AGENDA ITEM #9
January 25, 2011

MEMORANDUM

January 21, 2011

TO: County Council

FROM: Linda McMillan, Senior Legislative Analyst

SUBJECT: **BRIEFING: Housing Element of the General Plan County Housing Policy**

At this session, the Council will be briefed by Park and Planning on the Planning Board's Recommended revisions to the Housing Element of the General Plan and by the Department of Housing and Community Affairs (DHCA) on the County's 2001 Housing Policy, "Montgomery County - The Place to Call Home." PHED Committee Chair Floreen has requested that this briefing begin with an update from Department of Health and Human Services (DHHS) Director Ahluwalia on the impact of the economic downturn on the County in terms of the number of people in need and in poverty. The PHED Committee held its first worksession on these documents last Thursday, January 20th.

Attached to this packet are:

The Planning Board's 2009 Recommended Housing Element of the General Plan and County Executive comments (©1-24)

1992 Approved Housing Element of the General Plan (©25-30). This is what will be replaced if the 2009 Recommended Housing Element is adopted.

2001 Housing Policy, "Montgomery County – The Place to Call Home." ©31-83

Summary of 2001 Housing Policy Accomplishment (©84-85) provided by DHCA to the PHED Committee.

M-NCPPC Trendsheets – Indicators of Montgomery County Progress – Housing Monitor (January 2011; © 86); Population (July 2010; ©87-88), Poverty (December 2010; © 89), and Employment (November 2010; ©90).

1. Background on Housing Element of the General Plan

Because the Housing Element is an update to the General Plan, the Council must act on the amendment within 180 days or extend the time for Council consideration. If the Council does not extend the time for consideration or take an action on the Housing Element it will be enacted as proposed by the Planning Board. The time for consideration can only be extended for 60 days at a time, but there is not a limit on the number of times it can be extended. The last Council decided that this Council should review the Housing Element and Housing Policy and that is why time for consideration has been extended several times already. The current deadline for action is March 23, 2011.

- The Housing Element of the General Plan describes the county's housing goals for **all types of housing** for all ranges of household income. It is not just an affordable housing policy.

- The Housing Element reflects the county's intent regarding the desired balance of jobs and housing.

- The Housing Element must be consistent with the Wedges and Corridors concept that is the basis of the General Plan.

- Master plans and sector plans implement the policies of the Housing Element. Each master plan or sector plan is an amendment to the General Plan.

- The proposed Housing Element update restructures objectives and strategies and discusses in more detail implementation policies, such as funding for the Housing Initiative Fund.

The proposed Housing Element has 3 Goals (©7-8):

1) Conservation of the stable neighborhoods and the existing housing stock.

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

3) Close the housing affordability gap.

There are 4 objectives which each have a series of policies or strategies to achieve them:

1) Concentrate most new housing near transportation and provide easy, multi-modal connections to jobs, schools, shopping, recreation, and other leisure activities. (©11)

2) Create diversity in the type and size of units, neighborhoods, facilities, and programs to accommodate current and future residents. (©12)

3) Provide economically and environmentally sustainable housing and neighborhoods. (©13)

4) Create more balanced, attractive, and walkable neighborhoods through regulatory reform of private developments and leadership in design of public projects. (©14)

The proposed Housing Element contains a chart that identifies the agency or party that should be responsible for achieving the objectives (©16-17).

Public Hearing Testimony

The Council held a public hearing on the proposed Housing Element on December 1, 2009. Written testimony from the hearing and additional testimony received was included in the January 20, 2011 packet to the PHED Committee and will be provided in the Council packet when it begins its worksessions. The following summarizes the testimony and correspondence received.

The **County Executive** generally supports the update (see Executive's comments ©20-243) but recommends a 5^{th} objective, "Housing and Land Use, Zoning, and Development Approval." The objective would address the regulatory and approval process of the County agencies, including the Planning Board. The Executive believes this objective will also provide guidance on the Zoning Code re-write. The Executive also suggests Objective 2 discuss barriers to housing including unfair lending practices, awareness of fair housing rules, and a lack of testing information on fair housing.

The **Montgomery County Civic Federation** suggests that an important objective of the Housing Element should be the "preservation of existing affordably priced housing, both government-controlled and free market." They also testified that an equally important objective "should be the preservation of the character and quality of life in existing neighborhoods." The Civic Federation also supports maintaining the Special Exception process for approval of accessory apartments and believes including a strategy to allow them by right circumvents a county policy debate.

The **Hillandale Citizens Association** notes the issues facing older communities. The Association also objects to changing the approval process for accessory apartments. They suggest that the goal of concentrating new housing in transit oriented areas should look at achieving a jobs/housing balance and assessing transit quality, noting that local routes are insufficient to serve high-density, mixed income communities well.

The **Housing Opportunities Commission** generally supports the revision but notes that the revision omits the objective, "Promote a sufficient supply of housing to serve the County's existing and planned employment..." It notes that it is particularly important that lower income workers have housing near their jobs. HOC also comments that the revision calls for the creation of a partnership between Montgomery County and HOC when one already exists.

David Freishtat of Shulman, Rogers requests that the Housing Element define a senior adult as someone aged 55 or older and that this definition be consistent for housing purposes. He notes current inconsistencies in the zoning ordinance.

The Norbeck Meadows Civic Association, Greater Olney Civic Association, Cherrywood Homeowners Association, and Louis Wilen provided comments in opposition to changing the current Special Exception approval process for accessory apartments.

2. Background on 2001 Housing Policy: "Montgomery County – The Place to Call Home"

The County's current Housing Policy was adopted in July 2001. The document was drafted by the Executive Branch and adopted by the Council via Resolution 14-959. It does not have a mandated approval structure like the Housing Element. Previously, the Council and Executive adopted a Housing Policy by joint resolution in 1981. The 2001 Housing Policy states:

"The purpose of the Housing Policy is to guide the implementation of the County's housing programs and policies, provide recommendations for improving them, and direct the allocation of resources. Changing population demographics and economic conditions will necessitate a review and update of the housing policy every ten years."

The Council approval resolution (©82-83) states that in 10 years (from July 2001) the County Executive must undertake a full re-evaluation of housing needs in Montgomery County and recommend housing policy changes to reflect needs at that time.

The preamble to the Housing Policy states that, "A safe, decent, and affordable home is the cornerstone for a full, normal life." It states the following as the vision for Montgomery County:

- Everyone with a place to call home – no one homeless.
- All housing in sound condition, meeting all building maintenance codes.
- Adequate living space within each housing unit for its occupants.
- Affordable housing for all who live or work in the county, regardless of age or position.
- Appropriate housing and services for each stage of life so that people can remain in the community as they grow older.
- No discrimination in choosing a place to live, regardless of race, color, religious creed, ancestry, national origin, sex, sexual orientation, marital status, presence of children, age, physical or mental disability, or source of income.
- Housing opportunities and supportive services for those who have mobility or sensory impairment, developmental or emotional disabilities, or mental illness.
- Safe and sound neighborhoods with community services and well-maintained facilities.

The Housing Policy has 7 main objectives with action plans for accomplishing each:

- **Variety and Choice in Housing** – Variety and choice in housing of quality design and durable construction in various types of new and existing neighborhoods in conformance with the County's General Plan.

- **Assistance for Persons with Diverse Housing Needs** – Housing for diverse residential needs, including housing for the elderly, persons with disabilities, persons with mental illness, and persons transitioning from homelessness.

- **Safe, High-Quality Neighborhoods** – Neighborhoods in which quality and safety are maintained and enhanced through code enforcement and renewal efforts.

- **Communities with Affordable Housing** – An adequate supply of affordable housing in economically inclusive communities throughout the county for those living or working in Montgomery County, especially for households at the median income level and below.

- **Housing for All Stages of Life** – A sufficient housing supply to serve the county's existing and planned employment and the changing needs of its residents at various stages of life.

- **Equal Opportunity Housing** – Fair housing ordinances to ensure that all residents have an opportunity to purchase, rent finance, and occupy housing in the county.

- **Sustainable Communities** – Sustainable development and environmental sensitivity in housing, neighborhood design, and redevelopment.

The Housing Policy calls for the average production of just over 1,000 new affordable housing units per year to meet the needs of households earning less than $40,000. In addition, on average about 1,700 affordable units should be preserved each year.

mcmillan:F:PHED/Housing Element/Council January 25 2011 Element+Policy

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

OFFICE OF THE CHAIRMAN

July 30, 2009

The Honorable Phil Andrews, President
Montgomery County Council
Stella B. Warner Council Office Building
100 Maryland Avenue
Rockville, Maryland 20850

Dear Mr. Andrews:

I am pleased to transmit to you the Planning Board Draft of the Housing Element of the General Plan.

The Planning Board held a public hearing on the draft housing Element on April 23, 2009, and subsequently held two work sessions on June 18 and July 23. The proposed Housing Element addresses the changes in the County's priorities for future community development and preservation. The strategies proposed in the plan move Montgomery County towards a more sustainable future where people of modest means will be able to afford a home in walkable, mixed-used, and diverse communities. It brings the Housing Element of the General Plan in line with current planning frameworks at the county, state, and federal levels. More specifically, the Housing Element meets the requirements of the State of Maryland's 2006 Workforce Housing Grant Program, as required by House Bill 1160.

Should you have any questions about this draft or its supporting studies, please contact Sharon Suarez, the Department's housing coordinator at 301-650-5620 or Sharon.Suarez@mncppc-mc.org, or Khalid Afzal, Acting Manager, Research Team at 301-495-4650.

Sincerely,

Royce Hanson
Chairman

cc: The Honorable Isiah Leggett
Montgomery County Executive

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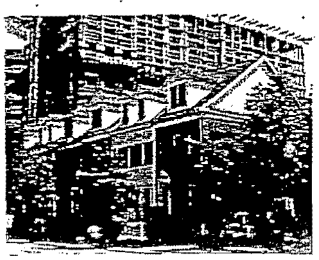
www.MCParkandPlanning.org E-Mail: mcp-chairman@mncppc.org

housing

Element of the General Plan



Planning Board Draft • July 2009

montgomery county planning department

The Maryland-National Capital Park and Planning Commission

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planning board draft

housing element of the general plan

An Amendment to the Housing Element of the 1993 General Plan Refinement

ABSTRACT

This report contains the text of the Draft Amendment to the Housing Element of the 1993 General Plan Refinement. It amends *The General Plan (On Wedges and Corridors) for the Physical Development of the Maryland-Washington Regional District in Montgomery and Prince George's Counties*, as amended.

The Plan makes recommendations for housing in Montgomery County and identifies the policy objectives, regulatory reforms, and land use strategies needed to accomplish the recommendations. It is meant to satisfy the requirements of the House Bill 1160.

Also available at www.montgomeryplanning.org/community/housing

The Maryland-National Capital Park and Planning Commission

The Maryland-National Capital Park and Planning Commission is a bi-county agency created by the General Assembly of Maryland in 1927. The Commission's geographic authority extends to the great majority of Montgomery and Prince George's Counties; the Maryland-Washington Regional District (M-NCPPC planning jurisdiction) comprises 1,001 square miles, while the Metropolitan District (parks) comprises 919 square miles, in the two counties.

The Commission is charged with preparing, adopting, and amending or extending The General Plan (On Wedges and Corridors) for the Physical development of the Maryland-Washington Regional District in Montgomery and Prince George's Counties.

The Commission operates in each county through Planning Boards appointed by the county government. The Boards are responsible for all local plans, zoning amendments, subdivision regulations, and administration of parks.

The Maryland-National Capital Park and Planning Commission encourages the involvement and participation of individuals with disabilities, and its facilities are accessible. For assistance with special needs (e.g., large print materials, listening devices, sign language interpretation, etc.), please contact the Community Outreach and Media Relations Division, 301-495-4600 or TDD 301-495-1331.

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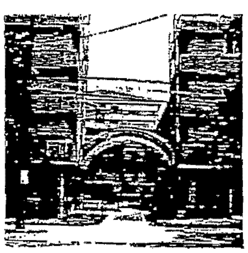
challenges and goals

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 the high quality of services, environment, and neighborhoods. While the strength of the housing market has undergirded 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.

- 91 percent of the County's residential zoning capacity has been reached.
- By 2015, the County will have more than one million residents.
- By 2030, the County will need about 72,000 new housing units.
- Since 1999, rising home values have priced 50,000 existing housing units beyond the financial capacity of moderate-income households.
- The current rate of affordable housing production cannot keep pace with price increases that are removing these units from the market.

Beginning in the 1970s, the County responded to this need with one of the nation's most successful and highly regarded inclusionary housing programs, the Moderately Priced Housing Unit (MPDU) ordinance, which required all new developments above a threshold number to provide a percentage of its units at prices affordable for households with incomes no greater than 60 percent of the area median. In 2005, the MPDU law was amended to lengthen to 99 years the period of time during which an MPDU home must remain available at a below market price when transferred to a new owner or tenant. In 2006, the County required that 10 percent of new market rate housing units built in areas served by Metro transit stations be available to "work force" households with incomes between 80 and 120 percent of the area median.

Neither of these programs, nor an aggressive program to build publicly assisted housing, have been able to meet the need for housing that a large segment of County residents and workers can afford within 30 percent of their annual household income.



- Affordable housing should cost no more than 30 percent of a household's gross annual income.
- The 2007 median income in Montgomery County for a household of four was $94,500, which would allow a $2,363 monthly mortgage payment on a house valued at about $346,500.

County population is forecast to exceed one million by 2015, and to add 155,000 residents and 72,000 households between 2010 and 2030. Due to declining household size, households will 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.

Aside from licensed multifamily rental apartments, in Montgomery County there are:

- 13,500 registered single-family rental units
- 5,742 registered condo rental units
- 211 registered single-family accessory apartments.

Ninety-one percent of the County's residentially zoned land had been developed or approved for development by 2009. Less than 14,000 acres remain in the development envelope for green field development. 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 miles of travel 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 106 auto-oriented commercial strips, and its 8,000 acres of 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.

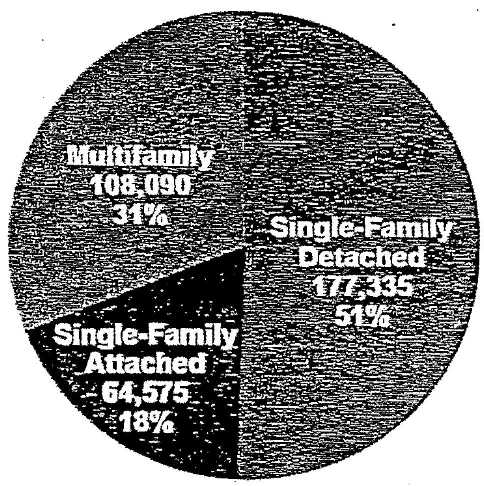
Thus, a combination of forces—a shrinking supply of developable land, higher land costs, rising energy prices, shifts in the County's demographic profile, and environmental constraints—direct us to housing policies that look inward rather than outward to accommodate the housing needs of the next generation for homes and communities that are balanced, convenient, and sustainable.

goals

Conservation of the stable 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 affordable and workforce housing 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.



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.

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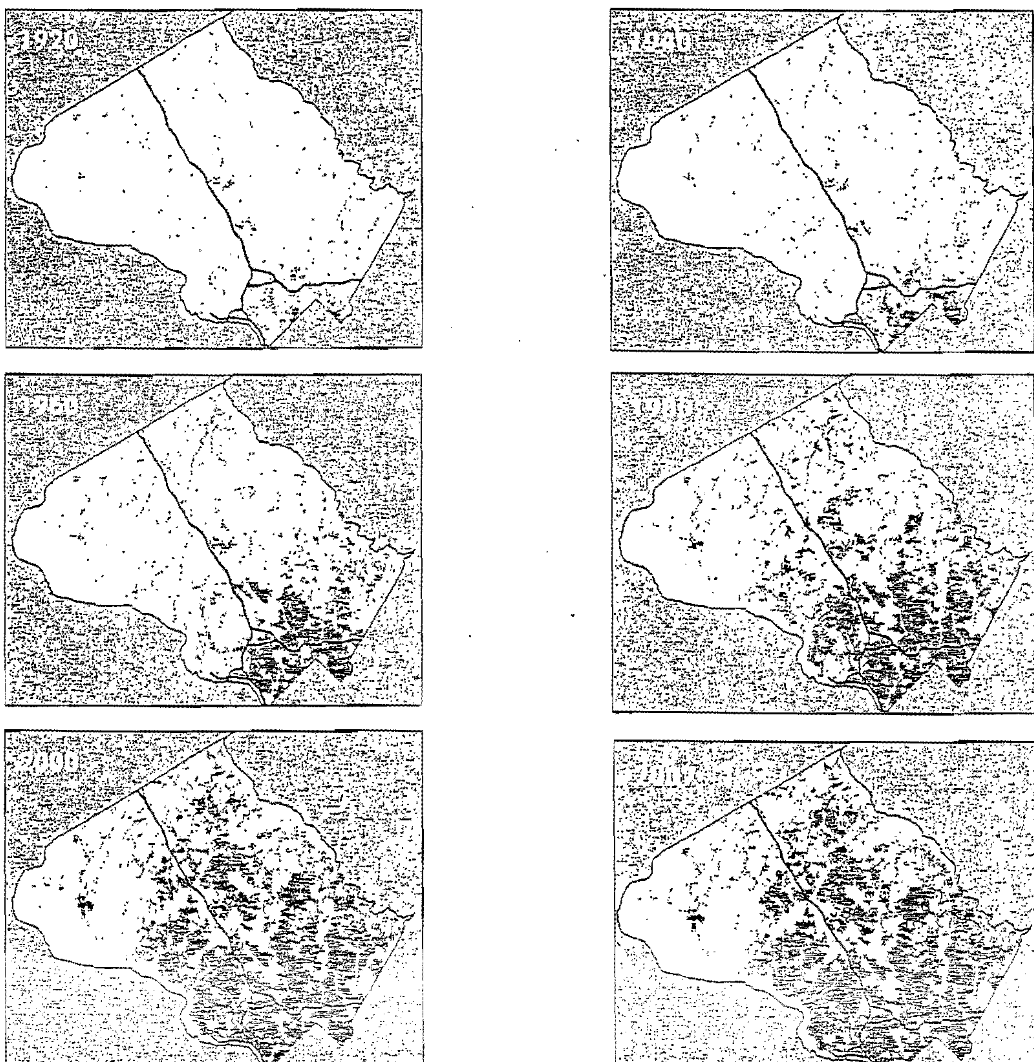
Close the housing affordability gap.

Normal home value appreciation in a strong housing market such as Montgomery's, loss of some units to redevelopment, and loss of others as their period of MPDU price management expires makes closing the gap between the demand and supply of affordable and workforce housing an urgent concern. From 1999 to 2009, rising values alone priced 50,000 units of the existing housing stock beyond the financial capacity of moderate income buyers and renters. Expected rates of new housing production cannot keep pace with price increases that remove existing units from the market. 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 County median), 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. If current trends continue, 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 1920-2007

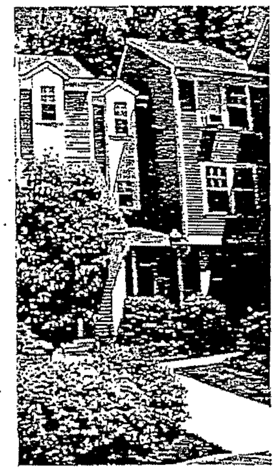


A strategic framework for achieving these goals informs master planning, regulatory reform, public investments and expenditures, and engages the public, private, and independent sectors. It involves the following elements:

- **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 including affordable housing in areas served by public transportation.
- **Development regulations** should be revised to require provision of housing near transit, jobs, and services; to provide incentives for producing a wide and diverse range of affordable unit types and sizes; and to reduce regulatory requirements and procedures that discourage production of affordable housing units. The Zoning Ordinance should be revised to clarify that affordable housing is a permitted use in all residential zones. Excessive or unnecessary barriers to 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.
- **New 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 and the County Executive 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.
- **Appropriately located surplus public land** 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 affordable housing than the minimum requirement.
- **Public agencies should collaborate** with and provide technical assistance and grants to housing cooperatives, faith-based organizations, and neighborhood housing groups to provide for the production and preservation of affordable housing.

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.

- More than 1,100 people are homeless in Montgomery County, and 56 percent of those are in families.
- The affordability crisis is climbing up the income ladder. By 2030 the shortage of housing is estimated to reach households earning up to $120,000 per year.
- Energy costs—utilities and transportation—must be included as part of the true cost of housing.
- More senior residents who are aging in place will require community-based services.

