

Housing Element to the General Plan – Council – March 29, 2011

Challenges and Goals

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

The County developed a landmark mandatory inclusionary zoning program, the Moderately Priced Dwelling Unit (MPDU) ordinance in the 1970s. This program was augmented in 2006 by a workforce housing program. The County has concurrently pursued an aggressive program to build publicly assisted housing. However, none of these efforts have been able to satisfactorily address the need for housing that a large segment of County residents and workers can afford.

The County population is forecasted to exceed one million by 2013 and to add 172,000 residents between 2010 and 2030, which means that the County will need 75,500 additional housing units in the next 20 years. Due to declining household size, households are expected to grow faster than the population, and many existing households will change their housing requirements. The greatest needs will be for seniors, young households, large families, and people with special needs—disabled residents, homeless individuals, and families. There will be strong and growing demand for rental units.

Only four percent of the County land zoned for development remains undeveloped (14,000 acres). That acreage includes environmentally sensitive areas, and most of it is scattered with few large assemblies. It is clear that County housing needs cannot be met by traditional patterns of low-density development that pushed ever outward. As transportation costs grow, the cost of commuting can cancel out any reduction in housing costs, not to mention the effect of increased travel miles on both air quality and roadway congestion. Moreover, growing concern for the environment and the need to reduce the carbon footprint of development are generating a major shift in both the supply and demand for housing. New housing must be developed by rethinking the future of the County's auto-oriented commercial strips and surface parking lots (most of them paved before modern stormwater management requirements existed), and by making the most of opportunities for housing near high quality transit service.

Thus, a combination of forces—a shrinking supply of developable land, higher land costs, rising energy prices, shifts in the County's demographic profile, and environmental constraints—direct us to housing policies that look inward rather than outward to accommodate the housing needs of the next generation for homes and communities that are balanced, convenient, and sustainable. Maintaining an overall balance of housing and jobs in the County is important to meeting affordable housing goals, providing opportunities for people who work in the County to live in the County, and encouraging transit use.

Definitions

The following definitions are used in this element of the General Plan.

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

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

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

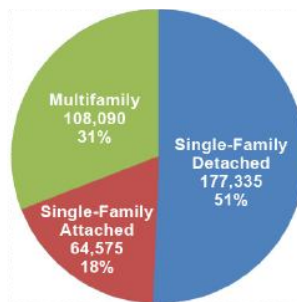
Middle Income – households earning between 80% and 120% of area median income. (This definition includes the income range for the County's voluntary Workforce Housing program.)

Goals

1. Conservation and care of existing neighborhoods and the existing housing stock.

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

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



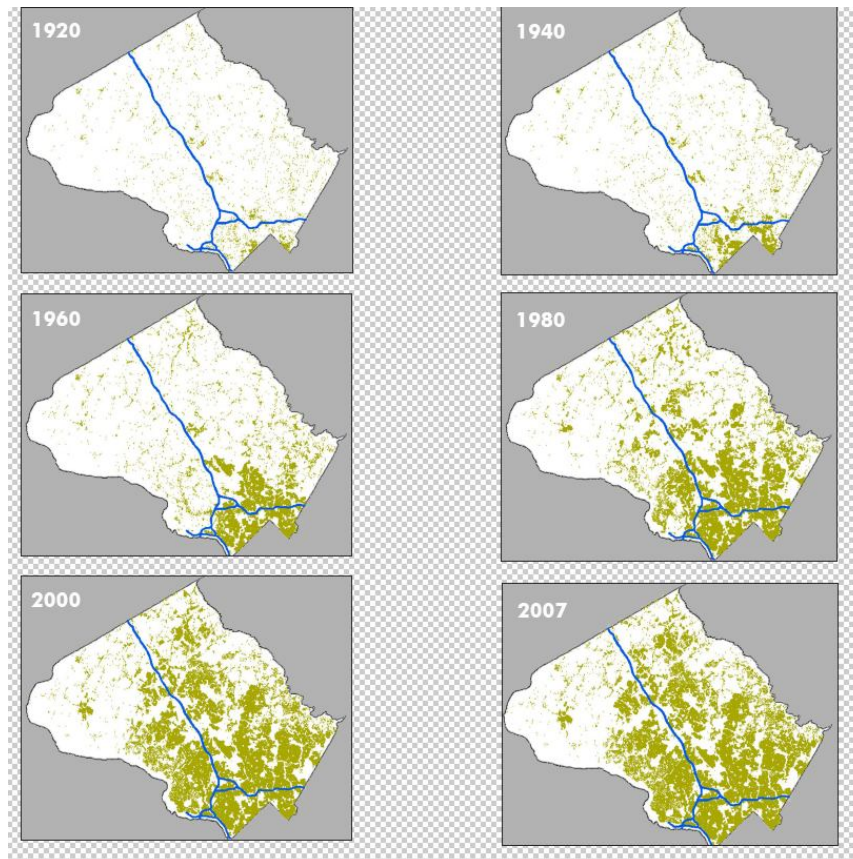
2. Concentrate new housing in mixed-use, transit-oriented areas.

