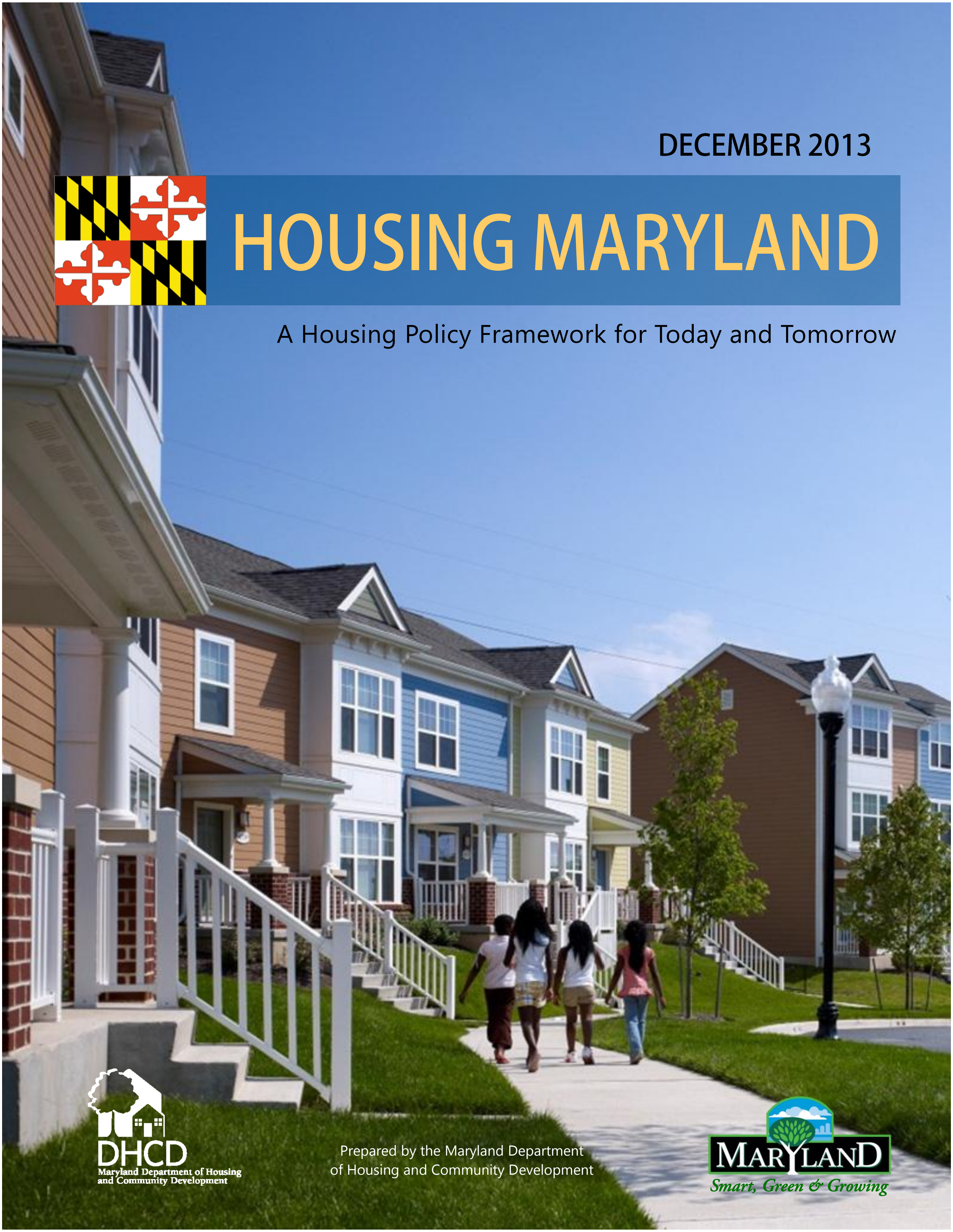
DECEMBER 2013

HOUSING MARYLAND

A Housing Policy Framework for Today and Tomorrow



DHCD
Maryland Department of Housing and Community Development

Prepared by the Maryland Department of Housing and Community Development

MARYLAND
Smart, Green & Growing

LETTER
from the Governor

Doing what works and doing what serves is what guides us in establishing a wise and visionary housing policy that will serve every family across Maryland. We are united by a common goal – that the policy choices we make promote our collective desire for safe, healthy home environments in vibrant, opportunity-rich neighborhoods. Once described as "America in miniature," Maryland remains one of the greatest places to live and raise a family and we all want to keep it that way.

While we've accomplished much, we have significant choices to make if we want to ensure that our children have the same quality of life. We also have choices about land use, the wise stewardship of our environment, accessible transportation options, and the protection of our historical and cultural resources.

"Housing Maryland: A Housing Policy Framework for Today and Tomorrow" is the first comprehensive statewide housing plan in the history of our state. It is the end result of a process that grew out of the recommendations of the Maryland Sustainable Growth Commission and it involved a diverse and committed group of housing experts, stakeholders, research analysts and planners.

"Housing Maryland" is both a call-to-action and a valuable planning tool. Using this plan, the Maryland Department of Housing and Community Development will work with other state agencies and local land use public policy initiatives to ensure that a range of housing choices can meet the needs of all Marylanders.

Our state is growing – and changing. Analysts predict there will be more than 491,000 new housing units in Maryland by 2035, presenting new challenges and opportunities. This report is our blueprint as we come together as One Maryland to prepare for that future and make better choices for better results.

LETTER

from the Secretary

I am pleased to present *"Housing Maryland: A Housing Policy Framework for Today and Tomorrow,"* the first comprehensive statewide housing plan in Maryland's history.

Maryland is growing and changing. Our population is expected to increase and the way we choose to live is changing. The affordability and availability of quality housing that meets the needs of Maryland families is a challenge that we must continue to address with commitment and innovation. Meanwhile, we must also ensure that future residential development patterns accommodate growth in a way that protects our natural environment as well as the health and well-being of our communities.

"Housing Maryland" is a balanced approach to sustainable development that ties housing together with other critical community concerns (including health, transportation, education, the environment, and economic development) into a policy framework with a focus on the changing needs of individuals, families, and communities.   We have three critical goals: to expand choice and supply of sustainable housing; to restore and revitalize communities across Maryland; and to stabilize families and local communities. The objectives and strategies that are outline to help achieve these goals lay the groundwork for the next steps in our continuous effort to reach our desired future. We look forward to working with all stakeholders to achieve that end.

My thanks and grateful recognition go to the members of the Housing Work Group of the Sustainable Growth Commission and the many other individuals, community organizations and local and state officials who contributed to this plan and whose input, advice and critiques helped shape Housing Maryland.

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COVER PHOTO CREDIT: *Baltimore's Orchard Ridge Apartment Homes by Jeffery Totaro*

INTRODUCTION

Overview

Over the past several years, working towards a positive vision of housing in Maryland has been nothing if not challenging. At the writing of this document, we are emerging from several years of severe economic challenges that many are calling the "Great Recession." Although Maryland is now moving forward in a recovering economy, vulnerabilities and uncertainties remain. How, when, where, and why people buy, rent, and sustain their homes has changed and will continue to do so.

Housing plays a critical role in the lives of every Marylander, regardless of economic cycles and conditions. The housing sector produces significant jobs. Homeownership is the source of personal wealth in the state, and housing-related activity is a cornerstone of local economic stability. But housing is more than an economic tool, and more than a mere structure - it provides a home, in a neighborhood, as part of a community, as part of Maryland. It is not only where we live. Our housing choices dictate which schools our children can attend, affect family stability and personal health, determine our ability to reach employment using available transportation, and define the connections we make with our neighbors and larger community. Housing development has an impact on how livable our cities, towns, and rural areas can become as well as on the overall health of our environment.

More than ever before, we must understand that housing cannot be treated as separate from other critical concerns for our future. A balanced approach to sustainable housing development (and redevelopment) must be integrated into planning and programs that address other critical community concerns, including and especially in the areas of health, transportation, education, natural resources, environment, economic development, and security. All of these are critical elements in planning for a better future for Maryland *(also see Section III: Moving Forward Together)*. Integrating Maryland's shared concerns and planning approaches into a statewide housing plan that works for all Marylanders is the purpose of the "Housing Maryland Policy Framework" set forth herein.

Background

In 2010, the Maryland Sustainable Growth Commission (the Commission) was charged with advising on the preparation and content of a state development plan, a state transportation plan, and a state housing plan. Working with the Commission and a large, diverse group of stakeholders, the Maryland Department of Planning developed and delivered PlanMaryland, which was accepted by Governor O'Malley in December 2011 and recognized as the state development plan for the State of Maryland. To advise on the development of a state housing plan, the Commission established the Housing Work Group. Comprised of housing experts and stakeholders, the membership met frequently and ultimately developed the following guiding principles for housing in Maryland. The expert advice and guiding principles developed by the Housing Work Group, along with extensive research conducted by the Maryland Department of Housing and Community Development's (DHCD) Office of Policy, Planning, and Research were critical in shaping the Housing Maryland Policy Framework.

THE HOUSING WORK GROUP'S GUIDING PRINCIPLES

- Housing is a Basic Need
- Well Located Housing
- Housing Opportunities & Choice
- Economic Development & Revitalization
- Coordination & Accountability

The Framework is responsive to and supports Maryland's housing mission and sustainable growth goals, including the twelve planning visions set forth in Maryland's Smart, Green & Growing initiatives of 2009. The vision for a statewide housing plan cited in legislation is:

> ***"range of housing densities, types, and sizes provide residential options for citizens of all ages and incomes."***

Further, it intends to inform the process of implementing the Sustainable Communities Act of 2010. The Sustainable communities areas are places where public and private investments and partnerships achieve development of a healthy local economy; protection and appreciation of historical and cultural resources; a mix of land uses; affordable and sustainable housing, and employment options; growth and development practices that protect the environment and conserve air, water and energy resources; and encourage walkability and recreational opportunities, and where available, create access to transit.

A Policy Framework

The development of a housing policy framework in this Maryland context and at this time in history has required fresh thinking about the role housing plays in our own individual lives as well as the role the housing industry plays in creating and fostering sustainable communities and driving economic development. Today, housing policy needs to reflect the economic and social importance of housing for individuals and families as well as for the community. It must promote our collective need for safe, healthy environments and support sensible plans for a future that creates vibrant communities – places for people to enjoy where they work, live, and learn. The guiding principles provide a starting point for housing decisions that link to subsequent actions expressed in the following policy goals:

- *Expand Choice and Supply of Sustainable Housing*
- *Restore and Revitalize Communities Across Maryland*
- *Stabilize Families and Local Communities*

Since the goal of this policy framework is to inform, guide, and support housing activity statewide, it is critically important to rely on the vital and essential contributions of all housing stakeholders, including both private and public sector agencies, nonprofit and for profit companies, housing advocates, and many other interested parties. Implementation of the Housing Maryland Policy Framework requires the talents and active participation of all stakeholders.

Therefore, the Housing Maryland Policy Framework must function as a practical and flexible tool that can be utilized by all as we move forward together in an environment of changing economic circumstances, environmental conditions, and advancing technology. Working collaboratively, we can better address the economic, environmental, and societal considerations that are affecting our housing choices today and redefining our vision for tomorrow. Together, we can achieve sustainable housing outcomes for the people of Maryland while enhancing the unique characteristics and potential of all Maryland communities, now and in the future.

This report is organized as follows: Section I is a summary of current housing trends and conditions in Maryland. Section II presents a concise, shared vision for a statewide housing policy and sets forth a housing policy framework of overarching policy goals, objectives, and strategies (these elements of the framework are not presented in any type of priority or other particular order). Section III concludes the report and proposes next steps for all Marylanders to move forward together.

1 MARYLAND TRENDS & CONDITIONS

Demographic data and analyses in the housing field tell us about the broad dynamics of housing markets such as occupancy status (owner and renter); physical and structural characteristics; growth and decline of population and household; and other features that influence demand and overall need for housing. This overview summarizes demographic trends and housing conditions in Maryland. For a detailed analysis see Appendix A: Maryland Trends and Conditions – A DHCD Research Report.

Both Maryland's population and households are growing. Specifically, older adults and younger households are likely to have the greatest impact on population size and family composition in the future statewide. Changing growth patterns – particularly among baby boomers, shifts in household formation to younger, smaller families, tightening standards in the mortgage market, and the foreclosure crisis are key factors that influence anticipated growth in the market statewide. How and where Maryland residents choose to live will likewise have an effect on broader issues such as regional growth as well as the affordability and availability of housing.

Additionally, housing affordability is a critical issue in Maryland and will remain a challenge looking ahead to 2020. Although Maryland ranks near the top among state median household income, low and moderate income working families continue to struggle with the ability to afford the cost of housing statewide. Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care. As the foreclosure and credit crisis continue to unfold, economic and real estate market decline compound the affordability problem, leaving households – particularly those of lower income – with budgets stretched thin. Because a disproportionate share of income is spent on housing, both owners and renter households are often forced to come up with a variety of strategies in order to stay financially afloat.

Impact of the foreclosure crisis on homeowners remains in sharp focus nationally and in Maryland. Although there are signs of economic recovery, mounting costs of foreclosures upon Maryland neighborhoods and communities locally and at the state level require immediate attention.

Demographic Change & Household Composition

According to U.S. Census data, the number of older Maryland residents ages 65 and older, which represents a segment of the baby boomer population, will increase dramatically by 2020. The Center for Housing Policy conducted a 2012 study on housing an aging population, and found that an older population with health and mobility issues will drive demand for home modifications, services to help residents age in place, and housing options that facilitate the delivery of services. While many of the state's older adults will likely age in place and eventually add a large number of housing units onto the market over time, the sheer number of baby boomers in Maryland will also create a need for additional smaller size units and alternative living arrangements such as assisted living, nursing homes, and accessory apartments in order to accommodate growth.

As with senior population growth, a 2012 Harvard University study on the State of the Nation's Housing contends that younger adults (ages 25 and older who make up the echo-boom generation) will likely comprise the vast majority of new households over the next 20 years. Although their home buying decisions currently remain unpredictable due to the current recession and economic downturn, Maryland's young adult population will likely determine the type of housing needed in the future. Some real estate experts with the National Association of Realtors foresee opportunities to deliver an unmet need in the marketplace aimed at younger households and empty nest baby boomers. They claim that opportunities exist in creating urban, walkable neighborhoods located in community-oriented settings. Young families with smaller-size households will likely influence their appeal for smaller size units.

In addition to expected rise in the number of Maryland households by 2020, growth in the amount of housing stock is projected by the same time period, but not at the same rate. Moody's Analytics forecasts that household growth in Maryland is expected to exceed available housing stock by 2020. With households potentially outnumbering available stock and changing demographic patterns, one problem the state needs to address is whether or not the amount of housing stock available is sufficient to meet both current and future demand for housing statewide, and what should housing look like in the future to meet the needs of a diverse and changing population across age and income groups?

We do know that as of 2010 more than half of the 1.7 million acres of Maryland's developed land consisted of low density, large lot development primarily located outside current priority funding areas (PFAs). Yet, there has been steady decline in household size. These trends have drawn the state's attention to now creating the right balance of housing in terms of residential land use and housing need, as well as ownership versus rental opportunities.

Housing Affordability

As noted in our research, the affordability gap among households identified as cost burdened in some Maryland jurisdictions suggests that there are not enough affordable units available for households with the greatest need – particularly lower income households who live in those identified areas. An analytical overview of all Maryland households using 2010 census data revealed the following for cost burdened households:

- *Households earning less than $35,000 annually are more likely to spend greater than 30 percent of their income for housing.*
- *The greatest cost burden falls on households earning less than $20,000 a year.*
- *Over one-third of all Maryland households that <u>own</u> their homes paid greater than 30 percent on housing costs in 2010. The lowest income homeowners, earning less than $20,000 a year, spent the largest share of their income on housing costs.*
- *Slightly more than half of all households who <u>rent</u> their dwellings spent more than 30 percent of their income on housing.*

Further analysis of lower income Maryland households show that affordability problems are worse among working renter households who earn less than 50 percent of area median income. This means that families with household budgets in this group are likely to be challenged to make ends meet or worse.

