

## Addressing the Job/Housing Imbalance

### Summary

A balance of jobs and housing is one of the fundamental planning policies guiding Montgomery County. It is an explicit goal of the General Plan. The benefits of correcting job/housing imbalances was demonstrated by the Transportation Policy Report (TPR) analysis and the balanced "Alternative Land Use Scenario" that came out of TPR is now guiding the adoption of new master plans.

This paper reviews how "jobs/housing balance" has been defined and the benefits of a jobs/housing balance. It also reviews the County's current and forecast jobs/housing ratios, identifies where and how those ratios are not balanced, and discusses what changes will have to be made to balance jobs and housing

### ***What is the "job/housing balance?"***

Jobs and housing units are considered "balanced" when there are roughly as many jobs as workers living in the County. On average, there are about 1.6 workers per household in Montgomery County, and roughly 1 household per housing unit. As a result, a ratio of 1.6 jobs per housing unit is considered "balanced."

As recently as 1993, the County considered jobs and housing to be balanced when there was a ratio of 1.5 jobs per housing unit. Over the past decade, the County and the region have moved to the current 1.6 jobs-per-housing-unit ratio. This ratio is used by the Metropolitan Washington Council of Governments in its near-term forecasting and by the Center for Regional Analysis at George Mason University in its 2002 study of housing supply and demand in the Washington region.

The 2003 Census Update Survey confirms that there are roughly 1.6 workers per household in Montgomery County. There are:

- 1.5 *employed* workers per household in Montgomery County. This figure includes part-time as well as fulltime workers.
- 1.6 workers per household, including both *employed* workers and those *unemployed and looking for work*.
- The current 1.6 workers-per-household ratio does not include retirees, homemakers, and persons of working age who are not working and not looking for work. These are all potential sources of some additional workers.

- According to the Metropolitan Washington Council of Governments, between 6 and 12 percent of workers hold multiple jobs.

As the last two bullets suggest, there is some elasticity in the number of workers per household. Some people enter and leave the workforce based on economic conditions, personal situation, and other factors. One of the major trends of the baby boom generation was a rapid increase in female workforce participation rates. Older residents may decide to retire later than in the past because they enjoy working or to supplement retirement income.

### ***What are the benefits of a jobs/housing balance?***

A balance of jobs and housing is intended to meet two main goals: to provide an adequate *number* of employment opportunities for County residents, and to minimize the *distance* a worker has to travel to his or her job.

To help minimize the impact of growth on the transportation network, it is beneficial to have housing and jobs located in proximity to each other. One way to do this is to provide a variety of employment opportunities within the County to County residents.

If an insufficient number of jobs are available in the County, resident workers will have to commute outside the County to work. If more jobs are located in the County than are needed by resident workers, then those jobs will be filled by people who live outside the County. Either of these two conditions can increase traffic. Studies have shown that, over time, a balance of housing and jobs results in fewer trips of shorter duration.

Of course, even if jobs and housing are perfectly balanced, some residents will continue to commute to jobs elsewhere in the region, and some jobs located in the County will be filled by people who live outside the County. In 2000, 59 percent of employed Montgomery County residents worked in Montgomery County, while 64 percent of the people who worked in Montgomery County also live here.

A jobs/housing balance can have other benefits. A mix of uses in an area creates vitality throughout the day and weekend. Having housing nearby provides additional customers for retail businesses that could not survive on patronage by workers.

A balance of jobs and housing can also have fiscal benefits for the County. A mix of land uses diversifies the revenue stream, and different land uses make different demands on public services and infrastructure.

### ***Geography of the jobs/housing balance***

Montgomery County can be divided into many different geographical areas. It is not feasible or even desirable to have jobs and housing balanced in

every community. One reason for this: jobs tend to occur at higher densities, on average, than housing. The average size of a Montgomery County firm is 14.5 employees while the average household size is 2.7 persons. This means that jobs naturally occur at higher densities than housing and it would be impractical to attempt to spread jobs out into lower-density residential areas. A more successful strategy is to create job centers in relatively close proximity to residential areas, and to mix jobs and higher-density housing in urban areas.

