

**May 30, 2024**

To: Montgomery County Council Planning, Housing, and Parks Committee
Stella B. Werner Council Office Building
100 Maryland Avenue, Room 501
Rockville, Maryland 20850

From: Montgomery County Planning Department
Lisa Govoni, Acting Policy Supervisor, Countywide Planning and Policy Division
David Anspacher, Acting Chief, Countywide Planning and Policy Division
Jason K. Sartori, Planning Director

Subject: Local Housing Targets Project

MEMORANDUM

Executive Summary

Local Housing Targets is a collaborative effort between the County Council's Planning, Housing, and Parks (PHP) Committee and Montgomery Planning to allocate countywide housing targets for 2023, 2040, and 2050 to 22 small areas of the county. These areas, referred to as Planning Areas, are identified in Figure 1 below. The targets will allow both community members and decision makers to better contextualize and understand the housing shortage at a more local level—and to develop strategies that help the county meet its housing goals, in line with *Thrive Montgomery 2050*.

The impetus for the project began in 2018 when 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 forecast 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 and to locate 75% of these new housing units in Activity Centers or near high-capacity transit.

Figure 1 Map of the 22 Local Housing Target Planning Areas



Throughout 2023 and 2024, Montgomery Planning, the Planning Board, and the PHP Committee collaborated to develop a methodology to identify an appropriate and achievable way to create local housing targets for each Planning Area. The 2030 local housing targets are based on meeting the regional forecast for 2030 of 31,000 new housing units for Montgomery County, as well as an additional 10,000 units to address the region's housing shortage. It subtracts the cities of Rockville and Gaithersburg's share of the countywide target (10,000 housing units), as well as the approximately 9,535 net new units that have been permitted since 2020, leaving 21,465 housing units to be constructed by 2030 to meet the county target. Looking beyond 2030, Round 10.0 of the MWCOG cooperative forecast indicates an additional 26,846 units are needed by 2040 and 16,953 by 2050, excluding the cities of Rockville and Gaithersburg. Overall, 65,264 housing units are required by 2050. Table 1 summarizes how the adjusted countywide housing targets, which are allocated to the Planning Areas, were calculated.

Table 1 Adjusted Housing Targets by Decade

	2030	2040	2050	Total
Forecasted Growth	31,000	33,503	24,300	88,803
Additional Target	10,000	0	0	10,000
Rockville and Gaithersburg Adjustment	-10,000	-6,657	-7,347	-24,004
Countywide Housing Target	31,000	26,846	16,953	74,799
Units Already Permitted	-9,535	N/A	N/A	-9,535
Adjusted Countywide Housing Target	21,465	26,846	16,953	65,264

Local Housing Targets were developed by allocating the Adjusted Countywide Housing Targets to the 22 Planning Areas based on how well each area scored by weighting the following factors:

- **Thrive Growth Area** – *Thrive Montgomery 2050* identifies three growth contexts in the county: Corridor-Focused Growth, Limited Growth, and Rural Areas and the Agricultural Reserve. Index points were allocated to each Planning Area based on the share of its area that is in a Corridor-Focused Growth area, and to a lesser degree the Limited Growth area.
- **Household Forecast** – MWCOG’s Round 10.0 Cooperative Forecast provides household forecasts for 2030, 2040, and 2050 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. As such, index points were allocated to each Planning Area based on its share of the Round 10.0 household forecast for each decade.
- **Zoned Residential Capacity** – The Residential Development Capacity analysis, developed by Montgomery Planning, 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*). Index points were assigned based on each Planning Area’s share of the overall zoned residential capacity. Those Planning Areas with the highest share of the overall zoned residential capacity received the highest points.
- **Activity Center Density** – This factor relies on the Downtowns and Town Centers identified in the 2023 *Pedestrian Master Plan*, which are based on master plan visions, land use, and zoning. Downtowns are envisioned as Montgomery County’s highest intensity areas including central business districts and urban centers. Town Centers are similar to Downtowns but generally feature less intense development and cover a smaller geographic area. Town Centers were subdivided based on their level of intensity into Large, Medium, Small, and Village / Neighborhood Centers, based on guidance in *Thrive Montgomery 2050*. Index points were allocated to each Planning Area by weighting the total land area in each of the five area types based on the area type. Downtowns received the highest index points and Town Centers – Village / Neighborhood Centers received the fewest points.

- **Premium Factor** – This factor focuses on Planning Areas that have a high share of their area 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.
- **Transit Quality** – This factor measures the quality of planned transit service. It tallies the area in each Planning Area within one-half mile of each Metrorail, light rail, and bus rapid transit station and applies a weighted value to each station type, with Metrorail stations receiving the highest index points and bus rapid transit stations receiving the fewest points.
- **Pipeline Contribution** – This factor captures the potential impact of the current unbuilt pipeline to contribute to 2030 housing targets. It reflects the share of the housing pipeline that was built or permitted in the preceding six years.

The weights for each factor and decade are shown in Table 2.

Table 2 Recommended Index Factors for 2030, 2040, and 2050 Housing Targets

Factor	2030	2040	2050
Thrive Growth Area Score	35	25	20
Household Forecast Score	20	15	0
Zoned Residential Capacity Score	35	15	0
Activity Center Density Score	5	20	30
Premium Score	5	0	0
Transit Quality Score	0	25	50
Pipeline Contribution	*	0	0
Total Maximum Value	100	100	100

* Allocated before the index and varies by Planning Area.

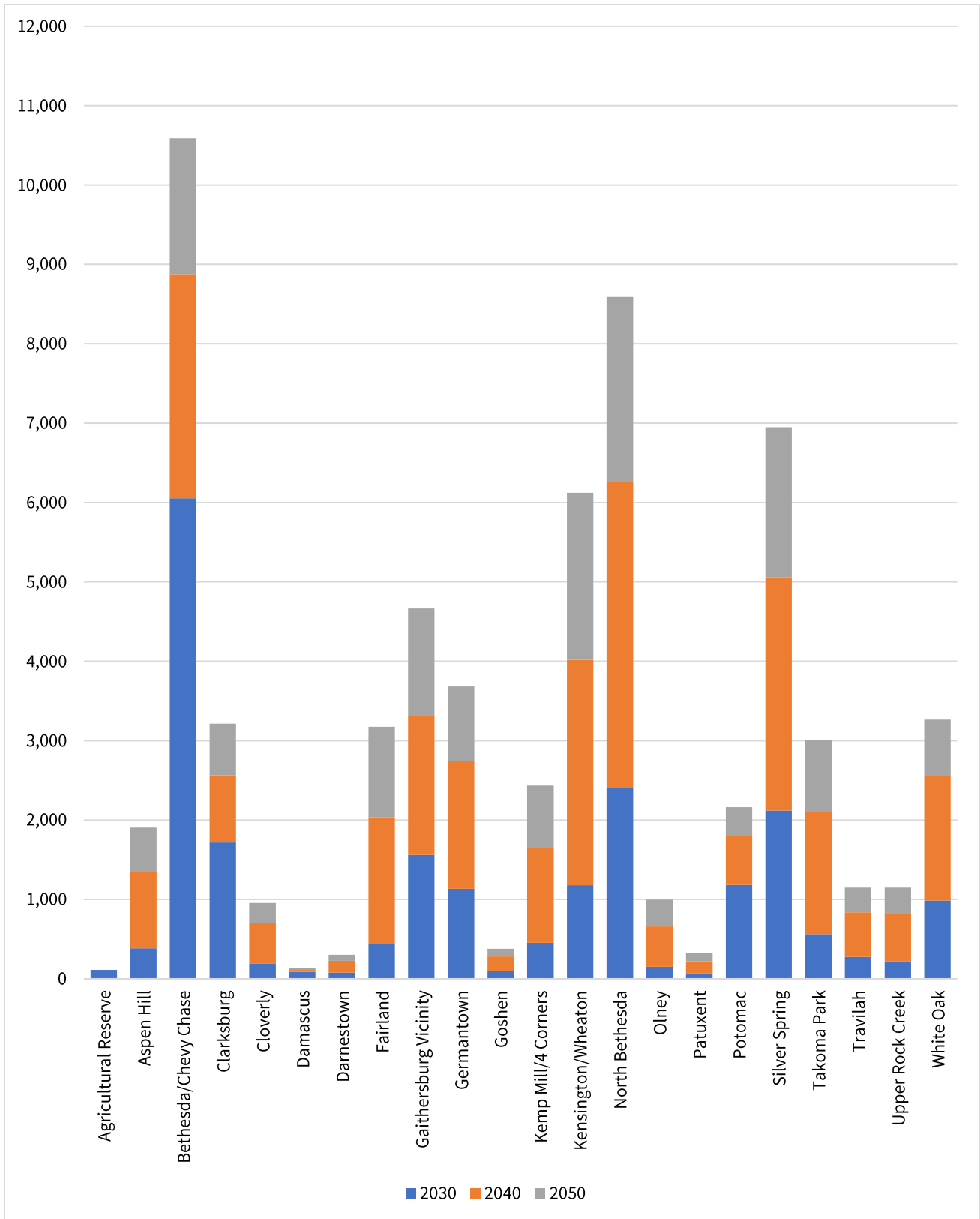
Table 3 and Figure 2 show the resulting local housing targets by Planning Area for each decade. Highlights include:

- Planning Areas with high levels of unbuilt development pipeline like Bethesda/Chevy Chase and North Bethesda have the highest local housing targets in 2030.
- However, by 2040 and 2050 increasing emphasis on Activity Center Density and Transit Quality will have largely equalized the distribution of targets throughout our most dense and transit accessible Planning Areas, like Kensington/Wheaton and Silver Spring.

Table 3 Housing Targets by Decade

Planning Area	2030 Units	2040 Units	2050 Units	2030 Share	2040 Share	2050 Share
Agricultural Reserve	114	0	0	1%	0%	0%
Aspen Hill	386	961	559	2%	4%	3%
Bethesda/Chevy Chase	6,053	2,825	1,710	28%	11%	10%
Clarksburg	1,719	847	648	8%	3%	4%
Cloverly	195	504	258	1%	2%	2%
Damascus	88	24	23	0%	0%	0%
Darnestown	79	148	75	0%	1%	0%
Fairland	442	1,593	1,140	2%	6%	7%
Gaithersburg Vicinity	1,562	1,762	1,343	7%	7%	8%
Germantown	1,134	1,610	939	5%	6%	6%
Goshen	96	187	95	0%	1%	1%
Kemp Mill/4 Corners	453	1,193	788	2%	4%	5%
Kensington/Wheaton	1,179	2,840	2,103	5%	11%	12%
North Bethesda	2,401	3,862	2,326	11%	14%	14%
Olney	153	508	336	1%	2%	2%
Patuxent	68	153	99	0%	1%	1%
Potomac	1,184	615	362	6%	2%	2%
Silver Spring	2,119	2,939	1,890	10%	11%	11%
Takoma Park	562	1,538	912	3%	6%	5%
Travilah	276	562	312	1%	2%	2%
Upper Rock Creek	219	602	330	1%	2%	2%
White Oak	986	1,573	706	5%	6%	4%
TOTAL	21,468	26,846	16,954	100%	100%	100%

Figure 2 Cumulative Housing Targets 2030-2050



Affordable Housing

Additionally, Planning staff recommends 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 4 and Figure 14 illustrate the affordable housing goals.

Table 4 Affordable Housing Goals

If the current share of affordable housing in a Planning Area is...	Then 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 great	12.5%	1

These affordable housing goals could be reached by a number of mechanisms beyond mandatory inclusionary zoning requirements, including bonus density, additional height, public benefit points, impact tax waivers, or financial subsidies.

Next Steps

Upon approval of the Local Housing Targets by the County Council, Planning staff will undertake the following steps:

1. Further investigate the reasons projects in the pipeline may be stalled (or only partially completed) to consider strategies and policies to accelerate the construction of unbuilt pipeline units to meet the 2030 Local Housing Targets.
2. Consider how new plans and policies, such as the Growth and Infrastructure Policy, Attainable Housing Strategies Initiative, and the *University Boulevard Corridor Master Plan*, can help to achieve the 2040 and 2050 Local Housing Targets.
3. Work with the community and conduct community engagement on potential strategies to meet the targets.
4. Provide annual updates to the County Council documenting progress in achieving the Local Housing Targets.
5. Review and update the local housing targets every five years to ensure relevant factor data are current and to adjust weightings based on their relevance to shorter-term and longer-term targets.

