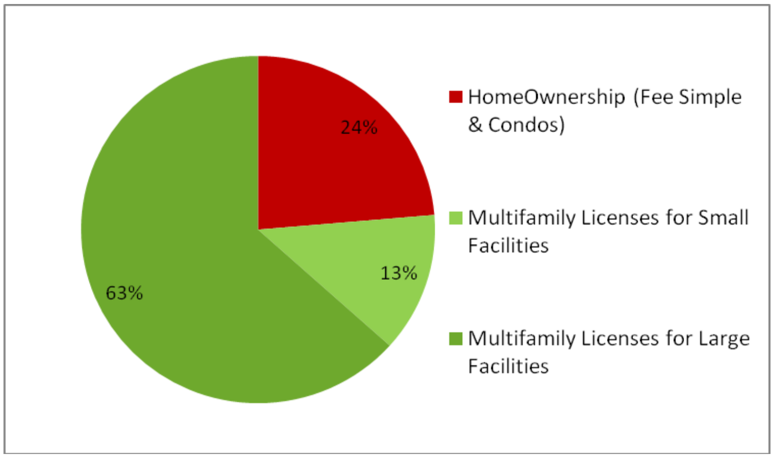
Long Branch Housing

Housing Units by Tenure

- Three of every four (76 percent) living units in the sector plan area are rental units, and most of those (nearly 83 percent) are in large multifamily rental buildings.



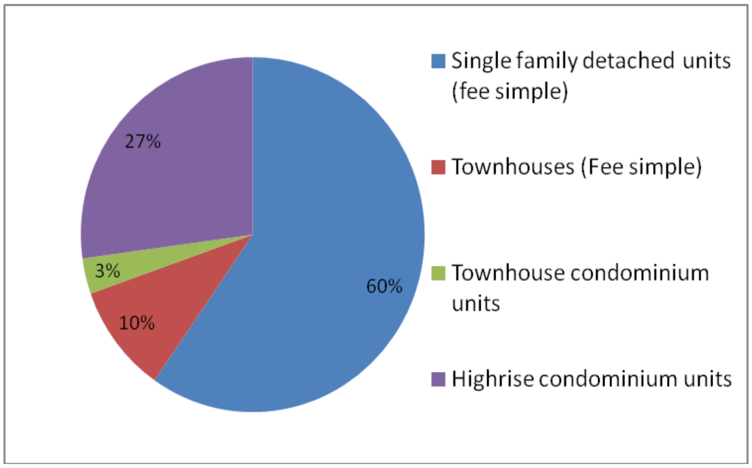
Units by Tenure (Ownership Versus Rentals)	Number of Units	Percent of Total	Percent of by Rental License Type	Source
Home Ownership (Fee Simple & Condos)[1]	523	23.6%		Parcel File
Rental (Multifamily Licenses for Small Facilities[2)]	288	13.0%	17.1%	DHCA[3]
Rental (Multifamily Licenses for Large Facilities[4)]	1,401	63.3%	82.9%	DHCA
Totals	2,212	100.0%	100.0%	

Notes:

1. Sum of units owned (single-family detached, single-family attached, and multifamily condominiums of all types)
2. Rental facilities licensed for less than 12 units
3. Department of Housing and Community Affairs (DHCA)
4. Rental facilities licensed for 12 units or more

Home Ownership

- Of the homeowner units, about seven out of every 10 are single-family units and about three out of 10 are condominiums.



Units by Types of Ownership	Number of Units	As a percent of Owned Units	As a percent of all units (2,212)
Single family detached units (fee simple)	312	59.7%	14.1%
Townhouses (Fee simple)	52	9.9%	2.4%
Townhouse condominium units	17	3.3%	0.8%
Highrise condominium units	142	27.2%	6.4%
Totals	523	100.0%	23.6%

Source: Parcel File (State Department of Assessments and Taxation [SDAT], 2010)

Housing Units Square Footage

- In Long Branch, the average homeowner unit is between 1,100 and 1,300 square feet, compared to

Average Size of Homeowner Units	Long Branch	County	Ratio
Single Family Detached	1,281	3,278	39.1%
Townhouse	1,246	1,457	85.5%
Multi-Family	1,185	1,357	87.3%

the homeowner units Countywide, which range from over 1,300 square feet for a multifamily unit to over 3,270 square feet for a single-family detached home.

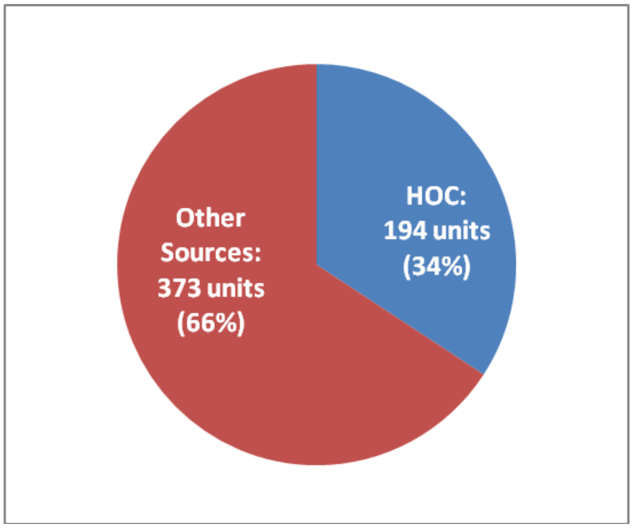
Units by Age

- In Long Branch, the median single-family detached home was built in 1946, circa World War II, which predates the Countywide average year built (1963) for single-family units countywide by nearly a decade and a half. The average year built for townhomes is 1972 in Long Branch, more than a decade earlier than the average year built (1984) for townhomes countywide. The average multifamily unit in Long Branch was built in 1968, four years earlier, on average, than multifamily units countywide.

