

PHED COMMITTEE #1  
February 11, 2013

COMMITTEE MEMBERS MAY WANT TO BRING THEIR JANUARY 17 PACKET

**MEMORANDUM**

January 15, 2013

TO: Planning, Housing, and Economic Development Committee  
FROM: Linda McMillan, Senior Legislative Analyst   
SUBJECT: **Worksession: Montgomery County's 2012 Housing Policy**

On October 17, 2012, the Director of the Department of Housing and Community Affairs (DHCA) forwarded the Draft 2012 Housing Policy for the Council's consideration. If approved, this policy would replace the County's 2001 Housing Policy, "Montgomery County – The Place to Call Home." The Draft 2012 Housing Policy was introduced by the Council on November 13, 2012 and DHCA provided the Council with an overview presentation. The Committee held a public hearing on December 4, 2012.

On January 17, 2013, the PHED Committee held its first worksession on the Draft Housing Policy which was an overview of issues. The memo from the January 17, 2013 packet is attached at © 33-51.

At this session, Council staff is asking the Committee to review Council staff recommended changes to Chapters 1 and 2 of the Draft Housing Policy, provide staff with direction on how the Housing Policy should address specifics about the Zoning Ordinance, and discuss recommendations for existing programs.

The PHED Committee is scheduled to hold its next worksession on March 4. Council staff expects to bring recommendations on affordable housing productions goals to the Committee for review.

### **Council Staff Recommended Changes to Chapter 1 (© 1-3).**

(Recommended deletions are in brackets and changes are underlined.)

Chapter 1 of the Draft Housing Policy provides the purpose, definitions, goals and objectives. At the last session, the Committee reviewed the vision and objectives and did not recommend any specific changes.

In Chapter 1, Council staff has made changes that are technical in nature with one exception. The Draft of the Housing Policy indicated that the Housing Element would be included as an appendix to the Housing Policy. Council staff does not think this is necessary as the Policy itself is structured around the Housing Element Objectives.

### **Council Staff Recommended Changes to Chapter 2 (© 4-24)**

(Recommended deletions are in brackets and changes are underlined.)

Chapter 2 of the Draft Housing Policy provides a series of “Action Plans” for topics that support each of the four objectives in the Housing Policy. Again, many of the Council staff recommended changes are technical for the purposes of consistency or corrections. Council staff has shifted some of the Action Plan items so that studies are listed first. The following are the substantive changes.

1. Update the 2008 Park and Planning Study – Analysis of Supply and Demand for Housing (©6; bullet 1). **Council staff recommends that the update occur every three years rather than every five years.** This will provide better information for making projections. If it is updated every five years it would only be updated once before the Executive and Council would be updating the Housing Policy. The PHED Committee will need to get a response from the Park and Planning on how this can be handled in their workplan and what, if any, additional cost there would be to the Department before this recommendation can be implemented.
2. Housing assessments in master plans (©8; bullet 8) – The Draft Housing Policy calls for including affordable housing goals in each master plan. **Council staff is recommending that instead each master plan have an assessment of the affordability and diversity of the housing stock in the master plan study area.** This would provide the Council with information as it is making land use decisions regarding housing but would stay away from setting a specific target for affordable housing (other than an estimate of the minimum number of MPDU that would result from the zoning.)
3. “Identify and secure adequate fiscal resources or assistance measures to meet current and future unmet affordable housing demand.” (©9; bullet 3) **Council staff recommends removing this sentence** from the paragraph that goes on to discuss expanding funding for affordable housing. While this is a policy document, it is unlikely that the County would secure resources to meet all future unmet needs.

4. Assistance with condominium fees for low income seniors (©9; bullet 10 and ©17; bullet 5). The Committee discussed this at the last session and was somewhat skeptical about helping people with condominium fees. **Council staff has clarified that the intent is to help low-income seniors who are living in condominiums they already own but may have to move from or face foreclosure because their incomes do not keep pace with the increase in condominium fees.** Such a program would have to be carefully targeted and structured but might appropriately assist some low-income seniors to age-in-place and avoid a difficult move.

5. Promote infill residential development and adaptive reuse (©10; bullets 4-8). **Council staff recommends deleting the Action Plan items that reference revising the Zoning Ordinance.** Later in this memo, Council staff will provide some possible policies for the PHED Committee and Council to use in reviewing the Zoning Ordinance.

6. Voluntary rent guidelines, annual rent survey, landlord-tenant complaint process (©13; bullets 1-4). **The Draft Housing Policy includes language about continuing the Voluntary Rent Guidelines, evaluating the criteria used for the guidelines, and continuing to negotiate with landlords that exceed the guidelines. Council staff has added language in response to the testimony received from the Renter's Alliance about continuing and enhancing the annual rent survey and enhancing landlord and tenant education and the landlord-tenant complaint process.** These are not all the items requested by the renters alliance but are items that had general support at previous PHED Committee discussions.

7. **Provide affordable housing with support services (©13-14) – In listening to testimony at the public hearing, Council staff believes that there is a desire to move away from the catch-all phrase “special needs housing” in the Housing Policy.** Special needs housing is generally regulated affordable housing for a person or family that needs support services. Council staff has re-written parts of Section E to identify the different needs that are being addressed through this policy. Following this, Section F in the original Draft Housing Policy was a section on special needs housing. Council staff has moved the Action Plan items to other sections (such as the section for senior housing, homelessness, or housing with supportive services). In Section E, Council staff has included an item for those people with a mobility disability that need both accessible housing and supportive services to move from nursing or rehabilitative care to the community. Section I (©17) addresses Accessible and Visitable Housing. Some of this housing may be needed by those with a supportive services package but the accessible and visitable housing issue also serves others with mobility impairments.

8. Expand efforts to prevent homelessness (©16; bullet 3) – Based on the last Committee discussion Council staff has added language that the County would work with HOC and others **to expand the use of Housing Choice Vouchers and other rental subsidies** to reduce the cost of housing for those transitioning from homelessness. As was discussed, HOC had provided project-based vouchers for housing for formerly homeless people. This is not a specific policy to set-aside a percent of turnover vouchers but as a policy statement would cover such an option.

9. Visitable and Accessible Housing (© 19; bullet 3) – Council staff has added a final item to improve the efforts to **match affordable accessible housing with households that need them.**

### **Items to Be Considered During Zoning Re-Write**

Council staff has proposed deleting several Action Plan items from the Draft Housing Policy as they are directed to changes that might be made during the Zoning Ordinance re-write.

In discussing this issue with other members of Council staff, it was suggested that what might be helpful is for the PHED Committee and Council to have a few policies about housing goals that would be kept in mind as the Zoning Ordinance rewrite is considered. Council staff is suggesting the following as a consolidation of the themes in several of the Action Plan items included in the Draft Housing Policy.

1. The Zoning Ordinance should include zones that promote housing in high-density, mixed-use, transit oriented areas of the County.
2. The Zoning Ordinance should include zones that allow for adaptive reuse or creative infill by providing mixed-use zones that allow a mix of commercial and residential development. In approving such zones, the Council should consider incentives for making affordable housing a part of adaptive reuse by waiving density restrictions, reducing parking requirements, and allowing spaces in buildings (such as mezzanines) to not be counted as new floor area.
3. During the Zoning Ordinance re-write review, and if necessary increase, the incentives for providing more than the minimum required amount of affordable housing in the zones that allow high-rise residential development. Incentives should encourage either a greater number of affordable units or units with a greater number of bedrooms than required.
4. The Zoning Ordinance should continue to include special exceptions for senior housing and housing for people with disabilities. If possible, it should include criteria that could make the special exception process more cost effective and responsive. Senior and housing, including group homes, for people needing support services should be options in all residential zones. The Council should consider incentives in the Zoning Ordinance for developers who such housing.

### **Recommendations for Existing Programs**

Chapter 3 of the Draft Housing Policy contains a very thorough history and status of existing programs along with current issues and recommendations. The following is

an abbreviated version of the recommendations for the existing programs. Council staff would appreciate feedback from the Committee regarding these recommendations (particularly if the Committee does not want them included in the Housing Policy). Council staff will then work to provide any specific recommendations on Chapter 3.

## **1. MPDU Program**

- A. Develop guidelines and program rules to discourage the construction of too many efficiencies and one-bedroom condominium MPDUs especially in buildings with high condominium fees. Identify incentives and program flexibility that will achieve the construction of more two, three, and four bedroom MPDUs, especially in rental buildings
- B. Provide additional incentives for projects in the Commercial/Residential (CR) zone, and other similar zones that award points for providing certain public benefits, to developments that will have more MPDUs than required, and for projects having more units with 3-or-more bedrooms. *(Council staff suggests that this be deleted and addressed in the Zoning Ordinance re-write).*
- C. Explore financial and other incentives for high-rise developments to make the construction of MPDUs more feasible, especially for projects providing more than the minimum amount of MPDUs or units with more bedrooms.
- D. In limited instances, continue to allow developers to provide MPDUs at alternative locations in the same planning area. In developments with multiple buildings, MPDUs could be located in “receiver buildings” that may have lower construction costs or lower condominium fees.
- E. Analyze and determine whether allowing a mix of condominium and rental units will make it easier and more feasible to provide MPDUs in high-rise projects.
- F. Update the Planning Department’s 1995 “Site Plan Guideline for Projects containing MPDUs” to make sure it reflects current planning practices, standards, prohibits back-to-back and two-over-two units unless the subdivision also includes similar market-rate units, and mandates MPDUs be dispersed throughout the development.
- G. Evaluate existing MPDU rules to make sure the overall goal of the program to disperse affordable units is maintained.
- H. Ensure that MPDUs in single family and townhouse developments are not divided into a small homeowners association as these are often no financially viable, highlight differences, and create obstacles for management and enforcement of HOA rules.

- I. When preparing master plans and zoning changes, understand the impact of height and density restrictions on the financial feasibility of the construction of MPDUs, especially in high-rise construction. Take into consideration the impact and provide increased height, increased density, or other considerations for projects including MPDUs and other affordable housing options. *(Council staff suggests that this be deleted and addressed in the Zoning Ordinance re-write).*
- J. While undertaking the Zoning Ordinance revision, evaluate how well current provisions of the MPDU law apply in more urban and rural areas. New challenges have emerged in implementing the MPDU program in urban areas, CBDs, transit centers, and large lot zones in rural areas, largely in the areas of lot size, setback, amenity requirements, and green space requirements for MPDU developments in most suburban zones. *(Council staff suggests that this be deleted and addressed in the Zoning Ordinance re-write).*
- K. Continue and expand the use of zoning tools such as the CR zone that encourage the production of affordable housing by providing incentives for MPDUs in excess of the minimum requirement. *(Council staff suggests that this be deleted and addressed in the Zoning Ordinance re-write).*
- L. Research viable alternatives for providing MPDUs on sites for certain types of specialized housing such as life-care facilities and for-sale age-restricted projects.
- M. Assess innovative approaches to solving the problem of high condominium fees, such as developer-created trust funds, assessing lower condominium fees on MPDUs than on market-rate units, and providing rental units in an alternative location. The alternative location should provide more than the minimum number of MPDUs.
- N. Develop a marketing and publicity strategy to educate eligible households, employers, and renters about the MPDU program.
- O. Continue HOC's Single Family Mortgage program that often serves people buying MPDUs.
- P. Continue to offer homebuyer classes for moderate-income and prospective MPDU households to provide information on credit, mortgage products, and how to avoid predatory lending.
- Q. Make prospective MPDU purchasers and applicants aware of organizations that provide Fair Housing and homeownership assistance.
- R. The County must continue to explore, create, and implement additional programs to achieve affordability in housing as its affordable housing goals cannot be met through the MPDU program alone.

## **2. Housing Initiative Fund**

- A. Investigate the use of an affordable housing impact fee or similar alternative on all new non-residential development to provide funds for the creation of new affordable housing.
- B. Research procedures to allow and encourage contribution and donations to the HIF. Determine whether a model like the dollar for dollar state income tax credit used in North Dakota is feasible.

## **3. Workforce Housing**

- A. Preserve existing privately-owned rental properties with rents affordable to middle-income households, especially in transit oriented areas.
- B. Assess properties that become available through the County's Right-of-First Refusal to determine if actions should be taken to preserve affordable rents at these properties.
- C. In single-family home neighborhoods with stagnant prices or a large number of foreclosed homes, identify programs that can be developed to market and sell these homes to middle-income households and households with incomes just above MPDU guidelines.
- D. Analyze the need for voluntary Workforce Housing programs in high-density areas near Metro stations, with a focus on rental housing.

## **4. State and federally funded housing renovation and special needs housing**

- A. Focus resources on the renovation and improvement of existing group homes to make sure they are well maintained.
- B. Continue to allow experienced nonprofit housing providers to purchase MPDUs to be used as group homes.
- C. Through the Zoning Ordinance revision, continue to allow group homes in all areas and evaluate approval procedures to remove any unnecessary restrictions. Since many group homes are licensed by the state of Maryland and assisted by the County, consider administrative approvals wherever possible. *(Council staff suggests that this be deleted and addressed in the Zoning Ordinance re-write).*
- D. Continue HOCs efforts to set aside some Housing Choice Vouchers to be used by nonprofit group home providers to make group homes more financially viable.

- E. Consider developing new group homes when County-owned sites are evaluated for affordable housing.
- F. Continue to coordinate between those providing housing and agencies providing support services.

