ALTERNATIVE SOLUTIONS TO WORKFORCE HOUSING

SAMUEL J. CRYSTAL
UNIVERSITY OF MARYLAND SCHOOL OF PUBLIC POLICY

(410) 302 8989
www.linkedin.com/in/scrystal18/
samcrystal18@gmail.com

2018
ABOUT THE FELLOW

Samuel Crystal is pursuing his master's degree in Public Policy with a specialization in Management and Leadership from the University of Maryland School of Public Policy. Before returning to school, Samuel worked for two years as the Director of Political Affairs for the Consulate General of Israel to New England, where he helped develop diplomatic ties between Israel and local, state, and federal politicians in the Northeast. He graduated from the University of Mary Washington (Fredericksburg, VA) with a bachelor's degree in Historic Preservation, and is from Ellicott City, MD.

After completing his summer fellowship with the Montgomery County Council, Samuel will finish his master's studies and work as an Operations Associate at the Jewish Democratic Council of America in Washington, D.C.

Alternative Solutions to Workforce Housing

Montgomery County's high median income and high cost of living have left middle-class professionals are unable to afford to live in the county. As more of the county's workforce finds housing outside of the county, the local economy loses substantial economic income. Helping the county's workforce to afford housing in the county should be viewed through the lens of both economic development and housing improvements. This also must be accomplished without taking funds away from low-income housing, where public dollars are best spent.

ACKNOWLEDGEMENTS:
A special thank you to the many county employees and dedicated public servants who made this report possible.

Marlene Michaelson, Sarah Miller and the Montgomery County Economic Development Corporation staff, The Department of Planning, The Department of Housing and Community Development, and private sector partners.
METHODOLOGY

Research for this report was conducted over 10-weeks, from June 5 – August 9, 2018. The research was broken down into four phases:

**Phase 1: Topic Construction** took place from June 5–June 29 and included research, meetings, and private discussions with colleagues on constructing a research topic.

**Phase 2: Research and Exploration** took place from July 2 – July 13. This is where the bulk of research, meetings, and field visits took place.

**Phase 3: Recommendations and Presentation** took place from July 14 – July 23, where the physical report and final recommendations were formed. The report was then presented to members of the Montgomery County Council on July 24.

**Phase 4: Final Report**, which was scheduled to be submitted no later than August 10, 2018.

Research was conducted by collecting publicly available census data from the federal government, Montgomery County's CountyStat system, economic impact reports on workforce housing, and through targeted interviews with local businesses, the Montgomery County Public School's human relations office, and government employees in the Department of Planning, the Department of Housing and Community Development, and County Council staff.

ABBREVIATIONS

- **AMI**: Area Median Income
- **DHCA**: Department of Housing and Community Affairs
- **EDF**: Economic Development Fund
- **LIHTC**: Low-Income Housing Tax Credits
- **MCEDC**: Montgomery County Economic Development Corporation
- **MCPS**: Montgomery County Public Schools
- **MHI**: Median Household Income
- **RFP**: Request for Proposal
WHAT IS WORKFORCE HOUSING?
Montgomery County’s Department of Housing and Community Affairs defines workforce housing as affordable housing for “households with incomes that are too high to be eligible to participate in the Moderately Priced Dwelling Unit (MPDU) Program.” In the county’s workforce housing program, units are set aside for households earning 70–120 percent of the area median income (AMI). The program aims to help professionals buy or rent housing near their workplace.

Housing Cost Burden: Local employees making less than the median household income (MHI) are often unable to afford quality housing near their workplace. The 2018 county MHI of $100,352, one of the highest in America, has contributed to middle-class housing cost burdens. Many households make too much money to qualify for MPDUs, but are unable to afford the costs of local housing.

Workforce Housing and Economic Development: Workforce housing has historically been viewed as a housing issue, but is now being used as an economic development tool. Governments establishing public-private partnerships to provide more opportunity for middle-class households to find affordable housing have brought in millions of dollars into local economies.