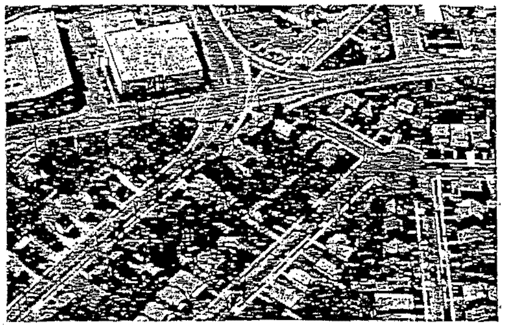


objectives

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

The Affordability Index is housing costs divided by household income.



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.

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 Provide housing for County employees at or near their job sites, such as at schools, large parks, and other County facilities to reduce housing costs for employees as well as vehicle miles traveled.

1.5 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.

Transit-oriented communities give people the option to live, work, shop, and play without using a car, reducing the impact of transportation costs on household budgets.

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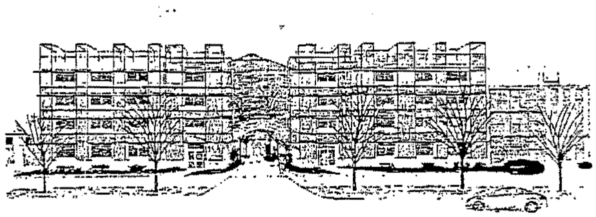
Objective 2:

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 affordable and workforce housing 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 Allow accessory apartments in residential zones by-right under appropriate design standards and conditions.

2.5 Create mixed-use neighborhoods with local small retail businesses and basic services within walking distance of housing.

2.6 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.

2.7 Encourage licensed child and adult daycare facilities in mixed-use developments; allow them by-right in appropriate high-density locations.

2.8 Provide tax relief for income-eligible seniors beyond the homeowner's property tax credit so they can afford to stay in their neighborhoods as long as they desire.

2.9 Create a partnership between Montgomery County and the Housing Opportunities Commission to acquire vacated properties for affordable and workforce housing, including land donations from banks, grant programs, and other charitable groups.

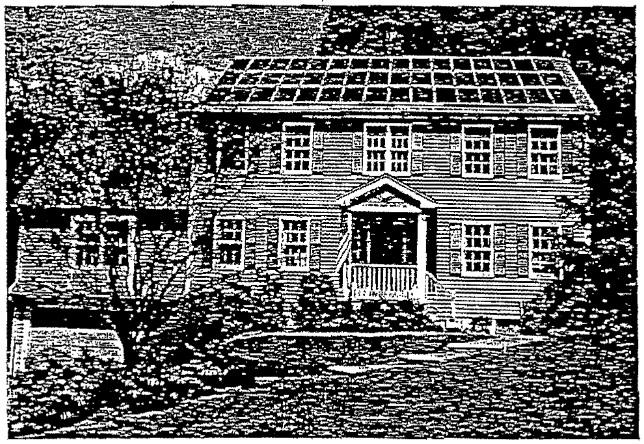
2.10 Encourage housing cooperatives, faith-based organizations, and neighborhood housing groups to use their existing property or to purchase land and buildings for the production and preservation of affordable and workforce housing.

2.11 Amend housing policies to encourage projects that mix condominiums and rental units, allowing income restricted units to avoid high condominium fees.

2.12 Promote full inclusion of all ages, stages of life, and physical abilities by using standard accessibility features in all new or renovated housing.

2.13 Develop programs 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.

2.14 Enforce housing and zoning codes to prevent overcrowding.



Objective 3:

Housing and the Environment

Provide economically and environmentally sustainable housing and neighborhoods.

Policies

3.1 Require green and energy efficient design and materials to reduce operating and maintenance costs for residents and to create more sustainable housing by increasing the number of buildings and units built or retrofitted for energy efficiency, on-site energy production, and water conservation and reuse.

3.2 Reduce parking requirements for residential units near transit and within parking lot districts to decrease impervious surfaces and carbon emissions.

3.3 Provide stormwater management fee credits for 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.

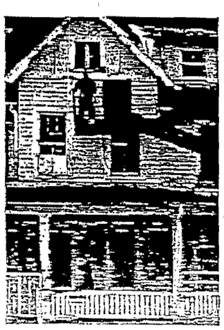
3.4 Encourage smaller housing units that can serve changing households and reduce energy costs.

3.5 Provide tax credits for rehabilitating older housing units so that they are energy-efficient and healthy.

3.6 Require best practices in storm water 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 preservation of tree canopy and sustainable site design, including native plants and conservation landscaping techniques.

3.8 Invest in public infrastructure including transit, water and sewer, and stormwater management to keep neighborhoods healthy.



"A home is not affordable if it is not energy efficient, healthy and durable."

—U.S. Green Building Council

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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.

Policies

4.1 Plan for transit-oriented neighborhoods that provide a full range of housing opportunities, 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.

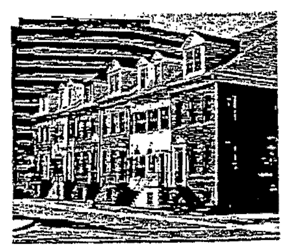
4.4 Create pedestrian-oriented public spaces to support the needs of a diverse population.

4.5 Include affordable and workforce housing in all suitable public building projects in appropriate locations throughout the County.

4.6 Provide underused and strategically located surplus public properties for housing, using best design practices to set higher standards and achieve design excellence.

4.7 Encourage new and innovative construction techniques and products, such as green technologies and modular components.

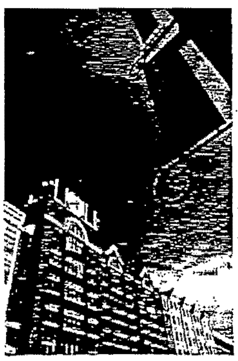
One goal of the Planning Department's Zoning Ordinance Rewrite is "promoting infill of appropriate scale and creating neighborhoods of mobility, where sustainable design makes great spaces."



The recommendations of this report will be implemented through various mechanism and processes by a number of different entities. These recommendations may become a formal part of a master plan or sector plan, and subsequently become the subject of a federal or State program or grant. The improvements may be funded by a mix of local, State, and federal funds, as well as donations from the private sector. The development community may be involved in any or all stages of design and construction.

Residential infill, for example, can take place in existing residential communities, suburban office parks, older commercial strip shopping center, and through residential conversion of non-residential buildings. The County, M-NCPPC, HOC, the development community (profit and not-for-profit developers), State and federal agencies, and utilities would all have varying degrees of involvement and responsibility in achieving infill developments.

The following chart shows the anticipated coordination linkages in a general way. It identifies only the lead responsibility by different entities even though all would have some level of involvement and role in achieving these recommendations.



According to Section 26-5 (a) of the Montgomery County Code, every dwelling unit must contain at least 150 square feet of habitable floor area for the first occupant and at least 100 square feet of habitable floor area for every additional occupant.

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Interagency Coordination	MC	M-NCPPC	HOC	Developer	State	Federal	Utilities	Financial and Insurers
Housing Goals								
1. Conserve stable neighborhoods and existing housing stock	✓	✓						
2. Concentrate new housing in mixed-use, transit-oriented areas.	✓			✓				
3. Close the affordability gap	✓		✓					
Objective 1: Housing and Neighborhood **Connectivity**								
1.1 Build most new housing in transit-oriented, mixed-used locations.		✓		✓				
1.2 Increase infill housing opportunities...		✓						
1.3 Coordinate infrastructure investment in existing and new neighborhoods...	✓				✓		✓	
1.4 Provide housing for County employees at or near their job sites...	✓							
1.5 As older strip commercial areas and surface parking lots are redeveloped, include housing and improve non-vehicular connectivity...	✓	✓						
Objective 2: Diverse Housing and Neighborhoods								
2.1 Strengthen the stability of established neighborhoods through targeted programs...	✓							
2.2 Make affordable housing a priority in all parts of the County.	✓							
2.3 Encourage neighborhood diversity through a range of unit sizes, types, and occupancy...		✓						
2.4 Allow accessory apartments in residential zones by-right under appropriate design standards and conditions.		✓						
2.5 Create mixed-use neighborhoods with small retail businesses/basic services in walking distance of housing.		✓		✓				
2.6 Encourage shared parking facilities in mixed-use developments ... Allow parking to be provided as a separately priced and purchased amenity.	✓	✓						
2.7 Encourage child and adult day care facilities in mixed-use developments; allow them by-right in appropriate high-density locations.		✓						
2.8 Provide tax relief for income-eligible seniors above and beyond the homeowner's property tax credit program...	✓				✓			
2.9 Create a partnership between Montgomery County and the Housing Opportunities Commission to acquire vacated properties for affordable housing...	✓		✓					
2.10 Encourage housing cooperatives, faith-based organizations, and neighborhood housing groups to use their existing property or to purchase land and buildings for the production and preservation of affordable housing.	✓							✓
2.11 Amend housing policies to encourage housing projects that mix condominiums and rental units...	✓							✓

Interagency Coordination	MC	M-NCPPC	HOC	Developer	State	Federal	Utilities	Financial and Insurers
2.12 Promote full inclusion of all ages, stages of life, and physical abilities by using standard accessibility features in all new or renovated housing.	✓		✓	✓				
2.13 Develop programs to help small households and seniors find and occupy housing that is right-sized for their needs...	✓					✓		
2.14 Enforce housing and zoning codes to prevent overcrowding.	✓	✓						
Objective 3: Housing and the **Environment**								
3.1 Require green and energy efficient design and materials ... increasing the number of buildings and units built or retrofitted for energy efficiency, onsite energy production, and water conservation and reuse.	✓	✓				✓		
3.2 Reduce parking requirements for residential units near transit and within parking lot districts...	✓							
3.3 Provide storm water management credits for pervious pavers and other materials and strategies that reduce storm water runoff...	✓							
3.4 Encourage smaller housing units/serve changing households/reduce energy costs.				✓				✓
3.5 Provide tax credits for rehabilitation of 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 ...	✓	✓						
3.7 Require sustainable site design...	✓	✓						
3.8 Invest in public infrastructure ... to keep neighborhoods healthy.	✓				✓		✓	
Objective 4: Housing and Neighborhood **Design**								
4.1 Plan for transit-oriented neighborhoods that provide a full range of housing opportunities...		✓		✓				
4.2 Facilitate the production of attractive housing and neighborhoods with innovative design of the public realm and architecture...		✓		✓				
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 affordable housing in all suitable public building projects...	✓				✓	✓		
4.6 Provide underused and strategically located surplus public properties for housing...	✓							
4.7 Encourage new/innovative construction techniques/products, such as green technologies and modular components.	✓						✓	

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Online at www.montgomeryplanning.org/community/housing/index.shtm

March 27, 2008

Review of County's Housing Policies

April 11, 2008

Housing Inventory Slide Show

April 17, 2008

Review of Housing Master Plans, Staff Report
The Housing Goals of the General Plan

May 15, 2008

Legislative Issues, Staff Report
The Affordable Housing Task Force Recommendations
Pro Forma Analysis of MPDU Bonus Density
MPDU Site Bonus Density
MPDU Site Design Guidelines
Affordable Housing Task Force Excerpt

May 29, 2008

Examination of Neighborhood Change, Staff Report
Examination of Neighborhood Change Using Indicators, PowerPoint presentation

June 2, 2008

Housing Supply & Demand, Staff Report
Demographic Analysis
Housing Supply Analysis
Housing Market Trends
Housing Supply & Demand Analysis
Housing Supply & Demand PowerPoint presentation

The website also includes links to the speakers and Powerpoint presentations that were part of the 2007-2008 Excellence in Planning speaker series.

A plan provides comprehensive recommendations for the use of public and private land. Each plan reflects a vision of the future that responds to the unique character of the local community within the context of a countywide perspective.

Together with relevant policies, plans should be referred to by public officials and private individuals when making land use decisions.

The Plan Process

The PUBLIC HEARING DRAFT PLAN is the formal proposal to amend an adopted master plan or sector plan. Its recommendations are not necessarily those of the Planning Board; it is prepared for the purpose of receiving public testimony. The Planning Board holds a public hearing and receives testimony, after which it holds public worksessions to review the testimony and revise the Public Hearing Draft Plan as appropriate. When the Planning Board's changes are made, the document becomes the Planning Board Draft Plan.

The PLANNING BOARD DRAFT PLAN is the Board's recommended Plan and reflects their revisions to the Public Hearing Draft Plan. The Regional District Act requires the Planning Board to transmit a plan to the County Council with copies to the County Executive who must, within sixty days, prepare and transmit a fiscal impact analysis of the Planning Board Draft Plan to the County Council. The County Executive may also forward to the County Council other comments and recommendations.

After receiving the Executive's fiscal impact analysis and comments, the County Council holds a public hearing to receive public testimony. After the hearing record is closed, the Council's Planning, Housing, and Economic Development (PHED) Committee holds public worksessions to review the testimony and makes recommendations to the County Council. The Council holds its own worksessions, then adopts a resolution approving the Planning Board Draft Plan, as revised.

After Council approval the plan is forwarded to the Maryland-National Capital Park and Planning Commission for adoption. Once adopted by the Commission, the plan officially amends the master plans, functional plans, and sector plans cited in the Commission's adoption resolution.

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Isiah Leggett
County Executive

051556

OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

MEMORANDUM

RECEIVED
MONTGOMERY COUNTY
COUNCIL
2009 SEP 30 PM 2: 29

September 29, 2009

TO: Phil Andrews, President
Montgomery County Council

FROM: Isiah Leggett, County Executive

SUBJECT: Comments on the Planning Board Draft Housing Element of the General Plan

I have reviewed the Planning Board Draft Housing Element of the General Plan, and commend the Montgomery County Planning Board on a fine effort in drafting this document. As drafted, the Housing Element will give guidance to residential growth as the County approaches buildout. The strong emphasis on redevelopment, transit-oriented and sustainable development, and preservation of the existing housing stock will serve the County well as we transition away from our history of greenfields development.

I am pleased that a number of the issues and objectives identified by my Affordable Housing Task Force are addressed in the draft Housing Element. The Task Force report noted the importance of, and included recommendations on:

- preserving the County's existing affordable housing stock,
- creating new affordable housing, and
- adopting regulatory reform, especially mitigation of the expensive and time consuming development approval process for affordable housing.

In keeping with the Task Force's recommendations, the Housing Element places a commendable priority on preserving and creating affordable housing. However, as noted more fully below, the draft Housing Element is lacking in specific recommendations on implementing regulatory reform.

A great many of the comments I made on the Public Hearing Draft have been taken into account in this final draft. Following are additional policy level comments on the Planning Board Draft Housing Element.

The Element's "strategic framework" on page 10 presents a good overview of the issues that must be addressed to implement the goals outlined in the Element. I support each of the strategies in the framework and commit the Executive Branch to cooperating in their implementation.

I have a concern, however, about the way the Element fails to address the issues listed in the strategic framework's bullet 2, "Development regulations". The Housing Element's Objectives and Policies enumerated on pages 12 through 15 contain very little in the way of implementing activities for the revision of development regulations. Only one issue, parking, is specifically addressed. As we recommended in our comments on the Public Hearing Draft Housing Element, I propose that a new Objective 5, entitled "Housing and Land Use, Zoning and Development Approvals." The purpose of the objective is to streamline the regulatory process and remove barriers to housing production, especially affordable housing production.

I propose that the new objective's Policy Goals be as follows:

5.1 Expedite approval reviews for housing that meets strategic objectives of affordability, environmental sustainability, and transit serviceability.
5.2 Consolidate sequential review and approval processes into one coordinated, concurrent process.
5.3 Provide incentives, including height and density, to promote appropriately designed and priced housing.
5.4 Allow sectional map amendments that address changing community and market conditions to proceed independently of time consuming master plan and sector plan amendments.
5.5 Ensure that all master plan and sector plan amendments address the need for additional affordable housing in the plan area, and promote specific strategies to meet that need.
5.6 Allow flexibility in meeting site plan requirements commensurate with the provision of affordable housing in excess of minimum requirements.

Only by proposing concrete steps in this Element can the County make progress on amending the development approval regulations that can impede residential development, especially the creation of affordable housing. I have already asked my staff to convene a work group to create a timeline and strategy for amendments to the development approval and regulatory process. The group will include stakeholders representing all facets of the issue, including Executive and Legislative Branch staff, Planning Department staff, representatives of the building and development industry, and the community at large. We look forward to working with the Council and Park and Planning on this important effort.

Also in the Development regulations bullet on Page 10, a recommendation appears that the "Zoning Ordinance should be revised to clarify that affordable housing is a permitted use in all residential zones." We are not aware of any zone where affordable housing is not a permitted use; therefore this sentence should be deleted.

Additional comments on the Housing Element include:

- p. 10, bullet 5, line 2: Add employers to the groups that should be collaborated with to produce and preserve affordable housing.
- p. 12, Policy 1.4, line 1: Replace "County" with "public" to include a broader range of employees who should have access to housing near their jobsites. The revised language may avoid problems with ethics and collective bargaining.
- p. 12, Policy 1.5, line 2: Replace "non-vehicular" with "non-motorized vehicular and pedestrian." Bicycles are vehicles whose use will promote community connectivity.
- p. 13, Policy 2.6, line 3: Replace "Encourage" with "Allow.".
- p. 13, Policy 2.10, line 1: Add "employers" to the list of groups that should be encouraged to produce and preserve affordable and workforce housing.
- p. 13, Policy 2.11: The County is not aware of any housing policy that restricts projects that mix condominiums and rental units. We believe that the real issue may be high condominium fees which restrict the ability of moderate-income households to afford new housing. I suggest rewording this Policy as follows: "Encourage developers of mixed-income communities to adopt lower condominium/homeowner association fees for the income-restricted units."
- p. 14, Policy 3.2: Add "and promote affordability" to the policy. A reduction in housing costs can be a major effect of uncoupling parking from the purchase of residential units.
- p. 14, Policies 3.3 and 3.5: I believe that other environmentally sustainable behaviors can be encouraged through fee credits – not just stormwater management and residential energy efficiency. This policy should be broadened to incorporate other areas, but must recognize that any initiative that reduced County revenues must be carefully evaluated in these times of fiscal restraint. It will be critically important to weigh the relative benefits of each credit or waiver against its cost to the County so that high benefit to cost initiatives may be given high priority.

Attached is a list of editorial comments on and corrections to the draft Housing Element.

I appreciate the efforts of Planning Board staff who worked closely with Executive Branch staff in the creation of the draft Housing Element. I believe it provides a needed amendment to the County's General Plan as we face the housing and neighborhood needs of the twenty-first century. Executive Branch staff will be available to participate in any worksessions that the Council may schedule on this Element.

IL:sns

Attachment

Editorial Comments and Corrections

- p. 6, ¶ 2, ~~line~~ 3: [Housing] Dwelling ~~Unit~~ (MPDU)…
- ~~p.~~ 8, ¶ 2, line 1, New ~~large scale~~ housing…
- p. 9: Please ~~add~~ quantitative data to "Housing Inventory ~~1920-2007~~" maps
- p. 11: delete duplicative bullet 2
- p. 14, Policy 3.7: Reword as follows: "Require [preservation] conservation of tree canopy and sustainable … landscaping techniques, as well as soil decompaction strategies. (DEP)
- p. 17-18, Interagency Coordination table: The table should be revised to reflect the any changes to the wording of the Policies on pages 12-15. In addition:
  - 1.4: add check marks to HOC and Developer columns
  - 2.2: add check to M-NCPPC column
  - 3.4: add check to M-NCPPC column
- p. 17, Objective 1, 1.1: correct spelling of "mixed-use"
- p. 18, Objective 4, 4.5: insert "and workforce" after "affordable"

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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

September 29, 2009

TO: Phil Andrews, President
Montgomery County Council

FROM: Isiah Leggett, County Executive

SUBJECT: Fiscal Impact – Planning Board Draft Housing Element of the General Plan

The Executive Branch has reviewed the Planning Board Draft Housing Element of the General Plan. The Housing Element is an amendment to the County's General Plan adopted in 1964, updated in 1970, and refined in 1993.

The Housing Element does not recommend specific capital projects, but rather identifies policy objectives, regulatory reforms, and land use strategies for housing in Montgomery County. For that reason, there is no measurable fiscal impact of the Housing Element.

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Dec 1992 Housing Element

approved & adopted december 1992

HOUSING GOALS

A decent home in a suitable living environment for every American family.

—U.S. Housing Act of 1949

SCOPE

The Housing Goal addresses Montgomery County's present and future housing needs. It focuses on housing type, quality, quantity, location, and affordability. Housing for less affluent members of the community is of special concern, but the goal, objectives, and strategies are designed to recognize the housing needs of all current and future County residents, including the full spectrum of ages, incomes, lifestyles, and physical capabilities. Providing housing opportunities for employees of all income levels who work in Montgomery County is of particular concern.

