

MARYLAND HOUSING NEEDS ASSESSMENT

Prepared for Urban Land Institute
September 20, 2022



Agenda

- Introduction
- Overview of Housing Needs Assessment
- High-level review of supply and demand findings (statewide)
- Overview of tools provided in Housing Needs Assessment
 - Homeowner and Renter Stability Indices
 - Policy Toolbox
- Deeper look at renter needs statewide
- Regional data/analysis
- Q&A + Discussion

What is the NCSG?

- Research center at UMD College Park
 - Based in the School of Architecture, founded in 2000
 - Technical assistance to local and state government; grant recipient from NSF, federal government, foundations
- 5 urban planning faculty
 - 15 staff and student employees
- Mission:
 - The NCSG works to create a more sustainable, vibrant and enhanced quality of life for communities across the globe. While we continue to address smart growth issues around the world, we are also engaged extensively at the local level on issues like housing, transportation, climate, and equity.
- We also run the Purple Line Corridor Coalition, which I will not be talking about today.



**PURPLE LINE
CORRIDOR
COALITION**

OVERVIEW

MARYLAND HOUSING NEEDS ASSESSMENT

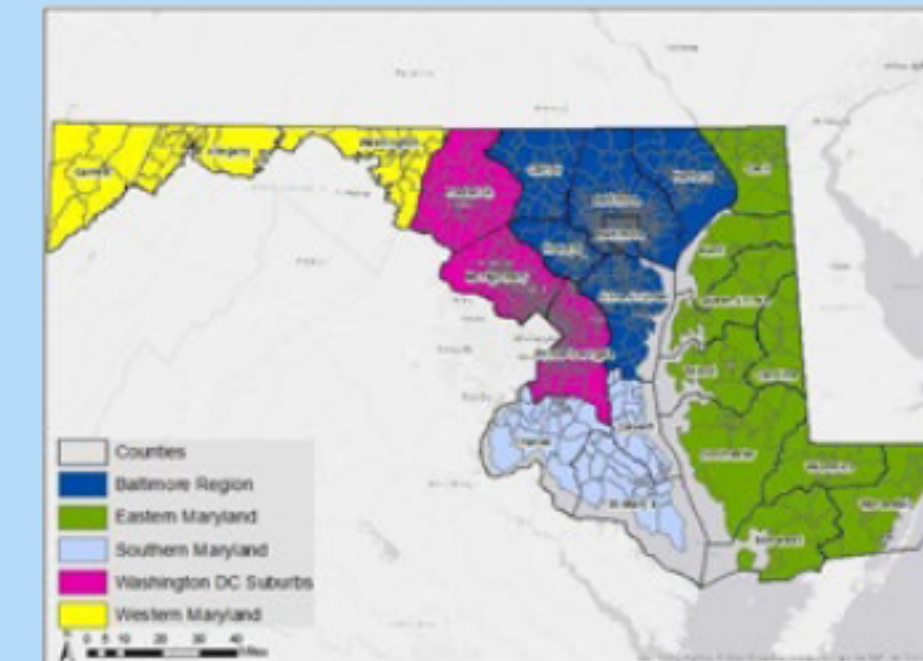


The Maryland Housing Needs Assessment



What's in this report? It's 300 pages!

- Proposed statewide priorities
 - What are the biggest issues?
- Assessment of current and future conditions
 - Supply, demand, projected demographic and economic situation
- Identification of needs by region
 - How do needs in the housing market differ across the state?
- Policy toolbox
 - A “menu of actions” *not* a prescriptive policy roadmap
- Appendices
 - State and local policy review
 - Engagement summary
 - Technical documentation
 - Supplementary data



MARYLAND REGIONS

This report uses five regions to discuss housing needs (see map above). These regions align with the categorization used by the Maryland Department of Planning (MDP) (though MDP separates Eastern Maryland into two parts, northern and southern). For the purposes of this report, the state's 23 counties and Baltimore City are categorized as follows: 1) Greater Baltimore region: Baltimore City, and Anne Arundel, Baltimore, Carroll, Harford and Howard counties; 2) Washington, DC suburbs: Frederick, Montgomery and Prince George's counties; 3) Eastern Maryland: Caroline, Cecil, Dorchester, Kent, Queen Anne's, Somerset, Talbot, Wicomico and Worcester counties; 4) Western Maryland: Allegany, Garrett and Washington counties; and 5) Southern Maryland: Calvert, Charles and St. Mary's counties.

Guiding Principles

Guiding principles

Promote equity in housing.

Stakeholders elevated the importance of centering housing activities and investments on equity in housing for all Marylanders, especially people of color. Maryland's housing market must be affordable and serve its residents equally. When it doesn't meet those standards, the result is disinvestment in communities and concentrations of poverty. One key metric illustrating this problem is a significantly lower homeownership rate among Black Marylanders.⁶ Over the next 10 years, housing policy should be created with a focus on activities and investments that create equal opportunity for people of color. This focus means actions need to address disparities that have created concentrations of poverty and uneven outcomes and existing practices that do not result in equal access to affordable housing among households of color. It also means future investments should be aligned with policies that protect and promote equity in order to achieve more positive outcomes.

Create a balanced housing supply.

Stakeholders emphasized that Maryland cannot become a more affordable place to live if housing production and stabilization activities are not aligned with projected growth. Housing investments over the next 10 years should balance the need for new or stabilized homes with projected household growth. Maryland is poised to add an estimated 178,000 households between 2020 and 2030, mostly in the Greater Baltimore region and suburbs of Washington, DC.⁷ Maryland will also need to promote homes that serve a wider range of households and incomes, based on projected demographic trends (see Section 3 for a detailed discussion of these trends).

Increase access to opportunity.

A stable home in a strong community unlocks opportunity. Stakeholders see a need to closely connect housing investments to high-quality schools, job centers, and public transportation and other services to ensure every Marylander can reach their full potential. Making these connections include continuing to leverage Maryland's Communities of Opportunity designation when financing new or preserving existing affordable housing properties and forging stronger partnerships with lenders to promote homeownership opportunities for households of color, especially Black households who are denied home loans at twice the rate of white households.⁸

Support economic growth.

Stakeholders would like to see housing investments used to promote economic development and neighborhood revitalization. Many communities in Maryland need more homes to help retain and attract a local workforce for employers, and many local businesses and residents can directly benefit from investment in the creation of new homes and improvements to existing ones.

Create context-specific approaches.

Stakeholders expressed a desire for more tailored programs and policies that account for regional and community context to ensure they work in all parts of Maryland and for more people. Households across Maryland face similar housing needs, including cost burdens, barriers to purchasing a home or finding a rental home that meets their needs, and housing quality problems. However, a one-fits-all approach will not effectively address these needs, and many state-level programs designed to serve homeowners and renters are not tailored to varying cultural and geographic contexts, capacity, and resources in different parts of the state.⁹

- Created through an engagement process with the “advisory group”
- 30 housing experts from across the state
 - Local housing agencies
 - Nonprofits
 - Banking
 - ULI members

PROJECT GOALS

MARYLAND HOUSING NEEDS ASSESSMENT

- Provides **accurate analysis about housing needs** in the State of Maryland between 2020 and 2030.
- Proposes a **menu of recommendations**, including new tools at the state and local levels to better align with current and future housing needs.
- Focuses on ways to meet the needs for **all income groups**, including those affecting families earning 30% and 60% of area median income.

ASSESSMENT OVERVIEW

COMMON STRATEGIC FRAMEWORK

MARYLAND HOUSING NEEDS ASSESSMENT

VISION

A more affordable,
equitable place
to live by 2030

PRIORITY NEEDS

Homes
for low-income
households

Constructing affordable
and market-rate housing

PRIORITY POPULATIONS

Extremely low-income households

Very low-income households

Seniors

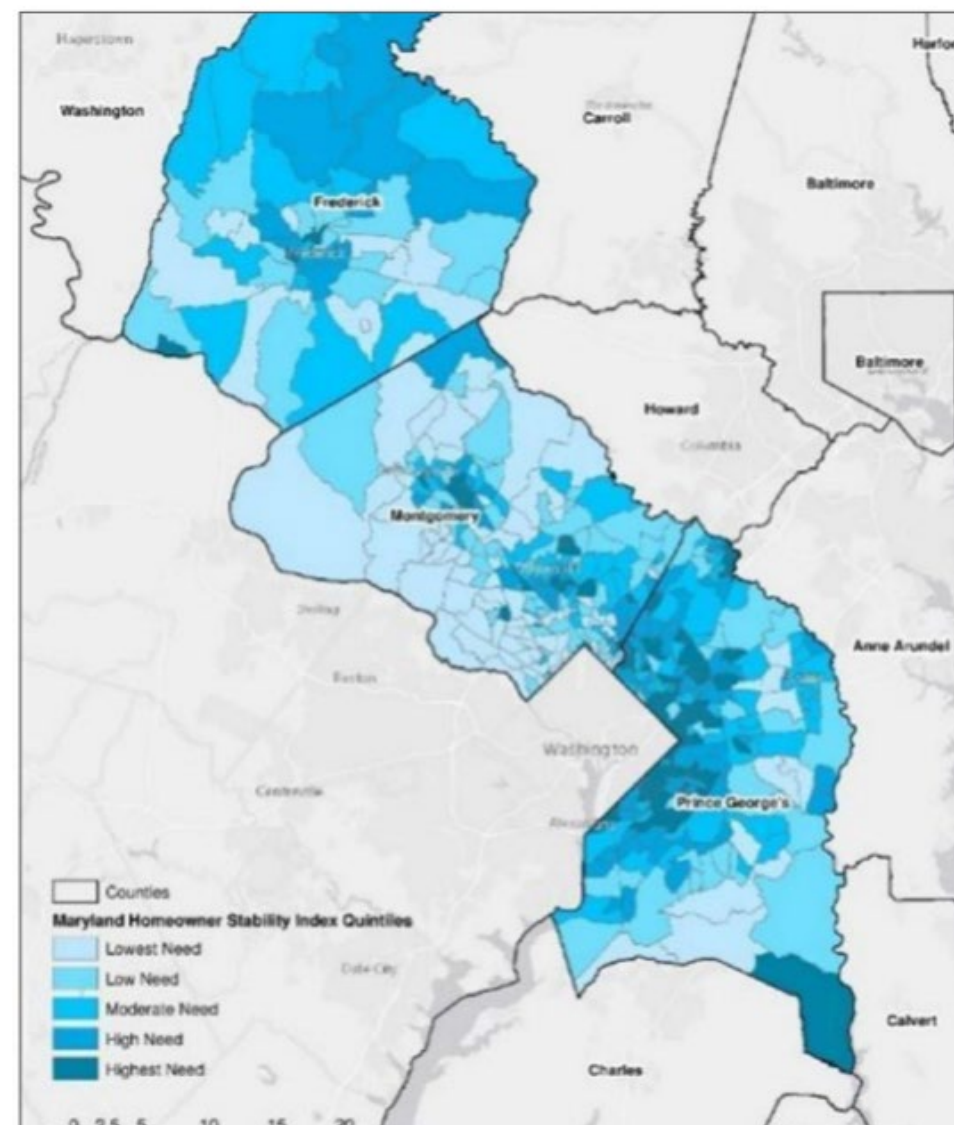
Persons with disabilities

Persons experiencing homelessness

ASSESSMENT OVERVIEW

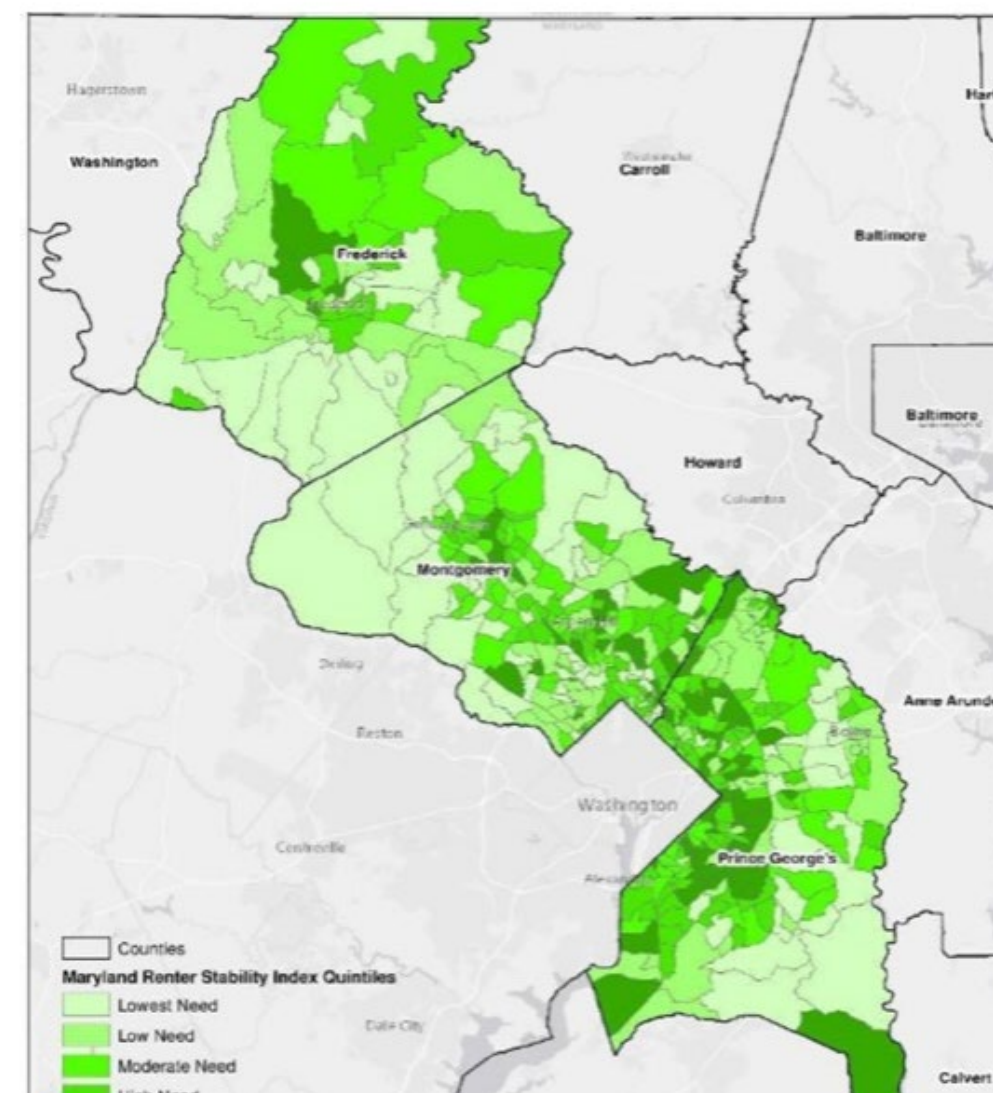
THREE SUPPORTIVE TOOLS MARYLAND HOUSING NEEDS ASSESSMENT

Map 3. Maryland Homeowner Stability Index, Needs by Category, Washington, DC suburbs

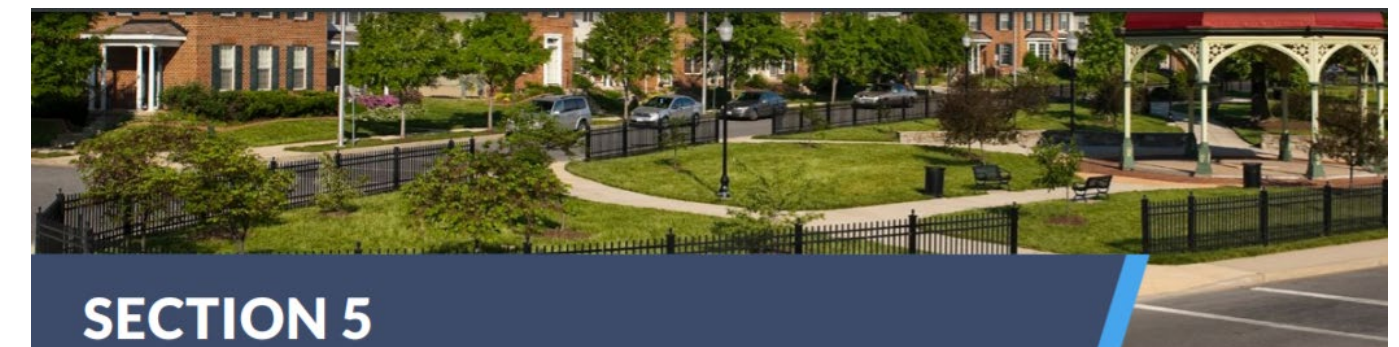


Homeowner Stability Index

Map 4. Maryland Renter Stability Index, Needs by Category, Washington, DC suburbs



Renter Stability Index



SECTION 5 MARYLAND'S HOUSING TOOLBOX

This plan ends with a call to action: For local and state leaders to create a more equitable, affordable Maryland for existing and future residents. To assist with realizing this objective, this document includes the Maryland Housing Toolbox designed to equip local and state decision-makers and their partners to better meet the housing and community development needs in their communities.

