UMBC

AN HONORS UNIVERSITY IN MARYLAND

Affordable Housing in Metropolitan Maryland:

A Policy Analysis

Capstone in Public Policy
Department of Public Policy
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EXECUTIVE SUMMARY

There is a lack of quality affordable housing in Maryland. This study, prepared by graduate students in the UMBC Department of Public Policy, finds that more needs to be done by metropolitan county governments, as well as state governments, to provide adequate, affordable housing for their residents.

UMBC Public Policy graduate students analyzed affordable housing in the state as part of their Policy Analysis Capstone seminar, a course where students, working with faculty and outside experts in relevant fields, prepare a policy analysis of a current topic.

This policy analysis examined the housing market in eight counties that make up Maryland's two metropolitan areas (Montgomery and Prince George's Counties in metropolitan Washington, DC; Baltimore City, Anne Arundel; Baltimore, Carroll, Harford, and Howard Counties in metropolitan Baltimore). The analysis finds that there is a high demand for housing in metropolitan Maryland, the result of a strong regional economy, job growth, service institutions such as hospitals and universities, and proximity to the nation's capital. Access to these and other amenities in the region has created pressure for housing in Maryland. Supply has not kept up with demand and has remained limited. The result is a shortage of affordable housing units.

The lack of affordability means that low-and-moderate income households are being squeezed out of housing. For example, the average Marylander must work 40 hours a week at a salary of $18.85 per hour ($39,200 annually) to afford a two-bedroom apartment. That salary is more than three times the minimum wage of $5.15 per hour and well above the starting salaries for teachers, nurses, police, firefighters and even computer system analysts in many jurisdictions.

Counties currently offer a variety of policies and programs to assist renters and homeowners in locating affordable housing. After reviewing the current affordable housing programs and policies in each jurisdiction, the analysis found that existing county housing policies do not go far enough in making units affordable, and most jurisdictions are not even meeting established goals to increase the number of affordable housing units.

The project identified a range of policy and program alternatives that could potentially boost the supply of affordable housing, and evaluated each alternative in terms of 1) number of affordable housing units (actual and potential) produced; 2) cost effectiveness; 3) legality; 4) political feasibility; and 5) equity. After considering the needs of various local jurisdictions, the study offers three recommendations for programs that could increase the availability of affordable housing in Maryland:

- **Increase the Maryland Affordable Housing Trust Fund (MAHT).** MAHT, established by the Maryland General Assembly in 1992, provides funds to build affordable housing units. This program is attractive to all jurisdictions because it increases the housing stock, a major goal in housing affordability. The report recommends a substantial increase in funding for MAHT through a small increase in the Real Estate Transfer Tax. The report also recommends that eligibility for MAHT be expanded to include moderate as well as low-income households.

- **Expand loans for first time homebuyers.** The Community Development Administration (CDA) Maryland Mortgage Program provides low interest loans for down payments to first-time low and moderate income homebuyers that lack affordable housing. This program is the best alternative for counties that are already heavily developed, such as Baltimore, Howard and Montgomery Counties, and Baltimore City, because it helps families that lack affordable rental housing to purchase homes.

- **Create additional incentives for the Moderately-Priced Dwelling Units (MPDU) Program**. MPDU programs require developers to sell a specific percentage of newly constructed homes as affordable units. The study recommends that new developments maintain an affordable housing stock of 15 percent if the development consists of 50 or more units, and that developers who build in excess of 15 percent be awarded density bonuses. The program is attractive in developing counties such as Anne Arundel, Carroll, Harford and Prince George's because it uses market techniques to produce affordable housing and keeps the county in control of its zoning decisions.

The following section contains highlights from the individual county analyses.

County Highlights

"Housing burden" refers to the U.S. Department of Housing and Urban Development (HUD) standard that households should not spend more than 30 percent of their monthly income toward housing expenses, including utilities. For purposes of this project, households that spend over that threshold lack affordable housing and have a housing burden.

Table EX-1 summarizes the housing burden for Baltimore City and the seven counties analyzed for this project.

Table EX-1
Housing Burden in Metropolitan Maryland

County	All Households[1] Paying 30% or More of Income Toward Housing		Low-Income[2] Households Paying 30% or More of Income Toward Housing	
	Percent	Number	Percent	Number
Anne Arundel	33	54,749	67	10,952
Baltimore City	34	82,030	66	58,595
Baltimore	25	70,279	70	29,463
Carroll	25	11,734	65	3,288
Harford	22	15,639	68	5,070
Howard	25	20,425	74	4,258
Montgomery	26	77,423	77	19,243
Prince George's	30	82,321	76	24,354

Source: Census 2000
[1]Households include renters and homeowners
[2]Households with incomes of less than $20,000 per year.

The County Analyses (Appendices A-H) contain the housing affordability analyses for each county. The following abstracts provide highlights from each analysis.

Anne Arundel

Anne Arundel County does not have a sufficient number of programs to assist those in need. Considering the county's plan generously, approximately 4,000 households are assisted with finding affordable housing. This represents a large shortfall, when over 54,000 households in the county paid more than 30 percent of their income on housing without an adequate solution available. While Anne Arundel County attempts to meet the projected goals stated in its Consolidated Plan, its public policies do not go far enough nor do they adequately address the problem of affordable housing.

Baltimore City

Baltimore City has more than 82,000 residents that are burdened by the cost of housing. The city assisted nearly 24,000 households in obtaining housing in 2002. Clearly, the city's public policies leave behind at least 56,000 households. The city's challenges are unique because the jurisdiction is plagued by the state's highest poverty levels. Baltimore

City is currently focusing on redevelopment strategies that combat the urban blight, crime and infrastructure decay – pervasive characteristics throughout most of the city. Thus, affordable housing remains a lower level priority in the overall housing strategy for Baltimore City.

Baltimore
Baltimore County's housing market in recent years has out-distanced itself from its citizens earning low and moderate levels of income. It is not possible to determine from the Consolidated Plan whether Baltimore County adequately addresses its residents' needs for affordable housing. More than 70,000 households lack affordable housing in the county. Among families with a housing need are those of the county's service workforce: police officers, firefighters, and teachers who may not earn enough income to afford adequate housing in the very jurisdictions they serve. A Baltimore County police officer's starting annual salary is $34,577; a firefighter's is $27,314; and a teacher's is $33,364.

Carroll
Public policies in Carroll County do not provide adequate support to residents who lack affordable housing. Carroll County provided assistance to approximately five percent of households lacking affordable housing. Over 11,000 households in Carroll County lack affordable housing. Over 7,500 of these households earn incomes between $20,000 and $74,000 annually.

Harford
Although Harford County mentions various goals in its Consolidated Plan, data for these goals and the number of housing units assisted were not clearly stated. Harford County does not have a sufficient range of programs to assist households in need. Over 15,000 households have a housing burden. Considering its Consolidated Plan generously, only 2,500 households were assisted with finding affordable housing. As a result, numerous households were left without affordable housing.

Howard
Howard County has a surplus of affordable housing units built, proposed, or rehabilitated, relative to its five-year target, which is commendable considering the inability of other counties to fulfill their housing goals. However, the county's affordable housing goals are only a fraction of its need. Currently, one quarter, or 20,000, of the nearly 82,000 households in the County pay more than 30 percent of their income on housing costs. Further, county land has been developed nearly to capacity. Even if the county had the resources to provide for its full affordable housing need, it would still be unable to do so for regulatory reasons. In order to effectively address its affordable housing problem, Howard County must not only consider the needs of those paying over 30 percent of their income on housing costs, but also county land capacity and zoning policies.

Montgomery
Montgomery County has clearly recognized the problem that many residents face, and has made a marked effort to provide an adequate supply of affordable housing, especially

through its moderately priced dwelling units (MPDU) program. However, there still exists a lack of affordable housing for county residents. Overall, 26 percent of Montgomery County households, more than 77,000 in number, lack affordable housing. The middle income ($20,000 to $74,999) burden is significantly higher, with 39 percent of households experiencing a housing burden. It is evident that while Montgomery County's housing programs created substantial units of affordable housing, the current programs do not go far enough. For a two year period, the County aimed to create approximately 3,000 affordable units, but it was only able to produce 1,719 units.

Prince George's

Prince George's County has the highest number of individuals living in poverty in its region of Maryland. The county also has the highest number of single parent families with children in the area. Approximately 82,321 households pay more than 30 percent of their income to afford housing. Prince George's County Housing Strategy targets only 6,600 households over the five years 2001-2005. Therefore, the county plan fails to address the affordable housing needs of up to 75,721 households.

INTRODUCTION

This report is a formal policy analysis addressing the lack of affordable housing in metropolitan Maryland. As graduate students at the University of Maryland, Baltimore County (UMBC), we produced this report as part of the requirement for the Master's Degree in Public Policy (MPP). In addition, we have consulted with Greg Shupe, Director of Maryland's Department of Human Resources Office of Transitional Services, to critically examine local housing plans to determine what counties are and are not doing to address the problem of affordable housing. We then compared the stated public policy goals and the actual production of housing to the determined need for affordable housing.

In the presentation of this report, we give insight into the problem, offer several policy alternatives, evaluate these proposed programs and policy against a set of criteria, and finally suggest a set of recommendations for policymakers at the state and local levels of government. It is our goal to add to the discourse related to affordable housing and put forth a policy recommendation that positively impacts as many households as possible in metropolitan Maryland.

PROBLEM STATEMENT

A brief look at the local newspapers and television news sheds light on the lack of affordable housing in Maryland. A recent *Baltimore Sun* article quoted Montgomery County Council Member Steven Silverman who said, "among those being squeezed out [of housing] are police and firefighters who protect our lives and property, the nurses who tend to our sick and elderly, and the child-care workers who spend time with our kids" (Barker, 2003). Indeed, this trend of being "squeezed out" of housing is commonplace among metropolitan counties in Maryland. Low-and-moderate income households are disproportionately impacted because wages have stagnated while housing costs have risen dramatically in recent years.

The cost of housing in Maryland has become increasingly more expensive. For instance, the median house price in the Baltimore metropolitan area has risen from $125,000 to $220,200 – a 43 percent increase since 1999. More alarming, during the 1999-2000 period, housing prices rose nearly $35,000 or 21 percent and from 2002-2003, they rose approximately $30,000 or 18 percent. These sharp increases indicate that there is a high demand to live in Maryland's metropolitan areas. In fact, during the past year alone (Sept. 2002-2003), the average price for a house in Maryland rose 8.65 percent – the fourth largest increase in the nation (see Figure 1). Consequently, a flurry of media attention, nonprofit advocacy, and general public awareness has caused Maryland's policymakers to reconsider various policy alternatives to improve the affordability of the state's housing stock.

We take as a starting point for our analysis that there is a lack of quality affordable housing in Maryland. According to Census 2000 data, nationwide 12,698,785 or 23 percent of homeowners and 10,057,000 or 35 percent of renters pay more than 30 percent of their income for housing. Overall, one in three Americans lack affordable housing units. The U.S. Department of Housing and Urban Development (HUD) has established an affordable housing threshold that government and industry have adopted as standard. It holds that households should not spend more than 30 percent of their monthly income toward housing expenses, including utilities. Officially, and for our purposes as well, households that spend over that threshold lack affordable housing. The Census data only indicates the number of households that pay in excess of 30 and 35 percent of their monthly income for housing. Many households pay much more, but we can only estimate from income data. Thus, the data under-emphasizes the impact of high housing costs on lower income households.

The lack of affordable housing in Maryland's two metropolitan areas is particularly striking. Recent research by the *National Low Income Housing Coalition* (2003) shows that Maryland has the fifth least affordable housing market. Soaring rents and home prices are evidence of this trend. Fair market rents (FMRs), estimated by HUD, have risen dramatically since 2000 in both Washington and Baltimore metropolitan areas.[1] FMRs are intended to be housing market-wide rent estimates that provide housing opportunities through out a metropolitan area, as defined by the Office of Management and Budget (OMB), in which rental units are in direct competition. In Washington suburban areas, the FMR has increased 31 percent since 2000; in Baltimore suburban areas, the FMR increased nearly 28 percent (see Appendix 2). Additionally, to afford a two-bedroom apartment at FMR, a Marylander must work 40 hours a week while earning

[1] FMRs are based on an annual analysis of local housing costs through telephone surveys, and they are the amount up to which a federal housing subsidy will cover.

$18.85 an hour or $39,200 annually. This wage is 366 percent of the minimum wage ($5.15 or $11,700 annually). In Baltimore City, the housing wage for a two-bedroom apartment is $17.08 or $35,500 annually, and in Montgomery County, the housing wage for a two-bedroom apartment is $23.42 or $48,700 annually.[2] These wages are 332 percent and 455 percent respectively, of the minimum wage.

Figure 1

Percent Change and Rank in Average Housing Price, 2002-2003

Rank	State	Percent Change		Rank	State	Percent Change
1	Rhode Island	12.35 percent		26	West Virginia	4.25 percent
2	California	9.70 percent		27	Alaska	4.23 percent
3	District of Columbia	9.10 percent		28	Missouri	4.00 percent
4	**Maryland**	**8.65 percent**		29	Oregon	4.00 percent
5	Florida	8.64 percent		30	South Dakota	3.92 percent
6	New Jersey	8.45 percent		31	Arkansas	3.83 percent
7	Hawaii	8.30 percent		32	Wisconsin	2.83 percent
8	Delaware	7.70 percent		33	Oklahoma	3.80 percent
9	Maine	7.65 percent		34	Alabama	3.71 percent
10	New Hampshire	7.64 percent		35	Idaho	3.68 percent
11	New York	7.51 percent		36	Washington	3.53 percent
12	Massachusetts	7.38 percent		37	Iowa	3.46 percent
13	Connecticut	7.07 percent		38	Kentucky	3.41 percent
14	Nevada	7.00 percent		39	Georgia	3.14 percent
15	Virginia	6.58 percent		40	Ohio	3.12 percent
16	Montana	6.19 percent		41	Tennessee	3.06 percent
17	Minnesota	6.12 percent		42	South Carolina	2.99 percent
18	Pennsylvania	6.02 percent		43	Kansas	2.98 percent
	Nationwide	**5.61 percent**		44	Michigan	2.98 percent
19	Vermont	5.60 percent		45	Mississippi	2.86 percent
20	Wyoming	5.57 percent		46	Nebraska	2.72 percent
21	Arizona	4.74 percent		47	North Carolina	2.72 percent
22	Louisiana	4.45 percent		48	Indiana	2.60 percent
23	North Dakota	4.40 percent		49	Texas	2.36 percent
24	New Mexico	4.35 percent		50	Colorado	1.88 percent
25	Illinois	4.30 percent		51	Utah	1.80 percent
Source: National Association of Realtors & Office of Federal Housing Enterprise Oversight; Data through September 30, 2003						

[2] National Low Income Housing Coalition, *Out of Reach: America's Housing Wage Climbs*, (Washington, DC), September 2003.

Maryland's metropolitan jurisdictions (in the Baltimore and Washington metropolitan areas) have witnessed soaring housing prices despite an economic recession during the 2000s. There are several explanations for this. First, as our county-by-county analysis demonstrates (see Appendix), no jurisdiction is meeting its established production goals of affordable housing units. Counties are unable or unwilling to adequately provide housing that is affordable for their residents. Second, as populations and jobs decentralize to the urban periphery, housing locations become scattered through the region. Thus, the price of land is cheap in developing counties like Carroll and Harford, while land costs are expensive in Montgomery and Howard counties. This is due to the supply and demand cycles of development. Third, the demand for housing in metropolitan Maryland is the result of combined factors like a strong regional economy, job growth, service institutions such as hospitals and universities, and proximity to the nation's capital (Alatzas, 2003). Access to the region's amenities has created high demand for housing, and housing prices have consequently risen significantly to meet such demand while the supply has remained limited. The result is a shortage of affordable housing units.

Several other institutional explanations offer insight into the problem. Housing policies have been fragmented across the nation. In a governing environment where devolution reigns, the burden has fallen on local governments to meet the housing needs of its residents (Kincaid, 1999). In essence, three layers of government have implemented different housing policies that target different audiences with different goals. This creates a situation where public policy is not cohesive. So, the fragmentation of government can explain why some housing policies do not go far enough in making units affordable to everyone. Additionally, not-in-my-backyard (NIMBY) is a mindset that places substantial constraint on housing policy. Pendall (1999) notes that NIMBY "connotes a selfish desire to abdicate responsibility for important community facilities." So, NIMBY attitudes surround many housing issues because individuals perceive threats from minorities, housing values, traffic, and crime (Pendall, 1999). When many voice these attitudes, they often inhibit the implementation of various housing policies that would make housing more affordable.

The lack of quality affordable housing is a public policy problem. Many economists worry that as home prices outpace personal income, the market will exclude first-time homebuyers. For decades, the government has been committed to implementing many policies that increase homeownership. Yet, the market is now failing to provide an adequate supply of affordable housing. Too many low-to-moderate income families are being "priced out of the market." Too many service workers like teachers, police officers, firefighters, and nurses cannot afford to live in the jurisdictions they serve. Finally, we believe that all individuals and families have a right to adequate, affordable housing in the United States. The consequences of not acting are grave because the soaring cost of housing is unlikely to abate soon.

CRITERIA

We used five criteria to evaluate the proposed alternatives. The five criteria are: 1) number of affordable housing units generated (actual and potential), 2) cost effectiveness, 3) legality, 4) political feasibility, and 5) equity. We selected these criteria because they most accurately reflect our priorities in addressing the lack of affordable housing. Employing these criteria allowed us to evaluate the impact of each policy alternative.

I. Number of Affordable Housing Units

We assess each alternative based on the actual and potential number of affordable housing units they may create. Through the creation of additional affordable housing units, fewer households experience a housing burden. This criterion is important because it directly measures the impact of policy alternative on the stock of housing.

II. Cost Effectiveness

Cost effectiveness measures the amount of outputs produced (e.g., number of affordable housing units) per unit of input (e.g., dollars spent). In other words, we measure the degree of the 'bang for the buck' achieved by each policy alternative. This criterion is important because it is preferable to supply the greatest amount of output with the least input.

III. Legality

Legality means the proposed alternative is legally permissible under federal, state, and local laws. This criterion is important because alternatives that violate established law are not tangible.

IV. Political Feasibility

Political feasibility refers to whether an alternative has a reasonable expectation of being approved by relevant policymakers within the state or local government. It is important to consider the political preferences and constraints in a policymaking environment. Alternatives that lack political feasibility are unlikely to be adopted.

V. Equity

The proposed alternative will be considered equitable if it provides all households that are lacking affordable housing the same opportunity to achieve an affordable housing unit. This criterion is important because it makes affordable housing accessible to all populations.

ALTERNATIVES

In order to address the lack of affordable housing, we examined both best practices and the scholarly literature for examples of affordable housing programs and policies that might be applicable in Maryland's metropolitan jurisdictions.

We began by researching current housing practices within Maryland and each metropolitan jurisdiction. Counties currently initiate a variety of programs. The Appendix highlights each of the county's efforts. We then surveyed other states' housing initiatives. We also reviewed relevant academic journals and books to gain insight and develop the theoretical framework for the rationale for each alternative. Utilizing these resources, we developed a comprehensive inventory of possible policy alternatives.

We identified six alternate policies and programs for consideration that appeared most promising and relevant for Maryland. These are: 1) create a nonprofit organization grants and loans program; 2) create a housing services program; 3) expand the Maryland affordable housing trust fund; 4) create a moderately priced dwelling unit program; 5) amend local zoning regulations; and 6) expand the loan program for homeowners and renters. In the following pages, we describe the alternative, their target populations, administration, and funding sources.

1. Nonprofit Organization Affordable Housing Grants and Loans Program (NOAH)

NOAH would provide grants and low-interest loans to nonprofit organizations to improve or create housing intended for ownership or rent by low- and moderate-income households and provide housing support services that will improve acquisition and retention of housing by moderate- or low-income individuals or families (e.g., individual case management, eviction prevention, improving landlord-tenant relations, life-skills training, and financial literary skills training).

Purpose of Program

The purpose of the program is to increase access to funding for nonprofit organizations to expand the stock of resources available in Maryland to find, place, and keep all households in housing that they can afford.

Why Nonprofit Organizations?

Nonprofit organizations have access to resources local government agencies or for-profit companies may not. First, nonprofits have more social capital in the form of volunteers, simpler bureaucratic structures, and ties to communities. Second, they have access to land, in-kind gifts, and funds that are more flexible than government funds (tithes, offerings and private donations, for example). Third, nonprofits may be more knowledgeable than local government agencies or for-profit companies of the housing needs for the populations and localities that they serve. Though nonprofits are currently eligible for several loans and grants programs targeting certain populations with particular housing needs, no state grants or loan programs target nonprofits. Thus, additional resources could work as an incentive to increase the stock of affordable housing resources in Maryland through nonprofit organizations.

Grant Terms

Under the NOAH Grant Program, sponsors must agree, as they do under the Maryland Department of Housing and Community Development (DHCD) Shelter and Transitional Housing Facilities Grant Program (STHGP), to maintain newly constructed or renovated projects as affordable housing for a term of 15 years. If the use is discontinued prior to 15 years, the grant is repayable. Generally, grant funds may not be used for more than one-half of total project costs. Under usual conditions grants may be for as much as 75 percent of total project costs. Support services should be maintained with each household for five years.

Loan Terms

Under the NOAH Loan Program, low-interest loans are structured, as they are under DHCD's Group Housing Programs (GHP), to help make the project financially viable and affordable for eligible residents. The interest rate varies from zero to seven percent depending on the source of the funds and the cash flow of the project. The maximum term is generally 30 years. State loans may be combined with a revenue bond loan under the Special Housing Opportunities Program (SHOP). The maximum loan amount varies by geographic location but may not exceed the appraised value of the property. Nonprofit organizations are expected to contribute more than five percent towards the project. Upon sale, exchange, or disposition of the property, the sponsor must share any net equity in the property with DHCD at a rate determined by the DHCD. SHOP loans cannot be prepaid for a minimum of 10 years.

Impacts

The implementation of NOAH programs impacts jurisdictions in several ways. The creation of additional housing units in any given jurisdiction imposes various costs. Public services – such as schools, trash removal, fire and police, and road creation and maintenance – are new costs associated with new housing units and residents. Other impacts include traffic congestion and environmental degradation as density increases with additional housing units.

Emphasizing nonprofit organizations in the NOAH program provides incentives for nonprofit organizations to become involved in affordable housing services. In addition, nonprofit organizations may be more likely to survive in harsh economic times with government involvement, which enables them to continue serving populations. Consequently, more clients would be served through NOAH programs, thus increasing the stock of affordable housing in metropolitan Maryland.

Administration

NOAH grants and loans may be provided to nonprofit organizations that assist and support households lacking affordable housing. This includes, but is not limited to: Community Development Corporations (CDCs), Community Based Organizations (CBOs), and Faith-Based Organizations (FBOs). These programs are targeted to nonprofit organizations to provide housing and supportive services for beneficiaries that may be renters or owners. DHCD awards and administers NOAH grants and loans annually through a competitive application process.

Funding

The county governments will structure a fee system that charges customers a processing fee for copies of public documents. Other states have imposed similar administrative fees for generating revenue. The funds are then transferred to the State for disbursement.

2. Housing Services Program

We propose an extensive housing services program, which would include financial counseling and life skills education for low-income households that lack affordable housing. The establishment of a Housing Services Program could help families in the following areas:

- Review credit reports and receive credit counseling (e.g., debt consolidation);
- Construct household budget and savings plan;
- Determine employment status and annual household income;
- Determine affordability price range for homeownership;
- Learn about programs offered by the county and state;
- Conduct housing search assistance and housing "readiness" counseling;
- Provide transportation to and from neighborhoods and apartments to view/visit available rental units;
- Assist in the filling out various forms and in the completing of applications;
- Train clients for meeting and dealings with landlords and rental unit managers;
- Rent and utility assistance to prevent an eviction and/or utility disconnection;
- Short-term emergency case management to assist families in crisis; and
- Issue certificates for CDA and FHA programs once client establishes self-sufficiency.