KEY CONCEPTS

Consistency with the Wedges and Corridors concept is fundamental to the Housing Goal. The Refinement expects all residential development to conform to this pattern. It also expects consistency with master plans, recognizing them as an integral part of the General Plan. These constraints especially affect the appropriate locations for and types of affordable housing development and the sites and intensities of multi-family complexes.

CHANGES FROM THE 1969 GENERAL PLAN UPDATE

Since 1969, employment has doubled and a significant portion of the land appropriate for housing has been developed in the County. These two major changes have meant shifts in emphasis in the Housing Goal of the General Plan Refinement. Both the 1964 General Plan and the 1969 General Plan Update

HOUSING

focused on "an orderly conversion of undeveloped land to urban use." Both advocated the creation of new towns and the use of clustering to achieve this goal. And both included housing as a major element of such development. Neither, however, emphasized the need for housing to support employment.

With the exceptions of Clarksburg and a few scattered but significant tracts of land in other areas, attention today is turning away from the development of vacant land. The current emphasis is on the maintenance, infill, and redevelopment of land, and appropriate increases in housing densities in the Urban Ring and the I-270 Corridor. This shift leads to increased attention to the attractiveness and compatibility of higher density housing.

The reduced supply of undeveloped land puts great pressure on land prices, leading to increased difficulties in providing affordable housing, even for middle income households. Some geographic areas of the County are especially affected. In addition, high-rise housing development raises unique financial feasibility issues and merits special attention. The General Plan Refinement addresses these issues.

The Refinement looks at the relationship of employment growth and the need for housing in a new way. In fact, the Housing Goal adds a new objective regarding the quantity of housing to serve employment in the County as well as the needs of residents at different stages of their lives. The new objective is designed to be flexible, relating the desirable amount of housing to the needs of residents at different stages of life and to the needs of workers in the County at different wage levels. It does not specify the means of achieving this objective nor does it attach a numerical target to it. Instead, the Refinement, while encouraging a balance between jobs and housing on a County-wide basis, leaves decisions about any changes in the numbers of housing units and/or jobs to master plans and other more local forums.

The General Plan Refinement adds a second new objective to the Housing Goal as well. This objective concerns the land use distribution of housing. It seeks to concentrate the highest density residential uses in the Urban Ring, I-270 Corridor, and especially near transit stations. Of the Housing objectives, this one most specifically reinforces the Wedges and Corridors concept.

The proposed Housing Goal deletes obsolete language from the 1969 General Plan Update. The 1969 General Plan Update Housing Goal reads as follows: "Stress the present quality and prestigious image of residential development in Montgomery County by further providing for a full range of housing choices, conveniently located in a suitable living environment for all incomes, ages and lifestyles." The General Plan Refinement reflects a consensus that a "prestigious image" is no longer needed as a housing goal for the County. The stock of prestigious housing has greatly increased in the past two decades and will remain as an important County asset without its mention as a prospective goal.

The new goal defines the word "quality" as referring to design and durability of construction. It drops the word "environment," which had been used to mean "neighborhood" or "surroundings" but is now more commonly used to mean "natural resources." Finally, it drops the words "preserve" and "established" from the objective concerning neighborhoods. This language was sometimes read as meaning that there should never be change to existing neighborhoods and that "established" neighborhoods, which many citizens interpret as being the most prestigious ones, should be protected more than others.

The General Plan Refinement adds other new strategies and, occasionally, new concepts to the Housing Goal. These include mixing residential densities in each planning area consistent with master plans, encouraging employer assistance in meeting housing needs, and redeveloping existing properties when identified as appropriate in the master plan.

INTERRELATIONSHIP WITH OTHER GOALS

Land Use

Housing is a major component of the Land Use Goal. Location and intensity cannot be separated from other housing issues, however, and are included in the Housing Goal as well. The Housing Goal addresses topics such as affordability, quality, and variety, which are not addressed by the Land Use Goal. The Housing Goal also encourages the search for improved methods of financing and staging residential construction, and it addresses the need to protect existing neighborhoods from unwarranted intrusions by encouraging compatible infill development with suitable transitions between areas of higher and lower density. The Land Use Goal addresses specific geographic issues. One of the most important of these is the definition of the Residential Wedge, which is a newly highlighted geographic component of the Wedges and Corridors concept. The Residential Wedge primarily contains one- and two-acre estate zoning. The Land Use Goal discusses its function as a housing resource for the County.

Economic Activity

Housing and economic activity may be considered as two sides of the same land use coin; each constitutes a major resource for the other. Housing provides the consumers and employees to support economic activity, while economic activity provides the means of support for residential areas. In many cases, high quality housing was the impetus for economic development. The Housing and Economic Activity Goals are thus highly interrelated; each addresses the need for the other. This Refinement

Housing development.

calls for greater integration of housing and economic activities. Insofar as the provision of housing is itself a major economic activity and depends on a stable economic climate, it is discussed in the Economic Activity Goal.

Transportation

Access to a variety of transportation modes to promote efficient travel, especially to work, and to protect the environment is an underlying theme of many of the Housing objectives and strategies. Improved transportation and pedestrian access is one of several important reasons why the Housing Goal stresses the desirability of mixed uses. The Housing Goal encourages housing plans that foster transit serviceability and proximity of affordable housing to transit. It also emphasizes housing in close proximity to employment opportunities. These strategies are generally consistent and complementary to the Transportation Goal.

Environment

The Environment Goal is a source of both support and potential conflict with the Housing Goal. The Environment Goal seeks to protect healthy and attractive surroundings for present and future County residents. The objectives also address the provision of the utilities and water and sewer service needed by local households. At the same time, some of the Environment objectives, such as preservation of trees, wetlands, stream valleys, and biodiversity, can present major constraints to housing construction. Such issues must be resolved through the master plan and development review processes.

Community Identity and Design

The Community Identity and Design Goal complements the Housing Goal. It guides the development of the community framework for housing and encourages lively, livable neighborhoods for County residents. It also encourages the preservation of historic resources, some of which are unique housing resources.

Regionalism

Housing in Montgomery County is part of a regional market. Consequently, planning for residential uses in the County needs to consider the regional context. This is especially true of affordable housing, which is one of the greatest needs of the County and the regional housing market. Montgomery County will continue to cooperate with appropriate agencies to achieve an equitable distribution of affordable housing in the region.

Compliance with Maryland Planning Act of 1992

The Housing Goal is responsive to several of the Maryland Planning Act's visions. Objectives 3, 5, and 6 respond to concentrating development in suitable areas (Vision 1). The Housing Goal encourages economic growth and also proposes that regulatory mechanisms be streamlined (Vision 6). In addition, strategies are included to assure the availability of adequate housing near employment centers (Objective 3), to ensure adequate housing choices and to encourage innovative techniques to reduce the cost of housing, including the examination of regulations and policies and development standards (Strategy 1E).

GOALS, OBJECTIVES & STRATEGIES

Encourage and maintain a wide choice of housing types and neighborhoods for people of all incomes, ages, lifestyles, and physical capabilites at appropriate densities and locations.

OBJECTIVE 1

Promote variety and choice in housing of quality design and durable construction in various types of neighborhoods.

Strategies

A. Permit increased flexibility in residential development standards to meet a broader range of needs and to foster more creative design.

B. Expand opportunities for a variety of housing densities within communities to offer more choice to a broader economic range of households.

C. Encourage the use of new and innovative housing construction techniques, including pre-fabricated components and housing units, to increase the supply and variety of housing types.

D. Explore the feasibility of rural centers in appropriate locations, such as the Residential Wedge.

E. Assess the development review process to determine ways to streamline the process and to encourage creative housing design.

F. Encourage both ownership and rental opportunities for all types of housing.

OBJECTIVE 2

Promote a sufficient supply of housing to serve the County's existing and planned employment and the changing needs of its residents at various stages of life.

Strategies

A. Provide adequate zoning capacity to meet the current and future housing needs of those who live or work in the County.

B. Explore ways to improve the economic feasibility of housing development as compared to employment-related buildings.

C. Phase mixed-use development so that housing is constructed in a timely fashion relative to other uses within the project.

D. Develop additional techniques to provide housing opportunities to meet the special housing needs of young workers, the elderly, and persons with disabilities.

E. Encourage employer assistance in meeting housing needs.

F. Develop new techniques to provide housing, including incentives.

OBJECTIVE 3

Encourage housing near employment centers, with adequate access to a wide variety of facilities and services. Support mixed-use communities to further this objective.

Strategies

A. Assure the availability of housing near employment centers.

B. Integrate housing with employment and transportation centers with appropriate community services and facilities, especially in transit stop locations.

C. Examine County regulations and policies for opportunities for mixed-use development; develop additional options.

D. Ensure a reasonable distribution of residential and commercial uses in mixed-use zones.

E. Explore changing development standards to allow the closer integration of employment and housing within mixed-use developments.

F. Encourage housing plans that foster transit serviceability.

G. Encourage the provision of appropriate indoor and outdoor recreational and community facilities in multi-family and single-family residential development.

OBJECTIVE 4

Encourage an adequate supply of affordable housing throughout the County for those living or working in Montgomery County, especially for households at the median income and below.

Strategies

A. Encourage the provision of low-, moderate-, and median-income housing to meet existing and anticipated future needs.
B. Distribute government-assisted housing equitably throughout the County.
C. Plan affordable housing so that it is reasonably accessible to employment centers, shopping, public transportation, and recreational facilities.
D. Encourage well-designed subsidized housing that is compatible with surrounding housing.
E. Assure the provision of low- and moderate-income housing as part of large-scale development through a variety of approaches, including the Moderately Priced Dwelling Unit program.
F. Preserve existing affordable housing where possible.
G. Encourage development of affordable housing by the private market.
H. Designate government-owned land, other than parkland, that meets appropriate housing site selection criteria for future housing development.
I. Identify County policies that have a burdensome effect on the cost of housing; find alternatives if possible.
J. Encourage the provision of innovative housing types and approaches, such as single-room occupancy housing and accessory apartments, to meet the needs of lower income single persons and small households.
K. Develop zoning policies that encourage the provision of affordable housing while protecting the Wedges and Corridors concept.

OBJECTIVE 5

Maintain and enhance the quality and safety of housing and neighborhoods.

Strategies

A. Discourage deterioration of housing through well-funded code enforcement, neighborhood improvement programs, and other appropriate techniques.
B. Ensure that infill development and redevelopment complements existing housing and neighborhoods.
C. Mix housing with other uses with special care in ways that promote compatibility and concern for residents' needs for safety, privacy, and attractive surroundings when introducing new uses into older neighborhoods.
D. Provide for appropriate redevelopment of residential property when conditions warrant.
E. Protect residential neighborhoods by channeling through traffic away from residential streets and discouraging spill-over parking from non-residential areas.
F. Use special care to plan uses at the edges of high-density centers that are compatible with existing neighborhoods.

OBJECTIVE 6

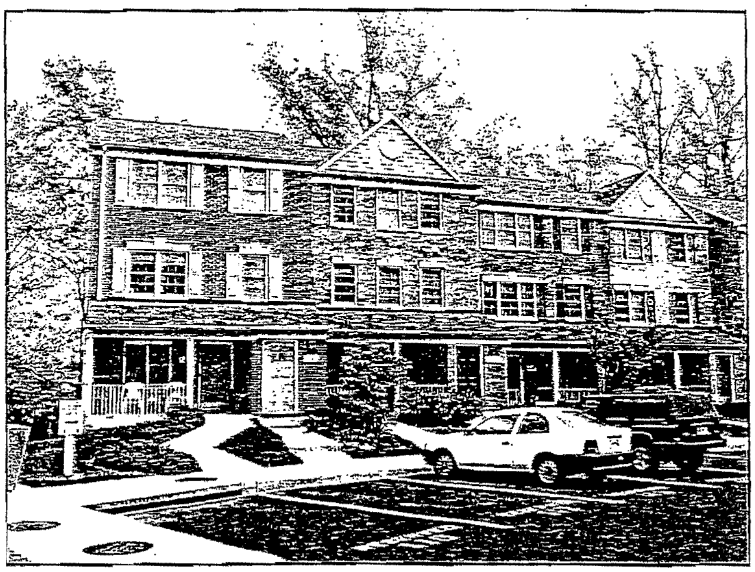
Concentrate the highest density housing in the Urban Ring and the I-270 Corridor, especially in transit station locales.

Strategies

A. Designate appropriate, specific locations in sufficient amounts for higher density housing and mixed-use development in master plans.
B. Modify County zoning regulations and other policies to improve the feasibility and attractiveness of higher density housing.
C. Encourage air rights development in areas designated for higher densities.
D. Encourage development of affordable, higher density housing in the vicinity of transit stations.

MONTGOMERY COUNTY —
THE PLACE TO CALL HOME

A HOUSING POLICY
for
MONTGOMERY COUNTY, MARYLAND



Department of Housing and Community Affairs
July 2001

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Cover: Moderately Priced Dwelling Units in Montgomery County.
Photo by Tim Minerd, DHCA

Housing Policy — Executive Summary

MONTGOMERY COUNTY: THE PLACE TO CALL HOME

Vision

A safe, decent, and affordable home is the cornerstone for a full, normal life. A neighborhood is the basic unit of community in which a family can grow and flourish. The vision for Montgomery County is for *all of its residents to have decent housing in sound neighborhoods.*

In our vision for Montgomery County, we see:

- Everyone with a place to call home — no one homeless.
- All housing in sound condition, meeting all building maintenance codes.
- Adequate living space within each housing unit for its occupants.
- Affordable housing for all who live or work in the county, regardless of age or position.
- Appropriate housing and services for each stage of life so that people can remain in the community as they grow older.
- No discrimination in choosing a place to live, regardless of race, color, religious creed, ancestry, national origin, sex, sexual orientation, marital status, presence of children, age, physical or mental disability, or source of income.
- Housing opportunities and supportive services for those who have mobility or sensory impairment, developmental or emotional disabilities, or mental illness.
- Safe and sound neighborhoods with community services and well-maintained facilities.

We will work to achieve this vision with:

- The commitment of citizens, community leaders, housing providers, and public employees.
- Funding and appropriate planning.

Purpose

The purpose of the Housing Policy is to guide the implementation of the County's housing programs and policies, provide recommendations for improving them, and direct the allocation of resources.

Conditions

As a result of shifting demographic and economic conditions in the region, housing supply and demand have changed significantly since adoption of the last Housing Policy in 1981. High interest rates were then the main problem affecting affordability. Today, racial, ethnic, and economic diversity are increasing; the economy is diversifying; and the area is becoming more metropolitan and international. The housing market is characterized by:

- Low production of multifamily housing, causing extremely low rental vacancy rates and historically high increases in rent.
- Residential housing production, especially of units for individuals and households below the median income, not keeping pace with recent increases in demand.
- Aging neighborhoods, many 50 years old or more, needing reinvestment and stabilization.
- Most new development opportunities in infill development or redevelopment of older and obsolete communities and structures as the county nears build-out.
- Increasing demand for independent- and assisted-living senior housing as the population ages.
- Increasing demand for housing for individuals and families transitioning from homelessness as various federal programs that subsidize buildings expire.
- An affordable assisted housing stock under intense pressure.

Our Objectives

The Housing Policy has seven main objectives for accomplishing the vision:

1. **Variety and choice in housing**, in various types of new and existing neighborhoods in conformance with the County's General Plan.
2. **Assistance for persons with diverse housing needs,** including housing for the elderly, persons with disabilities, persons with mental illness, and persons transitioning from homelessness.
3. **Safe, high-quality neighborhoods.**
4. **Communities with affordable housing**, throughout the County, especially for households at the median income level and below.
5. **Housing for all stages of life**, to serve the county's existing and planned employment and the changing needs of its residents.

6. **Equal opportunity housing**, to ensure that all residents have an opportunity to purchase, rent, finance, and occupy housing in the county.
7. **Sustainable communities** and environmental sensitivity in housing, neighborhood design, and redevelopment.

Tools

County programs and projects currently available to enhance housing choice include:

- Ensuring the availability of moderately priced dwelling units through the **mandatory inclusionary zoning** of the Moderately Priced Dwelling Unit Program.
- Preserving agricultural land and open space through the **Transfer of Development Rights Program**.
- Providing the Housing Opportunities Commission the **authority to use revenue bonds** for multifamily and single-family dwellings.
- Ensuring a high level of funding through the housing trust fund, **Montgomery Housing Initiative**.
- Providing **scattered site public housing**.
- Providing **mixed income housing**.
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- Providing **replacement homes** for owner-occupants of condemned properties.
- Adopting pilot program for single-room occupancy housing, **Personal Living Quarters**.
- **Converting hotels** to efficiency apartment facilities (single-room occupancy),
- Providing **accessory apartments**.
- Continuing programs for education, testing, research, and enforcement under **Fair Housing**.
- Providing **housing through the adaptive reuse** of surplus public schools and school sites.
- Having the **right of first refusal** to purchase multifamily housing in the county.
- Using **rental agreements** to preserve the affordability of multifamily housing being transferred.
- Providing **funding** through:
    - The **Group Home Loan Program**.
    - The **condominium transfer tax**.

- The **Downpayment Assistance Program**.
- The county-funded **Rental Assistance Program**.

Fine Tuning

As part of the Housing Policy effort, five current programs have been identified and examined to determine how they might be improved:

- Housing Initiative Fund.
- Moderately Priced Dwelling Unit Program
- Group Home Program.
- Rental Assistance Program.
- Code Enforcement Programs: Vacant and Condemned Housing and Neighborhoods Alive!

New Responses

Action plans have been developed to help fulfill the seven objectives of the Housing Policy.

Annual Affordable Housing Production Goals

The current income distribution of households in the county shows that about 25 percent of county households earn less than $40,000 a year. To continue to serve these households, an affordable housing production goal of 1,000 to 1,200 units per year is necessary, in addition to the preservation of the existing affordable housing stock. The following chart lists the county's affordable housing production programs and establishes an annual production goal for each program based on market conditions, program history, forecast needs, and industry and provider capacity.

A comparison of these production goals with averages achieved in each category over the past two years reveals a need for a dramatic increase in affordable housing units. These goals are aggressive, but they can be achieved with adequate funding and organizational focus.

Affordable Housing Program: Proposed Annual Production Goals

(Averages for the last two fiscal years, FY99 and FY00, are shown in parentheses.)

Programs	Owner Units	Rental Units	Total Cost (County $)
Moderately Priced Dwelling Units	200 (149)	100 (83)	$0 ($0)
Section 8 Certificates/ Housing Vouchers		200 (190)	$0 ($0)
Group Home/Transitional/ Special Needs Housing Production		100 (29)	$500,000 – $1,000,000 ($145,000)
Home Ownership	30* (11*)		$600,000 ($296,000)
Nonprofit Multifamily Rehabilitation		150* (55*)	$1,500,000 – $2,250,000 ($543,000)
New Construction		200 (0)	$800,000 – $2,000,000 ($0)
Preservation of Federally Assisted Housing		200* (121*)	$1,600,000 – $2,400,000 ($780,000)
HOC and Nonprofit MPDU Acquisition		60 (29)	$1,800,000 ($870,000)
Multifamily Rehabilitation Loans		150* (5*)	$750,000 – $1,500,000 ($108,000)
Construction of Elderly Housing and Assisted Living Units		250 (18)	$3,750,000 – $5,750,000 ($683,000)
Accessory Apartments		50 (15)	$0 ($0)
Preservation of Threatened Multifamily Housing		950* (950*)	$0 ($0)
Acquisition of Threatened Multifamily Housing		150* (24*)	$0 – $1,500,000 ($516,000)
HOC Public Housing Rehabilitation		100* (40*)	$700,000 – 1,500,000 ($290,000)
	Total Units: New: 1,160(513) Preserved: 1,730(1,206) Total: 2,890(1,719)		**Total Cost to County:** $12 – $20,300,000 ($4,231,000)

* Units preserved, not added to the housing stock.
** Loan.

Contents

A Housing Policy for Montgomery County, Maryland

Montgomery County — The Place to Call Home

A safe, decent, and affordable home is the cornerstone for a full, normal life. A neighborhood is the basic unit of community in which a family can grow and flourish. The vision for Montgomery County is for *all of its residents to have decent housing in sound neighborhoods.*

Montgomery County is one of the finest communities in the nation. It offers a wide range of housing types, in various price ranges, for rent and for sale, to most who choose to live here. It has many fine neighborhoods with excellent public services and community facilities. Job opportunities abound.

