HOUSING

Vision

Ensure that current and future Rockville residents have a diverse array of quality housing choices that are affordable and livable, at all socio-economic levels.

Rockville has a variety of housing choices including detached houses, townhouses, and apartments, with the majority of new production in larger apartment buildings on former commercial sites.


Tyvek
NOTICE
SITE ENTRANCE
GATE #2
THOMPSON AVE

From the original 1803 “Plan for Rockville” that encompassed just over 40 acres, to the 13.5 square miles of today, neighborhoods that are primarily residential or in a mixed-use context have accounted for much of Rockville’s growth. Some neighborhoods are primarily residential, while others are in a mixed-use context. All have access to parks, schools, shopping, employment centers, private institutions and government services, either by a short car drive or by walking or biking. For most of its history, Rockville was considered a highly desirable and relatively affordable place to own a home. Land and construction costs were low, and the majority of the city’s houses and neighborhoods were modest, keeping down payment costs and mortgages within reach of a broad segment of incomes for Rockville residents. With regard to housing affordability, it is clear that times have changed.

While rising housing values are beneficial to those who already own property, high housing costs are a challenge to many individuals and families, especially newcomers to Rockville and those with lower incomes. Finding a place to rent or buy is more expensive than in decades past. Much less undeveloped land is available in the city or county, while the overall regional population has increased markedly, resulting in a rapid increase in the cost of land. Other pressure points to the city’s housing challenge are Rockville’s desirability as a place to live and work within the Washington D.C. region, and a growing senior population. It is within this complex context that this Plan recommends continued housing development in Rockville’s urbanizing areas and modest additions to new residential housing construction types in the city’s established neighborhoods, complemented by policies in this Housing Element that guide the City’s response to housing cost burdens.

During the development of this Plan, the COVID-19 pandemic emerged as a significant short-term impact on many aspects of the city’s residents. The immediate and most visible implications of the pandemic on housing are wide-ranging, especially for those of low- and moderate-income households. The pandemic impacted housing supply and location as communities sought to expand both. Many communities, including Rockville, instituted temporary measures to stabilize rents and halt evictions during the emergency. The long-term housing implications of the pandemic are yet to be determined. Rockville will continue to monitor and react appropriately to continue to pursue the vision and goals of the Comprehensive Plan.

This Element is organized in three parts. The first section addresses market-rate housing production and related City policies. The second section looks at the City’s incentives to support production of affordable housing, and City programs to directly require affordable units in new projects. The third section addresses the City’s direct investment in public housing and support for other housing subsidies and services.

Summary of Community Input

Overall, Rockville residents provided positive impressions of where they live. One stated: “One of the best things about Rockville is the residential neighborhoods.” Another said:

Goals for housing in Rockville include:

1. Foster sufficient market-rate housing development to provide housing affordable for the wide range of those who live, and wish to live, in Rockville.
2. Create and improve incentives, programs, and policies for production and preservation of quality affordable housing.
3. Expand and improve Rockville’s public and assisted housing programs for low- and very-low income residents.

“The neighborhoods are comfortable; there’s a community feeling.” Yet individuals also expressed ideas about improving the existing housing stock, the types of housing that will be needed in the future and where new neighborhoods will be located.

Affordability was discussed as one of the most significant housing issues. It was noted that children who were raised in Rockville, and who are now adults, often cannot afford to rent or buy in the city. Rockville 2040 participants also observed a growing need for housing that is designed to meet the needs of an aging population. Many advised that there is a desire among residents to, “age in place,” but that it can be difficult to do so for many reasons, especially if one wants to remain in a single-unit detached home, does not drive, or has a fixed income.

There were discussions at community meetings about appropriate locations for housing in the future, with many saying that the highest residential density should be close to the Metro stations. There was support for locating housing near amenities such as transit, parks, retail, services, restaurants, and employment. Some noted that there is a need for more housing in Town Center to further support the retail and restaurants there.

Concerns were raised that large, single-unit detached houses have been built only to be divided into multiple dwelling units and rented. There was also interest expressed in there being more middle-range housing types, such as duplexes, townhouses, rowhouses, and small-scale apartment buildings, as well as the preservation of garden-style apartments that offer affordability and two- and three-bedroom opportunities. Property maintenance and code enforcement was mentioned as a concern in some areas where the housing stock is older.

GOAL 1
Foster sufficient market-rate housing development to provide housing affordable for the wide range of those who live, and wish to live, in Rockville.

Approximately 90 percent of housing in Rockville was produced through market-rate production and transactions between buyers and sellers, or landlords and tenants. The remaining 10 percent of housing units are supported by City or other programs to produce affordable housing, or are public and assisted housing units directly subsidized by public investment. The construction of new housing by the market is shaped by housing demand within the context of land availability and costs, and regulations and impact fees set by the City of Rockville and Montgomery County.

It is important to recognize that individuals and families with different incomes, ages, resources, and arrival dates in Rockville have different experiences in the city’s housing market. Most market factors are beyond the control of the City, given that the overall market is regional, particularly in regard to demand based on available jobs and overall housing supply across the Washington, D.C. metropolitan area.

According to housing needs projections by the Metropolitan Washington Council of Governments (MWCOG), the Washington Metro area will need to add approximately 430,000 new housing units between 2020 and 2040 to meet projected demand (MWCOG, Round 9.1 Cooperative Forecasts. October 10, 2018). The City of Rockville’s share of this expected new demand is approximately 8,600 new

A small apartment building sits comfortably next to detached houses in the Lincoln Park neighborhood.

housing units by 2040, an increase to the 28,800 housing units in Rockville in 2020 to a projected demand of 37,400 housing units in 2040.

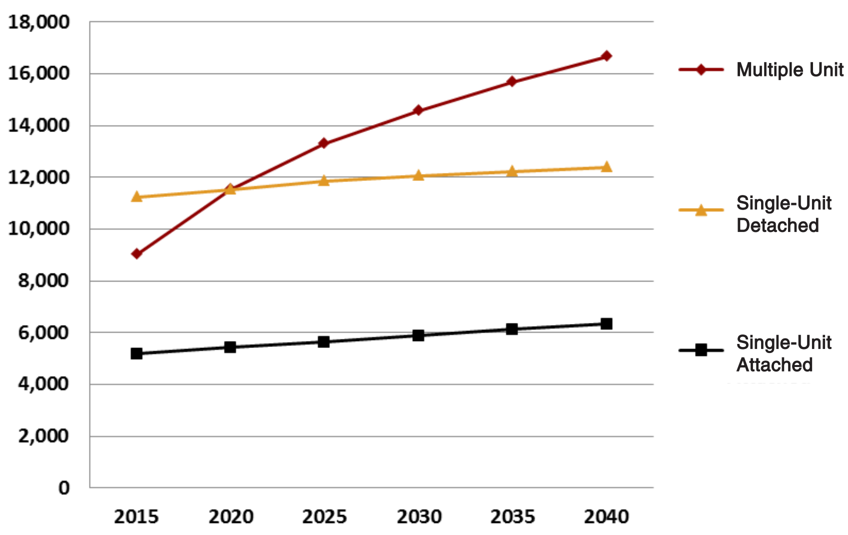
In order to better understand the housing market in Rockville, the Department of Planning and Development Services (which at the time included the Housing Division that is now a standalone department, Housing and Community Development) worked with a housing consultant to produce a "Housing Market and Needs Assessment" report in December 2016. Data, analysis, and recommendations from the report informed the drafting of housing policies in this Element.

What the analysis begins to reveal is how the housing market, based on supply and demand, continues to change in response to social changes and the fact that Rockville is a mature community, with a shrinking supply of undeveloped land.

