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THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Memorandum

September 2, 2005

To: Karl Moritz, Chief, Research and Technology Center (RTC)

From: Sharon K. Suarez, AICP, Housing Coordinator, RTC

Subject: Workforce Housing Affordability Model from HOC

BACKGROUND

The Department conducted a significant research and analysis effort this spring and summer in preparation for the development of a Workforce Housing policy for the County. Upon completion of a draft policy statement and technical supplement, Department staff met with staff from DHCA and HOC, as well as with Councilmember Silverman and his staff, in order to get feedback and direction. One of the issues identified was the need to better understand whether developers could afford to build new workforce housing units and sell them at market affordable prices without the need for additional density bonuses.

Our initial research indicated that the market place was already producing sale units affordable to those households earning between 100 and 120 percent of the Area Median Income (AMI) and that nearly all of the rents in the county were affordable to households earning 90 percent of AMI or greater. Most of the affordable units were existing units, not new ones. We believed that it was necessary to understand whether it is reasonable to require new construction to provide workforce housing as a component of new housing development.

Peter Engel, Director of HOC's Real Estate Division, prepared models based on real world assumptions for construction of homeownership units and rental units. He assumptions were based on commonly charged rates and fees, and where available, upon rates and fee amounts currently being paid by HOC. While Peter's model included profit for developers of for-sale units, Park & Planning staff neutralized that profit in order to simulate a true break-even scenario. No change was made to any of the other assumptions in the homeownership model, and no changes were made to any assumptions in the rental model. (Attachments A and B)

RECOMMENDATIONS

At this point, Park & Planning staff is continuing to recommend that the definition of workforce housing be less than 120% of AMI.

- We suggest 100% of AMI for all housing types, with the possible exception of single-family detached. An income limit of 120% of AMI is legitimate, given the higher cost of construction and land.
- Based on the work by HOC, we are changing our suggestion about an even lower income requirement for rental housing. That suggestion was based on the observation that market rents for most existing rental units are well within the affordable range for

families earning 100% of the area median income. However, HOC analysis indicates *new* rental buildings must charge higher-than-market rents to break even, and that makes sense to us.

- Allowing a portion of the workforce housing (half, for example) to be built in excess of the zoning envelope may be one good way to provide builders with some additional assurance that they can break even on workforce units. This effectively reduces the cost of land on a per unit basis.

DISCUSSION

- HOC's model assumes that homeowners can afford to spend 33 percent of their household income on housing, adjusted for family size, and that renters can afford to spend 30 percent of their household income on housing costs.
- Land costs vary widely in Montgomery County. Depending on where new construction takes place, workforce units may not be affordable in some areas of the County.
  - Land costs per unit in Silver Spring are about $20,000 to $30,000;
  - Land costs per unit in Rockville are about $$50,000 to $90,000; and
  - Land costs per unit in Bethesda begin at about $140,000 and up.
- For sale construction begins to break even at 90 percent of AMI. Using the true break-even scenario in which no loss and no profit is taken:
  - Condo units break even at prices affordable to households earning 90 percent of AMI
  - Single-family attached units break even at prices affordable to 100 percent of AMI
  - Single-family detached units break even at prices affordable to 110 percent of AMI
- Market rents cannot generally support the construction of new workforce housing units, because new construction will require rents that are too high – as high or higher than mortgages and higher than 98 percent of the 2004 rents in the County. As background, in 2004 the average turnover rent was less than $1,500 per month for over 90 percent of the rental units in the county – and fewer than 2 percent of the units charged rents higher than $2,000 per month. The HOC model indicates that new rental construction cannot break even with rents less than $2,000, generally. Because higher rents can be charged for units with more bedrooms, construction of these larger breaks even faster than construction of smaller units—assuming one could get the rent.
- The 4-bedroom townhouse breaks even at a monthly rent of $2,590, which is considered to have a rent affordable to a family of 6 or more earning 100 percent of AMI, adjusted for family size.
  - The 3-bedroom highrise breaks even at a rent of $2,322 per month, which is affordable to a family of four earning 100 percent of AMI, adjusted for family size.
  - The 2-bedroom highrise breaks even at a rent of $2,411 per month, which is affordable to a family of three earning 120 percent of AMI, adjusted for family size.
  - The 1-bedroom highrise unit is the least affordable, in that it requires a household of not more than 1.5 to earn will need a monthly rent of $2,009 and to earn 120 percent of AMI, adjusted for family size.

M-NCPPC

MONTGOMERY COUNTY DEPARTMENT OF PARK AND PLANNING

THE MARYLAND-NATIONAL CAPITAL
PARK AND PLANNING COMMISSION

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July 14, 2005

Memorandum

To: Councilmember Steve Silverman

From: Karl Moritz and Sharon Suarez, Research & Technology Center

Re: Workforce Housing Policy – Responses to Your Questions

This memorandum contains statistics and comments from the staff of the Department of Park and Planning that we hope will be useful as you prepare workforce housing legislation. These respond to the issues raised in our meeting on June 29, 2005.

At that meeting, Park and Planning staff provided a "technical supplement" that contains considerable research and analysis. This memorandum will elaborate on those points and provide additional information.

General Policy

Although the focus of this memorandum is to support the development of proposed legislation, Park and planning staff suggest that the County consider amending the County Housing Policy to include workforce housing. The amended Housing Policy could include a definition of workforce housing, an objective for workforce housing, and supporting strategies and action plans to implement the workforce housing objective. These strategies and action plans would encompass a variety of public and private sector initiatives and responsibilities to increase the supply of workforce housing.

Staff has not completed its work on a proposed County housing policy. Staff is scheduled to meet with DHCA and HOC representatives next week to review a draft of the workforce. A draft of the policy amendment is attached.

Definition of Workforce Housing

"Workforce housing" is defined by who it is intended to serve. In general, this definition is income-based: workforce housing is defined by the income levels of the households that are eligible for workforce housing, and workforce housing pricing is based on those same eligibility standards.

Park and Planning staff understand that the proposed legislation under immediate consideration may not include a definition based on occupation. While respectful that point of view, staff suggests there is some benefit in ensuring that some occupations – for example, first responders – have enhanced access to housing in their price range, if only because of the benefits of having those people in the County when an emergency occurs.

Park and Planning staff recommend that the definition of workforce housing should not exceed 100 percent of area median income. Staff further suggests that the income limit for for-sale housing be different (and higher) than the income limit for rental housing, consistent with the MPDU program.

For-sale housing and income: Families earning 120 percent of the 2004 area median income, or about $102,000, can afford the 2004 County median sales price of $384,900. Nearly half of all the housing sold in 2004 sold for less than $350,000. Families earning 100 percent of the 2004 area median income ($85,400) can afford units costing $325,000 or less. Over 8,300 units – well over a third of all units sold – sold for less than $300,000 in 2004.