Based on estimates, Maryland had 1,271,078 renter households. Of these households:

- *364,527 or 29 percent earned less than 50 percent of area median income and more than half (207,769) were cost burdened.*

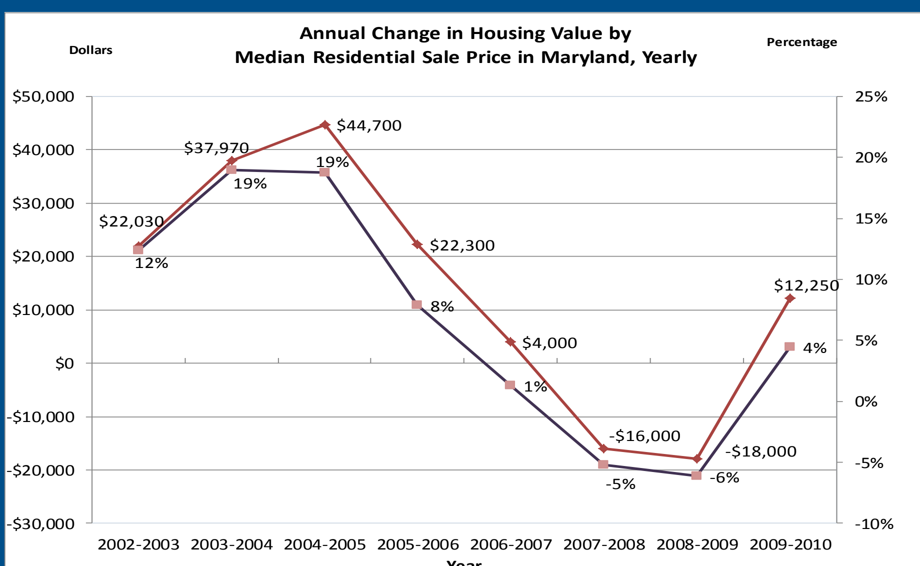
Affordability problems are only one issue. National housing markets show a decline in homeownership rates and substantial gain in renters since 2004, which has placed increased pressures on the rental housing market. The foreclosure crisis and subsequent shifts in the types of housing demanded since that time – particularly among older renters and younger households – have also influenced lagging homeownership rates. Such trends cause some developers and builders to face a much more difficult lending environment, shifting their focus to smaller scale projects that do not require a large amount of debt.

Maryland Housing Market Conditions

Maryland's economy experienced similar turbulent market conditions as the national market. Since the economic downturn began in 2007, troubles in Maryland's housing market have greatly impacted state and local tax revenues. To date, most of the focus nationally and in Maryland has been on the impact of the crisis on homeowners and the health of the financial services industry. While focus will continue it is increasingly important to consider the mounting costs of foreclosures upon neighborhoods, communities, as well as impacts on local and state governments. Based on a 2012 analysis on the Fiscal Impact on Government Revenues produced by Sage Policy Group for the Maryland Association of Realtors, state and local property tax revenue have suffered significant losses since the crisis began in 2007, as noted below:

- *Maryland experienced a decline of $55.4 million in potential property tax collections between 2007 and 2011.*
- *Local jurisdictions lost $526 million on diminished property sale activity and lower sale prices relative to the pre-boom period.*
- *The related decline in local real property tax revenue is estimated at $305 million and the loss of the state real property tax revenue is $35 million for the same period. They estimate that the total loss in revenue collections at both the state and local level during the period exceeded $1.4 billion.*

The impact is projected to reflect significant financial losses in housing values to Maryland homeowners. The chart below shows the difference in median residential sale price (year-to-year) from 2002 to 2010, and the corresponding percentage change.

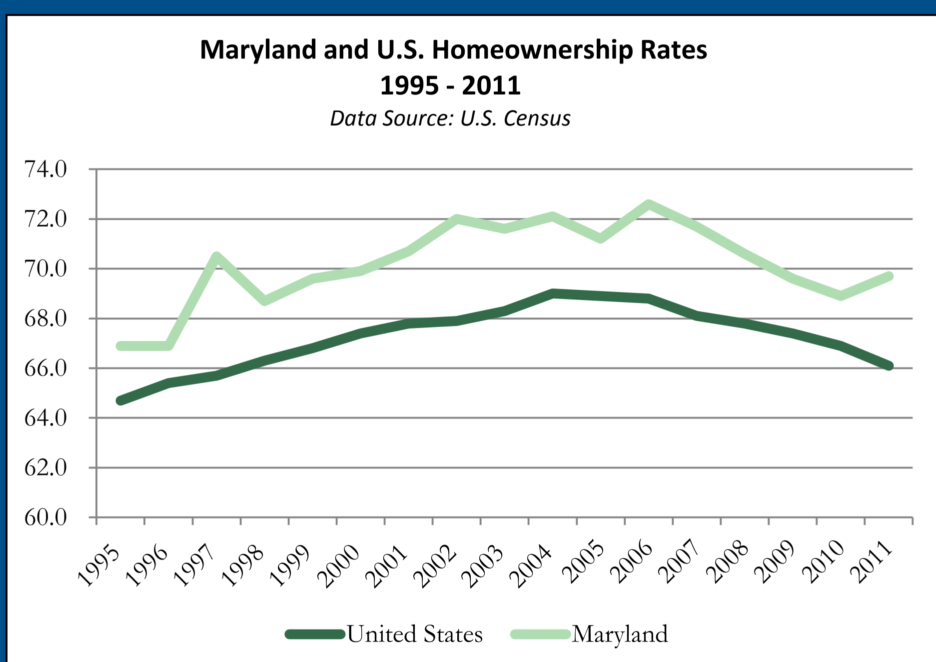


Source: Maryland Department of Planning, MD Property View, May 2012

The difference between the median sale price in dollars and percentage reflects impact in financial losses in housing values to homeowners in a given year. The state experienced steady loss in housing values from 2005 to 2008. The most significant change in housing values occurred at the start of the economic downturn, from 2007 to 2008, showing residential sale prices in Maryland declined to negative values of -$16,000 and a percent change of -5 for the same time period. The median residential sale price in 2007 was more than the sale of the same properties in 2008. The housing market returned to positive change beginning in 2009 to $12,250 or 4 percent.

Homeownership

According to the U.S. Census, the current national homeownership rate stood at 65.4 percent in the first quarter 2012, down from 66.0 percent at year end in 2011. Decline in the nation's homeownership rates reflect both a net loss of owners and a substantial gain in renters. Additionally, these changes were due to a historic rise in delinquencies and foreclosures, which exceeded previous peak levels in the post-war era. Despite similar fluctuations in Maryland, historical trends show that the state has maintained higher homeownership rates than the national average for more than a decade (see chart below). The state's current homeownership rate stood at 69.7 percent in 2011, which is a slight increase from 67.5 percent in 2010.



The state is rebounding reflected in a rise in home sales. The number of repeat and first-time homebuyers in Maryland who had the income to qualify for a mortgage on a median priced home increased by 1.9 percent at the start of 2012 – the highest values in 12 years. Although the state's home prices have still yet to stabilize, helping to ease pressures on household ability to afford housing has been a decline in median home sales price in Maryland, which decreased in January 2012 by 1.5 percent to $219,500. Although Maryland residential construction is still at near-historic lows new housing construction permits have also inched upward between 2009 and 2011.

Rental Housing

Because downward shifts in homeownership and subsequent upward movement in the national rental housing market add pressures on existing renter households the state has taken a closer look at affordable options for households in both subsidized and non-subsidized multifamily rental properties. The risk of losing affordability in local housing markets and the subsequent impact on providing affordable housing particularly for low income households present ongoing challenges. Federal housing assistance programs generally target households at the low end of the income spectrum – households with extremely low incomes less than 30 percent of area median income (AMI) and very low incomes between 30 and 50 percent of AMI. Such subsidies attempt to close the gap between the cost of housing supply and what these renters can afford to pay.

Reduced resources at the federal level coupled with the increase in renters due to the housing crisis, increases the likelihood that owners of affordable apartment complexes will opt-out of government subsidized programs so they can raise rents. In order for Maryland renters to afford this level of rent and utilities under such conditions – without paying more than 30% of income on housing – a household must earn $4,303 monthly or $51,637 annually (see Figure 5, Appendix B). Using HUD's Fair Market Rent (FMR) measure, the National Low Income Housing Coalition estimates that the current housing wage – defined as the amount it takes to afford a standard two-bedroom apartment at 30 percent of income – is two to three times the minimum wage in some metropolitan and non-metro counties in Maryland.

The State's Role in Homeownership and Multifamily Rental Housing

Maryland's privately-funded housing market finances the largest share of the state's housing ownership market compared to publicly-funded housing. Private sector housing generally captures more than 90 percent of existing home sales statewide because loan activity includes primary residential as well as investment property loans at varying price points. The DHCD Maryland Mortgage Program (MMP) – a signature homeownership program – serves a small part of the State's overall homeownership market relative to the housing market statewide. This is due to a combination of factors:

- *The program targets clientele primarily consisting of first-time homebuyers or buyers in certain targeted areas;*
- *The federal government sets income and house price limits for the MMP; and*
- *Tightened lending standards resulting from the national housing downturn and increased foreclosures have also influenced the program's reach.*

Although the state finances a small portion of homeownership opportunities, the state's role in multifamily rental housing financing is much greater. As economic conditions change the state's level of financing and subsequent production of rental units also vary. Based on analysis from the Maryland Statistical Abstract prepared by the Department of Planning, the State financed housing ranging from 12 percent to a high of 44 percent of all newly constructed rental housing in Maryland, each year, over the past 10 years between 2005 and 2010. The lowest construction level was in 2005, and the high was in 2010. The numbers are not exact because the Abstract uses permitted units that may not actually be built while the units DHCD financed are firm counts.

Additionally, the condition of privately-owned, unsubsidized rental stock is also a concern. According to a 2011 Harvard University study on the State of the Nation's Housing, hundreds of thousands of privately-owned, unsubsidized units are at risk of loss from the affordable stock, whether through deterioration and removal or upgrading to market rents. The 2010 DHCD Maryland *Base Realignment and Closure (BRAC) Rental Housing Preservation Initiative* funded by the John D. and Catherine T. MacArthur Foundation, provided insights on the state of rental housing in nine Maryland counties. Market analyses prepared on these counties assessed the feasibility for preserving affordable housing, including properties at risk of losing their affordability status. This initiative served as a foundation for addressing rental housing preservation and production needs in Maryland, and for how DHCD might appropriately address the issue, which could mean expanding our assessments to determine conditions in all Maryland jurisdictions.

2 HOUSING POLICY FRAMEWORK

A Shared Vision for Housing Maryland

- *Maryland residents of all ages, incomes, and abilities will have access to affordable, quality housing in healthy, vibrant, Maryland communities*
- *All future Maryland housing development and redevelopment will be sustainable, respecting human needs and the natural environment*
- *Maryland neighborhoods will be safe, vibrant, and attractive places where people will want to work, live, and learn*

Overarching Policy Goals

POLICY GOAL 1

Expand Choice and Supply of Sustainable Housing

The future may be uncertain, but the basic need for safe, sustainable housing is not. Understanding and addressing the basic housing needs of the people who live in Maryland must be a foundational element of any housing, smart growth, or sustainable development policy. Providing for a range of housing choices will allow people to live and work together in the same place -- and to remain in that place even if housing needs change over time.

Policy Objectives

- *Maryland must work to preserve existing habitable housing stock to ensure market stability and affordability.*
- *Maryland must adjust the amount of housing produced to meet current demand and future needs.*
- *Maryland must expand opportunities for high-performance, healthy, green home purchases and home improvements.*
- *Maryland must expand housing choice for people of all ages with special needs, circumstances, or concerns.*
- *Maryland must utilize public and private sector financial resources and foster collaboration and transparency.*

STRATEGY 1.1

Increase production and preservation of affordable rental housing

Implementation Items

- *Encourage local jurisdictions to permit more multifamily or higher density housing in high opportunity areas that links housing with access to jobs and high quality schools.*
- *Establish a dedicated annual state revenue source for affordable rental housing development and redevelopment.*
- *Review the Maryland Qualified Allocation Plan (QAP), which is used to allocate the federal Low Income Housing Tax Credit (LIHTC), to ensure that incentives are aligned with current Maryland policies and goals.*
- *Support implementation of local and regional Analyses of Impediments to Fair Housing Choice (AIs).*
- *Use federal, state, and local resources, as well as non-governmental resources, effectively to preserve existing affordable rental properties that are at risk of conversion to higher priced, luxury rentals, or non-residential uses.*
- *Create and target new federal and state investments in existing multifamily rental properties to adequately meet expected demand for housing in counties that have the most pressing needs – particularly at the low income ranges.*
- *Strengthen coordination of federal, state, and local government resources with nonprofit and for profit private resources to ensure continued access to financing to meet demand for affordable rental housing (including housing provided through Maryland's Public Housing Authorities (PHAs).*
- *Assist local governments in adopting building codes that support renovation, rehabilitation, and preservation of existing housing stock.*
- *Every five years, conduct market analyses of affordable rental properties, including subsidized and non-subsidized units, in all Maryland jurisdictions, to assess affordable rental housing preservation opportunities and risk of loss of affordability due to expiring rent restrictions or other market conditions.*
- *Develop incentives and criteria for local governments to provide adequate zoning and policies in their local comprehensive plans to support the construction of sufficient affordable housing to serve their existing and growing populations at all income and demographic levels including families, seniors, and at risk populations.*
- *Develop educational tools that encourage local governments to support inclusionary zoning methods, affirmatively furthering fair housing, and to address issues involving "nimbyism" (e.g. not-in-my-backyard sentiments).*
- *Work in collaboration with all partners to identify requirements, regulations, or industry practices that impede affordable rental housing production and preservation.*

STRATEGY 1.2

Support sustainable homeownership

Implementation Items

- *Expand pre- and post-purchase homeownership and financial counseling.*
- *Ensure access to capital for sustainable mortgage lending programs that offer a range of safe financial products suitable for families securing safe, decent home purchases and improvements.*
- *Coordinate all housing industry stakeholders including federal, state and local resources to protect homeownership and offer assistance to people facing foreclosure.*
- *Create and maintain home improvement financing programs, both public and private, that work for Maryland residents of all incomes; collaborate with all providers of financial products to best meet demand and need.*
- *Promote homeownership as a means to neighborhood stabilization, including purchase of existing homes and home repair and rehabilitation.*
- *Strengthen and maintain commitment to the Maryland Mortgage Program (MMP).*

STRATEGY 1.3

Expand high-performance, healthy home purchases and home improvements

Implementation Items

- *Develop innovative approaches to residential building design and home improvement and rehabilitation so that all Marylanders can choose high-performance, weather-ready homes.*
- *Invest resources in green buildings and healthy homes, including energy and water efficiency, environmental quality, code compliance, and safety.*
- *Promote, require or reward sustainable development practices in housing programs.*
- *Support flexible zoning, permitting, and building code adoption that allows for smart, sustainable residential development and redevelopment.*
- *Reward innovative and quality, high performance homes through an annual award program.*

STRATEGY 1.4

Expand housing choice for people of all ages with special needs, circumstances, or concerns

