3-2022

Not a Question of "Whether or Not," but "Where" and "How": Crises of Affordable Housing in Montgomery County, Maryland, 1968-1996

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Abstract
Despite the passing of the 1968 Fair Housing Act and other federal policies which made racial discrimination in housing illegal, residential segregation persisted in more covert ways in the 1970s and beyond. Neighboring the nation's capital and home to many of its elites, Montgomery County, Maryland, was at the epicenter of debates about the future of fair housing in American suburbs. Housing activists in Montgomery County recognized that in order to expand access to mortgage markets and make housing available to low-income and minority Americans, it was necessary to create affordable housing. A coalition of suburban liberals, led by the local chapter of the League of Women Voters (LWV) and an organization called Suburban Maryland Fair Housing (SMFH), lobbied for, drafted, and passed the moderately priced dwelling unit (MPDU) law, which mandated that affordable housing be developed and dispersed throughout the county. In the late 1970s and early 1980s, the destabilizing effects of inflation and government deregulation of federal housing programs hindered the progressive potential of Montgomery County's affordable housing policy. This thesis traces the social, economic, and political factors that complicated the task of creating affordable housing. Ultimately, this thesis reveals how local liberalism contended with and evolved in response to county- and national-level pressures.

Keywords
fair housing, affordable housing, Montgomery County, Maryland, liberalism, localism, inflation, deregulation, housing policy

Disciplines
Arts and Humanities | History
NOT A QUESTION OF “WHETHER OR NOT,” BUT “WHERE” AND “HOW”:

CRISES OF AFFORDABLE HOUSING IN MONTGOMERY COUNTY, MARYLAND,

1968-1996

Bianca Serbin

AN HONORS THESIS

in

History

Presented to the Faculty of the
Department of History of the University of Pennsylvania
in Partial Fulfillment of the Requirements for the Degree of
Bachelor of Arts with Honors

2022

Kathy Peiss, Honors Seminar Director

Brent Cebul, Thesis Advisor

Ramya Sreenivasan, Undergraduate Chair, Department of History
Acknowledgements

First and foremost, thank you to Professor Brent Cebul and Professor Kathy Peiss, whom I consider my second advisor. Professor Cebul helped me gain confidence in my ability to challenge prevailing historical narratives, inspiring me to see my own work as relevant and important. This thesis was inspired by his course on the 1970s, and I am very grateful he agreed to take me on as his third honors thesis advisee. Professor Peiss taught me to let historical voices speak for themselves, and the process of working with her has made me a much better historian. It has been an honor to work with her. Thank you to Nick Okrent, without whom I would not have been able to find the link to the Washington Post archives nor many other important resources that have shaped this and many other projects. I would also like to thank Dr. Yvonne Fabella for her support throughout my time at Penn. This project would not have been possible without the financial support of Penn’s History Department, and I am very grateful for its support in funding my research.

I am also indebted to all of the archivists, assistants, and housing specialists I spoke to or worked with, especially those from the Montgomery County Archives (MCA) and the University of Maryland (UMD) Special Collections and Archives: Sarah Hedlund (MCA), Laura Cleary (UMD), Joni Floyd (UMD), and Jacob Hopkins (UMD). Emily Vaias and Kevin Davey, from the Maryland-National Capital Park and Planning Commission, and Upneet Atwal, who works for the Montgomery County Council and so generously agreed to speak with me early on in my research process, also provided invaluable guidance and resources as I navigated learning about Montgomery County.

Lastly, thank you to my parents, Kenneth and Regina Serbin, for instilling in me a love of history.
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Introduction

In 1970, Montgomery County, Maryland, was the wealthiest county in America. The county was home to over half a million people, and more than fifty percent of its families earned well above the national median family income. In contrast to neighboring Washington, D.C., which had a majority Black population, Montgomery County’s population was over ninety percent white. But despite its wealth, Montgomery County had a burgeoning housing problem. Its population was growing rapidly and diversifying to include greater numbers of low-income Americans. Experts predicted that as its socioeconomic makeup began to change, the county would no longer be as racially homogenous as it had been in the 1960s. With an average home price of $40,000—more than twice the national average, Montgomery County’s housing market could not accommodate this lower-income population. “Where are we headed?” Some residents asked. “What kind of a community will we have here in five, 10 or 20 years if only the affluent can afford to live here?”

Montgomery County not only debated this issue but enacted policies to address this question of affordable housing. This thesis homes in on Montgomery County’s experience to explore how national events moderated the possibility of affordable housing. At the end of the 1960s, the unraveling of the liberal consensus on civil rights and breaking apart of the New Deal coalition threatened to stifle national progress toward housing reform and residential desegregation. Neighboring the nation’s capital and home to many of its elites, Montgomery County was at the epicenter of debates about the future of fair housing and American suburbs. Its affluent, white residents held conflicting beliefs about how to respond to the need for housing.

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2 “Is MPDU Doomed?” Montgomery County Sentinel, December 21, 1972; Public Accommodations and Fair Housing, RG 17, RT LWV, RS Subject file - housing; Box 7, RG 18 Civic Organizations, RT: League of Women Voters Fact Sheets; Montgomery County Archives, Gaithersburg, Maryland.
Beginning in 1968, a coalition of housing advocates—representative of an evolving Democratic party—worked to formulate a county policy that would promote socioeconomic integration by providing housing for low- and moderate-income Americans.

However, despite a revolution in fair housing practices aimed at dismantling segregation, suburban discrimination—in Montgomery County and nationwide—endured in more covert ways, driven by the preferences and actions of white residents, realtors, developers, and policymakers. Moreover, rising housing costs revealed that expanding homeownership was not simply contingent on expanding access to mortgage markets or making housing available, but on creating affordable housing—especially as mortgage rates began to soar and incomes stagnated due to inflation. Recognizing the need for affordable housing, activists in Montgomery County drafted and passed the moderately priced dwelling unit (MPDU) law, which required that new housing developments accommodate low- and moderate-income residents. The history of suburban activism in Montgomery County in the late 1960s and early 1970s demonstrates how local, grassroots initiatives had the power and potential to create an affordable housing policy that worked at a community level.

Montgomery County’s is not a story of how liberalism persisted and evolved in a locality disconnected from national trends and pressures. The social politics of suburban liberals in Montgomery County interacted with the broader forces of inflation, interest rates, and federalism. The window of progressive opportunity for an affordable housing movement became much narrower as the challenges of inflation and government deregulation rearranged what seemed possible at the local level. By the 1980s, though Montgomery County had developed an

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3 See Richard H. Sander, Yana A. Kucheva, and Jonathan M. Zasloff, *Moving Toward Integration: The Past and Future of Fair Housing* (Cambridge, MA: Harvard University Press, 2018) for a description of why the 1970s should have been a “critical decade” in advances in homeownership and housing policy.
innovative, local policy solution, its ability to produce affordable housing was contingent on federal funding that had begun to disappear. The federal government’s crusade to privatize the housing industry and defund public housing programs would culminate in 1996 with demands to abolish the Department of Housing and Urban Development (HUD) altogether—a moment that challenged decades of liberal consensus on what role the federal government should play in supporting local and state housing programs. In Montgomery County, the destabilizing effects of inflation on the local housing market coupled with the conservative emphasis on defunding federal housing programs weakened the social possibility of a progressive movement for affordable housing.

Like many southern cities and municipalities, Montgomery County’s history has been shaped by the legacy of slavery and the American Civil War. The county was once home to and run by slave owners and Confederate soldiers who, after the war, remained there with their families and imposed Jim Crow legislation. Enclaves of freedpeople also settled in the northern part of the county in Sugarland, Jonesville, Jerusalem, Mount Ephraim, and Big Woods. Freedpeople also formed communities elsewhere in the county in Lyttonsville, Tobytown, and Hawkins Lane.

The suburbanization of Montgomery County, which began in the early 20th century, followed a pattern similar to that of many other American communities. In the county’s early

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6 Royce Hanson, Suburb: Planning Politics and the Public Interest (Ithaca, NY: Cornell University Press, 2017), 2. The history of suburbanization in the United States begins in the 19th century, when, alongside the process of
stages of suburban growth, redlining and racial covenants excluded African Americans from new suburban developments. The county’s postwar population growth and rise in suburban housing mirrored that of other communities across the country, contributing to the massive increase in national homeownership rates in the 1940s and 1950s. In the mid-20th century, government employees began to migrate into Montgomery County. These new residents, as journalist Eugene J. Meyer has written, altered the county’s “political and social complexion, infusing it with new ideas that […] reframed Montgomery as a suburban county in the vanguard of progressive change.”

In the 1960s, against the backdrop of the civil rights movement, housing became a focus of civic and political activism in Montgomery County, as members of its Black community began to speak out about their experiences of racial steering and zoning. The Montgomery County Human Relations Commission (HRC), newly formed to address discrimination in the county, fielded these grievances but lacked funding and support from the county council to address their causes. Two activist groups, the Montgomery County chapter of the League of Women Voters (LWV) and Suburban Maryland Fair Housing (SMFH), formed a coalition to achieve a fair housing law. These groups later drafted, lobbied for, and eventually passed the moderately priced dwelling unit program, the first inclusionary zoning program in the country. Montgomery County has successfully integrated forms of affordable housing while remaining one of the most affluent counties in the country—no doubt because of its proximity to industrialization, areas outside of cities began to develop their own distinct characteristics. See Kenneth T. Jackson, *Crabgrass Frontier: The Suburbanization of the United States* (New York: Oxford University Press, 1985); Robert Fishman, *Bourgeois Utopias: The Rise and Fall of Suburbia* (New York: Basic Books, 1987).

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7 Meyer, “A shameful past.”
8 Ibid.
9 Ibid.
Washington and its abundance of government employees. Was the MPDU program as successful as its proponents claimed it would be? How did the inflation of the 1970s affect the implementation of the MPDU and other housing programs in the county? To what extent, if at all, did federal regulations impact the development of affordable housing in Montgomery County? How were the residents of Montgomery County impacted by its growth and suburbanization from the 1970s to the 1990s? This thesis examining Montgomery County’s experiment in housing policy seeks to answer these questions.

The endeavors of Montgomery County activists and politicians to promote fair and affordable housing exemplify how community activism helped shape housing policies both in reaction to and in spite of the political and economic transformations of the mid- to late-20th century, yet these efforts to secure fair and affordable housing in the 1970s and 1980s have not been covered extensively by historians. The scholarship on the history of suburbanization and desegregation largely documents the efforts of suburbanites to counter integration and to perpetuate segregationist real estate and zoning practices. Examining Montgomery County elicits an alternative perspective on the history of desegregation and socioeconomic integration. Although there was by no means unanimous support for socioeconomic integration in the county, it is apparent that white suburban elites fought indefatigably for the progressive cause of affordable housing. The campaigns of liberals in Montgomery County in favor of fair housing—


and later affordable housing—demonstrate how the suburbs served as breeding grounds for political and social activism in the 1960s and 1970s.

As Lily Geismer identifies, historians “have traditionally focused on the fights of white suburban residents against rather than for fair housing legislation and integrated communities.”

Geismer’s work provides a broader commentary on the evolution of American liberalism, challenging the notion that it declined in the latter half of the 20th century. Traditional historical narratives trace the decline of the New Deal coalition and rise of the New Right over the course of the mid- to late-20th century, treating the emergence of the “New Democrats” as a response to the latter. These narratives conceal the activism of suburban liberals within specific communities. Geismer works to illuminate this activism to create new legal means of fighting discrimination in Don’t Blame Us by documenting the history of liberal suburbanites in the Route 128 area outside Boston in the 1950s and 60s. Histories of the 1970s and 80s depict liberals as supporters of “posteconomic issues” like gender and racial inequality and environmentalism. Geismer argues that liberals did not become less sensitive to economic and work-related issues, as those histories suggest, but that the base of the Democratic party underwent a significant change. Democrats of decades past were factory workers, union men and women, and autoworkers. Well-educated, white professionals—what Geismer refers to as “suburban knowledge workers”—now formed the base of the national Democratic party, and these liberals were particularly attuned to the politics of suburban life.

14 Geismer, Don’t Blame Us, 1.
15 Ibid.
Historical accounts of postwar liberalism do not always take into account the differences in national and local liberal activism. Historian Guian McKee advocates for the importance of localism in *The Problem of Jobs: Liberalism, Race, and Deindustrialization in Philadelphia*. McKee argues that highlighting localism can reveal why liberal institutions and policies succeeded or failed and the motivations for national policy reform. McKee also identifies several characteristics that defined national postwar liberalism, some of which are relevant to this study. One of such characteristics was “a reliance on universalist appeals to the common good,” through which liberals claimed there was a societal obligation for citizens to aid those around them.\(^\text{16}\) Montgomery County residents adopted such universalist language to engage their neighbors in their efforts to create affordable housing.

Historians Kevin Kruse and Thomas Sugrue contend that confronting and comprehending suburbanization is crucial to understanding the history of 20th century America. Their volume *The New Suburban History* demonstrates how national tensions between conservatism and liberalism, race and class debates, and political and social movements have played out in the suburbs.\(^\text{17}\) Historian Kenneth Jackson identified several elements that distinguished American suburbs from the “residential experiences” of the rest of the world in his 1985 landmark work on the history of suburbanization: “affluent and middle-class Americans live in suburban areas that are far from their work places, in homes that they own, and in the center of yards that by urban standards elsewhere are enormous.”\(^\text{18}\) Kruse and Sugrue argue that this description perpetuates

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\(^{17}\) Kruse and Sugrue, *The New Suburban History*.

\(^{18}\) Jackson, *Crabgrass Frontier*, 6.
stereotypes about suburbia and ignores its racial and socioeconomic diversity.\textsuperscript{19} Scholarship over the past twenty years has acknowledged that diversity.\textsuperscript{20}

The narrative of post-fair housing era segregation generally attributes the failure of integration to the impotence of the federal government and housing laws and the persistence of white racism and avoidance, resulting in a branch of scholarship that tends toward pessimism.\textsuperscript{21} Douglas Massey and Nancy Denton’s seminal work 	extit{American Apartheid: Segregation and the Making of the Underclass} studies the cycle of segregation and poverty that harms African American populations. Published in 1993, 	extit{American Apartheid} challenged the idea that race was declining in importance in America.\textsuperscript{22} Massey and Denton emphasize the role of white racism in perpetuating segregation and housing discrimination, persuasively arguing that reforms like the Fair Housing Act of 1968 had only a minimal impact on reducing segregation. Many historians or sociologists who have taken this “pessimistic” approach to studying housing policy foreground the action or inaction of the federal government in the movement toward desegregation. In particular, these scholars underscore President Richard Nixon’s aversion to civil rights and to using federal funds to promote suburban integration, which led him to impose a moratorium on federal housing funds in 1973.\textsuperscript{23} Using correspondence between local actors,

\textsuperscript{19} Kevin M. Kruse and Thomas J. Sugrue, 	extit{The New Suburban History} (Chicago: University of Chicago Press, 2006), 3.
\textsuperscript{21} See Sander, Kucheva, and Zasloff, 	extit{Moving Toward Integration}, 7-8, for a longer description of the “pessimistic” approach.
state senators, and HUD officials, I explore suburban activists’ reactions to the Nixon Administration’s policies, which they believed would jeopardize their ability to implement their own local housing policies.

Aiming to illuminate how national housing policy oftentimes failed to enact change at the local level, historians have also focused on how the practice of segregation transformed from an overt to a more concealed—but equally discriminatory—process in the wake of the legislative reforms of the 1960s and 1970s. Recent works by Keenaga-Yamahtta Taylor and Rebecca Marchiel direct readers’ attention to the autonomy of individuals and communities in shaping the spatial development of cities and suburbs. Taylor’s *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership* is the most recent work in a long line of scholarship about how public and private institutions have devalued and barred Black homeownership. Taylor argues that “housing policy in the 1970s hinged on the collaborative relationship between public and private sectors,” and that “as a result of this relationship, the federal government was impaired in its ability to aggressively regulate an industry that had employed racial discrimination in its determined pursuit of insatiable profit as a business principle.”

Crucially, *Race for Profit* spotlights Black women who brought lawsuits against HUD and the FHA, challenging racial housing policies. Marchiel’s *After Redlining: The Urban Reinvestment Movement In the Era of Financial Deregulation* picks up where *Race for Profit* leaves off, highlighting the activism and autonomy of community groups on Chicago’s West Side. She tells the story of National People’s Action (NPA), a group whose activism laid the groundwork for national legislation like the Home Mortgage Disclosure Act and the Community

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Reinvestment Act in the late 1970s. Marchiel’s narrative illuminates the impact local activism in urban settings had on a national scale.

This thesis also builds on another strand of historical literature by exploring the rise of American financial culture and its space in suburbia. Historian Judith Stein’s *Pivotal Decade* (2010) began an investigation into how the economic and financial principles of the 1970s continue to shape the U.S. economy and have led to the rise of inequality. New histories of the 1970s and 1980s, including Bruce Schulman’s *The Seventies: The Great Shift in American Culture, Society, and Politics* and Schulman and Julian Zelizer’s edited volume *Rightward Bound: Making American Conservative in the 1970s*, highlight the transformations of those decades. These studies offer insight into how Americans became more concerned with and invested in financial issues and markets, reflecting fundamental changes in the American political economy. This thesis generates new insights by focusing on homeownership as a form of investment and the implications it would have for Americans’ interpretations of financial security.

Only one scholarly work comprehensively studies the history and planning of Montgomery County. Royce Hanson’s *Suburb: Planning Politics and the Public Interest* traces the planning and zoning history of Montgomery County. Hanson, a professor of public policy and former chair of the Montgomery Planning Board from 1972-1981 and 2006-2010, surveys the planning of Montgomery County, identifying how “the invention and evolution of Montgomery’s land use policies were efforts by the county’s planners and politicians to solve practical problems in the public interest.”

Though Hanson furnishes a detailed account of Montgomery’s local history, he refrains from placing the development of the county in the

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25 Hanson, *Suburb*, 5.
context of national events and legislation. Perhaps intentionally, therefore, his text makes little mention of national events or legislation, including the Civil Rights Act and later policies which sought to expand affordable housing.26

Montgomery County’s inclusionary zoning program has received national attention for its success in racial and economic integration, particularly from those who study regional, urban, and suburban development and planning. In *Color of Law: A Forgotten History of How Our Government Segregated America*, historian Richard Rothstein briefly mentions the MPDU program and recommends that it be “widely duplicated.”27 A slightly more comprehensive overview of the history of the MPDU program can be found in David Rusk’s *Inside Game/Outside Game: Winning Strategies for Saving Urban America*, where he writes about the success of regional strategies in improving urban neighborhoods. Rusk, a former mayor of Albuquerque, New Mexico, and regional policy expert, includes a chapter on the MPDU program titled “Montgomery County, Maryland: Mixing Up the Neighborhood,” which briefly recounts the history of its conception. He uses Montgomery County as a case study of the success of county-level planning aimed toward economic integration. Rusk’s discussion is very brief and does not capture the more complex legislative history of the MPDU program.28

This thesis seeks to describe Montgomery County’s history in more depth by exploring the MPDU program in itself and in relation to national developments. Many of my primary sources come from two archives in Maryland: the Montgomery County Archives and the Special Collections and University Archives at the University of Maryland. The sources I collected from

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26 Ibid, 256.
these archives, which included newspapers, reports, pamphlets and flyers, letters, and testimony, helped me piece together the legislative history of Montgomery County’s moderately priced dwelling unit program. These sources helped me comprehend the role of the League of Women Voters and Suburban Maryland Fair Housing in advocating for new housing policy and the research that the county government conducted on its housing needs. To gain a better understanding of how racial attitudes shaped or impeded desegregation, I sought out other primary news sources that reported on race-based conflict in the county. Read together, the newspaper articles and archival materials shed light on the racial dimensions of the county’s economic integration. In my later chapters, the archival sources reveal how county officials reacted and responded to the federal deregulation of the housing industry.

Recounting the history of Montgomery County from roughly 1968 to 1996, I trace a set of social, economic, and political factors that complicated the task of creating affordable housing. In my first chapter, I describe how suburban activists in Montgomery County transitioned from advocating for fair housing to advocating for low- and moderate-income housing. The combined efforts of the League of Women Voters and Suburban Maryland Fair Housing resulted in the creation of the moderately priced dwelling unit program, a local policy solution to the county’s housing needs that its supporters believed would be more effective than federal legislation.