Trends affecting the housing market in Rockville include:

- Regional job growth;
- Lack of undeveloped land and individual lots;
- Rockville's desirability as a place to live and work;
- A growing senior population;
- Zoning changes to allow housing in commercial corridors;
- Limited new single-unit detached construction;
- Thousands of new multiple unit apartment units;
- Growth in row house and townhouse demand, but limited available land;
- Drop in homeownership level and growth in renters;
- Historically high housing values and rents;
- Critically short supply of first-time buyer opportunities; and
- Significant housing burden for many renters and buyers.

Projected Rockville Housing Growth, 2015-2040



Source: City of Rockville demographic forecasts, 2018

There are major changes underway in the types of units being constructed in Rockville. In 2015, 35 percent of all Rockville households were living in multiple unit (apartment or condominium) buildings. In recent years the construction of multiple unit buildings has been the fastest growing type of housing in Rockville, with a projection of an additional 7,700 units by 2040. As a result, the number of multiple unit residential dwellings is expected to surpass the number of single-unit detached houses before 2025 (see chart, above).

Townhouses, and other attached houses, are projected to have the second highest growth, increasing by 1,200 units over the forecast period. The number of detached houses is expected to have the slowest growth of the building types. In 2015, 44 percent of all households in the city lived in detached houses. By 2040, it is projected that just 35 percent will. While there will still be demand for detached houses, the availability and cost of land will limit production.

The table below summarizes the city's housing stock by housing type, as of the most recent housing inventory conducted in June 2021.

Summary of Residential Units by Housing Type

Detached Single-Units	Attached Single-Units	Multiple Units	Senior Living Units	Total
11,300	4,150	11,560	2,800	29,810

Source: City of Rockville property records, 2021

With recently completed and approved development projects taken into account, the city anticipates that by the end of 2021, 60 detached single units, 4,130 attached single units, and 840 multiple-unit residential dwellings will add to the city's total housing supply.

Looking beyond 2021, additional residential dwellings units are expected to be produced in the city over the next few years, based on their current construction or application status. The table below summarizes these projects by their housing type and project status. Altogether, the total dwelling units in the development pipeline, as of July 2021, is 5,853 new units.

Policy 1
Recognize that City regulations affect the supply of market-rate housing in Rockville and consider adjustments as demographic and market trends change.

The Washington metropolitan region attracts thousands of new workers, who in turn create demand for housing. Analysis of the housing market is based on regional demand, but only a portion of the region's residents will choose to

Residential Project Development Pipeline, July 2021

	Detached Single Units	Attached Single Units	Multiple Units	Senior Living Units	Total Units
Site Plan Approved and Under Construction	30	354	378	150	912
Site Plan Approved	-	180	460	-	640
Project Plan Approved	-	194	2,951	-	3,145
Pending Application	-	353	564	239	1,156
Site Plan Approved or Under Construction Units	30	534	838	150	1,552
Total Units in Development Pipeline	30	1,081	4,353	389	5,853

Source: City of Rockville records, 2021

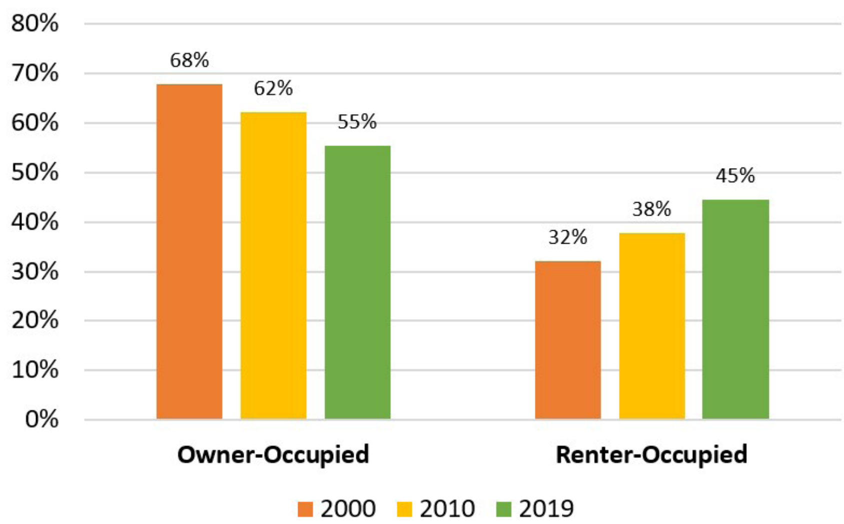
Importance of Zoning in Housing Supply

Land use policies and zoning, in particular, are important tools for supporting the development of housing for individuals and families at all income levels and of all household types. These tools can facilitate or incentivize the production and/or preservation of the types of housing that are needed. However, changes may be appropriate in some parts of the city and not in others. (p. 5)

Medium density housing, including townhouses, but also triplexes, fourplexes and other small multiple unit properties, can be a source of affordable rental and ownership housing in the city and provide housing options for a wide range of incomes. Zoning for medium density housing will likely be most appropriate in transition areas, between single-unit detached neighborhoods and higher-intensity or commercial areas, but there may be other areas in the city where medium density zoning would make sense. Creating opportunities for the development of a wider range of smaller housing types can potentially create more lower-cost housing, but can also broaden the range of housing options for individuals and families in different phases of their lives . . . . (p. 64).

"Housing Market and Needs Assessment," December 2016

Change in the Percentage of Homeownership



Source: U.S. Census Bureau, 2000 and 2010 decennial Census and 2014-2019 American Community Survey 5-year estimates.

buy or rent housing in Rockville. City policies, both past and present, are a factor in the supply of housing and the types of housing available within the city. The housing market analysis conducted prior to this Plan shows that demographic shifts are changing both the demand for specific housing types, and the types of housing being constructed. Conditions and markets will continue to change over this Plan's 20-year planning horizon and a continuous discussion and analysis is recommended.

One example of a demographic trend is the increase in one-person households living in Rockville, from 24 percent in 2000 to just over 27 percent in 2019 (U.S. Census Bureau, 2000 decennial Census and 2015-2019 American Community Survey 5-Year Estimates, respectively). Part of this increase is the result of construction of new apartment buildings with a majority of the units being one bedroom; another is the increase in seniors living alone.

As of 2019, about one-third of households in the city were two-person households, 18 percent were three-person households and 22 percent had four or more people living together. The overall average household size in the City of Rockville was relatively stable between 2000 and 2019, declining only slightly from 2.65 to 2.61 (U.S. Census Bureau, 2000 decennial Census and 2015-2019 American Community Survey 5-Year Estimates, respectively).

In general, the demographics of the Rockville population have changed somewhat from the predominate 'nuclear' family model that shaped residential land use and zoning policies in the city's post-war period. Rockville's supply of existing single-unit detached houses will remain in strong demand for families with children, yet very few new detached houses are projected to be built in the future.

The issues are complex and dynamic. Therefore, this Plan recommends a continual monitoring and adjusting of City policies to respond to future needs.

