HOUSING MARKET ANALYSIS

General

The weak underpinnings of the national economy which began in the second quarter of 2007, brought on largely by the fall of the housing market, continue to impact the economy of Maryland. Maryland, which saw one of the highest growth rates in real property value during the housing boom, is reeling from the pull back in the housing market as home values continue to fall amid ongoing growth in foreclosures.

This section reviews data and literature on Maryland economy and the State's housing market during the 2005 to 2009 period. The housing market analysis will include owner occupied housing, foreclosures, housing stock/construction, home sales, housing affordability and workforce housing shortage in the state.

MARYLAND ECONOMY

Maryland's population totaled 5.7 million people in December 2009 and it is ranked the 19th highest in the U.S. – the same ranking it has held since the 1970s. The State's population has grown 2.1 percent from 5.6 million in 2005, below the national growth rate of 4.0 percent during the same period. According to the Maryland Department of Planning (OP), population growth in Maryland usually outpaced the national growth rate but it slowed in the period April 2000 to July 2009, the first time in almost three decades. In a study done by OP entitled "Maryland's Population Growth Slowest in 28 Years" it finds that, continued substantial loss from net domestic migration is a major factor behind this period of slow growth. However, with Maryland expected to benefit from military relocations mandated by the Base Realignment and Closure (BRAC) enacted in 2005 and expected to take effect in 2011, this trend may likely reverse in the next three to five years.

With close proximity to the nation's capital and federal employment, Maryland residents benefit from this source of stable employment in addition to state and private sector employment. As a result of this buffer from federal government employment, unemployment rates in Maryland have consistently remained below the national rate. Even with the on-going recession in the national economy which began in late 2007, employment in Maryland stayed relatively strong. In 2009, the national unemployment rate ended the year with 9.2 percent compared with 6.9 percent for Maryland. This trend is evident in the unemployment growth rate from 2005 to 2009 where the national rate increased 4.1 percent compared with 2.8 percent for Maryland during the same time period. This relatively lower rate in unemployment continues to serve as a boost for income tax collection for Maryland when compared with much higher unemployment levels in other states.

Median household incomes in Maryland persistently outpace the national average. According to data from Moody's Economy.com, median household income in Maryland remained among the top ten in the nation between 2005 and 2009. In 2005, the median household income stood at $60,512 compared with a national median income of $46,326. In 2009, the median household income averaged $62,771 compared with a national average of $50,341. Despite the existing gap between the median income in Maryland and the national median income from 2005 to 2009, the growth rate is much lower at 4.0 percent in Maryland compared with a national growth rate of 8.7 percent.

The Housing Market

The housing market in Maryland has gone through major changes from 2005 to 2009. In 2005, the housing market was on an upward trend with higher median home prices, soaring home sales and increases in new home construction. During this period, financial institutions also relaxed qualifications for loan approvals as consumers flocked to the market driving up home ownership across the state. However, in 2006, home prices began to flatten and then began dropping in the later part of 2007. By the summer of 2008, the problems in the housing market involved more than falling home prices. More home owners with variable interest rates that reset with higher rates could no longer afford their mortgages. As a result, delinquencies in mortgage payments increased leading to higher foreclosure activity in Maryland and throughout the U.S. by the end of 2009.

The following housing market analysis will highlight changes in the components of the housing market in Maryland from 2005 to 2009:

- Owner Occupied Housing and Equity Growth
- Home Foreclosures
- Housing Stock/Construction/Completions
- Home Sales and Inventory
- Housing Affordability
- Workforce Housing Shortage

Owner Occupied Housing and Equity Growth

Even with the fall out in the Maryland housing market, the housing market remained relatively steady but soft with a modest increase in overall owner occupied housing units. From 2005 to 2009, the number of owner occupied housing units in Maryland inched up 1.0 percentage point to 1,453,836 in 2009. The largest increase was recorded in Wicomico County where the number of housing units grew 7.7 percent to 23,914 units in 2009. Other counties with more than 1.0 percentage growth in units include Harford (7.3 percent), Montgomery (6.5 percent), Cecil (5.8 percent), Charles (4.1 percent), Kent (4.0 percent), Prince George’s (2.1 percent), Calvert (2.1 percent) and Baltimore City (1.3 percent). Baltimore County showed the highest decline of -4.8 percent in housing units, followed by declines in Allegany County (-4.2 percent), Washington County (-3.3 percent), Anne Arundel County (-2.9 percent), Somerset County (-2.6 percent), Caroline County (-2.2 percent), Queen Anne’s County (-2.1 percent), Garrett, Talbot and Worcester counties (-1.9 percent each) and Dorchester County (-1.6 percent). All other counties showed less than 1.0 percent increase or decrease in housing units from 2005 to 2009.

The modest growth rate in the number of owner occupied housing units from 2005 to 2009 can be attributed to the expansion of homeownership in Maryland during the housing boom from 2005 to 2007. During this period, lenders were flexible in extending loans to home owners with little or no down payment required to qualify for loans. With more homeowners qualifying for loans, the number of owner occupied units in Maryland continued to grow.

The rapid appreciation of home prices in Maryland substantially increased the average equity wealth of homeowners from 2002 to 2005 by more than $200 billion in Maryland, representing a growth of more than $100,000 per homeowner household. However, with the precipitous fall in home prices starting from late 2007 coupled with increased foreclosure activity in the state, the owner occupied home equity wealth declined by an estimated $52.7 billion in Maryland, representing an equity decline of $36,166 per homeowner from 2005 to 2009. The largest decline by county was in Prince George's County with a $13.6 billion drop in home equity followed by Montgomery County (-$10.6 billion), Anne Arundel County (-$8.5 billion) and Baltimore County (-$6.0 billion).

Exhibit 1. Owner Occupied Home Equity Growth in Maryland 2005-2009

County	Number of Units			Average Value of Units			Home Equity Growth 2005-09		
	Projected 2009	% Change 2005-09	Rank	Projected 2009	% Change 2005-09	Rank	Total Value ($billions)	Per Homeowner Value	Per Homeowner Rank
Allegany	20,088	-4.2%	23	$118,117	17.2%	1	$259	$12,904	2
Anne Arundel	140,884	-2.9%	21	$351,088	-12.2%	13	-$8,571	-$60,840	18
Baltimore	200,896	-4.8%	24	$159,593	-1.8%	5	-$6,070	-$30,218	6
Baltimore City	125,164	1.3%	9	$264,089	-5.8%	8	-$98	-$790	7
Calvert	25,486	2.1%	8	$323,871	-15.0%	16	-$1,257	-$49,353	15
Caroline	8,562	-2.2%	19	$205,506	-10.7%	12	-$225	-$29,829	10
Carroll	49,774	-0.6%	13	$294,638	-17.8%	19	-$2,393	-$66,163	19
Cecil	27,479	5.8%	4	$239,360	-10.5%	11	-$370	-$13,470	8
Charles	41,022	4.1%	5	$273,810	-19.5%	20	-$2,170	-$52,922	16
Dorchester	9,370	-1.6%	14	$196,233	-21.8%	21	-$551	-$58,827	17
Frederick	60,666	0.6%	11	$265,808	-23.2%	22	-$4,765	-$78,546	22
Garrett	9,289	-1.9%	15	$353,515	-6.6%	9	-$302	-$32,520	12
Harford	72,922	7.3%	2	$268,301	-3.8%	6	$594	$8,148	4
Howard	73,592	-0.6%	12	$389,949	-10.2%	10	-$3,456	-$46,972	14
Kent	5,493	4.0%	6	$287,507	-13.1%	14	-$166	-$30,385	11
Montgomery	252,470	6.5%	3	$434,440	-14.4%	15	-$10,618	-$42,057	13
Prince George's	194,387	2.1%	7	$231,608	-24.8%	23	-$13,628	-$70,110	20
Queen Anne's	13,893	-2.1%	18	$353,331	-17.6%	18	-$1,178	-$84,849	24
Somerset	5,250	-2.6%	20	$175,780	14.8%	2	$97	$18,565	1
St. Mary's	26,496	0.6%	10	$297,147	-5.7%	7	-$431	-$16,285	9
Talbot	11,712	-1.9%	17	$576,079	1.7%	3	-$19	-$1,687	5
Washington	35,974	-3.3%	22	$186,462	-27.3%	24	-$2,837	-$78,877	23
Wicomico	23,914	7.7%	1	$188,685	-1.5%	4	$260	$10,886	3
Worcester	17,043	-1.9%	16	$335,026	-15.9%	17	-$1,213	-$71,180	21
Maryland	**1,453,836**	**1.0%**	**n/a**	**$301,270**	**-11.7%**	**n/a**	**-$52,758**	**-$36,166**	**n/a**

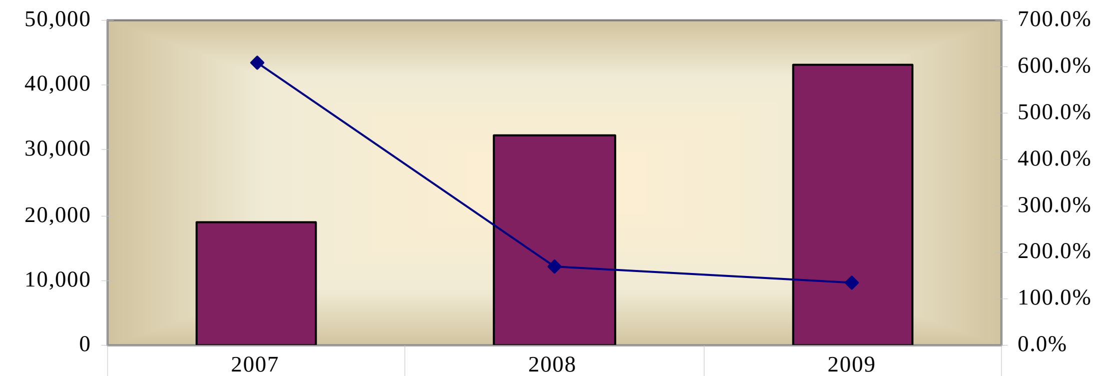
Source: American Community Survey, Maryland Realtor and DHCD Office of Research

Home Foreclosures in Maryland Counties

With continuing weakness in the national economy coupled with increased and prolonged periods of unemployment home foreclosures have taken a center stage in both the national and the Maryland economies.

