



Montgomery Housing Alliance County Executive Candidate Questionnaire

Montgomery Housing Alliance (MHA) is a coalition of organizations focused on increasing the rate of preservation and development of affordable housing in Montgomery County. Our members include non profit developers, organizations that serve people in need of affordable housing, and other groups who count affordable housing as one of their policy goals.

MHA has put together the following questionnaire to survey candidates for the office of County Executive on what they would do to address affordable housing in Montgomery County. We look forward to reading and hearing about your responses.

Please submit responses by July 1. MHA will publish all responses received online and share via social media. If you do not submit responses, the post will include a Did Not Respond statement. Please limit each response to 250 words.

Candidate's Name: Marc Elrich

1. Where does housing rank among your priorities for your administration?

RESPONSE

Affordable housing is at the top of my priorities along with related issues that impact housing.

We need to:

- Create housing that reflects a complete community. That means requiring a mix of unit sizes and pricing that addresses a broader range of incomes. We should be getting units that serve people between 30 and 100% of AMI. The current MPDU program only serves a narrow band of incomes - we have far too many households below those pay levels and too many who earn too much to qualify for an MPDU but not enough to afford the market units being produced.*
- Require a no-net-loss policy that covers all redevelopment and end the current exemption process for condos. The final affordable price must include the condo fees: too many building are basically building vertical country clubs and shutting people out.*
- Continue to expand affordable Child-care to help working families with finding jobs and to ensure that their children can start school on a level playing field.*
- Continue expanding WorkSource Montgomery job training and partnerships with MC, USG, and non-profits so we can improve incomes and narrow the affordability gaps.*

2. What do you see as the top 3 major housing concerns for residents of Montgomery County?

RESPONSE

- 1. The supply we produce does not reflect the need in the community and doesn't match our housing goals. The county gets about 12 ½ to 15% of market units as affordable housing (MPDUs) that serve a narrow band of incomes. If 40,000 households come to the county by 2030*

and ¼ of them (10,000) can afford market units, those 10,000 units only produce 1500 MPDUs. To make matters worse, ½ of the households (20,000) are projected to need units below the MPDU range - MPDUs will be too expensive. The HAND report just released pointed out that no jurisdiction is producing the housing we need because no jurisdiction has policies that generate more affordable units than market units. And the projections ignore the almost 50,000 HH that need affordable housing today and who are paying up to 60% of their income. Redevelopment is often reducing the supply of naturally occurring affordable housing (NOAH). We need a no-net-loss policy covering all redevelopment projects. Bethesda redevelopments are especially glaring - the loss of existing NOAHs is exacerbated by the zoning and would be worse had HOC not stepped in to buy some of the properties.

2. *Rents are soaring - we need rent stabilization to preserve the remaining NOAHs built before 2005 (those that don't have MPDUs). P&P projects that the county could lose up to half of today's remaining NOAH's, which are already half of what existed in 2000. Without controls, these units will likely disappear.*

Housing Initiative Fund

The Housing Initiative Fund (HIF) was established in 1988 to provide local dollars to support acquisition, development, and renovation of affordable housing. Currently, the only dedicated funding to the HIF is through recordation tax premiums (which support the County's rental assistance program), and loan repayments. Previously, the County Council passed a resolution calling for 2.5% of general fund revenue to be allocated to the HIF.

3. **What level of funding do you envision for the Housing Initiative Fund to keep pace with the future needs of county residents? How do you plan to achieve this?**

RESPONSE

We're in talks with HOC and think we need about \$500,000,000 in a revolving loan fund that would rotate over 3-5 years, and they think there may be some private partners who would be willing to participate, and we're working on that now. HOC, under the leadership of HOC's chair, Roy Priest, and the top staff, are committed to working together with my administration to address this problem.

