



Montgomery Planning

Countywide Planning and Policy

05/19/2021

HEAT Meeting # 4

Attainable Housing Strategies



HEAT Meeting Agenda

- I. Introductions and Ground Rules (Lisa)
- II. Market Feasibility (Todd)
- III. Preliminary Staff Recommendations (Jason, Ben and Lisa)
- IV. Final Thoughts (Jason)



Planning Staff

Lisa Govoni

Ben Berbert

Zubin Adrianvala

Todd Fawley-King

Jason Sartori

Tanya Stern

HEAT Members

Dave Ager

Liz Brent

Karen Cordry

Amanda Farber

David Flanagan

Tracy Grisez

Ryan Hardy

Bill Kirwan

Gerrit Knaap

Cary Lamari

Jane Lyons

Damon Orobona

Sarah Reddinger

Xiaochen Zhang

HEAT Meeting Ground Rules

1. Lean in. Lean out.
2. Raise your hand to speak.
3. Be thoughtful, creative, and open-minded.
4. Apply your expert knowledge and experiences, provide opinions, and listen to other people's opinions and perspectives and react to them.
5. Listen to understand. Suspend your beliefs to hear someone else's experience.
6. Speak for yourself, not a group, and use "I" statements.
7. **Consider everything we show as a prompt for discussion.**

Custom Home Analysis Objective

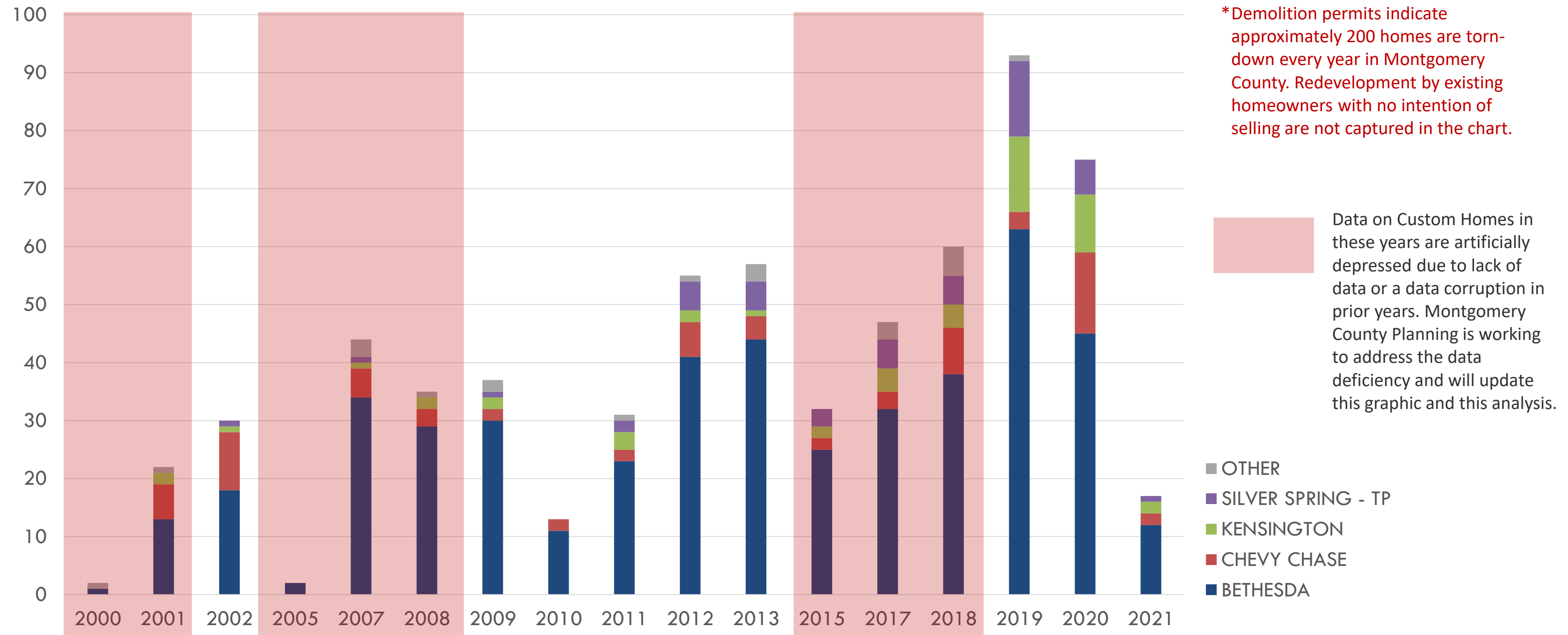
- Montgomery County is already seeing—**by right in zoning**—a lot of teardowns of older small homes and rebuilds as larger more expensive homes in SF neighborhoods.
- These teardown/rebuilds are reducing the supply of more affordable homes, which contributes to higher home prices.
- Maintaining the status quo and not enabling other housing types will not stop this trend.
- It is important to understand the market for Custom Homes to better understand how house-scale attainable housing might become an attractive product for small-scale builders.

Identifying the Custom Home Market

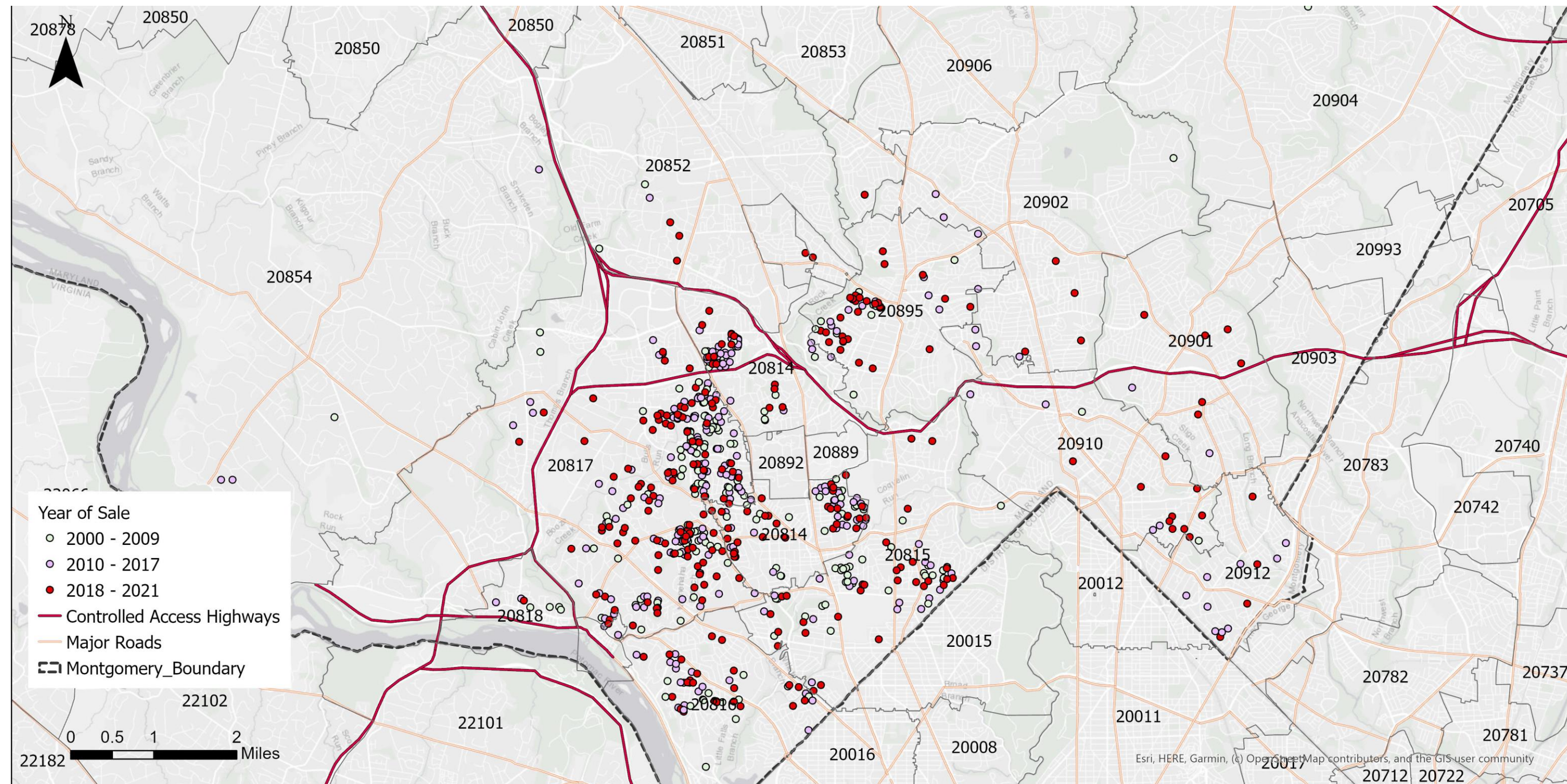
- 125 Custom Homes from review of Montgomery County Newsletter issues from 2018-2021 cross-checked against the SDAT database
- 527 Custom Homes through statistical analysis of Core-Logic data since 2000*
 - Sold twice in 2 years
 - Second sale more than double the first sale
 - Building permit or demo permit or identified in Montgomery County Newsletter
 - Plat recorded more than 2 years before sale of the home
 - Value of initial purchase greater than \$200,000
 - Time between first and second sale greater than 7 months
 - Gross Floor area in year 2000 greater than 0