In 2009, RealtyTrac reported a total of 43,248 Maryland properties with foreclosure filings up 133.7 percent over the previous year. The state's overall foreclosure rate in 2009 was 54 housing units per filing, ranking the state 13th highest nationwide. However, as shown in Exhibit 2, the annual rate of growth of foreclosure filings has declined significantly in 2009, down 37.6 percentage points from the 2008 growth rate of 171.3 percent and 476.5 percentage points below the 2007 performance.

Exhibit 2. Properties with Foreclosure Filings in Maryland 2007-09



	2007	2008	2009
Filings	18,879	32,338	43,248
Growth Rate	610.2%	171.3%	133.7%

Source: RealtyTrac

Exhibit 3 summarizes the year-end data for Maryland jurisdictions. Prince George's County recorded 13,412 filings for 2009, or 31.0 percent of the statewide foreclosures, while accounting for only 13.8 percent of the overall housing units in Maryland. The County with a foreclosure rate of 24 housing units per foreclosure also had the highest concentration of foreclosures in Maryland. Montgomery County with 6,614 filings (15.3 percent of the total) had the second highest number of foreclosures in 2009 while representing 15.6 percent of the housing units. Baltimore City with 5,067 foreclosure filings (11.7 percent of the total) had the third highest number of foreclosures. The City accounted for 12.7 percent of housing units in Maryland. Baltimore County was fourth with 3,459 filings (8.0 percent) followed by Anne Arundel County with 2,765 filings (6.4 percent) and Frederick County with 2,305 filings (5.3 percent). Baltimore County accounts for 14.1 percent of the housing units in Maryland while Anne Arundel and Frederick counties make up 8.7 percent and 3.7 percent of the housing units respectively.

Exhibit 3. Properties with Foreclosure Filings in Maryland Year-End 2009						
Jurisdiction	**Housing Units**		**Foreclosure Filings**			
	Number	**% of Total**	**Number**	**% of Total**	**Rate**	**Rank**
Allegany	33,216	1.4%	156	0.4%	213	23
Anne Arundel	202,705	8.7%	2,765	6.4%	73	10
Baltimore	327,577	14.1%	3,459	8.0%	95	15
Baltimore City	294,724	12.7%	5,067	11.7%	58	7
Calvert	32,369	1.4%	679	1.6%	48	4
Caroline	13,542	0.6%	112	0.3%	121	21
Carroll	61,453	2.7%	634	1.5%	97	16
Cecil	40,071	1.7%	346	0.8%	116	19
Charles	52,636	2.3%	1,505	3.5%	35	2
Dorchester	16,489	0.7%	208	0.5%	79	12
Frederick	86,147	3.7%	2,305	5.3%	37	3
Garrett	18,819	0.8%	78	0.2%	241	24
Harford	95,837	4.1%	1,434	3.3%	67	9
Howard	104,244	4.5%	1,408	3.3%	74	11
Kent	10,591	0.5%	115	0.3%	92	14
Montgomery	361,788	15.6%	6,614	15.3%	55	5
Prince George's	319,922	13.8%	13,412	31.0%	24	1
Queen Anne's	19,556	0.8%	297	0.7%	66	8
Somerset	10,902	0.5%	95	0.2%	115	18
St. Mary's	40,828	1.8%	488	1.1%	84	13
Talbot	19,781	0.9%	146	0.3%	135	22
Washington	60,517	2.6%	1,104	2.6%	55	6
Wicomico	40,390	1.7%	369	0.9%	109	17
Worcester	54,352	2.3%	452	1.0%	120	20
Maryland	**2,318,456**	**100.0%**	**43,248**	**100.0%**	**54**	**13**

Source: RealtyTrac

Residential Construction Activity in Maryland

Construction activity increased significantly during the 2005 and 2009 period. Unit permits increased by 365.0 percent from December 2005 to 10,075 units in December 2009. The highest number of permits for the top five counties were issued in Howard County (1,240 permits) followed by Anne Arundel County (1,070 permits), Prince George's County (982 permits), Baltimore County (854 permits) and Montgomery County (782 permits). Permit values dropped 37.7 percent from 2005 to $180.3 million in 2009 statewide. Within the State, the top five largest value declines were in Worcester County (-$127 million), Wicomico County (-$11.8 million), Harford County (-$9.7 million), Washington County (-$9.1 million) and Carroll County

Exhibit 4. Residential Construction in Maryland December 2009						
	Permits (2009)		**Permits (2005)**		**Change**	
County	**Units**	**Value ('000s)**	**Units**	**Value ('000s)**	**Units**	**Value ('000s)**
Allegany	70	$4,113	0	$0	70	$4,113
Anne Arundel	1,174	$19,503	104	$15,328	1,070	$4,175
Baltimore	1,022	$18,404	168	$24,315	854	-$5,911
Baltimore City	316	$4,202	57	$6,466	259	-$2,264
Calvert	260	$4,143	31	$6,067	229	-$1,924
Caroline	1	$0	1	$113	0	-$113
Carroll	181	$2,522	61	$9,367	120	-$6,845
Cecil	246	$3,787	39	$6,468	207	-$2,681
Charles	714	$12,129	169	$18,149	545	-$6,020
Dorchester	n/a	n/a	n/a	n/a	n/a	n/a
Frederick	794	$12,053	147	$11,490	647	$563
Garrett	159	$320	8	$2,010	151	-$1,690
Harford	772	$12,672	147	$22,402	625	-$9,730
Howard	1,427	$30,189	187	$22,469	1,240	$7,720
Kent	7	$0	2	$476	5	-$476
Montgomery	862	$21,171	79	$22,298	783	-$1,128
Prince George's	1,077	$16,231	95	$14,116	982	$2,116
Queen Anne's	152	$1,903	56	$6,898	96	-$4,995
Somerset	n/a	n/a	61	$9,058	-61	-$9,058
St. Mary's	423	$7,439	0	$0	423	$7,439
Talbot	n/a	n/a	468	$48,568	-468	-$48,568
Washington	154	$3,652	66	$12,799	88	-$9,148
Wicomico	155	$1,901	113	$13,744	42	-$11,844
Worcester	109	$3,973	108	$16,691	1	-$12,719
Maryland	**10,075**	**$180,305**	**2,167**	**$289,292**	**7,908**	**-$108,987**

Source: Economy.com and DHCD Office of Research

(-$6.8 million). At the time of reporting, number of permits issued and their values were not available for December 2009 in Dorchester, Somerset and Talbot counties for comparison due to annual reporting schedules for these counties.

Construction starts grew by 392.0 percent from December 2005 to 9,595 units in December 2009. The largest increase in construction starts occurred in Howard County during this period with 1,141 starts followed by Prince George's County (982 starts or 1,033 percent), Anne Arundel County (951 starts or 960.6 percent), Montgomery County (783 starts or 991.1 percent) and Baltimore County (713 starts or 389.6 percent). Values for construction starts fell 49.4 percent from December 2005 to $141.3 million in December 2009. The top five value declines were in Harford County (-$18.9 million or 74.4 percent), Baltimore County (-$18.6 million or 73.4

Exhibit 5. Residential Construction Starts in Maryland
December 2009

County	Starts (2009)		Starts (2005)		Change	
	Units	Value ('000s)	Units	Value ('000s)	Units	Value ('000s)
Allegany	20	$0	0	$0	20	$0
Anne Arundel	1,050	$12,560	99	$14,802	951	-$2,242
Baltimore	896	$6,772	183	$25,464	713	-$18,692
Baltimore City	307	$3,480	54	$6,071	253	-$2,591
Calvert	260	$4,143	31	$6,067	229	-$1,924
Caroline	1	$0	1	$112	0	-$112
Carroll	205	$5,082	71	$10,129	134	-$5,047
Cecil	234	$3,528	39	$6,468	195	-$2,940
Charles	714	$12,129	73	$17,149	641	-$5,020
Dorchester	n/a	n/a	n/a	n/a	n/a	n/a
Frederick	799	$12,837	78	$10,795	721	$2,042
Garrett	159	$320	8	$2,010	151	-$1,690
Harford	692	$6,524	171	$25,442	521	-$18,918
Howard	1,330	$17,919	189	$22,622	1,141	-$4,703
Kent	7	$0	2	$476	5	-$476
Montgomery	862	$21,171	79	$22,298	783	-$1,127
Prince George's	1,077	$16,231	95	$14,116	982	$2,115
Queen Anne's	147	$1,873	56	$6,898	91	-$5,025
Somerset	n/a	n/a	61	$9,058	-61	-$9,058
St. Mary's	423	$7,439	17	$1,066	406	$6,373
Talbot	n/a	n/a	432	$45,194	-432	-$45,194
Washington	154	$3,652	60	$12,169	94	-$8,517
Wicomico	149	$1,764	53	$5,212	96	-$3,448
Worcester	109	$3,973	98	$16,061	11	-$12,088
Maryland	**9,595**	**$141,397**	**1,950**	**$279,679**	**7,645**	**-$138,282**

Source: Economy.com and DHCD Office of Research

percent), Worcester County (-$12.0 million or 75.3 percent), Washington County (-$8.5 million or 70.0 percent) and Carroll County (-$5.0 million or 49.8 percent). At the time of reporting, number of construction starts and values were not available for December 2009 in Dorchester, Somerset and Talbot counties for comparison due to annual reporting schedules for these counties.

