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THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
Office of the Chairman, Montgomery County Planning Board

CHAIRMAN REC'D
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November 29, 2004

Dear Workforce Roundtable Invitee:

As you know, the Montgomery County Planning Board and the Fannie Mae Corporation convened a Workforce Housing Roundtable for more than 70 business leaders in Montgomery County on November 10th. The Roundtable focused on the desirability of promoting employer assisted housing in both the public and private sectors in Montgomery County.

The response to the Roundtable was exceptionally positive and certainly sparked extensive interest in the development of employer assisted housing programs to help alleviate the serious need for affordable workforce housing here in the county.

We realize your busy schedule prevented you from attending the Roundtable. Knowing your interest in this issue, we want to provide you with three reference documents: a copy of the Meeting Notes, a Press Release, and an information brochure entitled, *Housing Montgomery... Housing the People Who Make Montgomery County Work*. Additional copies of the information brochure are available for your workforce and/or business colleagues free of charge. Please call Melissa Cuñha Banach, Chief, Strategic Planning, at 301-495-4509, if you would like additional copies.

If you have questions regarding workforce housing and employer assisted housing, please feel free to contact me.

Sincerely,

Derick P. Berlage
Chairman

Enc: Meeting Notes
News Release
Housing packet



WORKFORCE HOUSING ROUNDTABLE
Employers Seeking Solutions
Wednesday, November 10, 2004

MEETING NOTES

STRATEGIC PLANNING DIVISION
MONTGOMERY COUNTY PARK AND PLANNING DEPARTMENT
301.495.2118



WORKFORCE HOUSING ROUNDTABLE
Employers Seeking Solutions
Wednesday, November 10, 2004

The Montgomery County Planning Board and Fannie Mae convened a Workforce Housing Roundtable at Brookside Gardens on November 10, 2004 to find solutions to the need for housing that is affordable to those who work in Montgomery County. More than 70 business leaders in the County participated in the Roundtable. The program focused on the desirability of promoting Employer Assisted Housing (EAH) programs in both the public and private sectors.

The Meeting Notes highlight each presentation and follow the outline of the Roundtable; the notes are not a verbatim transcription.



MEETING NOTES

I. WORKFORCE HOUSING NEED

Charles Loehr, Director, Montgomery County Department of Park and Planning *Historical Perspective of Employer Assisted Housing*

- In the 1980's, a number of public and private sector employers began to provide housing assistance as a personnel benefit to non-management workers in jurisdictions where housing costs were increasing faster than wages.
- These housing efforts by employers evolved in jurisdictions where housing costs force employees to live further and further away from their jobs and where employers were challenged by employee attraction, retention, and productivity problems. These housing activities by employers in the 1980's, have been viewed as supportive of corporate and community goals, as well as workers' aspirations.
- More recently, government, labor unions, foundations, housing providers, and lending institutions have begun to explore ways and means to work together to encourage more employers to provide housing benefits to their employees.
- Recent workforce housing efforts throughout the United States have now attained such size, significance, and visibility as to warrant further exploration for possible application here in Montgomery County.

Steve Silverman, President, Montgomery County Council *Why Do We Need Workforce Housing?*

- Housing is too expensive for many who work in Montgomery County. Sixty-three percent of our households earn less than \$100,000. Since 1996, the average wage in the county has increased by 32% but the median price of new townhouses increased 64%. One-third of our employees live outside the county and an even greater proportion of our county employees live outside the county. We are sending the message that we want you to work here, protect us, teach our kids, but go find a house elsewhere.
- When a family earning \$100,000 a year can't afford to live in Montgomery County, there is something wrong. We have a workforce housing crisis when the median price of a new house is \$640,400.
- In White Oak, new "luxury" townhouses went on the market in the \$400,000 price range six months ago. Three weeks later the price rose to the \$500,000's and they are now selling for \$560,000. This is in an older neighborhood of three bedroom split levels, built in the 1950's, and assessed last year for \$330,000.

- This situation is exacerbating traffic congestion and creating recruitment and retention problems – for both for public and private employers. At a recent MPDU hearing, the County Council heard that Adventist Hospital is doing everything possible to recruit and retain nurses – giving scholarships, increasing pay – but nurses still can't afford housing. This problem extends to other medical professionals as well. Many Montgomery County workers are forced to "drive until they qualify" for a mortgage!
- The county expects 100,000 new jobs by 2020 – many will be lower or moderate paying service and support jobs. Even with more than one worker in a household, these workers will not earn enough to buy a house in the county. If you are lucky, you may be an MPDU lottery winner. However, if you are a teacher and married to a teacher, you will earn too much to qualify for an MPDU and you still can't afford to buy house!
- Much of the county's workforce is reaching retirement age. As these employees retire and have to be replaced, new employees hired to fill these vacancies will be especially challenged to find housing, since they will most likely begin their career at lower salaries than those they are replacing, they may not be in dual income households, and they will be facing a much more competitive housing market than employees hired 20 or 30 years ago.

What is the County Council's Housing Agenda?

- Last year the Council adopted an Action Plan for Housing with seventeen initiatives, including refining the MPDU Program. There is no silver bullet to the housing problem. We need to continue to expand our housing toolbox.
- Montgomery County sets a national example with our MPDU policies, proposed refinements include: extending the MPDU timeframe for price control – a 30 year timeframe instead of 10 years; insuring that MPDU's are built in the downtown areas by balancing Master Plan recommendations with urban development standards for downtowns; and making sure affordable and workforce housing is at forefront when deciding between competing interests. We can create a balance between community concerns and development.
- The county is committed to developing workforce housing on county owned land. It isn't easy; there is always neighborhood opposition to using vacant land. It will be a challenge. Land is a commodity, a resource, and an asset to use to help address the workforce housing problem. The county can partner with our profit and non-profit housing providers to move us closer to a solution.
- It took leadership in the 1970's to create the innovative MPDU Program. Now, everyone, the unions, business and civic communities, needs to come together to welcome those who don't make six figure incomes. We are at that crossroads. We can make a huge difference in peoples' lives and business bottom lines and make a Montgomery County a place we can be proud of.

II. WORKFORCE HOUSING AND MONTGOMERY COUNTY'S ECONOMY

Anirban Basu, Chairman and CEO, Sage Policy Group

The Bottom Line for Employers: Why Workforce Housing Makes Good Sense,

Workforce and Affordable Housing Defined

- Politicians should broaden their definition of workforce housing. Sage Policy Group defines workforce housing as housing that is affordable to public service or quality-of-life occupations, qualified by those who earn less than 80% of the median MSA wage. Examples include: administrative assistants, postal workers, mechanics, teachers, social workers, police officers, firefighters, nurses, child care workers, EMT's, etc. It is differentiated from *affordable housing*, which is housing for low- and very-low incomes.
- Affordable housing is housing that corresponds in price to the Department of Housing and Urban Development's cutoff for homeownership vouchers. In 2003 the Poverty Guideline for a family of 4 was \$18,400. Affordable housing does not encompass workforce housing.

Importance of Homeownership

- Homeownership is a recognized goal by both the government and public and is very important in wealth creation.
- Individuals recognize homeownership as desirable. 81% find homeownership to be a positive experience while only 31% of renters find renting to be a positive experience.
- Most renters are not renters by choice.
- A lower income homeowner has a net wealth of \$50,000 while the typical low income non-homeowner has a net wealth of \$7,900.
- Higher income homeowners have a smaller proportion of their net wealth in home equity than lower income homeowners.

Homeownership Rates

- In Maryland rates dipped to 63% in the mid 80's, and rose to an all time high last year at 72%. They have since fallen slightly.
- Maryland's homeownership rates in 2003 were below those of neighboring states.

Factors Contributing to Lack of Housing Affordability in Maryland Include:

- Housing prices have appreciated much more than average weekly earnings. In 2003 year, Maryland ranked sixth nationally in home price appreciation. Housing prices in Maryland appreciated 16% while the national average was about 10%.

- Our region ranks high nationally in the increase in sprawl, the proportion of income spent on housing, and the amount of time spent commuting – all factors which impact negatively on affordable, convenient housing for our workforce.
- A lack of new housing can contribute to rising housing costs. Building permits for housing in Maryland have declined in the past two years (while increasing nationally). Last year new housing permits declined in Maryland by 13% while nationally permits increased by 13%.
- Mortgage rates affect the accessibility of housing purchases. Although mortgage rates are still low, these low interest rates won't remain in place forever. Factors that suggest that rates will change: the economy is improving, demand for money increasing, money supply growth is decreasing, growing Federal deficit, and falling U.S. dollar.

Commuting, a Workforce Issue

- The Washington Metro region ranks 4th nationally in the increase in sprawl between 1970 and 1990 and ranks third in the percent of income spent on housing (38%).
- Maryland's roads are congested and many are in poor condition. The state has the 2nd longest commuting time and the 2nd highest highway congestion in the nation. The annual delays per peak traveler, annual excess fuel consumed per peak traveler and annual congestion costs per peak traveler have all increased dramatically.
- Oil prices have continued to increase – increasing commuting costs. Almost one-half of our oil imports nationally come from OPEC countries.

Housing Affordability

- Police, elementary teachers, fire fighters, social workers, security guards, LPNs, School bus drivers, child care workers all earn less than 60% of the income needed to purchase the median priced home in Maryland. The gap widens in Montgomery County – the highest of the group earn 40% of the income needed.
- Employers tend to locate where their employees can find housing—the counties with the greatest employment growth are generally more affordable.
- Average weekly earnings have consistently decreased while housing price appreciation is steadily increasing.
- Most of Montgomery County's expected new jobs will be relatively low paying jobs. (In descending order, new jobs are expected to be: retail, general and operations managers, cashiers, waiters and waitresses, laborers, food prep and serving workers, computer software engineers, computer analysts, janitors and office clerks.)
- The following cannot afford the median home in Montgomery County: a firefighter and a police officer, a middle school teacher and a librarian, a registered nurse and an EMT.

But they could afford the median home in Prince George's, Frederick or Jefferson County, WV.

Workforce Housing Solutions

- Increase housing supply and affordability
 - a change in development patterns resulting in more density.
 - Increase availability with programs such as EAH that help employees buy housing.

Derick Berlage, Chairman, Montgomery County Planning Board ***A Workforce Housing Perspective***

- The Planning Board was tasked by the County Council to look at how we can increase the supply, mix and affordability of housing in Montgomery County. We realized early that the government could not solve this by itself, we need to partner with employers.
- The Park and Planning Department has about 900 employees working in Montgomery County. Affordable housing, like charity, begins at home. The Planning Board has taken a leadership role in addressing the critical need for housing for its workforce.
- The Planning Board recently announced an Employer Assisted Housing (EAH) Program to make more housing available to its workers in Montgomery County. With the technical assistance of Fannie Mae, we developed the first government sponsored employer assisted housing program of its kind in the county.
- The EAH Program provides all employees with a financial education program and provides lower paid employees with access to rent park houses. The goal is to move those employees toward homeownership.
- Employees who live closer to work spend less time commuting, have a greater investment in the community, are more loyal to their employers, and maintain a greater quality of life.
- Additionally, the Planning Board is looking at other properties owned by Parks but not used by Parks to renovate for more housing for our workforce.
- The benefits of the EAH Program include better morale, less turnover of employees, more productivity, and shorter commutes. "Employer Assisted Housing is not just the right thing or the nice thing to do, it is the smart thing to do, good for our business and good for our mission."

III. A WORKFORCE HOUSING PERSPECTIVE, EMPLOYER PERSPECTIVES

Jerry Weast, Superintendent, Montgomery County Public Schools

- MCPS has more than 20,000 employees. Twenty-five percent of these employees live outside the county.
- The largest private employer in the county employers has about 5,000 employees in total. MCPS has as many employees driving into the county to work each day as the largest private employer has in total.
- If 5,000 employees drive into the County from long distances it hurts productivity. MCPS is trying to give students the kind of education to be employees in the County and to be successful in college. Our tools are: a quality teacher, quality support staff and quality principal in each school. The productivity of this staff is greatly hampered if they have long commutes.
- MCPS recruitment is hampered, for the professional and non-professional staff.
- Attendance and productivity is affected by long commutes. We hear about employees who leave Shepherdstown and Thurmont, early in the morning. These employees give up a lot to work here including family and community time.

Dennis Parnell, Vice President, Director of Human Resources, Suburban Hospital HealthCare System

- Workforce Housing for Suburban Hospital Employees is a problem. Workforce wages have not kept pace with housing costs here in the county.
- Suburban Hospital's employees come from an area bounded by Leonardtown to the south, Aberdeen and to the east, Gettysburg to the north, and Charlottesville, to the southwest. Twenty-seven percent come from the District. One-half live outside the county.
- Suburban Hospital is blessed with long-term workforce. Suburban employs 1,000 full time workers. The average length of service is 7.2 years. The average worker earns \$42,000 per year. Many workers have more than one job . The hospital works on a two-week scheduling period. Staff wants 12-hour shifts on the first three and last three days of period so they can have another job on their days off.
- In the Emergency Room, an employee can't go home until a replacement worker arrives. The result is that an over-time person or substitute person is working in unfamiliar setting. Do you want to be in an Emergency Room with a doctor who is working with someone who has had a double shift or an unfamiliar assistant?

- Real life story – I bumped into “Drew” in the cafeteria getting coffee. Drew looked tired and said that the day before he worked his first shift from 7 a.m. to 3 p.m. His relief staff person for the next shift from 3 p.m. to 11 p.m. didn’t come in, so he worked that shift. Drew then took the last Metro to Shady Grove but missed the last bus to Germantown. He walked to Germantown but had to be back at work the next morning at 6:30 a.m. The next time I saw Drew was at his exit interview, he has accepted a job as a bus driver.

Ray Davidson, Director of Human Resources, Comcast

- Comcast has about 1,000 employees in Montgomery County. Sixty-three percent are in customer service, 23% technical support, and 14% in administrative. Sixty-one percent live in Montgomery or Prince George’s County.
- Comcast Employee Survey Results:
 - 64% commute between 10 and 40 minute each way
 - 36% commute between 40 minutes and 90 minutes each way
 - 78% said they would consider relocating to Montgomery County so they could be closer to work
 - 45% they would like to live here but it costs too much
 - 64% are currently renting
 - 28% own their own home
- Employees are enduring significant commutes each day because of the lack of affordable housing in Montgomery County.
- The lack of workforce housing impacts productivity, our ability to attract talent, the work/life balance of our employees, and the ability for parents to be at home with their children.

J. Thomas Manger, Chief, Montgomery County Police

- One of the priorities of the Police Department is Community Policing. Community policing involves permanent beats and community involvement. The officers know and care about what is going on in the community. Community policing works better if the officers live in the community and feel like they are part of it. But if they have to live 50 miles away, it is difficult to have effective community policing.
- We want as many officers as possible to live in the neighborhoods and be part of the community but they just can’t afford to buy a house here.
- To promote Community Policing, officers can have a take home car if they live in the County. Most people in the community like to have a police officer live in their neighborhood. A police car in the driveway creates a greater sense of safety. We have

1,100 police officers or 1.2 per 1,000 people. (Nationally the average is 2.4.) Not a lot of officers to go around.

- The operational needs of the Police Department are unique. We operate 24 hrs a day, 7 days a week. Some officers are on call 24/7. They must come from home whenever a crime occurs, be on call, come to court on days off. It is difficult to meet job responsibilities come if you live far away, many officers are forced to work part time security and public safety jobs in surrounding counties.
- It is difficult to recruit diverse group with little affordable housing. The Department lures recruits in with a huge salary but then the officers can't find housing they can afford. Great officers, come in, then quickly find out they can't afford to live here and go back home.
- One of our top academy graduates, a great officer was able to rent an apartment for \$1,300 then married and a baby. He couldn't find a house he could afford here so he returned to Buffalo where they could purchase a home for less than \$100,000. Buffalo's gain, our loss.

IV. MAKING WORKFORCE HOUSING WORK FOR EMPLOYERS AND EMPLOYEES

Richard Parsons, President, Montgomery County Chamber of Commerce

Why Affordable Workforce Housing is Important to Montgomery County's Business Community?

- The Chamber's mission is to help members succeed in business. Businesses need to be able to hire and retain their employees. We need affordable housing so that our workforce can get to our locations and we need it for our quality of life – high level of homeownership is important for our community.
- Montgomery County ranks first in the nation in open space preservation. This is shocking for an inner suburban community. The impact of this policy is on the housing market. With almost one-half of our land area locked away we have made a policy choice to limit the land for housing.
- We have also made a policy decision with transportation to limit new transportation improvements.
- Our affordable housing doesn't have to all be in Montgomery County. We are looking at housing within 45 minutes of a business. It can be in Prince George's County.
- The inner purple line and Inter-County Connector are important to the County's economic vitality. We cannot talk about housing in a vacuum, must look at transportation and the market.

- MPDU's are an important but very small part of the solution.
- We just cut out 3,000 units in Shady Grove in the Master Plan process. This is the equivalent to many years of MPDU's. We are continually chipping away at the supply. We need to take a holistic look at affordable housing. What are the barriers to creating more affordable housing? We endorse the use of public lands for affordable housing.
- The Chamber has created a special task force on housing and is meeting with Fannie Mae and others in January to take a holistic look at housing. Need to look at each Master Plan decision, each zoning decision. Are we providing enough housing supply in the pipeline?

Barry Zigas, Senior Vice President, National Community Lending Center, Fannie Mae
What is Employer Assisted Housing?