Purpose of Program

Providing these services enables more households to receive information, guidance, and support that would increase opportunities for affordable housing. Through individual meetings and group workshops, clients of the program receive information to obtain quality affordable housing. Better-educated households are more likely to utilize existing affordable housing programs. Thus, households are better prepared to secure available housing units.

Impacts

The Housing Services Program would provide positive impacts by creating a better-educated and self-sufficient citizenry. Similar programs, such as Montgomery County's *Family Self-Sufficiency Program*, have shown that individuals with such training have higher incomes, entered homeownership, and achieved career goals. Communities benefit from these effects because individuals become contributing members of society.

Target populations

Eligible clients for the Housing Services Program would include those households that lack affordable housing and earn an income 80 percent of the area median income (AMI). This income threshold provides support for low- to moderate-income households including service employees such as teachers, nurses, firefighters, and police officers.

Administration

The program should be administered within each jurisdiction in metropolitan Maryland. The county level government is most appropriate for administering the program because it best knows the local housing market and residents' needs. This eliminates bureaucratic obstacles between multiples level of government.

Funding

The Housing Services Program would be funded through HUD Community Development Block Grants (CDBG) funds, which are available to most jurisdictions.

3. Maryland Housing Trust Fund

In 1992, the Maryland General Assembly created the Maryland Affordable Housing Trust (MAHT) to fund affordable housing within the state. In a typical year, approximately $1 million is allocated through this program (DHCD, 2003). We recommend expanding the MAHT by providing additional funds to create more affordable housing units.

Purpose of Program

Expanding MAHT makes financial assistance possible by designating grants to focus on building or renovating affordable housing units. Specifically, grants should be provided on a competitive basis to fund capital costs for building housing infrastructure. Also, MAHT funds should also be available for support services (e.g., credit counseling and budget management). Finally, this program may fund operating expenses (e.g., personnel salaries; maintenance; or legal) of affordable housing developments.

Impacts

Two potential negative impacts associated with the MAHT are costs to the jurisdictions and disincentives for the sellers. Additional housing units cost a jurisdiction financially. These estimates vary across jurisdictions. A private entity, such as a nonprofit organization or for-profit entity, could utilize the funds to create additional housing units, which would negatively impact the local government. The second potential negative impact relates to the impact of the Real Estate Transfer Tax (RETT), a tax levied on real estate transactions between the buyer and seller. Imposing an additional tax may provide a disincentive for sellers in the market, because the greater the cost of the house, the greater the tax burden is to the buyer. Although empirical evidence is scant, anecdotal evidence from Florida reveals that a negative impact does not exist (Center for Community Change, 2002).

A potential positive impact associated with MAHT is that the availability of funds may encourage organizations not currently building affordable housing to enter the market. Hence, the involvement of new organizations in the affordable housing industry will not only create new affordable housing units and new recipients of such units, but will also create new jobs within the development organizations.

Administration

This program will continue to be operated through the Maryland DHCD. Grants should be given to any nonprofit organization, public housing authority, governmental agency, or profit-motivated entity for the construction or rehabilitation of affordable housing units in order to increase the supply. These developing firms can create additional units for ownership or rental. Currently, MAHT supports affordable housing for households earning less than 50 percent of the area or state median income. With our proposal the criteria should be expanded to incorporate households earning less than 80 percent of the area median income. Preference in funding is currently granted to organizations that:

- Target very low-income households;
- Provide housing for families with children;
- Supply housing for adults in single room occupancy units;
- Demonstrate project readiness and feasibility;

- Leverage funds through other sources; and
- Provide self-sufficiency services.

We recommend altering the preferences for awarding funds. Fifty percent of the awards should recognize the current preferences listed above. The remainder of the funds should be allocated to organizations that equally serve all households that lack affordable housing. This is important because housing burden affects low- and moderate-income households; therefore, we suggest these changes to reflect this reality.

Funding

Currently, funds are provided through interest generated by title company escrow accounts. While many local jurisdictions also impose RETT, we suggest implementing the tax at the state level because it provides a standard source of funds that is available to all jurisdictions. The additional funds should be generated through a tenth of a percent increase in the RETT. The RETT is a tax imposed on the buyer during the real estate transaction as a percentage of transacted value. We recommend increasing the RETT from 0.05 percent to 0.06 percent. For the individual homeowner the tax equals $1 for every $1,000 value of the house. A $100,000 house would experience an additional $100 tax; a $1 million home would pay an additional $1,000 in tax. Currently, a half percent RETT is collected to fund Maryland's Open Space Program for protection of recreation, natural, and agricultural lands. This tax generates $97.5 million annually (DHCD, 2003). As a result of the tax increase, we can expect an additional $9.7 million annually for MAHT.

4. Moderately Priced Dwelling Units (MPDU) Program

MPDU programs are housing policies that require developers to sell a specific percentage of newly constructed homes as affordable units. A similar program has been adopted in Montgomery County, Maryland and could be tailored to the needs of other jurisdictions in metropolitan Maryland. This program has produced over 11,000 affordable housing units in mixed-income developments (Montgomery County Department of Housing and Community Affairs, 2002).

A MPDU program should mandate that new developments maintain an affordable housing stock of 15 percent if the development consists of more than 50 units. This is the percentage that Montgomery County currently uses in their moderately priced housing development program. Developers who build in excess of 15 percent should be awarded density bonuses. These bonuses allow the developer to increase number of housing units per acre, thus increasing the revenue of the development. This provides an incentive for builders to construct affordable housing units.

Purpose of Program

The purpose of the MPDU program is to increase homeownership, create mixed-income developments, and increase the construction of affordable housing units. This program uses market techniques to produce affordable housing and keeps the county in control of its zoning decisions.

Administration

The MPDUs could include condominiums, single-family homes, and town homes. However, the affordable units cannot be drastically different from the other units. The developer would not have to pay any jurisdictional transfer taxes or fees on the affordable units. Hence, this would give the developer more profit in return for building the affordable units.

The MPDU program would apply to all new housing developments with 50 units or more. This size of development is large enough to capture many new developments while at the same time not infringing upon the profitability of smaller developments.

The county zoning board should be responsible for ensuring that developers remain compliant with the MPDU program, and that the developers are allocated proper density bonus awards.

Impacts

The creation of MPDUs will increase mixed-income developments, thus decreasing socioeconomic segregation. Hence, creating a positive image of affordable housing recipients could possibly alleviate the fears of NIMBYism. Since MPDU programs create mixed-income neighborhoods, low- to moderate-income households have the ability to purchase a home at an affordable price in a safe, stable neighborhood.

The creation of additional housing units in any given jurisdiction imposes various costs. Public services – such as schools, trash removal, fire and police, and road creation and maintenance – are new costs associated with new housing units and greater populations. Other impacts include traffic congestion and environmental degradation as density increases with additional housing units. Additionally, due to the limited availability of MPDUs, long waiting lists and slow turnover rates create an undesirable condition for households seeking affordable housing units.

Funding

This program would require minimal funds. There would be a slight drop in tax revenue from the loss of the transfer tax on the moderate units. The rest of the county's costs would be administrative and could come from the general revenue funds.

5. Changes in Zoning Regulations

The goal of this policy alternative is to lower the cost of developing houses. Changing various aspects of zoning can assist in making affordable housing construction more profitable for developers, which will result in additional housing units. Specifically, this proposal recommends modifying the following aspects:

- Increase land area designated for medium and high density development;
- Eliminate frontage or front yard setback;
- Allow roads to be more narrow and provide community parking;
- Eliminate sidewalk requirements;
- Modify the required caliber of trees; and
- Reduce the number of required parking spaces.

Purpose of Program

Changing the zoning regulations will reduce the cost of housing construction, which will result in additional affordable housing units. This removes regulations that cause the cost of housing to increase.

Impacts

Negative impacts associated with zoning laws include residential opposition to increased density as well as NIMBY attitudes. Traffic congestion may also result as a consequence of higher density zoning in some areas of a county. Also, recreational behavior may be infringed upon if sidewalks are limited, thus causing a more dangerous situation for children playing outdoors and walking to school.

It is possible that the elimination of frontage or front yard setbacks and providing community-parking areas will result in a heightened sense of community. The trend may result because social interactions between neighbors are more likely due to the proximity of residents.

Administration

The zoning alternative directly targets residential developers. The alternative requires counties to make changes regarding zoning within each jurisdiction. Indirectly, the alternative assists homeowners and renters by reducing the cost of housing.

Funding

The cost associated with zoning changes includes two types: administrative fees and lost revenue. New administrative fees would be minimal because support already exists for modifying zoning. Revenue lost should also be minimal because additional affordable housing units would be created. Estimating exact figures of lost revenue is difficult to quantify.

6. Loan Programs for First-Time Homebuyers

The Community Development Administration (CDA) Maryland Mortgage Program provides low-interest mortgage loans to low-to moderate-income households through private lending institutions. The program primarily targets first-time homebuyers. Additionally, the CDA maintains the Downpayment and Settlement Expense Loan Program (DSELP) that provides a zero-interest second mortgage to eligible homebuyers for settlement expenses and down payments. Income eligibility is based upon household income per county. For example, in the Baltimore County MSA households of one or two persons must earn less than $70,700 and purchase an existing home for less than $202,103 to qualify for these programs. In the Washington MSA households of one or two persons must earn less than $84,800 and purchase an existing home for less than $256,792 to qualify for these programs (DHCD, 2003).

Currently, there are two funding sources for this program: bonds and general funds. The bonds provided 1,606 loans in 2002 and 776 bonds in 2003. The loan amounts exceeded $156 million and $77 million in 2002 and 2003 respectively. The general funds from the State supplied 45 loans in 2002 and 52 loans in 2003. The loans from the general fund exceeded $3 million in both 2002 and 2003 (DHCD, 2004). We recommend expanding this program through providing additional funds.

Purpose of Program

Loans provided to households increase income and make housing more affordable. Future homeowners benefit from a direct loan that provides immediate relief from housing costs. The aim of this program is to increase homeownership among renters who lack affordable housing. This program enables households who would otherwise not be able to afford homeownership to purchase a home.

Impacts

There are many positive effects associated with increased homeownership. In particular, this program coverts current renters to homeowners, which will benefit the community.

Administration

The program should continue to be operated through Maryland's DHCD. Any household that lacks affordable housing is eligible to apply directly for assistance from DHCD on a revolving basis throughout the year. Loans for down payments may be awarded to first-time homebuyers.

Funding

We recommend generating additional revenue through a new annual fee placed on homeowner insurance policies. A flat fee of five dollars should be imposed on each homeowner insurance policy. There are approximately 1.1 million homeowners in the state of Maryland (Census, 2000), so the annual fund would yield over $5 million dollars. These funds collected would support the loan program and allow for additional advertising of this programs availability.

EVALUATION

In this section, we critically evaluate the six policy alternatives that we propose against the five criteria we determined most significant. We rate each alternative based on a scale of one to four. This rating system is as follows:

1. One means that the policy completely or nearly meets the criterion
2. Two means that the policy substantially meets the criterion
3. Three means that the policy poorly meets the criterion
4. Four means that the policy does not meet criterion

To determine the rating, we quantify the impact of each alternative where it is applicable.

1. Nonprofit Organization Affordable Housing Grants and Loans Program

This alternative provides grants and low-interest loans for nonprofit organizations to expand the stock of resources available in Maryland to find and place households in affordable housing.

I. Increase in Number of Affordable Housing Units

Actual. The impact of the NOAH program is uncertain. No new affordable housing units are mandated. The program depends on the receipt of competitive grant applicants and the strategies proposed by applicants. We rate this alternative as failing to meet the criterion (4).

Potential. NOAH's success depends on nonprofit organizations' ability to deliver housing and housing services. Nonprofit organizations' capabilities rely on access to financial and social capital because they must have other resources to qualify. Nonprofit organizations, such as Habitat for Humanity, have been successful in capturing these resources. For example, during FY2002, Habitat for Humanity created 5,400 affordable housing units in the United States, and since its inception in 1976, over 44,000 units have been created (Habitat for Humanity, 2003). This case highlights the potential impact that nonprofit organizations possess in establishing new affordable housing units. In Maryland, based on these estimates, we might expect 250 affordable housing units to be built annually. We rate this alternative as poorly meeting the criterion because 250 units do not sufficiently address the magnitude of the housing burden (3).

II. Cost Effectiveness

The loans will be cost-effective because the State only pays the interest on the loans. Providing grants requires greater risk, because greater resources are needed. Nonprofit organizations' existing financial and social resources contribute to the success of their efforts. The average cost per home for Habitat for Humanity is $60,225 (Habitat for Humanity, 2003). Likewise, Jubilee Housing constructs homes single-family homes for $120,000 and multiple-family housing for $95 per square foot (Stachura, 2003). Cost sharing between public and private entities improves cost-effectiveness. In the case of Habitat for Humanity, the sponsors provide forty percent of the funding, and the remaining portions are covered by a variety of other participants. NOAH's grants and loans could cover this portion, which would enable organizations like Habitat for Humanity to construct more units. For instance, for each dollar spent by NOAH, other supporters like Habitat for Humanity would contribute $1.50. Similar results are expected with other organizations. We rate this alternative as adequately meeting the criterion (2.5).

III. Legality

The NOAH grants and loans program is legal. We rate the alternative as completely meeting the criterion (1).

IV. Political Feasibility

Nonprofit organizations are likely to support this endeavor because it provides them with additional resources. Opponents include local government, who are required to collect the funds, but are not eligible to receive them. Local policymakers may oppose such legislation because of the NIMBY concerns of their constituents. The alternative substantially meets the criterion (2).

V. Equity

This alternative provides an equal opportunity for any household that lacks affordable housing to gain access. State contract policies will ensure that the grantees do not discriminate. We rate this alternative as completely or nearly meeting the criterion (1).

Conclusion

We recommend this policy because it provides an equitable, legal and politically feasible means to potentially increasing the number of affordable housing units. Our support for this recommendation is limited, however, because of the low number of actual housing units likely to be created by nonprofit organizations.

2. Housing Services Program

The Housing Services Program proposes housing counseling and education for low-income households that lack affordable housing. The success of the Montgomery County's *Family Self-Sufficiency Program*, exemplifies this alternative's potential to offer avenues for empowering residents to overcome housing cost burdens.

I. Increase in Number of Affordable Housing Units

Actual. The Housing Services Program provides additional units of affordable housing by increasing the income of households. The program's eight-year successes include nearly three-quarters of FSS's participants, within the five-year term, were free from public benefits and employed at a livable wage. Also, 226 FSS families have successfully graduated and completed their career goals, 67 of whom (30 percent) have purchased homes. Additionally, the average earned income of FSS graduates increased from $8,100 to $27,130 annually – an average increase in earnings of $19,000. Last, 30 percent have completed college, technical training, or earning a GED. Programs with such positive benefits are desirable because they produce self-sufficient members of society. While effective in educating individuals regarding affordable housing, it fails to produce any physical units, thus giving developers little incentive to create new affordable housing units within a jurisdiction. The FSS program has only enrolled 441 families in ten years. This is a low number of families considering the magnitude of the problem. Therefore, we rate this alternative as poorly meeting the criterion (3).

Potential. Increased resources may enable more families to participate in the program and achieve affordable housing. Since the potential is greater than the actual, we rate this alternative between poorly and substantially meeting the criterion (2.5).

II. Cost Effectiveness

To achieve cost-effectiveness, FSS utilizes volunteer case managers and tutors, relationships with local businesses and nonprofit organizations, and community volunteers. Utilizing free or inexpensive services dramatically lowers the cost of the program, which enabled FSS to assist more households for less money. We rate this alternative as completely or nearly meeting the criterion (1).

III. Legality

The Housing Counselor Program is legal. We rate this alternative as completely or nearly meeting the criterion (1).

IV. Political Feasibility

The Housing Counselor Program is politically feasible because it is unlikely to encounter significant opposition. Few policy makers will oppose self-sufficiency programs. Support will be generated from affordable housing advocates. We rate this alternative as substantially meeting the criterion (2).

V. Equity

The program does not satisfy the equity criterion. The proposal prefers low-income households. The proposed alternative does not equally provide all households that are lacking affordable housing the same opportunity to achieve an affordable unit.

This aspect of the proposal, however, could be altered to achieve a higher score. We rate this alternative as poorly meeting the criterion (3).

Conclusion

The advantageous aspects of this alternative are its cost-effectiveness and legality. Yet, because it does not adequately increase the number of affordable housing units and is inequitable, we do not recommend this policy.

3. Maryland Affordable Housing Trust Fund (MAHT)

We propose expanding the MAHT to provide financial assistance through grants to nonprofit organizations, local governments, and for-profit firms to build or renovate affording housing units.

I. Increase in Number of Affordable Housing Units

Actual. Although the MAHT does not mandate building any additional housing units, funds awarded would create additional housing units. Based on an average housing cost of $120,000 (average building costs for for-profits and nonprofits, using 10 percent of the grant), we can expect the $9.7 million in the trust fund to produce approximately 1,000 new affordable units. We rate this alternative as completely or nearly meeting the criterion (1).

Potential. The potential to increase the number of units exists. Funding is available for organizations that desire to build more units. Current practices indicate that there is not a lack of applicants. We rate this alternative as completely or nearly meeting the criterion (1).

II. Cost Effectiveness

With $9.7 million generated in the MAHT, the policy adds 1,000 affordable units to the housing stock. Approximately $9,700 is spent per new housing unit. This grant helps defray the building costs. We rate this alternative as substantially meeting the criterion (2).

III. Legality

The proposal is legal. We rate this alternative as completely or nearly meeting the criterion (1).

IV. Political Feasibility

Support for MAHT will likely arise from affordable housing developers seeking funds, including nonprofit organizations, profit-seeking entities, and local government. However, the local government may oppose affordable housing efforts because of NIMBY concerns among constituents. Furthermore, the administration has stated opposition to additional taxes, which may include RETT. We rate this alternative as completely or nearly meeting the criterion (1).

V. Equity

This alternative provides an equal opportunity for any household that lacks affordable housing to gain access. State contract policies will ensure that the grantees do not discriminate. We rate this alternative as completely or nearly meeting the criterion (1).

Conclusion

We recommend the implementation of this policy alternative. It fully meets each criterion.

4. Moderately Priced Dwelling Units (MPDU) Program

This alternative mandates developers to sell 15 percent of homes as affordable housing units. The effectiveness of this alternative varies within the counties of the analysis. For counties that are essentially built out, or no longer constructing new housing units (Baltimore City, Baltimore County, Howard County, and Montgomery County), this program will have no effect. These counties are exempt from this portion of the evaluation.

I. Increase in Number of Affordable Housing Units

Actual. In counties experiencing rapid development, including Anne Arundel, Carroll, Harford, and Prince George's counties, the actual number of affordable housing units constructed could be substantial. In Montgomery County, which has an MPDU program, private developers have produced over 11,000 MPDUs, and the housing authority has purchased nearly 1,200 units (Montgomery County DHCA, 2002). Construction of affordable units in developing jurisdictions is certain. We rate this alternative as completely or nearly meeting the criterion (1).

Potential. The potential number of affordable units built within a jurisdiction could continue to increase. They could incrementally adjust the percentage upward. Thus, an increase in the number of actual and potential affordable units is probable. We rate this alternative as substantially meeting the criterion (2).

II. Cost Effectiveness

This program is cost-effective. The primary costs associated with the MPDU program are administrative. Thus, it takes few funds to create each additional affordable housing unit. We rate this alternative as completely or nearly meeting the criterion (1).

III. Legality

No regulations inhibit a county from enacting a law or program mandating MPDU program. Adopting this program is legal. We rate this alternative as completely or nearly meeting the criterion (1).

IV. Political Feasibility

Supporters may include local policymakers because of the programs cost-effectiveness. Developers may also support this endeavor because of the density bonus. Both of the parties may oppose this measure as well. Local policymakers may oppose because of NIMBY concerns among constituents and developers may oppose the 15 percent MPDU requirements. So, we rate this policy alternative as adequately meeting the criterion (2.5).

V. Equity

This program is equitable because the houses would be distributed through a lottery system. All residents lacking affordable housing that have the means to pay for a moderately priced unit has an equal chance of obtaining that home. We rate this alternative as completely meeting the criterion (1).

Conclusion

We recommend this alternative in counties experiencing a growth in residential unit. This alternative clearly would assist in the creation of affordable units. Additionally, its high ranking within all criteria create a viable option in addressing the lack of affordable housing.

5. Changes in Zoning Regulations

Changes in zoning regulations may encourage development of affordable housing by easing the regulations that drive up the costs of housing.

I. Increase in Number of Affordable Housing Units

Actual. Changing zoning laws does not mandate the construction or rehabilitation of affordable housing. This proposal does not ensure that any additional units will be created. We rate this alternative as poorly meeting the criterion (4).

Potential. The alternative gives developers incentives to create affordable housing units. Increasing housing densities provides a motivation for the construction of affording housing. We rate this alternative as substantially meeting the criterion (2).

II. Cost-Effectiveness

This program is cost-effective. The primary costs associated with zoning changes are administrative. Thus, it takes few funds to create each additional affordable housing unit. We rate this alternative as completely or nearly meeting the criterion (1).

III. Legality

Changing zoning laws within jurisdictions is legal. Each jurisdiction has a prescribed means of amending its zoning. We rate this alternative as completely meeting the criterion (1).

IV. Political Feasibility

This policy alternative is not politically feasible. It requires too many changes in residential preferences that policymakers will be unwilling to address. These comprehensive changes in zoning could fuel NIMBY attitudes about housing (e.g., fears of lowering property values). The main supporters would be affordable housing developers. We rate this alternative as poorly meeting the criterion (3).

V. Equity

This alternative is equitable because the changes in zoning laws apply to all residents of a jurisdiction. We rate this alternative as completely meeting the criterion (1).

Conclusion

We do not recommend this alternative because it is not politically feasible nor does it actually increase the number of affordable housing units.

6. Loan Programs for First-Time Homebuyers

This alternative provides low-interest loans for down payments to first-time homebuyers that lack affordable housing.

I. Increase in Number of Affordable Housing Units

Actual. The loan program increases the purchasing power of renters that lack affordable housing. We estimate that 1,000 households will benefit from loan awards of $5,000 to go toward the down payment of an affordable housing unit. We rate this alternative as substantially meeting the criterion (2).

Potential. The potential exists for an even greater number of affordable units to be created as the fund grows through additional revenue development and repayment of loans. We rate this alternative as substantially meeting the criterion (2).

II. Cost-Effectiveness

The policy alternative yields the many housing units per dollar spent. The funds will provide home buyers additional money to cover taxes, insurance or other barriers to homeownership. Through this program, homeowners can leverage additional funds. We rate this alternative as completely or nearly meeting the criterion (1).

III. Legality

The proposed alternative is legal. We rate this alternative as completely meeting the criterion (1).

IV. Political Feasibility

The loan program is political feasibility because the funding source is unlikely to encounter significant opposition. The tax imposed is a small and discrete fee among a plethora of other insurance costs. Supporters of this alternative will likely include policymakers at all levels of government. Homeownership efforts are endorsed enthusiastically within all regions in Maryland. Residential developers will support this proposal because loans will increase the demand for housing. Local policymakers are likely to favor this proposal because homeownership yields positive externalities. We rate this alternative as completely or nearly meeting the criterion (1).

V. Equity

The loan program is equitable because all households lacking affordable housing are eligible for the loan program. We rate this alternative as completely meeting the criterion (1).

