# LOCAL HOUSING TARGETS PROJECT

## Description

In the face of a housing production shortage that has been growing since the Great Recession, the County Council in 2019 adopted a countywide housing target for 2030. Now, the County Council is seeking to refine the effort to identify local housing targets for smaller geographic areas in the county. Montgomery Planning will develop, with Planning Board, County Council and community input, new unit and affordable housing targets for 22 Planning Areas.

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Montgomery County
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## 🗒️ Summary:

- The National Capital Region Transportation Planning Board (TPB) noted the need to provide a sufficient supply of housing to reduce strains on the transportation system caused by workers commuting to jobs in the region from communities located beyond its boundaries.

- Local housing and planning directors worked together with the Metropolitan Washington Council of Governments (MWCOG) to determine that the region needed an additional 75,000 units beyond what was forecasted by 2030 to address the region's housing shortage. They focused on the amount, accessibility, and affordability of additional units needed.

- In 2019, the Montgomery County Council signed on to MWCOG's housing goals through a resolution that called on the county (including the cities of Gaithersburg and Rockville) to increase its share of housing built by 10,000 above the forecasted amount of 31,000 household units.

- On March 17, 2023, Planning staff presented to the Council's Planning, Housing and Parks (PHP) Committee an overview of existing conditions for 28 Planning Areas in Montgomery County. At the briefing, the PHP Committee directed Planning staff to develop a methodology to consider more localized housing targets for the various Planning Areas.

- Since March, Planning staff has been preparing a methodology to identify draft local housing targets. Planning staff presented the proposed methodology to the PHP Committee on July 10, 2023.

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## BACKGROUND ON REGIONAL HOUSING TARGETS

In early 2018, the National Capital Region Transportation Planning Board (TPB) noted the need to provide a sufficient supply of housing to reduce strains on the transportation system caused by workers commuting to jobs in the region from communities located beyond its boundaries. TPB analysis determined that additional housing in the region would significantly improve transportation system performance, particularly if those units were strategically located in Activity Centers and near High-Capacity Transit Stations.

As part of the initiative, local housing and planning directors worked together with the Metropolitan Washington Council of Governments (MWCOG) to determine that the region needed an additional 75,000 units beyond what was forecasted by 2030 to address the region's housing shortage. They focused on the amount, accessibility, and affordability of additional units needed.

- **Accessibility**: 75 percent of new units go to Activity Centers and near High-Capacity Transit.
- **Affordability:** 75 percent of new housing is affordable to low and middle-income households
  - Moderate Cost Bands (80-150% of AMI)
  - Low-Cost Bands (0-80% of AMI)
- **Amount**: at least 320,000 housing units should be added in the region between 2020 and 2030. In 2019, the Montgomery County Council signed on to MWCOG's ambitious housing goals through a [resolution] that called on the county (including the cities of Gaithersburg and Rockville) to increase its share of housing built by 10,000 above the forecasted amount of 31,000 household units.

## LOCAL HOUSING TARGETS PROJECT

On March 17, 2023, Planning staff presented to the Council's Planning, Housing and Parks (PHP) Committee an overview of existing conditions for 28 Planning Areas in Montgomery County that are currently used for other housing initiatives, including identifying and designating areas of the county with a 15% Moderately Priced Dwelling Unit (MPDU) requirement. Planning highlighted various housing conditions throughout the county, including the growth context identified in Thrive Montgomery 2050, units per acre, percent of total units built since 2013, and the number of affordable housing units, among other Planning Area characteristics.

At the briefing, the PHP Committee directed Planning staff to develop a methodology to consider more localized housing targets for the various Planning Areas. The Committee also provided guidance to reduce the number of Planning Areas and remove Rockville and Gaithersburg from the analysis given that the county does not have zoning authority over the two cities and they complete their own forecasts. Planning staff calculated the remaining portion of the countywide housing target (forecasted plus additional) to be approximately 31,000 units by 2030.

## PLANNING AREAS

Since March, Planning staff has been preparing a methodology to identify local housing targets. Several Planning Areas were consolidated and some boundaries were redrawn to reflect current growth contexts. This resulted in a reduction from 28 Planning Areas to the 22 shown in Figure 1.

**Figure 1. Map of 22 Proposed Planning Areas.**



## PRIMARY FACTORS

To keep the effort simple, Planning staff utilized accepted metrics and tools that have previously been created or used to guide or analyze county growth patterns. The resulting methodology involves an

index focused on five factors: Thrive Montgomery 2050 Growth Area, Household Forecast, Zoned Residential Capacity, Activity Center Density, and a Premium factor.

