



Housing Appendix

Contents

Grosvenor-Strathmore Housing Conditions	2
Townhomes and Condominiums	3
Cost Burdening.....	3
Multifamily Homes.....	3
Affordable Rental Housing Methodology	6
Affordable Housing Definitions:.....	8

Figures:

Figure 1. Effective Rent Growth

Tables:

Table 1. Cost Burdening
Table 2. Grosvenor–Strathmore Current Units
Table 3. Grosvenor–Strathmore Current Conditions (2015)
Table 4. Grosvenor–Strathmore Affordability Conditions
Table 5. 2015 Income Limits
Table 6. Household-Size Distribution by Number of Bedrooms
Table 7. Income Limits by Number of Bedrooms
Table 8. Affordable Limits at 30 Percent of Income
Table 9. Affordable Limits at 25 Percent of Income

Grosvenor-Strathmore Housing Conditions

The Grosvenor-Strathmore Metro area has a variety of townhomes, condominiums, and multi-family housing.

Cost Burdening

Cost burdening is defined as spending more than 30 percent of household income on housing costs (defined as contract rent and utilities). Compared to Montgomery County, renters in Grosvenor-Strathmore are less likely to be cost burdened and severely cost burdened (spending more than 50 percent of household income on housing costs). In the Grosvenor-Strathmore Metro Area Minor Master Plan, 33 percent of households are classified as cost burdened, compared to Montgomery County, in which 49 percent of households are classified as cost burdened. Only 9 percent of households in Grosvenor-Strathmore are considered severely cost burdened, compared to 23 percent for Montgomery County wide.

Table 1. Cost Burdening

GROSS RENT AS A PERCENT OF HOUSEHOLD INCOME IN THE PAST 12 MONTHS				
	Grosvenor– Strathmore	Percent	Montgomery County	Percent
Total:	855	100%	123,581	100%
Less than 10.0%	16	2%	2,752	2%
10.0 to 14.9%	102	12%	7,742	6%
15.0 to 19.9%	176	21%	15,085	12%
20.0 to 24.9%	156	18%	16,963	14%
25.0 to 29.9%	94	11%	15,213	12%
30.0 to 34.9%	129	15%	12,498	10%
35.0 to 39.9%	44	5%	8,847	7%
40.0 to 49.9%	31	4%	11,335	9%
50.0% (Severely Cost Burdened)	80	9%	28,119	23%
Total Households Cost Burdened (>30%)	284	33%	60,799	49%
Not computed	27	3%	5,027	4%
Source: 2011-2015 American Community Survey 5-Year Estimates				

Townhomes and Condominiums

The Plan area contains 232 townhomes and 274 condominiums. There are 112 townhomes in Symphony Park, located to the north of the Music Center at Strathmore. Stoneybrook has 120 townhomes, located to the east of Tuckerman Lane. Parkside and Strathmore Park are both located east of Tuckerman Lane, and contain 60 and 212 units, respectively.

Multifamily Homes

Grosvenor-Strathmore has two multi-family rental structures with a total of 787 units, of which 54 percent are 1-bedroom units, 41 percent are 2-bedroom units, 4 percent are efficiency units, and 2 percent are 3-bedroom units. Of the 787 multi-family units in the Grosvenor-Strathmore area, 88 (or 11 percent) are rent-restricted in the MPDU program. Although both buildings in the Grosvenor-Strathmore Metro Area Minor Master Plan area were completed after the adoption of the MPDU law that set a minimum of 12.5 percent affordable housing, the Meridian at Grosvenor Station building has less than 8 percent of its units set aside in the MPDU program, most likely due to a buyout program. The Avalon at Grosvenor Station has around 13 percent of its housing stock in the MPDU program.