The Maryland Housing Toolbox provides a matrix of strategies that decision-makers can use to address needs identified through this housing needs assessment. Each of the actions in this document are designed to expand the solutions available in the state when tackling complex housing issues.



Maryland Housing Toolbox
[Click link to download an interactive copy of the toolbox.](#)

Maryland's Housing Toolbox

Needs by geography/Indices

- Two numeric indices
- Every census tract in the state
- Ranked within each of the 5 regions
 - Comparable scores across the state
- Organizes tracts from lowest to moderate to highest need
- Data is [shared with the public](#)
- Online mapping



MARYLAND HOMEOWNER STABILITY INDEX

This index identifies Census Tracts where homeowners are most stressed in terms of housing cost and quality and where the housing market needs the most support across Maryland.



MARYLAND RENTER STABILITY INDEX

This index identifies the Census Tracts where renters are stressed by cost and where the rental market needs to serve vulnerable residents across Maryland.

Policy Toolbox – Section 5 of report

Action	Description	Keys to success
Reduce or waive impact or other development fees.	Impact fees and other exactions are fees assessed on development as a condition of their approval. Impact fees are designed to cover infrastructure costs associated with new development. They help ensure a community has adequate public infrastructure to support new development and residents. The cumulative cost of impact fees can affect the financial feasibility of affordable housing projects. Communities can reduce impact fees or waive them entirely for specific types of development, including affordable housing, or in specific locations. Local jurisdictions in Maryland (Frederick County; Montgomery County) waive impact fees for income-restricted rental and for-sale homes. As of 2008, the State of Maryland has legislation that authorizes or clarifies local governments' authority to waive impact fees (among others, including permitting fees) for affordable housing development.	<ul style="list-style-type: none"> *Create alignment with infrastructure costs (able to demonstrate they are proportional). *Tailor impact fees to housing type and location, particularly when infrastructure capacity varies within a community. *Ensure ability to fund services through alternative means when impact fees are reduced or waived. *Identify target populations and income groups and prioritize projects that serve these groups' needs in exchange for reduced or waived fees.
Offer tax abatements or exemptions for qualified development.	Property tax relief, such as abatements or exemptions, can be given to developers as a way to meet housing goals, such as denser, multifamily development; preservation of affordability; or creation of new affordable units. Property tax relief reduces the amount of taxes owed for a specific period. Exemptions reduce the property's assessed value that is subject to taxation, lowering an owner's tax bill. A state-level policy, such as creating a tax abatement or exemption for affordable multifamily properties in designated areas throughout Maryland, could spur denser development and overcome local NIMBY attitudes. Local jurisdictions in Maryland abated taxes before affordable housing development was placed into service (Garrett County) and others have offered payments in lieu of taxes to support affordable housing development or redevelopment (St. Mary's County and Prince George's County).	<ul style="list-style-type: none"> *Analyze fiscal impact of abated/exempted tax revenue compared to increased options of affordable housing units in the region. *Create long term strategy on economic impacts to municipal finances due to forgone tax revenue. *Establish clear guidance for terms under which properties would be eligible. Including income levels served through this policy. *Identify populations being served by the affordable housing units and prioritize target populations and income groups.
Increase the predictability of the regulatory process.	Many local governments reserve some flexibility in their zoning and land use policies and use discretionary approvals, such as zoning variances or special use permits for all new development, to make decisions about specific projects. While communities gain flexibility, an overreliance on discretionary approvals or additional review processes can create a slower, and often unpredictable, development process. Lack of predictability can delay or even deter development, slowing housing production. Examples of approaches to increase predictability include: avoiding additional review when a project meets baseline criteria; publishing materials that outline the regulatory process (e.g., timeline, checklist of required documents); creating an online portal to submit and track applications; or hiring or designating a development liaison as a single point-of-contact for applications. Due to Covid, permitting services have had to transitioned into virtual permit portal or online submissions. Frederick County has developed an Electronic Plan Submission Guide to ensure electronic applications are submitted correctly.	<ul style="list-style-type: none"> *Build capacity (staff for program administration). *Conduct outreach and education on local regulatory processes. *Develop strong partnerships with developers and community members. *Build public support for housing affordability (as discretionary approvals may result in public hearings where community members may try to block approvals). *Identify target income groups and populations that will be prioritized in the approval process and communicating this to developers.

- Dozens of policies
- Sortable by need addressed in interactive excel matrix (e.g. does the policy assist owners or renters)
- Based on best practices in the state and elsewhere
- Vetted with conversations with local housing policy experts
- [Policy toolkit link](#)

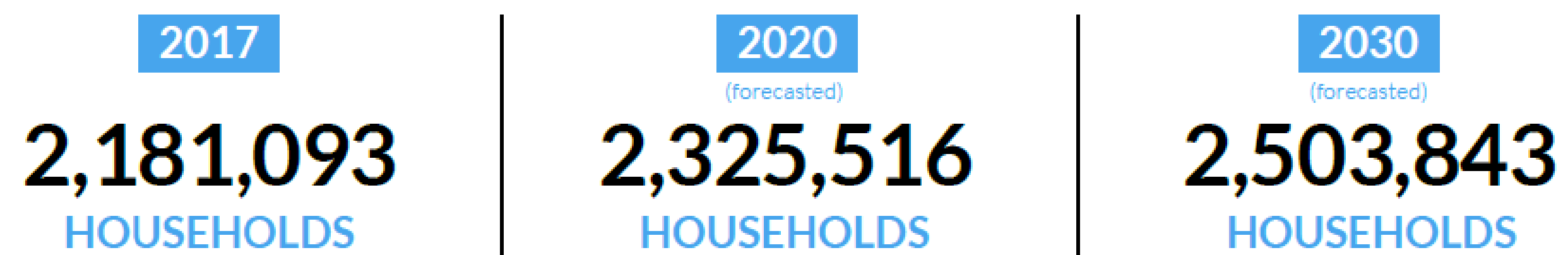
STATEWIDE SUPPLY AND DEMAND

HIGH LEVEL OVERVIEW
Focus on Renters

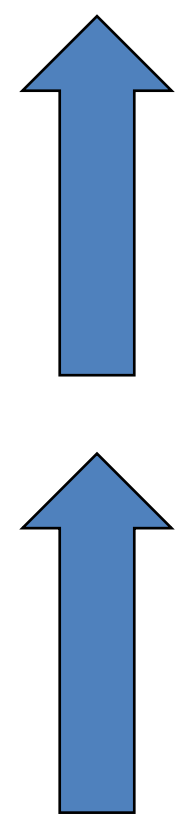
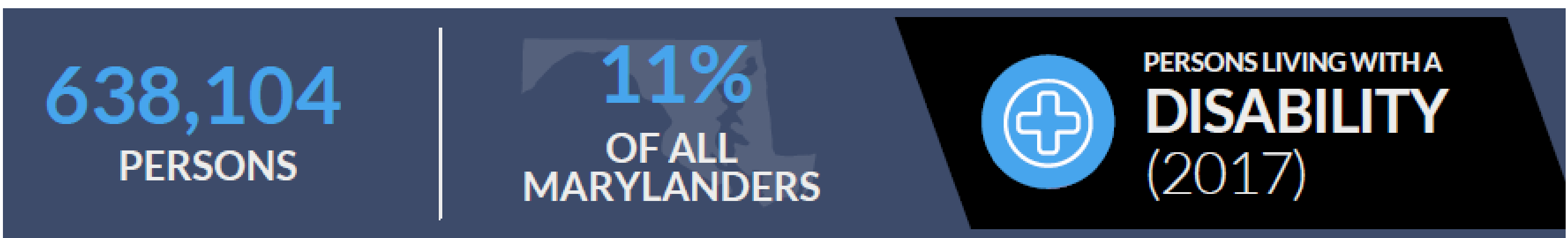
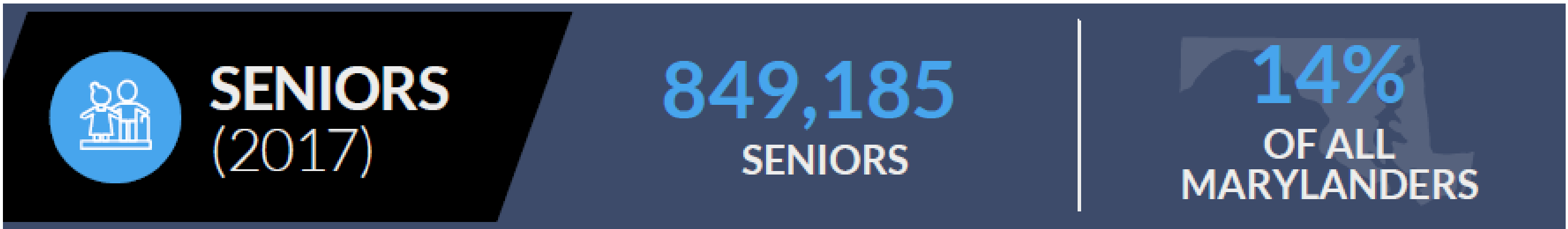
Demand



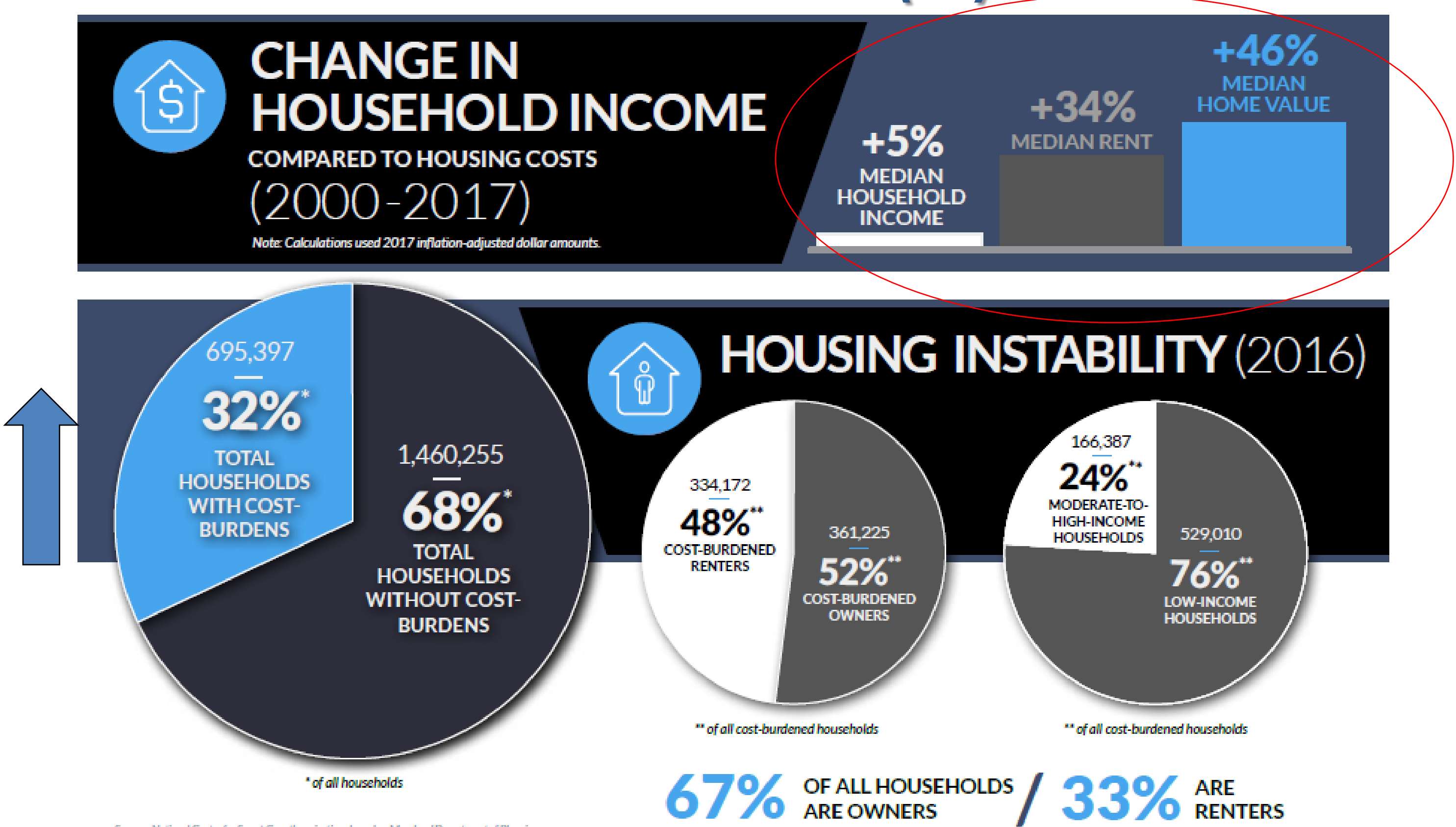
HOUSEHOLD GROWTH (2017-2030)



▶ CHANGE (2020-2030): **+8%**



Demand (2)



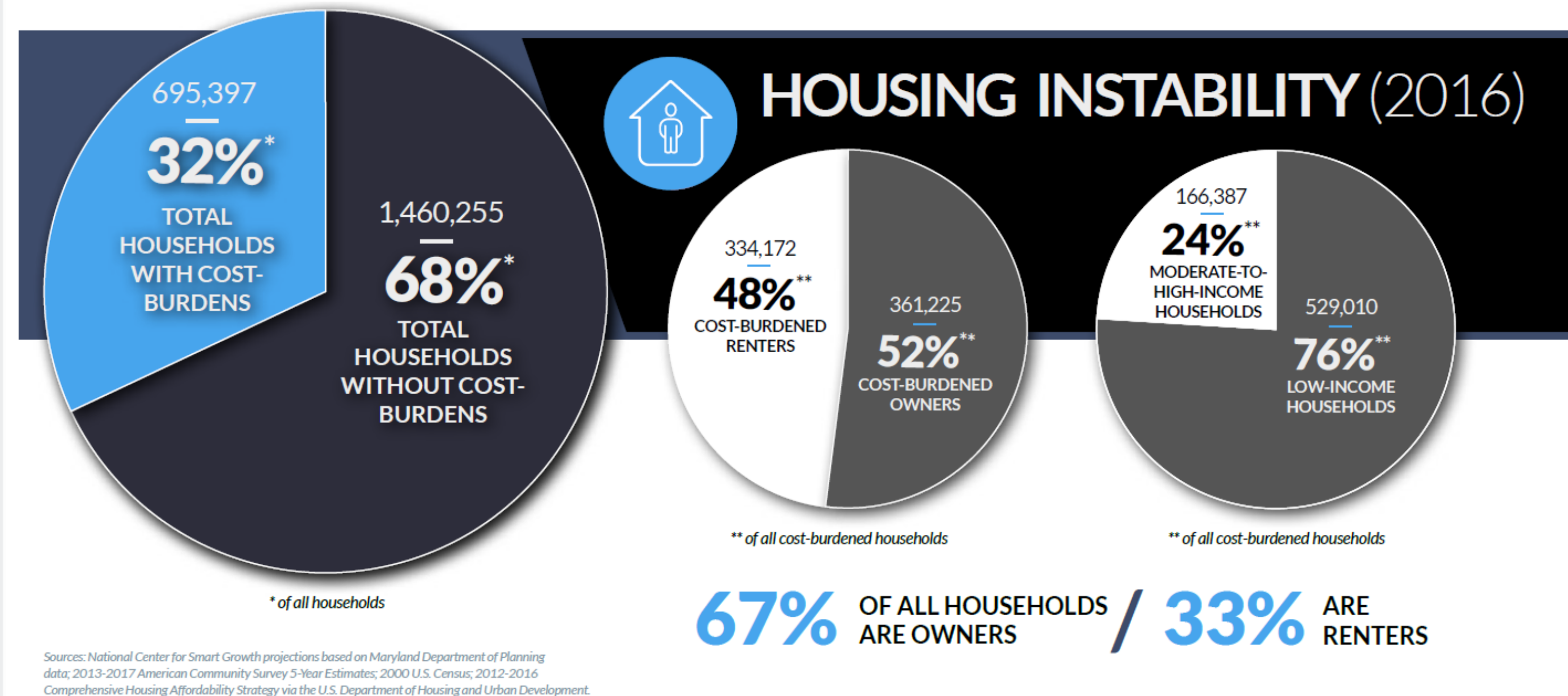
Sources: National Center for Smart Growth projections based on Maryland Department of Planning data; 2013-2017 American Community Survey 5-Year Estimates; 2000 U.S. Census; 2012-2016 Comprehensive Housing Affordability Strategy via the U.S. Department of Housing and Urban Development.

