

Good evening. Claire Iseli testifying on behalf of County Executive Elrich.

The County Executive recognizes the importance of addressing the persistent housing affordability problems in Montgomery County. He believes we need to be clear about the problems we are trying to solve and how best to solve them. Because ZTA 19-01 creates more problems than it solves, the Executive recommends retaining the current standards while we explore other options.

ZTA 19-01 amends legislation adopted just a few months ago. ZTA 18-07 and Bill 26-18 became effective at the end of October 2018, relaxing the standards by allowing all accessory apartments as a limited use (rather than the more restrictive conditional use) and by creating a waiver process for anyone seeking relief from the on-site parking and distance separation standards. Not enough time has passed to see whether these changes will have a positive effect, or whether further tweaks are needed.

ZTA 19-01 does more than tweak the standards. It would eliminate the parking and distance separation standards, increase the allowable size of the units, and allow detached ADUs in the county's smallest-lot zones (the only residential zones where they are currently not allowed). The ZTA's lead sponsor is proposing these changes because "the current zoning code views ADUs more as a nuisance to be prevented than a beneficial solution to be encouraged." But legislative action over the past several years clearly indicates the county's shift toward recognizing the value of these units in response to the need for more affordable housing as well as residents' requests for greater flexibility in adapting the use of their homes as needs change over their lifetime.

At the same time, the current standards were adopted because many single-family neighborhoods have narrow streets, shared driveways, congested on-street parking conditions, and overcrowded schools. Unlike the urban areas now adopting ADU initiatives, we are a county whose suburban areas are not well served by transit. If our strategy is to dramatically increase the number of ADUs in these areas, we will add density and sprawl where it is not intended to go. The burden of such a policy would be borne disproportionately by about 40% of all single-family units in the county – those in older neighborhoods not governed by common ownership communities that restrict ADUs. Meanwhile, the Planning Department's 2017 Rental Housing Study reports that existing Metro-accessible neighborhoods have unmet demand for price-appropriate rental housing for those at or below 50% of AMI. Since more ADUs in non-Metro-accessible areas won't meet this need, we should be asking why the county isn't imposing requirements for price-appropriate housing construction in the urban cores where it is most needed and where the units would actually be accessible to transit.

And the unintended consequences shouldn't be minimized. In the absence of grid street networks and public transportation, additional density in our suburban areas will lead to more car-dependent housing – and more traffic on already overcrowded roads. Additionally, older neighborhoods have been particularly impacted by school overcrowding due to ill-advised county decisions decades ago to give up school sites for other uses. The County Executive

points out that the carrying capacity of an area is a real thing – the ability to provide transportation, schools, parks and infrastructure is related to the anticipated population – something that could dramatically increase if your goal is to produce hundreds more family-sized ADUs a year.

The Executive also points out that the real housing crisis is not the slow rate of housing growth but rather an affordability crisis for people at 30% of AMI for whom no housing is being constructed. The county is already zoned for more units than are needed on a 10-, 20-, or 30-year horizon. What's missing is a strategy to provide a range of price-appropriate housing that addresses the supply/demand imbalance identified by the Rental Housing Study – an oversupply for households from 50% - 100% of AMI and a significant undersupply for those under 30% of AMI. (See attachment to this testimony.) As a result, thousands of households are cost-burdened, with 50%-60% of their incomes spent for rent in the available higher-priced units. ADUs in suburban neighborhoods do not address this underlying problem.

Finally, the ZTA can't address two other major problems: the high cost of building an ADU (widely recognized as the biggest impediment) and the amount of rent the homeowner charges for the unit. Because of the high cost of construction, ADU rents – while lower than those for a single-family home – are not low enough to be affordable to households with lower incomes. Viewed through an equity lens, the benefits associated with relying heavily on ADUs to increase the rental housing stock can disproportionately accrue to wealthier households who can afford to build them, while failing to serve those already cost-burdened by rents.

Attachment #1 provides excerpts from the Planning Department's 2017 Rental Housing Study and a study of Seattle, Washington's ADU initiative. Attachment #2 is a summary sheet from the Planning Department's 2017 Rental Housing Study.

The County Executive recognizes the problem but does not view ZTA 19-01 as part of the solution. He encourages councilmembers to consider other initiatives with real potential to provide affordable housing where and for whom it is needed most.

Thank you.