

HR&A



# City of Rockville

## Housing Market Scan – Budgetary Discussion Initial Findings

February 2026

**DRAFT FOR DISCUSSION PURPOSES**

## STUDY PURPOSE

The City of Rockville engaged HR&A to develop a Housing Needs Assessment and Policy Recommendations to further attainable housing development.

### Project Objective

- Identify and analyze housing needs within the City
- Gather input from Rockville residents and stakeholders on what housing issues matter most to them
- Conduct financial analyses of the MPDU program to provide insight on how to increase program effectiveness within the changing context of the Rockville market
- Propose policy solutions that promote affordable and attainable housing within the City for renters and homeowners alike
- Identify high opportunity areas for redevelopment and rezoning



Source: CNU

## KEY TAKEAWAYS

### Multifamily Development Decline

Multifamily permitting has slowed since 2019 with **increasing construction costs, rising interest rates, and both real and perceived barriers to development.**

**238** vs **21**

The drop in avg. MF units permitted per year between 2015 – 2019 and 2020 - 2024

### Renters remain Cost Burdened

Rockville's renter population has experienced **elevated Cost Burden rates to pre pandemic levels in recent years**, but due to stagnating rental market as seen in the County as a whole, there has not been a significant shift in rates over time.

**52%**

Of renters pay more than 30% of their monthly income on rent. (2024)

### Shortage of Affordable Rental Units

Rockville's housing stock has a **shortage of affordable units for households below \$100k**. Rockville also **lags the statewide ratios in providing affordable housing units.**

**10** out of **100**

Number of affordable homes per extremely low-income household in Rockville.

### Strong Homeownership Market

Homeownership demand has continued to be strong in Rockville, **where new product has continued to attract higher wage buyers** and increases in single family home permitting indicate continued demand.

**31** vs **165**

The increase in avg. SF units permitted per year between 2015 – 2019 and 2020 - 2024

## WHAT WE HEARD

HR&A engaged a variety of local stakeholders representing resident needs, housing services and developer communities for feedback on the Rockville housing environment.

### *Local Need*

- Senior households struggle to **afford home repairs and ownership costs**
- Rockville renters are increasingly **burdened and disempowered against large landlords**
- Public sector workers, teachers, and civil servants are **unable to move from renting to homeownership within the City**
- Repeated calls for **rent assistance prior to eviction filing**, indicating a growing issue of inability to pay rent

### *Barriers to Development*

- Developers view Rockville as having a **complex approval process**,
- Developers are aware Rockville does not have rent control, but avoid developing due to a **fear that it will adopt rent control in the future**
- **Expectations of land values in Rockville are very higher than development can support**, making development challenging