Conclusion

We recommend this loan program it produces a substantial amount of new affordable housing units through cost-effective means.

Table 2: Matrix of alternatives and criteria

	Actual Increase in Number of Units	Potential Increase in Number of Units	Cost Effectiveness	Legality	Political Feasibility	Equity
1) Nonprofit Organization Affordable Housing	4	3	2.5	1	2	1
2) Housing Services Program	3	2.5	1	1	2	3
3) Maryland Affordable Housing Trust Fund	1	1	2	1	1	1
4) Moderately Priced Dwelling Unit	1	2	1	1	2.5	1
5) Zoning Changes	4	2	1	1	3	1
6) Loans for First-Time Homebuyers	2	2	1	1	1	1

1 Completely or nearly completely meets criterion
2 Substantially meets criterion
3 Poorly meets criterion
4 Does not meet criterion at all

RECOMMENDATIONS

Our policy recommendations are tailored to the needs of the varying jurisdictions analyzed. The alternatives are dependent upon the particular circumstances exclusive to the counties. For example, the developing counties require programs that address additional construction, such as MPDUs. This project affects supply. While the developed counties mandate programs to allow residents to maximize existing housing stock. This project affects demand. The MAHT enables all jurisdictions equitable access to fund projects that are tailored to their individual need.

State's Alternatives

The following policies are alternatives for the state of Maryland: MAHT, Loans for First-Time Homebuyers, and MPDU programs. These three programs are politically feasible, increase the actual number of affordable housing units, and are cost-effective. Nonprofit and private partners can work with public entities to achieve results. The designated funding sources allow the programs to exist without negatively impacting the state's general fund.

The varying jurisdictions will utilize different portions of the MAHT's available funds. The counties experiencing residential development— Anne Arundel, Carroll, Harford, and Prince George's counties – may access the funds to assist in building affordable units. The "built-out" or developed counties – Anne Arundel, Howard and Montgomery counties—may use the funds for support services for households lacking affordable housing. Baltimore City and Baltimore County can facilitate rehabilitation through the funds available.

Developing Counties' Alternative

The MPDU program provides an optimal solution for counties experiencing rapid growth, including Anne Arundel, Carroll, Harford, and Prince George's counties. The cost-effectiveness of this alternative is its strongest advantage. Minimal resources will be required to achieve additional units. The actual number of affordable units created also provides strength. Political feasibility is adequate, but NIMBY fears may contribute to the opposition to this program.

Developed Counties' Alternative

The loan program for first-time homebuyers presents the best alternative for counties that are already built to capacity, including Baltimore County, Baltimore City, Howard County, and Montgomery County. Inability to affect the supply of affordable housing leaves this as the only option to affect demand. Loans provide the most cost-effective option, and the proposal creates actual affordable housing units.

Consistent Reporting Standards

Another problem related to housing policy in Maryland is the lack of consistent reporting standards. Local jurisdictions that receive federal housing funds are required to set goals and evaluate the results of public programs. This information is collected and disseminated through a report called *Consolidated Annual Performance and Evaluation Report* (CAPER). While each local jurisdiction provides information about housing policies, the content and depth of these reports varies greatly. Some jurisdictions provide extensive background information regarding housing, public policy goals, and program evaluation while others simply describe the current programs geared toward housing. For example, Montgomery County offers a plethora of information about housing market trends, its current and future supply of affordable housing, and quantitative assessments of program goals and expectations. In contrast, other counties in our study do not provide quantitative measures of progress toward goals. As a result, the lack of uniform reporting standards at times impeded our analysis of housing public policies. We therefore recommend a standardization of housing reports that clearly state the jurisdiction's goals and a quantitative progress report toward those goals.

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APPENDIX A
Anne Arundel County, Maryland

Demographics

Anne Arundel County is a suburb of the Baltimore Primary Metropolitan Statistical Area (PMSA) located in central Maryland on the western shore of the Chesapeake Bay. The County covers 416 square miles or 266,140 acres, with 527 linear miles of tidal shoreline. Anne Arundel County is the third largest jurisdiction within the Baltimore PMSA, with a large percentage of the land use designated as rural. High density residential land use designation is allowed only in small portions of the northern and western parts of the County (Anne Arundel County Consolidated Plan, p. 18-19).

Anne Arundel County has experienced a moderate growth in its population over the past several years, but the increase is expected to slow down over the next two decades. The total population of Anne Arundel County was 489,656 and households totaled 186,937 (Census, 2000). The median household income continues to rise. In 2000, median household income was $61,750, and by 2002 income was $69,150, a 12 percent increase.

Housing Market

Anne Arundel County households are comprised of 151,959 (81.3 percent of the total) single-unit structures; 31,074 (16.6 percent) multi-unit structures; and 3,822 (2 percent) mobile homes. Table 1 details the housing tenure of these units. Notice that the vacancy rate is very low – only 4 percent – indicating that there is indeed a high demand for housing units.

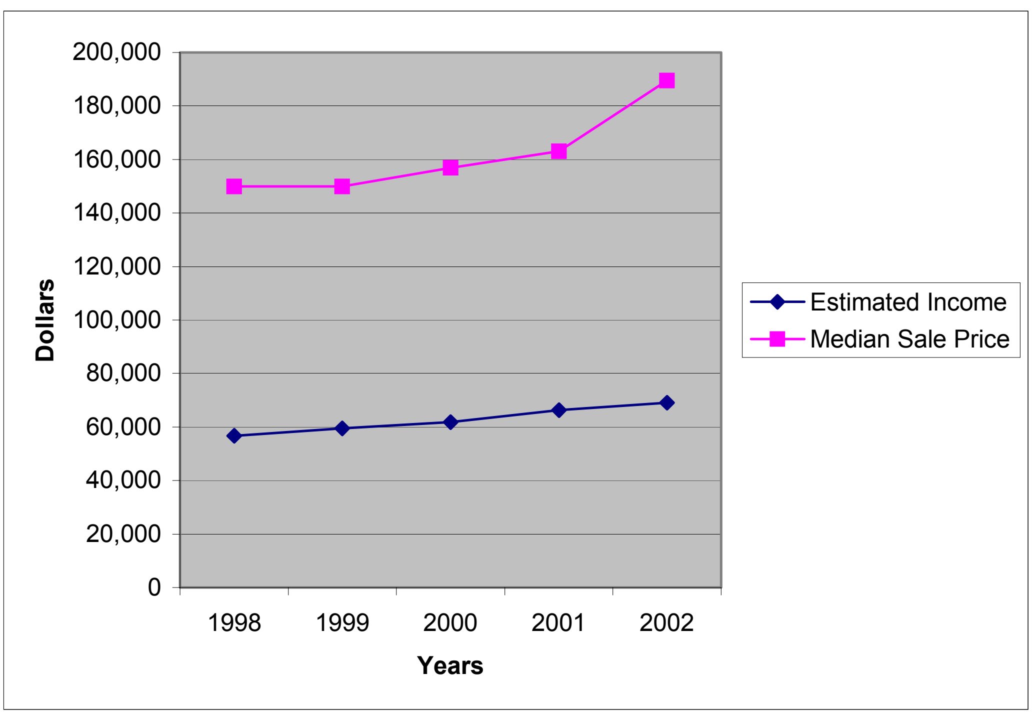
Table 1: Housing Units in Anne Arundel County

Housing Units	Number of Units	Percentage of All Units
Owner-Occupied	134,922	72%
Renter-Occupied	43,748	23%
Vacant	8,267	4%

Source: Census 2000

Furthermore, there has been an increase in the cost of housing as compared to household incomes over the past three years. Figure 1 shows how income and housing prices compare for years 1998 through 2002. During the late 1990s, both income and housing prices remained fairly stable. For example, median household income of the County in 1998 was $56,700 while the median selling price of a house was $149,900. By 2000, median household income rose to $71,650 while housing prices jumped to nearly $190,000. Accordingly, from 1998-2002, housing prices rose 21 percent, and incomes rose 17 percent. Rising housing prices continually outpace household income.

Figure 1: Rising Housing Costs versus Stable Income



Source: Maryland Department of Planning, 2003

Thus, the cost of owning a home was almost two and a half times that of a household's income during the late 1990s. A noticeable change became evident between 2000 and 2002 when the median selling price of a house started to rise slightly faster than median household income. From January 1, 2002 through December 31, 2002, the median selling price of a house was $189,500, an increase of 20.8% from $156,900 in 2000. On the other hand, the median household income in 2002 was $69,150, which only rose 12 percent from $61,750 in 2000. Calculations from Figure 1 show that from 1998-2002, household incomes rose approximately 18 percent, while the cost of owning a home increased by 21 percent. Therefore, incomes are not keeping pace with rising housing prices.

Our review of the housing market revealed that some households paid over 30 percent of their monthly income on housing, which surpasses the HUD standard for affordable housing. Based on HUD fair market rent (FMR) in Anne Arundel County for a two-bedroom apartment was $668 in 2000 compared to $643 in 2002 – a 3.7 percent increase. Appendix I shows the percent increases of FMRs from 1996-2004. For example, in Anne Arundel County, they increased 32.5 percent from 1996-2004. The largest increase in about two decades occurred between 2002 and 2003. Also, FMRs jumped over 20 percent from $668 to $844. During the 1990s, Appendix I shows that FMRs increased modestly, between 1-3 percent. Yet, beginning in 2000, FMRs increased significantly each successive year.

The median rent in Anne Arundel County was $798 per month per unit for renter occupied units. Thirty percent of renters (13,144 households) pay more than 30 percent of their household income on housing. The median mortgage for owner occupied units was

$1,371 per month, which resulted in 34 percent of owners (41,615 households) paying more than 30 percent of their household income on housing.

Housing Policies

The overall goal of Anne Arundel County's Consolidated Plan (FY2001-FY2005) is to provide a high quality of life for all County residents and to stabilize distressed communities. This provides a range of housing choices that will accommodate households of all incomes, sizes, and specials needs. It also provides any necessary supportive services which will enable all residents to maintain independence and play an active role in their communities. This section outlines the various policies and programs that the County has implemented to address affordable housing.

Rental Assistance Programs

The key goal for these programs is to increase the supply of affordable rental units to meet the needs of the low and moderate-income population. Such rental assistance programs that Anne Arundel County supports and administers include the Section 8 Housing Choice Voucher Program and the Rental Allowance Program. The County operates 1,026 public housing units and distributes 1,094 Section 8 housing vouchers. The waiting list for vouchers has increased by 53 percent over the last five years, or from 2,814 in 1995 to the current list of 4,313 (500 of these households are elderly). As of March 2003, the Housing Commission of Anne Arundel County (HCAAC) had 2,365 households on its public housing waiting list, and only five vacant units. In 1999, there were 1,696 households with seven vacant units. The result is a waiting list of over 6,000 households for housing assistance. In addition, the Rental Assistance Program provides emergency financial assistance to prevent eviction or the disconnection of utilities. It assists approximately 18 families living in rental properties each year.

Efforts to increase the supply of affordable rental units include loans for rehabilitation efforts and new construction. The Rental Project Assistance Program provides loans to developers for the acquisition, rehabilitation and new construction of rental housing for households earning at or below 60 percent of the median household income. From July 1, 2000 to June 30, 2003, the County has produced 160 rental units for the elderly and 94 rental units for families.

Homeownership Programs

In order to assist residents in attaining homeownership, Anne Arundel County provides housing counseling services to prepare first-time, low and moderate-income buyers. The Mortgage Assistance Program provides deferred repayment loans for home mortgages, down payments and settlement costs for first-time buyers with household incomes at or below 80 percent of the median income for the area (adjusted for household size). From July 1, 2000 to June 30, 2003, outreach and homeownership counseling has been provided to 1,796 households and homeownership assistance to 133 first-time homebuyers.

The County has implemented other initiatives to increase the supply of affordable housing. First, the Property Rehabilitation and Reconstruction Program focuses on maintaining the County's existing inventory of affordable, owner occupied, single family housing through the provision of deferred repayment, home renovation loans to low income households. Rehabilitation assistance provides repair to homes found to contain violations of health, occupancy and other codes that endanger the health and welfare of the occupants. The program also allows for the reconstruction of properties found to be deteriorated to a point beyond cost effective rehabilitation. Second, the Affordable Housing Program purchases land in the County for the construction of affordable housing. In the County's effort to maintain the existing stock and increase the supply of affordable owner occupied homes, the 5-year Consolidated Plan's (FY 2001- FY2005) goal is to rehabilitate 225 homes, of which 100 homes have been rehabilitated by the end of fiscal year 2003. Third, the Venture Housing Program that makes County owned, residentially zoned surplus properties available at no cost for the construction of housing for purchase by first-time homebuyers with limited incomes. These parcels of land are developed by nonprofit or for-profit developers under agreement to write down the cost of the finished units by approximately the value of the land. During last year, one house was constructed and sold to a first-time homebuyer. Last, the Purchase Price Reduction Program provides County funds to pay up to $10,000 for fees associated with new construction, including impact fees, when nonprofits construct new homes to sell to limited income buyers. While the County plans to assist nonprofits in constructing new affordable homes, their targets and actual accomplishments for this program are unknown.

Community Development and Housing Services

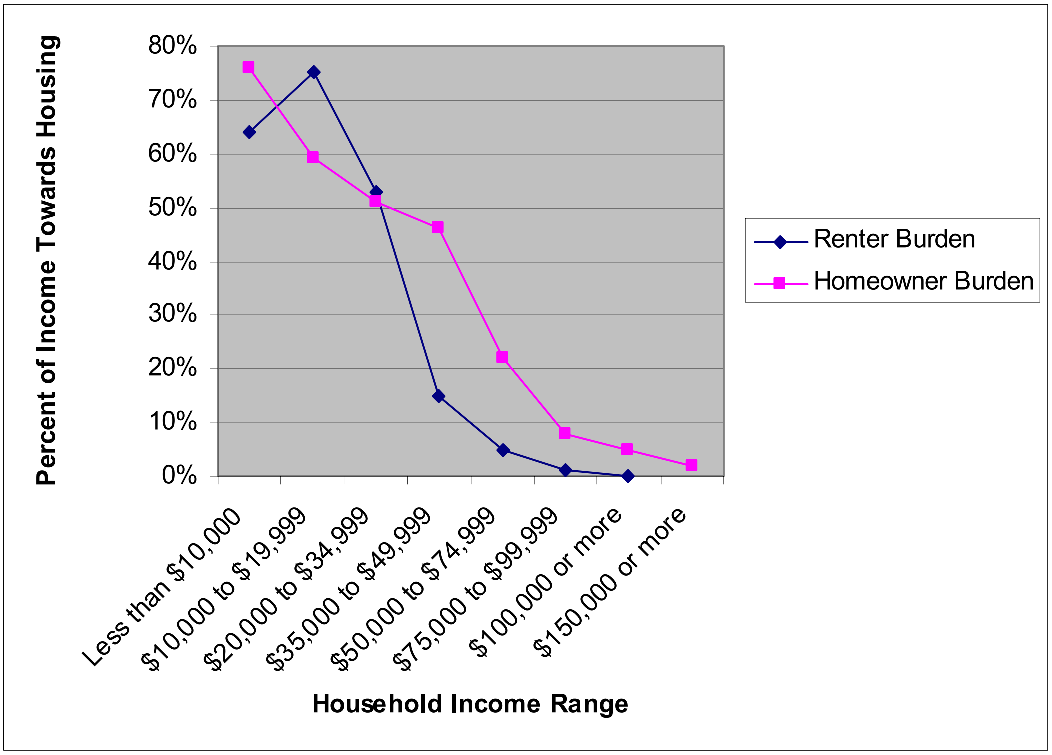
Another goal of the County is to revitalize troubled neighborhoods in order to retain affordable housing, stabilize neighborhoods, and improve the overall quality of life. Anne Arundel County has completed 60 percent, or 6 of the 10 new homes, to be constructed in the Bacontown community. It has rehabilitated 30 percent, or 3 of the 10 targeted homes, in the Brooklyn Park area to resell to first-time homebuyers. The County is also focusing on facilities that enhance community identity and has endorsed the reuse of Bates High School for affordable senior housing, a County operated senior center, a regional Boys and girls Club, athletic fields, and memorial space to Wiley H. Bates. Construction is scheduled to start in the spring of 2004.

The Resident Services Program is available to all public housing residents and Section 8 recipients to provide counseling, information and referrals to services needed to find rental units. This assistance helps to prevent financial and personal problems from becoming unmanageable. Since 2001, the Resident Services Program has assisted 1,215 individuals with counseling, services and referrals. The County also operates the Family Self Sufficiency Program, which is offered to public housing and Section 8 recipients. The program combines housing with supportive services to help decrease welfare dependency and achieve economic self-sufficiency. Program participants are provided with employment assistance, childcare, transportation, training and education programs, and credit and homeownership counseling. Although the County operates this program, their plans to accomplish this goal are unknown and not clearly identified.

Housing Needs

A tight housing and rental market has created an affordability gap in Anne Arundel County, whereby residents cannot afford the current prices for housing. Figure 2 details the burden of households who paid over 30 percent of income toward housing. It is evident that low and middle-income households were disproportionately burdened. For instance, the homeowner burden peaks at the less than $10,000 household income range, while the renter burden peaks at $10,000 to $19,999 household income range. Furthermore, the homeowner burden drops dramatically in the household income range of $35,000 to $49,999 – from over 50 percent to 15 percent. In contrast, the renter burden remains relatively high until household incomes reach $75,000. These trends are quite revealing because they demonstrate that low and moderate-income households are indeed disproportionately impacted by the inadequate supply of affordable housing.

Figure 2: Housing Burden by Income Category



Source: Census 2000, Summary File 3 (data from Table 2)

The Census 2000 revealed that five percent of households lived below the Federal Poverty Level of $18,400 (U.S. Department of Health and Human Services, 2003; based on two-parent, two-child family). This presented the County with a great obstacle for provide affordable housing to low-income households, which are more likely to pay a higher percentage of their income toward housing. For low-income households earning up to $19,999, 67 percent paid over 30 percent of their income toward housing. For middle-income households earning $20,000 to $74,999, 31 percent of households paid over 30 percent of their income towards housing.

Table 2: Housing Need and Burden Measurements

Anne Arundel County, Maryland			
Renters Paying 30% of Income Toward Housing			
Income Range	**# of HSE Paying >30% Income to Housing**	**Total # of HSE[1]**	**Percent Paying Over 30%[2]**
Less than $10,000	2,623	4,092	64%
$10,000 to $19,999	3,401	4,532	75%
$20,000 to $34,999	5,361	10,107	53%
$35,000 to $49,999	1,321	8,615	15%
$50,000 to $74,999	420	8,956	5%
$75,000 to $99,999	18	3,932	1%
$100,000 or more	0	3,157	0%
Total Renters[3]	**13,144**	**43,391**	**30%**
Homeowners Paying 30% of Income Toward Housing			
Income Range	**# of HSE Paying >30% Income to Housing**	**Total # of HSE**	**Percent Paying Over 30%**
Less than $10,000	1,911	2,515	76%
$10,000 to $19,999	3,017	5,121	59%
$20,000 to $34,999	5,681	11,191	51%
$35,000 to $49,999	7,297	15,983	46%
$50,000 to $74,999	6,595	30,568	22%
$75,000 to $99,999	1,947	23,055	8%
$100,000 to $149,999	1,038	21,911	5%
$150,000 or more	206	11,265	2%
Total Homeowners[4]	**41,615**	**121,609**	**34%**
Overall Burden[5]	**54,749**	**165,000**	**33%**
Low-Income Burden[6]	**10,952**	**16,260**	**67%**
Middle-Income Burden[7]	**26,675**	**85,420**	**31%**

[1] Where HSE is household.
[2] Percent of households paying over 30% (HUD standard) *within* each respective income category.
[3] All renter households regardless of income.
[4] All homeowner households regardless of income.
[5] Housing burden for *all* households, including renters and homeowners.
[6] Low-Income comprises 2 income ranges: 1) less than $10,000 and 2) $10,000-$19,999.
[7] Middle-Income comprises 3 income ranges: 1) $20,000-$34,999 (lower middle); 2) $35,000-$49,999 (middle); and 3) $50,000-$74,999 (upper middle).

Table 2 illustrates the housing burden that renters and homeowners experience in Anne Arundel County. Clearly, the burden is not evenly distributed among income groups. As Table 2 shows, the lack of affordable housing was not only a problem for over 10,000 low-income residents, but it also affected middle-income residents who earned between $20,000 and $74,999. Over 26,000 middle-income households paid more than 30 percent of their income on housing. As a result of this housing cost burden, overall 54,749 households (33 percent) in Anne Arundel County paid more than 30 percent of their income on housing. Above all, the low-income burden (households earning less than $19,999) is 67 percent.

These figures are important because Anne Arundel County's economy is largely comprised of the government sector employment. A shift in the structure of the economy shows an increasing proportion of the County's jobs represented in the lower paying service and retail trade sectors (Consolidated Plan, p. 36). While employment is expected to remain high, the low wages of many of the jobs will dictate an even greater demand for affordable housing and services. Table 2 provides evidence of the housing needs as the local economy continues to change.

For instance, careers such as firefighters, teachers, and police officers may not be able to afford to live in the County they serve. Even if they are able to reside in the County, they may be burdened by housing costs. The average starting salaries of the previously mentioned careers range from $30,817, $33,347, and $35,514, respectively (Anne Arundel County Fire Department Human Resources, 2003; Anne Arundel County Board of Education, 2003; Anne Arundel County Police Headquarters Personnel, 2003).

Up to 53 percent of renters and up to 51 percent of homeowners within these income brackets paid more than 30 percent of income on housing.

Based on goals stated in the five-year Consolidated Plan (FY2001-FY2005), Anne Arundel County estimated that slightly more than 3,000 households were assisted by affordable housing programs (excluding special needs populations). Table 3 provides a comparison of the projected five-year goals and actual accomplishments completed over a three-year period (through Fiscal Year 2003).

Table 3: Affordable Housing Goals versus Production (2001-2003)

Affordable Housing Program	Owner Units Goal	Owner Units Production	Renter Units Goal	Renter Units Production	Difference
Section 8 Housing Choice	N/A	N/A	4,000	1,215	-2,785
Rental Housing (Elderly)	N/A	N/A	200	160	-40
Rental Housing (Families)	N/A	N/A	50	94	+44
Homeownership Assistance	1,250	1,929	N/A	N/A	+679
Property Rehab & Reconstruction	235	106	N/A	N/A	-129
Revitalization	10	6	N/A	N/A	-4
Totals	1,495	2,041	4,250	1,469	**-2,235**

Source: Anne Arundel County Consolidated Housing Plan FY2001-FY2005

Although it appears that there is a surplus of 723 units for rental housing (families) and homeownership assistance, these may not be actual units produced by the County, but services that were provided to assist residents in finding or qualifying for affordable housing. According to Table 3, it is evident that while Anne Arundel County's housing programs created substantial units of affordable housing, they did not achieve enough. For a two-year period, the County aimed to create and, or protect approximately 5,745 affordable units, but it was only able to produce 3,510 units. This represents a deficit of 2,235 units.

Summary

Although the County has recognized that affordable housing is not attainable for many residents, the County does not appear to have a sufficient amount of programs to assist those in need. Thus far, public housing policy goals have fallen 2,235 units short of the stated goal. Considering Anne Arundel County's plan generously, approximately 4,000 households are assisted with finding affordable housing. This represents a large shortfall when over 54,000 households in the County paid more than 30 percent of their income on housing without an adequate solution available. While Anne Arundel County attempts to meet the projected goals stated in their Consolidated Plan, the County's public policies do not go far enough nor do they adequately address the problem of affordable housing.

