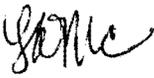


PHED COMMITTEE #1
January 20, 2011

MEMORANDUM

January 18, 2011

TO: Planning, Housing, and Economic Development Committee

FROM: Linda McMillan, Senior Legislative Analyst 

SUBJECT: **Housing Element of the General Plan and County Housing Policy**

At this session, the PHED Committee will begin its review of the Planning Board's proposed review to the Housing Element of the General Plan and the County's Housing Policy. The Housing Element was last revised in 1992. The County's Housing Policy was approved by the Council in 2001. This memo starts with background information on the Housing Element (including public hearing testimony), Housing Policy, and other related plans and documents. At the end of the memo are some suggested discussion items for the Committee.

1. Housing Element of the General Plan

Representatives from Park and Planning will provide the Committee with an overview of the proposed revision to the Housing Element. The proposed Housing Element is attached at ©2-20. The current Housing Element (approved in 1992) is attached at ©27-32. The 1969 Housing Element is attached at ©34.

Because the Housing Element is an update to the General Plan, the Council must act on the amendment within 180 days or extend the time for Council consideration. If the Council does not extend the time for consideration or take an action on the Housing Element it will be enacted as proposed by the Planning Board. The time for consideration can only be extended for 60 days at a time, but there is not a limit on the number of times it can be extended. The last Council decided that this Council should review the Housing Element and Housing Policy and that is why time for consideration has been extended several times already. The current deadline for action is March 23, 2011.

- The Housing Element of the General Plan describes the county's housing goals for **all types of housing** for all ranges of household income. It is not just an affordable housing policy.
- The Housing Element reflects the county's intent regarding the desired balance of jobs and housing.
- The Housing Element must be consistent with the Wedges and Corridors concept that is the basis of the General Plan.
- Master plans and sector plans implement the policies of the Housing Element. Each master plan or sector plan is an amendment to the General Plan.

A. The 1992 Housing Element (©27-32)

The 1992 Housing Element update notes that from 1969 to 1992 employment in the county doubled and that a significant portion of county land had been developed. It also recognized the rising cost of housing in the county, the impacts of high-rise development, and the need to provide housing for people in all stages of life. **The overall goal is to, "Encourage and maintain a wide choice of housing types and neighborhoods for all people of all incomes, ages, lifestyles, and physical capabilities at appropriate densities and locations."**

The 1992 Housing Element contains six objectives:

- 1) Promote variety and choice in housing of quality design and durable construction in various types of neighborhoods.
- 2) Promote a sufficient supply of housing to serve the County's existing and planned employment and the changing needs of its residents at various stages of life.
- 3) Encourage housing near employment centers with adequate access to a wide variety of facilities and services. Support mixed-use communities to further this objective.
- 4) Encourage an adequate supply of affordable housing throughout the County for those living or working in Montgomery County, especially for households at the median income and below.
- 5) Maintain and enhance the quality and safety of housing and neighborhoods.
- 6) Concentrate the highest density housing in the Urban Ring and the I-270 Corridor, especially in the transit station locales.

There are strategies listed for each of the objectives. The strategies are fairly broad and can be refined in individual master or sector plans. For example, the stated strategies for Objective 2, “Promote a sufficient supply of housing to serve the County’s existing and planned employment and the changing needs of its residents at various stages of life” are:

- Provide adequate zoning capacity to meet the current and future housing needs of those who live or work in the County.
- Explore ways to improve the economic feasibility of housing development as compared to employment-related buildings.
- Phase mixed-use development so that housing is constructed in a timely fashion relative to other uses within the project.
- Develop additional techniques to provide housing opportunities to meet the special housing needs of young workers, the elderly, and persons with disabilities.
- Encourage employer assistance in meeting housing needs.
- Develop new techniques to provide housing, including incentives.

B. July 2009 Planning Board Recommended Housing Element Update (©2-20)

The proposed Housing Element update restructures objectives and strategies and discusses in more detail implementation policies, such as funding for the Housing Initiative Fund. The Housing Element is written to be in place for 20 years. As background, the document notes that:

- 91% of the County’s residential zoning capacity (as of July 2009) has been reached. Less than 14,000 acres are available for green-field development (as opposed to redevelopment).
- By 2015 the County is projected to have more than 1 million residents.
- By 2030, the County is projected to need about 72,000 more housing units (to house 155,000 residents).
- Since 1999, rising home values have priced 50,000 existing housing units beyond the financial capacity of moderate-income households (assumes housing should be no more than 30% of income).
- There is a growing demand for rental housing.
- There is a need for increased housing for seniors, young households, large families, and people with special needs.

The Planning Board reviewed several studies during their worksessions on the Housing Element including an “Analysis of the Supply and Demand for Housing” completed in June 2008 (©88-106). The report looks at housing for all incomes and sizes of households and is not specifically focused on affordable housing for households at 70% or below area median income. It notes:

- There is a pent up demand for larger rental units – 86% of rental units in the county are one or two bedroom and there are only 268 four bedroom plus units in the county. The weighted average rent for a three-bedroom plus unit is \$1,780 which would require an income of \$71,200 to be considered affordable.
- Renters historically have paid a larger share of their household income towards housing costs – 41% of renters spend more than 30% of their income on rent versus 17% of owners
- There is a net shortage of 43,000 units in Montgomery County available to households earning less than \$90,000 a year, while there is a surplus of housing available to higher incomes, especially those earning more than \$150,000 per year. When household size is taken into account, there is an estimated overall shortage of 50,000 units over all income levels.

The report includes two policy implication statements (100-101). First, “Demand-side subsidies – rent vouchers, homebuyer tax breaks, foreclosure and other assistance – are expensive, and federal support for these measures has dwindled. County resources – especially when constrained by unstable property tax revenues – are unlikely to cover the expanding base of needs.” And, “Existing supply-side initiatives – chiefly inclusionary zoning – have worked very well in the past. Even so, these tools – including MPDUs, workforce and productivity housing – typically count on a robust housing market. These policies work less well when the market is cool – especially if other policies such as impact fees increase the costs or reduce potential operating income for developers.” A series of recommendations is included at (101-102).

While the “Supply and Demand” study was completed in 2008, the 2010 Rental Facility Report prepared by the Department of Housing and Community Affairs also shows a tightening rental market. The overall vacancy rate for 2010 (as of April) was 3.7%, compared to 4.9% for 2009 (data is for 426 buildings and 72,382 units.) The vacancy rate for a 3-bedroom unit was 3.0% compared to 4.1% in 2009. The average turnover rent for market rate units increased by 1.5% to \$1,389 from 2009 to 2010. The average holdover rent for market rate units increased 3.1% to \$1,286.

C. Revised Goals and Objectives

The proposed Housing Element has 3 Goals (©8-9):

- 1) Conservation of the stable neighborhoods and the existing housing stock.
- 2) Concentrate new housing in mixed-use, transit oriented areas.

- 3) Close the housing affordability gap.

There are 4 objectives which each have a series of policies or strategies to achieve them:

- 1) Concentrate most new housing near transportation and provide easy, multi-modal connections to jobs, schools, shopping, recreation, and other leisure activities. (©12)
- 2) Create diversity in the type and size of units, neighborhoods, facilities, and programs to accommodate current and future residents. (©13)
- 3) Provide economically and environmentally sustainable housing and neighborhoods. (©14)
- 4) Create more balanced, attractive, and walkable neighborhoods through regulatory reform of private developments and leadership in design of public projects. (©15)

The proposed Housing Element contains a chart that identifies the agency or party that should be responsible for achieving the objectives.

D. Public Hearing Testimony

The Council held a public hearing on the proposed Housing Element on December 1, 2009. Written testimony from the hearing and additional testimony received is attached at (107-121).

The **County Executive** generally supports the update (see Executive's comments ©21-25) but recommends a 5th objective, "Housing and Land Use, Zoning, and Development Approval." The objective would address the regulatory and approval process of the County agencies, including the Planning Board. The Executive believes this objective will also provide guidance on the Zoning Code re-write. The Executive also suggests Objective 2 discuss barriers to housing including unfair lending practices, awareness of fair housing rules, and a lack of testing information on fair housing.

The **Montgomery County Civic Federation** suggests that an important objective of the Housing Element should be the "preservation of existing affordably priced housing, both government-controlled and free market." They also testified that an equally important objective "should be the preservation of the character and quality of life in existing neighborhoods." The Civic Federation also supports maintaining the Special Exception process for approval of accessory apartments and believes including a strategy to allow them by right circumvents a county policy debate.

The **Hillandale Citizens Association** notes the issues facing older communities. The Association also objects to changing the approval process for accessory apartments. They suggest that the goal of concentrating new housing in transit oriented areas should look at

achieving a jobs/housing balance and assessing transit quality, noting that local routes are insufficient to serve high-density, mixed income communities well.

The **Housing Opportunities Commission** generally supports the revision but notes that the revision omits the objective, “Promote a sufficient supply of housing to serve the County’s existing and planned employment...” It notes that it is particularly important that lower income workers have housing near their jobs. HOC also notes that the revision calls for the creation of a partnership between Montgomery County and HOC when one already exists.

David Freishtat of Shulman, Rogers requests that the Housing Element define a senior adult as someone aged 55 or older and that this definition be consistent for housing purposes. He notes current inconsistencies in the zoning ordinance.

The Norbeck Meadows Civic Association, Greater Olney Civic Association, Cherrywood Homeowners Association, and Louis Wilen provided comments in opposition to changing the current Special Exception approval process for accessory apartments.

2. 2001 Housing Policy: “Montgomery County – The Place to Call Home” (© 35-87)

Richard Nelson, Director of the Department of Housing and Community Affairs, will provide the Committee with comments on the County’s current Housing Policy. Council staff has not asked the Executive Branch to provide an overview briefing because the current Executive staff and Councilmembers were not here when the Policy was adopted.

The County’s current Housing Policy was adopted in July 2001. The document was drafted by the Executive Branch and adopted by the Council. It does not have a mandated approval structure like the Housing Element. Previously, the Council and Executive adopted a Housing Policy by joint resolution in 1981. The 2001 Housing Policy states:

“The purpose of the Housing Policy is to guide the implementation of the County’s housing programs and policies, provide recommendations for improving them, and direct the allocation of resources. Changing population demographics and economic conditions will necessitate a review and update of the housing policy every ten years.”

The Council approval resolution (©86-87) states that in 10 years (from July 2001) the County Executive must undertake a full re-evaluation of housing needs in Montgomery County and recommend housing policy changes to reflect needs at that time.

The preamble to the Housing Policy states that, “A safe, decent, and affordable home is the cornerstone for a full, normal life.” It states the following as the vision for Montgomery County:

- Everyone with a place to call home – no one homeless.
- All housing in sound condition, meeting all building maintenance codes.

- Adequate living space within each housing unit for its occupants.
- Affordable housing for all who live or work in the county, regardless of age or position.
- Appropriate housing and services for each stage of life so that people can remain in the community as they grow older.
- No discrimination in choosing a place to live, regardless of race, color, religious creed, ancestry, national origin, sex, sexual orientation, marital status, presence of children, age, physical or mental disability, or source of income.
- Housing opportunities and supportive services for those who have mobility or sensory impairment, developmental or emotional disabilities, or mental illness.
- Safe and sound neighborhoods with community services and well-maintained facilities.

The Housing Policy has 7 main objectives with action plans for accomplishing each:

- **Variety and Choice in Housing** – Variety and choice in housing of quality design and durable construction in various types of new and existing neighborhoods in conformance with the County’s General Plan.
- **Assistance for Persons with Diverse Housing Needs** – Housing for diverse residential needs, including housing for the elderly, persons with disabilities, persons with mental illness, and persons transitioning from homelessness.
- **Safe, High-Quality Neighborhoods** – Neighborhoods in which quality and safety are maintained and enhanced through code enforcement and renewal efforts.
- **Communities with Affordable Housing** – An adequate supply of affordable housing in economically inclusive communities throughout the county for those living or working in Montgomery County, especially for households at the median income level and below.
- **Housing for All Stages of Life** – A sufficient housing supply to serve the county’s existing and planned employment and the changing needs of its residents at various stages of life.
- **Equal Opportunity Housing** – Fair housing ordinances to ensure that all residents have an opportunity to purchase, rent finance, and occupy housing in the county.
- **Sustainable Communities** – Sustainable development and environmental sensitivity in housing, neighborhood design, and redevelopment.

The Housing Policy calls for the average production of just over 1,000 new affordable housing units per year to meet the needs of households earning less than \$40,000. In addition, on average about 1,700 affordable units should be preserved each year.

Since the enactment of this policy, there have been changes to the Moderately Price Dwelling Unit (MPDU) program to increase the time units are price controlled and to apply the MPDU requirement to smaller developments. There have been efforts to assist “naturally occurring

retirement communities” and to build housing on publicly owned land (such as Fleet Street for senior housing and the joint Silver Spring library and affordable housing project). Funding for the Housing Initiative Fund increased significantly (although the General Fund contribution has been constrained this fiscal year due to the budget shortfall). The county has worked to move toward a Housing First policy to reduce homelessness (again, funds in FY11 were reduced because of the budget shortfall).

To provide some perspective regarding the difficulty of achieving the goal of producing 1,000 new affordable units per year, the recently approved White Flint sector Plan (excerpt ©122-127) will provide 1,225 new MPDUs over its entire build-out (workforce housing is no longer a requirement). Additional units could be created if developers choose to use additional affordable housing as a way to gain additional density. The plan does not specifically call for any senior or special needs housing in the sector. The plan does note that there are currently no nursing homes or group homes within a half-mile of the Metro Station. The staging plan requires the Planning Board to assess whether the build out of the sector plan is achieving the plan’s housing goals both during Phase 1 and Phase 2 (each of which provides 3,000 total dwelling units.)

3. Other Housing Reports and Plans

There are several other reports and plans that address housing in the County. In addition, each year the County submits a Consolidated Plan and Continuum of Care to the Federal government in order to be eligible for several funding programs.

A. Affordable Housing Task Force

The County Executive’s Affordable Housing Task Force issued its “Report and Recommendations of Montgomery County’s Affordable Housing Task Force” in March 2008. The Executive Summary is included at (©128-135).

The Task Force identified six major issues and provided a series of recommendations for each.

1. Preserve Affordable Housing

- Create a Short Term Property Acquisition Fund.

- Create a Revolving Equity Fund.

- Work proactively with owners of developments that provide affordable housing.

2. Create Affordable Housing

- Add “Increase Affordable Housing” as a new objective in future master plans.

- Investigate and implement the use of an affordable housing impact fee or reasonable alternative on all new non-residential development.

Create a more attractive planning and economic environment for the development of affordable housing.

Reduce parking requirements for housing developments.

Develop a comprehensive inventory of all publicly owned sites and properties.

3. Adopt Regulatory Reform

Expedite regulatory reviews.

Permit accessory apartments without requiring a special exception permit.

Establish a centralized authority for affordable housing.

4. Achieve Community Acceptance of Affordable Housing

Promote well-designed, low-impact affordable housing to foster public acceptance.

Develop and implement an extensive community support campaign.

5. Goals for Affordable Housing Preservation and Production

Establish affordable housing preservation and production goals.

6. Home Purchase Assistance for Public Employees

Establish a program to assist county employees in purchasing a home in the County.

B. MC Coalition Plan to End Homelessness and Housing First Plan

In 2002, the Montgomery County Coalition for the Homeless issued its 10-year plan to end homelessness, "Beginning to End, 2002-2012." A copy of the Plan is attached at ©136-147. The Plan called for moving to a Housing First philosophy.

Beginning in FY09, the Council designated funds to be reserved in the Housing Initiative Fund to implement a Housing First plan to move the County to a system that will reduce time in shelters, motels, and transitional housing and expedite moving individuals and families into permanent housing. Last spring, during budget worksessions Department of Health and Human Services Ahluwalia update the Council on progress that has been made. Highlights included:

- Overall, the total number of homeless people counted in the Point-of-Time survey decreased from 1,194 in 2009 to 1,064 in 2010.
- There has been an increase in the number of families and individuals that are in permanent supportive housing. 292 families were in permanent supportive housing in January 2010 compared to 186 in January 2009. 442 individual adults were in supportive housing in January 2010 compared to 345 in January 2009.

- From July 2009 through March 2010 the county has provided 4,600 eviction prevention/housing stabilization grants totaling over \$3,213,000.
- From July 2009 through March 2010, DHHS has successfully housed 82 households using HIF funds and 15 household using federal rapid re-housing funds.
- Since the start of Housing First, only 3% of 219 households served have failed to maintain leases or been terminated from the program.
- Housing First efforts have helped to reduce the average motel census (only families are housed in motels) from 50 to 55 per week to 15 to 20 per week. In FY09 there were 19,207 motel nights used. As of April 14th, 8,938 motel bed nights have been used.
- In FY09, the average length of stay in a family shelter was about 84 days. For FY10 (through February) it has been reduced to about 69 days.
- 76% of households receiving subsidies are headed by a single female.
- 48% of those who are a single person household are between the ages of 30 and 50, 22% are between the ages of 51 and 60, and 5% are over the age of 62. 31% of these single person households meet the HUD definition of chronically homeless.

C. Housing Initiative Fund Annual Reports

The FY08 and FY09 combined Annual Report for the Housing Initiative Fund is attached at ©148-177. The report highlights the variety of housing assistance provided through the HIF, shares information about the County’s affordable housing partners, describes some specific HIF-funded projects and includes data on affordable housing units produced and spending by category for the HIF.

The Annual Report counts units that are both produced and preserved. It categorizes units as either “online” or in the “pipeline”. “No-cost Units” are generally Moderately Priced Dwelling Units or other units that are produced with no direct monetary investment by the County government (or other government program).

As previously noted, the 2001 Housing Policy called for an average of 1,160 new affordable units to be produced each year and 1,730 to be preserved. The HIF Report shows (©162) the following number of units came on line in each of the last three years.

	New Produced - Online	Units Preserved - Online
FY08	219	165
FY09	776	423
FY10	713	724

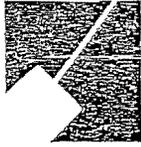
4. Discussion Issues

Council staff suggests the Committee may want to discuss the following issues in order to give direction to Council staff on how to proceed with future worksessions. A key issue for the Committee is how it would like the Housing Element and Housing Policy to be coordinated.

- Should the Housing Element contain the level of detail recommended by the Planning Board? If so, should it be expected to be a 20-year document? (The Executive's comments generally agree with the level of detail and suggest more detail regarding regulatory reform.)
- Should the Housing Element specify that things such as accessory apartments and day care should be allowed by right in certain zones or should it only include policy statements and leave this discussion to the zoning re-write?
- Should the Housing Element include statements about funding for the Housing Initiative Fund or the use of tax credits or is this more appropriate for the Housing Policy?
- What information should all master plans and sector plans include about housing and affordable housing? Was the language in recent plans (such as White Flint) sufficient?
- What is the relationship between the Housing Element and the County's Housing Policy? What level of detail should be included in the Housing Policy?
- How has the recent downturn in the housing market changed (or not changed) the data regarding housing affordability and the demand for rental housing?
- Given the lack of land for development of new single-family detached housing, what should the Housing Element say about the ability to provide increased amount of this type of housing?
- How does the county want define "affordable housing" and should it have a common definition across all the housing documents? In some cases, affordable housing means housing that costs no more than 30% of a household's income. In some instances it is housing that meets the 30% cost criteria but is targeted to household earning 70% or less of area median income (AMI) such as MPDUs. In some cases it combines incomes that would qualify for the MPDU program and for "workforce housing" (which is target to those between 70% and 120% of AMI.) The HIF Annual report highlights one effort that is targeting households earning between 70% and 100% of AMI. It should be noted that most households earning below 70% of AMI are employed and thus part of the "workforce."
- Should the Housing Policy continue to contain specific production goals for both new units and preserved units?
- Several of the policy reports call for making the regulatory process less costly and more efficient. How can this be accomplished and how would it be evaluated?
- How should progress on the Housing Policy be evaluated?
- How often should the Housing Policy be reviewed?

2009 Planning Board
Proposed Revision to
The Housing Element
of the General Plan

ult zoning



MONTGOMERY COUNTY PLANNING BOARD
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

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OFFICE OF THE CHAIRMAN

July 30, 2009

The Honorable Phil Andrews, President
Montgomery County Council
Stella B. Warner Council Office Building
100 Maryland Avenue
Rockville, Maryland 20850

9:11 AM 12 15 2009
MONTGOMERY COUNTY
PLANNING BOARD

Dear Mr. Andrews:

I am pleased to transmit to you the Planning Board Draft of the Housing Element of the General Plan.

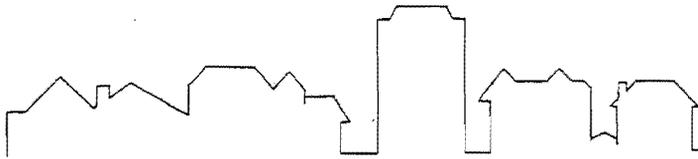
The Planning Board held a public hearing on the draft housing Element on April 23, 2009, and subsequently held two work sessions on June 18 and July 23. The proposed Housing Element addresses the changes in the County's priorities for future community development and preservation. The strategies proposed in the plan move Montgomery County towards a more sustainable future where people of modest means will be able to afford a home in walkable, mixed-used, and diverse communities. It brings the Housing Element of the General Plan in line with current planning frameworks at the county, state, and federal levels. More specifically, the Housing Element meets the requirements of the State of Maryland's 2006 Workforce Housing Grant Program, as required by House Bill 1160.

Should you have any questions about this draft or its supporting studies, please contact Sharon Suarez, the Department's housing coordinator at 301-650-5620 or Sharon.Suarez@mncppc-mc.org, or Khalid Afzal, Acting Manager, Research Team at 301-495-4650.

Sincerely,

Royce Hanson
Chairman

cc: The Honorable Isiah Leggett
Montgomery County Executive



housing

Element of the General Plan



Planning Board Draft • July 2009
montgomery county planning department
The Maryland-National Capital Park and Planning Commission

planning board draft

housing element of the general plan

An Amendment to the Housing Element of the 1993 General Plan Refinement

ABSTRACT

This report contains the text of the Draft Amendment to the Housing Element of the 1993 General Plan Refinement. It amends *The General Plan (On Wedges and Corridors) for the Physical Development of the Maryland-Washington Regional District in Montgomery and Prince George's Counties*, as amended.

The Plan makes recommendations for housing in Montgomery County and identifies the policy objectives, regulatory reforms, and land use strategies needed to accomplish the recommendations. It is meant to satisfy the requirements of the House Bill 1160.

Also available at www.montgomeryplanning.org/community/housing

The Maryland-National Capital Park and Planning Commission

The Maryland-National Capital Park and Planning Commission is a bi-county agency created by the General Assembly of Maryland in 1927. The Commission's geographic authority extends to the great majority of Montgomery and Prince George's Counties; the Maryland-Washington Regional District (M-NCPPC planning jurisdiction) comprises 1,001 square miles, while the Metropolitan District (parks) comprises 919 square miles, in the two counties.

The Commission is charged with preparing, adopting, and amending or extending The General Plan (On Wedges and Corridors) for the Physical development of the Maryland-Washington Regional District in Montgomery and Prince George's Counties.

The Commission operates in each county through Planning Boards appointed by the county government. The Boards are responsible for all local plans, zoning amendments, subdivision regulations, and administration of parks.

The Maryland-National Capital Park and Planning Commission encourages the involvement and participation of individuals with disabilities, and its facilities are accessible. For assistance with special needs (e.g., large print materials, listening devices, sign language interpretation, etc.), please contact the Community Outreach and Media Relations Division, 301-495-4600 or TDD 301-495-1331.

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challenges and goals



Housing values in Montgomery County are among the highest in the Washington Metropolitan area. This reflects both strong demand and the County's reputation for the high quality of services, environment, and neighborhoods. While the strength of the housing market has undergirded neighborhood stability and made a Montgomery home a sound investment, it has also produced a chronic shortage of housing that is affordable for much of the County's work force and other moderate and lower income households.



- 91 percent of the County's residential zoning capacity has been reached.
- By 2015, the County will have more than one million residents.
- By 2030, the County will need about 72,000 new housing units.
- Since 1999, rising home values have priced 50,000 existing housing units beyond the financial capacity of moderate-income households.
- The current rate of affordable housing production cannot keep pace with price increases that are removing these units from the market.

Beginning in the 1970s, the County responded to this need with one of the nation's most successful and highly regarded inclusionary housing programs, the Moderately Priced Housing Unit (MPDU) ordinance, which required all new developments above a threshold number to provide a percentage of its units at prices affordable for households with incomes no greater than 60 percent of the area median. In 2005, the MPDU law was amended to lengthen to 99 years the period of time during which an MPDU home must remain available at a below market price when transferred to a new owner or tenant. In 2006, the County required that 10 percent of new market rate housing units built in areas served by Metro transit stations be available to "work force" households with incomes between 80 and 120 percent of the area median.

Neither of these programs, nor an aggressive program to build publicly assisted housing, have been able to meet the need for housing that a large segment of County residents and workers can afford within 30 percent of their annual household income.

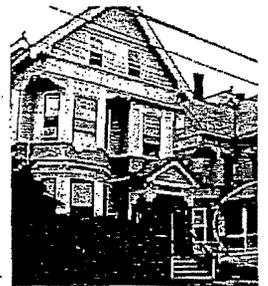


- Affordable housing should cost no more than 30 percent of a household's gross annual income.
- The 2007 median income in Montgomery County for a household of four was \$94,500, which would allow a \$2,363 monthly mortgage payment on a house valued at about \$346,500.

County population is forecast to exceed one million by 2015, and to add 155,000 residents and 72,000 households between 2010 and 2030. Due to declining household size, households will grow faster than the population and many existing households will change their housing requirements. The greatest needs will be for seniors, young households, large families, and people with special needs—disabled residents, homeless individuals, and families. There will be strong and growing demand for rental units.

Aside from licensed multifamily rental apartments, in Montgomery County there are:

- 13,500 registered single-family rental units
- 5,742 registered condo rental units
- 211 registered single-family accessory apartments.



Ninety-one percent of the County's residentially zoned land had been developed or approved for development by 2009. Less than 14,000 acres remain in the development envelope for green field development. It is clear that County housing needs cannot be met by traditional patterns of low-density development that pushed ever outward. As transportation costs grow, the cost of commuting can cancel out any reduction in housing costs, not to mention the effect of increased miles of travel on both air quality and roadway congestion. Moreover, growing concern for the environment and the need to reduce the carbon footprint of development are generating a major shift in both the supply and demand for housing. New housing must be developed by rethinking the future of the County's 106 auto-oriented commercial strips, and its 8,000 acres of surface parking lots (most of them paved before modern stormwater management requirements existed), and by making the most of opportunities for housing near high quality transit service.

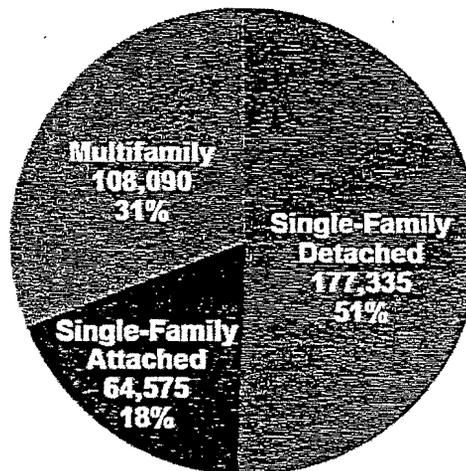
Thus, a combination of forces—a shrinking supply of developable land, higher land costs, rising energy prices, shifts in the County's demographic profile, and environmental constraints—direct us to housing policies that look inward rather than outward to accommodate the housing needs of the next generation for homes and communities that are balanced, convenient, and sustainable.

goals

Conservation of the stable neighborhoods and the existing housing stock.

In the 20-year period covered by this element of the General Plan most County neighborhoods can expect to undergo normal turnover as homes change hands. But these small, incremental changes can, over time, produce significant impacts on the neighborhood as families with children replace empty nesters, renters replace owners, and newcomers need different services and facilities. Maintaining the quality of established neighborhoods is essential to sustaining the quality of their homes. Older neighborhoods of modest single-family and townhomes or garden apartments are especially vulnerable to decline if services are not adapted and maintained, and housing and zoning codes are not enforced. They are also susceptible to tear-down and infill development because they are often well-located in down-County and mid-County areas near employment and shopping centers, services, and public transit routes. These neighborhoods also contain the bulk of affordable and workforce housing in Montgomery County—over 140,000 affordable units in 2009. This is double the number of affordable new units that can reasonably be expected to be added to the housing stock by 2030. Master plans, in particular, must devote special attention to protecting existing neighborhoods.

In 2005, about one-half of our households lived in single-family detached houses.



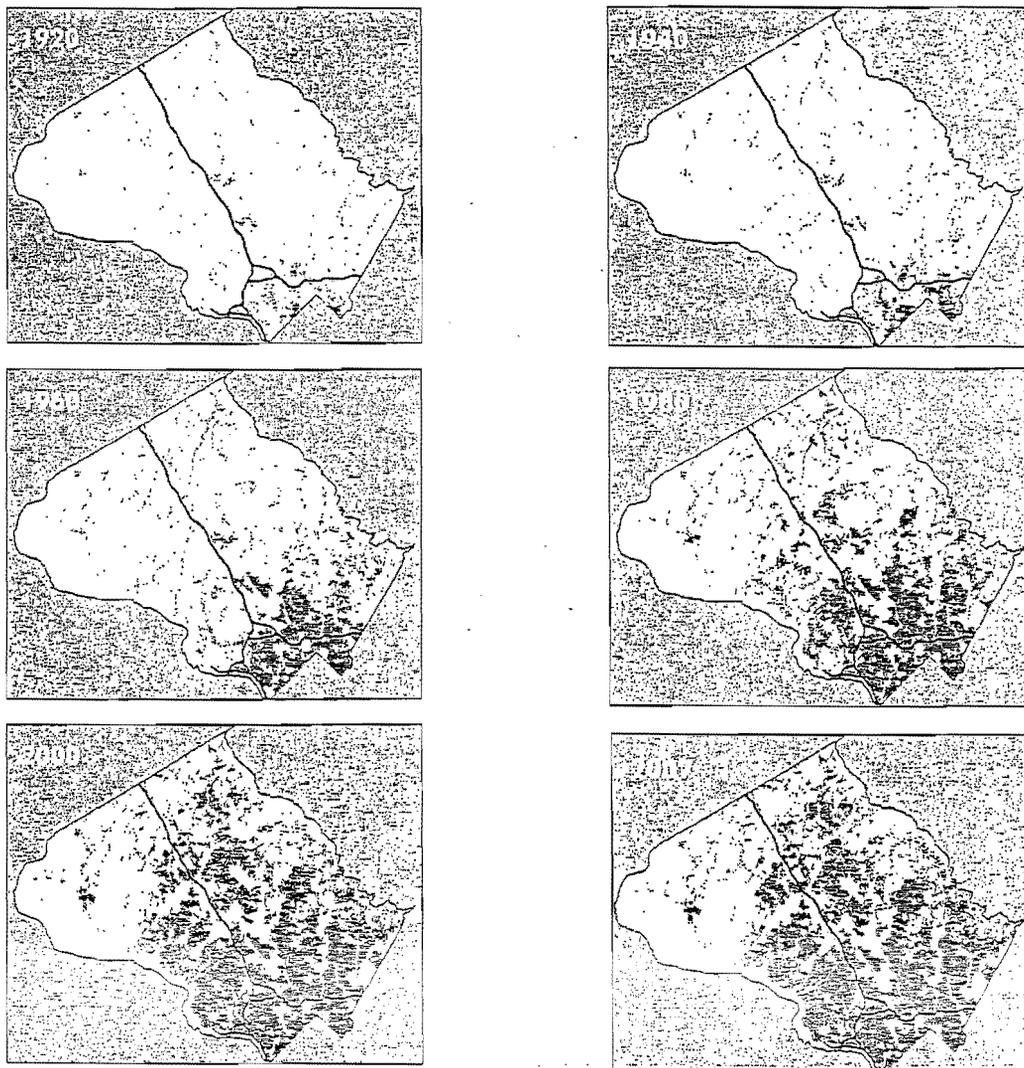
Concentrate new housing in mixed-use, transit-oriented areas.

Large scale housing subdivision is nearing its end in Montgomery County. Most of the new housing that will be built during the years covered by this element of the General Plan will be multifamily buildings in mixed-use centers served by public transportation and in redeveloped commercial strips and malls. Higher densities and smaller units can combine with lower energy and transportation costs to bring the cost of living in the County within affordable ranges for many more residents, whether they are new to the area, acquiring a first home, or changing homes as their needs and circumstances change. Focusing growth in higher density, mixed-use, transit-oriented centers also meets other important planning objectives, including reducing the per capita carbon footprint of new growth, diversifying the housing stock, and creating vibrant pedestrian-oriented communities.

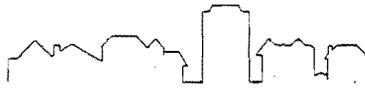
Close the housing affordability gap.

Normal home value appreciation in a strong housing market such as Montgomery's, loss of some units to redevelopment, and loss of others as their period of MPDU price management expires makes closing the gap between the demand and supply of affordable and workforce housing an urgent concern. From 1999 to 2009, rising values alone priced 50,000 units of the existing housing stock beyond the financial capacity of moderate income buyers and renters. Expected rates of new housing production cannot keep pace with price increases that remove existing units from the market. In 2009, the County had a shortage of 43,000 units that were affordable for households earning less than \$90,000 a year (just below the County median), but that number approaches 50,000 when household size is taken into account. In contrast, a surplus of units was available to those with more than \$.150,000 in annual household income. If current trends continue, by 2030 it will be difficult for a household with an annual income of \$120,000 (in constant 2009 dollars) to afford a home in much of Montgomery County. By then, the gap in affordable housing is estimated to reach 62,000 units. This Housing Element recommends a series of public policy actions that should be taken to reduce the affordability gap.

Housing Inventory 1920-2007



a strategic framework

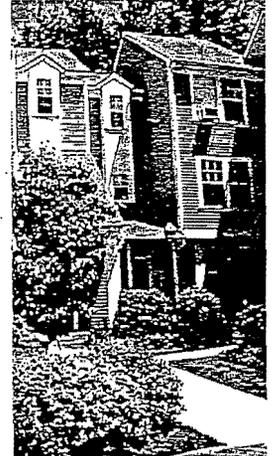


A strategic framework for achieving these goals informs master planning, regulatory reform, public investments and expenditures, and engages the public, private, and independent sectors. It involves the following elements:

- **Master plans** must address existing and future housing needs with particular attention to protecting and enhancing neighborhoods that contain a substantial stock of affordable units and to increasing opportunities for a high jobs-housing ratio including affordable housing in areas served by public transportation.
- **Development regulations** should be revised to require provision of housing near transit, jobs, and services; to provide incentives for producing a wide and diverse range of affordable unit types and sizes; and to reduce regulatory requirements and procedures that discourage production of affordable housing units. The Zoning Ordinance should be revised to clarify that affordable housing is a permitted use in all residential zones. Excessive or unnecessary barriers to provision of affordable and special needs housing, such as parking or special exception requirements, should be removed. The regulatory system should link provision of housing to nonresidential development by encouraging mixed uses or a fee-in-lieu payment to the County's Housing Initiative Fund.
- **New revenue sources** are needed to maintain the Housing Initiative Fund, and to provide for rental assistance programs. Capital programming must be monitored by the Planning Board and the County Executive to ensure that funding is available for neighborhood stabilization and improvements, such as sidewalks, parks, and other facilities needed for high quality, non-auto mobility.
- **Appropriately located surplus public land** should be made available to public and nonprofit agencies for assisted or below market housing. Projects involving the redevelopment of public land or facilities, such as parking facilities, must provide more affordable housing than the minimum requirement.
- **Public agencies should collaborate** with and provide technical assistance and grants to housing cooperatives, faith-based organizations, and neighborhood housing groups to provide for the production and preservation of affordable housing.

Together, these strategies move Montgomery County toward a more sustainable future. The housing stock will be more diverse, more of it will be affordable for people of modest means, and a higher proportion of it will be built in walkable, mixed-use communities that have lower environmental impacts and smaller carbon footprints.

- More than 1,100 people are homeless in Montgomery County, and 56 percent of those are in families.
- The affordability crisis is climbing up the income ladder. By 2030 the shortage of housing is estimated to reach households earning up to \$120,000 per year.
- Energy costs—utilities and transportation—must be included as part of the true cost of housing.
- More senior residents who are aging in place will require community-based services.



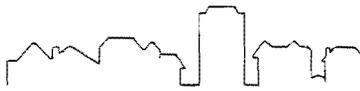
objectives

- Concentrate most new housing near public transportation and provide easy, multi-modal connections to jobs, schools, shopping, recreation, and other leisure activities.
- Concentrate most new housing near public transportation and provide easy, multi-modal connections to jobs, schools, shopping, recreation, and other leisure activities.
- Provide economically and environmentally sustainable housing and neighborhoods.
- Create more balanced, attractive, and walkable neighborhoods through regulatory reform of private developments and leadership in design of public projects.

Achieving each objective will require reinforcing current policies and establishing new policies.

The Affordability Index is housing costs divided by household income.





Objective 1:

Housing and Neighborhood Connectivity

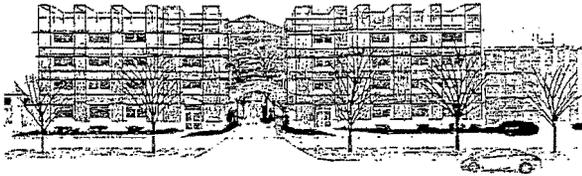
Concentrate most new housing near public transportation and provide easy, multi-modal connections to jobs, schools, shopping, recreation, and other leisure activities.

Policies

- 1.1 Build the majority of new housing in transit-oriented locations.
- 1.2 Increase infill housing opportunities in suburban office parks, shopping centers, and other underused properties.
- 1.3 Coordinate infrastructure investment in existing and new neighborhoods to create a high level of mobility options that connect people to where they live, work, shop, and play.
- 1.4 Provide housing for County employees at or near their job sites, such as at schools, large parks, and other County facilities to reduce housing costs for employees as well as vehicle miles traveled.
- 1.5 As older strip commercial areas and surface parking lots are redeveloped, include housing and improve non-vehicular connectivity through the most direct pedestrian and bike routes between homes, jobs, retail, recreation, schools, and public services.



Transit-oriented communities give people the option to live, work, shop, and play without using a car, reducing the impact of transportation costs on household budgets.



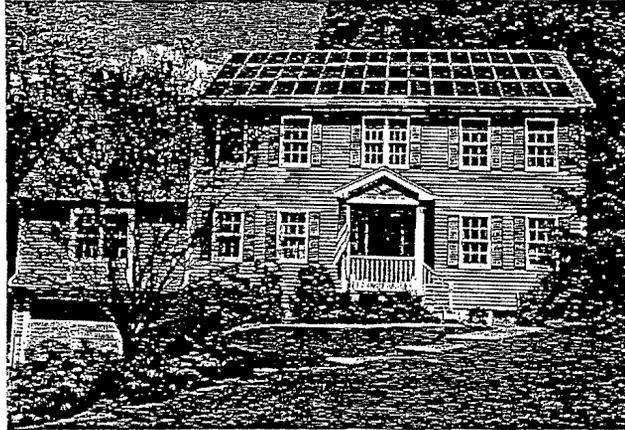
Objective 2:

Diverse Housing and Neighborhoods

Create diversity in the type and size of units, neighborhoods, facilities, and programs to accommodate current and future residents.

Policies

- 2.1 Strengthen the stability of established neighborhoods through targeted programs that improve schools, parks, safety and, new or upgraded pedestrian and bicycling facilities.
- 2.2 Make affordable and workforce housing a priority in all parts of the County.
- 2.3 Encourage neighborhood diversity with a range of unit sizes, types, and occupancy (including rental and ownership options).
- 2.4 Allow accessory apartments in residential zones by-right under appropriate design standards and conditions.
- 2.5 Create mixed-use neighborhoods with local small retail businesses and basic services within walking distance of housing.
- 2.6 Encourage shared parking facilities in high-density, transit-oriented, mixed-use developments to reduce parking and environmental costs in new housing construction. Encourage parking to be provided as a separately priced and purchased amenity in high density areas.
- 2.7 Encourage licensed child and adult daycare facilities in mixed-use developments; allow them by-right in appropriate high-density locations.
- 2.8 Provide tax relief for income-eligible seniors beyond the homeowner's property tax credit so they can afford to stay in their neighborhoods as long as they desire.
- 2.9 Create a partnership between Montgomery County and the Housing Opportunities Commission to acquire vacated properties for affordable and workforce housing, including land donations from banks, grant programs, and other charitable groups.
- 2.10 Encourage housing cooperatives, faith-based organizations, and neighborhood housing groups to use their existing property or to purchase land and buildings for the production and preservation of affordable and workforce housing.
- 2.11 Amend housing policies to encourage projects that mix condominiums and rental units, allowing income restricted units to avoid high condominium fees.
- 2.12 Promote full inclusion of all ages, stages of life, and physical abilities by using standard accessibility features in all new or renovated housing.
- 2.13 Develop programs to help small households and seniors find and occupy housing that is right-sized for their needs, so that oversized homes do not become a burden and so the existing housing stock is available for appropriately sized households.
- 2.14 Enforce housing and zoning codes to prevent overcrowding.