The second chapter examines the impact of the “Great Inflation” on Montgomery County’s housing market in the 1970s and early 1980s. No president, policymaker, or economist seemed capable of curbing the effects of inflation, a force which disrupted and upended everything Americans had come to hold true about their economic lives. In Montgomery County, inflation particularly impacted homeownership as housing prices skyrocketed to staggering
levels, threatening to bar low-income homebuyers from the market. Homeownership took on political significance as inflation revealed how homeowners benefited from low-growth policies, which had the effect of exacerbating the county’s housing market. To understand the scarring effects of the Great Inflation, I analyze financial self-help literature, which sustained a cultural consensus that homeownership would remain valuable even in times of economic hardship. These books and articles offer insight into the cultural facets of inflation. The goal of this chapter is to introduce another impediment—one imposed not by federal or local actors, but by economic forces outside their control—to homeownership and affordable housing in the 1970s and early 80s.

My third chapter explores the lack of synchronization between local and national approaches to housing policy. Throughout the 1980s and 1990s, legislators at the national level defunded federal housing programs, including Section 8. While Montgomery County identified the need for new housing construction, the federal government shifted its focus toward providing income supplements to renters and potential homeowners—insisting on a commitment to promoting private ownership and to reducing the need for federal housing programs. Montgomery County’s Housing Opportunities Commission’s programs, which provided housing to very low-income families, suffered as a result.

In 1994, in a Washington Post opinion piece about the county’s housing market, Rockville resident Allen Neyman wrote, “in enlightened Montgomery County the question was never posed as ‘whether or not affordable housing;’ the problem is ‘where, and hopefully, how best to provide affordable housing.’”29 As Neyman acknowledges, the need for affordable housing was never a question. The history of Montgomery County’s socioeconomic integration

efforts presented here highlights the power of local communities to challenge and change the status quo of housing policy. In this account, contemporary activists might find lessons about the possibilities of, and constraints on, local organizing.
Figure 1. Map of Montgomery County, Maryland\(^{30}\)

Chapter 1: From Fair Housing to Affordable Housing: The Creation of the Moderately Priced Dwelling Unit Program

In November, 1973, on the day when the moderately priced dwelling unit (MPDU) law was passed, members of the Montgomery County Council felt that they had accomplished something important. “We realize that we are testing a new approach to an ancient problem and, as many people resist change, some may be dubious about our MPDU legislation. [...] The entire State and, indeed, many communities across the country are watching our actions this morning,” councilmember Sidney Kramer announced.31 The moderately priced dwelling unit law introduced the practice of inclusionary zoning to the county, mandating that developers commit themselves to building a percentage of low- and moderate-income housing in new developments.

From 1930 to 1960, the population of Montgomery County grew from just over 49,000 to almost 341,000 residents. In the early 1960s, Montgomery County’s Black population was drastically smaller than that of neighboring Washington, D.C. The 1960 census reported that Washington, D.C. had become a majority Black city, while Black Americans made up less than four percent of Montgomery County’s population. In the Northern part of the county, in areas like Tobytown, enclaves of Black residents lived in abject poverty. In 1875, a group of freedpeople settled in what would become Tobytown, and by the late 1960s, nearly all of the residents remaining in the area were their descendants. Until the early 1970s, the African Americans settled in Tobytown often lived in shacks without plumbing, and it was not until a Washington Post reporter wrote an exposé on the “enclave of poverty in the nation’s wealthiest

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county” that county officials took action to provide adequate housing for its residents in that area through a HUD-sponsored project.32

As the 1960s drew to a close, Montgomery County faced two problems. First, its population was growing rapidly. From 1960 to 1970, its population increased to over 522,000 people.33 Experts predicted that Montgomery County’s population would only continue to grow in the next decade, and that minority Americans would constitute a large portion of that growth. The county’s second problem was that it was unable to accommodate this growing population. In the early 1970s, the average price of a home in Montgomery County was nearly $40,000—a price many new residents would not be able to afford.34 The national average price was only $17,000.35 The county would need to add thousands of units of regularly- and affordably-priced housing in the next few years.

The county chapter of the League of Women Voters (LWV) and a group called Suburban Maryland Fair Housing (SMFH) became leading advocates for fair and affordable housing, drafting and pushing the MPDU law through the legislative process. These groups recognized that local legislation—better suited to the specific needs of the county—would be more impactful than federal legislation, especially at a time when federal support for housing policies was waning. When it was passed in 1973, the MPDU law required that developers who were building fifty or more units of housing apportion fifteen percent to be “moderately priced.” Its proponents presented its necessity in simple terms: as the overall population of Montgomery County grew,

33 Statistical Profile of Montgomery County, February, 1974; RG 1, RT County Executive, Box 13; RG 15: Boards, Committees, and Commissions, RT Maryland-National Capital Park and Planning Commission; Montgomery County Archives, Gaithersburg, Maryland.
34 “Housing for All,” The Evening Star, June 17, 1972; Box 3, Series 8, Moderately Priced Dwelling Units (MPDU) -- News Clippings, 1967-1981; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
so, too, would its industry and its need for teachers, firemen, policemen, maintenance people—people who earned roughly $10,000 a year by providing services to the middle class and wealthy residents of the area. These people ought to be able to afford to live where they worked. Even as they pushed for legislative solutions, the LWV and SMFH acknowledged that changing community attitudes toward integration was equally important. Previous accounts of the creation of the MPDU program imply that only when faced with waning support from the county council did the League of Women Voters and Suburban Maryland Fair Housing begin to mobilize public support for the MPDU legislation.\textsuperscript{36} Though the approval of the county council was certainly necessary in propelling the efforts of those community organizations, they viewed \textit{county-wide} education and endorsement as crucial to their cause from the beginning.

Responding to a set of interwoven racial and socioeconomic issues that were playing out on the national stage, Montgomery County residents looked for a local solution to residential segregation within their own political capabilities. Montgomery County’s fight for “fair housing” in the late 1960s was recast as a fight for “affordable housing” in the early 1970s, a rhetorical shift that couched racial issues in socioeconomic terms and obscured the reasons why residents supported or opposed the MPDU law. The use of economic justifications to attack the MPDU program allowed wealthier residents to protect their interests—as homeowners, parents, and community members—as the county attempted to expand its affordable housing opportunities.

\textbf{The Fight for Fair Housing}

“The Negro scientist working beside you or the Negro teacher conducting your child’s class probably does not live in Montgomery County,” a 1964 report by the Montgomery County

\textsuperscript{36} Rusk, \textit{Inside Game/Outside Game}, 188-189.
League of Women Voters stated. The report highlighted what was becoming increasingly clear about the national civil rights movement: overturning or banning laws that allowed segregation would not alone end the practice. State and local governments would have to take on an active role in promoting integration. The process of racial integration and the fight for fair housing took shape in Montgomery County in the mid-1960s. The Action Coordinating Committee to End Segregation in the Suburbs (ACCESS), founded by civil rights activist Joseph Charles Jones, sought support in Montgomery County as its leaders attempted to desegregate the area surrounding the capital. Prominent Montgomery County political couple David and Elizabeth Scull supported ACCESS’ work. The county also prided itself on being “ahead of the curve” on a number of other efforts related to desegregation. After the 1954 decision in *Brown v. Board of Education*, the county planned a twelve-year integration program. By 1961, the county declared that its public schools were fully integrated.

The involvement of local fair housing organizations in promoting Montgomery County’s 1967 Open Occupancy Law and its 1968 Fair Housing Law is worth examination for two reasons. First of all, the Open Occupancy Law predated the federal Fair Housing Act of 1968, and local housing activists believed that their law was furnished with more practical potential than its national counterpart. Second, the Montgomery Fair Housing Law was the forerunner to

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40 Across sources from the period, the Open Occupancy Law has been referred to by a number of different names: the Open Housing Ordinance, the Fair Housing Ordinance, the Fair Housing Law, and the Open Occupancy Law. This chapter will refer to the 1967 ordinance as the Open Occupancy Law. This ordinance was ruled invalid in December, 1967, and a new ordinance was implemented by the midpoint of 1968. This chapter will refer to the 1968 ordinance as the Fair Housing Law, which is different from the federal Fair Housing Act of 1968.
the moderately priced dwelling unit program, and the debates about its passage forecast the
tensions and legal issues that would arise with the latter.

Representative of Montgomery County’s overall population, the demographic profile of
its housing movement included primarily white, wealthy, and well-educated individuals,
especially women. One of the earliest leaders in efforts to promote fair housing in the county was
its chapter of the League of Women Voters. In the 1960s and 70s, the league was composed
primarily of white, educated housewives, many of whom noted they had a desire for “intellectual
stimulation” or to be more involved in the community. These women boasted strong academic
backgrounds, and many of them went on to serve on local boards or committees or to work for
the Maryland government after volunteering for the league. Members of the league in 1970
included women like Sally McGarry, a housewife with two kids, who was elected to the
her colleagues on the league, initially got involved with its work through her neighbors, who
invited her to her first LWV meeting.41 This reflected a crucial facet of the league: its members
were neighbors and residents of the county, committed to progressive initiatives while
themselves part of its white, affluent majority.

Leading up to the 1970s, members of the league gave speeches to county organizations to
advocate for more local control over planning and sanitation—two areas that had strong
implications for the county’s ability to build affordable housing.42 The LWV was also one of the
largest supporters of the evolution of Montgomery County’s government from a Council-

41 Ellyn Wexler, “In a League of their own: County group’s alumnae list is impressive,” Germantown Gazette,
October 17, 1990; Articles about League’s History, RG 16, RT LWV, RS Personal Papers, SS Betty Morehouse;
Box 7, RG 18 Civic Organizations, RT: League of Women Voters Fact Sheets; Montgomery County Archives,
Gaithersburg, Maryland.
42 League of Women Voters of Montgomery County, Maryland, Inc., [Factsheet], March. 1969; Articles about
League’s History, RG 16, RT LWV, RS Personal Papers, SS Betty Morehouse; Box 7, RG 18 Civic Organizations,
RT: League of Women Voters Fact Sheets; Montgomery County Archives, Gaithersburg, Maryland.
Manager to a County-Executive system. The county government had been Maryland’s principal form of local government since colonial times.\textsuperscript{43} In 1948, Montgomery implemented its first county charter, creating a Council-Manager system of government. In 1968, residents of the county voted to revise the charter in order to implement a County-Executive form of government, under which the first county council and county executive were elected in 1970. The charter gave the county the power to make community planning and zoning decisions, a power which was key in enacting the MPDU program.

Unlike the League of Women Voters, Suburban Maryland Fair Housing was uniquely devoted to desegregation and fair housing efforts in Montgomery County. Founded in November, 1962, SMFH’s main objective was to create housing opportunities for African Americans. At a public meeting hosted by SMFH in October, 1963, David L. Lawrence, chairman of President Kennedy’s Committee on Equal Opportunity in Housing, spoke of plans for the federal government to cooperate with organizations like SMFH, calling on “the suburbs to lead the way to full citizenship rights for all Americans.” By that month, SMFH had already succeeded in helping twelve Black families move into previously all-white neighborhoods in Montgomery County.\textsuperscript{44}

In order to establish desegregation efforts in the county, Suburban Maryland Fair Housing sought to promote collaboration between white homeowners, prospective Black homeowners, and real estate agents and firms. In addition to working to create and enact legislation, SMFH tried to address the sources of discrimination, working directly with owners

\textsuperscript{43} Rusk, \textit{Inside Game/Outside Game}, 184.

and brokers to ensure houses were listed as available and shown to “all qualified purchasers.”

To advertise its work, SMFH printed pamphlets and flyers and disseminated them throughout the county, encouraging residents to reach out to the organization. “SELLING or RENTING your home in Montgomery County?” One flyer asked. “Willing to Show your home to a minority family seeking a suburban home?” SMFH encouraged homeowners to sell their homes on an “open occupancy” basis, compiled lists of those residents who were willing, and worked to make sure that Black buyers had access to those listings. SMFH launched educational programs targeting white homeowners, hoping to dispel the “myths” about desegregation and property values.

As the group outlined in one of its early annual reports, its success could not be measured simply by the number of African Americans who moved into the county. Equally important to its members were the organization’s efforts to shape community attitudes toward fair housing and racial integration and to encourage reform of real estate industry practices. “Such changes will have a direct bearing on numbers of moves in succeeding periods,” president Thomas Schwab wrote. This grassroots organization quickly grew to a membership of over 1000, consisting of a network of volunteers and a small paid staff. It also established ties with the county government, in particular the Montgomery County Human Relations Commission (HRC), an

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45 Suburban Maryland Fair Housing, Pamphlet, 1966; Box 5, Series 3, Organization of SMFH - Early Meetings, 1962-1972; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
46 Suburban Maryland Fair Housing, Flyer; Box 5, Series 3, Organization of SMFH - Early Meetings, 1962-1972; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
47 Baker, “Suburbs opening up for negro housing.”
48 Suburban Maryland Fair Housing, Annual Report, 1965-1967; Box 1, Series 1, Annual Report, 1965-1967; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
49 Suburban Maryland Fair Housing, Pamphlet, 1966; Box 5, Series 3, Organization of SMFH - Early Meetings, 1962-1972; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
office of the county government created in response to the civil rights movement to address forms of discrimination in the county.\textsuperscript{50} In 1967, former SMFH president Tom Schwab, former SMFH Vice President Larry Burke, and SMFH member Marge Armstrong were appointed to the commission.\textsuperscript{51} This movement of activists from grassroots organizations to county or state government positions is reflective of the impetus for political involvement, and perhaps the influence of nearby Washington, D.C., in Montgomery County at this time.

A 1964 report prepared by the LWV concluded that while the county had made some progress toward providing equal opportunities to all of its residents, housing was one area in which Black residents continued to experience discrimination. The report listed five main factors preventing equal opportunity in housing in the county: real estate practices, builders’ practices, mortgage lenders, income and price of housing, and action of the local community. Though Montgomery County’s population of middle-class Black Americans was the highest it had ever been, non-white families struggled to afford to live in the area. In 1960, the median non-white family income was $4,473. Out of 97,141 total units of housing in the county, less than two percent cost less than $10,000. In short, there was very little housing available to low-income families, many of which were non-white.\textsuperscript{52} In the Washington metropolitan area, builders’ practices also contributed to the exclusion of Black Americans from new neighborhoods and developments: “Washington area builders appear to believe their reputations and profits depend

\textsuperscript{51} Suburban Maryland Fair Housing, \textit{Annual Report, 1965-1967}; Box 1, Series 1, Annual Report, 1965-1967; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
upon their ability to bring about cultural and racial similarity in new developments. Consequently they exclude Negroes.”53 That same year, SMFH president Atlee Shidler testified before the Human Relations Commission that “black communities were being squeezed out of the County,” and that “many homeowners fear and expect Negro inundation as much as they fear and expect loss of property values.”54 Thus, the LWV claimed, there was a system of exclusion at work in Montgomery County and its surrounding areas, whereby developers, banks, county planners, and residents—intentionally or not—worked to deny African Americans access to the area.

Such observations led the Human Relations Commission, the League of Women Voters, Suburban Maryland Fair Housing, and other civic organizations to pursue the creation of a county fair housing law. A report prepared for the Metropolitan Washington Council of Governments described how non-white individuals and families across all income ranges were “located disproportionately in the District of Columbia,” and that “income patterns indicate that housing opportunities for nonwhites are constrained by racial attitudes.”55 The report recommended the expansion of federal housing programs, particularly in the suburbs, in order to distribute the burden of providing housing among different areas in and around the capital.56 When testifying to the need for a fair housing law, activists emphasized the growth of metropolitan Washington and the need for “careful planning” to support “the housing needs of a burgeoning population.” Before the county council in 1966, Ida Levin, a member of the LWV, spoke to the advantages a county law would confer over a state or federal law: “A county

53 Ibid.
54 Brack, “Twenty Years of Civil Rights Progress.”
56 Ibid, 25.
ordinance, written and administered by the county, strengthens and preserves the power of the local authority. It would enable us to enact and enforce a law which is particularly suited to our needs, and would facilitate the handling of complaints and redress of grievances.” She also emphasized that because of Montgomery County’s geographic position, and its growing responsibility to house the overflowing population of the capital—which included government employees, it bore a distinct duty to provide fair housing: “Montgomery County is in the unique position of being part of the Metropolitan Washington area, the home of our nation’s capital and depository of our democratic precepts. We are hosts to the people of the free world and subject to their scrutiny.”

In June, 1966, the HRC also held five nights of public hearings on the question of fair housing. The proposal of a fair housing law provoked demonstrations by opponents and advocates of racial integration. That year, a group of realtors had “launched a mail and newspaper campaign against open housing legislation.” They were not present at the hearings. Just a few months before the hearings, a group of seventy-five open housing advocates had picketed in front of a new, all-white apartment complex in Silver Spring. The county was a hotbed of political activism in favor of racial desegregation, yet because of its majority white population, activists often faced pushback against fair housing legislation. Nevertheless, the HRC proposed a draft of the Open Occupancy Law in January 1967. The law was eventually passed in July of that year.

57 Mrs. Arthur J. Levin, Testimony in Support of a “Fair Housing” Ordinance for Montgomery County, given to the County Council, May 6, 1966; Box 10, Series II, Montgomery County - Housing reports & pamphlets, 1967-1969; League of Women Voters of Maryland Records; Special Collections, University of Maryland Libraries, College Park.
58 Brack, “Twenty Years of Civil Rights Progress.”
59 Ibid.
In 1967, a survey of 657 families residing in Montgomery County revealed that there were various levels of public support for different components of the open occupancy legislation. In response to the question of whether “the proposed ‘open occupancy’ law should include a requirement that single family homes in your neighborhood must be sold to qualified buyers regardless of race, nationality or religion,” just under fifty-three percent of families responded “yes” while forty-four percent responded “no.” In response to whether such houses could be rented to tenants regardless of race, nationality, or religion, there was a much larger margin: more than sixty-two percent voted “yes” and only thirty-three percent voted “no.”

Housing activists in Montgomery believed that the localized authority of the county Open Occupancy Law would be more comprehensive and effective than any federal law prohibiting discrimination. Title VIII of the Civil Rights Act of 1968, also known as the Fair Housing Act, “prohibited discrimination concerning the sale, rental, and financing of housing based on race, religion, national origin, sex, (and as amended) handicap and family status.” The Act required that HUD work in “a manner affirmatively to further the purposes of this subchapter,” mandating that HUD no longer “remain racially neutral” in regulating federal housing programs. The federal Fair Housing Act’s terms only covered thirty percent of the county’s housing. Whereas the federal law would require enforcement through federal authorities, the local policy provided the Montgomery’s Human Relations Commission with conciliation

60 [Opinion Survey on “Open Housing”], July 1967; Box 8, Series 1, Montgomery County -- Open Occupancy/Fair Housing -- Ordinance, 1967; Papers of David and Elizabeth Scull; Special Collections, University of Maryland Libraries, College Park.
63 Massey and Denton, American Apartheid, 200-201.
64 Suburban Maryland Fair Housing Annual Report, 1967-1968; Box 1, Series I, Annual Report, 1967-1968; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
powers. This meant that the HRC worked with the County Attorney to assess compliance with the law and to carry out actions to enforce it accordingly.\textsuperscript{65} Furthermore, the county law stated a policy of nondiscrimination that was more specific to Montgomery itself.

Though it would be reaffirmed on a national scale less than a year later by the passing of the 1968 Fair Housing Act, Montgomery County’s 1967 Open Occupancy Law received intense backlash framed in terms of residents’ constitutional rights. A day after the law was passed, chairman of the HRC Frank Wall called it “the best kind of law you could hope to have, because it protects everybody,” meaning Black residents from \textit{discrimination}, brokers and homeowners from \textit{discriminating}, and the county in general from resegregation.\textsuperscript{66} Some county homeowners felt differently. Oliver Furlong, for example, claimed that the legislation was not focused on dismantling prejudice, but on depriving residents of their property rights and individual liberty. “The fundamental right taken from each citizen of Montgomery County cannot be realistically rationalized away by those who have eliminated our right to sell our home to whom we please,” Furlong wrote in a letter to the clerk of the Montgomery County Council.\textsuperscript{67} In response to the growing popularity of opening housing, developer E. Brooke Lee wrote in \textit{Bethesda-Chevy Chase Advertiser}, “Since law-enforced opening of homes and home communities is only aimed at White owned homes and White occupied communities, the law-enforced open housing statutes are Anti-White laws.”\textsuperscript{68} Much of the backlash was addressed toward County Council President

\textsuperscript{65} League of Women Voters of Montgomery County, Inc. and Suburban Maryland Fair Housing, “A Call To Action,” July 1, 1968; Box 10, Series II, Montgomery County – Housing Ref. Ad Hoc. Ad Hoc; League of Women Voters of Maryland Records; Special Collections, University of Maryland Libraries, College Park.

