choices, conveniently located in a suitable living environment for all incomes, ages and lifestyles."

The General Plan Refinement reflects a consensus that a "prestigious image" is no longer needed as a housing goal for the County. The stock of prestigious housing has greatly increased in the past two decades and will remain as an important County asset without its mention as a prospective goal.

The new goal defines the word "quality" as referring to design and durability of construction. It drops the word "environment," which had been used to mean "neighborhood" or "surroundings" but is now more commonly used to mean "natural resources." Finally, it drops the words "preserve" and "established" from the objective concerning neighborhoods. This language was sometimes read as meaning that there should never be change to existing neighborhoods and that "established" neighborhoods, which many citizens interpret as being the most prestigious ones, should be protected more than others.

The General Plan Refinement adds other new strategies and, occasionally, new concepts to the Housing Goal. These include mixing residential densities in each planning area consistent with master plans, encouraging employer assistance in meeting housing needs, and redeveloping existing properties when identified as appropriate in the master plan.

INTERRELATIONSHIP WITH OTHER GOALS

Land Use

Housing is a major component of the Land Use Goal. Location and intensity cannot be separated from other housing issues, however, and are included in the Housing Goal as well. The Housing Goal addresses topics such as affordability, quality, and variety, which are not addressed by the Land Use Goal. The Housing Goal also encourages the search for improved methods of financing and staging residential construction, and it addresses the need to protect existing neighborhoods from unwarranted intrusions by encouraging compatible infill development with suitable transitions between areas of higher and lower density. The Land Use Goal addresses specific geographic issues. One of the most important of these is the definition of the Residential Wedge, which is a newly highlighted geographic component of the Wedges and Corridors concept. The Residential Wedge primarily contains one- and two-acre estate zoning. The Land Use Goal discusses its function as a housing resource for the County.

Economic Activity

Housing and economic activity may be considered as two sides of the same land use coin; each constitutes a major resource for the other. Housing provides the consumers and employees to support economic activity, while economic activity provides the means of support for residential areas. In many cases, high quality housing was the impetus for economic development. The Housing and Economic Activity Goals are thus highly interrelated; each addresses the need for the other. This Refinement calls for greater integration of housing and economic activities. Insofar as the provision of housing is itself a major economic activity and depends on a stable economic climate, it is discussed in the Economic Activity Goal.

Transportation

Access to a variety of transportation modes to promote efficient travel, especially to work, and to protect the environment is an underlying theme of many of the Housing objectives and strategies. Improved transportation and pedestrian access is one of several important reasons why the Housing Goal stresses the desirability of mixed uses. The Housing Goal encourages housing plans that foster transit serviceability and proximity of affordable housing to transit. It also emphasizes housing in close proximity to employment opportunities. These strategies are generally consistent and complementary to the Transportation Goal.

Environment

The Environment Goal is a source of both support and potential conflict with the Housing Goal. The Environment Goal seeks to protect healthy and attractive surroundings for present and future County residents. The objectives also address the provision of the utilities and water and sewer service needed by local households. At the same time, some of the Environment objectives, such as preservation of trees, wetlands, stream valleys, and biodiversity, can present

major constraints to housing construction. Such issues must be resolved through the master plan and development review processes.

Community Identity and Design

The Community Identity and Design Goal complements the Housing Goal. It guides the development of the community framework for housing and encourages lively, livable neighborhoods for County residents. It also encourages the preservation of historic resources, some of which are unique housing resources.

Regionalism

Housing in Montgomery County is part of a regional market. Consequently, planning for residential uses in the County needs to consider the regional context. This is especially true of affordable housing, which is one of the greatest needs of the County and the regional housing market. Montgomery County will continue to cooperate with appropriate agencies to achieve an equitable distribution of affordable housing in the region.

Compliance with Maryland Planning Act of 1992

The Housing Goal is responsive to several of the Maryland Planning Act's visions. Objectives 3, 5, and 6 respond to concentrating development in suitable areas (Vision 1). The Housing Goal encourages economic growth and also proposes that regulatory mechanisms be streamlined (Vision 6). In addition, strategies are included to assure the availability of adequate housing near employment centers (Objective 3), to ensure adequate housing choices and to encourage innovative techniques to reduce the cost of housing, including the examination of regulations and policies and development standards (Strategy 1E).

GOALS, OBJECTIVES & STRATEGIES

Encourage and maintain a wide choice of housing types and neighborhoods for people of all incomes, ages, lifestyles, and physical capabilities at appropriate densities and locations.

OBJECTIVE 1

Promote variety and choice in housing of quality design and durable construction in various types of neighborhoods.

Strategies

- A. Permit increased flexibility in residential development standards to meet a broader range of needs and to foster more creative design.
- B. Expand opportunities for a variety of housing densities within communities to offer more choice to a broader economic range of households.

- C. Encourage the use of new and innovative housing construction techniques, including pre-fabricated components and housing units, to increase the supply and variety of housing types.
- D. Explore the feasibility of rural centers in appropriate locations, such as the Residential Wedge.
- E. Assess the development review process to determine ways to streamline the process and to encourage creative housing design.
- F. Encourage both ownership and rental opportunities for all types of housing.

OBJECTIVE 2

Promote a sufficient supply of housing to serve the County's existing and planned employment and the changing needs of its residents at various stages of life.

Strategies

- A. Provide adequate zoning capacity to meet the current and future housing needs of those who live or work in the County.
- B. Explore ways to improve the economic feasibility of housing development as compared to employment-related buildings.
- C. Phase mixed-use development so that housing is constructed in a timely fashion relative to other uses within the project.
- D. Develop additional techniques to provide housing opportunities to meet the special housing needs of young workers, the elderly, and persons with disabilities.
- E. Encourage employer assistance in meeting housing needs.
- F. Develop new techniques to provide housing, including incentives.

OBJECTIVE 3

Encourage housing near employment centers, with adequate access to a wide variety of facilities and services. Support mixed-use communities to further this objective.

Strategies

- A. Assure the availability of housing near employment centers.
- B. Integrate housing with employment and transportation centers with appropriate community services and facilities, especially in transit stop locations.
- C. Examine County regulations and policies for opportunities for mixed-use development; develop additional options.
- D. Ensure a reasonable distribution of residential and commercial uses in mixed-use zones.
- E. Explore changing development standards to allow the closer integration of employment and housing within mixed-use developments.

- G. Encourage housing plans that foster transit serviceability. Encourage the provision of appropriate indoor and outdoor recreational and community facilities in multifamily and single-family residential development.

OBJECTIVE 4

Encourage an adequate supply of affordable housing throughout the County for those living or working in Montgomery County, especially for households at the median income and below.

Strategies

- A. Encourage the provision of low-, moderate-, and median-income housing to meet existing and anticipated future needs.
- B. Distribute government-assisted housing equitably throughout the County.
- C. Plan affordable housing so that it is reasonably accessible to employment centers, shopping, public transportation, and recreational facilities.
- D. Encourage well-designed subsidized housing that is compatible with surrounding housing.
- E. Assure the provision of low- and moderate-income housing as part of large-scale development through a variety of approaches, including the Moderately Priced Dwelling Unit program.
- F. Preserve existing affordable housing where possible.
- G. Encourage development of affordable housing by the private market.
- H. Designate government-owned land, other than parkland, that meets appropriate housing site selection criteria for future housing development.
- I. Identify County policies that have a burdensome effect on the cost of housing; find alternatives if possible.
- J. Encourage the provision of innovative housing types and approaches, such as single-room occupancy housing and accessory apartments, to meet the needs of lower income single persons and small households.
- K. Develop zoning policies that encourage the provision of affordable housing while protecting the Wedges and Corridors concept.

OBJECTIVE 5

Maintain and enhance the quality and safety of housing and neighborhoods.

Strategies

- A. Discourage deterioration of housing through well-funded code enforcement, neighborhood improvement programs, and other appropriate techniques.

- B. Ensure that infill development and redevelopment complements existing housing and neighborhoods.
- C. Mix housing with other uses with special care in ways that promote compatibility and concern for residents' needs for safety, privacy, and attractive surroundings when introducing new uses into older neighborhoods.
- D. Provide for appropriate redevelopment of residential property when conditions warrant.
- E. Protect residential neighborhoods by channeling through traffic away from residential streets and discouraging spill-over parking from non-residential areas.
- F. Use special care to plan uses at the edges of high-density centers that are compatible with existing neighborhoods.

OBJECTIVE 6

Concentrate the highest density housing in the Urban Ring and the 1-270 Corridor, especially in transit station locales.

Strategies

- A. Designate appropriate, specific locations in sufficient amounts for higher density housing and mixed-use development in master plans.
- B. Modify County zoning regulations and other policies to improve the feasibility and attractiveness of higher density housing.
- C. Encourage air rights development in areas designated for higher densities.
- D. Encourage development of affordable, higher density housing in the vicinity of transit stations.

Department of Housing and Community Affairs

HOUSING POLICY FOR MONTGOMERY COUNTY

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Montgomery County —

The Place to Call Home

A Housing Policy
for
Montgomery County, Maryland

Department of Housing and Community Affairs

July 2001

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Photo: Moderately Priced Dwelling Units in Montgomery County.

