

# Montgomery County Housing Needs Assessment

## *Scope of Work*

**Timeline:** FY 2026 (July 2025 – November 2026)

**Lead Division:** Design, Placemaking, & Policy Division – Housing, Zoning and Infrastructure Section

## I. Purpose

A Housing Needs Assessment (HNA) is a study that looks at who lives in the county, the types of homes they need, and what housing is currently available. It also projects how those needs may change in the future, helping the county identify gaps—such as a lack of affordable homes or the right types of housing—that must be addressed. This assessment will update a similar study completed in 2020 and will serve as a technical foundation for a potential future Housing Functional Plan, which will guide the implementation of the housing goals outlined in *Thrive Montgomery 2050* (Thrive 2050).

The Housing Preferences Survey, a statistically valid survey designed to capture resident perspectives on housing preferences, while also understanding housing tradeoffs and priorities, will complement the HNA. Together, the HNA and survey will provide a more complete understanding of the measurable housing need in the county as well as community-defined demand for various types of housing. This information will objectively inform future land use strategies, housing policies, and investment decisions.

## II. Background

Montgomery County’s last Housing Needs Assessment (HNA) was completed in 2020 using data through 2018. Since then, housing conditions have shifted significantly, with trends accelerated by the COVID-19 pandemic and a changing federal policy landscape. During this time, Montgomery County also adopted *Thrive 2050*, which affirms housing as both a fundamental human right and a central element of equitable, sustainable growth, underscoring the need for updated data and analysis.

This HNA will provide updated analysis, offering a current and forward-looking understanding of housing needs to inform future policy decisions and the development of a potential future Housing Functional Plan. It will build on previous studies, including the Rental Housing Study, Older Adult Housing Study, Missing Middle Housing Study, Preservation of Affordable Housing Study, and Local Housing Targets Project, as well as data from other agencies such as the Department of Permitting Services (DPS) and the Department of Housing and Community Affairs (DHCA).

### III. Approach

The Housing Needs Assessment will be organized into three major analytical components:

- A. Analysis of Current Housing Conditions and Trends;
- B. Housing Gap Analysis; and
- C. Projections of Future Housing Demand

Each component will include a focused set of research areas, supported by relevant data sources and methodological approaches. This structure is designed to provide a comprehensive, data-driven foundation for future housing policy and planning efforts in Montgomery County.

#### A. Analysis of Current Housing Conditions

This component of the assessment will develop a portrait of Montgomery County's current housing landscape. It will look at who lives in the county, what kinds of homes are available, the affordability of renting or buying, and how housing conditions differ across neighborhoods. Special attention will be given to the housing needs of vulnerable populations, including low- and moderate-income households, homeless populations, older adults, people with disabilities, and racial and ethnic minority groups. The analysis will also include a comparison to regional housing conditions in peer districts.

Topics of analysis could include, but are not limited to:

- Household composition, tenure, and income distribution
- Availability and characteristics such as type of housing, size, and price points for rental and ownership units
- Cost burden by income, tenure, and race/ethnicity
- Housing that is aging, overcrowded, has significant maintenance problems or code violations, or where residents may be vulnerable to displacement
- Housing production trends and development patterns over time
- Rates and characteristics of homelessness, including sheltered, unsheltered, and doubled-up households

The assessment will consider how these conditions interact to shape access to housing across the County.

## B. Housing Gap Analysis

This section will estimate the current shortfall in housing availability relative to the needs of Montgomery County households, particularly by income and household size. The analysis will quantify how many units (both rental and owner units) are needed at each income bracket to adequately house residents and identify where affordable units exist but aren't realistically accessible due to factors like competition from higher-income households, lack of appropriate unit sizes, or location challenges across different parts of the county.

Planning staff will review prior gap analyses conducted in Montgomery County and draw on national methodologies from the National Low Income Housing Coalition (NLIHC) and U.S. Department of Housing and Urban Development (HUD). Based on this review, the team will define and document a locally appropriate housing gap analysis strategy. The analysis will categorize units based on the income needed to afford monthly housing costs. It will also compare the availability of units at various price points to the number of households in corresponding income brackets, factoring in household size and renter or owner occupancy. Results will be disaggregated and mapped to show geographic disparities in housing need.

## C. Projections of Future Housing Demand

This section will estimate how housing needs are likely to evolve through 2050, based on regional growth forecasts, shifting household characteristics, and development capacity. Montgomery Planning will partner with the National Center for Smart Growth (NCSG) to produce forecasts based on data from the Metropolitan Washington Council of Governments (MWCOG) and Woods & Poole. These forecasts will show how demand for different types of housing may change over time.

NCSG will also prepare a research brief identifying broader forces likely to shape housing demand in the County, including remote work, demographic shifts, immigration, and changes in the federal workforce, drawing on literature, regional trends, and economic indicators.