\textsuperscript{66} “Broad Housing Law Enacted by Montgomery County Council, 4 to 3,” \textit{Washington Post}, July 21, 1967; Box 8, Series I, Montgomery County -- Open Occupancy/Fair Housing -- Ordinance -- Public Reaction, 1967; Papers of David and Elizabeth Scull; Special Collections, University of Maryland Libraries, College Park.

\textsuperscript{67} Letter from Oliver Furlong to the Clerk of the Montgomery County Council, August 3, 1967; Box 8, Series I, Montgomery County -- Open Occupancy/Fair Housing -- Ordinance -- Public Reaction, 1967; Papers of David and Elizabeth Scull; Special Collections, University of Maryland Libraries, College Park.

\textsuperscript{68} Meyer, “A shameful past.”
David Scull, a Republican who, by supporting the law, appeared to have sided with Democrats on a critical issue. Angered residents claimed that Scull and the rest of the council had placed the needs of “minorities” over the wishes of the majority of residents. The argument that efforts to promote racial integration were in tension with residents’ property rights would be revived during the county debates over the moderately priced dwelling unit program, with the added claim that the program would infringe on developers’ rights, too.

In response to such claims about property rights, the League of Women Voters argued that it was not the new law but rather the issue that it sought to remedy—housing discrimination—that deprived people of their property rights. In a flyer distributed in the county, the LWV stated: “FREE CHOICE REMAINS. Fair housing is not ‘forced’ housing! Only discriminatory housing is forced, because it forces minorities to live in ghettos.” Addressing the concerns of those residents who believed they would not be able to choose the buyer of their houses, the LWV clarified that “the individual homeowner may sell or rent to whomever he chooses, according to any established desirable criteria other than race, creed or color. The right of property ownership should be available to all.”

County-wide consciousness raising was at the forefront of fair housing organizations’ efforts to gain public support for the Open Occupancy Law. As the county council prepared to deliberate on the Open Occupancy Law, SMFH “mustered every force in the County -- organizational, institutional, governmental, individual -- known or expected to be favorable to

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69 Letter to Montgomery County Council President David Scull, August 11, 1967; Box 8, Series 1, Montgomery County -- Open Occupancy/Fair Housing -- Ordinance -- Public Reaction, 1967; David and Elizabeth Scull Papers; Special Collections, University of Maryland Libraries, College Park.

70 L.W.V. of Montgomery County, Maryland, Inc., “WHY FAIR HOUSING FOR MONTGOMERY COUNTY?” Flyer; Box 10, Series II, Montgomery County - Housing, 1966-1969; League of Women Voters of Maryland Records; Special Collections, University of Maryland Libraries, College Park.
fair housing legislation.” SMFH and the county chapter of LWV frequently prepared and distributed flyers, urging residents to contact them with questions and concerns about local laws and housing practices. They coordinated campaigns to provide information to county residents, calling on other proponents of fair housing like churches and civic organizations for support, and they formed working groups to investigate questions about housing issues in the county. After the passing of the 1968 Fair Housing Act, citizen-led organizations in Montgomery County once again joined forces to challenge the constitutionality of its Open Occupancy Law. The Montgomery Citizens League and the County Young Republicans petitioned to make the Open Occupancy Law subject to a referendum in the November election, so that citizens could vote on the law. The LWV and SMFH put out a call to action requesting that local supporters of fair housing join with them to coordinate a campaign to educate the county’s residents about the importance of the law. “We don’t need to remind you that fair housing laws generally do not fare well in the privacy of the voting booth where voters tend to vote their fears and prejudices,” LWV President Mrs. Gloria G. Cole and SMFH President Sydney Howe wrote in a joint statement. Montgomery County’s Fair Housing Law was finally enacted in 1968.

To activist groups in Montgomery, the county’s adoption of the Open Occupancy Law signaled a new era in the fight for fair housing. The 1967-1968 SMFH annual report declared that, “this past fiscal year should be viewed as a bridge between the end of one fair housing era -- voluntary goodwill -- and the beginning of another -- legal enforcement.” Before the passing of

71 Suburban Maryland Fair Housing Annual Report, 1967-1968; Box 1, Series I, Annual Report, 1967-1968; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.

72 League of Women Voters of Montgomery County, Inc. and Suburban Maryland Fair Housing, “A Call To Action,” July 1, 1968; Box 10, Series II, Montgomery County – Housing Ref. Ad Hoc, 1968; League of Women Voters of Maryland Records; Special Collections, University of Maryland Libraries, College Park.

73 Suburban Maryland Fair Housing Annual Report, 1967-1968; Box 1, Series I, Annual Report, 1967-1968; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
the law, the LWV and SMFH’s grassroots crusade to promote fair housing had required that its members work closely with individual homeowners, brokers, and mortgage lenders in the county—which the groups intended to continue to do. Now that the law had equipped the county with a new legal means of enforcing fair housing practices, however, this coalition of housing advocates sought to carve out a new role for itself. It hoped to play an active role in enforcing the law and in supporting those offices of the county government that were most dedicated to upholding it.

The Fight for Affordable Housing

After passing the county Fair Housing Law, suburban activists began to adopt a new language to discuss housing needs, one that foregrounded socioeconomic rather than racial inequality. The fight for “fair housing” became a fight for “low and moderate income housing,” as activists came to realize that without an adequate amount of affordable housing, racial integration and minority homeownership would be next to impossible. A study of Suburban Maryland Fair Housing’s work from 1968-1971 noted that the organization’s concern had “now become that the high cost of housing would keep Montgomery County ghettoized, economically if not racially.”74 Beginning in the late 1960s, the League of Women Voters and SMFH formed an alliance to address the lack of low- and moderate-income housing in the county. Community organizations believed that as with the Fair Housing Law, Montgomery County ought to take the lead and serve as an example to the rest of the nation that fair and affordable housing could be achieved. Yet, as David Rusk has noted, “‘fair housing’ had been a civil rights issue argued

74 Study of Suburban Maryland Fair Housing, 1968-1971; Box 5, Series 3, Organization of SMFH - Early Meetings, 1962-1972; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
largely on moral grounds. ‘Affordable housing’ raised complex economic and technical
issues.’” The grassroots coalition of housing advocates in Montgomery County combatted
claims of such issues as they tried to pass the moderately priced dwelling unit legislation.

Unlike nearby Prince George’s County and Washington, D.C., Montgomery County had
made little effort prior to the 1970s to create affordable housing. In 1970, Prince George’s
County had a Black population almost four times greater than that of Montgomery County. The
former also had far more low-income housing: it had more than twice as many units priced
between $10,000 and $25,000, and almost three times as many rental units available at a monthly
cost of $80 to $119. Compared to other jurisdictions in the Washington Metropolitan Area,
Montgomery County had few owner-occupied houses with a value under $25,000, second only
to Virginia’s Fairfax County. An affordable housing advocate would later testify that
“Montgomery County is fast developing an urban, rather than a suburban character. The
suburban prejudice against multi-family housing will have to give way to constructive planning
to integrate multi-family housing into the fabric of community life.”

Descriptions of Montgomery County’s housing problems situate its residential
segregation in the context of the broader civil rights disputes of the period. A 1972 report by the
Montgomery County Planning Board, part of the Maryland-National Capital Park and Planning
Commission (M-NCPPC), stated that while legal exclusionary zoning did not exist in the county,

75 Rusk, Inside Game/Outside Game, 187.
76 [Study of Suburban Maryland Fair Housing, 1968-1971]; Box 5, Series 3, Organization of SMFH - Early
Meetings, 1962-1972; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of
Maryland Libraries, College Park.
77 Metropolitan Washington Council of Governments, “COG on Housing: New Approaches for the 70’s,” 1970; Box
3, Series 5, Testimony: Moderately Priced Dwelling Units (MPDU) - Bills 3-72 and F-703, 6/14/72; Suburban
Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
78 Testimony of Zina Greene Before the Montgomery County Council Regarding Housing and Community
Development, March 23, 1971; Box 2, Series 5, Testimony before Montgomery County Council re Housing and
Community Development by Zina Greene, 3/23/71; Suburban Maryland Fair Housing (SMFH), Inc. Records;
Special Collections, University of Maryland Libraries, College Park.
the absence of moderate-priced housing therein exemplified the failure of “market forces” to respond to the needs of its “diversified employment base”: “Since residency is largely determined by housing prices, it may be that the development process is guilty of (de facto) exclusionary development practices which are perhaps even more effective than the less direct exclusionary zoning itself.”

According to the County Planning Board, this segregation could not have emerged from the area Master Plans, which generally allowed for heterogeneity in land density and building types. Rather, the issue was one of cost; developers in the county tended to “market a ‘luxurious’ product” and refrained from building a diverse range of houses. Many documents from the League of Women Voters and Suburban Maryland Fair Housing concerning the MPDU legislation are silent on the topic of race. The two groups habitually referred to race and racial discrimination while advocating for Montgomery County’s Fair Housing Law (1968), but this language is absent from letters and testimony that were produced, in some cases, only a year later.

The League of Women Voters and Suburban Maryland Fair Housing began to conceive of the moderately priced dwelling unit law in early 1970. It was around this time that the two groups formed the Montgomery County Project for Low- and Moderate-Income Housing. In the early stages of composing the moderately priced dwelling unit legislation, its drafters viewed the responsibilities it would give developers as an extension of their existing role in the county. In a letter to County Council President Avis Birely, SMFH President John S. DeBeers began to articulate a vision for the production of low- and moderate-income housing:

79 Montgomery County Planning Board Staff, “Issues: Moderate Income Housing,” December 15, 1972; Box 5, Series 6, Moderately Priced Dwelling Units (MPDU) -- Hearings, Correspondence, and Testimony, 1970-1972; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
80 Ibid.
81 Rusk, Inside Game/Outside Game, 187.
We are not prepared at this early stage to indicate just how such legislation would operate. As a suggestion, however, it seems to us that just as developers have been required to provide for roads and storm sewers, considering them to be a part of their cost of development, so they might be required, for example, in multiple-use planned unit zoning categories, to dedicate a certain amount of acreage in furtherance of the public interest to provide much-needed low or moderate income housing.82

Montgomery County’s government was not to manage the building of affordable housing. The idea that developers should be responsible for building low- and moderate-income housing would give rise to one of the key questions on the MPDU law: whether the requirement that developers build affordable housing represented an unconstitutional taking of property without compensation.83

The growth and diversification of Montgomery County’s employment base served as a major justification for the MPDU program. Beginning in the 1950s, the National Institutes of Health, the National Bureau of Standards, and the Bethesda Naval Hospital, among other federal institutions, created thousands of new jobs of varying skill levels—from professional to service jobs—in the county. Montgomery was one of the first suburbs nationwide to have more jobs than residences.84 By August, 1970, the coalition began to draft an early version of the MPDU legislation, suggesting for the first time that a certain percentage of affordable housing be built. They first proposed that a provision for low- and moderate-income housing be included in an amendment to the county Zoning Task Force’s proposal for new central business district (CBD) zones. Years earlier, cognizant of the effects of present and future population growth, county officials had begun to reconsider its land use and development plans with an eye toward the construction of housing that would accommodate thousands of new residents. This resulted in a

82 Letter from John S. DeBeers to Mrs. Avis Birely, February 9, 1970; Box 5, Series 6, Moderately Priced Dwelling Units (MPDU) -- Hearings, Correspondence, and Testimony, 1970-1972; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
83 Montgomery County Council Staff, “Strengthening,” 3-6 - 3-7.
county proposal to create new CBD zones. The LWV and SMFH proposed that these CBD zones include a percentage of low- and moderate-income housing. When presenting its amendment, the coalition cited the prediction that the suburbs of the Washington Metropolitan Area would gain 1,200,000 people and 420,000 resident jobs between 1970 and 1980, and thus at least 100,000 additional lower-cost housing units. By nature, CBD zones would create employment opportunities, and thus it would be important that they also contain adequate amounts of affordable housing.

In early drafts of the law, the League and Suburban Maryland Fair Housing began to describe just who the beneficiaries of the MPDU legislation might be. They would be people of lower financial means in need of “easy access to transportation, commercial and cultural facilities.” Whereas the 1968 Fair Housing Law had centered race in its descriptions of whom housing would benefit, early versions of the MPDU legislation made no reference to race or the idea that a lack of affordable housing could produce racial homogeneity. The description of the MPDU program as an initiative that would invite teachers, policemen, and firemen—all residents who would promote the safety and well-being of current residents—offers another explanation: to gain support among wealthy, white residents for a politically contentious program, its drafters had to appeal to their needs. The MPDU law emphasized how the creation of affordable housing would advantage existing residents. In the final text of the law, for example, the council listed

85 Memorandum in Support of Low and Moderate Income Housing Amendment to Zoning Task Force Proposals for CBD Zones; Box 2, Series 5, Testimony in Support of Low and Moderate Income Zoning Amendments, 08/06/70; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
86 Ibid.
87 Amendments to the Proposed Amendments to the Text of Section 111-17A, “R-CBD Zone,” of the Zoning Ordinance (Chapter111, Montgomery County Code, 1965) For the Maryland-Washington Regional District in Montgomery County, Maryland: Box 2, Series 5, Testimony in Support of Low and Moderate Income Zoning Amendments, 08/06/70; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
the beneficiaries as members of the elderly population who were approaching retirement age, young adults hoping to form families, government employees, service workers and mercantile personnel “needed to serve the expanding industrial base and population growth of the county.”

An arrival of Democratic leadership to the county council seemed to suggest that there would be more support for affordable housing policy in the county. In 1968, following the death of Republican councilmember David Scull, Republican James P. Gleason had been appointed to the county council. Scull’s death created a deadlock on the normally seven-person council, with three Democrats and three Republicans remaining. Gleason’s appointment gave the council a Republican majority. Gleason had been serving as the chairman of the Washington Metropolitan Area Transit Authority. He had a record of siding with Republicans on civil rights issues, having opposed the Civil Rights Act of 1964.

This county council rejected a proposal from the housing coalition to amend the zoning ordinance to allow the county to set aside land for subsidized housing developments, an approach the council referred to as “conditional” zoning. In 1970, Gleason ran for the title of County Executive, a new position created to head the county council. That same year, seven Democrats were elected to the once Republican-majority Montgomery County Council, a political transition that ushered in a group of individuals that were sympathetic and committed to the cause of affordable housing. Those seven Democrats were Idamae Garrott—the only returning councilmember, Dickran Y. Hovsepian, William Sher, Neal Potter, Sidney Kramer, Elizabeth L. Scull, and Norman L. Christeller. In the months leading up to the formal introduction of the MPDU legislation, the county council adopted Resolutions 7-119 and 7-370, confirming its commitment to affordable housing. However, in

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88 Montgomery County Council Staff, “Strengthening.”
reality, even this all-Democratic council did not show unanimous support for the MPDU legislation.

The federal government also proved to be unsupportive of local affordable housing initiatives when called upon to intervene in Montgomery County. In 1971, the Montgomery County Housing Authority’s unsuccessful attempt to lease unsold units in the Watkins Glen townhouse development, located in Potomac, showcased the power of citizen-led resistance to “forced integration.” Originally part of the Montgomery County Government, the Housing Authority was an organization designated to provide housing to prospective residents with very low incomes. A group of private investors had developed a group of luxury townhouses in the Watkins Glen area of the county, planning to price the units around $45,000. However, the project was financially unsuccessful, and many of the units were at risk of foreclosure when the developers began to negotiate with the Housing Authority.91 At the time, the Housing Authority had amassed a list of 1,500 families in need of multi-bedroom housing, most of which were of low socioeconomic status or Black, or both. In collaboration with the developers, the Housing Authority planned to lease fifty-two of the Watkins Glen units to those families as “a project of moderate income public housing.” Opponents of the plan published an ad in local papers warning of “overcrowded schools” and “tax burdens” and distributed racist leaflets in the county.92 Forty-three residents of adjacent Willerburn Acres filed for an injunction against the project on the basis that the leasing agreement would violate their property rights; the injunction was granted in April, 1971. Just a few weeks later, the Housing Authority asked that the case be heard in a federal court, not only because it concerned a constitutional question, but because it

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92 Study of Suburban Maryland Fair Housing, 1968-1971; Box 5, Series 3, Organization of SMFH - Early Meetings, 1962-1972; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
believed a federal court might be more sympathetic to the needs of poor and Black Americans. Ultimately, HUD secretary George Romney himself vetoed the plan. He called it “not economically feasible,” insisting that his veto was not a reflection of the Nixon administration’s approach to housing but a decision based on economic factors. The failure of the Housing Authority demonstrated that opposition to low- and moderate-income housing often stemmed from fears about racial and socioeconomic integration.

Reflected in the records and correspondence of members of the League of Women Voters and Suburban Maryland Fair Housing is a genuine belief in the need for fair and affordable housing, a tenacious motivation to see the MPDU legislation through, and a sense of frustration with the federal government. Among the most prominent advocates for the MPDU legislation was Peg “Peggy” McRory, a member and later president of Suburban Maryland Fair Housing. Defending her fervent advocacy, McRory wrote, “many people think my actions are politically motivated and can, because of that, ignore SMFH. What I do is of necessity politically implemented but my motivation is strong, moral conviction.” In late 1971, she sent a strongly-worded letter to HUD Assistant Secretary-Commissioner Eugene Gulledge, chastising him for the federal government’s inability to provide low-rent units to the Metropolitan area. “Your job is not to issue optimistic press releases,” she wrote. “It is to get houses built and I am tired of receiving glowing press releases in the same mail with letters that say you may take two baby

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93 Hardy, “U.S. Court Rule Asked On Project.”
94 Study of Suburban Maryland Fair Housing, 1968-1971; Box 5, Series 3, Organization of SMFH - Early Meetings, 1962-1972; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
96 Letter from Peg McRory to Newton I. Steers, March 6, 1973; Box 5, Series 6, Moderately Priced Dwelling Units (MPDU) -- Hearings, Correspondence, and Testimony, 1970-1972; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
steps. Please try to make it possible for us to work with you.”97 Hitting a wall with HUD, McRory wrote to Congressman J. Glenn Beall Jr., urging him to “make the Federal Housing program a success. That means money.”98 The leadership of McRory and other women—including Councilwomen Elizabeth Scull and Idamae Garrott—was integral to the conception, adoption, and administration of the MPDU legislation.

In September 1971, the League of Women Voters and Suburban Maryland Fair Housing presented the first draft of the MPDU legislation to the councilmembers Garrott, Scull, and Potter. The text of the law read:

> No preliminary plan of subdivision, nor final plan of subdivision subsequent to such preliminary plan, submitted for approval after January 1, 1972, and providing for the development of a total of 50 dwelling units or more […] shall be approved unless the applicant shall provide therein for Moderately Priced Dwelling Units, which shall be not less than fifteen percent (15%) of the total number of dwelling units located in the subdivision.99

The initial text also outlined two major aspects of the advocates’ vision for affordable housing in the county: the housing ought to be “generally dispersed among other dwelling units” and “designed to harmonize architecturally with such other units in the development.”100 If the drafters got their way, the “affordable housing” would look just like the other houses in the area. In March of the following year, Garrott and Scull introduced the legislation to the entire council.

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97 Letter from Peg McRory to Eugene A. Gulledge, November 30, 1971; Box 10, Series 7, U.S. Housing and Urban Development (HUD) Workshop, 3/14/85-4/10/85; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
98 Letter from Peg McRory to Hon. J. Glenn Beall, Jr., November 30, 1971; Box 10, Series 7, U.S. Housing and Urban Development (HUD) Workshop, 3/14/85-4/10/85; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
99 Memorandum from Tom Schwab, Suburban Maryland Fair Housing; Zina Greene, Montgomery County Project to Council President Ida Mae Garrott; Councilwoman Betty Scull; Chairman, Housing Subcommittee and Councilman Neil Potter RE: Requirements for Moderately Priced Dwelling Units as a Part of New Residential Developments, September 6, 1971; Box 5, Series 6, Moderately Priced Dwelling Units (MPDU) — Hearings, Correspondence, and Testimony, 1970-1972; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
100 Ibid.
Ahead of public hearings on the law, the LWV and SMFH launched a campaign to gain support from residents living both in or near Montgomery County. The LWV and SMFH prepared materials that were mailed to more than 800 civic, labor, and religious organizations in and around the county. During the campaign to promote the legislation, the groups, along with the Montgomery County Project and Congregations United for Shelter, distributed more than 25,000 flyers. They also helped create a petition that collected 2,800 signatures from voting age residents in the county and fifty-seven non-residents in support of the legislation. These efforts to amass support gave the housing coalition a reputation for diligence and created an impression that there was a general consensus on the merits of law.