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

3. Encourage and maintain a wide choice of housing types and neighborhoods for people of all incomes, ages, lifestyles, and physical capabilities at appropriate locations and densities. Implement policies to bridge any housing affordability gaps.

Normal home value appreciation in a strong housing market such as Montgomery County's, loss of some moderately priced units to redevelopment, and loss of Moderately Priced Dwelling Units as their control period ends mean that the gap between supply and demand of units affordable to low, moderate, and middle income households must be monitored to see if adjustments should be made to policies or programs. Expected rates of new housing production cannot keep pace with price increases that remove existing units from the market and the need to provide housing to new residents of low and moderate incomes. In 2009, the County had a shortage of 43,000 units that were affordable for households earning less than \$90,000 a year (just below the 2009 County median income for a family of four), but that number approaches 50,000 when household size is taken into account. In contrast, a surplus of units was available to those with more than \$150,000 in annual household income. Projections completed in 2008, when housing prices were steadily appreciating, estimated that by 2030 it will be difficult for a household with an annual income of \$120,000 (in constant 2009 dollars) to afford a home in much of Montgomery County. By then, the gap in affordable housing is estimated to reach 62,000 units. This Housing Element recommends a series of public policy actions that should be taken to reduce the affordability gap.

Housing Inventory 1920-1970



A Strategic Framework

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

- The General Plan's **Wedges and Corridors** remains the framework for development in Montgomery County. This element of the General Plan expects all residential development to conform with Wedges and Corridors as refined by master plans and sector plans.
- **Master plans** must address existing and future housing needs with particular attention to protecting and enhancing neighborhoods that contain a substantial stock of affordable units and to increasing opportunities for a high jobs-housing ratio in areas served by public transportation. Housing should include units affordable to low, moderate, and middle income households.
- **Development regulations** should reflect the goals of providing housing near transit, jobs, and services; producing a wide and diverse range of affordable unit types and sizes; and reducing regulatory requirements and procedures that discourage production of affordable housing units. The Zoning Ordinance should be revised to clarify that housing affordable to low, moderate, and middle income households is a permitted use in all residential zones. Excessive or unnecessary barriers to the provision of affordable and special needs housing, such as parking or special exception requirements, should be removed. The regulatory system should link provision of housing to nonresidential development by encouraging mixed uses or a fee-in-lieu payment to the County's Housing Initiative Fund.
- **Sufficient revenue sources** are needed to maintain the Housing Initiative Fund, and to provide for rental assistance programs. Capital programming must be monitored by the Planning Board, County Executive, and County Council to ensure that funding is available for neighborhood stabilization and improvements, such as sidewalks, parks, and other facilities needed for high quality, non-auto mobility.
- **Surplus public properties suitable for affordable housing** should be made available to public and nonprofit agencies for assisted or below market housing. Projects involving the redevelopment of public land or facilities, such as parking facilities, must provide more low, moderate, and middle income affordable housing than the minimum requirement. Property that is designated as park land is not considered surplus.
- **Public agencies should collaborate** with and provide technical and/or other forms of assistance to housing cooperatives, faith-based organizations, neighborhood housing groups, and employers to provide for the production and preservation of affordable housing.
- The Planning Board, Executive, and Council should periodically **review the supply and demand for rental and for-sale** housing to determine if adjustments in housing policies or programs are needed to meet the needs of county residents.

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

Objectives

1. **Housing and Neighborhood Connectivity:** Concentrate most new housing near public transportation and provide easy, multi-modal connections to jobs, schools, shopping, recreation, and other leisure activities.
2. **Diverse Housing and Neighborhoods:** Create diversity in the type and size of units, neighborhoods, facilities, and programs to accommodate current and future residents.
3. **Housing and the Environment:** Provide economically and environmentally sustainable housing and neighborhoods.
4. **Housing and Neighborhood Design:** Create more balanced, attractive, and walkable neighborhoods through regulatory reform of private developments and leadership in design of public projects.

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

Housing Strategies



Objective 1: **Housing and Neighborhood Connectivity**

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

Policies

- 1.1 Build the majority of new housing in transit-oriented locations and near jobs and employment centers.
- 1.2 Increase infill housing opportunities in suburban office parks, shopping centers, and other underused properties.
- 1.3 Coordinate infrastructure investment in existing and new neighborhoods to create a high level of mobility options that connect people to where they live, work, shop, and play.
- 1.4 As older strip commercial areas and surface parking lots are redeveloped, include housing and improve non-vehicular connectivity through the most direct pedestrian and bike routes between homes, jobs, retail, recreation, schools, and public services.