- Fannie Mae is a private company chartered by Congress to provide capital for mortgages and rental units. Fannie Mae makes funds available to lenders and finances one out of every five mortgages. Fannie Mae does not loan to individuals. Nationally, 22,000,000 families and in Montgomery County, 71,000 families are living in homes financed or guaranteed by Fannie Mae.
- Last year Fannie Mae established a partnership with the National Association of Homebuilders to promote affordable and workforce housing.
- 1,000 Fannie Mae employees live in Montgomery County.
- Since 1991, all employees below the management group have been able to participate in Fannie Mae's EAH program. Benefits include a low rate forgivable loan for down payment of a house. This loan is for up to 7% of the sales or median price of a home (about \$19,000 worth of benefit) and is forgivable over 5 years if the employee stays with Fannie Mae. In 13 years Fannie Mae has provided \$34,000,000 to 3,000 employees. This program has helped 600 employees buy homes in Montgomery County using over \$6,000,000.
- Originally Fannie Mae created the EAH program because it was the "right thing to do". But it has had a business benefit – 25% less turnover with the employees who have the benefit. It has become an important recruitment tool. Companies frequently have executive relocation benefits but not typically a similar benefit for the "backbone" of the company. Benefits include less turnover, people moved closer to their office, as a recruitment value – Washingtonian cites Fannie Mae as the "best employer" in the area.
- Fannie Mae offers free assistance to employers, acting as a consultant to create EAH programs. It has helped 700 employers develop EAH programs (37% private sector employers, 24% public sector employers, 20% health care providers, the rest are universities and non-profits).

- Many employers don't have any choice where they'll be. They can't move to cheaper location – hospital, university, schools, public safety facilities are prime candidates for these benefits.
- Employers can't have it all: can't have productive workers, low wages, low taxes, highly skilled workers, and clean, safe neighborhoods.
- Eight 'R's: recruitment, retention, return, relationships, the right thing to do, revitalizations, reduced commuting, and the "right thing to do".
- Materials are available from Fannie Mae to help you develop an Employer Assisted Housing program.
- Employers cannot only help with demand but also opportunities on the supply side. We have helped universities purchase homes either for sale or construct housing for employees.

Kathleen Walsh Carr, President and CEO, Adams National Bank
Who is Using Employer Assisted Housing?

- Adams Bank is a small community bank. Nationally ranked in top 20 small banks. It has the lowest turnover in bank employees in region. Since 1998, the bank has grown by more than 250% in assets, 500% in net income worth and 478% in the amount of taxes paid but only grown 10% in number of employees.
- The bank realized that it needed to provide employees with proper support. The bank doesn't just give counseling but helps with closing costs, a day off for closing, and mortgage assistance. Ten percent of the bank's employees have used this program and all are still with the bank. A plus considering the high expense that turnover can cost an employer.
- Of all the benefits we give our employees, housing assistance is viewed as the most important. It costs little but has great returns.

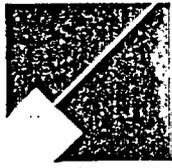
Beverly Wilbourn, Principal Director, Washington DC Partnership Office, Fannie Mae
How Can Employers Address Housing Needs for their Workforce?

- How do employers cope in an area with rising housing costs? Must have a supply – there must be some affordable housing available and there must be the right financing tools to buy a house --down payment, closing costs and credit issues.
- An Employer Assisted Housing program tells the employee that you care about something they care about.

- Most renters want to buy a house (Fannie Mae is the largest financier of rental housing).
- In the Washington area universities, hospitals, banking institutions have all developed EAH programs.

Douglas M. Duncan, County Executive, Montgomery County
The Challenge of Providing Workforce Housing

- We want to send the message to our workforce: if you are good enough to work here, you are good enough to live here.
- The County Executive is working to address the challenges Montgomery County faces in providing affordable housing to a range of income groups in our community -- from the working poor to teachers, fire fighters and police officers
- The County Executive recognized the importance of the roundtable; it provides all of us concerned with this issue the opportunity to share vital information face to face.
- It is important to bring our collective skills and knowledge together to promote and create affordable housing.
- We need partnerships with businesses, non-profits, faith community, unions, and government to provide the funding and find the sites. Everyone here has something to contribute and it is the right time.
- Workforce housing is part of a larger issue of housing needs. We also need elderly housing, housing for disabled, housing for the very poor.
- Montgomery County has been a national leader in affordable housing. Our inclusionary zoning has worked extremely well. A successful element is that the MPDU's are dispersed throughout the county.
- The MPDU Program needs "tweaking" to increase density, change buyout provisions, provide more flexibility. But the MPDU program will only provide a small proportion of the affordable housing needed.
- We are looking at additional ways to increase affordable housing. For example, we are looking at using public sites for housing (including parking lots).
- In the last three years, we have created or retained 3,000 affordable units each year.



news

Contacts: Carolyn Wainwright, M-NCPPC
301-495-2572, 240-687-1041 cell
Michael Dutton, Fannie Mae, 215-575-1538

November 10, 2004
FOR IMMEDIATE RELEASE

Planning Board and Fannie Mae Host Workforce Housing Roundtable

WHEATON, MD --- More than 80 Montgomery County government, housing and business leaders gathered at the Brookside Gardens Visitors Center today to find solutions to the need for more affordable housing for workers. The Maryland-National Capital Park and Planning Commission's (M-NCPPC) Montgomery County Planning Board hosted its first "Workforce Housing Roundtable" and focused on the desirability of promoting Employer Assisted Housing (EAH) in both the public and private sectors. National and local EAH success stories were featured, highlighting Park and Planning as the local model. Implementation strategies for the County's largest private employers, federal government agencies and local government agencies also were explored.

In addition to Montgomery County Council President Steve Silverman, County Executive Douglas M. Duncan and Planning Board Chairman Derick P. Berlage, provocative local and national speakers included Anirban Basu, Chairman of the Sage Policy Group, who spoke on "The Bottom-line for Employers: Why Workforce Housing Makes Good Sense." "Employer Perspective" panelists included Thomas Jefferson, Regional Vice President for Comcast; Jerry Weast, Superintendent of Montgomery County Public Schools; Dennis Parnell, Vice President of Suburban Hospital HealthCare System; Chief J. Thomas Manger, Montgomery County Police; and Richard Parsons, President of the Montgomery County Chamber of Commerce

Featured speakers included Kathleen Carr Walsh, President of the Adams National Bank; Barry Zigas, Fannie Mae Senior Vice President for National Community Lending Center; and Beverly Wilbourn, Principal Director of Fannie Mae's Washington D.C. Partnership Office. They discussed various aspects of Employer Assisted Housing initiatives.

This past June, the Planning Board and Fannie Mae announced the kick-off of the first government-sponsored Employer Assisted Housing program of its kind in Montgomery County. Board Chairman Derick P. Berlage took a leadership role in addressing the critical need for workforce housing by focusing on the Department of Park and Planning's workforce – those workers who are vital to maintaining the operation of Montgomery County's National Gold Medal Award-winning park system.

For the most part, Park and Planning's salaries are insufficient to allow a large proportion of the department's workforce to enter the housing market in the County, unless others contribute significantly to the household income. Forty-six percent of the Department of Park and Planning's workforce live outside the county, some by choice, but most by necessity. Thirty-seven percent of all those who work in the county live outside the county.

"Many of Montgomery County's workers -- teachers, nurses, police, firefighters and others -- cannot find housing in the County to meet their needs and fit their incomes. Employer Assisted Housing Programs can expand opportunities for workers to live closer to their jobs and may even provide significant public benefits--reducing commuting time, helping minimize traffic impacts, and giving workers more time with their families and for community activities," stated Berlage.

The Department of Park and Planning's EAH Program focuses on expanding workforce housing opportunities by using some park properties previously developed for non-park uses. One key component of the initiative allows income-eligible employees to qualify to lease one of The M-NCPPC's 65 existing park houses. Another separate component of the program allows employees to take advantage of financial management and financial literacy programs that help employees prepare for homeownership.

“Employer Assisted Housing is one of the many Fannie Mae tools and products our partners use to make homeownership more accessible to working families,” said Fannie Mae’s Barry Zigas. “We and our partners recognize that in many communities throughout the country, people who serve those communities can’t afford to live in them. Today’s roundtable is helping us find the answers needed to address this pressing issue in Montgomery County.”

“I am working to address the challenges Montgomery County faces in providing affordable housing to a range of income groups in our community -- from the working poor to teachers, fire fighters and police officers,” said County Executive Douglas M. Duncan. “This forum is important, because it provides all of us concerned with this issue the opportunity to share vital information face to face.”

“In the last eight years, wages for Montgomery workers have increased 32%, but during that same period, housing prices have shot up almost double that amount. Housing is just too expensive for many of the people who work in our County,” said Montgomery County Council President Steven Silverman, who also chairs the Council’s Housing Committee.

Fannie Mae provided free technical assistance to M-NCPPC in the development of its initiative. Fannie Mae has assisted more than 600 public and private employers across the nation establish EAH plans, with a goal to help 1,000 employers establish EAH plans by the end of the decade. Under the new goals of its American Dream Commitment[®], Fannie Mae announced the Housing America’s Workforce initiative, which includes an effort to identify the housing tools, such as EAH initiatives, that can have the greatest impact in serving working families. Employers in Montgomery County interested in implementing an EAH benefit may contact Fannie Mae’s Washington, DC Partnership Office at 202-752-7950.

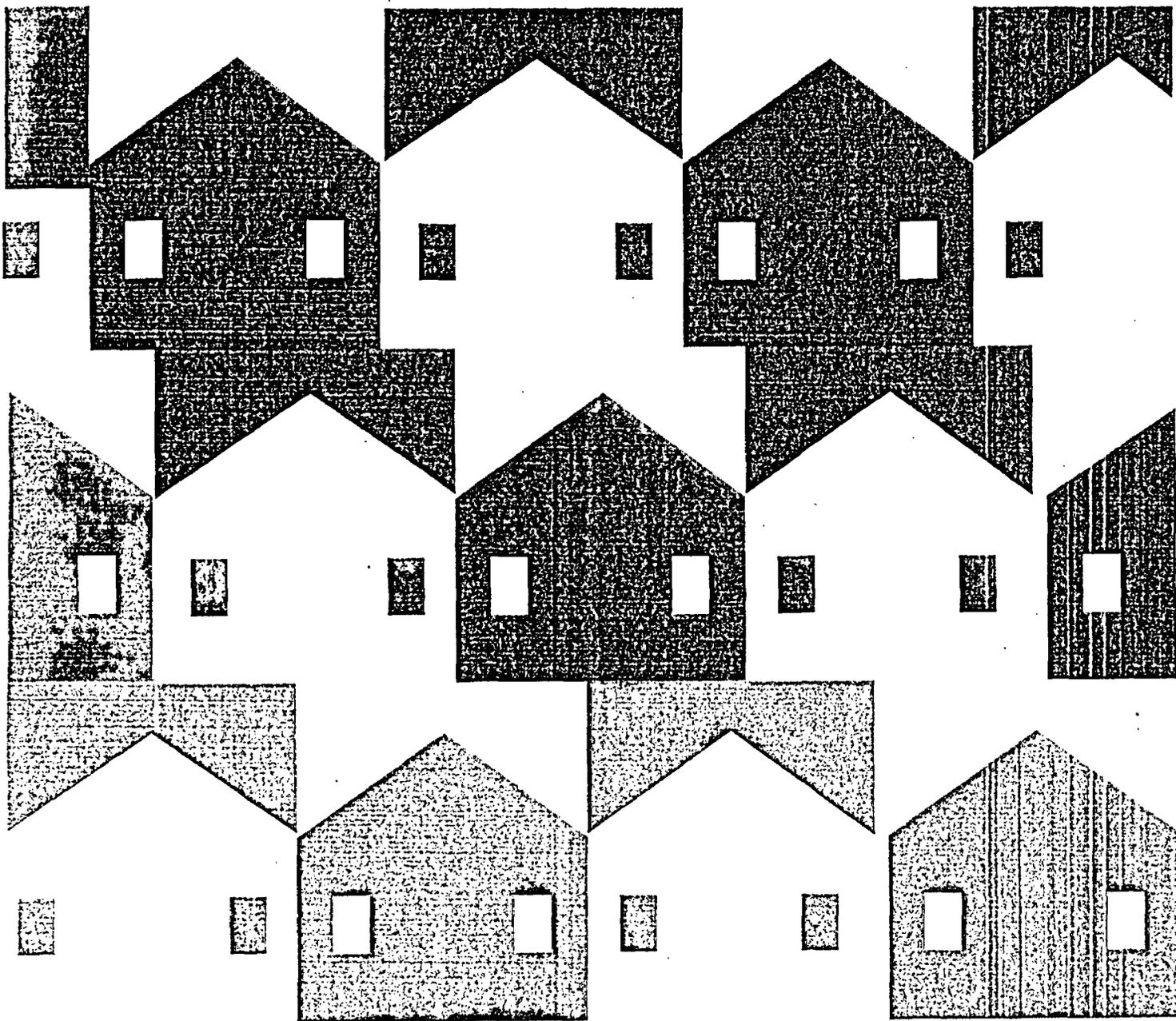
The Maryland-National Capital Park and Planning Commission encourages the participation of all individuals in its programs and facilities. For assistance with special needs, such as large print materials, sign language interpretation, listening devices, etc., please contact Marion Joyce, 301-495-4600, TTY 301-495-1331 or the Maryland Relay Service.

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Housing Montgomery

Housing the People Who Make Montgomery County Work



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
MONTGOMERY COUNTY DEPARTMENT OF PARK AND PLANNING



Special thanks to Westchester County, New York for providing the framework for this information packet.

HOUSING ACTION PLAN

The County Council, County Executive Duncan, and the Montgomery County Planning Board are working together on a series of actions to increase the amount of housing affordable for families in our County and our workforce.

Consider higher density housing at transportation and commercial centers and other regulatory changes.

Expedite governmental review and permitting of housing; encourage the development of mixed use/mixed income communities.

Strengthen housing objectives in master plans.

Establish goals and a timeline for production of new special needs housing.

Work to protect the existing stock of affordable housing.

Develop community information resources.

Review the special exceptions process to encourage the creation of affordable senior housing, accessory apartments, and special needs housing.

Initiate employer-assisted housing programs to further enhance the complete edge of County businesses.

Encourage "Live near your work" programs.

Lobby the State to change the assessment value of rental moderately priced dwelling units (MPDUs).

Work to increase Montgomery County's allocation of State housing funds.

"Everyone in our community should have access to a clean, safe, decent and affordable place to live..."
*County Executive
Douglas M. Duncan*

"The police officer, firefighter, and public health nurse, who are poised right now to protect us in case of calamity, deserve the chance to live in the community in which they serve."
*County Council President
Steven A Silverman*

"Offering affordable housing for every member of the community is critical to Montgomery County's future."
*Planning Board Chairman
Derick P. Berlage*



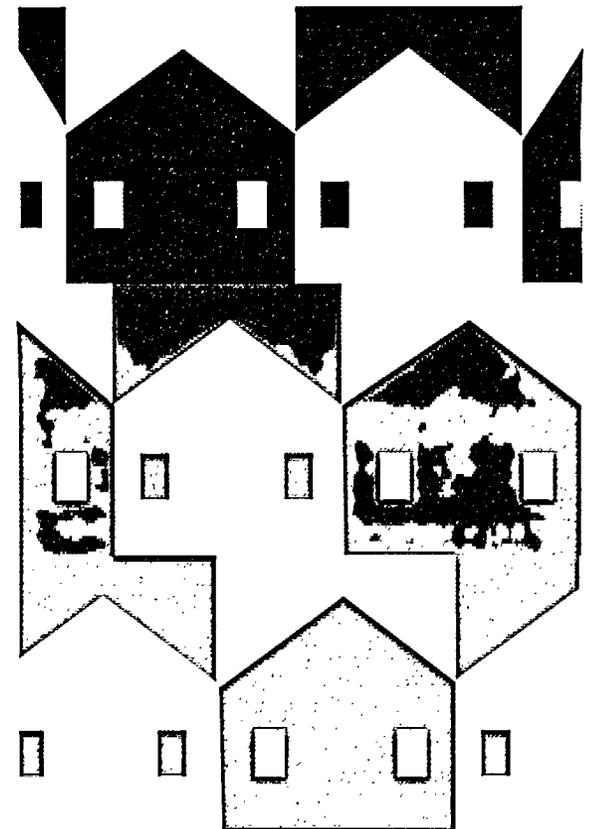
*Moderately Priced Dwelling Units, Wyndcrest,
Montgomery County*

THE MARYLAND-NATIONAL CAPITAL
PLANNING COMMISSION
Montgomery County Department of
Park and Planning

8787 Georgia Avenue
Silver Spring, MD 20910
301-495-4600
www.mc-mncppc.org

Housing Montgomery

*Housing the People Who Make
Montgomery County Work*



THE MARYLAND-NATIONAL CAPITAL
PLANNING COMMISSION
Montgomery County Department of
Park and Planning

WHY DO WE NEED HOUSING THAT IS AFFORDABLE TO OUR WORKFORCE?

If we are to maintain stable communities and a vibrant economy, we must offer housing at reasonable cost to the people who work here. In Montgomery County, we are confronted by the challenge of providing decent, safe housing that working people can afford.

WHAT IS WORKFORCE HOUSING?

Workforce housing is moderate income workers here. Many of our workers fall into an income gap— with incomes too high to qualify for most government affordable housing programs and yet not high enough for the County housing market.



Workforce housing is usually defined as housing for households with incomes between 65% and 120% of the Area Median Household Income. In Montgomery County that would be households with incomes between about \$55,000 and \$100,000. In 2003, only the median priced condo or resale townhouse were in reach of those household incomes.

HOUSING AFFORDABILITY CHART

	Median Sales Price 2003	Approx Income Required
New Single Family	\$591,000	\$197,000
Resale Single Family	\$383,000	\$128,000
New Townhouse	\$367,000	\$122,000
Resale Townhouse	\$229,000	\$76,000
New Condo	\$280,000	\$93,000
Resale Condo	\$155,000	\$51,000

WHO NEEDS WORKFORCE HOUSING?

Our workers, our businesses, our communities! Housing prices are out pacing wages and



incomes. Employees in Montgomery County are challenged to find homes near their jobs. Businesses are discouraged from operating in the County because they cannot hire the employees they need. To continue working in the County, many workers move to outlying counties and commute long distances to jobs here. Having our employees live outside the county is bad for the environment and hard on the economy.

For a home to be affordable, it should cost no more than 30% of a family's household income. Although most families have more than one wage earner, the average wage for all occupations in Montgomery County is \$48,000.

Even with two workers in a household earning the average wage, their household income would be less than the income needed to buy the average single-family home.