In June and July of 1972, the Montgomery County Council held four public hearings on Bill 3-72, the text of the moderately priced dwelling unit law, and Zoning Text Amendment F-803, which would adjust the building densities authorized by local zoning laws. The version of the law at that moment stated that in new developments of fifty units or more, fifteen to twenty percent (depending on their location in the county) of those units must be built as moderately priced dwelling units. The law defined “low-income” in accordance with the regulations of the Montgomery County Housing Authority, which relied on the guidelines of the U.S. Housing Act of 1937. The law’s definition of “moderate-income” was less determinate,

The phrase ‘moderate income’ means levels of income […] which prohibit or severely limit the financial ability of persons, of varying circumstances, to purchase of rent housing in the County and, based on experience in the housing market in the County, require the type of moderately priced housing intended to be developed under the provisions of this Chapter.\footnote{County Council for Montgomery County, Maryland, Legislative Session, October 23, 1973; Box 19, Moderately Priced Dwelling Units (MPDU), Jan-August 1973; Papers of Neal Potter; Montgomery County Archives, Gaithersburg, Maryland.}

\footnote{Statement of Mrs. Alice Rabin before the Montgomery County Council in Support of Bills 3-72 and F-803, July 20, 1972; Box 3, Series 5, Testimony of Alice Rabin in Support of Moderately Priced Dwelling Units (MPDU), 7/20/72; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.}
Developers would receive a twenty percent density bonus, allowing them to build more units than would normally be allowed under the zoning restrictions, to offset their lost earnings from selling lower-priced units. Ceilings on the prices of the moderately-priced units would prevent developers from selling them above a certain rate. The law also included a provision stating that the Housing Authority could reserve one-third of units for low-income buyers.

Few attendees of the hearings questioned the need for affordable housing. Bill 3-72 received almost unanimous support at the hearings. After the first hearing, councilmember Elizabeth Scull gave a statement to the *Montgomery County Sentinel* summarizing the proceedings,

> The truth of the matter is that it is hard to oppose the bill in view of the obvious merit of providing moderate-priced housing for the County’s teachers, policemen, firemen, its young couples and its elderly, all of whom find themselves “priced out” of the available supply of houses and apartments by the spiraling cost of new construction and the low-vacancy rate in the more moderately priced older units.103

However, many attendees stated that they supported the “concept” of the law or supported the law but with some “reservations.” Though there was a general consensus in favor of the theoretical framework of the law, the affordable housing activists, builders, civic organizations, and councilmembers attempted to compromise on its exact provisions. The main points of contention were *how* and *where* affordable housing should or could be built.

First, should the burden be on developers to produce the housing? Or should the county itself take on a greater role in building and subsidizing affordable housing? On the question of how the housing would be built, developers were united in the belief that the law’s allocation of density bonuses did not provide sufficient compensation to offset the losses they would incur

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103 Elizabeth L. Scull, “Where There’s a Will There’s a Way,” *Montgomery County Sentinel*, July 6, 1972; Public Accommodations and Fair Housing, RG 17, RT LWV, RS Subject file - housing; Box 7, RG 18 Civic Organizations, RT: League of Women Voters Fact Sheets; Montgomery County Archives, Gaithersburg, Maryland.
from building the units. This was the basis for the developers’ argument that the law was unconstitutional: the law represented an unjust taking of property from the developers without proper compensation. J. Wohlforth, a builder who came to the first hearing, believed that “the proposed MPDU legislation is dictatorial and economically unfeasible in many instances.” At the next hearing, on June 28, John Ritterpusch of Suburban Maryland Home Builders Association affirmed Wohlforth’s argument, stating that developers should not bear this burden. By extension, he argued, building MPDUs should be optional. In contrast, Jack Betz of the Montgomery County Project, an organization that had worked closely with the LWV and SMFH coalition, claimed that “the subsidization of low and moderate income housing would place a sewer drain on government funds.” Unexpectedly, builders found themselves aligned with civic organizations, who argued that the law’s density bonuses would disrupt the county’s General Plan, undermining development and land-use considerations.

Second, where should affordable housing be built? Representatives of civic organizations who hoped to maintain the integrity of the county General Plan argued that the units ought to be built in “corridors” rather than “wedges,” maintaining existing zoning laws and ensuring that low- and moderate-income residents would have access to public transportation. The “corridors,” which were located along highways and within range of well-populated areas, had been planned, through zoning laws, master plans, and sewer policy, “to provide room for concentration of population.” The county’s “wedges” were to be preserved as green space with little

104 Summary of Testimony on Moderate Priced Dwelling Unit Legislation, June 14, 1972; RG 18, RT LWV, RS Subject File - Housing; Montgomery County Archives, Gaithersburg, Maryland.
105 Summary of Testimony on Moderate Priced Dwelling Unit Legislation, June 28, 1972; RG 18, RT LWV, RS Subject File - Housing; Montgomery County Archives, Gaithersburg, Maryland.
106 Summary of Testimony on Moderate Priced Dwelling Unit Legislation, June 14, 1972; RG 18, RT LWV, RS Subject File - Housing; Montgomery County Archives, Gaithersburg, Maryland.
107 Elizabeth Scull, “Airing the Issues: Comments from your County Council,” The Montgomery Bill, July 6, 1972; Box 3, Series 8, Moderately Priced Dwelling Units (MPDU) -- News Clippings, 1967-1981; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
development. Builders and developers, in addition to current residents of the county, worried about the economic impact that lower-priced units might have on the value of nearby homes. Furthermore, if current residents feared that their property values would decrease as a result of the legislation, they might move out of the county.109

The topic of race was largely absent from the conversations surrounding the law, though many citizens alluded to the need for “diversity” and “economic integration” in the county. Edith Throckmorton, who represented the NAACP at the first debate, was one of, if not the only attendee to directly speak on the topic of minority housing and homeownership. She stated her belief that “extraordinary efforts”—the MPDU program being one example—would be necessary to solve the county’s housing problems. She also brought to the council’s attention that the MPDU program would likely be more beneficial to moderate-income buyers than low-income buyers.110 At the second hearing on June 28, Executive Director of the Housing Opportunities Council of Metropolitan Washington James Harvey argued that “economic diversity has worked elsewhere and can work in Montgomery County.” He also referenced a “growing body of court decisions” on the topic of zoning and low- and moderate-income housing, predicting that federal courts would “continue to strike down laws prohibiting low and moderate income housing.” Other attendees stated their support for “economically integrated” developments or “balanced communities.”111 The extent to which residents or advocates

108 “The Pros and Cons: MPDU Arguments Are Aired,” Montgomery County Sentinel, July 6, 1972; Box 3, Series 8, Moderately Priced Dwelling Units (MPDU) -- News Clippings, 1967-1981; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
109 Montgomery County Council Staff, “Strengthening.”
110 Summary of Testimony on Moderate Priced Dwelling Unit Legislation, June 14, 1972; RG 18, RT LWV, RS Subject File - Housing; Montgomery County Archives, Gaithersburg, Maryland.
111 Summary of Testimony on Moderate Priced Dwelling Unit Legislation, June 28, 1972; RG 18, RT LWV, RS Subject File - Housing; Montgomery County Archives, Gaithersburg, Maryland.
perceived Montgomery’s housing as a source of racial exclusion remains unclear, though the language of economic integration suggests that economic discussions suppressed racial ones.

For the law’s suburb-centered activists, underscoring the family-oriented benefits of affordable housing was crucial, and attendees at the hearings stressed that the law would support families living in or moving into the county. Alexander Greene of the Montgomery County Housing Authority believed that the proposed law “would enable families to move up through the housing spectrum as their economic situation increase[d],” and that the MPDU program would enhance “family and neighborhood stability.”112 Adlona Fitch of Greater Washington Area Women in Community Service urged the council to protect single people, and especially single mothers, from discrimination in the sale or leasing of MPDUs. Centering families and family values had been crucial to the coalition’s campaign for the legislation, as they sought to emphasize the ripple effects that affordable housing would have. The LWV and SMFH distributed paper materials with sketches of families to market the MPDU program as one that would save older and younger generations from housing insecurity. One pamphlet featured a sketch of people of multiple races clustered together around a drawing of a simple home with the words “Who needs it? WE do!” Targeted toward middle-aged residents, especially parents, the pamphlet emphasized the need for more affordable housing for “our parents” and “our children.” It also emphasized that “we need the people who need this housing,” those people including professionals like teachers and pharmacists, civil servants like firemen and police, and service workers like transportation and maintenance workers.113

112 Summary of Testimony on Moderate Priced Dwelling Unit Legislation, June 28, 1972; RG 18, RT LWV, RS Subject File - Housing; Montgomery County Archives, Gaithersburg, Maryland.
113 Suburban Maryland Fair Housing and League of Women Voters, Pamphlet; Public Accommodations and Fair Housing, RG 17, RT LWV, RS Subject File - housing; Box 7, RG 18 Civic Organizations, RT: League of Women Voters Fact Sheets; Montgomery County Archives, Gaithersburg, Maryland.
The affordable housing coalition’s advancement of an inclusionary zoning law reopened questions about the constitutionality of legislation that pushed for equal opportunity in housing. The Montgomery County Council hearings served as a forum for disputes over the constitutionality of the MPDU law, allowing citizens to voice their concerns about its potential to infringe on the rights of developers and existing property owners. When the MPDU concept was in its early stages, the LWV and SMFH had referred to the power of the Regional District Act, which was established in 1939. They predicted that opponents of the concept might contend that Montgomery County did not possess the power to mandate the use of new housing subsidies. The activists argued that the Regional District Act had given Montgomery County full power to regulate its land use, giving it “all the conceivable zoning powers that then occurred to the imagination of the State.” To say that Montgomery County could not assume full regulatory power over its zoning would be “to read a restriction” into the language of the Regional District Act.

In October, 1972, a few months after the hearings, County Attorney Richard McKernon released his opinion on the feasibility and constitutionality of the MPDU law. McKernon found that the county had the basic authority to enact the MPDU legislation, and that it could not be deemed invalid as an example of conditional zoning. However, he also concluded that because the law represented a taking without compensation, it violated the equal protection clause.

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114 Memorandum of Law in Support of Low and Moderate Income Housing Amendments to Zoning Task Force Proposals for CBD Zones; Box 2, Series 5, Testimony in Support of Low and Moderate Income Zoning Amendments, 08/06/70, undated; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.

115 Letter from Peg McRory to Dickren Hovsepian, November 7, 1972; Box 5, Series 6, Moderately Priced Dwelling Units (MPDU) — Hearings, Correspondence, and Testimony, 1970-1972; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
McKernon referred to this equal protection violation as “unreasonable discrimination.” The LWV and SMFH countered the county attorney’s contention that the law was unconstitutional with an opinion from an outside lawyer. Vincent J. Rocque of the Community Services Department of Hogan and Hartson, a law firm in Washington, represented the coalition and found that the law did not constitute a taking of property given its provision of density bonuses and its relaxation of zoning requirements. In later years, though the county council would often vote to allow exceptions to the law, the underpinnings of the MPDU law remained constitutionally sound. Debates about builders’ rights often emerged in economic or political contexts rather than in legal ones, though questions about the bounds of zoning laws continued to restrict development into the late 1970s and onward.

It was important to the League of Women Voters and Suburban Maryland Fair Housing that the process of creating the MPDU legislation be public in nature; they wanted Montgomery County’s citizens to grasp the necessity of such a law and to come to support it. The affordable housing coalition was concerned about how much attention the law was receiving, how news coverage portrayed the law, and what the people or papers covering the law added to or omitted from their descriptions of it. SMFH and the LWV believed that passing the MPDU law would require overarching public support, which they could not garner if the news was publishing misleading or harmful information about the program. In December, 1972, following one of the county council’s work sessions on the MPDU law, Peg McRory of SMFH wrote to Henry Rosenfeld, Metro Editor at the Post, requesting better coverage of the law. According to

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116 “Low Cost Home Plan Illegal?” Montgomery County Sentinel, October 12, 1972; Box 3, Series 8, Moderately Priced Dwelling Units (MPDU) -- News Clippings, 1967-1981; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.

117 Ibid.
McRory, the reporting in the Post “emphasiz[ed] controversy rather than solid achievement,” which was not the narrative that she and her colleagues wanted to spread about the legislation.  

For the LWV and SMFH, the MPDU law became even more imperative as they witnessed the federal government retreat from its commitment to housing policies. President Richard Nixon’s Administration’s conflicted approach to housing policy helped undermine desegregation efforts, even in jurisdictions like Montgomery County where local organizing and legislating seemed to supersede federal power. By the late 1960s, politicians at the national level were beginning to envision public-private partnerships that would support the creation of affordable housing, recognizing the inability of the Federal government alone to fund all public and low-cost housing. Nixon opposed the expansion of federal support for fair housing policies and the provision of federally-subsidized suburban housing. At a press conference in November 1970, Nixon stated that “it is not the policy of this Government to use the power of the Federal Government or Federal funds [...] in ways not required by the law for forced integration of the suburbs. I believe that forced integration of the suburbs is not in the national interest.” He would later clarify that he was averse to forced integration on “economic rather than racial grounds.”

At this time, national polls showed that the American public, as well as key business interests like the National Association of Home Builders, was supportive of the push to integrate communities. Nevertheless, even faced with a political environment that was increasingly favorable to suburban integration, Nixon continued to express his opposition toward using

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118 Letter from Peg McRory to Henry Rosenfeld, December 1, 1972; Box 5, Series 6, Moderately Priced Dwelling Units (MPDU) -- Hearings, Correspondence, and Testimony, 1970-1972; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
120 Ibid.
federal funds for integration. In June 1971, the Administration released a Statement of Equal Housing Opportunity, in which Nixon expressed that “By ‘equal housing opportunity,’ I mean the achievement of a condition in which individuals of similar income levels in the same housing market area have a like range of housing choices available to them regardless of their race, color, religion or national origin.”¹²² This was not the vision of the affordable housing coalition, which sought to see individuals of various income levels in the same housing market area.

In the fall of 1972, Nixon’s actions would publicly cement his position on housing. Nixon decided to impose a housing freeze for the upcoming calendar year: there would be a prohibition on federal housing subsidies for housing not already approved by HUD. Whether his actions reflected an attempt at moderateness in search of reelection or a genuine desire to inhibit civil rights headway, Nixon squandered the momentum that the Civil Rights Act had sparked to eliminate residential segregation.¹²³

The actions of the administration reverberated in Montgomery County, where the Housing Authority was at risk of being eradicated. In 1972, in the midst of debates on the moderately priced dwelling unit law, a bill calling for the abolition of the Montgomery County Housing Authority appeared before the Montgomery County Council. Before the Montgomery County Delegation to the Maryland General Assembly, Bruce Adams of the Alliance for Democratic Reform blamed the new direction of the federal government for creating an environment unfavorable to the organization:

The fault lies with a federal government insufficiently committed to the needs of our people. The fault lies with an Administration that vetoed the fiscal year 1971 HUD appropriation bill because it was “inflationary,” but asks for $7 billion increase in this year’s military budget. The fault lies with an Administration that impounds $165 million

¹²² Bonastia, Knocking on the Door, 109.
¹²³ Ibid, 143.
in FY 1971, $130 million in FY 1972, and an estimated $100 million this year, while spending freely on Lockheed and the war.\textsuperscript{124}

Even though Montgomery County had devised a method for creating affordable housing that was not dependent on federal funding, the absence of that funding was impeding local organizations’ efforts to provide housing to its most needy. If the MPDU law were passed, the Housing Authority would be able to buy up to one-third of the units and subsidize them, making them available to very low-income buyers. Adams ended his testimony by recommending that Montgomery County Executive Gleason “write a letter to his friend Mr. Nixon telling him that the Nixon housing program, or lack thereof, is causing immeasurable suffering in this County and across the nation. Ask him to release the much needed housing funds he has impounded.”\textsuperscript{125}

The final version of the MPDU preserved many of the concepts that the housing advocates had originally vied for; perhaps most importantly, the law required that affordable housing be built in every part of the county, accomplishing their goal of producing scatter-site housing. On October 23, 1973, the Montgomery County Council passed Bill 3-72 and Zoning Text Amendment F-803, enacting the first inclusionary zoning program in the country. Almost immediately, without allowing for the normal ten-day waiting period, County Executive Gleason vetoed the law on the basis of its unconstitutionality. He believed that the council had failed to resolve the law’s Equal Protection violation and that it unjustifiably deprived developers of their property rights. Two weeks later, the county council overrode Gleason’s veto. The law went into effect on January 24, 1974.

\textsuperscript{124} Statement by the Alliance for Democratic Reform before the Montgomery County Delegation to the Maryland General Assembly on MC 91-73, October 1972; Box 3, Series 5, Testimony before Montgomery County Delegation re: MC Bill 91-73 (Abolish Montgomery Housing Authority), 10/19/72; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.

\textsuperscript{125} Ibid.
Conclusion

In 1979, reflecting on the process of passing the MPDU law, former Montgomery County director of housing Eugene Sieminski told the Washington Post that it would not have been “politically popular to introduce that type of housing into the county in the long run.” “If anybody had been worrying about politics, we would never have gotten it done.”126 Passing such a piece of progressive legislation as the moderately priced dwelling unit law was a major feat for suburban fair and affordable housing activists in Montgomery County. For better and for worse, residents and developers had become more keenly aware not only of the county’s housing crisis, but of how efforts to solve it would affect them personally. Throughout the latter half of the 1970s, county officials continued to moderate debates about the necessity and feasibility of affordable housing. Inflation made these debates more contentious by emphasizing the political differences between homeowners and non-homeowners. The second chapter of this thesis will examine the impacts of inflation on the MPDU program.

Over the next few decades, the moderately priced dwelling unit law was amended several times. In 1981, the County Council compromised with developers and lowered the law’s requirement to 12.5 percent MPDUs per new subdivision. In 1989, further amendments increased the density bonus to twenty-two percent, set a range of percentages—from 12.5 to 15—–for the MPDU requirement, and created alternative methods of meeting the MPDU requirement. For example, a developer building a high-rise, luxury apartment or condominium building could donate to the county’s Housing Initiative Fund, created to provide grants and loans to local residents in need of affordable housing, instead of building the requisite affordable

units. These amendments reflected efforts to produce compromise between developers and local officials. Developers came to accept the MPDU program and its requirements, but debates over the future of the program and other Montgomery County housing policies would continue into the next decades, as the political interests of the wealthiest residents clashed with those of middle- and low-income residents under the pressure of an inflationary economy.

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Chapter 2: “A Forgotten Dream”?: Homeownership and The Great Inflation

In the 1970s, the U.S. witnessed a burst of inflation, which reached a peak of almost fourteen percent between 1979 and 1980.\textsuperscript{128} Its magnitude rivaled that of the upsurge during World War II, making it the highest peacetime inflation in American history. The unprecedented combination of high inflation and high unemployment, known as stagflation, confounded economists and politicians alike, and they struggled to formulate a strategy to overcome it. The Great Inflation shaped Americans’ economic lives and decision-making about homeownership. The end of World War II had ushered in a massive growth in homeownership rates, as millions of Americans found it possible to buy a home for the first time. The generation that came of home-buying age in the 1970s—the baby boomers—had grown up in that period of economic stability, and many of its members expected that one day, they would earn more money and live more comfortably than their parents. However, as inflation worsened, mortgage rates climbed higher than they ever had before, making homeownership less affordable to many Americans. At the same time, the media venerated homes as the “safest” investments to make in times of inflation, helping to sustain the public’s consensus on the value of homeownership.

In “affluent” Montgomery County, Maryland, where the cost of housing was already high, inflation underscored the need for growth to protect and expand housing opportunities. To offset the cost of homeownership, county officials encouraged housing production. Yet there remained a tension between pro- and low-growth factions in the county. The former included developers who were experiencing a decline in business and profits because the cost of land was so high. As they saw it, the approval of rezoning plans and county land development would lower the cost of living. The latter included homeowners and civic organizations, who hoped to

preserve the integrity of a well-planned, low-density county. At the center of these debates was the question of affordable housing. As land and construction costs continued to rise, building low- and moderately-priced housing became less viable. Yet without growth and expansion, low and moderate-income homeowners could not hope to live in the county.

This chapter explores the impact of the Great Inflation on Montgomery County’s housing market, demonstrating how economic hardship further politicized affordable housing programs. In Montgomery County, where mortgage rates and the price of housing were surging, the politics of “low growth”—manifested in the sewer moratorium and strict regional planning—drove up land prices even further, restricting access to the suburban area. In the aftermath of the Great Inflation, the national rate of homeownership declined in the early 1980s. By the time the rate began to rebound—and even grow higher—in the early 90s, it remained unclear what had precipitated its recovery. Inflation forced Montgomery County residents, as well as Americans in general, to evaluate the practicality and affordability of homeownership, while inflaming the economic and social conditions which made it inaccessible to lower-income Americans and families to begin with. This chapter argues that while inflation did have a significant influence on the ability of many Montgomery County residents and Americans to purchase homes, it also served to obscure and deflect attention from systemic factors that devalued low-income and minority homeownership.

