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## **Distribution of Montgomery County Affordable Housing**

Montgomery County's housing programs and policies are designed to implement the *General Plan Refinement's* housing objective, to "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." Programs, such as the MPDU program and implementation of the County's Revenue Bond authority, have allowed the County to make great strides in achieving a broad geographic distribution of lower income housing.

When the first Inventory was written in 1994, distribution was of particular concern to many County residents. At that time, more than 10 percent of the housing in some developed planning areas was below market rate, while other similar planning areas had percentages under 2 percent. In the intervening years, the supply has become more balanced due to efforts of County government staffs, nonprofit groups, and others. Today, no planning area has more than 10 percent affordable housing, and the percentages have increased in areas that had had little or no affordable housing in the earlier study, most notably Bethesda-Chevy Chase. Table 10 compares the numbers and percentages of below market housing by planning area in 1993 and 1999.

Even though planning areas are now comparatively balanced, policy area shares of affordable housing may still appear disproportionate. The distribution among policy areas is generally consistent with County policy, however. The largest percentages of affordable units are appropriately found in transit station areas, especially CBDs. These areas permit the higher densities that facilitate the efficient provision of both units and related services. They also offer convenient transportation, jobs, and other facilities, such as nearby stores, parks and public

services, to low income residents (to all residents for that matter). In addition, transit station areas often have older multi-family buildings that have become lower priced over time and are suitable for preservation as part of the affordable housing supply. Such buildings tend to be less expensive to acquire than new construction.

Geographic distribution is limited by a number of factors. Two important ones are the timing of development and the County's land use patterns, as reflected in its zoning. Many areas of the County that were largely developed prior to passage of the MPDU ordinance have lower percentages of affordable housing than do areas that have developed subsequently and contain large numbers of MPDUs. Maps 3 and 4 illustrate this pattern. Note that outside their CBDs, most of the inner ring of policy and planning areas, including Bethesda-Chevy Chase, Kemp Mill/Four Corners, and Kensington-Wheaton, generally have less than the County average of 5 percent affordable units. The more recently developed areas of the Corridor and Suburban Communities, such as Fairland, Gaithersburg, Germantown, Aspen Hill, and Damascus, reflect the implementation of the MPDU law and have more than the average 5 percent.

Down-County areas with comparatively high percentages of affordable housing tend to be Central Business Districts. There are several reasons for this.

1. Planning policies encourage concentration of development in transit station areas. These policies have led to increased densities in the CBDs, encouraging in-fill development and substantial redevelopment, especially in Bethesda CBD. This new development usually generates new MPDUs and may have other affordable components, such as units associated with subsidized financing.
2. Most CBDs offer a sizable amount of land with zoning suitable for multi-family development. Apartments, especially low-rise apartments, tend to be a very efficient way to provide low-income housing. Low-rise apartments are often less expensive to build and manage than single-family development.<sup>7</sup> Multi-family housing also has lower cost financing options – subsidized loans and tax credits – that enhance its feasibility. As a result, much of the publicly owned affordable housing stock is in the CBDs.
3. Many of the County's oldest apartments are in the CBDs. Many of those that have not been carefully maintained and modernized have become market rate low-income housing creating a source of affordable housing. As mentioned above, others have been bought by the County and nonprofit groups for rehabilitation and retention as low-income housing

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<sup>7</sup>As always, there is an exception to this statement. Luxury high-rises can be extremely expensive to build, and with their enhanced amenities, more expensive to manage.

**Table 9**

Distribution of Montgomery County Affordable Housing  
By Planning Area  
1999

	Total Subsidized Housing and Below Market Private, Price of Private Price Controlled MPDUs	Percent Controlled MPDUs
Aspen Hill	1,576	6.5%
Bethesda-Chevy Chase	995	2.7%
Clarksburg	20	2.9%
Cloverly	317	5.8%
Colesville/White Oak	415	3.2%
Damascus	167	6.0%
Darnestown	36	0.9%
Fairland	933	6.7%
Four Corners	420	3.0%
Gaithersburg and Vicinity	2,328	5.3%
Germantown	2,008	8.1%
Goshen	13	0.4%
Kensington-Wheaton	1,033	3.6%
North Bethesda	907	5.5%
Olney	421	3.8%
Potomac	555	3.4%
Rockville	1,079	6.4%
Rural	23	0.4%
Travilah	210	3.1%
Seneca	12	1.7%
Silver Spring/Takoma Park	2,013	7.4%
Upper Rock Creek	160	4.3%
<b>Total</b>	<b>15,641</b>	<b>4.9%</b>

Note: This chart includes MPDUs owned by HOC and nonprofits that are permanently price controlled and privately owned, price controlled MPDUs. It does not include low cost unsubsidized market rate rental housing.