To provide jobs for nearby residential areas, some areas of the County will have to have jobs/housing ratios above 1.6. In Montgomery County, areas in and around the Beltway and along the I-270 Corridor should have jobs/housing ratios above 1.6 to provide jobs for the predominately residential suburban and rural areas in the balance of the County.

### ***What is Montgomery County's current and forecast jobs/housing ratio?***

The jobs/housing ratio of a community will change over time. Typically a community begins its rural-to-suburban transformation with the construction of houses. Over time, those houses are joined by retail and other commercial development that provides services to households. Later, a wider variety of jobs comes to the suburbs to take advantage of the resident labor force and suburban other amenities.

Montgomery County's jobs/housing ratio in 2000 was 1.48. The forecast currently under development (Metropolitan Washington Council of Governments Round 7.0) for 2030 is shows a jobs/housing ration countywide of 1.62. In Round 7.0, Montgomery County's share of the region's jobs drops from 16.7% in 2005 to 15.8% in 2030. The County's share of the region's households drops from 18.5% in 2005 to 17.4% in 2030.

In 2000, jobs/housing ratios in subareas of the County were the following: Inside the Beltway: 1.92; Eastern County: 0.80; Georgia Avenue: 0.59; I-270 Corridor: 2.04; and Rural (including Olney): 0.61. The Round 7.0 forecast for these areas has jobs/housing ratios of: Inside the Beltway: 1.79; Eastern County: 1.12; Georgia Avenue: 0.58; I-270 Corridor: 2.25; and Rural (including Olney): 0.55.

### ***Alternative Land Use Scenario – Goals for 2050***

Through the Transportation Policy Report (TPR II) process, an alternative land use scenario was identified and adopted as a goal to guide future land use planning decisions. Key features of the alternative land use are to: increase jobs and housing inside the Beltway (I-495), increase jobs in the Eastern County and in the Georgia Avenue Corridor, decrease housing in the Rural Area, and decrease jobs and increase housing in the I-270 Corridor.

The potential results of implementing the alternative land use, expanding transit, and encouraging transit-oriented development include the following:

- Increase jobs within a ½ mile of rail stations from 40% in 1998 to 60% in 2050
- Increase housing within ½ mile of transit from 12% in 1998 to 33% in 2050
- Reduce cross-county afternoon work trips by 18%
- Increase transit ridership by as much as 45%

Specific jobs/housing ratio goals for 2050 are the following: Inside the Beltway: 1.92; Eastern County: 1.51; Georgia Avenue: 0.78; I-270 Corridor: 1.82; and Rural (including Olney): 0.61. The goal for the Countywide jobs/housing ratio in 2050 is 1.56.

### ***Planning for a jobs/housing balance***

Calculations of the number of future jobs and housing that are represented by a particular master plan tend to look at the theoretical maximum number of jobs and housing units that can be built under the plan: the “development envelope.” In real life, a host of factors can affect how much of the planned development is really built.

At any point in the life of a plan, markets favor lopsided development. That is, what gets built is what’s hot. Currently housing is very marketable, and this means that approved commercial development projects are building out more slowly than in the past. Additionally, developers of commercially-zoned land may be satisfied with constructing projects at well-below planned densities, or if the plan allows it, requesting that housing be built instead.

In past years, the reverse was true. Because there was a strong market for new commercial space, developers tried to maximize the amount of development on many parcels. Master plans under consideration during this period saw landowners trying to have residentially-zoned land changed.

This is a challenge for planners because plans are not meant to simply follow the market. On the other hand, plans are meant to be implemented, and there is little point in adopting plans that are not feasible from a market point of view.

A more focused planning process can help assure the market feasibility of planned development. Attention to more geographically-specific centers will permit greater opportunities for discussion and exploration of current market realities, redevelopment goals, and the market feasibility of a variety of land use options.