APPENDIX B
Baltimore City, Maryland

Demographics

Baltimore, Maryland is a major East Coast port city, located on the Chesapeake Bay. It is Maryland's largest city, and the largest jurisdiction in the Baltimore Primary Metropolitan Statistical Area, with a land area of 81 square miles (52,480 acres). Since 1950 – when population peaked at nearly 950,000 – the city's population has steadily declined to 651,154 in 2000. There are 257,788 households in the city.

Baltimore is one of the poorest jurisdictions in the state. The median household income (MHI) in 2000 was $30,078. More recent estimates show that MHI has increased to about $30,500. Furthermore, the Census 2000 revealed that poverty remains well above the state average, with 18.8 percent of households below the poverty level, and 22.9 percent of all residents live below the federal poverty level. Approximately 33 percent of families were living below 1.5 times the poverty level.

Housing Market

The housing market in Baltimore City is rebounding, which mirrors regional trends. In 2000, there were 300,047 housing units in the city. Of these, there were 257,996 occupied units; 129,869 owner occupied units; and 128,127 renter occupied units. There were 42,051 vacant units. Table 4 details the status of these units. Notice that the vacancy rate is very high – 14% – indicating a low demand for housing units in Baltimore City.

Income and median housing prices remained relatively constant from 1998-2002. Figure 3 shows how median income and median housing prices compare during that period.

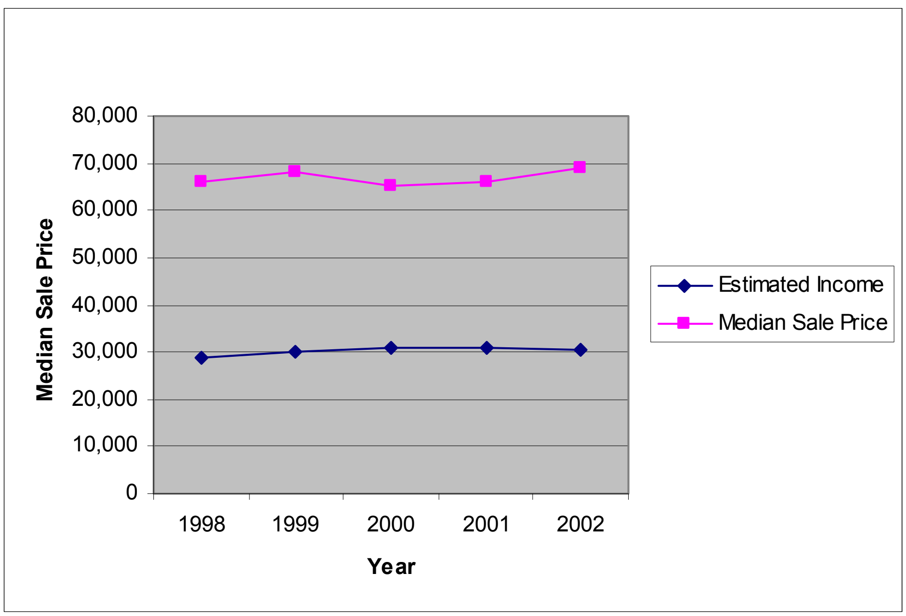
Table 4: Housing Units in Baltimore City

Housing Units	Number of Units	Percentage of All Units
Owner-Occupied	129,869	43%
Renter-Occupied	128,127	43%
Vacant	42,051	14%

Source: Census 2000

Income and median housing prices remained relatively constant from 1998-2002. Figure 3 shows how median income and median housing prices compare during that period. For example, in 1998, the median household in income was $28,850, and the median house price was $66,000. Similarly – four years later – median household income was $30,550, and the median house price was $66,900. These trends are telling of a stagnant housing market.

Figure 3: Housing Costs versus Income (1998-2002)



Source: Maryland Department of Planning, 2003

Baltimore City has a very fragmented housing market. Some neighborhoods have high house sale prices, while others neighborhoods – often times only blocks away – have a decaying housing stock. Crime is rampant, drug problems persist, and blight is commonplace in these neighborhoods. The fragmentation of the Baltimore housing market is evident when median sale prices are compared on a neighborhood by neighborhood basis. For instance, in 2002, some neighborhoods such as Guilford or Roland Park had median home sale prices in the $300,000 plus range while other neighborhoods such as Midtown-Edison had a median sale price of $30,000. These disparities show how the market is segmented by neighborhood boundaries. Some neighborhoods are stable and healthy while others are deteriorating. Such an environment undoubtedly makes the creation and sustainability of an affordable housing stock difficult.

Baltimore City residents experience a housing burden. Thirty-two percent of households with mortgages spent more than 30 percent of their income on housing; 19 percent of households without a mortgage spent more than 30 percent on housing.

Table 5: Baltimore City Average House Sale Price by Housing Type

Type of Housing Structure	Average Selling Price, 2002
Attached 2 Bedroom	$110,925
Attached 3 Bedroom	$77,558
Detached 2 Bedroom	$101,128
Detached 3 Bedroom	$128,948

Source: Metropolitan Regional Information Systems, 2003

Table 5 shows the median sale price by type of house for Baltimore City in 2002. The median house value of an owner occupied unit was $69,000. The homeownership rate in Baltimore was 50.3 percent. The median contract rent was $408, and the median gross rent was $498. Median gross rent as a percentage of income was 26.9 percent. These data may not accurately indicate the value of a house or money paid for housing because many properties are vacant and frequently sold each year.

Additionally, Appendix I shows the percentage increases of FMRs from 1996-2004. In Baltimore City, they increased 32.5 percent between 1996 and 2004. The largest increase occurred between 2002 and 2003 when FMRs jumped from $668 to $844, a 20.9 percent increase. During the 1990s, FMRs increased modestly; yet, since 2000, the increases have been substantial.

Housing Polices

Baltimore City has a myriad of housing policies and programs. Most of these programs focus on community redevelopment functions. The programs that directly relate to affordable housing (rental and owner) are discussed below.

Rental Assistance Programs

First, the Section 8 Housing Choice Voucher Program is administered by the city's housing authority and funded by HUD. This program provides rent subsidies to 11,000 households annually that are low income or very low income. These rent subsidies come in the form of the voucher that a landlord accepts. The federal government pays for portion of the rent, and the household pays the remainder. This program is not an entitlement program. Many households that qualify for this program do not receive the assistance that they seek. According to the *Baltimore Sun*, there are nearly 16,000 applicants on the waiting list for these vouchers. There is currently a pending proposal to transfer administrative authority to HUD, which would limit local housing authority. This may happen because Baltimore City has mismanaged the program in recent years. The federal evaluation of Baltimore City's program administration gave Section 8 a failing score. The city's problems lie in the mismanagement of the program. Many rental units where families reside are in substandard condition and many of the landlords that rent to these households receive high market rents. So, it becomes even more difficult for families with vouchers to find a quality place to rent.

Second, Baltimore City administers 14,428 public housing units, which contain about 11,500 occupied units. The nearly 3,000 vacant units are mainly substandard, scattered site units that the Housing Authority owns. Also, the city manages 35 housing developments that have about 11,000 housing units. In total, this program serves about 29,000 residents. Many of these public housing units are magnets for crimes, drugs and other illicit activities.

Third, the Home Program produces new affordable units through rehabilitation or construction. The City grants funds to developers who engage in such activity.

Fourth, the Housing Opportunities for People With Aids program aim to support independent living for individuals with HIV or AIDS. It provides residents with tenant based rental assistance (vouchers).

Homeownership Programs

First, the Section 8 Homeownership Program permits city residents to use the Section 8 voucher to purchase a house. Consequently, households are able to build equity and remain in one house for longer periods of time, thus helping to stabilize urban neighborhoods.

Second, the Tenant Conversion Program provides renters to purchase and rehabilitate the houses that they rent. The program is administered through the Department of Home Ownership, which offers below-market rate mortgages and loans to cover settlement costs. Also, as noted above, federal law now allows Section 8 vouchers to be used for homeownership; this program is used to help families make that transition.

Third, a variety of housing programs help promote and sustain home ownership. The Direct Homeownership Program assists residents by providing financial assistance toward down payments and closing costs. The Deferred Loan Program uses federal funds to rehabilitate individual housing units to make homes habitable for extremely low income households. The Home Program assists first-time homebuyers by financing construction, or by providing settlement expense assistance. Last, the Housing Venture Program grants households $5,000 for the purchase of houses in empowerment zones.

Fourth, two programs seek to provide housing incentives for employment. The Live Near Your Work Program assists households that purchase homes near their workplace with settlement and down payment costs. The Employee Assistance Program aids Baltimore City employees to purchase homes in predominately residential neighborhoods in the city.

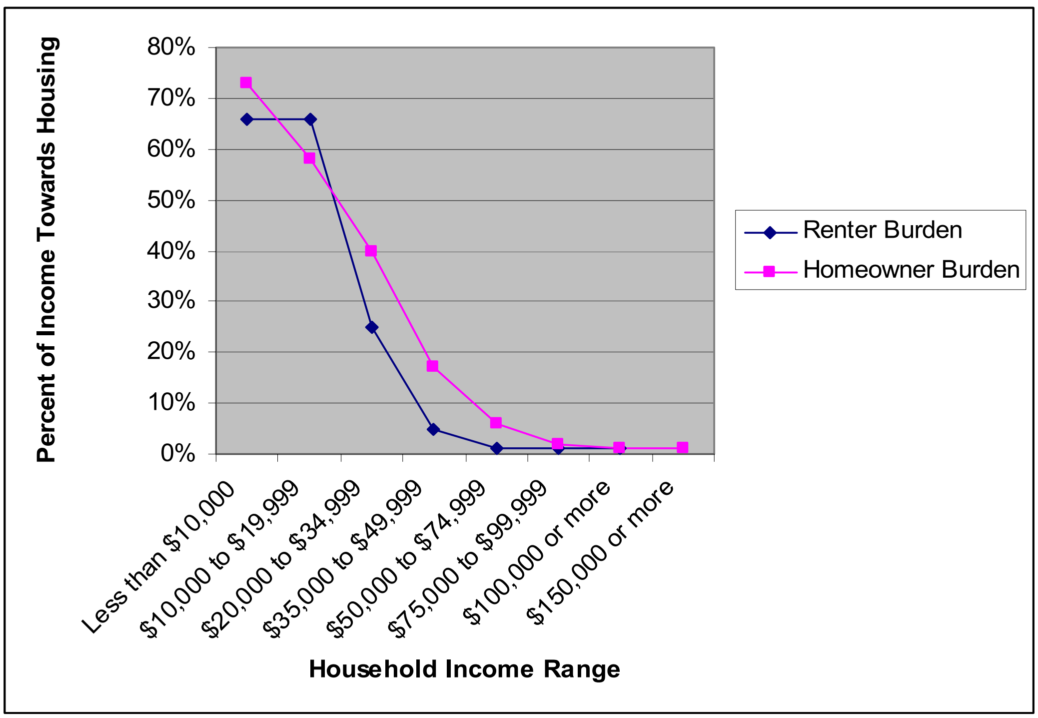
Fifth, the Community Development Block Grant Program (CDBG) is a discretionary block-grant fund from the federal government that allows Baltimore City to fund city services and nonprofit groups for housing and community development purposes. Specifically, these funds are used to develop new communities; assist low-income residents with home ownership; and provide a variety of social services. Some examples of the impacts on affordable housing follow. The Belair Edison Housing Services provides counseling to low and moderate-income households that are interested in homeownership. This counseling includes credit advice, financial planning, and affordability counseling. Also, the Greater Baltimore Community Housing Resource

Board developed a curriculum on "How to Rent and Buy Housing" for low-income families. Last, a variety of other nonprofits provide housing counseling for low to moderate income families in the city.

Housing Goals and Needs

The high poverty levels have created an affordability gap in Baltimore City whereby residents cannot afford the current market prices for housing. Figure 4 and Table 6 detail the burden of households that pay over 30 percent of income toward housing. Figure 4 is a line graph that compares the percentage of renters to the percentage of owners that paid more than 30 percent of their income towards housing in 2000. Similarly, Table 6 shows the number of households and percentage of renters and owners by income category that spend more than 30 percent of their income on housing.

Figure 4: Housing Burden by Income Category



Source: Census 2000, Summary File 3 (data from Table 6)

Table 6: Housing Need and Burden Measurements

Baltimore City, Maryland			
Renters Paying 30% of Income Toward Housing			
Income Range	**# of HSE Paying >30% Income to Housing**	**Total # of HSE[1]**	**Percent Paying Over 30%[2]**
Less than $10,000	25,043	37,484	66%
$10,000 to $19,999	17,757	26,692	66%
$20,000 to $34,999	7,215	28,740	25%
$35,000 to $49,999	880	16,204	5%
$50,000 to $74,999	161	11,570	1%
$75,000 to $99,999	17	3,625	>1%
$100,000 or more	19	3,278	>1%
Total Renters[3]	**51,092**	**127,593**	**40%**
Homeowners Paying 30% of Income Toward Housing			
Income Range	**# of HSE Paying >30% Income to Housing**	**Total # of HSE**	**Percent Paying Over 30%**
Less than $10,000	7,294	623	76.9%
$10,000 to $19,999	832	1,111	74.9%
$20,000 to $34,999	2,167	3,232	67.1%
$35,000 to $49,999	2,503	4,856	51.5%
$50,000 to $74,999	3,820	11,934	32.0%
$75,000 to $99,999	1,859	12,007	15.5%
$100,000 to $149,999	914	15,215	7.3%
$150,000 or more	187	9,580	0.8%
Total Homeowners[4]	12,761	58,558	21.8%
Overall Burden[5]	**82,030**	**244,173**	**34%**
Low-Income Burden[6]	**58,595**	**88,875**	**66%**
Middle-Income Burden[7]	**23,058**	**125,493**	**18%**

[1] Where HSE is household.
[2] Percent of households paying over 30% (HUD standard) *within* each respective income category.
[3] All renter households regardless of income.
[4] All homeowner households regardless of income.
[5] Housing burden for *all* households, including renters and homeowners.
[6] Low-Income comprises 2 income ranges: 1) less than $10,000 and 2) $10,000-$19,999.
[7] Middle-Income comprises 3 income ranges: 1) $20,000-$34,999 (lower middle); 2) $35,000-$49,999 (middle); and 3) $50,000-$74,999 (upper middle).

According to the data, 34 percent of all Baltimore households spent more than 30 percent of their income on housing. Of this, 66 percent of low-income households spend more than 30 percent of their income on housing. These numbers show that the city has over 82,000 households that are burdened – 58,000 are low-income. The data do not include those households assisted by Section 8 vouchers or public housing assistance (about 22,000 households). If these households were also counted as burdened by the census, then the number of burdened households would increase to even higher levels. Overall, this demonstrates that the city has many low-income residents that cannot afford basic necessities such as housing.

Baltimore City's Five-Year Consolidated Plan (FY2001-FY2005) has many housing goals. Many of them are related to the demolition of vacant housing units and community revitalization. The following are the goals are put forth in Baltimore City's Consolidated Annual Performance and Evaluation Report for 2002. Below, Table 7 describes some of the affordable housing activities of the City.

Table 7: Affordable Housing Policy Results in Baltimore City

Affordable Housing Program	Households Assisted	Year(s)
Community Development Block Grant	447	2002
Deferred Loan Program	155	2002
Direct Homeownership Program	24	2002
Employee Assistance Program	88	2002
Home Program	778	2001-2002
Hopwa	632	2002
Housing Venture Program	56	2002
Live Near Your Work	69	2002
Maryland Disability Program	7	2002
Public Housing	11,000	2002
Section 8 Housing Choice Voucher	11,000	2002
Tenant Conversion	35	2002
Total	**23,844**	**2001-2002**

Source: Baltimore City Five-Year Consolidated Housing Plan 2001-2005

The first column of Table 7 describes the program; the second column gives the number of households or families assisted; and the third column shows the year the policy is measured. These data only include direct rental assistance and, or new unit production.

Summary

Baltimore City has more than 82,000 residents that are burdened by the cost of housing. According to the data presented here, the city has assisted nearly 24,000 households in obtaining housing in 2002. Clearly, the city's public policies leave behind 56,000 residents. The city's challenges are unique because the jurisdiction is plagued by the state's highest poverty levels. Baltimore City is currently focusing on redevelopment strategies that combat the urban blight, crime and infrastructure decay – pervasive characteristics throughout most of the city. Thus, affordable housing remains a lower level priority in the overall housing strategy for Baltimore City.

APPENDIX C
Baltimore County, Maryland

Demographics

Baltimore County, Maryland, situated around Baltimore City, is the third most populated County within the state. According to Census 2000, it had a population of 754,292 people and 299,877 total households. With a land area of 599 square miles (383,360 acres), the County is the largest jurisdiction in the Baltimore Primary Metropolitan Area.

Ninety percent of the County's population live within the area served by Baltimore County's public water and sewer system, while the remaining 10 percent of the live in rural areas of the County. The highest populated areas are within Baltimore Beltway corridor (Interstate 695) in areas such as Towson-Loch Raven-Hillendale, Perry Hall-White Marsh, Liberty-Lochearn-Woodmoor, Essex, Dundalk-Turners Station, Reisterstown, Owings Mills, and Randallstown. Two of these areas, Perry Hall and White Marsh, and Owings Mills, are targeted as centers for new population growth.

Baltimore County has experienced dramatic growth since 1950 with an increase of 455,507 individuals within the past 48 years. The County grew at a rate of 5.9 percent from 1990 to 2000, compared to a growth rate of 5.6 percent during the 1970s and 1980s. This growth, combined with the County's high population density, points to a need for affordable housing policies.

The median household income of Baltimore County residents in 2000 was $50,650 while the 2002 median household income was $54,750, thus showing a 7.5 percent increase. However, 6.5 percent of families lived below the poverty line in 2000, lower than the state and Baltimore City's poverty rates of 8.5 percent and 22.9 percent, respectively. Also, Baltimore County has one of the highest populations of elderly within the region. As much of the total population – 14.6 percent – was under the age of 18 as they were 65 years or older in 2000, thus stressing a need for senior-accessible affordable housing.

Housing Market

In 2000, Baltimore County had 313,734 housing units. The housing tenure of the County is shown in Table 8 below. The number of owner-occupied units was 182,909 and the number of renter-occupied units was 96,450, leaving 13,857 vacant units.

Table 8: Housing Units

Housing Units	Number of Units	Percentage of All Units
Owner-Occupied	182,909	62.38%
Renter-Occupied	96,450	32.89%
Vacant	13,857	4.72%

Source: Census 2000

The average selling price for a home in Baltimore County increased significantly from 1998 to 2002 by 15.6% (from $ 117,000 in 1998 to $ 135,000 in 2002). The rapid increase in housing price is especially evident when median housing sales prices are compared to the relative steady change in median household income from 1998 to 2002, represented in Figure 5 below.

Between 1998 and 2000, the difference between median house sales price and median household income remained just about the same at around $67,000 ($67,550 in 1998; $65,850 in 1999; and $66,200 in 2000). By 2001, the difference increased by a slightly larger amount to $70,900 and rose dramatically to $80,250 in 2002. From 1998 to 2002, household incomes rose approximately 10.7 percent while the cost of owning a home increased by 15.4 percent. Should the trend seen in Figure 5 continue, housing prices will continue to steadily out-pace increasing incomes. Consequently, individuals and families in Baltimore County become priced out of the housing market.

Figure 5: Rising Housing Costs versus Stable (1998-2002)

Source: Maryland Department of Planning, 20003

The federally-established HUD Fair Market Rent (FMR) for a 2-bedroom apartment in 2000 was $643 in the Baltimore PMSA, which includes Baltimore County. In 2002, it rose by 6.5% to $688 in 2002. The high demand for rental housing in Baltimore County is partially seen in that the median rent for the County was $670, barely higher than the regional FMR. The median monthly mortgage payment was $1,169 – almost twice the median rent. While the median cost of renting a house is relatively the same as FMR in Baltimore County, the median cost of owning one is even higher. This burden is evident in that the number of owners paying over 30 percent of their monthly income on mortgage costs was 20.1 percent, or 36,832 households, and the percentage of renters paying over 30% of household income for rent was 34.3 percent, or 33,096 households.

Housing Policies

Baltimore County's Consolidated Plan for FY2002 to FY2006 lists the programs and policies provided by the County with regard to affordable housing. While some services are funded and implemented by the County, other programs rely on state and federal funds. However, the description of these policies, as contained in the Consolidated Plan, fails to mention quantified goals or objectives; the program descriptions are general and lack much detail. Hence, it is not possible to determine from the information provided whether or not Baltimore County adequately addresses the needs of affordable housing for Baltimore County residents. Nevertheless, a brief description of the programs and services offered is provided.

Rental Assistance Programs

No programs for renters of affordable housing are listed in the County's Consolidated Plan.

Homeownership Programs

A variety of homeownership programs aid residents of Baltimore County. First, the Settlement Expense Loan Program (SELP) provides loans up to $5,000 for closing costs, deferred repayment until transfer of property, refinance or non-occupancy borrowed. SELP is administered by community-based nonprofit organizations which also provide education, and counseling to SELP applicants. Tables 9 and 10 details the results of the program during FY2000. The County collaborated with 6 major partners to administer SLEP loans. For example, during FY2000, the County's partners secured 302 loans, totaling $1,347,683. The Eastern Baltimore Chamber Service (East and Wide Side) provided the most assistance to residents – 145 loans, or 48 percent.

Table 9: Settlement Expense Loan Program (SELP) Partner Results (2000)

Nonprofit Partner with Baltimore County	Number of Loans	Loan Total
Harbel	47	$205,589
Neighborhood Housing Services	16	$67,867
Eastern Baltimore Area Chamber (East Side)	133	590,517
Eastern Baltimore Area Chamber (West Side)	12	$56,588
Liberty Randallstown Coalition	82	$373,224
Associated Catholic Charities	14	$53,898
Total	**302**	**$1,347,683**

Source: Baltimore County CAPER, 2000

In addition to community-based nonprofit organizations, Baltimore County funded loans for residents. Table 10 provides details about who the SELP helps and what financial assistance is provided.

Table 10: Settlement Expense Loan Program (SELP) Loan Results (2000)

Number of Settled Loans	302
SELP Funds Expended	$1,347,683
Buyers Cash Contributions	$669,106
Private Mortgage Funds Leveraged	$25,346,440
Average SELP Loan	$463
Average House Price	$81,622
Average Appraised Value	$86,438
Buyer's Average Cash Contribution	$2,216
Average Annual Gross Household Income	$33,420
Average Percent of Area Median Income	64%
Average Monthly Rent Prior to Purchase	$451
Average Monthly Mortgage Payment Post Purchase	$684

Source: Baltimore County CAPER, 2000

Second, the Incentive Purchase Program (IPP) allows for a $3,000 closing cost loan, which then becomes a grant after 5 years of occupancy by the purchaser. The County funded IPP targets the neighborhoods of Ballard Gardens, Hawthorne, Foxridge

Manor, Middlesex, and Waterford Landing. A total of 22 IPP loans were made in the targeted communities.

Third, the Maryland Mortgage Program (MPP) allocates Baltimore County's annual mortgage revenue bond authority for below market invest mortgages for first-time homebuyers in the community conservation areas. The state of Maryland sells these mortgage revenue bonds on behalf of the County to fund the program. In 2000, 710 mortgage loans were originated through the Maryland Mortgage Program.

Fourth, the Section 8 Home Ownership program enables certain holders of Section 8 certificates or vouchers to purchase a home. New in 2002, the program has implemented, in conjunction with the Department of Social Services' Housing Office and nonprofit homeownership counseling agencies, a homebuyer's education strategy for the new Section 8 homeownership program.

