



HR&A

City of Rockville

HOUSING NEEDS ASSESSMENT

June 2026

Agenda

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Introduction

ABOUT HR&A ADVISORS

HR&A Advisors, Inc. (HR&A) helps create more equitable, resilient, and dynamic communities.

HR&A is an **industry-leading economic development, real estate, and public policy consulting firm** with offices in New York, Washington, DC, Los Angeles, Dallas, Atlanta, and Raleigh.

We bring decades of experience analyzing housing markets and developing strategies for cities, counties and states across the country.



Project Scope

HR&A was engaged by the City of Rockville to conduct a housing needs assessment and develop recommendations to support housing affordability in Rockville.

1

Stakeholder Outreach & Events

Conducted community engagement roundtables, community survey, and attended key community events

2

Housing Needs Assessment & Market Scan

Analysis of existing housing market conditions, owner and tenant cost burden, and real estate development in Rockville

3

Land Use Analysis

Developed an interactive tool to identify parcels with development potential

4

Financial Analysis

Feasibility analysis of existing MPDU program and alternative policy and economic conditions scenarios to be used in the MPDU rewriting process this upcoming winter

5

Recommendations

Four main tools to promote adequate and affordable housing supply

Key Findings

KEY FINDINGS — MARKET DRIVERS

Rockville continues to add high wage residents, sustaining strong demand for homeownership, but **economic challenges across the region are leading to a softening rental market.**

**Sustained Demand
from High Wage
Residents**

61%

growth in households
earning \$150K+
since 2014

**Multifamily Rental
Market Softening**

63%

of units approved
since 2022 unbuilt

**Homeownership
Market Remains
Strong**

35%

of home sales above
\$750K in 2024

KEY FINDINGS — IMPACTS

Despite a softening rental market, **cost burden remains an issue for Rockville renters.**

**Renters Remain
Cost Burdened**

52%

of renters pay over
30% of monthly
income in rent

**Renter Barriers to
Ownership**

\$220K

Gap between homes
renters would be able
to afford and the typical
home value in Rockville

**Shortage of
Affordable Rentals**

31:100

ratio of affordable
homes per renter
household earning
<\$50K

COMMUNITY ENGAGEMENT

HR&A partnered with local community engagement firm, Brick & Story, to conduct a thorough community engagement process consisting of a **survey, pop-ups at community events, and stakeholder roundtables.**



SURVEY TAKEAWAYS

Top Concerns:

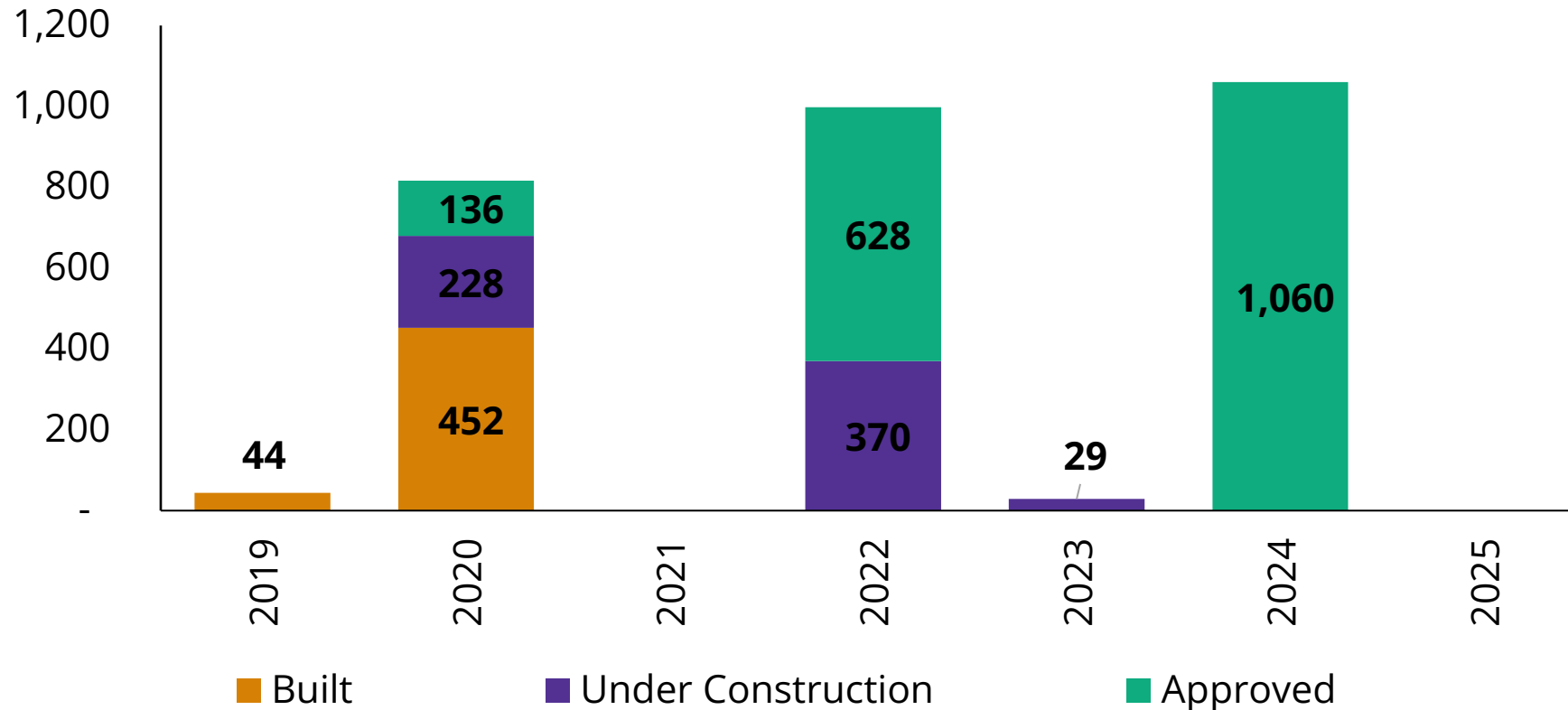
- 1. High home prices, rent, and cost of maintaining a home**
- 2. Difficulty finding preferred housing type at affordable price point in neighborhood of choice**