Objective 3:

Housing and the Environment

Provide economically and environmentally sustainable housing and neighborhoods.

Policies

- 3.1 Require green and energy efficient design and materials to reduce operating and maintenance costs for residents and to create more sustainable housing by increasing the number of buildings and units built or retrofitted for energy efficiency, on-site energy production, and water conservation and reuse.
- 3.2 Reduce parking requirements for residential units near transit and within parking lot districts to decrease impervious surfaces and carbon emissions.
- 3.3 Provide stormwater management fee credits for pervious pavers and other materials and strategies that reduce stormwater runoff. These techniques should mitigate the impact of allowable impervious surface rather than increase the footprint of development above what is currently permitted.
- 3.4 Encourage smaller housing units that can serve changing households and reduce energy costs.
- 3.5 Provide tax credits for rehabilitating older housing units so that they are energy-efficient and healthy.
- 3.6 Require best practices in storm water management and grey water strategies, including green roofs, swales, and filtering combined with underground storage tanks for controlled release as well as reuse.
- 3.7 Require preservation of tree canopy and sustainable site design, including native plants and conservation landscaping techniques.
- 3.8 Invest in public infrastructure including transit, water and sewer, and stormwater management to keep neighborhoods healthy.



"A home is not affordable if it is not energy efficient, healthy and durable."

—U.S. Green Building Council



Objective 4.

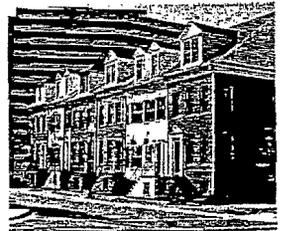
Housing and Neighborhood Design

Create more balanced, attractive, and walkable neighborhoods through regulatory reform of private developments and leadership in design of public projects.

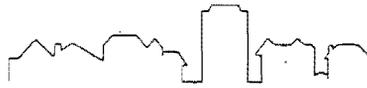
Policies

- 4.1 Plan for transit-oriented neighborhoods that provide a full range of housing opportunities, including the work force employed in the transit corridor.
- 4.2 Facilitate the production of attractive housing and neighborhoods with innovative design of the public realm and architecture, including creative building techniques, materials, and mix of unit types.
- 4.3 Create design guidelines to help define quality public spaces and walkable communities:
- 4.4 Create pedestrian-oriented public spaces to support the needs of a diverse population.
- 4.5 Include affordable and workforce housing in all suitable public building projects in appropriate locations throughout the County.
- 4.6 Provide underused and strategically located surplus public properties for housing, using best design practices to set higher standards and achieve design excellence.
- 4.7 Encourage new and innovative construction techniques and products, such as green technologies and modular components.

One goal of the Planning Department's Zoning Ordinance Rewrite is "promoting infill of appropriate scale and creating neighborhoods of mobility, where sustainable design makes great spaces."



implementation



The recommendations of this report will be implemented through various mechanism and processes by a number of different entities. These recommendations may become a formal part of a master plan or sector plan, and subsequently become the subject of a federal or State program or grant. The improvements may be funded by a mix of local, State, and federal funds, as well as donations from the private sector. The development community may be involved in any or all stages of design and construction.

Residential infill, for example, can take place in existing residential communities, suburban office parks, older commercial strip shopping center, and through residential conversion of non-residential buildings. The County, M-NCPPC, HOC, the development community (profit and not-for-profit developers), State and federal agencies, and utilities would all have varying degrees of involvement and responsibility in achieving infill developments.

The following chart shows the anticipated coordination linkages in a general way. It identifies only the lead responsibility by different entities even though all would have some level of involvement and role in achieving these recommendations.

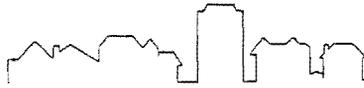


According to Section 26-5 (a) of the Montgomery County Code, every dwelling unit must contain at least 150 square feet of habitable floor area for the first occupant and at least 100 square feet of habitable floor area for every additional occupant.

Interagency Coordination	MC	M-NCPPC	HOC	Developer	State	Federal	Utilities	Financial and Insurers
Housing Goals								
1. Conserve stable neighborhoods and existing housing stock	✓	✓						
2. Concentrate new housing in mixed-use, transit-oriented areas.	✓			✓				
3. Close the affordability gap	✓		✓					
Objective 1: Housing and Neighborhood Connectivity								
1.1 Build most new housing in transit-oriented, mixed-used locations.		✓		✓				
1.2 Increase infill housing opportunities...		✓						
1.3 Coordinate infrastructure investment in existing and new neighborhoods...	✓				✓		✓	
1.4 Provide housing for County employees at or near their job sites...	✓							
1.5 As older strip commercial areas and surface parking lots are redeveloped, include housing and improve non-vehicular connectivity...	✓	✓						
Objective 2: Diverse Housing and Neighborhoods								
2.1 Strengthen the stability of established neighborhoods through targeted programs...	✓							
2.2 Make affordable housing a priority in all parts of the County.	✓							
2.3 Encourage neighborhood diversity through a range of unit sizes, types, and occupancy...		✓						
2.4 Allow accessory apartments in residential zones by-right under appropriate design standards and conditions.		✓						
2.5 Create mixed-use neighborhoods with small retail businesses/basic services in walking distance of housing.		✓		✓				
2.6 Encourage shared parking facilities in mixed-use developments ... Allow parking to be provided as a separately priced and purchased amenity.	✓	✓						
2.7 Encourage child and adult day care facilities in mixed-use developments; allow them by-right in appropriate high-density locations.		✓						
2.8 Provide tax relief for income-eligible seniors above and beyond the homeowner's property tax credit program...	✓				✓			
2.9 Create a partnership between Montgomery County and the Housing Opportunities Commission to acquire vacated properties for affordable housing...	✓		✓					
2.10 Encourage housing cooperatives, faith-based organizations, and neighborhood housing groups to use their existing property or to purchase land and buildings for the production and preservation of affordable housing.	✓							✓
2.11 Amend housing policies to encourage housing projects that mix condominiums and rental units...	✓							✓

Interagency Coordination	MC	M-NCPPC	HOC	Developer	State	Federal	Utilities	Financial and Insurers
2.12 Promote full inclusion of all ages, stages of life, and physical abilities by using standard accessibility features in all new or renovated housing.	✓		✓	✓				
2.13 Develop programs to help small households and seniors find and occupy housing that is right-sized for their needs...	✓					✓		
2.14 Enforce housing and zoning codes to prevent overcrowding.	✓	✓						
Objective 3: Housing and the Environment								
3.1 Require green and energy efficient design and materials ... increasing the number of buildings and units built or retrofitted for energy efficiency, onsite energy production, and water conservation and reuse.	✓	✓				✓		
3.2 Reduce parking requirements for residential units near transit and within parking lot districts...	✓							
3.3 Provide storm water management credits for pervious pavers and other materials and strategies that reduce storm water runoff...	✓							
3.4 Encourage smaller housing units/serve changing households/reduce energy costs.				✓				✓
3.5 Provide tax credits for rehabilitation of older housing units so that they are energy-efficient and healthy.	✓				✓	✓		
3.6 Require best practices in stormwater management and grey water strategies, including green roofs, swales, and filtering ...	✓	✓						
3.7 Require sustainable site design...	✓	✓						
3.8 Invest in public infrastructure ...to keep neighborhoods healthy.	✓				✓		✓	
Objective 4: Housing and Neighborhood Design								
4.1 Plan for transit-oriented neighborhoods that provide a full range of housing opportunities...		✓		✓				
4.2 Facilitate the production of attractive housing and neighborhoods with innovative design of the public realm and architecture...		✓		✓				
4.3 Create design guidelines to help define quality public spaces and walkable communities.		✓						
4.4 Create pedestrian-oriented public spaces to support the needs of a diverse population.	✓			✓				
4.5 Include affordable housing in all suitable public building projects...	✓				✓	✓		
4.6 Provide underused and strategically located surplus public properties for housing...	✓							
4.7 Encourage new/innovative construction techniques/products, such as green technologies and modular components.	✓						✓	

appendix



Online at www.montgomeryplanning.org/community/housing/index.shtm

March 27, 2008

Review of County's Housing Policies

April 11, 2008

Housing Inventory Slide Show

April 17, 2008

Review of Housing Master Plans, Staff Report
The Housing Goals of the General Plan

May 15, 2008

Legislative Issues, Staff Report
The Affordable Housing Task Force Recommendations
Pro Forma Analysis of MPDU Bonus Density
MPDU Site Bonus Density
MPDU Site Design Guidelines
Affordable Housing Task Force Excerpt

May 29, 2008

Examination of Neighborhood Change, Staff Report
Examination of Neighborhood Change Using Indicators, PowerPoint presentation

June 2, 2008

Housing Supply & Demand, Staff Report
Demographic Analysis
Housing Supply Analysis
Housing Market Trends
Housing Supply & Demand Analysis
Housing Supply & Demand PowerPoint presentation

The website also includes links to the speakers and Powerpoint presentations that were part of the 2007-2008 Excellence in Planning speaker series.

A plan provides comprehensive recommendations for the use of public and private land. Each plan reflects a vision of the future that responds to the unique character of the local community within the context of a countywide perspective.

Together with relevant policies, plans should be referred to by public officials and private individuals when making land use decisions.

The Plan Process

The PUBLIC HEARING DRAFT PLAN is the formal proposal to amend an adopted master plan or sector plan. Its recommendations are not necessarily those of the Planning Board; it is prepared for the purpose of receiving public testimony. The Planning Board holds a public hearing and receives testimony, after which it holds public worksessions to review the testimony and revise the Public Hearing Draft Plan as appropriate. When the Planning Board's changes are made, the document becomes the Planning Board Draft Plan.

The PLANNING BOARD DRAFT PLAN is the Board's recommended Plan and reflects their revisions to the Public Hearing Draft Plan. The Regional District Act requires the Planning Board to transmit a plan to the County Council with copies to the County Executive who must, within sixty days, prepare and transmit a fiscal impact analysis of the Planning Board Draft Plan to the County Council. The County Executive may also forward to the County Council other comments and recommendations.

After receiving the Executive's fiscal impact analysis and comments, the County Council holds a public hearing to receive public testimony. After the hearing record is closed, the Council's Planning, Housing, and Economic Development (PHED) Committee holds public worksessions to review the testimony and makes recommendations to the County Council. The Council holds its own worksessions, then adopts a resolution approving the Planning Board Draft Plan, as revised.

After Council approval the plan is forwarded to the Maryland-National Capital Park and Planning Commission for adoption. Once adopted by the Commission, the plan officially amends the master plans, functional plans, and sector plans cited in the Commission's adoption resolution.

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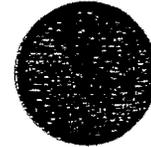
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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

September 29, 2009



2009 SEP 30 PM 2: 29

RECEIVED
MONTGOMERY COUNTY
COUNCIL

TO: Phil Andrews, President
Montgomery County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: Comments on the Planning Board Draft Housing Element of the General Plan

I have reviewed the Planning Board Draft Housing Element of the General Plan, and commend the Montgomery County Planning Board on a fine effort in drafting this document. As drafted, the Housing Element will give guidance to residential growth as the County approaches buildout. The strong emphasis on redevelopment, transit-oriented and sustainable development, and preservation of the existing housing stock will serve the County well as we transition away from our history of greenfields development.

I am pleased that a number of the issues and objectives identified by my Affordable Housing Task Force are addressed in the draft Housing Element. The Task Force report noted the importance of, and included recommendations on:

- preserving the County's existing affordable housing stock,
- creating new affordable housing, and
- adopting regulatory reform, especially mitigation of the expensive and time consuming development approval process for affordable housing.

In keeping with the Task Force's recommendations, the Housing Element places a commendable priority on preserving and creating affordable housing. However, as noted more fully below, the draft Housing Element is lacking in specific recommendations on implementing regulatory reform.

A great many of the comments I made on the Public Hearing Draft have been taken into account in this final draft. Following are additional policy level comments on the Planning Board Draft Housing Element.

The Element's "strategic framework" on page 10 presents a good overview of the issues that must be addressed to implement the goals outlined in the Element. I support each of the strategies in the framework and commit the Executive Branch to cooperating in their implementation.

I have a concern, however, about the way the Element fails to address the issues listed in the strategic framework's bullet 2, "Development regulations". The Housing Element's Objectives and Policies enumerated on pages 12 through 15 contain very little in the way of implementing activities for the revision of development regulations. Only one issue, parking, is specifically addressed. As we recommended in our comments on the Public Hearing Draft Housing Element, I propose that a new Objective 5, entitled "Housing and Land Use, Zoning and Development Approvals." The purpose of the objective is to streamline the regulatory process and remove barriers to housing production, especially affordable housing production.

I propose that the new objective's Policy Goals be as follows:

- 5.1 Expedite approval reviews for housing that meets strategic objectives of affordability, environmental sustainability, and transit serviceability.
- 5.2 Consolidate sequential review and approval processes into one coordinated, concurrent process.
- 5.3 Provide incentives, including height and density, to promote appropriately designed and priced housing.
- 5.4 Allow sectional map amendments that address changing community and market conditions to proceed independently of time consuming master plan and sector plan amendments.
- 5.5 Ensure that all master plan and sector plan amendments address the need for additional affordable housing in the plan area, and promote specific strategies to meet that need.
- 5.6 Allow flexibility in meeting site plan requirements commensurate with the provision of affordable housing in excess of minimum requirements.

Only by proposing concrete steps in this Element can the County make progress on amending the development approval regulations that can impede residential development, especially the creation of affordable housing. I have already asked my staff to convene a work group to create a timeline and strategy for amendments to the development approval and regulatory process. The group will include stakeholders representing all facets of the issue, including Executive and Legislative Branch staff, Planning Department staff, representatives of the building and development industry, and the community at large. We look forward to working with the Council and Park and Planning on this important effort.

Also in the Development regulations bullet on Page 10, a recommendation appears that the "Zoning Ordinance should be revised to clarify that affordable housing is a permitted use in all residential zones." We are not aware of any zone where affordable housing is not a permitted use; therefore this sentence should be deleted.

Additional comments on the Housing Element include:

- p. 10, bullet 5, line 2: Add employers to the groups that should be collaborated with to produce and preserve affordable housing.
- p. 12, Policy 1.4, line 1: Replace "County" with "public" to include a broader range of employees who should have access to housing near their jobsites. The revised language may avoid problems with ethics and collective bargaining.
- p. 12, Policy 1.5, line 2: Replace "non-vehicular" with "non-motorized vehicular and pedestrian." Bicycles are vehicles whose use will promote community connectivity.
- p. 13, Policy 2.6, line 3: Replace "Encourage" with "Allow."
- p. 13, Policy 2.10, line 1: Add "employers" to the list of groups that should be encouraged to produce and preserve affordable and workforce housing.
- p. 13, Policy 2.11: The County is not aware of any housing policy that restricts projects that mix condominiums and rental units. We believe that the real issue may be high condominium fees which restrict the ability of moderate-income households to afford new housing. I suggest rewording this Policy as follows: "Encourage developers of mixed-income communities to adopt lower condominium/homeowner association fees for the income-restricted units."
- p. 14, Policy 3.2: Add "and promote affordability" to the policy. A reduction in housing costs can be a major effect of uncoupling parking from the purchase of residential units.
- p. 14, Policies 3.3 and 3.5: I believe that other environmentally sustainable behaviors can be encouraged through fee credits – not just stormwater management and residential energy efficiency. This policy should be broadened to incorporate other areas, but must recognize that any initiative that reduced County revenues must be carefully evaluated in these times of fiscal restraint. It will be critically important to weigh the relative benefits of each credit or waiver against its cost to the County so that high benefit to cost initiatives may be given high priority.

Attached is a list of editorial comments on and corrections to the draft Housing Element.

I appreciate the efforts of Planning Board staff who worked closely with Executive Branch staff in the creation of the draft Housing Element. I believe it provides a needed amendment to the County's General Plan as we face the housing and neighborhood needs of the twenty-first century. Executive Branch staff will be available to participate in any worksessions that the Council may schedule on this Element.

IL:sns

Attachment

Editorial Comments and Corrections

- p. 6, ¶ 2, line 3: [Housing] Dwelling Unit (MPDU):..
- p. 8, ¶ 2, line 1, New large-scale housing...
- p. 9: Please add quantitative data to "Housing Inventory 1920-2007" maps
- p. 11: delete duplicative bullet 2
- p. 14, Policy 3.7: Reword as follows: "Require [~~preservation~~] conservation of tree canopy and sustainable ... landscaping techniques, as well as soil decompaction strategies. (DEP)
- p. 17-18, Interagency Coordination table: The table should be revised to reflect the any changes to the wording of the Policies on pages 12-15. In addition:
 - 1.4: add check marks to HOC and Developer columns
 - 2.2: add check to M-NCPPC column
 - 3.4: add check to M-NCPPC column
- p. 17, Objective 1, 1.1: correct spelling of "mixed-use"
- p. 18, Objective 4, 4.5: insert "and workforce" after "affordable"

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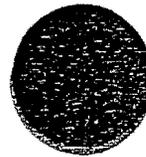
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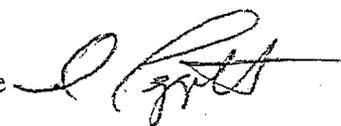
Isiah Leggett
County Executive

MEMORANDUM

September 29, 2009



TO: Phil Andrews, President
Montgomery County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: Fiscal Impact-- Planning Board Draft Housing Element of the General Plan

The Executive Branch has reviewed the Planning Board Draft Housing Element of the General Plan. The Housing Element is an amendment to the County's General Plan adopted in 1964, updated in 1970, and refined in 1993.

The Housing Element does not recommend specific capital projects, but rather identifies policy objectives, regulatory reforms, and land use strategies for housing in Montgomery County. For that reason, there is no measurable fiscal impact of the Housing Element.

IL:sns

2009 SEP 30 PM 2: 29

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MONTGOMERY COUNTY
COUNCIL

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1992
Housing Element
of the General Plan

HOUSING GOALS

A decent home in a suitable living environment for every American family.

48

—U.S. Housing Act of 1949

SCOPE

The Housing Goal addresses Montgomery County's present and future housing needs. It focuses on housing type, quality, quantity, location, and affordability. Housing for less affluent members of the community is of special concern, but the goal, objectives, and strategies are designed to recognize the housing needs of all current and future County residents, including the full spectrum of ages, incomes, lifestyles, and physical capabilities. Providing housing opportunities for employees of all income levels who work in Montgomery County is of particular concern.

KEY CONCEPTS

Consistency with the Wedges and Corridors concept is fundamental to the Housing Goal. The Refinement expects all residential development to conform to this pattern. It also expects consistency with master plans, recognizing them as an integral part of the General Plan. These constraints especially affect the appropriate locations for and types of affordable housing development and the sites and intensities of multi-family complexes.

CHANGES FROM THE 1969 GENERAL PLAN UPDATE

Since 1969, employment has doubled and a significant portion of the land appropriate for housing has been developed in the County. These two major changes have meant shifts in emphasis in the Housing Goal of the General Plan Refinement. Both the 1964 General Plan and the 1969 General Plan Update

HOUSING

goals, objectives and strategies

focused on "an orderly conversion of undeveloped land to urban use." Both advocated the creation of new towns and the use of clustering to achieve this goal. And both included housing as a major element of such development. Neither, however, emphasized the need for housing to support employment.

With the exceptions of Clarksburg and a few scattered but significant tracts of land in other areas, attention today is turning away from the development of vacant land. The current emphasis is on the maintenance, infill, and redevelopment of land, and appropriate increases in housing densities in the Urban Ring and the I-270 Corridor. This shift leads to increased attention to the attractiveness and compatibility of higher density housing.

The reduced supply of undeveloped land puts great pressure on land prices, leading to increased difficulties in providing affordable housing, even for middle income households. Some geographic areas of the County are especially affected. In addition, high-rise housing development raises unique financial feasibility issues and merits special attention. The General Plan Refinement addresses these issues.

The Refinement looks at the relationship of employment growth and the need for housing in a new way. In fact, the Housing Goal adds a new objective regarding the quantity of housing to serve employment in the County as well as the needs of residents at different stages of their lives. The new objective is designed to be flexible, relating the desirable amount of housing to the needs of residents at different stages of life and to the needs of workers in the County at different wage levels. It does not specify the means of achieving this objective nor does it attach a numerical target to it. Instead, the Refinement, while encouraging a balance between jobs and housing on a County-wide basis, leaves decisions about any changes in the numbers of housing units and/or jobs to master plans and other more local forums.

The General Plan Refinement adds a second new objective to the Housing Goal as well. This objective concerns the land use distribution of housing. It seeks to concentrate the highest density residential uses in the Urban Ring, I-270 Corridor, and especially near transit

stations. Of the Housing objectives, this one most specifically reinforces the Wedges and Corridors concept.

The proposed Housing Goal deletes obsolete language from the 1969 General Plan Update. The 1969 General Plan Update Housing Goal reads as follows: "Stress the present quality and prestigious image of residential development in Montgomery County by further providing for a full range of housing choices, conveniently located in a suitable living environment for all incomes, ages and lifestyles." The General Plan Refinement reflects a consensus that a "prestigious image" is no longer needed as a housing goal for the County. The stock of prestigious housing has greatly increased in the past two decades and will remain as an important County asset without its mention as a prospective goal.

The new goal defines the word "quality" as referring to design and durability of construction. It drops the word "environment," which had been used to mean "neighborhood" or "surroundings" but is now more commonly used to mean "natural resources." Finally, it drops the words "preserve" and "established" from the objective concerning neighborhoods. This language was sometimes read as meaning that there should never be change to existing neighborhoods and that "established" neighborhoods, which many citizens interpret as being the most prestigious ones, should be protected more than others.

The General Plan Refinement adds other new strategies and, occasionally, new concepts to the Housing Goal. These include mixing residential densities in each planning area consistent with master plans, encouraging employer assistance in meeting housing needs, and redeveloping existing properties when identified as appropriate in the master plan.

INTERRELATIONSHIP WITH OTHER GOALS

Land Use

Housing is a major component of the Land Use Goal. Location and intensity cannot be separated from other

housing issues, however, and are included in the Housing Goal as well. The Housing Goal addresses topics such as affordability, quality, and variety, which are not addressed by the Land Use Goal. The Housing Goal also encourages the search for improved methods of financing and staging residential construction, and it addresses the need to protect existing neighborhoods from unwarranted intrusions by encouraging compatible infill development with suitable transitions between areas of higher and lower density. The Land Use Goal addresses specific geographic issues. One of the most important of these is the definition of the Residential Wedge, which is a newly highlighted geographic component of the Wedges and Corridors concept. The Residential Wedge primarily contains one- and two-

acre estate zoning. The Land Use Goal discusses its function as a housing resource for the County.

Economic Activity

Housing and economic activity may be considered as two sides of the same land use coin; each constitutes a major resource for the other. Housing provides the consumers and employees to support economic activity, while economic activity provides the means of support for residential areas. In many cases, high quality housing was the impetus for economic development. The Housing and Economic Activity Goals are thus highly interrelated; each addresses the need for the other. This Refinement

Housing development.



calls for greater integration of housing and economic activities. Insofar as the provision of housing is itself a major economic activity and depends on a stable economic climate, it is discussed in the Economic Activity Goal.

Transportation

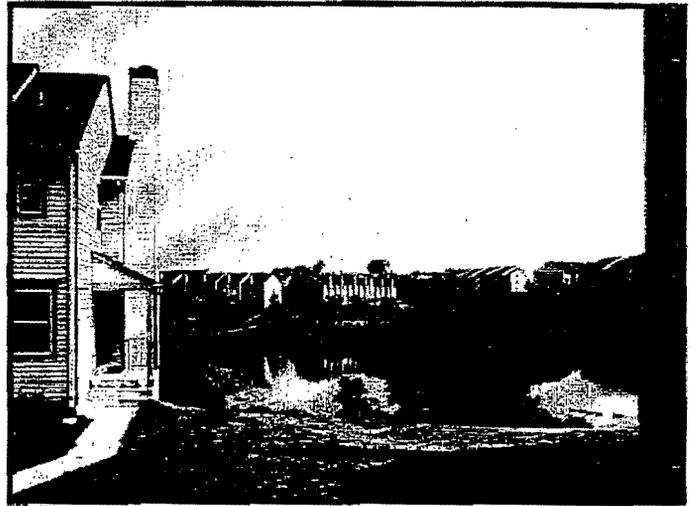
Access to a variety of transportation modes to promote efficient travel, especially to work, and to protect the environment is an underlying theme of many of the Housing objectives and strategies. Improved transportation and pedestrian access is one of several important reasons why the Housing Goal stresses the desirability of mixed uses. The Housing Goal encourages housing plans that foster transit serviceability and proximity of affordable housing to transit. It also emphasizes housing in close proximity to employment opportunities. These strategies are generally consistent and complementary to the Transportation Goal.

Environment

The Environment Goal is a source of both support and potential conflict with the Housing Goal. The Environment Goal seeks to protect healthy and attractive surroundings for present and future County residents. The objectives also address the provision of the utilities and water and sewer service needed by local households. At the same time, some of the Environment objectives, such as preservation of trees, wetlands, stream valleys, and biodiversity, can present major constraints to housing construction. Such issues must be resolved through the master plan and development review processes.

Community Identity and Design

The Community Identity and Design Goal complements the Housing Goal. It guides the development of the community framework for housing and encourages lively, livable neighborhoods for County residents. It also encourages the preservation of historic resources, some of which are unique housing resources.



Regionalism

Housing in Montgomery County is part of a regional market. Consequently, planning for residential uses in the County needs to consider the regional context. This is especially true of affordable housing, which is one of the greatest needs of the County and the regional housing market. Montgomery County will continue to cooperate with appropriate agencies to achieve an equitable distribution of affordable housing in the region.

Compliance with Maryland Planning Act of 1992

The Housing Goal is responsive to several of the Maryland Planning Act's visions. Objectives 3, 5, and 6 respond to concentrating development in suitable areas (Vision 1). The Housing Goal encourages economic growth and also proposes that regulatory mechanisms be streamlined (Vision 6). In addition, strategies are included to assure the availability of adequate housing near employment centers (Objective 3), to ensure adequate housing choices and to encourage innovative techniques to reduce the cost of housing, including the examination of regulations and policies and development standards (Strategy 1E).

GOALS, OBJECTIVES & STRATEGIES

Encourage and maintain a wide choice of housing types and neighborhoods for people of all incomes, ages, lifestyles, and physical capabilities at appropriate densities and locations.

OBJECTIVE 1

Promote variety and choice in housing of quality design and durable construction in various types of neighborhoods.

Strategies

- A. Permit increased flexibility in residential development standards to meet a broader range of needs and to foster more creative design.
- B. Expand opportunities for a variety of housing densities within communities to offer more choice to a broader economic range of households.
- C. Encourage the use of new and innovative housing construction techniques, including pre-fabricated components and housing units, to increase the supply and variety of housing types.
- D. Explore the feasibility of rural centers in appropriate locations, such as the Residential Wedge.
- E. Assess the development review process to determine ways to streamline the process and to encourage creative housing design.
- F. Encourage both ownership and rental opportunities for all types of housing.

OBJECTIVE 2

Promote a sufficient supply of housing to serve the County's existing and planned employment and the changing needs of its residents at various stages of life.

Strategies

- A. Provide adequate zoning capacity to meet the current and future housing needs of those who live or work in the County.
- B. Explore ways to improve the economic feasibility of housing development as compared to employment-related buildings.
- C. Phase mixed-use development so that housing is constructed in a timely fashion relative to other uses within the project.
- D. Develop additional techniques to provide housing opportunities to meet the special housing needs of young workers, the elderly, and persons with disabilities.
- E. Encourage employer assistance in meeting housing needs.
- F. Develop new techniques to provide housing, including incentives.

OBJECTIVE 3

Encourage housing near employment centers, with adequate access to a wide variety of facilities and services. Support mixed-use communities to further this objective.

Strategies

- A. Assure the availability of housing near employment centers.
- B. Integrate housing with employment and transportation centers with appropriate community services and facilities, especially in transit stop locations.
- C. Examine County regulations and policies for opportunities for mixed-use development; develop additional options.
- D. Ensure a reasonable distribution of residential and commercial uses in mixed-use zones.
- E. Explore changing development standards to allow the closer integration of employment and housing within mixed-use developments.
- F. Encourage housing plans that foster transit serviceability.

goals, objectives and strategies

- G. Encourage the provision of appropriate indoor and outdoor recreational and community facilities in multi-family and single-family residential development.

OBJECTIVE 4

Encourage an adequate supply of affordable housing throughout the County for those living or working in Montgomery County, especially for households at the median income and below.

Strategies

- A. Encourage the provision of low-, moderate-, and median-income housing to meet existing and anticipated future needs.
- B. Distribute government-assisted housing equitably throughout the County.
- C. Plan affordable housing so that it is reasonably accessible to employment centers, shopping, public transportation, and recreational facilities.
- D. Encourage well-designed subsidized housing that is compatible with surrounding housing.
- E. Assure the provision of low- and moderate-income housing as part of large-scale development through a variety of approaches, including the Moderately Priced Dwelling Unit program.
- F. Preserve existing affordable housing where possible.
- G. Encourage development of affordable housing by the private market.
- H. Designate government-owned land, other than parkland, that meets appropriate housing site selection criteria for future housing development.
- I. Identify County policies that have a burdensome effect on the cost of housing; find alternatives if possible.
- J. Encourage the provision of innovative housing types and approaches, such as single-room occupancy housing and accessory apartments, to meet the needs of lower income single persons and small households.
- K. Develop zoning policies that encourage the provision of affordable housing while protecting the Wedges and Corridors concept.

OBJECTIVE 5

Maintain and enhance the quality and safety of housing and neighborhoods.

Strategies

- A. Discourage deterioration of housing through well-funded code enforcement, neighborhood improvement programs, and other appropriate techniques.
- B. Ensure that infill development and redevelopment complements existing housing and neighborhoods.
- C. Mix housing with other uses with special care in ways that promote compatibility and concern for residents' needs for safety, privacy, and attractive surroundings when introducing new uses into older neighborhoods.
- D. Provide for appropriate redevelopment of residential property when conditions warrant.
- E. Protect residential neighborhoods by channeling through traffic away from residential streets and discouraging spill-over parking from non-residential areas.
- F. Use special care to plan uses at the edges of high-density centers that are compatible with existing neighborhoods.

OBJECTIVE 6

Concentrate the highest density housing in the Urban Ring and the I-270 Corridor, especially in transit station locales.

Strategies

- A. Designate appropriate, specific locations in sufficient amounts for higher density housing and mixed-use development in master plans.
- B. Modify County zoning regulations and other policies to improve the feasibility and attractiveness of higher density housing.
- C. Encourage air rights development in areas designated for higher densities.
- D. Encourage development of affordable, higher density housing in the vicinity of transit stations.

1969
Housing Element
of the General Plan

E. Housing

There are few policy statements in the General Plan that are concerned specifically with housing, as distinguished from residential land use. The Plan proposes greater variety in types of living environment, stressing physical design (the avoidance of monotonous and unimaginative layouts) and the use of new town and clustering types of development as a means of producing this diversity. The prevention and elimination of urban blight by means of an urban renewal program is also proposed.

Recommendations for Updating the General Plan: The following policies are recommended for approval:

GOAL

► **STRESS THE PRESENT QUALITY AND PRESTIGIOUS IMAGE OF RESIDENTIAL DEVELOPMENT IN MONTGOMERY COUNTY BY FURTHER PROVIDING FOR A FULL RANGE OF HOUSING CHOICES, CONVENIENTLY LOCATED IN A SUITABLE LIVING ENVIRONMENT FOR ALL INCOMES, AGES AND LIFE STYLES.**

Objective A. Provide for quality, variety and choice in residential development.

Guidelines

1. *Permit greater flexibility in residential development to meet a broad range of needs.*
2. *Encourage a high quality of livability for all housing units.*
3. *Encourage excellence in design of interior and exterior living space to assure that such space needs are determined by and related to family size, the functions of day-to-day living, and the normal possessions of families.*
4. *Encourage the provision of both indoor and outdoor recreational and community facilities, as appropriate in multi-family and single-family residential development.*
5. *Encourage ownership provisions for all types of housing and community facilities.*
6. *Encourage the use of new and innovative housing systems constructed on or off site to increase the supply and variety of housing types.*

7. *Increase the speed of development through more efficient procedures for local governments' decisions affecting development.*

Objective B. Integrate housing with employment and transportation centers and community services and facilities.

Guidelines

1. *Assure the availability of housing near industrial, commercial and transportation centers.*
2. *Promote an economic balance of housing costs related to employment opportunities.*
3. *Assure the economic feasibility of providing housing for all income levels.*

Objective C. Insure an adequate supply of housing for low- and moderate-income households.

Guidelines

1. *Provide for low- and moderate-income housing to meet existing county needs and anticipated future employment needs.*
2. *Distribute public housing on a county-wide basis with emphasis on accessibility to employment centers, shopping and recreational facilities and with emphasis away from areas which are economically impacted.*
3. *Assure the provision of low- and moderate-income housing as part of large-scale development and as an option in smaller scale development.*
4. *Utilize existing government land which meets good housing site criteria to increase the number of available sites for meeting housing needs.*
5. *Assist households in locating and financing housing and in maintenance.*

Objective D. Preserve and enhance the quality of housing and environment in established neighborhoods.

Guidelines

1. *Coordinate the infusion of substantial public funds with county code enforcement programs.*
2. *Discourage negligence among owners and renters through code enforcement and other appropriate techniques.*
3. *Employ positive programs in achieving community improvement.*

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MONTGOMERY COUNTY —
THE PLACE TO CALL HOME

A HOUSING POLICY
for
MONTGOMERY COUNTY, MARYLAND



Department of Housing and Community Affairs
July 2001

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Cover: Moderately Priced Dwelling Units in Montgomery County.
Photo by Tim Miner, DHCA

Housing Policy — Executive Summary

MONTGOMERY COUNTY: THE PLACE TO CALL HOME

Vision

A safe, decent, and affordable home is the cornerstone for a full, normal life. A neighborhood is the basic unit of community in which a family can grow and flourish. The vision for Montgomery County is for *all of its residents to have decent housing in sound neighborhoods.*

In our vision for Montgomery County, we see:

- Everyone with a place to call home — no one homeless.
- All housing in sound condition, meeting all building maintenance codes.
- Adequate living space within each housing unit for its occupants.
- Affordable housing for all who live or work in the county, regardless of age or position.
- Appropriate housing and services for each stage of life so that people can remain in the community as they grow older.
- No discrimination in choosing a place to live, regardless of race, color, religious creed, ancestry, national origin, sex, sexual orientation, marital status, presence of children, age, physical or mental disability, or source of income.
- Housing opportunities and supportive services for those who have mobility or sensory impairment, developmental or emotional disabilities, or mental illness.
- Safe and sound neighborhoods with community services and well-maintained facilities.

We will work to achieve this vision with:

- The commitment of citizens, community leaders, housing providers, and public employees.
- Funding and appropriate planning.

Purpose

The purpose of the Housing Policy is to guide the implementation of the County's housing programs and policies, provide recommendations for improving them, and direct the allocation of resources.

Conditions

As a result of shifting demographic and economic conditions in the region, housing supply and demand have changed significantly since adoption of the last Housing Policy in 1981. High interest rates were then the main problem affecting affordability. Today, racial, ethnic, and economic diversity are increasing; the economy is diversifying; and the area is becoming more metropolitan and international. The housing market is characterized by:

- Low production of multifamily housing, causing extremely low rental vacancy rates and historically high increases in rent.
- Residential housing production, especially of units for individuals and households below the median income, not keeping pace with recent increases in demand.
- Aging neighborhoods, many 50 years old or more, needing reinvestment and stabilization.
- Most new development opportunities in infill development or redevelopment of older and obsolete communities and structures as the county nears build-out.
- Increasing demand for independent- and assisted-living senior housing as the population ages.
- Increasing demand for housing for individuals and families transitioning from homelessness as various federal programs that subsidize buildings expire.
- An affordable assisted housing stock under intense pressure.

Our Objectives

The Housing Policy has seven main objectives for accomplishing the vision:

1. **Variety and choice in housing**, in various types of new and existing neighborhoods in conformance with the County's General Plan.
2. **Assistance for persons with diverse housing needs**, including housing for the elderly, persons with disabilities, persons with mental illness, and persons transitioning from homelessness.
3. **Safe, high-quality neighborhoods.**
4. **Communities with affordable housing**, throughout the County, especially for households at the median income level and below.
5. **Housing for all stages of life**, to serve the county's existing and planned employment and the changing needs of its residents.

6. **Equal opportunity housing**, to ensure that all residents have an opportunity to purchase, rent, finance, and occupy housing in the county.
7. **Sustainable communities** and environmental sensitivity in housing, neighborhood design, and redevelopment.

Tools

County programs and projects currently available to enhance housing choice include:

- Ensuring the availability of moderately priced dwelling units through the **mandatory inclusionary zoning** of the Moderately Priced Dwelling Unit Program.
- Preserving agricultural land and open space through the **Transfer of Development Rights Program**.
- Providing the Housing Opportunities Commission the **authority to use revenue bonds** for multifamily and single-family dwellings.
- Ensuring a high level of funding through the housing trust fund, **Montgomery Housing Initiative**.
- Providing **scattered site public housing**.
- Providing **mixed income housing**.
- Employing **concentrated code enforcement** in older communities.
- Providing **replacement homes** for owner-occupants of condemned properties.
- Adopting pilot program for single-room occupancy housing, **Personal Living Quarters**.
- **Converting hotels** to efficiency apartment facilities (single-room occupancy),
- Providing **accessory apartments**.
- Continuing programs for education, testing, research, and enforcement under **Fair Housing**.
- Providing **housing through the adaptive reuse** of surplus public schools and school sites.
- Having the **right of first refusal** to purchase multifamily housing in the county.
- Using **rental agreements** to preserve the affordability of multifamily housing being transferred.
- Providing **funding** through:
 - The **Group Home Loan Program**.
 - The **condominium transfer tax**.

- The **Downpayment Assistance Program**.
- The county-funded **Rental Assistance Program**.

Fine Tuning

As part of the Housing Policy effort, five current programs have been identified and examined to determine how they might be improved:

- Housing Initiative Fund.
- Moderately Priced Dwelling Unit Program
- Group Home Program.
- Rental Assistance Program.
- Code Enforcement Programs: Vacant and Condemned Housing and Neighborhoods Alive!

New Responses

Action plans have been developed to help fulfill the seven objectives of the Housing Policy.

Annual Affordable Housing Production Goals

The current income distribution of households in the county shows that about 25 percent of county households earn less than \$40,000 a year. To continue to serve these households, an affordable housing production goal of 1,000 to 1,200 units per year is necessary, in addition to the preservation of the existing affordable housing stock. The following chart lists the county's affordable housing production programs and establishes an annual production goal for each program based on market conditions, program history, forecast needs, and industry and provider capacity.

A comparison of these production goals with averages achieved in each category over the past two years reveals a need for a dramatic increase in affordable housing units. These goals are aggressive, but they can be achieved with adequate funding and organizational focus.

Affordable Housing Program: Proposed Annual Production Goals
(Averages for the last two fiscal years, FY99 and FY00, are shown in parentheses.)