Contents

Executive Summary	1
Introduction	9
Project Background	11
Factors	13
2030 Local Housing Targets.....	18
Expected 2030 Build	18
2030 Index Allocation	20
2030 Local Housing Target Results	23
2040 and 2050 Local Housing Targets.....	25
Affordable Housing Goals	32
Next Steps.....	34
Appendix A: Activity Center Designations	35
Appendix B: Factor Scores	37
Appendix C: 2030 Index Allocation Options	45
Weighting Options	45
Original Weighting Option	45
PHP Weighting Alternative #1	45
PHP Weighting Alternative #2	45
Planning Board Weighting Alternative #3.....	45
Summary of Index Allocation Weighting Approaches.....	45
Selected Index Allocation Methodology for 2030.....	46

Introduction

Local Housing Targets is a collaborative effort between the County Council’s Planning, Housing, and Parks (PHP) Committee and Montgomery Planning to allocate countywide housing targets for 2030, 2040, and 2050 to 22 small areas of the county, called Planning Areas, as identified in Figure 3 below.

Figure 3 Map of the 22 Local Housing Target Planning Areas



This memorandum provides an overview of efforts to identify local housing targets for various Planning Areas in the county. It discusses the methodology developed to meet the goals of the Local Housing Targets for 2030, as previously directed by the PHP Committee. It also outlines the approach for establishing more aspirational, longer term local housing targets for 2040 and 2050, placing an increasing emphasis on the vision in *Thrive Montgomery 2050*.

The 2030 local housing targets are based on meeting the regional forecast for 2030 of 31,000 new housing units for Montgomery County, as well as an additional 10,000 units to address the region's housing shortage. Coincidentally, Gaithersburg and Rockville’s share of the adjusted target is 10,000 units, leaving 31,000 units to be produced within the county’s jurisdiction by 2030. Additionally, the

2030 local housing targets reflect that approximately 9,535 net new units have been permitted since 2020.¹ Therefore, 21,465 housing units remain to be constructed by 2030 to meet the county target. Looking beyond 2030, Round 10.0 of the MWCOG cooperative forecast indicates an additional 26,846 units are needed by 2040 and 16,953 by 2050, excluding the cities of Rockville and Gaithersburg. Overall, 65,264 housing units are required by 2050. Table 5 summarizes the adjusted countywide housing target for 2030, 2040, and 2050.

Table 5 Adjusted Housing Targets by Decade

	2030	2040	2050	Total
Forecasted Growth	31,000	33,503	24,300	88,803
Additional Target	10,000	0	0	10,000
Rockville and Gaithersburg Adjustment	-10,000	-6,657	-7,347	-24,004
Countywide Housing Target	31,000	26,846	16,953	74,799
Units Already Permitted	-9,535	N/A	N/A	-9,535
Adjusted Countywide Housing Target	21,465	26,846	16,953	65,264

¹ The building permit data represent net new units meaning demolitions for single-family units or multifamily units with a corresponding building permit were removed in the case of single-family detached permits, and for multifamily units, only the net increase in units was included in the totals.

Project Background

In 2018, local housing and planning directors worked together with the 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:

- *Amount:* at least 320,000 housing units should be added in the region between 2020 and 2030, including an additional 75,000 units beyond the regional forecasts for 2030.
- *Accessibility:* 75 percent of new units should be in Activity Centers and near High-Capacity Transit.
- *Affordability:* 75 percent of new housing should be affordable to low and middle-income households².

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 produce 10,000 units beyond the forecasted amount of 31,000 units by 2030.

In late 2022, Councilmember Friedson approached Montgomery Planning about working collaboratively to create local housing targets in response to the 2019 MWCOG and County Council resolutions. The MWCOG resolution had identified regional housing targets for jurisdictions throughout the Metropolitan Washington area, including Montgomery County, and encouraged member jurisdictions to “adopt targets at the local level to address housing production, accessibility, and affordability within each jurisdiction.”

On [March 27, 2023](#), Montgomery Planning staff presented to the County 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 staff highlighted various housing conditions for each Planning Area, including the growth context identified in *Thrive Montgomery 2050*, residential units per acre, percent of total units built since 2013, and the number of affordable housing units, among other characteristics.

At the briefing, the PHP Committee directed Planning staff to develop a methodology to create local housing targets for the various Planning Areas. The Committee also provided guidance to reduce the number of Planning Areas and to 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 to be approximately 31,000 units by 2030, excluding the cities of Rockville and Gaithersburg and including an additional 10,000 units recommended by MWCOG and supported by the County Council.

Through July 2023, Planning staff worked on refining and polishing a draft methodology. The methodology developed by Montgomery Planning staff weighted five factors to create a draft index used to identify housing targets for 22 local Planning Areas.

² Low income is 0 – 80% of Annual Median Income (AMI); Moderate Income is 80 – 150% of AMI.

On [July 10, 2023](#), Montgomery Planning briefed the PHP Committee on the Local Housing Targets project initiative work to date. The PHP Committee provided feedback on the initiative and the draft methodology and directed Montgomery Planning staff to explore alternative options for allocating the countywide housing target across 22 local Planning Areas.

On [July 20, 2023](#), Planning staff briefed the Montgomery Planning Board on the initiative. The Planning Board provided feedback on the initiative and recommended an alternative methodology for the initiative, as detailed below in the Weighting Options section.

In August 2023, Planning staff sent a memorandum to the PHP Committee that outlined the various methodology options for the PHP Committee to choose from, as well as Planning staff's recommended option. Planning staff prepared additional analysis based on feedback from the PHP Committee, which included considering how the development pipeline should factor into the local housing targets.

On [March 18, 2024](#), Planning staff presented an updated methodology for developing local housing targets that place an increased emphasis on the development pipeline, as well as an approach to establishing housing targets for 2040 and 2050, placing an increasing emphasis on the vision in the adopted General Plan, *Thrive Montgomery 2050*. The PHP requested changes to the methodology and directed Planning staff to prepare a memo summarizing the resulting local housing targets.

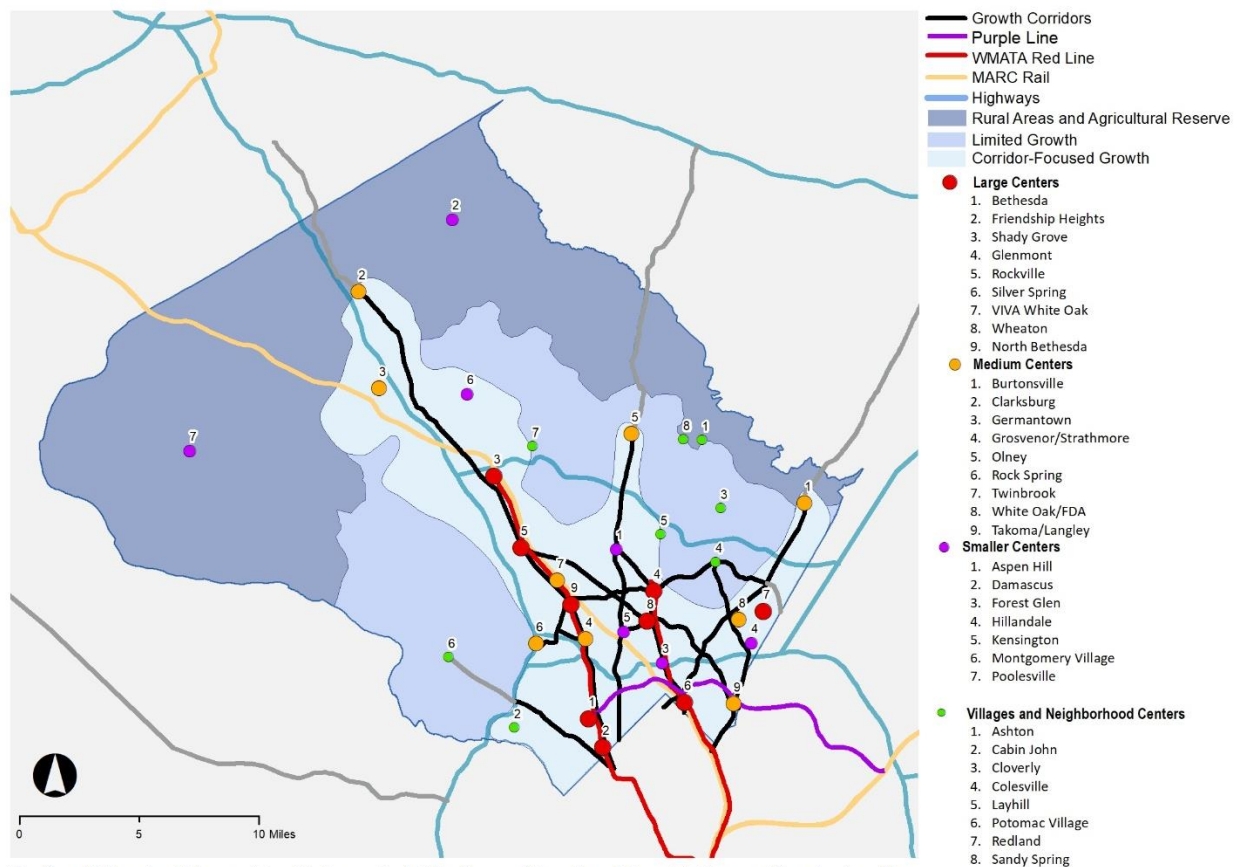
Factors

The Local Housing Targets were developed using accepted metrics and tools that have previously been created or used to guide or analyze county growth patterns, as described below.

Thrive 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*, as shown in Figure 4:

- *Corridor-Focused Growth*. Encompasses the most developed part of the county with the highest-density population; and 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.

Figure 4 Thrive Montgomery 2050 Growth Map



The Growth Map should be considered in the context of the Compact Growth and Complete Communities chapters. The centers of activity shown are not exhaustive of all existing or potential centers. Some of the centers listed on the growth map are not subject to Montgomery County zoning authority.

Index points were allocated to each Planning Area based on the share of its area that is in a Corridor-Focused Growth area, and to a lesser degree the Limited Growth area.

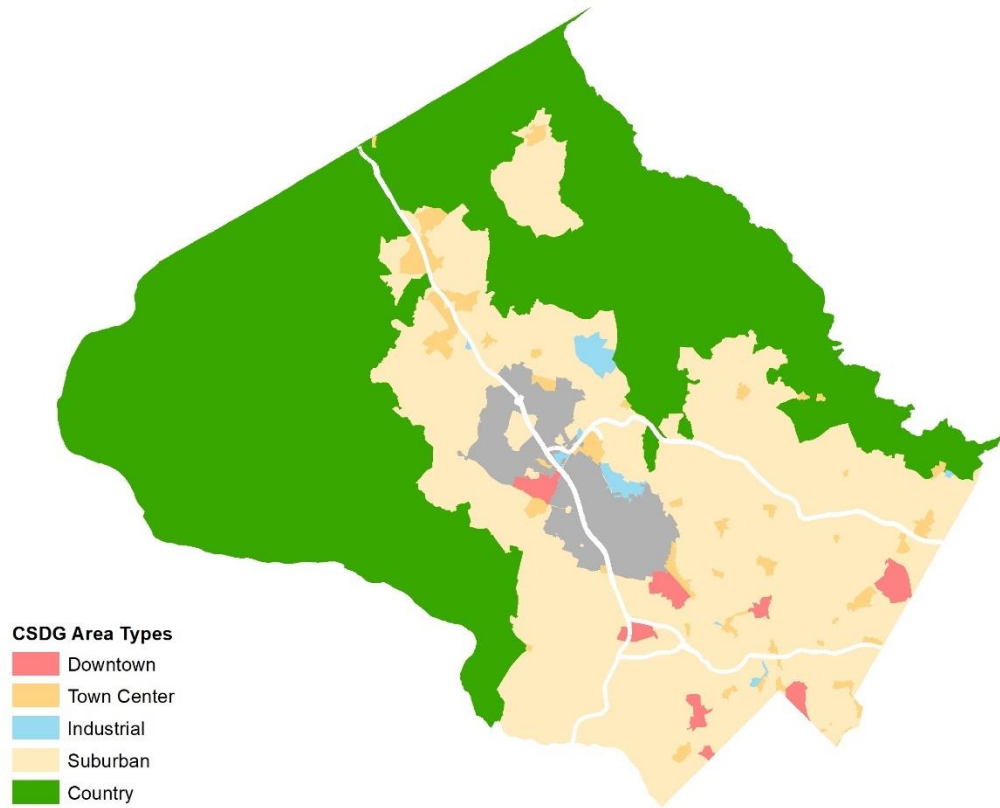
Household Forecast – In June 2023, MWCOG adopted the Round 10.0 Cooperative Forecast. The forecast is based on an analysis of data from a variety of sources, including local development, population, and economic trends, models of the region’s population and economic base, and published state and federal 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.

Index points were allocated to each Planning Area based on its share of the Round 10.0 household forecast for each decade.

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*). Index points were assigned based on each Planning Areas share of the overall zoned residential capacity. Those Planning Areas with the highest share of the overall zoned residential capacity received the highest points.

