

## Attachment #3

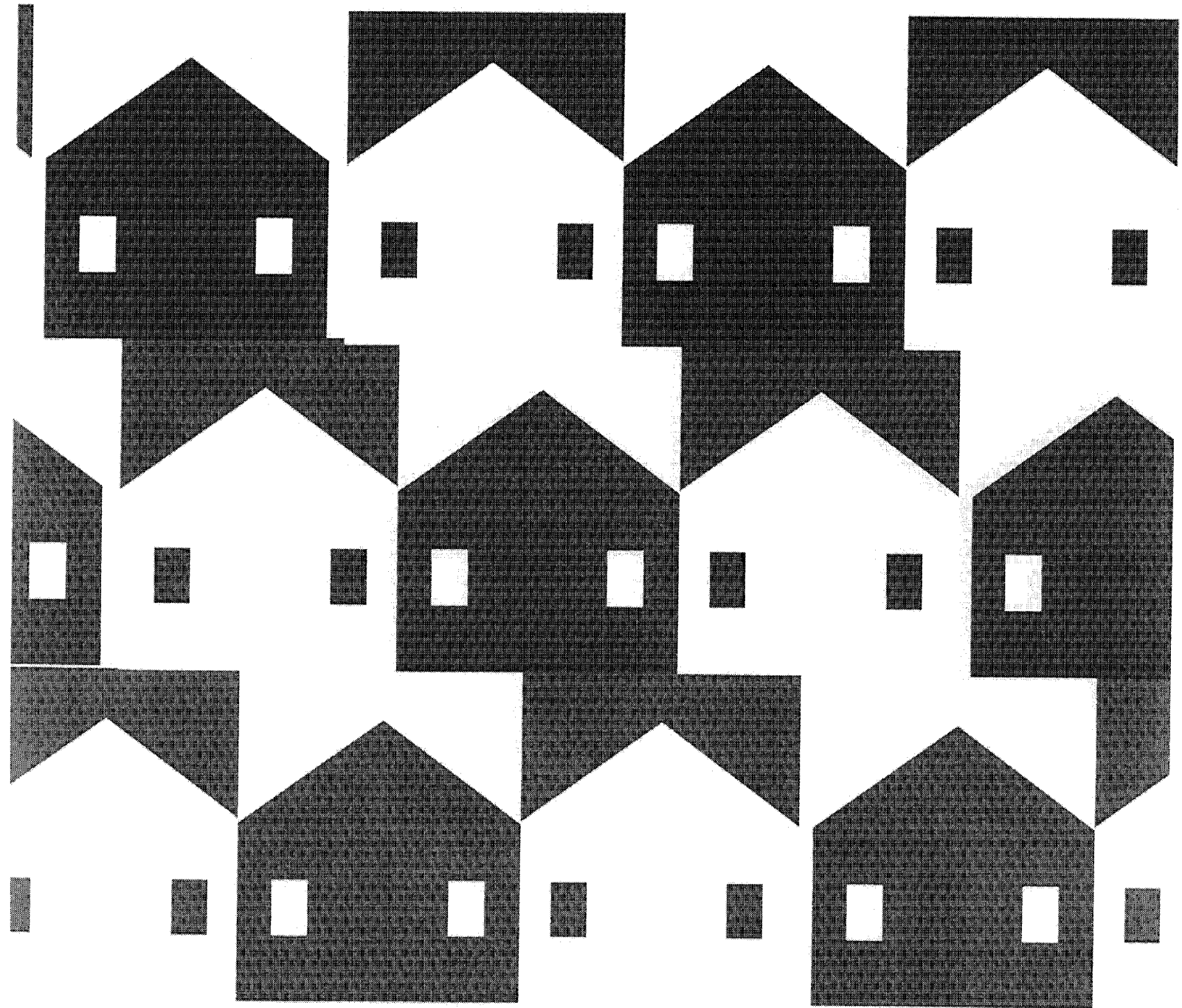
# Public Information Packet Mock-up



**DRAFT**

# Housing Montgomery

*Housing the People Who Make Montgomery County Work*

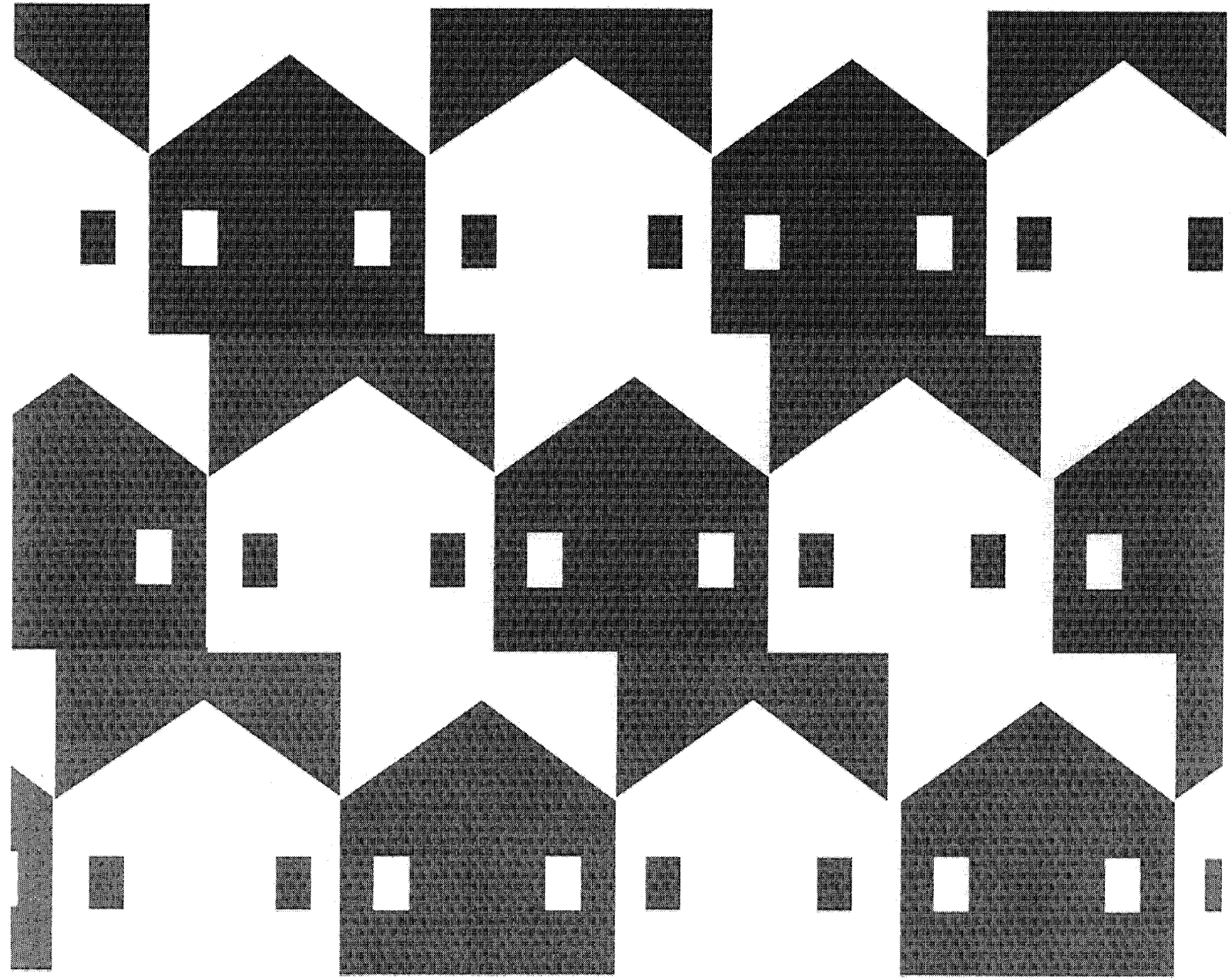


THE MARYLAND-NATIONAL CAPITAL PARK & PLANNING COMMISSION



# Demystifying the Myths...

*Myths and facts about Workforce Housing and High Density Housing*



STRATEGIC PLANNING DIVISION / RESEARCH AND TECHNOLOGY CENTER  
MONTGOMERY COUNTY DEPARTMENT OF PARK AND PLANNING

FEBRUARY 2004

*Special thanks for guidance  
from California Affordable Housing  
Roundtable*



## DEMYSTIFYING THE MYTHS...WORKFORCE HOUSING AND HIGHER DENSITY HOUSING

- *Home prices have outpaced workforce income:* In 1992 the median sales price of all single-family houses (including townhouses) in Montgomery County was \$283,000, a 27.5% increase over five years. To purchase that average house, a household would need an income of at least \$78,000 and a substantial down payment. With the average wage in the county in 1992 at \$48,000 a year, purchasing housing would be beyond the reach of many workers. Even with the benefit of lower interest rates, more than half of the existing Montgomery County households do not have the income to afford the median-priced single family home. There is a strong perception that overcrowding has increased. County households are finding that the more affordable housing options are outside Montgomery County.
- *Neighborhoods are not accepting population growth without question.* Proposals for housing affordable to our workforce or multi-family housing are met with ambivalence about growth that often shifts to hostility.

Hostility feeds myths and misperceptions. When people argue against higher density housing, they often use myths to convince decision-makers that new development and new residents don't belong in their neighborhoods.

It is important to counter myths with facts. Montgomery County needs housing affordable to its workforce (a) to help maintain our competitive edge in the global marketplace; (b) to enable our teachers, firefighters, police, and other vital public employees to live close to the communities they serve; (c) to economize on infrastructure costs so that our seniors, our children, and new immigrants can live close to needed services and jobs; and (d) to reduce the distance between jobs and housing, while reducing air pollution and preserving our Agricultural Reserve.

**MYTH #1: Higher density housing is affordable housing; affordable housing is high-density housing**

**FACT: Yes, more units per acre translate into lower land costs per unit, while smaller units cost less to build than larger ones. To encourage affordability, we need to promote higher densities.**

But we also know that not all high-density housing is affordable to our workforce. Montgomery County's Bethesda and Friendship Heights areas are generally upper income neighborhoods where housing densities are quite high. In contrast, we all know that families of modest means most often live in lower density neighborhoods. These neighborhoods most often were built several decades ago, before the escalation in housing prices began in the 1980s.

While multi-family housing is generally much less expensive than single-family housing, a significant amount of existing workforce housing is single-family; not all affordable housing is new construction:

**Single-Family Housing Unit Sales in Montgomery County, 2002**

<i>Price of Dwelling Unit</i>	<i>New Single-Family</i>	<i>New Townhouse</i>	<i>Existing Single-Family</i>	<i>Existing Townhouse</i>
Under \$140,000 <sup>1</sup>	2.6%	13.0%	1.1%	19.7%
\$140,000-\$179,000 <sup>2</sup>	1.2%	2.7%	4.4%	26.5%
\$180,000-\$275,000 <sup>3</sup>	2.0%	32.9%	29.5%	37.8%

However, for the most part, lower density neighborhoods usually offer more expensive housing than higher density areas.

Montgomery County must continue to intervene with programs and incentives, if we want to ensure that higher density units are affordable. Density is not always enough.

**MYTH #2: Higher density and workforce housing will cause a lot of traffic**

**FACT: The 1997 Census Update Survey showed that residents of higher density development have fewer cars and are less likely to drive alone to work:**

<i>Housing Type</i>	<i>Average Number of Cars</i>	<i>Percentage Who Drive Alone</i>