Rental housing and incomes: Families earning 100% of area median income can afford monthly rents of $2,100; families earning 120% of AMI can afford $2,550. According to the *2004 Apartment Vacancy Report*, of the 57,700 market rate units in Montgomery County, households earning at or above AMI could afford nearly any apartment on the market, with the exception of some of the extremely high-end luxury apartments:

- Households earning the AMI could afford to pay the rent on more than 98.4 percent of them--all but 935 rented for less than $2,000 per month.
- Households earning 120 percent of AMI could afford to pay the rents on 99.9 percent of them -- all but 195 units rented for less than $2,500 per month.

The Moderately-Priced Dwelling Unit Ordinance has an income differential for rental housing. Rental MPDUs are geared toward households earning up to 65 percent of area median income while for-sale MPDUs are geared toward households earning up to 73.5 percent of area median income.

Park and Planning staff believes it is well worth considering a similar income differential for workforce housing. As noted, the "Technical Supplement" prepared by Park and Planning staff indicates that the market rate rental housing covered by the Department of Housing and Community Affairs' *Rental Apartment Vacancy Report, 2004* is affordable to households earning 100 percent of area median income or more. Attached is a memorandum from Sharon Suarez to Karl Moritz entitled *Rental Options for Workforce Families Earning 90 Percent of AMI* which analyzes the affordability of the County's market rate rental housing to households earning 90 percent of area median income and 80 percent of area median income.

The memo reports that 90 percent of the County's rental housing, as covered by the report, is affordable to households earning as little as 80 percent of the area median income.

This does not indicate to staff that rental housing should be left out of the workforce housing discussion. This is because new rental housing (which is the focus of the proposed legislation) will be among the least affordable of the County's rental housing stock. But the analysis also suggests that requiring workforce housing in rental projects need not be accompanied by significant incentives or subsidies.

Other Eligibility Issue

"Workforce housing" implies that the target population for this housing will be members of the workforce: working, looking for work, between jobs. It might not imply retirees. Staff has not taken a position, or given much thought, to whether workforce housing should or should not be available to retires, but we recognize that it is a question we should be prepared to answer.

Other Additional Information

At the June 29 meeting, there was discussion about focusing a workforce housing requirement in areas well-served by transit. Park and Planning staff suggest that one reason a workforce housing program focused on transit areas could be justified is if housing prices are higher near transit. Staff believes that homebuyers and tenants probably do pay a price premium for locations near transit. At a recent ULI conference, developers suggested that proximity to transit is worth a 15 percent price premium. Park and Planning staff reviewed 2004 home sales by planning area (see attached memo by Sharon Suarez, *Composition of Sales in 2004 by Planning Area, Structure Type, and Transit Services*) to attempt to document this effect, but we probably need to look at a larger number of sales at smaller geographies to document the transit price premium.

At Council staff's request, Park and Planning staff completed the analysis to report first quarter 2005 home sales prices. Those prices are attached and shown in comparison to first quarter home sales prices in previous years. Home prices continued to increase at double-digit rates, albeit somewhat slower than in previous years.

Mandatory Versus Optional

The most recent issue of the Urban Land Institute's *Multifamily Housing* report discusses inclusionary zoning and contains some "Do's and don'ts." The article is attached. One of the article's suggestions is to make affordable housing requirements mandatory, rather than optional. The article may be making assumptions that may not be entirely true for workforce housing in Montgomery County – which is that incentives alone will not be effective in encouraging developers to voluntarily produce affordable housing. This is particularly likely in the case of rental workforce housing, where the difference between market rents and workforce housing rents are not as pronounced as they are between MPDUs and market rents.

That said, Park and Planning staff believe that a mandatory program is preferable to one that is optional because it assures that workforce housing will be provided wherever the program applies. In addition to other considerations, developers will be sensitive to opposition to their project and may seek to minimize opposition by not providing workforce housing, even if they could make some profit on the workforce housing. Also, developers may simply prefer to avoid the added paperwork or oversight associated with workforce housing.

Staff has discussed whether the workforce housing units should be required to be provided *within* the zoning limit or *on top* of the zoning limit. For example, the zoning of a particular parcel may allow 100 units. If the required workforce housing component is 10 percent, the total number of units allowed on the parcel could remain 100 (with 10 workforce units) or 110.[1]

Part of the resolution of this issue could be found in a financial analysis to determine whether developers can be expected to make money, break even, or lose money on workforce units. Staff has not completed such an analysis, although our comparison of workforce housing prices/rents with market prices and rents provides useful perspective.

If the required units were on top of those allowed by the zone, that would be more acceptable to the development community and less acceptable to some citizen groups. Another factor to consider is that Montgomery County does need more housing overall, not just workforce housing.

A compromise might be to require half of the workforce housing component to be provided within the zone, and half to be added on top. In the example above, this would be that the total number of units would be 105, with 10 as workforce housing.

At this point, Park and Planning staff recommend that the workforce housing ***be within the density permitted by the zone***. We are very conscious of the need for additional housing in the County, and adding workforce housing "on top" of permitted densities is one way to accomplish that goal. However, combined with the potential density bonuses of the MPDU program, a 10 percent (or some other number) increase in density for workforce housing would result in significant additional density in some locations. Park and Planning staff would prefer to address the issue of where to add more housing capacity separately from the workforce housing issue.

Zones Where Required or Authorized

The draft workforce housing policy that Park and Planning staff is developing would require workforce housing in all zones where MPDUs are required. The lack of housing for workforce households is most acute in the single-family detached category, and of course that also means that requiring workforce units in single-family detached developments would place the greatest burden on the developer.

Single-family attached units (townhouses) may offer a good compromise since they are generally preferred over multi-family units by homebuyers, are often priced (especially when new) out of the reach of middle-income homebuyers, but are much less expensive to build, especially at higher densities.

[1] For the moment ignoring the MPDUs that may be involved.

Staff is sympathetic to the idea that it may be appropriate to focus initial legislation on a small initial set of zones that might achieve consensus more easily. Doing so would add some workforce units to the County's inventory, allow the County to assess results, and possibly pave the way for an expanded program at a later time.

Park and Planning staff has assessed the development potential of six different scenarios, ranging from the most inclusive (all zones covered by the MPDU ordinance) to the most focused (zones in locations near transit). Staff would be happy to provide the details of this analysis, but here offers the summary conclusions:

Scenario 1 involves parcels subject to the MPDU ordinance. This includes all MPDU zones. It does not include parcels in Rockville or Gaithersburg, parcels on septic, and parcels that yield less than 20 units. Based on our Residential Capacity Estimate, parcels in these zones could yield 42,192 units over the next 20 or so years.

Scenario 2 is similar to Scenario 1, except that it excludes more parcels. It excludes all parcels in zones with a density less than **3.5** units to the acre. Based on our Residential Capacity Estimate, parcels in these zones could yield 41,850 units over the next 20 or so years.

