HOUSING

BACKGROUND AND TRENDS

MONTCO 2050

A Comprehensive Plan for a Changing World

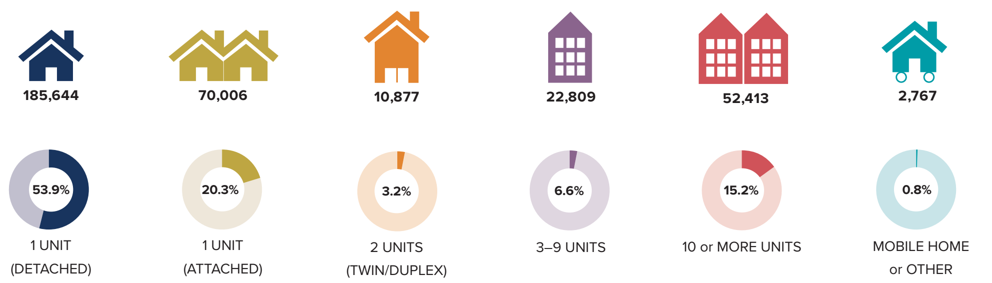
Housing affordability is among the biggest challenges that Montgomery County residents face, and finding ways to provide for more affordability continues to be a struggle for the county's 62 municipalities. The county's current housing landscape and the new development and home sales data the county analyzes further reinforce this assertion. Strict zoning regulations, a shortage of buildable land (and interest in preserving open space), as well as community pushback around increased density make for a competitive suburban housing market throughout the region. For those with an interest in buying or renting in Montgomery County, finding a place to live has become increasingly out of reach.

EXISTING HOUSING UNITS

As of the 2020 Census, Montgomery County had 344,516 housing units. This is an increase of 9.5 percent from 2010, when the county had 325,735 housing units. The majority of housing units in the county — just under 54 percent — are single-family detached homes. Single-family attached homes — commonly called townhomes — make up about 20 percent of the county's housing stock.

Existing Housing Units

Source: U.S. Census Bureau, Decennial Census 2020



Crescent Fields at Huntingdon Valley, Lower Moreland Township

PROPOSED HOUSING UNITS

The housing units that are proposed each year provide insight into construction trends. Not all proposed homes get built. In the last ten years, multifamily and single-family attached homes (townhomes) have made up a majority of proposed housing units. Not that long ago, single-family detached homes made up the majority of proposed units. Today's trend is partly due to practical reasons — future growth has to be accommodated within county limits, and much of the county's new construction has been infill development. The composition of households also has changed over time. The county has growing numbers of single-person senior citizen households, for example, and smaller households may prefer smaller homes. Many people want to live in walkable communities in close proximity to amenities, such as public transit, shops, and restaurants, and would choose an apartment or a townhouse over a detached home to get those desirable community traits.

HOUSING UNITS BUILT

Not surprisingly, the housing that gets built is a reflection of the housing units which are proposed for construction. In the last decade, the county has seen a big shift toward multifamily construction — even though the existing units in the county are still predominantly single-family detached homes. The majority of the apartments built in the last decade are rental units — though there are older condominiums in many municipalities.

FUTURE HOUSING DEMAND

While it is easy to take a look at what has been built already, knowing which housing units the county's residents may need in the future is more challenging. Using DVRPC's population forecasts as a starting point, MCPC forecasts an estimated population of 942,944 people in 2050. Taking the 355,232 housing units that are already built and assuming an