## **5. Housing First and Homelessness**

- A. Increase the number of permanent supportive housing units to meet the unmet needs in the County. Develop specific goals and projects to meet the need for nearly 1,000 units of permanent supportive housing. Continue to focus on reducing the time families and individuals spend in temporary shelters and to decrease the use of motels as overflow emergency shelter for families.
- B. Explore obtaining state funding for more affordable assisted-living options for individuals with individuals experiencing homelessness who have a disability. Existing private facilities are very expensive and are not equipped to address needs of people with multiple behavioral health disorders.
- C. Develop a Recuperative Care Facility and other therapeutic recovery programs providing step-down care for homeless persons and persons with chronic behavioral health conditions, especially those who do not qualify for skilled nursing facility care upon hospital discharge or who have no home or trained caregiver during their post-hospital discharge recuperation.
- D. Increase the supply of permanent rental housing options for low-income households exiting homelessness, and assess the feasibility of creating more single-room occupancy (SRO) units properties for individuals housing with three or more bedrooms for larger families.
- E. Develop housing options in planned development projects or master planned development areas for target groups such as youth aging out of foster care, domestic violence victims, and those with mental illness and developmental disabilities.
- F. Continue to study the census and other population projections to assess special needs populations and develop long-term strategies based on the changing demographics of the County.
- G. Assess the feasibility of setting aside more Housing Choice Vouchers for households in the Housing First Program.
- H. Explore accessing Medicaid dollars for supportive services and for the development of a model that allows for varied intensity of supportive services based on individual need.

## **6. County-funded Rental Assistance Programs**

- A. Increase the number of rental subsidies for low-income households. Identify programs that could provide increased rental subsidies through HOC where funds are available.
- B. Study the County's rental assistance programs for special populations and, as County funds become available, expand these programs and increase the amount of subsidy to be consistent with current rental market rates.
- C. Continue to provide funds for the repair of homes to reduce utility costs, which continues to be a struggle for low-income households. Explore ways to encourage landlords, especially those with older housing stock, to undertake energy efficiency upgrades to properties. Educate households on energy conservation.
- D. Continue and expand the Recordation Tax Rent Supplement Program that is used to prevent homelessness. Preventing homelessness is far more humane and fiscally effective than the steps needed to re-house people who become homeless.

## **7. Housing Code Enforcement and Neighborhood Assistance**

- A. Continue a vigorous Housing Code Enforcement program to maintain in good condition the County's aging but vital rental housing stock.
- B. Continue having Code Enforcement staff perform annual reviews of vacant and condemned units. Continue to refer vacant and condemned properties 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.
- C. Studies should be conducted to determine if the infrastructure in older common-ownership communities is being maintained and whether these communities have adequate financial reserves to maintain their properties.
- D. Continue to identify neighborhoods that are at-risk of deterioration, disinvestment, or disrepair. Bring in other departments, agencies, and nonprofits as needed and involve the community to bring together county resources to respond to the particular needs of the neighborhood.
- E. Continue to monitor foreclosed properties to make sure the buildings and yards are maintained.
- F. Continue to share information between the DHCA Housing Code Enforcement Section and the Department of Permitting Services Zoning Section on

investigations into illegal construction and construction of homes with multiple kitchens units.

- G. Continue to refine information distributed to community groups and residents, and add to the existing information on the County website about how to file zoning complaints and about the County's Noise Control Ordinance.

**8. Accessory Apartment (to be re-drafted)**

**9. Condominium Conversion Transfer Tax**

- A. Continue to identify rental properties that are likely to convert to condominium.
- B. Work with nonprofit housing providers and HOC to acquire rental properties at risk of conversion.
- C. Continue the Condominium Conversion Transfer Tax.

**10. Use of County-owned Land for Affordable Housing**

- A. Include housing affordable for low, moderate, and middle-income households in all suitable public building projects in appropriate locations throughout the County. Projects involving the redevelopment of public land or facilities, such as parking facilities, must at least 30% of total units as affordable housing. Property that is designated as parkland is not considered surplus.
- B. Develop a database of County-owned land that indicates the current use of the site, the zoning, water and sewer classifications, master-planned and approved uses for the site, and that identifies which site should be looked at for possible affordable housing use.
- C. Establish housing as a major preferred use when the County sells property. Achieving this objective should take precedence over receiving full market value for the property. The County should establish a price that permits a developer to provide a proportion of affordable housing that exceeds the 12.5% MPDUs now required of residential projects. Developers benefiting from below market pricing of county property should be required to provide at least 30% of the units at below market prices.
- D. Review the feasibility of establishing a more streamlined process for affordable housing projects on County-owned land where the subdivision of the land, and the overall land uses and densities, are established through the Mandatory Referral process, and the property then goes through normal site plan reviews. Property owned by Montgomery County that will be used for affordable housing should also have access to the mandatory referral process to establish the appropriate zoning and land uses for the site. Often, the zoning of County-owned land was

not addressed in master plans, especially in plans that are more than fifteen years old, and the current zoning is not appropriate for the development of mixed uses on a site or for the construction of affordable housing. County property is a valuable resource from which the County should generate the maximum amount of housing in general and, particularly, affordable housing. The Mandatory Referral process is especially useful and appropriate when the affordable housing is being built next to County facilities and other County uses.

**The PHED Committee discussed the recommendation regarding the use of Mandatory Referral for affordable housing at its last session and said that it was not opposed to having such a recommendation in the policy as it is recommending to “explore the feasibility” and not saying that a decision has been made to use the mandatory referral process.**

**The Planning Board has sent a letter to PHED Chair Floreen (©25-32) sharing their objections to this recommendation and suggesting an alternative approach that would include drafting a Zoning Text Amendment to allow affordable housing on County-owned land with densities and building types that would meet DHCA’s goals, establishing an interagency team to develop the density and other parameters for the Council’s consideration, and participate in the study of co-location of public facilities.**

Council staff believes that the Planning Board’s approach also has merit and should be explored. **As this is a policy document, the Committee could chose to include both recommendations as ways to explore how to improve the process for building affordable housing on County-owned land.**

# CHAPTER I

## HOUSING POLICY PURPOSE, PRINCIPLES, AND OBJECTIVES

### Introduction

Safe, decent, and affordable homes are the cornerstones of strong, vibrant neighborhoods. The vision for Montgomery County is *for all of its residents to have decent housing in sound neighborhoods, building a community in which families can grow and flourish.*

Montgomery County is one of the finest communities in the nation, offering a wide range of housing types, in various price ranges, for rent and for sale. It has 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. Some cannot pay for necessary maintenance. Some [elderly] senior residents cannot find suitable places that are affordable and near family members. Some of the less fortunate in our community fail to find affordable and sound housing because they have special needs, such as disabilities or mental illness, [and] or require supportive services. There are workers who cannot find decent and affordable housing near their jobs and must spend hours commuting. This Housing Policy will examine these issues.

### Planning Context

#### Housing Element to the General Plan

The Montgomery County Council adopted an Amendment to the Housing Element to the General Plan on March 29, 2011. The Housing Element spells out three goals:

- [Conservation] Conserve and care [of] for existing neighborhoods and the existing housing stock.
- Concentrate new housing in mixed-use, transit-oriented areas.
- Encourage and maintain a wide choice of housing types and neighborhoods for people of all incomes, ages, lifestyles, and physical capabilities at appropriate locations and densities. Implement policies to bridge any housing affordability gaps.

The Housing Element then goes on to lay out four objectives to carry out these goals. [and] These objectives are incorporated into this Housing Policy:

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.

2. Diverse Housing and Neighborhoods: Create diversity in the type and size of units, neighborhoods, facilities, and programs to accommodate current and future residents.
3. Housing and the Environment: Provide economically and environmentally sustainable housing and neighborhoods.
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.

[The complete Housing Element of the General Plan is in Appendix D.]

### **Scope of the Housing Policy**

This Housing Policy will look at all aspects of housing in Montgomery County. However, the report will focus on analyzing housing problems and making recommendations for solutions to housing issues facing Montgomery County. This policy will not focus solely on affordable housing, but since the lack of affordable housing is a significant problem in Montgomery County and in the region, affordable housing will be looked at in detail.

#### What does the term "affordable housing" mean?

The Montgomery County Housing Element puts forward the following definition for affordable housing:

**Affordable Housing** – Housing is considered affordable when approximately 30%-35% of a household's gross income (for households earning up to 120% of area median income) is spent on rent or principal, interest, condominium or homeowners association fees, property taxes, and private mortgage insurance.

**Moderate income** – households earning between 50% and 80% of area median income (This is the U. S. Department of Housing and Urban Development's definition of low income).

**Low Income** – households earning up to 50% of area median income (This is the U. S. Department of Housing and Urban Development's definition of very low income and the County's definition for Low Income included in Chapter 25B of the County Code).

**Middle Income** – households earning between 80% and 120% of area median income. (This definition includes the income range for the County's voluntary Workforce Housing program.)

[Following the precedent set by the Housing Element,] This Housing Policy uses the same definition of affordable housing as the Housing Element. In many instances however, the policies and recommendations established in this policy will focus [on more] on households with

incomes below moderate income (50-80% of AMI) in order to concentrate [scare] scarce County resources on those with the greatest need.

Building on the goals and objectives of the Housing Element of the General Plan, [in our vision we see Montgomery County as a place where] Montgomery County's vision is that:

- Everyone has a place to call home — no one is homeless.
- Neighborhoods are safe and sound, with community services and well-maintained facilities.
- All housing is in sound condition and meets all building maintenance codes.
- Each housing unit has adequate living space for its occupants.
- Affordable housing exists for all who live or work in the County, regardless of age or income.
- People receive appropriate housing and services for each stage of life and can remain in the community as they grow older.
- There is 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 are available for those who have mobility or sensory impairment, developmental or emotional disabilities, or mental illness.

To meet this vision, this Housing Policy establishes action plans for meeting the four objectives of the Housing Element. These action plans fit within the overall goals of this Housing Policy that Montgomery will:

- **Preserve the existing regulated affordable housing stock, striving for no net loss of income-restricted affordable housing.**
- **Increase the number of affordable housing units.**
- **Conserve and care for Montgomery County's residential neighborhoods, and develop and invest in quality communities.**
- **Strive to prevent homelessness and find homes for the homeless.**
- **Support the development of new housing, especially in transit-oriented areas.**

[We] Montgomery County 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 endorses this vision and will help make this vision a reality.

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## CHAPTER II

### ESTABLISHING RESPONSIVE POLICIES AND ACTION PLANS

Montgomery County's goal is to have a wide choice of housing types and quality neighborhoods at densities and locations suitable for all of its residents. To achieve this, the County established three goals in the 2011 update to the Housing Element of the General Plan.

#### **Goals of the Montgomery County Housing Element**

1. Conserve and care for existing neighborhoods and the existing housing stock.
2. Concentrate new housing in mixed-use, transit-oriented areas.
3. Encourage and maintain a wide choice of housing types and neighborhoods for people of all incomes, ages, lifestyles, and physical capabilities at appropriate locations and densities. Implement policies to bridge any housing affordability gaps.

The Housing Element then goes on to lay out four objectives to carry out these goals, and identifies policies and strategies to achieve them. To achieve the three goals listed above, the County needs strategies and action plans that will lead toward meeting these objectives:

#### **Four Objectives of the Montgomery County Housing Element**

##### 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.

##### 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.

##### Objective 3

Housing and the Environment: Provide economically and environmentally sustainable housing and neighborhoods.

##### 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.

This Housing Policy supports these objectives and [will identify] identifies actions that can be taken to carry out these objectives.

### **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.*

**A. Plan for and promote new residential construction** — Focus growth in higher density, mixed-use, transit-oriented centers to meet important planning objectives, including providing housing for County residents and workers filling the County's future jobs, reducing the per capita carbon footprint of new growth, diversifying the housing stock, and creating vibrant pedestrian-oriented, live/work communities.

#### **Action Plans**

- Monitor the supply and demand of housing units, especially those affordable to lower and middle income households, to see if adjustments should be made to policies or programs. Update the Analysis of the Supply & Demand for Housing, dated June 28, 2008 prepared by the Montgomery County Planning Department, every three years to determine new trends and conditions. [, and publish regular updates approximately every five years.] (**Note:** Council staff has moved this item from later in the list.)
- Encourage housing development of varying types and price ranges, recognizing that the greatest need is for more rental housing to meet the housing needs for the County's expected 163,000 net new workers by 2030.
- [Higher densities and smaller units can combine with lower energy and transportation costs to b] 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 by developing higher-density housing with smaller units that reduce energy costs and reduce transportation costs because of their proximity to transit.
- [Provide adequate zoning capacity to meet the current and future housing needs of those who live or work in the County. Assess potential for higher density residential redevelopment, especially in transit-serviceable areas.] Develop master plans and development plans that encourage residential development and redevelopment capacity to accommodate forecasted employment and population growth. Implement changes through the master planning and sectional map amendment processes.
- Give housing the first priority consideration when there is a change of use or ownership of publicly-owned land.
- Build housing on excess County-owned land next to government facilities.

- Implement County policies that result in a balanced distribution of housing in each price range in all the planning areas of the County.
- Explore ways to improve the relative economic feasibility of housing [development] in mixed-use developments. Identify tools to enhance economic feasibility of residential development, especially in central business district areas.
- Design regulatory requirements and taxes in ways to support the development of affordable rental apartments with two, three and more bedrooms to meet the needs of larger households.
- 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.