Table 2. Grosvenor–Strathmore Current Units

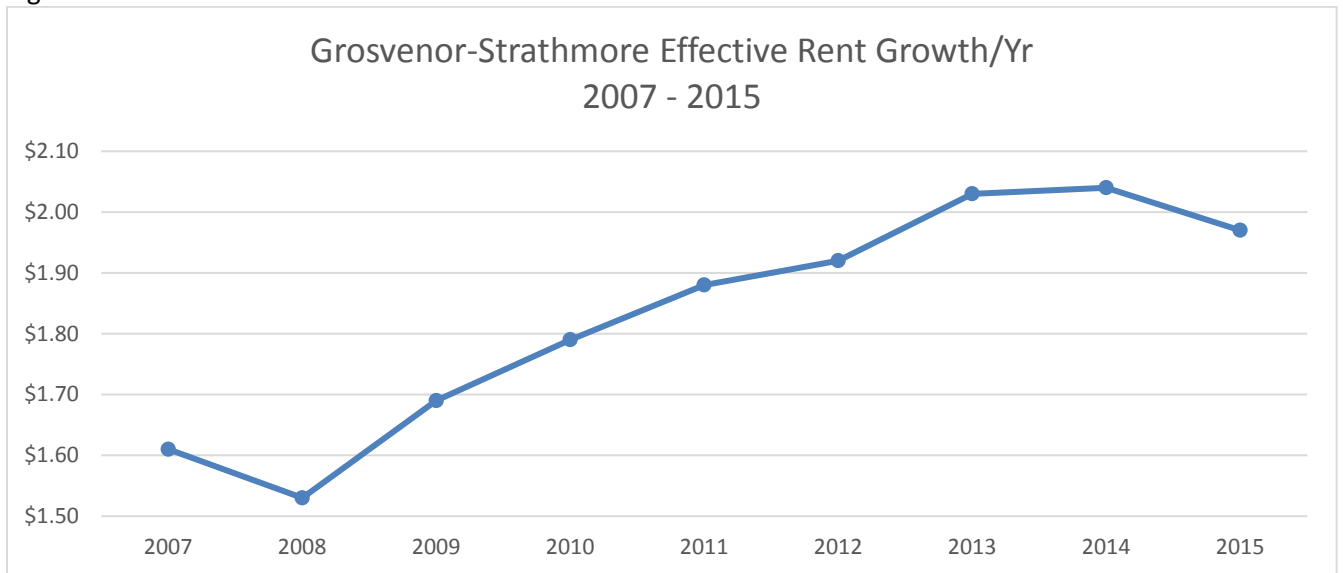
Name	Efficiencies	1-Bedrooms	2-Bedrooms	3-Bedrooms	Rent-Restricted	Total Units
Meridian at Grosvenor Station	30	163	106	0	23	299
Avalon At Grosvenor Station	0	260	215	13	65	488
Total	30	423	321	13	88	787
Percent	4%	54%	41%	2%	11%	100%
Source: DHCA Survey, CoStar						

Grosvenor-Strathmore’s two multi-family buildings were both built less than twenty years ago; the Avalon at Grosvenor, a garden style building, was built fourteen years ago, and the Meridian at Grosvenor Station, a high-rise, was built eight years ago. In 2015, both buildings had low vacancies at around 2-3 percent, respectively, and a concession rate of 0 percent. The effective rent per unit at the Meridian at Grosvenor Station is \$1,916, and the effective rent per square is \$2.08. At the Avalon at Grosvenor Station, the effective rent per unit is \$1,886 and the effective rent per square foot is \$1.91.

Table 3. Grosvenor–Strathmore Current Conditions (2015)

Name	City	Structure Type	Building Age	Vacancy Percent	Effective Rent Concessions	Effective Rent Per Unit	Effective Rent Per SF
Meridian at Grosvenor Station	Rockville	High-Rise	2008	2.6%	0.0%	\$1,916	\$2.08
Avalon At Grosvenor Station	Rockville	Garden	2002	1.9%	0.0%	\$1,886	\$1.91
Source: DHCA Survey, CoStar							

Figure 1. Effective Rent Growth



Source: CoStar

The effective rent growth per year for both facilities in Grosvenor-Strathmore grew an average of 2 percent from 2007 to 2015, suggesting modest growth that slightly outpaced inflation, which averaged 1.8 percent during the same time.

Table 4. Grosvenor-Strathmore Affordability Conditions

Name	Efficiencies Average Rent	AMI	1- Bedroom Average Rent	AMI	2- Bedroom Average Rent	AMI	3-Bedroom Average Rent	AMI
Meridian At Grosvenor Station	\$1,395	89%	\$1,678	96%	\$2,215	117%	-	-
Avalon At Grosvenor Station	-	-	\$1,581	90%	\$1,971	104%	\$2,952	129%
*Affordability was calculated using 25% of AMI due to utilities not being included								
Source: 2015 CoStar Rents								

Grosvenor-Strathmore has units that range in affordability from 89 percent of area median income (AMI) to 129 percent of AMI. Affordability is greatest in smaller units, with efficiencies and 1-bedroom units affordable to households earning under 100 percent of AMI (89 percent – 96 percent, with a suggested income of around \$67,000 - \$80,000), and larger family-sized 2 and 3-bedroom units affordable to households earning over 100 percent of AMI (104 percent – 129 percent, with a suggested income of around \$76,000 - \$142,000). The Plan area has no units that are considered market rate affordable.

Affordable Rental Housing Methodology

To determine affordability, households are first categorized by their income and household size relative to the AMI. AMI is adjusted for household size. Low-to-moderate income households are those earning up to 65 percent of AMI. The income limits in the table below are based on income requirements for Montgomery County's moderately priced dwelling unit (MPDU) program and US Department of Housing and Urban Development (HUD) standards.