Median Year Built	Long Branch	County
SF Detached	1946	1963
Townhouse	1972	1984
Multi-Family	1968	1964

Subsidized Housing Units

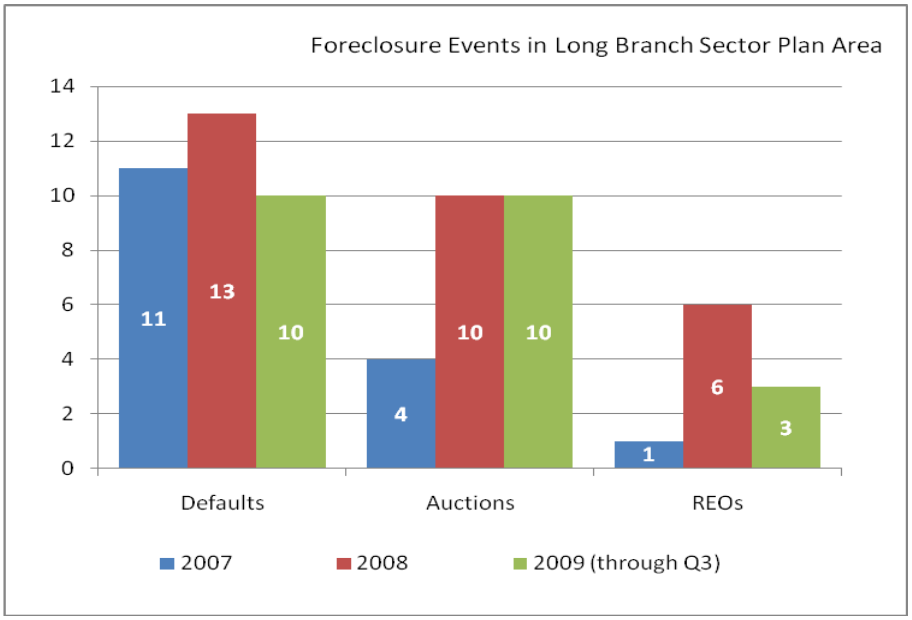
- There are 567 units that have restricted rents or sales prices. The Housing Opportunity Commission (HOC) provides subsidies (vouchers, tax credits, or grants) for 194 units. Additionally, the County, together with other sources, has created 373 affordable (restricted) units through programs that provide financial assistance to developers.



Foreclosures

- Since 1st Quarter 2007, there have only been 34 foreclosures (24 auctions and 10 Real Estate Owned (mortgage company take-backs after an unsuccessful auction). While this number represents less than one-half of a percent of the County's foreclosures during the same period, it also represents about 7% of the homeownership units in sector plan area.

- Only 34 defaults took place in Long Branch since the beginning of 2007. Because distressed homeowners may go in and out of default more than once, not all of these resulted in foreclosures. Some of the future foreclosures in Long Branch may be the result of default actions during this period.



Foreclosure Events
January 1, 2007 through September 30, 2010

	Foreclosure Events in County	Foreclosure Events in Long Branch Sector Plan Area	% of County Foreclosure Events	% of Long Branch homeowner units
Defaults	7,703	34	0.44%	7.1%
Auctions	4,927	24	0.49%	5.0%
REOs	2,114	10	0.47%	2.1%
Total	14,744	68	0.46%	14.2%

Housing Subsidies in Long Branch Sector Plan Area

Housing Opportunities Commission (HOC)	Units			
Housing Choice Vouchers	139			
Supportive Services subsidy	1			
Maryland Rental Allowance Program subsidy	1			
Tax Credits (Manchester Manor)	53			
Other Subsidies (not HOC)				
Project Name	**Units**	**Percent of Total Units**	**County Sources**	**Other Sources**
Park Montgomery Apartments	143	100.0%	Housing Initiative Fund (HIF)	Tax Credit Equity
University Manor Apartments	122	89.7%	HIF	Low-Income Housing Tax Credit
8624 Flower Avenue	25	92.6%	HIF	Fundraising
Browning Avenue Apartments	6	37.5%	HIF	Bank Loan and miscellaneous grant
Greenwood Terrace Apartments	46	95.8%	HIF	Maryland Dept. of Housing and Community Development, Neighborhood Reinvestment Act
Gilbert Highlands (Montgomery Housing Partnership - MHP)	21	100.0%		MHP
MHP - Glenville Road (1)	4	50.0%	HOME	MHP
MHP - Glenville Road (2)	2	33.3%	HOME	MHP
MHP - Glenville Road (3)	4	50.0%	HOME	MHP
Total number of subsidized units	567			

Note: The county utilizes two main funding sources for multifamily projects including county Housing Initiative Funds (HIF) and federal HOME Investment Partnerships Program (HOME) funds. The HOME program enables Montgomery County to sponsor organizations that develop affordable rental housing for low- and moderate-income people. The HOME program is designed to increase affordable housing choices for low-income households through the development of rental housing. HOME funds are loaned to non-profit and for-profit developers for a variety of affordable housing activities including acquisition, rehabilitation, new construction, and tenant-based rental assistance. (http://www.montgomerycountymd.gov/dhctmpl.asp?url=/content/DHCA/housing/housing_P/Reports/housing_report)

LONG BRANCH AFFORDABLE HOUSING ANALYSIS

November 19, 2012

Executive Summary

The Long Branch Sector Plan encourages development of higher density housing stock, in conjunction with mixed use retail, around the planned Purple Line transit stations. The purpose of this study is to assess how redevelopment of the three largest apartment complexes - Flower Branch Apartments, Good Acres Apartments[1], and Fox Hall Apartments – could impact the number of affordable rental units in the Sector Plan.