Housing completions increased by 159.0 percent from December 2005 to 7,910 units in December 2009. Notable increases during this period were in Baltimore City (944 units or 2,124 percent), Montgomery County (824 units or 433.7 percent), Baltimore County (815 units or 260.4 percent), Howard County (504 units or 350.0 percent) and Charles County (479 units or

638.7 percent). Completion values fell 61.9 percent from 2005 to $168.9 million in 2009 statewide with

Exhibit 6. Residential Construction Completions in Maryland December 2009						
	Completions (2009)		Completions (2005)		Change	
County	**Units**	**Value ('000s)**	**Units**	**Value ('000s)**	**Units**	**Value ('000s)**
Allegany	13	$0	0	$0	13	$0
Anne Arundel	605	$21,205	239	$31,157	366	-$9,952
Baltimore	1,128	$7,385	313	$30,274	815	-$22,889
Baltimore City	988	$2,280	44	$4,450	944	-$2,170
Calvert	147	$9,006	61	$9,706	86	-$700
Caroline	0	$0	1	$113	-1	-$113
Carroll	50	$2,342	173	$17,694	-123	-$15,352
Cecil	439	$3,522	85	$10,955	354	-$7,433
Charles	554	n/a	75	$16,412	479	-$16,412
Dorchester	n/a	n/a	n/a	n/a	n/a	n/a
Frederick	387	$12,381	158	$24,452	229	-$12,071
Garrett	44	$855	24	$5,600	20	-$4,745
Harford	390	$19,659	306	$44,148	84	-$24,489
Howard	648	$18,654	144	$19,777	504	-$1,123
Kent	3	$384	2	$230	1	$154
Montgomery	1,014	$41,368	190	$69,216	824	-$27,848
Prince George’s	725	$14,633	501	$74,778	224	-$60,145
Queen Anne’s	54	n/a	26	$4,027	28	-$4,027
Somerset	n/a	n/a	n/a	n/a	n/a	n/a
St. Mary's	279	n/a	81	$12,028	198	-$12,028
Talbot	n/a	n/a	406	$38,502	-406	-$38,502
Washington	178	$11,495	94	$13,300	84	-$1,805
Wicomico	186	$3,044	63	$8,612	123	-$5,568
Worcester	78	$745	67	$8,580	11	-$7,835
Maryland	**7,910**	**$168,958**	**3,053**	**$444,011**	**4,857**	**-$275,053**

Source: Economy.com and DHCD Office of Research

all twenty-four counties experiencing declines during this period. Significant fall in values were recorded in Prince George’s County ($-60.1 million or 80.4 percent), Montgomery County (-$27.8 million or 40.2 percent), Harford County (-$24.2 million or 55.5 percent), Baltimore County (-$22.8 million or 75.6 percent) and Charles County (-$16.4 million or 100.0 percent).

Home Sales and Inventory in Maryland Counties

Having enjoyed record home sales of above 90,000 units in 2004 and 2005, home sales in Maryland started to trend downward in 2006 with 83,787 units, 63,686 units in

Exhibit 7. Housing Units Sold and Housing Inventory December 2009

County	Housing Units Sold			Housing Units Inventory		
	2009	% Change from 2005	% Change from 2008	2009	% Change from 2005	% Change from 2008
Allegany	449	-44.2%	-5.5%	5,122	86.0%	-0.7%
Anne Arundel	5,127	-45.1%	8.5%	47,795	124.6%	-8.5%
Baltimore	6,586	-43.9%	4.0%	51,758	162.3%	-7.0%
Baltimore City	5,206	-54.9%	-3.7%	64,029	159.0%	-4.3%
Calvert	921	-45.0%	30.6%	11,304	113.1%	-13.0%
Caroline	222	-55.0%	-0.4%	4,626	60.0%	-13.6%
Carroll	1,371	-42.3%	10.7%	13,347	97.1%	-10.2%
Cecil	755	-47.8%	7.1%	11,444	109.8%	-0.7%
Charles	1,379	-56.3%	8.7%	14,822	171.7%	-19.0%
Dorchester	242	-52.5%	1.3%	6,469	75.1%	-3.6%
Frederick	2,565	-45.1%	18.8%	20,082	88.6%	-22.2%
Garrett	255	-54.7%	-20.1%	9,109	112.4%	7.3%
Harford	2,432	-40.7%	4.8%	21,698	117.8%	-10.2%
Howard	2,889	-40.6%	7.6%	18,990	125.7%	-16.0%
Kent	147	-50.2%	-5.8%	4,190	80.0%	-4.7%
Montgomery	10,371	-39.0%	21.8%	57,476	114.5%	-21.4%
Prince George's	7,028	-53.4%	43.0%	76,340	318.8%	-14.6%
Queen Anne's	407	-56.3%	14.3%	8,111	69.2%	0.3%
Somerset	100	-60.5%	4.2%	3,929	78.0%	1.3%
St. Mary's	1,006	-41.9%	5.0%	10,260	152.8%	-13.4%
Talbot	336	-57.0%	-9.7%	8,651	65.3%	4.1%
Washington	1,136	-49.6%	9.1%	14,284	95.8%	-13.6%
Wicomico	557	-48.2%	-21.9%	10,378	224.1%	3.7%
Worcester	1,104	-49.0%	11.7%	28,426	173.2%	1.7%
Maryland	**52,591**	**-46.8%**	**12.1%**	**522,652**	**140.2%**	**-10.6%**

Source: DHCD Office of Research

in 2007 reaching a low of 46,834 units in 2008. In 2009, total home sales increased to 52,591 units statewide according to data from the Maryland Association of Realtors. From 2005 to 2009, total home sales decreased 46.8 percent as the state continue to reel from the troubles in the housing market.

Most notable percentage declines were in Somerset County (-60.5 percent) Talbot County (-57.0 percent), Queen Anne's and Charles counties (-56.3 percent each), Caroline County (-55.0 percent) and Baltimore City (-54.9 percent). However, in looking at significant declines by number of units, the largest decline in units sold were in Prince George's County (8,039 units) Montgomery County (6,640 units), Baltimore City (6,333 units), Baltimore County (5,155 units) and Anne Arundel County (4,220 units). When compared with levels in 2008, unit sales increased by 12.1 percent statewide.

In Maryland, inventory levels increased by 140.0 percent or 305,086 units from 2005 to 522,652 units in 2009. The significant increase can be attributed to the slowing housing market, inventory build-up from the "boom days" and the shadow inventory caused by foreclosures. Within the state, significant percentage increases were in Prince George's County (318.8 percent), Worcester County (173.2 percent), Charles County (171.7 percent), Baltimore County (162.3 percent) and Baltimore City (159.0 percent). Unit wise, the five largest unit increases were in the following counties: Prince George's (58,112 units), Baltimore City (39,311 units), Baltimore (32,023 units), Montgomery (30,682 units) and Anne Arundel (26,516 units). The smallest unit increases in inventory from 2005 to 2009 were in the following counties: Somerset (1,722 units), Caroline (1,732 units) and Kent (1,862 units).

Homeownership Affordability Indices

The housing affordability index measures the ability of a typical family to qualify for a mortgage loan on a typical home. A typical family is defined as one earning the median household income, and a typical home is defined as the median priced existing single-family home. The affordability indices are developed for both repeat and first-time homebuyers.

The Maryland Repeat Homebuyer Housing Affordability Index is defined as the ratio of median household income to the required income to qualify for a loan on a median priced existing single family home. Qualifying income is assumed to be dependent on housing prices, prevailing mortgage interest rates, mortgage terms and lending requirements. The prevailing mortgage interest rate used for the computation of the Index is the weekly effective rate for the northeast region as reported by Freddie Mac in its Primary Mortgage Market Survey. The mortgage term is based on a 30-year fixed rate loan with a down-payment equal to 20.0 percent of the home price. Finally, the lending requirements used as the qualifying criteria for the calculation of the index are those set by the Federal National Mortgage Association assuming a qualifying ratio of 25.0 percent, i.e., the monthly principle and interest payment cannot exceed 25.0 percent of the median household monthly income.

The Maryland First Time Homebuyer Housing Affordability Index measures housing affordability for first time homebuyers using assumptions that are modified from the repeat buyer affordability index. These modified assumptions take into account potential differences for the first time homebuyers with respect to median household income, home prices, down payments and loans as compared to the repeat homebuyers. First, similar to the National Association of Realtors, we assumed that the median household income of first time homebuyers is 35.0 percent lower than that for all households. Second, the first time homebuyers purchase less expensive homes than repeat buyers. We assumed that on average, median purchase prices for first time homebuyers are about 85.0 percent of the overall median home prices. Third, first time homebuyers make smaller down payments than repeat homebuyers. On average, the down payment for first time homebuyers is about 10.0 percent as compared to the 20.0 percent for repeat buyers. Finally, a smaller down payment results in a more expensive loan for the first time homebuyer because of the added assessed private mortgage insurance.

The Maryland Homeownership Affordability Indices for repeat and first-time homebuyers provide a structure within which housing affordability in Maryland counties and Baltimore City can be tracked over time. In general, 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 priced 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.

The Homeownership affordability index in Maryland improved significantly from 87 in 2005 to 142 in 2009 as shown in Exhibit 8. The improvement in the index can be attributed to three major factors: (1) lower median home prices (2) lower mortgage interest rates and (3) higher and stable median income during this period. From 2005 to 2009, the median home prices statewide declined 19.5 percent from $311,914 in 2005 to $251,114 in 2009 allowing residents to be able to afford homes that were otherwise priced outside their affordability range. Contributing to the current improvement in affordability indices is the sustained lower interest rate environment for homebuyers. The effective interest rate (defined as the rate that account for variations in fees and points) at the end of December 2009 was 4.99 percent in the U.S. and 5.13 percent in Maryland – one of the lowest levels since December 2005. Also, higher average median household income in the state has allowed for a favorable index in the housing market in 2009.

According to data from Moody’s Economy.com, median household income statewide ranked 2nd highest in the U.S. in 2005 ($60,512), 2006 ($63,668) and 2007 ($65,630) but declined 2.9 percent to $63,711 in 2008 and 1.5 percent in 2009 to $62,711. Despite the slight fall in median income in 2008 and 2009, the median income in Maryland consistently remained more than twenty percent above the national median income from 2005 to 2009. Also, it is worthy to note that sixty percent of the counties in Maryland have median household incomes higher than the national average in 2009. In 2009, the Maryland affordability index for repeat buyers was 142, suggesting that a typical repeat buyer can afford a house that is 42.0 percent more expensive than a median priced home. The 2009 Maryland affordability index for first-time buyers stood at 91, suggesting that the typical first-time buyer could only afford homes that are priced at least 10.0 percent below the median price of a starter home.