* Findings currently incomplete due to improper formatting of raw data for 2003, 2004, 2006, 2014, 2016

Concentrated in Bethesda/CC but Increasing in Nearby Neighborhoods



Map of Custom Homes (2000-2021)



Overall Market Statistics

- Average price of Custom Homes was increasing pre-COVID, and has jumped since 2020
- Average size of Custom Homes has been constant*

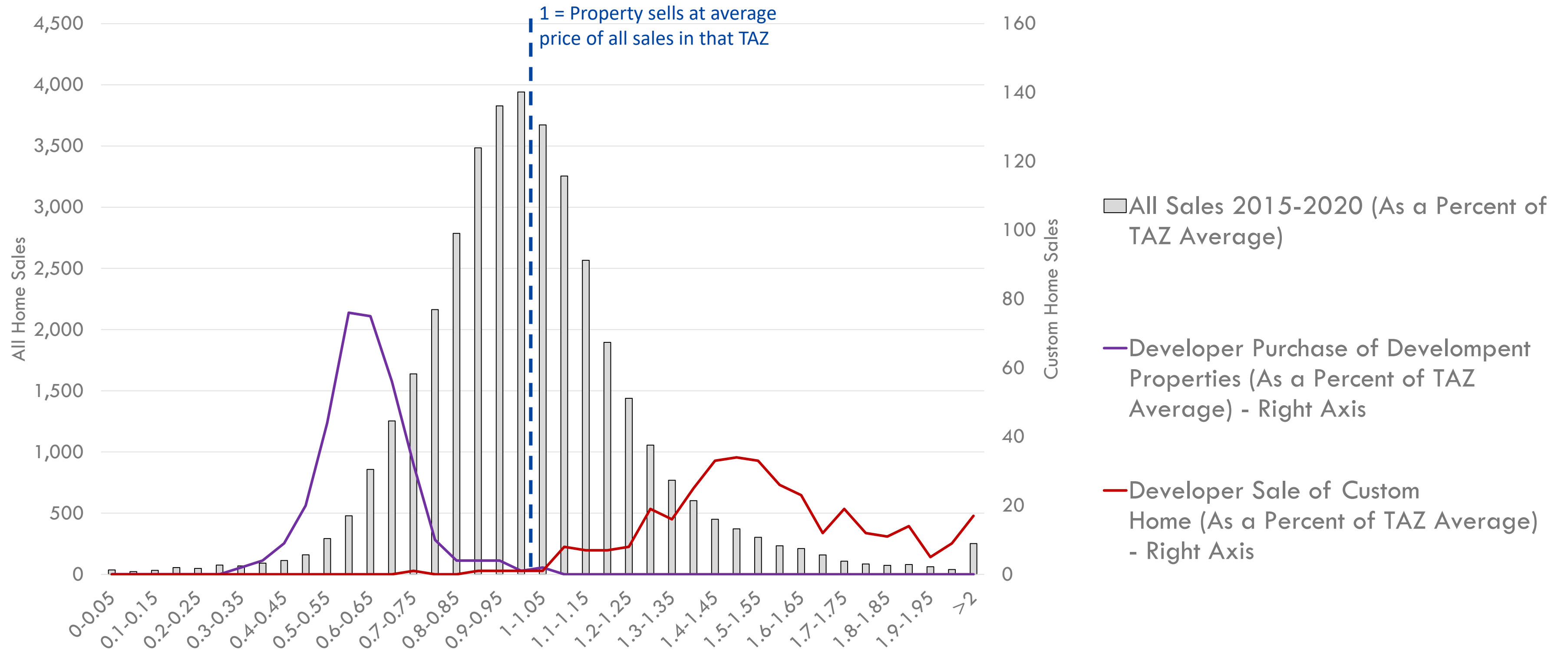
* SDAT does not include the finished basement within the gross square footage. Most Custom Homes include a 1,000-2,000 square foot finished basement.

Row Labels	Number of Sales	Average Sale Amount	Average Gross Floor Area
2000	2	\$632,684	2,814
2001	22	\$840,612	3,255
2002	30	\$962,709	3,564
2005	2	\$1,500,295	3,612
2007	44	\$1,769,520	4,146
2008	35	\$1,581,102	4,237
2009	37	\$1,560,459	4,292
2010	13	\$1,497,721	3,585
2011	31	\$1,469,605	3,601
2012	55	\$1,531,730	3,675
2013	57	\$1,527,720	3,791
2015	32	\$1,527,105	3,670
2017	47	\$1,623,368	3,843
2018	60	\$1,784,275	3,759
2019	93	\$1,704,782	3,788
2020	75	\$1,782,425	3,458
2021	17	\$1,903,040	3,821
Grand Total	652	\$1,588,541	3,769

