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It's a Nice Place to Work, but You Probably Can't Live There

“Work Here! Live Where?” was the perfect title for Montgomery County’s recent 2005 Affordable Housing Conference.

As in other jurisdictions throughout the United States, the price of housing in Montgomery County has risen far faster than household incomes. Today many who work in the county and contribute greatly to its quality of life – teachers, police officers, firefighters, nurses and thousands of government and private sector service employees – cannot afford to own a home in the county.

One conference participant pointed out that a company whose engineers earn \$60,000 to \$70,000 annually chose to locate elsewhere because the professional staff had difficulty finding homes they could afford.

Given that there aren't lots of vacant expensive homes in the County is a dead giveaway that something else is happening here!

BAD Government. Limit supply of housing and cause what is built to be much more expensive than it has to be.

Eventually half the county’s future workforce could be living outside the county. And while many workers will reside in relatively nearby Howard, Frederick or Prince George’s Counties, where real estate is less expensive, some will buy homes as far away as West Virginia and Pennsylvania.



Lack of housing affordable by fully employed, middle-class wage earners ultimately could deter businesses from locating in Montgomery County, adversely affecting the county's long-term economic health.

And there are other adversities. As county workers disperse and move ever farther away in search of affordable homes, they must commute ever greater distances for ever greater amounts of time.

People use two currencies to buy a home: 1) cash; and 2) time.

This will further overburden highways and arterial roads within the Washington region, where traffic congestion is the third-worst in the United States – behind Los Angeles and San Francisco - according to a just released study by the Texas Transportation Institute.

Longer commutes mean not only more congestion, but also less time for workers either at home or at work, more energy consumption and more pollution.

The lack of affordable housing for Montgomery County's workforce is a manifestation of rising home prices. But as conference attendees noted, rising prices are attributable to persistent, interrelated market and economic conditions: the shrinking supply of developable land and consequently higher land costs; rising construction costs and costs of regulatory compliance; willingness and ability of home buyers to bid up and pay more for homes because of low mortgage interest rates; and general shortfalls in housing production and supply relative to demand.

DO NOT underestimate HOW EXPENSIVE bad government regulation and delay is. That is why housing is less expensive (i.e. affordable) further away.

The scarcity of land for new development is exacerbated by existing county zoning policies and regulations that restrict uses, density and building height.

BINGO! You cannot ignore the Law of Supply and Demand.

Also constraining land availability, and therefore land values, is the inclination of county citizens in existing neighborhoods to oppose changes in land use regulations that would increase neighborhood density or promote socio-economic diversity. Although

understandable, such attitudes limit opportunities to pursue infill or redevelopment strategies to increase housing supply.

Yet objections arise even when land is available.

During the conference, the pending Shady Grove master plan was frequently mentioned. Because the Shady Grove Metro Station area offers a unique transit-oriented-development opportunity, County planners have proposed relatively high residential densities, coupled with employment-oriented uses, retail shopping, recreation facilities and open space. **A high-priority master planning goal at Shady Grove is achieving balance between homes and jobs.**

But some think that proposed Shady Grove density is too high. They fear both overcrowded roads and overcrowded schools, anxieties not surprising in light of the county's budgetary and tax policies, which can impede timely provision of infrastructure and public services. They also wonder if all the projected jobs will materialize, since the plan's transportation strategy depends in part on **reducing the number of long, home-to-work commutes.**

Virtual Adjacency® is key here! Fiber-optic ubiquity is critical.

No matter what happens at Shady Grove or other sites, the bottom line is that the aggregate inventory of affordable homes in Montgomery County is shrinking rather than growing. Even the laudable efforts of the Montgomery County Housing Opportunities Commission, which as of 2004 had developed, financed or otherwise assisted the creation of almost 30,000 moderately priced dwelling units, cannot keep pace with current and projected needs.

What's the solution?

*{ See **Walking Distance From Rail is NOT a Number** — section 28a on [Woodmont Triangle web-page](#). }*

In tones ranging from subdued to pedantic to evangelical, conference speakers and panelists offered an ideologically diverse array of ideas and suggestions. Among them were:

- * use county-owned land for affordable housing;
- * reconsider the size of the Agricultural Preserve;
- * increase allowable densities on both underdeveloped and undeveloped land;
- * distribute unused, county-owned TDR's (transferable development rights);

Re-engineer TDR's as part of re-inventing gov't per my Woodmont Triangle work.

- * find ways to keep affordable dwellings affordable;
- * modify zoning ordinances to enable creation of more affordable housing;
- * simplify environmental and other government regulations to reduce costs;
- * motivate employers to help provide affordable housing for their employees;
- * better educate voters to change perceptions and counteract “NIMBY-ism;”
- * support political leaders in efforts to enhance housing affordability.

All are worthwhile proposals for addressing issues of land availability, land use patterns, density and building costs. But the most fundamental affordable housing problem remains: the money gap.

No matter how hard we try to trim specific costs, the aggregate development costs - and fair market value - of land and housing are still likely to continue rising faster than incomes. **And working families will continue to be priced out of the housing market.**

NO. The Law of Supply and Demand applies to housing as well as EVERYTHING ELSE.

The often unacknowledged “800-pound gorilla” at every affordable housing conference and seminar I have attended is the **inescapable need for financial subsidies to close the money gap**. Why is the 800-pound gorilla ignored? Because subsidies, which can be provided in many ways, ultimately require some form of public funding and more tax revenue.

*NO! Subsidy is de facto government failure. Wal-Mart is the largest and most profitable retailer in the world.
* Their customer needs “affordable housing.” Bad government is why homebuilders cannot serve this market.
Let’s re-engineer the system based on logic and common-sense.
{ See **Walking Distance From Rail is NOT a Number** — section 28a on [Woodmont Triangle web-page](#). }*

In today's political and economic culture, talking about raising taxes – not only to subsidize housing, but also to pay for improving education, health care or other public services – is practically taboo. **Even in affluent and politically progressive Montgomery County,** voters are unlikely to support taxing themselves for the purpose of boosting subsidies and significantly increasing affordable housing opportunities within the county.

Yet only a substantial shift in public sentiment and changes in fiscal and land use policies can improve Montgomery County's housing affordability outlook. Unless the money gap is narrowed, workers will have no choice but to reside far from the county, even outside of Maryland. This is why next year's housing conference should focus specifically on the 800-pound gorilla.

*Remember the point of the “**Zoning and PUD’s**” book I wrote for the DC Zoning Commission in November 1989:*

It is not in the public interest to under-develop an urban site — subject to good design.

The work we are doing in the [Woodmont Triangle](#) can set a critically needed example!

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