**B. Promote housing, especially higher density and mixed housing types, in transit-oriented areas and employment centers** — Increase the variety of housing densities in transit-oriented areas to provide more choices to a broader economic range of households. Plan and provide incentives to locate residential development in close proximity to commercial development and employment, with the highest density near transit in order to provide an easy connection to jobs, schools, shopping, County services, and recreation.

#### **Action Plans**

- Inventory and assess the residential development potential of sites near employment and transit centers, including the reuse of non-residential structures and on publicly-owned sites such as parking lots in central business district areas. (**Note:** Council staff has moved this item from later in the list.)
- Concentrate and promote housing in high-density, mixed-use transit-oriented areas and [seek to develop new zones that allow for mixed uses,] provide increased opportunities for residential development, and encourage sound infill development.
- Phase mixed-use development so that housing is constructed in a timely fashion relative to other uses within the project.
- [Designate specific locations of higher density housing in sufficient amounts in master plans and other planning documents.]
- Include housing in the redevelopment of [As] older strip commercial areas and surface parking lots [are redeveloped, include housing] and improve non-vehicular connectivity [through the most] by providing direct pedestrian and bike routes between homes, jobs, retail, recreation, schools, and public services.
- Plan the uses at the edges of high-density centers to be compatible with existing neighborhoods and protect adjacent low-density residential neighborhoods.

**C. Promote more inclusionary and mixed-income communities** — Plan and set targets for an adequate supply of affordable housing in communities throughout the County. [for those living or working in Montgomery County. Develop z] Zoning and housing policies [that] should support the development of affordable housing throughout the County, including in central business district areas and in redeveloping areas.

#### **Action Plans**

- Foster the construction of well-designed affordable housing that is compatible with surrounding development. Ensure that affordable housing is maintained properly.
- Identify and set aside areas for the provision of affordable housing in large-scale planned development through a variety of approaches, including the MPDU Program.
- Distribute locations of affordable housing equitably throughout the County. (**Note:** Council staff has split this action plan)
- [DHCA should continue to partner and work with] Continue partnerships between DHCA, HOC, nonprofits, and for-profit housing developers to use the federal Low Income Housing Tax Credit Program, the State Partnership Rental Housing Program, and other federal and state programs to construct and acquire affordable housing.
- Assess publicly-owned sites for affordable and mixed-income housing, especially in underserved areas.
- Seek adoption of inclusionary zoning ordinances by municipalities in Montgomery County that do not have such programs.

**D. Expand affordable housing** — Add to the amount of affordable housing in Montgomery County to meet the housing needs of existing households and the future population forecasts. Modify existing programs and design new programs that will result in the construction and development of affordable housing units.

#### **Action Plans**

- [Aid the construction of new affordable housing throughout the County by making sure the Zoning Ordinance allows for it, providing innovative financing, and including affordable housing goals in master plans.]
- Include a housing assessment in each master plan for its study area. The assessment should discuss the current affordability and diversity of the existing housing stock and what additional affordable housing should be provided in the master plan area.

- Reduce disincentives that limit the development of affordable dwelling units and increase incentives for the production of MPDUs above the statutory requirements. Offer innovative financing as one type of incentive for providing more than the minimum requirement of MPDUs.
- Create and design incentives that will lead to the construction of well-located affordable rental housing.
- Work with developers of affordable housing to enhance the architectural compatibility of all assisted housing.
- Continue to partner and work with HOC, nonprofit housing providers, and private developers and lenders in the provision of affordable housing. Seek business support of affordable housing initiatives.
- [Identify and secure adequate fiscal resources or assistance measures to meet the current and future unmet affordable housing demand.] Expand funding of affordable housing and enhance County programs that provide assisted housing, including HIF financing, homeownership assistance, the leveraging and layering of other public and private funding sources, and public and private homeownership assistance near employment centers.
- Encourage faith-based organizations, non-profit agencies, neighborhood housing groups, and employers to use their existing property or to purchase land and buildings for the production and preservation of housing affordable to households with low and moderate incomes by providing technical assistance, predevelopment funds, and County development financing in conjunction with other lenders.
- Analyze, and if necessary, increase incentives for [moderately priced dwelling unit] MPDU production in high-rise developments.
- Expand the requirement that financial institutions doing business with the County participate in community lending activities.
- Develop projects that mix condominiums and rental units, allowing affordable units to avoid high condominium fees.
- Assess the feasibility of creating a program to assist low-income condominium owners, especially seniors, with condominium fees as a way to prevent foreclosures or to help seniors to age in place.

**E. Encourage employer participation** — Seek employer support in meeting housing needs.

#### **Action Plans**

- Assess employers' housing needs, especially for entry level and service sector employees.

- Develop a public-private partnership program to increase the supply of affordable housing meeting the needs of employees.
- Provide incentives to encourage employers to develop mixed-income housing at employment centers by redeveloping surface parking lots and underutilized property, and creating transit-oriented developments.
- Create employer-supported homebuyer and renter counseling programs, and assess the feasibility of developing programs for employer contributions to closing cost and down-payment assistance programs.

**F. Promote infill residential development and adaptive reuse** — Promote housing as an adaptive reuse of vacant non-residential buildings and provide for appropriate redevelopment of residential property in compliance with land use, zoning and master plans.

### **Action Plans**

- [Through master plans and special County-initiated studies, a] Assess vacant or obsolete buildings for renewal in developing master plans or through special studies. Inventory and assess privately- and publicly-owned buildings suitable for conversion to residential use. (Note: Council staff has moved this item from later in the list.)
- [Request that the Planning Department study the possibility of co-locating housing in existing office parks and other land uses that feature out-of-date or excessive parking and green space. Increase infill-housing opportunities in suburban office parks, shopping centers, and other underused properties.]  
(Note: Council staff has moved this item from later in the list. It can be deleted if the PHED Committee agrees that it is being addressed through the Zoning Ordinance.)
- [Ensure that the Zoning Ordinance facilitates adaptive reuse by providing commercial, residential and mixed-use zones that allow a mix of commercial and residential development. Evaluate and consider implementing various incentives such as waiving density restrictions, allowing reduced parking requirements, allowing mezzanines and other space to be added in the building without considering the added space as new floor area, and grandfathering-in nonconforming floor areas, setbacks and heights.]
- Maintain guidelines that infill housing must be compatible with surrounding uses. Mix infill housing and other uses in ways that promote compatibility and address residents' need for safety, privacy, and attractive surroundings.
- [Encourage revisions to the zoning ordinance that award points to adaptive reuse optional method development projects. In addition, proposals such as reduced parking requirements assist adaptive reuse efforts. Revisions will need to take care to provide neighborhood compatibility guidelines for residential infill projects.]

## **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.*

**A. 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.

### **Action Plans**

- Make housing affordable to low, moderate, and middle-income households a priority in all parts of the County. Continue to provide County financing for the creation and preservation of housing for those working in Montgomery County, and for those who call Montgomery County home.
- Create and provide incentives for the development of housing for diverse residential needs, including housing for [the elderly] seniors, for persons with disabilities, for persons with mental illness, for persons transitioning from homelessness, and for persons with AIDS.
- Create and preserve housing for families with children.
- Create programs and housing that allow seniors to remain in their community.
- Encourage redevelopment and rehabilitation of deteriorating or aging residential multi-family properties while protecting the well-being of current residents and minimizing displacement of at-risk residents.

**B. Preserve existing neighborhoods** — Protect residential neighborhoods from excessive traffic and discourage spillover parking from non-residential areas. Set policies and enforce them to assure that the County's residential neighborhoods continue to be a source of well-maintained housing and provide an attractive choice for households.

### **Action Plans**

- Continue to enforce requirements for the maintenance of the high quality of housing and provide adequate public infrastructure in existing neighborhoods. Take actions to ensure that older neighborhoods, especially communities at risk of decline, remain attractive and viable for homebuyers by renewing neighborhood infrastructure, promoting neighborhood stabilization, and addressing streetscaping and neighborhood desirability issues.
- Prevent encroachment on existing neighborhoods by uses not allowed by the Zoning Ordinance or recommended by the area master plan.
- Preserve single-family rental housing as one of many housing alternatives in the County.

- Plan with care the uses at the edges of high-density centers to promote compatibility with existing neighborhoods and protect residential neighborhoods.
- Maintain and enhance the quality and safety of housing and neighborhoods.
- Continue to pay attention in master plans to protecting existing neighborhoods, maintaining the quality of established neighborhoods, and sustaining the quality of homes. Take care to preserve the stability and residential integrity of existing single-family home neighborhoods. Maintain and enhance the quality and safety of housing and neighborhoods.
- [Provide well-funded and extensive housing code enforcement and] Enforce housing codes and provide rehabilitation loan programs to discourage deterioration of housing. Expand interagency efforts to revitalize and renew neighborhoods, including implementing a concentrated code enforcement program of neighborhood-wide inspections for housing code, solid waste, and parking violations. Provide focused neighborhood assistance. Offer financial incentives to low and moderate income owners of older housing for repair and improvements. Continue rehabilitation loan program for repairs and accessibility improvements.

**C. Preserve existing regulated affordable housing** — Preserve existing federal, state, or County-financed affordable housing.

#### **Action Plans**

- Update the comprehensive list of price and income-controlled multi-family properties, including federal, state, and County assisted and regulated multi-family housing.
- Assess affordable housing likely to be threatened by redevelopment, conversion to condominium status, or other displacement of low- and moderate-income residents.
- Work proactively with owners of affordable housing to understand and develop preservation plans for properties. Maintain close contact with apartment owners and industry representatives to get advanced notice of potential sales. County law requires that owners notify DHCA and HOC of contract sales or conversions of multi-family housing.
- Use HIF acquisition and rehabilitation loans and right-of-first-refusal contracts to acquire and preserve extended affordability in housing developments.
- Improve maintenance, renovation, and upkeep of scattered-site, assisted housing programs.

**D. Preserve privately-owned affordable housing** — Preserve existing privately-owned and unregulated rental housing providing affordable rents.

#### **Action Plans**

- Identify transit-oriented areas where redevelopment is likely to occur. Assess existing privately owned multi-family housing with affordable rents likely to be threatened by redevelopment, conversion to condominium status, or other displacement of low- and moderate-income residents, or loss of affordable units.
- Develop strategies to preserve these “naturally occurring” rental properties through measures such as providing a loan to the owner to renovate the property and maintain the affordable rents.
- Work with HOC and non-profit housing providers to identify at risk properties and provide assistance and financing for the acquisition and preservation of naturally occurring affordable rental properties.
- Encourage renovation and redevelopment of residential properties that protect the well-being of current residents and minimize the displacement of at-risk residents.
- Continue the County’s Voluntary Rent Guideline Program. [Since 1983, Montgomery County has established a voluntary rent increase amount as guidance to landlords and property owners.] DHCA should evaluate the criteria used to establish the voluntary rent guideline to make sure that the suggested increase amount is an accurate reflection of increased costs. The County should continue to negotiate with landlords that do not follow the voluntary guidelines to minimize impacts on tenants, especially senior citizens, persons with special needs, and long-term residents. [Voluntary rent guidelines can be a valuable tool in keeping rent increases reasonable.]
- Continue the County’s annual rent survey. Work to enhance the collection of information so that it can be better used to analyze trends in rents across the County and to identify areas where rents may be consistently exceeding the Voluntary Guidelines.
- Provide training and assistance to landlords to maintain apartment buildings in good condition and to operate properties in a financially feasible way.
- Continue and enhance landlord and tenant education about lease and law requirements. Explore ways to improve the landlord-tenant complaint process.

**E. Provide affordable housing with support services [and provide supportive services to scattered-site housing residents]** — Coordinate the availability of affordable housing units and needed support services [for persons with special needs, including those persons transitioning from homelessness].

#### **Action Plans**

- Update the inventory of regulated housing for people needing targeted supportive services and work to forecast future needs for specific types of houses and number of units that will be needed.

- Continue and enhance interagency initiatives for providing a seamless combination of affordable housing and supportive services to [seniors and to those with special needs] meet a household's needs.
- Continue to have HOC, HHS, and the County's non-profit organizations cooperate and collaborate to provide high quality housing and social service supports to low-income families to [greatly improve their chances for success] to maintain housing and improve their economic stability.
- Identify and implement programs to meet shortfalls in affordable housing for people with developmental disabilities who are in need of support services. Leverage State and federal funds when available.
- Identify and implement programs to meet shortfalls in affordable housing for people with mental illness who are in need of support services. Leverage State and federal funds when available.
- Support development of group homes with acquisition and rehabilitation loans. Continue the enforcement of fair housing laws allowing group homes to exist in all areas of the County.
- Coordinate existing accessible and adaptable housing with people with mobility disabilities so that they may live in the community. Identify and implement programs to increase the number of affordable accessible units so that people may return from rehabilitation and nursing homes to the community when they are able. Leverage State and federal funds when available.
- [Continue to provide, and expand resources, to serve rental households in crisis and at risk of evictions.] (Note: Moved to Section G)
- [Recognize that counselors are required to serve residents in scattered-site housing. Providing affordable units in all areas of the County, the underlying principle of the MPDU law and Montgomery County's affordable housing programs, is desirable and has provided enormous benefits, such as the educational achievements of the children of those households. At the same time, providing timely support to low income families in scattered units requires a higher ratio of staff to households than providing the same level of support to low income families who live in clustered communities.]
- Provide appropriate case management and support services to residents in scattered-site housing recognizing that staffing requirements may be higher because of travel time between clients homes.

