



MONTGOMERY COUNTY PLANNING DEPARTMENT
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

July 17, 2008

Memorandum

To: Montgomery County Planning Board

From: Karl Moritz, Chief (Research & Technology Center); Roselle George, Research Manager (Research & Technology Center); Sharon Suarez, AICP, Planner Coordinator (Research); Jacob Sesker, Planner Coordinator (Research); Piera Weiss, Acting Team Leader-Bethesda/Chevy Chase (Community Based Planning)

Re: Release of Draft *Housing Policy Element of the General Plan* for Public Comment

Summary

In 1993, the Montgomery County adopted an amendment to the General Plan to update and “refine” its major policy goals, objectives and strategies. Over the course of the past 6 months, the Montgomery County Planning Board has been engaged in a review of the housing section of that document, with the goal of producing a new *Housing Policy Element of the General Plan* to provide the appropriate policy guidance when new master plans are being prepared, development applications reviewed, and land use policies and regulations debated.

At this worksession, staff is requesting that the Planning Board release for public comment a draft *Housing Policy Element of the General Plan* based on the research, analysis, input and discussion that we’ve had. If the Planning Board agrees, staff will set a public hearing date in September.

Part 1: Background

Pursuant to the Housing Policy program element in the FY08 budget, the Montgomery County Planning Department engaged in a substantial effort to enhance its understanding of housing issues in Montgomery County and improve its ability to address those issues through planning. Included in that effort are revisions to the Housing Element to the General Plan of Montgomery County. These revisions are intended to update the language of the Housing Element to reflect changes informed by our analysis and discussions; additionally, these

revisions are intended to ensure that the Housing Element of the General Plan contains any necessary substantive changes that would qualify the County for State workforce housing grants.

In February, the Planning Board approved an approach for the *Housing Policy Element of the General Plan* whereby Staff and the Board engaged in regular discussions of housing policy issues. These discussions occurred in two forums: public work-sessions where the conversation was sparked by a staff memorandum, and discussions that began with public presentations by panels of industry experts or expert speakers as a part of the *Excellence in Planning Speaker Series*. The public engagement portion of the project included not only the public work-sessions and the speakers, but also the creation of a housing blog, *The Home Stretch*, which provided the public with an opportunity to read staff reports, listen to Planning Board sessions and speakers, answer poll questions, and submit reactions and comments.

Staff reports and presentations not only provided the opportunity to engage the Board and the public in discussions of key issues, but also to make significant progress in data collection and data analysis. For example, data collected for the housing inventory presentation was also used to support the later analysis of supply and demand. That data will continue to play an important role in future reports and analyses of housing-related issues in support of master plans. Similarly, data collected and analysis performed pursuant to the pro forma analysis of the MPDU bonus density program will continue to inform discussions related to zoning and master plan density in transit station areas.

In addition, the reports and presentations provided Staff with opportunities to coordinate and build collaborative relationships with other county entities. Those entities include:

- Department of Housing and Community Affairs (DHCA)
- Housing Opportunity Commission (HOC)
- CountyStat

Future coordination and collaboration with both DHCA and HOC will be essential to the success of future planning efforts impacting housing. This project has served to strengthen those relationships in anticipation of closer working relationships in the coming years.

Part 2: Work Program

The schedule of the work program, as approved in February and amended through subsequent discussions with the Board, included the following items:

- 1) February 14: Housing Inventory (staff presentation)
- 2) March 20: Excellence in Planning Speaker, David Rusk (presentation and discussion)
- 3) March 27: Review of the County's Housing Policies (staff report and discussion)
- 4) April 17: Review of Housing in Master Plans (staff report and discussion)

- 5) April 24: Excellence in Planning Speaker, Marina Khoury (presentation and discussion)
- 6) May 8: Excellence in Planning Speaker, Margery Austin Turner (presentation and discussion)
- 7) May 15: Legislative Issues: The Affordable Housing Task Force Recommendations, Pro Forma Analysis of MPDU Bonus Density, and MPDU Site Design Guidelines (staff reports and discussions)
- 8) May 15: Planning Board Roundtable Discussion with the Montgomery County Building Industry Association (discussion)
- 9) May 22: Excellence in Planning Speaker, Bernadette Hanlon (presentation and discussion)
- 10) May 29: Examination of Neighborhood Change Using Indicators-Evidence from Montgomery County (staff report and presentation)
- 11) May 29: Excellence in Planning Speaker, Christopher Leinberger (presentation and discussion)
- 12) July 3: Housing Supply and Demand-Matching Households with Houses (staff report and presentation)
- 13) July 21: Housing/Transportation Affordability Index (staff presentation and discussion)

Summaries of Work Program Elements

Housing Inventory

The presentation included extensive, newly-acquired and compiled GIS point data regarding the County's current housing inventory. Specific data sets included:

- Location by age of structure (time series map showing development of Montgomery County over time)
- Housing by structure/unit type
- Housing by structure/unit size
- Additions—location and size
- Assessments by location
- Foreclosures by location
- Housing by tenure (own/rent)
- Location of licensed rentals
- Licensed rentals by type

This presentation also included a demonstration of the newly acquired and compiled data related to housing affordability. Specifically, those demonstrations included presentations of the following:

- Historic maps of affordability
- Current housing values and changes in assessed values by neighborhood
- Neighborhood shifts from affordable to unaffordable
- Identification of today’s affordable neighborhoods
- Common characteristics of housing stock in affordable neighborhoods
- Other—social factors tracked that relate to housing
 - School clusters and affordable neighborhoods
 - Legal and illegal accessory units
 - Overcrowding violations
 - Crimes against property

Staff concluded with a demonstration of the growing database of information related to “controlled” (regulated) affordable housing in Montgomery County, including the following:

- Moderately-priced dwelling units
- Workforce housing units (Lot 31)
- Bond-financed units
- Tax-credit financed units
- Other government programs

Excellence in Planning Speaker, David Rusk

David Rusk, a noted urban policy consultant and author, spoke about affordable housing to an audience that included the Montgomery County Planning Board. Addressing a county that, in 1973, adopted one of the first—and arguably the most successful—inclusionary zoning programs in the country, he focused mainly on Montgomery County’s MPDU (moderately priced dwelling unit) program. In addition to commending the County on its efforts to date, he also presented recommendations for improving the MPDU program by looking to other cities and counties that use mandatory inclusionary zoning.

Mr. Rusk provided seven concrete recommendations for Montgomery County to improve its MPDU program:

- 1) Revisit the 20-unit minimum for the MPDU program.
- 2) Provide a density bonus to all developers who are required to build MPDUs.
- 3) Eliminate payment in lieu of building affordable units.

- 4) Maintain every effort to get mixed income housing built onsite. If it must be done offsite, ensure that it is at least in the same elementary school attendance zone.
- 5) Revisit the *set-aside* percent for major rezoning.
- 6) Issue revenue bonds for the purchase of individual MPDUs.
- 7) Reanalyze the County's workforce housing need.

Mr. Rusk highlighted the connection between housing policy and school policy, stating "housing policy is school policy." He cited statistics that supported a direct correlation between mixed income communities and better school performance.

Review of the County's Housing Policies

This report examined the Housing Goals outlined in the *General Plan Refinement of the Goals and Objectives for Montgomery County*. That examination included discussion of the housing goals and objectives of the *General Plan Refinement*, the evolution of the goal and objectives over time, and the extent to which the objectives (and the strategies for achieving each objective) adequately address the housing issues that currently facing the County.

This report also examined some of the various policies and programs affecting housing choice and affordability in the County. The policies reviewed include:

- The *Adopted Housing Policy for Montgomery County*
- The Moderately Priced Dwelling Unit (MPDU) Program
- The Workforce Housing Program
- The Accessory Apartment Program
- The Productivity Housing Program
- Condominium Conversion

For each policy, the report addressed perceived gaps. As appropriate, the report also included recommendations for addressing those gaps in the update to the Plan. This report also included an appendix that examined case studies of innovative techniques that have some promise for addressing the affordability problems faced by Montgomery County.