- **Thrive Montgomery 2050 Growth Area**: The concept of corridor-focused growth is a fundamental organizing element for Thrive Montgomery 2050, as it recognizes not only that intensively developed centers of activity and preservation of land both play a vital role in our quality of life but that neither pattern can exist without the other. Three growth contexts were identified in Thrive Montgomery 2050:
  - *Corridor-Focused Growth.* Encompasses the most developed part of the county with highest-density population; should have the highest share of new growth.
  - *Limited Growth.* Contains the mainly suburban residential communities where limited, organic growth is envisioned to meet localized needs for services, provide a diverse range of housing choices, and increase racial and socioeconomic integration to achieve Complete Communities.
  - *Rural Areas and the Agricultural Reserve.* Will continue to be dedicated primarily to agriculture, rural open space, and environmental preservation; can absorb some growth as agriculture evolves and existing residential communities' needs change over time.

  For this factor, the index targets growth within the Corridor-Focused Growth area with a smaller emphasis on the Limited Growth area.

- **Household Forecast:** In June 2023, MWCOG adopted the Round 10.0 Cooperative Forecast. The forecast is based on an analysis of data from a variety of sources, including local development, population and economic trends, models of the region's population and economic base, and published state and federal statistical resources. The new Montgomery County forecast is available for different time intervals between 2020 and 2050, and at a geographic scale that matches the Planning Areas used for the Local Housing Targets project. As such, index points were allocated to each Planning Area based on its share of the Round 10.0 2020 to 2030 household forecast, which included around 24,000 new household units excluding Gaithersburg and Rockville.

- **Zoned Residential Capacity**: As part of Thrive Montgomery 2050, Planning staff prepared a Residential Development Capacity analysis that estimates the total residential development that may be built in Montgomery County based on existing zoning and master plan recommendations. The analysis, which serves as a baseline estimate of current residential capacity in Montgomery County, also accounts for market trends, zoning rules and existing policy decisions. For the Local Housing Targets project, the analysis was updated to include recently completed master plans (like the Silver Spring Downtown and Adjacent Communities plan) and used in the index to place an emphasis on areas where our master plans call for growth.

- **Activity Center Density**: Thrive Montgomery 2050 proposes redoubling and refining efforts to concentrate context sensitive growth in centers of activity. Centers of activity range from large downtowns to medium-sized town centers, to rural villages and neighborhoods. The local

target methodology places an emphasis on areas with large and medium activity centers identified in Thrive Montgomery 2050.

- **Premium**: The premium factor focuses on Planning Areas that have a high share of their land in a Corridor-Focused Growth area but have seen little recent housing growth. Planning areas that have more than 40 percent of their land in the Corridor-Focused Growth area but have built less than the county's average density of new units since 2013 (excluding the Agricultural Reserve Planning Area) received additional points in the index calculation.

## FACTOR WEIGHTING

As part of the methodology development, Planning staff weighted these five factors to create a draft index. The chart below outlines the maximum index points assigned to each factor in the draft index. The Thrive Montgomery 2050 growth area, household forecast, and zoned residential capacity factors were weighted equally, and each given a maximum value of 30 points. Activity center density and the premium factor were given a maximum value of 5 points each.

**Table 1. Draft Local Housing Targets Index Factor Weightings.**

| Index Factor | Maximum Index Points |
|---|---:|
| **Thrive Montgomery 2050 Growth Area** <br> *Share of Planning Area located within Corridor Focused Growth & Limited Growth Areas* | 30 |
| **Household Forecast** <br> *Share of County Household Forecast from 2020 to 2030 (MWCOG Round 10.0)* | 30 |
| **Zoned Residential Capacity** <br> *Share of Total County Capacity* | 30 |
| **Activity Center Density** <br> *Large and Medium Activity Centers identified in Thrive Montgomery 2050* | 5 |
| **Premium Factor** <br> *>40% in Corridor-Focused Growth Area, less than average density of new units built since 2013* | 5 |

## SETTING THE LOCAL TARGETS

Once an index score was calculated for each Planning Area, the scores were summed to a countywide index total. Each Planning Area's share of the countywide index total was calculated to represent the Planning Area's share of the countywide housing target.

## AFFORDABLE HOUSING TARGETS

Another part of the Local Housing Targets project is setting an affordable housing goal for each Planning Area. While the MWCOG goal targets 75% of new units affordable to low- and middle-income households, Planning staff recommended local targets for income-restricted housing (such as MPDUs or Low Income Housing Tax Credit units) based on existing rates of such housing in each Planning Area. These affordable housing targets are goals for the Planning Areas but do not represent new or higher affordable housing requirements for individual development projects.