Single-family detached	2.1	75%
Townhouse	1.8	75%
Garden	1.2	66%
High-rise	1.0	63%

Keep in mind, workforce housing initiatives don't necessarily require new construction. They can also involve existing buildings, which will not add traffic.

**Recent traffic owes much to existing development.** According to the Metropolitan Council of Governments (COG), throughout the 1980s and 90s, car ownership increased and existing residents drove more as incomes rose and more women entered the workforce.

**Higher-density, mixed-use development can encourage retail development, walking, and transit use.** Higher density mixed-use development results in local retail development serving neighborhood residents, thereby encouraging walking instead of driving. Also, transit connections are more common in neighborhoods with higher density, because transit is typically cost effective at densities above eight to ten units per acre.

<sup>1</sup> Affordable to Low Income Families (earning up to \$46,000 per year)

<sup>2</sup> Affordable to Moderate Income Workforce Families (earning \$46,000 to \$61,000 per year)

<sup>3</sup> Affordable to Middle Income Workforce Families (earning \$61,000 to \$86,000 per year)

**MYTH #3: Higher density development strains public services and infrastructure**

**FACT: Compact development offers greater efficiency in the use of public services and infrastructure.**

Higher density residential development requires less extensive infrastructure networks than does greenfield development. Higher density development helps provide economies of scale in terms of trunk lines and other infrastructure. The lower costs per unit can be passed on to new residents and taxpayers when development is allowed where infrastructure and service capacity have already been paid for.

In terms of needed public services, higher density housing is more efficient. Higher density housing has smaller average household sizes (3 persons per household in detached homes, 2.7 persons per household in town houses, 2 persons per household in garden apartments, and 1.7 persons per household in high-rise units) and generates far fewer public school students: on average, a single-family detached house generated 0.56 students, a townhouse generates 0.46 students, a garden unit generates 0.28 students and a high-rise unit generates 0.11 students.

***Infill residential and mixed-use development can translate to higher retail sales, revitalization, and reduced pressure on public services.*** In-fill development can serve to revitalize stagnant older commercial and residential areas and increase revenue from taxable sales and property taxes. In addition, preservation of existing workforce housing or the purchase/re-use of existing buildings would not create an additional burden on infrastructure or public services.

**MYTH #4: People who live in higher density housing or workforce housing won't fit into existing neighborhoods. They are different.**

**FACT: Many people who need workforce housing already live or work in your neighborhood.**

Teachers, firefighters, police, nurses, librarians, and many other vital members of our communities need workforce housing because their wages are not keeping pace with the escalation of housing costs in Montgomery County.

***A high percentage of households in multi-family units have characteristics often associated with single-family housing.***

- *Many of the households in multi-family units are families.* In 1997, 58% of garden apartment households and 41% of high-rise households were families, the great majority of which were headed by married couples.
- *Households in multi-family units have about the same educational attainment as other households:* Populations in each dwelling category (single-family detached, townhouse, garden apartment and high rise) have about the same proportions of residents with high-school diplomas, associate or trade school degrees, or bachelor's degrees. A somewhat lower percentage of garden apartment residents have an advanced degree than residents of other housing types.