Exhibit 8. Home Sale Prices and Affordability Indices in Maryland December 2009								
	Median Home Sale Prices				**Housing Affordability Indices**			
	December 2009		**% Change from Dec 2005**	**% Change from Dec 2008**	**December 2009**		**% Change from Dec 2005**	**% Change from Dec 2008**
County	**Repeat Buyers**	**First Time Buyers**			**Repeat Buyers**	**First Time Buyers**		
Allegany	$119,000	$101,150	49.7%	22.7%	169	108	-16.5%	-4.3%
Anne Arundel	$299,000	$254,150	-14.6%	-0.3%	148	95	58.2%	16.2%
Baltimore	$237,500	$201,875	-1.0%	5.6%	140	90	31.5%	8.7%
Baltimore City	$111,625	$94,881	-17.0%	-37.1%	178	114	67.5%	84.3%
Calvert	$329,900	$280,415	-6.0%	14.7%	75	48	-23.8%	2.2%
Caroline	$135,000	$114,750	-34.1%	-18.7%	304	196	220.6%	42.2%
Carroll	$258,950	$220,108	-26.0%	-10.7%	179	115	96.5%	29.5%
Cecil	$221,500	$188,275	-14.6%	-14.8%	145	93	49.0%	35.4%
Charles	$269,020	$228,667	-17.2%	-8.8%	155	100	58.5%	26.5%
Dorchester	$160,000	$136,000	-14.8%	42.2%	138	88	50.0%	-16.7%
Frederick	$230,000	$195,500	-28.5%	-4.1%	189	122	84.4%	22.3%
Garrett	$227,250	$193,163	-35.1%	-9.1%	94	60	99.7%	28.7%
Harford	$248,000	$210,800	0.0%	-6.4%	162	104	35.9%	23.3%
Howard	$365,000	$310,250	-3.9%	4.3%	138	89	37.5%	10.0%
Kent	$226,900	$192,865	-13.3%	8.8%	116	75	56.4%	6.5%
Montgomery	$335,000	$284,750	-25.4%	-2.0%	140	90	73.2%	16.2%
Prince George's	$200,000	$170,000	-36.5%	-18.4%	183	117	103.9%	41.4%
Queen Anne's	$299,950	$254,958	-20.0%	25.0%	136	87	68.1%	-6.4%
St. Mary's	$274,000	$232,900	-7.7%	-1.2%	126	81	33.4%	16.9%
Somerset	$173,500	$147,475	15.7%	8.4%	107	69	7.9%	7.9%
Talbot	$340,000	$289,000	14.5%	-20.0%	85	55	14.6%	47.3%
Washington	$172,500	$146,625	-26.9%	7.8%	158	102	74.7%	7.8%
Wicomico	$148,500	$126,225	-17.5%	-24.2%	167	108	56.5%	53.0%
Worcester	$270,000	$229,500	-22.9%	-25.4%	105	67	71.8%	57.5%
Maryland	**$251,114**	**$213,447**	**-19.5%**	**-6.3%**	**142**	**91**	**62.7%**	**23.1%**

Source: DHCD Office of Research

Workforce Affordable Rental Housing Shortage in Maryland

Maryland continues to experience acute shortage of workforce affordable rental housing for families, seniors and individuals with disabilities in Maryland. This shortage has become more concentrated among the low-income renter households despite improvements in income and housing conditions across a broad range of income groups in the past decade. Statewide, household income grew from an average of $36,016 in 1990 to $52,310 in 2000, an increase of 45.0 percent. The growth of household income was widespread throughout Maryland, ranging from a low of 25.0 percent for Baltimore City to a high of 47.0 percent for Worcester County. This impressive growth in income, however, did not bring a significant reduction in the share of low-income renter households with housing problems.

During the 1990-2000 period, the share of Maryland households with severe rent burden declined by only 2.0 percent among households with 0-30 percent of the Area Median Income (AMI). The same share declined by 8 percent among households with 31-50 percent of the AMI, and by only 1.0 percent for households in the 51-80 percent of the AMI group. Among households with incomes below 30.0 percent of the AMI, 70.0 percent reported at least one housing problem in 2000, while 54.0 percent paid more than 50.0 percent of their income for rent and utilities. The corresponding figures for households with incomes between 31-50 percent of the AMI are 68.0 percent and 13.0 percent respectively. Finally, 32.0 percent of the families earning between 51-80 percent of the AMI reported at least one housing problem, while 2.0 percent indicated severe housing problems. In Worcester County, 54.8 percent of the low income households are cost burdened, the lowest rate, while in Montgomery County, 74.2 percent are cost burdened, the highest rate. About 34.3 percent of Garrett County's low income households are severely cost burdened, the lowest rate, compared to Montgomery County's 60.4 percent, the highest rate.

In addition to the size and variation of household income overtime, the affordability problem depends on the supply side of the rental market, i.e., higher rates of growth in median rent and the slow growth of multi-family residential structures. The rental housing supply, in turn, can be measured by units affordable and available to a specific income threshold. Data from the 2000 Census show that about 87 rental-housing units were affordable for every 100 low-income renter households in Maryland. This represents a shortage of 13 units per 100 renter households. However, many units, nominally affordable to specific income groups, are occupied by higher income households. In 1990 and in 2000 alike, about 46.0 percent of the affordable units, or 40 units per 100 low-income renters, were occupied by higher income renter households. As a result, there were only 47 affordable and available rental units per 100 low-income renter households in Maryland.

With varying median household income across the state, the use of a single statewide affordability threshold may distort the analysis as it represents a different share of the local median income. For example, in 2009, the statewide median household income threshold (50 percent), as reported by the U.S. Census Bureau, was $31,385. This threshold represents only 35.0 percent of the median household income in Howard County and 38.0 percent in Montgomery and Calvert counties respectively. The corresponding figure for neighboring Baltimore County and Baltimore City are 57.0 percent and 93.0 percent respectively. Thus, to account for these variations, this study estimates the magnitude of the rental housing shortage in Maryland by utilizing a different income threshold for each county. These local income thresholds are equivalent to 50.0 percent of each county's median household income.

To estimate the shortage of affordable housing for the state's senior households, the elderly population had to be converted into elderly households. Our conversion technique is based on the Census distribution of families (ranging in size from one person to four or more persons) headed by an individual 65 years and older. According to the 2000 Census, about 68.3 percent of senior families consist of one person, 26.0 percent consist of two persons, and the remaining 5.7 percent consist of three or more individuals.

The disabled households are defined as families with one or more disabled individuals where disability, as defined by the 2000 Census, is a condition that makes it difficult for a person to do activities such as walking, climbing stairs, dressing, bathing, learning, or remembering. The data include non-institutionalized individuals over five years of age who live in households and group quarters such as college dormitories, military quarters, and group homes. The disabled individuals (including the elderly disabled) are converted to the disabled households using an average household size of about 2.2 persons per family.

Baseline shortage of workforce affordable rental units for 2000 are based on the number of low income families, elderly and disabled households compared to the number of workforce affordable rental units available to them. The shortage projections for 2015 are based on the forecast of population growth. On average, the number of low-income families and the disabled households will grow by about 0.8 percent a year during the projection period. The corresponding figure for senior households is 2.0 percent a year.

In 2000, Maryland had a deficit of about 125,000 affordable and available rental units. The housing shortage was projected to grow 25.0 percent to a high of 157,000 in 2014. However, with consolidated effort by different state agencies from 2005 through 2009 to address housing shortage, the 2015 housing shortage is projected to reach 130,315 units by 2015 as shown in Exhibit 9. Our projections assume no new workforce affordable rental housing production by Maryland Department of Housing and Community Development (DHCD) beyond 2009. This allows us to estimate the impact of various production scenarios and policy options on the projected deficit. According to our analysis, low-income family units account for the bulk of the projected deficit (80,349 units or 62.0 percent of the total), followed by units accessible to individuals with disabilities (28,993 or 22.0 percent), and the elderly units (20,973 or 16 percent). Based on an estimated cost per unit of about $175,999 and incorporating future inflation, the estimated production cost of meeting the expected 130,315 shortage of units over the next ten years is approximately $23.6 billion.

Montgomery County with 34,967 units has the largest projected shortage, followed by Prince George's County (24,482 units), Baltimore County (19,671 units), Anne Arundel County (12,038 units), Howard County (8,271 units), and Baltimore City (6,850 units). With the exception of Calvert, Allegany and Garrett counties, the following jurisdictions with the smallest projected shortage (less than 1,000 units) are located on the Eastern Shore of Maryland and include Dorchester, Somerset, Caroline, Kent, Queen Anne, Wicomico, Worcester and Talbot counties.

Exhibit 9. Projected Shortage of Workforce Affordable and Available Rental Housing in Maryland Jurisdictions 2015							
Jurisdiction	50% of AMI Threshold (2000)	% of Households in 2000		Shortage of Affordable Units			
		Cost Burdened	Severely Cost Burdened	Families	Seniors	Disabled	Total
Allegany	$15,411	64.8%	44.2%	438	267	296	1,001
Anne Arundel	$30,884	67.2%	54.7%	7,999	1,956	2,083	12,038
Baltimore	$15,039	66.9%	48.8%	10,678	4,234	4,759	19,671
Baltimore City	$25,334	76.7%	63.5%	1,258	1,341	4,251	6,850
Calvert	$32,973	69.9%	46.1%	653	71	207	931
Caroline	$19,416	61.4%	38.9%	73	126	112	311
Carroll	$30,011	70.4%	58.4%	1,766	349	485	2,600
Cecil	$25,255	67.7%	51.5%	1,138	83	332	1,553
Charles	$31,100	71.2%	47.0%	1,639	253	469	2,361
Dorchester	$17,039	67.7%	48.6%	0	76	112	188
Frederick	$30,138	69.1%	49.9%	2,760	725	798	4,283
Garrett	$16,119	55.9%	34.3%	0	72	74	146
Harford	$28,617	68.6%	54.4%	2,518	562	802	3,882
Howard	$37,084	66.1%	57.6%	6,482	733	1,055	8,271
Kent	$19,935	64.4%	48.4%	81	137	100	318
Montgomery	$35,776	74.2%	60.4%	23,498	5,612	5,858	34,967
Prince George's	$27,628	73.8%	58.1%	16,426	2,905	5,151	24,482
Queen Anne's	$28,519	62.6%	43.4%	430	26	144	600
Somerset	$14,952	73.0%	58.7%	0	98	92	190
St. Mary's	$27,353	69.2%	46.3%	1,012	208	343	1,563
Talbot	$21,766	71.5%	50.5%	421	171	201	793
Washington	$20,309	65.8%	49.8%	649	512	686	1,847
Wicomico	$19,518	72.5%	56.9%	124	217	355	696
Worcester	$20,325	54.8%	41.0%	306	240	227	773
Maryland	**$26,155**	**70.0%**	**53.8%**	**80,349**	**20,973**	**28,993**	**130,315**

Source: DHCD Office of Research

Inventory Conditions

According to the 2000 census, there are about 2,145,283 million year-round housing units in Maryland. About 1,341,592 of these units are owner-occupied units, and about 639,265 were renter occupied units. Of the remaining units, 2.3 percent were rental units available for rent, 1 percent were units for sale, and 7.3 percent were "other" which is comprised overwhelmingly of rental or owner-occupied units which are under rental or purchase contracts but where the household has not yet taken possession of the unit.