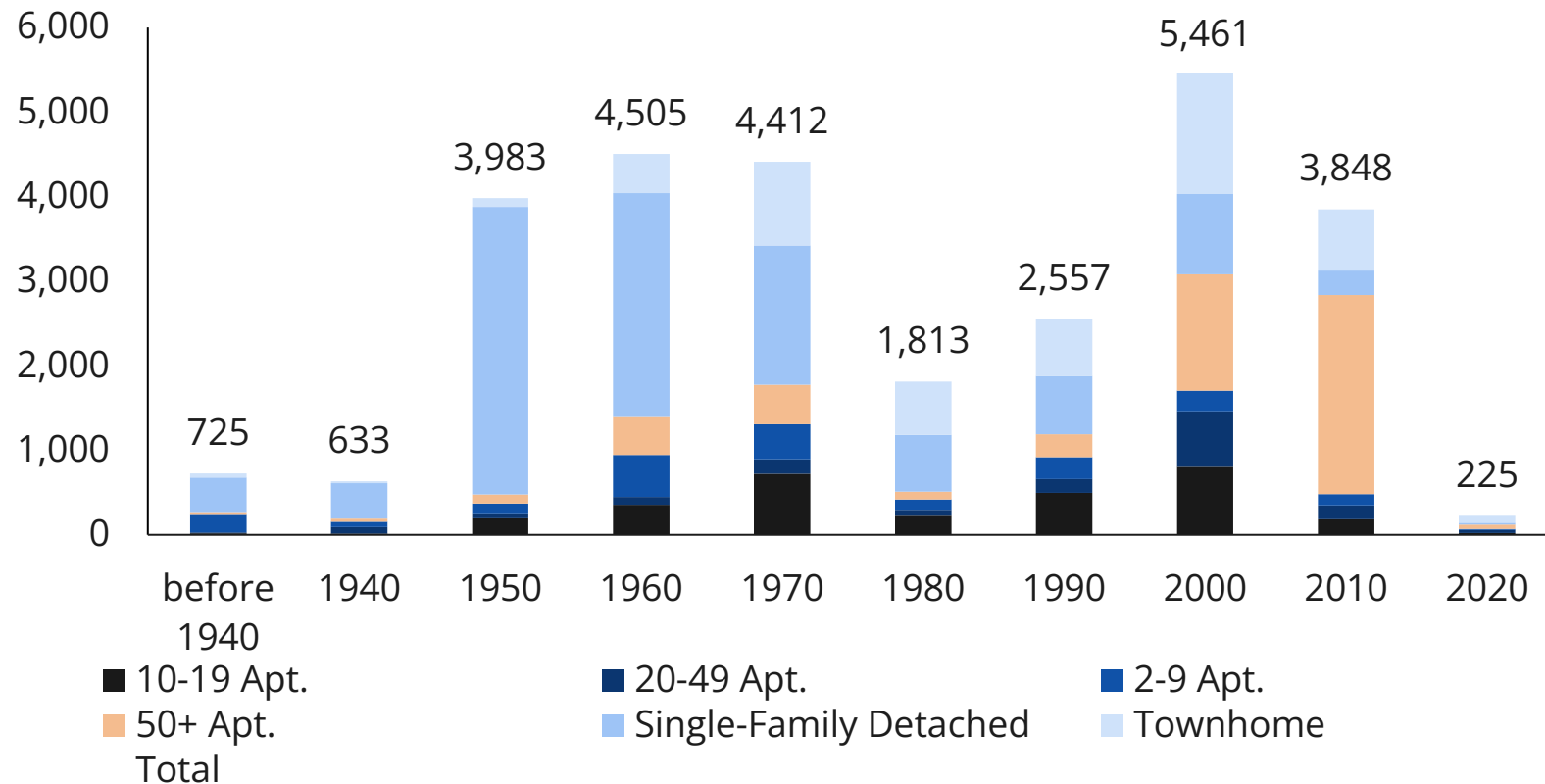
### *Shortfalls in Service*

- With housing costs rising and incomes remaining stagnant, service demand has increased
- **PHAs expecting to cut operating costs going forward**, while nonprofits and other community groups reduce their service provisions
- Legal aid providers noted **limited funding for outreach, eviction diversion programs, and early intervention services**

## HOUSING STOCK BY AGE

From 2000-2019 Rockville had significant momentum in the construction of multifamily housing, with 40% of all units built after 2000 in buildings of 50+ units.

### Units built by Building Typology by Decade (2023)

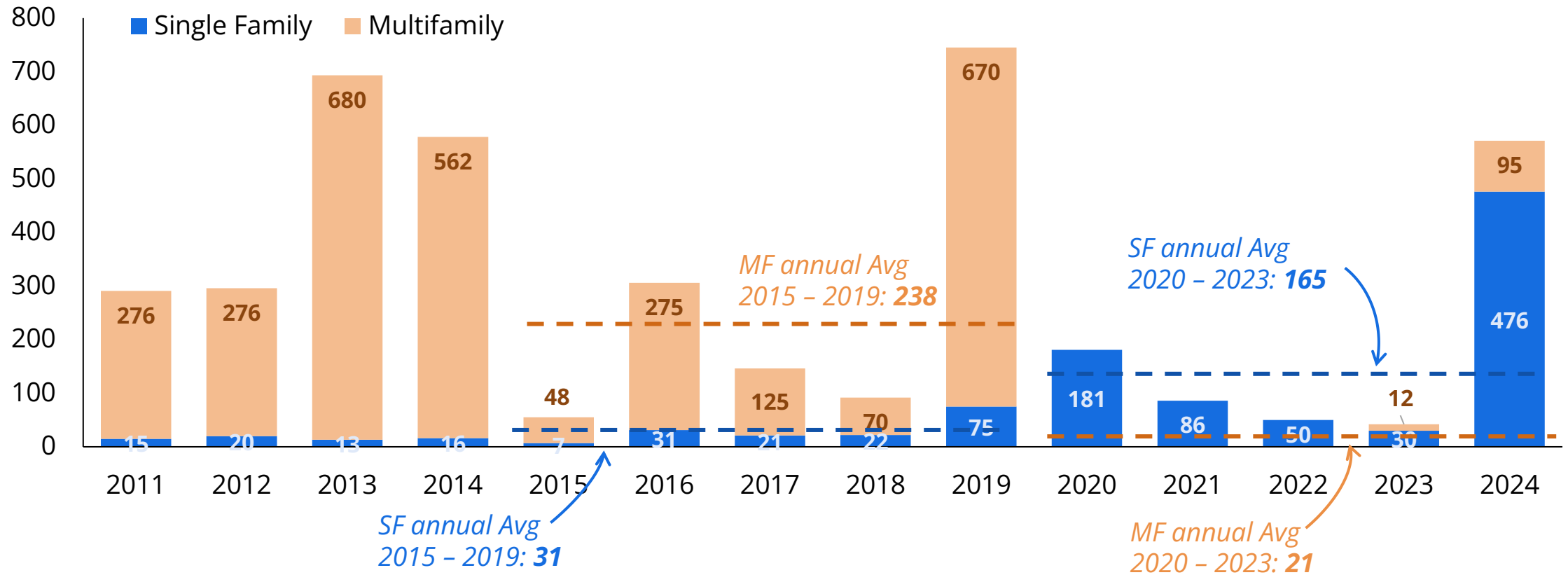


*Only 8% of the housing built before 2000 was in larger scale multifamily units of 50 or more.*

## PERMITTED UNITS

Development trends have changed in recent years, with very little new multifamily permitted since 2019.