**NOTE: Council staff recommends that the following action plans be moved to other sections as they reference populations that are included in other sections of the plan.**

**[F. Provide more special needs housing** — Encourage production of housing for populations with special needs. Develop additional techniques to provide housing opportunities to meet the special housing needs of the elderly and persons with disabilities.]

## Action Plans

- [Update the comprehensive inventory of special needs housing.] (**Note:** this item was moved to Section E)
- [Continue to develop forecasts of special needs populations.] (**Note:** this item was moved to Section E)
- [Identify and implement programs to meet any shortfall of special needs housing. As funds are available, increase rental subsidies and opportunities to the most at risk populations. Obtain additional federal funds when possible.] (**Note: this item was moved to Section E**)
- [Increase supply of adaptable housing with basic accessibility design elements.] (**Note:** moved to Section I)
- [Include goals for affordable and assisted housing in master plans and designate suitable sites for elderly housing and other special needs housing.] (Note: Council staff recommends a housing assessment in each master plan – see ©8)
- [Continue to encourage housing developments to provide units adaptable for persons with disabilities, as required by the federal Fair Housing Act and the County building code.] (**Note:** moved to Section I)
- [Explore incentives, such as density bonuses, to developers who provide special needs housing. As the Zoning Ordinance is revised, make sure that special needs housing and elderly housing continue to be available options in all locations.] (Note: address in Zoning Ordinance re-write)
- [Support development of group homes with acquisition and rehabilitation loans. Continue the enforcement of fair housing laws allowing group homes to exist in all areas of the County.] (Note: This item moved to Section E)

**G. Expand efforts to prevent homelessness and housing to serve households moving from homelessness** — Provide adequate resources to prevent people from becoming homeless and allow families and individuals to transition from homelessness into housing with support services.

## Action Plans

- Conduct inventory of rental housing to identify apartments that can be appropriate for transitioning from homelessness.
- Continue to provide, and expand resources, to serve rental households in crisis and at risk of evictions in order to prevent homelessness.

- Continue to implement the Housing First program.
- Increase the supply and affordability of appropriately designed and located permanent supportive housing for those who have experienced homelessness.
- Work with HOC and others to expand the use of Housing Choice Voucher and other rental subsidies that can be used to reduce the cost of housing for those transitioning from homelessness

**H. Expand [the supply of affordable rental] options for affordable senior housing —**

Promote choices of dwelling types so that as the needs and preferences of older adults change, they can age in place, downsize, choose rental or ownership or find housing with the appropriate level of supportive services without having to leave the community.

**Action Plans**

- Promote and make more affordable senior housing available. Develop affordable senior housing, especially [affordable elderly] assisted living, on County-owned land, and in projects assisted with County funds.
- Consider the needs of both current and prospective older residents in new and existing construction and redevelopment.
- Include affordable senior housing in the high-density master planned communities at transit stops.
- Promote programs and options for seniors to “age in place” appropriately. Assist and encourage efforts to create concepts such as villages and other options that use neighborhood-level supports to help individuals remain in their community. Consider the development of a system of distributed supportive services and facilities for seniors so they can remain in their own homes and neighborhoods as they age.
- Include public-private partnerships as an option to providing housing suitable for older adults.
- [Explore zoning and regulatory changes to ease approval of elderly housing development. As the Zoning Ordinance is being rewritten, make sure to retain a use that is similar to the current Special Exception for Housing and Related Facilities for Senior Adults and Persons with Disabilities. Develop standard compatibility criteria for elderly housing and study ways to make the special exception approval process more cost effective and responsive.]
- Promote Design for Aging in Place by encouraging housing designs that accommodate or adapt to persons aging in place [and to persons with disabilities]. Encourage walkable communities [and mixed use zoning] so that residents can choose to live within walking distance of basic amenities.

- Analyze census and housing market studies to determine the number of senior housing units that need to be developed, and to determine the income levels needed to meet the needs of seniors.
- Expand opportunities for increasing the number of units offering assisted living for lower income seniors. Research by the Planning Department and the Department of Housing and Community Affairs documents that there is an adequate supply of market-rate and high end assisted living options, but that there is a serious deficiency of assisted living for moderate and low-income seniors.
- Continue the existing property tax relief program that allows homeowners with incomes under \$64,000 receive a property tax credit based on a percentage of income and gives eligible owners aged 70 and older an extra 25% credit on top of that tax credit.
- Increase County residents' access to information about housing choices and related services, and educate seniors, their families, and landlords about options to enhance the livability and visitability of their homes as they age through options such as adding grab bars in bathrooms, and similar devices to existing homes.
- Consider creating a program to assist low-income seniors who live in condominiums with their condominium fees as a way to assist seniors to age-in-place, recognizing that sources of income for low-income seniors may not keep pace with rising condominium fees. [condominium owners with condominium fees. Condominium fees inevitably rise with rising utility costs and maintenance needs. Meanwhile, many long-term, older owners live on fixed incomes with increasingly limited buying power. Many County seniors are able to afford rental apartments through various rental assistance programs. A similar program for low-income condominium owners could allow them to continue to afford their present homes.]
- Encourage faith-based groups and communities to develop affordable senior housing on their properties where development potential exists.
- Analyze existing County rental subsidy programs, senior housing facilities, food assistance subsidies, and other programs for seniors to determine the service needs and the housing needs of seniors in Montgomery County. Consider the level of assistance that may be needed by seniors at various ages and levels of physical health, types of services needed for seniors living in affordable senior developments, and whether options should include both shallow subsidies or based on a percentage of income. [Questions such as the following should be considered:
  - What level of support is needed by seniors in Montgomery County at various ages and at various levels of physical health
  - Do seniors receiving rental subsidies or living in affordable senior properties need different or similar types of services?

- Do most seniors need rental subsidies similar to those offered by the federal Housing Choice Voucher program where the amount of subsidy is based on a household's income, or do seniors need a "shallow" rental subsidy program where eligible lower income seniors receive a rental subsidy that is capped at a fixed dollar amount, such as \$250.00 per month? ]

**I. Encourage [Visitability in housing] Visitable and Accessible Housing** — Incorporating design features and visitability improvements such as a no-step entrance, wider doors, and barrier-free entrances in housing make it easier and safer to bring in a baby stroller, move in large furniture, assist a person living with a temporary or permanent mobility disability, and accommodate friends or relatives who have mobility limitations. Ultimately, these features also will help people age in place.

### **Action Plans**

- Increase supply of adaptable housing with basic accessibility design elements. (Note: moved from Section F)
- Encourage developers to incorporate visitability design features in their projects.
- Analyze impediments to the construction of new and renovated housing units that are visitable or fully accessible. Determine if changes can be made to simplify the process and cost for making visitability modifications to existing homes and multi-family properties.
- Provide rehabilitation funds to eligible homeowners and expand technical assistance to homebuilders and homeowners working to create visitable or accessible homes.
- Ensure housing developments provide units adaptable for persons with disabilities, as required by the federal Fair Housing Act and the County building code. (Note: amended and moved from Section F)
- Review County policies and procedures to make sure they allow developers and residents to comply with the state law that requires that a homebuilder who constructs 11 or more new homes in a subdivision to offer minimum visitability features as an option for purchase.
- Create incentives to encourage housing to be accessible by elevators in new construction of mixed-use developments where stores are on the first floor and housing is on the upper levels. Create incentives to builders and homeowners that include or add "visitable" or "livable" features to their homes.
- Provide increased education and outreach for the Design for Life Montgomery program in cooperation with DPS by creating a resource there to help market the program when applicants apply for building permits. In consultation with DPS, DHCA, or the American Institute of Architects, provide technical assistance to families seeking cost-effective ways to modify their homes when a member has a mobility disability.

- Require developers on County-owned land or taking advantage of County funding to incorporate visitability design features in the design of their projects.
- Support mixed-use and transit-oriented development zones that allow for the maximum number of affordable and accessible housing units to be built in close proximity to transit centers and employment.
- Improve efforts to match affordable accessible housing units with households with a person with a mobility disability.

**J. Analyze and address home foreclosures** — The financial crisis of the past several years continues to result in too many foreclosed homes. [in some neighborhoods now, and even more at risk of foreclosure in the future.]

- Continue and increase as necessary the County’s programs to address foreclosure initiatives to prevent foreclosures, mitigate the impact of foreclosures, and preserve affordable housing.
- Continue to hold foreclosure prevention and financial awareness workshops, and outreach and educational events for homeowners at risk of, or in the process of, foreclosure.
- Continue to assist in governmental and media efforts to make homeowners aware of foreclosure prevention scams, predatory lending schemes, and other risky lending practices.
- Work with the financial and the real estate community to assess the inventory of vacant foreclosed homes and explore alternatives for getting these properties occupied again, such as purchase by HOC or nonprofits for lease or sale to income eligible households.
- Analyze the locations of foreclosed properties, and homes at risk of foreclosure, and verify which neighborhoods have the highest concentration. Determine if any features or problems with the neighborhoods increase the risk of foreclosure and identify actions the County can take, if any, to reduce the likelihood of foreclosures in the area, such as making infrastructure improvements, repairing homes, reducing crime, or working with lenders to help homeowners.

**K. Promote and enforce fair housing and equal opportunity housing laws** — Continue to enforce equal housing opportunity laws. Promote and enforce fair housing ordinances to guarantee that all residents have an equal opportunity to purchase, rent, finance, and occupy housing in the County.

**Action Plans**

- Continue enforcement efforts of fair housing laws [, including households with subsidies. Address] addressing all fair housing issues, such as discrimination in rental or sale of housing, discrimination based on source of income, insurance, and mortgage lending

(including predatory lending practices). Conduct testing of rental, sales, and lending practices to ensure compliance with fair housing laws.

- Monitor and encourage expanded community lending activities under the Community Reinvestment Act. Combat predatory lending practices.
- Continue to require that banking and other lending institutions contracting with Montgomery County are engaging in fair housing and fair lending practices.
- Educate the public, 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. Look at options such as developing information to be taught in schools and in continuing education credits for the real estate industry.
- Make the County a Model for Fair Housing. Review all County housing programs to determine that they comply with the spirit and letter of equal housing opportunity laws and make County housing programs models of fair housing compliance.

### **Objective 3. Housing and the Environment**

*Provide economically and environmentally sustainable housing and neighborhoods.*

**A. Encourage sustainable, green development and environmental sensitivity in housing, neighborhood design, and redevelopment** — Strive to sustain and improve the natural environment in Montgomery County by protecting the ecosystems that purify air and water and provide habitat for living things.

- Support design and encourage development that helps the environment and contributes to healthier, happier communities.
- Reduce the County's carbon footprint.
- Continue to plan for, encourage, and develop transit-oriented developments.
- Create walkable communities where residents can walk to work, recreation and retail.
- Continue to adopt green and energy efficient building standards for new construction.
- Encourage the use of green and energy efficient design and materials in residential renovations to create more sustainable housing, on-site energy production, and water conservation.
- Assist property owners and developers to analyze natural resources and develop properties with the goal of promoting environmental sustainability.

- Encourage tree planting and water infiltration structures in parking lots, and encourage green roofs on large buildings.
- Incorporate street tree planting into infrastructure improvements, making sure to put the right size tree in the right place so trees do not interfere with power lines or other utilities.

**B. Reduce energy consumption** — Encourage the use of design features, the installation of energy efficient systems and appliances, and the adoption of regulations that reduce residential energy consumption.

**Action Plans**

- Review and amend as necessary building codes, code enforcement procedures, and other housing programs that regulate remodeling and reconstruction of infrastructure to encourage and require energy conservation measures.
- Continue to provide loans and grants through the State and Federal Weatherization program to assist lower-income homeowners to install Energy Star appliances, insulate their homes, and make other energy saving improvements.
- Provide information on the County web site and through other means to homeowners and rental owners to encourage the use of energy efficient appliances, water saving devices, and energy conservation measures.

**C. Conserve water and protect water quality** — Continue to encourage changes and establish policies that reduce residential water consumption and promote measures that reduce water pollution.

**Action Plans**

- Review and amend as necessary building codes, code enforcement procedures, and other housing programs that regulate remodeling and reconstruction of infrastructure.
- Continue to require that new developments comply with high water quality and stormwater management guidelines.
- Continue to provide information on the County website on drought-tolerant native species and water conserving measures.
- Make improvements that reduce problem drainage and protect water quality in communities, especially in target areas and lower-income neighborhoods.

#### **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.*

**A. Include affordable housing as a goal in all master plans** — Since Master Plans set the course for development in an area, analysis of residential development, especially affordable housing, must be a priority.

##### **Action Plans**

- Add “Increasing and Preserving Affordable Housing” as an objective in all master plans.
- Include recommendations in master plans for affordable housing sites and locations, and for the use of county-owned sites for affordable housing.
- Include housing diversity as a goal in all master plans. Evaluate and establish goals in master plans for the location of senior housing, mixed income housing, and special needs housing.
- During the Zoning Ordinance Revision process, evaluate the Zoning Ordinance and other development regulations to make sure they reflect the goals of providing housing near transit, jobs, and services.
- Review master plans and amend as necessary to carry out revisions to the Zoning Ordinance and changes to development procedures and policies recommended in the Housing Element and in this Housing Policy. Implement changes through sectional map amendments rather than waiting for a new sector plan or master plan to be developed.
- Establish procedures to require that master plans consider the potential for higher density residential redevelopment, especially in transit-oriented areas.

**B. Foster the development of more than the minimum MPDUs** — Encourage developments that provide additional affordable housing.