Examples of workers challenged by housing costs in Montgomery County include:

	Median Salary
Retail Sales	\$19,220
Fire & Rescue	\$32,539*
Park Maintenance	\$33,600
Postal Workers	\$39,000*
Licensed Nurse	\$40,210
Police	\$41,625
Teacher	\$44,950
NIH Post-Doc	\$52,000
Architect	\$54,660

(Median salaries as reported by MD Dept of Labor, Licensing and Regulation, NIH, and MNCPPC)

*Starting salary reported by agency

WHY BUILD WORKFORCE HOUSING?

For our economy

Business has an enormous stake in the availability of housing for its workforce. Employees want an affordable place to live that does not require a long commute.

For our environment

Housing built near jobs benefits the environment by helping to reduce commuting trip lengths, which, in turn, improves air quality.

For our communities

Diversity of housing promotes the economic integration of our workforce into Montgomery County's civic and social fabric.

For our people

Nearly everyone in Montgomery County knows someone who needs housing—a co-worker, a family member, an elderly person on fixed income, a local government employee, bank tellers, teachers, postal workers, firefighters, a young family just getting started—the list goes on and on.

For our workers

"If I had an affordable choice, I would move closer to my workplace to alleviate some of the stress my family and I endure every day"
— Linda, a Personnel Manager living in Frederick and working in Silver Spring.

For more information about Housing Montgomery contact:
Montgomery County Department of Park and Planning 301.495.4506
Housing and Community Affairs
240.777.3600
Housing Opportunities Commission
301.929.6700



ROCKVILLE, MARYLAND

Fall, 2004

Dear Montgomery County Resident:

Thank you for your interest in Montgomery County's campaign to build more affordable housing for our workforce and our middle-income families. The lack of housing for our teachers, police and firefighters, as well as for young people, retired residents and the employees is one of the most critical issues we face in Montgomery County.

Enclosed is a Community Information Packet for Montgomery County residents developed by the Maryland-National Capital Park and Planning Commission. The purpose of the packet is to help educate and inform people about the housing issue: what workforce housing is, who needs it, and how it can be developed.

Our hope is that you will use this material to educate others in your neighborhood on the importance of providing affordable housing for our workforce. Housing decisions are made at the local level, so residents such as yourself, your friends and your neighbors are encouraged to speak out and let local officials know that you support building more affordable housing.

Please don't hesitate to call the Department of Park and Planning at 301-495-4500 for assistance with developing projects and programs that will help mobilize public opinion.

Again, thank you for your interest in housing our workforce. Each of us can help in housing the people who make Montgomery County work.

Sincerely,

Douglas M. Duncan
County Executive

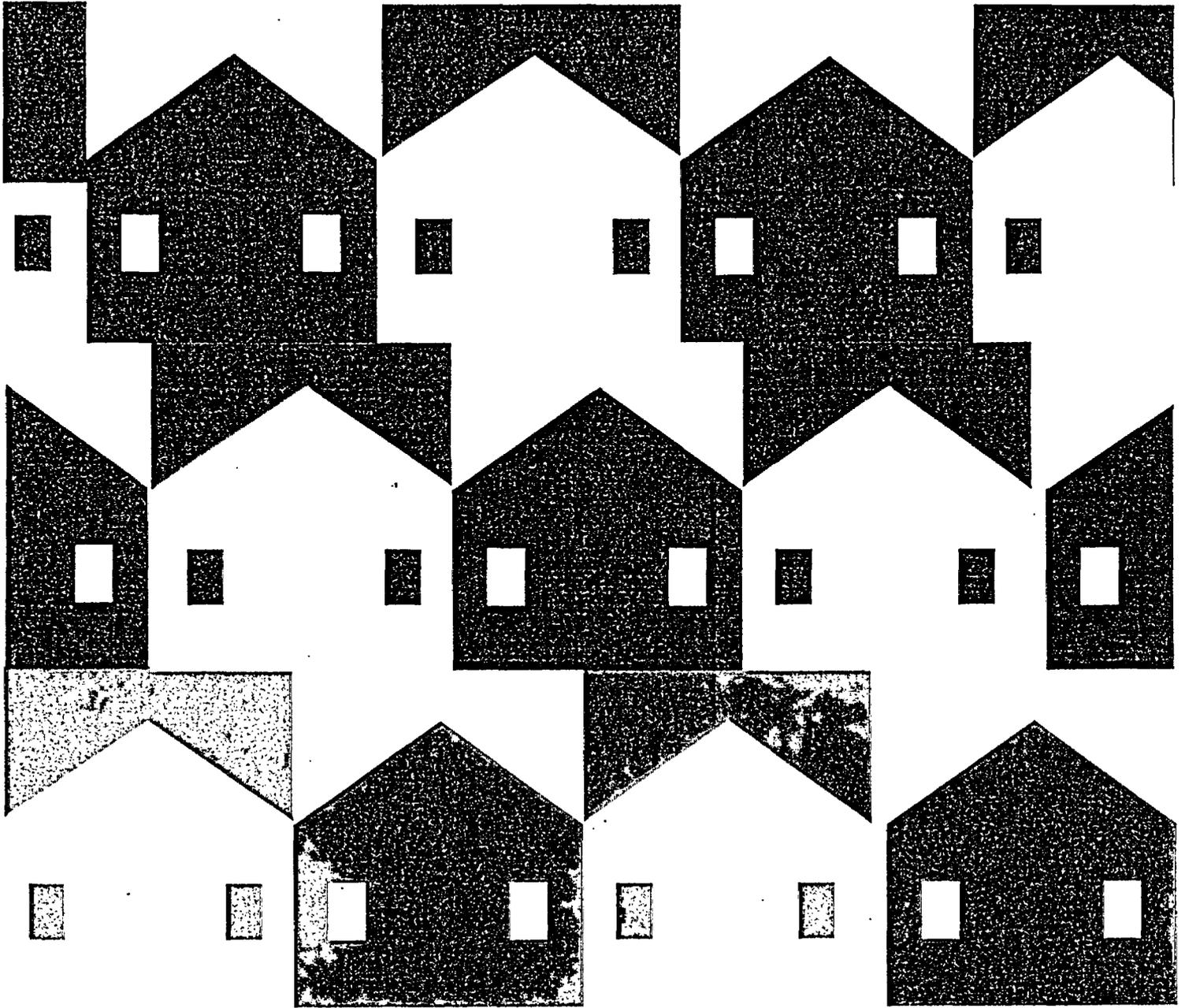
Steven A. Silverman
President
Montgomery County Council

Derick P. Berlage
Chairman
Montgomery County
Planning Board



Demystifying the Myths...

Myths and facts about High Density Housing



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
MONTGOMERY COUNTY DEPARTMENT OF PARK AND PLANNING

DEMYSTIFYING THE MYTHS ABOUT HIGHER DENSITY HOUSING

The facts about Montgomery County's recent experiences with higher density housing often contradict the myths about higher-density housing. This document provides a snapshot of higher density housing facts that reflect market and community experiences here in Montgomery County. *This presentation of the myths and facts incorporates, with permission, the format developed by the California Roundtable, authors of "Demystifying the Myths."*

BACKGROUND

Home prices have outpaced workforce income. In 2003, the median sales price of all single-family houses (including townhouses) in Montgomery County was \$320,645, a 54% increase over four years. To purchase that average house, a household would need an income of about \$107,000 and a substantial down payment. With the average 2003 wage in the county at \$48,880 a year, purchasing homes would be beyond the reach of many workers. Even with the benefit of lower interest rates, more than half of the existing Montgomery County households do not have the income to afford the median-priced single family home. Anecdotal evidence indicates that overcrowding has increased in some neighborhoods. Furthermore, more than 37% of workers employed in Montgomery County live outside of the county—some by choice but many by necessity. Many workers are finding more affordable housing options outside Montgomery County.

Montgomery County needs housing affordable to its workforce: (a) to help maintain our competitive edge in the global marketplace; (b) to enable our teachers, firefighters, police, and other vital public employees to live close to the communities they serve; (c) to economize on infrastructure costs so that our seniors, our children, and new immigrants can live close to needed services and jobs; and (d) to reduce commuting time between jobs and housing.

MYTH #1: Higher density housing is affordable housing; affordable housing is higher density housing.

FACT: More units per acre translate into lower land costs per unit, while smaller units cost less to build than larger ones. To encourage affordability, we need to promote higher densities. However, some high density housing is very expensive and some low density housing is very inexpensive.

Montgomery County's Bethesda and Friendship Heights areas are generally upper income neighborhoods where housing densities are quite high. Housing in these neighborhoods is not affordable to most workers. In contrast, families of modest means most often live in lower density neighborhoods. These neighborhoods often were built several decades ago, before the escalation in housing prices.

For the most part, lower density neighborhoods usually offer more expensive housing than higher density areas. While some multi-family housing is less expensive than single-family housing, a significant amount of existing workforce housing is single-family. The vast majority of all affordable housing is not new construction.

HOUSING SALES IN MONTGOMERY COUNTY, 2003¹

Selling Price of Dwelling Unit	Percent of Single-Family Detached Units Sold		Percent of Townhouses Sold		Percent of Condominiums Sold	
	New	Resale	New	Resale	New	Resale
Less than \$140,000 ²	0%	0%	12%	6%	37%	40%
\$140,000-\$179,999 ³	0%	1%	1%	16%	3%	22%
\$180,000-\$275,000 ⁴	1%	17%	5%	48%	10%	24%
More than \$275,000	99%	82%	82%	30%	50%	14%
<i>Total Units Sold</i>	100% (855)	100% (9,429)	100% (897)	100% (6,786)	100% (110)	100% (3,606)

MYTH #2: Higher density housing will cause a lot of traffic.

FACT: The 2003 Census Update Survey showed that residents of higher density development have fewer cars per dwelling unit and are less likely to drive alone to work.

<i>Housing Type</i>	<i>Average Number of Cars</i>	<i>Percentage Who Commute Alone</i>
Single-family detached	2.3	75%
Townhouse	1.9	78%
Garden	1.3	67%
High-rise	1.1	62%

On a per unit basis, far fewer auto trips are produced by multi-family units than by single-family units. Every 2.5 multi-family units produce as many car trips as one single-family detached unit. Recent traffic levels owe much to existing development.⁵ According to the Metropolitan Washington Council of Governments (MWCOC) Household Travel Surveys, throughout the 1980's and 90's, car ownership increased and existing residents drove more as incomes rose and more women entered the workforce. On average, there were 1.20 vehicles per household in 1968, 1.71 vehicles per household in 1988, and 1.73 vehicles per household in 1994.

Higher-density, mixed-use development can encourage retail development, walking, and transit use. Higher density mixed-use development results in local retail development serving neighborhood residents, thereby encouraging walking instead of driving. Mixing housing with commercial development is crucial for traffic control, since non-working trips comprise the largest percentage (approximately 73%) of trips in Montgomery County. Also, transit connections are more

¹ Source: Research and Technology Center, M-NCPPC, from Maryland Department of Assessments and Taxation. Preliminary 2003 sales

² Affordable to families earning up to \$46,000 per year

³ Affordable to families earning between \$46,000 and \$61,000 per year

⁴ Affordable to families earning between \$61,000 and \$85,000 per year

⁵ Traffic = Car trips per unit times number of units

common in neighborhoods with higher density, because transit is typically cost effective at densities above 8 to 10 units per acre.

MYTH #3: Higher density development strains public services and infrastructure.

FACT: Compact development offers greater efficiency in the use of public services and infrastructure.

Higher density residential development requires less extensive infrastructure networks than lower density single family/large lot development. High density development is less likely to attract families with many children who will need nearby schools and is associated with lower levels of automobile ownership and usage. Higher density development in locations where infrastructure and service capacity have already been built offers economies of scale: lower costs per unit that can be passed on to new residents and taxpayers.

Montgomery County's Adequate Public Facilities Ordinance limits the impact of new development on school and roadway facilities while requiring that new development contribute toward schools and transportation through the impact tax.

Infill residential and mixed-use development can translate to higher retail sales, revitalization, and reduced pressure on public services. Infill development can serve to revitalize stagnant older commercial and residential areas and increase revenue from taxable sales and property taxes. In addition, preservation of the existing stock of housing affordable to the workforce or the purchase/re-use of existing buildings would not create an additional burden on infrastructure or public services. In fact, many higher density developments contain private streets and provide for their own trash services, thereby minimizing or eliminating reliance on government services.

MYTH #4: People who live in higher density housing affordable to our workforce won't fit into existing neighborhoods. They are different.

FACT: Many people who need affordable housing already work in your neighborhood.

Teachers, firefighters, police, nurses, and many other workers vital to Montgomery County's well-being need affordable workforce housing, because their wages are not keeping pace with the escalation of housing costs here in the county.

A high percentage of households in multi-family units have characteristics often associated with single-family housing.

Many of the households in multi-family units are families. In 2003, 54% of garden apartment households and 42% of high-rise households were families, the majority of which were headed by married couples.

In terms of needed public services, higher density housing is more efficient. Higher density housing has smaller average household sizes (3.1 persons per household in detached homes, 2.8 persons per household in town houses, 2.1 persons per household in garden apartments, and 1.7 persons per household in high-rise units) and generates far fewer public school students. On average, a single-

family detached house generates 0.56 students, a townhouse generates 0.46 students, a garden unit generates 0.28 students and a high-rise unit generates 0.11 students.

Households in multi-family units have about the same educational attainment as other households. Populations in each dwelling category (single-family detached, townhouse, and high rise) have about the same proportions of residents with high-school diplomas, associate or trade school degrees, or bachelor's degrees. A slightly lower percentage of garden apartment and townhouse residents have an advanced degree than residents of other housing types and garden apartment residents are slightly more likely to not have a high school diploma.

Households in multi-family units are just as likely to work for the government as other households. Between 23% and 27% of households, regardless of housing type, work for a governmental agency. Households in multi-family units are only half as likely as households in single-family homes to be self-employed (approximately 7% and 14%, respectively).

MYTH #5: Residents of multi-family housing move too often to be stable community members.

FACT: Renters move more often than homeowners across all housing types. But it is also true that multi-family housing is much more likely to be rental housing. Therefore, residents of multi-family housing tend to move much more often than residents of single-family housing because they're renters, not because they live in multi-family housing.

However, rental housing meets the needs of a wide variety of households and incomes. Every community needs to accommodate some rental housing. The objective is to avoid over-concentrations of any particular type of housing in any neighborhood.

When rents are stabilized or guaranteed, people move less often. Anecdotal evidence strongly indicates this is true in Montgomery County, as is it is in other areas of the country. Permanently stabilizing rents may actually help neighborhoods become more stable.

MYTH #6: Higher density housing affordable to our workforce and subsidized units reduce property values.

FACT: Several studies have shown that proximity to affordable housing and subsidized units do not reduce property values.

A review of Montgomery County apartment buildings with significant components of rent-stabilized units shows that the presence of these units has no effect on the ability of landlords to charge market rents for the other units.

The William Berry Study, in 1988, compared seven Montgomery County communities with moderately priced dwelling units (MPDUs) to seven without. No difference in the value of the non-MPDU units was found.

In 2003, the Innovative Housing Institute (IHI) updated and expanded the Berry Study, looking at Fairfax County as well. IHI looked at every real estate transaction from 1992 through 1996, measuring distances from the non-market housing units to the market rate houses in the same subdivisions. The key findings are as follows:

- Overall, there was no significant difference in price trends between non-subsidized homes in the subdivisions with subsidized units and the market as a whole—whether measured at the zip code or countywide level.
- There was no difference in price behavior between non-subsidized houses located within 500 feet of subsidized housing and those farther away in the same or an adjacent subdivision.
- Price trends of those non-subsidized homes located immediately adjacent to a subsidized dwelling were unaffected by their proximity.

MYTH #7: Higher density housing undermines community character.

FACT: Housing can always be designed to fit into existing communities.

When most people hear “higher-density housing” they imagine “high-rise housing.” More often than not, higher density developments consist of two or three story wood frame units. Compatibility is addressed in two ways—regulatory controls and Planning Board review. The master plan process is the major opportunity for stakeholders to come together to review compatibility issues—what kind of development is appropriate for the neighborhood—on an *area wide* basis. The Planning Board, in public session, reviews the compatibility of every proposed development project on a parcel-by-parcel basis.