Actions

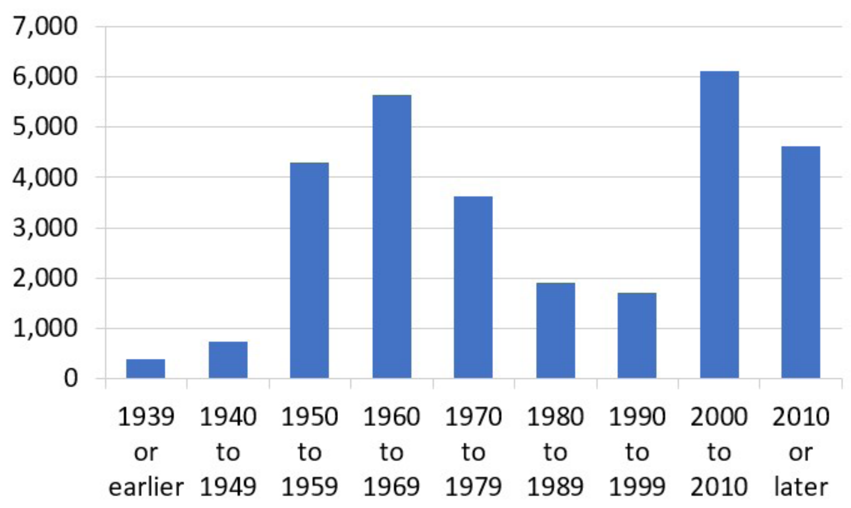
1.1 Develop a plan to provide a comprehensive approach to guide the City's affordable and mixed-income housing development efforts.

1.2 Monitor housing supply and demand over time through surveys or studies to determine if the City should encourage particular housing types.

1.3 Monitor and evaluate impact fees imposed on new residential development to determine their cumulative impact on the production and cost of market-rate housing units.

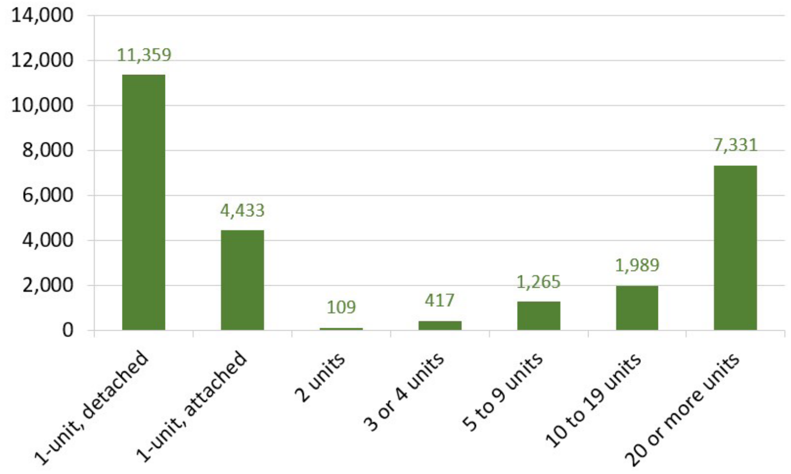
1.4 Identify regulatory approaches to reduce housing costs that balance the competing needs of development, such as amending minimum requirements in exchange for more affordable units or other needs. (*See also Action 10.5 of the Housing Element, Action 10.2 of the Economic Development*

Residential Units Built each 10-Year Period



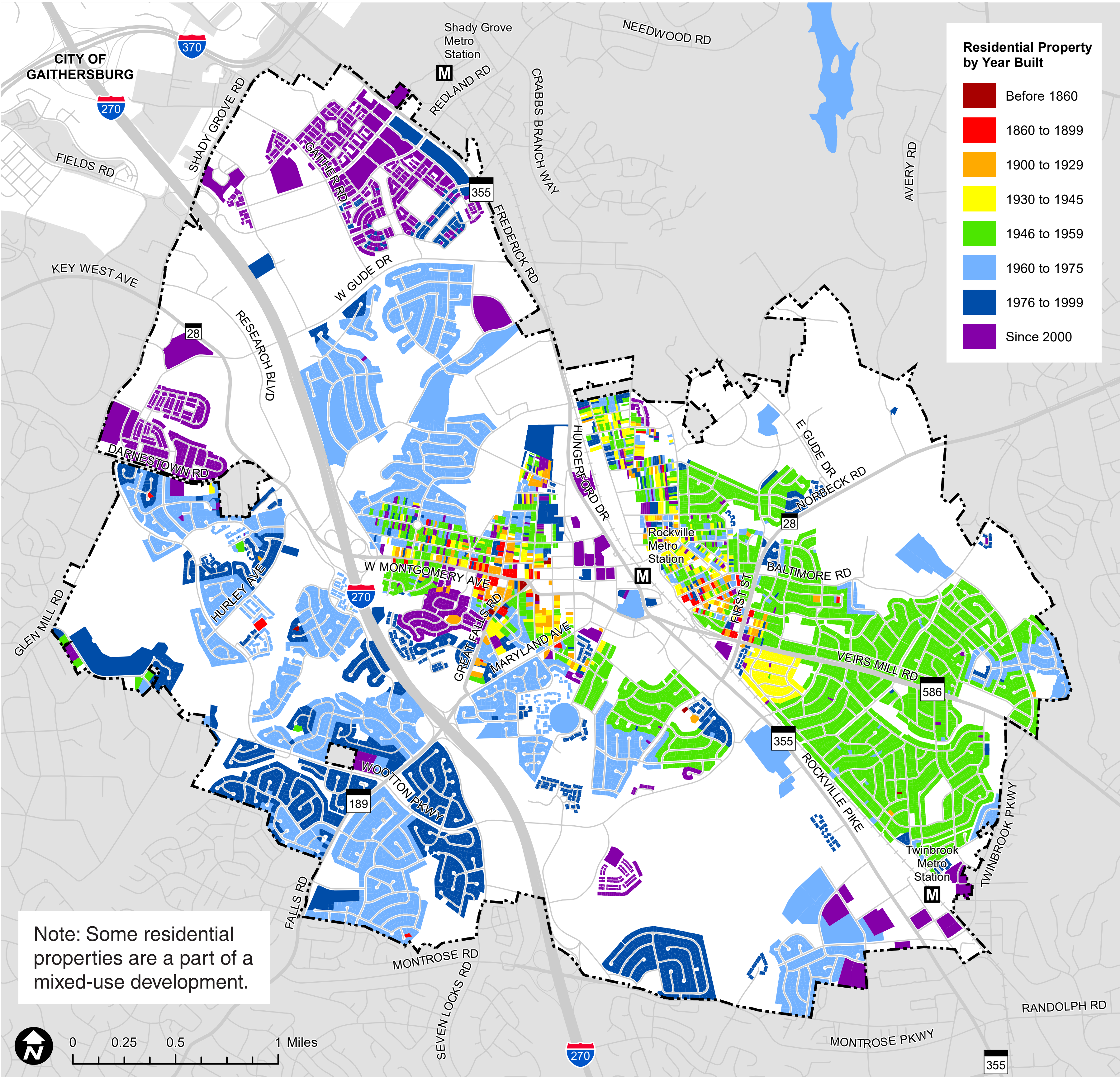
Source: City of Rockville property records, 2020

Dwelling Units by Type (2019)



Source: U.S. Census Bureau, 2014-2019 American Community Survey 5-Year Estimates

Figure 31: Housing Eras by Year Built in Rockville



Element, Action 22.1 of the Land Use Element, and Actions 12.4 and 14.7 of the Transportation Element)

1.5 Monitor trends in generational housing turn-over in the city to anticipate changing demands for land uses, various housing types, City programs and services, school enrollment, and travel patterns.

Policy 2
Promote diversity in the supply of housing to meet market demand and the wide range of community needs and household incomes.