Implementation Items

- *Use flexible zoning and other incentives to encourage a wide range of housing types (e.g., smaller size structures, accessory dwelling units, and assisted/supportive living arrangements) so that all people (including older adults, youths aging out of the foster care system, or individuals with disabilities, special needs, or circumstances) have housing choices that work in a wide range of communities.*
- *Identify new service models to support 'aging-in-place' so that people can remain in their homes and communities even as their needs change.*
- *Strengthen coordination among state and local agencies and identify new opportunities for partnership (including and among federal, state, and local government entities; foundations, non-profits, and other mission-driven organizations; and for-profit developers).*
- *Support practices that affirmatively further fair housing to ensure availability of housing for all Maryland residents regardless of age, income, race, disability, familial status, national origin, sexual orientation, or any other condition or status that arbitrarily defines where people can live.*
- *Support and promote universal design in new homes and in home renovation projects.*
- *Establish a work group of interested parties (including homebuilders, realtors, building code professionals, and 'visitability' advocates) to create educational and informational programs to expand awareness and knowledge of 'visitability' and universal design in homes.*
- *Provide best practices information to local governments so that they can ensure their local comprehensive plans and policies successfully address the diverse housing needs in their communities.*
- *Work in partnership with private and public sector institutions to end chronic homelessness and conditions that lead to homelessness.*

STRATEGY 1.5

Coordinate and leverage public and private sector financial resources; foster collaboration locally, regionally, and nationally

Implementation Items

- *Adapt to evolving financial markets and utilize market-based financing tools, especially those that involve funding for housing activity; seek new opportunities to obtain financial resources for sustainable homeownership and rental housing alike.*
- *Access state funding opportunities whenever feasible, including new programs (e.g., Rental Housing Works) and traditional resources.*
- *Access federal funding opportunities whenever feasible, including opportunities that may be available from non-traditional agencies (e.g., U.S. DOE, EPA) or from new cross-agency partnerships (e.g., HUD, DOT, EPA, USDA, Department of Education).*
- *Protect traditional housing finance resources (e.g., Housing Revenue Bonds, Low Income Housing Tax Credit (LIHTC) program)*
- *Identify and adopt any appropriate new industry-wide mortgage underwriting criteria, appraisal standards, home inspection requirements, capital needs assessment tools, and/or high-performance home assessment standards or labels that may benefit owners or renters in Maryland.*
- *Expand and strengthen private and public sector partnerships, coalitions, and collaborations, including local or regional collaborations.*
- *Use state resources and make funding decisions in tandem to support state planning and housing objectives across state agencies.*
- *Use state dollars more flexibly to support housing for persons with special needs. Examples include using state Medicaid match dollars to support rents in "housing first" models for the homeless or using new the state's new alcohol tax set aside to pay rents for persons with disabilities as they move up through the federal housing choice voucher program waiting lists.*

POLICY GOAL 2

Restore and Revitalize Communities across Maryland

Maryland has taken a leadership role in sustainability on many fronts, including advancing smart growth, managing and conserving energy, preparing for severe weather events, protecting natural resources, and accelerating Chesapeake Bay clean up and restoration. A critical element in all of these efforts is an unwavering focus on the health and vibrancy of our neighborhoods and communities across Maryland. Urban, suburban, and rural communities can accommodate housing needs in sustainable communities that work for people and families and also for our natural environment. Well-located affordable housing near jobs and other services can help restore and revitalize our communities while helping meet Maryland's mandated energy and environmental goals more quickly, including the requirements of the Maryland EmPOWER Act, the Greenhouse Gas Reduction Act, and the Smart, Green & Growing planning visions of 2009. These are precepts that help define well-located housing in Maryland.

Policy Objectives

- *Maryland must create and sustain healthy, viable, and vibrant neighborhoods.*

STRATEGY 2.1

Increase well-located housing opportunities in sustainable communities with access to transportation, jobs, quality schools, and human services

Implementation Items

- *Attract and sustain private investment in revitalization areas and projects.*
- *Establish a renewable funding mechanism for the state's Smart Growth programs.*
- *Enhance legislative authority for local governments to expand financing options and mechanisms.*
- *Enhance local infrastructure financing in older communities.*
- *Strengthen nonprofit community investors (e.g., community development financial institutions).*
- *Align housing resources with other federal, state, and local initiatives and programs that promote sustainable communities.*
- *Invest in communities with existing infrastructure and services.*
- *Preserve authentic "sense of place" and historic character of Maryland communities by developing and supporting private and public sector financing for rehabilitation, retrofit, and renovation of buildings and infrastructure that benefits older communities.*
- *Coordinate and collaborate with regional efforts to restore and revitalize communities.*
- *Support transportation investments that help sustain well-located communities.*

STRATEGY 2.2

Support the housing and sustainable development plans of local communities

Implementation Items

- *Support local governments in their efforts to develop housing elements, plans, and outcomes for their local area and comprehensive planning documents.*
- *Advance green and sustainable development practices in tandem with neighborhood revitalization investments.*
- *Support affordable housing and mixed-income, mixed-use development in places with access to public transit and transportation options.*
- *Align housing resources and technical assistance (federal, state, and local) that promote sustainable community development so that housing is considered in conjunction with local plans for health, transportation, energy, environment, education, and other local priorities.*
- *Support, educate, and encourage residents and local governments in strengthening and enforcing their local building codes; including technical assistance and training in aligning the building rehabilitation codes (aka "Smart Codes"), energy codes, green codes, and other safe building codes as they are updated and adopted by the state and local jurisdictions from time to time.*

POLICY GOAL 3

Stabilize Families and Local Economies

Investments in sustainable housing and community development pay big dividends for everyone. The production, rehabilitation, and maintenance of safe, sustainable housing can stabilize household and neighborhood economies alike. Residential construction and rehabilitation of older and/or historic properties drives local economic development, providing jobs for architects, engineers, construction workers, preservationists, real estate professionals, and others. In addition, local revenues are generated to units of state and local government through property taxes, transfer taxes, recordation fees and income taxes.

Policy Objectives:

- *Maryland must support households by investing housing resources in local economies.*

STRATEGY 3.1

Support housing and housing-related investments that foster sustainable local economic development, local job creation, and neighborhood revitalization

Implementation Items

- *Encourage mixed-income, mixed-use communities to support healthier communities.*
- *Prevent foreclosure whenever feasible for the homeowner to stabilize families and to preserve and revitalize neighborhoods.*
- *Support small businesses and investments in sustainable communities and in existing urban, rural, and suburban business districts so that employment opportunities are close to residential development.*

3 NEXT STEPS

Moving Forward Together

This report identifies economic challenges, trends, and conditions that confirm the need to continue moving towards more sustainable approaches to housing and community development. Maryland's housing efforts increasingly emphasize making homes more affordable and communities more sustainable by promoting energy-efficiency, connecting housing to jobs, transportation, and quality schools, and making homes healthier.

Although the Housing Maryland Policy Framework presented here stands on its own as an actionable statewide housing policy, it should also be seen as the beginning of a closer dialogue among all interested parties and stakeholders in Maryland. These include collaboration with other state agency planning initiatives and programs as well as partnerships among all types of people and organizations seeking a better future for Maryland. Everyone has a stake in realizing the positive outcomes we have envisioned for ourselves, our neighbors, and our communities. Moving forward towards more sustainable approaches to housing and community development brings both opportunities and challenges.

While the Housing Maryland Policy Framework is viewed as a statewide housing plan, designed to coordinate with and advance the implementation of PlanMaryland, we hope and expect that it will also serve as an organizing tool for a commitment to future dialog, collaborative implementation of strategies, timely action, and the sharing of knowledge and resources so that we can take advantage of opportunities and address challenges together.

DHCD will demonstrate its commitment by taking the following next steps in 2014

- *Publish a practical resource guide for local governments who are updating the housing elements of their comprehensive plans. Working with the Maryland Department of Planning (MDP), the resource guide will provide model plans and practical tools for local planners.*
- *Develop a robust offering of educational, training, and technical assistance opportunities in order to share expertise and learning in face-to-face meetings and workshops with the community.*
- *Create and maintain an online forum or network to support ongoing collaboration and information sharing relating to the implementation of Housing Maryland goals, policy objectives, and strategies.*
- *Continue to expand and refine DHCD's rental housing production through consolidation and enhancement of its rental housing programs. Since 2007, the state has financed more than 14,000 rental units in 166 projects for Maryland families, senior citizens, and people with special needs. DHCD will continue Maryland's strong record by working in collaboration with federal agencies and partners in the private sector to create new rental opportunities as well as jobs. For example, working with HUD and Maryland public housing authorities, DHCD will implement the new Rental Assistance Demonstration (RAD) program that is designed to rehabilitate individual public housing units and improve the projects' financial stability by attracting private funding.*
- *Continue to expand energy efficiency programs to reduce energy costs for Maryland residents, support local jobs, and help meet the state's environmental goals. Building on its weatherization programs, DHCD will continue to seek new resources and develop new programs and activities to help Maryland become more energy efficient.*
- *Help more Maryland families purchase homes through DHCD's Maryland Mortgage Program, which supports sustainable homeownership in Maryland through low-cost mortgage loans, down payment and closing cost assistance, and counseling. By taking advantage of new capital markets financing tools and working closely with our lenders, Realtors, and other partners, DHCD will implement a three-year plan that will increase annual mortgage lending from 1,400 loans to Maryland families in 2012 to over 2,800 in 2015.*
- *Continue to provide support to Maryland homeowners facing foreclosure. Maryland has helped thousands of families who have struggled during the recent economic downturn. DHCD will continue its investment in outreach, counseling, and other assistance programs to ensure that those homeowners who need help can get it.*
- *With these and other innovative actions and initiatives, DHCD is committed to moving forward together to make "Housing Maryland" a successful partnership*

APPENDICES

APPENDIX A -
Maryland Trends and Conditions: A DHCD Research Report

APPENDIX B -
Housing Work Group of the Sustainable Growth Commission

APPENDIX C -
Glossary

APPENDIX A

Maryland Trends and Conditions -- A DHCD Research Report

Population Growth

According to the U.S. Census population estimates, Maryland population grew from 5,296,486 people in 2000 to 5,788,279 in 2010, representing a 9.1 percent increase over the decade. Moody's Analytics forecasts the state's population to increase an additional 6.7 percent to 6,173,645 people by 2020. All Maryland jurisdictions are expected to experience population growth during this period with the exception of Baltimore City, which under current calculations is projected to decline by 3.4 percent over the same period (see Figure 1 below). An increase or decrease in the number of people within a jurisdiction does not necessarily translate to a corresponding increase or decrease in the number of households formed within the jurisdiction because of fluctuating household sizes at a given point in time.

FIGURE 1: Population Growth, 2010 – 2020

Data Sources: Moody's Analytics; U.S. Census Bureau, American Community Survey (Table 25032)

	Total		65 +		% Change 2010-2020	
County	**2010**	**2020**	**2010**	**2020**	**Total**	**65 +**
Allegany	74,916	75,741	13,336	15,513	1.1%	16.3%
Anne Arundel	539,520	595,978	63,646	87,388	10.5%	37.3%
Baltimore	806,191	850,854	114,643	150,321	5.5%	31.1%
Baltimore City	618,500	597,775	87,189	106,572	-3.4%	22.2%
Calvert	89,420	94,532	9,423	15,243	5.7%	61.8%
Caroline	33,077	36,157	4,628	6,349	9.3%	37.2%
Carroll	167,825	175,091	20,903	31,267	4.3%	49.6%
Cecil	101,696	112,947	11,381	17,154	11.1%	50.7%
Charles	147,292	162,605	13,744	21,333	10.4%	55.2%
Dorchester	32,506	34,167	6,182	8,218	5.1%	32.9%
Frederick	234,827	258,809	24,523	39,907	10.2%	62.7%
Garrett	30,078	30,318	5,326	7,230	0.8%	35.7%
Harford	246,107	265,717	30,105	44,040	8.0%	46.3%
Howard	289,088	332,536	29,925	46,955	15.0%	56.9%
Kent	20,225	21,239	4,443	6,096	5.0%	37.2%
Montgomery	976,512	1,071,580	129,031	189,443	9.7%	46.8%
Prince George's	864,515	884,116	91,046	136,615	2.3%	50.1%
Queen Anne's	48,043	54,450	6,991	10,260	13.3%	46.8%
Somerset	26,426	27,101	11,810	19,409	2.6%	64.3%
St. Mary's	105,485	123,507	3,782	5,016	17.1%	32.6%
Talbot	37,835	41,608	8,317	11,256	10.0%	35.3%
Washington	147,561	159,456	20,700	27,627	8.1%	33.5%
Wicomico	98,964	110,134	12,344	16,764	11.3%	35.8%
Worcester	51,670	57,228	12,242	16,112	10.8%	31.6%
Maryland	***5,788,279***	***6,173,645***	***735,660***	***1,036,088***	***6.7%***	***40.8%***

Changing Demographics

According to recent studies conducted by national housing and research organizations, demographic trends will continue to influence the future composition of households and overall demand for housing. Age demographics, particularly for people born between 1946 and 1965 (referred to as the baby boom generation), is projected to cause a rise in the number of households over age 65 by approximately 8.7 percent by 2020 – a 35 percent increase from 2010. In Maryland, the number of individuals age 65 and over reached 735,660 in 2010 and will expand to 1,036,088 people -- resulting in a dramatic 40.8 percent increase by 2020.

The growing share of older households and the owner market will offset, in part, lower homeownership rates among younger households. The growing number of baby-boomer children (the echo-boom generation) is also expected to have an impact on housing markets in the future. In addition, minorities, including immigrant populations, will account for seven out of ten of the 11.8 million net new households in 2010 to 2020. Hispanics alone will contribute nearly 40 percent of the increase. By 2020, minorities are expected to make up a third of all U.S. households.

What is the impact of older households on housing markets? According to a 2012 Harvard University study on the State of the Nation's Housing, adults over age 65 are almost eight times less likely to move in a given year than younger adults in their 20s. The majority of baby boomers will likely choose to age-in-place. Moreover, this age group will most likely shrink in the long term because of death or infirmity, which means that their homes will ultimately be added to the available housing stock. Therefore, baby boomers will eventually release a large number of housing units onto the market over time due to significant increase in population of this age group. But not all older adults will age in place. Significant population increase among older adults nationwide and in Maryland suggests a need for smaller size units or alternative living arrangements such as assisted living, nursing homes, and accessory apartment construction.

Household Formation

Additionally, growth in the overall number of Maryland households between 2010 and 2020 directly impacts demand for housing. By 2010, the state had 2,161,040 households. Households are expected to increase an additional 182,662 households, reaching a total of 2,343,702 by 2020.

