Montgomery County Council

Committee: Directly to Council
Committee Review: At a future date
Staff: Linda McMillan, Sr. Legislative Analyst
Pamela Dunn, Sr. Legislative Analyst
Purpose: Receive briefing and have discussion – no vote expected
Keywords: COG, Future of Housing, Urban Institute, Future Housing Needs

AGENDA ITEM 3
October 15, 2019
Discussion

SUBJECT

Metropolitan Washington Council of Governments (MWCOG) report, "The Future of Housing in Greater Washington, A Regional Initiative to Create Housing Opportunities, Improve Transportation, and Support Economic Growth," and MWCOG regional housing targets

EXPECTED ATTENDEES

Gwen Wright, Director, Montgomery County Planning Department
Aseem Nigam, Director, Department of Housing and Community Affairs
Robert (Bob) Buchanan, Principal, Buchanan Partners
Maya Brennan, Senior Policy Associate, Urban Institute
Leah Hendey, Senior Research Associate, Urban Institute
Lisa Govoni, Planner Coordinator, MC Planning Department
Louise Kaufman, City of Gaithersburg
Grayce Wiggins, City of Takoma Park
Asmara Habte, City of Rockville

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- Briefing and Discussion at this session

DESCRIPTION/ISSUE

Over the last year, MWCOG analyzed and reviewed cooperative employment and housing forecasts. Employment growth is currently outpacing housing. Insufficient housing impacts housing affordability and undercuts economic development that relies on an available workforce. Transportation systems are strained as workers commute long distances.

MWCOG has adopted three regional housing targets: (1) Add at least 320,000 housing units to the region between 2020 and 2030; (2) At least 75% of new housing should be in Activity Centers or near high-capacity transit; and (3) At least 75% of new housing should be affordable to low- and middle-income households. The new housing target is 75,000 more units than the current regional forecast and allocates 10,000 of these additional units to Montgomery County (including a portion in the City of Gaithersburg and the City of Rockville.)

SUMMARY OF KEY DISCUSSION POINTS

- Impacts of insufficient housing stock for all income levels.
- Strategies to increase the production of new housing units to meet the new housing targets.
- Strategies to produce new and preserve existing affordable housing.

This report contains:

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THE FUTURE OF HOUSING IN GREATER WASHINGTON

A Regional Initiative to Create Housing Opportunities, Improve Transportation, and Support Economic Growth

September 2019

Metropolitan Washington
Council of Governments

(1)

THE FUTURE OF HOUSING IN GREATER WASHINGTON
Prepared by COG Staff for the COG Board of Directors
September 4, 2019

ABOUT COG
The Metropolitan Washington Council of Governments (COG) is an independent, nonprofit association that brings area leaders together to address major regional issues in the District of Columbia, suburban Maryland, and Northern Virginia. COG's membership is comprised of 300 elected officials from 24 local governments, the Maryland and Virginia state legislatures, and U.S. Congress.

CREDITS
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Cover Photos: H Street NE (Ted Eytan/Flickr); Clarksburg (Dan Reed/Flickr); Row Houses (Alan Kotok /Flickr); Arlington Square (Dan Reed/Flickr).

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Arlington Square (Dan Reed/Flickr)

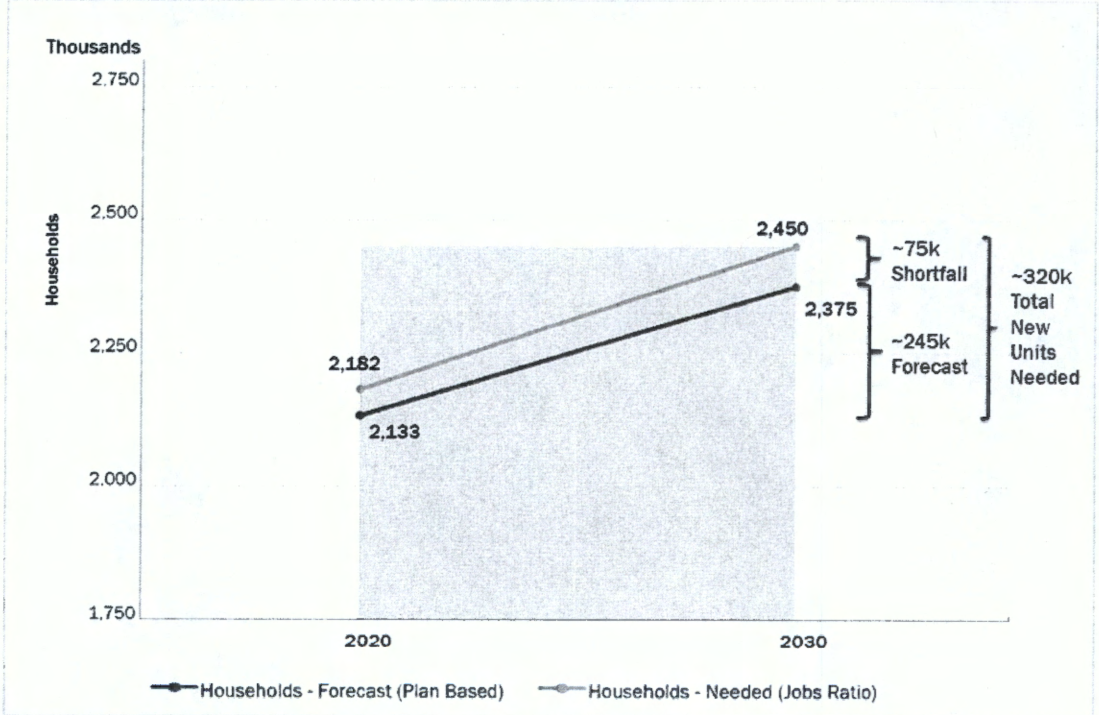
The region's current unmet housing needs undercut its appeal to new companies and talent, strain the transportation system, and impact the environment and quality of life for residents. The solution is for housing to be preserved and created at a higher rate than has been achieved in the recent past.

OVERVIEW

Metropolitan Washington is a dynamic region. With vibrant, diverse communities, sought-after amenities, and burgeoning industries, it is no surprise that families and businesses want to call the area home.

But with continued growth and an increased demand to live here, the region now finds itself in a challenging situation. There is an imbalance between the number of jobs and the amount of housing available to the workforce. This gap is expected to widen without intervention; the region is forecast to add approximately 413,000 new jobs to its employment base between 2020 and 2030, but only approximately 245,000 new housing units over the same period.[1]

COG Regional Housing Need 2020-2030 (Planned vs. Needed)



Source: COG Cooperative Forecasts

Using a widely accepted metric for "balancing" the number of households and jobs, a Metropolitan Washington Council of Governments (COG) analysis showed the region needs, between 2020 and 2030, more than 75,000 additional households than what is currently anticipated (245,000 households). If the timeframe is stretched from 2020 to 2045, more than 100,000 additional households will be needed beyond the new households anticipated.

[1] COG, Cooperative Forecast, https://www.mwcog.org/community/planning-areas/cooperative-forecast/; Actual figures rounded for simplicity.

This housing shortage—or "shortfall"—has created a dynamic where, according to the National Capital Region Transportation Planning Board (TPB) at COG, more than 325,000 workers are commuting to jobs in the region each day from communities located beyond its footprint.

This situation affects the area's affordability, potentially undercuts its appeal to new companies and talent, strains the transportation system, and impacts the environment and quality of life for the region's residents. For some, this means not only long commutes to work, but also difficult choices between paying rent or affording other basic necessities such as food or medicine.

A year ago, area officials on the COG Board of Directors passed a resolution acknowledging the region's housing production challenges and directing COG staff and local government housing and planning directors on COG's Planning Directors Technical Advisory Committee and Housing Directors Advisory Committee to conduct additional research to address them.

What followed was a deep dive into determining the **Amount** of housing needed to address the shortfall and whether the region could produce it, the ideal location for new housing to optimize and balance its proximity to jobs (**Accessibility**), and the **Affordability** of new units to ensure they are priced appropriately for those who need them. This information gathering, data analysis, and consultation with officials and partners resulted in three regional housing targets for COG member governments to pursue, which were adopted by the COG Board in September 2019:

Regional Target 1:

AMOUNT
At least 320,000 housing units should be added in the region between 2020 and 2030. This is an additional 75,000 units beyond the units already forecast for this period.

Regional Target 2:

ACCESSIBILITY
At least 75% of all new housing should be in Activity Centers or near high-capacity transit.

Regional Target 3:

AFFORDABILITY
At least 75% of new housing should be affordable to low- and middle-income households.

These targets address the region's housing need from an economic competitiveness and transportation infrastructure standpoint; for example, the TPB estimates that meeting the targets could result in a nearly 20 percent reduction in traffic congestion, if coupled with continued investment in existing transportation infrastructure, supportive land-use policies, among other factors.[2] Reaching the targets would also have broad significance for the future of the region and its residents and their quality of life.

[2] TPB, Long Range Task Force Reports, https://www.mwcog.org/documents/2017/12/20/long-range-plan-task-force-reports-projects-regional-transportation-priorities-plan-scenario-planning-tpb/

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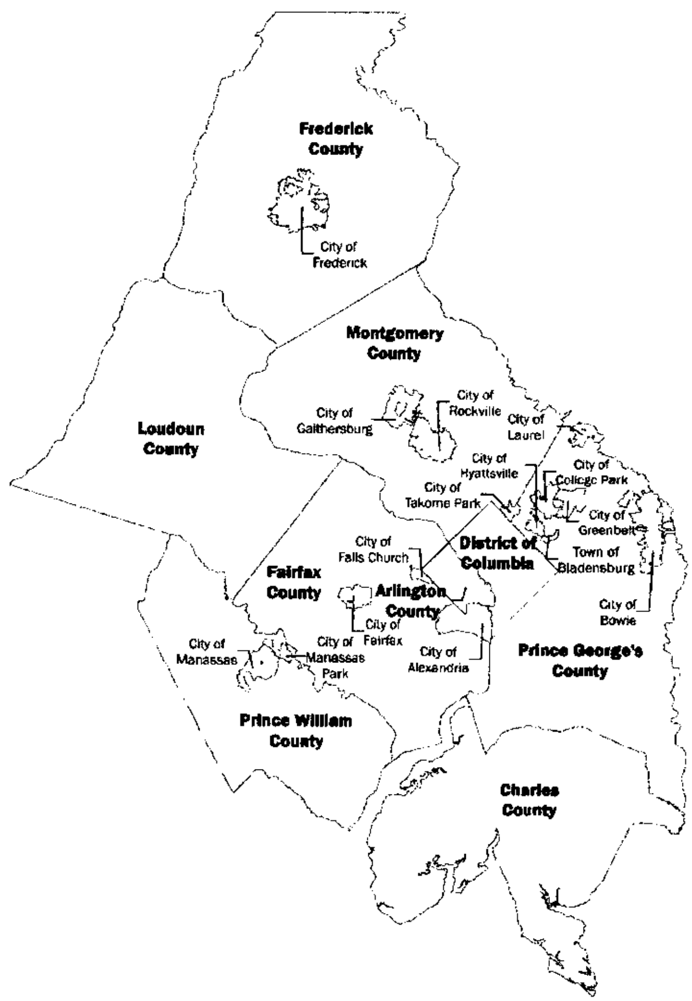
Local governments are already planning and working to preserve and increase the supply and diversity of affordably-priced homes in their jurisdictions but face a variety of challenges—from community dynamics and market forces, to competing funding priorities and reduced federal resources. It will take a range of tools and innovative policies to meet these targets over the next ten years, including strategic partnerships with the business, non-profit, and philanthropic sectors. No one sector alone can solve the region's housing challenges.

The region has a record of success when it comes to addressing big challenges together, whether securing dedicated funding for Metro, achieving impressive air quality progress over the last 40 years, or executing planning visions like Activity Centers, a visionary goal in 1998 but a reality today. [3, 4, 5]

There is a renewed energy locally, regionally, at the state level, and from a variety of sectors, to take action to address the country's and the region's housing challenges. COG and its members have already taken a critical first step in metropolitan Washington by putting a fine point on the regional need and developing a set of targets for local governments and partners. Together, and through a variety of methods and partnerships, it will be possible to ramp up housing production, and create it in ways that ensure inclusive communities, so that the benefits of economic growth in this dynamic region are shared by all.

COG Member Governments



³ COG, Restoring Metro, https://www.mwcog.org/restoringmetro/

⁴ COG, Air Quality, https://www.mwcog.org/environment/planning-areas/air-quality/

⁵ COG, Activity Centers, https://www.mwcog.org/community/planning-areas/land-use-and-activity-centers/activity-centers/


Clarksburg (Dan Reed/Flickr)

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HOUSING PRODUCTION IN GREATER WASHINGTON

In order to understand the extent of the region's unmet housing needs, it is helpful to understand the changing housing landscape from the early 2000s through today. This information is for the COG footprint—which includes the District of Columbia, suburban Maryland, and Northern Virginia.

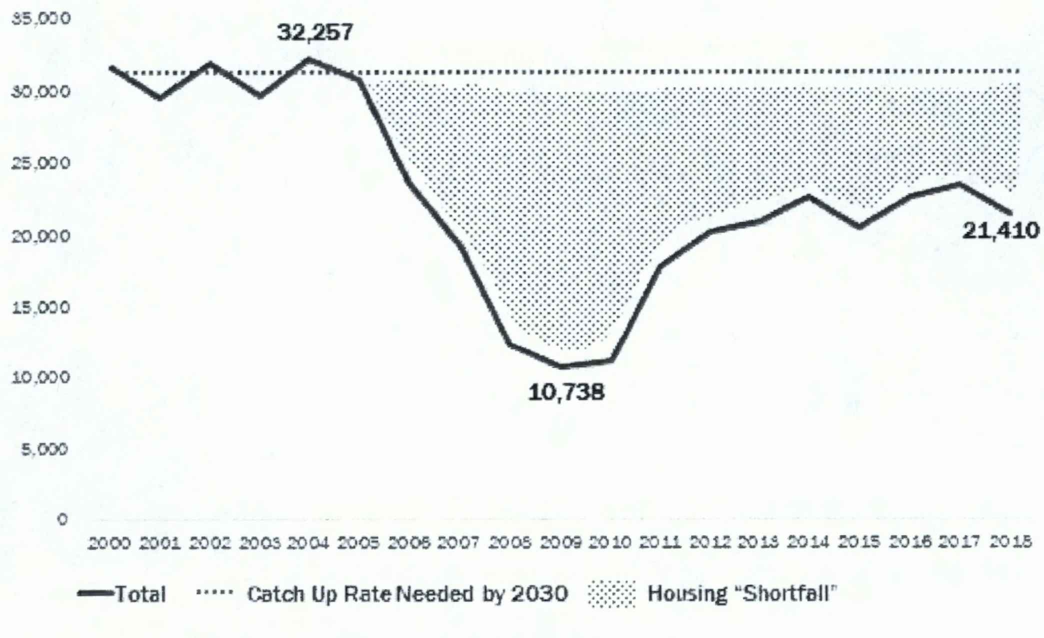
Recent Production Trends

To address the region's housing shortfall, housing must be preserved and created at a higher rate than has been achieved in the recent past.

According to a COG analysis of U.S. Census Bureau housing permit data, the region averaged over 25,000 new housing units per year in the 1990s. In the early 2000s, the region produced more than 30,000 units per year, much of that in the form of single-family homes in the outer suburbs, like Loudoun County.[6] When the Great Recession hit the country around 2008, regional production dropped to approximately 10,000 units per year.

Housing production has improved since 2011. In 2018, the region produced just over 21,000 housing units per year. Although this is the right trajectory, this production level is not sufficient to meet the growing need in the region.

Figure 1: Housing Construction Permits by Year in Metropolitan Washington



Source: COG Analysis of U.S. Census Bureau C-40 Residential Permit Data

[6] George Washington University, *State of the Capital Region*, https://cpb-us e1.wpmucdn.com/blogs.gwu.edu/dist/7/677/files/2019/05/20190507_socr_2019_pages.pdf

Current Housing Landscape

According to COG's **Cooperative Forecasts**, official growth projections that include data provided by area jurisdictions, employment growth currently outpaces housing growth in metropolitan Washington.

