

APPENDICES

- A. Excerpt from *Montgomery County Housing Policy* (DHCA, 2001)
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Appendix A – Excerpt from *Housing Policy for Montgomery County (DHCA, 2001)*, “Executive Summary,” “Vision...”, and “Part I. Purpose, Principles and Objectives for a New Housing Policy.”

Housing Policy — Executive Summary

MONTGOMERY COUNTY: THE PLACE TO CALL HOME

Vision

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

In our vision for Montgomery County, we see:

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

We will work to achieve this vision with:

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

Purpose

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

Conditions

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

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

Our Objectives

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

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

5. Housing for all stages of life to serve the County's existing and planned employment and the changing needs of its residents.
6. Equal opportunity housing, to ensure that all residents have an opportunity to purchase, rent, finance, and occupy housing in the county.
7. Sustainable communities and environmental sensitivity in housing, neighborhood design, and redevelopment.

Tools

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

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

Fine Tuning

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

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

New Responses

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

Annual Affordable Housing Production Goals

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

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

Affordable Housing Program: Proposed Annual Production Goals

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

	Owner	Rental	Total Cost
Moderately Priced Dwelling Units	200 (149)	100 (83)	\$0 (\$0)
Section 8 Certificates/ Housing Vouchers		200 (190)	\$0 (\$0)
Group Home/Transitional/ Special Needs Housing Production		100 (29)	\$500,000 – \$1,000,000 (\$145,000)
Home Ownership	30* (11*)		\$600,000 (\$296,000)
Nonprofit Multifamily Rehabilitation		150* (55*)	\$1,500,000 – \$2,250,000 (\$543,000)
New Construction		200 (0)	\$800,000 – \$2,000,000 (\$0)
Preservation of Federally Assisted Housing		200* (121*)	\$1,600,000 – \$2,400,000 (\$780,000)
HOC and Nonprofit MPDU Acquisition		60 (29)	\$1,800,000 (\$870,000)
Multifamily Rehabilitation Loans		150* (5*)	\$750,000 – \$1,500,000 (\$108,000)
Construction of Elderly Housing and Assisted Living Units		250 (18)	\$3,750,000 – \$5,750,000 (\$683,000)
Accessory Apartments		50 (15)	\$0 (\$0)
Preservation of Threatened Multifamily Housing		950* (950*)	\$0 (\$0)
Acquisition of Threatened Multifamily Housing		150* (24*)	\$0 – \$1,500,000 (\$516,000)
HOC Public Housing Rehabilitation		100* (40*)	\$700,000 – \$1,500,000 (\$290,000)
Total Units: New: 1,160 (513) Preserved: 1,730 (1,206) Total: 2,890 (1,719)	Total Cost to County: \$12 – \$20,300,000 (\$4,231,000)		

* Units preserved, not added to the housing stock.

** Loan.



Housing Policy for Montgomery County, Maryland

Montgomery County — The Place to Call Home

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

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

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

In our vision for Montgomery County, we see:

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

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

We will work to achieve this vision with:

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

This Housing Policy will help make this vision a reality.

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

Purpose

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

Principles

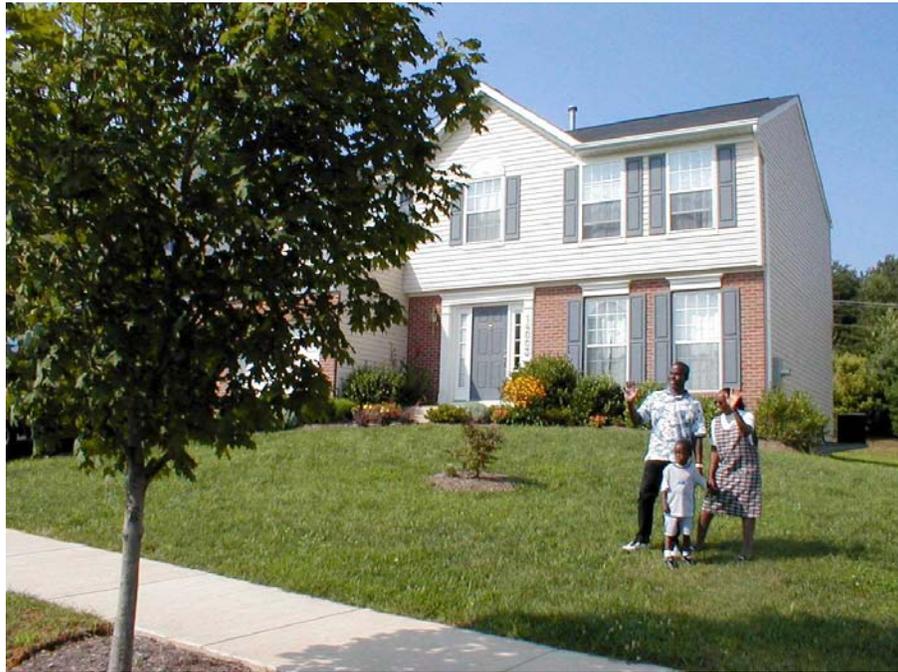
The Housing Policy of Montgomery County is a commitment to certain principles, reflecting who we are and what we stand for as a community. These principles mandate that the County should strive to maintain and enhance the quality of life of its citizens by:

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

- Providing funding and programs when necessary to supplement state and federal programs.

This comprehensive housing strategy requires that the County:

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



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

Objectives

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

1. **Variety and Choice in Housing** — Variety and choice in housing of quality design and durable construction in various types of new and existing neighborhoods in conformance with the County's General Plan.
 2. **Assistance for Persons With Diverse Housing Needs** — Housing for diverse residential needs, including housing for the elderly, persons with disabilities, persons with mental illness, and persons transitioning from homelessness.
 3. **Safe, High-Quality Neighborhoods** — Neighborhoods in which quality and safety are maintained and enhanced through code enforcement and renewal efforts.
 4. **Communities With Affordable Housing** — An adequate supply of affordable housing in economically inclusive communities throughout the county for those living or working in Montgomery County, especially for households at the median income level and below.
 5. **Housing for All Stages of Life** — A sufficient housing supply to serve the county's existing and planned employment and the changing needs of its residents at various stages of life.
 6. **Equal Opportunity Housing** — Fair housing ordinances to ensure that all residents have an opportunity to purchase, rent, finance, and occupy housing in the county.
 7. **Sustainable Communities** — Sustainable development and environmental sensitivity in housing, neighborhood design, and redevelopment.
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Appendix B - Housing in Montgomery Report (M-NCPPC, March 2003)

The following menu of options was presented in March of 2003 as part of the *Housing in Montgomery* report prepared by the Department.¹ Some techniques to increase supply, while also giving serious attention to the need to protect the existing stock of non-government sponsored affordable housing. Attachment B of this memorandum includes Sections I through IV in their entirety.

OBJECTIVE #1: SUSTAIN PRIORITIZATION FOR AFFORDABLE HOUSING AT THE HIGHEST LEVELS OF THE POLITICAL AGENDA

Impose discipline and accountability on both public and private stakeholders to increase affordable housing options. Affordable housing happens where there is a determination to make it happen.

OPTION A: Require a mandatory *Housing Montgomery Impact Statement* to accompany all policies, ordinances, regulations, standards, guidelines, and programs reviewed by the Planning Board and County Council to maintain vigilance over the consequences of actions on affordable housing. This *Impact Statement* should also accompany master plans and development projects through the plan approval, regulatory and permitting processes, since goals for affordability are often lost as they filter down through the review and approval process.