Today, nevertheless, a decent and affordable home is not available to all who live or work in the county. In too many cases, people are paying more than they can afford for their housing or live in fear of eviction. Some cannot pay for necessary maintenance. Some elderly residents cannot find suitable places that are affordable and near family members. Some of the less fortunate in our community who have special needs, such as the supportive services made necessary by disabilities or mental illness, fail to find affordable and sound housing. There are workers who cannot find decent and affordable housing near their jobs and must spend hours commuting.

In our vision for Montgomery County, we see:

- Everyone with a place to call home — no one homeless.
- All housing in sound condition, meeting all building maintenance codes.
- Adequate living space within each housing unit for its occupants.
- Affordable housing for all who live or work in the county, regardless of age or position.
- Appropriate housing and services for each stage of life so that people can remain in the community as they grow older.
- No discrimination in choosing a place to live, regardless of race, color, religious creed, ancestry, national origin, sex, sexual orientation, marital status, presence of children, age, physical or mental disability, or source of income.
- Housing opportunities and supportive services for those who have mobility or sensory impairment, developmental or emotional disabilities, or mental illness.
- Safe and sound neighborhoods with community services and well-maintained facilities.

We will work to achieve this vision with:

- The commitment of citizens, community leaders, housing providers, and public employees.
- Funding and appropriate planning.

This Housing Policy will help make this vision a reality.

I. Purpose, Principles, and Objectives for a New Housing Policy

Purpose

The purpose of the Housing Policy is to guide the implementation of the County's housing programs and policies, provide recommendations for improving them, and direct the allocation of resources. Changing population demographics and economic conditions will necessitate a review and update of the housing policy every ten years.

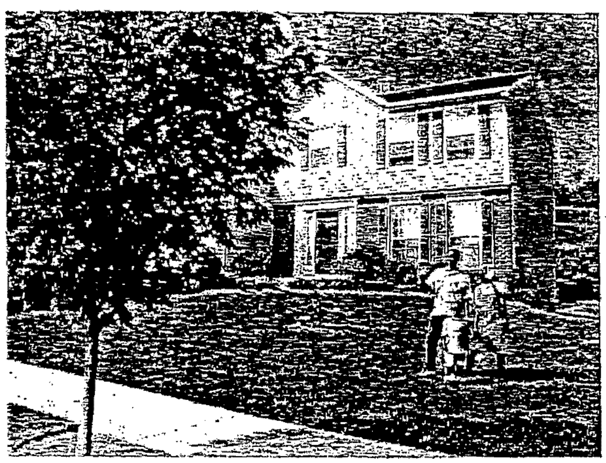
Principles

The Housing Policy of Montgomery County is a commitment to certain principles, reflecting who we are and what we stand for as a community. These principles mandate that the County should strive to maintain and enhance the quality of life of its citizens by:

- Developing a regional housing strategy to address housing needs in all parts of the metropolitan region and all segments of the population, in its various forms of diversity, and pairing this strategy with County commitment to:
    - Maintain, preserve, and revitalize the infrastructure in older regions.
    - Protect the safety of inhabitants of every neighborhood.
    - Preserve open space and agricultural areas for future generations.
- Providing funding and programs when necessary to supplement state and federal programs.

This comprehensive housing strategy requires that the County:

- Encourage:
    - Innovative planning and design efforts.
    - Compact residential and commercial development in business districts, town centers, and other areas served by public transit and other infrastructure.
    - Continued upkeep of the county's aging housing stock.



- Support development of a housing stock that:
  - Includes structure types to accommodate the needs of different households.
  - Provides affordability for all income levels, widely distributed throughout the county.
  - Meets the needs of individuals and families as people age and their needs change.
  - Provides housing for special needs populations, including persons with physical disabilities, individuals with mental or emotional illness, persons transitioning from homelessness, and persons recovering from substance abuse and addition.
- Expand and enforce fair housing policies appropriate for a diverse society.

Objectives

The Housing Policy has seven main objectives for accomplishing the vision. They are:

1. **Variety and Choice in Housing** — Variety and choice in housing of quality design and durable construction in various types of new and existing neighborhoods in conformance with the County's General Plan.

2. **Assistance for Persons With Diverse Housing Needs** — Housing for diverse residential needs, including housing for the elderly, persons with disabilities, persons with mental illness, and persons transitioning from homelessness.

3. **Safe, High-Quality Neighborhoods** — Neighborhoods in which quality and safety are maintained and enhanced through code enforcement and renewal efforts.

4. **Communities With Affordable Housing** — An adequate supply of affordable housing in economically inclusive communities throughout the county for those living or working in Montgomery County, especially for households at the median income level and below.

5. **Housing for All Stages of Life** — A sufficient housing supply to serve the county's existing and planned employment and the changing needs of its residents at various stages of life.

6. **Equal Opportunity Housing** — Fair housing ordinances to ensure that all residents have an opportunity to purchase, rent, finance, and occupy housing in the county.

7. **Sustainable Communities** — Sustainable development and environmental sensitivity in housing, neighborhood design, and redevelopment.

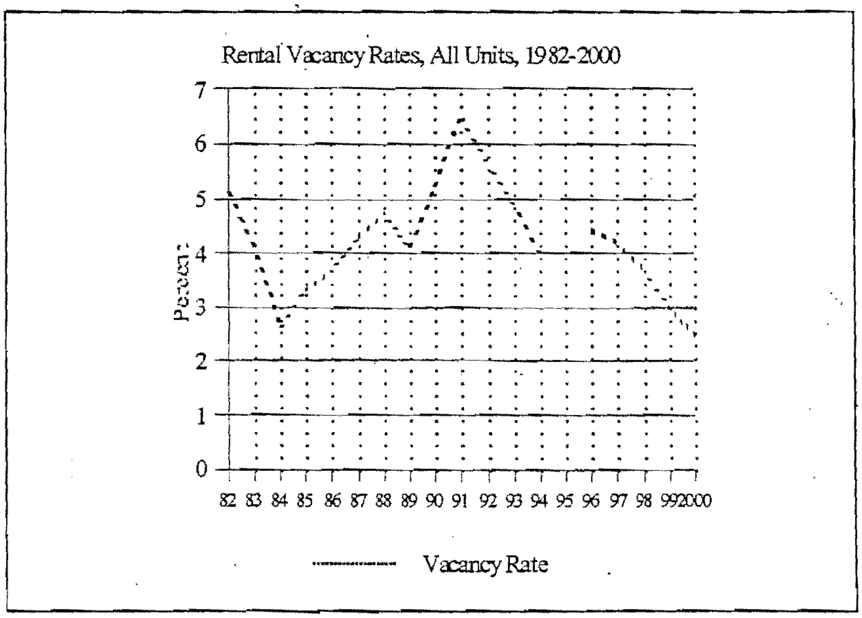
II. Changing Demographic and Economic Conditions

From Bedroom Community to Maturing Urban County

While the basic principles underlying the County's housing policy have not changed significantly over the years, the county has experienced tremendous demographic and economic changes. From a farming community in the early 20th century, Montgomery County developed into what was primarily a suburban, bedroom community to Washington, D.C. during the second half of the 20th century. Here at the beginning of the 21st century, the county is becoming an important regional employment center. Enterprises, especially those in the bio- and info-tech sectors, have been attracted by the highly skilled resident population and the presence of federal agencies. New residents have been attracted to the county's high quality of life, excellent schools, booming job market, and still affordable housing.

Montgomery County is now a maturing urban county, rich in diversity, and a very different place from the homogeneous county of the 1950s. Extensive development and the implementation of programs to protect open space and agricultural land have reduced the amount of land available for new housing. Neighborhoods built before 1950 have aged, and some now need extensive reinvestment in the housing stock and urban infrastructure if the quality of life is to be preserved.

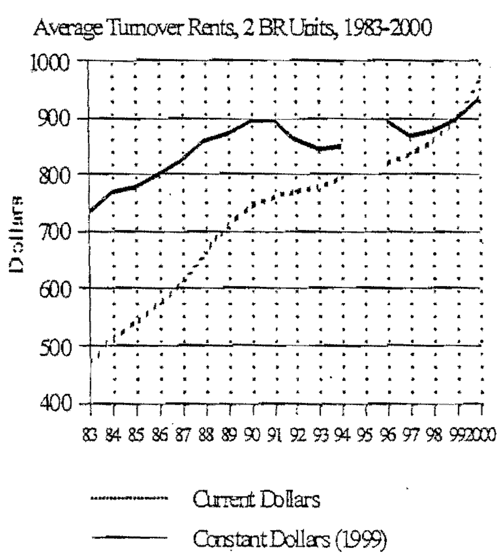
The County needs to determine what changes are needed in the direction of housing programs, many of which were created in the 1970s. Above all, it is incumbent upon the County to continue its housing commitment to its diverse population and to use its resources wisely and efficiently.



Source: DHCA Rental Vacancy Surveys
Note: No survey conducted in 1995

Summary of Conditions

- Low production of multifamily housing has caused rental vacancy rates to fall below 2 percent and annual turnover rent increases to reach historic highs of 6 to 8 percent. The average one-bedroom unit costs $846, and the average two-bedroom unit is $965.
- Residential housing production, especially of units for individuals and households below the median income, has not kept pace with recent increases in demand. Economic growth, in-migration, and resident population growth are expected to add about 4,000 households per year to Montgomery County. Annual housing production has averaged fewer than 3,600 units per year between 1990 and 1999.
- As the county nears build-out, most new development opportunities will be for infill development and redevelopment of older and obsolete communities and structures. Vacant, abandoned, and obsolete structures are already blighting some urban areas of the county.



Source: DHCA Rental Vacancy Surveys
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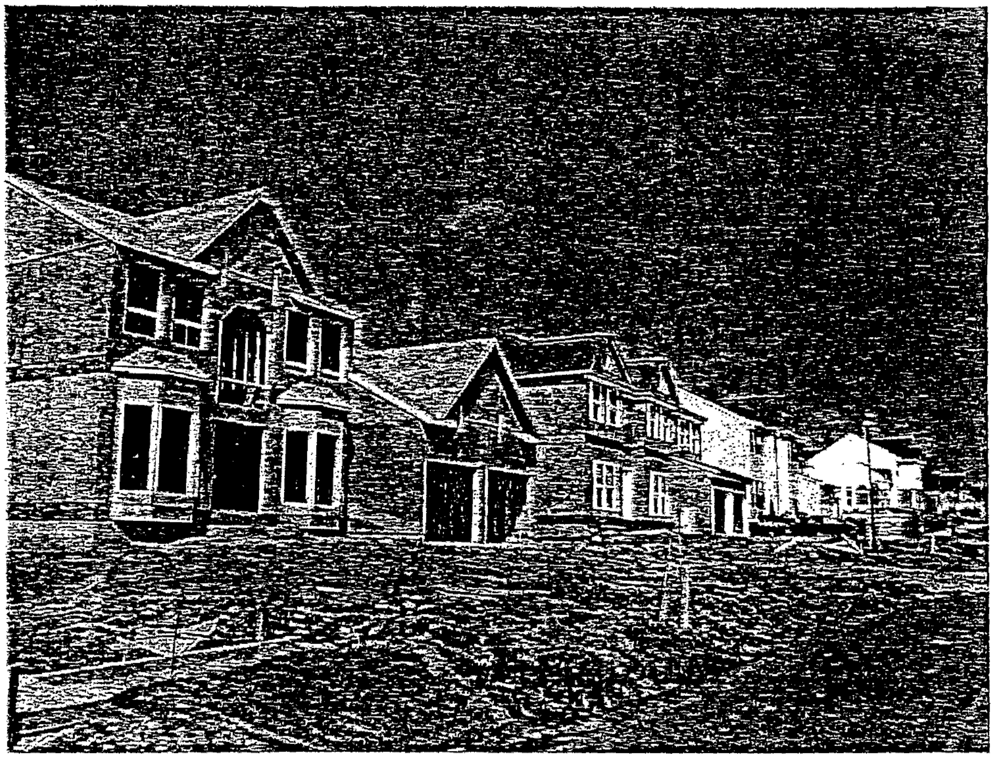
- The county is becoming more racially, ethnically, and economically diverse. In 1997 racial minorities made up over 27 percent of the population, up from 4 percent in 1960. Persons of Hispanic ethnicity made up over eight percent of the population. Over 12 percent of county households earn less than 50 percent of the median income.
- Demand is increasing for independent- and assisted-living senior housing. Current estimates of unmet demand show a need for 1,800 independent living units and 1,500 assisted living units.
- Demand is increasing for housing for individuals and families transitioning from homelessness. The county can meet only about one-

- Demand is increasing for housing for individuals and families transitioning from homelessness. The county can meet only about one-third of the current emergency shelter bed needs; over 370 more beds are needed. Additionally, there is a current unmet need of 185 transitional housing beds and 231 permanent supportive housing units.
- The affordable assisted housing stock is under intense pressure. Approximately 2,000 rental housing units with below-market rents may be lost by 2005 due to prepayment and/or discontinuation of federally subsidized loans or assistance contracts.



III. Fine Tuning Existing Innovative Housing Programs

Tools for Enhancing Housing Choice

County programs and projects currently available to enhance housing choice include:

- Ensuring the availability of moderately priced dwelling units through the **mandatory inclusionary zoning** of the Moderately Priced Dwelling Unit Program.
- Preserving agricultural land and open space through the **Transfer of Development Rights Program**.
- Providing the Housing Opportunities Commission the **authority to use revenue bonds** for multifamily and single-family dwellings.
- Ensuring a high level of funding through the housing trust fund, **Montgomery Housing Initiative**.
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- Providing **funding** through:
  - The **Group Home Loan Program**.
  - The **condominium transfer tax**.
  - The **Downpayment Assistance Program**.
  - The county-funded **Rental Assistance Program**.

Fine Tuning

In its efforts to provide a wide range of housing choices, Montgomery County has a long and remarkable record of responding to market and non-market forces. Under the auspices of the Housing Opportunities Commission of Montgomery County (HOC), the County's housing authority and housing finance agency, the County has implemented policies and programs that benefit low- and moderate-income residents.

For the purposes of this housing policy, the following five programs are examined:

- **Housing Initiative Fund.**
- **Moderately Priced Dwelling Unit Program.**
- **Group Home Program.**
- **Rental Assistance Program.**
- **Code Enforcement Programs: Vacant and Condemned Housing and Neighborhoods Alive!**

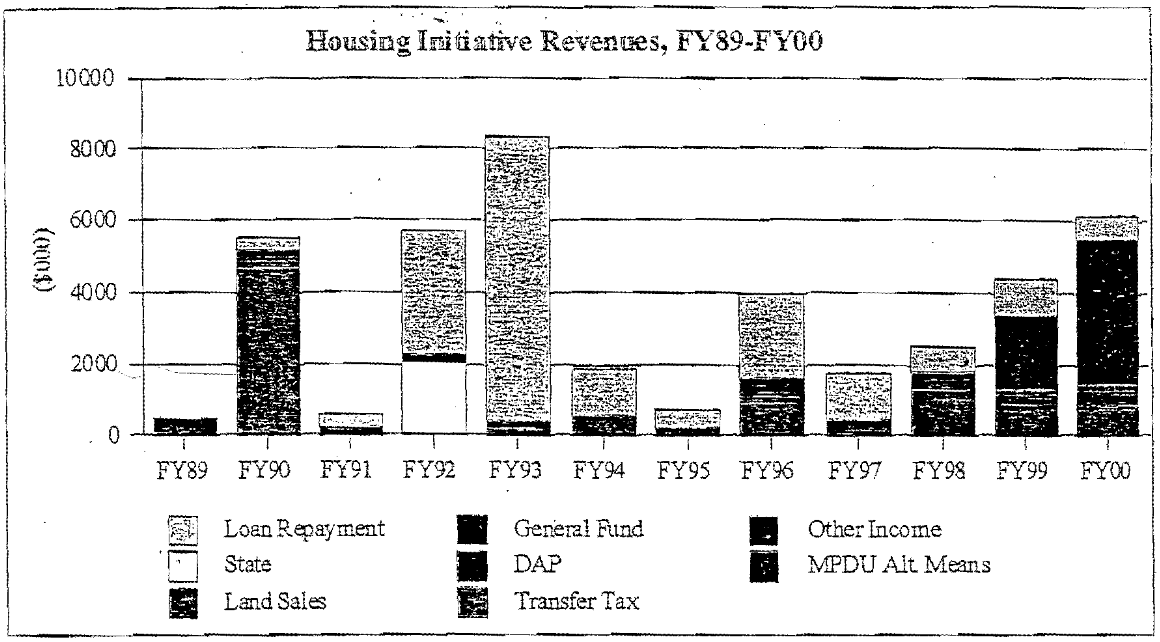
These programs provide a range of new and rehabilitated housing for individuals and families not served by the private market. They supplement the private housing market and add to the range of housing opportunities in the county.

An examination of these programs guides the County as it fine-tunes them to respond to new conditions and allocates fiscal resources for housing efforts.

Housing Initiative Fund

The County established the Housing Initiative Fund in 1988 with the purpose of creating and preserving affordable housing. Under this program loans are made to the Housing Opportunities Commission, nonprofit organizations, property owners, and for-profit developers to build new housing units or renovate deteriorated multifamily housing developments. Emphasis is placed on leveraging County funds with other public and private funds. As a result, the effectiveness of the program relies on having community partners who are able and willing to take on development or rehabilitation projects, and on having funding from other sources to leverage County funds.

Much of the funding in the program now comes from repayments on previous Housing Initiative Fund loans and from the County general fund. Between July 1989 and December 1999, approximately 3,500 housing units were preserved or created in the county under this program.



Issue

To ensure that our affordable housing goals are met, there must be a stable and predictable funding source.

Recommendations

- Develop stable funding sources for the Housing Initiative Fund to ensure that affordable housing goals are met.
- Make outreach and support of current partners and development of new partners a priority.

Moderately Priced Dwelling Unit Program

In the early 1970s, Montgomery County had a shortage of affordable housing for low- and moderate-income households. Housing advocate groups discussed measures to increase such housing that eventually led to an inclusionary zoning program that is both mandatory and countywide. Developers of subdivisions with 50 or more units receive a bonus density in exchange for including affordable housing in the development. Since the program's inception, over 10,600 moderately priced dwelling units have been built, of which about 72 percent have been for-sale units. For-sale units built under this program are relieved of their resale restrictions after 10 years and rental units are relieved of their restrictions after 20 years.

The Moderately Price Dwelling Unit (MPDU) Program has been extremely successful over the past 25 years in developing affordable housing for working families. An award-winning program, it has been used by many jurisdictions as a model. Resolution of several issues, outlined below, is needed if these three program objectives are to be met:

- Increasing the number of moderately priced dwelling units built, especially rental units.
- Distributing them throughout the county.

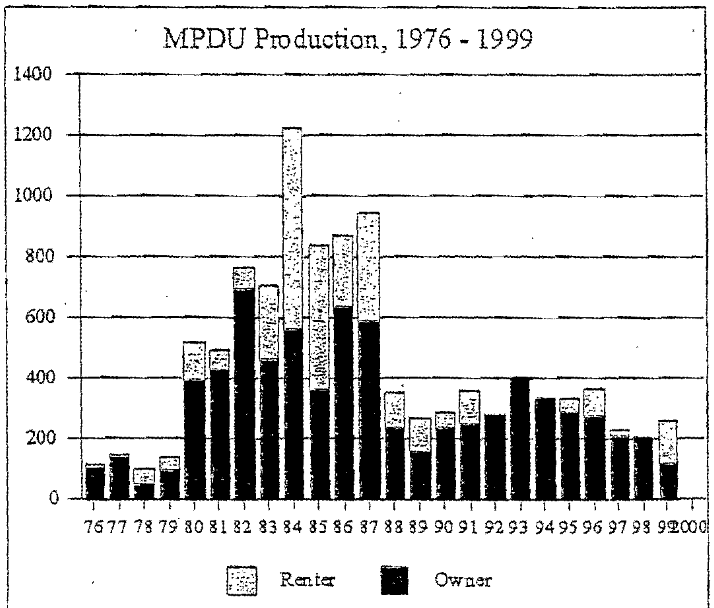
- Ensuring the financial viability of developments that include moderately priced dwelling units.

Issue 1

Housing units, including moderately priced dwelling units, are being produced at a slower rate as the supply of developable land decreases. The suggestions proposed below could increase the number and distribution of moderately priced dwelling units or provide funding for moderately priced dwelling units elsewhere.

Recommendations

- Evaluate the possibility of requiring moderately priced dwelling units or an in lieu fee for new subdivisions with fewer than 50 units.
- Evaluate extending the MPDU Program to large-lot residential zones.



Issue 2

Price controls on many units are expiring, further decreasing the number of available moderately priced dwelling units.

