

ATTACHMENT # 8

**RESULTS
FROM THE EMPLOYER AND ORGANIZED
LABOR FOCUS GROUPS**

PREPARED BY

**STRATEGIC PLANNING DIVISION
MONTGOMERY COUNTY DEPARTMENT OF PARK AND PLANNING**

Housing for the Workforce Summary Focus Groups Report

There is consensus that there is a serious shortage of affordable housing in the County, which is causing significant problems for employees and employers across the board in the public, non-profit, and government sectors.

In a series of Focus Groups held in January and February—with representatives of County employers in the private, non-profit, and public sectors and organized labor representatives as well as two focus groups with employees—the Planning Department asked *How does the cost of housing in Montgomery County affect the workforce?* and *What can the government and business sectors do to help Montgomery County workers live in the County?* Here's what we found out:

How does the cost of housing in Montgomery County affect the workforce?

- Housing costs in Montgomery County have been increasing faster than the incomes of our low-and moderate-income wage earners
- Participants were amazed at the recent rise in market value of their homes and comment that if they wanted to buy their house today, they would not be able to afford it
- Low-income workers continue to have great difficulties affording housing, often living with large extended families or with several families in a home to make ends meet
- Moderate-income workers are the newly disadvantaged group when it comes to housing. They are “caught in the middle”—they earn too much to be eligible for most housing programs or subsidies, yet not enough to afford to buy homes in the County
- Public service personnel—such as police, fire fighters, emergency workers, teachers, and other essential service employees—cannot afford to buy homes in the County they serve; if they live in the County, they often have to work two jobs
- Low-income workers in the County in the public and private sector—which can also include laborers, students, interns, new entrants into the job market, and others—are in the same boat; if they choose to live near their jobs, they often have to share housing; if they choose to buy a home, they frequently must move farther and farther out and endure lengthy, nerve-wracking commutes that result

in exhaustion, high stress levels, low morale, decreased time with family and friends, with little time for civic involvement and significantly reduced quality-of-life

- Organized labor and trades experience difficulties in attracting apprentices, laborers, and skilled trades workers
- The difficulties encountered by low- and moderate-income workers, and the resulting choices they must make, obviously have a negative impact on the companies for which they work or might work
- Employers encounter loss of productivity and unpredictability in their workers as a result of the impact of long commutes, in terms of stress, physical and mental drain, and absences due to inclement weather and family issues
- More and more, employers have difficulty recruiting a high-quality and diverse workforce, particularly those in the low- and moderate-income categories, because they cannot pay enough in salary to compensate for housing costs; often the employee pool is narrowed to those who have family members in the area, with whom they can live
- Employers also have difficulty recruiting top-quality management level employees and employees in specialized fields because those workers cannot afford to buy near their work, and they are not willing to endure lengthy commutes
- Hiring at the executive level is also becoming more and more difficult because executives from other parts of the country because of housing “sticker shock.” They cannot buy homes here that are comparable to those available in other areas. “Selling” the quality-of-life attributes in the County, such as quality of schools, and parks and open space, only goes so far in compensating for high housing costs
- Recruiting employers are frequently in the position of having to pay relocation costs, large sign-on bonuses, and other additional benefits to attract upper-level staff
- Employers are often stymied in recruitment efforts because of insufficient available short-term rental units or other options to house employees or trainees for short periods
- The mission of some organizations and government agencies is being undermined—police, fire fighters, and emergency personnel often live so far from their jobs that they are unable to return to the job in times of emergency and weather calamities; teachers are unable to be part of the community of their

schools because they cannot afford to live in those communities; NIH and hospitals cannot recruit research fellows, students, interns, nurses, and residents

What can the government and business sectors do to help Montgomery County workers live in the County?

Focus group members provided a wide range of ideas for alleviating the negative impact of the cost of housing, including educating employers and employees about housing options; providing more subsidized programs and financing assistance for employees; protecting the existing housing stock; intensifying higher-density mixed-use development, particularly near Metro stations; and taking a wider, perhaps regional view in addressing the issues.

The specific recommendations in various categories are shown below:

Education

- Develop a package for use by human resource directors for businesses throughout the County that identifies housing alternatives for low and moderate income workers. Create a web page with this information
- Develop a community education package to explain the impending crisis of housing for the mid-level employee in the County
- “Rename the baby/put a face on the workforce” to better describe the housing needs of our workforce

Alliances

- Build a broad-based affordable-housing alliance of businesses, non-profit organizations, the faith community, environmentalists, and government to support and promote affordable housing

Financing

- Banking institutions should work in a unified way to provide financing for affordable housing, such as a common housing trust. Look at what banks are doing in other areas to address this issue
- Expand and coordinate housing programs to underwrite costs
- Employers should pay decent wages so all can afford housing
- Need mortgage programs for first time owners
- Government and business should underwrite cost of housing to lower housing costs, not just restructure payments

Protect what we have

- Target neighborhoods for affordability – stabilize them
- Protect and improve communities with existing affordable housing stock; revitalization must insure protection of affordable stock
- Protect open spaces to maintain quality-of-life

Think big

- Develop the big perspective; make County-wide policies that promote affordable housing
- Develop political will to make big decisions

Intensify development

- Develop more mixed-use/mixed-income, well-designed communities of higher density with community amenities that are “family friendly”
- Identify new “activity centers” for development
- Examine regulations to encourage “granny flats”, new types of zoning to provide more affordable housing
- Give us good neighborhoods, possibly with small lots like in England
- Develop to the fullest density with an affordable-housing component, especially near Metro
- Improve design and layout of townhouse and high-density developments, using Kentlands as an example

Comments from the Major Employers Focus Group
Date: January 8, 2003 2:00 – 4:00 PM

Recommendations:

- Develop community education packages to explain the impending crisis of housing for the mid-level employee in the County.
- Develop packages for human resource directors throughout the County to identify housing alternatives for low-and moderate-income employees
- Banking institutions should work in unified way to provide financing for affordable housing, such as a common housing trust. Look at what banks are doing in other areas to affect housing affordability
- Protect and improve communities with existing affordable housing stock
- Legalize and increase accessory apartments
- Develop more mixed-use/mixed-income, well-designed communities of higher density with community amenities

How does the cost of housing in Montgomery County impact your workforce?

It lowers productivity and quality-of-life

Because of high housing costs, many employees live far away and have long commutes. If the weather is bad or if there is a traffic problem, these employees don't come to work. On a snowy day, halls are empty.

Many of the employees working at a location in Rockville live in Frederick due in large part to the cheaper housing. The employees are willing to make the drive, but the long commute hurts productivity and is a physical and mental drain on the individuals over time. Example: one employee leaves home (in Frederick) at 5:30 in the morning and with a two hour commute each way the family doesn't have dinner until 8 or 8:30.

Many workers, especially lower-wage earners commute at great distances, such as West Virginia, Frederick or even Pennsylvania for better paying jobs and "benefit packages".

It threatens recruitment

Executive candidates from out of town (in the \$90,000 range) frequently decline to move to Montgomery County because of the cost of housing, "sticker shock." We have to "hard sell" quality-of-life attributes of the County and the region to overcome housing costs. Candidates are favorably impressed with the schools, public open space, parks, and other quality-of-life factors but they can't buy a house comparable to what they have in other areas – such as Raleigh. Recruiters must frequently offer higher salaries, pick up part of the cost of relocation by paying real estate costs and provide huge sign-on bonuses.