The following are the major findings of the study:

- The Sector Plan Area currently has 1,464 multi-family apartment units, 938 of which are in the three apartment complexes - Flower Branch, Good Acres, and Fox Hall Apartments. After redevelopment, the Sector Plan could increase to 2,142 units, with a 1,616 unit increase in the three apartment complexes.
- Redevelopment of the three apartment complexes could result in higher rents, a potential 20 to 40 percent rent increase.[2] However, if redevelopment does not occur, rents could be expected to increase by 10 to 20 percent.[3]
- Redevelopment will result in the loss of 882 existing units affordable to low-to-moderate income households but will create up to 242 Moderately Priced Dwelling Units (MPDUs) affordable to the same income segment for a period of 99 years.[4]
- Redevelopment will result in a net gain of 1,358 units affordable to middle income/workforce households (earning between 65% and 100% AMI). Redevelopment is expected to create 1,414 units affordable to middle income households compared to the 56 existing units.
- If the three properties did not redevelop but remained in their current condition, rent increases associated with the Purple Line stations could reduce the 882 at-market units

Table 1: Development Scenarios for Flower Branch, Good Acres, and Fox Hall

	Existing	Future: Purple Line & No Redevelopment	Future: Purple Line & Redevelopment
Affordable to Low-to-Moderate Income Households *earning 65% AMI*	882 at-Market	702 at-Market	242 MPDUs
Affordable to Workforce Households *earning 65% to 100% AMI*	56 at-Market	236 at-Market	1,414 at-Market
Total Unit	938	938	1,656

[1] A portion of Good Acres Apartments is also referred to as Pine Ridge Apartments. In this study, the terminology Good Acres includes both Pine Ridge and Good Acres Apartments.

[2] The rent increase assumes redevelopment today. Without a defined timeframe or more details about the structure of the future development, rents cannot be predicted.

[3] Cervero et al. 2004. Transit-Oriented Development in the United States: Experiences, Challenges, and Prospects. Transportation Research Board, TCRP Report 102.

[4] Assumes developer will use the maximum MPDU requirement of 15% as recommended by the Sector Plan.

affordable to low-to-moderate income households to 702 units and would not result in any MPDUs.

It is important to note that residential density increases are also recommended on an additional twelve sites in the Long Branch Sector Plan, many of which do not currently have housing. Reaching maximum density on these sites could produce an additional 323 MPDUs and 2,344 at-market units.

Although redevelopment of Good Acres, Flower Branch, and Fox Hall could result in a loss of market affordable housing affordable to low-to-moderate income households, it will result in a net increase of units affordable to the workforce (middle income households).

Montgomery County's rental housing market is currently characterized by very low vacancy rates and high demand. A previous study by the Planning Department in 2008 indicates a countywide shortage of between 43,000 and 50,000 units affordable to households earning less than the median income.[5] An increase in densities for multi-family rental, particularly with larger unit sizes, will help to fill this housing gap by providing more housing options.

Introduction

The Planning Department developed an approach to estimate the number of market affordable and rent-restricted housing units in the Long Branch Sector Plan using the following steps:

[5] Tate, Lisa Madigan and Megan Taylor. 2008. "Analysis of the Supply & Demand for Housing." *M-NCPPC Research & Technology Center*. Montgomery County Planning Department.

Housing affordability can be defined in many ways. For the purposes of this analysis, affordable housing is divided into three groups:

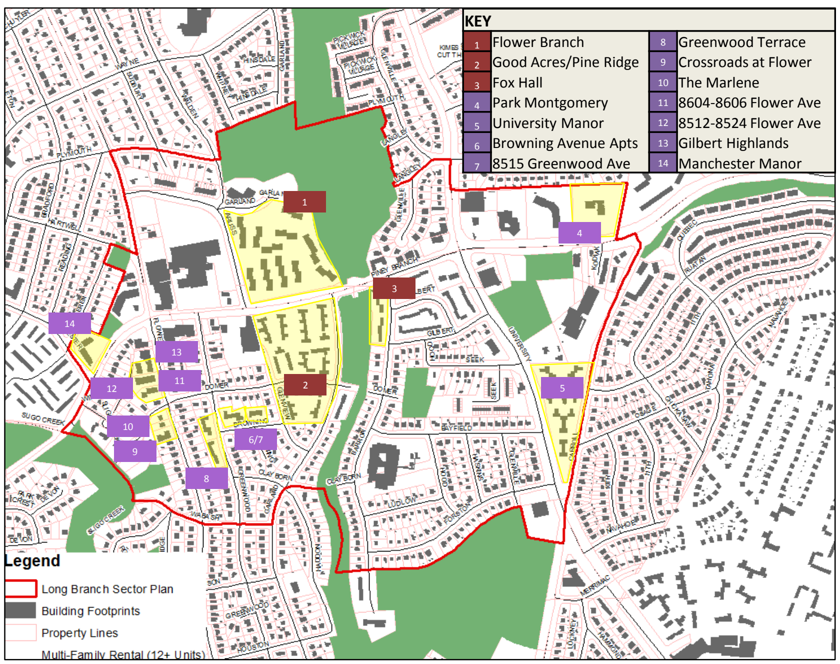
Market Affordable to Low-to-Moderate Income Households: **Rents are not subsidized, but are affordable to households earning 65% of the region's AMI. The rents are determined by the market and may be affordable because of lower market demand of the units, which can be affected by the quality or location of the units.**

Market Affordable to Middle Income: **Rents are not subsidized, but are affordable to households earning 65% to 100% of the region's AMI. The rents are determined by the market and the units are available to a household at any income-level. Middle Income also refers to the County's Workforce Households.**

Rent-Restricted Affordable to Low-to-Moderate income Households: **Rents are subsidized because the apartment building participates in federal or local affordable housing program such as Low Income Housing Tax Credits, Project Based Section 8, Opportunity Housing or the Housing Initiatives Fund. Rents for units participating in these programs remain affordable to low and very low-income households.**

1. ***Define Affordable:*** Determine the maximum rent that low-to-moderate income and middle income households can afford.
2. ***Existing Market Affordable Units:*** Produce an estimate of the number of existing market units that are renting at or below the maximum affordable rents determined in step one.
3. ***Existing Rent-Restricted Affordable Units:*** Determine the total number of rent-restricted affordable housing units through a review of existing housing subsidy programs.