OPTION B: Set a goal for a percentage of affordable housing in each master plan prior to beginning the update process.

OPTION C: Formalize a *Housing Montgomery Progress and Delivery Report* for presentation at all Planning Board Bi-annual Report sessions.

OPTION D: Expand the M-NCPPC *affordable housing database* to track affordable housing supply of both market and non-market rate units by designated planning area; include M-NCPPC owned park houses. Explore techniques to quantify the existing non-government

¹ Strategic Planning Division, M-NCPPC. "IV. The Bold Moves, A Menu of Options..." *Housing in Montgomery*, 2003.

sponsored housing stock. Maintain and report on an on-going basis. Supplement database reports with current affordable housing pipeline information. Identify an interagency *Housing Montgomery Tracking Committee* to monitor and encourage progress.

OPTION E: Assume a leadership role at COG; focus its membership on the significance of the housing affordability issues. It is a regional problem that should be addressed more effectively at the regional level.

OPTION F: Initiate a study that examines Montgomery County affordability issues in a regional context. Use new data derived from the recently completed inter-jurisdictional planning initiative sponsored by the Maryland Department of Transportation- the “I-95 Corridor Mobility Study.”

OBJECTIVE #2: PROTECT EXISTING AFFORDABLE NEIGHBORHOODS

Protecting and sustaining our existing affordable neighborhoods is the most cost-effective way to maintain a housing stock that is affordable to our workforce. High priority should be placed on supporting neighborhood revitalization, rehabilitation, and other efforts to enhance neighborhood stability and livability.

OPTION A: Use the new Master Plan Housing Chapter and the expanded affordable housing database to identify and quantify the existing stock of non-government sponsored housing affordable to our moderate-income households.

OPTION B: Initiate a comprehensive study to identify successful incentives and techniques that maintain neighborhood affordability and livability. Include a strategy to maintain neighborhood affordability in all new master plans.

OPTION C: Standardize elements of the new Master Plan Housing Chapter; customize elements to reflect unique needs of each planning area. Include such elements as:

- 1) A Countywide description of existing and projected **workforce housing** need and countywide goals;

- 2) A numeric affordable housing goal and implementation strategy customized to the planning area.
- 3) Develop creative strategies and partnerships for adding to or sustaining the affordable housing stock by working with public and private employers to encourage the development of employer-assisted housing in existing neighborhoods. Consider Montgomery County Public Schools (MCPS) as a prototype;
- 4) An inventory of land available for housing, an assessment of the existing supply of housing stock, and a defined strategy to protect the non-governmental affordable housing stock from redevelopment (or a strategy to replace affordable units)

OPTION E: Explore property tax abatements or exemptions for renter or owner occupied housing preservation and rehabilitation in return for a commitment by the property owner for long-term affordability. Consider voluntary price controls in exchange for tax abatements or exemptions.

OPTION F: Develop Enterprise Zones similar to those applicable to commercial areas to facilitate improvement and retention of affordable housing.

OPTION G: Heighten the emphasis on the provision of public open space and parkland in our mature urban communities and in new development, particularly mixed-use neighborhoods. Update the 1992 Recreational Guidelines that apply to the provision of private recreation facilities in residential subdivisions that are intended to supplement the public park system and be maintained privately.

OPTION H: Issue a Request for Proposals (RFP) to identify willing sellers of existing condominium complexes (or individual condominium units) for affordable housing. Not-for-profit to own or lease to a not-for-profit to manage. Develop lease-to-own program for residents. Explore the use of property tax credits as an incentive for building/unit conversion to affordable housing.

OBJECTIVE #3: INCREASE THE OPPORTUNITIES FOR DEVELOPING HIGHER DENSITY HOUSING

Look for density in all the right places. As a maturing County, the future of our housing stock will be determined less by supply of land, than by intensity of its use. As density increases, it is critical to achieve compatibility and acceptability by ensuring design excellence through quality site plans, building materials, landscaping, and open space.

OPTION A: Select affordable housing opportunities from our current, Phase I, inventory of surplus County-owned sites. Initiate an RFP for selected County-owned sites to establish *design-build competitions*, as demonstration projects.

OPTION B: Continue the Housing Montgomery Site Search and Assessment efforts. Include for study the following opportunity areas:

- Surplus sites and publically owned sites including WMATA, WSSC, MCPS, county state and federal sites
- Sites already zoned for housing, including sites for affordable housing and elderly housing including neighborhoods appropriate for revitalization
- Sites near transit stops and stations, Metro stations, Marc rail stations, and along major transportation corridors and highways
- Sites in underutilized commercially or industrially zoned areas and underutilized privately owned parking lots
- Sites in existing rural villages, including internally transferring development rights within the RDT zone

An implementation strategy will be customized to fit the individual opportunity sites. Opportunities include the use of special exceptions, “floating zones” and “overlay zones” within the context of the master plan process. Consider the use of the existing minor master plan amendment process to provide opportunities for community participation to implement affordable housing on selected sites.

OPTION C: Provide a policy framework to identify opportunity areas appropriate for mixed-use, mixed-income centers with higher density and affordable housing. Begin with preparing a framework for all master plans in the I-270 Corridor as part of the existing master plan program. Use the momentum of the master plan program to expand housing affordability opportunities.

OPTION D: Explore incentives throughout the master plan process to make multi-family living more appealing in higher density mixed-use neighborhoods by providing larger units with facilities for families desiring space (in addition to bedrooms) for children or adults (home occupations, offices, playrooms), and nearby open spaces and parkland. This effort will expand housing choice for those wishing to live in more urban environments, while desiring amenities usually available in suburban locations. As the County matures, greater emphasis will focus on infill development and redevelopment. In addition, housing preferences are likely to change in response to demographic shifts. Consideration should be given to broadening housing choices for families living in higher-density areas.

OPTION E: Revise environmental standards to meet the special needs of urban areas that are different from suburban areas. Provide storm water management appropriate to urban areas. Explore the development of an *Environmental Impact Report* for each transit-oriented neighborhood. This report would address projected environmental impacts and required environmental mitigation measures, as well as identify the need for additional open space and parkland. This approach is used in San Francisco to provide greater certainty and clarity of environmental review, early in the master plan process.

OPTION F: Expand government involvement in the assemblage of land to facilitate redevelopment of selected areas, as in St. Louis, where powers of eminent domain are used extensively to move priority redevelopment and affordable projects forward expeditiously.

OPTION G: *Develop a formal policy statement for Montgomery County park houses that continues to give priority to Commission low- and moderate-income households, targets low- and moderate-income households when non-Commission employees rent park houses, defines affordable housing according to HUD and MPDU standards, and establishes a formal process to review the status of park houses. Actively seek special needs tenants as*

houses become available for new occupants, especially if there are no qualified Commission employee tenants. Consider large special needs group homes and the feasibility of creating group homes for specific populations, such as teachers, in large park houses.

OBJECTIVE #4: CREATE REGULATORY INCENTIVES

Create regulatory incentives to reduce the cost of housing development. Use regulatory reform to reduce barriers without sacrificing community goals or lowering design standards. Selectively modify or streamline regulations to accomplish their goals without inhibiting the production of affordable housing.

REGULATORY TOOLS FOR MASTER PLANS

OPTION A: Create “floating zones” and “overlay zones” for residential development to provide additional sites for affordable housing and elderly housing.

OPTION B: Modify the current urban mixed-use zones (TSM, TSR, and RMX) to encourage development of more residential units and a greater variety of housing types within mixed-use projects by providing for more flexible development standards and other incentives.

