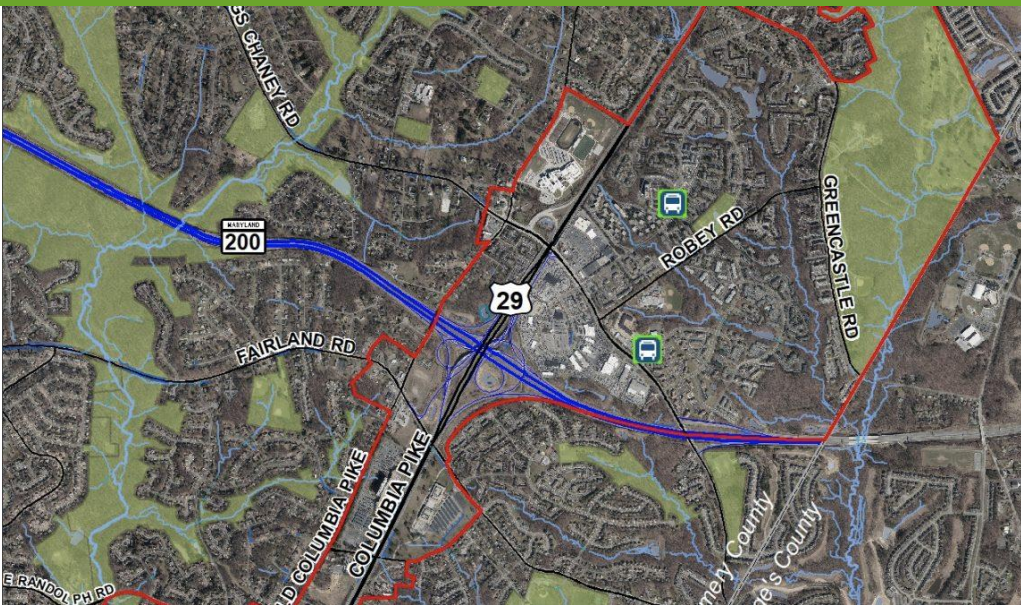


bae urban economics

DRAFT Fairland Briggs-Chaney Housing Market Study *for Montgomery County Planning Department*

July 14, 2022



bae urban economics

July 14, 2022

Lisa Govoni, Housing Planner IV
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Dear Lisa:

BAE Urban Economics is pleased to submit this draft of the Fairland-Briggs Chaney Housing Market Study. This report includes a review of demographic and economic conditions, housing stock, the housing real estate market, and housing affordability in the area. It also includes a set of recommendations to support housing affordability in the Fairland-Briggs Chaney area.

Please contact me with any questions, comments and suggested edits. Thank you again for the opportunity to participate in this important work on behalf of Montgomery County Planning Department.

Sincerely,



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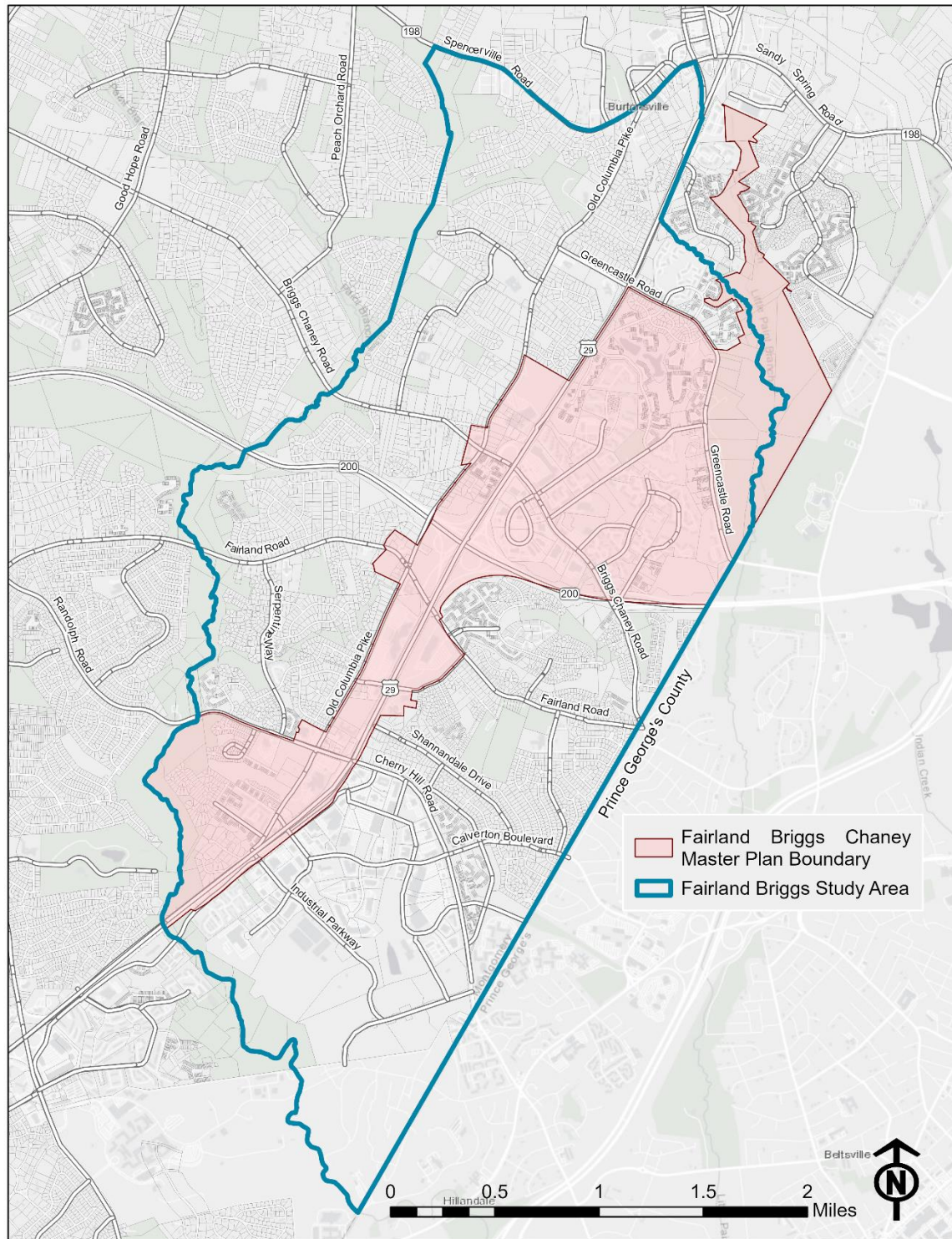
INTRODUCTION

BAE Urban Economics was engaged by the Montgomery County Planning to prepare a Housing Market Assessment for the Fairland-Briggs Chaney Master Plan. The market assessment includes an analysis of existing demographic, economic, and real estate market conditions, as well as an evaluation of housing affordability. The report also estimates the existing and future demand for affordable housing and provides a description of potential opportunity sites to build new housing and meet that demand. Overall, this study finds that there is an affordable housing gap in Fairland Briggs-Chaney Master Plan Area. Data and discussions with real estate brokers and developers suggest that market conditions could support more housing development. However, this would require more available, developable sites and a streamlined entitlements process.

Study Areas

The primary focus of the analysis is on the Fairland-Briggs Chaney Master Plan Area (Master Plan Area), highlighted in pink in Figure 1. The Master Plan Area is located within the larger Fairland community, shown in Figure 1 with a blue border. Data for both the Master Plan Area and Fairland are compared to data for Montgomery County. This analysis relies heavily on Esri Business Analyst, which can provide data estimates for specific geographies like the Master Plan Area and Fairland, which do not neatly align with census tract boundaries. However, some data points, such as the U.S. Department of Housing and Urban Development (HUD) 2014-2018 Comprehensive Housing Affordability Strategy (CHAS) data, is only available at the census tract level. For these data points, the Fairland and Briggs Chaney Master Plan Area is defined by census tracts 7014.17, 7014.22, and 7014.23. Fairland is defined by census tracts 7014.09, 7014.10, 7014.14, 7014.17, 7014.18, 7014.20, 7014.21, 7014.22, and 7014.23.

Figure 1: Master Plan Area and Fairland Boundaries



Source: BAE, 2022.

EXISTING CONDITIONS

This section provides an overview of existing conditions in the Master Plan Area, comparing it to data in Fairland and Montgomery County overall. This section includes existing demographic and economic data, housing stock information, a review of real estate market conditions, and data on housing affordability.

Demographic and Economic Conditions

Population and Households

As of 2021, the Master Plan Area has 16,478 residents and 6,383 households, accounting for 43.9 percent and 44.9 percent of Fairland's population and households, respectively.

Population growth in the Master Plan Area and Fairland was 0.2 percent on an average annual basis between 2010 and 2021, lagging Montgomery County's average annual population growth of 0.6 percent. In terms of households, the Master Plan Area experienced a net decline of 67 households, while Fairland overall grew by 108 households, or 0.1 percent on an average annual basis. Meanwhile, Montgomery County households grew at the same rate as population growth, at 0.6 percent annually.

The limited growth in both the Master Plan Area and Fairland relates to the lack of new development in the area. The Master Plan Area and Fairland are roughly in line with Montgomery County in terms of average household size at approximately 2.6 persons per household, compared to 2.7 persons per household in the County. Table 1 summarizes population, household, and average household size trends in all three geographies.

Table 1: Population, Households, and Average Household Size, 2010-2021

Population	2010	2021	Change, 2010-2021		Avg. Annual Growth %
			Number	Percent	
Master Plan Area	16,202	16,478	276	1.7%	0.2%
Fairland	36,686	37,510	824	2.2%	0.2%
Montgomery County	971,778	1,039,360	67,582	7.0%	0.6%
Household	2010	2021	Change, 2010-2021		Avg. Annual Growth %
			Number	Percent	
Fairland and Briggs Chaney Master Plan	6,450	6,383	(67)	-1.0%	-0.1%
Fairland and Briggs Study Area	14,116	14,224	108	0.8%	0.1%
Montgomery County	357,087	381,115	24,028	6.7%	0.6%
Average Household Size	2010	2021			
Fairland and Briggs Chaney Master Plan	2.51	2.58			
Fairland and Briggs Study Area	2.57	2.61			
Montgomery County	2.70	2.70			

Sources: Esri Business Analyst, 2022; BAE, 2022.

Household Composition

As shown in Table 2, despite the net decrease in households in the Master Plan Area between 2010 and 2021, there was a net gain of seven non-family households in the Master Plan Area. Similarly, although there was limited overall household growth in Fairland, there was a net decline of 30 family households, meaning growth only reflects the growth in non-family households. This is somewhat consistent with trends in Montgomery County, which experienced a 10.8 percent increase in non-family households, compared to a 4.9 percent increase in family households between 2010 and 2021. This countywide trend is notable because the county, including the Master Plan Area and Fairland, is majority family households. In fact, despite the disproportionately high rate of growth among non-family households, family households still comprise more than two-thirds of County households in 2021, and more than 60 percent of households in the Master Plan Area and Fairland.

Table 2: Household Composition, 2010-2021

	2010		2021		Change, 2010-2021	
	Number	Percent	Number	Percent	Number	Percent
Master Plan Area						
Family Households	4,036	62.6%	3,962	62.1%	(74)	-1.8%
Non-Family Households	2,414	37.4%	2,421	37.9%	7	0.3%
Total Households	6,450	100.0%	6,383	100.0%	(67)	-1.0%
	2010		2021		Change, 2010-2021	
	Number	Percent	Number	Percent	Number	Percent
Fairland						
Family Households	9,077	64.3%	9,047	63.6%	(30)	-0.3%
Non-Family Households	5,039	35.7%	5,177	36.4%	138	2.7%
Total Households	14,116	100.0%	14,224	100.0%	108	0.8%
	2010		2021		Change, 2010-2021	
	Number	Percent	Number	Percent	Number	Percent
Montgomery County						
Family Households	244,900	68.6%	256,856	67.4%	11,956	4.9%
Non-Family Households	112,187	31.4%	124,259	32.6%	12,072	10.8%
Total Households	357,087	100.0%	381,115	100.0%	24,028	6.7%

Sources: U.S. Census Bureau via Esri Business Analyst, 2022; BAE, 2022.

Household Tenure

Similar to household composition, despite the net decrease of 67 households in the Master Plan Area, there was a net gain of 46 owner households. Table 3 also shows a similar trend in Fairland overall, which experienced a gain of 174 owner households and a loss of 66 renter households. These trends contrast with observations of household tenure in the county, where renter households grew by 13 percent between 2010 and 2021, compared to just 3.7 percent growth in owner households. The shifts in household tenure in the Master Plan Area and Fairland are marginal given the lack of overall growth, meaning this analysis cannot draw conclusions about these trends. However, these trends are worth monitoring, particularly in the Master Plan Area where owner households represent just 38.2 percent of all households. In addition, while owner households are a majority in Fairland (55.8 percent in 2021), this share lags the share of owner households in the county (65.7 percent in 2021). If these

trends remain in contrast to trends in the county showing significantly faster growth in non-family households, it may indicate that higher income households are moving into both the Master Plan Area and Fairland.

