

also require site plan approval by the Planning Board.

- *The Rural Density Transfer (RDT) Zone and the Transfer of Development Rights (TDR) method of development in the designated receiving areas were developed to implement the Agricultural Reserve, the cornerstone of the wedge protection effort. While protecting the wedge, the TDR program, like the entire MPDU program discussed above, allowed increased densities in the urban ring and the corridor areas. These programs increased the opportunities to construct townhouses and "plexes" in the Euclidean single-family zones while at the same time serving broad public policies objectives.*
- *The Rural Cluster Zone was developed to provide for a mix of agricultural uses and low density residential development in close proximity to the Agricultural Reserve. This zone allows large lot residential development only (one dwelling unit for each five acres), utilizing private septic systems and wells.*

II. HOW WE EXPECT TO CHANGE

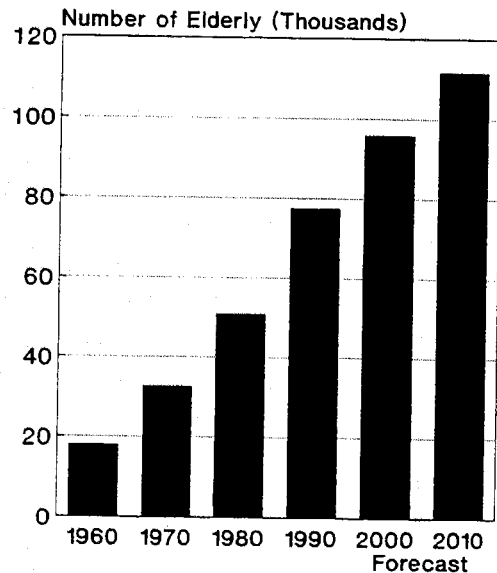
A. Demographic Trends

Anticipated changes in the composition of the population will influence the amount and type of housing needed in Montgomery County in the future.

Growing Elderly Population

- *The number of elderly people in Montgomery County's population is growing. People are living longer and the population as a whole is larger. The 1990 Census shows a 52 percent increase in the County's population of persons aged 65 and over between 1980 and 1990. In 1990 more than 10 percent of Montgomery County's population is age 65 years and over.*

Montgomery County's Elderly Population is Growing Rapidly

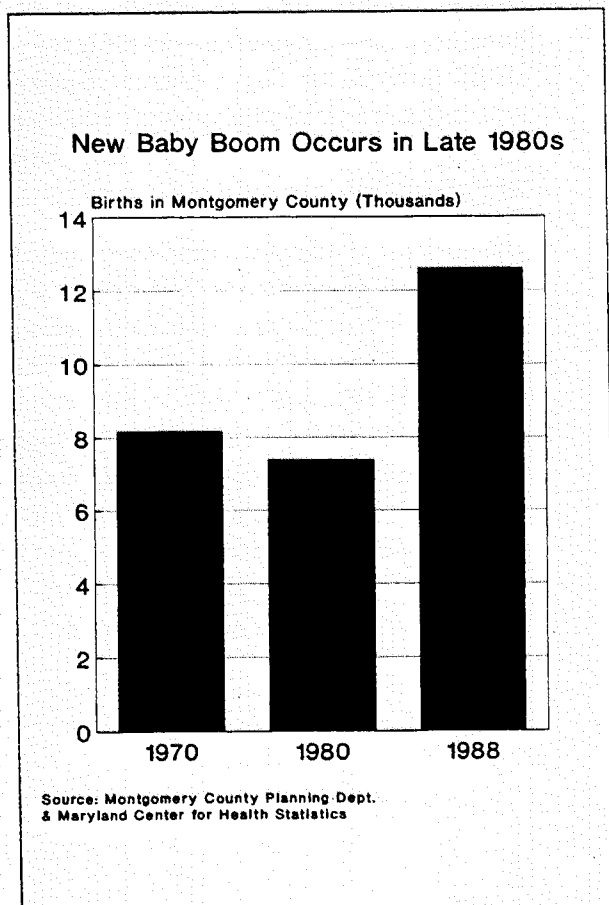


Source: Montgomery County Planning Dept. and U.S. Bureau of the Census

- *This trend is expected to continue well into the future, slowly during the next two decades as the comparatively small depression and World War II generations reach retirement age, then very rapidly as the first baby boomers reach 65 in 2011.*
- *Age, along with income and family type, is a major determinant of housing needs and preferences. Generally, people prefer to stay in their pre-retirement homes through their 60s. Home ownership rates remain over 80 percent to age 70 and do not drop below 50 percent until some point between age 80 and 85. The younger elderly who do move appear to seek housing with many amenities and low maintenance requirements. They often choose apartments, townhouses, or patio homes. The very elderly, over 80 or 85 years of age, often need more services, one-floor living, and easy maintenance. They usually choose standard apartments or specialized housing for the elderly if they move.*

