



Analysis of Impediments to Fair Housing Choice

City of Gaithersburg, Maryland

November, 2013

ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE DRAFT REPORT

Gaithersburg, Maryland

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1. Executive Summary

The Analysis of Impediments to Fair Housing Choice (AI) serves as a component of the City of Gaithersburg's efforts to satisfy the requirements of the Housing and Community Development Act of 1974, as amended, which requires that any community receiving Community Development Block Grant (CDBG) funds affirmatively further fair housing. The AI is a review of local regulations and administrative policies, procedures and practices affecting the location, availability and accessibility of housing, as well as an assessment of conditions, both public and private, that affect fair housing choice.

Demographic and Housing Trends

The following are some of the key demographic and housing trends which inform the AI and its recommendations:

- Gaithersburg's population increased 618.3% between 1970 and 2010, outpacing the growth rates of Montgomery County, Maryland and the United States.
- While Hispanics represented 56% of the city's growth between 2000 and 2010, and other minority groups grew quickly, the White population shrank by 0.5% as a percent of total population.
- Seven areas in Gaithersburg include concentrations of both LMI persons and minorities.
- Since 2000, median household income increased 1.0% while median gross rent increased 18.4% and median housing value increased 80%, making housing more expensive.
- With the exception of Asian households, minority households earning their respective median household income cannot afford to purchase the median sales price home in Gaithersburg.

Impediments and Actions

Demographic trends illustrate the difficulty for racial and ethnic minorities to find affordable housing in Gaithersburg. The analysis evaluates whether public policies and actions, as well as private actions, create impediments to fair housing choice. The following are some of the key findings and associated actions:

- Public policy documents could be improved from a fair housing perspective. Recommended actions include:
 - Minor zoning changes such as updated regulations for group homes
 - Adding fair housing training as part of the city's CDBG application process
- Residents and organizations could benefit from increased fair housing education and outreach. Recommended actions include:
 - Updating the city website to include fair housing information
 - Continuing to offer fair housing training to boards, commissions, and resident groups
 - Requiring landlords and rental agents to complete fair housing training as part of the rental licensing process
- Housing access could be improved through increased stock of accessible and affordable housing. Recommended actions include:
 - Using Housing Investment Funds outside racially/ethnically concentrated areas of poverty to provide housing options for those with low-to-moderate income
 - Requiring housing using public funds to be 100% visitable for persons with disabilities

The complete list of impediments and actions are available in Section 9 of this document.

2. Introduction

A. Introduction to the Analysis of Impediments

The City of Gaithersburg has prepared an Analysis of Impediments to Fair Housing Choice to satisfy requirements of the Housing and Community Development Act of 1974, as amended. This act requires that any community receiving Community Development Block Grant (CDBG) funds affirmatively further fair housing. As a result, the city is charged with the responsibility of conducting its CDBG program in compliance with the federal Fair Housing Act. The responsibility of compliance with the federal Fair Housing Act extends to nonprofit organizations and other entities, which receive federal funds through the city.

Entitlement communities receive CDBG to:

- Examine and attempt to alleviate housing discrimination within their jurisdiction;
- Promote fair housing choice for all persons;
- Provide opportunities for all persons to reside in any given housing development, regardless of race, color, religion, sex, disability, familial status, or national origin;
- Promote housing that is accessible to and usable by persons with disabilities; and
- Comply with the non-discrimination requirements of the Fair Housing Act.

These requirements can be achieved through the preparation of an Analysis of Impediments to Fair Housing Choice.

The Analysis of Impediments to Fair Housing Choice (AI) is a review of a jurisdiction's laws, regulations, and administrative policies, procedures, and practices affecting the location, availability, and accessibility of housing, as well as an assessment of conditions, both public and private, affecting fair housing choice.

B. Fair Housing Choice

Equal and free access to residential housing (housing choice) is a fundamental right that enables members of the protected classes to pursue personal, educational, employment or other goals. Because housing choice is so critical to personal development, fair housing is a goal that government, public officials and private citizens must embrace if equality of opportunity is to become a reality.

Under federal law, fair housing choice is defined as the ability of persons, regardless of race, color, religion, sex, disability, familial status, or national origin, of similar income levels to have available to them the same housing choices. Persons who are protected from discrimination by fair housing laws are referred to as members of the protected classes.

This Analysis encompasses the following five areas related to fair housing choice:

- The sale or rental of dwellings (public and private);
- The provision of financing assistance for dwellings;
- Public policies and actions affecting the approval of sites and other building requirements used in the approval process for the construction of publicly assisted housing;

- The administrative policies concerning community development and housing activities, which affect opportunities of minority households to select housing inside or outside impacted areas; and
- Where there is a determination of unlawful segregation or other housing discrimination by a court or a finding of noncompliance by the U.S. Department of Housing and Urban Development (HUD) regarding assisted housing in a recipient's jurisdiction, an analysis of the actions which could be taken by the recipient to remedy the discriminatory condition, including actions involving the expenditure of funds made available under 24 CFR Part 570 (i.e., the CDBG program regulations) and/or 24 CFR Part 92 (i.e., the HOME program regulations).

As a federal entitlement community, the City of Gaithersburg has specific fair housing planning responsibilities. These include:

- Conducting an Analysis of Impediments to Fair Housing Choice,
- Developing actions to overcome the effects of identified impediments to fair housing, and
- Maintaining records to support the jurisdictions' initiatives to affirmatively further fair housing.

HUD interprets these three certifying elements to include:

- Analyzing housing discrimination in a jurisdiction and working toward its elimination;
- Promoting fair housing choice for all people;
- Providing racially and ethnically inclusive patterns of housing occupancy;
- Promoting housing that is physically accessible to, and usable by, all people, particularly individuals with disabilities; and
- Fostering compliance with the nondiscrimination provisions of the Fair Housing Act.

This Analysis will:

- Evaluate population, household, income and housing characteristics by protected classes in each of the jurisdictions
- Evaluate public and private sector policies that impact fair housing choice
- Identify blatant or de facto impediments to fair housing choice, where any may exist, and
- Recommend specific strategies to overcome the effects of any identified impediments.

HUD defines an impediment to fair housing choice as any actions, omissions or decisions that restrict, or have the effect of restricting, the availability of housing choices based on race, color, religion, sex, disability, familial status or national origin.

This Analysis serves as the basis for fair housing planning; provides essential information to policy makers, administrative staff, housing providers, lenders, and fair housing advocates; and assists in building public support for fair housing efforts. The elected governmental body is expected to review and approve the Analysis and use it for direction, leadership, and resources for future fair housing planning.

The Analysis will serve as a "point-in-time" baseline against which future progress in implementing fair housing initiatives will be judged and recorded.



C. The Federal Fair Housing Act

i. What housing is covered?

The federal Fair Housing Act covers most housing. In some circumstances, the Act exempts owner-occupied buildings with no more than four units, single-family housing sold or rented without the use of a broker, and housing operated by organizations and private clubs that limit occupancy to members.

ii. What does the Fair Housing Act prohibit?

a. In the Sale and Rental of Housing

No one may take any of the following actions based on race, color, religion, sex, disability, familial status or national origin:

- Refuse to rent or sell housing
- Refuse to negotiate for housing
- Make housing unavailable
- Deny a dwelling
- Set different terms, conditions or privileges for the sale or rental of a dwelling
- Provide different housing services or facilities
- Falsely deny that housing is available for inspection, sale, or rental
- For profit, persuade owners to sell or rent (blockbusting), or
- Deny anyone access to or membership in a facility or service (such as a multiple listing service) related to the sale or rental of housing.

b. In Mortgage Lending

No one may take any of the following actions based on race, color, religion, sex, disability, familial status or national origin:

- Refuse to make a mortgage loan
- Refuse to provide information regarding loans
- Impose different terms or conditions on a loan, such as different interest rates, points, or fees
- Discriminate in appraising property
- Refuse to purchase a loan, or
- Set different terms or conditions for purchasing a loan.

c. Other Prohibitions

It is illegal for anyone to:

- Threaten, coerce, intimidate or interfere with anyone exercising a fair housing right or assisting others who exercise that right
- Advertise or make any statement that indicates a limitation or preference based on race, color, religion, sex, disability, familial status, or national origin. This prohibition against discriminatory advertising applies to single-family and owner-occupied housing that is otherwise exempt from the Fair Housing Act.

iii. Additional Protections for People with Disabilities

If someone has a physical or mental disability (including hearing, mobility and visual impairments, chronic alcoholism, chronic mental illness, AIDS, AIDS Related Complex and mental retardation) that substantially limits one or more major life activities, or has a record of such a disability, or is regarded as having such a disability, a landlord may not:

- Refuse to let the disabled person make reasonable modifications to a dwelling or common use areas, at the disabled person's expense, if necessary for the disabled person to use the housing. Where reasonable, the landlord may permit changes only if the disabled person agrees to restore the property to its original condition when he or she moves.
- Refuse to make reasonable accommodations in rules, policies, practices or services if necessary for the disabled person to use the housing.

For example, a building with a "no pets" policy must make a reasonable accommodation to allow a visually impaired tenant to keep a guide dog.

iv. Housing Opportunities for Families with Children

Unless a building or community qualifies as housing for older persons, it may not discriminate based on familial status. That is, it may not discriminate against families in which one or more children under the age 18 live with:

- A parent or
- A person who has legal custody of the child or children or
- The designee of the parent or legal custodian, with the parent or custodian's written permission.

Familial status protection also applies to pregnant women and anyone securing legal custody of a child under age 18.

Housing for older persons is exempt from the prohibition against familial status discrimination if:

- The HUD Secretary has determined that it is specifically designed for and occupied by elderly persons under a federal, state or local government program, or
- It is occupied solely by persons who are 62 or older, or
- It houses at least one person who is 55 or older in at least 80% of the occupied units, and adheres to a policy that demonstrates the intent to house persons who are 55 or older, as previously described.

A transition period permits residents on or before September 13, 1988 to continue living in the housing, regardless of their age, without interfering with the exemption.

D. Maryland Human Relations Act

The Maryland Human Relations Act prohibits housing discrimination on the basis of race, color, religion, sex, familial status, national origin, marital status, disability, or sexual orientation. As a result, persons in Maryland have greater protection under the state's fair housing law than under the federal Fair Housing Act.

Specifically, the Maryland Human Relations Act prohibits the following practices:

- Refusing to negotiate, sell or rent a dwelling to any qualified buyer or renter;
- Using discriminatory terms and conditions in selling or renting;

- Communicating that a dwelling is not available for inspection, sale or rent, when in fact it is available;
- Attempting to steer persons into or away from neighborhoods or apartment complexes that are racially segregated;
- Setting terms and conditions of home loans in such a way as to discriminate;
- Restricting membership or participation in a multi-listing service or similar organization related to the business of selling and renting real estate;
- Using discriminatory notices or advertisements indicating any preference or discriminatory limitation;
- Treating a person differently from someone else because of their race, disability, familial status, religion, sex, marital status, national origin or sexual orientation;
- Committing acts of prejudice, violence, harassment, intimidation, or abuse directed against families or individuals or their residential property; and
- Perpetuating segregated housing patterns.

The Human Relations Act establishes the Maryland Commission on Human Relations (MDCHR), which is the enforcement body of the law. MDCHR investigates fair housing complaints and determines if there is probable cause of discrimination. In cases where the matter cannot be conciliated, MDCHR delegates the case to an administrative judge to conduct a hearing where the discriminatory housing practice is alleged to have occurred. The administrative judge may then award up to \$50,000 in damages (to be paid to the state's General Fund) as well as actual damages to the complainant.

Maryland's Human Relations Act is considered substantially equivalent to the federal Fair Housing Act, and MDCHR is a Fair Housing Assistance Program (FHAP) agency.

E. **Montgomery County Human Rights Commission**

The Montgomery County Code establishes the Human Rights Commission (HRC) in Chapter 27, Article 1, and extends protection from discrimination to include ancestry, age, genetic status, family responsibilities, gender identity, source of income and presence of children. If a resident of Montgomery County (including the city of Gaithersburg) believes they have been discriminated against, they may file a complaint with the HRC, which will investigate and attempt to conciliate the complaint.

The following chart depicts the protected classes of the various fair housing statutes for Gaithersburg residents.

Figure 2-1

Comparison of Statutory Protections from Housing Discrimination

Protected Class	Federal Fair Housing Act	Maryland Human Relations Act	Montgomery County Human Rights Commission
Race	•	•	•
Color	•	•	•
National Origin	•	•	•
Religion	•	•	•
Sex	•	•	•
Familial Status (families with children under age 18)	•	•	•
Handicap/Disability Status	•	•	•
Sexual Orientation		•	•
Marital Status		•	•
Ancestry			•
Age			•
Genetic Status			•
Family Responsibilities			•
Gender Identity			•
Source of Income			•
Presence of Children			•

F. Comparison of Accessibility Standards

There are several standards of accessibility that are referenced throughout the AI. These standards are listed below along with a summary of the features within each category or a direct link to the detailed standards.

i. Fair Housing Act

These standards are listed in section C.iii. of this chapter.

ii. Americans with Disabilities Act (ADA)

ADA standards are required for accessibility to places of public accommodation and commercial facilities by individuals with disabilities. These guidelines are to be applied during the design, construction, and alteration of such buildings and facilities to the extent required by regulations issued by federal agencies, including the Department of Justice, under the Americans with Disabilities Act of 1990. A complete description of the guidelines can be found at www.ada.gov/stdspdf.htm.

iii. Uniform Federal Accessibility Standards (UFAS)

UFAS accessibility standards are required for facility accessibility by physically handicapped persons for federal and federally funded facilities. These standards are to be applied during the design, construction, and alteration of buildings and facilities to the extent required by the Architectural Barriers Act of 1968, as amended. A complete description of the guidelines can be found at www.access-board.gov/ufas/ufas-html/ufas.htm.

iv. Visitability Standards

The term “visitability” refers to single-family housing designed in such a way that it can be lived in or visited by people with disabilities. A house is visitable when it meets three basic requirements:

- At least one no-step entrance,



- Doors and hallways wide enough to navigate a wheelchair through, and
- A bathroom on the first floor big enough to get into in a wheelchair, and close the door.

v. Universal Design

Universal design is the design of products and environments to be usable by all people, to the greatest extent possible, without adaptation or specialized design. Seven principles guide Universal Design. These include:

- Equitable use (e.g., make the design appealing to all users)
- Flexibility in use (e.g., accommodate right- or left-handed use)
- Simple and intuitive use (e.g., eliminate unnecessary complexity)
- Perceptible information (e.g., provide compatibility with a variety of techniques or devices used by people with sensory limitations)
- Tolerance for error (e.g., provide fail-safe features)
- Low physical effort (e.g., minimize repetitive actions)
- Size and space for approach and use (e.g., accommodate variations in hand and grip size).

G. Methodology

The firm of Mullin & Lonergan Associates, Inc. (M&L) was retained as consultants to conduct the Analysis of Impediments to Fair housing Choice. M&L utilized a comprehensive approach involving the City of Gaithersburg. The following sources were utilized:

- The most recently available demographic data regarding population, household, housing, income, and employment at the census tract and municipal level. Generally, data available as of November, 2012 was utilized in this report.
- Public policies affecting the siting and development of housing
- Administrative policies concerning housing and community development
- Financial lending institution data from the Home Mortgage Disclosure Act (HMDA) database
- Agencies that provide housing and housing related services to members of the protected classes
- The Consolidated Plan, Annual Plan and CAPER from the City of Gaithersburg
- Fair housing complaints filed with HUD and MDCHR
- Real estate advertisements
- 2010 dissimilarity indexing for the city
- Interviews and focus group sessions conducted with agencies and organizations that provide housing and housing related services to members of the protected classes

H. Using Census Data

Data from varying years are provided throughout the analysis. In most instances, the type of analysis presented dictated the date and source of data used. For example, for overall analyses of total city characteristics such as population, it was possible and practical to use decennial census data from 1960 through 2010. However, in most cases involving analysis at the census tract level, data from 2000 and 2010 was used; data from earlier decennial censuses would not have been



comparable due to the changes in census tract boundaries over the decades. In all cases, the most current data available at the time this report was drafted was utilized.

I. Development of the AI

i. Lead Agency

The City of Gaithersburg Housing and Community Development Division was responsible for the preparation and implementation of the AI. Staff from the Division identified and invited numerous stakeholders to participate in the process for the purpose of developing a thorough analysis with a practical set of recommendations to eliminate impediments to fair housing choice, where identified.

ii. Agency Consultation

The Department engaged in an extensive consultation process with local public agencies, nonprofit organizations and other interested entities in an effort to develop a community planning process for the AI. Detailed lists of issues were developed for the focus group sessions and interviews.

The consulting team conducted a series of focus group sessions and individual interviews to identify current fair housing issues impacting the various agencies and organizations. Comments received through these meetings and interviews are incorporated throughout the AI, where appropriate. Appendix A includes a list of all stakeholders invited to participate in the AI process.

J. The Relationship between Fair Housing and Affordable Housing

As stated in the Introduction, fair housing choice is defined as the ability of persons, regardless of race, color, religion, sex, disability, familial status, or national origin, of similar income levels to have available to them the same housing choices. In Maryland and Montgomery County, this protection is extended to additional groups. Persons who are protected from discrimination by fair housing laws are referred to as members of the protected classes.

This AI analyzes a range of fair housing issues regardless of a person's income. To the extent that members of the protected classes tend to have lower incomes, then access to fair housing is related to affordable housing. In many areas across the U.S., a primary impediment to fair housing is a relative absence of affordable housing. Often, however, the public policies implemented in counties and cities create, or contribute to, the lack of affordable housing in these communities, thereby disproportionately affecting housing choice for members of the protected classes.



3. Demographic Information

A. Demographic Profile

i. Population Trends

Gaithersburg is located in central Maryland in Montgomery County, and is considered a suburb in the Washington-Arlington-Alexandria, D.C.-VA-MD-WV Metropolitan Statistical Area. With a 2010 population of 59,933 residents, Gaithersburg is the fourth most populous city in Maryland, behind Baltimore, Frederick and Rockville.

Population trends in Gaithersburg over the past four decades indicate strong growth. Between 1970 and 2010, the city's population grew 13 times faster than Maryland's population and seven times faster than Montgomery County's. Despite slowing between 2000 and 2010, Gaithersburg's rate of growth was still higher than the county's and the state's. The city's 13.9% growth rate was also higher than the national average of 9.7% during this period.¹

Gaithersburg's growth is a result of the area's recent urbanization. Gaithersburg largely consisted of farmland in the 1970s and 1980s, but developed quickly as commuters moved to more affordable suburbs further from Washington, D.C.²

Population Change within Gaithersburg

Population growth has not been even across Gaithersburg, but census tract boundary changes between the 2000 and 2010 Censuses make simple decade-over-decade comparisons difficult. By mapping the census tracts and apportioning population by area into 2010 census tracts, we can estimate the changes throughout Gaithersburg. This section reflects those calculations.

Census data from 2000 and 2010 show that the southern half of Gaithersburg has grown fastest while eastern neighborhoods have lost population. Map 3-1 on the following page shows population change by census tract in the city.

Figures 3-1 and 3-2 provide a summary of population trends in Gaithersburg, Montgomery County and Maryland.

Figure 3-1
Population Trends, 1970-2010

	1970	1980	% Change in Population		2000	% Change in Population		% Change in Population		
			1970-1980	1990		1970-1990	2010	1970-2010	2000-2010	
Maryland**	3,923,897	4,216,933	6.9%	4,780,753	21.8%	5,296,486	35.0%	5,773,552	47.1%	9.0%
Montgomery County**	522,809	579,053	9.7%	757,027	44.8%	873,341	67.0%	971,777	85.9%	11.3%
City of Gaithersburg*	8,344	26,424	68.4%	39,542	373.9%	52,613	530.5%	59,933	618.3%	13.9%

Source: U.S. Census Bureau, 2000 Census (SF 1, P1), 2010 Census (SF1, P1); National Historical Geographic Information System; Springsgov.com.

*Information from the City of Gaithersburg, "Dwelling Units and Estimated Population" Document

**Information from the Maryland Dept. of Planning

¹ U.S. Census Bureau, QuickFacts.

² "Gaithersburg: From Railroad Town to Urban Center." *Washington Examiner.com*. June 20, 2010.



Gaithersburg, Maryland

Analysis of Impediments to Fair Housing Choice

Map 3-1, Population Change by Census Tract, 2000 to 2010

Legend

-  Gaithersburg Boundaries
-  Rail
-  Major Roads
-  Rivers and Water Bodies

Population Change

-  Population Loss
-  No Population in 2000
-  Up to 5.8% Gain
-  5.9% to 8.7% Gain
-  8.8% Gain and Above

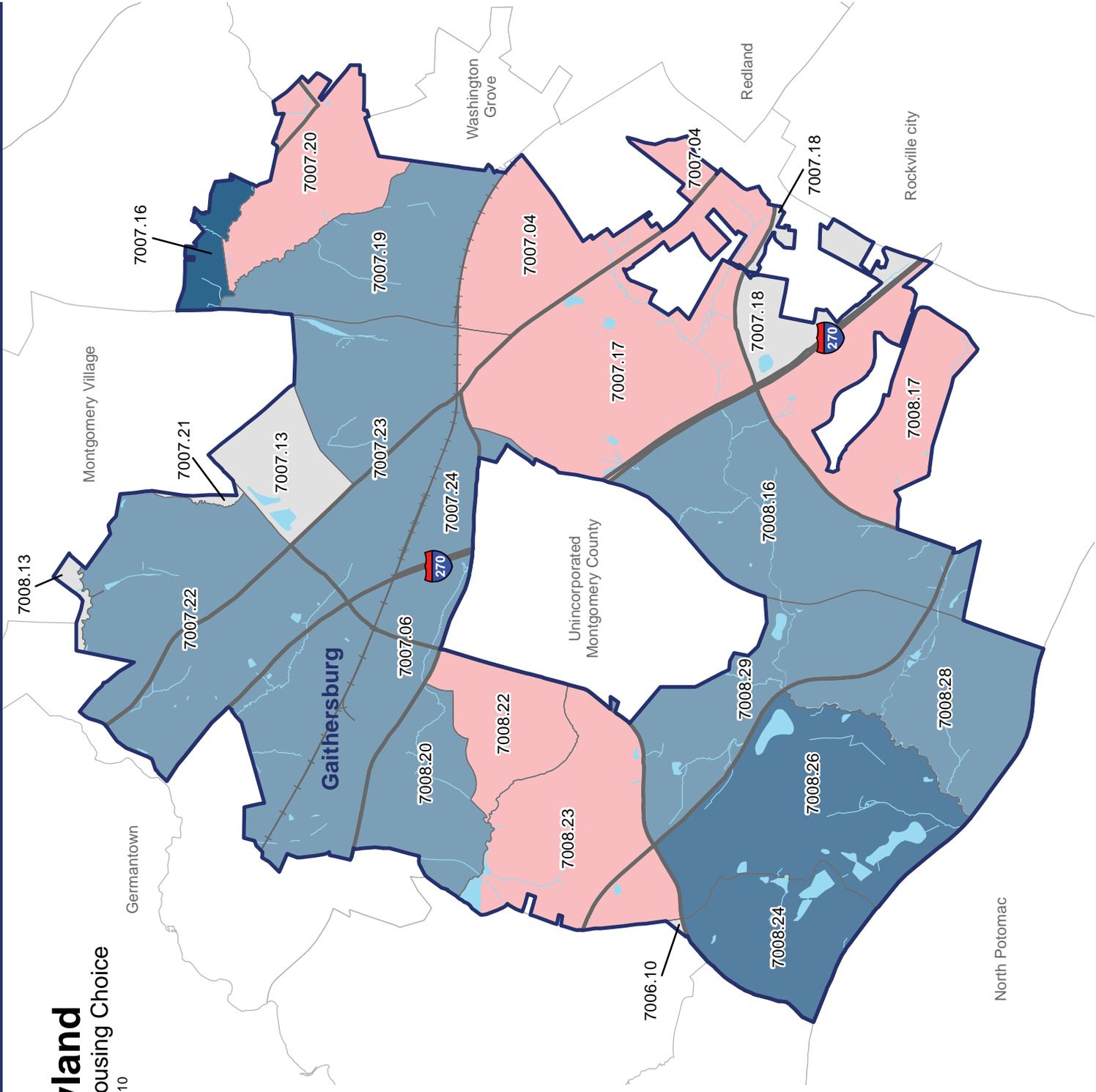
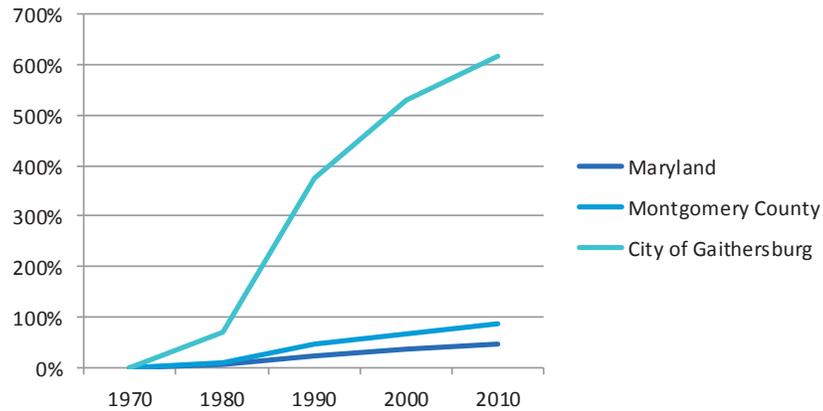


Figure 3-2
Population Trends, 1970-2010



Source: U.S. Census Bureau, 2000 Census (SF 1, P1), 2010 Census (SF1, P1); National Historical Geographic Information System



Gaithersburg’s population increased 618.3% between 1970 and 2010.

The City’s rate of growth outpaced the rates of Montgomery County, Maryland and the United States in the same time period. Growth occurred as a result of more affordable housing stock than in Washington, D.C. and the convenience of mass transit out from the District into the surrounding suburbs.

ii. Racial and Ethnic Trends

Increasing Racial Diversity

Gaithersburg’s population became increasingly diverse between 2000 and 2010. While the city’s overall population increased 13.9%, the White population decreased 0.5% and represented just over half the population in 2010, a decrease from 58.2% in 2000. The White population was the only segment to decrease in that time period. The highest growth rates occurred in the American Indian, Other Race, Asian, and Hispanic populations, increasing 44.7%, 41.2%, 39.9% and 39.4%, respectively.

The city’s overall population increased by 7,320 between 2000 and 2010. The increase in the Hispanic population (4,101), which is separate from race, represented 56% of growth. The increase in the Asian population (2,904) represented 39.7% of growth, and the increase in the Black population (2,072) represented 28.3%.



Figure 3-3
Population by Race and Ethnicity in Gaithersburg, 2000-2010

	2000		2010		% Change 2000-2010
	#	%	#	%	
Total	52,613	100.0%	59,933	100.0%	13.9%
White	30,625	58.2%	30,469	50.8%	-0.5%
Non-White	21,988	41.8%	29,464	49.2%	34.0%
Black	7,680	14.6%	9,752	16.3%	27.0%
American Indian	188	0.4%	272	0.5%	44.7%
Asian/Pacific Islander	7,274	13.8%	10,179	17.0%	39.9%
Some Other Race	4,535	8.6%	6,404	10.7%	41.2%
Two or More Races	2,311	4.4%	2,857	4.8%	23.6%
Hispanic*	10,398	19.8%	14,499	24.2%	39.4%

*Hispanic ethnicity is counted independently of race.

Source: U.S. Census Bureau, Census 2000 Redistricting Data, Census 2010 Redistricting Data



Hispanics represented 56% of the City's growth between 2000 and 2010. Asians represented 39.7%, and Blacks represented 28.3%.

While minority groups grew quickly between 2000 and 2010, the White population shrank by 0.5% as a percent of total population.

iii. Areas of Racial and Ethnic Minority Concentration

Defining Racial and Ethnic Concentration

The city defines an area of racial or ethnic concentration as one in which the minority population makes up at least 51% of the population of any given census tract. Because of the large Hispanic population in Gaithersburg, the city defines minority as a racial or ethnic group, and defines White as White, non-Hispanic.

Areas of Racial and Ethnic Concentration

While Whites account for 50.8% of the population in Gaithersburg, White non-Hispanics account for only 41.5% of the city's population, making the community majority minority. As such, most of the census tracts in Gaithersburg are also majority minority. Only seven of the 21 populated census tracts in the city are majority White non-Hispanic. Four of these census tracts are located in the southern section of the city in areas which have seen large, new urbanist developments such as the Kentlands and the Lakelands.

In total, 14 of the city's census tracts have a majority non-White population and meet the definition for an area of racial and ethnic minority concentration. These areas stretch along the eastern and northwestern parts of the city and include areas such as Olde Towne. These tracts are listed on the following table and illustrated on Map 3-2 on the following page.

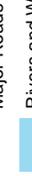


Gaithersburg, Maryland

Analysis of Impediments to Fair Housing Choice

Map 3-2, Areas of Racial and Ethnic Concentration, 2011

Legend

-  Gaithersburg Boundaries
-  Rail
-  Major Roads
-  Rivers and Water Bodies

Areas of Concentration

-  Majority White
-  Majority Minority
-  No Population

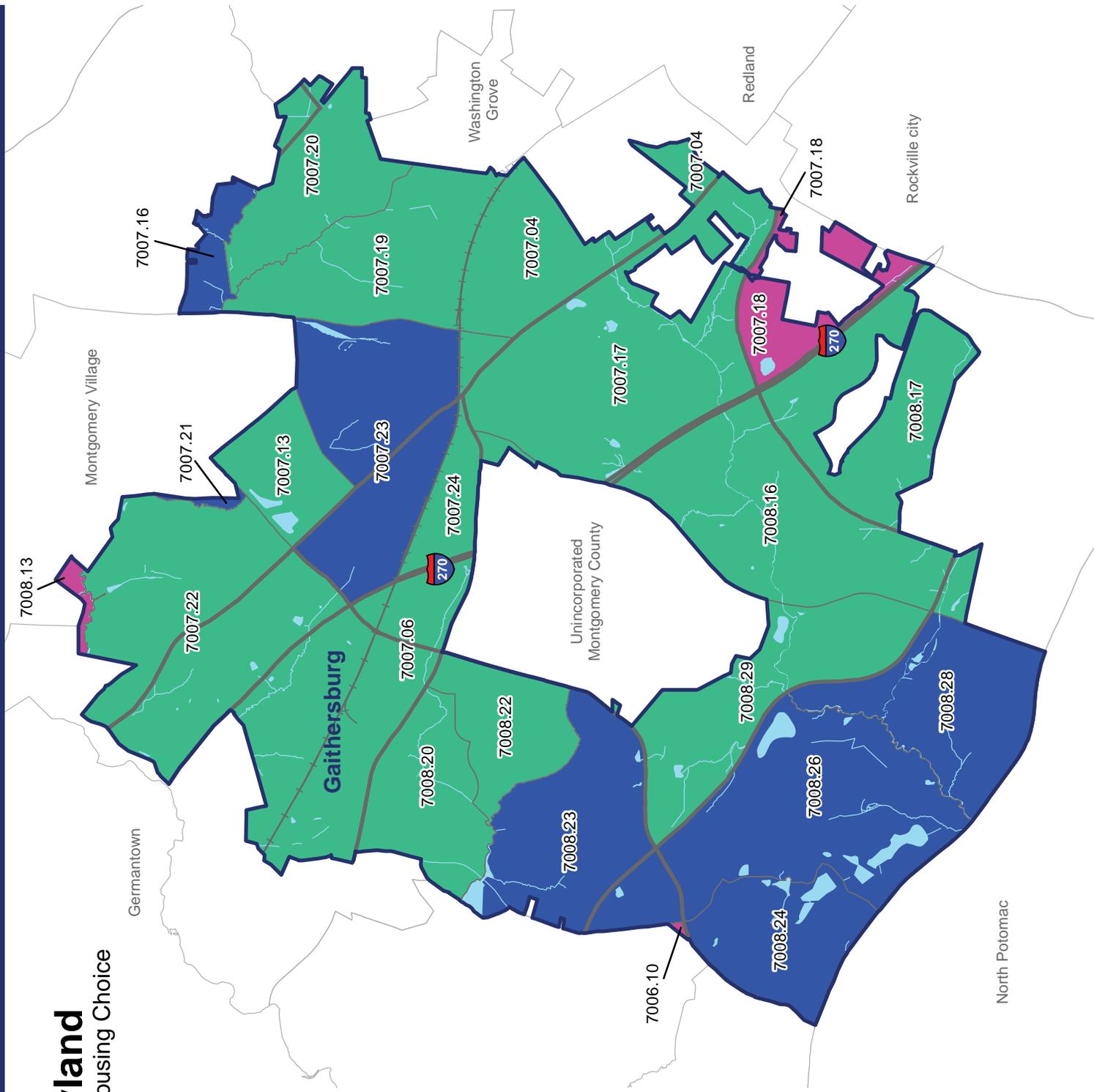


Figure 3-4
Areas of Racial and Ethnic Concentration, 2011

Census Tract	% White Non-Hispanic	% Non-White
Gaithersburg, Maryland	41.5%	58.5%
Census Tract 7006.10	No Population	
Census Tract 7007.04	40.9%	59.1%
Census Tract 7007.06	31.6%	68.4%
Census Tract 7007.13	0.0%	100.0%
Census Tract 7007.16	78.2%	21.8%
Census Tract 7007.17	28.4%	71.6%
Census Tract 7007.18	No Population	
Census Tract 7007.19	15.5%	84.5%
Census Tract 7007.20	26.5%	73.5%
Census Tract 7007.21	100.0%	0.0%
Census Tract 7007.22	37.4%	62.6%
Census Tract 7007.23	64.8%	35.2%
Census Tract 7007.24	31.1%	68.9%
Census Tract 7008.13	No Population	
Census Tract 7008.16	25.6%	74.4%
Census Tract 7008.17	4.6%	95.4%
Census Tract 7008.20	25.8%	74.2%
Census Tract 7008.22	28.4%	71.6%
Census Tract 7008.23	61.8%	38.2%
Census Tract 7008.24	71.8%	28.2%
Census Tract 7008.26	74.7%	25.3%
Census Tract 7008.28	67.2%	32.8%
Census Tract 7008.29	46.2%	53.8%

Source: U.S. Census Bureau, 2007-2011 American Community Survey (B03002)



In the City of Gaithersburg, 14 census tracts have concentrations of minority persons.

A minority concentration is one in which a majority of residents living in the census tract are something other than White non-Hispanic. This includes other races, those of Hispanic ethnicity, and those of two or more races.



iv. Residential Segregation Patterns

Defining Segregation

Residential segregation is a measure of the degree of separation of racial or ethnic groups living in a neighborhood or community. Typically, the pattern of residential segregation involves the existence of predominantly homogenous, White suburban communities and lower-income, minority inner-city neighborhoods.