*Source: Montgomery County Planning Department, Research and Technology Center  
Department of Housing and Community Development, HOC, September 2000.*

**Table 10**

Comparison of Montgomery County Affordable Housing  
By Planning Area  
1994 and 1999

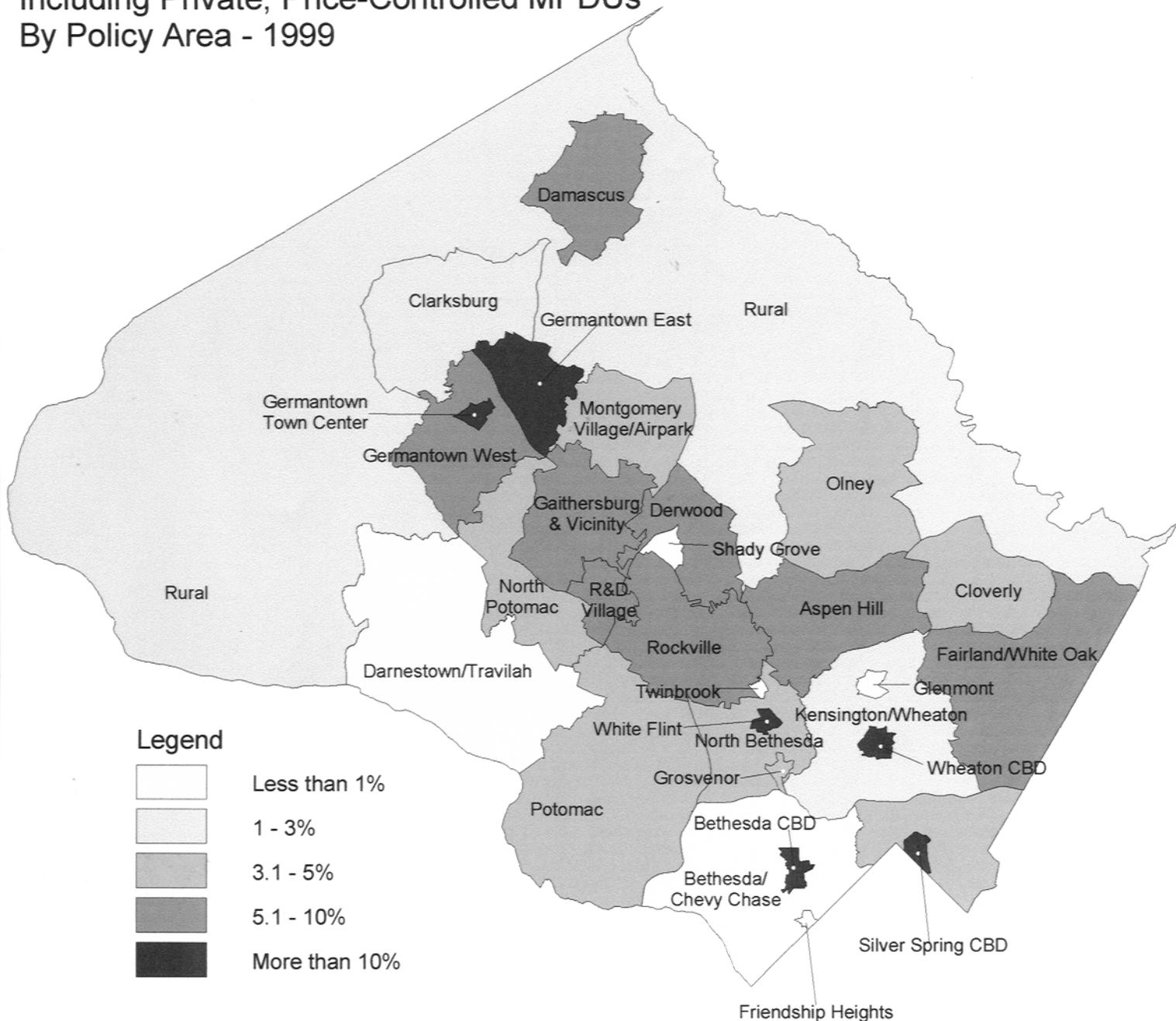
	1994	1994	1999	1999
	Total Subsidized	Percent Total Subsidized	Total Subsidized	Percent
	Housing and Below Market			
	Private, Price	Including	Private, Price	Including
	Controlled MPDUs	Controlled MPDUs	Controlled MPDUs	Controlled MPDUs
Aspen Hill	1,899	8.3%	1,576	6.5%
Bethesda-Chevy Chase	602	1.7%	995	2.7%
Clarksburg	0		20	2.9%
Cloverly	384	7.5%	317	5.8%
Colesville/White Oak	552	4.3%	415	3.2%
Damascus	236	9.1%	167	6.0%
Darnestown	148	4.3%	36	0.9%
Fairland	1,738	13.1%	933	6.7%
Four Corners	632	4.6%	420	3.0%
Gaithersburg and Vicinity	3,287	8.3%	2,328	5.3%
Germantown	2,298	11.8%	2,008	8.1%
Goshen	47	1.6%	13	0.4%
Kensington-Wheaton	888	3.1%	1,033	3.6%
North Bethesda	776	4.9%	907	5.5%
Olney	390	4.2%	421	3.8%
Potomac	637	4.2%	555	3.4%
Rockville	832	5.1%	1,079	6.4%
Rural	0		23	0.4%
Travilah	338	6.1%	210	3.1%
Seneca	0		12	1.7%
Silver Spring/Takoma Park	1,984	7.6%	2,013	7.4%
Upper Rock Creek	144	4.4%	160	4.3%
<b>Total</b>	<b>17,812</b>	<b>6.0%</b>	<b>15,641</b>	<b>4.9%</b>