HOUSING NEEDS AMONG RENTERS IN MARYLAND

HOUSING INSTABILITY AMONG RENTERS

- **Moderately cost-burdened renters:**
 - Incomes of 31-80 percent AMI
 - Elderly persons (or living with one)
 - Households of color
 - Live in more expensive counties (Anne Arundel, Montgomery, Prince George's, and Howard counties)
- **Severely cost-burdened renters:**
 - Extremely low-income
 - Elderly persons (and increasing since 2000)
 - Households of color
 - Live in more populous areas of the state and rural areas

Nearly 1 in 2 renters in Maryland are cost-burdened (335,000 renters out of 716,000).

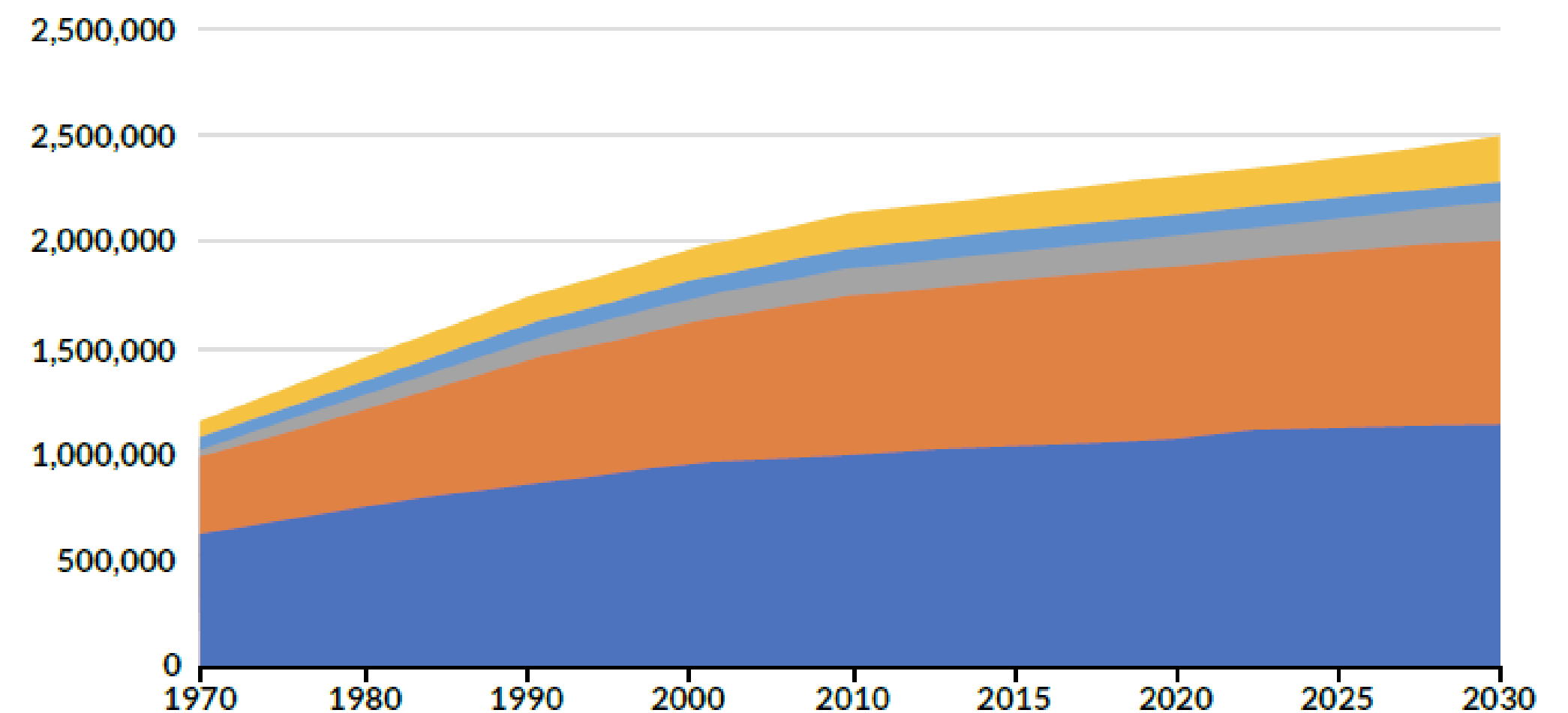


Demographic/demand trends

- Increasingly diverse population by 2030
- Slow growth in real incomes
 - More population growth amongst low-income
- Aging population
- Increasing disability rates
- Increasing cost burden (especially severe cost burden)
- Disparate racial distribution of cost burden

Figure 3. Historic and Projected Households by Maryland Region (1970-2030)

Source: Maryland Department of Planning



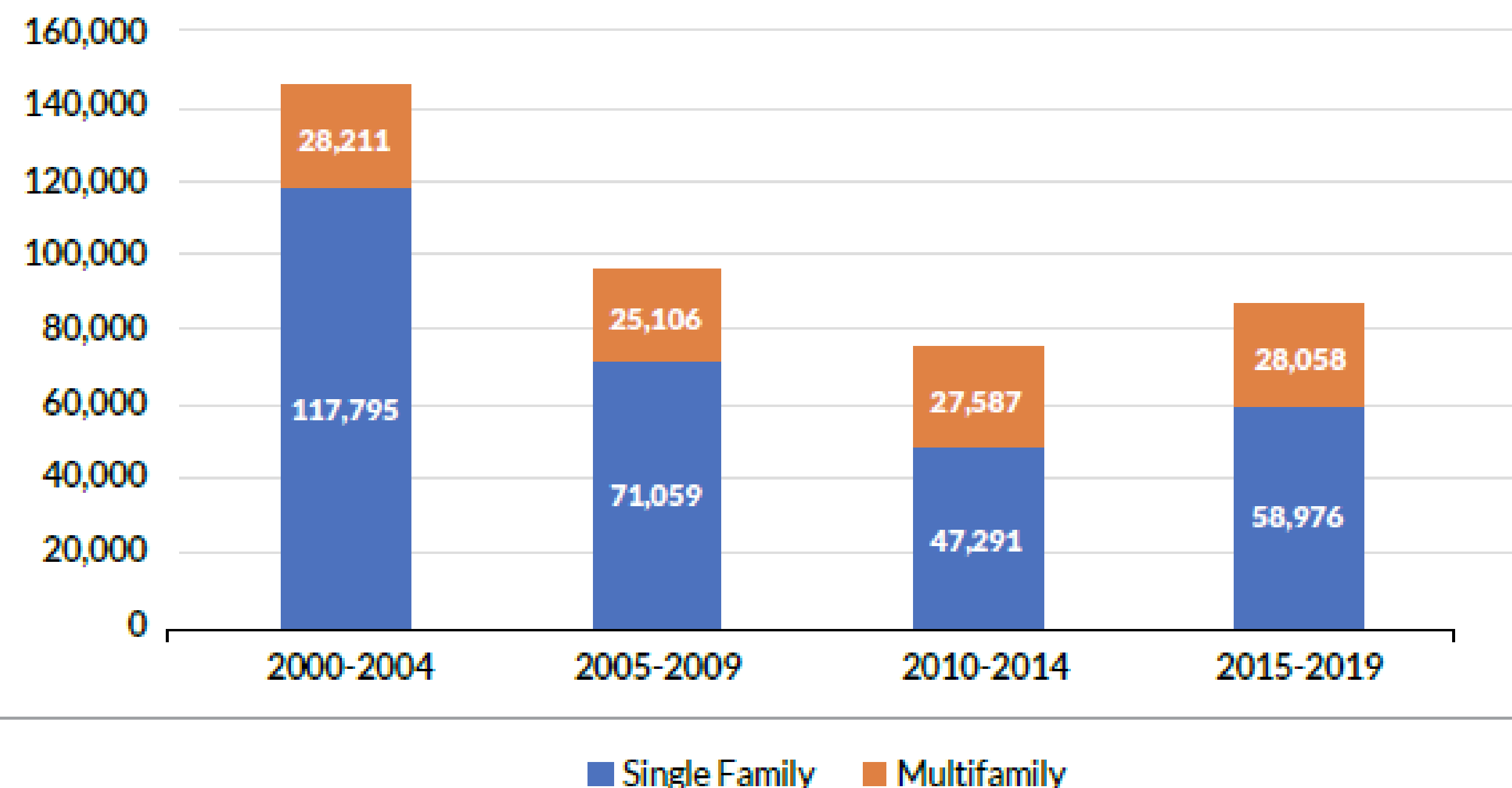
■ Greater Baltimore ■ Washington DC Suburbs ■ Southern Maryland ■ Western Maryland ■ Eastern Maryland

Supply side trends

- Less available land for greenfield construction, especially in high-job-growth areas
- Zoning constraints
 - Few opportunities for “missing middle”
- High barriers to entry in construction
 - Land costs
 - Escalating materials costs
- Challenging and volatile financial markets
- Slow recovery from great recession
- Extremely limited for-sale inventory
 - High demand from millennials in certain areas

Figure 2. Total Construction Permits, Maryland (2000–2019)

Source: Maryland Department of Planning



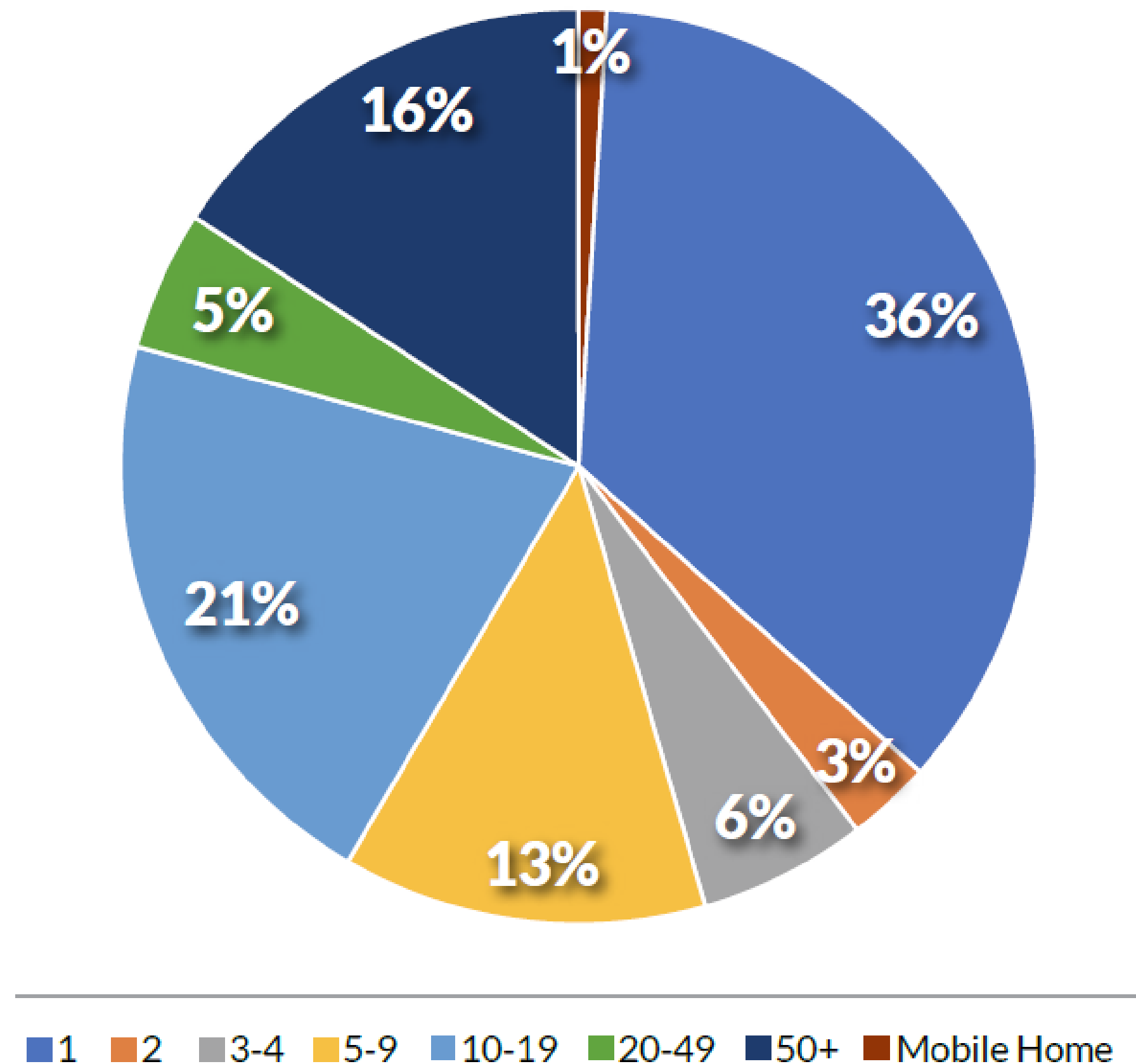
HOUSING NEEDS AMONG RENTERS IN MARYLAND

MARYLAND'S RENTAL HOUSING MARKET

- About 1 in 3 homes (724,335 units) in Maryland are occupied by renters.
- Projections indicate that by 2030, there will be an additional 59,561 renter households in Maryland.
- Most of these units are in multifamily structures with more than three units. About 36 percent of rentals are single-family attached or detached houses.
- Between 2000 and 2017, median rent rose by 34 percent in Maryland.

**Figure 4. Renter-occupied Units
by Structure Type (2017)**

Source: ACS 2017 5-Year Estimates



Note: Figure does not sum to 100 due to rounding.