Programs	Owner Units	Rental Units	Total Cost (County \$)
Moderately Priced Dwelling Units	200 (149)	100 (83)	\$0 (\$0)
Section 8 Certificates/ Housing Vouchers		200 (190)	\$0 (\$0)
Group Home/Transitional/ Special Needs Housing Production		100 (29)	\$500,000 - \$1,000,000 (\$145,000)
Home Ownership	30* (11*)		\$600,000 (\$296,000)
Nonprofit Multifamily Rehabilitation		150* (55*)	\$1,500,000 - \$2,250,000 (\$543,000)
New Construction		200 (0)	\$800,000 - \$2,000,000 (\$0)
Preservation of Federally Assisted Housing		200* (121*)	\$1,600,000 - \$2,400,000 (\$780,000)
HOC and Nonprofit MPDU Acquisition		60 (29)	\$1,800,000 (\$870,000)
Multifamily Rehabilitation Loans		150* (5*)	\$750,000 - \$1,500,000 (\$108,000)
Construction of Elderly Housing and Assisted Living Units		250 (18)	\$3,750,000 - \$5,750,000 (\$683,000)
Accessory Apartments		50 (15)	\$0 (\$0)
Preservation of Threatened Multifamily Housing		950* (950*)	\$0 (\$0)
Acquisition of Threatened Multifamily Housing		150* (24*)	\$0 - \$1,500,000 (\$516,000)
HOC Public Housing Rehabilitation		100* (40*)	\$700,000 - 1,500,000 (\$290,000)
	Total Units:		Total Cost to County:
	New: 1,160(513)	Preserved: 1,730(1,206)	\$12 - \$20,300,000
	Total: 2,890(1,719)		(\$4,231,000)

* Units preserved, not added to the housing stock.

** Loan.

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A Housing Policy for Montgomery County, Maryland

Montgomery County — The Place to Call Home

A safe, decent, and affordable home is the cornerstone for a full, normal life. A neighborhood is the basic unit of community in which a family can grow and flourish. The vision for Montgomery County is for *all of its residents to have decent housing in sound neighborhoods.*

Montgomery County is one of the finest communities in the nation. It offers a wide range of housing types, in various price ranges, for rent and for sale, to most who choose to live here. It has many fine neighborhoods with excellent public services and community facilities. Job opportunities abound.

Today, nevertheless, a decent and affordable home is not available to all who live or work in the county. In too many cases, people are paying more than they can afford for their housing or live in fear of eviction. Some cannot pay for necessary maintenance. Some elderly residents cannot find suitable places that are affordable and near family members. Some of the less fortunate in our community who have special needs, such as the supportive services made necessary by disabilities or mental illness, fail to find affordable and sound housing. There are workers who cannot find decent and affordable housing near their jobs and must spend hours commuting.

In our vision for Montgomery County, we see:

- Everyone with a place to call home — no one homeless.
- All housing in sound condition, meeting all building maintenance codes.
- Adequate living space within each housing unit for its occupants.
- Affordable housing for all who live or work in the county, regardless of age or position.
- Appropriate housing and services for each stage of life so that people can remain in the community as they grow older.
- No discrimination in choosing a place to live, regardless of race, color, religious creed, ancestry, national origin, sex, sexual orientation, marital status, presence of children, age, physical or mental disability, or source of income.
- Housing opportunities and supportive services for those who have mobility or sensory impairment, developmental or emotional disabilities, or mental illness.
- Safe and sound neighborhoods with community services and well-maintained facilities.

We will work to achieve this vision with:

- The commitment of citizens, community leaders, housing providers, and public employees.
- Funding and appropriate planning.

This Housing Policy will help make this vision a reality.

I. Purpose, Principles, and Objectives for a New Housing Policy

Purpose

The purpose of the Housing Policy is to guide the implementation of the County's housing programs and policies, provide recommendations for improving them, and direct the allocation of resources. Changing population demographics and economic conditions will necessitate a review and update of the housing policy every ten years.

Principles

The Housing Policy of Montgomery County is a commitment to certain principles, reflecting who we are and what we stand for as a community. These principles mandate that the County should strive to maintain and enhance the quality of life of its citizens by:

- Developing a regional housing strategy to address housing needs in all parts of the metropolitan region and all segments of the population, in its various forms of diversity, and pairing this strategy with County commitment to:
 - Maintain, preserve, and revitalize the infrastructure in older regions.
 - Protect the safety of inhabitants of every neighborhood.
 - Preserve open space and agricultural areas for future generations.
- Providing funding and programs when necessary to supplement state and federal programs.

This comprehensive housing strategy requires that the County:

- Encourage:
 - Innovative planning and design efforts.
 - Compact residential and commercial development in business districts, town centers, and other areas served by public transit and other infrastructure.
 - Continued upkeep of the county's aging housing stock.



- Support development of a housing stock that:
 - Includes structure types to accommodate the needs of different households.
 - Provides affordability for all income levels, widely distributed throughout the county.
 - Meets the needs of individuals and families as people age and their needs change.
 - Provides housing for special needs populations, including persons with physical disabilities, individuals with mental or emotional illness, persons transitioning from homelessness, and persons recovering from substance abuse and addiction.
- Expand and enforce fair housing policies appropriate for a diverse society.

Objectives

The Housing Policy has seven main objectives for accomplishing the vision. They are:

1. **Variety and Choice in Housing** — Variety and choice in housing of quality design and durable construction in various types of new and existing neighborhoods in conformance with the County's General Plan.
2. **Assistance for Persons With Diverse Housing Needs** — Housing for diverse residential needs, including housing for the elderly, persons with disabilities, persons with mental illness, and persons transitioning from homelessness.
3. **Safe, High-Quality Neighborhoods** — Neighborhoods in which quality and safety are maintained and enhanced through code enforcement and renewal efforts.
4. **Communities With Affordable Housing** — An adequate supply of affordable housing in economically inclusive communities throughout the county for those living or working in Montgomery County, especially for households at the median income level and below.
5. **Housing for All Stages of Life** — A sufficient housing supply to serve the county's existing and planned employment and the changing needs of its residents at various stages of life.
6. **Equal Opportunity Housing** — Fair housing ordinances to ensure that all residents have an opportunity to purchase, rent, finance, and occupy housing in the county.
7. **Sustainable Communities** — Sustainable development and environmental sensitivity in housing, neighborhood design, and redevelopment.

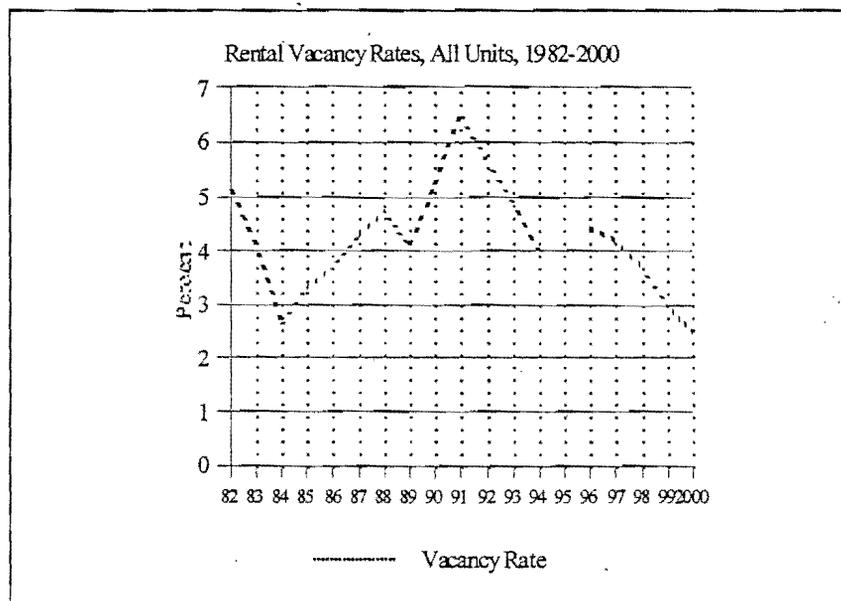
II. Changing Demographic and Economic Conditions

From Bedroom Community to Maturing Urban County

While the basic principles underlying the County's housing policy have not changed significantly over the years, the county has experienced tremendous demographic and economic changes. From a farming community in the early 20th century, Montgomery County developed into what was primarily a suburban, bedroom community to Washington, D.C. during the second half of the 20th century. Here at the beginning of the 21st century, the county is becoming an important regional employment center. Enterprises, especially those in the bio- and info-tech sectors, have been attracted by the highly skilled resident population and the presence of federal agencies. New residents have been attracted to the county's high quality of life, excellent schools, booming job market, and still affordable housing.

Montgomery County is now a maturing urban county, rich in diversity, and a very different place from the homogeneous county of the 1950s. Extensive development and the implementation of programs to protect open space and agricultural land have reduced the amount of land available for new housing. Neighborhoods built before 1950 have aged, and some now need extensive reinvestment in the housing stock and urban infrastructure if the quality of life is to be preserved.

The County needs to determine what changes are needed in the direction of housing programs, many of which were created in the 1970s. Above all, it is incumbent upon the County to continue its housing commitment to its diverse population and to use its resources wisely and efficiently.

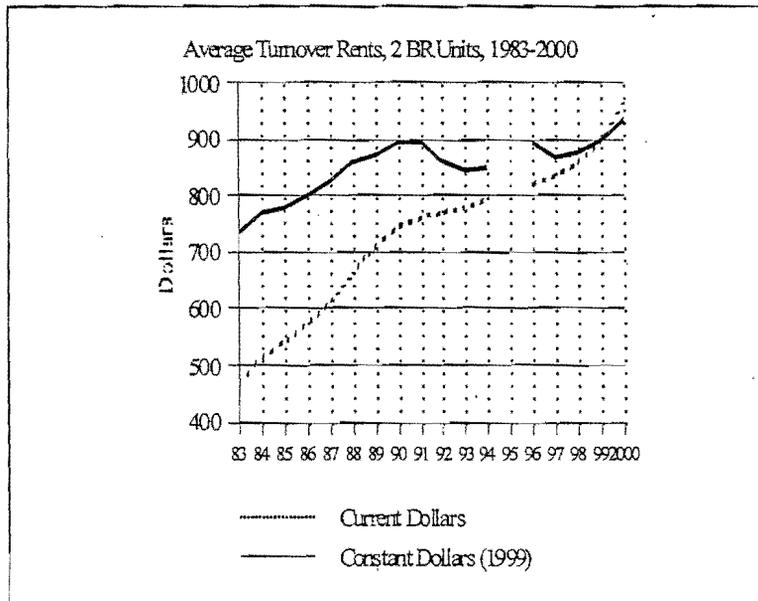


Source: DHCA Rental Vacancy Surveys

Note: No survey conducted in 1995

Summary of Conditions

- Low production of multifamily housing has caused rental vacancy rates to fall below 2 percent and annual turnover rent increases to reach historic highs of 6 to 8 percent. The average one-bedroom unit costs \$846, and the average two-bedroom unit is \$965.
- Residential housing production, especially of units for individuals and households below the median income, has not kept pace with recent increases in demand. Economic growth, in-migration, and resident population growth are expected to add about 4,000 households per year to Montgomery County. Annual housing production has averaged fewer than 3,600 units per year between 1990 and 1999.
- As the county nears build-out, most new development opportunities will be for infill development and redevelopment of older and obsolete communities and structures. Vacant, abandoned, and obsolete structures are already blighting some urban areas of the county.

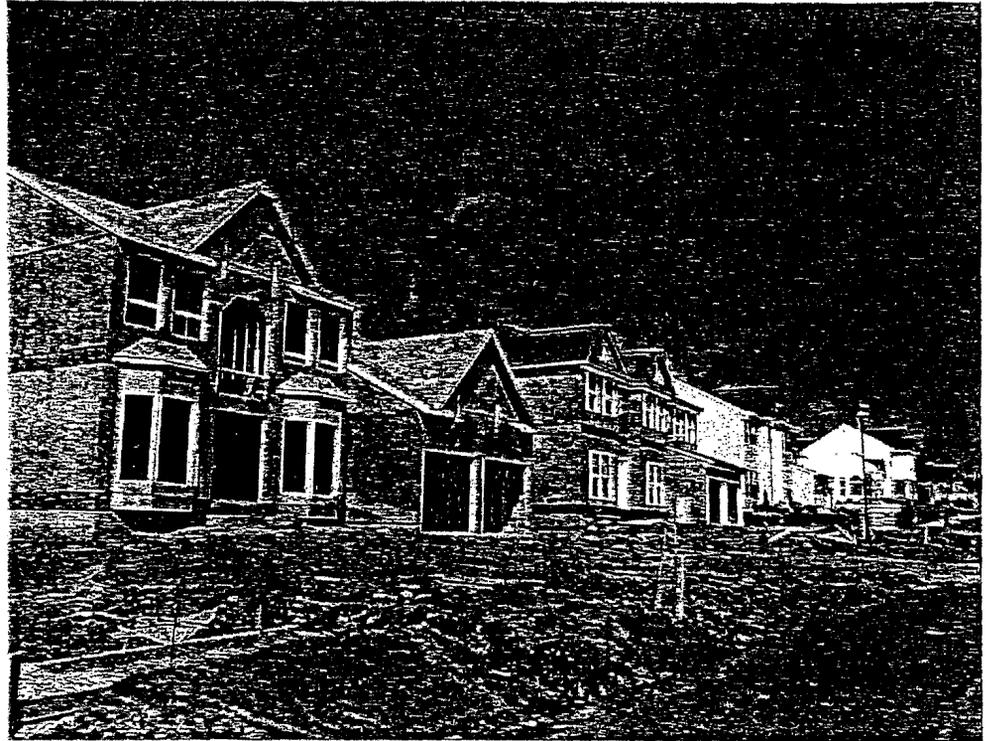


Source: DHCA Rental Vacancy Surveys

Note: No survey conducted in 1995

- The county is becoming more racially, ethnically, and economically diverse. In 1997 racial minorities made up over 27 percent of the population, up from 4 percent in 1960. Persons of Hispanic ethnicity made up over eight percent of the population. Over 12 percent of county households earn less than 50 percent of the median income.
- Demand is increasing for independent- and assisted-living senior housing. Current estimates of unmet demand show a need for 1,800 independent living units and 1,500 assisted living units.
- Demand is increasing for housing for individuals and families transitioning from homelessness. The county can meet only about one-

- Demand is increasing for housing for individuals and families transitioning from homelessness. The county can meet only about one-third of the current emergency shelter bed needs; over 370 more beds are needed. Additionally, there is a current unmet need of 185 transitional housing beds and 231 permanent supportive housing units.
- The affordable assisted housing stock is under intense pressure. Approximately 2,000 rental housing units with below-market rents may be lost by 2005 due to prepayment and/or discontinuation of federally subsidized loans or assistance contracts.



III. Fine Tuning Existing Innovative Housing Programs

Tools for Enhancing Housing Choice

County programs and projects currently available to enhance housing choice include:

- Ensuring the availability of moderately priced dwelling units through the **mandatory inclusionary zoning** of the Moderately Priced Dwelling Unit Program.
- Preserving agricultural land and open space through the **Transfer of Development Rights Program**.
- Providing the Housing Opportunities Commission the **authority to use revenue bonds** for multifamily and single-family dwellings.
- Ensuring a high level of funding through the housing trust fund, **Montgomery Housing Initiative**.
- Providing **scattered site public housing**.
- Providing **mixed income housing**.
- Employing **concentrated code enforcement** in older communities.
- Providing **replacement homes** for owner-occupants of condemned properties.
- Adopting pilot program for single-room occupancy housing, **Personal Living Quarters**.
- **Converting hotels** to efficiency apartment facilities (single-room occupancy),
- Providing **accessory apartments**.
- Continuing programs for education, testing, research, and enforcement under **Fair Housing**.
- Providing housing through the **adaptive reuse** of surplus public schools and school sites.
- Having the **right of first refusal** to purchase multifamily housing in the county.
- Using **rental agreements** to preserve the affordability of multifamily housing being transferred.
- Providing **funding** through:
 - The **Group Home Loan Program**.
 - The **condominium transfer tax**.
 - The **Downpayment Assistance Program**.
 - The county-funded **Rental Assistance Program**.

Fine Tuning

In its efforts to provide a wide range of housing choices, Montgomery County has a long and remarkable record of responding to market and non-market forces. Under the auspices of the Housing Opportunities Commission of Montgomery County (HOC), the County's housing authority and housing finance agency, the County has implemented policies and programs that benefit low- and moderate-income residents.

For the purposes of this housing policy, the following five programs are examined:

- **Housing Initiative Fund.**
- **Moderately Priced Dwelling Unit Program.**
- **Group Home Program.**
- **Rental Assistance Program.**
- **Code Enforcement Programs: Vacant and Condemned Housing and Neighborhoods Alive!**

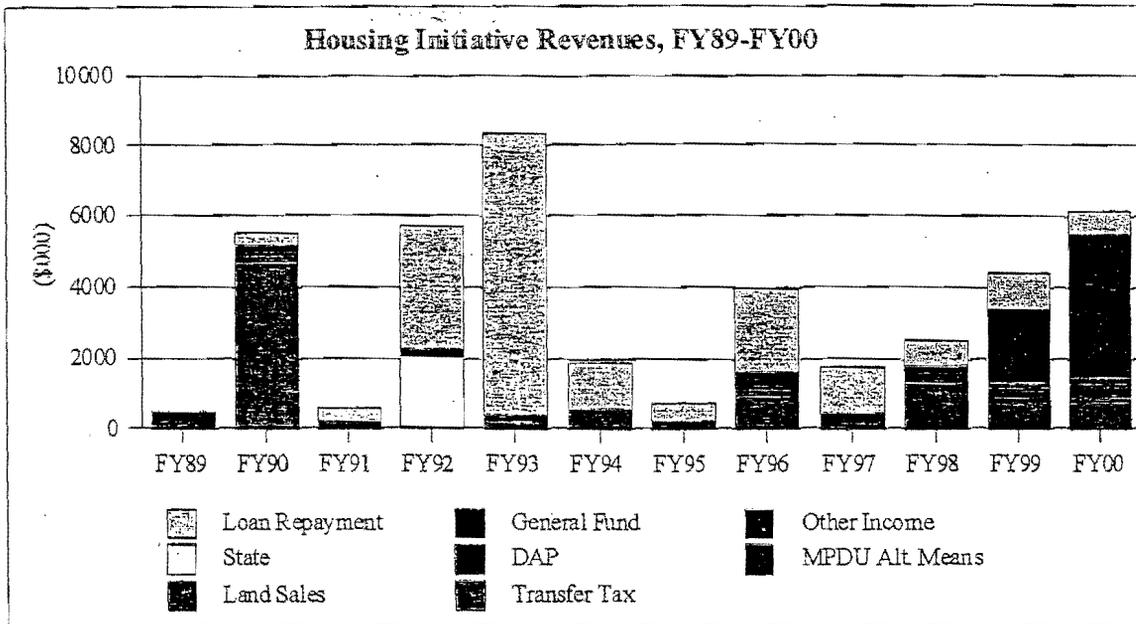
These programs provide a range of new and rehabilitated housing for individuals and families not served by the private market. They supplement the private housing market and add to the range of housing opportunities in the county.

An examination of these programs guides the County as it fine-tunes them to respond to new conditions and allocates fiscal resources for housing efforts.

Housing Initiative Fund

The County established the Housing Initiative Fund in 1988 with the purpose of creating and preserving affordable housing. Under this program loans are made to the Housing Opportunities Commission, nonprofit organizations, property owners, and for-profit developers to build new housing units or renovate deteriorated multifamily housing developments. Emphasis is placed on leveraging County funds with other public and private funds. As a result, the effectiveness of the program relies on having community partners who are able and willing to take on development or rehabilitation projects, and on having funding from other sources to leverage County funds.

Much of the funding in the program now comes from repayments on previous Housing Initiative Fund loans and from the County general fund. Between July 1989 and December 1999, approximately 3,500 housing units were preserved or created in the county under this program.



Issue

To ensure that our affordable housing goals are met, there must be a stable and predictable funding source.

Recommendations

- Develop stable funding sources for the Housing Initiative Fund to ensure that affordable housing goals are met.
- Make outreach and support of current partners and development of new partners a priority.

Moderately Priced Dwelling Unit Program

In the early 1970s, Montgomery County had a shortage of affordable housing for low- and moderate-income households. Housing advocate groups discussed measures to increase such housing that eventually led to an inclusionary zoning program that is both mandatory and countywide. Developers of subdivisions with 50 or more units receive a bonus density in exchange for including affordable housing in the development. Since the program's inception, over 10,600 moderately priced dwelling units have been built, of which about 72 percent have been for-sale units. For-sale units built under this program are relieved of their resale restrictions after 10 years and rental units are relieved of their restrictions after 20 years.

The Moderately Price Dwelling Unit (MPDU) Program has been extremely successful over the past 25 years in developing affordable housing for working families. An award-winning program, it has been used by many jurisdictions as a model. Resolution of several issues, outlined below, is needed if these three program objectives are to be met:

- Increasing the number of moderately priced dwelling units built, especially rental units.
- Distributing them throughout the county.

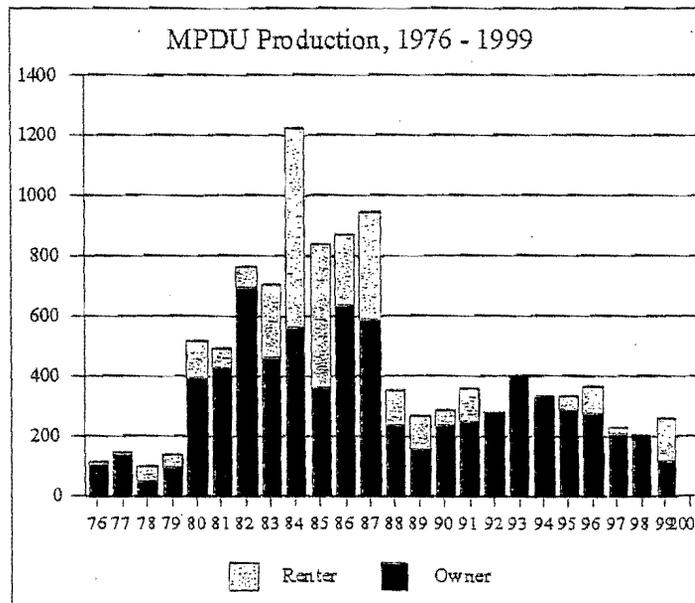
- Ensuring the financial viability of developments that include moderately priced dwelling units.

Issue 1

Housing units, including moderately priced dwelling units, are being produced at a slower rate as the supply of developable land decreases. The suggestions proposed below could increase the number and distribution of moderately priced dwelling units or provide funding for moderately priced dwelling units elsewhere.

Recommendations

- Evaluate the possibility of requiring moderately priced dwelling units or an in lieu fee for new subdivisions with fewer than 50 units.
- Evaluate extending the MPDU Program to large-lot residential zones.



Issue 2

Price controls on many units are expiring, further decreasing the number of available moderately priced dwelling units.

Recommendation

- Explore the possibility of purchase of moderately priced dwelling units by HOC, nonprofits, and the Department of Housing and Community Affairs either for resale to moderate income families or for rental to low income families.

Issue 3

Much potential infill development in central business districts and around transit stations is high-rise rental projects. High construction costs make it financially infeasible to include moderately priced dwelling units, especially given

the inability to take advantage of the bonus density offered under the MPDU Program.

Recommendations

- Explore tax abatement for high-rise developments in those areas where housing is to be encouraged.
- Include affordable housing as an amenity when determining the amenity requirements for high-rise developments.
- Evaluate the possibility of allowing moderate rent adjustments for moderately priced dwelling units in high-rise developments to ensure that new housing units will be built.

Issue 4

In many cases developers are unable to take advantage of bonus density provisions in the Zoning Ordinance, including that of the MPDU Program, because of other zoning or master plan requirements. This makes the inclusion of moderately priced dwelling units financially infeasible.

Recommendation

- When preparing master plans and zoning changes, understand the impact of height and density restrictions on the financial feasibility of moderately priced dwelling units, especially in high-rise construction.

Issue 5

Many moderately priced dwelling unit applicants cannot qualify for a mortgage as a result of poor credit or no funds for the down payment.

Recommendations

- Make the MPDU Program more active in financing moderately priced dwelling units, assisting participants in preparing to purchase homes, and ensuring Fair Housing goals are met.
- Continue to make improvements to the homebuyer classes for moderately priced dwelling unit purchasers, including the information on credit, various mortgage products, and means of avoiding predatory lending.

Group Home Program

Group homes serve two basic populations: those with physical and developmental disabilities and those with persistent mental illness. Using funding from various sources, the County provides assistance to nonprofit group home providers serving these two populations. Funding is for acquisition of existing houses for use as group homes and for rehabilitation of these homes to meet state standards. The program averages the acquisition of 4-6 group homes a year and the rehabilitation of another 29 or so a year.

Issue

This program faces several problems that are exacerbated by a state requirement that all mental health hospitals be closed. The problems include:

- The precarious financial state of most providers of mental health services in the county.
- Neighborhood opposition to these facilities.
- Difficulty in obtaining planning approval for group homes.
- Inadequate funding, especially for those with mental illness.

Recommendations

- Evaluate the Zoning Ordinance for unnecessary restrictions on group homes.
- Modify underwriting policies for loans to better assist nonprofit providers serving those with the lowest incomes.
- Evaluate the possibility of obtaining existing underused housing for group homes.
- Determine if moderately priced dwelling units could be used to house those served under this program.
- Use Section 8 voucher payments, under the new lump-sum provision, for downpayments on houses instead of for rental payments.
- Improve coordination between those providing the housing and those providing support services.
- Work with community associations and group home providers to ensure understanding and respect for fair housing laws.

Rental Assistance Program

In 1985, Montgomery County created the Rental Assistance Program targeted to the elderly and disabled, low-income (underemployed) intact families, and low-income (underemployed) single parents. Since its inception, the program has provided eligible households with a monthly rental subsidy to help defray the high cost of rent and enable low-income households to have a suitable rental unit without exceeding 35 percent of their income for shelter.

Issue

Rapidly rising rental costs and a shortage of available affordable housing have increased demand for rental assistance. As a result, in 2000, the Department of Health and Human Services started a waiting list with 89 households.

Recommendations

- Increase funding for the Rental Assistance Program to be able to help more people.
- To expand the supply of moderately priced rental units, evaluate accessory apartment regulations and, if possible, ease requirements without jeopardizing neighborhood quality.

Code Enforcement Programs

To ensure healthy housing and neighborhoods, Montgomery County adopted a Housing Maintenance Code in 1964. Most of the inspections done under the

authority of the code are mandated by other actions (e.g., licensing of multifamily units and accessory apartments) or in response to a complaint from a tenant or property owner. In 1998, the County modified its approach, adopting the Neighborhoods Alive! program to address in a more comprehensive manner the widespread deterioration in older neighborhoods. Existing procedures for dealing with severe problems, such as blighted properties, can be exceedingly slow and hamper the overall success of the code enforcement program. The Office of Procurement has contractors available to demolish structures that have been condemned, present a hazard, and blight the surrounding area, providing for some efficiency in the process.

Issue

Properties of the federal Housing and Urban Development Department and Veterans Administration are of particular concern. HUD has recently streamlined its processes and is removing properties from its inventory in a more expeditious fashion. The Department of Housing and Community Affairs has initiated a stronger relationship with HUD and has recently facilitated purchase and rehabilitation of over 20 properties.

Recommendations

- Continue to use the Neighborhoods Alive! program in neighborhoods that are at-risk. Bring in other departments, agencies, and nonprofits as needed and involve the community to make the program work in a way that responds to the particular needs of the neighborhood.
- Work with the State to streamline the foreclosure process. Have Code Enforcement staff monitor the foreclosed properties.
- Have Code Enforcement staff perform a biannual review of vacant and condemned units.
- Refer vacant and condemned properties more quickly to the Rehabilitation Loan and the Replacement Home Programs, especially for those occupants who are elderly or who cannot financially and physically maintain their home.
- Expedite the demolition process while ensuring due process.
- Evaluate the effectiveness of anti-blight ordinances to expedite improvements or demolition of condemned structures.



Lot cleared of condemned structure and readied for new construction

IV. Establishing Responsive New Programs

As our supply of developable land dwindles and housing stock ages, maintaining an adequate amount of affordable housing and maintaining the condition of existing housing gain importance. The slowing rate of moderately priced dwelling unit production and changes in federal policies such as expiring commitments to project-based Section 8 assistance require that we modify existing programs and design new programs to maintain an adequate affordable housing inventory.

Over the years, the number of vacant abandoned housing units located in stable neighborhoods has grown. A program to rehabilitate and sell these units, or otherwise remove their blighting influence, needs to be designed. Similarly, failure of property owners to maintain housing can reduce housing resources as well as adversely affect an entire neighborhood. Comprehensive code enforcement is a critical element of a housing policy, coupled with an expanded rehabilitation loan program for those property owners with limited resources.

The goal of Montgomery County is to have a wide choice of housing types and quality neighborhoods at densities and locations suitable for all people, regardless of race, color, religious creed, ancestry, national origin, sex, sexual orientation, marital status, presence of children, age, physical or mental disability, or source of income. To achieve this goal, the County needs strategies and action plans that will lead toward meeting these objectives:

- **Variety and choice in housing.**
- **Assistance for persons with diverse housing needs**
- **Safe, high-quality neighborhoods.**
- **Communities with affordable housing.**
- **Housing for all stages of life.**
- **Equal opportunity housing**
- **Sustainable communities.**

Objective 1: Variety and Choice in Housing

Promote variety and choice in housing of quality design and durable construction in various types of new and existing neighborhoods in conformance with the County's General Plan.

First Priority Strategies

- A. Preserve Existing Neighborhoods** — Ensure that the county's residential neighborhoods continue to provide a source of convenient, well-maintained housing and provide an attractive alternative to newly constructed communities.

Action Plan

- Ensure high quality of housing and public infrastructure in existing neighborhoods.
- Protect encroachment on existing neighborhoods by undesirable uses.

- Promote high home ownership through assistance programs.
- Preserve single-family rental housing as an alternative, especially for larger households.

B. Encourage New Construction of All Types — Encourage both ownership and rental opportunities for all types and price ranges of housing.

Action Plan

- Enhance efforts to encourage new construction and preservation of existing residential communities.
- Expand opportunities to use TDRs to increase housing production and achieve other public goals.
- Give first priority consideration to housing when there is a change of use or ownership of publicly owned land.
- Encourage a good distribution of housing in each price range in all the planning areas of the county.



C. Expand Affordable Housing — Develop zoning and housing policies that encourage the provision of affordable housing throughout the county, including in central business district areas and in redeveloping areas, while protecting the Wedges and Corridors concept.

Action Plan

- Amend the Zoning Ordinance and implement changes through the master planning and sectional map amendment processes, including providing affordable housing goals in master plans.
- Encourage affordable housing in redeveloping residential properties.

- Provide financial, land use, or other incentives to retain and increase affordable housing.
- Prepare an annual report on the progress made toward meeting annual affordable housing program goals.

D. Streamline Development Review Process — Assess the County’s development regulations and review process to find ways to streamline the process and encourage creative housing design and redevelopment opportunities, including mixed-use development and the adaptive reuse of non-residential structures.

Action Plan

- Enhance County land use policies promoting mixed-use development.
- Through the subdivision approval process, require residential components of mixed-use projects be provided early in the development phasing.
- Amend development standards to allow flexibility in integrating residential and non-residential components of mixed-use development.
- Explore the development of “Smart Codes” to encourage redevelopment of housing and adaptive reuse of non-residential buildings.



Plans being reviewed by Department of Permitting Services staff

Second Priority Strategies

E. Promote Housing Near Transit and Employment — Promote the availability of housing in and near employment centers and transportation centers, including considering the use of air rights.

Action Plan

- Assess availability of sites near employment centers and transit centers, including reuse of non-residential structures in employment areas.

- Inventory and assess air-rights development potential of sites, especially on publicly owned sites such as parking lots in central business district areas.
- Develop and implement programs providing incentives for air-rights development.

F. Promote Higher Densities and Mixed Uses in Transit Station Areas and Downtowns — Increase variety of housing densities in new communities to provide more choices to a broader economic range of households and designate appropriate, specific locations in sufficient amounts for higher density housing and mixed-use development in master plans and other government planning documents.

Action Plan

- Amend the Zoning Ordinance and implement changes through the master plan process.
- Assess developable land in areas designated for growth by the General Plan.
- Assess the potential for higher density residential redevelopment, especially in transit-serviceable areas.



Objective 2: Assistance for Persons with Diverse Housing Needs

Encourage housing for diverse residential needs, including housing for the elderly, for persons with disabilities, for persons with mental illness, for persons transitioning from homelessness, and for persons with AIDS.

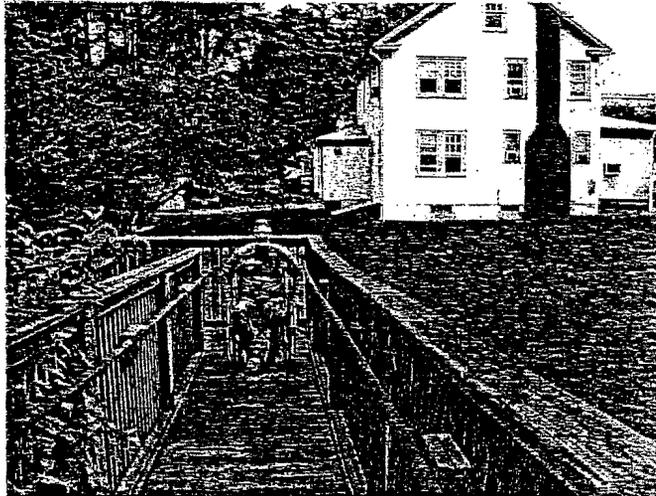
First Priority Strategies

A. Provide More Special Needs Housing — Encourage production of housing for populations with special needs, including seniors, persons with disabilities, persons with mental illness, and persons transitioning from homelessness.

Action Plan

- Assess inventory of special needs housing.

- Develop forecast of special needs populations.
- Identify and implement programs to meet any shortfall of special needs housing.
- Include goals for affordable and assisted housing in master plans and designate suitable sites for elderly housing and other special needs housing.
- Ensure that multifamily housing developments provide units adaptable for persons with disabilities, as required by the federal Fair Housing Act and the County building code.
- Explore incentives, such as density bonuses, to developers who provide special needs housing.
- Consider a program for County purchase of land for senior and special needs housing.
- Explore establishing 'visitability' standards for all new and renovated housing receiving public funds.



- B. Provide Housing with Support Services.** Coordinate the availability of affordable housing units and needed support services for persons with special needs, including those persons transitioning from homelessness.

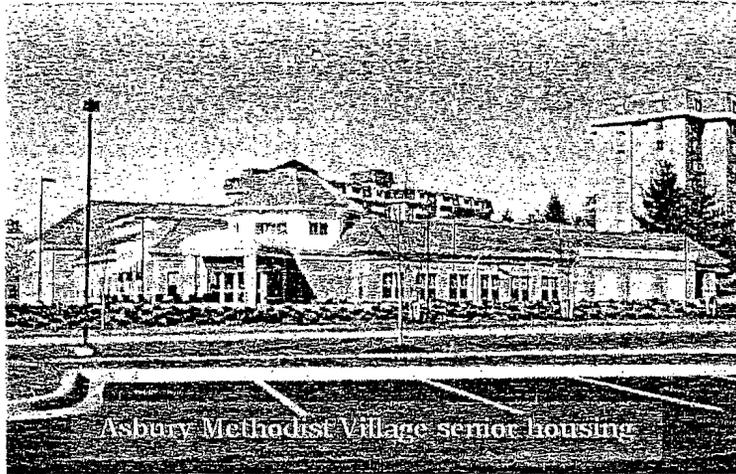
Action Plan

- Establish interagency initiative to provide seamless provision of affordable housing with supportive services to those with special needs.

- C. Simplify Regulations for Senior Housing** — Explore zoning and regulatory changes to ease approval of elderly housing development.

Action Plan

- Develop standard compatibility criteria for elderly housing and study possibility of eliminating special exception approval process.



D. Expand Housing for Homeless — Ensure adequate supply of housing with support services for individuals and families transitioning from homelessness.

Action Plan

- Conduct inventory of housing appropriate for transitioning from homelessness.
- Increase supply and affordability of appropriately designed and located housing.

Second Priority Strategies

E. Promote Design for Aging in Place — Encourage housing designs that accommodate or adapt to persons aging in place and to persons with disabilities.

Action Plan

- Explore revisions to codes and regulations that will foster adaptive design.

Objective 3: Safe, High Quality Neighborhoods

Maintain and enhance the quality and safety of housing and neighborhoods.

First Priority Strategies

A. Expand Code Enforcement — Discourage deterioration of housing through a well funded code enforcement program.

Action Plan

- Expand interagency efforts to revitalize and renew neighborhoods, including implementing the Concentrated Code Enforcement Program of neighborhood-wide inspections for housing code, solid waste, and parking violations.

B. Promote Neighborhood Renewal — Ensure that older neighborhoods, especially moderately priced communities, remain attractive and viable for homebuyers by renewing neighborhood infrastructure, promoting neighborhood stabilization, and addressing streetscaping and neighborhood desirability issues.

Action Plan

- Expand neighborhood revitalization, renewal and stabilization efforts, including Renew Montgomery and Neighborhoods Alive!
- Implement community policing.
- Include sections on neighborhood renewal in master plans.

Second Priority Strategies

- C. Provide Assistance for Repairs** — Offer financial incentives to owners of older housing for repair and improvements.

Action Plan

- Continue Rehabilitation Loan Program for repairs and accessibility improvements.
- Explore expansion of tax incentives for repair and improvement of residential property and maintenance of affordability.

- D. Promote Adaptive Reuse** — Promote housing as adaptive reuse of vacant non-residential buildings and provide for appropriate redevelopment of residential property.

Action Plan

- Inventory and assess privately- and publicly-owned buildings suitable for conversion to residential use.
- Support the State's "Smart Codes" initiative for flexible building and life safety codes in renovating residential buildings and in making adaptive reuse of non-residential buildings.
- Encourage redevelopment of residential properties while protecting the well being of current residents and minimizing displacement of at-risk residents.
- Assess for reuse or demolition all vacant, condemned, and abandoned buildings.
- Review and, if necessary amend, the Zoning Ordinance to facilitate adaptive reuse.
- Assess vacant, abandoned, or obsolete residential buildings for renewal.
- Encourage preservation, restoration, and use of historic sites to provide housing and to foster community identity.

- E. Ensure Compatibility of Infill Housing.** Mix infill housing and other uses in ways that promote compatibility and address residents' need for safety, privacy, and attractive surroundings.

Action Plan

- Explore Zoning Ordinance standards for infill development or redevelopment that provides an appropriate mix of uses in existing communities.
- Invite compatible rezoning and special exception applications for infill development.

- Identify appropriate sites for higher density residential or non-residential infill development in master plans.

F. Promote Compatible High Density Development in Downtowns and Other Areas that can be Well Served by Transit — Plan with care the uses at the edges of high-density centers to promote compatibility with existing neighborhoods and protect residential neighborhoods.

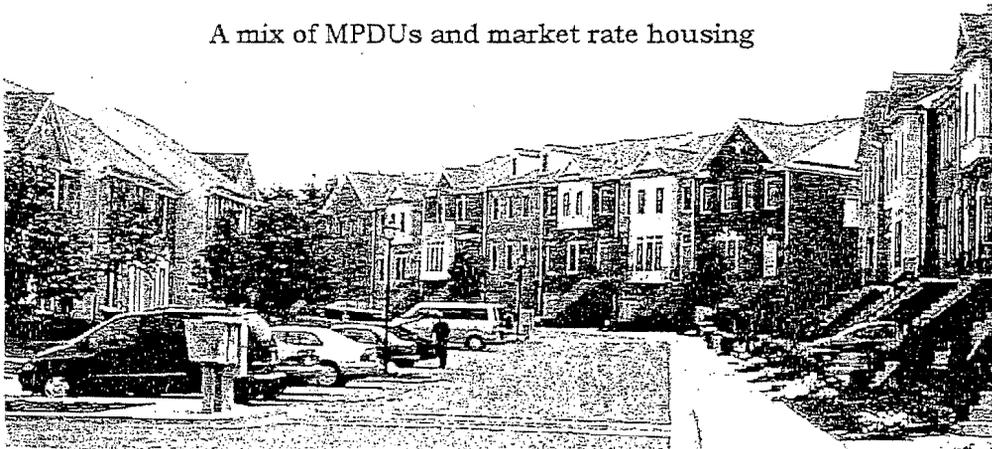
Action Plan

- Continue existing “step down” density approach of locating compatible development densities on sites abutting existing residential communities.
- Review and, if appropriate, continue residential traffic-calming programs.
- Protect residential neighborhoods from spill-over parking.

Objective 4: Communities with Affordable Housing

Encourage an adequate supply of affordable housing in economically inclusive communities throughout the county for those living or working in Montgomery County, especially for households at and below the median income.

A mix of MPDUs and market rate housing



First Priority Strategies

A. Expand Funding of Affordable Housing — Encourage the funding and provision of low-, moderate-, and median-income housing to meet existing and anticipated future needs.

Action Plan

- Forecast future need for affordable housing and potential for developing low- and moderate-income housing.
- Secure adequate fiscal resources or assistance measures to meet the current and future unmet affordable housing demand.
- Enhance County programs that provide assisted housing, including Montgomery Housing Initiative Fund financing, homeownership assistance, the leveraging and layering of other public and private funding sources, and “Live Near Your Work” public and private homeownership assistance near employment centers.