Recommendation

- Explore the possibility of purchase of moderately priced dwelling units by HOC, nonprofits, and the Department of Housing and Community Affairs either for resale to moderate income families or for rental to low income families.

Issue 3

Much potential infill development in central business districts and around transit stations is high-rise rental projects. High construction costs make it financially infeasible to include moderately priced dwelling units, especially given the inability to take advantage of the bonus density offered under the MPDU Program.

Recommendations

- Explore tax abatement for high-rise developments in those areas where housing is to be encouraged.
- Include affordable housing as an amenity when determining the amenity requirements for high-rise developments.
- Evaluate the possibility of allowing moderate rent adjustments for moderately priced dwelling units in high-rise developments to ensure that new housing units will be built.

Issue 4

In many cases developers are unable to take advantage of bonus density provisions in the Zoning Ordinance, including that of the MPDU Program, because of other zoning or master plan requirements. This makes the inclusion of moderately priced dwelling units financially infeasible.

Recommendation

- When preparing master plans and zoning changes, understand the impact of height and density restrictions on the financial feasibility of moderately priced dwelling units, especially in high-rise construction.

Issue 5

Many moderately priced dwelling unit applicants cannot qualify for a mortgage as a result of poor credit or no funds for the down payment.

Recommendations

- Make the MPDU Program more active in financing moderately priced dwelling units, assisting participants in preparing to purchase homes, and ensuring Fair Housing goals are met.
- Continue to make improvements to the homebuyer classes for moderately priced dwelling unit purchasers, including the information on credit, various mortgage products, and means of avoiding predatory lending.

Group Home Program

Group homes serve two basic populations: those with physical and developmental disabilities and those with persistent mental illness. Using funding from various sources, the County provides assistance to nonprofit group home providers serving these two populations. Funding is for acquisition of existing houses for use as group homes and for rehabilitation of these homes to meet state standards. The program averages the acquisition of 4-6 group homes a year and the rehabilitation of another 29 or so a year.

Issue

This program faces several problems that are exacerbated by a state requirement that all mental health hospitals be closed. The problems include:

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- The precarious financial state of most providers of mental health services in the county.
- Neighborhood opposition to these facilities.
- Difficulty in obtaining planning approval for group homes.
- Inadequate funding, especially for those with mental illness.

Recommendations

- Evaluate the Zoning Ordinance for unnecessary restrictions on group homes.
- Modify underwriting policies for loans to better assist nonprofit providers serving those with the lowest incomes.
- Evaluate the possibility of obtaining existing underused housing for group homes.
- Determine if moderately priced dwelling units could be used to house those served under this program.
- Use Section 8 voucher payments, under the new lump-sum provision, for downpayments on houses instead of for rental payments.
- Improve coordination between those providing the housing and those providing support services.
- Work with community associations and group home providers to ensure understanding and respect for fair housing laws.

Rental Assistance Program

In 1985, Montgomery County created the Rental Assistance Program targeted to the elderly and disabled, low-income (underemployed) intact families, and low-income (underemployed) single parents. Since its inception, the program has provided eligible households with a monthly rental subsidy to help defray the high cost of rent and enable low-income households to have a suitable rental unit without exceeding 35 percent of their income for shelter.

Issue

Rapidly rising rental costs and a shortage of available affordable housing have increased demand for rental assistance. As a result, in 2000, the Department of Health and Human Services started a waiting list with 89 households.

Recommendations

- Increase funding for the Rental Assistance Program to be able to help more people.
- To expand the supply of moderately priced rental units, evaluate accessory apartment regulations and, if possible, ease requirements without jeopardizing neighborhood quality.

Code Enforcement Programs

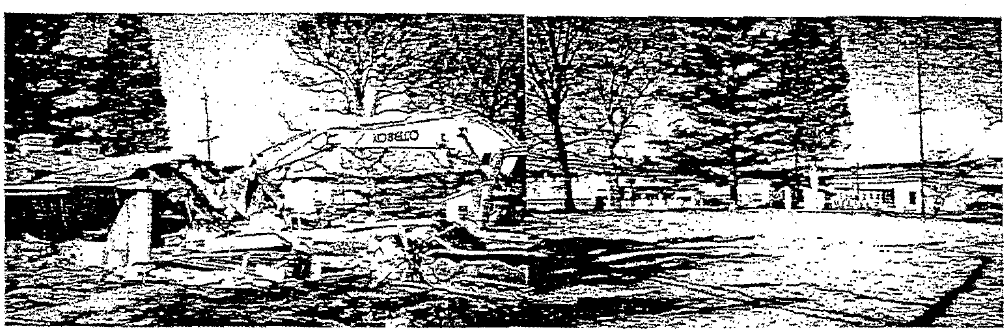
To ensure healthy housing and neighborhoods, Montgomery County adopted a Housing Maintenance Code in 1964. Most of the inspections done under the authority of the code are mandated by other actions (e.g., licensing of multifamily units and accessory apartments) or in response to a complaint from a tenant or property owner. In 1998, the County modified its approach, adopting the Neighborhoods Alive! program to address in a more comprehensive manner the widespread deterioration in older neighborhoods. Existing procedures for dealing with severe problems, such as blighted properties, can be exceedingly slow and hamper the overall success of the code enforcement program. The Office of Procurement has contractors available to demolish structures that have been condemned, present a hazard, and blight the surrounding area, providing for some efficiency in the process.

Issue

Properties of the federal Housing and Urban Development Department and Veterans Administration are of particular concern. HUD has recently streamlined its processes and is removing properties from its inventory in a more expeditious fashion. The Department of Housing and Community Affairs has initiated a stronger relationship with HUD and has recently facilitated purchase and rehabilitation of over 20 properties.

Recommendations

- Continue to use the Neighborhoods Alive! program in neighborhoods that are at-risk. Bring in other departments, agencies, and nonprofits as needed and involve the community to make the program work in a way that responds to the particular needs of the neighborhood.
- Work with the State to streamline the foreclosure process. Have Code Enforcement staff monitor the foreclosed properties.
- Have Code Enforcement staff perform a biannual review of vacant and condemned units.
- Refer vacant and condemned properties more quickly to the Rehabilitation Loan and the Replacement Home Programs, especially for those occupants who are elderly or who cannot financially and physically maintain their home.
- Expedite the demolition process while ensuring due process.
- Evaluate the effectiveness of anti-blight ordinances to expedite improvements or demolition of condemned structures.



Lot cleared of condemned structure and readied for new construction

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IV. Establishing Responsive New Programs

As our supply of developable land dwindles and housing stock ages, maintaining an adequate amount of affordable housing and maintaining the condition of existing housing gain importance. The slowing rate of moderately priced dwelling unit production and changes in federal policies such as expiring commitments to project-based Section 8 assistance require that we modify existing programs and design new programs to maintain an adequate affordable housing inventory.

Over the years, the number of vacant abandoned housing units located in stable neighborhoods has grown. A program to rehabilitate and sell these units, or otherwise remove their blighting influence, needs to be designed. Similarly, failure of property owners to maintain housing can reduce housing resources as well as adversely affect an entire neighborhood. Comprehensive code enforcement is a critical element of a housing policy, coupled with an expanded rehabilitation loan program for those property owners with limited resources.

The goal of Montgomery County is to have a wide choice of housing types and quality neighborhoods at densities and locations suitable for all people, regardless of race, color, religious creed, ancestry, national origin, sex, sexual orientation, marital status, presence of children, age, physical or mental disability, or source of income. To achieve this goal, the County needs strategies and action plans that will lead toward meeting these objectives:

- **Variety and choice in housing.**
- **Assistance for persons with diverse housing needs**
- **Safe, high-quality neighborhoods.**
- **Communities with affordable housing.**
- **Housing for all stages of life.**
- **Equal opportunity housing**
- **Sustainable communities.**

Objective 1: Variety and Choice in Housing

Promote variety and choice in housing of quality design and durable construction in various types of new and existing neighborhoods in conformance with the County's General Plan.

First Priority Strategies

A. Preserve Existing Neighborhoods — Ensure that the county's residential neighborhoods continue to provide a source of convenient, well-maintained housing and provide an attractive alternative to newly constructed communities.

Action Plan

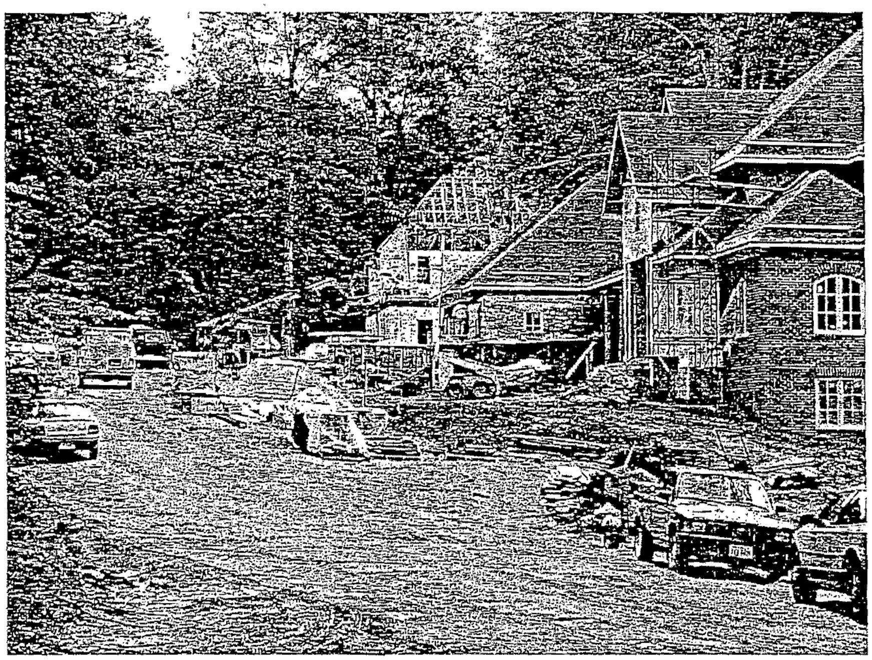
- Ensure high quality of housing and public infrastructure in existing neighborhoods.
- Protect encroachment on existing neighborhoods by undesirable uses.

- Promote high home ownership through assistance programs.
- Preserve single-family rental housing as an alternative, especially for larger households.

B. Encourage New Construction of All Types — Encourage both ownership and rental opportunities for all types and price ranges of housing.

Action Plan

- Enhance efforts to encourage new construction and preservation of existing residential communities.
- Expand opportunities to use TDRs to increase housing production and achieve other public goals.
- Give first priority consideration to housing when there is a change of use or ownership of publicly owned land.
- Encourage a good distribution of housing in each price range in all the planning areas of the county.



C. Expand Affordable Housing — Develop zoning and housing policies that encourage the provision of affordable housing throughout the county, including in central business district areas and in redeveloping areas, while protecting the Wedges and Corridors concept.

Action Plan

- Amend the Zoning Ordinance and implement changes through the master planning and sectional map amendment processes, including providing affordable housing goals in master plans.
- Encourage affordable housing in redeveloping residential properties.

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- Provide financial, land use, or other incentives to retain and increase affordable housing.
- Prepare an annual report on the progress made toward meeting annual affordable housing program goals.

D. Streamline Development Review Process — Assess the County's development regulations and review process to find ways to streamline the process and encourage creative housing design and redevelopment opportunities, including mixed-use development and the adaptive reuse of non-residential structures.

Action Plan

- Enhance County land use policies promoting mixed-use development.
- Through the subdivision approval process, require residential components of mixed-use projects be provided early in the development phasing.
- Amend development standards to allow flexibility in integrating residential and non-residential components of mixed-use development.
- Explore the development of "Smart Codes" to encourage redevelopment of housing and adaptive reuse of non-residential buildings.

Plans being reviewed by Department of Permitting Services staff

Second Priority Strategies

E. Promote Housing Near Transit and Employment — Promote the availability of housing in and near employment centers and transportation centers, including considering the use of air rights.

Action Plan

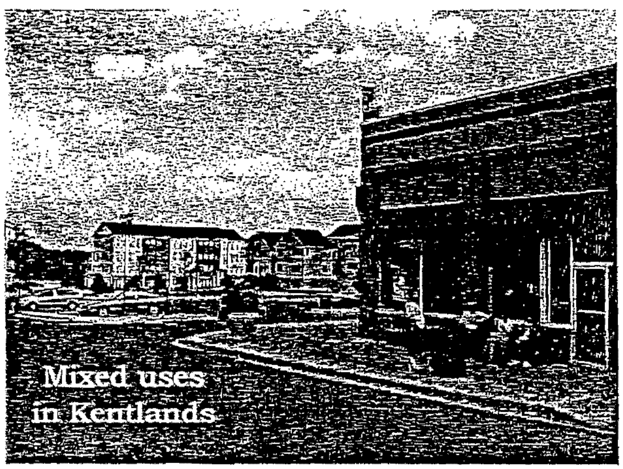
- Assess availability of sites near employment centers and transit centers, including reuse of non-residential structures in employment areas.

- Inventory and assess air-rights development potential of sites, especially on publicly owned sites such as parking lots in central business district areas.
- Develop and implement programs providing incentives for air-rights development.

F. Promote Higher Densities and Mixed Uses in Transit Station Areas and Downtowns — Increase variety of housing densities in new communities to provide more choices to a broader economic range of households and designate appropriate, specific locations in sufficient amounts for higher density housing and mixed-use development in master plans and other government planning documents.

Action Plan

- Amend the Zoning Ordinance and implement changes through the master plan process.
- Assess developable land in areas designated for growth by the General Plan.
- Assess the potential for higher density residential redevelopment, especially in transit-serviceable areas.


Mixed uses in Kentlands

Objective 2: Assistance for Persons with Diverse Housing Needs

Encourage housing for diverse residential needs, including housing for the elderly, for persons with disabilities, for persons with mental illness, for persons transitioning from homelessness, and for persons with AIDS.

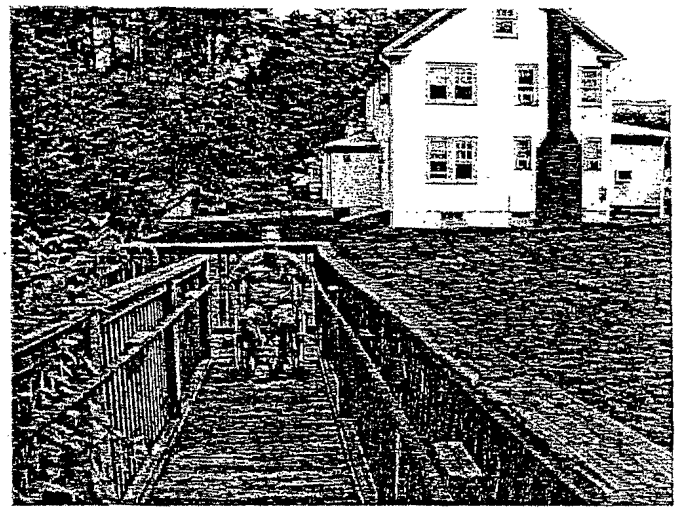
First Priority Strategies

A. Provide More Special Needs Housing — Encourage production of housing for populations with special needs, including seniors, persons with disabilities, persons with mental illness, and persons transitioning from homelessness.

Action Plan

- Assess inventory of special needs housing.

- Develop forecast of special needs populations.
- Identify and implement programs to meet any shortfall of special needs housing.
- Include goals for affordable and assisted housing in master plans and designate suitable sites for elderly housing and other special needs housing.
- Ensure that multifamily housing developments provide units adaptable for persons with disabilities, as required by the federal Fair Housing Act and the County building code.
- Explore incentives, such as density bonuses, to developers who provide special needs housing.
- Consider a program for County purchase of land for senior and special needs housing.
- Explore establishing 'visitability' standards for all new and renovated housing receiving public funds.



B. Provide Housing with Support Services. Coordinate the availability of affordable housing units and needed support services for persons with special needs, including those persons transitioning from homelessness.

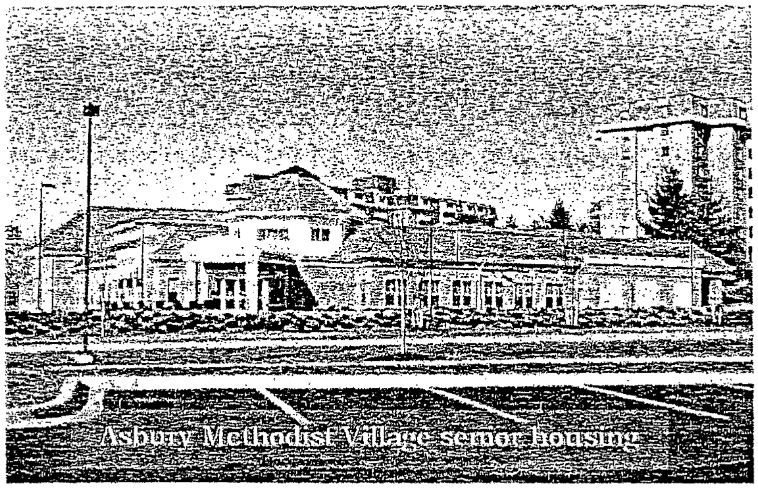
Action Plan

- Establish interagency initiative to provide seamless provision of affordable housing with supportive services to those with special needs.

C. Simplify Regulations for Senior Housing — Explore zoning and regulatory changes to ease approval of elderly housing development.

Action Plan

- Develop standard compatibility criteria for elderly housing and study possibility of eliminating special exception approval process.



Asbury Methodist Village senior housing

D. Expand Housing for Homeless — Ensure adequate supply of housing with support services for individuals and families transitioning from homelessness.

Action Plan

- Conduct inventory of housing appropriate for transitioning from homelessness.
- Increase supply and affordability of appropriately designed and located housing.

Second Priority Strategies

E. Promote Design for Aging in Place — Encourage housing designs that accommodate or adapt to persons aging in place and to persons with disabilities.

Action Plan

- Explore revisions to codes and regulations that will foster adaptive design.

Objective 3: Safe, High Quality Neighborhoods

Maintain and enhance the quality and safety of housing and neighborhoods.

First Priority Strategies

A. Expand Code Enforcement — Discourage deterioration of housing through a well funded code enforcement program.

Action Plan

- Expand interagency efforts to revitalize and renew neighborhoods, including implementing the Concentrated Code Enforcement Program of neighborhood-wide inspections for housing code, solid waste, and parking violations.

B. Promote Neighborhood Renewal — Ensure that older neighborhoods, especially moderately priced communities, remain attractive and viable for homebuyers by renewing neighborhood infrastructure, promoting neighborhood stabilization, and addressing streetscaping and neighborhood desirability issues.

Action Plan

- Expand neighborhood revitalization, renewal and stabilization efforts, including Renew Montgomery and Neighborhoods Alive!.
- Implement community policing.
- Include sections on neighborhood renewal in master plans.

Second Priority Strategies

C. Provide Assistance for Repairs — Offer financial incentives to owners of older housing for repair and improvements.

Action Plan

- Continue Rehabilitation Loan Program for repairs and accessibility improvements.
- Explore expansion of tax incentives for repair and improvement of residential property and maintenance of affordability.

D. Promote Adaptive Reuse — Promote housing as adaptive reuse of vacant non-residential buildings and provide for appropriate redevelopment of residential property.

Action Plan

- Inventory and assess privately- and publicly-owned buildings suitable for conversion to residential use.
- Support the State's "Smart Codes" initiative for flexible building and life safety codes in renovating residential buildings and in making adaptive reuse of non-residential buildings.
- Encourage redevelopment of residential properties while protecting the well being of current residents and minimizing displacement of at-risk residents.
- Assess for reuse or demolition all vacant, condemned, and abandoned buildings.
- Review and, if necessary amend, the Zoning Ordinance to facilitate adaptive reuse.
- Assess vacant, abandoned, or obsolete residential buildings for renewal.
- Encourage preservation, restoration, and use of historic sites to provide housing and to foster community identity.

E. Ensure Compatibility of Infill Housing. Mix infill housing and other uses in ways that promote compatibility and address residents' need for safety, privacy, and attractive surroundings.

Action Plan

- Explore Zoning Ordinance standards for infill development or redevelopment that provides an appropriate mix of uses in existing communities.
- Invite compatible rezoning and special exception applications for infill development.

- Identify appropriate sites for higher density residential or non-residential infill development in master plans.

F. **Promote Compatible High Density Development in Downtowns and Other Areas that can be Well Served by Transit** — Plan with care the uses at the edges of high-density centers to promote compatibility with existing neighborhoods and protect residential neighborhoods.