The Effects of Segregation

A potential impediment to fair housing is created where either latent factors, such as attitudes, or overt factors, such as real estate practices, limit the range of housing opportunities for minorities. A lack of racial or ethnic integration in a community creates other problems, such as reinforcing prejudicial attitudes and behaviors, narrowing opportunities for interaction, and reducing the degree to which community life is considered harmonious. Areas of extreme minority isolation often experience poverty and social problems at disproportionately high rates. Racial segregation has been linked to diminished employment prospects, poor educational attainment, increased infant and adult mortality rates, and increased homicide rates.

Measuring Segregation

The distribution of racial or ethnic groups across a geographic area can be analyzed using an index of dissimilarity. This method allows for comparisons between subpopulations, indicating how much one group is spatially separated from another within a community. The index of dissimilarity is rated on a scale from 0 to 100, in which a score of 0 corresponds to perfect integration and a score of 100 represents total segregation.³ The index is typically interpreted as the percentage of the minority population that would have to move in order for a community or neighborhood to achieve full integration. A dissimilarity index of less than 30 indicates a low degree of segregation, values between 30 and 60 indicate moderate segregation, and values above 60 indicate high segregation.

Segregation in Gaithersburg

Dissimilarity indices in the following chart show that Gaithersburg has moderate levels of segregation between Whites and minority populations based on 2010 data. However, these indices reveal a pattern of increasing segregation throughout the city when compared to 2000 indices. Every index increased between 2000 and 2010. For example, the White/Black index rose from 24.5 to 34.5. The White/Asian index rose from 13.4 to 23.4, and the White/Hispanic index rose from 33.6 to 38.7.

³ The index of dissimilarity is a commonly used demographic tool for measuring inequality. For a given geographic area, the index is equal to $\frac{1}{2} \sum \text{ABS} [(b/B)-(a/A)]$, where b is the subgroup population of a census tract, B is the total subgroup population in a city, a is the majority population of a census tract, and A is the total majority population in the city. ABS refers to the absolute value of the calculation that follows.



Figure 3-5
Gaithersburg Dissimilarity Index Rankings, 2000-2010

	2000			2010		
	DI with White Population	Population	% of Total Population	DI with White Population	Population	% of Total Population
White	---	30,625	58.2%	---	30,469	50.8%
Black	24.5	7,680	14.6%	34.5	9,752	16.3%
American Indian/Alaska Native	22.8	188	0.4%	34.2	272	0.5%
Asian	13.4	7,274	13.8%	23.4	10,179	17.0%
Other	36.5	4,535	8.6%	42.8	6,404	10.7%
Two or more races	20.4	2,311	4.4%	25.6	2,857	4.8%
Hispanic*	33.6	10,398	19.8%	38.7	14,499	24.2%
Total	---	52,613	100.0%	---	59,933	100.0%

Each dissimilarity index indicates the percentage of one of the two population groups compared that would have to move to different geographic areas to create a completely even demographic distribution in the City

*Hispanic ethnicity is counted independently of race.

Source: US Census Bureau, 2000 Census (P3 and P4), 2010 Census (P3 and P4)



Evidence shows that Gaithersburg is becoming more segregated even as its population increases and diversifies.

Between 2000 and 2010, White/Black segregation increased from 24.5 to 34.5, White/Asian segregation increased from 13.4 to 23.4 and White/Hispanic segregation increased from 33.6 to 38.7.

v. Race/Ethnicity and Income

Median Income and Poverty

Household income is one of several factors used to determine a household's eligibility for a home mortgage loan or rental lease. In Gaithersburg, the median household income for Asians and Whites was significantly higher than for Blacks and Hispanics. In 2010, Asian households had the highest median household income of \$86,047, while Whites had the second highest of \$84,748. Black households, with a median income of \$60,271, earned only 71% of the White median household income; the Hispanic median household income of \$61,127 was equivalent to 72%.

As shown in Figure 3-6, the Black, Hispanic, Two or More Races, and Other Race populations all have poverty rates above 14%. The highest poverty rate existed among Two or More Races (20.7%), which also had the lowest median household income. However, the sample size for this population was less than 1,000, which may contribute to a high rate. This information indicates a continued need for greater economic opportunities for minority groups.



Figure 3-6
Median Household Income and Poverty Rates by Race/Ethnicity, 2010

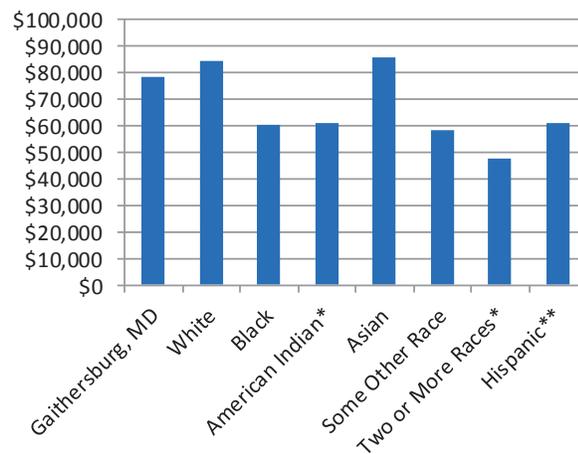
	Median Household Income	Poverty Rate
Gaithersburg, MD	\$78,736	7.5%
White	\$84,748	5.2%
Black	\$60,271	14.7%
American Indian*	\$61,189	0.0%
Asian	\$86,047	3.7%
Some Other Race	\$58,427	14.9%
Two or More Races*	\$47,716	20.7%
Hispanic**	\$61,127	12.1%

*Note: sample size for this racial category is less than 1,000.

**Hispanic ethnicity is counted independently of race.

Source: U.S. Census Bureau, 2006-10 American Community Survey (B19013, B19013A, B19013B, B19013C, B19013D, B19013F, B19013G, B19013I, B17001, B17001A, B17001B, B17001C, B17001D, B17001F, B17001G, B17001I)

Figure 3-7
Median Household Income by Race/Ethnicity, 2010



*Note: sample size for this racial category is less than 1,000.

**Hispanic ethnicity is counted independently of race.

Source: U.S. Census Bureau, 2006-10 American Community Survey (B19013, B19013A, B19013B, B19013C, B19013D, B19013F, B19013G, B19013I, B17001, B17001A, B17001B, B17001C, B17001D, B17001F, B17001G, B17001I)





Whites and Asians were the least likely to live in poverty in Gaithersburg in 2010, with poverty rates below 6%. All other minority groups had poverty rates ranging from 14.7% to 20.7%.

The Two or More Race population had the highest poverty rate of 20.7%, which corresponded with their low MHI of \$47,716.

Income Distribution

Among all households in Gaithersburg, distribution across income brackets correlates with data on poverty and MHI, as shown in Figure 3-8. The Black, Other, Two or More Race, and Hispanic populations were the most likely to earn less than \$25,000. The Asian and White populations were the most likely to earn more than \$75,000.

Figure 3-8
Household Income Distribution by Race, 2010

	Total Households	\$0-\$24,999	%	\$25,000-\$49,999	%	\$50,000 to \$74,999	%	\$75,000 or higher	%
Total	22,832	2,722	11.9%	4,377	19.2%	3,664	16.0%	12,069	52.9%
White	14,016	1,508	10.8%	2,308	16.5%	2,118	15.1%	8,082	57.7%
Black	2,785	508	18.2%	741	26.6%	400	14.4%	1,136	40.8%
American Indian	78	0	0.0%	0	0.0%	71	91.0%	7	9.0%
Asian	3,950	335	8.5%	854	21.6%	511	12.9%	2,250	57.0%
Some Other Race	1,434	208	14.5%	326	22.7%	444	31.0%	456	31.8%
Two or More Races	569	163	28.6%	148	26.0%	120	21.1%	138	24.3%
Hispanic	3,901	592	15.2%	843	21.6%	962	24.7%	1,504	38.6%

Source: U.S. Census Bureau, 2006-10 American Community Survey (B19001A, B19001B, B19001C, B19001D, B19001E, B19001F, B19001G, B19001I)



Black, Other, Two or More Races, and Hispanic households were more likely than Whites and Asians to have annual incomes of less than \$25,000.

In Gaithersburg, 15.2% of Hispanic, 18.2% of Black, 14.5% of Other Race, and 28.6% of Two or More Race households earned less than \$25,000 in 2010.



vi. Concentrations of LMI Persons

Concentrations of LMI Persons

The CDBG Program includes a statutory requirement that at least 70% of the funds invested benefit low and moderate income (LMI) persons. As a result, HUD provides the percentage of LMI persons in each census block group for entitlement communities.

HUD data reveals there are eight block groups in Gaithersburg in which at least 51% of residents (for whom this rate is determined) meet the criterion for LMI status. Map 3-3 illustrates areas of LMI concentration and areas of racial/ethnic concentration in Gaithersburg.

Racially/Ethnically Concentrated Areas of Poverty

Areas in which LMI concentrations overlap with racial and ethnic concentrations are considered racially/ethnically concentrated areas of poverty (RCAP/ECAPs) as illustrated in Map 3-4. With one exception, these areas are located in the eastern half of the city and include places such as Olde Towne Gaithersburg. It is within RCAP/ECAPs that housing, income, and other characteristics will be analyzed.



Seven areas in Gaithersburg include concentrations of both LMI persons and minorities.

Census tract 7007.05, block groups 1, 2 and 4; census tract 7007.04, block group 3; census tract 7007.08, block groups 3 and 4; and census tract 7008.05, block group 2 have concentrations of both LMI persons and minorities. Due to data limitations, these census tracts and block groups are from the 2000 Census.

vii. Disability and Income

Defining Disability

The Census Bureau reports disability status for non-institutionalized disabled persons. As defined by the Census Bureau, a disability is a long-lasting physical, mental, or emotional condition that can make it difficult for a person to do activities such as walking, climbing stairs, dressing, bathing, learning or remembering. This condition can also impede a person from being able to go outside the home alone or to work at a job or business. The Fair Housing Act prohibits discrimination based on disability.

Disability in Gaithersburg

In 2010, 7.8% of all Gaithersburg residents had at least one disability. Trends show the likelihood of having a disability increases with age. Of Gaithersburg residents over the age of 75, 64.6% have at least one disability.

According to the National Organization on Disabilities, a significant income gap exists for persons with disabilities, given their lower rate of employment. As seen in Figure 3-9, disabled individuals over 75 years of age were most likely to live in poverty. In this age group, 16.3% of those with at least one disability were living in poverty. Individuals with disabilities, age 18 to 34, had the second-highest rate of poverty at 13.7%.



Gaithersburg, Maryland

Analysis of Impediments to Fair Housing Choice

Map 3-3: LMI Block Groups and Areas of Racial and Ethnic Concentration, 2011

Legend

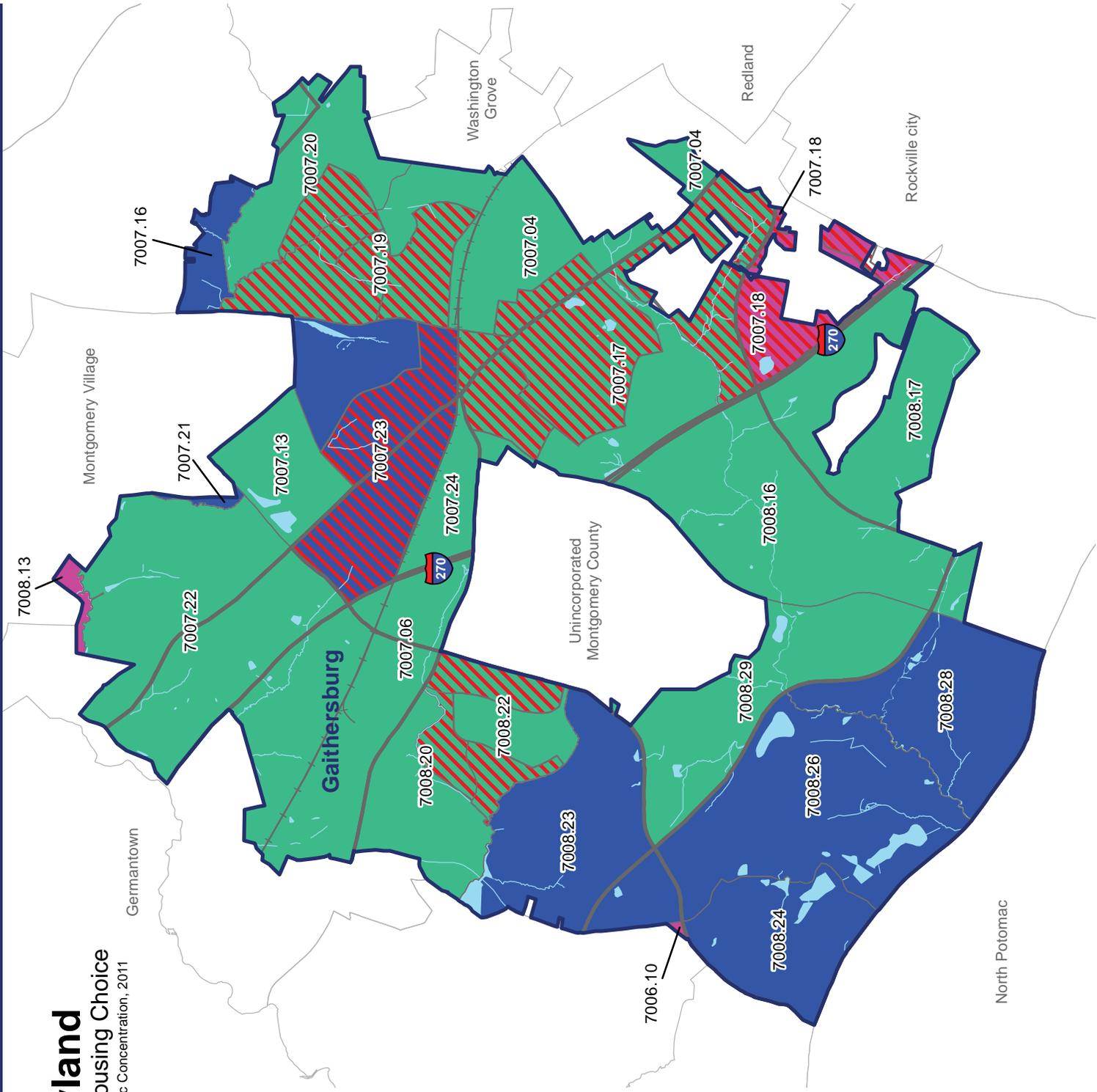
-  Gaithersburg Boundaries
-  Rail
-  Major Roads
-  Rivers and Water Bodies

LMI Block Groups

-  LMI Rates > 51%

Areas of Concentration

-  Majority White
-  Majority Minority
-  No Population



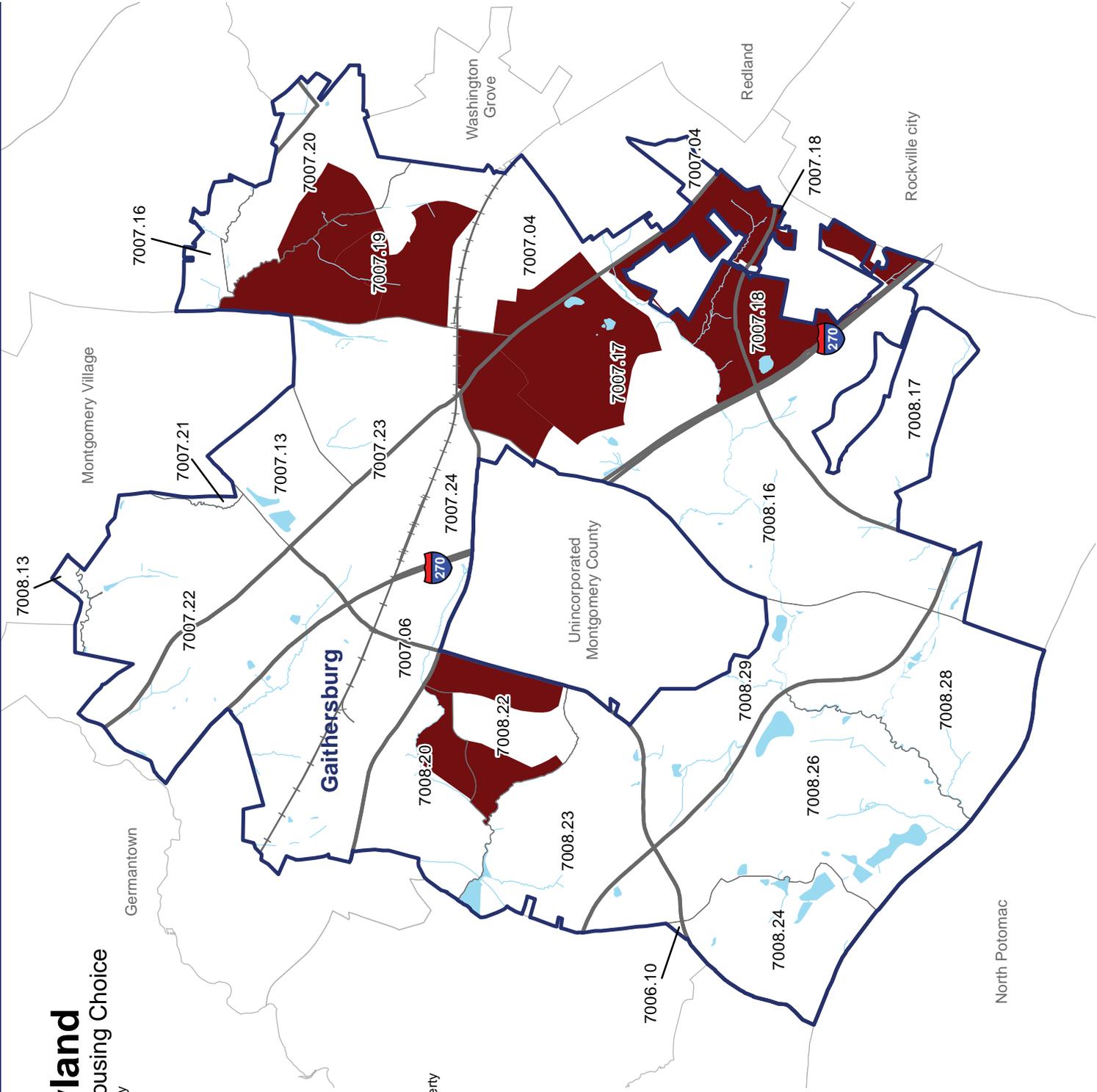
Gaithersburg, Maryland

Analysis of Impediments to Fair Housing Choice

Map 3-4, Racially/Ethnically Concentrated Areas of Poverty

Legend

-  Gaithersburg Boundaries
-  Rail
-  Major Roads
-  Rivers and Water Bodies
-  Racially/Ethnically Concentrated Areas of Poverty



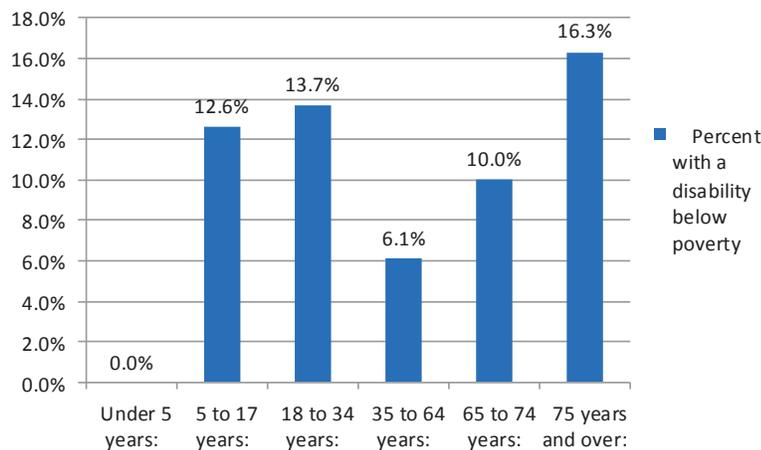
Map 3-5 on the following page illustrates the census tracts with higher percentages of residents reporting a disability in Gaithersburg.

Figure 3-9
Disability Status by Age, 2010

	Gaithersburg City, Maryland
Total:	58,712
Under 5 years:	4,449
With a disability:	20
Percent with a disability below poverty	0.0%
5 to 17 years:	8,677
With a disability:	238
Percent with a disability below poverty	12.6%
18 to 34 years:	16,099
With a disability:	571
Percent with a disability below poverty	13.7%
35 to 64 years:	24,044
With a disability:	1,719
Percent with a disability below poverty	6.1%
65 to 74 years:	2,613
With a disability:	210
Percent with a disability below poverty	10.0%
75 years and over:	2,830
With a disability:	1,827
Percent with a disability below poverty	16.3%

Source: U.S. Census Bureau, 2008-10 American Community Survey (B18130)

Figure 3-10
Percent of Gaithersburg Residents with a Disability Living in Poverty by Age Group, 2010



Source: U.S. Census Bureau, 2008-10 American Community Survey (B18130)



Gaithersburg, Maryland

Analysis of Impediments to Fair Housing Choice

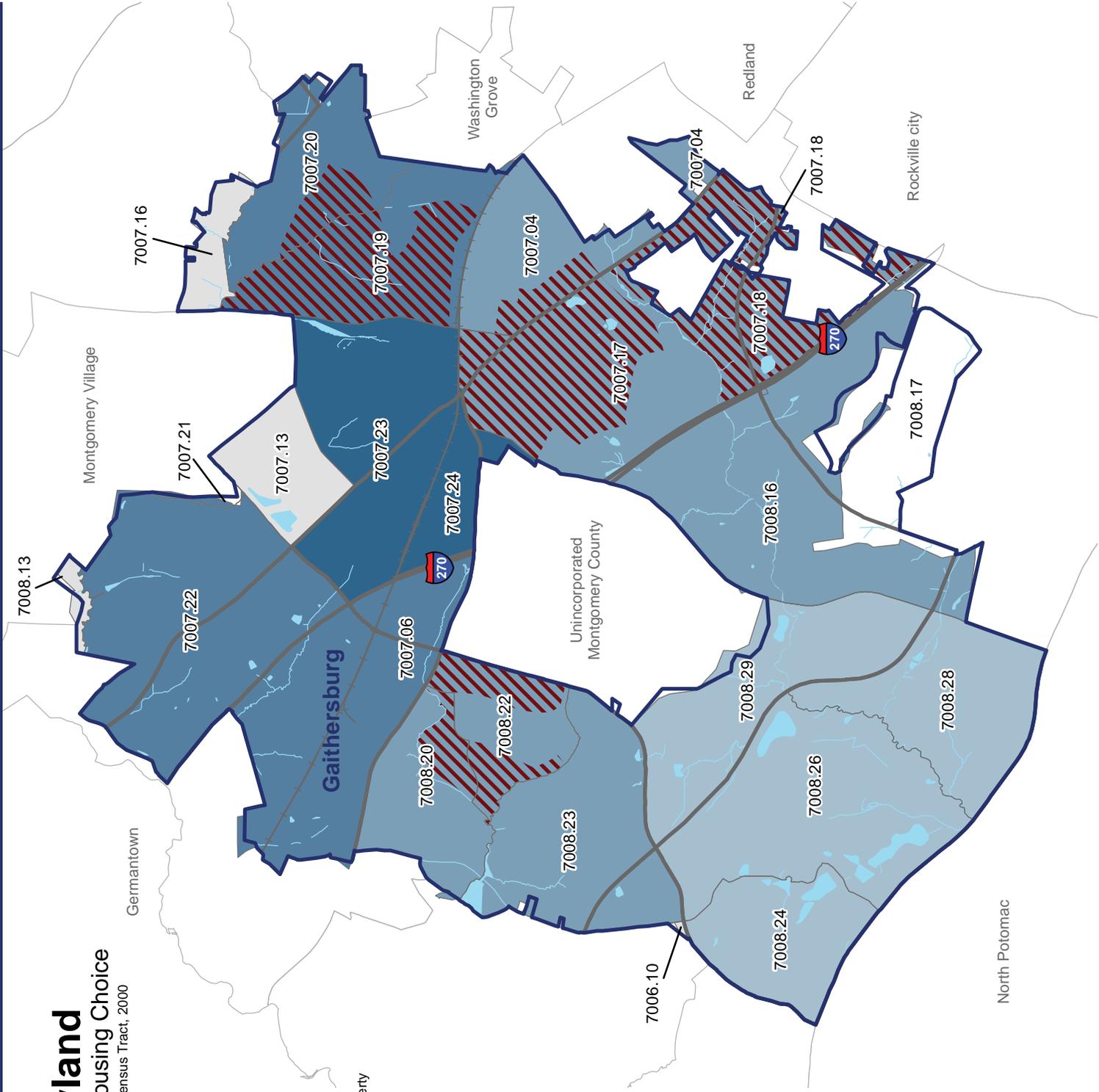
Map 3-5; Percent of Residents Reporting a Disability by Census Tract, 2000

Legend

-  Gaithersburg Boundaries
-  Rail
-  Major Roads
-  Rivers and Water Bodies
-  Racially/Ethnically Concentrated Areas of Poverty

Percent of Residents with a Disability

-  No Population
-  10% or Less
-  10.01% to 15%
-  15.01% to 20%
-  More than 20%





Of individuals with at least one disability, those age 75 and older were most likely to live in poverty.

Individuals between ages 18 and 34 had the second-highest percentage of residents (13.7%) living below poverty.

viii. Familial Status and Income

Defining Family

The Census Bureau divides households into family and non-family households. Family households are married couple families with or without children, single-parent families, and other families made up of related persons. Non-family households are either single persons living alone, or two or more non-related persons living together.

Discrimination on the basis of familial status and gender is prohibited based on a variety of laws. Title VIII of the Civil Rights Act of 1968 protects against gender discrimination in housing. Protection for families with children was added in the 1988 amendments to Title VIII. Except in limited circumstances involving elderly housing and owner-occupied buildings of one-to-four units, it is unlawful to refuse to rent or sell to families with children.

Families and Poverty

Female-headed households with children may experience difficulty in obtaining housing, primarily as a result of lower incomes and the unwillingness of some landlords to rent their units to families with children. In Gaithersburg, female-headed households with children comprised 12.1% of all families in 2010, and 21.0% of those households lived below the poverty level. Female-headed households with children comprised 48.9% of all families living in poverty in Gaithersburg in 2010.⁴

Families in Gaithersburg

Between 2000 and 2010, the proportion of female-headed households in Gaithersburg increased 19.6%, and female-headed households with children increased 14.9%. By comparison, married couple family households with children declined 0.7% during the same period. Overall, family households increased 13.7%, while nonfamily households increased 20.3%.

⁴ U.S. Census Bureau, 2006-10 American Community Survey (B17012).



Figure 3-11
Households by Type and Presence of Children, 2000-2010

		2000	2010	% Change 2000-2010
Total Households		19,686	22,832	16.0%
Family Households		12,830	14,582	13.7%
Married Couple Families	Total	9,758	10,813	10.8%
	With own children under 18 years	5,300	5,261	-0.7%
	No own children under 18 years	4,458	5,552	24.5%
Other Families		3,072	3,769	22.7%
Male Householder (no wife)	Total	961	1,244	29.4%
	With own children under 18 years	497	357	-28.2%
	No own children under 18 years	464	887	91.2%
Female Householder (no husband)	Total	2,111	2,525	19.6%
	With own children under 18 years	1,386	1,593	14.9%
	No own children under 18 years	725	932	28.6%
Nonfamily		6,856	8,250	20.3%

Source: US Census Bureau, Census, 2000 (SF 3 P10); 2006-10 American Community Survey (B11001, B11003)



Female-headed households with children accounted for nearly half of all families living below the level of poverty in Gaithersburg.

Female-headed households with children comprised 48.9% of all families living in poverty and were 19 times as likely to live in poverty as married couple families with children.

ix. Ancestry and Income

Foreign-Born Residents of Gaithersburg

It is illegal to refuse the right to housing based on place of birth or ancestry. Census data on native and foreign-born populations revealed 40.4% of the city's residents in 2010 were



foreign-born.⁵ Of the foreign-born population, 8.3% live in poverty compared to 7.5% of people in poverty in the city as a whole.

Children with at least one foreign-born parent (i.e., a parent born outside of the U.S.) were more likely to live in households earning less than 200% of the poverty rate in 2010. Among families with at least one foreign-born parent, 17.7% were in this income category compared to 9.8% of families with children and only native-born parents (i.e., both parents born in the U.S.).⁶



Families with at least one foreign-born parent were more likely to live in poverty than families with only native-born parents.

In 2010, 17.7% of families with at least one foreign-born parent were earning less than 200% of the poverty rate, compared to 9.8% of families with only native-born parents.

x. Persons with LEP

Defining LEP

Persons with limited English proficiency (LEP) are defined as persons who have a limited ability to read, write, speak or understand English. HUD uses the prevalence of persons with LEP to identify the potential for impediments to fair housing choice due to their inability to comprehend English. Persons with LEP may encounter obstacles to fair housing by virtue of language and cultural barriers. To assist these individuals, it is important that a community recognizes their presence and the potential for discrimination, whether intentional or inadvertent, and establishes policies to eliminate barriers. It is also incumbent upon HUD entitlement communities to determine the need for language assistance and comply with Title VI of the Civil Rights Act of 1964.

Language Groups in Gaithersburg

American Community Survey (ACS) data reports on the non-English language spoken at home for the population five years and older. In Gaithersburg, there were 11,679 persons who spoke English less than “very well” in 2010, representing about 21.7% of the population over five years old. Almost 53% of those who speak English less than very well are native Spanish speakers. This represents 11.5% of the city’s population over five years old.

In Gaithersburg, more than 1,000 native Spanish speakers and native Chinese speakers have LEP, as depicted in Figure 3-12. Both of these language groups warrant further evaluation regarding the necessity of translation or further accommodations pertaining to vital documents.

⁵ U.S. Census Bureau, 2006-10 American Community Survey (B06012)

⁶ U.S. Census Bureau, 2008-10 American Community Survey (C05010)



Figure 3-12
Language Spoken at Home by Ability to Speak English, 2010

Language Spoken	Number of LEP Persons	Percent of Total Population
Total LEP	11,679	21.7%
Spanish	6,182	11.5%
Chinese	1,632	3.0%

Source: US Census Bureau, 2006-10 American Community Survey (B16001)



In Gaithersburg, 11,679 residents had limited English proficiency (LEP) in 2010.

Almost 53% of persons with LEP were native Spanish speakers, who represented 11.5% of the total population age five and older.

xi. Protected Class Status and Unemployment

Unemployment in Gaithersburg

In 2010, unemployment in Gaithersburg was 5.2%, slightly lower than the statewide rate of 6.7% for the population age 16 years and older.⁷ Across the city, unemployment rates were higher among Two or More Race residents (10.4%), Blacks (7.9%), Hispanics (7.7%) and those of Some Other Race (6.9%). Asians had the lowest unemployment rate at 3.9%. Similarly, females with children living alone had a substantially higher unemployment rate of 9.1%.

Higher unemployment, whether temporary or permanent, will mean less disposable income for housing expenses. The Black, Hispanic, Other Race, and Two or More Races populations are likely to have the least amount of disposable income for other expenses based on higher unemployment rates, as shown in Figure 3-13.

⁷ Bureau of Labor Statistics, bls.gov.



Figure 3-13
Civilian Labor Force, 2010

	Total	In labor force	Employed	Unemployment rate
Population 16 years and over	46,530	76.5%	72.4%	5.2%
RACE AND HISPANIC OR LATINO ORIGIN				
White	26,543	73.9%	70.4%	4.5%
Black or African American	5,507	86.4%	79.6%	7.9%
American Indian and Alaska Native	96	89.6%	89.6%	0.0%
Asian	9,069	75.5%	72.6%	3.9%
Some Other Race	3,928	80.7%	75.2%	6.9%
Two or More Races	1,387	81.7%	72.4%	10.4%
Hispanic or Latino origin (of any race)	10,627	80.9%	74.6%	7.7%
Population 20 to 64 years	38,150	86.9%	82.8%	4.6%
SEX				
Male	18,523	91.5%	87.6%	4.0%
Female	19,627	82.5%	78.2%	5.2%
Females with own Children	3,489	65.3%	59.2%	9.1%

Source: US Census Bureau, 2006-10 American Community Survey (S2301)



With the exception of Asian residents, minorities were more likely to be unemployed than White residents in Gaithersburg.

The unemployment rates among all minorities, except Asian residents, exceeded the city and statewide averages in 2010. Higher unemployment, whether temporary or permanent, will mean less disposable income for housing expenses.

B. Housing Market

In general, the Gaithersburg housing market has expanded moderately since 2000, with 2,663 new units constructed through 2010, representing a 12.9% increase. The increase and the types of new housing, however, have not been uniform across the city.

Census tract boundaries changed significantly between the 2000 and 2010 Censuses, making simple decade-over-decade comparisons difficult. By mapping the census tracts and apportioning housing units in the same way population counts were apportioned, we can estimate the change in housing units throughout Gaithersburg. This section reflects those calculations.

i. Housing Inventory

The housing stock in Gaithersburg has expanded since 2000. Between 2000 and 2010, the net change in housing stock was 2,663 units, an increase of 12.9%.



Figure 3-14
Trends in Housing Inventory, 2000-2010

Geography	Total Housing Units		Change between 2000 and 2010	% Change between 2000 and 2010
	2000	2010		
Gaithersburg	20,674	23,337	2,663	12.9%

Source: US Census Bureau, Census 2000 (SF1, H1); Census 2010 (SF1, H1)

Figure 3-15
Trends in Housing Inventory, 2000-2010

Census Tract	Total Units, 2000	Total Units, 2010	Percent Change
Census Tract 7008.17	262	127	-51.5%
Census Tract 7007.06	1,224	1252	2.3%
Census Tract 7007.04	811	808	-0.4%
Census Tract 7006.10	0	0	-
Census Tract 7007.20	1,220	813	-33.4%
Census Tract 7007.22	1,703	1,767	3.8%
Census Tract 7008.20	738	1,021	38.3%
Census Tract 7008.23	1,180	1,218	3.2%
Census Tract 7008.29	939	1276	35.9%
Census Tract 7008.22	1,050	695	-33.8%
Census Tract 7008.26	1,397	2860	104.7%
Census Tract 7007.16	22	154	600.0%
Census Tract 7008.24	636	1055	65.9%
Census Tract 7007.18	0	0	-
Census Tract 7007.17	2,192	1955	-10.8%
Census Tract 7007.19	1,623	2497	53.9%
Census Tract 7008.28	859	881	2.6%
Census Tract 7007.24	77	68	-11.7%
Census Tract 7007.23	1,951	1981	1.5%
Census Tract 7007.21	0	58	-
Census Tract 7007.13	0	20	-
Census Tract 7008.16	2,790	2831	1.5%
Census Tract 7008.13	0	0	-

Note: Census tract boundaries differed between 2000 and 2010.
Numbers shown are estimates based on apportionment calculations.
Source: U.S. Census Bureau, 2000 Census (SF1, H1), 2010 Census (SF1, H1); Calculations by Mullin & Lonergan Associates.