Roundtable Discussion with Montgomery County Building Industry Association

Representatives of the development industry discussed the perspectives of the builders, developers and lenders. Roundtable members included Raquel Montenegro of the Maryland-National Capital Building Industry Association; Bob Spalding of Miller and Smith; Steve Nardella of Winchester Homes; Tom Farasy of Terra Verde Communities, LLC; John Dilworth of the Columbia Bank; Cecilia Hodges of Provident Bank; Larry Noda, of NB Valuation Group; and Patrick Greaney, of Furey, Doolan, and Abell, LLP.

Review of Housing in Master Plans

This report included a summary of the observations and recommendations related to housing in the County's adopted master plans. Those observations and recommendations were informed by focus groups held with the Community Based Planning Division and the Development Review Division. This memorandum also included a review of the housing components and housing-related strategies and recommendations of all master plans approved and adopted since 1993, as well as brief summaries of focus groups held with staff from the Community-Based Planning Division and the Development Review Division.

The observations and recommendations of the report are summarized as follows:

- 1) *Master plans should include a survey of existing housing stock.* The GIS system makes compiling information regarding housing stock much easier than in the past. Future master plans should contain a survey of the existing housing stock including housing unit types and number of affordable and senior units. That data represents a base line on which a master plan can generate recommendations to create the desired variety of living environments tailored to local conditions.
- 2) *Housing targets and housing projections present challenges; new technologies and capabilities can help meet those challenges.* Quantitative targets can be counter-productive. Quantitative analysis, on the other hand, can play an important role in master plan concept development and implementation oversight. New technologies and changing staff capabilities provide opportunities for enhanced quantitative analysis. However, even recent master plans have been inconsistent in their approach to quantitative analysis, projections, and targets. Staff continues to develop capabilities and analytical models for assessing the feasibility of development. In master plans where feasibility is a question, these improvements will enable staff to better evaluate the feasibility of master plan recommendations and incentives to achieve desired development goals. While many quantitative analyses and projections are specific to an individual master plan, quantitative analysis should be consistently incorporated in plans.
- 3) *GIS and Hansen can help the Planning Board monitor development activity, master plan goals, objectives and recommendations.* Both Staff and the Planning Board could benefit from periodic development summaries of each master plan area to chart the implementation of the master plan recommendations. The GIS system and Hansen will make these summaries geographically accurate and can pinpoint instances where there were unforeseen problems or unintended consequences.
- 4) *Some affordable housing goals and objectives may be better met through tools other than master plans.* It is generally accepted that future development will not generate affordable housing at the same rate as in the past. The total amount of affordable housing units as a percentage of new housing will be smaller than in the past. The county has taken measures to ensure that the existing and future affordable housing stock will be controlled for longer periods of time. Opportunities for affordable housing may lie in the

conversion of existing market rate housing stock into controlled affordable housing. Members of the County Council recently suggested publicly that the current foreclosure crises could be an opportunity for such an effort. However, the role that the master plan process might play in these efforts is limited. Opportunities for conversion of housing stock follows generally follows market cycles, but on a micro level follows timelines specific to the parties engaged in the process. A master plan process is set in motion through an approved Work Program, which may be out of phase with both the general market cycle and the specific timeline of a potential sale. However, master plans are the appropriate tool to recommend acquisition of land for public purposes, such as affordable housing.

- 5) *Each plan should take a more strategic approach.* Housing policies that are clearer and better defined can improve the ability of master plans to develop strategies to implement those policies. Each master plan can not address housing needs in the same way. Opportunities may arise in some areas and not others. Older un-controlled rental communities are a resource in certain parts of the county and the pros and cons of preservation or redevelopment should be carefully considered. Similarly, density bonuses are appropriate in some areas and not others. Some parts of the county, even in built-up areas, are not well served by transit. Environmentally sensitive areas are not good locations for high densities; on the other hand, environmental sensitivity is relative. If higher density can be achieved through underground or structured parking and taller buildings, then perhaps environmental sensitivity issues can be minimized through the application of low-impact development techniques.

Excellence in Planning Speaker, Marina Khoury

Marina Khoury, from one of the nation's leading planning firm, Duany Plater-Zyberk, described Miami's new zoning overhaul that promotes well-balanced neighborhoods and a rich quality of life. Her remarks were especially relevant to issues that the Department will address in our own zoning code rewrite.

Excellence in Planning Speaker, Margery Austin Turner

Ms. Turner, director of the Metropolitan Housing and Communities Policy Center at the Urban Institute, discussed Housing for People with Special Needs. She noted that, while the Washington region's pace of growth has moderated recently, in general the economy is strong and home values are high. This means that home prices and rents remain out of reach for many low- and moderate-income residents. She noted that finding a suitable and affordable place to live is especially difficult for people who need special design features or supportive services, such as people with physical and mental disabilities, elderly people who can no longer live independently, and individuals and families who have been homeless.

Ms. Turner suggested that the Washington region stands on the brink of an impending surge in the number of residents with special housing needs. As the region's population with special needs expands, the number of households struggling to cover unaffordable costs for in-home care will grow they may face long waiting lists for publicly-funded services or supportive housing units, become institutionalized unnecessarily, and even experience periods of homelessness. She urged the region's leaders begin to plan and work together now — in anticipation of the coming wave of special housing needs — so that they can expand the range of linked housing and service choices offered by the private sector, develop more effective public programs, and ensure that options are affordable for people of all incomes across the region.

Ms. Turner is Director of the Metropolitan Housing and Communities Policy Center at the Urban Institute and is a noted researcher and analyst of urban and regional planning issues. She's one of the authors of the "Housing in the Nation's Capital" series of research reports.

Legislative Issues: The Affordable Housing Task Force Recommendations, Pro Forma Analysis of MPDU Bonus Density, and MPDU Site Design Guidelines

On May 15, Staff presented three legislative issues for discussion by the Planning Board: the recommendations of the County Executive's Affordable Housing Task Force and two issues concerning the Moderately Priced Dwelling Unit (MPDU) program.

Staff presented a brief analysis of the County Executive Ike Leggett's ***Affordable Housing Task Force Report***. Mr. Leggett unveiled the final report at the Montgomery County Affordable Housing Conference on April 4, 2008. Staff's analysis compares the recommendations of the task force and Mr. Leggett's remarks about the report. He appeared to support some, but not all, of the recommendations set forth in the report.

The County Executive initiated a task force of developers, land use attorneys, real estate financiers, housing advocates, planners, and others to recommend ways to increase the amount of affordable housing in Montgomery County. The task force met for over a year before issuing *the* report.

Nearly all the recommendations, save for the creation of two new financial funds, have been discussed before. Specifically, staff recommends getting and staying out in front of the recommendations, especially related to housing advocacy, streamlined development review, public process requirements, balancing other public policies, and advocating for the appropriate uses of parklands, agricultural lands, and other conserved lands.

The ***Moderately Priced Dwelling Unit*** program has been under continuous review and improvement since it was adopted over 35 years ago. Though recent legislative changes—and proposals for change—have made significant improvements in the program, other issues remain. Several of those remaining issues are under the purview of the Planning Board, and this memo introduces staff's analysis of two of them and explains the nature of the ongoing analysis of a third.

Staff prepared a *Pro Forma Analysis of MPDU Bonus Density*. The intent is to provide the Board with an analysis of the economic value to developers of building bonus density units. Recommendations presented in this report include the following: (1) additional research and analysis into the effect of the Workforce Housing requirement on both the feasibility of MPDU bonus density, and on the overall number of inclusionary zoning units that will be developed in Montgomery County; (2) continued development and refinement of in-house pro forma models to support evaluation of individual development projects and to support the analysis and evaluation of policy alternatives. The accompanying analysis discusses the efforts to achieve higher yields of affordable units in individual projects.