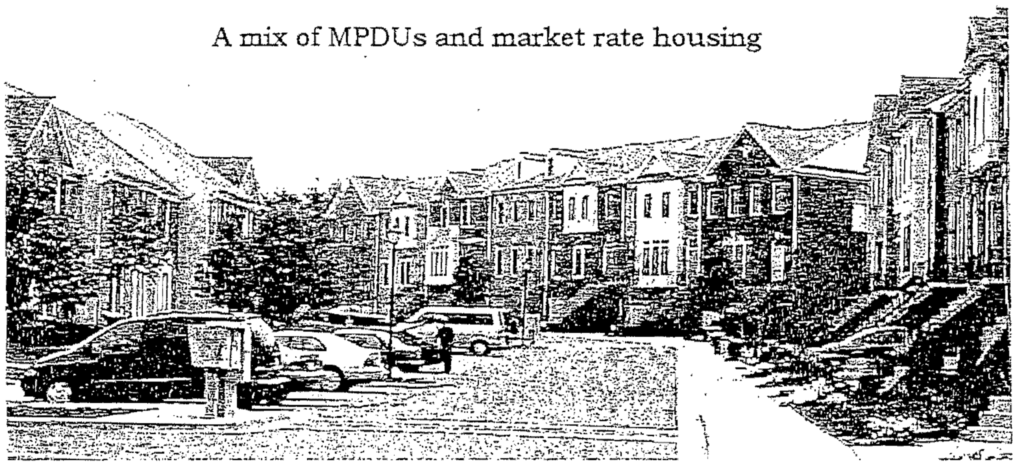
Action Plan

- Continue existing "step down" density approach of locating compatible development densities on sites abutting existing residential communities.
- Review and, if appropriate, continue residential traffic-calming programs.
- Protect residential neighborhoods from spill-over parking.

Objective 4: Communities with Affordable Housing

Encourage an adequate supply of affordable housing in economically inclusive communities throughout the county for those living or working in Montgomery County, especially for households at and below the median income.

A mix of MPDUs and market rate housing



First Priority Strategies

A. **Expand Funding of Affordable Housing** — Encourage the funding and provision of low-, moderate-, and median-income housing to meet existing and anticipated future needs.

Action Plan

- Forecast future need for affordable housing and potential for developing low- and moderate-income housing.
- Secure adequate fiscal resources or assistance measures to meet the current and future unmet affordable housing demand.
- Enhance County programs that provide assisted housing, including Montgomery Housing Initiative Fund financing, homeownership assistance, the leveraging and layering of other public and private funding sources, and "Live Near Your Work" public and private homeownership assistance near employment centers.

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Housing owned by the Housing Opportunities Commission

B. Distribute Locations of Affordable Housing — Distribute government-assisted housing equitably throughout the county.

Action Plan

- Construct new and preserve existing affordable housing throughout the county.
- Maintain and amend, where needed, the Moderately Priced Housing Program.
- Continue to use the State Partnership Rental Housing Program to construct and acquire affordable housing.
- Assess publicly owned sites for assisted housing, especially in underserved areas.
- Include recommendations in master plans for assisted or affordable housing sites.

C Preserve Affordable Housing — Preserve existing affordable housing where possible.

Action Plan

- Assess affordable housing likely to be threatened by redevelopment, conversion to condominium status, or other displacement of low- and moderate-income residents.
- Expand neighborhood revitalization efforts, including Comprehensive Code Enforcement, Renew Montgomery, the Rehabilitation Loan Program, acquisition of properties that threaten displacement of at-risk residents, preservation of expiring or prepaying federally assisted housing resources, and the State Partnership Rental Housing Program for acquisition of affordable housing.
- Encourage renovation and redevelopment of residential properties that protects the well-being of current residents and minimizes the displacement of at-risk residents.

D. **Encourage Private Participation** — Encourage participation of private developers and lenders in the provision of affordable housing.

Action Plan

- Identify tools to enhance economic feasibility of certain residential development, especially multifamily housing and housing in central business district areas.
- Remove disincentives for moderately priced dwelling unit production in high-rise development.
- Continue to provide primary and gap financing for developments containing an affordable housing component, using the Multifamily Revenue Bond Program, the Montgomery Housing Initiative Fund Program, and leveraged funds from other private and public sources.
- Expand the requirement that financial institutions with which the County does business participate in community lending activities.
- Monitor and encourage expanded community lending activities under the Community Reinvestment Act.
- Combat predatory lending practices.
- Encourage private employers to participate in public-private partnerships for the development of affordable housing.

E. **Support Mixed Income Properties** — Provide adequate programs and funding sources to support the development of mixed-income properties.

Action Plan

- Develop policies that support the development of mixed-income properties.
- Consider housing enterprise zones in certain high cost areas to promote financial feasibility of high density affordable and mixed-income housing.

F. **Continue Inclusionary Communities** — Ensure the provision of low- and moderate-income housing as part of large-scale development through a variety of approaches, including the Moderately Priced Housing Program.

Action Plan

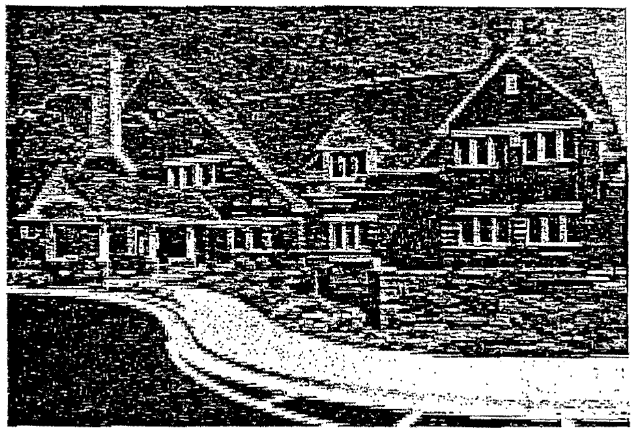
- Seek adoption of an inclusionary zoning ordinance by municipalities without one.
- Monitor development of mixed-income communities, including subdivisions having moderately priced dwelling units.
- Examine disincentives to development of moderately priced dwelling units.
- Revise the moderately priced housing program to reflect current market conditions.
- Develop additional programs to address disincentives to affordable and mixed income housing.

Second Priority Strategies

G. Promote Compatibility of Subsidized Housing — Encourage well designed and maintained subsidized housing that is compatible with surrounding housing.

Action Plan

- Enhance architectural compatibility of all assisted housing.
- Improve maintenance of scattered site, assisted housing programs.
- Promote public and private acquisition and preservation of affordable housing.



Bartholomew House assisted living

H. Reduce Approval Costs — Identify County policies that unnecessarily raise the cost of housing and find alternatives, if possible.

Action Plan

- Review development approval process and identify burdensome requirements.
- Explore fast-tracking of developments containing affordable housing.
- Remove disincentives for moderately priced dwelling unit production in high-rise development.
- Continue exempting price-controlled housing from County excise or impact taxes.
- Expand special ceiling allocations for affordable housing in the Annual Growth Policy.

I. Provide Innovative Housing — Encourage the provision of innovative housing types and approaches to meet the needs of lower income single persons and small households.

Action Plan

- Assess effectiveness of programs directed at small households, including accessory apartments, personal living quarters (PLQ), and hotel conversions.

- Remove impediments to personal living quarter developments and accessory apartments, including possible amendments to the Zoning Ordinance and to the Housing Maintenance Code.
- Develop program for transitional households and entry-level employees, possibly involving private employers.

J. Promote Housing in Mixed-Use Development — Phase mixed-use development so that housing is constructed in a timely fashion relative to other uses within the project.

Action Plan

- Study economic factors related to producing housing in mixed-use developments.
- Require timely development of residential components of mixed-use development through subdivision approval process.
- Enhance enforcement of subdivision conditions.

Objective 5: Housing for All Stages of Life

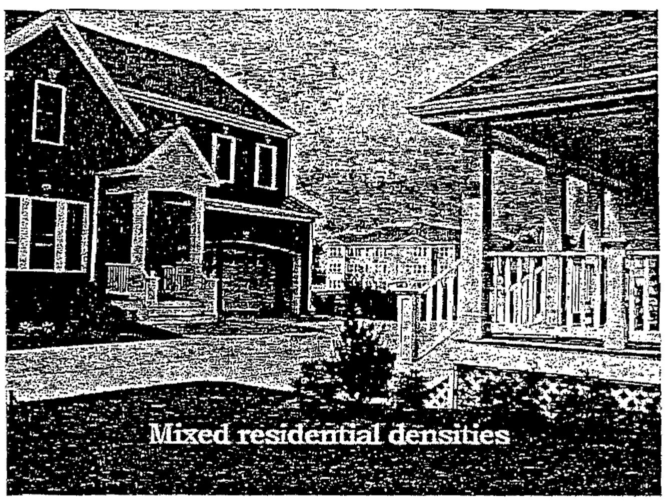
Provide a sufficient housing supply to serve the county's existing and planned employment and the changing needs of its residents at various stages of life.

First Priority Strategies

A. Provide Zoning Capacity — Provide adequate zoning capacity to meet the current and future housing needs of those who live or work in the county.

Action Plan

- Assess remaining developable land and development potential at build-out.
- Assess potential for higher density residential redevelopment, especially in transit-serviceable areas.


Mixed residential densities

- Ensure sufficient development and redevelopment capacity to accommodate forecast employment growth.

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- Implement changes through the master planning and sectional map amendment processes.

B. Improve Economic Feasibility — Explore ways to improve the relative economic feasibility of housing development in mixed use developments.

Action Plan

- Identify tools to enhance economic feasibility of residential development, especially in central business district areas.
- Promote adaptive reuse of vacant non-residential buildings as housing.

Second Priority Strategies

C. Meet Special Housing Needs — Develop additional techniques to provide housing opportunities to meet the special housing needs of young workers, the elderly, and persons with disabilities.

Action Plan

- Develop comprehensive inventory of special needs housing.
- Develop forecast of special needs populations.
- Identify and implement programs to meet any shortfall of special needs housing.
- Increase supply of adaptable housing with basic accessibility design elements.

D. Encourage Employer Participation — Encourage employer participation in meeting housing needs.

Action Plan

- Assess employers' housing needs, especially for entry level and service sector employees.
- Develop a public-private partnership program to increase supply of housing meeting employers' needs.
- Expand the Live Near Your Work Program that provides public and employer incentives to purchasing homes near designated job centers.

Objective 6: Equal Opportunity Housing

Promote and enforce fair housing ordinances to ensure that all residents have an equal opportunity to purchase, rent, finance, and occupy housing in the county.

First Priority Strategies

A. Enforce Laws — Enforce equal housing opportunity laws.

Action Plan

- Expand enforcement efforts of fair housing laws, including for households with subsidies.
- Amend law where necessary to enhance effectiveness of enforcement efforts.

- Address all fair housing issues, such as discrimination in rental or sale of housing, insurance, and mortgage lending, including predatory lending practices.

B. Educate the Public — Educate current residents, prospective residents, housing providers, lenders, agents, appraisers, management associations, common ownership associations, and others involved in the rental or purchase of housing about their rights and responsibilities under the fair housing law.

Action Plan

- Expand fair housing education activities, including developing a school curriculum.
- Resume a program of providing continuing education credits for the real estate industry.

C. Compliance Testing — Conduct testing of rental, sales, and lending practices to ensure compliance with fair housing law.

Action Plan

- Expand fair housing testing efforts for rental and sales housing, insurance, and mortgage lending practices.
- Identify and carry out enforcement actions for non-compliance.

D. Examine Lender Policies and Practices. — Ensure that banking and other lending institutions contracting with Montgomery County to provide services are engaging in fair housing and fair lending practices.

Action Plan

- Evaluate change to County procurement law that would require banks and other lending institutions having County service contracts provide information on all home mortgage loans they make in the county.
- Ensure that all banks and other lending institutions fully participate in Community Reinvestment Act activities throughout the county.
- Ensure that lending institutions in the County do not engage in predatory lending practices.

Second Priority Strategies

E. Examine Provider Policies and Practices — Study the policies and practices of housing providers involved in the sale and rental of housing.

Action Plan

- Continue to gather information on major housing industry participants and the market.
- Review all aspects of the housing sale and rental industry for conformance with fair housing laws.

F. Make the County a Model for Fair Housing — Ensure that all County housing programs comply with the spirit and letter of equal housing opportunity laws and make County housing programs models of fair housing compliance.

Action Plan

- Conduct fair housing training for all County staff administering and implementing County housing programs. Conduct tests of housing programs.

Objective 7: Sustainable Communities

Encourage sustainable development and environmental sensitivity in housing, neighborhood design, and redevelopment.

First Priority Strategies

A. Encourage Innovation — Encourage the use of new and innovative housing construction techniques, including pre-fabricated components and housing units, to increase the supply and variety of housing types.

Action Plan

- Change the building code to allow alternative building techniques.

B. Reduce Unnecessary Cost of Housing — Reduce the impact of development approval process fees and costs, including environmental regulations, on housing affordability.

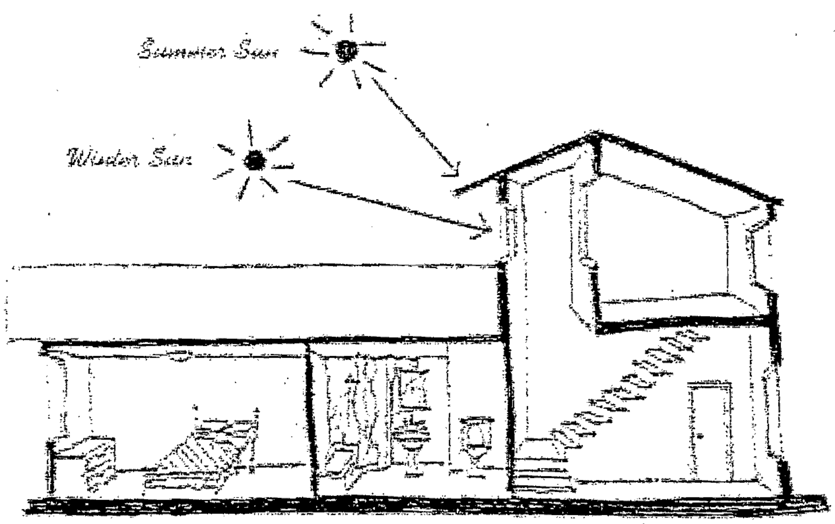
Action Plan

- Explore ways to reduce development and environmental fees and costs.

Second Priority Strategies

C. Conserve Energy — Encourage changes that will reduce residential energy consumption. Review and amend building codes, code enforcement procedures, and other housing programs that regulate remodeling and reconstruction of infrastructure.

Solar access



Action Plan

- Provide financing for improvements in insulation.
- Encourage use of energy efficient appliances.
- Provide free low-flow showerheads.
- Provide information on County Web site on household energy conservation measures.
- Provide brochures on energy conservation measures.
- Incorporate street tree planting into infrastructure improvements.
- Conduct free assessment of landscaping for energy reduction.

D. Conserve Water — Encourage changes that will reduce residential water consumption. Review and amend building codes, code enforcement procedures, and other housing programs that regulate remodeling and reconstruction of infrastructure.

Action Plan

- Provide free low-flow shower heads in code enforcement target areas.
- Encourage use of low-flow toilets.
- Provide information on drip irrigation systems and rain harvesting techniques.
- Provide information on County website on drought-tolerant native species.

E. Use Recycled Products.

Action Plan

- Provide information on products made from recycled materials.
- Encourage construction techniques and materials that can allow ease of recycling.

F. Educate the Public — Improve educational outreach on sustainable resource management.

Action Plan

- Provide a "green" page on County website.
- Discuss sustainable products in County brochures aimed at homebuilders, remodelers, and do-it-your-selfers.

G. Protect Water Quality — Ensure that new development complies with applicable water quality and stormwater management laws, regulations, and guidelines.

Action Plan

- Modify Chapter 19 of the County Code to ensure proper drainage from new construction.

- In concentrated code enforcement areas and when code violations occur, encourage changes that reduce problem drainage and protect water quality.
- Encourage cluster development and forest retention.
- In code enforcement areas and for appropriate code violations, provide information on reducing impervious surfaces and correcting drainage problems.
- Provide information on disconnecting impervious surfaces and increasing onsite percolation of stormwater runoff.

V. Annual Affordable Housing Production Goals

Need for Affordable Housing

Montgomery County meets its affordable housing needs through a number of programs. The County and the Housing Opportunities Commission are using federal, state, and local programs and funding for the provision of affordable housing. In order to address the production needs identified in the Housing Policy, the County is establishing annual goals for affordable housing production.

Each year 3,750 new households are likely to be formed in the county. At-place employment increases also add to the demand for housing in the county. The annual 4,000-unit forecast for housing production appears to meet most of the demand that may be expected for new market rate housing in the county.

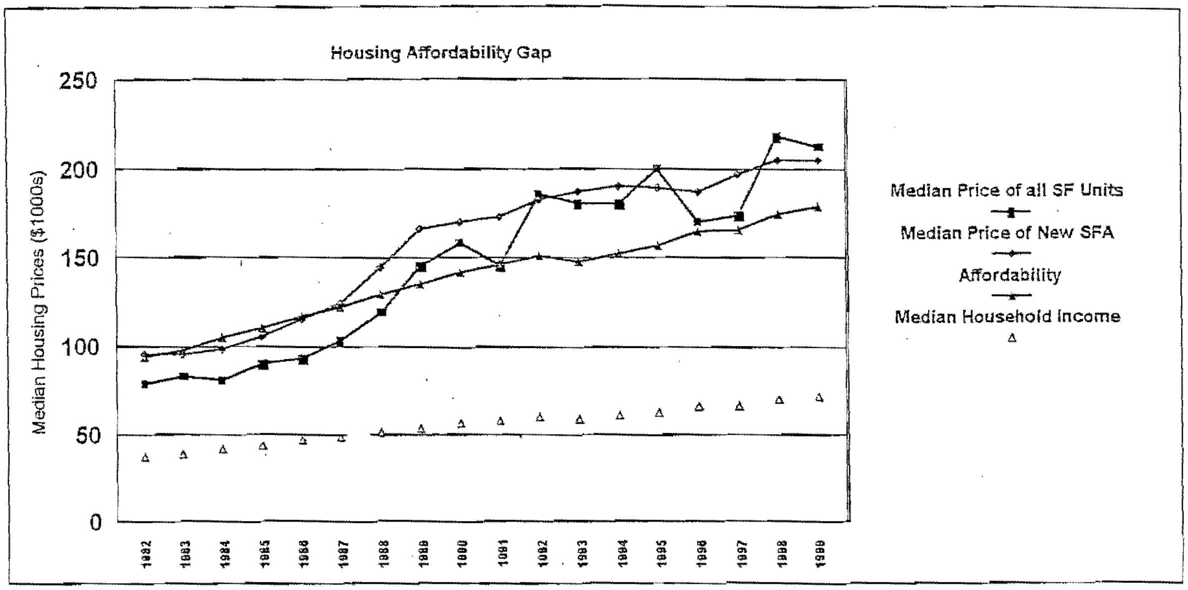
The current income distribution of households in the county shows that about 25 percent of county households earn less than $40,000. At 30 percent of income for housing costs, $40,000 can support a rent plus utility payment of $1,000 per month. Because rents are rapidly escalating in the county, we foresee near- and long-term shortfalls of affordable housing units.

To continue to serve households earning $40,000 or less, we believe that an affordable housing production goal of 1,000 units per year is necessary. The attached chart lists the County's affordable housing production programs and establishes an annual production goal for each program based on market conditions, program history, forecast needs, and industry and provider capacity. These program goals have been reviewed by focus groups, housing providers, the industry, housing advocates, and public agencies. The annual goals are a multi-year average, and may vary annually due to changes in the level of funding available to these programs.

Cost of Producing and Preserving Units

To plan and budget for the county's future housing needs, the County's current programmatic costs have been determined. Existing contracts, loans, and development budgets provided the following cost information.

- The cost to the County of preserving federally assisted housing ranges between $8,000 and $12,000 per unit.
- The County's contribution to the cost of rehabilitating multifamily housing is between $10,000 and $15,000 per unit.
- The County's participation in funding the acquisition of group homes ranges between $30,000 and $60,000 per home, or between $5,000 and $10,000 per occupant.
- The County funds the development of new affordable housing at levels ranging from $4,000 to $10,000 per unit.
- When contributing to the development of assisted living for the elderly, the County has been providing between $15,000 and $23,000 per unit.



- The cost of permanent supportive housing for seriously mentally ill homeless individuals, including case management and services, ranges between $12,000 and $17,000 per person per year.
- The cost of permanent supportive housing for families, including those with disabilities and multiple risk factors, ranges between $14,000 and $21,000 per family per year.
- The cost of transitional housing for homeless individuals, including case management and services for mental illness or substance abuse, ranges between $7,800 and $9,000 per person per year.
- The cost of transitional housing for families with children, including case management and support services, ranges between $8,300 and $14,000 per family per year.