Map 3-6 on the following page shows the estimated change in number of housing units by census tract. The map illustrates that the largest decreases occurred in the city's eastern half, while the largest increases occurred in the southern and northern parts of the city.



Gaithersburg, Maryland

Analysis of Impediments to Fair Housing Choice

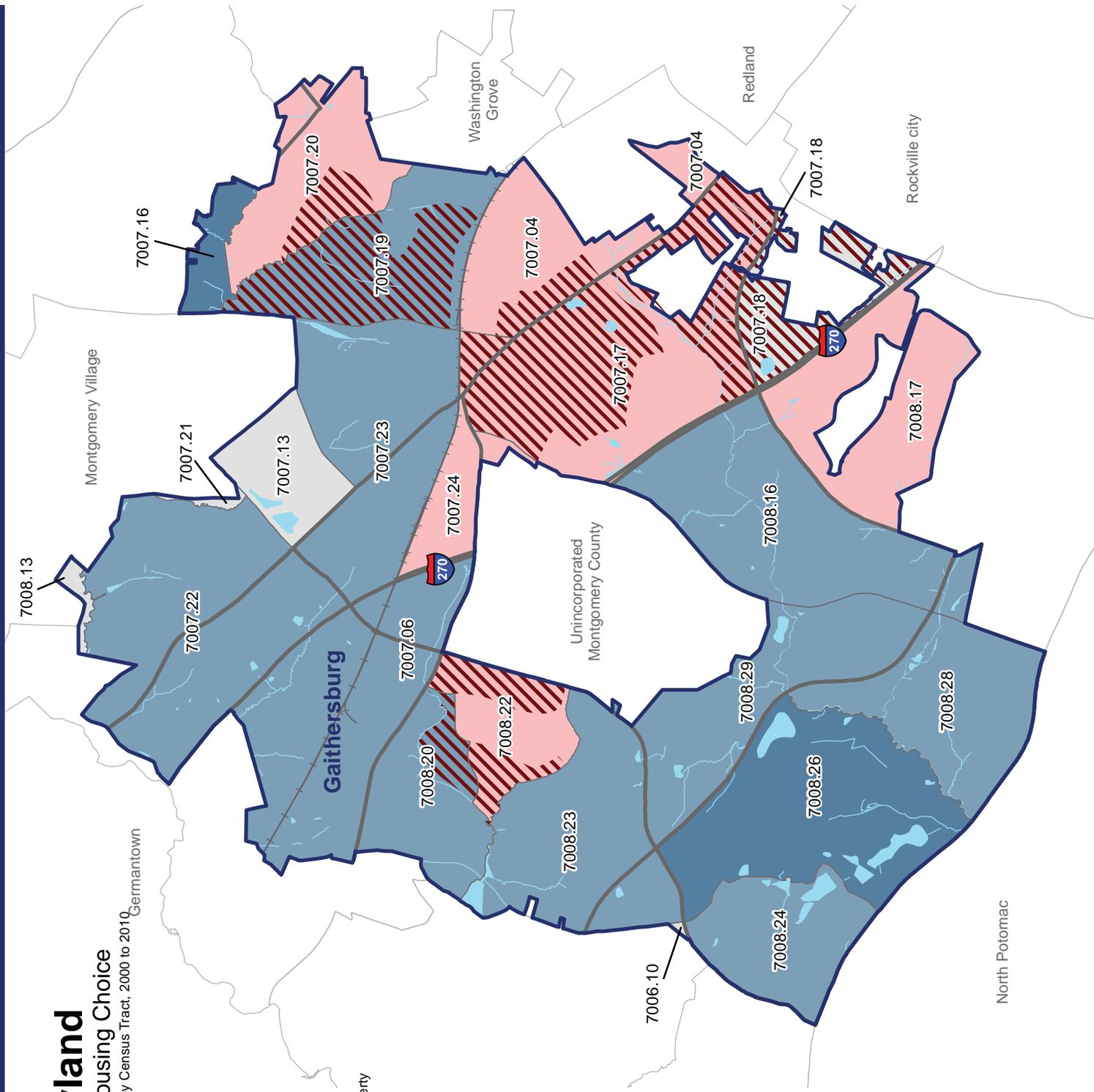
Map 3-6: Estimated Change in Number of Housing Units by Census Tract, 2000 to 2010

Legend

-  Gaithersburg Boundaries
-  Rail
-  Major Roads
-  Rivers and Water Bodies
-  Racially/Ethnically Concentrated Areas of Poverty

Change in Number of Housing Units

-  Loss of Housing Units
-  No Housing Units in 2000
-  Up to 1% Gain
-  1% to 6% Gain
-  Above 6% Gain



Racially/ethnically concentrated areas of poverty either lost housing units or were in the slowest growth category.



The housing inventory in Gaithersburg increased 12.9% between 2000 and 2010.

While many tracts saw increases, racially/ethnically concentrated areas of poverty in the city's eastern half lost housing units.

ii. Types of Housing Units

In 2010, the American Community Survey reported there were 24,027 occupied housing units in the city. Of these, 11,533, or 48%, were multi-family units and 12,467, or 51.9%, were single-family units. Additionally, 0.1% of the housing stock consisted of mobile homes. The rate of multi-family housing is higher than the state-wide and national averages, but is lower than past decades in Gaithersburg. According to interviews with city officials, the community recognized how unbalanced the city's housing stock was in the early 2000s and specifically aimed to increase the share of owner-occupied units.

Figure 3-16 details the city's housing stock. As the table is based on five-year ACS estimates, in order to obtain details at the local level, the citywide total differs from the total number of units counted in the 2010 Census data (100% count). The maps on the following pages illustrate census tracts with the most multi-family units and census tracts with the highest percentage of multi-family units as a percent of all units. The maps reveal that multi-family units are well dispersed throughout the city, but that the northern half of Gaithersburg does have slightly higher concentrations of multi-family units than the southern half. In addition, multi-family units are not especially concentrated in RCAP/ECAPs.

Figure 3-16
Units in Structure, 2010

	Total:	Total Single-Family	1, detached	1, attached	Total Multi-Family	2 to 4	5 to 9	10 to 19	20 or more	Mobile home	Boat, RV, van, etc.
Gaithersburg	24,027	12,467	4930	7537	11,533	695	2,119	5,168	3,551	27	0
% of total	---	51.9%	39.5%	60.5%	48.0%	6.0%	18.4%	44.8%	30.8%	0.1%	---

Source: U.S. Census Bureau, 2006-10 American Community Survey (B25024)

iii. Protected Class Status and Homeownership

Benefits of Homeownership

The value in homeownership lies in the accumulation of wealth as the owner's share of equity increases with the property's value. Paying a monthly mortgage instead of rent is an investment in an asset that is likely to appreciate. According to one study, "a family that



Gaithersburg, Maryland

Analysis of Impediments to Fair Housing Choice

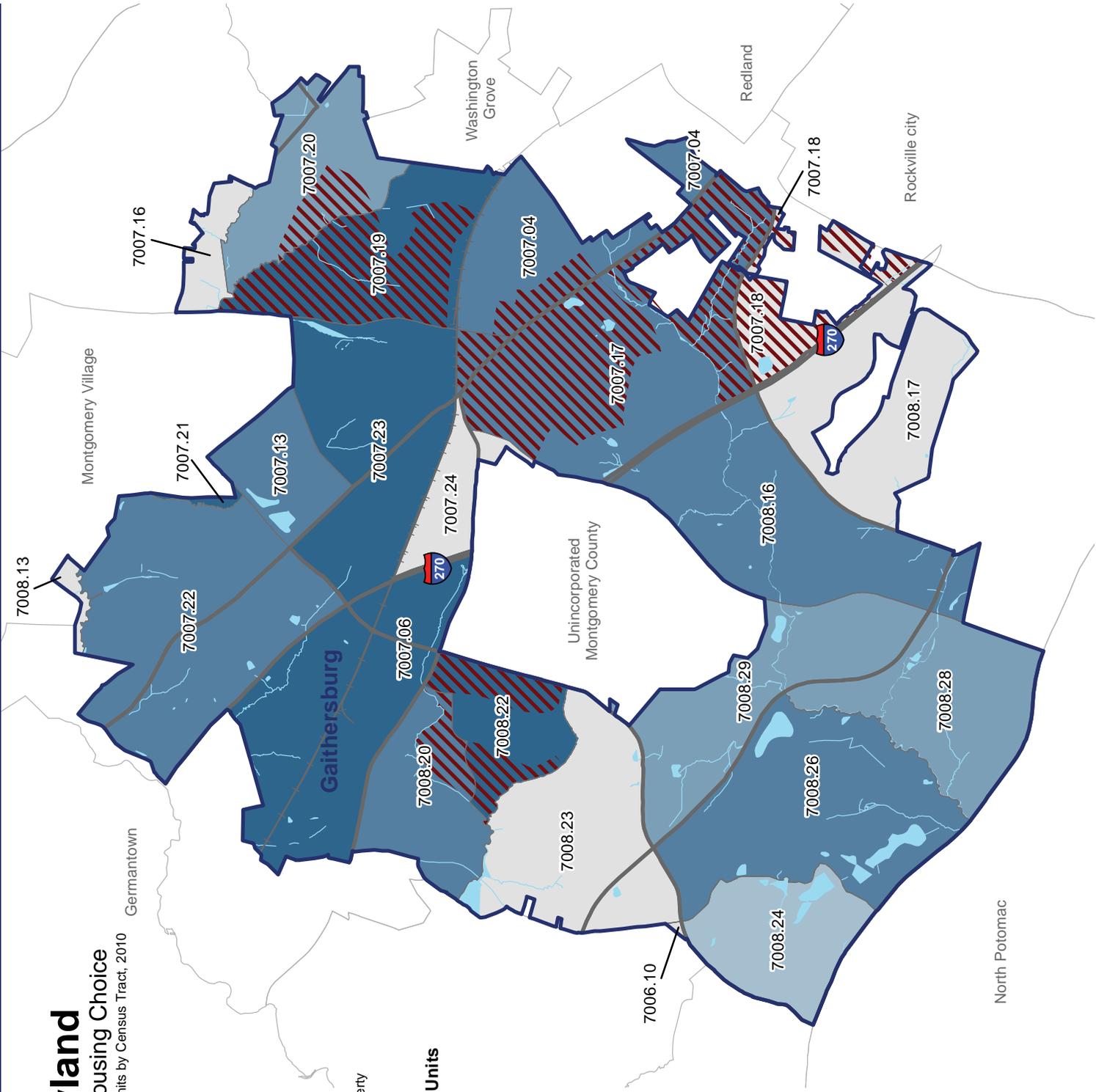
Map 3-8; Multi-Family Units as a Percent of All Housing Units by Census Tract, 2010

Legend

-  Gaithersburg Boundaries
-  Rail
-  Major Roads
-  Rivers and Water Bodies
-  Racially/Ethnically Concentrated Areas of Poverty

Multi-Family Units as % of All Housing Units

-  No Housing Units
-  Under 15%
-  15% to 30%
-  30.01% to 60%
-  Above 60%



puts 5 percent down to buy a house will earn a 100 percent return on the investment every time the house appreciates 5 percent.”⁸

Minorities and Homeownership

Historically, minorities tend to have lower homeownership rates than Whites. In Gaithersburg, 60.7% of White households owned their homes in 2010, while most minorities had significantly lower homeownership rates. Blacks had the lowest homeownership rate at 35.2%. The Two or More Race population had a rate of 39.4%, Hispanics had a rate of 48.8%, and Asians had the highest homeownership rate of any racial or ethnic group, at 64.9%. Figure 3-17 illustrates homeownership by race in Gaithersburg.

Figure 3-17
Homeownership by Race, 2010

	Total		White		Black		American Indian		Asian		Two or More Races		Hispanic	
	Total	Owner occupied	Total	Owner occupied	Total	Owner occupied	Total	Owner occupied	Total	Owner Occupied	Total	Owner occupied	Total	Owner occupied
Gaithersburg	22,832	56.2%	14,016	60.7%	2,785	35.2%	78	9.0%	3,950	64.9%	1,434	39.4%	3,901	48.8%

Source: U.S. Census Bureau, 2006-10 American Community Survey (B25003, B25003A, B25003B, B25003C, B25003D, B25003F, B25003I)



Whites and Asians were the most likely racial groups to be homeowners in Gaithersburg in 2010.

The American Indian, Black, Two or More Race, and Hispanic populations had significantly lower homeownership rates.

iv. Foreclosure Trends

A foreclosure is a process in which a bank or other lender repossesses a property to recover the amount owned on a defaulted loan. Following the 2008 financial and housing crisis, many homeowners nationwide found themselves unable to make the payments on their homes, beginning the foreclosure process. As minority groups have been shown to have higher levels of poverty and lower incomes, these groups were often more likely to be subjected to foreclosures, and concentrations of foreclosures have the possibility of destabilizing neighborhoods.

National Foreclosure Data

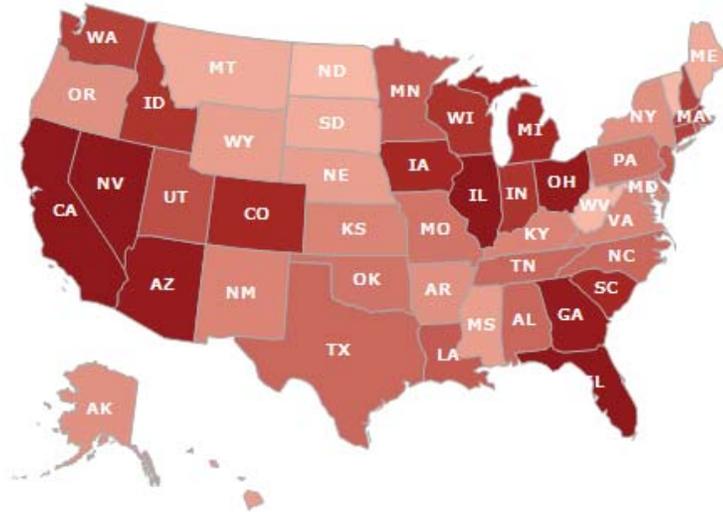
The State of Maryland has experienced moderate foreclosure rates relative to the remainder of the United States. In October of 2012, foreclosures affected one in every 706 houses in the United States. Other states, primarily in the south and west, had significantly

⁸ Kathleen C. Engel and Patricia A. McCoy, "From Credit Denial to Predatory Lending: The Challenge of Sustaining Minority Homeownership," in Segregation: The Rising Costs for America, edited by James H. Carr and Nandinee K. Kutty (New York: Routledge 2008) p. 82.



higher foreclosure rates. Florida, for instance, experienced foreclosure rates of one in every 312 housing units. Maryland's rate of one in every 1,562 homes in foreclosure was better than the national average.

Figure 3-18
Foreclosure Rates by State, October 2012

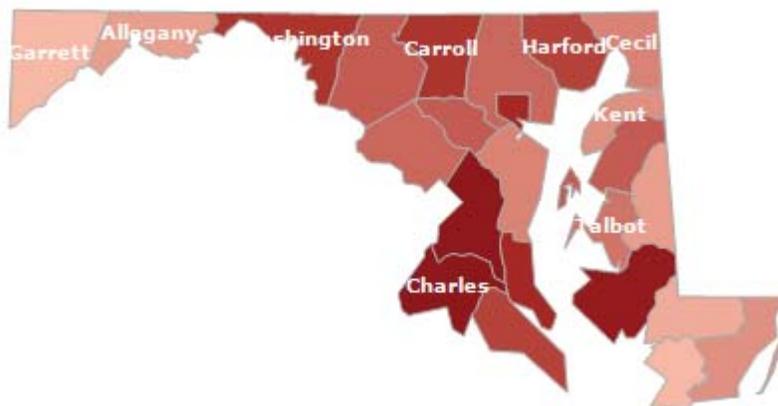


Source: Realtytrac.com

Foreclosure in Maryland

Within the State of Maryland, there were varying rates of foreclosure. For example, Montgomery County's rate was one in every 2,457 housing units, lower than the statewide average. However, other counties such as Charles and Washington Counties had significantly higher rates at one in 579 and one in 678 housing units, respectively.

Figure 3-19
Foreclosure Rates by County, October 2012



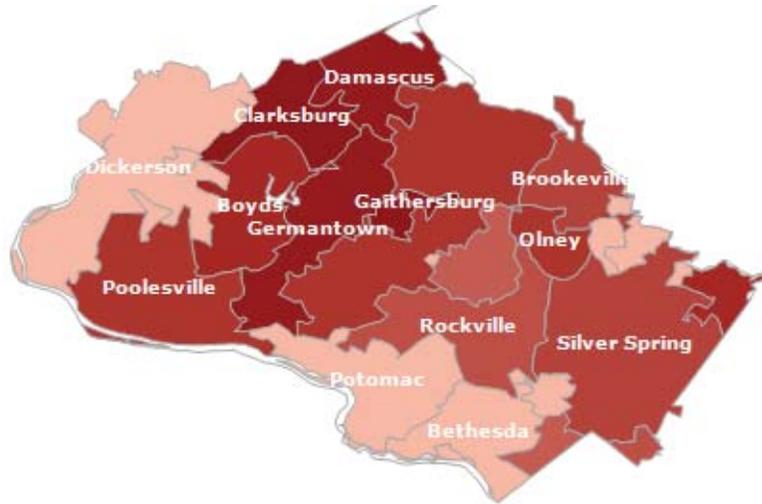
Source: Realtytrac.com



Foreclosure within Montgomery County

Within Montgomery County, Gaithersburg’s rate of one in every 2,018 homes was moderate compared to its surrounding municipalities. Clarksburg’s rate of one in 859 units was the highest in the state, while Bethesda’s one in every 17,395 housing units was the lowest reported. Figures 3-20 and 3-21 illustrate municipalities’ rates of foreclosure in Montgomery County.

Figure 3-20
Foreclosure Rates by Municipality, October 2012



Source: Realtytrac.com

Figure 3-21
Foreclosure Rates of Municipalities in Montgomery County, October 2012

City	Foreclosure Rate
Clarksburg	1 in every 859
Montgomery Village	1 in every 911
Germantown	1 in every 1,033
Damascus	1 in every 1,144
Boyd's	1 in every 1,454
Burtonsville	1 in every 1,551
Gaithersburg	1 in every 2,018
Poolesville	1 in every 2,059
Olney	1 in every 2,216
Brookeville	1 in every 2,545
Silver Spring	1 in every 2,671
Rockville	1 in every 3,615
Potomac	1 in every 5,754
Bethesda	1 in every 17,395

Source: Realtytrac.com



v. The Tendency of the Protected Classes to Live in Larger Households

Household Size and Fair Housing

Larger families may be at risk for housing discrimination on the basis of race and the presence of children (familial status). A larger household, whether or not children are present, can raise fair housing concerns. If there are policies or programs that restrict the number of persons that can live together in a single housing unit, and members of the protected classes need more bedrooms to accommodate their larger household, there is a fair housing concern because the restriction on the size of the unit will have a negative impact on members of the protected classes.

Household Size in Gaithersburg

In Gaithersburg, minorities were much more likely than Whites to live in families with three or more persons. Among individual minority groups, Other Race households had the highest rate of larger family households, at 88.2%. Hispanics had the second-highest rate at 85.1%. In comparison, White families had the lowest rate of large households with 58.7% of White families consisting of three or more persons.

Figure 3-22
Families with Three or More Persons, 2010

	Family households:		
	Family households	Families with Three or More Persons	% Families with Three or More Persons
Total	14,548	9,507	65.3%
Whites	7,617	4,473	58.7%
Blacks	2,335	1,607	68.8%
AIAN	55	42	76.4%
Asian	2,776	1,895	68.3%
Other	1,229	1,084	88.2%
Two or more races	500	400	80.0%
Hispanic	2,899	2,468	85.1%

Source: U.S. Census Bureau, 2010 Census (SF1, P28A, P28B, P28C, P28D, P28E, P28F, P28G, and P28I)

Housing Stock in Gaithersburg

To adequately house larger families, a sufficient supply of larger dwelling units consisting of three or more bedrooms is necessary. In Gaithersburg, there are fewer options to rent a unit to accommodate larger families. Only 8.8% of the city's housing stock is comprised of rental units with three or more bedrooms. By comparison, 45.7%, of the housing stock consists of owner-occupied units with three or more bedrooms. With larger families and lower incomes, minority families are less likely to be able to secure decent, affordable and adequately sized homes in Gaithersburg.



Figure 3-23
Housing Units by Number of Bedrooms, 2010

	Renter occupied		Owner occupied	
	# units	% of all units	# units	% of all units
0 to 1 bedroom	3,857	16.9%	378	1.7%
2 bedrooms	4,135	18.1%	2,035	8.9%
3 or more bedrooms	2,000	8.8%	10,427	45.7%
Total	9,992	43.8%	12,840	56.2%

Source: U.S. Census Bureau, 2006-10 American Community Survey (B25042)

vi. Cost of Housing

Increasing housing costs are not a direct form of housing discrimination. However, a lack of affordable housing does constrain housing choice. Residents may be limited to a smaller selection of neighborhoods or communities because of a lack of affordable housing outside those areas.

Median household income in Gaithersburg in 2000, when adjusted for 2010 inflation, was \$77,923. The citywide median housing value was \$216,663, while the median gross rent was \$1,145.

Between 2000 and 2010, median housing value increased 80% while median household income increased 1.0%. During this same period, median gross rent increased 18.4% from \$1,145 to \$1,355. Relative to the increase in median household income, housing became less affordable in Gaithersburg over the last decade because of the faster increase in home prices compared to income.

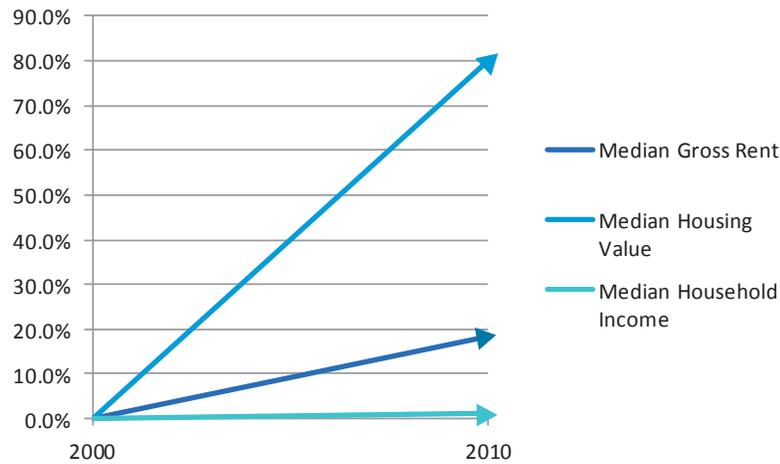
Figure 3-24
Trends in Median Housing Value, Rent, and Income, 2000-2010

	Median Gross Rent	Median Housing Value	Median Household Income
2000	\$1,145	\$216,663	\$77,923
2010	\$1,355	\$390,100	\$78,736
% change 00-10	18.4%	80.0%	1.0%

Source: U.S. Census Bureau, 2000 Census (SF-3, H76, H63, P53), 2006-10 American Community Survey (B25077, B25064, B19013)



Figure 3-25
Percent Change in Housing Affordability Factors, 2000-2010



Source: U.S. Census Bureau, 2000 Census (SF-3, H76, H63, P53), 2006-10 American Community Survey (B25077, B25064, B19013)

Note: All numbers in the chart above are 2010 inflation-adjusted.



Housing has become more expensive for families in Gaithersburg in comparison to income.

While median housing value increased 80% between 2000 and 2010, and median gross rent increased 18.4%, median household income grew by only 1%.

a. Rental Housing

Loss of Affordable Rentals

Gaithersburg has experienced an overall net decrease in affordable rental units over the past decade. While properties renting for less than \$500 per month increased 14% between 2000 and 2010, they represented only 4.3% of rental units in 2010. Rental units between \$500 and \$699 decreased 85%, and units renting for between \$700 and \$999 decreased 72%. In sum, those units renting for under \$1,000 decreased by 4,072 units.

The most expensive category, units renting for \$1,000 or more, increased by more than 4,700 units or 148.8% over the decade. These most expensive units increased from 35.1% of all units to 81.3% of all units in 2010, indicating a quickly escalating rental market that will limit housing choice for those with low incomes.



Figure 3-26

Loss of Affordable Rental Housing Units, Gaithersburg, 2000-2010

Year	2000	2010	# Change 2000- 2010	% Change 2000- 2010
Total	9,081	9,749	668	7.4%
Less than \$500	364	415	51	14.0%
\$500 to \$699	1,090	163	-927	-85.0%
\$700 to \$999	4,441	1,245	-3,196	-72.0%
\$1000 or more	3,186	7,926	4,740	148.8%

Sources: U.S. Census Bureau, 2000 Census (SF3, H62), 2006-10 American Community Survey (B25063)

Fair Market Rent and Affordability

The National Low-income Housing Coalition provides annual information on the Fair Market Rent (FMR) and affordability of rental housing in each county in the U.S. In Montgomery County, the FMR for a two-bedroom apartment is \$1,506. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$60,240 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into a Housing Wage of \$28.96.

In Montgomery County, a minimum wage worker earns an hourly wage of \$7.25. In order to afford the FMR for a two-bedroom apartment, a minimum wage earner must work 160 hours per week, 52 weeks per year. Alternatively, a household must include four minimum wage earners working 40 hours per week year-round in order to make the two-bedroom FMR affordable.

In Montgomery County, the estimated mean wage for a renter is \$17.73. In order to afford the FMR for a two-bedroom apartment at this wage, a renter must work 65 hours per week, 52 weeks per year. Otherwise, working 40 hours per week year-round, a household must include 1.6 workers earning the mean renter wage in order to make the two-bedroom FMR affordable.



Montgomery County renters earning the average hourly wage of \$17.73 must work 65 hours per week, 52 weeks per year to make the two-bedroom FMR affordable.

Thus, minimum wage earners and single-wage earning households cannot afford a housing unit renting for the HUD fair market rent in the County. This situation forces these individuals and households to combine with others, or lease inexpensive, substandard units. Minorities and female-headed households will be disproportionately impacted because of their lower incomes.



b. Sales Housing

Sales Trends

Trends in the Montgomery County housing market mirror national trends since the 2008 economic crisis. Between 2005 and 2011, the number of sales decreased 43.9%, while the median sales price decreased 17.6%. The average days on the market increased 212%.

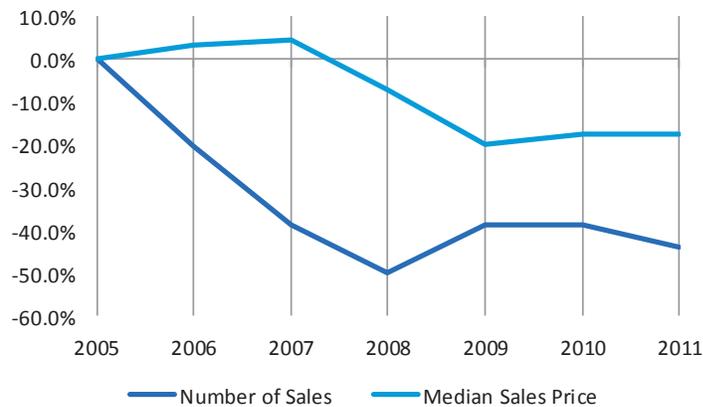
Following the 2008 economic crash, the housing market has been slowly stabilizing. The number of sales has increased from 8,519 to 10,401 before falling back to 9,490 in 2011. The median sales price has increased from a low of \$340,000 in 2009 to \$350,000 in 2011. The average days on the market has decreased from 91 to 78 days in the same time period.

Figure 3-27
Housing Market Trends, 2005-2011

Year	Housing Units		
	Number of Sales	Median Sales Price	Average Days on Market
2005	16,909	\$425,000	25
2006	13,494	\$439,000	57
2007	10,355	\$444,000	81
2008	8,519	\$395,000	103
2009	10,376	\$340,000	91
2010	10,401	\$350,000	65
2011	9,490	\$350,000	78
% Change 05-11	-43.9%	-17.6%	212.0%

Source: Realstate Business Intelligence (RBI), 2011

Figure 3-28
Trends in Number of Sales and Median Sales Price, 2005-2011



Source: Realstate Business Intelligence (RBI), 2011



As seen in Figure 3-29, the number of units sold in every bedroom configuration decreased significantly between 2000 and 2010. The largest proportional decrease was in detached units with two or fewer bedrooms at 59.2%. Condo sales had the smallest proportional decrease in sales at 25.6%. While total home sales have fallen since 2000, homes selling above \$150,000 have actually increased.

Figure 3-29
Comparison of Units Sold, 2000-2011

Price Range	2000					Price Range	2011				
	2 or fewer BR		3 or more BR		Condo		2 or fewer BR		3 or more BR		Condo
	Detached	Attached	Detached	Attached	All		Detached	Attached	Detached	Attached	All
< \$50k	1	1	1	1	131	< \$50k	2	3	0	0	50
\$50k to \$99,999	59	130	18	225	1,157	\$50k to \$99,999	8	6	1	11	346
\$100k to \$149,999	116	197	284	1,619	854	\$100k to \$149,999	12	44	14	137	385
\$150K to \$199,999	78	51	1,548	986	279	\$150K to \$199,999	28	61	93	327	347
\$200K to \$299,999	57	16	2,415	459	184	\$200K to \$299,999	49	37	703	696	474
\$300K to \$399,999	24	7	1,403	172	58	\$300K to \$399,999	21	16	976	378	291
\$400K to \$499,999	6	1	796	27	13	\$400K to \$499,999	19	7	787	137	98
\$500K and over	8	0	1,164	48	32	\$500K and over	27	4	2,467	283	144
Total	341	403	7,629	3,537	2,676	Total	139	174	5,041	1,969	1,991
---	---	---	---	---	---	% Change since 2000	-59.2%	-56.8%	-33.9%	-44.3%	-25.6%

Source: Realstate Business Intelligence (RBI), 2011 and 2000

Affordable Purchase Price

One method used to determine the inherent affordability of a housing market is to calculate the percentage of homes that could be purchased by households at the median income level. It is possible also to determine the affordability of the housing market for each racial or ethnic group in the city. To determine affordability (i.e., how much mortgage a household could afford), the following assumptions were made:

- The mortgage was a 30-year fixed rate loan at a 4.0% interest rate,
- The buyer made a 10% down payment on the sales price,
- Principal, interest, taxes and insurance (PITI) equaled no more than 30% of gross monthly income,
- Property taxes were levied at 1.115%, and
- \$500 of additional consumer debt was assumed

Figure 3-30 details the estimated *maximum* affordable sales prices and monthly PITI payments for Whites, Blacks, Asians, AIANs, and Hispanics in the city.

In 2011, Black and Hispanic households making the median income could not afford a home selling in Gaithersburg for the median sales price of \$350,000. Black households had the lowest affordable purchase price of all racial/ethnic groups at \$225,400, 36% lower than the median sales price. Hispanic households have an affordable purchase price of \$230,175. By comparison, White households were able to afford a home selling for above the median sales price, with a maximum affordable purchase price of \$362,000. Asian households had the highest affordable purchase price at \$369,250. Notably, households in Gaithersburg earning the median household income of \$78,736 could not afford a home selling for over \$328,450, which is below the median sales price.

Gaithersburg, Maryland



Figure 3-30
Maximum Affordable Purchase Price by Race/Ethnicity, 2010

	Median Household Income	Monthly Mortgage Payment				Maximum Affordable Purchase Price
		Mortgage Principal & Interest	Real Estate Taxes	Homeowner's Insurance & PMI	Total PITI Payment	
Gaithersburg Total	\$78,736	\$1,411	\$305	\$80	\$1,796	\$328,450
White Households	\$84,748	\$1,555	\$336	\$80	\$1,971	\$362,000
Black Households	\$60,271	\$968	\$209	\$80	\$1,257	\$225,400
Asian Households	\$86,047	\$1,587	\$343	\$80	\$2,010	\$369,250
Hispanic Households	\$61,127	\$989	\$214	\$80	\$1,283	\$230,175
2011 Median Sales Price: \$350,000						

Sources: U.S. Census Bureau, 2006-10 American Community Survey (B19013, B19013A, B19013B, B19013I); Realstate Business Intelligence (RBI) 2011; Calculations by Mullin & Lonergan Associates, Inc.



A household income of \$82,597 is required to purchase the 2011 median sales price home of \$350,000. This income level is 4.7% above the MHI in Gaithersburg.

With the exception of Asian households, minority households earning their respective MHI cannot afford to purchase the median sales price home in Gaithersburg.



4. Evaluation of Fair Housing Profile

This section analyzes the existence of fair housing complaints or compliance reviews where a charge of discrimination has been made. This section will also review any fair housing discrimination suits filed by the United States Department of Justice or private plaintiffs in addition to identifying any other fair housing concerns.

Citizens of Gaithersburg receive fair housing services from a variety of organizations, including but not limited to the Office of Human Rights, the Human Rights Commission, and the Interagency Fair Housing Coordinating Group. These groups provide education and outreach, sponsor community events, process fair housing complaints, and in some cases investigate complaints through testing and/or work to promote a mutual understanding of diversity among residents.