CASE STUDIES
This report includes five case studies on how companies and cities have worked to combat high housing costs for middle-class professionals. The first study is a description of how local company Emmes has moved office space outside of the county due to the high commuting rate of their employees. The second case study shows how Breckenridge, Colorado’s emphasis on building workforce housing has impacted their economy. The third case study highlights the Monarch Mills development in Columbia, MD and how it has fulfilled the goals of workforce housing while avoiding legislation and without using the term ‘workforce housing.’ The final two studies break down how Facebook and Google are building their own workforce housing developments.

RECOMMENDATIONS

1. Matching Stipends: The county should sign individual agreements with companies who are willing to offer stipends to their employees to be used for in-county housing. The county will match these stipends through the Economic Development Fund.

2. Opportunity Zones: The county should work with local chambers of commerce and other public and private organizations to promote investments for housing projects in the county’s new Opportunity Zones.

3. Rehabilitate: The county should partner with private organizations to identify and rehabilitate aging structures to be used for workforce housing.
Governments at all levels are looking for innovative ways to make housing more affordable for Americans. Across the country, both middle and low-income families find themselves cost burdened, spending over 30 percent of their income on housing. Montgomery County is no different. Households making $90,000 and paying the county's average mortgage rate still spend over 30 percent of their income on housing. The high cost of housing in the area makes it increasingly difficult for professionals like teachers, first responders, and public servants to afford housing in the county.

Montgomery County's current Workforce Housing Program is generally used when the county sells land for residential development. In the Request for Proposal (RFP), the county will set a desired standard for what percent of the total units will be for households making 70-120 percent of the AMI. Unlike the county's MPDU Program, The Workforce Housing Program is not a law that effects widespread development projects in the county and has developed much less housing units.

The limited number of developments with workforce housing means that there are many middle-class professionals still unable to afford to live in the county in which they work. This is not just a housing issue – the lack of workforce housing hinders local economies from reaching their full potential. More middle-class workers living in the county results in more money being spent in the local economy. In addition, longer employee commutes have been found to have a negative impact on a company's productivity, as well as increased turnover. Local businesses, and businesses interested in moving to Montgomery County are increasingly concerned about the impact commuting leaves on their workforce's quality of life.

This report will explain how workforce housing impacts local economies, show best practices and brightspots of other jurisdictions using workforce housing, and highlight a case study of a local company facing financial issues due to the high cost of housing. The report will conclude with policy recommendations on how, without passing new legislation, to enhance housing affordability without sacrificing funds for lower-income households.

Alternatives to Legislation
During the final stages of this report's production, the County Council passed two bills to address workforce housing affordability. The first bill, introduced by Council President Hans Riemer, raises the affordable housing requirement to 15 percent in areas of the county with higher median household incomes. The second bill, introduced by Council Member Nancy Floreen, reforms multiple aspects of the MPDU and affordable housing programs, including to calculate the required affordable housing in terms of square footage rather than unit count.

While the author of this report supports the signage of these bills into law, this report will focus on alternatives methods that will support existing legislation.
Workforce Housing in Montgomery County

Montgomery County's current Workforce Housing Program differs from the county's largest affordable housing program, the MPDU Program. While the MPDU program requires all developments with over 20 units to include 15 percent of units for households making 50-70 percent of AMI, the Workforce Housing Program is used on an individual basis. Workforce housing units can be included in RFPs when they county sells land for multi-family residential developments. Eligible households will make 70-120 percent of AMI, contributing to both mixed-income housing and assistance for middle-class families. Exact figures for eligibility are provided below.

According to DHCA, there are 123 workforce housing units, for sale and for rent, across six developments in Montgomery County.

Five of the six developments were built to be directly adjacent to Metro stations, making them ideal locations for professionals. They are also centrally located to retail and entertainment, an important factor for middle-class and young professionals when looking for housing.

Westside and The Daley, both located on the same block as the Shady Grove Metro, are mixed-use with retail and public green spaces on the property. Olney Springs, which is unique in that it offers single-family homes for workforce housing, has Metro Bus service and, by car, is about 15 minutes away from the Shady Grove Metro station.