### Permits by Year by Building Typology (2011-2024)

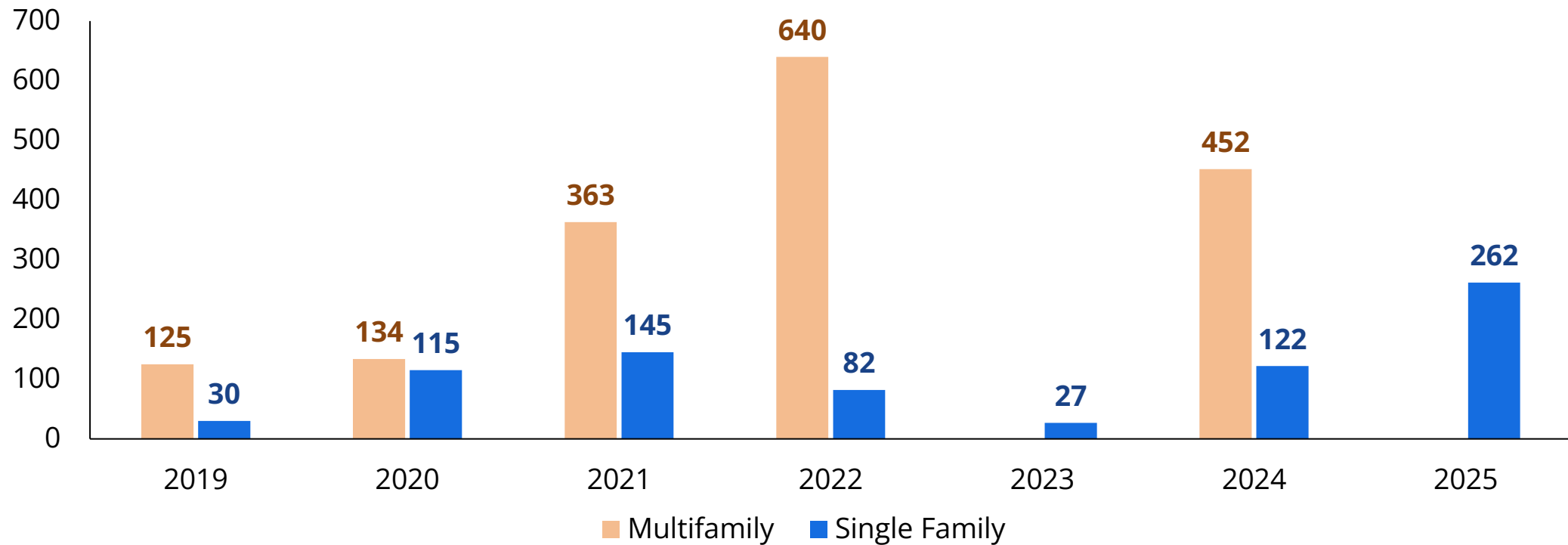


Source: Building Permits Survey (BPS), Housing and Urban Development (HUD), State of the Cities Data Systems (SOCDS)

## NEW DELIVERIES

Certificates of occupancy indicate continued multifamily deliveries from 2020 to 2024. Lack of multifamily permitting is expected to eventually result in a shortfall of rental deliveries in coming years.

### Certificates of Occupancy by Building Typology by Year (2019-2025)

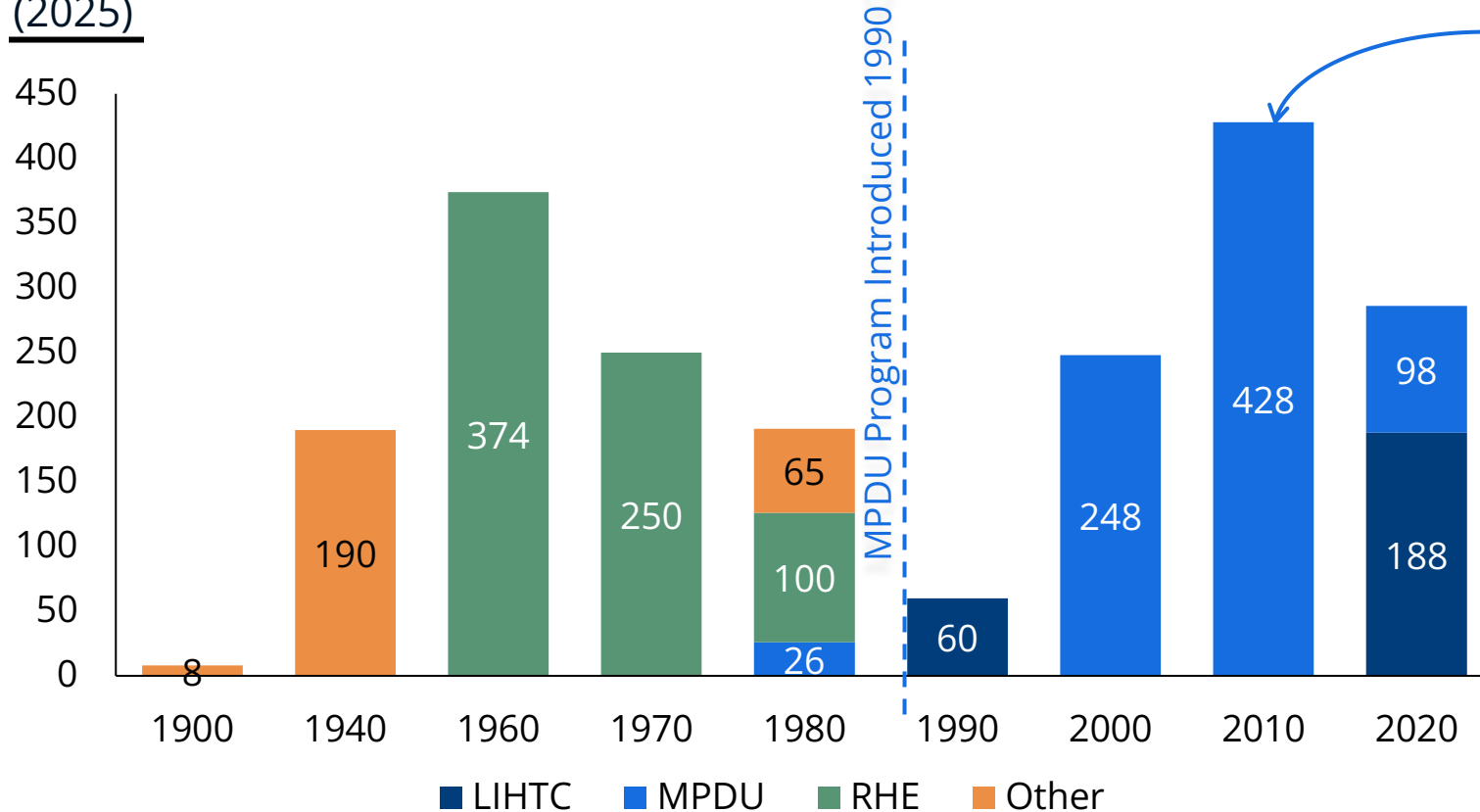


Source: City of Rockville (2025)

## DEED RESTRICTED AFFORDABLE UNITS

The increase in development of multifamily buildings after the 2000s resulted in roughly 700 affordable deed restricted units being created through the MPDU program.