Examples of affordable housing that is compatible with nearby market-rate housing are illustrated below:



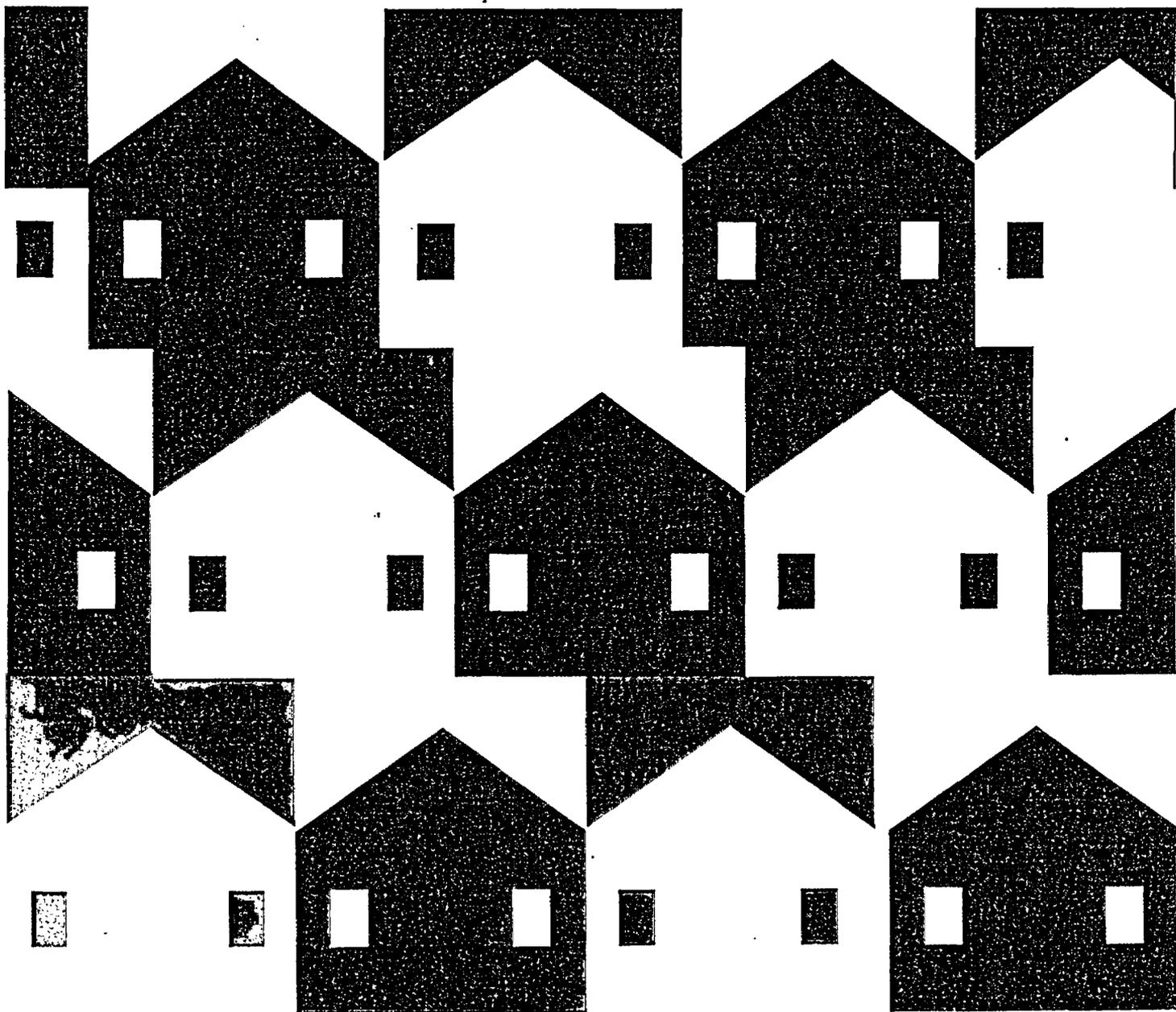
Claggett Farm, Moderately Priced Dwelling
Units Duplex



Claggett Farm, Market Rate



Resources and More Information



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
MONTGOMERY COUNTY DEPARTMENT OF PARK AND PLANNING

MORE FACTS ABOUT HOUSING NEED IN MONTGOMERY COUNTY

For decades, Montgomery County has had an inclusive housing policy, emphasizing homes for a full range of incomes and life stages throughout the County. An array of programs contributes to achieving that goal, three of which are the Moderately Priced Dwelling Unit Program (MPDU), Housing Choice Voucher Program (HCV), and Public Housing. A healthy County economy depends on workers in all fields being able to find homes. In addition to homes for doctors, lawyers and engineers, the County needs homes for nurses, teachers and emergency first responders. Construction workers, service workers, and bus drivers need homes, as do homeless families and people with special needs.

DID YOU KNOW...

- A family needs an income of \$42,000 to afford a 2 bedroom apartment?
- In the 30 years since its inception, the MPDU program has produced 11,000 homes?
- 32% of the County's households live in multi-family properties?
- 5.4% of the total population lives below the Federal Poverty Income guidelines of \$16,895 for a household of four?
- 13.4% of homeowners pay more than 30% of their income on housing costs?
- 37.5% of renters pay more than 30% of their income on housing cost?
- 5,685 Montgomery County families receive rent subsidies from the HCV program, including 14,991 family members, 6,953 of whom are children under the age of 18?
- 10,000 families applied for the HCV waiting list when it opened for 5 days?
- The average annual household earnings of an HCV family is \$19,643?
- Seniors account for 1,176 family members in 1,012 voucher households?
- There are 1,879 disabled family members in 1,741 voucher households?
- The average HCV rent for a 3-bedroom unit is \$1,517?
- HCV subsidies pay County landlords approximately \$5 million each month?
- The average public housing family has 3.28 members (excluding elderly public housing buildings)?
- 1,539 Montgomery County families and elderly live in public housing?
- 4,437 families and elderly are on the public housing waiting list?
- The average income for public housing residents is \$21,088?

RESOURCES AND MORE INFORMATION

GOVERNMENT AGENCIES & INSTITUTIONS

Our health, our quality of life and the safety of our families all depend on dedicated public and private sector workers. We want them to be able to live in the county they serve so well.

*Planning Board Chairman
Derick Berlage*

Many public and private non-profit affordable housing organizations operate in Montgomery County to provide services in housing development, homeless shelters, policy formulation, and fundraising.

Montgomery County Department of Housing and Community Affairs

Council Office Building
100 Maryland Ave., 4th floor
Rockville, MD 20850
(240) 777-3600

www.montgomerycountymd.gov/Content/DHCA

The Department administers several housing programs for moderate and low-income households (e.g. Moderately Priced Dwelling Unit Program; Home Improvement Loan Program; Multi-Family Housing Production Program; and Weatherization Program.) Contact the Department to obtain information concerning these programs and community organizations involved in affordable workforce housing.

Housing Opportunities Commission of Montgomery County

10400 Detrick Avenue
Kensington, MD 20895
(301) 929-6700

www.hocweb.org

Housing Opportunities Commission owns and manages Montgomery County's public housing; administers federal housing subsidy vouchers; preserves and develops affordable housing; partners with others in the community to help

develop and finance affordable housing; issues housing bonds; provides financing for income-qualified first-time homebuyers; and provides information about affordable housing to the public through its Housing Resource Service.

Montgomery County Department of Park and Planning

8787 Georgia Avenue
Silver Spring, MD 20910
(301) 495-4610

www.mc-mncppc.org

In addition to preparation and review of master plans, and overseeing the acquisition, development and management of a nationally recognized, award winning park system, the Department actively researches and formulates innovative policies designed to facilitate production and maintenance of affordable workforce housing required to support the growing and changing population throughout the County.

Maryland Department of Housing and Community Development

100 Community Place
Crownsville, MD 21032-2023
1-800-756-0119

www.dhcd.state.md.us/mmp/index.asp

The Department implements a variety of programs intended to increase the supply of affordable housing. For example, the Community Development Administration Mortgage Program provides low-interest mortgage loans to eligible homebuyers with low-to moderate-income households through private lending institutions throughout the State. The Program began in 1980 and is targeted primarily to first-time homebuyers.

NON-PROFIT ORGANIZATIONS

Victory Housing

5430 Grosvenor Lane, Suite 210
Bethesda MD 20814
(301) 493-6000

www.victoryhousing.org

Victory Housing, a private, non-profit tax-exempt human service organization, nonprofit developer and operator of quality affordable assisted living for frail seniors and rental housing for working families and independent seniors. Its mission is to preserve and expand the supply of high quality affordable housing, and to provide comprehensive support services throughout the Washington metropolitan region.

Montgomery Housing Partnership, Inc.

11160 Veirs Mill Road,
Wheaton Plaza South, Suite 503
Wheaton, Maryland 20902-2538
(301) 946-0882

www.mhpartners.org

MHP is a leading non-profit organization operating within Montgomery County to work in partnership with the entire spectrum of the community to preserve and expand affordable housing in Montgomery County and to strengthen neighborhoods through housing and community revitalization activities

Homes for America

222 Severn Avenue, Suite 1
Annapolis, MD 21403
(410) 269-1222

www.homesforamerica.org

Homes for America, a non-profit housing corporation, develops and owns quality affordable housing for low-income families and special needs populations, combining them with services in order to create opportunities for people to improve the quality of their lives. In addition, they provide development services to non-profit organizations and developers, and

technical assistance to government agencies to implement housing programs.

Action In Montgomery (AIM)

13925 New Hampshire Avenue
Silver Spring, MD 20904
(301) 388-0700

www.aim-iaf.org

Action In Montgomery together with other housing advocacy organizations, helped to draft and support the legislation that created the largest local housing trust fund in the country with a dedicated, reliable funding source.

Housing and Community Initiatives, Inc.

(Formerly, Housing Charities, Inc.)

1 East Diamond Avenue, Suite A
Gaithersburg, MD 20877
(301) 590-2765

www.hcii.org

HCI provide education and training through a Homebuyers Seminar. In addition to one-on-one counseling to consumers with credit issues, they advance grants to help individuals to afford modifications necessary to continue living in their houses. HCI also service the city of Rockville REACH Loan Program, and provide credit review services for the County's MPDU program.

Community Ministry of Montgomery County

114 W. Montgomery Avenue
Rockville, Maryland 20850-4213
(301) 762-8682

www.communityministymc.org/

The Ministry, through its affiliate Inter-Faith Housing Coalition, provides services to empower homeless families in Montgomery County, enabling them to move from shelters to stable, independent housing. The Coalition provides comprehensive case management and housing to ensure that families leave the

program with the resources to earn a living wage, manage cash flow, debt, and savings, retain affordable long-term housing and build a secure future.

The Arc of Montgomery County, Inc. (ARC)

11600 Nebel Street
Rockville, Maryland, 20852-2554
(301) 984-5777
www.arcmontmd.org

ARC is a nonprofit organization dedicated to supporting the housing and other needs of individuals with mental retardation and related disabilities.

Montgomery County Coalition for the Homeless

600 B-East Gude Drive
Rockville MD 20855
(301) 217-0314
www.mcch.net

The Coalition is an umbrella organization for agencies dealing with advocacy and identification of gaps in services for the homeless.

Local Initiatives Support Corporation

1825 K. Street, Suite 1100
Washington, DC 20006
(202) 785-2908
www.lisc.org

LISC provides grants, loans and equity investments to Community Development Corporations for neighborhood redevelopment with adequate affordable housing as the principal goal.

Maryland Affordable Housing Coalition

2 Hopkins Plaza, Suite 2100
Baltimore, MD 21201-2911
(410) 783-4900
www.mdahc.org

The Coalition is made up of public and private housing providers as well as other groups working to increase the financial and technical resources available for developers of affordable housing in Maryland.

AmeriDream, Inc.

18310 Montgomery Village Avenue,
3rd Floor,
Gaithersburg, MD 20879
(301) 977-9133
866-AMERIDREAM
www.ameridream.org

AmeriDream's mission is to expand affordable housing opportunities for underserved groups. By means of a Redevelopment Program, they build affordable housing for low and moderate-income buyers, and rehabilitate distressed properties, returning them to the market at affordable prices.

The National Low Income Housing Coalition

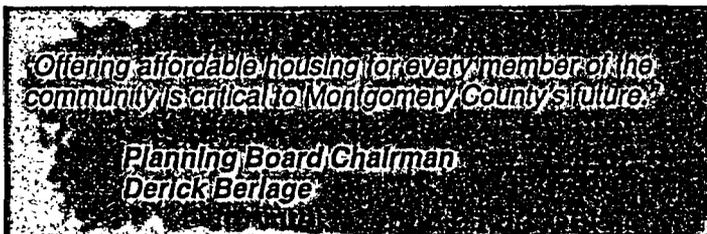
1012 Fourteenth Street NW, Suite 610,
Washington, D.C. 20005
(202) 662-1530
www.nlihc.org

The National Low Income Housing Coalition is concerned about the housing circumstances of all low-income people, with their focus is on those with the most serious housing problems, the lowest income households.

Washington Area Housing Partnership

Metropolitan Washington Council Of
Governments
777 North Capitol Street, NE, Suite 300
Washington, DC 20002
(202) 962-3200
www.mwcog.org/planning/housing

Washington Area Housing Partnership is a regional public-private housing partnership that



acts as a catalyst to preserve and expand the supply of affordable housing for low- and

moderate-income families in the metropolitan area.

LINKS

Fannie Mae

901 F. Street, NW, Suite 600
Washington, DC 20004
(202) 752-6171
www.fanniemae.com

The Urban Land Institute

1025 Thomas Jefferson Street, N.W.
Suite 500 West
Washington, D.C. 20007-5201
(202) 624-7000
www.uli.org

Maryland Center for Community Development

1118 Light Street
Baltimore, Maryland 21230
(410) 752-6223
www.mccd.org

National Multi Housing Council

1850 M Street, N.W., Suite 540,
Washington, D.C. 20036-5803
(202) 974-2300
www.nmhc.org

The Center for Regional Analysis

School of Public Policy
George Mason University
102F Finley Building
Fairfax, VA 22030
(703) 993-3186
www.gmupolicy.net

Innovative Housing Institute

22 Light Street, Suite 300
Baltimore, MD 21202
(410) 332-9939
www.inhousing.org

Housing Association of Nonprofit Developers

2300 South Ninth Street, Suite 200
Arlington, VA 22204
(301) 493-5507
www.handhousing.org

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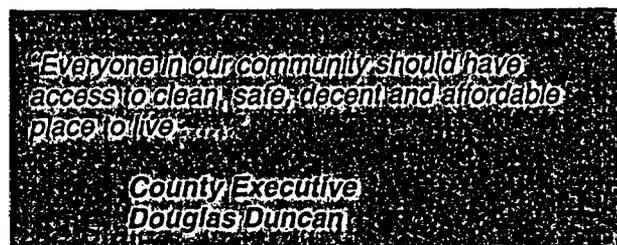
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Kensington, Maryland

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For A Community"*, Washington, D.C., National
Multi-Housing Council, 2003.

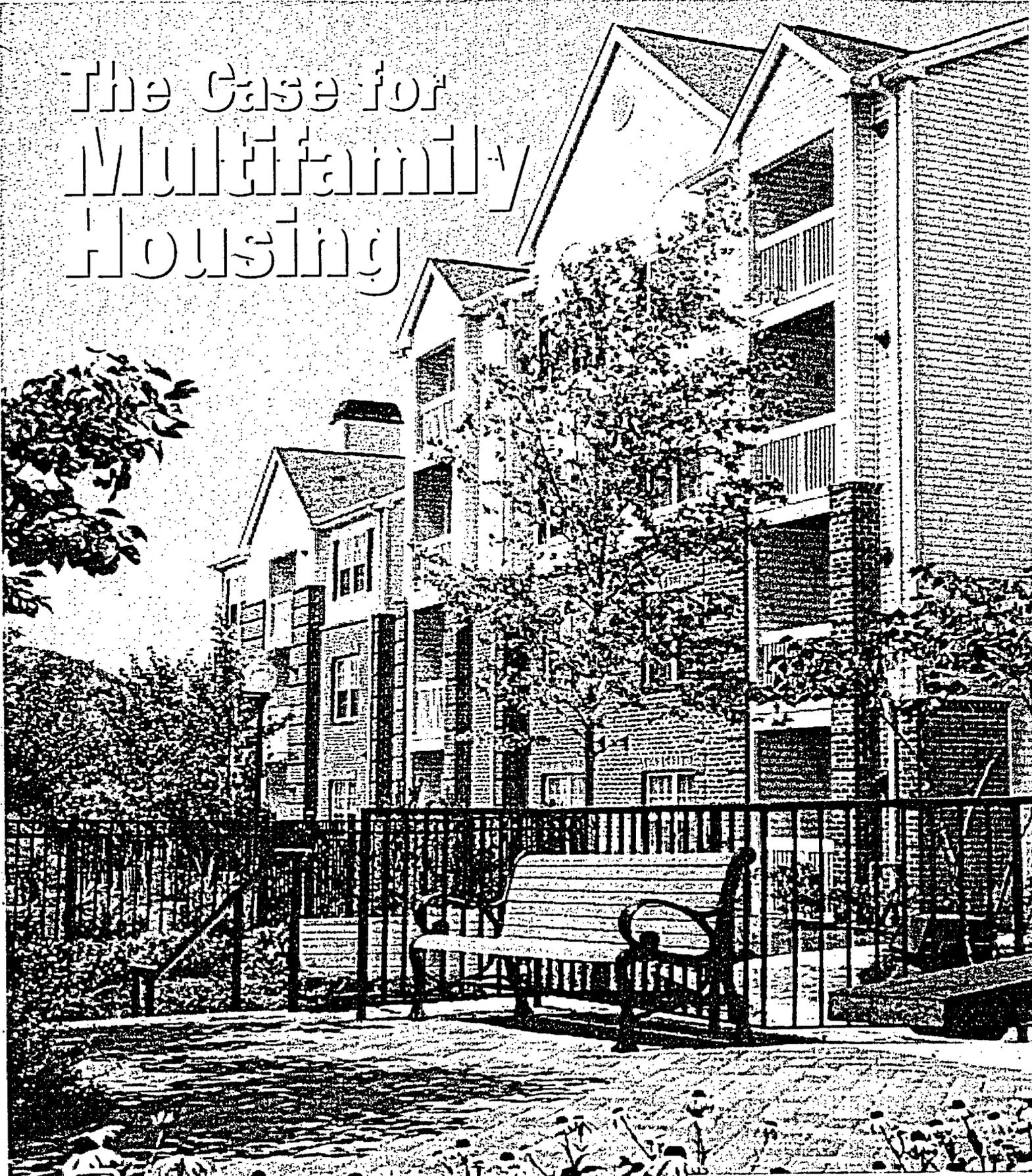
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"The Case for Multifamily Housing", Urban
Land Institute, Washington, D.C., 2003



The Case for Multifamily Housing



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ULI sponsors education programs and forums to encourage an open international exchange of ideas and sharing of experiences; initiates research that anticipates emerging land use trends and issues and proposes creative solutions based on that research; provides advisory services; and publishes a wide variety of materials to disseminate information on land use and development. Established in 1936, the Institute today has more than 17,000 members and associates from some 60 countries representing the entire spectrum of the land use and development disciplines.

Richard M. Rosan
President

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The Case for Multifamily Housing: Preface

It has been said that there are two things Americans hate about growth: sprawl and high density. Unfortunately, most Americans do not fully comprehend the irony in this statement or the inverse relationship between the two concepts. Low-density housing development is the main component and driver of sprawl. In many communities, however, local opposition and regulatory barriers have made it difficult to build the higher-density multifamily housing that many people need and want. Community frustrations about the problems associated with low-density sprawl, including traffic congestion, crowded schools, and air pollution, are often taken out—in a misguided way—on higher-density housing proposals. Some people also fear that multifamily housing will have negative effects on the property values of single-family homes and are concerned about new residents moving to the community. Much of the opposition is based on a lack of understanding about the demand for such housing, a lack of experience with the multifamily products produced by today's building community, and a lack of understanding of the relationship between sprawl and density.