A. Existence of Fair Housing Complaints

The number of complaints reported may under-represent the actual occurrence of housing discrimination in any given community, as persons may not file complaints because they are unaware of how or where to do so. Discriminatory practices can be subtle and may not be detected by someone who does not have the benefit of comparing his treatment with that of another home seeker. Other times, persons may be aware of discrimination, but they may not be aware that it is against the law and that there are legal remedies to address the discrimination. Also, households may be more interested in achieving their first priority of finding decent housing and may prefer to avoid going through the process of filing a complaint and following through with it. According to the Urban Institute, 83% of those who experience housing discrimination do not report it because they feel nothing will be done. Therefore, education, information, and referral regarding fair housing issues remain critical to equip persons with the ability to reduce impediments.

i. U.S. Department of Housing and Urban Development

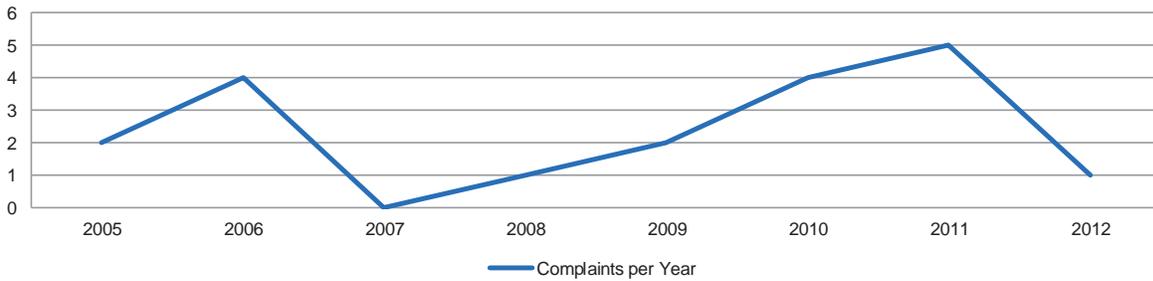
Overview of Data

The Office of Fair Housing and Equal Opportunity (FHEO) at HUD receives complaints from persons regarding alleged violations of the federal Fair Housing Act. Fair housing complaints originating in Gaithersburg were obtained and analyzed from FY2005 through FY2013. In total, 19 complaints originating in Gaithersburg were filed with HUD during the full years 2005 through 2012, an average of 2.4 per year. The volume of cases peaked in 2011 with five cases filed, while no cases were filed in 2007.

Analysis of the occurrence of complaints over time is more useful than analysis of complaints among various HUD regions, due to substantial differences in the size and demographic composition of regions and the presence or absence of other means of reporting complaints (to state or local enforcement agencies). The number of cases filed rose steadily from 2007 to 2011. Since that time, the number of cases has fallen to one in 2012. As of September 2013, only one case had been filed in that year. Figure 4-1 shows the number of cases each full year from FY 2005.



Figure 4-1
Number of Complaints Filed with HUD, 2005-2012

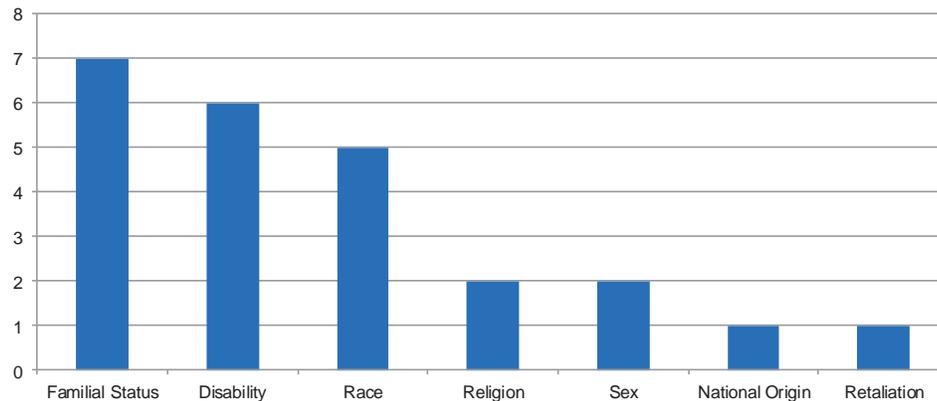


Source: HUD FHEO

Basis of Discrimination

In addition to number of complaints per year, filings included information on the basis of discrimination. Familial status was the most common basis for complaints with 29.2% of all filings. This was followed by disability and race, which accounted for 25.0% and 20.8% of all filings, respectively. No other basis accounted for more than 10% of the total, as depicted in the figure below.

Figure 4-2
HUD Complaints in Gaithersburg by Basis of Discrimination, 2005-2013



Source: HUD FHEO

Resolution of Complaints

In terms of result, of the 20 complaints that were resolved, 5% were conciliated with a successful settlement. A complaint is considered conciliated when all of the parties to the complaint enter into a conciliation agreement with HUD. Such agreements include benefits for the complainant, and affirmative action on the part of the respondent, such as civil rights training. HUD has the authority to monitor and enforce these agreements.

Additionally, 5% of the cases were “withdrawn after resolution.” This outcome refers to a consent decree/conciliation agreement between all parties and HUD, negotiated by an outside organization or a FHAP. Such agreements include benefits for the complainant and

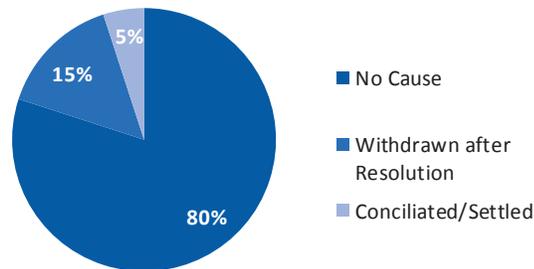


affirmative action on the part of the respondent, such as civil rights training. HUD has the authority to monitor and enforce these agreements.

Of the total complaints filed, a large majority (80%) were found to be without probable cause. This occurs when the preponderance of evidence obtained during the course of the investigation is insufficient to substantiate the charge of discrimination.

Only one of the cases in Gaithersburg resulted in financial compensation to the complainant. The case, in 2009, resulted in a compensation payment of \$100.

Figure 4-3
Resolution of HUD Complaints in Gaithersburg, 2005-2013



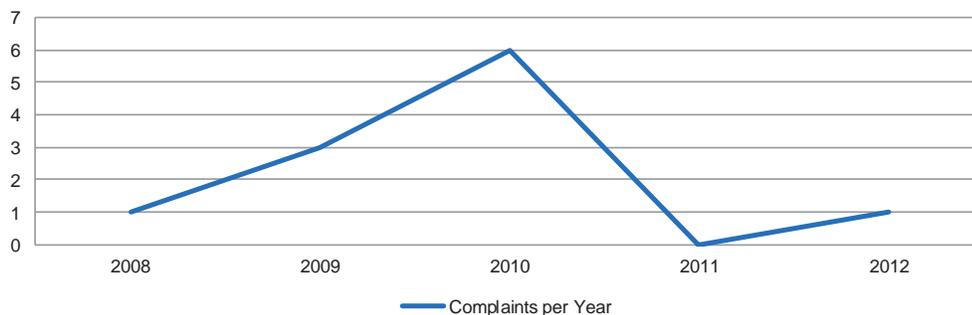
Source: HUD FHEO

ii. Montgomery County Office of Human Rights

Overview of Data

The Montgomery County Office of Human Rights (OHR) provided data on housing complaints originating in Gaithersburg between 2008 and the first half of 2013. During these five and a half years, there were 13 filings, equivalent to an average of about two cases per year. A spike in cases occurred in 2010, with six cases filed that year. This data, like the complaint information from HUD, reveals a steadily increasing number of complaints in the aftermath of the housing crisis of 2008, but followed by a subsequent drop between 2010 and 2012.

Figure 4-4
Number of Complaints Filed with OHR, 2008-2012



Source: Montgomery County Office of Human Rights



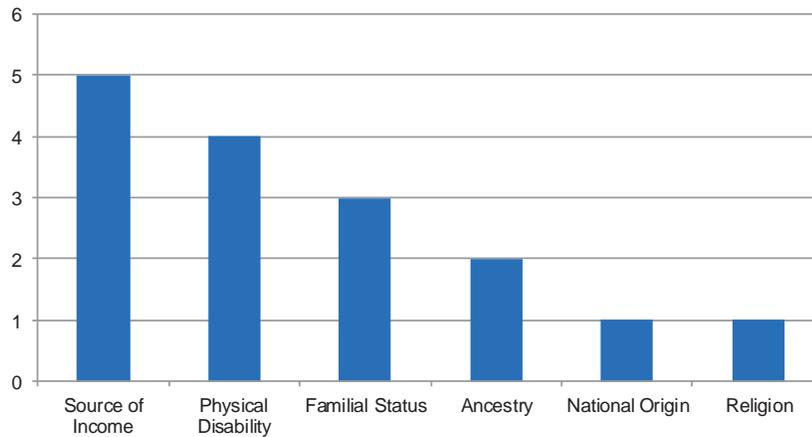
Basis of Discrimination

Of the 13 total filings with the OHR, 31.3% alleged discrimination on the basis of source of income, 25.0% on the basis of disability, and 18.8% on the basis of familial status. An additional 12.5% of cases were filed on the basis of ancestry, 6.3% on the basis of religion, and 6.3% on the basis of national origin. None of the cases were filed based on racial discrimination.

Information on number of complaints is consistent with interviews with the OHR, which noted an upswing in source of income and disability filings and a decline in incidents of racial discrimination. According to the interviews, the increasing racial diversity of the city has limited blatant forms of racial discrimination, but has led to an increase in intra-group discrimination such as disputes between continental Africans and African-Americans. Similarly, stakeholders noted that some landlords do not discriminate against certain races or ethnicities consistently, but may turn down a member of a specific race or ethnicity if the landlord believes their complex is becoming “too Hispanic” or “too Asian.” Such forms of discrimination are not easily identifiable without testing.

While disability and familial status constitutes a large percentage of the bases for discrimination in both HUD and Montgomery County cases, the top basis of discrimination in Montgomery County is source of income, a local protected class not covered by federal fair housing laws. Equally of interest is the high number of race-based complaints sent to HUD compared to county cases where race was not cited as a basis for any discrimination complaints.

Figure 4-5
OHR Complaints in Gaithersburg by Basis of Discrimination, 2008-2012



Source: Montgomery County Office of Human Rights





Across Gaithersburg, familial status and disability were the primary bases for fair housing complaints filed both with HUD and the Montgomery County Office of Human Rights.

Source of income complaints, which accounted for the most complaints to Montgomery County, are not investigated by HUD. As a result, it is expected that the number of this type of complaint filed in Montgomery County would be high as tenants seek affordable housing in a high-cost area.

Confidentiality

At present, complaints made to the Montgomery County Office of Human Rights are kept strictly confidential. While this practice may make complainants more likely to register their complaint and may encourage landlords to more readily resolve the dispute and pay a fine, other landlords and renters do not learn of the discriminatory behavior. Publication of complaint data and settlement agreements could create a deterrent to other landlords who see that such discriminatory behavior is illegal and prosecuted, and could serve as an educational tool for smaller landlords who may not be as familiar with fair housing laws. The city should work with county agencies to explore whether confidentiality measures could be adjusted to better publicize the resolution of fair housing complaints.



The confidentiality of fair housing complaints filed with the Montgomery County OHR has shielded area landlords from witnessing the financial consequences of housing discrimination.

The city should consult with OHR to explore whether confidentiality measures could be adjusted to better publicize the resolution of fair housing complaints. This action could serve as an effective educational component aimed toward rental property owners across Montgomery County.

B. Testing for Fair Housing Complaints

Testing is the practice of sending pairs of people into the same situation to determine the presence of housing discrimination against members of the protected classes. For instance, a Black renter and White renter would be sent into the same rental community to determine if the landlord offered the same treatment to both persons. Testers are encouraged to pattern their program pursuant to the HUD Fair Housing Initiative Program (FHIP) Private Enforcement Initiative. Testing may be done for discrimination based on any protected class characteristics, but certain groups tend to focus on members of their community that have reported increased discrimination or groups that may be growing in numbers.



i. Testing

In discussions with area stakeholders, no groups have undertaken paired testing strictly in the City of Gaithersburg; however, the Montgomery County Office of Human Rights does test some housing providers and the Equal Rights Center based in Washington D.C. has completed testing in Montgomery County inclusive of Gaithersburg. The Equal Rights Center testing, completed in October 2008, sought to determine the rate at which housing providers were discriminating based on the source of income of rental applicants. Specifically, the Equal Rights Center tested whether applicants using Housing Choice Vouchers were being unfairly discriminated against when seeking to rent an apartment in the county.

Methodology

The Equal Rights Center defined discriminatory treatment as refusal to accept a housing voucher, limiting the use of a voucher, or providing different terms and conditions for voucher holders than for non-voucher holders. To conduct the tests, the ERC identified properties that had rents within the payment standard of a voucher, a minimum of 25 rental units, and vacancies. Trained and qualified testers placed paired phone calls to each property with one tester asking whether the company accepted housing vouchers.

Results

The study conducted 99 paired tests and found that 15% of the time, the tester posing as a voucher holder was subjected to at least one form of discriminatory treatment. Of the 15 tests in which companies illegally discriminated against voucher holders, the property manager outright refused to accept a voucher 11 times. In three tests, the property stated that they accepted a voucher but placed a restriction such as the number of vouchers the property would accept in total. Finally, in one test a landlord or property manager imposed different conditions on a voucher holder by eliminating new renter incentives such as an advertised one month of free rent on a 12-month lease.

While these results are not specific to Gaithersburg, they are consistent with local complaint data pointing to source of income as the basis for alleged discrimination most frequently cited in complaints filed with OHR by city residents. The complaint and testing results indicate a need for additional landlord and property manager education on source of income as a protected class.



Countywide testing has shown that some landlords are violating the source of income protections.

In 15% of the random paired testing conducted, landlords illegally discriminated against Section 8 voucher holders by refusing to accept vouchers, illegally placing separate restrictions on the use of vouchers, or limiting the total number of vouchers the complex would accept.

C. Existence of Fair Housing Discrimination Suit

There is no pending fair housing discrimination suit involving Gaithersburg.

Gaithersburg, Maryland



D. Determination of Unlawful Segregation

There is no pending unlawful segregation order involving Gaithersburg.



5. Evaluation of Public Sector Policies

The Analysis of Impediments is a review of obstacles to fair housing choice in the public and private sector. Impediments to fair housing choice are any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status or national origin that restrict housing choices or the availability of housing choices, or any actions, omissions or decisions that have the effect of restricting housing choices or the availability of housing choices on the basis of race, color, religion, sex, disability, familial status or national origin. Policies, practices or procedures that appear neutral on their face but which operate to deny or adversely affect the provision of housing to persons of a particular race, color, religion, sex, disability, familial status, or national origin may constitute an impediment.

An important element of the AI includes an examination of public policy impacts on housing choice. This section evaluates the city's public policies to determine opportunities for expanding fair housing choice.

A. Policies Governing Investment of Federal Entitlement Funds

From a budgetary standpoint, housing choice can be affected by the allocation of staff and financial resources to housing related programs and initiatives. The decline in federal funding opportunities for affordable housing for lower-income households has shifted much of the challenge of affordable housing production to state, county and local government decision makers.

Federal Entitlement Programs

Gaithersburg's federal entitlement funds received from HUD may be used for a variety of activities to serve a variety of needs, as follows:

- **Community Development Block Grant (CDBG):** The primary objective of this program is to develop viable urban communities by providing decent housing, a suitable living environment, and economic opportunities, principally for persons of low and moderate income levels. Funds can be used for a wide array of activities, including: housing rehabilitation, homeownership assistance, lead-based paint detection and removal, construction or rehabilitation of public facilities and infrastructure, removal of architectural barriers, public services, rehabilitation of commercial or industrial buildings, and loans or grants to businesses.

The city allocated \$365,876 in its 2012 Action Plan for a variety of activities including funding for a bilingual housing counselor to assist families facing eviction.

Fair Housing Activities

The City of Gaithersburg completed one fair housing activity with its CDBG funds during its previous Consolidated Plan. Using \$10,000 of CDBG funds, the city produced fair housing posters in English and Spanish and required landlords to hang the posters in addition to federal fair housing posters. The city's 2013-2018 Consolidated Plan, which describes funding priorities in five-year increments, does not outline any fair housing activities planned for the five-year timeframe. Despite not committing entitlement funds for fair housing activities, the city has used General Fund dollars for these activities in the past. Specifically, the city has hosted the Montgomery County Housing Fair annually, covering housing issues including fair housing.

In addition, the city is an active participant in the Interagency Fair Housing Coordinating Group with the Housing and Community Development Director for the City of Gaithersburg serving as the Vice Chair of the group. The group convenes monthly and educates county departments about fair housing issues and their responsibilities. It has expanded to include Realtors and other non-

governmental groups, and it sponsors Fair Housing Month in April of each year, which includes poster contests and continuing education credits. In 2013, the group used CDBG money to update a poster that describes the county's fair housing laws.



The city used General Fund dollars to carry out fair housing activities in recent years.

With such a small and continuously decreasing CDBG entitlement grant, the city has chosen to supplement its fair housing activities with local funds.

i. Project Proposal and Selection

Responsible Party

Gaithersburg City Council and the Mayor of Gaithersburg are ultimately responsible for federal entitlement programs administered by the city. The City of Gaithersburg's Housing and Community Development Division in the Department of Finance and Administration is the lead agency in the planning and administration of the city's federal entitlement program. The city also has a Community Advisory Board which reviews all non-profit grant applications and makes recommendations for funding to the Mayor and City Council.

The Gaithersburg Housing and Community Development Division compiles the city's Five-Year Consolidated Plan, which establishes policies and priorities to govern entitlement spending. The current Consolidated Plan is effective through June 30, 2018.

Objectives and Outcomes

In the FY 2013-2018 Consolidated Plan, the city identified seven objectives for its federal program. These include the following:

- Deconcentrate and disperse affordable housing throughout the city
- Assist homeless persons and persons at risk of homelessness
- Support elderly persons and persons with special needs
- Increase availability of affordable homeownership and housing preservation to low-to-moderate-income residents
- Improve the safety and livability of neighborhoods
- Eliminate slums and blight

In general, these objectives are consistent with fair housing best practices, most notably the city's goal to deconcentrate affordable housing to increase housing choice for members of the protected classes.

Housing Initiative Funds

The plan's first goal—dispersing affordable housing—involves the use of \$3 million in Housing Initiative Funds to upgrade older market-rate multi-family housing and increase energy efficiency in exchange for keeping rents affordable. The city's express goal is to use this money throughout Gaithersburg to expand housing choice for low-income households.



The funds for the Housing Initiative Fund came as part of the Crown Farms development, a 2,250 unit mixed-use development. The City of Gaithersburg negotiated with the developer to build approximately 221 affordable units as part of the project, as well as pay \$3 million into a Housing Initiative Fund administered by the city.

The City of Gaithersburg is expressly aiming to utilize this \$3 million payment to expand affordable housing within the city but outside of areas with a preponderance of affordable housing. Such actions expand the availability of affordable housing in higher-opportunity neighborhoods for low-to-moderate income families.



The City should target the use of Housing Initiative Funds to areas outside of RCAP/ECAPs.

Housing Initiative Funds can be used to expand housing choice for members of the protected classes by siting affordable housing opportunities outside of racially/ethnically concentrated areas of poverty.

Application Process for Funds

In FY 2013, Gaithersburg allocated \$335,345 in CDBG funds and \$175,000 in other public funds. The funds are released on a competitive basis and reviewed and scored during the application process. Currently, the city does not review proposed projects for fair housing impact nor require fair housing training as a requirement for successful applicants.



Presently, the city's application review process does not include a fair housing component.

There is no evaluation criteria reflecting whether a project would assist the city in achieving its AFFH goals. In addition, providing mandatory fair housing training as a requirement to receive funds would educate subrecipients about their obligation to affirmatively further fair housing.

Targeted Investment

The Consolidated Plan targeted investment in Olde Towne Gaithersburg due to its high rates of poverty, overcrowded housing, and difficulty maintaining profitable businesses. The plan notes that the area already has much of the city's affordable housing, but needed improvements in infrastructure, transportation, and historic preservation could improve the market viability of the area. Towards this end, the city has spurred private investment as a result of publicly funded infrastructure improvements. This has resulted in the creation of hundreds of new market-rate residential units within walking distance of the train station and business district.



Revitalization of Olde Towne is a worthwhile goal as it preserves and enhances the city's historic area. The city could, however, affirmatively further fair housing by requiring an affordable housing component as part of any new residential development. Such a policy would ensure the creation of new affordable housing units in all neighborhoods of Gaithersburg, thereby expanding housing choice for all households.



As Olde Towne continues to be revitalized, the city should reevaluate the need for the area to be exempted from affordable housing set asides.

The city's present policy exempts developments in Olde Towne from including affordable housing units. However, the magnitude of recent market-rate residential development demonstrates the viability of Olde Towne as a mixed income neighborhood. This opportunity should be capitalized upon to create affordable housing through the city's MPDU ordinance.

ii. Spending Patterns

Entitlement jurisdictions are required to prepare Annual Plans describing activities that will be supported by federal entitlement grant funds. The following narrative includes an analysis of the most recent year of the city's allocation of entitlement funds, as reported in its Annual Plan.

CDBG Funds

CDBG funds were allocated for a variety of purposes in FY2012 and FY2013. Two programs directly related to housing initiatives, accounting for 2.9% of the annual CDBG budget in 2012 and 42.7% in 2013. The first program, the Emergency Assistance grant, allocated funds to Family Services, Inc. to provide bilingual housing counseling to families facing eviction or utility disconnection. The Emergency Assistance program was expanded in 2013 to include emergency payments for rent and utilities to avoid eviction. The other housing-related program, homeownership assistance, provides downpayment and closing cost assistance to families seeking to purchase a home. The city increased the budget significantly for programs in FY2013 as a result of increasing housing costs.

The majority of the remaining funds were allocated for capital projects including the renovation of the historic B&O Train Station, improvements to an area homeless facility, the renovation of a senior center, and historic preservation activities.



Figure 5-1
CDBG Allocations, FY 2012 and FY 2013

Program by Outcome and Objective	FY 2012		FY 2013	
		% of Total CDBG Allocation		% of Total CDBG Allocation
Public Service	\$10,500	2.9%	\$143,276	42.7%
Emergency Assistance	\$10,500	2.9%	\$50,302	15.0%
Homeownership Assistance	\$0	0.0%	\$92,974	27.7%
Capital Projects	\$282,200	77.1%	\$125,000	37.3%
B&O Train Station ADA and Rehab	\$50,000	13.7%	\$0	0.0%
Wells/Robertson House Improvements	\$15,000	4.1%	\$0	0.0%
Senior Center Renovation	\$217,200	59.4%	\$0	0.0%
Historic Preservation	\$0	0.0%	\$125,000	37.3%
Administration	\$73,176	20.0%	\$67,069	20.0%
Total	\$365,876	100.0%	\$335,345	100.0%

Source: FY 2012 Action Plan, FY 2013 Action Plan

B. Appointed Boards and Commissions

A community's sensitivity to fair housing issues is often determined by people in positions of public leadership. The perception of housing needs and the intensity of a community's commitment to housing related goals and objectives are often measured by board members, directorships, and the extent to which these individuals understand the organized framework of agencies, groups, and individuals involved in housing matters. The expansion of fair housing choice requires a team effort and public leadership.

i. Specific Boards and Commissions

Information on any relevant boards and commissions will be added upon receipt of information.

C. Building Codes

From a regulatory standpoint, local government measures to control land use (such as zoning regulations) define the range and density of housing resources that can be introduced in a community. Housing quality standards are enforced through the local building code and inspections procedures.

Federal law requires a certain percent of all public housing be accessible. These units fall under the Uniform Federal Accessibility Standards for accessible construction.

i. Public Housing Stock

Section 504 of the Rehabilitation Act of 1973 and 24 CFR Part 8 requires that a minimum 5% of all public housing units be accessible to persons with mobility impairments. Another 2% of public housing units must be accessible to persons with sensory impairments. In addition, an authority's administrative offices, application offices and other non-residential facilities must be accessible to persons with disabilities. The Uniform Federal Accessibility Standards (UFAS) is the standard against which residential and non-residential spaces are judged to be accessible.



Montgomery County Housing Opportunities Commission

According to interviews with representatives of the Montgomery County HOC, the previous Section 504 Needs Assessment and Transition Plan could not be located for this analysis. Such an assessment and plan would typically include the following:

- A survey of common areas and accessible units to ensure they meet standards
- A Needs Assessment to identify the number and type of units needed for the disabled population
- A Transition Plan to bring current units into compliance

Following approval of the plan, the Commission would be expected to allocate resources to correct any identified gaps in accessibility.



The Housing Opportunities Commission does not have a current, comprehensive analysis of its accessibility needs or a plan to address those needs.

The Commission has an obligation to maintain a percentage of its units as accessible for persons with disabilities. The Commission should undertake the completion of its Section 504 obligation in order to comply with this requirement.

ii. Private Housing Stock

Accessibility Standards

The Maryland Accessibility Code requires accessibility for persons with disabilities in certain new and rehabilitated residential and commercial property.⁹ In 2004, the Department of Justice certified that Maryland's state code met or exceeded federal standards for accessible design. The City of Gaithersburg has adopted the state Accessibility Code as well as the 2006 International Building Code. In its enforcement activity, the city aims to ensure that the accessibility requirements described on approved building plans are constructed properly. Recently, however, a building which was designed to be visitable was found to be inaccessible. Advocates have suggested that newly constructed buildings should be tested by a person with a disability before being issued an occupancy permit.

⁹ Department of Housing and Community Development: Building and Material Codes, Chapter 2. Article §2-111 and 3-103; Public Safety Article, §12-202; Annotated Code of Maryland





The city must ensure that all required accessibility features are constructed in new residential units.

Building officials must ensure that all new residential development accessibility requirements are constructed according to code regulations. One method to ensure a qualifying building is accessible is to have it tested by a person with a disability prior to the issuance of the occupancy permit.

Accessible Housing Stock

In interviews, area stakeholders noted that finding accessible units was particularly problematic in the city, and members from the Office of Human Rights pointed to an increase in the number of disability-related complaints received by their office. This indicates a need for an increase in both education concerning reasonable accommodation and the need for additional accessible and affordable units.

The city has used creative ways to increase the number of affordable units, such as with the MPDU program and the Housing Initiatives Fund. The city has the opportunity to improve accessibility to these units by requiring, at the least, that units be visitable. Enforcing visitability standards would allow persons with disabilities equal access to the apartments through minor changes to layout and design.



The city can improve accessibility of its housing stock by requiring that all units receiving public funds incorporate visitability design standards.

Any units constructed with public funds (regardless of source) should be required to meet visitability standards as a means of making the city's housing stock more accessible to persons with disabilities.

Reasonable Accommodation

In addition to interior accessibility issues, handicap parking complaints have risen. According to stakeholder interviews, members of condo associations have been reluctant to allow persons with disabilities to have a parking spot closer to their unit entrance as a reasonable accommodation. Additional education on accessibility and fair housing laws for condo associations is an important step the city should take to improve accessibility for residents.





Condominium associations may not fully understand their fair housing responsibilities as they relate to persons with disabilities.

Interviews with stakeholders revealed a need for additional training for condominium associations regarding their fair housing responsibilities. Specific complaints have involved the denial of reasonable accommodation requests concerning convenient locations for handicap parking spaces.

iii. Housing Quality Codes and Standards

The city presently has a rental inspection program. The program requires landlords to register their rental units and undergo bi-annual building inspections to ensure the units are safe and in compliance with local codes. A \$150 licensing fee assessed on each unit pays for the inspection program.

Such programs can often be a vehicle for requiring fair housing training as a component for landlords to obtain rental licenses while also upgrading and preserving affordable rental housing. This is a relatively easy method of expanding fair housing education as part of an existing process.



The city's existing rental inspection and licensing program provides a vehicle for fair housing training designed specifically for landlords.

Random paired testing as well as discussions with local stakeholders has revealed that additional education is needed for landlords. As part of the rental licensing program, the city should require landlords and property management agents to undergo fair housing training.

D. Language Access Plan for Persons with Limited English Proficiency

Limited English Proficiency

Persons with limited English proficiency (LEP) are defined by the federal government as persons who have a limited ability to read, write, speak or understand English. HUD issued its guidelines on how to address the needs of persons with LEP in January 2007. HUD uses the prevalence of persons with LEP to identify the potential for impediments to fair housing choice due to their inability to comprehend English. Persons with LEP may encounter obstacles to fair housing by virtue of language and cultural barriers within their new environment. To assist these individuals, it is important that a community recognizes their presence and the potential for discrimination, whether intentional or inadvertent, and establishes policies to eliminate barriers. It is also incumbent upon HUD entitlement communities to determine the need for language assistance and comply with Title VI of the Civil Rights Act of 1964.



Persons with LEP in Gaithersburg

As noted in the demographic section of this report, the number of LEP speakers of two foreign languages across Gaithersburg exceeds 1,000: Spanish-speakers and Chinese-speakers. While these two groups are the largest, stakeholders noted that many additional languages are spoken throughout the city. Within the Montgomery County Public Schools, for example, no less than 165 languages are spoken by students and their families with no fewer than 64 languages spoken at any given school.

Four-Factor Analysis

In Gaithersburg, Spanish-speaking and Chinese-speaking language groups each include more than 1,000 persons with LEP, exceeding HUD “safe harbor” minimums. In order to determine whether the translation of vital documents is required, the city must conduct the four-factor analysis. The term “vital document” refers generally to any publication that is needed to gain access to the benefits of a program or service. The four-factor analysis requires an evaluation of the need for translation and/or other accommodations based on four factors:

- The number or proportion of persons with LEP to be served or likely to be encountered by the program
- The frequency with which persons with LEP come into contact with the program
- The nature and importance of the program, activity or services provided by the program, and
- Resources available to the grantee vs. costs

Although there is no requirement to develop a Language Access Plan (LAP), units of local government are responsible for serving persons with LEP in accordance with Title VI of the Civil Rights Act of 1964. Conducting the four-factor analysis is the best way to comply with this requirement. At present, the City of Gaithersburg does not have a Language Access Plan.



The city does not presently have a Language Access Plan.

A Language Access Plan helps to identify the number of persons with limited English proficiency and addresses methods of improving access to city programs and services. The city must conduct a four-factor analysis to determine the need for translation of vital documents.

E. Zoning

Article 66B, *Land Use*, of the Annotated Code of Maryland sets forth the power and provisions for local jurisdictions to adopt zoning ordinances. The city’s zoning code was reviewed as part of this analysis to determine its consistency with the Fair Housing Act.

The analysis of zoning regulations was based on the following five topics raised in HUD’s Fair Housing Planning Guide, which include:

- The opportunity to develop various housing types (including apartments and housing at various densities)



- The opportunity to develop alternative designs (such as cluster developments, planned residential developments, inclusionary zoning and transit-oriented developments)
- Minimum lot size requirements
- Dispersal requirements and regulatory provisions for housing facilities for persons with disabilities (i.e. group homes) in single-family zoning districts
- Restrictions on the number of unrelated persons in dwelling units.

i. Date of Ordinance

Generally speaking, the older a zoning ordinance, the less effective it will be. Older zoning ordinances have not evolved to address changing land uses, lifestyles and demographics. However, the age of the zoning ordinance does not necessarily mean that the regulations impede housing choice by members of the protected classes, and newer ordinances have not necessarily been updated according to fair housing practices. Gaithersburg's zoning ordinance dates to the decades after World War II; however, the code has been updated consistently over the years. Certain sections have been amended as recently as January, 2013.

ii. Residential Zoning Districts and Permitted Dwelling Types

Number of Zoning Districts

The number of residential zoning districts is not as significant as the characteristics of each district, including permitted land uses, minimum lot sizes, and the range of permitted housing types. However, the number of residential zoning districts is indicative of the municipality's desire to promote and provide a diverse housing stock for different types of households at a wide range of income levels.

Restrictive forms of land use that exclude any particular form of housing, particularly multi-family housing, discourage the development of affordable housing. Allowing varied residential types reduces potential impediments to housing choice by members of the protected classes.

Gaithersburg's ordinance outlines eight residential districts as well as three commercial districts and a mixed use district in which a variety of residential uses are permitted. The categories include three strictly single-family residential districts, while the commercial districts and mixed-use districts allow for a variety of residential types.

Permitting Multi-Family Units

Of the eight residential districts, multi-family residences are allowed in four of the zones, while multi-family uses are permitted in all four of the mixed-use districts. In all cases, multi-family uses are permitted by right.

The Gaithersburg zoning code allows for multi-family developments in a substantial and meaningful portion of its zoning districts. Interviews with community stakeholders confirmed that there is little negative public reaction to multi-family development proposals. Many of the large, mixed-use developments in the community have substantial multi-family components, such as the Lakelands, Kentlands and the planned Crown Farms development.

An analysis of multi-family zoning districts in Gaithersburg confirmed that multi-family is a readily available permitted use in the city and is well-dispersed beyond racially or ethnically concentrated areas of poverty. Within racially/ethnically concentrated areas of poverty,



26.8% of the land area is zoned for districts within which multi-family uses are permitted by right. Within Gaithersburg as a whole, 41.6% of the land area is zoned for these same districts. This indicates a plentiful supply of multi-family zoned properties that are well-dispersed beyond RCAP/ECAPs.

The map on the following page illustrates the areas of the city in which multi-family is permitted by right.

Affordable Housing Set Aside

In a concerted effort to expand the affordable housing choice of residents in Gaithersburg, the city passed Ordinance Number 0-10-09, which established the Moderately Priced Dwelling Unit and Workforce Housing program. The ordinance, passed in 2006 and updated in 2009, requires all new for-sale or rental construction projects or redevelopment projects of 20 or more units to set-aside a total of 15% of the units as affordable to those earning between 50% and 120% of AMI. According to the calculation, half of those units must be moderately priced dwelling units (MPDUs) affordable to those earning between 50% and 80% of AMI, while the other half are work force housing units affordable to those earning between 80% and 120% AMI. All affordable housing units created through the program have a 30-year period of affordability. This program is especially significant in Gaithersburg where housing costs are high. It provides a mechanism by which the city can facilitate affordable housing in partnership with the private sector.

While the affordable housing set aside requirement has been in effect since 2006, the recession and housing crisis have significantly limited new development. Despite this slow down, 102 MPDUs have been built. All of these units have been constructed in RCAP/ECAPs. While current units have skewed entirely to RCAP/ECAPs, proposed units are significantly more dispersed. In total, 181 MPDUs have been proposed, and 174 of those have been proposed outside of RCAP/ECAPs. The majority of these proposed units are located in the Crown Farm development, a new mixed-use development in southeastern Gaithersburg. This area, outside of RCAP/ECAPs, will provide greater choice to those seeking affordable rental units within areas of opportunity.

Certain areas of the city are exempted from the affordable housing requirements. Specifically, Olde Towne Gaithersburg and the city's enterprise zones are exempted from the affordable housing set aside regulations. This exemption was enacted after it was determined by the city that there was a preponderance of affordable housing in Olde Towne, and an infusion of market-rate housing was necessary to revitalize the area. The city should consider a mechanism for continually evaluating areas for exclusion from the MPDU requirements. With major new developments in Olde Towne Gaithersburg, the market may change to the point that affordable housing set aside units would be appropriate.

Map 5-2 on a subsequent page illustrates the locations of the MPDUs within Gaithersburg.