In order for Montgomery County to meet its approved housing targets (based on Metropolitan Washington Council of Governments estimates), we need to produce approximately 2,300 units per year until 2030. Further compounding the challenge: the Planning Department estimates that 11,000 units of naturally occurring affordable housing are at risk of being lost by 2030.

4. **How will you measure your Administration's success in meeting housing targets? What baseline will you use to quantify progress?**

RESPONSE

First of all, the target is 40,000 units between 2020 and 2030 or 4,000/yr. As I noted above, market-rate units comprise 10,000 of the total, 1,000 units/year are being produced so we would meet that goal. The other 30,000 units can't be produced when you only have 10,000 market units yielding 1500 MPDUs. Additionally, we need to preserve the 7,000-11,000 units that will be lost - either by buying them if they are for sale or preserving them with rent stabilization. And the housing targets do not include the existing shortage of affordable housing - so do we ignore the people who live here now who are severely rent-burdened (29,000 hh's), and just focus on new people? Either way, we have no tools to address the problem at this level. We are building on county property, but it's not enough. . We could expand a new

and broader MPDU requirement to 35% of a development which I plan to propose, but that only takes the yield on 10,000 market units to 3,500 units which are an eighth of what you need for new arrivals. I'd measure our work against the different targets above. We need a multi-pronged strategy -preserve, protect and produce, in order to make any progress.

5. What steps would you take to ensure Montgomery County is on track to meet targets?

RESPONSE

We need tools that we currently do not have and can only create with the consent of the Council. We need to realign what we require to match our goals. That is - if we want to address the projected need of 30,000 affordable units, then we need to implement new requirements to get there. Our current policies - our MPDU program - will not solve the problem. Our MPDUs produce 12.5 to 15% of the total units to be affordable (about 1,500 of the 10,000), which leaves an enormous gap of 28,500 hh's needing assistance. So we need multiple tools and strategies - a combination of no-net loss, right of return, and rent stabilization to preserve existing affordable units and protect communities and prevent displacement, and funding to produce new units (and preserve existing ones). We could consider linkage fees and possibly increasing transfer taxes on expensive properties in order to produce more revenues. We also need to exercise our right of first refusal more regularly, which would be more doable with a large revolving fund. And effective policies will only be created with enough pressure on the elected officials. I will work with you to create policies that achieve the goals and I'll enforce them. But absent a set of changes in our policies, we'll be like everyone else in the region - unable to achieve our goals as documented by HAND.

Affordable and Equitable Home Ownership

In Montgomery County, as throughout the United States, a legacy of racially biased policies and practices like redlining, steering, and housing covenants, has resulted in a racial wealth gap and de facto segregation in many neighborhoods. For example, we face a 32% gap between the rate of white households who own their homes and Black and African American households who own their homes, and a 26% gap between Latinx households who own their homes.

6. What would you do to make homeownership more attainable?

RESPONSE

Require that more units be produced that are affordable above and below the current MPDU range. We really need to get the non-profits to rethink their strategy of focusing on rental rather than ownership. We are working on two deals in Bethesda where the developer wanted to build condos and buy out of the MPDU requirement. We denied the exemption, and they've agreed to shift some of the unit costs and condo fees to the market units. That has to become the rule, not the exception. I've also leveraged county property to produce homeownership opportunities for low-income households, including a 500-unit development with HOC that will be primarily affordable and include opportunities for home ownership. We need to expand the rapid acquisition fund, with a requirement that at least some be used for low-income home ownership. We also have to aggressively use the right-of-first-refusal to acquire property, which that fund will assist. And we need to expand the Montgomery Homeownership Program.

As we review the proposals for the 18 county properties that we've offered for sale, homeownership will be an important component. Additionally, we will be looking at other county properties, and we need to consider vacant lots that are for sale.

Finally, we need to invest in a team that can meet with tenants when opportunities to purchase come up and talk to them about the possibility of ownership and how we could assist them in the process.

We have to be proactive in the space of tenant education.