This publication addresses some of the common concerns about multifamily housing and discusses some of the advantages this type of housing can offer. Its purpose is to provide factual information to citizen groups, public officials, members of the development community, and others.

Multifamily housing is defined here as housing that is built for rent or for sale at market prices and densities ranging from ten to 100 or more units per acre. The types of dwelling units included range from garden apartments and condominiums with surface or integral garage parking built at ten to 30 units per acre to mid-rise apartment and condominium structures of three to six stories built at 30 to more than 100 units per acre to high-rise apartment and condominium structures of more than six stories built at more than 100 units per acre.

Multifamily living often is the best or preferred housing solution for many people at different stages in their lives for a variety of reasons. It provides an important housing option for young people just starting out in a career or saving to buy a home, as well as for senior citizens who no longer care to maintain a single-family home yet want to remain near their children and grandchildren. Indeed, many people, in general, will find that at some point in their lives multifamily housing serves their needs. Ensuring that this important housing option remains available to those who need it is the purpose of this publication.

Richard M. Haughey
Director of Multifamily Development

Multifamily housing can help minimize areawide traffic congestion.

- While it may increase traffic at an individual site, multifamily housing can significantly relieve overall regional traffic congestion.
- When affordable housing choices near job centers are in short supply, workers must live in distant locations where housing is more affordable, resulting in long, frustrating, and expensive commutes and contributing to areawide traffic congestion.
- Multifamily housing allows more people to live in housing they can afford that is near their work.
- Multifamily housing developments that are clustered along transportation corridors make various kinds of mass transportation feasible.
- Multifamily residents average one motor vehicle per household, while owner-occupied households average two vehicles.
- Single-family housing is likely to generate an average of ten auto trips per weekday while apartments generate only seven; high-rise apartments generate even fewer trips, averaging only four trips per day.
- The availability of recreational facilities—including fitness centers, pools, and picnic areas—within the multifamily community reduces the need for auto trips as most residents can walk to these amenities.

Multifamily housing enables communities to provide housing that is affordable to a wider range of incomes.

- In parts of the country where economic growth typically is strongest, the labor force critical to sustaining the economy cannot find reasonably priced housing or cannot locate within an appropriate commuting distance of jobs.
- Households depending on a single salary such as that of a teacher or a police officer cannot afford to buy a median-priced home in two-thirds of the metropolitan areas in America.
- Working families with a critical housing need, defined as having to spend more than half their income on housing or living in substandard housing, increased by 60 percent to 4.8 million households.
- Under financial pressures, households typically are forced to move farther out from their jobs, enduring long commutes that aggravate existing traffic problems, or to double up and endure crowded housing conditions.
- Apartments and condominiums play an important role in housing the workforce. They have been providing "workforce housing" for decades, long before the term was coined.

Well-designed multifamily housing can be an attractive and compatible addition to the community.

- Multifamily housing has come a long way from the plain brick boxes of the past; the design of today's apartments and condominiums is much more creative and sensitive to neighborhood context.
- Many multifamily housing communities were constructed using principles consistent with the new urbanist movement. Multifamily housing has an important role to play in new urbanist communities of the future.
- Multifamily structures allow greater flexibility in siting buildings, which makes it possible to preserve open space and distinctive natural features of the site such as hillsides, streams, or stands of trees.
- There is no discernible difference in price appreciation of single-family housing located near multifamily buildings and that of homes not located close to multifamily housing.
- Visual preference surveys have demonstrated that consumers, when shown well-designed visual images of high-density communities and low-density communities, often prefer the high-density communities.

Multifamily housing is a key component of smart growth.

The smart growth movement emerged in the 1990s in response to the unintentional consequences of growth. The movement holds as its goals the preservation of high-quality open space, the more efficient use of infrastructure, the redevelopment of infill sites, and the integration of housing development with commercial uses and public transportation to reduce auto dependency and to increasing the walkability of neighborhoods. One of the keys to achieving these goals is to increase housing density in appropriate areas. As the densest housing type, multifamily housing provides the best opportunity to concentrate housing density.

During the early stages of the smart growth movement, its goals often were misinterpreted as antigrowth. Many embraced the concept of open-space preservation but not the increased housing density needed to make it work. Some communities that adopted this incomplete interpretation of smart growth are now

enduring severe housing shortages and affordability problems that may negatively affect their regional economies. Well-planned, higher-density housing in areas designated for growth has always been an integral component of smart growth. Indeed, it provides the tool with which smart growth goals can be achieved.

Smart growth inherently requires a tradeoff between the populated core areas of a metropolitan area and the greener periphery. Growth must be funneled away from open space at the fringe and directed to the urban core, which often is underused and generally has the infrastructure in place to support it.

By housing more people on less land, multifamily housing development allows more natural features of a site to be preserved in common areas and in protected open space than does a typical single-family housing development. In addition, multifamily housing helps to satisfy a portion of overall housing market demand,

thereby reducing development pressure on the remaining undeveloped land in a region.

Because of its compact development form, multifamily housing usually requires less public infrastructure, including roads, sewer and water pipes, and electricity and gas lines.¹

In addition, because retail and commercial uses require high concentrations of housing units within a short com-

Ratio of Apartment Effective Tax Rate (ETR) to Single-Family Home ETR in Selected States (1.0 Indicates Rates Are Same)

	National Average	New York	Minnesota	South Carolina	Florida	Texas
Apartments/ Single-Family Effective Tax Rate	1.97	5.96	3.49	2.87	1.8	1.67

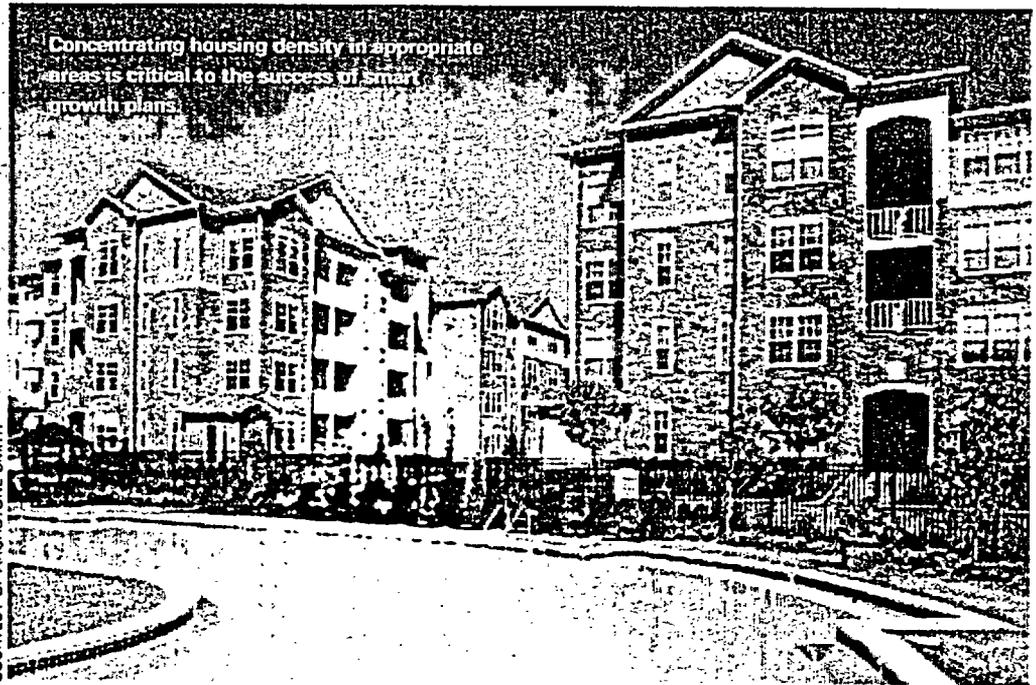
Source: Minnesota Taxpayers Association, 1998 State Property Tax Comparison Study.

Number of School-Age Children per 100 New Housing Units

Owner-Occupied Single-Family Homes	Apartments	Mid- to High-Rise Apartments
64	21	19

Source: NMHC tabulations of 1999 American Housing Survey (Washington, D.C.: U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, 1999).

muting distance, multifamily housing makes it financially feasible to incorporate these uses into the neighborhood. This, in turn, creates efficiencies: for example, it reduces the number and distance of automobile trips required by residents, thereby reducing traffic and air pollution and creating more free time for residents. Public transportation also works more efficiently when density is concentrated. Mass transit requires a large number of riders within a relatively compact area to be financially viable, while low-density subdivisions have too few people spread over too large an area to be served effectively by mass transit. All of these efficiencies result in less automobile dependency.



Concentrating housing density in appropriate areas is critical to the success of smart growth plans.

COURTESY OF ARCHSTONE-SMITH

In addition to requiring less public infrastructure, multifamily housing has a smaller per-housing-unit fiscal impact on local governments than single-family homes. Many apartment owners pay for services, such as trash removal, that often are provided as a government service to single-family communities. Also, multifamily communities have a smaller impact on local schools, which are the single largest expenditure for local governments.² Apartments average only 21 school-age children per 100 new apartments, compared with 64 school-age children per 100 new single-family houses. New mid- to high-rise apartments average even fewer children: 19 school-age children per 100 apartments.³ Although apartment residents do not pay property taxes directly, apartment owners do. To be sure, these taxes are passed on to residents in their rents. Since apartments frequently are considered commercial uses, many are taxed at a higher rate than residentially assessed properties. Many apartments are taxed more per square foot than single-family dwellings. Condominium owners, of course, pay property taxes directly. In many cases, apartment and condominium residents effectively subsidize the education of children from single-family dwellings.

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Multifamily housing is needed and is preferred by many people today.

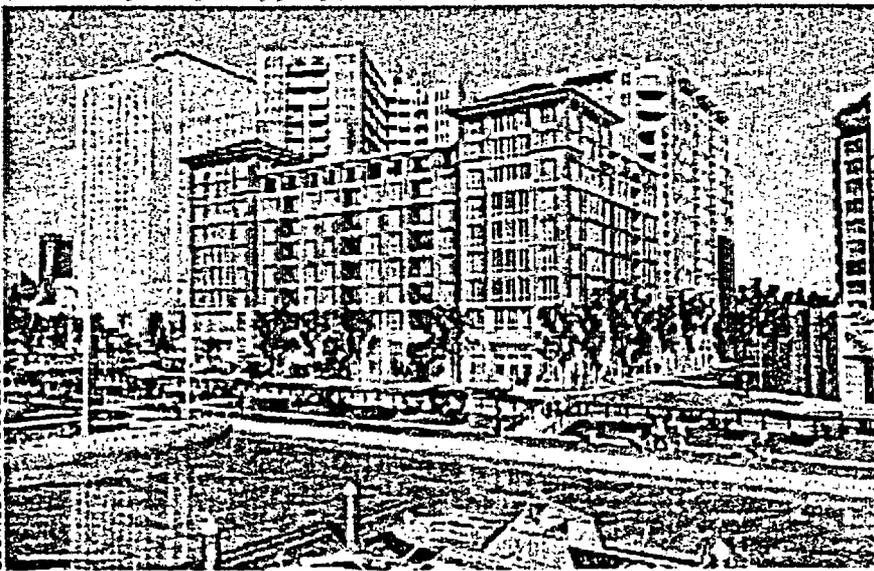
Thirty years ago, married couples with children represented the typical American household. This household type overwhelmingly preferred—and indeed still does prefer—to live in single-family homes. However, the 2000 U.S. Census reveals that this household type as a group has been decreasing in number since 1970 and now accounts for just one-quarter of the American population.⁴ Meanwhile, nontraditional households have been growing in number every decade and, taken as a whole, make up the new majority. Nontraditional households include childless couples, single parents, people who live alone—including singles, divorcees, widows, and widowers—and nonfamily/nonrelated households. Today, there are more than twice as many adult men and women who have never been married as there were in 1950. Overall, there are roughly three times as

many widowed and divorced men and women today as there were in 1950.⁵ In the 1990s, two-thirds of all new households were headed by single adults or single parents with families.⁶ All of these household types are the households most likely to choose multifamily housing.⁷

Multifamily living often is the best or preferred solution to the economic or lifestyle choices that everyone faces over time. Many people at some point in their lives—as children, as single parents, as empty nesters, etc.—will fit into one or more of the categories of smaller households mentioned above. Census data confirm that these smaller households are

becoming the norm. The average household size in the United States has declined significantly—from 4.76 people in 1900 to 2.59 people in 2000.⁸

There are significant demographic trends that indicate a continuing and growing demand for multifamily housing. One of the most important is the dramatic trend of immigration. The 2000 census revealed that the 1990s experienced the greatest burst of immigration in American history. More than 13 million legal and illegal immigrants came to the United States in the 1990s,⁹ and 8 million of them joined the U.S. workforce. In fact, eight out of ten new male workers in the 1990s were immigrants who arrived in the United States during the decade.¹⁰ (That the September 11 tragedy might slow immigration has thus far proven unfounded.) Since the 2000 census, more than 2 million immigrants have come



COURTESY OF THE BOZZUTO GROUP

Higher-income households constitute the fastest-growing segment of the apartment market. Many of these households want luxury amenities and choose urban living for the convenient lifestyle it offers.

to the United States.¹¹ If that pace continues, the immigration rate throughout the 2000s should exceed the rate of the 1990s. Most immigrants lack the capital required to sustain homeownership and will remain renters for more than ten years before they can afford to become homeowners.¹² These new American citizens and the probable influx of more immigrants in the future should continue to provide significant demand for rental multifamily housing.

A further trend is the growth of the market for those who prefer to rent. The 1990s saw significant growing demand for upscale apartments with all of the amenities found in single-family homes and more. For the past five years, households making \$50,000 per year or more have constituted the fastest-growing segment of the apartment market.¹³ Many renters in this income bracket who could afford to purchase single-family housing chose instead to rent. In fact, in a recent Fannie Mae National Housing Survey, fully 41 percent of renters surveyed said they rent as a matter of choice and not because of circumstances. This figure is up significantly from the 32 percent in the 2000 survey and the 28 percent in the 1999 survey who said renting was a matter of choice.¹⁴ Many in this category also are part of the "back to the city movement" of renters who have returned to the city to enjoy the amenities of urban living. Many urban and suburban renters by choice want the carefree convenient lifestyle of apartment living, including proximity to work, entertainment, culture, and transportation. Others cite a desire to be free from the expense of maintaining a house. The 1997 tax law changes provide yet another compelling reason cited by renters. The first \$500,000 of capital gains on homes sold by joint filers (\$250,000 for single filers) is now exempt from taxes. Freed from the prospect of incurring a huge tax liability, many are opting to leave behind ownership chores like cutting the grass and shoveling the snow in favor of renting.

People between the ages of 20 and 29 traditionally have been the group most likely to rent an apartment. A major trend influencing future demand for multifamily housing is the fact that after more than two decades of declining numbers, this demographic group, known as the echo boomers, is expected to increase 11 percent between 2000 and 2010.¹⁵ This group is almost as large as the largest demographic group in the country: the baby boomers, parents of the

Households by Type: Selected Years, 1970-2000
(Percentage Distribution)

Household Type	1970	1980	1990	2000
Married Couples with Children	40.3%	30.9%	26.3%	24.1%
Married Couples w/o Children	30.3	29.9	29.8	28.7
Other Family Households	10.6	12.9	14.8	16.0
Men Living Alone	5.6	8.6	9.7	10.7
Women Living Alone	11.5	14.0	14.9	14.8
Other Nonfamily Households	1.7	3.6	4.6	5.7

Source: U.S. Bureau of the Census, *Current Population Survey*, March Supplements: 1970-2000 (Washington, D.C.: author, various years).

Multifamily living often is the best or preferred solution to the economic or lifestyle choices that everyone faces over time.

Why People Rent Apartments

Reason	Percentage of Total
Circumstance	51%
Choice	41%
Neither	7%
Not Sure	1%

Source: Fannie Mae, *Fannie Mae National Housing Survey 2001* (Washington, D.C.: author, 2001).

echo boomers. Baby boomers will likely live in single-family dwellings; however, as they move into their 50s and 60s and their children leave home, some will choose to downsize to an apartment or condominium for a more carefree life-style. Others may decide to purchase or rent a multifamily home as a second vacation or semiretirement home. During the 1990s, the number of second homes increased faster than the rate of increase in the overall housing supply.¹⁶ Because baby boomers represent the largest demographic group in the country, even a small percentage choosing to move to multifamily homes represents a significant number of households.

Many seniors choose multifamily housing for the same reasons that aging baby boomers choose it. Eighty-six percent of older Americans surveyed prefer to remain in the familiar neighborhoods where they have been living and age in place (65 percent of them have lived in the same community for more than 20 years).¹⁷ Many find, however, that they no longer need or can maintain the family home. Multifamily housing allows seniors to remain in their neighborhoods through the different stages of their lives without the hassle of maintaining single-family housing.