Two key factors have changed the housing market in Rockville over the last few decades: the growth in the regional population, creating more demand; and the lack of easily accessible undeveloped land, limiting supply. Both factors increase the cost of land for new construction or redevelopment, which is leading to a steep drop in the construction of single-unit detached houses, and steady growth in the number of new apartment buildings. Between 2011 and 2021, while the number of single-unit detached homes remained relatively stable in Rockville, multiple unit residential (apartment and condominium) units increased by about 2,500 units, to a total of 10,506 (City of Rockville, 2018 Residential Unit Count and Associated Estimated Population). Recent large-scale residential projects, such as King Farm, Fallsgrove, and Tower Oaks, are prime examples of this trend that delivered a mix of apartments, condos, and townhouses, with only a limited number of detached residential homes.

While a rental apartment is more attainable to people moving into Rockville (especially those without any savings for a mortgage down payment), a number of factors, including land, construction, permitting costs, and regulatory requirements lead large developers to build at the high end of the rental market. The City's housing market analysis also shows that rental costs are rising for those moving to Rockville.

According to data from the U.S. Census Bureau, rents in the city have increased at a higher rate than household incomes. Per the 2000 Decennial Census, the city's median household income in 1999 was $68,918 and the median rent was $972. In 2019, median household income was $106,576 (a 55 percent increase) and median rents were $1,921 (a 98 percent increase) (U.S. Census Bureau. 2019 ACS 5-year estimates). This reflects a nearly doubling of rents in the city over the 19-year period, similar to the rent increases in other high-cost, desirable neighborhoods in the region, including in the District of Columbia, Bethesda and Arlington.
The result of this rapid rise in rents is that the cost of both

Missing Middle Housing is a range of house-scale buildings with multiple units—compatible in scale and form with detached single-unit detached homes—located in a walkable neighborhood. (Source: Opticos Design) detached houses and rental apartments are rising out of reach for segments of the population. Part of the problem is the limited housing types currently available. While some city residents live in older, more affordable apartment communities, such as garden apartments, a wide variety of traditional construction types, those in between single-unit houses and big apartment buildings, is missing. These 'missing middle' housing types, also discussed in the Land Use Element, include:

- Duplexes;
- Triplexes;
- Fourplexes or quads;
- Sixplexes;
- Townhouses or rowhouses;
- Small apartment buildings; and
- Garden apartments.

These housing types are largely missing in American suburbs, including Rockville, in part because land use policies and zoning do not allow their type of construction in single-unit detached residential zones, which in Rockville is more than a third of all parceled land. The great benefits of these 'missing middle' housing types is that they share the cost of land among more units, and create smaller units that share party walls, which is especially important for providing new market-rate affordable housing.

Another approach to attaining greater housing affordability is to allow small-lot detached houses, which can reduce the cost of land for individual homes. Some cities have changed their regulations to allow for narrower lot frontages and 'skinny houses,' that have cost benefits similar to townhouses or rowhouses, but do not share party walls.

Production of duplexes, triplexes, and quads are rarely included in contemporary housing projects delivered by large development corporations (with the exception of duplex units delivered to meet the City's affordable housing requirements.) In fact 'missing middle' types are usually more like 'mom and pop' businesses, frequently as simple as an owner renting out the lower half of their house in order to make the mortgage affordable or a large lot being split into a few individual lots. Allowing dwelling units above commercial space may also be appropriate in some locations. Similar benefits are possible with an accessory apartment internal to a single-unit house, and an accessory dwelling unit (ADU), which locates a second separate unit on an existing lot.

The small scale of 'missing middle' housing projects also means wood-frame construction, and driveway or small garage parking, which is less costly on a per unit basis than construction of structured parking in large apartment buildings built of concrete and steel. Duplex or triplex units sold as condominiums can provide a much-needed path to homeownership.

Clearly there is demand in Rockville for these types of housing arrangements, evidenced from enforcement challenges regarding accessory apartments and families doubling up into the existing housing stock to share the cost. Many anecdotal accounts were heard during the Rockville 2040 process, along with calls for changes to allow more flexibility to allow accessory apartments and ADUs. The Mayor and Council directed staff late in 2018 to draft zoning text amendments to allow accessory apartments and freestanding ADUs and this Plan establishes policies for these types of living arrangements, as well.

Overall, the City's challenge is to ensure that the appropriate mix of housing, whether by construction type, tenure, affordability level, or available amenities, is available to those who wish to live in the city while preserving the high quality of life that Rockville residents enjoy.

Actions

2.1 Explore revising zoning regulations that may present obstacles to new housing types. (*See also Goal 2 of the Land Use Element*)

2.2 Develop design guidelines for 'missing middle' housing types, as infill product or at the edges of existing neighborhoods, so that the new product will be compatible with existing neighborhoods. (*See also Policy 2 of the Land Use Element*)

2.3 Work with neighborhoods to promote small-scale infill and redevelopment projects that will diversify the housing stock and lower per unit land costs for new housing, including townhouses, rowhouses, duplexes, triplexes, fourplexes, and small multiple-unit properties.

2.4 Seek to provide housing opportunities affordable to first-time home buyers.

2.5 Continue to accommodate development of mixed-use communities with varied housing types in transit-proximate areas.

2.6 Explore options for co-housing, co-ops, or other shared ownership structures with construction types to suit.

2.7 Consider alternative housing solutions, such as modular units, 'tiny houses', and micro-unit apartments.

2.8 Identify potential opportunities for conversion of obsolete offices and hotels to residences.

Policy 3
Ensure that new housing in more urban contexts has neighborhood amenities and infrastructure that supports a community.

A challenge for the City is to ensure that new housing is built in a context so that residents will be living in neighborhood settings, whether suburban or urban, and in which other plan policies are achieved, such as living near parks and ensuring that there is adequate infrastructure and school capacity to support the growth.

Due to zoning changes in the city over the years, areas that were once exclusively commercial are now seeing residential development. Because of the historical uses of these sites, there are few, if any, neighborhood amenities, such as parks, nearby. Addressing this challenge will require provision of additional amenities by the development community, the City, or both. Another approach is to find ways to accommodate a greater proportion of the anticipated residential growth in existing neighborhoods that already have these amenities.

Actions

3.1 Allow new housing in locations where amenities and infrastructure already exist, and that are compatible with the existing neighborhood.

3.2 Plan and ensure construction of new parks and other neighborhood amenities in areas where housing is new to an area.

Policy 4
Support life cycle housing strategies that will enable Rockville's seniors to continue to live within the community.

The number of older adults in Rockville has increased substantially in recent years, from 13 percent in 2000 to 16 percent in 2019 (U.S. Census Bureau. 2000 decennial Census and 2019 ACS 5-year estimates, respectively). The leading edge of the Baby Boom generation has reached retirement age, and over the coming decades the senior population will grow much faster than the population under age 65. As seniors comprise a larger share of Rockville's population, there will be more demand for a variety of housing types that can facilitate aging within the community.

Elements that appeal to seniors include single-level living, greater accessibility standards in building codes, and proximity to shopping, services and transit. Many residents express a hope to 'age in place' in Rockville, but that can be a challenge for a senior living in a single-unit home on a fixed income in a neighborhood that requires driving for nearly all trips.

Policy and regulatory issues also directly affect the market for senior housing in two areas. First, senior housing can get an exemption from certain impact fees charged per unit to fund school construction. This is leading some developers to focus on senior housing to reduce costs. Second, senior

The Victory Courts Apartments is one of several specialized residential communities that offers senior living accommodations within a short distance to downtown Rockville and regional transit.

housing can also be developed in school cluster areas that are over capacity, while other housing types that generate school age children are not allowed until the classroom shortage is addressed. In both situations, the current regulatory structure in Rockville favors the production of senior housing.