OPTION C: Create new mixed-use zones for town centers.

OPTION D: Expand opportunities for live/work spaces in Metro station areas and town centers.

OPTION E: Expand opportunities for a density bonus for affordable housing in transit station areas, including central business districts (CBDs)

OPTION F: Modify the Road Code to significantly improve the accommodations for pedestrians.

OTHER REGULATORY TOOLS

OPTION A: Promote and facilitate achieving master plan densities. Make achieving the master plan density a priority throughout the regulatory and permitting process. The regulatory process can squeeze out allowable density to a point where actual density is sometimes less than that recommended in the master plan.

OPTION B: Require a special justification statement, in defined urban areas, for any site that produces less than 90% of the zoned density.

OPTION C: Identify affordable housing as an amenity in mixed-use projects/CBD areas.

OPTION D: Provide an incentive to encourage and allow larger “family housing” units in multi-family zones, or mixed-use/CBD zones. Encourage the development of market-rate and affordable, multi-bedroom apartments (rental or ownership, three to four bedrooms). Consider the following incentives: impact fee reduction, count family units as an amenity, increase the floor-area ratio (FAR) and building height.

OPTION E: Continue to provide extra density bonuses to developers who provide special need housing, and affordable housing.

OPTION F: Streamline the site plan approval process by increasing the use of an administrative process for certain types of projects.

OPTION G: Refine the development approval process to reduce the number of sequential plan reviews, without reducing the quality of projects reviewed.

OPTION H: Consider allowing increased building setbacks as an offset to increased building heights to accommodate higher residential densities for infill development located within or adjacent to existing neighborhoods developed with predominately one-family detached homes.

OPTION I: Review zoning in older commercial areas to identify ways to provide additional housing, such as housing above street-level retail.

OPTION J: Review Zoning Ordinance for open space and green area requirements to better address higher- density urban communities.

OPTION K: Amend the Zoning Ordinance to facilitate adaptive reuse of existing non-residential buildings to provide housing opportunities.

OPTION L: Increase height limits and densities along neighborhood commercial corridors and major transit routes to encourage development of housing above retail.

OPTION M: Expand loft or live/work development beyond the arts districts. Loft units serve a residential purpose and can add to the housing stock.

OPTION N: Eliminate or modify special exception requirements for accessory dwelling units (including granny flats and over-the-garage apartments). Consider a new administrative review process with standards regarding parking and other issues, as a possible substitute for the lengthy special exception process.

OPTION O: Require commercial or employment projects, beyond a threshold size, to provide a related percentage of **workforce housing** on site, nearby, or as recommended in a master plan.

OPTION P: Provide incentives for office park developers to provide affordable housing on their sites.

OPTION Q: Explore the possibility of using transfer development rights (TDRs) in mixed-use centers to achieve affordable housing goals.

OBJECTIVE #5: EXPEDITE REVIEW AND PERMITTING PROCESS

Streamlined regulatory processing and permitting makes building affordable housing more attractive as a land development option.

Staff of various County departments has been directed to coordinate efforts to assure an expedited development approval process for affordable housing projects. Affordable housing is

defined as any project where at least 20% of the units proposed are designated for individuals/families whose incomes are at or below the income level for MPDUs. The new “green tape approval process for affordable housing” will affect the subdivision and site plan review processes, as administered by the Planning Board, and the construction permit processes, as administered by the County departments and WSSC.

OPTION A: Initiate one-year assessment of the new, streamlined review process by both public and private users to determine what’s working and what’s not.

OPTION B: Pilot a “case management” approach to shepherd affordable housing projects through the planning and development process. Set up a *barriers hotline* to respond to developers who need help with or have complaints about the development process for affordable housing.

OPTION C: Set up a general information Internet site targeted to the interests and needs of the development community.

OBJECTIVE #6: EVALUATE MINIMUM PARKING REQUIREMENTS TO LEVERAGE NEW AFFORDABLE UNITS

Parking is one of the most important cost considerations in the provision of affordable housing. Parking spaces are expensive to build, especially where land values are high.

OPTION A: Initiate an evaluation of parking requirements to examine opportunities to reduce the cost of housing.

Consider reducing the minimum parking requirements for: a) housing in transit oriented, mixed-use centers where households don’t require a car for everyday activities and high value is placed on walkability associated with the compact mingling of people and land use in proximity to transit, and b) housing that serves populations that have low auto ownership rates, such as seniors. Allow on-street parking to serve as parking for guests in transit oriented centers rather than increasing the off-street parking requirement. Expand the existing parking reductions for MPDUs into mixed-use zones. Permit additional shared parking in all

mixed-use zones. Examine the latest Urban Land Institute shared parking calculations for possible application in the County.

OPTION B: Encourage other steps to reduce parking need further, such as: a) provide County sponsored vouchers to purchase annual Metro passes for residents in a transit oriented neighborhood; b) support convenient pay-per-use automobile service such as car-sharing organizations; and c) identify possible joint-use opportunities for residential parking with underutilized office and commercial uses.

OPTION C: Convene a *Lenders Workshop* with representatives from lending institutions, developers, non-profits, and government agencies to discuss the relationship between parking requirements and the County's goal of housing affordability. Parking requirements are often placed on a development by lending institutions for more than the minimum of parking specified by the County Code. If lenders do not think a development will be successful because of inadequate parking, they will not fund a project.

OPTION D: Further study the merits and demerits of “unbundling” parking costs from unit costs. If warranted, encourage developers to market parking separate from the dwelling unit. This technique has been implemented in some west coast jurisdictions to demonstrate the actual cost to own one or more cars and the benefit derived from purchasing units without the need for parking cars. By creating a separate market for parking, the cost of parking in the housing transaction is unbundled and the consumer's willingness to either pay or forego the cost of parking is revealed and unit costs can be reduced.

The cost of building parking spaces is another important factor in the parking equation. Above-grade parking in an area like White Flint can add \$20,000 or more to the cost of a residential unit. Further north, in more suburban areas like Germantown, minimum-parking requirements can increase the cost of a residential unit by decreasing the amount of land available for residential development and, therefore, decreasing density that can be sold. In suburban areas, surface parking is often viewed as cost effective, but certainly it is not efficient in the use of the land or the amount of additional impervious surface created.

More households can qualify for mortgages to purchase houses without off-street parking than can for units with parking. The high cost of parking increases the cost of development,

hides the major expense of owning a vehicle, and works against making home ownership and rents affordable to many in the workforce.

OBJECTIVE #7: PROMOTE GREATER ASSISTANCE IN FINANCING DEVELOPMENT OF AFFORDABLE HOUSING

Reduce the cost of doing business. The waiving, deferral, or reimbursement of front-end development costs can be extremely beneficial to affordable housing development. The reductions of front-end costs ripple through an affordable housing development process and can often make the difference between the project happening or not happening.

How the County finances infrastructure improvements or requires a developer to finance infrastructure affects the timing of project development and the amount of revenue a project must generate to fulfill its financing obligations. By further assisting in the cost of servicing infrastructure, particularly in-fill and redevelopment projects, the government can be key to unlocking an area for residential development.

OPTION A: Waive or defer fee requirements until permanent financing is in place for housing projects that meet certain affordability standards, as an incentive to stimulate private sector production of affordable housing. A variety of fee waiver or deferrals might be considered such as permit fees, project plan fees, sewer inspection fees, grading permit fees, etc.

OPTION B: Initiate a *No Fee Zone* to encourage housing affordability development in targeted areas by waiving selected fees.