The region anticipates its projected 2020 employment of 3.36 million jobs will grow to 3.77 million by 2030—an increase of approximately 413,00 jobs. During this same period, the total number of households would grow from the projected 2020 base of approximately 2.13 million units to 2.38 million—an increase of approximately 245,000 housing units.

This situation—a mismatch between the amount of housing and jobs—affects the area's affordability, potentially undercuts the region's appeal to new companies and talent and necessitates commuting into the region for work, straining the transportation system.

The TPB studied this challenge as part of their long-range planning process.[7] In seeking a better balance between growth in jobs and housing, a TPB task force determined a jobs-to-housing ratio of 1.54 could optimize economic competitiveness and improve future transportation system performance.

Using the ratio, COG determined the region needs, by 2030, at least 75,000 additional households beyond those currently anticipated. This is the region's "housing shortfall," and it is expected to worsen without intervention.

Overall, the region needs to add 75,000 additional housing units to the 245,000 units already planned, bringing the region's total net new housing to 320,000 units produced between 2020 and 2030. This means the region needs a sustained annual housing production of at least 32,000 units per year.

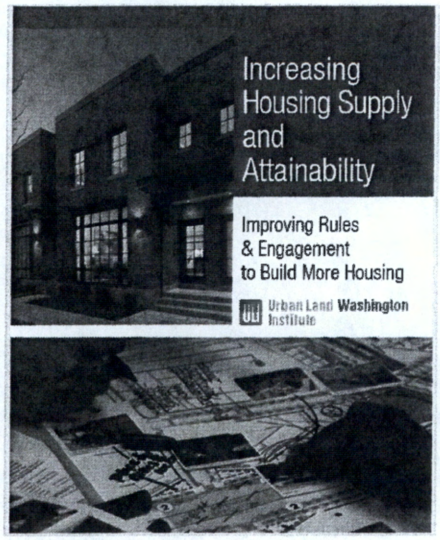
Figure 2: Forecast of Employment, Households, and Calculated Housing Need

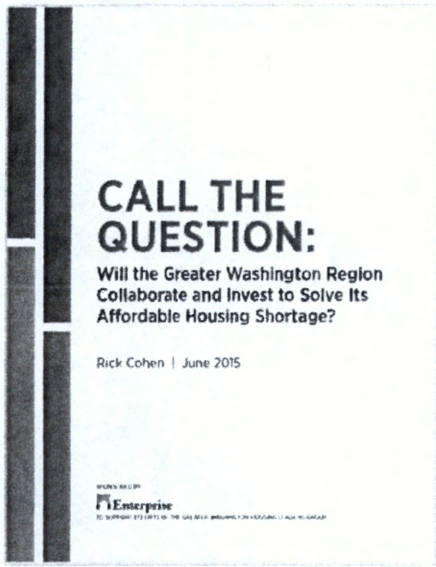
	2020	2030	2045
Forecast Employment	3,361,000	3,774,000	4,274,000
Forecast Households	2,133,000	2,375,000	2,660,000
Households Needed for Jobs	2,182,000	2,450,000	2,775,000
Housing Shortfall ***(Approx.)***	**~49,000**	**~76,000**	**~115,000**

By 2030, the region needs at least 75,000 additional households beyond what's planned.

Source: COG Round 9.1 Cooperative Forecasts

[7] TPB, Long Range Task Force Reports, https://www.mwcog.org/documents/2017/12/20/long-range-plan-task-force-reports-projects-regional-transportation-priorities-plan-scenario-planning-tpb/





The region's housing challenges have been documented by many leading experts, including the Urban Land Institute and Housing Leaders Group.

In addition to the TPB's consensus that housing and jobs must be brought closer together to reduce strains on the area transportation system, the region's housing challenges have also been documented in research by many other leading experts, including the **Urban Institute**, Greater Washington Partnership, George Mason University's **Center for Regional Analysis**, George Washington University's **Center for Washington Area Studies**, the **Housing Leaders Group of Greater Washington**, **ULI Washington**, and the **2030 Group**, among others.

Local governments have already started to act. Based on COG's analysis of the regional need, District of Columbia Mayor Muriel Bowser signed an Order on Housing in spring 2019 that called for the production of 36,000 new housing units in the District by 2025.[8] Prince George's County completed its first-ever comprehensive housing strategy, *Housing Opportunities for All*, a plan to support and house existing residents and new residents, and build on strategic assets like transit.[9] Fairfax County recently completed its *Communitywide Housing Strategic Plan* and *Housing Arlington* is a direct response to the decision by Amazon to locate its second headquarters in the county.[10,11]

Non-profits, philanthropy, and business are responding, too. For example, the Housing Leaders Group of Greater Washington's Capital Region Housing Challenge and the Washington Housing Initiative launched by JBG Smith and the Federal City Council are facilitating investment in affordable housing for low- and moderate- income residents.[12,13]

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[8] District of Columbia, Mayor Bowser Signs Order to Drive Bold Goal of 36,000 Housing Units by 2025, https://mayor.dc.gov/release/mayor-bowser-signs-order-drive-bold-goal-36000-housing-units-2025

[9] Prince George's County Comprehensive Housing Strategy, *Housing Opportunities for All*, https://www.princegeorgescountymd.gov/2803/Comprehensive-Housing-Strategy

[10] Fairfax County Housing and Community Development, *Communitywide Housing Strategic Plan*, https://www.fairfaxcounty.gov/housing/communitywideplan

[11] Arlington County, Housing Arlington initiative, https://housing.arlingtonva.us/housing-arlington/#

[12] Housing Leaders Group Launches the Capital Region Housing Challenge, https://www.handhousing.org/hand-housing-leaders-group-launch-the-capital-region-housing-challenge/

[13] JBG Smith, The Impact Pool, https://www.jbgsmith.com/about/washington-housing-initiative/impact-pool

2019 COG Board Officers, Vice Chair Derrick L. Davis, Chair Robert C. White, Jr., and Vice Chair Christian Dorsey

"...I can think of no higher regional priority than to ensure a sufficient supply of affordably-priced housing for our current residents as well as the workers we need to fill the new jobs anticipated in the future. I'm looking forward to applying COG's expertise and connections to thoroughly analyze the issue at the regional level and help us identify solutions that we can implement in our local jurisdictions."

- Chair Robert White, Jr. (January 2019)

COG'S HOUSING INITIATIVE

During an annual leadership retreat in July 2018, COG staff briefed attending members on its analysis of the region's housing challenge, and the need to increase production and preservation efforts to sustain economic growth, ease the strain on the transportation system, and improve quality of life. Members discussed impediments to addressing the current housing needs, as well as tools and strategies that could be employed to achieve long-term goals.

As a result, in September 2018, the COG Board of Directors unanimously passed a resolution directing COG staff and its relevant committees to work together to identify the exact housing need and assess what it would take to ramp up production. [14]

Under the leadership of new officers in January 2019, the COG Board received a workplan for the initiative. The workplan directed COG and its Planning Directors Technical Advisory Committee and Housing Directors Advisory Committee to study three areas of the housing production challenge over the course of the next nine months:

1. **Amount** - How much new housing should be added in the region and what is the region's ability to produce it?

2. **Accessibility** - How much of the additional housing should be located in Activity Centers and near high-capacity transit stations?

3. **Affordability** - At what price points should housing be added to accommodate the type of household growth anticipated?

In April 2019, the COG Board established a Housing Strategy Group to focus on the impediments to addressing the housing need and help guide the initiative forward. [15] The strategy group included representatives from Prince George's County, Montgomery County, the District of Columbia, Fairfax County, and the City of Alexandria.

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[14] COG Certified Resolution R33-2018, https://www.mwcog.org/documents/2018/09/12/certified-resolution-r33-2018—housing-needs/

[15] COG Certified Resolution R12-2019, Housing Strategy Group, https://www.mwcog.org/documents/2019/04/10/certified-resolution-r12-2019—housing-strategy-group/

ADDRESSING UNMET NEEDS: SETTING REGIONAL HOUSING TARGETS

Under the direction of the COG Board of Directors, local housing and planning directors and COG staff spent a year studying what it would take to increase the area's housing supply to accommodate the region's growing workforce. Their findings have been distilled into three regional aspirational housing targets focused on the Amount, Accessibility, and Affordability of additional units. The three targets were adopted by the COG Board of Directors in September 2019.

Regional Target 1:

AMOUNT
At least 320,000 housing units should be added in the region between 2020 and 2030. This is an additional 75,000 units beyond the units already forecast for this period.

Regional Target 2:

ACCESSIBILITY
At least 75% of all new housing should be in Activity Centers or near high-capacity transit.

Regional Target 3:

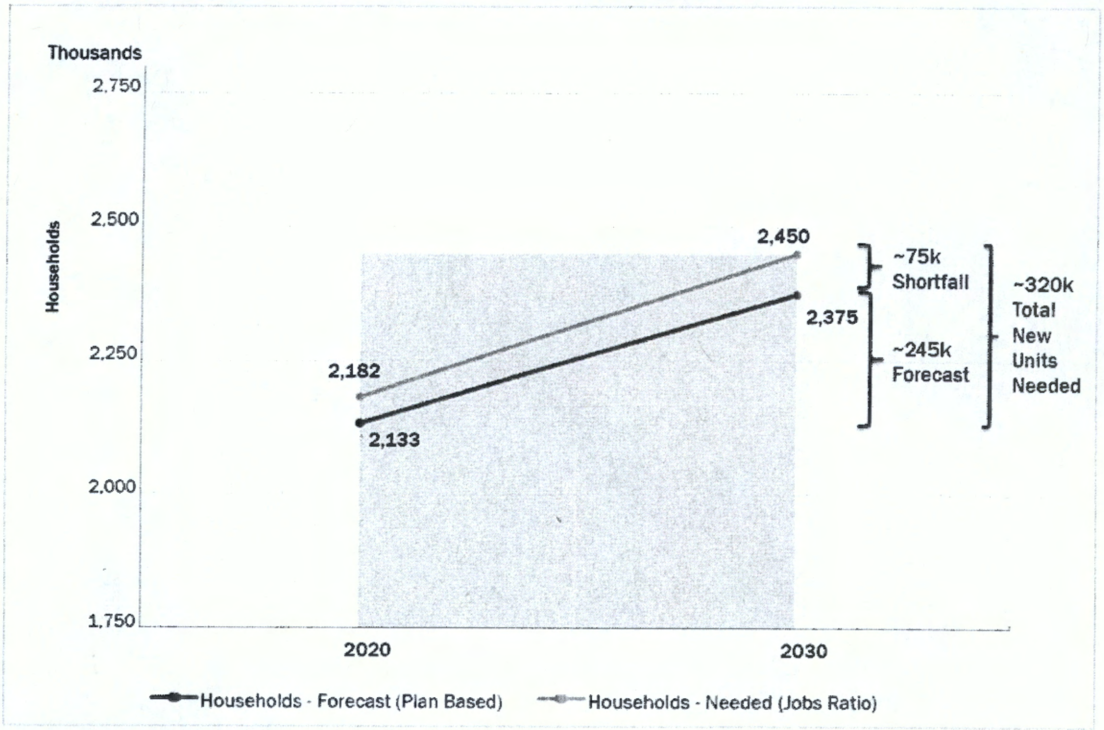
AFFORDABILITY
At least 75% of new housing should be affordable to low- and middle- income households.

Regional Target 1: Amount

AT LEAST 320,000 HOUSING UNITS SHOULD BE ADDED IN THE REGION BETWEEN 2020 AND 2030. THIS IS AN ADDITIONAL 75,000 UNITS BEYOND THE UNITS ALREADY FORECAST FOR THIS PERIOD.

This 320,000-unit production target is for the timeframe of 2020–2030. It includes both the 245,000 new households currently forecast by local governments and COG for this period, in addition to the 75,000 extra units needed to address the regional shortfall and house workers for anticipated new jobs.[16]

Figure 3: COG Regional Housing Need 2020-2030 (Planned vs. Needed)



Source: COG Cooperative Forecasts

As part of its long-range planning process, the TPB at COG determined that a ratio of 1.54 jobs per household would be sufficient to boost the region's economic competitiveness and reduce strain on the transportation system by bringing the number of households more in balance with the number of jobs.[17] This ratio was used to calculate the regional shortfall (see page 6). Currently, the region averages 1.64 jobs per household.

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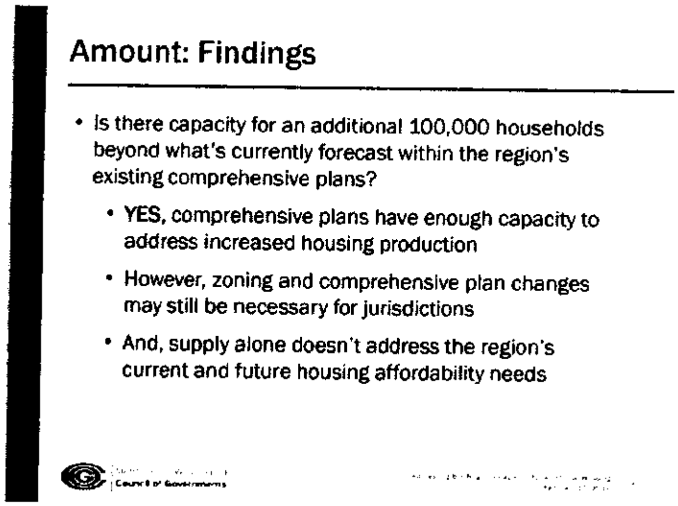
[16] COG, *Growth Trends: Cooperative Forecasting in Metropolitan Washington*, https://www.mwcog.org/documents/2018/10/17/growth-trends-cooperative-forecasting-in-metropolitan-washington-cooperative-forecast-growth–development/

[17] TPB, *An Assessment of Regional Initiatives for the National Capital Region*, https://www.mwcog.org/documents/2017/12/20/long-range-plan-task-force-reports-projects-regional-transportation-priorities-plan-scenario-planning-tpb/



Slide from the February 2019 presentation by COG Planning and Housing Directors Committees to the COG Board of Directors.

"On the District government side, we've had a big push from the Mayor who's acknowledged the challenges we have locally and as a region...and has challenged us to think bigger and differently...building on a lot of the work that has happened in these [COG] committees."

- COG Planning Directors Committee Co-Chair and District of Columbia Office of Planning Director Andrew Trueblood (February 2019)

During the February 2019 COG Board of Directors meeting, the COG Planning Directors Technical Advisory Committee and Housing Directors Committee confirmed on behalf of the region's housing and planning directors that existing local comprehensive plans could indeed accommodate this additional necessary capacity.[18]

As part of the initiative, COG staff and the planning directors also studied ways to allocate the 75,000 additional households needed across the region's jurisdictions. For example, they determined each jurisdiction could contribute a portion of the additional households needed based on its share (percentage) of forecast household growth between 2020 and 2030. Although this is not included in the regional targets at this time, the jurisdictions are identifying the local actions needed to produce more housing in priority locations, as well as the partners who must be part of the solution.

[18] COG, *Addressing Region's Capacity for Additional Housing Presentation*, https://www.mwcog.org/events/2019/2/6/cog-board-of-directors/

Regional Target 2: Accessibility

AT LEAST 75 PERCENT OF ALL NEW HOUSING SHOULD BE IN ACTIVITY CENTERS OR NEAR HIGH-CAPACITY TRANSIT

The idea of concentrating growth in specific locations called **Activity Centers** has been endorsed, promoted, and implemented by area leaders in places throughout the region for almost 20 years. There are currently 141 designated Activity Centers in the COG region, and they occupy about nine percent of the region's land.