Photo by Tim Miner, DHCA

Housing Policy — [Executive Summary](#)

MONTGOMERY COUNTY: THE PLACE TO CALL HOME

Vision

A safe, decent, and affordable home is the cornerstone for a full, normal life. A neighborhood is the basic unit of community in which a family can grow and flourish. The vision for Montgomery County is for *all of its residents to have decent housing in sound neighborhoods*.

In our vision for Montgomery County, we see:

- **Everyone with a place to call home — no one homeless.**
- **All housing in sound condition, meeting all building maintenance codes.**
- **Adequate living space within each housing unit for its occupants.**
- **Affordable housing for all who live or work in the county, regardless of age or position.**

- **Appropriate housing and services for each stage of life so that people can remain in the community as they grow older.**
- **No discrimination in choosing a place to live, regardless of race, color, religious creed, ancestry, national origin, sex, sexual orientation, marital status, presence of children, age, physical or mental disability, or source of income.**
- **Housing opportunities and supportive services for those who have mobility or sensory impairment, developmental or emotional disabilities, or mental illness.**
- **Safe and sound neighborhoods with community services and well-maintained facilities.**

We will work to achieve this vision with:

- **The commitment of citizens, community leaders, housing providers, and public employees.**
- **Funding and appropriate planning.**

Purpose

The purpose of the Housing Policy is to guide the implementation of the County's housing programs and policies, provide recommendations for improving them, and direct the allocation of resources.

Conditions

As a result of shifting demographic and economic conditions in the region, housing supply and demand have changed significantly since adoption of the last Housing Policy in 1981. High interest rates were then the main problem affecting affordability. Today, racial, ethnic, and economic diversity are increasing; the economy is diversifying; and the area is becoming more metropolitan and international. The housing market is characterized by:

- **Low production of multifamily housing, causing extremely low rental vacancy rates and historically high increases in rent.**
- **Residential housing production, especially of units for individuals and households below the median income, not keeping pace with recent increases in demand.**
- **Aging neighborhoods, many 50 years old or more, needing reinvestment and stabilization.**
- **Most new development opportunities in infill development or redevelopment of older and obsolete communities and structures as the county nears build-out.**
- **Increasing demand for independent- and assisted-living senior housing as the population ages.**
- **Increasing demand for housing for individuals and families transitioning from homelessness as various federal programs that subsidize buildings expire.**
- **An affordable assisted housing stock under intense pressure.**

Our Objectives

The Housing Policy has seven main objectives for accomplishing the vision:

1. **Variety and choice in housing, in various types of new and existing neighborhoods in conformance with the County's General Plan.**
2. **Assistance for persons with diverse housing needs, including housing for the elderly, persons with disabilities, persons with mental illness, and persons transitioning from homelessness.**
3. **Safe, high-quality neighborhoods.**
4. **Communities with affordable housing throughout the County, especially for households at the median**

income level and below.

5. Housing for all stages of life to serve the County's existing and planned employment and the changing needs of its residents.

6. Equal opportunity housing, to ensure that all residents have an opportunity to purchase, rent, finance, and occupy housing in the county.

7. Sustainable communities and environmental sensitivity in housing, neighborhood design, and redevelopment.

Tools

County programs and projects currently available to enhance housing choice include:

- **Ensuring the availability of moderately priced dwelling units through the mandatory inclusionary zoning of the Moderately Priced Dwelling Unit Program.**
- **Preserving agricultural land and open space through the Transfer of Development Rights Program.**
- **Providing the Housing Opportunities Commission the authority to use revenue bonds for multifamily and single-family dwellings.**
- **Ensuring a high level of funding through the housing trust fund, Montgomery Housing Initiative.**
- **Providing scattered site public housing.**
- **Providing mixed income housing.**
- **Employing concentrated code enforcement in older communities.**
- **Providing replacement homes for owner-occupants of condemned properties.**
- **Adopting pilot program for single-room occupancy housing, Personal Living Quarters.**
- **Converting hotels to efficiency apartment facilities (single-room occupancy),**
- **Providing accessory apartments.**
- **Continuing programs for education, testing, research, and enforcement under Fair Housing.**
- **Providing housing through the adaptive reuse of surplus public schools and school sites.**
- **Having the right of first refusal to purchase multifamily housing in the county.**
- **Using rental agreements to preserve the affordability of multifamily housing being transferred.**
- **Providing funding through:**
 - **The Group Home Loan Program.**
 - **The Condominium Transfer Tax.**
 - **The Downpayment Assistance Program.**
 - **The county-funded Rental Assistance Program.**

Fine Tuning

As part of the Housing Policy effort, five current programs have been identified and examined to determine how they might be improved:

- **Housing Initiative Fund.**
- **Moderately Priced Dwelling Unit Program**
- **Group Home Program.**
- **Rental Assistance Program.**
- **Code Enforcement Programs: Vacant and Condemned Housing and Neighborhoods Alive!**

New Responses

Action plans have been developed to help fulfill the seven objectives of the Housing Policy.

Annual Affordable Housing Production Goals

The current income distribution of households in the county shows that about 25 percent of county households earn less than \$40,000 a year. To continue to serve these households, an affordable housing production goal of 1,000 to 1,200 units per year is necessary, in addition to the preservation of the existing affordable housing stock. The following chart lists the county's affordable housing production programs and establishes an annual production goal for each program based on market conditions, program history, forecast needs, and industry and provider capacity.

A comparison of these production goals with averages achieved in each category over the past two years reveals a need for a dramatic increase in affordable housing units. These goals are aggressive, but they can be achieved with adequate funding and organizational focus.

Affordable Housing Program: Proposed Annual Production Goals

(Averages for the last two fiscal years, FY99 and FY00, are shown in parentheses.)

Programs	Owner Units	Rental Units	Total Cost (County \$)
Moderately Priced Dwelling Units	200 (149)	100 (83)	\$0 (\$0)
Section 8 Certificates/ Housing Vouchers		200 (190)	\$0 (\$0)
Group Home/Transitional/ Special Needs Housing Production		100 (29)	\$500,000 – \$1,000,000 (\$145,000)
Home Ownership	30* (11*)		\$600,000 (\$296,000)
Nonprofit Multifamily Rehabilitation		150* (55*)	\$1,500,000 – \$2,250,000 (\$543,000)
New Construction		200 (0)	\$800,000 – \$2,000,000 (\$0)
Preservation of Federally Assisted Housing		200* (121*)	\$1,600,000 – \$2,400,000 (\$780,000)
HOC and Nonprofit MPDU Acquisition		60 (29)	\$1,800,000 (\$870,000)
Multifamily Rehabilitation Loans		150* (5*)	\$750,000 – \$1,500,000 (\$108,000)
Construction of Elderly Housing and Assisted Living Units		250	\$3,750,000 – \$5,750,000

		(18)	(\$683,000)
Accessory Apartments		50 (15)	\$0 (\$0)
Preservation of Threatened Multifamily Housing		950* (950*)	\$0 (\$0)
Acquisition of Threatened Multifamily Housing		150* (24*)	\$0 – \$1,500,000 (\$516,000)
HOC Public Housing Rehabilitation		100* (40*)	\$700,000 – 1,500,000 (\$290,000)
Total Units:	Total Cost to County:		
New: 1,160 (513)	\$12 – \$20,300,000		
Preserved: 1,730 (1,206)	(\$4,231,000)		
Total: 2,890 (1,719)			

* Units preserved, not added to the housing stock.

** Loan.



Housing Policy for Montgomery County, Maryland

Montgomery County — The Place to Call Home

A safe, decent, and affordable home is the cornerstone for a full, normal life. A neighborhood is the basic unit of community in which a family can grow and flourish. The vision for Montgomery County is for *all of its residents to have decent housing in sound neighborhoods.*

Montgomery County is one of the finest communities in the nation. It offers a wide range of housing types, in various price ranges, for rent and for sale, to most who choose to live here. It has many fine neighborhoods with excellent public services and community facilities. Job opportunities abound.

Today, nevertheless, a decent and affordable home is not available to all who live or work in the county. In too many cases, people are paying more than they can afford for their housing or live in fear of eviction. Some cannot pay for necessary maintenance. Some elderly residents cannot find suitable places that are affordable and near family members. Some of the less fortunate in our community who have special needs, such as the supportive services made necessary by disabilities or mental illness, fail to find affordable and sound housing. There are workers who cannot find decent and affordable housing near their jobs and must spend hours commuting.

In our vision for Montgomery County, we see:

- **Everyone with a place to call home — no one homeless.**
- **All housing in sound condition, meeting all building maintenance codes.**
- **Adequate living space within each housing unit for its occupants.**
- **Affordable housing for all who live or work in the county, regardless of age or position.**
- **Appropriate housing and services for each stage of life so that people can remain in the community as they grow older.**
- **No discrimination in choosing a place to live, regardless of race, color, religious creed, ancestry, national origin, sex, sexual orientation, marital status, presence of children, age, physical or mental disability, or source of income.**
- **Housing opportunities and supportive services for those who have mobility or sensory impairment, developmental or emotional disabilities, or mental illness.**
- **Safe and sound neighborhoods with community services and well-maintained facilities.**

We will work to achieve this vision with:

- **The commitment of citizens, community leaders, housing providers, and public employees.**
- **Funding and appropriate planning.**

This Housing Policy will help make this vision a reality.