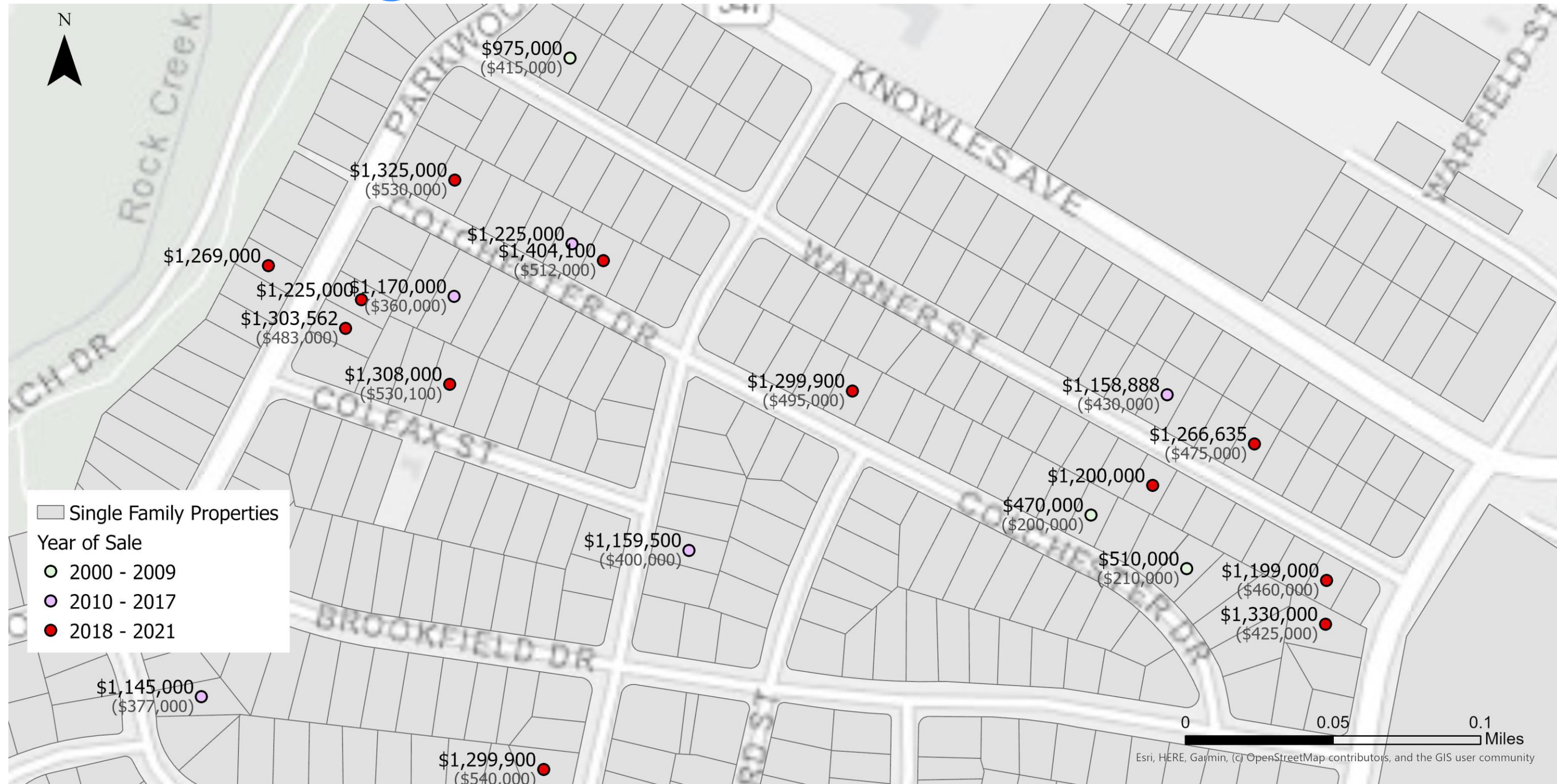
Market Statistics Post-2018

Row Labels	Number of Homes	Average Value of Old Home	Average Sale Amount	Average of Gross Floor Area	Value per SF
CHEVY CHASE	27	\$958,926	\$2,421,752	3,865	\$627
BETHESDA	163	\$749,531	\$1,887,733	3,952	\$493
KENSINGTON	29	\$500,228	\$1,281,750	3,207	\$400
SILVER SPRING - TP	25	\$327,020	\$826,084	2,148	\$385
OTHER	6	\$692,750	\$1,707,000	4,451	\$384
Grand Total	250	\$699,613	\$1,764,610	3,682	\$489