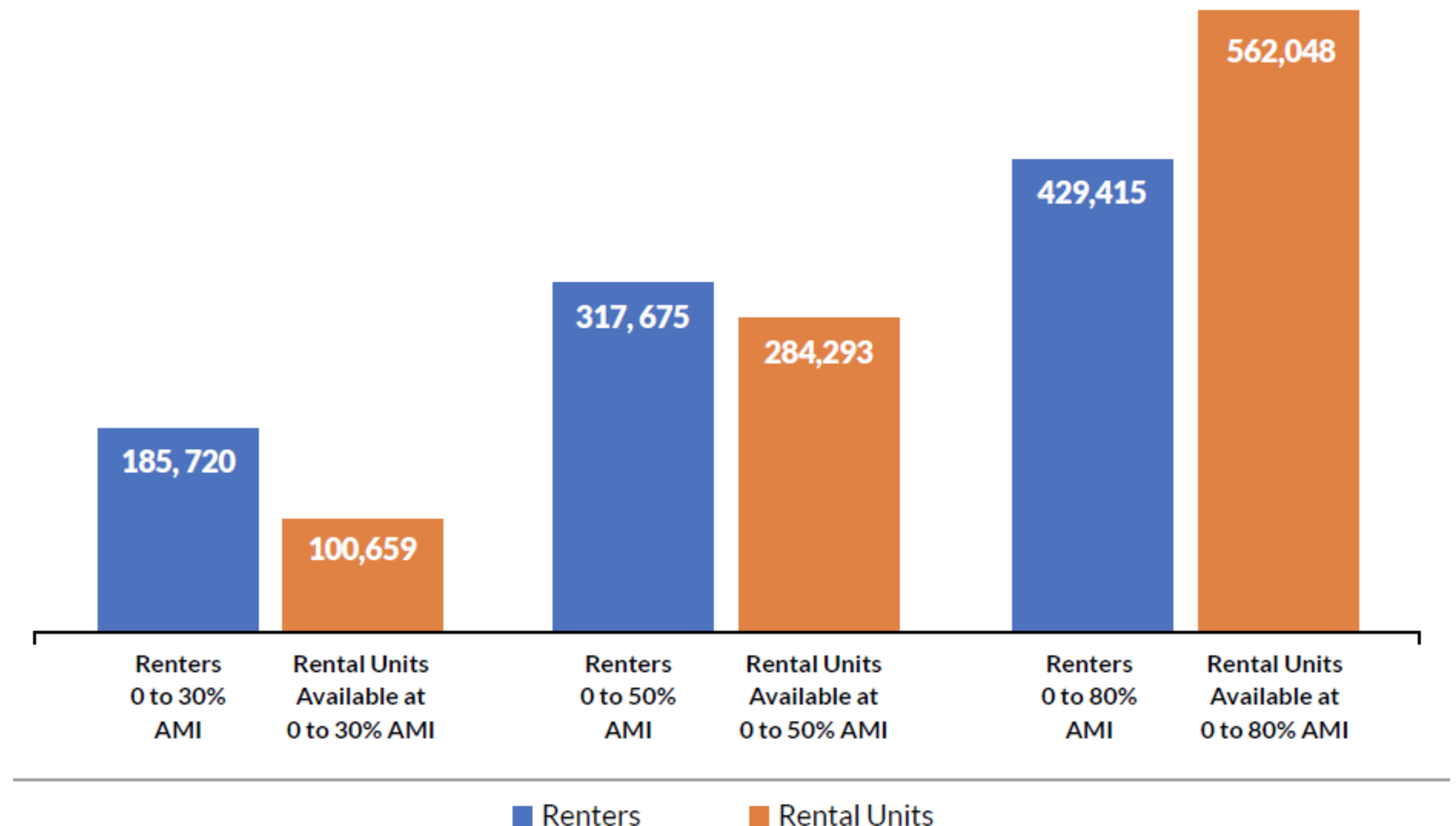
HOUSING NEEDS AMONG RENTERS IN MARYLAND

SUBSIDIZED RENTAL UNITS

- There are nearly 93,000 publicly supported rental units in Maryland (after deduplicating across funding streams).
- More than 50 percent of federally subsidized rental units in Maryland are in three places: 1) Baltimore City; 2) Montgomery County; and 3) Prince George's County.
- There is a shortage of rental units affordable to households with incomes less than 30 percent AMI (or \$31,650 for a family of four in Maryland).
- Most counties lack enough rental housing affordable to extremely low-income renters.

Figure 5. Rental Supply by Household Income, Maryland (2016)

Source: HUD CHAS, 2016



STATEWIDE RENTER STABILITY SNAPSHOT

HOUSING
INSTABILITY



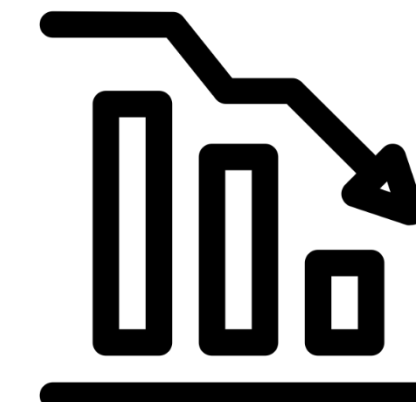
LIMITED
SUPPLY



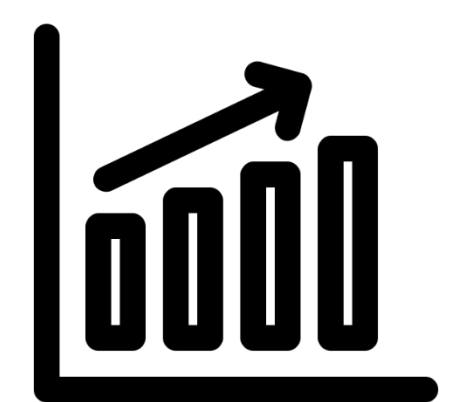
CONCENTRATED
UNITS



POTENTIAL
LOSS



HIGHER
RENTS



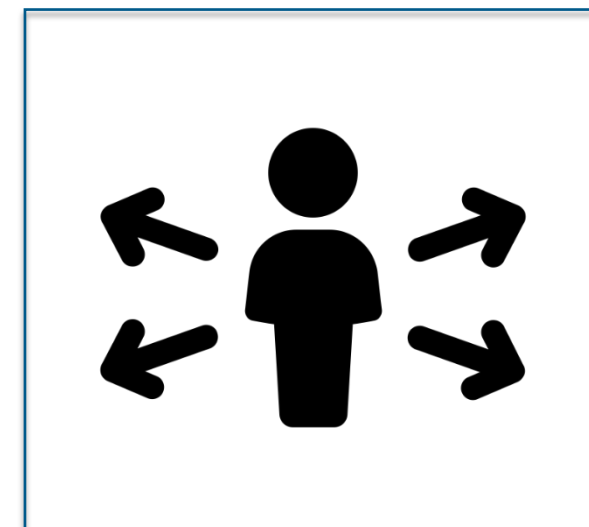
SERVING RENTERS WITH SPECIALIZED HOUSING NEEDS

Meeting the housing needs of Marylanders means addressing barriers that affect persons with disabilities, seniors, and unhoused persons (among others):

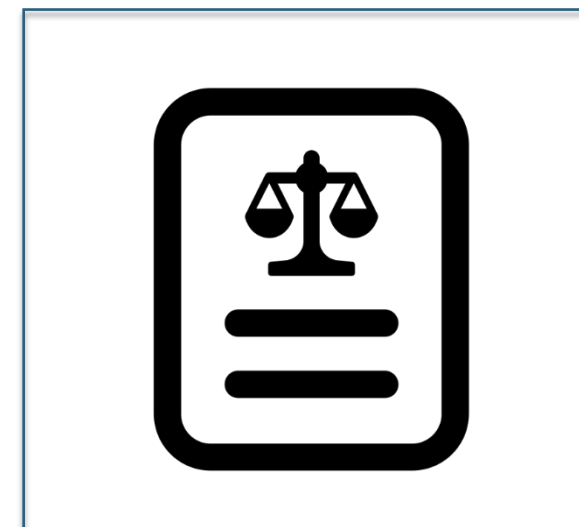
- Accessibility
- Deep affordability (availability of units, acceptance of public assistance)
- Housing instability (stringent lease requirements, landlord harassment)
- Access to transportation and health services

STATEWIDE CROSS-CUTTING ISSUES

ACCESSING
OPPORTUNITY



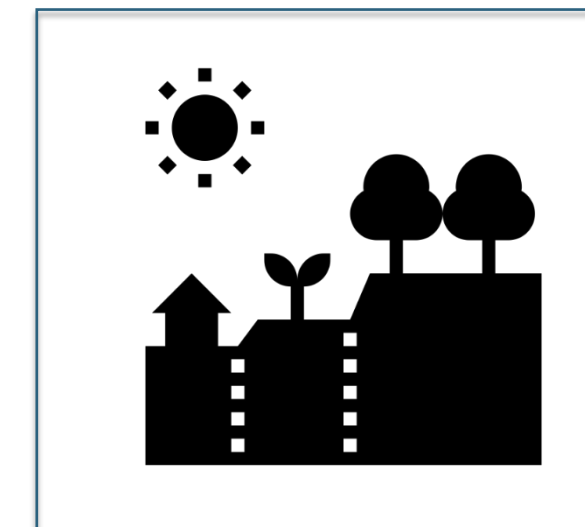
FAIR
HOUSING



DEVELOPMENT
COSTS



LAND USE &
CAPACITY



DEMOGRAPHIC
CHANGES



Eastern MD

A closer look

Summary findings

- Highest mortgage delinquency and foreclosure rates of the five regions
- Some of the highest shares of seniors (18%) and persons living with a disability (12%); second-highest poverty rate (12%.)
- Biggest concerns: home ownership stability; special needs housing; vacant housing and aging housing stock.

»» Regional overview

Cost burdens are prevalent in Maryland's third largest region, even though rents and home prices are lower than in other parts of the state. Compared to other Maryland regions, Eastern Maryland's homeownership market shows signs of distress, with the highest mortgage delinquency and foreclosure rates of any region. It's also home to people with unique housing needs. Eastern Maryland has some of the highest shares of seniors (18 percent) and persons living with a disability (13 percent) in the state and the second highest poverty rate (12 percent).

»» Housing market: Eastern Maryland



Households:

171,077
Households



Population:

453,159
People



Total Census Tracts:

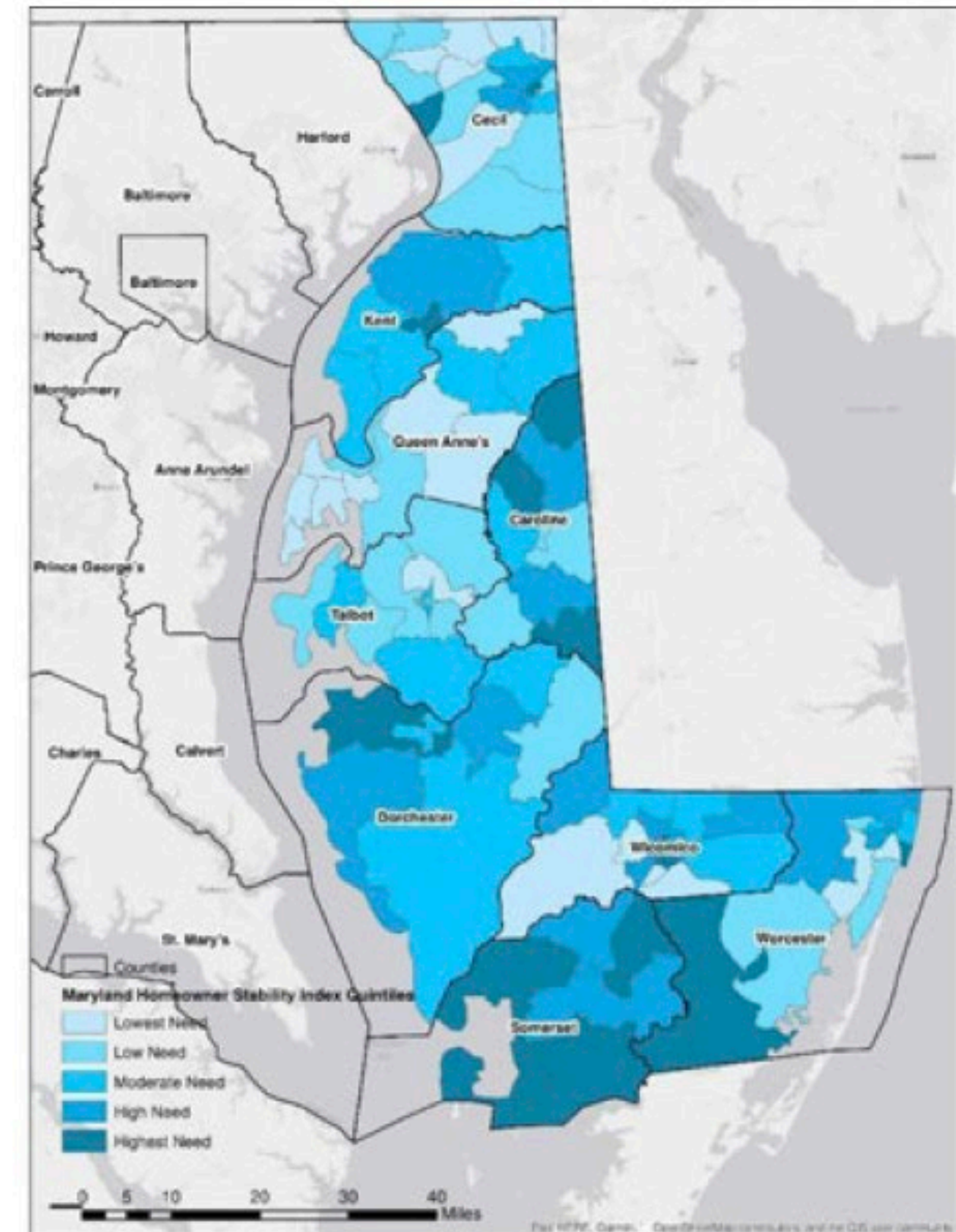
105
Tracts

- »» • **Median rent (2017):** \$1,067
- **Home price (2017):** \$236,108
- **Mortgage delinquency rate (2019):** 2.4 percent
- **Foreclosure rate (2019):** 0.7 percent
- **Share of housing units built before 1980 (2017):** 46 percent
- **Share of housing units built after 2000 (2017):** 16 percent

Homeownership index data

- Highest need tracts are concentrated in Caroline, Somerset
- Issues: high cost burden, poverty, high disability rates, housing quality concerns

Map 5. Maryland Homeowner Stability Index, Needs by Category, Eastern Maryland



Homeowners: needs and actions

Priority needs among homeowners

- **Vacant homes**
Vacant homes are common in Eastern Maryland, making up 27 percent of the region's housing stock (although some of these properties are used seasonally as vacation properties).¹⁰³ Stakeholders underscored a need for a range of interventions to address vacant homes in this region: property stabilization, property conversions (to turn multi-room rental properties into single-family homes); and neighborhood revitalization.
- **High cost of construction for new affordable homeownership**
Even though Eastern Maryland's home price is lower than other Maryland regions, the high cost of construction drives up the cost of homes, making it more difficult for potential homebuyers to find options that align with their earnings. These higher costs were attributed to infrastructure connections or improvements and state-level requirements for sprinkler systems.

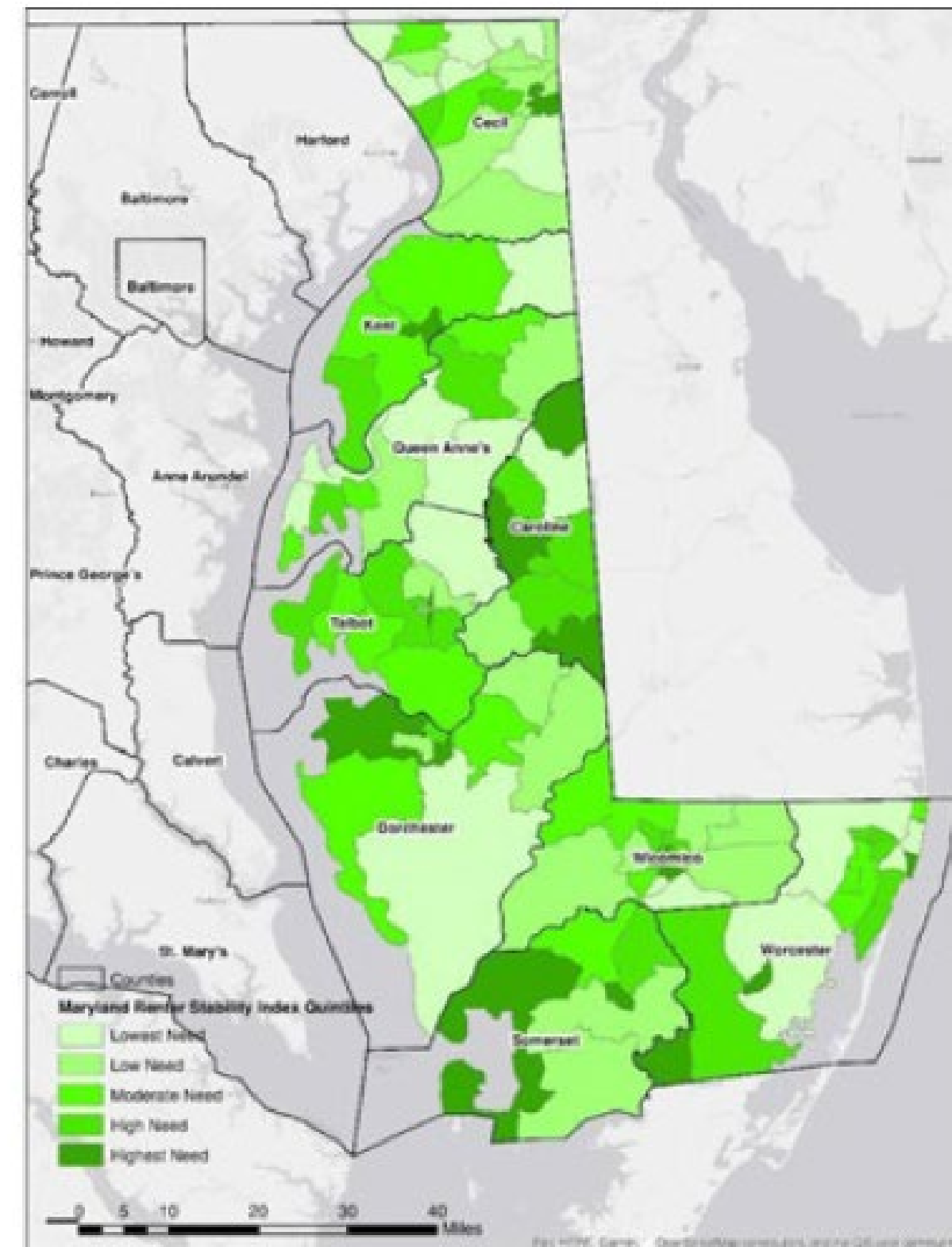
Priority actions serving homeowners

- **Increase homebuyer assistance funding and update standards in the Maryland Mortgage Program.**
Increased funding for down payment assistance, and expanded financing options for the Maryland Mortgage Program, which provides home loans to eligible Marylanders, would help more people become homeowners and help overcome some of the higher home prices due to high construction costs. Stakeholders also shared that some program requirements (like strict debt-to-income ratios) exclude some homebuyers who would otherwise qualify for the state's homebuying program. Maryland DHCD should assess their program standards to ensure they work for entry-level homebuyers, including assessing the performance of the current program standards relative to changes over the last several years.
- **Expand homebuyer assistance and education.**
Implementation of this action should include more local and state resources that complement the state's homebuying resources and more education about becoming a homeowner, with an emphasis on the homebuying process and available programs and resources. Stakeholders in this region saw an opportunity to partner with large-scale employers, such as Perdue Farms and Chesapeake Shipbuilding, and community groups with close ties to Eastern Maryland's Haitian, Creole, and Hispanic communities to host homebuyer education courses (among other topics).

