Affordable housing means financial incentives, experts tell MontCo

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Montgomery County will have to give developers and property owners financial incentives if they want to offer residents enough affordable-housing options, a panel of experts told lawmakers Tuesday.

Housing is considered affordable when about 30 percent to 35 percent of a household's gross income -- for households earning up to 120 percent of the median income -- is spent on rent or costs associated with owning a home, like interest, principal, property taxes, mortgage insurance or homeowners association fees. In Montgomery County, the median household income between 2006 and 2010 was $93,373, according to the U.S. Census Bureau.

Yet 44 percent of renters in the county spend more than 30 percent of their income on housing, said Michael Bodaken, president of the National Housing Trust. A minimum-wage earner would need to work four full-time jobs to afford a "modest" two-bedroom apartment in the county.

The most realistic solution is to try to preserve some of the existing housing where rents are in danger of climbing, because working with existing structures costs one-third as much as building new housing, Bodaken said.

"You can't build your way out of this dilemma," he said.

But providing below-market rents requires subsidies, said Roger Lewis, professor emeritus at the University of Maryland's School of Architecture, Planning and Preservation.

"I do not believe you can count on private developers or ... the private sector to close that gap," he said, referring to the financial gap between housing costs and the amount residents can pay. "It is going to take some public-sector financing, which then gets into the political briar patch to either tax people or find some other way to channel public funds."

Financial incentives are one way to go about achieving affordable housing, but mandates are another option, said County Councilman Craig Rice, D-Germantown.

However, he warned that too much public-sector involvement could result in areas that developers avoid -- slums.

Not doing anything to create affordable housing would hurt the county in other ways, said Ralph Bennett, professor emeritus at the University of Maryland School of Architecture, Planning and Preservation.

In the next decade, Montgomery County will have a large number of jobs offering salaries below the median, he said, referencing a November report by Stephen Fuller, director of George Mason University's Center for Regional Analysis. Those jobs will increase the county's affordable-housing needs.

"We have a choice," Bennett said. "We can either not provide affordable housing and we can then have more traffic as those who occupy those jobs take the effort and expense to get to them, or we can provide housing that's appropriate for the work force near the work force that saves time and money."

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