Executives, don't want to live as far as Frederick. They can afford the choice to live close to their employment.

There is a shortage of temporary, *short-term housing* – few rentals.

Potential *moderate-income* employees often find the outer counties are no longer cheap and that single-family homes are becoming beyond the reach of many families. The same model of new house by the same builder was \$199,000 in Frederick, \$230,000 in Carroll, \$250,000 in Howard and \$270,000 in Montgomery County.*

Housing is especially scarce for *lower-income* employees. They frequently double up and share housing.

More and more companies are opening back offices in Frederick. In our company, we don't have an adequate pool of potential employees for mid-20's salaries, while we do in Frederick. However, the supply is running out in Frederick too.

It threatens employee retention

Housing costs affect both the ability to move employees around in the region and move new employees in from outside the area. Last year one company reported that of the 510 employees who quit, 25% said they left because of the location and 10% left because of the commute.

What can the government and business sectors do to help workers live in Montgomery County?

Provide more housing information to the business community

Put together a package of different types of housing programs that human resource directors can give employees. Have translations available, especially in Spanish.

Protect existing affordable housing stock and communities

Create incentives to refurbish older houses/communities.

Consider increasing accessory apartments. In other parts of the country, accessory apartments are allowed in single-family housing and have provided inexpensive housing. In DC, a house became affordable because the purchaser could rent out the English basement apartment.

Expand housing choice to include more mixed-use/mixed-income

Many employees of one represented company live in Kentlands close to their offices. They choose condos or townhouses (even though these units are expensive in Kentlands) because of the convenience – they are close to work

and require less maintenance. Many who do so are dedicated workers who do not want to spend time maintaining single-family houses and yards.

More than 50% of the employees of another company are non-US born. They have different cultural expectations for housing. For example, some would not think of not having adult children living with them. Although it varies greatly by culture, many immigrants tend to live in larger families – 7 people living in an apartment is not unheard of.

Note: [The proportion of non-US born employees varied greatly among the participants' companies from 90% for a service/hospitality industry to 10% for an industry that required security clearances.]

Other:

Build the cross-County connector, a bridge from upper Montgomery County to the Dulles Corridor in Virginia, and additional roads. This might open up some additional land farther out, and employees could commute from farther in less time.

We do not have enough of a crisis for businesses to subsidize loans – banks do have CRA (Community Reinvestment Act) programs. Businesses are 5 or 10 years from subsidizing mortgages for employees. Banks work independently, competitively.

Attendees:

Paola Alvarez
Director of Human Resources
Bethesda Marriott
Marriott International

Russ McNish
Director, Human Resources
Chevy Chase Bank

Rod Bangert
District Human Resources Manager
Giant Food

Judy Seltz
Assistant Vice President
Human Resources
Hughes Network Systems

Karen Baxter
Director of Recruitment and Compensation
Human Resources
Holy Cross Hospital

Bob Wichello
Vice President
Human Resources
Kaiser Foundation Health Plan

Judy Graham
Vice President Human Resources
MidAtlantic Medical Services, Inc.

Prasad Karunakan
President, Zenyon*

Paula Lowe
Director of Human Resources
NASD

Elroy Hill
Vice-President
Human Resources
Dynamac Corporation*

Caroline B. McClure
Director Human Resources
Lockheed Martin

* Notes from January 13th meeting with Mr. Karunakaran and Mr. Hill are included with this focus group.

Comments Public Employers Focus Group
Date: January 8, 2003, January 10, 9 - 11 AM

Recommendations:

- “Rename the baby/put a face on the workforce” to better describe and explain the housing needs of our workforce
- Build a broad-based affordable housing alliance of businesses, non-profit organizations, and government to address this issue
- Identify new “activity centers” for development
- Protect open spaces to maintain quality-of-life
- Examine regulations to encourage “granny flats” and create new types of zoning to provide more affordable housing
- Create a web page/information package for human resource departments to give to potential and existing employees to help them find housing
- Expand and coordinate housing programs to support more affordable housing

How does the cost of housing in Montgomery County impact your workforce?

It lowers productivity

Staff members who live far from work are less inclined to come in for an emergency or for short times off normal hours. (For example, snow emergencies).

Morale is lower for employees who must spend long hours on the road driving to more affordable homes.

The fatigue factor can become a safety issue if an employee must live at a great distance with perhaps a two-hour commute. Some people must be at work, even during bad weather. During a severe snowstorm the National Guard had to pick up fire fighters, those at work had to work as long as 48 hours straight because many lived outside of the County and could not get to their work location¹.

It prevents “community teaching”

The Montgomery County Public School system wants teachers to be involved in the community. Additionally, MCPS is trying to place the most talented teachers into the most challenging schools. The high cost of housing has made it very difficult for teachers to live close to where they work. Teachers are not able to be a part of the community where they work because they rarely live in the school’s neighborhood.

¹ The Firefighters association reported that in a survey of members, less than one-third of its members live in Montgomery County.

It undermines workforce diversity

NIH is trying to bring in students from all over the country and, at the same time, increase diversity of the staff, but the high cost of living in the area is prohibitive. Students, recent graduates, and even some research doctors cannot afford to live here. Montgomery County has become a community of the upper middle class. Temporary housing is needed for approximately 1,100 students a year and for the patient community. Some are sleeping in their cars.

The housing needs at NIH for research fellows are critical. We have 3,100 postdoctoral fellows (MD's and PhD's) between the ages of 28 and 35 who are here for 3 to 5 years and earning about \$30,000 a year. They can't find housing close to the NIH campus on that salary. They have long hours and frequently need to be in their laboratories at night so public transportation doesn't always work. In total, we have about 4,000 trainees (postdoctoral, graduate and medical students, post-baccalaureates) who need short term housing (1 to 5 years).

It impedes organizations from achieving their basic mission

Fire fighters and emergency workers want to be at work when things are bad, but often they can't get there. Not only do most firefighters work two jobs, but both spouses must work in order to maintain the quality-of-life they want – and they still must live outside the County to afford housing.

Hard-to-fill County government positions such as engineers, construction workers, and skills trades become harder to fill. The government can't pay as much as private sector for these occupations. This has a demoralizing effect on employees—these services must be contracted out and the contractors make more than the employees.

Housing costs are affecting the mission of the organization. NIH is training the next generation of medical researchers, but we cannot attract people because of housing.

It threatens consolidation of federal programs

NIH employees have shown a preference for living in the County. As it becomes more difficult to accommodate all required NIH activities on the Bethesda campus, NIH will begin looking at off-campus solutions for accommodating future employment growth, such as new consolidated leased locations. It has been shown in previous federal agency consolidation efforts, such as for the NRC Consolidation near White Flint, that proximity to existing employees' residences is a major factor in decisions regarding where federal agencies consolidate. To the extent the County can not provide affordable housing within its boundaries, it makes it more likely NIH employees will establish residence in other locales, thereby weakening Montgomery County's competitive advantage for this factor. Not providing affordable housing could have the undesired effect of making it more likely that new consolidated federal sites, such as NIH, would be located outside the County.

