



MEMORANDUM

TO: COG Board of Directors

FROM:

A handwritten signature in black ink that reads "Chuck Bean".

Chuck Bean, COG Executive Director

SUBJECT: Meeting the Region's Current and Future Housing Needs

DATE: September 5, 2018

BACKGROUND

There is a growing consensus that, particularly from an economic competitiveness perspective, the region's elected, business, and non-profit leaders must act to ensure a sufficient supply of affordably priced housing for current residents, *and* for the workers needed to fill the new jobs anticipated in the future.

The National Capital Region Transportation Planning Board (TPB) has noted the need to provide a sufficient supply of housing to reduce strains on the transportation system caused by workers commuting to jobs in the region from communities located beyond its boundary. These challenges have also been documented in research by many other leading experts, including the Urban Institute, George Mason University's Center for Regional Analysis, Enterprise Community Partners, the Housing Leaders Group of Greater Washington, and the 2030 Group.

During the July leadership retreat, staff briefed COG Board members on the region's current housing challenges and the need to increase production and preservation efforts to sustain economic growth. A panel of experts led discussions on impediments to meeting the current housing needs, as well as tools and strategies that could be employed to achieve our long-term goals.

COG is prepared to lead focused, strategic conversations on this issue and proposes a series of work tasks to begin to achieve these shared goals.

MORE THAN 100,000 ADDITIONAL UNITS NEEDED

A recent analysis by the TPB determined that additional housing in the region would significantly improve transportation system performance, particularly if those units were strategically located in Activity Centers and near High-Capacity Transit Stations. Using a widely accepted economic metric for "balancing" the number of households and jobs, the analysis showed that the region needs, by 2045, more than 100,000 additional households than are currently projected. The TPB endorsed this as an improvement that would help address the region's transportation performance challenges.

Based on COG's most recent [Cooperative Forecasts](#), the official growth projections prepared by COG's member government planning departments, the region anticipates its current (2018) employment base of 3.28 million jobs would grow to 4.27 million by 2045—an increase of 990,000

jobs. During this same period, the total number of housing units would grow from the current (2018) base of approximately 2.08 million units to 2.66 million—an increase of 575,000 housing units.

Based on the “jobs-to-housing” metric used in the study noted previously, the region would need to add 235,000 housing units by 2025 rather than the 170,000 currently anticipated to close this gap. Similarly, the region would need to add 365,000 new units by 2030 rather than the 290,000 currently projected, and 690,000 units by 2045 compared to the 575,000 currently assumed.

Round 9.1 Forecast of Employment and Households and Calculated "Shortfall"
(Thousands)

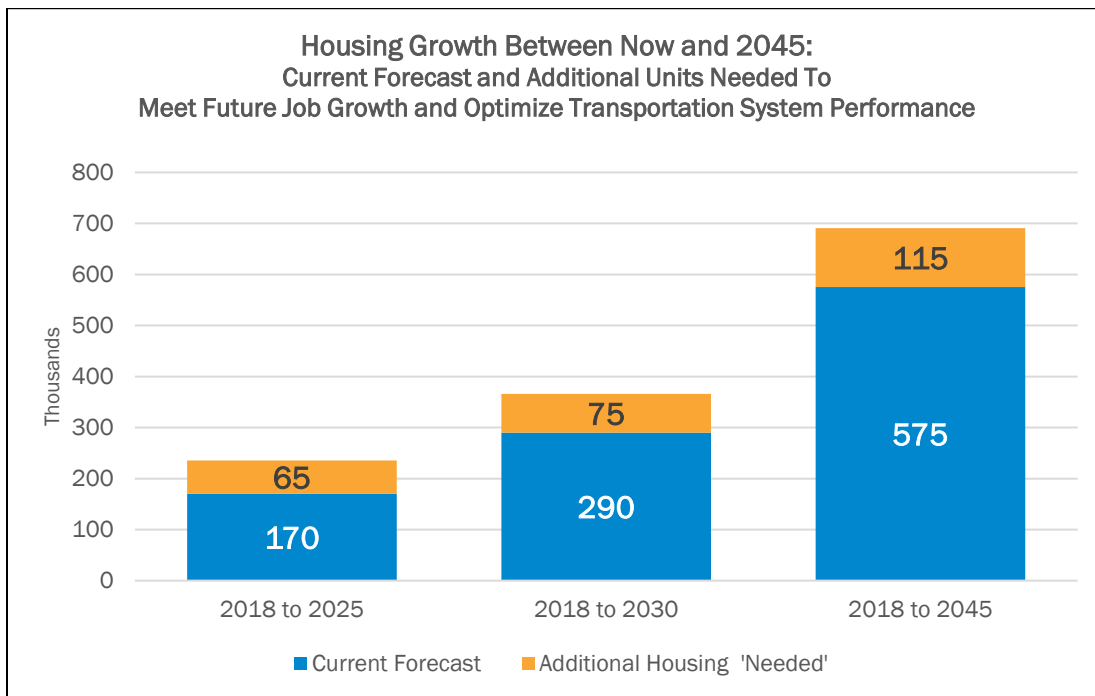
	2018 ⁽¹⁾	2020	2025	2030	2035	2040	2045
Forecast Employment (9.1)	3,281	3,361	3,573	3,774	3,947	4,116	4,274
Households "Needed" for Jobs	2,130	2,182	2,320	2,451	2,563	2,673	2,775
Forecast Households (9.1)	2,085	2,133	2,255	2,375	2,477	2,565	2,660
Housing "Shortfall"	45	49	65	76	86	108	115