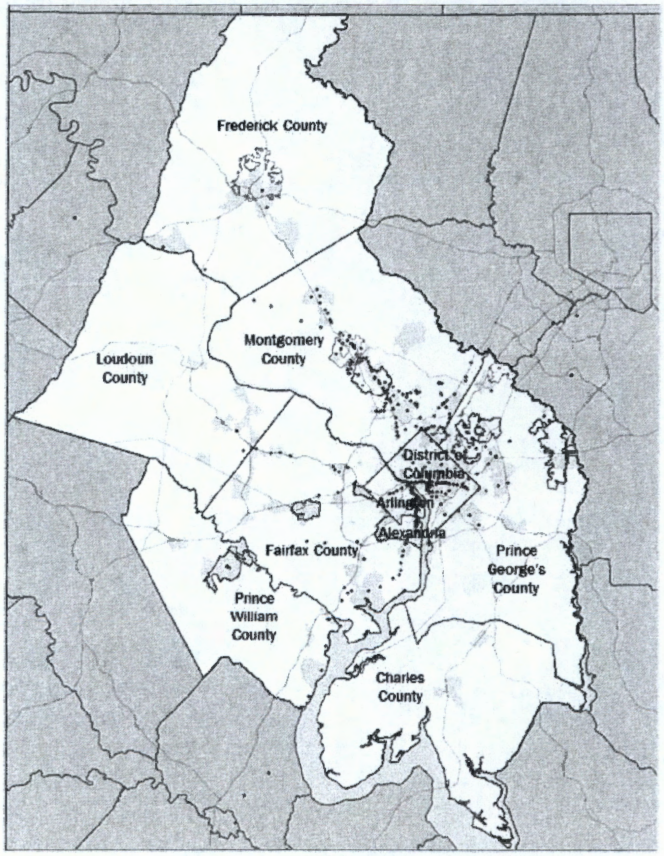
In 2010, as part of its **Region Forward Vision**, the COG Board endorsed a goal to accommodate 50 percent of projected new housing in Activity Centers.[19] An analysis of jurisdictions' current growth trends revealed that this goal is already being exceeded; the most recent COG analysis found 64 percent of projected new housing through 2030 will be located in Activity Centers.

As part of its **Visualize 2045** long-range transportation plan approved in 2018, the TPB identified a regional network of 297 high-capacity transit stations, including many outside of Activity Centers, that could also be potential locations for additional growth.

As a result, COG analysis found that 68 percent of new housing is anticipated in Activity Centers and high capacity transit stations through 2030, paving the way for planning and housing directors to propose a more ambitious goal for locating additional new housing.

In 2010, the COG Board endorsed a goal to accommodate 50 percent of projected new housing in these Activity Centers. An analysis of current growth trends revealed that the region already exceeded this goal.

Figure 4: Activity Centers & High-Capacity Transit

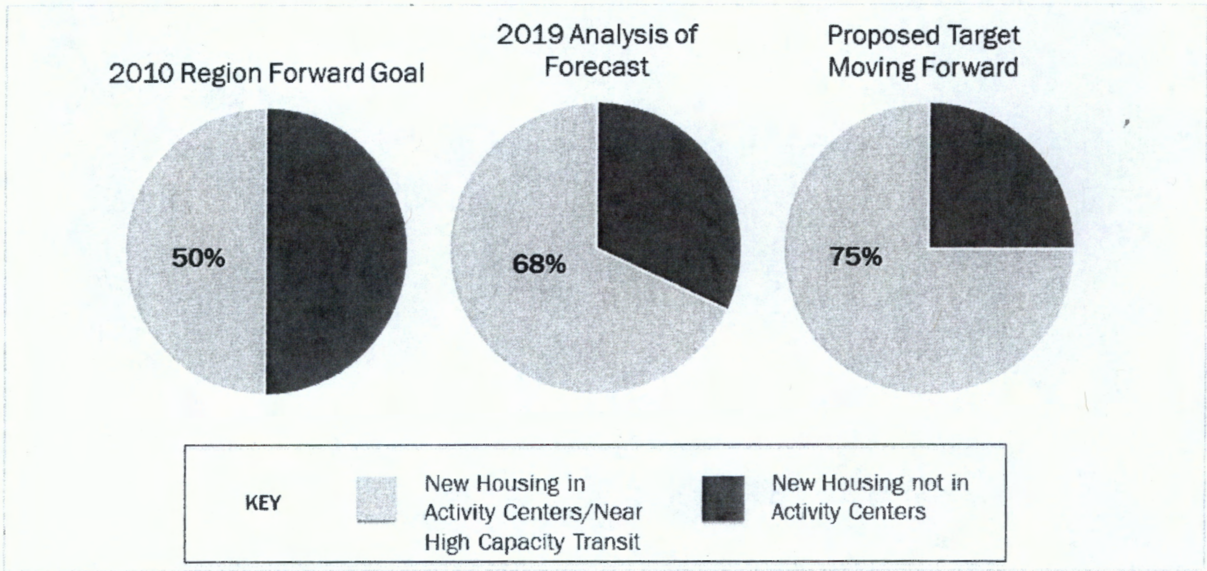


Source: COG. The green areas denote the region's 141 Activity Centers, and purple dots denote the location of high-capacity transit stations, to include 90 Metro stations, 39 commuter rail stations, 21 light rail stations, 120 BRT stations, and 19 streetcar stations.

[19] COG, Region Forward Targets, https://www.mwcog.org/community/planning-areas/regional-planning/region-forward/targets/

Based on data provided by member jurisdictions' planning departments, it was confirmed at the April 2019 COG Board of Directors meeting that these areas indeed have the capacity to accommodate all the additional housing the region needs to meet the goal in Target 1 of 75,000 units. [20] Therefore, COG staff recommended a regional target of 75 percent of all new housing in Activity Centers or near high-capacity transit.[21]

Figure 5: Region's Progress Toward Housing Growth in Activity Centers



Source: COG

[20] COG, *Addressing Accessibility of Region's Housing Presentation*, https://www.mwcog.org/events/2019/4/10/cog-board-of-directors/

[21] See Appendix C.

Regional Target 3: Affordability

AT LEAST 75 PERCENT OF NEW HOUSING SHOULD BE AFFORDABLE TO LOW- AND MIDDLE-INCOME HOUSEHOLDS

As the region considers the amount and location of new housing needed to align with future growth, local leaders must also ensure it is priced appropriately for those who will need it. When housing is affordable, residents can build savings, invest in health care, education, childcare, and more.

In a presentation to the COG Board of Directors in June 2019, the Urban Institute revealed that many area households are "housing cost-burdened," meaning a family spends more than 30 percent of its income on housing. Those in the lowest to middle household income brackets are most burdened.[22] Occupations in these bands might include service workers, nursing attendants, paramedics, security guards, firefighters, and graphic designers, among others.

Currently, too few housing units are affordable for these households, and the situation is getting worse. According to the Urban Institute, in the recent past the region's low-cost housing stock—or units that cost $0 - $1,299 per month—totaled 540,000 units.[23] Further, the region lost more than 13,000 units in these low-cost bands each year between 2010 and 2017. If the region continued to lose low cost housing at this rate between 2020 and 2030, a quarter of the stock in this cost band would be eliminated, affecting more than 365,000 people.[24]

Figure 6: Amount of Low Cost Housing Stock Potentially Lost (2020 - 2030)

Source: COG portrayal of Urban Institute findings

Currently, too few housing units are affordable for low- and middle-income households, and the situation is getting worse.

[22] Up to 150% of Area Median Income (AMI) or approximately monthly housing costs up to $2,500 to define "low and middle income" households as described in the Urban Institute's *Meeting the Washington Region's Future Housing Needs: A Framework for Regional Deliberations.*

[23] Urban Institute, *Meeting the Washington Region's Future Housing Needs.*

[24] Assumes 2.5 to 3 people per new household per COG estimate of regional average household size.

The story is the same in many of the region's jurisdictions. For example, the City of Alexandria reports that its low cost, market-affordable (non-subsidized) rental housing declined by 88 percent from 2000-2018.[25]

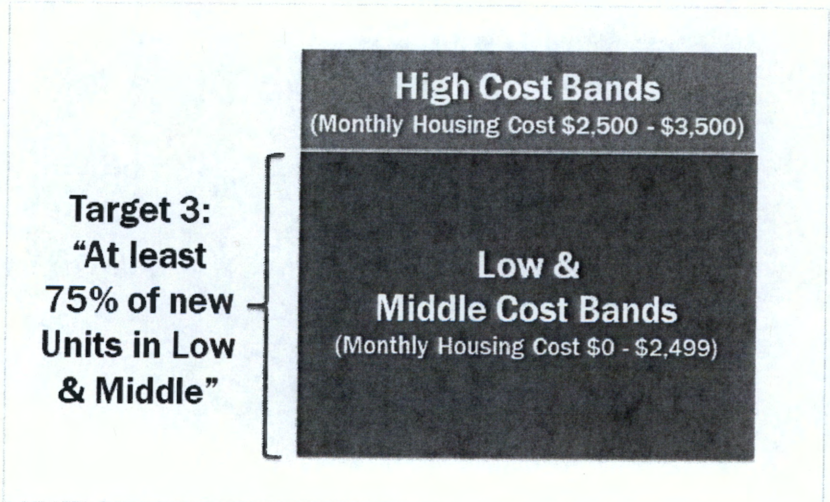
"This dramatic loss in housing affordability reflects the gap between the growth in housing costs versus the growth in wages, as well as the strong demand for housing in the region," reads the city's analysis.

To remedy this situation, the Urban Institute's *Meeting the Washington Region's Future Housing Needs* sponsored by the Greater Washington Partnership, calls for a better mix of housing across cost bands. The framework recommends that about 38 percent of new units are priced in the lowest cost bands (housing costs of $0-$1,299 per month), about 40 percent priced in middle cost bands ($1,300-$2,499 per month), and about 22 percent in the highest cost bands ($2,500-$3,500 per month).

"Ideally, every jurisdiction would provide sufficient housing across cost bands to meet the needs of current and future residents," says the Urban Institute report. "Mismatches in any single jurisdiction can add costs for households, impede productivity through extended commutes, and reduce equitable access to public goods and services. A healthy regional housing market offers opportunities for households to find a reasonable place to live in a community that fits their needs."

Local governments are already building affordability into their housing plans and efforts. For example, Mayor Bowser's plan in the District of Columbia, calls for 36,000 new housing units, a third of them affordable to lower income residents, by 2025.

Figure 7: COG Affordability Target's Allocation of New Housing Across Cost Bands



Source: COG portrayal of Urban Institute findings

To form a regional target on affordability, COG staff and the planning and housing directors weighed these local-level affordability targets and the Urban Institute's report and consulted with officials from across the region. The resulting target—where at least 75 percent of new housing is affordable to low and middle-income households—is considered compatible with these efforts and would be a significant regional achievement.

[25] City of Alexandria, *Market Affordable 2018 Update*, https://www.alexandriava.gov/uploadedFiles/housing/info/2018MarketAffordableUpdate.pdf

CONCLUSION

H Street NE in the District of Columbia (Ted Eytan/Flickr)

There is a growing consensus that the current housing landscape—where supply is low, costs are high, and even more growth is projected—is affecting many families throughout the region and in regions across the country.

Metropolitan Washington residents are especially feeling the strain. The Urban Institute estimates that more than half a million of the region's households are "housing cost-burdened," meaning those families spend more than 30 percent of their income on housing.[26] COG models estimate that more than 325,000 people commute daily into the region for work from outside the region, signaling that families are having to move further and further from the region's core and their jobs in search of an affordable home and lifestyle. Models show these types of trips increasing by 24 percent by 2045, placing even more demand on transportation infrastructure, with implications for quality of life and the local environment.

The region's elected, business, and non-profit leaders are mobilizing to create a sufficient supply of affordably priced housing for area families while also ensuring their children can live and work here in the future.

The region's elected, business, and non-profit leaders are mobilizing to create a sufficient supply of affordably priced housing for area families while also ensuring the workforce of the future—people like their children—can live and work here. Housing is increasingly becoming a key factor in the region's ability to attract and retain talent and businesses.

A year ago, COG released an analysis that helped the region better understand its unmet housing needs.

[26] Urban Institute, *Meeting the Washington Region's Future Housing Needs*, forthcoming.

Between 2020 and 2030, the region needs to produce at least 75,000 additional units beyond what is already anticipated. Between 2020 and 2045, that number grows to more than 100,000 additional units.

The COG Board of Directors reacted to this shortfall by calling on the region's planning and housing directors to help determine whether there was capacity in local plans to accommodate additional housing, and if so, where new housing should be located and how it should be priced to make the biggest impact.

Over the last year, through information-gathering, data analysis, and consultation with elected officials and partners, COG staff and area planning and housing directors worked collaboratively to create three regional housing targets, which were adopted by the COG Board in September 2019.

Regional Target 1: **AMOUNT**
At least 320,000 housing units should be added in the region between 2020 and 2030. This is an additional 75,000 units beyond the units already forecast for this period.

Regional Target 2: **ACCESSIBILITY**
At least 75% of all new housing should be in Activity Centers or near high-capacity transit.

Regional Target 3: **AFFORDABILITY**
At least 75% of new housing should be affordable to low- and middle-income households.

If achieved, these targets will address the region's housing need from an economic competitiveness and transportation infrastructure standpoint and will also have broad significance for the future of the region and its residents and their quality of life.

COG recognizes that local government efforts to preserve and increase their supply of affordably-priced homes will vary from jurisdiction to jurisdiction. For example, zoning policies allowing residents to build accessory dwelling units (ADU) on their properties are a tool being used in Montgomery County, Arlington County, and the District of Columbia.[27] Inclusionary zoning policies, widely used throughout the region, ensure that residents of all incomes have opportunities to live in desirable neighborhoods, with access to jobs, transit, and high-performing schools.

COG recognizes that the local government efforts to preserve and increase housing supply will vary from jurisdiction to jurisdiction. Cumulatively, these individual policies contribute to progress toward the region's shared housing production goals.

Transit-oriented development is also a key strategy to achieve the COG Board's regional housing targets.

[27] Hans Riemer, *Council Approves Zoning Change for Accessory Dwelling Units*, https://councilmemberriemer.com/category/accessory-dwelling-units

Opportunities to create new housing options on underdeveloped land around some of Metro's stations as well as along new transit lines like Metro's Silver Line in Virginia and the Purple Line in Maryland supports shared goals to meet future housing needs without further straining the transportation system. Cumulatively, these policies contribute to the region's progress toward its shared housing production goals.

COG also acknowledges that no sector alone can solve the region's housing challenges. The region can only meet its housing goals through strategic partnerships with other key stakeholders in business, non-profits, and philanthropy.

For example, this year the Housing Leaders Group of Greater Washington launched its Capital Region Housing Challenge to secure $1 billion in investments for housing affordability by 2020, $500 million in new private capital and $500 million in new public funds.[28] One component of the Washington Housing Initiative launched by JBG Smith and the Federal City Council is an Impact Pool, which facilitates investment in low cost loans for developing and acquiring affordable workforce housing.[29]

There is no question that impediments like community dynamics, market forces, or lack of critical public infrastructure can hinder progress on housing production. COG will continue to work alongside its members and partners to identify housing tools and policies that ensure preservation of existing housing and production of new affordably priced units and housing incentives that could benefit from private sector support and resources.

The time for solutions is *now*. The region should continue to create and preserve housing at a higher rate than has been achieved in the recent past so the benefits of economic growth are shared by all.

The time for solutions to address the region's unmet housing needs is *now*. COG's analysis revealed that the region's housing shortfall and the harmful ripple effects it causes will only worsen without intervention.

In a July 2019 *Washington Business Journal* article, COG Executive Director Chuck Bean described another reason for action: there is energy and appetite for working on housing locally, regionally, and nationally by a range of sectors. [30]

"Things change — sometimes incrementally, sometimes it's a big leap forward," said Bean. "It's a big challenge, that's the downside. The upside is that with the energy coming out of the jurisdictions and out of the developers and out of nonprofits and advocates, the hope is that the region is going to use its mojo on Metro funding and on HQ2 and apply it to housing."

The region should continue to create and preserve housing at a higher rate than has been achieved in the recent past to close the gap and provide adequate housing options in places that ensure inclusive communities, so the benefits of economic growth are shared by all.