##### **Action Plans**

- Establish and provide incentives to developers to build additional MPDUs and other forms of affordable housing. The benefit of the incentive should increase proportionately with the increase in the proportion of affordable units provided.
- Consider incentives such as increased heights, additional density, and waiver of transportation and school construction impact taxes, fees from the Washington Suburban Sanitary Commission (WSSC), and other fees and taxes that contribute to increased costs of developing affordable housing.

**C. Reduce housing development costs** — Reduce the costs of development approval fees and costs that restrict housing affordability where possible.

#### **Action Plans**

- Streamline and simplify approval processes that lead to unnecessary delays and increased expenses, and add to the difficulty of delivering affordable homes. Evaluate County policies and procedures to determine if any that increase the costs of producing housing can be reduced.
- Continue exempting price-controlled housing from County excise and impact taxes.
- Support smart codes initiatives that provide flexible building and life safety codes when renovating older residential buildings and when converting non-residential buildings to housing.
- Revise regulatory requirements and procedures that discourage production of affordable housing units. Establish regulations that produce a wide and diverse range of affordable unit types and sizes.
- Continue to allow affordable housing projects to be eligible for the Green Tape Program in DPS that allows for the expedited review and processing of applications for residential or mixed-use developments that designate at least 20% of the total number of housing units to persons or families with incomes at or below the income eligibility level for MPDUs. Continue the participation of WSSC and the Planning Department in this “green tape” initiative to expedite their review of these projects.
- Evaluate parking and special exception requirements to determine if they present excessive or unnecessary barriers to develop affordable and special needs housing, especially in transit-oriented areas. Amend or remove unnecessary or overly burdensome requirements.
- Assess the effect on affordable housing of converting areas from the current high-density zones such as the Central Business and Transit Station zones, to new zones under consideration or revisions being contemplated through the Zoning Ordinance Revision process. Make sure these changes provide incentives for providing housing, and especially affordable housing, in transit-oriented areas.
- Meet with major utility companies to determine ways to expedite relocation and required addition or upgrading of utility services to reduce additional costs that come from project delays. Focus efforts on PEPCO, Washington Gas, and WSSC.

**D. Streamline and amend the development review process** — Continue to assess the County's development regulations and review processes to find ways to streamline and amend the process to encourage, and reduce the costs of, housing development.

**Action Plans**

- Continue provisions in the Zoning Ordinance, and streamline the review procedures, that allow development with innovative housing types to meet the needs of small households and special needs populations, including accessory apartments, single-room occupancy units, and group homes.
- Develop mechanisms to provide housing for households transitioning from homelessness, short-term housing for employees working on short-term projects in the high-technology and bio-technology industries, and for entry-level employees. Seek the involvement of private employers.
- Through the subdivision approval process, require residential components of mixed-use projects be provided early in the development phasing and in the build-out of large-scale projects.
- Provide flexible development standards for mixed-use projects to allow for the full integration of residential and non-residential components.
- Continue to consolidate construction inspections previously conducted separately by several agencies such as the DPS and the Department of Fire and Rescue Services.
- Support efforts by the Planning Department to change the way it reviews building permits. Create similar streamlining efforts that reduce the length of time in the review of housing-related special exceptions and development plans.
- Continue efforts by County departments and the Planning Department to collaborate to make their customer services more business-friendly and make it easier to navigate the development process and obtain building permits.



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

OFFICE OF THE CHAIR

February 8, 2013

The Honorable Nancy Floreen  
Chair, Planning, Housing, and Economic Development Committee  
Montgomery County Council  
100 Maryland Avenue  
Rockville, Maryland 20850

Dear Ms. Floreen:

The Draft Housing Policy now under consideration by the County Council urges the use of county-owned land for development of new affordable housing. A key component of this discussion is a recommendation to allow affordable housing projects developed by private entities on county-owned land access to the mandatory referral process.

While the Planning Board shares the Draft Housing Policy's goal to promote development of affordable housing on county-owned land, in our view mandatory referral is not the appropriate vehicle to address the development challenges raised by the Department of Housing and Community Affairs (DHCA), for reasons outlined in the enclosed staff report dated February 6, 2013.

The Planning Board has discussed with DHCA representatives an alternative approach that they agreed, in principle, would address their concerns. We propose the following multi-step course of action:

- Draft a Zoning Text Amendment to allow affordable housing on all County-owned land, with densities and building types that would meet DHCA's goals. This change to the Zoning Ordinance would be consistent with the Housing Element of the General Plan, which recommends that affordable housing for low-, moderate-, and middle-income households be a permitted use in all residential zones. Under the regulations for optional method development, specific development standards regarding density and structure type for projects involving publically owned land could be separately established in each zone. The Planning Board recommends that changes to the process be considered separately from the proposed zoning ordinance rewrite, which is not intended as a vehicle to change permitted heights and densities.

The Honorable Nancy Floreen

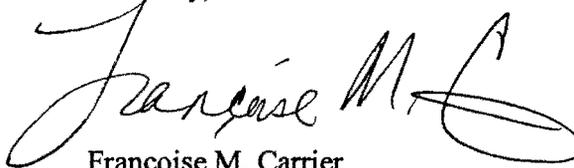
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Page Two

- Establish an inter-agency team including members of both DHCA and the Planning Department to develop density and other development parameters for the Council's consideration. Topics that would be addressed include the percentage of affordable housing required, the period of time the units will be made affordable, the maximum densities and heights allowed, and the development standards.
- Participate in the study the Planning Department has proposed to begin in FY14 to comprehensively analyze the co-location of public facilities. Consistent with the Draft Housing Policy recommendation to create a database of County-owned land, this inventory will provide DHCA the data necessary to identify appropriate locations for affordable housing projects including considerations of strategic spatial distribution.

The Planning Board and its staff commend DHCA on the release of the Draft Housing Policy and look forward to working with them to achieve the goal of increasing affordable housing in the County.

Sincerely,



Françoise M. Carrier  
Chair

Enclosures  
FMC/ABC/de



**Briefing on County's Draft Housing Policy**

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Completed: 02.06.2013

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**Summary**

PHED Committee will hold a meeting on February 11, 2013 at 2PM to discuss the County's Draft Housing Policy. A key component of the discussion is a DHCA recommendation to allow affordable housing built by private entities on County-owned land through the mandatory referral process. Staff does not support this for three reasons: (1) as discussed in detail in this memorandum, the mandatory referral process can and should only be used for public projects, (2) the significant time and cost savings suggested may not be realized because projects will still be subject to the forest conservation law and stormwater management, and (3) the downside to the public for loss of regulatory control is too great.

The Office of General Counsel has some concerns about the legality of the proposal. However, since this discussion is intended to explore the policy implications of allowing affordable housing built on County-owned land to go through the mandatory referral process, the necessary steps to implement such a policy, including a change in state law, must be explored if the Council accepts the DHCA recommendation. This memorandum does not address implementation of the proposal.

Planning Staff believes that the mandatory referral is not the appropriate mechanism to obtain the expedited review process for affordable housing projects that DHCA desires. We suggest proposing an alternative process that provides an avenue for less restrictive zoning and density requirements for construction of affordable housing on County-owned land. Staff recommends a change be made to the Zoning Ordinance that would allow affordable housing as a limited use on County-owned land in appropriate zones. This discussion should address the definition of affordability and the process for obtaining an additional density allotment. An expedited regulatory review process will also provide the appropriate level of regulatory oversight and community review.

**A. Background**

The Department of Housing and Community Affairs (DHCA) introduced the Draft 2012 Housing Policy to County Council on November 13, 2012 and Council held a hearing on the Draft document on December 4, 2012. The Housing Policy, updated every ten years, is a guide to the implementation of the County's

housing programs and policies by providing recommendations for improvements and direction for the allocation of resources. If approved, the Draft Housing Policy will replace the County's 2001 Housing Policy titled "Montgomery County – The Place to Call Home."

In an effort to promote development of new affordable housing, the Draft Housing Policy urges the use of county-owned land for development of affordable housing by private developers, or possibly by a joint public-private partnership. Unless these projects are developed for public housing, under the current law, the mandatory referral process cannot be used. Applying the mandatory referral process to such projects would allow private developers to build affordable housing on county-owned land without the regulatory review associated with private development, including Adequate Public Facilities (APF) tests.

DHCA believes that the mandatory referral process will significantly reduce the time and cost of obtaining development approvals. Planning Staff believe that other regulatory requirements, such as forest conservation and stormwater management, may work counter to the suggested time savings.

The Planning Department already streamlines the process for private housing projects that include more than 20% affordable units through the Green Tape program. The program expedites the review process by placing the project first in line for review and giving it an earlier Board date.

#### **B. Draft Housing Policy Excerpt, Page 49**

The following excerpt is from Page 49 of the Draft Housing Policy regarding the use of the mandatory referral process for private affordable housing projects on County-owned land:

##### **10. Use of county-owned land for affordable housing**

*Surplus public properties suitable for affordable housing have been made available to public and nonprofit agencies for assisted or below market housing. DHCA has worked on the following projects:*

- *Victory Housing's Victory Court project on Fleet Street in Rockville: 86 total units providing mixed-income housing for seniors. The project is scheduled to be completed in April 2013.*
- *Bowie Mill: Montgomery Housing Partnership and Elm Street Development will be constructing 114 for-sale housing units serving a mix of incomes. The project is scheduled to be completed in 2014.*
- *Silver Spring Library: Montgomery Housing Partnership and Donohoe Company are partnering together to build up to 134 units of affordable rental housing next to the new Silver Spring Library. The project expects to be built in 2014.*

*Issue: The high cost of land is a major cost in the development of new affordable housing and impedes the construction of affordable housing. Using available County land can reduce this cost factor in affordable housing. County-owned land often has low-density zoning placed on it requiring a zoning change before the property can be used for affordable housing.*

### Recommendations

- *Include housing affordable for low, moderate, and middle-income households in all suitable public building projects in appropriate locations throughout the County. Projects involving the redevelopment of public land or facilities, such as parking facilities, must at least 30% of total units as affordable housing. Property that is designated as parkland is not considered surplus.*
- *Develop a database of County-owned land that indicates the current use of the site, the zoning, water and sewer classifications, master-planned and approved uses for the site, and that identifies which site should be looked at for possible affordable housing use. DHCA and Planning Department staff have assessed County-owned land several times over the past decade. Development of a database would improve the ability of staff to consider available sites*
- *Establish housing as a major preferred use when the County sells property. Achieving this objective should take precedence over receiving full market value for the property. The County should establish a price that permits a developer to provide a proportion of affordable housing that exceeds the 12.5% MPDUs now required of residential projects. Developers benefiting from below market pricing of county property should be required to provide at least 30% of the units at below market prices.*
- *Review the feasibility of establishing a more streamlined process for affordable housing projects on County-owned land where the subdivision of the land, and the overall land uses and densities, are established through the Mandatory Referral process, and the property then goes through normal site plan reviews. Property owned by Montgomery County that will be used for affordable housing should also have access to the mandatory referral process to establish the appropriate zoning and land uses for the site. Often, the zoning of County-owned land was not addressed in master plans, especially in plans that are more than fifteen years old, and the current zoning is not appropriate for the development of mixed uses on a site or for the construction of affordable housing. County property is a valuable resource from which the County should generate the maximum amount of housing in general and, particularly, affordable housing. The Mandatory Referral process is especially useful and appropriate when the affordable housing is being built next to County facilities and other County uses.*

### **C. Use of the Mandatory Referral Process on Affordable Housing Projects**

According to Section 20-301 of the Land Use Article, Maryland Ann. Code, "a public board, public body, or public official" may not locate, construct or authorize "a public building or structure" in the regional district without referral to the Planning Board for comment." In accordance with state law, the mandatory referral process and procedures have been established through the Uniform Standards for Mandatory Referral Review adopted April 2001, as amended. The comments and review by the Planning Board are only advisory since the statute allows the submitting entity to overrule the Planning Board's disapproval, or any recommendations attached to the approval, and proceed.

Affordable housing projects may be a private use or a public use (if developed entirely by the County with public funds with continued public ownership). Examples of public uses that generally fall under the mandatory referral process are libraries, police stations, fire stations, and schools.

Privately built affordable housing on County-owned land is not generally a non-profit activity. For example, we are certain that the developer in the recent projects on the County-owned Bowie Mills Road site and the Silver Spring Library site received or are expected to receive some profit from the projects, particularly since a percentage of units were built as market rate units.

### 1. Zoning

DHCA asserts that the zoning on county land does not permit them to provide the density necessary for affordable housing projects. Staff notes that all public uses are permitted in any zone regardless of the zoning. However, public-private development on public land is subject to existing zoning.

If it is a public use, multi-family housing is a permitted use in a single family zone. If the housing is also for private use, then the required use of the zone applies. If it is a project that includes both publicly subsidized and market rate units, the entire project would be subject to the standards of the zone.

It has been questioned whether a public use should be subject to the standards of the zone (i.e. setbacks, green space) in addition to the use of the zone. However, there is no doubt that private development is subject to both the use and the standards of the zone.

### 2. Timeliness

DHCA argues that the lengthy review process inhibits development of affordable housing projects. DHCA cites three projects, which went through the standard review process.

The Planning Board must conduct the review of a mandatory referral project within 60 days of the submission of a complete application unless a longer period is granted by the applicant, or the application is deemed approved as submitted. By comparison, the normal review process typically takes over a year and requires the Planning Board to take action before the application can move forward.