Fifth, the Payment in Lieu of Taxes (PILOT) program provides a 40-year tax break, at a negotiated rate, to developers. Although the County no longer provides direct financial commitments for new development, it will offer PILOT. During 2000, the County Council approved PILOTs for five senior housing projects, resulting in 359 additional units of affordable elderly housing. These projects were developed under the State's Low Income Housing Tax Credit Program of HUD's 202 Capital Grant Program.

Community Redevelopment and Housing Services

There are also several community-based redevelopment projects as well as housing services to offer support to Baltimore County residents. First, Multifamily Housing Councils were established by the County to reach out to Southwestern and Southeastern Baltimore residents. Additionally, the Office of Community Conservation continues to work with the Liberty Randallstown Coalition's Multifamily Property Owners and Managers Committee to implement strategies to stabilize multifamily communities.

Second, the Aging and Substandard Multifamily Housing Units Program is an effort to decrease older, substandard and unsafe multifamily housing units and develop strategies to stabilize multifamily properties located in the County's older communities.

Third, the state of Maryland's Lead Hazard Rehabilitation Program and Rental Rehabilitation Program seeks to improve the existing multifamily housing stock and reduce lead hazards present in multifamily housing stock. During 2000, the County assisted 85 homeowners through one of its rehabilitation programs. The assistance was in the form of grants, deferred loans, and amortized loans totaling more than a half million dollars. Of the 86 households assisted, 31 had households below 50 percent of the County's MHI. Table 11 illustrates the distribution of assistance by dollar amount.

Table 11: Lead Hazard Rehabilitation & Rental Rehabilitation Program (2000)

Type of Assistance	Number of Households Assisted	Amount of Assistance (in dollars)
Deferred Loans	24	$270,030
Grants	44	$195,216
Combination Loan and Grant	3	$45,323
Amortized Loans	3	$30,882
Total	73	$538,801
Maryland Housing Rehabilitation Program	13	$242,949

Source: Baltimore County CAPER, 2000

Fourth, under Community Housing Development Organizations (CHDOs), the County, along with Community Capital of Maryland and other nonprofit and for-profit entities, is developing a countywide community development corporation (CDC) for eligible projects. The CDC will undertake intervention-buying efforts, develop an administrative and capital funding structure for the organization, and set standards for eligible properties that could be purchased.

Fifth, the County continues to administer the CDBG Program funded single-family rehabilitation loan and grant programs and the State of Maryland's Housing Rehabilitation Program (MHRP).

Sixth, the Homeowner Retention Program is targeted to households with incomes up to 120 percent of medium income. Eligible owners may apply for a no-interest loan to make agreed upon repairs and general improvements to their homes, which is subject to an aggregate loan-to-value limitation of 110 percent on the property.

Seventh, Action Grants allow community groups to undertake eligible physical improvements in their neighborhoods. This program receives a matching grant from the Harry and Jeanette Weinberg Foundation each year. Grants are limited to a maximum $10,000 per fiscal year per incorporated organization, and they require a match contribution in funding, donations, or volunteer labor from the recipient group.

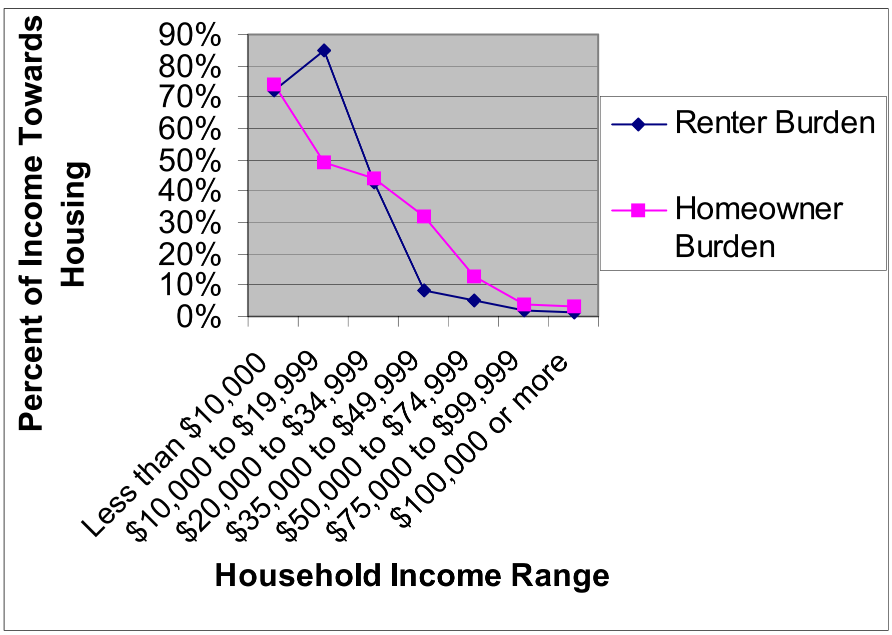
Last, under the Comprehensive Neighborhood-Based Housing Service Organizations initiative, nonprofit organizations facilitate affordable housing services and programs throughout the various neighborhoods of Baltimore County.

Housing Goals and Needs

The high cost of renting or owning a house in Baltimore County creates a public problem – currently observed in many other localities in the state and in the nation – in which affordable housing is increasingly out-of-reach for those earning low and moderate incomes. A needs assessment conducted indicated that in 2002, the total number of families on the waiting list for Section 8 totaled 7,940. Furthermore, a breakdown on those families on the Section 8 waiting list showed that 5,503, or 69 percent, were families with children; 475, or 6 percent were elderly families; and 1,982, or 25 percent were families with disabilities. The annual turnover rate for Section 8 was 8 percent. Clearly, such demand for public housing assistance is evidence of the housing crunch in the County.

Homeowners and renters are also burden by housing costs in Baltimore County. The burden for renters and homeowners in Baltimore County is represented graphically in Figure 6 below.

Figure 6: Housing Burden by Income Category



Source: Census, 2000

The housing burden among renters and homeowners is disproportionately unequal. For example, low-income households in the $10,000 to $19,999 range who own a home experience a 20 percent decrease in burden while those same households who rent experience a 15 percent increase in burden. Further, an important note to make is that renters in the $35,000 and above range experience very little burden – under 10 percent in all income higher categories; yet, the burden to own a house remains significantly higher, reaching 30 percent of all homeowners.

The Baltimore County Consolidated Plan states that in 2002, 268,572 total households had a housing need (where 30% of household income goes toward housing costs). Among these families are, most likely, those of the County's service workforce: police officers, firefighters, and teachers – many of whom may not earn enough income to afford adequate housing in the very jurisdictions they serve. A Baltimore County police officer's starting annual salary is $34,577; a firefighter's is $27,314; and a teacher's is $33,364. Those employed in these professions do not have incomes that allow them to find quality, affordable housing within the County.

Such evidence that households are already being priced out of Baltimore County's housing market is the fact that over one in four households (70,049 or 26 percent) spent 30 percent or more of their household income on housing costs. The burden of renting or owning a home was heaviest for those earning less than $35,000 annually in Baltimore County in 2000, as Table 12 shows. It demonstrates that a clear majority of those earning less than $20,000 in annual household income spend 30 percent or more of their earnings on rent. A majority of homeowners earning less than $10,000 spent 30 percent or more of their income on homeowner costs. Homeowners with incomes lower than the median household income experience the burden of homeownership costs more heavily than those earning the median income or more. Thus, the firefighter, police officer, or teacher discussed earlier experiences considerable difficulty in affording housing whether or not he or she rents or owns.

Table 12: Housing Need and Burden Measurements

Baltimore County, Maryland			
Renters Paying 30% of Income Toward Housing			
Income Range	**# of HSE Paying >30% Income to Housing**	**Total # of HSE[1]**	**Percent Paying Over 30%[2]**
Less than $10,000	7,559	10,342	73%
$10,000 to $19,999	12,273	14,491	78%
$20,000 to $34,999	11,273	26,305	43%
$35,000 to $49,999	1,392	18,405	8%
$50,000 to $74,999	823	16,828	5%
$75,000 to $99,999	93	6,038	2%
$100,000 or more	34	3,951	0%
Total Renters[3]	**33,447**	**96,450**	**35%**
Homeowners Paying 30% of Income Toward Housing			
Income Range	**# of HSE Paying >30% Income to Housing**	**Total # of HSE**	**Percent Paying Over 30%**
Less than $10,000	4,007	5,447	74%
$10,000 to $19,999	5,624	11,554	49%
$20,000 to $34,999	10,120	23,203	44%
$35,000 to $49,999	8,898	27,414	32%
$50,000 to $74,999	5,906	46,877	13%
$75,000 to $99,999	1,286	30,128	4%
$100,000 to $149,999	761	24,568	3%
$150,000 or more	230	13,718	2%
Total Homeowners[4]	**36,832**	**182,909**	**20%**
Overall Burden[5]	**70,279**	**279,359**	**25%**
Low-Income Burden[6]	**29,463**	**41,834**	**70%**
Middle-Income Burden[7]	**38,412**	**159,032**	**24%**

[1] Where HSE is household.
[2] Percent of households paying over 30% (HUD standard) *within* each respective income category.
[3] All renter households regardless of income.
[4] All homeowner households regardless of income.
[5] Housing burden for *all* households, including renters and homeowners.
[6] Low-Income comprises 2 income ranges: 1) less than $10,000 and 2) $10,000-$19,999.
[7] Middle-Income comprises 3 income ranges: 1) $20,000-$34,999 (lower middle); 2) $35,000-$49,999 (middle); and 3) $50,000-$74,999 (upper middle).

Summary

Baltimore County's housing market in recent years has out-distanced itself from its citizens earning low and moderate levels of income. This problem will only become worse if growth of rents, houses, and mortgage rates continue as expected. Roughly 36,832 households, or 20 percent of Baltimore County households, pay over 30 percent of their monthly income on mortgage costs, while 35 percent or 33,447 households pay over 30 percent of their monthly income on rent.

The high cost of renting or owning a house in the County has created a problem in which affordable housing is increasingly out-of-reach of many citizens, and it often limits what they have left to spend on other living expenses. It is not possible to determine from the Consolidated Plan whether Baltimore County adequately addresses its residents' needs for affordable housing. A collection of policy alternatives at the federal, state, or local levels may exist to provide hope that the problem is not insurmountable and that everyone in need of quality affordable housing in Baltimore County will be able to find access to it.

APPENDIX D
Carroll County, Maryland

Demographics

Carroll County is a suburban area located in the northwest section of the Baltimore Primary Metropolitan Statistical Area. The jurisdiction is 449 square miles (287,360 acres). The Census 2000 indicated that it had a population of 155,654 individuals in 52,503 households.

Carroll County is one of the least wealthy jurisdictions in the Baltimore PMSA. The median household income in 2000 was $60,000, and 2002 Census estimates show that income was $68,600, a 12.5 percent increase. Approximately four percent of households live in poverty. As of 1998, there were 64,400 jobs in the County, demonstrating that most residents commuted to other areas for employment (Carroll County Department of Economic Development, 2003).

Housing Market

The total number of housing units in Carroll County was 54,260. Eighty-two percent of the units (43,052) are owner-occupied, eight percent of the units (4,200) are renter-occupied, and the remaining 10 percent are vacant. Table 13 shows the housing tenure as of 2000 in Carroll County.

Table 13: Housing Units in Carroll County

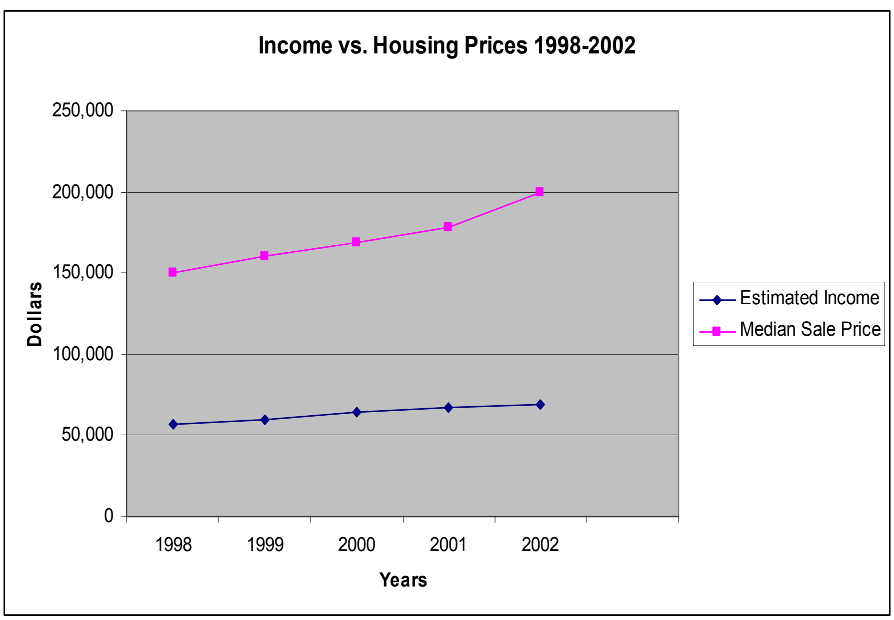
Housing Units	Number of Units	Percentage of All Units
Owner-Occupied	43,052	82%
Renter-Occupied	4,200	8%
Vacant	7,008	10%

Source: Census 2000

A study of the housing market revealed that 25 percent or 11,734 households paid over 30 percent of their monthly income on housing. The median mortgage rate was

$1,321 per month. The median rent was $638 per month. Thirty-six percent, or 1,512 renter households, spent over 30 percent of monthly income toward rent. Low-income households are more prone to paying a higher percentage of their income on housing. For households earning $10,000 to $19,999, 76 percent of renters and 49 percent of homeowners paid over 30 percent of income toward housing. For households earning $20,000 to $34,999, 46 percent of renters and 49 percent of homeowners paid over 30 percent of income toward housing. In total, 10,983 households (21 percent) lacked affordable housing. Figure 7 shows how income and housing prices compare for years 1998 through 2002. During the late 1990s, Carroll County's income and median house sale price were increasing at a steady rate. The cost of a home was roughly two and a half times the annual median household income.

Figure 7: Housing Costs versus Income



Source: Maryland Department of Planning, 2003

A noticeable change became evident between 2000 and 2002 when the median selling price of a house and median income started to increase at an accelerated pace.

From 1998-2002, incomes rose approximately 19 percent while in the same time period median house price rose about 33 percent. Therefore, both income and median sale price increased; however, income did not keep the pace of the increasing cost of owning a home.

Figure 7 shows the median household income for Carroll County from 1998-2002 as well as the median home sale price. As other counties within the Baltimore Metropolitan area become built out, in particular Baltimore and Howard Counties, residents look to Carroll County for affordable land and housing. Households with high incomes moving to Carroll County will initially rise, and then stabilize the median income at a higher level. The demand for land and housing, however, will continue to increase, and the cost of land and housing will increase until the affordability problems reach the proportions apparent in neighboring counties. Additionally, the 10,983 households that currently lack affordable housing will still lack affordable housing.

Housing Policies

Carroll County carries out a variety housing policies that are geared toward renter households. This section details those policies. There are no homeownership policies.

Rental Assistance Programs

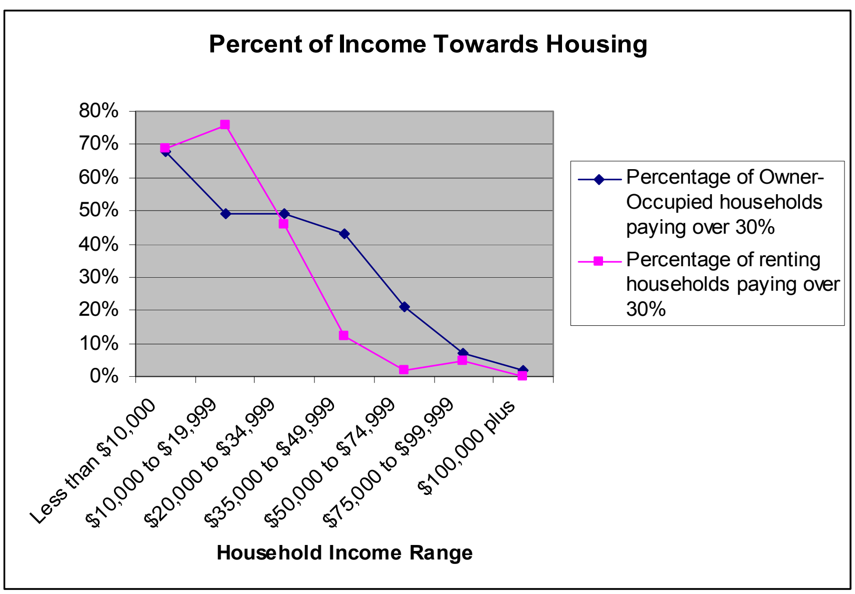
Carroll County has two programs that address affordable housing needs. First, 517 households received Section 8 vouchers in 2002. The County gave preference to victims of domestic violence and homeless individuals. An additional 852 households were on the waiting list for Section 8 vouchers. Among these households, 77 percent were extremely low income, earning less than 30 percent of the area median income.

Second, the County has a Rental Allowance Program (RAP). This program receives grants from HUD to provide rent subsidizes to low-income families who are homeless, in danger of becoming homeless, or in need of emergency housing. Rent may be subsidized up to 12 months. Carroll County participated in the RAP, but the County did not track the number of households assisted through the program. Carroll County has no other homeownership programs.

Housing Needs

A tight housing and rental market has created an affordability gap in Carroll County, whereby residents cannot afford the current prices for housing. Figure 8 details the burden of households who paid over 30 percent of income toward housing. It is evident that low and middle-income households were disproportionately burdened.

Figure 8: Housing Burden by Income Category



Source: Census, 2000

For example, extremely low-income households (less that $10,000), nearly 70 percent of homeowners and renters experienced a housing burden. Yet, among low-income

Table 14: Housing Need and Burden Measurements

Carroll County, Maryland			
Renters Paying 30% of Income Toward Housing			
Income Range	**# of HSE Paying >30% Income to Housing**	**Total # of HSE[1]**	**Percent Paying Over 30%[2]**
Less than $10,000	634	916	69%
$10,000 to $19,999	1,252	1,635	77%
$20,000 to $34,999	1,045	2,260	46%
$35,000 to $49,999	202	1,617	12%
$50,000 to $74,999	34	1,557	2%
$75,000 to $99,999	25	552	5%
$100,000 or more	8	381	2%
Total Renters[3]	**3,200**	**8,918**	**36%**
Homeowners Paying 30% of Income Toward Housing			
Income Range	**# of HSE Paying >30% Income to Housing**	**Total # of HSE**	**Percent Paying Over 30%**
Less than $10,000	550	804	68%
$10,000 to $19,999	852	1,730	49%
$20,000 to $34,999	1,886	3,850	49%
$35,000 to $49,999	2,261	5,233	43%
$50,000 to $74,999	2,298	10,823	21%
$75,000 to $99,999	554	7,820	7%
$100,000 to $149,999	133	6,452	2%
$150,000 or more	0	1,728	0%
Total Homeowners[4]	**8,534**	**38,440**	**22%**
Overall Burden[5]	**11,734**	**47,358**	**25%**
Low-Income Burden[6]	**3,288**	**5,085**	**65%**
Middle-Income Burden[7]	**7,546**	**25,340**	**30%**

1 Where HSE is household.
2 Percent of households paying over 30% (HUD standard) *within* each respective income category.
3 All renter households regardless of income.
4 All homeowner households regardless of income.
5 Housing burden for *all* households, including renters and homeowners.
6 Low-Income comprises 2 income ranges: 1) less than $10,000 and 2) $10,000-$19,999.
7 Middle-Income comprises 3 income ranges: 1) $20,000-$34,999 (lower middle); 2) $35,000-$49,999 (middle); and 3) $50,000-$74,999 (upper middle).

households ($10,000 to $19,999), the renter burden increased dramatically to almost 80 percent while the homeowner burden dropped to approximately 50 percent. For middle class households, homeownership caused the least burden.

Additionally, Table 14 shows the lack of affordable housing was not only a problem for over 10,000 low-income residents, but it also affected middle-income residents who earned between $20,000 and $74,999. Over 7,000 middle-income households paid more than 30 percent of their income on housing. As a result of this housing cost burden, overall 11,734 households (25 percent) in Carroll County paid more than 30 percent of income toward housing.

Summary

The housing burden is Carroll County will continue to worsen if growth trends continued as expected. It is evident that low and middle income households are disproportionately impacted. Service workers in the County are most likely to experience a burden. For instance, the largest employer in Carroll County is the Board of Education. The base salary for a 10-month teacher is $24,329 (Carroll County Board of Education, 2003). For a Licensed Practical Nurse within the school district the starting salary is $18,194 (Carroll County Board of Education, 2003). Secretaries in the County earn approximately $21,000 (Carroll County Department of Economic Development, 2003). Forty-nine percent of households in these income brackets do not have affordable owner-occupied housing while forty-six percent do no have affordable rental housing. A computer systems analyst, a position typically considered well paid, maintains an entry wage of $46,592, thus 43 percent of households in this income bracket do not have affordable owner-occupied housing while 12 percent do not have affordable rental housing. (Carroll County Department of Economic Development, 2003).

Carroll County provided assistance to approximately five percent of the households lacking affordable housing. Over 11,000 households in Carroll County lack affordable housing. Over 7,500 of these households earn incomes between $20,000 and $74,000 annually. These households are employed as teachers, nurses, secretaries, and computer system analysts. Middle income and lower income households experience the affordable housing shortage. Public policies in the County do not provide adequate support to residents who lack affordable housing.

APPENDIX E
Harford County, Maryland

Demographics

Harford County is a suburban County on the northern edge of the Baltimore Primary Metropolitan Statistical Area. The County is 440 square miles (or 290,400 acres). In 2000, the County had a total population of 218,590 persons in 79,667 households. Four municipalities exist within the County: the City of Aberdeen, Town of Bel Air, City of Havre de Grace, and Edgewood.

Harford County is one of the least wealthy counties in the Baltimore PMSA. In 2000, the median household income was $57,250, and 2002 Census estimates show the income was $62,750, a 9 percent increase. The largest employer in the County is Aberdeen Proving Ground, with 11,484 employees. Other large corporate office locations include Upper Chesapeake Health System, Rite Aid Mid-Atlantic Distribution Center, and Saks Fifth Avenue (Harford County Office of Economic Development, 2003).

Housing Market

There were 83,146 occupied housing units. Seventy-five percent of the units were owner-occupied, while 21 percent were renter-occupied and four percent remained vacant. Table 15 details the tenure of these units. Notice that the vacancy rate is very low – only 4% (3,325 housing units) – indicating that a high demand for housing units exist throughout the County.