(1) Estimate

(2) Shortfall calculated using "1.54 Jobs Per Household" ratio

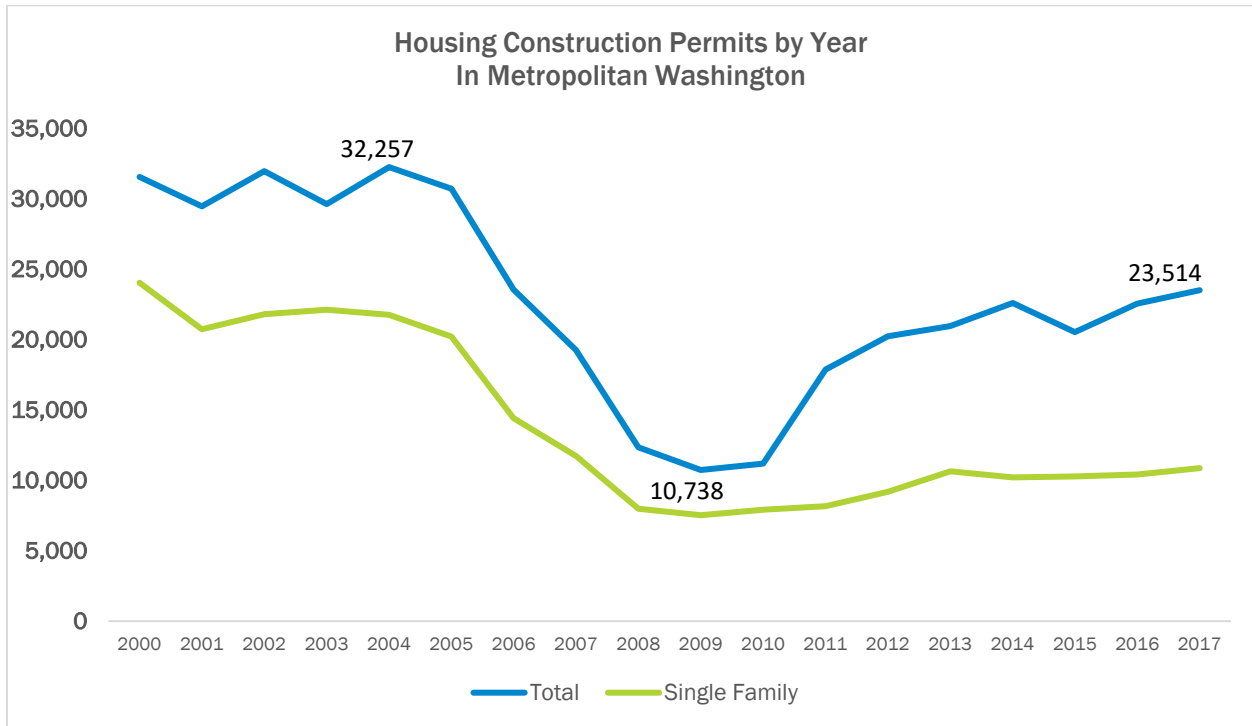
Source: MWCOC, Round 9.1 Cooperative Forecasts

The projected gap—or housing “shortfall”—will only worsen without intervention. The region should commit to increase the planned number of new housing units by about 65,000 by 2025 and over 100,000 by 2045.