OPTION C: Work to expand State pressure, on all counties and jurisdictions, to take their fair share of affordable housing. State funding for roads, schools, etc. should be structured toward those jurisdictions that are building more affordable housing. Foster expansion of State role in affordable housing issues.

OBJECTIVE #8: EXTEND AND STRENGTHEN THE MODERATELY PRICED DWELLING UNIT PROGRAM

Make the best better!

OPTION A: Update the MPDU Ordinance to better apply to high-rise residential projects.

OPTION B: Make the rental portion of all MPDUs affordable for 30 years so that these units will be in the affordable housing stock

OPTION C: Limit MPDU buy-outs to the most critical situations---but the cost should be commensurate with the loss of the unit, not the underlying land value

OPTION D: Explore the possibility of expanding the MPDU program to/or creating a parallel program for renovating older buildings.

OPTION E: Raise the Master Plan height Guidelines to achieve additional MPDU density.

OBJECTIVE #9: SUPPORT AFFORDABLE HOUSING THROUGH THE ANNUAL GROWTH POLICY (AGP)

The Special Ceiling Allocation for Affordable Housing has been part of the Annual Growth Policy since its inception.

The Special Ceiling Allocation (SCA) is intended to help encourage the production of affordable housing by allowing the approval of subdivisions with an added component of affordable housing in areas that are otherwise in development moratorium because of inadequate transportation facilities.

There has been a concern related to the SCA raised in recent years: a concern that persistent moratoria in some parts of the County have led to an over-concentration of affordable housing in those areas. This issue has been resolved by limiting the total number of housing units that can be approved under the provision in any one-policy area. In addition, there appears to be increased interest in the use of the SCA for Affordable Housing due to the expiration of the

alternative review procedure that allowed residential approvals in moratorium areas upon payment of a fee.

The on-going AGP reassessment process will look to identify ways in which the AGP's provisions could result in more affordable housing, alternatively it will determine if additional provisions are needed to take into account concentrations of existing affordable housing.

The options that AGP staff recommends evaluating in more detail to encourage the production of more affordable housing include:

OPTION A: Allow development projects using the SCA for Affordable housing to by-pass both Policy Area Transportation Review and Local Area Transportation Review. Currently, projects only by-pass Policy Area Transportation Review.

OPTION B: Convert some existing staging ceiling to capacity reserved for projects with added components of affordable housing.

OPTION C: Create a fund in the Capital Improvement Program (CIP) that would pay for the transportation infrastructure needed to support affordable housing development.

Option D: Convert jobs staging ceiling to housing; this would make more capacity available for housing.

OPTION E: Eliminate staging ceilings for housing entirely or in a targeted fashion such as for in-fill housing only.

OBJECTIVE #10: PROMOTE COMMUNITY COMPATIBILITY SAFEGUARDS

Community support is crucial to the successful development of affordable housing

Development proposals that include neighborhood involvement and address site design, character, and compatibility concerns are best positioned to succeed. The overarching objective should focus on excellence of design so that affordable housing cannot be distinguished from market rate housing.

OPTION A: Establish *Design Guidelines* to help encourage compatibility with existing conventional neighborhoods and to help guide Planning Board review of site plans, preliminary plans, project plans, and special exceptions.

OPTION B: Develop an *Architectural Elements Manual* for affordable housing to inform builders and the community of compatibility features. Consider using a “menu” format.

OBJECTIVE #11: USE DESIGN EXCELLENCE TO PROMOTE AFFORDABLE HOUSING

OPTION A: Sponsor a high profile *Housing Montgomery Annual Design Award* recognizing excellence in residential development that achieves exceptional compatibility with the surrounding community.

OBJECTIVE #12: EXPLORE DISPUTE RESOLUTION PROCEDURES

Resolving disputes will become increasingly important. As the County matures and greater emphasis is placed on redevelopment, revitalization, and in-fill development, contentious community debate increases.

Much of the anticipated contentious debate regarding increased density and affordable housing might be resolved earlier and with less cost if there were facilitated negotiation or third party intervention for selected projects.

Groups look to the Planning Board or County Council as a means for stopping projects they don't like. If that doesn't work, litigation is the next option. A zero-sum game is often played, civility in public debate evaporates, and intergroup tension often divides neighborhoods. Growing civic responsibility is difficult in this environment. Consensus building is seriously compromised.

OPTION A: Analyze the success stories of some jurisdictions that have integrated negotiation into their respective planning and regulatory processes for targeted projects.

Analyze potential costs and benefits. Explore resources available from the University of Maryland's pilot program involving community development and negotiation techniques, which is funded by a grant from the Fannie Mae Foundation.

OPTION B: Consider using the People's Counsel as a forum for mediation.

OPTION C: Consider using facilitated negotiation to establish countywide policy guidelines for initiatives such as- infill, redevelopment, and mixed- use, mixed income development.

OBJECTIVE #13: BUILD AN INFORMED CONSTITUENCY

Organized neighborhood opposition to new development reflects the politics of diffused public benefit and perceived concentrated impact in a particular neighborhood. Neighborhood advocacy has succeeded in deterring change at the expense of housing affordability.

Dispelling the myths surrounding affordable housing and increased density is one of the most formidable challenges to expanding housing choice in the County. A strategy must be developed that promotes *Housing Montgomery*—a community in which neighbors see sound development as adding value to their neighborhood.

Neighbors of affordable housing are often concerned that new housing will adversely affect their neighborhood with increased traffic, stress on schools and other public facilities, changes in neighborhood character, and decreased property values. These issues should be addressed early on in the planning process.

Continuing to build alliances with the local media to improve coverage of the relationship between affordable housing, the workforce, and economic well-being is highly desirable. How the media portrays the challenge of providing affordable housing can help determine whether the public embraces or thwarts affordability in their neighborhoods.

OPTION A: Develop a *Housing Montgomery Community Design and Building Toolkit* that clearly targets the issues of most concern to neighborhoods. Include a Countywide and workforce perspective; information regarding design guidelines and site design requirements,

property values, safety, traffic, public service, schools, environment, affordable unit concentration, and park usage.

OPTION B: Develop a well-orchestrated, high-profile public education *Workforce Housing Campaign* to garner support of housing that is affordable to Montgomery County's workforce. Develop it in conjunction with the business, non-profit, and civic communities.

The Campaign should focus on print and media material designed to dispel myths about housing that is affordable to the County workforce. Put a face on the moderate-income workforce in need of housing so as to personalize and expand public understanding.

OPTION C: Enhance media coverage-sponsor workshops for journalists regarding workforce-housing issues. Support walking tours of neighborhoods for journalists and editors. Encourage the media to give affordable housing a regular voice through op-ed columns and special articles. Meet with editorial boards to broaden their understanding of housing issues.

OPTION D: Produce an affordable housing video to promote facts and dispel myths. Integrate into master plan preparation process. Distribute broadly. Highlight the success stories here and across the country.

OBJECTIVE #14: ENCOURAGE EMPLOYEE HOUSING ASSISTANCE PROGRAMS

Montgomery County will only be able to attract and retain a world-class workforce, if the business community understands and addresses housing affordability for their employees. Promote awareness. Promote support. Promote cooperation. Promote assistance programs.

Large employers and institutions have a big impact on the housing needs of Montgomery County.

OPTION A: Convene an *Employer-Assisted Housing Workshop* with major employers, affiliated credit unions, and with experts from mainstream mortgage lending institutions to assist County employers in developing employer-assisted housing programs as part of employee benefit packages. This assistance could take the form of a forgivable loan, down

payment and closing cost assistance, employee rental subsidy or employer-built housing. These programs could be: a) company specific (Marriott Corporation), b) industry-based (Biotech Housing Consortium), or c) occupation-based (Teachers or Public Safety Housing Initiative). Encourage reactivation of the MCPS mortgage underwriting program for entry-level teachers.