Recommendations: Annual Affordable Housing Production Goals

The chart on the following pages gives the recommended annual goals for affordable housing production in Montgomery County. These figures should be seen as average annual goals over a 10-year period. The actual annual figures will likely vary, given the need to take advantage of opportunities and address special problems that may arise in any one year. Of the total 2,890-unit target, 1,730 are existing units that will be preserved as affordable units, through assistance with rehabilitation, purchase by a public agency or nonprofit organization, or a negotiated rental agreement. The remaining 1,160 are new units that, for the most part, will be for people least able to find suitable, affordable housing as a result of either age or special needs for services. This includes individuals with physical, mental, or emotional illness. The providers of these housing units include nonprofit service organizations, the Housing Opportunities Commission, and other developers of housing.

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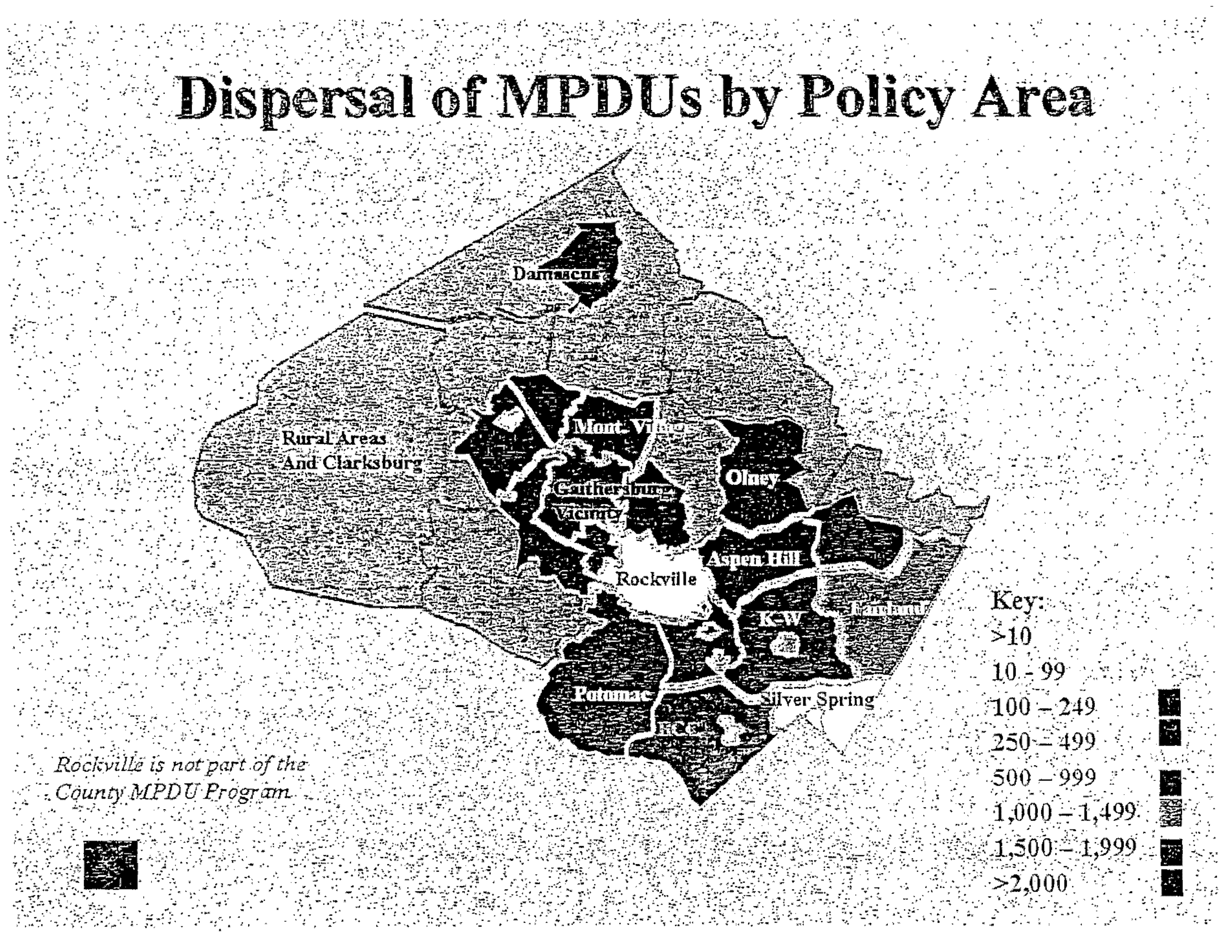
Comparing these production goals with the average housing units achieved in each category over the past two years, we see a dramatic overall increase in affordable housing units and increases in most categories. The exception is the preservation of expiring federally subsidized units. The preservation of these units has been the highest priority, and is driven by the expiration dates of these subsidies. These goals are aggressive, but they can be achieved with the funding and organizational focus we propose.



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Affordable Housing Program
Proposed Annual Production Goals
(Averages for the last two fiscal years, FY99 and FY00, are shown in parentheses)

Programs	Owner Units	Rental Units	Per Unit Cost (County $)	Total Cost (County $)
Moderately Priced Dwelling Units: New homeownership and rental housing opportunities for households earning 50-65 % of median income. Units are scattered throughout county. Prices of ownership units approx. $95,000 for townhouses, $120,000 for detached homes. Resale prices controlled for 10 years. Rental units range from $670 for efficiencies to $1,050 for 3 BR units. Rents controlled for 20 years. Up to 40 % of ownership units may be purchased by HOC and nonprofits for rental to very low income households.	200 (149)	100 (83)	$0	$0 ($0)
Section 8 Certificates/Housing Vouchers: Federal rental assistance for very low income households (at or below 50 % of median) in existing rental housing. Tenant contribution toward rent generally capped at approx. 30 % of income. Units assisted under Sec. 8 must meet fair market rent guidelines. Vouchers may be used in higher priced units if tenant pays difference. Also includes County rental assistance program.		200 (190)	$0	$0 ($0)
Group Home/Transitional/Special Needs Housing Production: Newly constructed, acquired, rehabilitated housing for special populations. Units will be affordable, depending on subsidy program, from very low- to median-income households. May include Personal Living Quarters.		100 (29)	$5,000–$10,000	$500,000–$1,000,000 ($145,000)
Home Ownership: Acquisition and renovation of HUD foreclosed houses by nonprofit housing providers. Units to be resold to below median income purchasers. Assistance to first time home buyers, including closing cost assistance. Single family rehabilitation loans.	30* (11*)		$20,000	$600,000 ($296,000)
Nonprofit Multifamily Rehabilitation: Acquisition and rehabilitation of deteriorating multifamily housing by nonprofit housing providers. Post-rehab units will be leased to income eligible tenants.		150* (55*)	$10,000–$15,000	$1,500,000–$2,250,000 ($543,000)
New Construction: Newly constructed affordable housing units, including mixed-income projects. Subsidy mechanisms may control cost of affordable units and income level of households served.		200 (0)	$4,000–$10,000	$800,000–$2,000,000 ($0)
Preservation of Federally Assisted Housing: Acquisition and rehabilitation of federally assisted multifamily housing threatened with prepayment of insured mortgages or opt-out and expiration of housing assistance payments contracts.		200* (121*)	$8,000–$12,000	$1,600,000–$2,400,000 ($780,000)

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HOC and Nonprofit MPDU Acquisition: Purchase by HOC and Nonprofit housing providers of up to 40% of all ownership MPDUs constructed. Houses will be rented to very low income households.		60 (29)	$30,000	$1,800,000 ($870,000)
Multifamily Rehabilitation Loans: Loans to private owners of multifamily housing to bring units into code compliance and upgrade units.		150* (5*)	$5,000– $10,000	$750,000– $1,500,000 ($108,000)
Construction of Elderly Housing and Assisted Living Units: Gap financing or rental subsidy for newly constructed elderly housing and assisted living facilities		250 (18)	$15,000– $23,000**	$3,750,000– $5,750,000 ($683,000)
Accessory Apartments: Creation of accessory rental units in single family homes.		50 (15)	$0	$0 ($0)
Preservation of Threatened Multifamily Housing: Preservation of affordable multifamily rental properties threatened with sale or conversion through the negotiation of rental agreements		950* (950*)	$0	$0 ($0)
Acquisition of Threatened Multifamily Housing: Acquisition by the County, HOC, or tenants' associations of multifamily properties threatened with conversion or displacement.		150* (24*)	$0– $100,000	$0– $1,500,000 ($516,000)
HOC Public Housing Rehabilitation: County-funded rehabilitation and modernization of HOC owned public housing stock.		100* (40*)	$7,000– $15,000	$700,000– 1,500,000 ($290,000)

Total Units:	**Owner Units:**	**Rental Units:**	**Total Cost to County:**
New: 1,160 (513)	New: 200 (149)	New: 960 (364)	$12– $20,300,000 ($4,231,000)
Preserved: 1,730 (1,206)	Preserved: 30 (11)	Preserved: 1,700 (1,195)	
Total: 2,890 (1,719)	Total: 230 (160)	Total: 2,660 (1,559)	

* Units preserved, not added to the housing stock.
** Loan..

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Appendix A

Rental Vacancy Rates, 1982-2000							Average Turnover Rents 2 Bedroom Units, 1983-2000	
Year	Efficiency	1BR	2BR	3BR	4+BR	All Units	Current $	Constant $ (1999)
1982	4.8	5.8	4.8	3.9	2.3	5.1	-	-
1983	3.3	4.4	4.2	3.3	3.6	4.1	$468	$734
1984	2.7	2.6	2.6	3.0	3.4	2.6	$513	$766
1985	4.0	3.2	3.1	2.7	5.0	3.3	$541	$776
1986	2.5	3.3	3.7	3.7	2.7	3.7	$575	$802
1987	2.2	4.3	3.9	4.5	1.3	4.3	$613	$824
1988	3.5	4.7	4.2	3.9	5.9	4.7	$665	$861
1989	3.7	4.5	3.5	2.8	2.9	4.1	$712	$871
1990	4.8	5.0	5.0	3.7	2.9	5.2	$746	$893
1991	4.7	6.5	5.9	4.7	1.9	6.5	$760	$894
1992	5.1	6.1	5.6	4.8	2.0	5.6	$771	$860
1993	4.3	5.1	4.9	4.2	2.0	4.9	$778	$847
1994	4.0	4.2	4.0	3.4	0.7	4.0	$794	$851
1995	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1996	3.2	4.1	4.7	4.3	2.4	4.4	$820	$893
1997	4.5	4.2	4.3	3.8	4.3	4.2	$836	$864
1998	3.7	3.7	3.8	3.4	5.7	3.7	$861	$879
1999	2.6	2.7	3.1	3.7	6.1	3.0	$894	$894
2000	1.6	2.5	2.4	2.7	5.2	2.5	$965	$934

Source: DHCA Rental Vacancy Surveys

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Appendix B

Number of Households in Income Categories by Household Size									
	Income Categories								
Size	Very low	Low	Modest	Moderate	High	Affluent	Very Affluent	Wealthy	All
1	15,150	6,310	6,194	30,282	6,951	3,200	537	622	69,246
2	9,283	4,578	6,284	31,606	22,049	21,355	4,096	5,211	104,462
3	5,752	2,274	3,566	12,012	13,146	12,022	1,829	3,312	53,913
4	4,426	2,239	2,876	8,143	11,605	13,966	2,860	3,825	49,940
5+	3,549	2,198	2,775	5,196	7,102	7,456	1,275	4,021	33,572
All	38,160	17,599	21,695	87,239	60,853	57,999	10,597	16,991	311,133
Percent	12.3%	5.7%	7.0%	28.0%	19.6%	18.6%	3.4%	5.5%	100.0%

Annual Household Income Ranges (in thousands of dollars)								
Size	Very Low	Low	Modest	Moderate	High	Affluent	Very Affluent	Wealthy
1	up to 23.9	23.9-29.1	29.2-34.6	34.7-70.0	70.1-100	100.1-160	160.1-200	over 200
2	up to 27.3	27.3-33.3	33.4-39.5	39.6-70.0	70.1-100	100.1-160	160.1-200	over 200
3	up to 30.8	30.8-37.5	37.6-44.5	44.6-70.0	70.1-100	100.1-160	160.1-200	over 200
4	up to 34.2	34.2-41.6	41.7-49.4	49.5-70.0	70.1-100	100.1-160	160.1-200	over 200
5+	up to 36.9	36.9-45.0	45.0-53.4	53.5-70	70.1-100	100.1-160	160.1-200	over 200

Source: Planning Implementation Section; 1997 Census Update Survey, MNCPPC
Note: Some income category definitions vary with size.

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Appendix C

Median Sales Price of Single Family Homes, 1987 - 1999 (in constant 1999 dollars)					
Year	New Detached	Existing Detached	New Attached	Existing Attached	All Units
1987	251,593	188,520	141,861	115,805	166,975
1988	298,677	223,782	153,918	131,941	187,563
1989	350,893	244,525	177,831	144,270	203,567
1990	380,905	247,878	189,590	150,882	203,571
1991	363,876	244,912	171,907	150,715	203,583
1992	345,830	242,188	207,294	143,416	203,684
1993	348,259	236,281	196,963	141,551	203,616
1994	342,410	235,775	193,229	140,394	203,624
1995	369,543	237,237	214,562	139,741	203,699
1996	340,340	245,045	185,036	143,760	203,660
1997	355,061	237,883	179,964	139,523	203,752
1998	369,339	239,935	223,213	139,877	209,305
1999	364,195	243,000	212,217	139,000	205,000

Appendix D

MPDU Production, 1976-1999			
Year	For-Sale Units	Rental Units	Total Units
1976	108	9	117
1977	139	13	152
1978	55	47	102
1979	105	37	142
1980	404	120	524
1981	433	63	496
1982	702	63	765
1983	468	237	705
1984	565	659	1224
1985	369	475	844
1986	644	232	876
1987	597	348	945
1988	242	110	352
1989	162	105	267
1990	242	46	288
1991	253	106	359
1992	282	0	282
1993	408	0	408
1994	334	0	334
1995	292	46	338
1996	282	87	369
1997	218	12	230
1998	211	0	211
1999	122	143	265
Total	7,637	2,958	10,595

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Appendix E

Complete List of Housing Programs in Montgomery County

Department of Housing and Community Affairs programs:
Multifamily Housing Development and Rehabilitation Programs
Single-Family Rehabilitation Program
Group Home Rehabilitation Loan Program
Group Home Acquisition Loan Program
Weatherization Program
Lead Paint Hazard Reduction
Moderately Priced Dwelling Unit Program
Montgomery County Payment in Lieu of Taxes Program.

Department of Health and Human Services programs:
Senior Assisted Living Group Home Subsidy Program
Adult Foster Care
Montgomery County Rental Assistance Program
Handicap Rental Assistance
Prevention and Crisis Intervention

Human Relations Commission programs:
Equal Housing Opportunity Enforcement, Education, and Testing

Housing Opportunities Commission programs:
Public Housing
Section 8 Housing Choice Voucher Program
Transitional Housing (McKinney I, Mothers and Tots Entering Recovery, III, & VII)
Permanent Housing (McKinney X, VIII, IX, & Turnkey)
Shelter Plus Care
State Rental Allowance Program
State "RAP to Work" Initiative
Rental Supplement Incentive Program
Multifamily Program
Mortgage Purchase Program
HOC Home Ownership Program
Neighborhood Initiative Program
Closing Cost Assistance Program

Human Relations Commission program:
Fair Housing Program

Appendix F

Montgomery County Housing Initiative Fund Revenue													
Source	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01**	Totals
Transfer tax	$95,168	$55,125	$63,752	$30,330	$32,604	$7,500	$21,050	$59,000	$4,860	$19,000				$388,389
State contributions				2,000,000										2,000,000
Investment income	193,436	257,166	98,554	160,415	97,516	69,716	117,977	496,000	227,824	176,400	177,000	261,000	220,000	2,553,004
MPDU contributions		210,000	70,000	53,750	53,750	400,000	65,000	200,000		16,000	75,000	159,000		1,302,500
Property sales*		4,652,302			257,399	89,488		898,504	169,144	1,332,597	793,000	770,000	759,800	8,962,434
MPDU foreclosures			49,385	2,763		27,000			7,084	1,892	24,000			112,124
MPDU recapture												22,000		22,000
Loan repayments		304,111	324,000	3,393,421	788,530	1,263,170	461,998	2,289,501	1,286,991	662,576	1,015,000	615,000	388,680	12,792,978
Development approval payments										202,000	261,000	291,000		754,000
Property rental						15,487	20,629	18,838	80,208	76,556	76,000	19,000		306,718
General funds													6,400,000	6,400,000
Miscellaneous	188,038	40,980	15,130	70,828	2,163		52,286	5,833	7,769	12,000				395,027
Totals	476,642	5,519,684	620,821	5,711,507	1,231,962	1,872,361	738,940	3,967,676	1,783,880	2,499,021	2,421,000	2,137,000	7,768,480	36,748,974

*Before FY 97 "Property Sales" was 100% of the proceeds from the sale of land owned by the Department of Housing and Community Affairs. Since then, it is 25% of the proceeds from the sale of land owned by the County.
** Estimate

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Resolution No: 14-959
Introduced: May 15, 2001
Adopted: July 17, 2001

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: County Council

Subject: Adoption of the Housing Policy for Montgomery County

Background

1. On October 20, 1981, by Resolution 9-1503, the County Council adopted the Housing Policy for Montgomery County – A Statement of Intent.

2. As a result of shifting demographic and economic conditions in the Washington, D.C. metropolitan region, housing supply and demand have changed significantly since the adoption of the Housing Policy approved in 1981.

3. In January 2001, the County Executive prepared and transmitted to the County Council his recommendations for updating the Housing Policy for Montgomery County, Maryland.

4. On April 2, 2001, the County Council's Planning Housing and Economic Development Committee held a public worksession and amended the text of the Housing Policy in cooperation with the County Executive and his staff.

Action

The County Council for Montgomery County, Maryland, approves the following resolution:

1. The Housing Policy for Montgomery County, Maryland: "Montgomery County - The Place to Call Home" is hereby adopted as amended as part of and an attachment to this resolution and constitutes the statement of the County's concern that present and future citizens will be adequately housed; and it is the government's intent to pursue and implement the housing policy objectives to provide maximum opportunities in all planning areas for housing people of varying incomes, ages, and life styles, and to provide choices for families and individuals having needs for different types of housing.

Resolution No: 14-959

2. This Housing Policy will be the plan for the County's actions to stimulate and generate production of the kinds of housing which are in short supply, but which are needed to provide a healthy and balanced housing inventory; and the County shall act in this effort by assuring that its decisions and over-all policies are consistent with achieving these goals.

3. All agencies having responsibilities that affect housing availability and cost are hereby mandated and directed to act expeditiously and diligently to carry out the objectives and intent of this housing policy.

4. In cooperation with neighboring jurisdictions, the County will work diligently to develop a coordinated strategy to address mutual housing needs in the Washington, DC metropolitan region.

5. The County Executive must submit an annual status report to the County Council, describing activities toward implementing the Housing Policy, including annual production targets. This report may be submitted in conjunction with the Housing Report the Executive must submit to the County Council under Section 25B-4 of the County Code describing the state of the County's demand for and supply of affordable, including assisted, housing.

6. Ten years from the enactment of this Resolution, the County Executive must undertake a full reevaluation of housing needs in Montgomery County, and recommend housing policy changes to reflect needs at that time.

This is a correct copy of Council action.

Mary A. Edgar

Mary Edgar, CMC
Clerk of the Council

From DHCA 1/20/2011

MONTGOMERY COUNTY 2001 HOUSING POLICY ACCOMPLISHMENTS

1. Housing Initiative Fund (HIF)

a. Council approved resolution requiring 2.5% property tax revenue as dedicated revenue source for the HIF. This has been temporarily put aside during the current General Fund shortfalls.
b. The Council has authorized, at the request of the Executive, $90 million of bond funds for the acquisition and rehabilitation program under the HIF.
c. DHCA has continued to support seventeen current partners through funding from the HIF, including six (6) new partners during the past year.

2. Moderately Priced Dwelling Unit Program (MPDU)

a. The Council has changed the program requiring MPDUs in developments of more than 20 units.
b. DHCA has encouraged and facilitated the purchase of MPDUs by HOC and nonprofits for rental, and in some cases resale, to low income families.
c. In limited cases, tax abatement (PILOTs) has been granted to facilitate building high rise developments with MPDUs.
d. Greater direct assistance has been provided MPDU applicants in preparing for, and financing, home purchases.
e. First-time homebuyer classes have been enhanced and are now required for all MPDU (purchase) participants.
f. 2,324 MPDUs have been produced since 2001, 1,340 for sale and 984 rentals.