Figure 1: Map of Multi-Family Apartment Buildings in the Long Branch Sector Plan



4. ***Redevelopment Scenario:*** Conduct a market analysis of Long Branch and surrounding neighborhoods to determine achievable rents for a new higher density multi-family development. Estimate the number of market affordable units that can exist in the future redevelopment based on future rents and calculate the number of MPDUs that will be required for new development.

The following sections of this report will outline the methodologies used to estimate both market-affordable and rent-restricted affordable housing. The final component of this analysis explores the future redevelopment scenario, the number of MPDUs that would be produced, and how an increase in rents could affect existing market affordable housing.

Background

The Sector Plan Area has fourteen multi-family apartment buildings (buildings with 12 or more units) with 1,464 units. The area has many smaller apartment buildings, but because there is little market data on smaller buildings, they are not included in this analysis.

Good Acres (8619 Piney Branch Road), Flower Branch (8628 Piney Branch Road), and Fox Hall (8715 Piney Branch Road) are the largest multi-family apartment complexes in the Long Branch Sector Plan with a combined 938 units.

Good Acres Apartments is a complex of garden-style buildings with 312 one- and two-bedroom apartments. Rent starts at $1,044 for a one-bedroom and $1,324 for a two-bedroom. Vacancy rates are low at 2%.

Flower Branch is the largest apartment complex in the Long Branch Sector Plan with 362 units. Located across from Good Acres, Flower Branch consists of nine garden-style apartment buildings. Rent for a one-bedroom starts at $969, $1,189 for a two-bedroom, and $1,478 for a three-bedroom.[6] Despite having the highest rate of turnover in the Sector Plan, Flower Branch had only one vacant unit in 2011.

The smallest of the three buildings, Fox Hall is a garden-style complex with 264 units. Rents start at $735 for an efficiency, $925 for a one-bedroom, $1,125 for a two-bedroom, and $1,375 for a three-bedroom.

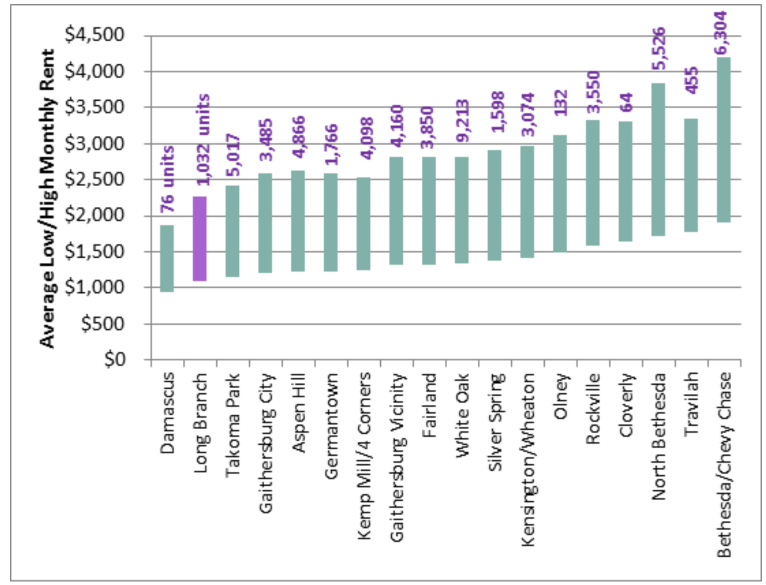
The remaining 11 Sector Branch apartments are built in a similar garden-style but include a smaller number of units ranging from 12 to 140 units per complex. Ninety percent of the apartments in the Sector Plan are one- and two-bedroom apartments.

Vacancy rates are extremely low in Long Branch at one percent compared to the county at four percent. An industry standard used to identify a "housing shortage" is a vacancy rate lower than six percent. Vacancy rates are lowest for two (0.5%) and three (1%) bedroom units.

Rents in Long Branch are lower than most of the County, which can be partially attributed to a rent-stabilization program in Takoma Park.[7] Fifty-six of the multi-family units in Long Branch are located in the City of Takoma Park and are subject to the City's rent stabilization program. As a result, the rents in these 56 units are lower than rents in other Long Branch multi-family buildings and tenants in these units seldom turnover. The rent-stabilization program does not include Good Acres, Flower Branch or Fox Hall.

Long Branch also has a share of the County's rent-restricted affordable housing. Of Long Branch's 1,464 units, 432 units or 30

Figure 2: Average Low & High Monthly Rent by Planning Area



[6] Unlike Good Acres and Fox Hall, Flower Branch does not include utilities in rent. As a result, rents are slightly lower.

[7] All rental buildings with 2 or more units in Takoma Park are subject to the Rent Stabilization Program where rent increases are capped at 70% of the Consumer Price Index. 8512-8514 Flower Avenue, 8604-8606 Flower Avenue, Gilbert Highlands, the Crossroads at Flower, and the Marlene are located in Takoma Park. Only 3 of the 5 buildings offer units at market rate/without rent-restrictions and are subject to the Rent Stabilization Program.

percent are considered rent-restricted affordable housing and 1,032 units or 70 percent are rented on at market prices. The apartment buildings with rent-restrictions participate in programs such as Low Income Housing Tax Credits, Housing Initiatives Fund, and other affordable housing programs.

Out of 1,032 units rented at market prices, 888 are market affordable to low-to-moderate income households (earning up to 65% AMI), and 144 are market affordable to middle income households (earning 65% AMI to 100% AMI).

