

Housing Market Analysis and Needs Assessment

City of Rockville, Maryland

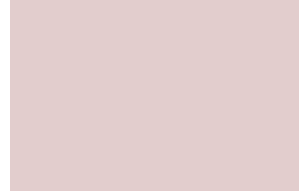


Photo credits (cover and case study profiles): Adobe Stock, City of Rockville, Lisa Sturtevant & Associates, LLC

Table of Contents

Study Objectives	1
Report Summary	2
Current Demographic, Economic and Housing Market Characteristics	7
Demographic Characteristics.....	7
Employment and the Labor Force	13
Housing Market Conditions	23
Housing Affordability.....	34
Pipeline Development	40
Forecasts of Housing Demand	44
Summary of the Forecast Process	44
Characteristics of Households	45
Characteristics of Occupied Housing Units.....	51
Strategies to Meet Housing Needs in the City of Rockville	55
Existing Tools.....	57
New Tools.....	63
Case Study Profiles.....	76

Study Objectives

The City of Rockville contracted with Lisa Sturtevant & Associates, LLC to conduct a study of housing market conditions and housing needs in the City and to assist in the development of strategies for accommodating future City residents with housing that is affordable and connected to transit, jobs and other amenities. The unique and changing characteristics of Rockville's population and job base, the current housing programs in the City, and the limited opportunity for greenfield development within Rockville's boundaries will all shape housing needs in the future and will dictate the extent to which those needs can be met. The City's housing needs and the ability to meet those needs will also be driven by factors outside of the County, including changes to the regional economy and policy decisions in Montgomery County and the State of Maryland. Finally, the ability to talk about the City's housing needs in a way that has saliency with a broad set of stakeholders will also be key to successfully implementing a comprehensive housing strategy in the City of Rockville.

The study was organized around several interrelated tasks that culminate in this final report. The results from the study will be used by City staff to update the housing element of Rockville's comprehensive plan and to inform the development of the City's housing strategies.

Report Summary

CURRENT DEMOGRAPHIC, ECONOMIC AND HOUSING MARKET CHARACTERISTICS

Demographic Characteristics

The City's population is changing in some dramatic ways, which drive the housing needs of residents and workers. Like much of the rest of the Washington DC region and the country, Rockville's population gains in recent years have been driven by increases in the non-white population. The well-documented trend toward greater racial diversity is largely a result of a greater share of childbearing-age women and higher fertility rates among the non-white population, specifically the Hispanic and Asian populations. While there is significant diversity within the non-white population, this growth in the non-white population has implications for housing in the City, including growing demand for rental housing, lower-cost housing and housing that can accommodate multi-generational households.

The population of single-person households, including young people starting out in their careers, has increased substantially. The population of young adults includes a significant number of people who may be living alone now but may be heading towards marriage, children and, potentially, homeownership. Many other young adults have not yet made the move into their first home, whether a rental or homeownership. Instead, they are living at home with their parents. Housing options in the City of Rockville will be an important determinant of whether these young adults remain in the City as they age.

The number of older adults in the City of Rockville has increased substantially in recent years as a result of broad demographic trends and the development of senior housing in Rockville. As seniors comprise a larger share of Rockville's population, there will be more demand for a variety of housing types that can facilitate aging within the community. As a result, there is increased demand for housing that can serve persons with physical and mental disabilities of all ages.

Like in Montgomery County and many other places in the Washington DC metropolitan area, the median household income in the City of Rockville is relatively high. However, the income distribution in the City is becoming increasingly bifurcated, with growth at both the low and high ends. There are also economic divides in the eastern and western parts of the City. Changing demographic characteristics, along with changes to the structure of the local and regional economy, mean that the number of households with more moderate incomes will increase in the future though high-income households will continue to be attracted to Rockville and will put upward pressure on home prices and rents.

Employment and Labor Force

The City of Rockville is an important job center in the region, but its economy and labor force is closely linked to the Montgomery County economy. Because of Rockville's small size, the share of people both living and working in the City is relatively low, but there is a substantial amount of commuting between the City and the rest of Montgomery County.

The City has key private sector employers in the Professional & Business Services and Health Services sectors. However, Government—including City and County governments—continues to be the largest sector of the Rockville economy. Future job growth in the City will depend critically on the growth of the Government sector but as the population increases more slowly, growth in the Government sector will also slow. The City of Rockville can continue to be an attractive location for private sector employment, given its transit-accessibility.

The economic restructuring that is happening at the regional level may be more important to the City's housing demand than the local employment base. As Federal procurement spending has declined in the Washington DC metropolitan area, the region's economy is shifting towards one that is less reliant on government and more reliant on diverse, private sector employment. Recent economic growth has been led by jobs that typically pay lower wages and as a result, average wages across the region have stagnated. Slower-growing wages have been making it more difficult for working households in Rockville and across the Washington DC metropolitan area to find housing they can afford.

Housing Market Conditions

Like the rest of the region and the country, the Rockville housing market experienced the ups and downs of the most recent housing market boom and bust. As a result of relatively strong post-recession job growth in the region and Rockville's attractive location near transit, the housing market in the City rebounded fairly quickly.

Since the downturn, the number of renters in Rockville has increased dramatically. The rising rental rates has been driven by demographic and economic trends in the region, and the renter population has become more diverse. The growth in the renter population is also a direct result of new multi-family construction in the City. The biggest impediments to homeownership have been slow-growing wages and rising student debt (particularly among young, potential first-time home buyers), as well as limited inventory. New home construction ground nearly to a halt during the recession, and single-family home building activity—including townhouses—is still very weak in Rockville. Options for first-time home buyers remain fairly limited in the City.

Housing Affordability

More than 10,000 Rockville households—including 53 percent of renters and 29 percent of home owners—are cost burdened, meaning they spend 30 percent or more of their income on housing. Many are severely cost burdened, with housing costs accounting for half or more of their income. The rates of cost burden are highest among lower-income households, but households all along the income spectrum face affordability challenges.

The challenges of housing affordability are, of course, not unique to Rockville. The rates of cost burden for homeowners and renters in the City are similar to those in other places in Montgomery County.

FUTURE HOUSING DEMAND

Forecasts of housing demand in the City of Rockville between 2015 and 2040 are based on demographic and economic trends within the City and the Washington DC region, as well as existing land use and zoning in the City, and represent the most likely scenario for future housing demand in Rockville. The purpose of the forecasts is to help the City better understand future housing needs and to develop a comprehensive housing strategy to meet those needs.

Between 2015 and 2040, the City of Rockville will need to add nearly 10,000 net new housing units to accommodate future housing demand. The types of housing units that will be needed depend on the demographic characteristics of future households, including age, labor force participation, disability status and household type, as well as the types of jobs that these households will hold in the future.

Household Characteristics

By 2040, the number of senior households in the City of Rockville is forecasted to rise significantly, increasing from 6,900 in 2015 to 12,000 in 2040. This increase is driven largely by the aging of the Baby Boomer population, and the increase in the senior population in Rockville mirrors the increase throughout the region. The majority of these households will be retirees living on fixed incomes.

Similarly, the number of households that include a person with a disability is expected to rise, primarily due to the aging of the population. Both senior households and households with a disabled person will need homes that are more accessible to allow for aging-in-place.

The City is expected to add 7,200 two-adult households and 4,600 one-adult households between 2015 and 2040. The number of families with children is expected to grow by just 2,000. The growth in the number of smaller households suggests a need for a significant growth in smaller units in multi-family buildings.

Household Income

Over the forecast period, the fastest growth in Rockville will be among households earning less than 30 percent of Area Median Income (AMI). This trend is driven largely by the growth of the senior population. About 1,650 more households will be extremely low income in 2040 compared to 2015. The number of households earning between 30 and 59 percent of AMI is forecasted to increase by 2,250, largely as a result of the shift in the types of jobs coming to the region by 2040.

The majority of low-income households will need rental housing in Rockville. In 2040, nearly 8,000 renters in Rockville are expected to earn less than 60 percent of AMI, an increase of 3,000 from 2015. Despite the increases in low-income households, the majority of the households in the City will remain relatively high income. Between 2015 and 2040, it is expected that Rockville will add more than 2,700 households with incomes of 120 percent of AMI or higher.

Housing Unit Characteristics

By 2040, there are forecasted to be more multi-family homes than single-family detached homes in the City of Rockville. Demand for multi-family ownership units is forecasted to increase significantly, rising an average of 2.7 percent per year over the next 25 years. The demand for multi-family rental units is also expected to increase sharply, with new units needed at a rate of 2.4 percent per year during the forecast period.

Even with the fast growth in multi-family ownership units, the majority of multi-family homes will remain rentals. And because multi-family units are projected to become the most prevalent home type by 2040, the homeownership rate in the City is projected to decline modestly. In 2015, about 55.7 percent of the City's residents own their homes. By 2040, the homeownership rate is expected to decline to 49.3 percent.

STRATEGIES TO MEET HOUSING NEEDS

Like communities across the Washington DC region, Rockville faces challenges to producing sufficient housing to meet demands from all income levels. The ability for the City of Rockville to provide enough housing affordable to individuals and families all along the income spectrum is critical to its ability to remain a vibrant and thriving community and to support strong local economic growth. Based on the assessment of current and future housing needs in Rockville, it is clear that the City needs to expand its resources and tools to be able to respond to growing and changing housing demand. The biggest needs are among extremely and very low-income households, including seniors. However, many families with higher incomes face housing affordability challenges or have limited housing options within the City of Rockville.

The range of policy options available to the City of Rockville include financial tools, land use or zoning strategies, and other programs that promote access to housing. A comprehensive housing strategy for the City of Rockville includes tools for new construction, as well as preservation. It should promote homeownership while also expanding rental housing options. The City should leverage Federal resources as much as possible, but should also look for innovative local and state funding sources. While the primary goals of the recommended strategies are to support production of housing affordable to low- and moderate-income households, the City should also seek to remove major barriers to market-rate construction to expand options for higher-income households.

Key recommendations include leveraging existing Federal and state resources for housing, and identifying expanded local sources of funding to build up Rockville's local housing trust fund. The strategies also include recommendations for how to modify the City's MPDU program to meet the needs of a broader range of households. Several new tools are recommended, including using public land for affordable housing, creating medium density housing zones, and developing policies to promote preservation of existing naturally-occurring affordable rental housing.

CASE STUDY PROFILES

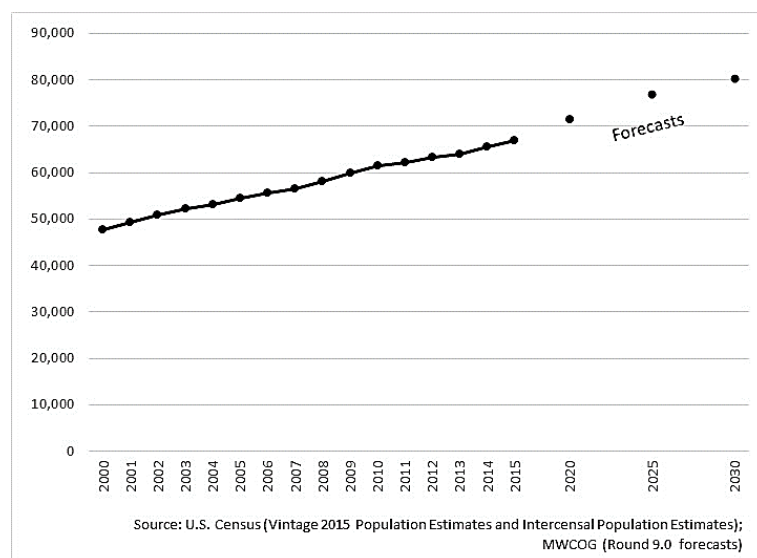
The analysis of current conditions and the forecasts of housing demand demonstrate that housing affordability and limited housing choices will be challenges for many people in the City of Rockville. Case studies are included as part of this report to describe examples of current or future residents of Rockville and to highlight the challenges and trade-offs they make in order to be part of the Rockville community. The objective of the case study profiles is to put faces to the facts and figures described in the rest of the report.

Current Demographic, Economic and Housing Market Characteristics

Demographic Characteristics

The City of Rockville's population grew steadily over the 2000s, but some of the demographic changes in the City have been remarkable. Many of these changes reflect broader national demographic trends, but others reflect Rockville's unique position as an urbanizing community in the Washington DC region. The changing characteristics of the City's population and households will have important implications for housing needs.

Figure 1. Population, 2000-2030



Population and Demographics

The population of the City of Rockville was approximately 68,000 in 2016, and has grown more than 40 percent since 2000 (Figure 1). City staff projects that Rockville's population will increase to 71,518 by 2020 and will surpass 80,000 by 2030, which suggests a growth rate of about 1.3 percent annually between 2015 and 2030. This is slightly lower than the average annual population growth rate in Rockville between 2000 and 2015 (2.3 percent), and is indicative of an urbanizing community that is approaching build out under existing zoning and land use plans.

Age

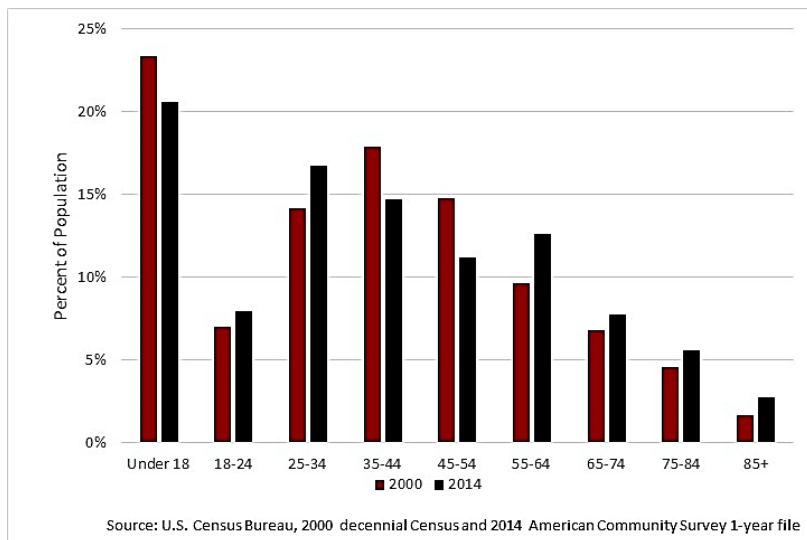
Between 2000 and 2014, the City experienced relatively fast growth in its young adult population (under age 35) and in its older population (ages 55 and older). While overall numbers increased, the shares of the population under 18 and in their late 30s and 40s (e.g. parents and children) declined over this time (Figure 2).

The City of Rockville has a higher share of 25 to 34 year olds than either Montgomery County or the Washington DC metropolitan area.¹ In 2014, 16.9 percent of Rockville's population was age 25 to 34 (up from 14.2 percent in 2000). This share for Rockville compares to 13.5 percent in Montgomery County and 15.5 percent in the Washington DC region. The capacity for the City to meet the housing needs of young families will partially determine whether young adults remain in Rockville as they form independent households, marry and have children.

¹ The Washington DC metropolitan area comprises the following jurisdictions: District of Columbia; City of Alexandria, Arlington County, Clarke County, Culpeper County, Fairfax County, City of Fairfax, City of Falls Church, Fauquier County, Loudoun County, City of Manassas, City of Manassas Park, Prince William County, Rappahannock County, Spotsylvania County, Stafford County, City of Fredericksburg, and Warren County in Virginia; Calvert County, Charles County, Frederick County, Montgomery County, and Prince George's County in Maryland; and Jefferson County in West Virginia. In this report "Washington DC metropolitan area" and "Washington DC region" are used interchangeably.

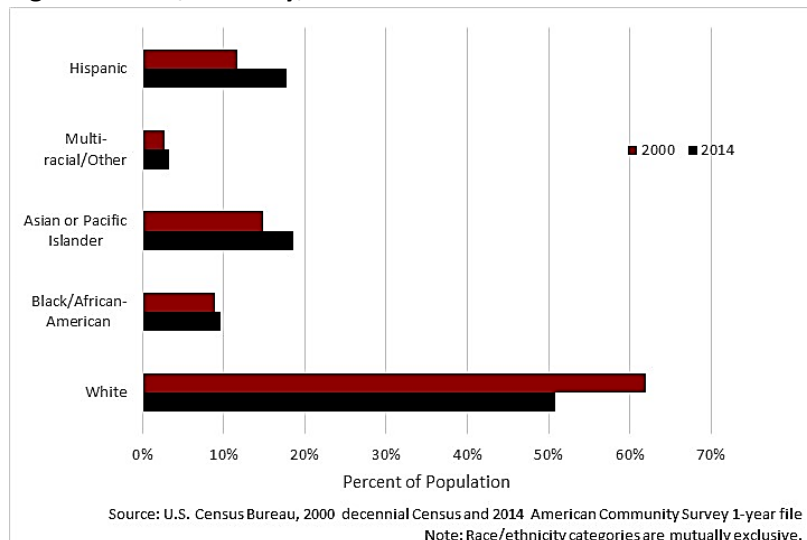
While Rockville has a somewhat larger share of young adults, it also has a relatively higher share of older adults. In 2000, 22.8 percent of the City's population was age 55 or older; in 2014, that share had increased to 28.7 percent. The share of the population that is age 55+ is higher in Rockville than it is in either Montgomery County (26.5 percent) or the Washington DC region (23.1 percent). The population of retirees and older adults in Rockville has grown rapidly in recent years and will continue to increase at a fast pace.

Figure 2. Age Distribution, 2000 and 2014



A portion of the recent increase in the older adult population in Rockville is almost certainly related to the increased supply of senior-only housing in the City, which has attracted new residents (e.g. Brightview, Ingleside, Victory Court). However, the primary driver of the growth of the older adult population has been the aging of the City's existing residents.

Figure 3. Race/Ethnicity, 2000 and 2014



Though a relatively small share of the population, the 85+ population is the fastest-growing age group in the City. There will be growing numbers of people seeking options to age-in-place or age-in-community.

Race/Ethnicity

Nearly 80 percent of Rockville's population growth since 2000 has been driven by the non-white population. In 2000, non-Hispanic whites comprised 61.9 percent of the City's population. In 2014, that share had declined to 50.8 percent (Figure 3). Thus, in 2014, nearly half of Rockville's population (49.2 percent) was non-white, compared to 45.8 percent of Montgomery County's population and 46.8 percent of the overall Washington DC region population.²

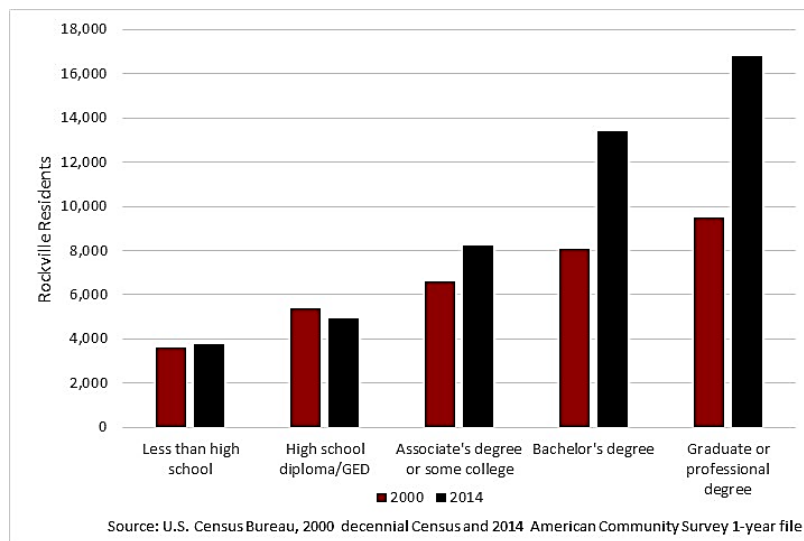
The fastest population growth in Rockville has been among the Hispanic population, but the black, Asian and multi-racial populations have all increased faster than the overall growth rate since 2000. In 2014,

² In all discussions of race and ethnicity, Hispanics are treated as a separate race category. All other races (i.e. white, African American, and Asian/Pacific Islander) are non-Hispanic.

17.7 percent of Rockville’s population was Hispanic, a share that is slightly lower than in Montgomery County (18.7 percent) but higher than for the region (15.1 percent).

Figure 4. Educational Attainment, 2000 and 2014

Population age 25+



Educational Attainment

Rockville’s population reflects a growing number of highly educated individuals. In 2000, 52.9 percent of people age 25 or older living in Rockville had a bachelor’s degree or higher (Figure 4). In 2014, the share of college-educated residents had increased to 64.1 percent. The fastest-growing group was individuals with a graduate or professional degree. The number of Rockville residents with a high school degree or less actually declined between 2000 and 2014, from

about 9,000 residents to about 8,700 residents. Typically, more highly educated individuals have higher incomes and can afford higher rents and home prices. However, structural changes to the regional and local economies and increases in the number of single-worker households, along with fast-rising home prices and rents, suggest that a more highly-educated population does not necessarily translate into greater abilities to afford housing.

About American Community Survey (ACS) Data

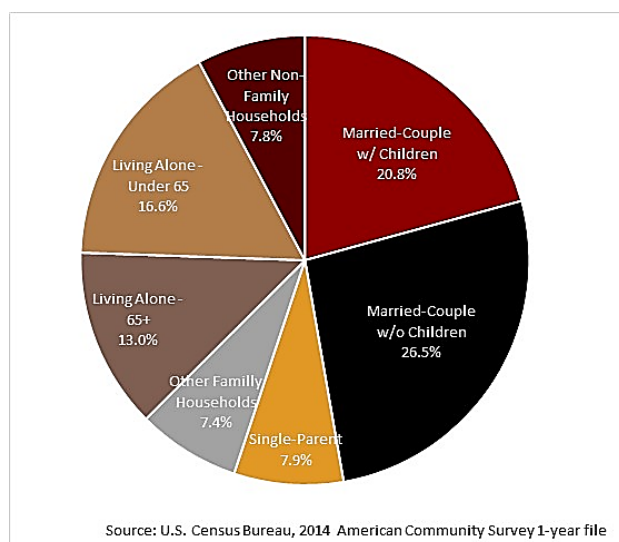
Data from the U.S. Census Bureau’s American Community Survey (ACS) are used in this report to describe many of the characteristics of Montgomery County’s residents. The ACS is the best source of demographic data for local jurisdictions, and the most recent ACS data is for 2014. In many cases, 2014 ACS data are compared with data from the 2000 decennial Census. While ACS data can be used to describe broad characteristics, such as age, race and home ownership rate, sometimes the sample sizes for the City of Rockville are small, which can mean that sometimes the data provide unreliable results. All data presented in this report should be interpreted with this caveat in mind. For more information on the ACS, see <http://www.census.gov/programs-surveys/acs/>.

Household Size and Type

The number of one-person households living in the City of Rockville has increased substantially. In 2014, nearly 30 percent of Rockville households contained only one person. In 2000, the share of one-person households was 23.8 percent. While single people live in all types of housing in the City of Rockville, the increase in the number of one-person households in recent years was likely boosted by increases in the number of multi-family units in the City. Rockville has a greater share of one-person households than either Montgomery County (25.1 percent) or the Washington DC metropolitan area (27.4 percent). About one-third of households in the City are two-person households, 15.9 percent are three-person households and 21.9 percent have four or more people.

The overall average household size in the City of Rockville declined from 2.65 to 2.55 between 2000 and 2014; however, the average *family* household size increased from 3.13 to 3.22 over the same time.³ The decline in the overall average household size reflects the growing number of non-family households, particularly people living alone. But at the same time, the numbers of Hispanic and Asian family households has been on the rise in Rockville, leading to an increase in the size of an average family household in the City.

Figure 5. Household Type, 2014



The number of non-family households in the City increased by 82.4 percent between 2000 and 2014. The growth in non-family households is linked to the type of new residential construction in the City, which has been primarily multi-family housing that tends to attract individuals living alone and roommates.

The household type that has grown the fastest, however, is seniors living alone. The number of households with a person aged 65 or older living alone more than doubled between 2000 and 2014. About two out of five single-person households in the City of Rockville are seniors age 65 or older (Figure 5).

Among family households, the number of single-parent and multi-generational (i.e. other family) households in the City of Rockville also increased substantially between 2000 and 2014. At the same time, the number of married couple with children households increased much more slowly than the overall number of households. However, families with children still comprise a sizeable share of Rockville households. In 2014, 20.8 percent of households were married couples with children and 7.9 percent were single-parent families. Married couples without children accounted for 26.5 percent of all households in the City in 2014.

³ The U.S. Census Bureau defines a “family” household as two or more people living together who are related by birth, marriage or adoption. All other households, including people living alone, are defined as “non-family” households.

Household Income

The median household income in the City of Rockville was \$90,606 in 2014 (in 2014 \$s) up from \$68,918 in 1999 (in 1999 \$s). The increase was driven by a surge in the number of households with incomes of \$150,000 or more, which more than tripled between 1999 and 2014.

Despite this growth in the number of high-income households, when adjusted for inflation, the real median income fell in the City of Rockville over the past 15 years. In 1999, the median household income in the City was \$97,931 (in 2014 \$s), so there was a decline of 7.5 percent in terms of real median income between 1999 and 2014. This decline in the inflation-adjusted median household income has occurred even as the number of relatively high-income households has increased because the number of lower-income households has also increased. In fact, the number of households with incomes below \$15,000 (about the salary of a full-time worker at the Federal minimum wage) increased about 43 percent between 2000 and 2014.

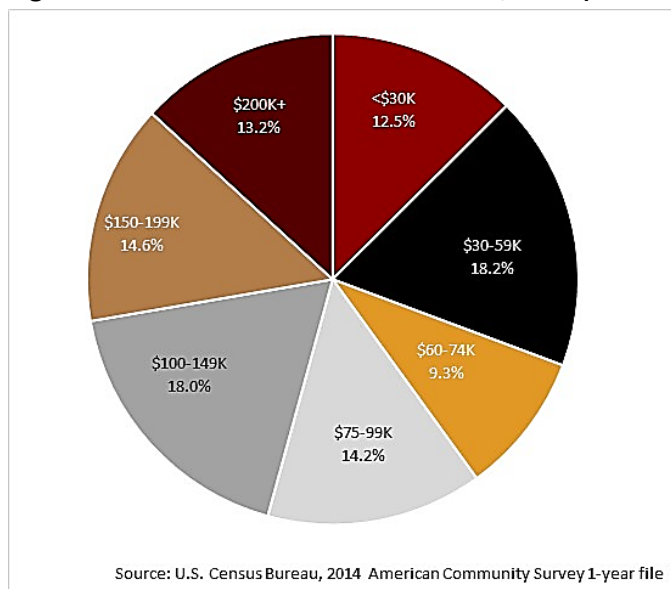
Rockville still remains a place with relatively high-income households, and its income distribution is fairly similar to the income distribution in Montgomery County. About

12.5 percent of households in Rockville have an income below \$30,000 (about 30 percent of AMI for a family of three). Another 18.2 percent of households have incomes of between \$30,000 and \$59,999 (about 60 percent of AMI for a family of three). About nine percent of households have incomes between \$60,000 and \$74,999 (about 80 percent of AMI for a family of three) and 14.2 percent have incomes between \$75,000 and \$99,999 (about 100 percent of AMI for a family of three). These shares are fairly similar in Montgomery County. The one notable difference in the incomes of Rockville and Montgomery County households is that the share of households with incomes of \$200,000 or more (roughly 200 percent of AMI) is lower in Rockville than in Montgomery County overall—13.2 percent compared to 17.9 percent.⁴

Summary of Demographic Characteristics

Population growth in the City of Rockville was fairly strong over the 2000 through 2004 period, as new developments in King Farm and Falls Grove were built out, and then again in 2009 and 2010 in the post-recession period when the Washington DC region attracted thousands of new workers. Like much of the rest of the Washington DC region and the country, Rockville's population gains have been driven by increases in the non-white population. The well-documented trend toward greater racial diversity is largely a result of a greater share of childbearing-age women and higher fertility rates among the non-white population, specifically the Hispanic and Asian populations, which has been the case both nationally

Figure 6. Household Income Distribution, 2014 (2014 \$s)



⁴ See page 37 for details about area median income (AMI) in Rockville.

and locally in Montgomery County⁵. While there is significant diversity within the non-white population, Hispanic and Asian households are more likely to be larger and multi-generational compared to the white households. Hispanic households tend to have lower incomes and are more likely to be renters compared to the white population. Asian households are more likely than Hispanic households to have higher incomes and be homeowners, though there is a fair amount of variation among the Asian population. As Rockville's population becomes more racially and ethnically diverse, housing needs in the City will also evolve.

Even as the first- and second-generation immigrant population has led to increases in average family sizes in the City, the number of people living alone has also been on the rise in Rockville. The population of single-person households includes both young people starting out in their careers and older people who may have been retired for many years. The population of young adults includes a significant share of people in their late 20s and early 30s, including many who may be living alone now. While there is no reliable data for the City of Rockville, recent data for the U.S. have shown that the share of young people living with their parents is at the highest level in decades.⁶ The types of housing options in the City of Rockville will be an important determinant of whether these young adults remain in the City when they do move out on their own.

At the other end of the age spectrum, the number of older adults in the City of Rockville has increased substantially in recent years. The leading edge of the Baby Boom population has reached its mid-60s and over the coming decades the senior population will grow much faster than the population under age 65. This growth in the older adult population is a result primarily of the aging in place of the existing population in their 50s and early 60s, but seniors have also moved into the City attracted by new senior developments. As seniors comprise a larger share of Rockville's population there will be more demand for a variety of housing types that can facilitate aging within the community. In addition, as the population ages, there will be increased needs for housing that can serve persons with physical and mental disabilities.

Finally, like Montgomery County and many other places in the Washington DC metropolitan area, the median household income in the City of Rockville is relatively high. However, the median does not tell the whole story. The income distribution in the City is becoming increasingly bifurcated, with growth at both the low and high ends. Changing demographic characteristics—including more one-worker households, more retirees, and more younger workers—along with changes to the structure of the local and regional economy mean that the number of households with more moderate incomes will increase in the future though high-income households will continue to be attracted to Rockville and will put upward pressure on home prices and rents.

⁵ Detailed data on fertility rates are not available for the City.

⁶ Fry, Richard. 2016. "For the First Time in Modern Era, Living with Parents Edges out Other Living Arrangements for 18- to 34-Year Olds." Washington, DC: Pew Research Center. May.

Employment and the Labor Force

The City of Rockville is an important employment node in the region, with more jobs than people. Employment growth in Rockville, as well as in Montgomery County and in the greater Washington DC area, will be an important driver of housing demand in the City.

The City of Rockville has a robust job market, but one that has not fully recovered from the Great Recession. In 2014, the City has 680 fewer jobs than during its peak in 2009, with the declines driven by losses in the private sector. Public sector employment has increased steadily since the downturn and has nearly 2,000 more jobs in 2014 than in 2009. Just over five percent of all the at-place jobs in Rockville are held by Rockville residents but the majority of jobs located in the City (55.8 percent) are held by residents of Montgomery County. Public sector jobs are more likely than private sector jobs to be held by a City of Rockville resident.

The City of Rockville has a relatively dense employment base and accounts for 16.0 percent of all the jobs located in Montgomery County, despite being only 2.7 percent of the County's land area (Figure 7). The City is well connected by both Metrorail and bus transit, making it attractive to employers and residents alike. One-third (33.7 percent) of the jobs located in Rockville are within a half mile walking distance to a Metrorail station, and the City has one-fifth (20.0 percent) of all jobs throughout Montgomery County that are walkable to Metrorail.

Even though the City has a disproportionate share of jobs relative to its size, the City has just 2.6 percent of all the jobs in the Washington DC metropolitan area. Because of Rockville's small size, regional trends will affect the City's economic trajectory, primarily in the City's private sector employment. However, Rockville has a large local government presence, including public education, which tends to follow the population and demographic trends of both the City and Montgomery County.

Figure 7. Characteristics of the Rockville Employment Base

	City of Rockville	Rockville as a Share of	
		Montgomery County	Washington DC Metropolitan Area
Land Area*	13.5 sq. mi.	2.70%	0.2%
Population	65,601	6.4%	1.1%
Employed Residents	34,785	6.7%	1.1%
Jobs	75,477	16.0 %	2.6%
Jobs w/in Half Mile to Metro	25,433	20.0 %	3.1%

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, U.S. Bureau of Labor Statistics, U.S. Census Population Estimates, and 2005-2009 American Community Survey, Washington Metropolitan Transportation Authority

The Washington DC Metropolitan Area Economy

The City of Rockville's economy and labor force are closely related to the regional economy. The Washington DC metropolitan area did not suffer the effects of the Great Recession as acutely as the rest of the nation. The number of jobs in the region declined by 1.7 percent between 2008 and 2009, but growth returned in the following year and continued through 2012. Regional job growth was more subdued in 2013 and 2014 as a result of sequestration and a decline in government spending. Job growth in the region accelerated in 2015 and in the first half of 2016.

Wages region-wide fell during the early years of the economic recovery, first, as a result of the contracting regional economy, and subsequently, as a result of changes in the demographic characteristics of the regional labor force (Figure 8). In 2010, the average wage in the Washington DC metropolitan

area began to fall slowly, but steadily, as the region continued to undergo a structural shift that began during the recession.

During the recession, the region's employment losses were concentrated in mid- and low-wage jobs. In the recovery period, the region has experienced growth in low-wage jobs and high-wage jobs but there has been continued loss in mid-wage jobs (Figure 9). The large gains in the low-wage sectors pulled down the average wage for the region over the 2010 through 2013 period. Since 2013, high-wage jobs in the region, primarily those in the Professional, Scientific and Technical Services sub-sector, have rebounded, leading to a rising average wage in the Washington DC metropolitan area. However, gains in the low-wage sectors remain strong and have resulted in a much more bifurcated employment base that the region has had in the past.

Figure 8. Jobs and Average Wage in the Washington DC Metro Area, 2001-2015

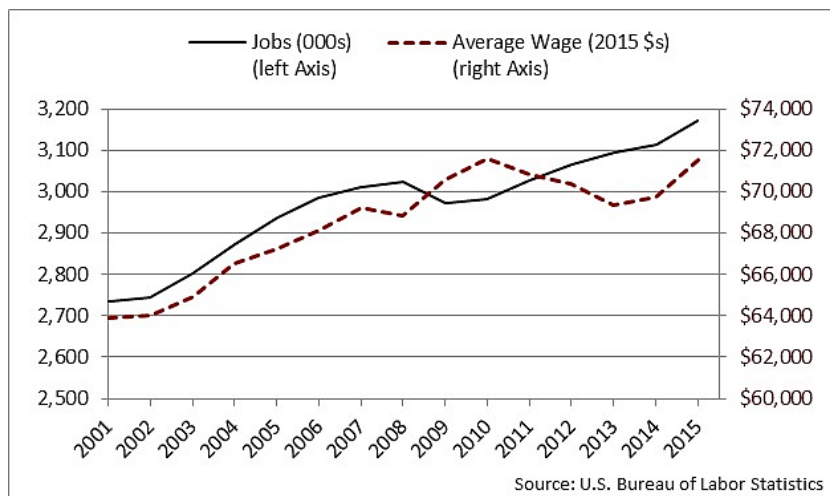
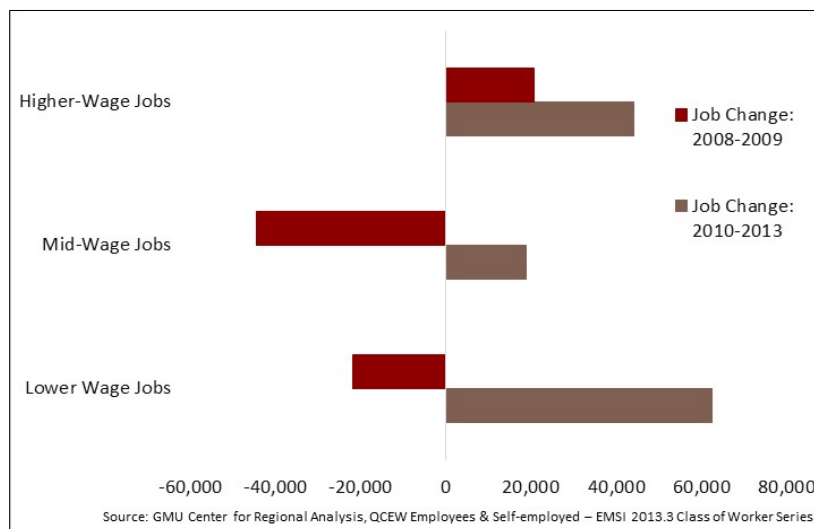


Figure 9. Net Job Change by Wage Category, Washington DC Metro area, Recession (2008-2009) and Recovery (2010-2013)



At-Place Employment

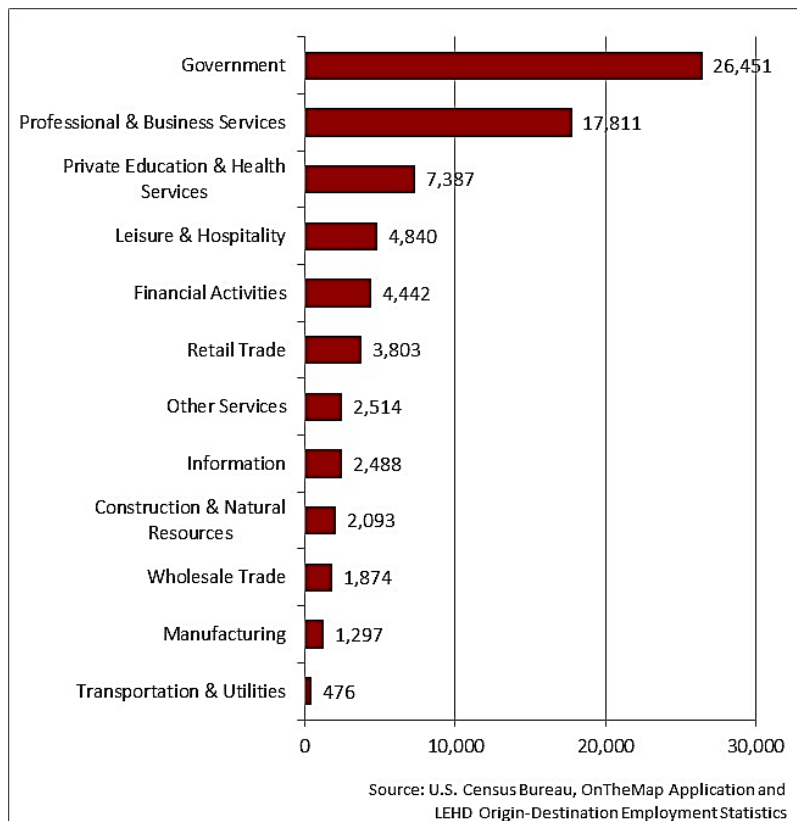
There were 75,500 jobs⁷ located in the City of Rockville in 2014. The jobs in the City are overwhelmingly in two sectors—Government and Professional & Business Services (Figure 10). These two sectors account for 58.6 percent of the jobs in the City. Government, the largest sector, accounts for 35.0 percent of the City's jobs. This sector is divided into two main categories, Public Educational Services and Public Administration. The Public Educational Service sector includes both local public school employment and Montgomery College employment. Public Administration primarily consists of Montgomery County and Rockville City administrative jobs, as well as fire and security occupations.