The Conversion: low-cost properties to high-cost properties



‘Tear-Down Street’ Kensington - TAZ 679



24

Custom Homes
built/sold from
2015-2021 in TAZ
679

\$850K

Average home sale
2015-2021

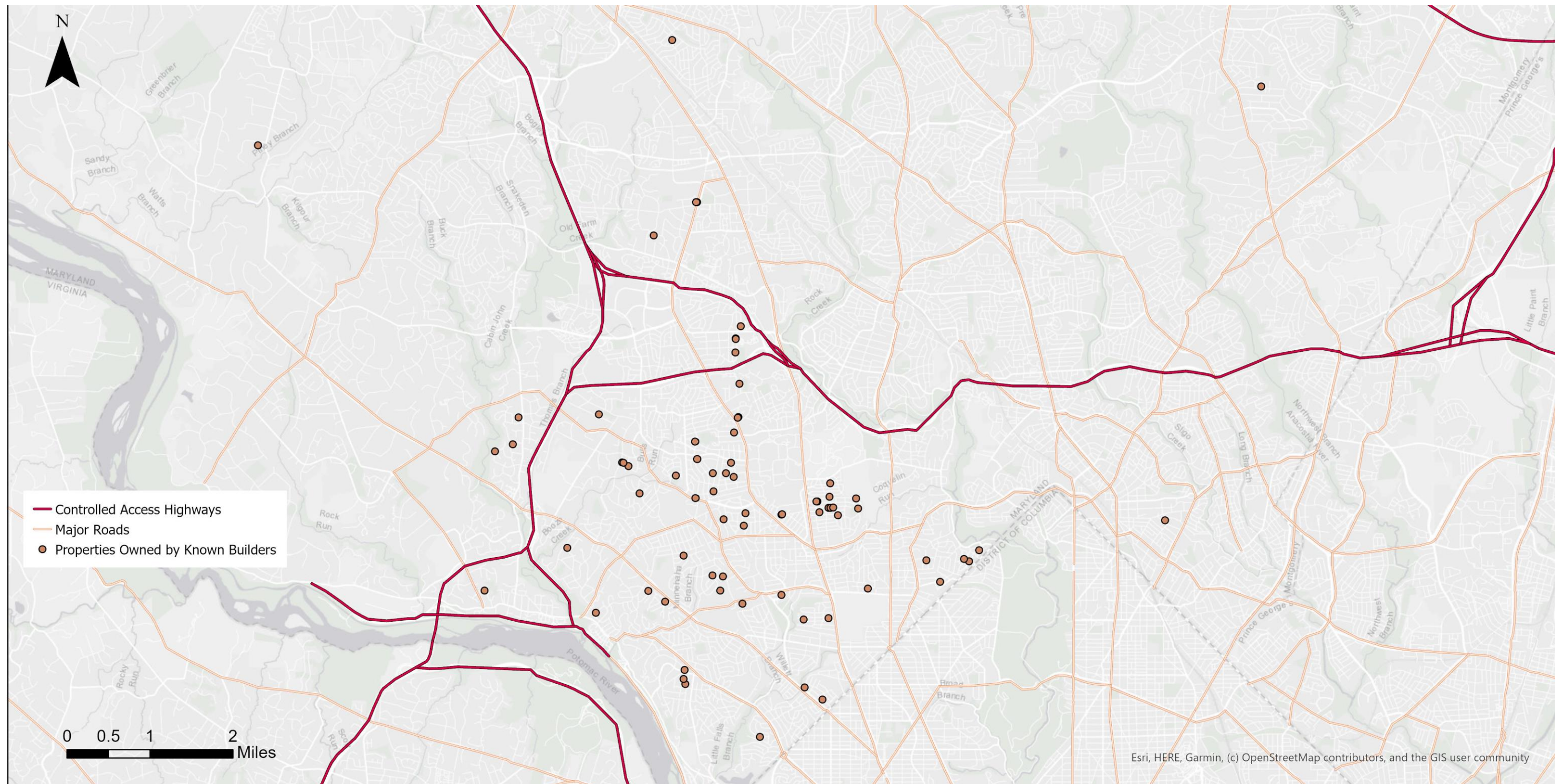
\$510K

Avg. value of
properties acquired
by home builders

\$1.31M

Average sale price
of Custom Homes

Custom Builders will Remain Active



78

Properties currently owned by known custom home builders*

* Many homes are built by one-off LLCs that are not previously 'known' and their activity is not captured on this map

Summary of the Findings of the House-Scale Attainable Housing Market Study

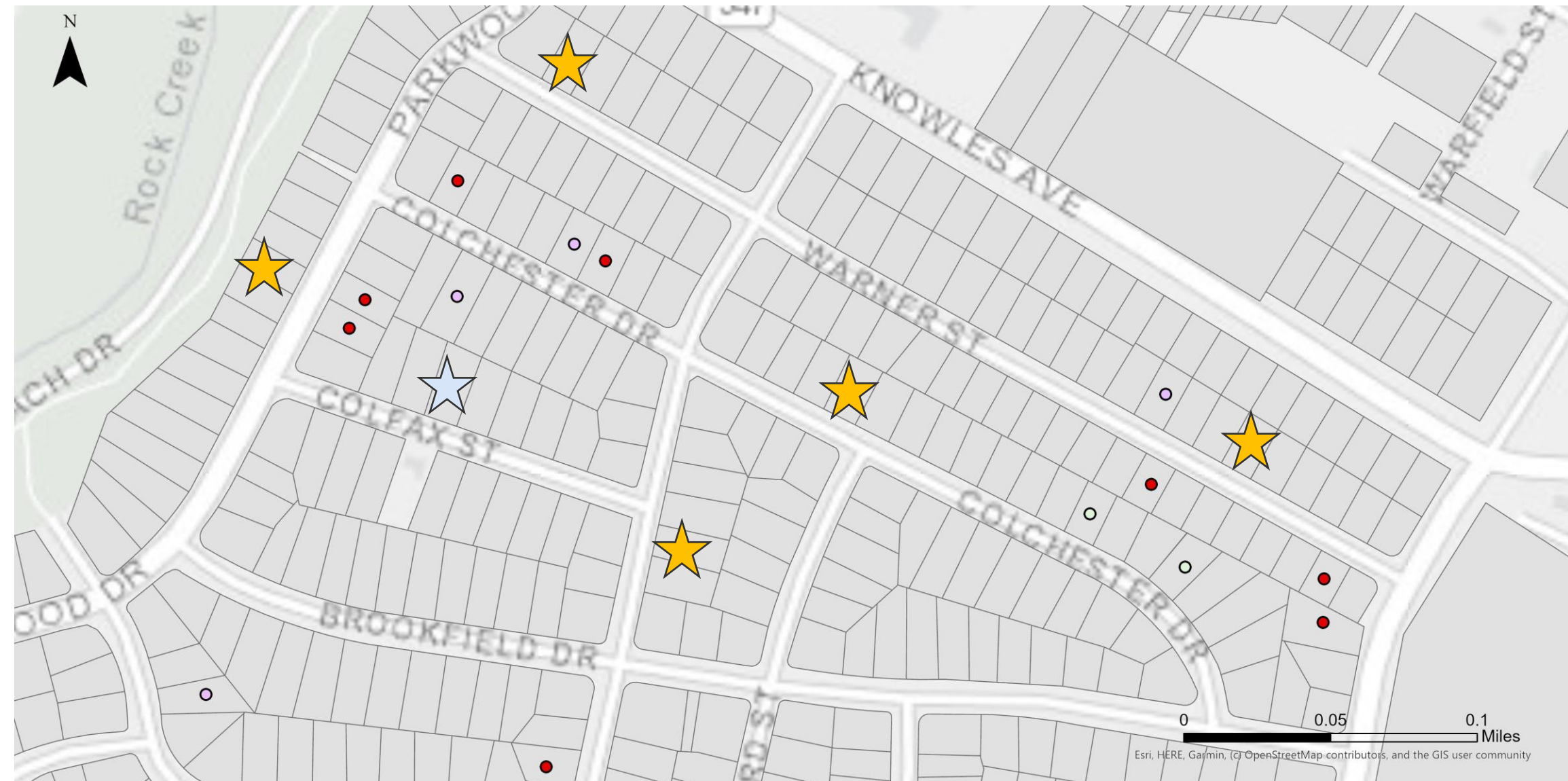
- Redevelopment of existing single-family homes requires a substantial increase in density or value
- No scenario involving house-scaled attainable housing generated sufficient revenue to make ‘widespread neighborhood transformation’ likely
- **However, scenarios involving high-value house-scaled duplexes within the Beltway may generate ‘land budgets’ in the range of 50-75% of the average house sale, and could compete with Custom Home developers for some lower-value properties**
- If no action is taken, over time the existing housing stock in the most desirable neighborhoods will be slowly transformed by-right into larger custom homes that are less affordable
- Enabling the development of house-scaled attainable housing requires substantial changes to the zoning code, subdivision process, and entitlement process. This may more quickly and dramatically change the neighborhood’s physical character

What is the Potential for House-Scaled Attainable Housing?

- Is 5% of Custom Home developments instead becoming house-scaled attainable developments modest success?
- Is 'wild' success 30%?

$$5\% \text{ of } 20 = 1 = \text{★}$$

$$30\% = 6 = \text{★} + \text{★}$$



Questions

- Based on the size of the Custom Home market, have we underestimated the market potential for house-scaled attainable housing?
- Does limited market potential reduce fears about the impacts of house-scaled attainable housing?
 - Utilities
 - Traffic
 - Parking
 - Stormwater
- What can we do to further catalyze development of house-scale attainable housing instead of custom single-family homes (absent by-right zoning)?

Preliminary Staff Recommendations

About Preliminary Staff Recommendations

- These are relatively high-level recommendations
 - Details remain to be worked out
- These are a work in progress
 - Still looking for feedback from the HEAT and community
 - Outstanding questions
 - Things may change
- There is still a lot of process remaining
 - Finalize our recommendations
 - Planning Board review and recommendations
 - Potential Council introduction
 - Official Planning Board review and public hearing
 - Council public hearing, committee and full Council work sessions

Initiative Goals

- Create more opportunities for homeownership for more households in more parts of the county
- Unravel the exclusionary aspects of our single-family residential zones and help to diversify our communities by diversifying our housing stock
- Work toward meeting the county's housing supply obligations and needs

General Recommendations

- Allow *house-scale* duplex and triplexes by-right in certain zones everywhere, and quadplexes closer to transit. Require conformance with a pattern book.
- Create a new optional method of development to encourage consolidation and higher densities near transit and along our growth corridors.
- Generally, update existing residential zones and optional methods of development to include new housing types.
- Support more corridor-focused master plans to evaluate options for even higher density along some growth corridors.