Definition of Affordable

Housing affordability is a problem in Long Branch. Many of the existing renter households can be characterized by lower incomes and are being stretched financially to pay their housing costs or are living in poor conditions.

For the purposes of this study, low-to-moderate income households are defined as those earning up to 65% of the region's AMI ($70,000 for a family of four). By this definition, about 68 percent of the Sector Plan renter households are low-to-moderate income households.[5]

Typically middle income households are defined as households earning up to 120% of the region's AMI. To capture the lower earners of middle income households, this study defines middle income households as those earning between 65% and 100% of the region's AMI ($70,000 to $96,900 for a family of four). Using this definition, 12% of renter households in the Sector Plan Area are considered middle income households.[8]

Census estimates indicate that renter households in the Long Branch Sector Plan are spending a significant share of their incomes on housing costs. A commonly used indicator of affordability is that a household should not spend more than 30 percent of their household income on housing costs (including rent and utilities). In Long Branch, 47 percent of all renter households are spending more than 30 percent of their annual household income on housing costs.[9]

For this analysis, market affordable rents are determined by taking 25% of the household income for buildings that do not include utilities in the rent and 30% of household income for buildings that do include utilities in the rent.[10]

Using this methodology, the maximum affordable rents for a Low-to-Moderate Income Household (adjusted for household size) for buildings that do not include utilities are as follows:

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[8] Montgomery County Planning Estimate U.S. Census American Community Survey, 2006-2010, Tenure by Housing Costs as Percentage of Household Income. Includes Census Tracts 7019, 7020, 7021.01, 7022, and 7023.01. Note: This figure includes households residing in multi-family buildings, but also condo and single-family home rentals in the area surrounding Long Branch.

[9] U.S. Census American Community Survey, 2006-2010, Tenure by Housing Costs as Percentage of Household Income.

[10] Utility costs are estimated for buildings that include some utilities by using the US Department of Housing and Urban Development "Allowances for Tenant-Furnished Utilities and Other Services. Rents are adjusted to reflect this amount.

- **Efficiency: $1,021**
- **1-bedroom: $1,123**
- **2-bedroom: $1,342**
- **3-bedroom: $1,464**

Similarly, the maximum affordable rents for middle income households (adjusted for household size) for buildings that do not include utilities are as follows:

- **Efficiency unit is $1,571**
- **1-bedroom: $1,728**
- **2-bedroom: $2,064**
- **3-bedroom: $2,252**

Many apartment complexes in Long Branch include some or all utilities costs in their asking rents. For apartment complexes that include all utilities, the maximum affordable rents are adjusted to assume that households can pay 30% of their household income on rent. For apartments that include partial utilities, the rent is adjusted using HUD's Utility Allowance Schedule.

An additional factor commonly used to define affordability is overcrowding, which is defined as more than one occupant per room of the housing unit. In Long Branch, 16 percent of renter households live in crowded conditions, compared to five percent countywide. While this study does not address overcrowding, it is important to note that it is a problem in the Sector Plan Area and could be attributed to a limited supply of affordable larger apartments (three- and four-bedroom units).

For more details on the methodology used to define affordability, please refer to Reference Note 1 at the back of this report.

Table 2: Maximum Affordable Rents

	Low-to-Moderate Income *Up to 65% AMI*		Middle Income/Workforce Households *65% to 100% AMI*	
	Utilities Not Included in Rent	Utilities Included in Rent	Utilities Not Included in Rent	Utilities Included in Rent
Efficiency	< $1,021	< $1,225	< $1,571	< $1,885
1-bedroom	< $1,123	< $1,348	< $1,728	< $2,073
2-bedroom	< $1,342	< $1,610	< $2,064	< $2,477
3-bedroom	< $1,464	< $1,756	< $2,252	< $2,702

Table 3: Long Branch Units Market Affordable to Low-to-Moderate Income Households by Number of Bedrooms

	Affordable Monthly Rent (Utilities not Included)	Affordable Monthly Rent (Utilities Included)	Total Units	Estimated # of Affordable Units	% of Total Units
Efficiency	< $1,021	< $1,225	6	6	100%
1-bedroom	< $1,123	< $1,348	521	314	60%
2-bedroom	< $1,342	< $1,610	799	628	79%
3-bedroom	< $1,464	< $1,756	137	27	20%
4-bedroom	< $1,645	< $1,833	1	1	100%
Total			**1,464**	**976**	**67%**

Table 4: Summary of Results

	Today (Existing)				Future (Post-Redevelopment)			
			Market Affordable				Market Affordable	
	Total Units	Income-Restricted Affordable to Low-Income	Low-to-Moderate Income HHs (up to 65% AMI)	Middle Income/Workforce Households (65% - 100% AMI)	Total Units	Income-Restricted Affordable to Low-Income	Low-to-Moderate Income HHs (up to 65% AMI)	Middle Income/Workforce Households (65% - 100% AMI)
Three Properties	938	0	882	56	1,616	242	0	1,414
Remaining Study Area Buildings	526	432	94	0	526	432	94	0
Total Study Area	**1,464**	**432**	**976**	**56**	**2,142**	**674**	**94**	**1,414**

Existing Market Affordable Units

In the Long Branch Sector Plan, 976 units out of 1,464 are estimated as market affordable to low-to-moderate income households and 56 units of the 1,464 are estimated to be market affordable to middle income households.

Of the 976 units with rents affordable to low-to-moderate income households, 882 are located in the three apartment complexes proposed for redevelopment. The remaining 94 units are located in other eleven multi-family buildings located in the Sector Plan.

Fifty-six of the 976 market affordable units are within the Takoma Park municipality and are subject to the Rent Stabilization Program. These units are considered market affordable because they do not carry income restrictions, but annual rent increases are capped by the Consumer Price Index.