Table 3: Household Tenure, 2010-2021

	2010		2021		Change, 2010-2021	
	Number	Percent	Number	Percent	Number	Percent
Master Plan Area						
Owner-occupied Households	2,391	37.1%	2,437	38.2%	46	1.9%
Renter-occupied Households	4,059	62.9%	3,946	61.8%	(113)	-2.8%
Total Households	6,450	100.0%	6,383	100.0%	(67)	-1.0%
	2010		2021		Change, 2010-2021	
	Number	Percent	Number	Percent	Number	Percent
Fairland						
Owner-occupied Households	7,765	55.0%	7,939	55.8%	174	2.2%
Renter-occupied Households	6,351	45.0%	6,285	44.2%	(66)	-1.0%
Total Households	14,116	100.0%	14,224	100.0%	108	0.8%
	2010		2021		Change, 2010-2021	
	Number	Percent	Number	Percent	Number	Percent
Montgomery County						
Owner-occupied Households	241,466	67.6%	250,426	65.7%	8,960	3.7%
Renter-occupied Households	115,621	32.4%	130,689	34.3%	15,068	13.0%
Total Households	357,087	100.0%	381,115	100.0%	24,028	6.7%

Sources: U.S. Census Bureau via Esri Business Analyst, 2022; BAE, 2022.

Age Distribution

The age distribution in Fairland and Montgomery County are comparable. Children under 18 comprise just over one-fifth of the population in both geographies, while the 18 to 24 age group is the smallest representing just 8.1 percent of the Fairland population and 7.3 percent of the Montgomery County population. The overall proportions of each age group from 18 to 24 years to 55 to 64 years are comparable in Fairland and Montgomery County, although Fairland skews slightly younger, as shown in Table 4. Fairland, however, has a larger share of seniors aged 65 or over, accounting for 19.1 percent of the Fairland population compared to 17.2 percent of the county population. Overall, the median age in Fairland and Montgomery County are similar, though slightly younger in Fairland (38.7 years) compared to the county (40.1 years).

By contrast, the Master Plan Area is relatively young, with a median age of 32.6 years. While the Master Plan Area accounts for 43.9 percent of Fairland's population, it accounts for a disproportionately high share of Fairland residents in every age group from children under 18 to adults aged between 45 and 54 years. Notably, more than 25 percent of the Master Plan Area population are children under 18. Furthermore, more than 20 percent of Master Plan Area residents are aged between 25 and 34, compared to 15.3 percent in Fairland and just 13.0 percent in Montgomery County. Correspondingly, the Master Plan Area has by far the smallest share of seniors over 65, who account for just 7.7 percent of the Master Plan Area population.

Nonetheless, despite the small share of seniors over 65, the Master Plan Area experienced the fastest growth in this age group between 2010 and 2021 at 66.1 percent, compared to 34.8 percent growth in this cohort in Fairland, and 48.9 percent growth in Montgomery County. Seniors were by far the fastest growing age group in all three geographies. All three geographies also experienced a net decrease in the population aged between 45 and 54 years. This trend, along with the relatively fast growth in residents aged 55 and over likely represents aging in place as opposed to a mass exodus of the 45 to 54 age cohort. Finally, although the higher share of younger, working-age residents in the Master Plan Area, and to a lesser degree Fairland overall, is a strength of these areas in terms of economic potential, there was little to no growth in these younger age groups. This is consistent with the lack of overall population growth in these areas.

Table 4: Age Distribution, 2010-2021

Master Plan Area	2010		2021		Change, 2010-2021	
	Number	Percent	Number	Percent	Number	Percent
Under 18	4,283	26.4%	4,132	25.1%	(151)	-3.5%
18-24	1,645	10.2%	1,579	9.6%	(66)	-4.0%
25-34	3,312	20.4%	3,340	20.3%	28	0.8%
35-44	2,580	15.9%	2,594	15.7%	14	0.5%
45-54	2,240	13.8%	1,862	11.3%	(378)	-16.9%
55-64	1,380	8.5%	1,708	10.4%	328	23.8%
65 or older	760	4.7%	1,262	7.7%	502	66.1%
Total Population (a)	16,200	100.0%	16,477	100.0%	277	1.7%

Median Age **31.5** **32.6**

Fairland	2010		2021		Change, 2010-2021	
	Number	Percent	Number	Percent	Number	Percent
Under 18	8,734	23.8%	8,060	21.5%	(674)	-7.7%
18-24	3,143	8.6%	3,025	8.1%	(118)	-3.8%
25-34	5,372	14.6%	5,755	15.3%	383	7.1%
35-44	4,967	13.5%	4,819	12.8%	(148)	-3.0%
45-54	5,292	14.4%	4,220	11.3%	(1,072)	-20.3%
55-64	3,849	10.5%	4,448	11.9%	599	15.6%
65 or older	5,329	14.5%	7,183	19.1%	1,854	34.8%
Total Population (a)	36,686	100.0%	37,510	100.0%	824	2.2%

Median Age **37.2** **38.7**

Montgomery County	2010		2021		Change, 2010-2021	
	Number	Percent	Number	Percent	Number	Percent
Under 18	233,530	24.0%	233,227	22.4%	(303)	-0.1%
18-24	73,059	7.5%	76,152	7.3%	3,093	4.2%
25-34	132,394	13.6%	135,301	13.0%	2,907	2.2%
35-44	140,565	14.5%	143,420	13.8%	2,855	2.0%
45-54	153,481	15.8%	134,759	13.0%	(18,722)	-12.2%
55-64	118,980	12.2%	138,163	13.3%	19,183	16.1%
65 or older	119,769	12.3%	178,340	17.2%	58,571	48.9%
Total Population (a)	971,778	100.0%	1,039,362	100.0%	67,584	7.0%

Median Age **38.4** **40.1**

Note:

(a) Totals may not match totals in other tables due to independent rounding.

Sources: U.S. Census Bureau via Esri Business Analyst, 2022; BAE, 2022.

Racial and Ethnic Distribution

In Montgomery County as of 2021, no single racial or ethnic group comprises a majority of the population. Countywide, the largest racial or ethnic group is Non-Hispanic White, which accounts for 41 percent of the population, although this represents a 10.9 percent decline since 2010. The largest racial or ethnic group in Fairland, by contrast, is Black/African American, accounting for 47.9 percent of the population. This amounts to 9.7 percent growth in Black/African American residents since 2010, which actually lags the countywide growth in

the Black/African American population of 21.1 percent between 2010 and 2021. The Master Plan Area is majority Black/African American (59.1 percent), which helps to explain the relatively low rate of growth in this group compared to Fairland and the county. Nonetheless, growth in Black/African American residents in the Master Plan Area exceeded overall population growth (1.7 percent) between 2010 and 2021.

In addition, the growth in Hispanic or Latino residents in the Master Plan area is relatively significant at 19 percent since 2010, particularly in comparison to the overall growth rate. However, this rate of growth lags growth in this group in Fairland (23.8 percent) and the county overall (32.1 percent). There was a net decrease in non-Hispanic White residents in all three geographies, including a 27.9 percent decline in the Master Plan Area. The Master Plan Area has the smallest share of non-Hispanic White residents, accounting for just 10.5 percent of the population. Table 5 summarizes the racial and ethnic distribution in all three geographies.

Table 5: Racial and Ethnic Distribution, 2010-2021

Master Plan Area	2010		2021		Change, 2010-2021	
	Number	Percent	Number	Percent	Number	Percent
Hispanic/Latino (a)	2,085	12.9%	2,481	15.1%	396	19.0%
Not Hispanic/Latino	14,117	87.1%	13,997	84.9%	(120)	-0.9%
White	2,391	14.8%	1,725	10.5%	(666)	-27.9%
Black/African American	9,195	56.8%	9,741	59.1%	546	5.9%
Native American	33	0.2%	32	0.2%	(1)	-3.0%
Asian	1,942	12.0%	1,926	11.7%	(16)	-0.8%
Native Hawaiian/Pacific Islander	12	0.1%	11	0.1%	(1)	-8.3%
Other	73	0.5%	67	0.4%	(6)	-8.2%
Two or More Races	471	2.9%	495	3.0%	24	5.1%
Total Population (b)	16,202	100.0%	16,478	100.0%	276	1.7%

Fairland	2010		2021		Change, 2010-2021	
	Number	Percent	Number	Percent	Number	Percent
Hispanic/Latino (a)	4,240	11.6%	5,247	14.0%	1,007	23.8%
Not Hispanic/Latino	32,446	88.4%	32,263	86.0%	(183)	-0.6%
White	9,479	25.8%	7,404	19.7%	(2,075)	-21.9%
Black/African American	16,284	44.4%	17,871	47.6%	1,587	9.7%
Native American	66	0.2%	66	0.2%	0	0.0%
Asian	5,443	14.8%	5,665	15.1%	222	4.1%
Native Hawaiian/Pacific Islander	21	0.1%	20	0.1%	(1)	-4.8%
Other	143	0.4%	134	0.4%	(9)	-6.3%
Two or More Races	1,010	2.8%	1,103	2.9%	93	9.2%
Total Population (b)	36,686	100.0%	37,510	100.0%	824	2.2%

Montgomery County	2010		2021		Change, 2010-2021	
	Number	Percent	Number	Percent	Number	Percent
Hispanic/Latino (a)	165,405	17.0%	218,513	21.0%	53,108	32.1%
Not Hispanic/Latino	806,374	83.0%	820,848	79.0%	14,474	1.8%
White	478,759	49.3%	426,429	41.0%	(52,330)	-10.9%
Black/African American	161,690	16.6%	195,788	18.8%	34,098	21.1%
Native American	1,580	0.2%	1,680	0.2%	100	6.3%
Asian	134,677	13.9%	160,530	15.4%	25,853	19.2%
Native Hawaiian/Pacific Islander	427	0.0%	444	0.0%	17	4.0%
Other	3,617	0.4%	3,649	0.4%	32	0.9%
Two or More Races	25,624	2.6%	32,328	3.1%	6,704	26.2%
Total Population (b)	971,779	100.0%	1,039,361	100.0%	67,582	7.0%

Notes:

(a) Includes all races for those of Hispanic/Latino background.

(b) Totals may not match totals in other tables due to independent rounding.

Sources: U.S. Census Bureau via Esri Business Analyst, 2022; BAE, 2022.

Educational Attainment

Montgomery County has a highly educated population, with over 90 percent of residents over 25 years of age holding a high school diploma, and 60 percent of the population holding a bachelor's degree or higher. The rate of high school graduates is in fact marginally higher in both the Master Plan Area (95.2 percent) and Fairland overall (93.0 percent). Although the Master Plan Area and Fairland have lower rates of residents with a bachelor's degree compared to the county at 45 and 49 percent, respectively, over 55 percent of residents have

an associate degree or higher. The Master Plan Area and Fairland lag the county in terms of residents with graduate degrees, with Montgomery County boasting a particularly high share of such residents at 32.8 percent of the population aged over 25 years. Nonetheless, 18.4 percent of the Master Plan Area population and 23.0 percent of the Fairland population have a graduate degree.

Table 6: Educational Attainment, 2021

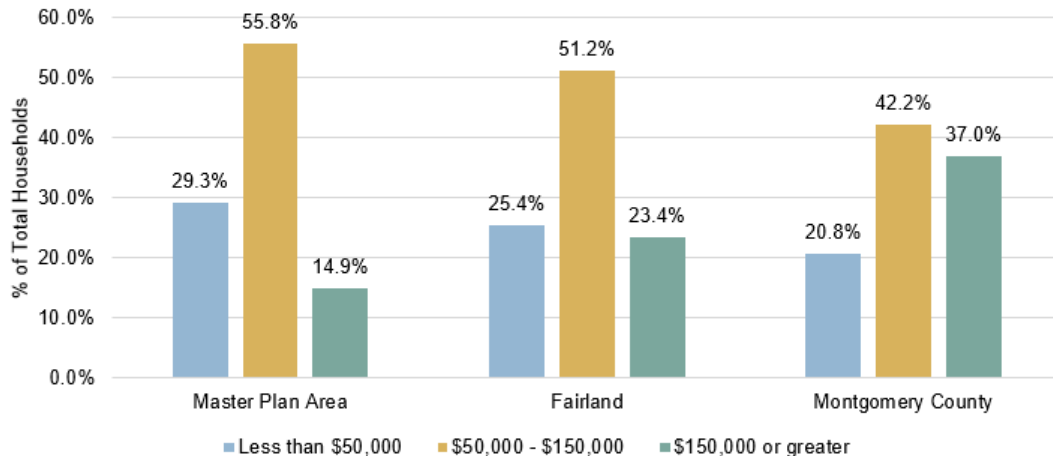
Educational Attainment	Master Plan Area		Fairland		Montgomery County	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th Grade	248	2.3%	908	3.4%	38,826	5.3%
9th to 12th Grade, No Diploma	265	2.5%	951	3.6%	25,900	3.5%
High School Graduate (incl. Equivalency)	1,961	18.2%	4,545	17.2%	96,707	13.2%
Some College, No Degree	2,349	21.8%	5,067	19.2%	90,986	12.5%
Associate Degree	1,099	10.2%	2,006	7.6%	39,750	5.4%
Bachelor's Degree	2,862	26.6%	6,880	26.0%	198,686	27.2%
Graduate/Professional Degree	1,981	18.4%	6,068	23.0%	239,127	32.8%
Total Population Age 25+	10,765	100.0%	26,425	100.0%	729,982	100.0%
Population 25+ High School Graduate (incl. Equivalency) or Higher (%)	10,252	95.2%	24,566	93.0%	665,256	91.1%
Population 25+ with Bachelor's Degree or Higher (%)	4,843	45.0%	12,948	49.0%	437,813	60.0%

Sources: Esri Business Analyst, 2022; BAE, 2022.