FIGURE 2: Projected Maryland Household Growth, 2010-2020, by Owner & Renter Occupied Units
Data Source: Moody's Analytics & U.S. Census Bureau

	2010					Total	Change in Households	
	Number			As a % of State Total		Households	2010-2020	
Jurisdiction	Owner-Occupied	Renter-Occupied	Total	Owner-Occupied	Renter-Occupied	2020	%	Number
Allegany	20,186	8,359	29,116	1.4%	1.2%	28,834	-1.0%	(282)
Anne Arundel	147,229	49,651	200,106	10.2%	7.4%	224,993	12.4%	24,887
Baltimore	207,809	107,234	317,230	14.4%	15.9%	340,852	7.4%	23,622
Baltimore City	115,756	122,130	248,958	8.0%	18.1%	253,888	2.0%	4,930
Calvert	25,465	5,159	31,116	1.8%	0.8%	33,132	6.5%	2,015
Caroline	8,500	2,864	11,364	0.6%	0.4%	13,677	20.3%	2,313
Carroll	49,620	9,933	60,044	3.4%	1.5%	63,611	5.9%	3,567
Cecil	26,995	9,103	37,088	1.9%	1.3%	41,660	12.3%	4,572
Charles	40,624	9,289	51,482	2.8%	1.4%	57,498	11.7%	6,016
Dorchester	9,500	3,911	13,478	0.7%	0.6%	14,570	8.1%	1,092
Frederick	63,732	20,208	85,340	4.4%	3.0%	93,688	9.8%	8,349
Garrett	9,424	2,880	12,052	0.7%	0.4%	12,451	3.3%	400
Harford	72,455	17,257	90,706	5.0%	2.6%	99,456	9.6%	8,749
Howard	76,590	26,515	105,499	5.3%	3.9%	123,641	17.2%	18,141
Kent	5,650	2,250	7,900	0.4%	0.3%	8,804	11.4%	904
Montgomery	242,705	111,360	358,891	16.8%	16.5%	394,298	9.9%	35,407
Prince George's	190,060	111,086	304,483	13.1%	16.5%	315,263	3.5%	10,780
Queen Anne's	14,289	2,757	18,112	1.0%	0.4%	20,858	15.2%	2,746
Somerset	26,846	9,933	8,775	1.9%	1.5%	9,212	5.0%	437
St. Mary's	5,847	2,663	37,730	0.4%	0.4%	45,539	20.7%	7,809
Talbot	11,839	3,585	16,182	0.8%	0.5%	18,228	12.6%	2,045
Washington	36,547	18,612	55,746	2.5%	2.8%	61,854	11.0%	6,107
Wicomico	22,958	13,393	37,314	1.6%	2.0%	42,467	13.8%	5,153
Worcester	17,341	4,650	22,326	1.2%	0.7%	25,230	13.0%	2,904
Maryland	***1,447,967***	***674,782***	***2,161,040***	**100.0%**	**100.0%**	***2,343,702***	***8.5%***	***182,662***

What should Maryland housing look like in the future to meet the needs of a diverse and changing population across age and income groups? According to PlanMaryland, about one-third of developed land in Maryland consisted of very low density development – primarily in the form of single family housing units. The majority (84 percent) of low density development is located outside current priority funding areas (PFAs) spread out statewide.

As of 2010, more than half of the 1.7 million acres of Maryland's developed land consisted of low density, large lot development primarily located outside current priority funding areas (PFAs). At the same time, household size has steadily declined, which has resulted in an imbalance between residential land use and housing need. According to the Maryland Department of Planning (MDP), household size will continue declining to 2.51 persons per household by 2030, and consist of fewer children per single family unit. The echo-boom generation (young adults age 25 and older) moving into older adulthood will likely comprise the vast majority of new households over the next 20 years.[1] Although their home buying decisions currently remain unpredictable due to the current recession and economic downturn, Maryland's young adult population will likely determine the type of housing needed in the future. Younger families with smaller-size households will likely influence the appeal of this target population for smaller size units.[2]

FIGURE 3: Maryland Historical and Projected Household Size, 1970-2030
Data Source: Maryland Department of Planning

Maryland Historical and Projected Household Size 1970 - 2030									
	1970	1980	1990	2000	2010	2015	2020	2025	2030
BALTIMORE REGION	3.22	2.80	2.64	2.55	2.54	2.51	2.49	2.46	2.45
Anne Arundel County	3.45	2.95	2.76	2.65	2.63	2.59	2.55	2.51	2.49
Baltimore County	3.28	2.71	2.53	2.46	2.48	2.45	2.44	2.42	2.41
Carroll County	3.26	3.02	2.85	2.81	2.74	2.69	2.65	2.61	2.59
Harford County	3.45	3.06	2.83	2.72	2.68	2.65	2.60	2.56	2.55
Howard County	3.59	2.94	2.71	2.71	2.72	2.67	2.63	2.60	2.55
Baltimore City	3.07	2.74	2.59	2.42	2.38	2.35	2.34	2.33	2.32
WASHINGTON SUBURBAN REGION	3.32	2.84	2.71	2.70	2.73	2.71	2.67	2.63	2.60
Frederick County	3.27	2.97	2.78	2.72	2.70	2.69	2.66	2.63	2.59
Montgomery County	3.30	2.77	2.65	2.66	2.70	2.67	2.64	2.62	2.60
Prince George's County	3.34	2.89	2.76	2.74	2.78	2.76	2.70	2.65	2.60
SOUTHERN MARYLAND REGION	3.77	3.24	2.97	2.83	2.80	2.77	2.73	2.69	2.66
Calvert County	3.70	3.21	3.01	2.91	2.85	2.80	2.75	2.69	2.66
Charles County	3.90	3.38	3.03	2.86	2.83	2.80	2.76	2.72	2.69
St. Mary's County	3.68	3.10	2.87	2.72	2.72	2.70	2.67	2.65	2.63
WESTERN MARYLAND REGION	3.05	2.70	2.52	2.44	2.43	2.41	2.38	2.36	2.34
Allegany County	2.95	2.63	2.43	2.35	2.30	2.27	2.23	2.21	2.18
Garrett County	3.35	2.97	2.74	2.55	2.45	2.39	2.33	2.28	2.25
Washington County	3.08	2.70	2.53	2.46	2.50	2.48	2.46	2.44	2.43
UPPER EASTERN SHORE REGION	3.18	2.81	2.65	2.58	2.58	2.56	2.53	2.52	2.51
Caroline County	3.06	2.78	2.66	2.64	2.68	2.69	2.70	2.70	2.70
Cecil County	3.45	3.01	2.81	2.71	2.70	2.67	2.64	2.62	2.61
Kent County	3.02	2.62	2.49	2.33	2.29	2.25	2.21	2.17	2.13
Queen Anne's County	3.13	2.84	2.69	2.62	2.63	2.61	2.57	2.56	2.55
Talbot County	2.94	2.55	2.38	2.32	2.31	2.29	2.26	2.24	2.22
LOWER EASTERN SHORE REGION	3.05	2.69	2.50	2.43	2.42	2.39	2.37	2.35	2.34
Dorchester County	2.95	2.65	2.46	2.36	2.37	2.35	2.34	2.33	2.32
Somerset County	3.10	2.75	2.48	2.37	2.37	2.33	2.32	2.32	2.31
Wicomico County	3.08	2.72	2.56	2.53	2.53	2.50	2.49	2.48	2.48
Worcester County	3.09	2.64	2.44	2.33	2.28	2.24	2.20	2.18	2.15
MARYLAND	**3.25**	**2.82**	**2.67**	**2.61**	**2.61**	**2.59**	**2.56**	**2.53**	**2.51**

[1] *The Joint Center for Housing Studies of Harvard University: The State of the Nation's Housing 2012.*
[2] *National Association of Realtors (Winter, 2012): Realtors and Smart Growth On Common Ground: Sustainable Housing.*

Housing Affordability & Cost Burdened Households

Housing Affordability

Housing affordability is a critical issue in Maryland. By 2020, housing affordability in Maryland will still be an issue. How do we define affordability when considering the cost of housing to a family (or household)? According the United States Department of Housing and Urban Development (HUD), the generally accepted definition of affordability is for "a household to pay no more than 30 percent of its annual income on housing. Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care." [3]

Cost Burdened Households

Although Maryland ranks near the top among states with a current median household income of $68,854, low and moderate income working families continue to struggle with the ability to afford the cost of housing statewide. As the foreclosure and credit crisis continues to unfold, economic and real estate market decline compound the affordability problem, leaving households – particularly those of lower income – with budgets stretched thin. Because a disproportionate share of income is spent on housing both owners and renter households are often forced to come up with a variety of strategies in order to stay financially afloat.

Based on the 2010 U.S. Census American Community Survey (ACS), across all income ranges, 62.1 percent of total households in Maryland paid less than 30 percent of their income on housing costs; 37.9 percent of households spent more than 30 percent on housing (see Figure 4 below). Jurisdictions that had greater than the 37.9 percent statewide average of cost-burdened households included Baltimore City (45.7 percent), Prince George's (44.7 percent), Dorchester (40.9 percent), Caroline (38.9 percent), Somerset (38.9 percent), Wicomico (38.9 percent), Montgomery (38.2 percent), Charles (37.9 percent) and Kent (37.7 percent). The affordability gap for these jurisdictions identified as cost burdened suggests that there are not enough affordable units available for households with the greatest need.

Households in the lower income ranges, earning less than $35,000 annually were most likely to pay more than 30 percent of their income on housing. Broken down further, families with incomes less than $20,000 represented 83.4 percent of households in this income range who were cost burdened. Households earning between $20,000 and $34,999 annual income represented 70.1 percent of the households in this income range paid more than 30 percent of their income on housing. Households in the $35,000 to $49,999 income range ranked second with 55 percent of all households spending greater than the allowable cost burden threshold.

[3] *HUD Web site, referenced 6/18/2012; http://www.hud.gov/offices/cpd/affordablehousing/*

FIGURE 4: All Occupied Housing Units, Maryland 2010

Data Source: U.S. Census Bureau and DHCD Office of Policy, Planning and Research

Income Range	<$20,000		$20,000 to $34,999		$35,000 to $49,999		$50,000 to $74,999		$75,000 or More		All	
Housing Cost Burden	<30.0%	>=30.0%	<30.0%	>=30.0%	<30.0%	>=30.0%	<30.0%	>=30.0%	<30.0%	>=30.0%	<30.0%	>=30.0%
Allegany	27.1%	72.9%	71.4%	28.6%	79.8%	20.2%	90.0%	10.0%	96.3%	3.7%	71.5%	28.5%
Anne Arundel	14.1%	85.9%	29.2%	70.8%	40.6%	59.4%	53.1%	46.9%	85.4%	14.6%	65.0%	35.0%
Baltimore	14.5%	85.5%	29.5%	70.5%	49.3%	50.7%	70.2%	29.8%	89.0%	11.0%	64.1%	35.9%
Baltimore City	17.9%	82.1%	31.5%	68.5%	55.6%	44.4%	78.0%	22.0%	92.1%	7.9%	54.3%	45.7%
Calvert	16.1%	83.9%	24.1%	75.9%	40.0%	60.0%	46.8%	53.2%	83.3%	16.7%	64.4%	35.6%
Caroline	23.2%	76.8%	34.6%	65.4%	59.5%	40.5%	69.2%	30.8%	81.4%	18.6%	61.1%	38.9%
Carroll	14.8%	85.2%	39.6%	60.4%	54.8%	45.2%	58.1%	41.9%	84.7%	15.3%	67.2%	32.8%
Cecil	17.9%	82.1%	43.5%	56.5%	53.7%	46.3%	66.7%	33.3%	88.2%	11.8%	65.7%	34.3%
Charles	13.3%	86.7%	26.1%	73.9%	34.5%	65.5%	50.0%	50.0%	78.7%	21.3%	62.1%	37.9%
Dorchester	18.6%	81.4%	43.4%	56.6%	61.1%	38.9%	71.4%	28.6%	89.8%	10.2%	59.1%	40.9%
Frederick	16.9%	83.1%	34.8%	65.2%	44.3%	55.7%	60.4%	39.6%	82.9%	17.1%	66.0%	34.0%
Garrett	29.1%	70.9%	63.9%	36.1%	77.3%	22.7%	83.7%	16.3%	94.3%	5.7%	70.9%	29.1%
Harford	14.6%	85.4%	41.1%	58.9%	50.5%	49.5%	63.0%	37.0%	87.2%	12.8%	67.8%	32.2%
Howard	8.7%	91.3%	19.7%	80.3%	33.3%	66.7%	54.1%	45.9%	83.9%	16.1%	67.8%	32.2%
Kent	20.1%	79.9%	36.6%	63.4%	60.5%	39.5%	73.4%	26.6%	93.9%	6.1%	62.3%	37.7%
Montgomery	9.1%	90.9%	15.8%	84.2%	28.0%	72.0%	50.0%	50.0%	81.9%	18.1%	61.8%	38.2%
Prince George's	7.8%	92.2%	12.9%	87.1%	33.8%	66.2%	53.7%	46.3%	78.6%	21.4%	55.3%	44.7%
Queen Anne's	14.9%	85.1%	39.5%	60.5%	44.8%	55.2%	58.5%	41.5%	83.1%	16.9%	65.5%	34.5%
Somerset	15.4%	84.6%	56.4%	43.6%	63.2%	36.8%	78.8%	21.2%	91.7%	8.3%	61.1%	38.9%
St. Mary's	9.0%	91.0%	34.8%	65.2%	44.9%	55.1%	60.9%	39.1%	85.8%	14.2%	66.5%	33.5%
Talbot	18.6%	81.4%	43.8%	56.2%	54.8%	45.2%	68.6%	31.4%	83.6%	16.4%	64.7%	35.3%
Washington	24.2%	75.8%	50.3%	49.7%	62.1%	37.9%	75.9%	24.1%	91.0%	9.0%	66.9%	33.1%
Wicomico	12.7%	87.3%	33.7%	66.3%	57.3%	42.7%	75.9%	24.1%	91.6%	8.4%	61.1%	38.9%
Worcester	19.5%	80.5%	40.6%	59.4%	56.0%	44.0%	71.7%	28.3%	87.5%	12.5%	62.8%	37.2%
Maryland	***16.6%***	***83.4%***	***29.9%***	***70.1%***	***45.0%***	***55.0%***	***61.9%***	***38.1%***	***84.5%***	***15.5%***	***62.1%***	***37.9%***

Affordability problems are worse among the lowest income households in those areas. U.S. Housing and Urban Development (HUD) defines "low income families" as those whose incomes do not exceed 80 percent of the median family income for an area. Very low income families are those with incomes that do not exceed 50 percent of the median family income for an area. The Center for Housing Policy reports that despite falling home values nationwide, housing affordability worsened significantly between 2008 and 2010. For working owners a slight decline in housing prices was outpaced by a larger decline in incomes which lead to higher cost burdens than in past periods. [4] According to a special tabulation of 2006 – 2008 ACS CHAS data, released in 2009 by HUD, there were 2,885,478 homeowner households in Maryland; of which 886,413 earned less than 50 percent of area median income. Nearly one quarter of this very low income group, which represented 201,103 households, was cost burdened. [5] Affordability challenges are even more acute among working renter households earning less than 50 percent of area median income. Working renters faced increasing rent costs and decreasing incomes during the period. HUD CHAS data estimates that the state had 1,271,078 renter households; of which 364,527 earned less than 50 percent of area median income. More than half of this very low income group, which represented 207,769 renter households were cost burdened.

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[4] *Williams, L. (February, 2012): Housing Landscape 2012: An Annual Look at the Housing Affordability Challenges of America's Working Households; Center for Housing Policy. (Also available at: www.nhc.org.)*

[5] *U.S. Housing and Urban Development: Comprehensive Housing Affordability Strategy (CHAS) data; special tabulation of 2006 – 2009 American Community Survey Available at: www.hud.gov.*

Similar affordability challenges effect households earning between 51 and 80 percent of AMI. Of the 2,885,478 owner households discussed earlier, 229,705 have incomes between 50 and 80 percent of AMI; and of these nearly half (48.8 percent or 112,004 households) were cost burdened. The state had an estimated 151,745 renter households who earned between 51 – 80 percent of area median income. An estimated 34.7 percent or 52,620 were cost burdened.

Reduced resources at the federal level coupled with the increase in renters due to the housing crisis, increases the likelihood that owners of affordable apartment complexes will opt-out of government subsidized programs so they can raise rents. Using HUD's Fair Market Rent (FMR) measure, the National Low Income Housing Coalition estimates that the current housing wage – defined as the amount it takes to afford a standard two-bedroom apartment at 30 percent of income – is two to three times the minimum wage in some metropolitan and non-metro counties in Maryland. Fair market rents at the county level are illustrated below and show variations in affordable rents (see Figure 5). The FMR for a two-bedroom apartment is $1,291. In order to afford this level of rent and utilities – without paying more than 30% of income on housing – a household must earn $4,303 monthly or $51,637 annually. Assuming a 40-hour work week and 52 weeks per year, this level of income translates into a housing wage of $24.83, which suggests that such workers cannot come close to affording the a fair market rent.