This chapter also examines the economic and cultural experience of inflation in the 1970s and early 1980s, focusing on inflation’s impact on Americans’ perceptions of the feasibility and value of homeownership. Throughout the 1970s, economists and politicians feared what a decline in homeownership might mean for families, for the economy, and for the strength of the nation. The claim that homeownership could serve as a safeguard against inflation appealed to
Americans’ concerns about the decline of the sanctity of family life; their lack of confidence in the government and its promises to solve economic problems; and their fears that middle-class life would never be the same as it was in the glorious postwar years.

The Politics of Inflation and Housing

The inflationary crises of the 1970s disrupted and altered Americans’ economic lives. From 1973 to 1981, the percentage of Americans who cited inflation as the most important problem facing the United States was usually over 50 percent.\(^{129}\) Inflation tested ideas about the economy that Americans had come to accept as truths: that children would often be better off than their parents, and that the U.S. was preeminent and invulnerable in the global economy. It forced Americans to question how much food they could eat or energy they could consume, whether they would be able to afford to send their kids to college or buy a home. Reflecting on the 1970s, journalist Robert Samuelson wrote, “The inflationary episode was a deeply disturbing and disillusioning experience that eroded Americans’ confidence in their future and their leaders.”\(^{130}\)

The causes of inflation in the 1970s were manifold, and included massive government spending during the ongoing Vietnam War, the collapse of the Bretton Woods system, President Nixon’s wage and price controls, and rising prices for consumer goods. In August 1971, in order to counter rising inflation and unemployment levels, Nixon placed a 90-day freeze on prices and wages. Executive Order 11615, whose effects would become known as the “Nixon Shock,” contributed to the bout of inflation that arose and would have ramifications for years to come. At

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the time, this was the only instance of the U.S. imposing controls on wages and prices during peacetime.\textsuperscript{131} An inordinate rise in food prices, and many other consumer goods, was also to blame for soaring inflation. In 1973, food prices rose an average of 16 percent, which raised total consumer food spending to a record $139 billion even though food consumption per person had declined two percent.\textsuperscript{132} The transition away from a Fordist economy had an immense impact on the U.S. job market, eliminating many of the blue-collar, industrial jobs that had been available to so many Americans. This shift was reflected in the unemployment rate, which rose from 4.8 to 9 percent from November 1973 to May 1975.\textsuperscript{133} Behind this “industrial decay,” however, was evidence of growth in other segments of the economy, particularly in the banking, health, food, entertainment, and travel industries.\textsuperscript{134}

Along with the costs of other essential goods and services, the costs of homeownership increased exponentially in the 1970s. Increases in the prices of newly-constructed and existing homes, as well as in the cost of keeping a home, drove up the overall cost of homeownership.\textsuperscript{135} Despite the increases in prices and costs, however, demand for housing did not decrease. Several developments may explain this paradoxical phenomenon: the large number of individuals coming of homebuying age during the 1970s, the pressure or motivation to invest, and the expectation that inflation might continue to rise.\textsuperscript{136} The question of whether housing was becoming less affordable was a difficult one to answer. Though housing costs were steadily rising for most Americans, the overall homeownership rate increased from 1970 to 1980. This

\textsuperscript{133} “Unemployment Rate,” Federal Reserve Economic Data, last modified September 3, 2021, https://fred.stlouisfed.org/series/UNRATE.
\textsuperscript{134} Kruse and Zelizer, \textit{Fault Lines}, 38.
\textsuperscript{136} Ibid, 21.
number did not reflect variations in the population. Homeownership rates rose among families with young children, households headed by married couples, and high-income households, but dropped among low-income and single-parent households.137

According to politicians and activists in Montgomery County, inflation added a new layer of difficulty to existing housing problems. Montgomery County’s high salaries solidified the region as a desirable place to work, yet its lack of housing infrastructure limited its ability to attract workers to live within its bounds. As a result, many of its workers lived in neighboring counties where housing prices and rents were cheaper.138 By the mid-1970s, shortages in lending capital, area moratoriums on new construction, and fewer people buying or selling homes contributed to a decline in housing construction in Maryland-Virginia suburban jurisdictions, including Montgomery County. Before the mid-1970s, Maryland residents had often “traded up” in homeownership by relocating within state bounds, constituting seventy-seven to seventy-eight percent of new home sales. By contrast, in 1974, homebuilders reported selling a majority of their properties to state newcomers.139 Many residents of Montgomery County who had felt “comfortable” buying or paying for homes in years past were now noticing how inflation was interfering in the housing market. In its fiscal year 1973-74 annual report, the Housing Opportunities Commission (HOC), formerly known as the Montgomery County Housing Authority, encouraged low-income individuals or families seeking housing in the county to turn to the MPDU program. Inflation was merely exacerbating the factors—mortgage rates, land and construction costs, and housing prices—that had been long-standing impediments to low-income

137 Ibid, 15.
homeownership: “The poor have always had a difficult time finding decent, safe and sanitary housing in ‘affluent’ Montgomery County.”\textsuperscript{140}

Pressed to identify ways to reduce barriers to homeownership, Montgomery County politicians were forced to contend with the impacts of its sewer moratorium. By 1978, the Montgomery County sewer moratorium—implemented to limit housing production in 1970—had become a detriment to its growth by creating a housing shortage. Maryland Health Secretary Neil Solomon had imposed the moratorium when population growth threatened to overload the sewage treatment capacity in Montgomery and Prince George’s Counties.\textsuperscript{141} The 1978 HUD Task Force on Housing Costs cited Montgomery County’s moratorium as an example of how land-use restrictions could drive up the price of housing. Such moratoriums impeded development by overregulating the supply of land and raising land costs. In general, the task force recommended that regional land use standards allow for greater development and higher density housing units.\textsuperscript{142} Royce Hanson, director of the Maryland-National Capital Park and Planning Commission, predicted that lifting the moratorium could open space for 9,000 new units of housing and 22,500 people. According to Robert L. Mitchell, vice president of the Suburban Maryland Home Builders Association, ending the moratorium would also lower or stabilize the costs of new homes by generating competition among builders.\textsuperscript{143}

Developers believed that a policy of expanded growth was in their best interests, as many of them yearned for a return to the boundless development of the 1950s and 1960s. In 1966, the county council had approved seventy-five percent of all rezoning applications, making more than

\textsuperscript{140} Housing Opportunities Commission of Montgomery County, \textit{Annual Report 1973-1974}; RG 15, RT Housing Opportunities Commission; Montgomery County Archives, Gaithersburg, Maryland.


\textsuperscript{143} Meyers and Valente, “Md. Lifts Ban On Sewer Links In D.C. Suburbs.”
5,000 acres of land in the county available for higher density development. A political climate unfavorable to growth made it difficult to gain approval for such development in the 1970s. Inflation had a cascading and compounding effect on the county’s ability to expand: as the price of houses increased, the number of buyers decreased, and as the price of land went up, so, too, did construction costs. This served the interests of wealthy homeowners, many of whom feared their property taxes would rise if the county were to allow rezoning. High land costs, and thus a lack of incentive among developers, had the effect of inhibiting the production of low- and moderately-priced units. Growth and development were key issues during the 1974 Democratic primary for the county executive position. Those in favor of growth argued that it would allow business to flourish in the county—an idea that resonated with builders and contractors whose fields were suffering.  

For those observing the situation in Montgomery County, it appeared that to the extent that it had become entangled with the issue of housing, inflation had considerable political implications. Strict regional planning had preserved low-density development and open space in the county, causing the price of land to rise with inflation. In May, 1974, a Washington Post editorial titled “Inflation and Housing” indicted Montgomery County for its “suburban low-growth politics,” declaring that “of the basic necessities of life—food, fuel, housing—it is in housing that the current inflation is having its most destructive effects.” Inflation in housing was tantamount to discrimination—not by race, but by age bracket: “It works in favor of the middle aged, at the peak of their earnings power, who already own property bought on a lower market. It discriminates against the elderly [...] [and] against young families who are only beginning to work their way up the income ladder, and who have not yet accumulated savings enough for

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down payments.” Though inflationary pressures like high interest rates and mortgage costs would continue to exacerbate the housing situation in the Washington metropolitan area for a while, they would eventually subside, but other legal barriers to building housing like sewer moratoriums would remain, especially due to their political popularity. “The politics of low growth is, at the moment, popular among suburban voters, most of whom own their homes. Low growth, they assume, means lower tax rates and faster appreciation of the value of existing houses,” the editorial noted. The editorial’s most forceful commentary on Montgomery County suggested that the affluent, well-planned community might one day develop slums,

It is worth reflecting for a moment on the process by which slums are formed. The number of jobs here is steadily rising. As the population increases, the competition for houses sharpens. The rich buy back into old neighborhoods, and the not-so-rich are pushed into smaller homes. The reduction in standards of living is under way. Big houses get broken into small apartments, and then the apartments are redivided and rented by the room. The typical slum dwelling now in this city is a solid and well constructed three or four story brick house that is deteriorating because it contains twice as many people as it can decently accommodate. 145

The editorial reached the desks of county officials. In a response in the Post, County Executive Gleason wrote, “This editorial needs to be read and reread widely. Its alarming implications for our metropolitan area must be clearly understood by officials and residents alike.” 146

At the national level, as an economic recession slowed the U.S. economy and raised unemployment, policymakers searched for ways to support the housing industry and homeowners on the verge of foreclosure. In April, 1975, Congress passed a mortgage lending bill authorizing HUD to support homeowners in delinquency on their mortgages, principally those who were involuntarily unemployed. 147 As of May, 1975, an estimated 325,000 American

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families were at least two months behind on their monthly house payments. The next month, President Gerald Ford faced pressure to enact a $1.2 billion emergency housing bill which would provide direct mortgage assistance to middle-income homebuyers. Claiming it would “damage the housing industry and damage the economy,” Ford vetoed the bill on June 24. In a move that diminished congressional support to override the president’s veto, Ford quickly announced that he supported a plan to release $2 billion in funds for government purchase of home mortgages at subsidized rates, a strategy he believed would “make new mortgage money available to home buyers, to help put more workers in the building trades back to work.” In early July, Ford approved the Emergency Housing Act of 1975, which gave $10 billion of mortgage purchase authority to the Government National Mortgage Association.

The combination of affluence and progressivism in Montgomery County placed the local government in the difficult position of moderating an unabating debate over whether to decrease country spending or increase property taxes. In 1975, inflation, higher taxes, and “an almost motionless economy” had created budgetary issues in the county. County government employees sought higher salaries and constituents pressed for more recreational facilities and educational services. Its population neared 600,000, and after a year of little increase in housing, employment, or commercial opportunities, its residents feared that the county government would raise the property tax rate. As 1975 to an end, County Executive Gleason addressed residents in an article laced with patriotic sentiment. He chastised government employees for demanding higher salaries: “People who work in local government must be aware that the public is their employer and that government exists to serve something larger than itself.” “Cooperation and the

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150 Ibid.
perception of a higher general good, in the name of the tax-weary public, is needed by and between our local government administrators and our citizen groups,” Gleason wrote.¹⁵² The bicentennial proved to be a year of moderate recovery for the county. Due to an expanding labor force and a federal pay raise, personal incomes had gone up by ten percent. A sign of growing wealth at a detriment to low- and moderate-income homeownership, the median value of homes in the county rose to $66,764, a figure exceeded only by prices in Westchester County, New York, Fairfax County, Virginia, and Marin County, California. Still, Gleason boasted that “Montgomery is Washington’s only major suburban area where the majority of residents work within their own county, and the proportion is increasing each year.”¹⁵³ The number of employed county residents increased from 53 to 57.8 percent from 1970 to 1980.¹⁵⁴ This statistic fails to provide a clear understanding of whether more low-income families were finding housing in the county.

Sixteen months after the MPDU law had gone into effect, inflationary pressures on Montgomery County’s housing market and construction restrictions were delaying the production and sale of moderately-priced units, causing residents to question whether the law could ever produce its intended effects. An article in the Washington Post reported that the law had “failed” to bring housing to the county, a perception that county officials and activists hoped to counter. The county council was forced to revise its definitions of moderately-priced housing. For example, experts reevaluated that the ceiling price on a four-bedroom, moderately-priced house should be $45,100, up from $28,800 the year before.¹⁵⁵ The first moderately priced

dwelling units were put on the market in Montgomery Village, Gaithersburg, in May 1976.\textsuperscript{156} The press expressed skepticism about whether the units would sell. Leaders in housing reform like Donald E. Jefferson, then president of Suburban Maryland Fair Housing, and County Councilwoman Elizabeth Scull reached out to national and local newspapers communicating their distaste for the coverage of the program. They encouraged the public to wait until the first units had sold to make their judgments. Jefferson chalked early criticism of the MPDU program up to a few “premature bad mouthers who never supported the program in the first place.”\textsuperscript{157} The first MPDUs sold in just over two months, faster than it would have taken to sell an equal number of market-price units, Scull contended.\textsuperscript{158} Less than a year later, in order to make homeownership more accessible to moderate-income individuals, the Montgomery County Council raised the income ceiling to expand the number of persons eligible to be on the “early bird” list for MPDUs.\textsuperscript{159} By 1978, hundreds of potential residents were entering lotteries for the moderately-priced units.\textsuperscript{160}

Inflation’s impact on the housing market and homeownership became most apparent at the end of the decade, as mortgage rates climbed toward their all-time peak. Over the course of the decade, increases in mortgage rates, the prices of homes, and monthly housing expenses undermined gains in median family income. This meant that although American families were
earning more money, they were “paying a greater share of their incomes to own a house than ever before.” *BusinessWeek* reported that “new family formation will keep housing demand, especially for single-family houses, strong over the next four or five years. But consumers will find it increasingly hard to pay for and maintain a house.” Even those families who qualified to buy a house didn’t want to, at times because they couldn’t afford the additional monthly payments that came along with a mortgage, including gas and electricity costs. Though the conditions of the housing markets hadn’t yet completely deterred Americans from buying homes, experts were increasingly concerned that inflation would push people to the limits of what they could afford, “barring the poor from any chance of buying their own homes, and driving the middle class from the market.”\(^{161}\) Indeed, housing prices had risen exponentially. In 1970, the average cost of a newly built home was $35,500. By 1980, the average cost had risen to $83,000. Over the same period of time, the average cost of existing homes rose from $30,000 to $74,000.\(^{162}\) Such a rapid increase in home prices had never been seen before. From November, 1978 to November, 1979, the average income required to qualify for a mortgage on a new home increased seventy-four percent.\(^{163}\) Double-digit mortgage rates exacerbated the impracticality of homeownership. In 1980, D.C. Police Officer Gary Hankins bought a townhouse for almost $60,000 with a fourteen percent mortgage rate. Ten years prior, his single-family home had cost $20,000 with a rate of only eight percent.\(^{164}\)

Nevertheless, some Americans who could afford to buy homes bought them in fear that inflation would cause mortgage rates to rise even further. “I just finished buying a house, and the

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biggest reason I did it was inflation,” Tessie Rogers, a divorced mother of two, told the *New York Times*. “I was afraid that if I didn't do it now, tomorrow might be too late.”165 Esther McClintock, a property sales specialist at the *Times*, predicted that “at some point interest rates are bound to have an effect on people’s decisions to buy houses, but my experience tells me that that point is still off in the future. People are still willing to put their shoulders to the grindstone to be able to afford a house.”166 This was, in part, because potential buyers viewed homeownership as more than just a necessity. “A home has become more than just a shelter — it has become the new form of investment to a higher and higher proportion of Americans,” Lawrence B. Simons, Assistant Secretary for Housing at HUD, told the *New York Times*.167

With no way of knowing how long the current inflationary period would last, and as the rate of inflation continued to climb, there was an imperative for Americans to invest their money so as to preserve their wealth or to prepare for the future. Realizing that their money was losing value in traditional savings accounts, Americans began to invest in money market funds, initiating what historian Bruce Schulman refers to as the “financial revolution” of the Great Inflation.168 In the Washington area, a new phenomenon was materializing: residents had begun to purchase additional single-family homes “as a primary investment medium.” Residents of the area were refinancing their mortgages, buying single-family homes, and renting them out. It seemed counterintuitive—“financial alchemy” the *Washington Post* columnist Kenneth R. Harney called it—yet financial analyses showed that the logic of renting was sound. A home

being rented out in Wheaton, located northeast of Bethesda, was producing a thirty-five percent annual return. As the costs of homes continued to rise, realtor David A. Swinburne of Burtonsville, a town in the north of the county, suggested that the parents of elementary-school-aged children “had better start thinking about how their kids will ever be able to afford homes of their own.” Swinburne predicted that a $75,000, three-bedroom, single-family home would be worth $273,000 in fifteen years. Parents would do well to buy homes for their children, “as investments until their children become mature house-hunters.”

As the cost of land and houses went up, homeownership served an important hedge against inflation for Montgomery County homeowners, whose homes were now worth more than ever before. In a provocative article titled “Those High Costs of Housing: Who Really Deserves Blame?”, Washington Post columnist and Montgomery County homeowner Kenneth R. Harney proposed that in seeking solutions to inflation, the Carter administration, Congress, and the homebuilding industry had yet to address one of the greatest causes of high housing costs: “the economic behavior of the most pervasive interest group in the country”—homeowners. Interrogating whether homeowners were impeding the prosperity of non-homeowners by benefiting from inflation, Harney wrote,

The problem, in a nutshell, is that almost no one already inside the club really wants the rise in housing prices to taper off, especially in his or her own neighborhood. In the absence of fundamental changes occurring in the U.S. economy, you and I—and every other home-owner we know—continue to perceive housing cost escalation to be in our own self interest. We have responded to an inflationary national economy by purchasing or holding onto the “best hedge against inflation”—a hedge that only works as long as our dwellings keep up with or outpace price rises of other basic commodities. And in our manifold local roles—as voters, as community group members, as PTA parents—we further that self interest, consciously or unconsciously.

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As the debates over the MPDU program in June and July, 1973, had shown, Montgomery County residents were particularly concerned about the ramifications that housing policies might have on their property values. Residents supported low-density development, and in doing so aligned with county civic organizations hoping to preserve the integrity of the county General and Year 2000 Plans, which laid out the area’s development plans for decades to come. “Taken individually, most of these actions are logical and defensible,” Harney conceded. “Taken as a national sum of land use decisions over the past decade, they are less so: they have raised the cost level of new and exciting housing tremendously for ourselves as well as for non-members of the ‘[homeowners’] club’ and have contributed to suburban sprawl by forcing builders farther and farther out into the countryside.” Harney ended his piece with a strong statement: excessive land restrictions such as those in Montgomery County have the tendency to promote racial segregation.171

By identifying homeowners as a singular political faction, Harney’s piece suggested that inflation was a political issue in Montgomery County. Though perhaps hyperbolized, Harney’s article illustrated that inflation had become intertwined with existing social and political realities in the county: the divide between the self-interest of affluent homeowners and the goals of suburban progressives; the county government’s dual commitment to supporting low- and moderate-income housing while maintaining low property taxes for its current residents; the restrictions of regional land-use policies, which civic organizations stood vehemently behind; and the persistence of racial discrimination made evident by county-wide studies of housing segregation in 1977 and 1985.172

172 The latter of these studies will be analyzed in the subsequent chapter, which explores the relationship between Montgomery County’s housing programs and federal fundings in the 1980s and 1990s.
From 1970 to 1980, Montgomery County’s Black population more than doubled from 21,551 to 50,756 residents, a nearly five percent increase in the overall population. In 1977, the County Planning Board recorded significant differences in geographic dispersion, income level, and housing type between white and non-white individuals and families. A County Planning Board report showed that non-white individuals and families were disproportionately concentrated in an area of the county called the “urban ring,” which included the area around Colesville and the area near the I-270 corridor. The Potomac Forecast Area in the western part of the county had “the most disproportionate share of white households than any other forecast area.” The County Planning Board noted that non-white households were more likely to live in multi-family units than white households, which generally occupied and owned (as opposed to rented) single-family units. Some of this, the Planning Board hypothesized, could be attributed to differences in incomes: in 1977, the median family income for non-white families was only $21,903, which was $5,318 less than the median family income for white families. “A simplistic conclusion,” the Planning Board cautioned, “is that most of the non-white families cannot afford most of the single-family housing being offered for sale.” Inflation’s tendency to stymie development suggests that this “simplistic conclusion” may have helped to explain why low-income, non-white families couldn’t afford to move into a county with little growth and high costs.