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. Originally, the Local Housing Targets target methodology emphasized areas with large and medium activity centers identified in *Thrive Montgomery 2050*. On March 18, the PHP Committee recommended substituting centers of activity identified in *Thrive Montgomery 2050* with Downtowns and Town Centers identified in the 2023 *Pedestrian Master Plan* and subsequent plans (see Figure 5). A list of activity center designations is provided in Appendix A.

Figure 5 Activity Centers



These Downtowns and Town Centers identified in the *Pedestrian Master Plan* are based on master plan visions, land use, and zoning, and will be continually updated as part of the master planning process. Downtowns are envisioned as Montgomery County’s highest intensity areas including central business districts and urban centers. Town Centers are similar to Downtowns but generally feature less intense development and cover a smaller geographic area. Town Centers were subdivided based on their level of intensity into Large, Medium, Small, and Village / Neighborhood Centers, based on guidance in *Thrive Montgomery 2050*.

Index points were allocated to each Planning Area by weighting the total land area in each of the five area types based on the area type. Downtowns received the highest index points and Town Centers – Village / Neighborhood Centers received the fewest points³.

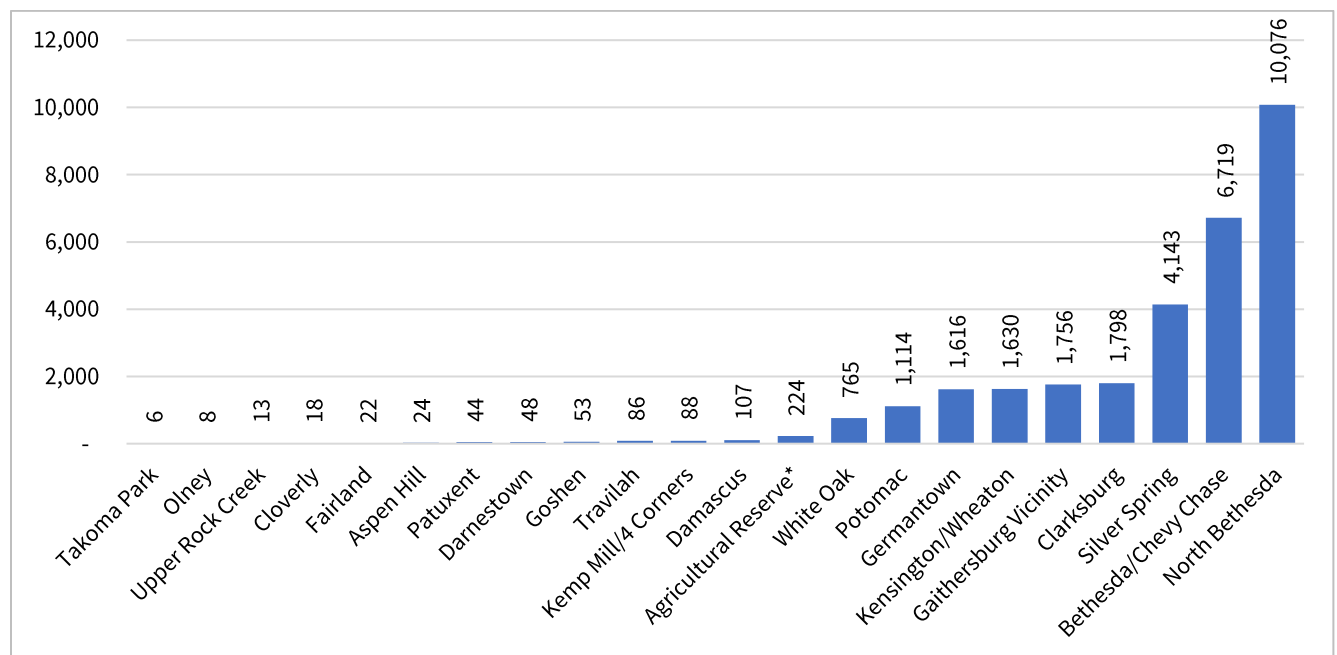
Premium – The premium factor focuses on Planning Areas that have a high share of their land in a Corridor-Focused Growth area but have seen little recent housing growth. Planning areas that have more than 40 percent of their land in the Corridor-Focused Growth area but have built less than the county’s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

³ Values are assigned as follows: 20 points for Downtowns, 15 points for Town Center – Large, 10 points for Town Center – Medium, 3 points for Town Center – Small and 1 point for Town Center – Village / Neighborhood Center.

Transit Quality – *Thrive Montgomery 2050* (page 73) states that: “Appropriate densities will vary but should be sufficient to support, at a minimum, the efficient provision of transit service along [growth] corridors.” This is necessary to “Establish high-quality transit infrastructure along growth corridors through capital investment and ensure reliable, frequent service through operational investment.” To that end, the local housing targets for 2040 and 2050 incorporate a Transit Quality Factor that measures the quality of planned transit service. This factor tallies the area in each Planning Area within one-half mile of each Metrorail, light rail, and bus rapid transit station pair and applies a weighted value to each station type, with Metrorail stations receiving the highest index points and bus rapid transit stations receiving the fewest points.⁴

Development Pipeline – The development pipeline includes all of the development projects that have been approved by the Planning Board but have not yet expired. In total, there are more than 300 projects with more than 43,000 units in the pipeline. However, many of these projects include units that have already been permitted or even built. **Today’s unbuilt and unpermitted pipeline (henceforth referred to as the unbuilt pipeline) includes approximately 30,000 units (excluding projects in the cities of Rockville and Gaithersburg).** Figure 6 shows the distribution of the unbuilt pipeline across the 22 Planning Areas.

Figure 6 Current Unbuilt Pipeline Unit Count by Planning Area



⁴ Values are assigned as follows: 20 points per Metrorail station, 6 points per light rail station and 1 point per bus rapid transit station pair. Medical Center Metrorail and BRT stations are excluded in the analysis, given that the residential development potential around the station area is limited.

Table 6 shows how the seven factors were applied to the 2030, 2040, and 2050 local housing targets.

Table 6 Recommended Index Factors for 2030, 2040, and 2050 Housing Targets

Factor	2030	2040	2050
Thrive Growth Area Score	35	25	20
Household Forecast Score	20	15	0
Zoned Residential Capacity Score	35	15	0
Transit Quality Score	0	25	50
Activity Center Density Score	5	20	30
Premium Score	5	0	0
Pipeline Contribution	*	0	0
Total Maximum Value	100	100	100

* Allocated before the index and varies by Planning Area.

Appendix B provides maps that depict the factor scores.

2030 Local Housing Targets

To develop a methodology for 2030 local housing targets, Planning staff estimated the number of new housing units currently in the development pipeline by Planning Area that are likely to be constructed by 2030, referred to as the Expected 2030 Build. The remaining units were then allocated to each Planning Area based on an Index Allocation that weights five factors.

Expected 2030 Build

Given that the county's 2030 target is only six years away, there are limited planning and policy options that can direct growth to Planning Areas that do not currently have the capacity or significant unbuilt pipeline. Master plan efforts intended to implement the vision in Thrive – generally to direct growth to corridors and centers with a renewed focus on east county – take time to prepare and impact communities while also having 20+ year horizons. **The current unbuilt pipeline represents the county's most significant contributor to whether we achieve our housing targets in the next six years. As a result, with guidance from the PHP Committee, the approach was modified to set the 2030 local targets to capture the potential impact of the current unbuilt pipeline.**

Further analysis of historical pipeline data revealed that approximately 51% of the unbuilt pipeline from January 2018 were built or permitted within six years, by January 2024. This pipeline “conversion” rate varied by Planning Area, with Planning Areas like Clarksburg (81%) and Bethesda/Chevy Chase (78%) having high conversion rates, while Planning Areas like North Bethesda (15%) and Kensington/Wheaton (31%) have struggled to see their approved projects built. To estimate the current unbuilt pipeline's potential contributions to achieving 2030 local housing targets, the methodology applies either the countywide conversion rate or a Planning Area specific conversion rate to the 2024 unbuilt pipeline for each Planning Area. If the 2018 unbuilt pipeline for a Planning Area included more than two projects or more than 500 units, the local Planning Area's pipeline conversion rate was applied, otherwise, the countywide average conversion rate was applied (51%). Table 7 identifies the conversion rates used for each Planning Area and the anticipated contribution of the current pipeline to the Planning Area's 2030 local target, referred to as the Expected 2030 Build.

Table 7 The 6-year Conversion Rate for the 2018 Unbuilt Pipeline and the Anticipated Number of 2024 Unbuilt Pipeline Units to be Built by 2030

Planning Area	6-year Conversion Rate	Expected 2030 Build
Agricultural Reserve	51%	114
Aspen Hill*	51%	12
Bethesda/Chevy Chase	78%	5,226
Clarksburg	81%	1,458
Cloverly*	51%	9
Damascus	80%	86
Darnestown*	51%	24
Fairland	72%	16
Gaithersburg Vicinity	62%	1,097
Germantown	36%	587
Goshen*	51%	27
Kemp Mill/4 Corners*	51%	45
Kensington/Wheaton	31%	506
North Bethesda	15%	1,464
Olney	76%	6
Patuxent*	51%	22
Potomac	89%	986
Silver Spring	34%	1,429
Takoma Park*	51%	3
Travilah	99%	85
Upper Rock Creek*	51%	7
White Oak*	51%	388
Countywide	45%	13,597

* The countywide pipeline conversion rate was used.

Based on the historical pipeline conversion rate, we estimate that the current unbuilt pipeline will produce 13,597 units countywide by 2030. Table 8 below illustrates how the unbuilt pipeline and already permitted units adjust the county housing target, leaving 7,868 units to be allocated to the Planning Areas for 2030 using the index and factor weighted methodology.

Table 8 Calculation of 2030 Countywide Housing Target to Allocate to Planning Areas

	2030
Forecasted Growth	31,000
Additional Target	10,000
Rockville and Gaithersburg Adjustment	-10,000
Countywide Housing Target	31,000
Units Already Permitted	-9,535
Adjusted Countywide Housing Target	21,465
Anticipated Unbuilt Pipeline Contribution	-13,597
Remaining Target to Allocate to Planning Areas	7,868

While achieving the 2030 local housing targets will be accomplished in part by constructing units that are currently in the development pipeline based on historic trends, additional strategies will be needed to encourage more of the development pipeline to advance to construction.

2030 Index Allocation

The 2030 Index allocates 100 points across five factors as follows: Thrive Growth Area (35 points), Household Forecast (20 points), Zoned Residential Capacity (35 points), Activity Center Density (5 points), and Premium (5 points) to allocate the remaining 7,868 housing units. Table 9 and Figure 7 below illustrates the results of the selected methodology.

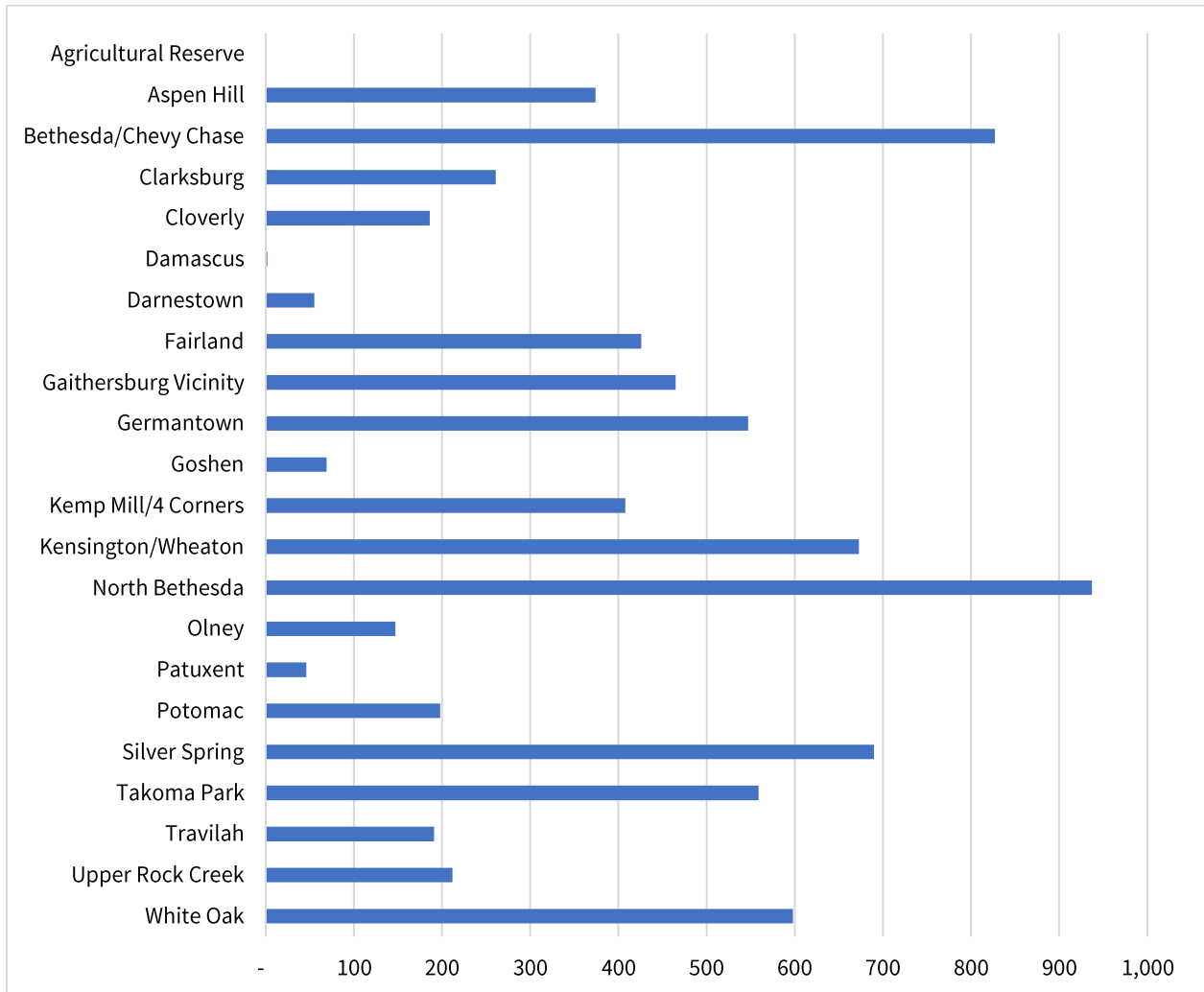
Appendix C describes the four Index Allocation options that were considered.