- **43% of renters** have delayed paying other expenses to pay for housing costs (28% of all respondents said they have).
- **68% of respondents** hoped to **stay in Rockville** the next **5-10 years**.
 - Rockville residents listed home options for **downsizing** (29% of respondents), **rent stabilization, rental assistance (27%), mortgage assistance (18%),** and financial assistance for **home maintenance**, as tools that would enable them to stay in the City.

MARKET DRIVERS - BACKLOG OF UNITS

Local and macroeconomic conditions have slowed development, with **only 38% of units of all types that received site plan approval since 2019 either under construction or completed.**

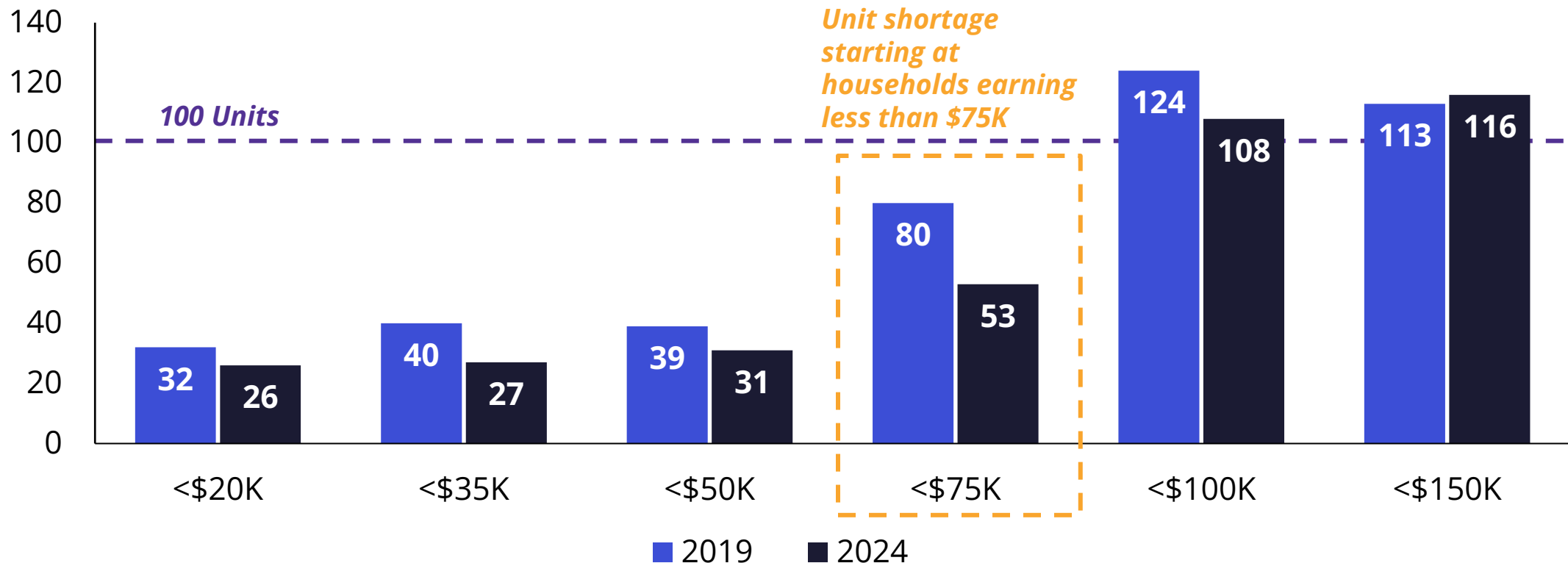
Site Plan Approval by Project Status (2019 - 2025)