It threatens recruitment:

Nationwide, there is a teacher shortage. Montgomery County is competing with other jurisdictions for new teachers and although our salaries are competitive nationwide, our housing costs are higher than many other locations. One-third of our new teachers are from this area—because they have other options for housing such as living with their parents. This also hurts our efforts to hire a diverse workforce.

The Carderock facility recruits between 150 and 200 new BS Engineers and Naval Architects each year. Recruitment has been refocused to schools that have students from the Washington area. Students from other parts of the country cannot move here because of the high cost of housing. Even with increased flexibility in hours and work and with telecommuting, recruitment needs cannot be met.

The inability of fire fighters to find housing costs the County money. The hiring process is lengthy and rigorous. It costs \$1,000,000 to train a recruitment class but the turnover rate is greater with younger people. Many fire fighters will retire in the next few years and they will be difficult to replace.

To offset the negatives (cost of housing) employers must market the County's appealing qualities such as schools, proximity to DC, parks, open space, and wonderful quality-of-life.

It undermines future workforce:

Between 30% and 35% of County employees will retire within 5 years and it will be difficult to fill these positions. So many employees eligible for retirement create a great uncertainty, and it can take years to create same level of knowledge and to fill key County positions.

At Montgomery College 30% to 50% are eligible to retire but won't. The college has no way to recruit a younger workforce. They cannot afford to purchase homes and would have to rent rooms.

Other:

There is a shortage of rental properties for those aged 22 to 35 who receive stipends between \$20,000 and \$30,000. Just after 9/11 when tourism was down hotels contacted NIH to offer housing. However the hotels were too expensive for our researchers. NIH competes with universities for training young researchers – however, the universities have graduate housing.

Because housing is so expensive, in some neighborhoods people are doubling up with multiple families in houses. This results in more parked cars than the neighborhoods were planned for. Small houses often have 4 or 5 cars because everyone needs a car to get to work.

What can the government and business sectors do to help workers live in Montgomery County?

Create incentives to “Live Montgomery”

A few years ago the State offered reduced-rate mortgages for teachers and police—within one month all funds were gone. The state was unable to meet demand for housing for first-time buyers. The County needs similar programs.

The business community can make lease agreements with private apartments for interns – government cannot do that now. In the past the Navy did that with a downtown hotel. But now the procurement regulations are more difficult. There is pressure to keep overhead down, restrictive Federal regulations, and lack of money.

Provide a comprehensive and understandable information packet

Provide information about locations of affordable housing in the County for Human Resource Directors. Create a website to make this information ore available.

Reassess the Wedges and Corridors concept :

The County may want to look at where within the wedges some new activity centers could be allowed, assuming these were for public purposes such as affordable housing. Also, the County could consider land-banking for affordable housing both within the wedges and in down-County areas, when prospective housing sites become available for acquisition.

The more that is done to reduce congestion, the worse it gets. *Go Montgomery* is “Baloney.” New roads will be overloaded before built. New urban centers such as Kentlands are a great concept but the kind of employment created there has been for service, low-wage earners while the housing has been upper end.

Examine regulations

Create zoning for dorm-like housing for short-term rents.

Relax zoning restrictions on “Granny” apartments, which can make it more affordable for the homeowner to stay in the house.

Re-name the baby/Put a face on the workforce:

Overcome the stigma of the term “affordable housing” by educating the politicians and the public; they need to understand that this refers to housing for teachers, police, fire fighters, post-doctoral fellows. Put a face on the workforce.

“Affordable housing” has a bad connotation. Fire fighters are proud/don’t want to labeled.

Are there older people who would be willing to take people in, such as taking a young scientist for the summer? Church bulletins work well.

Develop a broad constituency:

There is a legitimate debate, if areas that are closed to development are opened up, it exacerbates problems such as overcrowding schools and traffic. Government should take responsibility for providing housing for specific constituencies such as teachers, NIH, fire fighters. Make sure there is below-market rate housing for teachers close to each school. Don't leave the problem for the market. Consider subsidizing rents.

Need to maintain an established focused entity composed of Chambers of Commerce/Economic Development/non-profits/unions/urban districts/County service centers to address this issue. Housing is affecting all groups.

Organizations can change their culture to provide flexible hours and telecommuting to help people stay employed at our location.

Private sectors have advantages that the public sector doesn't have. They can offer recruitment bonuses and relocation costs. Could there be some sort of a tax incentive to help the public sector recruit, such as a loan or a tax break?

Attendees

Jerry Bush
Manager of Enterprise Operations
M-NCPPC

Peggy Etheridge
Senior Human Resources Manager
Office of Human Resources
US Nuclear Regulatory Commission

Dr. Arlyn Garcia-Pérez
Assistant Director
Intramural Research, NIH

Craig Gillis
Facility Specialist
NOAA

Breda Hanning
Acting Director
Office of Education, NIH

Dr. Cristina Kirkbride
Human Resources Specialist

Office of Human Resources
Montgomery County Government

Randy Schools
President and CEO
NIH-NOAA Recreation and Welfare
Association

Mark Simon
President
Montgomery County Education
Association

John Tomlin
Director, Human Resources
Naval Surface Warfare Center
Carderock Division

Nick Venuto
Union Representative
Montgomery County Career
Firefighters Association

Ron Wilson
Master Planner
Office of Facilities Planning, NIH

Vivian M. Lawyer
Chief Human Resources Officer
Montgomery College

COMMENTS FROM UNION REPRESENTATIVES FOCUS GROUP

Date: January 10, 2003 1:00 – 3:00

RECOMMENDATIONS:

- Employers should pay decent wages so all can afford housing
- Protect existing affordable communities; revitalization must ensure protection of affordable stock.
- Need mortgages for first-time buyers—AFL-CIO should expand their program.
- Government and business should underwrite the cost of housing to lower housing costs, not just restructure the payments.
- Give us good neighborhoods, possibly with small lots like those in England to implement SmartGrowth..
- Target neighborhoods for affordability and stabilize them.

How does the cost of housing in Montgomery County impact your workforce?

It lowers productivity and predictability:

Construction trades rely on roads. Work locations change and could be anywhere in the region. The labor force is forced to live in dispersed locations on the fringe; it is best to live in the center. If I'm forced to live in Fredericksburg but work in Gaithersburg, there is an unpredictable, long commute. But living in the center of the hub instead of the edge, would be easier to get to the job but living in the hub is too expensive. Often two jobs are needed to afford housing even in the fringe.

Silver Spring is a good location because one can get anyplace in the region in a reasonable time.

There is a bigger problem with roads than housing. Once caught in congestion, there is no way to know when you'll get out

Metro hours are a problem—it doesn't start early enough. Half of the jobs start at 6 but workers can't get on the job by 6 using Metro.

It deteriorates quality-of-life:

Sometimes the only way to survive is with several families living together. The foreign-born struggle, even living with extended families, and many seek a second job.

Grown children can't afford apartments by themselves.

AFL-CIO Community services organization supports employees if they have a problem.

Long commutes create exhaustion and reduce quality-of-life. Living paycheck to paycheck affects mental health. It is not typical to be paid for holidays or bad weather – no work, no pay.

