AGENDA

TEAM INTRODUCTIONS

SCOPE AND PROPOSED METHODOLOGY

DISCUSSION
HR&A is an economic development and real estate consulting firm working at the intersection of the public and private sectors.
We approach and understand affordability issues at three comprehensive, mutually reinforcing levels.

**HOUSING STRATEGIES**
Creating strategies and plans based on local needs and priorities

**HOUSING POLICIES AND PROGRAMMING**
Designing policies that align community goals with market conditions

**HOUSING TRANSACTIONS**
Advising on the development and preservation of housing
LSA works with local partners to increase understanding of housing and local economic development issues and to build capacity to expand housing options.
Our team members bring the experience needed for a coordinated and actionable preservation study.
After rents rapidly outgrew incomes between 2000 and 2010, MoCo’s housing market defaulted to a new normal of rents unaffordable to the median renter.

MoCo has lost units affordable to both low and middle-income households, with an overall 31% decline in the number of units renting for less than $1,500 (2017$).

### Units by Gross Rent

<table>
<thead>
<tr>
<th>Gross Rent</th>
<th>2010</th>
<th>2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $800</td>
<td>10,300</td>
<td>7,700</td>
<td>-2,600 Units</td>
</tr>
<tr>
<td>Less than $1,000</td>
<td>17,400</td>
<td>11,800</td>
<td>-5,600 Units</td>
</tr>
<tr>
<td>Less than $1,500</td>
<td>43,200</td>
<td>62,200</td>
<td>-19,000 Units</td>
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HR&A Advisors, Inc.
The Housing Preservation Study is a direct outcome from recommendations made in the County’s 2017 Rental Housing Study.

Four Recommended Preservation Tools

1. **Inventory of at-risk properties**
   “Create and maintain up-to-date and maintained inventory of both subsidized and non-subsidized affordable rental properties in the county to be able to plan for strategic investments in the preservation of existing affordable rental housing.”

2. **Expanded right of first refusal**

3. **Redevelopment with preservation incentives**

4. **Financial education for income-qualified renters**
The Housing Preservation Study will build off the principles identified in the 2017 study.

A preservation strategy that keeps residents in MoCo will:

• Build an inventory of subsidized and unsubsidized affordable housing;

• Review MoCo’s existing policies and best practices across the country; and

• Develop a strategy framework that addresses these challenges in a way tailored to MoCo’s housing stock.
APPROACH & SCOPE
The Housing Preservation Study will be completed over a period of approximately 20 weeks, per the schedule below.

<table>
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<th>Task 3</th>
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<td>Project Kickoff</td>
<td>Creation of At-Risk Property Inventory</td>
<td>Review of Existing Policies and Best Practices</td>
<td>Recommended Strategies and Final Deliverable</td>
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</table>
HR&A will develop a comprehensive housing assessment that defines the supply of housing in Montgomery County by rents, location, and demographic profile.

Task 2 | Creation of At-Risk Property Inventory

2.1 Collect Data & Define Criteria
- Integrate different datasets as available and possible
- Define “at-risk,” with input from owners, investors, and developers
- Select criteria for building evaluation

2.2 Analyze Data
- Assign typologies based on criteria
- Build inventory, allowing for easy updating, sorting, and customization
- Analyze scale, nature, and distribution of at-risk properties

Deliverables
- Geocoded database of at-risk properties
- Methodology and documentation of data sources
- Analysis of key property characteristics
- Typology matrix
In the absence of fully complete rental data, we are developing a methodology to classify residential units as affordable.

Parcel-level Information Available:

- Location
- Age of building
- Number of Units
- Tenure Type

Parcels with rent data

Parcels without rent data
Multiple data sources will be layered on our base dataset to derive estimates.

- **American Communities Survey (ACS):** Demographic Data by Block group
- **Commercial Rent Indices (Zillow, Trulia):** Quality-Adjusted Rents by Zip Code
- **CoStar Commercial Real Estate Data + JBG Smith Database + Montgomery County Rental Property Database:** Rents by Property
- **County Property Assessments:** Zoning, Use, Year Built, Living Area, Rooms, etc.

*78% of multifamily units* have rental data on CoStar

*in structures with 5 or more units, per 2017 ACS (1-year)
After connecting these datasets, we will use properties with complete data to train our model to estimate rents for properties without rent data.
With estimates of the current NOAH stock in Montgomery County, we will examine recent trends to project the rate of loss in 5, 10 and 20 years.

**Historic and Future Trends**

**Units under $1,000 per month (in 2017$s)**

- 1995: 21,300
- 2000: 17,400
- 2005: 11,800

By key typologies identified.
Our team will review precedent policies and best practices to preserve housing affordability, including financial, land use, regulatory, and other strategies.

Task 3 | Review of Existing Policies and Best Practices

### 3.1 Existing Practices
- Review existing County practices
- Assess existing and potential coordination with federal, state, and philanthropic/private efforts
- Identify opportunities to reduce duplication and increase impact

### 3.2 Best Practices Analysis
- Select and review local and national examples of preservation activities at the jurisdiction and site levels

### Deliverables
- Brief memo (2-3 pages) of case studies
- Interim presentation to Planning and DHCA staff
We will synthesize findings to create an actionable strategic plan that addresses the region’s affordability preservation needs.

Task 4 | Recommended Strategies for Preservation

### 4.1 Site and Policy Area Prioritization
- Segment and rank at-risk sites, using the inventory/database
- Narrow selection of priority sites and policy areas

### 4.2 Strategy and Recommendations
- Communicate benefits and limitations of existing and potential policies
- Recommend strategy to maximize impact through policy design, layering, and implementation
- Estimate impacts of recommended policies

### 4.3 Final Report and Presentations
- Interim drafts
- Final report
- Final presentation
We will consider a range of current, proposed, and potential strategies.
What does successful housing preservation in Montgomery County look like? Is it about preserving existing units, or preserving overall (net) affordability?

Which tools or strategies have momentum?

How do you expect recent restrictions on development to affect this strategy?