Throughout Montgomery County, the average wage in the Government sector was \$58,300 in 2014. This is slightly below the average wage for all jobs in the County (\$67,500).⁸

The second largest employment sector in Rockville is the Professional & Business Service Sector, which accounted for 23.6 percent of all jobs in Rockville in 2014. This is a diverse sector that includes many Federal contractors, as well as administrative and other support staff. Major employers in the City in this sector include Westat, Inc., Lockheed Martin and Booz Allen Hamilton. About three-quarters of the jobs in this sector were in the Professional, Scientific & Technical Services sub-sector, which generally includes highly-educated workers who command high wages. Within Montgomery County, the average wage in this sub-sector was \$98,400.

About one-fifth of the jobs in the Professional & Business Service Sector in Rockville were in Administration & Support, and Waste Management & Remediation Services. These jobs provide administrative and building support for those working in technical or management jobs, and typically require less education. The average wage for a job in this sub-sector throughout the County was just \$42,000 in 2014.

Figure 10. Jobs in the City of Rockville by Sector, 2014



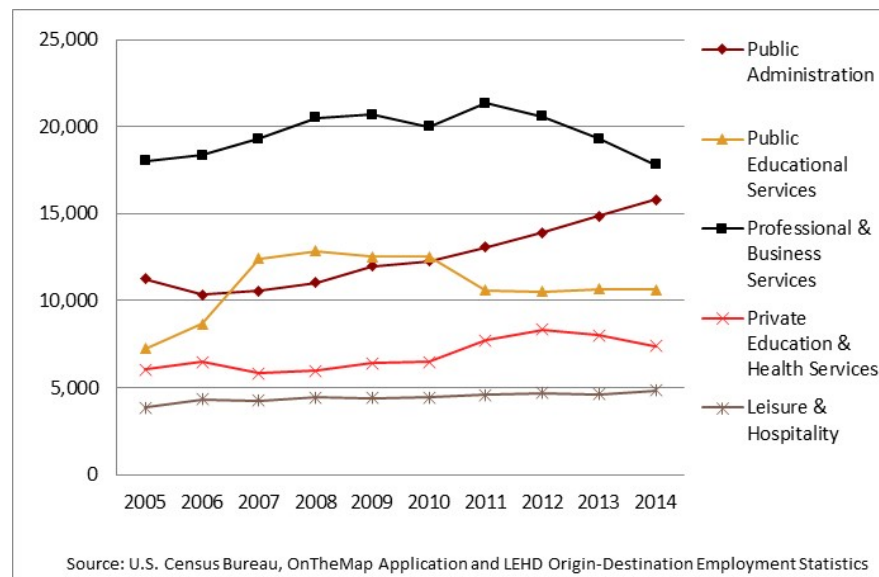
⁷ Jobs include wage and salary jobs only and exclude certain types of self-employment, military and farm jobs.

⁸ Reliable data on wages by sector are not available from public data sources for the City of Rockville.

The third largest sector is Private Educational & Health Services with 7,400 jobs or 9.8 percent of all jobs in Rockville. Health Services accounted for nearly all of the jobs in this sector and there were fewer than 1,000 Private Educational Services jobs.⁹ Health Services include jobs at Adventist HealthCare, as well as smaller medical establishments and home healthcare aides. The average wage associated with a hospital job anywhere in Montgomery County was \$55,700 and the overall average wage for a worker in the Health Services sector was \$50,900 in 2014.

Since 2005, the number of jobs in the City has increased 10.5 percent, but this growth was not consistent throughout the decade. Between 2005 and 2008, the number of jobs in the City increased steadily, rising from 68,400 jobs in 2005 to 75,900 jobs in 2008. The number of jobs increased modestly in 2009, reaching 76,100 jobs and the highest total during the past ten years. The total number of jobs decreased between 2009 and 2010, but job gains returned in 2011 and 2012. The private sector rebounded more quickly after the recession and reached a new high in 2011, at 52,500 jobs. But in the following years, the number of private sector jobs in the City declined, falling to the lowest level since 2005.

Figure 11. Jobs in the City of Rockville by Select Sector, 2005-2014



As of 2014, the City had still not returned to its 2009-peak employment level and had 680 fewer jobs. The largest decreases were in the Professional & Business Services (-2,900 jobs), Information (-860 jobs), and Construction (-350 jobs) sectors (Figure 11). Notably, the Health Care and Social Services sub-sector has had gains (+640 jobs) in the City. Nationally, this sector has expanded due to the aging of the population and increases in the home healthcare

industry. Similarly, the Leisure & Hospitality sector in Rockville had 430 more jobs in 2014 than it did in 2009. Regionally, the gains in this sector have been in restaurants and have also been a result of demographic trends.

The jobs located in the City have a wide range of salaries. During the 2010-2014 period, an average of 10,100 jobs, or 14.4 percent of all jobs located in Rockville, paid less than \$15,000 annually and are either minimum wage jobs or part-time jobs. These jobs are most likely in Retail or Leisure & Hospitality. Nearly one-fifth (19.2 percent) of the jobs in the City had a wage between \$15,000 and \$35,000, which includes a mix of part-time and full-time employment, likely in less technical service occupations. Over one-third (37.0 percent) of the jobs in the City paid over \$75,000. Workers in these jobs will have more flexibility in

⁹ This includes private pre-schools, elementary schools, middle schools and high schools as well as any private schools offering post-high school degrees and certifications, like Strayer University.

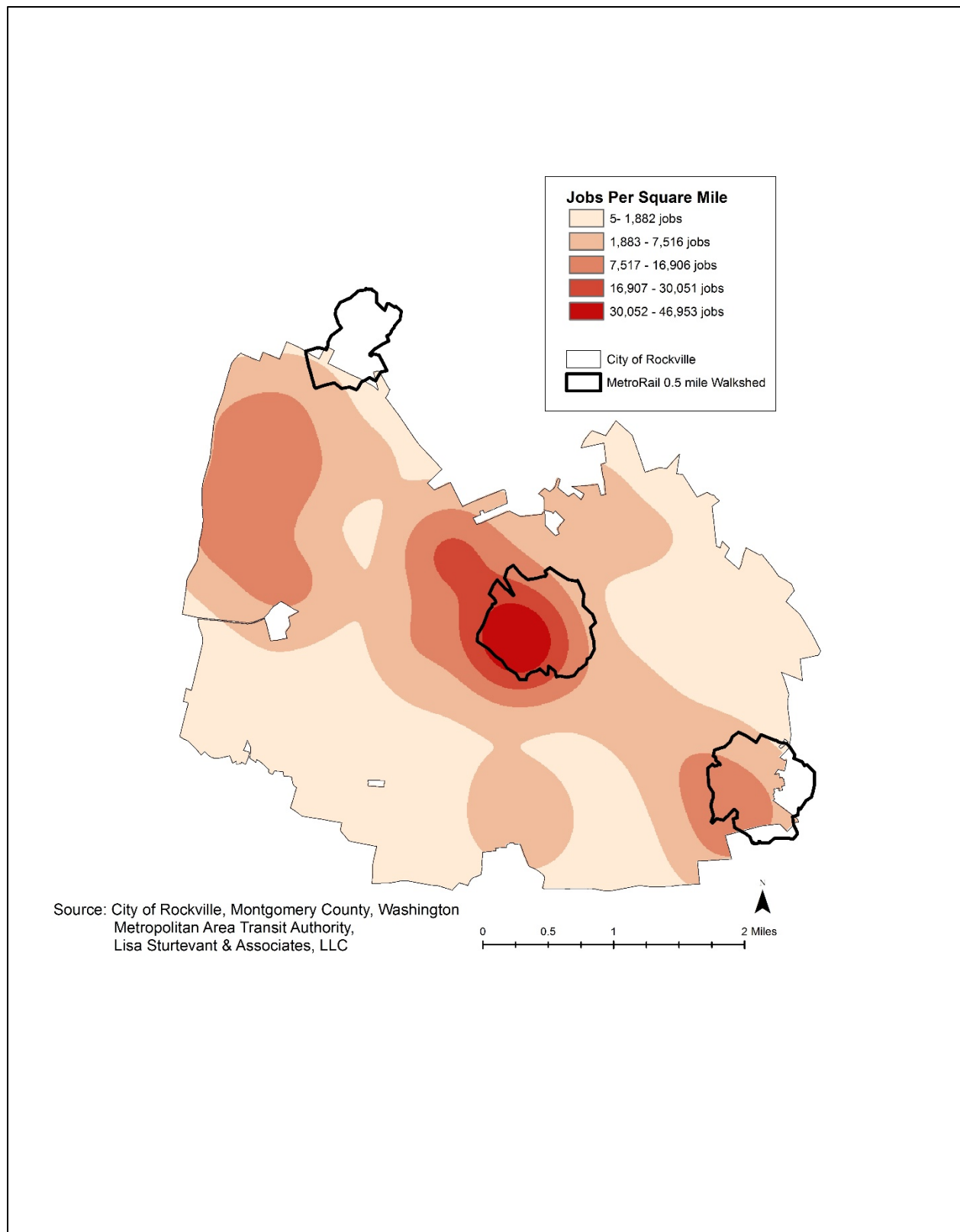
their housing choices but the number of workers in their household, their household size and overall household income will play an equally large role in housing choice.

Geographic Distribution of Jobs

One-fifth of the jobs, or 25,400 jobs, located in the City of Rockville are within a walkable half mile to a Metrorail station. Public Administration jobs in Rockville are disproportionately likely to be located near Metro (Figure 12). About 14,400 Public Administration jobs are walkable to metro, or 91.0 percent of all Public Administration jobs. Retail jobs were also likely to be near a Metro station; 36.1 percent of all retail jobs (about 1,400 jobs) are within a half mile of Metro. Just over one quarter (26.3 percent) of all Professional & Business Service jobs in Rockville are walkable to a Metro station (about 4,700 jobs).

Companies view access to Metrorail as a key to both recruiting and retaining employees and is increasingly seen as a critical component for recruiting younger workers. The City's ability to add both new commercial and new residential buildings and to increase density near its Metro stations will create a competitive economic advantage for Rockville.

Figure 12. Job Density and Proximity to Metro



Workers in the City

Among the workers who hold a job located in the City of Rockville, the majority are between 30 and 54 years old. This age group accounted for 57.8 percent of Rockville jobholders in 2014. Workers age 55 years or older hold about a quarter (24.8 percent) of all jobs located in the City, while those under 29 years old hold just 17.3 percent of the jobs in the City (Figure 13). Compared to 2005, a significantly larger share of the City's jobs are held by workers aged 55 or older. Conversely, workers with jobs in Rockville are less likely to be either under 29 year old, or between 30 to 54 years old than they were in 2005. The older workforce reflects both regional and national trends and will have housing implications regionally as these workers begin to retire.

Where Rockville Workers Live

Overall, only 5.4 percent of jobs in the City are held by City residents; however, more than half (50.4 percent) of the jobs in the City are held by Montgomery County residents who live outside of Rockville (Figure 14). Thus, about 56 percent of all people who work in the City of Rockville live in Rockville or Montgomery County.

Other jobholders tend to live in other parts of Maryland including Prince George's County (7.9 percent), Frederick County (7.6 percent) and Howard County (3.4 percent). Nearly all Rockville jobholders live in either the Washington DC metropolitan area (82.0 percent) or the Baltimore metropolitan area (12.4 percent).¹⁰

Figure 13. Jobs in the City of Rockville by Age of Worker, 2005, 2009 and 2014

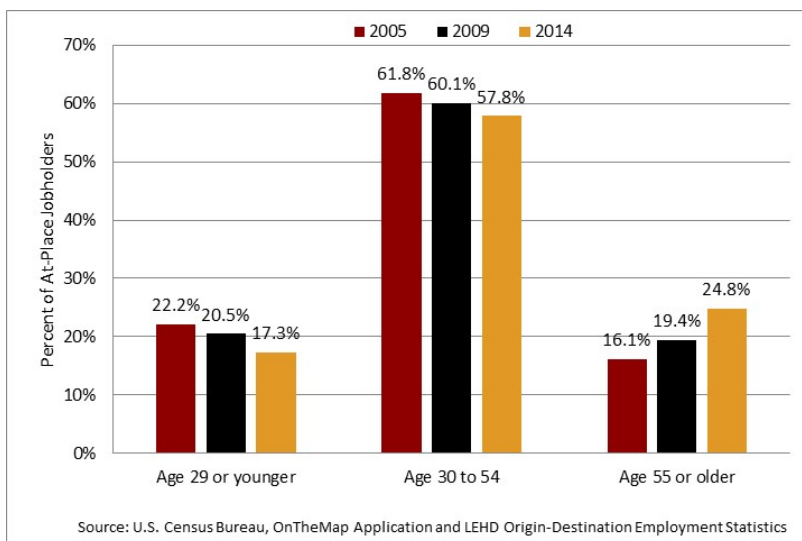
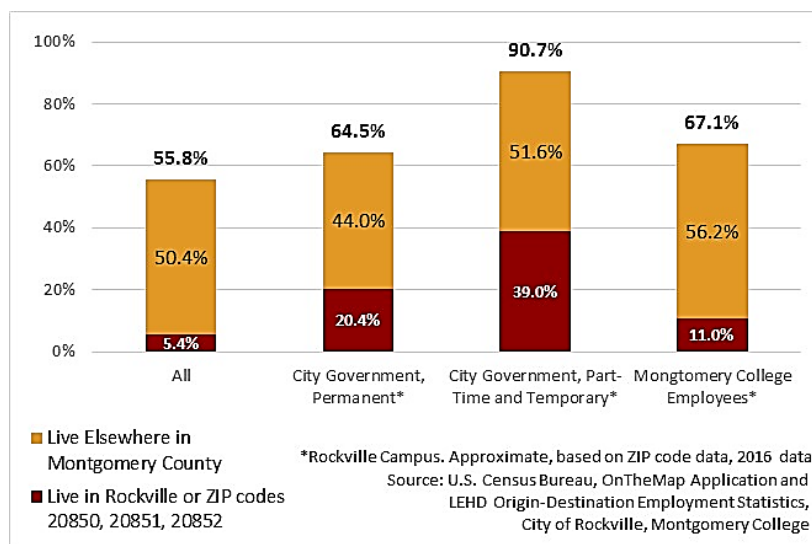


Figure 14. Home Location of Rockville Job Holders, 2016 (est.)



¹⁰ The Baltimore metropolitan area consists of Anne Arundel County, Baltimore County, Carroll County, Harford County, Howard County, Queen Anne's County, and Baltimore city.

City Government Employees

City government employees are more likely to live in or around the City of Rockville or within Montgomery County than all jobholders. Among all City government employees, including permanent, as well as temporary and part-time employees, nearly one third (31.2 percent) live in the ZIP codes 20850, 20851 or 20852, which include much of the City's boundary. About 80 percent of all City government employees live within Montgomery County.

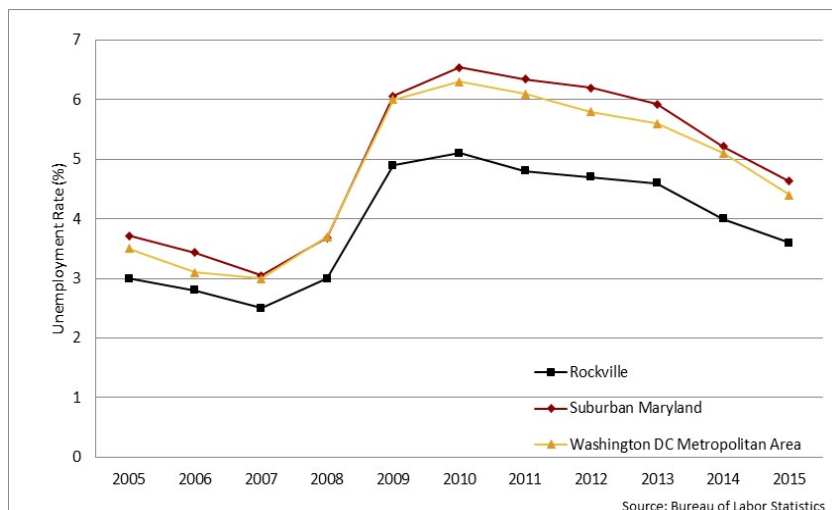
Full-time, permanent workers are somewhat less likely to live close to Rockville when compared to part-time or temporary workers. One-fifth (20.4 percent) of the full-time employees live in ZIP codes 20850, 20851 or 20852, compared to 39.0 percent of part-time or temporary employees. Over 90 percent of all part-time or temporary employees live in Montgomery County, while 64.5 percent of permanent, full-time employees do.

Montgomery College Employees

Montgomery College is a major employer in Rockville. The majority of Montgomery College employees live in Montgomery County, though a small share live in the City of Rockville itself. About two-thirds (67.1 percent) of Montgomery College employees live in Montgomery County, including 11.0 percent who live in the ZIP codes closest to Rockville. Prince George's County is home to 9.0 percent of Montgomery College's Rockville campus employees, while 5.2 percent live in Frederick County.

Thus, while a relatively small share of people who work in Rockville live within the City's boundaries, the majority live somewhere in Montgomery County. City government and Montgomery College employees are more likely than private sector workers to live in Rockville.

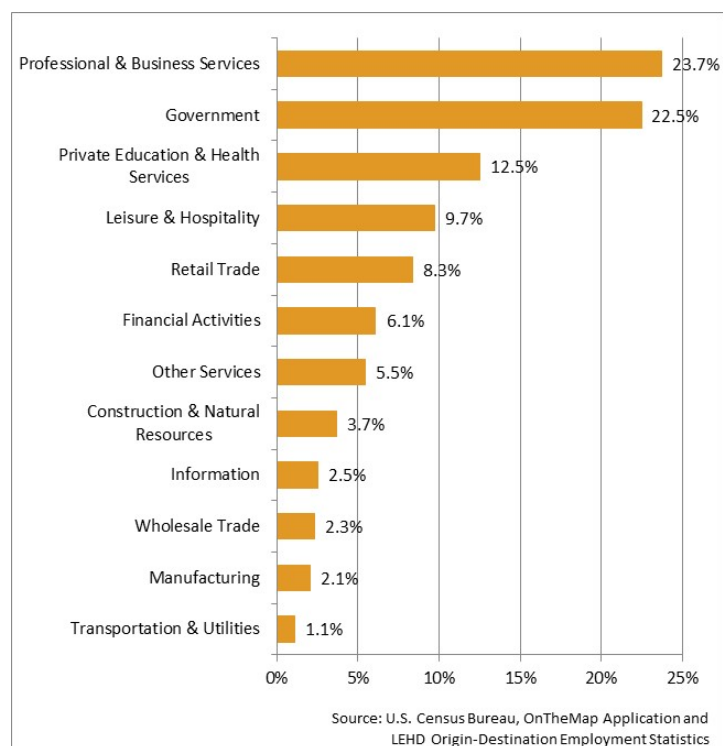
Figure 15. Unemployment Rate, 2005-2015



has largely followed regional trends, rising between 2007 and 2010. At its highest level in 2010, the unemployment rate for the City was just 5.1 percent and was over a percentage point lower than the regional rate. Since 2010, the unemployment rate has fallen each year.

The number of employed residents in the City of Rockville has increased significantly since 2005. Between 2005 and 2015, the number of employed residents increased 20.3 percent, to 35,200 residents. This

Figure 16. Sector of Jobs Held by Rockville Residents, 2014



increase is roughly in line with the overall population increase during this period, as the population increased 23.1 percent.

In 2014, about one quarter of employed Rockville residents worked in the Professional & Business Service sector (23.7 percent) and about the same share worked in the Government sector (22.5 percent). Nearly 13 percent of Rockville residents had a job in the Private Education & Health Services and 9.7 percent held a Leisure & Hospitality job (Figure 15). Compared to the jobs located in the City, Rockville residents were more likely to have a job in Retail, Leisure & Hospitality or Private Education & Health Services. Rockville residents were most likely to work in Montgomery County, either within the City of Rockville (15.1 percent) or elsewhere in the County (42.6 percent).

¹¹ Suburban Maryland includes Calvert County, Charles County, Frederick County, Montgomery County, and Prince George's County.

Thirteen percent of residents had a job located in the District of Columbia, and nearly all of Rockville's working residents had jobs in either the Washington DC metropolitan area (87.0 percent of all working residents) or in the Baltimore metropolitan area (9.6 percent).

Summary of Economic Conditions

The City of Rockville's economy is closely linked to economic conditions in Montgomery County and the Washington DC metropolitan area. The City continues to be an important employment base in the region with key employers in the Professional & Business Services and Health Services sectors. Government—including City and County governments—continues to be the largest employment sector in Rockville. The number of Government jobs generally tracks with population growth, and as population growth slows in the upcoming years, growth in the Government sector will also slow. However, the City of Rockville will continue to be an attractive location for private sector employment, which will likely constitute a growing share of employment in the City in the decades to come.

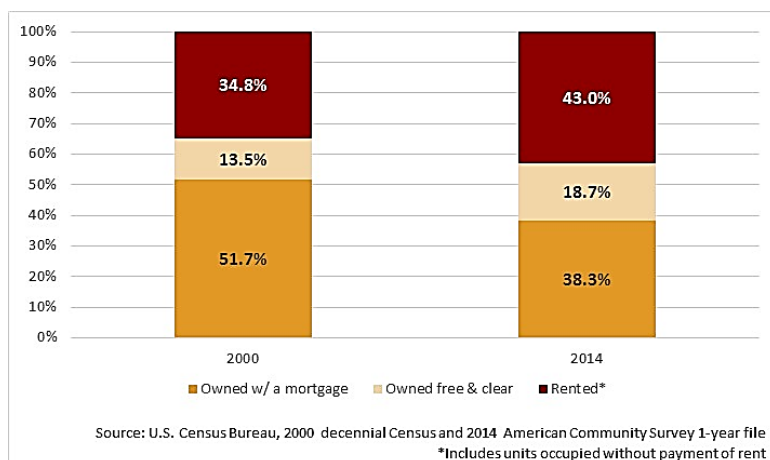
Overarching any City economic development efforts, however, is an economic restructuring that is happening at the regional level. As Federal procurement spending has declined in the Washington DC metropolitan area, the region's economy will shift towards one that is less reliant on public spending and more reliant on diverse, private sector employment. In the early years of this restructuring, economic growth has been led by jobs that typically pay lower wages. As a result, average wages across the region have stagnated. Slower-growing wages will make it more difficult for working households in Rockville and across the region to find housing they can afford.

It is clear that the Rockville economy and labor force is closely linked to the Montgomery County economy. Because of Rockville's small size, the share of people both living and working in the City is relatively low. However, residents and workers are very likely to both live and work in Montgomery County.

Housing Market Conditions

Like the rest of the country and the region, Rockville experienced the ups and downs of the current housing market boom and bust. The City of Rockville is still a majority homeownership market, but the share of homeowners is lower in 2014 than it was in 2000. In 2000, 65.2 percent of households in the City were homeowners. The homeownership rate in 2014 was 57.0 percent (Figure 17). At the same time, the

Figure 17. Tenure, 2000 and 2014



share of households that owned their homes free and clear (i.e. without a mortgage) increased from 13.5 percent to 18.7 percent. The homeownership rate in the City of Rockville is lower than the rate in Montgomery County (65.5 percent) and in the Washington DC metropolitan area overall (62.7 percent).

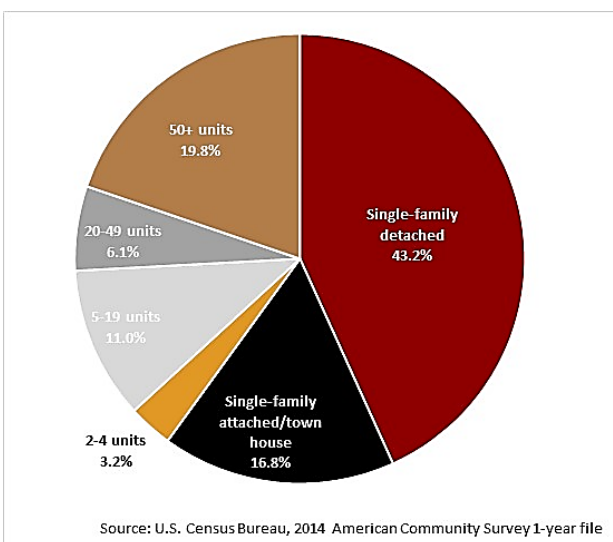
The corollary to the decline in the homeownership rate in Rockville is the rise in the renter population. The number of renter-occupied housing

units in the City of Rockville nearly doubled between 2000 and 2014.

The increase in renter-occupied housing units in the City of Rockville has been accompanied by an increase in the number of units in medium and large multi-family buildings. In 2000, nearly 60 percent of all occupied homes in the City of Rockville were single-family detached homes. By 2014, that share had fallen to 43.2 percent as new housing construction was driven by the development of multi-family buildings and, to a lesser extent, townhouse projects (Figure 18). Between 2000 and 2014, the number of housing units in multi-family buildings more than tripled. In 2014, about 20 percent of all of the housing units in Rockville were in multi-family buildings with 50 or more units. That share is up from just 8.8 percent in 2000. Not surprisingly, given its more compact size and development history, the City of Rockville has a greater share of multi-family units than Montgomery County overall. In 2014, 13.4 percent of the housing units in Montgomery County were in buildings with 50 or more units.

As a result of more multi-family construction, along with small household sizes, the City of Rockville has a greater share of smaller units in 2014 than it did in 2000. In 2014, 17.5 percent of all housing units in the City were one-bedroom or studio units and 40.2 percent had two or fewer bedrooms. In 2000, the relevant shares were 14.4 percent and 30.8 percent. The number of “family-sized units,” with

Figure 18. Housing Units by Building Type, 2014



three or more bedrooms, constituted 69.2 percent of all housing units in 2000 but just 59.8 percent in 2014.

The City of Rockville has added a substantial number of new housing units over the past 15 years. In fact, more than a quarter of existing housing units in the City have been constructed since 2000. By comparison, less than 14 percent of Montgomery County's existing housing stock has been built since 2000. As a result of the limited amount of available land, current zoning, and the accessibility via Metro, it is not surprising that the vast majority of new residential construction has been multi-family construction. Demand for rental housing has increased in the aftermath of the housing market downturn, which has meant the construction of new owner-occupied units, including both single-family and multi-family units, has also slowed in the City of Rockville.

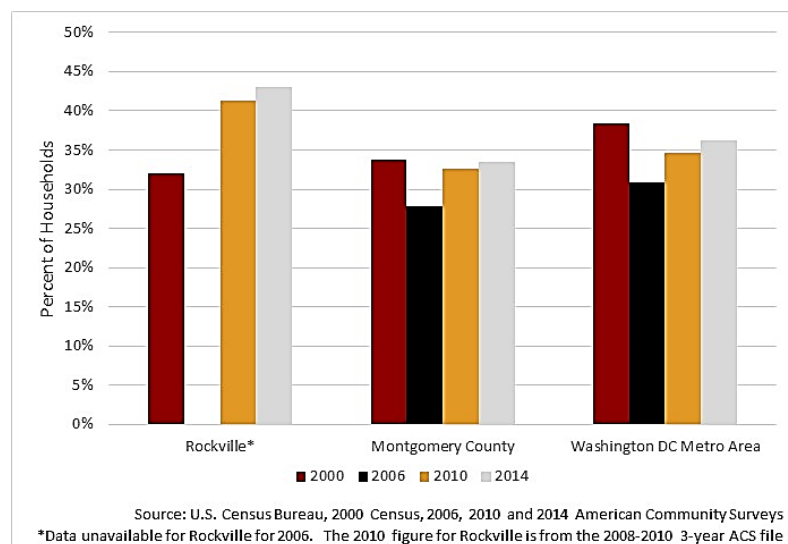
Rental Housing

According to data from the U.S. Census Bureau, between 2000 and 2014, the City of Rockville gained nearly 2,900 homeowners (households) but added more than 5,400 renter households. The increase in the number of renters reflects broader economic and demographic changes in the region, as well as the impact of the housing market downturn. Many new households have chosen to be renters—young households, in particular are much more likely to be renters than are older people. But others have become renters by necessity. They have lost their homes to foreclosure during the housing crisis, or they find they can't qualify for a home loan, or they have too much debt or too little income (or both!) to accumulate a down payment.

The growth in the renter population in Rockville is also a direct consequence of residential construction in the City, which primarily has been multi-family development in recent years. Of the 5,400 new renter households added between 2000 and 2014, more than 80 percent (4,450 households) live in units in multi-family buildings. But many renters in Rockville do live in single-family housing. About 11 percent of single-family detached homes in Rockville are renter occupied, a share that has remained relatively constant over the past 15 years. About 40 percent of single-family attached homes (townhomes) are occupied by renters. This share is up from 35 percent in 2000. Therefore, while the vast majority of renters in Rockville live in multi-family housing, there is a significant number of single-family renters in the City.

The renter population has grown faster in Rockville than in many other places in the region. Between 2000 and 2014, the number of renter households in Rockville increased by 97.1 percent, while the increases were about 24 percent in both Montgomery County and the Washington DC metropolitan area. Perhaps not surprisingly, given its compact and urbanizing character, Rockville has a higher share of renters (43.0 percent) than Montgomery County (33.5 percent) or the Washington DC metropolitan area (36.2 percent). But the renter population increased much more quickly in the City of Rockville than in the surrounding County (Figure 19). In fact, between 2000 and 2014, the renter rate actually fell in both Montgomery

Figure 19. Renters, 2000, 2006, 2010 and 2014
Rockville, Montgomery County and Washington DC Metro Area

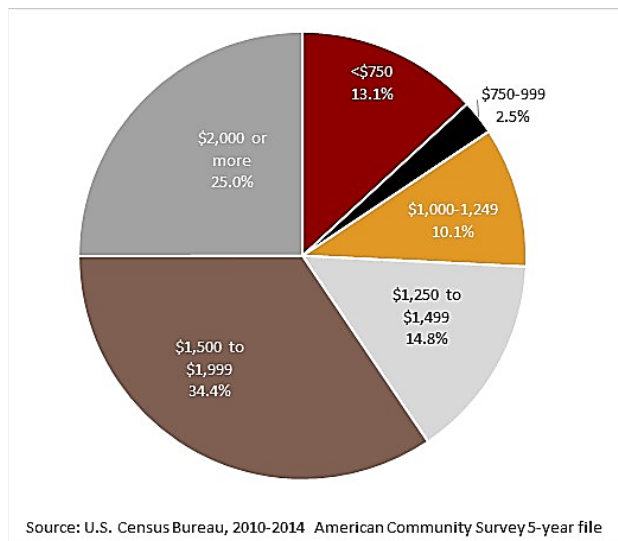


County and the Washington DC metropolitan area (or conversely, the homeownership rate rose).

The vast majority of rental units in the City are apartments in multi-family buildings, and the stock of single-family rentals is much lower in 2014 than it was in 2000. More than half (51.7 percent) of rental units in the City of Rockville are in buildings with 20 more units. Another 18.6 percent are in smaller multi-family buildings with between five and 19 units. In 2000, single-family homes, including single-family detached homes and townhomes, made up 36.0 percent of all rental housing in

the City. In 2014, that share had declined to 25.6 percent.

Figure 20. Gross Rent, 2010-2014 (average)



According to data from the U.S. Census Bureau, rents in the City have increased much faster than incomes. The median household income in the City (in current dollars) increased by 31.5 percent between 1999 and 2014. Over roughly the same period (2000-2014) median gross rent in the City increased by 85.4 percent, from \$972 in 2000 to \$1,802 in 2014.¹² This reflects a nearly doubling of rents in the City over the 14-year period, very similar to the rent increases in other high-cost desirable neighborhoods in the region, including in the District of Columbia, Bethesda and Arlington.

According to ACS data, the median rent is slightly higher in the City of Rockville compared to in

¹² According to data from Delta Associates, the effective rent in Class A and Class B apartment buildings was \$1,814 per month in the second quarter of 2016. Effective rent deducts from "face" rent any concessions or rent specials given. "Face" rent is the asking rent for each unit. Delta Associates reports the weighted average asking base rent for Class A and Class B apartments.

Montgomery County (\$1,636 in 2014) and rents increased faster over the 2000 to 2014 period than they did in Montgomery County (gross rent increased by 79.0 percent between 2000 and 2014 in Montgomery County.) According to data from the 2010-2014 ACS, over that five-year period, only 15.6 percent of rental units in the City of Rockville rented for less than \$1,000 per month. Nearly 60 percent of rental units in the City (59.5 percent) had rents of \$1,500 or more, and 25.0 percent had rents of \$2,000 or more over the 2010-2014 period (Figure 20).¹³

The City of Rockville operates a number of housing programs that assist low-income families to find housing they can afford.¹⁴ The City's Moderately Priced Dwelling Unit (MPDU) program requires developers to include units in new projects (with 50+ units) that are affordable to households earning 60 percent of the area median income (\$45,900 for a single person, \$65,500 for a family of four). According to data from the City, Rockville currently has 661 MPDU units. In addition to MPDU units, Rockville Housing Enterprises, the City's public housing agency, owns and operates 282 affordable rental units including 105 public housing units, 59 units of Low Income Housing Tax Credit (LIHTC) and other affordable housing in King Farm and Falls Grove, and 118 units in the Fireside Park mixed-income development. In addition, Rockville Housing Enterprises administers 414 units in its Housing Choice Voucher (HCV) Program. By federal law, the HCV program must serve households with incomes at or below 50 percent of AMI, including 75 percent of units affordable to households at or below 30 percent of AMI.

"Class A" product is defined by Delta Associates generally as built in 1991 or later and offering a separate clubhouse, decorated model units, two bedroom/two bath units, and a large community amenity package most often including a fitness center and swimming pool. The tenant pays gas and/or electric in addition to telephone and cable television. The projects are typically 200+ units except in submarkets where quality product is scarce. Class B apartments are in older buildings with fewer amenities.

¹³ When available, data from the Montgomery County Rental Housing Survey will supplement this information.

¹⁴ More detailed information on the City of Rockville's housing programs will be discussed in a forthcoming report on strategies for meeting housing needs.