FIGURE 5: Maryland Housing Costs, Fair Market Rents by County, 2012
Data Source: National Low Income Housing Coalition

Maryland Jurisdictions	Housing Wage FY12	Housing Costs			Area Median Income (AMI)				Renter Households				
	Hourly wage necessary to afford 2 BR FMR	Two Bedroom FMR (1)	Income needed to afford 2 BR FMR	Full-time jobs at minimum wage needed to afford 2 BR FMR	Annual AMI (2)	Rent Affordable at AMI (3)	30% of AMI (4)	Rent Affordable at 30% of AMI	Number (2006 - 2010)	% of Total Households (2006 - 2010)	Established Mean Renter Hourly Wage (2012)	Rent Affordable at mean wage	Full-time jobs at mean renter wage needed to afford 2 BR FMR
Allegany	$ 11.23	$584	$23,360	1.5	$53,000	$1,325	$15,900	$398	8,406	29%	$ 8.81	$ 458	1.3
Anne Arundel *	$ 23.67	$1,231	$49,240	3.3	$85,600	$2,140	$25,680	$642	47,573	24%	$ 15.74	$ 818	1.5
Baltimore City *	$ 23.67	$1,231	$49,240	3.3	$85,600	$2,140	$25,680	$642	119,737	50%	$ 18.60	$ 967	1.3
Baltimore *	$ 23.67	$1,231	$49,240	3.3	$85,600	$2,140	$25,680	$642	104,016	33%	$15.22	$791	1.6
Calvert *	$ 28.96	$1,506	$60,240	4	$107,500	$2,688	$32,250	$806	4,559	15%	$ 8.48	$ 441	3.4
Caroline	$ 16.58	$862	$34,480	2.3	$67,400	$1,685	$20,220	$506	2,866	24%	$ 8.73	$ 454	1.9
Carroll *	$ 23.67	$1,231	$49,240	3.3	$85,600	$2,140	$25,680	$642	9,558	16%	$ 7.88	$ 410	3
Cecil *	$ 20.67	$1,075	$43,000	2.9	$81,500	$2,038	$24,450	$611	9,136	25%	$ 11.18	$ 582	1.8
Charles *	$ 28.96	$1,506	$60,240	4	$107,500	$2,688	$32,250	$806	9,444	19%	$ 9.71	$ 505	3
Dorchester	$ 15.02	$781	$31,240	2.1	$57,700	$1,443	$17,310	$433	3,851	29%	$ 9.04	$ 470	1.7
Frederick *	$ 28.96	$1,506	$60,240	4	$107,500	$2,688	$32,250	$806	19,343	23%	$ 12.86	$ 669	2.3
Garrett	$ 11.23	$584	$23,360	1.5	$56,800	$1,420	$17,040	$426	2,761	22%	$ 7.08	$ 368	1.6
Harford *	$ 23.67	$1,231	$49,240	3.3	$85,600	$2,140	$25,680	$642	16,477	18%	$ 10.08	$ 524	2.3
Howard *	$ 23.67	$1,231	$49,240	3.3	$85,600	$2,140	$25,680	$642	25,828	25%	$ 15.95	$ 829	1.5
Kent	$ 16.13	$839	$33,560	2.2	$66,200	$1,655	$19,860	$497	2,185	28%	$ 8.69	$ 452	1.9
Montgomery *	$ 28.96	$1,506	$60,240	4	$107,500	$2,688	$32,250	$806	108,362	31%	$ 17.73	$ 922	1.6
Prince George's *	$ 28.96	$1,506	$60,240	4	$107,500	$2,688	$32,250	$806	107,859	36%	$ 15.24	$ 792	1.9
Queen Anne's *	$ 23.67	$1,231	$49,240	3.3	$85,600	$2,140	$25,680	$642	2,608	15%	$ 7.91	$ 411	3
Somerset	$ 14.08	$732	$29,280	1.9	$53,000	$1,325	$15,900	$398	2,747	33%	$ 10.55	$ 549	1.3
St. Mary's	$ 20.60	$1,071	$42,840	2.8	$90,600	$2,265	$27,180	$680	9,835	27%	$ 15.23	$ 792	1.4
Talbot	$ 17.33	$901	$36,040	2.4	$77,400	$1,935	$23,220	$581	3,717	24%	$ 11.19	$ 582	1.5
Washington	$ 16.19	$842	$33,680	2.2	$67,700	$1,693	$20,310	$508	18,678	34%	$ 10.91	$ 568	1.5
Wicomico	$ 17.58	$914	$36,560	2.4	$64,400	$1,610	$19,320	$483	12,633	35%	$ 12.17	$ 633	1.4
Worcester	$ 17.40	$905	$36,200	2.4	$68,600	$1,715	$20,580	$515	4,706	21%	$ 7.26	$ 377	2.4

Source: National Low Income Housing Coalition, Out of Reach 2012
(1) FMR = Fiscal Year 2012 Fair Market Rent (HUD, 2011)
(2) AMI = Fiscal Year 2012 Area Median Income (HUD, 2011)
(3) * "Affordable" rents represent the generally accepted standard of spending not more than 30% of gross income on gross housing costs
(4) The federal standard for extremely low income households. Does not include HUD-specific adjustments

Cost Burdens of Maryland Homeowners

Based on American Community Survey 5-year estimates, the majority of Maryland home-owning households (67.3 percent) pay less than 30 percent of their income on housing (see Figure 6). The remaining owner households (32.7 percent) pay greater than 30 percent on housing costs and are considered cost burdened. Jurisdictions that exceeded the statewide average of 32.7 percent included Prince George's (42.4 percent), Caroline (37.5 percent), Baltimore City (35.9 percent), Dorchester (35.5 percent), Worcester (35.0 percent) Charles (34.6 percent), Somerset (34.1 percent), Kent and Montgomery (32.8 percent each) counties. When analyzed by income, the lowest income homeowners (those households earning less than $20,000 a year) spent the largest share of their earnings on housing costs (82.4 percent of owner households statewide), compared to 17.6 percent of owner households that spent less than 30 percent.

FIGURE 6: Owner-occupied Housing Units in Maryland; Cost Burdened Households, by Income Range, 2010

Data Source: U.S. Census Bureau and DHCD Office of Policy, Planning and Research

Income Range	<$20,000		$20,000 to $34,999		$35,000 to $49,999		$50,000 to $74,999		$75,000 or More		All	
Housing Cost Burden	**<30.0%**	**>=30.0%**	**<30.0%**	**>=30.0%**	**<30.0%**	**>=30.0%**	**<30.0%**	**>=30.0%**	**<30.0%**	**>=30.0%**	**<30.0%**	**>=30.0%**
Allegany	33.6%	66.4%	72.2%	27.8%	75.9%	24.1%	88.4%	11.6%	96.5%	3.5%	77.5%	22.5%
Anne Arundel	12.2%	87.8%	42.0%	58.0%	48.1%	51.9%	49.4%	50.6%	84.1%	15.9%	69.0%	31.0%
Baltimore	19.7%	80.3%	46.2%	53.8%	51.0%	49.0%	63.0%	37.0%	87.5%	12.5%	70.2%	29.8%
Baltimore City	16.4%	83.6%	40.7%	59.3%	53.7%	46.3%	71.7%	28.3%	90.7%	9.3%	64.1%	35.9%
Calvert	8.1%	91.9%	30.0%	70.0%	41.7%	58.3%	44.0%	56.0%	82.7%	17.3%	67.3%	32.7%
Caroline	18.8%	81.3%	40.0%	60.0%	56.0%	44.0%	64.2%	35.8%	80.2%	19.8%	62.5%	37.5%
Carroll	18.4%	81.6%	46.8%	53.2%	54.9%	45.1%	55.3%	44.7%	84.1%	15.9%	70.6%	29.4%
Cecil	26.0%	74.0%	54.7%	45.3%	53.8%	46.2%	60.5%	39.5%	87.1%	12.9%	70.3%	29.7%
Charles	15.8%	84.2%	35.4%	64.6%	38.2%	61.8%	47.8%	52.2%	77.5%	22.5%	65.4%	34.6%
Dorchester	20.0%	80.0%	48.8%	51.2%	59.2%	40.8%	67.6%	32.4%	88.9%	11.1%	64.5%	35.5%
Frederick	18.6%	81.4%	46.4%	53.6%	45.2%	54.8%	53.1%	46.9%	81.6%	18.4%	68.8%	31.2%
Garrett	38.0%	62.0%	62.5%	37.5%	74.2%	25.8%	82.8%	17.2%	93.9%	6.1%	75.1%	24.9%
Harford	10.7%	89.3%	46.3%	53.7%	50.5%	49.5%	57.8%	42.2%	86.3%	13.7%	70.5%	29.5%
Howard	8.3%	91.7%	30.8%	69.2%	43.1%	56.9%	49.2%	50.8%	82.4%	17.6%	72.2%	27.8%
Kent	18.0%	82.0%	38.4%	61.6%	58.5%	41.5%	69.8%	30.2%	93.9%	6.1%	67.2%	32.8%
Montgomery	5.9%	94.1%	24.0%	76.0%	35.8%	64.2%	44.5%	55.5%	80.1%	19.9%	67.2%	32.8%
Prince George's	5.0%	95.0%	24.2%	75.8%	28.4%	71.6%	37.2%	62.8%	75.6%	24.4%	57.6%	42.4%
Queen Anne's	12.8%	87.2%	43.2%	56.8%	46.3%	53.7%	57.3%	42.7%	82.5%	17.5%	68.3%	31.7%
Somerset	16.1%	83.9%	54.7%	45.3%	55.4%	44.6%	76.9%	23.1%	91.1%	8.9%	65.9%	34.1%
St. Mary's	12.2%	87.8%	46.9%	53.1%	44.0%	56.0%	55.2%	44.8%	83.9%	16.1%	69.9%	30.1%
Talbot	19.1%	80.9%	56.1%	43.9%	50.0%	50.0%	65.3%	34.7%	82.4%	17.6%	68.0%	32.0%
Washington	32.1%	67.9%	60.2%	39.8%	58.0%	42.0%	70.3%	29.7%	90.0%	10.0%	73.1%	26.9%
Wicomico	16.7%	83.3%	44.9%	55.1%	58.9%	41.1%	71.1%	28.9%	90.3%	9.7%	68.5%	31.5%
Worcester	21.1%	78.9%	42.0%	58.0%	51.4%	48.6%	68.9%	31.1%	86.6%	13.4%	65.0%	35.0%
Maryland	***17.6%***	***82.4%***	***41.5%***	***58.5%***	***46.8%***	***53.2%***	***55.5%***	***44.5%***	***82.9%***	***17.1%***	***67.3%***	***32.7%***

Cost Burdens of Maryland Renters

Housing expenditures among renter households was relatively higher than owner households. Slightly more than half (50.1 percent) of households who rent their dwellings spent more than 30 percent of income on housing (see Figure 7). The remaining 49.9 percent spent less than 30 percent on housing costs. Baltimore City, Calvert, Carroll, Charles, Dorchester, Kent, Montgomery, Queen Anne's Somerset and Wicomico were among jurisdictions that exceeded the statewide average of 50.1 percent. Of the 50.1 percent of cost burdened renter households paying more than 30 percent of income on housing, the majority earned $49,999 or less annually. Broken down further, renter households most severely impacted by housing costs were households with incomes of less than $20,000.

FIGURE 7: Renter-occupied Housing Units in Maryland; Cost Burdened Households, by Income Range, 2010

Data Source: U.S. Census Bureau and DHCD Office of Policy, Planning and Research

Income Range	**<$20,000**		**$20,000 to $34,999**		**$35,000 to $49,999**		**$50,000 to $74,999**		**$75,000 or More**		**All**	
Housing Cost Burden	**<30.0%**	**>=30.0%**	**<30.0%**	**>=30.0%**	**<30.0%**	**>=30.0%**	**<30.0%**	**>=30.0%**	**<30.0%**	**>=30.0%**	**<30.0%**	**>=30.0%**
Allegany	21.5%	78.5%	69.4%	30.6%	91.1%	8.9%	97.3%	2.7%	96.2%	3.8%	55.3%	44.7%
Anne Arundel	17.1%	82.9%	11.3%	88.7%	28.5%	71.5%	62.7%	37.3%	94.0%	6.0%	52.4%	47.6%
Baltimore	9.6%	90.4%	12.1%	87.9%	47.7%	52.3%	85.0%	15.0%	97.4%	2.6%	50.9%	49.1%
Baltimore City	18.1%	81.9%	25.7%	74.3%	57.5%	42.5%	88.1%	11.9%	98.0%	2.0%	44.0%	56.0%
Calvert	23.3%	76.7%	13.7%	86.3%	30.8%	69.2%	58.5%	41.5%	93.7%	6.3%	45.4%	54.6%
Caroline	28.3%	71.7%	20.8%	79.2%	68.7%	31.3%	93.2%	6.8%	90.8%	9.2%	55.6%	44.4%
Carroll	10.2%	89.8%	26.0%	74.0%	56.7%	43.3%	76.5%	23.5%	97.1%	2.9%	48.5%	51.5%
Cecil	11.5%	88.5%	24.0%	76.0%	54.0%	46.0%	89.8%	10.2%	98.8%	1.2%	51.1%	48.9%
Charles	9.4%	90.6%	13.8%	86.3%	25.5%	74.5%	58.5%	41.5%	93.3%	6.7%	47.3%	52.7%
Dorchester	17.0%	83.0%	27.2%	72.8%	65.8%	34.2%	91.3%	8.7%	96.9%	3.1%	44.3%	55.7%
Frederick	17.9%	82.1%	20.5%	79.5%	42.0%	58.0%	79.8%	20.2%	94.4%	5.6%	56.3%	43.7%
Garrett	17.6%	82.4%	68.3%	31.7%	91.2%	8.8%	95.6%	4.4%	100.0%	0.0%	52.8%	47.2%
Harford	17.8%	82.2%	25.7%	74.3%	49.4%	50.6%	82.9%	17.1%	99.4%	0.6%	54.3%	45.7%
Howard	11.2%	88.8%	10.4%	89.6%	21.5%	78.5%	60.2%	39.8%	95.0%	5.0%	54.3%	45.7%
Kent	22.3%	77.7%	32.7%	67.3%	67.7%	32.3%	92.8%	7.2%	94.5%	5.5%	47.7%	52.3%
Montgomery	11.6%	88.4%	8.2%	91.8%	19.1%	80.9%	57.1%	42.9%	91.3%	8.7%	49.2%	50.8%
Prince George's	9.0%	91.0%	6.1%	93.9%	38.3%	61.7%	76.8%	23.2%	93.1%	6.9%	50.9%	49.1%
Queen Anne's	16.1%	83.9%	31.8%	68.2%	39.5%	60.5%	66.1%	33.9%	97.6%	2.4%	48.5%	51.5%
Somerset	15.2%	84.8%	59.2%	40.8%	86.3%	13.7%	84.6%	15.4%	100.0%	0.0%	49.8%	50.2%
St. Mary's	7.5%	92.5%	21.5%	78.5%	46.7%	53.3%	74.1%	25.9%	98.5%	1.5%	56.3%	43.7%
Talbot	17.4%	82.6%	25.9%	74.1%	63.4%	36.6%	82.1%	17.9%	98.5%	1.5%	53.1%	46.9%
Washington	19.5%	80.5%	39.3%	60.7%	69.8%	30.2%	91.3%	8.7%	97.4%	2.6%	54.0%	46.0%
Wicomico	10.6%	89.4%	20.7%	79.3%	54.8%	45.2%	88.3%	11.7%	99.1%	0.9%	46.3%	53.7%
Worcester	16.9%	83.1%	37.0%	63.0%	74.5%	25.5%	88.6%	11.4%	100.0%	0.0%	53.7%	46.3%
Maryland	***15.7%***	***84.3%***	***17.9%***	***82.1%***	***42.3%***	***57.7%***	***74.8%***	***25.2%***	***94.5%***	***5.5%***	***49.9%***	***50.1%***

Maryland Housing Stock

According to U.S. Census, in 2010 Maryland housing stock consisted of 2,341,895 units. Moody's Analytics forecasts that between 2010 and 2020 Maryland's total housing stock will grow an additional 180,851 units to 2,522,746. Of these, 148,447 units will be owner-occupied units and renter-occupied units will account for 32,404 units. [6] At the same time, the number of households is projected to grow from 2,161,040 to 2,343,702 – an increase of 182,662 households. Although changing growth patterns, shifts in household formation, tightening standards in the mortgage market, and the foreclosure crisis influence anticipated growth in the state's housing market forecasts show household growth will exceed available housing stock by 2020.