Housing owned by the Housing Opportunities Commission

B. Distribute Locations of Affordable Housing — Distribute government-assisted housing equitably throughout the county.

Action Plan

- Construct new and preserve existing affordable housing throughout the county.
- Maintain and amend, where needed, the Moderately Priced Housing Program.
- Continue to use the State Partnership Rental Housing Program to construct and acquire affordable housing.
- Assess publicly owned sites for assisted housing, especially in underserved areas.
- Include recommendations in master plans for assisted or affordable housing sites.

C. Preserve Affordable Housing — Preserve existing affordable housing where possible.

Action Plan

- Assess affordable housing likely to be threatened by redevelopment, conversion to condominium status, or other displacement of low- and moderate-income residents.
- Expand neighborhood revitalization efforts, including Comprehensive Code Enforcement, Renew Montgomery, the Rehabilitation Loan Program, acquisition of properties that threaten displacement of at-risk residents, preservation of expiring or prepaying federally assisted housing resources, and the State Partnership Rental Housing Program for acquisition of affordable housing.
- Encourage renovation and redevelopment of residential properties that protects the well-being of current residents and minimizes the displacement of at-risk residents.

D. Encourage Private Participation — Encourage participation of private developers and lenders in the provision of affordable housing.

Action Plan

- Identify tools to enhance economic feasibility of certain residential development, especially multifamily housing and housing in central business district areas.
- Remove disincentives for moderately priced dwelling unit production in high-rise development.
- Continue to provide primary and gap financing for developments containing an affordable housing component, using the Multifamily Revenue Bond Program, the Montgomery Housing Initiative Fund Program, and leveraged funds from other private and public sources.
- Expand the requirement that financial institutions with which the County does business participate in community lending activities.
- Monitor and encourage expanded community lending activities under the Community Reinvestment Act.
- Combat predatory lending practices.
- Encourage private employers to participate in public-private partnerships for the development of affordable housing.

E. Support Mixed Income Properties — Provide adequate programs and funding sources to support the development of mixed-income properties.

Action Plan

- Develop policies that support the development of mixed-income properties.
- Consider housing enterprise zones in certain high cost areas to promote financial feasibility of high density affordable and mixed-income housing.

F. Continue Inclusionary Communities — Ensure the provision of low- and moderate-income housing as part of large-scale development through a variety of approaches, including the Moderately Priced Housing Program.

Action Plan

- Seek adoption of an inclusionary zoning ordinance by municipalities without one.
- Monitor development of mixed-income communities, including subdivisions having moderately priced dwelling units.
- Examine disincentives to development of moderately priced dwelling units.
- Revise the moderately priced housing program to reflect current market conditions.
- Develop additional programs to address disincentives to affordable and mixed income housing.

Second Priority Strategies

G. Promote Compatibility of Subsidized Housing — Encourage well designed and maintained subsidized housing that is compatible with surrounding housing.

Action Plan

- Enhance architectural compatibility of all assisted housing.
- Improve maintenance of scattered site, assisted housing programs.
- Promote public and private acquisition and preservation of affordable housing.



Bartholomew House assisted living

H. Reduce Approval Costs — Identify County policies that unnecessarily raise the cost of housing and find alternatives, if possible.

Action Plan

- Review development approval process and identify burdensome requirements.
- Explore fast-tracking of developments containing affordable housing.
- Remove disincentives for moderately priced dwelling unit production in high-rise development.
- Continue exempting price-controlled housing from County excise or impact taxes.
- Expand special ceiling allocations for affordable housing in the Annual Growth Policy.

I. Provide Innovative Housing — Encourage the provision of innovative housing types and approaches to meet the needs of lower income single persons and small households.

Action Plan

- Assess effectiveness of programs directed at small households, including accessory apartments, personal living quarters (PLQ), and hotel conversions.

- Remove impediments to personal living quarter developments and accessory apartments, including possible amendments to the Zoning Ordinance and to the Housing Maintenance Code.
- Develop program for transitional households and entry-level employees, possibly involving private employers.

J. Promote Housing in Mixed-Use Development — Phase mixed-use development so that housing is constructed in a timely fashion relative to other uses within the project.

Action Plan

- Study economic factors related to producing housing in mixed-use developments.
- Require timely development of residential components of mixed-use development through subdivision approval process.
- Enhance enforcement of subdivision conditions.

Objective 5: Housing for All Stages of Life

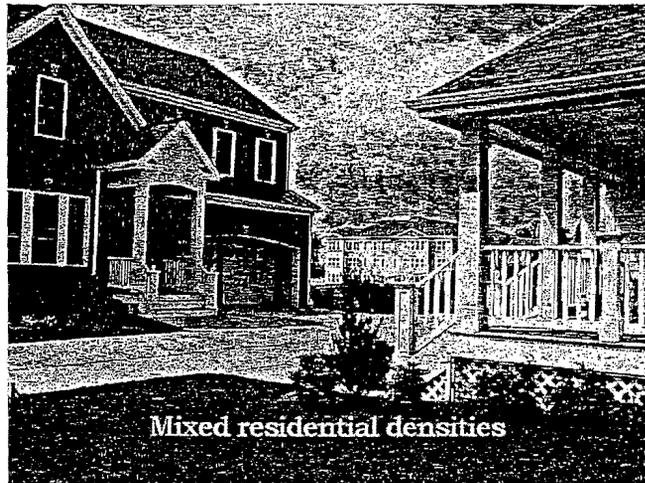
Provide a sufficient housing supply to serve the county's existing and planned employment and the changing needs of its residents at various stages of life.

First Priority Strategies

A. Provide Zoning Capacity — Provide adequate zoning capacity to meet the current and future housing needs of those who live or work in the county.

Action Plan

- Assess remaining developable land and development potential at build-out.
- Assess potential for higher density residential redevelopment, especially in transit-serviceable areas.



- Ensure sufficient development and redevelopment capacity to accommodate forecast employment growth.

- Implement changes through the master planning and sectional map amendment processes.

B. Improve Economic Feasibility — Explore ways to improve the relative economic feasibility of housing development in mixed use developments.

Action Plan

- Identify tools to enhance economic feasibility of residential development, especially in central business district areas.
- Promote adaptive reuse of vacant non-residential buildings as housing.

Second Priority Strategies

C. Meet Special Housing Needs — Develop additional techniques to provide housing opportunities to meet the special housing needs of young workers, the elderly, and persons with disabilities.

Action Plan

- Develop comprehensive inventory of special needs housing.
- Develop forecast of special needs populations.
- Identify and implement programs to meet any shortfall of special needs housing.
- Increase supply of adaptable housing with basic accessibility design elements.

D. Encourage Employer Participation — Encourage employer participation in meeting housing needs.

Action Plan

- Assess employers' housing needs, especially for entry level and service sector employees.
- Develop a public-private partnership program to increase supply of housing meeting employers' needs.
- Expand the Live Near Your Work Program that provides public and employer incentives to purchasing homes near designated job centers.

Objective 6: Equal Opportunity Housing

Promote and enforce fair housing ordinances to ensure that all residents have an equal opportunity to purchase, rent, finance, and occupy housing in the county.

First Priority Strategies

A. Enforce Laws — Enforce equal housing opportunity laws.

Action Plan

- Expand enforcement efforts of fair housing laws, including for households with subsidies.
- Amend law where necessary to enhance effectiveness of enforcement efforts.

- Address all fair housing issues, such as discrimination in rental or sale of housing, insurance, and mortgage lending, including predatory lending practices.

B. Educate the Public — Educate current residents, prospective residents, housing providers, lenders, agents, appraisers, management associations, common ownership associations, and others involved in the rental or purchase of housing about their rights and responsibilities under the fair housing law.

Action Plan

- Expand fair housing education activities, including developing a school curriculum.
- Resume a program of providing continuing education credits for the real estate industry.

C. Compliance Testing — Conduct testing of rental, sales, and lending practices to ensure compliance with fair housing law.

Action Plan

- Expand fair housing testing efforts for rental and sales housing, insurance, and mortgage lending practices.
- Identify and carry out enforcement actions for non-compliance.

D. Examine Lender Policies and Practices. — Ensure that banking and other lending institutions contracting with Montgomery County to provide services are engaging in fair housing and fair lending practices.

Action Plan

- Evaluate change to County procurement law that would require banks and other lending institutions having County service contracts provide information on all home mortgage loans they make in the county.
- Ensure that all banks and other lending institutions fully participate in Community Reinvestment Act activities throughout the county.
- Ensure that lending institutions in the County do not engage in predatory lending practices.

Second Priority Strategies

E. Examine Provider Policies and Practices — Study the policies and practices of housing providers involved in the sale and rental of housing.

Action Plan

- Continue to gather information on major housing industry participants and the market.
- Review all aspects of the housing sale and rental industry for conformance with fair housing laws.

F. Make the County a Model for Fair Housing — Ensure that all County housing programs comply with the spirit and letter of equal housing

opportunity laws and make County housing programs models of fair housing compliance.

Action Plan

- Conduct fair housing training for all County staff administering and implementing County housing programs. Conduct tests of housing programs.

Objective 7: Sustainable Communities

Encourage sustainable development and environmental sensitivity in housing, neighborhood design, and redevelopment.

First Priority Strategies

- A. Encourage Innovation** — Encourage the use of new and innovative housing construction techniques, including pre-fabricated components and housing units, to increase the supply and variety of housing types.

Action Plan

- Change the building code to allow alternative building techniques.

- B. Reduce Unnecessary Cost of Housing** — Reduce the impact of development approval process fees and costs, including environmental regulations, on housing affordability.

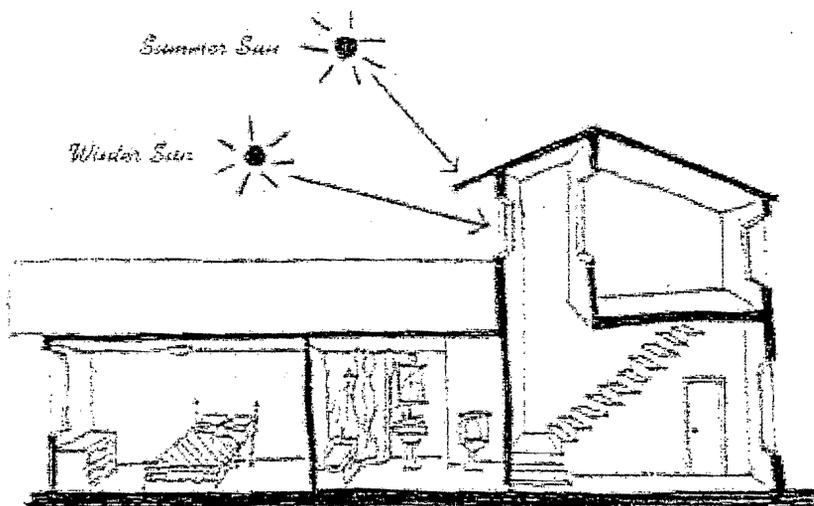
Action Plan

- Explore ways to reduce development and environmental fees and costs.

Second Priority Strategies

- C. Conserve Energy** — Encourage changes that will reduce residential energy consumption. Review and amend building codes, code enforcement procedures, and other housing programs that regulate remodeling and reconstruction of infrastructure.

Solar access



Action Plan

- Provide financing for improvements in insulation.
- Encourage use of energy efficient appliances.
- Provide free low-flow showerheads.
- Provide information on County Web site on household energy conservation measures.
- Provide brochures on energy conservation measures.
- Incorporate street tree planting into infrastructure improvements.
- Conduct free assessment of landscaping for energy reduction.

D. Conserve Water — Encourage changes that will reduce residential water consumption. Review and amend building codes, code enforcement procedures, and other housing programs that regulate remodeling and reconstruction of infrastructure.

Action Plan

- Provide free low-flow shower heads in code enforcement target areas.
- Encourage use of low-flow toilets.
- Provide information on drip irrigation systems and rain harvesting techniques.
- Provide information on County website on drought-tolerant native species.

E. Use Recycled Products.

Action Plan

- Provide information on products made from recycled materials.
- Encourage construction techniques and materials that can allow ease of recycling.

F. Educate the Public — Improve educational outreach on sustainable resource management.

Action Plan

- Provide a "green" page on County website.
- Discuss sustainable products in County brochures aimed at homebuilders, remodelers, and do-it-yourselfers.

G. Protect Water Quality — Ensure that new development complies with applicable water quality and stormwater management laws, regulations, and guidelines.

Action Plan

- Modify Chapter 19 of the County Code to ensure proper drainage from new construction.

- In concentrated code enforcement areas and when code violations occur, encourage changes that reduce problem drainage and protect water quality.
- Encourage cluster development and forest retention.
- In code enforcement areas and for appropriate code violations, provide information on reducing impervious surfaces and correcting drainage problems.
- Provide information on disconnecting impervious surfaces and increasing onsite percolation of stormwater runoff.

V. Annual Affordable Housing Production Goals

Need for Affordable Housing

Montgomery County meets its affordable housing needs through a number of programs. The County and the Housing Opportunities Commission are using federal, state, and local programs and funding for the provision of affordable housing. In order to address the production needs identified in the Housing Policy, the County is establishing annual goals for affordable housing production.

Each year 3,750 new households are likely to be formed in the county. At-place employment increases also add to the demand for housing in the county. The annual 4,000-unit forecast for housing production appears to meet most of the demand that may be expected for new market rate housing in the county.

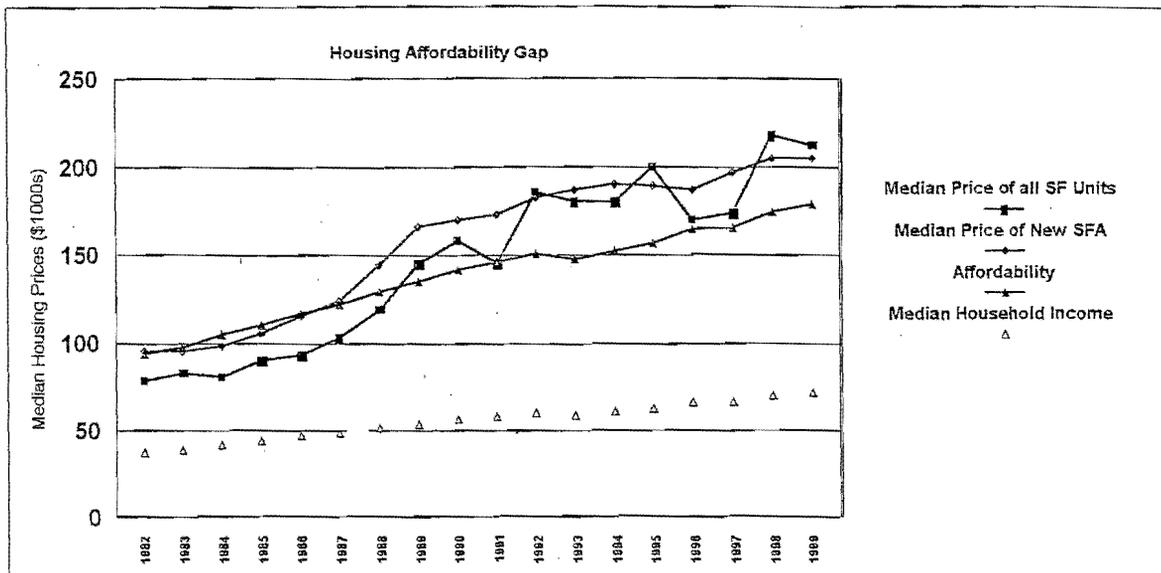
The current income distribution of households in the county shows that about 25 percent of county households earn less than \$40,000. At 30 percent of income for housing costs, \$40,000 can support a rent plus utility payment of \$1,000 per month. Because rents are rapidly escalating in the county, we foresee near- and long-term shortfalls of affordable housing units.

To continue to serve households earning \$40,000 or less, we believe that an affordable housing production goal of 1,000 units per year is necessary. The attached chart lists the County's affordable housing production programs and establishes an annual production goal for each program based on market conditions, program history, forecast needs, and industry and provider capacity. These program goals have been reviewed by focus groups, housing providers, the industry, housing advocates, and public agencies. The annual goals are a multi-year average, and may vary annually due to changes in the level of funding available to these programs.

Cost of Producing and Preserving Units

To plan and budget for the county's future housing needs, the County's current programmatic costs have been determined. Existing contracts, loans, and development budgets provided the following cost information.

- The cost to the County of preserving federally assisted housing ranges between \$8,000 and \$12,000 per unit.
- The County's contribution to the cost of rehabilitating multifamily housing is between \$10,000 and \$15,000 per unit.
- The County's participation in funding the acquisition of group homes ranges between \$30,000 and \$60,000 per home, or between \$5,000 and \$10,000 per occupant.
- The County funds the development of new affordable housing at levels ranging from \$4,000 to \$10,000 per unit.
- When contributing to the development of assisted living for the elderly, the County has been providing between \$15,000 and \$23,000 per unit.



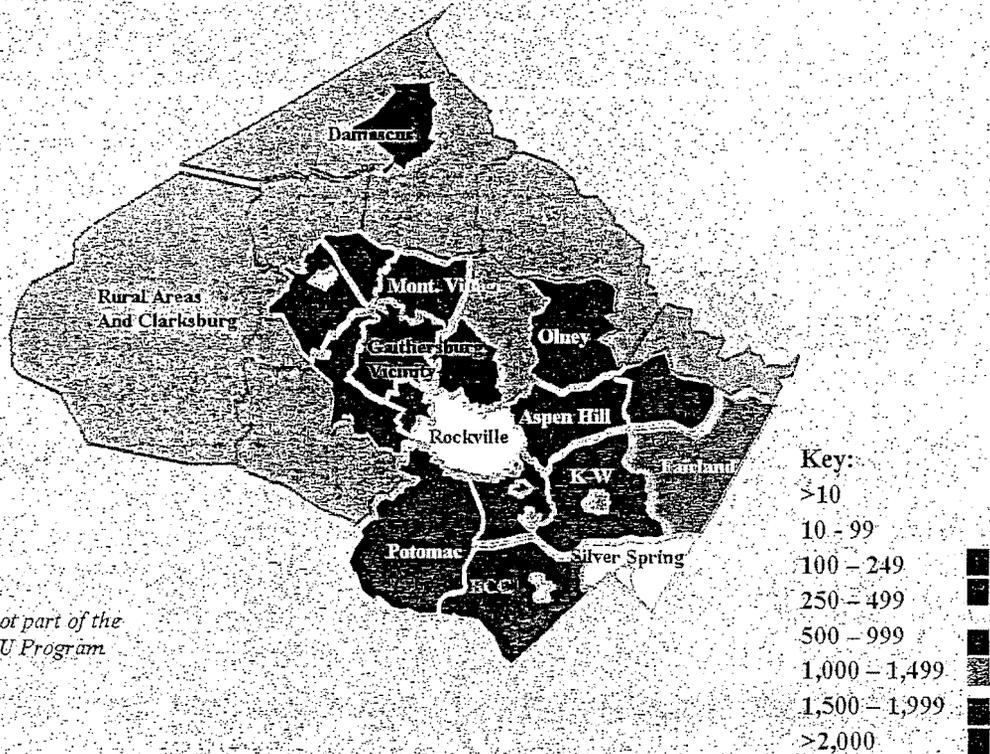
- The cost of permanent supportive housing for seriously mentally ill homeless individuals, including case management and services, ranges between \$12,000 and \$17,000 per person per year.
- The cost of permanent supportive housing for families, including those with disabilities and multiple risk factors, ranges between \$14,000 and \$21,000 per family per year.
- The cost of transitional housing for homeless individuals, including case management and services for mental illness or substance abuse, ranges between \$7,800 and \$9,000 per person per year.
- The cost of transitional housing for families with children, including case management and support services, ranges between \$8,300 and \$14,000 per family per year.

Recommendations: Annual Affordable Housing Production Goals

The chart on the following pages gives the recommended annual goals for affordable housing production in Montgomery County. These figures should be seen as average annual goals over a 10-year period. The actual annual figures will likely vary, given the need to take advantage of opportunities and address special problems that may arise in any one year. Of the total 2,890-unit target, 1,730 are existing units that will be preserved as affordable units, through assistance with rehabilitation, purchase by a public agency or nonprofit organization, or a negotiated rental agreement. The remaining 1,160 are new units that, for the most part, will be for people least able to find suitable, affordable housing as a result of either age or special needs for services. This includes individuals with physical, mental, or emotional illness. The providers of these housing units include nonprofit service organizations, the Housing Opportunities Commission, and other developers of housing.

Comparing these production goals with the average housing units achieved in each category over the past two years, we see a dramatic overall increase in affordable housing units and increases in most categories. The exception is the preservation of expiring federally subsidized units. The preservation of these units has been the highest priority, and is driven by the expiration dates of these subsidies. These goals are aggressive, but they can be achieved with the funding and organizational focus we propose.

Dispersal of MPDUs by Policy Area



**Affordable Housing Program
Proposed Annual Production Goals**

(Averages for the last two fiscal years, FY99 and FY00, are shown in parentheses)

Programs	Owner Units	Rental Units	Per Unit Cost (County \$)	Total Cost (County \$)
Moderately Priced Dwelling Units: New homeownership and rental housing opportunities for households earning 50-65 % of median income. Units are scattered throughout county. Prices of ownership units approx. \$95,000 for townhouses, \$120,000 for detached homes. Resale prices controlled for 10 years. Rental units range from \$670 for efficiencies to \$1,050 for 3 BR units. Rents controlled for 20 years. Up to 40 % of ownership units may be purchased by HOC and nonprofits for rental to very low income households.	200 (149)	100 (83)	\$0	\$0 (\$0)
Section 8 Certificates/Housing Vouchers: Federal rental assistance for very low income households (at or below 50 % of median) in existing rental housing. Tenant contribution toward rent generally capped at approx. 30 % of income. Units assisted under Sec. 8 must meet fair market rent guidelines. Vouchers may be used in higher priced units if tenant pays difference. Also includes County rental assistance program.		200 (190)	\$0	\$0 (\$0)
Group Home/Transitional/Special Needs Housing Production: Newly constructed, acquired, rehabilitated housing for special populations. Units will be affordable, depending on subsidy program, from very low- to median-income households. May include Personal Living Quarters.		100 (29)	\$5,000- \$10,000	\$500,000- \$1,000,000 (\$145,000)
Home Ownership: Acquisition and renovation of HUD foreclosed houses by nonprofit housing providers. Units to be resold to below median income purchasers. Assistance to first time home buyers, including closing cost assistance. Single family rehabilitation loans.	30* (11*)		\$20,000	\$600,000 (\$296,000)
Nonprofit Multifamily Rehabilitation: Acquisition and rehabilitation of deteriorating multifamily housing by nonprofit housing providers. Post-rehab units will be leased to income eligible tenants.		150* (55*)	\$10,000- \$15,000	\$1,500,000- \$2,250,000 (\$543,000)
New Construction: Newly constructed affordable housing units, including mixed-income projects. Subsidy mechanisms may control cost of affordable units and income level of households served.		200 (0)	\$4,000- \$10,000	\$800,000- \$2,000,000 (\$0)
Preservation of Federally Assisted Housing: Acquisition and rehabilitation of federally assisted multifamily housing threatened with prepayment of insured mortgages or opt-out and expiration of housing assistance payments contracts.		200* (121*)	\$8,000- \$12,000	\$1,600,000- \$2,400,000 (\$780,000)

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HOC and Nonprofit MPDU Acquisition: Purchase by HOC and Nonprofit housing providers of up to 40% of all ownership MPDUs constructed. Houses will be rented to very low income households.		60 (29)	\$30,000	\$1,800,000 (\$870,000)
Multifamily Rehabilitation Loans: Loans to private owners of multifamily housing to bring units into code compliance and upgrade units.		150* (5*)	\$5,000- \$10,000	\$750,000- \$1,500,000 (\$108,000)
Construction of Elderly Housing and Assisted Living Units: Gap financing or rental subsidy for newly constructed elderly housing and assisted living facilities		250 (18)	\$15,000- \$23,000**	\$3,750,000- \$5,750,000 (\$683,000)
Accessory Apartments: Creation of accessory rental units in single family homes.		50 (15)	\$0	\$0 (\$0)
Preservation of Threatened Multifamily Housing: Preservation of affordable multifamily rental properties threatened with sale or conversion through the negotiation of rental agreements		950* (950*)	\$0	\$0 (\$0)
Acquisition of Threatened Multifamily Housing: Acquisition by the County, HOC, or tenants' associations of multifamily properties threatened with conversion or displacement.		150* (24*)	\$0- \$100,000	\$0- \$1,500,000 (\$516,000)
HOC Public Housing Rehabilitation: County-funded rehabilitation and modernization of HOC owned public housing stock.		100* (40*)	\$7,000- \$15,000	\$700,000- 1,500,000 (\$290,000)

Total Units:	Owner Units:	Rental Units:	Total Cost to County:
New: 1,160 (513)	New: 200 (149)	New: 960 (364)	\$12-
Preserved: 1,730 (1,206)	Preserved: 30 (11)	Preserved: 1,700 (1,195)	\$20,300,000
Total: 2,890 (1,719)	Total: 230 (160)	Total: 2,660 (1,559)	(\$4,231,000)

* Units preserved, not added to the housing stock.

** Loan..

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Appendix A

Rental Vacancy Rates, 1982-2000							Average Turnover Rents 2 Bedroom Units, 1983-2000	
Year	Efficiency	1BR	2BR	3BR	4+BR	All Units	Current \$	Constant \$ (1999)
1982	4.8	5.8	4.8	3.9	2.3	5.1	-	-
1983	3.3	4.4	4.2	3.3	3.6	4.1	\$468	\$734
1984	2.7	2.6	2.6	3.0	3.4	2.6	\$513	\$766
1985	4.0	3.2	3.1	2.7	5.0	3.3	\$541	\$776
1986	2.5	3.3	3.7	3.7	2.7	3.7	\$575	\$802
1987	2.2	4.3	3.9	4.5	1.3	4.3	\$613	\$824
1988	3.5	4.7	4.2	3.9	5.9	4.7	\$665	\$861
1989	3.7	4.5	3.5	2.8	2.9	4.1	\$712	\$871
1990	4.8	5.0	5.0	3.7	2.9	5.2	\$746	\$893
1991	4.7	6.5	5.9	4.7	1.9	6.5	\$760	\$894
1992	5.1	6.1	5.6	4.8	2.0	5.6	\$771	\$860
1993	4.3	5.1	4.9	4.2	2.0	4.9	\$778	\$847
1994	4.0	4.2	4.0	3.4	0.7	4.0	\$794	\$851
1995	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1996	3.2	4.1	4.7	4.3	2.4	4.4	\$820	\$893
1997	4.5	4.2	4.3	3.8	4.3	4.2	\$836	\$864
1998	3.7	3.7	3.8	3.4	5.7	3.7	\$861	\$879
1999	2.6	2.7	3.1	3.7	6.1	3.0	\$894	\$894
2000	1.6	2.5	2.4	2.7	5.2	2.5	\$965	\$934

Source: DHCA Rental Vacancy Surveys



Appendix B

Number of Households in Income Categories by Household Size									
Size	Income Categories								
	Very low	Low	Modest	Moderate	High	Affluent	Very Affluent	Wealthy	All
1	15,150	6,310	6,194	30,282	6,951	3,200	537	622	69,246
2	9,283	4,578	6,284	31,606	22,049	21,355	4,096	5,211	104,462
3	5,752	2,274	3,566	12,012	13,146	12,022	1,829	3,312	53,913
4	4,426	2,239	2,876	8,143	11,605	13,966	2,860	3,825	49,940
5+	3,549	2,198	2,775	5,196	7,102	7,456	1,275	4,021	33,572
All	38,160	17,599	21,695	87,239	60,853	57,999	10,597	16,991	311,133
Percent	12.3%	5.7%	7.0%	28.0%	19.6%	18.6%	3.4%	5.5%	100.0%

Annual Household Income Ranges (in thousands of dollars)								
Size	Very Low	Low	Modest	Moderate	High	Affluent	Very Affluent	Wealthy
1	up to 23.9	23.9-29.1	29.2-34.6	34.7-70.0	70.1-100	100.1-160	160.1-200	over 200
2	up to 27.3	27.3-33.3	33.4-39.5	39.6-70.0	70.1-100	100.1-160	160.1-200	over 200
3	up to 30.8	30.8-37.5	37.6-44.5	44.6-70.0	70.1-100	100.1-160	160.1-200	over 200
4	up to 34.2	34.2-41.6	41.7-49.4	49.5-70.0	70.1-100	100.1-160	160.1-200	over 200
5+	up to 36.9	36.9-45.0	45.0-53.4	53.5-70	70.1-100	100.1-160	160.1-200	over 200

Source: Planning Implementation Section; 1997 Census Update Survey, MNCPPC

Note: Some income category definitions vary with size.

Appendix C

Median Sales Price of Single Family Homes, 1987 - 1999 (in constant 1999 dollars)					
Year	New Detached	Existing Detached	New Attached	Existing Attached	All Units
1987	251,593	188,520	141,861	115,805	166,975
1988	298,677	223,782	153,918	131,941	187,563
1989	350,893	244,525	177,831	144,270	203,567
1990	380,905	247,878	189,590	150,882	203,571
1991	363,876	244,912	171,907	150,715	203,583
1992	345,830	242,188	207,294	143,416	203,684
1993	348,259	236,281	196,963	141,551	203,616
1994	342,410	235,775	193,229	140,394	203,624
1995	369,543	237,237	214,562	139,741	203,699
1996	340,340	245,045	185,036	143,760	203,660
1997	355,061	237,883	179,964	139,523	203,752
1998	369,339	239,935	223,213	139,877	209,305
1999	364,195	243,000	212,217	139,000	205,000

Appendix D

MPDU Production, 1976-1999			
Year	For-Sale Units	Rental Units	Total Units
1976	108	9	117
1977	139	13	152
1978	55	47	102
1979	105	37	142
1980	404	120	524
1981	433	63	496
1982	702	63	765
1983	468	237	705
1984	565	659	1224
1985	369	475	844
1986	644	232	876
1987	597	348	945
1988	242	110	352
1989	162	105	267
1990	242	46	288
1991	253	106	359
1992	282	0	282
1993	408	0	408
1994	334	0	334
1995	292	46	338
1996	282	87	369
1997	218	12	230
1998	211	0	211
1999	122	143	265
Total	7,637	2,958	10,595

Appendix E

Complete List of Housing Programs in Montgomery County

Department of Housing and Community Affairs programs:

Multifamily Housing Development and Rehabilitation Programs
Single-Family Rehabilitation Program
Group Home Rehabilitation Loan Program
Group Home Acquisition Loan Program
Weatherization Program
Lead Paint Hazard Reduction
Moderately Priced Dwelling Unit Program
Montgomery County Payment in Lieu of Taxes Program.

Department of Health and Human Services programs:

Senior Assisted Living Group Home Subsidy Program
Adult Foster Care
Montgomery County Rental Assistance Program
Handicap Rental Assistance
Prevention and Crisis Intervention

Human Relations Commission programs:

Equal Housing Opportunity Enforcement, Education, and Testing

Housing Opportunities Commission programs:

Public Housing
Section 8 Housing Choice Voucher Program
Transitional Housing (McKinney I, Mothers and Tots Entering Recovery, III, & VII)
Permanent Housing (McKinney X, VIII, IX, & Turnkey)
Shelter Plus Care
State Rental Allowance Program
State "RAP to Work" Initiative
Rental Supplement Incentive Program
Multifamily Program
Mortgage Purchase Program
HOC Home Ownership Program
Neighborhood Initiative Program
Closing Cost Assistance Program

Human Relations Commission program:

Fair Housing Program



Appendix F

Montgomery County Housing Initiative Fund Revenue

Source	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01**	Totals
Transfer tax	\$95,168	\$55,125	\$63,752	\$30,330	\$32,604	\$7,500	\$21,050	\$59,000	\$4,860	\$19,000				\$388,389
State contributions				2,000,000										2,000,000
Investment income	193,436	257,166	98,554	160,415	97,516	69,716	117,977	496,000	227,824	176,400	177,000	261,000	220,000	2,553,004
MPDU contributions		210,000	70,000	53,750	53,750	400,000	65,000	200,000		16,000	75,000	159,000		1,302,500
Property sales*		4,652,302			257,399	89,488		898,504	169,144	1,332,597	793,000	770,000	759,800	8,962,434
MPDU foreclosures			49,385	2,763		27,000			7,084	1,892	24,000			112,124
MPDU recapture												22,000		22,000
Loan repayments		304,111	324,000	3,393,421	788,530	1,263,170	461,998	2,289,501	1,286,991	662,576	1,015,000	615,000	388,680	12,792,978
Development approval payments										202,000	261,000	291,000		754,000
Property rental						15,487	20,629	18,838	80,208	76,556	76,000	19,000		306,718
General funds													6,400,000	6,400,000
Miscellaneous	188,038	40,980	15,130	70,828	2,163		52,286	5,833	7,769	12,000				395,027
Totals	476,642	5,519,684	620,821	5,711,507	1,231,962	1,872,361	738,940	3,967,676	1,783,880	2,499,021	2,421,000	2,137,000	7,768,480	36,748,974

*Before FY 97 "Property Sales" was 100% of the proceeds from the sale of land owned by the Department of Housing and Community Affairs. Since then, it is 25% of the proceeds from the sale of land owned by the County.

** Estimate

98

Resolution No: 14-959
Introduced: May 15, 2001
Adopted: July 17, 2001

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: County Council

Subject: Adoption of the Housing Policy for Montgomery County

Background

1. On October 20, 1981, by Resolution 9-1503, the County Council adopted the Housing Policy for Montgomery County – A Statement of Intent.
2. As a result of shifting demographic and economic conditions in the Washington, D.C. metropolitan region, housing supply and demand have changed significantly since the adoption of the Housing Policy approved in 1981.
3. In January 2001, the County Executive prepared and transmitted to the County Council his recommendations for updating the Housing Policy for Montgomery County, Maryland.
4. On April 2, 2001, the County Council's Planning Housing and Economic Development Committee held a public worksession and amended the text of the Housing Policy in cooperation with the County Executive and his staff.

Action

The County Council for Montgomery County, Maryland, approves the following resolution:

1. The Housing Policy for Montgomery County, Maryland: "Montgomery County - The Place to Call Home" is hereby adopted as amended as part of and an attachment to this resolution and constitutes the statement of the County's concern that present and future citizens will be adequately housed; and it is the government's intent to pursue and implement the housing policy objectives to provide maximum opportunities in all planning areas for housing people of varying incomes, ages, and life styles, and to provide choices for families and individuals having needs for different types of housing.

2. This Housing Policy will be the plan for the County's actions to stimulate and generate production of the kinds of housing which are in short supply, but which are needed to provide a healthy and balanced housing inventory; and the County shall act in this effort by assuring that its decisions and over-all policies are consistent with achieving these goals.
3. All agencies having responsibilities that affect housing availability and cost are hereby mandated and directed to act expeditiously and diligently to carry out the objectives and intent of this housing policy.
4. In cooperation with neighboring jurisdictions, the County will work diligently to develop a coordinated strategy to address mutual housing needs in the Washington, DC metropolitan region.
5. The County Executive must submit an annual status report to the County Council, describing activities toward implementing the Housing Policy, including annual production targets. This report may be submitted in conjunction with the Housing Report the Executive must submit to the County Council under Section 25B-4 of the County Code describing the state of the County's demand for and supply of affordable, including assisted, housing.
6. Ten years from the enactment of this Resolution, the County Executive must undertake a full reevaluation of housing needs in Montgomery County, and recommend housing policy changes to reflect needs at that time.

This is a correct copy of Council action.

Mary A. Edgar
Mary Edgar, CMC
Clerk of the Council

ANALYSIS
of the
SUPPLY & DEMAND
for
HOUSING

Montgomery County, Maryland

June 26, 2008

Lisa Madigan Tate

Megan Taylor

M-NCPPC Research & Technology Center
MONTGOMERY COUNTY, MARYLAND

Karl Moritz, Chief
Roselle George, Research Manager

Housing Supply & Demand

Overview

Purpose

This report by the Research & Technology Center of the Montgomery County Planning Department assesses the supply and demand for housing in Montgomery County, Maryland. It is one in a series of background reports and analyses prepared in support of a pending update of the Housing Element of the General Plan.

The analysis begins with a comprehensive assessment of the local housing environment, including an inventory of existing housing and market conditions along with key factors shaping the supply and demand for housing in Montgomery County. The following section presents an analysis of the gap between existing and projected supplies of housing relative to demand at affordability thresholds for households of different sizes. The report concludes with a brief analysis of the implications that these trends and conditions might have for policies—especially land use and development-related policies—that affect the County’s affordability environment.

Note on sources

Most of the information in this report was mined from several data sets developed and maintained by the Research & Technology Center, including, the *COG Round 7.1 Forecast*, the *Census Update Survey* and housing market data. Research staff compiled a sizeable base of information in the course of preparing this analysis. In addition to the tables and charts included in this report and its accompanying data book, the reference base includes a detailed inventory of the County’s housing stock in GIS. Together these resources provide a rich statistical base for assessing housing, land use, transportation, economic and related policies in master plans. Similar analyses could be performed at the sub-county level.

Housing Supply & Demand

Supply Factors

Housing Construction Trends

Single-family attached (townhomes) and multi-family units (condominiums and apartments) have been the dominant form of home construction in Montgomery County over the past four decades. Single-family detached homes account for less than 50 percent of new units built since 1970. Even so, single-family detached homes remain the single largest category of homes in the County, reflecting the fact that single-family detached dwellings accounted for more than 90 percent of homes built in the County before 1970.

Average single-family home sizes—and corresponding prices—have increased. Single-family detached housing units nearly tripled in size from 1,323 square feet in the 1950s to 3,272 square feet this decade. Single-family attached housing units doubled in this same time period from 891 square feet to 1,792 square feet. Driven by a mix of demand for larger homes by affluent consumers and profit-maximization by builders, the trend to building larger—and more expensive—homes has helped drive up average housing prices Countywide.

After decades of getting smaller, newer multi-family are getting larger on average—reflecting a marked shift in consumer choice. The average square footage of a new multi-family unit fell steadily each decade between 1970 and 2000, but that trend has reversed. At around 1,300 square feet, new multi-family units are once again being built at a size not seen since the 1960s. The trend to larger multi-family units partly reflects an increase in for-sale units (i.e., condominiums). It also reflects a general shift in consumer preferences, with more households of all types—including families—choosing to live in multi-family units proximate to transit, retail, job and entertainment centers.

Capacity Constraints

Montgomery County is approaching build-out. 82 percent of existing residential capacity already has been reached; approved development currently in the pipeline pushes that to 91 percent. Permitted capacities can increase or decrease, such as when master plan updates or rezonings change permitted densities. Areas that currently are at or near build-out can acquire additional capacity by redevelopment of underused properties.

In-fill development will supply most new housing capacity. Most large landholdings outside of the Agricultural Reserve are almost fully developed. Future growth in the County will be primarily in the form of community-scale

redevelopment and infill in proximity to existing and planned transit service. The rural nature of the Agricultural reserve is likely to remain intact, while portions of the County currently developed at suburban densities will become increasingly urbanized.

Housing Market Trends

Strong demand and comparative affluence keep housing prices relatively high over time. Sustained levels of population growth over the several decades have tended to strain housing supplies, keeping prices high. A large number of comparatively wealthy residents seeking higher-end homes also boost housing prices overall.

Limited land availability creates upward price pressure. A dearth of land available for new construction has put a premium on remaining greenfield and redevelopment land alike. Cost pressures have been especially intense in parts of the County that are in very high demand, including areas close to major employment centers and transportation corridors, as well as neighborhoods with top-ranked schools and community amenities.

Higher construction costs have helped drive up new home prices. Since 2004, construction material prices have increased more quickly than other consumer goods. Rising labor costs also are boosting construction costs. Between 2004 and 2007, costs increased 31 percent compared to a 15 percent increase in consumer goods. This increase is driven by higher energy costs, a decrease in the availability of skilled labor, and increased worldwide demand for construction materials due to exploding economic growth (especially in China and India) as well as reconstruction costs in areas affected by war and natural disasters. In a strong housing market, these costs typically are passed on to consumers; in a shakier market, they tend to reduce the number of housing starts.

Already an expensive housing market, Montgomery County saw home prices spike still higher in the housing bubble. The record-low interest rates and lax lending standards during the nationwide housing bubble of 2002-2006 produced a power surge in the local housing market. An average new single-family detached unit was just under \$1 million in 2007—up from \$436,000 in 2001. The average price of an existing single-family detached home increased from \$290,000 in 2001 to \$569,000 in 2007. An average new townhouse in 2007 was priced at \$475,000 compared to \$266,000 in 2001. An existing townhouse was \$365,000 in 2007 compared to \$155,000 in 2001.