**Table 2. Recommended Affordable Housing Targets.**

| If the current share of affordable housing in a Planning Area is… | Then the set an affordable housing target at… | Planning Area count |
|---|---|---|
| Less than 5% | 17.5% | 14 |
| At least 5%, but less than 10% | 15% | 7 |
| 10% or greater | 12.5% | 1 |

The Local Housing Targets project's draft results are noted in the table and map below.

**Table 3. Draft Local Housing Targets.**

| Planning Area | Share of County Housing Target (%) | Local Housing Target (Units) | Local Affordable Housing Target (%) | Local Affordable Housing Target (Units) |
|---|---|---|---|---|
| **Agricultural Reserve** | 0.00% | 0 | 17.5% | 0 |
| **Aspen Hill** | 4.42% | 1,370 | 15.0% | 206 |
| **Bethesda/Chevy Chase** | 11.52% | 3,571 | 17.5% | 625 |
| **Clarksburg** | 3.77% | 1,169 | 15.0% | 176 |
| **Cloverly** | 2.16% | 669 | 17.5% | 118 |
| **Damascus** | 0.00% | 0 | 15.0% | 0 |
| **Darnestown** | 0.64% | 197 | 17.5% | 35 |
| **Fairland** | 4.53% | 1,404 | 17.5% | 246 |
| **Gaithersburg Vicinity** | 6.22% | 1,927 | 15.0% | 290 |
| **Germantown** | 6.70% | 2,077 | 17.5% | 364 |
| **Goshen** | 0.80% | 249 | 17.5% | 44 |
| **Kemp Mill/4 Corners** | 4.84% | 1,499 | 17.5% | 263 |
| **Kensington/Wheaton** | 8.65% | 2,683 | 15.0% | 403 |
| **North Bethesda** | 12.10% | 3,752 | 15.0% | 563 |
| **Olney** | 1.96% | 608 | 17.5% | 107 |
| **Patuxent** | 0.95% | 296 | 17.5% | 52 |
| **Potomac** | 2.23% | 692 | 17.5% | 122 |
| **Silver Spring** | 8.89% | 2,757 | 12.5% | 345 |
| **Takoma Park** | 7.29% | 2,260 | 15.0% | 339 |
| **Travilah** | 2.17% | 673 | 17.5% | 118 |
| **Upper Rock Creek** | 2.45% | 760 | 17.5% | 133 |
| **White Oak** | 7.70% | 2,386 | 17.5% | 418 |