MARKET DRIVERS - RENTAL HOUSING SHORTAGE

There is currently a shortage of rental homes for all household income groups below \$100k. **For every 100 renter households earning less than \$75K, or approximately 60% of AMI for a two-person household, there are 53 units with rents they can afford.**

Affordable Rental Homes per 100 Renter Households (2019, 2024)

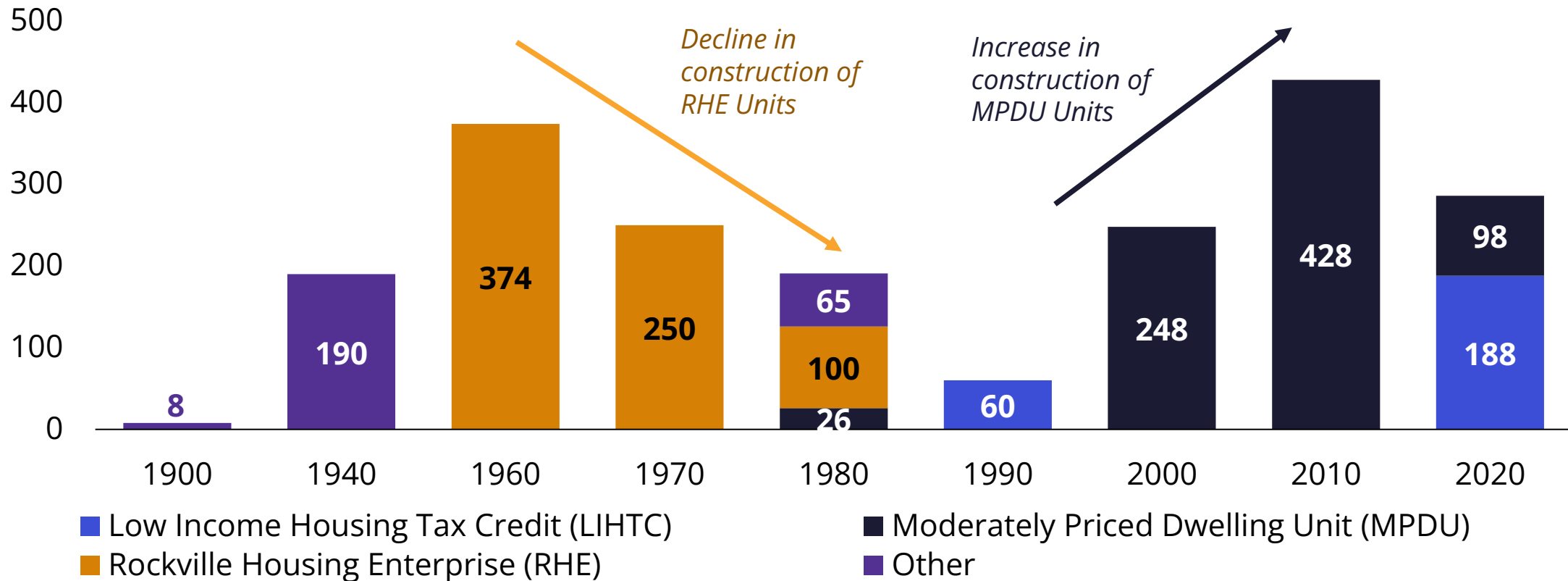


Source: American Community Survey, US Census Bureau. AMI levels assume a household size of four.

MARKET DRIVERS - AFFORDABLE HOUSING STOCK

76% of active deed-restricted affordable units built 1990-2020 were produced through the MPDU program. Future affordable unit production in Rockville relies on the continued delivery of market-rate multifamily housing.