At the same time, however, some scholars have suggested that due to the nationwide expansion of mortgage lending practices and the Home Mortgage Disclosure Act’s (1975)

destruction of a legal justification for redlining, Black Americans were gaining access to “white housing markets.” Black Americans were beginning to move out of the inner cities they had been confined to for decades, and into nearby, mostly-white neighborhoods, which had access to better schools and other community resources. The once deeply contrasting borders between predominantly Black or white counties on census maps began to grow “fuzzier” between 1970 and 1980, as more and more Black Americans moved into white neighborhoods. To be sure, inflation made it difficult for Black Americans to “buy into the ‘white’ market,” but some potential home buyers chose to spend the money necessary to move into these neighborhoods nonetheless. As a result, due to a lower demand among Black Americans for housing in traditionally Black neighborhoods, housing and rent prices in those areas remained lower than average. This allowed the Black Americans who remained in predominantly Black neighborhoods to pay lower prices for housing in the “black” market, despite inflationary pressures.175

At the end of the 1970s, though the number of people living and working in the county had increased, there were still significant barriers to housing opportunities. The prices of homes in the Washington metropolitan area were increasing at an annual rate of eighteen percent.176 Thousands of county employees or prospective residents waited on lists for public housing assistance. Recently elected County Executive Charles W. Gilchrist believed that a recent condominium legislation package, which would attempt to slow the rate at which apartments were being converted to condominiums, would help alleviate the county’s housing problems. Gilchrist hoped to contradict the notion that the county had not struggled to cope with financial downturn: “There is an image that all of Montgomery County is Potomac with rolling

175 Sander, Kucheva, and Zasloff, Moving toward Integration, 219-223.
countryside and split-rail fences, when we’re really a community like any other, with people who suffer from the burden of inflation.”

Housing costs outpaced wage increases, such that workers were spending an increasingly greater proportion of their income on housing. “Workers in the Washington area must earn more than twice as much today as they did in 1971 to have kept up with inflation — and most of them don’t even come close,” a Washington Post survey found. The salaries of Montgomery County residents hadn’t increased enough to offset the rising costs of other goods and services, housing being one of them. The cost of homeownership—including monthly mortgages payment and fuel and utilities—increased 138.3 percent from 1971 to 1981. Supermarket checkout clerks, government accountants, electricians, police officers, and maintenance workers were only some of the “inflation losers” in the county, according to the Washington Post. On a $23,000 a year salary with a wife and a two-year-old daughter, Montgomery County fireman Richard Leapley found it impossible to live where he worked. Though he had received a 7.9 percent salary increase in 1980, it wasn’t enough to move into the county.

The Culture of Inflation and Homeownership

“The ‘good old days’ of the 10-cent cup of coffee and the 35-cent gallon of gas are gone forever, as higher and higher prices become a way of life,” read an investment advice column in the June 1980 issue of Good Housekeeping. Gone, too, were the $25,000 mortgages of the 1960s. Baby boomers found homeownership to be less attainable than it had been for their

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177 Prager, “GILCHRIST.”
178 Sinclair and Saperstein, “TEN YEARS OF INFLATION.”
parents. From 1973 to 1990, homeownership rates dropped among every group under the age of forty-four. During this period of time, the average age of first-time home buyers also increased considerably. Their median age in 1980 was twenty-seven in 1980; in 1991, it was thirty-five.\textsuperscript{181} By contrast, some demographic groups in the U.S. found homeownership more accessible than ever before, thanks to the expansion of mortgage lending. In 1981, single women were “the fastest-growing segment in the housing market,” buying one-tenth of all houses and one-third of all condominium apartments in the U.S., according to the National Association of Realtors.\textsuperscript{182}

Nevertheless, for this younger generation of Americans—one which hadn’t experienced the calamity of the Great Depression—the inflation of the late 1970s produced a sense of disillusionment. As economists and politicians struggled to predict the outcomes of this inflation for the economy and everyday Americans, financial advisors presented themselves as guides to help everyday Americans through the crisis. A product of the culture of self-help and self-improvement that had emerged in the 1960s and 1970s, a new genre of literature focused on personal and family finance began to emerge. “As countless diet and pop psychology books attest, the American thirst for self-help and self-improvement is apparently unquenchable,” a New York Times review of financial planning books observed.\textsuperscript{183} In Montgomery County, residents were spending more time in libraries, where books on how to write resumes and how to “do it yourself” were in high demand. Washington Post reporter Megan Rosenfeld joked, “As prices skyrocket and jobs disappear, more and more people in the Washington area are discovering that public libraries are free.”\textsuperscript{184}


Proclaiming to “help prepare you for the decade to come” or to provide “all the advice you could ever need,” journalists and financial advisors began to produce financial self-help literature to help Americans through the economic difficulty. These authors wrote for the average American, one who might not possess the financial expertise to understand what to do with his or her money. They encouraged their readers to make investments with an eye toward the future, looking out for the wellbeing of themselves and their families. Each was published in the late seventies or early eighties as a reaction to the current moment’s financial issues. This literature covered topics such as budgets, investments, insurance, and retirement planning. Most important for this analysis was their coverage of home-buying and homeownership.

In Nothing Down: How to Buy Real Estate with Little or No Money Down (1980), Robert G. Allen acknowledged that financial self-help books had identified investment in real estate as a potential solution to inflation’s draining effects. Allen emphasized the ease of real estate investment, stating that “most Americans now realize that [it] is one of the surest and safest ways to financial freedom.” He also stressed that inflation may only get worse, that “to be conservative in today’s market is the biggest gamble of all. If your only investment for the future is a savings account, the odds and inflation are against you.” Howard J. Ruff foresaw an inflationary depression greater than the Great Depression in How to Prosper During the Coming Bad Years: A Crash Course in Personal and Financial Survival (1979). According to Ruff, a financial advisor and host of the TV program Ruffhouse, “whoever is President of the United States and presides over the collapse will be ‘the Hoover of the 70s and 80s.’” This period, he

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186 Ibid, 17.
wrote, would have winners and losers. The people lucky enough to fit into the category of the former were those who had bigger mortgages, whose homes would increase in value. Ruff’s book invoked apocalyptic notions about financial collapse. Sylvia Porter’s *New Money Book for the 80s* (1979) operated in a slightly different way, relying less on fear-mongering and more on simplicity and family-oriented guidance. Porter refuted the notion that homeownership has become “a forgotten dream,” a question that experts had studied in the years leading up to her book. She writes:

> Millions are willing to devote more of their resources to buying and maintaining a home and to cutting back on other expenses than previously. As the 1980s approached, typical home buyers devoted more than 30 per cent of their take-home pay to owning and running a new home, compared to 23 per cent in 1965. In short, home ownership is a forgotten dream for only the lowest-income individual and family. The rest of you want homes and are willing to go to considerable lengths to buy one.\(^{188}\)

Porter clearly saw that homeownership was no longer as affordable as it once was, but believed that most Americans would still invest in it anyway.

Like Porter’s *New Money Book*, Jane Bryant Quinn’s *Everyone’s Money Book* (1981) claimed to give “easy to read, easy to understand advice on saving, spending, earning, lending, borrowing, insuring, moving, divorcing, investing and just about everything else you could do with your money.” Quinn, a renowned personal finance advisor and journalist, wrote columns for *Newsweek, Good Housekeeping*, and *Woman’s Day* magazine, from which some excerpts of her book were drawn.\(^{189}\) During the surge of inflation, Quinn’s book—a volume of over 850 pages—was meant to give advice to those put off by downturns in investments. In order to help her readers, Quinn distinguished between long-term fixed-dollar investments, the “losers” in an

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\(^{189}\) Rankin, “Financial Planning by the Book.”
inflationary economy, and the types of investment that made sense “in good times and bad,” like buying a car, choosing a home, sending kids to college, and planning for retirement.\footnote{190}{Jane Bryant Quinn, \textit{Everyone’s Money Book} (New York: Delacorte Press, 1981), xiii-xiv.}

In chapter thirteen, “Buying a House (Or Condominium),” Quinn walked her readers through the process of determining how and where to buy their first home. She encouraged them to think about homeownership as an important investment, one which requires foresight and planning. In the section “Which Neighborhood?”, Quinn listed the factors that a potential homebuyer should consider when moving. “Which communities are considered to have the best schools?” She urged her readers to investigate. “What college facilities are available? […] Where are the community facilities? The parks? […] The shopping centers? […] Where’s your church?”\footnote{191}{Ibid, 241.} Though she repeatedly referred to her readers as “homebuyers,” she assumed that they already had or planned to start a family, citing amenities like schools and parks as markers of a good neighborhood.

Quinn advised her readers to be thoughtful about their purchase. Buying a home wasn’t just about picking the prettiest one; it was about making an investment that would guarantee a certain lifestyle. Quinn provided several examples of the characteristics that make up a “good” neighborhood, including “a steadily growing demand for homes; expanding businesses and industries […] block or community associations that take pride in keeping up the neighborhood; a neat and cheerful appearance.”\footnote{192}{Ibid.} Here, Quinn referenced features of traditionally middle-class, white neighborhoods. The notion that ideal neighbors should take “pride” in the upkeep of the neighborhood and maintain its “neat and cheerful” appearance portrayed a sensitivity to class consciousness.
Quinn didn’t shy away from the topic of race, stating that the practice of housing segregation is actually harmful to both Black and white homebuyers. She encouraged her readers to think about how this chronic segregation could have adverse effects on their investment. Quinn distinguished between the effects of discrimination on Black and white homebuyers: “For the black homebuyer this [discrimination] can mean a discouraging round of visits to unattractive houses, with real estate agents who hope you won’t buy.” Then, addressing her white readers, she wrote, “for the white homebuyer a ‘white flight’ community carries an increasing risk to property values that you may not realize.”

She continued on to explain that “more and more courts are rewriting local zoning laws—changing what might have remained a single-family area, had it not practiced racial discrimination, into a neighborhood of mixed homes and apartments. This definitely does lower property values—a long-run risk for any exclusionary community.” Quinn’s message was clear: if white Americans hoped to maximize their investment—and maintain the value of “single-family areas,” they ought to seek out integrated neighborhoods. This acknowledgement of the impact of discrimination on property values suggests that Quinn envisioned a shift in thinking about integrated communities. She emphasized the value of “single-family areas,” centering the family in her discussion of investment and homeownership. Explicit in Quinn’s piece is the reality of the coded identities of homeownership: single-family areas were constructed for white Americans, while Black Americans were forced into low-value multi-family homes or neighborhoods.

In the housing market in Montgomery County, there was evidence of many of the discriminatory practices that Quinn described in her book. In 1979, a study of thirty real estate firms in Montgomery County found that realtors did treat Black and white homebuyers

193 Ibid, 242
differently. The study was conducted at a time when the county’s records showed that 47.7 percent of non-white residents owned their own homes compared to 65.3 percent of white residents. The study, conducted as part of HUD’s New Horizons Fair Housing Assistance Program by James H. Battle and Associates, recruited Black and white people to pose as potential homebuyers. Half of the participants in the study experienced differential treatment.

Two buyers, one white and one Black, seeking homes in the same price range were shown homes in different neighborhoods: the white buyer visited homes in Bethesda, while the Black buyer was shown homes in Wheaton and Silver Spring. While a Black buyer was shown houses $6,000 to $17,000 below the price requested, a white buyer was taken to view houses above his stated price range. One of the study’s conclusions was that “perceptions on the part of blacks, as well as misconceptions on the part of real estate salespeople that blacks and whites prefer to live in neighborhoods made up of their own races, can lead to perpetuation of segregated racial clusters.” An article reporting on the study chronicled a number of different reactions to it. Members of the county Human Relations Commission and Suburban Maryland Fair Housing interpreted its results as evidence of persisting discrimination in the county, while other residents, including a member of the county Board of Realtors, felt that the study was “too vague to point to actual prejudice.”

A Time Magazine review of Quinn’s New Money Book, among other works of financial journalism, quipped that “perhaps a windfall-profits tax should be levied on prolific financial journalists in these inflationary times, because the inkwell is as mighty as the oil well [...] In women’s magazines, articles on sex have almost taken a back seat to advice on money

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management.” 195 Indeed, advice about mortgages and inflation was cropping up in Woman’s Day and Good Housekeeping, encouraging women to take an active role in thinking about financial decisions. Women’s magazines promoted ways for everyday Americans to fight inflation, evoking a sense of urgency among women that one’s individual habits had the ability to impact not only their own livelihoods, but that of the economy.

One of the main lessons of the personal finance articles was that Americans should take more initiative in caring for their personal finances and for making political decisions that would benefit them. In the January 1980 issue of Better Homes and Gardens, Margaret Daly wrote about “inflation-fighting tactics that work,” encouraging women to keep energy costs down and to shop thoughtfully. Starting in July 1980, Good Housekeeping began to publish a monthly column titled “Inflation Fighter: Money-Gram,” which provided tips, advice, and predictions about inflation. In her column “Speaker for the House,” journalist and consumer writer Charlotte Montgomery 196 shared “inflation fighting rules,” including, for example, to “consider a candidate’s stand on inflation before voting.” Titled “How you can fight inflation,” a section of the March 1979 “Speaker of the House” column rallied Americans “to do what they [could] to help (as they always do in times of crisis).” “I have seen very little (even from the consumer offices in Washington, D.C.),” she wrote, “spelling out what the individual can do to curb inflation.” 197 Montgomery depicted fighting inflation as a patriotic duty, one which would contribute to the well-being of the entire country. Other articles introduced and explained different investment opportunities. 198

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198 Hooper, “Inflation-Fighting Ways.”
Many of these articles included advice about homeownership and mortgage payments, but ignored the question of affordability. Columnist Gordon Greer wrote in *Good Housekeeping*:

> Not only financially, but in other ways, too, owning almost any home beats owning none at all. It’s your castle, a nest for your children, a plot of land to call your own—in sum, a sort of psychological Middle C that offers comfort and stability in our jittery times. In that respect, a family home, whatever its price tag, has a value beyond all measuring.\(^{199}\)

A home could provide Americans with familial, financial, and psychological stability—if only they could afford one. Other articles did recognize the barriers that lower-income families faced, and provided explanations of the various HUD programs and FHA and private loans that could facilitate homeownership. An article in *Woman’s Day* observed that “the right kind of loan can mean the difference between a house exactly suited to your needs and one that is merely the best you can afford under the circumstances. It can even bring homeownership to families who, because of severely restricted finances, feel they are doomed to be renters without ever experiencing the solid satisfaction of owning a home.”\(^{200}\) While acknowledging the hurdles that lower-income families were facing, the magazine doesn’t directly address them, speaking to the people—“you”—who read their magazine and merely mentioning the needs of low-income families—“they.”

Magazines like *Essence* and *Ebony*, which catered to an audience of African-American women, similarly included advice on homeownership. These articles distinguished between the benefits and costs of buying and renting. They encouraged women to consider buying if they could, but highlighted that renting would relieve their readers of the burden of paying for repairs and maintenance.\(^{201}\) However, they still encouraged homeownership when possible: “But if you can afford it, ‘put your money in real estate.’” An article in *Essence* provided perspectives from

Black women in vastly different economic circumstances, each of which had decided to buy their own homes. Audrey Edwards, a magazine editor in New York City, had bought an apartment for $45,000, and had witnessed its value double in less than a year. On the other hand, Rochelle Brown, a single mother, had received help from a HUD urban renewal program to buy her first home, vowing never to pay rent again. Unlike Edwards, Brown had devoted most of her income to financing this purchase.²⁰²

Each of these financial advisors or journalists came to a similar conclusion: homeownership would remain a sound investment despite inflation-induced financial hardship. However, their insights suggest there was a deeper cultural understanding about the realities of homeownership: discrimination still existed, albeit in more covert ways, and many Americans still couldn’t afford to own homes. Inflation had certainly put homeownership out of reach for a greater number of Americans, but many hadn’t been able to own homes even before the economic crisis. While some of the advice in these books amounted to little more than common sense, the authors’ assessment of which issues should be most important to their constituents reveals that they believed homeownership was about more than just location or affordability; it was about investing with an eye toward the future.

**Conclusion**

Two major trends characterized the housing industry in the 1970s: the overall increase in housing quality and the overall increase in housing costs.²⁰³ The observation by economists, politicians, and journalists alike that lower-income families were spending a greater percentage of their income on housing led scholars at the time to conclude that housing problems were, in

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fact, income problems as opposed to supply problems. In 1982, the Presidential Commission on Housing used this justification to advocate for income supplements instead of the construction of housing units. This characterization masked a number of other factors that made housing unaffordable for many Americans in places like Montgomery County, including the persistence of local zoning laws and class-based discrimination. It also served as justification for the hands-off approach to housing policy that the Reagan administration would try to adopt, through which the federal government would transfer responsibility to the market for housing. This move toward privatization will be the subject of the third chapter of this thesis.

For the first time since before WWII, the rate of homeownership in the U.S. stagnated in the 1980s. In 1982, 66 percent of Americans owned their own homes, but by 1989, this statistic would drop to 64 percent. By 1991, the homeownership rate would begin to rebound, obscuring the downturn which had prevented so many Americans from owning homes in the decades before. Reflecting on the generational gaps that existed between boomers and their parents, sociologist and anthropologist Katherine Newman wrote in 1994,

“Yet even as [rates of homeownership] went down, some people were doing daily well in the housing market: Americans over the age of 60 and whites in general increased their share of the home ownership market. For one or two demographic groups to improve their lot while national averages decline can only mean one thing: somebody has to have done much worse in the housing sweepstakes. The somebodies were members of the baby boom generation who have been locked out of the American dream in increasing numbers.”

Furthermore, from 1983 to 1991, while the homeownership rate among white Americans hovered around sixty-nine percent, well above the national average, the homeownership rate for

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204 Ibid, 73-74.
208 Ibid.
Black Americans declined from 45.6 percent to 42.7 percent. The homeownership rate was similarly, but consistently, low for Hispanic Americans at about 40 percent.\textsuperscript{209}

In 1982, as Montgomery County adjusted to a new era of Republican leadership with the election of County Executive Charles Gilchrist and President Ronald Reagan, one resident remarked: “We are not immune from the combination of forces that is pushing many governments to the brink: sustained national recession, rising unemployment, expenditure obligations that are outpacing revenue growth, diminishing federal (and state) grants, and growing responsibilities resulting from federal program cuts.”\textsuperscript{210} As it turned out, these federal budget cuts would have a significant impact on the MPDU program and other low-income housing programs in Montgomery County.


Chapter 3: “The Suburbs Won’t Vouch for This”: Montgomery County and Government Deregulation

“For more than a decade, Montgomery County has been attempting to do something about the problem—quietly, persistently, inventively. [...] Montgomery County’s efforts are worth study and emulation,” a 1987 Washington Post article reported about the county’s moderately priced dwelling unit (MPDU) program, which had created thousands of units of low- and moderate-income housing since 1976.211 The program increased low-income housing opportunities and made rental housing more readily available in the county. However, though local politicians claimed there was a general consensus in the county in favor of the program, residents and developers—many of them living or building in the western, more affluent part of the county—expressed doubt as to whether it was the most effective way to create affordable housing and integrate Montgomery’s economically- and oftentimes racially-segregated neighborhoods. Voicing their opposition—whether practical or ideological—to the program, residents and developers in Montgomery invoked a number of different arguments to suggest how it would negatively impact the county. They lamented over “property values” and “marketability,” betraying their sensitivity to the impact affordable housing could have on more affluent areas.

Though Montgomery County had discovered an innovative and relatively successful policy solution, it remained at the whim of a federal government that was increasingly unwilling to provide funding for housing programs. Housing, unlike other forms of federal public assistance, “never became an entitlement.”212 The task of providing affordable, integrated

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housing for a growing population was made more difficult by the conservative turn of national politics. In fiscal year 1988, the proposed budget for the Department of Housing and Urban Development (HUD) was $10.2 billion, a fraction of its $35.7 billion budget in FY 1980. At the time, this was the greatest reduction in any single domestic spending program in U.S. history.\(^{213}\) Though federal housing funds and programs were drastically reduced, the demand for housing remained high. In 1984, 7,000 families were on the waitlist for federally-assisted housing in Montgomery County. In the Washington metropolitan area, more than 33,600 families needed rental or mortgage assistance. The county’s Housing Opportunities Commission (HOC) helped administer the MPDU program by buying a portion of the dwelling units and renting them to lower-income families. The HOC relied on the funding of the Section 8 program to construct rental housing for low-income families, and those families utilized the federal program’s public assistance to locate existing housing in the county.