- *Households in multi-family units are disproportionately likely to work for the government. Between 23% and 27% of households, regardless of housing type, work for a governmental agency. Households in multi-family units are only half as likely as households in single-family homes to be self-employed (approximately 7% and 14%, respectively).*

**MYTH #5: Residents of affordable housing move too often to be stable community members.**

**FACT: Renters move more often than homeowners across all housing types. But it is also true that multi-family housing is much more likely to be rental housing — therefore, residents of multi-family housing tend to move much more often than residents of single-family housing.**

However, rental housing meets the needs of a wide variety of households and incomes. Every community needs to accommodate some rental housing. The objective is to avoid over-concentrations of any particular type of housing in any neighborhood.

***When rents are stabilized or guaranteed, people move less often.*** Anecdotal evidence strongly indicates this is true in Montgomery County as is it is in other areas of the country. Permanently approving workforce housing may actually help communities become more stable.

**MYTH #6: Affordable housing reduces property values.**

**FACT: Several studies that have shown that proximity to affordable housing does not reduce property values.**

A review of Montgomery County apartment buildings with significant components of rent-stabilized units shows that the presence of these units has no effect on the ability of landlords to charge market rents for the other units.

The William Berry Study, in 1988, compared seven Montgomery County communities with moderately priced dwelling units (MPDUs) to seven without. No difference in the value of the non-MPDU units was found.

In 2003, the Innovative Housing Institute (IHI) updated and expanded the Berry Study, looking at Fairfax County as well. IHI looked at every real estate transaction from 1992 through 1996, measuring distances from the subsidized housing units to the market rate houses in the same subdivisions. The key findings are as follows:

- Overall, there was no significant difference in price trends between non-subsidized home in the subdivisions with subsidized units and the market as a whole—whether measured at the zip code or countywide level.
- There was no difference in price behavior between non-subsidized houses located within 500 feet of subsidized housing and those farther away in the same or an adjacent subdivision.
- Price trends of those non-subsidized homes located immediately adjacent to a subsidized dwelling were unaffected by their proximity.



**MYTH #7: High-density housing affordable to our workforce undermines community character**

**FACT: Housing can always be designed to fit into existing communities.**

When most people hear “higher-density housing” they imagine “high-rise housing.” More often than not, higher density development two or three story wood frame units.

Compatibility is addressed in two ways-regulatory controls and Planning Board review. The master plan process is the major opportunity for stakeholders to come together to review compatibility issues—what kind of development is appropriate for the neighborhood—on an *area wide* basis. The Planning Board, in public session, reviews the compatibility of every proposed development project on a parcel-by-parcel basis.

Examples of affordable housing that is compatible with nearby market-rate housing are illustrated below.



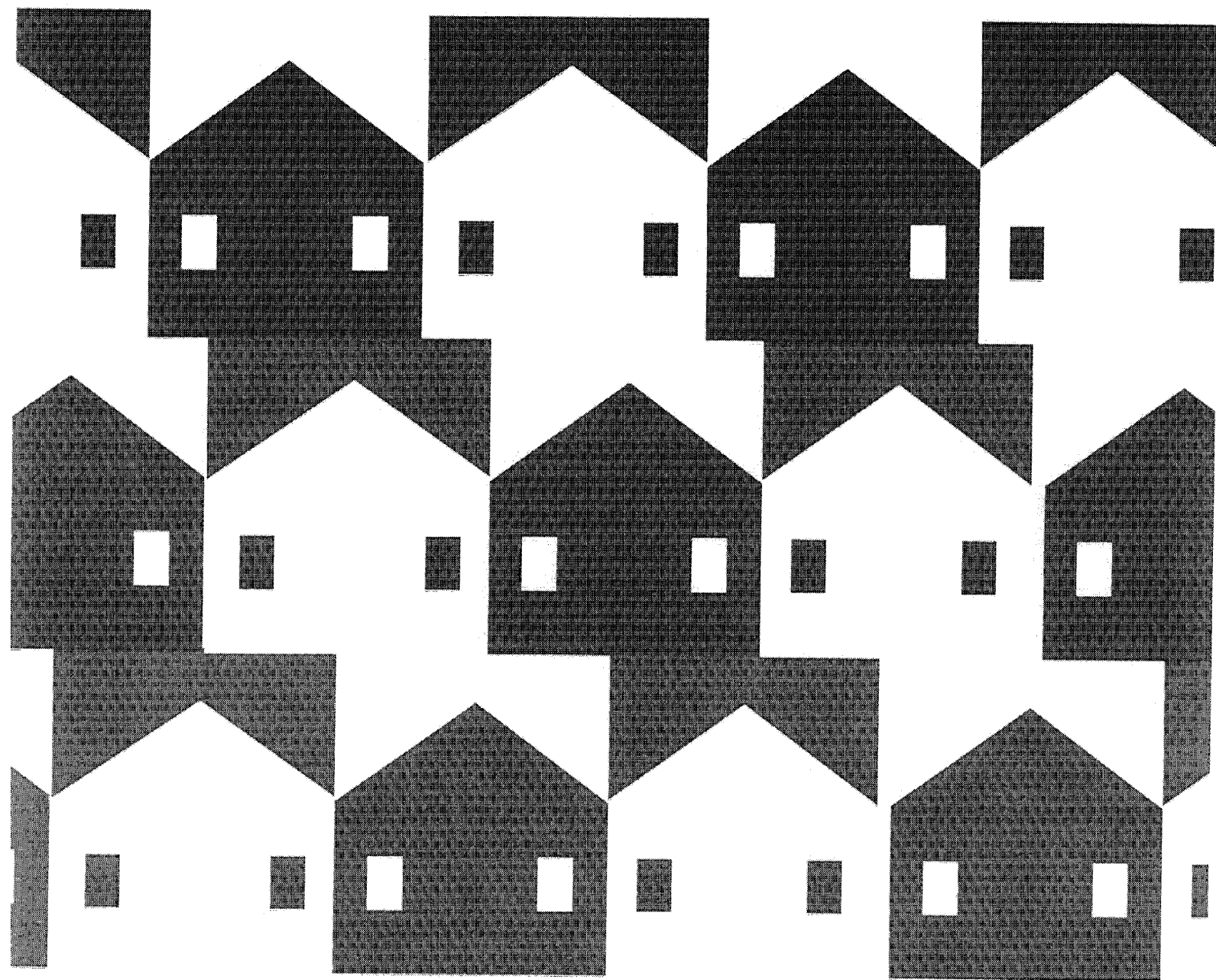
Claggett Farm, Moderately Priced Dwelling Units



Claggett Farm, Market Rate



# Resources and More Information



STRATEGIC PLANNING DIVISION / RESEARCH AND TECHNOLOGY CENTER  
MONTGOMERY COUNTY DEPARTMENT OF PARK AND PLANNING

FEBRUARY 2004

# Resources and More Information

## ORGANIZATIONS

Many private non-profit affordable housing organizations operate in Montgomery County to provide services in housing development, homeless shelters, policy formulation, and fundraising. To obtain information concerning these community organizations, contact Montgomery County Department of Housing and Community Development at 240. 777. 3600  
[www.montcopa.org/mcdhs](http://www.montcopa.org/mcdhs)

### **Housing Opportunities Commission of Montgomery County**

10400 Detrick Avenue  
Kensington, MD 20895  
301. 929. 6700  
[www.hocweb.org](http://www.hocweb.org)

Housing Opportunities Commission develops affordable housing; partners with others in the community to help develop and finance affordable housing; issues housing bonds; provides financing for income-qualified first-time homebuyers; and provides information about affordable housing to the public through its Housing Resource Service

### **Victory Housing**

5430 Grosvenor Lane, Suite 210  
Bethesda MD 20814  
301. 493. 6000  
[www.victoryhousing.org](http://www.victoryhousing.org)

Victory Housing, a private, non-profit tax-exempt human service organization, preserves and expands the supply of high quality affordable housing.