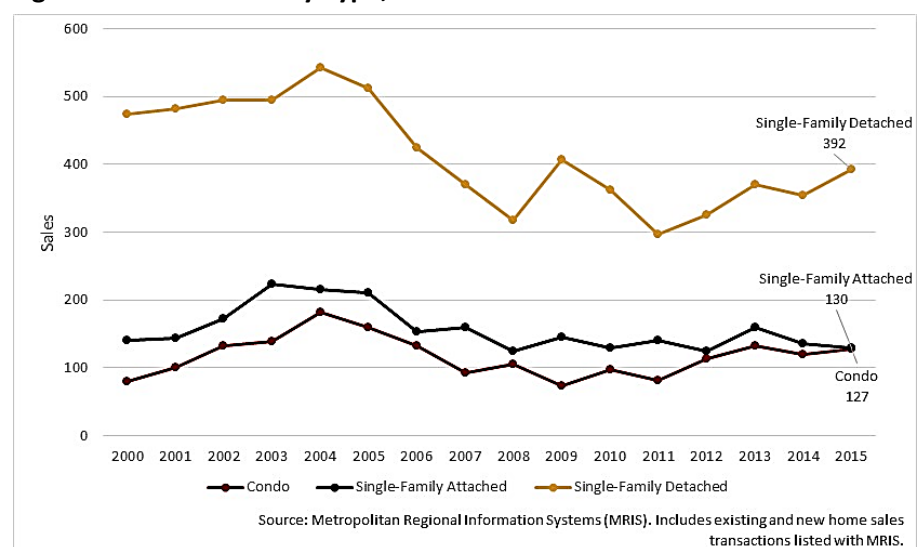
Homeownership Market

As the number of renters has increased substantially, the homeownership rate in the City has fallen. In 2000, 67.7 percent of Rockville households were homeowners. In 2014, the rate had fallen to 57.0 percent. Some of this decline reflects the changing demographic characteristics of the region's residents. Another factor is the type of residential development that has been built recently in the City that favors renting. However, part of the decline in homeownership can be attributed to escalating home values in the City and across the region. According to ACS data, the median home value in the City of Rockville increased 141.7 percent, from \$198,700 in 2000 to \$480,200 in 2014. In 2000, more than three quarters of homes were valued below \$300,000. In 2014, the share had dropped to 18.0 percent. In 2000, virtually all homes in Rockville (99.2 percent) had values below \$500,000. In 2014, 53.0 percent of homes were valued below \$500,000.

Home Sales

The number of sales of existing homes in the City of Rockville peaked in 2004 for all housing types. The number of annual sales have fluctuated since the downturn and sales levels are still below long-term averages. In 2015, there was a total of 649 sales of existing and new homes in the City of Rockville.¹⁵ The vast majority of sales in 2015 were existing homes.

Figure 21. Home Sales by Type, 2000-2015



New home sales ground to a virtual halt in 2010 as new home construction was stalled during the recession. Before the downturn, new homes accounted for about 10 percent of home sales in the City of Rockville, and about a quarter of single-family attached/townhome sales.

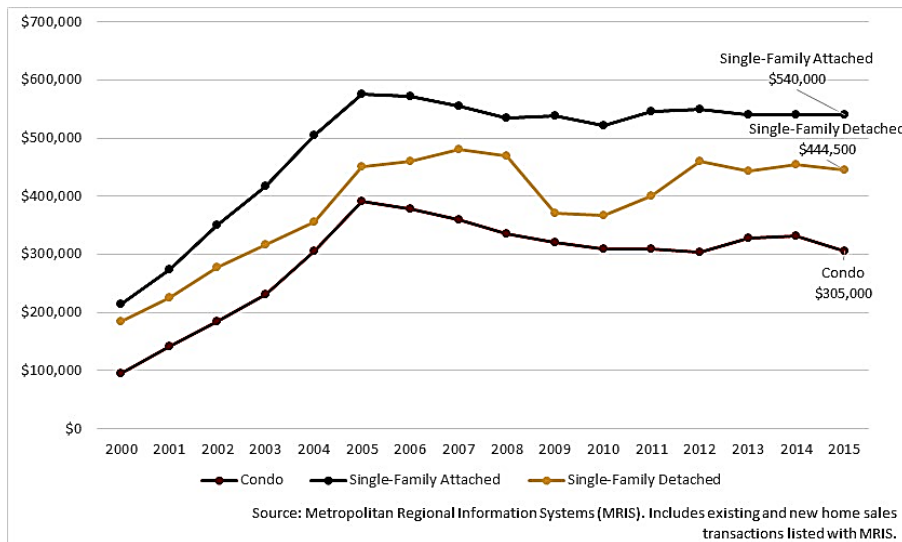
In 2015, about one-fifth of home sales in the City of Rockville were condos, one-fifth were single-family attached homes/townhomes and 60 percent were single-family detached homes. Condominiums have become an increasing share of the Rockville market. In 2000, they accounted for just 11.5 percent of home sales (Figure 21).

Home Prices

The median existing home price in the City of Rockville in 2015 was \$441,250. Home prices have gone up and down in Rockville since the downturn. However, the median home price in Rockville has increased 145.1 percent since 2000 when the median was just \$180,000 (Figure 22). Prices have increased 9.3

¹⁵ Unless otherwise specified, data on home sales, prices and inventory are from the MRIS, the regional multiple listing service.

Figure 22. Median Home Price by Housing Type, 2000-2015
Existing Homes



percent since 2010 when the median home price in the City bottomed out at \$400,000. Part of the decline in home prices during the downturn was associated with a rise in the number of bank-mediated sales. The share of bank-mediated sales (i.e. foreclosures, short sales) in the Rockville area peaked in 2010 at 19.9 percent. In 2015, 7.1 percent of homes sold in Rockville were bank-mediated sales, about the

same rate as in Montgomery County and the Washington DC metropolitan area.

Home prices have been on the rise in Rockville. They are still not at the levels they hit during the housing boom, which had been inflated by an unfettered mortgage market. In 2015, the median home price in Rockville was at about 81.7 percent of the peak home price (which occurred in 2007 at \$481,350). But there is variability across housing types. Prices for single-family attached homes/townhomes have rebounded more strongly and in 2015 the median sales price for a townhome was 90.8 percent of the peak value. Condominium prices and prices of single-family detached homes have not rebounded as quickly and remain at between 76 and 78 percent of peak prices. A slowdown in new construction, coupled with relatively strong demand for townhomes, has continued to put pressure on townhome prices in Rockville and in many other parts of the region.

Condominium and townhouse prices are higher in Rockville than they are in Montgomery County, and single-family detached home prices are lower in Rockville compared to the rest of the County. In 2015, the median price of a condominium in Montgomery County was \$220,000, compared to \$305,000 in Rockville. A typical single-family attached home in Montgomery County sold for \$310,000 in 2015, compared to a \$540,000 median sales price in Rockville. Condominium and townhome prices are likely higher in Rockville because they are relatively newer and are more likely to be situated near transit, particularly Metro. The relatively strong demand for smaller homes with good access to jobs and transits have resulted in a premium price for these homes.

Single-family detached homes in Montgomery County, on the other hand, are more expensive than they are in

Ownership Type and Building Type

Homes can be described by both the type of ownership and the type of building. When describing the for-sale market, this report typically uses three main categories that combines both.

Single-family detached homes have fee simple ownership and are free standing buildings, not connected to any other units.

Single-family attached homes have fee simple ownership and are in structures with between 2 and 4 units, including homes that are side-by-side, or stacked.

Condo properties includes any home that has either a condominium or cooperative ownership structure, regardless of the building type. These homes are more likely to be in buildings with more than 5 units, but also include townhomes and two-over-two homes.

Rockville—the median price of a single-family detached home in Montgomery County is \$516,000 compared to \$444,500 in 2015. The single-family detached housing stock in Rockville is likely smaller and older, on average, compared to Montgomery County, which accounts for much of the price differential. Because the stock of single-family detached homes is limited, and there is little potential for developing significant amounts of new single-family detached housing, it is likely that both redevelopment (i.e. teardowns) and prices of single-family detached homes will increase in the years to come.

Geographic Distribution of Housing

According to the 2012 Metrorail Passenger Survey conducted by WMATA, there were about 2,200 people who walked to the Rockville, Twinbrook or Shady Grove Metro stations. The vast majority of these walkers (66.1 percent), walked less than a half mile, calculated using an "as a crow flies" method.¹⁶ Based on an analysis of parcel-level housing unit data, housing in the City of Rockville is very-well connected to transit. The Rockville and Twinbrook stations are within the City boundaries and Shady Grove is within a half mile of the northern edge of the City. According to our analysis, more than 41 percent of rental housing units in the City of Rockville, including 46.8 percent of units in high-rise buildings, are within a *walkable* half mile of Metro station, which takes into account the road and sidewalk connectivity (Figure 23). Even more units are within a "as a crow flies" half mile radius, which may be somewhat longer than a half-mile walk. More than 56 percent of rental units, including 69.3 percent of high-rise units, are within a half-mile radius to a Metro station. Extending the radius to three-quarters of a mile increases the share of rental units near a Metrorail station to 70.5 percent, including 87.6 percent of all units in high-rise buildings.

Homeownership units are somewhat less likely to be near rail transit. About 10 percent of ownership units are with a walkable half mile of a metro station. However, nearly three quarters (72.5 percent) of high-rise condominium units were more likely to be near Metrorail. Of single-family detached units, only 6.6 percent were walkable to a Metrorail station. Similar to rental units, more units were within a "as a crow flies" half mile radius, including 15.8 percent of all owner units, 72.5 percent of all high-rise condos and 8.6 percent of all single-family detached units. Nearly 38 percent of owner units in the City are within a three-quarter mile radius. This radius includes all the high-rise condo units, two-thirds of the garden condo units, 39.5 percent of the single-family attached homes and 31.1 percent of the single-family detached homes in the City.

Extending the definition of walkability, one-fifth of the housing units in Rockville, including both rental and homeownership, are within a walkable mile to Metrorail.

The City's designated affordable units are also likely to be near Metrorail which potentially decreases the transportation costs of these households. Nearly 42 percent of the designated affordable units are within a half mile of a Metrorail station. This includes 72.6 percent of all MPDUs and 16.7 percent of all Housing Choice Voucher Units. Well over half (58.5 percent) of the City's designated affordable units are within a three-quarter mile radius from a station, including 80.3 percent of the MPDUs, 43.8 percent of the HVCV units and 20.2 percent of the other units managed by Rockville Housing Enterprises.

¹⁶ Throughout the region 'within a half mile' was also the most common distance for those walking to the metro. Other research also generally supports this half mile radius as the walkable distance to a transit node. There are two ways to measure this walking distance: using a linear radius ("as a crow flies") or using a walkshed which takes into account the road and sidewalk connectivity. When deciding where to locate, residents may decide to use either. In addition, an "as a crow flies" three-quarters of a mile radius may be attractive to many people who may be willing to walk a bit further or bike to the station.

Homes in the City of Rockville are also well-served by local and regional bus services. Nearly every home is within a "as a crow flies" half-mile radius of a bus stop either for WMATA bus service or for Montgomery County Department of Transportation's Ride On service. This connectivity to transit is highly desirable for residents throughout the region, allowing for easier access to jobs and providing a foundation for a "live, work, play" environment. High levels of connectivity typically translates into higher housing costs, both for owner and renter units. The increased housing costs can reflect a trade-off between housing and transportation costs. However, transit can be a valuable amenity for some households, even if they do not regularly use the transit. Younger households are generally most likely to live near transit, but retirees may also drive demand in the near future, when driving becomes less attractive and the daily commute is less of a factor. In addition, lower-income working households are more likely to be reliant on transit, making the location of affordable units near transit even more important.

Figure 23. Proximity of Residential Units to Metro

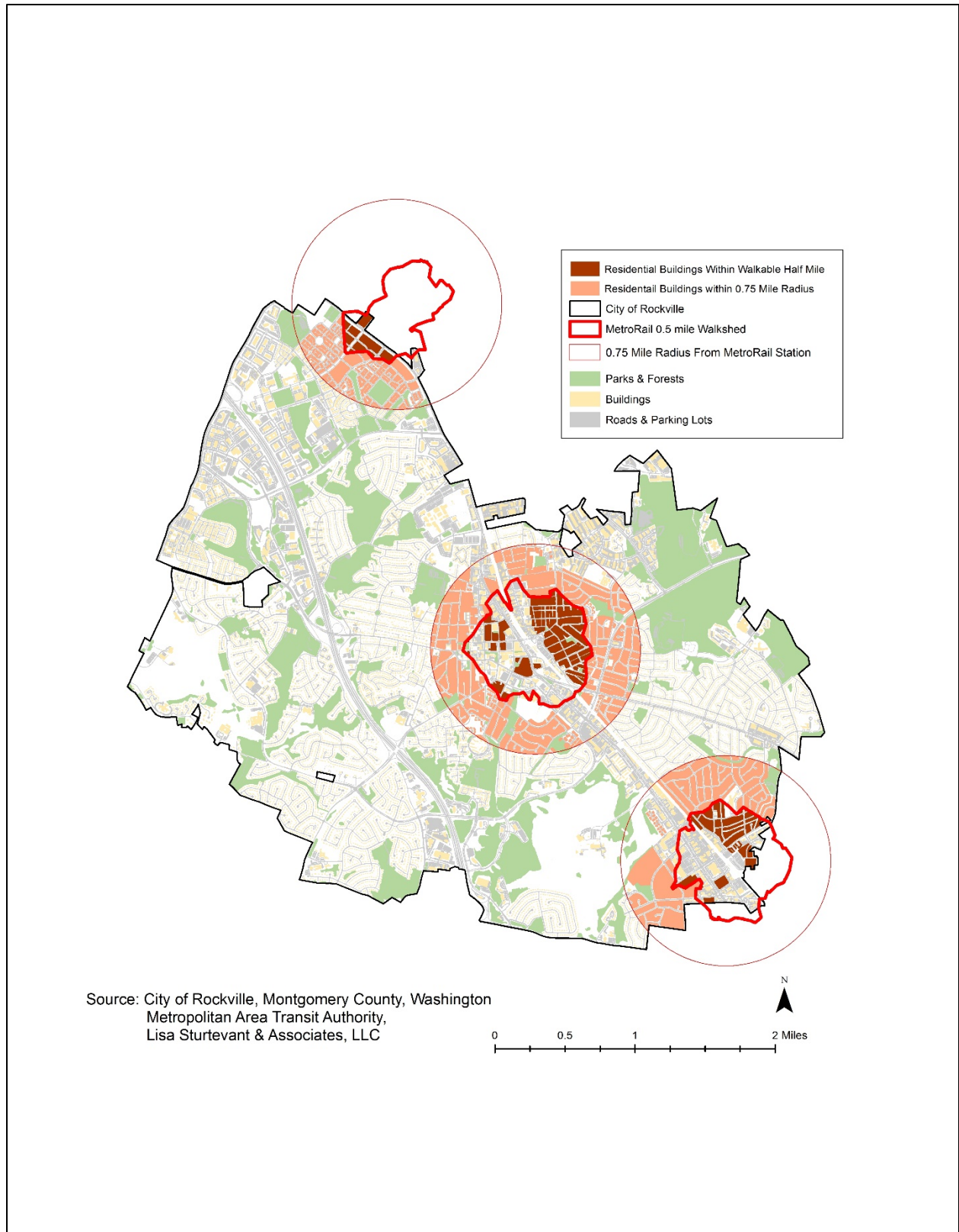
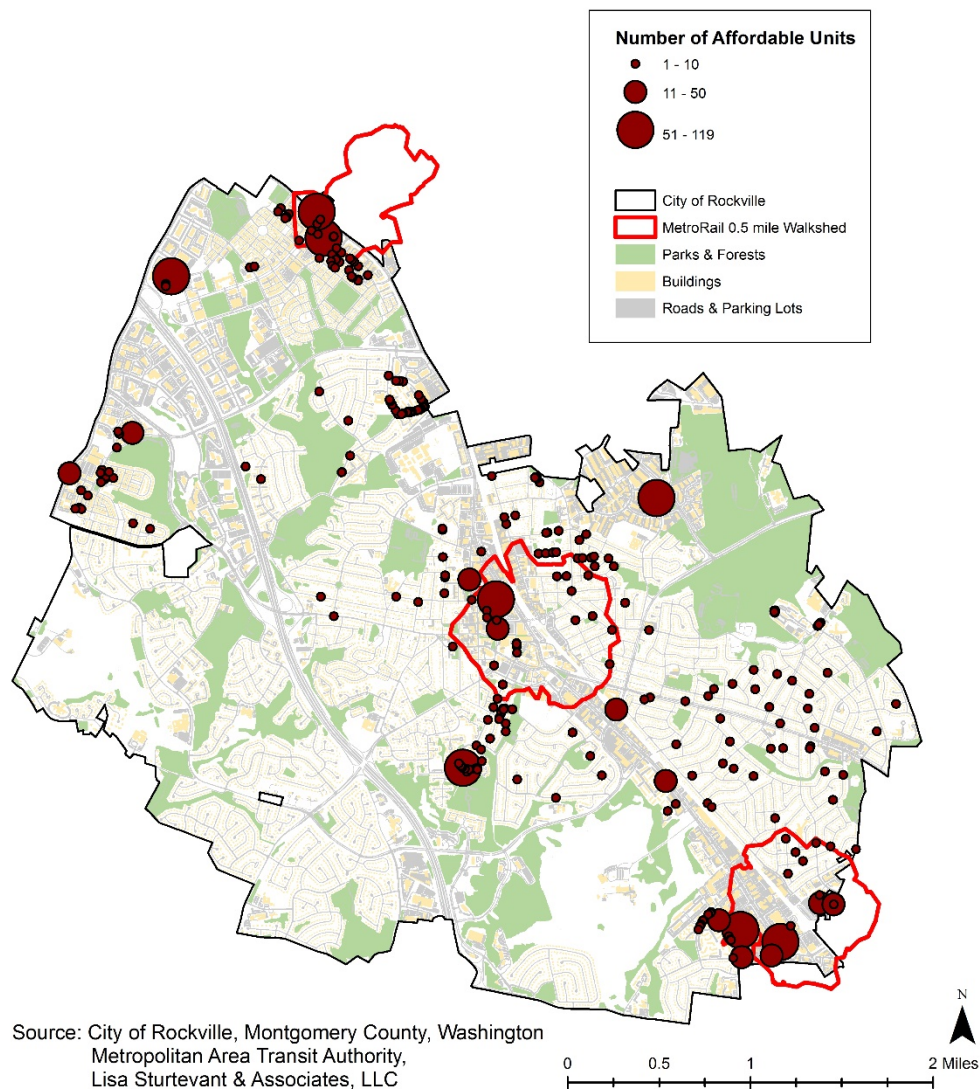


Figure 24. Proximity of Affordable Residential Units to Metro



Summary of Housing Market Conditions

Like the rest of the region and the country, the Rockville housing market experienced the ups and downs of the most recent housing market boom and bust. As a result of relatively strong post-recession job growth in the region and Rockville's attractive location near transit, the housing market in the City rebounded fairly quickly. An important outcome of the housing market downturn, however, has been a decline in the homeownership rate. The nature of recent development in Rockville—multi-family rental housing close to Metro—has also attracted a renter population leading to a decline in the overall homeownership rate in the City.

Demographic factors alone likely would have pushed up the number of renters in Rockville. Young adults are more likely to rent, so as this population is a greater share of the Rockville population, they will drive up the renter rate. But other changes—some potentially permanent, others temporary—have prompted an even more dramatic rise in renters. Tightening of the mortgage market after the housing market crash left some would-be home buyers out of the market. Other households that were impacted by foreclosure have also become renters. In recent months, mortgage restrictions have loosened somewhat, which has allowed some first-time and move-up buyers to get back into market.

Bigger impediments to homeownership, however, are slow-growing wages and rising student debt (particularly among young, potential first-time home buyers), as well as limited inventory. New home construction ground nearly to a halt during the recession, and single-family home building activity—including townhouses—is still very weak in the City of Rockville. Options for first-time home buyers in Rockville remain fairly limited. Condominiums, which may be an important source of relatively affordable homeownership, come with their own challenges. It can still be difficult to get a home loan for some condominiums. Even if a condominium unit is affordable, condo fees can be prohibitive. And it is an open question about whether condominiums, particularly those in multi-family buildings, can be an attractive option for families with children.

In the years to come, expanding homeownership options will be key to the City's desirability, but ensuring there is a sufficient supply of rental housing to accommodate the growing and diversifying renter population will also be critical. Rental housing that is affordable to moderate-income workers that can accommodate multi-generational households, that is suitable to seniors, and that is connected to transit, jobs and services will all be in demand.

In addition, Rockville's housing stock is well-served by transit, and that connectivity will continue to drive up demand, and therefore rents and sale prices, in the City. The individuals and families that could lose out are lower-income working households that are most reliant on public transportation but will not be able to compete for market-rate homes near the City's Metro stations. Montgomery County is working on a plan for Bus Rapid Transit, which could have fixed stops that could offer at least some of the real estate value that Metro Stations offer. The lines being considered now are along 355, from the southern to the northern border and along Virs Mill Road, from Town Center to the edge of the city. Coordinating housing and transportation planning will be important for ensuring that households of all incomes benefit from these investments.

Housing Affordability

Rising home prices and rents can make it difficult for many households to find housing they can afford. Difficulty finding affordable housing directly affects the individuals and families who cannot find housing. But a lack of a sufficient supply of housing affordable to low- and moderate-income households has broader implications for the local economy and community. When households spend a disproportionate share of their income on housing, there is less left over for other necessities. Families are sometimes forced to make trade-offs between paying for housing and paying for other necessities, including food and health care. In addition, these households spend less on local goods and services, and this reduced spending can have a negative impact on the local economy.

Measuring Housing Affordability

Affordability is typically measured by comparing a household's income to its housing costs. When a household spends 30 percent or more of its income on housing, it is referred to as "cost burdened." A household spending 50 percent or more of its income on housing is referred to as "severely cost burdened."

Housing affordability challenges are greatest for individuals and households with low incomes, but even families higher up the income scale face limited housing options. Many middle-income households have trouble finding housing they can afford in Rockville or are not able to find the type and quality of housing they want in the City.

In 2014, 28.8 percent of homeowners and 52.9 percent of renters in the City of Rockville were cost burdened, spending 30 percent or more of their income on housing (Figure 25). The shares of both owners and renters that are cost burdened have increased since 1999, though the increase has been much more dramatic among renters.

In 2014, 11.5 percent of homeowners and 22.9 percent of renters were severely cost burdened in Rockville.

The rates of cost burdened are somewhat higher in the City of Rockville than they are in either Montgomery County or the overall Washington DC metropolitan area. In 2014, just over one quarter of homeowners were cost burdened in Montgomery County and the Washington DC metropolitan area (25.5 percent and 25.8 percent, respectively). In Montgomery County, 50.6 percent of renter households were cost burdened while in the Washington DC metropolitan area the share was 49.0 percent.

Figure 25. Cost Burdened Households by Tenure, 2000 and 2014

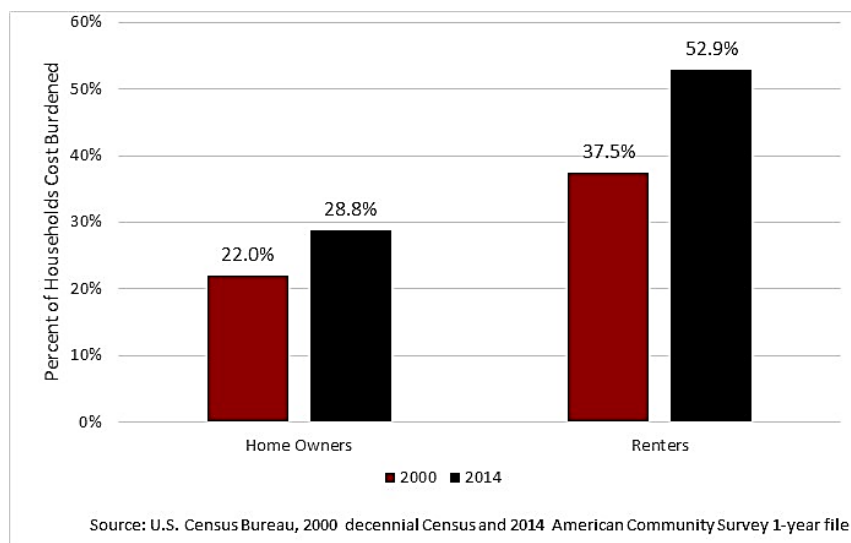
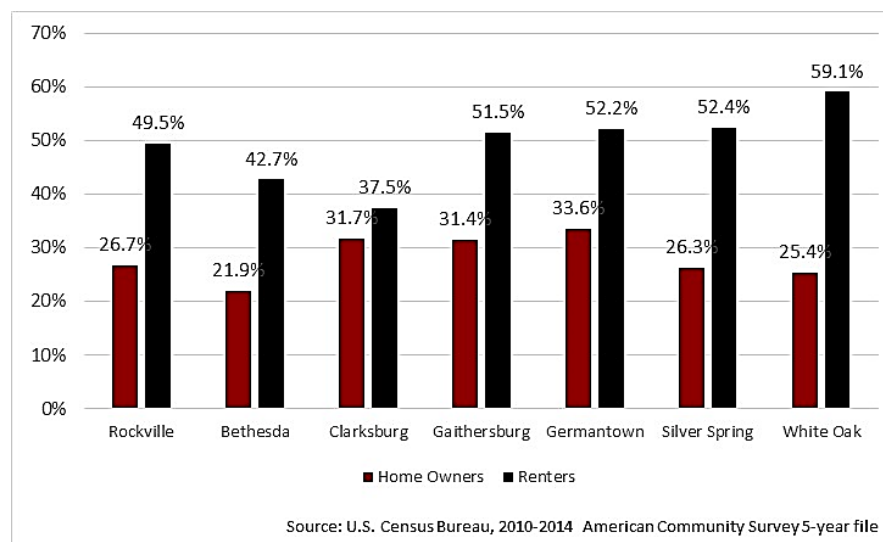


Figure 26. Housing Cost Burden, 2010-2014 (average)

Selected Montgomery County Cities and Neighborhoods



Compared to other cities and neighborhoods in Montgomery County, cost burden rates in Rockville fall about in the middle. For example, based on data over the five year period from 2010-2014¹⁷, about 21.9 percent of homeowners in Bethesda and 33.6 percent of homeowners in Germantown were cost burdened (Figure 26). Among renters, the lowest rate of cost burden was in Clarksburg (37.5 percent) and the highest was in White

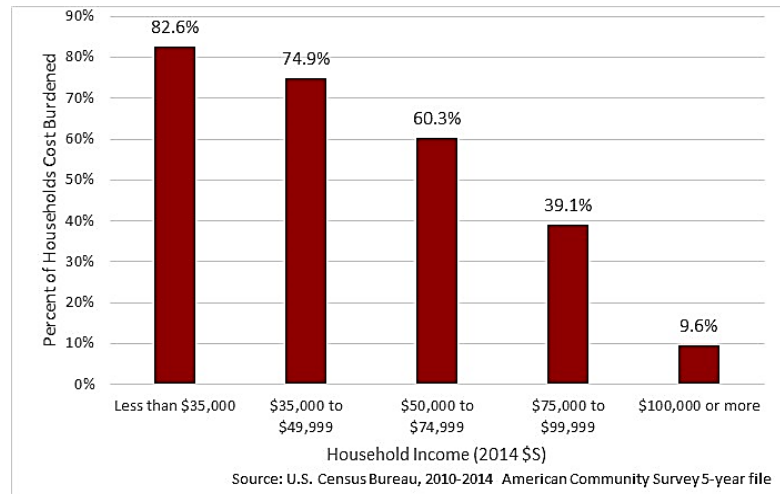
Oak (59.1 percent). It is important to remember that cost burden depends both on housing costs and incomes. So, while housing costs are relatively high in Bethesda, incomes may be even higher which results in lower rates of cost burden. Similarly, rents might be lower in Clarksburg, but so too might be incomes, which can lead to higher cost burden rates.

The challenge of housing affordability among renters in Rockville is magnified because the number of renters in the City has increased dramatically. There is a substantial number of households that face daunting affordability challenges. In 2014, nearly one quarter (22.9 percent) of renters in the City was severely cost burdened (paying half of more of their income for housing costs), up from 16.7 percent in 1999.

¹⁷ For small places (less than 65,000 people) the Census Bureau only reports data from the American Community Survey for the five-year period 2010 through 2014. The data presented for the 2010-2014 period represent an average of the characteristics over that time period. In order to compare across cities and neighborhoods, the five-year data were used for all geographies.

Not surprisingly, income is the single biggest predictor of whether a household in the City of Rockville is cost burdened. More than 80 percent of households with incomes below \$35,000 spend 30 percent or more of their income on housing. This income level is about 30 percent of AMI for a family of four and 50 percent of AMI for a single-person household.¹⁸ Nearly three quarters of households with incomes between \$35,000 and \$49,999 are cost burdened, and 60.0 percent of households with income between \$50,000 and \$74,999 are cost burdened. This latter income category includes four person households with incomes up to about 70 percent of AMI or one-person households at 100 percent of AMI (Figure 27).

Figure 27. Cost Burdened Households by Household Income, 2010-2014 (average)



While lower-income individuals and families face the biggest housing affordability challenges, even higher income households in Rockville are cost burdened. Nearly 40 percent of households with income between \$75,000 and \$99,999 are cost burdened, including 43.0 percent of homeowners in this income group. Nearly 10 percent of households earning \$100,000 or more in Rockville are cost burdened.

Younger owner households are more likely to be cost burdened than others, but older renters face daunting affordability challenges. About 33 percent of homeowners under age 35 are cost burdened (compared to 26.9 percent of households age 35 to 64 and 24.7 percent of households age 65+). Senior (age 65+ renters) face the biggest burdens—more than 70 percent of renters age 65 or older are cost burdened, compared to 44.5 percent of 35 to 64 year olds and 46.3 percent of households under age 35. Seniors are particularly vulnerable to rising housing costs as many live on fixed, and often low, incomes and can deal also with high health care costs.

Housing + Transportation Costs

Housing costs and income alone cannot provide a full picture of housing affordability. Particularly during the run up in home prices, many families looked for housing further away from jobs and amenities in order to find a home they could afford. When lower home prices and rents are accompanied by higher transportation costs, the affordability picture may not be improved for families. Researchers at the Center for Neighborhood Technology and the Center for Housing Policy have recommended that households spend no more than 45 percent of their incomes on combined housing plus transportation costs to allow households to have sufficient income for other household necessities.¹⁹

¹⁸ The American Community Survey data for Rockville do not allow us to examine cost burden by households at different levels of area median income, so we have approximated those levels in this discussion.

¹⁹ Hickey, Robert, Jeffrey Lubell, Peter Haas and Stephanie Morse. 2012. Losing Ground: The Struggle of Moderate-Income Households to Afford the Rising Costs of Housing and Transportation. Washington, DC: National Housing Conference. Available online <http://www.nhc.org/#!2012-losing-ground/cs9n5>

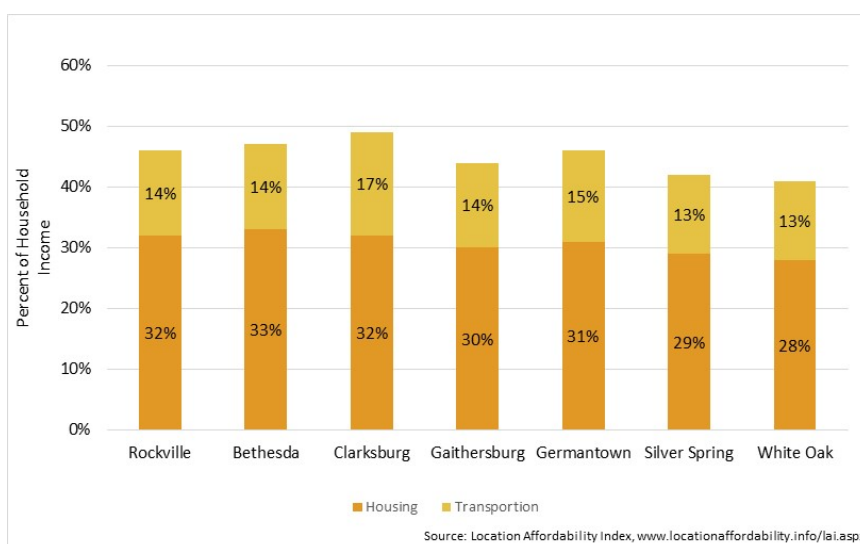
An online tool released by the U.S. Department of Housing and Urban Development and the U.S. Department of Transportation allows users to explore the combined housing plus transportation (H+T) costs for six different types of households through the U.S. According to the data, H+T costs accounted to 46 percent of household income (32 percent for housing, 14 percent for transportation) for a median-income family (\$89,826) with two children and two commuters in Rockville.

Combined H+T costs exceed the recommended level for lower-income households in Rockville. For example, the average H+T costs for a single-parent family with two children earning \$44,913 in the City of Rockville is estimated to be 71 percent (50 percent for housing, 21 percent for transportation).

According to this tool, H+T costs range from a low of 41 percent in the White Oak neighborhood to 49 percent in Clarksburg. Housing costs are highest as a share of household income in Bethesda while transportation costs are highest in Clarksburg (Figure 28).

Figure 28. Housing + Transportation Costs, 2008-2012

Selected Montgomery County Cities and Neighborhoods



The data on the combined impact of housing plus transportation costs on household budgets emphasizes the importance of locating housing near transit to enable households to have greater transportation choices which can lower transportation costs.

Summary of Housing Affordability in Rockville

More than 10,000 households in Rockville are cost burdened, meaning they spend 30 percent or more of their income on housing. More than 4,000 are severely cost burdened, with housing costs accounting for half or more of their income. The rates of cost burden are highest among lower-income households, but households all along the income spectrum face affordability challenges. Most of the cost burdened households are working households, holding jobs that are critical to the vitality of the local community—retail and restaurant workers, child care providers, nurses aids, teachers and police officers, and many entry level professional workers. Higher income households in Rockville are less likely to be cost burdened, but can face limited options for housing that is both affordable and suitable for their families' needs.

Younger households, including many either looking to move out of their parents' homes into their first apartment or thinking about buying their first home, have some of the highest rates of cost burden as a result of escalating housing costs and slow-growing wages, particularly for new workers. Seniors, and particularly older renters, also have a notable housing affordability challenge. Many live on fixed incomes and rising rents—or rising property taxes and costs of home maintenance—make it challenging to find housing they can afford while reserving income for other necessities, such as health care and food.

The challenges of housing affordability are, of course, not unique to Rockville. The rates of cost burden for homeowners and renters in the City are similar to those in other places in Montgomery County. The City of Rockville is uniquely positioned to help individuals and families reduce the combined burden of housing plus transportation costs because of its compact development patterns and access to high-capacity transit and transportation options and major employment centers both within its borders and in nearby Montgomery County.

What is Area Median Income (AMI)?

Area Median Income (AMI) is the median household income for a metropolitan area. The metropolitan area AMI varies by household size. In FY2016, the AMI for the Washington DC region was **\$108,600** for a **family of four** and **\$76,100** for a **single person**

Who are these households in Rockville?

Income Group (FY 2016)	What type of household is this?	How much can they afford to spend on housing? (30% of income)
0-30% AMI \$0-\$32,600 family of four \$0-\$22,850 single person	People who are unable to work due to disability or age. Seniors on fixed incomes. Low-wage workers, including many retail, restaurant workers and day care workers.	\$0 - \$815 family of four \$0 - \$571 single person
30-60% AMI \$32,600-\$65,160 family of four \$22,850-\$45,660 single person	One person working as an administrative assistant, electrician, or teacher's aide. Two workers in the retail, restaurant or child care sectors.	\$815 - \$1,629 family of four \$571 - \$1,141 single person
60-80% AMI \$65,160-\$86,880 family of four \$45,660-\$60,880 single person	One or two workers in entry-level, including research associates, program managers, nursing aids and nurses (LPNs).	\$1,629 - \$2,172 family of four \$1,141 - \$1,522 single person
80-100% AMI \$86,880-\$108,600 family of four \$60,880-\$76,100 single person	One or two workers in entry- or mid-level jobs, including police officers, fire fighters, school teachers and IT support personnel.	\$2,172 - \$2,715 family of four \$1,522 - \$1,903 single person
100-150% AMI \$108,600-\$162,900 family of four \$76,110-\$114,150 single person	One or two workers in mid-level professional jobs, including researchers, scientists, association professionals and financial analysts.	\$2,715 - \$4,073 family of four \$1,903 - \$2,854 single person

Note: The median rent in Rockville in 2015 was \$1,847 (ACS) and the median home value was \$468,000 (Zillow).

Pipeline Development

Residential construction activity in the City of Rockville has accelerated though the pace of construction, particularly construction of single-family homes and townhomes, is still quite low. For the most part, new and planned residential construction has been meeting the demand of higher-income households looking for rental housing near Metro.