All of the 56 units with rents affordable to middle income (workforce households) are located in Good Acres, Flower Branch, and Fox Hall Apartments.

The Montgomery County Department of Housing and Community Development (DHCA) Rental Facilities Survey provides the lowest and highest rents, vacancies, and turnover for the multi-family apartment buildings in the Long Branch Sector Plan Area.[11] Using this data, a technique is used to estimate the approximate number of units that fall at or below the maximum affordable rent for low-to-moderate income households and middle income households by unit size. For more details on the methodology, see Reference Note 2.

The number of units with market affordable rents may be impacted by the number of years a tenant resides in the property. This is

[11] Multi-family is defined as a building with 12 units or more.

because rents are typically lower for renewal tenants than for new tenants.

Seventy-four percent of the 976 units with rents affordable to low-to-moderate income households are occupied by renewal tenants. If tenants in these market affordable units were to move today, the units would likely be rented at a higher price.

It is also important to reiterate that rents for all market affordable units are dictated by market dynamics and can change at any time.[12]

Existing Rent-Restricted Affordable Units

Rent-restricted units refer to units with housing subsidies. For the purposes of this analysis, we will discuss two categories of rent-restricted affordable units – subsidies that are attached to the tenant ("tenant-based subsidies") and subsidies that are attached to the unit ("unit-based subsidies"). Tenant-based subsidies are not included in the total number of rent-restricted affordable units because they overlap with market affordable units.

Long Branch has 432 rent-restricted units with unit-based subsidies, none of which are located in the three properties. Unit-based subsidies are provided through programs such as Low-to-moderate income Housing Tax Credits (LIHTC) or through a Housing Opportunities Commission Contract. By participating in these funding programs, subsidized units are only available to qualifying low or very low income households.

[12] Except for the 56 units in Takoma Park because they are rent stabilized.

MPDU Requirements

The MPDU program requires that any new development in the County with 50 or more units provide 12.5% to 15% of the units at prices affordable to households earning up to 65% AMI. Households apply directly to the apartment building management for MPDU apartments. Units are typically offered by lottery but preference is made for families that live and work in the County. Eligibility for an MPDU is determined based on the following criteria:

- Minimum annual household income is $30,000
- Maximum annual household income:

Household Size	Maximum Income--Garden Apartments
1	$49,000
2	$56,000
3	$63,000
4	$70,000
5	$75,500

The household must:

- have at least as many people in the household as the number of bedrooms in the apartment
- must demonstrate good credit rating that is acceptable to the apartment management; and
- be able to afford the monthly rent payments for the MPDU rental property.

An additional 120 units in Long Branch are occupied by households who participate in tenant-based subsidy programs. Thirty-seven of the 120 units are located in Good Acres, Flower Branch, and Fox Hall. Tenant-based subsidies include Housing Choice Vouchers (HCV) and the Shelter Plus Care Program.

As long as the landlord participates in the program, households with a tenant-based subsidy can reside in any unit. The subsidy is provided as a rent certificate to the landlord. Since tenants choose the unit, there can be overlap with unit-based subsidies and the 120 units with tenant-based subsidies and 432 units with unit-based subsidies cannot be combined.

Redevelopment Scenario

Based on existing market conditions, redevelopment of Good Acres, Flower Branch and Fox Hall will result in higher rents. The three apartment complexes currently have older units with few amenities and older finishes, which contribute to lower rents.

It is impossible to accurately predict achievable rents for the three redeveloped properties because the completion date and future market dynamics are unknown. However, an analysis of existing rental properties in Montgomery County indicates that if the redevelopment occurred today, the rents would be affordable to households earning the median income ($107,500 for a 4-person household).

The closest comparable new development recently occurred in Wheaton. Pricing for at-market units in the Archstone at Wheaton and the Encore at Wheaton Station is mostly affordable to middle-income households but not affordable to low-to-moderate income households. It is assumed that similar new development in Long Branch would be at a slight discount to Wheaton rents.

Higher rents would eliminate an estimated total of 976 units affordable to low-to-moderate income households in the three properties, which is 60% of the affordable multi-family units in the Sector Plan.

New development would create housing affordable to low-to-moderate households through the MPDU program. A minimum of 12.5% of the new units in the redeveloped properties are required to participate in the MPDU program, making them affordable to households earning 65% of the Washington D.C. median income. A developer can choose to designate up to 15% the units as MPDUs for a density bonus. The MPDU restriction remains tied to the unit for a period of 99 years. If the three properties are redeveloped to the recommended densities, it will result in up to 242 MPDUs.

The 37 rent-restricted units are Housing Choice Vouchers and households participating in the Shelter Plus Care program. These units will be lost unless the future owner chooses to participate in the program.

The rents for all of the units in the three properties should remain within the range affordable to middle income households earning between 65% and 100% of the Area Median Income.

'No Redevelopment' Scenario

The proposed Purple Line Station in Long Branch is expected to result in increased pedestrian traffic and could be a boost the neighborhood's economy. If the three properties remain in their current condition with no redevelopment or renovation, the advent of the Purple Line Station will likely increase existing rents.

A 2004 report by Cervero et al. reviews studies across the country that compare rents in multi-family apartment buildings with access to transit stations to similar properties without access to transit stations. They find that rents with access to transit stations are 10 to 20 percent greater than those without access to transit stations.[13]

A scenario was constructed to assume rents at Flower Branch, Good Acres, and Fox Hall increase by 20% for new tenants and 10% for existing tenants after the Purple Line is built. In this scenario, 796 units in the Sector Plan Area would be considered affordable to Low-to-Moderate Income Households – 180 fewer units than are affordable today. 236 units would be affordable to middle income households.

This study did not set out to extensively assess the impacts the Purple Line will have on the Long Branch real estate market. It could be more than ten years before the Station is built and any number of factors can impact the real estate market during that time. If redevelopment does not occur, rents for all units in Good Acres, Flower Branch and Fox Hall would be dependent on the market and could potentially rise much greater than 10% to 20% or they could remain the same as they are today.