The memorandum begins with a background summary of the relevant portions of two recent analyses of the MPDU program: the County Council's report entitled *Strengthening the Moderately Priced Dwelling Unit Program: A 30-Year Review*, and the follow-up report by the Office of Legislative Oversight entitled *A Study of Moderately Priced Dwelling Unit Program Implementation*. Then, the memorandum includes a brief discussion of the differences between public and private sector perspectives of bonus density. Finally, the memorandum includes preliminary observations and findings with respect to the economics of bonus density under various scenarios.

The third legislative issue is MPDU Site Plan Guidelines. Due to the evolving shift toward urbanized development, the MPDU Site Plan Guidelines, approved by the Planning Board in 1995, have been under increasing scrutiny by the County Council, developers, the public, as well as Department staff. The range of questions addressed in this memo includes whether the guidelines have formal status, whether they prevent concentration, and whether they should be formally updated.

The issue of MPDU dispersal was examined during the 2005 audit of the Clarksburg Town Center and again in the fall of 2007, as part of the review of amendments still under consideration by the PHED. As part of those discussions, staff undertook a relatively thorough examination of the regulatory basis for the siting and dispersal of MPDUs. For this memo, staff revisited and updated that research, including the affordable housing and MPDU ordinances and regulations, the Planning Board's formally approved MPDU Site Plan Guidelines (Appendices "A" and "B"), current Chapters 25A and B of the Montgomery County Code, the current Montgomery County Housing Policy document, the Montgomery County *General Plan*, and *General Plan Refinement*.

Staff determined that the Planning Board's MPDU Site Plan Guidelines offer the County's only siting guidance for dispersal and concentration of MPDUs within site plans. While the Planning Department was wise to initiate a broad community effort to develop these guidelines, they were conceived within a suburban development model, not an urban infill model. Staff recommends that the Planning Board open the guidelines to review and comment, so that they may be of greater benefit during the design and review of more urban development

Excellence in Planning Speaker, Bernadette Hanlon

Dr. Hanlon discussed indicators of suburban change, with particular emphasis on the relative health of inner-ring suburbs compared to their outer-ring or “exurban” neighbors. Using 1990 and 2000 Census data, Dr. Hanlon identified inner-ring suburbs around the country that show signs of stress.

Among the challenges faced by many inner-ring suburbs: an aging housing stock, fiscal problems created as the cost to meet mounting needs outpaces the growth in the tax base, slow population growth, increasing poverty, and struggling local economies. She noted that “inner-ring suburbs” are in what scholars refer to as a ‘policy blind spot,’ caught between attempts to lure jobs and population back to central cities and, at the same time, rein in development on the suburban fringe.

Bernadette Hanlon, PH.D., is a research analyst with the Center for Urban Environmental Research and Education, University of Maryland Baltimore County. She has a doctorate in public policy and holds two Master’s degrees in policy sciences and in philosophy.

Examination of Neighborhood Change Using Indicators-Evidence from Montgomery County

This memorandum is intended to initiate a conversation about the factors that have spurred neighborhood change in Montgomery County over the past 30 years. In order to gauge change throughout the County, a set of indicators were used to analyze neighborhood and sub-regional conditions. Findings from the analysis will give way to a discussion about policy implications of neighborhood change and decline. Note: An expanded version of the information presented in this report will be included as a session at the 2008 Maryland-Delaware APA Regional Conference this November.

Montgomery County’s Census Update Survey (CUS) is a rich source of information about the residents of Montgomery County: how their households are composed, their education levels, where they work and how they get there, what languages they speak, how much they pay for housing, etc. The following analysis is only an example of what can be analyzed using five housing related fields. The analysis conducted by staff yielded relative differences among the planning areas and shows trends in the indicators of population, median household income, average monthly household costs and number of rental units. Mapping these data will allow staff to easily analyze changes that may be occurring in different sections of the county.

The data from the CUS can be combined with the County’s new housing inventory (which contains data by individual addresses) to provide an even richer analysis. This will allow us to not only look at trends over time but combine the following CUS field with housing data such as assessed housing values, housing sales, foreclosure information, MPDU’s, as well as social data (crime, health, educational, etc.).

Using only the CUS data and these 5 characteristics, staff found the following:

Population has trended upward in virtually all planning areas. The greatest rate of population increase occurred in Clarksburg (215% but only an actual increase from 2,060 to 6,500. This increase is to be expected with a significant amount of the county's growth occurring there), followed by Germantown, Upper Rock Creek and Travilah. Takoma Park was the only planning area that experienced a decrease in population between 1997 and 2005.

On the County level, median household income increased 2.4%. Increases in median household income were evident in most planning areas. Median household income increased in 14 of 21 planning areas between 1997 and 2005. The largest increase was seen in Clarksburg & Vicinity and the smallest increase in Bethesda/Chevy Chase. Six planning areas experienced a decrease in median household income during the same time period. Takoma Park experienced the most significant decrease in income. Notable decreases in income also occurred in Upper Rock Creek and Aspen Hill. As an example of the fact that this must be construed as an indicator of *change* rather than *decline*, Takoma Park experienced the greatest percentage increase in monthly housing costs for homeowners over this period of time (28.2%).

In many cases, average monthly household costs for County homeowners and renters have increased substantially while median household income has diminished. Comparing rate of change in housing costs to median income within planning areas can also shed light on possible issues concerning neighborhood change. According to census update survey data, six planning areas show considerable increases in either or both owner and renter average monthly housing costs and decreases in median household income between 1997 and 2005:

- In Aspen Hill, average monthly household costs for homeowners rose 12 percent and average monthly household costs for renters rose 13 percent; however, the median household income decreased by 11 percent.
- In Colesville/White Oak, average monthly household costs for homeowners and renters increased by 11 and 18 percent respectively; median household income for this planning area decreased by three percent.
- Fairland's average monthly household costs for homeowners and renters increased by 7 percent and 8 percent, respectively; median household income for the planning area fell 10 percent.
- In the Gaithersburg & Vicinity planning area, average monthly housing costs for renters significantly outpaced the same costs for homeowners (18 percent increase for renters; 5 percent increase for homeowners); the median household income for this planning area decreased by 4 percent.

- Of all planning areas that experienced median household income decreases, Takoma Park experienced the largest increase in average monthly household costs for homeowners (28 percent). Average monthly household costs for renters actually decreased by 2 percent. The median household shrunk 15 percent.
- Upper Rock Creek experienced notable changes in its housing costs and median household income. Average monthly household costs for renters rose 21 percent and average monthly household costs for homeowners rose 6 percent. During the same time period, the planning area's median household income decreased by 14 percent.

In many planning areas, the number of rental housing units declined considerably.

Between 1997 and 2005, the number of rental units decreased in 14 of the County's 21 planning areas. The unit decreases ranged from 1.3 percent to 7.2 percent. The decrease in rental units in these planning areas, however, is lower than the County-level decrease (10.2 percent).

The staff analysis was only a sample of what can be done with the Census Update Survey results. Combining CUS with the recently compiled housing inventory will yield even richer results.

Excellence in Planning Speaker, Christopher Leinberger

Mr. Leinberger discussed the pent-up demand for walkable urban neighborhoods, especially in the suburbs. He reviewed the characteristics of walkable urban neighborhoods that are successfully meeting needs and wants of suburban residents and the marketplace. He reviewed the varieties of new walkable urban neighborhoods around the country and noted that the Washington region has more of these kinds of neighborhoods than other parts of the country.

In an article in the *Atlantic Monthly*, Mr. Leinberger noted that recent demographic and economic changes, as well as energy prices and concerns about global warming, are providing a strong counter-balance to the forces that have been driving exurban growth. Mr. Leinberger's work suggests that inner-ring suburbs can address the challenges that Dr. Hanlon observed in part by creating urban walkable neighborhoods to re-attract households disillusioned by their exurban experience.