Housing sales have slowed in the past two years. Days-on-market for resale homes increased from fewer than 40 days on average from 2003 through 2005 to around 100 days in 2007. Montgomery County's housing market slowdown is less severe than in neighboring Virginia counties: after keeping pace with Montgomery County through the housing boom, both Loudoun County and Fairfax County have experienced sharper increases in days-on-market.

The nationwide foreclosure crisis is beginning to hit Montgomery County. Between December 2007 and March 2008, foreclosure rates Countywide

doubled from 0.89 to 1.8 foreclosures per 1,000 households. Maryland foreclosures are also growing at a faster rate than the national average (6 percent versus 4 percent). Along with serving as an indicator that growing numbers of households are in crisis, a spate of foreclosures can destabilize communities and erode the value of home investments among neighboring households.

Overall, Montgomery County rents are comparatively moderate. There is a rent divide between western portions of the County and the eastern and northern portions of the County. Rents are noticeably higher than the Countywide average of \$1,281 in Bethesda/Chevy Chase (\$1,674), Rockville (\$1,523) and Darnestown-Potomac (\$1,369). Moderate average rent is found in Germantown-Gaithersburg (\$1,165), Olney (\$1,165), Upper Montgomery County (\$1,039), and Wheaton (\$1,170).

There is pent-up demand for larger rental units. Nearly all rental apartments (86 percent) are one- and two-bedroom units. There is only a handful (268) of four-bedroom plus units in Montgomery County. Vacancy rates for three-bedroom apartments (4.8 percent) and four-bedroom plus units (3.1 percent) are below the Countywide average (5.1 percent), indicating that there is a need for more large rental apartments in the County. One reason for the relatively low number of larger rental units is the high rents attached to these units. The weighted average rent for 3-bedroom plus units in the County is \$1,780, which is out of reach for many households. A household would have to earn at least \$71,200 to afford this unit.

Housing Supply & Demand

Demand Factors

Population & Household Growth

Montgomery County is emerging from a period of exceptionally fast population growth. The number of County residents surged between 1980 and 2000, growing by 30 percent during the 1980s and 14 percent from 1990 to 2000. The County's population is forecast to grow by an additional 14 percent this decade. By 2010, the County will have an estimated 990,000 residents—a total population increase of nearly 411,000 (71 percent) since 1980.

The County is forecast to continue adding residents—albeit at a slower pace—over the next 25 years. Between 2010 and 2030, Montgomery County is forecast to add another 155,000 residents (16 percent), boosting total population to 1.2 million by 2030. While the pace of growth will slow relative to previous decades, it will be on top of a larger population base.

Household growth will continue to outpace population growth. The number of households grew 36 percent during the 1980s and by another 15 percent from 1990 to 2000. Household growth will slow slightly to 14 percent this decade. By 2010, households are expected to number 370,000, an overall increase of nearly 163,000 households (79 percent) since 1980. Between 2010 and 2030, the County is forecast to add more than 71,000 households (16 percent), reaching 441,000 households by 2030.

Demographic Change

A combination of high birth rates among County residents and an influx of new residents has fueled population growth since 2000. From 2000 and 2005, natural increase (i.e., births minus deaths) added 38,000 residents. Over the same period, net migration (i.e., the number of people moving in minus those moving out) added 25,000 residents; foreign immigration accounted for roughly 90 percent of this net migration. Most people moving to other parts of Maryland chose Frederick County, followed by Howard County.

The relatively faster growth in households reflects a general trend toward smaller households. Households in Montgomery County are getting smaller on average, declining from 2.79 residents per household in 1980 to an estimated 2.68 in 2010. By 2030, the average size of a household is forecast to be 2.59 residents. Declining household sizes reflect a number of demographic trends—including an increase in the number of seniors living alone; smaller families; and more singles.

Families account for the largest share of Montgomery County households.

62 percent of the County's households are married couple households and 10 percent are single-parent households. Households with children ages 0-18 account for 38% of all households (132,180). Single-family housing in particular attracts family households—in fact, 84 percent of households living in single-family homes are families.

The County's population includes a growing proportion of seniors.

Currently, only 11 percent of County residents are age 65 and above. As the cohort of residents between 45 and 64 (currently 27 percent of the population) ages, the number of households comprising one or more seniors will increase dramatically, generating additional demand for senior housing options.

County residents are exceptionally well-educated. 70 percent of County residents over the age of 25 hold a degree beyond a high school education. However, not all County residents are well-educated: 8 percent of adults lack a high-school diploma.

Foreign-born residents account for a substantial share of the County's population. One in three households has a foreign born head of household or spouse. The proportion of foreign- and native-born households is roughly equal for both single-family and multi-family households. Roughly two out of three foreign-born households occupy single-family housing units. One in 3 residents over the age of five speaks a language other than English.

Montgomery County is affluent. Median household incomes in Montgomery County are almost twice the national median (\$83,880 versus \$44,684 in 2004). High household incomes reflect proximity to the nation's capital. Median federal incomes exceed median private sector incomes in Montgomery County. The County also is home to many of the capital region's highly paid legal and other professionals. A relatively large base of high-wage professional, scientific and technical service jobs reflect the presence of life sciences and information technology (IT) industry clusters in the County.

Most employed County residents commute to jobs in Montgomery County.

60 percent of the resident labor force works in the County, with 22 percent working in the District, and 17 percent working in other Maryland counties or Northern Virginia.

Housing Choices

Most households occupy single-family housing. Reflecting the impact of pre-1970s housing development patterns, 77 percent of the County's households live in single-family detached or attached housing.

Most households own their homes. 74 percent of households own their home; ownership is split largely by housing unit type. About 94 percent of single-family households own their home, while only 30 percent of multi-family households own their home. This trend may be shifting as there have been a large number of new for-sale condominium apartments and apartment conversions under development and in the development pipeline over the past several years.

“Mansionization” boosts both housing sizes and prices. The neighborhoods most impacted are in the Urban Ring. Most notably, 75 percent of infill activity has occurred in Bethesda, Chevy Chase, and Kensington. Redevelopment permits dropped off noticeably in 2007, which coincides with the local housing market slowdown, decreasing home values, and increasing foreclosures.

Higher energy prices may offset the trend to larger homes. The rising cost of heating and cooling may undermine the appeal of very large homes. Moreover, high gas prices are likely to discourage future construction in less expensive outer ring suburbs, as the cost of a long commute offsets the perceived advantages of owning a larger home than one could afford closer to work. This trend already may be evident in the fact that home prices are declining and foreclosure rates increasing more quickly in distant suburbs around the metro region, including Prince William and Frederick Counties.

Multi-family housing attracts a diverse demographic base including families and persons with advanced degrees. Contrary to common perceptions, multi-family units house significant numbers of families as well as some of the County’s most highly educated residents. Families account for nearly half (47 percent) of multi-family households Countywide. 28 percent of multi-family residents hold a master’s, professional; doctorate or other advanced graduate degree. These facts may indicate that multi-family living increasingly is viewed as a lifestyle alternative versus an affordability imperative.

Multi-family housing is a crucial source of housing for newcomers and short-term residents. The majority of households moving into the County between 2000 and 2005 (60 percent) chose to live in multi-family housing, which tends to be more readily accessible (due to higher turnover rates) and affordable to newcomers, who tend to be younger and therefore less affluent than older, established households. Located next to the nation’s capital, Montgomery County also traditionally has housed a large transient population, including diplomats, military families, students and political workers; given the very high cost and continued competition for single-family detached housing, multi-family units provide a needed degree of flexibility and affordability.

Renters historically have paid a larger share of their household income towards housing costs. Regardless of housing unit type (single-family versus multi-family), renters on average pay more than owners, with 41 percent of renters spending more than 30 percent of their household income on housing costs, versus 17 percent of owners. This trend also may be shifting, as rising interest rates push up monthly payments on adjustable rate mortgages and more households are forced into foreclosure.

Seniors have an expanded range of independent living options. The supply of senior housing increased by 1,659 units from the year 2001 to 2005. At the same time, however, the number of nursing units, assisted living units, and subsidized assisted living units has declined—indicating a potential shortage in housing for seniors with the most needs.

Economic Growth & Diversification

A comparatively robust economy underlies high and rising housing demand. Strong job growth in and around Montgomery County has ensured a steady base of demand for housing. The County has added more than 300,000 jobs since 1975—effectively doubling its employment base over the past thirty years. It is now a major job destination with more than half a million people working in the County. The stability of the regional economy—anchored by the federal government—has tended to buffer the impact of economic shocks such as the dot-com bust and September, 2001 terrorist attacks.

Job growth is expected to slow as a result of limited growth capacity. The existing jobs/housing ratio (1.4) indicates a slight surplus of jobs relative to housing. When jobs exceed housing capacity, an area must import workers, increasing housing prices or forcing workers to endure longer commutes. Limits on commercial development capacity are expected to generate an optimal ratio of 1.5 to 1.6.

Constraining job growth can have negative consequences. Effective management of growth enhances economic development by maintaining a stable fiscal climate and ensuring adequate funding for quality schools, services, amenities and infrastructure. Even so, economic growth rarely occurs at a steady pace. If local companies are unable to expand locally during crucial periods of rapid industry growth and restructuring—especially in technology-driven sectors—the County could fall behind in the competition for future business and talent.

Suburban patterns of growth and transit connectivity issues have resulted in a high percentage of workers that commute by driving alone (72 percent). There are few, convenient cross-County transit options. MARC is the only direct cross-County rail option with limited service between Germantown and Silver Spring. The majority of County-based transit is bus-oriented. Bus routes typically require riders to switch buses at least once between housing and employment cores. Additionally, bus schedules are often unreliable due to heavy traffic conditions in the County.

Many businesses and employees are favoring clustered development patterns over sprawl. There is growing evidence that sectors traditionally based in suburban campus style developments—including life sciences and IT—are drawn to urban centers for the same reasons that have attracted creative and professional businesses—housing, transportation and amenities attractive to their workforce and provide a denser base of ties to industry services, suppliers and customers.

Housing Supply & Demand

The Affordable Housing Gap

The County has a sizeable shortage of affordable housing that will persist if existing land use patterns are maintained.

The following tables show the relative availability of units affordable to households within a given income range, based on an estimated rent or total housing cost of no more than 30 percent of income. There is a net shortage of 43,000 units in Montgomery County housing available to households earning less than \$90,000 per year, while there is a surplus of housing available to higher incomes, especially those earning more than \$150,000 per year. The 2006 median household income in Montgomery County was \$91,641. If there is no change in existing land use capacities and development plans, the gap in affordable housing—based only on household income—will remain almost unchanged in 2030.

Summary of Demand and Supply Imbalance (2005)

Annual Household Income	Affordable Monthly Housing Cost	Number of Units Demanded	Number Supplied (Owner Occupied)	Number Supplied (Renter Occupied)	Sufficiency/ (Deficiency)
Less than \$30,000	Less than \$749	39,942	619	12,510	(26,813)
\$30,000 to \$59,999	\$750 to \$1,499	77,926	8,325	59,940	(9,661)
\$60,000 to \$89,999	\$1,500 to \$2,249	68,196	48,337	13,680	(6,179)
\$90,000 to \$119,000	\$2,250 to \$2,999	57,585	64,790	2,340	9,545
\$120 to \$149,000	\$3,000 to \$3,749	36,099	47,083	900	11,884
\$150,000 and above	\$3,750 and above	67,251	93,296	630	26,676

Summary of Demand and Supply Imbalance (2030)

Annual Household Income	Affordable Monthly Housing Cost	Number of Units Demanded	Number Supplied (Owner Occupied)	Number Supplied (Renter Occupied)	Sufficiency/ (Deficiency)
Less than \$30,000	Less than \$749	50,797	1,491	19,478	(29,828)
\$30,000 to \$59,999	\$750 to \$1,499	99,104	12,465	93,327	6,688
\$60,000 to \$89,999	\$1,500 to \$2,249	86,729	52,631	21,300	(12,799)
\$90,000 to \$119,000	\$2,250 to \$2,999	73,234	75,304	3,643	5,713
\$120 to \$149,000	\$3,000 to \$3,749	45,909	60,197	1,401	15,689
\$150,000 and above	\$3,750 and above	85,527	105,701	981	21,156

The housing crisis disproportionately affects families.

The severity of the existing and future affordable housing crunch is more apparent when the analysis factors in the ability of households to find affordable housing appropriate to their family size (described in terms of number of bedrooms)—a key element of choice.

When household size is taken into account, there is an estimated overall shortage of nearly 50,000 affordable housing units in Montgomery County. This represents the total number of housing units needed by households of various size and income levels over and above the amount of available in the current housing stock. If there is no change in existing land use capacities and development plans, the gap in affordable housing will grow to an estimated 62,000 by 2030.

The existing housing gap indicates that an estimated 50,000 households Countywide are either experiencing an immediate housing crunch—spending more than 30 percent of their income to rent or own their homes, or living in units that are too small for their families—or would be unable to afford to buy their homes today.

Existing Housing Supply & Demand Conditions (2005)

Annual Household Income	Affordable Monthly Housing Cost	PERSONS IN HOUSEHOLD				Total
		1	2	3	4+	
Less than \$30,000	Less than \$749	(9,932)	(6,666)	(4,884)	(5,331)	(26,813)
\$30,000 to \$59,999	\$750 to \$1,499	3,273	(40)	(3,149)	(9,745)	(9,661)
\$60,000 to \$89,999	\$1,500 to \$2,249	3,765	(2,175)	(1,768)	(6,002)	(6,179)
\$90,000 to \$119,000	\$2,250 to \$2,999	7,414	448	(219)	1,902	9,545
\$120 to \$149,000	\$3,000 to \$3,749	6,275	1,821	233	3,556	11,884
\$150,000 and above	\$3,750 and above	14,356	5,471	2,505	4,344	26,676
	Net Surplus / (Deficit)	25,150	(1,141)	(7,283)	(11,275)	5,451

Projected Housing Supply & Demand Conditions (2030)

Annual Household Income	Affordable Monthly Housing Cost	PERSONS IN HOUSEHOLD				Total
		1	2	3	4+	
Less than \$30,000	Less than \$749	(9,991)	(7,412)	(5,895)	(6,529)	(29,828)
\$30,000 to \$59,999	\$750 to \$1,499	13,364	5,692	(1,790)	(10,578)	6,688
\$60,000 to \$89,999	\$1,500 to \$2,249	3,755	(4,171)	(3,076)	(9,307)	(12,799)
\$90,000 to \$119,000	\$2,250 to \$2,999	9,061	(1,186)	(1,484)	(677)	5,713
\$120 to \$149,000	\$3,000 to \$3,749	9,057	2,632	283	3,717	15,689
\$150,000 and above	\$3,750 and above	16,814	3,344	875	122	21,156
	Net Surplus / (Deficit)	42,060	(1,102)	(11,087)	(23,252)	6,620

The affordability crisis is reaching up the income ladder.

Low-income households. As would be expected, the affordability crisis is felt most acutely among the County's lowest income households. Without a substantial change in the existing housing environment, this segment of the community will continue to struggle to find affordable shelter.

Moderate income households. Households that are earning between 60 percent and 80 percent of area median income (AMI) based on their household size also face a substantial shortage of affordable housing. In particular, the housing needs of moderate-income families with 2 or more children are likely to go unmet without a change in development patterns. On a positive note, if the County's stock of multi-family housing continues to expand by the amount forecast under current master plans and approved development plans, the burden is expected to ease for some moderate income household segments—mostly singles, couples and small families.

"Workforce" households. In 2005, households earning between \$60,000 and \$90,000 per year faced a shortfall of nearly 10,000 housing units targeted to their income and household sizes. By 2030, the shortage of housing in that income band is expected to increase by 65 percent to more than 16,500 units. Most households earning from \$90,000 to \$120,000 annually can afford a home in Montgomery County today; by 2030, there will be an estimated shortage of 3,500 units for households in this income band. More affluent households may choose to occupy less expensive units—driving housing prices still higher and crowding out households of moderate and lower incomes.

The affordable housing crisis will have multiple impacts.

Housing-burdened middle-class households are likely to leave Montgomery County. In the past, these out-movers—especially skilled blue collar and service workers—tended to stay in the region, settling in outer suburban and rural counties. However, higher gas and living costs have made this adjustment untenable; if households or moderate means are unable to find acceptable housing closer to job centers, the County risks losing access to this vital skill base altogether. Area businesses will find it increasingly difficult to attract employees from less expensive housing markets, or retain lower-wage employees and those with families.

Rising foreclosures are just one part of the burgeoning affordability issue. If housing supplies do not expand to meet current or projected levels of unmet need, growing numbers of households will be forced to spend more of their income on housing—leaving less money available for utilities, maintenance, transportation, retirement savings, education, leisure and other expenditures. A large concentration of distressed households can destabilize a neighborhood, piling additional costs on residents and communities in the form of blighted appearance, rising vandalism and other crime, higher insurance premiums, lower health indices, lower school achievement and more.

Housing Supply & Demand Analysis

Continued market failures

Market forces are unlikely to close the affordability gap described in the previous section. In theory, high housing prices should stimulate homebuilding, expanding housing supplies until prices return to more affordable levels. There are several obstacles to such a market-driven adjustment.

- Options for expanding supply are constrained while underlying demand—especially among high-wage jobs—remains strong.
- High labor, land and construction material costs tend to make it more profitable for builders to target higher-income market segments, even when there are subsidies to produce moderate-income housing.
- The recent downturn in the housing market is unlikely to resolve the shortage. The housing market bubble of the past few years merely exacerbated an already-serious affordable housing crisis. Prices will decline from their peak levels in the 2002-2006 housing bubble, but continued high demand and sharp supply constraints will keep prices up.
- The recent tightening of credit availability further constrains the ability of households to purchase housing.

Policy implications

Until recently, the basic housing challenge in Montgomery County has been to keep pace with burgeoning population growth, while providing for the most vulnerable groups in the community. Thus, the existing policy mix essentially aims to (1) provide incentives to create affordable housing; and (2) target demand-side assistance for at-risk population groups.

The County's existing policy mix is unlikely to meet the scale of need, which now extends to a substantial share of the County's population and will worsen in the future. A key problem is that our existing tool set works best in a relatively robust fiscal and economic environment.

- Demand-side subsidies—rent vouchers, homebuyer tax breaks, foreclosure prevention and other assistance—are expensive, and federal support for these measures has dwindled. County resources—especially when constrained by unstable property tax revenues—are unlikely to cover the expanding base of need.

- Existing supply-side initiatives—chiefly inclusionary zoning—have worked very well in the past. Even so, these tools—including MPDUs, workforce and productivity housing—typically count on a robust housing market. These policies work less well when the market is cool—especially if other policies such as impact fees increase the costs or reduce potential operating income for developers.
-

Recommendations

Given the wide-reaching consequences of Montgomery County's affordable housing crisis—as well as the limits of any single policy measure to address all aspects of the problem—the issue needs to be addressed by a comprehensive portfolio of supply and demand-side initiatives. The following recommendations focus on policies—especially land use and development regulations—that can be addressed in a general and master plan or development review context.

Demand-side measures

While planning departments typically use supply-side policies, their efficacy depends heavily on understanding and responding to demand-side factors, especially affordability and choice. The following principles should be kept in mind.

- Rethink homeownership as a goal. With a current homeownership rate above 70 percent, the County should continue expanding multifamily to provide more rental options.
- Continue meeting the needs of households at all life stages. The increase in multi-family housing has eased the housing crunch for some segments of the community, especially young adults, singles and seniors. However, more needs to be done to meet the needs of families of modest means (keeping in mind that this includes many families earning at or above the median income). The trend to larger multi-family dwellings and high-intensity single-family dwellings should be encouraged, and augmented by allowing accessory structures and smaller lot developments.
- Continue promoting more urbanized development patterns. Sprawl is no longer a viable antidote to the affordability crisis. Higher gas prices drive up the cost of homeownership, especially for distant suburbs. Consumers increasingly are likely to prefer close-in housing options.
- Emerging industry sectors tend to favor clustered development patterns over sprawl. Even industries traditionally based in suburban campus style developments are beginning to adapt to more urban environments that supply the housing, transportation and amenities attractive to their workforce and provide a denser base of ties to industry services, suppliers and customers.
- Understand the vital role that services, transportation, amenities, healthy environments and other enhancements can play in offsetting housing costs by supporting access to jobs.

- At the same time, consider linking housing developments to services designed to ease the burden on stressed households, especially for projects that might generate gentrification pressures that could undermine established communities.
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Supply-side measures

The creation and preservation of affordable housing must be a cornerstone of land use and development planning.

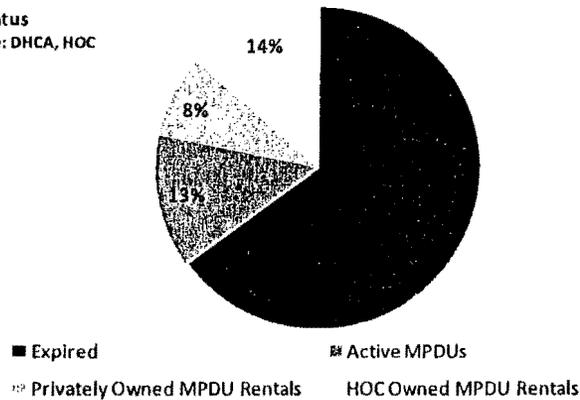
Redevelopment should be consistent with the concepts set forth in the report *Framework for Planning In The Future: Revitalizing Centers, Reshaping Boulevards, and Creating Great Public Spaces*. Many existing commercial centers offer opportunities for increased residential density in proximity to employment centers and retail opportunities. These revitalized centers will also need to be better connected, which the County can accomplish by improving transit service, reconnecting communities to the grid, and improving pedestrian and bicycle amenities and connectivity. Finally, increasing density in areas targeted for growth will cause the market to increasingly demand better public spaces. Potential strategies might include the following:

- Rezoning to higher density—or implementing minimum density requirements in the use of our zones. Historically, we have typically only used about 60 percent of the density allowable in our zones.
- Allowing smaller lots, which would be appropriate for cottage zoning, as an example.
- Allow—and encourage construction of—accessory apartments in all or nearly all areas of the County, especially in areas proximate to metro stations
- Permit flexible-unit size apartment buildings, where walls, plumbing and utilities are built to allow easy reconfiguration to respond to changing market for unit sizes.
- Reduce parking requirements for affordable housing projects, especially near transit and mixed use developments.
- Avoid over-loading projects with fees and exactions—especially in weak market environments—that could render an otherwise promising project economically unviable.
- Allow planners greater flexibility to negotiate with developers to achieve a desired mix of density, affordability and supporting amenities without burdening individual projects with a standard set of requirements. Focus on ensuring provision of amenities and mitigations with community- or neighborhood-wide—rather than project-specific—benefit.
- Expand greentape assistance. Ensure that all development applications with at least 20 percent affordable or workforce housing are entered into an accelerated review process.

MPDUs

The MPDU program has successfully provided thousands of affordable housing units to County residents over the past 35 years. In recent years, policy makers and planners have become concerned about the transition from price-controlled units to market rate units that has occurred due to short control periods. The response has been to increase the control period to 30 years for for-sale MPDUs and 99 years for rental MPDUs, and make the control period resettable for both types, which effectively makes the unit affordable permanently. 65% of MPDUs that have been developed over the programs lifetime have had their control period expire. The increase to a 30-year control period will help curtail the number of units able to be sold at market rate prices.

MPDU
by status
Source: DHCA, HOC



Existing MPDUs are in danger of expiring. Assuming no resets, it is expected that 1,030 for-sale MPDUs will expire by 2014, and 888 for-rent MPDUs will expire by 2024. The loss of these units would

have a huge impact on the affordable housing supply in the County. In addition to the units already developed and in the housing stock, there are over 3,000 MPDUs in the development process (as of February 2008). Due to the new control period, these units will be able to provide affordable housing options in the County far into the future and offset expected losses due to control periods expiring.

Anticipated Future Supply of New MPDUs

Source: DHCA, HOC

	<i>Number of</i>	
	<i>Units</i>	<i>% Distribution</i>
Pending Applications	1,691	54%
Certified Site Plans	1,148	37%
Ready for Sale/Rent 2008	121	4%
Ready for Sale/Rent Near Future	169	5%
TOTAL	3,129	100%

MPDU Status, Units Built Since 1972

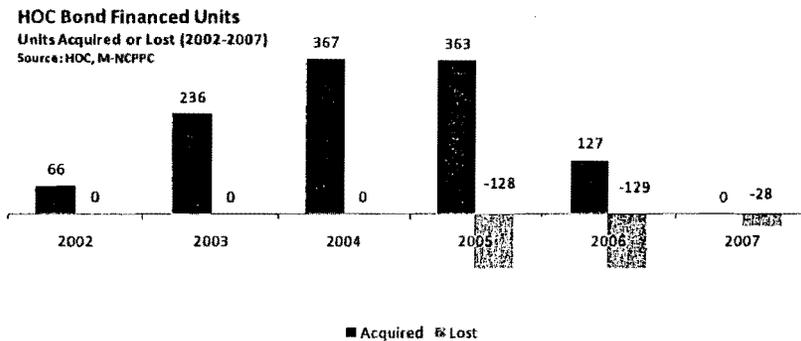
Source: DHCA, HOC

	<i>Number of</i>	
	<i>Units</i>	<i>% Distribution</i>
Expired	8,126	65%
Active MPDUs	1,654	13%
Privately Owned MPDU Rentals	1,006	8%
HOC Owned MPDU Rentals	1,714	14%
Total MPDUs	12,500	100%

104

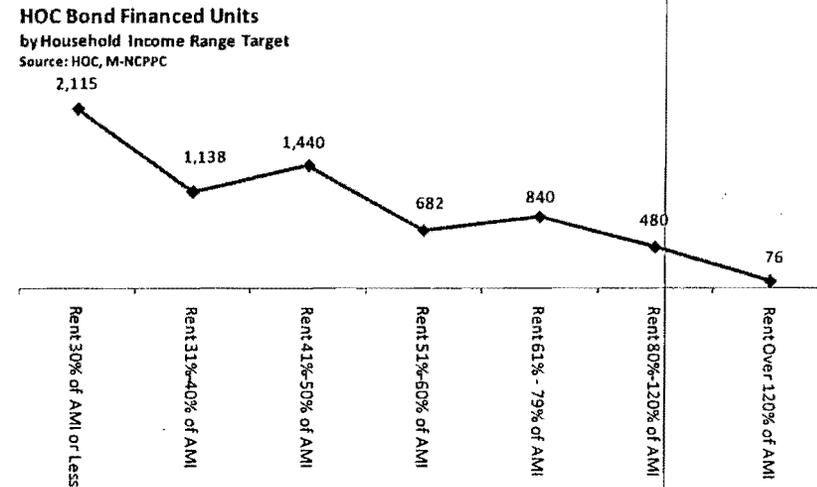
HOC AND MARYLAND FINANCED AFFORDABLE HOUSING

The Housing Opportunities Commission (HOC) plays a vital role in the provision and maintenance of the affordable housing stock in Montgomery County. They have successfully accumulated over 6,000 units that are targeted at various levels of affordability. Between 2002 and 2007, HOC has increased their affordable unit stock by a net of 874 bond financed units.



HOC concentrates on providing housing to households earning the least. About 65% of their units are aimed at households most in need of help. (Households earning less than 50% of AMI.) HOC owns or manages units that are affordable to households making up to 120% of AMI (and in very few cases exceeding 120% of AMI), with the emphasis on those households making less than 50% of AMI.

In addition to HOC, Maryland provides bond financing for projects that provide affordable housing. There are 139 state bond-financed projects that have yielded a minimum of 2,961 affordable units in Montgomery County. Together the State, HOC, and the



County are working to provide a wide range of affordable housing units to County residents.

HOC Bond Financed Units (2002-2007)

Source: HOC; M-NCPPC

	2002	2003	2004	2005	2006	2007	Total
HOC Acquired Units	66	236	367	363	127	0	1,159
HOC Units Lost	0	0	0	(128)	(129)	(28)	(285)

HOC Bond Financed Units (2007)

Source: HOC; M-NCPPC

	<i>Number of Units</i>	<i>% Distribution</i>
Rent 30% of AMI or Less	2,115	31%
Rent 31-40% of AMI	1,138	17%
Rent 41-50% of AMI	1,440	21%
Rent 51-60% of AMI	682	10%
Rent 61-79% of AMI	840	12%
Rent 80-120% of AMI	480	7%
Rent Over 120% of AMI	76	1%
Total Units	6,771	100%

196

Testimony of Scott W. Reilly
on the Housing Element of the General Plan
Montgomery County Council
December 1, 2009

Good afternoon. For the record, I am Scott Reilly, Chief Operating Officer, Department of Housing and Community Affairs, testifying on behalf of County Executive Ike Leggett.

The County Executive is pleased that a number of the issues identified by his Affordable Housing Task Force are addressed in the draft Housing Element. The Task Force report included recommendations on:

- preserving the County's existing affordable housing stock,
- creating new affordable housing, and
- adopting regulatory reform, especially mitigation of the expensive and time consuming development approval process.

The Executive Branch supports the Element's Policy Goals that encourage co-location of housing with public facilities. We recommend adding a provision that where the County is pursuing housing co-located or adjacent to a public facility, the residential density from the public facility portion of the site may be transferred to, or reserved for, the residential component.

Despite our comments to the Board, the Plan has not addressed a significant issue affecting housing production – the regulatory and approval processes of the County agencies themselves, including the Planning Board.

A recommendation in the Affordable Housing Task Force report is the streamlining of the development approval process and removal of barriers to housing production, especially affordable housing. The Executive recommends that a fifth objective be added to the Housing Element to address these concerns.

We would title it: Housing and Land Use, Zoning, and Development Approval. Policy Goals for the objective include the following:

- 5.1 Expedite approval reviews for housing that meets strategic objectives of affordability, environmental sustainability, and transit serviceability.
- 5.2 Consolidate sequential review and approval processes into one coordinated, concurrent process.
- 5.3 Provide incentives, including height and density, to promote appropriately designed and priced housing.
- 5.4 Allow sectional map amendments that address changing community and market conditions to proceed independently of time consuming master plan and sector plan amendments.
- 5.5 Ensure that all master plan and sector plan amendments address the need for additional affordable housing, and promote specific strategies to meet that need.
- 5.6 Allow flexibility in meeting site plan requirements commensurate with the provision of affordable housing in excess of minimum requirements.

While we are encouraged that the Planning Board has begun a rewrite of the Zoning Ordinance and is looking at overhauling its regulatory processes, we believe that this fifth objective will provide guidance to both efforts.

We also believe that Objective 2, Diverse Neighborhoods and Housing, should note that there are additional impediments to accessing housing. These barriers include unfair lending practices, the lack of awareness of fair housing matters, and a shortage of testing information on fair housing in Montgomery County.

With these additions and amendments, and those in the County Executive's written comments, we believe that the new Housing Element will be a valuable tool in promoting and directing housing production, including affordable housing, as the County approaches buildout. Thank you for the opportunity to bring these issues to your attention.

S:\Files\recurring\Director\Scott\Planning\Housing Element\Housing Element Testimony at MCC-12-01-09.doc



MONTGOMERY COUNTY PLANNING BOARD
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

OFFICE OF THE CHAIRMAN

December 1, 2009

The Honorable Nancy Floreen
President
Montgomery County Council
Stella B. Werner Council Office Building
100 Maryland Avenue
Rockville, Maryland 20850

Re: Public Hearing of the Housing Element of the General Plan

Dear Ms. Floreen:

On behalf of the Planning Board, I am pleased to enter these comments into the record.

The Planning Board recommends the Council adopt the proposed Housing Element of the General Plan, which brings the housing goals of the County's General Plan into alignment with the County's current housing priorities and with recent housing legislation and initiatives at the state and federal levels.

The Housing Element makes recommendations for housing in the County and identifies the policy objectives, regulatory reforms, and land use strategies needed to accomplish the recommendations. It satisfies the requirement of the House Bill 1160, which requires a local government to have a comprehensive plan with a workforce housing element as a prerequisite to participation in the Workforce Housing Grant Program established by that bill.

The proposed plan addresses several key housing challenges we will face in the future. High housing values in the County reflect strong demand as well the County's reputation for high quality of services and stable neighborhoods. The negative side of this robust housing market is a chronic shortage of housing that is affordable for much of the County's workforce and for other moderate and lower income households. The County is forecasted to exceed one million persons by 2015, and to add about 72,000 households between 2010 and 2030. The greatest housing need will be for seniors, young households, large families, and people with special needs. This need will be accompanied by a growing demand for rental units.

We cannot solve our housing problems with policies that reinforce traditional patterns of low density sprawled development. The proposed document encourages new strategies designed to successfully accommodate the next generation's demand for homes and communities that

1a
109

The Honorable Nancy Floreen
Housing Element of the General Plan
December 1, 2009
Page Two

are balanced, convenient, and sustainable. In addition to conserving existing affordable housing, new housing strategies must be developed that offer a smarter future vision for the County's 106 auto-oriented commercial strips, that rethink its 8,000 acres of surface parking lots, and that optimize opportunities for housing near high quality transit service.

The Housing Element identifies master plans, development regulations, new revenue sources, use of appropriately locate surplus public land, and collaboration among public agencies as the essential components of a strategic framework necessary to achieve the goal of adequate housing supply for the County's future population. It is the result of more than two years of public review process, research, interagency work sessions, and numerous meetings with representatives of community and development groups. A public hearing was held on April 23, 2009. Subsequently, the Planning Board held two work sessions, on June 18th and the July 23rd, and unanimously approved the proposed draft of the Housing Element for the final review and approval by the County Executive and the Council.

The Planning Board anticipates significant public and private sector coordination will be required for successful implementation of the Housing Element. We look forward to working with the Council in the months ahead, and we thank you for providing the leadership needed to reach our goals.

Sincerely,



Royce Hanson
Chairman



December 1, 2009

5104 Elm St., Bethesda MD 20814 (301)652-6359 email - theelms518@earthlink.net

MONTGOMERY COUNTY CIVIC FEDERATION TESTIMONY TO COUNTY COUNCIL ON DRAFT REVISION OF THE HOUSING ELEMENT OF THE GENERAL PLAN

I am Jim Humphrey, testifying on behalf of the Montgomery County Civic Federation. At their meeting on November 9, Federation delegates unanimously approved the following position on the draft revision of the Housing Element of the General Plan:

"The Federation members believe that an important objective of the Housing Element should be the preservation of existing affordably priced housing, both government-controlled and free market available sale and rental units, while insuring units are maintained in good condition. This is a specific goal in the current Housing Element (Objective 4 - Strategy F, 1993 General Plan Refinement). Instead, a half-hearted recommendation to 'make affordable and workforce housing a priority' is buried as the 7th of 34 policy strategies in the document, with no specifics as to how this should be done. The most affordable housing units are those that already exist, since housing on redeveloped sites is almost always priced higher than that which currently exists. In addition, in environmental terms, existing housing has a smaller carbon footprint than redeveloped housing, regardless of how energy efficient that new housing may be.

"A second and equally important objective of the new Housing Element should be the preservation of the character and quality of life of existing neighborhoods. One of the six Objectives in the Housing chapter of 1993 General Plan Refinement is to protect existing residential neighborhoods, with 6 specific strategies identified to achieve that objective; but, all of these references have been removed in the proposed revision. We believe the objective of protecting single-family home neighborhoods, which occupy 72% of the developed land in the county, should be retained in any revision of the Housing Element. And we believe a new strategy should be added to the revision, recommending the creation and application of standards necessary to preserve the character of residential neighborhoods and insure the compatibility of infill projects with that character.

"MCCF delegates believe the proposed strategy to 'allow accessory apartments in residential zones by-right under appropriate design standards and conditions' [Strategy 2.1] is an attempt to circumvent a county policy debate that has yet to take place. The Federation strongly supports retention of the current Special Exception process for approval of accessory apartments."

On the reverse of this page, we have included the sections of the current Housing Goals chapter that we believe should be retained and strengthened in any revision you approve. Thank you.



Federation delegates believe the following Housing Objectives and Strategies, which are currently in effect in the 1993 General Plan Refinement, should be retained and strengthened in any revision of the Housing Element:

HOUSING OBJECTIVES & STRATEGIES from Housing Goals chapter currently in effect (1993 General Plan Refinement, approved by County Council in November 1993)

OBJECTIVE 4

Encourage an adequate supply of affordable housing throughout the County for those living or working in Montgomery County, especially for households at the median income and below.

Strategies

* * *

F. Preserve existing affordable housing where possible.

OBJECTIVE 5

Maintain and enhance the quality and safety of housing and neighborhoods.

Strategies

A. Discourage deterioration of housing through well-funded code enforcement, neighborhood improvement programs, and other appropriate techniques.

B. Ensure that infill development and redevelopment complements existing housing and neighborhoods.

C. Mix housing with other uses with special care in ways that promote compatibility and concern for residents' needs for safety, privacy, and attractive surroundings when introducing new uses into older neighborhoods.

D. Provide for appropriate redevelopment of residential property when conditions warrant.

E. Protect residential neighborhoods by channeling through traffic away from residential streets and discouraging spill-over parking from non-residential areas.

F. Use special care to plan uses at the edges of high-density centers that are compatible with existing neighborhoods.

Hillandale Citizens Association
December 1, 2009
Testimony for Montgomery County Council
Amendment to the Housing Element of the Montgomery County General Plan

The three basic goals of the Housing Element, conservation of stable neighborhoods, concentration of housing in mixed-use, transit oriented areas and closing the affordability gap are laudable goals which all Montgomery can appreciate as we look to the future. However, beneath the surface of these goals, there are contradictory recommendations and a lack of clarity.

Hillandale is an older, just-at-the-Beltway, just-at-the-county-line community comprised of modest homes. Our area is very inclusive, with a mix of single-family homes, garden and high-rise apartment complexes. Our schools are highly challenged. Hillandale's single-family neighborhoods have rented homes, accessory apartments, registered living units, and rented rooms. We have group homes for the developmentally disabled and small assisted-living care homes. We also have home-based businesses. We have a lot of community pride and concern for our neighborhood. We are part of the East County, the MCPS Red Zone, and our perspective is different from the generalized overview provided in the Housing Element.

We welcome the acknowledgement that older neighborhoods, like Hillandale, are vulnerable to decline if services are not maintained and codes are not enforced. Unfortunately, the recommendation to eliminate the special exception requirement for accessory apartments contradicts that goal. The special exception process has worked well for Hillandale. Our most recent case (S-2728) started as an overcrowding complaint. Through the documentation and hearing process, a number of difficult issues were resolved resulting in a marked improvement rather than a deteriorating situation. The Board of Appeals provides the best venue to bridge cultural and attitudinal differences. This is markedly different from the unsatisfactorily resolved situations resulting from DHCA-only administered registered living units. **If the county's goal is to increase affordable housing in the least costly way and without causing neighborhood decline, we ask Council to modify this Housing Element and reinforce the long-standing county policy to allow accessory apartments by special exception.**

The goal of concentrating new housing in transit-oriented areas needs to include two additional policies: (1) achieving a jobs/housing balance, and (2) assessing transit quality. In Hillandale, you can see the Beltway at a standstill every morning. If there were more jobs locally, if there was a jobs/housing balance, there would be less long distance commuting. And, although several transit routes serve our area, these local routes are insufficient to serve a bigger high-density, mixed-income community well. The county needs to define transit quality and specify transit development areas better than the currently defined 10-minute headway. Marginal transit centers and crossing Ride-On routes should not be the qualifying criteria for a project to be designated transit-oriented and ready for high-density residential development.

Regarding the final goal of closing the housing affordability gap, **much of MNCPPC's data does not reflect the recent historic change in the real estate market, or the fact that according to DHCA, the county now has large pockets of "naturally-occurring affordable housing."** With this new reality, **the county needs to institute policies to achieve economically integrated communities.** Affordable housing projects should be located to seek geographical balance based on the existing housing mix. With an analysis to prioritize areas, a more equitable countywide dispersal of affordable housing could result. This would be healthy for individual communities, schools and the entire county.