Gaithersburg, Maryland

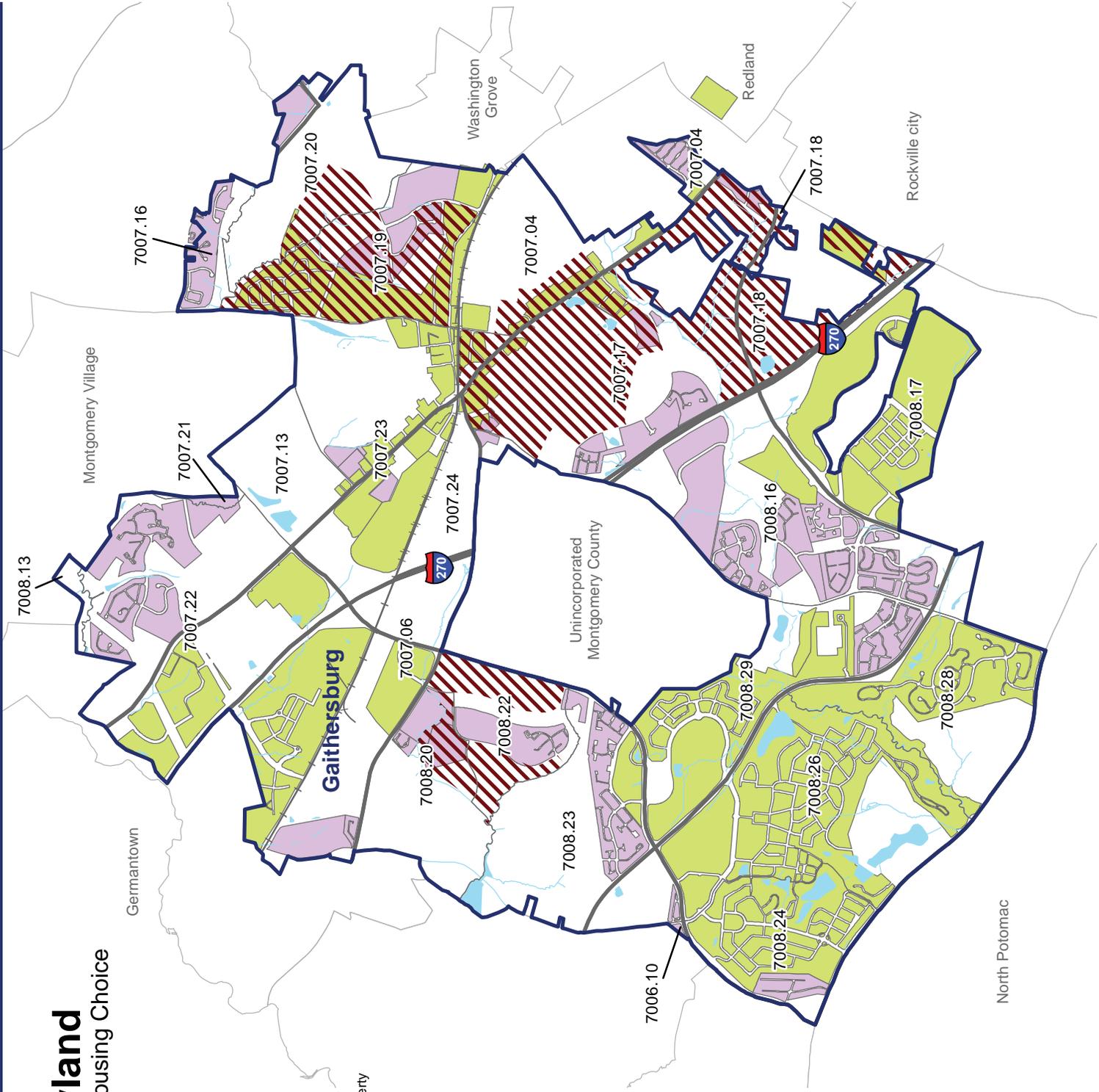
Analysis of Impediments to Fair Housing Choice

Map 5-1, Multi-Family Permitted Areas

Legend

-  Gaithersburg Boundaries
-  Rail
-  Major Roads
-  Rivers and Water Bodies
-  Racially/Ethnically Concentrated Areas of Poverty
-  Mixed Use Areas with MF Permitted
-  Residential Districts with MF Permitted

Source: City of Gaithersburg Zoning Map (2013)



Gaithersburg, Maryland

Analysis of Impediments to Fair Housing Choice

Map 5-2, Moderately Priced Dwelling Unit Properties

Legend

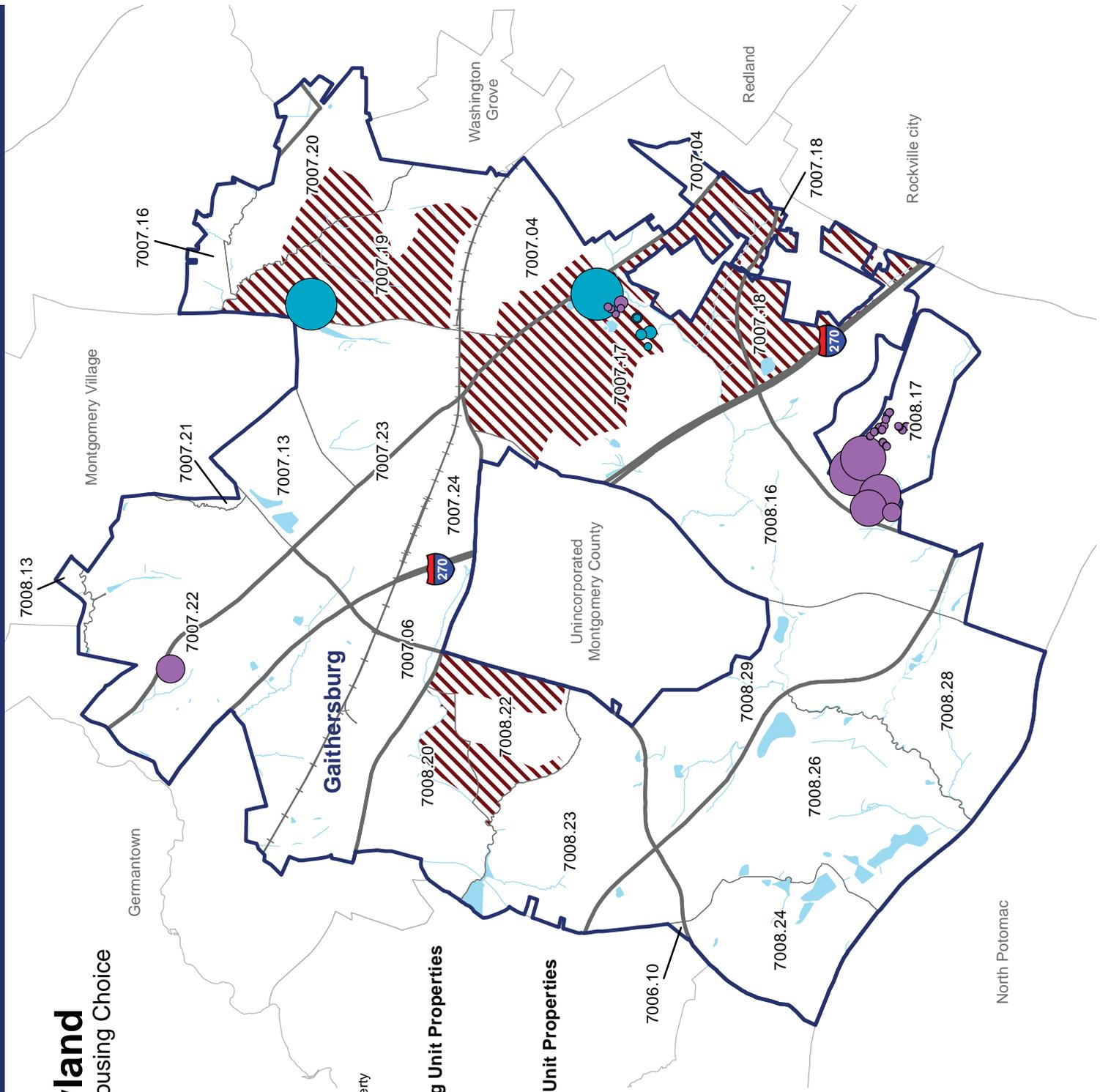
-  Gaithersburg Boundaries
-  Rail
-  Major Roads
-  Rivers and Water Bodies
-  Racially/Ethnically Concentrated Areas of Poverty

Proposed Moderately Priced Dwelling Unit Properties

-  1
-  5
-  10

Existing Moderately Priced Dwelling Unit Properties

-  1
-  5
-  10





A mechanism should be established to evaluate neighborhoods for inclusion in the city's MPDU ordinance.

Certain areas of the city are exempt from the moderately priced and workforce unit requirements. A mechanism for evaluating these neighborhoods for inclusion in the program should be established to ensure that affordable housing choice is available throughout Gaithersburg.

iii. Permitted Residential Lot Sizes

Because members of the protected classes are often also low-income households, a lack of affordable housing may impede housing choice by members of the protected classes. Excessively large lot sizes may deter development of affordable housing. A balance should be struck between areas with larger lots and those for smaller lots that will more easily support the creation of affordable housing. Finally, the cost of land is an important factor in assessing affordable housing opportunities. Although small lot sizes of 10,000 square feet or less may be permitted, if the cost to acquire such a lot is prohibitively expensive, then new affordable housing opportunities may be severely limited, if not non-existent.

Gaithersburg's zoning ordinance provides a wide range of residential districts ranging from high-density areas with extremely low minimum lot sizes to single-family districts with lots of at least 20,000 square feet. Many of the zoning districts have generous or no minimum lot size and allow traditional neighborhood development styles with greater densities. Despite these low minimums, the cost of land and its proximity to Washington, D.C. contribute to the high housing costs in Gaithersburg.



Despite small minimum lot sizes permitted in some zoning districts, the cost of housing development in Gaithersburg remains high.

Furthermore, there are few opportunities for new residential development as the city is mostly a built-out community.

iv. Alternative Design

Alternative designs are ways of laying out a site or housing development that are different from traditional, suburban-styled housing subdivisions. Alternative designs can include conservation development, in which the same number of homes are built on a single site, but are placed close together to leave room for a community park or to conserve natural resources. Multi-generational homes are another alternative design in which second, small homes are allowed on a site to provide a place for elderly residents to live in close proximity to family. Transit-oriented developments (TOD) include higher-density housing, retail, and



jobs clustered around major transit stations to encourage transit use and facilitate easier commutes to jobs and other regional amenities.

Traditional Neighborhood Development

Gaithersburg's ordinance contains a provision for Traditional Neighborhood Development (TND). Using this option allows developers flexibility in density, lot size, and building use while requiring more green space and a more pedestrian-friendly layout.

These types of walkable communities make living without a vehicle easier, especially when built in proximity to major transit stations or with frequent nearby transit service. This can reduce household costs and make living in these neighborhoods more affordable.

However, these districts can often include primarily higher-priced dwelling units. Gaithersburg's MPDU ordinance helps to reduce these pressures, but many homes in the TND neighborhoods (the Kentlands, etc.) remain largely unaffordable.

Accessory Dwelling Units

An additional design option available in Gaithersburg is the inclusion of accessory dwelling units. These units are detached, small homes, often intended for elderly residents to maintain independence while living in close proximity to family. It is a more affordable option for seniors.

Accessory dwelling units are permitted in six zoning districts but are limited to not more than two persons. This allows for a variety of family types to live in the neighborhood, including non-traditional families and multi-generational families.

Transit-Oriented Development

Transit-Oriented Developments (TOD) are mixed-use, walkable complexes located near transit stations. While not inherently affordable, these developments do have the potential for providing affordable housing that includes easy access to frequent transit service.

The Gaithersburg zoning code does not have an explicit TOD district; however, areas around the Gaithersburg MARC station are zoned for higher densities such as mixed-use and central business district designations. These types of uses provide de-facto transit-oriented development by allowing denser, more walkable areas. As planning and development of the major transit projects move forward, the city should examine its land use strategies to encourage higher-density uses in the nearby areas, especially uses which incorporate affordable housing components.

v. Definition of Family

Restrictive definitions of family may impede unrelated individuals from sharing a dwelling unit. Defining family broadly advances non-traditional families and supports the blending of families who may be living together for economic purposes. Restrictions in the definition of family typically cap the number of unrelated individuals that can live together. These restrictions can impede the development of group homes, effectively limiting housing choice for the disabled. However, in some cases, caps on unrelated individuals residing together may be warranted to avoid overcrowding, thus creating health and safety concerns.

In Gaithersburg, the city's zoning ordinance defines a family as any number of persons related by blood or marriage living together as a single entity. The ordinance caps the number of unrelated persons living together at five.



**The city’s zoning ordinance narrowly defines “family” as no more than five persons who are related by marriage or blood.**

The city should consider amending its definition to be more inclusive by defining “family as one or more persons living together and functioning as a single housekeeping unit.

vi. Regulations for Group Homes for Persons with Disabilities

Group homes for persons with disabilities are residential uses that do not adversely impact a community. Efforts should be made to ensure group homes can be easily accommodated throughout the community under the same standards as any other single-family residential dwelling use. Because a group home for persons with disabilities serves to provide a non-institutional experience for its occupants, imposing extraordinary conditions is contrary to the purpose of a group home. More importantly, the restrictions, unless executed against all residential uses in the zoning district, are an impediment to the siting of group homes and are inconsistent with the Fair Housing Act.

Group Home Regulations in Gaithersburg

Gaithersburg’s zoning code contains a number of group home categories including “care homes,” “group residential facilities,” “housing for the elderly or handicapped,” and “opiate addiction treatment facilities.” Each of these facilities has a slightly different purpose but all are covered under the Fair Housing Act.

In Gaithersburg, a “care home” is defined as a rest, nursing or convalescent home established to render care for chronic or convalescent patients. It is specifically not a home for care of “feeble-minded patients, epileptics, alcoholics, senile psychotics or drug addicts.” Care homes are not limited to a certain number of persons but are only permitted as special exemption uses in the MXD, C-2, RB and CB zones. None of these districts are strictly residential zones, and therefore these care homes are unnecessarily restricted from operating in residential neighborhoods.

The city defines “group residential facilities” as facilities offering residential accommodations, board, care and supervision in a family environment including for disabled or socially dependent persons. The city limits the number of residents to not more than six persons including a staff person. These facilities are not permitted uses in any zoning districts, but are special exception uses in the MXD, CBD, CD, RB, and CB districts. None of these districts are strictly residential zones, and therefore these care homes are unnecessarily restricted from operating in residential neighborhoods.

Gaithersburg defines “housing for the elderly or handicapped” uses as facilities containing housing, dining, recreational services, or therapy areas specifically restricted to the elderly or handicapped persons. The city does not limit these facilities to a certain number of persons in its definition. These facilities are poorly defined in the zoning code, being labeled as both permitted and special exception uses in the R-90 district and being discussed in the RP-T district without specifically listing them as either a permitted or special exception use. In both cases, this use is subjected to additional restrictions beyond what other uses in the districts are subjected to. In the R-90 zone, for instance, these uses are required to be located “sufficiently close” to shopping areas, public transportation and



community services. Neither the distances nor the uses are defined. Additionally, this use is restricted from existing single-family residential developments, from locating within 35 feet of any residential street, and requires a minimum of five acres for a development.

Finally, “opiate addiction treatment facilities” are only mentioned in the definition section of the zoning code and are not listed as a permitted or special exception use in any district defined in the city. As such, this use is effectively zoned out of the city.

It is important to note that the Fair Housing Act affords protections only to the protected classes, such as persons with disabilities. Some of the above uses describe groups that are not protected by the Fair Housing Act as a whole but may include persons with disabilities. As the purpose of group homes is community integration, the restriction of all of these uses from residential areas is counter to the purpose of the facility and is inconsistent with the Fair Housing Act as it relates to persons with disabilities. In addition, requiring these uses to attain a special exemption and to develop according to additional standards are also inconsistent with the Fair Housing Act.

The city should simplify and update its zoning code as it relates to persons with disabilities and group homes. The city should adopt a definition for “persons with disabilities” that states “as defined by the Fair Housing Act.” This definition is inclusive of any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment. Finally, simplifying the definition in the city’s zoning ordinance would eliminate obsolete and offensive terms such as “feeble-minded patients.”



Gaithersburg’s zoning code places additional restrictions on group homes for persons with disabilities.

To remove the restrictive regulations on group homes for persons with disabilities, the city should amend its zoning ordinance to regulate all group homes for persons with disabilities, as defined in the Fair Housing Act, in the same manner as single-family dwelling units.

F. Comprehensive Planning

A community’s Comprehensive Plan is a statement of policies relative to new development and preservation of existing assets. The policies put forward in the plan will define the steps that local leaders will take to guide growth in the city. The land use recommendations define the location, type and character of future development, expressing the preferred density and intensity of existing and planned residential neighborhoods in the city. Taken together, these elements outline a vision for where people will live, how they will get around and the types of employment and recreational opportunities that will be available.

i. 2009 Gaithersburg Master Plan

The *2009 Gaithersburg Master Plan* is the city’s latest guide for development. The plan consists of a variety of elements that are updated individually and over time. Various



elements are identical to the *2003 Gaithersburg Master Plan* with the Land Use, Transportation and Water Resources elements most recently updated.

The plan consists of eight elements that each include visions, goals and policies to address a specific topic. The master plan elements are:

- Land Use
- Transportation
- Sensitive Areas (Environmental)
- Community Facilities
- Water Resources
- Municipal Growth
- Historic Preservation
- Parks and Recreation

For the purposes of fair housing, the Land Use, Transportation, Municipal Growth and Historic Preservation elements are the most critical because they relate either directly to fair housing or are indirect determinants of housing choice for members of the protected classes.

Land Use

Land use is one of the most critical parts of a comprehensive plan and is integral to the fair housing analysis because it determines where various housing types can be built and to what extent more affordable housing designs are dispersed throughout the community.

The Master Plan includes a variety of land use-related goals that are critical to fair housing choice. They include the following:

- Offer a wide range of housing types, preferably in a mixed-use setting
- Adhere to the tenets of New Urbanism and Smart Growth
- Ensure that the current and future housing stock allows residents to remain in the city even as financial, employment and familial situations change
- Consider approval of higher densities near activity centers
- Consider approval of multi-family dwellings to encourage redevelopment of dilapidated properties

These strategies will encourage uses that are located in close proximity, allowing people to reduce transportation costs. They will also encourage more affordable types of developments such as multi-family dwellings.

The Plan and Fair Housing

The Gaithersburg plan does not specifically address possible fair housing concerns; however, it does address affordability issues, which are critical to the expansion of choice among members of the protected classes.

First and foremost, the plan plainly advocates for a range of housing types from single-family to townhouses to multi-family and mixed-use buildings. These various housing types allow families of different sizes and income ranges access to the housing types they need. Additionally, the plan advocates mixing housing types in the same neighborhood. By allowing and encouraging single-family homes next to multi-family units, the plan grants access to the same neighborhood for renters and home owners of all household types.



Secondly, the plan calls for walkable and transit-oriented development. Despite the mixing of various housing types, affordability remains an issue in Gaithersburg, and one option for decreasing household costs is to decrease transportation costs. By creating communities that are more accessible on foot, by bike, or via public transit, households can reduce car use and save money. Similarly, building communities near shopping centers or major transit stations allows households to undertake daily errands without the use of a vehicle. This can make living in Gaithersburg a more affordable prospect for families despite the high housing costs.

Finally, while the plan takes positive and proactive steps to encourage a variety of housing types, it also encourages the redevelopment of underutilized or “functionally obsolete” housing units such as older existing apartment communities. According to interviews with stakeholders, these apartment complexes are some of the few remaining affordable housing options in the city. Many of them have already been demolished to be reconstructed as large, luxury apartment buildings. This has resulted in a reduction of the number of affordable units in the city. The Master Plan should consider this factor and recommend the preservation of aging complexes rather than replacing them with luxury units.



Privately owned affordable apartments are being demolished or converted into luxury units.

With little developable land available, redevelopment of existing structures is a common approach for creating new rental housing in Gaithersburg. In most cases, however, the structures being demolished are older units that comprise some of the city’s affordable housing stock.

ii. State of Maryland’s “Smart, Green, and Growing” Visions

The Master Plan conforms with the State of Maryland’s 12 planning visions, many of which are especially pertinent to fair housing, including calls for the following:

- A range of housing densities, types, and sizes providing residential options for citizens of all ages and incomes
- Growth is concentrated in existing population and business centers, growth areas adjacent to these centers, or strategically selected new centers
- Compact, mixed-use, walkable design consistent with existing community character, located near available or planned transit options is encouraged to ensure efficient use of land and transportation resources and preservation and enhancement of natural systems, open spaces, recreational areas, and historical, cultural, and archeological resources
- A well-maintained, multimodal transportation system facilitates the safe, convenient, affordable, and efficient movement of people, goods, and services within and between population and business centers

The City of Gaithersburg breaks down these goals into individual actions and strategies such as utilizing mixed-use housing to create walkable communities, focusing on the tenets



of New Urbanism, maintaining affordability, and encouraging density near major activity centers. All of these policies are consistent with fair housing principles which seek to create a variety of communities available to all members of a community.

G. Public Housing

The Montgomery County Housing Opportunities Commission (HOC) manages both traditional public housing and the Section 8 Housing Choice Voucher program for the entire county including the City of Gaithersburg. The HOC also owns and operates a variety of other housing units including Neighborhood Stabilization Program units and MPDUs.

i. Public Housing

As the primary provider of affordable housing in the city, HOC was involved in the AI process. Its policies and procedures were reviewed to determine if HOC affirmatively furthers fair housing, and what practical steps it could take to improve its fair housing initiatives.

a. Housing and Population

Housing Inventory

HOC owns and manages a total of 1,478 units of public housing including 664 scattered site units. The HOC also owns and operates 557 affordable, non-public housing units including tax credit units, Neighborhood Stabilization Program units, and MPDUs.

While HOC has an extensive portfolio of housing in the county, there are no public housing sites located within the City of Gaithersburg. There are, however, eight scattered site properties within the city totaling 16 bedrooms.

The map on the following page displays the locations of these scattered site properties. None of the scattered site properties are located in RCAP/ECAPs.

Public Housing Population

Of the 1,398 households residing in HOC's communities in 2013, 43.9% were families with children and 54.9% were individuals/families with disabilities. The majority of households (56.6%) were Black; Whites represented 27.4% of tenant households and Asians represented 15.6%. Hispanic residents were not counted separately. A majority (54.9%) of all households living in public housing included at least one elderly family member.

Minorities are overrepresented in public housing. While Blacks accounted for 17% of all county households, they accounted for 56.6% of all tenant households.

Figure 5-2 details the demographics of Montgomery County's public housing residents.



Gaithersburg, Maryland

Analysis of Impediments to Fair Housing Choice

Map 5-3, HOC Scattered Site Properties

Legend

-  Gaithersburg Boundaries
-  Rail
-  Major Roads
-  Rivers and Water Bodies
-  Racially/Ethnically Concentrated Areas of Poverty
-  Scattered Site Properties

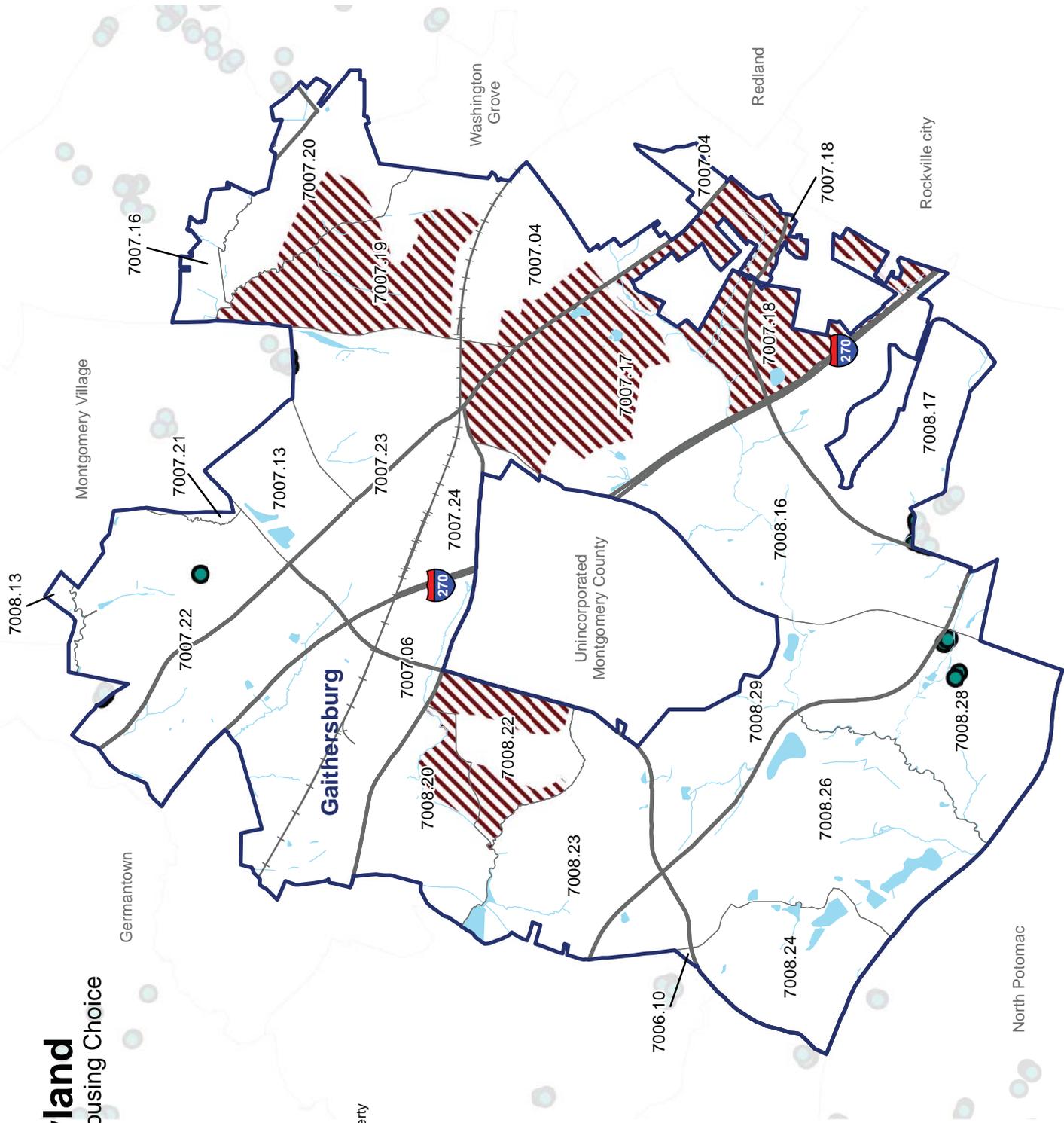


Figure 5-2
Characteristics of Current Public Housing Residents, 2013

Montgomery County Housing Opportunities Commission		
Total households	1,398	100.0%
Income level		
Extremely low income (30% or less of AMI)	1,090	78.0%
Very low income (30.1% to 50% of AMI)	238	17.0%
Low income (50.1% to 80% of AMI)	42	3.0%
Household type*		
Families with children	614	43.9%
Elderly	767	54.9%
Member with a disability	304	21.7%
Race and ethnicity		
Black	791	56.6%
White	383	27.4%
Asian	218	15.6%
All Other	6	0.4%
Characteristics by bedroom size		
0 Bedroom	40	2.9%
1 Bedroom	479	34.3%
2 Bedroom	265	19.0%
3 Bedroom	511	36.6%
4 Bedroom	101	7.2%
5+ Bedroom	2	0.1%

* Categories are not mutually exclusive.

Note: Totals do not match due to inavailability of some data for some applicants or residents.

Source: Montgomery County Housing Opportunities Commission

Public Housing Wait List

HOC maintains a wait list of 30,785 families for public housing. Of these, 78.8% are Black households and 15.7% are White households. Families with children represent 55.5% of the wait list while families with disabilities account for 22.2%. Families with an elderly member account for 8.4% of the total wait list.

Minorities are overrepresented on the public housing wait list. Similar to the demographics of current public housing residents, Black households are overrepresented on the wait list by an even larger margin.

The characteristics of the public housing wait list are detailed in Figure 5-3.



Figure 5-3
 Characteristics of the Public Housing Wait List, 2013

Montgomery County Housing Opportunities Commission		
Total households	30,785	100.0%
Income level		
Extremely low income (30% or less of AMI)	22,750	73.9%
Household type		
Families with children	17,086	55.5%
Elderly	2,595	8.4%
Member with a disability	6,824	22.2%
Race and ethnicity *		
Black	24,254	78.8%
White	4,823	15.7%
Asian	1,247	4.1%
All Other	461	1.5%
Number of Bedrooms		
0 Bedrooms	1,026	3.3%
1 Bedroom	12,662	41.1%
2 Bedrooms	12,216	39.7%
3 Bedrooms	4,180	13.6%
4 Bedrooms	599	1.9%
5+ Bedrooms	102	0.3%

* Percent a reflection of those who identified their race when applying.

Note: Totals do not match due to inavailability of some data for some applicants or residents.

Source: Montgomery County Housing Opportunities Commission



Black households are disproportionately represented in public housing and on the public housing wait list.

Black households represent 17% of county households; however, 56.6% of all public housing households and 78.8% of applicant households are Black.

b. Section 504 Needs Assessment

Section 504 of the Rehabilitation Act of 1973 and 24 CFR Part 8 require that 5% of all public housing units be accessible to persons with mobility impairments. Another 2% of public housing units must be accessible to persons with sensory impairments. In addition, a PHA's administrative offices, applicant offices and other non-residential facilities must be accessible to persons with disabilities. The Uniform Federal Accessibility Standards (UFAS) is the standard against which residential and non-residential spaces are judged to be accessible.

The regulations at 24 CFR 8.26 and HUD PIH Notice 2002-1 describe the obligation of PHAs to provide UFAS-accessible units at each project site and in a sufficient range of



bedroom sizes. The intent of requiring the distribution of UFAS-accessible units in a variety of bedroom sizes is to expand housing choice for people with disabilities.

Current Accessibility Profile

During interviews with representatives of the HOC, it was noted that the Commission had a Section 504 Needs Assessment and Transition Plan; however, it could not be located and was possibly out-of-date. As a result, there is no accessibility profile of the HOC's units.

Despite the lack of a Section 504 Needs Assessment and Transition Plan, the HOC does have one project that is reserved for the disabled and elderly. The Holly Hall Apartments contain 94 units that are a mixture of one- and two-bedroom configurations. The apartments, however, are located in Silver Spring, Maryland.



The HOC lacks a current Section 504 Needs Assessment and Transition Plan.

Without a current assessment and plan, the HOC cannot determine if it is providing an adequate supply of accessible units to its residents.

c. Public Housing Admission and Continued Occupancy Plan (ACOP)

The ACOP is the Commission's written statement of policies used to carry out its public housing program in accordance with federal law and regulations.

Non-Discrimination Policy

HOC's non-discrimination policy can be found in Section 1.0 of the ACOP. Compliance is pledged with all federal civil rights laws that protect public housing applicants and residents with equal treatment in all HOC programs and services. The ACOP states that the HOC does not discriminate on the basis of race, color, religion, ancestry, sex, age, national origin, marital status, handicap, familial status, or sexual orientation. The organization's policy also states that each applicant will have available fair housing information and discrimination complaint forms at the time of application.

Reasonable Accommodation Policy

Section 2.0 sets forth HOC's reasonable accommodation policy. Participants with a disability must request an accommodation in order to be treated differently than other non-disabled persons. In order to be considered as a person with a disability, the applicant or resident must certify that they meet the ADA definition of disability.

Requests for reasonable accommodation from persons with a disability will be granted upon verification that they meet the need presented by the disability, that the accommodation will not require significant difficulty or expense, that it is related to the disability, and that it does not materially violate essential lease terms.



Services for Persons with Limited English Proficiency

Section 2.0 of the ACOP outlines HOC's policy on services for non-English speaking applicants and residents. The current policy states that, wherever feasible, the Commission will train and hire bilingual staff to act as translators or will work with county offices to access translators or interpreters for non-English speaking persons or families.

Qualifications for Applying

To be eligible for public housing, applicants must meet five eligibility requirements:

- Must qualify as a family
- Must have an income within the limits established
- Must meet citizenship/eligible immigrant criteria
- Must provide documentation of Social Security numbers
- Must sign consent authorization documents

Section 8 of the ACOP describes eligibility requirements in more detail. Of significance is HOC's definition of a family, which is "a group of people related by blood, marriage, adoption or affinity that live together in a stable family relationship." They specifically include, though do not limit families to those with or without children—including children in the process of being adopted—elderly families, near-elderly families, disabled families, displaced families, and single persons.

A family is eligible for assistance if at least one family member is a citizen or eligible immigrant. Families that include eligible and ineligible individuals are referred to as mixed families. Such families will be given notice that their income-based assistance will be pro-rated based on the number of eligible members and that they may request a hearing if they contest this determination.

In addition, applicants must be able to pay rent; use facilities in a reasonable way; not create health or safety hazards; not interfere with the rights of others; not have a history of criminal activity that would adversely affect the health, safety, or welfare of other tenants; and are not registered sex offenders, among other requirements.

Wait List Preferences

Section 10 of the ACOP establishes the wait list preference for applicants. The Authority uses the following admission preferences:

- Date and time of application
- Preference for families who live, work, or have been hired to work in Montgomery County

In addition to these two preferences, families who are elderly, disabled, or displaced will be offered housing before other single persons. Preference also will be given to the elderly, disabled and near-elderly families in buildings designated for such needs. Finally, accessible units will be first offered to families who may benefit from the accessible features.

It is the policy of HOC not to merge the wait lists for the Public Housing Program and the Housing Choice Voucher Program. However, if the Housing Choice Voucher Program wait list is open when an applicant applies for the Public Housing Program, HOC must offer to place the family on both lists. Likewise, if the Public Housing



Program wait list is open at the time an applicant applies for the Housing Choice Voucher Program, HOC must offer to place the family on both lists.

HOC specifically does not ask for disability status on its wait list application. According to interviews with local stakeholders, this has led to accessible units being occupied by able-bodied households because there is insufficient data on disabled applicants. To ensure that accessible units are occupied by those in need of such a unit, the Commission should ask for disability status on its application.

According to interviews with HOC representatives, the Commission is beginning the process of updating its wait list policies to create a more nimble, smaller wait list that will give applicants a better understanding of when they may expect to receive housing. The new wait list will be limited to a smaller number of applicants through a lottery process, and the list will be updated more frequently. The aim is to be more responsive to needs of residents and applicants. Additionally, the new wait list would remain open for persons with disabilities or the elderly.



HOC is not asking for disability status on its application, limiting the ability of the Commission to match accessible units with applicants requiring accessibility features.

The Commission is planning to update its wait list to create a more manageable system and to better meet the needs of residents. As part of its update, the Commission should create a wait list exclusively for applicants with disabilities.