I. Purpose, Principles, and Objectives for a New Housing Policy

Purpose

The purpose of the Housing Policy is to guide the implementation of the County's housing programs and policies, provide recommendations for improving them, and direct the allocation of resources. Changing population demographics and economic conditions will necessitate a review and update of the housing policy every ten years.

Principles

The Housing Policy of Montgomery County is a commitment to certain principles, reflecting who we are and what we stand for as a community. These principles mandate that the County should strive to maintain and enhance the quality of life of its citizens by:

- **Developing a regional housing strategy to address housing needs in all parts of the metropolitan region and all segments of the population, in its various forms of diversity, and pairing this strategy with County commitment to:**
 - **Maintain, preserve, and revitalize the infrastructure in older regions.**
 - **Protect the safety of inhabitants of every neighborhood.**
 - **Preserve open space and agricultural areas for future generations.**
- **Providing funding and programs when necessary to supplement state and federal programs.**

This comprehensive housing strategy requires that the County:

- **Encourage:**

- **Innovative planning and design efforts.**
- **Compact residential and commercial development in business districts, town centers, and other areas served by public transit and other infrastructure.**
- **Continued upkeep of the County's aging housing stock.**



- **Support development of a housing stock that:**
 - **Includes structure types to accommodate the needs of different households.**
 - **Provides affordability for all income levels, widely distributed throughout the county.**
 - **Meets the needs of individuals and families as people age and their needs change.**
 - **Provides housing for special needs populations, including persons with physical disabilities, individuals with mental or emotional illness, persons transitioning from homelessness, and persons recovering from substance abuse and addiction.**
- **Expand and enforce fair housing policies appropriate for a diverse society.**

Objectives

The Housing Policy has seven main objectives for accomplishing the vision. They are:

1. **Variety and Choice in Housing** — Variety and choice in housing of quality design and durable construction in various types of new and existing neighborhoods in conformance with the County's General Plan.
2. **Assistance for Persons With Diverse Housing Needs** — Housing for diverse residential needs, including housing for the elderly, persons with disabilities, persons with mental illness, and persons transitioning from homelessness.
3. **Safe, High-Quality Neighborhoods** — Neighborhoods in which quality and safety are maintained and enhanced through code enforcement and renewal efforts.
4. **Communities With Affordable Housing** — An adequate supply of affordable housing in economically inclusive communities throughout the county for those living or working in Montgomery County, especially for households at the median income level and below.
5. **Housing for All Stages of Life** — A sufficient housing supply to serve the county's existing and planned

employment and the changing needs of its residents at various stages of life.

6. Equal Opportunity Housing — Fair housing ordinances to ensure that all residents have an opportunity to purchase, rent, finance, and occupy housing in the county.

7. Sustainable Communities — Sustainable development and environmental sensitivity in housing, neighborhood design, and redevelopment.

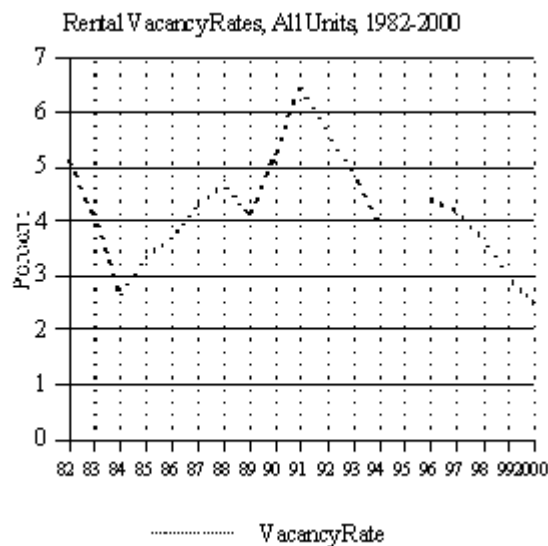
II. Changing Demographic and Economic Conditions

From Bedroom Community to Maturing Urban County

While the basic principles underlying the County's housing policy have not changed significantly over the years, the county has experienced tremendous demographic and economic changes. From a farming community in the early 20th century, Montgomery County developed into what was primarily a suburban, bedroom community to Washington, D.C. during the second half of the 20th century. Here at the beginning of the 21st century, the county is becoming an important regional employment center. Enterprises, especially those in the bio- and info-tech sectors, have been attracted by the highly skilled resident population and the presence of federal agencies. New residents have been attracted to the county's high quality of life, excellent schools, booming job market, and still affordable housing.

Montgomery County is now a maturing urban county, rich in diversity, and a very different place from the homogeneous county of the 1950s. Extensive development and the implementation of programs to protect open space and agricultural land have reduced the amount of land available for new housing. Neighborhoods built before 1950 have aged, and some now need extensive reinvestment in the housing stock and urban infrastructure if the quality of life is to be preserved.

The County needs to determine what changes are needed in the direction of housing programs, many of which were created in the 1970s. Above all, it is incumbent upon the County to continue its housing commitment to its diverse population and to use its resources wisely and efficiently.



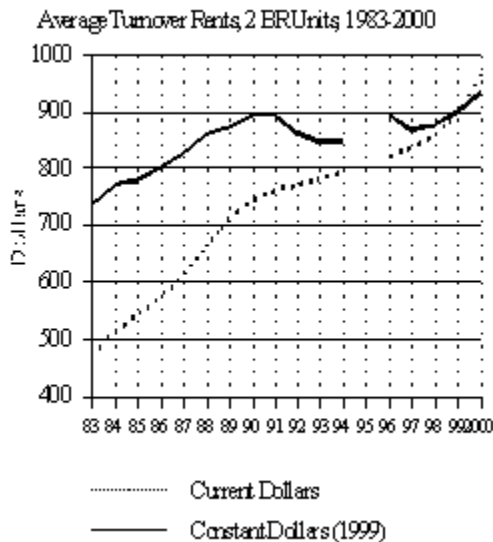
Source: DHCA Rental Vacancy Surveys

Note: No survey conducted in 1995

Summary of Conditions

- **Low production of multifamily housing has caused rental vacancy rates to fall below 2 percent and annual turnover rent increases to reach historic highs of 6 to 8 percent.**

- The average one-bedroom unit costs \$846, and the average two-bedroom unit is \$965.
- Residential housing production, especially of units for individuals and households below the median income, has not kept pace with recent increases in demand. Economic growth, in-migration, and resident population growth are expected to add about 4,000 households per year to Montgomery County. Annual housing production has averaged fewer than 3,600 units per year between 1990 and 1999.
- As the county nears build-out, most new development opportunities will be for infill development and redevelopment of older and obsolete communities and structures. Vacant, abandoned, and obsolete structures are already blighting some urban areas of the county.



Source: DHCA Rental Vacancy Surveys
 Note: No survey conducted in 1995

- The county is becoming more racially, ethnically, and economically diverse. In 1997 racial minorities made up over 27 percent of the population, up from 4 percent in 1960. Persons of Hispanic ethnicity made up over 8 percent of the population. Over 12 percent of county households earn less than 50 percent of the median income.
- Demand is increasing for independent- and assisted-living senior housing. Current estimates of unmet demand show a need for 1,800 independent living units and 1,500 assisted living units.
- Demand is increasing for housing for individuals and families transitioning from homelessness. The county can meet only about one-third of the current emergency shelter bed needs; over 370 more beds are needed. Additionally, there is a current unmet need of 185 transitional housing beds and 231 permanent supportive housing units.
- The affordable assisted housing stock is under intense pressure. Approximately 2,000 rental housing units with below-market rents may be lost by 2005 due to prepayment and/or discontinuation of federally subsidized loans or assistance contracts.



III. Fine Tuning Existing Innovative Housing Programs

Tools for Enhancing Housing Choice

County programs and projects currently available to enhance housing choice include:

- **Ensuring the availability of moderately priced dwelling units through the mandatory inclusionary zoning of the Moderately Priced Dwelling Unit Program.**
- **Preserving agricultural land and open space through the Transfer of Development Rights Program.**
- **Providing the Housing Opportunities Commission the authority to use revenue bonds for multifamily and single-family dwellings.**
- **Ensuring a high level of funding through the housing trust fund, Montgomery Housing Initiative.**
- **Providing scattered site public housing.**
- **Providing mixed income housing.**
- **Employing concentrated code enforcement in older communities.**
- **Providing replacement homes for owner-occupants of condemned properties.**
- **Adopting pilot program for single-room occupancy housing, Personal Living Quarters.**
- **Converting hotels to efficiency apartment facilities (single-room occupancy),**
- **Providing accessory apartments.**
- **Continuing programs for education, testing, research, and enforcement under Fair Housing.**
- **Providing housing through the adaptive reuse of surplus public schools and school sites.**
- **Having the right of first refusal to purchase multifamily housing in the county.**
- **Using rental agreements to preserve the affordability of multifamily housing being transferred.**
- **Providing funding through:**
 - **The Group Home Loan Program.**
 - **The Condominium Transfer Tax.**
 - **The Downpayment Assistance Program.**
 - **The county-funded Rental Assistance Program.**

Fine Tuning

In its efforts to provide a wide range of housing choices, Montgomery County has a long and remarkable record of responding to market and non-market forces. Under the auspices of the Housing Opportunities Commission of Montgomery County (HOC), the County's housing authority and housing finance agency, the County has implemented policies and programs that benefit low- and moderate-income residents.

