"Federation Corner" column
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Growing pains
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Rental and sale prices for existing housing and commercial space are almost always more affordable than if the property were to be redeveloped with new buildings.

It is also true that when the County Council upzones a property during a master plan revision, by increasing the number of dwelling units or square footage of commercial space allowed on the site, it adds to the value and sale price of the land and provides an increased incentive for it to be redeveloped.

Why, then, at a time when home owners and renters are spending more of their income on housing, and businesses are in a more precarious financial situation than usual, isn't county government putting more effort into preserving existing affordable housing, retail and office space?

There are existing affordably priced rental housing and commercial areas, especially in the downcounty, which developers claim as aging and in need of redevelopment. This is understandable, since our county is running out of undeveloped properties on which to build and so the continued viability of the development industry is largely dependent on the ability to redevelop existing built sites. And, if the allowed density of these properties is increased by the Council through upzoning, then developer profits increase, too.

The degree to which the decisions of county government influence this supposedly free market system is seldom discussed publicly. Of course, the development industry has been quite generous in the past in making large campaign contributions to candidates for local office. But, I'm not sure the voters think this is a valid reason for officials making policy decisions to benefit this special interest to the detriment of others.

Let's look at a retail area in the crosshairs of developers, the Fenton Village area on the eastern side of the Silver Spring Central Business District. Although most buildings in this area are decades old, actually because of this fact, Fenton Village could be referred to as a naturally occurring small business incubator. The fact that retail rents in this area have remained lower than in redeveloped communities has allowed entrepreneurs, notably the 60 or so minority small business owners in Fenton Village, their chance at the American dream of starting their own companies. Once gone, the county can try to replace this opportunity by establishing small business incubators on government owned properties. But why spend taxpayer dollars to provide a museum-like environment to replace one that developed organically but was zoned out of existence?

Stable, lower rent areas like Fenton Village naturally attract locally grown mom-and-pop stores--shoe repair shops, independent jewelers, furniture restorers, auto body shops and the like. But, as we have seen in the Woodmont Triangle area of Bethesda, when a previously affordable small business area is rezoned for higher density development via master plan amendment then many community-serving small businesses disappear. Mom-and-pop stores get replaced by the franchise restaurants, national chain book stores and coffee shops that exist in every other redeveloped retail area in the Washington metropolitan area, and a significant factor that contributed to the unique character of the community is forever lost. Also, a part of what makes an area a viable smart growth community--the ability to access needed goods and services in close proximity to residential neighborhoods--is also lost. Will we be better off needing to drive to Frederick to get a ding knocked out of our car bumper or a pair of shoes resoled if officials drive out small businesses by upzoning Fenton Village or Twinbrook?

Similar damage can result when a naturally occurring affordably priced housing area is upzoned, providing the incentive for its redevelopment. This nearly happened to properties along Battery Lane in Bethesda, when the Bethesda Sector Plan was undergoing amendment beginning in 2004. There are hundreds of affordably priced rental apartments along Battery Lane, between Woodmont Avenue and Old Georgetown Road, many of which are in buildings constructed in the 1950s or '60s. Property owners pushed to have this area included in the proposed sector plan amendment, claiming the upzoning they requested would result in significantly more housing in the area.

But Battery Lane residents pushed back by pointing out that most of the increased housing allowed under upzoning would be luxury units, with only one in eight being priced at an affordable rent under the county's Moderately Priced Dwelling Unit (MPDU) law. Yet all of the existing units are currently relatively affordable. Hundreds of renters would have been thrown out of their apartments, with most not qualifying for the new MPDUs even had they found interim housing in the area while their apartment buildings were replaced with newer ones. Wisely, the County Council removed the Battery Lane District from the Bethesda Sector Plan amendment prior to its approval in 2006.

The challenge for county government is to find a way to retain existing affordably priced housing and commercial space, and to provide incentives for its maintenance while stabilizing rental and sale prices.

The real costs and benefits of redevelopment must be closely and honestly examined. The traditional view of some officials is that redevelopment contributes to the public welfare by increasing revenue to the county, since bigger apartment houses and higher rent retail generate more in taxes. But, honestly, if our officials can't balance the budget with $4 billion in annual revenue, will they be any better able to hold a $4.5 billion annual budget in check? The idea that bigger is better is almost laughable in a county with nearly one million population--more than seven states of the union (Alaska, North Dakota, South Dakota, Wyoming, Montana, Vermont or Delaware). And Montgomery County already contributes 21% of all county generated revenue to the state of Maryland. Maybe it's time for us to put the brakes on growth for a bit, hold zoning density to the levels already allowed, and let the other 22 counties in the state grow a bit and provide a greater share of state revenue.

The views expressed in this column do not necessarily reflect formal positions adopted by the Federation. To submit an 800-1000 word column for consideration, send as an email attachment to waynemgoldstein@hotmail.com