The Green Tape program allows expedited review and processing for residential or mixed use developments that designate more than 20% of their total housing units to persons or families with incomes at or below the income eligibility level for MPDUs. For such projects, staff looks for additional ways to help the applicant reduce process time such as accepting the Site Plan and Project Plan together.

### 3. Submission Requirements

Submission requirements for a mandatory referral are not unlike that required by the standard review process and are established through the Uniform Standards. However, because the Board's recommendations are only advisory, the applicants often do not submit the material required under the Uniform Standards.

The mandatory referral process does not supersede other requirements. All projects, private or public, must submit a Natural Resource Inventory/Forest Stand Delineation (NRI/FSD) and receive an approved Preliminary Forest Conservation Plan. The Planning Board is the statutory authority for approving these plans under Chapter 22A of the Montgomery County Code. The conditions of the Forest Conservation Plan are binding on all projects, public or private and whether reviewed under mandatory referral or the standard development review process.

#### 4. Reducing Cost

If the DHCA recommendation is followed, affordable housing projects will be exempt from school and transportation impact fees as the normal analysis that determines these impacts will not be required under mandatory referral. Impact fees associated with schools and other infrastructure allows the county or MCPS to expand or increase capacity to handle additional residential units.

The Adequate Public Facilities Ordinance (APFO) is a County ordinance that requires LATR and TPAR tests to determine how development will impact existing road and transit infrastructure. For example, a building with 150 dwelling units will have more of an impact on infrastructure than a library, fire station or police station. If mandatory referral review is extended to affordable housing projects, impact fees under TPAR and road improvement requirements under LATR associated with traffic generated by the project will be not be required and those costs must be borne by all taxpayers.

Removing these projects from preliminary plan review would eliminate the Planning Board's authority to review projects for master plan conformance. However, this authority will resume, in some zones, under the Zoning Ordinance Rewrite.

#### 5. Community Engagement

In the standard review process, the applicant must interface with community members through a pre-submission public meeting, site postings, and an invitation to participate in the development review process. The Planning Board takes public testimony prior to acting on an application and it becomes part of the formal public record.

However, under the mandatory referral process, a project site is not posted and there is no requirement for a pre-submission public meeting. The Mandatory Referral Standards require that Staff notify the area civic association when the project is accepted as a complete application. The mandatory referral process is subject to a 60 day review period. Although recommended, the applicant is not required to conduct adequate and timely community outreach and notification including notifying adjacent, abutting, and confronting property owners or even to attend the Board's hearing.

More importantly, since the Planning Board's action in a mandatory referral review is merely advisory, the community has no avenue for judicial review to challenge whether the Board's action was based on substantial evidence before it. In other words, not only is there a lack of administrative or regulatory control; there is no level of review by any party other than the developer.

Therefore, if there were an alternative regulatory process, it would still provide the community with an avenue for review.

#### **D. Additional Items in Draft Housing Policy**

##### **1. Language Regarding Master Plans and Zoning**

The Planning Staff recommend that the PHED Committee review the Draft 2012 Housing Policy in conjunction with the rewrite of the Zoning Ordinance. The Planning Staff also recommends that DHCA consider participating in the recently proposed functional master plan that holistically addresses the colocation of County public facilities.

##### **2. Project Requested of Planning Department**

The Draft Housing Policy proposes that the Planning Department conduct the following studies or tasks:

- 1) *The Planning Department should update its 2008 Housing Supply & Demand Study, prepared by the Research Division (p.2, p.6, p.A-11).* The Planning Department supports this recommendation, as the housing study update is underway as part of our current forecasting effort targeted for FY14.
- 2) *Study the possibility of co-locating housing in existing office parks and other land uses that feature out-of-date or excessive parking and green space – as part of the recommendation to promote infill residential development and adaptive reuse (p.10).* The Planning Department feels this is addressed in the draft Zoning Ordinance, which proposes that housing be allowed, on a limited basis, in existing office park zones, including the CR Zone. Furthermore, the draft Code overhauls outdated parking and green space requirements, especially in the draft Commercial/Residential zones.
- 3) *Update the 1995 "Site Plan Guidelines for Projects Containing MPDUs" (exec summary p.10).* Planning Department supports this recommendation to update the guidelines.
- 4) *Conduct a study on accessory apartments and how they affect quality of life, neighborhood stability, or housing values (p.46).* The Planning Department supports this study. However, something of this scope would need special funding if the Council would like us to pursue the study. A similar study is being proposed for the FY14 budget that looks at how revitalization of garden apartments will affect the supply of market affordable housing and the surrounding neighborhoods.

**PLEASE RETAIN THIS PACKET FOR FUTURE WORKSESSIONS**

**M E M O R A N D U M**

January 15, 2013

**TO:** Planning, Housing, and Economic Development Committee  
**FROM:** Linda McMillan, Senior Legislative Analyst  
**SUBJECT:** **Worksession: Montgomery County's 2012 Housing Policy**

On October 17, 2012, the Director of the Department of Housing and Community Affairs (DHCA) forwarded the Draft 2012 Housing Policy for the Council's consideration. If approved, this policy would replace the County's 2001 Housing Policy, "Montgomery County – The Place to Call Home." The Draft 2012 Housing Policy was introduced by the Council on November 13, 2012 and DHCA provided the Council with an overview presentation. The PHED Committee held a public hearing on December 4, 2012.

<b><u>Attached to this packet</u></b>	<b><u>© page</u></b>
Draft 2012 Housing Policy	1-99
2001 Housing Policy	100-152
Analysis of Supply and Demand for Housing 2008	153-167
Housing Element of the General Plan	168-177
Summary of 12/4/2012 public hearing testimony	178-185
12/4/2012 public hearing testimony	186-217

At this session, Council staff suggests the Committee discuss several topic areas in the Draft 2012 Housing Policy. Council staff can then use information from this discussion to prepare specific recommendations for changes to the Draft. Council staff is providing discussion outlines about the following:

- Housing Policy Vision, Goals and Objectives – structure of the document
- Definitions
- Demographics and recommendations for further studies
- Language included in the Draft Policy regarding master plans and zoning.

- Senior Housing
- Special Needs Housing
- Affordable Housing Production Goals
- Policies specific to renters
- Recommendations for Existing Programs

### 1. Vision, Goals, Objective, and Actions Plans (Tools)

Both the 2001 and Draft 2012 Housing Policy begin with a set of vision statements and then overall goals (2012) or objectives (2001). The following table shows that, with some minor editing, the vision for the 2001 and 2012 policies are the same.

<b>Vision Statements:</b>	<b>2012</b>	<b>2001</b>
Everyone has a place to call home – no one is homeless.	Yes	Yes
Neighborhoods are safe and sound, with community services and well-maintained facilities.	Yes	Yes
All housing is in sound condition and meets all building maintenance codes.	Yes	Yes
Each housing unit has adequate living space for its occupants.	Yes	Yes
Affordable housing exists for all who live or work in the County, regardless of age or income.	Yes	Yes
People receive appropriate housing and services for each stage of life and can remain in the community as they grow older.	Yes	Yes
There is 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.	Yes	Yes
Housing opportunities and supportive services are available for those who have mobility or sensory impairment, developmental or emotional disabilities, or mental illness.	Yes	Yes

In both policies, statements are made that Montgomery County will work to achieve this vision with: (1) the commitment of residents, community leaders, housing providers, and public employees, and (2) with funding and appropriate planning.

**The Draft 2012 Housing Policy has five overall goals. The 2001 Housing Policy has seven objectives.**

	<b>Overall Goals 2012</b>
1	Preserve the existing regulated affordable housing stock, striving for no net loss of income-restricted affordable housing
2	Increase the number of affordable housing units.
3	Conserve and care for Montgomery County's residential neighborhoods, and develop and invest in quality communities
4	Strive to prevent homelessness and find homes for the homeless.
5	Support the development of new housing, especially in transit-oriented areas.

<b>Objectives 2001</b>	
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.

The Draft 2012 Housing Policy then builds on the goals and objectives in the Housing Element to the General Plan and proposes a series of action items around these four objectives:

**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.

**Diverse Housing and Neighborhoods:** Create diversity in the type and size of units, neighborhoods, facilities, and programs to accommodate current and future residents.

**Housing and the Environment:** Provide economically and environmentally sustainable housing and neighborhoods.

**Housing and Neighborhood Design:** Create more balanced, attractive, and walkable neighborhoods through regulatory reform of private developments and leadership in design of public projects. (Note: the Housing Element also says: Ensure that the regulatory process does not pose barriers to housing production, especially housing affordable to low, moderate, and middle income households.)

In testimony to the PHED Committee, Ms. Lindstrom (©2009; on behalf of Ms. Roman and herself) said that using the Housing Element for the framework of the Housing Policy is not a good fit and causes complications and lack of clarity. They suggested using the five overall goals (previous page) as the framework.

The Housing Element to the General Plan is meant to inform the development and approval of master plans and sector plans regarding all residential

development. While the objectives in the 2012 Draft Housing Policy do touch on all neighborhoods (Goals 3 and 5), they are more focused on addressing the affordability issues faced by many county residents and workers. The Committee should discuss whether they believe the framework used in the 2012 Draft Housing Policy provides the focus needed. If the Committee believes that this policy document is really an affordable housing policy, it could be revised to provide a clearer focus on objectives and actions plans that address affordability for low, moderate and middle income households. Council staff believes that objectives for an affordable housing policy would include code enforcement and care of neighborhoods.

The Greater Capital Area Association of Realtors in written comments (©214) touched on more than affordable housing saying that while GCAAR believes policies should continue to encourage homeownership, they recognize that housing policies should be designed to increase the stock of both affordable housing for sale and rent. Housing and land use policies should facilitate an increase in the velocity of the increase of the housing stock, whether for sale or rent and that the pace of building housing units, particularly affordable units, needs to increase.

The PHED Committee also received comments that the Draft 2012 Housing Policy should have more metrics in the action items and that the production goals should be a part of the Executive Summary (©201).

## **2. Definitions in Draft 2012 Housing Policy**

The 2012 Draft Housing Policy uses the same definitions that were approved by the Council for use in the Housing Element for the General Plan.

**Affordable Housing:** Housing is considered affordable when approximately 30%-35% of a household's gross income (for households earning up to 120% of area median income or AMI) is spent on rent or principal, interest, condominium or homeowners association fees, property taxes, and private mortgage insurance.

**Low income:** households earning up to 50% of AMI (HUD definition of very low income and County's definition of low income in Chapter 25B).

**Moderate income:** households earning between 50% and 80% of AMI (HUD's definition of low income).

**Middle income:** households earning between 80% and 120% of AMI (income range for County's voluntary Workforce Housing program).

(Note: 2012 AMI for a household of one is \$75,380 and for a household of four is \$107,690)

**One term that does not have a definition is “mixed income housing.”** At the hearing the question was raised whether meeting the 12.5% MPDU requirement is sufficient to meet objectives in the Draft 2012 Housing Policy about mixed-income housing. One of the Action Plans under the heading “Promote more inclusionary and mixed-income communities” is to “Assess publicly owned-sites for affordable and mixed-income housing, especially in underserved areas.” Does the Committee want to say anything about the mix of incomes that would likely be in a mixed-income housing project? In terms of the use of County-owned land, the 2012 Draft Policy says that projects on County-owned land should have at least 30% affordable housing. (©21)

The Draft 2012 Housing Policy has affordable housing production goals. In most cases, the units themselves will be income-restricted or there will be an income restriction that comes with the rental assistance program serving the renter. However, not all preserved or produced affordable housing is income-restricted. For example, naturally occurring affordable housing may be available to people of all incomes. The policy should be careful to clarify when the specific Action Plan is about **income-restricted or regulated housing** as opposed to rents and prices that are below the average market rate for the area or priced to be affordable to households at or below 120% of AMI.

### **3. Demographics and Recommendations for Future Studies**

The Draft 2012 Housing Policy includes data that is valuable as background for describing the need for housing to serve current resident households at a range of incomes as well as discussing projection of jobs and housing growth. However, the Draft 2012 Housing Policy also has Action Plans that call for updates or additional studies that would provide better information on specific housing needs.

#### **Action Plans:**

Monitor the supply and demand of housing units, especially those affordable to lower and middle income households, to see if adjustments should be made to policies or programs. Update the Analysis of the Supply and Demand for Housing, dated June 28, 2008, prepared by the Montgomery County Planning Department to determine new trends and conditions, and publish regular updates. (©9)

Assess employers’ housing needs, especially for entry level and service sector employees. (©10)

Analyze census and housing market studies to determine the number of senior housing units that need to be developed, and to determine the income levels needed to meet the needs of seniors. Analyze existing County rental subsidy programs, senior housing facilities, food assistance subsidies, and other programs for seniors to determine the service needs and the housing needs of seniors in Montgomery County. (©38)

**A. Highlights of Demographics Noted in the 2012 Draft Housing Policy  
(©22-23 and ©78-96)**

2010 population of Montgomery County: 971,777  
 2010 households in Montgomery County 357,086  
 2010 median income for Montgomery County \$89,155

In 2010, about 7.5%, or 72,259, Montgomery County residents lived at or below the Federal Poverty Level. (Note: for 2013 the FPL for a household of 1 is \$11,170 and for a family of four is \$23,050)

<b>INCOME RANGE (not adjusted for household size)</b>	<b>1999</b>	<b>2010</b>	<b>% change</b>	<b>2010 income range% of total households</b>
Less than \$10,000	12,040	15,610	29.7%	4.3%
\$10,000 to \$14,999	8,046	8,773	9.0%	2.4%
\$15,000 to \$24,999	18,325	18,495	0.9%	5.1%
\$25,000 to \$34,999	24,406	21,416	-12.3%	6.0%
\$35,000 to \$49,999	41,248	31,310	-24.1%	8.7%
\$50,000 to \$74,999	65,955	56,332	-14.6%	15.7%
\$75,000 to \$99,999	49,573	44,044	-11.2%	12.3%
\$100,000 to \$149,999	56,565	69,725	23.3%	19.4%
\$150,000 to \$199,999	24,199	40,352	66.8%	11.2%
\$200,000 or more	24,583	53,419	117.3%	14.9%
<b>TOTAL</b>	<b>324,940</b>	<b>359,476</b>	<b>10.6%</b>	<b>100.0%</b>

George Mason University (GMU) Center for Regional Analysis' high estimate of demand of new housing units (©22):

Single-family owned 29,989  
 Single-family rental 6,669  
 Multi-family owned 24,588  
Multi-family rental 47,276  
 TOTAL 108,522

About 44% of new housing units will need to be multi-family rental.