New Buildings and Dwellings

- Add a multiplex as a building type defined as 3 or 4 attached units, for multi-unit living
- Add cottage courtyard living as a household living type defined as small detached houses centered around a common private open space, in detached building types
- Small Apartments?

Defined Geographies

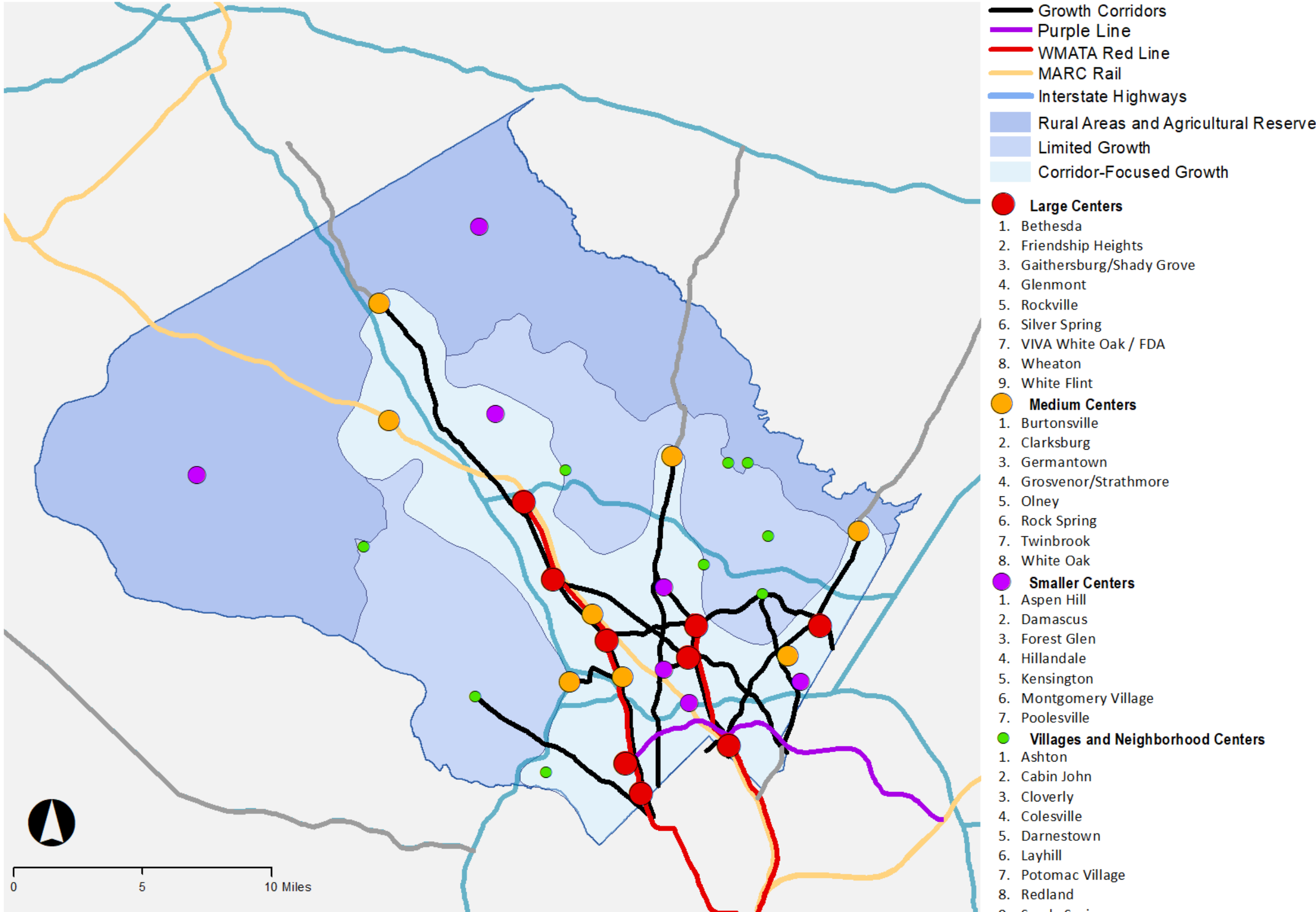
- Focused Growth Area
 - Areas within 1 mile of Metrorail or lightrail station, ½ mile of a MARC station, or ¼ mile of a Growth Corridor identified in Thrive Montgomery 2050
- Optional method applicability
 - Sites within the Focused Growth Area with frontage along an arterial or higher-class roadway, or
 - Sites adjacent to or confronting land zoned a commercial/residential or employment zone, associated with a THRIVE identified center of activity

Defined Geographies

- Reduced Residential Parking District
 - Would reduce parking by 50%, for residential projects in Focused Growth Area
- Growth Corridors
 - THRIVE identified growth corridors
 - Planned BRT corridors, and
 - River Rd south of Potomac, and Connecticut Ave.