Income Targeting

Sections 10.3 and 10.4 of the ACOP outline HOC's income targeting policy. HOC will monitor its admissions to ensure that at least 40% of applicants admitted to public housing have incomes of less than 30% of the median household income. The Authority, in conjunction with its requirement to target at least 40% of new admissions to extremely low-income families, will admit higher income families to lower income developments by skipping families on the wait list for deconcentration purposes. It will uniformly apply this methodology to all families.

Additionally, the ACOP states that housing will be affirmatively marketed to eligible income groups and lower income residents will not be steered toward lower income developments just as higher income people will not be steered toward higher income developments.

Finally, the HOC may use flat rents to encourage higher-income eligible residents to lease or remain in a public housing unit.

Integration Policy

The ACOP does not include an integration policy. Often these policies will describe efforts to affirmatively further fair housing to reduce racial and national origin concentrations by not assigning persons to a particular section of a community based on protected class status.





The ACOP does not include a specific integration policy.

The ACOP should be updated to include a process for reducing concentrations of racial or ethnic groups within the same public housing development.

Unit Offers

Sections 10.6 and 10.7 of the ACOP describe how the HOC plans to make unit offers while assuring non-discrimination. Each family will be offered two units. After viewing the second unit, the family will have 48 hours to accept or reject the unit. Should the family reject the second unit without good cause, they will be removed from the wait list and may reapply at a later date.

If a family rejects with good cause any unit offered, they will not lose their place on the wait list. Good cause includes reasons related to health, proximity to work, school, and childcare.

Pet Policy

Section 18 defines HOC's pet policies. The policy specifically states that animals used to assist persons with disabilities are exempt from the pet policy. An assistive animal is allowed in all public housing facilities with no restrictions other than those imposed on all tenants to maintain their units and associated facilities in a decent, safe, and sanitary manner and to refrain from disturbing their neighbors.

Grievance Policy

The grievance policy is referenced in the ACOP in numerous places. This policy establishes a procedure for residents to present grievances to the HOC and sets appropriate timelines for these processes.

ii. Section 8 Housing Choice Voucher Program

In addition to public housing, HOC is the administrator of the Section 8 Housing Choice Voucher program for the county. As of September, 2013, there were 6,140 Section 8 voucher holders in the program.

a. Housing and Population

Using a Section 8 Voucher

When a new applicant is provided with a voucher, they are given 90 days to secure private rental housing. HOC will extend the term an additional 60 days should the family be unable to secure housing due to extenuating circumstances such as a family emergency or inability to find accessible units. The HOC will also extend the term if the family shows they have made a reasonable effort to locate a unit, including seeking the assistance of the HOC, throughout the initial 90-day period.



HOC will extend the term up to 150 days from the initial provision of the voucher if the family needs and requests an extension as a reasonable accommodation to make the program accessible to and usable by a family member with a disability.

Section 8 Households

Of the 6,140 Section 8 voucher holders in HOC’s jurisdiction, 47.6% were families with children and 32.1% were individuals/families with disabilities. The majority of households (68.4%) were Black, and Whites represented 26.3% of tenant households. Hispanics were not counted independently of race. Similar to public housing, Black households were vastly over-represented families with Section 8 voucher holders.

Figure 5-4 details the demographics of Montgomery County’s Section 8 voucher holders.

Figure 5-4
Characteristics of Current Section 8 Voucher Holders, 2013

Montgomery County Housing Opportunities Commission		
Total households	6,140	100.0%
Income level		
Extremely low income (30% or less of AMI)	4,835	78.7%
Very low income (30.1% to 50% of AMI)	902	14.7%
Low income (50.1% to 80% of AMI)	137	2.2%
Household type*		
Families with children	2,920	47.6%
Elderly	1,273	20.7%
Member with a disability	1,969	32.1%
Race and ethnicity		
Black	4,201	68.4%
White	1,613	26.3%
Asian	284	4.6%
All Other	58	0.9%
Characteristics by bedroom size		
0 Bedroom	54	0.9%
1 Bedroom	2,296	37.4%
2 Bedroom	2,026	33.0%
3 Bedroom	1,399	22.8%
4 Bedroom	284	4.6%
5+ Bedroom	64	1.0%

* Categories are not mutually exclusive.

Note: Totals do not match due to inavailability of some data for some applicants or residents.

Source: Montgomery County Housing Opportunities Commission



**Minorities are overrepresented in both public housing and the Section 8 voucher program.**

While Black households represent 17% of all county households, 56.6% of public housing households and 68.4% of Section 8 voucher holder households are Black.

Finding Housing with a Section 8 Voucher

In order for Section 8 voucher holders to find decent, affordable private rental housing units, there must be an adequate supply of such units throughout Gaithersburg and Montgomery County. HOC's Section 8 Admin Plan states that the Commission maintains a list of interested landlords and available units that is updated quarterly. In addition, the staff initiates personal contact with private property owners and managers to encourage active participation in the program.

According to the Admin Plan, families are encouraged to search for housing in non-impacted areas (i.e., outside of RCAP/ECAPs), and the Commission will provide assistance to families wishing to do so. This assistance includes providing families with a search record form, direct contact with landlords, family counseling, information about services in non-impacted areas, meetings with neighborhood groups to promote understanding, discussions with landlords and social service agencies, and meetings with rental referral companies.

The Commission pays up to 95% of the HUD fair market rent (FMR) payment standard throughout the county. This standard was set in response to limited funding from HUD for the county's Section 8 program. In order to serve as many families as possible, the payment standard is deliberately set below the HUD FMR. The Commission noted in interviews that such a low payment standard could re-establish pockets of poverty within the county as those using vouchers are increasingly contained to areas where rents are already low.

**As HOC payment standards decrease, voucher holders will increasingly be limited to areas where housing costs are lower.**

In many cases, these areas are also RCAPs/ECAPs.

HOC reported that, generally, applicants are able to find housing with their voucher and that only a few are returned to the HOC due to the inability to secure private rental housing. While few vouchers are returned, specific groups are often the most difficult to house including persons with disabilities and homeless families. In addition, while source of income protections may stop landlords from refusing vouchers outright, families often will not qualify to live in a unit because of criminal history or bad credit.





Poor credit and criminal history often keep applicants from securing housing with a Section 8 Voucher.

While source of income is protected by statute, applicants can still be denied an apartment because of bad credit or criminal history.

Section 8 Voucher Wait List

HOC maintains a wait list of families seeking Section 8 tenant-based assistance. The wait list was last opened in 2008, and 15,000 names remained on the list by 2013. Approximately 360 vouchers become available during a year, meaning the current wait list would not be spent for more than 40 years.

Because of the extended period of time families could be on the wait list, the Commission is seeking to update its system to limit the number of people on the wait list and provide a more realistic timeframe on when they may be able to secure housing. To accomplish this, the Commission plans to reopen its wait list and use a lottery system to keep the number of persons on the list at a reasonable level. Those not selected during the lottery would then be informed that they are not on the wait list. Such a system would allow the list to be opened more frequently and be kept more current. In addition, the Commission plans to create separate lists for the elderly and persons with disabilities that would be kept open permanently to serve the needs of these special needs groups.

Figure 5-5
Characteristics of Section 8 Wait List, 2013

Section 8 Wait List		
Total households	15,592	100.0%
Income level		
Extremely low income (30% or less of AMI)	11,569	74.2%
Very low income (30.1% to 50% of AMI)	3,508	22.5%
Low income (50.1% to 80% of AMI)	n/a	-
Household type*		
Families with children	9,976	64.0%
Elderly	1,464	9.4%
Member with a disability	3,403	21.8%
Race and ethnicity		
Black	12,060	77.3%
White	2,721	17.5%
Asian	581	3.7%
All Other	229	1.5%

* Categories are not mutually exclusive.

Note: Totals do not match due to inavailability of some data for some applicants or residents.

Source: Montgomery County Housing Opportunities Commission



b. Section 8 Administrative Plan

The Section 8 Housing Choice Voucher Administrative Plan outlines policies used to govern the administration of the Section 8 Housing Choice Voucher Program in Montgomery County.

Anti-Discrimination Policy

Chapter 1(g) of the Section 8 Admin Plan states HOC's anti-discrimination policy. According to the plan, HOC shall not deny any family or individual the equal opportunity to apply for or receive assistance on the basis of race, color, sex, religion, creed, national or ethnic origin, age, familial or marital status, handicap or disability or sexual orientation. As a matter of policy, civil rights and fair housing information is provided to clients during the family briefing session and as part of the voucher holder's briefing packet. Fair housing counseling services and referrals are also provided.

All housing staff attend one or two trainings per year, including fair housing training, and all new employees, at a minimum, are trained in fair housing. In interviews with HOC, it was noted that any fair housing complaint received is forwarded to the Montgomery County Office of Human Rights.

Reasonable Accommodation Policy

HOC's policy relative to reasonable accommodation is outlined in Chapter 1(h). Participants with a disability must request an accommodation in order to be treated differently than persons with disabilities. In order to be considered as a person with a disability, the applicant or resident must certify that they meet the ADA definition of disability. HOC requires written verification from a professional third party that the person needs the specific accommodation due to their disability.

As stated in Chapter 1(h), all persons who wish to apply for any of HOC's programs may request an accessible format as a reasonable accommodation. All Commission mailings will be made available in such formats upon request.

Chapter 1(i) of the Admin Plan outlines HOC's policy on the translation of documents and interpreters for persons with limited English proficiency (LEP). According to the policy, the Commission has Spanish-speaking staff to assist in the translation of documents and services. For other languages, the Admin Plan states that translations of documents will be undertaken based on the number of applicants who speak the language, the estimated cost of translation services, the availability of local organizations to provide translation services, and the ability of staff to provide translation services.

Definition of a Family

To be eligible to receive a Section 8 Housing Choice Voucher, an applicant must qualify as a family. The Admin Plan defines a family as a single person or group of persons with or without children. A group of persons consisting of two or more elderly or disabled persons living together also constitutes a family. A family also includes two or more persons who intend to share residency, whose income and resources are available to meet the family's needs, and who have a history as a family unit or show evidence of a stable family relationship.

Wait List

The maintenance of the Section 8 wait list is outlined in Chapter 4. HOC has a separate wait list for their tenant-based and project-based vouchers with separate preferences for each. Project-based vouchers are issued based on family size in accordance with



occupancy standards. HOC uses the following local preference system for both tenant-based and project-based vouchers:

- Families displaced as a result of a redevelopment project or a change in the nature of a project that is part of the county plan for maintaining affordable housing. A signed certification from the County Executive's office is required for this preference.
- Families who are current residents of HOC's properties but that are presently overhoused.
- Residency preference for families who live, work, or have a bona fide offer to work in the county (applies only to the project-based wait list).
- HUD-funded 2006 Mainstream Disabled program.

In addition, the Section 8 Admin Plan states that targeted funding programs such as VASH vouchers, which are specifically meant for veterans, would give preference to the target group.

If needed, HOC will skip higher-income families on the wait list to grant vouchers to extremely low-income families to meet the minimum requirement that 75% of new admissions are extremely low-income.

Encouraging Locations outside RCAP/ECAPs

Chapter 8(c) describes HOC's policy about encouraging participation outside of areas of LMI or minority concentration. The policy states that families are encouraged to search for housing outside of racially/ethnically concentrated areas of poverty during the family briefings and that HOC will provide assistance to families who wish to do so. HOC provides direct contact with landlords, family counseling, information about services in non-impacted areas, meetings with neighborhood groups, formal and informal discussions with landlord groups, formal or information discussions with social service agencies, meetings with rental referral companies, and meetings with fair housing groups. Additionally, the Commission maintains a list of areas of poverty and minority concentration to encourage voucher-holders to seek housing outside of these areas.

Complaints and Appeals

Chapter 19 of the Admin Plan establishes a process for applicants to present complaints and appeal decisions of the Commission. HOC must provide applicants with the opportunity for an informal review of decisions denying:

- Qualification for preference
- Listing on HOC's wait list
- Issuance of a voucher
- Participation in the program

A request for an informal review must be received in writing by the close of the business day, no later than 10 days from the date of HOC's notification of denial of assistance. The review will be scheduled within 30 days from the date the request is received.

c. Language Access Plan

According to current policies related to persons with LEP, the Commission says it will take reasonable steps to maintain verbal contact with applicants and residents. Presently, HOC has bilingual staff who are capable of translating documents into



Spanish. Additionally, numerous documents have been translated into Spanish. For any future documents, the Commission states it will take into account the following factors when considering translations:

- Number of applicants and participants in the jurisdiction who do not speak English and speak a specific language
- Estimated cost to the Commission for the translation
- The availability of local organizations to provide translation services to non-English speaking families
- The availability of bilingual staff to provide translation for non-English speaking families

While these steps are appropriate and should be considerations taken into account as part of a Language Access Plan (LAP), no such formal plan exists. An LAP is a document describing steps to ensure persons with LEP have meaningful access to agency operated housing assistance and social service programs. According to guidance from HUD, forming an LAP is the best way to show compliance with the requirement to make programs accessible to persons with LEP.

The LAP will determine what language assistance is necessary for the community. Persons with LEP may be entitled to free language assistance with respect to a HOC program, benefit, or right. This includes translation services of written messages and interpretation services of oral or spoken messages. In order to determine what language services are needed, HOC must conduct the four-factor analysis. This analysis evaluates the need for translation and/or other accommodations based on the following four factors:

- The number or proportion of persons with LEP to be served or likely to be encountered by the program
- The frequency with which persons with LEP come into contact with the program
- The nature and importance of the program, activity or services provided by the program, and
- Resources available to the grantee vs. costs



The Housing Opportunities Commission does not have a formal Language Access Plan.

A Language Access Plan identifies the number of persons with limited English proficiency and addresses methods of improving access to HOC programs and services.

iii. Privately Assisted Housing and HUD Subsidized Housing

Types of Privately Assisted Housing

In addition to the private housing market, there is a substantial privately owned assisted housing inventory in Gaithersburg. Privately assisted housing is privately owned but

Gaithersburg, Maryland



affordable due to the funding source used to develop the housing units. This type of subsidized housing differs from public housing that is owned by a government entity. Eligible resident households typically include those who are elderly (either 55 or 62 years of age or older), low and moderate income (80% of median income or less), or persons with disabilities. Financing for these affordable units typically comes from state and federal sources such as the Low-income Housing Tax Credit Program (LIHTC); the U.S. Department of Agriculture’s Section 515 Program; HUD’s Section 202 (elderly), Section 811 (disabled), Section 236 and Section 221(d) (family) Programs.

Assisted Housing in Gaithersburg

Notably, there are no public housing complexes in the City of Gaithersburg. There are a variety of privately assisted units, scattered site units owned by HOC, and affordable housing created as part of the city’s MPDU program.

Much of the publicly and privately assisted housing is dispersed throughout the community with the exception of the Lakelands and Kentlands areas in the southwest area of the city. These areas include no assisted housing and were noted in the demographic analysis as having some of the highest indicators of quality of life and population growth. While the city has done well to distribute the location of assisted housing outside of racially or ethnically concentrated areas of poverty, it has not reached the entirety of the city.

There are also very few assisted housing units in Gaithersburg. While there are no HOC public housing complexes, there are eight scattered sites located within the city’s boundaries that will be converted to privately assisted housing, according to the HOC. This indicates the continued need for the city’s MPDU program and additional steps to expand the number of affordable units in Gaithersburg.



Low-income families have few subsidized or market-rate affordable housing options.

The City of Gaithersburg has approximately 423 units of subsidized, affordable units for a total population of 59,933 in 2010.

Figure 5-6
Privately Assisted and HUD-Subsidized Housing, 2008

Development	Total Units	Total Number of Residents
Montgomery Club VI	109	233
Forest Oak Towers	175	204
Esperance Homes	12	N/A
Montgomery Housing Inc.	9	N/A
Highland Square Apartments	47	N/A
Hidden Creek Apartments	45	N/A
Amber Commons Apartments	10	N/A
HOC Scattered Sites (8)	16	N/A
Total Units	423	437

Source: Policymap.com



iv. Federal Sequestration and Affordable Housing

The Budget Control Act

The Budget Control Act, more commonly referred to as the sequester, is a law passed on August 2, 2011 meant to spur government action to control deficits and debt. Following congressional inaction, a series of drastic cuts to federal programs began, including cuts to HUD's affordable housing programs such as Section 8.

Effects on Affordable Housing

The effects of sequestration have yet to be fully felt as additional budget cuts will continue to kick in each year. Interviews with local stakeholders in Gaithersburg, however, have described that even the initial budget cuts are having profound effects on affordable housing providers. Stakeholders noted that limited funding has required HOC to raise occupancy standards to increase the number of people per bedroom and that despite the initial hike in occupancy, further hikes may be necessary. If funding levels persist, for instance, a single mother with a child may be forced into a single-bedroom apartment. As of this year, HOC will be downsizing current households into smaller units during recertification due to the budget cuts of sequestration.

For the Section 8 program, HOC will be forced to reduce the payment standard in order to house as many people as possible. Such actions are likely to re-create pockets of poverty as the reduced payment standards force voucher holders into the cheapest areas of the county. In addition, if landlords do not decrease rents, voucher holders may lose their units if the payment standard decreases more.

H. Taxes

Taxes and Fair Housing

Taxes impact housing affordability. While not an impediment to fair housing choice in and of themselves, real estate taxes can impact the choice that households make with regard to where to live. Tax increases can be burdensome to low-income homeowners, and increases are usually passed on to renters through rent increases. Tax rates for specific districts and the assessed value of all properties are the two major calculations used to determine revenues collected by a jurisdiction. Determining a jurisdiction's relative housing affordability, in part, can be accomplished using tax rates.

A straight comparison of tax rates to determine whether a property is affordable or unaffordable gives an incomplete and unrealistic picture of property taxes. Local governments with higher property tax rates, for example, may have higher rates because the assessed values of properties in the community are low, resulting in a fairly low tax bill for any given property. In all of the communities surrounding a jurisdiction, comparable rates for various classes of property (residential, commercial, industrial, etc.) are assigned to balance each community's unique set of resources and needs. These factors and others that are out of the municipality's control must be considered when performing tax rate comparisons.

Tax Rates in Gaithersburg

Real estate taxes are levied on land and buildings and provide primary revenue streams for counties, municipalities, and school districts throughout Maryland. Properties are reassessed every three years and taxes are levied on 100% of the assessed value. This policy of frequent reassessment helps to ensure that properties are properly taxed for their value. In states where reassessments are sporadic, undervalued properties face a smaller tax burden while overvalued properties have an inflated tax liability.

Montgomery County has 23 municipal taxing districts, nine parking lot districts, three urban districts, two noise abatement districts and three development districts. Gaithersburg is a municipal district, and residents in the district pay county, state and local taxes. Taxes are levied on every \$100 of assessed value. Gaithersburg has one of the lowest tax liabilities in the county at \$1,133 per \$100,000 assessed value.

Figure 5-7 details the total tax liabilities for each of the municipalities in Montgomery County, ranging from \$1,084 in Oakmont to \$1,661 in Friendship Heights. Gaithersburg has the fourth lowest tax burden in the county after Oakmont, Drummond and Rockville. All property taxes below are inclusive of county and state taxes which are consistent across the county.

Maryland Laws Affecting Tax Rates

There are several statewide programs to assist program owners in lowering their tax liability. These include the Homeowners' Property Tax Credit Program (Circuit Breaker), which is determined according to the relationship between a homeowner's income and property tax liability. The state also manages the Homestead Tax Credit, which can reduce a homeowner's tax liability if their property has increased in value by more than 10% over the previous year. Lastly, the state has a property tax deferral program for persons ages 65 and older.

Figure 5-7
Tax Rates in Montgomery County, 2013

Municipality	2013 Tax Rate
Oakmont	1.08
Drummond	1.13
City of Rockville	1.13
City of Gaithersburg	1.13
Tow n of Poolesville	1.13
Tow n of Washington Grove	1.13
Tow n of Kensington	1.13
Battery Park	1.15
Tow n of Somerset	1.16
Tow n of Chevy Chase	1.17
North Chevy Chase	1.17
Tow n of Barnesville	1.18
Village of Chevy Chase (Section #5)	1.18
City of Takoma Park	1.18
Tow n of Laytonsville	1.19
Village of Chevy Chase (Section #3)	1.21
Chevy Chase View	1.23
Tow n of Glen Echo	1.27
Tow n of Brookeville	1.27
Village of Martin's Additions	1.30
Chevy Chase Village	1.33
Tow n of Garrett Park	1.34
Friendship Heights	1.66

Tax rates only include real estate millage rates
Source: Montgomery County Department of Finance



I. Public Transit

Transit and Fair Housing

Households without a vehicle, which in many cases are primarily low and moderate income households, are at a disadvantage in accessing jobs and services if public transit is inadequate or absent. Access to public transit is critical to these households. Without convenient access, employment is potentially at risk and the ability to remain housed is threatened. The linkages between residential areas (of concentrations of minority and LMI persons) and employment opportunities are key to expanding fair housing choice.

Ridership in Gaithersburg

According to the 2007-11 American Community Survey, there were 1,722 transit-dependent households in Gaithersburg, comprising 7.6% of all households.

The vast majority of city residents (81.9%) drove to work, with 70.9% driving alone. Throughout Gaithersburg, 11.2% of residents utilized public transportation to get to work. Black and Hispanic households were more likely to use public transportation to travel to work than White and Asian households. Across the city, 9.9% of White households used public transit, compared to 13.8% of Black households and 12.4% of Hispanic households. Hispanic households also had higher rates of carpooling to work compared to the city as a whole while Whites had a significantly higher percentage of households working at home.

Figure 5-8
Means of Transportation to Work by Race/Ethnicity, 2011

Means of Transportation to Work	Total		White		Black		Asian		Hispanic*	
Total	33,137	100.0%	17,791	100.0%	4,833	100.0%	6,043	100.0%	7,556	100.0%
Drove Vehicle Alone	23,508	70.9%	12,907	72.5%	3,591	74.3%	4,373	72.4%	4,736	62.7%
Carpool	3,658	11.0%	1,736	9.8%	301	6.2%	804	13.3%	1,438	19.0%
Public Transportation	3,723	11.2%	1,764	9.9%	665	13.8%	619	10.2%	937	12.4%
Walked	757	2.3%	370	2.1%	132	2.7%	53	0.9%	197	2.6%
Taxi, Motorcycle, Bike or Other Means	393	1.2%	272	1.5%	27	0.6%	16	0.3%	115	1.5%
Worked at Home	1,098	3.3%	742	4.2%	117	2.4%	178	2.9%	133	1.8%

*Hispanic ethnicity is counted independently of race.

Source: U.S. Census Bureau, 2007-2011 American Community Survey (B08105A, B08105B, B08105D, B08105I, B08301)

The Census further breaks down the means of transportation to work by the type of public transit used. For those living inside Gaithersburg but working elsewhere, the majority travelled by railroad (MARC) or subway (METRO) while 43.5% travelled by bus. For those living outside of Gaithersburg and commuting into the city for work, almost 80.4% travelled by bus. This indicates a continued need not only to improve rail-based transit, but also bus service.

Figure 5-9
Means of Transportation to Work by Race/Ethnicity, 2011

Types of Public Transportation	Commuting from Gaithersburg to Elsewhere		Commuting from Elsewhere to Gaithersburg	
	Count	Percentage	Count	Percentage
Public Transportation	3,728	100.0%	2,332	100.0%
Bus	1,620	43.5%	1,875	80.4%
Subway	1,788	48.0%	346	14.8%
Railroad	320	8.6%	111	4.8%

Source: U.S. Census Bureau, 2007-2011 American Community Survey (B08301, B08534)



WMATA, MTA, and the Montgomery County Division of Transit Services

Public transportation in Gaithersburg falls under three agencies: the Maryland Transit Administration, which operates the Maryland Area Regional Commuter (MARC) train, the Washington Metropolitan Area Transit Authority (WMATA) which operates Metrobus, Metrorail, and Metroaccess, and the Montgomery County Division of Transit Services, which operates the county's Ride On bus service.

According to the American Public Transportation Association's 2013 Fact Book, the WMATA provided 419,689,400 rail, bus and para-transit trips in 2011, making it the 4th largest transit system in the nation. The MTA provided 109,268,300 transit trips, making it the 13th largest transit system in the nation. Finally, the Montgomery County Division of Transit provided 26,940,800 transit trips, making it the 49th largest system. For all three, these totals reflect all modes of transit and all trips, including those outside Gaithersburg.

The map on the following page illustrates the various transit routes and types within the City of Gaithersburg.

i. Destinations and Routes

Metrorail

The City of Gaithersburg is not directly served by Metrorail, the rapid rail serving the Washington, D.C. metro. However, the Shady Grove Metro Station is directly across the city's border and offers fast, direct service into D.C. and to transfer stations that serve all other lines of the Metrorail system. Trains serve the Shady Grove station from 5 AM until 11:30 PM Monday-Friday.

Metroaccess

Metroaccess is a shared ride transportation service for those unable to use fixed-route public transportation as a result of a disability. Metroaccess is available to all residents living within $\frac{3}{4}$ of a mile from the nearest Metrobus or Metrorail stop. The service is available from 5 AM on weekdays and 7 AM on weekends until midnight (Sunday – Thursday) or 3 AM (Friday and Saturday)

MARC Trains

The MTA provides service to Gaithersburg via its MARC train system. MARC consists of three lines: the Penn Line, the Camden Line and the Brunswick Line. Gaithersburg has two stops on the Brunswick Line which provides service from Martinsburg, WV or Frederick, MD to Washington, D.C. making intermediate stops including Rockville and Silver Spring. As a commuter rail line, the train travels only in the rush hour direction, providing nine trains into D.C. in the morning and an equal number exiting the city in the evening. As such, reverse-commuters living in D.C. and working in Gaithersburg are unable to utilize MARC trains for work during normal business hours. The MARC system operates only Monday-Friday.

Ride On Montgomery County

Ride On Montgomery County is the local bus service provided by MDDOT that serves Montgomery County including the City of Gaithersburg. Analysis of Ride On bus stops show that coverage is generally adequate in Gaithersburg with all parts of the city within a half mile buffer of a bus stop.

Despite the proximity of bus stops, the frequency of service renders the service largely ineffective for residents without a vehicle. For instance, a review of the bus routes that transect Gaithersburg reveals that a majority of the routes only run during peak, weekday

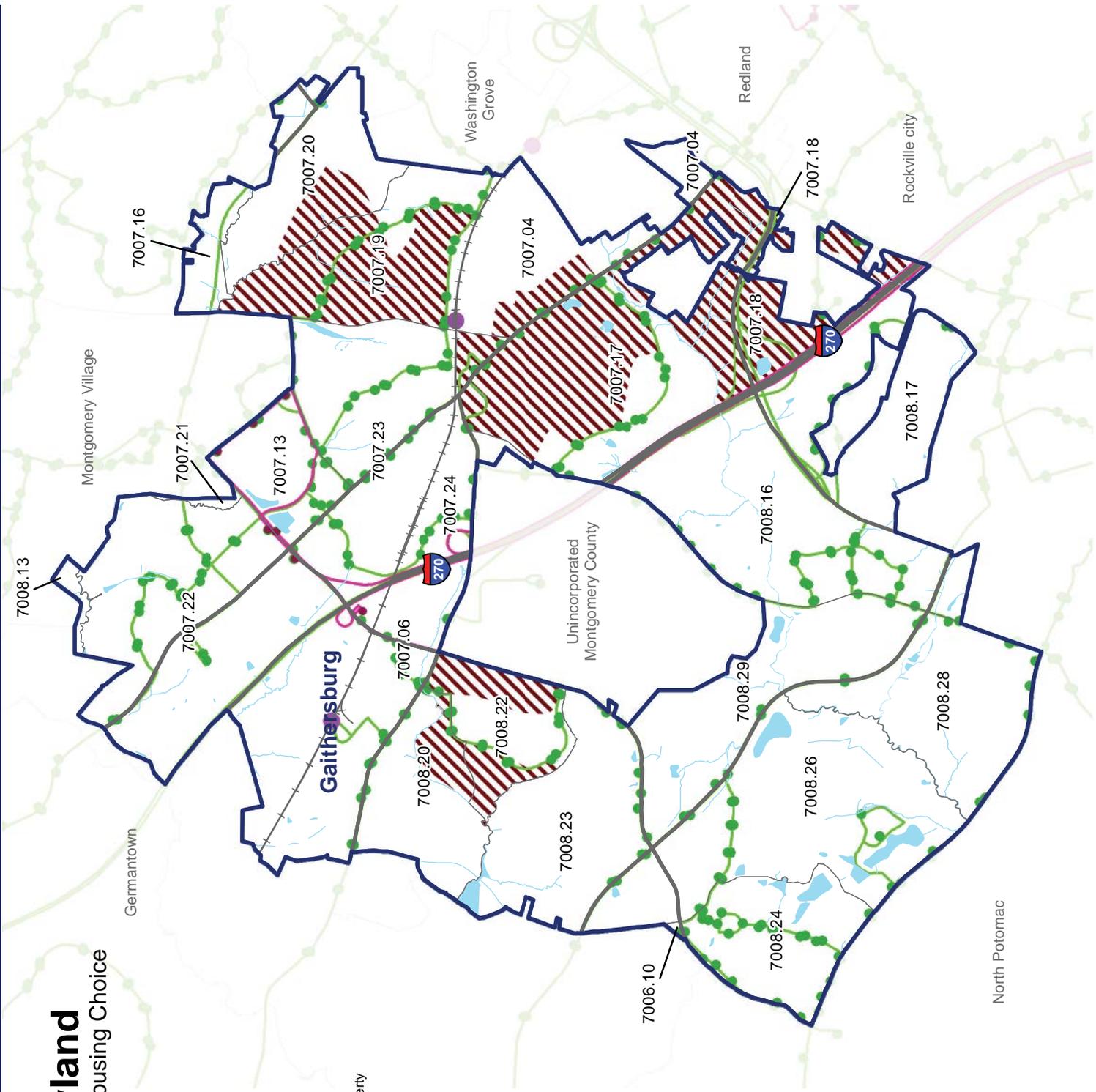
Gaithersburg, Maryland

Analysis of Impediments to Fair Housing Choice

Map 5-4, Transit Routes in Gaithersburg

Legend

-  Gaithersburg Boundaries
-  Rail
-  Major Roads
-  Rivers and Water Bodies
-  Racially/Ethnically Concentrated Areas of Poverty
-  Metro Stations
-  Metro Routes
-  MARC Stations
-  Metrobus Stops
-  Metrobus Lines
-  Ride On Stops
-  Ride On Lines



hours. For those with jobs outside of these times or persons needing transit services to connect to basic services, there are far fewer options. Most routes have maximum frequencies of only 20 or 25 minutes, if they run outside of rush hour.

Metrobus

WMATA's Metrobus also serves the City of Gaithersburg with two express bus lines. Neither line operates outside of weekday, rush-hour service and therefore does not provide a service for workers beyond those operating on a traditional schedule.



Transit in Gaithersburg is not sufficient for persons working evening, night, weekend, or holiday shifts.

While Gaithersburg has appropriate service for traditional workers' daily commutes, its lack of non-peak and reverse-commute services make using transit unwieldy for other users. In many cases, lower income workers in entry-level positions working shifts outside of nine-to-five are impacted significantly.

ii. Accessibility

Metrobus

All Metrobus vehicles are equipped with automated lifts for those with wheelchairs as well as kneelers to lower buses for those unable to make the step onto the bus. All vehicles are equipped with accessibility signage and priority seats, and all drivers take part in ADA Customer Service Training.

Metrorail

According to the WMATA, all Metrorail stations and rail cars are accessible, including the Shady Grove station closest to Gaithersburg. All stations with parking include priority parking reserved for those with a disability. In addition, stations include extra-wide fare gates, elevators, and information in Braille among other system-wide accessibility features.

Metroaccess

Metroaccess is a shared ride transportation service for those unable to use fixed-route public transportation as a result of a disability. As a result, all services are 100% accessible.

MARC Trains

Gaithersburg's two MARC stations are equipped with a wheelchair lift for those with disabilities. Many other stations are accessible, with level platforms, wheelchair lifts, or elevators to assist disabled riders in accessing the service. The MTA provides an updates page, an email, and text message alerts for service issues related to any of these accessibility features. Other accessibility features include:

- priority seating for people with disabilities located on some MARC train cars
- ticket vending machines equipped with Braille and audio instructions
- bridge plates located on each rail car to eliminate the gap between platform and car



- policies that explicitly allow service animals on all vehicles

Ride On Montgomery County

According to its website, Ride On Montgomery County is 100% accessible. All buses are equipped with lifts and secure areas for those riders in using wheelchairs.

The accessibility features for Ride On were implemented as of September 2004.

iii. **Transportation Planning**

Montgomery County's 10-Year Transportation Plan

The Montgomery County Council adopted the 10-Year Transportation Plan in 2009, with a specific focus on transit improvements to make moving throughout the county by transit faster and easier. Specifically, the plan called for improving the bus system in three ways:

- Additional routes, especially the addition of bus rapid transit routes
- More frequent service to improve bus service to 15 minute intervals
- Extended early morning and late night service

The plan also called for the addition of bus shelters in heavily patronized areas, additional sidewalk connections, and intersection improvements. For Metrorail services, the plan called for additional cars on the Red Line and additional trains to the Shady Grove Station.

Corridor Cities Transitway

The Corridor Cities Transitway (CCT) is a proposed major transit improvement that would run directly through the City of Gaithersburg from the Shady Grove Metro Station to Germantown and beyond. Following an alternatives analysis, transportation planners have identified the preferred mode as a bus rapid transit system. Such a system includes longer buses in lanes that are separated from other traffic such as in a median or raised above the road. Bus rapid transit systems also often have off-board fare collection, more substantial transit stations, and more frequent service.

While plans have not yet been finalized, stations have been proposed throughout Gaithersburg as the proposed route runs from the Shady Grove Station through Crown Farm, the Life Sciences Center, the Kentlands, and N.I.S.T. to the Metropolitan Grove MARC Station.

The CCT will encourage additional development along the corridor. Gaithersburg's existing MPDU ordinance will encourage the construction of affordable housing units as part of any additional development along the corridor.

On August 5, 2013, the Governor of Maryland announced a \$100 million investment in CCT for final engineering and right-of-way acquisition. This money is part of a state-wide investment in transit that will include the completion of the CCT.



6. Evaluation of Private Sector Policies

A. Mortgage Lending Practices

Home Mortgage Disclosure Act

Under the terms of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (F.I.R.R.E.A.), any commercial lending institution that makes five or more home mortgage loans must report all residential loan activity to the Federal Reserve Bank under the terms of the Home Mortgage Disclosure Act (HMDA). The HMDA regulations require most institutions involved in lending to comply and report information on loans denied, withdrawn, or incomplete by race, sex, and income of the applicant. The information from the HMDA statements assists in determining whether financial institutions are serving the housing needs of their communities. The data also helps to identify possible discriminatory lending practices and patterns.