Income Distribution

The high rates of advanced education among Montgomery County residents are reflected in the income distribution for the County. The median household income in Montgomery County is \$110,387, compared to \$78,428 in the Master Plan Area and \$88,161 in Fairland overall. As shown in Figure 2, between 25 and 30 percent of Master Plan Area and Fairland households earn less than \$50,000, while between 50 and 55 percent earn between \$50,000 and \$150,000. By comparison, Montgomery County has smaller share of households earning less than \$50,000 (20.8 percent) and between \$50,000 and \$150,000 (42.2 percent), but has by far the highest share of households earning more than \$150,000 at 37 percent, compared to 23.4 percent in Fairland and just 14.9 percent in the Master Plan Area. The effect of these income levels on housing affordability is discussed in the Housing Affordability subsection of this report.

Figure 2: Household Income Distribution, 2021



Sources: ESRI Business Analyst, 2022; BAE, 2022.

Resident Employment

Table 7 shows resident employment by industry in the Master Plan Area, Fairland, and Montgomery County overall. The Master Plan Area has 8,959 employed residents, accounting for 47.2 percent of resident employment in Fairland. The Healthcare/Social Assistance industry is the largest employer of Master Plan Area and Fairland residents, representing 24.0 and 21.1 percent of resident employment, respectively. Professional/Scientific/Technical Services is the second largest employer of residents in the Master Plan Area and Fairland, representing 11.8 and 14.1 percent of resident employment, respectively, lagging the county average resident employment in this industry (20.0 percent). This industry, which employs the largest share of resident employment countywide, captures relatively higher-paying jobs and helps to explain the discrepancy in incomes between the three geographies.

Rounding out the top five industries employing residents in the Master Plan Area and Fairland are Retail Trade, Educational Services, and Public Administration, with slight variations between the two geographies. In total, the top five industries in the Master Plan Area account for 65.3 percent of resident employment, and 64.8 percent in Fairland. Montgomery County also shares the same top five industries as the Master Plan Area and Fairland, although in addition to the Professional/Scientific/Technical Services, the County has a higher share of resident employment in Public Administration and lower overall share of residents employed in Healthcare/Social Assistance.

Table 7: Resident Employment, 2021

Industry	Master Plan Area		Fairland		Montgomery County	
	Number	Percent	Number	Percent	Number	Percent
Agriculture/Forestry/Fishing/Hunting	0	0.0%	0	0.0%	1,155	0.2%
Mining/Quarrying/Oil & Gas Extraction	0	0.0%	0	0.0%	75	0.0%
Construction	251	2.8%	756	4.0%	33,998	6.1%
Manufacturing	214	2.4%	460	2.4%	14,811	2.7%
Wholesale Trade	102	1.1%	200	1.1%	6,175	1.1%
Retail Trade	965	10.8%	1,844	9.7%	37,966	6.9%
Transportation/Warehousing	490	5.5%	816	4.3%	15,868	2.9%
Utilities	33	0.4%	101	0.5%	1,555	0.3%
Information	106	1.2%	240	1.3%	11,175	2.0%
Finance/Insurance	415	4.6%	743	3.9%	24,193	4.4%
Real Estate/Rental/Leasing	139	1.6%	257	1.4%	13,156	2.4%
Professional/Scientific/Tech Services	1,054	11.8%	2,675	14.1%	110,607	20.0%
Management of Companies/Enterprises	7	0.1%	15	0.1%	462	0.1%
Admin/Support/Waste Management Svcs	230	2.6%	626	3.3%	20,615	3.7%
Educational Services	864	9.6%	1,742	9.2%	52,324	9.5%
Health Care/Social Assistance	2,147	24.0%	4,000	21.1%	67,843	12.3%
Arts/Entertainment/Recreation	224	2.5%	321	1.7%	7,718	1.4%
Accommodation/Food Services	296	3.3%	698	3.7%	27,282	4.9%
Other Services (excl Public Administration)	598	6.7%	1,457	7.7%	37,236	6.7%
Public Administration	824	9.2%	2,028	10.7%	69,063	12.5%
Total Employed Residents	8,959	100.0%	18,979	100.0%	553,277	100.0%
Unemployment Rate	10.7%		9.4%		6.2%	

Sources: Esri Business Analyst; BAE, 2021.

Employment by Industry

The top three industries providing jobs in the Master Plan Area (Other Services, Retail Trade, and Admin/Support/Waste Management Services) account for 76.7 percent of total jobs, with no other industry providing more than five percent. The largest industry category is Other Services, representing 31.6 percent of jobs. This category includes a range of jobs such as personal services, automotive repair and maintenance, and religious services. The large share of jobs in this industry category reflects the presence of car dealerships in the area and importantly, the presence of the Seventh Day Adventist Church headquarters. While the Master Plan Area accounts for 29.5 percent of Fairland jobs, it accounts for 80.7 percent of Fairland Other Services jobs, 69.1 percent of Fairland's Admin/Support/Waste Management Services¹ jobs and 46.4 percent of Fairland's retail jobs. Notably, in the Master Plan Area, there are fewer jobs than employed residents, highlighting the residential nature of the area.

¹ The Administrative and Support and Waste Management and Remediation Services sector comprises establishments performing routine support activities for the day-to-day operations of other organizations. These essential activities are often undertaken in-house by establishments in many sectors of the economy. The establishments in this sector specialize in one or more of these support activities and provide these services to clients in a variety of industries and, in some cases, to households. Activities performed include office

The majority of jobs in Fairland are also concentrated in just three industries. Healthcare/Social Assistance, Retail Trade, and Other Services, that account for 67.7 percent of Fairland jobs. By contrast, the top three industries in Montgomery County (Healthcare/Social Assistance, Professional/Scientific/Technical Services, and Retail Trade) account for just 39.6 percent of jobs. Table 8 summarizes the workforce in all three geographies.

Table 8: Employment by Industry, 2021

Industry	Master Plan Area		Fairland		Montgomery County	
	Number	Percent	Number	Percent	Number	Percent
Agriculture/Forestry/Fishing/Hunting	35	0.6%	35	0.2%	385	0.1%
Mining	0	0.0%	0	0.0%	186	0.0%
Utilities	0	0.0%	0	0.0%	430	0.1%
Construction	88	1.6%	425	2.3%	28,454	5.8%
Manufacturing	56	1.0%	231	1.2%	12,800	2.6%
Wholesale Trade	19	0.3%	143	0.8%	6,323	1.3%
Retail Trade	1,694	30.0%	3,652	19.6%	54,558	11.1%
Transportation/Warehouse	9	0.2%	38	0.2%	4,924	1.0%
Information	99	1.8%	277	1.5%	21,967	4.5%
Finance/Insurance	95	1.7%	408	2.2%	23,158	4.7%
Real Estate/Rental/Leasing	94	1.7%	613	3.3%	20,694	4.2%
Professional/Scientific/Tech Services	85	1.5%	505	2.7%	60,435	12.3%
Management of Companies/Enterprises	0	0.0%	3	0.0%	656	0.1%
Admin/Support/Waste Management Svcs	852	15.1%	1,233	6.6%	16,734	3.4%
Educational Services	173	3.1%	723	3.9%	31,697	6.4%
Health Care/Social Assistance	275	4.9%	6,780	36.3%	79,820	16.2%
Arts/Entertainment/Recreation	51	0.9%	145	0.8%	11,194	2.3%
Accommodation/Food Services	167	3.0%	896	4.8%	37,988	7.7%
Other Services (excl Public Administration)	1,781	31.6%	2,206	11.8%	38,632	7.9%
Public Administration	39	0.7%	262	1.4%	32,379	6.6%
Unclassified Establishments	28	0.5%	95	0.5%	8,536	1.7%
Total Workers	5,640	100.0%	18,670	100.0%	491,950	100.0%

Sources: Esri Business Analyst; BAE, 2021.

Major Employers

Table 9 listing major employers in the Master Plan Area and Fairland illustrates which companies and organizations are specifically providing jobs. In line with the data in Table 8, the top three employers in the Master Plan Area are all affiliated with the Seventh Day Adventist Headquarters, while the remaining top employers reflect the auto dealerships and schools in the area. In addition to these employers, Fairland also includes the Adventist Healthcare Hospital (White Oak), which has 1,600 employees. Other major employers in Fairland include 3M Health Information Systems, Adventist Home Health, and Target.

administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services.

Table 9: Major Employers, 2021

Master Plan Area	
	Number of
Top Employers	Employees (a)
Philanthropic Services	800
Society-Adventist	700
General Conference-Seventh-Day	650
Herb Gordon Subaru	375
Paint Branch High School	241
Koons Ford Silver Spring	200
Sport Chevrolet	200
Sport Automotive Inc	175
Montgomery County Public School	150
Sport Cadillac	150

Fairland	
	Number of
Top Employers	Employees (a)
Adventist Healthcare White Oak	1,600
Philanthropic Services	800
Society-Adventist	700
General Conference-Seventh-Day	650
Herb Gordon Subaru	375
3m Health Information Systems	340
Darcars Toyota of Silver Spg	300
Kaiser Permanente	300
Target	300
Adventist Home Health Svc Inc	250

Note:

(a) Number of employees are rounded estimates.

Sources: Data Axle via Esri Business Analyst, 2022; BAE, 2022.

Commuting Patterns

Table 10 to Table 12 show the commute flows of workers employed in the Master Plan Area, Fairland, and Montgomery County, as well as the commute flows of residents of these areas. The distribution of where workers live is similar for the Master Plan Area and Fairland, with 26.7 percent of Master Plan Area workers and 31.7 percent of Fairland workers residing in Montgomery County. A relatively large share of workers also lives in Prince George's, Anne Arundel and Howard counties compared to workers in Montgomery County overall, as Fairland and the Master Plan area are close to these neighboring counties.

A slightly larger but comparable share of residents in the Master Plan Area and Fairland work in Washington, D.C. compared to the Montgomery County overall. Approximately 21 percent of Master Plan Area and Fairland residents work in DC, compared to 18.6 percent of Montgomery County residents. However, just under half of Montgomery County residents also work in the county, whereas under 37 percent of Master Plan Area and Fairland residents work in

Montgomery County. The proximity of Fairland to neighboring counties explains this trend, and indeed larger shares of Fairland and Master Plan area residents work in Prince George's, Howard, and Anne Arundel counties.

Table 10: Master Plan Area Commute Flows, 2019

Master Plan Area					
Workers by Place of Residence			Residents by Place of Work		
Place of Residence	Workers		Place of Work	Employed Residents	
	Number	Percent		Number	Percent
Montgomery County	1,363	26.7%	Montgomery County	3,010	36.7%
Fairland CDP	182	3.6%	Rockville	418	5.1%
Silver Spring CDP	110	2.2%	Bethesda CDP	315	3.8%
Olney CDP	76	1.5%	Silver Spring CDP	284	3.5%
Germantown CDP	69	1.4%	North Bethesda CDP	254	3.1%
Aspen Hill CDP	68	1.3%	Gaithersburg	166	2.0%
All Other Montgomery County	858	16.8%	All Other Montgomery County	1,573	19.2%
Prince George's County	1,053	20.6%	District of Columbia, DC	1,746	21.3%
Howard County	519	10.2%	Prince George's County	1,273	15.5%
Anne Arundel County	442	8.7%	Howard County	570	6.9%
Baltimore County	342	6.7%	Anne Arundel County	330	4.0%
District of Columbia, DC	196	3.8%	Baltimore County	237	2.9%
City of Baltimore	165	3.2%	City of Baltimore	224	2.7%
All Other Place of Residence	1,026	20.1%	All Other Place of Residence	819	10.0%
Total Workers	5,106	100.0%	Total Employed Residents	8,209	100.0%

Sources: Longitudinal Employer-Household Dynamics via OnTheMap, 2022; BAE, 2022.

Table 11: Fairland Commute Flows, 2019

Fairland					
Workers by Place of Residence			Residents by Place of Work		
Place of Residence	Workers		Place of Work	Employed Residents	
	Number	Percent		Number	Percent
Montgomery County	4,398	31.7%	Montgomery County	6,128	36.5%
Fairland CDP	502	3.6%	Rockville	911	5.4%
Silver Spring CDP	298	2.2%	Bethesda CDP	627	3.7%
Germantown CDP	270	1.9%	Silver Spring CDP	535	3.2%
White Oak CDP	236	1.7%	North Bethesda CDP	501	3.0%
Aspen Hill CDP	228	1.6%	Gaithersburg	354	2.1%
All Other Montgomery County	2,864	20.7%	All Other Montgomery County	3,200	19.0%
Prince George's County	3,468	25.0%	District of Columbia, DC	3,503	20.8%
Howard County	1,164	8.4%	Prince George's County	2,554	15.2%
Anne Arundel County	930	6.7%	Howard County	1,120	6.7%
Baltimore County	716	5.2%	Anne Arundel County	690	4.1%
District of Columbia, DC	573	4.1%	City of Baltimore	486	2.9%
City of Baltimore	347	2.5%	Baltimore County	471	2.8%
All Other Place of Residence	2,261	16.3%	All Other Place of Residence	1,852	11.0%
Total Workers	13,857	100.0%	Total Employed Residents	16,804	100.0%

Sources: Longitudinal Employer-Household Dynamics via OnTheMap, 2022; BAE, 2022.