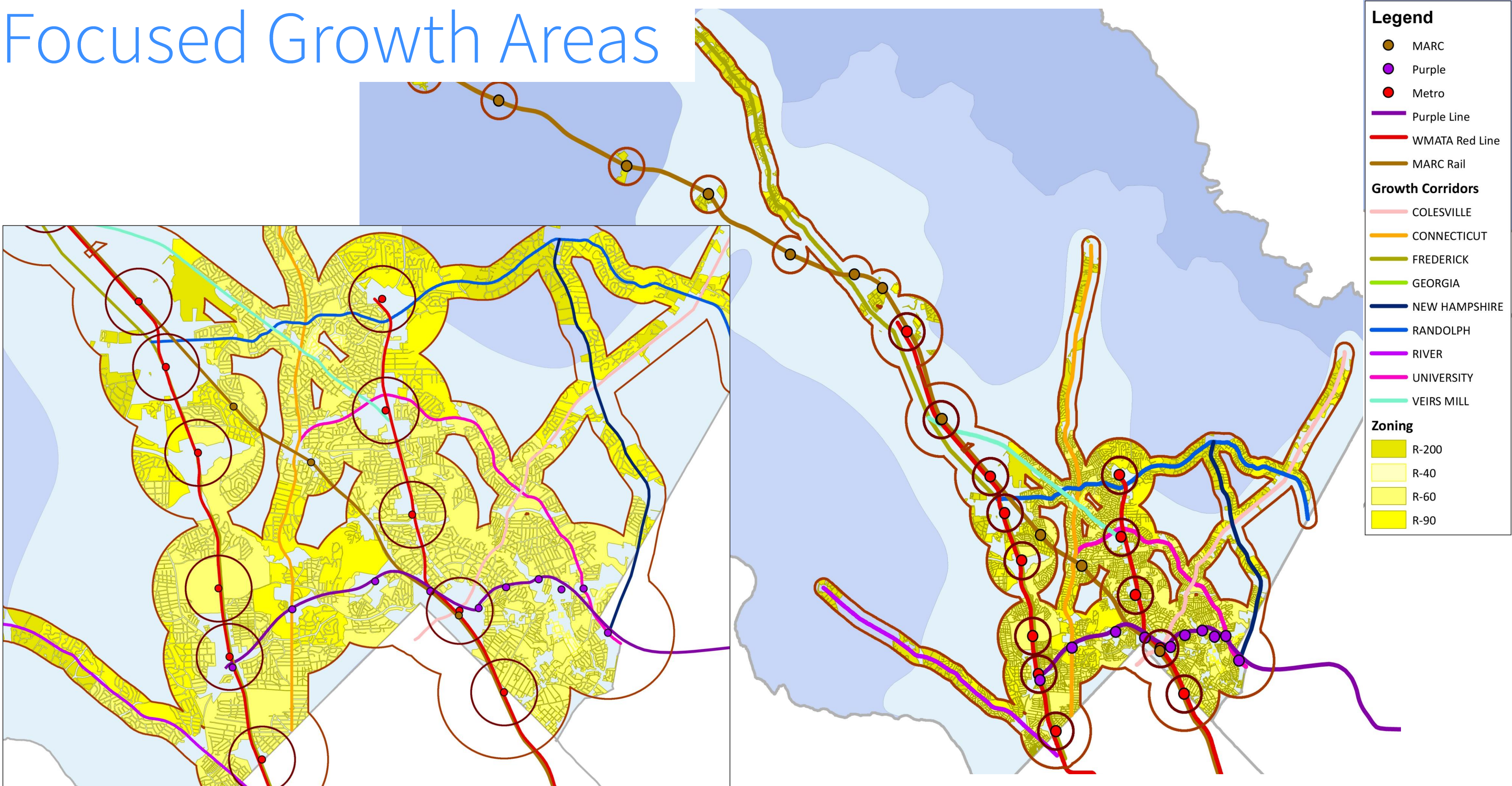
Thrive Montgomery 2050 Growth Map

The Thrive Montgomery 2050 Growth diagram illustrates growth concepts and potential centers of activity, but the diagram should be considered in the context of the Compact Growth and Complete Communities chapters. The centers of activity shown are not exhaustive of all existing or potential centers.



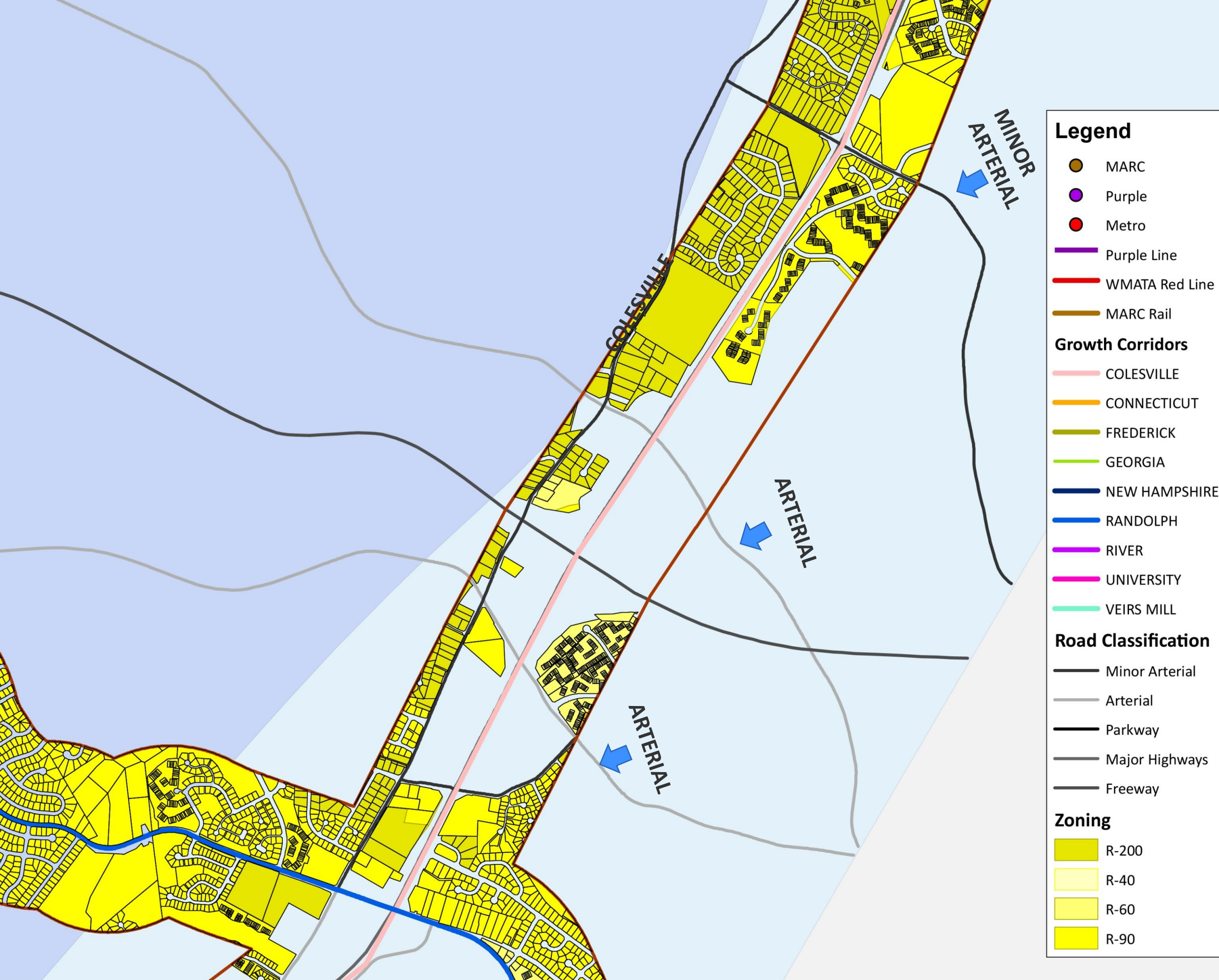
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Focused Growth Areas