Developments with workforce housing units, the number of units, and development amenities are provided below.

### Workforce Housing Income Eligibility

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Min. Income</th>
<th>Max. Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$57,500</td>
<td>$98,500</td>
</tr>
<tr>
<td>2</td>
<td>$65,500</td>
<td>$112,500</td>
</tr>
<tr>
<td>3</td>
<td>$74,000</td>
<td>$126,500</td>
</tr>
<tr>
<td>4</td>
<td>$82,000</td>
<td>$140,500</td>
</tr>
<tr>
<td>5</td>
<td>$88,500</td>
<td>$152,000</td>
</tr>
<tr>
<td>6</td>
<td>$95,000</td>
<td>$163,000</td>
</tr>
</tbody>
</table>

### Developments with Workforce Housing Units

<table>
<thead>
<tr>
<th>Development</th>
<th>WFH Units</th>
<th>Amenities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Olney Springs</td>
<td>34</td>
<td>Single-family homes available</td>
</tr>
<tr>
<td>Westside at Shady Grove Metro</td>
<td>25</td>
<td>Shady Grove Metro, retail, green spaces</td>
</tr>
<tr>
<td>Flats at Bethesda Avenue</td>
<td>24</td>
<td>Located in Downtown Bethesda</td>
</tr>
<tr>
<td>Core, Downtown Silver Spring</td>
<td>17</td>
<td>Located in Downtown Silver Spring</td>
</tr>
<tr>
<td>The Daley at Shady Grove Metro</td>
<td>12</td>
<td>Shady Grove Metro, retail, green spaces</td>
</tr>
<tr>
<td>The Darcy</td>
<td>11</td>
<td>Located in Downtown Bethesda</td>
</tr>
</tbody>
</table>
Housing Cost Burden in Montgomery County

Montgomery County's groundbreaking MPDU program has helped thousands of households making below 70 percent of AMI afford housing. Many households make slightly over 70 percent of AMI, however, meaning that are ineligible for MPDU's. A household making 75 percent of AMI may struggles to find affordable housing in the county, meaning they must commute from the surrounding areas.

The high cost of living in the county has created a high percentage of 'cost burdened' households, which is defined as a household that spends more than 30 percent of their income on housing. According to data from 2016, 28 percent of home owners 50 percent of renters in the county are cost burdened. A household making $90,317, 90 percent of AMI, and paying the county's 2017 average mortgage of $2,393, is spending 32 percent of their income on housing. With the MHI in the county now hitting over $100,000 (compared to $59,038 nationwide in 2016), the market squeezes middle-income families who can't afford housing that fits their lifestyle and needs. The county's economic prosperity for some has resulted in economic downturn for others, where middle-class families struggle to afford living near their workplace (Zorich, 2018).

Many households choose to work in the county but live elsewhere, which often makes the most financial sense. When comparing the average mortgage rate for Montgomery and Frederick County households, a family living in Frederick could save over $5,100 per year by choosing to live in Frederick. This is especially true for younger workers, who tend to make lower wages, want to live near city centers, but are not able to purchase homes.

Percent of Income Spent on Mortgages

Montgomery County households making $90,000 a year and paying the average mortgage of $2,393 a month spend 32 percent of their income on housing. This classifies a household as cost burdened.
Economic Impact of Workforce Housing

Cities and local governments who have invested in workforce housing are reaping the economic benefits. When households are able to find affordable housing, they can see an increase of 57 percent of their income being freed up (Virginia, 2014). With less of the household income being spent on housing, more money will be spent in the local economy. As of 2016, however, over half of Montgomery County's primary jobs were held by people commuting from other counties or cities.

Montgomery County does not need the 200,000 workers commuting to the county to move near their workplace. Helping just 500 households, however, could have a major impact on the local economy.

Many studies argue that the economic impact of mixed-income developments do not have large-scale economic impact. Multiple studies in the 1990s argued that while mixed-income communities open new opportunities to lower-income households, residents tend to self-segregate based on income level and class. However, more recent studies show how the ability to find higher wage jobs and educational opportunities for children provide enough incentive to promote mixed-income developments. Spreading low-income households across a jurisdiction also helps to avoid pockets of poverty where residents do not receive the same public services as more affluent areas. More workforce housing would not elevate a middle-income household into the upper class, but it does provide opportunities unavailable to these households otherwise (Rosan, 2014).