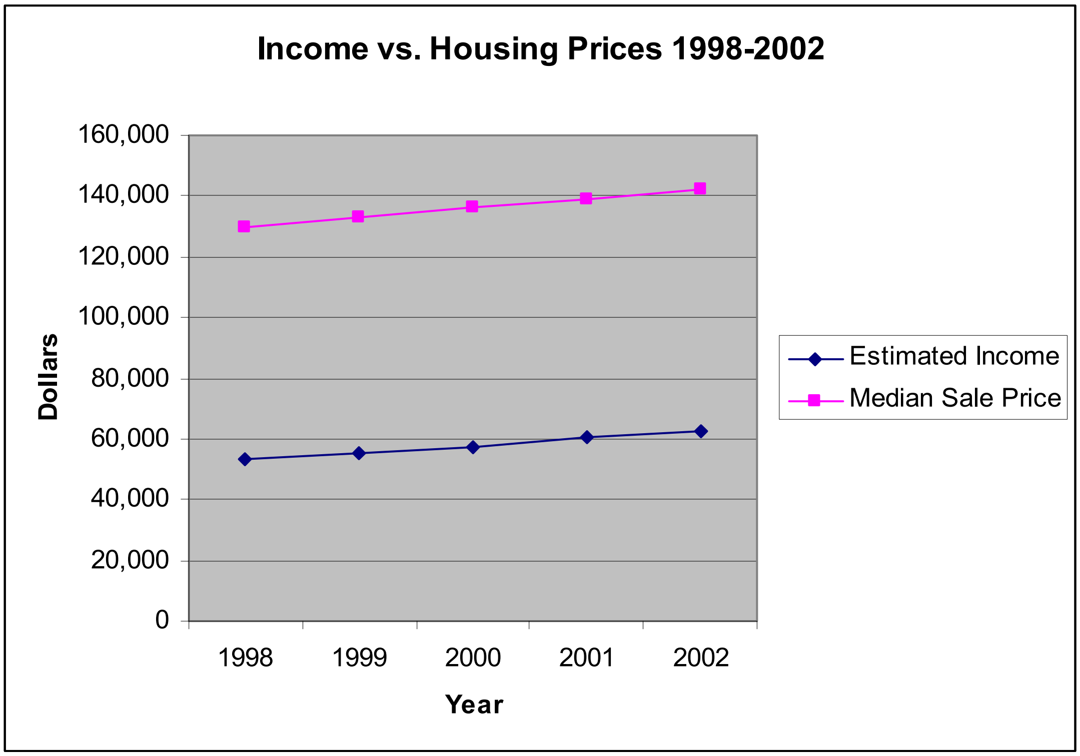
Table 15: Housing Units in Harford County

Housing Units	Number of Units	Percentage of All Units
Owner Occupied	62,359	75%
Renter Occupied	17,460	21%
Vacant	3,325	4%

Source: Census 2000

The housing market is in Harford County has remained relatively stable with little fluctuation in price. Figure 9 shows median household income and annual median housing prices between 1998-2002. Median household income in 1998 was $53,650, while the median selling price of a house was $130,000, almost two and a half times household incomes.

Figure 9: Housing Costs versus Income



Source: Maryland Department of Planning, 2003

From January 1, 2002 through December 31, 2002, the median selling price of a house was $142,000, an increase of 4 percent from $136,500 in 2000. In contrast, the median household income in 2002 was $62,750, which rose 9 percent from $57,250 in 2000. Calculations from Figure 9 show that from 1998-2002, household incomes rose approximately 14 percent, while the cost of owning a home increased by 8 percent. Although it appears that incomes are surpassing or at least keeping pace with housing prices, this may be due to wealthier residents fleeing other more expensive counties to find affordable housing in Harford County. The effect of households with higher incomes relocating to the County will be an initial increase in median income; then, incomes will stabilize at a higher level. However, the demand for land and housing will continue to increase. The cost of land and housing will increase until the affordability problems reach the proportions that are apparent in neighboring counties.

A review of the housing market revealed that some households paid over 30 percent of monthly income toward housing, which HUD determines unaffordable. For renter households, the FMR for 2002 in Harford County for a two-bedroom apartment rented for $668 as compared to FMR for 2000 of $643. This represents a 6.5 percent increase. (Appendix I shows the percent increases of FMRs from 1996-2004). The largest increase in about two decades occurred between 2002 and 2003. FMRs jumped over 20 percent from $668 to $844. Also, during the 1990s, Appendix I shows that FMRs increased modestly, between one and three percent. Yet, beginning in 2000, FMRs increased significantly each successive year.

The income needed to afford the 2002 FMR was $2,293 a month or $27,516 annually. The median rent in Harford County was $648 per month per unit, which resulted in 29 percent of renters (4,961 households) who spent more than 30 percent of their household income on housing. The median mortgage for owner-occupied units was $1,242 a month, which resulted in 20 percent of owners (10,678 households) who spent more than 30 percent of their household income on housing. While Harford County is one of the most affordable counties in the Baltimore region, nearly third of renters and a quarter of homeowners lack affordable housing.

Housing Policies

This section outlines the various policies and programs that the County has implemented to address affordable housing.

Rental Assistance Programs

Endeavors to increase the supply of affordable rental units included providing grants and loans for the development of mixed used rental communities. Three programs have received funding commitments for the construction of 196 new rental units, as of year one (FY03). Harford County also assisted with the renovation of older complexes through removing administrative barriers associated with past non-compliance of codes.

Section 215 refers to the classification as affordable housing according to Section 215 of the HOME Investment Partnership Act. Accomplishments within Section 215 include any assistance to extremely low, low income and moderate-income renters and homeowners assisted with local CDBG, HOME, state funds and County funds. One hundred sixty three renters received rent or mortgage assistance through this program. Among these families, 160 were elderly. Additionally, 1,470 Section 8 rental units exist throughout the County. An additional 1,636 families remain on the Section 8 waiting list, and the annual turnover rate is only 25 percent. Thus, households may anticipate a long waiting time for affordable housing. Such a waiting list is evidence of a demand for affordable housing, especially among lower income populations.

Homeownership Programs

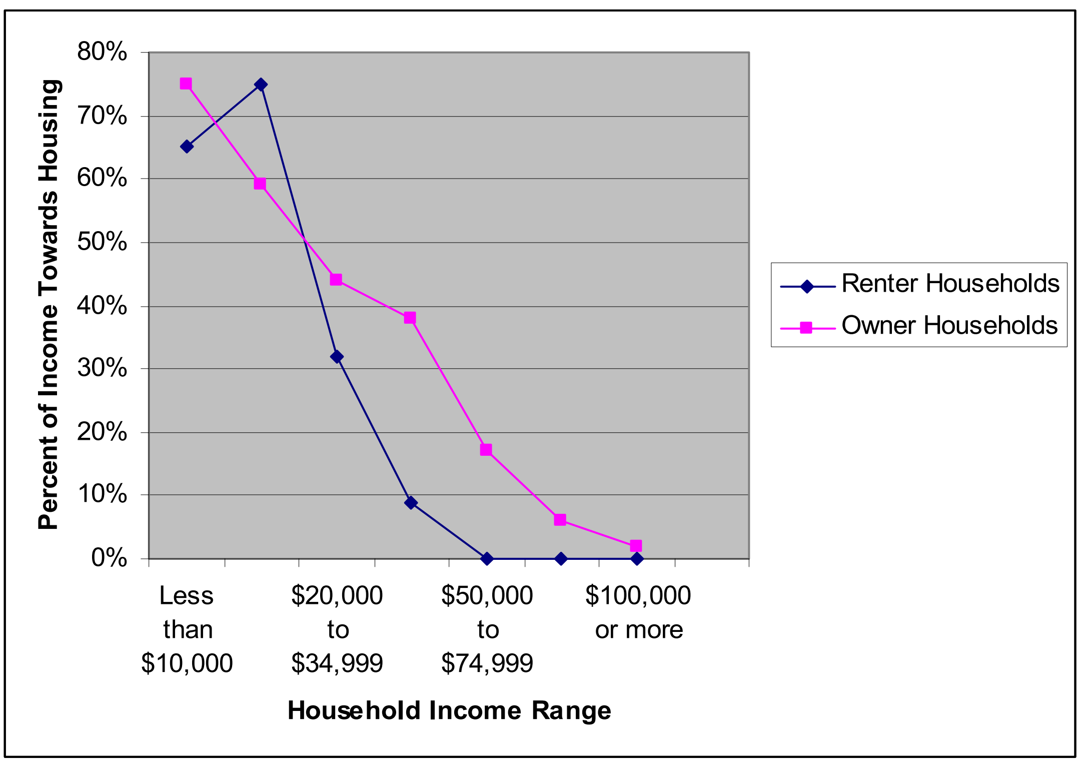
Harford County's primary housing goal is to increase home ownership. In their efforts, the County has embarked on several initiatives. Two objectives target educational programs aimed at improving homeownership and credit counseling for first-time homebuyers with low and moderate incomes. The homeownership counseling goal was to include 150 new homebuyers within the five years of the Consolidated Plan. As of year one (FY2003), Harford County produced 31 first time homebuyers, equaling 20 percent of its goal. Funds to provide credit counseling have been provided to three organizations—Harford Habitat for Humanity, Home Partnership, Inc., and Harford Community Action Agency. Harford County also engaged in the Settlement Expense Loan Program (SELP) to provide down payments for low and moderate-income homebuyers. In 2003, the program assisted 24 first-time buyers, 16 percent of the 150 homebuyers' goal. Sixteen below market mortgage loans were supplied. Additionally, Harford County was working to implement the Section 8 homeownership program. To date, the program was developed and implementation has begun. Two hundred four homebuyers received counseling or down payment and closing cost assistance.

Increasing the supply of housing has included the funding of the County's housing and development organizations (CHDOs). As of year one (FY2003), Habitat for Humanity and Home Partnership, Inc. have received funds. Maintaining the supply of existing housing stock involves four specific objectives. The HOME program was facilitated by the Department of Housing and Urban Development to supply grants to local jurisdictions for the acquisition, construction or rehabilitation of homes to assists renters, homebuyers, or homeowners. The Community Legacy fund was a state program, which supplied funds to older communities seeking to maintain the neighborhoods' uniqueness, while improving the quality of life. As of year one (FY2003), through the HOME program and Community Legacy funds, 17 homes have been rehabilitated. The HOME program rehabilitated an additional 10 homes in communities with declining housing stock. The County was also ensuring compliance with existing property maintenance codes.

Housing Needs

A tight housing and rental market has created an affordability gap in Harford County, whereby residents cannot afford the current prices for housing. Figure 2 details the burden of households who paid over 30 percent of income toward housing. It is evident that low and middle-income households were disproportionately burdened. Renter households experienced a sharp decline in burden between the income ranges of $34,999 to $50,000, while the homeowner burden declines at a slow rate. Renter households that earn over $50,000 did not experience a housing burden; likewise, owner households earning over $100,000 did not experience a housing burden.

Figure 10: Housing Burden by Income Category



Source: Census, 2000, Summary File 3 (data from Table 2)

Table 14: Housing Need and Burden Measurements

Harford County, Maryland			
Renters Paying 30% of Income Toward Housing			
Income Range	**# of HSE Paying >30% Income to Housing**	**Total # of HSE[1]**	**Percent Paying Over 30%[2]**
Less than $10,000	1,299	1,999	65%
$10,000 to $19,999	1,812	2,426	75%
$20,000 to $34,999	1,548	4,732	32%
$35,000 to $49,999	276	3,116	9%
$50,000 to $74,999	26	3,114	0%
$75,000 to $99,999	0	1,020	0%
$100,000 or more	0	639	0%
Total Renters[3]	**4,961**	**17,046**	**29%**
Homeowners Paying 30% of Income Toward Housing			
Income Range	**# of HSE Paying >30% Income to Housing**	**Total # of HSE**	**Percent Paying Over 30%**
Less than $10,000	738	974	75%
$10,000 to $19,999	1,221	2,086	59%
$20,000 to $34,999	2,456	5,589	44%
$35,000 to $49,999	2,930	7,790	38%
$50,000 to $74,999	2,530	14,984	17%
$75,000 to $99,999	592	10,853	6%
$100,000 to $149,999	186	8,234	2%
$150,000 or more	25	2,883	0%
Total Homeowners[4]	**10,678**	**53,393**	**20%**
Overall Burden[5]	**15,639**	**70,439**	**22%**
Low-Income Burden[6]	**5,070**	**7,485**	**68%**
Middle-Income Burden[7]	**9,766**	**39,325**	**25%**

[1] Where HSE is household.
[2] Percent of households paying over 30% (HUD standard) *within* each respective income category.
[3] All renter households regardless of income.
[4] All homeowner households regardless of income.
[5] Housing burden for *all* households, including renters and homeowners.
[6] Low-Income comprises 2 income ranges: 1) less than $10,000 and 2) $10,000-$19,999.
[7] Middle-Income comprises 3 income ranges: 1) $20,000-$34,999 (lower middle); 2) $35,000-$49,999 (middle); and 3) $50,000-$74,999 (upper middle).

In 2000, approximately five percent of households lived below the Federal Poverty Level. Low-income households tended to be more prone to paying a higher percentage of their annual income on housing. For low-income households earning up to $19,999, 68 percent of households paid over 30 percent of their income toward housing. For middle-class households earning $20,000 to $74,999, 25 percent of households paid over 30 percent of their income toward housing. As a result of this housing cost burden, overall 15,639 households (22 percent) in Harford County were burdened by housing costs as defined by HUD's 30 percent rule.

As shown in Table 14, the lack of affordable housing was not only a problem for over 5,000 low-income residents, but it also affected the middle class who earned between $20,000 and $74,999. Over 9,000 middle class households paid more than 30 percent of their income on housing. As a result of this housing cost burden, overall 15,639 households (22 percent) in Harford County paid more than 30 percent of their income on housing.

Summary

These figures detailing the housing burden are important since the working and middle classes are most impacted by the lack of affordable housing. In particular, individuals in the service sector the serve the County may be unable to reside in the County. For example, the average weekly wage in Harford County is $614, or $31,928 annually. For education services, which employ 599 persons including teachers, the average annual income is $21,372. Health care and social service workers averaged $28,912 annually. Specialty Trade Contractors that often work with Aberdeen Proving Ground earn an average of $31,980 per year. Forty-four percent of homeowners and 39 percent of renters within this income bracket lacked affordable housing (Harford County Office of Economic Development, 2003). There is cause for concern when individuals in careers that serve the community, cannot afford to live there.

Although Harford County mentions various goals in its Consolidated Plan, data for these goals and the number of housing units assisted were not clearly stated. Harford County does not appear to have a sufficient amount of programs to assist those households in need. It has failed to adequately address affordable housing needs of its residents. Over 15,000 households have a housing burden. Considering the plan generously, only 2,500 households were assisted with finding affordable housing. As a result, numerous households were left without affordable housing. While Harford County attempts to meet the projected goals stated in its consolidated Plan, the County's public policies do not accomplish enough to adequately address the problem of affordable housing.

APPENDIX F
Howard County, Maryland

Demographics

Howard County is situated between Baltimore, Maryland and Washington, D.C. in the Baltimore Primary Metropolitan Area. It experienced significant growth during the 1960s and 1970s as a result of the Rouse development of Columbia – a planned community. Slower growth followed as the County has become developed to land capacity during the 2000s. It is the second smallest County in the state, with a land area of 252 square miles (161,280 acres).

The population of Howard County has consistently increased with each decennial census. In 2000, the population of Howard County was 247,842, including 90,043 households. The population increased significantly, by 32 percent from 1990 to 2000. According to the Maryland Department of Planning, the population is expected to be 279,300 by 2005 – an increase of 12.7 percent from 2000.

Howard County is the wealthiest jurisdiction in the state of Maryland, and the seventh wealthiest in the nation. The median household income in 2000 was $74,167. The County's median household income rose from $69,200 in 1998 to $74,167 in 2000 (a 7.2 percent increase) to $80,501 in 2002 (an 8.5 percent increase from 2000). The County's wealth is also reflected in the low poverty rate – 3.9 percent of the population had incomes below the poverty line – far below the state's poverty rate of 8.5 percent.

Housing Market

Many Marylanders view Howard County as a desirable location to reside because of its strategic location between the Washington D.C. and Baltimore Metropolitan areas. Additionally, the County boasts a stellar public education system.

Howard County’s housing market is very tight. In 2000, it had 92,818 total housing units. Table 17 details the structure of the County’s housing tenure. Of the 90,043 occupied housing units, 72% were owner-occupied, 25% were renter-occupied and 3 % were vacant.

Table 17: Housing Units in Howard County

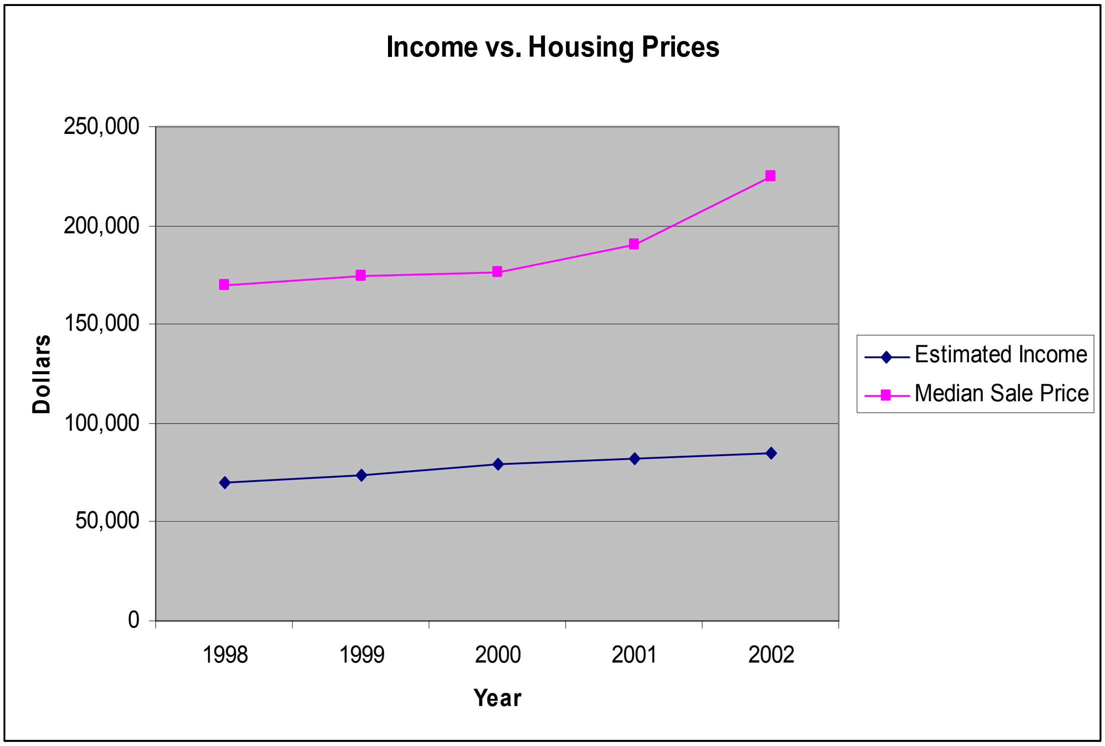
Housing Units	Number of Units	Percentage of All Units
Owner-Occupied	66,479	72%
Renter-Occupied	23,564	25%
Vacant	2,775	3%

Source: Census 2000

According to Howard County's Comprehensive Zoning plan (1993), residential areas are forecast to be built at 121,010 dwelling units. As of May 2000, 88,950 units had been built, and another 14,020 units were committed to development. Thus, only 17,980 more housing units can be built under current zoning regulations.

The average selling price for a home in Howard County increased by 34.6 percent from 1998 to 2002 (from \$195,814 to \$263,532). This rapid increase in housing prices is made especially evident when median housing sales prices are compared to the relative steady change in median household income from 1998 to 2000, represented in Figure 11. From 1998 to 2002, household incomes rose approximately 16.3 percent while the cost of owning a home increased by 32.3 percent. From 2001 to 2002, prices rose dramatically by over 30 percent. In other words, the housing market nearly outpaced incomes by a two-to-one margin during this time period.

Figure 1: Rising Housing Costs vs. Stable Income



Source: Maryland Department of Planning, 2003

The fair market rent for a 2-bedroom apartment in 2000 was $643 in the Baltimore, PMSA, which includes Howard County. In 2002, it rose by 6.5 percent to $688. In 2000, the median rent for the Columbia was $879, slightly higher than the area FMR. Census 2000 shows that the median monthly mortgage payment was $1,559, nearly twice the median rent. While the median cost of renting a house is relatively high in Howard County, the median cost of owning one is even higher.

Should the trend of the five years detailed in Figure 11 hold for the near future, housing prices will continue to steadily outpace household incomes, thus pricing even more individuals and families out of the housing market.

Housing Policies

Affordable housing in Howard County is addressed by two government entities – the Howard County Department of Housing and Community Development (DHCD) and the Howard County Housing Commission (HCHC). DHCD owns and manages residential property, maintains these properties, provides loans for settlement and down payment assistance, assists in home ownership preparedness, and operates the Community Development Block Grant (CDBG), Community Legacy, and the Home Investment Partnerships (HOME) programs.

The Housing Commission was established in 1990 as a Public Housing Authority (PHA) for Howard County, Maryland. The PHA owns and manages residential properties, develops affordable rental housing by purchasing land and providing it to developers with an inexpensive long-term lease, and operates the Housing Choice Section 8 Voucher Program.

Howard County's Consolidated Plan for FY2001 to FY2005 and its latest Consolidated Annual Performance Report (CAPR) covering FY01 and FY02, outlines 16 goals, several of which apply directly to the provision of affordable housing and housing services, which are discussed in the following sections as applicable to renter-households and owner-households.

Rental Assistance Programs

One objective under the Consolidated Plan is to "support the County's existing public and assist housing programs to provide rental assistance and support services." The Housing Commission does so by administering public housing rental vouchers and certificate programs, particularly by obtaining additional vouchers. According to the

County's latest CAPR, in FY01 to FY02, the Howard County Housing Commission received an additional 40 Section 8 vouchers – indicating a demand for low-income housing.

Another objective under this goal is to provide incentives for owners of rental developments built with HUD-assisted. To mitigate what it calls "worst case needs" of renter-households who live in public housing, the County has Community Action Councils (CACs) to provide emergency rent funds should such tenants become unemployed subsequent to occupying a unit.

Homeownership Programs

The first goal of Howard County's Strategic Plan is to provide "affordable housing through home ownership assistance," which calls for the County to increase the stock of affordable housing for ownership by 1,250 units between June 30, 2000 and June 30, 2005. Various programs have by implemented to carry out this goal.

The state's Maryland Mortgage Program, supplying first-time low and moderate income homebuyers with low-interest mortgage loans through private lending institutions throughout the state, has helped 20 families in FY02, and 54 families since 2000. Another state program, the Hot Spot Home Ownership Initiative, helped 6 families in the past three years and provides five percent mortgage money to purchase homes in Hot Spot communities. The state's "On Behalf Of" (OBO) program assists new homebuyers with low interest mortgage loans – whereby funds can only be used to purchase previous rental housing. In this way, the County increases affordability and homeownership rates. In addition, DHCD has acquired land for a proposed 60 housing units of moderate housing and another 100 units for low and moderate income households. It should be noted that most of the County's provisions for homeownership are actually state programs with state funding. While these programs assist homeowners, the County does not provide substantial resources for its housing burdened population.

Community Redevelopment and Housing Services

At this time the County has no community redevelopment or housing services that directly relate to affordable housing.

Housing Goals and Needs

Howard County's Consolidated Plan calls for the creation of 250 units of affordable rental housing by 2005 (50 units per year), especially for special needs populations (seniors and the disabled). The CAPR reports that, as of June 30, 2003, more than twice the 5-year goal of affordable rental units (508), were built, rehabilitated, or proposed. This includes 100 proposed units of housing called Hickory Ridge Place, which is being planned for renovations to preserve them as affordable housing units for low-income individuals. Another 72 units, the Port Capital Apartments, are planned as affordable rental units for low- and moderate-income families. Last, the remaining 336 units of rental housing are intended for use as senior rental housing.

The Consolidated Plan calls for the County to increase the stock of affordable housing for home ownership by 1,250 units (250 units per year) by June 30, 2005. The CAPR indicates that 69 units of low- to moderate-income housing for ownership were built in FY02. A total of 375 units were built or proposed in FY2001 and FY2002. The County attained only 27.6 percent of its annual goal of 250 additional units in FY2002, but 75 percent of its cumulative goal of 500 additional units was attained for FY2001 and FY2002.