**Figure 2. Draft Local Housing Targets.**
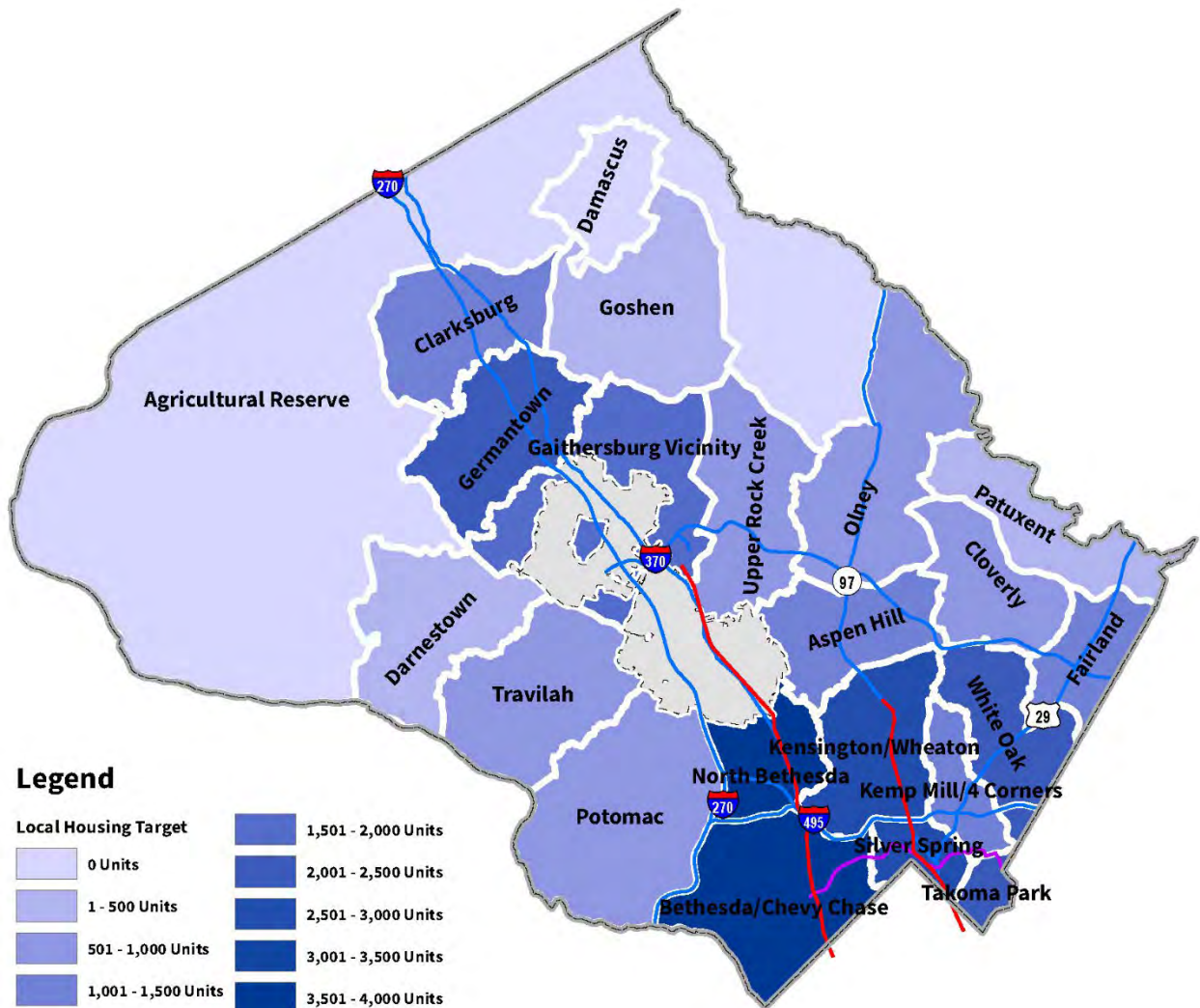


**PLANNING, HOUSING, AND PARKS COMMITTEE FEEDBACK**

On July 10, 2023, Planning staff briefed the County Council's Planning, Housing, and Parks (PHP) Committee on the Local Housing Targets project initiative work to date. The PHP Committee provided feedback on the initiative, including on the weighting of the different factors.

The PHP Committee directed staff to look at modifications to the weighting. The first potential modification involves keeping the original 30/30/30 weight for the Thrive Montgomery 2050 growth area, household forecast, and zoned residential zoned capacity factors, but increasing the activity center density factor from a maximum of 5 index points to a maximum of 10 index points while keeping the premium factor weight at 5 index points. The table below illustrates the changes as compared to the original weighting for the first potential modification.

**Table 4. Potential Weighting Modifications (Option 1)**

| Planning Area | Original (30/30/30/5/5 weighting) | | Modification Option #1 (30/30/30/10/5 weighting) | | | | |
|---|---|---|---|---|---|---|---|
| | Unit Target | Rank | Unit Target | Unit Change | % Change | Rank | Rank Change |
| North Bethesda | 3,752 | 1 | 3,743 | -9 | -0.2% | 1 | 0 |
| Bethesda/ Chevy Chase | 3,571 | 2 | 3,573 | +2 | 0.1% | 2 | 0 |
| Silver Spring | 2,757 | 3 | 2,807 | +50 | 1.8% | 3 | 0 |
| Kensington/ Wheaton | 2,683 | 4 | 2,737 | +54 | 2.0% | 4 | 0 |
| White Oak | 2,386 | 5 | 2,458 | +72 | 3.0% | 5 | 0 |
| Takoma Park | 2,260 | 6 | 2,339 | +79 | 3.5% | 6 | 0 |
| Germantown | 2,077 | 7 | 2,040 | -37 | -1.8% | 7 | 0 |
| Gaithersburg Vicinity | 1,927 | 8 | 1,984 | +57 | 3.0% | 8 | 0 |
| Kemp Mill/4 Corners | 1,499 | 9 | 1,411 | -88 | -5.9% | 9 | 0 |
| Fairland | 1,404 | 10 | 1,322 | -82 | -5.8% | 10 | 0 |
| Aspen Hill | 1,370 | 11 | 1,289 | -81 | -5.9% | 11 | 0 |
| Clarksburg | 1,169 | 12 | 1,185 | +16 | 1.4% | 12 | 0 |
| Upper Rock Creek | 760 | 13 | 715 | -45 | -5.9% | 13 | 0 |
| Potomac | 692 | 14 | 652 | -40 | -5.8% | 15 | -1 |
| Travilah | 673 | 15 | 633 | -40 | -5.9% | 16 | -1 |
| Cloverly | 669 | 16 | 629 | -40 | -6.0% | 17 | -1 |
| Olney | 608 | 17 | 657 | +49 | 8.1% | 14 | +3 |
| Patuxent | 296 | 18 | 406 | +110 | 37.2% | 18 | 0 |
| Goshen | 249 | 19 | 234 | -15 | -6.0% | 19 | 0 |
| Darnestown | 197 | 20 | 185 | -12 | -6.1% | 20 | 0 |
| Damascus | 0 | 21 | 0 | 0 | N/A | 21 | 0 |
| Agricultural Reserve* | 0 | 21 | 0 | 0 | N/A | 21 | 0 |