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[28] Housing Leaders Group Launches the Capital Region Housing Challenge, https://www.handhousing.org/hand-housing-leaders-group-launch-the-capital-region-housing-challenge/

[29] JBG Smith, The Impact Pool. https://www.jbgsmith.com/about/washington-housing-initiative/impact-pool

[30] Washington Business Journal, The Housing Disconnect, https://www.bizjournals.com/washington/news/2019/07/12/the-housing-disconnect-how-builders-and.html

APPENDIX

Resolution R33-2018
September 12, 2018

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002

RESOLUTION DIRECTING COG TO FURTHER EXPLORE ADDRESSING THE REGION'S HOUSING NEEDS

WHEREAS, the Metropolitan Washington Council of Governments (COG) is comprised of the 24 jurisdictions of the National Capital Region's local governments and their governing officials, plus area members of the Maryland and Virginia legislatures and the U.S. Senate and House of Representatives, and COG provides a focus for action on issues of regional concern; and

WHEREAS, the Transportation Planning Board Chairman briefed the COG Board in April 2018 on the endorsed initiatives of the Long-Range Plan Task Force (LRPTF) that were found to have the most potential to significantly improve the performance of the region's transportation system compared to current plans and programs, including the need for additional housing in the region; and

WHEREAS, at the COG Leadership Retreat in July 2018 the Board engaged in discussions on the region's current housing production challenges, housing affordability, and the potential need for additional housing in the future to support likely new job growth; and

WHEREAS, retreat participants generally agreed that housing production is a regional challenge that needs to be addressed to ensure that the growth of jobs does not continue to outpace the growth of housing.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The board supports additional research to address the increasing demand for housing in the region and directs the Executive Director, or his designee, to work with the following committees and boards on the below next steps:

a. Direct the Planning Directors Technical Advisory Committee (PDTAC), and the Housing Directors Advisory Committee (HDAC), to assess the region's ability to accommodate the estimated need for slightly more than 100,000 housing units beyond those currently anticipated in the Cooperative Forecasts with a focus on affordable and work force housing regionally.

b. Building on the adopted Region Forward goals and targets, the PDTAC should examine the optimal incentives for adding additional housing, with an emphasis on preservation and production within the Regional Activity Centers and around high capacity transit stations and work to update future Cooperative Forecasts as needed.

c. Direct that the PDTAC and HDAC work with the Region Forward Coalition, and key regional business, civic, and philanthropic organizations to assess ways to assist local governments with meeting the enhanced housing production targets while ensuring that future growth creates truly inclusive communities.

d. The PDTAC should also include an assessment of factors or impediments to adding more housing units such as lack of critical public infrastructure (transportation, schools, water and sewer).

e. Reaffirm the work underway within PDTAC to identify current local government planning efforts that support the initiatives of the TPB Long-Range Plan Task Force.

I HEREBY CERTIFY THAT the foregoing resolution was adopted by the COG Board of Directors on September 12, 2018.

Laura Ambrosio
COG Communications Specialist

Metropolitan Washington
Council of Governments

MEMORANDUM

TO: COG Board of Directors

FROM: Paul DesJardin, COG Director of Community Planning and Services

SUBJECT: Housing the Region's Workforce: Jurisdictional Capacity Analysis

DATE: February 6, 2019

BACKGROUND

Since the September 2018 COG Board meeting, the COG Planning Directors and Housing Directors Committees have met monthly to discuss the opportunities and challenges to producing an additional 100,000 homes by 2045 to balance job and household growth.

At the January 2019 board meeting, staff presented a proposed work plan to determine how to meet the goal through careful analysis of three key questions:

- **Amount:** Does capacity exist under current comprehensive plans and zoning to accommodate housing production levels beyond what is shown in the current Cooperative Forecasts?
- **Accessibility:** Can these additional homes be located within Activity Centers and High-Capacity Transit Station areas?
- **Affordability:** What are the appropriate price points and typologies to meet the current and future workers' needs?

This memorandum summarizes the results of that initial assessment and details next steps in the process.

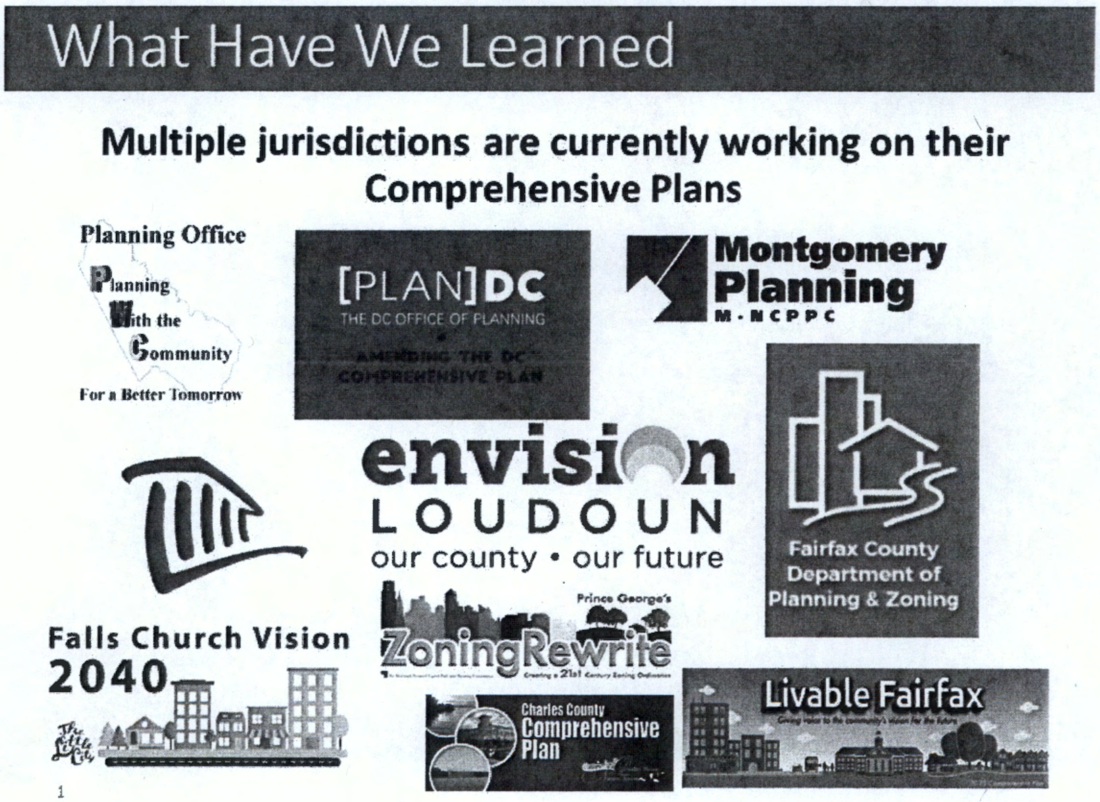
MEETING OUR HOUSING GOALS

The COG Board established the Cooperative Forecasting Program to develop a consistent set of local and regional growth projections based upon a common set of economic assumptions. The Cooperative Forecasts are the official growth projections of each participating jurisdiction and are the planning inputs for transportation and other regional capital improvement decisions. The forecasts are guided by an economic model that represents the maximum amount of employment, population, and household growth that the region is likely to experience given a range of national and regional economic and demographic assumptions. Those assumptions include the likely mix of future jobs by industry sector, and population and housing growth.

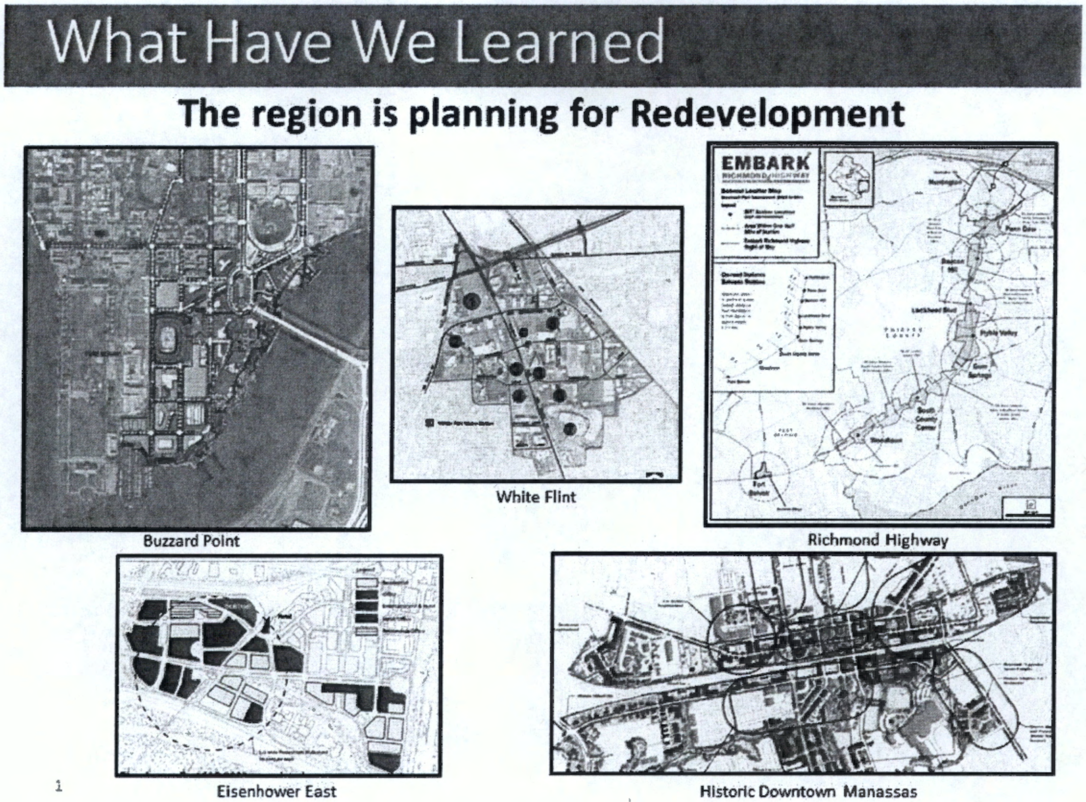
Local planning departments generally prepare their housing and household forecasts in short-term (5 to 10-year horizon) and longer-term (15 or more years) periods. Short-term household projections are based upon current permitting and development activity. COG staff summarized the recent trends in housing permitting during the September board meeting, during which the regional housing shortfall trend was noted.

Planning staffs develop longer-term forecasts (15 to 30 years) based upon local comprehensive plans and zoning, as well as assumptions regarding local land use policies, infrastructure investments, and demographic changes. Planners use these economic and policy assumptions to estimate the likely market and development responses for the timing and location of future residential growth.

During their meetings throughout 2018, the Planning Directors presented their current work program and planning priorities, particularly as they related to the challenges of balancing growth, housing location and affordability, and transportation investments. As shown in the excerpted slides below, nearly all jurisdictions are engaged in updates to their comprehensive and small-area plans or engaging in broad-based visioning efforts.

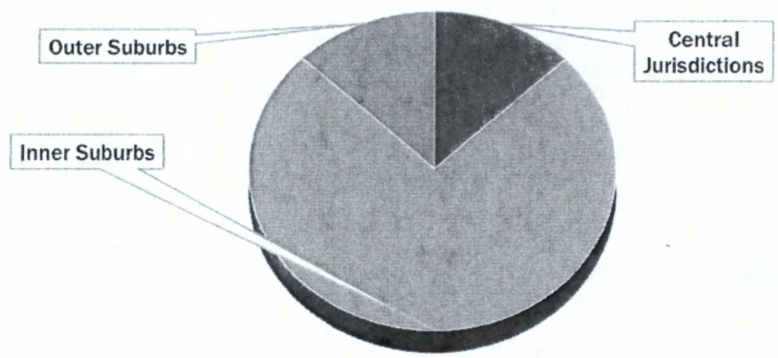


A common goal within each initiative is focusing development in priority places such as Activity Centers to accommodate growth and capitalize on new and existing transit investments such as the Silver Line, the Purple Line, Richmond Highway, and many planned BRT routes. The Round 9.1 Cooperative Forecasts indicate that the 2.1 million households in the COG region today are expected to grow to nearly 2.8 million by 2045. More significantly, the forecasts confirm the success of these many local planning initiatives with more than 64 percent of new housing now anticipated to be located within Activity Centers compared to the adopted target of 50 percent called for in Region Forward.



Building on these briefings, at their December and January meetings, the Planning Directors Committee reported on their initial assessments of their jurisdictions' ability to accommodate additional housing beyond what is assumed in their current Cooperative Forecasts. The results of this initial assessment confirm that the region can accommodate – within existing comprehensive plans and zoning – the additional 100,000 units called for in the board directive. The chart below shows the relative distribution of the Planning Directors' initial assessment.

Initial Assessment: Subregional Shares of +100,000 Additional Housing Units Beyond Current Forecasts



NEXT STEPS

The next phase of the housing analysis will include the task of estimating the amount (or share) of the additional housing growth which could be accommodated within Activity Centers and High-Capacity Transit Station Areas as well as the specific challenges (public and private) to developing more housing in those priority places.

Review of those impediments will guide consideration of solutions to these challenges and strategies to alter the region's current trajectory to improve, not exacerbate, housing affordability, transportation system performance, and ensure thriving, inclusive communities for all of the region's residents.

Calculating Regional Target 2 (Accessibility)

How did COG come up with a goal of 75% of all new housing in Activity Centers (AC) or near high capacity transit (HCT)?

- 141 Activity Centers were designated as places ideal for growth by the COG Board. These occupy about 9% of the region's land.
- In 2010, officials at COG set a Region Forward Vision goal to accommodate 50% of projected new housing in Activity Centers.
- As jurisdictions' comprehensive plans have evolved the 2010 Region Forward goal has been exceeded; **the most recent COG analysis of the (Round 9.1) Cooperative Forecasts found 64% of projected new housing anticipated in Activity Centers.**
- As part of its Visualize 2045 long-range transportation plan in 2018, the TPB identified a regional network of 297 high-capacity transit stations, including many outside of Activity Centers, that could be potential locations for additional growth.
- As a result, a recent COG analysis found projected new housing anticipated in Activity Centers *and* high capacity transit stations at 68%.
- In 2019, based on data provided by member jurisdictions' planning departments, COG planners determined these areas can accommodate the additional housing the region needs (75,000 units from Target 1).

Regional Housing Target 2 By the Numbers

In the next 10 years 68% of the 245,000 forecast new units will be in AC and around HCT.	68% x 245,000 = 167,000
Planning directors determined capacity does exist to add 75,000 more housing units in AC and around HCT. (Target 1)	100% x 75,000 = 75,000
Total housing units in next 10 years possible in AC and around HCT.	167,000 + 75,000 = 242,000
Total units in the next 10 years in AC and around HCT as a proportion of all new housing units by 2030.	242,000 / 320,000 = **75%**

Metropolitan Washington
Council of Governments

777 North Capitol Street NE, Suite 300
Washington, DC 20002

mwcog.org

Resolution R27-2019
September 11, 2019

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002

RESOLUTION ADOPTING TARGETS TO ADDRESS THE REGION'S HOUSING NEEDS

WHEREAS, the Metropolitan Washington Council of Governments (COG) is comprised of the region's 24 local governments and their governing officials, plus area members of the Maryland and Virginia legislatures and the U.S. Senate and House of Representatives, and COG provides a focus for action on issues of regional concern; and

WHEREAS, in 2018 the Transportation Planning Board's Long-Range Plan Task Force identified a need to bring housing closer to jobs to optimize transportation system performance and recommended that COG advance land use solutions to address this need; and

WHEREAS, at the COG Leadership Retreat in July 2018 the board engaged in discussions on the region's current housing production challenges, housing affordability, and the potential need for additional housing in the future to support likely new job growth; and

WHEREAS, in September 2018 the COG Board passed Resolution R33-2018 directing COG staff, the Planning Directors Technical Advisory Committee (PDTAC), and the Housing Directors Advisory Committee (HDAC) to conduct research to assess the region's housing needs, including the amount of additional housing, location of additional housing, cost bands of additional housing needed, and impediments to housing production; and

WHEREAS, throughout 2019 the COG Board received many presentations and updates detailing the progress and findings of COG staff, PDTAC, HDAC, and additional research being conducted by the public and private sectors; and

WHEREAS, the 2019 COG Leadership Retreat focused on synthesizing the results of the research and focused on three regional housing targets to address Amount, Accessibility, and Affordability; and

WHEREAS, retreat participants agreed that housing production is a regional challenge that needs to be addressed to ensure that the growth of jobs does not continue to outpace the growth of housing, negatively affecting transportation systems, economic competitiveness and quality of life; and

WHEREAS, adopting regional targets will focus efforts and encourage regional collaboration to address the region's unmet housing needs.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The board supports the following regional housing targets:

1) Amount: At least 320,000 housing units should be added in the region between 2020 and 2030. This is an additional 75,000 units beyond the units already forecast for this period.