Renter index data

- Needs spread across the eastern shore
- Similar issues to homeownership index: housing quality, high cost burden rates, poverty

Map 6. Maryland Renter Stability Index, Needs by Category, Eastern Maryland



Renter Needs and Actions

Priority needs among renters

- **Evictions**

Many renters face difficult circumstances due to loss of income from unemployment or underemployment related to the coronavirus, including an inability to pay for their housing costs. At the time this document went to publication in 2020, Governor Hogan's Executive Order on Evictions and Mortgages which shields from eviction all Marylanders who have suffered a COVID-related loss of income, is still in effect. However uncertainty about what the future holds has some stakeholders in Eastern Maryland fearing an impending eviction crisis, as well as the immediate and long-term impacts of the current financial and public health emergencies. Stakeholders surveyed are especially concerned about the long-term impact on renters and communities. For renters, having an eviction in one's rental history can make it harder to find another home. For property owners, a significant loss of rental income could result in an increase in vacant properties—in a region where vacancy is already a challenge.

- **Housing age and quality**

Regionwide, slightly less than half (46 percent) of homes were built before 1980, but in some parts of Eastern Maryland, homes are much older (for instance, built before 1900). According to stakeholders, the overall age of rental properties in the region contributes to code violations, overcrowding, and associated health and safety concerns.

Priority actions serving renters

- **Expand rental licensing programs.**

Rental licensing programs require rental property owners to register their property and ensure rental properties meet basic health and safety standards (often enforced by a property inspection prior to being able to register). While most local jurisdictions in Eastern Maryland do not have a rental licensing program, rental licensing would proactively address housing quality issues affecting renters in the region, as well as provide a way to track vacation rental properties that are prevalent in this part of the state.

- **Increase funding for property rehabilitation.**

Many property owners, especially owners of small rental properties, do not have easy access to funding to improve their properties and rehabilitate them to meet the needs of seniors and persons living with disabilities. Implementation of this action should include more local and state resources that assist property owners with property improvements and home accessibility modifications. Communities that receive direct assistance from the federal government can devote a portion of their Community Development Block Grant (CDBG) funds to support property rehabilitation, or leverage their CDBG allocation through the Section 108 Loan Guarantee Program for catalytic rehabilitation projects that annual allocations alone may not be able to fund. Maryland DHCD should consider ways to support communities that do not receive direct assistance for housing and community development activities from the federal government, such as the ability for local jurisdictions to create a revolving loan for property rehabilitation with federal funds from DHCD.

- **Increase capacity for rental property inspections.**

Stakeholders expressed a need for more capacity for rental property inspections to help increase the supply of properties where renters can use federal rental assistance. Increased capacity will assist with implementation of Maryland's *Housing Opportunities Made Equal (HOME) Act*, enacted in 2020, which outlawed housing discrimination based on income. However, due to a limited number of building inspectors in Eastern Maryland and in general, the wait time to receive an inspection by a local public housing authority, which is required for property owners accepting federal rental assistance like Section 8 vouchers, can be several weeks. Implementation of this action could include cross-training local departmental staff to conduct inspections for federal rental assistance; coordinate local and federal property inspection processes (such as those used for rental licensing); or add on-call contract inspectors at public housing authorities to assist on an as-needed basis.

Southern MD

A closer look

Summary findings

- Small, rapidly growing region
- Rapid rent and home price increases
- Higher than average homeowner market issues (foreclosures, delinquencies)

» Regional overview

Homes in Southern Maryland, the state's second smallest region, experienced the highest increase in rent and second highest increase in home prices of any other Maryland region between 2011 and 2017. Southern Maryland has some of the state's highest home loan delinquency and foreclosure rates, although these rates are decreasing faster than the state average. Seniors are becoming a larger share of Southern Maryland's population, with growth among seniors slightly outpacing other regions, though the region has fewer seniors than the state average.

» Housing market: Southern Maryland



Households:

171,077
Households



Population:

357,824
People



Total Census Tracts:

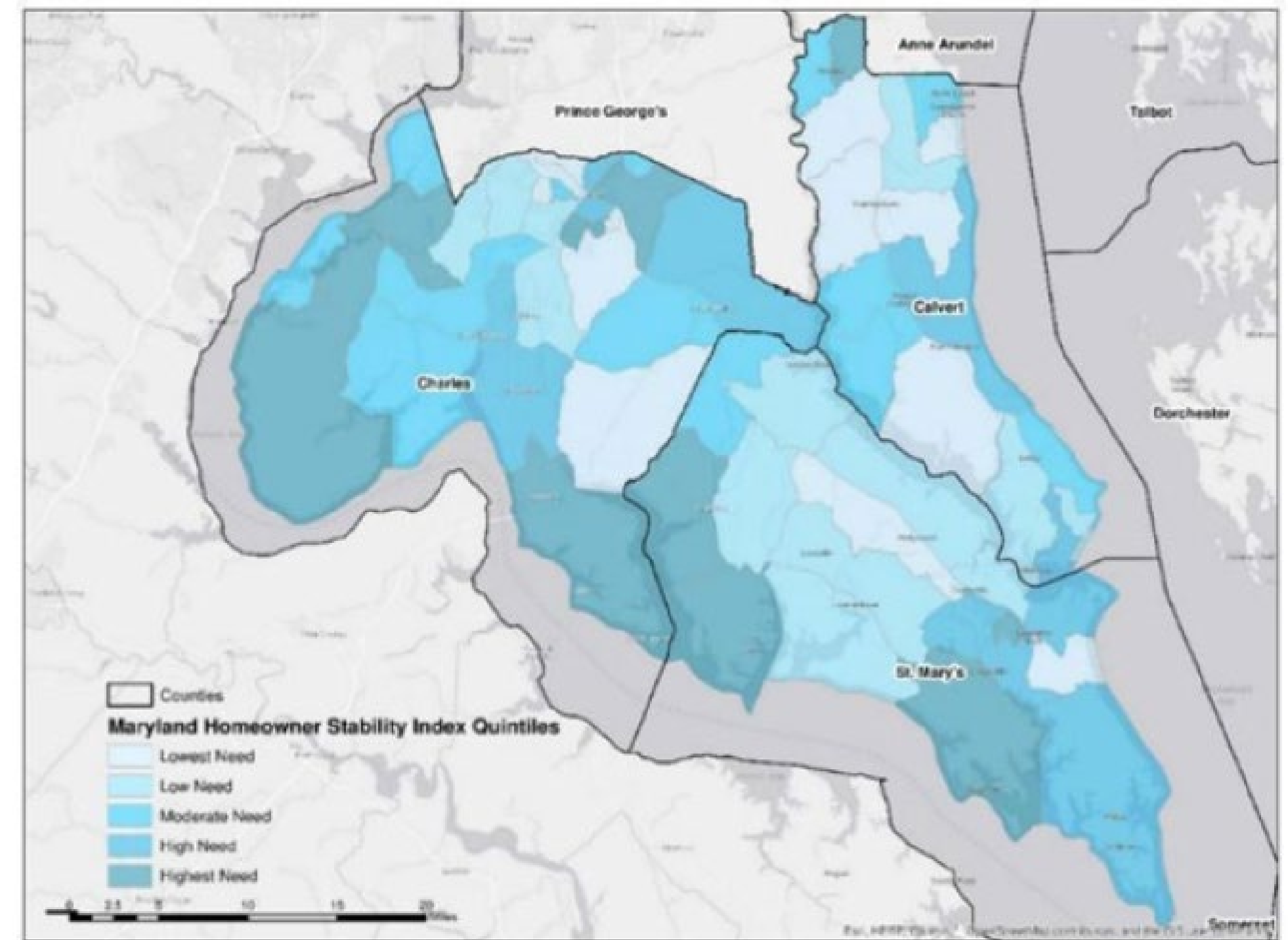
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Tracts

- » • Median rent (2017): \$1,530
- Home price (2017): \$307,944
- Mortgage delinquency rate (2019): 2.4 percent
- Foreclosure rate (2019): 0.6 percent
- Share of housing units built before 1980 (2017): 34 percent
- Share of housing units built after 2000 (2017): 23 percent

Homeownership index data

Map 9. Maryland Homeowner Stability Index, Needs by Category, Southern Maryland

- Rural areas and Waldorf see higher need
- Issues: high poverty, high cost burdens, delinquencies and foreclosures, high elderly and disabled populations



Homeowners: needs and actions

Priority needs among homeowners

- **Barriers to accessing homeownership**
Regional stakeholders shared that potential homebuyers in the region need more resources for assistance with down payment and closing costs and face tighter post-Great Recession lending standards from financial institutions. In Southern Maryland, it is especially challenging to help households earning between \$45,000 and \$60,000 annually (which would qualify as very low-income or low-income by federally defined income standards for Maryland depending on household size). Some homebuyer assistance programs, like those offered by the St. Mary's Housing Authority as part of the Housing Choice Voucher Program, aim to serve even lower-income households, and these households face additional barriers to homeownership, such as meeting down payment or credit score requirements to qualify for a mortgage. They also noted that changes to eligible target areas for the USDA 502 Guaranteed Rural Housing Loan Program resulted in the loss of a powerful tool for accessing homeownership in Southern Maryland, especially St. Mary's County.
- **Demand for single-family homes**
Regional stakeholders shared that many potential homebuyers are looking to purchase single-family homes, even though macro-level demand and preferences for homes has shifted toward higher density, walkable places that offer a mix of for-sale homes, like townhomes and condominiums. Lack of local and state-level tools or resources to directly support production of for-sale homes was cited as statewide barrier to accessing homeownership. Few tools are designed to directly support the production of new homeownership units, creating a mismatch between what people are looking to buy and the overall housing supply in Southern Maryland.
- **High cost of construction for new affordable homeownership**
Home prices in Southern Maryland posted the second highest increase of any Maryland region between 2011 and 2017. Regional stakeholders share that the high cost of construction in the region drives up the cost of homes, making it more difficult for potential homebuyers to find options that align with their earnings. These higher costs were attributed to infrastructure connections or improvements, which one stakeholder said puts homes out-of-reach for households earning between \$75,000 and \$90,000 annually.

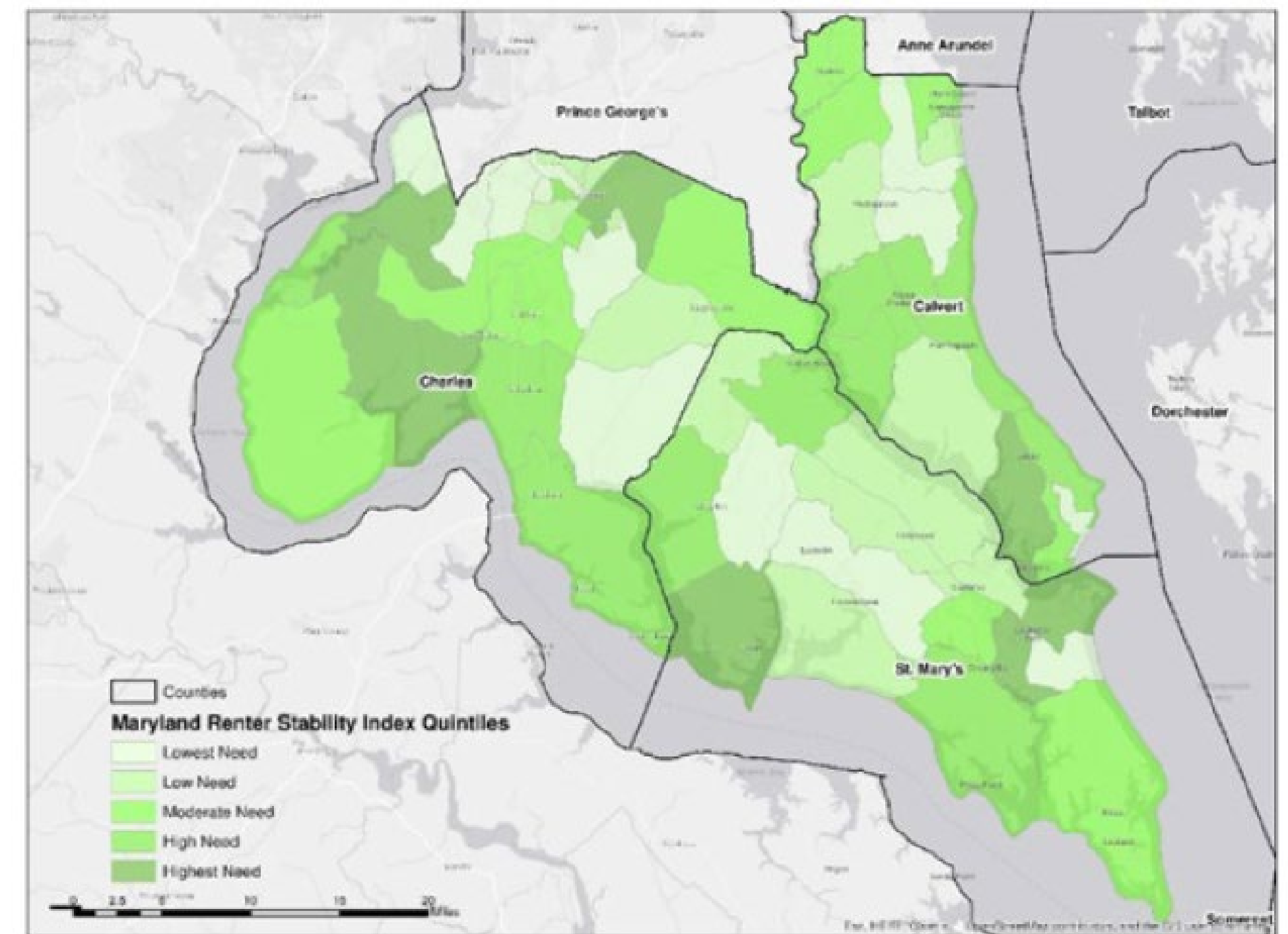
Priority actions serving homeowners

- **Create local homeownership programs.**
Stakeholders see the creation of local homebuyer assistance programs, coupled with homeownership education, as a critical part of increasing homeownership opportunities in Southern Maryland, especially if these programs align with other state or federal homebuyer programs like the Maryland Mortgage Program or USDA 502 Guaranteed Rural Housing Loan Program, or employers start employer-assisted housing programs (see next action). Since local jurisdictions in Southern Maryland would need to allocate local funding to establish local homeownership programs, public and political support will be vital for successful implementation of this action.
- **Establish employer-assisted housing programs.**
Public- and private-sector regional employers, such as county governments, county boards of education, and MedStar should consider creating employer-assisted housing programs to increase homeownership opportunities in Southern Maryland. Employer-assisted housing programs provide assistance, such as down payment grants or loans that are forgiven over a period of employment, and homeownership counseling and education, among other resources depending on the goals of the program. This program should be aligned with Maryland's House Keys 4 Employees Program, which provides additional state funding to eligible homebuyers by matching employer-sponsored homebuyer assistance.
- **Expand Maryland Mortgage Program financing beyond existing Priority Funding Areas.**
Currently, the Maryland Mortgage Program (MMP) is prohibited from financing the purchase of new homes outside of Priority Funding Areas. In order to meet demand for homeownership and mitigate rising costs of construction, MMP and its associated assistance should be allowed to finance new home construction throughout the state. This would have a particularly outsized impact on rural regions, such as Southern Maryland.

