

MEMORANDUM

TO: Councilmember Hans Riemer, Chair
Planning, Housing, and Economic Development Committee

FROM: Aseem K. Nigam, Director
Department of Housing and Community Affairs

DATE: August 9, 2021

SUBJECT: DHCA Comments on the Housing Element in Thrive 2050 Planning Board Draft

INTRODUCTION

The Planning Board Draft's Housing Chapter, Affordable & Attainable Housing, More of Everything, fails to present a comprehensive vision of housing through 2050. The Thrive 2050 Planning Board Draft does not present land use policy direction to achieve the aspirational goals identified. DHCA finds that the Public Hearing Draft from October 2020 presents a far more thorough set of directive guidelines to address the range of the county's housing issues, providing multiple, substantive policy recommendations to address the issues. DHCA recommends that the final General Plan restore the Public Hearing Draft recommendations with some modifications and amplifications, as discussed below and in the County Executive's letter to the County Council on June 10, 2021.

Neither Plan, however, discusses how its recommendations modify the 1993 Refinement's recommendations in its housing chapter. It is clear, however, from a comparison of the 1993 Schematic Map of Geographic Components (Fig. 7, p. 22) to the Growth Map in the Planning Board Draft (p. 31) that there are major differences—for example, the removal of the "Suburban Communities" from the proposed Growth Map.

Another example--what happens to the 1993 Refinement's "policy goal to achieve an appropriate balance of jobs and housing on a County-wide basis..., for "a harmonious balance of land uses" (Introduction, p. 5). Neither Plan clearly addresses what changes it is recommending to the current General Plan, and how land uses will be impacted.

DHCA RECOMMENDS RESTORING THE PUBLIC HEARING DRAFT POLICY GUIDANCE

The Planning Board Draft oversimplifies and ignores key options for the role of land use planning in meeting the stated policy objectives. The Planning Board provided a detailed structure in the Public Hearing Draft of October 2020 that promoted land use planning elements related to preservation and provision of affordable housing, in addition to new, market rate housing. The Thrive 2050 general plan must include clear goals and recommendations to support options to ensure that future housing addresses the needs of our current residents and communities.

- 1. DHCA recommends that the Planning Board Draft’s housing chapter expand its policy focus beyond the assertion that land use policy only needs to address the expansion of market-rate supply. Thrive 2050 needs to provide guidance and promote requirements for integrating neighborhoods with housing that is affordable to new and existing residents, in order to avoid displacement and to allow residents to remain in their communities.**

The Planning Board developed a Thrive 2050 draft, the Public Hearing Draft of October 2020, which provided many more substantive recommendations to address the housing needs of the most vulnerable populations, and to establish a broad, comprehensive housing policy for the future.

The Public Hearing Draft’s recommendations provide the appropriate level of specificity to guide county housing policy over the next 30 years. Each of the recommendations below provides structured guidance to support integration of residents of all incomes and abilities in all our communities, through production of the needed increase in total housing and preservation of our existing naturally occurring affordable housing (NOAH).

- 2. Public Hearing Draft land use policies for incorporation in Planning Board Draft:**

- **Policy 5.1.2 – Increase opportunities for new housing, especially affordable housing using office parks, shopping centers and other underutilized properties.**
- **Policy 5.3.1 –Combat the concentration of poverty and segregation with financial and zoning incentives to help spur targeted housing.**
- **Policy 5.3.3 Encourage development of affordable housing by strengthening the capacity of MPDU program.**
- **Policy 5.4.2 Increase the number of permanent affordable housing units.**
- **Policy 5.4.3 Use the master plan process to collaborate with Department of Health and Human Services to evaluate the needs of individuals and families on the homeless spectrum.**
- **Policy 5.4.3 Eliminate racial disparities across the homeless spectrum, and address the needs of people with disabilities.**

The Planning Board Draft only mentions these policy objectives as aspirational goals of increasing numbers of income restricted and deeply affordable units, without setting clear expectations with clear strategies to achieve the goals. The general plan should address the full range of residents’ housing needs with all policy options, including financial incentives with allocation of additional revenue, expansion of tax abatement availability, and leveraging public land.

- 3. DHCA recommends that Thrive 2050 provide policy guidance to specifically address inequality and segregation. The Planning Board Draft limits its guidance to advocating for new housing types, focused on Missing Middle Housing’s (MMH) and Attainable Housing’s potential to produce smaller units in sufficient numbers and type to serve the broad community’s needs. By contrast, the Public Hearing Draft provided policy statements addressing the need to integrate housing opportunities across the county, including:**

- a. **Policy 5.2.1 Pursue financial and zoning opportunities to increase residential density, especially for older adults and people with disabilities, near high-capacity transit.**
- b. **Policy 5.2.2 Ensure all established residential communities have access to affordable, high quality transit.**
- c. **Policy 5.1.4 Build capacity for affordable housing development production with faith-based institutions, employers, private sector and nonprofits through education and technical support on the development review process.**
- d. **Policy 5.1.7 Provide family-size housing units in new multi-family housing developments.**
- e. **Policy 5.1.8 Build or retrofit housing that meets the needs of older adults. Emphasis added.**

The Planning Board Draft relies on diversification of housing stock as the primary housing tool to reduce inequality by creating more units in areas of opportunity at a lower cost. The focus on smaller housing types marginalizes the other housing tools, and assumes that increased density involving smaller market rate housing will address the broad needs of all residents.

The Planning Board Draft prescribes the housing typology and density approach with broad general statements of how smaller units by nature are less expensive to build than larger units but does not address the relative cost versus need of the population to be served. The Planning Board's own studies raise concerns about affordability of Missing Middle Housing, where it identified in the Silver Spring Missing Middle analysis that near transit only two sizes of townhouses were feasible, and those townhouses would cost \$715,000 and \$855,000, respectively. These housing prices need to be evaluated against the range of incomes of residents looking for housing in the county.