Almost half (48.2 percent) of all owner-occupied units had three bedrooms, 27.2% had four bedrooms, and 7.3 percent had five or more bedrooms. By contrast, rental units tended to be primarily two-bedroom units, which represented 36.7 percent of the rental stock. The table below provides a profile of housing units by owner versus rental status:

Exhibit 10. Housing Stock in Maryland
2000 Census

Number of Bedrooms	Owner Occupied	Percent	Renter Occupied	Percent
No Bedroom	4,685	0.3%	35,431	5.5%
One Bedroom	31,938	2.4%	197,007	30.8%
Two Bedrooms	196,174	14.6%	234,355	36.7%
Three Bedrooms	646,585	48.2%	134,200	21.0%
Four Bedrooms	364,379	27.2%	30,661	4.8%
Five or More	97,833	7.3	7,611	1.2%
Maryland	**1,341,594**	**100.0%**	**639,265**	**100.0%**

Source: U.S. Census/HUD

Housing in Standard Condition and Substandard Condition but suitable for Rehabilitation

HUD also asks grantees to define housing that is in Standard Condition, as well as Substandard condition but suitable for rehabilitation. For the purposes of the Plan, we use the following definitions:

- “Standard Condition" - A housing unit in "standard condition" meets all applicable code requirements and has all of its major systems in working order.

- "Substandard Condition but suitable for rehabilitation" - A unit which is "substandard but suitable for rehabilitation" is any unit which has at least one or more major systems which is not in working order and/or has health and safety problems, any of which can be remedied in a manner that is both economically feasible and meets livability code requirements.

HUD requires grantees to report on housing units it believes to be substandard. DHCD estimates there may be about 357,000 substandard units in Maryland. This estimate is based on the number of units lacking complete kitchens or plumbing, and units that are overcrowded, as well as housing units built in 1939 on earlier. Obviously, not all unit built prior to 1939 are substandard. However, most of these housing units would have lead paint problems. In addition, since no post 1939 housing units are identified as substandard, although some would be, we think this numbers represents a fairly good “best guess” proxy of substandard units.

Exhibit 11. Substandard Housing Units in Maryland 2000 Census					
Jurisdiction	**Housing units: Built 1939 or earlier**	**Total Units Lacking Complete Kitchens**	**Total Units Lacking Complete Plumbing**	**Total Overcrowded Units**	**Total Substandard Units**
Allegany	12,706	173	162	233	**13,274**
Anne Arundel	12,036	391	542	3,548	**16,517**
Baltimore City	110,720	1,974	2,068	11,843	**126,605**
Baltimore County	26,743	714	875	6,145	**34,477**
Calvert	1,430	146	137	384	**2,097**
Caroline	2,623	59	96	272	**3,050**
Carroll	7,979	173	167	537	**8,856**
Cecil	4,425	104	140	592	**5,261**
Charles	1,701	221	338	919	**3,179**
Dorchester	3,468	108	165	247	**3,988**
Frederick	11,275	203	260	965	**12,703**
Garrett	2,644	57	90	107	**2,898**
Harford	5,741	283	401	1,159	**7,584**
Howard	2,502	401	240	2,054	**5,197**
Kent	2,358	47	73	110	**2,588**
Montgomery	16,590	1,203	1,122	17,633	**36,548**
Prince George's	13,261	881	1,268	21,247	**36,657**
Queen Anne's	2,096	56	120	247	**2,519**
Saint Mary's	1,745	432	251	905	**3,333**
Somerset	2,179	52	80	188	**2,499**
Talbot	3,181	113	93	148	**3,535**
Washington	13,693	212	200	552	**14,657**
Wicomico	4,484	171	79	780	**5,514**
Worcester	2,987	49	66	379	**3,481**
Maryland	**268,567**	**8,223**	**9,033**	**71,194**	**357,017**

Source: U.S. Census

The Assisted Housing Inventory

DHCD, HUD, the Farmer's Home Administration, the Appalachian Regional Commission, and local towns, cities and counties through Public Housing Authorities or nonprofit corporations such as the Housing Opportunities Commission all finance rental housing for low- and moderate-income households. A list of the projects in the inventory can be found in **Appendix II.**

Beginning with its first multi-family mortgage insurance closing in 1975, both the Division of Housing Finance (CDA) and the Division of Credit Assurance (MHF) have had a substantial portfolio of projects subsidized by federal Section 8 rental assistance contracts or Section 236 interest rate reduction subsidies. Forty percent of all MHF insured projects and 32 percent of all insured units receive one or both of these federal subsidies. These federal programs require that projects remain restricted for occupancy by low-income tenants, with the owner's cash flow and return on equity limited during a certain time, usually 15 years. Recently, the use restrictions on the units have begun to expire. Owners now have the ability to discontinue receipt of the federal subsidy payments and sell the properties as market rate rental housing, realizing the substantial appreciation that may have accrued over the years. If owners sell these properties, significant numbers of low-income families will be displaced and affordable rental units will be permanently lost to the State housing stock. Replacement of these units is far more expensive than finding ways to preserve their continued use as affordable housing.

Another challenge to maintaining the assisted housing inventory is the potential loss of low-income housing units financed during the mid-1980s using Federal Low-Income Housing Tax Credits. Generally, those units were financed with a 15-year affordability restriction. The first projects financed with tax credits will have met their 15-year limit beginning in 2002.

CDA serves as the State's clearinghouse for assisted housing preservation activities. Notices of Intent required to be filed on federal projects are catalogued here and both non-profit and for-profit developers register with the Secretary of DHCD to be notified of possible purchase opportunities. In addition, Maryland enacted the Assisted Housing Preservation Act in 1989 which is intended to preserve assisted housing for low-income renters.

Public Housing Authorities

There are 17 Public Housing Authorities (PHAs) located in Maryland’s non-entitlement jurisdictions, of which DHCD is one. PHAs can manage physical units, Section 8 Vouchers (which are not attached to physical units) or both. The PHAs that fall under the State Plan operate a total of 1,404 physical units and 7,609 Vouchers, an increase over the 1,372 physical units and 7,232 Vouchers these PHAs operated five years ago, or an increase of 409 households assisted. Overall, the State’s PHAs operate 20,506 physical units and 47,987 Vouchers. This represents a decrease in physical units from 22,545 five years ago, but an increase in Vouchers from 44,258, for an overall increase in households receiving public housing assistance of 2,450 households statewide.

As part of the Consolidated Plan, HUD asks DHCD to report on the physical assessment scores of units that have been evaluated by HUD’s Office of Public and Indian Housing. The scores, were available, are noted below. Performers with a rating of 90 or above are considered high performers. Two PHAs in the non-entitlement jurisdictions are considered substandard performers – Saint Michael's Housing Authority and Wicomico County Housing Authority. However, this is somewhat misleading, as this designation is not necessarily a reflection of the upkeep of the housing. For example, in Saint Michael's, the designation is because capital funds were used to help keep open an on-site day care center so low-income residents could continue to work rather than go on unemployment. In Wicomico County, the rating is being re-assessed as new management there is resolving past issues.

HUD also asks DHCD if it knows of any public housing that is scheduled for demolition. DHCD is currently working with the City of Annapolis to redevelop Obery Court which was demolished last year. DHCD is also working with the City to redevelop College Creek, which is located opposite Obery Court. Financing for redeveloping the property is under review. In addition, while not technical PHA units, DHCD is working with the Howard County PHA to redevelop Guiliford Gardens, which is owned by the Public Housing Authority but is not technically public housing.

Public Housing Units in Maryland As of March, 2010				
Housing Authority	**Physical Units**	**Section 8 Certificates**	**Total**	**Assessment Score**
Allegany County Housing Authority	0	81	81	Not Rated
Calvert County Housing Authority	72	314	386	97
Cambridge Housing Authority	190	0	190	Not Rated
Carroll County Housing & Community Development	0	549	549	Not Rated
Cecil County Housing Agency	0	539	539	Not Rated
Charles County Commissioners	0	908	908	Not Rated
Crisfield Housing Authority	330	23	353	82
DHCD	0	2,427	2,427	Not Rated
Easton Housing Authority	66	139	205	84
Elkton Housing Authority	150	40	190	80
Frostburg Housing Authority	100	0	100	Not Rated
Queen Anne's County Housing Authority	26	136	162	73
Saint Mary's County Housing Authority	52	1,263	1,315	94
Saint Michaels Housing Authority	61	20	81	71

Public Housing Units in Maryland As of March, 2010				
Housing Authority	**Physical Units**	**Section 8 Certificates**	**Total**	**Assessment Score**
Washington County Housing Authority	80	498	578	96
Westminster Housing Office	0	289	289	Not Rated
Wicomico County Housing Authority	277	383	660	77
TOTAL Non-entitlements	**1,404**	**7,609**	**9,013**	
Annapolis Housing Authority	1,104	240	1,344	51
Anne Arundel County Housing Commission	1,026	1,856	2,882	92
Baltimore City Housing Authority	12,591	17,499	30,090	79
Baltimore County Housing Authority	0	5,799	5,799	Not Rated
College Park Housing Authority	108	0	108	Not Rated
Cumberland Housing Authority	400	0	400	Not Rated
Frederick Housing Authority	404	692	1,096	92
Glenarden Housing Authority	60	0	60	Not Rated
Hagerstown Housing Authority	1,260	900	2,160	96
Harford County Housing Authority	0	1,094	1,094	Not Rated
Havre de Grace Housing Authority	60	0	60	80
Howard County Housing Commission	50	890	940	77
Montgomery County Housing Authority	1,557	5,841	7,398	94
Prince George's County Housing Authority	377	5,158	5,535	82
Rockville Housing Authority	105	409	514	76
TOTAL Entitlements	**19,102**	**40,378**	59,480	
STATE TOTAL	**20,506**	**47,987**	**68,493**	