Total Active Affordable Units by Year Building Constructed (2025)



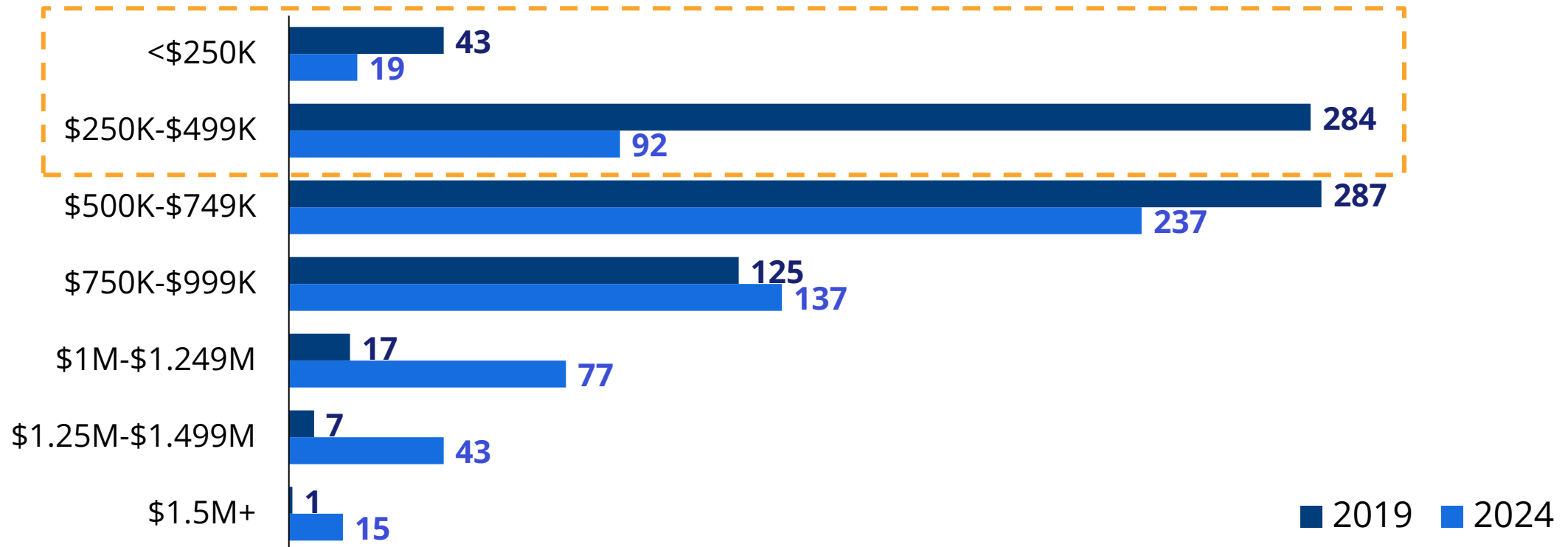
Source: City of Rockville (2025)

IMPACTS - RISING HOME PRICES

From 2019 to 2024, homes selling for under \$500K dropped 66%, while homes above \$1M rose 440%. The **availability of for sale homes at lower price points has dropped significantly, putting homeownership out of reach for moderate income households.**

Home Sales by Price (2019-2024)