2) Accessibility: At least 75 percent of all new housing should be in Activity Centers or near high-capacity transit.

3) Affordability: At least 75 percent of all new housing should be affordable to low- and middle-income households.

Furthermore, the board encourages COG member jurisdictions to:

4) Share these regional housing targets within their local governments to elected officials, staff, and constituents.

5) Adopt targets at the local level to address housing production, accessibility, and affordability within each jurisdiction.

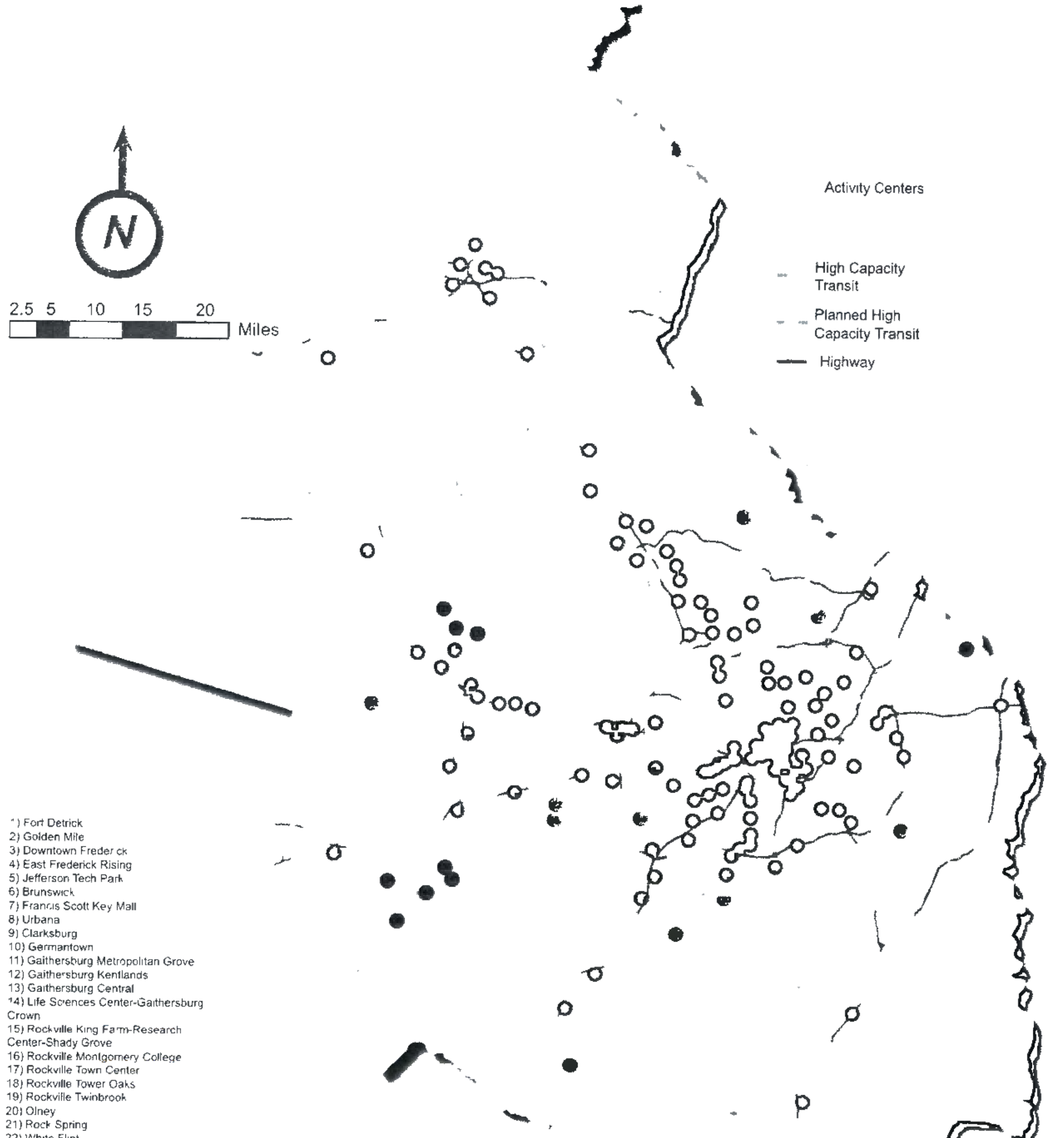
6) Work with the non-profit, private, and philanthropic sectors to advance the COG regional housing targets.

I HEREBY CERTIFY THAT the foregoing resolution was adopted by the COG Board of Directors on September 11, 2019.

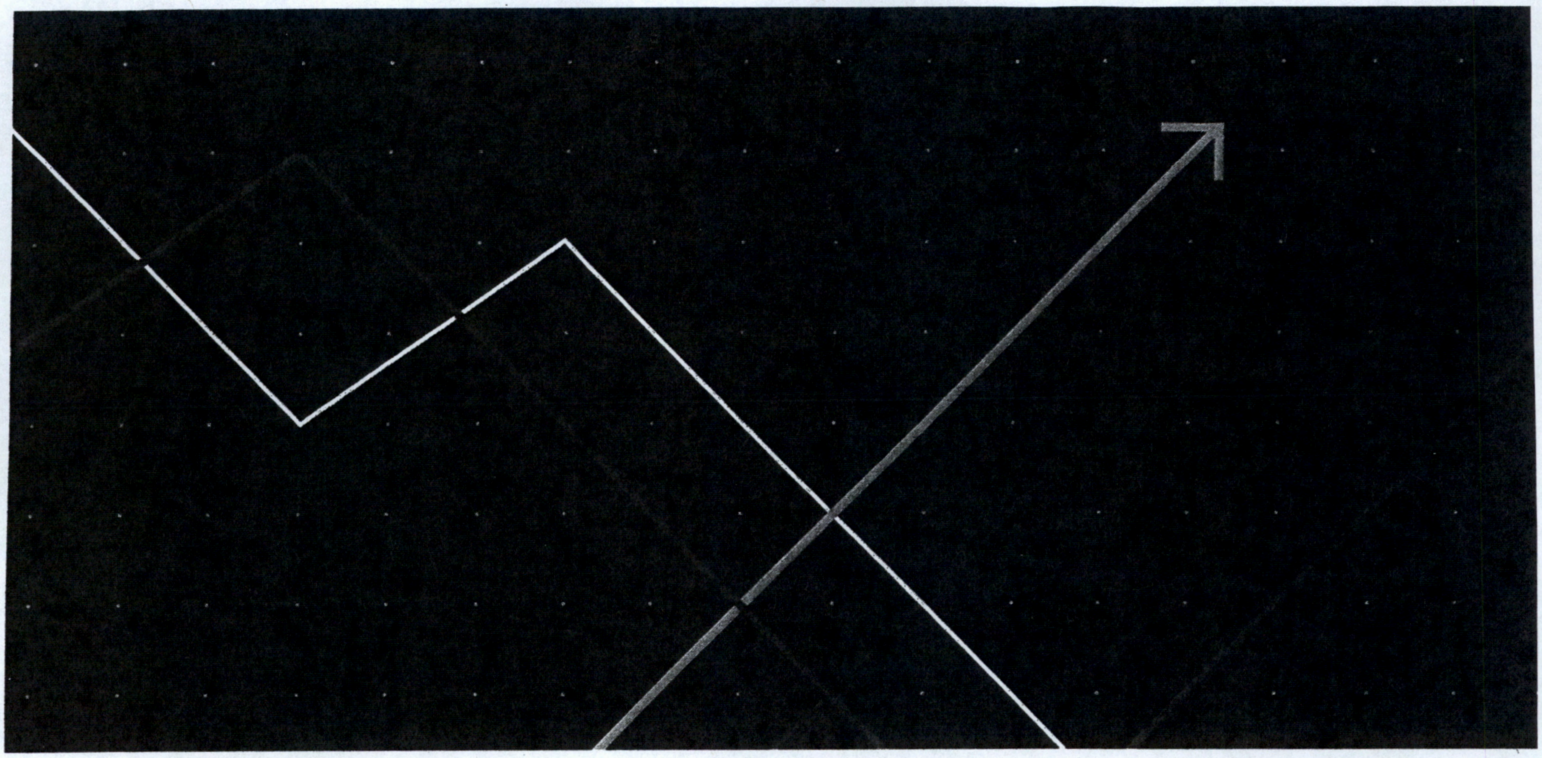
Laura Ambrosio, COG Communications Specialist

Region l Activity Centers ap

Submitted to COG Board for Approval January 13, 2013



1) Fort Detrick
2) Golden Mile
3) Downtown Freder ck
4) East Frederick Rising
5) Jefferson Tech Park
6) Brunswick
7) Francis Scott Key Mall
8) Urbana
9) Clarksburg
10) Germantown
11) Gaithersburg Metropolitan Grove
12) Gaithersburg Kentlands
13) Gaithersburg Central
14) Life Sciences Center-Gaithersburg Crown
15) Rockville King Farm-Research Center-Shady Grove
16) Rockville Montgomery College
17) Rockville Town Center
18) Rockville Tower Oaks
19) Rockville Twinbrook
20) Olney
21) Rock Spring
22) White Flint
23) Grosevnor
24) Kensington
25) Glenmont
26) Wheaton
27) White Oak-FDA
28) NIH-Walter Reed National Military Medical Center
29) Bethesda
30) Silver Spring
31) Takoma Park
32) Langley Park
33) Konterra
34) West Hyattsville Metro
35) Prince George's Plaza
36) College Park
37) Greenbelt
38) Bowie MARC
39) Port Towns
40) Lanover Metro
41) New Carrollton
42) Bowie Town Center
43) Landover Mall
44) Capitol Heights-Addison Rd
45) Largo Town Center-Morgan Blvd
46) Naylor-Southern Ave
47) Suitland
48) Branch Ave
49) Westphal a
50) Oxon Hill
51) National Harbor
52) Waldorf
53) La Plata
54) Friendsh p Heights
55) Walter Reed
56) Fort Totten
57) Columbia Heights
58) McMillan-Old Soldiers Home
59) Brookland
60) Georgetown
61) Dupont
62) U-14th Street Corridor
63) Rhode Island Ave Metro
64) New York Avenue Corridor
65) West End
66) Farragut Square
67) Convention Center
68) NoMa
69) Downtown DC
70) H Street
71) Minnesota Ave
72) Monumental Core
73) Capitol Hill
74) Cap tal Riverfront
75) Southwest Waterfront
76) Stadium Armory
77) St. Elizabeths
78) Poplar Point
79) Ballston
80) Virginia Square
81) Clarendon
82) Courthouse
83) Rosslyn
84) Baileys Crossroads-Western Gateway
85) Columbia Pike Village Center
86) Columbia Pike Town Center
87) Pentagon
88) Pentagon City
89) Shirl ngton
90) Crystal City
91) Potomac Yard
92) Braddock Road Metro Area
93) King Street-Old Town
94) Carlyle-Eisenhower East
95) Beauregard
96) Landmark-Van Dorn
97) Fairfax Innovation Center
98) Herndon
99) Reston Town Center
100) Wiehle-Reston East
101) Tysons West
102) Tysons Central 7
103) Tysons Central 123
104) Tysons East
105) McLean
106) Dulles East
107) Dulles South
108) Centreville
109) Fairfax Center
110) Vienna
111) Dunn Loring-Merrifield
112) Seven Corners
113) George Mason University
114) Annandale
115) Beltway South
116) Springfield
117) Fort Belvoir North Area
118) Huntington-Penn Daw
119) Beacon-Groveton
120) Hybla Valley-Gum Springs
121) Fort Belvoir
122) Fairfax City
123) City of Falls Church
124) Leesburg
125) Ashburn
126) Route 28 North
127) Route 28 Central
128) Route 28 South
129) Ashburn Station
130) Loudoun Gateway Station
131) Arcola
132) Dulles Town Center
133) Gainesville
134) Innovation
135) Yorkshire
136) North Woodbridge
137) Potomac Town Center
138) Potomac Shores
139) City of Manassas Regional Airpo
140) City of Manassas
141) Manassas Park



RESEARCH REPORT

Meeting the Washington Region's Future Housing Needs

A Framework for Regional Deliberations

Margery Austin Turner *Leah Hendey* *Maya Brennan* *Peter Tatian*
Kathryn Reynolds
with *Aaron Shroyer* *Sarah Strochak* *Martha Fedorowicz*
Steven Martin *Yipeng Su*

September 2019

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ABOUT THE URBAN INSTITUTE

The nonprofit Urban Institute is a leading research organization dedicated to developing evidence-based insights that improve people's lives and strengthen communities. For 50 years, Urban has been the trusted source for rigorous analysis of complex social and economic issues; strategic advice to policymakers, philanthropists, and practitioners; and new, promising ideas that expand opportunities for all. Our work inspires effective decisions that advance fairness and enhance the well-being of people and places.

Contents

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Acknowledgments

This brief was funded by grants from the Greater Washington Partnership and JPMorgan Chase. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute's funding principles is available at urban.org/fundingprinciples.

The authors particularly thank Jason Miller, Catherine Buell, and Stephen Harrington at the Greater Washington Partnership for their support, feedback, and partnership on this project. We thank our Urban colleagues Mary Cunningham, Solomon Greene, Graham MacDonald, Alanna McCargo, Erika Poethig, and Gustavo Velasquez who reviewed drafts of the report; their feedback helped make it a better product. We acknowledge the valuable research analysis and assistance from Christopher Davis, Amanda Gold, Jorgé González, Wilton Oliver, Rob Pitingolo, Kassie Scott, and Patrick Spauster.

To produce this report, Urban engaged with many housing and planning stakeholders in the Washington Region. We acknowledge Paul DesJardin and Hilary Chapman at the Metropolitan Washington Council of Governments for their time, expertise, and thoughtful contributions at every step in the project, as well as the Joint Committee of Housing and Planning Directors. The authors also received guidance and advice from an advisory committee of experts and practitioners from numerous organizations in the Washington region. The authors extend a special thanks to the advisory committee members who engaged in this process and generously offered insights for this report:

David Alpert, Greater Greater Washington
Melissa Bondi, Enterprise Community Partners
David Bowers, Enterprise Community Partners
Kevin Clinton, Federal City Council
Cheryl Cort, Coalition for Smarter Growth
Paul DesJardin, Metropolitan Washington Council of Governments
Polly Donaldson, DC Department of Housing and Community Development
Stephen Glaude, Coalition for Nonprofit Housing and Economic Development
AJ Jackson, JBG Smith
Michelle Krocker, Northern Virginia Affordable Housing Alliance
Michelle McDonough Winters, Alliance for Housing Solutions

Helen McIlvaine, City of Alexandria, Office of Housing

John Means, McKinsey & Company

Christopher Ptomey, Urban Land Institute Terwilliger Center for Housing

Heather Raspberry, Housing Association of Non-profit Developers

Lisa Rother, Urban Land Institute Washington

Stewart Schwartz, Coalition for Smarter Growth

Yesim Taylor, DC Policy Center

Andrew Trueblood, DC Office of Planning

Executive Summary

The Washington region faces serious housing challenges that undermine the well-being of many residents. Regulatory constraints on how much new housing can be built, what types of housing are added to the stock, and where that housing is located limit production and increase its cost. **Constrained housing supply, coupled with regional growth, pushes up rents and prices for existing housing**. These pressures cause especially steep housing cost increases and displacement in some communities that have historically been home to people with low and moderate incomes and people of color.

Recommended Actions

- The region's leaders join together to establish 10-year targets:
  - Shrink the current affordability gap
  - Increase the pace of new housing production
  - Align additional housing units with expected household needs and resources
- Local governments contribute to the achievement of regional targets:
  - Adopt or strengthen evidence-based policy tools tailored to local needs and capacities
- State governments support the capacity of local governments to achieve targets:
  - Authorize increased public funding and regulatory authority
- Business and philanthropy use their influence and to build and sustain regional commitment:
  - Monitor progress toward targets
  - Contribute to public-private partnerships with greatest potential

The arrival of new businesses, jobs, and residents could intensify today's housing challenges unless the region's leaders come together to address them. Absent a substantial increase in the supply of housing, more households competing for an already constrained stock of units will further increase prices and rents and exacerbate displacement pressures.