It increases the need for more rental stock

Laborers are afraid to purchase a home because of the uncertainty of their wages. There is no guarantee, they may work 3 months 60 or 70 hours a week then not work. Laborers buy used cars and rent inexpensive apartments. Rent is going up, food is going up, insurance and gas costs are going up, public transportation doesn't take people where they need to go. Can't take the subway to a construction site at 6 a.m. There is also a language barrier.

It is low pay that is the problem

Montgomery County started RideOn with unrepresented workers and paid lower wages and lower benefits than they would have for Metro workers.

There is a perception that construction workers make good wages, but they must produce to earn, and you earn by the hour, if it rains there is no work. There is no safety net.

We can't recruit young folks from Montgomery County. There is a negative attitude toward blue collar workers in Montgomery County and although there is a need for 100-150 apprentices a year (plumbing) it is difficult to recruit within the County.

The immigrant population is not organized. Why? Unions in their country might be the bad guys, they may not be here legally, language problems, and employers want proper documentation. That population is keeping the wages down and some employers will take advantage of them but they are not getting benefits.

Some laborers don't spend their paycheck when they get it because they don't know when they will get the next one.

We have seen a leveling of income—foreclosures are rising—may be harder to pay mortgages.

With increasing expenses, there is a tendency to work more. The amount of overtime has increased tremendously. Workers are requesting it because they can't make end meet on their salary.

What can the government and business sectors do to help workers live in Montgomery County?

Stop contradictory government policies and actions

Government makes the housing problem worse – for example, the government subcontracts for landscapers. Those jobs used to be government jobs with health insurance and benefits. Now those jobs are held by contractors using non-government workers. Government's response is "let's contract it out" but that creates havoc at the lower end of the pay scale. The government is not worried about paying the people who would buy the house.

Council says it supports affordable housing, but then tries cuts the budget. Pay the employees more money, then they can afford the house.

Privatization causes workers to lose income and displaces workers.

Who is going to clean the Discovery building which had so many tax breaks? Many are paid less than living wages. Corporations should pay their fair share. There are big discrepancies in pay: discrepancies have never been this big.

Toys R Us doesn't have to pay taxes, they have no profits.

Create programs to help purchasers

Government could help with closing costs, down payments, etc. for first-time buyers. But affordable housing has to be cheaper, not just a restructuring of payments.

AFL-CIO has a mortgage program, a trial program with low interest rates and low down payments, the Building Investment Trust (a nationwide program just starting in the Washington area sponsored by the Metropolitan Washington Council).

DC has a \$5,000 tax credit for some home purchasers. Baltimore City has a plan that helps pay the mortgages of police who live in the city. This solves two problems; it provides affordable housing and helps the community. It targets neighborhoods.

Change culture

The cultural values about housing could change to be a little more like the English system; our culture says everyone needs a house with a yard and we have sprawl. What about Smart Growth?

Provide wages in keeping with housing prices

With better wages, workers can afford better homes. To make housing affordable, increase wages.

Livable wage is \$10. Those who pay a higher wage, get a better quality of worker. Pay decent wages. It's a package: if people don't make decent wages, they can't afford housing. Pay politicians a minimum wage, or even the "living wage" and let them have that experience.

There is a push to organize and document the non-US born workers.
We have an open door: we represent workers, and get decent wages and benefits.

Cheap labor doesn't come skilled and skilled labor doesn't come cheap.

Many are running out of tricks to increase income and need that second income to afford to buy that house.

No one is immune now to the insecurity of the future.

Revitalize carefully

In Baltimore County the government planned to revitalize parts of the county. It came to be seen as benefiting the developers rather than helping those who lived there.

Attendees:

Mike Golash
Financial Secretary
Amalgamated Transit Union Local
689

Frank Laddbush
Business Representative
Local Union 26 International
Brotherhood of Electrical Workers

John McKee
Business Manager
Plumbers Local Union # 5

Herman Sykes
Business Manager
The Laborers District Council of
Washington DC and Vicinity

Lou Wolf
Organizer
Office and Professional Employees
International Local 2

COMMENTS FROM SPECIALTY EMPLOYERS FOCUS GROUP

Date: January 13, 2003 9:00 – 11:00 AM

Recommendations:

- Create policies that respond to the big perspective; make County-wide policies that promote affordable housing.
- Develop to the fullest density with an affordable housing component, especially near Metro stations.
- Develop the political will to make big decisions, even if unpopular.
- Build a coalition of businesses, faith community, non-profit organizations, and the environmental community to promote housing.

How does the cost of housing in Montgomery County impact your workforce?

It lowers predictability of the workforce

Nine of eleven staff members live outside the County, when there is snow, delayed schools, or traffic congestion, no one knows when they will be in.

At a local elementary school in Silver Spring, 60 out of the 67 teachers live outside of the County. During an emergency, they can't get here. At the time of the sniper attack in October 2002, parents went to school to fill in for the teachers who couldn't get to school.

The majority of the line staff (with average hourly wages between \$8 and \$9) share housing; 5 to 10 family members live together usually in Silver Spring or Takoma Park. They can usually get to work by public transportation. However, all but two of the managers live outside the County. They have difficulties on snowy days and with the stress of being so far from home. It is very difficult to recruit management and hard to find qualified people who will commute. It is costing more to recruit management.

It forces middle income workers out

We are becoming a County of Haves and Have Nots. The County is losing mid-management and the middle workforce. In the last 3 years the County would have lost population if it weren't for immigration. We are losing the mid-section. My 1,000 sq ft house last year cost \$150,000, which is affordable to middle-income people. But it is already moving out of the affordability range and is now appraised at more than \$200,000. The same money will buy more house in another county.

Many rent in Silver Spring but can't afford to buy a house here. Because they cannot afford to buy here, they sacrifice convenience in order to purchase a home elsewhere.

Many are not eligible for assisted programs, they make too much for the programs but not enough to buy a house. The greatest concern is not low income housing but for housing for those of us in the middle.

It forces workers to choose between quality of life or convenience

Many choose to live outside the immediate area; they make a lifestyle choice and want three acres and lack of traffic congestion.

For many, it is a quality-of-life issue; many chose to commute from Frederick because of the schools, being able to shop, (not necessarily a block away but convenient). But it is hard to be at work so far away from home.

Empty-nesters are moving back in toward the city. Baby Boomer bubble will have a huge effect as will the Echo Boomers. What is the Echo Boomer's ideal, what defines their lives?

Sick of commuting, an employee moved from Germantown to Rockville into a smaller older house closer to work and better schools. It is safer and much more expensive. They sacrificed space and because of higher costs, may not be able to add space.

It is related to high land costs

The cost of housing relates to the cost of land, three years ago we were looking at land parcels within one hour of this area, now we are looking at parcels three hours away.

What can the government and business sectors do to help workers live in Montgomery County?

Develop a bigger perspective:

State could dictate that each jurisdiction must provide a certain number of residences. The surrounding municipalities are severely restricting supply. A regional perspective is needed.

The government shouldn't be spending money on transit if it will not allow higher density around transit.

APFO is a dinosaur.

Elected officials should aggressively identify land that is appropriate for redevelopment because there is little undeveloped land left.