Case Studies
The following case studies will highlight businesses, both in and out of Montgomery County, and other governments who are working to bring more affordable housing for their workforce. The case studies will highlight a Montgomery County based company suffering in workforce attraction and retention because of the high cost of housing in the county. They will also highlight other alternative avenues to achieving the goals of workforce housing, and two major employers building mixed-income communities for their workforce.

"Workforce housing programs can have a significant impact on the demographics, economy and housing affordability in a community." – Wendy Sullivan, Planning Consultant
Lack of Workforce Housing Hurts Business and Economy

Case Study: Emmes, Rockville, MD

Emmes is a Rockville headquartered clinical research collaborator working side-by-side with leading researchers to tackle challenges that have an impact on public health throughout the world. Since 2017 Emmes has moved 82 of their employees, about 14 percent of their workforce, to work in satellite offices outside of the Montgomery County. The inability of workers to find affordable housing played a role in this job migration. With a substantial amount of their workforce commuting from outside of the county, Emmes faced increasing pressure from their employees to find a solution to the long commutes. "People who live in Frederick don’t want to move to Rockville because of the cost of living and housing - some of them worked for us for 20 years and would rather make the commute," said Emmes Vice President Jennifer Hester. "Retaining our high-quality workforce was an issue. People either couldn’t afford housing [in Montgomery County] or couldn’t take the commute, so they left."

When the company hired more employees and began to outgrow their space in Rockville, they decided that opening office space outside of Montgomery County made the most sense. Many of their employees, unable to find housing in near Rockville, live in Frederick County and Northern Virginia. This prompted Emmes to open satellite offices in Frederick and in Tysons Corner. Hester also commented that when potential employees find out that Emmes has offices in Tysons and Frederick, "their eyes light up... We can better attract high-quality workers because we opened offices outside of Montgomery County."

Emmes, who has won awards for the quality of life of their employees, emphasize the importance of a healthy work-life balance. Hester and her team were forced to combat the high cost of housing near their headquarters and explore solutions to keep their employees happy and productive. Since opening their satellite offices in 2017, the number of employees working outside of Montgomery County has grown, meaning less income coming into the county’s local economy. "We love Rockville and have no intention on moving our headquarters, but we have to be mindful of our business," said Hester (Crystal, 2018).
Workforce Housing as Economic Development
Case Study: Breckenridge, Colorado

The boom of the skiing industry left resort towns like Breckenridge, Colorado in a difficult situation. Middle-class employees at resorts, retail, restaurants and entertainment venues had historically lived in the city. As property values increased and a large influx of tourism income come into the town, the workforce was quickly priced out of the area. During the off-season, when the tourism industry brought in less money, resort areas become "ghost towns" and local businesses suffered. The city government decided to invest in workforce housing as a counter-measure to the rising incomes and lack of business activity during the off-season.

The city decided to make a major investment in workforce housing in the late 1990s. Since then, Breckenridge has developed 623 workforce housing units that “carry occupancy, pricing, income and/or use restrictions to ensure their availability for locals.” The homes mostly attracted young families with occupants in the 26-45-year-old range, and with 68 percent of residents staying in the homes for 5-20 years.

A study of the city's workforce housing development shows the many successes of the workforce housing vision in Breckinridge. The number of families with young children living in the city grew by 60 percent, local occupancy of homes grew from 25 to 28 percent, and the city saw an increase of $15 million per year being spent in the local economy. The investment, vision, and leadership of the local government played a large role in Breckinridge’s success to provide more ‘essential workers’ with housing in the city.
Public Education and Outreach

The city has helped ensure the success of the program through a strong public outreach and education campaign. The Workforce Housing page of the city’s official website lists the program’s origins, the economic issues that led to the need of workforce housing, the successes the program has already made in the economy, and the developments with available units. They also include links to 13 localized studies and reports that discuss the need and impact of workforce housing on the city. The website also clearly explains the different tools and strategies used to help create more affordable housing for professionals in Breckenridge.