Another emerging trend in senior housing in Rockville is senior housing with services. Unlike conventional senior housing rentals, which only provide dwelling units, senior housing with services may include meals, transportation, assisted living, and skilled nursing living for a set monthly fee. The senior housing development community believes there is strong demand for such housing in Rockville. There are currently three service-rich senior housing developments in the city and another such development in early planning. While this housing type is vital to ensuring life-cycle housing, it is financially out of reach for most seniors.

The City of Rockville has applied its Moderately Priced Dwelling Unit (MPDU) regulations to these service-inclusive housing types, requiring 12.5 percent of the independent living units in such developments be set aside as MPDUs (*See Goal 2, below*). However, the all-inclusive fee structure has made affordability a challenge for prospective residents.

Actions

4.1 Identify locations and strategies to construct senior housing in community settings, with preference for locations that are walkable to basic goods, services, and transit.

4.2 Encourage developers to incorporate barrier-free design features in new and rehabilitated residences so that those units may be occupied by a wide range of people, including aging adults.

4.3 Work with Montgomery County government and non-profit developers toward providing more options for affordable senior housing.

4.4 Assist in connecting older residents to a system of local service providers that can help them to age in place, whether in their current homes or in other housing within the city that enables them to retain their independence, including financial and/or technical support for home maintenance and repair.

4.5 Where appropriate, consider reducing minimum parking requirements for senior housing in exchange for more affordable housing or other City priorities.

4.6 Explore partnership opportunities with other governmental entities, such as the Social Security Administration, Montgomery County government, and the non-profit development community to support affordable senior housing with services.

Policy 5
Support projects and programs that provide housing for people with disabilities.

Demographic projections indicate that households with a person with a disability will increase at a faster rate than other household types, in part because of the growing senior population. Those with physical and cognitive disabilities often require housing types or homes that are specially equipped, for instance with ramps for wheelchairs; and often need affordable units.

In 2020, an innovative residential building, Main Street Apartments, opened in Rockville Town Center to serve adults with disabilities. The development is an inclusive apartment building and community center, where 25% of the building's 70 units are set aside for adults with disabilities, and the

Main Street Apartments in downtown Rockville. Credit: HerculesLiving.com remaining 75% are affordable housing options for all. The City recognizes that more of these types of residential communities, as well their related support services and amenities, are needed in the Rockville community.

Actions

5.1 Connect individuals who have disabilities to financial and social services support so that they can live in Rockville through a combination of affordable, accessible housing and linkages to services.

5.2 Encourage developers to incorporate design features in new and rehabilitated residences so that those units may be occupied by people of all abilities.

5.3 Work with Montgomery County government and the non-profit community toward providing more housing options for persons with disabilities, including options for independent living.

Policy 6
Ensure that all housing is safe and code compliant.

The City enforces the maintenance and upgrade of the housing stock by inspecting neighborhoods and the exteriors

A privately-owned house under repair in 2017, with assistance from a City of Rockville grant under the CDBG program.

of individual properties to bring them into compliance with City code requirements for property maintenance, zoning enforcement, and rental licenses. As the city's housing stock ages, maintenance and upkeep becomes crucial to preserving value and livability. Residents cite code enforcement as a key tool for ensuring the preservation of housing and neighborhood quality of life.

Actions

6.1 Proactively enforce all building codes related to housing units, in single-unit or multiple-unit constructions, owner-occupied or rental units, and maintenance in all neighborhoods.

6.2 Continue to provide assistance to low- and moderate-income homeowners to maintain their property in a safe, healthy and acceptable physical condition.

6.3 Continue to track building code violations among rental properties and ensure compliance.

6.4 Deploy Community Development Block Grant (CDBG) funds to support building maintenance and improvements, including for historic buildings, in exchange for a commitment to keeping housing affordable.

6.5 Require construction standards that ensure that noise levels are at acceptable levels between units in multiple-unit developments and from external noise pollution.

GOAL 2
Create and improve incentives, programs, and policies for production and preservation of quality affordable housing.

Rockville's median household income is relatively high, though the income distribution in the city is becoming increasingly bifurcated. The number of lower-wage jobs have increased at faster rates than higher-paying jobs, while housing costs continue to rise. This trend has made it difficult for low- and middle-income households to find housing that they can afford in Rockville.

Measuring Housing Affordability: Understanding AMI

Area Median Income, or AMI, is the median household income for a metropolitan area and varies by household size. The measure is used by housing programs to provide a standard for incomes, specifically in regard to income-restricted housing programs, such as Rockville's Moderately Priced Dwelling Unit (MPDU) program. The median is the center point where half of all incomes are higher and half are lower. The household size matters because typically families with children, or other dependents without income, require more bedrooms, so housing cost burdens are calculated with that in mind.

AMI is used to set targets for housing affordability, which of course relates to household income. The target is then set as a percentage of AMI. For example, the City of Rockville and Montgomery County government assisted the purchase of Fireside Apartments by Rockville Housing Enterprises (RHE) in 2012. Rockville then provided loans and a grant to help ensure that half of the 236 apartments would be affordable to households earning at or below 80% of AMI. In 2020, RHE closed on a $60 million refinance package for Fireside Park that included LIHTC and other public and private financing to undertake a substantial rehabilitation of the property. RHE was also able to leverage recent change in LIHTC law that allowed for income averaging, resulting in 75% of the units being affordable at or below 80% of AMI.

In 2021, the AMI for the Washington metropolitan region was:

Household Size	Median Household Income
1 person	$90,300
2 persons	$103,200
3 persons	$116,000
4 persons	$129,000
5 persons	$139,320

Source: U.S. Department of Housing and Urban Development and City of Rockville, 2021.

The table below shows income groupings as a percentage of AMI with examples of the types of jobs than are in that income range, and what an affordable rent would be based on roughly a third of the income going to rent, a typical metric for housing affordability.

Area Median Income, 2021

Income Group	Type of Household	Affordable Rent or 30% of Income
0-30% AMI $0 - $38,700 family of four $0 - $27,090 single person	People who are unable to work due to disability or age. Seniors on fixed incomes. Low-wage workers, including many retail, restaurant and day care workers.	$0 - $968 family of four $0 - $677 single person
30-60% AMI $38,700 - $77,400 family of four $27.090 - $54,190 single person	One person working as an administrative assistant, electrician, or teacher's aide. Two workers in the retail, restaurant or childcare sectors.	$968 - $1,935 family of four $677 - $1,355 single person
60-80% AMI $77,400 - $103,200 family of four $54,190 - $72,240 single person	One or two workers in entry-level, including research associates, program managers, nursing aids and nurses (LPNs).	$1,935 - $2,580 family of four $1,355 - $1,806 single person
80-100% AMI $103,200 - $129,000 family of four $72,240 - $90,300 single person	One or two workers in entry- or mid-level jobs, including police officers, fire fighters, school teachers and IT support personnel.	$2,580 - $3,225 family of four $1,806 - $2,258 single person
100-150% AMI $129,000 - $193,500 family of four $90,300 - $135,950 single person	One or two workers in mid-level professional jobs, including researchers, scientists, association professionals and financial analysts.	$3,225 - $4,838 family of four $2,258 - $3,399 single person

Note: The median rent in Rockville in 2019 was $1,912 (ACS) and the median listing home price was $562,000 as of July 2021 (Realtor.com).
Source: U.S. Department of Housing and Urban Development; City of Rockville, 2021.

Fireside Park Apartments

The Fireside Park Apartment project is an example of the City of Rockville acting in the housing market though incentives and direct investment of City funds. Located at 735 Monroe Street, Fireside Park Apartments was built in the 1960s and includes 236 garden apartment units contained in 22 buildings. The complex has a mix of one-, two-, and three-bedroom units that have provided affordable housing for many decades, along with amenities including green space, a playground, and a swimming pool. During the rapid climb of housing values in the early 2000s, investors in the property considered redevelopment and replacement with higher priced luxury housing. However, the social value of the affordable units, especially with two and three bedrooms for families, was recognized and the City acted to preserve the apartments as lower cost housing.