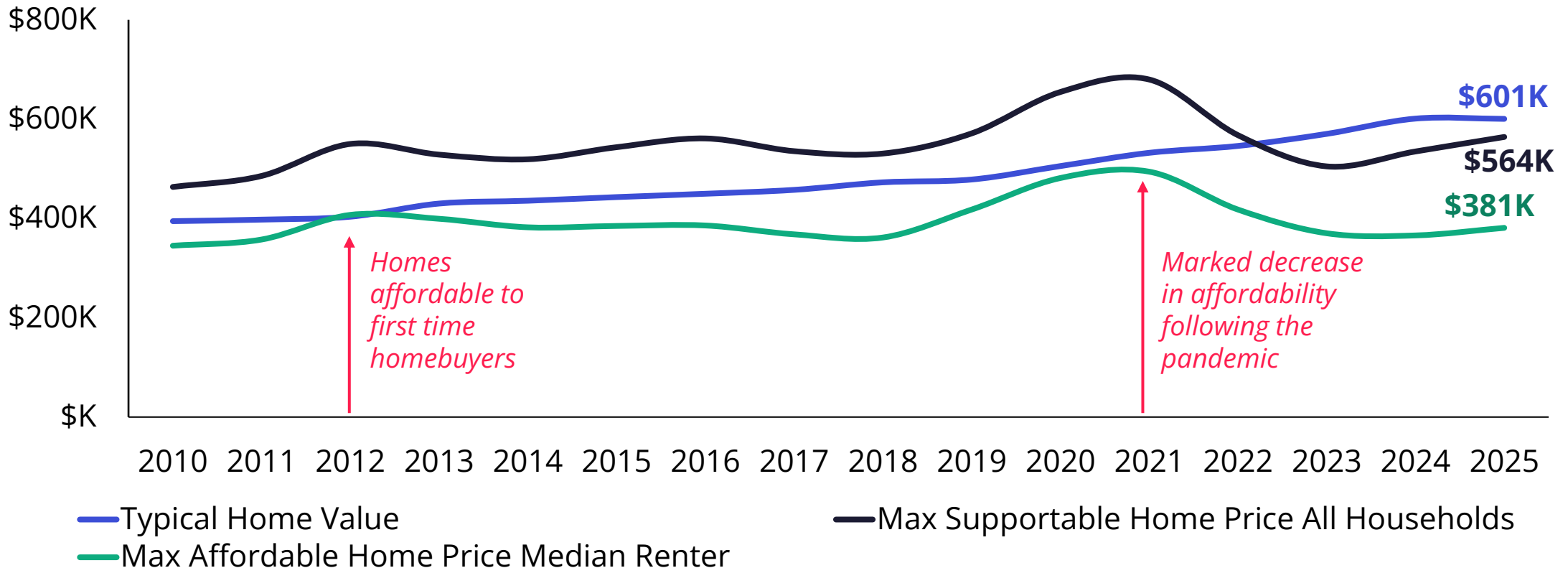
66% drop in home sales priced below \$500k from 2019 to 2024



IMPACTS - HOME AFFORDABILITY BY TENURE

In 2025, there was a **\$220K gap between the median home value and what the median renter household could afford**, driven by home value increases as well as interest rate increases, in a market that was more accessible to renter households before 2022.

Home Values vs. Max Supportable Home Values (2010-2025)



IMPACTS – RENTER COST BURDEN

Renters in Rockville have been consistently cost burdened, **with cost burden for all renters not dropping below 45% over the past decade.** High-cost burden disproportionately impacts single-parents, seniors, and Hispanic/Latino households.

Renter Cost Burden Rates by Cohorts

| Cohorts | Cost Burden Rate | Number of Cost Burdened Households | Median Share of Income Towards Rent |
|----------------------------|------------------|------------------------------------|-------------------------------------|
| Single-Parent Households | 74% | 600 | 53% |
| Senior Households | 67% | 1,090 | 49% |
| Hispanic/Latino Households | 61% | 1,200 | 42% |
| Households with Children | 58% | 1,870 | 40% |
| Black Households | 57% | 1,450 | 42% |
| All Renter Households | 52% | 6,300 | 31% |

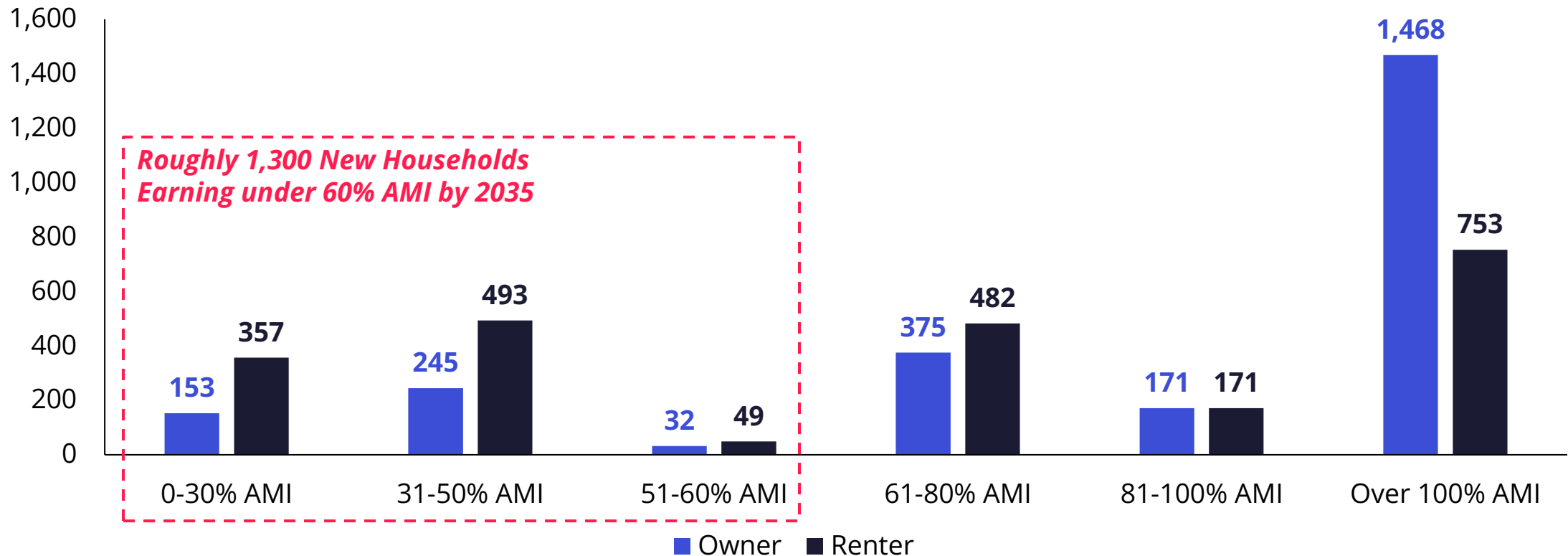
*Senior renters cost burden can be overstated because of fixed incomes; some households fall within multiple categories.