Chris Leinberger is a land use strategist, and developer who focuses on alternative methods of building the built environment. He is currently a visiting fellow at the Brookings Institution in Washington, DC, a professor of practice at the Graduate Real Estate Development Program at the University of Michigan, and a founding partner of Arcadia Land Company, a progressive real estate development firm.

Housing Supply and Demand-Matching Households with Houses

Research staff prepared a report assessing the supply and demand for housing in Montgomery County, Maryland. Included in the report is a comprehensive assessment of the local housing environment, an analysis of the gap between existing and projected supplies of housing relative to demand at affordability thresholds for households of different sizes, and an analysis of the implications that these trends and conditions might have for policies that affect the County's affordability environment. Findings included:

Comprehensive Assessment of the Local Housing Environment

- Much of Montgomery County's planned residential development has already been built, with 82% of residential capacity already reached. In-fill development will supply much of the County's future housing.
- Single-family attached and multi-family units have been the dominant form of new home construction in Montgomery County over the past four decades. Even so, single-family detached homes remain the single largest category of homes in the County (over 90% of new homes built prior to 1970 were single-family detached).
- The County is forecast to add residents over the next 25 years. An additional 155,000 residents in 71,000 households is projected to be added to the County between 2010 and 2030.

Housing Supply and Demand Gap by Affordability and Choice

- The County has a sizable shortage of affordable housing that will persist if existing land use patterns are maintained. There is a net shortage of 43,000 units in Montgomery County housing available to households earning less than \$90,000 per year.
- The housing crisis disproportionately affects families. The shortage grows to nearly 50,000 units when household size is taken into account. Families of four or more face the largest shortage.
- The existing housing gap indicates that households are experiencing an immediate housing crunch (spending more than 30% of their income on housing, or living in units that are too small for their families) or would be unable to purchase their home today.
- The affordability crisis is reaching up to the income ladder. By 2030, the shortage of housing is estimated to reach larger households earning up to \$120,000 per year. Particular sub-groups estimated to be the most impacted include: low and moderate income households, and workforce households.

Policy Analysis

- Market forces are unlikely to close the affordability gap due to limited options for expanding supply in the face of strong demand; high labor, land and construction material costs; and tightening of credit availability.
- The County’s existing policy mix is unlikely to meet the scale of need. A key problem is that our existing tool set works best in a relatively robust fiscal and economic environment.

Recommendations for Future Study and Further Refinement

- Continue meeting the needs of households at all life stages. More needs to be done to meet the needs of families of modest means. The trend towards larger, multi-family dwellings and high-intensity single-family dwellings should be encouraged, and augmented by allowing accessory structures and smaller lot developments.
- Rezone to higher density – or implement minimum density requirements in zones.
- Allow smaller lots, which would be appropriate for cottage zoning.
- Reduce parking requirements, especially near transit and mixed-use developments.
- Avoid over-loading projects with fees and exactions.
- Examine workforce housing and family housing in further detail.
- Understand geographic differences in housing supply and needs for existing residents.
- Examine alternative sources of funding for building affordable housing units – for example, increase the transfer tax on properties to supplement affordable housing funds.
- Convene working groups with representatives from large employers to understand their worker shortages and types of housing desired by the workers.
- Understand the nexus between a streamlined regulatory process and the impact on supply and pricing.

Housing/Transportation Affordability Index

The Planning Department partnered with Arthur C (“Chris”) Nelson, formerly with Virginia Tech and now Director of Metropolitan Research with the University of Utah, to produce a Housing/Transportation Affordability index for Montgomery County. The index allows comparisons of the combination of housing and transportation costs in different parts of the county. The index, which is the sum of the share of household income devoted to housing and to transportation, indicates the relative burden that different locations impose on households at different income levels. The index is applied to transportation analysis zones in the county. High index scores indicate that households have a higher share of their income devoted to

housing and transportation than lower index scores. There are several potential uses of the index such as targeting lower and moderate income housing efforts, extending public transit, exploring other ways to reduce index scores especially for lower income households, and perhaps to reduce impact fees to encourage development where lower index scores are prevalent – thus reflecting the savings to the county in terms of road improvements.

To characterize the impacts of housing and transportation costs on lower and moderate income households and the neighborhoods in which they live, the study analyzes several factors influencing a household's transportation costs and how they compare and combine with their housing costs according to the location in the county and the characteristics of that location.

Major Findings

The average housing costs per household is calculated for each block group as an index where 100% means that such costs in that block group are equal to 80% of the AMI. The upper two quintiles are the most burdened block groups in this respect, basically located in the southwestern-most part of the county but also including some of the county's highest income neighborhoods.

The average transportation costs per household is calculated for each block group as an index where 100% means that such costs in that block group are equal to 80% of the AMI. Costs include owning and operating vehicles plus imputed costs of commuting time. The upper two quintiles are the most burdened block groups in this respect. The middle quintile shows the county's least burdened block groups in this respect. (Overall, the county is moderately to heavily burdened in transportation costs). The middle quintile predominates around the main transportation corridor through the center of the county, where public transit accesses employment and mixed-use centers.

The average housing + transportation (H+T) costs per household is calculated for each block group as an index where 100% means that such costs in that block group are equal to 80% of the AMI. The upper two quintiles are the most burdened block groups in these combined respects. These lowest H+T burdens are found mostly along transportation and especially public transit corridors, and where employment and housing is mixed, and where densities and intensities of each are higher than the metropolitan region average.

The study concludes with four policy considerations:

1. Policies for workforce housing should be paired with policies that both support and improve workforce transportation and with policies to promote better planning of the location and distribution of employment and job centers within regions.

2. Inclusionary zoning and mixed-income housing in employment center areas with high housing prices would allow lower income households to live near major centers of employment and may help to reduce regional congestion.
3. Targeted job development in low income neighborhoods in urban nodes and close-in areas would help to raise the incomes of the households living there.

Household transportation costs need to be communicated to consumers, policy makers, and planners.

Issues Identified

Over the course of the previous six months, a number of housing-related issues have been raised; some discussed in detail and others only briefly raised. Some of these may be suitable for inclusion in the General Plan and others could be pursued in other arenas. These issues included:

- The General Plan is not explicit that it is desirable to concentrate mixed uses, including housing, around transit stops.
- The General Plan's discussion of the desirability of a job-housing balance should be revisited and possibly strengthened, perhaps looking at whether jobs and housing are balanced at all income levels
- The General Plan could say that all locations in the County are suitable for affordable housing.
- The General Plan does not reference workforce housing.
- The General Plan does not stress the importance of mixing housing of varied income levels (low, moderate, and market-priced) within buildings and neighborhoods.
- The discussion of energy issues could be strengthened, including energy as an affordability issue, energy efficiency (including unit size), locational efficiencies, and other potential issues such as minimum requirements for on-site generation from renewable sources. Consider housing-transportation-energy affordability index.
- The General Plan's direction on quality design could be strengthened.
- The General Plan could address unit mix issues in new multifamily buildings such as the size of units and the number of bedrooms to better match supply and demand, to better meet the needs of larger households, etc., and other corollary issues, such as buildings designed for flexible unit size.
- The General Plan could more strongly address the provision family-friendly features for all kinds of housing – on site and in the neighborhood – including day care, green space, play space and more.
- Should there be a policy about “no net loss” of affordable housing units?