OPTION B: Initiate a study to establish a linkage between demand for low- and moderate-income housing and new commercial and office space and the quantity of housing required for jobs created, to clearly demonstrate public and corporate benefit of providing more affordable housing.

OPTION C: Spearhead a multi-faceted outreach program targeted to promote employer and organized labor awareness of the relationship between affordable housing, the workforce, and County economic well-being.

OPTION D: Convene an *Employer Housing Workgroup*, comprised of large and small employers, organized labor, and lending institutions.

Task the Workgroup to: a) explore workforce affordability issues with the County Council, and b) develop a *Countywide Workforce Housing Strategy*.

OPTION G: Explore the range of funding options for prototype development of employer assisted affordable housing, such as the AFL-CIO Housing Investment Trust Fund.

OPTION H: Prioritize development of *workforce housing information packets* for corporate Human Resource Directors regarding affordable housing facts and options.

OPTION I: Encourage the expansion of the “*Live Where You Work*” Program.

OBJECTIVE # 15: ENCOURAGE BROAD-BASED HOUSING ADVOCACY

Advocate strategically. The commitment and drive to make affordable housing a reality must come from elected leaders and a broad-base affordable housing coalition, including

the business community, organized labor, non-profits, lending institutions, the civic community, and our political leadership.

We must expand affordable housing advocacy to create a broader coalition of support.

OPTION A: Convene a high-profile *Housing Montgomery Stewardship Workgroup* reflecting a countywide perspective and broad representation- including small and large employers, the home building industry, representatives from higher education, organized labor, faith-based and non-profit organizations, lending institutions, and the civic community.

They could offer expertise and guidance regarding affordable housing goals, policies, and programs; suggest initiatives for study by the County Council; and provide important political support, particularly when elected officials must make tough decisions.

OPTION B: Further expand the dialogue with the state delegation to ensure coordination between local affordable housing policies and State funding decisions. Work with delegation to take a leadership role in proactively addressing the housing affordability problem.

Appendix C. Update -- Affordable and Special Needs Housing Action Plan (Trombka, 2004)

PHED COMMITTEE #1
December 13, 2004

MEMORANDUM

December 9, 2004

TO: Planning, Housing, and Economic Development Committee
FROM: ^{AT}
Aron Trombka, Legislative Analyst
SUBJECT: Update – Affordable and Special Needs Housing Action Plan

The purpose of this session is for the Planning, Housing, and Economic Development (PHED) Committee to receive an update on the Council's Affordable and Special Needs Housing Action Plan. A copy of the Council's Affordable and Special Needs Housing Action Plan appears on © 1 - 2.

Planning Board Chair Derick Berlage, DHCA Director Elizabeth Davison, and HOC Executive Director Scott Minton will attend the session.

Background

In October 2002, the Council hosted a roundtable at which a panel of experts presented proposals on how the County might promote the development, restoration, and retention of affordable and special needs housing. In the months following the roundtable, the PHED Committee (and subsequently all Councilmembers) reviewed the suggestions that emerged from the roundtable and identified the highest priority action items for the County to undertake to address the shortage of affordable and special needs housing. The items selected by Councilmembers as the highest priorities appear in the Affordable and Special Needs Housing Action Plan.

Status of Initiatives

Council Staff asked for updates for each of the 12 new and five on-going initiatives. The status of each initiative is described on the following pages.

New Initiative I: *Review increasing zoning densities at transportation and commercial centers.* M-NCPPC staff has undertaken a review of CBD and commercial center zones to try to increase flexibility within existing zones in order to maximize opportunities for affordable and MPDU housing. Several of the strategies to increase density were included in the ZTAs approved by Council as part of the MPDU package. M-NCPPC staff expects to complete an action plan that will assess the factors affecting the market success of redeveloped retail centers, identify mature commercial centers that may be candidates for redevelopment, and propose specific public sector actions (including regulatory changes) to promote successful and compatible redevelopment.

New Initiative II: *Establish an expedited zoning, permitting, and site plan processes for affordable housing.* In 2004, M-NCPPC Green Tape program was utilized by three projects. Two (Olney Manor and Gables Rothbury Square) have been approved and one (National Park Seminary) has not yet gone to the Planning Board. These projects include residential or mixed-use development that designated at least 20 percent of the total number of housing units to persons or families with incomes at or below the income level for moderately priced dwelling units (MPDUs) as provided in the Montgomery County Code. The projects include:

<u>Project Name</u>	<u># of units</u>	<u># of MPDUs</u>
Olney Manor	100	20
Gables Rothbury Square	203	41
National Park Seminary	299	37

New Initiative III: *Incorporate affordable housing as a specific objective in each master plan.* All master and sector plans now include a chapter on housing. In 2004, housing chapters--each with housing objectives and site designations--were prepared for Damascus Master Plan, Shady Grove Sector Plan, and the Olney Master Plan. Preparations have begun for the writing of the housing chapters for the Twinbrook Sector Plan, the Gaithersburg Master Plan, and the Germantown Master Plan.

New Initiative IV: *Lobby the State to assess MPDU properties based on controlled prices and rents.* Council Staff has confirmed with the State and the County Finance Department the both sale and rental MPDUs are assessed at below market value during the control period. While that is the State's policy, in practice, some MPDUs have been inadvertently assessed at market rate. The Department of Finance has worked with the State to correct these problems.

New Initiative V: *Work to curb predatory lending by bringing more mainstream lenders to the community or by adopting laws to better regulate lending practices.* The Council will hold a public hearing on December 14 on Bill 36-04. This bill is intended to identify specific categories of predatory lending activities that constitute discriminatory housing practices and to submit these practices to possible damages imposed by the County Commission on Human Rights.

New Initiative VI: *Establish numeric goals for production of new special needs housing and set a timeline for achieving the goals.* Councilmembers may wish to discuss this item in the context of the production goals established in the County's Housing Policy.

New Initiative VII: *Develop information resources containing information to address frequently asked questions about affordable housing, special needs, and assisted living projects.* M-NCPPC, in coordination with DHCA and HOC, recently developed and published 5,000 copies of a Workforce Housing Information Packet. The information packet is designed to expand understanding of the need for workforce and affordable housing to the business and civic communities, and to promote the development of employer assisted housing throughout Montgomery County. M-NCPPC and Fannie Mae jointly sponsored a Workforce Housing Roundtable on November 10, 2004 to promote development of employer assisted housing programs throughout Montgomery County. M-NCPPC staff will meet with DHCA, HOC, and Fannie Mae to develop a strategy for expanding employer assisted housing among key county employers.

New Initiative VIII: *Review special exceptions process for affordable senior housing, accessory apartments, and other special needs housing.* The Council held a public hearing on ZTA 4-10 on September 30. The ZTA would provide for an administrative (rather than special exception) process to review and approve certain accessory apartment applications.

New Initiative IX: *Work with State officials to increase Montgomery County's allocation of housing bond cap.* HOC has successfully worked with the Maryland State Department of Housing and Community Development (DHCD) to secure an additional \$20 million in bond cap. The additional allocation is available through CY 2005, and it continues to expand HOC's ability to fund affordable housing development in the County.

New Initiative X: *Review County tax and fee policies affecting affordable and special needs housing.* Council Staff has compiled a list of fees and charges related to the residential development permitting process. The PHED and T&E Committees will hold a joint session to review these fees and charges and to discuss their affect on the cost of producing affordable and special needs housing.