In June 2018, senior planner Laurie Best commented that the city hopes to combat the rise in rental prices. The "front-line employees that work on Main Street to folks like me, teachers or others in the community who are looking for a rental option," Best said. "There are just no rental options." The city’s press and public outreach have also ensured that workforce housing remains a priority for economic development in the local government.

Map of developments in Breckenridge, CO with workforce housing units, which can be found among other resources on Breckenridge’s city website.
Workforce Housing Without the Title

Housing projects can fulfill the goals of workforce housing without actually using the term 'workforce housing' in the unit or development’s title. In some situations, developments offer mixed-income housing with units falling in the 70-120 percent of AMI range. If that same development is near job centers and public transportation, it can help middle-income households find affordable housing without over-regulating a developer’s business activities. By taking advantage of Low-Income Housing Tax Credits (LIHTC) and HUD assistance programs, governments can help middle-income households find affordable housing without taking resources away from low-income housing development. ‘Workforce housing’ aims to give more opportunity for employees to live near their workplace at an affordable rate. Housing projects that achieve this goal, but do not explicitly use the term 'workforce housing,' should be seen as case studies of successful development models.

Case Study: Monarch Mills, Columbia, MD

The Monarch Mills development in Howard County was a public-private partnership aimed at rehabilitating an existing development to provide convenient, state-of-the-art facilities for mixed-income families. Howard County faces similar housing burden costs as Montgomery County. In fact, the median household income is around $110,000 and is regularly rated higher than Montgomery County’s. The county and their private partners built a community with green and community space, accessibility to retail and public transit, and proximity to the public elementary school. The development was also built to meet multiple high-level environmental standards.

116 of the 269 total units are reserved for low income households. The units are available through Section 8 Rental Assistance, Section 42 LIHTC, and HUD Rental Assistance. While there are no explicit workforce housing units in the development, the HUD Rental Assistance units are available for households making up to 80% of AMI, covering the lower end of workforce housing eligibility (Montgomery, 2014).

Monarch Mills is an example of a local government avoiding regulations, but still offering middle-income families assistance in finding quality housing. The development’s location in the county’s economic hub helps professionals find housing near their workplace.
Company Communities

When a major employer moves to a new city, housing for the workforce is an important issue that can play a big role in the company’s future. Over the past few years, companies with the money and resources have begun exploring alternatives to providing affordable housing close to company offices. Facebook and Google have been active in working with local governments to build open communities that will serve their employees and grow their businesses. While these projects are unique, Montgomery County officials should learn from these examples if they hope to attract major employers like Amazon.

Case Study: Facebook’s Willow Campus

In 2017 Facebook officially submitted plans to build a Science & Technology Park in Menlo Park, California. The campus, which will be called Willow Campus, will include 1,500 newly built housing units, 15 percent of which will be available for below market value. The City of Palo Alto, who has jurisdiction over Menlo Park, identifies Below Market Rate as 80-120 percent of AMI, fitting the general definition of workforce housing.

“Working with the community, our goal for the Willow Campus is to create an integrated, mixed-use village that will provide much needed services, housing and transit solutions as well as office space,” Facebook said in a press release. "Part of our vision is to create a neighborhood center that provides long-needed community services. We plan to build 125,000 square feet of new retail space, including a grocery store, pharmacy and additional community-facing retail" (Tenanes, 2017).

Artist rendering of Facebook’s Willow Campus in Menlo Park, California
Facebook plans to build the village in a four step process with the first phase beginning in 2021 and the fourth phase starting in 2025. Phase one includes the building of 500 housing units as well as grocery and retail. Funding for the 225 below market rate units will come from the company’s Housing Catalyst Fund, which has $18.5 million invested for affordable housing.