Scenario 3 would further exclude lower density parcels. It excludes all parcels in zones with a density less than **12.5** units to the acre. Based on our Residential Capacity Estimate, parcels in these zones could yield 34,954 units over the next 20 or so years.

Scenario	**1**	**2**	**3**	**4**	**5**
SFD	6,109	5,908	2,933	1,058	456
SFA	5,031	5,031	2,902	685	9
MF	31,052	30,911	29,119	23,121	20,280
Total	42,192	41,850	34,954	24,864	20,745

Scenario 4 further excludes lower density parcels. It excludes all parcels in zones with a density less than **21.5** units to the acre. Based on our Residential Capacity Estimate, parcels in these zones could yield 24,864 units over the next 20 or so years.

Scenario 5 continues to exclude all parcels in zones with a density of less than 21.5 units to the acre, but it also excludes all parcels more than one-half mile from existing transit stations (Metro and MARC). Based on our Residential Capacity Estimate, parcels in these zones could yield 21,522 units over the next 20 or so years.

Another source of workforce housing that staff proposes for consideration: increasing the attractiveness of the productivity housing program by increasing permitted densities. Only one productivity housing project has been built since the enabling legislation was enacted in 1996.

Number of Units Required

Staff's draft Workforce Housing Policy addresses this issue from an overall perspective, establishing an overall goal of 600 workforce housing units per year, of which about 400 units would be produced as part of new development. Because housing production is running at about 4,000 units per year, a 10 percent workforce housing requirement is suggested.

Staff's draft workforce housing policy also suggests looking at requiring a minimum amount of workforce housing (ten percent of square footage) in certain mixed-use zones even if there is no other housing in the project.

Minimum Subdivision Size

Park and Planning staff has not fully explored the minimum subdivision size issue. Staff suggests beginning with the MPDU ordinance limits (20 units or more). Although workforce housing units are no more burdensome to developers than MPDUs, it could be argued that even though a developer of a 20-unit subdivision can provide the required MPDUs, it may be difficult for him to provide both the required MPDUs and the required workforce units, especially if

Staff would be willing to explore different minimum subdivision sizes but, unfortunately, at this point we do not have additional analysis to offer.

Control Periods (rental/sale)

Other agencies have noted that for-sale multi-family housing with long control periods could have limited appeal. Part of the reason workforce families are so anxious to enter the housing market is that they want to get a foothold in the market, to get started as a homeowner, and to hopefully capture some of the current increase in home prices.

On the rental side, staff does not see a reason to reduce control periods below those in the MPDU program. On the for-sale side, there might be some rationale for a reduced control period – perhaps 15 years. That rationale may be that the prices for workforce units do not provide sufficient savings to attract buyers into a long control period.

An alternative may be to allow workforce housing units to increase in price during the control period more rapidly than MPDUs. If a workforce unit were permitted to increase in price during the control period by half of the rate that home prices are increasing generally, the owner who sold during the control period would receive an increased financial benefit and the unit would remain relatively affordable.

Attachments:

1. Staff Draft Proposed Workforce Housing Policy
2. Memo: *Rental Options for Workforce Families Earning 90 Percent of AMI*
3. Memo: *Composition of Sales in 2004 by Planning Area, Structure Type, and Transit Services*
4. Table: Home Sales, First Quarter 2005
5. Memo: (from MPDU discussion) related to subdivision size.
6. ULI Multifamily Trends: *Making Inclusionary Zoning Work*

STAFF DRAFT - Proposed Policy for Workforce Housing

The Montgomery County Department of Park and Planning recommends that Montgomery County revise its adopted Housing Policy to include a definition of workforce housing, an objective for workforce housing, and supporting strategies and action plans to implement the workforce housing objective.

The Department recommends that Montgomery County's definition of "workforce housing" address both household income and key occupations. The Department recommends that the income limits for for-sale workforce housing range from the upper limit of the Moderately-Priced Dwelling Unit program to 100 percent of metropolitan area median income ($85,400 in 2004). Although staff has explored a definition that would extend the income range all the way up to 120 percent of area median income, staff's analysis shows that many households earning between 100 percent and 120 percent of area median income can afford a variety of homes in Montgomery County.

For rental workforce housing, the Department recommends income limits that range from the upper limit of the Moderately-Priced Dwelling Unit program to 80 percent of metropolitan area median income ($68,300 in 2004).

Staff also recommends that certain key occupations, such as first responders (fire, rescue, and police), be specifically included within the definition of workforce housing. The purpose is to provide these workers with increased access to housing opportunities in Montgomery County, regardless of whether the household income is within the workforce housing income band and regardless of whether they have owned a home before. Although staff has specifically targeted first responders, other occupations such as teachers and medical personnel may also be appropriate.

This definition is embodied in the following new objective, which staff recommends be added to the County's adopted housing policy, together with the supporting strategies, action, and production goal.

(New) Objective # 8: Communities with Workforce Housing

Encourage a supply of workforce housing adequate to provide a range of housing opportunities to every member of the County's workforce earning between the MPDU income limits and the area median income (AMI), especially to those in key occupations, such as first responders (fire, rescue, and police), teachers, nurses, and others.

First Priority Strategies

A. Increase the Supply of Workforce Housing – Expand the component of workforce housing in approved development and redevelopment projects.

Action Plan

- **Require that 10 percent of the number of units in any development or redevelopment project be affordable to the workforce.** *If at least 10 percent of the forecasted new construction for the next decade is workforce housing, Montgomery County can add 400 workforce-housing units each year for the next decade. As proposed, this requirement would not add density, nor substitute workforce units for MPDUs. Instead, this action will require that a percentage of the housing units permitted by the base zone be workforce units in addition to any MPDUs required. Staff believes that no density bonus is needed, in part because many of the units that will be constructed in the next ten years will be of types more naturally affordable to the workforce, such as the townhouses and multifamily units planned for Shady Grove, and Twinbrook. Even today, workforce households earning the area median income can afford a substantial fraction of the new and used condominiums and townhouses sold each year in Montgomery County.*

- **In addition, require that 10 percent of the units or square footage of any project** approved within a transit or CBD zone, or under the Optional Method in the TOMX 2.0 zone, be workforce housing. *This requirement would ensure that 10 percent of the project will be workforce housing even if there is no other housing in the project.*

- **Increase the utility of the existing Productivity Housing floating zone**, by increasing the base density allowed in the zone. *The Productivity Zone limits density to 21.5 dwelling units per acre. This zone would allow housing, including workforce and affordable components, in up to 25 percent of land zoned commercial or industrial in each planning area. Only one productivity housing project has been built since the enabling legislation was enacted in 1996.*

- **Add opportunities for workforce housing** in zones that do not currently allow housing, and include recommendations for workforce housing in those zones in all master plans. *Several of the County's housing and planning goals depend on mixed-use development, including housing. But many of the County's best opportunities for mixed-use redevelopment are in zones that do not allow housing. Staff recommends reviewing the zoning ordinance to* *identify commercial and industrial zones that should be revised to allow housing.*

- **Assess publicly owned sites** for workforce housing opportunities. *As is being done in order to find affordable housing sites, staff recommends reviewing the list of surplus or underused publicly owned land to identify those sites most suitable for workforce housing.*

B. Strengthen the Connection Between Employers and Workforce Housing

Action Plan

- **Impose mitigation fees** on square footage of new commercial space, with the collected fees going toward affordable and workforce housing—on- or off-site. Instead of paying a fee, allow the developer to either:

  i. Dedicate land for workforce housing,

  ii. Pay into a Workforce Housing Fund, or

  iii. Create an alternative such as providing an Employer Assisted Housing (EAH) program.

