



Preservation of Affordable Housing Study

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Description

Representatives from HR&A Advisors, Inc., Neighborhood Fundamentals LLC, and LSA Planning will provide a briefing on the Montgomery County [Preservation of Affordable Housing Study](#).

The Preservation of Affordable Housing Study provides a guiding framework for policy makers, stakeholders, and residents to understand the County's preservation challenges, current initiatives, and the strategies available to address them.

Summary

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 80¹ 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/>