Demand that development reaches to the maximum density:

The Department can't do a better job of communicating. Think about the other side, become the bad guys – “how dare you only build 30 units here, we want you to do 42.” The Planning Department should do what is right in the context of global planning. Be tougher. The idea of consensus and handholding has to change. Or just go up to the north of the county and build. Staff should say “You're wasting property.” A NIMBY group will always be there to oppose any development.

The County's development pattern is set and the vast majority of it is not going to change. However, along the corridor from Olney to Silver Spring today, there are many underutilized properties; there must be incentives to redevelop.

Create policies to promote affordable housing:

Affordable housing shouldn't be reviewed case by case. Accessory apartments should be permitted *by-right*. There is a need for major policy changes through zoning amendments to avoid contentious issues and a need for new criteria with more *by-right* higher-density near Metro with a certain portion dedicated to affordable housing. A certain number of affordable housing units should be *by-right*.

Council should have broader policies so they are not making piece-meal decisions, such as requiring a certain number of affordable housing units near Metro County-Wide. Council should make global County decisions.

Local elective officials need cover – surprising for a building industry to advocate more power to the government.

More “live above work unit's” will provide affordable rental housing; such as that in Kentlands.

Allowing accessory units in new communities would be easier than adopting a policy County-wide. Be Bold!

Develop political will and economic incentive:

It is absurd to have a Metro station across the street from low-density uses such as storage, parking lots. The challenge is finding the political will to require higher densities. Shady Grove Metro is a billion-dollar investment, but residents object to more dense uses around it. County should insist that land around Metro stations be developed more densely.

In the last election, polls showed the public wants solutions on transportation. The County's housing problems for the next 25 years could be solved if the political leaders had political courage. The planners in this building should figure out the answer. There are logical answers. The bold plan should be presented to the County Council.

There is an opportunity for 20,000 units on Georgia Avenue. Georgia Avenue could be like Balston. It is a huge opportunity area. All the 20-somethings want to live in Clarendon. Why isn't Wheaton the next Clarendon. Appeal to the Echo's and Boomers as they downsize. All comes down to political will.

Build a coalition before housing is a crisis:

During the last election, transportation rose above everything else. Change in the Council is the real message. People want solutions. Maybe that day will come for housing: bankers, hospitals, and the religious community need to work together. The large companies are not yet hurting too much. In 5 years the housing problem will be unbelievable. Employers are organizing in California. In the meantime, religious groups, environmental community, and others need to be involved and should build a coalition to promote affordable housing. Government acts best in crisis.

Attendees

Stephanie Vickers
Human Resources
Henry M. Jackson Foundation

Mark Friis
President
Rodgers Consulting

Amy L. Brow
Director
Human Resources
Mitchell and Best

Linda Guglienelli
Director of Human Resources
Holiday Inn, Silver Spring

David Flanagan
President
Elm Street Development

Raquel Montengro
Associate Director
Legislative Affairs
MNC Building Industry Association

Comments from Departmental Staff Focus Group
Date: February 12, 2003, 2 - 5 PM

How does the cost of housing in Montgomery County impact you?

Many Department staff members cannot afford to live in Montgomery County

"Affordable" in Montgomery County is not really affordable to many.

Could not afford to buy my house in Montgomery County if I were to purchase it today.

Planning to upgrade from apartment to house, but certainly not in Montgomery County.

Bought present house in Montgomery County because of a good deal from a relative. Has plans to buy a bigger house, but it is unlikely to be in Montgomery County.

Cost of houses is so high that one has decided to use savings to take care of children so that salary can be used toward mortgage.

The County is merely a place to work. Many serve the County but have no pride or spiritual connection to it because they cannot afford to live here.

There are cases of 3 or 4 staff having to share a house.

The high rent for apartments prevents some from buying their own homes.

The Commission has had difficulties attracting new staff because of high housing costs. Recruits from other parts of the nation have turned down the Commission a number of times because of housing costs.

"Live Where You Work" and Commission Housing Programs must be improved

One employee tried with great difficulty, and unsuccessfully, to use the State and County's "Live Near Your Work" program.

One employee lived in a Commission house for 18½ years but it was torn down.

Another lives in Commission house. The rents are good, but could not afford to move to any other place.

Salaries of Commission employees are low

Salaries of park maintenance staff don't allow them to live here. Some live in Washington County, West Virginia. Some cannot be available for snow removal. Long commutes cause tardiness. There is also a safety problem. For example, there was a case of an employee falling asleep at the wheel on three occasions. Some staff is deciding to rent a place locally and go home on weekends.

Salaries at the Commission haven't kept up with other County salaries for a long time. This makes housing even less affordable for staff.

MPDUs in their present form are not adequate

MPDUs are just too basic with few amenities. People don't want to live in MPDUs because of the lack of amenities and the stigma.

What Should the County Do to Address the Problems?

Increase supply of affordable housing

Close the gap between supply and demand.

Increase the supply of housing. Both rental and sale housing are needed.

Reduce the cost of housing.

Effectively use air rights over Metro stations and other public buildings and uses for housing.

HOC should aggressively look for opportunities to acquire houses/apartments for resale or rent to workers.

Commission should revamp its park housing

Commission should revamp and reinvest in its housing to generate more revenues for more units.

Commission should use more of its land for housing.

Increase focus on producing more affordable housing

There are lots of opportunities for moderately priced housing development in Silver Spring, Wheaton, etc. But there is too much focus on single-family detached homes. Focus instead on small multi-family development.

County should aggressively buy units, rehabilitate them, and sell them back at affordable prices, not letting the market dictate prices.

Improve MPDU program

Expand the MPDU program. Plug loopholes that allow builders to avoid MPDUs.

Institute rent controls

Control rents and housing prices as is done in New York City's rent control. Rents have increased from \$600 to \$1000 in 5 years. Some apartment units in the County remain vacant because of high rents.

Review fees charged developers in lieu of MPDUs

Re-examine the fee in lieu of MPDU to ensure that it is high enough to encourage developers to build MPDUs, or provide comparable or more housing elsewhere. This should be a penalty.

Improve transit to conserve land for housing

The County's mindset needs to be changed. MC is changing from suburban to urban. People are giving up cars, yet transit use is not easy. Remove the tax incentives to tear down affordable houses for mansions. Improve transit to encourage its use. Reduce car dependence, and save land for housing instead of parking, roads, etc.

Develop effective policies

The County needs clear cohesive housing policies.

Remove the stigma attached to affordable housing. Demand that people getting assistance from the County abide by certain rules or lose the privilege. Chicago has strict rules about this. Make them "give something back."

Improve salaries

Salaries have to keep pace with the housing market.

Assist County employees to afford housing

Provide low-interest loans and flexible down-payments in targeted areas for County workers – police officers, firefighters, teachers, nurses, etc. who commit to a certain number of years' service to the County.

Publicize State and County's programs that provide housing for workers, so workers know what is available. At this time, a person must do a lot of research to find out what is available and many people do not know that there are any programs out there.

Attendees:

Michael Zamore
County-wide Planning -
Environmental

Debbie Hagberg
Park Police

Valerie Saunders
Management Services

Jorge Valladares
County-wide Planning

Jeff Adcock
Park Police

Lael Holland
Management Services

Nellie Carey
Community Relations

Bob Badabzewski
Parks, Northern Region

Lisa Springs
Development Review

Angela Brown
Development Review

Ellyn Dye
Technical Writers

**Comments from Teacher Focus Group
North Bethesda Middle School
January 14, 2003**

How does the cost of housing in Montgomery County impact your workforce?