Objective 2:
**Diverse Housing and
Neighborhoods**

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

Policies

- 2.1 Strengthen the stability of established neighborhoods through targeted programs that improve schools, parks, safety and new or upgraded pedestrian and bicycling facilities.
- 2.2 Make housing affordable to low, moderate, and middle income households a priority in all parts of the County.
- 2.3 Encourage neighborhood diversity with a range of unit sizes, types, and occupancy (including rental and ownership options).
- 2.4 Ensure that infill development complements existing houses and neighborhoods.
- 2.5 Mix housing with other uses with special care in ways that promote compatibility and concern for residents' need for safety, privacy, and attractive neighborhoods.
- 2.6 Provide for appropriate redevelopment of residential property when conditions warrant.
- 2.7 Protect residential neighborhoods from excessive traffic and discourage spill-over parking from non-residential areas.
- 2.8 Create mixed-use neighborhoods with local small retail businesses and basic services within walking distance of housing.
- 2.9 Use special care to plan uses at the edges of high-density centers that are compatible with existing neighborhoods.
- 2.10 Encourage shared parking facilities in high-density, transit-oriented, mixed-use developments to reduce parking and environmental costs in new housing construction. Encourage parking to be provided as a separately priced and purchased amenity in high density areas.
- 2.11 Continue the partnership between Montgomery County and the Housing Opportunities Commission to acquire vacated properties for affordable low, moderate, and middle income housing, including land donations from banks, grant programs, and other charitable groups.
- 2.12 Encourage housing cooperatives, faith-based organizations, neighborhood housing groups, and employers to use their existing property or to purchase land and buildings for the production and preservation of housing affordable to households with low and moderate incomes.
- 2.13 Provide underused and strategically located surplus public properties for housing, including units affordable to low and moderate income households at a higher percentage than required in the MPDU program and using best design practices. Property that is designated as park land is not considered surplus.

- 2.14 Encourage projects that mix condominiums and rental units, allowing income restricted units to avoid high condominium fees.
- 2.15 Promote full inclusion of all ages, stages of life, and physical abilities by encouraging design and construction that incorporate visit-ability and live-ability features in new construction and major renovations.
- 2.16 Promote efforts to make it easier for seniors to stay in their homes as long as they desire. Develop programs and partnerships to help small households and seniors find and occupy housing that is right-sized for their needs, so that oversized homes do not become a burden and so the existing housing stock is available for appropriately sized households.
- 2.17 Discourage deterioration of housing through diligent enforcement of housing codes.
- 2.18 Enforce housing and zoning codes to prevent overcrowding.
- 2.19 Encourage licensed child and adult daycare in facilities in mixed-use developments.



Objective 3:
**Housing and the
Environment**

Provide economically and environmentally sustainable housing and neighborhoods.

Policies

- 3.1 Continue to adopt green and energy efficient building standards for new construction (such as the International Energy Conservation Code) and encourage the use of green and energy efficient design and materials in residential renovations and retrofits to create more sustainable housing, on-site energy production, and water conservation and re-use.
- 3.2 Reduce parking requirements for residential units near transit and within parking lot districts to decrease impervious surfaces and carbon emissions and increase affordability.
- 3.3 Consider appropriate incentives for the use of pervious pavers and other materials and strategies that reduce stormwater runoff. These techniques should mitigate the impact of allowable impervious surface rather than increase the footprint of development above what is currently permitted.
- 3.4 Encourage smaller housing units that can serve changing households and reduce energy costs.
- 3.5 Promote the use of federal, state, local, and private programs available for rehabilitating older housing units so that they are energy efficient and healthy.
- 3.6 Require best practices in stormwater management and grey water strategies, including green roofs, swales, and filtering combined with underground storage tanks for controlled release as well as reuse.
- 3.7 Require conservation of tree canopy and sustainable site design, including native plants and conservation landscaping techniques as well as soil decompaction strategies.
- 3.8 Invest in public infrastructure including transit, water and sewer, and stormwater management to keep neighborhoods healthy.



Objective 4.

Housing and Neighborhood Design

Create more balanced, attractive, and walkable neighborhoods through regulatory reform of private developments and leadership in design of public projects. Ensure that the regulatory process does not pose barriers to housing production, especially for housing affordable to low, moderate, and middle income households.

Policies

- 4.1 Plan for transit-oriented neighborhoods that provide a full range of housing opportunities for all residents, including the work force employed in the transit corridor.
- 4.2 Facilitate the production of attractive housing and neighborhoods with innovative design of the public realm and architecture, including creative building techniques, materials, and mix of unit types.
- 4.3 Create design guidelines to help define quality public spaces and walkable communities.
- 4.4 Create pedestrian-oriented public spaces to support the needs of a diverse population.
- 4.5 Include housing affordable for low, moderate, and middle income households in all suitable public building projects in appropriate locations throughout the County.
- 4.6 Encourage new and innovative construction techniques and products, such as green technologies and modular components.
- 4.7 Review whether uses that contribute to diversity in housing and walkable transit oriented communities and are currently approved by special exception should be allowed by right if appropriate conditions and standards are in place.
- 4.8 Expedite approval reviews for housing that meets the strategic objectives of affordability, environmental sustainability, and transit serviceability.
- 4.9 Continue efforts to consolidate sequential review and approval process into one coordinated, concurrent process.
- 4.10 Ensure that all master plan and sector plan amendments address the need for housing for low, moderate, and middle income households and promote specific strategies to meet that need including height and density incentives and flexibility.