Source: HUD Office of Public and Indian Housing

DHCD Public Housing Waiting List

HUD regulations ask grantees to provide information on their public housing waiting lists in this section of the Consolidated Plan. DHCD does not operate public housing, so does not have a public housing waiting list. However, DHCD does operate the Section 8 Housing Choice Voucher Program on behalf of some of Maryland's small towns and counties. Each of these jurisdictions maintains its own waiting list, some of which are open and some of which are closed due to the number of people already waiting for Section 8 assistance. The table below provides a snapshot of the total number of households on the Section 8 waiting lists of all of these cities, towns and rural counties where DHCD operates its Section 8 program:

DHCD Section 8 Waiting List for DHCD Subcontractees (As of March, 2010)

Household characteristics	Number of Families	% of Total Families	Annual Turnover
Total	4,715	100%	703
Extremely Low Income (<=30% AMI)	3,784	80%	
Very Low Income (>30% but <=50% AMI)	799	17%	
Low Income (>50% but <=80% AMI)	132	3%	
Families With Children	2,635	56%	
Elderly Families	361	8%	
Families with Disabilities	1,233	26%	

NOTE: The number of Families With Children, Elderly Families, and Families with Disabilities on the waiting list does not add up to the Total Number of Families because families can fall into more than one category, for example, they could both be classified as elderly and having a disability.

Minority and Low-Income Concentrations

One of the items HUD asks the State to look at is concentrations of persons by race or income. The State is allowed to use its own definition of what constitutes a “concentration” and we define it as a census tract where the percentage of minority or low income households is at least 10% greater than the county average. DHCD ran statistics for all of the major ethnic groups, as well as Hispanics. No concentrations by race were found except for black or African-American households. One census tract (ID 955000) in Caroline County had a concentration of persons of Hispanic background.

Areas of Minority Concentration

As shown on the map on the following page, of the 346 census tracts in Maryland's non-entitlement areas, 25 have minority concentrations of black or African-Americans. This represented a decrease from 38 census tracts identified in the last AI using 1990 data. Twelve of these 25 concentrations are due to institutional populations, which typically have a higher number of minorities than society as a whole. These twelve are:

County	Census Tract	Reason for Concentration
Allegany	001300	State Prison
Allegany	000200	State Prison
Calvert	860702	Prison Work Release Facility
Dorchester	970500	Residential Hospital Center
Somerset	980101	Historically Black College
Somerset	980300	State Prison
Somerset	980400	State Prison
Washington	009000	State Prison
Washington	011000	State Prison
Worcester	990300	Residential Hospital Center
Worcester	990900	Residential Hospital Center and State Prison
Worcester	991100	Residential Hospital Center

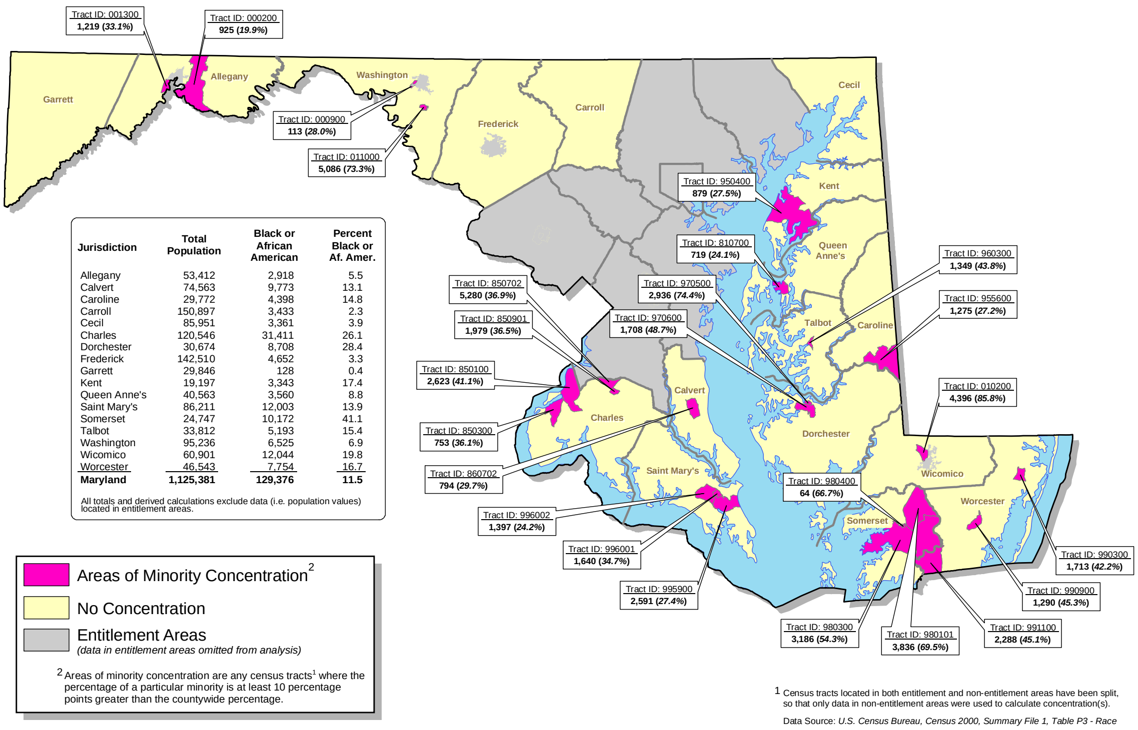
In addition, concentrations are higher in three other census tracts due to a large military presence, as the military also tends to have a much higher percentage of minorities than the State and society as a whole. These tracts are the three census tracts in Saint Mary's County (995900, 996001 and 996002) which are impacted by the Patuxent Naval Air Station.

After subtract out these 15 census tracts where the data was skewed by special circumstances, the State had ten census tracts with high minority concentrations. Of these ten, five were located in or on the edge of small towns on the Eastern Shore – Cambridge (tracts 970500 and 970600) in Dorchester County, Easton (tract 960300) in Talbot County, Grasonville (a historically black community in tract 810700) in Queen Anne's County, and an area outside of Salisbury (tract 010200) in Wicomico County. In primarily rural areas, towns typically have higher numbers of minorities than the surrounding farm areas, so these findings are not surprising. However, in a few census tracts, notably the tract outside Salisbury (which is more than 85% African-American in a county that is less than 20 percent African-American) and the two tracts in Cambridge, the numbers are significantly higher than their Counties as a whole. These concentrations may indicate either a past historical pattern of segregation, and/or possible discrimination in these communities.

Of the remaining four tracts, one is in Kent County, and the other four are in Charles County. The Kent County tract barely qualified as a concentration, exceeding the threshold by 1 tenth of 1 percent. This area is primarily rural, and it is unclear why a concentration exists.

Concentrations of Race by Census Tract[1]: Black or African American Alone

(excluding entitlement areas)



Jurisdiction	Total Population	Black or African American	Percent Black or Af. Amer.
Allegany	53,412	2,918	5.5
Calvert	74,563	9,773	13.1
Caroline	29,772	4,398	14.8
Carroll	150,897	3,433	2.3
Cecil	85,951	3,361	3.9
Charles	120,546	31,411	26.1
Dorchester	30,674	8,708	28.4
Frederick	142,510	4,652	3.3
Garrett	29,846	128	0.4
Kent	19,197	3,343	17.4
Queen Anne's	40,563	3,560	8.8
Saint Mary's	86,211	12,003	13.9
Somerset	24,747	10,172	41.1
Talbot	33,812	5,193	15.4
Washington	95,236	6,525	6.9
Wicomico	60,901	12,044	19.8
Worcester	46,543	7,754	16.7
Maryland	**1,125,381**	**129,376**	**11.5**

All totals and derived calculations exclude data (i.e. population values) located in entitlement areas.

[2] Areas of minority concentration are any census tracts[1] where the percentage of a particular minority is at least 10 percentage points greater than the countywide percentage.

[1] Census tracts located in both entitlement and non-entitlement areas have been split, so that only data in non-entitlement areas were used to calculate concentration(s).

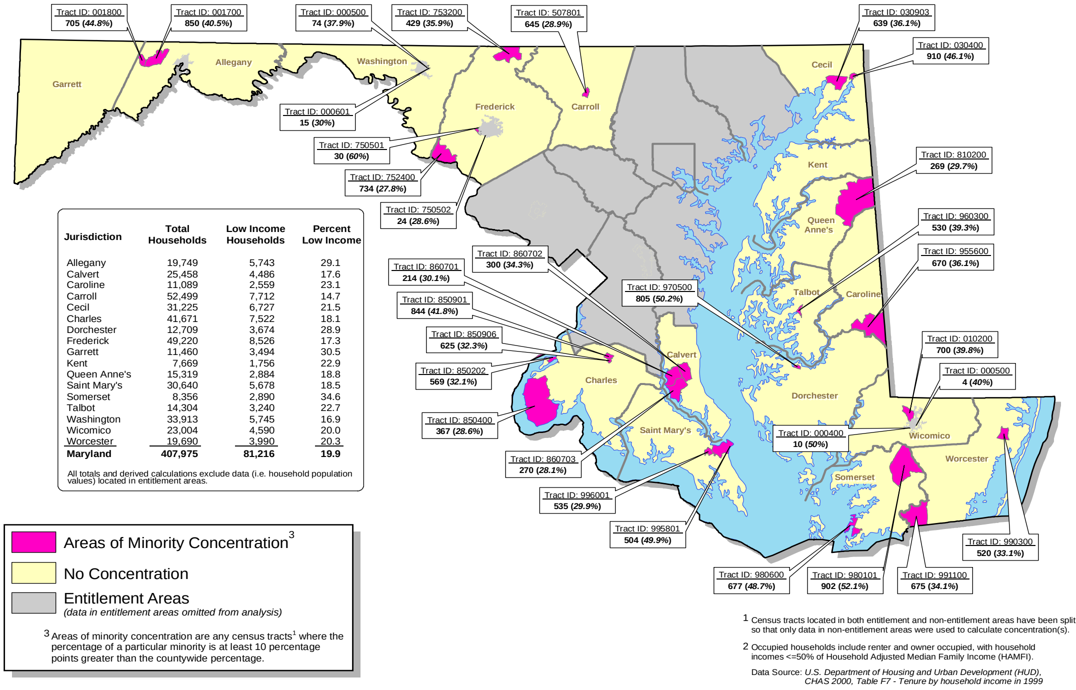
Data Source: *U.S. Census Bureau, Census 2000, Summary File 1, Table P3 - Race*

