



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

MCPB
Item #8
June 27, 2002

MEMORANDUM

DATE: June 21, 2002

TO: Montgomery County Planning Board

FROM: Sally Roman, Research and Technology Center *SR*

SUBJECT: Alternative Agreements for the Provision of MPDUs in High-Rise Residential Projects

For more than two years, the County Council, the Planning Board, staff, and the residential development industry have struggled to increase the financial feasibility of providing Moderately Priced Dwelling Units (MPDUs) in high-rise housing. Several improvements have been successfully initiated. Unlike MPDUs in other housing types, the gap between the cost of providing this housing and the income it generates is substantial. Consequently, this problem is not yet completely solved. Developers continue to request partial buyouts as an alternative to providing all of the required MPDUs on site.

Elizabeth Davison, Director, Montgomery County Department of Housing and Community Affairs, and staff have prepared a presentation outlining issues raised by MPDU alternative agreements and the economics behind them. This presentation is intended to serve as background for a discussion between Ms. Davison and the Planning Board of these issues and mutually agreeable approaches to them. The section of Chapter 25A of the County Code pertaining to alternative agreements is attached as reference material for this discussion.

Chapter 25A-5. Requirement to build MPDUs; agreements; alternatives.

(e) (1) In exceptional cases, instead of building the required number of MPDUs, an applicant may offer to:

(A) Build significantly more MPDUs at one or more other sites in the same or an adjoining planning area;

(B) Convey land in the same or an adjoining planning area that is suitable in size, location and physical condition for significantly more MPDUs;

(C) Contribute to the Housing Initiative Fund an amount that will produce significantly more MPDUs; or

(D) Do any combination of these alternatives that will result in building significantly more MPDUs.

(2) If the Director finds that:

(A) In the project or subdivision originally proposed by the applicant, an indivisible package of resident services and facilities to be provided to all households would cost the occupants of the MPDUs so much that it is likely to make the MPDUs effectively unaffordable by eligible households; and

(B) An offer made by an applicant under subsection (e)(1) will achieve significantly more MPDUs or units which low- and moderate-income households can more easily afford; and

(C) These public benefits outweigh the benefit of constructing MPDUs in each subdivision throughout the County, and acceptance of the applicant's offer will achieve the objective of providing a broad range of housing opportunities throughout the County; the Director must accept the offer made by the applicant instead of requiring the construction of MPDUs by the applicant. If the applicant can feasibly build significantly more MPDUs at another site, the Director must not approve any other alternative under subsection (e)(1).

(3) The procedures for considering and implementing alternative offers must be established by executive regulation. To implement an offer, the applicant must sign an agreement with the Director not later than a time provided in the regulations.