Using HMDA

The most recent HMDA data available for Gaithersburg is from 2009 to 2011. Reviewing this data helps to determine the need to encourage area lenders, other business lenders and the community at large to actively promote existing programs and develop new programs to assist residents in securing home mortgage loans. The data focuses on the number of homeowner mortgage applications received by lenders for home purchase of one- to four-family dwellings and manufactured housing units across census tracts in the city. Because data is available at the 2000 census tracts, some data is captured outside of the city. Generally, tracts were included to expand the amount of data, rather than restrict it. The information provided is for the primary applicant only. Co-applicants were not included in the analysis. In addition, where no information is provided or categorized as not applicable, no analysis has been conducted due to lack of information.

Figure 6-1 summarizes three years of HMDA data by race, ethnicity, and action taken on the applications, followed by detailed analysis. Grouping all three years of data into the analysis increases the likelihood that differences among groups are statistically significant. This is especially important in view of the data on mortgage application denials, which also suggests differences according to race and ethnicity.

Figure 6-1
Cumulative Mortgage Data Summary Report, 2009-2011

	Total Applications*		Originated		Approved Not Accepted		Denied		Withdrawn/Incomplete	
	#	%	#	%	#	%	#	%	#	%
Loan Purpose										
Home purchase	5,696	30.2%	2,652	46.6%	165	2.9%	354	6.2%	2,461	43.2%
Home improvement	382	2.0%	119	31.2%	22	5.8%	137	35.9%	89	23.3%
Refinancing	12,798	67.8%	5,897	46.1%	503	3.9%	1,560	12.2%	4,398	34.4%
Loan Type										
Conventional	14,334	75.9%	6,834	47.7%	548	3.8%	1,547	10.8%	4,989	34.8%
FHA	4,036	21.4%	1,583	39.2%	129	3.2%	470	11.6%	1,760	43.6%
VA	505	2.7%	251	49.7%	13	2.6%	34	6.7%	199	39.4%
FSA/RHS	1	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Property Type										
One to four-family unit	18,870	100.0%	8,667	45.9%	689	3.7%	2,048	10.9%	6,947	36.8%
Manufactured housing unit	6	0.0%	1	16.7%	1	16.7%	3	50.0%	1	16.7%
Applicant Race										
Native American	146	0.8%	45	30.8%	5	3.4%	26	17.8%	65	44.5%
Asian	3,417	18.1%	1,914	56.0%	158	4.6%	389	11.4%	845	24.7%
Black	1,117	5.9%	464	41.5%	58	5.2%	232	20.8%	325	29.1%
Hawaiian	98	0.5%	48	49.0%	1	1.0%	19	19.4%	25	25.5%
White	9,225	48.9%	5,000	54.2%	366	4.0%	1,030	11.2%	2,622	28.4%
No information	2,441	12.9%	1,195	49.0%	102	4.2%	355	14.5%	636	26.1%
Not applicable	2,432	12.9%	2	0.1%	0	0.0%	0	0.0%	2,430	99.9%
Hispanic*	1,174	6.2%	464	39.5%	54	4.6%	243	20.7%	372	31.7%
Total	18,876	100.0%	8,668	45.9%	690	3.7%	2,051	10.9%	6,948	36.8%

Source: Federal Financial Institutions Examination Council, 2009 to 2011

Note: Percentages in the Originated, Approved Not Accepted, Denied, and Withdrawn/Incomplete categories are calculated for each line item with the corresponding Total Applications figures. Percentages in the Total Applications categories are calculated from their respective total figures.

* Hispanic ethnicity is counted independently of race.

i. Home Mortgage Trends

Across Gaithersburg during the last three years, lenders received 382 applications for home improvement equity loans, 5,696 applications for home purchase mortgages, and 12,798 applications for mortgage refinancing.

Home purchase loans were the most likely to be successful, with 46.6% of loans originated. This represents a slightly higher rate of origination than refinancing loans and a significantly higher rate than home improvement loans.

In home purchase loan applications, while 46.6% were originated, almost the same percent were withdrawn/incomplete at 43.2%. An additional 2.9% were approved and not accepted, and 6.2% were denied.

Refinancing loans were less likely than home purchase loans to be withdrawn/incomplete, at 34.4%; however, they were twice as likely to be denied, with 12.2% of applications being denied.

Home improvement loan applications had a much lower percent of applications withdrawn/incomplete, but a significantly higher percent denied. A home improvement loan was almost six times as likely to be denied than a home purchase loan.



ii. Applicant Characteristics

Applications by Race/Ethnicity

Across racial and ethnic groups, loan application types were generally similar, with refinancing as the most common loan type across all groups. This type of loan constituted 67.8% of all applications and 69.8% of applications for Whites. Blacks and Hispanics were somewhat less likely to refinance as this loan type represented 62% of Black applications and 59.2% of Hispanic applications. For the Other Race category, refinancing loans represented 51.2% of applications.

Blacks, Hispanics and those identifying as Other Race were the most likely to apply for a home improvement loan. These groups also had a higher number of applications for home purchase loans. Figure 6-2 summarizes these statistics.

Figure 6-2
Loan Application Type by Race and Ethnicity, 2009-2011

	Total	White	Black	Asian	Other	No data	Hispanic*
Home purchase	5,696 30.2%	2,603 28.2%	385 34.5%	1,191 34.9%	107 43.9%	1,410 28.9%	439 37.4%
Refinance	12,798 67.8%	6,442 69.8%	692 62.0%	2,178 63.7%	125 51.2%	3,361 69.0%	695 59.2%
Home improvement	382 2.0%	180 2.0%	40 3.6%	48 1.4%	12 4.9%	102 2.1%	40 3.4%
Total	18,876 100.0%	9,225 48.9%	1,117 5.9%	3,417 18.1%	244 1.3%	4,873 25.8%	1,174 6.2%

Note: Percentages within racial/ethnic groups are calculated within each group's total.

* Hispanic ethnicity is counted independently of race.

Source: Federal Financial Institutions Examination Council, 2009 to 2011

Applications by Type of Loan

The most commonly sought type of financing was a conventional loan, a category that represented more than three-quarters of all loan applications. An additional 21.4% of applications were for loans insured by the Federal Housing Administration (FHA), a type of federal assistance that has historically benefited lower-income residents. Smaller percentages of applications were for loans backed by the Department of Veteran Affairs (VA) and the Farm Services Administration or Rural Housing Service (FSA/RHS).

Applications by Type of Home

The majority of applications involved one-to-four family housing structures, with only six applications (less than 1%) requesting financing for manufactured units. The denial rate for manufactured units, 50.0%, was substantially higher than the overall denial rate of 10.9% for all housing types, but is likely skewed by the extremely small sample size.

Applications by Race and Ethnicity

The racial and ethnic composition of loan applicants differs somewhat from the city's general demographic distribution. While 16.3% of all Gaithersburg households in 2010 were Black, only 8% of the loan applications for which racial/ethnic data were reported were submitted by Black applicants. Asian and Hispanic applicants represented 24.4% and 8.4% of applications, respectively. For the Asian population, this rate is higher than their



share of population at 17.0%. For the Hispanic population, the number of applications is almost a third of their 24.2% share of the city's population in 2010.

Lower participation in the market for home mortgages by Black and Hispanic households is likely a reflection of the lower median income, higher poverty, and higher unemployment rates of these minority groups.

iii. Geographic Distribution of Approvals by Lender

Figure 6-3 provides a summary of the top ten lenders in the city based on the total number of loan originations between 2009 and 2011. Wells Fargo Bank was the top lender, with over 1,000 originations during the three-year period, accounting for 12.6% of all loans originated in the city. Bank of America was the second highest lender in terms of originations, with 543 (6.3%) of all originations, accounting for just under half of Wells Fargo Bank's count. Suntrust Mortgage, Inc. was the third highest lender with 373 originations (4.3%) of all loans originated.

Figure 6-3
Top 10 Lenders in Gaithersburg by Number of Originations, 2009-2011

Lending Institution	# of Loans Originated	% of Total Loans Originated
Wells Fargo Bank, NA	1,090	12.6%
Bank of America, NA	543	6.3%
Suntrust Mortgage, Inc.	373	4.3%
Provident Funding Associates	243	2.8%
Monarch Bank	240	2.8%
Eaglebank	220	2.5%
Prosperity Mortgage Company	175	2.0%
JP Morgan Chase Bank, NA	170	2.0%
New York Community Bank	154	1.8%
Quicken Loans, Inc.	154	1.8%
Total Loans Originated Citywide	8,668	100.0%

Source: Federal Financial Institutions Examination Council, 2009 to 2011

Map 6-1 illustrates the distribution of originations for the top ten lenders, with each dot representing five mortgage loan originations. Data constraints limit knowing how many originations happened within RCAP/ECAPs; however, the comparisons can be made based on the census tracts which contain an RCAP/ECAP. The tracts containing racially/ethnically concentrated areas of poverty have significantly fewer originations than other areas, such as the southern half of the city; however, the number of originations in these tracts is proportional to total households and total housing units in those tracts. Tracts which contain an RCAP/ECAP had 12.7% of all originations, 12.7% of total housing units, and 12.6% of total households.



Gaithersburg, Maryland

Analysis of Impediments to Fair Housing Choice

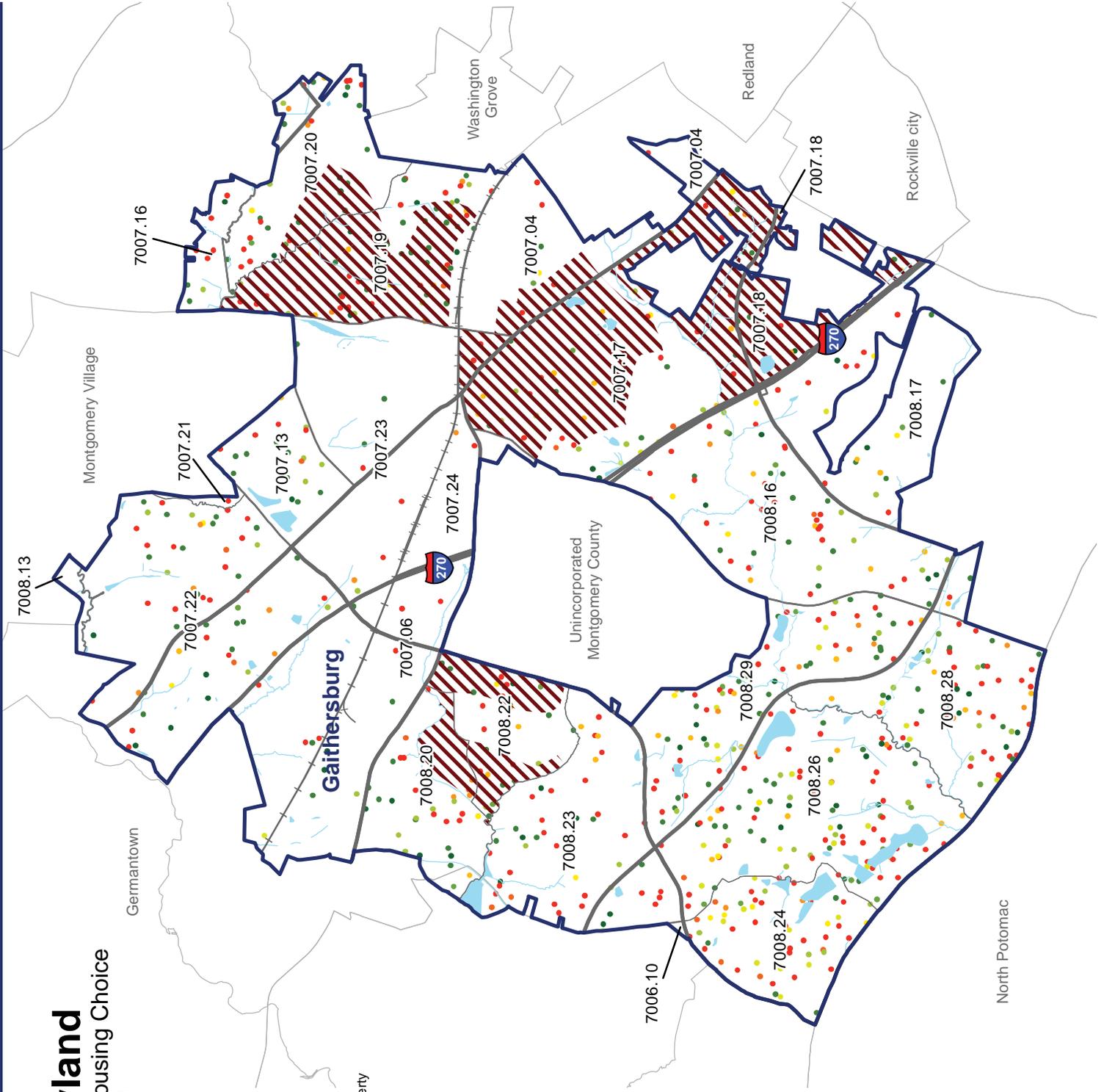
Map 6-1, Distribution of Originations by Lender, 2009-2011

Legend

-  Gaithersburg Boundaries
-  Rail
-  Major Roads
-  Rivers and Water Bodies
-  Racially/Ethnically Concentrated Areas of Poverty

Originations by Lender

-  1 Dot = 5
-  JP Morgan Chase Bank
-  Bank of America
-  New York Community Bank
-  Suntrust Mortgage, Inc
-  Eaglebank
-  Quicken Loans, Inc
-  Provident Funding Associates
-  Monarch Bank
-  Prosperity Mortgage Company
-  Wells Fargo Bank





Census tracts which contain racially/ethnically concentrated areas of poverty had a proportional number of originations compared to number of households and housing units.

Tracts which contain an RCAP/ECAP had 12.7% of all originations, 12.7% of total housing units, and 12.6% of total households.

iv. Mortgage Application Denials

Reasons for Denial

During the years 2009 through 2011, a total of 2,051 mortgage loan applications were denied in Gaithersburg. The overall cumulative denial rate was 10.9% with denials by race and ethnicity ranging from 11.2% for Whites to 20.8% for Blacks.

In reporting denials, lenders are required to list at least one primary reason for the denial and may list up to two secondary reasons. As Figure 6-4 demonstrates, the primary basis for the rejection of a majority of loan applications was credit history (25.2%), followed by the applicant's lack of collateral.

Denials and the Protected Classes

For the protected classes, the denial rate on the basis of lack of collateral was particularly high for Asians, representing more than a quarter of those denials. Blacks had a substantially higher percent of applications denied for no reported reason. Hispanic applicants also were denied on a substantially higher basis for insurance denial.

Figure 6-4
Primary Reason for Mortgage Application Denial by Race, 2009-2011

	Total	White	Black	Asian	Other	Hispanic*	No Info
Credit history	25.2%	21.6%	18.8%	13.0%	19.8%	21.7%	22.7%
Collateral	20.9%	20.3%	24.9%	30.4%	28.4%	17.5%	21.2%
Insurance denied	14.3%	18.1%	8.2%	8.7%	11.1%	21.7%	14.7%
Employment history	12.1%	11.2%	16.5%	6.5%	10.3%	10.7%	12.4%
Unverifiable information	10.9%	7.8%	13.1%	15.2%	8.6%	12.4%	11.3%
Incomplete application	9.1%	18.1%	7.7%	26.1%	15.6%	11.3%	10.6%
Other	4.6%	1.7%	5.9%	0.0%	3.7%	3.1%	4.1%
No reason reported	1.7%	1.3%	3.1%	0.0%	2.5%	0.6%	1.7%
Debt-to-income ratio	1.0%	0.0%	1.3%	0.0%	0.0%	0.8%	0.9%
Insufficient cash	0.3%	0.0%	0.5%	0.0%	0.0%	0.3%	0.3%

* Hispanic ethnicity is counted independently of race.

Source: Federal Financial Institutions Examination Council, 2009 to 2011





Blacks and Hispanics had mortgage denial rates significantly higher than Whites.

Denials on the basis of lack of collateral were significantly higher for Black and Asian applicants.

v. Income and Mortgage Denials

Classifying Income

For this analysis, lower-income households include those with incomes between 0% and 80% of median family income (MFI), while upper-income households include households with incomes above 80% MFI. Applications made by lower-income households accounted for 52.7% of all denials between 2009 and 2011, although they accounted for only 35.6% of total applications for those three years.

Denials by Income, Race and Ethnicity

Figure 6-5 distributes the denials by income level among racial and ethnic groups. Among lower-income households, denial rates were generally higher for minorities. While the overall lower-income denial rate was 16.1%, the denial rates for lower-income Hispanic and Black households were 26.1% and 23.7%, respectively. Lower-income Other Race applicants (consisting primarily of Native Americans) experienced a denial rate of 22.3%.

While denial rates were generally lower for upper-income households, differences persisted across racial and ethnic groups. The overall upper-income denial rate was 9.1%, compared to 8.2% for Asians, 8.6% for Whites, 12.9% for Hispanics and 20.9% for Blacks. Lower-income White households were less likely to experience denial than upper-income Black households. This pattern is consistent with discrimination.

Map 6-2 on the following page illustrates census tracts in Gaithersburg that experienced mortgage denial rates above the city's overall denial rate of 10.9%.



Gaithersburg, Maryland

Analysis of Impediments to Fair Housing Choice

Map 6-2, Mortgage Denials above 10.9% by Census Tract, 2009-2011

Legend

- Gaithersburg Boundaries
- Rail
- Major Roads
- Rivers and Water Bodies
- Racially/Ethnically Concentrated Areas of Poverty

Denial Rate

- Denial Rate > 10.9%

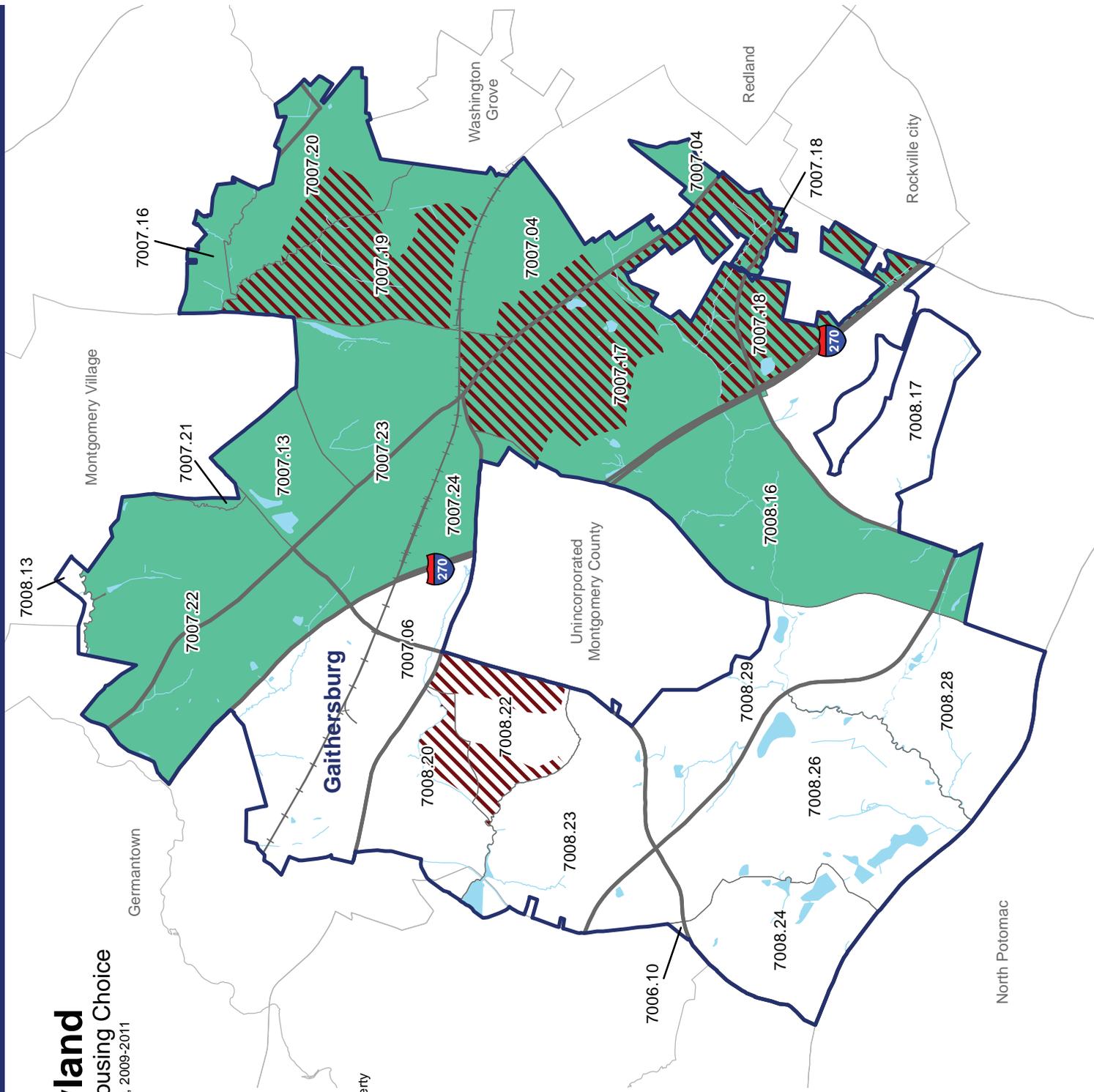


Figure 6-5
Mortgage Application Denials by Household Race/Ethnicity, 2009-2011

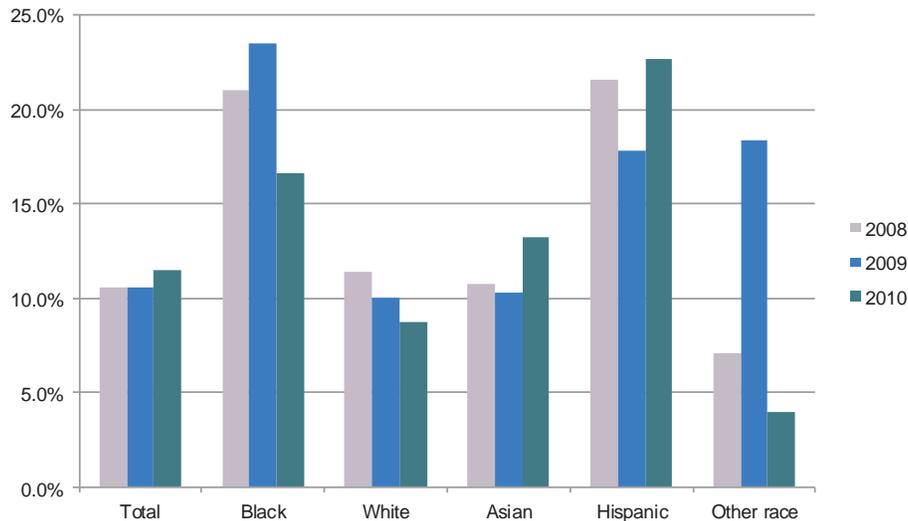
		Total	White	Black	Asian	Other	No data	Hispanic*
Lower-Income	Total Applications	6,722	3,229	590	1,510	148	1,245	752
	Denials	1,082	516	140	225	33	168	196
	% Denied	16.1%	16.0%	23.7%	14.9%	22.3%	13.5%	26.1%
Upper-Income	Total Applications	9,507	5,460	378	1,776	73	1,820	302
	Denials	862	467	79	146	9	161	39
	% Denied	9.1%	8.6%	20.9%	8.2%	12.3%	8.8%	12.9%
Total	Total Applications	18,876	9,225	1,117	3,417	244	4,873	1,174
	Denials	2,051	1,030	232	389	45	355	243
	% Denied	10.9%	11.2%	20.8%	11.4%	18.4%	7.3%	20.7%

Note: Total also includes 1,808 applications for which no income data was reported.

* Hispanic ethnicity is counted independently of race.

Source: Federal Financial Institutions Examination Council, 2009 to 2011

Figure 6-6
Trends in Mortgage Application Denials by Household Race/Ethnicity, 2009-2011



Source: Federal Financial Institutions Examination Council, 2009 to 2011



Over the course of the three years studied, upper-income Black households received mortgage application denials more often than lower-income White households.

Among lower-income White households, 16.0% of applications were denied compared to 20.9% of upper-income Black households. This pattern is consistent with discrimination.



vi. High-Cost Lending

Defining High-Cost Lending

The widespread housing finance market crisis of recent years has brought a new level of public attention to lending practices that victimize vulnerable populations. Subprime lending, designed for borrowers who are considered a credit risk, has increased the availability of credit to low-income persons. At the same time, subprime lending has often exploited borrowers, piling on excessive fees, penalties, and interest rates that make financial stability difficult to achieve. Higher monthly mortgage payments make housing less affordable, increasing the risk of mortgage delinquency and foreclosure and the likelihood that properties will fall into disrepair.

Some subprime borrowers have credit scores, income levels, and down payments high enough to qualify for conventional, prime loans, but are nonetheless steered toward more expensive subprime mortgages. This is especially true of minority groups, which tend to fall disproportionately into the category of subprime borrowers. The practice of targeting minorities for subprime lending qualifies as mortgage discrimination.

Since 2005, HMDA data has included price information for loans priced above reporting thresholds set by the Federal Reserve Board. This data is provided by lenders via Loan Application Registers and can be aggregated to complete an analysis of loans by lender or for a specified geographic area. HMDA does not require lenders to report credit scores for applicants, so the data does not indicate which loans are subprime. It does, however, provide price information for loans considered “high-cost.”

A loan is considered high-cost if it meets one of the following criteria:

- A first-lien loan with an interest rate at least three percentage points higher than the prevailing U.S. Treasury standard at the time the loan application was filed. The standard is equal to the current price of comparable-maturity Treasury securities
- A second-lien loan with an interest rate at least five percentage points higher than the standard

Not all loans carrying high APRs are subprime, and not all subprime loans carry high APRs. However, high-cost lending is a strong predictor of subprime lending, and it can also indicate a loan that applies a heavy cost burden on the borrower, increasing the risk of mortgage delinquency.

High-Cost Loans in Gaithersburg

Between 2009 and 2011, there were 8,668 home purchase, refinance or home improvement loans made for single-family or manufactured units in Gaithersburg. Of this total, 8,203 disclosed the borrower’s household income and 75 reported high-cost mortgages. Overall, upper-income households were less likely to have high-cost mortgages than lower-income households.

High-Cost Loans and Race/Ethnicity

An analysis of loans in Gaithersburg by race and ethnicity reveals that Black, Hispanic and Other Race households are overrepresented in high-cost lending. Among lower-income minority households, 4.0% of mortgages obtained by Blacks were high-cost, 3.4% of loans to Hispanics were high-cost and 6.0% of loans for Other Race applicants were high-cost. By comparison, 1.0% of the mortgages obtained by lower-income White households and 0.4% of Asian households were high-cost.

Gaithersburg, Maryland



Similar trends were apparent among upper-income households. Other Race and Asian households were the least likely to have high-cost mortgages (0.0% and 0.6%, respectively) while White households experienced a high-cost rate of 0.6%. Black households experienced a high-cost loan rate almost three times the rate of Whites (1.9%). Similarly, upper-income Hispanic households had a relatively high percentage of high-cost mortgages, at 1.4%. Figure 6-7 summarizes high-cost lending trends in Gaithersburg.

Map 6-3 on the following page depicts the distribution of high-cost loans by census tract across the city and highlights census tracts with high-cost rates higher than the city average of 0.9%. High-cost loans were generally concentrated in the western and northern parts of the city and in the largest RCAP/ECAP, which had a high-cost loan rate of 1.4%.

Figure 6-7
High-Cost Loans by Race and Ethnicity, 2009-2011

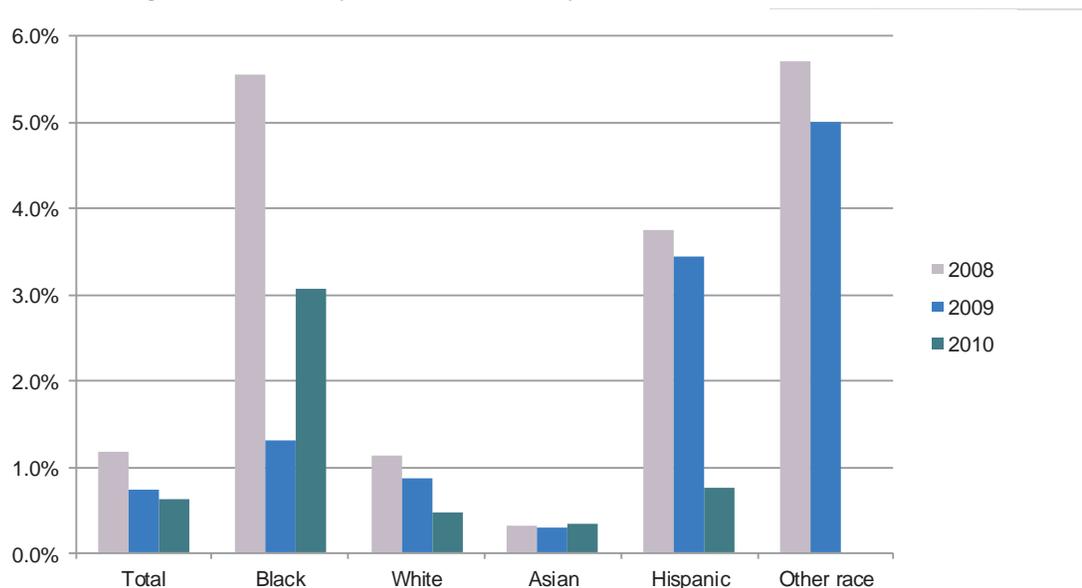
		Total	White	Black	Asian	Other	No data	Hispanic*
Lower-Income	Total Originations	3,039	1,586	226	788	50	389	267
	High-Cost	33	16	9	3	3	2	9
	% High-Cost	1.1%	1.0%	4.0%	0.4%	6.0%	0.5%	3.4%
Upper-Income	Total Originations	5,164	3,159	159	1,073	35	738	144
	High-Cost	27	19	3	2	0	3	2
	% High-Cost	0.5%	0.6%	1.9%	0.2%	0.0%	0.4%	1.4%
Total	Total Originations	8,668	5,000	464	1,914	93	1,197	464
	High-Cost	75	43	16	6	4	6	13
	% High-Cost	0.9%	0.9%	3.4%	0.3%	4.3%	0.5%	2.8%

Note: Total also includes 1,197 loans for which no income data was reported.

* Hispanic ethnicity is counted independently of race.

Source: Federal Financial Institutions Examination Council, 2009 to 2011

Figure 6-8
Trends in High-Cost Loans by Race and Ethnicity, 2009-2011



Source: Federal Financial Institutions Examination Council, 2009 to 2011



Gaithersburg, Maryland

Analysis of Impediments to Fair Housing Choice

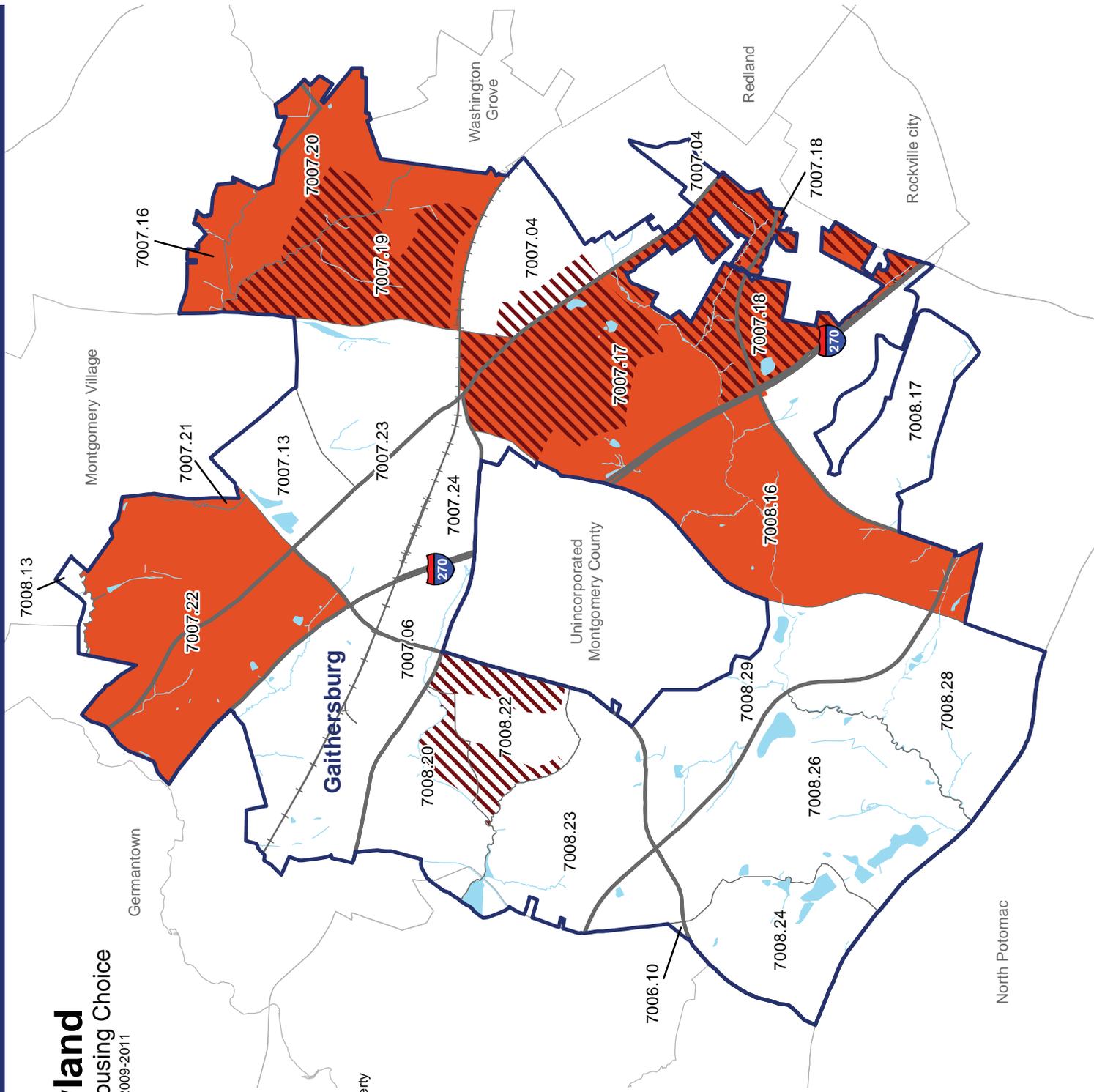
Map 6-3, High-Cost Loans above 0.9% by Census Tract, 2009-2011

Legend

- Gaithersburg Boundaries
- Rail
- Major Roads
- Rivers and Water Bodies
- Racially/Ethnically Concentrated Areas of Poverty

High-Cost Rate

- High-Cost Loans > 0.9%



vii. Annual Trends in Mortgage Lending

Historic Lending Trends

Studying mortgage application data on an annual basis allows insight into the influence of housing market trends on the behavior of applicants and banks. Figure 6-9 illustrates this annual change.