Of the four tracts with minority concentrations in Charles County, one of the tracts (950901) is a small area located in the Saint Charles/Waldorf area, a designated revitalization area for the State. The other three tracts are located on the edge of Prince George's County, one of the nation's few "majority minority" counties, and close to Washington, D.C., a majority minority city. One reason that these concentrations may exist is because economically successful minority families are moving to Charles County, pushing out the boundaries of the adjacent, economically successful minority communities. This theory is supported by the fact that while these census tracts show up as having concentrations of minority persons, they do not show up as low-income concentrations. The households are more likely to be African-American, but not more likely to be poor. In addition, as part of our review of Home Mortgage Disclosure Act (HMDA) data in updating our Analysis of Impediments to Fair Housing Choice, we found that the percent of minority households applying for loans in Charles County exceeded white households by about 80%, and the number of loan applications by minority households far exceeded those for minorities in any other county.

<u>Low-Income Concentrations</u>

Low- income households are households with incomes 50% or less of the median income. Based on 2000 Census information, there were 31 census tracts with concentrations of low-income persons in Maryland's non-entitlement jurisdictions that year. This was a decrease from 41 census tracts using 1990 census information.

Concentrations of Low Income by Census Tract[1]: Occupied Households, Income <=50% HAMFI[2]
(excluding entitlement areas)



Jurisdiction	Total Households	Low Income Households	Percent Low Income
Allegany	19,749	5,743	29.1
Calvert	25,458	4,486	17.6
Caroline	11,089	2,559	23.1
Carroll	52,499	7,712	14.7
Cecil	31,225	6,727	21.5
Charles	41,671	7,522	18.1
Dorchester	12,709	3,674	28.9
Frederick	49,220	8,526	17.3
Garrett	11,460	3,494	30.5
Kent	7,669	1,756	22.9
Queen Anne's	15,319	2,884	18.8
Saint Mary's	30,640	5,678	18.5
Somerset	8,356	2,890	34.6
Talbot	14,304	3,240	22.7
Washington	33,913	5,745	16.9
Wicomico	23,004	4,590	20.0
Worcester	19,690	3,990	20.3
Maryland	**407,975**	**81,216**	**19.9**

All totals and derived calculations exclude data (i.e. household population values) located in entitlement areas.

3 Areas of minority concentration are any census tracts[1] where the percentage of a particular minority is at least 10 percentage points greater than the countywide percentage.

1 Census tracts located in both entitlement and non-entitlement areas have been split, so that only data in non-entitlement areas were used to calculate concentration(s).

2 Occupied households include renter and owner occupied, with household incomes <=50% of Household Adjusted Median Family Income (HAMFI).

Data Source: *U.S. Department of Housing and Urban Development (HUD), CHAS 2000, Table F7 - Tenure by household income in 1999*

Comparing the census tracts with high minority concentrations to high low-income concentrations, the data shows that only 11 of the tracts meet both criteria, a very low correlation. Of these 11, five are impacted by the same conditions that skewed the minority concentration information. That is, one of the tracts (98010 in Somerset County) had incomes affected by a Historically Black College, one was affected by the Veterans Home in Calvert County (tract 86072), and three were impacted by residential hospital centers (tract 955600 in Dorchester County and tracts 990300 and 991100 in Worcester County). Of the remaining six tracts, two are in Saint Mary's County and may be impacted by the military base, three are outside of small towns on the Eastern Shore (Cambridge, Easton and Salisbury), and the remaining one is the tract located between Saint Charles and Waldorf in Charles County.

As noted above, there was one area of Hispanic Concentration in the State's non-entitlement jurisdictions. This concentration is due to the presence of a chicken processing plant that has recruited a large number of Hispanic workers to the area. The area is not a low-income concentration.

Inventory Of Facilities And Services For The Homeless And Persons Threatened With Homelessness

Emergency and Transitional Shelters

There are numerous organizations in Maryland which help house homeless individuals and families. These organizations provided 3,434 emergency shelter beds, 3,024 transitional housing beds, and 277 undesignated beds in 2008 (data for 2009 is currently being compiled). Many of the organizations which offer shelter also offer supportive services, and some offer meals or food supplies..

Several "special needs" groups of homeless persons are assisted by these facilities. Other facilities aim their housing and supportive services towards assisting the mentally ill. In addition, some facilities assist focus on homeless youth, while others focus on homeless persons with alcohol and/or drug abuse problems. Finally, a number of programs focus on victims of domestic violence, some using shelter programs and four using "safe houses". The most recent list of homeless shelters in Maryland, who they serve, and the supportive services they provide can be found in **Appendix III.** In addition to shelter programs, the homeless and those threatened with homelessness in Maryland are also assisted by soup kitchens, soup kitchens which also operate food pantries, and food pantries which do not operate soup kitchens. That list may also be found in **Appendix IV**.

Inventory of Supportive Housing for Non-Homeless Persons with Special Needs

Maryland has been a national leader in providing supportive housing assistance for persons with special needs. According to the National Council of State Housing Agencies, DHCD has been among the top ten financers of group homes or alternative living units for persons with mental illness or developmental disabilities almost every year in the past ten years.

While we have been very successful in these efforts, the disability community has expressed the desire to be part of the mainstream and to reside in scattered site housing of their own choosing. While group homes remain a necessity for some persons due to the severity of their disability, the majority of persons with disabilities are capable of residing in alternative settings. This direction is enhanced by the availability of flexible off-site support services that are now provided by many service delivery agencies. This more flexible service delivery approach has assisted many persons to live more independently.

In support of efforts to mainstream persons with disabilities, DHCD, in addition to its group home programs, also offers a Homeownership for Individuals With Disabilities Program, as well as a Section 8 Mainstream Voucher program. DHCD also awards higher points in its Qualified Allocation Plan (QAP) to rental projects that provide more handicapped accessible units than required by law, resulting in a significant increase in the number of units being available to persons with disabilities. In addition, as part of the goals of this Plan, DHCD, working with DHMH, DHR, and MDoD, will offer a new Bridge Subsidy program that will provide rental assistance to persons with disabilities while they await permanent housing.

The Developmentally Disabled

The Developmental Disabilities Administration (DDA) provides a coordinated service delivery system so that individuals with developmental disabilities receive appropriate services oriented toward the goal of integration into the community. This wide array of community based services is delivered primarily through a network of more than 170 non-profit providers. Currently, approximately 22,000 individuals receive community based services. In addition, 380 individuals receive services in one of the four state residential centers operated by DDA.

The Developmental Disabilities Administration also maintains a waiting list of individuals who are eligible for services and are waiting to receive one or more of three basic services (residential, day and support services). As of January 1, 2005 there were 14,616 individuals on the waiting list. Of these, nearly 2,500 individuals are in a crisis resolution or crisis prevention category and will require immediate housing assistance if their caregiver dies or becomes unable to take care of them.

Approximately 4,783 Individuals currently receive residential services through DDA. An additional 380 individuals reside in institutions. Persons receiving residential services live in settings provided by the agency that delivers their services. These individuals do not have control of their housing situation. In addition, approximately 1,464 individuals receive Community Supported Living Arrangement (CSLA) services in their own home, apartment, family home or rental unit.

Department of Health and Mental Hygiene - Developmental Disabilities Administration Housing Assistance		
COUNTY	**RESIDENTIAL**	**CSLA**
Allegany	93	44
Anne Arundel	370	99
Baltimore	1,319	332
Baltimore City	278	104
Calvert	37	43
Caroline	47	4
Carroll	110	50
Cecil	82	11
Charles	126	26
Dorchester	41	9
Frederick	152	20
Garrett	31	14
Harford	107	28
Howard	230	74
Kent	23	9
Montgomery	677	256
Prince George's	513	134
Queen Anne's	22	8
Somerset	36	13
St. Mary's	52	52
Talbot	54	10
Washington	243	63
Wicomico	120	46

Department of Health and Mental Hygiene - Developmental Disabilities Administration Housing Assistance		
COUNTY	**RESIDENTIAL**	**CSLA**
Worcester	20	15
TOTAL	**4,783**	**1,464**

Individuals With Mental Illness

Persons with mental illness in Maryland include those individuals with are affected by mental illness or deeply rooted psychological problems. The Mental Hygiene Administration (MHA) in DHMH is the State's lead office working with mentally ill persons in Maryland. MHA currently services approximately 90,000 persons with housing and support services.

Department of Health and Mental Hygiene - Mental Hygiene Administration Supervised Housing for Persons with Mental Illness Residential Rehabilitation Beds	
COUNTY	**BEDS**
Allegany	30
Anne Arundel	258
Baltimore City	353
Baltimore County	331
Calvert	18
Caroline	6
Carroll	57
Cecil	38
Charles	16
Dorchester	18
Frederick	180
Garrett	6
Harford	59
Howard	106
Kent	19
Montgomery	339
Prince George's	376
Queen Anne's	16
Saint Mary's	38
Somerset	6
Talbot	9
Washington	30
Wicomico	65
Worcester	1
TOTAL	**2,375**

In addition to RRP services, individuals can choose to live in independent housing that is owned by the program that rents or leases the unit. The consumer has choice in selecting mental health services from community providers that may include outpatient services, psychiatric rehabilitation programs, and/or case management as well as other community resources. The following programs provide housing but do not provide direct mental health services to the consumer.