Note: This chart includes MPDUs owned by HOC and nonprofits that are permanently price controlled and privately owned, price controlled MPDUs. It does not include low cost unsubsidized market rate rental housing.

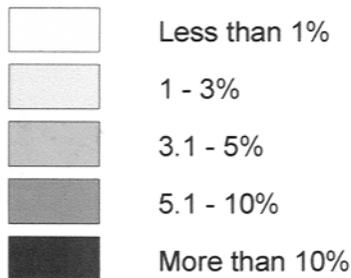
Source: Montgomery County Planning Department, Research and Technology Center  
Department of Housing and Community Development, HOC, August 2000.

# Map 3

## Percentage of Below Market Housing, Including Private, Price-Controlled MPDUs By Policy Area - 1999

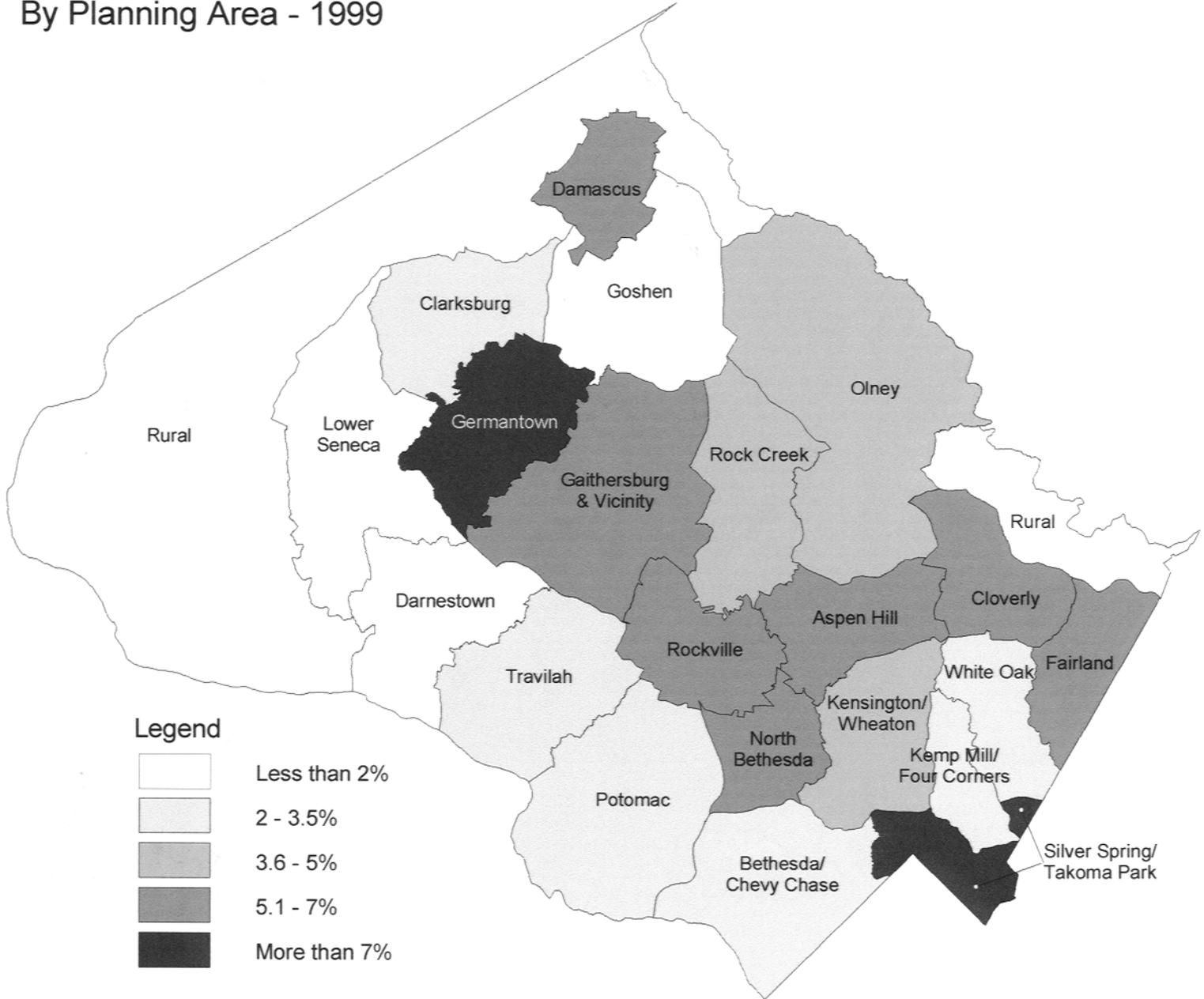


### Legend

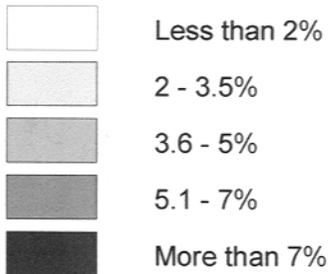


# Map 4

## Percentage of Below Market Housing Including Private, Price-Controlled MPDUs By Planning Area - 1999



### Legend



A few transit station policy areas have little or no affordable housing. Some of these, Twinbrook for example, currently do not contain housing of any type. Others, such as Friendship Heights, have had little or no recent development to generate MPDUs or other low cost units.

Goshen, the Potomac Subregion, and the County's rural areas have only small percentages of low-income housing. Although some of these areas, the Potomac Subregion especially, have experienced strong growth during the past 20 years, they are in the County's Wedge and include substantial areas of low-density, large lot zoning consistent with the rural nature of the Wedge.

Most land zoned for no more than one unit per acre is not included in the MPDU program. The majority of properties in the large lot zones depend on wells and septic systems that are not suitable for the increased density of the MPDU program. Other types of affordable housing often need services, such as frequent transit service, that are rarely financially feasible at low densities.

The preceding discussion focused primarily on affordable housing as a percentage of all housing in each area. Distribution can also be measured by comparing the gross number of units in each area. This approach is valuable for some purposes, for example to select locations for some types of services needed by lower income people, such as some health care and social services. In general, percentages are a better measure of the County's success in providing affordable housing "throughout the County" because they compare lower cost housing in the context of all housing in each area.