Housing markets across the country have experienced steep declines in sales volume and mortgage applications since 2009 as a result of buyer reluctance in an unstable market, and the number of applications in Gaithersburg follows this trend. The number of applications declined 7.9% between 2009 and 2010, and dropped 12.8% between 2010 and 2011. This is a total drop of 1,364 applications or 19.7% over the three year period from 2009 to 2011.

Change in Lending by Race/Ethnicity

Over this period, the percentage of total applications that resulted in loan originations increased between 2009 and 2010, and then decreased between 2010 and 2011. For individual racial and ethnic groups, this trend varied. The percent of applications resulting in originations among Black, White and Hispanic applicants showed the opposite trend, decreasing between 2009 and 2010, and increasing between 2010 and 2011. Among Asian households, the percent decreased yearly.

The number of loans that were high-cost decreased by half between 2009 and 2011. This is true across all racial categories except Black households, which increased between 2010 and 2011, and Asian households, which remained the same. The initial drop can likely be attributed to increasing statutory control over predatory lending practices.



Figure 6-9
High-Cost Home Purchase Loans by Race and Ethnicity, 2009-2011

	2009		2010		2011	
	#	%	#	%	#	%
Total loans						
Applied for	6,929	100.0%	6,382	100.0%	5,565	100.0%
Black	438	6.3%	391	6.1%	288	5.2%
White	3,406	49.2%	3,178	49.8%	2,641	47.5%
Asian	1,110	16.0%	1,249	19.6%	1,058	19.0%
Hispanic*	473	6.8%	375	5.9%	326	5.9%
Other race	155	2.2%	109	1.7%	350	6.3%
No information/NA	1,888	27.2%	1,455	22.8%	4,786	86.0%
Originated	3,120	45.0%	3,009	47.1%	2,539	45.6%
Black	180	41.1%	154	39.4%	130	45.1%
White	1,837	53.9%	1,710	53.8%	1,453	55.0%
Asian	634	57.1%	698	55.9%	582	55.0%
Hispanic*	187	39.5%	145	38.7%	132	40.5%
Other race	35	22.6%	40	36.7%	18	5.1%
No information/NA	434	23.0%	407	28.0%	356	7.4%
Originated - High Cost	37	1.2%	22	0.7%	16	0.6%
Black	10	5.6%	2	1.3%	4	3.1%
White	21	1.1%	15	0.9%	7	0.5%
Asian	2	0.3%	2	0.3%	2	0.3%
Hispanic*	7	3.7%	5	3.4%	1	0.8%
Other race	2	5.7%	2	5.0%	-	0.0%
No information/NA	2	0.5%	1	0.2%	3	0.8%
Denied	735	10.6%	678	10.6%	638	11.5%
Black	92	21.0%	92	23.5%	48	16.7%
White	388	11.4%	319	10.0%	232	8.8%
Asian	120	10.8%	129	10.3%	140	13.2%
Hispanic*	102	21.6%	67	17.9%	74	22.7%
Other race	11	7.1%	20	18.3%	14	4.0%
No information/NA	124	6.6%	118	8.1%	113	2.4%

Note: Data is for home purchase, refinance and improvement loans for owner-occupied one-to-four family and manufactured units. Other application outcomes include approved but not accepted, withdrawal, incomplete or purchase by another institution.

* Hispanic ethnicity is counted independently of race.

Source: Federal Financial Institutions Examination Council, 2009-11

B. Real Estate Practices

Greater Capital Area Association of Realtors

Information for this section of the AI was derived from an interview with the community development staff at the City of Gaithersburg and interviews with local Realtors.

Montgomery County is served by the Greater Capital Area Association of Realtors, which consists of roughly 8,500 Realtors from Washington, D.C. and Montgomery County. Realtors are required to meet continuing education requirements every two years including at least 1.5 hours of fair housing training during each two-year license renewal cycle.



The OHR undertakes workshops for housing professionals twice a year during which the OHR brings in a variety of city agencies to discuss issues including fair housing. Similarly, the Interagency Fair Housing Coordinating Group celebrates Fair Housing Month each April and provides continuing education credits for landlords and Realtors.

Anyone may file a complaint alleging a breach of ethics on the part of a member. Complaints are reviewed by an appointed grievance committee, which determines whether the complaint is justified. When it is determined that a violation has occurred, the committee refers the case to the Professional Standards Committee, whose decision can be appealed to the Board of Directors. The Board of Directors issues final action on ethics hearings and appeal decisions.

While few issues have risen to the level of complaints, stakeholder interviews have confirmed that discrimination has taken place, especially concerning Realtors and persons with disabilities. Interviews pointed to examples of Realtors unwilling to make reasonable accommodation for persons with disabilities such as providing a lift-cab for transportation to view homes for sale or taking the additional time to work with persons with disabilities.



Realtors require additional training and education to ensure they understand their responsibilities regarding persons with disabilities and other members of the protected classes.

Stakeholders pointed to complaints and reluctance among some Realtors to work appropriately with persons with disabilities. While not rising to the level of a formal complaint, these issues indicate the need for additional training regarding fair housing laws.

C. Newspaper Advertising

Under federal law the making, printing, and publishing of advertisements that state a preference, limitation, or discrimination on the basis of race, color, religion, sex, handicap, familial status or national origin is prohibited. The prohibition applies to publishers, such as newspapers and directories. The prohibition also applies to persons and entities placing real estate advertisements.

Publishers and advertisers are responsible under federal law for making, printing, or publishing an advertisement that violates the Fair Housing Act on its face. Thus, they should not publish or cause to be published an advertisement that on its face expresses a preference, limitation or discrimination on the basis of race, color, religion, sex, handicap, familial status, or national origin. The law, as found in the Fair Housing Amendments Act of 1988, describes the use of words, photographs, symbols or other approaches that are considered discriminatory.

The Gazette

For the AI, the Wednesday July 3, 2013 print edition and the classified real estate sections posted on the newspaper's online edition on July 23, 2013 were reviewed. The publisher's policy stating that the ads were subject to the federal Fair Housing Act was not found in the newspaper's online edition or in the print edition. All newspaper advertisements are required to display the fair housing logo.





A review of the real estate section in *The Gazette* did not reveal a publisher's policy or display of the fair housing logo.

Advertisement Reviews

Of the advertisements reviewed for rental apartments, none had any blatantly discriminatory language. In general, such advertisements are no longer accepted by newspapers.

Modern instances of discrimination may be more subtle with, for instance, policies stating “no pets” which could discourage those with service animals from living in that apartment community. *The Gazette's* advertisements included two types of such subtle discrimination: advertisements describing the type of neighborhood and those advertisements actively advertising for HOC vouchers.

Advertisements that describe the type of neighborhood can be subtle forms of discrimination because certain neighborhood characteristics may be locally understood to be appropriate for certain types of families. For instance, advertisements describing proximity to country clubs may be locally understood to be more appropriate for members of a certain race or ethnicity. Advertisements describing the close proximity of a school may be understood to favor families with children and not appropriate for singles or the elderly. Newspapers should instead encourage advertisements that describe only the property.

Two advertisements listed “HOC ok”. While this on its face may appear inclusive, it brings up underlying issues. According to Maryland statutes, all landlords are required to accept Section 8 vouchers. Yet, advertisements in *The Gazette* may encourage voucher-holders to concentrate in the areas that actively advertise for them.

All major advertisements in *The Gazette* included the Equal Housing Opportunity logo except for one. Many of the logos were of such a small size that the text was unreadable. These issues make the inclusion of the Equal Housing Opportunity logo less effective.



Real estate ads in *The Gazette* include language that may be discriminatory.

Ads should describe the property only and not the people to which it is being marketed.



7. Current Fair Housing Profile

A. Fair Housing Policies and Actions since the Previous AI

2008 Analysis of Impediments to Fair Housing Choice

Gaithersburg's last Analysis of Impediments to Fair Housing Choice was completed in 2008. Because the city assigns legislative authority to Montgomery County on matters relating to the administration and enforcement of civil rights and fair housing within the city, many of the identified impediments were characteristic of the county more broadly. However, specific actions to address the impediments were outlined for both the city and the county. The analysis identified six actionable issues for the city to address. The city reports progress on these fair housing initiatives annually in its CAPER.

The actionable issues identified in 2008 were:

- Unfair lending practices
- Lack of general awareness concerning fair housing issues among residents and professionals
- Lack of currently available affordable housing
- Lack of available, especially affordable, housing for residents with a disability
- Difficulty siting affordable housing, particularly special needs and group housing
- Shortage of comprehensive testing and study information on the fair housing environment

Progress Made since Previous AI

Since the last AI, the city has taken steps to address these issues and affirmatively further fair housing choice. These include but are not limited to the following:

Created Affordable Housing Opportunities

- Created 102 moderately priced dwelling units (MPDUs) through the city's affordable housing set-aside program
- Negotiated with the Crown Farms developer to include a percent of units as MPDUs while also contributing \$3 million into a Housing Initiative Fund that will be used to renovate, construct or otherwise support affordable housing in Gaithersburg
- Updated the city's Moderately Priced Dwelling Unit ordinance to allow families at 50% of median to live in the unit, which was lower than the previous 60% threshold
- Funded emergency repairs and rental assistance to keep families housed
- Purchased the Forest Oak Towers Apartment building, a 175-unit high-rise apartment for elderly and disabled households, to ensure the apartment building would continue to provide affordable housing beyond the initial period of affordability
- Offered forgivable loans to displaced tenants of certain apartment communities to purchase a home



- Provided rental assistance in the form of one and a half month's current fair market value rent in addition to relocation assistance to certain residents who are being displaced

Improved Access to Programs

- Funded a bilingual housing counselor in partnership with Family Services, Inc. to assist families at risk of eviction as a result of reduced income or other financial emergencies
- Continued to produce documents and other materials in Spanish including information on various affordable housing programs and the MPDU application and synopsis
- Reached out to lenders with bilingual capabilities to expand the down-payment assistance program
- Made bilingual staff available to interpret at meetings with non-English speaking residents
- The city has made efforts to provide access to information in Spanish, Mandarin and Cantonese
- The city pays a salary differential for speakers of other languages to encourage access to services for persons with LEP

Improved Outreach and Education

- Continued to release voluntary rent guidelines for landlords
- Administered a fair housing program of outreach and monitoring including training lenders, Realtors, property managers, homeowners associations and others
- Actively represented on the Interagency Fair Housing Coordinating Group and attends meetings regularly
- Actively participated in the county's annual fair housing forum
- Supported outreach efforts by co-sponsoring the annual Montgomery County Housing Fair each fall at the city's Activity Center at Bohrer Park
- Continued to accept, investigate, and resolve formal complaints of discrimination via the Montgomery County Human Relations Commission
- Participated in 90% of the fair housing conferences sponsored by the Interagency Fair Housing Coordinating Group
- County OHR reached out to individual minority groups such as Latinos and Sikhs at major events and major community holidays to expand fair housing awareness
- County OHR distributed fair housing brochures to all libraries, set up tables at most major county events, and displayed fair housing advertisements at Gaithersburg's cinema

B. Advocacy Organizations

Several fair housing advocacy organizations serve the City of Gaithersburg. A summary of these is included below.

- **Interagency Fair Housing Coordinating Group** is comprised of staff of the Housing Opportunities Commission, Department of Housing and Community

Gaithersburg, Maryland



Affairs, Department of Health and Human Services, Maryland National Capital Park and Planning Commission, Montgomery County Public Schools, members of the community, and the housing industry. The Housing and Community Development Director of the City of Gaithersburg is vice chair of this committee. The Coordinating Group holds quarterly meetings in order to provide members an opportunity to exchange information and develop innovative strategies to ongoing problems. The City of Gaithersburg is a member of the IFHGC and regularly participates in all of its activities and programs. Issues addressed by the IFHGC include testing to identify discrimination in rental and sales housing and in lending practices; education and outreach to increase public awareness of fair housing laws; training and technical assistance for real estate professionals, landlords, agencies and managers on ways to provide equal housing opportunities and prevent housing discrimination; and support for expansion and retention of housing that is accessible and affordable to lower income residents.

- **Montgomery County Human Relations Commission** is the primary agency responsible for the enforcement of fair housing laws within the City of Gaithersburg. The HRC promotes equal opportunity and civil rights for all residents within the county. It also accepts, investigates, and resolves formal complaints of discrimination and offers mediations where necessary.
- **Montgomery County Office of Human Rights** administers a Fair Housing program of outreach and monitoring activities. Actions include training lenders, Realtors, property managers, homeowners associations and others; assigning staff to discuss reasonable accommodation for persons with disabilities and the placement of group homes; and implementing advertising campaigns, produced in several languages, that target minority residents. The county has also developed a fair housing curriculum that it incorporates into all 10th grade social studies classrooms in each of the 23 Montgomery County schools. In order to raise awareness of fair housing issues in the community, the county also holds an annual fair housing forum.
- **Montgomery County Housing Fair Committee** brings together Realtors, property managers, homeowner associations, housing developers, assisted living communities, businesses, banks, credit unions, government agencies, community organizations and nonprofits as sponsors and exhibitors at the annual Montgomery County Housing Fair and Financial Fitness Day. The fair offers on-site loan modifications from lenders, as well as free assistance by certified housing counselors and attorneys with experience in dealing with housing issues.
- **Equal Rights Center** is a national non-profit civil rights organization dedicated to promoting equal opportunity in housing, employment, and access to public accommodations and government services through education, research, testing, advocacy, and enforcement. While working nationally, the Equal Rights Center is located in Washington, D.C. and has undertaken testing and evaluation projects in Montgomery County including Gaithersburg.



8. General Fair Housing Observations

This section of the AI is a summary of general observations included in earlier sections of the report. General observations include the results of primary and secondary research that define the underlying conditions, trends, and context for fair housing planning in the city. These observations in and of themselves do not necessarily constitute impediments to fair housing choice. Rather, they establish a contextual framework for the impediments to fair housing choice that are presented in the following section of the AI.

A. Demographic and Housing Market Observations

- Gaithersburg's population increased 618.3% between 1970 and 2010. The City's rate of growth outpaced the rates of Montgomery County, Maryland and the United States in the same time period. Growth occurred as a result of more affordable housing stock than in Washington, D.C. and the convenience of mass transit out from the District into the surrounding suburbs.
- Hispanics represented 56% of the City's growth between 2000 and 2010. Asians represented 39.7%, and Blacks represented 28.3%. While minority groups grew quickly between 2000 and 2010, the White population shrank by 0.5% as a percent of total population.
- In the City of Gaithersburg, 14 census tracts have concentrations of minority persons. A minority concentration is one in which a majority of residents living in the census tract are something other than White non-Hispanic. This includes other races, those of Hispanic ethnicity, and those of two or more races.
- Evidence shows that Gaithersburg is becoming more segregated even as its population increases and diversifies. Between 2000 and 2010, White/Black segregation increased from 24.5 to 34.5, White/Asian segregation increased from 13.4 to 23.4 and White/Hispanic segregation increased from 33.6 to 38.7.
- Whites and Asians were the least likely to live in poverty in Gaithersburg in 2010, with poverty rates below 6%. All other minority groups had poverty rates ranging from 14.7% to 20.7%. The Two or More Race population had the highest poverty rate of 20.7%, which corresponded with their low MHI of \$47,716.
- Black, Other, Two or More Races, and Hispanic households were more likely than Whites and Asians to have annual incomes of less than \$25,000. In Gaithersburg, 15.2% of Hispanic, 18.2% of Black, 14.5% of Other Race, and 28.6% of Two or More Race households earned less than \$25,000 in 2010.
- Seven areas in Gaithersburg include concentrations of both LMI persons and minorities. Census tract 7007.05, block groups 1, 2 and 4; census tract 7007.04, block group 3; census tract 7007.08, block groups 3 and 4; and census tract 7008.05, block group 2 have concentrations of both LMI persons and minorities.
- Of individuals with at least one disability, those age 75 and older were most likely to live in poverty. Individuals between ages 18 and 34 had the second-highest percentage of residents (13.7%) living below poverty.
- Female-headed households with children accounted for nearly half of all families living below the level of poverty in Gaithersburg. Female-headed households with children comprised 48.9% of all families living in poverty and were 19 times as likely to live in poverty as married couple families with children.
- Families with at least one foreign-born parent were more likely to live in poverty than families with only native-born parents. In 2010, 17.7% of families with at least one foreign-born parent

were earning less than 200% of the poverty rate, compared to 9.8% of families with only native-born parents.

- In Gaithersburg, 11,679 residents had limited English proficiency (LEP) in 2010. Almost 53% of persons with LEP were native Spanish speakers, who represented 11.5% of the total population age five and older.
- With the exception of Asian residents, minorities were more likely to be unemployed than White residents in Gaithersburg. The unemployment rates among all minorities, except Asian residents, exceeded the city and statewide averages in 2010. Higher unemployment, whether temporary or permanent, will mean less disposable income for housing expenses.
- The housing inventory in Gaithersburg increased 12.9% between 2000 and 2010. While many tracts saw increases, racially/ethnically concentrated areas of poverty in the city's eastern half lost housing units.
- Whites and Asians were the most likely racial groups to be homeowners in Gaithersburg in 2010. The American Indian, Black, Two or More Race, and Hispanic populations had significantly lower homeownership rates.
- Montgomery County renters earning the average hourly wage of \$17.73 must work 65 hours per week, 52 weeks per year to make the two-bedroom FMR affordable. Thus, minimum wage earners and single-wage earning households cannot afford a housing unit renting for the HUD fair market rent in the County. This situation forces these individuals and households to combine with others, or lease inexpensive, substandard units. Minorities and female-headed households will be disproportionately impacted because of their lower incomes.
- A household income of \$82,597 is required to purchase the 2011 median sales price home of \$350,000. This income level is 4.7% above the MHI in Gaithersburg. With the exception of Asian households, minority households earning their respective MHI cannot afford to purchase the median sales price home in Gaithersburg.

B. Observations Relative to Fair Housing Profile

- Across Gaithersburg, familial status and disability were the primary bases for fair housing complaints filed both with HUD and the Montgomery County Office of Human Rights. Source of income complaints, which accounted for the most complaints to Montgomery County, are not investigated by HUD. As a result, it is expected that the number of this type of complaint filed in Montgomery County would be high as tenants seek affordable housing in a high-cost area.
- Black households are disproportionately represented in public housing and on the public housing wait list. Black households represent 17% of county households; however, 56.6% of all public housing households and 78.8% of applicant households are Black.
- Minorities are overrepresented in both public housing and the Section 8 voucher program. While Black households represent 17% of all county households, 56.6% of public housing households and 68.4% of Section 8 voucher holder households are Black.
- The Housing Opportunities Commission does not have a formal Language Access Plan. A Language Access Plan identifies the number of persons with limited English proficiency and addresses methods of improving access to HOC programs and services.
- Census tracts which contain racially/ethnically concentrated areas of poverty had a proportional number of originations compared to number of households and housing units. Tracts which contain an RCAP/ECAP had 12.7% of all originations, 12.7% of total housing units, and 12.6% of total households.



9. Impediments to Fair Housing Choice

A. Public Sector — Under the Jurisdiction of the City of Gaithersburg

i. Some of the policy documents used by the City of Gaithersburg could be improved from a fair housing perspective.

Gaithersburg's zoning ordinance has numerous definitions for group homes for persons with disabilities, a protected class. This impedes housing choice for persons with disabilities as group home regulations are out of line with fair housing principles.

In addition, the city's CDBG application process does not include any fair housing component such as training or educational sessions. CDBG subrecipients are required to affirmatively further fair housing choice as a requirement of receiving federal funds. Educational sessions would not only ensure subrecipients understand their responsibilities, but will ensure these groups have the capacity to further educate clients with whom they come in contact.

Proposed Action: The city should amend its zoning ordinance to regulate all group homes for persons with disabilities as a separate and distinct use. Group homes for persons with disabilities, as defined by the Fair Housing Act, should be regulated in the same manner as all other single-family dwelling units.

Proposed Action: The city's CDBG application review process should be amended to include a fair housing component. Local non-profits are important distributors of information throughout the community and educating them to disperse fair housing information and conduct their programs in non-discriminatory ways is an important component of building a comprehensive fair housing network.

ii. Additional education and outreach is needed regarding rights and responsibilities under the Fair Housing Act, and state and local laws.

Advocates reported a lack of understanding of fair housing laws among residents of Gaithersburg. Particularly, few residents understand that discrimination is illegal, that there are local bodies able to receive and handle their complaints. Residents could benefit from increased outreach regarding city programs, the local HRC and its powers and responsibilities, and general information on the laws protecting residents from discrimination.

Proposed Action: The city should update its website to include a fair housing page with basic info and links to HUD, OHR, and other local fair housing resources.



Proposed Action: The city should continue offering fair housing training to boards, commissions, and resident groups through its continuing participation on the IFHCG.

Proposed Action: The city should work through the IFHCG to convince the county to relax confidentiality standards related to fair housing complaints. By revealing the outcome of complaints, the county can educate landlords and others about the financial consequences of illegal housing discrimination.

iii. Landlords and condominium associations may not be receiving adequate fair housing information.

Landlords are important stakeholders in providing fair housing choice to members of the protected classes. Testing countywide has shown that some landlords do not understand their responsibilities when it comes to fair housing and source of income protection.

Similarly, with the increase in condominiums, associations are taking greater roles in their communities, and this has fair housing implications. Additional fair housing education opportunities provided by the city and other qualified entities may better equip these groups with the knowledge and understanding needed to provide fair housing choice to members of the protected classes.

Proposed Action: The city should continue to provide fair housing training to local landlords. Testing has shown that landlords are not fully aware of their responsibilities, especially relating to source of income protections.

Proposed Action: The city should require landlords and rental agents to take fair housing training as part of their rental unit licensing process every two years.

Proposed Action: The city should expand fair housing education programs to local condo associations with specific information on how condo associations must also meet fair housing regulations. Focus should include how condo associations must meet reasonable accommodation requests, for example.

iv. The City of Gaithersburg has few affordable housing options because of high housing costs, a lack of developable land, its close proximity to D.C., and a decreasing affordable housing inventory.

The city is a fast-growing city within an economically vibrant metro area, and the increasing population is driving demand for new units as well as for refurbished units. In some cases, older affordable housing units are being demolished to make room for higher-priced units. This continues to decrease the supply of affordable housing, even while housing values increase significantly faster than median incomes.



The city has been proactive with its construction of affordable units through the Moderately Priced Dwelling Unit and Workforce Housing Unit program. The program has facilitated the construction of 102 affordable units and as construction continues, additional units will become available. As part of the program, certain areas of the city have been exempt from these requirements to facilitate greater market-rate housing in areas of low opportunity and high concentrations of affordable housing. As new units come online, these areas should be monitored to ensure a balance between affordable housing and higher-cost housing.

Proposed Action: The city should continue to conduct its annual housing survey to provide accurate and up-to-date information on housing and rent levels in the city.

Proposed Action: The city should evaluate all racially/ethnically concentrated areas of poverty to determine whether these areas should be exempt from the MPDU program. By exempting these areas, the city would effectively be incentivizing market-rate construction in those areas and help to eliminate poverty disparities throughout Gaithersburg.

Proposed Action: The city should establish a mechanism to review areas exempted from the MPDU program. The analysis should determine at what point the balance of affordable and market-rate housing in those areas has reach a tipping point in which newly constructed units should be required to include affordable housing set-asides.

Proposed Action: The city should maintain its strategy of not using Housing Investment Funds in racially or ethnically concentrated areas of poverty. This policy will expand affordable housing choice throughout the city, providing persons with low-to-moderate income additional options when selecting an area of the city in which to live.

v. The number of city residents with limited English proficiency has grown significantly in recent decades, and this population may need assistance to access city programs and services.

While the city employs bilingual staff and has a limited policy concerning translation services, the city's substantial and growing LEP population likely calls for further accommodation under Title VI of the Civil Rights Act of 1964.

Proposed Action: The city should conduct the four-factor analysis to determine the extent to which translation services may be needed to expand access to its services and programs for persons with LEP.



vi. Residents with disabilities are increasingly unable to find decent, accessible housing within the City of Gaithersburg.

Complaint data has shown that disability is becoming a more important issue for residents with reasonable accommodation and other disability-related complaints the most prevalent of all issues.

In addition, residents have found that buildings identified as visitable or that include ADA-accessible features are not truly accessible. In one case, a person in a wheelchair was unable to enter a recently completed building that included accessible features .

Proposed Action: The city should include architects, builders, engineers and local code officials in its fair housing training. Specifically, design and construction education should be provided to these groups to ensure accessibility features are included as required.

Proposed Action: The city should require that all newly constructed units utilizing public funds from any source should be 100% visitable. These units should include MPDUs, and any buildings constructed with Housing Initiative Funds or other local funds.

Proposed Action: The city should require newly constructed buildings undergo an accessibility audit in which a person with a disability navigates the building to ensure that accessibility features have been constructed as required by law. Occupancy permits should not be issued unless a building meets this test.

vii. The City of Gaithersburg does not have a complete fair housing profile because of a lack of local testing specific to the city.

Testing is an important component of a fair housing profile and should be undertaken for a variety of protected classes including minorities, the disabled and those with limited English proficiency. Countywide testing has been undertaken by the Equal Rights Center out of Washington, D.C., but separate results for the city are not available.

Proposed Action: The city should partner with the county to financially support the efforts of qualified fair housing advocacy organizations to conduct random paired testing of the applicant screening and selection process. This should be undertaken in the rental market for race, disability, national origin and source of income. Results for the city should be requested separately from the county.

B. Public Sector — Not under the Jurisdiction of the City

i. Public transit in Gaithersburg is largely limited to rush-hour, commuter services that do not provide transit-dependent residents with adequate



access to daily needs.

While Gaithersburg is served by four different transit agencies including commuter rail, nearby metro access, and two bus agencies, most services are geared toward the traditional nine-to-five commuter into Washington, D.C. Far fewer services are available for those reverse commuting or travelling during off-peak hours.

The State of Maryland is pursuing a variety of major upgrades to its transit system including improvements to the MARC train system and a new bus rapid transit line through the southern half of Gaithersburg. The city should support this and other efforts to increase the frequency and reliability of bus and rail service in the community.

ii. Inaccessible HOC facilities limit housing opportunities available to persons with disabilities.

Interviews with stakeholders and advocates combined with an increasing number of disability-related complaints to fair housing organizations indicate a need for accessible options within the public housing stock. One important step in understanding and correcting deficiencies of accessible units is undertaking a Section 504 Needs Assessment and Transition Plan. Without such a plan, the Commission cannot fully understand the need for accessible public housing in Gaithersburg and across the county.

iii. Some of the policy documents used by the Montgomery County Housing Opportunities Commission could be improved from a fair housing perspective.

The Commission is working to update its wait list procedures to create a more streamlined list that can be opened more often and can award housing in a more timely manner. As part of this update, HOC should ask whether an applicant or a member of their family requires an accessible unit. This question, currently missing from public housing applications, would allow the Commission to match accessible units with those applicants needing accessible features.

In addition, the Commission's ACOP does not include a specific integration policy, which should be formalized and included in the document.

iv. Persons with limited English proficiency are experiencing difficulty accessing housing.

Two language groups in Gaithersburg exceed safe harbor minimums. With an increasing number of persons with LEP, the Commission should prepare a Language Access Plan to ensure these groups have access to public housing programs and services.

v. Certain Housing Choice Voucher holders are experiencing difficulty in securing private rental housing.

While source of income is a protected class in Gaithersburg, testing has shown that some landlords do not understand the law and are not willing to rent their apartments to voucher holders. When voucher holders are not denied outright, often poor credit or criminal history keeps applicants from securing decent housing.



C. Private Sector — Not under the Jurisdiction of the City

- i. **Mortgage lending data from 2009 to 2011 suggests that racial minorities are more likely to experience mortgage application denial or high-cost lending than White applicants.**

Over the course of the three years studied, upper-income Black households experienced denial rates that were higher than those of lower-income White households. This pattern is consistent with discrimination. Additionally, denials rates for Black and Hispanic households generally were significantly higher than for White households.

- ii. **Realtors are not adequately accommodating persons with disabilities.**

Information from stakeholders pointed to complaints and reluctance among some Realtors when dealing with persons with disabilities. While not rising to the level of a formal complaint, these issues indicate the need for additional training regarding responsibilities for Realtors. Specific educational needs include how to show homes to mobility impaired persons.

- iii. **Local real estate advertisements include questionable language that may discourage certain members of the protected classes from applying for units.**

The real estate section in The Gazette did not include a publisher's policy on the fair housing logo. This information is important to inform renters and buyers of their rights to equal treatment when purchasing or renting a home.



10. Fair Housing Action Plan

Actions	Responsible Entities	Benchmark	Year to be Completed	Potential Cost	Date Completed
Public Sector — Under the Jurisdiction of the City of Gaithersburg					
Impediment 1: Some of the policy documents used by the City of Gaithersburg could be improved from a fair housing perspective.					
Proposed Action: The city should amend its zoning ordinance to regulate all group homes for persons with disabilities as a separate and distinct use. Group homes for persons with disabilities, as defined by the Fair Housing Act, should be regulated in the same manner as all other single-family dwelling units.					
Proposed Action: The city's CDBG application review process should be amended to include a fair housing component. Local non-profits are important distributors of information throughout the community and educating them to disperse fair housing information and conduct their programs in non-discriminatory ways is an important component of building a comprehensive fair housing network.					
Impediment 2: Additional education and outreach is needed regarding rights and responsibilities under the Fair Housing Act, and state and local laws.					
Proposed Action: The city should update its website to include a fair housing page with basic info and links to HUD, OHR, and other local fair housing resources.					
Proposed Action: The city should continue offering fair housing training to boards, commissions, and resident groups through its continuing participation on the IFHCG.					
Proposed Action: The city should work through the IFHCG to convince the county to relax confidentiality standards related to fair housing complaints. By revealing the outcome of complaints, the county can educate landlords and others about the financial consequences of illegal housing discrimination.					

Analysis of Impediments to Fair Housing Choice



Actions	Responsible Entities	Benchmark	Year to be Completed	Potential Cost	Date Completed
Impediment 3: Landlords and condominium associations may not be receiving adequate fair housing information.					
Proposed Action: The city should continue to provide fair housing training to local landlords. The training should include information about the Section 8 voucher program, laws regarding source of income legislation, the rights and responsibilities of landlords, etc.					
Proposed Action: The city should require landlords and rental agents to take fair housing training as part of their rental unit licensing process every two years.					
Proposed Action: The city should expand fair housing education programs to local condo associations with specific information on how condo associations must also meet fair housing regulations. Focus should include how condo associations must meet reasonable accommodation requests, for example.					
Impediment 4: The City of Gaithersburg has few affordable housing options because of high housing costs, a lack of developable land, its close proximity to D.C., and a decreasing affordable housing inventory.					
Proposed Action: The city should continue to conduct its annual housing survey to provide accurate and up-to-date information on housing and rent levels in the city.					
Proposed Action: The city should evaluate all racially/ethnically concentrated areas of poverty to determine whether these areas should be exempt from the MPDU program. By exempting these areas, the city would effectively be incentivizing market-rate construction in those areas and help to eliminate poverty disparities throughout Gaithersburg.					



Actions	Responsible Entities	Benchmark	Year to be Completed	Potential Cost	Date Completed
<p>Proposed Action: The city should establish a mechanism to review areas exempted from the MPDU program. The analysis should determine at what point the balance of affordable and market-rate housing in those areas has reach a tipping point in which newly constructed units should be required to include affordable housing set-asides.</p>					
<p>Proposed Action: The city should maintain its strategy of not using Housing Investment Funds in racially or ethnically concentrated areas of poverty. This policy will expand affordable housing choice throughout the city, providing persons with low-to-moderate income additional options when selecting an area of the city in which to live.</p>					
<p>Impediment 5: The number of city residents with limited English proficiency has grown significantly in recent decades, and this population may need assistance to access city programs and services.</p>					
<p>Proposed Action: The city should conduct the four-factor analysis to determine the extent to which translation services may be needed to expand access to its services and programs for persons with LEP.</p>					
<p>Impediment 6: Residents with disabilities are increasingly unable to find decent, accessible housing within the City of Gaithersburg.</p>					
<p>Proposed Action: The city should include architects, builders, engineers and local code officials in its fair housing training. Specifically, design and construction education should be provided to these groups to ensure accessibility features are included as required.</p>					
<p>Proposed Action: The city should require that all newly constructed units utilizing public funds from any source should be 100% visitable. These units should include MPDUs, and any buildings constructed with Housing Initiative Funds or other local funds.</p>					



Actions	Responsible Entities	Benchmark	Year to be Completed	Potential Cost	Date Completed
<p>Proposed Action: The city should require newly constructed buildings undergo an accessibility audit in which a person with a disability navigates the building to ensure that accessibility features have been constructed as required by law. Occupancy permits should not be issued unless a building meets this test.</p>					
<p>Impediment 7: The City of Gaithersburg does not have a complete fair housing profile because of a lack of local testing specific to the city.</p>					
<p>Proposed Action: The city should partner with the county to financially support the efforts of qualified fair housing advocacy organizations to conduct random paired testing of the applicant screening and selection process. This should be undertaken in the rental market for race, disability, national origin and source of income. Results for the city should be requested separately from the county.</p>					



11. Signature Page for the City of Gaithersburg

By my signature I certify that the Analysis of Impediments to Fair Housing Choice for the City of Gaithersburg is in compliance with the intent and directives of the regulations of the Community Development Block Grant Program.

(Signature of Mayor)

Date



Appendix A: List of Invited Stakeholders

The following list includes all persons and groups invited to participate in the AI process. Interviews took place in person and via phone. Additional follow-up questions were sent via email.

Dr. Bell, *Montgomery County Public Schools*

Joy Flood, *Housing Opportunities Commission*

Jeremiah Floyd, *Human Relations Commission*

Song Hutchins, *Asian-American Homeownership Counseling, Inc.*

Nadim Khan, *Department of Health and Human Services*

Emily Rainone, *Landlord-Tenant Specialist*

Jim Stowe, *Office of Human Rights*

Lynn Board, *City Attorney*

Kirk Erby, *City Planning*

Loretta Garcia, *Office of Human Rights*

Louise Kauffmann, *Housing and Community Development Department*

Betsy Tolbert Luecking, *Department of Health and Human Services*

Jackie Simon, *Realtor*