Table 12: Montgomery County Commute Flows, 2019

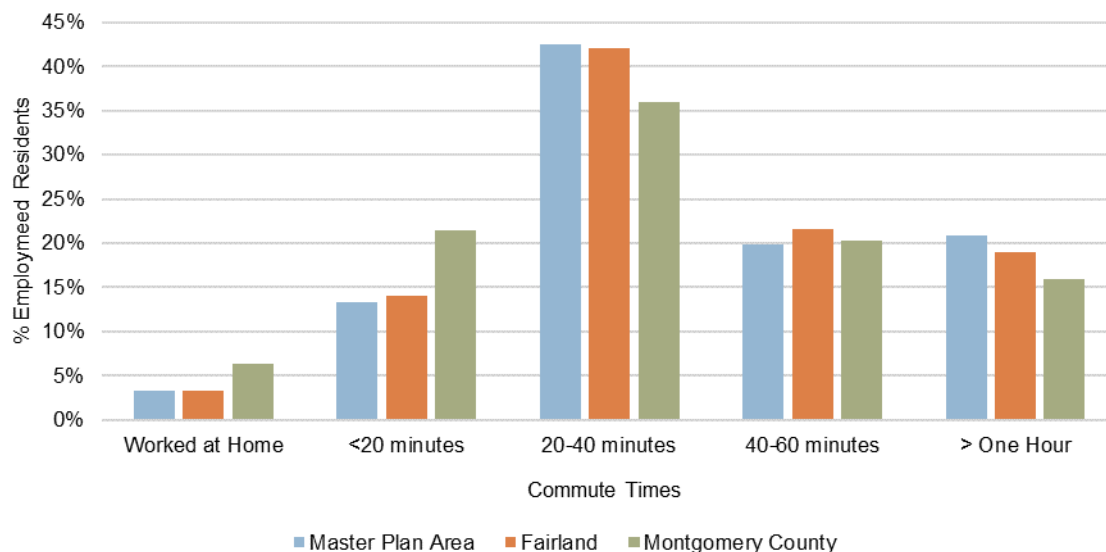
Montgomery County					
Workers by Place of Residence			Residents by Place of Work		
Place of Residence	Workers		Place of Work	Employed Residents	
	Number	Percent		Number	Percent
Montgomery County	219,264	49.0%	Montgomery County	219,264	48.8%
Germantown CDP	25,125	5.6%	Rockville	40,138	8.9%
Gaithersburg	16,770	3.7%	Bethesda CDP	30,821	6.9%
Rockville	14,962	3.3%	North Bethesda CDP	21,901	4.9%
Silver Spring CDP	11,252	2.5%	Gaithersburg	21,310	4.7%
Aspen Hill CDP	10,954	2.4%	Potomac CDP	13,373	3.0%
All Other Montgomery County	140,201	31.3%	All Other Montgomery County	91,721	20.4%
Prince George's County	47,342	10.6%	District of Columbia, DC	83,628	18.6%
Frederick County	28,881	6.5%	Prince George's County	34,955	7.8%
District of Columbia, DC	21,558	4.8%	Fairfax County, VA	20,756	4.6%
Howard County	18,837	4.2%	Howard County	15,476	3.4%
Fairfax County, VA	16,644	3.7%	Anne Arundel County	10,631	2.4%
Anne Arundel County	13,682	3.1%	Baltimore County	9,930	2.2%
All Other Place of Residence	81,235	18.2%	All Other Place of Residence	54,428	12.1%
Total Workers	447,443	100.0%	Total Employed Residents	449,068	100.0%

Sources: Longitudinal Employer-Household Dynamics via OnTheMap, 2022; BAE, 2022.

The commute flows data helps to explain the longer commute times for residents of the Master Plan Area and Fairland compared to Montgomery County residents overall. Between 13 and 14 percent of Master Plan Area and Fairland residents have commute times of under 20 minutes, compared to approximately 21 percent of Montgomery County residents. In addition, between 19 and 21 percent of Master Plan Area and Fairland residents commute for over an hour, compared to 15.9 percent of Montgomery County residents. This likely reflects the wider range of places these residents commute to, as well as the lack of transit access.

It is also notable that although Fairland has a higher ratio of jobs to residents compared to Montgomery County, which has more residents than jobs, there is a smaller share of residents commuting less than half an hour compared to County residents overall. This may indicate that Fairland residents are not necessarily employed at jobs in the Fairland area. Finally, under 3.5 percent of Master Plan Area and Fairland residents work at home, compared to 6.4 percent of county residents. However, commute times shown in Figure 3 are based on 2019 data, and do not account for impacts of the COVID-19 pandemic.

Figure 3: Commute Times, 2019



Sources: American Community Survey 2015-2019 five-year sample estimates via Esri Business Analyst; BAE, 2022.

Summary of Demographic and Economic Conditions

The Master Plan Area, and Fairland overall, are unique parts of Montgomery County. The Master Plan Area is the main node of Fairland, representing just under half of the community's population and households. It accounts for a disproportionately large share of Fairland's non-family and renter households, due to its concentration of townhomes and multifamily units, which are discussed in more detail in the next section. Notably, there has been a net increase in owner households in both the Master Plan Area and Fairland, although there has been limited growth overall compared to the county since 2010.

The Master Plan Area is relatively young compared to the County, with a median age of 32 years compared to 40 years in the County. The Master Plan Area also has a disproportionately large share of residents between the ages of 25 and 34 and may suggest the area has the potential for capturing more young residents. Additionally, the Master Plan Area and Fairland overall have lower median household incomes compared to the county, although 15 percent of Master Plan Area households earn over \$150,000 as well as 23.4 percent of Fairland households. The household income distribution is generally in line with the main industries providing jobs and employing residents of these areas. Commute patterns in the Master Plan Area illustrate the lack of transit access, given the disproportionately high share of commutes lasting over one hour compared to the county. However, given its proximity to Prince George's and Howard Counties, the Master Plan Area and Fairland capture a greater diversity of workers in the Baltimore-Washington metropolitan area, and may indicate its attractiveness to a wider range of potential residents compared to the county.

Housing Stock

Housing Units and Vacancy

Esri estimates that as of 2021, the Master Plan Area has 6,931 housing units, of which 7.9 percent are vacant. By comparison, of the 15,089 housing units in the Study Area, 5.7 percent are vacant, which is consistent with the 5.3 percent vacancy rate in Montgomery County. As Table 13 shows, the vacancy rate in the Master Plan Area increased from 6.4 percent in 2010.

Table 13: Housing Unit Occupancy, 2010 to 2021

Master Plan Area	2010		2021		Change, 2010-2021	
	Number	Percent	Number	Percent	Number	Percent
Occupied Units	6,450	93.6%	6,383	92.1%	(67)	-1.0%
Vacant Units	440	6.4%	548	7.9%	108	24.5%
Total Units	6,890	100.0%	6,931	100.0%	41	0.6%

Fairland	2010		2021		Change, 2010-2021	
	Number	Percent	Number	Percent	Number	Percent
Occupied Units	14,116	94.6%	14,224	94.3%	108	0.8%
Vacant Units	809	5.4%	865	5.7%	56	6.9%
Total Units	14,925	100.0%	15,089	100.0%	164	1.1%

Montgomery County	2010		2021		Change, 2010-2021	
	Number	Percent	Number	Percent	Number	Percent
Occupied Units	357,087	95.0%	381,115	94.7%	24,028	6.7%
Vacant Units	18,817	5.0%	21,347	5.3%	2,530	13.4%
Total Units	375,904	100.0%	402,462	100.0%	26,558	7.1%

Sources: Esri Business Analyst, 2022; BAE, 2022.

Although based on American Community Survey (ACS) five-year sample data, and therefore not directly comparable to Esri's estimate of vacancy, Table 14 shows the status of vacant units to help explain the vacancy rates, though this data is unavailable at the Master Plan Area level. Within Fairland, 54.6 percent of the vacant units as of 2020 are rental units, while another 16.4 percent are for sale units. This could suggest that these units are of a lower quality or not desirable for other reasons, such as lack of access to major employment centers, transit, or amenities. As discussed in the Real Estate Market section of this report, data on the multifamily market and discussions with brokers suggest that market-rate rents are around 60 percent of the market-rate rents countywide, which underscore some of the challenges in the Fairland real estate market evident by vacancy rates in the area.

Table 14: Fairland Vacancy Status, 2010-2020

Vacancy Status	Fairland				Change 2010-2020	
	2010		2020			
	Number	Percent	Number	Percent	Number	Percent
For rent	460	52.5%	525	54.6%	65	14.1%
For sale only	161	18.4%	158	16.4%	(3)	-1.9%
Rented or sold, not occupied	55	6.3%	65	6.8%	10	18.2%
For seasonal, recreational, or occasional use	38	4.3%	54	5.6%	16	42.1%
For migrant workers	0	0.0%	0	0.0%	0	n.a.
Other vacant	162	18.5%	159	16.5%	(3)	-1.9%
Total Vacant Units	876	100.0%	961	100.0%	85	9.7%

Vacancy Status	Montgomery County				Change 2010-2020	
	2010		2020			
	Number	Percent	Number	Percent	Number	Percent
For rent	6,592	35.0%	5,858	33.2%	(734)	-11.1%
For sale only	3,648	19.4%	2,655	15.0%	(993)	-27.2%
Rented or sold, not occupied	1,546	8.2%	1,794	10.2%	248	16.0%
For seasonal, recreational, or occasional use	2,377	12.6%	1,589	9.0%	(788)	-33.2%
For migrant workers	15	0.1%	41	0.2%	26	173.3%
Other vacant	4,641	24.7%	5,713	32.4%	1,072	23.1%
Total Vacant Units	18,819	100.0%	17,650	100.0%	(1,169)	-6.2%

Note:

(a) The Fairland and Briggs Study Area is defined by 2010 census tracts 7014.09, 7014.10, 7014.14, 7014.17, 7014.18, 7014.20, 7014.21, 7014.22, 7014.23; and 2020 census tracts 7014.08, 7014.09, 7014.14, 7014.17, 7014.18, 7014.22, 7014.23, 7014.24, 7014.25.

Sources: U.S. Census Bureau, Decennial Census 2010, table H5; American Community Survey 2016-2020 five-year sample data, table B25004; BAE, 2022.

Year Built

According to ACS 2015-2019 sample data, the vast majority (85 percent) of the development in the Master Plan Area occurred between 1970 and 1999, with over half of the housing units constructed between 1980 and 1989. Just under 48 percent of housing units in Fairland were built in the 1980s. The Master Plan Area was relatively undeveloped in 1969, with 9.7 percent of housing units built by then compared to 13.7 percent of Fairland housing units and 35.7 percent of Montgomery County housing units. Housing construction in the Master Plan Area then slowed significantly after 1999, with just four percent of housing units built in the housing boom between 2000 and 2009, when 12.4 percent and 10.2 percent of Fairland and Montgomery County housing units, respectively, were constructed. Not only is the housing stock in the Master Plan Area old, but there are few new units, with under 1.5 percent of housing units in the Master Plan Area Fairland constructed since 2010, compared to 5.5 percent of the county's housing units.

Table 15: Housing Units by Year Built, 2019

Year Built	Master Plan Area		Fairland		Montgomery County	
	Number	Percent	Number	Percent	Number	Percent
1939 or earlier	131	1.9%	225	1.6%	18,185	4.7%
1940-1949	43	0.6%	128	0.9%	18,350	4.7%
1950-1959	260	3.7%	449	3.1%	46,912	12.1%
1960-1969	251	3.6%	1,198	8.3%	55,626	14.3%
1970-1979	1,336	18.9%	1,948	13.5%	61,394	15.8%
1980-1989	3,664	51.9%	6,881	47.8%	80,503	20.7%
1990-1999	1,003	14.2%	1,600	11.1%	47,162	12.1%
2000-2009	280	4.0%	1,790	12.4%	39,756	10.2%
2010-2013	19	0.3%	46	0.3%	10,761	2.8%
2014 or later	79	1.1%	125	0.9%	10,552	2.7%
Total Units	7,066	100.0%	14,390	100.0%	389,201	100.0%
Median Year Built	1984		1985		1979	

Sources: American Community Survey 2015-2019 Five-Year Sample Estimates via Esri Business Analyst; BAE, 2022.

Units in Structure

Fairland has a disproportionately high share of housing units in multifamily structures compared to Montgomery County, with the vast majority located in the Master Plan Area. In Fairland, 42.4 percent of housing units are in multifamily structures, of which 70 percent are in the Master Plan Area. While the Master Plan Area and Fairland have comparable shares of townhomes, which account for between 29 and 30 percent of housing units respectively, only 9.1 percent of Master Plan Area housing units are single family detached units, compared to 28 percent in Fairland overall. Within the Master Plan Area, 82 percent of the multifamily housing stock, irrespective of whether the units are rentals or condominiums, are in structures of 5-19 units, or garden-style walk ups. Notably, 12.3 percent of Fairland housing units are in structures of fifty or more units, compared to just 4.8 percent of housing units in the Master Plan area, suggesting there are some large multifamily structures in Fairland that are not in the Master Plan Area.