In 2012, to implement and exercise its policy on the preservation and furtherance of affordable housing, the Mayor and Council voted to support Rockville Housing Enterprises in its acquisition of Fireside Park Apartments by providing financing toward the purchase of the property. The project was structured so that 118 of the 236 units will remain affordable at up to 80 percent of the Area Median Income. The other half of the units support the overall project with market-based rents.

On November 5, 2012, the Mayor and Council approved a $1,800,000 loan and $200,000 grant to RHE toward the purchase of the Fireside Park Apartments. In addition to City's funds, RHE also secured a $3.19 million loan from Montgomery County government's Housing Initiative Fund, and a $32.4 million first mortgage from Citibank. The City's support of RHE helped preserve Fireside Park Apartments as a mixed-income affordable community that's a residence for over 230 Rockville families. In 2018, the City of Rockville again assisted RHE in its plan to modernize the development by providing a $500,000 grant, allowing RHE to leverage other funding sources including County and State loans, LIHTC credit proceeds, and FHA loans. RHE closed on the refinancing of Fireside in 2020.

Legacy Apartments

The City of Rockville pursued and received a HOPE VI grant from the federal Department of Housing and Urban Development to demolish obsolete public housing owned by Rockville Housing Enterprises in Lincoln Park neighborhood. Those older public housing unit apartments, which were originally constructed with federal funds, were replaced with townhouses, with the majority being offered as market rate units for sale and a set aside number of units at a discounted price to qualified income-restricted owners. RHE retains an ownership stake in those units, so that when they are sold, a portion of capital gains will add revenue to Rockville Housing Enterprises program income through an equity share provision. The redevelopment of the site provided much needed new and modern housing opportunities for some, but the city also lost half of its public housing portfolio, and the new units did not provide housing for those in most need. Like in many other cities, the former residents were not rehoused in public units, but instead were supported by Section 8/HCVP vouchers to enter the private rental market.

As of 2016, approximately 10,000 Rockville households earned less than 80 percent of the Area Median Income (AMI, see sidebar on opposite page). This corresponds to an estimate that more than 10,000 Rockville households are cost burdened, meaning that they spend 30 percent or more of their gross income on housing. More than 4,000 households (about 15 percent) were severely cost-burdened in 2016, with housing costs accounting for half, or more, of their income. More renters (53 percent) than home owners (29 percent) are cost burdened. This fact is significant because it makes it difficult for renters to save for a mortgage down payment, or choose an ownership option when rents get too high.

Households who earn less than 30 percent of AMI are projected to increase at the fastest rate of all income groups over the next 25 years. This trend is driven largely by the rapid growth of the senior population, many of whom are no longer earning employment income, but also as a result of the shift in the types of jobs expected to be coming to the Washington metropolitan region by 2040.

The City's housing policies seek to address the affordability issue through voluntary incentives for the production and preservation of affordable housing units, as well as requirements for the production of units through the City's Moderately Priced Dwelling Unit program.

Policy 7
Assure that affordable housing is distributed equitably throughout the city.

Affordable housing includes a range of housing types and pricing structures, from market-rate housing that is older and therefore more affordable than newer products, also known as 'market-rate affordable' or 'naturally occurring affordable housing (NOAH)', to public housing that serves extremely low-income individuals and families. Rockville's primary policy designed to produce new housing that is affordable to low- and moderate-income households is its inclusionary zoning program, the Moderately Priced Dwelling Unit (MPDU) program. Also supporting affordable housing in the city is Rockville Housing Enterprises (RHE), an independent housing agency that owns and manages several public housing properties throughout the city and administers federal housing choice vouchers.

It is in the city's best interest to locate new affordable housing developments of any type or attainable at any income level in a manner that is distributed equitably throughout the city. Such a strategy allows lower-income residents to benefit from proximity to opportunities; enables families to remain in familiar neighborhoods where they have long-time family and friendship ties as well as access to public transportation; and supports a stable, high-quality community that is home to residents of diverse backgrounds.

Action

7.1 Discourage the concentration of predominantly income-restricted or subsidized housing developments in any single geographic area of the city by encouraging mixed-income developments.

Policy 8
Provide financial incentives for the production and preservation of affordable housing.

In recognition of the city's current and anticipated housing needs, this Plan supports the expansion and preservation of affordable housing through financial incentives. These incentives are a form of intervention in the housing market to achieve specific goals to provide housing for lower-income segments of our community. In most cases, the incentive approach to affordable housing relies on a mix of public monies and private investments, or a mix of subsidized and market-rate units in a development project.

As discussed below, the City's primary affordable housing program requires, through the Zoning Ordinance, affordable units delivered as part of market-rate projects. This approach reflects the substantial reduction in federal funds to construct public housing since the 1980s, which was replaced by a series of federal programs that removed public housing in favor of a mix of subsidized and market-rate replacement projects, the largest being the HOPE VI program. The City's housing authority, Rockville Housing Enterprises (RHE), pursued and received a HOPE VI grant for what became the Legacy townhouse project in the Lincoln Park neighborhood. Federal housing funds have been reduced even further in recent years, and available program money is limited and awarded through a highly competitive process.

The federal Community Development Block Grant (CDBG) program has remained a consistent funding source. However, the amount that Rockville receives is insufficient to make a major impact. Rockville uses all of its allocation of CDBG funds to assist low-income homeowners and housing provider organizations to maintain their homes. The grant program typically funds assistance to about six homeowners per year. Projects can include electrical system upgrades, roof repairs, and additional insulation. The program also typically funds three to four organizations, including Rockville Housing Enterprises, for rehabilitation and maintenance of their existing affordable housing stock.

With the reductions in federal funding, communities such as Rockville are left to develop other local strategies. This Plan recommends working with Montgomery County, housing developers, and private investors to make strategic investments where deemed appropriate; for instance, using the City's financial tools to bridge financing gaps or support worthy development projects. The City's most recent example of support and direct grants to a project is the Fireside Apartments, described above. This Plan envisions continued and enhanced investments through RHE and the City's Housing Opportunities Fund, particularly in terms of acquisition and rehabilitation of older units.

Actions

8.1 Leverage federal resources and identify local and State funding sources to support the production of housing affordable to low- and moderate-income households.

8.2 Establish stable sources of funding for Rockville's local Housing Opportunities Fund that can be used for affordable housing rehabilitation or development projects.

8.3 Explore strategies and seek opportunities to preserve existing market-rate affordable rental dwelling units through actions by the City of Rockville and Rockville Housing Enterprises.

8.4 Participate in regional efforts to advocate the State of Maryland for a special set-aside of the Low-Income Housing Tax Credit tax credits for Washington, D.C. suburbs.

8.5 Promote and advocate for tax-exempt financing in conjunction with the Low-Income Housing Tax Credit to support the development of multiple unit affordable housing, especially in areas of the city where priority is given for State-designated Transit Oriented Development and/or Sustainable Community areas. (*See also Policy 16 of the Economic Development Element*)

8.6 Pursue and leverage funding from Montgomery County government's Housing Initiative Fund for affordable housing projects in Rockville.

8.7 Provide incentives to owners of older, market-rate multiple unit rental properties, such as garden apartments, to maintain and improve their properties while preserving affordability of their existing units and avoiding displacement of residents.