**Roadblocks**

A large-scale project such as this comes with difficulties. Facebook hopes to bring 35,000 employees into the Menlo Park area, which is close to the current population size of the city. Former Mayor Mickie Winkler supports the initiative, but has voiced concerns about how Willow Campus would impact the town. “As most of you know, I am not squeamish about development, but I am squeamish about traffic,” she said in 2017. Facebook argues that they will help reduce traffic in the area. Matt Regan, Senior Vice President of Public Policy for the Bay Area Council, told the San Francisco Chronicle that "bringing offices closer to where employees live should help reduce traffic." Facebook has helped fund traffic-relief projects for the Bay Area and argue that bringing homes closer to jobs will reduce overall traffic in the region. "Willow Campus will be an opportunity to catalyze regional transit investment by providing planned density sufficient to support new east-west connections and a future transit center. We’re investing tens of millions of dollars to improve US101."

The city government is also considering taxes on Facebook that would help raise funds for infrastructure development. An employment, or 'head tax,' would tax Facebook a set amount per employee working in Menlo park. 'Head taxes,' though controversial, have become a popular talking point for cities hosting companies like Facebook, Google, and Amazon.

Facebook also faces the challenge of how to avoid displacing lower-income households living near the Willow Campus. “If Mr Mark Zuckerberg cares about what happens in the community in which he has settled his (billions-dollar) business, he would not hesitate to say a word and reflect on the deep concerns of the community that is suffering from a business effect," wrote local housing activist Sandra Zamora (Perata, 2018).

At the time this report was authored, Facebook’s public image has taken a large hit due to issues over data breaches and 'fake news' during the 2016 and 2018 U.S. elections. The company’s stock dropped $46.44 in late July and early August as concerns over the social media platform’s future continue to grow. It is unknown how this will impact the company’s plans for Willow Village.
Case Study: Google

In December 2017, Mountain View, California officials approved Google's plans to build close to 10,000 housing units adjacent to the company's future campus. "This is a cutting-edge plan that sets a standard not just for the Bay Area, but for much of the country," said the city's Vice-Mayor Lenny Siegal. Google's Vice-President of Real Estate Mark Golan described the development as a "live, work, play, and stay" community.

In addition to the large-scale 'North Bayshore' plan, Google will spend $30 million to build temporary housing for 300 employees. Google will contract Factory OS, a company which builds homes and ships them to locations, who claims that the modular technology can save tenants $700 a month in rent, thanks to lower construction costs (Robinson, 2018).

Roadblocks

Similar to Facebook, local governments where Google has offices are considering implementing a 'head tax' on the company. Despite Mountain View's excitement over the future development, the city council decided to add a referendum to the November 2018 election on whether to tax the company based on their number of employees. The tax revenue in Mountain View would be used for infrastructure improvements. Cupertino, CA, where 24,000 Google employees work, had been debating on raising the 'head tax' on large companies. On July 31, 2018, the city council decided to postpone the debate until 2020, leaving Mountain View as the only remaining city considering the 'head tax' on Google.
RECOMMENDATIONS

1 MATCHING STIPENDS FOR IN-COUNTY HOUSING

While the government plays a role in making housing more affordable for middle-class professionals, the employers must act as partners. It is in their own best interests to have employees live near their workplace in order to increase employee satisfaction, productivity, and for the ability to attract and retain a high-quality workforce.

Montgomery County should sign individual agreements with businesses who are willing to pay their employees a small stipend to combat the high cost of living in the county. This stipend would only be available to employees who have proof of residency in the county, and if they are earning 70-120 percent of AMI. The county will match these stipends through the Economic Development Fund (EDF).

Matching the stipend through the EDF is vital for two reasons. Firstly, public housing funds should be spent on housing for lower-income households, not middle-income. These stipends are not politically feasible if they take funds away from the county citizens who need the most assistance. Secondly, the EDF ensures that workforce housing is treated as economic development, and will build confidence in employers that the county understands the economic impact of workforce housing availability. MCEDC will promote these funds to attract businesses to the county.