- Should the General Plan further address density bonus issues, such as clarifying in plans how density bonuses are to be addressed, which have priority (TDR, MPDU), and why (if it does) the plan reduces opportunities for density bonuses, such as through height limits.
- How or should master plans address the economic/financial realities of development and should these be taken into account when setting public policy related to housing.
- Should the County allow smaller lots?
- How should the General Plan address accessory apartments, personal living quarters, and rooming houses.
- Consider language supporting greater use of community land trusts.
- Consider language supporting reduced parking requirements, especially for multi-family.
- Balance exactions on residential and non-residential development. Consider linkage fees on non-residential development that would go to support housing. Encourage Employer Assisted Housing.
- Does our emphasis on supporting home-ownership draw attention away from households that require/prefer/rely on rental housing?
- Should the General Plan reflect a new direction in the provision of amenities and mitigations on a neighborhood basis, not solely on a building-by-building basis?
- Make sure the General Plan addresses housing at all life stages, factoring in income and disability, and making housing everywhere accessible to people at all life stages. For senior housing especially, recognizing the desire to age-in-place as well as demand for age-restricted housing.
- Consider how our existing and future housing stock supports our economic competitiveness, not just focusing on the “creative class” but also welcoming people from other countries and cultures.
- Address the concept of “healthy and sustainable communities.”
- Do the MPDU site plan guidelines need to be revised?
- Additional analysis should:
 - Locate underused parcels suitable for higher density redevelopment including housing, such as publicly-owned land like parking garages.
 - Look at partnerships with faith-based institutions and other non-profits with land assets.
 - Look at voluntary rent stabilization guidelines, effectiveness, limits on condo conversion.

Attachments

1. Draft revision to the Housing Policy Element of General Plan
2. Currently adopted Housing Policy Element of the General Plan

GENERAL PLAN REFINEMENT OF THE GOALS AND OBJECTIVES FOR MONTGOMERY COUNTY

2008 HOUSING GOAL

SCOPE

Approved and adopted September 2008

The 2008 Housing Goal addresses Montgomery County's present and future housing needs, and focuses on elements of housing and community design as well as affordability. The goal, objectives, and strategies are designed to recognize the housing needs of all current and future County residents, including the full spectrum of ages, incomes, lifestyles, and physical capabilities. Providing a variety of housing opportunities for the Montgomery County workforce is of particular concern.

KEY CONCEPTS

Consistency with the Wedges and Corridors concept will continue to be fundamental to the implementation of the 2008 Housing Goal. As components of the General Plan, individual master plans and sectors should demonstrate consistency with the 2008 Housing Goal. These planning documents should especially address the appropriate locations for and types of multifamily and single-family workforce and affordable housing development.

CHANGES FROM THE 1993 GENERAL PLAN REFINEMENT

Montgomery County is now at a stage in its growth when infill and redevelopment are as critical to the achievement of the County's land use as development of vacant land. This greater emphasis on transit-oriented housing densities in the Urban Ring, the 1-270 Corridor, and along Georgia Avenue requires a greater emphasis on quality design.

As was true in 1993, a declining supply of undeveloped land for housing coupled with steady job growth puts upward pressure on home prices. As a result, it is more challenging for both the

private and public sectors to provide affordable housing, even for middle-income workforce households. Some geographic areas of the County are especially affected. In addition, high-rise housing development raises unique financial feasibility issues and merits special attention. The 2008 Housing Goal addresses these issues.

The 2008 Housing Goal looks at the relationship of employment growth and the need for housing in a new way. The goal emphasizes transit-centered workforce and affordable housing as well as housing that allows older residents a variety of options, including aging in place. The revised objectives will more strongly encourage architectural and community design excellence. The objectives do not specify numerical targets but instead encourages a balance between jobs and housing on a County-wide basis, leaving decisions about any changes in the numbers of housing units and/or jobs to master plans and other more local forums.

The 2008 Housing Goal contains a greater focus on higher density transit-oriented residential and residential mixed-use development. It seeks to concentrate the highest density residential uses in the near transit stations, especially in the Urban Ring, the 1-270 Corridor, and the Georgia Avenue Corridor. Of the Housing objectives, this one most specifically reinforces the Wedges and Corridors concept.

The 2008 Housing Goal has added “sustainability,” as an objective, embracing that term in its broadest possible sense. In the 2008 goal “sustainability” refers to the ability of housing and neighborhoods to allow persons to live independently, to the maximum extent possible, despite physical disabilities, changes in energy supplies, and housing maintenance and replacement requirements. Sustainability also refers to other infrastructural and economic variables, including the ability to ensure access to social support services in neighborhoods where residents choose to age in place. Greater emphasis is placed on housing strategies that can solve a multitude of problems at the same time. For example, 2008 Housing Goal encourages accessory apartments, both to encourage financial and social independence for the landlord(s) and to simultaneously create rental opportunities for more affordable and workforce housing.

To help accomplish this, the 2008 Housing Goal includes some words and phrases that were not included in the 1993 General Plan Refinement, The word "environment," as it refers to natural resources and concerns thereof, is critical to understanding the need for transit-centered development and for innovation in design and materials; and the word "preservation" is used in a range of ways, from the various strategies necessary to prevent the loss of housing affordable to low and moderate income households to the need to identify certain neighborhoods or districts for official preservation status.

INTERRELATIONSHIP WITH OTHER GOALS

Land Use

Housing is a major component of the Land Use Goal. Location and intensity cannot be separated from other housing issues, however, and so they are included in the 2008 Housing Goal, as well. The 2008 Housing Goal addresses topics such as affordability, quality, sustainability, and variety, which are not addressed by the Land Use Goal. The 2008 Housing Goal also emphasizes the need for improved methods of financing and staging of residential construction, the need for design consideration between areas of higher and lower density, and the appropriateness of affordable housing in any residential or mixed-use residential zone.

Economic Activity

Housing and economic activity may be considered as two sides of the same land use coin: each constitutes a major resource for the other. Housing provides consumers and employees to support economic activity, while economic activity provides the means of support for residential areas. In recent years, the production of high quality housing was both the result of and the impetus for economic development. The Housing and Economic Activity Goals are thus highly interrelated; each addressing the need for the other. Insofar as the provision of housing is itself a major economic activity and depends on a stable economic climate, it is discussed in the Economic Activity Goal.

Transportation

Historically, access to a variety of transportation modes to promote efficient travel, especially to work, and to protect the environment is an underlying theme of many of the Housing objectives and strategies. The 2008 Housing Goal is distinct in its desire for an unparalleled focus on transit-based residential housing, whether it is new housing at transit centers or the provision of improved transit access to existing neighborhoods. Pedestrian access is critically important. The Housing Goal encourages housing plans that foster transit serviceability and that stress the importance of locating affordable housing proximate to transit and employment opportunities.

Environment

The Environment Goal seeks to protect healthy and attractive surroundings for present and future County residents. The objectives also address the provision of the utilities and water and sewer service needed by local households. In the past, some of the Environmental objectives, such as preservation of trees, wetlands, stream valleys, and biodiversity, presented major constraints to suburban housing construction. With its emphasis on green and sustainable housing and neighborhoods, as well as its focus on transit-centered residential and residential mixed-use development, the 2008 Housing Goal is more aligned with the Environmental Goal than ever before.

Community Identity and Design

The Community Identity and Design Goal complements the Housing Goal. It guides the development of the community framework for housing, and it encourages lively, livable neighborhoods for County residents, and transit-oriented residential and mixed-use residential structures offer surpassing opportunities for creative design that invites and sustains residents and supports community life. Additionally, the Community Identity and Design Goal encourages the preservation of historic resources and neighborhoods, and the 2008 Housing Goal relies upon preservation as a significant way to maintain existing affordable housing resources.

Regionalism

Housing in Montgomery County is part of a regional market. Consequently, planning for residential uses in the County must consider the regional context. This is especially true of housing that is affordable to those workforce households earning less than the area median income. Montgomery County will continue to cooperate with appropriate agencies to find ways to create and preserve housing that is affordable to the regional workforce.