Table 16: Housing Units by Number of Units in Structure, 2019

Units in Structure	Master Plan Area		Fairland		Montgomery County	
	Number	Percent	Number	Percent	Number	Percent
Single-Family, Detached	645	9.1%	4,028	28.0%	183,884	47.2%
Single-Family, Attached	2,154	30.5%	4,225	29.4%	71,381	18.3%
2-4 Units	284	4.0%	326	2.3%	7,138	1.8%
5-19 Units	3,500	49.5%	3,780	26.3%	55,609	14.3%
20-49 Units	141	2.0%	234	1.6%	10,504	2.7%
50+ Units	340	4.8%	1,767	12.3%	60,151	15.5%
Mobile Homes	0	0.0%	30	0.2%	427	0.1%
Other (a)	0	0.0%	0	0.0%	107	0.0%
Total Units	7,064	100.0%	14,390	100.0%	389,201	100.0%

Note:

(a) Includes boats, RVs, vans, etc.

Sources: American Community Survey 2015-2019 Five-Year Sample Estimates via Esri Business Analyst; BAE, 2022.

Real Estate Market

For Sale Residential

Table 17 summarizes data from Redfin on home sales in the Master Plan Area from May 1st, 2021, to April 1st, 2022. BAE limited the data to the Master Plan Area specifically, although given the number of sales Redfin identified, some of the sales may have occurred outside the boundaries of the Master Plan Area. This is particularly true for the condo and townhome sales, which exceeded the number of single-family home sales. Based on this analysis, during the period there were 15 single-family homes sold in the Master Plan Area, and 165 condos and townhomes sold. Although not shown in the table, the single-family home sales represent eight percent of single family home sales in Fairland overall, but approximately half of condo and townhome sales in Fairland. This reflects the distribution of units by units in structure, which shows that the Master Plan Area has a concentration of Fairland's condos and townhomes.

Of the 15 single-family units sold in the Master Plan Area, the median sale price ranged from \$550,000 for a three-bedroom unit, to \$615,000 for four-bedroom units or larger. There were no units sold smaller than three bedrooms. These relatively large units, with average sizes ranging from 2,547 to 3,387 square feet, suggest a housing stock that is suitable for and catering to families. Overall, the average sale price per square foot of \$211 was higher than the median sale price per square foot of \$202, suggesting home sales skewed to the higher end of price range shown in Table 17.

The majority of home sales in the Master Plan Area were condos and townhomes, which were generally clustered around Castle Boulevard and Ballinger Drive. Approximately half of the condos and townhomes sold were three-bedroom units, while an additional 28 percent were two-bedroom units. The median sale price for three-bedroom units was \$381,000 and

\$268,500 for two-bedroom units. Three-bedroom units had an average price per square foot of \$228 dollars, which was the highest price per square foot among all unit sizes, and higher than the overall average price per square foot of \$220. Average unit sizes ranged from 886 for one-bedroom units to 1,994 square feet for four-bedroom units. The average unit size was 1,560 square feet.

Sale prices for all units sold are generally lower than similar units sold in nearby Montgomery County areas like Colesville and White Oak, but slightly higher than in West Laurel, across the Prince George's County line. Brokers indicate that although there are major employers in Fairland, prices are higher in White Oak due to the location of the Food and Drug Administration (FDA), whereas Colesville is closer to both the Wheaton and Glenmont Metro stations. However, brokers have noted that there is increasing demand for housing in Fairland given its overall lower price point and the desirability of Montgomery County public schools. In addition, even though prices are not as high as in nearby parts of the county, demand is still high in this area and the perception of vacancy is low. Developers have indicated that market conditions are not a barrier to new development in the area, pointing instead to the lack of available sites to develop.

Table 17: Home Sale Price Distribution, May 2021 to April 2022

Master Plan Area						
Single-Family Homes						
Sale Price Range	1 BR	2 BR	3 BR	4+ BR	Total	Percent of Total
Less than \$550,000	0	0	2	0	2	13.3%
\$550,000-\$599,999	0	0	2	1	3	20.0%
\$600,000-\$699,999	0	0	1	6	7	46.7%
\$700,000 or more	0	0	0	3	3	20.0%
Total Units Sold	0	0	5	10	15	100.0%
Percent of Total	0.0%	0.0%	33.3%	66.7%	100.0%	
Median Sale Price	n.a.	n.a.	\$550,000	\$660,000	\$615,000	
Average Sale Price	n.a.	n.a.	\$559,980	\$669,700	\$633,127	
Average Unit Size (SF)	n.a.	n.a.	2,547	3,387	3,107	
Median Price per (SF)	n.a.	n.a.	\$201.50	\$203.37	\$202.48	
Average Price per (SF)	n.a.	n.a.	\$224.26	\$204.64	\$211.18	
Condominium/Townhomes						
Sale Price Range	1 BR	2 BR	3 BR	4+ BR	Total	Percent of Total
Less than \$300,000	9	32	4	0	45	27.3%
\$300,000-\$349,999	0	9	19	0	28	17.0%
\$350,000-\$399,999	0	4	25	10	39	23.6%
\$400,000 or more	0	1	36	16	53	32.1%
Total Units Sold	9	46	84	26	165	100.0%
Percent of Total	5.5%	27.9%	50.9%	15.8%	100.0%	
Median Sale Price	\$180,000	\$268,500	\$381,000	\$409,000	\$360,000	
Average Sale Price	\$180,172	\$267,012	\$394,439	\$426,496	\$352,278	
Average Unit Size (SF)	886	1,199	1,697	1,994	1,560	
Median Price per (SF)	\$205.97	\$211.08	\$228.14	\$213.79	\$220.42	
Average Price per (SF)	\$203.70	\$227.49	\$240.50	\$223.74	\$232.22	

Note:
Data reflect full and verified sales from May 1, 2021 to April 1, 2022.

Sources: Redfin, 2022; BAE, 2022.

Multifamily Rentals

Data from CoStar, a private real estate data vendor, estimates there are 4,411 multifamily rentals in the Master Plan Area, accounting for all multifamily rentals in Fairland. CoStar data is a good representation of the overall multifamily inventory in a jurisdiction, but as the data is based on past listings, it may not include the full inventory of multifamily rentals. Indeed, ACS data discussed in the 'Units in Structure' subsection of this report shows over 1,400 multifamily units in structures of fifty or more units in Fairland but not in the Master Plan Area. While the CoStar data indicates that 100 percent of the Fairland multifamily rental stock is in the Master Plan Area, it may be that some units in Fairland in structures with more than fifty units are either condominiums or missing in the CoStar data for Fairland overall.

Nonetheless, the CoStar data shown in Table 18 reveal key findings about the multifamily rental market in the Master Plan Area. Average asking rent as of Q1 2022 in the Master Plan Area is \$1,679 (\$20.64 per square foot), lagging the \$1,993 (\$25.44) per square foot rent in Montgomery County. In fact, average asking rents increased at a slower rate between Q1 2021 and Q1 2022 in the Master Plan Area (7.7 percent) compared to the county (10.2 percent). This discrepancy in rents likely reflects the location and quality of the units, as the vacancy rate in the Master Plan Area of 3.9 percent would indicate strong demand and is in fact lower than the 4.9 vacancy rate in Montgomery County. It is important to note that the average asking rents shown in Table 18 do not distinguish between quality, or class type of multifamily rentals. Higher-end units and units in newer buildings may greatly exceed the average asking rents shown, particularly in Montgomery County. Indeed, new development in the Master Plan Area or Fairland may command a premium over the average asking rates from the CoStar data.

Finally, there are no multifamily units in the Master Plan Area under construction despite nearly 5,000 units under construction countywide, which by itself represents a five percent increase in the countywide multifamily rental stock. With no new multifamily buildings, it is difficult to determine what newer units might command in rents in the Master Plan Area. Brokers indicate that the minimum asking rent in newer buildings is likely to be closer to \$2,000 per month for a two-bedroom apartment.

Table 18: Multifamily Summary, Q1 2022

Multifamily Summary (a)	Master Plan Area	Fairland	Montgomery County
Inventory, Q1 2022 (units)	4,411	4,411	94,716
Inventory as % of County (units)	4.7%	4.7%	100.0%
Occupied Stock (units)	4,238	4,238	89,823
Vacant Direct Stock (units)	173	173	4,652
Vacancy Rate	3.9%	3.9%	4.9%
Avg. Asking Rent per unit			
Avg. Asking Rent per unit, Q1 2021	\$1,559	\$1,559	\$1,809
Avg. Asking Rent per unit, Q1 2022	\$1,679	\$1,679	\$1,993
% Change, Q1 2021 - Q1 2022	7.7%	7.7%	10.2%
Avg. Asking Rent per sf			
Avg. Asking Rent per sf, Q1 2021	\$19.20	\$19.20	\$23.16
Avg. Asking Rent per sf, Q1 2022	\$20.64	\$20.64	\$25.44
% Change, Q1 2021 - Q1 2022	7.5%	7.5%	9.8%
Deliveries (units), Q1 2010 - Q1 2022	121	121	21,401
Under Construction (units), Q1 2022	0	0	4,842

Note:

(a) Reflects properties with market-rate and market-rate/affordable units. Properties with 100 percent affordable units are excluded.

Sources: CoStar, 2022; BAE, 2022.

Housing Affordability

Households by Tenure and Income Level

Table 19 shows households in the Master Plan Area, Fairland, and Montgomery County by tenure and income group, based on the U.S. Department of Housing and Urban Development (HUD) 2014-2018 Comprehensive Housing Affordability Strategy (CHAS) data. As in most jurisdictions, larger percentages of renter households are in lower income categories. For example, in the Master Plan Area, 53.1 percent of renter households earn less than 80 percent of AMI, compared to just 16.7 percent of owner households. By comparison, 62.6 percent of Master Plan Area owner households earn more than 120 percent of AMI.

Table 19 shows that the Master Plan Area has the largest share of Extremely Low-, Low-, and Moderate-Income households, which together comprise 41.4 percent of Master Plan Area households. In Fairland, 30.4 percent of households are either Extremely Low-, Low-, and Moderate-Income, while just 27.0 percent of households are in these income categories in Montgomery County overall. Nonetheless, the largest income group in each geography is Above Moderate Income Households, comprising 40.7 percent of Master Plan Area households, and 50.6 and 57.4 percent of Fairland and Montgomery County households, respectively. Therefore, while the Master Plan Area has a higher concentration of lower income households

compared to Fairland the county, the income profile skews towards moderate and higher income households.

Table 19: Households by Tenure and Income Level, 2014-2018 Five-Year Sample Period

Master Plan Area						
% of HUD Area Median Family Income (a)	Renter Households		Owner Households		All Households	
	Number	Percent	Number	Percent	Number	Percent
Extremely Low Income ($\leq 30\%$ HAMFI)	800	21.6%	80	4.5%	880	16.1%
Very Low Income ($>30\%$, $\leq 50\%$ HAMFI)	740	20.0%	95	5.4%	835	15.3%
Low Income ($>50\%$, $\leq 80\%$ HAMFI)	430	11.6%	120	6.8%	550	10.1%
Moderate Income ($>80\%$, $\leq 120\%$ HAMFI)	614	16.6%	365	20.7%	979	17.9%
Above Moderate Income ($>120\%$ HAMFI)	1,124	30.3%	1,104	62.6%	2,228	40.7%
Total Households (b)	3,705	100.0%	1,770	100.0%	5,480	100.0%
Fairland and Briggs Study Area						
% of HUD Area Median Family Income (a)	Renter Households		Owner Households		All Households	
	Number	Percent	Number	Percent	Number	Percent
Extremely Low Income ($\leq 30\%$ HAMFI)	1,640	22.8%	435	4.5%	2,075	12.2%
Very Low Income ($>30\%$, $\leq 50\%$ HAMFI)	1,305	18.2%	645	6.6%	1,950	11.5%
Low Income ($>50\%$, $\leq 80\%$ HAMFI)	673	9.4%	455	4.7%	1,128	6.7%
Moderate Income ($>80\%$, $\leq 120\%$ HAMFI)	1,348	18.7%	1,880	19.2%	3,228	19.0%
Above Moderate Income ($>120\%$ HAMFI)	2,224	30.9%	6,353	65.0%	8,577	50.6%
Total Households (b)	7,180	100.0%	9,775	100.0%	16,965	100.0%
Montgomery County						
% of HUD Area Median Family Income (a)	Renter Households		Owner Households		All Households	
	Number	Percent	Number	Percent	Number	Percent
Extremely Low Income ($\leq 30\%$ HAMFI)	26,945	21.1%	13,410	5.5%	40,355	10.9%
Very Low Income ($>30\%$, $\leq 50\%$ HAMFI)	20,030	15.7%	15,590	6.4%	35,620	9.6%
Low Income ($>50\%$, $\leq 80\%$ HAMFI)	12,180	9.5%	11,825	4.9%	24,005	6.5%
Moderate Income ($>80\%$, $\leq 120\%$ HAMFI)	24,895	19.5%	32,785	13.5%	57,680	15.6%
Above Moderate Income ($>120\%$ HAMFI)	43,910	34.3%	168,650	69.6%	212,560	57.4%
Total Households (b)	127,965	100.0%	242,265	100.0%	370,225	100.0%

Notes:

The Fairland and Briggs Chaney Master Plan Area is defined by census tracts 7014.17, 7014.22, and 7014.23. The Fairland and Briggs Study Area is defined by census tracts 7014.09, 7014.10, 7014.14, 7014.17, 7014.18, 7014.20, 7014.21, 7014.22, and 7014.23.

