

Attachment #1 to County Executive's Testimony:
ZTA 19-01 - Amendments to Accessory Residential Uses – Accessory Apartments

Excerpts from *Montgomery County Rental Housing Study/June 2017:*

<https://montgomeryplanning.org/tools/research/special-studies/rental-housing-study/>

From the Introduction:

“Despite the pioneering efforts Montgomery County has initiated surrounding the development and the preservation of price-appropriate rental housing for a range of income levels, housing market conditions within the Washington, DC metropolitan area continue to put substantial pressure on the county’s rental housing market . . . with documented research showing existing market-rate affordable housing steadily diminishing as rental rates increase faster than income. Exacerbating this challenge is the sustained pressure from the development community to maximize the development potential within the county. This focuses on those properties that have the potential to yield substantially higher returns if existing development is demolished and replaced with higher-density, more lucrative development. Regional investment patterns reveal suburban-scale retail centers and older, less dense garden apartment complexes tend to be most targeted. The repositioning of older, less competitive apartment complexes, which then tend to have the most affordable rental rates, for newer, more upscale mixed-use developments adversely affects price diversity.”

Page 12:

“Households at the lowest incomes are the least served in the county. There are more renter households earning 50% of AMI or less than rental units that are priced appropriately and affordable for these households. The shortage of units is most notable for households earning 30% of AMI or less.”

Page 20:

“ . . . changes to land use or zoning will be appropriate in some parts of the county and not others and these policy decisions should be made as part of broader comprehensive planning efforts.”

“Preservation policies can target resources to specific units or buildings or can more generally focus on preserving residents’ access to a certain number or share of affordable units in a particular neighborhood or area. Preserving units can mean preserving rents at certain below-market levels or can go further to require that units be occupied by renters with incomes below a particular threshold.”

“Because the largest source of rental housing that is affordable to lower-income households is found within the existing housing stock, identifying a clear and comprehensive preservation strategy is critical to ensuring that there are housing options affordable to lower-income households.”

Page 27:

"Existing Metro-accessible neighborhoods face the challenge of having substantial unmet demand for price-appropriate rental housing for households with incomes at or below 50% of AMI . . . "

Page 32:

"Low- and moderate-income households benefit from having access to housing that is close to transit options."

Page 37:

"Create and maintain [an] up-to-date . . . inventory of both subsidized and non-subsidized affordable rental properties in the county to be able to plan for strategic investments in the preservation of affordable rental housing."

Excerpts from *A Racial Equity Toolkit on Policies for Accessory Dwelling Units*, Seattle, Washington:

http://seattle.legistar.com/View.ashx?M=F&ID=6669924&GUID=CC73E51B-84BB-478F-B325-93BA05E03F2B&fbclid=IwAR39tiWg8PIGCNPiwP52q4WNft1P561T0l5RNj9qlB3_m5nt4Tkje9HDzI4

Letter from Councilmember Mike O'Brien, Seattle City Council District 6:

"When considering actions the City could take to make it easier for people to build accessory dwelling units (ADUs), we want to understand how the policy might increase or decrease racial disparities. What we learned through both the environmental review and RET [Racial Equity Toolkit] process is that removing regulatory barriers in the Land Use Code will help us achieve the objective of increasing the number and variety of housing choices in single-family zones . . . However, the analysis also highlighted that the Land Use Code changes alone are insufficient to address racial disparities . . . due, at least in part, because absent other policy intervention, wealthy, primarily White homeowners are most likely to have access to the capitol (sic) needed to construct an ADU. Further, because of the high cost of construction, while ADUs may rent at lower price points than a traditional single family home due to the smaller size, they are still typically priced above what households with lower-incomes and households of color can afford."

Pages 5 – 6: Learning from other cities – models to consider:

Synopsis of Austin Alley Flats Initiative and S.M.A.R.T Housing Program:
The S.M.A.R.T. acronym stands for Safe, Mixed-Income, Accessible, Reasonably-priced, Transit-oriented. The goal is to reduce barriers to detached ADU construction, make them accessible to lower-income renters, and provide technical assistance and support to homeowners who want to construct ADUs. **Applicants to the initiative must commit to renting to households with income at or below 80% of AMI and rent may not be more than 28% of a tenant's household monthly income.** In return, applicants receive reduced fees, expedited review, and "advocacy" in resolving other issues.

Synopsis of Los Angeles – LA-Mas Backyard Home Project:

The goal is to support the creation of more affordable housing units in the City of LA for Section 8 voucher holders. **The program enables low-moderate income homeowners to finance, design, and build affordable ADUs in turn for a five-year commitment to rent to Section 8 voucher holders.**

Synopsis of West Denver Single Family Plus Initiative:

WDSF+ is a homeowner-focused initiative addressing the threat of involuntary displacement in west Denver. It connects homeowners to essential resources and existing housing service providers, along with a pilot program to help qualified homeowners design-finance-build an ADU. This hasn't been rolled out yet due to lack of funding.

Synopsis of Portland-Dweller Initiative:

Dweller is a Portland-based company specializing in producing low-cost ADUs by building and installing the ADU at an “affordable cost” to the homeowner.

Pages 9 – 10: Key takeaways from interviews:

“We learned a lot about the reasons why people are interested in creating additional living space on their property and what their experience has been researching the process . . . A key theme . . . was a desire for more flexibility through the creation of an additional unit. Many talked about wanting to adapt the use of their home as needs change over their lifetime, such as housing a family member or caregiver, earning supplemental income and helping house community members . . . Most were interested in building a backyard cottage . . . At the same time, many respondents did not have a clear idea about the cost of building a detached ADU and were surprised that the cost is often \$200,000 or more. Some had not previously considered less expensive options such as creating an additional bedroom or apartment and may be open to converting existing space as a lower-cost option . . . Respondents reported that they needed help: navigating the permitting process; learning about what building options would work on their property; understanding the costs; financing the project; understanding the zoning regulations and inspection process; and navigating the laws once becoming a landlord . . . Multiple homeowners envisioned a government-supported program to help them navigate the permit, financing, and construction process, even if it only helped them understand if a project is possible and financially feasible.”