Those advocating for the defunding of federal housing programs favored a system where the private market replaced the government as the arbiter of the housing market. State and local governments would be forced to take on a greater burden in negotiating, if not providing, new housing programs. Over the course of the last two decades of the 20th century, presidents Reagan, Bush, and Clinton slowly shifted away from precedent, replacing subsidized housing production with vouchers and tax credits.\(^{214}\) In 1984, Montgomery County was selected as one of the first counties to test out this new system of housing vouchers through the Housing Voucher Demonstration Program. Proponents of this new approach to housing policy hoped that it would galvanize the private sector to take control of housing production. In reality, it starved local

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\(^{214}\) Bonastia, *Knocking On the Door*, 144.
governments, like Montgomery County’s, of the funds they needed to make housing available to their lowest-income populations. During the “Republican revolution” of 1994, when the party gained control of both the House and the Senate for the first time in decades, the GOP even proposed to abolish HUD altogether. Those in charge of housing Montgomery County’s population worried that the new attitude of the federal government would leave the county to fend for itself. This was daunting for a county in need of thousands of new units of housing a year to accommodate its residents.

This chapter reveals the lack of synchronization between federal and local governance and policy in the 1980s and 1990s. Federal officials diagnosed the nation’s housing problems as demand problems, proposing vouchers and market-based solutions. Montgomery County’s housing problems were, in fact, supply problems, and the federal government’s shift away from new housing construction meant that its officials had to look elsewhere for funding for the thousands of units it desperately needed. Though Montgomery County maintained a high degree of political independence, its limited funding meant that its capacity to implement affordable housing programs was constrained by national politics.

The Challenges of the MPDU Program

The pressures of a post-inflationary, recession-prone economy; the indisposition of developers, some of whom disagreed with the integration-oriented logic of the MPDU program; the interests of wealthy, white homeowners—sometimes described as self-interested, other times pragmatic—who feared that affordable housing would denigrate their neighborhoods; and the decline in federally-assisted housing programs were some of the factors poised to hinder Montgomery County’s housing programs in the 1980s. In January of 1981, Montgomery County
Executive Charles Gilchrist said that the county would need to add 8,000 new homes and apartments a year to keep up with its annual housing needs.\textsuperscript{215} The county’s population continued to grow, particularly its demographic of single parents, many of whom were women. The county witnessed a 300 percent increase in the number of people on its government-assisted housing waitlist from 1974-1984.\textsuperscript{216}

In its first ten years, the MPDU program added almost 6,000 units of affordable housing to Montgomery County.\textsuperscript{217} However, the MPDU program was merely one example of a number of programs the county relied on to meet its housing needs. Furthermore, it remained unclear whether the MPDU program was capable of racially integrating the county. Of the thousands of people searching for housing in the county, forty-three percent were minorities who were putting more than twenty-five percent of their income toward rent.\textsuperscript{218} In 1984, 273 certificate holders—those who were eligible for early access to the MPDUs—were white, forty-two were Black, twenty-seven were Hispanic, and fifteen were Asian. Nearly forty percent of those with early access to the units were single; another thirty percent lived in households of only two people. By 1986, most of the MPDUs had been built in Germantown and Gaithersburg, two cities along the I-270 corridor, and Colesville, along the Route 29 corridor.\textsuperscript{219} This information showed that, at least in the early years of the program, MPDU owners were predominantly white and single or

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\textsuperscript{219} Montgomery County Government Department of Housing and Community Development, \textit{Departmental Report 1986}; RG 10, RT Community Development & Housing Printed Material, Department of Housing and Community Development Departmental Report; Department of Housing and Community Development Records; Montgomery County Archives, Gaithersburg, Maryland.
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recently married, and the MPDUs had been built in the urban ring. However, between 1988 and 1992, minority households represented fifty-one percent of MPDU purchasers, evidence that the program, in conjunction with other housing policies, was introducing racial diversity to the county.220

As early as 1977, only a year after the first MPDU was sold, developers in the county were discovering ways to circumvent the MPDU law. That year, the County Planning Board granted Cowan & Hodgkin Construction Company approval to build only forty-nine single-family homes at a site where the properties would be selling for roughly $180,000. Several other developers had also received approval to build subdivisions just shy of the fifty-unit minimum. As the developers saw it, the issue with MPDUs was one of “marketability.” Though they would be receiving density bonuses from the county in exchange for building the lower-cost units, developers believed they would still need to raise the prices of more expensive homes to account for the lower sale price of the MPDUs. Furthermore, developers believed that lower-cost units would make their developments less attractive to buyers. “People who would buy in that price range wouldn’t want to live near low-priced town houses. Frankly, it wouldn’t be fair to the people buying the townhouses (MPDU’s) either. They’d be out of place,” company president Chet Cowan said. “We’re talking about sites that could fit about 50 units, and it’s easier to build 49 and say ‘the hell with it. I’ll stay out from under all that gobbledygook,’” Joseph Rodgers, a land surveyor helping plan the Cowan & Hodgkin project, told the Montgomery County Sentinel.221

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220 Montgomery County Department of Housing and Community Affairs, “History of the MPDU Program.”
221 Elizabeth Wiener, “Builders circumvent law on moderate-priced units,” Montgomery County Sentinel, March 17, 1977; Box 3, Series 8, Moderately Priced Dwelling Units (MPDU) -- News Clippings, 1967-1981; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
Councilwoman Scull didn’t think this evasion would become a long-term trend, and warned that if it did, the County Council would find other ways to enforce the law. “[Builders will] get over that fear once they see that the purchasers of MPDU’s are not a threat to society,” Scull said. Charles Phillips of Kettler Brothers, the developers who had built Montgomery Village, found that he wasn’t encountering any unexpected difficulty in selling the more expensive homes in the neighborhood. Unlike areas like Potomac, however, Gaithersburg was a central, metropolitan area of the county, one where incoming residents expected to find neighbors of various economic backgrounds.

The case of Avenel, a wealthy subdivision constructed on the border of Potomac and Bethesda, clearly demonstrated developers’ aversion to the MPDU requirement. Potomac Investment Associates (PIA) initially acquired the land that would become the luxury community in 1979, and, per the MPDU law, would have been required to build 107 moderately priced units in the area. By the time it was built in 1992, Avenel would be described as the place “where the wealthy live and golf and drive classic cars along carpet-smooth roads past chestnut mares grazing near scarlet blooms of geraniums and azaleas.” The area’s developers didn’t envision Avenel as a place fitting for MPDUs.

There was a way in which the integrative goals of the MPDU program were in tension with the county’s housing needs, a fact which demonstrated a disconnect between the aspirations of civil rights legislation and the realities of producing affordable housing. Housing activists genuinely believed that it was possible to build enough integrated, affordable housing to accommodate the county’s growing low-income population. In practice, building affordable

222 Ibid.
223 Ibid.
housing in Montgomery County was a tradeoff: as developers pointed out, it was much cheaper to develop and more units could be built near the county’s urban centers. Such a practice, however, would have the effect of reifying the same racial and economic segregation that the MPDU law had been created to prevent in the first place. This trade off—between integration and costs—was made manifest in Montgomery County almost immediately after the passing of the MPDU law during the conflict over the Avenel development. While developing the neighborhood, Anthony Natelli of PIA offered the county $4 million in lieu of building the requisite MPDUs in Avenel. Homes in Avenel typically cost anywhere from $600,000 to over $1 million, while the MPDU units would have cost somewhere in the range of $70,000 to $75,000.  

225 Instead of building sixty units in Avenel—a number the developer had already negotiated down from the requisite 107—Natelli proposed to build 90 to 110 units in Bethesda, which he claimed would be more advantageous to a county seeking to create as much affordable housing as possible.  

226 Newly elected county executive Neal Potter initially endorsed the offer, seeing it as an important opportunity to create more affordable housing in the county.  

227 Richard Ferrara, the director of the county’s Department of Housing and Community Development, was also interested in the deal, though he would ultimately reject it.

Housing activists in Montgomery County had fought against the legislation that made it possible for developers and builders to evade the MPDU requirement. In November of 1973, on the day the MPDU law was officially passed, the County Council enacted bills 54-73 and 55-73 to amend it. The former would allow developers to transfer land designated for MPDUs to the

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226 Ibid.
county, an amendment which would relieve them of building the units themselves.\textsuperscript{228} The latter, however, would add a section to the County Code titled “Alternative Election.” Under this amendment, the council proposed that rather than build and sell the units themselves, builders could identify another housing development corporation, private developer, non-profit sponsor, or other individual or organization willing to construct the required units.\textsuperscript{229} Housing activists believed that, if abused, this clause would open the door for developers to reassign responsibility for building the units under a number of different circumstances. The bill might even serve as justification, activists hypothesized, for developers to avoid building low-income housing in affluent neighborhoods. “[The bill] knocks a huge hole in the basic concept of the MPDU legislation, which was designed to help defuse the ‘not in my neighborhood’ doctrine of planning and zoning,” Peg McRory of Suburban Maryland Fair Housing (SMFH) testified before the County Council in January of the next year. “As long as the invidious notion that some parts of Montgomery County are better than other parts continues to obtain, we will never be able to provide much needed facilities of the kind that local civic associations oppose with a sort of knee jerk reaction.”\textsuperscript{230}

The Avenel offer evoked a strong response from defenders of the MPDU program, many of whom relied on moral arguments to counterbalance claims about its potential financial disincentives. Some residents noted that much of the moderately priced housing had already been

\textsuperscript{228} Montgomery County Council, Bill No. 54-73, November 6, 1973; Box 3, Series 5, Testimony re: Bills 54-73 and 55-73 – Moderately Priced Dwelling Units (MPDU) Amendments, 1/29/74; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.

\textsuperscript{229} County Executive Land Transfer Substitution and Site Election Proposals, Bill No. 55-73, November 6, 1973; Box 3, Series 5, Testimony re: Bills 54-73 and 55-73 – Moderately Priced Dwelling Units (MPDU) Amendments, 1/29/74; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.

\textsuperscript{230} Testimony of Suburban Maryland Fair Housing and the League of Women Voters at County Council Hearings on Bills 54-73 and 55-73, January 29, 1974; Box 3, Series 5, Testimony re: Bills 54-73 and 55-73 – Moderately Priced Dwelling Units (MPDU) Amendments, 1/29/74; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
built in the eastern part of the county, while the more affluent subdivisions in the western part, like Potomac, had “not taken their share.” Others pointed out that the goal of “integrating residents of all income levels [...] is too important to tamper with.” “This isn’t just a decision on costs and benefits. There’s a higher purpose of the law that has made us a model for the country,” historian and Bethesda resident Allan J. Lichtman told the Post. While some in Montgomery begrudged changes to neighborhoods like Avenel, others recognized the need to actively promote economic integration; building more MPDUs in areas that already had so many would continue to concentrate low-income housing and residents in particular neighborhoods. This was the economic segregation the MPDU program had been created to remedy, and economic integration was the right, not the easy, thing to do. Stuart Rochester, vice president of the Columbia Road Citizens Association in Burtonsville and a supporter of the program, believed that a “transparent double standard...exists in the application” of the law, and that “there is one set of rules for Potomac and one set for Route 29.”

The county had approved exemptions to the MPDU requirement in the past, but in less high-profile neighborhoods where there was a less overt public reaction. In 1977, the county had exempted from compliance the F.M. and D.P. Bell Builder Company of Bethesda, which had planned to build seventy luxury-price houses in Potomac, accepting the argument that the developer would take a “financial loss” to fulfill the requirements of the law. The county ultimately refused Natelli’s offer, forcing him to construct the sixty MPDUs in Avenel. Ferrara stated that he would consider similar offers in the future but had rejected Natelli’s “based

231 Ann Mariano, “Developer ‘Rethinking’ $4 Million Gift to County.”
on...appearances, rather than substance.’’ Ferrara feared that if he approved the deal, it would have seemed like “a wealthy developer [was able to] ‘buy his way out.’” Montgomery County leaders also wanted to preserve the integrity of their law, which stated that “all communities should have some moderately priced housing.”

The county’s rejection of Natelli’s offer did not extinguish the underlying sentiment that the addition of moderately priced housing units to developments like Avenel would reduce the overall value of those neighborhoods. The wife of a neurosurgeon living in Avenel expressed her concerns about the “safety” of the neighborhood, expressing doubt about the “element of people who are going to be moving in.” “I hope they have a stable income and they are good people. I’m trying to be optimistic,” she told the Washington Post. A graduate student also living in Avenel had qualms that the addition of lower income units would impact property values. She felt that the houses should be built in areas of the county with better access to public transportation. Lower-income residents might not be happy living in an affluent community with wealthier neighbors, she speculated. Robin Shell, a resident of Hyattsville, lambasted such opposition to diversity: “It is precisely this type of covert fear of those less fortunate th[a]n others that breeds racism, hatred and ill will.”

Montgomery residents who were concerned about the values of more expensive homes framed the county’s efforts in unequivocal terms: as more affordable housing was developed, the values of more expensive properties would inevitably go down. Furthermore, they argued that the long-term effects of the MPDU program would show that it had not actually relieved the government of the responsibility to subsidize housing. Leon Trager, a businessman from

234 Mariano, “Montgomery Rescinds Exemption to Avenel.”
235 Sullivan, “Some in Potomac Shudder at 'Affordable' Housing.”
Potomac, wrote a strongly-worded piece for the *Washington Post*, arguing that “the effort to prove that the infusion of various forms of subsidized housing does not lower higher priced home values but, in fact, increases them, is an attempt to reinterpret reality.” Trager believed that the MPDU program was evidence of a “burgeoning government bureaucracy” in the county.\(^{237}\)

Michael Chait, a resident of nearby Carroll, feared that his own county would try to implement the MPDU model. He wrote a cautionary piece in *The Baltimore Sun*, warning of what he believed might happen to his county if it were to adopt the policy of Montgomery. “The ideal of interspersing MPDU units throughout the subdivision is rarely, if ever, achieved. The reality is of a subdivision of single-family homes with a small pocket of town houses tucked away in one corner,” Chait wrote. “MPDUs may start out looking similar to fair-market-value units, but take a walk through one of these neighborhoods five to 10 years down the road, and they are easy to pick out.” Chait also feared that the addition of lower-price units would have consequences that would only become obvious in the long run. “Ask the Montgomery County Police Department about the high crime statistics in areas with a high concentration of MPDUs. Ask the property owner who lives near the MPDUs in a subdivision about his property value.”\(^{238}\)

The case of Avenel exemplified the tensions that persisted between Montgomery County’s officials, developers, and residents. Even as county officials advocated for what they perceived to be the mutually beneficial effects of the program, residents and developers fought back against the need to integrate the affluent county. The Avenel offer showed that wealthy developers could find ways to evade the requirement. County officials believed that offers like Natelli’s could have potential benefits. Had it been approved, Natelli’s plan to build more MPDUs in Bethesda would have increased the amount of affordable housing in the county


Residents and developers claimed that lower-income residents in more affluent communities would be isolated from transportation and the amenities of cities like Bethesda. But had the county approved Natelli’s offer, it would have undermined the very foundation of the law, whose ultimate goal was to prevent economic segregation. Proponents of the law held that the leaders of Montgomery County were morally obligated to ensure that moderately-priced units were available in every part of the county.

As a municipality devoted to identifying market-based solutions for housing deficiencies Montgomery County seemed to embody the conservative vision for the future of housing policy. In the early 1970s, Montgomery County was a growing municipality in need of affordable housing. Urged by fair housing activists, its county council turned to the private sector for help, forming a covenant with local developers who would do the work of creating affordable housing in exchange for bonus densities. Though it was adversarial at times, this partnership between the county government and local business interests proved to be very effective. However, as was the case for most local governments under the constraints of state- or national-level policy or funding, Montgomery County was limited in its capacity to expand housing. In order to maintain and finance all of its housing programs, not just the MPDU program, Montgomery County depended on the support of the federal government.

The Absence of Federal Funding

In September, 1983, the U.S. Commission on Civil Rights held a conference called “A Sheltered Crisis: The State of Fair Housing in the Eighties.” The conference’s keynote speaker was Robert Weaver, the first secretary of HUD (1966-1968) and first Black American appointed
to a cabinet position, who gave a presentation on housing discrimination. In his address, Weaver was careful to distinguish between advances in suburbanization and advances in integration:

Identification of increasing black suburbanization with residential integration is seductive, serving to assuage the consciences of those troubled by the stubborn tenacity of racial discrimination. This much, however, may be said with a degree of confidence: Fair housing legislation has contributed to the spatial mobility of blacks and the improved quality of their housing. It has not lived up to its promise for effectively attacking housing discrimination and accelerating integrated patterns of residence.239

Weaver pointed out that the Black suburban population increased from 2.5 million in 1960 to nearly 6.2 million in 1980, but that the extent of Black suburbanization varied across the country. Furthermore, Weaver cited a 1982 study titled “Blacks on the Move: A Decade of Demographic Change.” In Weaver’s words, this study showed that the suburbs closest to cities had developed a greater number of multifamily structures and had declined in socioeconomic status among residents. Black migrants disproportionately moved into these “inner suburbs,” not the “more remote ones with much better housing in more desirable neighborhoods and possessing characteristics associated with the more traditional image of suburbs.”240 The difficulty of accomplishing racial and socioeconomic integration was apparent in Montgomery County, where federal policy complicated the task of introducing affordable housing to predominantly wealthy neighborhoods.

At the end of his keynote address, Weaver prescribed three actions for the federal government: to firmly enforce existing fair housing policy; to amend the Fair Housing Act so as to strengthen its capacity to protect minorities from discrimination; and to restore subsidized housing programs.241 After his career at HUD, Weaver continued to be a vocal advocate for

240 Ibid, 4.
241 Ibid, 6.
racial integration, attacking practices like exclusionary zoning and the lack of enforcement of the Fair Housing Act. During the early 1980s, Weaver was openly critical of new president Ronald Reagan, who ran an administration Weaver thought was, “at best, indifferent to fair housing concerns and, at worst, making efforts to undermine the very foundations on which the structure of equal housing opportunity rests.”

Over the course of his presidency, Ronald Reagan implemented policies that laid the groundwork for a new conception of federal housing policy, one antithetical to Weaver’s prescription. Committed to reducing the cost of government and assigning greater autonomy to both state and local governments and to individual Americans, Reagan and his administration argued that the federal government’s subsidized housing programs were costly and inefficient. Over the course of two presidential terms, they instituted a new system of housing vouchers. Montgomery County was invited to participate in the first trial of this new program, which was made permanent in 1988. In application, the housing vouchers failed to address economic and racial inequities present in local contexts, principally because they ignored one of the fundamental problems of affordable housing: a lack of housing units.

The Housing and Community Development Act of 1974 created the Section 8 program, which provided rental subsidies to families living in newly constructed, rehabilitated, and existing rental housing. The report of the president’s 1982 Commission on Housing set forth the administration’s goals for housing policy, one of which was to downgrade the basis of the Section 8 program: public housing. Reagan created the commission in June, 1981, in search of

policy recommendations. “Much of what needs to be done, both now and into the future, cannot be the doing of the Federal government,” the commission stated.246 The commission listed seven principles for national housing policy: “achieve fiscal responsibility and monetary stability in the economy; encourage free and deregulated housing markets; rely on the private sector; promote an enlightened federalism with minimal government intervention; recognize a continuing role of government to address the housing needs of the poor; direct programs toward people rather than toward structures; and assure maximum freedom of housing choice.” The commission contended that if followed, these principles would allow the “American economy [to] provide housing that is adequate to the needs of the people, available to those who seek it, and affordable in the context of a growing national prosperity.”247 On the topic of affordable housing, the report recognized that many Americans were still putting large portions of their income toward housing. The commission did not believe that programs like Section 8 were the solution to this problem; such programs were expensive and inefficient.248 The report was noticeably silent on the topic of racial segregation.249

The Section 8 program—in particular its existing housing certificates program—was integral to the efforts to provide moderately priced dwelling units to low-income residents. One of the perceived flaws of the MPDU program was that it provided more moderate- than low-income housing. In 1974, the Housing Authority of Montgomery County was restructured into the Housing Opportunities Commission, an organization independent from the county

246 President’s Commission on Housing, The Report of the President’s Commission on Housing (Washington, D.C., 1982), xviii.
247 Ibid.
248 Montgomery County Department of Housing and Community Development, “Housing Policy for Montgomery County in the 1980’s” (October 1981), 3; Box 5, Series 5, Housing Policy and Legislation, 10/81-12/81; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
government. Per the MPDU law, the HOC was eligible to purchase one-third of the moderately-priced units. The commission subsidized these units to make housing available to the lowest-income residents—those who qualified for federal housing assistance programs. A 1975-76 report recorded that the HOC had initiated an effort “to tie the Section 8 Housing Assistance Payments Program to the MPDU law.” By 1978, a contract between the Maryland Community Development Administration and HUD made funds from the Section 8 Existing Housing program available to HOC, which then rented MPDUs to residents who would pay no more than twenty-five percent of their income in rent. In 1981, the HOC estimated that the Section 8 existing housing program was helping 1,200 families in Montgomery County. These residents lived in private housing which they could not afford to rent without subsidies.