From 2010 to 2020 it is projected that the number of residents aged 65 and older will increase by 45% to 174,290. Demand is increasing for assisted living units. Currently, seniors make up about 20% of renter households.

2012 Rental Facility Survey information showed a vacancy rate of 18.7% for market rate senior housing compared to a vacancy rate of 3.8% for affordable and subsidized senior independent living units.

More than 50% of the County's housing units are more than 30 years old.

The 2012 Point-in-Time Survey counted 979 homeless people, a decrease of 8% from the 2010 Point-in-Time count.

The 2012 Point-in-Time Survey counted 598 people in permanent supportive housing, and increase of 35% from 2010.

In 2010, Montgomery County estimated that there were 837 individuals and 446 families with children that had an unmet need for permanent supportive housing with supportive services.

In 2009, it was estimated that the County's older neighborhoods contain over 140,000 homes affordable to households with moderate incomes.

A majority of rental units are two-bedroom or smaller;

<b>Distribution of Rental Units 2011</b>	<b># of units</b>	<b>% of total</b>
Efficiency	4,018	5.4%
1 Bedroom	29,727	39.6%
2 Bedroom	34,214	45.6%
3 Bedroom	6,785	9.0%
4 or more Bedrooms	316	0.4%
TOTAL	75,060	100.0%

In 2010, about 51% of renters were paying 30% or more of their income in gross rent.

**B. 2008 Analysis of Supply and Demand for Housing (©153-167)  
M-NCPPC Research and Technology Center**

This report was one of several background reports completed for Park and Planning's revisions to the Housing Element to the General Plan

Montgomery County is approaching build-out. At the time the report was written, 82% of existing residential capacity had been reached with 91% being reached when counting approved development in the pipeline.

In 2007, the average price of a new single family detached home was just under \$1 million; the average price of an existing single family detached home was \$569,000; the average price of a new townhome was \$475,000; and the average price of an existing townhome was \$365,000.

In 2007, rents in Montgomery County were “comparatively moderate.” Council staff has put the 2011 turnover rate next to the 2007 rents:

	<u>2007</u>	<u>2011</u>
Countywide average	\$1,281	\$1,442
Bethesda Chevy-Chase	\$1,674	\$1,914
Rockville	\$1,523	\$1,679
Darnestown/Potomac	\$1,369	NA
Upper Montgomery County	\$1,039	\$ 933
Germantown/Gaithersburg	\$1,156	\$1,246
Wheaton	\$1,170	\$1,330

There is pent-up demand for larger rental units – 86% of all rental units in 2007 were one and two bedroom units.

77% of County households live in single family detached or attached homes.

Renters paid a larger share of income for housing 41% of renters spent more than 30% of income on housing compared to 17% of homeowners.

Senior housing had increased by 1,659 units between 2001 and 2005 but there has been a decline in nursing units, assisted living units, and subsidized assisted living units.

The 2008 analysis provide tables that estimated the shortage of units for households of certain incomes and family sizes. The following compares the surplus and deficit of units for certain incomes. (©162)

<b>Household income</b>	<b>Affordable Monthly Housing Cost (30%)</b>	<b>Surplus or (Deficit) of Units 2005</b>	<b>Surplus or (Deficit) of Units 2030 (Projected)</b>	<b># of unit change</b>	<b>% change</b>
Less than \$30,000	Less than \$750	(26,813)	(29,828)	(3,015)	11.2%
\$0,000 to \$59,999	\$750 to \$1499	(9,661)	6,688	16,349	-169.2%
\$60,000 to \$89,999	\$1500 to \$2249	(6,179)	(12,799)	(6,620)	107.1%
\$90,000 to \$119,000	\$2250 to \$2999	9,545	5,713	(3,832)	-40.1%
\$120,000 to \$149,000	\$3000 to \$3749	11,884	15,689	3,805	32.0%
\$150,000 and above	\$3750 and above	26,676	21,156	(5,520)	-20.7%
<b>TOTAL</b>		<b>5,452</b>	<b>6,619</b>	<b>1,167</b>	<b>21.4%</b>

The analysis then adjusted for family size (©163). The following is the projected surplus and deficit projected for 2030. The analysis concluded that the largest deficit of housing in 2030 will be for any size household earning \$30,000 or less, just as it was in 2005. These households would all qualify for the MPDU program. The projection then shows the shortage begins to focus more on larger families, although there is a substantial shortage for 2 person households earning between \$60,000 and \$89,999. Currently, a 2 person household earning more than \$60,000 would not be eligible for a MPDU, nor

would a 3 person household earning more than \$67,500. Therefore, there are shortfalls that would not usually be addressed through most of affordable housing programs that are currently in place. Efforts like the voluntary workforce housing program or closing cost assistance might help if units are available for larger families.

Household income	Affordable Monthly Housing Cost (30%)	1 Person	2 People	3 People	4+ People	Surplus or (Deficit) of Units 2030 (Projected)
Less than \$30,000	Less than \$750	(9,991)	(7,412)	(5,895)	(6,529)	(29,828)
\$0,000 to \$59,999	\$750 to \$1499	13,364	5,692	(1,790)	(10,578)	6,688
\$60,000 to \$89,999	\$1500 to \$2249	3,755	(4,171)	(3,076)	(9,307)	(12,799)
\$90,000 to \$119,000	\$2250 to \$2999	9,061	(1,186)	(1,484)	(677)	5,713
\$120,000 to \$149,000	\$3000 to \$3749	9,057	2,632	283	3,717	15,689
\$150,000 and above	\$3750 and above	16,814	3,344	875	122	21,156

Council staff agrees that this kind of analysis, updated on a regular basis, is needed in order to properly focus policies and funding on shortages not likely to be addressed by the market. The PHED Committee may want to ask Park and Planning how such an update could be added to its work program.

#### 4. Language regarding Master Plans and Zoning

Both the 2001 and the Draft 2012 Housing Policy have policy statements and action items (or tools) about information and language that should be included in master plans and changes to the zoning ordinance or process. Both policies say that there should be specific goals for affordable housing and sites identified in master plans. The Draft 2012 Housing Policy includes Action Plans regarding the Zoning Ordinance rewrite.

Council staff believes that the PHED Committee should carefully review the information in the Draft 2012 Housing Policy and make sure that it is not recommending to the Council Action Plans that it does not believe should be implemented or, are not really policy Action Plans but rather issues that should be addressed when a master or sector plan is addressed by the Council.

**The following are selected Action Plans from the 2001 and Draft 2012 Housing Policies. While they are most of the statements, they are not all inclusive. Also attached at © 218-231 are Council staff's notes on the language included in the Shady Grove Sector Plan, White Flint Sector Plan, and Great Seneca Sector Plan. Each of these plans has a different level of information about the existing inventory of housing in the plan and surrounding plan area and the incomes it would most likely serve. They also have different levels of specificity about affordable housing recommendations including whether specific sites are identified.**

Council staff has heard concerns that: (1) if specific sites are named there could be arguments made that other sites are not appropriate (as they were not named); (2) even if sites are named if they are privately owned the master plan language is not binding on the developer or Park and Planning; (3) it might be appropriate to make recommendations on public land but not private land; and (4) it is confusing when a plan says a site is appropriate for affordable housing since affordable housing in the form of MPDUs is appropriate and required for all residential development and below-market priced housing could be provided in any residential zone as long as the type of housing (townhouse, garden, high-rise, single-room) is allowed in the zone. Conversely, Council staff has heard concerns that unless there is language about the expectation for affordable, senior, or special needs housing it may just be assumed that as long as the required MPDUs are provided the plan's objectives have been met.

Council staff also suggests the Committee discuss the last point listed in the summary for statements in the 2012 Draft Housing Policy that would change the process for County-owned land to use the Mandatory Referral process instead of the current preliminary plan. It is not clear to Council staff that this can be done, even if there is agreement with the policy, since the County generally does not own the housing in the long-run and it may not be considered a government use. Action in Montgomery (AIM) supported this change in its testimony saying that streamlining the process for supplying affordable housing requires urgency.

Selected Statements included in the 2001 Housing Policy Regarding Master Plans and Zoning

- Amend the Zoning Ordinance and implement changes through the master planning and sectional map amendment processes, including providing affordable housing goals in master plans. (©122)
- 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 amount for higher density housing and mixed-used development in master plans and other government planning documents...amend the zoning ordinance and implement changes through the master plan process. (©124)
- Include goals for affordable and assisted housing in master plans and designate suitable sites for elderly housing and other special needs housing (©125)
- Include sections on neighborhood renewal in master plans. (©127)
- 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. (©127)

- Provide adequate zoning capacity to meet the current and future housing needs of those who live or work in the county. (©132)
- Ensure sufficient development and redevelopment capacity to accommodate forecast employment growth (©132)

Selected Statements included in the 2012 Draft Housing Police Regarding Master Plans and Zoning Ordinance

- Develop master plans and provide adequate zoning capacity to meet the current and future housing needs of those who live or work in the County. Assess potential for higher density residential development, especially in transit-serviceable areas. (©9)
- Aid the construction of new affordable housing throughout the County by making sure the Zoning Ordinance allows for it, providing innovative financing, and including affordable housing goals in master plans. (©10)
- Promote housing as an adaptive reuse of vacant non-residential building and provide for appropriate redevelopment of residential property in compliance with land use, zoning and master plans. Establish mixed-use zones that allow a mix of commercial and residential development. Evaluate and consider implementing incentives. (©10)
- Through master plans and special County-initiated studies, inventory and assess privately-and publicly-owned building suitable for conversion to residential use. (©10)
- Request that the Planning Department study the possibility of co-locating housing in existing office parks and other land uses that feature out-of date or excessive parking and green space. Increase infill-housing opportunities in suburban office parks, shopping centers, and underused properties. (©11)
- Include goals for affordable and assisted housing in master plans and designate suitable sites for elderly housing and other special needs housing. Explore incentives, such as density bonuses, to developers who provide special needs housing. As the Zoning Ordinance is revised, make sure that special needs housing and elderly housing continue to be available options in all locations. (©13)
- Include affordable senior housing in the high-density master planned communities at transit stops. Promote programs and options for seniors to “age in place” appropriately. Assist and encourage efforts to create concepts such as villages and other options to help individuals remain in their community. (©14)

- Add “Increasing and Preserving Affordable Housing” as an objective in all master plans. (©16)
- Include recommendations in master plans for affordable housing sites and locations, and for the use of county-owned sites for affordable housing. Evaluate and establish goals in master plans for the location of senior housing, mixed-used housing, and special needs housing. (©16)
- Provide flexible development standards for mixed-use projects to allow for the full integration of residential and non-residential components. Through the subdivision approval process, require residential components of mixed-use projects be provided early in the development phasing and in the build-out of large-scale projects. (©17)
- Continue provisions in the Zoning Ordinance, and streamline the review procedures, that allow development with innovative housing types to meet the needs of small households and special needs populations, including accessory apartments, single-room occupancy units, and group homes. (©44)
- Provide additional incentives for projects in the Commercial/Residential (CR) Zone, and other similar zones that award points for providing certain public benefits, to developments that will have more MPDUs than required, and for projects having more units with 3 or more bedrooms. (©17)
- Evaluate existing and proposed zoning regulations to make sure that the overall goal of the MPDU program to disperse affordable housing is maintained. Avoid and over-concentration of too many MPDUs in one building or one section of a community. Subdivisions that contain a mix of housing types need to have affordable units that are well-designed and place in locations that bring about enhanced community cohesiveness. (©18)
- Explore zoning and regulatory changes to ease approval of elderly housing development. As the Zoning Ordinance is being rewritten, make sure to retain use that is similar to the current Special Exception for Housing and Related Facilities for Senior Adults and Persons with Disabilities. Develop standard compatibility criteria for elderly housing and study ways to make the special exception approval process more cost effective and responsive. (©37)
- During Zoning Ordinance Revision, reduce the number of categories that allow for additional units on single-family lots. Eliminate any overlap between uses. Establish clear definitions that can be understood by the community and the agencies charged with enforcement of the Zoning Ordinance. (©20)
- Review the feasibility of establishing a more streamlined process for affordable housing projects on County-owned land where the subdivision of the land, and the overall land uses and densities, are established through the Mandatory Referral

process, and the property then goes through normal site plan reviews. Property owned by Montgomery County that will be used for affordable housing should also have access to the Mandatory Referral process to establish the appropriate zoning and land uses for the site, especially when affordable housing is being built next to County facilities and other County uses or when the zoning of a County-owned property was not addressed in the master plan or if the plan is more than 15 years old, and the current zoning is not appropriate for the development of mixed uses on a site or for the construction of affordable housing. (©21)

**The Committee may want to discuss if, as an alternative to language about specific sites, there should be a requirement for a standardized analysis of housing in each master plan or sector plan recommended to the Council. This analysis would provide information about existing housing, projected new housing units, the income level of households that are likely to need housing in the area to work in the area, and projections about the need for senior housing or other special needs housing in the area. The Council might not include language about specific sites in a master plan, but this information could assist in adjusting affordable housing production goals and targeting resources in specific areas of the county.**

In its testimony, the Housing Opportunities Commission highlighted its concern that the current sector plan scoring system does not adequately promote mixed use communities and that the CR and CRT zones do not provide sufficient incentive for developers to provide additional affordable housing as a public benefit rather than other public benefits that can be used to achieve density.