Inaction on the challenges of housing affordability could ultimately undermine the region's future economic growth and prosperity. Rigorous research shows that housing challenges such as those facing the Washington region can undermine worker productivity, increase the difficulty businesses face in attracting and retaining employees, and discourage businesses from locating in the region.

Recent trends in jobs and population for the Washington region suggest that housing constraints and affordability challenges may already be contributing to outmigration and slower employment growth.

To ensure the region's housing market serves all its residents well and supports economic prosperity, leaders in the public, private, and nonprofit sectors should establish 10-year targets:

- **Shrink the current affordability gap.** Today, the number of housing units in the low-cost range falls short of household needs by 264,000.
- **Increase the pace of new housing production.** At the economic growth rate currently projected by the Metropolitan Washington Council of Governments, the region needs 374,000 additional housing units by 2030; faster growth would require more.
- **Align additional housing units with expected household needs and resources.** To match the expected distribution of additional households, the region needs at least 40 percent of additional housing units to fall in the middle-cost range.

Meeting these targets requires local governments across the region to strengthen or expand existing policies and adopt new policies to advance three key objectives. First, they need to make targeted investments that **preserve** existing housing units affordable for households with low incomes. They should also enable and incentivize the private sector to **produce** more housing across the affordability spectrum, especially in the middle cost range. And finally, they should **protect** both renters and homebuyers from discrimination and involuntary displacement.

These challenges don't have a single, simple solution. Every jurisdiction should pursue a portfolio of policies and investments tailored to its needs and capacities. Local governments can draw upon tools that deploy their **regulatory authorities**, their **funding resources**, and their **leadership and convening capacities**. Many are already implementing some promising approaches, but some may need additional funding resources or regulatory authority from the states. And they should take full advantage of available federal housing programs and funding. Analysis of the estimated contribution of all available policy tools highlights 12 with high potential for the Washington region. Expanding or strengthening these in the jurisdictions they already exist, and implementing them where they do not, should be a priority for consideration.

The region's philanthropic and business leaders also have critical roles to play. They can prioritize a regionwide perspective and a focus on the future, promote strategic planning and goal setting, help build public understanding and support, and monitor progress over time toward regionwide targets. Their capacities for convening and thought leadership can help build a durable, cross-sector commitment to addressing the region's current and future housing challenges. And in some cases, they may have resources they can invest in targeted, high-impact public-private partnerships.

High-Potential Local Policy Tools to Implement, Expand, or Strengthen

Preserve

- Loans for repairs and rehabilitation
- Preservation network and inventory
- Public housing rehabilitation
- Financing for acquisition and rehabilitation

Produce

- Land value taxation
- Zoning for higher densities
- Reduced parking requirements
- Equitable transit-oriented development funds

Protect

- Home purchase assistance
- Land trusts, cooperatives, and shared-equity ownership
- Emergency rental assistance
- Local housing vouchers

Building on the evidence and analysis presented in this report, leaders from local and state governments, the business community, nonprofit housing organizations, and philanthropy are well positioned to join together, agree on a shared vision and 10-year targets, and commit to evidence-based actions each can take toward a healthy housing market that effectively serves all the region's residents and supports shared prosperity.

Meeting the Washington Region's Future Housing Needs

Communities across the United States face serious housing challenges, and the Washington region is no exception. Home prices and rents are climbing out of reach for a growing share of households. New construction disproportionately serves the affluent. Housing subsidies benefit only a fraction of those in need. Market pressures and gentrification are pushing people with lower incomes out of their communities. In the decades ahead, growth in jobs and population could worsen these challenges, further stretching family budgets, threatening people's stability, and potentially undermining the region's economic prosperity.

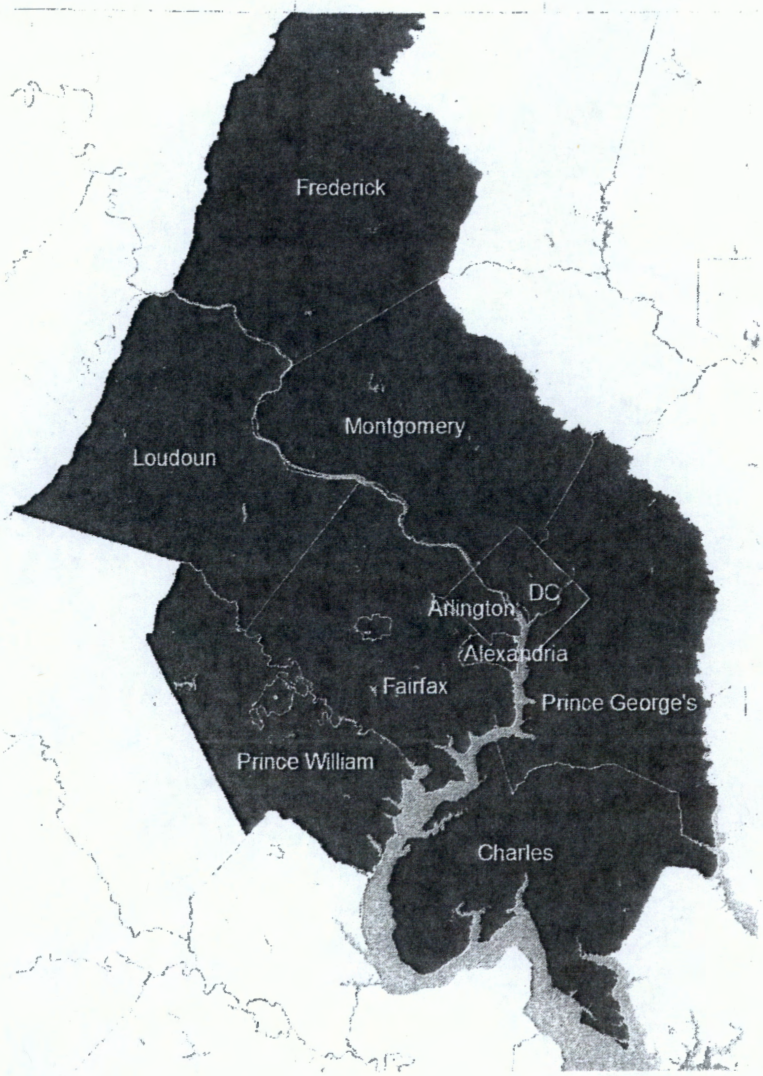
Many leaders in the region's public, private, and nonprofit sectors are now focused on the region's housing affordability challenge. Collectively, they wield substantial knowledge, resources, and capacity to tackle the challenge. And many are committed to working together to develop and implement regional solutions that strengthen the housing market so it better meets the needs of current and future residents.

This report aims to provide a shared framework of data and analysis they can build upon as they work to achieve a shared vision and identify actionable strategies each can pursue, including

- current analysis of **housing needs** in the Washington region;
- **regionwide estimates** of future housing needs; and
- a menu of **possible policy tools** for strengthening the region's housing market.

All data and analysis are reported for the Washington region as defined by the Metropolitan Washington Council of Governments (MWCOG), which includes the District of Columbia; Montgomery, Prince George's, Frederick, and Charles Counties in Maryland; and Arlington, Alexandria, Fairfax, Loudoun, and Prince William Counties and Fairfax, Falls Church, Manassas, and Manassas Park Cities in Virginia (figure 1). Data for individual jurisdictions within the region are provided in appendix tables.

FIGURE 1
The Washington Region



Source: Urban Institute.

In this report, we do not provide all the data decisionmakers will need going forward, no do we spell out recommended actions and investments for each jurisdiction. Instead, we provide a basic foundation of evidence—a starting point for jurisdictions, businesses, housing advocates, and philanthropies working together to achieve a shared vision and actionable strategies for a healthy regional housing market that meets the needs of residents of all incomes.

- In the Housing Matters section, we summarize rigorous research evidence that the health of the housing market matters to the growth and prosperity of the regional economy.
- In the Regional Market Trends and Conditions section, we provide key indicators of current housing market conditions and trends.
- In the Looking to the Future section, we examine what the coming years might hold for the Washington region, including estimates of growth in the number of households and the additional housing units required to accommodate them.
- In the Power and Partnership section, we discuss the potential roles and capacities of key regional stakeholders working in partnership to meet the region's housing needs.
- In the Policy Tools and Contributions section, we present housing policy options that the region's cities and counties can consider for addressing local and regional housing needs and provide evidence about the potential contribution of each one.
- In the Summary and Recommendations section, we highlight key findings and recommendations, including 12 local policy tools offering the greatest potential for impact over the next decade.

Housing Matters

Key Takeaways

- Rigorous research demonstrates that a well-functioning housing market strengthens regional economies.
- Employers need a diversity of talent to fill a variety of positions, and the ability to attract, retain, and develop such a workforce depends on the availability of housing to fit all household types and affordability levels.

A well-functioning housing market—one that meets the needs of households of all incomes—is widely understood to provide important benefits for the stability, health, economic progress, and well-being of individuals and families. Households with unaffordable housing costs make tough trade-offs between food, child care, medication, and transportation.[1] Rigorous research demonstrates that housing also matters to a region's economic health and prosperity.

Employers need a diverse workforce to fill low-, middle-, and high-wage positions, and the ability to attract, retain, and develop such a workforce depends on the availability of housing that fits a variety of household types, lifestyles, and incomes. Research analyzing the relationship between employment and housing prices over time finds that employment growth is slower in areas with high home prices relative to median incomes and that employment declines during the years after housing prices rise rapidly (Glaeser 2006; Wardrip, Williams, and Hague 2011). Analysis of California data from 1993 to 2004 indicates that every one-unit increase in the ratio of median home price to median household income leads to 2 percent slower employment growth over two years (Chakrabarti and Zhang 2014). Currently, the ratio of median home price ($375,000) to median household income ($100,000) in the Washington region is approximately 4:1.[2] This is near the region's home price to income ratio in 2003 and around one unit higher than the ratio from the prior two decades.[3]

Research identifies six reasons why a well-functioning housing market would strengthen the Washington region's economy:

1. Housing costs factor significantly into employers' decisions about where to locate.
2. Employers often pay workers more to remain competitive despite high housing costs, but higher wages do not yield net income gains for lower-paid workers.

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3. When housing is available at prices and rents people can afford, employers more easily attract and retain employees across all levels.
4. Suitable housing options and the spatial alignment of housing and employment centers improve job access and reduce sprawl.
5. Affordable, stable housing across income levels supports worker productivity.
6. A well-functioning housing market generates economic activity, through both construction and residual income.

Housing Costs Factor Significantly into Employers' Decisions about Where to Locate

Companies deciding whether to locate in a metropolitan region cite housing availability and costs as two of the most important quality-of-life factors, ranking behind only crime rate and health care facilities but ahead of schools, climate, recreational opportunities, and cultural opportunities (Gambale 2009). This reflects the fact that high housing costs limit who can afford to live in a region and therefore how much employers expect to spend in wages or turnover costs.

Employers Often Pay Workers More to Remain Competitive Despite High Housing Costs, but Higher Wages Do Not Yield Net Income Gains for Lower-Paid Workers

Absent affordable housing, employers must pay more to attract and retain workers. Although all classes of workers may garner higher pay in high-cost regions, the benefits for workers in lower-wage roles are negated once higher housing costs are factored in.[4] As a result, the rising tide only benefits the higher-wage employees who can already afford to live in high-cost metropolitan areas. This lack of additional income has implications for workers' families as well. For example, when parents spend more time and money on housing and commuting to work, they have less time to spend with their families and less money to spend on enrichment activities for their children.

When Housing Is Available at Prices and Rents People Can Afford, Employers More Easily Attract and Retain Employees across All Levels

High housing costs and housing supply shortfalls limit who can afford to live in a region; discourage younger workers, people with low incomes, or other outsiders from moving into a high-cost region; and displace lower-wage workers who already live in the region (Ganong and Shoag 2017; Glaeser 2006). This makes it more difficult to attract and retain workers in lower-wage roles and can inhibit companies' abilities to attract and retain talent. In a survey of companies with more than 100 employees, two-thirds of those that reported a shortage of affordable housing near their location said that shortage hurt their recruitment and retention of entry- and midlevel employees (Wardrip, Williams, and Hague 2011). Similarly, nearly 75 percent of employers in Greater Boston reported finding it "extremely or somewhat difficult" to recruit or retain employees, and two-thirds cited the cost of housing as a major barrier (Altali, Hillman, and Tekleab 2017).

Suitable Housing Options and the Spatial Alignment of Housing and Employment Centers Improve Job Access and Reduce Sprawl

If households are not able to afford housing near employment centers, they often move to the outskirts of the region, increasing their commute times. Most people have a tolerable commute threshold of 30 to 45 minutes each way (Angel and Blei 2015). If their commutes become too long, some workers might seek employment opportunities closer to their new homes, exacerbating the spatial mismatch between a region's employment centers and the residential neighborhoods where many workers live. And because these more affordable neighborhoods are typically not as well-served by public transit, congestion on roads and highways worsens (Sturtevant 2017). In the 2017 VoicesDMV survey, respondents said that the aspect of life in the Washington region that they disliked the most, by far, was traffic (Tatian, Hendey, and Bogle 2017). Recent research on spatial mismatch between employers and hourly workers found misalignment between hourly employers and job seekers in the Washington region. This misalignment can hinder employers' ability to fill these roles and create long commutes for workers who accept them.[5]

Long commutes add further costs and pressures that impede employee retention. Almost two-thirds of workers earning less than $50,000 report that they would consider a lateral employment move if it would shorten their commute (Wardrip, Williams, and Hague 2011). The share of higher-earning workers (earning more than $50,000) is similar (60 percent). And 58 percent of larger companies that acknowledged a lack of affordable housing report that employees cite long commute times as a reason they left the company (Wardrip, Williams, and Hague 2011).

Affordable, Stable Housing across Income Levels Supports Worker Productivity

Whether because of long commutes or the stresses of housing instability, housing markets that lack affordable housing can impede employee productivity. A study of 34,000 workers in the United Kingdom found that those who commute under 30 minutes a day gain seven days of productive time a year compared with those who commute over an hour a day.[6] People who commute longer also

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experience higher rates of depression, financial concern, and stress. The combination of high housing and transportation costs also contribute to housing instability. Because people working in low-wage jobs often do not have flexible scheduling or leave, housing instability can create economic instability when housing emergencies or a difficult commute force them to miss time at work. Further, their performance at work might suffer because of the additional stress of dealing with an eviction and finding a new place to live (Desmond and Gershenson 2016).

When high housing costs lead to the displacement of households with lower incomes, it leads to lost productivity and reduced employee retention. In a recent survey of Washington-area residents, 29 percent of respondents said they knew someone who had to move from their jurisdiction in the past two years for a reason other than their own choice, and the reason given most frequently for why they had to leave was that they could not afford to stay where they were living (Tatian, Hendey, and Bogle 2017). Other data show that low-income workers face an increased likelihood of losing their jobs after being forced to move out of rental housing (Desmond and Gershenson 2016).

A Well-Functioning Housing Market Generates Economic Activity, through Both Construction and Residual Income

Housing construction, renovation, and rehabilitation are important components of the construction industry, which is projected to be one of the fastest growing industries between 2016 and 2026.[7] Housing construction and rehabilitation create direct spending through increased construction jobs, which have ripple effects through the economy. Construction firms spend money, often locally, to purchase supplies for the construction sites, and construction employees spend their wages in the local economy. Economic impact models show that the number of jobs created or supported through housing development far outpaces the number of rental or for-sale homes added (Wardrip, Williams, and Hague 2011). A recent estimate, using a proprietary input-output model, found that the construction of 100 units of housing can create 120 jobs during the construction phase as well as 30 new jobs in retail, health care, and local government (NAHB 2015). These homes continue to contribute to the economy once operational because households moving into new homes spend 60 percent of their income on locally produced goods and services, generating continued local income and jobs each year (NAHB 2015).

