

"Federation Corner" column  
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### **Preserving affordably priced housing**

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Readers of this column have no doubt heard the claim that the median sales price of housing in Montgomery County is not affordable to a workforce income household. The Civic Federation strongly recommends, therefore, that an effort be made to preserve existing housing in the county which is affordably priced at present. I should explain that I am not referring to "affordable housing," a term which usually connotes some government subsidy or price control program (like the county's Moderately Priced Dwelling Unit Program), but to affordably priced market rate housing.

Although I have mentioned this fact in previous columns, it bears repetition that workforce income is defined as total household earnings of between 80% and 120% of area median income. The Washington area median income now stands at around \$90,000 for a family of four, so workforce level income in this county is calculated as an annual income from \$72,000 to \$108,000 for a family of four.

At the end of last December, 52% of the existing and new homes listed for sale in Montgomery County on the website realtor.com--some 2,000 single-family detached homes, townhouses and condominiums--were priced under \$300,000, a level affordable to a workforce income level household. And home prices would have continued to free fall in the first five months of 2009 if the Obama administration had not called for a temporary nation-wide halt to evictions resulting from foreclosures.

But the temporary halt is now ended, and mortgage lenders are once again evicting homeowners who have defaulted on their home loans. The descent in home prices is expected to resume, as the supply of housing once again increases due to foreclosure vacancies. And analysts predict that housing prices will continue to fall as a new group of more than 365,000 outstanding Adjustable Rate Mortgages across the nation reset over the next two years, the monthly payments balloon, and many of those homes go into foreclosure.

Now don't get me wrong. I am not claiming that the international economic meltdown has solved the problem of housing affordability in the county, because it hasn't. In fact, the high percentage of homes priced under \$300,000 in December 2008 was largely due to listings being pulled for costlier luxury housing (as sellers pray for prices to rebound) while lower priced units remained on the market. And builders and developers will undoubtedly still be tempted by the allure of profits to be made from "bash-n-builds," and continue to replace affordably priced homes in older neighborhoods with outsized, multi-million dollar McMansions.

The fact is, as Planning Board Chairman Royce Hanson stated at a March 2007 worksession of the County Council's Planning, Housing and Economic Development Committee, "most of the affordable housing in the county exists now, and will exist in 20 years" so long as we preserve it. And, as stated above, if analysts are correct then an increasing number of existing homes in the county will become more affordable as home prices continue to fall over the next two years. But there is something that our Planning Board and County Council members need to do to assist in preserving existing affordably priced housing, or rather there is something they should NOT do. They should not rezone land that contains affordably priced housing into higher density zone categories.

Let us take, as an example, a fictional block of existing townhouses in, say, Germantown that are now being resold at prices below \$300,000. What if this block of townhouses is upzoned in the next master

plan revision and the new zoning allows mid-rise mixed use development with first floor retail and eight or nine floors of condo apartments above? This would provide a great incentive for a developer to begin buying up the townhouses, to try and assemble a sufficient number of adjacent lots to make it worth his while to bulldoze and redevelop the site. But if the Planning Board recommends it, and the Council retains the townhouse zoning in the next master plan revision for this block, then there is little or no incentive for these affordably priced townhouses to be demolished and replaced, likely with high-priced, luxury condos.

The same theory holds true for existing affordably priced rental housing. For example, if an area with existing affordably priced rental garden apartments retains its garden apartment zoning when the master plan for the area is revised, then there will be little incentive for a property owner to demolish the existing three to four story rental apartment buildings if they can only be replaced with new three to four story buildings.

When it comes to zoning decisions made by the County Council, sometimes no change is the most advantageous course of action. Council members need to remember this as they consider Planning Board recommendations to revise five more area master plans over the next year.

*The views expressed in this column do not necessarily reflect formal positions adopted by the Federation. To submit an 800-1000 word column for consideration, send as an email attachment to [theelms518@earthlink.net](mailto:theelms518@earthlink.net)*