Source: Round 9.1 Cooperative Forecasts and COG Estimates

To attain the short- and long-term housing needs noted earlier, the region would need a sustained annual housing production of at least 25,600 units per year. During 2017, more than 23,500 units were approved. Although we are on the right trajectory, it is possible to produce even more. For example, between 2000 and 2005, new housing construction permits in the region averaged 30,900 units per year.



Source: COG analysis of Census C-40 Residential Permit data

NEXT STEPS

The region should commit to increasing the number of new housing units beyond those which are currently planned to maintain economic competitiveness and support transportation performance.

Short- and long-term solutions must be part of the conversation to address this issue. The region should continue to create and/or preserve housing at a higher rate than has been achieved in the recent past to close the gap and provide adequate housing options to be able to sustain strong regional economic growth.

Action by COG Staff and Policy Committees

COG and staff are equipped to work alongside members to address this regional challenge. Specific collaborative actions could include:

1. Convening the region’s Planning Directors to:
 - Determine the capacity within current plans and zoning to support slightly more than 100,000 additional housing units, including 5- to 10-year targets.

- Determine the capacity for adding additional housing units in priority places such as Activity Centers and High-Capacity Transit Stations.
 - Identify planning and zoning tools and policies to ensure preservation of existing housing and production of new affordably priced units.
 - Identify planning and land use tools and incentives that would benefit from private sector support and resources.
 - Update the region's Cooperative Forecasts (jobs, population, and housing), with an emphasis on Activity Centers and High-Capacity Transit Stations.
 - Determine if any High-Capacity Transit Stations merit identification as new Activity Centers
2. Convening the region's Housing Directors to:
- Determine price points needed to support current and future job growth across the full spectrum of employment types. Includes examining tenure type (homeownership/rental), product type (multifamily, townhome, single family) and income range.
 - Determine current affordable housing production *and* preservation goals, and impediments to reaching those targets.
 - Identify housing tools and policies to ensure preservation of existing housing and production of new affordably priced units.
 - Identify housing incentives that would benefit from private sector support and resources.
3. Convening the Region Forward Coalition and Housing Leaders Group to:
- Host multi-sector discussions of tools, policies, and incentives that can be employed to collectively meet these short-term and long-term housing goals.
 - Re-assess the adopted regional housing targets.
4. Conducting a detailed regional and small-area analysis of multi-family rental housing:
- Analyze a variety of data sources to determine the location, pricing, and sizing of the region's rental units.
 - Prepare maps, tables, and analyses focused on quantifying the number of affordably-priced apartments within Activity Centers and High-Capacity Transit Station areas.

It is important to note again that this goal of increasing housing production by slightly more than 100,000 units is to ensure a sufficient supply of housing for workers to fill current and anticipated jobs. Although it will mostly address need from an economic competitiveness and transportation infrastructure standpoint, it will have broad significance for the future of our region and its residents. The focus will also be on creating housing in places that ensure inclusive communities, so that the benefits of economic growth are shared by all.

Action by the COG Board

Local governments are working to preserve and increase the supply of affordably-priced homes throughout the region but face a variety of challenges. A joint statement of commitment to regional collaboration to produce *additional* units beyond what is currently planned from the COG Board, in conjunction with support from the District of Columbia and at the state levels in Maryland and

Virginia, would help accelerate discussions to determine the best location for these additional housing units.

Implementation of these analyses can succeed best through strategic partnerships with other key stakeholders in business, non-profits, and philanthropy, as no sector alone can solve the region's housing challenges. This effort could be accelerated by working with the Housing Leaders Group of Greater Washington, the Greater Washington Partnership, as well as other key business leaders.

RESOURCES

- Urban Institute and COG's [*Housing Security in the Washington Region*](#)
- George Mason University Center for Regional Analysis' [*Housing the Region's Future Workforce*](#)
- Enterprise Community Partners' [*Call the Question*](#)
- Housing Leaders Group of Greater Washington's [*A Guidebook for Increasing Housing Affordability in the Greater Washington Region*](#)
- 2030 Group's [*Roadmap for the Region's Future Economy*](#)