In addition to the jobs created by housing construction, excess spending on housing can crowd out spending that would otherwise go toward the local economy. Between 2004 and 2014, aggregate incomes in the US grew 34 percent; aggregate spending on housing grew 40 percent. Spending on food, entertainment, clothing and services, education, and other categories fell over that time (Schwartz 2016).

Regional Market Trends and Conditions

Key Takeaways

- Despite a recent slowdown in employment and population growth, rents and house prices are rising rapidly.
- Since 2010, the region has added housing units at only 56 percent of the rate produced in the 2000s, contributing to higher housing costs and worsening transportation challenges.
- The number of housing units in the lowest cost bands falls far short of needs.
- A growing share of households in the middle cost bands also pay high housing cost burdens.

The Washington region ranks sixth among mid-large metropolitan areas on employment growth since 2000 but has fallen behind similarly sized metropolitan areas over the past decade. Further, net domestic outmigration in recent years has slowed the region's population growth, and the growth in households has slowed even more. Because a household is defined as people living together in the same housing unit, the decline in housing production since the Great Recession, particularly housing that is affordable and provides good access to jobs and transit, may be preventing people from forming new households. Moreover, the region's housing stock provides too few units affordable for households with the lowest incomes and those with middle incomes. Consequently, many people in the region, especially renters, find it hard to afford housing and have to pay unaffordable costs, live further from employment centers and endure longer commutes, live in substandard housing, or leave the region entirely.

Employment Growth Has Fallen Behind Similarly Sized Metropolitan Areas since 2010

The Washington, DC, metropolitan area is the fifth-largest employment market in the US, with 3.1 million jobs in 2017.[8] Among the 10 metropolitan areas with between 1.9 and 3.5 million jobs in 2017 (mid-large metropolitan areas),[9] the Washington, DC, metropolitan area was ninth in employment growth since 2010, with an annual rate of 1.3 percent, which was only slightly ahead of the Philadelphia metropolitan area (table 1). Although the Washington region did not experience as large a loss of employment during the Great Recession as many of the other metropolitan areas (it ranked second in job growth over the period), more recent growth has fallen back to a below-average pace.

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Despite gaps in the quantitative estimates, sufficient practical expertise and descriptive research exists to support the development of policy agendas that could improve the future of housing in the Washington, DC, region. We describe our selection criteria and results in the appendix.

To build an effective regional policy agenda, we recommend beginning by assessing the potential to implement, expand, or strengthen the twelve evidence-based policy tools we identified. Doing so will likely generate a greater contribution to the region's housing needs than efforts to build a novel solution.

Summary and Recommendations

The Washington, DC, region faces serious and substantial housing challenges. Regulatory constraints on how much new housing can be built, what types of housing are added to the stock, and where it is located limit production and increase its cost. Population growth—especially at higher income levels—pushes up rents and prices for existing housing. Consequently, a growing share of households pay housing costs that are considered unaffordable by federal standards. Market pressures cause especially steep housing cost increases in some communities that have historically been home to people with low and moderate incomes and people of color.

These challenges have consequences for Washington-area residents and for the prosperity of the region as a whole. Unaffordable housing costs cause financial hardship and instability for many households, disrupting their lives and undermining children's well-being. Runaway market pressures threaten to displace families with low incomes and people of color from communities that have long been their homes. Constraints on new housing production in locations where it is needed contribute to unsustainable sprawl and worsening traffic congestion. If left unaddressed, today's housing challenges could undermine the region's prospects for robust economic growth and shared prosperity in the decades ahead.

Many leaders in the region's public, private, and philanthropic sectors recognize the severity of the housing challenges facing the Washington, DC, region, and discussions are under way about how to effectively address them. And there is reason for optimism. Although serious, the housing challenges here are not as extreme as those facing some other high-cost markets. And collectively, the region has the expertise, capacity, and resources to develop and implement a portfolio of solutions that strengthen the housing market so it better meets the current and future residents.

Recommendations

No single action or investment can overcome the housing challenges facing the Washington, DC, region, and progress will not be instantaneous. But through bold leadership and collaboration over the next decade, government, business, and philanthropy can plan and execute an evidence-based strategy to (1) preserve existing affordable housing in all communities, including opportunity-rich and revitalizing areas; (2) produce more housing across the income spectrum and in communities throughout the region; and (3) protect both renters and homebuyers from discrimination and involuntary displacement.

THE REGION'S LEADERS SHOULD JOIN TOGETHER TO ESTABLISH 10-YEAR TARGETS

These targets should be based on solid evidence about current market conditions and trends and should include three quantitative goals:

1. Shrinking the current 264,000-unit shortage of housing affordable for households in the lowest and low income bands.
2. Expanding the housing stock by at least 374,000 units by 2030 (assuming the MWCOG economic growth rate) or more if economic growth accelerates.
3. Aligning the additional housing units with expected households' needs and resources, with at least 40 percent of new housing needed in the middle cost band to match the expected distribution of additional households.

LOCAL GOVERNMENTS SHOULD STRENGTHEN OR EXPAND EXISTING POLICIES AND ADOPT NEW POLICIES TO MEET THESE TARGETS

Every jurisdiction should develop its own portfolio of policies and investments that are tailored to its specific needs and capacities. Local governments have considerable resources to deploy, including regulatory authorities, funding resources, and leadership and convening capacities. The menu of potential tools (presented in the previous section) available to local governments is diverse and substantial, and all warrant consideration. Analysis highlights 12 tools that offer high potential for the Washington, DC, region and should be priorities for expansion in jurisdictions where they already exist and for implementation where they do not:

- Preserve existing housing units affordable for households with low incomes
    1. Provide **loans for property repairs and rehabilitation** so owners of low- and moderate-cost rental housing can maintain and improve their physical condition while maintaining affordability.

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2. Maintain an **inventory of properties at risk of loss** to support quick identification and coordination of action by a network of public and nonprofit organizations to preserve the availability, quality, and affordability of this stock.
3. Provide **low-cost capital for property acquisition** and optional rehab to enable nimble intervention and preservation of residential properties by mission-driven organizations that will maintain their availability, quality, and affordability.
4. Invest local resources in the **rehabilitation of public housing** to ensure that the existing public housing stock remains available to meet the needs of households with the lowest incomes.

- Produce more housing across the affordability spectrum

5. Impose **land value taxation** to discourage speculative land holding, especially of vacant parcels, so that more housing is produced more quickly.
6. Implement **up-zoning** and other density-enabling regulations to enable more housing production at lower costs, especially in areas accessible to economic activity centers.
7. Eliminate or **reduce parking requirements** to allow developers to create more housing units at lower cost.
8. Establish **equitable transit-oriented development funds** to ensure that new development projects near transit include housing affordable for households in the low and middle income bands.

- Protect both renters and homeowners from discrimination and involuntary displacement

9. Offer **home purchase assistance** to increase residential stability among households with low incomes and first-time buyers.
10. Create **land trusts, cooperatives, and shared equity ownership** to ensure that opportunities for homeownership remain affordable to households in the low and low-middle income bands, even in extremely high-cost areas.
11. Provide **emergency rental assistance** to reduce evictions and homelessness among households with the lowest incomes.
12. Fund **local housing vouchers** to make existing rental housing affordable for households with the lowest incomes.

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STATE GOVERNMENTS SHOULD SUPPORT THE CAPACITY OF LOCAL GOVERNMENTS

In some cases, local governments may lack the authority or the resources to take needed action. So Maryland and Virginia play an essential role, providing supplemental funding resources and authorizing regulatory innovations that local governments need to meet their share of regional targets. The federal government is a critical partner as well. The existing stock of public and assisted housing, federally funded housing vouchers, and federal resources delivered through tax credits and block grants all help meet the region's housing needs, particularly those of households in the lowest income bands. Completely closing the affordability gap for the households with the lowest incomes would require an expansion of federal housing assistance. But even absent a substantial increase in federal housing assistance, local governments can and should maximize their participation in federal programs and leverage the federal resources available.

BUSINESS AND PHILANTHROPY SHOULD DEPLOY THEIR INFLUENCE AND CONVENING POWERS

Philanthropic and business leaders bring essential perspectives and capacities to the region's housing challenge. They can prioritize a regionwide perspective and a focus on the future, promote strategic planning and goal setting, help build public understanding and support, and monitor progress over time toward regionwide targets. Their capacities as influencers, investors, and conveners in the region can help build a durable, cross-sector commitment to addressing the region's current and future housing challenge—generating an impact larger than any single business or philanthropy could have on its own. While their influence is often their biggest asset, they may have resources they can invest in targeted, high-impact public-private partnerships, to build and sustain the regional commitment.

Building on the evidence and analysis presented here, we urge leaders from local and state governments, the business community, nonprofit housing organizations, and philanthropy to join together in a serious and sustained deliberative process, to agree upon a shared vision and targets, to commission additional fact finding and analysis, and to commit to the evidence-based actions each can take to contribute to an effective regionwide strategy.

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

Corrected Report, October 10, 2019

MCPB
Item No. **6**
Date: **10/3/19**

MWCOG Resolution: Meeting the Region's Current and Future Housing Needs

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Completed: 9/26/19

Description

Paul DesJardin, Director of Community Planning Services at the Metropolitan Washington Council of Governments (COG), will provide a briefing on the three regional housing targets adopted via resolution by officials from the District of Columbia, Maryland, and Virginia to collaboratively address the area's production and affordability challenges.

This collective action, outlined in the resolution approved by the COG Board of Directors on September 11, 2019, is the culmination of a year-long effort by local planning and housing directors and COG to determine: 1) how much additional housing is needed to address the area's current shortage and whether the region could produce more; 2) where the new housing should be located to optimize and balance its proximity to jobs; and 3) how much new housing should cost to ensure it is priced for those who need it.

Background/Overview

According to COG's Cooperative Forecasts, employment growth currently outpaces housing growth in the region. This situation affects the area's affordability, potentially undercutting its appeal to new companies and talent and necessitating commuting into the region for work, straining the transportation system.

In early 2018, The National Capital Region Transportation Planning Board (TPB) noted the need to provide a sufficient supply of housing to reduce strains on the transportation system caused by workers commuting to jobs in the region from communities located beyond its boundaries.

Recent analysis done by the TPB determined that additional housing in the region would significantly improve transportation system performance, particularly if those units were strategically located in Activity Centers and near High-Capacity Transit Stations.

These challenges have also been documented in research by many other leading experts, including the Urban Institute, George Mason University's Center for Regional Analysis, Enterprise Community Partners, the Housing Leaders Group of Greater Washington, and the 2030 Group.

As part of the initiative, local housing and planning directors have worked together with COG to determine what it would take to increase housing by at least 75,000 units beyond what is currently forecasted by 2030, to address the region's shortfall. They have focused on the amount, accessibility, and affordability of additional units needed.

- **Amount** – How much new housing should be added in the region and by when?
    - At least 320,000 housing units should be added in the region between 2020 and 2030. This is an additional 75,000 units beyond the units already forecasted in this period.
- **Accessibility** – How much of the additional housing should be located in Activity Centers and near High-Capacity Transit Stations?
    - The COG Board proposes 75 percent of new units go to Activity Centers and near High Capacity Transit.
    - The 2010 Region Forward goal was to accommodate 50 percent of projected new housing in Activity Centers. The COG Board adopted 75 percent as a new target, as local Planning Directors determined zoning capacity already exists to add 75,000 more housing units in Activity Centers and near High Capacity Transit Stations.
- **Affordability** – At what price should housing be added to accommodate the type of household growth anticipated?
    - Urban Institute[1] analysis points to a need for a greater emphasis on low- and middle-income housing.
    - High Cost Bands (Monthly Housing Cost of $2,500 to $3,500, Above 150 percent Area Median Income [AMI]) – 22 percent of New Units
    - Middle Cost Bands (Monthly Housing Cost of $1,300 to $2,499, 80-150 percent AMI) – 40 percent of New Units
    - Low Cost Bands (Monthly Housing Cost of $0 to $1,299, 0-80 percent AMI) – 38 percent of New Units
    - To form a regional target on affordability, COG staff and the planning and housing directors weighed these local-level affordability targets and the Urban Institute's report and consulted with officials from across the region. The resulting target—where at least 75 percent of new housing is affordable to low and middle-income households—is considered compatible with these efforts and would be a significant regional achievement.

While the Montgomery County Planning Board does not have planning and zoning authority over the municipalities of Rockville and Gaithersburg, Montgomery County's forecast does include both the municipalities of Gaithersburg and Rockville. Montgomery County's forecasted household growth from 2020 to 2030 is 31,000 households, which is ~~10~~ 13 percent of the regionwide growth expected during the same period. Of the anticipated household growth of 31,000 households from 2020 to 2030:

- Montgomery County (excluding Gaithersburg and Rockville) has an anticipated growth of 23,000 households (10 percent of the total regional household growth forecast from 2020 to 2030);
- The city of Rockville has an anticipated growth of 5,000 households (2 percent of the total regional household growth forecast from 2020 to 2030); and
- The city of Gaithersburg has an anticipated growth of 3,000 households (1 percent of the total regional household growth forecast).

[1] "Meeting the Washington Region's Future Housing Needs." The Urban Institute. https://www.urban.org/research/publication/meeting-washington-regions-future-housing-needs

At the recommendation of the region's Planning Directors, COG staff proposed distributing the needed 75,000 additional housing units based on each jurisdictions' share (percentage) of forecasted household growth between 2020 and 2030. Montgomery County's share of the additional 75,000 housing units needed regionally from 2020 to 2030 is ~~7,000~~ 10,000. The 10,000 additional housing units needed for the county includes the jurisdictions of Rockville and Gaithersburg. Of the 10,000 household units, Montgomery County, excluding Rockville and Gaithersburg, would have a share of 7-8,000 units, 1,000 units would be allocated to the city of Rockville, another 1,000 units would be allocated to the city of Gaithersburg.

Timeline

- Early 2018: TPB endorses Long-Range Plan Task Force initiatives, including bringing jobs and housing closer to together.
- July 2018: COG analysis identifies regional housing shortfall; COG Board members discuss housing need at leadership retreat.
- September 2018: COG Board unanimously adopts resolution acknowledging housing shortage; directs Planning Directors and Housing Directors to assess what it would take to close the gap.
- January 2019: COG Board endorses work plan to better understand the amount, accessibility (location), and the affordability of needed housing.
- July 2019: COG Board nears agreement on regional housing targets.
- September 2019: COG Board adopts resolution to collaboratively address the area's housing production and affordability challenges.