Since 2000, 14 multi-family apartment projects have been built in the City of Rockville, with a total of 3,855 units (Figure 29). The majority of these units are in low- and

mid-rise buildings under nine stories in projects located within walking distance of a Metro station. Rents in these buildings are typically at the higher end. For example, one-bedroom apartments at Galvan at Twinbrook, completed late last year, rent from between \$1,560 to \$1,945 per month. Rents for a two-bedroom apartment start at \$2,125 and can go as high as \$2,975 for a two-bedroom, two-bathroom apartment with a den.²⁰ The Upton at Rockville Town Square was also delivered in 2015 and commands even higher rents. One-bedroom rents start at \$1,913 per month and two-bedroom units start at \$2,354.²¹ Rents at other recently completed projects are similar.

In order to afford a one-bedroom apartment in either of these projects (assuming a \$1,900 per month rent), an individual or household would have to earn \$76,000, an income that is about the area median income for an individual. A family looking to rent a two-bedroom unit (assuming a rent of \$2,500) would need an income of \$100,000 annually, about area median income for a family of four.²²

Thus, new market rate construction appears to be meeting well the housing needs of individuals and households, particularly small households, at 100 percent of the area median income. However, these new projects include very few—or any—units with three or more bedrooms, which means that the availability of new homes for families or larger households is limited. Furthermore, the new rental buildings in Rockville target the higher-end of the market. With the exception of the MPDUs included as

Figure 29. Multi-Family Apartment Construction, 2000-2015

	Project Type ^a	Total Units	Project Delivered
Jefferson at King Farm	Low-Rise	417	3/00
Centergate King Farm - Phase II	Low-Rise	352	8/00
Alden Branch at Falls Grove	Low-Rise	317	~5/02
Centergate King Farm - Phase III	Low-Rise	277	7/02
Crest at Congressional Plaza	Mid-Rise	124	1/03
Westchester at Rockville Town Ctr.	Low-Rise	187	7/03
Summit Falls Grove	Low-Rise	233	11/04
Jefferson at Congressional Village	Low-Rise	349	9/05
Fenestra	Mid-Rise	492	8/07
Westchester at Rockville Station	Low-Rise	163	3/09
The Alaire	Mid-Rise	237	3/10
The Terano	Mid-Rise	182	5/15
Upton at Rockville	High-Rise	223	5/15
Galvan	Mid-Rise	302	12/15
Total		3,855	

Source: Delta Associates

^a Low-Rise: <5 stories, Mid-Rise: 5-8 stories, High-Rise: 9+stories

²⁰ Rent information from the Galvan at Twinbrook's website <http://www.liveatgalvan.com/>, accessed 8/30/16.

²¹ Rent information from The Upton's website <http://www.uptonrockville.com/>, accessed 8/30/2016.

²² The median income is the income at which half the region's households fall below and half are above.

part of new developments, most new rental homes are not affordable to individuals and families earning below the area median income.

As a result of strong local rental demand, rental vacancy rates in the City are at very low levels. In the second quarter of 2016, the rental vacancy rates in Class A and Class B developments stood at 2.4 percent. Rental vacancy rates peaked at 7.7 percent in 2003 and then again at 6.9 percent in 2009 but have fallen steadily since then.

Despite the high rents and low vacancy rates, there may be some evidence that the supply of luxury rental housing may be more than enough to meet current demand of high-income renters. Most new residential projects are currently offering rent concessions (e.g. one or two months of free rent) to new tenants, which impacts effective rents.

New Construction and Approved Projects

As of August 2016, there were 918 residential units under construction in the City of Rockville. This includes a 195-unit senior building (Brightview at Town Center), two multi-family buildings totaling 594 units (The Metropolitan at Rockville Town Center and 1900 Chapman Avenue), and the 129-unit King Farm-Irvington Center townhouse development (Figure 30).

The Brightview project will include three senior housing components—independent living, assisted living and Alzheimer care. The 15 MPDU units included in the project are within the independent living component.

The King Farm-Irvington Center townhouses reflect the first new substantial townhouse development in several years in Rockville. However, these homes will not necessarily meet the demands of a typical first-time home buyer. It is expected that these townhomes will have starting sales prices in the upper \$500,000s.²³ Assuming a 10 percent down payment and a \$580,000 sales price, a household would need an income of more than \$100,000 and a sufficiently low debt-to-income ratio to qualify for a loan to purchase.

A total of 3,261 additional residential units have been approved by the City but have not yet started construction. The vast majority—2,610 units—are multi-family projects, with the single biggest approved project is the 405-unit Silverwood project on near the Shady Grove Metro. More residential development is coming to the Twinbrook Metro station area, including the proposed 359-unit Twinbrook Station (West) project.

As part of the King Farm – Ingleside project, there is a 355-unit senior building that has been approved by right. The 225 townhouses and 30 single-family detached homes have also been approved as part of the Tower Oaks PD development. The King Farm PD has additional residential capacity of 261 units of undetermined unit type within the existing approval. The Falls Grove PD has additional residential capacity of 119 units of undetermined unit type within the existing approval.

²³ Projected sales prices were obtained from the King Farm website <http://www.michaelharrishomes.com/communities/King-Farm/King-Farm-overview.html>, accessed 8/30/2016.

Figure 30. Residential Project Pipeline, August 2016

Project Name	Address	Single-Family Detached	Residential units			Total
			Single-Family Attached	Family	Multi-Senior	
Projects Under Construction						
Brightview at Town Center	285 N. Washington St.	-	-	-	195	195
1900 Chapman Avenue	1900 Chapman Avenue	-	-	319	-	319
Julius West Middle School Addition	651 Great Falls Road	-	-	-	-	-
King Farm-Irvington Center (F5/F6)	900/901 King Farm Blvd	-	129	-	-	129
The Metropolitan at Rockville Town Center	255 N Washington St	-	-	275	-	275
Total Under Construction		-	129	594	195	918
Approved Projects						
Avalon Bay	12720 Twinbrook Parkway	-	-	238	-	238
Quality Suites	1380 Piccard Drive	-	-	203	-	203
Silverwood	15931 Frederick Road	-	-	405	-	405
1900 Chapman Avenue (Phase 2)	1900 Chapman Avenue	-	61	-	-	61
Approved Planned Developments						
Without Site Plan Approval						
King Farm - Ingleside (Phases 2 & 3)	King Farm Blvd	-	-	-	335	335
Twinbrook Station (West)	Chapman Ave	-	-	359	-	359
Tower Oaks PD		30	225	30	-	285
Tower Oaks - Hotel/Fitness/Condo (Phases 2-4)	2250/2300 Tower Oaks Blvd	-	-	100	-	100
Duball (Phase 2)	198 E. Montgomery Ave.	-	-	222	-	222
Chestnut Lodge (Remaining phase)	Bullard Circle	-	-	7	-	7
Total Approved and Unbuilt		30	225	718	335	1,308
With Site Plan Approval						
King Farm PD (1)		-	-	-	-	-
Fallsgrove PD (2)		-	-	-	-	-
Twinbrook Station PD		-	-	751	-	751
Rockville Center PD		-	-	295	-	295
Total Site Plan Approved and Unbuilt		-	61	1,534	335	1,930
Total Approved and Unbuilt		30	286	2,610	335	3,261
TOTAL PIPELINE						
Site Plan Approved and Construction Pipeline		-	190	2,128	530	2,848
Total Approved Pipeline		30	415	3,204	530	4,179

(1) The King Farm PD has additional residential capacity of 261 units of undetermined unit type within the existing approval.

(2) The Fallsgrove PD has additional residential capacity of 119 units of undetermined unit type within the existing approval.

Source: City of Rockville

Summary of Current Residential Pipeline Activity

Based on this assessment of residential pipeline activity, the market seems to be able to serve the demand for rental housing near Metro fairly well for individuals and small households earning the area median income and higher. These new market-rate rental units, well served by transit, will not be able to meet the demand from more moderate-income and lower-income households or from families with children.

On the homeownership side, planned townhouse developments mark an important shift in new home construction in the City. The current homeownership opportunities in the City are largely be targeted at higher-income households. Increases in condominium construction may create more options for more moderate-income first-time home buyers but these units may not be suitable or desirable for larger families.

Forecasts of Housing Demand

Summary of the Forecast Process

As part of the analysis of housing needs in Rockville, we have estimated future needs in the City. These forecasts of housing demand use both demographic trends and regional employment trends to estimate the demand for housing in the City of Rockville between 2015 and 2040.²⁴ In addition, these housing demand forecasts are constrained by the amount of residential development capacity expected to be available in the City. These forecasts are meant to be the most probable estimates of future housing demand in the City, given demographic and economic projections and using assumptions about the housing preferences of different types of households. Local, state or federal policy changes, targeted development of particular housing types, shifts in preferences or other external economic shocks could impact the housing demand forecasts.

The employment-driven portion of the housing demand estimates only includes payroll jobs, or those positions with regular salaries or wages. This type of employment is covered by estimates from the Bureau of Labor Statistics and the IHS Economics forecasts of employment, which are used to estimate the number of net new jobs coming to the region by 2040. In addition to these jobs, these forecasts assume nearly all workers who are over 55 years old will retire over the next 25 years. Most of the workers who will directly replace them are already in the region, but it is assumed that a new worker will be needed at a less senior level. The increase in the number of jobs and projected retirements is combined to determine how many new workers will be needed in the region. These workers are assumed to be younger and live in the region because of their jobs. The household and unit type characteristics of these new workers are forecasted based on the patterns of housing choice among current workers of the same age and industry.

The demographic-driven demand includes all other households without a payroll job, including retirees, students and some types of self-employed residents. These households are assumed to be living in the region for a reason other than a payroll job, but are not necessarily without any income from entrepreneurial endeavors. The forecasted age and sex of the householder is used to determine how many of these households will be in the City by 2040. Similar to the employment-driven forecasts, the household characteristics and preferences are based on the age and sex of the householder and are assumed to mirror closely the behavior of those in the region today.

²⁴ A complete methodology is included in the Appendix.

Characteristics of Households

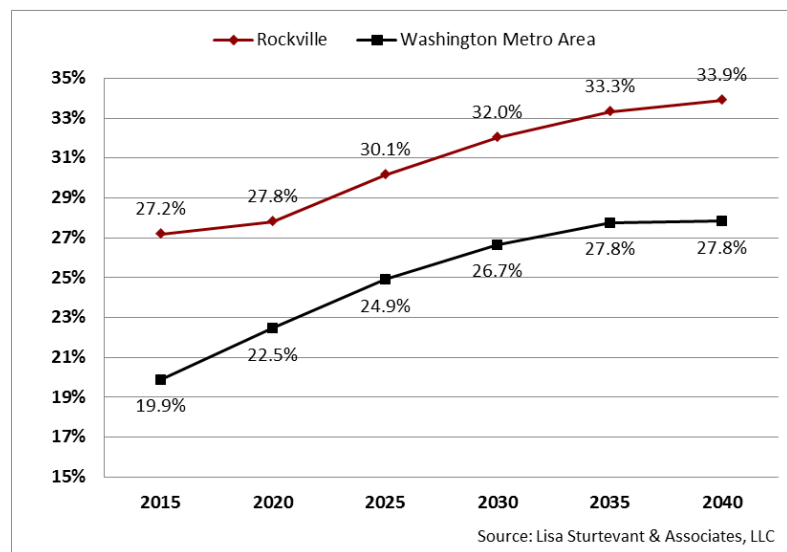
The characteristics of future households living in Rockville and the region—their ages, whether they are married or have children, their incomes—are important predictors of future housing demand in the City. Based on these forecasts, it is estimated that the City of Rockville will add nearly 10,000 households between 2015 and 2040. The changing demographic and economic characteristics of these households suggest changes to the types of housing that will be needed in Rockville in the years to come.

Age of Householder

Over the next 25 years, the City of Rockville, like the region and the nation, is expected to have relatively high growth in the number of senior households, primarily due to the aging Baby Boomer population. The Baby Boomer generation is now between 52 and 70 years old and is one of the largest generations this nation has seen and will continue to transform the region and the nation as it ages. In addition to its sheer size, advances in health care, life expectancy and technology will allow a larger share of Baby Boomers to stay in their homes for longer than ever before. While many homes may need alterations to allow for this aging-in-place, or aging-in-community, to occur, the dense and transit-rich environment in the City of Rockville will continue to be an attractive place for seniors to live.

In 2015, there were 6,900 senior households, those headed by someone at least 65 years old. This excludes the population in group quarters, including nursing homes that provide full-time medical care. The City of Rockville had a higher share of senior households than the region in 2015, and it is forecasted

Figure 31. Share of Households Headed by a Person 65 Years or Older, 2015-2014



Migration Rates

This forecast assumes that retiring Baby Boomers will leave the region, and the City, at the same rates as prior generations. This assumption limits the number of housing units available to new households, particularly those coming to the region to take a net new job.

to do so in the future. However, the City is forecasted to have a lower growth of senior households relative to the region.

By 2040, the City is projected to have 12,000 senior households, which will comprise 33.9 percent of all households (Figure 31). By comparison, 27.8 percent of all households in the region are expected to be headed by a senior. The plurality of the senior households in Rockville will own a single-family detached home, but a large number will shift to smaller units in either single-family attached or multi-family buildings and become renters.

Labor Force Participation Status

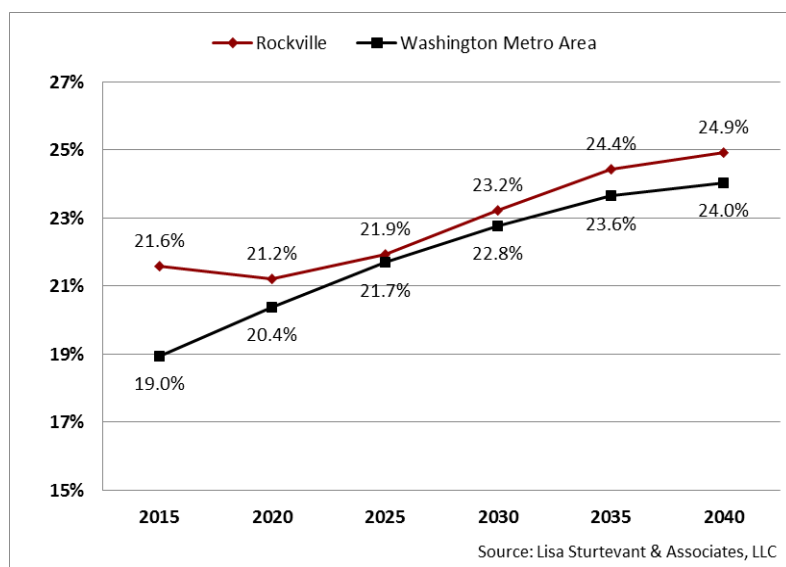
The City of Rockville is home to about 5,500 households where no member has a payroll job. These households include retirees and students, who are assumed to be in the region for reasons beyond the employment market. Additionally, many self-employed households are included and these households are assumed to be in the region in the same rates as current residents and grow proportionally to the population. As such, the changes in these households are assumed to be demographically-driven and forecasted separately from the households coming to the region to fill a new job.

By 2040, the City is expected to have 8,800 such households, with the increase driven primarily by retirees. While many of these households are also senior households, many seniors in the City currently work, and are expected to do so in the future.

Labor Shed

This forecast looks at job growth throughout the region to determine the future housing demand from worker-households. Commuting patterns, housing stock and household characteristics are then used to determine the distribution of these households within the region.

Figure 32. Share of Households Without a Payroll Job, 2015-2040



Households without a payroll job tend to have lower incomes, a pattern that is not projected to change over the next 25 years. About 34 percent of these households will be extremely low income and earn less than 30 percent of the area median income (AMI). Overall, nearly 75 percent of these households will earn less than the median household income. The remaining quarter, who earn more than the median household income, have an income stream that is not tied to a payroll job, including real estate rental income, self-employment income and other forms of investment income.

The number of households where at least one member has a payroll job is forecasted to grow more slowly than those that do not. But the absolute increase is expected to be much larger. In 2015, there were about 19,900 households in the City of Rockville where at least one person had a payroll job. By 2040, the number is expected to increase to 26,600. The additional 6,600 workers will be primarily filling jobs that are brand new to the region, or those that have been left vacant by a retiree. The incomes of new working households reflect the types of jobs that are forecasted to come to the region. Over the next 25 years, relatively fewer of these households will earn above the median household income in the City of Rockville, because of the types of jobs they are expected to fill. In 2015, 56.2 percent of households with a payroll job had a household income above the median. By 2040, just 52.4 percent will. Despite the decline in share, households with incomes over the median will increase by about 0.9 percent per year, and account for 2,700 new households by 2040 (Figure 32).

Disability Status

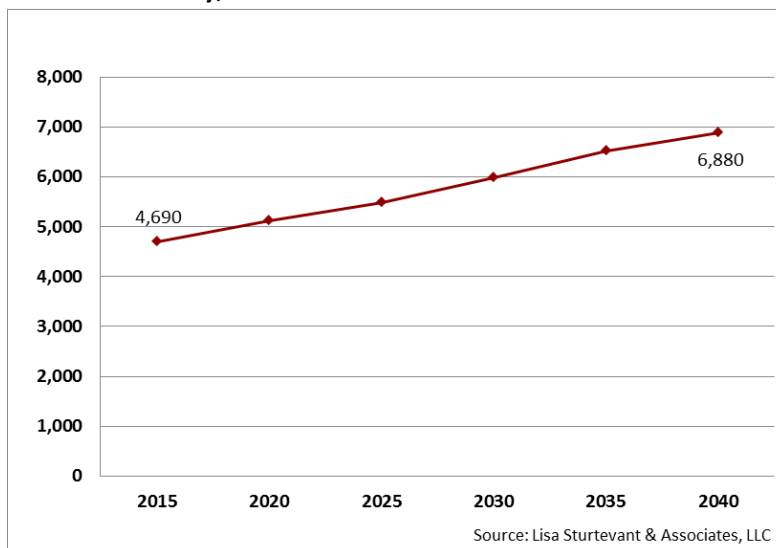
By 2040, the City is likely to house an additional 2,200 households that include a person with a disability (Figure 33). During the forecast period, households with a disabled person are expected to grow more quickly than those without a disability. The aging population will drive the majority of this increase.

Households with a disability are more likely to have lower incomes than households without a disability, both in 2015 and in the future. But the presence of a payroll job increases the likelihood of the household earning above the median income. Nearly half of the households with a disability and a payroll job are forecasted to earn more than the median income in 2040. Only 27.8 percent of households with a disability without a payroll job are forecasted to do so.

In 2015, households with a disability were largely single-family detached owners (39.7 percent) or multi-family renters (26.7 percent). These two unit types will continue to house the majority of households with a disability in 2040, but the shares will converge. By 2040, 35.6 percent of households without a disability will be in multi-family rentals, while 33.6 percent will be in single-family ownership units. The shift will be disproportionately driven by households with a payroll job.

Ensuring housing and neighborhood accessibility—as well as housing affordability—will be important for ensuring the housing needs of the disabled population can be met in Rockville. Universal design features in homes, visitability standards in residential and commercial buildings, as well as community facilities, and assistance with rehabbing existing homes can help meet the needs of the disabled population in the Rockville.

Figure 33. Number of Households With at Least One Person With a Disability, 2015-2040



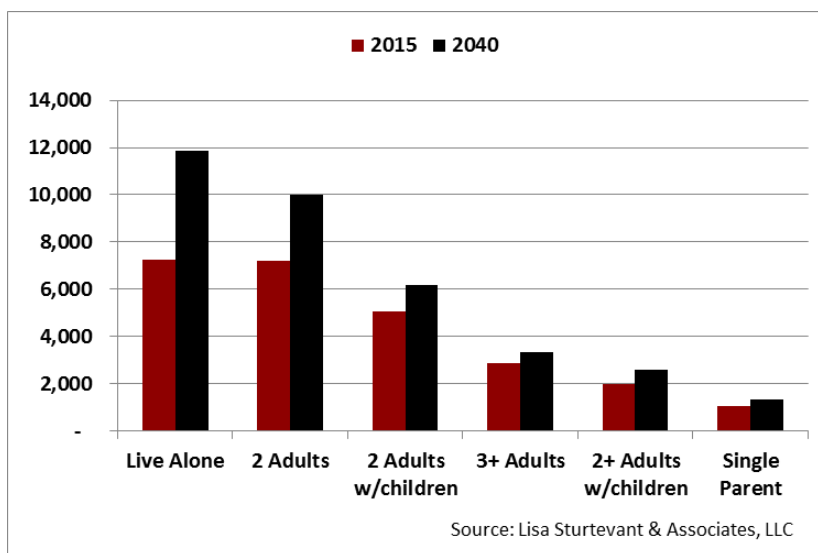
Household Type and Size

Single-person households are forecasted to continue to be the most common household size in the City of Rockville. In 2015, about 7,300 households consisted of just one person, or 29.8 percent of all households. By 2040, nearly 11,900 people will be living alone, which is an increase of 4,600 or 63.5 percent (Figure 34). This is the largest increase of all the household types and reflects the changing building stock and the increase in seniors, largely retirees, living alone. Between 2015 and 2040, the number of seniors living alone is forecasted to increase from 3,000 to 5,200, which accounts for nearly half of the increase in single-person households. Single person households are most likely to live in multi-family units and 71.0 percent will do so in 2040, including about 58 percent who will rent.

Two adult households, including married couples, partners and roommates, are expected to have the second highest growth in the City of Rockville. Between 2015 and 2040, two adult households will increase 39.2 percent, rising from 7,200 households in 2015 to 10,000 households in 2040. Both empty-nesters and younger households are included in this increase. In 2015, almost half (48.9 percent) of two adult households owned a single-family detached home and another fifth (20.3 percent) rented a multi-family unit. By 2040, 42.6 percent will own a single-family detached unit and 26.6 percent will rent in a multi-family building.

The number of families with children is expected to grow relatively slowly in the City of Rockville. Between 2015 and 2040, the number of families with children will increase from 8,100 to 10,100, or 25.3 percent. This household type will continue to be a significant share of all households, although it will decrease slightly from 33.2 percent in 2015 of all Rockville households to 29.8 percent in 2040.

Figure 34. Number of Households by Household Type

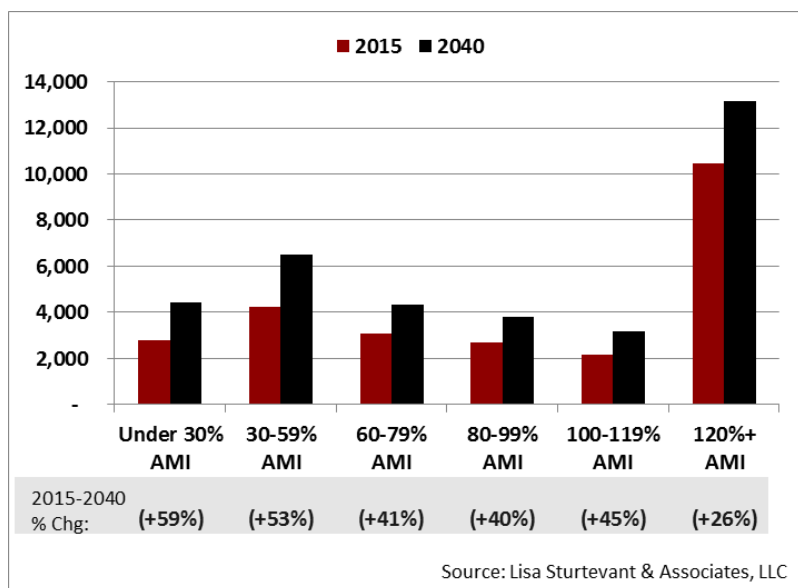


Household Income

Household income is the key driver of housing needs and housing affordability. Household income is measured as a percent of area median income. Because of the increase in households without a payroll job and the changing structure of jobs that new Rockville residents will hold, the distribution of households along the area median income (AMI) spectrum will shift over the forecast period. The fastest growth will be among households earning less than 30 percent of AMI, an increase almost exclusively caused by the increase in the number of retirees living in the City. The number of extremely low income households is expected to increase from 2,800 households in 2015 to 4,400 households in 2040, a 59.4 percent increase (Figure 35). Because of the high growth, extremely low-income households will increase from 10.9 percent of all households to 12.5 percent of all households in the City of Rockville over the forecast period.

The second fastest growth will be in the 30 to 59 percent AMI group, but this increase is a result of households with a payroll job. Some of these households will be semi-retired, hold a part-time job, or hold a low wage job. Between 2015 and 2040, households in this AMI group are forecasted to increase by 2,300 and reach 6,500 households (18.3 percent of the total) in 2040.

Figure 35. Number of Households by Area Median Group



The number of households with incomes of between 60 and 120 percent AMI is expected to increase 42.0 percent, rising to 11,300 households in 2040. Households in this AMI group maintain their share of about 32 percent of all households during the forecast period.

The slowest growth is forecasted to occur for households earning over 120 percent AMI. Between 2015 and 2040, these households will increase from 10,400 households to 13,200 households, rising just 26.1 percent. However, because this AMI group is

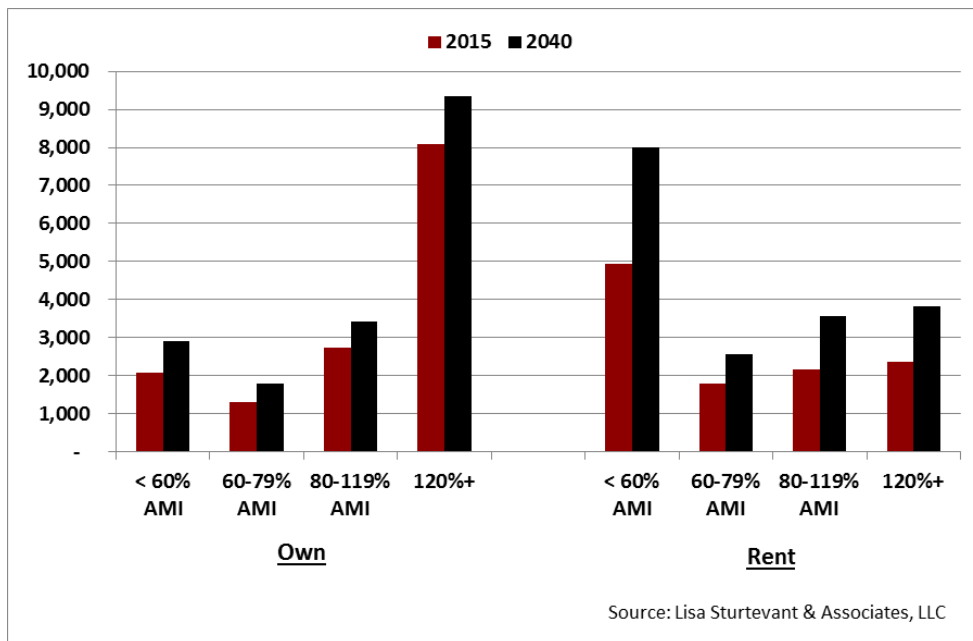
currently the most numerous, the absolute increase in these households is projected to be the largest of all AMI groups (+2,720 households). In 2040, this AMI group will continue to be the most common and 38.6 percent of all households will earn over 120 percent of AMI.

Renters are expected to have the largest growth between 2015 and 2040, with nearly equal increases in the number of renters earning less than 60 percent of AMI (+3,000 households) and over 80 percent AMI (+2,900 households). The low-income renters will include both households with and without a payroll job, and young households just starting out and older households who are living on retirement income (Figure 36).

Among owner households, the fastest growth will be from those earning less than 60 percent of AMI. Between 2015 and 2040, the number of owner households in this income range will increase by 41.4

percent, or 860 households. This increase is largely a result of the retirement of existing owners. The largest absolute increase will be from owners earning more than 120 percent AMI. By 2040, there are forecasted to be 1,300 more owners in this AMI group, an increase of 15.6 percent compared to 2015.

Figure 36. Number of Households by Area Median Income and Tenure



Characteristics of Occupied Housing Units

By 2040, the City of Rockville is projected to house 35,400 households, which means the City will add nearly 10,000 new housing units over the next 25 years. The types of housing that Rockville will need is driven by the characteristics of Rockville households, including those who age-in-place, as well as new households coming to the City. In these forecasts, the types of housing supplied is also constrained by the availability of land in the City, though not specifically by plans for specific unit types.

Based on the changing demographic and economic characteristics of the population, there will be increased demand for multi-family housing. However, there will be demand for all types of housing in Rockville, including single-family housing, in the years to come. The preferences for different types of housing are driven by household characteristics, including the age of the head of the household, household size and composition and household income.

Building Type

By 2040, the largest share of housing units in Rockville will be multi-family units. In 2015, 35.4 percent of all households were living in multi-family homes. By 2040, this share is expected to grow to 47.1 percent, an increase of nearly 7,700 units (Figure 37). The increase will be most dramatic over the next decade, growing 4.0 percent annually. As a result, the number of multi-family homes is expected to surpass the number of single-family detached homes by 2025. Between 2025 and 2040, the annual growth will slow to 1.5 percent, but be consistently higher than that of the other building types.

Single-family attached homes are projected to have the second highest growth, increasing by 1,200 units over the forecast period. Growth in this building type is expected to be steady and average 0.8 percent per year. Because the overall building stock is expected to increase 1.3 percent per year during this period, the share of homes in the City that are single-family attached homes will decline modestly. In 2015, single-family attached homes accounted for about a fifth (20.4 percent) of all homes. By 2040, 18.0 percent of all homes will be single-family detached units, according to these forecasts of housing demand.

The number of single-family detached homes is expected to have the slowest growth of the building types. Between 2015 and 2040, the City of Rockville is forecasted to add 1,100 single-family detached units. In 2015, 44.2 percent of all households in the City lived in single-family detached homes. By 2040, just 34.9 percent will.

Figure 37. Building Type, 2015-2040

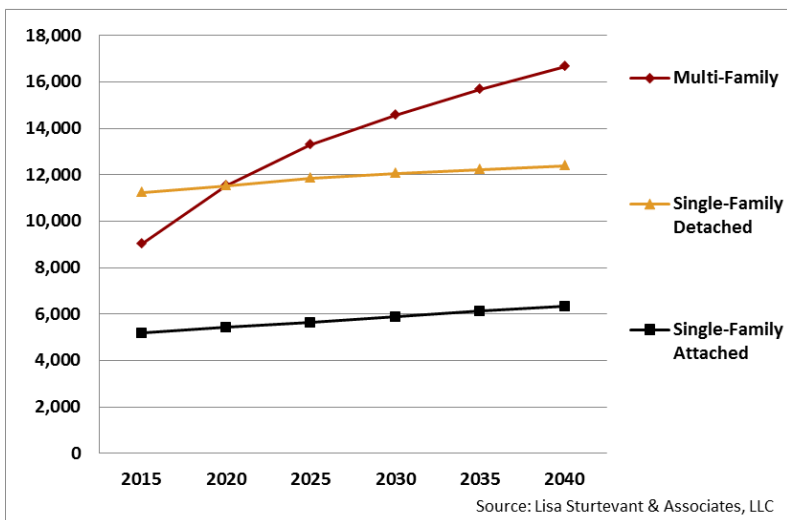
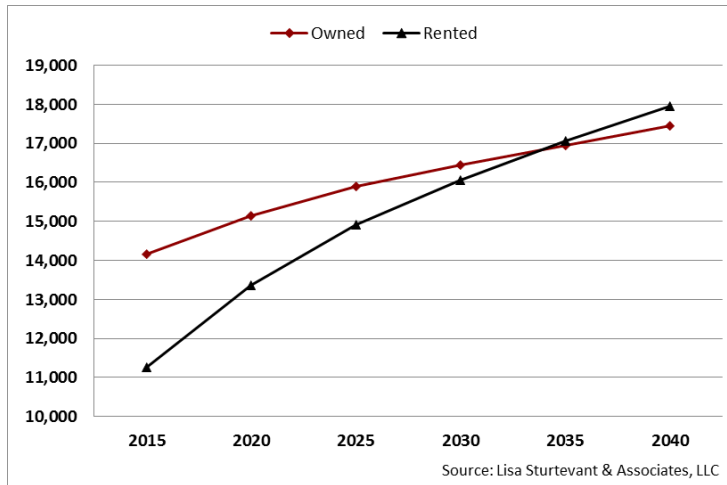


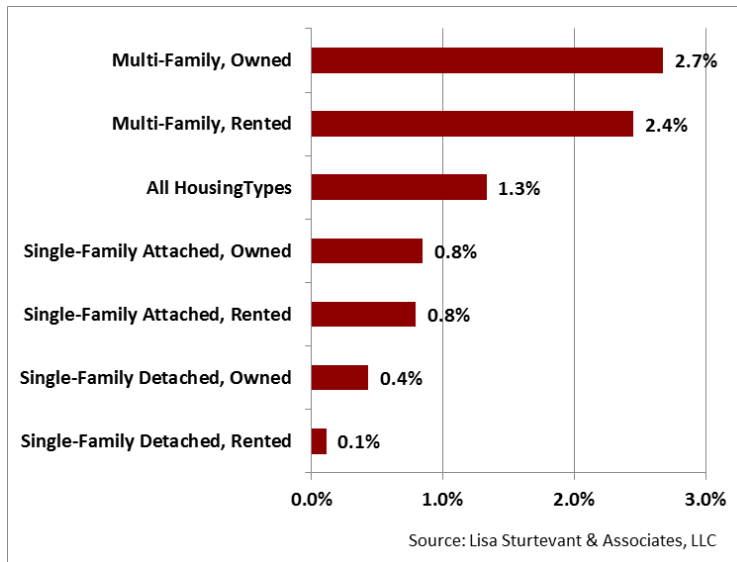
Figure 38. Tenure, 2015-2040



Tenure

By 2040, the City of Rockville is projected to have nearly equal numbers of homeowners and renters. In 2015, nearly 11,300 households rented their homes, or 44.3 percent of all households (Figure 38). By 2040, about 17,900 households are projected to be renters, an increase of nearly 6,700 renter households that grows the share of renters to 50.7 percent of all households. The increase correlates with the shift in building stock, as multi-family units are more likely to be rentals.

Figure 39. Annual Growth by Unit Type, 2015-2040



The number of owner households in the City is forecasted to increase by about 3,300. About 1,500 of the increase will be from ownership units in multi-family buildings, nearly doubling the number of owned multi-family units in the City.

Unit Type

Of the combinations of tenure and building type, the number of multi-family ownership units (e.g. condominiums) is forecasted to be the highest, at 2.7 percent per year (+93.5 percent during the total forecast period). While this unit type will likely have the highest percentage growth, the highest absolute increase will be in the number of multi-

family rental units. The number of multi-family rental housing units is expected to increase by 6,150 units to accommodate future demand. Over the next 15 years, this unit type is forecasted to be more numerous than single-family ownership units (Figure 39).

In 2015, single-family detached ownership units comprised 37.6 percent of all homes, the highest of any unit type. By 2040, this share is projected to decline to 30.1 percent. This decrease is a result of the slower projected growth rate, not an absolute decline. By 2040, there will be about 1,100 more owner households in single-family detached units.

Both ownership and rental single-family attached units are projected to grow at about the same rate (0.8 percent per year). About 700 ownership units and nearly 500 rental units in this building type will need to be added by 2040 to meet projected demand.

Unit Size

By 2040, there will be nearly as many one bedroom homes in the City as three-plus bedroom homes. In 2015, there were about 10,400 occupied homes with at least three bedrooms, including 6,000 homes with four or more. There were 7,300 one bedroom homes and 7,800 two bedroom homes. By 2040, there are projected to be 12,800 3+ bedroom homes, 11,900 one bedroom homes and 10,800 two bedroom homes.

While there will be more homes in all sizes, the share of larger units is projected to decline from 40.8 percent in 2015 to 36.9 percent in 2040. Conversely, the share of one bedroom homes is projected to increase from 28.6 percent in 2015 to 33.6 percent in 2040. Two bedroom units are forecasted to stay between 30 and 31 percent of the building stock. This shift in home sizes will be reflected in the types of households in the City.

Summary of Housing Demand Forecasts

By 2040, the City of Rockville is projected to be the home to 35,400 households, nearly 10,000 more than in 2015. Many of the households in 2040 are currently living in Rockville and are anticipated to stay in the City as they age. Others will be new to the City and come to fill a new job somewhere in the region. The types and prices/rents of housing needed to accommodate these future households will be determined by their characteristics, including household composition, household size and income. These household characteristics also influence the extent to which the market or current housing programs in Rockville will be able to meet demand.

Senior households are projected to account for about half of the overall household growth in the City of Rockville between 2015 and 2040. The relatively large increase in the number of retired households will result in a similarly large increase in households with relatively low incomes. Based on this analysis, the plurality of senior households will live in single-family detached ownership units. However, nearly as many are projected to live in multi-family rental units. This pattern represents a modest shift when compared to 2015, when a somewhat lower share of senior households were renters. This shift in the senior population is one reason for the increase in the overall demand for smaller, multi-family rental units in the City of Rockville over the forecast period.

