

**Action In Montgomery [AIM] Testimony for the Record
Before the Montgomery County Council
Regarding the draft Bethesda Downtown Plan**

October 19, 2016

Action In Montgomery (AIM). is a non-partisan alliance of 26 congregations and neighborhood associations in Montgomery County representing over 60,000 adults. AIM's goal is to cross neighborhood, social, economic, and faith lines to find common ground to help solve community problems. We appreciate both the opportunity to submit testimony and the work of the staff of the Montgomery County Planning Department. They have been most helpful and responsive in helping us understand the intricacies of the draft Plan.

Many of AIM's member congregations are located in communities that will be directly impacted by the Bethesda Downtown Plan. AIM members as a group have an interest in seeing that the Plan serves the broad needs of the public. We believe that the County, has an obligation to ensure that any process of redevelopment and zoning change creates the best possible conditions and incentives to foster the creation of affordable housing and communities that are welcoming to all.

In our previous comments on the Westbard Sector Plan, we pointed out the following facts:

- Montgomery County has grappled with the need for affordable housing for several decades.
- Unfortunately, the need for affordable housing has increasingly outstripped the supply.
- The County has too few affordable and available units for very low income households and is one of the most unaffordable jurisdictions in the Washington region.

As of June 29, 2016, there were 34,245 people on waiting lists for affordable units with Montgomery County agencies that provide affordable housing. The list keeps getting longer. The 2010 Census showed a sharp increase in Montgomery County's elderly and minority populations. Both of these groups are disproportionately represented at the lower income end of the economic spectrum. From 2000 to 2008, the number of affordable units in the County actually decreased by 18,000, while the demand was increasing. And the future appears as bleak. Just last year, the George Mason University Center for Regional Analysis study estimates that the County will need an *additional* 14,960 low-income units in 2023, as compared to 2011. (*The Greater Washington Region's Future Housing Needs: 2023*).

The housing problem is exacerbated by the fact that Montgomery is a very wealthy county with extremely large disparities of wealth and income. According to the United States Census Bureau, Bethesda's median household income of \$145,288 is almost twice as high as that in the overall State of Maryland. On a national level, as the *New York Times* pointed out in a September 6, 2015, editorial titled "*The Architecture of Segregation*," 50 years after enactment of the Fair Housing Act, "Economic isolation is actually growing worse across the country, as more and more minority families find themselves trapped in high-poverty

neighborhoods without decent housing, schools or jobs, and with few avenues of escape.” Part of the reason for this, as the Times states, is that subsidized housing for low-income citizens is disproportionately built in poorer areas.

Over the long term, effects of housing segregation also negatively affect future incomes and opportunities. An increasing body of economic research supports the commonsense notion that lower-income children whose families move to a better neighborhood have better outcomes. One recent, massive study of five million families concluded that “Where children grow up affects their outcomes in proportion to the time they spend in place” and that “at least 50% of the variation in intergenerational mobility across the U.S. reflects the causal effects of childhood exposure” (Raj Chetty and Nathaniel Hendren, Harvard University, *The Impacts of Neighborhoods on Intergenerational Mobility: Childhood Exposure Effects and County-Level Estimates*, May 2015). Similarly, a study of Montgomery County found that children in public housing who attended economically advantaged schools out-performed a similar cohort who attended the least-advantaged schools (Heather Schwartz, *Housing Policy is School Policy: Economically Integrative Housing Promotes Academic Success in Montgomery County, Maryland*, The Century Foundation, 2010).

The evidence is compelling. The provision of economically integrated affordable housing is key to furthering an essential American goal: the provision of equal opportunity to all citizens and, in particular, to the children who represent the future of the country.

With regard to the draft Plan before the Council today, AIM is pleased that one of the overarching goals of the Plan is affordable housing. In the May 2016 draft, affordable housing was listed as the first overarching goal of the Plan. In the current July draft sent to the Council, parks and open spaces are now listed as the first goal. We certainly support parks and open spaces as a necessity for any healthy community, but point out that a 2010 study comparing Montgomery County and Fairfax County found that 38% of Montgomery County’s 497 square miles is preserved as parkland or open space as compared to 15% of Fairfax’s 395 square miles. On the other hand, 52% of Montgomery County’s renters spend over 30% of their monthly income on housing as compared to 45% in Fairfax. The County has a responsibility in each of its sector plans to ensure it addresses the pressing needs of its people as a whole, not just the current residents of the sector involved.

The draft Plan recognize that, if Bethesda grows over the next 25 years at a rate faster than the rest of the County, as projected, Bethesda’s high housing costs will become even more cost-prohibitive for most Montgomery County residents. While we understand neighbors have expressed concerns about height allowances for certain properties in the draft Plan, the Wisconsin Avenue corridor is an appropriate place for high-rise residential buildings that can help meet the housing goals of the County. We urge you not to alter the plan in such a way as to reduce the number of MPDUs it provides.