For the purposes of this housing policy, the following five programs are examined:

- **Housing Initiative Fund**
- **Moderately Priced Dwelling Unit Program**
- **Group Home Program**
- **Rental Assistance Program**
- **Code Enforcement Programs: Vacant and Condemned Housing and Neighborhoods Alive!**

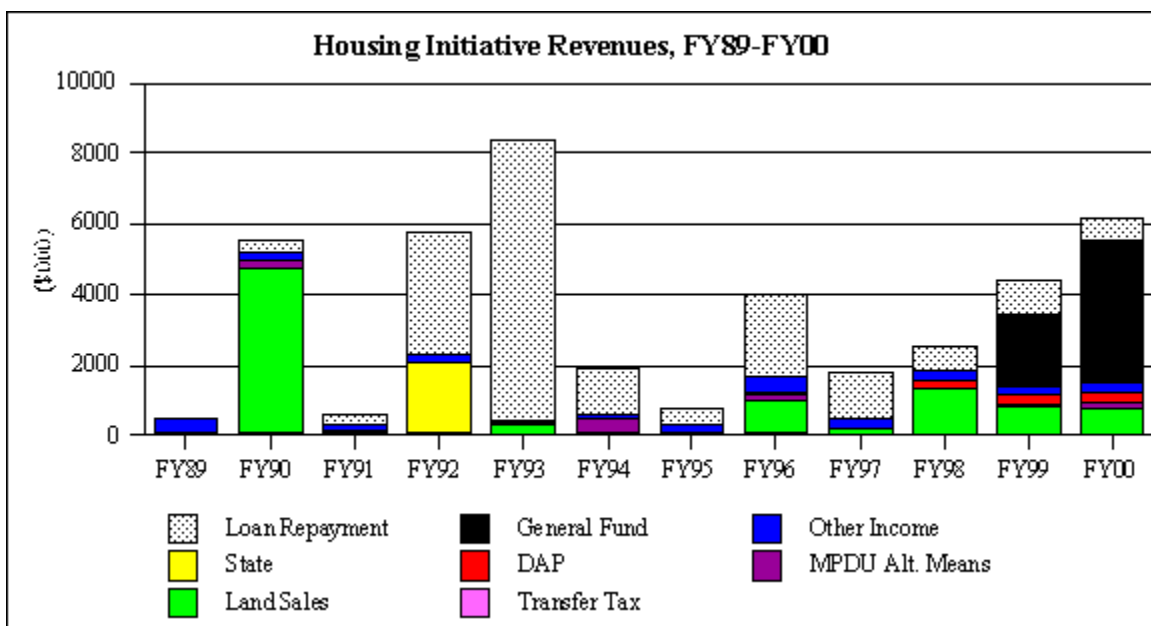
These programs provide a range of new and rehabilitated housing for individuals and families not served by the private market. They supplement the private housing market and add to the range of housing opportunities in the county.

An examination of these programs guides the County as it fine-tunes them to respond to new conditions and allocates fiscal resources for housing efforts.

Housing Initiative Fund

The County established the Housing Initiative Fund in 1988 with the purpose of creating and preserving affordable housing. Under this program loans are made to the Housing Opportunities Commission, nonprofit organizations, property owners, and for-profit developers to build new housing units or renovate deteriorated multifamily housing developments. Emphasis is placed on leveraging County funds with other public and private funds. As a result, the effectiveness of the program relies on having community partners who are able and willing to take on development or rehabilitation projects, and on having funding from other sources to leverage County funds.

Much of the funding in the program now comes from repayments on previous Housing Initiative Fund loans and from the County general fund. Between July 1989 and December 1999, approximately 3,500 housing units were preserved or created in the County under this program.



To ensure that our affordable housing goals are met, there must be a stable and predictable funding source.

Recommendations

- **Develop stable funding sources for the Housing Initiative Fund to ensure that affordable housing goals are met.**
- **Make outreach and support of current partners and development of new partners a priority.**

Moderately Priced Dwelling Unit Program

In the early 1970s, Montgomery County had a shortage of affordable housing for low- and moderate-income households. Housing advocate groups discussed measures to increase such housing that eventually led to an inclusionary zoning program that is both mandatory and countywide. Developers of subdivisions with 50 or more units receive a bonus density in exchange for including affordable housing in the development. Since the program's inception, over 10,600 moderately priced dwelling units have been built, of which about 72 percent have been for-sale units. For-sale units built under this program are relieved of their resale restrictions after 10 years and rental units are relieved of their restrictions after 20 years.

The Moderately Price Dwelling Unit (MPDU) Program has been extremely successful over the past 25 years in developing affordable housing for working families. An award-winning program, it has been used by many jurisdictions as a model. Resolution of several issues, outlined below, is needed if these three program objectives are to be met:

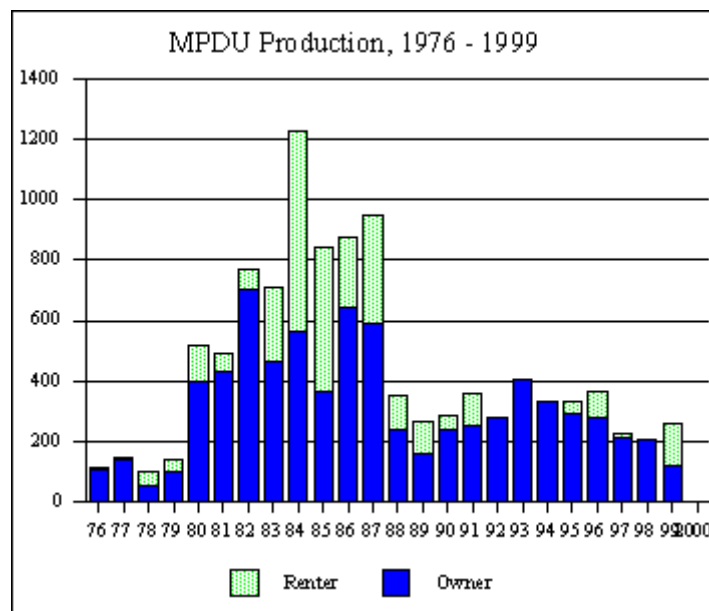
- **Increasing the number of moderately priced dwelling units built, especially rental units.**
- **Distributing them throughout the county.**
- **Ensuring the financial viability of developments that include moderately priced dwelling units.**

Issue 1

Housing units, including moderately priced dwelling units, are being produced at a slower rate as the supply of developable land decreases. The suggestions proposed below could increase the number and distribution of moderately priced dwelling units or provide funding for moderately priced dwelling units elsewhere.

Recommendations

- **Evaluate the possibility of requiring moderately priced dwelling units or an in lieu fee for new subdivisions with fewer than 50 units.**
- **Evaluate extending the MPDU Program to large-lot residential zones.**



Issue 2

Price controls on many units are expiring, further decreasing the number of available moderately priced dwelling units.

Recommendation

- **Explore the possibility of purchase of moderately priced dwelling units by HOC, nonprofits, and the Department of Housing and Community Affairs either for resale to moderate income families or for rental to low income families.**

Issue 3

Much potential infill development in central business districts and around transit stations is high-rise rental projects. High construction costs make it financially infeasible to include moderately priced dwelling units, especially given the inability to take advantage of the bonus density offered under the MPDU Program.

Recommendations

- **Explore tax abatement for high-rise developments in those areas where housing is to be encouraged.**
- **Include affordable housing as an amenity when determining the amenity requirements for high-rise developments.**
- **Evaluate the possibility of allowing moderate rent adjustments for moderately priced dwelling units in high-rise developments to ensure that new housing units will be built.**

Issue 4

In many cases developers are unable to take advantage of bonus density provisions in the Zoning Ordinance, including that of the MPDU Program, because of other zoning or master plan requirements. This makes the inclusion of moderately priced dwelling units financially infeasible.

Recommendation

- **When preparing master plans and zoning changes, understand the impact of height and density restrictions on the financial feasibility of moderately priced dwelling units, especially in high-rise construction.**

Issue 5

Many moderately priced dwelling unit applicants cannot qualify for a mortgage as a result of poor credit or no funds for the down payment.

Recommendations

- **Make the MPDU Program more active in financing moderately priced dwelling units, assisting participants in preparing to purchase homes, and ensuring Fair Housing goals are met.**
- **Continue to make improvements to the homebuyer classes for moderately priced dwelling unit purchasers, including the information on credit, various mortgage products, and means of avoiding predatory lending.**

Group Home Program

Group homes serve two basic populations: those with physical and developmental disabilities and those with persistent mental illness. Using funding from various sources, the County provides assistance to nonprofit group home providers serving these two populations. Funding is for acquisition of existing houses for use as group homes and for rehabilitation of these homes to meet state standards. The program averages the acquisition of 4-6 group homes a year and the rehabilitation of another 29 or so a year.