Department of Health and Mental Hygiene – Mental Hygiene Administration Supportive Housing		
Organization	**Services Area**	**Clients**
Community Housing Associates	Baltimore City	271 individuals
Housing Unlimited	Montgomery County	73 individuals
Supportive Housing Developers	Anne Arundel County	56 individuals
SAIL	Dorchester and Queen Anne's Counties	16 individuals
Main Street Housing	Howard and Washington Counties	13 individuals

Persons With HIV/AIDS

The AIDS epidemic is a problem of growing concern in the State of Maryland as well as the rest of the nation. The Maryland Infectious Disease and Environmental Health Administration, a division of the Maryland Department of Health and Mental Hygiene (DHMH), has primary responsibility for meeting the needs of people with AIDS in Maryland. The Administration provides counseling, outreach, and patient care services to individuals who are HIV positive, and testing and education to the community as a whole.

While the number of AIDS deaths has been declining substantially in recent years, the rate of *infection* has remained fairly steady. In addition, members of ethnic minority groups continue to have much higher rates of AIDS/HIV infection than other groups.

The Maryland Infectious Disease and Environmental Health Administration does not provide housing per se for HIV positive individuals. Rather, it subcontracts to DHCD, as well as Montgomery and Frederick Counties, funding under the Housing Opportunities for Persons With AIDS (HOWPA) program to provide housing assistance to persons with HIV/AIDS in different service areas. This housing assistance is in the form of rental assistance similar to Section 8. Currently, about 30 households are assisted under this program in the areas covered by the State's Consolidated Plan, including Allegany, Caroline, Dorchester, Garrett, Kent, Saint Mary's, Somerset, Talbot, Washington, Wicomico and Worcester Counties. Frederick and Montgomery Counties constitute a separate service area under the HOPWA program. Funding is provided to the City of Frederick (which operates its own Consolidated Plan), but the City typically gives the funding back to DHMH to reallocate to housing agencies in the Frederick County/Montgomery County service area who have greater capacity to operate the program.

For HIV positive individuals who do not need housing, the Administration provides financial counseling as well as other assistance to help individuals receive the financial and medical benefits they are entitled to so they may remain in their homes. HIV positive individuals may also be admitted to DHMH sponsored group homes as appropriate.

Persons With Alcohol and Other Drug Addictions

The Alcohol and Drug Abuse Administration (ADAA) of the Department of Health and Mental Hygiene is the State agency responsible for the planning, development, coordination and delivery of services to prevent and treat harmful involvement with alcohol and other drugs by: supporting a statewide coordinated service delivery system, determining customer needs for services, program planning and development, training addictions professionals and other health, human service and criminal justice personnel, collecting and analyzing addictions treatment and prevention data, evaluating services and customer outcomes and collaborating with local, State and federal agencies.

Although most clients are helped on an outpatient basis, ADAA also certifies residential programs for persons with alcohol and drug addictions:

The Level III.7 (Medically Monitored Inpatient- Intermediate Care Facilities) programs which offers residential services in a medically monitored inpatient treatment. The program provides an intensive treatment regimen of individual and group therapy as well as other activities aimed at the physical, psychological and social recovery of the addicted individual. Clients usually remain in residence for two to four weeks.

The Level III.1 (Halfway House) programs are residential care facilities which provide time-limited services to clients who have received prior evaluation or treatment in a primary or intermediate care program. These clients during their stay (usually up to six months) seek employment and move to a position of personal and economic self-sufficiency.

The Level III.3 and Level III.5 (Long Term Care and Therapeutic Communities) programs are residential care facilities which provide the same at Level III.I but for a longer period (usually up to a year).

Listed below is the number of certified substance abuse residential programs by jurisdiction and by Level of Care during fiscal year 2005.

Department of Health and Mental Hygiene - Alcohol and Drug Abuse Administration Residential Facilities			
Counties	**Level III.7 Intermediate Care**	**Level III.I Halfway House**	**Level III.3 & Level III.5 Other Residential**
Allegany	2	1	0
Anne Arundel	1	2	3
Baltimore County	1	2	2
Calvert	0	0	1
Carroll	1	0	0
Cecil	0	1	0
Charles	0	0	0
Dorchester	1	0	1
Frederick	1	2	1
Harford	1	2	1
Howard	0	1	0
Kent	1	0	0
Montgomery	2	3	2
Prince George's	1	1	1
Queen Anne's	0	0	0
St. Mary's	1	2	0
Somerset	0	0	0
Talbot	0	0	0
Washington	0	2	1
Wicomico	2	2	0
Worcester	0	0	0
Baltimore City	3	22	5
Statewide	0	0	0
Total	**18**	**43**	**18**

The Elderly With Special Needs

Maryland's elderly population, like that of the rest of the nation, is growing in size. Most elderly Marylanders are opting to live their entire lives in their own homes, some elderly require supportive services -- health care, housekeeping, or other assistance -- to help them in their later years. The Maryland Department on Aging (MDoA) has the primary responsibility for providing for the needs of Maryland's elderly population.

As the percentage of the population over the age of 65 continues to grow, the need for supportive housing for elderly persons continues to grow. Medical advances that have resulted in increased life span also means that senior-oriented housing resources are not being vacated at the same rates as in the 1960s and 1970s. Locally, the elderly in Maryland are opting to stay in Maryland rather than move to south and west; this is particularly true in Baltimore City and Baltimore County.

Two items of special interest to the MDoA are the increasing number of frail elderly who require supportive services to maintain independence and the lack of decent, safe, affordable housing for the poor elderly.

The MDoA currently operates group homes to help address the needs of the frail elderly under its Group Sheltered Housing Program. Seniors in this program must be at least 62 years old, in need of assistance with one or more activities of daily living, and have incomes of no more than 60 percent of statewide median.

The Maryland Department of Aging is authorized to regulate Continuing Care At Home (CCAH), a new concept in delivering services to the elderly. Similar to the Continuing Care Retirement Community (CCRC) structure, subscribers to CCAH will pay a one-time entrance fee and monthly premiums to access comprehensive, managed long term care services in their own homes. This housing option is designed for persons 60 years of age and older with moderate to higher incomes and who are living independently in the community.

CCAH services include: care coordination, home inspections by occupational therapist, assistance with activities of daily living in subscriber's home, skilled nursing services in subscriber's home, routine services of an assisted living facility, routine services of a comprehensive care facility, and assistance with the maintenance of the subscriber's dwelling.

CCAH providers must meet the same requirements as CCRCs, including approval of a feasibility study, and review and approval of the language contained in the CCAH contract. A copy of the regulations for Continuing Care at Home are available by individual request. The Maryland Department of Aging urges anyone who is considering entering into a Continuing Care At Home agreement to consult with an attorney and financial advisor before signing any documents. Although the Department of Aging regulates CCAH providers, it does not rate, endorse, or guarantee a CCAH provider.

The MDoA also assists the frail elderly who would otherwise be placed in group homes or nursing homes through its Senior Nutrition Program which helps handicapped elderly individuals by taking them to nutrition sites or senior centers, and the Home Delivered Meals Program, which assists homebound elderly individuals who are unable to cook. The Department also keeps a list of subsidized low-income projects, both public and private, operated within the State, as part of a referral network of affordable housing for elderly individuals who are poor and in need of housing.

The tables below list the Continuing Care Retirement Communities and Congregate Care Housing Services the Department on Aging provides in Maryland:

Maryland Department of Aging Continuing Care Retirement Communities	
County	**Community**
Anne Arundel	Bay Woods of Annapolis
Anne Arundel	Ginger Cove
Baltimore City	Roland Park Place, Inc.
Baltimore City	The Wesley Home, Inc.
Baltimore County	Augsburg Lutheran Homes of Maryland
Baltimore County	Augsburg Lutheran Village
Baltimore County	Blakehurst
Baltimore County	Broadmead
Baltimore County	Charlestown Community, Inc.
Baltimore County	Edenwald
Baltimore County	Glen Meadows Retirement Community
Baltimore County	Maryland Masonic Homes
Baltimore County	Mercy Ridge
Baltimore County	North Oaks Life Care Community
Baltimore County	Oak Crest Village
Baltimore County	Pickersgill, Inc.
Baltimore County	Presbyterian Home of Maryland
Calvert County	Asbury-Solomons Island
Carroll County	Carroll Lutheran Village
Carroll County	Fairhaven
Frederick County	Buckingham's Choice, Inc.
Frederick County	Home for the Aged
Garrett County	Goodwill Retirement Village
Howard County	Vantage House
Kent County	Heron Point of Chestertown
Montgomery County	Asbury Methodist Village, Inc.
Montgomery County	Bedford Court – Sunrise
Montgomery County	Brooke Grove
Montgomery County	Maplewood Park Place
Montgomery County	National Lutheran Home for the Aged
Prince George's County	Collington Episcopal Life Care
Prince George's County	Riderwood Village
Talbot County	William Hill Manor
Washington County	Fahrney-Keedy
Washington County	Homewood Retirement Center

Congregate Housing Sites	
County	**Congregate Housing Development**
Allegany County	Frostburg Heights Apartments
Allegany County	Grandview
Allegany County	Willow Valley Apartments
Anne Arundel County	Arundel Woods Senior Housing
Anne Arundel County	Friendship Station Senior Housing
Anne Arundel County	Friendship Village
Anne Arundel County	Glen Square
Baltimore City	Basilica Place
Baltimore City	Belvedere Green
Baltimore City	Bernard E. Mason Sr. Apartments
Baltimore City	DePaul House/St. Joachim
Baltimore City	N.M. Carrol Manor, Inc.
Baltimore City	Weinburg Place
Baltimore City	Woodbourne Woods
Baltimore City	Wyman House
Baltimore County	Stella Maris
Baltimore County	Timothy House
Baltimore County	Trinity House
Montgomery County	Homecrest House III
Montgomery County	Leafy House
Montgomery County	Moskowitz Building
Montgomery County	Stein Building
Montgomery County	Springvale Terrace
Montgomery County	Victory Tower Retirement Center
Saint Mary’s County	Saint Mary's Home for the Elderly
Wicomico County	Pine Bluff Village