(a) "HAMFI" is the HUD Area Median Family Income for Washington-Arlington-Alexandria, DC-VA-MD HUD Metro.

(b) Totals do not equal the sum of individual figures due to independent rounding.

Sources: U.S. Department of Housing and Urban Development, 2014-2018 Comprehensive Housing Affordability Strategy (CHAS) data; BAE, 2022.

Housing Cost Burden by Income Group

Table 20 expands on the data in the previous section to show housing cost burdens by income level and tenure in the Master Plan Area. A cost-burdened household, as defined by HUD, spends more than 30 percent of its gross monthly income on housing costs. Households spending more than 50 percent of gross monthly income on housing costs are severely cost-

burdened. This data serves as the basis for estimating the existing and future housing affordability gaps provided in this analysis. It is worth noting that these definitions have come under scrutiny because even as a percentage of household income, 30 or 50 percent of gross monthly income is relatively more burdensome for lower income households than very high income households.²

In line with national trends, lower income households in the Master Plan Area have higher rates of housing cost burdens than higher income households. Similarly, renter households tend to have a higher share of cost burdens than owner households. As shown in Table 20, not only are 91.5 percent of households earning less than 30 percent of the HAMFI experiencing a housing cost burden, but also the majority of cost-burdened households are severely cost-burdened (84.2 percent). Whereas 8.1 percent of Extremely Low Income renter households are cost-burdened, 87.0 percent are severely cost-burdened. Similarly, 56.3 percent of Extremely Low Income owner households are cost-burdened, with all such households experiencing a severe cost-burden. These trends extend to Very Low Income households (i.e., households earning between 30 and 50 percent of the HAMFI), with the majority of cost-burdened households experiencing a severe cost burden.

Among Moderate Income households, the majority are also cost burdened, although a larger share of households has a cost burden between 30 and 50 percent of gross monthly income than a severe cost burden, irrespective of household tenure. Among all households earning between 50 and 100 percent of the HAMFI, 42 percent are cost burdened, while 14 percent are severely cost burdened. Notably, the rate of cost-burdened households declines significantly for median income households. Less than five percent of households earning the median income or above are cost-burdened, with a greater share of owner households cost-burdened than renter households. This suggests monthly rents in the Study Area, in particular, are affordable to these households, which corresponds with the perception of the area from developers and brokers who suggest that monthly rates in the Master Plan Area are naturally at between 60 and 80 percent of countywide rents.

Despite the high percentages of cost-burdened and severely cost-burdened households among lower income groups, the overall cost-burdened rate among Master Plan Area households is 41.4 percent, including 22.2 percent severely cost-burdened households. This reflects the area's overall HAMFI distribution, which shows that over half of all Master Plan Area households are Moderate or Above Moderate Income, earning more than 80 percent of AMI. In fact, approximately half of Master Plan Area households earn more than median income. Therefore, although lower income households experience affordability issues in the Fairland area, the majority of households do not, as most households earn above the moderate income level.

² Rental Burdens: Rethinking Affordability Measures, U.S. Department of Housing and Urban Development's (HUD's) Office of Policy Development and Research (PD&R).

Table 20: Housing Cost Burdens by Income Bracket and Tenure, Fairland and Briggs Study Area, 2014-2018 Five-Year Sample Period

Housing Cost Burden by Income Level	Renter Households		Owner Households		All Households	
	Number	Percent	Number	Percent	Number	Percent
Household Income ≤30% HAMFI (a) (b)	800	100.0%	80	100.0%	880	100.0%
With ≤ 30% Housing Cost Burden	40	5.0%	15	18.8%	55	6.2%
With > 30%, but ≤ 50% Housing Cost Burden	65	8.1%	0	0.0%	65	7.3%
With > 50% Housing Cost Burden	700	87.0%	45	56.3%	745	84.2%
Not Computed (No or Negative Income)	0	0.0%	20	25.0%	20	2.3%
Household Income >30% to ≤50% HAMFI (b)	740	100.0%	95	100.0%	835	100.0%
With ≤ 30% Housing Cost Burden	10	1.4%	40	40.8%	50	6.0%
With > 30%, but ≤ 50% Housing Cost Burden	330	44.9%	34	34.7%	364	43.7%
With > 50% Housing Cost Burden	395	53.7%	24	24.5%	419	50.3%
Household Income >50% to ≤80% HAMFI (b)	430	100.0%	120	100.0%	550	100.0%
With ≤ 30% Housing Cost Burden	130	30.2%	60	50.0%	190	34.5%
With > 30%, but ≤ 50% Housing Cost Burden	275	64.0%	35	29.2%	310	56.4%
With > 50% Housing Cost Burden	25	5.8%	25	20.8%	50	9.1%
Household Income >80% to ≤100% HAMFI (b)	295	100.0%	200	100.0%	495	100.0%
With ≤ 30% Housing Cost Burden	170	58.8%	115	59.0%	285	58.9%
With > 30%, but ≤ 50% Housing Cost Burden	119	41.2%	80	41.0%	199	41.1%
With > 50% Housing Cost Burden	0	0.0%	0	0.0%	0	0.0%
Household Income >100% to ≤120% HAMFI	319	100.0%	165	100.0%	484	100.0%
With ≤ 30% Housing Cost Burden	309	96.6%	160	94.1%	469	95.7%
With > 30%, but ≤ 50% Housing Cost Burden	11	3.4%	10	5.9%	21	4.3%
With > 50% Housing Cost Burden	0	0.0%	0	0.0%	0	0.0%
Household Income >120% HAMFI (b)	1,124	100.0%	1,104	100.0%	2,228	100.0%
With ≤ 30% Housing Cost Burden	1,124	100.0%	1,014	91.8%	2,138	96.0%
With > 30%, but ≤ 50% Housing Cost Burden	0	0.0%	90	8.2%	90	4.0%
With > 50% Housing Cost Burden	0	0.0%	0	0.0%	0	0.0%
Total Households (b)	3,705	100.0%	1,770	100.0%	5,480	100.0%
With ≤ 30% Housing Cost Burden	1,783	48.2%	1,404	79.5%	3,187	58.3%
With > 30%, but ≤ 50% Housing Cost Burden	800	21.6%	249	14.1%	1,049	19.2%
With > 50% Housing Cost Burden	1,120	30.2%	94	5.3%	1,214	22.2%
Not Computed (No or Negative Income)	0	0.0%	20	1.1%	20	0.4%

Notes:

The Fairland and Briggs Chaney Master Plan Area is defined by census tracts 7014.17, 7014.22, and 7014.23.

(a) "HAMFI" is the HUD Area Median Family Income for Washington-Arlington-Alexandria, DC-VA-MD HUD Metro.

(b) Totals do not equal the sum of individual figures due to independent rounding.

Sources: U.S. Department of Housing and Urban Development, 2014-2018 Comprehensive Housing Affordability Strategy (CHAS) data; BAE, 2022.

Defining Workforce and Missing Middle Housing

The term "workforce housing" generally refers to moderately priced housing that is affordable to a community's core workforce, which may be income-restricted or may be lower-priced market rate housing, such as smaller units or older units. Workforce housing typically targets

lower and moderate-income workers, with the understanding that worker households with above-moderate incomes can generally afford larger, newer, and more expensive housing without becoming cost-burdened. Moreover, the income distribution and housing cost burden data for the county clearly show that low- to moderate-income households are disproportionately cost-burdened compared to above-moderate income households. Failing to address a workforce housing affordability gap can lead to people in professions like teaching, public safety, healthcare, and retail struggling to find appropriate, affordable housing. The lack of sufficient workforce housing can become a challenge for businesses and essential services that serve the community. A lack of affordable housing can lead to a limited workforce in the area to fill available jobs. It can also exacerbate traffic and congestion as workers are forced to commute into Montgomery County from other areas farther away where less expensive housing is available.

The Urban Land Institute defines the ability of workers to pay for housing based on income level, restricting the definition of workforce housing to that which is affordable to households earning between 60 and 120 percent of AMI, therefore excluding very low-income and above moderate-income households. The National Association of Realtors, on the other hand, defines workforce housing based on housing cost burdens exceeding between 30 and 40 percent of gross monthly income.

This analysis calculates the number of cost-burdened households in each income category, including for households earning over 120 percent of AMI. For the purpose of this analysis, this is defined as the overall affordability gap in the Master Plan Area. The workforce housing gap is a subset of the affordability gap, including all cost-burdened households earning up to 120 percent of AMI. Finally, this analysis also defines the 'missing middle' workforce housing gap, which is a subset of the workforce housing gap, including only cost-burdened households earning between 80 and 120 percent of AMI (i.e., moderate-income households). The missing middle housing gap is important to define because state and federal subsidies for affordable housing tend to target lower income households earning up to 60 or 80 percent of AMI, and there are relatively few subsidies to build income-restricted housing for moderate-income households. Therefore, with state and federal support to increase housing for lower income households, it may be a more effective for local governments to focus resources on filling the missing middle housing gap.

The analysis of the existing affordability gap is essentially to update the CHAS data to 2021 figures using the HAMFI distribution and share of cost-burdened households discussed in the previous two subsections. It also calibrates the CHAS data to the number of households in the Master Plan Area as estimated by Esri, which will help to provide a sense of scale of housing affordability. In addition, this analysis includes an estimate of the future, or growth-related, affordability gap based on projected household growth in the Master Plan Area. This estimate is also based on the 2014-2018 CHAS Five-Year Sample HAMFI distribution and share of cost-burdened households discussed in the previous subsections. The future affordability gap is

generally representative of the future demand for affordable housing at different income levels and can serve as a target for future affordable housing development in the area.

Existing Affordability Gap

Table 21 updates the 2014-2018 CHAS estimate of households using Esri's data for the Master Plan Area by applying the CHAS distribution of households by income category to Esri's 2021 estimate of households. After establishing the 2021 estimate of households by income category, the table calculates the share of those households that are cost-burdened, also based on 2014-2018 CHAS data. For example, of the estimated 6,383 households in the Master Plan Area in 2021, 1,027 households are at or below the 30 percent of AMI level, of which 91.5 percent are cost-burdened, and therefore included in the estimate of the existing overall housing affordability gap.

Table 21 shows the overall housing affordability gap. There are 2,637 cost-burdened households across each income group in the Master Plan Area. Figure 4 summarizes how these cost-burdened households are distributed by income group. Approximately 86.3 percent of the existing cost-burdened households in Fairland earn less than 80 percent of AMI, while 9.7 percent of cost-burdened households earn between 80 and 120 percent of AMI. Policies that incentivize the construction of both market-rate and affordable housing should ultimately aim to produce enough housing units not only to meet future housing demand, but also to reduce the housing costs of currently cost-burdened households by increasing supply overall.

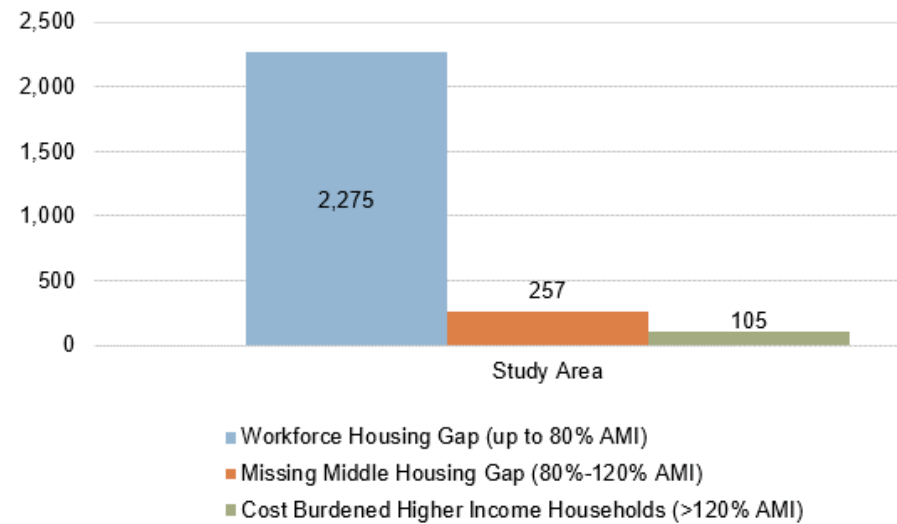
Table 21: Existing Housing Affordability Gap, Master Plan Area

Existing Households (a)	# of Total Households		Extremely Low-Income ($\leq 30\%$ of HAMFI)		Very Low-Income ($> 30\% \leq 50\%$ of HAMFI)		Low-Income ($> 50\% \leq 80\%$ of HAMFI)		Moderate-Income ($> 80\% \leq 120\%$ of HAMFI)		Above Moderate-Income ($> 120\%$ of HAMFI)	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Master Plan Area	6,383	100.0%	1,027	16.1%	974	15.3%	642	10.1%	1,142	17.9%	2,599	40.7%
Affordability Gap	2,637	41.3%	940	91.5%	916	94.0%	420	65.5%	257	22.5%	105	4.0%

Notes:

(a) Based on the 2021 Esri estimate of households in the Master Plan Area: 6,383

Source: BAE, 2022.