Issue

This program faces several problems that are exacerbated by a state requirement that all mental health hospitals be closed. The problems include:

- **The precarious financial state of most providers of mental health services in the county.**
- **Neighborhood opposition to these facilities.**
- **Difficulty in obtaining planning approval for group homes.**
- **Inadequate funding, especially for those with mental illness.**

Recommendations

- **Evaluate the Zoning Ordinance for unnecessary restrictions on group homes.**
- **Modify underwriting policies for loans to better assist nonprofit providers serving those with the lowest incomes.**
- **Evaluate the possibility of obtaining existing underused housing for group homes.**
- **Determine if moderately priced dwelling units could be used to house those served under this program.**
- **Use Section 8 voucher payments, under the new lump-sum provision, for downpayments on houses instead of for rental payments.**
- **Improve coordination between those providing the housing and those providing support services.**
- **Work with community associations and group home providers to ensure understanding and respect for fair housing laws.**

Rental Assistance Program

In 1985, Montgomery County created the Rental Assistance Program targeted to the elderly and disabled, low-income (underemployed) intact families, and low-income (underemployed) single parents. Since its inception, the program has provided eligible households with a monthly rental subsidy to help defray the high cost of rent and enable low-income households to have a suitable rental unit without exceeding 35 percent of their income for shelter.

Issue

Rapidly rising rental costs and a shortage of available affordable housing have increased demand for rental assistance. As a result, in 2000, the Department of Health and Human Services started a waiting list with 89 households.

Recommendations

- **Increase funding for the Rental Assistance Program to be able to help more people.**
- **To expand the supply of moderately priced rental units, evaluate accessory apartment regulations and, if possible, ease requirements without jeopardizing neighborhood quality.**

Code Enforcement Programs

To ensure healthy housing and neighborhoods, Montgomery County adopted a Housing Maintenance Code in 1964. Most of the inspections done under the authority of the code are mandated by other actions (e.g., licensing of multifamily units and accessory apartments) or in response to a complaint from a tenant or property owner. In 1998, the County modified its approach, adopting the Neighborhoods Alive! program to address in a more comprehensive manner the widespread deterioration in older neighborhoods. Existing procedures for dealing with severe problems, such as blighted properties, can be exceedingly slow and hamper the overall success of the code enforcement program. The Office of Procurement has contractors available to demolish structures that have been condemned, present a hazard, and blight the surrounding area, providing for some efficiency in the process.

Issue

Properties of the federal Housing and Urban Development Department and Veterans Administration are of particular concern. HUD has recently streamlined its processes and is removing properties from its inventory in a more expeditious fashion. The Department of Housing and Community Affairs has initiated a stronger relationship with HUD and has recently facilitated purchase and rehabilitation of over 20 properties.

Recommendations

- **Continue to use the Neighborhoods Alive! program in neighborhoods that are at-risk. Bring in other departments, agencies, and nonprofits as needed and involve the community to make the program work in a way that responds to the particular needs of the neighborhood.**
- **Work with the State to streamline the foreclosure process. Have Code Enforcement staff monitor the foreclosed properties.**
- **Have Code Enforcement staff perform a biannual review of vacant and condemned units.**
- **Refer vacant and condemned properties more quickly to the Rehabilitation Loan and the Replacement Home Programs, especially for those occupants who are elderly or who cannot financially and physically maintain their home.**
- **Expedite the demolition process while ensuring due process.**
- **Evaluate the effectiveness of anti-blight ordinances to expedite improvements or demolition of condemned structures.**



IV. Establishing Responsive New Programs

As our supply of developable land dwindles and housing stock ages, maintaining an adequate amount of affordable housing and maintaining the condition of existing housing gain importance. The slowing rate of moderately priced dwelling unit production and changes in federal policies such as expiring commitments to project-based Section 8 assistance require that we modify existing programs and design new programs to maintain an adequate affordable housing inventory.

Over the years, the number of vacant abandoned housing units located in stable neighborhoods has grown. A program to rehabilitate and sell these units, or otherwise remove their blighting influence, needs to be designed. Similarly, failure of property owners to maintain housing can reduce housing resources as well as adversely affect an entire neighborhood. Comprehensive code enforcement is a critical element of a housing policy, coupled with an expanded rehabilitation loan program for those property owners with limited resources.

The goal of Montgomery County is to have a wide choice of housing types and quality neighborhoods at densities and locations suitable for all people, regardless of race, color, religious creed, ancestry, national origin, sex, sexual orientation, marital status, presence of children, age, physical or mental disability, or source of income. To achieve this goal, the County needs strategies and action plans that will lead toward meeting these objectives:

- **Variety and choice in housing.**
- **Assistance for persons with diverse housing needs**
- **Safe, high-quality neighborhoods**
- **Communities with affordable housing**
- **Housing for all stages of life.**
- **Equal opportunity housing**
- **Sustainable communities**

Objective 1: Variety and Choice in Housing

Promote variety and choice in housing of quality design and durable construction in various types of new and existing neighborhoods in conformance with the County's General Plan.

First Priority Strategies

A. Preserve Existing Neighborhoods — Ensure that the county's residential neighborhoods continue to provide a source of convenient, well-maintained housing and provide an attractive alternative to newly constructed communities.

Action Plan

- **Ensure high quality of housing and public infrastructure in existing neighborhoods.**
- **Protect encroachment on existing neighborhoods by undesirable uses.**
- **Promote high home ownership through assistance programs.**
- **Preserve single-family rental housing as an alternative, especially for larger households.**

B. Encourage New Construction of All Types — Encourage both ownership and rental opportunities for all types and price ranges of housing.

Action Plan

- **Enhance efforts to encourage new construction and preservation of existing residential communities.**
- **Expand opportunities to use TDRs to increase housing production and achieve other public goals.**
- **Give first priority consideration to housing when there is a change of use or ownership of publicly owned land.**

- **Encourage a good distribution of housing in each price range in all the planning areas of the county.**



C. Expand Affordable Housing — Develop zoning and housing policies that encourage the provision of affordable housing throughout the county, including in central business district areas and in redeveloping areas, while protecting the Wedges and Corridors concept.

Action Plan

- **Amend the Zoning Ordinance and implement changes through the master planning and sectional map amendment processes, including providing affordable housing goals in master plans.**
- **Encourage affordable housing in redeveloping residential properties.**
- **Provide financial, land use, or other incentives to retain and increase affordable housing.**
- **Prepare an annual report on the progress made toward meeting annual affordable housing program goals.**

D. Streamline Development Review Process — Assess the County's development regulations and review process to find ways to streamline the process and encourage creative housing design and redevelopment opportunities, including mixed-use development and the adaptive reuse of non-residential structures.

Action Plan

- **Enhance County land use policies promoting mixed-use development.**
- **Through the subdivision approval process, require residential components of mixed-use projects be provided early in the development phasing.**
- **Amend development standards to allow flexibility in integrating residential and non-residential components of mixed-use development.**
- **Explore the development of "Smart Codes" to encourage redevelopment of housing and adaptive reuse of non-residential buildings.**



Second Priority Strategies

E. Promote Housing Near Transit and Employment — Promote the availability of housing in and near employment centers and transportation centers, including considering the use of air rights.

Action Plan

- **Assess availability of sites near employment centers and transit centers, including reuse of non-residential structures in employment areas.**
- **Inventory and assess air-rights development potential of sites, especially on publicly owned sites such as parking lots in central business district areas.**
- **Develop and implement programs providing incentives for air-rights development.**

F. Promote Higher Densities and Mixed Uses in Transit Station Areas and Downtowns — Increase variety of housing densities in new communities to provide more choices to a broader economic range of households and designate appropriate, specific locations in sufficient amounts for higher density housing and mixed-use development in master plans and other government planning documents.

Action Plan

- **Amend the Zoning Ordinance and implement changes through the master plan process.**
- **Assess developable land in areas designated for growth by the General Plan.**
- **Assess the potential for higher density residential redevelopment, especially in transit-serviceable areas.**



Mixed uses
in Kentlands

Objective 2: Assistance for Persons with Diverse Housing Needs

Encourage housing for diverse residential needs, including housing for the elderly, for persons with disabilities, for persons with mental illness, for persons transitioning from homelessness, and for persons with AIDS.

First Priority Strategies

A. Provide More Special Needs Housing — Encourage production of housing for populations with special needs, including seniors, persons with disabilities, persons with mental illness, and persons transitioning from homelessness.

Action Plan

- **Assess inventory of special needs housing.**
- **Develop forecast of special needs populations.**
- **Identify and implement programs to meet any shortfall of special needs housing.**
- **Include goals for affordable and assisted housing in master plans and designate suitable sites for elderly housing and other special needs housing.**
- **Ensure that multifamily housing developments provide units adaptable for persons with disabilities, as required by the federal Fair Housing Act and the County building code.**
- **Explore incentives, such as density bonuses, to developers who provide special needs housing.**
- **Consider a program for County purchase of land for senior and special needs housing.**
- **Explore establishing ‘visitability’ standards for all new and renovated housing receiving public funds.**



B. Provide Housing with Support Services — Coordinate the availability of affordable housing units and needed support services for persons with special needs, including those persons transitioning from homelessness.