*"Everyone in our community should have access to clean, safe, decent and affordable place to live ....."*

**County Executive  
Douglas Duncan**

*"The police officer, firefighter, and public health nurse, who are poised right now to protect us incase of calamity, deserve the chance to live in the community in which they serve."*

**County Council President  
Steven A. Silverman**

*"Offering affordable housing for every member of the community is critical to Montgomery County's future."*

**Planning Board Chairman  
Derick Berlage**

### **Action In Montgomery (AIM)**

13925 New Hampshire Avenue  
Silver Spring, MD 20904  
301. 388. 0700  
[www.aim-iaf.org](http://www.aim-iaf.org)

Action In Montgomery created the largest local housing trust fund in the country with a dedicated, reliable funding source.

***Interfaith Housing Coalition***

7611 Clarendon Road  
Bethesda, MD 20814  
301. 656. 6867  
[www.ihcforhousing.org](http://www.ihcforhousing.org)

Interfaith Housing Coalition is an interfaith, non-profit 501(c)3 organization that provides affordable housing and case management to formerly homeless families.

***The Arc of Montgomery County, Inc.***

11600 Nebel Street  
Rockville, Maryland, 20852-2554  
301. 984. 5777  
[www.arcmontmd.org](http://www.arcmontmd.org)

ARC is a nonprofit organization dedicated to supporting the housing and other needs of individuals with mental retardation and related disabilities.

***Montgomery County Coalition for the Homeless***

600 B-East Gude Drive  
Rockville MD 20855  
301. 217. 0314  
[www.mcch.net](http://www.mcch.net)

The Coalition is an umbrella organization for agencies dealing with advocacy and identification of gaps in services for the homeless.

***Local Initiatives Support Corporation***

1825 K Street, Suite 1100  
Washington, DC 20006  
202. 785. 2908  
[www.liscnet.org](http://www.liscnet.org)

LISC provides grants, loans and equity investments to Community Development Corporations for neighborhood redevelopment with adequate affordable housing as the principal goal.

***Washington Area Housing Partnership***

Metropolitan Washington Council Of Governments  
777 North Capitol Street, NE, Suite 300  
Washington, DC 20002  
202. 962. 3200  
[www.mwcog.org/planning/housing/partnership](http://www.mwcog.org/planning/housing/partnership)

Washington Area Housing Partnership is a regional public-private housing partnership that acts as a catalyst to preserve and expand the supply of affordable housing for low- and moderate-income families in the metropolitan area.

***Maryland Affordable Housing Coalition***

2 Hopkins Plaza, Suite 2100  
Baltimore, MD 21201-2911  
410. 783. 4900  
[www.mdahc.org](http://www.mdahc.org)

The Coalition is made up of public and private housing providers as well as other groups working to increase the financial and technical resources available for developers of affordable housing in Maryland.

## LINKS

**Montgomery County Department of  
Housing and Community Development**

Council Office Building  
100 Maryland Ave., 4th floor  
Rockville, MD 20850  
240. 777. 3600  
[www.hcamontgomerycountymd.gov](http://www.hcamontgomerycountymd.gov)

**Montgomery County Department of Park  
and Planning**

8787 Georgia Avenue  
Silver Spring, MD 20910  
301. 495. 4610  
[www.mc-mncppc.org](http://www.mc-mncppc.org)

**Fannie Mae**

901 F. Street, NW, Suite 600  
Washington, DC 20004  
202. 752. 6171  
[www.fanniemae.com](http://www.fanniemae.com)

**Maryland Center for Community  
Development**

1118 Light Street  
Baltimore, Maryland 21230  
410. 752. 6223  
800. 949. 6223  
[www.mccd.org](http://www.mccd.org)

**Housing Association of  
Nonprofit Developers**

2300 South Ninth Street, Suite 200  
Arlington, VA 22204  
301. 493. 5507  
[www.handhousing.org](http://www.handhousing.org)

**Innovative Housing Institute**

22 Light Street, Suite 300  
Baltimore, MD 21202  
410. 332. 9939  
[www.inhousing.org](http://www.inhousing.org)

**The Center for Regional Analysis**

School of Public Policy  
George Mason University  
102F Finley Building  
Fairfax, VA 22030  
703. 993. 3186  
[www.gmupolicy.net](http://www.gmupolicy.net)

## PUBLICATIONS

*"Montgomery County – The Place to Call Home"*, Housing Policy For Montgomery County, Adopted by County Council, July 2001.

*"Affordable Housing in Montgomery County: Status and Inventory"*.  
Montgomery County Department of Park and Planning, September 2000  
[www.mc-mncppc.org/publicationdb/findpublication.cfm](http://www.mc-mncppc.org/publicationdb/findpublication.cfm)

*"Action Plan for Affordable Housing"*,  
Montgomery County Council, Planning, Housing, and Economic Development Committee, February 2003.  
[www.montgomerycountymd.gov/content/council/2003news/0226housing.pdf](http://www.montgomerycountymd.gov/content/council/2003news/0226housing.pdf)

*"Housing Montgomery: A Menu of Options for a Dramatic Increase in the Supply of Housing for Our Workforce"*. Montgomery County Department of Park and Planning, July 2003  
[www.mc-mncppc.org/publicationdb/findpublication.cfm](http://www.mc-mncppc.org/publicationdb/findpublication.cfm)

*"Need for Housing for Older Adults in Montgomery County"*, Montgomery County Department of Park and Planning, April 2001  
[www.mc-mncppc.org/publicationdb/findpublication.cfm](http://www.mc-mncppc.org/publicationdb/findpublication.cfm)

*"Montgomery County Affordable Housing Data"*, The National Low Income Housing Coalition's Annual *Out of Reach* Report 2003, Maryland County by County Data.  
[www.nlihc.org](http://www.nlihc.org)

*"The Link Between Growth Management and Housing Affordability: The Academic Evidence"*, Discussion Paper, 2002, Brookings Institution.  
Arthur C. Nelson, Rolf Pendall, Casey J. Dawkins, and Gerrit J. Knapp.  
[www.brook.edu/index/publications.htm](http://www.brook.edu/index/publications.htm)

*"Future Housing Supply and Demand Analysis for the Greater Washington Area"*  
John McClain and Stephen Fuller, The Center for Regional Analysis, School of Public Policy, George Mason University, November 2002  
[www.varealtor.com/research/GMU%20Housing%20Study.pdf](http://www.varealtor.com/research/GMU%20Housing%20Study.pdf)