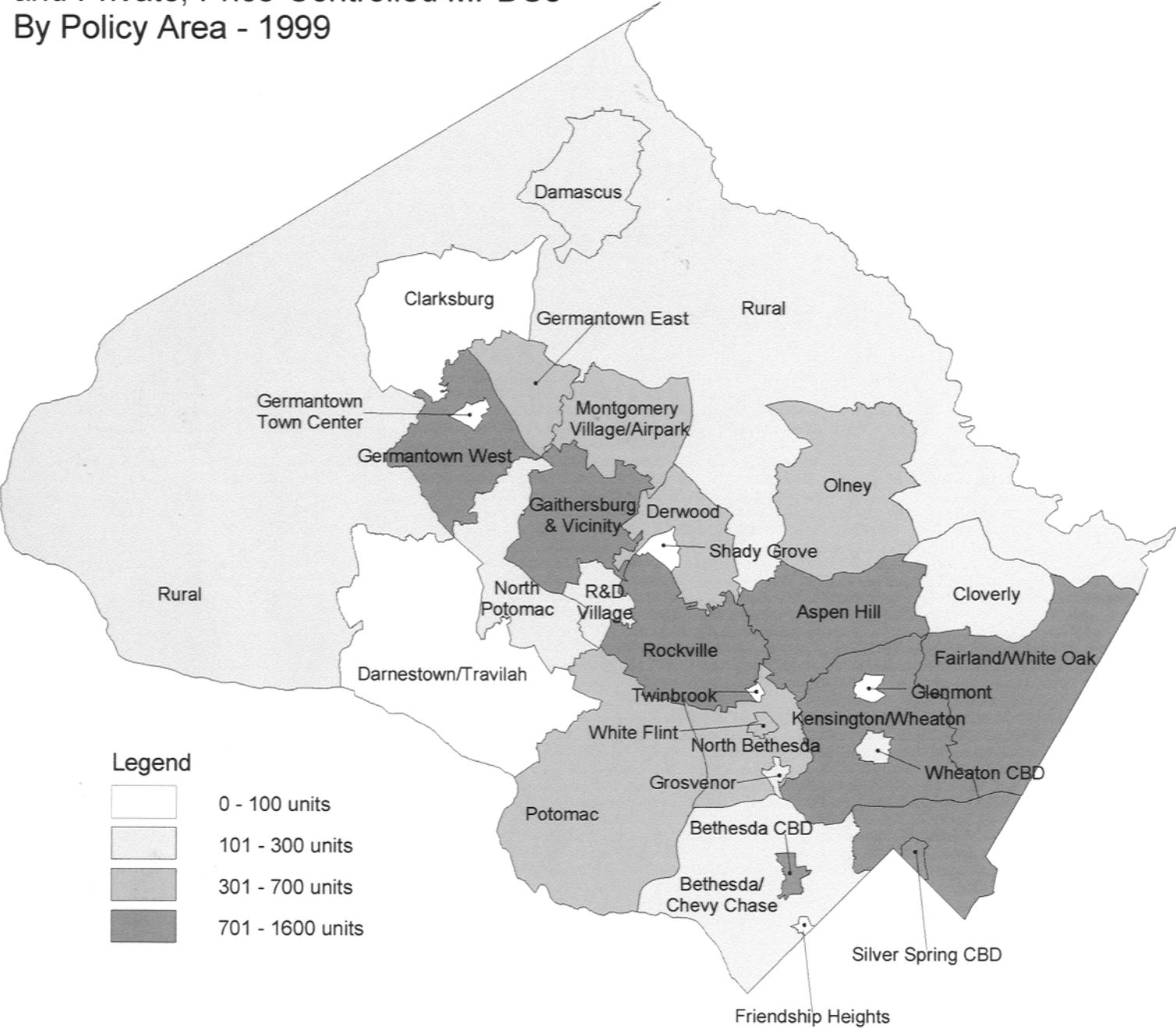
Maps 5 and 6 show that the growth areas of Gaithersburg, Germantown, and Aspen Hill, and the relatively dense area of Silver Spring/Takoma Park have the highest numbers of affordable units. Kensington-Wheaton and Rockville also have comparatively high numbers. This pattern reflects the Wedge and Corridor concept, and the age of the majority of housing units in each area. Affordable housing is most prevalent among the newest and the oldest units.