Action Plan

- **Establish interagency initiative to provide seamless provision of affordable housing with supportive services to those with special needs.**

C. Simplify Regulations for Senior Housing — Explore zoning and regulatory changes to ease approval of elderly housing development.

Action Plan

- **Develop standard compatibility criteria for elderly housing and study possibility of eliminating special exception approval process.**



Asbury Methodist Village senior housing

D. Expand Housing for Homeless — Ensure adequate supply of housing with support services for individuals and families transitioning from homelessness.

Action Plan

- **Conduct inventory of housing appropriate for transitioning from homelessness.**
- **Increase supply and affordability of appropriately designed and located housing.**

Second Priority Strategies

E. Promote Design for Aging in Place — Encourage housing designs that accommodate or adapt to persons aging in place and to persons with disabilities.

Action Plan

- **Explore revisions to codes and regulations that will foster adaptive design.**

Objective 3: [Safe, High Quality Neighborhoods](#)

Maintain and enhance the quality and safety of housing and neighborhoods.

First Priority Strategies

A. Expand Code Enforcement — Discourage deterioration of housing through a well funded code enforcement program.

Action Plan

- **Expand interagency efforts to revitalize and renew neighborhoods, including implementing the Concentrated Code Enforcement Program of neighborhood-wide inspections for housing code, solid waste, and parking violations.**

B. Promote Neighborhood Renewal — Ensure that older neighborhoods, especially moderately priced communities, remain attractive and viable for homebuyers by renewing neighborhood infrastructure, promoting neighborhood stabilization, and addressing streetscaping and neighborhood desirability issues.

Action Plan

- **Expand neighborhood revitalization, renewal and stabilization efforts, including Renew Montgomery and Neighborhoods Alive!.**
- **Implement community policing.**
- **Include sections on neighborhood renewal in master plans.**

Second Priority Strategies

C. Provide Assistance for Repairs — Offer financial incentives to owners of older housing for repair and improvements.

Action Plan

- **Continue Rehabilitation Loan Program for repairs and accessibility improvements.**
- **Explore expansion of tax incentives for repair and improvement of residential property and maintenance of affordability.**

D. Promote Adaptive Reuse — Promote housing as adaptive reuse of vacant non-residential buildings and provide for appropriate redevelopment of residential property.

Action Plan

- **Inventory and assess privately- and publicly-owned buildings suitable for conversion to**

residential use.

- **Support the State's "Smart Codes" initiative for flexible building and life safety codes in renovating residential buildings and in making adaptive reuse of non-residential buildings.**
- **Encourage redevelopment of residential properties while protecting the well being of current residents and minimizing displacement of at-risk residents.**
- **Assess for reuse or demolition all vacant, condemned, and abandoned buildings.**
- **Review and, if necessary, amend the Zoning Ordinance to facilitate adaptive reuse.**
- **Assess vacant, abandoned, or obsolete residential buildings for renewal.**
- **Encourage preservation, restoration, and use of historic sites to provide housing and to foster community identity.**

E. Ensure Compatibility of Infill Housing — Mix infill housing and other uses in ways that promote compatibility and address residents' need for safety, privacy, and attractive surroundings.

Action Plan

- **Explore Zoning Ordinance standards for infill development or redevelopment that provides an appropriate mix of uses in existing communities.**
- **Invite compatible rezoning and special exception applications for infill development.**
- **Identify appropriate sites for higher density residential or non-residential infill development in master plans.**

F. Promote Compatible High Density Development in Downtowns and Other Areas That Can Be Well Served by Transit — Plan with care the uses at the edges of high-density centers to promote compatibility with existing neighborhoods and protect residential neighborhoods.

Action Plan

- **Continue existing "step down" density approach of locating compatible development densities on sites abutting existing residential communities.**
- **Review and, if appropriate, continue residential traffic-calming programs.**
- **Protect residential neighborhoods from spill-over parking.**

Objective 4: Communities with Affordable Housing

Encourage an adequate supply of affordable housing in economically inclusive communities throughout the county for those living or working in Montgomery County, especially for households at and below the median income.



A mix of MPDUs and market rate housing

First Priority Strategies

A. Expand Funding of Affordable Housing — Encourage the funding and provision of low-, moderate-, and median-income housing to meet existing and anticipated future needs.

Action Plan

- **Forecast future need for affordable housing and potential for developing low- and moderate-income housing.**
- **Secure adequate fiscal resources or assistance measures to meet the current and future unmet affordable housing demand.**
- **Enhance County programs that provide assisted housing, including Montgomery Housing Initiative Fund financing, homeownership assistance, the leveraging and layering of other public and private funding sources, and "Live Near Your Work" public and private homeownership assistance near employment centers.**



B. Distribute Locations of Affordable Housing — Distribute government-assisted housing equitably throughout the county.

Action Plan

- **Construct new and preserve existing affordable housing throughout the county.**
- **Maintain and amend, where needed, the Moderately Priced Housing Program.**
- **Continue to use the State Partnership Rental Housing Program to construct and acquire affordable housing.**
- **Assess publicly owned sites for assisted housing, especially in underserved areas.**
- **Include recommendations in master plans for assisted or affordable housing sites.**

C. Preserve Affordable Housing — Preserve existing affordable housing where possible.

Action Plan

- **Assess affordable housing likely to be threatened by redevelopment, conversion to condominium status, or other displacement of low- and moderate-income residents.**
- **Expand neighborhood revitalization efforts, including Comprehensive Code Enforcement, Renew Montgomery, the Rehabilitation Loan Program, acquisition of properties that threaten displacement of at-risk residents, preservation of expiring or prepaying federally assisted housing resources, and the State Partnership Rental Housing Program for acquisition of affordable housing.**
- **Encourage renovation and redevelopment of residential properties that protects the**

well-being of current residents and minimizes the displacement of at-risk residents.

D. Encourage Private Participation — Encourage participation of private developers and lenders in the provision of affordable housing.

Action Plan

- **Identify tools to enhance economic feasibility of certain residential development, especially multifamily housing and housing in central business district areas.**
- **Remove disincentives for moderately priced dwelling unit production in high-rise development.**
- **Continue to provide primary and gap financing for developments containing an affordable housing component, using the Multifamily Revenue Bond Program, the Montgomery Housing Initiative Fund Program, and leveraged funds from other private and public sources.**
- **Expand the requirement that financial institutions with which the County does business participate in community lending activities.**
- **Monitor and encourage expanded community lending activities under the Community Reinvestment Act.**
- **Combat predatory lending practices.**
- **Encourage private employers to participate in public-private partnerships for the development of affordable housing.**

E. Support Mixed Income Properties — Provide adequate programs and funding sources to support the development of mixed-income properties.

Action Plan

- **Develop policies that support the development of mixed-income properties.**
- **Consider housing enterprise zones in certain high cost areas to promote financial feasibility of high density affordable and mixed-income housing.**

F. Continue Inclusionary Communities — Ensure the provision of low- and moderate-income housing as part of large-scale development through a variety of approaches, including the Moderately Priced Housing Program.

Action Plan

- **Seek adoption of an inclusionary zoning ordinance by municipalities without one.**
- **Monitor development of mixed-income communities, including subdivisions having moderately priced dwelling units.**
- **Examine disincentives to development of moderately priced dwelling units.**
- **Revise the Moderately Priced Housing Program to reflect current market conditions.**
- **Develop additional programs to address disincentives to affordable and mixed income housing.**

Second Priority Strategies

G. Promote Compatibility of Subsidized Housing — Encourage well designed and maintained subsidized housing that is compatible with surrounding housing.

Action Plan

- **Enhance architectural compatibility of all assisted housing.**
- **Improve maintenance of scattered site, assisted housing programs.**

- **Promote public and private acquisition and preservation of affordable housing.**



Bartholomew House assisted living

H. Reduce Approval Costs — Identify County policies that unnecessarily raise the cost of housing and find alternatives, if possible.

Action Plan

- **Review development approval process and identify burdensome requirements.**
- **Explore fast-tracking of developments containing affordable housing.**
- **Remove disincentives for moderately priced dwelling unit production in high-rise development.**
- **Continue exempting price-controlled housing from County excise or impact taxes.**
- **Expand special ceiling allocations for affordable housing in the Annual Growth Policy.**

I. Provide Innovative Housing — Encourage the provision of innovative housing types and approaches to meet the needs of lower income single persons and small households.

Action Plan

- **Assess effectiveness of programs directed at small households, including accessory apartments, personal living quarters (PLQ), and hotel conversions.**
- **Remove impediments to personal living quarter developments and accessory apartments, including possible amendments to the Zoning Ordinance and to the Housing Maintenance Code.**
- **Develop program for transitional households and entry-level employees, possibly involving private employers.**

J. Promote Housing in Mixed-Use Development — Phase mixed-use development so that housing is constructed in a timely fashion relative to other uses within the project.