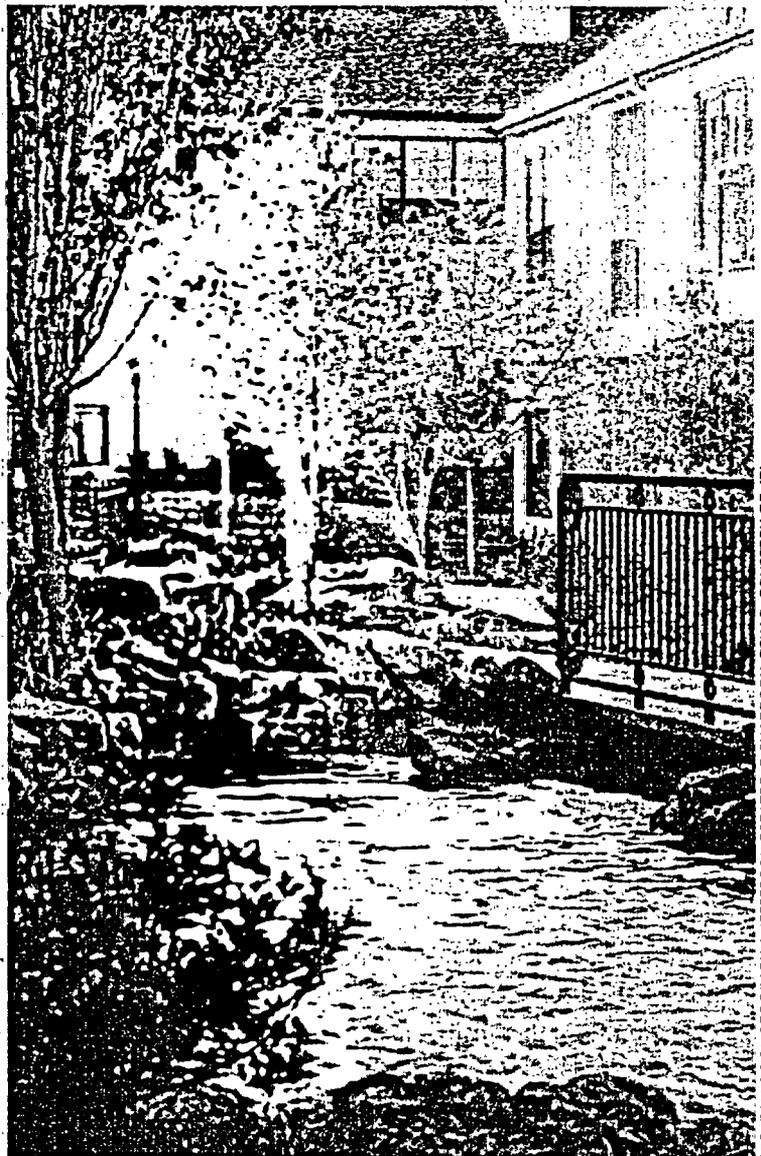
Multifamily development often is more environmentally friendly than low-density development.

Multifamily housing development generally is less environmentally disruptive than a comparable number of units of scattered low-density development. Because multifamily development, by design, houses more people per square acre than single-family housing development, it creates less land disturbance and fewer impervious surfaces. It tends to require less impervious roadway and to preserve more contiguous and useful open space than single-family developments. Housing more people on less land, multifamily development requires less costly infrastructure (water and sewer lines, roadways, electric and gas lines) to support. From a regional perspective, multifamily housing developments combat sprawl by providing a denser housing mix. And they satisfy regional market demand for housing, thereby reducing overall development pressure on remaining open lands.

Besides the loss of open space and the fragmentation of wildlife habitats, one of the greatest environmental threats posed by new development is urban runoff. Pollutants and sediment runoff are increased by the loss of forest cover and the introduction of impervious surfaces, such as roofs and roads. Low-density, single-family development tends to create more impervious surface area than compact high-density development. In fact, a study for the state of New Jersey reports that compact development can achieve a 30 percent reduction in runoff compared with conventional suburban development.¹⁸

To illustrate just how multifamily developments can be greener, consider the following example of two neighborhoods, one single-family and one multifamily. Each provides 40 dwelling units. Assume that multifamily zoning permits 20 units per acre and single-family zoning permits four units per acre (typical permitted densities in many areas). To construct the 40 units of multifamily housing, two acres of land are needed; however, to construct a comparable number of single-family homes, ten acres of land are needed. A portion of both properties must be cleared and graded for development, but much more land must be cleared for the single-family homes to account for the

Compact multifamily housing development provides opportunities to preserve high-quality usable open space.

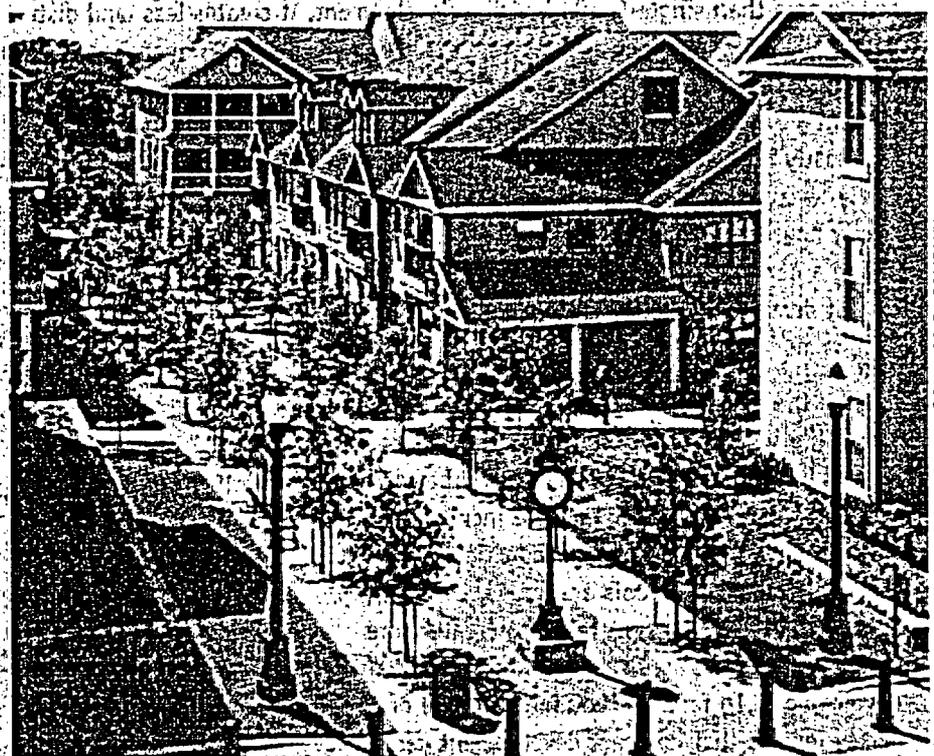


STEVE HINDS PHOTOGRAPHY; JEFFERSON ESTATES, RICHARDSON, TEXAS; COURTESY OF JPI

Multifamily housing choices are important to the economic vitality of the larger community.

Cities, counties, and states are in increasingly heated competition to attract companies to their areas. Good paying jobs, increased property and income taxes, and an improved quality of life for local residents are the expected pay-backs local governments hope to receive when a major employer decides to locate in their area. In the past, economic development officials would offer tax exemptions or abatements as incentives to convince companies to choose their location. Today, although taxes and the general business climate are still important, access to a large and diverse labor pool has become the most important factor in making corporate decisions on location.²⁰ And the number one problem facing the labor pool today is housing affordability.²¹ Accessible jobs and affordable housing are, therefore, inextricably related.²² A recent survey by the New York State Controller found that 86 percent of New York businesses surveyed cited housing costs as a serious deterrent to attracting firms to New York. Additional surveys in the suburbs of Chicago and Detroit have found similar results.²³ Multifamily housing typically, although not always, is more affordable than single-family housing and therefore represents a major economic development tool for cities, counties, and states.

Most companies employ workers with a wide range of skills and pay them a wide range of salaries. Companies seek business locations that can provide attractive housing opportunities for all of their employees, from administrative staff to executive management. Many communities, however, have failed to provide affordable housing options to low- and middle-income workers. Often, this is the unfortunate result of elected officials' succumbing to community opposition to high-density housing, especially to multifamily rental apartments.



AUSTIN RANCH, DALLAS, TEXAS; COURTESY OF BILLINGSLEY COMPANY

A balanced range of housing options makes a region more attractive to businesses.

Most Important Factors in Corporate Location Decisions

Labor Availability and Productivity	60%
Favorable Operating Costs	58%
Customer/Client Opportunities	38%
Transportation Access	35%
Physical Viability of Site	33%
Infrastructure Capacity	31%

Source: PricewaterhouseCoopers, *Trendsetter Barometer* (New York: author, September 30, 2002).

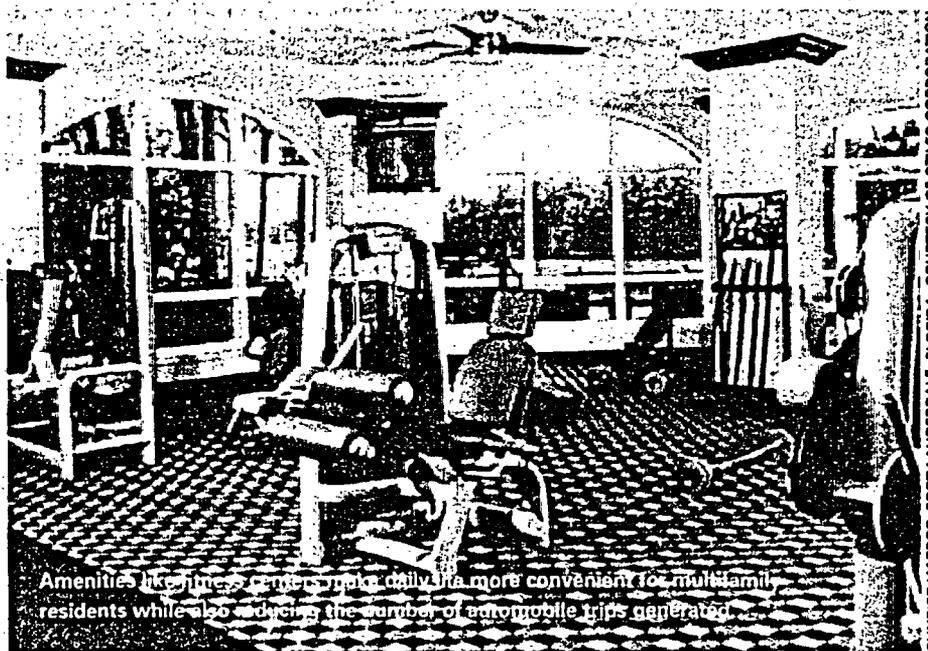
Multifamily housing can help minimize areawide traffic congestion.

There is a prevailing belief that multifamily housing contributes to a community's traffic problems. In fact, while it may increase traffic at an individual site, multifamily housing can significantly relieve overall regional traffic congestion.

If workers are forced to commute long distances because of a lack of affordable housing near their jobs, they contribute to increased areawide traffic congestion. As more cars crisscross the community from distant homes to work, everyone's commute becomes more difficult, more fuel is consumed, air pollution problems are exacerbated, a feeling of crowding and frustration is created, and the overall quality of life for a region declines.

Multifamily housing allows more people to live in housing they can afford that is near their work. In addition, when multifamily housing developments are clustered along transportation corridors, various kinds of mass transportation become feasible. Low-density development cannot be economically served by mass transportation because great distances must be traveled to benefit comparatively few riders. Nodes of multifamily housing provide efficient locations for bus stops and possibly other mass transportation alternatives as well. In addition, many multifamily developments now offer high-speed Internet access and business centers that make telecommuting a more realistic alternative than it has been in the past. Telecommuting introduces the option of eliminating or reducing the number of trips to and from work.

Residents of multifamily housing tend to own fewer cars and to use them less often. Multifamily residents average one motor vehicle per household, while owner-occupied households average two vehicles.²⁸ The Institute of Transportation Engineers estimates that single-family housing is likely to generate an average of ten auto trips per weekday compared with seven for an apartment. High-rise apartments generate even fewer, averaging only four trips per day.²⁹ Higher-density housing developments located near transit corridors, on infill sites or in mixed-use centers, allow more people pedestrian or transit access to employ-



Amenities like fitness centers make daily life more convenient for multifamily residents while also reducing the number of automobile trips generated.

SUNRISE HARBOR, FORT LAUDERDALE, FLORIDA; COURTESY OF STILES CORPORATION

Average Number of Vehicles by Housing Type	
Single-Family Homes	Apartments
2	1

Source: NMHC tabulations of 1999 American Housing Survey (Washington, D.C.: U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, 1999).

Residents of multifamily housing tend to own fewer cars and to use them less frequently. Multifamily residents average one motor vehicle per household, while owner-occupied households average two vehicles.

ment, shopping, services, and leisure activities, thus reducing dependence on the automobile. With higher densities, the developer can find it economically feasible to provide common facilities and recreational amenities. The range of amenities—which can include swimming pools, playgrounds, tennis courts, health facilities, and on-site convenience stores and services—is not typical of low-density, single-family neighborhoods, with the exception of master-planned communities. The availability of such facilities within the development reduces the need for auto trips as most residents can walk to these popular amenities.

Weekday Vehicle Trip Generation by Housing Type

Single-Family Homes	Apartments	High-Rise Apartments
10	7	4

Source: Institute of Traffic Engineers, *Trip Generation*, 6th Edition, Volume 1 of 3 (Washington, D.C.: ITE, 1997), pp. 262, 299, 342.

Multifamily housing enables communities to provide housing that is affordable to a wider range of incomes.

The 1990s saw the longest-running economic expansion in the nation's history, with over 21 million new jobs created.³⁰ Despite the economic prosperity, or perhaps because of it, the problem of housing affordability worsened.³¹ In parts of the country where economic growth was the strongest, the labor force critical to sustaining the economy either could not find housing that was reasonably priced or could not locate within an appropriate commuting distance of their jobs.³² Although historically low interest rates and favorable federal policies have led to historically high rates of homeownership,³³ the rapid appreciation of home prices in many major metropolitan areas has shut many low- and middle-income workers out of the market. In California, for instance, only 28 percent of all households can afford to purchase a median-priced home.³⁴

The Center for Housing Policy confirms that working families are being squeezed. It reports that from 1997 to 2001, the number of working families with a critical housing need—defined as having to spend more than half their income on housing or living in substandard housing—increased by 60 percent to 4.8 million households.³⁵ Households depending on a single salary such as that of a teacher or a police officer cannot afford to buy a median-priced home in two-thirds of the metropolitan areas in America. Nurses, for example, are priced out of all but

Households depending on a single salary such as that of a teacher or a police officer cannot afford to buy a median-priced home in two-thirds of the metropolitan areas in America.



Apartment and condominiums were providing "workforce housing" long before the term was coined.

COURTESY OF ARCHSTONE-SMITH

Multiple of Salary Needed to Purchase Median-Priced Home in Least Affordable Metropolitan Areas

Metropolitan Areas	Multiple of Salary Required to Afford Median-Priced Home
Janitor	
San Francisco, CA	7.0
San Jose, CA	6.9
Orange County, CA	5.5
Oakland, CA	4.2
San Diego, CA	4.1
Teacher	
San Francisco, CA	3.5
San Jose, CA	2.6
Orange County, CA	2.0
Oakland, CA	2.0
San Diego, CA	1.6
Washington, DC-MD-VA	1.6
Seattle-Bellevue-Everett, WA	1.6
Raleigh-Durham-Chapel Hill, NC	1.6
Police Officer	
San Jose, CA	2.4
San Francisco, CA	2.1
Seattle-Bellevue-Everett, WA	1.9
Raleigh-Durham-Chapel Hill, NC	1.6
Los Angeles-Long Beach, CA	1.5
Charlotte, NC-SC	1.5
Boston, MA-NH	1.5
Licensed Practical Nurse	
San Francisco, CA	7.5
San Jose, CA	7.0
Orange County, CA	2.3
Oakland, CA	2.2
San Diego, CA	2.1
Seattle-Bellevue-Everett, WA	2.0
Retail Salesperson	
San Francisco, CA	7.5
San Jose, CA	7.0
Oakland, CA	5.0
Orange County, CA	4.7
San Diego, CA	4.2
Los Angeles-Long Beach, CA	3.8

the lowest cost-to-income markets; while janitors and retail salespersons cannot afford to purchase a home across the board.³⁶ These households are an integral part of the community and provide essential government, retail, and business services that are associated with a high quality of life for everyone.³⁷

Multifamily housing is usually, although not always, a more affordable housing option than single-family housing for providing housing opportunities to a wide range of incomes. Apartments and condominiums were providing "workforce housing" long before the term was coined. When affordable multifamily options are not available, households are forced either to move farther out, enduring long commutes that aggravate existing traffic problems; or to double up and endure crowded housing conditions. If the situation is bad enough, they move to a more affordable community, leaving behind a labor shortage and all of the problems associated with it.

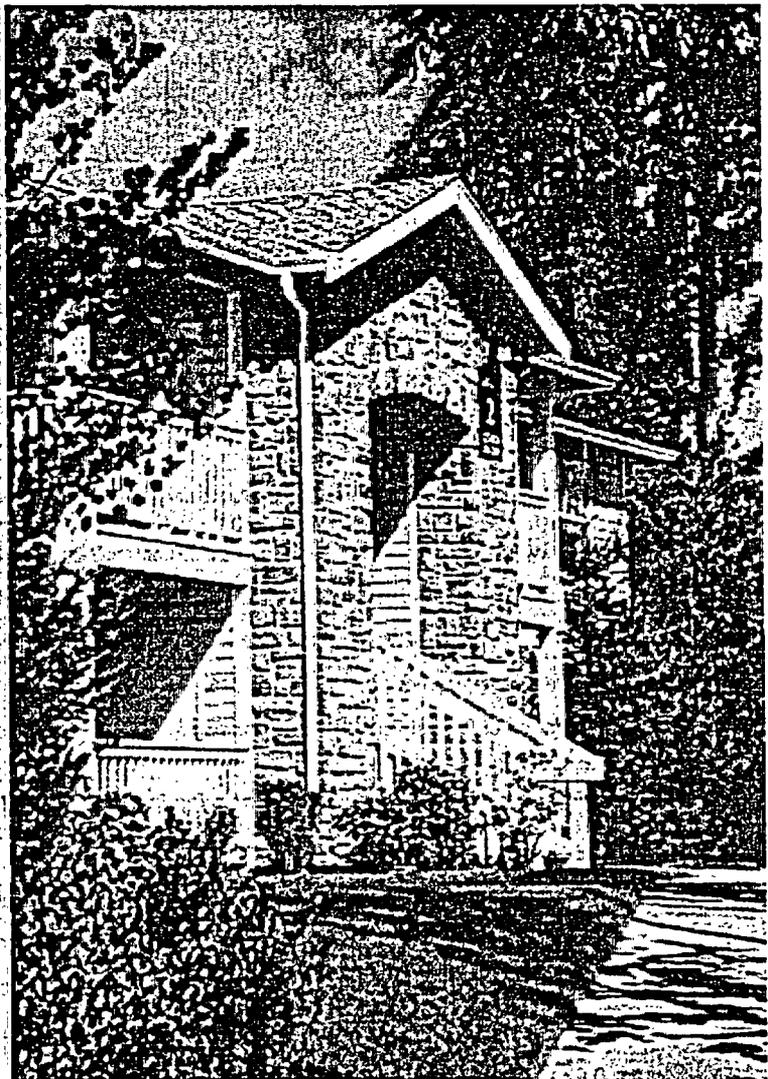
Source: Center for Housing Policy, *Paycheck to Paycheck: Working Families and the Cost of Housing in America* (Washington, D.C.: author, 2001).