  This approach is working for the City of Palo Alto. In addition, Montgomery County can apply all the lessons learned from the recent review of the MPDU alternative agreement process.

- **Identify employers** in industries where the workforce-housing shortfall is most acute and develop programs to encourage and support their participation in EAH programs.

  If certain occupations are "key," then those occupational employers should identified as having acute needs for EAH programs.

C. Improve Regulatory Processes for Workforce Housing—Government actions to increase the supply of workforce housing.

Action Plan

- **Identify key County occupations to receive preferences** in all County rental and home-ownership programs. *The County must identify key occupations to ensure that working households in these occupations are first in line for all County housing programs. This action does not propose to change the income eligibility of other program, and it does not lower the income* *requirements for the workforce-housing program. It will ensure, however, that fire fighters, police, or others, to go to the front of the line in whatever housing program they may be enrolled. The County does have several programs aimed at persons earning up to area median income, and those will dovetail nicely with a workforce housing program*

- **Review and improve the Green Tape process** for use with development applications to ensure that projects that include affordable and workforce housing receive expedited reviews as promised under green tape initiatives. *While the Green Tape process holds much promise, there are few examples of its successful application. Staff recommends reviewing the process and implement any changes necessary to ensure that projects with either 20 percent workforce housing or 20 percent affordable housing will automatically be allowed to use it.*

- **Explore efficacy of reduced development fees** for the inclusion of workforce housing. *Staff recommends exploring whether the reduction of development fees could play an effective role in either/both encouraging added increments of workforce housing and mitigating the effect on profits of including workforce housing in development projects.*

- As part of any agreement with a private developer **on publicly owned land, require that at least 20 percent of the units and/or square footage** consist of workforce housing units. *This complements the proposed requirement that 10 percent of the units in new development projects on private land be workforce housing. The increased component on publicly-owned land is* achievable *since the public is a participant in the project, and desirable since workforce housing is in the public interest.*

- **Increase the use of leases** of excess or underused publicly owned lands for workforce housing. In order to provide the maximum lease length:[2]

    i. Enable longer lease terms; and/or

    ii. Enable lease renewals.

  Staff recommends reviewing the use of leases of public lands for the production of workforce housing. A benefit of land leasing is that it doesn't require disposition. Leasing can preserve the public original interest for

[2] Considering the long and irrevocable process associated with disposition, government might prefer the benefits of leasing, rather than disposing, of public lands. Leasing not only protecting the public's existing and future interests, leasing provides for a faster reuse of the land, and, typically, leases of 50 years or longer are viewed as secure as fee simple transfers and can obtain similar financing.

future use, while keeping the land productive in the interim for the public good.

Second-Priority Strategies

D. Promote Workforce-Friendly Housing – Promote affordable and livable dwellings for the workforce.

Action Plan

- Identify and encourage features that would make multi-family housing more family-friendly, in general.

    i. Encourage more large multi-family units accessible to mass transit.

    ii. Identify community amenities desired by workforce households.

  The ratio of multifamily to single-family homes has changed markedly: from 1:4 in 2003 to 1:2.5 in 2004, and this trend will continue. Workforce households will be able to afford many of the new multi-family units, and so the units must be able to accommodate the needs of these households. A major factor that would improve the utility of multi-family units for families: a larger number of bedrooms, instead of the typical mix of efficiencies, and one- and two-bedroom units.

- Encourage smaller single-family (detached and attached) housing units. *Land is one of the major components of housing price, and the amount of land needed for a small house is less than that needed for a large one. Staff recommends reviewing County ordinances, programs, design guidelines, and master plans to determine how to encourage the building of smaller single-family homes.*

Workforce Housing Production Goal: 600 Units, Annually. *Montgomery County can achieve an annual goal of 600 units of workforce housing, if:*

- **10 percent of the forecasted new construction for the next decade is workforce housing, and that will achieve 400 workforce-housing units each year for the next decade.** *This will occur naturally, if we build the transit-oriented, multifamily units as planned in Shady Grove, Twinbrook, and so forth. The workforce household earning the area median income can afford many new and used condominiums and townhomes in today's market.*

- **The County ups the rehabilitation goal from 30 units to at least 100 units each year for households up to median income, and that will put us at 100 units.** *The*

County may need to invest a bit more money into this effort, as well as expand the list of acceptable not-for-profit developers who can participate.

- **The County adopts a "preference" for key occupations in all housing programs (rental and sale), then at least 100 units– maybe more – will be able to serve workers in key occupations**. *Whether rental or for sale, workers in key occupations can be moved to the front of the line—whether it is for a voucher, an MPDU, or for a closing cost assistance program. The goal is to prevent workers in key occupations from being left out in the cold, whether their income meets the workforce housing definition or is lower.*

TURNING VISIONS INTO REALITY
75 Years
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Memorandum July 12, 2005

To: Karl Moritz, Chief, Research and Technology Center

From: Sharon K. Suarez, AICP, Housing Coordinator
Research and Technology Center

Subject: Rental Options for Workforce Families Earning 90 Percent of AMI.

You asked me to determine the rental options available to the workforce earning 90 percent of Area Median Income (AMI), for the purpose of determining whether we should recommend a two-tiered set of workforce housing income limits.

Recommendation

When compared with the choices available to those households earning 90 percent of AMI, there is not much difference in the breadth of choices available to those earning 80 percent of AMI. Both groups could afford more than the average turnover rent in 2004. Both groups, regardless of household size, could afford over half of the County's market rate apartments. Households earning 90 of AMI in 2004 could afford nearly 90 percent of all market rate apartments in the county.

Clearly, the market is currently able to provide a large percentage and variety of apartments at rents affordable to workforce households earning at and above 80 percent of AMI, and it is highly likely that rental workforce housing can continue to be provided by the marketplace without the need for additional incentives or subsidies.

For these reasons, I suggest that we recommend the following: (1) the income limit for rental workforce housing be dropped to 80 percent of AMI and (2) developers be required to provide workforce rental housing and without any government incentives.