Action Plan

- **Study economic factors related to producing housing in mixed-use developments.**
- **Require timely development of residential components of mixed-use development through subdivision approval process.**
- **Enhance enforcement of subdivision conditions.**

Objective 5: Housing for All Stages of Life

Provide a sufficient housing supply to serve the county's existing and planned employment and the changing needs of its residents at various stages of life.

First Priority Strategies

A. Provide Zoning Capacity — Provide adequate zoning capacity to meet the current and future housing needs of those who live or work in the county.

Action Plan

- **Assess remaining developable land and development potential at build-out.**
- **Assess potential for higher density residential redevelopment, especially in transit-serviceable areas.**
- **Ensure sufficient development and redevelopment capacity to accommodate forecast employment growth.**
- **Implement changes through the master planning and sectional map amendment processes.**



Mixed residential densities

B. Improve Economic Feasibility — Explore ways to improve the relative economic feasibility of housing development in mixed use developments.

Action Plan

- **Identify tools to enhance economic feasibility of residential development, especially in central business district areas.**
- **Promote adaptive reuse of vacant non-residential buildings as housing.**

Second Priority Strategies

C. Meet Special Housing Needs — Develop additional techniques to provide housing opportunities to meet the special housing needs of young workers, the elderly, and persons with disabilities.

Action Plan

- **Develop comprehensive inventory of special needs housing.**
- **Develop forecast of special needs populations.**
- **Identify and implement programs to meet any shortfall of special needs housing.**
- **Increase supply of adaptable housing with basic accessibility design elements.**

D. Encourage Employer Participation — Encourage employer participation in meeting housing needs.

Action Plan

- **Assess employers' housing needs, especially for entry level and service sector employees.**
- **Develop a public-private partnership program to increase supply of housing meeting employers' needs.**
- **Expand the Live Near Your Work Program that provides public and employer incentives to purchasing homes near designated job centers.**

Objective 6: Equal Opportunity Housing

Promote and enforce fair housing ordinances to ensure that all residents have an equal opportunity to purchase, rent, finance, and occupy housing in the county.

First Priority Strategies

A. Enforce Laws — Enforce equal housing opportunity laws.

Action Plan

- **Expand enforcement efforts of fair housing laws, including for households with subsidies.**
- **Amend law where necessary to enhance effectiveness of enforcement efforts.**
- **Address all fair housing issues, such as discrimination in rental or sale of housing, insurance, and mortgage lending, including predatory lending practices.**

B. Educate the Public — Educate current residents, prospective residents, housing providers, lenders, agents, appraisers, management associations, common ownership associations, and others involved in the rental or purchase of housing about their rights and responsibilities under the fair housing law.

Action Plan

- **Expand fair housing education activities, including developing a school curriculum.**
- **Resume a program of providing continuing education credits for the real estate industry.**

C. Compliance Testing — Conduct testing of rental, sales, and lending practices to ensure compliance with fair housing law.

Action Plan

- **Expand fair housing testing efforts for rental and sales housing, insurance, and mortgage lending practices.**
- **Identify and carry out enforcement actions for non-compliance.**

D. Examine Lender Policies and Practices. — Ensure that banking and other lending institutions contracting with Montgomery County to provide services are engaging in fair housing and fair lending practices.

Action Plan

- **Evaluate change to County procurement law that would require banks and other lending institutions having County service contracts to provide information on all home mortgage loans they make in the county.**
- **Ensure that all banks and other lending institutions fully participate in Community Reinvestment Act activities throughout the county.**
- **Ensure that lending institutions in the County do not engage in predatory lending practices.**

Second Priority Strategies

E. Examine Provider Policies and Practices — Study the policies and practices of housing providers involved in the sale and rental of housing.

Action Plan

- **Continue to gather information on major housing industry participants and the market.**
- **Review all aspects of the housing sale and rental industry for conformance with fair housing laws.**

F. Make the County a Model for Fair Housing — Ensure that all County housing programs comply with the spirit and letter of equal housing opportunity laws and make County housing programs models of fair housing compliance.

Action Plan

- **Conduct fair housing training for all County staff administering and implementing County housing programs. Conduct tests of housing programs.**

Objective 7: *Sustainable Communities*

Encourage sustainable development and environmental sensitivity in housing, neighborhood design, and redevelopment.

First Priority Strategies

A. Encourage Innovation — Encourage the use of new and innovative housing construction techniques, including pre-fabricated components and housing units, to increase the supply and variety of housing types.

Action Plan

- **Change the building code to allow alternative building techniques.**

B. Reduce Unnecessary Cost of Housing — Reduce the impact of development approval process fees and costs, including environmental regulations, on housing affordability.

Action Plan

- **Explore ways to reduce development and environmental fees and costs.**

Second Priority Strategies

C. Conserve Energy — Encourage changes that will reduce residential energy consumption. Review and amend building codes, code enforcement procedures, and other housing programs that regulate remodeling and reconstruction of infrastructure.



Solar access

Action Plan

- **Provide financing for improvements in insulation.**
- **Encourage use of energy efficient appliances.**
- **Provide free low-flow showerheads.**
- **Provide information on County Web site on household energy conservation measures.**
- **Provide brochures on energy conservation measures.**
- **Incorporate street tree planting into infrastructure improvements.**
- **Conduct free assessment of landscaping for energy reduction.**

D. Conserve Water — Encourage changes that will reduce residential water consumption. Review and amend building codes, code enforcement procedures, and other housing programs that regulate remodeling and reconstruction of infrastructure.

Action Plan

- **Provide free low-flow shower heads in code enforcement target areas.**
- **Encourage use of low-flow toilets.**
- **Provide information on drip irrigation systems and rain harvesting techniques.**
- **Provide information on County website on drought-tolerant native species.**

E. Use Recycled Products.

Action Plan

- **Provide information on products made from recycled materials.**
- **Encourage construction techniques and materials that can allow ease of recycling.**

F. Educate the Public — Improve educational outreach on sustainable resource management.

Action Plan

- **Provide a "green" page on County website.**
- **Discuss sustainable products in County brochures aimed at homebuilders, remodelers, and do-it-your-selves.**

G. Protect Water Quality — Ensure that new development complies with applicable water quality and stormwater management laws, regulations, and guidelines.

- **Modify Chapter 19 of the County Code to ensure proper drainage from new construction.**
- **In concentrated code enforcement areas and when code violations occur, encourage changes that reduce problem drainage and protect water quality.**
- **Encourage cluster development and forest retention.**
- **In code enforcement areas and for appropriate code violations, provide information on reducing impervious surfaces and correcting drainage problems.**
- **Provide information on disconnecting impervious surfaces and increasing onsite percolation of stormwater runoff.**

V. Annual Affordable Housing Production Goals

Need for Affordable Housing

Montgomery County meets its affordable housing needs through a number of programs. The County and the Housing Opportunities Commission are using federal, state, and local programs and funding for the provision of affordable housing. In order to address the production needs identified in the Housing Policy, the County is establishing annual goals for affordable housing production.

Each year 3,750 new households are likely to be formed in the county. At-place employment increases also add to the demand for housing in the county. The annual 4,000-unit forecast for housing production appears to meet most of the demand that may be expected for new market rate housing in the county.

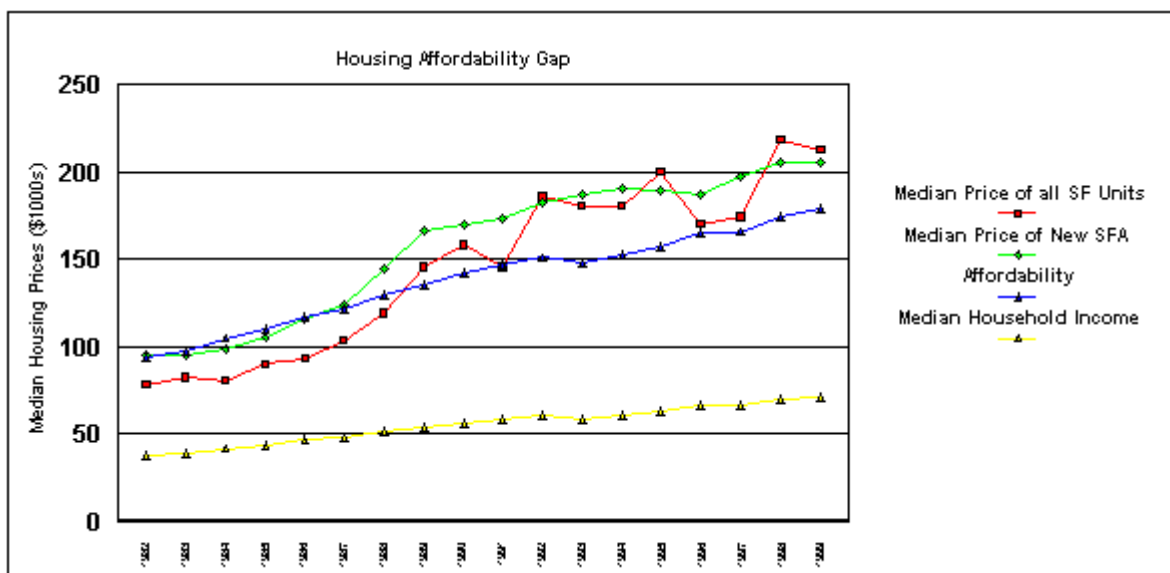
The current income distribution of households in the county shows that about 25 percent of county households earn less than \$40,000. At 30 percent of income for housing costs, \$40,000 can support a rent plus utility payment of \$1,000 per month. Because rents are rapidly escalating in the county, we foresee near- and long-term shortfalls of affordable housing units.

