Background/Analysis

The Preservation of Affordable Housing Study builds upon a series of housing studies, including the 2017 Rental Housing Study and 2020 Housing Needs Assessment that aim to understand and remedy impediments to building and preserving affordable housing.

Preserving the existing inventory of affordable housing in Montgomery County is essential as part of a comprehensive approach to address the housing affordability crisis in Montgomery County and retain affordable options for all residents. The Preservation of Affordable Housing Study provides a deeper understanding of the factors affecting the feasibility of preservation that will help us, determine potential strategies, incentives and interventions to help encourage affordable housing preservation through redevelopment and/or rehabilitation.

Key findings:
- The majority of the County’s rental multifamily housing stock is affordable to households earning between 60 percent to 80\(^1\) percent of AMI.
- Deed restricted units make up 32 percent of units below 60 percent of AMI.
- 80 percent of the County’s multifamily housing stock is unrestricted subject to market forces.
  - 35 percent of these units (27,800 units) rented for less than 65 percent of AMI and are classified as naturally occurring affordable housing (NOAH).
- There are approximately 18,000 units in the County’s subsidized rental housing inventory. While

\(^1\) The 2020 area median income (AMI) for a household of four is $126,000.
the units are spread out in many areas of the County, most of the units are in the more densely populated areas where multifamily housing is more prevalent.

- Overall, the County has been gaining subsidized rental housing stock at a faster rate than it is being lost.
  - Since 2000, about 500 subsidized rental housing units have been lost from the inventory.
  - In 2000, the County began to implement preservation strategies for the subsidized rental housing stock that was at risk of being lost. A series of tools and policies have been used (often in tandem) over the years to effectively preserve subsidized rental housing in the County.
- Proximity to transit, building size, and building age are the greatest risk indicators for NOAH units to lose affordability, which occurs at the point of property transfers.
  - Based on these criteria, there is a forecasted loss of between 7,000 - 11,000 NOAH units by 2030.

**Recommendations:**

There are key policy categories in which different variations of preservation approaches can be combined to develop a sustainable preservation framework for Montgomery County. These include:

1.) **Strategy and outreach:** Analyzing preservation needs, opportunities, approaches, and interventions in the local context; and coordinating and executing efforts (often across agencies) to achieve identified goals and targets.

2.) **Land Use and planning:** Using the rules governing or guiding development within Montgomery County (including zoning codes and area plans) to incentivize or require preservation of affordability.

3.) **Tenants’ Rights:** Leveraging the rules that govern how various stakeholders (owners, property managers, developers) participate in the market to preserve affordability and protect tenants.

4.) **Subsidy-Capital Financing & Operating Subsidy/Cost Reduction:** Providing the financial resources necessary to undertake preservation interventions. Operating subsidy/cost reduction: Offering incentives and resources that make it financially feasible for landlords/owners to offer reduced rents to lower income tenants.

For a copy of the report and a full list of findings and recommendations, visit: [https://montgomeryplanning.org/planning/housing/preservation-of-affordable-housing/](https://montgomeryplanning.org/planning/housing/preservation-of-affordable-housing/)