7. How would you approach closing the gap between white households who own their homes and households of color who own their homes?

RESPONSE

Work on raising wages, which will need council support, help people clean up their credit so they qualify for loans, increase down payment assistance, and partner with lenders who will loan to people with lower down payments -basically try to overcome some of the structural barriers. BUT - if we don't increase the number of units that are produced for ownership, and don't deal with condo fees, then there won't be more units to buy. And frankly, affordable housing providers play a big part in this. If the county helps you acquire and rehab a 200-unit project, and you decide to put it out as rental property, then that's just one more property that won't be owned. If there are state and federal impediments, I will work with you to try to remove the impediments. The county doesn't build housing, but we help nonprofits - so nonprofits have a fundamental choice to make here. If you want ownership, create it. And we need to figure out how to routinize our interactions so that we can coordinate more as a team. I would like to get a point that if we or you identify the property, we're able to do a quick analysis and see whether it has development potential.

Zoning and Land Use

Over the past several years, Montgomery County has been going through a process to develop an updated general plan, Thrive 2050, which will serve as a blueprint for the County for the next 30 years.

8. How should housing affordability and equity goals be incorporated into an updated general plan?

RESPONSE

Below is a combined answer to 8 and 9.

Thrive is frankly terrible. It has no plan for affordable housing, is overly focused on who might come to the county, and is silent on how to address the tens of thousands struggling here now and whose housing is currently at risk. It is also based on a false premise - the notion that we have to find new places to house them.

*The facts are quite different, and zoning is not the culprit. The Regional Forecasts are based on existing zoning and each planning board (in COG) makes projections of how many households will come to a jurisdiction based on their assumption of how many of the planned units will be built in 5-year intervals over a longer 30-year horizon. In other words, **everybody they say will come here is actually derived from existing plans**. So there is not some wave of people coming here for whom we have not provided. Even when you think about the 2030 projection of 40,000HH for MC, it **all came out of existing zoning**. Because all of our plans for the last 15 years have basically been smart growth plans, the people are planned to come to the right places - no sprawl but rather the activity centers and policy areas. And over 80% of all units (and commercial development) is near planned transit. This is a good thing. Thrive actually dilutes that because opening up more places for development outside the cores, actually diminishes the cores with all the attendant services and jobs, and incentivizes to sprawl to areas without those services, and in doing that, it also deprives those core areas of achieving the critical mass of people and opportunities that would make these areas thrive.*

And to put it more starkly, let me explain the mismatch between our housing problem and what's happening in the building world. There are now almost 40,000 units in the pipeline - these are approved projects that can go forward if the developer pulls the building permits - no further regulatory approvals are needed. There is also this projection for 40,000 new households which sounds like a perfect match except it's not because as I've been saying consistently is that you don't just need 40,000 units but you need those units to match particular incomes and that's where this gets ugly. Of the 40,000 units in the pipeline, around 6,000 are MPDU and 34,000 are market rate. Of the 40,000 households projected to

*come here, 30,000 need units at and below MPDU pricing and 10,000 need market units. There's only demand for less than ⅓ of market rate units and the demand for MPDU or lower units is six times the number of those units that will be produced. Thrive is essentially an exercise in **magical** thinking from a Koch Brothers brain. It has no solution for the real problem.*

9. How would you use land use and zoning tools to help address current and future housing affordability and demand?

RESPONSE

See above combined answer

Transparency and Accountability

10. What transparency and accountability measures would you implement with regard to progress toward meeting housing targets and spending (i.e. use of HIF funds?)

RESPONSE

This is complicated because often the county money is part of a much bigger, complex transaction.