Discussion

At 90 percent of AMI, adjusted for household size, the household incomes range from approximately $53,800 to $76,860 in 2004 and from $56,260 to $80,370 in 2005. (Figure 1)

In 2004, the average turnover rent for market rate apartments was $1,154, an increase of 3.9 percent over the 2003 average turnover rent. Households earning 90 percent of AMI in 2004 could afford rents ranging as high as $1,345 to $1,922, depending on family size, and could, therefore, easily afford the mean turnover rent. This group could nearly afford well over 90 percent of the apartments in the county. Rents in this range would provide a broad range of housing choices, including structural types and bedroom sizes. (Figures 2, 3, 4 and 5)

Because there was so much choice at the 90th percentile, I decided to look at the 80th percentile. At 80 percent of AMI, adjusted for household size, the 2004 household incomes ranged from approximately $47,824 to $68,320, and the 2005 household incomes ranged from just over $50,000 to $71,440. (Figure 1) Even households earning 80 percent of AMI in 2004 could afford rents ranging as high as $1,196 to $1,708, depending on family size, and could, therefore, easily afford the average turnover rate and more. In fact, when compared with the choices available to those households earning 90 percent of AMI, there is not much difference in the breadth of choices available to those earning 80 percent of AMI. This is because more than 90 percent of all market rate apartments in the County had turnover rents less than $1,500 per month, which could be affordable to households earning $60,000 per year.

If in 2005 the turnover rents increased at the peak 5-year rate of 11 percent,[1] the turnover rents might reach $1,281. Even so, in 2005 households earning either 80 or 90 percent of the 2005 AMI of $89,300 will be able to afford more than the mean turnover rent. These income groups should be able to afford nearly as much of the County's market-rate rental stock as they did in 2004, and as much variety, as well.

Clearly, the market is currently able to provide a large percentage and variety of apartments at rents affordable to workforce households earning at and above 80 percent of AMI, and it is highly likely that rental workforce housing can continue to be provided by the marketplace without the need for incentives or subsidies.

[1] DHCA, *Rental Apartment Vacancy Report, 2004, p. 21.* In 2000 and 2001 the turnover rates were $928 and $1,030, respectively, which is the highest increase in the 5-year period of 2000 through 2004.

Figure 1. HUD, MPDU, and Theoretical Workforce Housing Income Limits for 2004 and 2005
(Washington, DC--MD--VA--WV PMSA)

Based on a Percentage of FY 2004 AMI of $85,400 for a Family of Four

Number of Persons in Family		1	2	3	4	5	6	7	8
Percentage of AMI Per Family Size		0.7	0.8	0.9	1	1.08	1.16	1.24	1.32
HUD Program Limits									
30% of Median	30.00%	$18,750	$21,450	$24,100	$26,800	$28,950	$31,100	$33,200	$35,350
Very Low Income	50.00%	$31,250	$35,700	$40,200	$42,700	$48,200	$51,800	$55,350	$58,950
Low-Income	65.00%	$40,600	$46,400	$52,200	$58,000	$62,650	$67,300	$71,900	$76,550
MPDU Limits Renters	65.00%	$40,000	$46,400	$50,000	$56,000	$62,000			
Buyers	73.50%	$44,000	$50,000	$56,000	$62,000	$68,000			
Workforce Housing	80.00%	$47,824	$54,656	$61,488	$68,320				
	90.00%	$53,802	$61,488	$69,174	$76,860				
	100.00%	$59,780	$68,320	$76,860	$85,400				
	120.00%	$71,736	$81,984	$92,232	$102,480				

Based on FY 2005 AMI of $89,300 for a Family of Four

Number of Persons in Family		1	2	3	4	5	6	7	8
Percentage of AMI Per Family Size		70%	80%	90%	100%	108%	116%	124%	132%
HUD Program Limits									
30% of Median	30.00%	$18,750	$21,450	$24,100	$26,800	$28,950	$31,100	$33,200	$35,350
Very Low Income	50.00%	$31,250	$35,700	$40,200	$44,650	$48,200	$51,800	$55,350	$58,950
Low-Income	65.00%	$40,600	$46,400	$52,200	$58,000	$62,650	$67,300	$71,900	$76,550
MPDU Limits Renters	65.00%	$41,000	$47,000	$52,000	$58,000	$63,000			
Buyers	73.50%	$46,000	$53,000	$59,000	$66,000	$71,000			
Workforce Housing	80.00%	$50,008	$57,152	$64,296	$71,440				
	90.00%	$56,259	$64,296	$72,333	$80,370				
	100.00%	$62,510	$71,440	$80,370	$89,300				
	120.00%	$75,012	$85,728	$96,444	$107,160				

Figure 2. Maximum Affordable Housing Costs, based on 2004 AMI of $85,400						
Workforce Housing Costs	**80.00%**	**Annual**	**Monthly**	**90.00%**	**Annual**	**Monthly**
HH Size I Person	$47,824	$14,347	$1,196	$53,802	$16,141	$1,345
2 Persons	$54,656	$16,397	$1,366	$61,488	$18,446	$1,537
3 Persons	$61,488	$18,446	$1,537	$69,174	$20,752	$1,729
4 persons or more	$68,320	$20,496	$1,708	$76,860	$23,058	$1,922

Figure 3. Maximum Affordable Housing Costs, based on 2005 AMI of $89,300						
Workforce Housing Costs	**80.00%**	**Annual**	**Monthly**	**90.00%**	**Annual**	**Monthly**
HH Size I Person	$50,008	$15,002	$1,250	$56,259	$16,878	$1,406
2 Persons	$57,152	$17,146	$1,429	$64,296	$19,289	$1,607
3 Persons	$64,296	$19,289	$1,607	$72,333	$21,700	$1,808
4 persons or more	$71,440	$21,432	$1,786	$80,370	$24,111	$2,009

Sources for Figures 2 and 3: Area Median Incomes (AMIs) are determined by HUD and the US Bureau of the Census. MNCPPC determined the Maximum Affordable Housing Costs based on 30 percent of gross annual income. The HUD "affordability" rule that housing costs are affordable if they do not exceed 30 percent of gross annual income (rental or ownership). For this discussion, staff did not include utility costs, though they are often considered housing costs for various HUD programs.

Units by Rent Range
(2004 Turnover Rents)

Rent Ranges			0 BR	1 BR	2 BR	3 BR	4 BR+	Total	% of Total	Cumulative %
$0	to	$699	113	632	114	12	0	871	1.5%	1.5%
$700	to	$799	387	1,518	588	0	0	2,493	4.3%	5.8%
$800	to	$899	1,098	4,889	1,286	18	0	7,291	12.6%	18.5%
$900	to	$999	805	6,044	3,630	163	1	10,643	18.5%	36.9%
$1,000	to	$1,099	6	2,863	6,771	165	2	9,807	17.0%	53.9%
$1,100	to	$1,499	200	5,417	12,427	2,745	30	20,819	36.1%	90.0%
$1,500	to	$1,999	0	452	2,728	1,561	73	4,814	8.3%	98.4%
$2,000	to	$2,499	0	0	511	219	10	740	1.3%	99.7%
$2,500	to	$2,999	0	0	17	42	0	59	0.1%	99.8%
$3000+			0	0	0	134	2	136	0.2%	100.0%
		Totals	2,609	21,815	28,072	5,059	118	57,673	100.0%	

Source: DHCA Rental Vacancy Report, 2004.