## IV. Data Sources and Methodology

The Housing Needs Assessment will draw on a variety of data sources to support analysis across all components. These include, but are not limited to:

- American Community Survey (ACS) 2023 5-Year Estimates
- American Community Survey (ACS) 2023 1-Year Estimates
- American Community Survey (ACS) PUMS Microdata

- Decennial Census (2010 and 2020)
- HUD Income Limits
- HUD Point-in-Time (PIT) Counts
- HUD Comprehensive Housing Affordability Study
- CoStar (rent levels, vacancy, property characteristics)
- SDAT (parcel-level data on property characteristics)
- Zillow (home price and sales data)
- DHCA data (regulated affordable units and code enforcement)
- DPS data (building permits)
- MWCOG Round 10.0 Cooperative Forecasts
- Woods & Poole econometric forecasts
- Montgomery Planning’s zoning capacity and development pipeline data

The assessment will use cross-tabulations of demographic and housing indicators, spatial and statistical analysis, and time-series comparisons. Indicators will be analyzed at the county and tract levels with attention to race/ethnicity, income, renters and homeowners, age, and household type. Cost burden will be calculated using HUD standards (30% and 50% thresholds), and affordability will be evaluated relative to AMI. Mapping and analysis of permit and property data will highlight trends in development and concentrations of at-risk or aging housing.

The housing gap analysis will apply the selected methodology to estimate current shortfalls, with unit availability categorized by affordability and adjusted for household demand. Results will be mapped and analyzed for geographic and demographic disparities.

For housing demand projections, NCSG will provide five-year incremental forecasts of net new households through 2050, using MWCOG and Woods & Poole projects as the foundation. These forecasts will be compared to past housing production trends to identify growth patterns and gaps. Drawing on detailed Census and economic data, NCSG will break down projected demand by income, household size, renters vs homeowners, age, and housing type by analyzing how these factors have influenced demand in the past and applying those patterns to future estimates. NCSG will also prepare an exploratory brief summarizing broader economic and policy shifts, such as remote work, demographic changes, and federal employment trends, that could affect housing demand over time.

These methods, along with the Housing Preferences Survey, will produce a rigorous and accessible foundation to inform a future Housing Functional Plan and long-term housing strategy.

**Tasks**

1. **Internal Team Alignment**
  - a. Identify roles and responsibilities across the Housing, Zoning, and Infrastructure section and other relevant Planning Department teams.

- b. Coordinate with DHCA, Council Central Staff, the National Center for Smart Growth (NCSG), and other County agencies involved in housing policy or data, as needed.
  - c. Finalize internal workflow for managing deliverables, drafts, and check-ins.
  - d. Coordinate with Montgomery Planning's Communications Division to outline communications needs.
- 2. Project Kickoff:**
- a. Hold a kickoff meeting(s) with internal staff and NCSG to review the approved scope, refine the analytical approach, and confirm the detailed work plan.
  - b. Establish cadence for monthly check-ins and data sharing protocols with NCSG and other partners.
- 3. Data Collection, Analysis, and Projections:**
- a. Compile and clean datasets from ACS, CoStar, SDAT, Zillow, DHCA, DPS, MWCOG, and internal sources.
  - b. Conduct current conditions analysis: demographic trends, market conditions, cost burden, and availability/access challenges.
  - c. Conduct housing gap analysis: select methodology, categorize units by affordability, estimate gaps, and visualize results.
  - d. Coordinate with NCSG on housing demand projections; provide baseline inputs as needed.
- 4. Interim Check-Ins:**
- a. Host monthly internal progress meetings and coordinate monthly check-ins with NCSG.
  - b. Share interim findings (e.g., cost burden maps, initial gap estimates) with internal staff for review and feedback.
  - c. Adjust the approach or timeline based on emerging data needs or new policy direction.
- 5. Synthesis and Preliminary Findings Development**
- a. Summarize key takeaways from each analysis component, validate findings, and prepare early narratives, visuals, and tables.
  - b. Identify gaps for follow-up and prepare for draft writing.
- 6. Engagement/Internal Briefings**
- a. Share preliminary findings with Planning Department leadership and other key internal stakeholders as appropriate.
  - b. Use this opportunity to gather early feedback on emerging data storylines, potential policy implications, or framing considerations.
  - c. Prepare and deliver an initial presentation to the Planning Board.
- 7. Draft Report and Presentation Development:**
- a. Prepare a full draft of the Housing Needs Assessment, including data visualizations, summary tables, and narrative.
  - b. Circulate internally for review and feedback.
  - c. Develop summary slides for the Planning Board and Council presentations.
- 8. Final Presentations:**

- a. Present final results to Planning Board and the County Council.

**9. Final Report Production:**

- a. Revise the draft based on internal and stakeholder feedback, including feedback from the Planning Board and County Council.
- b. Finalize report formatting, figures, and accessibility.
- c. Produce a summary version and publish to the Montgomery Planning website, alongside an updated webpage describing project methodology, timeline, and findings.

**Consultant Support**

- Consultants will be engaged to assist with a complementary housing preferences survey effort and the housing projections portion of this scope of work.
- Core work (data collection, analysis, coordination) can proceed in parallel while the consultant scope is finalized and onboarded.

**Staffing**

- Planning Staff from the Housing, Zoning, and Infrastructure team will manage the project. Roles will be determined during task 1: internal team alignment.

**Communications and Public Facing Materials**

- Planning Staff from the Housing, Zoning, and Infrastructure team will collaborate with staff from the Communications Division to:
  - Develop approved messaging that includes potentially sensitive or “tricky” questions;
  - Create a project webpage located on Montgomery Planning’s housing site;
  - Prepare accessible content for the webpage, including plain-language explanations, visuals, and FAQs;
  - Coordinate logo treatment and branding for the HNA and Housing Preferences Survey; and
  - Support the creation of summary materials to help explain the findings of the HNA once complete.