## **5. Senior Housing**

The main section on Senior Housing is included at ©37-39. The Action Plans note that there is an adequate supply of market rate and high end senior and assisted living options but there is a serious deficiency of assisted living for seniors with low and moderate incomes. The Action items also include questions about whether seniors need more rental subsidies similar to a Housing Choice Voucher which limits the percentage of income spent on monthly rent or a shallow subsidy that provides a fixed amount of money like the Rental Assistance Program. The Policy also looks at whether a program should be created to assist low income seniors with condominium fees to assist them with staying in their homes. There are also recommendations regarding increased education about housing options and renovations that might allow seniors to age in place.

Action in Montgomery (AIM) provided comments on senior housing in its testimony noting that focus groups in its participating congregations said that seniors are particularly impacted by the lack of affordable housing, lower income seniors are most at risk for losing their home, and many seniors needing assisted living cannot afford it. AIM noted that senior housing is included in the Draft Policy's production goals in special needs housing and, while they can support this, there should be metrics about the

percentage of housing that should be special needs housing. AIM also shares that while the Draft Policy calls for incentives for more 2, 3, and 4 bedroom MPDUs, it is as important to increase efficiencies and 1 bedroom units that may be needed by seniors who do not need assisted living or congregate senior housing.

## **6. Special Needs Housing**

There are two sections of the 2012 Draft Housing Policy that address people with special needs. The first is the section that is focused on providing special needs housing (©36-37) and the second is the section on visitability in housing (©39). The first two Action Plans are to update the comprehensive inventory of special needs housing and to continue to develop forecasts for special needs housing.

The PHED Committee received testimony at the public hearing from individuals and organizations about the need for more affordable housing for people with disabilities and that the needs are different depending on the type of disability being addressed. The issue of visitability in all housing was a part of this discussion as homes that are designed to be accessible and visitable not only may be easier to modify for the home's resident but keep people with a mobility disability from being isolated or prohibited from visiting others.

In terms of a specific population, the Commission on Disabilities, Independence Now, Ms. Simon, Adventist Rehabilitation Hospital, and Mr. Fitzpatrick, talked with the Committee about the need for barrier-free housing to allow people with mobility issues to leave nursing homes and live in the community. The example of units at HOC's MetroPointe that were modified for this purpose was given. There about 500 people under the age of 60 living in nursing homes in the County who have indicated that they would like to live in the community. About 50 meet the criteria for funding for supportive services but this Medicaid funding will not pay for housing. Councilmember Leventhal held a follow-up meeting with representatives for this group and has asked that Council staff recommend language in the 2012 Housing Policy that would clearly address this specific housing problem.

There are also Action Plans regarding continuation of the Housing First effort and housing for those transitioning from homelessness that include increasing the number of permanent supportive housing units and developing a Recuperative Care Facility and other therapeutic programs that would provide step-down care for homeless persons and persons with chronic behavioral health conditions.

## 7. Annual Affordable Production Goals

The Draft 2012 Housing Policy, like the 2001 Housing Policy, recommends that 1,000 units of affordable housing should be “produced” each year in order to continue serving household earning \$50,000 or less (2012 Policy) or \$40,000 or less (2001 Policy). Both policies provide an estimated cost per unit.

Council staff believes that it is this brief section of the 2012 Draft Housing Policy that is the most critical in terms of understanding what is needed to make progress, what progress has been made, what amount and type of funding is needed, what progress might be made within funding that is available, and what policies, laws, or regulations might be needed to make the progress desired. The PHED Committee heard from several of those testifying about the need for more metrics in the Housing Policy and this is a key component of those suggestions.

**That said, Council staff also believes that 10 year goals set out this way is not the best way to monitor progress and suggests that the PHED Committee may want to take this section out of the Housing Policy Document and instead set productions goals every two years when the full CIP is reviewed and enacted. The production goals would be considered with the funding. Costs and expectations could better reflect recent projects. The production goals could be part of a two-year workplan that would include other Action Plans from the Policy.**

The following two tables compare the 2001 and 2012 Draft Housing Policy

Cost to County to:	2001 Housing Policy	2012 Housing Policy
Preserve Federally Assisted Housing – per unit	\$8,000 to \$12,000	\$8,000 to \$12,000
Acquire Group Home – per home (average 6 occupants per home)	\$30,000 to \$60,000	\$100,000
Create assisted living for seniors – per unit	\$15,000 to \$23,000	\$80,000
Provide permanent supportive housing with case management for mentally ill person	\$12,000 to \$17,000	
Provide permanent supportive housing with case management for person with disability	\$14,000 to \$17,000	
Provide transitional housing with case management for homeless individual	\$7,800 to \$9,000	
Provide transitional housing with case management for homeless family with children	\$8,300 to \$14,000	
Acquire and renovate multi-family housing – per unit		\$50,000
Construct new rental housing – per unit		\$40,000
Acquire and renovate existing rental housing to preserve and create affordable housing – per unit		\$40,000
Assist HOC and Non-profit organizations to acquire MPDUs – per unit		\$50,000
Rehabilitate HOC public housing – per unit		\$13,330

<b>Housing Type</b>	<b>2001 Owner Units Goal</b>	<b>2012 Owner Units Goal</b>	<b>2001 Rental Units Goal</b>	<b>2012 Rental Units Goal</b>
Both 2001 and 2012 have an overall goal of 1,000 units per year				
MPDUs	200	50	100	50
Housing Choice Vouchers and County Rental Assistance			200	6,000*
Group Home/Transitional/Special Needs Housing – includes constructed, acquired, and renovated units			100	300
Homeownership through acquisition and renovation of foreclosed homes	30			
Non-Profit multifamily acquisition and rehabilitation of existing market units (for 2012 this includes preservation of federally assisted housing)			150	150
New construction of affordable rental units (not MPDUs)			200	100
Federally Assisted Housing acquisition and preservation (including rehabilitation) of federal housing with expiring restrictions			200	
MPDU purchase by HOC and Non-profit organizations for use as rental units			60	20
Multifamily housing rehabilitation loans			150	
Construction of senior housing independent and assisted living units			250	50
Accessory Apartments – creation of new units			50	10
Preservation of threatened multifamily housing			950	
Acquisition of threatened multifamily housing			150	
HOC Public Housing Acquisition			100	75
<b>TOTAL</b>	<b>230</b>	<b>50</b>	<b>2,660</b>	<b>6,755*</b>

\*Housing Choice Vouchers are current, not additional new vouchers.

As currently drafted the 2012 Annual Affordable Housing Production Goals are a mix of existing units and rental assistance that keep units affordable and new units. Some of the units may be income-restricted and some of the preservation units may be preserved to be affordable to certain incomes but not required to be occupied by households with these same incomes. To a certain degree, the annual production goals have been made to fit within funding of about \$31 million that might come from the HIF,

CDBG and HOME funds. With regard to Housing Choice Vouchers, there are a certain number of new households (generally 50-75) that are served each year through the turnover of vouchers, but this is different than an addition to the number of vouchers (such as when new VASH vouchers became available).

If the Committee agrees there should be a biennial process for setting production goals and a policy workplan, then there could be a baseline showing the current number of units, vouchers, slots in rental assistance programs, and then a goal for growing the amount of affordable housing (income-restricted and non-income restricted).

## **8. Policies Specific to Renters**

The 2012 Draft Housing Policy includes information about projected need for additional rental housing for incoming workers and special needs populations as well as the gap in affordable units that are available when compared to incomes and family size. Under the heading “Preserve privately-owned affordable housing” (©12), Action Plans include developing strategies to preserve “naturally occurring” rental properties and continuing the County’s Voluntary Rent Guideline Program and DHCA’s negotiations with landlords who do not follow these guidelines.

The PHED Committee received testimony from the Montgomery County Renters Alliance (©211-213) about the growing percentage of County residents who are renters, most of who are not in income-controlled units. The Renters Alliance suggested that in addition to the items in the 2012 Draft Housing Policy, the following also be included:

- Measures to stabilize rents in all rental housing
- Measures to insure that responsible renters are stable in their homes in perpetuity
- Policy that further protects renters from retaliation
- Support for landlord and tenant education
- A more responsive landlord-tenant complaint process
- Safety standards for receiving a rental license
- Mandatory annual data collection and penalties for landlords who do not comply or provide inaccurate information
- A broad regional study of demographics and housing trends

## **9. Recommendations for Existing Programs**

Chapter III of the 2012 Draft Housing Policy (©46-72) reviews and makes recommendations about the following existing housing programs:

### **A. The Moderately Priced Dwelling Unit Program (MPDUs) (©47-55)**

Recommendations include encouraging more two, three, and four bedroom units; providing incentives for more than the required number of MPDUs; making the construction cost more feasible through the use of “receiver buildings”; determining

whether mixing condominium and rental in one building could make providing MPDUs in high-rise buildings more feasible; continuing to prohibit certain types of MPDUs (back-to-back) and ensuring MPDUs are dispersed; research viable alternatives for producing MPDUs on site under limited circumstances; increasing awareness of the MPDU program and assisting applicants;

**B. The Montgomery Housing Initiative Fund (HIF) (©55-57)**

Recommendations include investigating the use of an affordable housing impact fee on non-residential development; encouraging donations to the HIF possibly through the implementation of a tax-credit program.

**C. Workforce Housing (©58)**

Recommendations include preserving existing privately-owned properties with rents affordable to middle income households; identifying programs that can be used in neighborhoods with stagnant prices or a large number of foreclosures to market and sell these homes to middle-income households; analyzing the need for voluntary rental workforce housing near transit.

**D. State and federally-funded housing renovation and special needs housing programs (©58-60)**

Recommendations include focusing resources on the renovation and improvement of existing group homes; continuing to allow non-profits to purchase MPDUs to be used as group homes; continuing to use Housing Choice Vouchers to make non-profit group homes more financially viable; developing new special needs group home when County-owned sites are evaluated for affordable housing; continuing to coordinate housing providers and support service agencies.

**E. Housing First and homelessness programs (©60-63)**

Recommendations include increasing the number of permanent supportive housing units; reducing the time people spend in temporary shelter; decreasing the use of motels as emergency shelters for families; exploring state funding for affordable assisted living options for people with disabilities and people who are homeless and have a disability; assessing the feasibility of more single room occupancy units; developing more larger units for families; developing housing options for youth aging out of foster care, domestic violence victims, and people with mental illness and disabilities, continuing to study projections for these population to develop long-term strategies.

**F. County-funded rental assistance programs (©63-65)**

Recommendations include increasing the number of rental subsidies through HOC; expanding the County's rental assistance programs for special populations as funds allow; continuing to provide funds for the repair of homes to reduce utility costs, encouraging energy efficiency upgrades; educating households on energy conservation; continuing HOC's rent supplement program that is funded with the Recordation Tax.

**G. Housing Code Enforcement and Neighborhood Assistance (©65-67)**

Recommendations include continuing a vigorous housing code enforcement program; continuing to have Code Enforcement staff perform annual reviews of vacant and condemned units and refer owners to the Rehabilitation Loan and Replacement Home programs, especially for the elderly or those who cannot financially or physically maintain their home; studying whether the infrastructure in common ownership communities is being maintained and whether the communities have adequate financial reserves to maintain their properties; continuing to identify neighborhoods at-risk of deterioration and bringing in resources to respond to particular need; continuing to monitor foreclosed properties; continuing coordination by DHCA and DEP of investigations; continuing to refine and distribute information to community groups and residents on the complaint process and noise ordinance.

**H. Accessory Apartments (©67-71)**

This section will need to be revised based on the Council's actions regarding the permitting of accessory apartments.

**I. Condominium Tax Programs (©71)**

Recommendations include continuing to identify rental properties that are likely to convert to condominium; working with nonprofit housing providers and HOC to acquire rental properties at risk of conversion; continuing the Condominium Conversion Transfer Tax.

**J. Use of County Owned Land (©71-72)**

Recommendations include including housing affordable to low, moderate, and middle income households in all suitable public building projects in appropriate locations throughout the County; including at least 30% affordable housing in these projects; developing a database of County-owned land that would help assess possibly using it for affordable housing; establishing housing as a major preferred use when the County sells property and having this use take preference over receiving full market price; requiring that 30% of units be affordable when selling land at below market value; reviewing the feasibility of streamlining the approval process using mandatory referral for subdivision, overall land uses, an densities and then going through the normal site review process.