FIGURE 8: Projected Change in Maryland Housing Stock, 2010-2020

Data Source: Moody's Analytics& U.S. Census Bureau

Maryland Housing Stock 2010 - 2020									
	2010			2020			Change 2010 - 2020		
Jurisdiction	Single Family Units	Multi-Family Units	Total Stock	Single Family Units	Multi-Family Units	Total Stock	Single FamilyUnits	Multi-Family Units	Total Units
Allegany	25,092	6,578	31,670	26,145	6,595	32,740	1,053	17	1,070
Anne Arundel	173,081	36,040	209,120	187,058	43,493	230,551	13,977	7,453	21,431
Baltimore	239,162	94,299	333,461	245,678	99,231	344,909	6,516	4,932	11,448
Baltimore City	191,598	104,136	295,735	190,158	104,396	294,555	(1,440)	260	(1,180)
Calvert	31,671	1,583	33,255	35,859	1,578	37,437	4,188	(6)	4,182
Caroline	10,816	1,412	12,228	12,381	1,451	13,832	1,565	39	1,604
Carroll	54,281	7,716	61,998	56,926	7,658	64,585	2,645	(58)	2,587
Cecil	32,732	5,450	38,182	38,278	6,339	44,617	5,546	888	6,435
Charles	49,227	5,038	54,266	60,716	4,984	65,700	11,489	(55)	11,434
Dorchester	12,438	2,556	14,994	14,253	3,722	17,975	1,815	1,166	2,982
Frederick	75,203	14,932	90,134	91,706	16,866	108,572	16,503	1,934	18,438
Garrett	15,027	1,618	16,644	17,676	1,637	19,313	2,649	19	2,669
Harford	76,595	15,995	92,590	88,305	16,904	105,210	11,710	910	12,620
Howard	81,861	26,021	107,882	99,025	28,647	127,672	17,164	2,626	19,790
Kent	8,497	1,603	10,100	10,896	1,586	12,482	2,399	(17)	2,382
Montgomery	259,074	117,193	376,267	273,481	129,719	403,201	14,407	12,526	26,934
Prince George's	213,311	113,847	327,159	224,245	112,062	336,307	10,934	(1,785)	9,148
Queen Anne's	18,034	1,291	19,325	20,567	1,546	22,113	2,533	255	2,788
Somerset	7,875	1,435	9,310	8,216	1,528	9,744	341	93	433
St. Mary's	32,918	5,725	38,643	41,804	5,783	47,587	8,886	58	8,944
Talbot	16,176	2,852	19,029	21,028	2,797	23,825	4,852	(56)	4,796
Washington	44,395	14,063	58,458	47,435	15,552	62,987	3,040	1,488	4,529
Wicomico	31,511	6,857	38,368	32,433	7,085	39,517	922	228	1,150
Worcester	24,164	26,903	51,067	28,904	26,391	55,295	4,741	(512)	4,228
Maryland	***1,726,749***	***615,146***	***2,341,895***	***1,875,196***	***647,550***	***2,522,746***	***148,447***	***32,404***	***180,851***

[6] *Housing tenure projections was calculated based on 2010 homeownership rate at 67.0 percent. The DHCD Office of Policy Planning and Research utilized Moody's Analytics to forecast housing units (a leading provider of comprehensive and extensive historical and forecast data at the state level.)*

Housing Market Trends

Overview of National Trends

Declining trends in homeownership rates and a substantial gain in renters since 2004 have been influenced by several factors. First, the foreclosure crisis has yet to run its course. As the baby-boom and echo-boom populations grow, both older renters and younger households may be less inclined to move into homeownership considering recent tightening of financing standards. Second, although the new generation of younger households is expected to have an important influence on housing markets in the future – particularly on urban, walkable communities – this generation has a less predictable impact because during periods of high unemployment young adults are less likely to live independently without jobs.

From a production standpoint, the National Association of Realtors claims that some developers and builders face a much more difficult lending environment. With limited financing and consumers downsizing they are beginning to rethink the scale of their projects, focusing more on smaller scale projects that do not require a large amount of debt; in turn, slowing the pace in which housing is produced.

The long term question is whether households who lost their homes in foreclosure will buy homes in the future and how long it will take them to do so. How and when the nation's foreclosure crisis concludes will determine the extent to which millions of distressed owners at the state level and nationally will be forced to forfeit homeownership. As a consequence, demand is rising for single family rentals because of distressed sales markets and families leaving a foreclosed home and paying rent on a more affordable former foreclosure. A 2012 study produced by CoreLogic 7 found that the nation's single-family rental market accounts for 21 million rental units or 52 percent of the entire residential rental market.

Trends in the Affordable Rental Market

Renter household growth has outpaced owner household growth between 2006 and 2010. The number of renter households rose by 692,000 annually, on average, to 37 million while the number of owner households declined net by 201,000 annually. Studies estimate that the number of renter households could increase by 360,000 to 470,000 annually between 2010 and 2020 nationwide. Moreover, affordability is also likely to worsen over the next few years due to high unemployment – particularly affecting low income renters. National trends have shown that the number of renters with very low incomes (below 50 percent of area median income) rose from 16.3 million to 18.0 million. 8 During the same period, the number of housing units that were affordable to households at that income level, in adequate condition and not occupied by higher income renters fell from 12.0 million

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[7] CoreLogic Market Pulse Report (April 2012): Available at http://www.corelogic.com/downloadable-docs/marketpulse_2012-April.pdf-
[8] Cohen, R. Wardrip, K. & Williams, L. (October, 2010). Insights from Housing Policy Research: Rental Housing Affordability, A Review of Current Research: The Center for Housing Policy. (Also available at: www.nhc.org).

to 11.6 million. As a consequence, the affordable housing shortage for this group widened sharply from 4.3 million to 6.4 million units, adding pressure to the affordable stock. The implications of such conditions depress property values, lower local property tax revenues, impose additional costs on public services, and potentially increase vacancy rates. Addressing the rental affordability issue will largely depend on the nation's ability to supply housing that meets the needs of lower income (and increasingly moderate income) families and individuals without placing excess burden on household budgets.

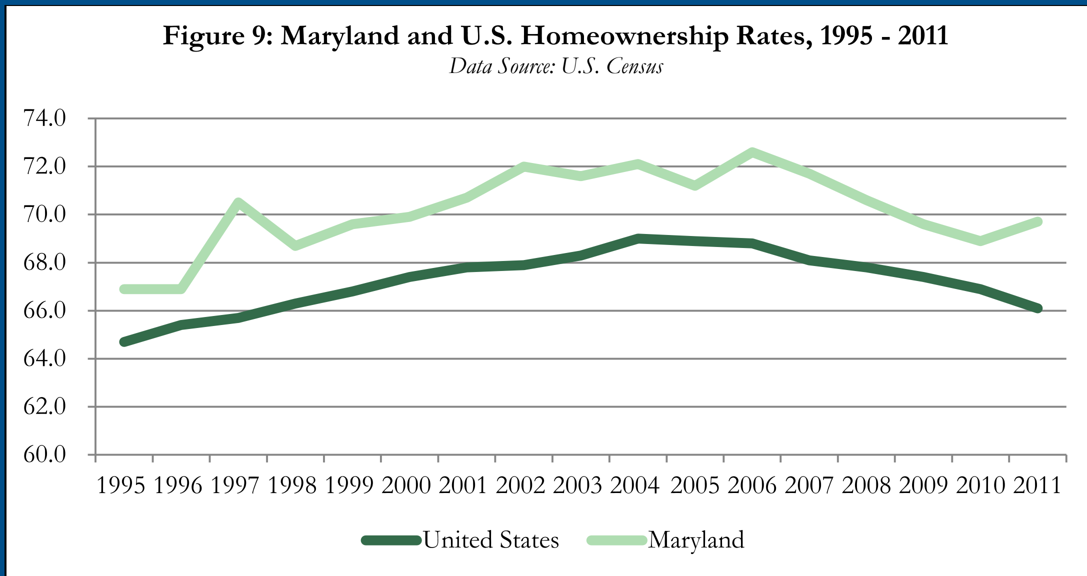
Overview of Maryland Trends

Over the last several years Maryland's economy experienced the same turbulent market conditions as the national market. As the state continues to rebound from an equally unsettling housing market crisis, new questions emerge on the basic needs for housing today and in the future with respect to ownership and rental. Since the economic downturn began in 2007 troubles in Maryland's housing market have greatly impacted state and local tax revenues. Based on a 2012 analysis on the Fiscal Impact on Government Revenues produced by Sage Policy Group for the Maryland Association of Realtors, state and local property tax revenue have suffered significant losses since the crisis began in 2007. Sage reports that Maryland experienced a decline of $55.4 million in potential property tax collections between 2007 and 2011. Local jurisdictions lost $526 million on diminished property sale activity and lower sale prices relative to the pre-boom period. They estimate that the total loss in revenue collections at both the state and local level during the period exceeded $1.4 billion.

Trends in Homeownership Rates

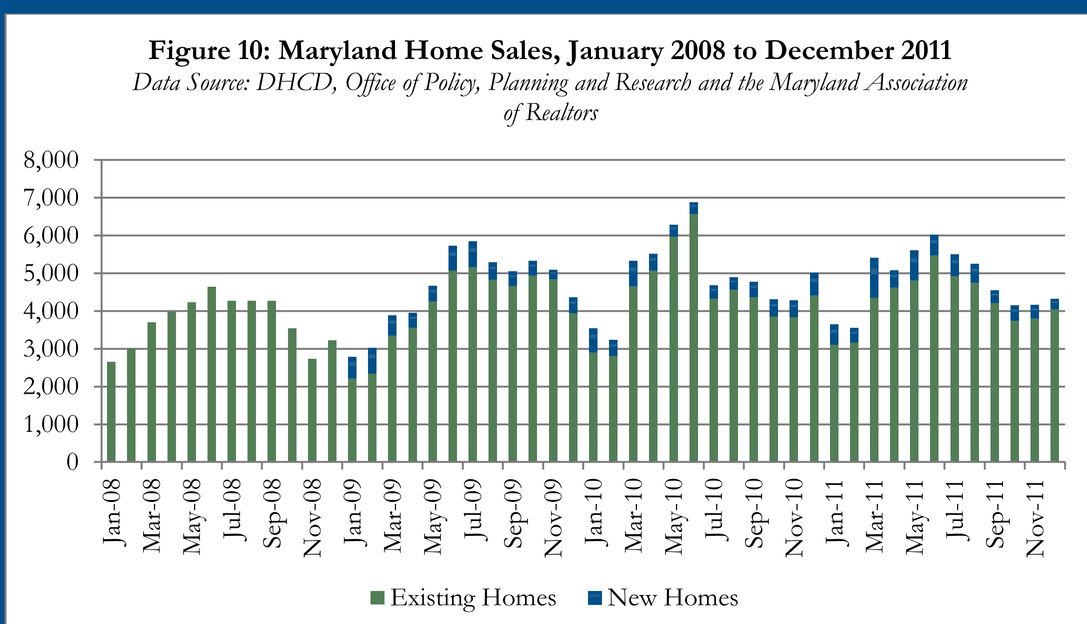
According to the U.S. Census, the current national homeownership rate stood at 65.4 percent in the first quarter 2012, down from 66.0 percent at year end in 2011. Decline in the nation's homeownership rates reflect both a net loss of owners and a substantial gain in renters. 9 Historical trends in Maryland show similar rate changes; yet have remained higher than the national average for more than a decade. The state's current homeownership rate stood at 69.7 percent in 2011, which is a slight increase from the previous year of 67.5 percent in 2010. Fluctuations were due to a historic rise in delinquencies and foreclosures, which exceeded previous peak levels in the post-war era.

[9] *John F. Kennedy School of Government (2008): America's Rental Housing: The Key to a Balanced National Policy, Joint Center for Housing Studies of Harvard University: MA*



Trends in Maryland Home Sales and Home Prices

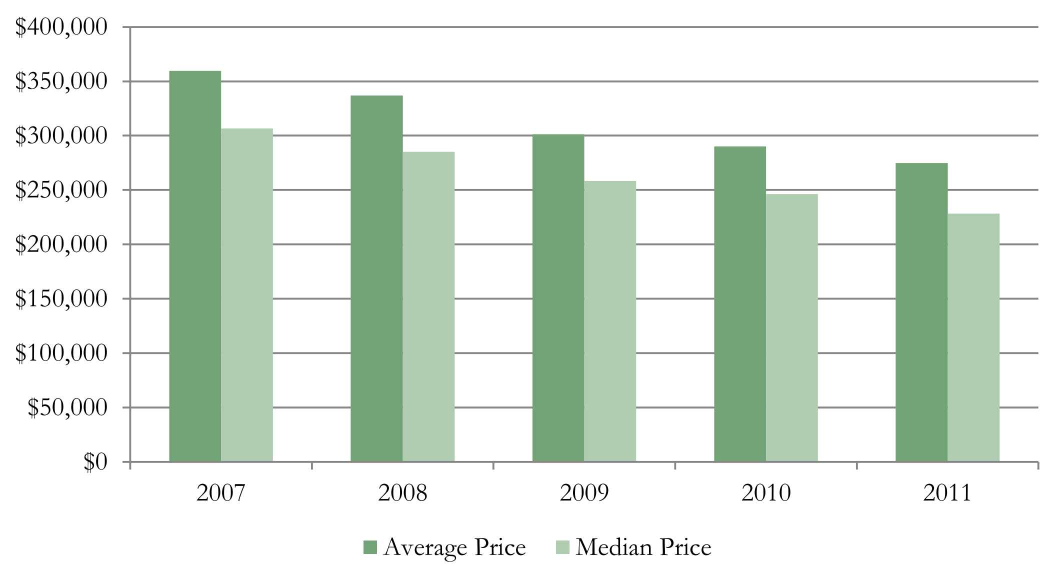
Figure 10 demonstrates the volatility in Maryland's housing market of new and existing homes sold between 2009 and the first half of 2012. Existing home sales reached an annual high of 53,392 in 2010 compared to the previous year before trailing off to 51,042 in 2011. New homes sales followed similar patterns. In 2009, 5,752 new homes sold then dipped in 2010 before reaching a high of 6,170 in 2011.



Additionally, median home sales prices in Maryland declined significantly after 2006 (Figure 11). During the five-year period between 2007 and 2009, both average and median sales prices declined, each year reflecting massive losses in household wealth statewide.