Figure 5. Market Rate Rental Supply
By Unit Size and By Structure Type (2004)

By Unit Size	Mean Turnover Rent	Number of Units	Percent	Cumulative Percent
Efficiency	$887	2,609	4.5%	4.5%
1 BR	$1,027	21,815	37.8%	42.3%
2 BR	$1,211	28,072	48.7%	91.0%
3 BR	$1,526	5,059	8.8%	99.8%
4 BR Plus	$1,708	118	0.2%	100.0%
All Units	$1,154 (Weighted Average)	57,673	100.0%	
By Structure Type	**Mean Turnover Rent**	**Number of Units**	**Percent**	**Cumulative Percent**
Garden	$1,063	37,709	65.4%	65.4%
High-rise	$1,338	13,361	23.2%	88.6%
Mid-rise	$1,148	3,959	6.9%	95.4%
Townhouse/Piggyback	$1,421	2,644	4.6%	100.0%
All Units	$1,154 (Weighted Average)	57,673	100.0%	

Source: DHCA Rental Vacancy Report, 2004.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Memorandum July 11, 2005

To: Karl Moritz, Chief, Research & Technology Center

From: Sharon K. Suarez, AICP, Housing Coordinator
Research and Technology Center

Subject: Composition of Sales in 2004 by Planning Area, Structure Type, and Transit Services

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In 2004, just under 24,000 housing units were sold: 18,745 single-family units (detached and attached, new and used, combined) and 5,252 condominium units (all types, new and used). Nearly 92 percent of all sales (more than 22,000 units) were sales of existing units. Sales of single-family detached homes accounted for more than 42 percent. Sales of new units, all types, contributed barely more than nine percent of the sales activity in 2004. (Figures 1 and 2)

Figure 1. Housing Sales by Type (2004)

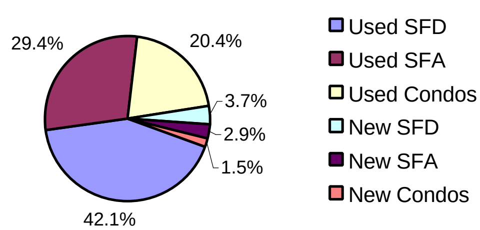

Figure 2. Data for Housing Sales (2004)

Structure Type	Number of Units	Percent of Sales
Used SFD	10,101	42.1%
Used SFA	7,054	29.4%
Used Condos	4,884	20.4%
New SFD	896	3.7%
New SFA	694	2.9%
New Condos	368	1.5%
Totals	23,997	100.0%

Approximately 81 percent of all sales in 2004 occurred in Planning areas served by existing or proposed Metro, MARC, and Park & Ride lots, with fewer than fewer than 19 percent of the 2004 housing sales occurred in Planning Areas without any existing or proposed transit services. Nearly 55 percent of the sales occurred in Planning Areas served by Metrorail and MARC only, and nearly 40 percent of the sales occurred in Planning Areas served only by Metrorail only. (Figures 6 through 12)

The effect of transit upon housing prices is likely two-pronged. First, transit investment serves older, denser communities, and, secondly, new housing around metro is not likely to be of the single-family detached variety. For both reasons, the median sales prices for housing in Planning Areas well served by metro (all types) *tends* to be more affordable, with *nearly all* of the Planning Areas with at or below median sales prices being well served by Metro. (Figures 13 through 18).

Figure 3. Total Sales in PAs Served by Metro, MARC, or Existing Park & Ride Lots

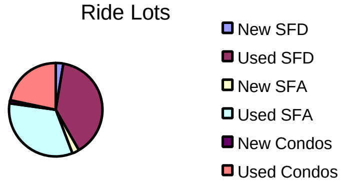

Figure 4. Sales in PAs with Metro, MARC Service, and/or existing Park & Ride Lots	Percent of Total Sales	Number of Units
New SFD	2.1%	514
Used SFD	30.2%	7,239
New SFA	2.0%	486
Used SFA	25.7%	6,173
New Condos	0.7%	170
Used Condos	16.9%	4,054
Total Housing Sales Near Metro, MARC, and/or Existing Park & Ride Lots	77.7%	18,636

Figure 5. Total Sales in PAs with Metro or MARC Service, but no Park & Ride Lots

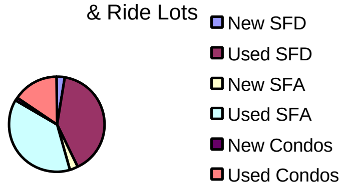

Figure 6. Sales in PAs with Metro or MARC Service, but no Park & Ride Lots	Percent of Total Sales	Number of Units
New SFD	1.5%	369
Used SFD	21.9%	5,255
New SFA	1.6%	381
Used SFA	20.8%	4,980
New Condos	0.6%	147
Used Condos	8.5%	2,033
Total Housing Sales Near Metro OR MARC	54.9%	13,165

Figure 7.
Sales in PAs with Metro Service

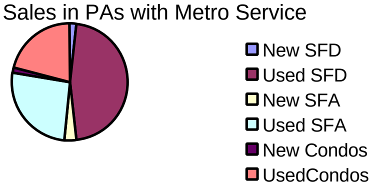

Figure 8. Sales in PAs with Metro Service	Percent of Total Sales	Number of Units
New SFD	0.8%	188
Used SFD	18.4%	4,413
New SFA	1.4%	330
Used SFA	10.3%	2,476
New Condos	0.6%	133
Used Condos	8.5%	2,033
Total Housing Sales in PAs with Metro Svc	39.9%	9,573

Figure 9. Total Sales in PAs with ONLY Proposed Park & Ride Lots

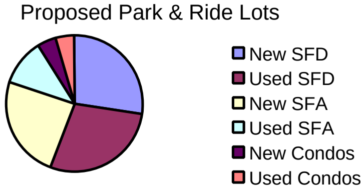

Figure 10. Sales in PAs with proposed transit services ONLY	Percent of Total Sales	Number of Units
New SFD	0.9%	223
Used SFD	0.9%	225
New SFA	0.8%	198
Used SFA	0.4%	89
New Condos	0.2%	36
Used Condos	0.2%	36
Total Housing Sales in Planning Areas with Proposed Transit Services ONLY	3.4%	807

Figure 11. Sales in Planning Areas without existing or proposed transit services.