**Total Active Affordable Units by Decade Building Constructed (2025)**



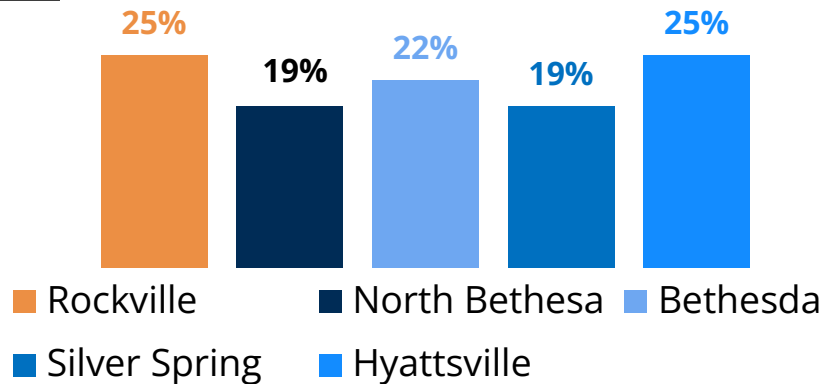
*A decrease in market rate development would result in a decrease of affordable units delivered as part of the MPDU program.*

## MULTIFAMILY RENTS

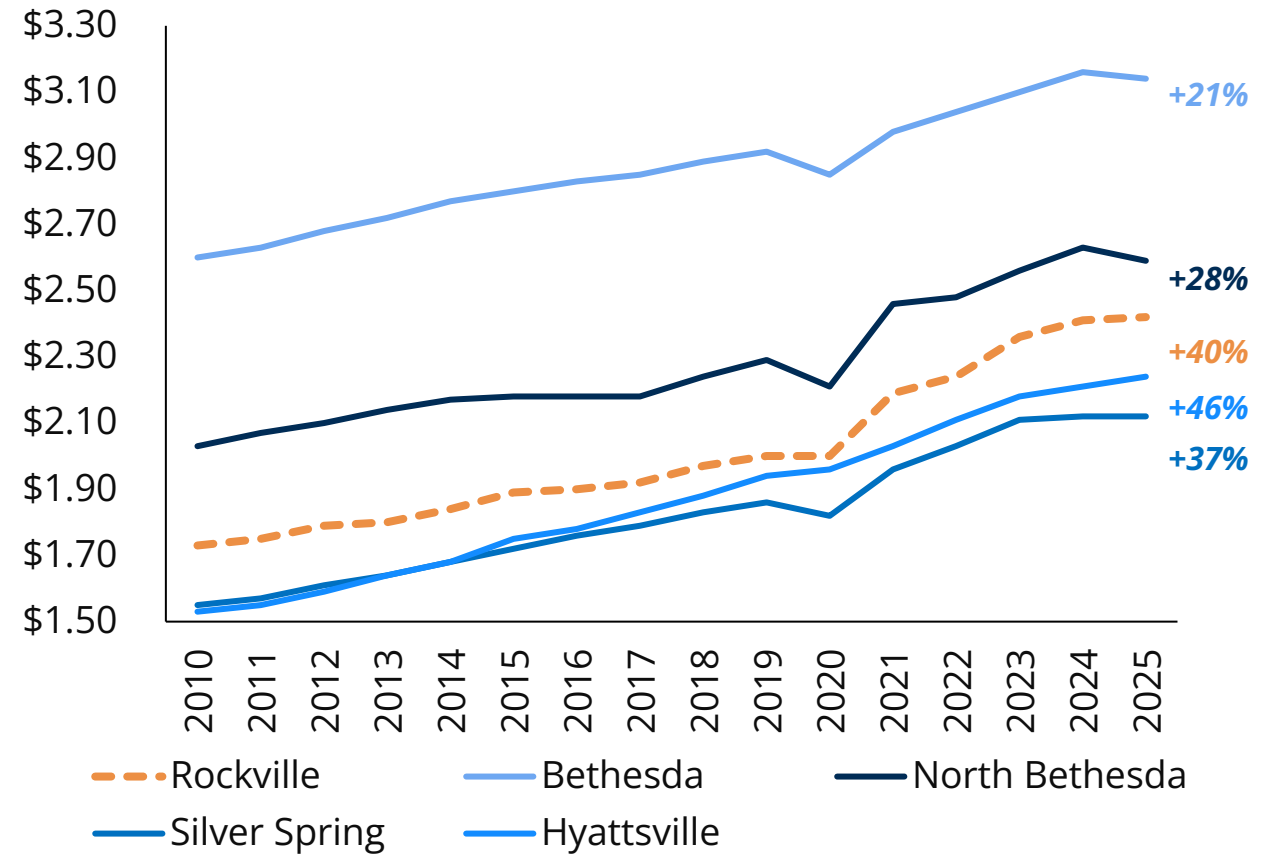
Rent growth has increased faster in Rockville than in some peer geographies over the past 10 years, rising 40% since 2010.

Current rents per square foot in Rockville are aligned with peer markets, however rental rates are growing considerably faster in Rockville and Hyattsville.