New Initiative XI: *Explore the possibility of accepting private contributions to the Housing Initiative Fund; Lobby for increased Federal funding of regional housing initiatives.* DHCA continues to work with neighboring jurisdictions and housing interest groups to support the creation of regional and housing trust funds. DHCA has not yet begun work to solicit private contributions to HIF as it has directed its staff resources to other HIF related matters.

New Initiative XII: *Undertake additional efforts to target affordable "workforce housing" including developing a "Live Near Your Work" initiative for public employees.* The Planning Board recently approved an Employer Assisted Housing (EAH) Program for all career employees. The Program consists of three elements:

- A Park House Rental Program, which expands access to 65 park house rentals for employees with household income below \$85,000 (for a family) or \$70,000 (for an individual). M-NCPPC also has invited other County agencies to participate in the Park House Rental Program. (see © 3)
- A Financial Management Education Program to help interested staff manage their household finances and move on to homeownership. This program is being developed in cooperation with HOC and Fannie Mae.
- A Financial Incentive Program whereby a network of national and local mortgage lenders agree to offer homeownership assistance to graduates of the Educational Program.

In addition, Councilmember Silverman recently sent the attached memorandum to Ms. Davison and Mr. Berlage requesting recommendations on how to encourage the provision of housing affordable to families at or near the median income (see © 4 - 5).

Continuing Initiative I: Identify undeveloped and underdeveloped publicly-owned properties that may be suitable for development of affordable or special needs housing. The PHED Committee will discuss this item as a separate agenda item on December 13.

Continuing Initiative II: Continue development of personal living quarters (PLQ) supportive housing projects. The Seneca Heights apartments (formerly the EconoLodge) in Gaithersburg opened in June 2004. HOC and DHCA are working to develop 12 units on Hampden Lane in Bethesda to house very low income residents. DHCA continues to work to identify other sites for very low income housing.

Continuing Initiative III: Create development standards necessary to apply MPDU requirements to certain large lot zones. The Council approved ZTA 03-09 on November 30, 2004.

Continuing Initiative IV: Develop financial literacy and credit counseling programs for renters, potential first-time home buyers, and existing low-income home owners. M-NCPPC, HOC, and Fannie Mae are developing a financial education component of the Employer Assisted Housing Program. (see *New Initiative XII*). The curriculum includes household financial management/financial literacy, preparation for homeownership, and post-settlement responsibility. Completion of the program will allow the employee access to a network of lending institutions, if they desire to move on to homeownership.

Continuing Initiative V: Continue data collection efforts on affordable housing including identifying the stock of non-government sponsored housing affordable to moderate income households. M-NCPPC Staff have developed a "Housing Impact Statement" to collect and report information on affordable housing as part of the development review process. The

Housing Affordability Impact Statement will help decision makers monitor the implications of planning and regulatory decisions on the supply and affordability of housing in the County. M-NCPPC reports that Housing Affordability Impact Statements soon will accompany preliminary plans, site plans, project plans, re-zoning cases, special exception cases, and mandatory referrals (including federal and county capital improvement programs) throughout the entire review process.

Attachments

F:\Trombka\PHED Packets - 2004\Affordable Housing Action Plan 12-13-04

Action Plan to Address the Shortage of Affordable Housing in Montgomery County

New Initiatives

	Action Item	Lead Dept./Agency
I.	Review increasing zoning densities at transportation and commercial centers, through review of existing zoning, possible creation of an affordable housing overlay zone, consideration of affordable housing as an amenity, evaluation of opportunities to develop housing in commercial zones; use of TDR's, reduction of parking requirements, and other strategies.	M-NCPPC
II.	Establish an expedited zoning, permitting, and site plan processes for affordable housing projects.	M-NCPPC, DPS, WSSC
III.	To further the County's Housing Policy goal to achieve a broad range of affordable housing throughout the County, incorporate affordable housing as a specific objective in each master plan and clarify that master plan designation of sites appropriate for affordable or special needs housing will not preclude selection of additional sites in the future as appropriate for affordable or special needs housing.	M-NCPPC
IV.	Lobby the State to assess the value of property for MPDUs based on controlled rents and to assess property taxes for rental properties based on actual rents rather than market rents.	Executive, Council, OIR
V.	Work to curb predatory lending by bringing more mainstream lenders to the community or by adopting laws to better regulate lending practices.	DHCA
VI.	Establish numeric goals for production of new special needs housing and set a timeline for achieving the goals.	DHCA, DHHS, M-NCPPC, HOC
VII.	Develop information resources containing information to address frequently asked questions about affordable housing special needs and assisted living projects.	M-NCPPC, DHCA, DHHS, HOC
VIII.	Review special exceptions process for affordable senior housing, accessory apartments, and other special needs housing.	M-NCPPC, BOA
IX.	Work with State officials to increase Montgomery County's allocation of housing bond cap	DHCA, HOC, OIR
X.	Review County tax and fee policies affecting affordable and special needs housing.	DHCA, Council
XI.	Explore the possibility of accepting private contributions to the Housing Initiative Fund; Lobby for increased Federal funding of regional housing initiatives.	DHCA, OIR
XII.	Undertake additional efforts to target affordable "workforce housing" (for teachers, police, firefighters, etc.) including developing a "Live Near Your Work" initiative for public employees.	DHCA

Continuing Initiatives

	Action Item	Lead Dept./Agency
I.	Identify undeveloped and underdeveloped publicly-owned properties that may be suitable for development of affordable or special needs housing.	DHCA, M-NCPPC
II.	Continue development of personal living quarters (PLQ) supportive housing projects.	DHCA, DHHS
III.	Create development standards necessary to apply MPDU requirements to certain large lot zones.	M-NCPPC
IV.	Develop financial literacy and credit counseling programs for renters, potential first-time home buyers, and existing low-income home owners.	DHCA, HOC
V.	Continue data collection efforts on affordable housing including identifying the stock of non-government sponsored housing affordable to moderate income households.	M-NCPPC

2/27/03

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ATTACHMENT #1



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
Office of the Chairman, Montgomery County Planning Board

November 29, 2004

Dr. Jerry D. Weast, Superintendent
Montgomery County Public Schools
850 Hungerford Drive
Rockville, MD 20850

Dear ^{Jerry} Dr. Weast:

On behalf of the Montgomery County Planning Board and the Fannie Mae Corporation, I would like to take this opportunity to thank you for your participation at the Workforce Housing Roundtable on November 10th. Your involvement in the Roundtable personalized the serious need for affordable workforce housing for our County employees, particularly for our first responders and teachers. Your presence, also, sparked interest among key private employers in developing employer assisted programs.

As you know, the Planning Board recently endorsed an innovative Employer Assisted Housing (EAH) Program for employees of the Department of Park and Planning. The EAH Program is comprised of three elements, one of which is the rental of existing park houses to income-eligible employees of the Department.

When the Planning Board endorsed the EAH Program, it developed a policy that allows the Department to offer park housing to income-eligible employees of other County agencies, when Department employees express no interest. To date, however, we have not developed a formalized mechanism to implement the Planning Board policy and advertise the availability of the park houses to income-eligible County employees.

I think this is an opportune time for us to explore how we might formalize a working relationship to help maximize the use of Park and Planning's stock of 65 park houses by income-eligible County employees. If there is enough commitment among us, I would suggest subsequent meetings of our respective staff to work on implementation.