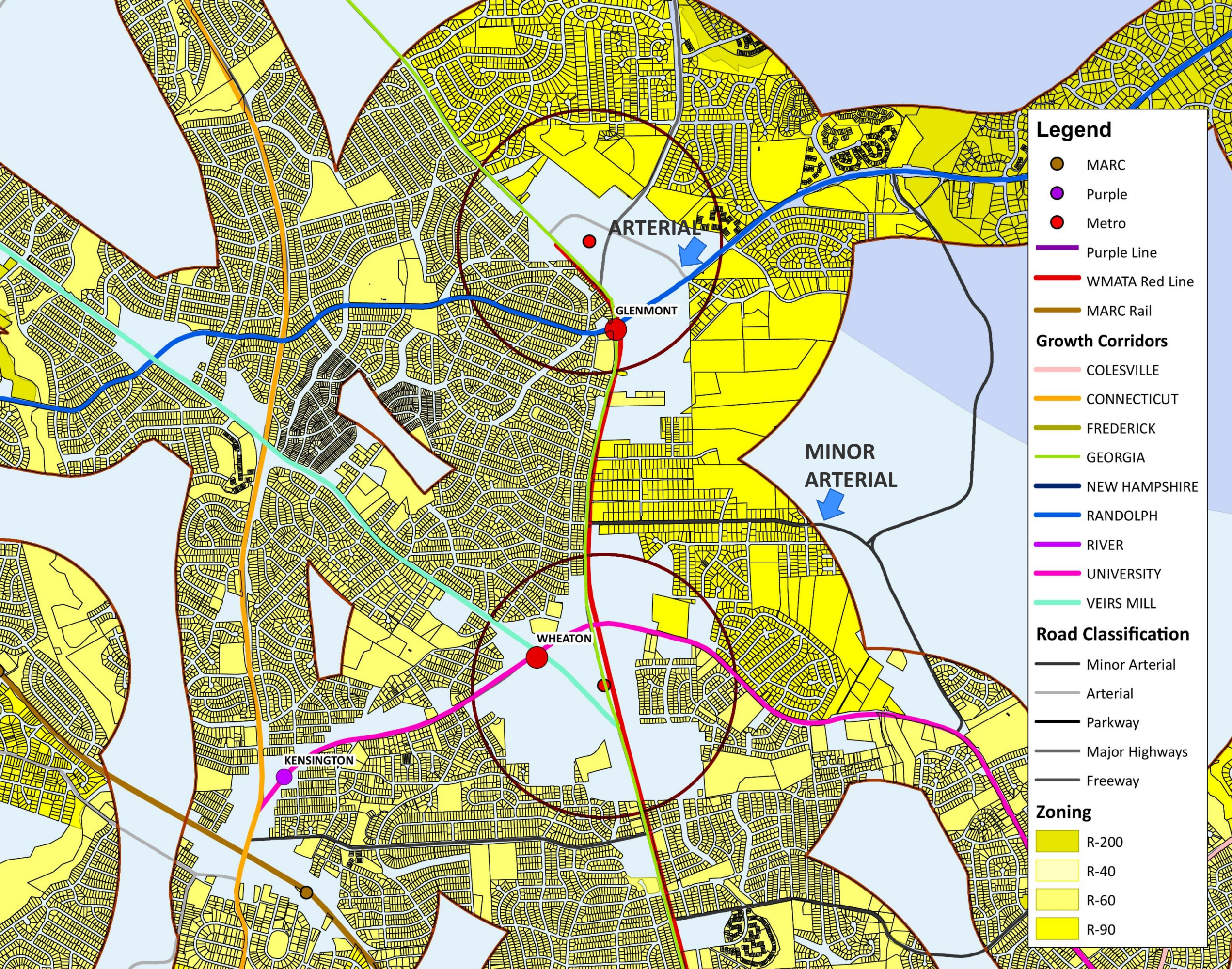
Optional Method Applicability

Sites within the Focused Growth Area with frontage along a minor arterial or higher-class roadway



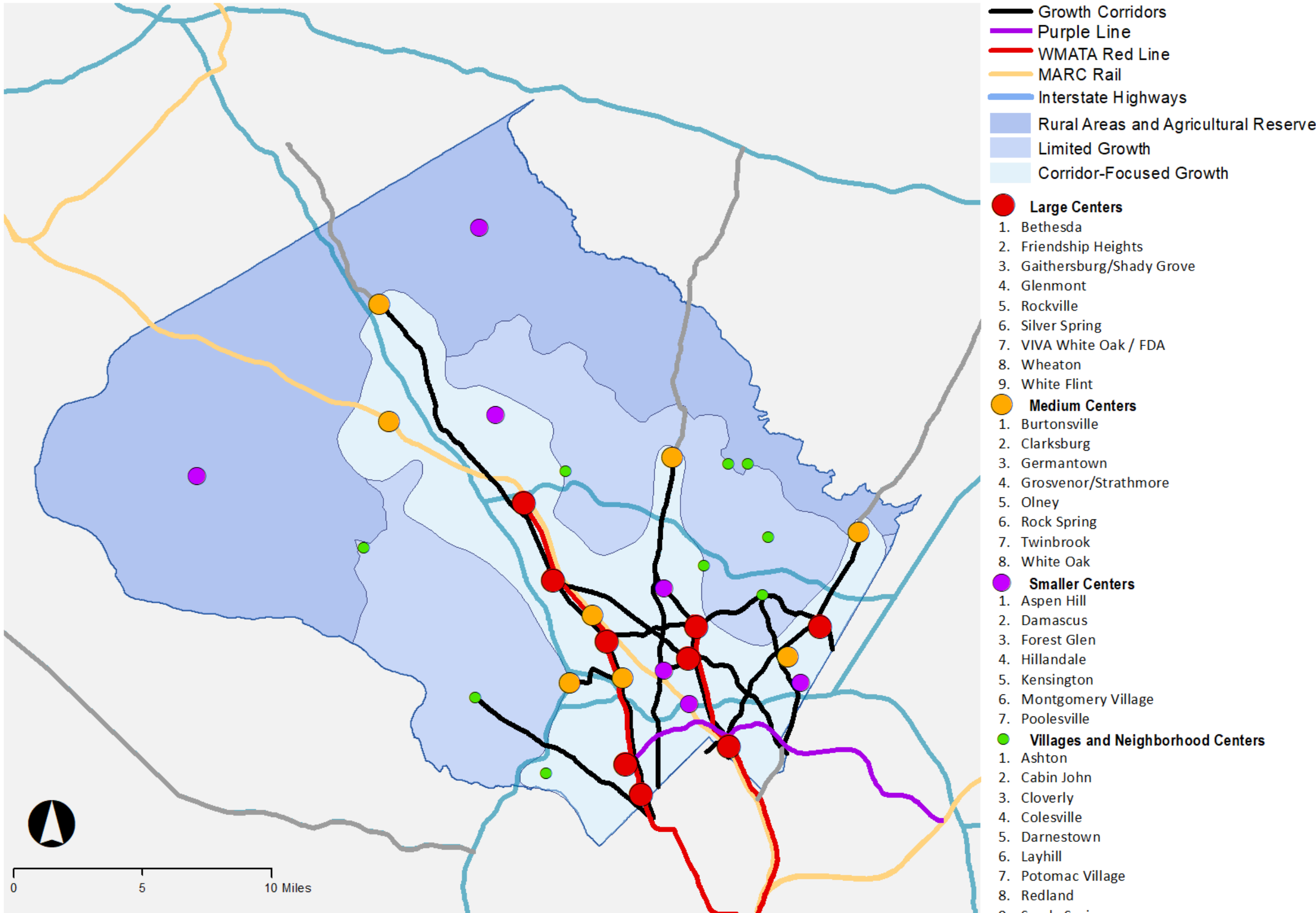
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Thrive Montgomery 2050 Growth Map