Source: Public Use Microdata Sample (PUMS) and American Community Survey, US Census Bureau.

ROCKVILLE FUTURE HOUSEHOLD GROWTH

The number of households in Rockville is projected to **increase between 3,000 and 4,700 by 2035**. Rockville will need to **permit an average of 330 to 510 units per year** to meet future housing demand. By 2035, **over 40% of renters and just under 20% of owners are projected to earn under 60% of AMI, requiring housing for a wide range of AMIs.**

New Projected Households by AMI and Tenure (2024-2035)



Source: HR&A Analysis of Metropolitan Washington Council of Governments: COG

Recent Housing Deliveries by Affordability

Much of this future demand will need to be met by the market, but most homes built today are at price points out of reach for low and moderate income households. Housing will need to be delivered at a lower price point to accommodate the **+2,500 additional households earning less than 100% AMI.**



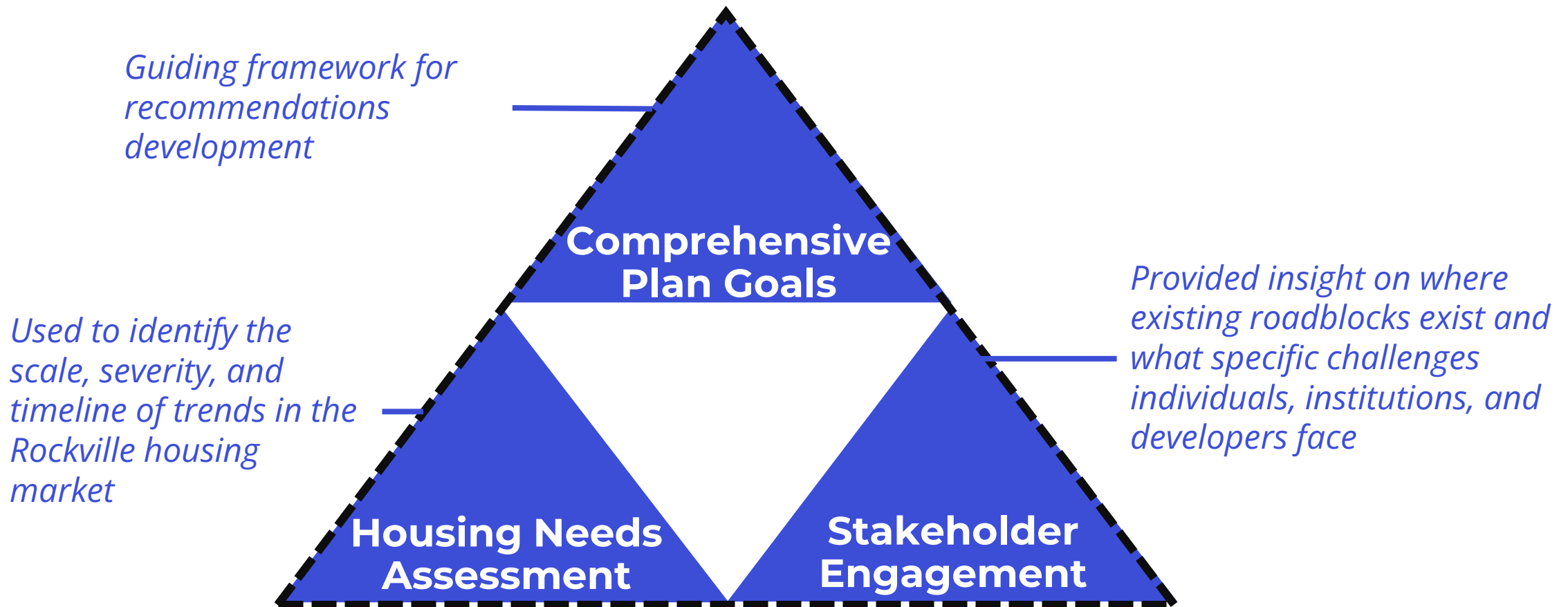
Source: Zillow. CoStar.