Table 5. 2015 Income Limits

Household Size	65% AMI	80% AMI (Market Affordable Rate)	100% AMI (Median)	120% AMI
1	\$48,660	\$61,120	\$76,400	\$91,680
2	\$56,810	\$69,920	\$87,400	\$104,880
3	\$63,895	\$78,640	\$98,300	\$117,960
4	\$70,980	\$87,360	\$109,200	\$131,040
5	\$76,635	\$94,320	\$117,900	\$141,480

Source: 2015 Montgomery County DHCA, HUD

Second, rather than just count the number of households, we need to count the number of rental units affordable to households to understand the inventory of low-cost housing. We, therefore, need to develop an assumption about the number of bedrooms that households of different sizes need. These assumptions also apply to households of the same size that may have different needs based on household composition, for example two unrelated adults would typically need two bedrooms, while a married couple would need one.

The following table provides the Planning Department's standard assumptions regarding the distribution of household sizes by number of bedrooms.

Table 6. Household-Size Distribution by Number of Bedrooms

Household Size	Number of Bedrooms				
	Efficiency	1	2	3	4
1	100%	30%			
2		70%	10%		
3			60%	20%	
4			30%	50%	40%
5				30%	60%

Third, based on the previous two tables of household income limits and our assumptions about the distribution of household sizes by the number of bedrooms, we estimate income limits by number of bedroom rooms. This calculation is a weighted average of household-income limits for each bedroom

size. For example, for one-bedrooms occupied by households up to 65 percent of AMI, the maximum weighted income is $0.3 \times \$48,660 + 0.7 \times \$56,810 = \$54,665$

Table 7. Income Limits by Number of Bedrooms

# of Bedrooms	65% AMI	80% (Market Affordable Rate)	100% AMI	120% AMI
0	\$48,685	\$61,120	\$74,900	\$89,880
1	\$54,665	\$69,920	\$84,100	\$100,920
2	\$58,923	\$78,640	\$90,650	\$108,780
3	\$71,260	\$87,360	\$109,630	\$131,556
4	\$74,373	\$94,320	\$114,420	\$137,304

Source: Montgomery County Department of Planning Affordable Housing Methodology

Fourth, affordable housing is defined as housing that costs no more than 25 percent of household income, if utilities are not included, or 30 percent of household income if utilities are included.¹ All facilities in Grosvenor-Strathmore have utilities included. This definition is similar to the rent requirement for MPDUs set by the County Department of Housing and Community Affairs (DHCA). The maximum affordable rent by number of bedrooms is listed below.

Table 8. Affordable Limits at 30 Percent of Income

# of Bedrooms	65% AMI	80% AMI	100% AMI	120% AMI
0	\$1,217	\$1,528	\$1,873	\$2,247
1	\$1,367	\$1,748	\$2,103	\$2,523
2	\$1,473	\$1,966	\$2,266	\$2,720
3	\$1,781	\$2,184	\$2,741	\$3,289
4	\$1,859	\$2,358	\$2,861	\$3,433

Source: Montgomery County Department of Planning Affordable Housing Methodology

¹ Housing and Urban Development, Affordable Housing
http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/

Table 9. Affordable Limits at 25 Percent of Income

# of Bedrooms	65% AMI	80% AMI	100% AMI	120% AMI
0	\$1,014	\$1,273	\$1,560	\$1,873
1	\$1,139	\$1,457	\$1,752	\$2,103
2	\$1,228	\$1,638	\$1,889	\$2,266
3	\$1,485	\$1,820	\$2,284	\$2,741
4	\$1,549	\$1,965	\$2,384	\$2,861

Source: Montgomery County Department of Planning Affordable Housing Methodology

Affordable Housing Definitions:

Income Restricted Affordable Housing: A Moderately Priced Dwelling Unit (MPDU) or a dwelling unit built under government regulation or binding agreement requiring the unit be affordable to households at or below the income eligibility for the MPDU program.

Income Restricted Workforce Housing: Defined in Chapter 25B as housing that is affordable to households at or below 120% area median income (AMI). When a master plan refers to Workforce Housing as a part of its affordable housing goals or requirements, incomes are limited to 100% of AMI.

Market Rate Affordable Housing. There is no definition in code or elsewhere. The term is used to describe rents that occur in the market place and not subject to government rules or requirements (and therefore not income-restricted).

Market rate affordable dwelling units are affordable to households earning no more than 80% of area median income, adjusted as MPDUs for household and unit size, and must not exceed the median rent for the planning area.

Rent Restricted Affordable Housing: This term is not currently defined in County code or commonly used, but appears to be the best term to describe housing where rent increases will be limited and there is no income test for the tenant. The preservation of market rate affordable housing may require an agreement that both establishes the baseline rent (priced to be affordable at 80% of AMI) and rent restrictions (such as requiring that rents increase by only the Voluntary Rent Guideline.)