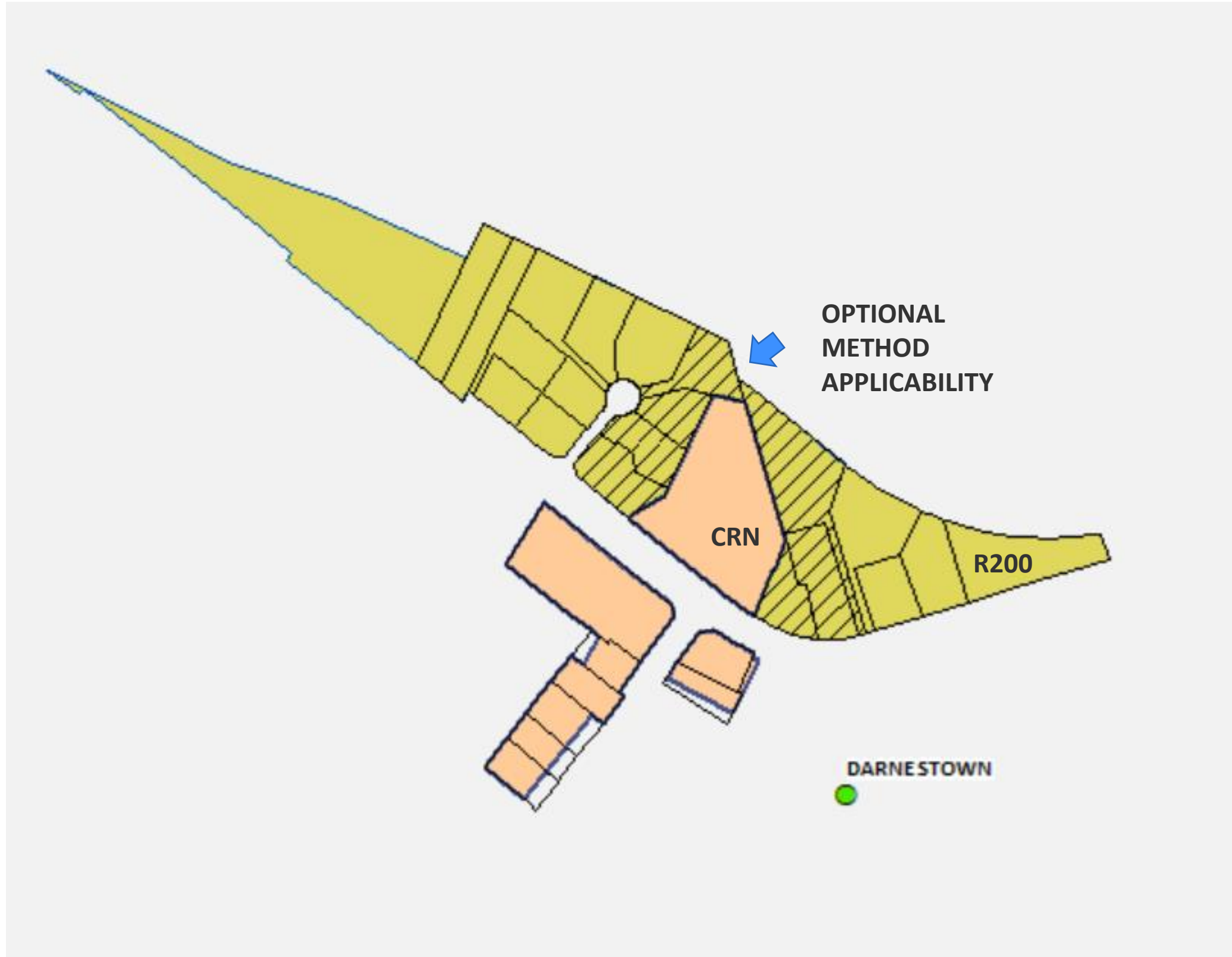
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Optional Method Applicability

Sites adjacent to or confronting land zoned a commercial/residential or employment zone, associated with a THRIVE identified center of activity



Small/Infill Scale

- Make duplex and multiplex buildings for two-unit and three-unit living by-right in R-200, R-90, R-60, R-40, and Townhouse zones everywhere
 - Must follow a pattern book like document for general massing, orientation, scale and parking
- Allow multiplex buildings for four-unit living by-right only within the Focused Growth Areas
 - Some mitigation for concerns over parking
 - Support THRIVE policy of increasing density near our centers of activity furthering the idea of complete communities

Small/Infill Scale

- Limit lot consolidation to no more than the area of 2 detached lots, using a new type of minor subdivision
 - R-200 limit to ~40,000 SF
 - R-90 limit to ~18,000 – 20,000 SF
 - R-60 limit to ~12,000 – 14,000 SF
- Minimal changes to development standards
 - Removing ‘density’ as that is determined by the minimum lot/tract size requirements
 - Adding lot/tract size requirements for duplex and multiplex units
 - Keeping height, front/rear/side setbacks, and lot coverage
 - Establishing maximum unit sizes, based on type of unit proposed.

Attainable Housing Optional Method

- New Optional Method of development that prioritizes creation of smaller, more attainable dwellings than typically found with existing optional methods of development.
- Minimum tract area larger than that allowed for by-right projects
- Maximum average unit size, per each unit type
 - Attainability is most easily regulated through unit size; smaller units will cost less than larger units
 - Maximum unit size for AHOM will be smaller than the maximum unit size allowed for by-right, to create better attainability in exchange for the increase in density

Attainable Housing Optional Method

- Density in the 12-16 units/acre range, based on the underlying zone
- Density bonuses available depending on how far below the maximum average unit size
- Building types include detached for cottage courts, duplex, multiplex, townhouse, apartments
- Site Plan review

Medium/Transition Scale

- Achieved through an optional method of development
- Site Plan required
- Minimum tract size picks up where the by-right small-scale maximum tract size stops.
 - Likely for sites with ‘smaller’ tracts that qualify for the optional method
- Duplex, multiplex, cottage courtyard housing and shorter townhouses as allowed building types.
- Within Focused Growth Areas, fronting arterial highways or adjacent to centers of activity

Large/Corridor Scale

- Same as medium scale regarding process and geography
 - Likely on larger tracts which have more access to density to develop larger building types
- Includes duplexes, multiplexes, cottage courtyard housing, shorter townhouses, taller townhouses, stacked flats and apartments
- Recommendation to use future corridor master plans to consider rezonings in certain locations for additional development intensity.

Parking

- Reduce parking required for duplex and multiplex to one space per dwelling (down from 2 for most housing types), and set parking for cottage court to 1 space per dwelling
- Further parking reduction in Focused Growth Area would reduce parking to 1 space per 2 units
 - Focused growth is closest to transit and closest to existing centers of activity where more trips can be taken by transit, foot or bike
 - Parking is still a 'minimum' and more may be provided

Subdivision

- Minor Subdivision added for the creation of lots for duplexes and multiplexes in certain residential zones
 - Limited to the splitting of existing lot into lots, or
 - Consolidation and creation of new lots from existing lots, up to the square foot limit set in the zoning for by-right developments

Attainable Housing Strategies Timeline

Major Events/Milestones	
March 24	HEAT Meeting #1
March 29	Community Meeting #1
April 9	Virtual Office Hours
April 14	HEAT Meeting #2
April 21	Community Meeting #2
April 27	Virtual Office Hours
April 28	HEAT Meeting #3
May 13	Planning Board Briefing
May 19	HEAT Meeting #4
June 2	Community Meeting #3
June 3	Virtual Office Hours
June 14	Social Media Day
June 24	Planning Board Briefing and Public Comments
July	Planning Board Worksessions
Fall	Potential Council Action