*"Finding a Way Home: Building Communities with Affordable Housing"*, Metropolitan Washington Council of Governments, December 2001.  
[www.mwco.org/publications/publications/ic/21814.html](http://www.mwco.org/publications/publications/ic/21814.html)

*"Maryland Rental Housing Affordability Index, October 2003"*, Office of Research, Maryland Department of Housing and Community Development.  
[www.dhcd.state.md.us/news/publications.asp](http://www.dhcd.state.md.us/news/publications.asp)

*"Quality vs Quantity in Affordable Housing: The Great Production Debate" Part I* by Charles Buki. *"Quality vs Quantity in Affordable Housing: The Great Production Debate" Part II* by Bob Santucci. The Journal of Affordable Housing and Community Building, National Housing Institute, 1995  
[www.nhi.org/online/issues/81/debate.html](http://www.nhi.org/online/issues/81/debate.html)

*"The State of the Nation's Housing, 2003"*, Joint Center for Housing Studies, Harvard University, Boston, Massachusetts.  
[www.jchs.harvard.edu/publications/markets/son2003.pdf](http://www.jchs.harvard.edu/publications/markets/son2003.pdf)

# Housing Montgomery

*Housing the People Who Make  
Montgomery County Work*

## HOUSING ACTION PLAN

The County Council, County Executive Duncan, and Montgomery County Planning Board are working together on a series of actions to increase the amount of housing affordable for families in our County and our workforce.

Consider increased densities at transportation and commercial centers and other regulation changes.

Expedite governmental review and permitting of housing; encourage the development of mixed use/mixed income communities.

Strengthen housing objectives in master plans.

Lobby the State to change the assessment value of rental moderately priced dwelling units (MPDUs).

Work to curb predatory lending.

Establish goals and a timeline for production of new special needs housing.

Develop community information resources.

Review the special exceptions process to encourage the creation of affordable senior housing, accessory apartments, and special needs housing.

Work to increase Montgomery County's allocation of State housing funds.

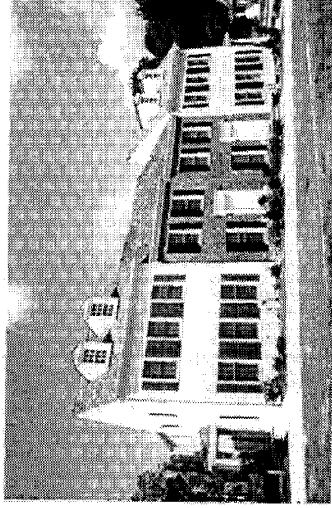
Initiate employer-assisted housing programs to further enhance the competitive edge of County businesses.

Work to protect the existing stock of affordable housing.

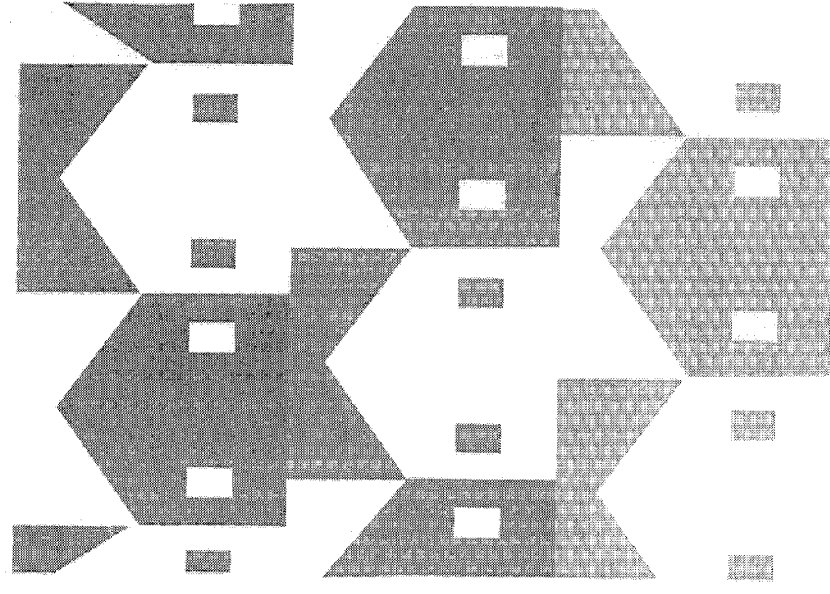
"Everyone in our community should have access to a clean, safe, decent and affordable place to live..."  
*County Executive  
Douglas M. Duncan*

"The police officer, firefighter, and public health nurse, who are poised right now to protect us in case of calamity, deserve the chance to live in the community in which they serve."  
*County Council President  
Steven A Silverman*

"Offering affordable housing for every member of the community is critical to Montgomery County's future."  
*Planning Board Chairman  
Derrick Berlage*



*Moderately Priced Dwelling Units, Wynncrest,  
Montgomery County*



THE MARYLAND-NATIONAL CAPITAL  
PARK & PLANNING COMMISSION

## WHY AFFORDABLE HOUSING?

Shelter is a basic human need, as essential to life as water to drink or air to breathe. In Montgomery County, we are confronted by the challenge of providing decent, safe housing that working people can afford. If we are to maintain stable communities and a vibrant economy, we must offer housing at reasonable cost to the people who live and work here.

## WHAT IS AFFORDABLE HOUSING?

For a home to be affordable, it should cost no more than 30% of a family's household income. Although most families have more than one wage earner, the average wage for all occupations in Montgomery County is \$48,000. Even with two workers in a household earning the average wage, their household income would be less than the income needed to buy a single-family home. This discrepancy between the incomes of our workforce and the actual income that is needed to purchase a median-priced home creates an "affordability gap" for the average Montgomery County worker.

Development of new housing has not kept pace with demand at a price most families can afford. In the last five years, housing sales prices increased by 28% but workers wages only increased by 19%. Prices keep going up and up, causing many lower- and moderate-income workers to double up, live with other family members, or commute long distances.

### HOUSING AFFORDABILITY CHART

	Median Sales Price 2002	Approx Income Required
New Single Family	\$481,300	\$138,000
Resale Single Family	\$340,000	\$97,000
New Townhouse	\$278,000	\$80,000
Resale Townhouse	\$185,000	\$53,000

## WHO NEEDS AFFORDABLE HOUSING?

Because the demand for housing exceeds the supply, housing costs will continue to rise sharply even if wages remain relatively stable.

Montgomery County is challenged to find employees who can live near their jobs. Businesses are discouraged from operating in the County because they cannot hire the employees they need. To stay in the area, many workers move to outlying counties and commute long distances to jobs in Montgomery County. Having our workers live outside the county is bad for the environment and hard on the economy.

### WORKFORCE IN NEED OF HOUSING

Personnel Manager	\$74,370
Park Police	\$61,860
Systems Analyst	\$60,600
Architect	\$54,660
NIH Post-Doc	\$52,000
Accountant	\$51,000
Teacher	\$44,950
Computer Support	\$40,331
Licensed Nurse	\$40,210
Executive Secretaries	\$37,780
Paralegal	\$35,460
Retail Sales	\$19,220
Cashiers	\$18,470

(Median salaries as reported by MD Dept of Labor, Licensing and Regulation, NIH, and MNCPPC)

In addition, our grown children can't afford to live in the communities in which they grew up and retirees move to areas of the country where housing is much less expensive. Montgomery County needs housing affordable for all its people!