3. Group Home Program

a. DHCA and HOC programs have been increasingly used to provide financing and/or rental assistance to group home providers serving those with the lowest incomes.
b. Group home providers have been assisted in finding and purchasing existing underused housing as well as MPDUs.
c. DHCA, HHS, and HOC have significantly increased their collaboration and cooperation to provide and coordinate services.
d. DHCA is actively working with the group home providers to assess and finance rehabilitation necessary for continued use and occupancy of their properties.

4. Rental Assistance Programs

a. The Council established a shallow subsidy rental assistance program administered by HHS and HOC, respectively.
   1) DHCA has utilized some HOME funding to provide rental assistance to 50 homeless families for a period of at least three (3) years.
   2) HOC is administering 1,416 more housing vouchers than it was in 2001.

5. Assistance for Persons with Diverse Housing Needs

a. The County has embarked upon the Housing First model which focuses on permanent housing for those exiting homelessness rather than transitional housing. A major portion of the HIF has been devoted to this effort.
b. DHCA resources and programs have been devoted increasingly to special needs housing for those with disabilities.

6. Promote Neighborhood Renewal

a. DHCA has embarked on focused Neighborhood Assistance program, which is designed to address growing problems in older neighborhoods.
b. Since 2001, Montgomery County has provided $5.5 million in general funds to HOC for rehabilitation of public housing to compensate for the lack of adequate funding by the Federal Government.

7. Communities with Affordable Housing

a. The HIF has been greatly expanded to provide resources to preserve existing affordable housing and develop new affordable housing.
b. Funding decisions are made to insure distribution of affordable housing throughout the County.

DHCA: 1/20/2010

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housing monitor

Montgomery County's median sales price for single and multifamily, new and used homes, was $355,000 in October, the same level as 2004.

MONTGOMERY COUNTY

Montgomery County's median sales price for single and multifamily, new and used homes was $355,000 in October, the same level as 2004. The median price is down 3.3 percent from $366,963 in the third quarter of 2010, but an increase of nearly 9 percent from the first quarter. Montgomery County's median sales prices typically have remained higher than most of the region and the nation since 1999. In first quarter 2010, the county's median was 1.9 times the nation's median sales price.

STATE AND REGION

In October, the median sales price in Maryland was $245,355 – a 4.8 percent decrease from the median of $257,654 in third quarter 2010. The median sales price in the metropolitan Washington region was $344,175 in October, a decrease of 1.9 percent from the region's median of $350, 938 during the third quarter. In September, the Shiller sales price index for the Metro DC Region increased 4.5 percent, compared to 2009. The Washington DC metro was one of only two metros to have an increase in the Shiller sales price index in September.

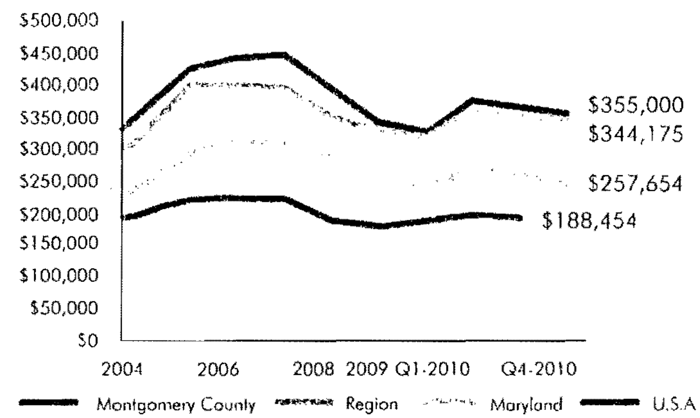
NATION

The nation's median sales price was $188,254 in September, a 2 percent decrease from July through August. This is in sharp contrast to second quarter 2010, which saw house prices rise 4.7 percent from the first quarter – when it was $183,700, an increase of nearly $6,000.

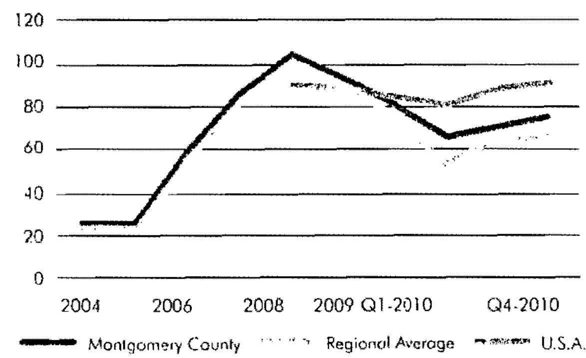
MEDIAN SALES PRICES

	2004	2006	2008	2009	Q1 2010	Oct 2010
Montgomery County	$355,000	$439,000	$395,000	$340,000	$326,083	$355,000
Metro DC Region	$318,781	$401,155	$353,849	$330,163	$317,920	$344,175
Howard County	$315,000	$385,000	$375,000	$340,000	$340,170	$355,000
Prince George's	$226,900	$330,000	$275,000	$220,000	$187,900	$190,000
District of Columbia	$350,000	$410,000	$399,990	$375,000	$354,000	$407,000
Fairfax County	$385,000	$470,000	$371,000	$353,000	$355,000	$378,000
Maryland	$241,454	$307,888	$284,927	$256,217	$235,785	$245,355
United States	$195,200	$221,900	$183,800	177,900	$183,700	n.a.

MEDIAN SALES PRICES (ALL TYPES, NEW AND USED)



DAYS ON THE MARKET



Montgomery County homes sold in an average of 66 days in October, an increase of 1.5 percent from third quarter (65 days), and an increase of 22 percent from second quarter (54 days). Compared with previous years, homes sold 27.5 percent faster in October 2010 than in 2009 (91 days) and 35.3 percent faster than in 2008.

Montgomery County Planning Department, M-NCPPC
MontgomeryPlanning.org

Sources:
Median Prices. County and regional data is from MRIS monthly sales reports, 1999 through October 2010, separate MRIS-based data for State of Maryland and Baltimore County data from the Maryland Association of Realtors, Regional data is also derived from the Standard & Poor's Case-Shiller Index reports for April through September; National data is from National Association of Realtors through May of 2010, with second and third quarter 2010 medians derived from the Case-Shiller Index.
Days on the Market. County Data: Metropolitan Regional Information Systems (MRIS). 1999 through 2009 data is from year end reports for and 2010 monthly data. (2006 through 2010 are available online at http://www.mris.com/. National data: Associated Press/ReMax National Housing Reports, 2009 through October 2010, online at http://www.remax-newengland.com/media/

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Population

summary

Montgomery County's population continues to grow, particularly among minorities. The year 2009 showed the largest population increase of the decade, including an increase in the non-Hispanic white population, which had declined in previous years. However, recent growth is slower than at the beginning of the decade. Slower growth may reflect a nationwide trend created by the economic downturn, which has meant fewer people moving to new jobs.

- Between 2008 and 2009, the County's population grew by an estimated 17,915 people, (1.9%), the largest yearly gain in the past decade.
- Of those 17,915 new residents, only 358 are non-Hispanic white.
- The County has almost reached the point at which its minority population will exceed the non-Hispanic white population, currently 51.9%.

minority growth increases

Growth in the minority population continues to fuel overall population growth. In the past nine years, the County's minority population grew by 114,589 people (33%). In-migration and birth rates among the Hispanic population are higher than any other ethnic category. The County is currently 48 percent minority and will soon be a "majority minority" population, where the minority population exceeds the non-Hispanic white population.

- The growth in the Hispanic population accounts for 48% of the minority increase, Asian and Pacific Islanders account for 28%, and non-Hispanic black accounts for 22%.
- The County's Hispanic population continues to have the largest percentage increase—an estimated 8,266 new residents—a 5.6% increase between 2008 and 2009.

county population change by hispanic origin and race, 2000-2009

	Change 2000 - 2009	Percent of total change
total population	94,237	100%
non-hispanic	39,291	41.7%
white	-20,352	-21.6%
black	24,710	26.2%
asian	32,076	34.0%
other	2,857	3.0%
hispanic	54,946	58.3%
minority population	114,589	121.6%

The County's cultural heritage is expanding as its population characteristics change, which projects a positive image for the County in a regional market with a world focus.

non-hispanic white population decreases

The non-Hispanic white trends are the opposite of the growth exhibited in the minority population. While more minorities are settling in the County, the decrease in non-Hispanic white population is fueled by out-migration by non-Hispanic whites.

- The County's non-Hispanic white majority decreased from 60% in 2000 to 52% in 2009.
- Since 2000, the average yearly decline was 2,261non-Hispanic whites per year.
- Since 2000, the number of non-Hispanic whites decreased by 20,352.

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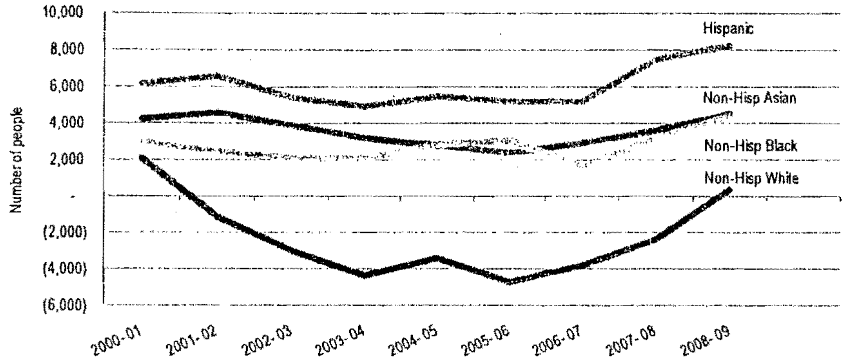
annual change in population, 2000-2009



minority population growth is primarily hispanic

Planners predict the 2010 Census will show the Hispanic population as the majority ethnic category in the County, with the Asian and Pacific Islander population making larger gains than the non-Hispanic black population.

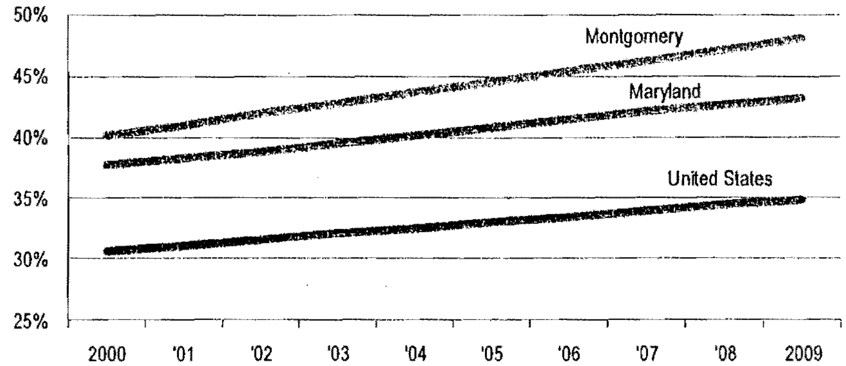
- The percentage of Hispanic and non-Hispanic black residents are almost equal, at just over 16 percent each—156, 779 and 158,302 respectively.
- Since 2000, the Hispanic population has grown the most—54 percent (54,946 people),while the non-Hispanic black population grew by 18 percent (24,710) and the Asian and Pacific Islander population by 32 percent (32,076).

montgomery mirrors national, state, and regional trends

The growth in the Hispanic community continues to dominate population increases across the nation. Nationally, over 50 percent of the 25 million new residents since 2000 are of Hispanic origin. Hispanics are the largest national minority, accounting for 48.4 million people—16 percent of the total 2009 population.

- Maryland's Hispanic population growth since 2000, (181,000 people), accounts for almost half of the State's population growth of 389,000 people
- In the same period, the growth in Maryland's Hispanic population was almost three times the non-Hispanic white population's decline of 66,000 people.
- 45 percent of the State's Asian and Pacific Islander population and 38 percent of its Hispanic population live in Montgomery County.
- Between 2000 and 2009, 30 percent of the State's population growth was the result of growth in Montgomery's minority population.
- The County mirrors the Washington D.C. metropolitan region, with an about 50 percent minority population.

percent minority population, 2000-2009



forecast

The Census Bureau forecasts that by mid-century, the nation will become a "majority - minority" society where minorities make up more than 50 percent of the population. If current local trends continue, Montgomery County may become a "majority-minority" community even sooner.

hispanic origin and race in the u.s., maryland, and montgomery county, 2000-2009

	United States		Maryland		Montgomery County	
hispanic origin and race	2000	2009	2000	2009	2000	2009
total population	282,171,957	307,006,550	5,310,579	5,699,478	877,363	971,600
non-hispanic	87.4%	84.2%	95.7%	92.8%	88.4%	83.9%
white	69.4%	65.1%	62.2%	56.8%	59.8%	51.9%
black	12.2%	12.3%	27.9%	29.0%	15.2%	16.3%
asian	3.8%	4.6%	4.1%	5.2%	11.6%	13.8%
other	2.0%	2.3%	1.4%	1.8%	1.8%	1.9%
hispanic	12.6%	15.8%	4.3%	7.2%	11.6%	16.1%
total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

poverty trends

MONTGOMERY COUNTY

- An estimated 6.7 percent of Montgomery County's population, 64,607 residents, lived in poverty in 2009, marking the highest poverty rate in two decades.
- Between 2008 and 2009, 10,000 more residents were living in poverty, a19-percent increase
- The 2009 poverty rate in Montgomery County at 6.7 percent is well below Maryland's 9.2 percent, although Montgomery County's gains account for 17 percent of the state increase between 2007 and 2009.
- Montgomery County is among 453 counties that had a statistically significant increase in poverty between 2007 and 2009; one out of every seven U.S. Counties experienced an increase in poverty.

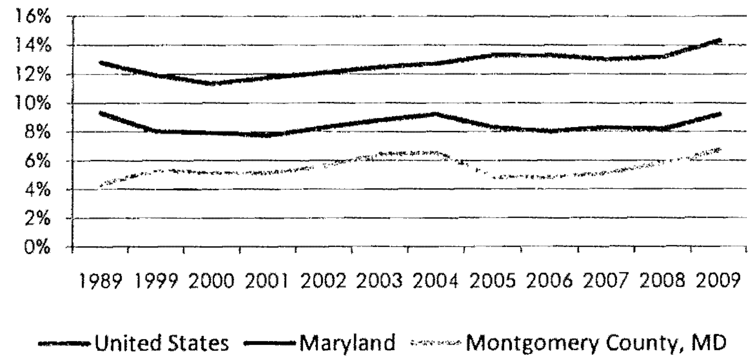
STATE

- In 2009, more than 500,000 people in Maryland lived in poverty, an increase of 60,400 people from previous year.
- The state's poverty rate increased by one percentage point from 8.2 percent in 2008 to 9.2 in 2009.
- Thirteen percent of Maryland's poor live in Montgomery County.
- Maryland has the third lowest poverty rate of all states. Virginia at 10.6 percent ranks ninth.

NATION

- Approximately 14.3 percent of the nation's population live in poverty.
- The national poverty estimate increased by 12.7 percent from 2007 to 2009.
- The distribution of county poverty rates vary by region and place of residence:18.7 percent in the South, 14.6 percent in the West, 13 percent in the Midwest and 11.9 percent in the Northeast.

ANNUAL POVERTY RATE, 1989 - 2009



POVERTY TRENDS

rate	1989	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Montgomery County	4.3%	5.3%	5.1%	5.1%	5.6%	6.4%	6.5%	4.8%	4.8%	5.1%	5.8%	6.7%
Maryland	9.3%	8.0%	7.9%	7.7%	8.3%	8.8%	9.2%	8.3%	8.0%	8.3%	8.2%	9.2%
United States	12.8%	11.9%	11.3%	11.7%	12.1%	12.5%	12.7%	13.3%	13.0%	13.0%	13.2%	14.3%
person	1989	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Montgomery County	32,917	45,938	45,036	46,101	50,651	58,453	60,179	43,745	44,660	47,063	54,321	64,607
Maryland	441,906	417,207	416,005	408,668	445,430	480,998	506,265	453,850	436,978	455,601	448,788	509,141
United States	31,528,020	32,791,272	31,581,086	32,906,511	34,569,951	35,861,170	37,039,804	38,231,474	38,757,253	38,052,247	39,108,422	42,868,163

employment monitor

Montgomery County's employment situation in October improves significantly, with the unemployment rate falling from 5.5 percent to 5.2 percent, the biggest monthly drop since June.

MONTGOMERY COUNTY

The County's unemployment rate in October 2010 improved significantly from the previous month—down to 5.2 percent, a drop of three-tenths of a percent from the rate posted in September 2010. This improvement is the biggest monthly drop since June, and is a one-half percent improvement from the 5.7 percent unemployment rate posted 12 months ago. In October, there were 26,815 unemployed County residents, down 1,427 persons from the previous month.

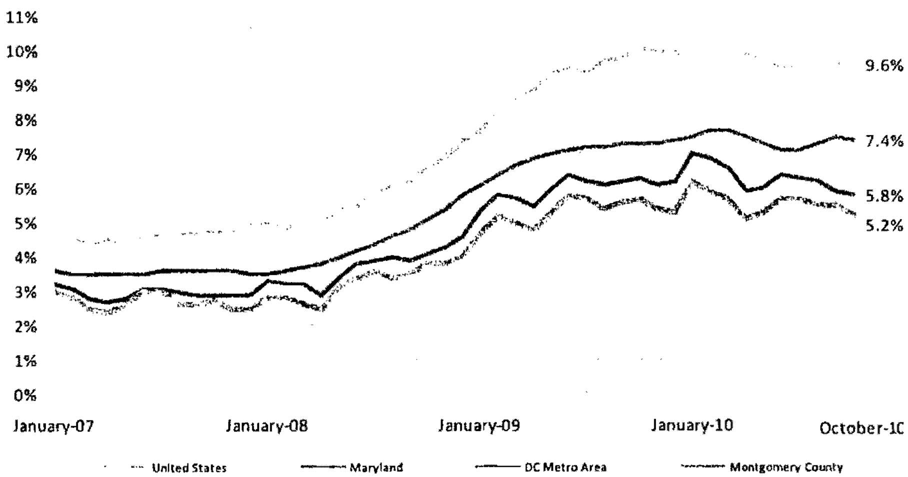
STATE AND REGION

At 7.4 percent, Maryland's October unemployment rate decreased from 7.5 percent in September. Statewide, 218,256 persons were unemployed in October. The Washington, D.C. metropolitan area's unemployment rate fell from 5.9 percent in September to 5.8 percent in October, with 177,677 unemployed persons in the region. Among neighboring counties, Arlington County had the lowest unemployment rate at 3.8 percent, down from 3.9 percent in September and 4.2 percent one year ago. Fairfax County's October 2010 unemployment rate is unchanged from September at 4.6 percent and down from 4.7 percent in October 2009.

NATION

The nation's October 2010 unemployment rate is statistically unchanged from September 2010 at 9.6 percent. The number of unemployed persons in the nation increased by 76,000 from 14.77 million unemployed persons in September to 14.84 million in October.

UNEMPLOYMENT RATE, 2007 - 2010



UNEMPLOYMENT TRENDS

	Oct-07 rate	Oct-07 persons	Oct-08 rate	Oct-08 persons	Oct-09 rate	Oct-09 persons	Oct-10 rate	Oct-10 persons
Montgomery County, MD	**2.7%**	14,042	**3.8%**	19,497	**5.7%**	29,089	**5.2%**	26,815
Washington, D.C. Metro Area	2.9%	87,060	4.1%	124,164	6.3%	190,729	5.8%	177,677
Washington, D.C.	5.2%	16,984	7.2%	23,856	11.7%	38,805	9.6%	31,769
Alexandria, VA	2.2%	1,977	2.9%	2,708	4.7%	4,446	4.4%	4,150
Arlington, VA	1.9%	2,473	2.7%	3,639	4.2%	5,721	3.8%	5,350
Fairfax County, VA	2.1%	12,462	3.0%	17,825	4.7%	28,344	4.6%	27,987
Howard County, MD	2.6%	4,249	3.6%	5,887	5.5%	8,754	5.2%	8,197
Prince George's County, MD	3.6%	16,519	5.1%	23,189	7.3%	32,822	7.0%	31,663
Maryland	3.6%	108,011	5.1%	153,864	7.3%	216,744	7.4%	218,256
United States	4.7%	7,273,000	6.6%	10,172,000	10.1%	15,612,000	9.6%	14,843,000

Source: Montgomery County Planning Department analysis of U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics and Current Employment Survey data

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