- 4. **DHCA recommends that Thrive Montgomery 2050 establish priorities for the following policy options to address the housing needs of all residents: 1) preserve naturally occurring affordable housing (NOAH); 2) provide guidance to assure that redevelopment allows current residents to remain in their homes; and 3) use regulatory approaches to mitigate displacement as public investments in communities create price pressures.**

The policies outlined in the Public Hearing Draft recommend specific standards related to ensuring availability and of housing to meet the housing needs of our community. The Planning Board Draft only provides generalities, such as calibrate MPDUs to offer affordability across broader income distribution; target strategies to minimize displacement while promoting integration and avoiding concentration of poverty; refine regulatory tools and financial incentives to avoid loss of market-rate and income-restricted housing without disincentives for construction, and allocate additional revenue to HIF.

Thrive 2050 needs to provide guidance to assure that the housing outcomes from redevelopment meet the county's workforce and community needs. The Public Hearing Draft policies referenced below provided a structure for achieving the stated goals of fully-integrated communities. The critical land use policy of no net loss of existing affordable housing stock needs to be articulated as a condition of redevelopment, as opposed to a soft goal balanced against disincentives to redevelopment, to guard against displacement and gentrification.

- a. **Policy 5.5.1 Preserve market-rate and income restricted affordable housing stock, striving for no net loss of affordable housing in the event of redevelopment.**

- b. **Policy 5.5.3 Consider and support enhancement of Right of First Refusal and other efforts to aid the HOC and other county and nonprofit partners in the purchase of affordable rental buildings.**
- c. **Policy 5.5.5 Encourage the replacement of larger family sized units in redevelopment, relocation, and right to return process.**
- d. **Policy 5.5.10 Identify and implement programs to meet any shortfall of housing for people with disabilities, with action suggestion of developing zoning incentives and modifying regulatory controls to incorporate accessible design features.**
- e. **Policy 5.5.12 Use the county’s Subdivision Staging Policy to monitor the secondary effects of targeted growth policies, including loss of market-rate affordable housing.**
- f. **Policy 5.6.4 Commit to the principles of Affirmatively Furthering Fair Housing by pursuing meaningful actions ... that overcome patterns of segregation and foster inclusive communities.**

The Thrive 2050 recommendations addressed in this memo reflect the role of land use planning in the County’s comprehensive approach to addressing housing affordability and equity. The land use policies are the foundation for the financial investments and incentives provided for development and preservation of restricted affordable housing units. The policies highlighted below reflect recommendations and analysis of housing needs conducted by the Planning Board. These policies should have a prominent role in Thrive Montgomery 2050.

- **Preserve Naturally Occurring Affordable Housing (NOAH)** as a stated goal for all Plans, as discussed in the Planning Board Preservation Study of 2020 and the Public Hearing Draft of October 2020. <https://montgomeryplanning.org/wp-content/uploads/2020/11/200914-Montgomery-County-Preservation-Study.pdf>; <https://montgomeryplanning.org/wp-content/uploads/2020/10/Public-Hearing-Draft-Plan-Thrive-Montgomery-2050-final-10-5.pdf>

Under current conditions, the Preservation Study predicts that the county will lose between 7000 and 11,000 NOAH units by 2030.

- **Establish a Policy of No Net Loss of market and restricted affordable housing in any redevelopment — ensuring equal numbers and sizes of affordable units, rather than the Planning Board Draft (p. 101) language of ‘refine regulatory tools and financial incentives...without erecting disincentives for the construction of additional units’ .**
 - Minimizing displacement of people of color and lower income households requires the General Plan to state a clear policy objective, as was included in the Public Hearing Draft as part of Goal 5.5.
 - Examples of workable approaches include the Veirs Mill Master Plan requirement for no net loss with the Halpine View property <https://montgomeryplanning.org/wp-content/uploads/2020/01/Veirs-Mill-Corridor-Master-Plan-Approved-and-Adopted-WEB.pdf> (p. 102), and Fairfax County’s endorsement of a Preservation and No Net Loss Program in April 2021 for inclusion in its Consolidated Plan. <https://www.fairfaxcounty.gov/housing/sites/housing/files/assets/documents/prevention%20task%20force/preservation%20task%20force%20recommendations.pdf> (p. 6.) As part of preservation, the county should regulate teardowns, because the houses that are torn down often qualify as NOAH.

- **Adopt policies for Rent stabilization.** This tool of land use planning was recommended in the Preservation Study above, p. 16, and identified as a need in the Public Hearing Draft Goal 5.5, as a way to maintain mixed income communities and minimize displacement.
- **Modify the MPDU policy to increase the numbers and level of affordability of units.** Increasing the numbers of MPDUs required is consistent with the Public Hearing Draft Goal 5.3 and the Planning Board’s 2020 Housing Needs Assessment. <https://montgomeryplanning.org/planning/housing/housing-needs-assessment/> (p. 52) In addition, the Council of Governments Housing Goals define the County’s need for at least 25% and as much as 50% of new units made affordable at lower income, which cannot rely on public subsidy alone. The Planning Board Draft language does not establish a goal of increasing MPDUs, recommending only that the county “calibrate the applicability of the MPDU program ... to provide units appropriate for income levels ranging from deeply affordable to workforce.”
- **Revise and strengthen the Planning Board Draft’s statement with respect to housing dedicated to serve special needs populations across all communities, including people transitioning from homelessness, those with disabilities, and the elderly.** The draft states that the goal is to integrate these populations into attainable housing; the goal must be to integrate these populations into suitable housing of any kind, including housing for limited incomes.