Table 9 2030 Index Allocation Results

Planning Area	2030 Index Allocation
Agricultural Reserve	0
Aspen Hill	374
Bethesda/Chevy Chase	827
Clarksburg	261
Cloverly	186
Damascus	2
Darnestown	55
Fairland	426
Gaithersburg Vicinity	465
Germantown	547
Goshen	69
Kemp Mill/4 Corners	408
Kensington/Wheaton	673
North Bethesda	937
Olney	147
Patuxent	46
Potomac	198
Silver Spring	690
Takoma Park	559
Travilah	191
Upper Rock Creek	212
White Oak	598
Total**	7,871

** The total for the index allocations does not equal 7,868 due to rounding.

Figure 7 2030 Index Allocation Results Under Alternative #3



2030 Local Housing Target Results

Applying the previously recommended 2030 Index Allocation to the remaining target of 7,871 units and adding those allocations to each Planning Area's Expected 2030 Build produces the local housing targets identified in Table 10, Figure 8 and Figure 9 below.

Table 10 2030 Local Housing Targets

Planning Area	Expected 2030 Build	2030 Index Allocation	2030 Target
Agricultural Reserve	114	0	114
Aspen Hill	12	374	386
Bethesda/Chevy Chase	5,226	827	6,053
Clarksburg	1,458	261	1,719
Cloverly	9	186	195
Damascus	86	2	88
Darnestown	24	55	79
Fairland	16	426	442
Gaithersburg Vicinity	1,097	465	1,562
Germantown	587	547	1,134
Goshen	27	69	96
Kemp Mill/4 Corners	45	408	453
Kensington/Wheaton	506	673	1,179
North Bethesda	1,464	937	2,401
Olney	6	147	153
Patuxent	22	46	68
Potomac	986	198	1,184
Silver Spring	1,429	690	2,119
Takoma Park	3	559	562
Travilah	85	191	276
Upper Rock Creek	7	212	219
White Oak	388	598	986
TOTAL**	13,597	7,871	21,468

** The totals for the index allocations and the total targets do not equal 7,868 and 21,465, respectively, due to rounding.

Figure 8 2030 Local Housing Targets

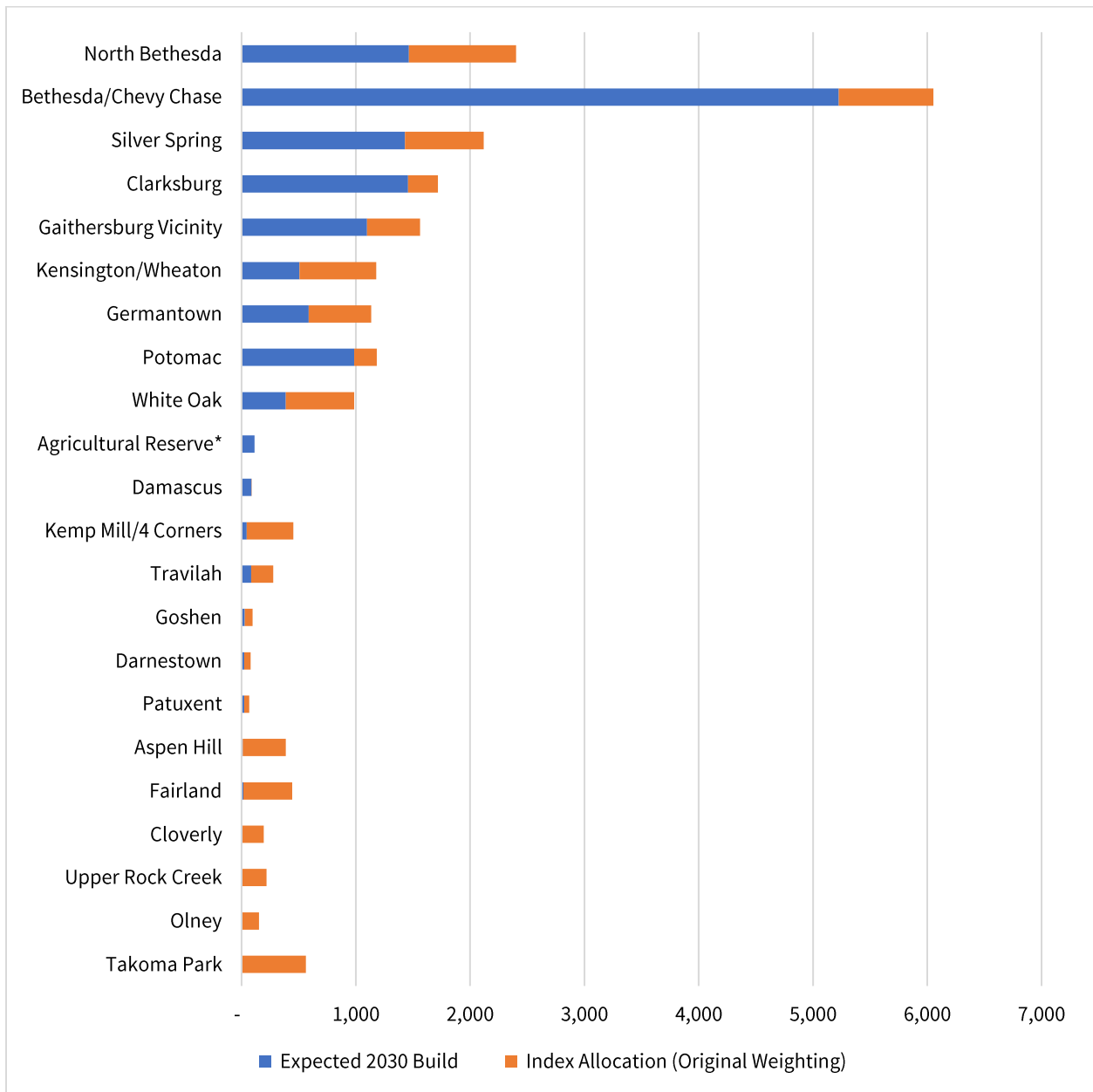
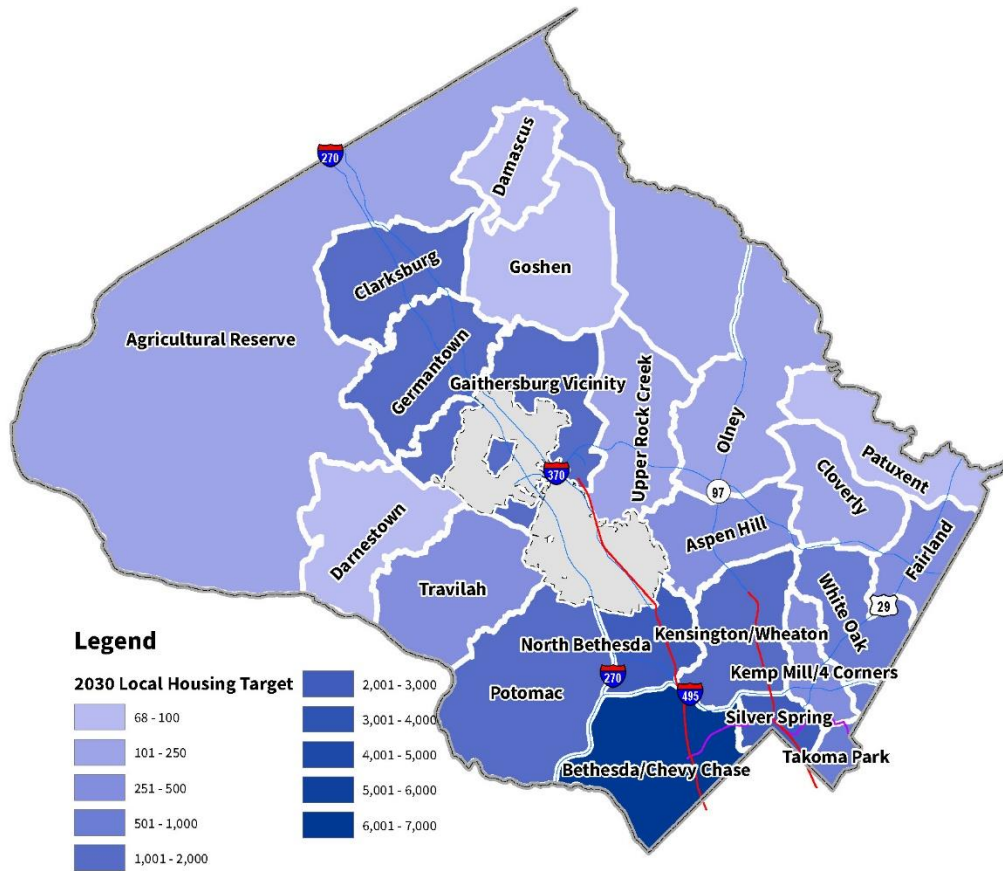


Figure 9 Local Housing Targets (2030)



2040 and 2050 Local Housing Targets

The PHP committee also recommended local housing targets for 2040 and 2050. Since the 2030 targets represent goals only six years in the future, setting targets for 2040 and 2050 will help meet the long-term housing abundance as envisioned by *Thrive Montgomery 2050*. The tools and tactics to achieve 2040 and 2050 local housing targets will be different than those needed to achieve the 2030 targets.

Like the 2030 housing targets, the 2040 and 2050 targets would be based on household growth from the MWCOG Cooperative Forecast, Round 10.0. However, unlike the 2030 housing targets, no additional units would be added to the 2040 and 2050 goals. For ease of reference, Table 5 is repeated here as Table 11, demonstrating the calculation of the adjusted countywide target by decade.

Table 11 Adjusted Housing Targets by Decade

	2030	2040	2050	Total
Forecasted Growth	31,000	33,503	24,300	88,803
Additional Target	10,000	0	0	10,000
Rockville and Gaithersburg Adjustment	-10,000	-6,657	-7,347	-24,004
Countywide Housing Target	31,000	26,846	16,953	74,799
Units Already Permitted	-9,535	N/A	N/A	-9,535
Adjusted Countywide Housing Target	21,465	26,846	16,953	65,264

Additionally, while the 2030 local housing targets will largely be achieved by the development pipeline, the 2040 and 2050 housing targets will be influenced by factors that capture the vision in *Thrive Montgomery 2050*, like a new transit corridor factor and an increased influence on the Activity Centers that are a prominent element in *Thrive Montgomery 2050*. As the county updates master plans and policies to align with the vision of Thrive it makes sense to target future new housing more on Thrive-based factors and less on existing zoned residential capacity and current household forecasts.

Table 12 and Figure 10 below illustrates how the targets would be distributed by decade, based on the factors outlined in Table 6 above. Figure 11 and Figure 12 show the targets for 2040 and 2050. Figure 13 geographically illustrates the cumulative targets.