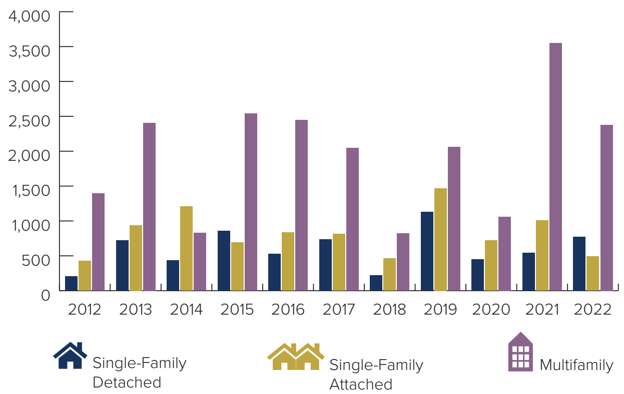
Future Housing Demand

Source: MCPC and US Census Bureau

Adjusted 2050 Population	942,944
Minus Group Quarters Population	-24,517
Equals Total Population in Households	918,427
Divide by Future Average Household Size (2.49 people) for Unadjusted Total Future Housing Units	368,846
Multiply by (1+future vacancy rate)	388,617
Minus Existing Housing Units	-355,232
Equals Future Units Needed by 2050	**33,385**

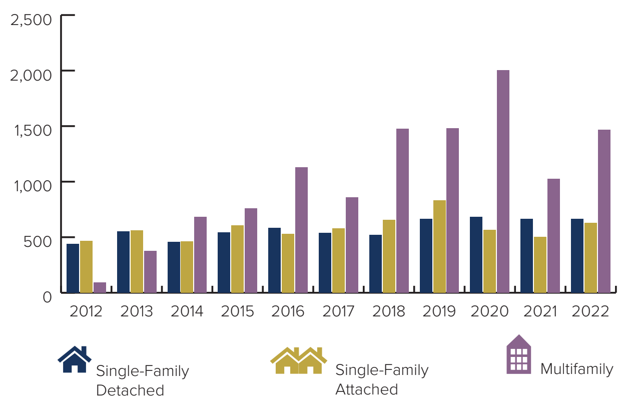
Proposed Housing Units

Source: MCPC



Housing Units Built

Source: MCPC



Northgate, Upper Hanover Township

average household size of 2.49 persons, this equates to a need for an additional 33,385 housing units by 2050. While this may seem like a big number, this is the equivalent of 1,237 new housing units built each year (a figure regularly exceeded on an annual basis).

HOUSING AFFORDABILITY

Housing costs in the county continue a steady shift upward, with serious implications for who can and cannot afford to live in the county. Generally speaking, a housing unit is considered affordable to someone if they can pay 30 percent or less of their income toward housing costs. While the number of homeowners with a mortgage paying more than 30 percent of their income toward these costs has actually gone down over time, the high numbers of renters paying more than 30 percent of their income for rent is indicative that housing costs are high — too high — and will make it a challenge to save for and afford a home purchase.

HOMEOWNERSHIP RATES

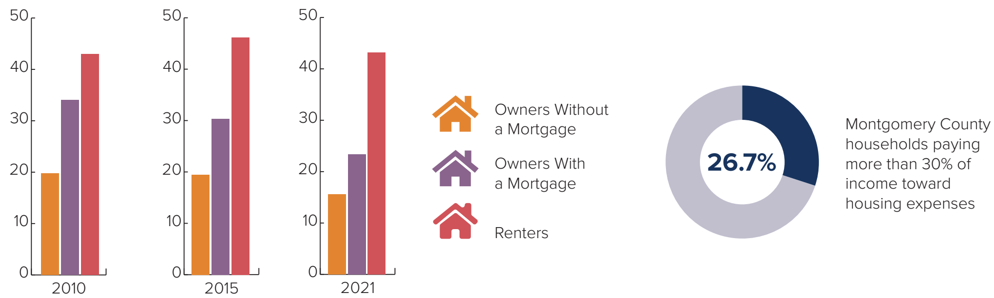
Census data indicate there are increasing numbers of residents in rental units (rising from 27.4 percent of occupied units in 2010 to 29.2 percent of occupied units in 2020) and fewer owner-occupied units with a mortgage (68 percent of units in 2020 versus 72 percent of units in 2010).