Compliance with Maryland Planning Act of 1992

The 2008 Housing Goal is responsive to several of the Maryland Planning Act's visions. A focus of several objectives is to concentrate development in suitable areas (Vision 1). The 2008 Housing Goal encourages economic growth and also proposes that regulatory mechanisms be streamlined (Vision 6). Strategies are included to assure the availability of adequate housing near employment centers (Vision 1, 6 and 7); to ensure adequate housing choices and to encourage innovative techniques to reduce the cost of housing, including the examination of regulations and policies and development standards (Vision 6); and a new objective (Objective 7) promotes housing options that reduce carbon emission, conserve water and energy, as well as provides for healthy housing and neighborhoods (Vision 5). In addition, a new objective (Objective 5) steers housing and employment away from parklands and other lands set aside for agriculture, preservation, or conservation (Visions 2, 4, and 5).

Compliance with Maryland's Workforce Housing Grant Program of 2006

The 2008 Housing Goal is responsive to Maryland's Workforce Housing Grant Program, as well. The 2008 Housing Goal specifically addresses the housing needs of the County's workforce and supports the officially adopted Housing Policy (DHCA, 2001) and the 5-year comprehensive plan (DHCA, FY 2008, updated).

GOAL

Encourage and maintain neighborhoods that provide a wide choice of for-sale and for-rent housing for people of all incomes, ages, lifestyles, and physical capabilities and that are built at standards, appropriate densities, and locations that promote sustainability, while protecting the Wedges and Corridors concept.

OBJECTIVE 1 – INCREASE CHOICE THROUGH DESIGN

Promote and maintain variety and choice through well-designed housing and neighborhoods.

Strategies

- A. Plan housing so that it is accessible to employment centers, schools, shopping, public transportation, and recreational facilities.
- B. Understanding that the public realm includes both public and private-owned land, establish creative community design guidelines and standards to ensure residents' needs for safety, privacy, and attractive surroundings, especially when introducing new uses into and around older neighborhoods.
- C. Ensure a reasonable distribution of residential and commercial uses in mixed-use zones.
- D. Promote choice in new residential construction by including well-designed garage apartments (carriage houses) and boarding houses or other single-room occupancy housing as part of the initial neighborhood mix of single family and multifamily units.
- E. Ensure that infill development and redevelopment is designed with consideration for existing housing and neighborhoods.
- F. Encourage the use of innovative housing construction techniques, including pre-fabricated and modular building components.
- G. Encourage the provision of appropriate indoor and outdoor recreational and community facilities in multifamily and single-family residential development.
- H. Refocus provision of amenities and mitigations on a neighborhood basis, when appropriate, instead of solely on a building-by-building basis.
- I. Enhance pedestrian safety in neighborhoods.

- J. Support community stability, smart growth, and public health by encouraging the rehabilitation, continued use, or reuse of schools and other institutions that anchor existing neighborhoods.
- K. Expand opportunities for a variety of housing densities within communities to offer more choice to a broader economic range of households.
- L. Promote affordable housing units required by regulation or law to be dispersed within each applicable new development, as well as countywide.

OBJECTIVE 2 – INCREASE CHOICE FOR SPECIAL NEEDS

Increase housing options to meet the changing needs of residents at all stages of life, incomes, and physical ability.

Strategies

- A. Promote housing that is accessible for all life stages and physical abilities.
- B. Consider all locations to be suitable for affordable housing.
- C. Ensure that government-assisted and other regulated housing is provided throughout the County.
- D. Encourage the consideration of underused housing types and approaches, such as well-designed garage apartments (carriage houses), internal accessory apartments, and boarding houses or other single-room occupancy housing, in order to meet the income and tenure needs of single persons and small households, and encourage multifamily buildings designed with flexible unit sizes.
- E. Promote housing opportunities that meet the special and varied housing needs of young workers, the elderly, and persons with disabilities including within new and established single-family neighborhoods.
- F. Encourage housing and neighborhoods that meet the community needs of the diverse multi-cultural nature the County's population.
- G. Promote family friendly features at all kinds of housing – on site and in the neighborhood – such as day-care centers, play grounds, and community gardens.
- H. Promote a broader unit mix that meets the needs of families, especially in urban areas.

- I. Plan affordable housing so that it is reasonably accessible to employment centers, shopping, public transportation, and recreational facilities.
- J. Provide residential opportunities that meet the permanent housing and support needs of homeless individuals and families

OBJECTIVE 3 – INCREASE CHOICE FOR THE WORKFORCE

Increase the supply of housing affordable to the County's existing and planned workforce, especially for full spectrum of households at or below 120 percent of the HUD area median income (AMI).

Strategies

- A. Promote inclusion of all types of housing, especially moderate income, workforce, and special needs housing with commercial uses in mixed-use zones.
- B. Promote a mixed-market approach in all multifamily housing development, and require it if public resources are used.
- C. Disperse government-assisted and other regulated housing throughout the County.
- D. Locate housing in and near employment centers. Look for opportunities to add housing on underutilized parcels such as strip shopping centers, auto dealerships, and parking lots.
- E. Encourage the use of new and innovative housing construction techniques, including the use of green construction techniques and products, modular and pre-fabricated components and housing units, in order to increase the supply and variety of housing types.
- F. Promote Employer Assisted Housing (EAH) Programs, including consideration of public support for such programs through tax and land use policies.
- G. Require support for housing by non-residential development or other economic activity, such as through linkage fees, perhaps based on the floor area of approved non-residential development.
- H. Continue to promote a jobs/housing balance, recognizing the importance of a balance of jobs and housing at every economic level.

OBJECTIVE 4 – MAKE IT TRANSIT ORIENTED

Promote transit-oriented mixed-used communities. Ensure all housing plans foster use of multiple modes of transportation. Concentrate housing around transit. Create 24-hour environments of exceptional design and a variety of activities, services and experiences.

Strategies

- A. Concentrate the highest density housing in the Urban Ring and the 1-270 Corridor, especially at existing and planned transit stations, and plan for adequate access to a wide variety of facilities and services.
- B. Designate specific locations for higher-density mixed-use development in master plans, integrating housing together with retail, employment, and transportation centers and stops, and encourage air rights development in areas designated for higher densities.
- C. Adopt development standards to allow full integration of employment, housing, appropriate community services and facilities within mixed-use developments.
- D. Use special care when designing for the edges of high-density centers so transitions are architecturally considerate of existing neighborhoods.
- E. Promote use of non-auto modes of travel by residents of units in transit areas through parking policy (such as minimizing parking requirements and maximizing shared parking), support for alternatives to auto ownership (e.g., walking, bicycling, and car-sharing or similar services), and other auto travel demand management techniques.
- F. Promote appropriate indoor and outdoor recreational and community facilities in multi-family and single-family residential.
- G. Require that existing and new housing developments provide safe and attractive path, trail and shelter connections for forms of transportation alternatives to the automobile, and enhance pedestrian safety between transit system access points and neighborhoods, schools, employment centers, and business districts.
- H. Explore the feasibility of rural centers in appropriate locations, such as the Residential Wedge, especially if served by transit

OBJECTIVE 5 – CONSIDER PUBLIC LAND APPROPRIATE FOR HOUSING

Pursue opportunities for public-private partnerships to create housing with public funds and land resources, other than parklands and other lands set aside for agriculture, preservation, or conservation. Promote residential mixed-use development when development uses public funds or lands.

Strategies

- A. Consider all government-owned land, other than parkland or land in the agricultural reserve, as potentially suitable for mixed-use housing development.
- B. Identify parcels of government-owned land, other than parkland, that meet appropriate housing site selection criteria for future housing development.
- C. Require that public sector land owners consider the sale, lease, or use of air rights or excess density in areas designated for higher residential densities.
- D. Partner with faith-based institutions and other non-profits with land assets.
- E. Encourage uses such as residential, institutional, medical, and recreational, to co-locate on public facilities sites including schools, libraries, fire stations and parking garages
- F. Promote community land trusts.
- G. Require that all vertical public capital facility projects be assessed for potential mixed-use development to include affordable housing.