Table 12 Housing Targets by Decade

Planning Area	2030 Units	2040 Units	2050 Units	2030 Share	2040 Share	2050 Share
Agricultural Reserve	114	0	0	1%	0%	0%
Aspen Hill	386	961	559	2%	4%	3%
Bethesda/Chevy Chase	6,053	2,825	1,710	28%	11%	10%
Clarksburg	1,719	847	648	8%	3%	4%
Cloverly	195	504	258	1%	2%	2%
Damascus	88	24	23	0%	0%	0%
Darnestown	79	148	75	0%	1%	0%
Fairland	442	1,593	1,140	2%	6%	7%
Gaithersburg Vicinity	1,562	1,762	1,343	7%	7%	8%
Germantown	1,134	1,610	939	5%	6%	6%
Goshen	96	187	95	0%	1%	1%
Kemp Mill/4 Corners	453	1,193	788	2%	4%	5%
Kensington/Wheaton	1,179	2,840	2,103	5%	11%	12%
North Bethesda	2,401	3,862	2,326	11%	14%	14%
Olney	153	508	336	1%	2%	2%
Patuxent	68	153	99	0%	1%	1%
Potomac	1,184	615	362	6%	2%	2%
Silver Spring	2,119	2,939	1,890	10%	11%	11%
Takoma Park	562	1,538	912	3%	6%	5%
Travilah	276	562	312	1%	2%	2%
Upper Rock Creek	219	602	330	1%	2%	2%
White Oak	986	1,573	706	5%	6%	4%
TOTAL	21,468	26,846	16,954	100%	100%	100%

Figure 10 Local Housing Targets (Cumulative)

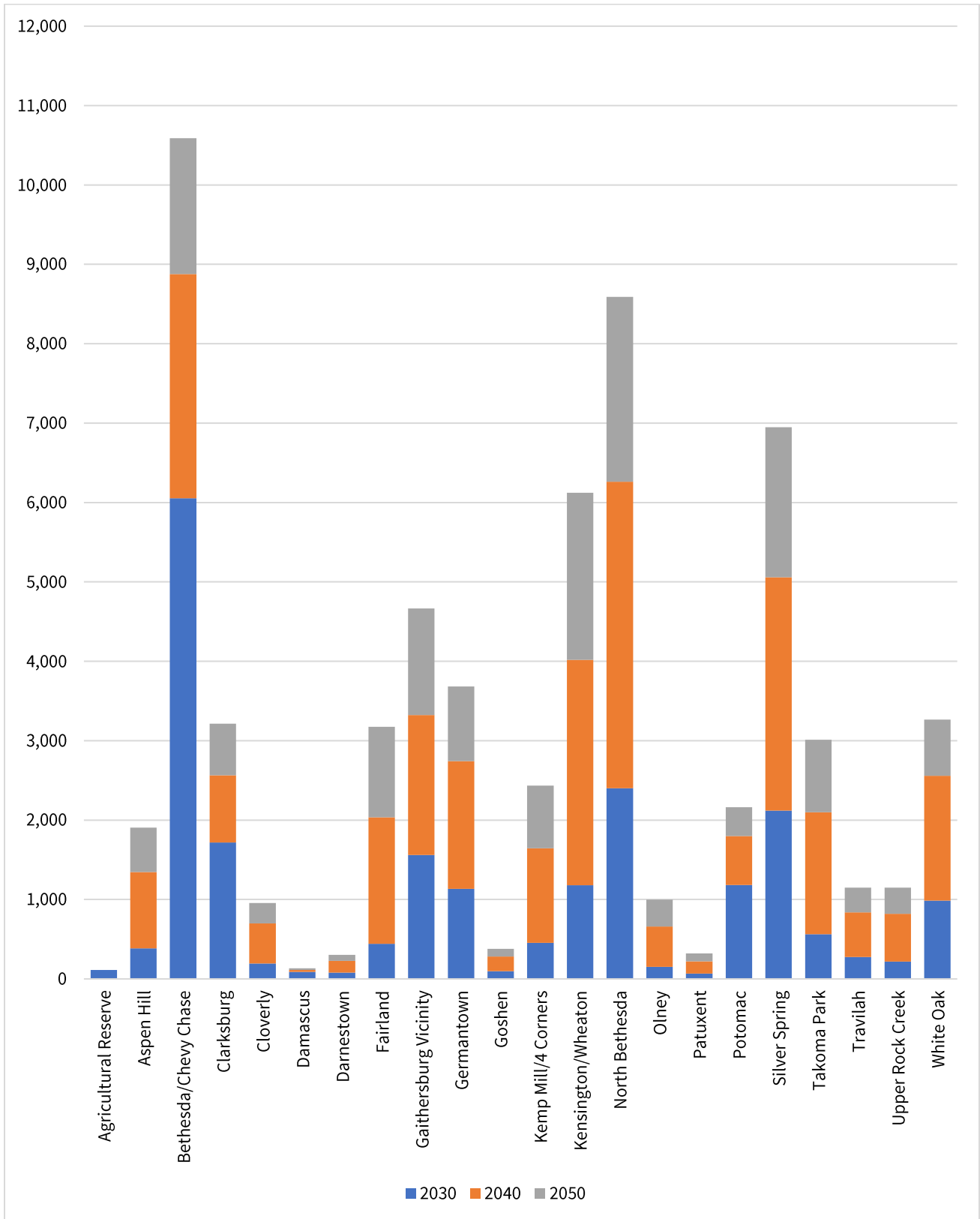


Figure 11 Local Housing Targets (2040)

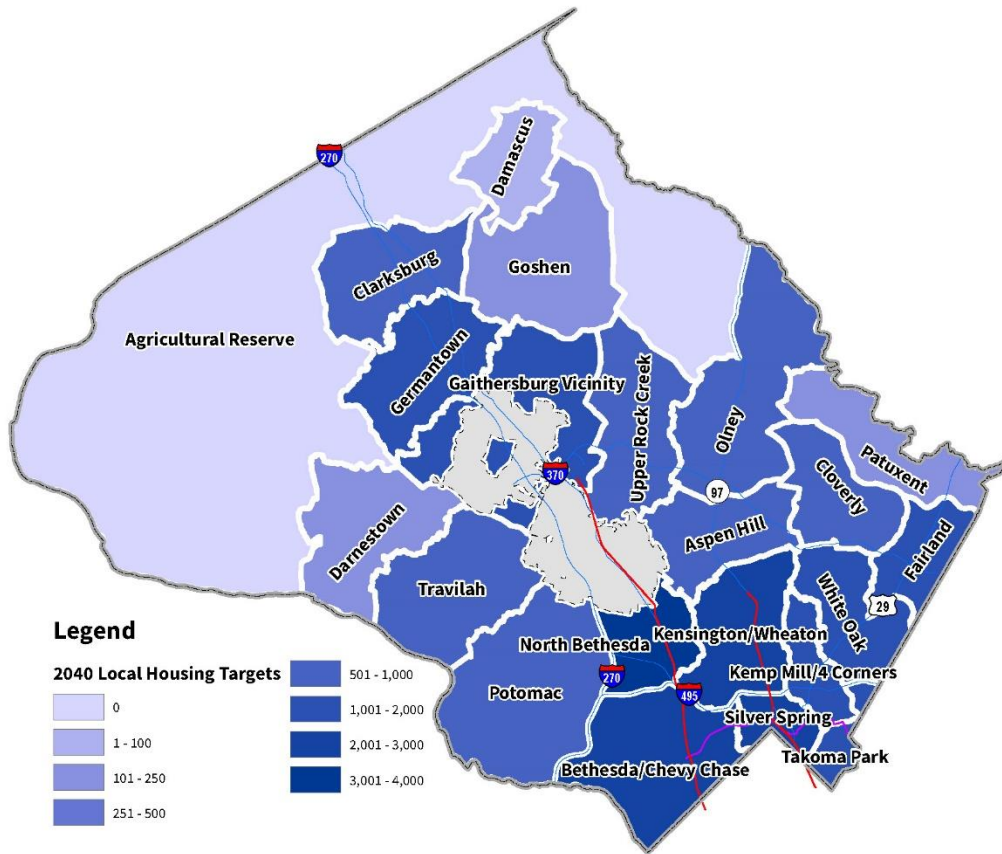


Figure 12 Local Housing Targets (2050)

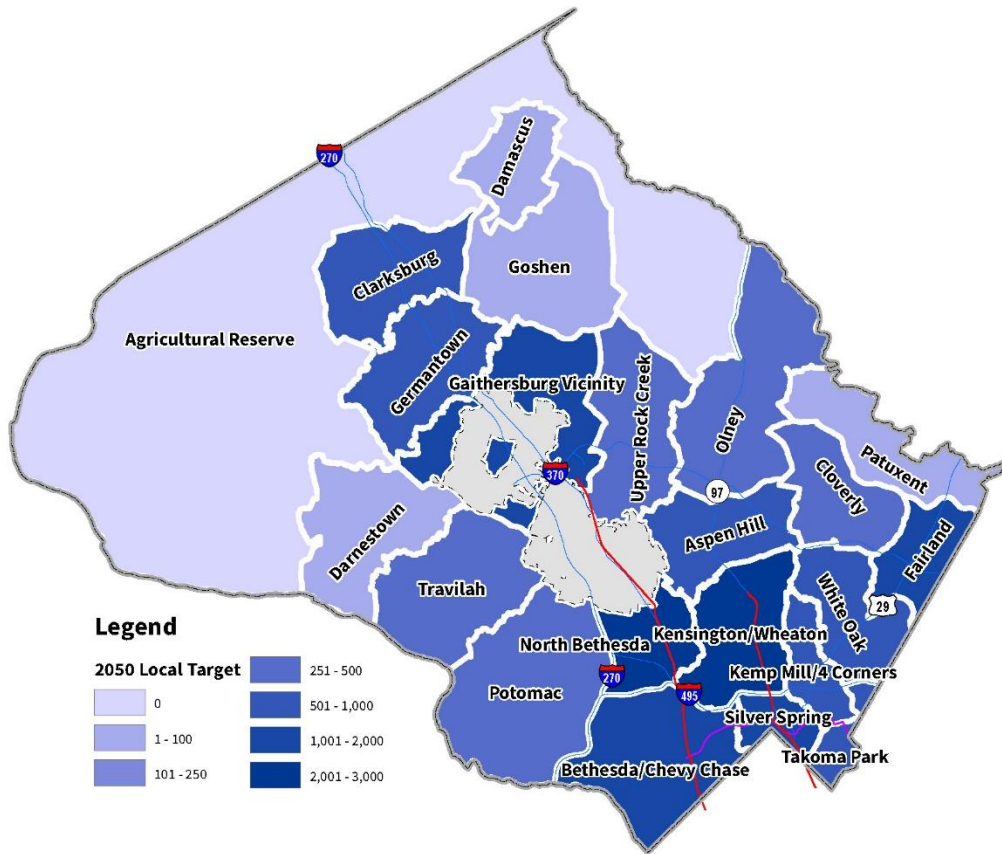
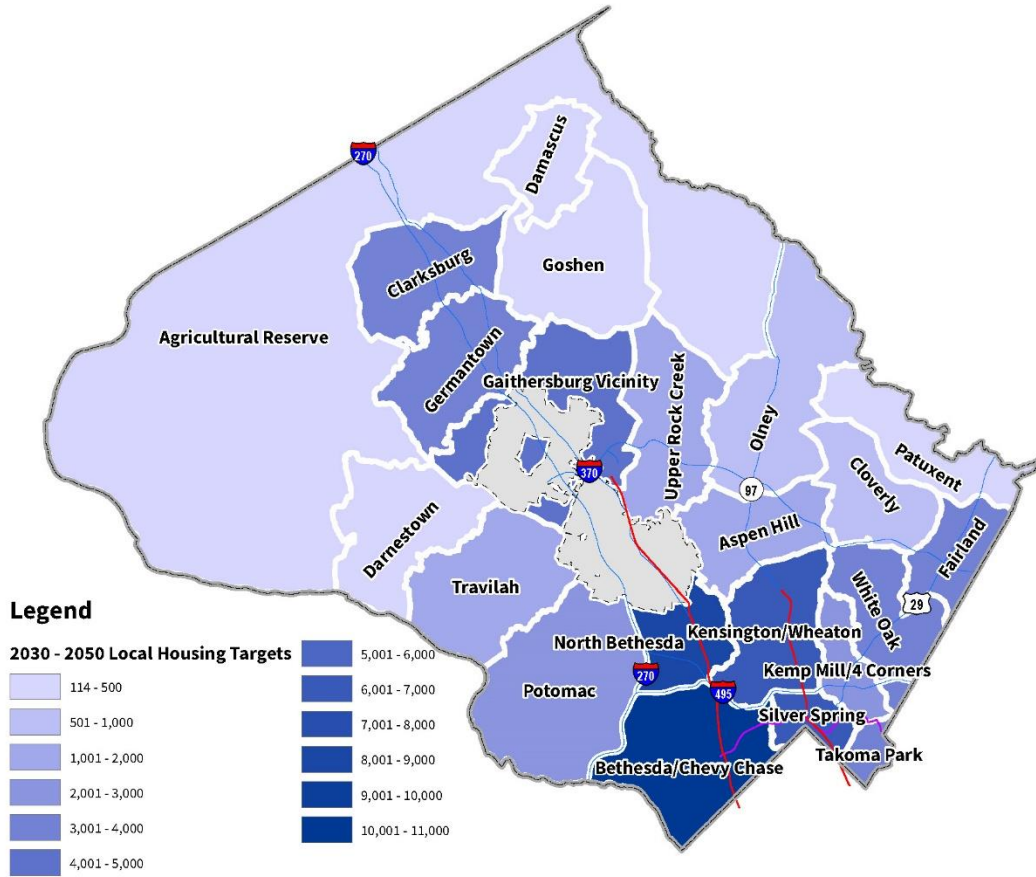


Figure 13 Local Housing Targets Cumulative (2030 - 2050)



Affordable Housing Goals

Another part of the Local Housing Targets 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 recommends 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 13 and Figure 14 illustrate the affordable housing goals.