### Share of Multifamily Units Built after 2010 (2023)



### Multifamily Effective Rents Per Square Foot (2010-2025 YTD)



Source: Costar, HR&A Analysis, Public Use Microdata Sample (PUMS), US Census Bureau

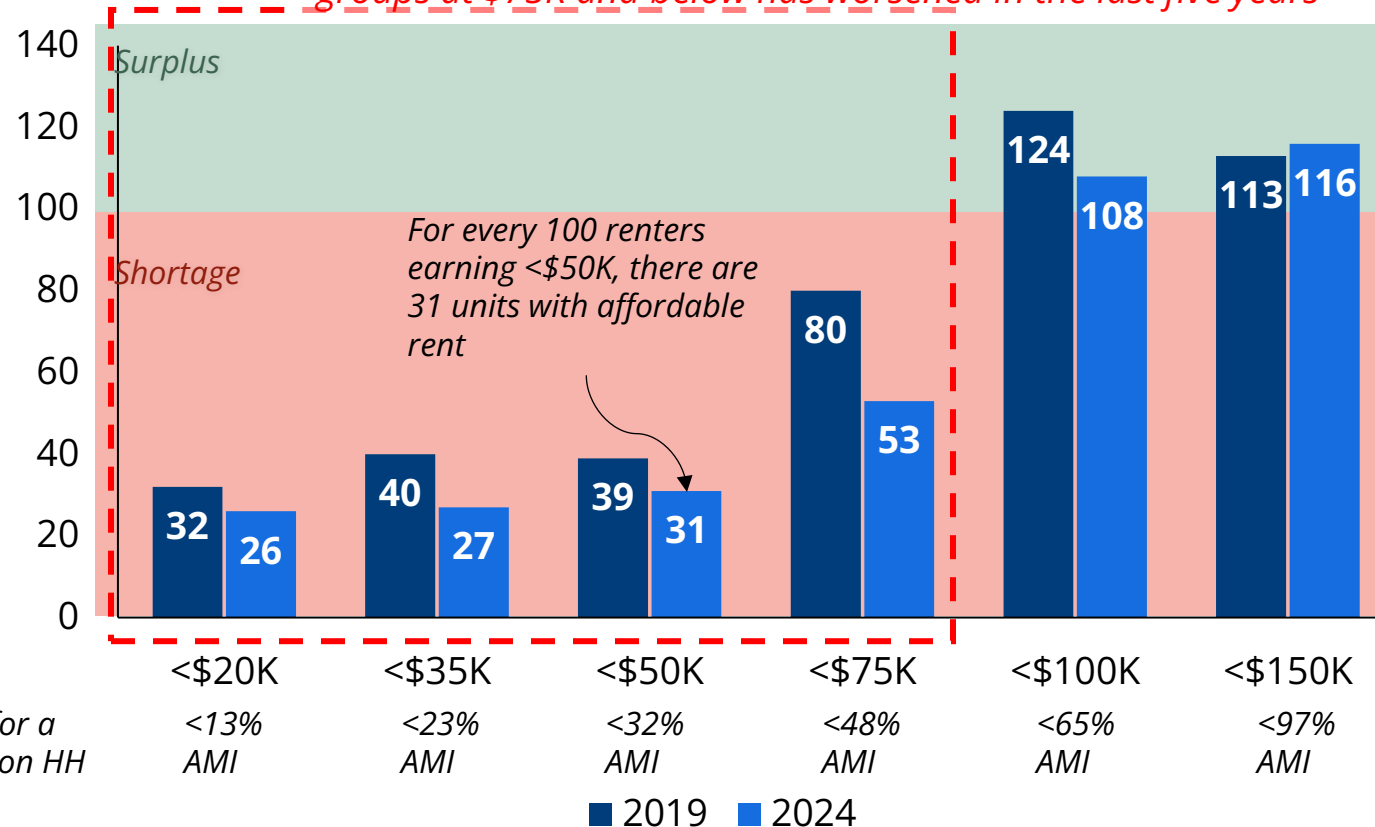
## RENTER COST BURDEN

As rental rates in Rockville increase faster than incomes, homes move up the income spectrum, leaving a shortage of homes for the lowest income households.

### Affordable Rental Homes per Renter Households

(2019, 2024)

*What was already a shortage of affordable homes for income groups at \$75K and below has worsened in the last five years*