Potential modification #2 looks at lowering the weight for the Thrive Montgomery 2050 growth area factor from a maximum of 30 index points to 25, keeping household forecast factor at a maximum of 30 index points, lowering the zoned residential capacity factor from a maximum of 30 index points to 25, increasing the activity center density factor from a maximum of 5 index points to 10, and increasing the premium factor maximum from 5 index points to 10. Table 5 illustrates those potential changes.

**Table 5. Potential Weighting Modifications (Option 2)**

| Planning Area | Original (30/30/30/5/5 weighting) | | Modification Option #2 (25/30/25/10/10 weighting) | | | | |
|---|---|---|---|---|---|---|---|
| | Unit Target | Rank | Unit Target | Unit Change | % Change | Rank | Rank Change |
| North Bethesda | 3,752 | 1 | 3,637 | -115 | -3.1% | 1 | 0 |
| Bethesda/ Chevy Chase | 3,571 | 2 | 3,528 | -43 | -1.2% | 2 | 0 |
| Silver Spring | 2,757 | 3 | 2,689 | -68 | -2.5% | 3 | 0 |
| Kensington/ Wheaton | 2,683 | 4 | 2,625 | -58 | -2.2% | 4 | 0 |
| White Oak | 2,386 | 5 | 2,595 | +209 | 8.8% | 5 | 0 |
| Takoma Park | 2,260 | 6 | 2,487 | +227 | 10.0% | 6 | 0 |
| Germantown | 2,077 | 7 | 1,941 | -136 | -6.5% | 8 | -1 |
| Gaithersburg Vicinity | 1,927 | 8 | 1,967 | +40 | 2.1% | 7 | +1 |
| Kemp Mill/4 Corners | 1,499 | 9 | 1,561 | +62 | 4.1% | 9 | 0 |
| Fairland | 1,404 | 10 | 1,479 | +75 | 5.3% | 10 | 0 |
| Aspen Hill | 1,370 | 11 | 1,450 | +80 | 5.8% | 11 | 0 |
| Clarksburg | 1,169 | 12 | 1,207 | +38 | 3.3% | 12 | 0 |
| Upper Rock Creek | 760 | 13 | 653 | -107 | -14.1% | 13 | 0 |
| Potomac | 692 | 14 | 595 | -97 | -14.0% | 15 | -1 |
| Travilah | 673 | 15 | 578 | -95 | -14.1% | 16 | -1 |
| Cloverly | 669 | 16 | 575 | -94 | -14.1% | 17 | -1 |
| Olney | 608 | 17 | 632 | +24 | 3.9% | 14 | +3 |
| Patuxent | 296 | 18 | 418 | +122 | 41.2% | 18 | 0 |
| Goshen | 249 | 19 | 214 | -35 | -14.1% | 19 | 0 |
| Darnestown | 197 | 20 | 169 | -28 | -14.2% | 20 | 0 |
| Damascus | 0 | 21 | 0 | 0 | N/A | 21 | 0 |
| Agricultural Reserve* | 0 | 21 | 0 | 0 | N/A | 21 | 0 |

## NEXT STEPS

Through July 2023, Planning staff will continue to refine and polish methodology. This includes several meetings with key stakeholders including the Metropolitian Washington Council of Governments and Montgomery County's Department of Housing and Community Affairs. Staff hopes to finish and finalize the methodology by the end of July in hopes of beginning outreach with the community in the Fall of 2023. After the methodology is finalized, Planning staff will begin to research potential policies and programs to help spur housing production at a local level.