When taking a closer look at who owns homes in Montgomery County, the disparities of homeownership became clearer. Homeownership is an important way of building generational wealth as it is among the biggest financial investments that people make. Yet, a history of redlining limited investment in some neighborhoods and prevented generations of families from attaining the equity associated with homeownership. In addition, unequal lending practices persist today. Together, these practices have contributed to disparities in homeownership rates and wealth accumulation among racial groups. More than 83 percent of the homeowners in owner-occupied units are Caucasian and just over 5 percent are African-American, despite the county's population being about 77 percent Caucasian and about 9 percent African-American.

Cost-Burdened Households

Percent of Montgomery County Households Paying More than 30% of Income Toward Housing Expenses.

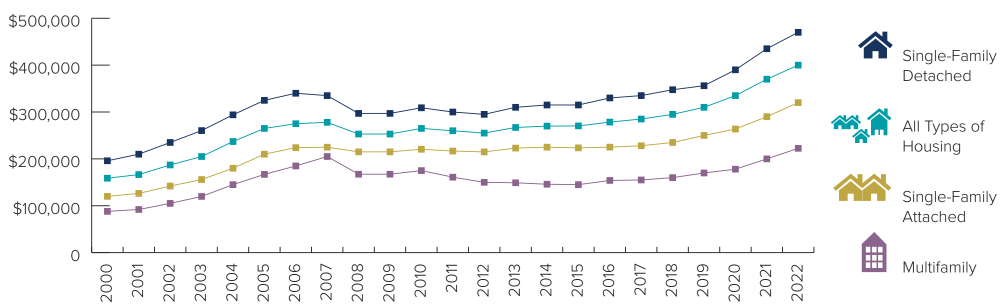
Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates 2006-2010, 2011-2013, and 2017-2021



Median Housing Costs

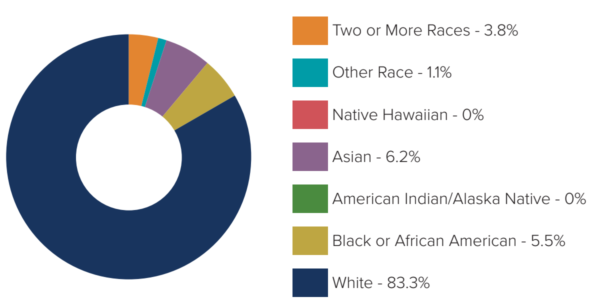
In the last 22 years, housing prices dipped during the (2008) Great Recession but continued to climb since then.