Table 13 Affordable Housing Goals

If the current share of affordable housing in a Planning Area is...	Then 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 great	12.5%	1

These affordable housing goals could be reached by a number mechanisms beyond mandatory inclusionary zoning requirements. These incentives or funding sources may potentially include bonus density, additional height, public benefit points, impact tax waivers, financial subsidies, or other incentives, policies, or programs. Below is a brief summary of some of the tools used in Montgomery County to spur the production of more affordable housing.

- **Bonus Density:** One of the most commonly used incentives for more MPDUs is bonus density. Chapter 59 (the Zoning Code) has a [three-tiered bonus density system](#) for projects that elect to provide more than the minimum number of MPDUs. The bonus density system goes up to 110%, for projects that provide 100% MPDUs.
- **Additional Height:** Projects that exceed 12.5% MPDUs are permitted to build above the height limit of the applicable zone and master plan. The additional height is calculated as the floor area provided for MPDUs above 12.5% divided by the average residential floor plate area, where each whole number and each remaining fraction allows an increased height of 12 feet.
- **Public Benefit Incentives:** Currently, Commercial/Residential (CR) and Employment Zone projects must propose a minimum number of public benefits depending on their size, intensity, and location. The current system is currently being evaluated through the Incentivize Zoning project, which will look for further ways to prioritize affordable housing in the development process.
- **Impact Tax Discount/Waiver (for 25% or more MPDUs):** If a project provides 25% or more MPDUs, the applicable school and transportation impact taxes are discounted or waived completely by an amount equivalent to the lowest standard impact tax in the county for the [applicable dwelling type](#).
 - As an example, impact taxes are generally the lowest in the infill impact areas (schools), and red policy areas (transportation). Projects with 25% MPDUs built in those areas will have all their impact taxes waived. Projects built in the turnover impact areas (schools) and orange, yellow, and green policy areas (transportation)

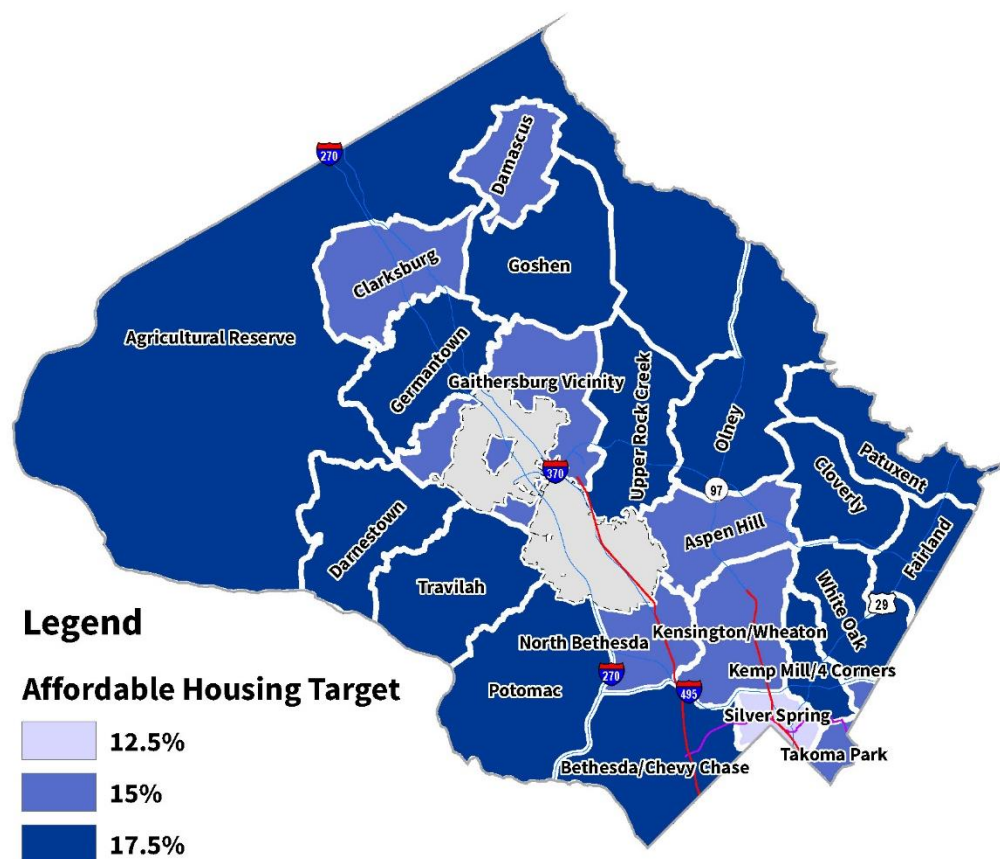
would have school impact tax discounted by the amount of impact tax charged in infill impact areas and the transportation impact tax discounted by the amount of impact tax charged in red policy areas.

- **Financial subsidies:** There are a variety county, state, and federal funding sources available to developers to help increase the amount of affordable housing in a development. Some of the most commonly used funding programs or sources include:
 - **Housing Initiative Fund:** The Department of Housing and Community Affairs (DHCA) provides flexible financing, as loans, to for-profit and nonprofit affordable housing developers to help acquire, construct, and rehabilitate multifamily developments.
 - **Payment in Lieu of Taxes (PILOT):** A PILOT lowers, or in some circumstances completely abates, for a period of time, the County’s real property taxes on rental housing projects in return for a property owner’s commitment to provide affordable housing. Montgomery County has three types of PILOTs
 - **Standard PILOT:** Under the Standard PILOT, the County’s real property tax abatement is usually based on each affordable rental unit in the rental project; and the tax abatement is equal to the average County homeowner tax credit (adjusted annually). The term of the PILOT is tied to the affordability period desired by Montgomery County.
 - **By-Right PILOT:** For “by-right” PILOTs, all County real property taxes are abated for a term of at least 15 years for a rental property owned or controlled by a non-profit if at least 50% of the units in the rental property are leased to households with incomes no greater than 60% of the area median income (AMI) for the Washington Metropolitan Statistical Area.
 - **WMATA PILOT:** For WMATA PILOTs, all county real property taxes are abated for properties on which the land the project is located at is a Metro station and on land leased from WMATA. The PILOT is for a term of at least 15 years if the project meets the definition of a “qualifying development,” which is outlined on the [county’s PILOT website](#).

This list is not exhaustive but illustrates some of the most commonly used policies, programs, and funding sources the county has available to assist with the production of more affordable housing.

The county may also want to consider additional tools, subsidies, and policies to help spur the production of more affordable housing. This could include a review of development impact tax rates and allowing Local Area Transportation Review (LATR) exemptions for affordable housing in the 2024 – 2028 Growth and Infrastructure Policy. The county could also look at ways to increase the amount of public/private partnerships in the county to help create more mixed-income housing or ways to create more funding sources for the Housing Initiative Fund (HIF), the county’s housing trust fund.

Figure 14 Affordable Housing Goals by Planning Area



Next Steps

Upon approval of the Local Housing Targets by the County Council, Planning staff will undertake the following steps:

1. Further investigate the reasons projects in the pipeline may be stalled (or only partially completed) to consider strategies and policies to accelerate the construction of unbuilt pipeline units to meet the 2030 Local Housing Targets.
2. Consider how new plans and policies, such as the Growth and Infrastructure Policy, Attainable Housing Strategies Initiative, and the *University Boulevard Corridor Master Plan*, can help to achieve the 2030, 2040, and 2050 Local Housing Targets.
3. Work with the community and conduct community engagement on potential strategies to meet the targets.
4. Provide annual updates to the County Council documenting progress in achieving the Local Housing Targets.
5. Review and update the local housing targets every five years to ensure relevant factor data are current and to adjust weightings based on their relevance to shorter-term and longer-term targets.

Appendix A: Activity Center Designations

Table 14 Activity Center Designations

CSDG Area	Planning Area	Activity Center Designations	Square Miles
Downtown Bethesda	Bethesda/Chevy Chase	Downtown	0.62
Downtown Friendship Heights	Bethesda/Chevy Chase	Downtown	0.16
Downtown Life Sciences / FDA Village	Fairland	Downtown	1.10
Downtown Life Sciences Center	Gaithersburg Vicinity	Downtown	0.87
Downtown Life Sciences Center	Travilah	Downtown	0.02
Downtown North Bethesda	North Bethesda	Downtown	1.09
Downtown Rock Spring	North Bethesda	Downtown	0.52
Downtown Rock Spring	Potomac	Downtown	0.17
Downtown Silver Spring	Silver Spring	Downtown	0.60
Downtown Wheaton	Kensington/Wheaton	Downtown	0.38
Downtown White Oak West	Fairland	Downtown	0.11
Glenmont Town Center	Kensington/Wheaton	Town Center - Large	0.29
Shady Grove Town Center	Gaithersburg Vicinity	Town Center - Large	0.58
Briggs Chaney Town Center	Fairland	Town Center - Medium	0.39
Cabin Branch Town Center	Clarksburg	Town Center - Medium	0.77
Clarksburg Town Center	Clarksburg	Town Center - Medium	0.98
Fairland Town Center	Fairland	Town Center - Medium	0.20
Germantown Town Center	Germantown	Town Center - Medium	1.18
Grosvenor Town Center	North Bethesda	Town Center - Medium	0.06
Kensington Town Center	Kensington/Wheaton	Town Center - Medium	0.23
Lower Village Town Center	Gaithersburg Vicinity	Town Center - Medium	0.27
Milestone Town Center	Germantown	Town Center - Medium	0.59
Olney Town Center	Olney	Town Center - Medium	0.20
Takoma Langley Crossroads Town Center	Takoma Park	Town Center - Medium	0.11
Traville / USG Town Center	Travilah	Town Center - Medium	0.22
Twinbrook Town Center	North Bethesda	Town Center - Medium	0.33
Washingtonian Town Center	Gaithersburg Vicinity	Town Center - Medium	0.08
Westbard Town Center	Bethesda/Chevy Chase	Town Center - Medium	0.20
White Oak Town Center	White Oak	Town Center - Medium	0.41
16th Street Station Town Center	Silver Spring	Town Center - Small	0.12
Aspen Hill Town Center	Aspen Hill	Town Center - Small	0.18
Burtonsville Town Center	Patuxent	Town Center - Small	0.18
Chevy Chase Lake Town Center	Bethesda/Chevy Chase	Town Center - Small	0.10
Damascus Town Center	Damascus	Town Center - Small	0.35
Forest Glen Town Center	Kensington/Wheaton	Town Center - Small	0.12
Foxchapel Town Center	Germantown	Town Center - Small	0.13
Hillandale Town Center	White Oak	Town Center - Small	0.14
Layhill Town Center	Aspen Hill	Town Center - Small	0.13
Long Branch Town Center	Kemp Mill/4 Corners	Town Center - Small	0.07
Long Branch Town Center	Takoma Park	Town Center - Small	0.10
Lyttonsville Town Center	Silver Spring	Town Center - Small	0.09
Montgomery Village Town Center	Gaithersburg Vicinity	Town Center - Small	0.10
Randolph Hills Town Center	North Bethesda	Town Center - Small	0.18