- Housing affordability is a serious issue for entry-level teachers.
- We drive long distances to work or live with others in group-homes: a large part of our income is spent on housing.
- We live so far away that marginal inclement weather conditions substantially delay our arrival at school: our productivity is affected.

What can the government and business sectors do to help workers live in Montgomery County?

- Reinstate the program to underwrite housing costs for entry-level teachers. We want to live in the communities in which we teach.
- Invest in communities with existing non-governmental affordable housing stock. Invest in quality schools, public safety, parks, and other amenities.
- Improve quality of life in existing affordable communities but limit the appreciation of housing prices to maintain affordability.
- Do not concentrate affordable housing in neighborhoods.
- Provide rental assistance for teachers willing to live in the community where they teach; consider housing stipends.
- Raise income qualifications for subsidized housing.
- Improve the design of high-density townhouse developments; if the government does a better job of design, more people will be inclined to live in more urban areas.
- The MPDU program should give priority to public safety staff and school teachers.
- Use the Kentlands as a model for more urban living.
- Montgomery County needs better bus connections.
- Build alternatives to townhouses and single-family homes: how about duplexes and granny flats. Provide more affordable choices.

Attendees:

Joan Carroll
Former Principal, North Bethesda Middle School
Director of School Performance

Alison Tillery
Teacher

Gwen Zimmermann
Teacher

Ken Schmidt
Teacher

Nancy Deprey
Teacher

Montgomery County Housing for the Workforce Focus Group



Department of Park and Planning Staff
January 2003

As Montgomery County continues to grow...
it becomes more dense, diverse and older

- Demand for more housing will intensify
- Housing preference may change
- New housing is likely to be of a more urban character

The Housing Squeeze Play

- Housing rents and prices are rising faster than incomes of low and moderate wage earners.
- Housing costs strain family budgets of low and moderate income households.

Purchasing Power Cost to Buy a House

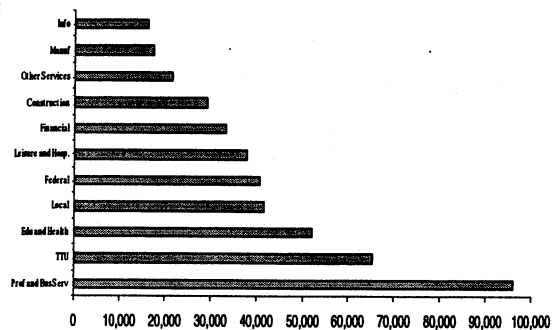
- Average House Sale -- \$250,000
- Need income of \$71,430

(Single Family Housing Sales, 1st Quarter, 1992)

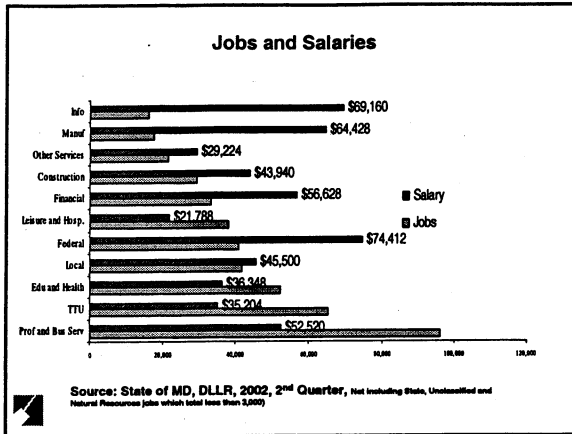
Purchasing Power Cost to Rent

- Average Rent \$1,076
- Need household income of \$43,040

Salaried Jobs in Montgomery County, 1992



Source: State of MD, DLLR, 2002, 2nd Quarter, net
including State, Unclassified and Natural Resources jobs which total less than 5,000



Jobs and Wages

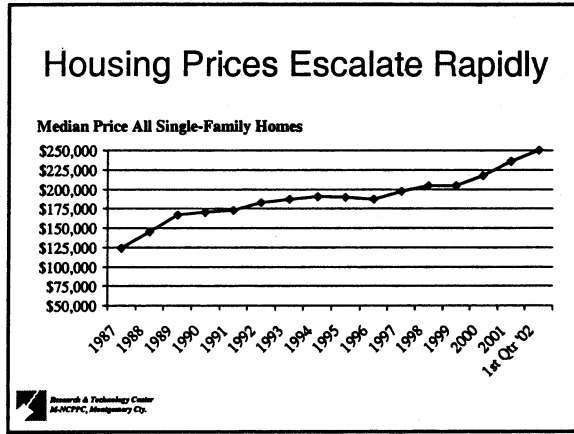
- In 2002 Montgomery County had **454,198 jobs***
- Average weekly wage -- **\$894**
- Average annual salary -- **\$46,488**

*(covered employment -- payroll wages) Source: DLLR, MD

Housing the Workforce

How does the cost of housing in Montgomery County impact your workforce?

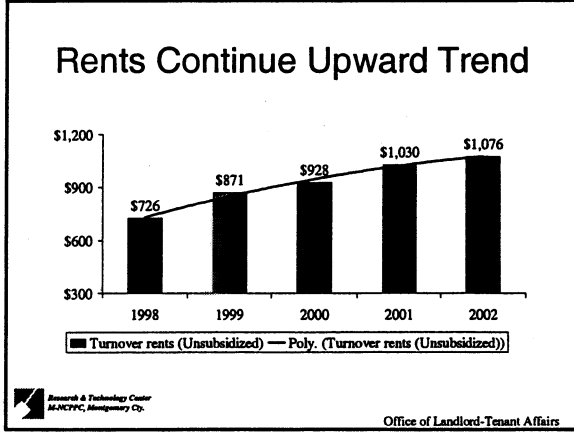
What can the government and business sectors do to help workers live in Montgomery County?



Approximate Income Needed to Buy a House

	Average Sale	Need HH Income
New SFD	\$476,055	\$136,000
Resale SFD	\$301,000	\$86,000
New TH	\$266,117	\$76,000
Resale TH	\$174,950	\$49,990

Source: MNCPPC, Research and Technology Center



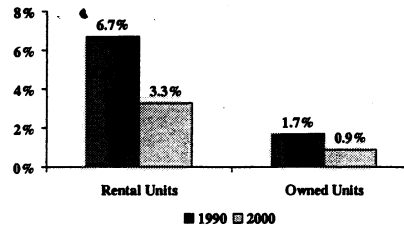
Income Needed to Rent

Unit Size	Affordable low income rent	HH Income needed
One Person	\$953	\$38,120
Two Persons	\$1,088	\$43,520
3-4 Persons	\$1,360	\$54,400
5 or more	\$1,469	\$58,760

Low income based on HUD Section 8 low income for the Washington area for 2002, 60% of income.



Housing Vacancy Rates Are Extremely Low



Research & Technology Center
MANCPC, Montgomery Co.

(Census rental tally includes single-family and small apartment complex rentals unlike the County Vacancy Survey.)