Between 2015 and 2040, households headed by someone under 45 years old will account for over a third of the overall increase in households. The increase in these households will be driven by job gains throughout the region, and their incomes will reflect the mix of jobs projected that they will fill. These households will include families, including new families formed by Millennials. Many of these households will be high income and earn over 120 percent of AMI, but relatively large gains in low- and mid-wage jobs is projected to drive growth in households earning more moderate incomes. Future households headed by someone under 35 are projected to overwhelmingly live in multi-family units, while the majority of householders between 35 and 44 years old are projected to demand single-family detached homes.

Overall, the fastest household growth in the City is projected to occur in the number of households earning less than 30 percent of AMI, primarily driven by seniors. The increase in younger working households will result in relatively fast growth in households earning between 30 and 59 percent of AMI. The majority of low income households earning less than 60 percent of AMI are projected to need rental housing, and by 2040, almost 8,000 renters in Rockville are expected to be low income.

There will also be significant demand for housing from higher-income households. Between 2015 and 2040, Rockville is expected to add more than 2,700 households with incomes of 120 percent of AMI or higher.

These forecasts of housing demand are based on demographic and economic projections, as well as assumptions about preferences. Given the increase in the number of relatively high-income households and increases in the number of families that will want to live in Rockville in the future, these forecasts suggest a demand for single-family detached housing that the City may not be able to accommodate given constraints on land. Housing preferences generally involve trade-offs. If the demand for specific types of housing is not met in Rockville, households will have two choices: 1) shift their housing choice within the City (i.e. from a single-family detached home to a townhome or a home in a multi-family building) or 2) choose to move to elsewhere that has more of their desired housing stock (e.g. another community in Montgomery County with more single-family housing options). The City of Rockville could make the decision to facilitate the development of more single-family housing by looking for ways to make more developable land available within the City's boundaries or by exploring zoning options to allow more single-family homes through redevelopment (i.e. allowing the demolition of one single-family home to be replaced by two). Alternatively, the future demand for single-family detached housing may not be met within the City and therefore household growth in the City may look somewhat different than these forecasts suggest.

Strategies to Meet Housing Needs in the City of Rockville

The ability for the City of Rockville to provide enough housing affordable to individuals and families all along the income spectrum is critical to its ability to remain a vibrant and thriving community and to support strong local economic growth. Based on the assessment of current and future housing needs in Rockville, it is clear that the City needs to expand its resources and tools to be able to respond to growing and changing housing demand. In partnership with the development community, non-profit organizations and Montgomery County, Rockville needs to develop a comprehensive housing strategy that makes use of financial, land use and other tools to expand and preserve housing opportunities.

The City of Rockville already has in place a set of housing policies and programs that have been effective at meeting some of the City's housing needs. Building on those tools, the recommended strategies below are designed to target the specific future needs in Rockville and to recognize Rockville's place in the larger region, and particularly the impact of growth and policy changes in Montgomery County. Any one individual tool or strategy will not be sufficient to meet the full range of housing needs. The City may decide not to adopt all of the recommended strategies below; however, in order to ensure that Rockville has a sufficient supply of appropriate and affordable housing to meet future housing demand in the City, it will be important to implement a broad and comprehensive set of tools.

Several general principles guide the following recommendations:

The City of Rockville Should Have Housing Choices for All Incomes. While Rockville is a relatively small community, a housing strategy for the City should promote housing options affordable to individuals and families at all stages of the life cycle and at all income levels. Goals for the production and preservation of housing in Rockville should be linked to the estimates of current and future housing demand, which are based on economic and demographic trends in the City and in the region. The City government should actively support the preservation and production of housing to meet needs that are not met by the private market alone. In addition, however, Rockville should look to remove barriers to market-rate construction to ensure the overall housing supply in the City is able to increase to accommodate population growth.

Housing in the City of Rockville Should Be Connected to Transit, Jobs and Other Opportunities. Rockville's housing strategy should ensure that housing planning, transportation planning and land use planning are connected. There are currently a number of City and County plans for investments in transportation that could improve access for many Rockville residents and workers. The full benefits of transportation investments occur only when there is prudent and comprehensive community planning around these investments. Particularly important to the City's housing strategy is promoting housing options near transit for lower-income workers who are most likely to be dependent on transit. Inclusive transit-oriented development policies are also good for transit systems by increasing ridership on the system.

Rockville's Housing Strategy Should Take into Account Local and Regional Conditions. As housing demand in Rockville increases, so, too, will demands outside of the City, particularly in portions of Montgomery County immediately outside of Rockville—in White Flint to the south; in Montgomery County's Twinbrook Sector to the southeast; in the Great Seneca Sciences Corridor to the northwest; near the Shady Grove Metro Station; and to the north in Gaithersburg. Rockville's ability to meet housing needs depends both on the City's actions, but also on actions

in Montgomery County. In addition, and to the extent it is consistent with Rockville's goals, the City should work closely with the County to create consistency in housing and planning policies across jurisdictional boundaries. Common and transparent policies create certainty among the for-profit and non-profit development community that will be the engine of new construction and rehabilitation in Rockville. This is important if Rockville wants to capture its share of the County's residential development moving forward.

The range of policy options available to the City of Rockville include financial tools, land use or zoning strategies, and other programs that promote access to housing.

Financial tools include sources of funding for the development and/or preservation of housing, or direct financial support to families to make housing more affordable. The City of Rockville has a fairly limited set of financial tools available to support the preservation and/or development of housing or to provide direct assistance to families. Federal resources in Rockville are modest. Opportunities for expanding local resources may be limited but new funds will likely have to be generated at the City or County level. To meet the needs of the lowest-income individuals and families in Rockville, it is likely that Rockville will need expanded financial resources.

Land use tools include policies that work through the zoning code or otherwise use land use regulations to incentivize the production and/or preservation of housing. Land use and zoning regulations are the primary means by which the City of Rockville can facilitate or incentivize the preservation and production of affordable housing. In some cases, the City maintains complete autonomy over land use and zoning decisions; in other cases, the City is subject to regulations authorized by Montgomery County. While Rockville has its own land use priorities, it may be helpful to make some of its land use requirements consistent with Montgomery County's requirements to create more certainty for the for-profit and non-profit development community. Land use tools will be critical for supporting the development of housing not just for lower-income households but for individuals and families at all income levels. Of course, changes to land use or zoning will be appropriate in some parts of the City and not others and these policy decisions will be made as part of broader comprehensive planning efforts.

Other programs include supports that help individuals and families gain better access to safe, high-quality affordable housing. Services offered through City programs can promote housing and rehabilitation programs or connect individuals and families with both housing and services. These programs are critical for ensuring that residents have access to both affordable and high-quality housing and safe neighborhoods.

A comprehensive housing strategy for the City of Rockville includes tools for new construction, as well as preservation. It promotes homeownership while also expanding rental housing options. Rockville's strategy should leverage Federal resources as much as possible, but should also look for innovative local and state funding sources. While the primary goal of the recommendations below is to support production of housing affordable to low- and moderate-income households, a comprehensive housing strategy should also seek to remove major barriers to market-rate construction and support the development of housing for individuals and families at all income levels. In general, the City of Rockville will need to employ a comprehensive set of financial, land use and other tools to help create housing options that meet the projected demands in the City.

Figure 42 below provides a summary of programs and recommendations outlined in this section and Figure 43 outlines the link between the recommendations and the estimates of future housing needs in Rockville. The rest of this section describes in more detail the strategy recommendations.

Existing Tools

This section describes Rockville’s existing housing policies and programs, particularly those targeting housing for low- and moderate-income individuals and families in the City. In some cases, there are recommendations for how these programs could be modified or expanded to better meet the City’s future housing needs.

A1. Moderately Priced Dwelling Unit (MPDU) Program

The main local policy designed to produce new housing affordable to low- and moderate-income households is the City’s MPDU program. Established in 1990, the MPDU program requires that 12.5 percent of units in new housing projects (in subdivisions/buildings with 50 or more housing units) are affordable to households with lower incomes. In the Mixed-Use Transit District (MXTD) and the Mixed-Use Corridor District (MXCD) zones, at least 15 percent of the total number of housing units must be MPDUs. The MPDU program includes a provision for an exchange of additional density for greater affordability requirements in some zoning districts, though no developer has taken advantage of that exchange to date.

The City’s Mayor and Council establish the income limits and maximum rents/prices for the MPDU program. The household income limits are based on gross household income per year and vary by household size. Current MPDU maximum income limits are about 60 percent of the FY2016 area median income (AMI) for the Washington DC metro area. The maximum rents are based on standard affordability thresholds. Prices of MPDUs are established by regulation and generally range between \$120,000 and \$240,000.

Figure 40. 2016 Income Limits – Rockville’s MPDU Program

Family Size	Income Limit
1	\$45,900
2	\$52,400
3	\$59,000
4	\$65,500
5+	\$70,800

Source: City of Rockville

Figure 41. 2016 Maximum Rents – Rockville’s MPDU Program

Unit Size	Rent
Studio/Efficiency	\$955
One-bedroom	\$1,090
One-bedroom + den	\$1,160
Two- bedroom	\$1,230
Two-bedroom + den	\$1,300
Three-bedroom	\$1,365

Source: City of Rockville

All MPDU units must be provided on-site unless the Mayor and Council approve an alternative option to allow the provision of affordable units off-site, donation of land, or a fee in lieu of units to the City's Moderately Priced Housing Fund. To date, no developer has taken advantage of one of these alternative compliance options.

Housing choice vouchers, issued by RHE, can be used towards rental payments for an MPDU apartment.

All MPDU units in the City of Rockville—both rental and ownership units—have affordability terms of 30 years. MPDUs offered for sale may be sold during the 30-year period. The resale price is calculated by the City and the affordability term resets.

Recommendations:

The City's MPDU program is modeled off of Montgomery County's pioneering inclusionary zoning (IZ) program, adopted in 1974, that has served as a model for local jurisdictions throughout the country. However, while the program remains pioneering in many ways, innovative policy approaches have emerged elsewhere in the U.S. that might be effective in Rockville for increasing the MPDU program's capacity to meet the full range of the City's housing needs. Furthermore, as part of its Rental Housing Study, Montgomery County is considering changes to its MPDU program, and Rockville should consider adopting some of these changes to provide consistency and predictability to for-profit and non-profit residential developers working in Rockville and the County.

Monitoring. *It is important to ensure as much as possible that rental MPDU units continue to be occupied by income-eligible households and that homeownership units remain in the affordable stock as required by deed restriction. The City is in the midst of collecting data on families living in MPDUs, which is an important step for on-going monitoring and stewardship of its MPDU units. The City should establish procedures for on-going monitoring of units, confirming income of residents, and ensuring compliance with other program requirements. The City (on its own, with the County or through a non-profit) could annually verify income of all MPDU renters or confirm the eligibility of a random set of MPDU households each year (e.g. Arlington County's approach).*

Affordability term. *The City of Rockville should lengthen the affordability terms for their rental housing program. Many other local jurisdictions in the region have recently lengthened their affordability periods, and longer terms are becoming standard throughout the country. In Arlington County, committed affordable rental units must remain affordable for 60 years; in Alexandria the affordability term is 40 years. In Montgomery County, rental MPDUs must remain affordable for 99 years. Lengthening the affordability term would keep Rockville's program in line with other local programs and would help ensure that affordable units remain in the stock as long as possible.*

On the ownership side, there is less guidance from other location jurisdictions on lengthening affordability periods. In Montgomery County, the affordability duration for ownership units is 30 years with the affordability term re-set upon re-sale.

Sliding scale affordability requirements: *In general, the affordability requirements in IZ programs across the country range between 10 and 15 percent, and local IZ programs generally serve households with incomes between 50 and 80 percent of AMI. The City's MPDU program is in line with this majority. However, some local jurisdictions recently have begun allowing developers to select from a menu of income targets to meet their affordability obligations. For instance, a program that normally asks a developer to make 15 percent of total units affordable to households at 60 percent of AMI might also allow the developer to meet their obligation by making a smaller share of apartments affordable to households at 50 percent of AMI, or a greater share affordable at 100 percent of AMI. This "sliding scale" approach to income targeting can make affordability requirements more feasible for developers by allowing them to customize their income targeting to the financial necessities of a given property. Perhaps more importantly, the sliding scale can be used to incentivize the production of more deeply affordable rental units or more middle-income rental units, depending on how it is designed.*

Montgomery County is considering modifications to the County's MPDU program to allow for variation in the set aside percentage (i.e. lower or higher than 12.5 percent) targeted at households with different incomes (e.g. higher or lower than 60 percent AMI).

If Montgomery County does, in fact, make these changes to its MPDU program, Rockville should evaluate whether there are locations within the City where a similar sliding scale is appropriate. For example, if Montgomery County introduces the sliding scale option around Shady Grove Metro station, Rockville should consider that option in the Shady Grove Metro planning area within the City.

Revise Price Thresholds for Condominiums. *Condominiums are increasingly an important option for lower-cost homeownership, particularly among first-time home buyers. As the for-sale market continues to pick up, condominium construction in the City will also accelerate. The City should implement a change to how maximum sale prices are calculated to better account for condo fee escalation in their MPDU units. The District of Columbia is developing a policy—one of the first, if not the first, in the nation—that sets condominium prices in its IZ program so that when combined with condo fees, the units will remain affordable to residents over time and will also ensure the condominium property has sufficient reserve funding. The City should review DC's final policy and consider whether a similar change makes sense for Rockville.*

Increase income thresholds for MPDU Ownership. *The City should consider increasing the MPDU program income eligibility for owner-occupied units to 80 percent of AMI, which can make the development of affordable for-sale homes more financially feasible, particularly in higher-cost Metro-adjacent areas.*

Review bonus density/greater affordability option. *Rockville should consider planning for higher densities within one-half mile of Metro stations in exchange for up to 20 percent affordability. Guidance for potential maximum densities and affordability requirements could come from*

potential revisions to Montgomery County's MPDU program, should those changes go into effect, or potentially from the recent Tysons Corner plan.

A2. Public Housing

Rockville Housing Enterprises (RHE), the City's public housing agency, owns and operates 105 public housing units—David Scull Courts, First Street in Rockville (76 units) and at various single-family sites throughout Rockville (29 units). There are currently no plans by RHE for redevelopment at David Scull Courts. Public housing is one of very few housing programs that target extremely low-income individuals and families (i.e. with incomes below 30 percent of AMI).

Recommendation: Work with RHE to develop a comprehensive strategic plan that seeks to preserve and maintain existing housing stock and produce new units through mixed finance development or other feasible alternatives.

A3. Housing Choice Vouchers (HCV)

The City of Rockville, through RHE, administers 414 federal housing choice vouchers, including 359 vouchers through the regular HCV program, 50 mainstream vouchers supporting elderly/disabled households, and five moderate rehab program vouchers.

Recommendation: Continue ongoing outreach to landlords about the opportunities and benefits of participating in the HCV program.

A4. CDBG

The City receives about \$230,000 in CDBG funding through Montgomery County annually. These funds have been mostly used for rehabilitation and improvements to owner-occupied single-family homes, group homes operated by non-profit housing providers and to public housing units in the City.

Recommendation: Identify other funding sources that could be used to better leverage the City's CDBG funds, thereby allowing the assistance of more households.

A5. Low Income Housing Tax Credit (LIHTC)

The Low Income Housing Tax Credit (LIHTC or Tax Credit) program has become the primary funding tool for rental housing affordable to low- and moderate-income households. The program provides federal tax credits that are sold to investors to raise equity to construct affordable housing and maintain affordable rents. Nine percent credits (typically used for new construction) are awarded to developers by the state through a competitive process. RHE owns and operates 59 units of LIHTC and other affordable housing in King Farm and Fallsgrrove.

Recommendation: Participate in a regional effort to lobby the state for a special set aside of tax credits for the Washington DC suburbs.

A6. Rockville Housing Opportunities Fund

The City of Rockville has a relatively small local trust fund that can be used for affordable housing rehabilitation or development projects. Currently, the sources of funding can include developer contributions (i.e. in lieu payments) and proceeds from sales of MPDUs. In recent years, the City loaned \$300,000 to RHE towards the acquisition cost of the Fireside Park Apartments. The fund currently totals about \$493,000.

Recommendation: Explore additional sources of funding for the MPHf, including in a City portion of recordation fees, in lieu fees on small projects and condominium conversion fees (see below). Consider an annual City appropriation to the fund from general revenue. Evaluate potential for better leveraging funds. Set realistic priorities (e.g. small scale investments) for the fund and make these priorities public.

A7. Montgomery Housing Initiative (MHI) Fund

The MHI Fund is Montgomery County's local housing trust fund that provides loans to the Housing Opportunities Commission (HOC), nonprofit developers, experienced rental property owners, and for-profit developers to build new housing units, renovate deteriorated multi-family housing developments, preserve existing affordable housing, and provide special needs rental housing. In recent years, the majority of funds have been used for preservation, with fewer resources for new construction. Currently, the County has no formal, established priorities for MHI investments.

Recommendation: Identify and formalize MHI's funding priorities so that it is clear when potential projects within the City of Rockville might be competitive to receive MHI funds.

A8. County Payment in Lieu of Taxes (PILOT)

Montgomery County's Payment in Lieu of Taxes (PILOT) exemption creates an opportunity for rental property owners to lower their County real property and special area taxes. In return, the property owner commits to providing affordable housing to low-income residents. Following the legal, budgetary, and procedural review of a negotiated PILOT agreement, the County Department of Housing and Community Affairs (DHCA) recommends a PILOT to the Director of Finance for approval. The Department of Finance computes the fiscal impact and, subject to the guidelines and an annual funding limit, either approves or denies the recommended PILOT. This exemption is applied to the real property tax bills once the agreement is executed. The County Council sets the maximum annual funding amount for PILOT programs for a 10-year period only for properties that are not owned or controlled by the Housing Opportunity Commission (HOC).

The City of Rockville negotiated a PILOT for the Fireside Apartments project.

Recommendation: Find additional opportunities for negotiating PILOTs to support affordable rental housing within the City.

A9. Code Enforcement

Code enforcement efforts are critical to ensuring not only the preservation of housing but also the safety and quality of housing and neighborhoods. The City's Community Enhancement and Code Enforcement department conducts inspections of residential properties within the City to identify code violations and educate property owners and residents on property maintenance codes. The City staff proactively inspects properties and also has a mechanism for residents to report potential code violations. The City's Landlord-Tenant Affairs Division can provide guidance to both property owners and tenants around issues related to the safety and quality of residential units.

Recommendation: Track building code issues/violations among market-rate affordable rental properties. Proactively reach out to property owners to offer ways in which the City can help support building maintenance and improvements in exchange for a commitment to keeping properties affordable (see Affordable Multi-Family Rental Property Tax Exemption below).

A10. Single-Family Rehabilitation Program

Through the City of Rockville's Single Family Rehabilitation Program, eligible Rockville homeowners may apply for forgivable loans to make improvements to their homes. Eligibility is based upon annual household income, up to 80 percent of AMI. Typical repairs include: roof replacement, plumbing and electrical upgrades, furnace replacement, and kitchen and bathroom remodeling. Funding for this program comes from the City's CDBG allocation.

Recommendation: Increase education/outreach about this program, particularly to the City's seniors and persons with disabilities.

A11. Downpayment Assistance

In collaboration with Housing and Community Initiatives, Inc. (HCI), the City of Rockville has, in the past, supported the REACH Program, which was established in the mid-1990s to assist first-time home-buyers with downpayment and closing costs for the purchase of a home. The City provided seed funding to the program but does not currently play an active role. The program currently has about \$380,000 from repayments and interest and is managed by HCI.

Recommendation: Re-engage with HCI (or other organizations) to see how the City can partner—either with new funding and/or through education—to expand downpayment assistance to first-time home buyers in Rockville.

New Tools

To develop a comprehensive housing strategy, the City of Rockville should implement new tools to help enable the development and preservation of housing affordable to low- and moderate-income individuals and families.

B1. Public Land for Affordable Housing

Public land policies make government-owned land available at reduced or no cost for affordable or mixed-income housing. Making public land available can be the key way to make it financially feasible to develop below market-rate multi-family housing units. Because localities often own land in myriad locations throughout a jurisdiction, public land redevelopment can be a helpful strategy for siting affordable housing in dispersed, opportunity-connected settings. A successful public land policy should involve collaboration among multiple public agencies and should include a transparent process that attempts to balance competing interests in the publically-held properties.

In Montgomery County, surplus public properties suitable for affordable housing have been made available to for-profit and non-profit developers for assisted or below market housing. In addition, new county facilities, such as police and fire stations, often include an on-site affordable housing component. Several public land projects have been completed in the County in recent years, including The Bonifant at Silver Spring.

Although the City of Rockville is a small jurisdiction, it is possible that there are undeveloped and, importantly, *underdeveloped* City-owned sites that could be used to support the development of affordable housing. (An example of an underdeveloped site could include a public parking lot, a one-level public facility on a site zoned for higher density, etc.)

Recommendation: Conduct an inventory of undeveloped and underdeveloped publically-owned land, share information with the community, and engage with the community to identify potential sites that may be suitable for affordable housing.

B2. Density Averaging

Density averaging can shift density from one part of a site to another, or from one adjacent site to another, to incentivize housing production and the preservation of existing affordable housing. (A related policy, transfer of development rights (TDR) is a market-based tool often used to promote protection of open space and encourage development in areas that are underutilized or can accommodate higher densities. TDR works by designating "sending areas," where future development will be limited, and "receiving areas," on which more intense land use will be targeted. A density averaging program may be more straightforward than a TDR program since the density shifting occurs for one project and/or on one parcel.)

There are examples of projects that have done this kind of density average (e.g. Arlington County) and Montgomery County is looking closely at a policy of density averaging in areas around the proposed Purple Line to help enable the preservation of existing market-rate affordable rental properties.

Recommendation: Identify market-rate affordable housing properties where redevelopment is likely and where density shifting on the site may be possible (i.e. garden apartment projects that are developed under existing or planned density, and which have a surface parking lot).

B3. Medium Density Housing Zoning

Medium density housing, including townhouses, but also triplexes, fourplexes and other small multi-family properties, can be a source of affordable rental and ownership housing in the City and provide housing options for a wide range of incomes. Zoning for medium density housing will likely be most appropriate in transition areas, between single-family neighborhoods and higher-intensity or commercial areas, but there may other areas in the City where medium density zoning would make sense. Creating opportunities for the development of a wider range of smaller housing types can potentially create more lower-cost housing, but can also broaden the range of housing options for individuals and families in different phases of their lives (e.g. single people, small families, retirees). Additional medium density housing could also potentially alleviate pressures on overcrowding and/or illegal renting in single-family homes.

Currently, about three-quarters of the land in Rockville is zoned residential, with the largest areas zoned R-90 (23%), R-60 (20%), R-S (11%) and R-E (10%). R-90 and R-60 zoning districts require lot sizes of 9,000 square feet and 6,000 square feet per housing unit, respectively. The R-S zone is 20,000 square feet per unit, and is primarily being used as City-owned parkland or institutional uses. R-E zoning districts require one acre lots. Virtually no housing is built on R-E parcels; the Lakewood Country Club and Woodmont Country Club are zoned R-E. These residential zones generally are not designed to allow for the development of townhouses or small multi-family buildings.

About 13 percent of the City's land is zoned Mixed-Use, which can include residential, as well as office and retail uses. The major mixed use areas in Rockville are the Town Center and the Tower Oaks, King Farm and Fallsgrove developments. These areas have included townhouse and multi-family development.

The City should explore zoning changes that create more places that allow townhouse development and that allow new forms of development (e.g. fourplexes). In transition areas—that is, areas between single-family neighborhoods and townhouse and/or multi-family neighborhoods—consider how to develop density categories to maintain neighborhood character while allowing for more housing units. Explore other areas in the City where zoning for medium density may be appropriate. In medium density zones, changing the basis for zoning from units per acre to floor area ratio (FAR) could create more opportunities for affordable units. The units per acre approach can incentivize larger and less affordable housing, while an FAR approach can make it easier to build smaller units.

Recommendation: Zone areas within one-half mile of a Metro station at densities that allow townhouses and multi-family housing. Change some medium density zones in areas within one mile of a Metro station from a units-per-acre basis to an FAR basis to encourage the development of smaller, more affordable units. Evaluate other areas in the City where medium density zoning would be appropriate.

B4. Accessory Dwelling Units

Accessory dwelling units (ADUs) are generally defined as a small dwelling unit located on the same lot as or attached to a single-family house, including an apartment over the garage or a so-called “tiny house” (on a foundation) in the backyard. ADUs can be a source of affordable housing for individuals or couples, and can also be a source of income to the primary homeowner.

The City of Rockville currently does not have an ADU ordinance. The City does have a process for granting special exceptions for accessory apartments, which must be contained within the primary residence and have the same address. The accessory apartment must have an entrance and be located in such a way that the primary residence appears as a single-family housing unit.

Recommendation: Establish an ADU policy in Rockville that allows accessory units that are on the same lot but are not part of the primary structure, to include garage apartments and “tiny” houses. Make the development of an ADU policy a public process that addresses potential concerns about parking, density and neighborhood character.

B5. Inventory of At-Risk Properties

The most important source of rental housing that is affordable to lower-income households is found within the existing housing stock. In the City of Rockville, there is a stock of market-rate affordable housing that could potentially be lost from the affordable stock through rent increases, redevelopment or condo conversion. Preserving the affordability of these units is important for meeting future needs.

The effectiveness of a preservation program depends on the timely identification of at-risk properties. A strong data collection effort can help municipalities identify which affordable rental properties appear to be at risk of loss and for what reason, and target their outreach and preservation efforts accordingly. Few local jurisdictions across the country have demonstrated successful processes for tracking unregulated units. Because of Rockville’s relatively small size, it is in a better position than many to create a comprehensive inventory of affordable (market rate and subsidized) rental properties, along with building ownership information (including changes in ownership), code violations, and other property information.

Recommendation: Conduct a comprehensive inventory of market-rate affordable rental properties, map the locations of those units (e.g. proximity to transit, other amenities) and share information with the community. Track information on these properties through records on code enforcement, real estate transactions and other information.

B6. Special Affordable Housing Preservation District

A Special Affordable Housing Preservation (SAHP) District is an overlay zone that could be adopted in areas of the City where there is a significant share of market-rate affordable rental housing that is close to transit and other amenities. The goal of a SAHP District is to retain affordable housing, either through preservation or replacement, in high-opportunity areas where redevelopment is likely. Higher densities are allowed in these districts, projects are approved through a community process, and projects that are able to build at higher densities must include one-for-one replacement of affordable units (either units or bedrooms) within the proposed project.

Recommendation: Identify areas within the City where a special affordable housing district overlay may be appropriate.

B7. Modified Parking Standards

Modifying parking requirements can reduce overall development costs, which could potentially be converted to the provision of more affordable units. There is evidence from communities within the Washington DC area and across the country that individuals and families that live in affordable housing tend to have fewer cars and therefore need less parking than higher-income households. In addition, housing close to Metro requires less parking than housing without transit access. Reducing the amount of parking required can lower overall development costs, making housing more affordable. De-linking parking from rent (i.e. residents pay for their rent and parking separately and only pay for parking if they want it) can also result in more affordable housing.

Recommendation: Review the City's current parking requirements, conduct a parking study associated with MPDUs and other affordable rental housing properties both at Metro and in non-Metro accessible locations, and evaluate the potential for lowering parking requirements, de-linking parking from rent or both.

B8. Local Housing Voucher or Grant Program

A local housing voucher or grant program provides a rent subsidy to income-eligible households for them to use in the private market. Similar to the Federal HCV program, a local housing voucher program is designed to make up the difference between market rents and the rents affordable to low-income individuals and families. However, with a local program, jurisdictions have more flexibility in how they target subsidies and in setting income and other eligibility standards.

Recommendation: Consider establishing a local housing voucher program, funded with additional resources from the HOF or from general funds. Target subsidies at households that are most in need and/or are not being served by other programs. Give preference to seniors, disabled persons and low-income individuals with jobs in Rockville.

B9. Affordable Multi-Family Rental Property Tax Exemption

Older market-rate affordable rental properties often require maintenance and improvements. A property tax exemption provides an incentive for owners of older multifamily buildings to improve their properties in exchange for tax relief. Eligible owners of older multifamily rental properties (e.g. buildings that are 25+ years old with 5+ units) could receive an exemption of property taxes on the additional value created by any improvements or renovations for a determined period (e.g. 10 years).

Recommendation: With cooperation from the County, offer a property tax exemption to owners of affordable rental properties. Eligible owners of older multifamily rental properties could receive an exemption of property taxes on the additional value created by any improvements or renovations for a determined period.

B10. Real Estate Tax Relief for Seniors/Persons with Disabilities

A real estate tax relief program is an incentive that reduces the amount of property tax owed by an individual homeowner. For low-income homeowners and those on fixed incomes, a reduction in real estate taxes can enable them to afford to remain in their home. In many programs, the tax relief is a deferment and homeowners who qualify for a full or partial property tax exemption are required to pay the tax balance when the property is sold. Eligible homeowners should meet income and asset limits (with the primary residence not counted towards total assets).

Recommendation: With cooperation from Montgomery County, offer property tax relief to low-income seniors and persons with disabilities who meet income and asset requirements.

B11. In Lieu Fee on Small (<50 units) Properties

Under the City's MPDU program, projects that include fewer than 50 units are exempt from the affordability requirements. If the City of Rockville is successful in encouraging more medium-density options, it is possible that the number of smaller projects could rise in the City. The City would collect an in lieu fee associated with the approvals of these projects and these in lieu funds could help support the City's Housing Opportunity Fund. While not a dedicated source of funding, this fee could provide an additional influx of resources into the HOF.

Recommendation: Evaluate the feasibility of an in lieu payment for small multi-family projects and conduct a careful economic analysis to set an appropriate payment level.

B12. Condominium Conversion Fees

Condominium fees are fee (generally per-unit) assessed when an owner of a multi-family rental building converts to ownership. Condo conversion fees are designed to prevent or mitigate the loss of affordable rental housing that is lost due to condo conversion. An owner of a multi-family rental building would be assessed a fee on each rental unit that is converted to ownership. Condominium conversion fees are also another source of revenue for the City's HOF.

More condominium conversions may be possible in the future as the demand for homeownership increases. While condominiums can be a source of affordable homeownership, the loss of market-rate affordable rental housing is also a big concern for the City.

Montgomery County's condominium conversion policy includes tenant notification and displacement mitigation requirements but no condominium conversion fee or tax.

Recommendation: Require tenant notification and a displacement mitigation plan for all condominium conversion (of 10+ units). If Montgomery County adopts a condominium conversion tax or fee, the City of Rockville should implement a similar tax, if properties in the City are not automatically subject to the levy.

B13. Universal Design/"Visitability"

Universal design or visitability often refer to the development of housing and surrounding areas so that they can be used by people with a wide range of mobility. The State of Maryland has accessibility code guidelines for buildings and facilities. Montgomery County has adopted a voluntary certification program for visitability in new residential developments. Education materials about these programs, as well as

other universal design/visitability initiatives, should be disseminated to homebuilders, property owners, real estate agents, architects and other interested parties to increase the understanding and the benefits of incorporating universal design features in homes.

Recommendation: Provide education and outreach around universal design/visitability.

B14. Villages Model

The villages model has been adopted in many communities throughout the country to meet the needs of a growing senior population. Under this model, residents are connected to a system of local service providers that can help enable them to stay in their homes. Residents typically pay a monthly fee to be part of the village. Services can include rides to doctors, pharmacies, and grocery stores; access to support service providers and home healthcare; and access to volunteer networks to assist with home modifications or minor repairs, technology services, gardening, etc. Additionally, fees pay full-time staff coordinators who also analyze service providers to determine cost efficiencies. Over 190 villages are operating in the U.S., and the Village to Village Network (VTV) provides resources and best management practices for villages and areas hoping to develop villages.

Recommendation: Explore how the City of Rockville can partner with VTV or a similar organization to develop a village or villages within the City.

B15. Employer-Assisted Housing

Employer-assisted housing (EAH) programs can provide financial assistance to municipal employees who want to purchase a home in the community. However, a broader EAH policy can encourage private-sector employers to assist workers with housing through matching downpayment assistance, deferred loans or other support.

Recommendation: Encourage private employers to provide financial assistance to their workers to enable them to live closer to their jobs. Educate employers about potential benefits of affordable housing (e.g. less staff turnover, shorter employee commutes, etc.)