2 PROMOTE WORKFORCE HOUSING IN OPPORTUNITY ZONES

The new Opportunity Zones were created to incentivize individuals or groups to invest in low-income communities around the country. With 14 zones in Montgomery County, there are ample opportunities to for capital gains earners to invest their earnings in the county. At the Maryland Opportunity Zones Conference in July 2018, Frank Dickson, Director of Strategic Business for Maryland’s DHCD, commented that development surrounding the Purple Line in Montgomery County is an ideal location for investments. At the same conference, Ira Weinstein of CohnReznick professional services firm told a large crowd that 'real estate makes the most sense' when investing in opportunity zones.

The County Council should make it a priority to promote investments in opportunity zones that will address both workforce and low-income housing, particularly around public transit centers. These zones will see an influx of financing for local businesses, and it is paramount that the local employees are able to find affordable housing in these zones. Without workforce and affordable housing, local residents are in danger of being gentrified out of these developing areas.

The county should work with local chambers of commerce and MCEDC to create a strategic plan to promote investments in housing developments that will create mixed-income environments for these burgeoning economic areas.
RECOMMENDATIONS

3 REHABILITATE AGING STRUCTURES

Montgomery County does not have an abundance of land to build new housing developments. At the same time, around 55% of housing in the county was built before 1980. While most workforce housing projects tend to come from new building, Montgomery County does not have the luxury to build expansive new developments. The county should take advantage of aging structures with little economic value by rehabilitating them into mixed-income units.

Monarch Mills in Columbia, MD should be used as an example for Montgomery County. Without displacing any of the residents in the aging development, Howard County and the private partners involved were able to build a state of the art mixed-income development that fulfill many of the goals of workforce housing programs. Partnering with the private sector is key in this type of project. Montgomery County should work with organizations like the Montgomery Housing Partnership to identify aging structures and developments that can be rehabilitated without displacing current residents. This model can be quicker and more cost effective than building new structures, and can be utilized in Opportunity Zones in order to secure private funding.
CONCLUDING REMARKS

Over the past few decades, workforce housing has become a buzzword in local government and the housing industry. Programs have been held back, however, partly because of a misunderstanding of what the term means. Workforce housing is, at its core, about fostering an economic environment where middle-class workers can afford to live in the communities in which they work. By its nature, it is a housing program, but it is more about creating an economic environment that can provide this type of housing. Therefore, in order to provide more workforce housing, it must be viewed from the lens of economic development.

There are over 200,000 people who commute into Montgomery County to work in primary jobs. No workforce housing program is going to provide housing for all of those workers, and nor should it. Households will always find reasons why commuting from Washington D.C., Frederick County, or other surrounding communities makes the most sense. Cities like Breckenridge, however, have proven that moving 600 middle-class households into a jurisdiction can bring millions of dollars into the local economy every year.

In addition, while flaunting the term ‘workforce housing’ may be politically helpful, policy makers should not be dependent on the term when providing housing incentives for middle-class workers. Some programs, like at Monarch Mills in Columbia, provide housing subsidies for households on the lower end of the workforce housing spectrum. This would not qualify under the county’s definition of workforce housing, but it still helps households ineligible for low-income housing with enough assistance to live near their workplace.

Implementing these three recommendations will help grow the economy, avoid sacrificing low-income housing funds, and will spark development and help households to work, play and live in Montgomery County.

Samuel J. Crystal
FELLOW, MONTGOMERY COUNTY COUNCIL
UNIVERSITY OF MARYLAND, SCHOOL OF PUBLIC POLICY
REFERENCES


REFERENCES

“Rental Housing Study.” Montgomery Planning, montgomeryplanning.org/tools/research/special-studies/rental-housing-study/.


Sullivan, Wendy. The Impact of Affordable Workforce Housing on Community Demographics, Economies, and Housing Prices and Options. 2014, The Impact of Affordable Workforce Housing on Community Demographics, Economies, and Housing Prices and Options.

Sullivan, Wendy, and Melanie Rees. 2016 Summit County Workforce Housing Demand Update. 2016, 2016 Summit County Workforce Housing Demand Update.


“Workforce Housing.” Montgomery County Maryland, montgomerycountymd.gov/DHCA/housing/singlefamily/workforce/.