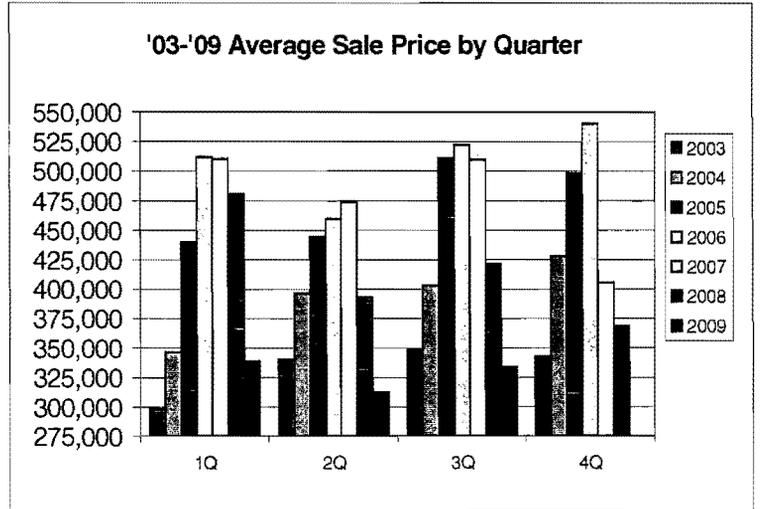
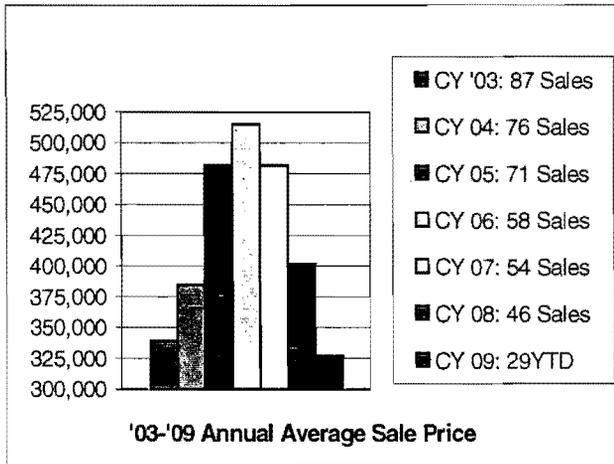
Thank you for your consideration of the issues important to all the residents of Hillandale.

Eileen Finnegan
10404 Sweetbriar Pkwy, SS, MD 20903
301-439-2263

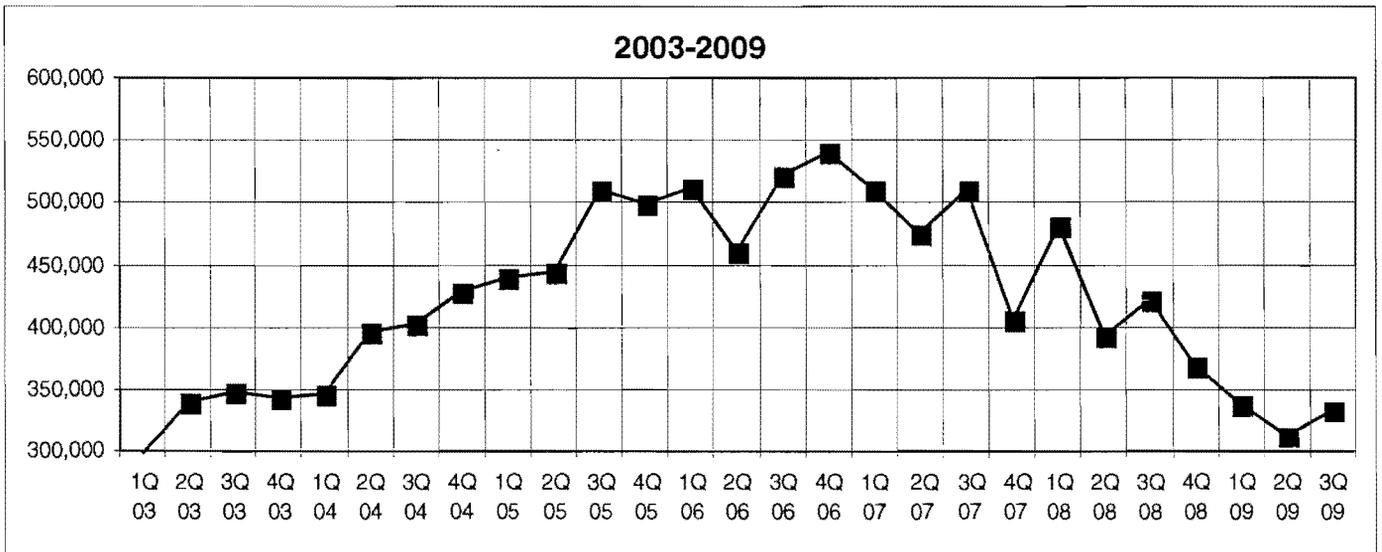
HCA Area Home Sales: 2003-2009

Hillandale Average Sales Price by Year & Quarter

September 30, 2009



Time Line: Average Sales Price by Quarter



2003
 87 Existing Homes
 Total Value: \$29.5M
 Average Price: \$339.04k
 Median Price: \$ 340.0k
 County Median: \$383.0k

2005
 71 Existing Homes
 Total Value: \$34.3M
 Average Price: \$482.6k
 Median Price: \$468.95k
 County Median: \$530.0k

2007
 54 Existing Homes; 1N \$820
 Total (Ex) Value: \$26.0M
 Average (Ex) Price: \$481.4k
 Median (Ex) Price: \$475.0k
 County (Ex) Median: \$560.0

2009
 Year to Date: 9/30/09
 29 Existing Homes
 Total Value: \$9.4 M
 Average Price: \$326.9k
 Median Price: \$320.0k
 County Median: \$unknown

2004
 76 Existing Homes
 Total Value: \$29.6M
 Average Price: \$384.4k
 Median Price: \$384.8k
 County Median: \$450.0k

2006
 58 Existing Homes
 Total Value: \$29.9M
 Average Price: \$515.1k
 Median Price: \$504.5k
 County Median: \$552.5k

2008
 46 Existing Homes
 Total Value: \$ 18.5 M
 Average Price: \$401.7k
 Median Price: \$397.5k
 County Median: \$ unknown

4

HOC Testimony
Housing Element of the General Plan
December 1, 2009

Good afternoon. I am Sally Roman, a Commissioner with the Housing Opportunities Commission (HOC), speaking on behalf of the Commission. Thank you for this opportunity to comment on the draft Housing Element of the General Plan.

We would like to commend the Planning Board and Planning staff for this thoughtful, comprehensive draft and support this effort to update the County's housing planning policy to respond to the challenges of an increasingly urban environment.

Overall, we are pleased to endorse the goals and objectives of the draft Element. We believe they provide a sound basis for future housing development and preservation in the County. However, there is one significant omission. The Housing Element of the current General Plan includes the objective, "Promote a sufficient supply of housing to serve the County's existing and planned employment" This concept is implied but never stated in the current draft. We believe it is important to clearly express this idea as County policy. This is particularly important for the lower income workers HOC serves since an insufficient supply of housing near their jobs tends to push prices, which are probably already high, way beyond their reach. We urge you to add such an objective.

We especially support two of the Element's policy statements and hope that they will be actively pursued in future master plans and planning decisions. These are 2.2, "Make affordable and workforce housing a priority in all parts of the County." and 4.5, "Include affordable and workforce housing in all suitable public building projects in appropriate locations throughout the County."

Policy 2.9, "Create a partnership between Montgomery County and the Housing Opportunities Commission to acquire vacated properties for affordable and workforce housing...." should be revised to say "Support the partnership between Montgomery County and the Housing Opportunities Commission...." as HOC and the County already work together on projects of this nature. We appreciate the good relationship we enjoy with the County as we pursue this type of project.

We suggest two other minor but important revisions. On page 11 in the discussion of master plans, we suspect that the intention was to increase opportunities to develop a ratio of housing units to jobs that reflects the number of workers per households rather than "a high jobs-housing ratio," and we would revise it accordingly. In the "Interagency Coordination Matrix" we would add HOC as a primary agency in 4.5, "Include affordable housing in all suitable public building projects..." as HOC typically plays a role in such projects.

Thank you for considering our comments. We would be glad to answer any questions or discuss them with you or the staff.

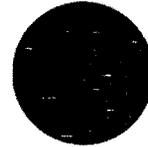
SHULMAN
ROGERS

GANDAL
PORDY
ECKER

December 2, 2009

The Honorable Nancy Floreen, President
Montgomery Country Council
100 Maryland Avenue
Rockville, Maryland 20850

052979



2009 DEC -3 PM 2:58

RECEIVED
MONTGOMERY COUNTY
COUNCIL

Re: Public Hearing; Planning Board Draft of the Housing Element of the
General Plan
Our File No. 110023.00005

Dear Mrs. Floreen:

I request that you include this letter in the record of the public hearing on the Housing Element of the General Plan. I suggest that the Housing Element include a statement that the definition of a senior adult, for housing purposes be 55. The Federal Government has set the age for senior housing at 55 and above, in the law regarding Federal Low Income Housing Tax Credits. The State of Maryland, in its Housing Policy, has defined a senior as 55 years and above.

Montgomery County defines a senior at different levels. For example, the zoning ordinance defines a "senior adult" as 62 years old. In the PRC zone, a senior is defined as 50 years old. It is suggested that the County definitions should be aligned with Federal and State of Maryland policy.

The Housing Element should start the process of bringing the definition of a senior adult in line with Federal and State policy. If nothing else, bringing the definition of senior adult in line with Federal and State policy will avoid the possibility of having a discrimination lawsuit filed against the County in some bizarre fact situation. In addition, after adopting the Housing Element, the zoning ordinance definition of "senior adult" should be changed to reflect the new age.

Thank you for the opportunity to address this issue.

Very truly yours,

David D. Freishtat
David D. Freishtat

DDF:grs

117

PH 12/1/09

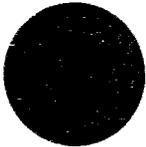
HOUSING ELEMENT GP

Delgado, Annette

MAN
C
LAM

From: Andrews' Office, Councilmember
Sent: Tuesday, November 24, 2009 4:04 PM
To: Montgomery County Council
Subject: FW: Accessory Apartments

052807



2009 NOV 25 AM 9:25

RECEIVED
MONTGOMERY COUNTY
COUNCIL

-----Original Message-----

From: Matt Zaborsky [mailto:normortgage@comcast.net]
Sent: Tuesday, November 24, 2009 3:59 PM
To: Andrews' Office, Councilmember
Cc: Berliner's Office, Councilmember; Ervin's Office, Councilmember; Elrich's Office, Councilmember; Floreen's Office, Councilmember; Knapp's Office, Councilmember; councilmember.leventhal@montgomerycountymd.gov.councilmember.trachtenberg@montgomerycountymd.gov
Subject: RE: Accessory Apartments

Philip Andrews
County Council President
100 Maryland Avenue
Rockville, Maryland 20850

SUBJECT: Testimony for 12/1/09 hearing on proposed revision of Housing Element of General Plan

Honorable Council President Andrews,

The purpose of this note is to inform you that the NORBECK MEADOWS CIVIC ASSOCIATION (NMCA), a 480-unit community, has voted to strongly oppose the recommendation, which is included as Policy 2.4 on page 14 of the July 2009 Planning Board draft revision of the Housing Element of the General Plan, to allow accessory apartments in residential zones by right. The NMCA supports the current process that requires the property to be posted and a special exception hearing to be held. We wish to submit this position in writing since we are not certain we can get a representative to a hearing in the middle of the day on December 1, 2009.

Our Association strongly opposes this change because these apartments can quickly change the character of a community especially one zoned for single-family dwellings. Parking is one of the first concerns especially since our streets are narrow and do not have curb and gutter. Secondly, apartments within existing dwellings increase the density of the neighborhoods putting more traffic on local streets, and more pressure on community resources such as schools, police, and fire protection. Lastly, many folks choose to pay more to live in a single-family detached dwelling in a less congested neighborhood. To allow accessory apartments by right will greatly diminish their quality of life and lower property values by allowing an unlimited number of single family dwellings to transition to apartments.

It should also be noted that other homeowners associations in Olney feel similarly as evidenced by the overwhelming vote at the Greater Olney Civic Association meeting on November 10, 2009 to similarly oppose the new language that would allow accessory apartments by right. We ask that the County Council NOT approve this new proposal. Please feel free to contact me if more information is needed.

Matt Zaborsky, Vice President
Norbeck Meadows Civic Association
301-774-1311
mattz@normortgage.com

118

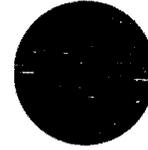
PH 12-1-09 HOUSING ELEMENT
OF GENERAL PLAN

NAN
CC

Marin, Sandra

From: sharondooley@comcast.net
Sent: Wednesday, November 18, 2009 11:35 AM
To: Montgomery County Council
Subject: General code reinforcement

052677



To County Council members:

GOCA recently passed a resolution asking that the portion of the General Code which addresses accessory apartments remain as written - this requires that such additions which are frequently called "in-law apartments" still be subjected to approval as special exceptions rather than be given blanket approvals as allowed by right. I believe we are joined with the Montgomery County Civic Federation in their opposition to these projected changes.

Please let us know of your opinions in this matter; I do hope you can agree with this reinforcement of current standards which should serve to enforce our zoning regulations.

Thank you,
Sharon Dooley
President GOCA

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MONTGOMERY COUNTY
COUNCIL

2009 NOV 19 AM 9:34

Cherrywood Homeowners Association, Inc.

P.O. Box 159

Olney, Maryland 20830

November 21, 2009

Philip Andrews
County Council President
100 Maryland Avenue
Rockville, Maryland 20850

SUBJECT: Testimony for 12/1/09 hearing on proposed revision of Housing Element of General Plan

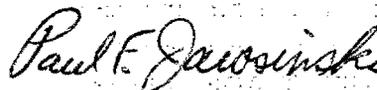
Honorable Council President Andrews,

The purpose of this note is to inform you that the Cherrywood Homeowners Association, a 606-unit community, has voted to strongly oppose the recommendation, which is included as Policy 2.4 on page 14 of the July 2009 Planning Board draft revision of the Housing Element of the General Plan, to allow accessory apartments in residential zones by right. The Cherrywood HOA supports the current process that requires the property to be posted and a special exception hearing to be held. We wish to submit this position in writing since we are not certain we can get a representative to a hearing in the middle of the day on December 1, 2009.

Our Association strongly opposes this change because these apartments can quickly change the character of a community especially one zoned for single-family dwellings. Parking is one of the first concerns especially since our streets are narrow and do not have curb and gutter. Secondly, apartments within existing dwellings increase the density of the neighborhoods putting more traffic on local streets and more pressure on community resources such as schools, police, and fire protection. Lastly, many folks choose to pay more to live in a single-family detached dwelling in a less congested neighborhood. To allow accessory apartments by right will greatly diminished their quality of life and lower the property values and life savings by allowing an unlimited number of single family dwellings to transition to apartments.

It should also be noted that other homeowners associations in Olney feel similarly as evidenced by the overwhelming vote at the Greater Olney Civic Association meeting on 11-10-09 to similarly oppose the new language that would allow accessory apartments by right. We ask that the County Council NOT approve this new proposal. Please feel free to contact if more information is needed.

Sincerely,



Paul F. Jarosinski
President

2009 NOV 25 AM 9:21

RECEIVED
MONTGOMERY COUNTY
COUNCIL

LAM

Marin, Sandra

From: Louis Wilen [louis.wilen@verizon.net]
Sent: Wednesday, December 09, 2009 1:16 PM
To: Knapp's Office, Councilmember; Montgomery County Council
Subject: Please OPPOSE a simplified Accessory Apartment approval process

053080



Dear Councilmember Knapp, Mr. President, and Members of the Council:

Yesterday evening, I watched a presentation at the GOCA meeting by several county officials about the proposal to allow accessory apartments "by right". The county officials clearly were trying to gain support for allowing accessory apartments to be allowed "by right", instead of through a public hearing process.

Accessory apartments increase crowding and cheapen neighborhoods. But that's only part of the reason to oppose accessory apartments.

Under our property tax system, homeowners with accessory apartments get significant homestead credits and county tax credits, even though they are partially landlords. Owners of accessory apartments effectively get tax benefits that are intended solely for owner-occupants. At the same time, these owners contribute to overcrowding of single-family neighborhoods and increase the burden placed on schools because of the much greater number of children that tend to live in a house that has an accessory apartment.

I ask that you OPPOSE any attempt to simplify the accessory apartment approval process.

Thank you for hearing my concerns.

Louis Wilen
17101 Macduff Avenue
Olney, MD 20832

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MONTGOMERY COUNTY
COUNCIL

2009 DEC 10 AM 8:20

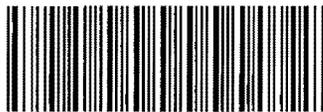
121

Approved and Adopted
White Flint Sector Plan

April 2010

Montgomery County Planning Department
The Maryland-National Capital Park and Planning Commission

www.MontgomeryPlanning.org



7100000016

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Demographic Profile and Housing Resources

The area for the demographic and housing analysis is twice the size of the Sector Plan area. Within the analysis area, there are about 18,720 residents, 3,000 detached units, 1,140 townhouses, 2,900 garden apartments, and 1,755 high-rise units.

Within the Sector Plan area, there are 2,321 existing and 2,220 approved dwelling units, all of which are high-rises (Table 2). More than 1,000 of the existing units in the Sector Plan area are rental units. There are 211 existing moderately priced dwelling units (MPDUs) and 258 more affordable units have been approved.

Compared to the residents of Montgomery County as a whole, residents of the White Flint Sector Plan area are generally older, less diverse, wealthier, highly educated, and more likely to live alone in a rental unit in a multifamily building. More than half of the residents of White Flint live and work in Montgomery County, 28 percent work in the District of Columbia and more than 20 percent use transit.

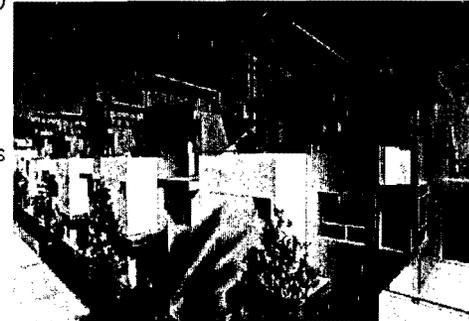


Table 2: Existing and Proposed Housing Units - June 2008

	Total Existing	Existing MPDUs	Total Approved	Approved MPDUs	Total Proposed	Proposed MPDUs 12.5%	Proposed workforce housing (10%)	Total Affordable Housing Units
Housing Units	2,321	211	2,220	258	9,800	1,225	980	2,674

Households in White Flint spend on average 30 percent of their income on housing, which is less than the 47 percent spent by households County wide. White Flint has a larger percentage (40 percent) of non-family households than the County (26 percent). One half of the area's households are married couples compared to 62 percent County wide, and 38 percent of the householders live alone compared to 24 percent of householders County wide. Apartments are in high demand. There was a 3.5 percent apartment vacancy rate in 2006, compared to the County rate of 4.3 percent. There are no nursing homes or group homes within a half mile of the Metro station.

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Mixed Uses

In compact development, vertical and horizontal mixed uses provide variety in the urban environment. Vertically-integrated uses will provide fewer single-use buildings. This does not suggest, however, that there are no suitable places for single-use buildings.

Housing

Affordable housing in an urban environment takes many forms, but because space is at a premium, the units are typically multifamily apartments. To accommodate a variety of households, all new residential development should include different unit types and sizes, including options for the number of bedrooms per unit, and provide choices for all budgets. New residential development should yield 9,800 new units, of which at least 12.5 percent will be MPDUs, according to current law (Chapter 25A). In addition to the MPDUs, new residential development in a Metro Station Policy Area must include Workforce Housing units (Chapter 25B).

Affordable housing is a suitable use for publicly owned land or land recommended for public use. Where new private development is proposed adjacent to publicly owned land, consideration should be given to public/private ventures to provide more than the required affordable housing through land swaps or other creative solutions. This Plan recommends that units for seniors and special populations be included in residential development, particularly in locations nearest local services and transit.

Child Daycare

One difficulty working families face is finding child daycare near work or home. Child daycare is an optional incentive in the CR Zone. Child daycare should be incorporated in new office and residential development, especially near transit facilities.

Hotels

Hotels generally should be located close to transit, especially within the first one quarter mile of the Metro station. Hotels at this location will support the Conference Center facilities and could be integrated with residential uses and ground floor retail. They can also accommodate visitors to the Walter Reed National Military Medical Center and NIH, just two stops south on Metro's Red Line.

Industrial

There are properties with existing low-intensity industrial uses at the edges of the Sector Plan area where redevelopment is unlikely in the immediate future. This Plan does not discourage the continuation of these uses.

Local Services

Grocery stores, restaurants, local retail and commercial services, such as hair salons, pharmacies and dry cleaners, make a neighborhood desirable. Local retail should be incorporated where appropriate in the ground floor of buildings where streets cross Rockville Pike (Old Georgetown Road, Executive Boulevard, Marinelli Road and Nicholson Lane) or interior north/south roads (Woodglen Drive Extended and Nebel Street). Regional retail is best located along Rockville Pike where there is high visibility.

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- The Planning Board must establish an advisory committee of property owners, residents and interested groups that are stakeholders in the redevelopment of the Sector Plan area, as well as representatives from the Executive Branch, to evaluate the assumptions made regarding congestion levels, transit use, and parking. The committee's responsibilities should include monitoring the Plan recommendations, identifying new projects for the Amenity Fund, monitoring the CIP and Growth Policy, and recommending action by the Planning Board and County Council to address issues that may arise.

Phasing

Development may occur anywhere within the Sector Plan area; however, all projects will be required to fund or, at a minimum, defray total transportation infrastructure costs. The phases of the staging plan are set at 30 percent, 30 percent, and 40 percent respectively of the 17.6 million square feet of new development. This Plan recommends that affordable housing units provided under the CR Zone incentives (and are in addition to those required by Chapter 25A) may be excluded from the staging capacity. Residential development must pass the School Adequacy Test in the Growth Policy. This test is assessed annually. Any development approvals that predate the approval of this Sector Plan are considered to be in conformance with this Plan. For such approvals, only the difference between the amount of the prior approval and any requested increase would be subject to the phasing caps.

Phase 1: 3,000 dwelling units and 2.0 million square feet nonresidential development

During Phase 1, the Planning Board may approve both residential and non-residential development until either of the limits above is reached. Work-around road projects west of Rockville Pike, including the streets for the civic core, should be contracted for construction during Phase 1 and completed before commencement of Phase 2.

The following prerequisites must be met during Phase 1 before moving to Phase 2.

- Contract for the construction of the realignment of Executive Boulevard and Old Georgetown Road.
- Contract for construction of Market Street (B-10) in the Conference Center Block.
- Fund streetscape improvements, sidewalk improvements, and bikeways for substantially all of the street frontage within one quarter-mile of the Metro station: Old Georgetown Road, Marinelli Road, and Nicholson Lane.
- Fund and complete the design study for Rockville Pike to be coordinated with SHA, MCDOT, and M-NCPPC.
- Achieve 34 percent non-auto driver mode share for the Sector Plan area.
- The Planning Board should assess whether the build out of the Sector Plan is achieving the Plan's housing goals.

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Phase 2: 3,000, dwelling units and 2.0 million square feet nonresidential development

Before development beyond the limits set in Phase 1 can be approved, the Planning Board must determine that all the Phase 1 public projects have been completed. The amount of development that could be approved in Phase 2 is set at approximately one-third of the planned development. During Phase 2, the Planning Board may approve both residential and non-residential development until either of the limits above is reached.

The following prerequisites must be completed during Phase 2 before proceeding to Phase 3.

- Construct streetscape improvements, sidewalk improvements, and bikeways for substantially all of the street frontage within one quarter-mile of the Metro station: Old Georgetown Road, Marinelli Road, and Nicholson Lane.
- Complete realignment of Executive Boulevard and Old Georgetown Road.
- Construct the portion of Market Street as needed for road capacity.
- Fund the second entrance to the White Flint Metro Station.
- Explore the potential for expediting portions of Rockville Pike where sufficient right-of-way exists or has been dedicated. It should be constructed once the "work-around" roads are open to traffic.
- Increase non-auto driver mode share to 42 percent.
- The Planning Board should assess whether the build out of the Sector Plan is achieving the Plan's housing goals.
- The Planning Board must develop a plan to determine how to bring the mode share to 51 percent NADMS for residents and 50 percent NADMS for employees during Phase 3.

Phase 3: 3,800 dwelling units and 1.69 million square feet nonresidential development

Before development beyond the limits set in Phase 2 can be approved, the Planning Board must determine that all the Phase 2 public and private projects have been completed. In Phase 3, the remaining transportation capacity could be committed. At the end of Phase 3, the development should total 14,500 units (17.4 million square feet) and 12.9 million non-residential square feet. This is a 58/42 percent residential/non-residential mix and close to the desired 60/40 percent residential/non-residential mix.

- Complete all streetscape improvements, sidewalk improvements and bikeways outside one quarter-mile from the Metro.
- Reconstruct any remaining portion of Rockville Pike not constructed during prior phases.
- Achieve the ultimate mode share goals of 51 percent NADMS for residents and 50 percent NADMS for employees.

Table 6 : Staging Plan

Phase 1 3,000 dwelling units 2 million square feet non-residential	Phase 2 3,000 dwelling units 2 million square feet non-residential	Phase 3 3,800 dwelling units 1.69 million square feet non-residential
<p>Contract for the construction of the realignment of Executive Boulevard and Old Georgetown Road.</p> <p>Contract for construction of Market Street (B-10) in the Conference Center block.</p> <p>Fund streetscape improvements, sidewalk improvements, and bikeways for substantially all of the street frontage within one-quarter mile of the Metro station: Old Georgetown Road, Marinelli Road, and Nicholson Lane.</p> <p>Fund and complete the design study for Rockville Pike to be coordinated with SHA, MCDOT and M-NCPPC.</p> <p>Achieve 34 percent non-auto driver mode share for the Plan area.</p> <p>The Planning Board should assess whether the build out of the Sector Plan is achieving the Plan's housing goals.</p>	<p>Construct streetscape improvements, sidewalk improvements, and bikeways for substantially all of the street frontage within one-quarter mile of the Metro station: Old Georgetown Road, Marinelli Road, and Nicholson Lane.</p> <p>Complete realignment of Executive Boulevard and Old Georgetown Road.</p> <p>Construct the portion of Market Street as needed for road capacity.</p> <p>Fund the second entrance to the White Flint Metro Station.</p> <p>Explore the potential for expediting portions of Rockville Pike where sufficient right-of-way exists or has been dedicated. It should be constructed once the "work-around" roads are open to traffic.</p> <p>Increase non-auto driver mode to 42 percent.</p> <p>The Planning Board should assess whether the build out of the Sector Plan is achieving the Plan's housing goals.</p> <p>The Planning Board must develop a plan to determine how to bring the mode share to 51 percent NADMS for residents and 50 percent NADMS for employees during Phase 3.</p>	<p>Complete all streetscape improvements, sidewalks, and bikeways outside one-quarter mile from the Metro.</p> <p>Reconstruct any remaining portion of Rockville Pike not constructed during prior phases.</p> <p>Achieve the ultimate mode share goals of 51 percent NADMS for residents and 50 percent NADMS for employees.</p>

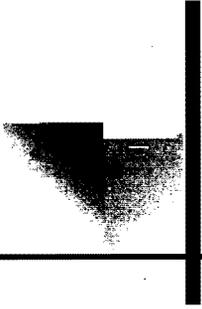
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Report and Recommendations



Montgomery County's Affordable Housing Task Force

March 2008



Letter to Montgomery County Executive Isiah Leggett

March 31, 2008

Dear Mr. Leggett:

In response to your call for action we have had the privilege of serving as Co-chairs of the Affordable Housing Task Force. It is now our pleasure to transmit to you the Task Force Report and Recommendations.

Your direction was clear: There is a way, and we must find it. You instructed us to come together, study proven alternatives, develop new ones, and recommend the strategies that will result in more affordable housing for Montgomery County residents. Indeed, the challenges were formidable. The cost of housing in Montgomery County has reached a point that threatens much of what we hold dear. Our outstanding quality of life and the strength of our economy and communities are in grave danger as the cost of either renting or purchasing a home is out of reach for so many who live here, work here and dream of doing both.

We have worked alongside a dedicated group of housing experts and advocates, business owners and employers, community members, and staff from County departments and agencies. Our approach was to first identify the most critical issues impacting affordable housing in the County and create subcommittees. These areas include: Case Studies, Community Support, Finance, Incentives and County Land, Zoning and Regulation. Each task force member participated in one of the subgroups. A talented and committed technical support team was assembled from County departments and agencies to work with each respective subcommittee. Each group also had a designated chairperson who was responsible for coordinating and managing the work of his or her subcommittee. Throughout the month of December 2007, DHCA staff coordinated and managed intensive public work sessions throughout the County where significant feedback was solicited and received. The report you have before you is the final result of this entire rigorous process.

On behalf of the entire task force, we thank you for the opportunity to serve in this capacity and participate in this important endeavor.

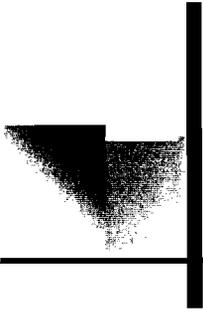
Sincerely,



Barbara Goldberg-Goldman
Co-Chair



Richard Y. Nelson, Jr.
Co-Chair



Executive Summary

Montgomery County, Maryland is an exceptional community. It combines vibrant, exciting and diverse urban centers with attractive suburban neighborhoods and a beautiful and productive agricultural landscape. Our County is home to almost one million individuals, making up 18% of Maryland's entire population. We are home to the largest concentration of residents holding a Bachelors degree of any community with a population over 50,000. And it encompasses nearly 500 square miles of land. Our own economy and community commitment are among the strongest in the nation. Our cultural arts environment continues to expand. No longer can we be described as a "bedroom community" to the nation's capital. Our attraction is based upon much, including an excellent school system, public services, job availability, well-maintained neighborhoods, and commercial centers.

The downside of being one of the most desirable communities in the nation in which to live is the increased inflationary pressures on the County's housing stock. Even though the County has developed some of the most progressive and effective affordable housing programs in the country, programs such as the award winning Moderately Priced Dwelling Unit (MPDU) program, and the Montgomery Housing Initiative Fund (HIF), a model trust fund, our current efforts do not sufficiently address the affordable housing crisis that we now are facing. Indeed, the scope of the affordable housing issue is substantial, encompassing a wide spectrum of income levels from the homeless and special needs populations, well into the range of the middle income workforce. The difficulty, and in some cases the impossibility, of finding affordable housing here has reached catastrophic proportions.

To address this issue, Montgomery County Executive Isiah Leggett formed the Affordable Housing Task Force by issuing Executive Order 84-07 on February 28, 2007. Recognizing that the increasing lack of affordable housing will have crippling effects on Montgomery County's residents, communities, and economy, County Executive Leggett brought together a group of dedicated representatives and individuals from all sectors of Montgomery County and the region to form the task force. Housing experts and advocates, representatives of the financial and development industry, builders, housing providers, planners, community members and representatives of governmental departments and agencies all came together to consider the issues and potential solutions. The larger task force then divided into subcommittees around particular issues.

Members of the subcommittees worked tirelessly. They met in person in and outside of the full task force meetings, collectively, and individually. They brainstormed, they agreed, and they disagreed. They lent us the benefit of their expertise and experience, and they generously contributed their time, talent and resources including office space for meetings, complementary meals and coffee. The full Task Force reviewed, discussed and debated all of the recommendations. Staff then prepared an informal document and presented it to the community-at-large in order to solicit diverse feedback. A series of six intense work sessions were held at or near each of the County's Regional Service Centers. Each work session consisted of several hours of presentation, dialogue, and debate; providing opportunities for significant comment, review, and suggestions.

After identifying the most critical issues affecting the creation and preservation of affordable housing in the County and exploring new ideas and programs that have been proven effective around the country, the Task Force went to work in identifying a variety of tangible and realistic tools to address the housing crisis right here in our own backyards. The Affordable Housing Task Force proposes the implementation of the following recommendations and strategies to the County Executive.

Issue 1: Preserve Affordable Housing

Market pressures are making both rental and ownership housing more expensive in Montgomery County. Households who rent are at a particular risk. It is imperative that Montgomery County retain and preserve the existing affordable rental housing stock by maintaining the affordability of units and reducing the impacts of conversion of affordable rental housing to condominium ownership.



Recommendations:

- Create a Short Term Property Acquisition Fund
- Create a Revolving Equity Fund
- Work proactively with the private sector involved in housing in order to preserve and maintain as many affordable homes as possible.

Issue 2: Create Affordable Housing

Because of market conditions, including the high costs of land, labor, materials, and regulatory requirements, the construction of affordable housing is less economically viable than it was in the recent past. Demands for public funds are fierce in times of static public revenues. Steps must be taken to reverse this trend.

Recommendations:

- Add “Increasing Affordable Housing” as a new objective in all future master plans.
- Investigate the use of an affordable housing impact fee on all new non-residential development.
- Create a more attractive planning and economic environment for the development of affordable housing.
- Reduce parking requirements for housing developments in order to reduce homeowner costs, encourage use of mass transit and promote more environmentally friendly patterns of development.
- Develop a comprehensive inventory of all publicly owned sites and properties and make appropriate sites available for housing.

Issue 3: Adopt Regulatory Reform

Regulatory requirements and fees can add time and expense to the development of affordable housing. Easing of some requirements and fees, and the expediting of reviews can save time and money in the production of affordable housing.

Recommendations:

- Expedite regulatory reviews.
- Permit accessory apartments without requiring special exception permits.

Issue 4: Achieve Community Acceptance of Affordable Housing

The need for affordable housing as an integral part of an inclusive community is often not understood or appreciated. This lack of understanding often leads to opposition to affordable housing programs and developments. To some extent, nearly every aspect of the County is dependent on affordable housing opportunities, near employment centers, for entry level and service sector employees, retired residents, and others who are unable to compete for market priced housing. The County must take steps to help achieve community acceptance, understanding and support of affordable housing. These steps should include the following:

Recommendations:

- Promote well-designed, low impact affordable housing to foster public acceptance.
- Develop and implement an extensive community support educational campaign.
- Encourage business support of affordable housing initiatives.

Issue 5: Goals for Affordable Housing Preservation and Production

When implemented, the recommendations contained in this report will provide a tool-box of initiatives that will expand the County's ability to preserve and develop affordable housing. To effectively and efficiently address the County's affordable housing needs, there must be an assessment of the demand for housing to serve various populations in the County. The County Housing Policy adopted in July 2001, established annual goals for affordable housing preservation and production by program and by population group. The first step in implementing the recommendations of the Affordable Housing Task Force should be an assessment of and a recommitment to these goals.

Recommendations:

- Review and assess the affordable housing preservation and productions goals as noted by the Department of Housing and Community Affairs in the July 2001 County Housing Policy.
- Address the very special, specific and diverse needs of the homeless population, developmentally and physically challenged individuals, seniors and others with special needs by consulting and working with advocates, housing providers, health and human service agencies and organizations.
- Engage the County-Stat program to assist in assessing progress toward meeting the established goals.

Issue 6: Home Purchase Assistance for Public Employees

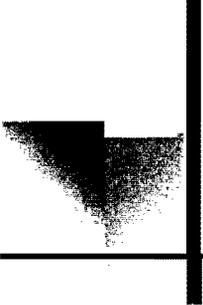
Montgomery County relies on a dedicated, qualified workforce to provide public services to the County's residents. The cost of housing has hindered the County's ability to attract and retain quality employees. Employees who purchase homes in the community in which they work can provide a reliable, stable workforce that will enable the County to continue to provide public services efficiently and for good value to its residents.

Recommendation:

Create a program that will provide temporary abatement of property taxes, transfer taxes, and recordation fees for eligible County employees who purchase a home in the County.



Moderately Priced Dwelling Units, MPDUs
attractively integrated among market rate housing



THE AFFORDABLE HOUSING TASK FORCE MISSION

In March 2007, County Executive Isiah Leggett appointed a Task Force to examine the affordable housing issues in Montgomery County and make recommendations.

The Task Force mission was to advise the County Executive on strategies to increase the availability of affordable housing in Montgomery County.

The Task Force was directed to:

1. Review affordable housing “best practices” from around the country.

- Determine their applicability to Montgomery County based on affordable housing needs in Montgomery County.
- Identify existing barriers to affordable housing development and preservation in Montgomery County.
- Adopt or suggest adoption of relevant “best practices,” determining which can be implemented quickly and which require longer implementation schedules.

2. Propose other creative solutions to address Montgomery County’s affordable housing needs.

- Identification of required resources.
- Proposal of legislative, regulatory, land use or other initiatives.

3. Develop and assist in the implementation of strategies to educate the public around the necessity of providing a full range of housing choices that will sustain and enhance the economic vitality and quality of life in Montgomery County.

HOMELESSNESS IN MONTGOMERY COUNTY:

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BEGINNING TO END

2 0 1 2

Montgomery County Coalition for the Homeless

600 B-East Gude Drive

Rockville, MD 20855

301/217-0314

(fax) 301/279-0824

www.mcch.net

HOMELESSNESS IN MONTGOMERY COUNTY:

2 0 0 2

BEGINNING TO END

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Montgomery County can end homelessness.

With engaged community stakeholders, government partners, service providers, and indeed, all citizens, we are taking action to ensure that every person in Montgomery County is housed.

Montgomery County must end homelessness.

Our challenges are many. Montgomery County, one of the wealthiest counties in the country, has an extremely tight rental market, with a vacancy rate of 1.8%. It is especially difficult for low-income people in the County to locate and secure housing. On a given day in the County, 1,250 people experience homelessness, including 325 children. And over the course of a year, over 3,000 men, women and children receive services in the homeless system. Here, as all over the country, people are discharged from institutions and prisons into homelessness. Children are living in motels with their families— in Montgomery County. People with mental illness or addictions are unable to find a place to call home— in Montgomery County. But, because of these and numerous other examples,

Montgomery County will end homelessness.

How will we end homelessness? Steps on three fronts must be taken: “building the foundation,” “closing the front door,” and “opening the back door.”¹ *Building a foundation* means laying the supports needed for people to end homelessness— providing them with a decent wage, treatment options for any addictions or health problems, and available affordable housing. *Closing the front door* speaks to the tools to keep people housed— preventing folks from needing to enter “the homeless system” by building supports across a community. Finally, we must “*open the back door*” of homelessness by quickly moving people out of homelessness and into the housing most appropriate for them.

¹ National Alliance to End Homelessness, *A Plan to End Homelessness- How to End Homelessness in Ten Years*, 2000, www.naeh.org.

The analogy of the house in these action fronts is purposeful— people are homeless because they have no place to live. They may have problems that contributed to their homelessness, but the fact remains that they are homeless due to their lack of a residence.

In the beginning. How did Montgomery County get here— to the point of talking about and working together to actually end homelessness? In the early 80s, citizens, congregations, and government became concerned with the number of homeless people on the streets. In response, a number of programs, including shelters and soup kitchens, developed over time to serve homeless people in the County. However, there was a need for coordination of services and advocacy.

The Montgomery County Coalition for the Homeless started as an informal group of those agencies, staffed by a County-funded position. The Coalition was not incorporated as a 501 (c) (3) organization until 1991. Over the years, through informal meetings, the Coalition evolved as an umbrella organization for the agencies in the homeless system. Advocacy and identification of gaps in services emerged as key purposes of the Coalition that continue today.

For over twenty years, the caring people of Montgomery County, nonprofit providers, faith-based organizations, volunteers, and government, operated a homeless system that struggled to meet the increasing needs of people experiencing homelessness. Our current system includes prevention programs, outreach, emergency shelters for singles and families, transitional housing, and permanent supportive housing. Day programs provide services to men and women to help them engage in services and linkages are made to a range of mainstream services.

“Beginning to End” was developed after a two-year process of community retreats and workgroup meetings— in other words, a great deal of coordination and consultation with providers, stakeholders, and concerned community members created this living document.

In order to end homelessness, many more people than those that work to provide services to homeless individuals and families must choose to act. So, in a sense, we are at the beginning now, too.

Who are the homeless in Montgomery County? The annual one-day census of people experiencing homelessness in the County was conducted on January 24, 2002. Of the 1250 people counted as homeless, 69% are between ages 18 and 59 and 23% are ages 4-17 (see Figure 1). When asked how long they had been homeless, 41% of respondents answered longer than one year and 25% said 1-6 months.

Figure 1- Age

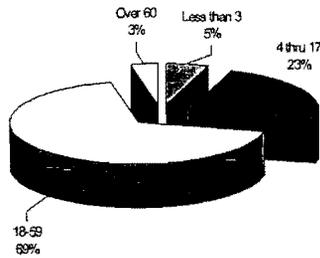
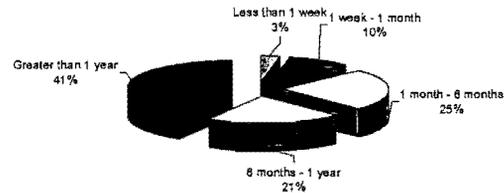


Figure 2- Length of time homeless



There is a housing crisis that makes it extraordinarily difficult to find affordable housing in Montgomery County. The National Low Income Housing Coalition observes that in Montgomery County, an extremely low income family that earns 30% of the area median income of \$86,500 can afford to pay no more than \$649 in monthly rent. The family has to pay \$943 for a two-bedroom unit at fair market rent.² The “housing wage” in the County is \$18.13 an hour. A housing wage is the amount a worker must earn per hour in order to be able to work 40 hours per week and afford a two-bedroom unit at the area’s fair market rent. This hourly wage of \$18.13 is 352% of the current minimum wage.