There are also clusters of privately owned affordable units in some areas of the County. These include areas of older apartment buildings that may be ready for modernization and neighborhoods of smaller single-family houses built in the 1940s and 1950s, primarily in the southeast section of the County. Many newer townhouses in Up-County areas are also affordable. The supply of townhouses is large enough in some areas to keep prices comparatively low. The County is actively engaged in preserving and upgrading this housing, especially the older stock. Methods include code enforcement, incentives, and assistance with remodeling.

### Findings

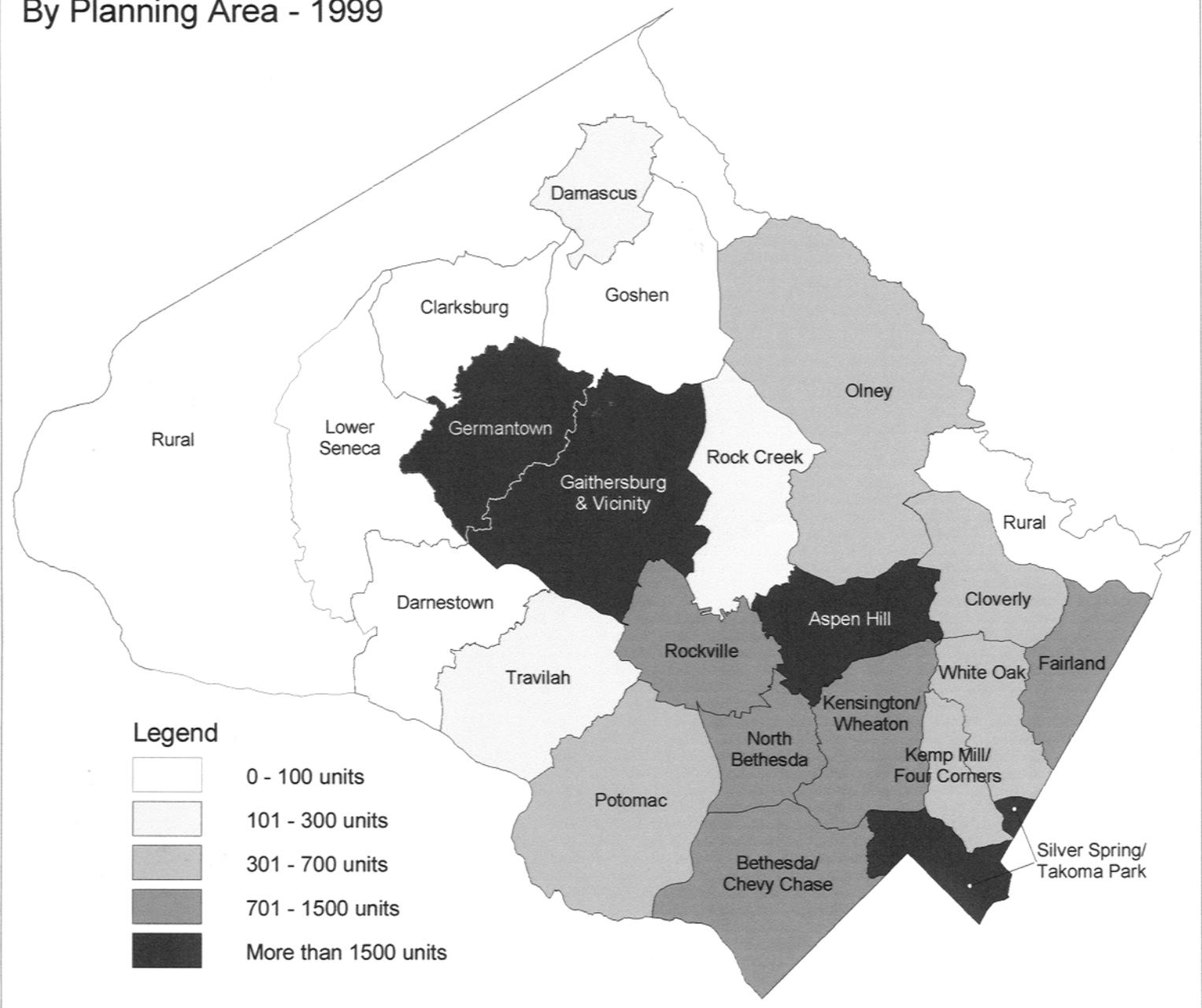
The distribution of assisted and mandated affordable housing units among planning and policy areas has generally equalized since the last Inventory. While the distribution varies by several percentage points from one to another, the differences have decreased among the developed areas of the County. Concentration is still of some concern to some citizens but to a far lesser degree than in prior years.