Source: MCPC



Percent Owner-Occupied Housing Units by Race

Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates 2017-2021

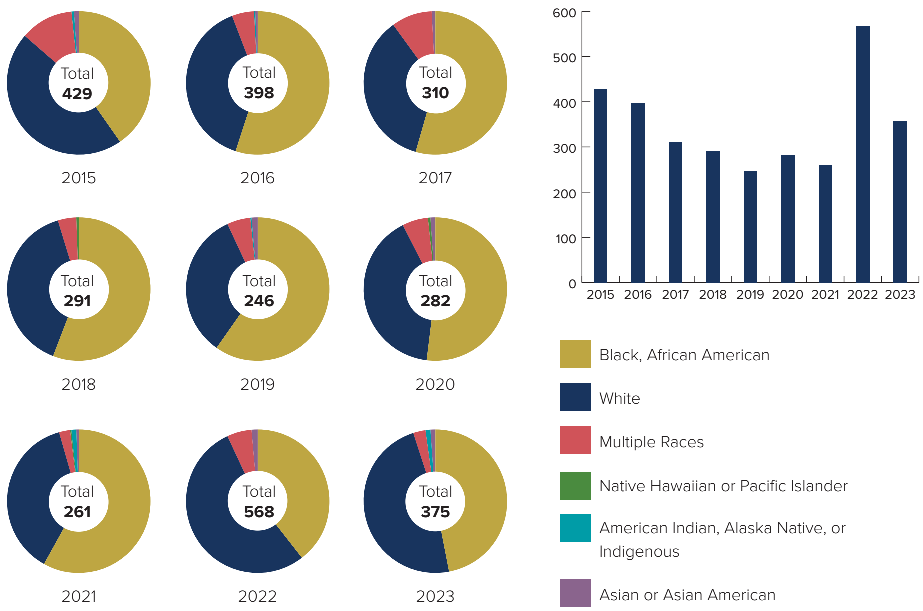


HOMELESSNESS

The systemic drivers of homelessness in the county have trended upward in the last several years, exacerbated by a number of factors, the cost of housing among them. Hurricane Ida rolled through Montgomery County in 2021 and while the cleanup has concluded, the county lost many affordable housing units to demolition or buyouts because of flood damage. The county's primary homeless shelter, the Coordinated Homeless Outreach Center (or CHOC), was the only year-round 24-7 emergency shelter service for single adults. Its facility on the Norristown State Hospital grounds closed in June 2022 due to the state's termination of the building's lease. Montgomery County has financially supported hotel stays for single adults to address this gap while a new location is secured. While the total number decreased from its high point in 2022, the numbers still remain high.

Number of Homeless Individuals

Source: Montgomery County Office of Housing and Community Development

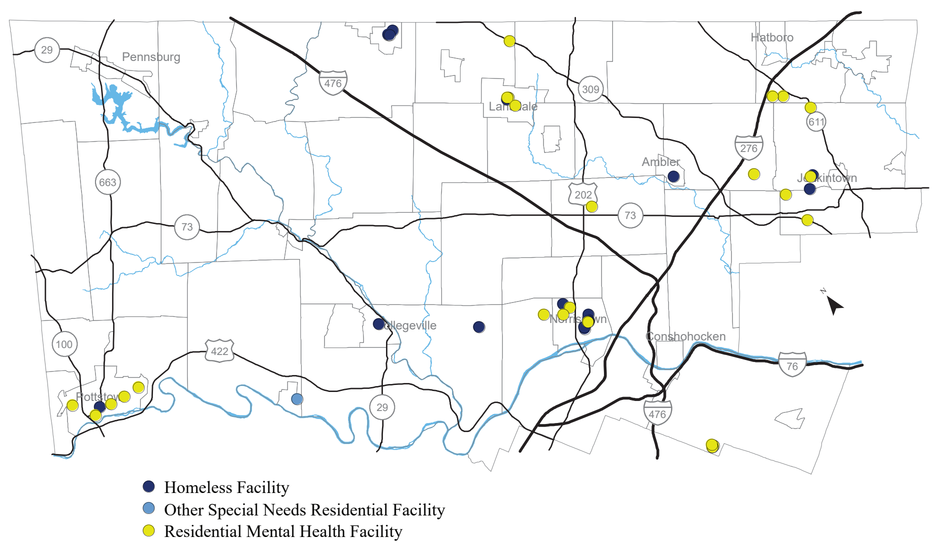


CONSIDERATIONS

What is clear is that people recognize we have reached a crisis point when it comes to housing. Many levels of government and other agencies and institutions are looking for ways to promote fixes to this issue. Some municipalities have adopted or are exploring ways to provide density bonuses; others are exploring additional flexibility through accessory dwelling unit provisions. The county, inspired by the success it has had with its Your Way Home initiative, developed a plan called Homes For All. The plan outlines ways communities and employers can promote housing affordability as well as provide funding to programs to keep existing housing units affordable. Grassroots efforts are popping up to provide homegrown support, and the Commonwealth has released its own report to promote inclusionary zoning efforts as one piece of the solution.

Facilities for the Homeless and Special Needs Populations

Source: Montgomery County Department of Health and Human Services



Montgomery County government departments and boards play a role in furthering the county's comprehensive planning work. The Office of Housing and Community Development, housed in the Department of Health and Human Services, provides a comprehensive, coordinated program that addresses housing, community, and economic development within Montgomery County.