Figure 11: Average and Median Home Sale Prices in Maryland, 2007 – 2011

Data Source: Maryland Association of Realtors



Housing Affordability, Distressed Property, and Affected Neighborhoods

To date, most of the focus nationally and in Maryland has been on the impact of the crisis on homeowners and the health of the financial services industry. Maryland's mortgage market reflects nearly eight percent mortgages 90+days delinquent or facing foreclosure and consequently yielding a *shadow inventory* of housing. While focus will continue it is increasingly important to consider the mounting costs of foreclosures upon neighborhoods, communities, and local and state governments. The foreclosure crisis caused a substantial increase in the inventory of unsold homes in Maryland and throughout the nation. As a consequence, the resulting decline in home prices -- and the Federal Reserve Bank's efforts to revive the housing industry by keeping mortgage rates at historically low levels – significantly improved homeownership affordability. The substantial growth in homeownership affordability has been due to declining effective mortgage rates and home prices.

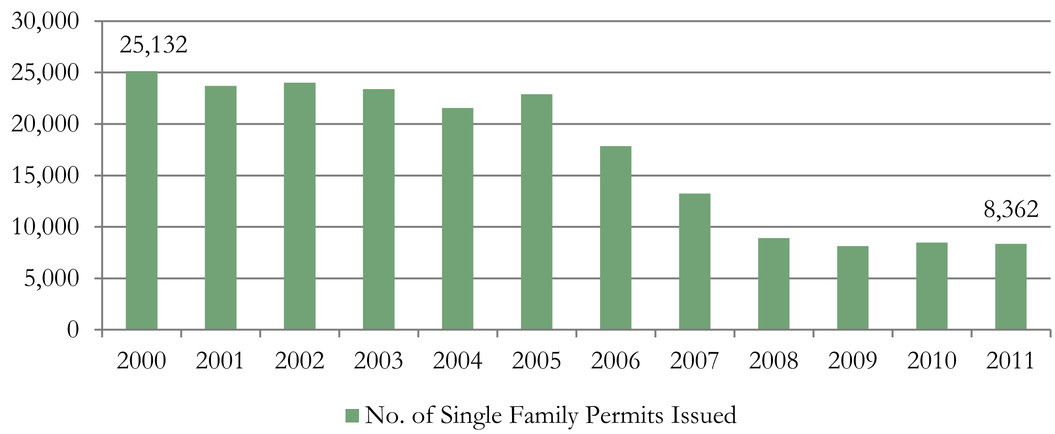
Homeownership Affordability Indices for repeat and first-time homebuyers in Maryland increased by 1.9 percent to 194.3 and 124.4, respectively in January 2012 – the highest values in 12 years. According to the Maryland Association of Realtors, home prices have still yet to stabilize. But, helping to ease pressures on household ability to afford housing has been a decline in median home sales price in Maryland, which decreased in January 2012 by 1.5 percent to $219,500. This reflects a decline of 0.6 percent from a year ago. Historically, the median home sales price in Maryland has declined by 32.6 percent from a peak of $325,427 in January of 2007.

Trends in New Residential Construction

Based on the Federal Reserve Bank of Richmond market overview and the U.S. Department of Commerce, Maryland residential construction is at near-historic lows. The state issued only 8,362 permits for single family new construction statewide in 2011 compared with three times the number issued in 2000 (Figure 12 below). Further, home sales remain somewhat weak but there are recent signs of improvement in activity. As of March 2012, Maryland showed 4,225 units sold, keeping pace with the national trend.

Figure 12: Number of Single Family Units Authorized for Construction (Permits Issued) in Maryland, 2000--2011

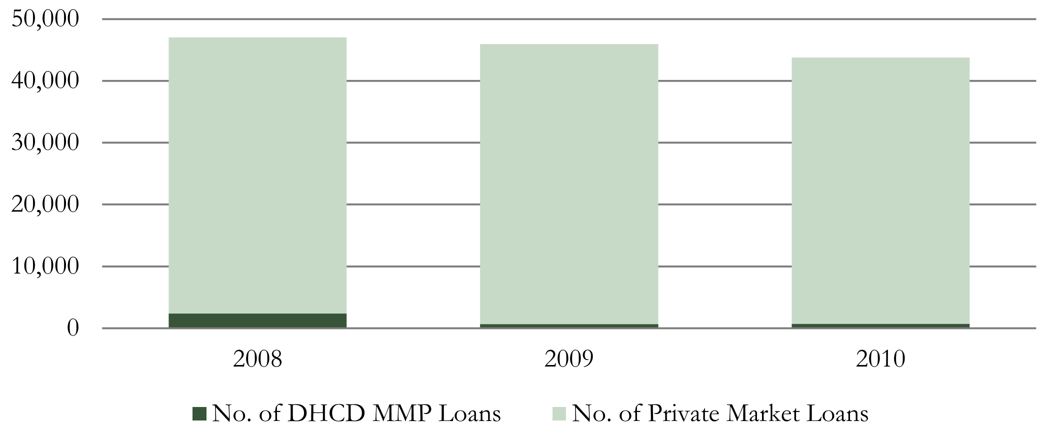
Data Source: U.S. Department of Commerce; Maryland Department of Planning



Comparing Maryland Private Lender Mortgage Market with DHCD Maryland Mortgage Program

Maryland's privately-funded housing market finances the largest share of the state's housing ownership market compared to publicly-funded housing. Private sector housing generally captures more than 90 percent of existing home sales statewide because loan activity includes primary residential as well as investment property loans at varying price points. The DHCD Maryland Mortgage Program (MMP) serves a small part of the State's overall homeownership market. This is due to a combination of factors. In addition to having targeted clientele primarily consisting of first-time homebuyers, the federal government sets income and house price limits for the MMP program. Tightened lending standards resulting from the national housing downturn and increased foreclosures have also influenced the program's reach. Figure 13 compares the number of loans originated in the private market to MMP loan purchases since 2008. Between 2008 and 2010 MMP loans totaled 3,811 and the private market showed a slight decline from 2008 reaching 43,078 loans in 2010.

Figure 13: DHCD MMP Share of the Maryland Mortgage Market
Data Source: 1) Maryland Mortgage Program data: DHCD Office of Policy, Planning and Research
2) Private Market Loans: Home Mortgage Disclosure Data (HMDA)



Comparing the Maryland Non-Subsidized and Subsidized Multifamily Rental Market

Downward shifts in homeownership and subsequent upward movement in the rental housing market adds pressures on existing renter households concerning continued affordability and potentially limits rental housing options for new renters entering the market. Such changes in the renter market emphasize the need to take a closer look at affordable options for households in both subsidized and non-subsidized multifamily rental properties.

As noted earlier, state homeownership programs represent a small share of the affordable housing market. The picture is different in the multifamily rental market, where the State has financed between 20 percent and 40 percent of all new rental units produced in Maryland each year between 2000 and 2010, except in 2005. (Exact numbers are not available since the Department of Commerce only tracks permits, not actual construction or "placed-in-service" statistics.) The multifamily market in terms of production is smaller than the homeownership market, but, given that more households are and will be utilizing the rental market for the foreseeable future, DHCD's role is critical to the future of rental housing production in the State.

In addition, the risk of losing affordability in local housing markets and the subsequent impact on providing affordable housing particularly for low income households presents ongoing challenges. Federal housing assistance programs generally target households at the low end of the income spectrum – households with extremely low incomes less than 30 percent of area median income (AMI) and very low incomes between 30 and 50 percent of AMI. Such subsidies attempt to close the gap between housing supply and what renters can afford to pay. Reduced resources at the federal level, as well as more former owners becoming renters has resulted in a significant upward movement of rents, reducing the incentive for owners of affordable apartment complexes to keep rents affordable.

Of equal concern is the condition of privately-owned, unsubsidized rental stock. According to 2011 Harvard University study on the State of the Nation's Housing, this affordable inventory serves the vast majority of low-income renter households and more than half of the low-cost, privately owned rental stock today is in need of repair. As a result, hundreds of thousands of privately-owned, unsubsidized units are at risk of loss from the affordable stock, whether through deterioration and removal or upgrading to market rents. This stock, consisting primarily of single-family units and small multifamily units, has filtered down to the rental housing market from their original owner-occupants. Approximately two-thirds of the nation's lowest income households live in unsubsidized rental housing, and the threat of loss could leave low income residents displaced with no viable housing alternatives that they can afford.

Lessons from the Maryland Base Realignment and Closure (BRAC) Rental Housing Preservation Initiative

In 2010, the Maryland Department of Housing and Community Development (DHCD) commissioned the RealProperty Research Group located in Columbia, Maryland to conduct a comprehensive assessment of multifamily rental properties in nine (9) Maryland counties to further advance the Department's efforts to preserve affordable housing and to better target private and public funds for affordable rental housing. This assessment examined Maryland counties impacted by the Base Realignment and Closure (BRAC) process in Anne Arundel, Baltimore, Cecil, Frederick, Harford, Howard, Montgomery, Prince George's and St. Mary's Counties. The study examined the inventory of multifamily properties assisted with federal and state housing program subsidies as well as properties that are not assisted by a housing program in each of the nine counties to determine both the feasibility for preserving affordable housing and properties at risk of losing their affordability status.

The reports describe significant excess in demand for rental housing in these counties. Excess demand suggests a comparatively large pool of potential renters competing for a comparatively small number of multifamily rental units. As such the availability of excess demand helps to reinforce the need for new investment in existing multifamily rental properties as well as new construction. Excess demand for rental units in a market area often results in increased rent levels and indicates a threat to housing affordability in the market.

Key findings derived of the BRAC studies were:

- *There is excess demand for rental housing in all nine counties when taking into account projected household growth and the total net change in households. A total of 82,962 additional households will be added between 2011 and 2016.*
- *An estimated 39,342 housing units will be removed or lost from the housing stock across all nine counties between 2011 and 2016, which suggests that the impact on rental rates for existing units are also at risk of losing affordability.*

- *An expected total net increase in households (82,962) coupled with a total estimated loss of housing units (39,342) creates a new net demand for housing totaling 122,304 units statewide between 2011 and 2016. Taking into account projected pipeline projects (planned additions to supply), and absorption of existing multifamily vacancies, this will generally mean that current supply will not be sufficient to accommodate the anticipated household growth by these number of units.*
- *A disproportionate number of multifamily rental units across counties will be in limited or inadequate supply for households earning 60 percent or less in area median income. This includes extremely low rent and subsidized units (< 30 percent), very low rent units (30 – 50 percent), and low rent units (50 – 60 percent).*
- *Some Maryland counties show penetration rates over 100 percent in certain income ranges, which suggests an oversupply or oversaturation in select local markets.*

Housing Investment as Economic Activity

Recognizing the role of the housing industry as a critical economic driver is the foundation for making wise investments in housing and local economies. Direct economic activity derived from housing investments produce permanent employment in a variety of occupations in both private and public sector housing industries. The U.S. Bureau of Economic Analysis reported that Maryland's real estate industry created 164,155 (direct) jobs in 2010. Multifamily rental and condominium construction results in jobs such as rental leasing, management and maintenance while single family owner-occupied housing creates employment for realtors, brokers, loan officers, mortgage servicers and many other long term occupations. Moreover, residential construction and rehabilitation provides private sector jobs for architects, engineers and construction workers. Such activity also produces ancillary economic benefits for State and local government in revenues generated through recordation fees as well as property, transfer, and income taxes.

As noted earlier in this report, the private sector maintains a significant share of housing production compared to State housing activity – particularly through homeownership and the economic activity generated in the growth and development of housing. However, most development has occurred outside of Priority Funding Areas (PFAs). Although Maryland Smart Growth strategies target resources within Priority Funding Ares (PFAs) past development patterns outside PFAs caused adverse impacts on jurisdictions including sprawl and increased costs of public services that often result from such conditions. [10]

The State's role in existing communities has been an important aspect of the State of Maryland's Smart Growth efforts since the passage of the Priority Funding Areas Act of 1997.Although DHCD's homeownership mortgage programs currently finance about 2 percent of homes in the mortgage market the State has significant impacts with respect to multifamily housing. Based on information from the Maryland Statistical Abstract prepared by the Department of Planning, the State financed between a low of 12 percent and a high of 44 percent of all newly constructed rental housing in

[10] *PlanMaryland: A Sustainable Growth Plan for the 21st Century, (December 2011): Maryland Department of Planning.*

Maryland each year over the past 10 years (the low was in 2005, the high was in 2010) The numbers are not exact because the Abstract uses permitted units that may not actually be built while the units DHCD financed are firm counts Regardless, the State plays a very large role in the production of new rental units in Maryland, conservatively averaging about 26 percent of all new units over the last decade (2002-2011 inclusive).In addition to new housing construction and rehabilitation, innovative uses of state housing and revitalization resources provides communities with positive local impacts such as water and sewer enhancements, investment in downtowns, and public services that improve the quality of life for citizens. Today, state-administered programs like Community Legacy and the Maryland Sustainable Communities Rehabilitation Tax Credit Program are part of a range of incentives including grants, loans, and tax credits, supporting a wide range of activities that further local community reinvestment goals. DHCD looks at the economic impact of affordable housing and community development activities across Maryland to determine the direct and secondary (indirect and induced) economic benefits of the Department's investments during every fiscal funding cycle. A 2011 DHCD study of economic activities in housing and community development projects found that financial investments produced significant economic and fiscal benefits in Maryland. The impact of $1.1 Billion in DHCD Financial Activities for Housing and Community Development statewide resulted in $1.6 billion in overall economic impact, generating $401 million in wages and salaries, 26 million in selected State and local government tax revenues, and 11,200 full-time equivalent jobs.

Foreclosure Prevention

Maryland was one of the many states hit hard by the foreclosure crisis. Since the crises in the housing and financial markets, Maryland has been one of the most aggressive states in fighting to preserve families' homes, enacting far-reaching reforms that made the process more transparent and fair. Maryland's approach to the foreclosure crisis has centered on four priorities:

- *Broad stakeholder engagement, including three Task Forces since 2007*
- *Consumer-focused legislative and regulatory reforms*
- *Aggressive Enforcement against foreclosure-related fraud*
- *Intensive public outreach and nonprofit counseling*

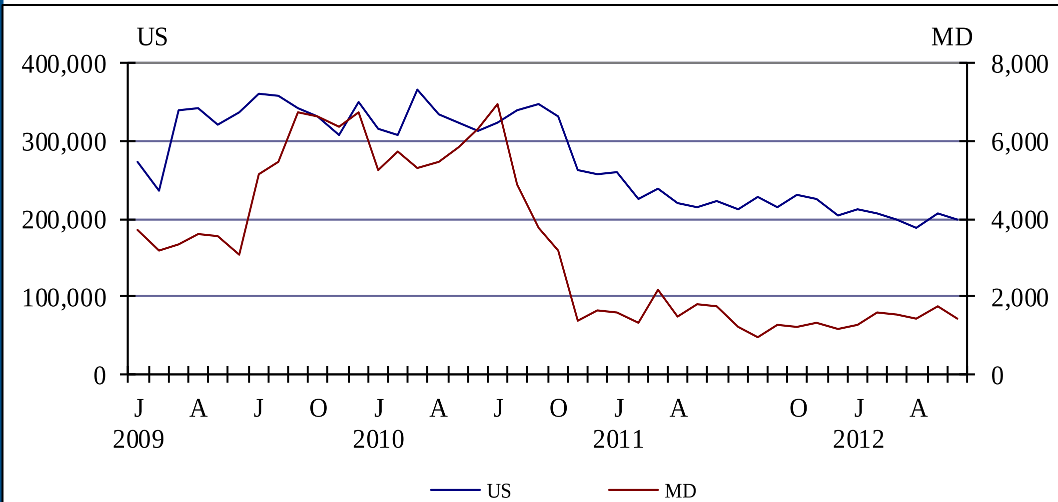
The MDHOPE Counseling Network has helped more than 70,000 beleaguered homeowners, achieving positive results in 92 percent of completed cases. Under Governor O'Malley's leadership the state works closely with more than 40 nonprofit community partners to more effectively reach families in crisis, including the Pro Bono Resource Center of Maryland to assist with legal counsel.