We (the county) often are the first ones to be asked for money, and once we commit to a project, we cannot double promise that money, and sometimes it takes a long time to work out the rest of the financing. We commit money in the HIF, but it's not allocated until you need it - so it looks like it's unspent even though it's essentially encumbered. I realize this can be confusing and perhaps we can be sure that all encumbered and promised funds and the related projects are shown. We are developing quarterly reports on the status of the funds, what's allocated, and what has committed but not spent. We could show the targets, for example, the target for units by 2030, and show quarterly or semi-annual progress towards them. I've worked with MHA pretty closely for the last three years (meeting monthly), and I'm surprised that in my 3+ years of meetings, no one has raised this issue but I want to work with you to implement additional accountability measures that show progress toward the different goals.

Homelessness and Cost Burden

The 2022 Point-in-Time Count found 581 people experiencing homelessness in Montgomery County, a slight increase from 2021, after several consecutive years of decreases.

11. In what ways will you accelerate resources, services, and access to housing for those facing or at risk of homelessness today?

RESPONSE

We are currently planning another building for about 100 homeless individuals; it would have single rooms with a bathroom, kitchenette, and living/sleeping space. This follows the action I took in the midst of the pandemic to identify a location and create a new shelter on Nebel Street. The pandemic highlighted the urgency for the Nebel St shelter - we had provided temporary shelter for our homeless throughout the pandemic and I could not - in good conscience - simply put them back on the street after the pandemic subsided; I knew we had a responsibility to house them. Thanks to the Nebel Street shelter, we have effectively ended our policy of only providing shelter 4 months/year; we now provide shelter year-round, and the Nebel St shelter has resources to help individuals with other services and to give them a place to be during the day. That shelter was implemented in an emergency; this one we're planning in advance. Our shelters allow us to provide regular food, medication supervision, counseling, and opportunities to connect residents to additional services. Our HHS staff housed in permanent housing over 2000 people during the pandemic, so I look forward to having that second building as a transition from homelessness to independent living.

12. In what ways will your approach take into consideration the disproportionate impact on persons of color facing homelessness?

RESPONSE

We view issues through an equity lens as a matter of policy. We already know that our homeless population will be disproportionately black or brown, so we need to have culturally appropriate services and providers and we knew that we had to provide emergency shelter to all during the height of the pandemic, and as I discuss in #11, we knew we had to continue that practice now and we have. So we're providing temporary shelter but homelessness is more than a lack of housing, it's living in conditions that likely will lead to homelessness. That is why we're also focused on addressing the underlying conditions so that being homeless can be temporary and brief because people get the necessary assistance to help them move beyond homelessness. Montgomery County currently has over 20,000 households that pay more than half of their income toward rent. These households are severely cost-burdened; every day they are forced to make impossible choices between paying rent and paying for other critical priorities like education, health care, and reliable transportation. That is why I have been insistent on strategies to help with multiple strategies to help our severely rent-burdened residents as I discuss in multiple questions - preserve, protect, produce.

13. In addition to the responses provided above, would you propose any further ways to address the issue of cost burden (paying more than 30% of income toward housing) and severe cost burden (paying more than 50% of income toward housing) directly?

RESPONSE

Many of the severely rent-burdened are in an income range that is not served by our current MPDU program, which generally serves people with incomes of \$55,000 to \$70,000 (depending on family size). The goal is to build housing that is affordable to people in this income range so they don't have to live in housing that is priced beyond their means. They are frequently forced to live in the only units that are available and they're paying exorbitant rents to do that. Providing them affordable homes would have two benefits: first directly to them because they'll benefit from living in an affordable unit, and second, it would free up more expensive units, usually in the price range of an MPDU, to be occupied by a person with a higher income who might have not been able to find housing because of the competition from for the units from lower-income households. We'd have to make sure we could spread units around so we don't create dense pockets of poverty. One way to do that is to expand the income range of the MPDU program; the projects I have negotiated leveraging county-owned land have resulted in units with deeper affordability - that is affordable to families earning below \$50,000/year. We could do that using county property but we need to amend the MPDU law to do that more broadly. We need a no-net-loss/right of return policy to protect existing tenants at risk of losing affordable units.