OBJECTIVE 6 – CREATE A PRO-HOUSING REGULATORY ENVIRONMENT

Promote a regulatory environment that is conducive to the production and preservation of housing affordable to households earning less than the area median income.

Strategies

- A. Increase opportunities for residential mixed-use development. Explore ways to improve the economic feasibility of housing, especially in mixed-use, transit-oriented development.
- B. Modify County zoning regulations, policies, and review processes to improve the feasibility and attractiveness of higher density residential mixed-use housing
- C. Make the development review process amenable to the kind of creative design necessary for sustainable (green), affordable, and accessible transit-oriented housing.

- D. Balance residential and non-residential development, and consider linkage fees on non-residential development.
- E. Integrate employment and housing in standards for mixed-use development.
- F. Clarify in master plans how density bonuses and height limits are to be addressed, especially with regard to the increased number of units allowed over the base zone as a result of the transfer of development rights (TDR) program, the moderately priced dwelling unit (MPDU) program, or the workforce housing program.
- G. Implement minimum performance densities for all residential and residential-mixed-use zones.
- H. Allow internal accessory apartments by right.
- I. Promote smaller lots in single-family zones.
- J. Promote development of affordable housing by the private market, generally, as well as through public-private partnerships, and through the use of the MPDU, the workforce housing, and the TDR programs, as well.
- K. Phase mixed-use development so that housing, especially MPDUs and workforce housing, is constructed in a timely fashion relative to other uses within the project.
- L. Preserve existing affordable housing, especially if built with public funds, wherever and whenever possible.
- M. Pursue techniques to moderate increases in market rents, such as a rent stabilization program.
- N. Continue to monitor and address condo conversions.
- O. Remove, to the greatest extent possible, County regulations and policies that are barriers to moderate, workforce, and special needs housing opportunities in mixed-use development.
- P. Waive all or part of the fees associated with application review and/or streamline the inter- and intra-agency review of development projects that have a significant component of affordable and workforce housing, as well as for the preservation or rehabilitation of existing housing that is considered affordable to households earning less than the area median income (AMI).
- Q. Balance residential and non-residential regulatory requirements, including impact taxes, transfer of development rights requirements, and affordable housing requirements, to avoid discouraging the inclusion of housing in mixed-use zones.

OBJECTIVE 7 – BUILD IT HEALTHY AND SUSTAINABLE

Promote housing options that reduce carbon emissions, conserve water and energy, and provide healthy housing and neighborhoods.

Strategies

- A. Require development to provide efficient energy systems for heating/cooling, appliances, lighting and landscaping.
- B. Promote the use of renewable energy sources, such as geothermal heat pumps, solar photovoltaic, or wind turbines on a decentralized basis, either site by site or in small communities and neighborhoods.
- C. Encourage the use of locally sourced recycled or rapidly renewable materials in the construction of housing developments.
- D. Consider reduced parking requirements, especially for multi-family.
- E. Require energy independence in all residential development using public funds or land.
- F. Require adequate day-lighting in all housing units both in new structures and in adjacent or nearby structures.
- G. Promote the use of native trees to be planted strategically to increase housing energy efficiency and reduce heat generated by impervious surfaces.
- H. Reduce toxic runoff from lawns and recreational facilities.
- I. Promote the use of natural storm water techniques.
- J. Promote energy efficiency measures to be implemented in existing development.
- K. Create and use a housing affordability index that considers the costs of transportation and energy.
- L. Waive all or part of the application fees or significantly reduce the time in the application review process for any energy independent residential or residential-mixed-use construction, especially at transit centers.
- M. Waive all or part of the application fees or significantly reduce the time in the application review process for all LEED Gold or Platinum construction or rehabilitation of residential or residential-mixed use development, especially at transit centers.

GENERAL PLAN REFINEMENT OF THE GOALS AND OBJECTIVES FOR MONTGOMERY COUNTY

HOUSING GOALS

SCOPE

Approved and adopted December 1993

The Housing Goal addresses Montgomery County's present and future housing needs. It focuses on housing type, quality, quantity, location, and affordability. Housing for less affluent members of the community is of special concern, but the goal, objectives, and strategies are designed to recognize the housing needs of all current and future County residents, including the full spectrum of ages, incomes, lifestyles, and physical capabilities. Providing housing opportunities for employees of all income levels who work in Montgomery County is of particular concern.

KEY CONCEPTS

Consistency with the Wedges and Corridors concept is fundamental to the Housing Goal. The Refinement expects all residential development to conform to this pattern. It also expects consistency with master plans, recognizing them as an integral part of the General Plan. These constraints especially affect the appropriate locations for and types of affordable housing development and the sites and intensities of multi-family complexes.

CHANGES FROM THE 1969 GENERAL PLAN UPDATE

Since 1969, employment has doubled and a significant portion of the land appropriate for housing has been developed in the County. These two major changes have meant shifts in emphasis in the Housing Goal of the General Plan Refinement. Both the 1964 General Plan and the 1969 General Plan Update focused on "an orderly conversion of undeveloped land to urban use." Both advocated the creation of new towns and the use of clustering to achieve this goal. And both included housing as a major element of such development. Neither, however, emphasized the need for housing to support employment.

With the exceptions of Clarksburg and a few scattered but significant tracts of land in other areas, attention today is turning away from the development of vacant land. The current emphasis is on the maintenance, infill, and redevelopment of land, and appropriate increases in housing densities in the Urban Ring and the 1-270 Corridor. This shift leads to increased attention to the attractiveness and compatibility of higher density housing.

The reduced supply of undeveloped land puts great pressure on land prices, leading to increased difficulties in providing affordable housing, even for middle income households.

Some geographic areas of the County are especially affected. In addition, high-rise housing development raises unique financial feasibility issues and merits special attention. The General Plan Refinement addresses these issues.

The Refinement looks at the relationship of employment growth and the need for housing in a new way. In fact, the Housing Goal adds a new objective regarding the quantity of housing to serve employment in the County as well as the needs of residents at different stages of their lives. The new objective is designed to be flexible, relating the desirable amount of housing to the needs of residents at different stages of life and to the needs of workers in the County at different wage levels. It does not specify the means of achieving this objective nor does it attach a numerical target to it. Instead, the Refinement, while encouraging a balance between jobs and housing on a County-wide basis, leaves decisions about any changes in the numbers of housing units and/or jobs to master plans and other more local forums.

The General Plan Refinement adds a second new objective to the Housing Goal as well. This objective concerns the land use distribution of housing. It seeks to concentrate the highest density residential uses in the Urban Ring, 1-270 Corridor, and especially near transit stations. Of the Housing objectives, this one most specifically reinforces the Wedges and Corridors concept.

The proposed Housing Goal deletes obsolete language from the 1969 General Plan Update. The 1969 General Plan Update Housing Goal reads as follows:

"Stress the present quality and prestigious image of residential development in Montgomery County by further providing for a full range of housing choices, conveniently located in a suitable living environment for all incomes, ages and lifestyles."

The General Plan Refinement reflects a consensus that a "prestigious image" is no longer needed as a housing goal for the County. The stock of prestigious housing has greatly increased in the past two decades and will remain as an important County asset without its mention as a prospective goal.

The new goal defines the word "quality" as referring to design and durability of construction. It drops the word "environment," which had been used to mean "neighborhood" or "surroundings" but is now more commonly used to mean "natural resources." Finally, it drops the words "preserve" and "established" from the objective concerning neighborhoods. This language was sometimes read as meaning that there should never be change to existing neighborhoods and that "established" neighborhoods, which many citizens interpret as being the most prestigious ones, should be protected more than others.

The General Plan Refinement adds other new strategies and, occasionally, new concepts to the Housing Goal. These include mixing residential densities in each planning area consistent with master plans, encouraging employer assistance in meeting housing needs, and redeveloping existing properties when identified as appropriate in the master plan.