8.8 Explore strategies and seek opportunities with the development community, foundations and non-profit to utilize New Markets Tax Credits to promote mixed-use developments, including rental and homeownership affordable housing, in eligible Census tracts.

Policy 9
Sustain and develop programs that assist Rockville residents' entry into the home buying or rental market.

In most cases, the cost of older housing of all types is less expensive than new construction. This Plan recommends providing incentives to owners of older, market-rate housing to keep those units in the overall stock, but with an understanding that some obsolete housing is also the most logical to be redeveloped as new housing.

9.1 Restructure the Real Estate Effort for Affordable Community Housing (REACH) program to provide down payment and closing cost assistance to low- and moderate-income first-time home buyers in Rockville.

9.2 Encourage and explore ways for employers to provide financial assistance to their workers to enable them to live closer to their jobs in Rockville.

9.3 Conduct an inventory of vacant and under-utilized land to identify any sites that may be suitable for needed affordable units.

Rockville Housing Assistance Programs

The City of Rockville has four main programs to address housing affordability issues:

Community Development Block Grant (CDBG)

The City's Owner-Occupied Rehabilitation Program is a program funded by the federal CDBG that provides low-interest loans to low income homeowners to address emergency and health and safety related home repairs. Funding for the program is provided to the City by the U.S. Department of Housing & Urban Development (HUD) through Montgomery County government.

- Rockville has received funding for the past 41 years.
- CDBG grants haves decreased by nearly 30 percent due to federal budget cuts. The grant was reduced from $325,348 in 2010 to $263,000 in 2018.
- In previous years, the City assisted an average of 11 households compared to six households in the current fiscal year.
- Typically, assisted homes were built in 1940s and 50s, and are owned by elderly residents.

Moderately Priced Dwelling Units (MPDUs)

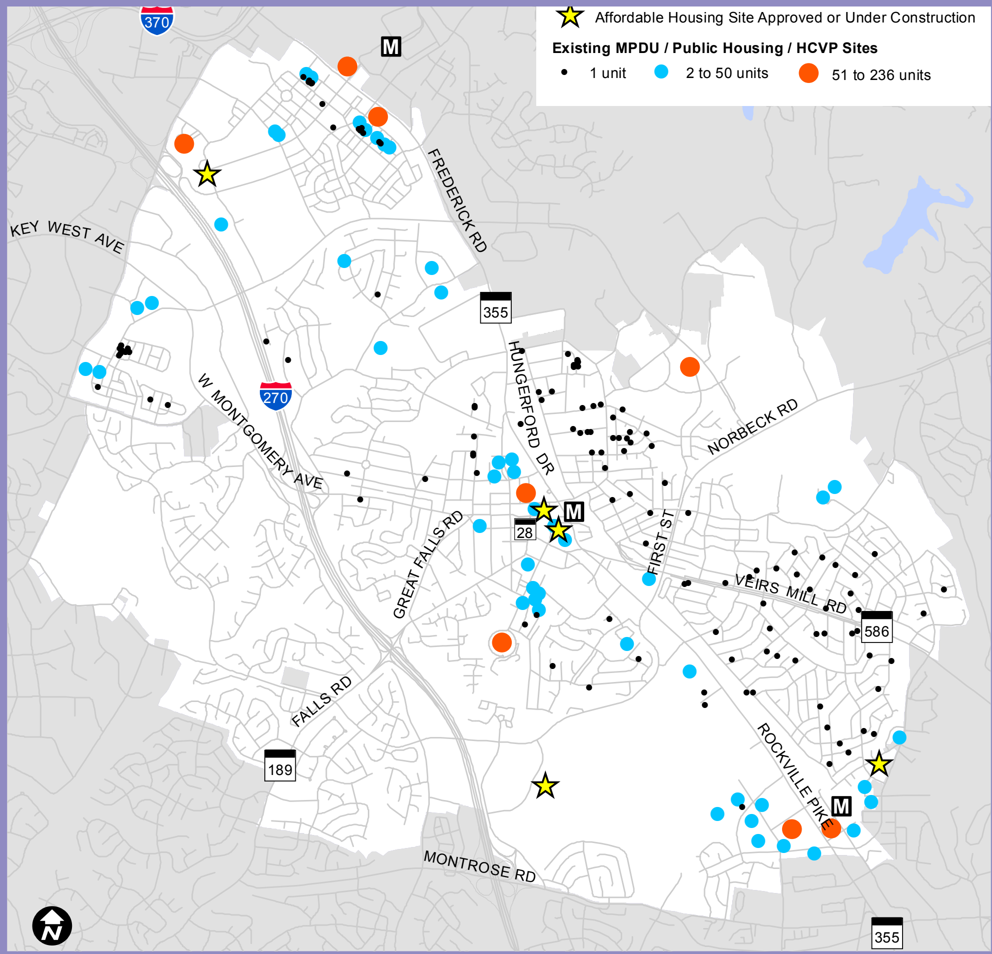
A City inclusionary zoning program in which the rental rate for a unit is restricted to below the rental rate of market rents. There are homeownership and rental MPDUs.

- Developers of eligible projects are required to set aside between 12.5% and 15% of units as MPDUs.
- As of 2021, there are currently approximately 900 rental MPDUs and 400 homeownership units in the city.
- Households seeking a rental MPDU must meet a minimum annual income of 2.5 times the MPDU rent for specific units of interest and must not exceed 60% of AMI, adjusted for household size. For the purchase program, households must be able to have a purchase power of $135,000 at a minimum and not exceed 80% of AMI, adjusted for household size.

Housing Choice Vouchers Program (HCVP)

Administered by Rockville Housing Enterprises, Housing Choice Vouchers is a rental program where rents are based on 30% of resident income. Vouchers are funded by rents paid by residents and a subsidy from HUD. Units are managed and operated by private owners and scattered throughout the city.

- RHE manages 414 HCVP tenant-based vouchers.
- Household income cannot exceed an annual income of 50% of the AMI.



- As of 2020, 4,401 households were on the wait list for a voucher.

Public Housing

A rental program where rents are based on 30% of income. The public housing program is operated by the Rockville Housing Enterprises (RHE). Units are funded with rents paid by residents and an operating subsidy from HUD.

- There are currently 108 public housing units.
- Household income cannot exceed an annual income of 80% of the Area Median Income (AMI).
- As of 2020, 125 households were on the wait list for these units.

9.4 Consider including the development of housing in conjunction with the construction or redevelopment of community facilities.

9.5 Promote the preservation and development of projects with large (two or more bedroom) rental dwelling units with a goal of providing more affordable housing for families and larger households.

9.6 Promote the Maryland Mortgage Program - You've Earned It! Initiative that offers mortgage rate discounts and down payment assistance to qualified home buyers who are purchasing a home in portions of the city designated as one of Maryland's Sustainable Communities. (*See also Policy 16 of the Economic Development Element*)

9.7 Explore the creation of workforce homeownership programs that seek to create financial stability for such buyers through less restrictions and ability to build home equity.

9.8 Explore the creation of a homeownership assistance program for City employees and those who live or work in Rockville.

9.9 Explore an annual budget line item to fund allocation for an affordable housing ownership program.

Policy 10 Maintain a Moderately Priced Dwelling Unit program and continue to add MPDUs to the housing stock as residential development occurs.

In Rockville the primary program designed to construct new housing affordable to low- and moderate-income households is our Moderately Priced Dwelling Unit (MPDU) program. The MPDU program, adopted in 1990 and modeled after Montgomery County government's pioneering inclusionary zoning program, requires that a percentage of units in new housing projects with 50 or more total units be made affordable at prices or rents that are affordable to households with incomes between 30 percent and 120 percent of AMI. The requirement is enforced through the Zoning Ordinance with specifics of project delivery and rental and sales price set during the development review process.