## WHY BUILD AFFORDABLE HOUSING?

For our economy  
*Business has an enormous stake in the availability of housing for its workforce. Employees want an affordable place to live that does not require a long commute.*

For our environment  
*Housing built near where people work benefits the environment by helping to reduce traffic, which, in turn, improves air quality.*

For our communities  
*Diversity of housing promotes the economic integration of our workforce into Montgomery County's civic and social fabric.*

For our people  
*Nearly everyone in Montgomery County knows someone who needs housing—a co-worker, a family member, an elderly person on fixed income, a local government employee, bank tellers, teachers, postal workers, firefighters, a young family just getting started—the list goes on and on.*

For our workers  
*"If I had an affordable choice, I would move closer to my workplace to alleviate some of the stress my family and I endure every day"—Linda, a Personnel Manager living in Frederick and working in Silver Spring.*

For more information about Housing

Montgomery contact:

Housing Opportunities Commission

301.929.6700

Housing and Community Affairs

240.777.3600

Montgomery County Department of Park and

Planning 301.495.4506





**What is Workforce Housing?**



**Who Needs Workforce Housing?**



**How is Workforce Housing Developed?**



**Answers to Common Questions**



## What is Workforce Housing?

*For a home to be affordable to our workforce, housing costs must be no more than 30% of a family's household income.*

*The average salary earned by a worker employed in Montgomery County is \$46,000.*

*The median price of a new single-family home is \$481,000, requiring an income of at least \$140,000. This would be beyond the reach of a household even with two workers earning average wages.*

*The discrepancy between incomes of our workforce and income needed to purchase a median priced home creates an "affordability gap" within the workforce.*

*Income Source: M-NCPPC Research and Technology Center*

Housing in Montgomery County is expensive. Probably someone you know is struggling under the increasing cost of housing.

Several factors have combined to create this unfortunate reality:

- ✓ Increases in wages and family incomes have not kept pace with housing costs. Many families in Montgomery County would not be able to afford to purchase their own homes today.
- ✓ The supply of developable land is shrinking and land values continue to increase. Land valuation continues to dramatically increase since real estate, in all forms, continues to be viewed as a good investment.
- ✓ Most new units are larger and more expensive. Housing production is not meeting the demands of the full spectrum of the workforce.
- ✓ The cost of residential development has increased due to expensive constraints, competing public policies, and complex regulation; thereby diminishing the developer's ability to package and produce housing for our workforce.
- ✓ The amount of infrastructure financing, particularly from federal sources, has dropped dramatically in the last 15 years.
- ✓ Many rental units and existing affordable housing stock vanished in the 1980 and 1990's when many buildings were converted to condominiums while others "gentrified" or were lost to the redevelopment of more expensive housing.

- ✓ Community concerns about density, compatibility, over-concentration, transportation, and school capacity tend to limit production of additional housing units.

## **HOUSING COSTS ARE RISING FASTER THAN INCOMES**

For a home to be affordable, housing costs must be no more than 30% of a family's household income. Although most families have more than one wage earner, the average wage for all occupations in Montgomery County is \$46,000. Even with two workers in a household each earning the average wage, their household income would be \$92,000, which is less than the \$140,000 income needed to purchase a new single family home. This discrepancy between the incomes of our workforce and the actual income that is needed to purchase a median-priced home creates an "affordability gap" for the average Montgomery County worker.

The recent stellar performance of the housing market has benefited many county residents, particularly homeowners. However, rising home prices and rents have far out-paced the income of more than 50% of our work force. In fact, the relative cost of housing in Montgomery County, as in other rapidly growing parts of the nation, has risen faster than the general rate of inflation and has increased particularly fast in the past five years.

While some older homes are still relatively affordable, much new housing is out of reach for most of our workforce. Development of new housing has not kept pace with demand at a price most families can afford. In the last five years, housing sales prices, increased by 38% but workers' wages only increased by 19%. Prices keep going up and up, causing many low-and moderate-income workers to double up, live with other family members or commute long distances.

Increasingly, many moderate-income wage earners who wish to buy homes must "drive until they qualify" for a mortgage—moving farther and farther from their jobs in order to find affordable housing within their price range. This outward pressure for lower-cost housing tends to further burden the region's transportation infrastructure, and increasing volume and lengths of automobile trips continues to contribute to worsening air pollution.

Many workers, holding jobs in the county, will likely continue to experience difficulty finding affordable housing that does not carry with it either a dollar cost that puts a heavy strain on their disposable income or a commuting cost that puts a similar strain on their discretionary time.

In this environment, tensions naturally arise between the county's civic and business communities. The business community is challenged to remain competitive with regions throughout the country if they must compensate employees with higher wages to reflect higher-cost housing and long commutes. The residential communities are challenged to accommodate changes in their neighborhoods, increased school enrollments, and sometimes, higher congestion levels on local roadways.

## **HOUSING, AFFORDABLE TO THE FULL SPECTRUM OF THE WORKFORCE, WORKS FOR THE COMMUNITY**

Affordable workforce housing helps businesses retain and attract employees, helps public employees live closer to their jobs and the communities they serve.

Housing the workforce contributes benefits to the entire county in significant ways: (a) providing housing to our local workforce; (b) reducing long-distance commuter traffic and improving air quality; (c) maintaining the competitive edge of our business community, and (d) promoting economic integration of our workforce into Montgomery County's community life.

Housing affordable to our workforce is developed by private developers and not-for-profit organizations (some of which are local community or faith-based organizations) using a combination of rental income, private financing, income from sales, and government subsidies. Other housing is developed by the private sector through inclusionary zoning. Funding and technical assistance are also available from private lenders and the sale of ownership units. Montgomery County has created a Housing Initiative Fund to assist with the development of affordable housing in the county. For many years, our communities have shown that partnerships among local government, not-for-profit housing developers, community leaders, and private financial institutions can create attractive, successful affordable housing developments that not only serve residents, but are an asset to the entire county.

*"Everyone in our community should have access to a clean, safe, decent and affordable place to live..."* County Executive Douglas M. Duncan

*"The police officer, firefighter, and public health nurse, who are poised right now to protect us in case of calamity, deserve the chance to live in the community in which they serve."* County Council President Steven A. Silverman



## Who Needs Workforce Housing?

*Montgomery County's workforce needs affordable housing. Because wages in the County have not kept up with the escalating costs of housing, many people who are employed here cannot afford to live here.*

Members of our workforce who are in search of affordable housing in the county want safe, decent, attractive housing for the same reasons that we all do: to provide a nurturing environment to raise children, to remain in the community where they were raised and/or to become a part of the community where they work.

Finding affordable housing is not just a problem for our lower-income wage earners but also for many thousands of people who provide indispensable service to Montgomery County's economic and social well-being, including our school teachers, public safety personnel such as fire fighters, medical technicians, nurses, police and security staff, young biomedical researchers, NIH resident doctors, and a host of service mid-level office workers such as architects, bank tellers, sales clerks.