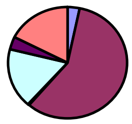

Figure 12. Sales in PAs without any existing or proposed		New SFD	Used SFD	New SFA	Used SFA	New Condos	Used Condos	Line Totals
14	Goshen	32	188	1	28			249
16	Martinsburg		5					5
17	Poolesville	2	76		52			130
24	Darnestown	35	212	6	69		7	329
25	Travilah	10	354		143			507
27	Aspen Hill	29	640	2	378	150	653	1,852
28	Cloverly	43	262		39		2	346
32	Kemp Mill	2	559		41		93	695
37	Takoma Park	3	324		42		39	408
()	Unassigned	1		1		12		14
	Totals	157	2,620	10	792	162	794	4,535
Percent of All Sales		0.7%	10.9%	0.0%	3.3%	0.7%	3.3%	18.9%

Figure 13. Median Sales Prices by Planning Areas by Transit Services – Single Family Detached, New

New SFD		**2004**			
Transit Key: 1=Metro; 2=MARC; 3=Park & Ride; P=Proposed	PA #	PLANNING AREA	New SFD Units Sold	Percent of All SFD Sales	2004 Medians
3	10	Bennett	7	0.8%	$558,690
3	11	Damascus	41	4.6%	$616,858
2	12	Dickerson		0.0%	
P	13	Clarksburg	211	23.5%	$578,150
	14	Goshen	32	3.6%	$789,841
3	15	Patuxent	6	0.7%	$840,221
	16	Martinsburg		0.0%	
	17	Poolesville	2	0.2%	$7,252,353
2	18	Lower Seneca	2	0.2%	$909,026
2,3,P	19	Germantown	144	16.1%	$616,379
1,2,3,P	20	Gaithersburg	5	0.6%	$439,500
2,3,P	21	Gaithersburg	37	4.1%	$570,595
P	22	Rock Creek	12	1.3%	$678,594
3	23	Olney	43	4.8%	$790,920
	24	Darnestown	35	3.9%	$980,000
	25	Travilah	10	1.1%	$844,603
1,2,3	26	Rockville	87	9.7%	$842,851
	27	Aspen Hill	29	3.2%	$655,300
	28	Cloverly	43	4.8%	$822,650
3,P	29	Potomac	11	1.2%	$2,000,000
1,2,3,P	30	N. Bethesda	6	0.7%	$919,000
1,2,3	31	Wheaton/Kensington	20	2.2%	$696,829
	32	Kemp Mill/4-Corners	2	0.2%	$505,000
3	33	White Oak	3	0.3%	$415,000
3	34	Fairland	34	3.8%	$630,956
1,P	35	Bethesda	67	7.5%	$1,491,103
1,2,3	36	Silver Spring	3	0.3%	$794,770
	37	Takoma Park	3	0.3%	$660,000
	()		1	0.1%	$1,356,500
	Tot	County Totals	896	100.0%	$666,474

Figure 14. Median Sales Prices by Planning Areas by Transit Services – Single Family Detached, Existing

Used SFD		**2004**			
Transit Key: 1=Metro; 2=MARC; 3=Park & Ride; P=Proposed	PA #	PLANNING AREA	Used SFD Units Sold	Percent of All Used SFD Sales	2004 Medians
3	10	Bennett	47	0.5%	$380,000
3	11	Damascus	163	1.6%	$366,000
2	12	Dickerson	17	0.2%	$500,000
P	13	Clarksburg	53	0.5%	$523,833
	14	Goshen	188	1.9%	$527,000
3	15	Patuxent	87	0.9%	$425,000
	16	Martinsburg	5	0.0%	$525,000
	17	Poolesville	76	0.8%	$376,500
2	18	Lower Seneca	15	0.1%	$365,000
2,3,P	19	Germantown	529	5.2%	$496,000
1,2,3,P	20	Gaithersburg	528	5.2%	$410,000
2,3,P	21	Gaithersburg	298	3.0%	$465,000
P	22	Rock Creek	172	1.7%	$552,300
3	23	Olney	432	4.3%	$520,000
	24	Darnestown	212	2.1%	$642,500
	25	Travilah	354	3.5%	$758,100
1,2,3	26	Rockville	652	6.5%	$352,500
	27	Aspen Hill	640	6.3%	$385,000
	28	Cloverly	262	2.6%	$473,750
3,P	29	Potomac	603	6.0%	$806,000
1,2,3,P	30	N. Bethesda	357	3.5%	$508,000
1,2,3	31	Wheaton/Kensington	1,387	13.7%	$344,900
	32	Kemp Mill/4-Corners	559	5.5%	$360,000
3	33	White Oak	392	3.9%	$399,900
3	34	Fairland	260	2.6%	$413,550
1,P	35	Bethesda	1,221	12.1%	$714,600
1,2,3	36	Silver Spring	268	2.7%	$450,000
	37	Takoma Park	324	3.2%	$345,000
	()			0.0%	
	Tot	County Totals	10,101	100.0%	$450,000

Figure 15. Median Sales Prices by Planning Areas by Transit Services – Single Family Attached, New

New SFA		**2004**			
Transit Key: 1=Metro; 2=MARC; 3=Park & Ride; P=Proposed	PA #	PLANNING AREA	New SFA Sold	Percent of All New SFA Sales	2004 Medians
3	10	Bennett		0.0%	
3	11	Damascus	88	12.7%	$368,720
2	12	Dickerson		0.0%	
P	13	Clarksburg	185	26.7%	$370,315
	14	Goshen	1	0.1%	$1,215,624
3	15	Patuxent		0.0%	
	16	Martinsburg		0.0%	
	17	Poolesville		0.0%	
2	18	Lower Seneca		0.0%	
2,3,P	19	Germantown		0.0%	
1,2,3,P	20	Gaithersburg		0.0%	$374,771
2,3,P	21	Gaithersburg	51	7.3%	
P	22	Rock Creek	13	1.9%	$982,420
3	23	Olney	2	0.3%	$781,799
	24	Darnestown	6	0.9%	$427,673
	25	Travilah		0.0%	
1,2,3	26	Rockville	256	36.9%	$492,194
	27	Aspen Hill	2	0.3%	$130,614
	28	Cloverly		0.0%	
3,P	29	Potomac	1	0.1%	$750,000
1,2,3,P	30	N. Bethesda	5	0.7%	$600,000
1,2,3	31	Wheaton/Kensington	69	9.9%	$449,705
	32	Kemp Mill/4-Corners		0.0%	
3	33	White Oak	14	2.0%	$375,453
3	34	Fairland		0.0%	
1,P	35	Bethesda		0.0%	
1,2,3	36	Silver Spring		0.0%	
	37	Takoma Park		0.0%	
	()		1	0.1%	$478,525
	Tot	County Totals	694	100.0%	$423,457

Figure 16. Median Sales Prices by Planning Areas by Transit Services – Single Family Attached, Existing