DHCD instituted several loan products in an early response to help rising numbers of homeowners facing foreclosure and established numerous community partnerships with many churches and nonprofit organizations to hold ongoing activities including Foreclosure Solutions Workshops and Events.

Maryland was one of the first states to require that homeowners be offered the opportunity to request mediation, giving mortgage giants incentive to come to the negotiating table before tossing a family onto the streets. Those protections are intended to ensure that hardworking families are not wrongly put out of their homes. Immediately following the market decline Maryland also began implementing new laws and legislative reforms. This included reforming credit and mortgage lending practices and removing barriers that prevented families in foreclosure from attaining successful loss mitigation. More recent reforms respond to the need to mitigate loss in property values and providing relief to distressed and affected neighborhoods, including providing local jurisdictions with the authority to institute property tax credits in neighborhoods affected by foreclosure in order to encourage new homeownership investment.

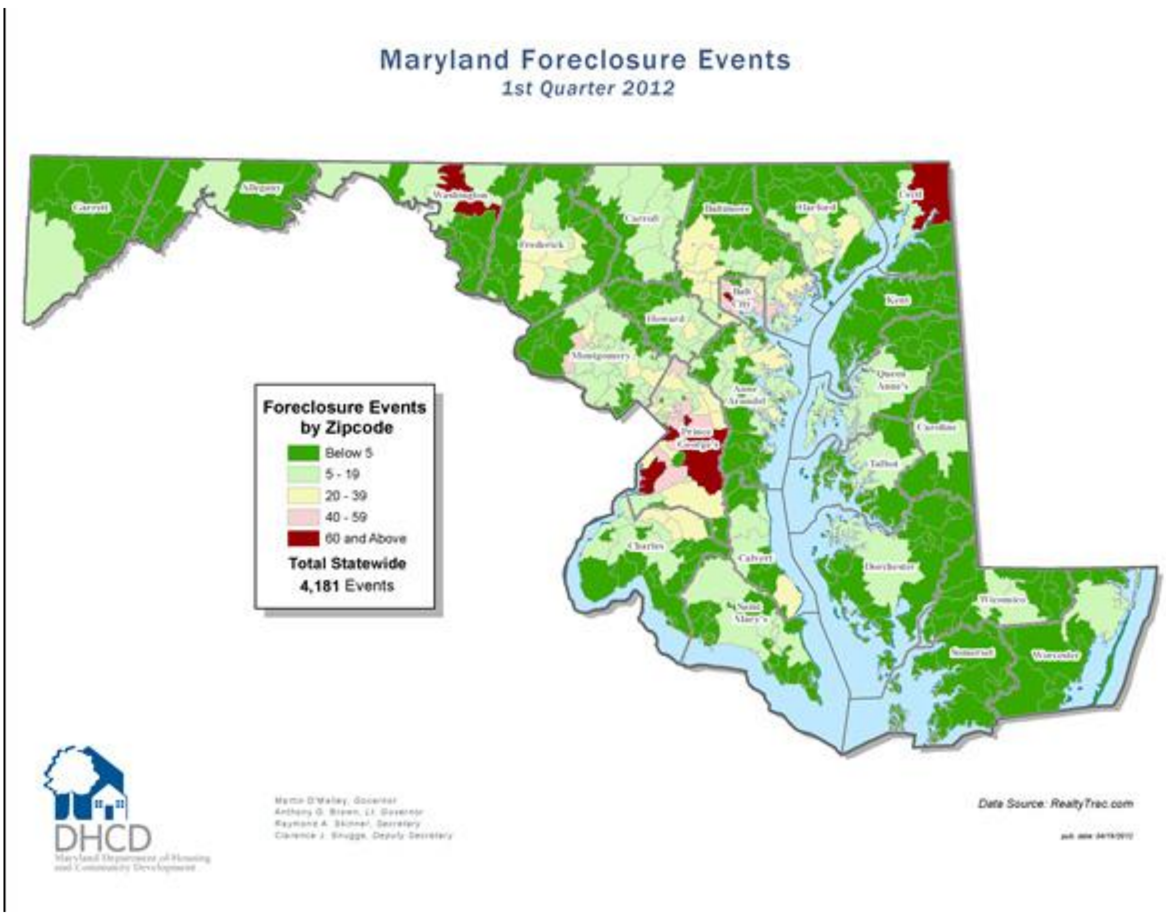
Maryland's housing market is experiencing solid rebounds and is on a path to recovery. Property foreclosure filings in Maryland declined by 18.9 percent to 1,399 filings in June 2012, the lowest since February (see below). The substantial decline in property foreclosures was due largely to a 39.6 percent decline in new foreclosure filings, the lowest in 16 months. Compared to June 2011, foreclosures were down in 31 states and in the District of Columbia, with Maryland recording the 21st largest rate of decline in foreclosures nationwide. Maryland's foreclosure rate in June was 1,700 households per foreclosure, causing the state's ranking to improve from the 34th highest to the 35th highest nationwide. Maryland foreclosure concentration rate is 255.4 percent below the national average foreclosure rate of 666.

Figure 14: Maryland property foreclosures declined to a five-month low in June



With the exception of the annual growth in February of this year, Maryland foreclosure activity continued its downward trend since August 2010 on a year-over-year basis, declining by 18.9 percent from last year. Foreclosure sales grew at an annual rate of 46.8 percent in Maryland to 700 filings in June, the eighth year-over-year increase. Maryland lender purchases in June continued its annual downward trend that started in April 2011, declining by 34.7 percent below last year to 325 properties.

The recent growth in Maryland foreclosure sales, along with concurrent declines in lender purchases, indicate that lenders are taking advantage of the declining listed inventory in recent months by speeding up the foreclosure process. The decline in lender purchases, on the other hand, signals increased participation by homeowners and investors in the foreclosure market, an indication of gradual improvements in the state's housing market. The map below illustrates concentrations of foreclosure events across Maryland in the first quarter 2012.



Special Needs

Persons with special needs of all ages, including mental illness, physical disabilities, developmental disabilities, AIDS, or other serious, chronic conditions, are among Maryland's most vulnerable households in terms of affordable housing. According to the Center for Housing Policy 2012 study on housing an aging population, an older population with health and mobility issues will drive demand for home modifications, services to help residents age in place, and housing options that facilitate the delivery of services. These households often require supportive housing and typically have incomes so low (about 12 percent of median income for families on Social Security Disability Insurance) that even "affordable" housing is not affordable. [11] Based on projections by DHCD's Office of Policy, Planning and Research, there is an estimated shortage of 28,992 units of affordable and available rental housing for the non-elderly disabled in Maryland (Figure 15).

FIGURE 15: Estimated Net Shortage of Affordable and Available Rental Housing in Maryland, 2010-2015

Data Source: DHCD Office of Research

Jurisdiction	Shortage of Units for Non-elderly Disabled
Allegany	296
Anne Arundel	2,083
Baltimore City	4,251
Baltimore	4,759
Calvert	207
Caroline	112
Carroll	485
Cecil	332
Charles	469
Dorchester	112
Frederick	798
Garrett	74
Harford	802
Howard	1,055
Kent	100
Montgomery	5,858
Prince George's	5,151
Queen Anne's	144
Somerset	92
St. Mary's	343
Talbot	201
Washington	686
Wicomico	355
Worcester	227
Maryland	**28,992**

[11] *Lipman, B., Lubell, J., Salomon, E. (2012): Housing an Aging Population: are We Prepared?; Center for Housing Policy, Washington, DC.*

Homelessness

The Maryland Department of Human Resources (DHR) is charged with developing and implementing strategies to end homelessness in Maryland. Working with the Homelessness Workgroup, DHR plans to revisit the State's original 10 Year Plan to End Homelessness published in 2005 and devise new approaches to address homelessness around the state. They seek to work closely with state agencies to address housing shortages resulting from the lack of available and affordable housing particularly for the state's marginalized populations. Using a cross-agency, cross organization approach they plan to encourage all state agencies to coordinate and leverage their homeless services and funding resources to standardize definitions of eligibility criteria, develop compatible applications and documentation on a shared data collection system and other methods that produce the most significant impacts statewide. This method will also be employed to standardize definitions of eligibility criteria, develop compatible applications and required documentation on a consistent shared data collection system.

Reported in HUD's annual count of homelessness in Maryland, estimates show that homelessness in Maryland has declined overall between 2010 and 2011 despite continued economic decline and lingering unemployment across the State. In the one-year period from January 2010 to January 2011 there were an estimated 10,208 homeless people in 2011 – down from 10,845 people in the previous period. Homelessness counts have been estimated by Continuums of Care (CoC) local planning bodies, which are local planning bodies responsible for coordinating the full range of homelessness services for a city, county, metropolitan area, or an entire state. The number of homeless individuals persists; showing an increase from 5,999 to 6,353 over the one year period. Over half of homeless individuals (3,160) were in Baltimore City in 2011.

FIGURE 16: Continuum of Care Counts for Homelessness Families, Households and Individuals Point in Time Estimates, January 2010 – January 2011

Data Sources: U.S. Housing and Urban Development, Office of Community Planning and Development

	2010				2011			
Continuum of Care Jurisdictions	Total Homeless People	Individuals/ Persons in Families	Persons in Families	Family Households	Total Homeless People	Individuals /Persons in Families	Persons in Families	Family Households
Annapolis/Anne Arundel	395	262	133	39	382	229	153	52
Cumberland/Allegany	107	49	58	17	123	64	59	20
Baltimore City	3,419	2,484	935	359	4,094	3,160	934	323
Baltimore	891	449	442	142	881	472	409	132
Carroll	211	132	79	27	179	112	67	24
Cecil	173	90	83	36	220	166	54	18
Charles, Calvert, St.Mary's	2,560	640	1,920	594	1,153	256	897	362
Frederick City & County	303	192	111	39	248	137	111	38
Garrett	11	11	0	0	35	35	0	0
Harford	228	170	58	21	243	122	121	34
Howard	221	92	129	43	189	94	95	30
Mid-Shore Regional	96	70	26	9	85	54	31	10
Montgomery	1,064	692	372	124	1,141	758	383	128
Prince George`s	789	431	358	101	772	428	344	106
Hagerstown/Washington	137	60	77	28	210	87	123	36
Wicomico/Somerset/Worcester	240	175	65	24	253	179	74	25
Total	**10,845**	**5,999**	**4,846**	**1,603**	**10,208**	**6,353**	**3,855**	**1,338**

APPENDIX B

Members of the Housing Work Group of the Sustainable Growth Commission

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Chair, Sustainable Growth Commission

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APPENDIX C

Glossary

Area Median Income **–** 100 percent of the gross median household income for a specific metropolitan statistical area, county or non-metropolitan area established annually by HUD. Source: U.S. HUD

Disability – A long lasting physical, mental, or emotional condition that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment. In general, a physical or mental impairment includes hearing, mobility and visual impairments, chronic alcoholism, chronic mental illness, AIDS, AIDS Related Complex, and mental retardation that substantially limit one or more major life activities. Major life activities include walking, talking, hearing, seeing, breathing, learning, performing manual tasks, and caring for oneself. Source: U.S. HUD

Household – One person or a group of people living in a housing unit. Source: U.S. Census Bureau

Household Income – Income of the householder and all other individuals, whether they are related to the householder or not. Source: U.S. Census Bureau

Homelessness **-** As defined under the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH Act, Final Rule); Federal Register / Vol. 76, No. 233 / December 5, 2011 / Rules and Regulations. Source: U.S. HUD

Homeownership Affordability Indices **-** A housing affordability index with a value of 100 portrays a household with the exact median income to qualify for a mortgage on a median priced home. By comparison, an index with a value above 100 signifies a household with more than enough income to qualify for a mortgage loan on a median prices home. On the other hand, an index with a value of less than 100 implies that the family does not have enough income to qualify for a mortgage loan on a median priced home. Source: DHCD, Office of Policy, Planning and Research

HUD CHAS **-** The U.S. Housing and Urban Development Comprehensive Housing Affordability Strategy (CHAS) is a data/database (used by HOME and CDBG jurisdictions) to prepare consolidated plans. It is a custom tabulation of Census data from the U.S. Census used to demonstrate the extent of housing problems and housing needs, particularly for low income households. Source: U.S. HUD

Low-Income **-** Individuals having a median household income less than 50 percent of the area median income. Source: U.S. HUD; *also see median income*

Median Income **-** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median. Source: U.S. HUD/U.S. Census Bureau

Special Needs **-** The term is widely used to address people with disabilities and is defined as individuals typically living in the community outside of a medical setting or environment who need support to maintain an adequate level of health and independence.

Household - One or more people who occupy a housing unit as their usual place of residence. Source: U.S. HUD; *also see Housing Unit*

Housing affordability – The generally accepted definition of affordability is for a household to pay no more than 30 percent of its annual income on housing. Housing costs that include rent plus basic utilities or mortgage, tax and insurance payments are considered affordable when they consume no more than 30 percent of a household's income. Families who pay more than 30 percent of their income for housing are considered cost burdened. Source: U.S. HUD

Housing value – For owner-occupied homes, the respondent's estimate of how much the property (house and lot, mobile home and lot, or condo unit) would sell for if it were for sale. Source: U.S. Census Bureau

Housing Unit – A house, apartment, mobile home, group of rooms, or single room that is occupied, or is intended for occupancy, as separate living quarters. Source: U.S. Census Bureau

Income **–** The sum of the amounts reported by respondents 15 and older for wages, salary, commissions, bonuses, or tips: self-employment income from own nonfarm or farm businesses; interest, dividends, net rental income, royalty income; or income from estates and trusts; social security or railroad retirement income, etc. Source: U.S. Census Bureau

Owner-occupied housing unit – A housing unit in which the owner or co-owner lives, even if the unit is mortgaged or not fully paid for. Source: U.S. Census Bureau

Population **-** The calculated number of people living in an area as of a specified point in time. Source: U.S. Census Bureau; *also see total population*.

***Renter-occupied housing unit* –** An occupied housing unit that is not owner-occupied, regardless of whether cash rent is paid by a member of the household.
Source: U.S. Census Bureau.

Shadow inventory –Shadow inventory assumes a number of meanings to real estate experts, but for the purposes of this reporting it is the estimated number of homes in the foreclosure process or in late-stage delinquency (90+ days delinquent). Source: Moody's Analytics

***Sustainable Communities/ Sustainability* –** As a result of the Sustainable Communities Act of 2010, effective June 1, 2010, previously designated Community Legacy Areas and Designated Neighborhoods will be known as Sustainable Communities. Reinvestment and revitalization in the state's existing communities will occur through the reauthorization of the Maryland Heritage Structure Rehabilitation Tax Credit and simplification of the targeting of state revitalization resources into a single focus area called Sustainable Communities areas. These areas are defined as places where public and private investments and partnerships achieve: development of a healthy local economy; protection and appreciation of historical and cultural resources; a mix of land uses; affordable and sustainable housing, and employment options; growth and development practices that protect the environment and conserve air, water and energy resources; and encourage walkability and recreational opportunities, and where available, create access to transit. Source: Sustainable Communities Act of 2010

Total population – All people, male and female, child and adult, living in a given geographic area. Source: U.S. Census; *also see population*.

***Visitability* -** Housing that has a very basic level of accessibility that enables persons with disabilities to visit friends, relatives, and neighbors in their homes within a community. Visitability can be achieved with the use of two simple design standards: (1) providing a 32-inch clear opening in all interior and bathroom doorways; and (2) providing at least one accessible means of egress/ingress for each unit. Source: U.S. HUD