As of 2021, there were about 1,300 MPDUs in Rockville, of which about two-thirds were rental and one-third were ownership units. All MPDUs must be provided on site (within the development) unless the Mayor and Council approve an alternative option to allow the provision of affordable units off site, donation of land, or a fee-in-lieu of units payment to the City's Housing Opportunities Fund/Affordable Housing Fund. Fee-in-lieu refers to payment required of an owner or developer as a substitute for providing MPDUs as part of the development. So far, no developer has pursued any of these alternative compliance options.

Other programs provide housing support for households with lower incomes. As of 2017, there were 2,990 income-based assisted housing units in the city, aimed at households who earn up to 80 percent of AMI. There were another 218 MPDU units either under construction or planned. Nonetheless, there remains a severe need for more affordable housing in Rockville. The City is considering other changes to increase the supply of affordable units.

Actions

10.1 Continue to monitor and adjust income requirements and other aspects of the MPDU program to encourage the production of affordable units.

10.2 Adjust the structure of the MPDU program to encourage the production of more MDPUs. Examples include:

> 10.2.a Explore and study requiring MPDUs for residential developments of 10 units or more.
>
> 10.2.b Explore and study requiring a fee-in-lieu payment into the City's Housing Opportunities Fund for developments with less than 10 units.
>
> 10.2.c Explore imposing 15 percent MPDU set-aside for developments throughout the city with 20 or more units of total unit count regardless of zoning district.

10.3 Impose restrictions on refinancing of homeownership MPDUs by owners to avoid over-leveraging and potential subsequent foreclosure.

10.4 Offer incentives to developers of properties near Metrorail stations to provide a higher percentage of MPDUs or units that serve low- or very low-income households.

10.5 In areas near transit, consider reducing parking requirements to build parking spaces for MPDU units in exchange for more affordable units; while requiring that occupants of MPDUs have equal access to parking spaces built in the overall project. (*See also Actions 1.4 of the Housing Element, Action 22.1 of the Land Use Element, 10.2 of the Economic Development Element, and Actions 12.4 and 14.7 of the Transportation Element*)

10.6 Explore extending the affordability period of rental MPDUs from the current 30 years to a period comparable to Montgomery County government's MPDU program or other feasible terms that ensure long-term affordability.

10.7 Explore strategies that seek to restructure the MPDU in-lieu fee payment option to allow for more feasible and wider application when such options better meet the City's housing objectives.

10.8 Explore ways to grow the City's Housing Opportunities Fund, such as through a dedicated budget line item and/or expanded MPDU fee-in-lieu requirement.

GOAL 3
Expand and improve Rockville's public and assisted housing programs for low- and very-low income residents.

Public and assisted housing programs serve extremely low-income individuals and families (i.e. with incomes below 50 percent of AMI). Rockville Housing Enterprises (RHE) is an independent body that was created by the Mayor and Council in 1959 to address the housing needs of extremely low-income households within the city and to administer public housing units and assisted housing programs under federal law. RHE continues to be the City's public housing agency, supported primarily by federal funding. Oversight is provided by the RHE Board of Commissioners, who are appointed by the Mayor and Council.

Policy 11
Work with Rockville Housing Enterprises to maintain the city's public housing units and support projects and programs that provide housing to Rockville's low-income residents.

Rockville Housing Enterprises (RHE) owns and operates 105 public housing units in the City of Rockville. This housing is located at David Scull Courts (76 units) and various single-unit detached sites throughout the city (29 units). Rockville Housing Enterprises' non-profit subsidiaries, RELP One, LLP (RELP) and RHE Properties Inc., own and operate 60 units of low-income housing in scattered sites located primarily in the King Farm and Fallsgrove neighborhoods, financed in part by RHE and in part by the federal Low-Income Housing Tax Credit (LIHTC) program. Another RHE affiliate owns the 236-unit Fireside Park apartment community in Rockville, which provides 177 affordable apartments at below market rates with the remainder rented at unrestricted market rates. RHE also administers 430 units in its Housing Choice Voucher Program (HCVP) that enables households to rent housing in the private market.

Actions

11.1 Continue to support Rockville's and Montgomery County government's public housing agencies and non-profit organizations in site acquisition and construction, and in preservation of existing assisted housing.

David Scull Courts comprise the majority of Rockville's public housing units with 76 total units.

11.2 Work with Rockville Housing Enterprises to develop and maintain a long-term comprehensive strategic plan that seeks to preserve and maintain its existing portfolio of affordable housing and produce new units.

11.3 Work with Rockville Housing Enterprises to improve the living environment in the vicinity of David Scull Courts, and ensure that new public housing is located so that residents are not isolated.

11.4 Support RHE in its outreach to property owners and landlords about the opportunities and social benefits of participating in the Housing Choice Vouchers Program.

Policy 12
Support programs and services to end homelessness in the city and county.

While the small number of public housing units in the city provide needed support for struggling families, the program is oversubscribed. Some individuals and families find themselves living without a home, moving in temporarily with friends or family, or sleeping in an automobile or outdoors. The majority of homeless individuals and families have little or no income and therefore fit into the definition of extremely low income. For some individuals, mental health or substance abuse issues are a factor, which can be exacerbated by homelessness.

Montgomery County government established the Interagency Commission on Homelessness in 2014 with the goal of preventing and ending homelessness. The Commission is the Governing Board of the County's Continuum of Care program planning network whose purpose is to coordinate the implementation of a housing and social service system. The Commission is composed of non-profit housing providers, local public housing authorities and other landlords, and governmental entities and municipalities, including the City of Rockville. Its mission is to end homelessness in the county by 2024.

According to an annual point-in-time survey taken by Montgomery County government, from 2016-2021, an average 768 people are homeless in the county on any particular day. The number of unhoused people has been on a declining trend since 2016. Between 2016 and 2021, the homeless population decreased from 981 to 557, representing a 41% decrease. Between 2020 and 2021, homelessness in the county decreased by nearly 14%, from 670 to 577. The drop in homelessness count can be attributed to the County's aggressive re-housing and sheltering programs of a targeted approach to meeting the housing needs of specific populations.

It should be also noted the County implemented measures to homeless continuum of care in response to the COVID-19 pandemic, thereby leading to the continued decrease in the number of homeless individuals. It is possible, however, that the eventual lifting of eviction moratorium and shifting priorities as the immediate emergency of the pandemic lifts, could result in an increase of homelessness and may require additional resources. These individuals and families will require public intervention and assistance to secure shelter and to have access to other social services.

Rockville supports human services needs through an annual grant program to local non-profit organizations. Caregiver grants are intended to enhance programs and services by supplementing funding from other sources, including but not limited to the federal, State and County government; program fees; individual and corporate donors; and foundations.

The City provides grants to the non-profit human services community through the annual budget process. Each year the City appropriates funds to support Rockville individuals and families who are experiencing difficulty meeting basic needs related to housing, food, clothing, financial resources, and health care.

Actions

12.1 Reduce regulatory barriers to the placement and operation of shelter facilities and supportive services in appropriate locations of the city.

12.2 Work toward Montgomery County government's Continuum of Care goal to make homelessness a rare, brief, and nonrecurring event.

12.3 Improve awareness of shelters and the need for volunteers to encourage broad-based community support.

12.4 Evaluate the city’s capacity to provide community facilities for shelter use during extreme weather conditions.

12.5 Continue to deploy CDBG and the City’s Caregiver Grant funds to housing providers to ensure the maintenance and operations of permanent and supportive housing.