## Total Number of Subsidized Housing Units and Private, Price-Controlled MPDUs By Policy Area - 1999



# Map 6

## Total Number of Subsidized Housing Units and Private, Price-Controlled MPDUs By Planning Area - 1999



### Legend

- 0 - 100 units
- 101 - 300 units
- 301 - 700 units
- 701 - 1500 units
- More than 1500 units

Market rate affordable housing is found in most of the County. Older lower priced units, both for sale and for rent, are especially prevalent in the southeastern part of the County, while less expensive townhouses are plentiful in Germantown and Gaithersburg. This housing is a valuable resource for the County. The challenge is to keep it affordable, while maintaining it in good, up-to-date condition. The County is focusing on achieving this difficult balance.

### Trends in the Affordable Housing Supply

The first Inventory of Affordable Housing could not examine historical trends because comparable data for earlier years was extremely difficult to obtain. That study found an overall supply of 6 percent government owned or subsidized affordable units. In the intervening years, the supply has decreased from 6 percent to 4.9 percent. This is a worrisome revelation.

The primary reason for the reduction is the sizable decrease in the number of price controlled MPDUs during the period between the two reports. Price controlled MPDUs declined by more than 2,000 units from 1993 to 1999, from 4,499 units to 2,364. This decrease reflects the overall decrease in residential completions in the County during the 1990s. Housing completions dropped from 7,250 units per year in the 1980s to 3,390 per year between 1990 and 1998. As discussed in the section on MPDUs, MPDUs held steady or even increased as a percentage of completions during the period, but this was not enough to compensate for the overall decrease in housing construction.

Comparison of Affordable Housing Supply, 1993 -1999

	1993	1999
Subsidized, low- and very-low income*	13,313	13,489
MPDUs	4,499	2,364

\*Includes Opportunity Housing

The numbers of other types of subsidized or government mandated affordable housing showed a small increase during the mid-1990s in spite of a number of new projects. New construction was partially canceled out by the loss in units that had had subsidized financing. HOC projects, including the Metropolitan, Strathmore Court, Pooks Hill, and the Glen, were added to the low-income housing stock. These new complexes in addition to the acquisition of several older projects compensated for most of the loss of several privately owned projects. The number of units classified as opportunity housing also decreased. However, this decrease was largely artificial. In 1993, all HOC-owned scattered sites housing was classified as opportunity housing. In 1999, more information was available, and these units were distributed between opportunity housing and family housing, depending on the source of funding and the target income group.

### Conclusion

Montgomery County provides affordable housing through a complex array of programs and agencies. Builders and managers may be public, private, or nonprofit. Financing may

include federal, state, or local government funds, nonprofit organizations' resources, or private sources. Market rate units may help subsidize assisted units in mixed income projects. Government may help finance projects by floating bonds, offering tax credits, or issuing mortgage insurance. Programs may be mandated by law but privately financed, notably the MPDU program, or completely voluntary but eligible for attractive incentives, such as the Special Ceiling Allocation to the Annual Growth Policy. The private housing market also provides affordable housing, primarily in the older, existing housing stock.

Affordable housing is located throughout the developed and developing areas of the County, especially the sections of the Corridor and Suburban Communities built since the implementation of the MPDU program and the older, denser inner suburbs. The MPDU program is a major agent for dispersing affordable housing.

Montgomery County does not appear to have enough affordable housing to meet demand, and the distribution does not offer the same opportunity for low and moderate income households to live in each planning area. The depth of need and possible options for addressing unmet need are a subject for another study. Nonetheless, given its resources, Montgomery County has a credible record of adding to both the supply and distribution of affordable housing and is continuously exploring new approaches to these challenges.