Figure 42. Summary of Strategy Recommendations

			Targeted Household					Household			Type of Tool			Main				
			Incomes					Type						Objective				
			ID	Program	Description	ELI (<30% AMI)	VLI (30-60% AMI)	LI (60-80% AMI)	MI (80-100% AMI)	100% AMI+	Seniors	Disabled	Families	Land Use	Financial			Other
Existing Tools																		
A1	MPDU (1,081 units)	The MPDU program requires that 12.5% of units in new housing projects (50+ units) are affordable to households with lower incomes. In mixed-use zoning districts, at least 15% of the total units must be MPDUs.		X				X	X	X	X				X		Monitor existing MPDU units, lengthen rental MPDU affordability term, offer tiered affordability options, revise income thresholds and pricing for ownership MPDUs, and evaluate existing density bonus option.	Increased flexibility of MPDU program to provide units to a wider range of income levels, including renter households with incomes between 30 and 60% AMI and home owners with incomes between 60 and 80% AMI
A2	Public Housing (108 units)	Rockville Housing Enterprises (RHE), the City’s public housing agency, owns and operates 105 public housing units—David Scull Courts, First Street in Rockville (76 units) and at various single-family sites throughout Rockville (29 units).	X	X				X	X	X		X				X	Work with RHE to develop strategies that seek to preserve existing units and produce new units, including potential options for mixed-income redevelopment.	Preservation of existing public housing affordable to below 30% AMI households and expand housing options for households up to 80% AMI
A3	Housing Choice Vouchers (414 households)	RHE administers 414 federal housing choice vouchers (HCV), including 359 vouchers through the regular HCV program, 50 mainstream vouchers supporting elderly/disabled households, and five moderate rehab program vouchers.	X	X				X	X	X		X					Continue on-going outreach to landlords about the opportunities and benefits of participating in the HCV program.	Greater housing choice for families with a housing choice voucher (up to 50% AMI)
A4	CDBG	The City receives about \$230,000 in CDBG funding, which has been mostly used for rehab and improvements to owner-occupied single-family homes, group homes operated by non-profit housing providers and to public housing units in the City.	X	X	X			X	X	X		X			X	X	Identify other funding sources that could be used to better leverage the City’s CDBG funds.	Expanded assistance to low-income home owners for repairs and to non-profit housing providers for rehab to multi-family buildings
A5	Low-Income Housing Tax Credit (LIHTC)	The LIHTC provides federal tax credits to facilitate the construction and rehabilitation of affordable rental housing . RHE owns and operates 59 LIHTC units in the City.		X				X	X	X		X			X	X	Participate in a regional effort to lobby the state for a special set aside of tax credits for the Washington DC suburbs	Construction of new rental housing affordable to households up to 60% AMI

ID	Program	Description	Targeted Household Incomes					Household Type			Type of Tool			Main Objective		Recommendation	Anticipated Outcome
			ELI (<30% AMI)	VLI (30-60% AMI)	LI (60-80% AMI)	MI (80-100% AMI)	100% AMI+	Seniors	Disabled	Families	Land Use	Financial	Other	Production	Preservation		
A6	Housing Opportunity Fund	Rockville's housing trust fund can be used for affordable housing rehabilitation or development projects. The fund's revenue sources have been limited to proceeds from sales of MPDUs. The fund currently totals about \$493,000.	X	X	X	X	X	X	X	X		X		X	X	Explore additional sources of funding, including an annual budget appropriate, evaluate the potential for better leveraging existing funds, and set specific priorities for use of funds	Additional new construction, preservation and/or rehabilitation of housing affordable to low- and moderate-income households
A7	Montgomery Housing Initiative Fund	Montgomery County's housing trust fund that provides loans for new construction, rehabilitation, and preservation of affordable housing in the county.	X	X	X			X	X	X		X		X	X	Identify MHI's funding priorities so that it is clear when potential projects in Rockville might be competitive to receive MHI funds.	Additional resources to help support new construction and rehabilitation of housing affordable to low- and moderate-income households
A8	Payment in Lieu of Taxes (PILOT)	Montgomery County's PILOT program offers, on a negotiated, case-by-case basis, lowered property taxes in exchange for a commitment to providing housing affordable to low-income households.	X	X				X	X	X		X			X	Find additional opportunities for negotiating PILOTs within the City.	New construction or preservation of existing rental housing affordable to low-income households
A9	Code Enforcement	The City conducts inspections of residential properties within the City to identify code violations and to educate property owners and residents on property maintenance codes.	X	X	X	X	X	X	X	X	X		X		X	Track code violations among affordable rental properties. Proactively reach out to property owners to offer support for building maintenance/improvements.	Preservation and improved housing quality of existing rental and ownership housing
A10	Single-Family Rehabilitation Program	Through the Single Family Rehabilitation Program, eligible homeowners may apply for forgivable loans to make improvements to their homes.	X	X	X			X	X	X		X			X	Increase education/outreach about this program, particularly to the City's seniors and persons with disabilities.	Preservation and improved quality of existing housing stock occupied by low- and moderate-income home owners
A11	Downpayment Assistance	In collaboration with Housing and Community Initiatives, Inc. (HCI), the City of Rockville has supported the REACH Program, a downpayment assistance program.			X	X						X				Re-engage with HCI (or other organizations) to expand the downpayment assistance program.	Increased home ownership options for households with incomes up to 100% AMI

			Targeted Household					Household			Type of Tool			Main			
			Incomes					Type						Objective			
ID	Program	Description	ELI (<30% AMI)	VLI (30-60% AMI)	LI (60-80% AMI)	MI (80-100% AMI)	100% AMI+	Seniors	Disabled	Families	Land Use	Financial	Other	Production	Preservation	Recommendation	Anticipated Outcome
New Tools																	
B1	Public Land for Affordable Housing	Making public land available can be the key way to make it financially feasible to develop below market-rate multi-family units.			X	X		X	X	X	X			X		Conduct an inventory of undeveloped and underdeveloped publically-owned land, share information with the community, and engage with the community to identify potential sites that may be suitable for affordable housing.	Expanded housing options for low- and moderate-income households
B2	Density Averaging	Density averaging can shift density from one part of a site to another, or from one adjacent site to another, to incentivize housing production and the preservation of existing affordable housing.			X	X		X	X	X	X			X	X	Identify market-rate affordable housing properties where redevelopment is likely and where density shifting on the site may be possible	Preservation of housing affordable to low- and moderate-income households and the construction of new market-rate and affordable
B3	Medium Density Housing Zoning	Medium density housing, including townhouses, but also fourplexes and other small multi-family properties, can expand housing options while retaining the character of single-family neighborhoods.			X	X	X	X	X	X	X			X		Explore zoning changes that create more places that allow development of medium density housing. Consider transition areas, as well as existing residential and commercial areas for re-zoning.	Expanded housing options (for-sale and rental) for moderate-income households
B4	Accessory Dwelling Units	An accessory dwelling units (ADU) is defined as a small dwelling unit located on the same lot as or attached to a single-family house. ADUs can be a source of affordable housing for individuals or couples, and can also be a source of income to the primary home owner.			X	X	X	X	X	X	X			X		Establish an ADU policy in Rockville that allows accessory units that are on the same lot but are not part of the primary structure, to include garage apartments and “tiny” houses.	M low- and moderate-income seniors remain in their homes and more housing options for low- and moderate-income households

ID	Program	Description	Targeted Household					Household			Type of Tool			Main Objective		Recommendation	Anticipated Outcome
			ELI (<30% AMI)	VLI (30-60% AMI)	LI (60-80% AMI)	MI (80-100% AMI)	100% AMI+	Seniors	Disabled	Families	Land Use	Financial	Other	Production	Preservation		
B5	Inventory of At-Risk Properties	The most important source of rental housing that is affordable to lower-income households is found within the existing housing stock. It is critical to identify and monitor this housing stock.		X	X			X	X	X			X		X	Conduct a comprehensive inventory of market-rate affordable rental properties. Track information on these properties through records on code enforcement, real estate transactions and other sources.	Preservation and potentially improved quality of existing multi-family rental housing affordable to households with incomes up to 80% AMI
B6	Special Affordable Housing Preservation District	A Special Affordable Housing Preservation (SAHP) District is an overlay zone designed to retain affordable housing, either through preservation or replacement, in high-opportunity areas where redevelopment is likely.		X	X	X		X	X	X	X			X	X	Identify areas within the City where a special affordable housing district overlay may be appropriate.	Preservation of existing housing affordable to low- and moderate-income households in highly transit accessible areas
B7	Modified Parking Standards	Reducing the amount of parking required can lower overall development costs, making housing more affordable. De-linking parking from rent can also potentially result in more affordable housing.			X	X		X	X	X	X			X		Review the City's current parking requirements, conduct a parking study associated with MPDUs and other affordable rental housing properties, and evaluate the potential for lowering parking requirements, de-linking parking from rent or both.	Facilitate the production of more rental housing affordable to households up to moderate-income households
B8	Local Housing Voucher	A local housing voucher program provides a rent subsidy to income-eligible households for them to use in the private market. It is designed to make up the difference between market rents and the rents affordable to low-income individuals and families. Jurisdictions have flexibility in how to target subsidies and in setting income and other eligibility standards.	X	X				X	X	X		X				Establish a local housing voucher program. Target subsidies at households that are most in need and/or are not being served by other programs. Give preference to seniors, disabled persons and low-income individuals with job in Rockville.	Increased access to housing among low-income households, particularly seniors, persons with disabilities and low-wage workers

ID	Program	Description	Targeted Household					Household			Type of Tool			Main Objective		Recommendation	Anticipated Outcome
			ELI (<30% AMI)	VLI (30-60% AMI)	LI (60-80% AMI)	MI (80-100% AMI)	100% AMI+	Seniors	Disabled	Families	Land Use	Financial	Other	Production	Preservation		
B9	Affordable Multi-Family Rental Property Tax Exemption	A property tax exemption provides an incentive for owners of older multifamily buildings to improve their properties in exchange for tax relief.		X	X			X	X	X		X			X	With cooperation from the County, offer a property tax exemption to owners of affordable multi-family properties on the additional value created by any improvements or renovations for a determined period.	Preservation and improved housing quality of affordable multi-family rental housing
B10	Individual Home Owner Property Tax Tax Relief	A real estate tax relief program is an incentive that reduces the amount of property tax owed by an individual homeowner. For low-income homeowners, a reduction in real estate taxes can enable them to afford to remain in their home.		X	X	X		X	X			X			X	With cooperation from Montgomery County, offer property tax relief to low-income seniors and persons with disabilities who meet income and asset requirements.	More low-income seniors and persons with disabilities are able to remain in their homes
B11	In Lieu Fee on Small Properties	A payment in lieu option for smaller projects not subject to the MPDU program requirements.	X	X	X	X		X	X	X		X		X	X	Evaluate the feasibility of an in lieu payment for small multi-family projects and conduct a careful economic analysis to set an appropriate payment level.	More resources for the local housing trust fund, which could support broad production and preservation efforts
B12	Condominium Conversion Fees	Fee (generally per-unit) assessed when an owner of a multi-family rental building coverts to ownership.		X	X	X	X	X	X	X		X			X	Require tenant notification and a displacement mitigation plan for all condominium conversion (of 10+ units). If Montgomery County adopts a condominium conversion tax or fee, the City of Rockville should implement a similar tax, if properties in the City are not automatically subject to the levy.	Preservation of some multi-family rental housing and less displacement among low- and moderate-income renters

			Targeted Household					Household						Main			
			Incomes					Type			Type of Tool			Objective			
ID	Program	Description	ELI (<30% AMI)	VLI (30-60% AMI)	LI (60-80% AMI)	MI (80-100% AMI)	100% AMI+	Seniors	Disabled	Families	Land Use	Financial	Other	Production	Preservation	Recommendation	Anticipated Outcome
B13	Universal Design/ "Visitability"	Universal design or visitability often refer to the development of housing and surrounding areas so that they can be used by people with a wide range of mobility.	X	X	X	X	X	X	X				X			Provide education and outreach around universal design and visitability standards.	More seniors and persons with disabilities can remain in their homes
B14	Villages Model	Under the Villages model, residents are connected to a system of local service providers that can help enable them to stay in their homes.			X	X	X	X					X			Explore can partnering with non-profit or for-profit organizations to develop new villages within the City.	More seniors can remain in their homes or in their communities as they age
B14	Employer-Assisted Housing	Employer-assisted housing (EAH) programs provide financial assistance to employees who want to purchase a home in the community or can provide rental assistance.			X	X	X			X		X				Encourage private employers to provide financial assistance to their workers to enable them to live closer to their jobs. Educate employers about potential benefits of affordable housing.	More Rockville workers will live in the City

Figure 43. Linking Strategies with Forecasted Need

Income Level (2016) ^a	Net New Households (2015-2040)	Current Tools	Assessment of Ability to Meet Future Needs	Recommended Strategies ^b
Extremely Low Income (Under 30% of AMI): 1,653 households				
Up to \$22,850	1 person households	1,007	Extremely low income (ELI) households in Rockville face the biggest affordability challenges. Federal programs that target ELI households are limited, and the prospect for meeting this future need in the City is slim. The majority of these households are seniors who will face potentially devastating trade-offs between paying for housing and paying for other necessities, such as good and health care. Significant and/or layered public subsidies are required to provide housing affordable at this income level.	A2, A3, A4, A6, A7, A8, A9, A10, B8, B9, B10, B11, B13
Up to \$26,100	2 person households	344		
Up to \$29,350	3 person households	106		
Up to \$32,600	4 person households	196		
	Seniors (age 65+)	1,107		
	Disabled Persons	600	Public Housing, Housing Choice Voucher (HCV), CDBG, Housing Opportunity Fund (HOF)	
Very Low Income (30-60% of AMI): 2,245 households				
\$22,850 to \$45,660	1 person households	994	There are programs at the Federal, state and local levels that target this income group, though resources are currently insufficient to meet the needs. Without sufficient housing, people will double or triple up, or may have to leave Rockville. Individuals in this income group include workers in a variety of jobs, including retail and health services jobs, as well as entry-level professional services jobs. A significant commitment of local resources will be required to meet the housing needs of this group.	A1, A3, A4, A5, A6, A7, A8, A9, A10; B1, B2, B4, B5, B6, B8, B9, B10, B11, B12, B13
\$26,100 to \$52,140	2 person households	398		
\$29,350 to \$58,680	3 person households	287		
\$32,600 to \$65,160	4 person households	566		
	Seniors (age 65+)	997		
	Disabled Persons	455	MPDU, Public Housing, HCV, CDBG, HOF, LIHTC	
Low Income (60% - 80% of AMI): 1,263 households				
\$45,660 to \$60,880	1 person households	558	Households higher up the income spectrum also have trouble finding housing they can afford. With the exception of the MPDU program, there are few housing programs designed to meet the needs of households in the 60-80% AMI range. This group includes many workers in Rockville, including health care workers, program analysts, and researchers. A combination of land use and financial tools that incentivizes both production and preservation will be needed to meet the needs of this	A1, A4, A6, A7, A8, A9, A10, A11; B1, B2, B4, B5, B6, B9, B11, B12, B13, B14, B15
\$52,140 to \$69,520	2 person households	355		
\$58,680 to \$78,240	3 person households	167		
\$65,160 to \$86,880	4 person households	183		
	Seniors (age 65+)	681		
	Disabled Persons	211	HOF	
Moderate Income (80% - 100% of AMI): 1,085 households				
\$60,880 to \$76,100	1 person households	512	Even moderate-income households have housing challenges, which reflects an insufficient supply of housing generally in Rockville. Current housing programs generally do not target households above 80% AMI. This group includes many public sector workers, as well as workers in growing private sector industries. A combination of land use and financial tools that incentivizes both production and preservation will be needed to meet the needs of this income group.	A6, A9; B1, B2, B3, B4, B5, B6, B7, B11, B12, B13, B14, B15
\$69,520 to \$86,900	2 person households	345		
\$78,240 to \$97,800	3 person households	99		
\$86,880 to \$108,600	4 person households	129		
	Seniors (age 65+)	679		
	Disabled Persons	226		
Higher Income (100%+ of AMI): 3,715 households				
\$76,100 and higher	1 person households	1,542	Higher income households can face affordability challenges and can also have a hard time finding appropriate housing of the right size or type, which also reflects an insufficient supply of housing generally in Rockville. Land use tools can be most effective at expanding housing options broadly to include housing for higher income households. This group includes a diverse set of public- and private-sector workers.	A9; B3, B4, B12, B13, B14, B15
\$86,900 and higher	2 person households	1,530		
\$97,800 and higher	3 person households	369		
\$108,600 and higher	4 person households	274		
	Seniors (age 65+)	1,622		
	Disabled Persons	698		

^a Income thresholds for 4-person household presented for 4+ person households in this table. The 80% AMI limits are calculated based on the 100% AMI levels and are different from the HUD 80% AMI levels for Rockville.

^b See Figure 42 for details.

A = Existing Tools

B = New Tools

Case Study Profiles

The City of Rockville is home to individuals and families from diverse backgrounds and with varied socioeconomic characteristics. The diversity of the population is one of the critical elements to creating the thriving and inclusive community of Rockville. If the City is going to be able to continue to attract and retain a diverse population, it will need to plan for a wide range of housing types that can meet future needs.

The analysis of current conditions and the forecasts of housing demand demonstrate that housing affordability and limited housing choices will be challenges for many people. The following case studies describe examples of current or future residents of Rockville, describing the challenges and trade-offs they make in order to be part of the Rockville community. The profile households are fictional; however, they do represent typical individuals and families in the Rockville community. The objective of the case study profiles is to put faces to the facts and figures described earlier in the report.

The following individuals and families are highlighted in the profiles:

Edward and Carrie Moreno are a young, married couple living in Rockville and expecting their first child. They earn above the area median income but are having trouble finding a home in Rockville they can afford.

Evelyn Matthews is a senior who has lived in the City of Rockville her entire life. Her income is about 50 percent of AMI and she is finding it increasingly difficult to afford her rising rent and increasing health care costs.

Howard and Cynthia Johnson are Boomers nearing retirement. They love living in Rockville and are hoping to downsize into a smaller home but they find their options are limited, even with an income a 80 percent of AMI.

Natalie Silverman is a single mom who works in Rockville but lives in Hagerstown. Her income puts her at about 30 percent of AMI. She cannot find an apartment she can afford in Rockville, but the cost of commuting is becoming untenable.

The Garcia Family is a multi-generational family with limited income, about 60 percent of AMI. It has been difficult to find affordable housing in Rockville that is large enough to accommodate their extended family.

Dev and Soni Aggarwal earn about 150 percent of AMI and love their townhome in Rockville. However, they have two young children and think they might move out of Rockville because the options to move into a single-family home are limited.

Amy Wu is a recent college graduate who lives with her parents in Rockville. She earns about 80 percent of AMI but with her student loans, it is impossible for her to afford an apartment on her own. She is seriously considering leaving Rockville and the DC region.

Who Needs Housing in the City of Rockville?



Edward and Carrie Moreno are a young, married couple living in Rockville. Carrie grew up in Montgomery County and her parents still live in Potomac. She went to the University of Maryland, graduating in 2007 with a double major in physics and communications, and currently works at the National Institute of Standards & Technology (NIST) in Gaithersburg. Edward is originally from the Boston area, and after completing his culinary degree in 2006, he moved to DC for his first job.

Edward and Carrie have been married since 2011 and are expecting their first child—a girl! They currently live in a one-bedroom apartment at the Fenestra at Rockville Town Center with a monthly rent of \$1,950. They are hoping to buy their first home in Rockville, ideally before the baby is born. Edward’s job as a sous chef at a Bethesda restaurant pays \$47,500 and Carrie earns \$75,000 as a public affairs officer at NIST. Their combined income of \$115,500 puts them above the area median income for a family of three, which was \$97,800 in 2016.

The couple has been paying off student loans and saving for a down payment. They currently have about \$10,000 but they would like to save \$20,000 to be able to put 5% down (i.e. a \$400,000 home). As they began to think about buying a home, they wanted to be fairly close to Carrie’s parents who will be providing child care when Carrie goes back to work after the baby is born. Because they haven’t budgeted to buy a second car, Edward will still need to be close to Metro for his commute. They would like to find a three-bedroom townhouse within walking distance to a Metro station but they are also looking at homes that are along a bus line.

Edward and Carrie have become pretty disillusioned as they starting looking at houses. Three-bedroom townhouses in Rockville are typically listed at over \$500,000. There are several homes for sale in the King Farm neighborhood but most are in the \$550,000 to \$650,000 range which is well outside of their budget. The few homes priced in the \$400,000 to \$450,000 range typically need quite a bit of updating.

As their baby’s due date gets closer, Edward and Carrie are considering looking up in the Gaithersburg area where there are more options in their price range. Unfortunately, that means they will be further from Carrie’s parents and Edward’s job.

Millennials & Housing in Rockville

According to results from the **City of Rockville’s Housing Market Analysis and Needs Assessment**, there are many young couples in Rockville who are finding it hard to buy their first home.

Only about 20 percent of 25 to 34 year olds in Rockville were home owners in Rockville in 2014, compared to 43 percent in 2000. There are currently more than 3,500 households headed by someone age 25 to 34 in Rockville that are currently renters.

Many of these Millennials couples would like to buy a home and would like to stay in Rockville because of its schools, amenities, and access to transit. But for many, the cost of home ownership in Rockville will be too high.

The demand for home ownership will increase as the Millennial population ages. According to **housing demand forecasts** prepared for the City of Rockville, the number of households headed by someone under age 35 will increase by 1,450 between now and 2040, and the number of 35-to-44 year old households will increase by 1,711.

The City of Rockville can expand housing options for young first-time home buyers by providing downpayment assistance and changing zoning to allow for the development of more townhouses, four-plexes and other small multifamily buildings that could be a source of more affordable homeownership.

Who Needs Housing in the City of Rockville?



Evelyn Matthews is an 84-year old woman who has lived in the City of Rockville her entire life. She keeps busy volunteering at the Rockville Memorial Library and playing bingo on Wednesday evenings at the Rockville Senior Center. Until recently, she would two to three times per week with her neighbors. Evelyn never married and has no close family in the area, but she has a wide network of friends and acquaintances in the City.

Evelyn graduated from Richard Montgomery High School in 1956. Her first job was as an office clerk with the City of Rockville, and subsequently she worked in a variety of secretarial/administrative assistant positions with Montgomery County and private sector employers until she retired in 2001. Evelyn receives a monthly pension and Social Security. Her annual income is about \$29,000, which is less than 50 percent of area median income for a one-person household. She has always been a renter and currently lives in a one-bedroom apartment off Rockville Pike. Last year, Evelyn's rent increased by nearly 10 percent last year and she currently pays \$1,200 per month, which is about half of her monthly income. Her landlord told her rents would be going up another 10 percent this year.

A few years ago, Evelyn was forced to give up driving and she relies on public transportation—primarily Metrobus and RideOn bus—to run errands, get to medical appointments and travel to the library and senior center.

While Evelyn has been relatively healthy most of her life, she has experienced several health issues over the past 18 months. She has been finding it increasingly difficult to get around and even to attend to activities of daily living, such as dressing and bathing. Her rising rents, declining mobility, and increasing health challenges have created a tremendous amount of stress for Evelyn.

Evelyn would really like to remain in her home, or at least in her community, as she gets older but she is not sure she can afford to do so, especially if she can't get access to the necessary social support and health services she needs. She fears she may end up moving into an assisted living facility in another part of Montgomery County, which would put her further away from her social networks.

Seniors & Housing in Rockville

The senior population in the City of Rockville has grown dramatically in recent years, according to results from the **City of Rockville's Housing Market Analysis and Needs Assessment**. The growth of the older adult population in Rockville reflects broader demographic trends, but recent senior housing projects in Rockville have also attracted older residents to the City.

There are currently more than 6,910 households in Rockville headed by someone age 65 or older. The housing needs of seniors in Rockville are diverse. Many older adults in the City are home owners and may be looking to downsize as they age. Other seniors are renters, potentially long-time renters. Many seniors live on fixed incomes.

The demand for housing for seniors will increase as the Baby Boom population ages. According to **housing demand forecasts** prepared for the City of Rockville, **the number of 65+ households will increase by 5,086 households between now and 2040**. More than 2,100 of these senior households will have incomes below 60% of AMI.

The City of Rockville can expand housing options for older adults by providing property tax relief for low-income seniors, creating more accessible rental housing affordable to lower-income individuals, and supporting programs like the Villages model that supports community-based services for seniors.

Who Needs Housing in the City of Rockville?



Howard and Cynthia Johnson are a couple in their late 50s that has lived in the City of Rockville for since the mid-1990s. Originally from the Atlanta area, Howard and Cynthia moved to DC in 1985 when Howard got a job with the Department of Commerce. Cynthia was a stay-at-home mom to their three children when they were young but when they reached school age, she took a position doing marketing and communications for a small theater in the District.

Howard and Cynthia lived for 10 years in the Brookland neighborhood of the District of Columbia. When their oldest child was in third grade, they moved to Rockville, choosing the City because of its good schools and easy access to DC for Howard's job. Time has flown by! The youngest of Howard and Cynthia's three children, Elinor, just left for college at the University of Delaware. Their oldest, Andre, works in Tysons Corner and their middle child, Keira, is a junior at Towson State. The couple lives in a four-bedroom home in the Fallsgrove neighborhood that was valued at nearly \$750,000 last year.

Howard and Cynthia are doing well financially, although they took a bit of a hit during the recession when they refinanced their home to help pay part of their children's college tuition. Over the past few years, however, they have built equity back up. Their household income is currently \$155,000 but when Howard retires in three or four years, they anticipate that their annual income—based primarily on Howard's pension—will drop to about \$70,000 per year, or about 80 percent of the area median income for a family of two in the region.

Howard and Cynthia would like to downsize to reduce their housing costs, but they would really like to stay in Rockville. They think they could sell their home for a profit of about \$250,000 but they aren't sure whether they want to buy another, smaller home in the City or perhaps find a place to rent. Either way, they are looking for a home with little maintenance—both are done with yard work! They do not like the big multi-family rental buildings that have been built recently in Rockville, and they are surprised that they can't find more smaller townhouse-style options in the City. They have recently expanded their search to Silver Spring and Hyattsville, where there is a lot of new townhouse construction, but they would be disappointed to leave Rockville.

Baby Boomers & Housing in Rockville

Baby Boomers will be an important driver of the local housing market in the years to come. According to results from the **City of Rockville's Housing Market Analysis and Needs Assessment**, there are many City residents in their 50s and early 60s who will likely want to remain in Rockville after they retire.

Many Baby Boomer households in Rockville are reaching retirement age. High-quality schools in Rockville may have attracted these Boomers originally to Rockville, but the City's proximity to cultural and natural amenities and its high-quality, mixed-use development will keep many of them.

According to **housing demand forecasts** prepared for the City of Rockville, there will be an increase of 5,943 in the number of households age 55 and older between 2015 and 2040. The housing needs of this population will be an important driver of housing demand in the City but the needs of Baby Boomers will be quite diverse as they age.

The City of Rockville can expand housing options for aging Baby Boomers by changing zoning to allow for the development of more townhouses and smaller homes and to plan for ways to combine housing and services to help older adults of all incomes be able to age in their community.

Who Needs Housing in the City of Rockville?



Natalie Silverman is a single mom in her mid-30s who feels stressed every day about making ends meet. Natalie currently works as a nursing assistant at Adventist HealthCare in Rockville, though she has held a variety of jobs over the past decade, including jobs in the retail and hospitality sectors. She completed a Certified Nursing Assistant program at Montgomery College with the goal of building a career in health care.

Natalie has been at her job at Adventist about a year and likes the work and the people. She was able to get a schedule that allows her to be home with her children most evenings, and a neighbor helps with child care when she has to work late or when traffic is bad on the commute home. She has two daughters—Emily, her oldest, is nine and Alexa is six.

Natalie currently earns \$29,500 a year, which is about 30 percent of area median income for a family of three. While her income is higher and her schedule is more predictable than when she worked in retail or hospitality jobs, Natalie still has trouble paying her bills each month. She needed a major car repair a few months ago and she was unable to pay her cable and electricity bill for a couple of months. She is worried that her 12-year old car is about to die for good and she can't afford a new one.

Natalie and her two daughters currently live in a two-bedroom duplex in Hagerstown that they rent for \$800 per month, which is just over 30 percent of her monthly income. She spends nearly \$300 a month on gas.

Natalie commutes nearly 50 miles each way to work and the wear and tear on her car, not to mention the exhaustion and the cost of the long commute, is becoming a burden.

She would like to move into the City of Rockville to be closer to her job. However, she has been unable to find a two-bedroom apartment in Rockville that she can afford. She found a single-family rental for under \$1,000 per month but the unit was in disrepair. For now, Natalie and her family will stay in Hagerstown, but because of her commute, she has been late to work several times over the last month and she is worried about losing her job. Right now, she feels like she is treading water and doesn't know how to get ahead.

Low-Wage Working Families & Housing in Rockville

The **City of Rockville's Housing Market Analysis and Needs Assessment** revealed that low-wage workers are among the most highly cost burdened households in Rockville.

In 2015, there were about 2,800 households in Rockville with incomes below 30% of AMI. This number includes retirees, but it also includes hundreds of households with workers in retail, hospitality, education and health services occupations.

Recent residential development in Rockville generally has targeted the high end of the market. However, the demand for housing for low-wage workers is expected to increase in the years to come and housing options for extremely low income households are very limited.

According to **housing demand forecasts** prepared for the City of Rockville, between 2015 and 2040, the City will add 1,653 households with incomes below 30% of AMI.

The City of Rockville can expand housing options for low-wage workers and other extremely low-income households by modifying the City's MPDU program to incentivize the production of units that are affordable to extremely low income households and by creating a local housing voucher program that can target working families.

Who Needs Housing in the City of Rockville?



The Garcia Family is a multi-generational family living in Rockville's Twinbrook neighborhood. The busy Garcia household consists of grandparents, Mateo and Luciana, parents, Samuel and Elisa, and children, Sebastian and Isabella. Originally from El Salvador, the Garcia adults have been in the U.S. for more than a decade and Sebastian and Isabella were born in Montgomery County.

Samuel works in construction and after a few lean years during the recession, he is busier than ever. Elisa works for the Montgomery County Schools. Recently retired, Mateo and Luciana care for their two grandchildren, although Mateo sometimes joins Samuel on construction jobs.

While they have a bustling household already, they are expecting their cousin to move in with them soon, as she just lost her job. The four-bedroom home they are renting is large enough for their family, but they have received complaints from neighbors about the number of cars in their driveway. They have also had problems with their landlord and maintenance issues. City officials have visited the home and have fined the property owner for failure to comply with building code requirements, but problems persist.

The bigger issue for the Garcias, though, is that they just found out that their rent is expected to increase for the third year in a row. They are not sure they are going to be able to afford the higher housing costs. Their total household income fluctuates, depending on Samuel's and Mateo's work schedules, but they typically earn about \$65,000, which is about 60 percent of the area median income for a family of four or more. Their rent is currently \$2,200 a month, or about 40 percent of their monthly income. It is expected that their rent will rise to \$2,500 which would be 46 percent of their monthly income.

In order to increase their household income, both Mateo and Luciana are looking for permanent employment, although that would mean the Garcias would need to find child care for Sebastian and Isabella. While they would like to move to higher-quality housing, they can't find other affordable options in Rockville that would accommodate their large family.

Multi-generational Families & Housing in Rockville

The **City of Rockville's Housing Market Analysis and Needs Assessment** found that Hispanic and Asian households drove growth in the City in recent years. These residents, particularly those who are first-generation immigrants to the U.S., are more likely than native-born households to live in multigenerational families.

Between 2000 and 2014, the average family size in Rockville increased, and growth in the Hispanic and Asian populations in the City was an important contributor to this trend.

Families live in multi-generational households for cultural reasons, as well as for economic reasons, and it is often a challenge finding large housing that is affordable.

According to **housing demand forecasts** prepared for the City of Rockville, the number of households with four or more people will increase by 1,348 between 2015 and 2040. An estimated 762 of these 4+ person households will have incomes below 60% of AMI.

The City of Rockville can help increase options for larger families by promoting the development of larger units under its MPDU program and creating a local voucher program that can target working households in the City.

Who Needs Housing in the City of Rockville?



Dev and Soni Aggarwal feel like they lived the American Dream in Rockville. Both came to America from India with their parents when they were children. They met through family friends when they were in high school. Dev went to the University of Maryland and earned an engineering degree and Soni graduated from Montgomery College with an associate's degree in Computer Applications. Dev owns a small business in Rockville that designs and installs security systems and Soni works for a local association as a database administrator.

The Aggarwal family moved into their King Farm townhome in 2009. Their seven-year old twins—Maya and Jai—are second graders at College Gardens Elementary School. They like their community but have hopes to one day have a single-family detached home with a yard. Maya and Jai both love sports and being outside, and Dev and Soni love to garden.

The Aggarwal's have an annual income of \$163,500 which is about 150 percent of area median income for a family of four. Their townhome was recently valued at \$525,000 and they feel like they could find a buyer if they put it in on the market. Living in Rockville is ideal for Soni's commute and most of Dev's customers are in nearby Montgomery County or northwest DC. However, they don't see a lot of options to buy a single-family detached home in Rockville. They are looking for something priced under \$650,000 which would be a manageable mortgage. They like the King Farm neighborhood but have realized that if they want to find a single-family detached home in their price range, they will have to expand their search to other neighborhoods.

Dev and Soni put two offers on homes in Rockville recently but both times lost out to buyers who offered to pay in cash. They were surprised at how tight the housing market is in the City. They have begun to feel like it won't be possible to find their move-up home in Rockville.

They visited friends in Frederick and were surprised to find that single-family home prices were lower and there was a lot more selection. While they would be disappointed to leave Rockville, and particularly their neighborhood and their kids' school, they have expanded the search for their next home to the Frederick area.

Families & Housing in Rockville

According to results from the **City of Rockville's Housing Market Analysis and Needs Assessment**, most households in Rockville are family households and many are challenged to find housing they can afford.

While Rockville still attracts a lot of families the number of married-couple families with children in Rockville has grown more slowly than the number of non-family households. These trends are driven in some part by broad demographic changes that include delayed marriage and childbearing and more single-parent families. But the available housing stock in Rockville also plays a role. The vast majority of residential development in the City in recent years has been multi-family rental housing which generally attracts younger households often living alone or with roommates.

In 2014, there were 7,810 households with children in Rockville. According to **housing demand forecasts** prepared for the City of Rockville, there will be an increase in number of households with children of 1,300 between 2015 and 2040.

Families will continue to be attracted to Rockville because of its high-quality schools and neighborhood amenities. The City of Rockville can help expand housing options for families by promoting the development of family-sized housing units and creating opportunities for the development of single-family housing of different types.

Who Needs Housing in the City of Rockville?



Amy Wu is a recent college graduate living at home with her parents—and she is not happy about it! Amy graduated magna cum laude from Johns Hopkins University with a degree in Economics in 2014. She currently works as an analyst with an economic and financial consulting firm in Montgomery County. She loves her job and being able to meet friends out in DC, Bethesda and Silver Spring. She loves the new restaurants and entertainment options that she can get to easily from Rockville.

When Amy graduated, she got a good job fairly quickly with what she thought was a good starting salary. She currently earns \$49,000 which is about 80 percent of the area median income for one person. Based on her income, she could afford to rent one of the new studio apartments in Rockville. However, Amy has accumulated over \$40,000 in student debt and her monthly student loan payment makes it impossible for her to afford to rent an apartment on her own. She realized that she had two options—find a group house with three or four roommates or move back home temporarily to save money. She chose to move in with her parents. She pays them a nominal amount of rent each month and helps out around the house. She can come and go as she pleases, but it doesn't feel like she has fully reached adulthood when she sleeps in her childhood bedroom. But whenever she goes online to check apartment listings, she gets depressed.

One of Amy's college roommates moved to Memphis after graduation and loves it there. Amy is considering leaving Rockville and the Washington DC region to move to a place where she can afford to live on her own and begin to start saving to buy a home, even as she continues to pay off her student loans. She would miss being near her family and all of the amenities she loves in Rockville and the surrounding area. But the high cost of housing makes staying in Rockville seem impossible.

Prospects for moving up in her career are good here, but economic opportunities are growing in other parts of the country. In fact, there are several financial consulting firms in Memphis, one that moved from DC to Tennessee just a year ago.

Young Workers & Housing in Rockville

The vitality of the Rockville and the greater Washington DC area economy depends on the region being able to attract and retain young workers. However, according to results from the **City of Rockville's Housing Market Analysis and Needs Assessment**, young workers often have a difficult time finding housing in Rockville they can afford.

In 2014, there were 4,360 Rockville households headed by someone under age 35. Almost half of these young households were cost burdened, spending 30 percent or more of their income on housing costs. The majority of these young households are renters, and many double- and triple-up in order to afford their housing costs.

According to **housing demand forecasts** prepared for the City of Rockville, the number of households in the City headed by someone under age 35 is expected to increase by 1,450 between now and 2040. Most of these young workers will be renters, though most will also want to own a home one day.

The City of Rockville can expand housing options for young workers by incentivizing affordable home ownership through the MPDU program and working with employers to offer employer assisted housing programs.

Appendix

Forecast Methodology

The forecasts of Area Median Income (AMI) by housing type for the City of Rockville are derived from three main components: housing demand from non-worker households, housing demand from workers filling net new jobs, and housing demand from workers replacing jobs vacated by retirees. This process relies on regional employment forecasts, jurisdictional-level population estimates and analysis of American Community Survey data.

Geography: The forecasts reported in this report focus exclusively on the City of Rockville. However, in order to derive the universe of demand from net new worker households, the job growth within the Washington and Baltimore regions were examined.

Timeframe: The forecasts are for the 2015-2040 period.

Area Median Income Groups: We generate forecasts for six AMI groups. AMI is commonly used as a basis for grouping households among affordable housing policymakers, planners and advocates. The AMI limits are published annually by HUD for all U.S. metropolitan areas and correspond to the median family income.

Housing Types: Within each AMI group, we forecast the demand for single-family owner, single-family renters, multi-family owner, and multi-family renter. Townhouses and single-family attached are considered single-family.

This methodology is divided into three sections:

- I. Housing needs for households without a payroll job
- II. Housing needs for net new workers and replacement workers for retirees
- III. Regional housing characteristics and scenarios

I. Housing needs for households without a payroll job

Households without a payroll job include retirees, students and many self-employed workers, the majority of whom are living in the City of Rockville for a reason not tied to the traditional employment market. Demographic changes are assumed to drive their future growth. The forecasted age group and sex of the householder is used to determine the likelihood that a household would not have a payroll job. A forecast of the population by age group and sex was first forecasted and then used to estimate the number of households by the householder's age and sex.

I.a. Population Forecasts by Age:

To forecast the population by age group and sex, we first started by using cohort change ratios.¹ The population in 1990, 2000 and 2010 was grouped by 5-year age group by sex. Between 1990 and 2000, a cohort change ratio was calculated by dividing the 2000 population in each age and sex group by the 1990 population in each age and sex group, but for the age group 10 years younger. The cohort change ratio captures both the “aging up” and net migration by age group and sex. The same was done for the 2000 and 2010 populations and the 2005 and 2015 populations. An average of the 1990-2000, 2000-2010 and 2005-2015 cohort change ratios was applied to the 2015 population to determine the forecasted age and sex of residents over 10 years old in 2025, 2035 and 2040. The recent period was more heavily weighted through the use of the 2005-2015 period. This was done to better capture recent trends that may be missed by equally weighting the 1990-2000 trends. To determine the future number of children under ten years old, a ratio of number of children under ten to the number of women between 20 and 44 years old was calculated for 1990, 2000, 2005, 2010 and 2015. The average of this ratio was applied to the forecasted number of women between 20 and 44 years old to estimate the number of children. Overall population forecasts from the Round 9.0 Cooperative Forecast from Metropolitan Washington Council of Governments (MWCOCG) were used to control each forecast.

Using cohort change ratios alone for small area forecasts may lead to large percentage changes based on small absolute changes. For that reason, we then stabilized the changes by taking into account national growth forecasts. To do so, we calculated the share of the population in each age group by sex for both the individual jurisdictions and the nation in 1990, 2000, 2005 2010 and 2015. We then calculated the ratio of each age group by sex in each jurisdiction relative to the nation’s share (for example, the percentage of the Rockville's population that is 25-29 year old and male in 2015 divided by the percentage of the U.S. population that is 25-29 year old and male in the U.S. in 2015). This relative ratio was averaged across the four periods. The average was then applied to the forecasted national share to determine share of each jurisdiction’s population by age group and sex. These shares were then applied to the overall population forecasts from MWCOCG. An average of the two population estimates was used to take into account both historic migration and growth patterns and national trends.

I.b. Households Forecasts by Householder Age and Sex:

We analyzed data from the 2012, 2013 and 2014 American Community Survey (an average of the one year microdata samples) to estimate the percentage of each age group by sex who is a head of household (a headship rate). Montgomery County's rates were applied to the City of Rockville, as the microdata sample was too small. This headship rate was applied to the forecasted population by age and sex group to

¹ a.k.a the Hamilton-Perry Method

determine the number of households headed by each age group. The total households were controlled to match the forecasted number of households from MWCOG.