Est. AMI for a four person HH

<13% AMI

<23% AMI

<32% AMI

<48% AMI

<65% AMI

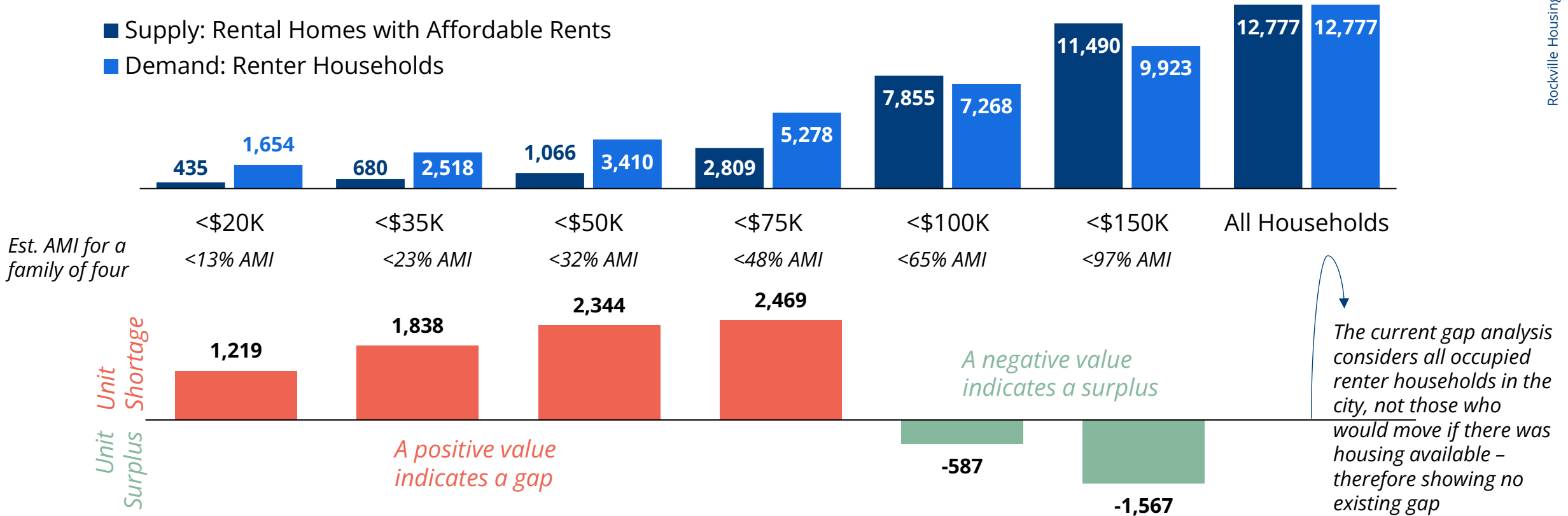
<97% AMI

There is currently a **shortage of homes for all household income groups below \$100k**, a shortage that has increased since 2019, especially for households making less than \$75k (roughly 50% AMI).

## RENTAL HOUSEHOLD SHORTAGE

Demand is greater than supply for many lower income households, resulting in a rental shortage in Rockville of 2,469 for households earning less than \$75K.

### Supply and Demand for Rental Homes by Household Income (2019, 2024)



Note that the income levels shown in the supply and demand stacks are cumulative, meaning that each stack includes the affordable homes or households at all income levels below. This cumulative approach reflects the reality that higher-income households can afford a wider range of rental prices, intensifying competition for lower-priced homes.

Source: American Community Survey, HR&A Analysis

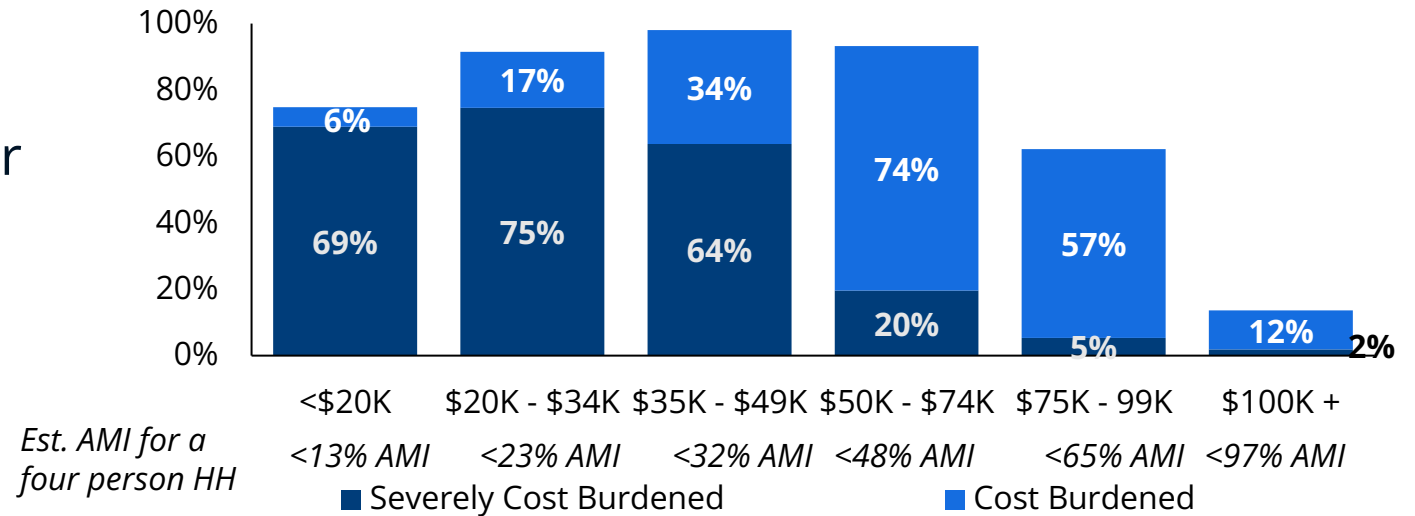
## RENTER COST BURDEN

The overall renter cost burden rate, residents paying over 30% of their income in rent, is 52% in Rockville, or 6,297 households.

