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Script for Inclusionary Zoning Presentation
Montgomery County, MD and Fairfax County, VA
(revised September 8, 2005)

NOTE: *Script is in italics.* [Instructions are in brackets.]

Over 135 cities and counties have enacted mandatory inclusionary zoning laws. More than 13 million people (about 5 percent of the USA's population) now live in communities where builders are required to build mixed-income developments. This presentation will focus on two national leaders – Montgomery County, MD and Fairfax County, VA, the USA's 13th and 2nd wealthiest counties.

For thirty years Montgomery County, Maryland has had the USA's most comprehensive inclusionary zoning policy. Its law requires that 12.5% to 15% of new developments of 20 units or more must be affordable for households earning less than 65% of Area Median Income. Re-sale prices are now controlled for 30 years and rentals for 99 years.

Complying with the near-county-wide policy adopted in 1973, private, for-profit homebuilders have delivered over 11,000 Moderately-Priced Dwelling Units (MPDUs) as integral parts of new subdivisions and apartment complexes. Carrying out another provision of the county law, the county's public housing authority, the Housing Opportunities Commission (HOC), has purchased over 1,700 highly scattered MPDUs and rents another 1,500 plus MPDUs for very low-income families.

The MPDU policy is the most innovative centerpiece of Montgomery County's 40,000 mixed income housing units. The USA's thirteenth wealthiest county and the national center of bio-medical research, Montgomery County is also one of the country's most racially and economically integrated communities.

In 1990, Fairfax County, Virginia, adopted its mandatory inclusionary zoning law called the Affordable Dwelling Unit (ADU) Ordinance. It requires that 12.5% of for-sale units must be affordable for families under 70 percent of Area Median Income; 6.25% of rentals in garden apartments must also be affordable. (High-rise apartments are exempt from inclusionary requirements.) Moreover, like Montgomery County, builders must sell one-third of the ADUs to the Fairfax County Redevelopment and Housing Authority in order for benefits to reach families below 50 percent of AMI. Both re-sale prices and rents are controlled for thirty years. To date, private, for-profit homebuilders have delivered over 2,500 ADUs.

To make the economics work for homebuilders, both counties provide automatic density bonuses. For building 15% MPDUs, builders get a 22% density bonus in Montgomery County; for building 12.5% ADUs, builders get a 20% density bonus in Fairfax County. Density bonuses mean that the land cost is zero in all bonus units. Since the density bonuses are greater than the inclusionary housing “set-aside,” builders are being allowed to build additional market rate units over and above what the underlying zoning would permit. Zero-land cost helps make the MPDUs and ADUs affordable, but it also make the bonus market-rate units very profitable.

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Let’s look at some pictures of inclusionary developments. I’ll bet when I say the words “affordable housing,” many of you have a mental image of what affordable housing looks like. However, both builders and county officials realize that it is in their mutual interest to make affordable units as compatible with adjacent market-rate housing as possible. County guidelines allow additional cost for external amenities, such as brick exteriors, and builders have become very adept at designing affordable units that blend into the neighborhood. Let’s see if you can spot the affordable housing (ADUs and MPDUs).

[Show #2 of five white and red brick, two-story townhouses]. *Here are a row of market-rate townhouses and one AD in Fairfax County. Which is the ADU? [Pause for audience response.] It’s the second townhouse from your left. It’s smaller in size. Notice that it is only three windows wide rather than four windows wide like its neighbors. But driving along the street, you’d never know that that is “affordable housing.”*

[Show #3 of a row of red brick, three-story townhouses.] *Here is a pricier neighborhood – McLean Crest in Fairfax County. These are \$750,000 townhouses. Each even has its own elevator! But there is affordable housing in this block. Where is it? [Pause for audience response.] It's here on the end. Notice that there are two front doors. This end unit is a duplex. (Each has a one-car garage).*

Let's move over to a neighborhood of a mix of housing types in Montgomery County. OVERHEAD 12 [four neo-traditional homes clustered around park] Here's Wynncrest. The homes are old-fashioned styles, but Wynncrest was actually built in the mid-1990s. These homes are clustered around the west side of a little neighborhood park. The same arrangement is on the park's east side.

Now keep an eye on the house on the right. [Overlay the next slide to match up the two images of the common house and slide both from right to left to move overhead 13 onto the screen.]

OVERHEAD 13 [four townhouses] Here's the north side of the park. Two market-rate townhouses are flanking two MPDUs. The south side of the park has the same arrangement. That is, there are four MPDUs – one owned by the housing authority. The original zoning permitted only 30 homes in the subdivision, but the developer wanted to get greater utilization of his land. So he offered voluntarily to build MPDUs in order to get the density bonus. So the final subdivision is 37 homes – 33 market rate and 4 MPDUs.

Here is the Claggett Farm neighborhood in Montgomery County. [Show #4 of red brick house with white siding on left and double garage doors.] Here's a house on the north side of another street.

[Show #5 of red brick house partially obscured by taller tree on right.] And here is the house directly opposite it on the south side of the street. If we could look behind this tree, we would see the same siding on the south side house that we can see on the north side house. [Switch back momentarily to #4, then go back to #5.] And if we could see behind these smaller trees, we would see the same two garage doors on the south side house than we saw on the north side house. [Switch back momentarily again to #4, then return to #5.] One of these houses costs \$600,000; the other is affordable housing. Let's vote. Is the affordable housing north side [show #4] or

south side [show #5]? Let's have a show of hands. How many think the affordable housing is the north side house [show #4]? How many think the affordable housing is the south side house [show #5]? [Characterize vote.]

*Well, if you came driving down the street from the opposite direction – and you **really** knew what you were looking for – what might you notice about the north side house that you didn't see from the other direction? [Show #6 of red brick house with visible second front door on right. Pause for audience reaction.] There's a second front door. This is a duplex. That's not a two-car garage. That's two one-car garages.*

Well, you've got your undergraduate degree. Let's go for your master's degree. This is the Carrington neighborhood in Fairfax County – a development filled with \$1 million mansions. Here is one house. [Show #7 of mansion with two-car garage on the left.] Here is the house on its left. [Show #8 of mansion with bay windows on either side.] Which one is affordable housing? Right side [#7]? Left side [#8]? [Alternate from right to left.] How many vote that the right side house is the affordable housing? [Show #7.] How many vote for the left side? [Show #8.] [Characterize vote.] It's the left side [#8]. This isn't a \$1,000,000 mansion. These are four townhouses wrapped within a shell almost identical to its neighbor, except for four front doors – one, two (to the right of the left hand bay window), and one on either side. Four one-car garages are in back underneath the house.

Now for your Ph. D exam. [Show #9 of two houses side-by-side.] We're still in Carrington. Where is the affordable housing? Let's have a show of hands. The one on your right? The one on your left? What aren't you seeing in this picture? How many townhouses did I tell you were in the affordable housing? Four, right? How many mailboxes do you see in this picture? Eight. Both of the houses are four ADUs!

The moral of this story is that when you enact an inclusionary zoning law that both helps meet your community's affordable housing need and is fair to the builders – you have “rules of the game” that are fair –, then the bureaucrats need to step back and let the creativity of the builders and their architects take over. As you can see, they can really achieve wonderful, mixed-income neighborhoods that don't look like they contain “affordable housing” at all.