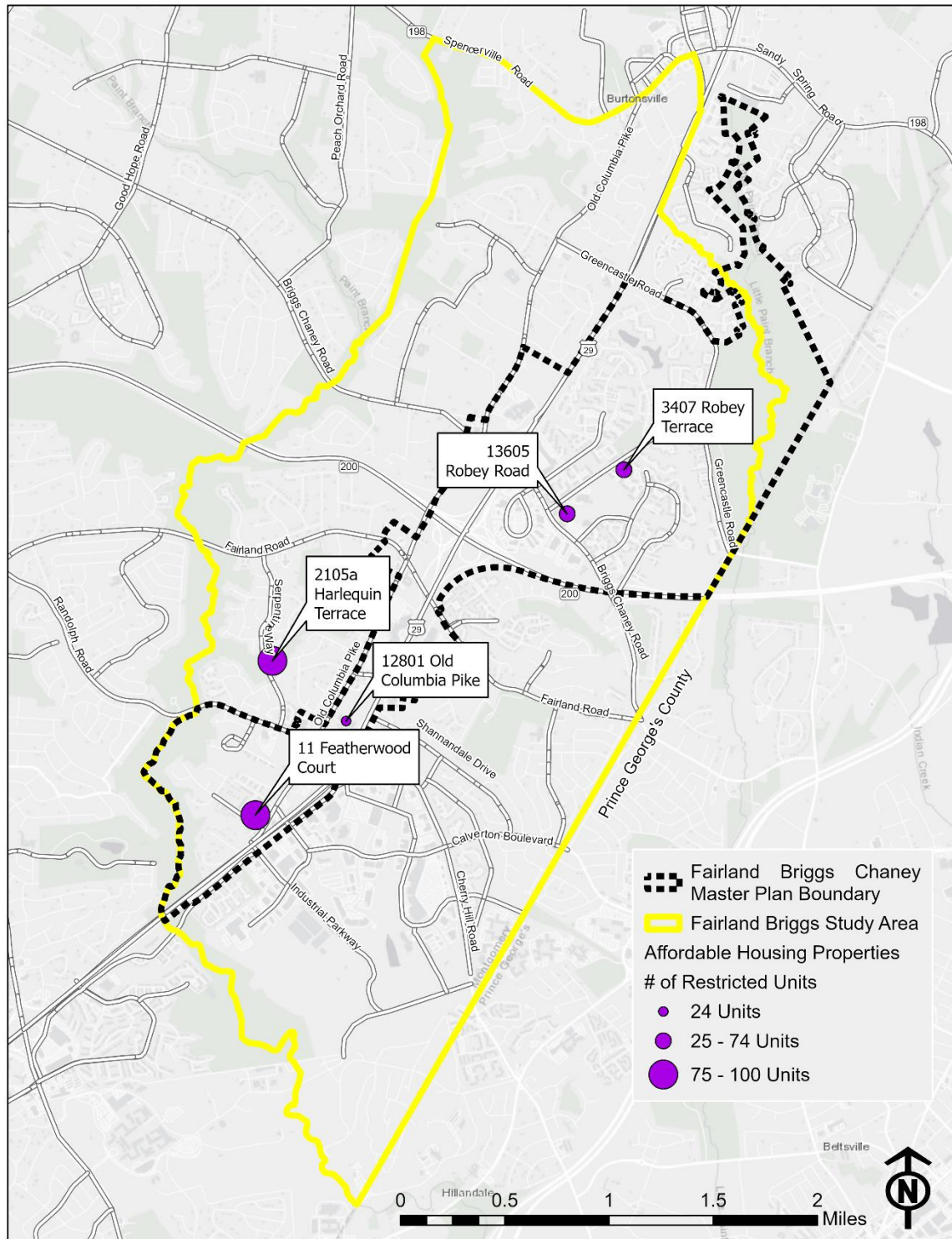
Figure 4: Existing Housing Affordability Gap, Master Plan Area

Source: BAE, 2022.

Affordable Housing Stock

According to data provided by Montgomery County, The Master Plan Area has 329 income-restricted units in five buildings. The location of each property is shown in Figure 5. These properties, as summarized in Table 22, have a total of 800 units. Only one property, Snowden's Ridge, is 100 percent affordable. Just over 86 percent of the affordable units are restricted to households earning between 40 and 60 percent of AMI. Only six total units are restricted for households earning less than 30 percent of AMI, while the remaining affordable units are restricted for households earning between 60 and 80 percent of AMI. In total, these figures indicate that only four percent of the housing stock in the Master Plan Area are income-restricted. This may help to explain the high rates of cost burden and severe cost burden among lower income households in the Master Plan Area. It is also a product of a lack of housing construction. Not only has there been limited construction of affordable housing, but also there has been little market-rate development that would include inclusionary units. Nonetheless, brokers and developers have noted that the Master Plan Area is 'naturally occurring' affordable housing. For example, market-rate multifamily rents are generally between 60 to 80 of the market-rate rents countywide.

Figure 5: Location of Affordable Housing Inventory, 2022



Source: BAE, 2022.

Table 22: Affordable Housing Inventory, 2022

Property Name	Total Restricted Units	Total Units	% Restricted Units
Arbor Crest of Silver Spring (a)	24	87	27.6%
Dring's Reach	52	105	49.5%
Snowden's Ridge	87	87	100.0%
Spring Parc	100	400	25.0%
Willow Manor at Fairland	66	121	54.5%
Total	329	800	41.1%

Notes:

(a) The Arbor Crest of Silver Spring is a Senior Living Facility.

Source: Montgomery County, 2022; BAE, 2022.

Future Affordability Gap

In order to estimate future affordable housing needs for the Master Plan Area, this analysis first examined growth projections developed by the Metropolitan Washington Council of Governments (MWCOC) for Round 9.1. Traffic-Analysis Zone (TAZ) level data served as the basis for the projections and applied to the 2021 estimate of households in the Master Plan Area. Though it is important to note that the TAZ data is indicative of projections for the larger Fairland Area as it could not be limited to the Master Plan Area only. Table 23 applies the growth rates, which were available in five-year intervals, to the 2021 estimates of population and households obtained from Esri. As the table shows, the average annual household growth rate from 2021 to 2045 is 0.9 percent, which suggests future demand of 1,761 new households in the Master Plan Area. However, to the extent that the Master Plan Area, in particular, could be rezoned for higher density development, it may capture a larger share of the projected household growth in Fairland and the county overall.

Table 23: Master Plan Area Population and Household Projections, 2021-2045

Master Plan Area	2021	2025	2030	2035	2040	2045	Avg. Annual % Growth, 2020-2045	Overall Growth, 2021-2045	
								Number	Percent
Population	16,478	16,478	17,857	20,251	20,354	20,378	0.9%	3,900	23.7%
Households	6,383	6,383	6,993	8,098	8,133	8,144	1.0%	1,761	27.6%

Source: Metropolitan Washington Council of Governments, 2018; BAE, 2022.

Using a similar approach to estimating the existing affordability gap, Table 24 applies the HAMFI distribution and cost-burdened percentages to the overall growth in households between 2021 and 2045. For example, of the 1,761 new households in the Master Plan Area between 2021 and 2045, 16.1 percent are assumed to be Extremely Low Income, and of

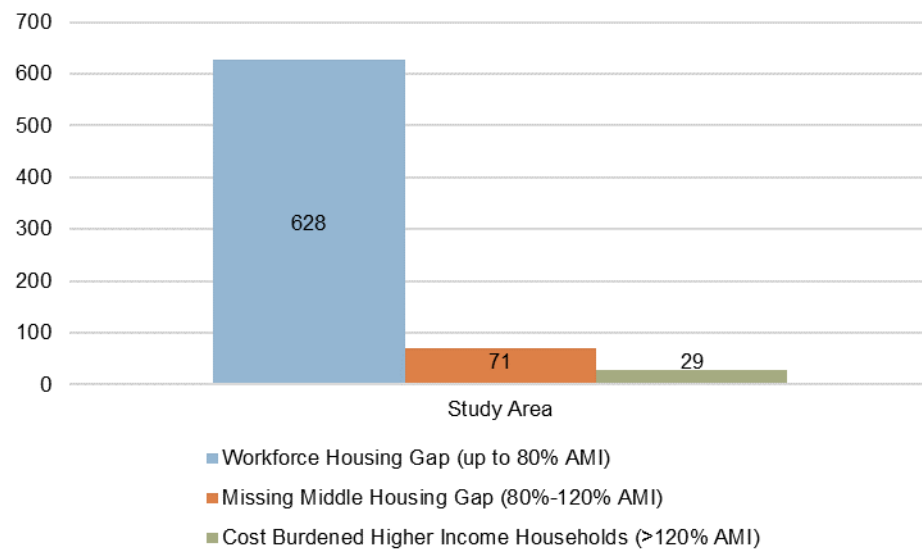
them 91.5 percent are assumed to be cost-burdened. Therefore, 259 households would be Extremely Low Income and cost-burdened, and therefore included in the future affordability gap. The overall future affordability gap across all income groups is 727 households, or 41.3 percent of the overall growth in households between 2021 and 2045. Of these, 628 households are projected to earn less than 80 percent of AMI while 71 households are projected to earn between 80 and 120 percent of AMI. The future affordability gap is an indication of the target number of affordable units that should be included in new housing development in the Master Plan Area.

Table 24: Future Housing Affordability Gap, Master Plan Area, 2021-2045

Household Growth, 2021-2045	# of Total Households		Extremely Low- Income ($\leq 30\%$ of HAMFI)		Very Low-Income ($> 30\% \leq 50\%$ of HAMFI)		Low-Income ($> 50\% \leq 80\%$ of HAMFI)		Moderate-Income ($> 80\% \leq 120\%$ of HAMFI)		Above Moderate- Income ($> 120\%$ of HAMFI)	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Study Area	1,761	100.0%	283	16.1%	269	15.3%	177	10.1%	315	17.9%	717	40.7%
Affordability Gap	727	41.3%	259	91.5%	253	94.0%	116	65.5%	71	22.5%	29	4.0%

Source: BAE, 2022.

Figure 6: Future Housing Affordability Gap, Master Plan Area, 2021-2045



Source: BAE, 2022.

Summary of Existing Conditions

Overall, the Master Plan Area has experienced limited population and household growth due to a lack of housing unit development. In addition, the lack of new housing development also suggests the housing stock is old, as reflected in the lower price points for rents and sale prices compared to Fairland and Montgomery County as a whole. These data do not, however, suggest, lower demand for housing in the Master Plan Area compared to Fairland and Montgomery County. On the contrary, brokers and developers have suggested that not only is demand strong, but also the lower price point is also not an obstacle to the feasibility of building new development.

In terms of housing demand, there is an existing affordable housing gap, and a projected affordable housing gap among future households. Approximately 86.3 percent of the existing cost-burdened households in Fairland earn less than 80 percent of AMI, over half of which are severely cost-burdened. By contrast, only 9.7 percent of households earning more than 80 percent of AMI are cost-burdened, of which none are severely cost-burdened. Notably, 58 percent of Master Plan Area households earn more than 80 percent of AMI. Therefore, although price points may be relatively affordable compared to the county, the prices correspond with incomes of the majority of Master Plan Area households. This suggests that among the projected number of future households, which are assumed to have the same distribution of cost-burdened households (i.e., rates of affordable housing demand), while there is a need to build affordable housing, it will be important to keep up with market-rate demand in order to avoid price pressure on existing units. New residential development will also encourage existing landlords of multifamily rentals in particular to better maintain their properties so they are competitive with new development.

SUPPORTING HOUSING AFFORDABILITY IN FAIRLAND-BRIGGS CHANEY

The analysis of the CHAS housing affordability data reveals two key findings. First, nearly half of Master Plan Area households, as estimated using census tracts, earn the median HAMFI for the Washington-Arlington-Alexandria, DC-VA-MD HUD Metro (49.4 percent) or higher. Of these households, fewer than five percent experience a cost-burden. The second key finding is that 41 percent of Master Plan Area households earn less than 80 percent of the HAMFI, but among them, 86 percent experience a housing cost-burden of greater than 30 percent of gross monthly housing costs. These two findings drive the analysis of the existing housing affordability gap, as well as the projections of future demand for both affordable and market-rate housing.

Promoting market-rate and affordable housing development will be key to meeting both the existing affordable housing gap and future housing demand overall. The Master Plan Area

must keep up with future demand in order to ensure prices for the existing housing stock do not increase due to scarcity of housing supply. Brokers and developers suggest that the lower price point of the existing housing stock reflects the lack of certain amenities, such as a grocery store, as well as the quality of the housing stock in comparison to the county overall. However, brokers and developers agree that demand for housing is high in the Master Plan Area based on their experience seeing relatively short lease-up times for rental units, and short periods that for-sale units stay on the market. Therefore, without increasing the supply of housing or placing income-restrictions on existing market-rate units, the housing affordability gap will worsen. Also, the large share of Master Plan Area residents that work in neighboring counties like Prince George's and Howard counties, may seek to leave Montgomery County in pursuit of lower housing prices to these areas. This could have long-term economic consequences for the Master Plan Area, such as reduced investment in maintaining the existing housing stock as well as reduced investment in economic development for the area.

This section describes several policy recommendations that may help support increased housing development in the Master Plan Area. They include streamlining the entitlement process for development, increasing the supply of developable land for multifamily housing, donating land for housing development, and developing publicly-owned sites. This section also provides an overview of opportunity sites for new development. These sites were chosen based on consultation with Montgomery County Planning staff.