### **THE LINK BETWEEN AFFORDABLE HOUSING AND OUR ECONOMIC WELL-BEING AND COMMUNITY STABILITY GROWS STRONGER EACH DAY**

By recognizing the housing needs of our workforce, we can more fully appreciate the challenge of Montgomery County's multi-faceted affordable housing dilemma.

The lack of housing units affordable to many within our workforce causes some families to bypass Montgomery County and seek employment and housing elsewhere. For people who work in Montgomery County, finding affordable housing often means living in adjacent counties. The resulting long-distance commutes increase stress, increase road congestion, and contribute to air pollution.

Similarly, the business community is challenged when housing choices are not available. A shortage of affordable housing has a negative impact on business location and retention decisions. Businesses and entrepreneurs tend to locate in areas where housing is readily available at a reasonable cost.

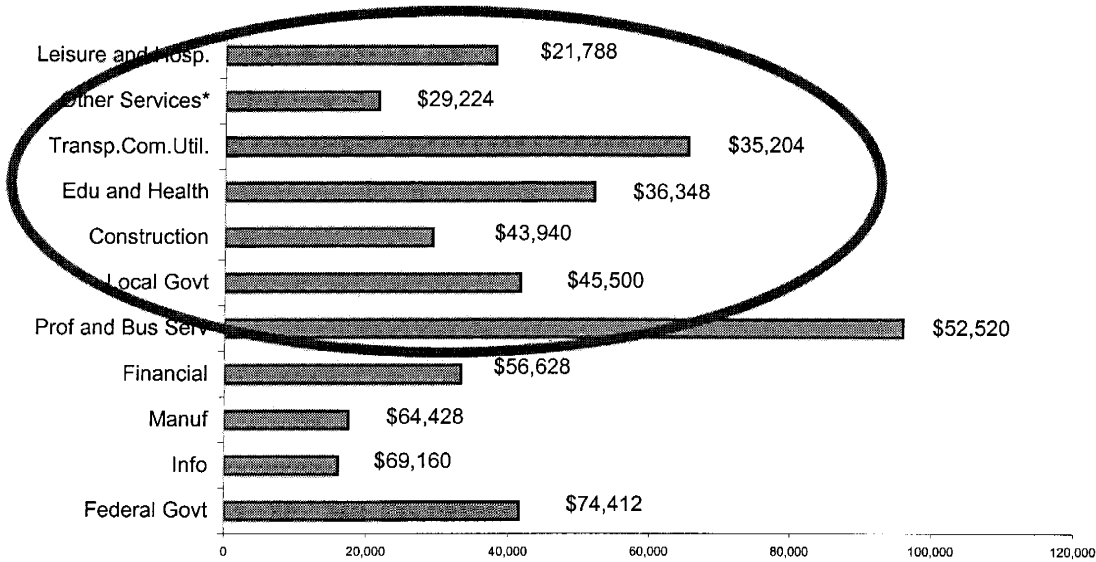
### **WORKERS CRITICAL TO OUR COUNTY'S WELL-BEING ARE CAUGHT IN THE HOUSING SQUEEZE**

Salaries for teachers, police, bio-medical researchers, and public safety workers begin in the low- to mid-\$30,000 range. In focus groups, we learned that one-third of our newly hired young teachers live with their parents and many teachers live out of the county. The Fire Fighters Association reports that less than one-third of their members live in Montgomery County, with an almost equal number living in Frederick County.<sup>1</sup>

---

<sup>1</sup> Government Employers Focus Group Report

*Most of the workers in the county make less than \$50,000.*



*This job distribution will likely continue in the future.*

We anticipate that our high-priced housing market will continue to be fueled by the projected creation of an additional 110,000 jobs by 2020. Many of these jobs are expected to be lower- and moderate-paying service and support jobs. The average wage in Montgomery County last year was approximately \$700 per week (or \$36,000 per year)<sup>2</sup>, which is more than an entry-level teacher, or public safety worker would earn. Although most households have more than one worker, it would take a household income of about \$140,000 to purchase the average new single-family house.

*Housing for our Workforce* relates to housing for households with incomes between 60 and 120% of the median household income. In Montgomery County that would be housing for those households with incomes between \$43,000 and \$86,000. Housing purchasing power would be from approximately \$150,000 to \$300,000. This group is being squeezed out of the single-family housing market. The production of housing units is not keeping up with the demand, which exacerbates the existing shortage.

In 1999, approximately 15% of owner-occupied households paid more than 35% of their income for housing costs, while almost 27% of rental households paid more than 35% of their income for housing.

**THE NUMBER OF MODERATE-INCOME WORKING HOUSEHOLDS, CHALLENGED BY HOUSING AFFORDABILITY, IS GROWING**

Moderate-income working households, households with incomes between between \$30,000 and \$62,000, are the backbone of Montgomery County’s workforce. These incomes are too high to

<sup>2</sup> Maryland Department of Labor Licensing and Regulation, Office of Labor Market Analysis and Information, County Industry Series, Second Quarter, 2002

qualify for most housing assistance programs but too low to purchase a home. Some do qualify for the Moderately Priced Dwelling Unit Program (MPDU) and for some mortgage subsidy programs.

### POTENTIAL HOUSING BUYING POWER<sup>3</sup>

Target Group	Household Income	Affordable Rent	Sales Price
Middle Income Workforce	\$62,000 to \$86,000	\$1,700 to \$2,400/mo.	\$217,000 to \$301,000
Moderate Income Workforce	\$30,000 to \$62,000	\$800 to \$1,700/mo.	\$105,000 to \$217,000
Low and very low Income Workforce	Less than \$30,000	Less than \$800/mo.	

### SHRINKING MIDDLE...

Although the number of jobs in the county paying mid-level wages increased between 1990 and 2000, the number of households in the mid-level group declined. Jobs increased from 466,000 to 545,800 with average wages increasing from \$32,000 to \$36,000. However, the Census found fewer families with incomes between \$25,000 and \$75,000 than in 1990. Some moved into higher income categories, but many left the county for less expensive areas. We know, anecdotally, that many middle-income families are being priced out of the county.

### INCREASING NUMBER OF SENIORS NEED AFFORDABLE HOUSING

The senior population in Montgomery County increased by 27% in the 1990s, and is expected to increase by 51% by 2020. In the last Census Update Survey, 75% of those residents near retirement age planned to stay in Montgomery County for at least the first 5 years of retirement. High housing costs can devastate fixed income from pensions and Social Security. Some seniors also need special services provided in affordable housing developments.

<sup>3</sup> Approximate purchase price calculated at 3.5 times annual income, assuming a 30-year mortgage at 6.5% interest rate. Purchasing power fluctuates and is dependent upon many factors including interest rates, down payment costs, and mortgage lending terms.



## How is Workforce Housing Developed?

*Affordable housing requires the cooperation of many people in the community: the local government officials, developers, neighbors, and potential resident. Workforce housing is built by people working together for the common good. We need workforce housing for the people that work in Montgomery County.*

For more than two decades, Montgomery County has shown that partnerships between local government, non-profit and for-profit housing developers, community leaders and private financial institutions can create attractive, successful developments that serve residents and are assets to the broader community.