Local action to end homelessness must take place within two distinct contexts, systemic and tactical. This plan does this by strategizing systemic changes to end homelessness. Community members that attended the Coalition’s annual retreat in October 2001 proposed initiatives and changes to end homelessness within this context. The stakeholders focused on what changes need to be made across the entire community to end homelessness— not just in traditional homeless services, but rather, everything that “feeds” into homeless services or causes (directly or indirectly) people to become homeless. For example, the group recognized that changes need to be made with the mental health system and other systems of care. These systemic changes are an integral part of this local plan.

At the same time, we must decide how to best manage and optimize the current delivery system. This level of planning addresses changes that we can make to best serve those experiencing homelessness in Montgomery County at the present time. This could include programmatic changes, shifting the populations served in various shelters to address current demands and an ongoing assessment of programs and services.

These two levels of planning and change are intertwined. We must and will continue to serve people as they enter homelessness at the same time we develop the infrastructure to help them exit. Both processes need the support and participation of high-level government officials with the authority, and the will, to make positive change. Some of the same resources are required for each process and both processes should be driven by data, as anecdotal evidence is not enough.

² National Low Income Housing Coalition, *Out of Reach 2001: Growing Wage-Rent Disparity*, 2001, www.nlihc.org.

In order to end homelessness, we need better data. It is true that we know a great deal about homelessness in Montgomery County, from years of providing services to people experiencing homelessness, the one-day censuses that we conduct every year as part of the Continuum of Care process, and the development of our Homeless Management Information System. However, in order to achieve real strategic change that ends homelessness, we need better data, data that informs us every step of the way. In Objective D, we advocate for comprehensive assessment of the current system of care for people experiencing homelessness. This must include better data collection that will help us make the case for the needs of homeless adults and children.

Montgomery County children are homeless, too.

The needs and issues of the more than 325 children experiencing homelessness in the County deserve special attention in our quest to end homelessness. These children have unique vulnerabilities that need to be assessed. Homeless children generally experience more health problems and inadequate access to medical care more than housed children. Their health may be compromised in many ways: unhealthy living conditions, lack of preventive and routine care, delayed treatment, and poor nutrition.³

Homeless children also experience a great deal of stress and trauma as a result of their families' economic struggles. This frequently results in developmental and emotional problems. These effects manifest themselves in the classrooms of Montgomery County. Additionally, across the nation over one-fifth of homeless children do not attend school— this is in spite of state and federal efforts to improve access to school for homeless children. We must ensure that every homeless child in our community has access to steady and quality education. And, most importantly, we must work to decrease the number of children experiencing homelessness.

“Housing First” to End Homelessness

The “housing first” philosophy is intrinsic to “Beginning to End”; therefore, this plan emphasizes housing. “Housing first” means permanent supportive housing (housing with services) for the chronically homeless. For less disabled people and families, “housing first” means moving them into permanent housing with links to services very quickly. As the National Alliance to End Homelessness (NAEH) asserts, “People should not spend years in homeless systems, either in shelter or in transitional housing.”⁴

³ Better Homes Fund, *Homeless Children: America's New Outcasts*, 1999.

⁴ National Alliance to End Homelessness, *A Plan to End Homelessness- How to End Homelessness in Ten Years*, 2000, www.naeh.org.

Montgomery County Will...

Our plan focuses on the activities and commitments necessary to end homelessness. The systemic plan is organized into 6 objectives and corresponding actions and steps. The objectives are to:

- Increase the stock of affordable and subsidized housing for all of our County's citizens;
- Improve wages and wage supports so that people can afford housing and provide better support services for economically disadvantaged people;
- Stop the flow of people into homelessness from other systems of care;
- Develop appropriate community resources for people needing treatment for mental health or addictive disorder;
- Reduce barriers to people exiting homelessness quickly; and
- Raise public awareness about homelessness, its prevalence in Montgomery County, its impact and potential solutions.

"We can do this!"

These objectives, and accompanying actions, comprise an ambitious plan – but that is what a problem of this magnitude requires. It demands commitment and action on the part of stakeholders across the community— government, the private sector, community-based nonprofits, and private citizens. These actions will range from changing zoning laws in order to open the doors to affordable housing construction and rehabilitation, to changing policies and procedures that result in homelessness.

The plan means that stakeholders will talk to people with whom they do not usually do business. It means that our actions will match our words saying that homelessness is unacceptable. All of this must happen if we are to overcome the problem of homelessness.

The Montgomery County Coalition for the Homeless and its member organizations look forward to working with the County Executive, County Council, Departments of Health and Human Services and Housing and Community Affairs, the Housing Opportunities Commission, Montgomery Housing Partnership, other nonprofit housing providers, corporations, nonprofit human services providers, health care advocates and providers, criminal justice system, faith community, civic community, mental health system, developers, and every citizen of Montgomery County.

**We can, must and will end homelessness in Montgomery County.
Join us in making this happen.**

HOMELESSNESS IN MONTGOMERY COUNTY:



Objectives, Action and Associated Steps

A. Increase the stock of affordable and subsidized housing for all of our County's citizens.

Action: The County Executive should declare a housing crisis for special needs housing and low/moderate income housing.

Step: The County Executive should appoint and fund a high-level interagency housing workgroup that will identify publicly owned land for development into affordable housing and will oversee the mandate to increase the stock of affordable and subsidized housing.

- Workgroup members will include heads of the Housing Opportunities Commission (HOC), Department of Housing and Community Affairs (DHCA), Department of Health and Human Services (DHHS), Maryland-National Capital Park and Planning Commission (MNCPPC), and Montgomery County Public Schools (MCPS).

Step: The County Executive should appoint ad hoc Community Housing Crisis Response Team to monitor efforts of interagency housing workgroup and zoning review groups (see below).

Action: Support and/or develop alternative housing models that serve people at 10-20% of the poverty line.

Step: Develop 100 new housing units per year (2002-2012).

Action: Identify and advocate for changes in housing/zoning laws and policies that impede development of affordable/subsidized housing.

Step: Convene group consisting of zoning experts, civic associations and interested parties to complete review of existing zoning laws and policies.

Step: Group to make recommendations to County Council Planning, Housing, and Economic Development committee for change to current laws to encourage development.

Action: Identify and advocate for incentives to develop affordable/subsidized housing including incentives for small landlords and for developers who convert larger buildings into Personal Living Quarters (PLQs).

Step: Hold focus groups with developers and small landlords to identify issues impeding development of affordable/subsidized housing and to identify incentives.

Step: Make recommendations to Interagency Housing Workgroup.

Action: Build support for inclusive communities by working with other community groups.

Step: Recruit other groups interested in housing to strengthen the Alliance for Housing Action (AHA); including, but not limited to, Action in Montgomery (AIM), Progressive Montgomery, groups concerned with housing for individuals with special needs and disabilities, and faith-based organizations to coordinate efforts to increase inclusive communities.

B. Improve wages and work supports so that people can afford housing and provide better support services for economically disadvantaged and disabled people.

Action: Support efforts to increase national minimum wage.

Step: Monitor federal actions and send legislative alerts to interested parties to encourage contacts with legislators.

Step: Interested parties contact federal legislators to support campaign.

Action: Support efforts to provide a living wage at state and local levels.

Step: Monitor legislative actions and send alerts to interested parties to encourage contacts with legislators.

Action: Improve and increase job training programs that provide skills that earn a livable wage.

Step: Form advocacy relationship with Workforce Development Corporation to increase resources for hard to place clients.

Step: Hold an informational program on available job training programs.

Step: Stakeholders will convene to identify gaps and propose improvements to County Council and County government.

Action: Support programs that provide health care to low-wage earners.

Step: Monitor legislation at the state level and send legislative alerts to interested parties to encourage contacts with legislators.

Action: Maximize federal, state, and county earned income tax credit for low-wage earners.

Step: Ongoing advocacy.

Step: Education.

Action: Encourage state provision of extended unemployment benefits in times of economic recession.

Action: Support child care subsidies for working families.

Step: County should continue to structure child care subsidy program to augment state resources.

Step for above actions: Partner with County's legislative staff person.

Action: Improve transportation system for lower income people to 1) address realities of commuting and 2) provide transportation subsidies.

Action: Provide longer and deeper rental subsidies as safety net housing assistance.

C. Prevent entry to homelessness.

Action: Partner with other systems of care to ensure adequate transitional housing models with goals of long-term housing placement.

- Partner with discharge planners from *jails, prisons, and juvenile justice facilities* to ensure people are not discharged into homelessness and to ensure people are job ready when exiting criminal justice system.
- Partner with discharge planners from *hospitals* to ensure people are not discharged into homelessness.
- Partner with discharge planners from the *child welfare and foster care system* to ensure people are not discharged into homelessness.
- Partner with discharge planners from *mental health facilities* to ensure people are not discharged into homelessness.

Step: Meet with representatives from each system of care mentioned above to discuss plans of action.

Step: Begin measuring percentages of people entering homeless service system from each of the other systems of care.

Action: Review existing county policies to make sure they are not inadvertently causing homelessness.

Step: Interagency Housing Workgroup to review internal county policies and make any recommendations for policy changes (by 5/03).

Action: Prevent evictions.

Step: Develop early warning system for customers at risk of losing housing by working with landlords to contact appropriate agencies prior to eviction and when potential to maintain housing may still exist.

Step: Develop an inter-agency early warning notification system for potential evictions between sheriff's office and county emergency services.

Step: Provide better in-home supports to help people maintain housing by advocating for case managers to work with housed families at risk of homelessness with the goal of maintaining current housing.

D. Reduce barriers to people exiting homelessness quickly.

Action: Assess current system of care for people experiencing homelessness.

Step: Conduct comprehensive assessment of current system utilizing improved data collection. The assessment will include identification of gaps and recommendations for change.

- The one-day census should be changed to elicit better data on the characteristics and needs of homeless *children*.

Action: Develop a "housing first" model in the County that moves people directly into housing with supports following.

Step: Identify a lead nonprofit agency to pilot a housing first model.

Action: Review and revise current policies that make entry into housing difficult.

Step: Interagency Housing Workgroup will review current policies and make recommendations for changes.

Action: Assist people experiencing homelessness in navigating rental market and with problems securing housing.

Step: Provide housing counselors who act as liaison for customers with rental companies and/or landlords.

E. Develop appropriate community resources for people needing treatment for mental health or substance abuse.

Action: Support the mental health community in developing a continuum of housing options for people with mental illness.

Step: Using the AHA continuum of housing needs as a guide, encourage providers of mental health housing to develop the range of housing needed including skilled nursing facilities, assisted living facilities, group homes, residential crisis stabilization centers, personal care homes, foster care, natural family placement, satellite housing, and independent living.

Action: Support the addiction community in developing appropriate housing for treatment of people with addictive disorders.

Step: Meet with addiction community.

F. Raise public awareness about homelessness, its prevalence in Montgomery County, its impact and potential solutions.

Action: Encourage accurate portrayals of the existence and depth of the problem of homelessness in the County by developing relationships with the local media.

Step: Contact local papers about running a series (at least one story a month) about homelessness or services/programs.

Step: Contact radio stations to run PSA's about homelessness in Montgomery County and appear on talk radio.

Action: Educate children and adults about homelessness.

Step: Develop speakers bureau from membership.

Step: Contact schools and community groups to arrange speaking dates.

Action: Continue advocacy with community groups, interfaith community, nonprofits neighborhood groups to counter NIMBYism ("not in my backyard").

Step: Contact civic associations, community groups and congregations to engage community in need for housing.

Action: Raise awareness in and work with business community.

Step: Speak at Chambers of Commerce to develop relationships.

We can, must and will end homelessness in Montgomery County.

Join us in making this happen!

For more information, contact the
Montgomery County Coalition for the Homeless at 301/217-0314 or www.mcch.net.

HOMELESSNESS IN MONTGOMERY COUNTY:

2 0 0 2

BEGINNING TO END

2 0 1 2

WHAT WE HAVE ACCOMPLISHED

Increase the stock of affordable and subsidized housing for all of our County's citizens

- √ Interagency Housing Workgroup and Affordable Housing Taskforce appointed.
- √ Developed 40 new housing units.
- √ Convened group of experts to review existing zoning laws and policies and forwarded recommendations to County Executive, County Council, the Planning, Housing and Economic Development (PHED) Committee of the County Council and to Park and Planning (M-NCPPC).
- √ Held focus groups with developers to identify impediments to development of affordable/subsidized housing (through Leadership Montgomery) and forwarded recommendations to PHED Committee and M-NCPPC.
- √ Created County-funded deep rental subsidy program.
- √ Created an affiliate organization, Coalition Homes, Inc., which owns and manages property providing permanent housing for formerly homeless individuals and families.
- √ Expanded the permanent supportive housing program, Partnership for Permanent Housing, to serve 105 households.

Improve wages and work supports so that people can afford housing and provide better support services for economically disadvantaged and disabled people

- √ Provided longer and deeper rental subsidies.
- √ Continued to monitor federal, state and local legislation and alert interested parties to encourage action on range of issues including wage, health care, unemployment and childcare.
- √ Held informational meeting on available job training programs.
- √ State passed living wage bill, which sets up two pay grades for workers of companies with state service contracts - at least \$11.30 an hour in the Baltimore-Washington area and \$8.50 an hour in rural areas.
- √ Received funding from the County to open the Men's Emergency Shelter during day and provide onsite vocational training.
- √ Secured funding for HealthCare for the Homeless to provide better healthcare to people experiencing homelessness and expand sites for mobile care.
- √ Developed plan for HealthCare for the Homeless.

Prevent entry to homelessness

- √ Changed current eviction notice posted by sheriff to include additional resources for people at risk of losing housing.
- √ Created the Creative Housing Initiative Pilot Project (CHIPP) to address housing needs of high end users of a variety of public systems of care including the emergency medical system and the local corrections system.
- √ Launched a County-wide Housing First pilot, with its implementation emphasizing prevention.

Reduce barriers to people exiting homelessness quickly

- √ Developed a housing first program (Partnership for Permanent Housing).
- √ Conducted a one year pilot rapid re-housing project to help people experiencing homelessness navigate the rental market and overcome barriers to housing.
- √ Received funding to hire consultant to implement Housing First for the homeless system.
- √ Began development of pilot for implementing Housing First in family homeless system.
- √ Developed appropriate community resources for people needing treatment for mental health or substance abuse.
- √ Supported mental health community in development of continuum of housing options (ex. Gallery at White Flint).

Raise public awareness about homelessness, its prevalence in Montgomery County, its impact and potential solutions

- √ Produced and ran radio spots to raise awareness about homelessness.
- √ Continued to educate children and adults about homelessness.
- √ Increased outreach to business community and other community groups.

WHAT STILL NEEDS TO BE DONE

Increase the stock of affordable and subsidized housing for all of our County's citizens

- √ Create at least 250 units to meet goals.

Improve wages and work supports so that people can afford housing and provide better support services for economically disadvantaged and disabled people

- √ Identify gaps and propose workforce development improvements.
- √ Improve transportation system for lower income people to address realities of commuting and provide transportation subsidies.

Prevent entry to homelessness

- √ Partner with other systems of care to ensure adequate housing models including jails, prisons, juvenile justice, hospitals, mental health facilities, child welfare and foster care to ensure people are not being discharged into homelessness.
- √ Review internal County policies to make sure they are not inadvertently causing homelessness.
- √ Develop early warning system for customers at risk of losing housing by working with landlords to contact agencies prior to eviction.
- √ Provide in-home supports to help people maintain housing through case management.

Reduce barriers to people exiting homelessness quickly

- √ Review internal County policies to make sure they are not inadvertently creating barriers for people to exit homelessness.

Develop appropriate community resources for people needing treatment for mental health or substance abuse

- √ Continue to work with behavioral health providers to ensure adequate housing models.

Raise public awareness about homelessness, its prevalence in Montgomery County, its impact and potential solutions

- √ Continue public education through media and community outreach.



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HOUSING INITIATIVE FUND FY 08 & 09 REPORT

Montgomery County, Maryland



Available online at:
<http://www.montgomerycountymd.gov/content/dhca/HIF-Report-0809.pdf>

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There is no success without hardship.
- Sophocles

Housing Initiative Fund Fiscal Year 2008 and 2009 Report

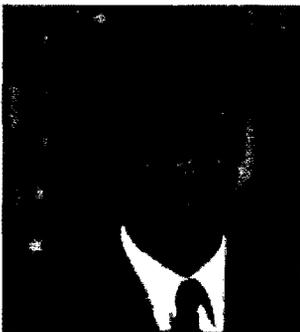
Economic Turmoil Breeds New Opportunity

In May 1988, the County Council enacted Chapter 25 B-9 to the Montgomery County Code establishing the Montgomery Housing Initiative program – now commonly referred to as the Housing Initiative Fund (HIF) – to be administered by the Department of Housing and Community Affairs. The fund was created to promote a broad range of housing opportunities in the County in order to assist in alleviating the difficulties of many low and moderate income households in obtaining and maintaining housing at costs that they can afford.

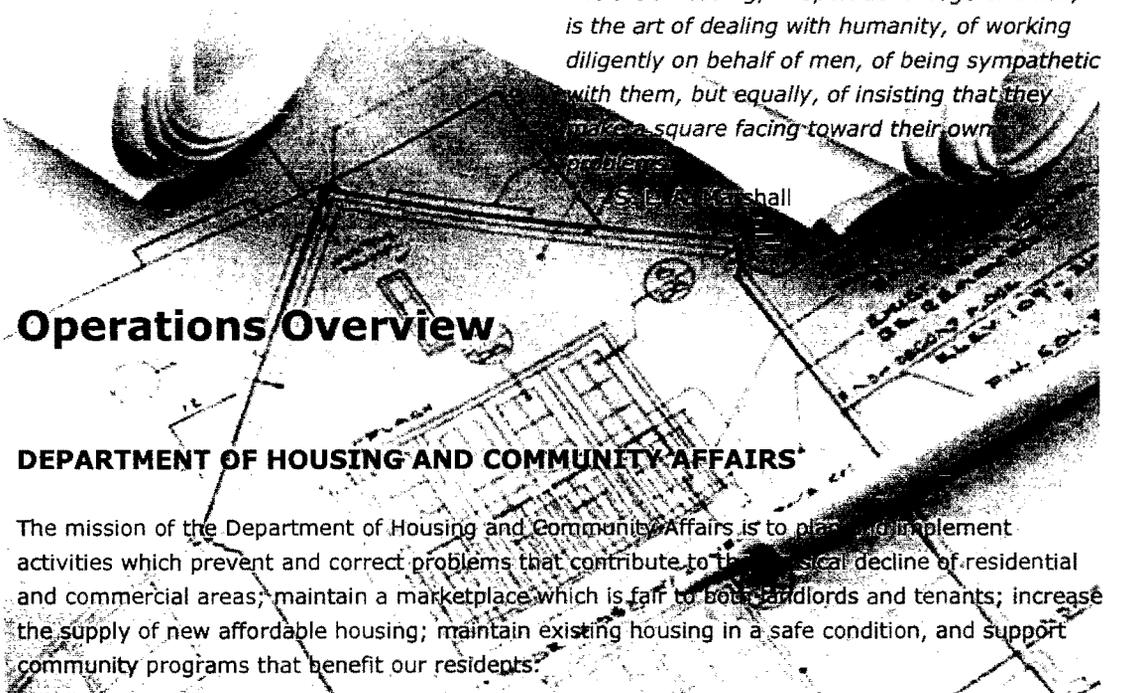
Each year, the demand for affordable housing rises in the County, which is why I recommended and the council approved increasing funding for the HIF from approximately \$24 million to \$34 million in FY '08 and to \$53 million in FY '09, an unprecedented 120 percent increase over two years.

During this period, however, Montgomery County and the nation experienced a great economic crisis stemming from the collapse of our capital and financial markets, which threatened further to exacerbate affordable housing disparity.

Given these challenges, I am pleased, now more than ever, to provide you with this report detailing the many great ways that the Housing Initiative Fund impacts Montgomery County and its residents. I am also pleased to report on several initiatives aimed at changing the way we do business, closing the affordable housing gap, and easing the effects of the housing crisis.



Isiah Leggett
County Executive



The art of leading, in operations large or small, is the art of dealing with humanity, of working diligently on behalf of men, of being sympathetic with them, but equally, of insisting that they make a square facing toward their own problems.

S. P. A. Marshall

Operations Overview

DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

The mission of the Department of Housing and Community Affairs is to plan and implement activities which prevent and correct problems that contribute to the physical decline of residential and commercial areas; maintain a marketplace which is fair to both landlords and tenants; increase the supply of new affordable housing; maintain existing housing in a safe condition, and support community programs that benefit our residents.

HOUSING INITIATIVE FUND

The Housing Initiative Fund (HIF) is a locally funded housing trust fund that receives revenue from a variety of sources including loan repayments and 2.5 percent of the County's Property Tax revenue. Since its inception in 1988, the HIF has been administered by the County's Department of Housing and Community Affairs (DHCA).

HIF funding is available throughout the year and can be used for predevelopment, bridge, acquisition, and permanent financing. Funding can be in the form of low-interest or no-interest loans, forgivable loans, or operating subsidies. To remain as flexible and responsive as possible, individual requests for funding are reviewed throughout the year by a Housing Loan Review Committee composed of three senior DHCA staff members with voting rights and three representatives from other County departments including the Finance Department, Health and Human Services and the Office of Management and Budget. HIF funding can and has been used to: fund new construction; preserve existing homes; support new rental construction; finance the substantial rehabilitation of rental housing; support the preservation or development of senior, family, or special needs housing being developed by nonprofit or for profit sponsors; and support the preservation or development of single-family, town house and apartment buildings. This flexibility has helped the County develop a continuum of housing options. The certainty provided by a dedicated source of funding allows the County and its development partners to plan for the future.

MULTIFAMILY HOUSING SECTION

The Multifamily Housing Section operates within the Division of Housing and Code Enforcement of the Department of Housing and Community Affairs. The Section is responsible for the administration of the Montgomery County Housing Initiative Fund. With this fund, the Section seeks

to preserve housing that could be lost from the affordable housing stock, renovate distressed properties, build new, affordable housing including those for special needs populations, help build mixed-income communities through inclusionary zoning, build neighborhoods – and not just housing units – through supportive services and programs, and work toward an equitable distribution of affordable housing units.

LOAN PROCESS

The Department of Housing and Community Affairs has the ability to tailor loans to maximize public purpose. For this reason, each loan is handled uniquely but generally tracks the following flow. Organizations submit an application to the Multifamily Housing Manager requesting County support through loan applications, PILOT requests, and housing service contracts. The Multifamily Housing Manager serves as a Loan Officer for loan requests of higher complexity, and uses discretion in forwarding requests to Loan Analysts and Loan Officers. Loan Analysts and Loan Officers review requests, prepare reports, and present them to the Housing Loan Review Committee. The Committee deliberates on the recommendation and advises the Director of DHCA. The Director decides which proposals are funded and determines conditions and terms based on the needs of the project. Once a decision is made, approved loans are assigned to the originating Loan Officer or Loan Analyst, who oversees the development of affordable housing projects under construction. While under construction, the Construction Manager provides in-depth construction monitoring, and after completion, the loan is forwarded to the Loan and Asset Manager, who monitors the project for affordability, viability, and compliance throughout the life of the loan.



Maple Towers in Takoma Park
(Before and an artist's rendering of after rehab)

Strategy is; A style of thinking, a conscious and deliberate process, an intensive implementation system, the result of insuring future success.



Strategic Investments

Crunching Data to Help the Neediest Populations

FOCUSED NEIGHBORHOOD INITIATIVES

Providing healthy and sustainable communities with safe streets and secure neighborhoods is an important part of the mission for Montgomery County Government. In support of this mission, DHCA implemented a pilot initiative to comprehensively address community needs in two geographically defined Focus Areas. The two Focus Areas are:

- **Mid-County** (Georgia Avenue south to Randolph Road; east to Veirs Mill Road; north to Turkey Branch Creek; east to Georgia Avenue)
- **Upcounty** (Interstate 270 south to Great Seneca Creek; south west to Clopper Road; north west to Germantown Road; north east to Middlebrook Road to Interstate 270)

The selection of these neighborhoods was made as the result of a data-driven analysis and through consultation with community residents and stakeholders. The County's efforts focused on single-family homes in primarily, if not exclusively, residential neighborhoods and grew from a belief in the importance of strong, well-maintained neighborhoods as a critical component of overall community well-being. In identifying areas for consideration, DHCA first reviewed county-wide crime data, income data (as represented by the numbers of school-age children eligible for Free and Reduced Meals), and single-family rentals (later refined to focus on foreclosure events). These criteria are ones that have been commonly used to measure conditions at the neighborhood level, and this analysis identified areas that appeared to be experiencing challenges greater than those experienced by the county overall.

A common concern expressed by residents and HOA representatives in both focus areas was the growing number of foreclosed properties and the impact on property values and HOA assessments. The consistent collection of HOA assessments is required to operate the services of the HOA effectively. Additionally, code enforcement complaints increase as lawns are not mowed, papers and other trash are not disposed of, and maintenance is deferred.



In order to address this key concern, DHCA developed a two-pronged attack which included preventing and mitigating foreclosures, and acquiring and rehabilitating vacant foreclosed properties using County and federal funds.

Three non-profit groups were selected to carry out the acquisition and rehabilitation process, including:

1. Housing Opportunities Commission of Montgomery County (HOC),
2. Habitat for Humanity, Montgomery County, Maryland (Habitat-MC), and
3. AHC, Inc.

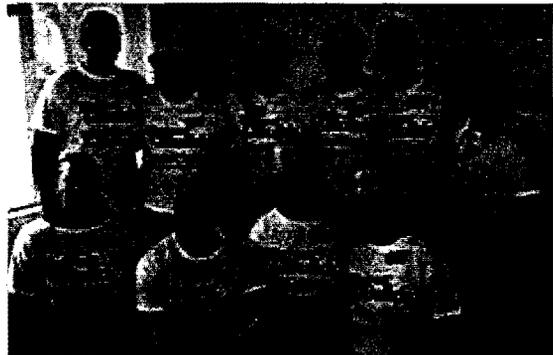
The Housing Opportunities Commission and the Neighborhood Stabilization Program

In 2009, the federal government awarded Neighborhood Stabilization Program (NSP) funds nationally to states and local governments to address the growing housing foreclosure problem. Montgomery County received \$2,073,965 of NSP funds as a direct allocation from the Federal government. The State of Maryland also received a direct allocation of NSP funds from the Federal government and established the "Neighborhood Conservation Initiative Program" (NCI); the State then made a portion of these funds available to applicants through a competitive process. Montgomery County received \$2,500,000 of these NSP funds through the state's NCI program.

Montgomery County used its allocation of approximately \$4.5 million in NSP monies to provide funding to HOC to purchase and rehabilitate 15 to 20 foreclosed houses in the Upcounty and Mid-County Focus Areas to be leased to low-income county residents. The majority of the people to be housed will have household incomes at or below 40 percent of Area Median Income (AMI), with an emphasis on homes that will accommodate larger families, for whom the current affordable housing shortage is most acute. HOC will rehabilitate these homes as necessary to make them as low-maintenance and energy efficient as possible. As of January 2010, HOC has acquired twelve homes.

Habitat for Humanity and the Mid-County Focus Area

Habitat-MC provides extensive training and resources to support very low income residents in becoming successful homeowners. Working in partnership with hundreds of volunteers, Habitat affiliates build affordable housing locally. In 2009, the Neighborhood Revitalization Program was created as a partnership between Habitat-MC and Montgomery County Government to reclaim neighborhoods devastated by foreclosure. The County awarded \$3.5 million in HIF funds to Habitat for Humanity to acquire and rehab 13 foreclosed properties in the Mid-County Focus Area. As of February 2010, Habitat-MC has acquired twelve homes, resold five to eligible homebuyers, and is in the process of renovating and reselling the remaining seven.



AHC, Inc. and the Upcounty Focus Area

AHC has partnered with the County to acquire, renovate, and resell foreclosed homes to income-qualified households in the targeted Upcounty area. The program addresses the wave of foreclosures impacting the County by investing in affected neighborhoods, generating economic activity, and providing homeownership opportunities to low- and moderate-income households. The homes acquired under this program are vacant bank-owned, two- or three-bedroom townhomes or single family homes in need of modest renovation. The homes are then resold to households earning 70 to 100 percent of the area median income (AMI) at an affordable purchase price.

AHC handles all aspects of the purchase of the homes. After purchasing the properties from the banks, AHC is responsible for property management including security, utilities, insurance, weatherization, and general maintenance and upkeep. AHC also oversees a scope of renovations designed to enhance market value, improve energy efficiency, reduce on-going maintenance costs, enhance "curb appeal", and position the home as an attractive alternative to renting. While the renovations are still underway, AHC markets the homes to prospective purchasers. Once a suitable purchaser is identified, AHC assists the buyer in obtaining financing and ensuring that the transaction is successfully closed. The program is funded with a \$2.4 million revolving line of credit from the Housing Initiative Fund (\$2 million) and Community Legacy funds (\$400 thousand). As each home is resold, the sale proceeds are recycled into the next home. AHC estimates that it will create at least 20 affordable homeownership opportunities in a 24-month period and return much of the initial funding to DHCA.



Artist's Rendering of the Gude Drive Complex

INVESTMENTS IN SPECIAL NEEDS HOUSING

One of the highest affordable housing priorities in Montgomery County is the need for housing that is affordable, accessible, and that meets the supportive service needs of persons with special needs, including the homeless, persons with physical or developmental disabilities, the elderly, those who are victims of abuse, and those with chronic mental illness or addictions. Funding to nonprofit organizations to purchase properties for use as group homes is one way to assist in meeting this need, but Montgomery County has aggressively pursued additional strategies to address this priority need.

Presented below are three initiatives that implement the continuum of care principles adopted by Montgomery County. The continuum of care considers the comprehensive care requirements for special needs individuals and the availability of short and long-term facilities, community programs, and services. The first initiative is the Gude Drive Complex, a facility that was developed through a collaboration among Community Ministries of Rockville (CMR), the Department of Health and Human Services (DHHS), the Department of Housing and Community Affairs (DHCA), the Housing Opportunities Commission of Montgomery County (HOC), and the Montgomery County Coalition for the Homeless (MCCH). The Gude Drive Complex incorporates a more "urgent care" environment to persons who are homeless. The second initiative is a revolving loan fund that allows Housing Unlimited, Inc., a non-profit developer of affordable housing for persons with mental disabilities, to purchase Moderately Priced Dwelling Units (MPDUs) to house individuals with psychiatric disabilities. The final initiative is a Housing-First Voucher Program operated by MCCH and funded with federal HOME Program funds and county HIF funds. This program empowers those with special needs by presenting them with rental vouchers and the freedom to live where they want and seek the services they need. These three initiatives demonstrate not just housing but housing with supportive programs aimed at helping one of the County's most disadvantaged populations.

Gude Drive Complex

According to the Metropolitan Washington Council of Governments, on any given day in our community there are over 1,100 people experiencing homelessness, including 600 women and children. Seventy-two percent of homeless adults in Montgomery County have at least one disability. Twenty-six percent of homeless adults in Montgomery County work but cannot afford housing. For the homeless or those threatened with homelessness, housing choices are not only limited by affordability considerations but also by the need of supportive services. Preventing homelessness through early intervention, coordinated case management, and financial assistance were identified as priorities along with more long-term transitional and permanent housing and supportive services need to help those already homeless. The need of year-round shelter and safe havens for those single homeless persons who are unwilling or are unable to participate in the County's system of social services continue to be a priority.

Gude Drive provides three programs for the homeless, 1) Adrienne's Safe Havens, 2) Chase Partnership House, and 3) Men's Emergency Shelter. MCCH operates Adrienne's Safe Havens and the Men's Emergency Shelter, while CMR operates the Chase Partnership House. Adrienne's Safe Haven provides a comfortable and non-threatening environment that offers case management and counseling, life skills training, weekly on-site psychiatric services, and connections to medical care, vocational training, day treatment programs, and other appropriate community resources. The Men's Emergency Shelter provides a 24-hour a day, 7 days a week shelter for men experiencing homelessness. Community Ministries of Rockville's Chase Partnership House provides transitional housing services to men aimed at progressing them through individual treatment programs and into mainstream society.

The importance of these programs is immeasurable. For this reason, when the County became aware that the buildings housing Adrienne's Safe Havens and the Chase Partnership House programs were in need of substantial rehabilitation, and that the Men's Emergency Shelter needed overflow space for the winter months, the County responded by collaborating with several prominent organizations and by awarding HIF funds for the improvements.

These improvements, funded in part with a \$6.4 million investment from the HIF as well as State and private grants, included an addition to the emergency building which allows for 35 men to be sheltered. This addition also provides space for a range of on-site services including new laundry, bathroom and shower facilities, two medical exam rooms, and a meeting space, and computer lab for educational and vocational activities for men in the shelter. A second new building was constructed to house the Adrienne's Safe Havens, the Chase Partnership House, and offices for MCCH services and staff. In addition to providing transitional shelter for 51 men, the new building features offices for staff, two dining rooms, two life skills kitchens, two computer labs, laundry and bathroom facilities, conference rooms, and lounges.

Housing Unlimited Inc.'s Revolving Fund

Housing Unlimited, Inc. (HUI) is a non-profit, housing development organization based in Silver Spring serving adults with psychiatric disabilities. HUI accomplishes its mission by providing affordable, permanent housing opportunities, empowering people to live independently, relocating people from substandard housing to appropriate housing, helping people moving from the homes of their aging parents, providing public education, advocacy and community linkage, and bringing people who need housing together in partnerships. Through 2009, HUI has acquired 41 homes throughout Montgomery County serving 123 adults with psychiatric disabilities.

In 2007, HUI's Board of Directors approved an ambitious strategic plan that set the course for HUI activities through 2011. HUI is now implementing its plan for steady, prudent expansion of its operations.



To help reach its goal, in 2008 the County awarded \$500,000 in HIF funds to establish a revolving loan fund that enables the nonprofit to move swiftly to purchase MPDUs that are offered for new sale or resale through the County's MPDU Program. Once acquired, HUI uses a \$1.4 million reservation from the State Community Bond Program and a reservation of \$500,000 in County HOME funds to revolve the HIF funds and permanently finance the homes.

A recently acquired HUI MPDU

Montgomery County Coalition for the Homeless' Housing First Rental Voucher Program

Housing First is more than a strategy. It is a philosophy developed in the 1990's by Dr. Sam Tsemberis that is based on the belief that housing is a human right that should not be denied based on whether or not a person abuses substances. Under the Housing First model, a person is first housed, and then offered a variety of wraparound services intended to address the factors and meet the other needs that may have contributed to that person's homelessness.

Using \$750,000 in County HOME funds, the Montgomery County Coalition for the Homeless (MCCH) and DHCA developed a Housing First Rental Voucher pilot program that provides rental assistance to formerly homeless families and single adults. Additionally, the County provided \$114,000 HIF funds for initial "start-up" operating assistance. Participants served under the program have incomes at or below 50 percent of AMI, but typically incomes are well below 30 percent of AMI. Approximately 40 percent of the households served are single adults and 60 percent are families with children. In line with the general demographics of the single adult homeless population, many single adults have wide ranging and possibly multiple disabilities. The families, mostly single parents, generally have fewer disabilities, but face the challenge of providing for a family while earning extremely low incomes. MCCH provides varying levels of support for these clients through individualized case management customized to the client's need.

MCCH serves three groups of participants in the Program. The first group of families and individuals comes directly from emergency homeless shelters as part of the County's Housing First initiative. This Program effectively and rapidly ends homelessness for these participants, providing stable homes and the supportive services necessary to assist the tenants in maintaining their housing. The second group comes from the various transitional homeless programs throughout the County. Individuals and families participate in these programs for various reasons and generally can live independently when they are ready to move on. Many clients in both emergency shelters and transitional homeless programs have income, just not sufficient income to rent a market rate unit without assistance or ongoing subsidy. MCCH does not terminate a participant from their programs if they lose their income, but it is extremely difficult to live independently without any resources even if one is not required to pay rental fees. From experience, MCCH has learned that having some income, even if minimal, is one important factor in housing stability. These programs provide the stable and supportive housing these tenants continue to need on a long term basis. The third group consists of stable clients who no longer need the intensive case management provided in other county programs, but still need a continuing rental subsidy due to their extremely low-income. They are also provided with and benefit from an ongoing reduced case management relationship. This is a much needed housing option in the continuum of care; permanent housing with continuing financial assistance and limited case management. This solution greatly benefits the clients who are appropriate for such an option while opening up space in more intensive housing programs for those who need them.

FOCUSED COMMUNITY PROGRAMS – MORE THAN BRICKS AND MORTAR, HELPING PEOPLE

The flexibility of the Housing Initiative Fund allows it not only to create service-enriched housing but also to fund initiatives that build the human infrastructure for distressed neighborhoods and areas otherwise inaccessible services at affordable housing developments. In FY '08 and '09 HIF funding supported targeted neighborhood community revitalization, resident services, and educational activities including the Individual Development Account Program, Community Life Programs, Stewartown Homes Community Development Programming, and Rebuilding Together Montgomery County.

Individual Development Account (IDA) Program

Serkalem "Serk" Beyadglegn will never forget the first time she turned the key and opened the door to her newly purchased town house in Montgomery Village, MD in April of 2008. She immediately went to the kitchen and opened every cabinet stroking the wood on the doors. "I can't believe we own this beautiful house. It's ours!" she exclaimed as she inspected each room of her 3 bedroom, 2 bath home with her husband and daughter.

Three years earlier, Serk had joined the Montgomery Housing Partnership's (MHP) Individual Development Account (IDA) program, which provides homeownership education and a housing deposit match. She soaked up the information she received in the mandatory financial fitness and homebuyers classes. She also faithfully deposited \$65.00 each month for two years into her IDA savings account and that money was matched on a 3:1 basis by Citibank, Montgomery County government, and the State of Maryland. As a result of her diligent saving and the matching funds, Serk had \$5,280 in savings when she was ready to purchase her house. Participants can use the money for down payments or closing costs.

On settlement day, Serk reflected on the hard work of becoming an educated buyer and expressed the "pure joy" the family felt as they settled into their new home. "We would like to thank all the agencies and organizations that supported us during this process," states Serk. "We are now part of a strong Montgomery County community. Thank you!"



Serkalem "Serk" Beyadglegn and her husband, Berihun Abageto purchased their home in Gaithersburg.



Nicole Nolasco (left) and Victoria Lemus (right) proudly poses in their caps and gowns before the MHP preschool graduation ceremony.

Community Life Programs

If you ask Victor and Edith Lemus why they choose to live at Amherst Gardens, they mention affordable rents and good living conditions but they quickly point out that one of the best amenities is Montgomery Housing Partnership's Community Life Programs and activities, which is partially funded by the HIF.

The Lemus family has four daughters ranging in age from 3 to 12 years old, who have participated in the Community Life Program at Amherst. "Our daughters attended the MHP preschool." states Victor, "This program really helped them to get ready for kindergarten and learn basic skills in a gentle, bi-lingual environment." The Lemus girls have also participated in the After-School Program as well as the Summer Enrichment Program.

The *Angels for Children Toy Drive* is another reason the Lemus family likes living at Amherst Square. The Lemus family has enjoyed the annual Christmas Eve tradition of a visit from Santa on a fire engine. With help from MHP's Community Life Program

and several community partners, Santa Claus delivers gifts to over 280 families living at Pembridge Square, Amherst Square and Amherst Garden apartments. The girls have also participated in numerous MHP fairs and festivals and delight in getting school supplies before the start of each school year.

"We truly appreciate all the programs and activities offered by the Community Life programs at MHP." concludes Victor, "They have made a big difference in our community."

Stewartown Homes Community Development Programming

The County continued its effort to ensure that low-income families in Montgomery County have access to computers and computer training as HIF funds were awarded to the Community Preservation and Development Corporation (CPDC) as part of the Building Neighborhoods to Call Home Initiative. The funds were used to continue the program known as the Stewartown Homes Community Development Programming.



Located in Gaithersburg, the Stewartown Homes townhouse community was purchased and substantially renovated in 1999 by the Housing Opportunities Commission. In addition to the physical improvements to the property and homes, each unit was also wired for computer use. A computer center on the grounds provides training for children and adults.