AIM strongly supports the Land Use Recommendation in the draft Plan that makes increasing the provision for moderately priced dwelling units [MPDUs] from 12.5 percent to 15 percent a priority amenity in all optional method projects. In addition, we recognize that the use of priority sending sites for density averaging is an innovative way to incentivize current

landowners to preserve existing market-rate affordable housing. This is crucial in an area that currently has almost 2,000 market-affordable rental apartments. The Plan recognizes that, given Bethesda's high land values and overall desirability, these rents have the potential to rise dramatically.

The draft Plan mentions the great need in Bethesda to reach deeper levels of affordability. AIM agrees. While we strongly support increasing the number of MPDUs in Downtown Bethesda, the MPDU program is really an affordable housing program for the middle class. The Area Median Income for Montgomery County, effective March 28, 2016, is \$108,600. A family of four in our County can make up to \$82,500 a year and qualify to rent a rent-restricted apartment in a high-rise apartment in Montgomery County. What often happens in highly desirable areas like Bethesda is that MPDUs rent to households with the maximum allowable income.

The draft Plan attempts to address deeper levels of affordability in just one place. A landlord that owns an Affordable Housing Sending Site may transfer density and receive compensation for that transfer. In return, the landlord must retain 30 percent of its existing affordable housing units, defined as available for households making 65 percent of AMI [which currently is \$70,590] or below, for 20 years. This is a creative way of reaching a deeper level of affordable housing in Bethesda. However, AIM questions only requiring a rent restriction for 20 years.

The County learned through experience that a 20-year period turned out to be too short for its MPDU rental program. In a report prepared in 2004 for the County Council entitled "*Strengthening the Moderately Priced Dwelling Unit Program: a 30 Year Review*," Council staff pointed out that, as the County gets closer to full build out, the opportunity to create MPDUs lessens. The report recommended a 99-year restriction for rental MPDUs and the Council accepted that recommendation and amended the County Code. AIM understands that a 99-year rent restriction on 30% of an owner's units at the 65% and below level AMI might be too long. But 20 years is too short. We urge the Council to increase the rent restriction term to at least 50 years.

The draft Plan makes no provision for housing for those households that make significantly less than 65% of AMI. The draft Plan makes no provision for the homeless, the lower-income elderly, and those among us suffering from mental or physical handicaps that prevent self-sufficiency. AIM recognizes that there are County programs that attempt to fill those needs. But when you try to find housing of that sort in Bethesda, you are often referred to other parts of the County or even to another county or jurisdiction.

The County Council recognized the deepening nature of the problem last year when it approved a Rental Housing Study led by the Planning Department in coordination with the Department of Housing and Community Affairs. In a presentation of its draft findings in late August of this year, the group found that the greatest need in rental housing is with regard to the lowest income households and larger households. Rents are continuing to increase in the County and there is not enough housing for households earning less than \$50,000. There are also not enough 3+ bedroom large units available to accommodate families. The group

pointed out that the County lacks sufficient housing to accommodate special needs persons, i.e. those with physical or mental disabilities and those who are homeless or are transitioning from shelters or other facilities into the community. The same presentation pointed out the value of using public land, i.e. co-locating public services with rental housing development.

The County study echoes a February 2015 report entitled “*Public Land & Affordable Housing in the Washington DC Region: Best Practices and Recommendations*” prepared by the Urban Land Institute. The authors of that study recommend identifying publicly owned sites in accessible high-value areas for co-location of affordable housing. Despite the fact that the area covered by the draft Downtown Bethesda Plan includes a library, a police station, a regional services center, and numerous parking facilities, none of this land is considered for use under the draft Plan for pressing affordable and low-income housing needs.

Bethesda is lauded as one of the most affluent and highly educated communities in the United States. In 2014 it placed first on *Forbes*’ list of America’s most educated small towns and on *Time*’s list of top earning towns. As was mentioned before, Bethesda’s median income is almost double that of the rest of the State of Maryland. Yet, or maybe because of this, the County seems to look elsewhere to address its need for more beds for the homeless; more affordable housing for seniors; more housing for low income housing for Bethesda’s workers; and more residence programs for our handicapped fellow citizens. The County Council recently voted to approve the final Westbard Sector Plan. While not a part of downtown Bethesda, the Westbard sector is considered a part of Bethesda. During development of that plan, co-locating senior housing with the Little Falls Library was briefly considered, but it was dropped because of neighborhood opposition. That plan also contains no provision for people with lower incomes or special needs.

We can do better. Other communities across the country have. Montgomery County is a leader in many respects. When Governor Hogan asked the President to stop sending refugees to Maryland, Montgomery County Executive Ike Leggett and all nine County Council members told the federal government they would welcome Syrian refugees into the County. The Gilchrist Center for Cultural Diversity is a welcome center, a learning center, and an information and resource center for new residents from all over the world. We are a widely diverse religious community with almost every world religion represented within our borders. Our county is considered one of the most desirable counties in which to live and work. We urge you to keep the needs and well-being of all County residents in mind as you review and approve each of the sector plans that comes before you.