[13] Cervero et al. 2004. Transit-Oriented Development in the United States: Experiences, Challenges, and Prospects. Transportation Research Board, TCRP Report 102.

Reference Note 1: Maximum Affordable Rent Methodology

The maximum affordable rent should reflect the maximum a low-to-moderate income or middle income household can afford to pay for housing. Using a methodology similar to the County's MPDU program, maximum affordable rents are calculated as a percentage of the tenant's household income.

First, low-to-moderate income households are those earning up to 65% AMI. The AMI is adjusted for household size – a larger family has a higher AMI. Figure 2 shows the incomes for low-to-moderate households by household size. The maximum affordable rent for each household size is calculated by taking 25% of the household income.

Middle income households are those earning between 65% and 100% AMI. Similar to low-to-moderate income households, the maximum affordable for each household size is determined by taking 25% of the household income.

This analysis looks at the housing supply and how many units have market affordable rents, not the households that reside in the units. Therefore, the maximum affordable rent by household size (Figure 2) needs to be translated to apartment size.

Households have different configurations and will require a varying number of bedrooms in their home. For example, a four person household of two parents and two children may choose a two-bedroom apartment whereas a four person household of one parent, one grandparent, and two children may require a three-bedroom apartment. For this reason, a set of assumptions are used to relate household size with the apartment size.

Using U.S. Census estimates of occupancy per room, rental household sizes in Glenmont and the County, and maximum occupancy requirements for the MPDU program, the assumptions in Table 5 were made to translate household sizes to apartment sizes. As an example, 70% of two-person households and 30% of one-person households are expected to choose a one-bedroom

Figure 3: MPDU Qualifying Income and Maximum Monthly Rent for Low-to-Moderate Income Households

Household Size	Maximum Qualifying Income	Max Monthly Rent
1	$49,000	$1,021
2	$56,000	$1,167
3	$63,000	$1,313
4	$70,000	$1,458
5	$75,500	$1,573

25% of Income divided by 12

65% of DC Region Median Income

Table 5: Apartment Size to Household Size Assumptions

Household Size

Apartment Size

Apartment Size	Household Size 1	2	3	4	5
Efficiency	100%	0%	0%	0%	0%
1 Bedroom	30%	70%	0%	0%	0%
2 Bedroom	0%	10%	60%	30%	0%
3 Bedroom	0%	0%	20%	50%	30%

apartment. The percentages are applied to the maximum monthly rent by household size in Figure 2 to result in the maximum monthly rent by apartment size.

Using this methodology, the maximum affordable rent for low-to-moderate income households is $1,021 for an efficiency, $1,123 for a one-bedroom, $1,342 for a two-bedroom, $1,464 for a three-bedroom.

Similarly, the maximum affordable rents for middle income households (adjusted for household size) uses the same methodology and is $1,571 for an efficiency, $1,728 for a one-bedroom, $2,064 for a two-bedroom, $2,252 for a three-bedroom.

Reference Note 2: Estimating Market Affordable Housing

The units that fall at or below the maximum affordable rents are considered market affordable. The methodology is best explained using an example.

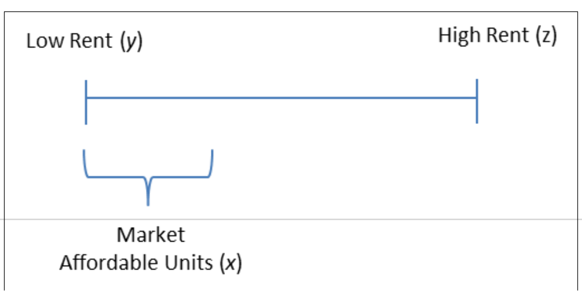
The DHCA Rental Facilities Survey provides rents, turnover rate, vacancies, and other market data by unit type (efficiency, 1, 2, or 3 bedrooms). The rents are provided in a range by unit type – for example, there are 105 one-bedroom units in an apartment building rented to existing tenants (renewals) from $1,113 to $1,255. The rents were adjusted for utilities using the HUD Guideline for

If the maximum affordable rent is greater than the higher-end of the rent range, all units are considered market affordable. However, like in the example above, (see Figure 3) the maximum affordable rent falls within the high and low rent range.

While we cannot give an exact number of affordable units, an estimation technique is used to approximate the number of 105 one-bedroom units that are rented at or below the maximum affordable rent for a one-bedroom unit: $1,123.

To explain the estimation technique, the following equation is used:

Figure 4: Illustration of Estimation Technique



$$n = \frac{x - y}{z - y} \times N$$

Where "*N*" represent the number of units by type, "*y*" represent the low rent for the unit type, "*z*" the high rent for the unit type and "*x*" represent the maximum affordable rent for the unit type.

When applicable, this equation is used to estimate the number of units that fall under the maximum affordable rent.

To go back to the example, the maximum affordable rent of $1,123 falls between $1,113 and $1,255. Applying the equation above, we find the estimate of existing tenants that are renting below $1,123.

$$8 = \frac{\$1{,}123 - \$1{,}113}{\$1{,}255 - \$1{,}113} \times 105$$

The result is that 8 of the 105 units are estimated to be rented under $1,123. The same formula is repeated for turnover tenants, which have a different rent range.