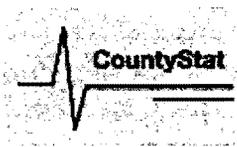
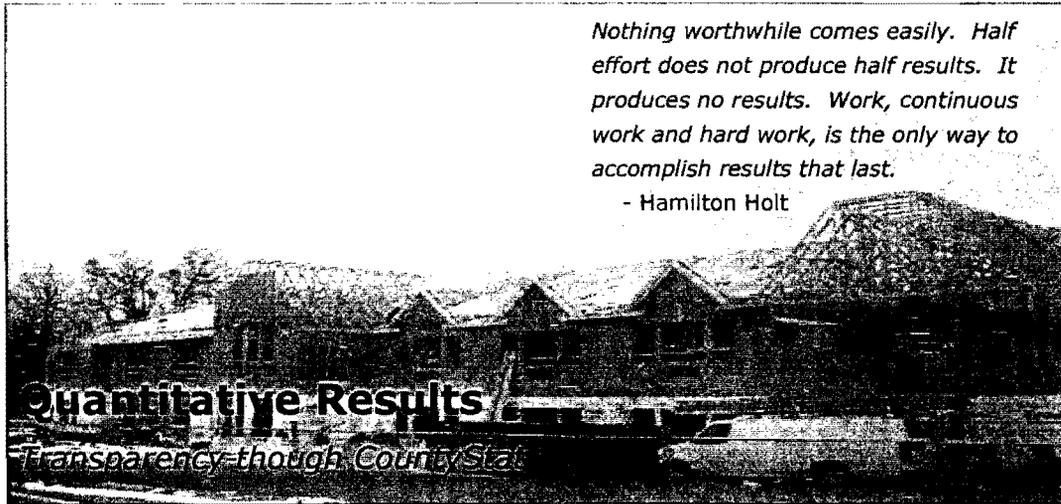
The Community Preservation and Development Corporation continues to service the residential and community center computer network and helps to maintain the Stewartown Net Users Group (SNUG), a technology focused resident group. Additionally CPDC provides age-appropriate curriculum and classes for Stewartown Homes children, from 3:00 pm to 6:00 pm, Monday through Friday, throughout the school year and conducts classes and vacation activities throughout the summer.

Rebuilding Together Montgomery County

The County has also provided Rebuilding Together Montgomery County (formerly Christmas in April) funds to cover the costs of administering a program which covers the cost of minor home repairs for low-income homeowners. The funds are used to make these services available to homeowners who are either physically or financially unable to undertake home repairs on their own. Examples of such repairs include minor plumbing, painting, flooring, carpentry and electrical work; repair or replacement of gutters, doors, locks, handles, filters and handrails; installation of smoke and carbon monoxide alarms, grab bars, storm windows and screens; and debris removal.

Rebuilding Together is responsible for securing volunteers and materials to complete repairs on at least 100 homes per year. Among other activities, the organization will also conduct presentations to increase public awareness of its program, create partnerships with businesses and organizations to provide referrals, volunteers, and materials and to conduct site inspections.

Rebuilding Together Montgomery County is committed to helping residents who have worked hard to own their own homes, but whose failing health or limited income does not allow them to complete costly home maintenance. All services are provided free of charge.



CountyStat is a component of Montgomery County’s new results-based accountability system that promotes a culture of “managing for results”, while addressing one of the County’s priority objectives – “A responsible and accountable county government.”

The Department of Housing and Community Affairs is responsible for producing an annual report for CountyStat. Please note that the statistics that follow incorporate all of DHCA’s funding sources and resulting programs, not just HIF.

QUARTERLY COUNTYSTAT REPORTING

The Department of Housing and Community Affairs collects data regarding the production and preservation of affordable units through various funding sources, categorizes the data in the respective program. The data is reviewed during the year to determine the likelihood of accomplishing annual goals and objectives, and to determine whether an interim policy change is necessary.

Funding Sources

1. Community Development Block Grant (CDBG)
2. Community Legacy
3. HOME
4. HIF
5. HIF Acquisition and Rehabilitation Fund
6. Units Produced at No Cost to the County
7. Weatherization
8. Neighborhood Stabilization Project (NSP) - Neighborhood Conservation Initiative (NCI)

Programs

1. Moderately Priced Dwelling Unit (MPDU)
2. Multifamily
3. NSP-NCI
4. Rental Agreements
5. Group Home Acquisition and Rehabilitation
6. Rental-Closing Cost Assistance
7. Single Family Rehabilitation
8. Single Family Foreclosure Prevention
9. Weatherization

KEY DEFINITIONS

To assure proper reporting, DHCA has adopted the following definitions to measure results:

- *Preservation* – Acquisition and/or rehab of an existing unit **that has affordability restrictions**
- *Production* – New construction or rehab of a **market rate unit** added to the affordable inventory

- *Pipeline Unit* – A unit is considered in the pipeline as soon as the County commits funding to a project. A unit remains in the pipeline until it is online; this is true even if the project does not draw funds in a given year.
- *Online Unit* – A unit is considered online once funds have been exhausted, acquisition/rehab/construction is complete, and the unit is ready for occupancy.

The following statistics contain actual results for fiscal years 2008 and 2009 and projections for fiscal years 2010 through 2012.

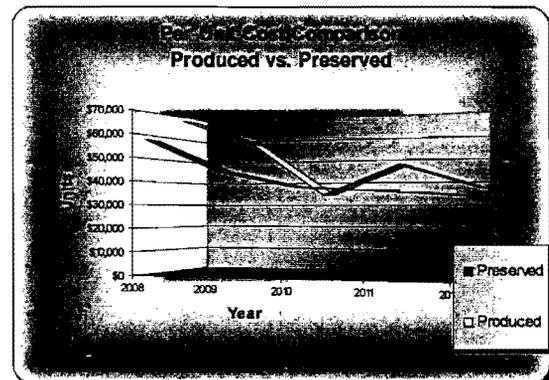
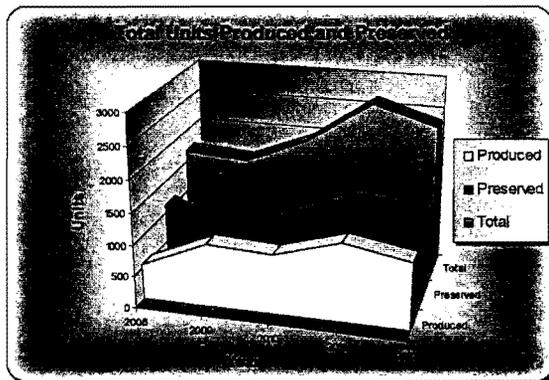
COUNTYSTAT RESULTS

DHCA – Units Preserved	FY '08	FY '09	FY '10	FY '11	FY '12
County Funded Units Online	34	423	222	543	380
No-Cost Units Online	131	0	702	737	774
Preservation Pipeline	954	190	150	170	175
Total Preservation	1,119	613	1,074	1,450	1,329

DHCA – Units Produced	FY '08	FY '09	FY '10	FY '11	FY '12
County Funded Units Online	103	534	660	819	692
No-Cost Units Online	116	242	53	182	191
Production Pipeline	336	218	228	237	180
Total Production	555	994	941	1,238	1,063

Total Produced and Preserved	1,674	1,607	2,015	2,688	2,392
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DHCA – Cost Per Unit	FY '08	FY '09	FY '10	FY '11	FY '12
Preservation – Cost/Unit Online	\$57,932	\$43,827	\$36,948	\$35,425	\$33,334
Production – Cost/Unit Online	\$68,270	\$57,076	\$34,201	\$46,858	\$37,153



SUMMARY OF FINANCIAL INVESTMENTS

Housing Initiative Fund FY 08 & 09

(in thousands of dollars)

Category	FY 2008		FY 2009	
	Investment	Percent	Investment	Percent
Rental				
Acquisition / Rehab	\$10,853	29.8%	\$17,172	35.5%
Elderly	\$4,500	12.4%	\$0	n/a
Public Housing Rehab	\$1,145	3.1%	\$0	n/a
Predevelopment	\$670	1.8%	\$125	0.3%
Operations	\$285	0.8%	\$50	0.1%
MPDU Acquisition	\$250	0.7%	\$1,100	3.0%
Rental Subsidies	\$200	0.5%	\$2,800	7.7%
Total	\$17,903	49.2%	\$21,247	58.3%
Homeownership				
Acquisition / Rehab	\$6,511	17.9%	\$0	n/a
Foreclosure Prevention	\$2,700	7.4%	\$0	n/a
New Construction	\$600	1.6%	\$0	n/a
Closing Cost Assistance	\$500	1.4%	\$1,092	2.3%
Foreclosure Acquisition / Rehab	\$0	n/a	\$4,100	8.5%
Total	\$10,311	28.3%	\$5,192	10.7%
Special Needs Housing				
Homeless	\$4,128	11.3%	\$10,647	22.0%
Disabled	\$1,140	3.1%	\$500	1.0%
General	\$300	0.8%	\$3,061	6.3%
Operations	\$110	0.3%	\$215	0.4%
Other	\$30	0.1%	\$0	n/a
Housing First	\$0	n/a	\$3,750	7.8%
Total	\$5,708	15.7%	\$18,173	37.6%
Building Neighborhoods to Call Home / Community Programs				
Operations	\$650	1.8%	\$513	1.1%
Programs	\$420	1.2%	\$821	1.7%
Homeownership	\$185	0.5%	\$0	n/a
Special Needs	\$39	0.1%	\$0	n/a
Total	\$1,294	3.6%	\$1,334	2.8%
Miscellaneous				
Staff Costs	\$800	2.2%	\$1,300	2.7%
Code Enforcement	\$0	n/a	\$200	0.4%
Other Professional Costs	\$400	1.1%	\$900	1.9%
Total	\$1,200	3.3%	\$2,400	5.0%
Total Investments	\$36,416		\$48,346*	

* In addition, \$4,436,000 was committed and carried over to FY 2010.



Individual commitment to a group effort — that is what makes a team work, a company work, a society work — a civilization work.

— Vincent Lombardi

Our Partners

Success in developing quality affordable housing lies in relationships. One way the County achieves its goals is through partnering with organizations to construct new properties and to acquire and renovate existing properties. The County's Housing Initiative Fund provides the mechanism to achieve these partnerships. Here are just a few of the tremendous organizations which DHCA has had the pleasure to partner with over the past two years.

AHC, INC.



AHC is a private, nonprofit developer of affordable housing that was founded in 1975. Its mission is to produce, preserve, and manage affordable housing for low- and moderate-income residents. As the largest nonprofit housing sponsor in Northern Virginia, AHC operates a variety of housing programs. They include developing and managing affordable rental housing, providing homeownership opportunities for first-time homebuyers, offering housing rehabilitation services for low-income homeowners, and coordinating and providing services to strengthen residents' economic and social stability. AHC owns 19 apartment complexes in Arlington, seven in other Virginia locations, and six in Maryland, providing nearly 3,500 affordable apartments to 6,000 low- and moderate-income households. Resident services are offered on-site at several AHC apartment complexes, providing a wide range of programs including English language classes, computer training, after-school programs, tutoring, parenting classes, and financial literacy workshops.

HABITAT FOR HUMANITY OF MONTGOMERY COUNTY, MD, INC.



Habitat for Humanity of Montgomery County's mission is to partner with the community to create homeownership opportunities for very low-income families in need of decent housing. In a spirit of collaboration and fellowship, Habitat for Humanity of Montgomery County works with individuals, institutions, businesses, and the Habitat families themselves to build simple, decent, energy efficient, and affordable housing for those living in substandard conditions in our community.

While Montgomery County is one of the most affluent, fastest growing communities in the nation, thousands of its residents are living in poverty. Housing costs have sky-rocked, while income growth in many jobs has remained the same - making the dream of homeownership almost impossible for low-income families. However, Habitat's unique homeownership model provides a solution to this problem by offering low-income families the opportunity to purchase their own simple, decent, affordable home. Our goal is to end the cycle of poverty, instill a "can-do" attitude

and show families that with the right tools, they can have the confidence and competence to maintain their own stable community.

Research shows that children of homeowners are more likely to stay in school. Owning a home leads to higher quality home environment, improved test scores, and reduced behavioral problems. Habitat's purpose is to create decent housing to unleash the potential of children who might be the next musical prodigy, business professional, or public official.

THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MD



The Housing Opportunities Commission (HOC) was founded in 1966 as the Housing Authority of Montgomery County (HAMC). The mission of the Housing Opportunities Commission is to provide affordable housing and supportive services that enhance the lives of low- and moderate-income families and individuals throughout Montgomery County, Maryland so that:

- No one in Montgomery County is living in substandard housing;
- We strengthen families and communities as good neighbors;
- We establish an efficient and productive environment that fosters trust, open communication and mutual respect;
- We work with advocates and providers to maintain support for all the work of the Commission.

To achieve this mission, HOC operates as a public housing agency, a housing finance agency and a housing developer. In addition, HOC provides a wide range of supportive services to enhance the quality of life for its residents and help them achieve economic self-sufficiency.

Currently, HOC's housing unit portfolio consists of 6,740 units owned directly by HOC; 6,168 HUD Housing Choice Vouchers administered; and 9,427 units financed by HOC for privately owned properties for a total of 22,335 units.

HOUSING UNLIMITED, INC.

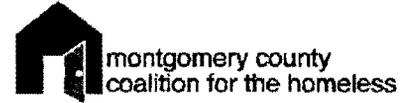


Since the organization was founded, HUI has served more than 250 individuals with psychiatric disabilities in HUI-owned and managed housing. The organization's model of separating landlord responsibilities from psychiatric services allows HUI's tenants to become full participants within the community. Individuals served by HUI suffer from chronic, serious mental health disabilities such as schizophrenia, bi-polar disorder, obsessive-compulsive disorders, anxiety and depression. Almost all HUI tenants have incomes that fall below 30 percent of AMI – the majority fall below 15 percent. Rents are computed on a sliding scale, based on each tenant's income, and are capped to provide security and encourage employment. Tenants are required to pay rent in an amount equal to 35 percent of their monthly income. HUI's housing model is to provide permanent housing rather than emergency or transitional housing.

HUI's housing is intended for very low income adults with psychiatric disabilities who can live independently, that is, they do not require an on-site supervisor or counselor. Tenants make their own private decisions regarding support services from local social service agencies.

HUI is in an expansion mode to meet the needs of the over 250 individuals on the HUI waiting list awaiting more permanent housing. Many of these individuals are homeless or are in precarious near homeless situations. In addition, many individuals are in supervised housing and have been recommended for independent housing. When HUI provides independent homes for individuals coming from supervised housing, precious openings in supervised housing are created (the public mental health system currently has a freeze on the development of new supervised housing units).

MONTGOMERY COUNTY COALITION FOR THE HOMELESS



The Montgomery County Coalition for the Homeless, a community-based nonprofit organization, is a leading provider of permanent and transitional housing, emergency shelter and supportive services for people experiencing homelessness. The Coalition is also an umbrella membership organization serving the provider network in Montgomery County through advocacy efforts, program coordination and educational activities. In addition, the Coalition spearheads a collaborative effort to implement a 10-year plan to end homelessness.

MONTGOMERY HOUSING PARTNERSHIPS, INC.



Montgomery Housing Partnership is the largest nonprofit housing organization in the County and has developed over 1,100 affordable homes to date. This year, MHP is celebrating its 20th Anniversary of preserving and expanding affordable housing in Montgomery County. Since 1989, Montgomery Housing Partnership's mission is to preserve and expand quality affordable housing in Montgomery County. We advance our mission through three key strategies:

1. By acquiring, rehabilitating, building and managing quality affordable housing.
2. By developing and implementing community life programs to improve the quality of life and increase opportunities for our residents.
3. By collaborating with concerned citizens and businesses, public officials and community organizations to build strong, vital neighborhoods.

VICTORY HOUSING, INC.



Victory Housing is an award-winning nonprofit developer and operator of quality affordable assisted living for frail seniors and rental housing for working families and independent seniors. Victory Housing has developed and currently operates seven (7) affordable assisted living residences (total of 207 units) for frail senior citizens in Maryland. Approximately two-thirds of the residents in the assisted living residences have annual incomes of 60 percent of AMI or less. Their average age is 87. Each residence provides three daily meals, assistance with activities of daily living such as bathing and dressing, laundry and housekeeping services, planned social and recreational activities, and emergency coverage at night. Monthly fees vary according to the incomes of the residents. These residences enable individuals to remain in the community in a home-like setting at an average cost of less than one-half that of a nursing home. Victory Housing's operations staff includes over 150 full- and part-time workers.

In addition, Victory Housing has developed seven (6) HUD apartment communities in Maryland (totaling 393 units) in Hyattsville, Olney, Temple Hills, Palmer Park, and Forestville, and one (1) community of 75 units in Washington, D.C., for very-low-income independent seniors. All of these communities serve residents whose income are 50 percent of AMI or less; the average income is closer to 30 percent of AMI.

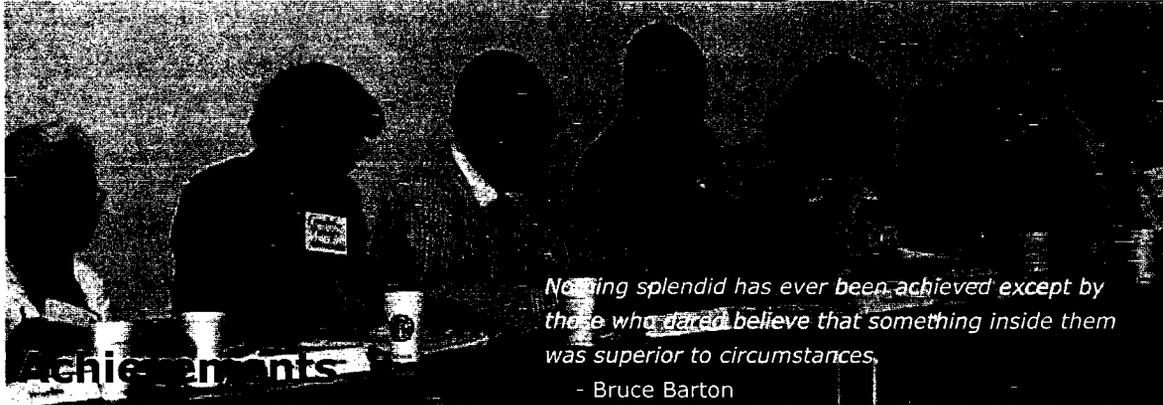
Victory Housing also acquires and substantially renovates aging apartment communities originally financed by HUD. A former HUD 202 community in Takoma Park (Victory Tower) with 187 rental units was re-financed and substantially renovated in 2004-05. As described above, Victory Forest (181 units, Silver Spring) and La Plata Manor (100 unit, La Plata, Maryland) were acquired this fiscal year and are in various stages of renovation at the end of FY 2009.

There are also three (3) apartment communities (totaling 271 units) in Potomac, Silver Spring, and Germantown for mixed-income independent seniors. Almost all of the apartments must be rented to households earning less than 60 percent of the median area income, at affordable rents. Victory Housing also has three apartment communities (totaling 110) for families, two in Takoma Park and one in Washington, D.C. All apartment communities are managed by Habitat America, LLC.

In sum, affiliates of Victory Housing have various ownership interests in 23 communities for seniors and families totaling 1,524 housing units.



County Executive Isiah Leggett with Governor Martin O'Malley and DHCD Secretary Raymond A. Skinner at a ribbon cutting ceremony celebrating one of the nation's first "Weatherized" houses funded through the American Recovery and Reinvestment Act



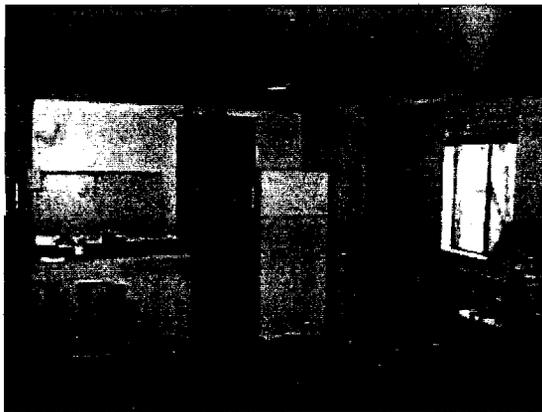
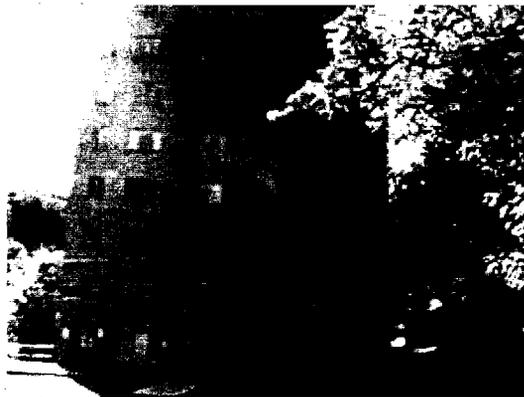
Nothing splendid has ever been achieved except by those who dared believe that something inside them was superior to circumstances.

- Bruce Barton

On February 28, 2007, County Executive Isiah Leggett issued Executive Order 84-07 forming the Affordable Housing Task Force; this Task Force was instructed to develop strategies that would result in more affordable housing in Montgomery County. On March 31, 2008, the Task Force presented their strategies. The number one priority identified by the Task Force was the need to preserve the existing housing stock. Further, the Task Force recommended creating a short term property acquisition fund – now known as the “Housing Acquisition and Rehabilitation Program” – as a tool to enable experienced organizations to purchase at-risk properties and increase the public and nonprofit ownership of affordable rental housing. By saving the County’s existing housing, the County does not need to create an expensive new neighborhood infrastructure of roads, schools and parks. Following are several projects undertaken in support of this priority.

Maple Towers by Montgomery Housing Partnership, Inc.

In December of 2008, Montgomery Housing Partnership, Inc. (MHP) acquired Maple Towers, an apartment complex with a history of housing code violations that had languished vacant for the two years. The purchase marked a historic achievement, the inaugural employment of the Housing Acquisition and Rehabilitation Program, which funded the acquisition in its entirety.



MHP plans to substantially renovate Maple Towers, replacing the old balconies with Juliet-style balconies, adding all-new kitchens and bathrooms, individually metering apartments, and increasing unit sizes creating affordable opportunities for larger families. These renovations will enhance unit interiors to bring them up to date and to make them more functional and environmentally friendly. MHP will also add a community space, which will house their award-winning Community Life Programs.

In early 2009, MHP was awarded State Low-Income Housing Tax Credits, which will support a large portion of the construction costs. The County and MHP have partnered with the City of Takoma Park, which has provided a 100 percent Payment-In-Lieu-Of-Taxes on property taxes. When completed, Maple Towers will offer a mix of studio, one -, two - and three-bedroom units. Ten units will be market rate, and the remaining 26 will be affordable to persons at or below 60 percent of the area median income (AMI). These renovations ensure the property's long-term viability, and make Maple Towers a better place to live and a better neighbor to the surrounding community.

Seneca Ridge by the Housing Opportunities Commission of Montgomery County

Seneca Ridge is a 76-unit townhouse development, owned by HOC that was constructed in 1972. Typical of structures built in the early 1970s and still operating with their original systems, it was in need of substantial renovations. A tour of the property revealed that the unit interiors needed to be enhanced to bring them up to date and to make them more functional. Also, the property needed more recreational, community, and green spaces.

These invaluable renovations were made in part thanks to a \$1.1 million HIF loan and a \$1.5 million Community Development Block Grant loan. Now, families have a better place to live, kids have a place to play, and all residents can participate in educational seminars, career counseling, and a variety of health and recreational programs at the Tony Davis Family Resource Center.



Towne Centre Apartments by the Housing Opportunities Commission of Montgomery County

Well-located in the heart of Rockville and just a few blocks from the Metro, shopping and the Rockville Library, this ten-story elderly high-rise building had a problem. Bathrooms were badly in need of restoration. Upon notification, County HIF promptly provided a \$250,000 no-interest, forgivable loan to HOC to replace the aging bathrooms thus providing proper plumbing to its population.

King Farm Village Center Apartments by the Housing Opportunities Commission of Montgomery County

The King Farm Village Center Apartments acquisition marked a momentous County achievement by creating the County's first workforce housing units. A \$6.4 million HIF loan was made as a part of a joint effort between the County and HOC to convert an existing apartment complex into 47 two- and 2 three-bedroom condominiums to be sold to eligible Montgomery County residents with incomes ranging from 71 to 120 percent of the area median income.



The King Farm Village Center Apartments were selected due to its highly desirable location, size, and amenities. As of February 2010, 8 units have been sold and another 5 are under contract. The condos are located within walking distance of the Shady Grove Metro Station and close to shopping. The Village Center is anchored by a nearby Safeway supermarket and sits on a lush 10 acre site with ample green space. The ground floor of each building contains a generous mix of retailers. Unit amenities have been upgraded to condominium-level finishes and include hard wood floors, granite counter tops, a stainless steel appliance package including a microwave, refrigerator, dishwasher, and stove, and full size washer and drier. The units have been and are currently for sale. Proceeds from the sale of the units will be used to pay off the original bank loan and a portion of the HIF loan. The condominium sales are targeted to County and City of Rockville employees and initial interest has been strong. The first sales were closed in November 2009.



The Jubilee Home by the Housing Opportunities Commission & Jubilee Association of Maryland, Inc.

HOC partnered with Jubilee Association of Maryland, Inc. to apply for State Department of Health and Mental Hygiene and County funding for the acquisition and rehabilitation of a group home that would serve three developmentally disabled residents and one live-in staff member. HOC will serve as the owner/landlord of the selected group home and Jubilee will provide appropriate social services. In July 2008, HOC acquired a three-bedroom home in Wheaton. The home is now under substantial renovation to meet the special needs of the future residents. Upon completion, the property will be under an HOC Project-Based Voucher contract for all three units.

Sophia House by Interfaith Works



On Wilkins Avenue rests an important structure in Rockville – this is where Interfaith Works operates a 30-bed short- and long-term emergency shelter for women suffering from mental illness, substance abuse, and other disabilities. Interfaith Works serves over 150 women each year providing case management and helping women connect with appropriate housing and services.

A \$220,000 loan from the HIF was awarded to Interfaith Works to upgrade the facility, providing renovations which included refurbishing bathrooms, along with refinishing and remodeling kitchens and dining rooms with new cabinets and countertops. With help from the County, Interfaith Works is able to continue with its mission of pursuing social justice with an emphasis on identifying and meeting the needs of the poor by leading and

engaging Montgomery County's faith communities in service, education and advocacy.

Montgomery County's Revolving Closing Cost Assistance Loan Program

The Revolving Closing Cost Assistance Program was established in 2005 with funds from the HIF. The program is available to employees of Montgomery County Government and to those who work in Montgomery County who are income-eligible and plan to purchase their first home in the County. Homebuyers who meet the income guidelines can receive a loan up to \$10,000 towards downpayment and/or closing cost assistance.

To augment this existing program in December 2008, County Executive Isiah Leggett announced the County's participation in the State's "House Keys for Employees" program which provides a matching contribution of up to \$5,000 to income-eligible homebuyers who are employees of Montgomery County Government. These programs are administered for the County by the Housing Opportunities Commission.

To date, the program has provided loans totaling more than \$1.7 million to more than 200 eligible homebuyers who have purchased their primary residence in Montgomery County, including 26 loans to homebuyers earning incomes that qualify for the MPDU or Workforce Housing programs.



County Executive Isiah Leggett, Congressman Chris Van Hollen and County Councilmember Roger Berliner discuss Federal, state and local efforts to help residents reduce their energy bills.

Ashmore at Germantown by AHC, Inc.

AHC Inc., a not-for-profit developer of affordable housing based in Arlington, VA, worked closely with DHCA to acquire 29 brand new condominiums that are being operated as long-term affordable rental housing. The units are available to households earning up to 55 percent of the Area Median Income and are managed by AHC Management LLC – AHC’s property management subsidiary.



“Montgomery County has long been a leader in affordable housing. We are thrilled to have had the opportunity to partner with the County to implement this innovative approach to creating new affordable housing units,” said Walter D. Webdale, President, AHC Inc.

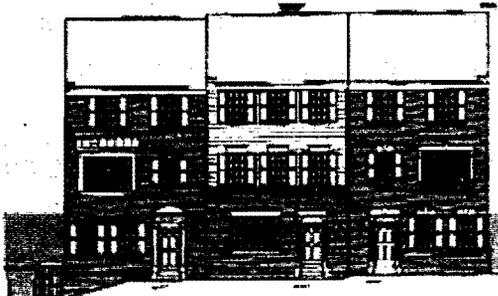
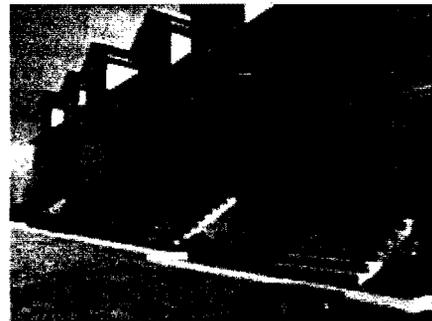
AHC financed the \$5.4 million acquisition price and closing costs with a loan from the County’s Housing Acquisition and Rehabilitation Program and a second loan from the County’s Community

Development Block Grant allocation. AHC will refinance the property and return a portion of the funding to the County to be recycled into additional affordable housing initiatives.

“Creating and preserving affordable housing is one of my highest priorities,” said County Executive Isiah Leggett. “I am pleased that the Housing Initiative Fund was used to acquire more than two dozen condominiums and make them affordable for eligible residents.”

AHC, Inc. MPDU Acquisitions - Gateway Commons and Leaman Farm

In May 2009, AHC acquired six, two-bedroom, townhouse-style condominium units at Gateway Commons - a 250+ unit, new construction community developed by Lennar. The development consists of townhomes, garden-style condominiums and one-over-one townhomes (two units within one townhouse structure). The development is conveniently located on Route 355 just off Interstate 270 and within walking distance of schools and shopping.



AHC financed the approximately \$770,000 acquisition price with a loan from the County’s County’s Housing Acquisition and Rehabilitation Program. Closing costs were financed with a seller credit. AHC will refinance the property which will enable it to pay down a portion of the initial County investment so that the funds can be recycled into additional affordable housing initiatives.

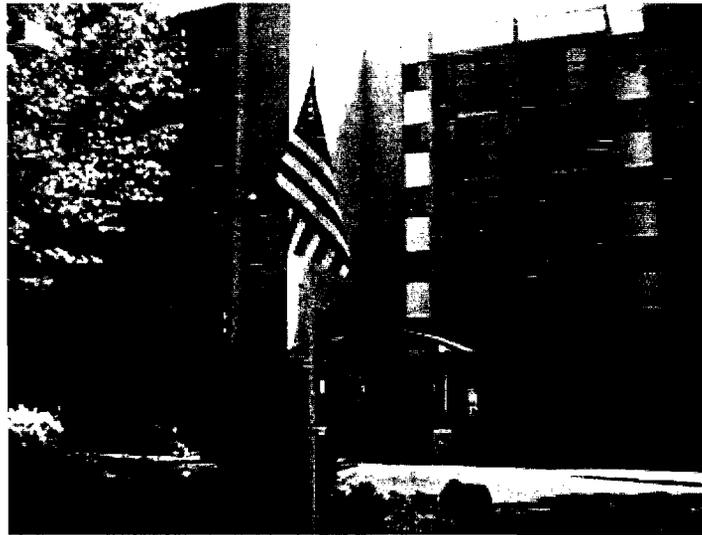
In October 2009, AHC acquired two, three-bedroom, townhouse-style condominium units at Leaman Farm - a new construction community developed by Craftmark. The development consists of single

family homes, townhomes, and one-over-one townhomes. The development is conveniently located near Interstate 270 and shopping. AHC has leased the units as affordable rental housing available to households earning up to 55 percent of the Area Median Income. In three years, depending on conditions in the for-sale housing market, the units will either be resold by AHC's Homeownership Division subject to MPDU restrictions or continue to be leased.

AHC financed the acquisition price with a loan from the County's Housing Initiative Fund. Closing costs were financed with a seller credit.

Victory Forest by Victory Housing, Inc.

Victory Forest is a 181-unit affordable housing community for seniors in the Capitol View neighborhood of Silver Spring. Victory Forest is tucked away between the Connecticut Avenue and Georgia Avenue corridors. The building is located on a gradually sloped 3.9 acre parcel of land in a tranquil, wooded setting.



Victory Housing, the nonprofit development arm of the Catholic Archdiocese of Washington, purchased the property in August 2008 from an affiliate of the Housing Opportunities Commission and began the process of substantially renovating the property immediately thereafter. The acquisition and renovations were made possible, in part, by a \$6,875,000 Housing Initiatives Fund loan from Montgomery County. Other sources of funds included proceeds from tax-exempt bonds issued by HOC and purchased by Bank of America, and equity from the sale of Low-Income Housing Tax Credits to SunTrust Bank (syndicated by Hudson Housing Capital). In addition, the property was originally financed through the HUD Section 236 program, which included an interest reduction payment ("IRP"). As part of the acquisition, the IRP was "decoupled" in order to retain the benefits.

Victory Forest now provides 36 units affordable to households with incomes at or below 50 percent of the Area Median Income (AMI) and 144 units affordable to households with incomes at or below 60 percent of the AMI. Thirty-seven households benefit from project-based Section 8 vouchers provided by HOC. In addition, prior to acquisition, the County provided funds to subsidize the rents of approximately 64 households to lessen the burden of the rent increases. Upon acquisition, Victory Forest established an affordability reserve to continue this subsidy at the same dollar amount for these households as long as they remain residents at the property.

The rehabilitation of the property, totaling more than \$6 million, included renovations in the units and a complete renovation of all existing common areas, including a community room, dining room, library, fitness room, beauty salon, and store for residents. In addition, Victory Housing added a media center, wellness center, and arts & crafts room for the residents. There is also a courtyard at

the rear of the building with new furnishings which is accessible from the community room. All community areas benefited from extensive new furnishings and artwork to provide a comfortable, home-like atmosphere. In order to provide a warmer, sunnier environment throughout the building, significant steps were taken to improve lighting and choose cheerful paint colors and carpeting to help brighten community areas and units. In terms of resident comfort in their units, all heating/cooling units, windows, and sliding glass doors were replaced.

The Apartments at Aspen Court by the Housing Opportunities Commission

Aspen Court is a cul-de-sac in Takoma Park consisting of three apartment buildings totalling 39 units. The first building, 7423-27 Aspen Court, is a 16-unit vacant apartment building acquired by HOC under its Right of First Refusal in October 2007 using funds from the HIF. This non-operating property was built in 1954 and requires extensive capital improvements. An architect retained by staff has created a scope of work to renovate the vacant building's 13 two-bedroom and three one-bedroom apartments.



One of the buildings recently acquired at Aspen Court

The second property on the cul-de-sac is 717 Sligo Creek Parkway acquired by HOC in an off-market transaction in December 2008, also using HIF funds. This occupied building is a 12-unit failed condominium which had been partially upgraded by the previous owner. HOC has developed a scope of work to renovate this property as well.

HOC acquired the third 11-unit property at 7411 Aspen Court in August 2009 using FY 2010 HIF funds; a renovation scope of work for this property is being developed as well.

The acquisition and rehabilitation of the properties are financed, in part, with loans totaling approximately \$2.8 million from the HIF. Once the renovations are complete, the Apartments at Aspen Court are expected to be rented to a mix of market-rate and low-income qualifying families earning 50 percent of AMI. Renovations are expected to be completed in 2010.

Hampden Lane by the Housing Opportunities Commission

This Hampden Lane project will be a new construction, four-story apartment building located in the heart of downtown Bethesda. The project will consist of six one-bedroom and six studio units, a large community room, a computer lab, a fitness center, central laundry facility, individual storage units, and managerial and counselor offices. The architectural design of the project will be consistent with the surrounding community which is made up of luxury residential/condominium, high end retail and class A office buildings.

DHCA has committed \$945,000 in permanent financing toward development of the project. The balance of the financing will be provided through a combination of Low Income Housing Tax Credits to be purchased by Hudson Housing Capital, LLC, a construction bridge loan provided by Capital One, and State Rental Housing Partnership Program funds.

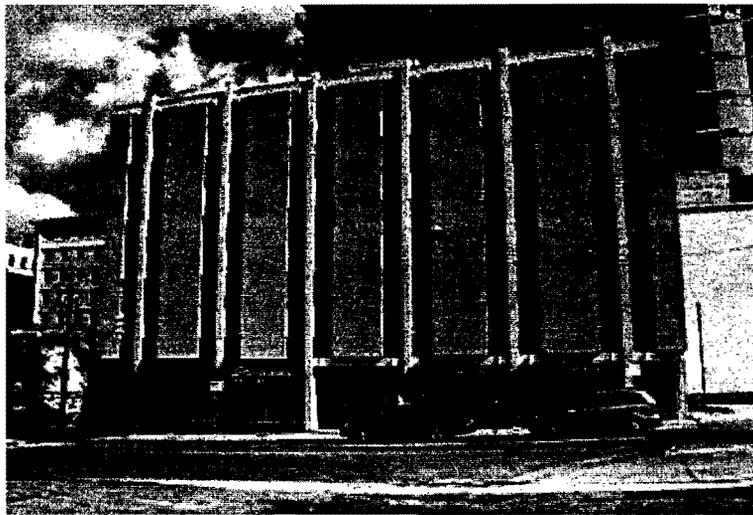
The Hampden Lane Apartments are intended to house formerly homeless individuals who are ready for more independent living. The operations will be funded with Project Based Section 8 vouchers provided by HOC and will include a full-time resident counselor. Construction is expected to start in early 2010.



Artist's Rendering of the Hampden Lane PLQ's

Cordell PLQs by the Montgomery County Coalition for the Homeless

For several years, the Department of Housing and Community Affairs, the Department of Health and Human Services, the Housing Opportunities Commission, and the Montgomery County Coalition for the Homeless (MCCH) have been working together to develop new permanent supportive housing units. In 2004, the County completed the conversion of an Econolodge motel in Gaithersburg into a



57-unit transitional and permanent housing facility called Seneca Heights. In 2007, the rehabilitation of a small apartment building on Dale Drive in Silver Spring was completed to become 10 units of permanent supportive housing.

In 2008, MCCH and County staff members began looking at office buildings that could be converted to permanent supportive housing. They wanted to develop a personal living quarters (PLQ), a residential building that must have shared cooking facilities and can have shared bathroom facilities. PLQs are similar to Single Room Occupancy (SRO) housing projects. Two advantages of a PLQ are that the units can be constructed at the highest density and the lowest cost, and a PLQ offers the programmatic benefits of communal living.

A mostly vacant office building at 4715 Cordell Avenue in downtown Bethesda was identified as a possible location for a PLQ. Built in 1965, the building at 4715 Cordell Avenue consists of 17,500

square feet over five floors and a partial basement. The property is in the CBD-1 zone, a zone that allows for the development of a PLQ. Initial conceptual drawings show that the building could accommodate 32 PLQ units. Each of the top four floors would have eight PLQ units, a shared kitchen, dining and living area, and shared bathroom, and shower facilities.

DHCA approved HIF funding for MCCH to acquire and rehabilitate the building. Once completed, Coalition Homes, Inc., a subsidiary of MCCH, will provide permanent supportive housing for single adults exiting homelessness. Additionally, MCCH will continue to lease the ground floor retail space to conventional storefront users at market rates and will use the below grade basement as office space for MCCH case managers and other support service staff serving the facility.

A special thanks to those who contributed to this report:

DHCA Mid-County Focus Area Team - Cynthia Butler, Cathy Mahmud and Rogers Stanley; DHCA Upcounty Focus Area Team - Lester Brantner, Patrice Cheatham and Matthew Greene; Stevens Brown (DHCA); Alan Goldstein and Catherine Bucknam (AHC, Inc.); John Spencer and Jeff Blackwell (Victory Housing, Inc.); Maryann Dillon and Lena Nazarian (HOC-MC); Abe Schuchman (HUI, Inc.); Sharan London (MCCH, Inc.); Maureen Sweeny-Swift (MHP, Inc.); Jessica Reid (Habitat-MC).

The Director of DHCA would also like to recognize the staff of the Multifamily Housing Section of the Division of Housing and Code Enforcement for their dedication and hard work:

Joseph T. Giloley, Division Chief; Lawrence Cager, MF Section Manager; Stephanie Killian, Senior Planning Specialist; James Watson, Construction Manager; Samson Awojoodu, Construction Manager; Carlos Daza, Construction Manager; Joy Grey-Saunders, Executive Administrative Aide; Lisa Gladhill, Office Services Coordinator, Tim Goetzinger, Loan and Asset Manager, Alisa Wilson, Loan Officer, Anita Hamilton, Loan Officer, and Francene Hill, Loan Compliance Manager.