Well-designed multifamily housing can be an attractive and compatible addition to the community.

The architecture, design, and layout of multifamily housing have come a long way from the plain brick boxes of the past. Today, designers of multifamily housing are much more creative and sensitive to neighborhood context.³⁸ New building materials and construction techniques have enabled more innovative use of gables, chimneys, sloped roofs, and balconies in low-rise buildings. Developers are paying more attention to siting, exterior details, and landscaping in order to design housing that is appropriate to its natural setting and neighborhood traditions. Multifamily structures allow greater flexibility in siting buildings, which makes it possible to preserve open space and distinctive natural features of the site such as hillsides, streams, or stands of trees.

Today's apartments and condominiums have come a long way from the plain brick boxes of the past.

Increased attention to architectural detail and planning has facilitated the development of more attractive, more compatible multifamily communities. Often, neighboring residents fear that multifamily developments will have a negative impact on surrounding single-family home values. The value of individual property is determined by a number of considerations such as its location, the quality of the structure, the nature of the local housing market, and the quality of the neighborhood. There is no evidence that multifamily communities devalue nearby single-family homes. Apartment and condominium construction often is the sign of a thriving local economy that supports a variety of jobs and housing types. Thriving economies also tend to be associated with appreciating home values. The *American Housing Survey*, conducted every two years by the U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, reports that there is no discernible difference in price appreciation of single-family housing located near multifamily buildings compared with homes not close to multifamily. Between 1997 and 1999, the average annual appreciation rate for single-family homes within 300 feet of multifamily buildings was 2.9 percent compared with 2.7 percent for single-family homes with no multifamily building within 300 feet.³⁹



COURTESY OF ARCHSTONE-SMITH

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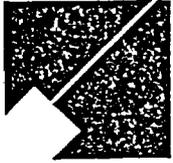
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FOR IMMEDIATE RELEASE

Planning Board and Fannie Mae Host Workforce Housing Roundtable

WHEATON, MD --- More than 80 Montgomery County government, housing and business leaders gathered at the Brookside Gardens Visitors Center today to find solutions to the need for more affordable housing for workers. The Maryland-National Capital Park and Planning Commission's (M-NCPPC) Montgomery County Planning Board hosted its first "Workforce Housing Roundtable" and focused on the desirability of promoting Employer Assisted Housing (EAH) in both the public and private sectors. National and local EAH success stories were featured, highlighting Park and Planning as the local model. Implementation strategies for the County's largest private employers, federal government agencies and local government agencies also were explored.

In addition to Montgomery County Council President Steve Silverman, County Executive Douglas M. Duncan and Planning Board Chairman Derick P. Berlage, provocative local and national speakers included Anirban Basu, Chairman of the Sage Policy Group, who spoke on "The Bottom-line for Employers: Why Workforce Housing Makes Good Sense." "Employer Perspective" panelists included Thomas Jefferson, Regional Vice President for Comcast; Jerry Weast, Superintendent of Montgomery County Public Schools; Dennis Parnell, Vice President of Suburban Hospital HealthCare System; Chief J. Thomas Manger, Montgomery County Police; and Richard Parsons, President of the Montgomery County Chamber of Commerce

Featured speakers included Kathleen Carr Walsh, President of the Adams National Bank; Barry Zigas, Fannie Mae Senior Vice President for National Community Lending Center; and Beverly Wilbourn, Principal Director of Fannie Mae's Washington D.C. Partnership Office. They discussed various aspects of Employer Assisted Housing initiatives.

This past June, the Planning Board and Fannie Mae announced the kick-off of the first government-sponsored Employer Assisted Housing program of its kind in Montgomery County. Board Chairman Derick P. Berlage took a leadership role in addressing the critical need for workforce housing by focusing on the Department of Park and Planning's workforce – those workers who are vital to maintaining the operation of Montgomery County's National Gold Medal Award-winning park system.

For the most part, Park and Planning's salaries are insufficient to allow a large proportion of the department's workforce to enter the housing market in the County, unless others contribute significantly to the household income. Forty-six percent of the Department of Park and Planning's workforce live outside the county, some by choice, but most by necessity. Thirty-seven percent of all those who work in the county live outside the county.

"Many of Montgomery County's workers -- teachers, nurses, police, firefighters and others -- cannot find housing in the County to meet their needs and fit their incomes. Employer Assisted Housing Programs can expand opportunities for workers to live closer to their jobs and may even provide significant public benefits--reducing commuting time, helping minimize traffic impacts, and giving workers more time with their families and for community activities," stated Berlage.

The Department of Park and Planning's EAH Program focuses on expanding workforce housing opportunities by using some park properties previously developed for non-park uses. One key component of the initiative allows income-eligible employees to qualify to lease one of The M-NCPPC's 65 existing park houses. Another separate component of the program allows employees to take advantage of financial management and financial literacy programs that help employees prepare for homeownership.

"Employer Assisted Housing is one of the many Fannie Mae tools and products our partners use to make homeownership more accessible to working families," said Fannie Mae's Barry Zigas. "We and our partners recognize that in many communities throughout the country, people who serve those communities can't afford to live in them. Today's roundtable is helping us find the answers needed to address this pressing issue in Montgomery County."

"I am working to address the challenges Montgomery County faces in providing affordable housing to a range of income groups in our community -- from the working poor to teachers, fire fighters and police officers," said County Executive Douglas M. Duncan. "This forum is important, because it provides all of us concerned with this issue the opportunity to share vital information face to face."

"In the last eight years, wages for Montgomery workers have increased 32%, but during that same period, housing prices have shot up almost double that amount. Housing is just too expensive for many of the people who work in our County," said Montgomery County Council President Steven Silverman, who also chairs the Council's Housing Committee.

Fannie Mae provided free technical assistance to M-NCPPC in the development of its initiative. Fannie Mae has assisted more than 600 public and private employers across the nation establish EAH plans, with a goal to help 1,000 employers establish EAH plans by the end of the decade. Under the new goals of its American Dream Commitment[®], Fannie Mae announced the Housing America's Workforce initiative, which includes an effort to identify the housing tools, such as EAH initiatives, that can have the greatest impact in serving working families. Employers in Montgomery County interested in implementing an EAH benefit may contact Fannie Mae's Washington, DC Partnership Office at 202-752-7950.

The Maryland-National Capital Park and Planning Commission encourages the participation of all individuals in its programs and facilities. For assistance with special needs, such as large print materials, sign language interpretation, listening devices, etc., please contact Marion Joyce, 301-495-4600, TTY 301-495-1331 or the Maryland Relay Service.

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What is Workforce Housing?



Who Needs Workforce Housing?



How is Housing Developed?



What is Employer Assisted Housing?



Answers to Common Questions

This information packet was prepared by the Montgomery County Park and Planning Department in cooperation with the Montgomery County Office of Housing and Community Development and the Housing Opportunities Commission.



What is Workforce Housing?

For a home to be affordable to our workforce, housing costs should be no more than 30% of a family's household income.

The average salary earned by a worker employed in Montgomery County is \$48,880 and the area median family income is \$85,400.

The median income in the county is not sufficient to purchase the median priced new or resale single-family home, a new townhouse or even the median priced new condo.

The discrepancy between incomes of our workforce and income needed to purchase a median priced home creates an "affordability gap" within the workforce.

WORKFORCE HOUSING IS HOUSING FOR THOSE WHO WORK IN MONTGOMERY COUNTY.

Frequently, the definition of workforce housing focuses on households with incomes between 65% and 120% of the Area Median Income. (In Montgomery County that would be households with incomes between about \$55,000 and \$100,000.) However, housing in Montgomery County is a challenge not only for those households but also especially for workers whose incomes are below this range. Although there are government-sponsored housing programs to help some lower income households, those with incomes between \$50,000 and \$100,000 fall into a "gap"—their incomes are too high for most government programs and yet too low for most market rate housing.

Housing in Montgomery County is expensive. Probably someone you know is struggling under the increasing cost of housing.

Several factors have combined to create this unfortunate reality:

- ✓ Increases in wages and family incomes have not kept pace with housing costs. Many families in Montgomery County would not be able to afford to purchase their own homes today.
- ✓ The supply of developable land is shrinking and land values continue to increase. Land valuation continues to dramatically increase since real estate, in all forms, continues to be viewed as a good investment.
- ✓ Most new units are larger and more expensive. Housing production is not meeting the demands of the full spectrum of the workforce.

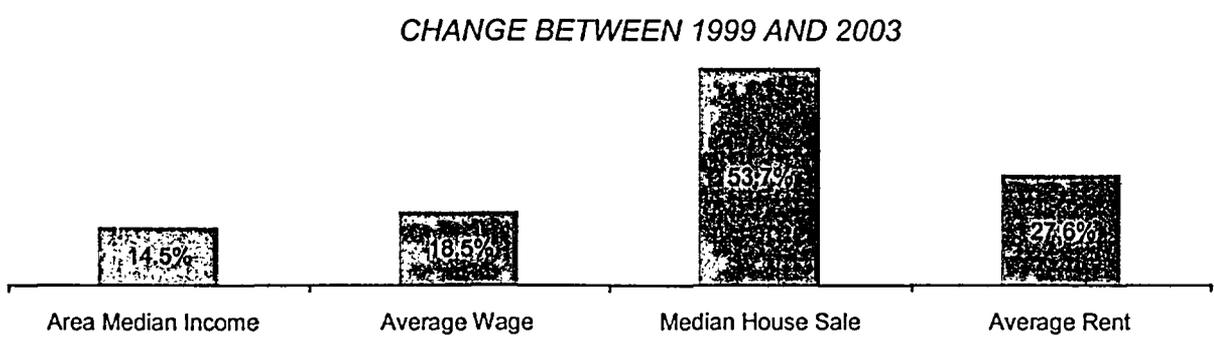
- ✓ The cost of residential development has increased due to expensive constraints, competing public policies, and complex regulation, thereby diminishing the developer's ability to package and produce housing for our workforce.
- ✓ The amount of infrastructure financing, particularly from federal sources, has dropped dramatically in the last 15 years.
- ✓ Many rental units and existing affordable housing stock vanished in the 1980 and 1990's when many buildings were converted to condominiums while others "gentrified" or were lost to the redevelopment of more expensive housing.
- ✓ Community concerns about density, compatibility, over-concentration, transportation, and school capacity tend to limit production of additional, higher density housing units.

HOUSING COSTS ARE RISING FASTER THAN WAGES AND INCOMES

According to HUD, for a home to be affordable housing costs must be no more than 30% of a family's household income. Although most families have more than one wage earner, the average wage for all occupations in Montgomery County is \$48,880¹.

The present stellar performance of the housing market has benefited many county residents, particularly homeowners. However, rising home prices and rents have far out-paced the income of more than 50% of our workforce. In fact, the relative cost of housing in Montgomery County, as in other rapidly growing parts of the nation, has risen faster than the general rate of inflation and has increased particularly fast in the past five years.

HOUSING COSTS HAVE BEEN INCREASING FASTER THAN WAGES AND INCOMES



While some older homes are still relatively affordable, much new housing is out of reach for most of our workforce. Development of new housing has not kept pace with demand at a price most families can afford. In the last five years, housing prices increased by 53.7% but workers' wages only increased by 18.5%. Prices keep going up and up, causing many low-and moderate-income workers to double up, live with other family members or commute long distances.

¹ Maryland Department of Labor, Licensing and Regulation, Average salaried wage in 2003 in Montgomery County.

The following chart shows the approximate income needed to buy the median priced house last year as well as the income needed for the median rent.

HOUSING AFFORDABILITY CHART

	<i>Median Sales Price 2003</i>	<i>Approx Income Required²</i>
New Single Family	\$590,800	\$197,000
Resale Single Family	\$383,000	\$128,000
New Townhouse	\$367,200	\$122,000
Resale Townhouse	\$229,000	\$76,000
New Condo	\$280,000	\$93,000
Resale Condo	\$155,000	\$51,000
Median Monthly Rent	\$1,110	\$44,400

Increasingly, many moderate-income wage earners who wish to buy homes must “drive until they qualify” for a mortgage—moving farther and farther from their jobs in order to find affordable housing within their price range. This outward pressure for lower-cost housing tends to further burden the region’s transportation infrastructure, and increasing volume and lengths of automobile trips continues to contribute to worsening air pollution.

Many workers, holding jobs in the county, will likely continue to experience difficulty finding affordable housing that does not carry with it either a dollar cost that puts a heavy strain on their disposable income or a commuting cost that puts a similar strain on their discretionary time.

In this environment, tensions naturally arise between the county’s civic and business communities. The business community is challenged to remain competitive with regions throughout the country if they must compensate employees with higher wages to reflect higher-cost housing and long commutes. The residential communities are challenged to accommodate changes in their neighborhoods, increased school enrollments, and sometimes, higher congestion levels on local roadways.

HOUSING, AFFORDABLE TO THE FULL SPECTRUM OF THE WORKFORCE, WORKS FOR THE COMMUNITY

Affordable workforce housing helps businesses retain and attract employees and helps public employees live closer to their jobs and the communities they serve.

Housing the workforce benefits the entire county in significant ways: (a) reducing long-distance commuter traffic and improving air quality; (b) maintaining the competitive edge of our business community, and (c) promoting economic integration of our workforce into Montgomery County’s community life.

² Approximate income required for mortgage assumes a 30 year mortgage at 6.5% interest.

Housing affordable to our workforce is developed by private and public sector developers and not-for-profit organizations (some of which are local community or faith-based organizations) using a combination of rental income, private financing, income from sales, and government subsidies. Other housing is developed by the private sector through our unique inclusionary zoning. Funding and technical assistance are also available from private lenders. Montgomery County has created a Housing Initiative Fund to assist with the development of affordable housing in the county. The Housing Opportunities Commission develops mixed-income housing projects and finances private and not for profit developments. For many years, our communities have shown that partnerships among local government, not-for-profit housing developers, community leaders, and private financial institutions can create attractive, successful affordable housing developments that not only serve residents, but are an asset to the entire county.

"Everyone in our community should have access to a clean, safe, decent and affordable place to live."

County Executive Douglas M. Duncan

"The police officer, firefighter, and public health nurse, who are poised right now to protect us in case of calamity, deserve the chance to live in the community in which they serve."

County Council President Steven A. Silverman



Who Needs Workforce Housing?

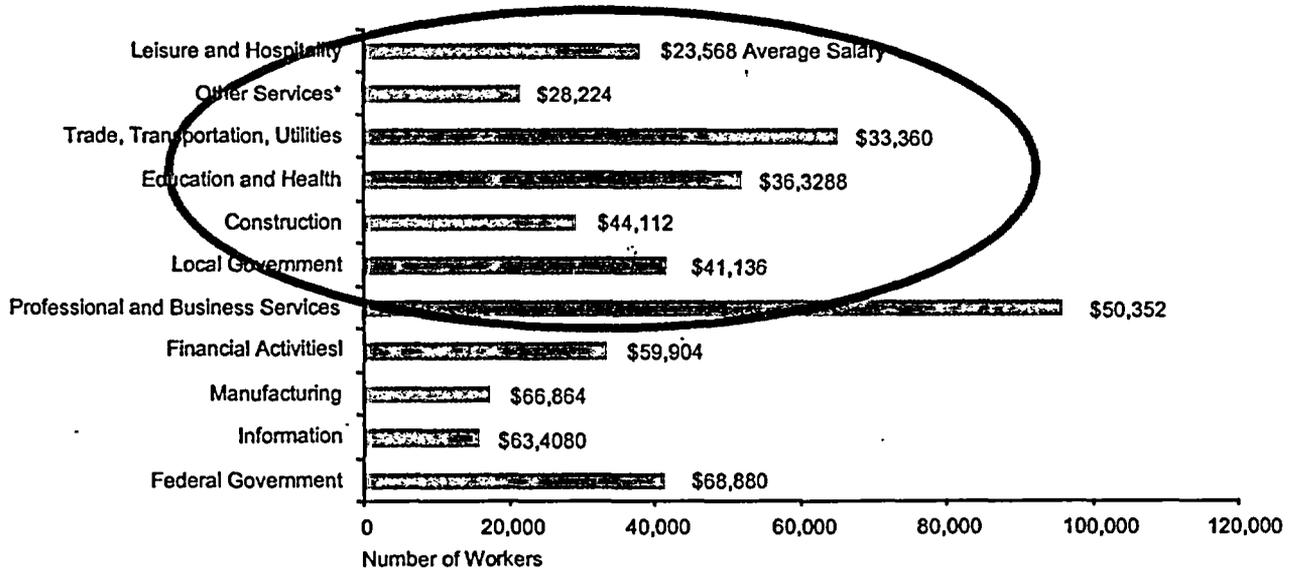
Montgomery County's workforce needs housing it can afford. Because wages in the county have not kept up with the escalating costs of housing, many people who are employed here cannot afford to live here.

Our workers are in search of affordable housing in the county – they want safe, decent, attractive housing for the same reasons that everyone does. Workers want to provide a nurturing environment to raise children, to remain in the community where they were raised and/or to become a part of the community where they work. Businesses can be discouraged from operating in the county because they cannot hire the employees they need.

Finding affordable housing is a problem for many thousands of people who provide indispensable service to Montgomery County's economic and social well-being, including our school teachers, public safety personnel such as fire fighters, police, medical technicians, nurses, young biomedical researchers, as well as a host of service mid-level office workers such as architects, bank tellers, librarians, and sales clerks.

