

An Ordinance Worth Our Examination

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Just now on a very cold day in December with only four days to Christmas, the news nationwide was that families can't afford one or two bedroom apartments, let alone a house. The hourly rate quoted – \$17.00/hour – must be earned to afford a two-bedroom apartment. (In Sussex the figure is \$11.00, almost twice the state minimum wage.) An individual earning minimum wage in Sussex has to work 72 hours a week to afford the rent.

Shelter is one of our basic needs. Nothing fancy, but a safe place to live, raise a family, grow old in dignity. We know there is a dire need to provide the opportunity to achieve such a home. There is statistical information that indicates planning for and making possible affordable housing is a sound economic investment. For Sussex County, the numbers show that one dollar invested will reap seven dollars in return. More important, by establishing the process to provide affordable housing opportunity, we ensure a healthy, balanced community that is vital, vibrant and growing, encompassing all ages and economic status.

I had the privilege in another jurisdiction to help administer the important tool known as the Moderately Priced Dwelling Unit Ordinance (MPDU). It was an ordinance, part of the zoning code, and mandatory. There were specified standards and incentives starting with any application desiring to build 50

The MPDU Program - Montgomery County, Maryland

- Country's first mandatory, inclusionary zoning law that specified a density bonus allowance to builders for providing affordable housing.
- Planned for over a year, it became effective on January 21, 1974
- 12.5 - 15% of all units in every subdivision or high-rise building of 35 or more units must be moderately priced.
- Allows density increase of up to 22% above the normal density permitted.
- Allows some attached housing in single-family zoning classifications so that optimum development of the property can be achieved and less costly housing constructed.
- As of 2002, had produced 11,210 units, 72% for sale and 28% rental.
- Houses offered for sale are sold through a lottery system, with priority given to persons who live or work in Montgomery County and to first-time homebuyers.
- Resale and occupancy restrictions are imposed once completed units are sold. Resale price controlled for 10 years. When it is first sold at market price after the 10 year period expires, the owner and the Housing Initiative Fund (housing trust fund) split the increase in the home's price since initial purchase (adopted in 1989).
- Operated and administered by a division of the County Department of Housing and Community Affairs
- Average annual MPDU production is about 250 units with an additional 200 units resold under the 10-year price controls.
- The County's Housing Opportunities Commission and recognized nonprofit housing sponsors are authorized to purchase up to 40% of the affordable units, in order to retain an inventory of permanently affordable housing
- Never legally challenged by developers or citizens. Source: <http://www.mc-mncppc.org>

units or more. A percentage of the units had to be MPDU's, with an increase in density (density bonus) allowed in relation to that percentage. Site plan review regarding the total site ensured the appropriate placement of the MPDUs in relation to the overall development proposal. The MPDUs employed designs that provided layouts that meant the qualified buyer could, as possible, finish an attic or basement or even add an addition (known as sweat equity). The designs did not include luxuries such as jacuzzis, palatial master bedroom designs, marble or slate for countertops or floors. They were well built, blended into the

proposed neighborhood and a matter of proud ownership. A set period was established for the MPDU to remain affordable (a key factor). Qualifications were established for buyers. It has been an active program in Montgomery County, Maryland since 1974 and has provided over 11,000 MPDU units.

Such a program is not static but reviewed and changed as needed to keep MPDUs affordable and workable for the development community.

It is time to start. The need is proven. The ability to find answers available. Will we in Sussex County rise to the challenge? It is my prayer that we will.

PolicyLink's recommendations for successful Inclusionary Zoning (IZ) policies:

1. Adopt a mandatory policy. National analysis shows that mandatory programs produce far more affordable housing than voluntary ones.
2. Design an IZ program that allows developers to contribute to affordable housing and make a profit. Offer non-monetary cost offsets, such as density bonuses, expedited permitting, and fee waivers, that reduce construction costs for developers.
3. Establish income targets for the policy that reflect the real housing needs of the community.
4. Reach extremely low income families by packaging IZ units with other affordable housing resources, such as homebuyer assistance
5. Deliver the most housing units by applying the IZ policy to the majority of residential development, and minimize loopholes and exemptions. For example, if most development is in developments of 25-75 units, structure the policy so it affects all new developments of 25 or more units.
6. Require long-term affordability. Provisions establishing long-term affordability (30+ years) preserve community benefit and stabilize neighborhoods.
7. Achieve more equitable distribution of affordable housing by limiting the use of alternatives, such as fees in-lieu of developing affordable units, off-site construction
8. Maximize the policy's impact through clear legislation and consistent administration. Departments of housing and/or community development manage the day-to-day operation of IZ policy, and a committed agency is critical to success. Partnerships and resources are important for effective implementation. Source: PolicyLink, PowerPoint presentation at Building Inclusive Communities conference, October 26-28, 2004.