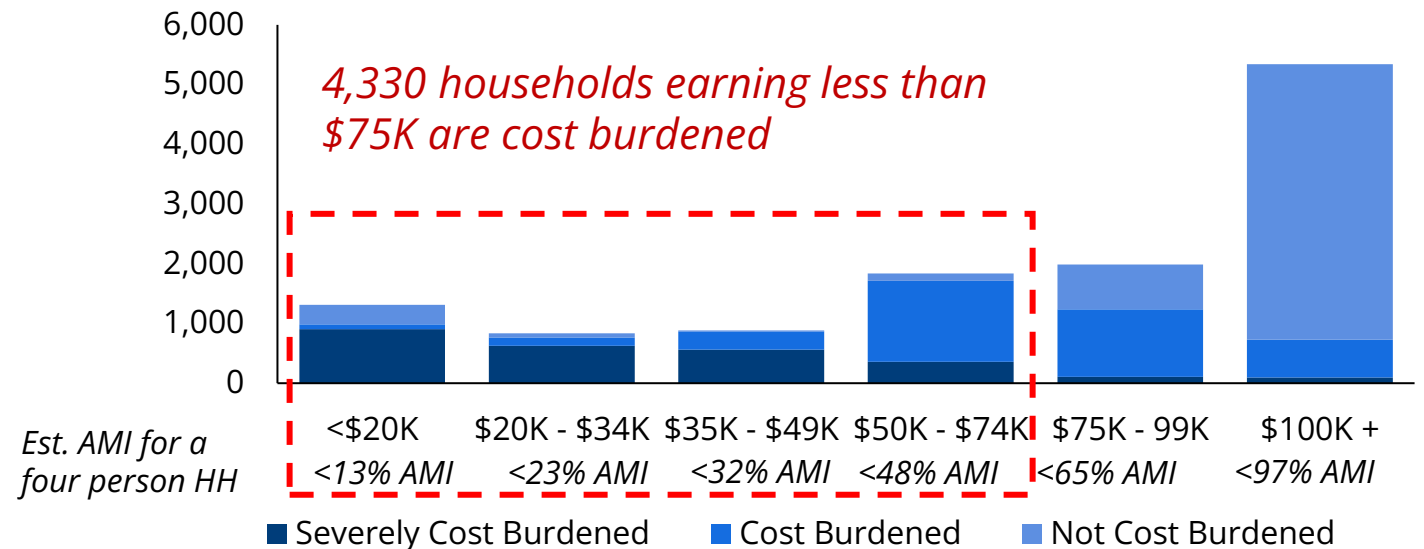
Lower income households face the most significant levels of rent burden, **89% of households earning less than \$75K, or 4,330 households, are cost burdened** spending at least 30% of their income on rent and utilities.

Of households **earning less than \$75K, 50%, or 2,455 households, are severely cost burdened**, spending 50% or more of their income on rent and utilities.

### Renter Cost Burden Rate by HH Income (2024)



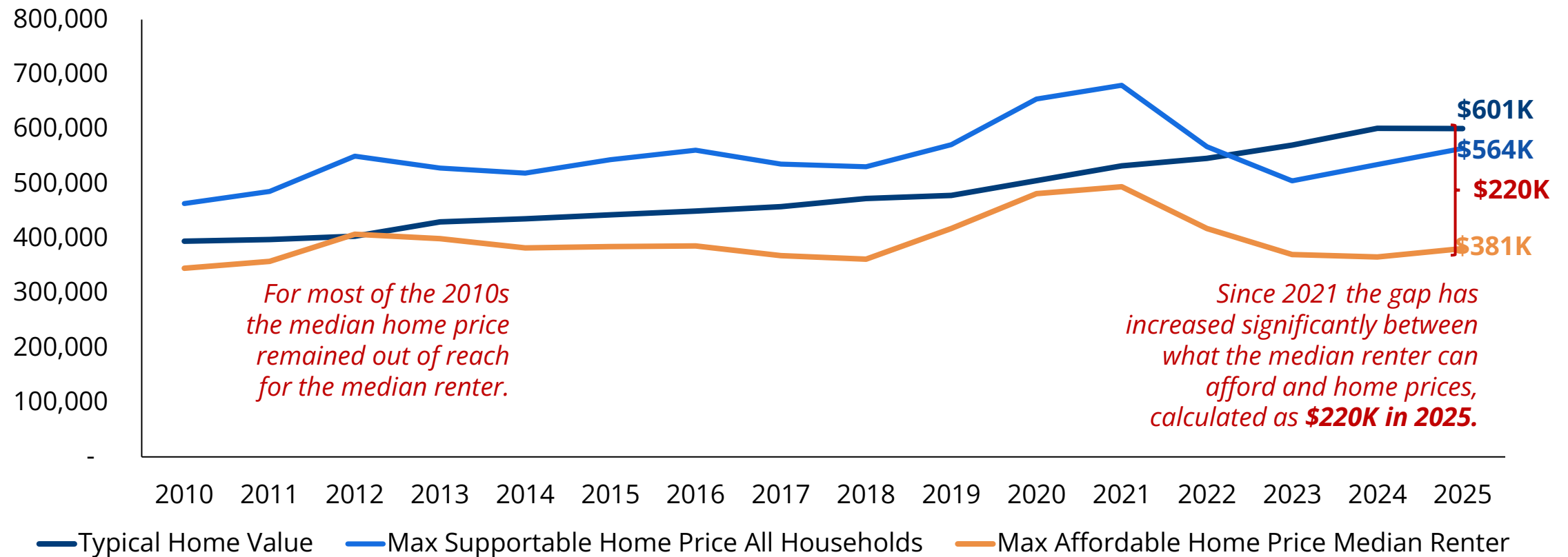
### Cost Burdened HH's by HH Income (2024)



## HOME AFFORDABILITY BY TENURE

Homeownership has also become increasingly unaffordable, with 2025 suggesting a gap of \$220K between the median home value and what the median renter household can afford.