To continue to serve households earning \$40,000 or less, we believe that an affordable housing production goal of 1,000 units per year is necessary. The attached chart lists the County's affordable housing production programs and establishes an annual production goal for each program based on market conditions, program history, forecast needs, and industry and provider capacity. These program goals have been reviewed by focus groups, housing providers, the industry, housing advocates, and public agencies. The annual goals are a multi-year average, and may vary annually due to changes in the level of funding available to these programs.

Cost of Producing and Preserving Units

To plan and budget for the county's future housing needs, the County's current programmatic costs have been determined. Existing contracts, loans, and development budgets provided the following cost information.

- **The cost to the County of preserving federally assisted housing ranges between \$8,000 and \$12,000 per unit.**
- **The County's contribution to the cost of rehabilitating multifamily housing is between \$10,000 and \$15,000 per unit.**
- **The County's participation in funding the acquisition of group homes ranges between \$30,000 and \$60,000 per home, or between \$5,000 and \$10,000 per occupant.**
- **The County funds the development of new affordable housing at levels ranging from \$4,000 to \$10,000 per unit.**
- **When contributing to the development of assisted living for the elderly, the County has been providing between \$15,000 and \$23,000 per unit.**



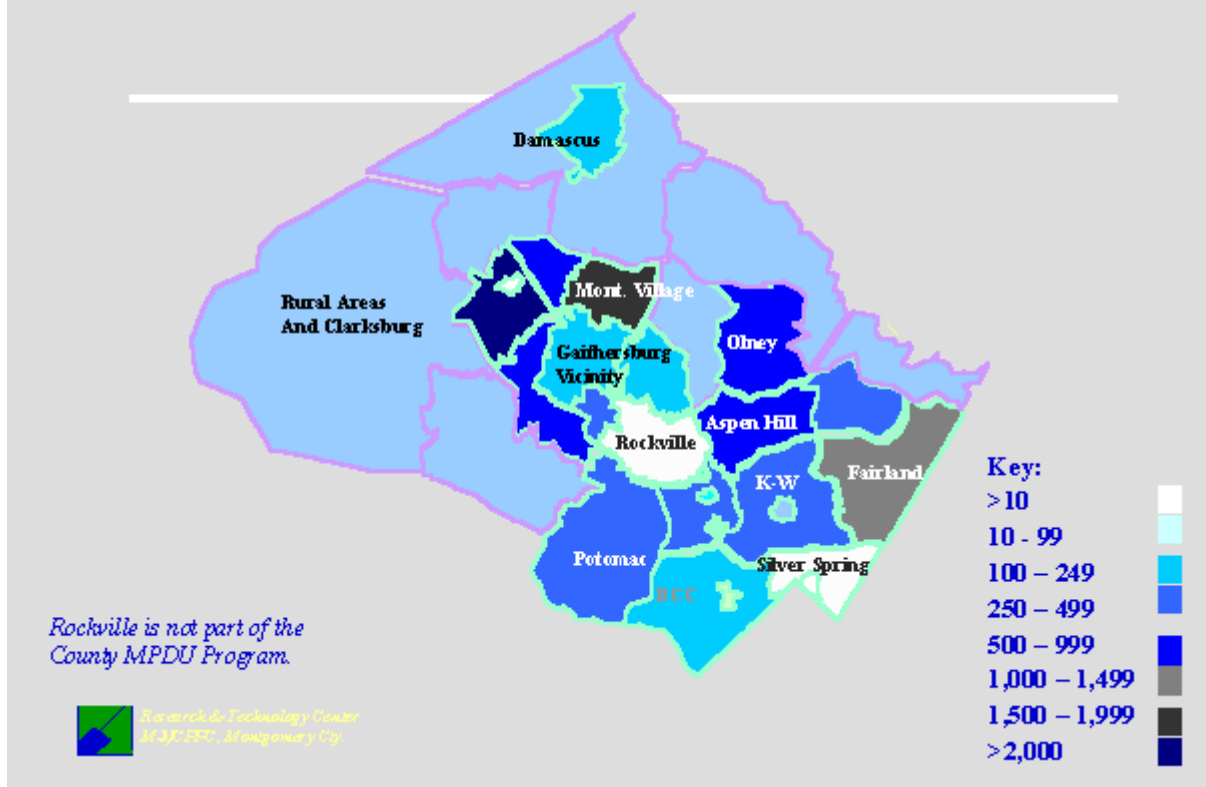
- **The cost of permanent supportive housing for seriously mentally ill homeless individuals, including case management and services, ranges between \$12,000 and \$17,000 per person per year.**
- **The cost of permanent supportive housing for families, including those with disabilities and multiple risk factors, ranges between \$14,000 and \$21,000 per family per year.**
- **The cost of transitional housing for homeless individuals, including case management and services for mental illness or substance abuse, ranges between \$7,800 and \$9,000 per person per year.**
- **The cost of transitional housing for families with children, including case management and support services, ranges between \$8,300 and \$14,000 per family per year.**

Recommendations: Annual Affordable Housing Production Goals

The chart on the following pages gives the recommended annual goals for affordable housing production in Montgomery County. These figures should be seen as average annual goals over a 10-year period. The actual annual figures will likely vary, given the need to take advantage of opportunities and address special problems that may arise in any one year. Of the total 2,890-unit target, 1,730 are existing units that will be preserved as affordable units, through assistance with rehabilitation, purchase by a public agency or nonprofit organization, or a negotiated rental agreement. The remaining 1,160 are new units that, for the most part, will be for people least able to find suitable, affordable housing as a result of either age or special needs for services. This includes individuals with physical, mental, or emotional illness. The providers of these housing units include nonprofit service organizations, the Housing Opportunities Commission, and other developers of housing.

Comparing these production goals with the average housing units achieved in each category over the past two years, we see a dramatic overall increase in affordable housing units and increases in most categories. The exception is the preservation of expiring federally subsidized units. The preservation of these units has been the highest priority, and is driven by the expiration dates of these subsidies. These goals are aggressive, but they can be achieved with the funding and organizational focus we propose.

Dispersal of MPDUs by Policy Area



Affordable Housing Program Proposed Annual Production Goals

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<u>Resolution No:</u>	<u>14-959</u>
<u>Introduced:</u>	<u>May 8, 2001</u>
<u>Adopted:</u>	<u>July 17, 2001</u>

COUNTY COUNCIL

FOR MONTGOMERY COUNTY, MARYLAND

By: County Council

Subject: Adoption of the Housing Policy for Montgomery County

Background

- 1. On October 20, 1981, by Resolution 9-1503, the County Council adopted the Housing Policy for Montgomery County – A Statement of Intent.**
- 2. As a result of shifting demographic and economic conditions in the Washington, D.C. metropolitan region, housing supply and demand have changed significantly since the adoption of the Housing Policy approved in 1981.**
- 3. In January 2001, the County Executive prepared and transmitted to the County Council his recommendations for updating the Housing Policy for Montgomery County, Maryland.**
- 4. On April 2, 2001, the County Council's Planning Housing and Economic Development Committee held a public worksession and amended the text of the Housing Policy in cooperation with the County Executive and his staff.**

Action

The County Council for Montgomery County, Maryland, approves the following resolution:

- 1. The Housing Policy for Montgomery County, Maryland: "Montgomery County - The Place to Call Home" is hereby adopted as amended as part of and an attachment to this resolution and constitutes the statement of the County's concern that present and future citizens will be adequately housed; and it is the government's intent to pursue and implement the housing policy objectives to provide maximum opportunities in all planning areas for housing people of varying incomes, ages, and life styles, and to provide choices for families and individuals having needs for different types of housing.**
- 2. This Housing Policy will be the plan for the County's actions to stimulate and generate production of the kinds of housing which are in short supply, but which are needed to provide a healthy and balanced housing inventory; and the County shall act in this effort by assuring that its decisions and over-all policies are consistent with achieving these goal.**
- 3. All agencies having responsibilities that affect housing availability and cost are hereby mandated and directed to act expeditiously and diligently to carry out the objectives and intent of this housing policy.**
- 4. In cooperation with neighboring jurisdictions, the County will work diligently to develop a coordinated strategy to address mutual housing needs in the Washington, DC metropolitan region.**
- 5. The County Executive must submit an annual status report to the County Council, describing activities toward implementing the Housing Policy, including annual production targets. This report may be submitted in conjunction with the Housing Report the Executive must submit to the County Council under Section 25B-4 of the County**

Code describing the state of the County's demand for and supply of affordable, including assisted, housing.

6. Ten years from the enactment of this Resolution, the County Executive must undertake a full reevaluation of housing needs in Montgomery County, and recommend housing policy changes to reflect needs at that time.

This is a correct copy of Council action.

(Original signed copy on file)

Mary Edgar, CMC

Clerk of the Council

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