### **STEP 1: Montgomery County sets the framework for meeting its workforce-housing obligation.**

It is the local community that determines how workforce housing is developed within its boundaries. The needs of county, available funding, potential sites, and the local housing and development policies set the framework in which any housing proposal is considered.

In addition, Montgomery County has a long history and commitment to the provision of housing affordable to its workforce through the moderately priced dwelling unit program. Joe... provide a brief explanation here...

**HOUSING NEED ASSESSMENT:** As part of ensuring our economic and social well-being, Montgomery County regularly reviews to what extent people of all incomes can meet their housing needs in the County. In addition, local non-profit and faith-based housing organizations are helpful in determining the County's housing need, particularly for special need populations.

**LAND USE AND REGULATIONS:** The pattern of development in Montgomery County has been determined by the General Plan, and generally follows the Wedges and Corridors concept of development. The County is divided into 28 planning areas. The development pattern and pace in each planning area is guided by local area master plans, which also reflects the general spirit and intent of the General Plan.

A wide range of regulations guide implementation of the plans, including; the zoning ordinance, codes, housing policies, requirements and standards. These policies reflect anticipated community concerns about new development, set guidelines for traffic, parking, size and density of buildings, and provides incentives for developers on workforce housing.



**AVAILABLE ASSISTANCE:** Montgomery County provides planning and technical assistance to private agencies willing to develop housing affordable to our workforce. Not-for-profit and faith-based organizations are also available to provide technical assistance in locating available funding, building a quality development team, and developing appropriate site plans.

**STEP 2: The community and the developer work at defining and reviewing a concept and locating an appropriate site.**

**PROCESS:** Often Montgomery County invites proposals from experienced developers to meet identified housing need. Sometimes a developer formulates a project with the local government. In most cases, the developer will perform some early design work, financial feasibility, and other analyses to make sure the concept is sound before publicizing the idea broadly.

**REVIEW:** Montgomery County government agencies and departments review the proposal to ensure that it meets the County's requirements and policies. At this stage, planning, zoning, and environmental regulations are reviewed to ensure compliance. Revisions to meet requirements are usually undertaken at this stage.

**COMMUNITY INPUT:** The development team often meets with neighborhood leaders and civic associations to receive input during the planning process. In addition, a single development will be presented at a public hearing where community residents have an opportunity to provide input.

**REVISION:** The development team considers input from concerned individuals, property owners, and community groups who participated in the public review process. Revisions are made to respond to valid concerns, improve the proposal, and satisfy all legal requirements.



## Answers to Common Questions

**Q: Why do we need workforce housing in Montgomery County?**

**A:** Currently, both workers and employers are challenged by the lack of housing for our workforce. Great financial and emotional pressures are placed on many workers, as they search for affordable housing throughout the county and the region. Without affordable housing choices, many workers are forced to “double up,” take a second job, share expenses with relatives, or spend precious family time and money commuting long distances, often on congested highways. Currently, 37% of our workforce commutes into the county to work.

The business community is challenged—productivity often suffers when an important part of the company workforce lives far from the office; diversity expectations go unmet because of the difficulty in attracting a diverse workforce to an area with high housing costs; higher wages must be paid to compensate for higher living costs. In the future, existing employers might decide not to expand, and new employers might be discouraged from creating new business opportunities.

Similarly, local government will increasingly be challenged to recruit and retain a qualified, diverse workforce at competitive wages, as public workers retire or move away, thereby placing greater burden on local taxpayers.

Workforce housing includes not only housing for some of our lower paid service workers but many middle-income and professional workers. Our current moderately priced dwelling unit (MPDU) and other government programs are applicable for some of these workers, but increasing the range of housing type and affordability will allow more of the mid-range employees to live in the county. Currently some of our most critical mid-range employees find home ownership or rental opportunities difficult in Montgomery County—such as our NIH post-doctoral candidates, system analysts, nurses, architects, police, and entry-level teachers.

In addition, the County’s Housing Policy, adopted in 2001, quantified the need for affordable housing at 25% of the total units forecast, or a range between 1,100 and 1,200 units annually. Currently,..... [Research to provide stats on demographics & population increase as well as aging and jobs].

**Q: How will affordable housing affect property values in my neighborhood?**

**A:** Research conducted by numerous independent groups has regularly documented that contemporary affordable housing has no impact on nearby property values, or in some cases actually contributes to increase in property values?

**Q: How are the demands on public services and infrastructure handled by the housing development? How is the provision of housing linked to the Annual Growth Policy?**

**A:** Residents of affordable housing development, like other residents, help pay for infrastructure and other impacts of the development through income and property taxes to the County. Affordable housing units are subject to the same public services and infrastructure requirements as market-rate units.

The newly adopted Annual Growth Policy, which goes into effect on July 1, 2004, does not contain any special treatment for affordable housing. Projects generating 30 or more peak hour automobile trips are tested for their impact on traffic congestion at nearby intersections; if unacceptable congestion levels result, the developer is required to improve the intersection or reduce the development's transportation impact. All subdivisions, including affordable housing units, are subject to the Annual Growth Policy's School Test, which determines if school capacity is adequate to support additional development approvals

**Q: How will affordable housing affect traffic and parking?**

**A:** Traffic, parking, and similar issues are controlled by local codes just as in any other development project, and are reviewed at defined points in the development process, to address environmental, transportation, and other factors, by the Park and Planning Commission and the County Council.

Developments with potential significant adverse impact are required to mitigate (or reduce) these impacts to acceptable levels.

Regional traffic can be reduced when housing is located near public transit or residents' jobs.

**Q: Will workforce housing residents be good neighbors?**

**A:** Yes. Our workforce is comprised of people who have the same aspirations that we do---they want to live in safe, attractive housing in good neighborhoods. Often, they are persons who already work in the community, young families who grew up in the area, or seniors who have lived in the community for years.

Affordable home ownership, like all home ownership, gives residents a stake in the community. They also pay taxes and want to keep their community a good place to live. And yes, they can also be bad neighbors, just as in any other community.

**Q: Will housing that is affordable to the workforce be compatible with my neighborhood?**

**A:** Yes. Development proposals are required to undergo regulatory review and comply with all local planning and building codes.

In fact, many developments have won design awards because they reflect the character of the surrounding neighborhood, enhance the natural environment, and preserve local traditions.

**Q. How are neighbors concerns about affordable housing considered?**

**A.** Affordable housing developments must meet local code requirements, which are intended to anticipate neighbors' concerns.

Affordable housing proposals are subject to the same public review processes as is all development—including public hearings, as required.

**Q. Is workforce housing a problem only in Montgomery County?**

**A.** No. The lack of workforce housing is a national problem being address by local communities across the country.

**Q. What are non-profit developers and what is their role?**

**A.** The private sector provides housing for the majority of people in Montgomery County.

However, as the costs of purchasing land and building houses soars, it becomes more difficult for the private sector to build housing for those who need it in the workforce, while returning sufficient return for investors.

Non-profit development organizations are created for charitable purposes to perform a service to the community: to develop housing for middle- and lower-income families, seniors, and people with disabilities that the private sector cannot provide. Since 1990, non-profit developers have created approximately \_\_\_\_\_ units in Montgomery County. Many non-profit developers are local community or faith-based organizations, which consider their work a critical community service.