

Inventory of Affordable Housing 2000

Montgomery County, Maryland

Introduction

The first *Inventory of Affordable Housing in Montgomery County* was published in 1994. Since then, the County has added new units to its supply of affordable housing but it has also lost units. This new Inventory updates the 1994 report, expands the range of information about the low- and moderate-priced housing supply, and summarizes changes to the County's housing programs. A major addition to this edition is the inclusion of more data about market rate housing that is affordable to low- and moderate-income households. A new goal is to provide information to help understand the degree to which housing is available for entry level and lower wage workers in the County, as one measure of the County's economic health.

Like its predecessor, this Inventory addresses the supply and distribution of affordable housing. It summarizes the basic housing programs available in the County. The report concentrates on housing affordable to households with incomes that are at or below 80 percent of the County median, especially those at or below 65 percent of median. It encompasses both subsidized and lower-end market rate housing as well as Moderately Priced Dwelling Units (MPDUs) and includes units produced or owned by the private sector, public sector, and nonprofit organizations. Its focus is on the housing stock rather than on assistance granted to households, although it touches on programs directed to households, such as Section 8 vouchers, closing cost assistance, and subsidized mortgage programs.

The emphasis of the report has shifted from the distribution of the affordable housing supply, although that is still important, to the number of affordable units of all types. In 1994, distribution was a frequent topic of discussion. Parts of the community were concerned that the ratio of below market housing to more expensive housing was much higher in some areas of the County than in other equally densely developed areas. In recent years, through the efforts of the Housing Opportunities Commission (HOC) and others, the distribution has become more even. There are no longer planning areas where more than 10 percent of the housing is below market. Some areas with notably low percentages in 1993 have substantially larger numbers today.

In 1999, the supply itself is a potential cause for concern. This report will show that there has been a decrease in both the percentage of the total housing stock with below market prices and the total number of lower priced units since 1994. These changes should be viewed with caution. Some of the change is undoubtedly due to revisions to the data to reflect more accurate unit counts for both affordable housing and the County's total housing supply. On the other hand, some changes reflect actual decreases in supply. The decreases are primarily fewer MPDUs in the price control period but also include units removed from federal programs by their owners. The subdued housing market of the 1990s increased the share of market rate units within the reach of lower income households, probably compensating for some of the losses of

publicly supported or mandated housing. Especially in a weak market, most MPDUs are still reasonably affordable, even after the price control period ends. As smaller, simpler units, most MPDUs will never command the high prices of many of their neighbors.

During the 1990s, HOC produced a substantial number of units, and both public and nonprofit agencies cooperated to retain many of the units lost from federal programs in the affordable housing stock. The concern is the future. Recent increases in housing production should also increase the number of price controlled MPDUs being produced, at least temporarily. The same strong housing market that is producing these new units, however, appears to be driving up rents and sales prices, potentially decreasing the affordable share of the unsubsidized market. It is important to monitor this situation and facilitate an increased supply if possible.

The information in this study is designed to help planners preparing master plans and the Annual Growth Policy, elected and appointed officials, other government staff, and the public track this changing housing market. The report was prepared by staff of the Montgomery County Department of Park and Planning, Research and Technology Center with invaluable assistance from Housing Opportunities Commission and Department of Housing and Community Affairs (DHCA) staff.

Most of the data are presented both by planning area and by policy area. In many cases, pairs of tables or maps display the same data, one for each geography. (For basic maps of these areas, see Appendices B and C.) This dual approach is intended to meet the needs of planners and others for whom the planning area is the favored geography, and those of staff and citizens who need policy area data for issues related to the Annual Growth Policy.

Definition of Affordable Housing

There are probably as many definitions of “affordable housing” as there are people discussing it. To some, affordable housing is housing they themselves can qualify to buy; to others, it is housing for households with the very lowest incomes; still others consider it any housing built with government assistance. Montgomery County's Housing Policy, contained in Chapter 25B of the County Code, defines an affordable housing unit as “any dwelling unit constructed for sale or rent at a price equal to or less than that provided in Chapter 25A, (the Moderately Priced Dwelling Unit (MPDU) Ordinance), and any assisted elderly housing.”

This report employs a broad definition of affordable housing, similar to the County's housing policy statement. It encompasses all housing that is affordable to low- and moderate-income households – those households at or below 80 percent of the County's median income. It covers units built or operated under federal, state, or County government programs, including government ownership, subsidized financing, or a legal requirement or incentive to provide the housing, such as the MPDU law. The report also includes market rate housing, both rental and for-sale, that is within reach of these households. Income level is the key factor in the definition. The only middle income program included is the very limited Productivity Housing program. This program is available to households with incomes up to the median. However, Productivity

Housing will most likely primarily serve those at lower income levels since most units are expected to be relatively affordable multi-family units.

Context

Distribution of affordable housing in Montgomery County is governed by the County's Wedges and Corridors land use pattern, as is all development in the County. The General Plan established this land use pattern as the fundamental framework for development in the County in 1964 and reaffirmed it in 1993. Map 1 displays the geographic components of the Plan.

The Wedges and Corridors concept divides Montgomery County into four geographic components: the Urban Ring, the Corridor, the Suburban Communities, and the Wedge. Each area is described in terms of its land uses, scale, intensity, and function. High density development has been, and will continue to be, directed to the I-270 Corridor radiating from Washington, D.C. and to the Urban Ring bordering the City. Transitional areas of generally moderate density and suburban character are located along edges of the Corridor and the Urban Ring and are known as Suburban Communities. The green Wedge between the I-270 Corridor and other corridors radiating from the City in neighboring counties is divided into two sub-areas. These are the low-density, large-lot Residential Wedge and the lowest density Agricultural Wedge, designed to preserve farmland and open space.

In keeping with its low-density land use pattern, very little development of any kind is expected in the Agricultural Wedge. More development is possible in the Residential Wedge but typically at one- or two-acre densities with well and septic systems. Low density zoning in areas without public water and sewer service does not lend itself to most types of affordable housing. Affordable housing generally requires higher densities to be financially feasible. Consequently, government directed affordable housing is very limited in these areas, especially in the Agricultural Wedge, as later tables will show.