INTERRELATIONSHIP WITH OTHER GOALS

Land Use

Housing is a major component of the Land Use Goal. Location and intensity cannot be separated from other housing issues, however, and are included in the Housing Goal as well. The Housing Goal addresses topics such as affordability, quality, and variety, which are not addressed by the Land Use Goal. The Housing Goal also encourages the search for improved methods of financing and staging residential construction, and it addresses the need to protect existing neighborhoods from unwarranted intrusions by encouraging compatible infill development with suitable transitions between areas of higher and lower density. The Land Use Goal addresses specific geographic issues. One of the most important of these is the definition of the Residential Wedge, which is a newly highlighted geographic component of the Wedges and Corridors concept. The Residential Wedge primarily contains one- and two-acre estate zoning. The Land Use Goal discusses its function as a housing resource for the County.

Economic Activity

Housing and economic activity may be considered as two sides of the same land use coin; each constitutes a major resource for the other. Housing provides the consumers and employees to support economic activity, while economic activity provides the means of support for residential areas. In many cases, high quality housing was the impetus for economic development. The Housing and Economic Activity Goals are thus highly interrelated; each addresses the need for the other. This Refinement calls for greater integration of housing and economic activities. Insofar as the provision of housing is itself a major economic activity and depends on a stable economic climate, it is discussed in the Economic Activity Goal.

Transportation

Access to a variety of transportation modes to promote efficient travel, especially to work, and to protect the environment is an underlying theme of many of the Housing objectives and strategies. Improved transportation and pedestrian access is one of several important reasons why the Housing Goal stresses the desirability of mixed uses. The Housing Goal encourages housing plans that foster transit serviceability and proximity of affordable housing to transit. It also emphasizes housing in close proximity to employment opportunities. These strategies are generally consistent and complementary to the Transportation Goal.

Environment

The Environment Goal is a source of both support and potential conflict with the Housing Goal. The Environment Goal seeks to protect healthy and attractive surroundings for present and future County residents. The objectives also address the provision of the utilities and water and sewer service needed by local households. At the same time, some of the Environment objectives, such as preservation of trees, wetlands, stream valleys, and biodiversity, can present

major constraints to housing construction. Such issues must be resolved through the master plan and development review processes.

Community Identity and Design

The Community Identity and Design Goal complements the Housing Goal. It guides the development of the community framework for housing and encourages lively, livable neighborhoods for County residents. It also encourages the preservation of historic resources, some of which are unique housing resources.

Regionalism

Housing in Montgomery County is part of a regional market. Consequently, planning for residential uses in the County needs to consider the regional context. This is especially true of affordable housing, which is one of the greatest needs of the County and the regional housing market. Montgomery County will continue to cooperate with appropriate agencies to achieve an equitable distribution of affordable housing in the region.

Compliance with Maryland Planning Act of 1992

The Housing Goal is responsive to several of the Maryland Planning Act's visions. Objectives 3, 5, and 6 respond to concentrating development in suitable areas (Vision 1). The Housing Goal encourages economic growth and also proposes that regulatory mechanisms be streamlined (Vision 6). In addition, strategies are included to assure the availability of adequate housing near employment centers (Objective 3), to ensure adequate housing choices and to encourage innovative techniques to reduce the cost of housing, including the examination of regulations and policies and development standards (Strategy IE).

GOALS, OBJECTIVES & STRATEGIES

Encourage and maintain a wide choice of housing types and neighborhoods for people of all incomes, ages, lifestyles, and physical capabilities at appropriate densities and locations.

OBJECTIVE 1

Promote variety and choice in housing of quality design and durable construction in various types of neighborhoods.

Strategies

- A. Permit increased flexibility in residential development standards to meet a broader range of needs and to foster more creative design.
- B. Expand opportunities for a variety of housing densities within communities to offer more choice to a broader economic range of households.

- C. Encourage the use of new and innovative housing construction techniques, including pre-fabricated components and housing units, to increase the supply and variety of housing types.
- D. Explore the feasibility of rural centers in appropriate locations, such as the Residential Wedge.
- E. Assess the development review process to determine ways to streamline the process and to encourage creative housing design.
- F. Encourage both ownership and rental opportunities for all types of housing.

OBJECTIVE 2

Promote a sufficient supply of housing to serve the County's existing and planned employment and the changing needs of its residents at various stages of life.

Strategies

- A. Provide adequate zoning capacity to meet the current and future housing needs of those who live or work in the County.
- B. Explore ways to improve the economic feasibility of housing development as compared to employment-related buildings.
- C. Phase mixed-use development so that housing is constructed in a timely fashion relative to other uses within the project.
- D. Develop additional techniques to provide housing opportunities to meet the special housing needs of young workers, the elderly, and persons with disabilities.
- E. Encourage employer assistance in meeting housing needs.
- F. Develop new techniques to provide housing, including incentives.

OBJECTIVE 3

Encourage housing near employment centers, with adequate access to a wide variety of facilities and services. Support mixed-use communities to further this objective.

Strategies

- A. Assure the availability of housing near employment centers.
- B. Integrate housing with employment and transportation centers with appropriate community services and facilities, especially in transit stop locations.
- C. Examine County regulations and policies for opportunities for mixed-use development; develop additional options.
- D. Ensure a reasonable distribution of residential and commercial uses in mixed-use zones.
- E. Explore changing development standards to allow the closer integration of employment and housing within mixed-use developments.

- G. Encourage housing plans that foster transit serviceability. Encourage the provision of appropriate indoor and outdoor recreational and community facilities in multifamily and single-family residential development.

OBJECTIVE 4

Encourage an adequate supply of affordable housing throughout the County for those living or working in Montgomery County, especially for households at the median income and below.

Strategies

- A. Encourage the provision of low-, moderate-, and median-income housing to meet existing and anticipated future needs.
- B. Distribute government-assisted housing equitably throughout the County.
- C. Plan affordable housing so that it is reasonably accessible to employment centers, shopping, public transportation, and recreational facilities.
- D. Encourage well-designed subsidized housing that is compatible with surrounding housing.
- E. Assure the provision of low- and moderate-income housing as part of large-scale development through a variety of approaches, including the Moderately Priced Dwelling Unit program.
- F. Preserve existing affordable housing where possible.
- G. Encourage development of affordable housing by the private market.
- H. Designate government-owned land, other than parkland, that meets appropriate housing site selection criteria for future housing development.
- I. Identify County policies that have a burdensome effect on the cost of housing; find alternatives if possible.
- J. Encourage the provision of innovative housing types and approaches, such as single-room occupancy housing and accessory apartments, to meet the needs of lower income single persons and small households.
- K. Develop zoning policies that encourage the provision of affordable housing while protecting the Wedges and Corridors concept.

OBJECTIVE 5

Maintain and enhance the quality and safety of housing and neighborhoods.

Strategies

- A. Discourage deterioration of housing through well-funded code enforcement, neighborhood improvement programs, and other appropriate techniques.

- B. Ensure that infill development and redevelopment complements existing housing and neighborhoods.
- C. Mix housing with other uses with special care in ways that promote compatibility and concern for residents' needs for safety, privacy, and attractive surroundings when introducing new uses into older neighborhoods.
- D. Provide for appropriate redevelopment of residential property when conditions warrant.
- E. Protect residential neighborhoods by channeling through traffic away from residential streets and discouraging spill-over parking from non-residential areas.
- F. Use special care to plan uses at the edges of high-density centers that are compatible with existing neighborhoods.

OBJECTIVE 6

Concentrate the highest density housing in the Urban Ring and the 1-270 Corridor, especially in transit station locales.

Strategies

- A. Designate appropriate, specific locations in sufficient amounts for higher density housing and mixed-use development in master plans.
- B. Modify County zoning regulations and other policies to improve the feasibility and attractiveness of higher density housing.
- C. Encourage air rights development in areas designated for higher densities.
- D. Encourage development of affordable, higher density housing in the vicinity of transit stations.