Table 18: Affordable Housing Goals vs. Production (FY2001-FY2002)

Affordable Housing Program	Units Goal	Units Produced	Total Deficit or Surplus
Home Ownership Programs	500	375	Deficit of 125 units
Affordable Rental Programs	50	508	Surplus of 458 units
Totals	550	883	**Surplus of 333**

Source: Howard County CAPR, 2002

Table 18 details the results of Howard County's housing programs as of June 30, 2003. There were 883 units – most of them for rental purposes –either built, proposed, or rehabilitated. For the remaining 617 housing units, DHCD must create these in the next three years. These units are mainly homes for ownership by those households with low- to moderate-incomes.

Figure 12 shows how Howard County households experience a housing burden by their respective income categories. Notice that 83 percent of renter households earning between $10,000 and $19,999 experience a housing burden. This burden falls significantly – by nearly 50 percent – for households between $50,000 and $75,000. For owner households, the burden begins at 77 percent and gradually falls as income categories rise.

In addition, Table 19 displays the total number of burdened households (renter and owner) by income category. Almost one quarter of all renter and homeowner households spend 30 percent or more on housing costs. Over a third of middle income residents pay over 30 percent toward housing. Table 19 also shows that renters and homeowners with incomes lower than the median household income experience a heavier burden of homeownership than those households earning the more than the median income. The same phenomenon is evident when costs of homeownership are examined. More than one in five homeowners spent 30 percent or more on housing. Moreover, a

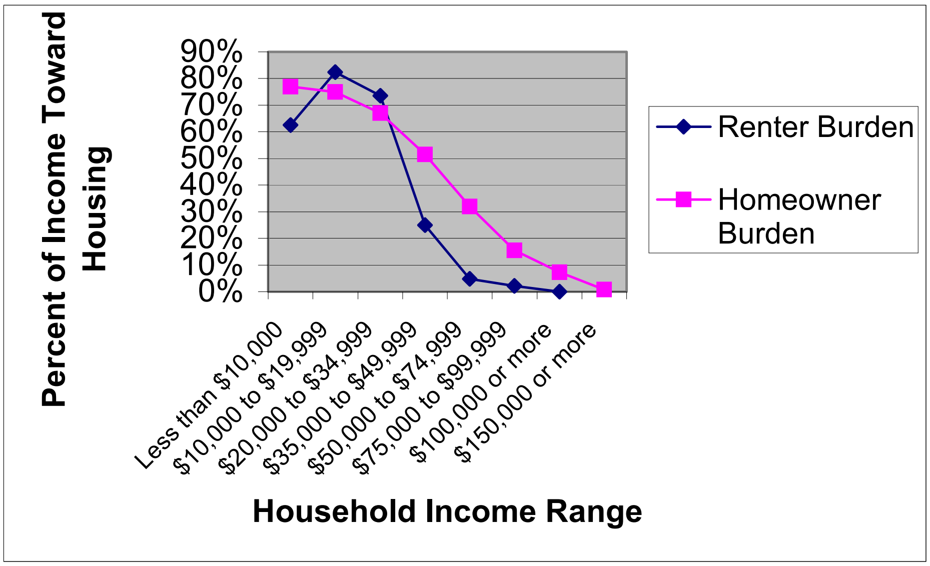
Table 19: Housing Need and Burden Measurements

Howard County, Maryland			
Renters Paying 30% of Income Toward Housing			
Income Range	**# of HSE Paying >30% Income to Housing**	**Total # of HSE[1]**	**Percent Paying Over 30%[2]**
Less than $10,000	1,234	1,975	62.5%
$10,000 to $19,999	1,713	2,079	82.4%
$20,000 to $34,999	3,262	4,435	73.6%
$35,000 to $49,999	1,122	4,493	25.0%
$50,000 to $74,999	277	5,757	4.8%
$75,000 to $99,999	56	2,588	2.2%
$100,000 or more	0	2,080	0.0%
Total Renters[3]	7,664	23,407	32.7%
Homeowners Paying 30% of Income Toward Housing			
Income Range	**# of HSE Paying >30% Income to Housing**	**Total # of HSE**	**Percent Paying Over 30%**
Less than $10,000	479	623	76.9%
$10,000 to $19,999	832	1,111	74.9%
$20,000 to $34,999	2,167	3,232	67.1%
$35,000 to $49,999	2,503	4,856	51.5%
$50,000 to $74,999	3,820	11,934	32.0%
$75,000 to $99,999	1,859	12,007	15.5%
$100,000 to $149,999	914	15,215	7.3%
$150,000 or more	187	9,580	0.8%
Total Homeowners[4]	12,761	58,558	21.8%
Overall[5]	**20,425**	**81,965**	**25%**
Low-Income Burden[6]	**4,258**	**5,788**	**74%**
Middle-Income Burden[7]	**13,151**	**34,707**	**38%**

[1] Where HSE is household.
[2] Percent of households paying over 30% (HUD standard) *within* each respective income category.
[3] All renter households regardless of income.
[4] All homeowner households regardless of income.
[5] Housing burden for *all* households, including renters and homeowners.
[6] Low-Income comprises 2 income ranges: 1) less than $10,000 and 2) $10,000-$19,999.
[7] Middle-Income comprises 3 income ranges: 1) $20,000-$34,999 (lower middle); 2) $35,000-$49,999 (middle); and 3) $50,000-$74,999 (upper middle).

majority of homeowners earning less than $50,000 spent 30 percent of their income or more on housing. Last, the rent burden – 27 percent – was heaviest for those households earning less than $35,000 annually in Howard County in 2000.

Figure 12: Housing Burden by Income Category



Source: Census, 2000

Employment trends help to shed more light on this issue. Consider the case of the County's service sector employment. Approximately 17 percent of Howard County's total population earns less than $35,000. Police officers earned $35,568 as their starting salary, which is 55.8 percent less than the median household income in 2002. Firefighters and teachers, respectively, earned $31,387 and $34,487 as starting salaries in 2002, which are 61 percent and 57.2 percent less than Howard County's median household income. Most households that earn income in this range pay more than 30 percent of their income toward housing. For those with incomes between $20,000 and $35,000, 75 percent are burdened by housing costs.

It thus becomes obvious that there will continue to be many citizens whose incomes fall well below the median household income level. Evidence that households are being priced out of Howard County's housing market is the fact that, according to Census 2000, nearly one in three (32.8 percent or 7,664) rental households and one in five (21.8 percent or 58,558) homeowners spent 30 percent or more of income toward housing. The burden of cost of rent was heaviest for those earning less than $35,000 annually in Howard County in 2000.

The police officer, firefighter and teacher employees – who service the County's residents – are all unlikely to be able to afford housing in this very jurisdiction they serve. Howard County's housing market in recent years has distanced itself from its citizens earning low levels of income. This problem will only become worse if growth continues as expected in housing rents and land sales prices. Not only low-income workers, but many moderate-income earners in Howard County, such as the service workers, continue to experience considerable difficulty affording housing if they choose to reside in Howard County.

Summary

Although Howard County has surpassed its affordable rental goals and is on its way to achieving its homeownership target, it still faces an affordable housing problem. Currently, out of nearly 82,000 households in the County, over 20,000 pay more than 30 percent of their income on housing costs. This housing burden falls disproportionately on low and middle income households. If current trends persist, this cost burden will continue to negatively impact teachers, firefighters, police officers, and other low and moderate income employees servicing the County's residents. The County's surplus of affordable housing units built, proposed, or rehabilitated, relative to its targeted goals over five years, is commendable, considering the inability of other counties studied in this report to create or fulfill their housing goals. Yet, the County's affordable housing goals are only a fraction of its need. Further complicating the County's affordable housing problem is the fact that it has nearly developed to land capacity. Only 17,980 more housing units can be built under current zoning regulations. Even if the County had the resources and political will to provide for its full affordable housing need, it would still be unable to do so for regulatory reasons. In order to effectively address its affordable housing problem, Howard County must not only consider the full housing need for those paying over 30 percent of their income on housing costs, but also its land capacity and zoning policies.

APPENDIX G
Montgomery County, Maryland

Demographics

Montgomery County is a suburb of Washington, D.C. that was heavily developed during the late 1960s and early 1970s along the I-270 corridor. It spans 496 square miles (317,440 acres), and the County continues to experience development in the 2000s as the last portion of corridor development begins in the northwestern sections of the County. Montgomery County is the most populous jurisdiction in Maryland, with a population of 873,341 in 317,500 households (Census 2000). During the 1990s, the County's population grew by 14.5 percent.

Socioeconomically, the County also stands out as the second wealthiest in the state. The median household income (MHI) in 2000 was $71,551 and 2002 Census estimates show an increase of 10.1 percent to $79,600. Furthermore, poverty remains well below the national and state averages. Only 5.4 percent of persons live in poverty.

Housing Market

The County benefits from a strategic location, situated northwest of the nation's capital. Not only are there many regional employment opportunities, but there are also a host of employment hubs located within the County (e.g., in Bethesda, Rockville, and the I-270 corridor) that attract technological and government organizations. Its location, employment opportunities, and overall caché make the County a desirable place for firms to locate and persons to live. In short, it is a high demand County.

The housing market in Montgomery County is very tight. Table 1 details the structure of these units: 67 percent are owner-occupied and 30 percent are renter-occupied. Notice that the vacancy rate is very low – only 3 percent – indicating that there indeed exists a high demand for housing units, a low supply of housing, or both.

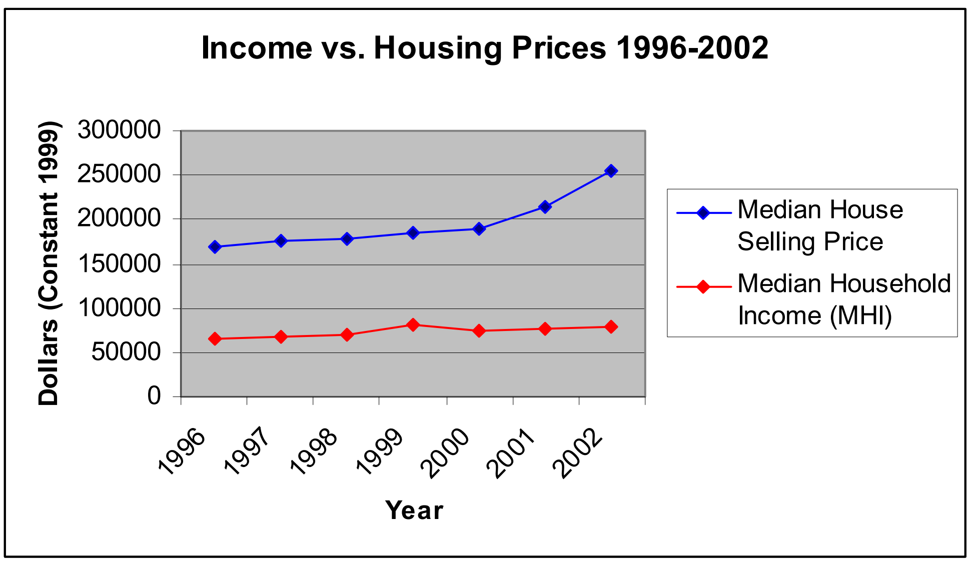
VI. Table 1: Housing Units in Montgomery County

Housing Units	Number of Units	Percentage of All Units
Owner-Occupied	223,003	67%
Renter-Occupied	101,557	30%
Vacant	10,067	3%

Source: Census 2000

Figure 13 shows median household income and annual median housing prices between 1996-2002. Between 1996 and 1999, both income *and* housing price remained fairly stable. For example, median household income in the County in 1996 was $66,085 while the median sales price of a house was $169,000.

Figure 13: Housing Costs versus Income



Source: Maryland Department of Planning, 2003

Thus, the cost of owning a home was roughly two and a half times that of a household's income during the mid-to-late 1990s. Rapid change occurred in 2000 when the median housing prices started to rise much faster than median household incomes. By the end of 2002, the median price of a house was $255,275 while median household income was $79,600. In just three years, average housing costs increased nearly three and a half times that of median household incomes. Calculations from Figure 13 show that from 1996-2002, household incomes rose approximately 17 percent while the cost of owning a home increased by 34 percent. As the cost of housing rises and incomes remain unchanged, fewer individuals and families are able to afford housing in Montgomery County.

Table 21 details the price of housing according to type. There is a substantial variation between the costs of new and existing single family homes (detached units) and town homes (attached units). These costs affect the affordability of housing in the County because they are high. For instance, new detached homes cost over $140,000, or 30 percent more than existing homes; and new attached homes cost over $92,000, or 33 percent more than existing attached homes. These trends provide evidence that new homes cost significantly more in the County, and existing homes retain a high market value.

Table 21: New and Existing Average Housing Prices in Montgomery County, 2002

Type of Housing Structure	**Average Selling Price, 2002**
New single-family detached unit	$481,286
New single-family attached unit	$277,978
Existing single-family detached unit	$340,000
Existing single-family attached unit	$185,500

Source: Maryland County Department of Planning, 2003

The U.S. Department of Housing and Urban Development (HUD) determines fair market rents (FMR). Appendix I shows the percent increases of FMRs from 1996-2004.

In Montgomery County, they increased 36 percent from 1996-2004. The largest increase in two decades occurred between 2002 and 2003. FMRs jumped over 18 percent from $943 to $1,154.

Housing Policies

Montgomery County has long history of pursuing public policies that promote an affordable housing stock. This section outlines the County's various affordable housing policies and programs.

Rental Assistance Programs

Formerly Section 8, the Housing Choice Program provides a certificate which carries a dollar amount to be applied toward rental housing. The County receives federal money from HUD to distribute these vouchers. Eligible residents are "very low income" and must not earn over 50 percent of the PMSA median income for the region, which is $43,500 for a household of four. The Montgomery County Housing Commission distributes 75 percent of its voucher funding to individuals and families who are "extremely low income," or earn less than 75 percent of the regional median income, which is $26,100. The County currently receives approximately 3,500 vouchers to distribute. Often, a long waiting list (over 3,000 households in 2002) and the inability to find affordable rental units cause recipients to return unused vouchers.

To help bridge the affordability gap, the County operates a *Family Self-Sufficiency Program*. It is designed to aid public housing residents and voucher recipients achieve self-sufficiency by providing intense case management services that provide counseling and vocational training. In addition, the County administers federally funded Public Housing. The County owns 1,500 public housing units that are scattered throughout the jurisdiction.

Homeownership Programs

Montgomery County has three programs that are geared toward assisting individuals and families to purchase or improve a home. First, the *First Trust Mortgage Program* provides subsidized mortgage rates (below-market) for moderate income first-time home buyers who purchase a home in Montgomery County. The household may not earn over $97,520 annually, and the price limits are $255,600 for an existing house and $303,300 for a new house. The mortgage rates range from 2.85 percent to 4.85 percent. Second, the *Purchase Assistance Program* has the same income and house price limits, but the interest rates are market-rate. In addition, the Housing Opportunities Commission provides a down payment of three percent of the selling price. Third, the *Cost Closing Assistance Program*, with similar income and price limits, provides $7,500 or five percent of the selling price to go toward real estate closing costs. Combined, these programs seek to subsidize the costs of purchasing a house in Montgomery County for first-time moderate income homebuyers. As of December 2003, the County lacked sufficient funds to pay for these programs, but they remain in place.

Community Development Programs

Montgomery County became the first local government in the nation to legislate affordable housing in 1974. The Moderately Priced Housing (MPH) law created a moderately priced dwelling unit (MPDU) program, which requires that 15 percent of new subdivisions over 50 units be affordable for individuals and families in the lowest third of the County’s income scale. To encourage the development of affordable housing units, the County offers a variety of incentives to developers. Builders who develop up to 22 percent MPDUs in the development are provided with financial incentives such as local tax breaks. Also, density credits allow developers to increase the number of units in a given area, thereby increasing the number of homes that can be built.

By law, the County's public housing authority has right-of-first-purchase of one-third of the MPDUs. The MPH law requires that 25 percent of the MPDUs be offered by the Housing Opportunities Commission (HOC) and other non-profit housing agencies to sell to low and moderate income families. Table 22 shows the qualifying income levels for purchasing MPDUs:

Table 22: MPDU Income Limitations

Household Size	*Maximum Permitted Income*
1	$38,000
2	$42,500
3	$47,000
4	$52,000
5	$56,000

Source: Montgomery County DHCA, 2003

This program includes detached and semi-detached homes, townhouses, garden condominiums and high-rise apartments. The program pre-establishes sales price limits; a three bedroom townhouse costs approximately $80,000. In 2000, a single family house classified as MPDU sold for $106,508 to a family with an average household income of $33,076. Since 1974, private developers have produced about 11,000 MPDUs, and the housing authority has purchased nearly 1,200 units. Specifically, since 1976, 10,595 units have been created (7,637 for-sale units and 2,958 rental units). Production peaked in the early 1980s when 1,224 units were produced in 1984. In 1999, only 265 units were produced (by acquisition or construction). The HOC controls the prices of the units for ten years; afterward the unit may sell for market price. The County and the owner split the "excess" or "windfall" profit obtained through the sale of the MPDU.

Montgomery County established a local housing trust fund in 1988 to foster the creation of affordable housing units. The Housing Initiative Fund (HIF) helps the County maintain affordable housing by renovating distressed property, preservation of housing units, and establishing special needs housing. The fund is designed to supplement general county housing funding.

Since 2002, the HIF is currently funded by 1.5 percent of collected County property taxes. For FY 2002, the fund reached nearly $17 million. A variety of projects were completed with the HIF fund. The County put forth $14,844,648 in loans and grants to developers, nonprofits, and the Housing Commission to create and preserve affordable units. The HIF Annual Report (2002) estimates that for every dollar of local funding spent, seven dollars were leveraged in private, federal, and state sources toward affordable housing. The trust fund renovated 2,983 housing units and preserved (maintained units affordability) 2,644 housing units for some 8,000 residents in 2002.

Housing Goals & Needs

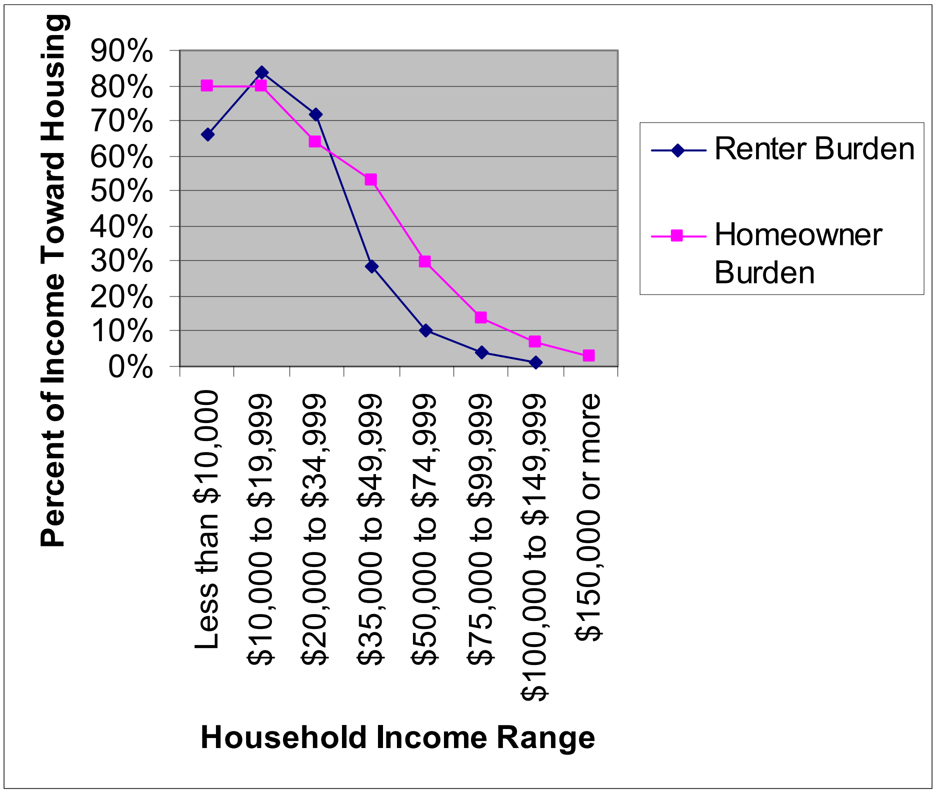
A tight housing and rental market has created an affordability gap in Montgomery County whereby residents cannot afford the current prices for housing. Figure 14 details the burden of households paying over 30 percent of income toward housing. It is clear that low and moderate-income households are disproportionately burdened. For example, 84 percent of all renter households who earn $10,000 to $19,999 are burdened. Additionally, lower income households are more likely to rent rather than own.

Table 23: Housing Need and Burden Measurements

Montgomery County, Maryland			
Renters Paying 30% of Income Toward Housing			
Income Range	**# of HSE Paying >30% Income to Housing**	**Total # of HSE[1]**	**Percent Paying Over 30%[2]**
Less than $10,000	5,476	8,280	66%
$10,000 to $19,999	8,032	9,598	84%
$20,000 to $34,999	13,990	19,532	72%
$35,000 to $49,999	5,418	19,116	28%
$50,000 to $74,999	2,280	21,778	10%
$75,000 to $99,999	447	11,305	4%
$100,000 or more	165	11,612	1%
Total Renters[3]	**35,808**	**101,221**	**35%**
Homeowners Paying 30% of Income Toward Housing			
Income Range	**# of HSE Paying >30% Income to Housing**	**Total # of HSE**	**Percent Paying Over 30%**
Less than $10,000	2,158	2,712	80%
$10,000 to $19,999	3,577	4,476	80%
$20,000 to $34,999	6,986	10,959	64%
$35,000 to $49,999	9,156	17,342	53%
$50,000 to $74,999	10,825	36,710	29%
$75,000 to $99,999	4,647	33,710	14%
$100,000 to $149,999	3,093	44,213	7%
$150,000 or more	1,173	41,429	3%
Total Homeowners[4]	**41,615**	**191,551**	**22%**
Overall[5]	**77,423**	**292,772**	**26%**
Low-Income Burden[6]	**19,243**	**25,066**	**77%**
Middle-Income Burden[7]	**48,655**	**125,437**	**39%**

[1] Where HSE is household.
[2] Percent of households paying over 30% (HUD standard) *within* each respective income category.
[3] All renter households regardless of income.
[4] All homeowner households regardless of income.
[5] Housing burden for *all* households, including renters and homeowners.
[6] Low-Income comprises 2 income ranges: 1) less than $10,000 and 2) $10,000-$19,999.
[7] Middle-Income comprises 3 income ranges: 1) $20,000-$34,999 (lower middle); 2) $35,000-$49,999 (middle); and 3) $50,000-$74,999 (upper middle).

Figure 14: Housing Burden by Income Category



Source: Census, 2000

Low-income homeowners, while limited, are especially burdened. Plus, notice that for middle and upper income households the burden is always greater for homeowners. Table 23 provides greater detail about the distribution of household burden by income. Overall, 77,423 households, or 26 percent, lack affordable housing. Most important, the middle income ($20,000 to $74,999) burden is significantly larger—48,655 households, or 39 percent, that experience a housing burden in Montgomery County.

Montgomery County estimates that 3,750 new households are formed annually, which translates into a market demand of 4,000 housing units per year. Of these households, about one quarter will earn less than $40,000. Therefore, the County has production goals of 1,000 affordable housing units per year over the next 10 years.