I.c. Non-worker Household Forecasts:

Again using the 2012, 2013 and 2014 American Community Surveys, the current percentage of non-worker households by the householder's age group and sex was calculated. Again, the County of Montgomery was used to estimate this percentage within the City of Rockville. This percentage was applied to the forecasted households by the householder's age group and sex.

I.d. Non-worker Household Forecasts AMI and Unit Type:

The age and sex of the future non-working householder is assumed to drive the household's AMI, housing unit and other characteristics. From the 2012, 2013 and 2014 American Community Surveys, the share of current non-working households in each AMI group and unit type was calculated for each the age group by sex. These shares were then applied to the forecasted households by householder age group and sex to distribute all non-working households by AMI, unit type and other characteristics.

II. Housing needs for new worker households

II.a. Determine job growth by industry:

In this analysis, future job growth has two components: net new job growth and jobs vacated by retirees.

Net new job growth: IHS Economics provides job forecasts for 12 main industry sectors: construction, natural resources, and mining; manufacturing; transportation, trade and utilities; information; financial activities; professional and business services; education and health services; leisure and hospitality; other services; federal government; state and local government; and military. Forecasts were adjusted if they differed significantly from those produced by MWCOCG.

Jobs vacated by retirees: The 2012, 2013, and 2014 American Community Survey microdata was used to calculate the labor force participation rate for each 5-year age group for the population over 55 years old in the Washington Metropolitan Area. Retirees younger than 55 years old are excluded because they may be more likely to re-enter the workforce. Next, 2012, 2013, and 2014 American Community Survey microdata was used to determine the number of workers who were likely to retire in the next decade and the industry of these workers.

These needs were then combined to determine the total need by industry.

II.b. Assign new jobs to workers by age category:

The first step in moving from new jobs to housing demand is to estimate the age distribution of the new workers. In other words, for each jurisdiction, we assigned some share of new workers in each sector to one of five age groups: under 35, 35-44, 45-54, 55-64 or 65+. We assumed no new workers were aged 65 or older. For replacement workers, it is assumed that for more senior positions, the majority of the workers directly filling the job are already in the region and in the same industry. So, as workers in senior positions retire, their jobs will be filled by another worker in the region, leaving a more junior position vacant, which will be filled by a younger worker.

The demand for different types of housing is associated with individuals' ages and new workers will be somewhat younger than the existing workforce. The age distribution is also important for estimating the AMI, as the age of the worker is instrumental in determining his or her wage and household type.

We analyzed data from the 2012, 2013 and 2014 American Community Survey microdata to estimate the age distribution of current workers for each industry sector. We then adjusted the age distribution to account for the fact that new workers would be younger by analyzing 2012, 2013, and 2014 ACS data on the age distribution of workers who had recently moved to the region. Through this analysis, we found that recent movers to Montgomery County were about 95% more likely to be under 34 than existing residents. All other age groups were less likely to be movers: 35-44 (12 percent less likely), 45-54 (54 percent less likely), 55-64 (67 percent less likely), 65+ (83 percent less likely).

We applied these ratios to the age distribution of existing workers who had earned a wage in each jurisdiction to create an age distribution for new workers. The recent mover ratio was applied to those under 34 first. In some cases, 100% of new workers were allocated to this age group. The workers in groups that had workers leftover were distributed among the remaining age groups proportionally, based on the mover rates. We assumed that no new workers were age 65 and older. If a sector only had current workers in one of the age groups, all new workers were allocated to that group. When there were job

losses in a sector, we used the same age distributions as we used for job gains, which may not be appropriate.

Thus, for each sector in each jurisdiction, we estimated the percent of new jobs held by workers in each age group.

II.c. Assign new workers to a household type:

Age is a determinant of both AMI group and housing type both because younger workers are more likely to have lower wage-based incomes than older workers, and they are also more likely to live alone or be in young families. For example, new workers under age 34 are more likely to live in one-person households or two adult-no children households and workers age 35 to 44 are more likely to live in households with children.

For this step of the analysis, we used the 2012, 2013 and 2014 American Community Surveys to assign both an AMI group and one of 11 household types to current workers. Because this forecast is for workers only, only households with a worker are included in this step. The 11 household types are listed in Table A2.

Table A2. Household Types

Household Size	Household Composition
1-person households	1 adult
2-person households	1 adult, 1 child
	2 adults
3-person households	1 adult, 2 child
	2 adults, 1 child
	3 adults
4+ person households	1 adult, 3+ children
	2 adults, 2+ children
	3 adults, 1+ children
	4+ adults / 1+ children
	4+ adults

These workers were then grouped by age and industry. Thus, for each jurisdiction, we assessed what percent of workers under 35 years old lived in 1 adult households, by industry, what percent lived in 2 adult households and so on.

II.d. Assign new workers to an AMI group and determine the number of households

Next, we used the household type and industry of each worker to determine what share would earn <30 percent AMI, between 30 and 59% AMI, between 60 and 79% AMI, between 80 and 99% AMI, between 100 and 120% AMI, or 120%+ AMI. The AMI is dependent upon both the household size and the industry of each worker, so both are used to estimate the number of workers by AMI group and household type.

i) Using the 2012, 2013 and 2014 American Community Survey, the distribution of the AMI groups of current workers by both industry and household was calculated. If a quarter of construction workers in 1 adult households earn less than 30% AMI, then 30% will do so in the future.²

ii) Next, we determined the number of households formed by these workers. The average number of workers in each of the 11 household types by AMI group is used to convert workers into households. The average number of workers in each household type, AMI group and available jurisdiction was calculated using the 2012, 2013 and 2014 American Community Surveys. This step assumes that workers who live in the same household also work in the same jurisdiction.

II.e. Assign each new household a unit type

We now have a count of the number of household formed by each household type and AMI group based on the number of new jobs coming to the region. Household type and household AMI are both associated with the type of housing demand. Therefore, we use these counts to estimate the need for four different types of housing units by the AMI group. The four housing unit types are: single-family (included single-family detached and single-family attached/townhome) owner and renter, and multi-family owner and renter.

We used the 2012, 2013, and 2014 ACS 3-year microdata file to run crosstabulations of housing type (i.e. four types) by household composition (i.e. 11 household types) for each of the six AMI groups. The results of this analysis show the current distribution of housing types for different household types and household incomes.

We ran this analysis for the following jurisdictions: Washington DC, for Arlington and Alexandria combined, for Fairfax and Montgomery combined, and for all other jurisdictions combined. We did not run the analysis for individual jurisdictions because the sample sizes were too small. We then applied these distributions to the projected households for each jurisdiction to estimate the need for housing by unit type and rent/price.

² However, the future median income is adjusted so that approximately half the households in the region earn below it and half earn above it. Any shifts in the future distribution are used to update the area median income groups.

III. Determining the Demand for Home in Rockville

III.a. Determine which households “stay” in the region:

The total forecasted demand exceeds the forecasted supply, so commuting patterns were used to determine the households who would become in-commuters. The location of the job, the unit type and the AMI group of the household is used to determine who lives in the region and who lives outside the region. The 2012, 2013, and 2014 American Community Survey data was used to get the current share of workers by unit type, AMI group and workplace location who commute. These were then applied to future worker households.

III.b. Adjust the Median Household Income to reflect the scenarios:

The area median income is the level at which half of families in the region have incomes that are higher and half have incomes that are lower. After each forecast, the median income was re-calculated as necessary, and each component re-run so that these shares were unchanged. The HUD methodology was used to adjust the AMI group limits. The AMI adjustments were trial and error until the splits were achieved.

III.c. Determine the demand for housing in Montgomery County

Commuting patterns based on workplace location, AMI group and unit type were used to determine which households were most likely to demand housing in Montgomery County. These households were treated like the universe of demand in for the City of Rockville.

III.d. Determine the demand for housing in the City of Rockville

The total number of households was constrained to the MWCOG Round 9.0 Cooperative Forecasts. Using pipeline information from the City, the number of units by building types (single-family attached, single-family attached or multi-family) was estimated in 2040. All of the demographically-driven increase is assumed to stay in the City, because migration has already been incorporated in these forecasts. These households are "given" homes from the projected pipeline. The remaining new homes are allocated to new worker households. The number of "remaining" homes by type is divided by the number of new worker households by type for Montgomery County. It is assumed that Rockville when then capture that share of households, with characteristics reflecting the those forecasted in Montgomery county based on housing type. These households are combined with the households without a payroll job to determine the increase in new households.

A Note on Area Median Income Thresholds

The AMI limits in this forecast use U.S. Department of Housing and Urban Development (HUD) limits and methods when forecasting.

Household Size Adjustment:

AMI thresholds are dependent on household size. The 100 percent AMI threshold for a 4-person household is equal to the region's AMI and all other households are calculated using a 4-person household as the base as shown in Table A1. AMI limits for households smaller than four people are 100 percent of the 4-person limit *minus* ten percent for each fewer person. AMI limits for households larger than four people are 100 percent of the 4-person limit *plus* eight percent for each additional person.

Table A1. FY 2015 AMI Limits, Washington Metro Area

	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7-Person	8-Person
	70% of 4-person HH	80% of 4-person HH	90% of 4-person HH	100%	108% of 4-person HH	116% of 4-person HH	124% of 4-person HH	132% of 4-person HH
Extremely Low Income Limits (30% AMI)	22,932	26,208	29,484	32,760	35,381	38,002	40,622	43,243
Very Low Income Limits (50% AMI)	38,220	43,680	49,140	54,600	58,968	63,336	67,704	72,072
Low Income Limits (80% AMI)	61,152	69,888	78,624	87,360	94,349	101,338	108,326	115,315
100% AMI	76,440	87,360	98,280	109,200	117,936	126,672	135,408	144,144
120% AMI	91,728	104,832	117,936	131,040	141,523	152,006	162,490	172,973

Source: U.S. Department of Housing and Urban Development

Income Limit Adjustments:

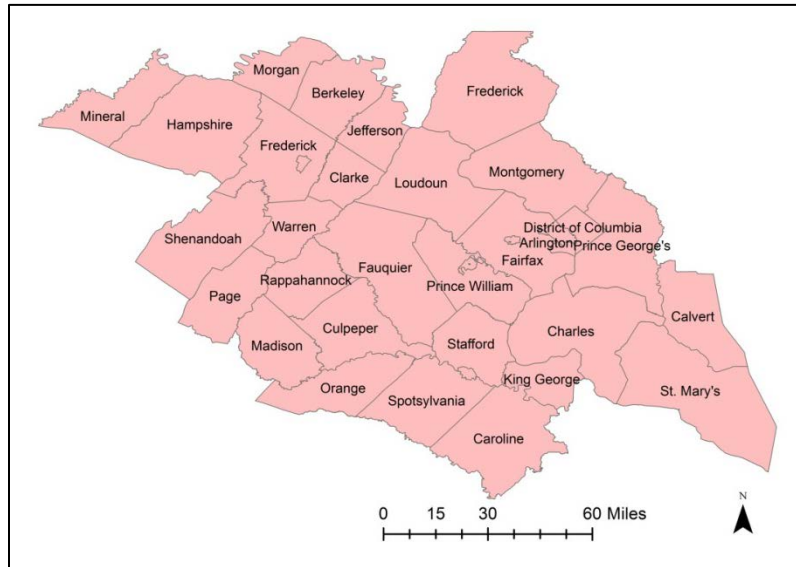
After establishing the 100 percent AMI limits for each household size, the extremely low³, very low and 120 percent AMI limits are calculated. The 100 percent AMI limits for each household size are multiplied by 30 percent, 50 percent, and 120 percent, respectively. Unlike the HUD estimates, the limits were not rounded up to the nearest \$50. This method was used when forecasting these AMI limits. The forecasts assume that other adjustments considered by HUD for these AMI groups, including ceilings or floors, are not applicable.

³ The HUD methodology changed in FY 2014 (see <http://www.huduser.org/portal/datasets/il/il2014/2014summary.odn>). This updated methodology is not incorporated in these forecasts.

A Note on Geography

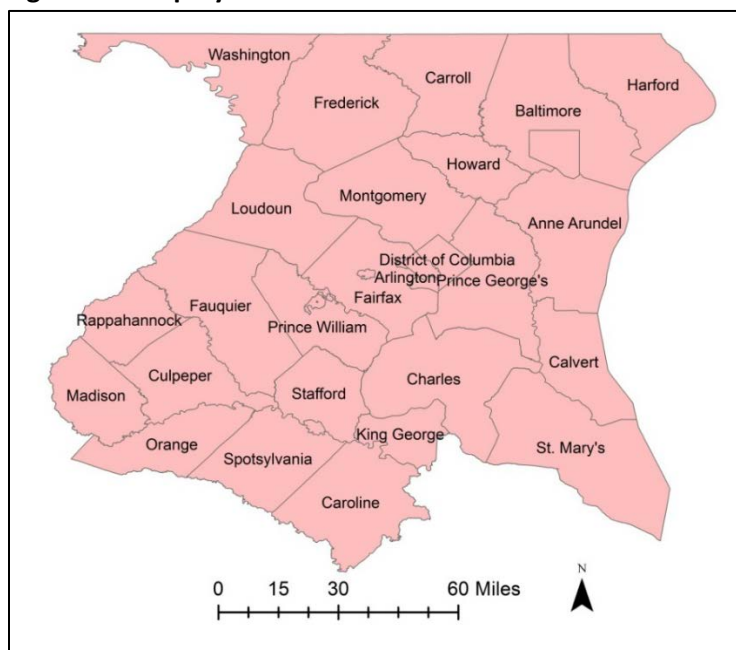
When comparing the City of Rockville to the Washington region, the below definition is used (Figure A1). This does not align with the 2013 metropolitan statistical area but is the closest approximate available when using the American Community Survey microdata.

Figure A1. Washington Region For Comparison



However, the Baltimore region is an important source of jobs for Rockville City residents and was included in the employment forecasts. The counties to the west in both Virginia and West Virginia are outside the commuting shed for the City of Rockville and were excluded.

Figure A2. Employment



I.a. Population of Rockville City, Maryland (2000-2045)

	Population	Annual Growth Rate
Estimate (July 1 of Each Year)		
2000	47,748	N/A
2001	49,390	3.4%
2002	50,866	3.0%
2003	52,121	2.5%
2004	53,212	2.1%
2005	54,404	2.2%
2006	55,509	2.0%
2007	56,602	2.0%
2008	58,051	2.6%
2009	59,833	3.1%
2010	61,536	2.8%
2011	62,155	1.0%
2012	63,208	1.7%
2013	63,869	1.0%
2014	65,601	2.7%
2015	66,980	2.1%
Forecast		
2020	71,518	1.3%
2025	76,871	1.5%
2030	80,357	0.9%
2035	83,571	0.8%
2040	86,827	0.8%
2045	89,893	0.7%

Source: U.S. Census (Vintage 2015 Population Estimates and Intercensal Population Estimates)
and MWCOG (Round 9.0)

I.b (1) Population by Age, Rockville City (2000 and 2014)

	Population		Percent Change
	2000	2014	2000-2014
Under 18	11,081	13,591	22.7%
18-24	3,319	5,267	58.7%
25-34	6,725	11,042	64.2%
35-44	8,477	9,721	14.7%
45-54	6,998	7,399	5.7%
55-64	4,573	8,308	81.7%
65-74	3,238	5,112	57.9%
75-84	2,171	3,671	69.1%
85+	806	1,830	127.0%
Total Population	47,388	65,941	39.2%

Source: 2014 American Community Survey, 1-year file, and 2000 Decennial Census (Summary File 1)

I.b (2) Population by Race and Ethnicity, Rockville City (2000 and 2014)

	Population		Percent Change
	2000	2014	2000-2014
Non-Hispanic	41,859	54,258	29.6%
White	29,342	33,523	14.2%
Black/African-American	4,200	6,334	50.8%
Asian or Pacific Islander	7,013	12,284	75.2%
Multi-racial/Other	1,304	2,117	62.3%
Hispanic	5,529	11,683	111.3%
Total Population	47,388	65,941	39.2%

Source: 2014 American Community Survey, 1-year file, and 2000 Decennial Census (Summary File 3)

I.b (3) Educational Attainment, Population Over 25, Rockville City (2000 and 2014)

	Population		Percent
	2000	2014	Change 2000-2014
Less than high school	3,615	3,760	4.0%
High school diploma/GED	5,392	4,909	-9.0%
Associate's degree or some college	6,628	8,214	23.9%
Bachelor's degree	8,081	13,402	65.8%
Graduate or professional degree	9,500	16,798	76.8%
Total Population Age 25+	33,216	47,083	41.7%

Source: 2014 American Community Survey, 1-year file, and 2000 Decennial Census (Summary File 1)

I.b (4) Households by Household Size, Rockville City (2000 and 2014)

	Households		Percent Change
	2000	2014	2000-2014
1 Person	4,112	7,567	84.0%
2 People	5,559	8,326	49.8%
3 People	3,088	4,053	31.3%
4 People	2,626	3,488	32.8%
5+ People	1,862	2,111	13.4%
Total Households	17,247	25,545	48.1%

Source: 2014 American Community Survey, 1-year file, and 2000 Decennial Census (Summary File 1)

I.b (5) Household Income, Rockville City (1999 and 2014)

	1999		2014	
	Households	Share	Households	Share
(Current \$s)				
<\$15,000	1,456	8.5%	2,080	8.1%
\$15,000-29,999	1,722	10.0%	1,118	4.4%
\$30,000-59,999	4,243	24.6%	4,645	18.2%
\$60,000 to \$74,999	1,965	11.4%	2,386	9.3%
\$75,000 to \$99,999	2,700	15.7%	3,632	14.2%
\$100,000 to \$124,999	1,830	10.6%	2,786	10.9%
\$125,000 to \$149,999	1,263	7.3%	1,816	7.1%
\$150,000 to \$199,999	1,244	7.2%	3,718	14.6%
\$200,000+	799	4.6%	3,364	13.2%
Total Households	17,222	100.0%	25,545	100.0%
Median Household Income				
Current \$s	68,918		90,606	
2014 \$s	97,931		90,606	

Source: 2014 American Community Survey, 1-year file, and 2000 Decennial Census (Summary File 3)

I.b (6) Household Net Worth, Rockville City (2014)

	Share of Households
<\$15,000	19.3%
\$15,000-\$34,999	6.8%
\$35,000-\$49,999	3.9%
\$50,000-\$74,999	6.7%
\$75,000-\$99,999	4.2%
\$100,000-\$149,999	7.1%
\$150,000-\$249,999	7.6%
\$250,000-\$499,999	12.4%
\$500,000+	32.1%
Median Net Worth	\$ 171,439

Source: Esri

I.b (7) Households by Household Type, Rockville City (2000 and 2014)

	Households		Percent
	2000	2014	Change 2000-2014
Family Households	12,002	15,976	33.1%
Married-Couple	9,759	12,068	23.7%
With Children	4,602	5,301	15.2%
Without Children	5,157	6,767	31.2%
Single-Parent	1,098	2,014	83.4%
Other Family Households	1,145	1,894	65.4%
Non-Family Households	5,245	9,569	82.4%
Living Alone	4,112	7,569	84.1%
Age 65+	1,538	3,320	115.9%
Under age 65	2,574	4,249	65.1%
Other Non-Family Households	1,133	2,000	76.5%
Total Households	17,247	25,545	48.1%
Avg. household size	2.65	2.55	-3.8%
Avg. family size	3.13	3.22	2.9%

Source: 2014 American Community Survey, 1-year file, and 2000 Decennial Census (Summary File 1)

I.c (1) Jobs Located in Rockville City, Maryland (2005-2014)

	Jobs	Percent Change
2005	68,319	N/A
2006	69,878	2.3%
2007	73,497	5.2%
2008	75,931	3.3%
2009	76,159	0.3%
2010	74,581	-2.1%
2011	76,206	2.2%
2012	76,541	0.4%
2013	75,695	-1.1%
2014	75,477	-0.3%

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination
Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2014),
Lisa Sturtevant & Associates, LLC

I.c (2) Jobs by Sector Located in Rockville City, Maryland (2005-2014)

Jobs	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Natural Resources & Mining	82	82	72	66	56	38	50	56	30	2
Utilities	182	150	163	151	169	148	141	276	251	234
Construction	2,725	2,808	2,773	2,852	2,438	2,542	2,073	1,902	1,782	2,091
Manufacturing	1,241	1,302	1,355	1,396	1,441	1,091	1,224	1,062	945	1,297
Wholesale Trade	2,370	2,241	2,441	2,348	1,992	1,917	2,036	2,041	1,992	1,874
Retail Trade	4,155	4,227	3,905	3,967	3,530	3,412	3,642	3,984	4,024	3,803
Transportation & Warehousing	717	584	474	371	382	385	291	273	258	242
Information	3,180	3,175	2,824	2,876	3,344	2,617	2,130	1,695	1,601	2,488
Finance & Insurance	4,122	3,970	3,614	3,573	3,445	3,332	3,586	3,126	3,250	3,085
Real Estate & Rental & Leasing	1,018	896	1,181	1,168	1,091	1,113	1,356	1,276	1,436	1,357
Professional, Scientific, & Technical Services	13,052	13,799	14,062	14,977	15,878	15,023	15,841	15,668	14,758	12,885
Mgt. of Companies & Enterprises	551	561	617	938	862	641	766	658	731	884
Adm. & Support, Waste Mgt. & Remediation	4,419	4,007	4,647	4,610	3,951	4,333	4,728	4,251	3,837	4,042
Educational Services	388	465	479	564	625	537	892	940	1,036	961
Health Care & Social Assistance	5,640	6,008	5,364	5,403	5,786	5,940	6,828	7,385	6,980	6,426
Arts, Entertainment, & Recreation	672	754	714	796	734	724	690	706	696	730
Accommodation & Food Services	3,181	3,591	3,557	3,654	3,681	3,719	3,904	3,997	3,910	4,110
Other Services	2,127	2,232	2,265	2,309	2,254	2,284	2,338	2,774	2,645	2,514
Government	18,497	19,026	22,990	23,912	24,500	24,785	23,690	24,471	25,533	26,452
Government, Educational Services	7,230	8,682	12,431	12,859	12,517	12,515	10,615	10,539	10,687	10,632
Total	68,319	69,878	73,497	75,931	76,159	74,581	76,206	76,541	75,695	75,477
Share of Total	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Natural Resources & Mining	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Utilities	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Construction	4%	4%	4%	4%	3%	3%	3%	2%	2%	3%
Manufacturing	2%	2%	2%	2%	2%	1%	2%	1%	1%	2%
Wholesale Trade	3%	3%	3%	3%	3%	3%	3%	3%	3%	2%
Retail Trade	6%	6%	5%	5%	5%	5%	5%	5%	5%	5%
Transportation & Warehousing	1%	1%	1%	0%	1%	1%	0%	0%	0%	0%
Information	5%	5%	4%	4%	4%	4%	3%	2%	2%	3%
Finance & Insurance	6%	6%	5%	5%	5%	4%	5%	4%	4%	4%
Real Estate & Rental & Leasing	1%	1%	2%	2%	1%	1%	2%	2%	2%	2%
Professional, Scientific, & Technical Services	19%	20%	19%	20%	21%	20%	21%	20%	19%	17%
Mgt. of Companies & Enterprises	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Adm. & Support, Waste Mgt. & Remediation	6%	6%	6%	6%	5%	6%	6%	6%	5%	5%
Educational Services	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Health Care & Social Assistance	8%	9%	7%	7%	8%	8%	9%	10%	9%	9%
Arts, Entertainment, & Recreation	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Accommodation & Food Services	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Other Services	3%	3%	3%	3%	3%	3%	3%	4%	3%	3%
Government	27%	27%	31%	31%	32%	33%	31%	32%	34%	35%
Government, Educational Services	11%	12%	17%	17%	16%	17%	14%	14%	14%	14%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2014),

Lisa Sturtevant & Associates, LLC

I.c (3) Home Location of Rockville City Jobholders (2002 and 2014)

	2002		2014	
	#	Share	#	Share
Rockville City, MD	4,207	5.4%	4,113	5.4%
Elsewhere in Montgomery County	40,654	52.4%	38,005	50.4%
Montgomery County, Overall	44,861	57.8%	42,118	55.8%
Prince George's County, MD	5,642	7.3%	5,951	7.9%
Frederick County, MD	5,058	6.5%	5,758	7.6%
Howard County, MD	2,221	2.9%	2,575	3.4%
Fairfax County, VA	2,043	2.6%	2,393	3.2%
District of Columbia, DC	2,303	3.0%	2,209	2.9%
Baltimore County, MD	2,095	2.7%	2,080	2.8%
Anne Arundel County, MD	3,138	4.0%	2,035	2.7%
Baltimore city, MD	1,916	2.5%	1,151	1.5%
Elsewhwere in Maryland	5,103	6.6%	4,035	5.3%
Elsewhwere in Virginia	2,008	2.6%	2,760	3.7%
Other	(43,643)	-56.2%	(39,707)	-52.6%
Total	77,606	100.0%	75,476	100.0%

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics

(Beginning of Quarter Employment, 2nd Quarter)

I.c (4) Home Location of Rockville City Employees* (2016)

	Permanent		Temporary	
	#	Share	#	Share
ZIP Codes 20850, 20851 or 20852	108	20.4%	284	39.0%
ZIP Codes 20853 or 20854	31	5.9%	95	13.0%
Elsewhere in Montgomery County	202	38.2%	281	38.6%
Montgomery County, Overall	341	64.5%	660	90.7%
Frederick County, MD	63	11.9%	13	1.8%
Prince George's County, MD	27	5.1%	13	1.8%
Carroll County, MD	21	4.0%	5	0.7%
Washington County, MD	19	3.6%	1	0.1%
District of Columbia, DC	13	2.5%	10	1.4%
Howard County, MD	11	2.1%	12	1.6%
Elsewhwere in Maryland	11	2.1%	10	1.4%
Elsewhwere in Virginia	8	1.5%	3	0.4%
Other	15	2.8%	1	0.1%
Total	529	100.0%	728	100.0%

*Based on ZIP Code data

Source: City of Rockville

I.c (5) Home Location of Montgomery College Students (2016)

	Credit		Non-Credit	
	#	Share	#	Share
ZIP Codes 20850, 20851 or 20852	1,580	9.0%	618	9.5%
ZIP Codes 20853 or 20854	1,015	5.8%	365	5.6%
Elsewhere in Montgomery County	11,840	67.3%	3,832	59.1%
Montgomery County, Overall	14,435	82.0%	4,815	74.3%
Prince George's County, MD	1,881	10.7%	724	11.2%
District of Columbia, DC	645	3.7%	140	2.2%
Howard County, MD	180	1.0%	84	1.3%
Frederick County, MD	163	0.9%	96	1.5%
Charles County, MD	25	0.1%	112	1.7%
Anne Arundel County, MD	25	0.1%	111	1.7%
Elsewhere in Maryland	129	0.7%	226	3.5%
Elsewhere in Virginia	55	0.3%	146	2.3%
Other	63	0.4%	29	0.4%
Total	17,601	100.0%	6,483	100.0%

*Based on ZIP Code data

Source: Montgomery College

I.c (6) Home Location of Montgomery College Employees (2016)

	#	Share
ZIP Codes 20850, 20851 or 20852	208	7.7%
ZIP Codes 20853 or 20854	92	3.4%
Elsewhere in Montgomery County	1,382	50.9%
Montgomery County, Overall	1,682	62.0%
Prince George's County, MD	313	11.5%
Frederick County, MD	167	6.2%
District of Columbia, DC	143	5.3%
Howard County, MD	80	2.9%
Fairfax County, VA	69	2.5%
Carroll County, MD	48	1.8%
Elsewhwere in Maryland	123	4.5%
Elsewhwere in Virginia	49	1.8%
Other	41	1.5%
Total	2,715	100.0%

*Based on ZIP Code data

Source: Montgomery College

I.c (7) Unemployment Rate, Rockville City, Maryland (2000-2015)

	Percent
2000	2.6
2001	3.1
2002	3.5
2003	3.3
2004	3.2
2005	3.0
2006	2.8
2007	2.5
2008	3.0
2009	4.9
2010	5.1
2011	4.8
2012	4.7
2013	4.6
2014	4.0
2015	3.6

Source: U.S. Bureau of Labor Statistics (Local Area Unemployment Statistics)

I.c (8) Employed Residents, Rockville City, Maryland (2000-2015)

	People	Percent Change
2000	24,922	N/A
2001	25,046	0.5%
2002	25,219	0.7%
2003	25,301	0.3%
2004	25,307	0.0%
2005	29,291	15.7%
2006	30,465	4.0%
2007	30,325	-0.5%
2008	30,923	2.0%
2009	30,623	-1.0%
2010	33,074	8.0%
2011	33,218	0.4%
2012	33,696	1.4%
2013	33,936	0.7%
2014	34,785	2.5%
2015	35,233	1.3%

Source: U.S. Bureau of Labor Statistics (Local Area Unemployment Statistics)

I.c (9) Work Location of Rockville City Residents (2002 and 2014)

	2002		2014	
	#	Share	#	Share
Rockville City, MD	4,207	21.9%	4,113	15.1%
Elsewhere in Montgomery County	8,371	43.5%	11,602	42.6%
Montgomery County, Overall	12,578	65.4%	15,715	57.7%
District of Columbia, DC	-	0.0%	3,532	13.0%
Fairfax County, VA	1,138	5.9%	1,461	5.4%
Prince George's County, MD	1,342	7.0%	1,368	5.0%
Anne Arundel County, MD	437	2.3%	796	2.9%
Howard County, MD	614	3.2%	620	2.3%
Baltimore County, MD	575	3.0%	543	2.0%
Baltimore city, MD	467	2.4%	462	1.7%
Arlington County, VA	363	1.9%	437	1.6%
Frederick County, MD	358	1.9%	426	1.6%
Loudoun County, VA	197	1.0%	324	1.2%
Elsewhwere in Maryland	677	3.5%	521	1.9%
Elsewhwere in Virginia	295	1.5%	487	1.8%
Other	185	1.0%	548	2.0%
Total	19,226	100.0%	27,240	100.0%

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics
(Beginning of Quarter Employment, 2nd Quarter)

I.c (10) Mode of Transportation to Work for Rockville City Residents (2000 and 2014)

	2000		2014	
	#	Share	#	Share
Drove Alone	16,139	67.6%	22,078	63.5%
Carpooled	2,547	10.7%	4,243	12.2%
Public Transportation	3,308	13.9%	5,123	14.7%
Bicycled	63	0.3%	331	1.0%
Walked	537	2.2%	1,206	3.5%
Other	113	0.5%	106	0.3%
Worked at home	1,173	4.9%	1,658	4.8%
Total	23,880	100.0%	34,745	100.0%

Source: 2014 American Community Survey, 1-year file, and 2000 Decennial Census (Summary File 3)

II.a (1) Housing Units by Tenure, Rockville City (2000 and 2014)

Occupied Units

	2000		2014	
	No.	Pct.	No.	Pct.
Owned	11,669	67.7%	14,553	57.0%
Owned with mortgage*	8,294	48.1%	9,781	38.3%
Owned free and clear*	2,157	12.5%	4,772	18.7%
Not Available*	1,218	7.1%	NA	NA
Rented**	5,578	32.3%	10,992	43.0%
Total Occupied Housing Units	17,247	100.0%	25,545	100.0%

*Only includes specified units

**Includes units occupied without rent

Source: 2014 1-Year American Community Survey, 2000 Decennial Census (Summary File 1 and Summary File 3)

II.a (2) Housing Units by Building Type, Rockville City (2000 and 2014)

Occupied Units

	2000		2014	
	No.	Pct.	No.	Pct.
Single-family detached	10,298	59.7%	11,041	43.2%
Single-family attached/townhouse	2,700	15.7%	4,284	16.8%
2-4 units	351	2.0%	817	3.2%
5-19 units	1,714	9.9%	2,799	11.0%
20-49 units	637	3.7%	1,550	6.1%
50+ units	1,519	8.8%	5,054	19.8%
Mobile home/trailer/other	26	0.2%	-	0.0%
Total Occupied Housing Units	17,245	100.0%	25,545	100.0%

Source: 2014 1-Year American Community Survey, 2000 Decennial Census (Summary File 3)

II.a (3) Housing Units by Number of Bedrooms, Rockville City (2000 and 2014)

Occupied Units

	2000		2014	
	No.	Pct.	No.	Pct.
No Bedrooms / Studio	512	3.0%	424	1.7%
1 Bedroom	1,972	11.4%	4,041	15.8%
2 Bedrooms	2,832	16.4%	5,800	22.7%
3 Bedrooms	5,556	32.2%	7,421	29.1%
4 Bedrooms	5,086	29.5%	5,989	23.4%
5+ Bedrooms	1,287	7.5%	1,870	7.3%
Total Occupied Housing Units	17,245	100.0%	25,545	100.0%

Source: 2014 1-Year American Community Survey, 2000 Decennial Census (Summary File 3)

II.a (4) Subsidized Housing Units, Rockville City (2016)

	2016	
	No.	Pct.
Housing Choice Voucher and Public Housing	514	38.0%
Rockville Housing Enterprise	178	13.2%
Moderately Priced Dwelling Unit	661	48.9%
Total Units	1,353	100.0%

Source: Rockville City

II.a (4) Multi-Family Housing Units, Rockville City (2016)

	2016	
	No.	Pct.
Apartments	7,665	74.4%
Condominiums	2,206	21.4%
Garden Apartments	427	4.1%
Senior Housing	2,462	23.9%
Total Units	10,298	100.0%

Source: Rockville City

II.a (6) Housing Units by Building Age, Rockville City (2000 and 2014)

Occupied Units

	2000		2014	
	No.	Pct.	No.	Pct.
Built 2010 or later	NA	NA	537	2.1%
Built 1990 to March 2000	1,718	10.0%	NA	NA
Built 2000 to 2009	NA	NA	6,195	24.3%
Built 1990 to 1999	NA	NA	2,749	10.8%
Built 1980 to 1989	1,627	9.4%	1,994	7.8%
Built 1970 to 1979	4,120	23.9%	3,659	14.3%
Built 1960 to 1969	4,526	26.2%	5,316	20.8%
Built 1950 to 1959	3,657	21.2%	3,746	14.7%
Built 1940 or earlier	1,597	9.3%	1,349	5.3%
Total Occupied Housing Units	17,245	100.0%	25,545	100.0%

Source: 2014 1-Year American Community Survey, 2000 Decennial Census (Summary File 3)

II.b (1) Rental Housing Units by Building Type, Rockville City (2000 and 2014)

Occupied Units

	2000		2014	
	No.	Pct.	No.	Pct.
Single-family detached	1,171	21.2%	1,242	11.3%
Single-family attached/townhouse	822	14.9%	1,574	14.3%
2-4 units	239	4.3%	447	4.1%
5-19 units	1,463	26.4%	2,046	18.6%
20-49 units	562	10.2%	1,180	10.7%
50+ units	1,268	22.9%	4,503	41.0%
Mobile home/trailer/other	7	0.1%	-	0.0%
Total Occupied Housing Units	5,532	100.0%	10,992	100.0%

Source: 2014 1-Year American Community Survey, 2000 Decennial Census (Summary File 3)

II.b (2) Median Gross Rent, Rockville City (2000 and 2014)

	2000	2014
Median Gross Rent	972	1,802

Source: 2014 1-Year American Community Survey, 2000 Decennial Census (Summary File 3)

II.b (3) Gross Rent Distribution, Rockville City (2010-2014 Average)

Renter Occupied Units

	2010-2014 Average	
	No.	Pct.
<\$750	997	10.0%
\$750-999	247	2.5%
\$1,000-1,249	1,009	10.1%
\$1,250 to \$1,499	1,470	14.8%
\$1,500 to \$1,999	3,428	34.4%
\$2,000 or more	2,489	25.0%
Occupied without Rent	311	3.1%
Total Renter Occupied Housing Units	9,951	100.0%

Source: 2010-2014 5-Year American Community Survey

II.b (4) Rental Market Statistics, Rockville City, Class A & B projects, 2000 - 2Q 2016

	Stabilized		
	Vacancy	Effective	Effective
	Rate	Rent	Rent/SF
2000	0.8%	\$1,307	\$1.38
2001	2.4%	\$1,376	\$1.40
2002	1.7%	\$1,351	\$1.41
2003	7.7%	\$1,334	\$1.35
2004	3.2%	\$1,379	\$1.39
2005	1.2%	\$1,476	\$1.50
2006	1.8%	\$1,642	\$1.70
2007	4.2%	\$1,606	\$1.65
2008	3.6%	\$1,622	\$1.66
2009	6.9%	\$1,609	\$1.63
2010	6.8%	\$1,784	\$1.81
2011	4.3%	\$1,815	\$1.84
2012	5.6%	\$1,833	\$1.86
2013	5.4%	\$1,813	\$1.84
2014	4.7%	\$1,743	\$1.77
2015	3.1%	\$1,854	\$1.91
2Q 2016	2.4%	\$1,814	\$1.87