If you are interested in moving forward with this idea, please contact Melissa Cufña Banach, Chief, Strategic Planning Division at 301.495.4509.

Sincerely,

Derick Berlage
Chairman

Montgomery County Planning Board, 8787 Georgia Avenue, Silver Spring, Maryland 20910
Phone: (301) 495-4605, Fax: (301) 495-1320, E-mail: mcp-chairman@mncppc-mc.org, www.mncppc-mc.org

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MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

OFFICE OF THE COUNCIL PRESIDENT

MEMORANDUM

November 29, 2004

To: Elizabeth Davison
Director, Department of Housing and Community Affairs

Derick Berlage
Chairman, Montgomery County Planning Board

From: Steven Silverman
Council President

A handwritten signature in black ink, appearing to read "S. Silverman", written over the name "Steven Silverman".

Subject: Workforce Housing

As you know from our recent work on affordable housing, a relatively new aspect of this crisis is the lack of housing affordable to families whose income is near the County median (currently approximately \$80,000). These families typically cannot afford an existing single family detached home, or a new town home, and certainly cannot afford a new single family detached home.

All of us agree that we must find new ways to address this issue, as well as continue and expand our efforts to address the housing crisis facing our residents of moderate incomes, for whom the MPDU program is targeted, and the poorest of our residents, who are the focus of many of our existing housing programs.

During the PHED Committee discussion of the Olney Master Plan, when a property owner proposed to provide a certain amount of workforce housing in return for a certain density level, Council and Planning staff indicated that there did not appear to be any authorized mechanism to permit such an approach, nor to guarantee its implementation.

Given our mutual interest in addressing the issue of workforce housing I would like to request that you and your staff provide recommendations to the Planning, Housing, and Economic Development Committee regarding ways to encourage the provision of housing that would be affordable to families at or near the median income. At this point in time, I believe an incentive-based approach is preferable to a mandatory requirement such as our MPDU ordinance.

STELLA B. WERNER COUNCIL OFFICE BUILDING • 100 MARYLAND AVENUE • ROCKVILLE, MARYLAND 20850
240/777-7900 • TTY 240/777-7914 • FAX 240/777-7989
WWW.MONTGOMERYCOUNTYMD.GOV

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Memo
November 29, 2004
Page 2

I believe it would be important to:

- Develop a recommended definition of workforce housing; I believe it is typically defined as 80-120% of median income;
- Determine whether any legislative authorization is needed and if so, under what circumstances;
- Determine whether there are zones in which it would be appropriate to permit or condition additional density on the provision of workforce housing and if so, a mechanism for determining an appropriate relationship between density and workforce housing;
- Determine whether there are any development standards that could be modified to encourage the provision of single family detached workforce housing; and
- Determine whether there are any additional mortgage or other financial assistance programs we should consider as a way to help families at this income level purchase existing market-rate homes.

I know your staff have considerable knowledge of efforts undertaken by other jurisdictions to promote affordable housing, and so would expect that your recommendations would include any promising programs from other jurisdictions.

In December, after the conclusion of our work on the MPDU program, the Planning, Housing, and Economic Development Committee will have an update on the status of our other affordable housing initiatives. I believe we should add this work element to our Action Agenda for Affordable Housing.

I would hope that you could provide some preliminary advice by mid-March with more detailed proposals ready for Council introduction by late spring.

I look forward to working with you on this issue that is critical to so many Montgomery County families.

c: Councilmembers
Scott Minton, Executive Director, HOC
Aron Trombka

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Appendix D. Results of Firefighters Survey (MCCFF, Inc., 2005)



Montgomery County Career Fire Fighters
Association, Inc.

Results of Survey with regards to “Where our Members Live”

Background

In May of 2003, the Montgomery County Career Fire Fighters Association (MCCFFA) participated in an Affordable Housing Focus Group held by the Montgomery County Department of Parks and Planning. As part of our participation, our organization conducted a survey of our membership database to determine where the majority of our members live. With the escalating price of housing, it became apparent that a number of County workers who live in Montgomery County were moving to other jurisdictions to purchase a residence where the costs were still affordable.

The results of that survey revealed that as of the survey date, only 276 (31.3%) of a total of 881 records reviewed lived in Montgomery County¹. The information was based on sorting our members' records via their individual zip codes. A similar survey was completed for our active-retirees (those who kept their membership current after retirement), where 145 records were sorted. The results were comparable with 34% of our active-retirees remaining in Montgomery County.

¹ See attached 2003 survey for complete results

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Montgomery County Career Fire Fighters
Association, Inc.

New Survey

The MCCFFA was again asked to participate in the 2005 Affordable Housing Conference as a panel participant. President John Sparks and Recording Secretary Nick Venuto determined that another survey should be performed prior to the May 2nd conference to be used as a comparison. Over the past 23 months, housing costs continued to rise. The new active workforce has changed, with new employees residing from a number of different areas throughout the State of Maryland and beyond.

Results of 2005 Survey

A total of 878 active MCCFFA members' zip code records were extracted from our organizations data base. Of these records, 11 were deemed to be inaccurate and not used for this survey; 867 records were reviewed and separated into individual counties in the State of Maryland and into individual States outside of Maryland. The results were as follows:

Montgomery County, Maryland	207 members or 23.9%
Frederick County, Maryland	208 members or 24%
Prince George's County, Maryland	67 members or 7.8%
State of Pennsylvania	55 members or 6.4%
Carroll County, Maryland	52 members or 6%
Washington County, Maryland	49 members or 5.7%

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Montgomery County Career Fire Fighters
Association, Inc.

Anne Arundel County, Maryland	39 members or 4.5%
Howard County, Maryland	38 members or 4.4%
State of West Virginia	22 members or 2.6%
Baltimore, County, Maryland	20 members or 2.4%
State of Virginia	19 members or 2.3%
Queen Anne's County, Maryland	14 members or 1.7%
Calvert County, Maryland	13 members or 1.5%
Baltimore City	12 members or 1.4%
Harford County, Maryland	10 members or 1.2%
Charles County, Maryland	9 members or < 1%
Washington, D.C.	9 members or < 1%
Alleghany County, Maryland	5 members or < 1%
St. Mary's County	5 members or < 1%
Talbot County, Maryland	3 members
Dorchester County, Maryland	3 members
Caroline County, Maryland	2 members
Wicomico County, Maryland	2 members
Worcester County, Maryland	2 members
Cecil County, Maryland	1 member
State of New Jersey	1 member

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Montgomery County Career Fire Fighters
Association, Inc.

The same method was used to review the active retiree's data. A total of 160 records were reviewed with all 160 considered useable. The results were as follows:

Montgomery County, Maryland	44 members or 27.5%
Frederick County, Maryland	38 members or 24%
State of Florida and Howard County, Maryland	9 members or 5.7%
Anne Arundel County, Maryland	6 members or 4%
Prince Georges County, Maryland	6 members or 4%
Washington County, Worcester County and State of Virginia	5 members or 3.5%
State of West Virginia	4 members or 3 %

Comparison of 2005 to 2003

The results of both surveys were compared side by side based on percentages. The actual numbers used in the two surveys, while not exactly the same, were relatively similar.