Housing the Workforce

- ... is defined as housing that is affordable to households making more than 60% but less than 120 % of the median household income (\$71,594).
- In Montgomery County that would be incomes between \$42,956 and \$85,913.
- These incomes could afford to purchase houses between \$150,300 and \$300,700.
- If renting, they could afford rents between \$1,043 and \$2,148.

Income Source: 2000 U.S. Census



Supply of Affordable Housing as of 1999

• Total Assisted Units (Sect. 8, 236, etc.) (for low and very low income households)	11,718
– Family Assisted	6,584
– Family Subsidized Bond Financed	1,553
– Elderly/Disabled Units	3,581
– Opportunity Housing (non-MPDU) (for moderate income households)	1,771
• MPDUs (1974 - 1999)	11,002



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MANCPC, Montgomery Co.



Montgomery County Career Fire Fighters
Association, Inc.

MEMORANDUM

TO: Melissa Cunha Banach
Chief - Strategic Planning Division
Montgomery County Department of Park and Planning

FROM: Nicola Venuto
Recording Secretary, IAFF Local 1664

Re: Survey results of members

Dear Ms. Banach,

The following is the results of a survey completed with regards to where members of our organization live.

As part of the "Housing for the Workforce Focus Group", the question was raised concerning where members of our organization reside. In order to compile such information, I extracted from our ever-changing data base of members a list of all zip codes from the addresses we currently have. Of the 892 active members of our association, 881 of the records contained an accurate zip code. Each zip code was compared with a current listing of accurate zip codes available through the U. S. Postal Service web site. The results are listed in order by the number of members living in a particular area by county.

A total of 881 records were reviewed.

Montgomery County, MD	276 or 31.3% of the membership
Frederick County, MD	236 or 26.8% of the membership
Prince Georges County, MD	76 or 8.6%
Howard County, MD	44 or 5%
Anne Arundel County, MD	41 or 4.6%
Washington County, MD	27 or 3%
Carroll County, MD	19 or 2.1%
Adams County, PA	19 or 2.1%



Montgomery County Career Fire Fighters
Association, Inc.

Baltimore County, MD	16 or 1.8%
Baltimore City	15 or 1.7%

The remaining membership is spread throughout a wide area. 10 of our members reside in Washington, D. C. Over 40 of our members are scattered throughout the rest of the counties in the state of Maryland. Queen Anne and Charles County contain the highest remaining numbers while Dorchester County and Wicomico County contain the least. Additionally, 16 of our members reside in counties throughout Virginia including Loudoun County and Page County; 21 of our members reside in Pennsylvania and 12 members reside in West Virginia; 2 members live in Delaware and 1 resides in New Jersey.

The breakdown for the retirees is similar as compared to the active members. There are 151 active retirees are in our data base with 145 having accurate zip codes. The top four counties of residence are the same.

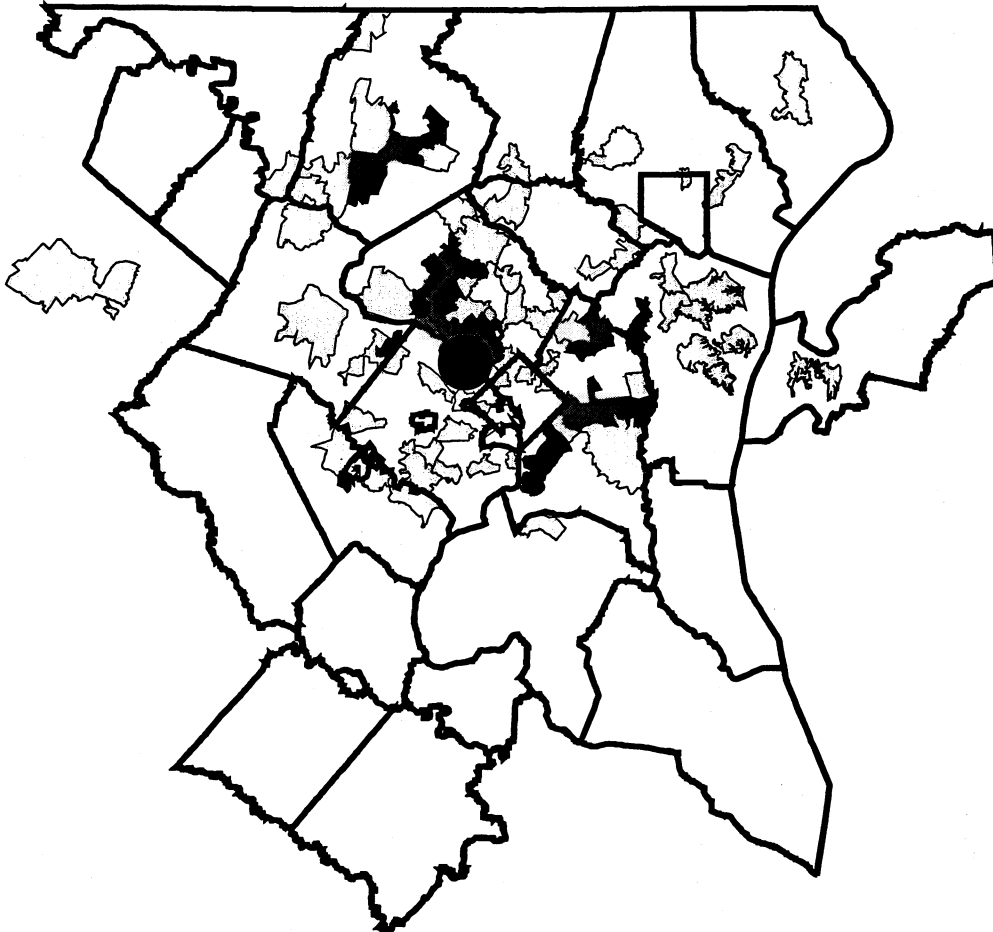
Montgomery County, MD	49 or 34%
Frederick County, MD	28 or 19%
Prince George's County, MD	11 or 7.5%
Howard County, MD	9 or 6%

The remaining retirees reside in many different places across the country, which is not unlike any other group of retired employees. Areas range from as close as Anne Arundel and Calvert County, MD to as far away as Clark County, Nevada and Bernalillo County, New Mexico. A significant number are also spread across Florida.




I hope this gives you some insight as to where the members of the Montgomery County Career Fire Fighters Association live. Should you have any further questions regarding this issue, please feel free to contact me via the Local 1664 office or my e-mail address.

Employees who make less than \$30,000

A Focus Group member provided a list of the home zip codes for employees at a certain worksite by income category. This map shows the housing location of those employees. The large black dot notes the approximate location of the worksite.