Source: Delta Associates

II.b (5) Absorption Rates, Rockville City, Class A projects

	Project Type	Total Units	Units Absorbed	Marketing Began	Project Delivered	Date Stabilized	Overall Monthly Lease-up Pace
Jefferson at King Farm	Low-Rise	417	417	2/99	3/00	Sep-00	22
Centergate King Farm - Phase II	Low-Rise	352	352	6/00	8/00	Jun-16	14
Alden Branch at Fallsgrove	Low-Rise	317	317	3/02	~5/02	Sep-16	16
Centergate King Farm - Phase III	Low-Rise	277	277	6/02	7/02	Mar-16	8
Crest at Congressional Plaza	Mid-Rise	124	124	12/02	1/03	Feb-16	9
Westchester at Rockville Town Ctr.	Low-Rise	187	187	7/03	7/03	Mar-16	9
Summit Falls Grove	Low-Rise	233	233	12/03	11/04	Jun-16	13
Jefferson at Congressional Village	Low-Rise	349	349	5/04	9/05	May-16	14
Fenestra	Mid-Rise	492	492	7/07	8/07	May-16	20
Westchester at Rockville Station	Low-Rise	163	163	3/09	3/09	Feb-16	12
The Alaire	Mid-Rise	237	237	3/10	3/10	Aug-16	12
The Terano	Mid-Rise	182	173	2/15	5/15	N/A	11
Upton at Rockville	High-Rise	223	150	4/15	5/15	N/A	11
Galvan	Mid-Rise	302	135	10/15	12/15	N/A	17
Total		3,855	3,606				

Source: Delta Associates

II.b (6) Rental Units by Size and Current Rent as a Percent of AMI, 2015

Affordable to	0 Bedrooms	1 Bedroom	2 Bedrooms	3 Bedroom	4 Bedrooms	Total
<30% AMI	137	149	15	-	-	410
30-59% AMI	38	642	586	81	-	1,347
60-79% AMI	19	1,330	1,487	246	3	3,085
80-99% AMI	9	369	620	236	6	1,240
100-119% AMI	-	36	126	15	1	178
120%+ AMI	1	101	69	2	-	173
Vacant	3	33	66	7	-	111
Total	207	2,660	2,969	587	10	6,433

Source: Montgomery County Rental Survey, 2015

II.c (1) Ownership Rate, Rockville City (2000 and 2014)

	2000	2014
Ownership Rate	67.7%	57.0%

Source: 2014 1-Year American Community Survey, 2000 Decennial Census (Summary File 1)

II.c (2) Housing Units by Home Value, Rockville City (2000 and 2014)

Owner Occupied Units, in Current Dollars

	2000*		2014	
	No.	Pct.	No.	Pct.
Less than \$150,000	2,429	23.2%	513	3.5%
\$150,000 to \$199,999	2,842	27.2%	320	2.2%
\$200,000 to \$299,999	2,659	25.4%	1,782	12.2%
\$300,000 to \$499,999	2,436	23.3%	5,103	35.1%
\$500,000 to \$999,999	80	0.8%	6,523	44.8%
\$1,000,000 or more	-	0.0%	312	2.1%
Total Owner Occupied Housing Units	10,451	100.0%	14,553	100.0%

*Only includes specified units

Source: 2014 1-Year American Community Survey, 2000 Decennial Census (Summary File 3)

II.c (3) Assessed Value by Building Type, Rockville City (FY 2016)*

	Units					Share of Total				
	Garden-Style Building	High-Rise Building	Single-Family Attached and Townhomes	Single-Family Detached	Total	Garden-Style Building	High-Rise Building	Single-Family Attached and Townhomes	Single-Family Detached	Total
<\$200k	540	239	168	144	1,091	37.0%	29.8%	4.8%	1.3%	6.4%
\$200-299k	346	422	470	3,811	5,049	23.7%	52.6%	13.3%	33.9%	29.6%
\$300-399k	435	84	795	1,107	2,421	29.8%	10.5%	22.5%	9.9%	14.2%
\$400-499k	98	25	949	1,687	2,759	6.7%	3.1%	26.8%	15.0%	16.2%
\$500-599k	15	24	942	2,226	3,207	1.0%	3.0%	26.6%	19.8%	18.8%
\$600-799k	27	8	211	1,640	1,886	1.8%	1.0%	6.0%	14.6%	11.1%
\$800-999k	-	1	1	552	554	0.0%	0.1%	0.0%	4.9%	3.3%
\$1M+	-	-	-	64	64	0.0%	0.0%	0.0%	0.6%	0.4%
Total	1,461	803	3,536	11,231	17,031	100.0%	100.0%	100.0%	100.0%	100.0%

*Excludes properties with no assessed value

Source: Rockville City

II.c (4) Number of Sales of Existing and New Homes, Rockville City (2000-2015)

	Existing Homes				New Construction*				Total
	Condo Properties	Single- Family Attached	Single- Family Detached	Total	Condo Properties	Single- Family Attached	Single- Family Detached	Total	
2000	80	105	440	625		35	34	69	694
2001	96	116	441	653	4	27	41	72	725
2002	109	129	456	694	23	44	39	106	800
2003	124	174	473	771	15	49	22	86	857
2004	155	189	529	873	27	26	14	67	940
2005	140	195	490	825	19	15	23	57	882
2006	129	154	411	694	3		14	17	711
2007	91	153	363	607	2	7	7	16	623
2008	105	120	312	537	1	4	5	10	547
2009	68	141	397	606	5	4	10	19	625
2010	97	130	357	584			6	6	590
2011	82	139	289	510		1	8	9	519
2012	114	123	315	552		2	11	13	565
2013	132	157	369	658	1	2	2	5	663
2014	120	135	353	608			2	2	610
2015	127	129	390	646		1	2	3	649

**Only includes sales in MRIS system

Source: Metropolitan Regional Information Systems (MRIS)

II.c (5) Median Sales Price of Existing and New Home Sales, Rockville City (2000-2015)

	Existing Homes				New Construction*				Total
	Condo Properties	Single- Family Attached	Single- Family Detached	Total	Condo Properties	Single- Family Attached	Single- Family Detached	Total	
2000	95,250	215,100	185,000	180,000	N/A	312,000	406,639	350,634	195,000
2001	141,500	274,500	225,000	217,000	247,116	310,624	501,353	373,650	230,000
2002	185,000	350,000	278,000	265,000	269,000	375,279	544,274	396,846	278,000
2003	230,500	417,500	316,150	319,900	336,440	457,680	575,720	462,669	337,000
2004	305,000	505,000	355,250	371,500	459,000	570,240	605,991	555,000	380,550
2005	390,500	574,900	450,250	467,000	465,000	627,000	886,232	620,000	475,000
2006	378,750	571,000	459,900	465,000	730,000	N/A	810,000	735,000	467,900
2007	360,000	555,000	480,000	490,000	497,500	429,600	640,000	472,500	490,000
2008	335,000	535,000	469,500	450,000	575,000	428,450	850,000	552,500	450,000
2009	320,250	538,000	370,000	415,000	324,000	397,450	606,500	485,000	415,000
2010	310,000	521,750	366,000	400,000	N/A	N/A	522,000	522,000	400,000
2011	308,450	546,000	400,000	441,500	N/A	357,000	941,285	938,547	447,000
2012	303,500	550,000	460,000	431,250	N/A	458,750	600,000	567,500	440,000
2013	327,250	540,000	444,000	439,500	291,872	678,315	565,727	597,988	440,000
2014	330,750	540,000	455,000	453,000	N/A	N/A	673,500	673,500	453,950
2015	305,000	540,000	444,500	441,250	N/A	470,000	730,000	555,000	443,500

**Only includes sales in MRIS system

Source: Metropolitan Regional Information Systems (MRIS)

II.c (6) Median Days-On-Market of Existing Home Sales, Rockville City (2000-2015)

	Existing Homes			Total
	Condo Properties	Single- Family Attached	Single- Family Detached	
2000	26	12	12	13
2001	5	8	10	9
2002	6	8	8	8
2003	7	8	14	11
2004	8	9	11	10
2005	11	8	11	10
2006	33	32	28	30
2007	26	40	39	39
2008	41	37	45	42
2009	32	23	28	27
2010	42	18	20	23
2011	34	19	24	25
2012	22	24	16	19
2013	21	11	10	12
2014	27	18	15	18
2015	28	18	16	18

Source: Metropolitan Regional Information Systems (MRIS)

II.c (7) Active Listings by Price and Select Characteristic, Rockville City, Jan-Aug 2016 Average

	<\$200k	\$200-399k	\$400-599k	\$600-799k	\$800-999k	\$1M+	Total
Home Type							
Single-Family Detached	-	36	43	56	23	10	168
Single-Family Attached	-	2	31	39	1	-	72
Condo Properties	7	63	52	0	1	-	122
Number of Bedrooms							
1 Bedroom	7	16	3	-	0	-	26
2 Bedrooms	-	37	41	2	-	-	80
3 Bedrooms	-	35	47	30	2	-	114
4+ Bedrooms	-	13	34	63	22	10	142
Total	7	100	126	95	25	10	362

Source: Metropolitan Regional Information Systems (MRIS)

II.c (8) Bank-Mediated Home Sales, Rockville City* (2000-2015)

Bank-Mediated Sales		
	#	As % of All Sales
2000	7	0.5%
2001	3	0.2%
2002	1	0.1%
2003	1	0.1%
2004	-	0.0%
2005	-	0.0%
2006	-	0.0%
2007	4	0.3%
2008	20	2.1%
2009	139	13.3%
2010	213	19.9%
2011	147	16.2%
2012	97	9.1%
2013	84	7.1%
2014	62	5.5%
2015	82	7.1%

* Includes sales with a ZIP code of 20850, 20851 or 20852.

Source: RealEstate Business Intelligence

II.c (10) Land Value to Improvement Value Ratio of Ownership Units by Building Type, Rockville City (FY 2016)*

	Units					Share of Total				
	Garden-Style Building	High-Rise Building	Single-Family Attached and Townhomes	Single-Family Detached	Total	Garden-Style Building	High-Rise Building	Single-Family Attached and Townhomes	Single-Family Detached	Total
>0.5	1,248	746	743	80	2,817	98.1%	98.2%	21.6%	0.7%	16.9%
0.5-0.749	24	-	875	632	1,531	1.9%	0.0%	25.4%	5.6%	9.2%
0.75-.99	-	-	825	1,658	2,483	0.0%	0.0%	23.9%	14.8%	14.9%
1.0-1.249	-	-	499	1,468	1,967	0.0%	0.0%	14.5%	13.1%	11.8%
1.25-1.49	-	-	260	1,653	1,913	0.0%	0.0%	7.5%	14.7%	11.5%
1.5-1.99	-	-	129	2,919	3,048	0.0%	0.0%	3.7%	26.0%	18.2%
2.0-2.49	-	-	37	1,698	1,735	0.0%	0.0%	1.1%	15.1%	10.4%
2.5+	-	-	23	1,073	1,096	0.0%	0.0%	0.7%	9.6%	6.6%
No Improvement Value	-	14	54	44	112	0.0%	1.8%	1.6%	0.4%	0.7%
Total	1,272	760	3,445	11,225	16,702	100.0%	100.0%	100.0%	100.0%	100.0%

*Excludes properties with no assessed value and MPDU properties

Source: Rockville City

II.d (1) Select Owner Costs as a Percent of Household Income, Rockville City (2000 and 2014)

Owner Occupied Units

	1999*		2014	
	No.	Pct.	No.	Pct.
<30%	8,117	77.7%	10,320	70.9%
30-49%	1,553	14.9%	2,519	17.3%
50%+	747	7.1%	1,669	11.5%
Not Calculated (No Income)	34	0.3%	45	0.3%
Total Renter Occupied Housing Units	10,451	100.0%	14,553	100.0%

*Only includes specified units

Source: 2014 1-Year American Community Survey, 2000 Decennial Census (Summary File 3)

II.d (2) Gross Rent as a Percent of Household Income, Rockville City (2000 and 2014)

Renter Occupied Units

	1999*		2014	
	No.	Pct.	No.	Pct.
<30%	3,210	58.0%	4,582	41.7%
30-49%	1,150	20.8%	3,300	30.0%
50%+	923	16.7%	2,520	22.9%
Not Calculated (No Income or No Payment of Rent)	249	4.5%	590	5.4%
Total Owner Occupied Housing Units	5,532	100.0%	10,992	100.0%

*Only includes specified units

Source: 2014 1-Year American Community Survey, 2000 Decennial Census (Summary File 3)

II.d (3) Housing Costs as a Percent of Household Income by Age of Householder, Rockville City (2010-2014)*

Households						
	Owners			Renters		
	<30%	30%+	Total	<30%	30%+	Total
Under 35	753	365	1,118	1,743	1,503	3,246
35-64	6,951	2,552	9,503	2,623	2,107	4,730
65+	2,998	983	3,981	458	1,110	1,568
Total Households	10,702	3,900	14,602	4,824	4,720	9,544

*Excludes households without income and renter households without cash rent

Source: 2010-2014 5-Year American Community Survey

Share of Total by Tenure						
	Owners			Renters		
	<30%	30%+	Total	<30%	30%+	Total
Under 35	67.4%	32.6%	100.0%	53.7%	46.3%	100.0%
35-64	73.1%	26.9%	100.0%	55.5%	44.5%	100.0%
65+	75.3%	24.7%	100.0%	29.2%	70.8%	100.0%
Total Households	73.3%	26.7%	100.0%	50.5%	49.5%	100.0%

*Excludes households without income and renter households without cash rent

Source: 2010-2014 5-Year American Community Survey

II.d (4) Housing Costs as a Percent of Household Income by Household Income, Rockville City (2010-2014)*

Households						
	Owners			Renters		
	<30%	30%+	Total	<30%	30%+	Total
Less than \$35,000	296	807	1,103	240	1,736	1,976
\$35,000 to \$49,999	351	431	782	108	940	1,048
\$50,000 to \$74,999	816	813	1,629	552	1,262	1,814
\$75,000 to \$99,999	1,215	917	2,132	1,089	565	1,654
\$100,000 or more	8,024	932	8,956	2,835	217	3,052
Total Households	10,702	3,900	14,602	4,824	4,720	9,544

*Excludes households without income and renter households without cash rent

Source: 2010-2014 5-Year American Community Survey

Share of Total by Tenure						
	Owners			Renters		
	<30%	30%+	Total	<30%	30%+	Total
Less than \$35,000	26.8%	73.2%	100.0%	12.1%	87.9%	100.0%
\$35,000 to \$49,999	44.9%	55.1%	100.0%	10.3%	89.7%	100.0%
\$50,000 to \$74,999	50.1%	49.9%	100.0%	30.4%	69.6%	100.0%
\$75,000 to \$99,999	57.0%	43.0%	100.0%	65.8%	34.2%	100.0%
\$100,000 or more	89.6%	10.4%	100.0%	92.9%	7.1%	100.0%
Total Households	73.3%	26.7%	100.0%	50.5%	49.5%	100.0%

*Excludes households without income and renter households without cash rent

Source: 2010-2014 5-Year American Community Survey

II.e (1) Housing Units by Distance from Metro, Rockville City (2016)

	Units			Share of Total		
	W/in	W/in 0.75	Total	W/in	W/in 0.75	Total
	Walkable 0.5 Miles	Mile Radius		Walkable 0.5 Miles	Mile Radius	
Townhouse Apartment	2	204	541	0.4%	37.7%	100.0%
Garden Apartment	1,878	2,781	4,232	44.4%	65.7%	100.0%
High Rise Apartment	1,037	1,939	2,214	46.8%	87.6%	100.0%
Rental Units	2,917	4,924	6,987	41.7%	70.5%	100.0%
Townhouse Condo	-	7	651	0.0%	1.1%	100.0%
Garden Condo	394	986	1,461	27.0%	67.5%	100.0%
High Rise Condo	582	803	803	72.5%	100.0%	100.0%
Single Family Detached	744	3,483	11,202	6.6%	31.1%	100.0%
Single Family Attached	46	1,133	2,866	1.6%	39.5%	100.0%
Ownership Units	1,766	6,412	16,983	10.4%	37.8%	100.0%
Nursing Home	-	-	735	0.0%	0.0%	100.0%
Assisted Living Facility	175	255	257	68.1%	99.2%	100.0%
Total Units	6,795	11,591	24,962	27.2%	46.4%	100.0%

Source: Rockville City, Washington Metropolitan Area Transit Authority

III.a. Residential Project Pipeline, City of Rockville (2016)

Project Name	Address	Single-Family Detached	Residential units			Senior	Total
			Single-Family Attached	Multi-Family			
Projects Under Construction							
Brightview at Town Center	285 N. Washington St.	-	-	-	195	195	
1900 Chapman Avenue	1900 Chapman Avenue	-	-	319	-	319	
Julius West Middle School Addition	651 Great Falls Road	-	-	-	-	-	
King Farm-Irvington Center (F5/F6)	900/901 King Farm Blvd	-	129	-	-	129	
The Metropolitan at Rockville Town Center	255 N Washington St	-	-	275	-	275	
Total Under Construction		-	129	594	195	918	
Approved Projects							
Avalon Bay	12720 Twinbrook Parkway	-	-	238	-	238	
Quality Suites	1380 Piccard Drive	-	-	203	-	203	
Silverwood	15931 Frederick Road	-	-	405	-	405	
1900 Chapman Avenue (Phase 2)	1900 Chapman Avenue	-	61	-	-	61	
Approved Planned Developments							
<u>Without Site Plan Approval</u>							
King Farm - Ingleside (Phases 2 & 3)	King Farm Blvd	-	-	-	335	335	
Twinbrook Station (West)	Chapman Ave	-	-	359	-	359	
Tower Oaks PD		30	225	30	-	285	
Tower Oaks - Hotel/Fitness/Condo (Phases 2-4)	2250/2300 Tower Oaks Blvd	-	-	100	-	100	
Duball (Phase 2)	198 E. Montgomery Ave.	-	-	222	-	222	
Chestnut Lodge (Remaining phase)	Bullard Circle	-	-	7	-	7	
Total Approved and Unbuilt		30	225	718	335	1,308	
<u>With Site Plan Approval</u>							
King Farm PD (1)		-	-	-	-	-	

Fallsgrove PD (2)	-	-	-	-	-
Twinbrook Station PD	-	-	751	-	751
Rockville Center PD	-	-	295	-	295
Total Site Plan Approved and Unbuilt	-	61	1,534	335	1,930
Total Approved and Unbuilt	30	286	2,610	335	3,261
TOTAL PIPELINE					-
Site Plan Approved and Construction Pipeline	-	190	2,128	530	2,848
Total Approved Pipeline	30	415	3,204	530	4,179

(1) The King Farm PD has additional residential capacity of 261 units of undetermined unit type within the existing approval.

(2) The Fallsgrove PD has additional residential capacity of 119 units of underdetermined unit type within the existing approval.

Source: City of Rockville

I. Households by Age of Householder, City of Rockville, 2015-2040

	2015	2020	2025	2030	2035	2040
<35	4,513	5,580	5,562	5,622	5,745	5,965
35-44	5,241	5,702	6,273	6,543	6,761	6,956
45-54	4,714	4,888	5,114	5,275	5,411	5,570
55-64	4,046	4,412	4,565	4,659	4,752	4,907
65+	6,911	7,919	9,286	10,401	11,331	12,002
Total	25,426	28,500	30,800	32,500	34,000	35,400

Source: Lisa Sturtevant & Associates, LLC

II. Households by Labor Force Participation Status, City of Rockville, 2015-2040

	2015	2020	2025	2030	2035	2040
Household has a worker with a payroll job	5,486	6,043	6,752	7,545	8,309	8,819
Household does not have a worker with a payroll job	19,940	22,457	24,048	24,955	25,691	26,581
Total	25,426	28,500	30,800	32,500	34,000	35,400

Source: Lisa Sturtevant & Associates, LLC

III. Households by Disability Status, City of Rockville, 2015-2040

	2015	2020	2025	2030	2035	2040
No member of the household has a disability	20,743	23,392	25,318	26,512	27,474	28,520
1+ members of the household has/have a disability	4,683	5,108	5,482	5,988	6,526	6,880
Total	25,426	28,500	30,800	32,500	34,000	35,400

Source: Lisa Sturtevant & Associates, LLC

IV. Households by Unit Type, City of Rockville, 2015-2040

	2015	2020	2025	2030	2035	2040
Single-Family Detached, Owner	9,570	9,874	10,137	10,339	10,514	10,659
Single-Family Detached, Renter	1,663	1,653	1,698	1,700	1,700	1,711
Single-Family Attached, Owner	2,988	3,168	3,293	3,413	3,537	3,690
Single-Family Attached, Renter	2,194	2,280	2,371	2,475	2,584	2,673
Multi-Family, Owner	1,606	2,093	2,465	2,690	2,885	3,109
Multi-Family, Renter	7,404	9,431	10,836	11,884	12,780	13,558
Total	25,426	28,500	30,800	32,500	34,000	35,400

Source: Lisa Sturtevant & Associates, LLC

V. Households by Household Type, City of Rockville, 2015-2040

	2015	2020	2025	2030	2035	2040
1 adult	7,266	8,393	9,411	10,332	11,123	11,882
1 adult & 1 kid	599	660	700	714	728	753
2 adults	7,195	8,172	8,860	9,231	9,591	10,017
1 adult & 2 kids	392	425	458	482	505	506
2 adults & 1 kid	2,024	2,253	2,386	2,452	2,517	2,569
3 adults	1,947	2,058	2,140	2,201	2,263	2,313
1 adult & 3+ kids	51	74	74	82	89	92
2 adults & 2+ kids	3,022	3,249	3,382	3,494	3,580	3,616
3 adults & 1+ kids	1,406	1,576	1,676	1,748	1,802	1,823
4+ adults	915	957	987	1,010	1,029	1,038
4+ adults & 1+ kids	608	684	727	753	773	790
Total	25,426	28,500	30,800	32,500	34,000	35,400

Source: Lisa Sturtevant & Associates, LLC

VI. Households by Area Median Income Group, City of Rockville, 2015-2040

	2015	2020	2025	2030	2035	2040
<30% AMI	2,784	3,166	3,507	3,869	4,197	4,437
30-59% AMI	4,231	4,912	5,400	5,842	6,222	6,482
60-79% AMI	3,082	3,483	3,755	3,959	4,152	4,342
80-99% AMI	2,703	3,043	3,308	3,496	3,643	3,796
100-119% AMI	2,188	2,553	2,817	2,945	3,055	3,183
120%+ AMI	10,438	11,344	12,013	12,390	12,731	13,160
Total	25,426	28,500	30,800	32,500	34,000	35,400

Source: Lisa Sturtevant & Associates, LLC

VI.a. Households by Area Median Income Group and Age of Householder, City of Rockville, 2015-2040

Householder Under 35 Years Old

	2015	2020	2025	2030	2035	2040
<30% AMI	455	617	666	699	730	778
30-59% AMI	1,147	1,429	1,428	1,464	1,506	1,536
60-79% AMI	933	1,067	1,008	992	987	1,019
80-99% AMI	473	624	610	613	624	651
100-119% AMI	317	426	447	458	476	503
120%+ AMI	1,188	1,418	1,404	1,397	1,421	1,478
Total	4,513	5,580	5,562	5,622	5,745	5,965

Source: Lisa Sturtevant & Associates, LLC

Householder Between 35 and 44 Years Old

	2015	2020	2025	2030	2035	2040
<30% AMI	301	301	330	353	363	380
30-59% AMI	1,072	1,221	1,376	1,467	1,538	1,569
60-79% AMI	590	672	746	779	805	831
80-99% AMI	553	600	638	656	669	677
100-119% AMI	565	665	760	805	845	881
120%+ AMI	2,161	2,241	2,424	2,484	2,540	2,617
Total	5,241	5,702	6,273	6,543	6,761	6,956

Source: Lisa Sturtevant & Associates, LLC

Householder Between 45 and 54 Years Old

	2015	2020	2025	2030	2035	2040
<30% AMI	564	512	546	582	606	620
30-59% AMI	581	632	671	704	731	764
60-79% AMI	486	523	561	586	610	642
80-99% AMI	423	455	477	490	499	513
100-119% AMI	362	376	395	404	414	428
120%+ AMI	2,298	2,390	2,464	2,509	2,551	2,603
Total	4,714	4,888	5,114	5,275	5,411	5,570

Source: Lisa Sturtevant & Associates, LLC

VI.a. Households by Area Median Income Group and Age of Householder, City of Rockville, 2015-2040

Householder Between 55 and 64 Years Old

	2015	2020	2025	2030	2035	2040
<30% AMI	321	371	377	380	384	411
30-59% AMI	340	406	441	469	495	520
60-79% AMI	425	475	490	498	508	521
80-99% AMI	270	274	276	280	284	289
100-119% AMI	420	448	461	470	478	488
120%+ AMI	2,270	2,438	2,521	2,562	2,603	2,679
Total	4,046	4,412	4,565	4,659	4,752	4,907

Source: Lisa Sturtevant & Associates, LLC

Householder 65 Years Old or Older

	2015	2020	2025	2030	2035	2040
<30% AMI	1,141	1,366	1,589	1,856	2,114	2,249
30-59% AMI	1,092	1,225	1,484	1,738	1,951	2,092
60-79% AMI	648	746	950	1,103	1,242	1,329
80-99% AMI	985	1,088	1,309	1,457	1,567	1,666
100-119% AMI	524	637	753	809	842	884
120%+ AMI	2,521	2,857	3,201	3,437	3,616	3,783
Total	6,911	7,919	9,286	10,401	11,331	12,002

Source: Lisa Sturtevant & Associates, LLC

VI.b. Households by Area Median Income Group and Labor Force Participation Status, City of Rockville, 2015-2040

Household has a worker with a payroll job

	2015	2020	2025	2030	2035	2040
<30% AMI	874	1,102	1,228	1,328	1,398	1,452
30-59% AMI	3,195	3,861	4,250	4,501	4,688	4,868
60-79% AMI	2,475	2,816	3,021	3,138	3,232	3,355
80-99% AMI	2,198	2,499	2,693	2,797	2,869	2,973
100-119% AMI	1,800	2,083	2,269	2,361	2,447	2,560
120%+ AMI	9,398	10,097	10,587	10,831	11,056	11,373
Total	19,940	22,457	24,048	24,955	25,691	26,581

Source: Lisa Sturtevant & Associates, LLC

Household does not have a worker with a payroll job

	2015	2020	2025	2030	2035	2040
<30% AMI	1,910	2,065	2,278	2,541	2,800	2,985
30-59% AMI	1,037	1,051	1,150	1,341	1,534	1,614
60-79% AMI	607	667	734	822	919	987
80-99% AMI	505	544	615	699	774	823
100-119% AMI	388	470	548	584	607	623
120%+ AMI	1,040	1,248	1,426	1,559	1,675	1,786
Total	5,486	6,043	6,752	7,545	8,309	8,819

Source: Lisa Sturtevant & Associates, LLC

VI.c. Households by Area Median Income Group and Disability Status, City of Rockville, 2015-2040

No member of the household has a disability

	2015	2020	2025	2030	2035	2040
<30% AMI	1,906	2,199	2,454	2,665	2,831	2,958
30-59% AMI	3,441	4,076	4,510	4,824	5,060	5,235
60-79% AMI	2,623	2,995	3,240	3,393	3,525	3,673
80-99% AMI	2,036	2,343	2,570	2,696	2,785	2,899
100-119% AMI	1,823	2,110	2,315	2,417	2,507	2,622
120%+ AMI	8,914	9,670	10,229	10,516	10,767	11,132
Total	20,743	23,392	25,318	26,512	27,474	28,520

Source: Lisa Sturtevant & Associates, LLC

1+ members of the household has/have a disability

	2015	2020	2025	2030	2035	2040
<30% AMI	878	967	1,053	1,204	1,367	1,479
30-59% AMI	791	836	890	1,017	1,162	1,247
60-79% AMI	459	488	515	566	627	668
80-99% AMI	667	700	738	800	858	897
100-119% AMI	365	443	502	528	548	561
120%+ AMI	1,524	1,675	1,784	1,873	1,964	2,028
Total	4,683	5,108	5,482	5,988	6,526	6,880

Source: Lisa Sturtevant & Associates, LLC

VIII.d. Households by Area Median Income Group and Household Size, City of Rockville, 2015-2040

One Person

	2015	2020	2025	2030	2035	2040
<30% AMI	1,652	1,816	2,050	2,287	2,508	2,664
30-59% AMI	1,461	1,684	1,882	2,103	2,289	2,454
60-79% AMI	967	1,106	1,204	1,316	1,421	1,524
80-99% AMI	695	823	938	1,041	1,120	1,208
100-119% AMI	552	679	794	858	904	965
120%+ AMI	1,938	2,284	2,542	2,727	2,881	3,069
Total	7,266	8,393	9,411	10,332	11,123	11,882

Source: Lisa Sturtevant & Associates, LLC

Two People

	2015	2020	2025	2030	2035	2040
<30% AMI	540	646	692	759	826	880
30-59% AMI	948	1,073	1,158	1,225	1,291	1,349
60-79% AMI	764	898	988	1,028	1,072	1,121
80-99% AMI	820	943	1,033	1,079	1,118	1,168
100-119% AMI	652	779	877	907	936	987
120%+ AMI	4,071	4,492	4,811	4,947	5,077	5,266
Total	7,794	8,832	9,560	9,946	10,319	10,771

Source: Lisa Sturtevant & Associates, LLC

Three People

	2015	2020	2025	2030	2035	2040
<30% AMI	300	335	358	373	391	404
30-59% AMI	612	708	779	831	881	901
60-79% AMI	626	691	736	757	775	791
80-99% AMI	496	531	556	574	589	596
100-119% AMI	417	467	491	504	518	530
120%+ AMI	1,913	2,004	2,063	2,095	2,130	2,166
Total	4,363	4,736	4,984	5,136	5,285	5,388

Source: Lisa Sturtevant & Associates, LLC

VIII.d. Households by Area Median Income Group and Household Size, City of Rockville, 2015-2040

Four People or More

	2015	2020	2025	2030	2035	2040
<30% AMI	292	369	407	449	473	490
30-59% AMI	1,211	1,446	1,580	1,683	1,760	1,779
60-79% AMI	725	787	827	857	883	906
80-99% AMI	692	746	780	802	816	824
100-119% AMI	567	627	655	676	697	701
120%+ AMI	2,516	2,564	2,596	2,620	2,643	2,659
Total	6,003	6,539	6,846	7,087	7,272	7,359

Source: Lisa Sturtevant & Associates, LLC

VIII.e. Households by Area Median Income Group and Unit Type, City of Rockville, 2015-2040

Single-Family Detached, Owner

	2015	2020	2025	2030	2035	2040
<30% AMI	367	387	403	438	478	502
30-59% AMI	604	644	677	720	764	792
60-79% AMI	733	795	851	867	880	900
80-99% AMI	810	839	869	902	930	942
100-119% AMI	873	897	918	933	941	954
120%+ AMI	6,184	6,312	6,420	6,479	6,521	6,570
Total	9,570	9,874	10,137	10,339	10,514	10,659

Source: Lisa Sturtevant & Associates, LLC

Single-Family Detached, Renter

	2015	2020	2025	2030	2035	2040
<30% AMI	267	254	285	286	286	292
30-59% AMI	149	148	147	148	149	148
60-79% AMI	330	319	321	318	316	321
80-99% AMI	255	263	270	271	271	273
100-119% AMI	191	191	191	191	191	191
120%+ AMI	472	479	485	486	487	486
Total	1,663	1,653	1,698	1,700	1,700	1,711

Source: Lisa Sturtevant & Associates, LLC

Single-Family Attached, Owner

	2015	2020	2025	2030	2035	2040
<30% AMI	221	227	239	249	258	269
30-59% AMI	448	474	493	515	534	551
60-79% AMI	329	357	373	395	419	439
80-99% AMI	314	334	349	361	370	385
100-119% AMI	316	331	345	357	370	385
120%+ AMI	1,360	1,446	1,493	1,537	1,586	1,661
Total	2,988	3,168	3,293	3,413	3,537	3,690

Source: Lisa Sturtevant & Associates, LLC

VIII.e. Households by Area Median Income Group and Unit Type, City of Rockville, 2015-2040

Single-Family Attached, Renter

	2015	2020	2025	2030	2035	2040
<30% AMI	322	341	373	385	396	424
30-59% AMI	623	608	622	644	663	666
60-79% AMI	229	234	235	255	279	295
80-99% AMI	310	337	362	393	427	458
100-119% AMI	163	183	189	197	205	202
120%+ AMI	548	577	591	602	614	627
Total	2,194	2,280	2,371	2,475	2,584	2,673

Source: Lisa Sturtevant & Associates, LLC

Multi-Family, Owner

	2015	2020	2025	2030	2035	2040
<30% AMI	205	242	267	294	312	327
30-59% AMI	221	300	357	402	442	481
60-79% AMI	239	301	345	380	414	444
80-99% AMI	328	370	411	436	455	479
100-119% AMI	83	153	205	225	246	273
120%+ AMI	530	727	879	952	1,016	1,105
Total	1,606	2,093	2,465	2,690	2,885	3,109

Source: Lisa Sturtevant & Associates, LLC

Multi-Family, Renter

	2015	2020	2025	2030	2035	2040
<30% AMI	1,403	1,714	1,941	2,218	2,467	2,623
30-59% AMI	2,187	2,738	3,103	3,412	3,670	3,845
60-79% AMI	1,221	1,477	1,631	1,744	1,843	1,941
80-99% AMI	687	901	1,047	1,133	1,189	1,259
100-119% AMI	561	798	970	1,043	1,103	1,179
120%+ AMI	1,345	1,803	2,144	2,334	2,507	2,710
Total	7,404	9,431	10,836	11,884	12,780	13,558

Source: Lisa Sturtevant & Associates, LLC

VIII.e1. Households Headed by Someone 65+ by Area Median Income Group and Tenure, City of Rockville, 2015-2040

Owner						
	2015	2020	2025	2030	2035	2040
<30% AMI	309	369	423	495	559	586
30-59% AMI	556	620	688	764	831	868
60-79% AMI	477	547	625	670	718	745
80-99% AMI	673	740	807	861	902	937
100-119% AMI	373	413	457	480	494	513
120%+ AMI	2,129	2,337	2,473	2,571	2,641	2,716
Total	4,517	5,027	5,473	5,842	6,146	6,365

Source: Lisa Sturtevant & Associates, LLC

Renter						
	2015	2020	2025	2030	2035	2040
<30% AMI	832	997	1,166	1,361	1,555	1,663
30-59% AMI	536	604	796	974	1,121	1,224
60-79% AMI	171	198	325	433	523	584
80-99% AMI	311	348	501	596	664	729
100-119% AMI	152	224	297	328	348	371
120%+ AMI	392	520	728	867	974	1,066
Total	2,394	2,892	3,813	4,559	5,186	5,637

Source: Lisa Sturtevant & Associates, LLC

VIII.e2. Households Headed by Someone 65+ by Area Median Income Group and Building Type, City of Rockville, 2015-2040

Single-Family Detached

	2015	2020	2025	2030	2035	2040
<30% AMI	171	229	277	315	356	372
30-59% AMI	251	292	328	368	409	432
60-79% AMI	227	275	327	346	359	377
80-99% AMI	393	433	472	504	531	546
100-119% AMI	253	270	289	304	311	321
120%+ AMI	1,882	2,010	2,111	2,179	2,226	2,262
Total	3,176	3,509	3,805	4,016	4,192	4,310

Source: Lisa Sturtevant & Associates, LLC

Single-Family Attached

	2015	2020	2025	2030	2035	2040
<30% AMI	162	194	230	256	278	291
30-59% AMI	285	285	320	344	355	365
60-79% AMI	172	181	189	218	253	273
80-99% AMI	264	297	331	366	401	435
100-119% AMI	110	116	124	129	133	138
120%+ AMI	201	248	269	290	304	320
Total	1,193	1,321	1,464	1,604	1,724	1,819

Source: Lisa Sturtevant & Associates, LLC

Multi-Family

	2015	2020	2025	2030	2035	2040
<30% AMI	809	943	1,082	1,285	1,480	1,586
30-59% AMI	557	648	836	1,026	1,187	1,296
60-79% AMI	249	290	433	540	630	680
80-99% AMI	328	358	505	587	635	686
100-119% AMI	161	251	340	375	398	425
120%+ AMI	438	599	821	968	1,086	1,201
Total	2,542	3,088	4,017	4,780	5,416	5,873

Source: Lisa Sturtevant & Associates, LLC