	2003 (881)	2005 (878)	Change
Montgomery County	31.3%	23.9%	- 7.4%
Frederick County	26.8%	24%	- 2.8%
Prince George's County	8.6%	7.8%	- .8%

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State of Pennsylvania	2.1%	6.4%	+ 4.3%
Carroll County	2.1%	6%	+ 3.9%
Washington County	3%	5.7%	+ 2.7%
Anne Arundel County	4.6%	4.5%	- .1%
Howard	5%	4.4%	- .6%
State of West Virginia	1.4%	2.6%	+ 1.2%
Baltimore County	1.8%	2.4%	+ .6%
Baltimore City	1.7%	1.4%	- .3%
State of Virginia	1.8%	2.3%	+ .5%
Rest of Maryland Counties *, Washington D.C. and other States.	4.5%	6.5%	+ 2.0%

*Queen Anne, Harford, Charles, St. Mary's, Caroline, Dorchester, Calvert, Worcester, Wicomico, Cecil, Washington, D.C. and New Jersey.

Conclusion

Over the past two years, the trend of County fire fighters living in Montgomery County continues to decline. Somewhat surprising are the numbers appearing to fall specifically in the jurisdictions closest to Montgomery County, in particular Prince George's County and Frederick County.

The numbers of fire fighters who do live outside the County appear to be moving farther away into outlying counties of Washington County and Carroll County. The State of Pennsylvania has the largest increase in 4.3% of the total

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Association, Inc.

work force since 2003. Perhaps the most telling statistic of all is that in 2003, 31.3% or almost 1/3 of the workforce lived in Montgomery County. Today, it is only 23.9%, or less than ¼.

Factors to Consider

A number of influences may well contribute to the falling numbers:

1. The difficulties in recruiting and retaining qualified applicants that live within the County increases. The competition among the surrounding jurisdictions finds that potential candidates have plenty of options when looking for a career in the Fire Service. As an example, today a first year fire fighter who is employed by Fairfax County has a starting salary that is \$7,000.00 higher than a similar fire fighter in Montgomery County.

2. In 2003, Montgomery County had the 2nd highest median household income at \$78,750.² During this same period the median sale price of a home in Montgomery County rose to \$295,500. Compare these figures to the 2003 salary schedule of a 15 year Fire Fighter 3 whose salary at that time was \$58,080.00³; it is apparent why so many fire fighters live elsewhere (e.g., the median sale price of a home in Prince George's County during the same time period was \$195,398.00 and in Washington County it was \$149,900).

² Choose Maryland.Org (Maryland Dept. of Planning)

³ (2) Appendix 1 FY 2003 MC Collective Bargaining Agreement July 1, 2002, - June 30, 2005.

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Association, Inc.

3. In a May, 2004 article written in Money Magazine, The Federal Housing Finance Board wrote "The First-Time Homebuyer Affordability Index shows a typical first-time buyer household – those aged 25 to 44 with an annual income of \$30,980 – had 83.4 percent of the income needed to purchase a typical starter home with a 10 percent down payment. First-time buyers could afford a home costing \$121,100.00 but the median price was \$145,200."⁴ Based on the statistic given for Montgomery County, one can see the difficulties confronted by a County fire fighter trying to purchase a home on the current salary structures.

4. Despite recent gains in salaries by collective bargaining agreements, career fire fighters remain 12% behind in pay when compared to the salaries of Montgomery County Police Officers. The Police Department faces similar competition from surrounding jurisdictions to recruit and retain qualified applicants.

⁴ Money Magazine May 3, 2004 "Homes more affordable in 1Q"

Appendix E. MPDU Condominium Fee Analysis (DHCA/Bolan Smart Associates, 2004)

MPDU CONDOMINIUM FEE ANALYSIS Montgomery County, MD November 2004

At the request of the Montgomery County Department of Housing and Community Affairs, Bolan Smart Associates has undertaken a brief analysis of the probable condominium fees associated with several different forms of condominium development in Montgomery County. The purpose of this analysis is twofold:

1. *To determine the probable MPDU condo fees for different kinds of development.*
2. *To determine if market rate buyers may in effect have to subsidize MPDU buyers.*

Our findings and observations are as follows (see attached table):

- a) Condo fees for a 1,000 square foot two-bedroom unit range from \$270/month in a mass-market low-rise development to \$540+ in a 1,000 sf high-rise building.
- b) The typical two-person MPDU household earning \$48,000/year can afford to spend \$1360/month (34%) for housing exclusive of utilities and unit maintenance.
- c) MPDU buyers of typical mass-market low-rise apartments are likely to be able to afford condo fees.
- d) MPDU buyers of mid and high-rise units are less likely to be able to afford probable condo fees without spending more on housing costs than is prudent or feasible.
- e) MPDU buyers of mid-rise apartments would need to spend \$127/month more than is feasible in order to cover their condo fees.
- f) MPDU buyers of mid-priced high-rise apartments would need to spend \$380/month more than is feasible to cover their condo fees.
- g) MPDU buyers of luxury high-rise apartments would need to spend \$540/month more than is feasible to cover their condo fees.
- h) Market rate buyers of mid and high-rise condo units may need to subsidize the condo fees of MPDU purchasers by \$18 to \$77/month per market rate buyer, depending on building type in a typical 200-unit development with 12.5% (25) MPDUs.

BOLAN SMART ASSOCIATES

MPDU CONDOMINIUM FEE ANALYSIS

Montgomery County, MD
two-bedroom / two-person occupancy unit

	low-rise 2-4 story	mid-rise 4-6 story	high-rise mid-priced	high-rise luxury
Unit Size (sf)	1,000 sf	1,000 sf	1,000 sf	1,000 sf
Unit Market Price	\$275,000	\$350,000	\$400,000	\$550,000
MPDU Price	\$120,000	\$160,000	\$190,000	\$210,000
MPDU Annual Gross Income	\$48,000	\$48,000	\$48,000	\$48,000
MPDU Monthly Gross Income	\$4,000	\$4,000	\$4,000	\$4,000
MPDU Monthly Income for Housing (a) 34.00%	\$1,360	\$1,360	\$1,360	\$1,360
MPDU Monthly Mortgage Related Cost				
principal & interest (95% fin, 30 yr term) 6.00%	\$735	\$980	\$1,164	\$1,287
real estate taxes 1.15%	\$115	\$153	\$182	\$201
insurance 0.25%	<u>\$25</u>	<u>\$33</u>	<u>\$40</u>	<u>\$44</u>
total mortgage related cost	\$875	\$1,167	\$1,386	\$1,532
MPDU Available Income After Mortgage	\$485	\$193	(\$26)	(\$172)
MPDU Income Available for Condo Fees	\$485	\$193	\$0	\$0
Typical Monthly Condo Fees (per square foot)	\$0.27	\$0.32	\$0.39	\$0.54
monthly total	\$270	\$320	\$390	\$540
MPDU income available for condo fees	<u>\$485</u>	<u>\$193</u>	<u>\$0</u>	<u>\$0</u>
MPDU monthly condo fee deficit	\$0	(\$127)	(\$380)	(\$540)
Monthly Condo Fee Cost for 200 Unit Bldg.	\$54,000	\$64,000	\$78,000	\$108,000
market rate units income (175 units)	\$47,250	\$56,000	\$68,250	\$94,500
MPDU monthly income (25 units @ 12.5%)	<u>\$6,750</u>	<u>\$4,833</u>	<u>\$0</u>	<u>\$0</u>
	\$54,000	\$60,833	\$68,250	\$94,500
Monthly Surplus / Deficit for Entire Bldg.	\$0	(\$3,167)	(\$9,750)	(\$13,500)
Implied Market Unit Monthly Subsidy	\$0	\$18	\$56	\$77
implied market unit annual subsidy	\$0	\$217	\$669	\$926

Notes:

(a) net of utilities & unit maintenance

Sources: Montgomery County Department of Housing and Community Affairs MPDU Section; Bolan Smart Associates (November 2004)