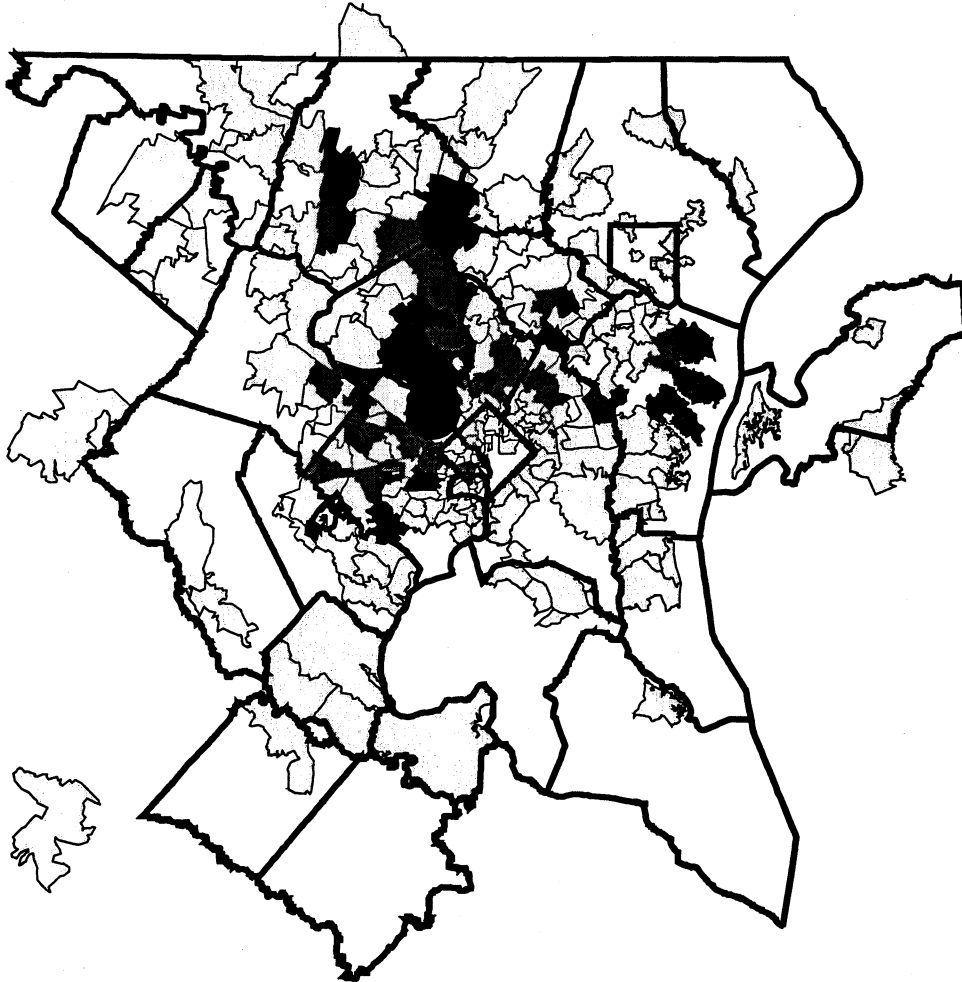





**INFORMATION PROVIDED BY
FOCUS GROUP ATTENDEE**

-  1 employee
-  2 - 5 employees
-  6 - 7 employees

Employees who make between \$30,000 and \$50,000

A Focus Group member provided a list of the home zip codes for employees at a certain worksite by income category. This map shows the housing location of those employees. The large black dot notes the approximate location of the worksite.

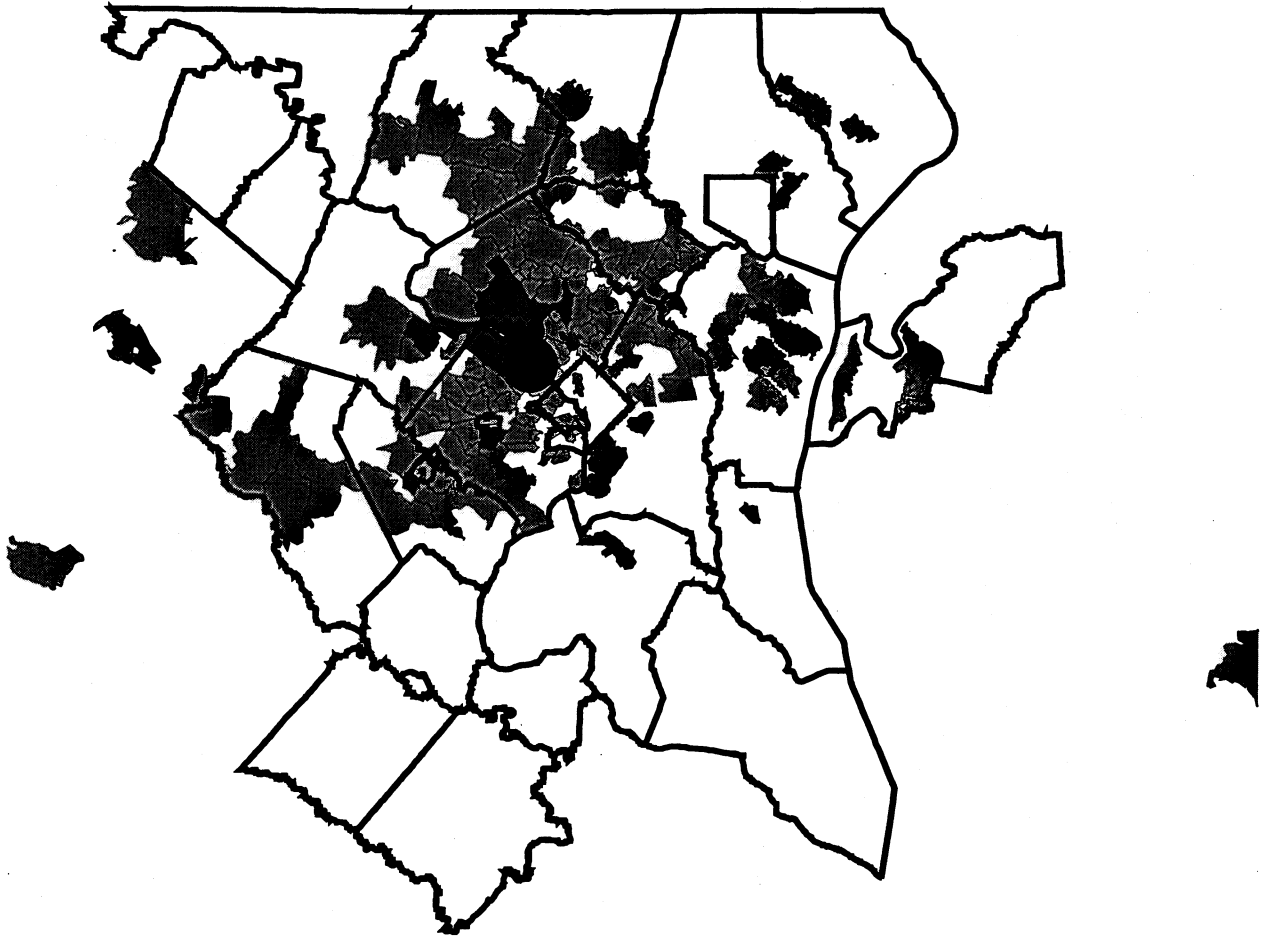


-  1 - 5 employees
-  6 - 10 employees
-  11 - 36 employees




**INFORMATION PROVIDED BY
FOCUS GROUP ATTENDEE**

Employees who make more than \$50,000

A Focus Group member provided a list of the home zip codes for employees at a certain worksite by income category. This map shows the housing location of those employees. The large black dot notes the approximate location of the worksite.



**INFORMATION PROVIDED BY
FOCUS GROUP ATTENDEE**

-  1 - 5 employees
-  6 - 10 employees
-  10 - 21 employees