



## MONTGOMERY COUNTY COUNCIL

ROCKVILLE, MARYLAND

January 28, 2025

Colleagues:

For your consideration, we are enclosing the details of an ambitious workforce housing package which takes five steps to increase the supply of housing, drive down costs, and increase pathways to homeownership for the hard-working residents of Montgomery County.

With the high cost of housing squeezing families and holding back our economy, the **More Housing N.O.W. (*New Options for Workers*)** package helps build more homes that are affordable to teachers, firefighters, police officers, biotech and healthcare workers, and everyone in, or striving to be in, the middle class.

Homes are too expensive in Montgomery County. We all know it. Consider the following figures:

- Not only are we starting from a high level, but it's getting increasingly expensive. Housing price increases have outpaced inflation and income growth since the mid-1990s.
- Between 2023 and 2024, the average sold price across all unit types increased by 6.5%, while wages have only increased by 1.5%
- In 2024, the average sale price for a single family detached home was \$1.02 million. To afford this house, a couple would need a combined income of approximately \$340,000, far exceeding Montgomery County's area median income for a couple at \$123,800. Townhomes, which are on average smaller than detached units, sold for an average of \$583,000. A couple would need a combined income of \$197,000 to afford this house.

Working families and young professionals are feeling the squeeze. According to the [Comptroller of Maryland's 2024 State of the Economy Report](#), housing affordability and availability is hurting efforts to attract new residents who could fill job vacancies, noting “prospective businesses turning down potential location plans to Maryland due to insufficient workforce housing.” Similarly, a recent supply/demand analysis by the Montgomery Planning Department, we are facing a deficit of over 12,000 rental units that are affordable to incomes at 70-120% of area median income (AMI). This forces these workers to swallow exorbitant housing costs *or* compete with residents at lower income bands for less expensive options. Both are bad outcomes.

The status quo is unsustainable and makes our County less attractive to families, workers, entrepreneurs, and businesses.

**To address this crisis, we must act boldly. Now.**

The More Housing N.O.W. package takes five bold steps to increase housing supply, reduce costs, and expand pathways to homeownership for hardworking Montgomery County residents:

## **Building More Workforce Housing**

1. **Workforce Housing ZTA:** Allow more residential building types along corridors with a workforce housing requirement
  - a. Allow more residential building types through optional method development along corridors with a 15% workforce housing requirement in the R-200, R-90, R-60, and R-40 zones.
  - b. Corridors included are Boulevards, Downtown Boulevards, Downtown Streets, Controlled Major Highways, and Town Center Boulevards that have a master planned width greater than 100 feet and 3+ existing travel lanes
  - c. Density capped at 1.25 FAR
  - d. Maximum height is 40 feet
  - e. Require 15% of units satisfy the definition of workforce housing, with a minimum of 1 workforce housing unit for structures that have 3 or more units
  - f. Maintain existing workforce housing definition of 120% AMI, which is currently approximately \$148,000 for 2 persons or \$185,000 for a family of four
2. **Workforce Housing Opportunity Fund:** New countywide fund to incentivize the construction of workforce units
  - a. \$4 million in initial funding

- b. Eligible projects must provide at least 30% workforce units
- c. Workforce units must be affordable to 80% AMI (area median income), on average

## Converting Highly Vacant Office to Housing

- 3. **Office to Housing ZTA:** Create an expedited approval process for projects that convert high-vacancy commercial properties to residential use
  - a. Applies to the Commercial-Residential, NR, and EOF zones
  - b. Retail or office building that is at least 50% vacant
  - c. Remove residential restriction on FAR, so that total commercial-residential FAR can be used for residential
  - d. In red policy areas, must be for the apartment-building type; may include townhomes outside of the red policy area
  - e. Must pull a building permit within 2 years of approval
- 4. **Office to Housing PILOT Bill:** Establish a payment in lieu of taxes (PILOT) for conversion of high-vacancy commercial properties to residential use
  - a. Retail or office building that is at least 50% vacant
  - b. 100% tax abatement for 25 years for qualifying projects
  - c. Minimum 15% MPDU requirement

## Pathways to Homeownership

- 5. **Budget:** Double the County's investment in the Homeowner Assistance Program from \$4 million to \$8 million in the FY26 Housing Initiative Fund (HIF)
  - a. Funds may be used in partnership with the State's Maryland Mortgage Program (which allows the household to receive both down payment assistance and lower rate mortgage) and through the Housing Opportunities Commission's Montgomery County Homeownership Assistance Fund (McHAF).
  - b. Up to \$25,000 may be granted to a first-time buyer thus providing support for up to 160 qualified applicants. Up to \$1.0 million is reserved for County and MCPS employees under the Montgomery Employee Down Payment Assistance Loan (MEDPAL)

Many thanks to Council President Kate Stewart, Councilmembers Dawn Luedtke, Marilyn Balcombe, and Laurie-Anne Sayles who have already signed on as co-sponsors as well as the many community advocates and housing experts for their strong support of this package which we will be unveiling today at noon. We would welcome additional

cosponsors prior to introduction of the legislative aspects of the package, scheduled for February 4.

We have appended the zoning text amendments, legislation, and some supporting materials to assist your review of the proposal. We appreciate your thoughtful consideration of this package and hope to earn your support for it in the coming weeks and months.

Our housing crisis is a serious and urgent matter. There is no time to wait.

Sincerely,



Andrew Friedson  
Councilmember, District 1



Natali Fani-González  
Councilmember, District 6

Attachments:

1. Workforce Housing ZTA Corridors Map
2. Workforce Housing ZTA
3. Office to Housing ZTA
4. Office to Housing Pilot Bill

# More Housing N.O.W.

## *New Options for Workers*

### CORRIDORS