CSDG Area	Planning Area	Activity Center Designations	Square Miles
Redland Town Center	Upper Rock Creek	Town Center - Small	0.08
Rock Creek Village Town Center	Aspen Hill	Town Center - Small	0.09
Veirs Mill - Randolph Town Center	Kensington/Wheaton	Town Center - Small	0.08
Ashton Town Center	Cloverly	Town Center - Village / NC	0.03
Ashton Town Center	Patuxent	Town Center - Village / NC	0.04
Burnt Mills Town Center	White Oak	Town Center - Village / NC	0.03
Cabin John Town Center	Potomac	Town Center - Village / NC	0.04
Cloverly Town Center	Cloverly	Town Center - Village / NC	0.03
Colesville Town Center	White Oak	Town Center - Village / NC	0.05
Ethan Allen Avenue Gateway Town Center	Takoma Park	Town Center - Village / NC	0.02
Four Corners Town Center	Kemp Mill/4 Corners	Town Center - Village / NC	0.04
Hyattstown Town Center	Agricultural Reserve	Town Center - Village / NC	0.05
Maryland Gateway Town Center	Takoma Park	Town Center - Village / NC	0.01
Montgomery Hills Town Center	Silver Spring	Town Center - Village / NC	0.05
Potomac Town Center	Potomac	Town Center - Village / NC	0.04
Sandy Spring Town Center	Cloverly	Town Center - Village / NC	0.03
Sandy Spring Town Center	Patuxent	Town Center - Village / NC	0.06
Takoma Junction Town Center	Takoma Park	Town Center - Village / NC	0.01
Takoma Old Town Town Center	Takoma Park	Town Center - Village / NC	0.02

Appendix B: Factor Scores

Figure 15 Thrive Growth Area Score

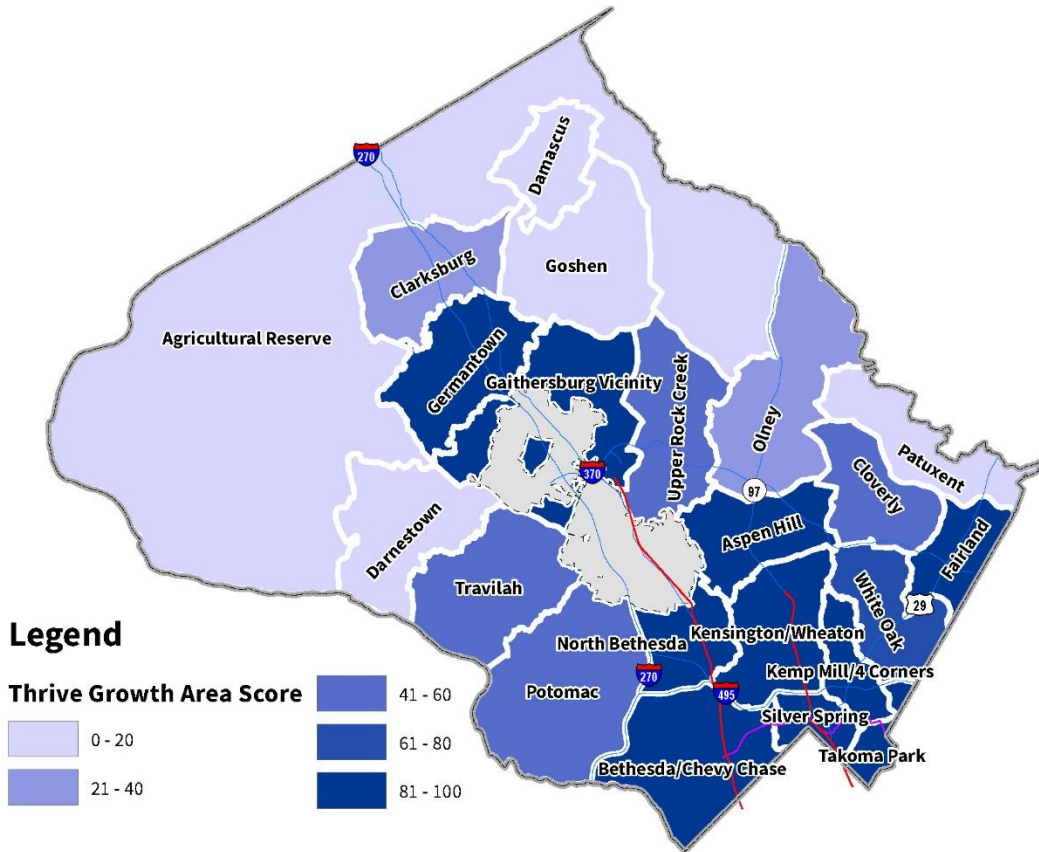


Figure 16 Household Forecast Score (2030)

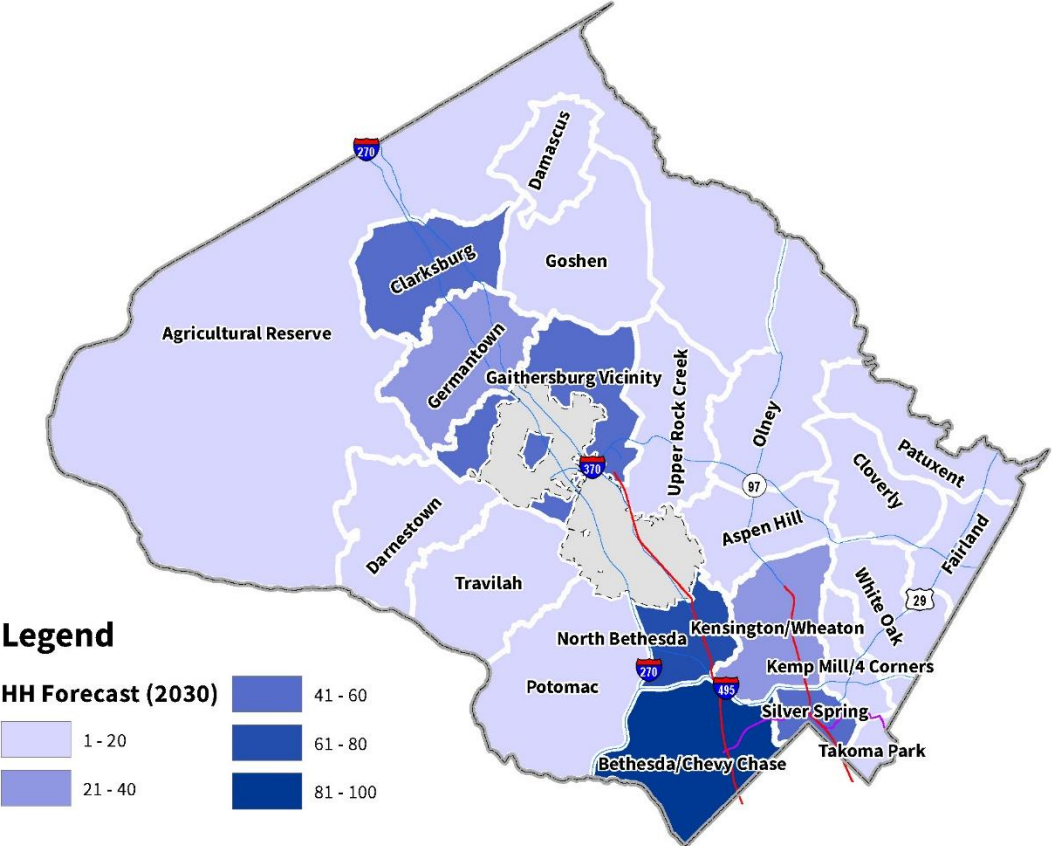


Figure 17 Household Forecast Score (2040)

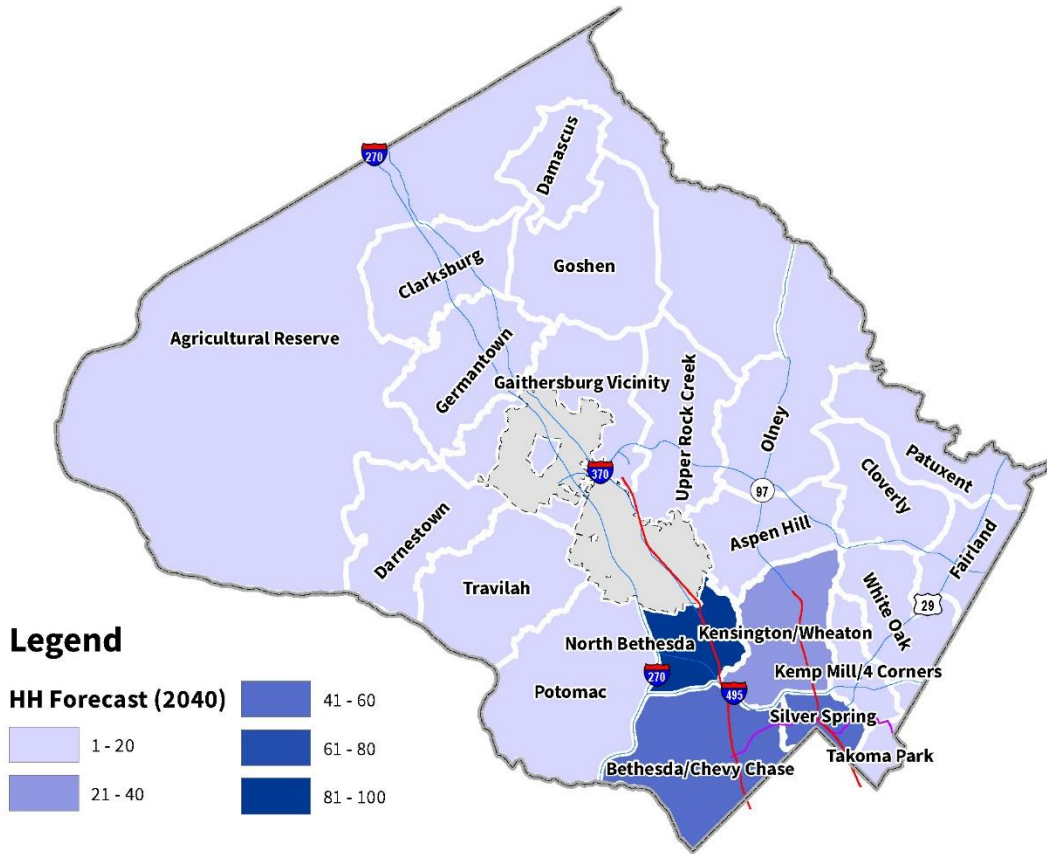


Figure 18 Household Forecast Score (2050)