Renter index data

- High need areas scattered across the three counties
- High poverty, cost burden, housing quality issues, increases in rents without increases in construction, concentration of minority populations

Map 10. Maryland Renter Stability Index, Needs by Category, Southern Maryland



Renter Needs and Actions

Priority needs among renters

- **Barriers accessing rental housing**

Tenants living in Southern Maryland face a series of barriers that make it more difficult to find and keep a rental home: involvement with the criminal justice system; limited credit history; or delinquent utility payments. Stakeholders shared that landlords are less likely to rent to households with one or more of these issues, making it difficult for households to find safe, stable rental homes.

- **Need for more housing types**

The existing rental homes in Southern Maryland do not align with some renters' needs in the region. Namely, regional stakeholders stressed a need for smaller, one-bedroom units to serve persons experiencing homelessness. They noted that newer, market-rate development usually has rental units with two bedrooms or more. For subsidized rental properties, stakeholders shared that the state's Qualified Allocation Plan (along with the economies of scale needed to achieve affordable housing generally) makes it difficult to achieve a range of bedroom sizes or housing types in a state-funded development.

Priority actions serving renters

- **Create good landlord programs or other incentives for landlords.**

Implementation of this action would help remove the barriers that renters in Southern Maryland face. A good landlord program provides resources or incentives to acknowledge and reward strong property management practices. This program can be designed to increase the acceptance of rental assistance or renters that do not need stringent rental criteria in exchange for benefits, such as property tax reductions/abateements, reimbursement for fees (e.g. business licensing fees), or access to funding to address issues at individual units. Regional stakeholders noted a need to identify a source of funding to use for these incentives, especially for non-entitlement communities in the region that do not directly receive federal housing and community development funds, suggesting health funding as a potential source.

- **Increase available resources for accessibility improvements.**

Stakeholders shared that a mismatch exists between available, accessible units and affordable ones, resulting in a need for more resources for modifications for persons living with a disability at subsidized properties. For instance, they shared that some properties for seniors in the region offer accessible units but do not currently offer affordable rents, making them unaffordable to renters who need deeply subsidized rents.

WESTERN MARYLAND

A closer look

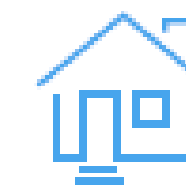
Summary findings

- Lower rents and home price than the rest of the state, but household incomes are lower
- Biggest concerns: older housing stock, high cost burdens, high poverty and low incomes, high disability rates and elderly population

»» Regional overview

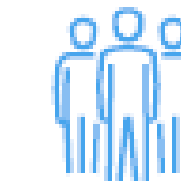
Homes in Western Maryland, Maryland's smallest region, have some of the lowest rents and home prices in the state, although 14 percent of households still live below the poverty line (mirrored in significantly lower household income relative to the state). Homes in Western Maryland tend to be older than the housing stock across the state (with 63 percent of housing units were built before 1980 compared with 55 percent statewide).

»» Housing market: Western Maryland



Households:

95,623
Households



Population:

251,653
People



Total Census Tracts:

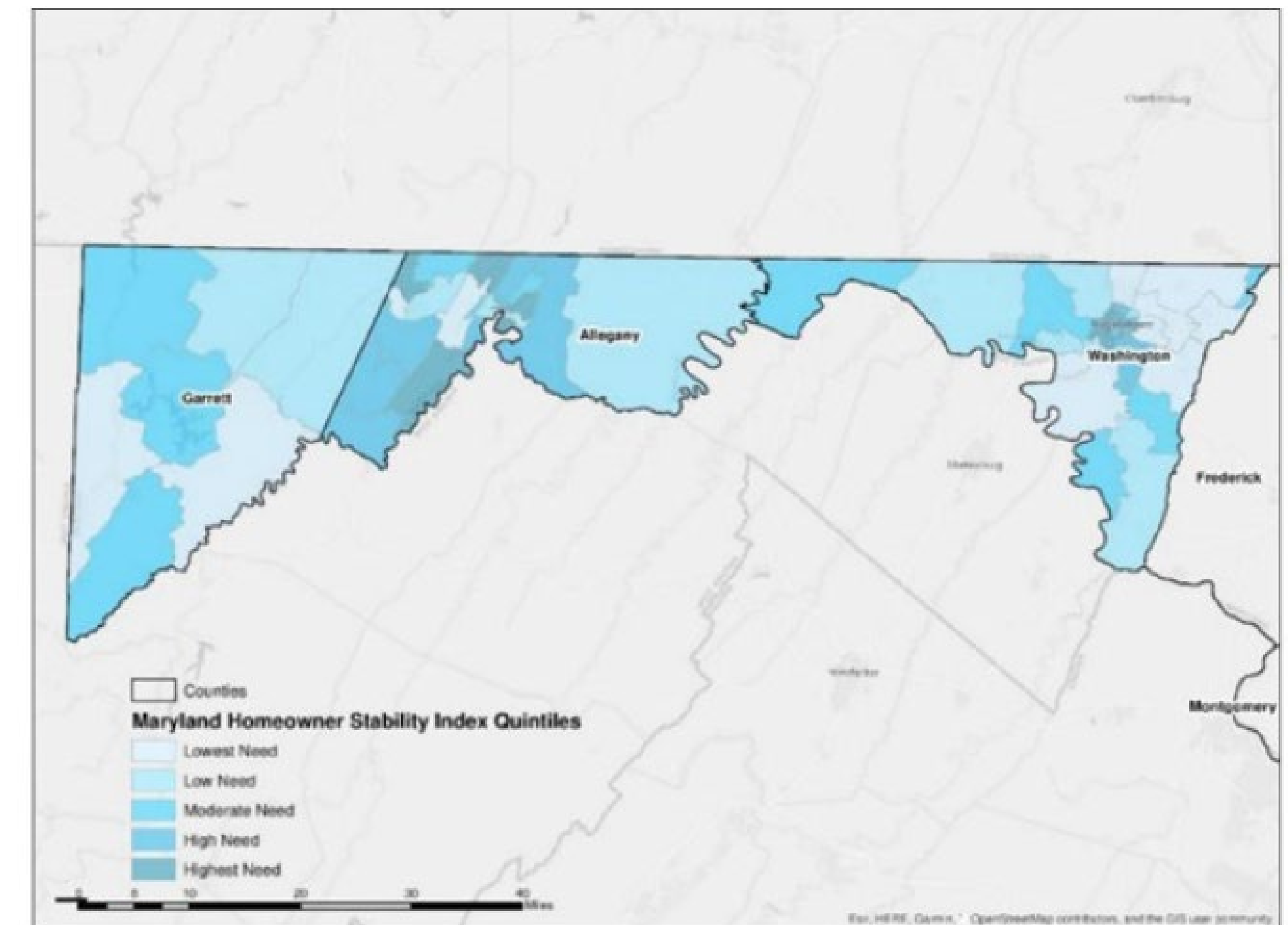
62
Tracts

- »» • Median rent (2017): \$781
- Home price (2017): \$163,452
- Mortgage delinquency rate (2019): 1.3 percent
- Foreclosure rate (2019): 0.4 percent
- Share of housing units built before 1980 (2017): 63 percent
- Share of housing units built after 2000 (2017): 10 percent

Homeownership Index data

Map 7. Maryland Homeowner Stability Index, Needs by Category, Western Maryland

- Highest need census tracts for homeownership are concentrated near Hagerstown, and in and around Cumberland
- Highest need areas have high household mobility rates, high poverty, high cost burden rates despite low home prices, housing quality concerns



Homeownership needs and actions

Priority needs among homeowners

- **Vacant homes**

Vacant homes are common in Western Maryland. Vacant homes make up 16 percent of the region's housing stock.¹⁰⁴ Stakeholders underscored a need for flexible tools, like selling homes for \$1 to community partners, to assist with the acquisition and rehabilitation of vacant homes. While stakeholders acknowledged that federal funds are available to support acquisition and rehabilitation activities, they noted that federal programs such as the HOME Investment Partnership Program are cumbersome to use.

- **Housing age and quality**

Regionwide, 63 percent of homes in Western Maryland were built before 1980. Stakeholders shared that poor housing quality, in part due to age, is a common problem for homeowners living in this region—and this problem extends to potential homebuyers as they look for homes to buy in the region as well. Stakeholders shared that poor housing quality goes unaddressed due to lack of local and state resources to support home rehabilitation in the region.

- **High cost of construction for new affordable homeownership**

Even though Western Maryland's home price is lower than other Maryland regions, the high cost of construction drives up the cost of homes, making it more difficult for potential homebuyers to find options that align with their earnings. These higher costs were attributed to providing, upgrading, or connecting to infrastructure.



Priority actions serving homeowners

- **Expand homebuyer assistance and education.**

Implementation of this action should include down payment assistance designed to serve homebuyers in rural areas, with an emphasis on alternative ways to deliver homebuyer assistance when Internet access and digital literacy is limited. For instance, one housing service provider in Western Maryland provides onsite homebuyer education courses, as well as staff to assist with navigating online applications. Absent large-scale improvements in Internet access in more rural parts of Maryland, more staff at regional and local housing organizations would be needed to effectively expand homebuyer assistance and education.

- **Update standards in the Maryland Mortgage Program.**

A common theme across stakeholders related to priority actions for renters and homeowners was to ensure that state-level programs and policies account for the unique rural character and needs in regions like Western Maryland. They agreed that the Maryland Mortgage Program could be improved to work better in Western Maryland through the following changes: flexible mortgage qualification standards; lending products for both home purchase and rehabilitation; and program changes that incentivize community banks to increase loan originations.

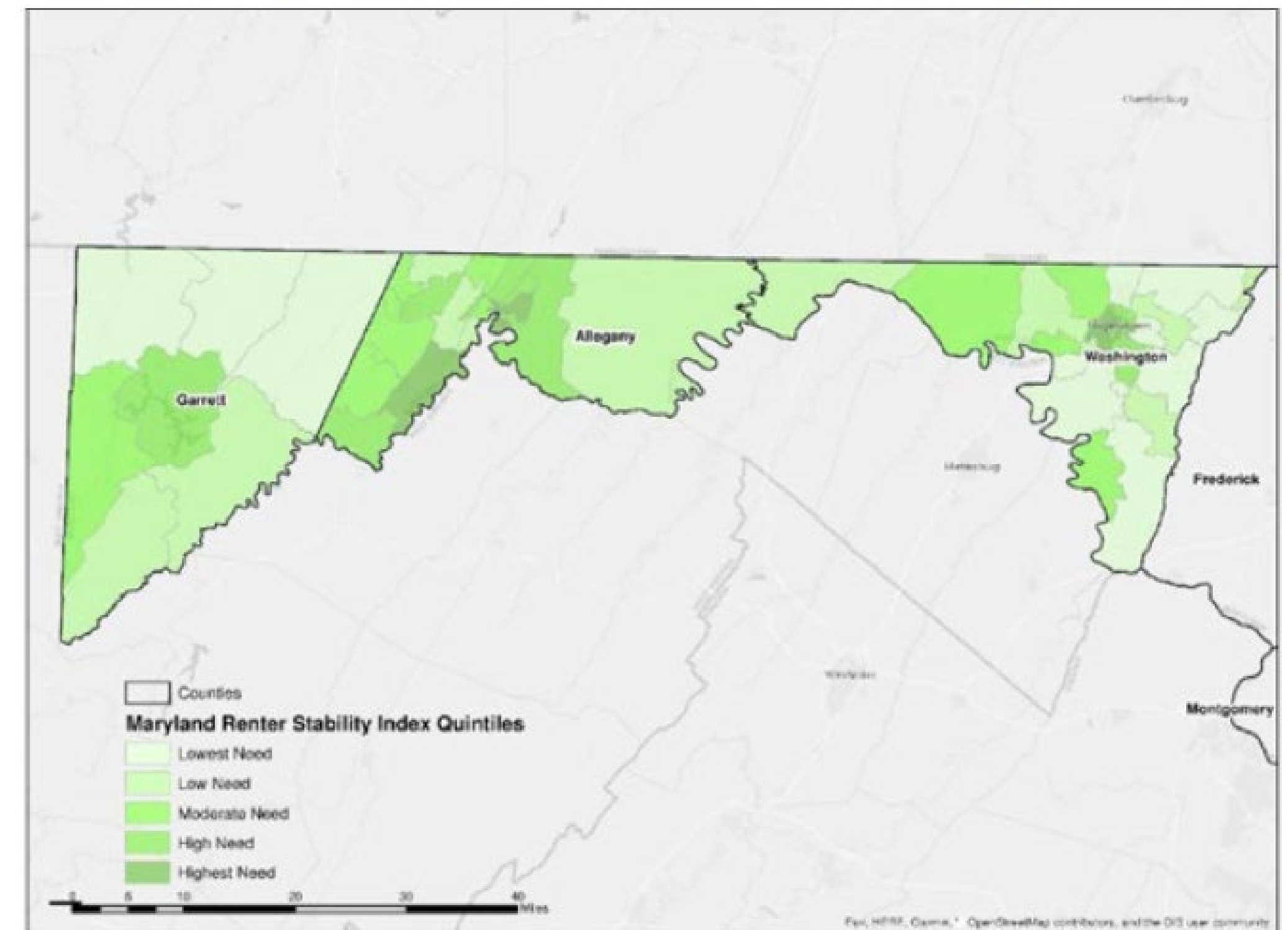
- **Restart local homeownership programs.**

Some of the local governments in Western Maryland, such as Allegany County, previously had programs to support homeowners, including local homebuyer assistance and home rehabilitation programs. Restarting local housing programs, designed around the needs and goals of each community, would provide more resources to assist with vacant and owner-occupied homes in need of repair; support homebuyers; and enable more flexibility.

Renter Index data

- Highest need census tracts for homeownership are concentrated near Hagerstown, and in and around Cumberland
- Highest need areas have high cost burden, falling incomes, high poverty, high disability rates

Map 8. Maryland Renter Stability Index, Needs by Category, Western Maryland



Rental market needs and actions

Priority needs among renters

- **Market-rate rental homes**
Lack of market-rate rental housing—designed for households earning the region’s median income or higher—is often cited as a barrier to economic development in Western Maryland. Many households in Western Maryland look for rental homes when they first move to the region, but find limited options in terms of the quality, features, and location in the region’s housing market, making it difficult to attract and retain workers.
- **Housing age and quality**
Mirroring the needs among homeowners, housing quality, in part due to the age of rental properties in the region, is a common problem for renters living in Western Maryland. Stakeholders attribute this need to limited local and state resources for property owners to maintain and improve their properties and to a lesser extent, problems with absentee landlords.
- **Rental homes for persons experiencing homelessness**
Western Maryland needs more rental homes designed to serve persons experiencing homelessness, which was about 500 people in 2018.¹⁰⁵ Stakeholders specifically shared a need for deeply affordable rental units (those that can serve households with incomes at or below 30 percent AMI) and more transitional housing for people in need of behavioral or mental health services.



Priority actions serving renters

- **Align federal funds and policies in non-entitlement communities with local needs.**
A common theme among regional stakeholders was their reliance on federal resources allocated to local jurisdictions and organizations in Western Maryland by Maryland DHCD. After accounting for federal requirements, DHCD determines how federal funds can be used and allocated to non-entitlement communities. Stakeholders expressed a desire for the state to allow revolving loan funds using federal resources to support long-term community investment and have a stable resource to address the region’s rental housing needs (among others). They also asked for the state to consider revisiting its policies around use of rental assistance, such as state-allocated Section 8 vouchers for justice-involved persons seeking housing, which would help some Western Maryland residents.¹⁰⁶
- **Increase state-level support for transitional housing.**
Stakeholders would like to see more investment of state resources that support transitional housing in Western Maryland. Even though Maryland DHCD provides funding for transitional housing through grants like the Shelter and Transitional Housing Facilities Grant Program and recently created a set-aside for permanent supportive housing, regional stakeholders felt more could be done to promote transitional housing through more mainstream funding, including the state’s Qualified Allocation Plan.