In a 1981 report titled “Housing Policy for Montgomery County in the 1980’s,” the Montgomery County Council delineated its relationship with the federal government, stating that “the County Government independently and in conjunction with the state and Federal governments ‘shall act to develop selected incentives to stimulate production of the kinds of units not being produced as a result of market forces, but which are needed to retain a healthy and balanced housing supply.’” That same year, the Washington Post reported that due to federal budget cuts, the construction of subsidized housing units for the Washington area had been reduced by twenty percent. The cutback in federal funds would “severely affect” the

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251 Housing Opportunities Commission of Montgomery County, Annual Report 1975-76; RG 15, RT Housing Opportunities Commission; Montgomery County Archives, Gaithersburg, Maryland.
252 Housing Opportunities Commission of Montgomery County, Annual Report, Fall 1978; RG 15, RT Housing Opportunities Commission; Montgomery County Archives, Gaithersburg, Maryland.
253 Housing Opportunities Commission of Montgomery County, Annual Report 1980-81; RG 15, RT Housing Opportunities Commission; Montgomery County Archives, Gaithersburg, Maryland.
254 Montgomery County Department of Housing and Community Development, “Housing Policy for Montgomery County in the 1980’s” (October 1981), 3; Box 5, Series 5, Housing Policy and Legislation, 10/81-12/81; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
MPDU program, according to Pat Maier of the Montgomery County Department of Housing and Community Development. The county would receive 105 units of subsidized housing in 1981, far from enough to accommodate the 6,000 people waiting for them.255 In 1987, HUD provided funding for only 5,000 units of public housing nationwide, fifty of which were allocated to Montgomery County.256

A nationwide survey by the National Committee Against Discrimination in Housing (NCDH) found that even nearly two decades after the passing of the 1968 Fair Housing Act, discrimination against poor and Black families in rental housing in Montgomery County was “severe.” The survey’s results indicated that Montgomery County lacked sufficient rental housing, and that its existing units were concentrated in a few areas.257 In the late 1970s, the county council announced that it was prepared to commit itself to the Fair Share Plan for the Washington Metropolitan Area, a policy that would equally distribute assisted housing throughout the county.258 Yet in February, 1980, the Montgomery County Council abandoned a plan to build sixty units of public housing in Potomac, which infamously had less low-income or public housing than any other neighborhood in the county. A group of 1,000 outraged residents argued that the land ought to be used for soccer fields instead. The county ultimately sided with those residents. Housing activists regarded the decision as an act promoting segregation.

Assistant County Attorney Charles S. Rand worried whether this decision constituted a violation of the federal Fair Housing Act. “The courts could look at the Potomac decision and find that we’re perpetuating a pattern of segregation in housing,” Rand warned. “The courts have several

256 Forgey, “The Question of Housing.”
257 Mariano, “Discrimination in Housing.”
258 Public Forum on Housing Policy, January, 10, 1979; Box 4, Series 5, Housing Demand and Needs Analysis Housing Policy - County, 10/18/78-12/15/78; Suburban Maryland Fair Housing (SMFH), Inc. Records; Special Collections, University of Maryland Libraries, College Park.
tests and I don’t know whether we’d pass two of them: ‘Did the action perpetuate a pattern of segregation in the community and did the action taken have a discriminatory effect.’”

The Reagan administration believed that under its current conditions, the Section 8 program precluded market conditions from driving the production of rental housing. A 1979 report by the General Accounting Office (GAO) had identified a distressing shortage of rental housing in the country. In 1980, HUD Secretary Samuel Pierce commissioned two studies of the national housing stock which contradicted the GAO’s report, stating that there was no shortage of rental housing. Such findings bolstered the belief that new housing construction was unnecessary. A report titled “Rental Housing in the 1970's: Searching for the Crisis,” as well as the findings of the 1980 Rental Housing Conference, supported another new conclusion: there was no incentive for the private sector to build rental properties. The administration believed that reducing Section 8’s rental housing assistance and public housing subsidies would drive up demand for new rental housing by creating a short-term shortage. This short-term demand, HUD officials believed, would drive up local rents enough to generate new construction, thus producing a market-based incentive.

In 1983, through the Housing and Urban-Rural Recovery Act, HUD proposed to significantly reduce the subsidies available under the new construction and rehabilitation sections. The act also introduced the Housing Voucher Demonstration Program, a new provision of Section 8. In 1984, the federal government selected twenty counties to participate in the $86.4 million program. Through the demonstration program, HUD distributed a number of “rent

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259 Tofani, “Montgomery's Dilemma.”
261 Mariano, “Housing Policy.”
262 Shashasty, “U.S. Cuts Back.”


stamps” to each county, which local officials would then provide to local families in need of housing assistance, and set fair market rents. The department would pay the difference between thirty percent of a family’s income and the fair market rent in their residence county.

Montgomery County was one of the districts selected to participate in the demonstration program, receiving 183 “rent stamps” to distribute to residents in need of housing assistance. Under the previous terms of the Section 8 program, landlords could not charge assisted families more than a predetermined fair market rent. In Montgomery County, the fair market rent was $613 for a three-bedroom unit.\textsuperscript{264} The Housing Voucher Demonstration Program, and the later permanent voucher program, functioned similarly, except that it allowed landlords more leeway in determining rent prices and selecting potential tenants. The demonstration program vouchers could only be used in the twenty trial counties, which restricted where its recipients could choose to live.\textsuperscript{265} The problem with implementing a housing voucher program in a community like Montgomery County was that there was little to no affordable housing to begin with. Advocates of the vouchers believed that the vouchers would force families to search for affordable options in the housing market. For that very reason, critics opposed the plan: poor families would be forced to select the cheapest, lowest quality houses on the market and might even have to travel long distances to find these options. An editorial in The Baltimore Sun warned of the program’s most crucial flaw: “All told, there is no proof that vouchers can increase the availability of affordable, decent housing for the poor — a crucial aspect of any federal housing program.”\textsuperscript{266}

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\footnotetext{266} “Vouchers and Housing,” The Baltimore Sun, December 1, 1986.

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The federal government’s restriction of subsidies for new construction rental housing disrupted local programs to address Montgomery County’s housing needs. At the time, the waiting list for public housing in the county was roughly two years long.\textsuperscript{267} The county Department of Housing and Community Development’s biannual housing report articulated its concerns for the future. “The change in federal support away from the production of newly constructed housing for low-income neighborhoods and toward housing renovation will be less beneficial to Montgomery County,” the Department noted in its 1986 report, “because the nature of the County’s housing market can be described as being predominantly of higher cost and quality, and having low vacancy rates.”\textsuperscript{268} Had the vouchers been generous enough to create a market incentive for new housing, perhaps Montgomery County could have accommodated more residents. “Until this year, the Commission purchased MPDUs for the public housing and Section 8 programs. This year, with limited funding for these programs, the Commission sought new programs to utilize its MPDU option,” the HOC reported.\textsuperscript{269} The shortage of rental housing in the county also compounded its racial segregation. In the fall of 1986, the Regional Fair Housing Consortium’s report showed that Montgomery County had a greater issue with housing discrimination than any other Washington area jurisdiction.\textsuperscript{270}

Anthony Downs, a Brookings Institution economist, contended that the debates between residents and real-estate developers over housing development were secondary to a broader issue: the lack of major housing subsidies. These subsidies, Downs believed, were the only way to open the suburbs to low-income Americans. In localities like Montgomery County without

\textsuperscript{267} Mariano, “Housing Policy Faces New Challenges.”
\textsuperscript{268} Montgomery County Government Department of Housing and Community Development, \textit{Executive’s Second Housing Report}, March 1986; Executive’s Second Housing Report, Box 6; RG 10, RT Printed Material; Montgomery County Archives, Gaithersburg, Maryland.
\textsuperscript{269} Housing Opportunities Commission of Montgomery County, \textit{Annual Report 1986}; RG 15, RT Housing Opportunities Commission; Montgomery County Archives, Gaithersburg, Maryland.
many poor residents, local governments were unlikely to raise taxes on the nonpoor to the level needed to fund housing subsidies; such an action would be politically unpopular, and there were not enough poor people to advocate on their own behalf for stronger inclusionary policies. “Only the federal government can tax nonpoor residents to aid the poor without driving many nonpoor residents beyond its boundaries to escape such taxation,” Downs wrote in the Washington Post. In other words, though the Reagan administration claimed that local and state governments were better equipped to stimulate housing production, the federal government was the only entity that possessed the force to exact funds for such an undertaking.271 In response to Downs’ article, Rockville resident George Sauer argued that this was not true of Montgomery County, which had programs to support the “working” and “welfare” poor. The MPDU program and the HOC had been created to support moderate- and low-income residents, respectively.272 The notion that Montgomery County was exceptional, even though institutions like the HOC had made it clear that thousands of people could not find or afford housing in the area, perpetuated misconceptions among residents about the money and political muscle it would actually take to expand residential opportunities.

In order to enable private ownership among Montgomery County’s poorest residents, the Housing Opportunities Commission’s homeownership programs also depended on Section 8’s provision for the use of tax-exempt bonds. In the 1980s, expanding its operations beyond public housing, the HOC began to raise money for low-interest mortgages using tax-exempt bonds. Tax-exempt bonds also helped the county fund the rehabilitation of old, dilapidated apartment

complexes. In 1982, when the market mortgage rate was sixteen percent, the HOC was able to provide 880 mortgages at a rate of 13.4 percent. In 1983, it was able to provide mortgages at 11.25 percent interest. The law allowing the use of tax-exempt bonds was set to expire in 1983, and it did not seem likely that the federal government would renew what it deemed a “costly and inefficient” practice. In addition to discouraging investment in multifamily housing, the Tax Reform Act of 1986 ended the HOC’s practice of issuing new tax-exempt bonds. The HOC published a report stating that, “new finance activity came to a halt and the Commission directed its efforts toward attempts to assure new tax laws would support housing programs for the county’s low and moderate income citizens. The final law, passed in early fall, substantially limits HOC tax exempt housing activity partnerships with the private sector. The Commission is studying the new law to develop new housing programs.”

The Housing and Rural-Urban Recovery Act and the Tax Reform Act undermined Montgomery County’s ability to fund and enforce public housing programs. In 1988, the Department of Housing and Community Development explained that the withdrawal of federal funding and tax law revisions had “greatly diminished” the county’s capacity to create rental housing and that private developers no longer had an incentive to build it. The actions of the federal government had “undone the previous and long-standing housing partnership between federal and local government and have thrust the future affordability burden almost entirely upon the shoulders of local and state government.”

Local attempts to address the structures

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275 Housing Opportunities Commission of Montgomery County, Annual Report 1986; RG 15, RT Housing Opportunities Commission; Montgomery County Archives, Gaithersburg, Maryland.
276 Montgomery County Government Department of Housing and Community Development, Executive’s Third Housing Report, May, 1988; Executive’s Third Housing Report, Box 6; RG 10, RT Printed Material; Montgomery County Archives, Gaithersburg, Maryland.
underlying residential racial and economic segregation could not succeed on their own. Officials in Montgomery County realized they would need to devote more resources to housing programs in order to make up for the loss of federal support.

Conclusion

In the 1980s and early 1990s, the logic of federal housing policy fundamentally changed. In principle, the federal government remained committed to promoting and expanding homeownership and supporting efforts to create affordable housing; its solutions, like the Housing Voucher Demonstration Program, presupposed an existing, adequate supply of affordable housing. In places like Montgomery County, such a supply did not exist. From 1980 to 1992, Congress expanded the number of HUD-administered programs from fifty-four to over two hundred, while concurrently reducing HUD funding from $35 billion to $25 billion.\textsuperscript{277} In response to such budget cuts, the Montgomery County Council searched for methods of creative financing to stimulate housing construction in the county. One solution, which County Executive Sidney Kramer and Councilmembers William E. Hanna, Jr. and Bruce Adams announced in May of 1988, was to create a county fund for low- and moderate-cost housing. The county council redirected $5 million from its budget to help stimulate development.\textsuperscript{278}

Beginning in 1995, when Republicans took control of the House and the Senate, funding for public housing was at risk of disappearing altogether. President Bill Clinton and Vice President Al Gore had articulated a new vision for government: “Our goal is to make the entire federal government less expensive and more efficient, and to change the culture of our national


bureaucracy away from complacency and entitlement toward initiative and empowerment.”

Part of this vision included “reinventing” HUD, which its secretary Henry G. Cisneros hoped to accomplish by replacing public housing almost entirely with a new voucher program. The Moving to Opportunity (MTO) voucher experiment, which lasted from 1994 to 1999, was estimated to have placed fewer participants in impoverished areas than the Section 8 program, a sign to Cisneros that such programs could be successful in reducing economic segregation. Furthermore, in June of 1995, President Clinton unveiled a plan to create eight million new homeowners by the year 2000 using the forces of the private market. Officially titled “The National Homeownership Strategy: Partners In the American Dream,” Clinton’s program aimed to accomplish three major goals: to cut the costs of, open markets for, and expand opportunities for homeownership. By forming partnerships with local government and private institutions, the strategy was intended to reduce financial and regulatory barriers to homeownership and expand the supply of affordable homes.

Though housing voucher programs had been a Republican invention, House and Senate Republicans countered Cisneros’ plan with proposals to abolish the department altogether, extending “the logic of the Reagan era even farther.” By the mid-1990s, HUD had become synonymous with disaster. A 1994 National Academy of Public Opinion study recommended

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279 “A Brief History of Vice President Al Gore’s National Partnership for Reinventing Government During the Administration of President Bill Clinton 1993-2001.” https://govinfo.library.unt.edu/npr/whoweare/historyofnpr.html
281 Bonastia, Knocking on the Door, 133.
dismantling HUD if it did not become more accountable and effective over the next five years. In July, 1997, HUD announced that the HOC would be placed on two-year’s probation for mismanaging $34 million worth of annual rental assistance funds from the Section 8 program. HUD found that the HOC had administered the program “extremely” poorly, paying some landlords millions of dollars more than they were entitled to and failing to pay others altogether. HUD also charged the commission with using $6.3 million of Section 8 administration money to fund other housing programs in the county. Audits of the HOC suggested that these errors stemmed from deficiencies in quality control and verification procedures, a function of an understaffed Section 8 team. Investigations into the HOC did not return a clear answer as to when its deficiencies had begun, though some reports suggested it was as early as the late 1980s. HOC executive director said that a majority of the commission’s issues arose when Bernard L. Tetreault, who had served as the head of the HOC for almost twenty-five years, left in 1995. Scandals within the department or related to its programs helped to build an anti-government ethos that made it more difficult for Clinton and Cisneros to offer acceptable federal solutions.

In April, 1996, just a few months before the presidential election, Republican nominee Bob Dole spoke to a convention of real estate agents, calling public housing “one of the last bastions of socialism in the world.” “Imagine,” he continued, “the United States Government owns the housing where an entire class of citizens permanently live. We’re the landlords of misery.” Dole, like other House and Senate Republicans, proposed to eliminate HUD altogether and replace its programs with a system of vouchers. Yet Dole did not receive support from his

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285 Bonastia, Knocking on the Door, 130.
fellow Republicans. A 1996 *Time* editorial described one interpretation of the fight over HUD:

“What Dole's laudable support for housing vouchers appears to be up against is not philosophical opposition but something more visceral. Displaying symptoms of the NIMBY, or not-in-my-backyard, syndrome, Republicans, including House majority leader Dick Armey, have staunchly opposed voucher programs that might lead poor and disproportionately black public-housing residents to seek housing in the mostly white suburbs.”288 In their fight to defund federal housing programs, which they perceived as costly and inefficient, Republican politicians failed to identify and understand the shortcomings of their proposed market-based solutions.

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Conclusion

In the late 1980s, national newspapers like the *New York Times* and the *Washington Post* would reference Montgomery County’s reputation “as an enlightened community.”289 These sources claimed to be relaying a widely-held opinion about the “enlightened and enterprising” nature of “Montgomery County[‘s] housing policy at work.”290 For its advances in fair and affordable housing, Montgomery County had gained a national reputation, one which concealed many of the difficulties in creating and implementing its programs.

The MPDU law’s commitment to producing integrated and affordable housing is emblematic of the *ideals* of the Democratic party. The law forced developers and residents to place their own needs aside in order to fulfill those in the interest of the common good; pursued a policy of active racial and economic integration; and acknowledged the need to ensure that marginalized Americans had the same rights and opportunities as others. The creation of the MPDU program is revelatory of the political muscle and marketing strategies required to make such a law palatable to suburban residents and the private sector. The program also exposes some of the limitations of progressive housing policy reform, principally that its integrative goals can be in tension with the need for affordability.

The Montgomery County experience also helps to illustrate a fundamental shift in the culture of homeownership that took place in the last quarter of the 20th century. The quality of local schools, the amenities available to residents, and the appearance of the neighborhood, a few examples among myriad other factors, had been and would continue to be important determinants of where people chose to live. However, with the financialization of industry and

290 Forgey, “The Question of Housing.”
markets, homeowners became increasingly focused on the investment value of their homes. A home was no longer just a shelter, but a financial asset, one whose value ought to be upheld at all costs. The rise of networks like Home & Garden Television and figures like Martha Stewart signaled a new interest in home improvement and in assessing the value of a home.

In a 2004 report marking the thirtieth anniversary of the MPDU program, the Montgomery County Council investigated the following question: “How would the MPDU law be different if it were written today rather than 30 years ago?” That report emphasized the importance of accommodating the needs of the private sector, of maintaining the geographic dispersal of the moderately-priced units, and of ensuring that the production of MPDUs does not slow.  

In the 21st century, county officials continue to search for ways to incentivize the construction of MPDUs, especially in high-rise developments. Montgomery County’s local progressivism produced an approach to affordable housing that has been adopted by several counties near Washington, D.C., including Fairfax County, Virginia, and Prince George’s County, Maryland.

Today, Montgomery County’s MPDU program is the most successful inclusionary zoning program in the country. Since its inception, the program has created over 16,000 units of affordable housing. Suburban Maryland Fair Housing and the League of Women Voters’ goals have largely been realized. Multifamily structures now comprise one-third of the county’s housing stock. The 2020 census revealed that Montgomery County’s population grew nine percent over the past decade, and that the percentage Black, Asian, Hispanic residents increased by double-digits. The county is now 43.1 percent white, 18.6 percent Black, 15.4 percent Asian,

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291 Montgomery County Council Staff, “Strengthening.”
293 Hanson, Suburb, 3.
and 20.5 percent of residents self-identified as Hispanic or Latino. Montgomery County has transformed into one of the country’s most racially and socioeconomically diverse regions.

In recent decades, a new trend has emerged. In a study titled *Confronting Suburban Poverty in America*, scholars Elizabeth Kneebone and Alan Berube trace the rise of poverty in suburban areas that were once hosts to affluent, white families: “After decades of growth and change in suburbs, coupled with long-term economic restructuring and punctuated by the deepest U.S. economic downturn in seventy years, today more Americans live below the poverty line in suburbs than in the nation’s big cities.”294 While the MPDU legislation was in its drafting stages, and the public had the opportunity to comment on the law’s merits and flaws, some residents suggested that it would be advantageous to build the units near cities or highways so as to provide low-income residents with access to the resources of metropolitan areas. Kneebone and Berube acknowledge how building affordable housing in suburban areas has had the unintended effect of positioning low-income families far away from employment opportunities, public services, transportation, commerce, and family. In some parts of the country, suburban housing is more affordable than urban housing—a reality that advocates of the MPDU program, politicians concerned with crime and urban poverty, and affluent residents still adverse to public housing perhaps could not have foreseen.

The aim of this project has been to illuminate the success of one community in addressing the need for affordable housing—an issue which still affects many American families today. A recent *New York Times* article covering the debate over a residential building near the World Trade Center posed the following questions: “Can [New York City] build sky-high towers for lower- and middle-income New Yorkers, when ‘supertall’ — a term used to describe

buildings just shy of 1,000 feet — has become synonymous with luxury condominiums? And would the political and symbolic significance of the site make it worth the expense, although three or four times as many affordable units could likely be built elsewhere for the same cost?"²⁹⁵ These questions are reminiscent of those that Montgomery County housing activists grappled with fifty years ago. The debate over where and how best to produce affordable housing rages on.

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