A report providing an overview of the initiative and resulting resolution is attached and available online. https://www.mwcog.org/documents/2019/09/10/the-future-of-housing-in-greater-washington/

Montgomery County Council

Committee: Directly to Council
Committee Review: At a future date
Staff: Linda McMillan, Sr. Legislative Analyst
Pamela Dunn, Sr. Legislative Analyst
Purpose: Receive briefing and have discussion – no vote expected
Keywords: COG, Future of Housing, Urban Institute, Future Housing Needs

ADDENDUM
AGENDA ITEM 3
October 15, 2019
Discussion

SUBJECT

Metropolitan Washington Council of Governments (MWCOG) report, "The Future of Housing in Greater Washington, A Regional Initiative to Create Housing Opportunities, Improve Transportation, and Support Economic Growth," and MWCOG regional housing targets

Additional selected information from the Urban Institute's "Meeting the Washington Region's Future Housing Needs" © 59-65

Selected Charts and Data from "Meeting the Washington Region's Future Housing Needs"

10/15/2019

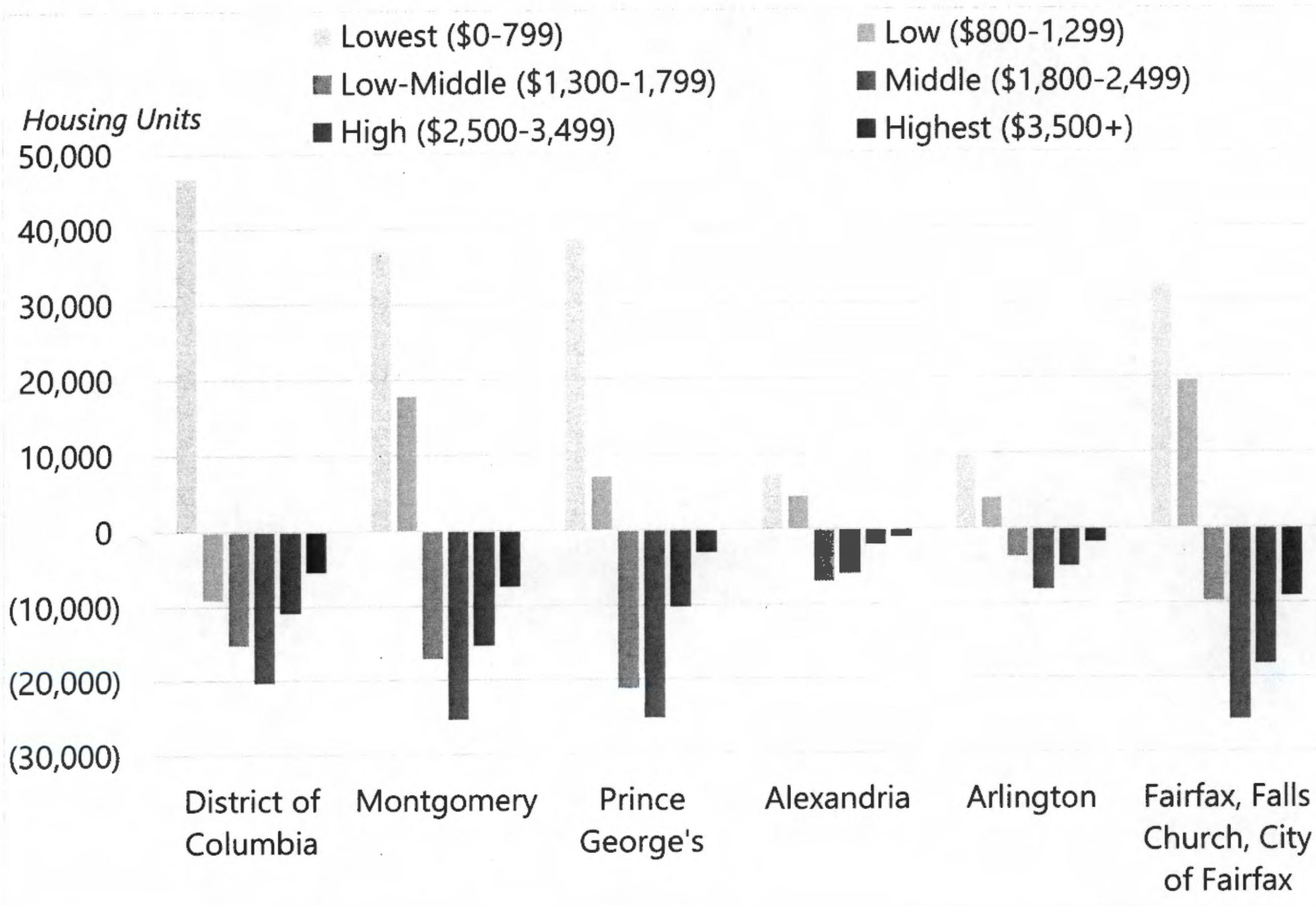
Download the report at https://urbn.is/2lvgpRw

Current housing needs and supply are not well-aligned.

Figure 1 shows there are gaps in the number of lowest cost housing units where the need for housing in that cost category is greater than the supply of that housing. Negative values reflect cost categories where there is more housing supply than current households need.

FIGURE 1

Housing Gaps and Surpluses by Monthly Housing Cost for Selected Jurisdictions, 2015



Source: Urban–Greater DC analysis of the 2013 to 2017 American Community Survey microdata from IPUMS-USA, University of Minnesota, www.ipums.org.

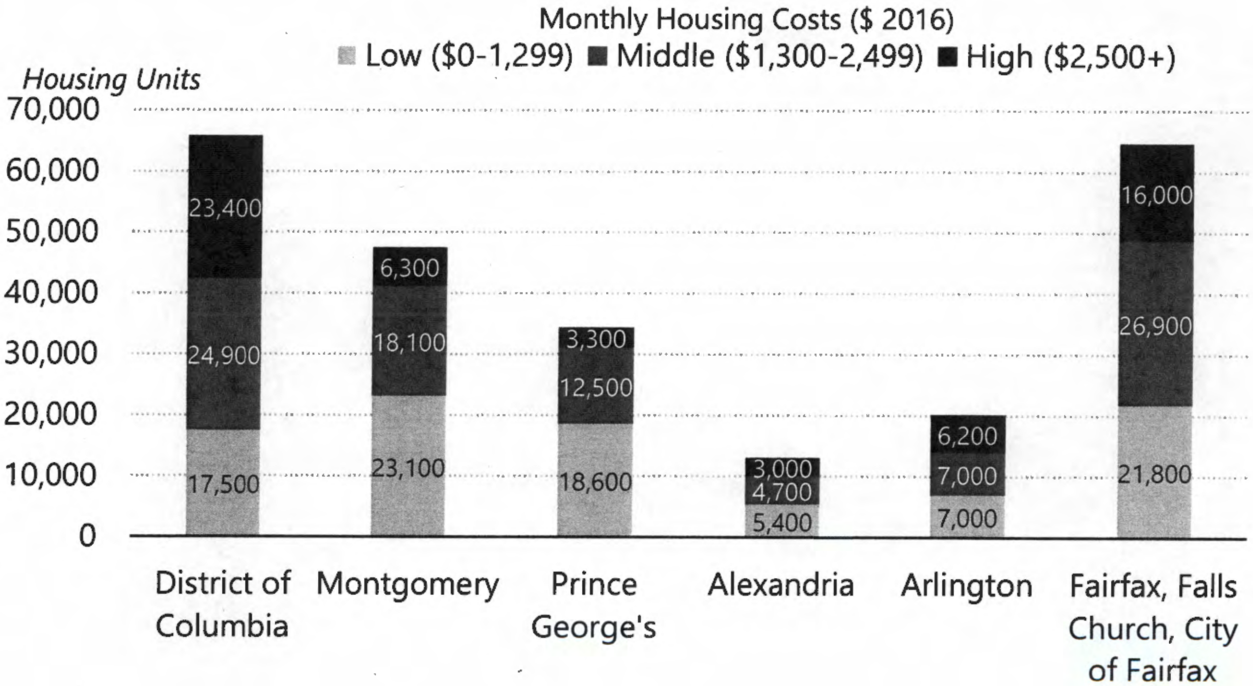
Notes: Estimated need for affordable housing to house the homeless population who is not chronically homeless included as demand for the lowest cost housing units. The number of households and housing units has been weighted to match the Metropolitan Washington Council of Governments 2015 household estimate. See the appendix in the full report for details on how housing needs are defined.

The majority of new units need to be added in the low and middle cost categories.

Figure 2 shows the total housing units forecasted to be added in each jurisdiction based on the MWCOG Round 9.1 Forecast. We estimated the incomes of those new households, accounting for immigration and demographic trends, and translated those incomes into housing costs. Future housing units could be built to better align with the cost needs of households who will be added to the region.

FIGURE 2

Additional Units Needed by Cost to Accommodate Baseline Expected Household Growth in Selected Jurisdictions from 2015 to 2013



Source: Urban–Greater DC projections based on the American Community Survey microdata from IPUMS-USA, University of Minnesota, www.ipums.org, and Metropolitan Washington Council of Governments, *Round 9.1 Growth Trends to 2045: Cooperative Forecasting in Metropolitan Washington* (Washington, DC: Metropolitan Washington Council of Governments, 2018).

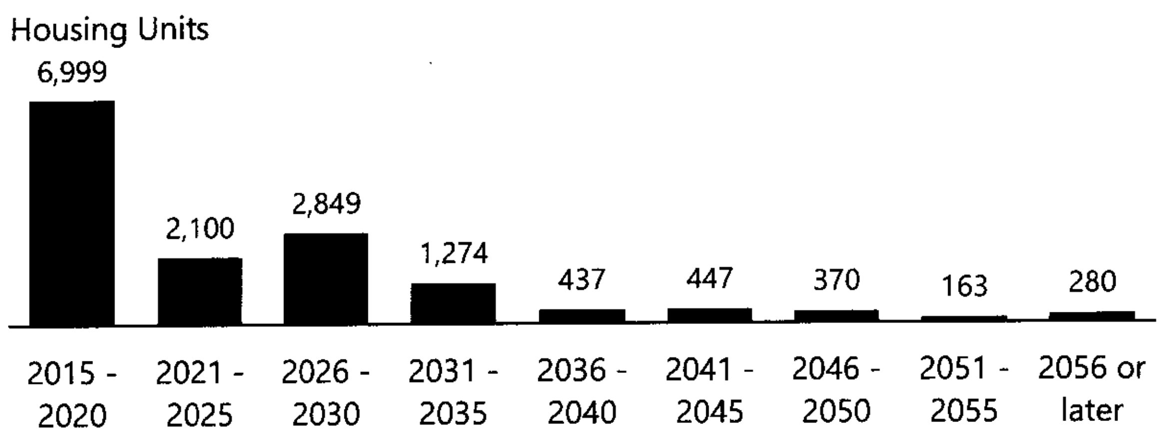
Notes: Growth in units that are vacant and for sale or for rent is assumed to match the overall growth in units needed to accommodate households to maintain current vacancy rates. Units that were seasonal or vacant and being held off the market at baseline are not included in this figure. See the appendix in the full report for details on projection and future needs methodology.

Preservation of both subsidized and unsubsidized affordable housing is critical to meeting both current and future needs.

By 2030 we estimate that 119,000 households in Montgomery County will need housing in the low and lowest cost bands (under $1,300 a month in 2016 dollars). As most new housing stock produced at this level requires deep public subsidies, preserving the existing affordable housing stock, whether already subsidized or not, is essential. Figure 3 shows when federally assisted units may lose their affordability restrictions. Table 1 estimates that more than 34,000 units in Montgomery are likely to require some intervention to preserve affordability.

FIGURE 3

Federally Assisted Housing Units by Year of Affordability Restriction Expiration in Montgomery County



Source: Urban–Greater DC analysis of National Preservation Database.
Notes: Public housing does not have affordability restrictions that expire. Figure excludes units missing data on expiration dates. Figure includes 15-year compliance or 30-year subsidy end dates for units subsidized by the low-income housing tax credit.

TABLE 1

Rental Units That May Need Intervention to Preserve Affordability before 2030

	Number of units
Federally assisted housing stock with subsidies expiring by 2030	12,000
Public housing units	600
Likely unsubsidized affordable units in 5+ unit buildings estimated to be more than 30 years old (80 percent)	16,000
Likely unsubsidized affordable units in 1-4 unit buildings older than 30 years	6,000
Total	**34,600**

Source: Urban–Greater DC analysis of National Preservation Database and the American Community Survey microdata from IPUMS-USA, University of Minnesota, www.ipums.org.

Notes: Affordable units are defined as those renting for less than $1,300 per month. Data are rounded to the nearest thousand except for public housing units.

Policy Menus from "Meeting the Washington Region's Future Housing Needs"

10/15/2019

For details on the policy tools and their expected contributions towards meeting regional needs, download the report at https://urbn.is/2lvgpRw.

Policy Menu: Preserve Existing Housing Affordability

Strategies	Policy tools
Empower mission-driven organizations to acquire low- and moderate-cost rental properties at risk of loss	**Laws and regulations** ▪ Enact right of first refusal—to allow mission-driven organizations an advance window to acquire properties. **Public funding/resources** ▪ Provide financing for acquisition and/or rehabilitation—to enable nimble and lower-cost acquisition. **Voice/convening power** ▪ Create preservation networks and inventories—to enable advance preparation by public and nonprofit actors.
Maintain and improve the physical condition of low- and moderate-cost housing	**Public funding/resources** ▪ Fund light rehab programs—to finance required improvements in rented or owned housing. ▪ Fund moderate to substantial rehab programs—to address deferred maintenance and extensive repairs. ▪ Create energy-efficiency programs— to reduce ongoing operating costs and enable spending on upkeep. ▪ Rehabilitate public housing—to stop public housing units from going vacant because of disrepair. **Voice/convening power** ▪ Provide technical assistance and training—to help property owners identify feasible solutions.
Incentivize current property owners to maintain low or moderate rents	**Laws and regulations** ▪ Identify preservation-oriented subsidy priorities—to facilitate owners' commitment to low and moderate cost housing. **Public funding/resources** ▪ Enact property tax incentives for preservation—to reduce landlord costs in return for rent limits.

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Policy Menu: Produce More Housing across the Income Spectrum

Strategies	Policy tools
Increase the locations and density of housing development	**Public funding/resources** ▪ Designate housing as a priority use for public land—to increase available space for housing. **Laws and regulations** ▪ Establish land value taxation—to create a disincentive for speculative land holding, especially of vacant parcels. ▪ Authorize or incentivize infill—to put more parcels to use. ▪ Enact up-zoning and density-enabling regulations—to enable more housing production. ▪ Prioritize added density in approved areas—to use more parcels to their allowable density. ▪ Facilitate single-family conversions and accessory dwellings in every neighborhood—to increase density in keeping with community design.
Shorten the timeline for delivering new housing	**Laws and regulations** ▪ Streamline impact assessments and environmental review—to improve the timeline without losing essential reviews. ▪ Expedite permitting for designated housing types—to prioritize development of needed homes. ▪ Increase predictability of approvals—to reduce costly delays. **Voice/convening power** ▪ Develop skilled labor and quicker construction options—to improve productivity and reach move-in more quickly.
Support affordability and inclusion	**Laws and regulations** ▪ Eliminate or reduce parking requirements—to allow developers to create more housing units at lower cost. ▪ Implement mandatory inclusionary zoning—to require low- or moderate-cost units with new residential development. ▪ Create developer incentives—to waive fees, increase allowable greater density, or offer other incentives in exchange for the production of low or moderate cost units. ▪ Enact fair share requirements—to establish, monitor, and enforce targets for including lower-cost housing. **Public funding/resources** ▪ Fund local development subsidy programs—to support the production and operation of housing at low or moderate rent levels. ▪ Fund transit-oriented development—to bring down the minimum feasible rents near transit. ▪ Provide committed project-based subsidies—to improve financial viability of development that serves lower incomes. ▪ Allow public purchase of inclusionary units—to enable very low–cost housing in scattered sites.

Policy Menus from "Meeting the Washington Region's Future Housing Needs"

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Policy Menu: Protect Households from Discrimination and Displacement

Strategies	Policy tools
Reduce instability and displacement pressure	**Laws and regulations** ▪ Enact rent stabilization—to establish and enforce limits on rent increases. ▪ Establish lease term and renewal rights—to adopt laws that increase stability for renters in good standing. ▪ Provide tenant relocation assistance requirements—to create a disincentive for displacing renters. ▪ Limit short-term rentals—to balance periodic income support with the need for a year-round housing supply. **Public funding/resources** ▪ Provide home purchase assistance—to increase residential stability among households with low incomes and first-time owners. ▪ Allow land trust, co-op, and/or shared equity homeownership—to open the door to homeownership in extremely high-cost areas. ▪ Create assessment limits—to reduce owners' displacement pressures from rising property tax bills. ▪ Establish local housing vouchers—to supplement federal vouchers and increase access to housing among people with extremely limited means. ▪ Fund emergency rental assistance—to reduce evictions. ▪ Provide mediation and legal services—to provide renters with low incomes with a right to mediation and/or a publicly-funded attorney for eviction matters.
Enable fair and equitable access to housing	**Laws and regulations** ▪ Expand antidiscrimination protections—to ensure fair housing for groups that face access disparities. **Public funding/resources** ▪ Increase testing and enforcement of fair housing laws—to reduce barriers for renters and home buyers. **Voice/convening power** ▪ Support fair housing education programs—to increase voluntary compliance. ▪ Conduct landlord outreach—to reduce discrimination against people with rent vouchers.
Prevent hazardous and unhealthy living conditions	**Laws and regulations** ▪ Commit to ending homelessness—to make explicit commitments and fund proven strategies to achieve the goal. ▪ Establish proactive rental inspections—to reduce the possibility of retaliation when renters press for essential repairs. ▪ Require rental registration and licensing—to improve accountability and enforcement capacity. **Public funding/resources** ▪ Provide rapid rehousing assistance—to identify and house people as they become homeless.