Recommendations

Recommendations Formation Process

Recommendations to improve the housing market and meet local housing demands were derived from the combination of our **stakeholder engagement, housing needs assessment, and comprehensive plan goals.**

RECOMMENDATIONS



HOUSING TOOLS OVERVIEW

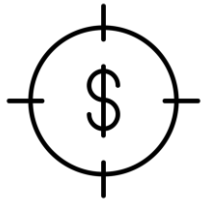
There are three main categories of interventions that municipalities can use to impact housing affordability:



Land Use

Use of countywide comprehensive plans to influence municipal **regulations and zoning** to **indirectly** improve affordability by increasing the supply of housing, and to directly require the production of affordable units.

e.g., by-right development, density bonuses, inclusionary zoning



Subsidy

Provide **below-market rate loans, grants, or other public resources** to close the gap between what a household can afford to pay and the costs to develop and operate housing.

e.g., rental assistance, gap financing for new construction, down payment assistance, public land sale



Tenants' Rights

Preserve existing affordable housing and housing stability by using **laws and regulations** that protect current occupants.

e.g., right to counsel, good cause eviction, landlord-tenant code

HOUSING TOOL JUSTIFICATION

Various market failures and policy shortfalls have resulted in increased unaffordability in Rockville.



Land Availability

Rockville is a built-out suburb with few greenfield sites to develop. Housing construction often requires redevelopment, which can be costly and complicated if rezoning is needed.



Interest Rates

High interest rates have driven up both the cost of borrowing for individual prospective home buyers, as well as the cost of development for home builders.



MPDU Reliance

The MPDU program is predicated on the continued delivery of new multifamily developments. When nothing is built, affordable housing delivery stagnates.



Construction Costs

High construction costs have increased overall project costs, making it challenging for developers to achieve market required returns for projects.

RECOMMENDED TOOLS – LAND USE

Structures that facilitate investment in affordable housing differ in their scale of necessary funding, financing structures, and depth of public involvement.

| TOOL | RECOMMENDATION |
|---|---|
| MPDU PROGRAM ENHANCEMENT | Improve the efficacy and functionality of the current MPDU program by streamlining the for-sale MPDU selection, application, and document review process, increasing the transparency of target AMIs, reforming the fee-in-lieu process, and engaging the developer community for input on the current program. |
| PUBLIC LAND DISPOSITION POLICY | Leverage public land disposition for affordable housing creation by completing an inventory of all City-owned and City-controlled parcels, adopting a disposition-for-affordability policy, developing a 99-year ground lease framework, coordinating with Montgomery County on County-owned parcels. |

RECOMMENDED TOOLS – SUBSIDY

Structures that facilitate investment in affordable housing differ in their scale of necessary funding, financing structures, and depth of public involvement.

| TOOL | RECOMMENDATION |
|--|--|
| HOUSING OPPORTUNITY FUND: DEDICATED FUNDING | Ensure the HOF can continue to serve as a reliable subsidy engine by formalizing governance, securing dedicated revenue, consolidating all City housing accounts into the HOF, establishing programmatic set-asides, and identifying staff capacity for underwriting, compliance, and reporting. |
| LIHTC PROJECT SUPPORT | Support LIHTC development by creating a gap loan pool for LIHTC projects, aligning local funding cycles with the state LIHTC application cycle, extending LIHTC tax abatements to all projects at 60% AMI or lower, potentially waiving impact fees or reducing parking ratios. |