Used SFA		**2004**			
Transit Key: 1=Metro; 2=MARC; 3=Park & Ride; P=Proposed	PA #	PLANNING AREA	Used SFA Sold	Percent of All Used SFA Sales	2004 Medians
3	10	Bennett	1	0.0%	$444,000
3	11	Damascus	105	1.5%	$197,000
2	12	Dickerson		0.0%	
P	13	Clarksburg	43	0.6%	$409,900
	14	Goshen	28	0.4%	$230,000
3	15	Patuxent	5	0.1%	$279,900
	16	Martinsburg		0.0%	
	17	Poolesville	52	0.7%	$165,000
2	18	Lower Seneca		0.0%	
2,3,P	19	Germantown	1,663	23.6%	$260,000
1,2,3,P	20	Gaithersburg	1,467	20.8%	$249,900
2,3,P	21	Gaithersburg	841	11.9%	$300,000
P	22	Rock Creek	46	0.7%	$339,000
3	23	Olney	267	3.8%	$305,000
	24	Darnestown	69	1.0%	$375,000
	25	Travilah	143	2.0%	$390,000
1,2,3	26	Rockville	391	5.5%	$450,000
	27	Aspen Hill	378	5.4%	$294,000
	28	Cloverly	39	0.6%	$231,000
3,P	29	Potomac	192	2.7%	$477,768
1,2,3,P	30	N. Bethesda	153	2.2%	$519,900
1,2,3	31	Wheaton/Kensington	325	4.6%	$285,000
	32	Kemp Mill/4-Corners	41	0.6%	$279,000
3	33	White Oak	107	1.5%	$309,590
3	34	Fairland	516	7.3%	$250,000
1,P	35	Bethesda	112	1.6%	$522,500
1,2,3	36	Silver Spring	28	0.4%	$335,750
	37	Takoma Park	42	0.6%	$246,950
	()			0.0%	
	Tot	County Totals	7,054	100.0%	$279,000

Figure 17. Median Sales Prices by Planning Areas by Transit Services – Condominium Sales, New

New Condos		**2004**			
Transit Key: 1=Metro; 2=MARC; 3=Park & Ride; P=Proposed	PA #	PLANNING AREA	New Condos Sold	Percent of All New Condo Sales	2004 Medians
3	10	Bennett	0	0.0%	
3	11	Damascus	16	4.3%	$94,786
2	12	Dickerson		0.0%	
P	13	Clarksburg	36	9.8%	$260,343
	14	Goshen		0.0%	
3	15	Patuxent		0.0%	
	16	Martinsburg		0.0%	
	17	Poolesville		0.0%	
2	18	Lower Seneca		0.0%	
2,3,P	19	Germantown	0	0.0%	
1,2,3,P	20	Gaithersburg		0.0%	
2,3,P	21	Gaithersburg	14	3.8%	$332,757
P	22	Rock Creek		0.0%	
3	23	Olney		0.0%	
	24	Darnestown		0.0%	
	25	Travilah		0.0%	
1,2,3	26	Rockville	124	33.7%	$342,735
	27	Aspen Hill	150	40.8%	$314,181
	28	Cloverly		0.0%	
3,P	29	Potomac		0.0%	
1,2,3,P	30	N. Bethesda		0.0%	
1,2,3	31	Wheaton/Kensington		0.0%	
	32	Kemp Mill/4-Corners		0.0%	
3	33	White Oak	5	1.4%	$94,047
3	34	Fairland	2	0.5%	$382,631
1,P	35	Bethesda	9	2.4%	$1,166,515
1,2,3	36	Silver Spring		0.0%	
	37	Takoma Park		0.0%	
	()		12	3.3%	$377,363
	Tot	County Totals	368	100.0%	$318,985

Figure 18. Median Sales Prices by Planning Areas by Transit Services – Condominium Sales, Existing

Used Condos		**2004**			
Transit Key: 1=Metro; 2=MARC; 3=Park & Ride; P=Proposed	PA #	PLANNING AREA	Used Condos Sold	Percent of All Used Condos Sales	2004 Medians
3	10	Bennett		0.0%	
3	11	Damascus	70	1.4%	$143,250
2	12	Dickerson		0.0%	
P	13	Clarksburg	29	0.6%	$240,390
	14	Goshen		0.0%	
3	15	Patuxent		0.0%	
	16	Martinsburg		0.0%	
	17	Poolesville		0.0%	
2	18	Lower Seneca		0.0%	
2,3,P	19	Germantown	849	17.4%	$209,900
1,2,3,P	20	Gaithersburg	403	8.3%	$160,000
2,3,P	21	Gaithersburg	588	12.0%	$193,500
P	22	Rock Creek	7	0.1%	$239,500
3	23	Olney	97	2.0%	$230,000
	24	Darnestown	7	0.1%	$220,000
	25	Travilah		0.0%	
1,2,3	26	Rockville	323	6.6%	$300,229
	27	Aspen Hill	653	13.4%	$197,000
	28	Cloverly	2	0.0%	$295,000
3,P	29	Potomac	138	2.8%	$256,000
1,2,3,P	30	N. Bethesda	557	11.4%	$265,100
1,2,3	31	Wheaton/Kensington	180	3.7%	$209,300
	32	Kemp Mill/4-Corners	93	1.9%	$172,000
3	33	White Oak	43	0.9%	$140,500
3	34	Fairland	236	4.8%	$199,945
1.P	35	Bethesda	424	8.7%	$413,750
1,2,3	36	Silver Spring	146	3.0%	$197,750
	37	Takoma Park	39	0.8%	$139,000
	()			0.0%	
	Tot	County Totals	4,884	100.0%	$215,000

Median Sales Price - Montgomery County, MD **First Quarter Sales Comparison, 2002 to 2005**				
Housing Type	**2002**	**2003**	**2004**	**2005**
New Single-Family Detached				
Median Price	$475,256	$553,473	$659,730	$745,931
Percent Increase		16.46%	19.20%	13.07%
Existing Single-Family Detached				
Median Price	$303,000	$366,000	$400,000	$469,900
Percent Increase		20.79%	9.29%	17.48%
New Single-Family Attached				
Median Price	$245,200	$325,577	$416,569	$457,268
Percent Increase		32.8%	27.95%	9.77%
Existing Single-Family Attached				
Median Price	$174,900	$200,000	$249,900	$305,000
Percent Increase		14.35%	24.95%	22.05%
All Single Family				
Median Price	$252,000	$298,988	$349,900	$400,000
Percent Increase		18.65%	17.03%	14.32%
County Median Household Income	$78,647	$79,115	$84,061	$86,265
Annual Total Housing Costs Affordable to HHs Earning the County Median (30%)	$23,594	$23,735	$25,218	$25,880
1st Qtr CPI (Housing) Percent Increase	2.3	4.2	3.5	3.8
Number of units sold in Qtr	3,950	3,200	4,013	3,808
Percent Change		-18.99%	25.41%	-5.11%