Table 24: Affordable Housing Goals vs. Production Over Two Years (1999-2000)

Affordable Housing Program	Owner Units Goal	Owner Units Production	Rental Units Goal	Rental Units Production	Total Deficit
MPDU (New Units)	200	149	100	83	68
Section 8	N/A	N/A	200	190	10
Special Needs (Mentally Ill)	N/A	N/A	100	29	71
Home Ownership	300	11	N/A	N/A	289
Nonprofit Multifamily Rehab	N/A	N/A	150	35	115
New Construction	N/A	N/A	200	0	200
Preserve Federal Housing	N/A	N/A	200	121	79
MPDU (Acquisition)	N/A	N/A	60	29	31
Multifamily Rehab Loans	N/A	N/A	150	5	145
Special Needs (Elderly)	N/A	N/A	250	18	232
Accessory Apartments	N/A	N/A	50	15	35
Preserve Multifamily Units	N/A	N/A	950	950	0
Acquire Multifamily Units	N/A	N/A	150	24	126
Public Housing Rehab	N/A	N/A	100	40	60
Totals	500	160	2,660	1,539	**1,461**

Summary	All Units Goals	All Units Produced	Total Shortfall
New Units	1,160	513	647
Preserved Units	1,730	1,209	521
Total	2,890	1,719	**1,171**

Source: Montgomery County DHCA, 2000

Table 24 compares the production goals and results thus far of the creation of affordable housing units. It is evident that while Montgomery County's housing programs created substantial units of affordable housing, although they do not go far enough. For a two year period, the County aimed to create approximately 3,000 affordable units, but it was only able to produce 1,719 units. Clearly there are many more households that experience housing burden than the County estimates. Table 23 illustrates that 48,655 middle income households lack affordable housing. It is important to note that while rehabilitation and preservation are important for the sustainability of housing structures, these programs do *not* add to the affordable housing stock.

Summary

To highlight these affordable housing results, consider the case of the County's service sector employment. The starting salaries of a teacher, police officer, and firefighter are, respectively: $38,600; $37,778; and $36,000. Clearly, as Table 23 demonstrates, these workers are unlikely to be able to afford to reside in the jurisdiction that they serve. Approximately 72 percent of renter households and 64 percent of owner households in this income category pay over 30 percent of income toward housing.

In Montgomery County DHCA's report, *Inventory of Affordable Housing 2000*, the executive summary (p. 3) notes that,

> "[b]y 2000, the market is increasingly tight and expensive. The current shortage of rental housing for lower income households is nearing crisis proportions. Providing an adequate stock of affordable housing is a growing challenge, one that is important not only to County households but to employers needing workers."

Clearly, the County has succinctly recognized the problem that many residents and employees face. Despite a marked effort to provide an adequate supply of affordable housing, there still exists a lack of affordable housing for County residents and employees.

APPENDIX H
Prince George's County, Maryland

Demographics

Prince George's County is a suburb situated north and east of Washington, D.C. It is the second largest jurisdiction in Maryland, containing 801,515 residents and 286,610 households in 2000. The County spans 485 square miles (320,100 acres). Since 1990, the County's population grew 10.8 percent and households have increased 12 percent. The median household income was $55,256, with 7.5 percent of individuals and 5.3 percent of households living below the federal poverty line. In the Washington metropolitan area (excluding the District of Columbia), Prince George's County has 21,774 individuals living in poverty – the highest in the region. The County also has the highest number of single parent families with children in the suburban metropolitan area with 11.3 percent being female headed householders with children under 18.

Housing Market

The housing market in Prince George's County is very tight. In 2000, there were 286,610 occupied housing units. Table 25 details the structure of these units. Notice the vacancy rate is low – only 5.2 percent – indicating high demand for housing units. About two-thirds of housing units (177,177) are owner-occupied while just over a third are renter-occupied (109,433).

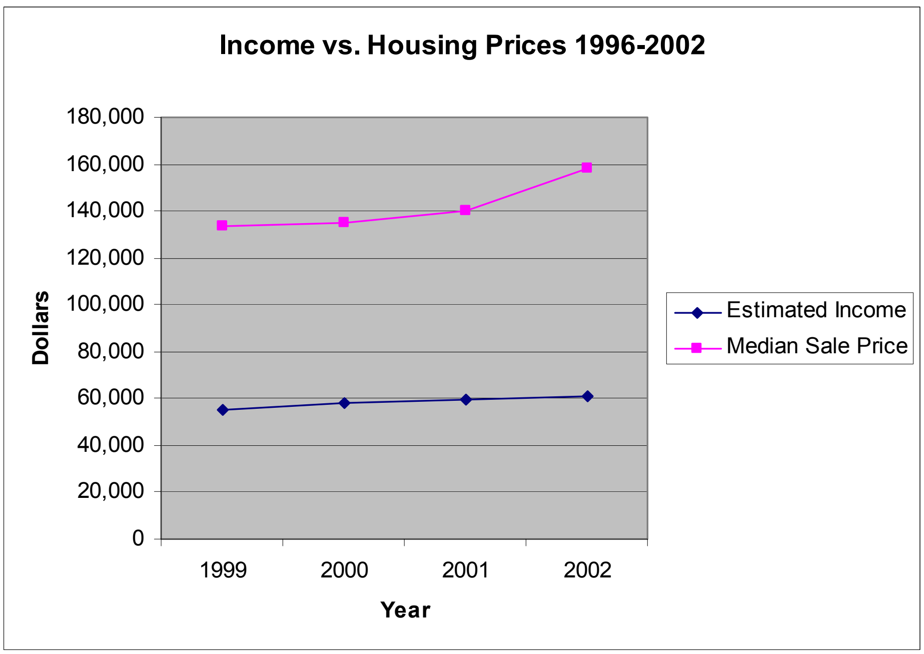
Table 25: Housing Units in Prince George's County

Housing Units	Number of Units	Percentage of All Units
Owner-Occupied	177,177	59%
Renter-Occupied	109,433	36%
Vacant	15,768	5%

Source: Census 2000

Figure 15 shows median household income and median housing prices between 1999-2002. Between these years, median housing prices started to rise much faster than median household incomes. By the end of 2002, the median price of a house was $157,874, while median income was $60,850. Calculations from Figure 15 illustrate that from 1999-2002, household incomes rose approximately 10 percent, while the cost of owning a home increased by 17.9 percent. Further, the largest increase occurred between 2001-2002. Housing prices jumped 12.5 percent, and incomes remained the same.

Figure 15: Housing Costs versus Income



Source: Maryland Department of Planning, 2003

The U.S. Department of Housing and Urban Development (HUD) determines fair market rents (FMR). In 2000, median rent was $840 per month. Thirty-three percent (36,636 households) of renters paid more than 30 percent of their monthly income on housing (See Appendix I). Also, the median monthly mortgage payment for owners was $1,404. More than 28.3 percent of owners (45,685 households) spent over 30 percent of their monthly income toward monthly mortgage payments. Thus, in 2000, over 28.7 percent, or 82,321 households, lacked affordable housing in Prince George's County.

Housing Policies

Currently, Prince George's County's housing goals and priorities are to create a greater balance of housing types (greater socioeconomic variety) throughout the County. Moreover, a set of policies is aimed at reinvestment in Inner-Beltway (I-495) communities. Additional goals and priorities are to: 1) expand home ownership for all residents; 2) develop a range of quality housing for the disabled; 3) improve the quality of life for citizens by reducing the concentration of low value housing units; and 4) build and restore stressed communities (Prince George's County Housing and Community Consolidated Plan FY 2001-2005). This section outlines various policies and programs that the County has implemented to address affordable housing.

The County housing plan set forth a goal of creating a greater balance of housing types and values. Between 2001-2005, the County estimates that 6,600 households will be assisted. The plan targets 800 households to expand home ownership opportunities. Three hundred nine households will be assisted to develop a range of quality housing. Five hundred households will be assisted as a reinvestment strategy for Inner-Beltway redevelopment. One thousand households will be assisted to improve the quality of life for all residents by reducing the concentration of inferior quality, low value housing units. Finally, an additional 1,000 households will be assisted to meet the goal of building and restoring vibrant communities by creating safe neighborhoods where people want to live.

To carry out these goals, financial incentives are provided to developers by federal, state, and local governments to rehabilitate and construct quality affordable housing. For example, HOME funds for nonprofit and for-profit developers are used to construct housing that serves as a model for quality development. These funds are also used to help qualified first-time home buyers with their mortgages. Additionally, HOME funds are used to leverage funds in variety of ways:

- Nonprofit assistance to Community Housing Development Organizations (CHDOs)
- County and state bond financing options and tax credits to help rehabilitate single and multi-family housing projects that mix income levels and reduce density
- Federal and State assistance to reduce hazards of lead based paint in older housing
- CDBG to renovate and modernize public housing; and to acquire, clear, and demolish properties that threaten health and safety.

Rental Assistance Programs

Prince George's County offers assistance to renters via the Section 8 Housing Program. This enables low-income households to rent from any landlord with rental assistance administered by the Prince George's County, Department of Housing and Community Development, Rental Assistance Division.

Also, the Section 8 Moderate Rehabilitation Program for Single Room Occupancy (SRO) provides rental assistance for homeless persons in conjunction with moderate rehabilitation of SRO dwellings, funded from other sources. The Regional Opportunity Counseling (ROC) Program funds counseling of families holding Section 8 certificates on housing opportunities, which helps to deconcentrate poverty.

There are 376 units of conventional public housing in Prince George's County. In July 2003, there were 2,801 families on the Section 8 waiting list. Between July 1, 2002 and June 30, 2003, the County provided 344 Section 8 vouchers to applicants on the waiting list. Therefore, 2,457 family's needs went unmet.

Homeownership Programs

A variety of housing programs in the County seek to increase homeownership. First, the Down Payment Closing Cost Assistance Program goal is to increase home ownership in the County. In conjunction with Prince George's County Single Family Bond Financing Programs, it provides up to $20,000 toward a down payment and closing cost assistance to homeowners in a "target areas." The target areas are: Avondale, Bladensburg, Brentwood, Colmar Manor, Fairmont Heights, Mount Rainier, North Brentwood, Seat Pleasant, Capitol Heights and parts of Glenarden. The Single Family Mortgage Program uses tax-exempt bonds to provide below market rate mortgages to those who financially qualify.

Second, the Down Payment and Settlement Expense Loan Program provides zero percent deferred second mortgages to eligible homebuyers. These funds cover settlement expenses that are not covered by the first mortgage that buyers would otherwise not be able to afford. Maryland Mortgage Program allocates tax exempt mortgage revenue bond authority to the County to assist low and moderate income households to purchase homes. The program targets to first-time buyers.

Third, Officer Next Door and Teacher Next Door provide opportunities for police officers and teachers to purchase HUD-owned properties in revitalization areas at a 50 percent discount of the home's list price. Live Near Your Work Program is a partnership between the state, County, and businesses to provide a $3,000 grant to employees who purchase a home near their work.

Community Development Programs

The Model Blocks Empowerment Program is a component of revitalization in the Landover Corridor, which is a project that renovates the current housing stock and addresses social revitalization of the neighborhood. Another development program is the Redevelopment Authority and the nonprofit Housing Initiative Partnership (HIP) that purchases HUD foreclosed homes and vacant housing in Inner-Beltway communities for rehabilitation and resale to low-income homebuyers. Finally, the Suitland Manor Redevelopment is a multi-phased project, which includes the demolition and redevelopment of 700 obsolete rental housing units.

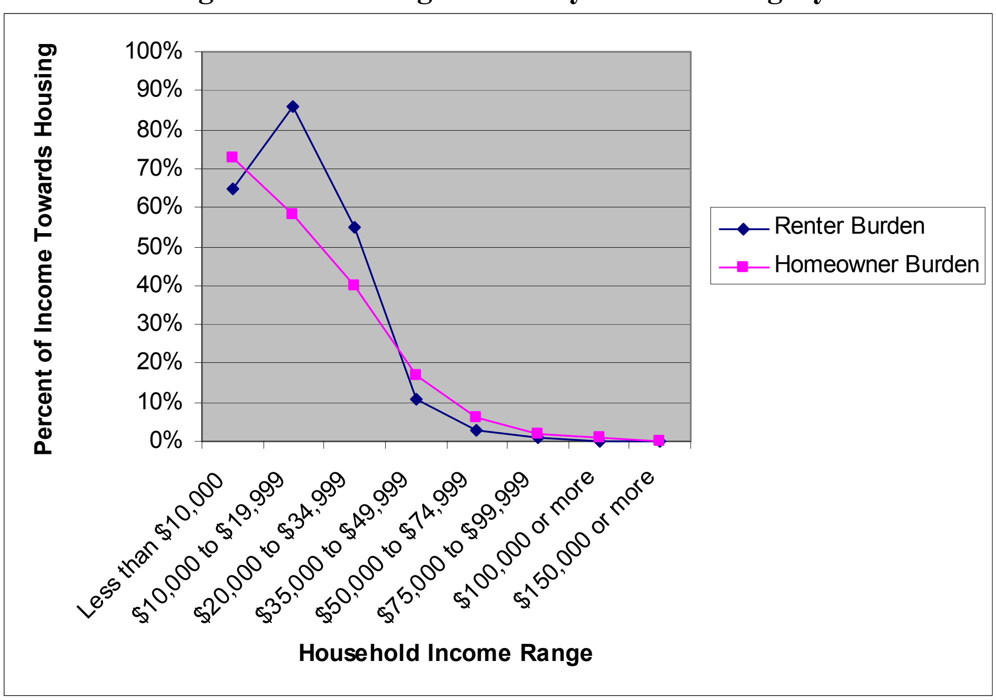
The Community Development Block Grant (CDBG) is an entitlement program that funds activities such as public improvements and housing. Projects include acquisition, demolition, rehabilitation and others which address the needs of low and moderate income households. CDBG Section 8 Loan Guarantee is a loan program that designates CDBG grant money as a loan for guarantee on large-scale development projects. The Comprehensive Grant Program provides funds to the County Housing Authority to make physical and management improvements to public housing.

Partnership Rental Housing Program provides loans up to $85,000 per unit for rental housing to be occupied by households with incomes below 50 percent of the state median income. Projects must increase the supply of decent housing for low-income families. The program is based on a partnership between the state and County. There is no maximum amount of housing, but Partnership projects tend to have 100 or fewer housing units.

Housing Needs and Goals

A tight housing and rental market has created an affordability gap in Prince George's County whereby residents cannot afford the current market price for housing. Figure 16 details the burden of households paying over 30 percent of income toward housing. It is clear that low and moderate income households are disproportionately burdened. For example, approximately 75 percent of all renter households who earn between $10,000 and $19,000 are burdened. Additionally, lower income households are more likely to rent rather than own. Low-income homeowners, while limited, are especially burdened.

Figure 16: Housing Burden by Income Category



Source: Census 2000

Also, Table 26 demonstrates the magnitude of housing burdens on the residents of Prince George's County. Housing burdens disproportionately affect low income renters

Table 26: Housing Need and Burden Measurements

Prince George's, Maryland			
Renters Paying 30% of Income Toward Housing			
Income Range	**# of HSE Paying >30% Income to Housing**	**Total # of HSE[1]**	**Percent Paying Over 30%[2]**
Less than $10,000	6,762	10,449	65%
$10,000 to $19,999	10,713	12,511	86%
$20,000 to $34,999	15,701	28,543	55%
$35,000 to $49,999	2,719	23,814	11%
$50,000 to $74,999	644	20,812	3%
$75,000 to $99,999	78	8,024	1%
$100,000 or more	19	4,930	0%
Total Renters[3]	**36,636**	**109,083**	**34%**
Homeowners Paying 30% of Income Toward Housing			
Income Range	**# of HSE Paying >30% Income to Housing**	**Total # of HSE**	**Percent Paying Over 30%**
Less than $10,000	2,854	3,681	73%
$10,000 to $19,999	4,025	5,423	58%
$20,000 to $34,999	9,528	14,399	40%
$35,000 to $49,999	12,598	21,369	17%
$50,000 to $74,999	12,291	42,204	6%
$75,000 to $99,999	3,089	33,048	2%
$100,000 to $149,999	1,214	30,666	1%
$ 150,000 or more	86	10,490	>1%
Total Homeowners[4]	**45,685**	**161,280**	**28%**
Overall Burden[5]	**82,321**	**270,363**	**30%**
Low-Income Burden[6]	**24,354**	**32,064**	**76%**
Middle-Income Burden[7]	**47,042**	**151,141**	**31%**

[1] Where HSE is household.
[2] Percent of households paying over 30% (HUD standard) *within* each respective income category.
[3] All renter households regardless of income.
[4] All homeowner households regardless of income.
[5] Housing burden for *all* households, including renters and homeowners.
[6] Low-Income comprises 2 income ranges: 1) less than $10,000 and 2) $10,000-$19,999.
[7] Middle-Income comprises 3 income ranges: 1) $20,000-$34,999 (lower middle); 2) $35,000-$49,999 (middle); and 3) $50,000-$74,999 (upper middle).

and homebuyers. For example, 86 percent of renters with incomes between $10,000 and $19,000 pay more than 30 percent of income toward housing. Plus, 73 percent of homeowners with incomes less than $10,000 pay more than 30 percent of income toward housing. As illustrated in Table 27, approximately 69 percent of the total households assisted had incomes between 0-30 percent of the median family income (MFI) and 31 percent had incomes between 31-50 percent of the median family income. The housing burdens among those with low-income households deserve Prince George's County's increased government attention and intervention.

According to the Consolidated Annual Performance and Evaluation Report (CAPER) FY 2003, Prince George's County created 282 affordable housing opportunities, of which 42 households were for renter-households and 240 were for homeowner-households (between July 1, 2002 and June 30, 2003). Table 27 shows that Prince George's County provided 344 Section 8 vouchers to applicants on the waiting list. However, there were 2,801 applicants on the County Section 8 waiting list in July 2003 (CAPER, 2003).

Prince George's County's overall five-year goal is the revitalization of an aging and deteriorating housing stock. In the northern section of the County, the Gateway Arts and Entertainment District will encompass approximately 286 acres along the U.S. Route One Corridor. In central Prince George's County, Palmer Park Shopping Center will be transformed into a senior village containing 72 units of affordable housing units. In the southern part of the County, Suitland Manor housing complex will be redeveloped and will contain new housing options for low and moderate income households.

Table 27: Affordable Housing Policy Results

Number of Households Assisted for Extremely Low, Low and Moderate Income Renters and Home Owners, 2002 - 2003	
Renters	**Actual Units**
Extremely Low Income: 0-30% MFI	35
Low Income: 31-50% MFI	7
Moderate Income: 51-80% MFI	0
Total Households Assisted:	**42**
Owners	**Actual Units**
Extremely Low Income: 0-30% MFI	159
Low Income: 31-50% MFI	81
Moderate Income: 51-80% MFI	0
Total Households Assisted:	**240**
Total Renters and Owners:	**282**

Source: Prince George's County CAPER, 2003

Table 28 illustrates 2003 benchmarks to achieving housing goals. Rehabilitating existing single family ownership housing met 122 percent of the annual goal set while expanding home ownership for first-time buyers only met 13 percent of the annual goal (CAPER, 2003). Notice that the goals established for 2003 included the creation and preservation of 1,800 affordable housing units in Prince George's County. To date, only 1,161 housing units have been created, only completing 64 percent of the goal. Thus, according to our calculations of census data, these policies leave 81,160 households without affordable housing.

Table 28: Benchmarks to Achieving Housing Goals

Housing Goals	**2003 Goal**	**2003 Actual**	**%s of Annual Goal Met**
1. Rehabilitate existing single family ownership housing	320	390	122%
2. Rehabilitate multi-family housing	300	A (140)	47%
3. Expand homeownership opportunities for first-time homebuyers	200	25	13%
4. Expand housing opportunities for special needs (non-homeless) populations	130	190	146%
5. Rehabilitate the County's public housing stock	350	B (175)	58%
6. Expand rental housing opportunities for the elderly	400	C (197)	49%
7. Reduce substandard and abandoned housing, rental and ownership	100	D (44)	44%
8. Reduce the hazards of lead-based paint	E	E	0%
• McGuire Housing	E	E	0%
• Windsor Crossing	F	F	0%
• Suitland Manor	G	50	0%

Source: Prince George's County CAPER, 2003.

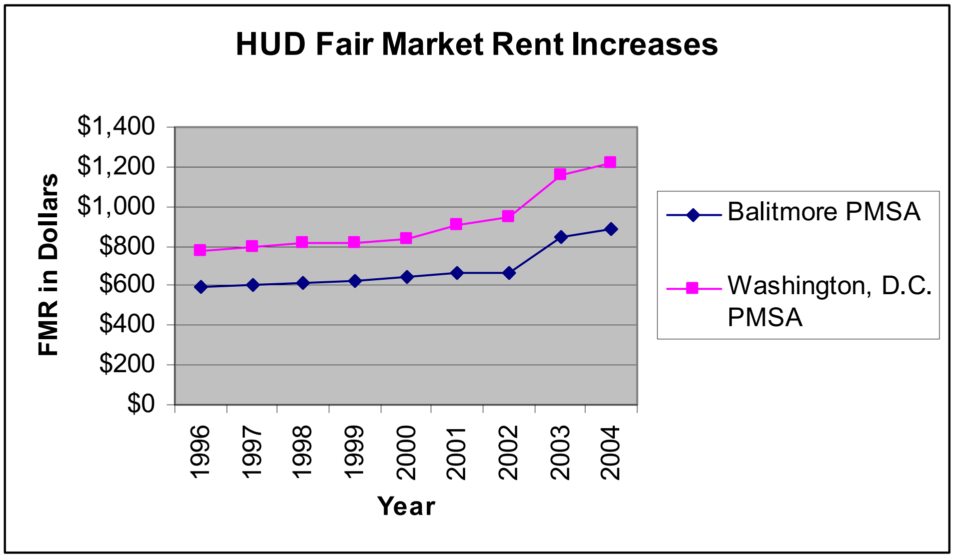
A – Funding is secured and projects are underway that will serve 140 households; an additional 44 units are in the pipeline.
B – This project is 50% complete and expected to be completed by December 2003.
C – Funding is secured and projects are underway that will serve 197 households, an additional 461units are in the pipeline.
D – Three sites in the Gateway Arts District have been acquired for construction of 44 live-work apartments for low-income artists. Another 270 units of family rental housing are planned.
E – Lead reduction will be carried out in conjunction with single and multi-family rehabilitation activities.
F – McGuire House redevelopment is in the design and engineering phase.
G – Windsor Crossing, formerly known as Manchester Square, is in the construction stage of development and scheduled to be completed in December 2003.

Summary

Prince George's County Housing Strategy targets 6,600 households over the course of five years: 2001-2005. Last year, Prince George's County created 282 affordable housing opportunities, which is only 4 percent of their goal of 6,600 households. Prince George's County's goal is misrepresentative of the actual magnitude of the problem. Approximately 82,321 households pay more than 30 percent of their income to afford housing. Therefore, the County plan fails to address the affordable housing needs of 75,721 households.

Appendix I: Fair Market Rents: 1996-2004

U.S. HUD Fair Market Rent (FMR) Dollar and Percent Increases 1996-2004
(Source: U.S. HUD Office of Policy Development and Research, 2003)



Washington, D.C. PMSA					Baltimore PMSA			
Year	FMR	$ Increase	% Increase		Year	FMR	$ Increase	% Increase
1996	$779	N/A	N/A		1996	$599	N/A	N/A
1997	$794	$15	1.9%		1997	$604	$5	0.8%
1998	$812	$18	2.2%		1998	$618	$14	2.3%
1999	$820	$8	1.0%		1999	$628	$10	1.6%
2000	$840	$20	2.4%		2000	$643	$15	2.3%
2001	$907	$67	7.4%		2001	$661	$18	2.7%
2002	$943	$36	3.8%		2002	$668	$7	1.0%
2003	$1,154	**$211**	**18.3%**		2003	$844	**$176**	**20.9%**
2004	$1,218	$64	5.3%		2004	$888	$44	5.0%
2000-2002	N/A	$103	10.9%		2000-2002	N/A	$25	3.7%
1996-2004	N/A	$439	**36.0%**		**1996-2004**	N/A	$289	**32.5%**