Table 6: At-Market Apartment Buildings in the Long Branch Sector Area

GOOD ACRES APARTMENTS

GARDEN-STYLE	Units	% Total	Annual Turnover	% Turnover	Vacant Units	% Vacant	New Tenants Low Rent	New Tenants High Rent	Existing Tenants Low Rent	Existing Tenants High Rent
Efficiency	0	0%	0	N/A	0	N/A	N/A		N/A	
1 Bedroom	48	31%	16	33%	1	2%	1,034	1,094	1,044	1,044
2 Bedrooms	108	69%	17	16%	2	2%	1,308	1,402	1,323	1,323
3 Bedrooms	0	0%	0	#DIV/0!	0	N/A	N/A		N/A	
Total	**156**	**100%**	**33**	**21%**	**3**	**2%**				

Includes Utilites: ELECTRICITY GAS

PINE RIDGE APARTMENTS (PART OF GOOD ACRES)

GARDEN-STYLE	Units	% Total	Annual Turnover	% Turnover	Vacant Units	% Vacant	New Tenants Low Rent	New Tenants High Rent	Existing Tenants Low Rent	Existing Tenants High Rent
Efficiency	0	0%	0	#DIV/0!	0	N/A	N/A		N/A	
1 Bedroom	48	31%	9	19%	0	0%	$1,004	$1,079	$1,044	$1,044
2 Bedrooms	107	69%	15	14%	0	0%	$1,269	$1,359	$1,323	$1,420
3 Bedrooms	1	1%	0	0%	0	0%	$1,360	$1,360	$1,421	$1,421
Total	**156**	**100%**	**24**	**15%**	**0**	**0%**				

Includes Utilites: ELECTRICITY GAS

FLOWER BRANCH

GARDEN-STYLE	Units	% Total	Annual Turnover	% Turnover	Vacant Units	% Vacant	New Tenants Low Rent	New Tenants High Rent	Existing Tenants Low Rent	Existing Tenants High Rent
Efficiency	0	0%	0	N/A	0	N/A	N/A		N/A	
1 Bedroom	82	23%	38	46%	0	0%	$945	$995	$969	$1,000
2 Bedrooms	211	58%	61	29%	0	0%	$1,161	$1,211	$1,189	$1,226
3 Bedrooms	69	19%	27	39%	1	1%	$1,428	$1,503	$1,478	$1,525
Total	**362**	**100%**	**126**	**35%**	**1**	**0%**				

Includes Utilites: NONE

FOXHALL

GARDEN-STYLE

	Units	% Total	Annual Turnover	% Turnover	Vacant Units	% Vacant	New Tenants Low Rent	New Tenants High Rent	Existing Tenants Low Rent	Existing Tenants High Rent
Efficiency	2	1%	1	50%	1	50%	$735	$735	$735	$735
1 Bedroom	96	36%	35	36%	7	7%	$925	$925	$840	$925
2 Bedrooms	164	62%	24	15%	1	1%	$1,125	$1,125	$940	$1,125
3 Bedrooms	1	0%	0	0%	0	0%	$1,225	$1,225	$1,215	$1,225
4 Bedrooms	1	0%	0	0%	0	0%	$1,375	$1,375	$1,375	$1,375
Total	**264**	**100%**	**60**	**23%**	**9**	**3%**				

Includes Utilites: GAS WATER

GREENWOOD AVENUE, 8515

GARDEN-STYLE

	Units	% Total	Annual Turnover	% Turnover	Vacant Units	% Vacant	New Tenants Low Rent	New Tenants High Rent	Existing Tenants Low Rent	Existing Tenants High Rent
Efficiency	0	0%	0	N/A	0	N/A	N/A		N/A	
1 Bedroom	11	46%	3	27%	0	0%	$980	$980	$980	$980
2 Bedrooms	13	54%	2	15%	0	0%	$1,150	$1,150	$1,150	$1,150
3 Bedrooms	0	0%	0	N/A	0	N/A	N/A		N/A	
Total	**24**	**100%**	**5**	**21%**	**0**	**0%**				

Includes Utilites: ALL

FLOWER AVENUE, 8512-8514

GARDEN-STYLE

	Units	% Total	Annual Turnover	% Turnover	Vacant Units	% Vacant	New Tenants Low Rent	New Tenants High Rent	Existing Tenants Low Rent	Existing Tenants High Rent
Efficiency	2	17%	1	50%	0	0%	$628	$700	$642	$642
1 Bedroom	10	83%	1	10%	0	0%	$750	$750	$770	$770
2 Bedrooms	0	0%	0	N/A	0	N/A	N/A		N/A	
3 Bedrooms	0	0%	0	N/A	0	N/A	N/A		N/A	
Total	**12**	**100%**	**2**	**17%**	**0**	**0%**				

Includes Utilites: ALL

MARLENE, THE

GARDEN-STYLE

	Units	% Total	Annual Turnover	% Turnover	Vacant Units	% Vacant	New Tenants Low Rent	New Tenants High Rent	Existing Tenants Low Rent	Existing Tenants High Rent
Efficiency	2	6%	0	0%	0	0%	$525	$525	$525	$552
1 Bedroom	11	34%	4	36%	2	18%	$796	$810	$669	$814
2 Bedrooms	7	22%	0	0%	0	0%	$825	$900	$716	$900
3 Bedrooms	12	38%	2	17%	0	0%	$925	$1,089	$839	$1,089
Total	**32**	**100%**	**6**	**19%**	**2**	**6%**				

Includes Utilites: ELECTRICITY GAS WATER

FLOWER AVENUE, 8604-8606

GARDEN-STYLE

	Units	% Total	Annual Turnover	% Turnover	Vacant Units	% Vacant	New Tenants Low Rent	New Tenants High Rent	Existing Tenants Low Rent	Existing Tenants High Rent
Efficiency	0	0%	0	N/A	0	N/A	N/A		N/A	
1 Bedroom	0	0%	0	N/A	0	N/A	N/A		N/A	
2 Bedrooms	12	100%	0	0%	0	0%	$795	$888	$795	$888
3 Bedrooms	0	0%	0	N/A	0	N/A	N/A		N/A	
Total	**12**	**100%**	**0**	**0%**	**0**	**0%**				

Includes Utilites: WATER