New Baby Boom

- *Americans are having more children than in any period since the post-war baby boom ended in 1964, and Montgomery County citizens are no exception. The number of children under five years of age increased by more than 70 percent in the County between 1980 and 1990. Births reached a record high in 1988 of 12,577. (This trend is expected to end in the mid-1990's, but the babies born during this period will affect their families' housing needs for many years.)*
- *At the same time, their baby boom parents are approaching middle age, the prime period for home ownership. The combination of more children plus more adults in their higher earning years tends to mean strong demand for single-family "for sale" housing. The preference for detached units remains strong, although increasingly expensive land may*



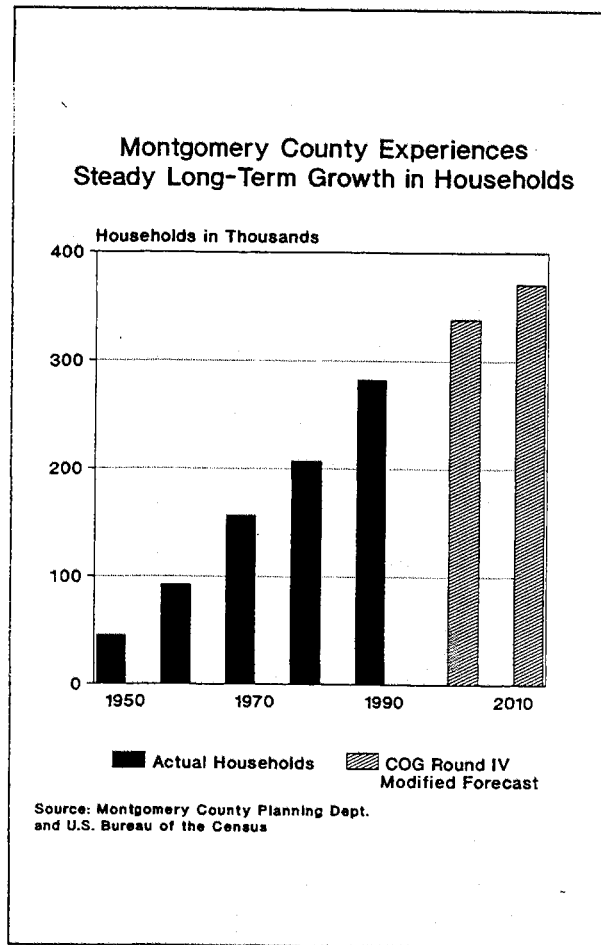
make this dream impossible for some households.

Dual Income Households

- *Women entered the labor force in record numbers during the last two decades. Housing costs and styles reflect this trend. The result has been larger houses with more amenities and labor saving devices. At the same time, many analysts believe that these households will be willing to accept smaller lot sizes in order to be closer to work and because they do not have time to maintain or enjoy a larger lot.*
- *The trend toward a high percentage of working women is expected to continue, but the female labor force participation rate in the County is probably leveling off at about 66 percent. In any case, housing suitable for dual income families will most likely remain a strong element of demand.*
- *The other side of the trend toward dual income families is the difficulty single income households often experience in competing in the housing market. While the divorce rate has stabilized in recent years, single parents and other singles will continue to be a sizable segment of the housing market. Many of these households have a limited ability to afford appropriate housing but need secure neighborhoods and often, a good place to raise a family.*

Telecommuting

- *Some analysts believe that telecommuting, working at home by mail, telephone, computer, and fax, probably will become more widespread in coming decades. For housing, this trend would mean that households would have more freedom in choosing where to live since distance to work would have less importance. It could also make a comfortable working space at home very desirable, whether the "office" is in lieu of a bedroom or created as additional space.*



Scarcity of Land for Single-Family Detached Housing

- *The single-family detached home clearly remains the "American dream" and preference, but scarce land, environmental constraints, and the high cost of providing infrastructure to serve more spread-out housing encourage denser housing. Without a major change in the economy or public policies, the single-family detached house appears destined to become less and less available to households at or below the median income in Montgomery County.*

B. Household Forecast

- *The 1990s are expected to be a period of more moderate growth in the number of households than were the 1980s. (Council of Governments' forecasts are prepared for households rather than housing units. The number of housing units tends to be a little higher than the number of households).*
- *Household growth is expected to continue, but at a slower pace between 1990 and 2000 than Montgomery County experienced in the 1980s. The Planning Department's Round IV Modified Intermediate Forecast predicts that the County will see the construction of 56,000 new housing units by 2000 compared to 70,000 in the previous decade. The forecast expects the total number of households to reach 371,000 by 2010. At this rate, a sizable share of the remaining residential development capacity will be exhausted in 10 years. (However, development capacity will increase when the sectional map amendment implementing the Shady Grove Sector Plan is passed. In addition, increased residential capacity is under serious discussion in a number of other master plan updates currently under way).*

This forecast anticipates a moderate revival of residential development in 1992 compared to the slowdown of the recession. Completions began to decline in 1987 and approached historic lows in 1990 and in 1991. A turnaround is expected based on continued low mortgage interest rates, the normal course of the business cycle, and pent-up demand. Low interest rates combined with negligible increases in prices should make housing a "good buy" and attract buyers back into the market.