THE BALTIMORE REGION

A closer look

Summary findings

- Largest region – nearly half the state – lots of differences within and between counties and the City
- In most ways, the area is “average” because it has so much of the housing stock, but rents and home prices are a bit lower than the state average overall
- Biggest concerns: older housing stock, high cost burdens, high poverty and low incomes,

»» Regional overview

Greater Baltimore, the largest region in Maryland, has a large number of households with special housing needs (in part due to its geographic size and high population). It is also one of the most racially and ethnically diverse, and notably has the most racially/ethnically concentrated areas of poverty (R/ECAP).⁹⁰ While median rents and home prices are lower than statewide average values, this region had the largest change in home prices (51 percent compared with 49 percent statewide) and second largest change in household income (7 percent) between 2000 and 2017.

»» Housing market: Greater Baltimore



Households:

**1+ Million
Households**



Population:

**2.7 Million
People**



Total Census Tracts:

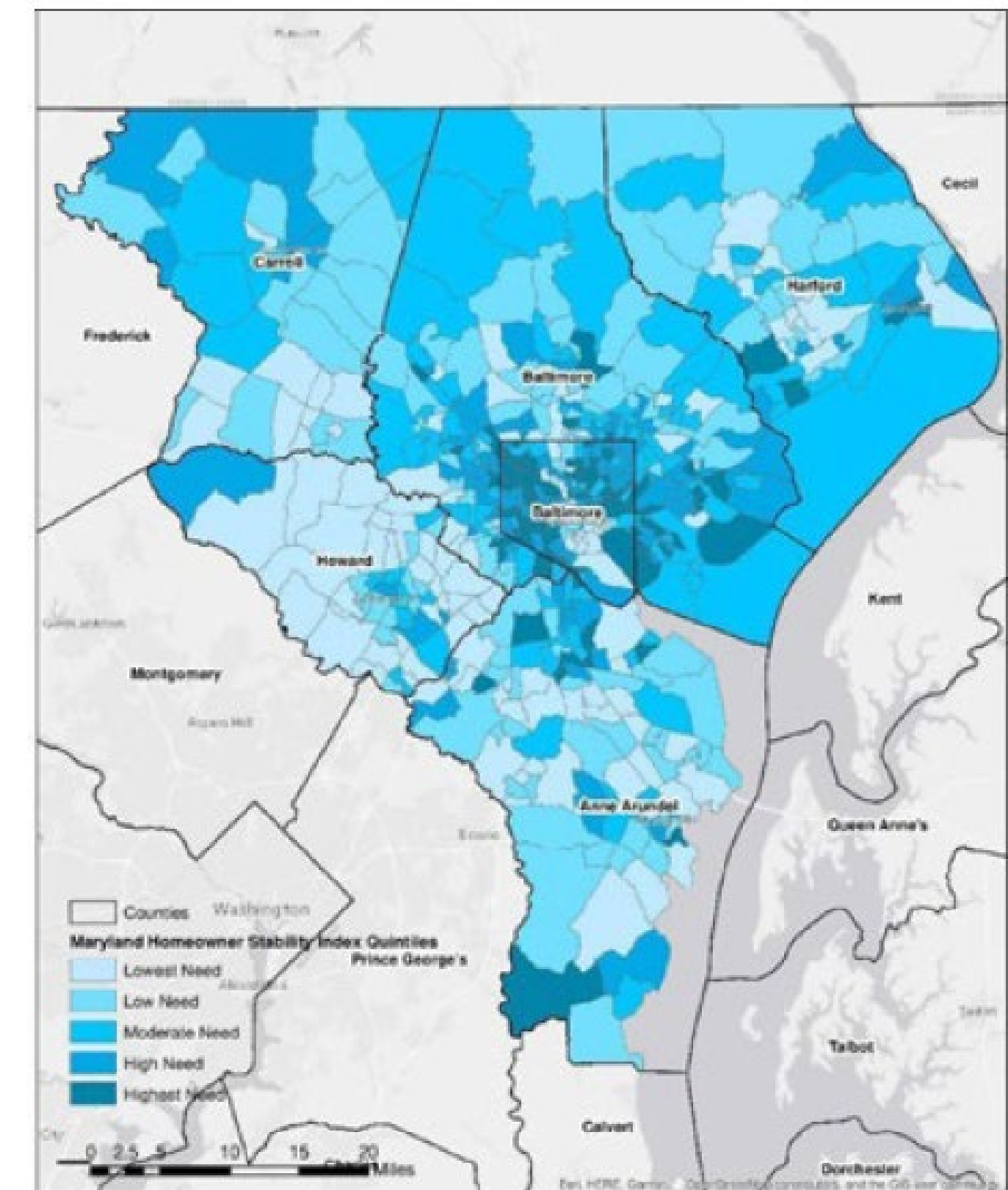
**668
Tracts**

- »» • Median rent (2017): \$1,320
- Home price (2017): \$271,858
- Mortgage delinquency rate (2019): 0.4 percent
- Foreclosure rate (2019): 0.1 percent
- Share of housing units built before 1980 (2017): 60 percent
- Share of housing units built after 2000 (2017): 9 percent

Homeownership Index data

- Highest need census tracts for homeownership are concentrated in Baltimore City, but also in older inner suburban areas
- Highest need areas have high cost burden rates, older and crowded housing, high poverty, high shares of elderly and disabled, and are majority non-white

Map 1. Maryland Homeowner Stability Index, Needs by Category, Greater Baltimore region



Homeownership needs and actions

Priority needs among homeowners

- Disparities in homeownership by race**
 Stakeholders highlighted the gap in homeownership rates among white households living in the Greater Baltimore region and households of color. As of 2016, the homeownership rate among Black households was 46 percent, 31 percent lower than the 77 percent rate for white households across all the counties in this region and Baltimore City.⁹¹ This gap is partially explained by lack of financial and homebuyer education specifically designed to reach Black and other underrepresented groups and access to capital and services from lending institutions.
- Lack of long-term public & private support for homeownership**
 Stakeholders in this region highlighted a need for ongoing public and private funding and services to help people both become homeowners and stay homeowners over time, especially for lower-income households.⁹² These households are especially difficult to serve in the current homeownership market. In some parts of the Greater Baltimore region, these households can become homeowners, but then often lack resources to maintain a home over time. Stakeholders explained that homeowners' incomes do not increase proportional to homeownership costs, with limited public and private funding to help offset those costs.
- Vacant homes**
 The Greater Baltimore region has one of the highest vacancy rates in the state (10 percent as of 2017), and many stakeholders noted that the loss of stable income due to the impact of the coronavirus will exacerbate vacant homes in this region. While some local jurisdictions in this region already have tools in place to acquire vacant property and repurpose it (notably, Baltimore City's Vacants to Value Program), it is often a time-consuming and expensive process, especially to prevent widespread blight. To that end, Governor Hogan tasked Maryland DHCD with developing a plan to support community growth in the City of Baltimore by reducing blight and encouraging investment in Baltimore's underserved communities. Since FY16, the State of Maryland has directed more than \$98 million to Project C.O.R.E. (Creating Opportunities for Renewal and Enterprise), eliminating more than 4,300 units of blight and leveraging more than \$237 million worth of investment in these communities. Stakeholders shared a need to proactively stabilize homeowners to prevent vacancy and streamline the acquisition-rehabilitation process to address existing and new vacant property.⁹³



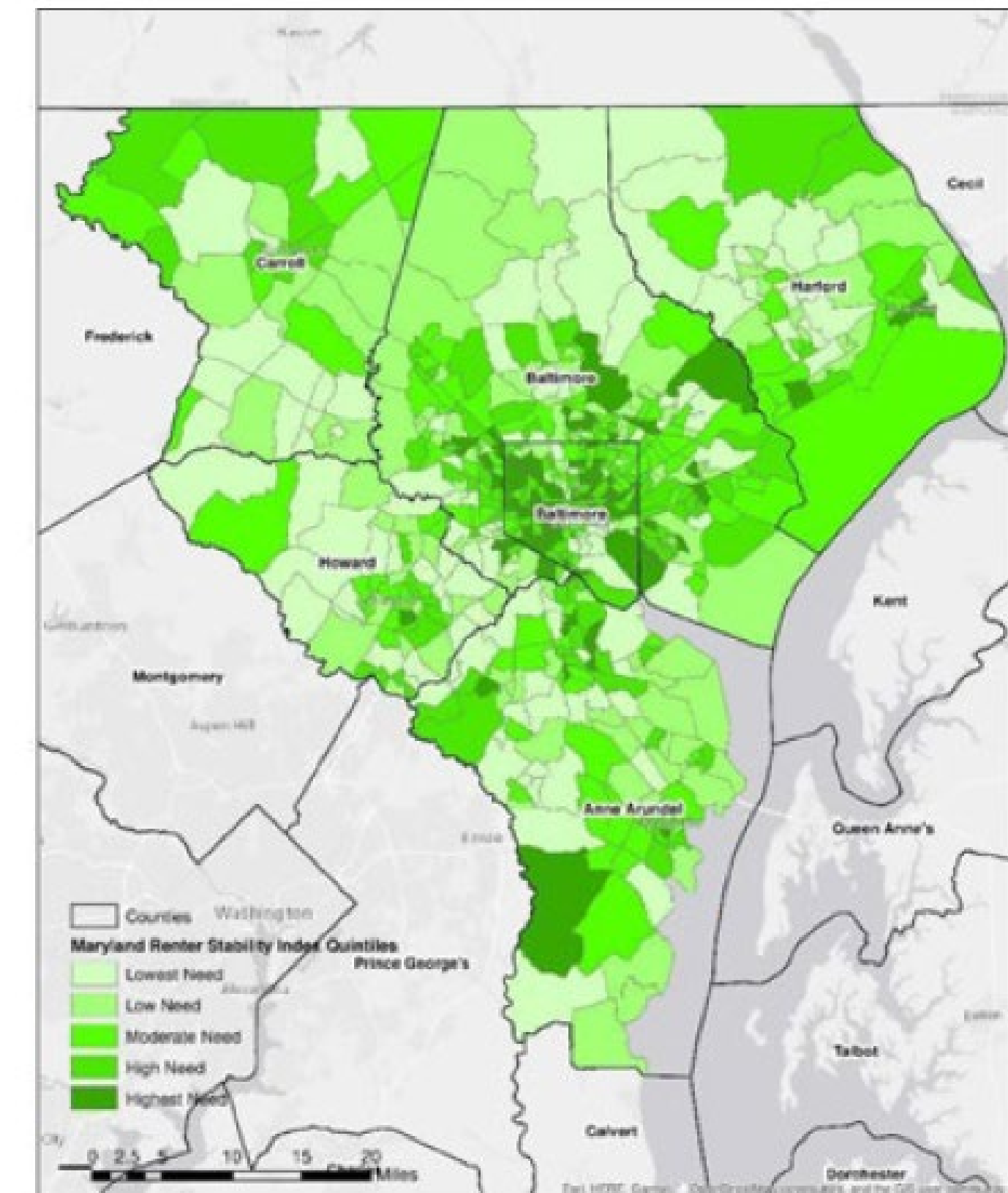
Priority actions to serve homeowners

- Increase homeowner education and tools for foreclosure prevention and home maintenance.**
 Implementation of this action should include more local and state resources that assist with home maintenance and preventative measures, such as foreclosure counseling and legal services, in addition to building increased awareness of existing homeowner stabilization programs. Stakeholders shared that the most effective use of these tools and resources would be through multiyear funding commitments that enable a sustained, place-based effort.
- Streamline the acquisition-rehabilitation process.**
 A goal of a more streamlined process should be to support early intervention in vacant or properties at-risk of becoming vacant. Actions that pair interested homebuyers with low-cost homes in need of repair, such as programs like Baltimore City's Vacants to Value Program or combined home purchase and repair mortgages, could improve the housing supply and promote community reinvestment.
- Increase funding for the homebuyers.**
 Increased funding to complement the Maryland Mortgage Program, which provides home loans to eligible Marylanders, would help more Marylanders attain homeownership. Investment in assistance that supports these first-time homebuyers, such as down payment and settlement expenses, will help more Marylanders achieve this goal and enable them to accrue wealth. Stakeholders noted that increased funding would enable the program to offer a higher amount of assistance for down payments or other expenses, with lack of cash for down payment assistance cited consistently as a barrier to becoming a homeowner in Maryland.⁹⁴

Renter Index data

- Highest need census tracts for rental market are concentrated in the inner suburbs and Baltimore City
- Highest need areas have high cost burden rates, crowding, high poverty, high shares of elderly and disabled individuals, and majority non-white populations

Map 2. Maryland Renter Stability Index, Needs by Category, Greater Baltimore region



Rental market needs and actions

Priority needs among renters

- **Lack of mixed-income rental homes**
The Greater Baltimore region is home to about one-half of Maryland's assisted housing supply—concentrated in Baltimore City—and the most R/ECAPs in the state. Stakeholders highlighted a need to deconcentrate poverty by creating more mixed-income housing opportunities.⁹⁵ Two separate fair housing voluntary compliance agreements related to this need are in effect in this region. Connecting existing and new rental homes to jobs, resources, and health services (among others) will be a critical component in creating more equitable communities in the Greater Baltimore region.
- **Increased financial literacy and education and improved relationships between landlords and tenants**
Stakeholders noted a need for better relationships between landlords and tenants, especially as rents have increased significantly in this part of the state. Tenants and landlords alike may not be aware of their rights, obligations, and available resources.
- **Barriers accessing rental housing**
Tenants living in the Greater Baltimore region face a series of barriers that make it more difficult to find and keep a rental home: eviction in the past; involvement with the criminal justice system; limited rental or job history; and limited credit history. Stakeholders shared that landlords are less likely to rent to households with one or more of these issues, making it difficult for households to find safe, stable rental homes. The two fair housing voluntary compliance agreements in effect in this region also focus on increasing access to homes for families by race, with children, and/or disability, through the vehicle of affirmatively furthering fair housing.