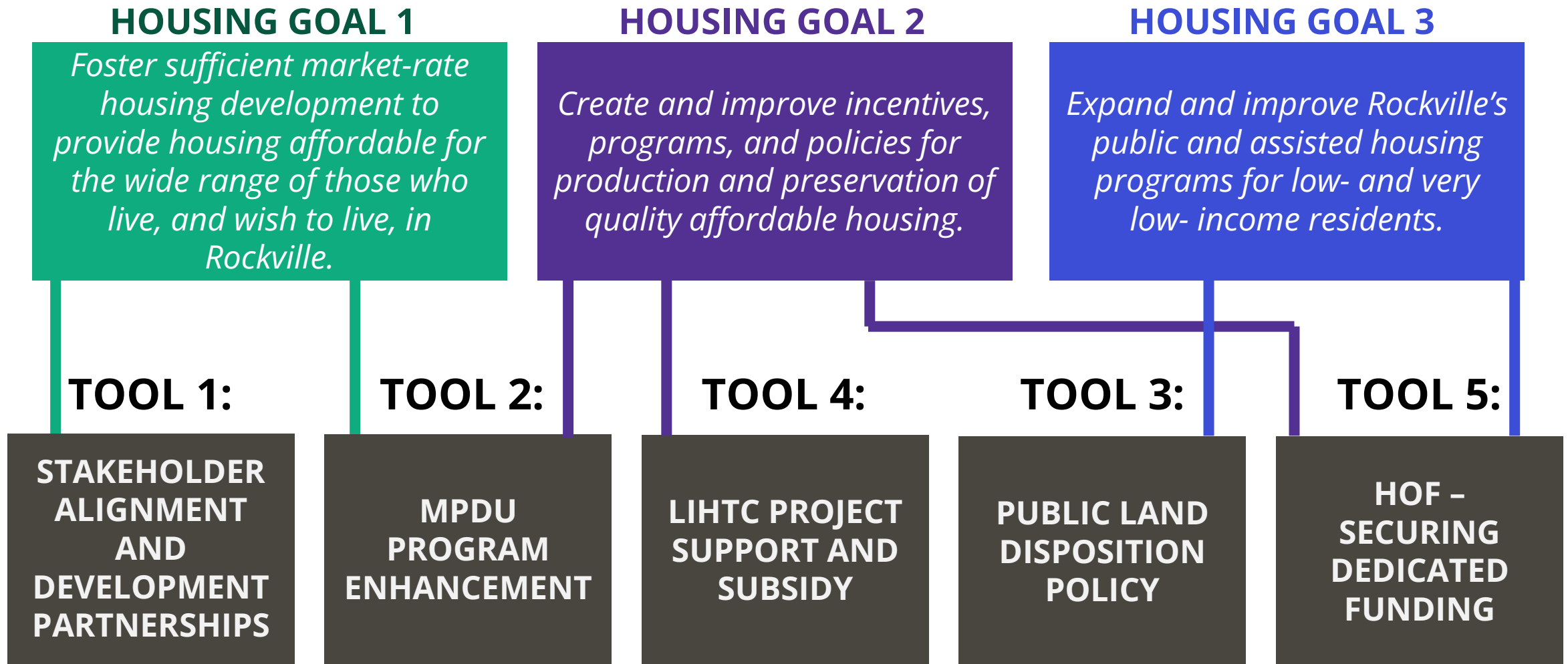
RECOMMENDED TOOLS – CAPACITY-BUILDING

Structures that facilitate investment in affordable housing differ in their scale of necessary funding, financing structures, and depth of public involvement.

| TOOL | RECOMMENDATION |
|---|--|
| STAKEHOLDER ALIGNMENT & DEVELOPMENT PARTNERSHIPS | Ensure stakeholder buy-in through establishing a standing quarterly City–Developer Housing Roundtable, formalizing City–County coordination and conducting a development barrier audit through structured interviews with 6–10 active or pulled-back developers. |

HOUSING TOOLS OVERVIEW

The recommended tools were developed through review of HNA Findings and Comprehensive planning goals to identify near term actions that can be made given current market conditions.



Next Steps

This analysis is part of numerous housing initiatives underway in Rockville to improve the quantity, quality, and affordability of the City.

Ongoing and Future Initiatives Include:

1. Adopting landlord tenant code (this evening)
2. Adopting ZOR (this evening)
3. HOF Deployment
4. MPDU Rewrite (Work session December 21st)
5. Integrating HNA recommendations into housing initiatives and prioritization of existing actions