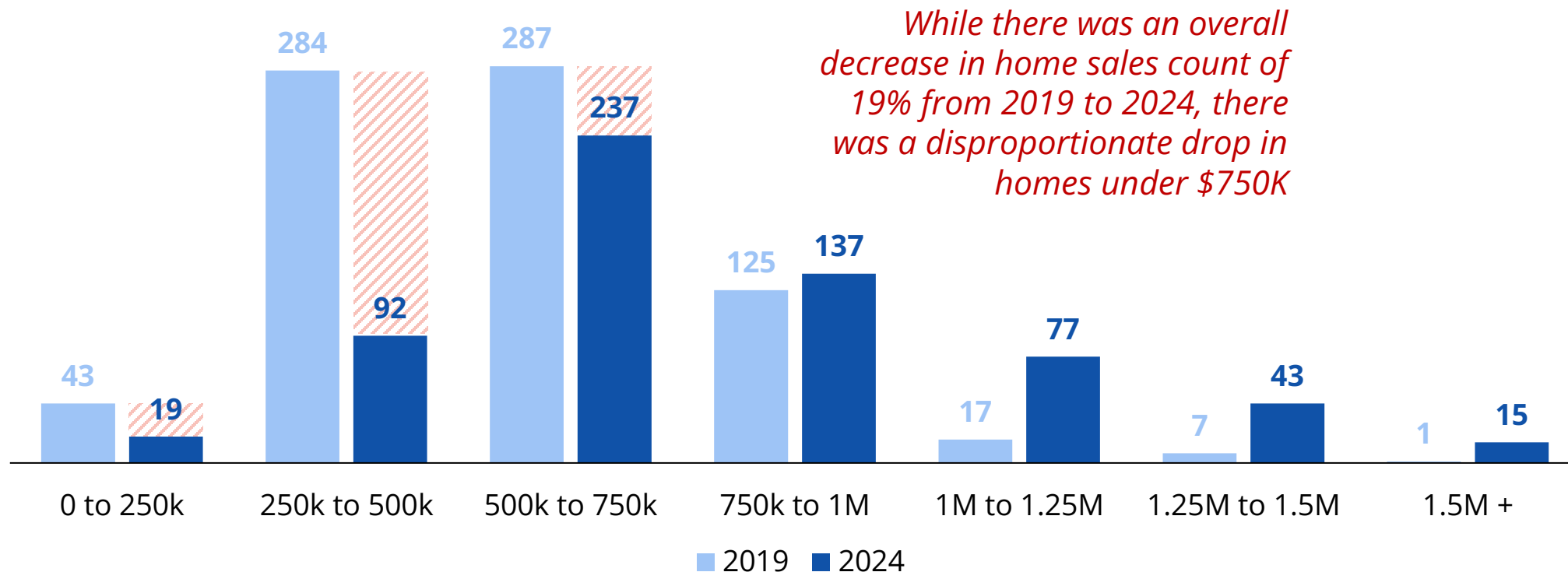
### Home Value vs. Affordable Home Value Over Time by Tenure (2010-2025)



## HOME SALES

Home sale prices have increased significantly in recent years, in 2019 20% of homes were sold for over \$750k, in 2024 this proportion jumped to 35%,

### Home Sales by Price (2019, 2024)

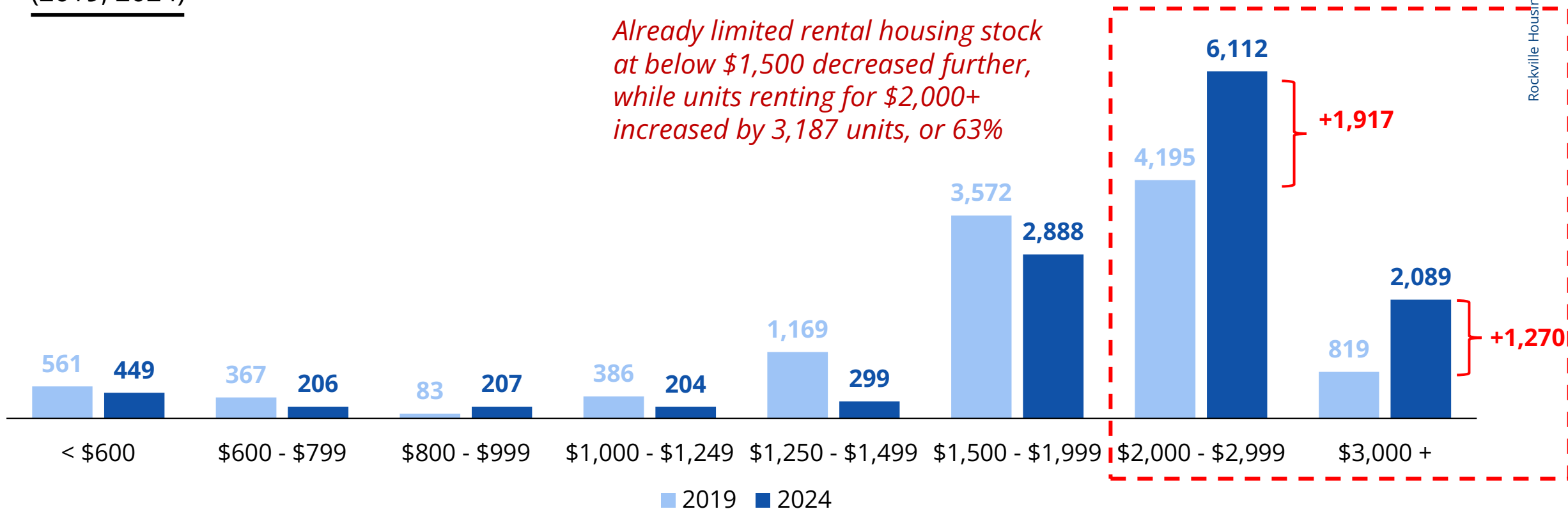


Source: HMDA property value from home purchase mortgage information

## HOMES FOR RENT BY PRICE

Similar to for sale housing trends, more than 67% of units have rental rates greater than \$2,000 per month, up from 45% in 2019.

### Homes by Rent (2019, 2024)



Source: American Community Survey, US Census Bureau, 5 year (2024)

## APPENDIX – CITY OF ROCKVILLE 2024 AMI TABLE

	50% AMI	60% AMI	80% AMI
<b>One-Person Household</b>	\$54,150	\$64,980	\$68,500
<b>Two-Person Household</b>	\$61,900	\$72,360	\$78,250
<b>Three-Person Household</b>	\$69,650	\$81,420	\$88,050
<b>Four-Person Household</b>	\$77,350	\$91,260	\$97,800
<b>Five-Person Household or Larger</b>	\$83,550	\$100,260	\$105,650

Source: City of Rockville 2025