PART 1: What is the problem / existing conditions that fall short?

- The Washington region, including Montgomery County has experienced slow but steady growth in recent decades, but has not generated enough new housing to meet demand.
  - Our housing does not match the incomes and needs of the workforce.
  - From 1990 to 2018, the average number of dwellings built each year declined.
  - Building permits have lagged well behind necessary levels to maintain supply.

- Anemic supply is driving the price of housing up for both renters and home buyers.
  - Increasing percentage of households spending at least 30% of income on rent.
  - Housing price increases have outpaced growth in incomes.
  - Homeownership rates are declining, especially for adults under 35.
  - High housing costs make it harder for employers to attract and retain a broadly skilled workforce, damaging our economic competitiveness.

- Social and economic changes have opened a growing gap between 21st century living patterns and the housing stock of earlier generations.
  - The stereotypical family household is steadily declining in numbers.
  - Single person households living alone increased from 7% in 1960 to 25% in 2018.
Options to buy a starter home or downsize are limited.
Despite shrinking household size, new single-family homes getting larger.
Partially due to 1/3rd of the county’s land area being zoned for single family housing.

The high cost and limited variety of available housing exacerbate inequality.
Home prices vary widely in different parts of the county, closely tracking the racial and economic characteristics of neighborhoods.
These inequities reinforce the legacy of racism and segregation and continue to influence the geographic distribution of opportunities and resources.
Expansion and diversification of our housing stock is an essential step toward reducing these kinds of racial and socioeconomic inequalities.
  o By 2045, people of color forecasted to make up 73% of the county’s population, with a significant portion earning less than $50,000 a year.
  o To match the incomes and household types, majority of all new housing units will need to be multifamily.
  o With more than one-third of the county’s land area zoned for single family housing, the growing demand for multifamily housing will be difficult to meet.
  o Without more housing and smaller, less expensive housing options, housing will become even less affordable and attainable.

PART 2: Therefore, Thrive Montgomery 2050 proposes the following policies and actions. In order to address the county’s need to increase the amount and variety of housing, the county will pursue the following policies and actions:

Encourage the production of more housing to better match supply with demand
  o Expand opportunities to increase residential density near high-capacity transit and assist in the development of Complete Communities (as described more fully in XX).
  o Reform building codes to reduce costs by accommodating innovative construction methods and materials including modular prefabricated housing and mass timber.
  o Prioritize use of public land for co-location of housing and other uses, particularly where government agencies design new facilities or dispose of real property.
  o Increase regulatory flexibility to incentivize residential infill, redevelopment, and repositioning of office parks, shopping malls, and other underutilized properties.
  o Provide financial incentives such as Payment in Lieu of Taxes to boost housing production for market rate and affordable housing, especially near transit and in Complete Communities.
• Plan for a wide range of housing types and sizes to meet diverse needs
  o Facilitate the development of a variety of housing types in every part of the county but especially in areas near transit, employment and educational opportunities.
  o Support creative housing options including single-room occupancy units (SROs); “missing middle” housing types such as tiny houses, cottages, duplexes, multiplexes, and small apartment buildings; shared housing, co-housing, accessory dwelling units (ADUs), social housing and cooperative housing to help meet housing needs and diversify housing options.
  o Encourage provision of multi-bedroom units suitable for households with children in multifamily housing.
  o Integrate people with disabilities, people transitioning from homelessness, and older adults into attainable housing with appropriate amenities and services.

• Promote racial and economic diversity and equity in housing in every neighborhood
  o Develop targeted strategies to minimize gentrification and displacement while promoting integration and avoiding the concentration of poverty.
  o Refine regulatory tools and financial incentives with the goal of avoiding a net loss of market-rate and income-restricted affordable housing stock without erecting disincentives to construction of additional units.
  o Calibrate the applicability of the Moderately Priced Dwelling Unit (MPDU) program and other affordable housing programs to provide price-regulated units appropriate for income levels ranging from deeply affordable to workforce.
  o Identify and allocate additional revenue for the Housing Initiative Fund (HIF) to meet the needs of low-income households.
  o Expand existing programs designed to increase access to homeownership, especially among low-income residents, people of color, and young adults; create new programs and entities such as community land trusts to maintain long term affordable home ownership opportunities.
  o Improve collection of data on neighborhood change to monitor and address involuntary displacement, disinvestment, and related phenomena.

PART 3: The rationale for how these policies and actions will further the key objectives of Thrive Montgomery 2050.
• First, increasing the supply of new housing near transit, jobs and amenities will improve the quality of life for everyone, while helping to attract and retain a broadly skilled workforce that employers need, making the county more economically competitive.
  o Concentrating more housing of different sizes and types near high-quality transit corridors will curb escalating prices and improve access to jobs and services.
  o There is increased demand and limited supply for walkable neighborhoods in the county and the region, even in non-transit serviced locations.
Second, a wider variety of housing and a focus on affordability and attainability will diversify the mix of incomes in neighborhoods across the county and improve access to services, amenities and infrastructure for low- and moderate-income residents, who are disproportionately people of color.

- Adding more “Missing Middle” housing types will provide more choice, enhance intergenerational interaction, promote aging in place and build social capital.
- Preservation of natural-occurring and regulated existing affordable units will minimize gentrification and displacement.
- Building new affordable housing in existing amenity rich neighborhoods will expand access to quality education and create more integrated schools.
- Mixed income housing in communities lagging investments will help mitigate the concentration of poverty and enhance access to amenities and recreational opportunities for current residents.
Third, a broader range of housing types – particularly the inclusion of multifamily buildings – will reinforce the benefits of Complete Communities
  o Flexible residential zoning will allow more people to live closer to work, increase walkability, and limit the development footprint on the environment.
  o Smaller residences, more infill and repurposing, and adding housing near transit and jobs will reduce greenhouse gas emissions and improve environmental health.

PART 4: How will we know we are making progress?
In assessing proposals related to the supply of housing and measuring the success or failure of the approaches recommended in this plan, relevant measures may include:

- Number of residential units issued building permits, overall and by area of county
- Number of affordable units by type, overall and by area of county
- Rates of home ownership by race, income and area
- Number and Proportion of cost-burdened households
- Number of homeless residents
- Rent and mortgage payments as a fraction of the cost of living
- Combined housing and transportation costs
- Naturally Occurring Affordable Housing preserved, overall and by area of county
- Number of low-income households lots in a census tract over a period of time (displacement)
- Proportion of small homes and units in multifamily buildings
- Greenhouse gas emissions from residential buildings and transportation per capita
- Proportion of housing units proximate to transit routes and job centers
- Range of home prices
- Racial and income diversity within neighborhoods