Policy Recommendations

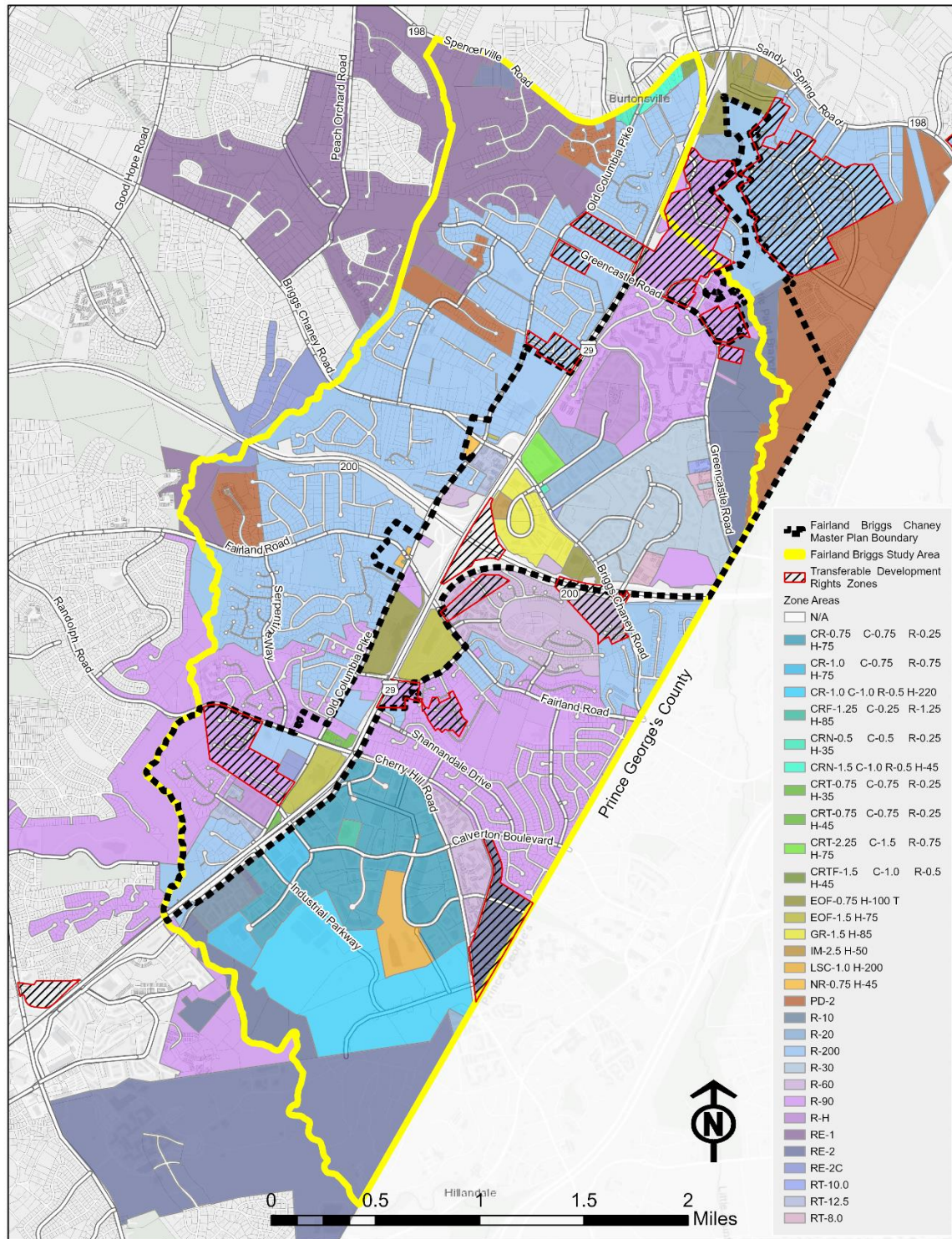
Increase Supply of Medium to High Density Sites

As shown in Figure 7, there are few parts of the Master Plan Area that can support multifamily residential development. The highest density sites in the Master Plan Area are just north of the Auto Mall, and these sites are built out. As discussed in the Opportunity Sites section of this report, increasing the supply of land that is appropriately zoned for the higher density development to meet future demand will likely depend on rezoning sites that are currently zoned exclusively for office or commercial use. One strategy for increasing the supply is rezoning non-residential sites for mixed-use development and linking the higher densities to increased community benefit or affordable housing requirements. This will allow the county to potentially extract more affordable units above and beyond the minimum inclusionary requirements currently imposed on developers.

Encouraging market-rate development will also require efforts to improve walkability in the area as well as enhanced retail options, such as a grocery store. However, one drawback to this approach is that the negotiation process with developers can lengthen the entitlement process, which developers interviewed for this study have described as costly and challenging. At a minimum, the county should consider rezoning some sites that are restricted for non-

residential development to mixed-use, allowing by-right development at medium densities, and allowing developers to pursue higher densities in exchange for community benefits.

Figure 7: Zoning in the Master Plan Area



Source: Montgomery County, 2022; BAE, 2022.

Streamline the Entitlement Process

One comment from developers interviewed for this study was that the entitlement process in Montgomery County can be cumbersome and time-consuming and imposes significant costs to development. This is not a comment specific to the Master Plan Area; in general, the county should review its entitlement process to ensure that it does not discourage development overall. One way to achieve this is to relax minimum development standards, such as eliminating expensive design features from design standards, or reducing parking minimums, although these decisions must weigh the benefits of existing standards. Although parking minimums, for example, are under scrutiny in many communities, including Montgomery County, it may not be suitable for the Master Plan Area in the immediate term as it is not currently walkable or transit-rich. However, if retail options, including a grocery store, are more accessible to residents and if the County and the BRT system is shown to be reducing residents' reliance on cars for commuting, relaxing or eliminating parking minimums could help lower development costs and potentially shorten the entitlement process.

Donate Land and/or Develop Publicly-Owned Sites

As discussed in the next subsection, there are several publicly-owned sites county staff have identified as opportunity sites that could accommodate new development. One of the main benefits of donating land or developing these publicly-owned sites is removing the cost of acquiring land from total development costs, which can help to support marginally feasible development projects. This is particularly helpful in supporting the development of affordable housing, as affordable housing projects are more likely to have marginal financial feasibility given the lower revenues generated from income-restricted households. In addition, developing on publicly-owned sites may benefit from a shortened entitlements process. Finally, the County could potentially choose its development partners. In the Master Plan Area, the county could co-develop with employers such as the Seventh-Day Adventist Church to provide affordable housing for employees.

Promote Housing as Economic Development

Though promoting housing as economic development is not typical for an area known for high home sale prices, the Master Plan Area has unique characteristics relative to other parts of Montgomery County. It is, and will likely continue to be, more affordable than other parts of the county, which makes it attractive to "missing middle" households. Once the BRT comes on line and transit access is improved, Montgomery County should consider promoting the area for housing construction and investment. The area is also closer to major employment outside the county including Fort Meade, the single largest place of work in the state, the University of Maryland and other large employers in Howard and Prince George's counties. This will also enhance the county's desirability for new business attraction. Availability of workforce who, in general, need more affordable housing options, is an important criterion for site selectors for businesses and cities and counties across the United States have initiated housing promotion for economic development. In doing so, the county should promote incentives available for potential homeowners earning less than 120% of median income including the Maryland

Mortgage Program, which offers down payment assistance for qualified homebuyers that can be matched by employers. As stated, this is a longer-term recommendation because the area has limited transit access.

Opportunity Sites

Each of the policy recommendations and strategies noted in the previous section could apply to the nine opportunity sites county staff identified. These opportunity sites are potential candidates for rezoning and housing or mixed-use development. Identifying specific sites is a useful first step and the Master Plan Area is largely built out, meaning the County has to identify unique undeveloped sites or rezone sites that have the potential for infill redevelopment in the short- to medium-term. Table 25 provides an overview of the opportunity sites.

Table 25: Overview of Opportunity Sites in the Master Plan Area

Opportunity Sites	Current Zoning (a)	Site Size (sf)	Assessed Land Value per sf
Publicly-owned Sites			
East County Recreation Center	R-30	592,852	\$8.26
Fairland Drive and Old Columbia Pike ROW	n.a.	unavailable	unavailable
Park and Ride Sites			
Old Columbia Pike & Tech Road	n.a.	unavailable	unavailable
Briggs Chaney Road at Gateshead Manor Way	n.a.	unavailable	unavailable
Greencastle Road and Turbridge Drive	n.a.	unavailable	unavailable
Privately-Owned Sites			
Montgomery County Auto Sales Park (b)	GR 1.5/IM 2.5	2,432,736	\$8.26
Verizon Offices	EOF 0.75/1.5	3,136,320	(c)
Briggs Chaney Marketplace	CRT 2.25	811,523	\$32.26
Harkins Group Office Building	CRT 0.75	81,022	\$18.04

Notes:

(a) Zoning classification data is obtained from the Maryland State Department of Assessments and Taxation (SDAT). SDAT does not record any data for the ROW or Park and Ride sites.

(b) The Montgomery County Auto Sales Park site is comprised of multiple parcels and separate owners. Most parcels are zoned 'General Retail' while one is zoned for "Moderate Industrial" use.

(c) The Verizon office site is comprised of two sites on either side of Columbia Pike. The parcel at 13100 Columbia Pike does not have any information regarding the site's assessed value. The 13101 Columbia Pike site has an assessed value per square foot of \$10.85, with a total site size of 1.58 million sf.

Source: Maryland State Department of Assessments and Taxation (SDAT), 2022; BAE, 2022.

Publicly-owned Sites

Park and Ride Site and State Right-of-Way

Of the nine opportunity sites, five are publicly-owned, although only one is a platted site, while three are park and ride sites and one is a State-owned right-of-way near the ICC. As these sites are publicly-owned, the county may not only be able to donate or co-develop the land for affordable housing, but it may also be able to streamline development through a faster entitlements process while avoiding site acquisition costs. However, the park and ride sites and the right-of-way site may need to be platted and may have additional challenges due to

their size and location. In particular, the right-of-way site may have environmental and safety concerns due to its proximity to the highway. Nonetheless, the state or county could provide due diligence on the site that might not be available for private developers.

East County Recreation Center

The East County Recreation Center may have the greatest potential for redevelopment in the short term. Its location near existing residential development along Castle Boulevard would situate it well for mixed-use development with a retail component and could help to catalyze the redevelopment of privately owned sites nearby, including the Briggs Chaney Marketplace and the Auto Sales Park, which are both identified as opportunity sites. As the site already has a public facility, it may not require significant improvements or a long, difficult approval process to redevelop. The county should balance the loss of a community center with the benefits and improvements associated with redeveloping the site. The redeveloped site could, for example, include a new community center or park. In addition, as a publicly-owned site, the county should seek to maximize the number of affordable units in any new development.

Privately-owned Sites

The Privately-owned sites include the Verizon offices on Columbia Pike, the Montgomery County Auto Sales Park, the Briggs Chaney marketplace, and an office building on Tech Road.

Tech Road Site and Briggs Chaney Marketplace

The office building on Tech Road and the Briggs Chaney Marketplace are already in a CRT zone, which permits mixed-use development. Therefore, these sites may be easier to develop in the short term. Both of these sites are also located along Columbia Pike and have the potential to create improved pedestrian connectivity and are suitable sites for retail development in a mixed-use context. Given household incomes and the centrality of the Master Plan Area in the Fairland community, there is likely demand for increased and improved retail within a modern, mixed-use development. Indeed, including retail and commercial development can help to improve the feasibility of the residential portion of a mixed-use development. In exchange for connectivity and placemaking improvements, the county could offer a developer of the Tech Road site development bonuses in the form of increased density or FAR. The county would need to be careful not to extend the entitlement process, which is costly and could undermine the feasibility of the development, which could come at the expense of affordable units.

The Briggs Chaney Marketplace site is a candidate for infill redevelopment, although it does currently have notable tenants such as Ross Dress for Less, Global Food, personal services businesses, and restaurants. Only three of 35 pads within the center are vacant. It is also strategically located near the residential development along Castle Boulevard north of the auto mall. Likely due to its location, the assessed value of the land on a square foot basis is \$32, which is by far the highest of any of the opportunity sites. The County could also negotiate with prospective developers of the site to provide connectivity and placemaking improvements,

particularly to better connect to the existing residential development, in exchange for development bonuses.

Verizon Offices and Auto Sales Park

The Verizon offices on Columbia Pike and the Auto Sales Park may have long-term potential for redevelopment given that the sites are currently in use. The Auto Sales Park also has multiple owners and is one of the main hubs of car dealerships in Eastern part of the county. However, the Auto Sales Park is in a more opportune location for redevelopment as it is close to existing retail and residential development, and it may face development pressure if the Briggs Chaney Marketplace redevelops given its adjacency. While the Verizon offices have just one user, their location on the middle of Columbia Pike halfway between Fairland and Musgrove intersections would be difficult to connect to other retail and residential development. Accordingly, it may not fit well with a cohesive Master Plan. The Verizon sites, located on either side of Columbia Pike, comprise 3 million square feet, and could potentially accommodate significant residential development. Given their size and potential, developing these sites may require a Specific Plan of their own, which is another reason the redevelopment of these sites is likely to be in the long-term.