WORKERS CRITICAL TO OUR COUNTY'S WELL-BEING ARE CAUGHT IN THE HOUSING SQUEEZE

*MOST OF THE WORKERS IN THE COUNTY MAKE LESS THAN \$50,000.
THIS JOB DISTRIBUTION WILL LIKELY CONTINUE IN THE FUTURE.*



The average wage in Montgomery County last year was \$46,225 per year¹, which is more than an entry-level teacher, or public safety worker earns. In focus groups, we learned that many of our newly hired young teachers live with their parents, and about one-third of all public school teachers live out of the county. The Fire Fighters Association reports that less than one-third of their members live in Montgomery County, with an almost equal number living in Frederick County.² Overall, the last census reported that 37% of all those who work in Montgomery County live outside the county. With salaries for teachers, police, bio-medical researchers, and public safety workers beginning in the \$30,000's, many are priced out of our housing market.

We anticipate that our high-priced housing market will continue to be fueled by the projected creation of an additional 110,000 jobs by 2020. Many of these jobs are expected to be lower- and moderate-paying service and support jobs. Although most households have more than one worker, even with two workers most of these new jobs will not create household incomes high enough to enter the housing market. Today it takes a household income of about \$200,000 to purchase the average new single-family house.

Housing for our Workforce relates to housing for households with incomes between 60% and 120% of the median household income. In Montgomery County, that would be housing for those households with incomes between about \$50,000 and \$100,000. Housing purchasing power would be from approximately \$150,000 to \$300,000. These incomes are too high to qualify for most housing assistance programs but too low to purchase a home. Some do qualify for the Moderately Priced Dwelling Unit Program (MPDU) and for some mortgage subsidy programs.

% OF HOUSEHOLDS WHERE MONTHLY HOUSING COSTS EXCEED 30% OF HOUSEHOLD INCOME

HOUSING COSTS ARE AN INCREASING PROBLEM, ESPECIALLY FOR RENTERS



2002 Median Monthly
Housing Cost
Own: \$1,436 Rent \$1,060

■ 1987 ■ 1997 ■ 2003

¹ Maryland Department of Labor Licensing and Regulation, Office of Labor Market Analysis and Information, County Industry Series, 2003

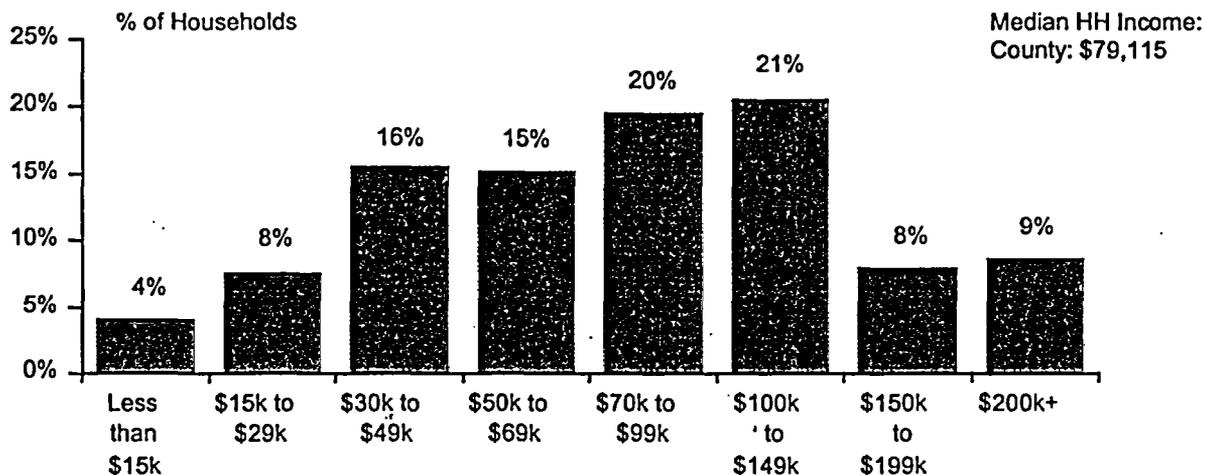
² Government Employers Focus Group Report, Strategic Planning, M-NCPPC

The 2003 Montgomery County Census Update survey found that 38% of the renters paid more than 30% of their household income for housing costs.³

THE SHRINKING MIDDLE

Although the number of jobs in the county paying mid-level wages increased between 1990 and 2000, the number of households in the mid-level group declined. Jobs increased from 466,000 to 545,800. However, the Census found fewer families with incomes between \$25,000 and \$75,000 than in 1990. Some moved into higher income categories, but many left the county for less expensive areas. We know, anecdotally, that many middle-income families are being priced out of the county.

28% OF THE HOUSEHOLDS HAVE INCOMES OF LESS THAN \$50,000



BABY BOOMERS LEAVING JOB MARKET

A large proportion of our workforce in Montgomery County is reaching retirement age. (In the Park and Planning Department alone, 29% of the employees will be eligible to retire in the next 4 years. Other county and Federal government agencies in the County as well as many private employers have similar workforce demographics). The new employees hired to replace those retiring will face a very different housing market than 20 or 30 years ago. Additionally, these new employees will have lower salaries than those they replace and will frequently be single, without the benefit of another income to contribute to housing. Their ability to find desirable housing will affect employee recruitment.

INCREASING NUMBER OF SENIORS NEED AFFORDABLE HOUSING

The senior population in Montgomery County increased by 27% in the 1990s, and is expected to increase by 51% by 2020. The last Census Update Survey found that 12% of the population was 65 or over and 75% of those residents near retirement age planned to stay in Montgomery County for at

³ Research and Technology Center, M-NCPPC, 2003 Census Update

least the first 5 years of retirement. High housing costs can devastate fixed income from pensions and Social Security. Some seniors also need special services provided in affordable housing developments.

THE LINKS BETWEEN AFFORDABLE HOUSING AND OUR ECONOMIC WELL-BEING AND COMMUNITY STABILITY GROWS STRONGER EACH DAY

By recognizing the housing needs of our workforce, we can more fully appreciate the challenge of Montgomery County's multi-faceted affordable housing dilemma.

The lack of housing units affordable to many within our workforce causes some families to bypass Montgomery County and seek employment and housing elsewhere. For people who work in Montgomery County, finding affordable housing often means living in adjacent counties. The resulting long-distance commutes increase stress, increase road congestion, and contribute to air pollution.

Similarly, the business community is challenged when housing choices are not available. A shortage of affordable housing has a negative impact on business location and retention decisions. Businesses and entrepreneurs tend to locate in areas where housing is readily available at a reasonable cost.



How is Housing Developed?

Developing housing that is affordable to our workforce requires the cooperation of many people in the community: local government officials, developers, neighbors, and potential residents. Housing that is affordable to our workforce is built by people working together for the common good.

Montgomery County has shown that partnerships between local government, non-profit and for-profit housing developers, community leaders and private financial institutions can create attractive, successful developments that serve a broad range of resident housing needs and are assets to the broader community.

STEP 1: Montgomery County sets the framework for meeting its housing needs.

It is the local community that determines how housing is developed within its boundaries. The needs of the county, available funding, potential sites, and the local housing and development policies set the framework in which any housing proposal is considered.

In addition, Montgomery County has a long history and commitment to the provision of affordable housing through the Moderately Priced Dwelling Unit Program and other government sponsored programs.

HOUSING NEED ASSESSMENT: Montgomery County regularly reviews the extent to which people of all incomes can meet their housing needs in the county. In addition, local non-profit and faith-based housing organizations help determine the county's housing need, particularly for special need populations.

LAND USE AND REGULATIONS: The pattern of development in Montgomery County has been determined by the General Plan, and follows the Wedges and Corridors concept of development. The county is divided into seven planning areas. The development pattern and pace in each planning area is guided by local area master plans, which reflect the spirit and intent of the General Plan.

A wide range of regulations guide implementation of the plans, including; the zoning ordinance, codes, housing policies, requirements and standards. These policies reflect anticipated community concerns about new development, set guidelines for traffic, parking, size and density of buildings, and provide incentives for developers on workforce housing.

STEP 2: The community and the developer work at defining and reviewing a concept and locating an appropriate site.

PROCESS: Sometimes Montgomery County invites proposals from experienced developers to meet identified housing need. Most often, however, a developer formulates a project with the local government within the context of an adopted and approved local, area master plan. In most cases, the developer will perform some early design work, financial feasibility, and other analyses to make sure the concept is sound before publicizing the idea broadly.

REVIEW: Montgomery County government agencies and departments review the proposal to ensure that it meets the County's requirements and policies. At this stage, planning, zoning, and environmental regulations are reviewed to ensure compliance. Revisions to meet requirements are usually undertaken at this stage.

COMMUNITY INPUT: The development team often meets with neighborhood leaders and civic associations to receive input during the planning process and provide community residents an opportunity to provide input.

REVISION: The development team considers input from concerned individuals, property owners, and community groups who participated in the public review process. Revisions are made to respond to valid concerns, improve the proposal, and satisfy all legal requirements.



What is Employer Assisted Housing?

Employer Assisted Housing (EAH) programs are frequently developed by employers in jurisdictions where housing costs are rising significantly faster than wages, making it difficult for employers to attract and retain a high-caliber workforce, and making it difficult for employees to find housing in the jurisdictions where they work.

Successful EAH programs nationwide have increased both the availability of housing and homeownership opportunities for public and private sector workers by using: discounted or forgivable loans; down payment assistance for purchasing or rehabilitating homes; employer built, owned, or leased housing; reduced costs for applications and closings; and financial literacy education for workers. In addition, EAH programs are sometimes used to encourage community development and revitalization in targeted neighborhoods.

IS THERE A NEED FOR EMPLOYER ASSISTED HOUSING PROGRAMS IN MONTGOMERY COUNTY?

Yes! Housing costs are rising faster than wages and incomes. The rapidly escalating real estate market places housing out of the reach of many valuable employees; from mid-level professionals to lower paid service employees. Between 1999 and 2003 the median house sale price increased by 54% while the area median income increased 15%. More than one-third of Montgomery County's incomes fall into the "gap" of being too high for government sponsored housing programs but too low to enter the housing market.

WHAT ARE THE BOTTOM LINE BENEFITS OF EAH PROGRAMS FOR MONTGOMERY COUNTY AND ITS EMPLOYERS?

Employees will be able to spend less time commuting and more time with their families and in community activities. It is not easy to find solutions to the worsening traffic congestion in the county. However, if more workers are able to live closer to their jobs, there will be less impact on the roads and some workers may even be able to use public transportation.

It is to Montgomery County's advantage to have more of those who work here live in the county and own their own homes, and thus have an investment in the community. Greater community involvement leads to a healthier community as employees spend more time in the community and participate in more segments of community life. They will also be more likely to shop in Montgomery County, supporting our local retail establishments.

Employer Assisted Housing (EAH) programs create cutting edge benefit packages for employers and participating employees. They can be of great value to both public and private employers. EAH programs set an employer apart from the competition. They are easy to administer and pay for themselves through increased productivity, decreased recruitment costs, improved retention and increased morale. They are especially effective for critical public and private sector workers

challenged by skyrocketing housing costs, particularly teachers, police, firefighters, and health care personnel. "On call" employees have shorter response times. EAH programs can create employer goodwill in the community and enhance an employer's reputation as a "family-friendly" employer.

In Montgomery County, workers who live outside the county hold 36% of the jobs. In fact, Montgomery County Public Schools (MCPS) report that 30% of all classroom teachers do not live in Montgomery County and last year, the IAFF Local 1664, which represents Montgomery County Career Firefighters, reported that 31% of its members lived in Montgomery County and 69 % lived in other jurisdictions. Almost as many lived in Frederick County as lived in Montgomery County.

HOW CAN EMPLOYER ASSISTED HOUSING PROGRAMS BE DEVELOPED HERE IN MONTGOMERY COUNTY?

The Montgomery County Department of Park and Planning is implementing an EAH program for its employees. This program in conjunction with other EAH private sector initiatives will serve as a model to develop EAH programs for a broad spectrum of major employers throughout Montgomery County.

Fannie Mae has successfully developed a broad range of EAH programs for more than 600 jurisdictions and employers nationwide and can provide detailed technical assistance to establish EAH programs throughout the county. Fannie Mae can help to engage the full spectrum of key players, identify traditional and non-traditional lending partners and opportunities, and help orchestrate community outreach and marketing efforts.



Answers to Common Questions

Q: What is the difference between “affordable housing” and “workforce housing”?

A: Traditionally, “affordable housing” refers to housing for those who are eligible for government-sponsored housing programs. Federal Housing Programs such as Section 8 Housing Choice Vouchers and public housing help low income residents with housing. Residents with a household incomes up to about 65% of the area wide median income (maximum incomes of \$37,000 to \$55,000 depending upon household size) qualify to participate in the County’s Moderately Priced Dwelling Unit (MPDU) Program.

“Workforce housing” is housing for those employees whose household incomes are too high for these programs but below that needed to buy market rate housing. Workforce housing serves middle-income residents with incomes from about 65%-120% of the area wide median income or between approximately \$55,000 to \$100,000.

Q: Why does Montgomery County need housing affordable to its workforce?

A: Currently, both workers and employers are challenged by the lack of housing for our workforce. Great financial and emotional pressures are placed on many workers, as they search for affordable housing throughout the county and the region. Without affordable housing choices, many workers are forced to “double up,” take a second job, share expenses with relatives, or spend precious family time and money commuting long distances, often on congested highways. Currently, 37% of our workforce commutes into the county to work.

The business community is challenged—productivity often suffers when part of the company workforce lives far from the office; diversity expectations may go unmet because of the difficulty in attracting a diverse workforce to an area with high housing costs; higher wages must be paid to compensate for higher living costs. In the future, existing employers might decide not to expand or even move away, and new employers might be discouraged from creating new business opportunities.

Similarly, local government will increasingly be challenged to recruit and retain a qualified, diverse workforce at competitive wages, as public workers retire or move away, thereby placing greater burden on local taxpayers. Neighborhoods and the community benefit from having these public workers take part in community life.

Workforce housing includes housing for many middle-income and professional workers. Increasingly our critical mid-range employees find home ownership or rental opportunities difficult in Montgomery County

Mid-range employees, with household incomes between \$50,000 and \$100,000 have a purchasing power of about \$150,000 on the low end and \$300,000 on the high end. With the median sales price for single family homes at \$400,000 and \$213,500 for townhouses, single family homes and most townhouses are outside their range.

Our moderately priced dwelling unit (MPDU) and other government programs help some of our lower paid workers. However, the demand for units in this program far exceeds supply. The County's Housing Policy, adopted in 2001, quantified the need for affordable housing at 25% of the total units forecast, or a range between 1,100 and 1,200 units annually.

Q: How will housing affordable to the workforce affect property values in my neighborhood?

A: Research conducted by numerous independent groups has regularly documented that housing affordable to the workforce has no impact on nearby property values.

Q: How are the demands on public services and infrastructure handled by housing development? How is the provision of housing linked to the Annual Growth Policy?

A: Residents help pay for infrastructure and other impacts of development through income and property taxes to the County. Housing affordable to the workforce is subject to the same public services and infrastructure requirements as other housing.

The newly adopted Annual Growth Policy, which went into effect on July 1, 2004, does not contain any special treatment for affordable housing. Projects generating 30 or more peak hour automobile trips are tested for their impact on traffic congestion at nearby intersections. If unacceptable congestion levels result, the developer is required to improve the intersection or reduce the development's transportation impact. All subdivisions, including affordable units, are subject to the Annual Growth Policy's School Test, which determines if school capacity is adequate to accommodate additional development approvals.

Q: How does housing affect traffic and parking?

A: Traffic, parking, and similar issues are controlled by local codes just as in any other development project, and are reviewed at defined points in the development process, to address environmental, transportation, and other factors, by Park and Planning and the County Council.

Developments with potential significant adverse impact are required to mitigate (or reduce) these impacts to acceptable levels.

Regional traffic can be reduced when housing is located near public transit or residents' jobs and the total amount of development is held constant.

Q: Why is expanding homeownership for our workforce a good idea?

A: Our workforce is comprised of people who have the same aspirations that we do--safe, attractive housing in good neighborhoods. Often, they are people who already work in the community, young families who grew up in the area, or seniors who have lived in the community for years.

Affordable home ownership, like all home ownership, gives residents a stake in the community. Homeowners also pay taxes and want to keep their community a good place to live. Homeownership increases community stability as well as allowing individuals to move up the economic ladder.

Q: Will housing that is affordable to the workforce be compatible with my neighborhood?

A: Yes. Development proposals are required to undergo regulatory review and comply with all local planning and building codes.

Q. Is workforce housing a problem only in Montgomery County?

A. No. The lack of workforce housing is a national problem being addressed by local communities across the country.

Q. What are non-profit developers and what is their role?

A. The private sector provides housing for the majority of people in Montgomery County.

However, as the costs of purchasing land and building houses soars, it becomes more difficult for the private sector to build housing for those who need it in the workforce, while returning sufficient return for investors.

The Housing Opportunities Commission (HOC) of Montgomery County and not for profit developers build and preserve housing for middle- and lower-income families, seniors, and people with disabilities that the private sector cannot provide. More than 17,000 non-MPDU affordable units have been preserved and constructed by HOC and non-profit organizations. The HOC is chartered by the State of Maryland as Montgomery County's housing authority and housing finance agency. Many non-profit developers are local community or faith-based organizations, which consider their work a critical community service.

Need Answers to Questions Right Now? Contact....
Montgomery County Department of Park and Planning 301.495.4506
Housing and Community Affairs 240.777.3600
Housing Opportunities Commission 301.929.6700

Who Needs Workforce Housing?

“Our health, our quality of life and the safety of our families all depend on dedicated public and private sector workers. We want them to be able to live in the county they serve so well.”

Derick Berlage, Chairman, Montgomery County Department of Park and Planning

“You won’t find a whole lot of firefighters or police living in Montgomery County anymore, they have been priced out.”



“Most of our nurses live outside the county. We delivered 7,000 babies last year – sadly many of those babies will not be able to live here when they are older.”



“I don’t think there’s a teacher who would not prefer to be closer to their school. If I lived in Montgomery County I could come to more evening events at the school.”