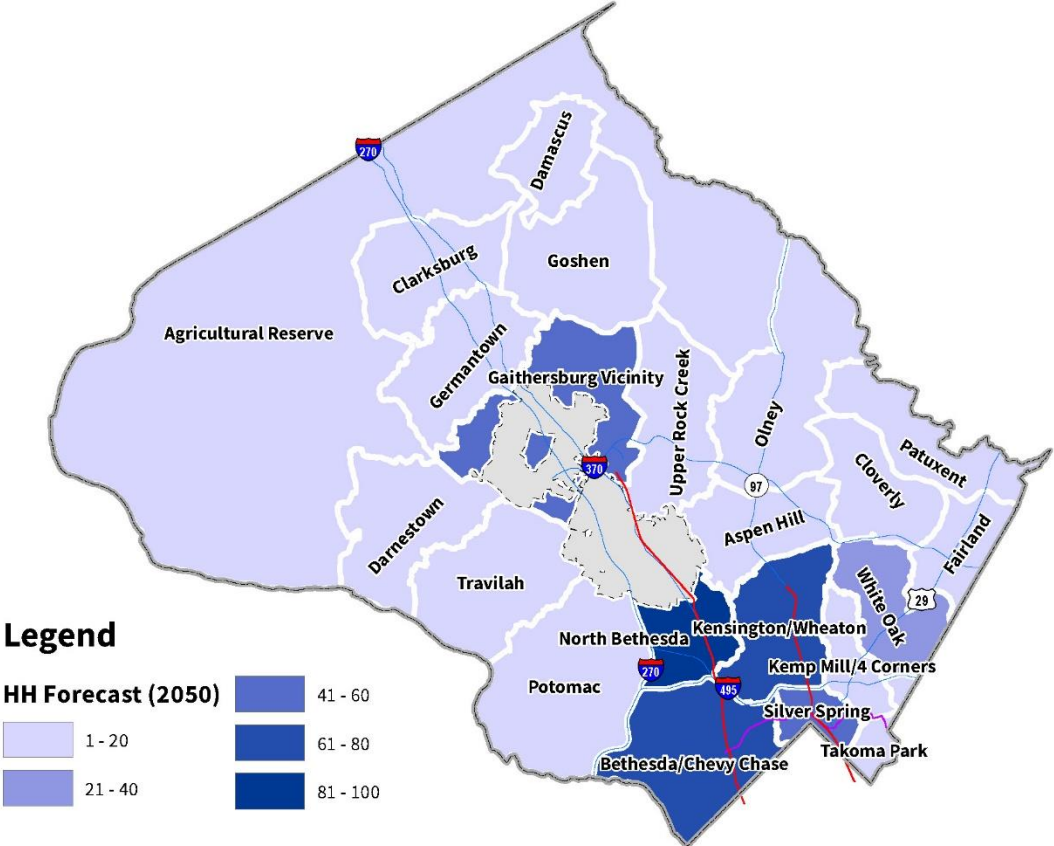


Figure 19 Zoned Residential Capacity Score

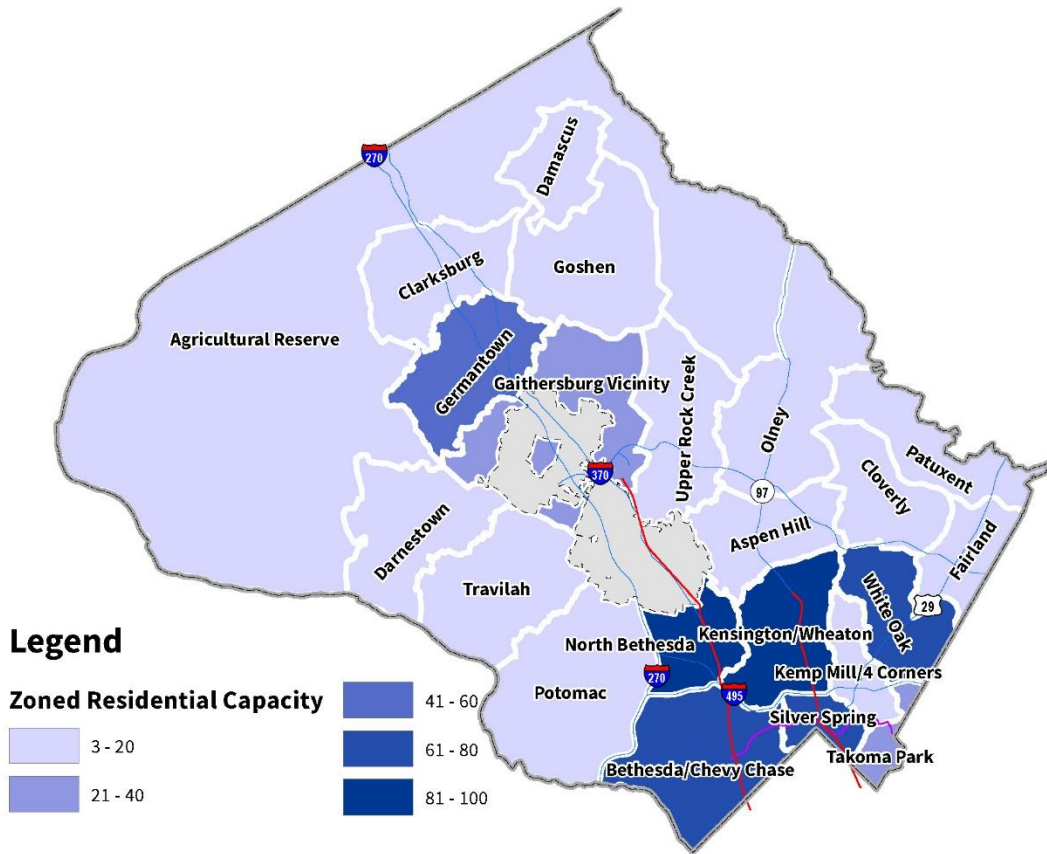


Figure 20 Transit Quality Score

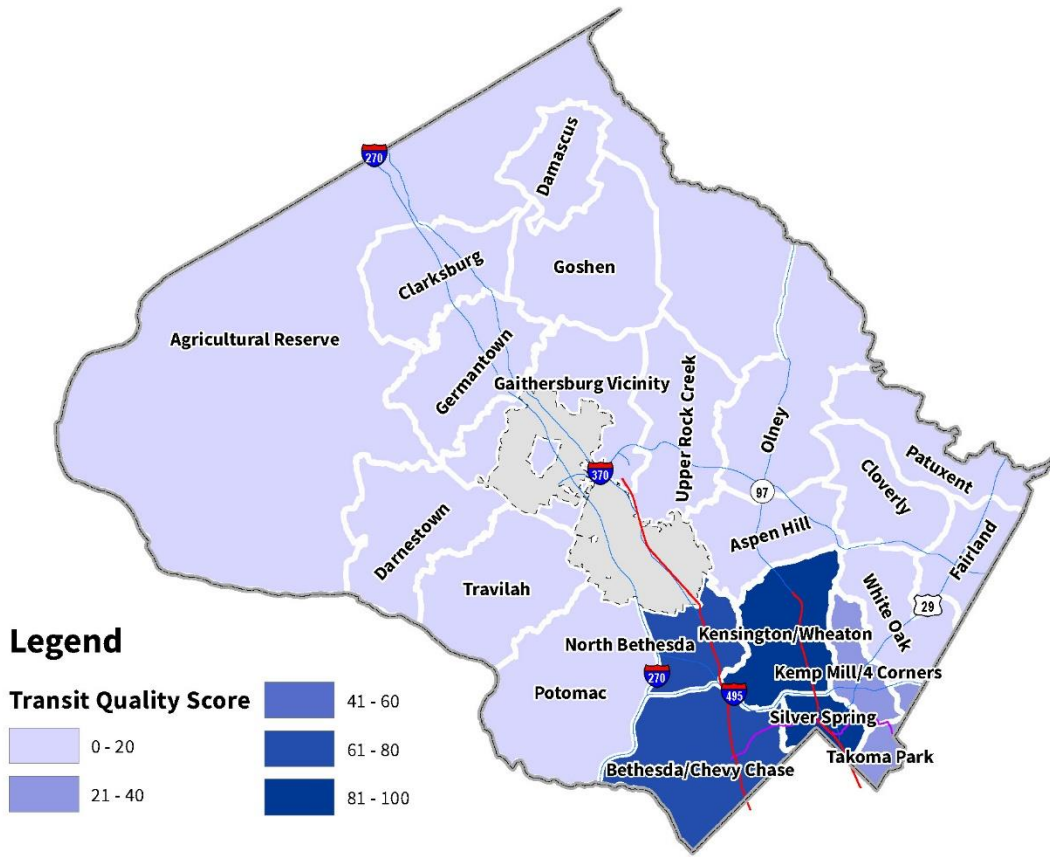


Figure 21 Activity Center Density Score

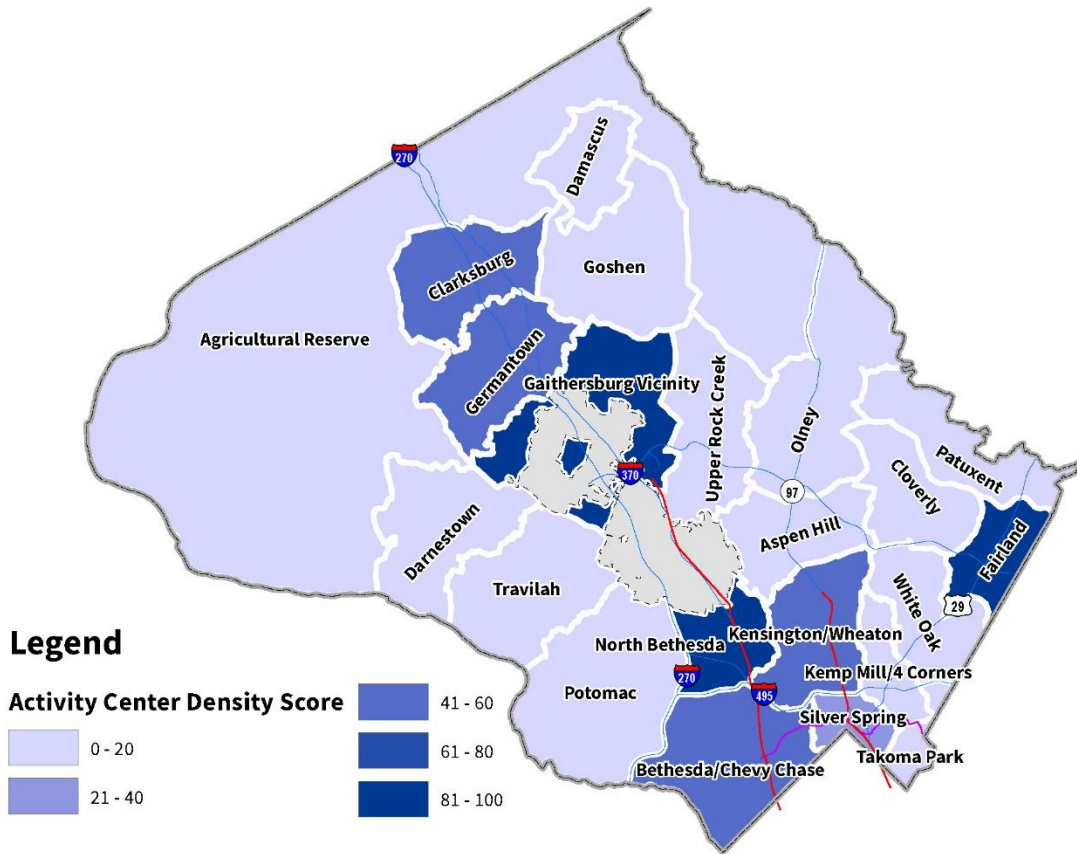


Figure 22 Premium Score



Appendix C: 2030 Index Allocation Options

The 2030 Index uses five factors: Thrive Growth Area, Household Forecast, Zoned Residential Capacity, Activity Center Density, and Premium to allocate 7,868 housing units. Several approaches were considered for weighting these factors.

Weighting Options

On July 10, 2023, Planning staff briefed the PHP Committee on the Local Housing Targets project initiative, which included a proposed methodology to establish housing targets for the 22 local Planning Areas. The PHP Committee provided feedback on the initiative and asked us to look at two alternative options for allocating the countywide housing targets. Subsequently, the Planning Board suggested a third alternative for the PHP Committee to explore. The Index Allocation options for weighting each factor are discussed below.

Original Weighting Option

The original weighting option provided an equal weight of 30 index points to Thrive growth area, household forecast, and zoned residential capacity factors and 5 index points each to the activity center density and premium factors.

PHP Weighting Alternative #1

The first PHP weighting alternative placed more of an emphasis on Activity Centers in meeting the county's housing target goal. It did this by keeping the original weight of 30 index points for the *Thrive Montgomery 2050* growth area, household forecast, and zoned residential capacity factors, increasing the activity center density factor to 10 index points, and keeping the premium factor weight at 5 index points.

PHP Weighting Alternative #2

The second PHP weighting alternative placed a stronger relative emphasis on the location of activity centers and where Planning staff generally anticipates growth. It also relies more heavily on Planning Areas within the corridor focused growth area that has seen little recent housing growth to achieve the county's housing target. It achieved this by lowering the weights for the Thrive growth area factor and the zoned residential capacity factor each from 30 index points to 25. It also increased the activity center density factor and the premium factor each from 5 index points to 10.

Planning Board Weighting Alternative #3

The Planning Board also proposed an alternative, which lowered the weight for the household forecast from 30 index points to 20 and increased the weights for the Thrive growth area factor and the zoned residential capacity factor each from 30 index points to 35.

Summary of Index Allocation Weighting Approaches

The factor weights for the original weighting and the three alternatives previously discussed are shown in Table 15.

Table 15 Comparison of Index Allocation Weighting Approaches

Factor	Original	Alternative 1	Alternative 2	Alternative 3
Thrive Growth Area Score	30	30	25	35
Household Forecast Score	30	30	30	20
Zoned Residential Capacity Score	30	30	25	35
Activity Center Density Score	5	10	10	5
Premium Score	5	5	10	5
Total Maximum Value	100	105	100	100

Selected Index Allocation Methodology for 2030

Ultimately, the PHP Committee selected Alternative #3 as its selected methodology, which lowered the weight for the household forecast from 30 index points to 20 and increased the weights for the *Thrive Montgomery 2050* growth area factor and the zoned residential capacity factor each from 30 index points to 35. Table 16 and Figure 7 below illustrates the results of the selected methodology.

Table 16 2030 Index Allocation Results

Planning Area	2030 Index Allocation
Agricultural Reserve	0
Aspen Hill	374
Bethesda/Chevy Chase	827
Clarksburg	261
Cloverly	186
Damascus	2
Darnestown	55
Fairland	426
Gaithersburg Vicinity	465
Germantown	547
Goshen	69
Kemp Mill/4 Corners	408
Kensington/Wheaton	673
North Bethesda	937
Olney	147
Patuxent	46
Potomac	198
Silver Spring	690
Takoma Park	559
Travilah	191
Upper Rock Creek	212
White Oak	598
Total**	7,871

** The total for the index allocations does not equal 7,868 due to rounding.

Figure 23 2030 Index Allocation Results Under Alternative #3