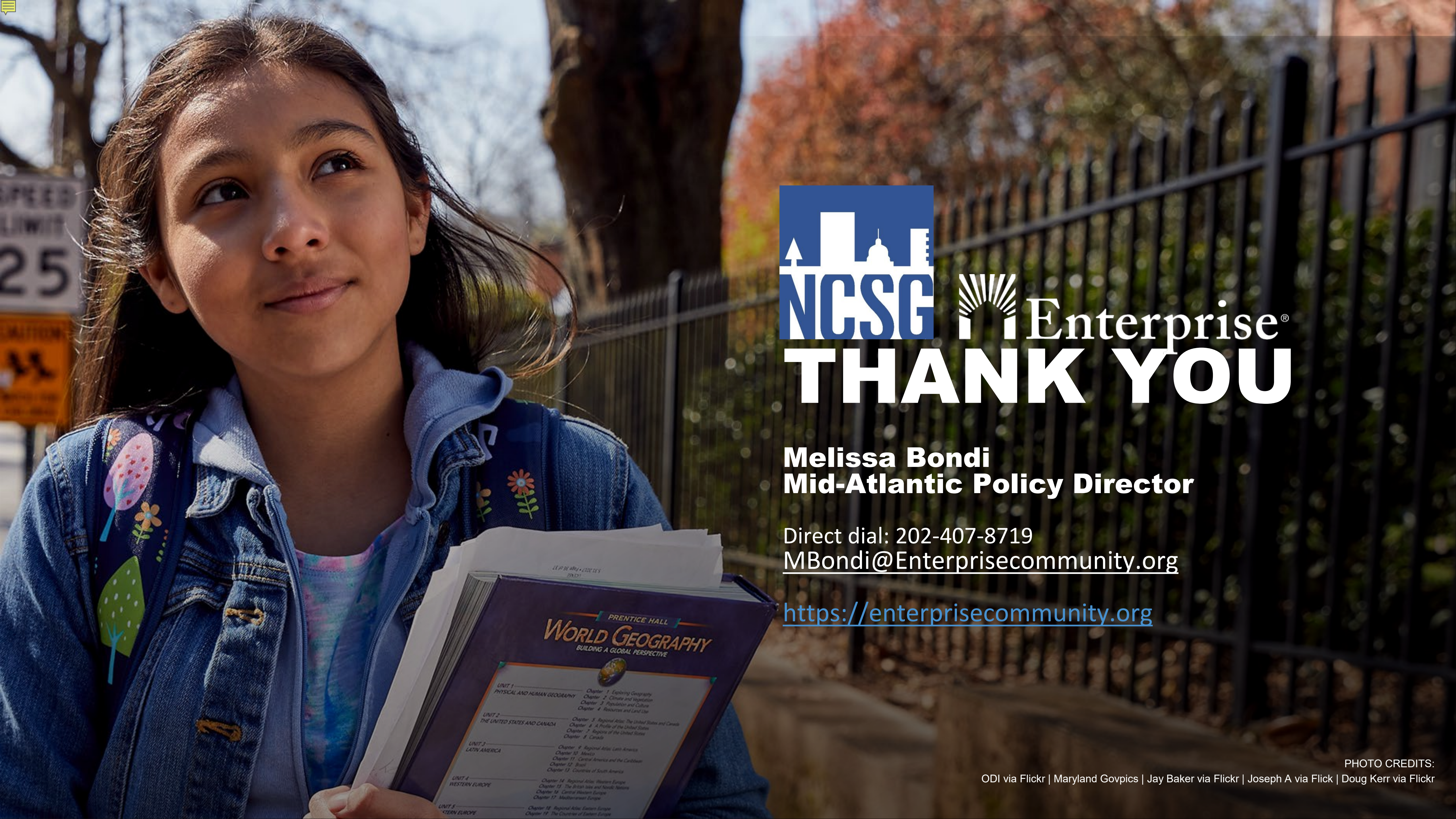


Priority actions to serve renters

- **Increase the supply of income-restricted homes.**
One solution to increasing rents and a limited affordable housing supply in the Greater Baltimore region is to create more income-restricted homes with long-term affordability. Stakeholders noted limited gap funding still poses a barrier to increasing the region's supply of income-restricted rental homes. Building on the desire to deconcentrate poverty through mixed-income development and stronger access to opportunity and address fair housing issues, funding—more of it and different priorities for it at the state and local levels—will be needed to achieve these outcomes.⁹⁶
- **Increase tenant education and rental assistance.**
Increased tenant education would help renters understand their rights and availability of existing programs and services, including access to legal services and assistance with rental payments. Stakeholders emphasized the importance of making existing and new rental programs as easy as possible to use, meaning renters in need of support should be able to apply and receive support quickly. They also recommended this action should include programs that offer direct payments to landlords as a way to stabilize tenants living in their properties.
- **Offer incentives and education for landlords.**
Incentives for landlords—coupled with increased education about tenants' rights and programs designed to serve rental property owners—would encourage more landlords to rent to tenants that don't meet stringent criteria and lower barriers to renting for tenants. Incentives may include tax abatements, access to rehabilitation or other financing to support property improvements, or access to funds if a security deposit does not cover damages to a unit once a tenant moves out.



COMMENTS OR QUESTIONS



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As Time Permits:

THE DC REGION
A closer look

DC

Summary findings

- Most expensive housing in the state, largest share of cost burdened owners
- Biggest concerns: high cost burdens, income disparities, lack of affordable units

» Regional overview

As the second largest region in Maryland, the counties near Washington, DC are some of the most racially and ethnically diverse in the state. Homes in the Washington, DC suburbs are the most expensive in Maryland, with median rents and home prices above statewide average values. This region is home to the largest share of cost-burdened homeowners (26 percent) and second largest share of cost-burdened renters (47 percent). Together, the region's high median income (\$98,046) and share of people living in poverty (8 percent of the region's population) suggests significant disparities across residents in this region.

» Housing market: Washington, DC suburbs



Households:

766,000
Households



Population:

2.2 Million
People



Total Census Tracts:

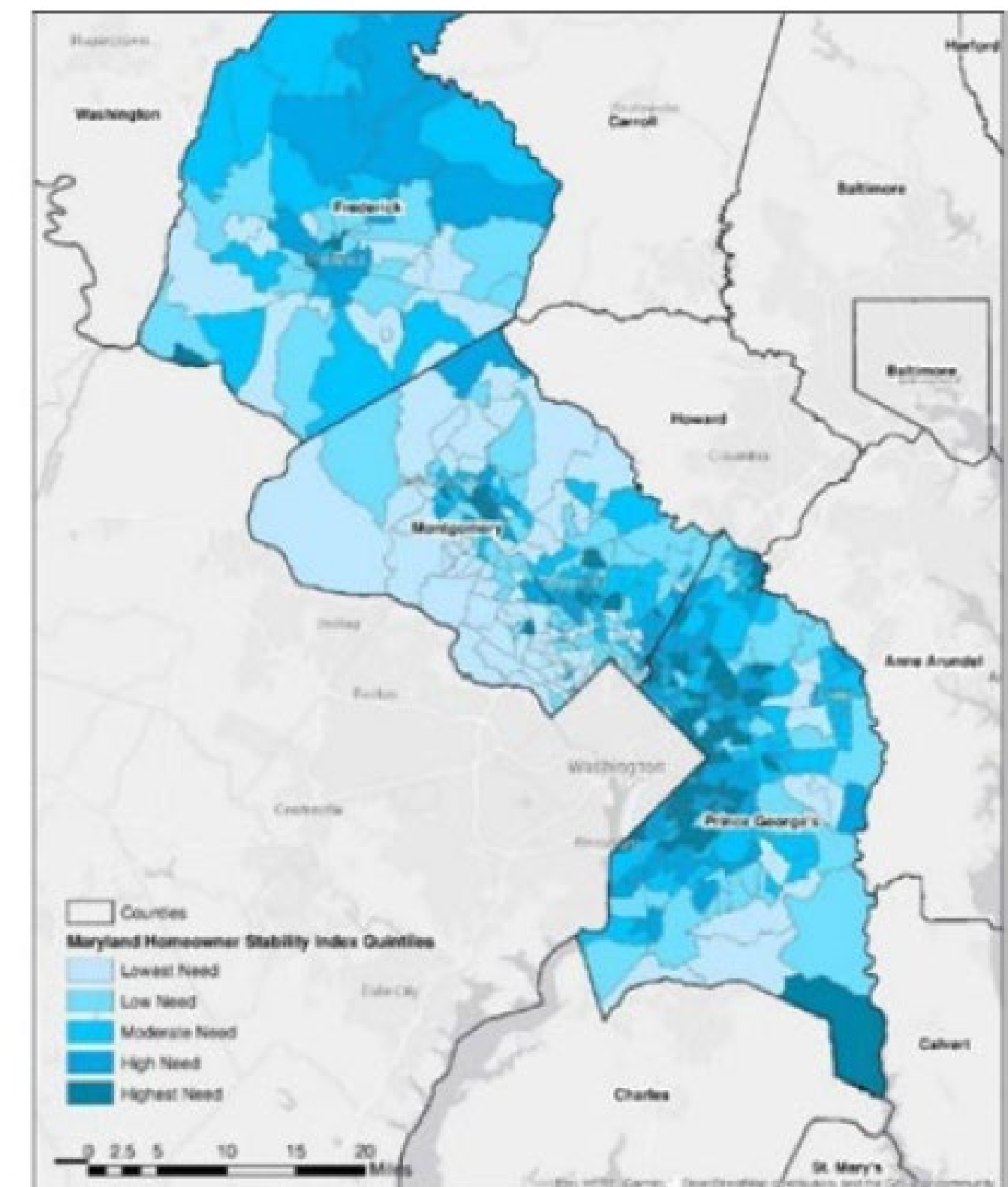
494
Tracts

- » • Median rent (2017): \$1,704
- Home price (2017): \$379,122
- Mortgage delinquency rate (2019): 0.3 percent
- Foreclosure rate (2019): 0.1 percent
- Share of housing units built before 1980 (2017): 53 percent
- Share of housing units built after 2000 (2017): 13 percent

Homeownership index data

- Inner suburbs of Prince George's stand out, among other areas
- **Hit hard by foreclosures, lower incomes, less construction, slowest price increases; high elderly populations, older housing**

Map 3. Maryland Homeowner Stability Index, Needs by Category, Washington, DC suburbs



Homeowners: needs and actions

Priority needs among homeowners

- Disparities in homeownership by race**
 Stakeholders highlighted the gap in homeownership rates among white households living in the Washington, DC region and households of color. As of 2017, the homeownership rate among Black households was 56 percent, 20 percentage points lower than white household rate of 76 percent across all the counties in this region.⁹⁷ This gap can be traced back to a history of discriminatory and predatory lending practices, prevalence of home loan denials, and state and local priorities for investment and policymaking, such as tax structure. Stakeholders stressed the need for an explicit racial equity lens when addressing these disparities, including tailoring actions to meet the needs of underserved populations.
- Housing age and quality**
 Stakeholders noted that the overall age of homes, coupled with poor quality when initially constructed, creates housing quality issues for homeowners. More than half of homes in the counties around Washington, DC were built prior to 1980. They also noted that relative to an aging population, especially in Prince George's County, these homes are not well-suited for seniors who want to age-in-place or persons living with a disability in terms of size and accessibility features.

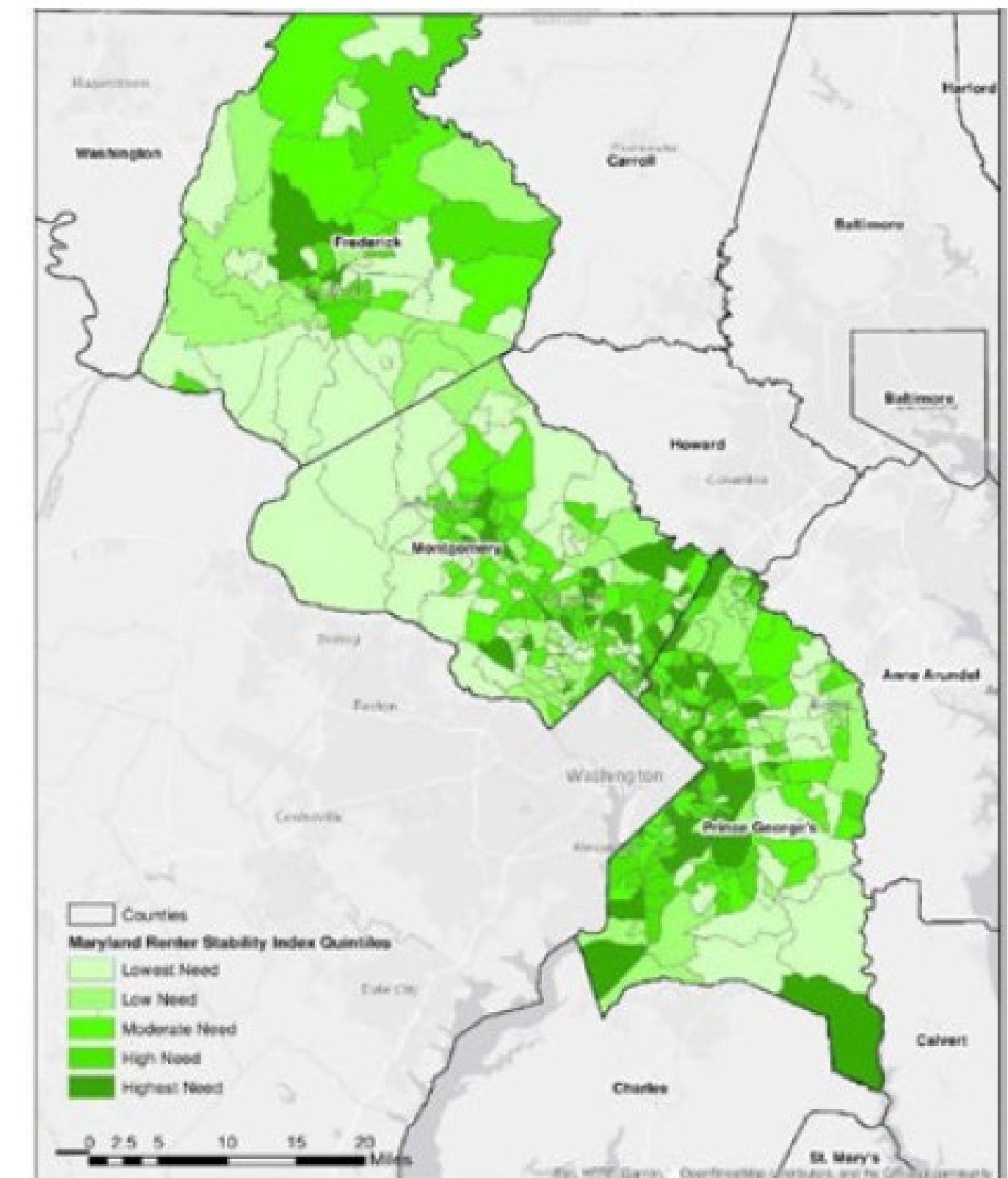
Priority actions to serve homeowners

- Adopt policies and practices that support accessible homes.**
 To create more accessible homes, stakeholders stressed the importance of proactively building homes that incorporate accessibility features from the start. Policies that require or incentivize universal design or visitability standards will increase the supply of accessible homes in the region, avoiding costly rehabilitation.⁹⁸ Proactive policies should be coupled with more resources to support home accessibility modifications for existing homes.
- Create or expand local mortgage subsidies.**
 This action would create local financing, such as mortgage interest subsidies (sometimes called "interest-rate buy downs") or deferred zero-interest loans, that would lower the monthly mortgage payments for low- and moderate-income households.

Renter index data

- Inner suburbs of Prince George's and Montgomery stand out
- High poverty, low household incomes
- Highest shares of non-white residents
- Large, concentrated affordable or subsidized apartments

Map 4. Maryland Renter Stability Index, Needs by Category, Washington, DC suburbs



Renter Needs and Actions

Priority needs among renters

- **Homes offering deep affordability**

Renters in the Washington, DC suburbs need deep affordability—often much lower than what the federally defined AMI suggests. Based on this income standard, all three counties in this region lack enough homes for extremely low-income households, and this deficit extends to very low-income households, too, in Montgomery and Prince George’s counties.⁹⁹ However, stakeholders noted that household incomes in these three counties are lower than the federally defined AMI standard, which accounts for the entire Washington, DC region. This difference between the federally defined area median income and county-level household incomes often means that affordable housing, which largely uses the federal standard to determine eligibility and rent levels, still does not align with the household income of many residents.¹⁰⁰ To the extent possible, Maryland DHCD, among other state departments, should account for this difference when making state-level programmatic decisions (including how investments are targeted).¹⁰¹

- **Housing age and quality**

Renters in the Washington, DC area live in poor-quality properties and other conditions that affect their overall health and safety, such as overcrowding. Three (3) percent of renters in this region live in overcrowded conditions, which represents the highest overcrowding rate of all Maryland regions. Mirroring the same issue affecting homeowners, variation in building practices and initial construction quality across the region, coupled with limited upkeep over time and the high cost of labor and materials, requires more time and money to improve these properties.

Priority actions serving renters

- **Create or expand dedicated local resources for affordable housing.**

Increasing the amount that local governments invest in housing programs and development will help increase the supply of deeply affordable homes and services that provide a social safety net in the Washington, DC region. Stakeholders highlighted one of the benefits of having local, dedicated resources for affordable housing: It leverages state and federal dollars, which help developers be more competitive for financing. Stakeholders stressed that all actions, including the creation or expansion of local resources for housing, need to focus on addressing disparities within each county, tailoring local resources to residents’ needs. They highlighted racial equity assessment tools and racial equity impact statements as ways to integrate a racial equity lens into decision making.

- **Increase capacity among nonprofits and nonprofit developers.** Serving renters in the Washington, DC region—especially if more resources are available locally and at the state and federal levels—requires a strong group of nonprofit partners. To scale with new resources, these partners may need to build their capacity to serve more people or undertake different housing activities to meet more complex housing challenges. Local governments in this region should support increased capacity by providing incentives for true joint ventures between for-profit and nonprofit developers through tools like competitive solicitations for funding. Joint ventures enable greater access to development sites, financing, staff and community support and help build local capacity to develop affordable or mixed-income housing as more development organizations undertake housing activities.¹⁰²